

Dyddiad/Date: 13<sup>th</sup> August 2025

☎ (01639) 683303  
☎ WHTN (01787) 3303  
✉ [darren.griffiths@wales.nhs.uk](mailto:darren.griffiths@wales.nhs.uk)

Ms Andrea Hughes  
Head of NHS Financial Management  
Welsh Government  
King Edward VII Ave  
Cardiff  
CF10 3NQ

Dear Andrea,

### SWANSEA BAY UNIVERSITY HEALTH BOARD MONITORING RETURN 31 JULY 2025

I enclose with this commentary the completed proformas in respect of the Health Board's Monitoring Returns to 31 July 2025.

On 6 June 2025 the Health Board received the NHS Wales Chief Executive's letter which clearly set out the next steps and expectations of Welsh Government with regards to the Annual Plan and Financial Position. Key to this is the expectation that as a minimum the Health Board submits a forecast position that maintains the 2024/25 Outturn position of no greater than £42.5m.

The scale of challenge to address delivery of £42.5m is very significant and the Health Board fully understands this, however at this point the forecast remains unchanged and is as per the Plan submitted on 31 March 2025 and summarised in the table below:

**Table 1: Plan**

Elements of the Plan	Financial Assessment @ 31st March 2025 £M
Financial Assessment Q4	92.5
Growth/Inflation	33.7
Operational Pressure	3.1
Net Impact Commissioning	(15.2)
Offset WG Funding	
<b>Total</b>	<b>114.1</b>
Savings Target	(55.4)
Financial Deficit Plan	58.7

The Health Board's actual performance against the three components of the Plan (Operational Pressure, Savings Target, and Planned Deficit) for 2025/26 is provided in the table below. This table shows that in Month 4 the reported deficit was £7.6m, which is £2.7m above the £58.7m

planned deficit. The YTD position reports a £31.776m deficit, which is £12.2m above £58.7m plan. The deterioration from the Month 3 position, primarily relates to 1/9<sup>th</sup> of the £3.1m shortfall in Employer's NI funding being reflected in the position for the first time from Month 4. As per the Health Board letter of 31 July 2025 it is recognised that the organisation will need to have clear mitigating actions to address this and other risks by 11 September 2025.

Table 2: Delivery of Plan

Elements of In Month	Month 1 £M	Month 2 £M	Month 3 £M	Month 4 £M	YTD £M
Operational Pressure	18.98	19.73	(1.30)	18.25	12.78
Saving Target					
- 12th Savings Target	4.62	4.62	4.62	4.62	18.47
- Less Actual In Month Delivery	(0.45)	(0.74)	(1.10)	(1.62)	(3.90)
=Impact In Month	4.17	3.88	3.52	3.00	14.57
Financial Deficit Plan					
- 12th Deficit Value	4.89	4.89	4.89	4.89	19.57
Deficit/ (Surplus) In Month Performance	9.01	8.04	7.11	7.61	31.77
Deficit/(Suplus) Above Plan	4.12	3.15	2.22	2.72	12.21

As you will note from the table above the key driver of the YTD £12.2m deficit over the current plan is the non-delivery of savings. This shortfall was partly mitigated in Month 4 by non-recurrent in-month benefits for the Primary Care, MH/LD and Morriston Service Groups, a further underspend in the Corporate Directorates and the increase in the application of non-recurrent opportunities. However, to counter this the Health Board brought in £0.340m of the £3.1m shortfall in Employer's NI funding.

The Health Board acknowledged in the letter dated 31 July 2025 that the scale of the savings will be challenging but was clear that it needs to ensure the following stages are addressed both in year and recurrently, and continues its focus on the immediacy of the financial requirements for 2025/26 supported by our external partner, Deloitte:

1. Health Board is able to reach a sustainable position and achieve the in-year £58.7m deficit as set out in the March 2025 Plan submission
2. Identification and delivery of £16.1m mitigations to off-set risks identified at Month 3, including Band 2/3 and the National Insurance impact for employers. The assessed value will change in the 11 September 2025 submission, but has been kept at £16.1m in this section to retain the link back to the 31 July 2025 letter.
3. Identification and delivery of further £16.2m of savings to allow the forecast to move from the £58.7m deficit plan to the required WG target of £42.5m

For each of the stages above, the level of savings has a stepped requirement. As noted in the Health Board letter of 31 July 2025, the total requirement of £87.7m (£55.4m+£16.1m+£16.2m) reflects 8% of the Health Board's opening core allocation for 2025/26 and builds in the risks as noted at the end of July. Since the submission on 31 July 2025 the Health Board has received a draft figure for the 2025/26 Welsh Risk Pool Risk Share percentage and potential additional charges for 2025/26. The combined impact of this is £5.7m, and this will impact on the Stage 2

£16.1m referred to in the letter. The assessment of all known Risks and attributed value at the end of August will be built into the 'Savings Gap Plan' due for submission on 11 September 2025.

The 11 September 2025 submission will provide details on the savings to support the £87.7m requirement, alongside details on the actions and milestones to support this, aligned to the ongoing work of our external partner, Deloitte.

### 1. Movement of Opening Financial Plan to Forecast Outturn (Table A)

The forecast will remain at £58.7m, with the risk to achieving this and the delivery of the actions to close the assessed gap detailed in Table A2. The profiling on Table A is highly indicative at this stage given the level of unidentified savings (£41.1m against a required £55.4m) and YTD overspend above plan of £12.2m which will need to be recovered in future months to achieve the planned deficit. Free text lines have been added to reflect entries made Month 1 -3:

- **Ref Line 19 Additional In Year & movement in WG funding & Other income** – this presents the net of the income shortfall for Dental PCR and shortfall/surplus for JCC (following the in-month improvement and latest data an overall surplus is forecast for JCC). There is also £1.8m of unplanned mitigating Income opportunities factored in.
- **Ref Line 26 Dental PCR Income shortfall** – a YTD correction has been made in Month 3 to remove the values reported in Month 1 and 2 in line with WG feedback.
- **Ref Lines 27 & 28 Welsh LHB and NCA Income** – a YTD correction was made in Month 2 to remove the values reported in Month 1 in line with WG feedback.
- **Ref Line 30 JCC Income underperformance** – a YTD correction has been made in Month 3 to remove the values reported in Month 2 in line with WG feedback.

The second half of Table A currently reflects a shortfall of £51.2m (ref line 13) offset by movement in savings in-year (ref line 14-16, 20), with a net shortfall of £41.1m, and from a top down perspective this equals the Health Board savings requirement of £55.4m, less the Green and Amber schemes identified of £14.1m and Accountancy Gains of £0.2m. Within Table A the £41.1m shortfall is then offset by lines 19 and 23 with planned mitigating actions (noting that £1.8m of line 19 is unplanned at this stage), and the net impact of the unplanned cost pressures and unplanned spend reductions. The pressures and spend reductions arising in the month are noted in Table 4 of this letter on the key drivers.

### 2. Underlying Position (Table A1)

The underlying b/f position reflects the £92.478m, reported both in the Month 12 MMR submission and in the MDS submitted on the 31 March 2025. The planned savings of £55.4m are assumed to deliver recurrently in full in order to achieve a c/f underlying position of £58.7m in line with the planned deficit for 2025/26. No changes have been made to this in Month 4. One of the areas of assessment from the financial support the Health Board has commissioned will be to revisit this underlying deficit assessment.

### 3. Risk Management (Table A2)

## Risks:

As noted in the Health Board letter dated 31 July it is managing a number of risks, which it recognises will need to be mitigated by increased savings, this will be brought together in the submission due on 11 September 2025.

The table below is a list of all risks as at Month 4, including the latest WRP position. Not all these risks are reflected in Table A2, only those risks which remain uncertain in value but highly likely to materialise in 2025/26 are included. As noted in the action point replies for those items not reflected at this point in Table A there remains insufficient certainty at this point and further work/data will be required before a full assessment can be completed.

For R14, but whilst we recognised 1/9<sup>th</sup> in Month 4, with the balance continuing to be fed into the position across Month 5-12, it remains a risk in Table A2 as we do not have mitigating actions in place to address the pressure at this point.

**Table 3: Risks**

Ref	Risk - Unfunded Pressures Arising In Year	Range £M	Assumption
			Built in Table A2 £M
R1	MHLD redesign	1 m - 2m	1.00
R2	ED 6 week pilot probable extension	0.1m - 0.5m	0.10
R3	Maternity Independent Review Recommendations	0.5m - 2m	0.50
R4	Band 2/3 Workforce Changes	2m - 7m	6.50
R5a	LTA Performance	1 m - 2m	0.00
R5b	JCC Financial Risks @ £20m based Mth 3 position (12%)	0.5m - 3.0m	2.40
R6	Primary Care Prescribing 2025/26 limited data received in year relating to 2025/26)	0.5m - 1m	0.00
R7	Draft assessment of the Risk Share of the Welsh Risk Pool for 2025/26 completed by NWSSP (Final Value End Sept 2025)	0.00	(0.35)
R8	Provisional increase in the Welsh Risk Funding Requirements 2025/26 using Draft % Share	3.0m-6.5m	6.02
R9	Confirmation of the Pension Discount Factor to be applied in the 2025/26 accounts	0.5m - 1m	0.00
R10	Changes to the Bad Debt provision confirmed at the end of the Financial Year;	0.0m - 0.5m	0.00
R11	Under or Over delivery of the RTA income above Budget, which finalise at the end of the Financial Year.	0.5m - 1m	0.00
R12	Further deterioration in the Financial Position linked to operational pressures.	0.0m - 5.0m	0.00
R13	Unplanned costs relating winter pressures within the Health Board and across partnerships	1m - 2m	0.00
R14	Shortfall in WG National Insurance Funding	2.0m - 3.0m	3.08
R15	Shortfall in WG Funding 2025/25 Pay Award	2.0m - 3.0m	0.00
R16	Non Delivery of Red Schemes as per Trackers at 5th June 2025	6.0m-13.0m	0.00
R17	MH/LD Temporary Adult Placements	5.0m -9.0m	6.00
R18	LIMS Deployment Plan Options assessment June 2025 (DHCW email 26/06/25)	0.2m-0.3m	0.26
R19	Diagnostic impact WG Stage 1 Funding (further work required)	5.0m-9.0m	0.00
R20	Changes to FNC Rate at All Wales level	0.2m-0.3m	0.00
			25.51

In addition to the above, within Table A2 we have also included an indicative Risk linked to Action Point 33. This is based on the following:

Reference	£M
Table A Ref Line 23	36.0
Table A Ref Line 24	3.9
Table A Ref Line 19 (Unplanned)	1.8
Less Red Schemes	(9.4)
<b>Total</b>	<b>32.3</b>

All risks will continue to be reviewed, and the tables updated as necessary.

### Opportunities:

Further work will be required during Q2 to look for N/R opportunities that can support the delivery of the plan. At this stage, the potential recovery of one year's VAT in relation to Microsoft has been included.

## 4. Monthly Positions (Table B)

### 4.1 Overview Variance & Plan:

The profile of income and expenditure in Table B continues to be refined as further analysis is completed on the YTD operational drivers and mitigating actions/options.

Further details regarding the reasons for the variance to plan reported in Table B are provided in Section 4.2 below. A summary of the drivers of the In-Month position is summarised in the table below:

**Table 4: Key Drivers**

Month 4 - In Month	TOTAL	MH/LD	PCT	NPTS	Morr	COO	Estates (inc Finance)	Corporate Directorates	Central
	£'m	£'m	£'m	£'m	£'m	£'m	£'m	£'m	£'m
Plan 1: Plan									
In Month Deficit Plan	4.89								4.89
Part 2: Delivery 2025/26 Target £55.4m & Run Rate									
Non Delivery £55.4m Savings	3.00	0.19	0.76	1.02	0.79	0.14	0.06	0.04	0.00
Non Delivery of Run Rate Target							0.04	(0.49)	0.00
Sub Total Part 2	2.44	0.19	0.76	1.02	0.79	0.14	0.03	(0.45)	0.00
Part 3: Operational Pressures Above Underlying Deficit Income									
- JCC Performance					(0.60)				
- Dental PCR Income	0.05		0.05						
- Other	0.00								
Pay (including VP)									
- Medical	0.00								
- Nursing (inc UQ)	0.10	0.20	(0.10)						
- A&C				(0.10)					
- Other			(0.17)			0.01			
Surge Beds									
- Gorseionn	0.05		0.09						
- Singleton/NPT	0.00								
- Morrison	0.00								
Non-Pay									
- Secondary Care Drugs	0.00					0.00			
- Clinical Consumables	0.60								
- Estates (Building Materials / Energy)							(0.28)		
- Finance (PFI) Energy							(0.18)		
- COO (Provisions)	0.00								
- CHC (inc LAC)	0.05	0.35	(0.30)						
- CHC Temporary Adult MH Placements	0.70	0.70							
- Dental Contract Clawback for 24/25			(0.05)						
- Primary Care Prescribing				(0.55)					
- Other Non Pay					(0.21)				
Corporate Directorate Balance								(0.10)	
Sub Total Part 3		1.25	(0.48)	(0.14)	(0.21)	0.01	(0.46)	(0.10)	0.00
Part 4: Central Codes									
- Central Z Codes	0.85								0.85
- NR Opportunities									(0.48)
Sub Total Part 4	0.37	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.37
Total Variance	7.699	1.445	0.281	0.877	0.575	0.156	0.00	(0.55)	5.257
Total In Month Budget		12.405	25.002	33.160	32.021	3.260	5.034	24.136	
Variance as % Budget		12%	1%	3%	2%	5%	(0)%	(2)%	

#### 4.2 Movements In-Month / YTD Variance and Forecast Profile

The key areas of variance across the Health Board are summarised in the commentary below. The items below are those that drive the operational spend reductions and cost pressures currently reported on Ref Lines 21 and 22 of Table A and relate to the summary provided in Table 4 above:

- **Income**

The Joint Commissioning Committee (JCC) Income as a provider over-performed by £0.6m in-month (£0.6m YTD) and this is driven by improved performance across all aspects of contracts particularly the high tariff areas TAVI & Cardiology.

Dental Contract Income underperformed in-month by £0.051m (YTD £0.2m).

- **Pay**

Month 4 Pay was slightly lower in-month and continues to be driven by the vacancies, primarily in Admin & Clerical driven by the Vacancy Freeze, predominately within the Corporate Directorates.

- **Clinical Consumables**

This area overall has an in-month position of an overspend of £0.5m, partly driven by the increased JCC activity in-month. There are 80+ subjective lines within this category, including secondary care drugs.

- **Continuing Health Care (CHC)**

In Month 4 CHC was overspent by £0.7m (YTD £2.3m) and continues to be primarily driven by the temporary Adult Mental Health placements with external providers due to demand being more than the Health Board's internal bed capacity. As per month 3 this pressure was partly offset by the Looked After Children position within the PCT Service Group. The majority of provider uplifts were issued on a year-to-date basis within Primary Care & Community in-month which, was in line with the financial envelope set in the Plan. It is expected that MHLD uplifts will be issued to providers in Month 6.

- **Prescribing**

Prescribing was almost breakeven in month and YTD following receipt of the latest datasets (May 2025).

As per previous action points an analysis of items with a forecast greater than £0.5m when compared to an equal twelfth of the end of year total forecast was completed.

- RRL: each month, the gross income and expenditure position is finalised on an actuals basis (as reported in the MMR Table B); these actuals compared to the budget in the ledger create a variance. The variance needs to be reported as the 'bottom line' financial position for the Health Board (as reported in the 'Net surplus/(deficit)')

total in the MMR Table B). Effectively the RRL is the budget allocated to Service Groups or Directorates based on the profiling for that month.

- Primary Care Contractor: The GP Refresh funding allocation is typically confirmed and passed to Contractors in Month 12.
- Capital Donation/Government Grant Income is typically confirmed and received in Month 12 (to note, should receipts be earlier in the year the income would be recognised at that point).
- Primary Care Drugs is phased based on prescribing days in any given month and anticipated timings of Category M drug prices.
- Pay will naturally fluctuate with the timing of starters and leavers, as well as the level of reliance on variable pay linked to sickness, number of open beds, additional activity etc.
- Non-Pay is profiled in line with when services are received or goods are delivered.
- In Month 4 the majority of uplifts within Primary Care & Community have been issued to providers on a year-to-date basis. Remaining CHC inflation (for MHL D) has assumed to be agreed and paid (inclusive of arrears) in Month 6, after which point the projected uplifted rates will apply. The profile of expenditure will also be affected by the number of days in each calendar month.

#### 4.3 Movements In-Month / Forecast Actuals (Table B1)

The keys issues of note from Table B1 against the core heading of (1) PMA = Prior Month Actuals, (2) PMF = Prior Month Forecast and (3) PMFYF = Prior Month Full Year Forecast are provided in the section below:

- Revenue Resource Limit (RRL)
  - The PMFYF increase relates to several new allocations, the main ones being Planned Care related: specifically Phase 3 Outpatients (£2.28m), Phase 1 costs for Q2 (£1.7m), Phase 4 diagnostics (£1.6m) and transfer & support costs (£0.2m).
- JCC Income
  - PMF/PMFYF: The in-month increase is as a result of a YTD correction based on Q1 data. Activity in high tariff areas (TAVI & Cardiology) has also been forecast to continue over the remainder of the year. There is also an increase in Renal activity.
- Provided Services – Pay
  - PMF/PMFYF: The in-month increase compared to forecast is as a result of failing to deliver the variable pay cap target allocated to Service Groups. The forecast overall increase in pay reflects anticipated increases in WLI's as a result of Planned care funding received.
- Provided Services – Non-Pay
  - PMF/PMFYF: The in-month increase reflects a number of planned mitigations yet to be finalised in the Month 3 submission not materialising, in addition to higher than forecast activity. The end of year forecast reflects the required mitigating actions.
- Secondary Care Drugs

- PMF: There has been an increase in-month due to the timing of the issuing of Homecare and NICE drugs. This is not expected to impact on the EoY forecast, however a detailed review of risks within NICE will be completed ahead of the Month 5 submission.
- Continuing Health Care
  - PMF: The in-month increase is due to the timing of the inflationary uplift to CHC contracts issued to providers for PCT taking place in July as opposed September (MHLD is still expected in September). Temporary Mental Health placements (due to insufficient local capacity) continue to be a pressure and a feature of the forecast.
- Other Private & Voluntary
  - PMF/PMFYF: The in-month decrease relates to the timing of activity. The EoY Forecast increase reflects Planned Care funding received in Month 4 as detailed in the RRL explanations above and has been phased from September.
- Losses, Special payments & Irrecoverable debt
  - PMF: The increase in-month reflects a one off YTD correction in relation to the All Wales Case management system error identified. We are continuing to work through the impact of this on the full year forecast; the Month 3 forecast has been used for Month 4's submission whilst this work is completed.
- DEL Depreciation\Accelerated Depreciation\Impairments
  - PMF/PMFYF: The increase both in-month and EoY reflects the Month 4 Non cash return submission.

#### 4.4 Other Areas of Comment:

- **Accountancy Gains (D)**  
A small Gain has been recognised in Month 4 (£0.2m). The potential for further Accountancy Gains will remain under review over the course of the year.
- **Committed Reserves (E)**  
The Health Board is holding committed reserves in respect of NICE, which is issued on an actual basis and a Health Board wide forecast is assessed regularly. Within the Mental Health & Learning Disabilities Service Group Local Reserves are held for CHC Inflation until Provider uplifts are confirmed and paid. We have presented the remaining reserves in sub table E.
- **COVID-19 Expenditure (F)**  
The breakdown of this by area of COVID is provided below:

£'000	Funding	Plan	Forecast
Health Protection (including PPE)	3,289	3,289	3,213
Vaccination Programme	3,291	3,291	3,422
Long COVID	954	954	954
<b>Total</b>	<b>7,534</b>	<b>7,534</b>	<b>7,589</b>

The profile of expenditure is largely weighted towards the Autumn/Winter when the majority of immunisations and protection activities take place.

## **5. Expenditure Movements (Table B2)**

The Plan figures reflect the MDS submission from 31 March 2025 after adjusting for the movement in identified Green and Amber savings schemes between 31 March 2025 and the Month 1 MMR submission in April 2025, as requested by WG colleagues; a YTD correction has been reported in Month 2.

### **Section A: Primary Care Contractor**

The Unplanned spend reductions (Line 8) relate to the non-recurrent clawback now confirmed in relation to 2024/25 contract performance. The figure is materially correct but may be subject to some refinement as Dental Contractors are permitted to 'catch up' the missed activity in the current year if the activity is below 5% of the total; it is currently assumed all contractors will opt to do this.

### **Section B: Primary Care Drugs & Appliances (Prescribing)**

The only material line relates to Virements between expenditure categories.

Primary Care Prescribing is providing a small YTD underspend which is reflected in the Table.

### **Section C: Provided Services – Pay**

The Unplanned Spend Reductions (Line 38) relates to Vacancies and other one-off benefits within Corporate Directorates, which are driving an underspend. Actions are underway to formally request that all Corporate Directorates continue to hold this position into future months in order to support the overall Health Board position.

Planned additional required mitigations yet to be finalised have been mostly allocated against Pay given this is the largest expenditure type and should present the largest opportunity; also targeted efforts to reduce variable pay are already underway.

### **Section D: Provided Services – Non-Pay**

All unidentified savings targets are held on a consistent subjective for all Service Groups and Corporate Directorates; this 'gap' is classified under non-pay and therefore this Section holds the full Health Board value on the "Red, Pipeline and Planning Assumptions" line (line 47).

The YTD overall non-pay position is underspent by £2.3m; this relates to a range of one-off benefits, primarily in Morrison, Estates and PFI with various benefits in maintenance and materials and clinical consumable rebates.

Unplanned Cost Pressures (Line 54) primarily related to Clinical Consumables in-month and is forecast for future months based on local intelligence regarding likely growth and inflationary pressures not yet in the YTD position; in addition, in Month 12, anticipated pressures that will not be certain until year end such as Bad Debt Provisions are included.

Planned additional required mitigations yet to be finalised (line 56) have been next allocated against non-pay given this is second the largest expenditure type (excluding LTAs as these are contractually agreed) and should present the second largest opportunity.

#### **Section E: Secondary Care Drugs**

The YTD Secondary Care Drug position is overspent by £0.3m; it is assumed that this is less of a pressure for the remainder of the year, however further work is required.

#### **Section F: Healthcare Services Provided by Other NHS Bodies**

The only material line relates to virements between expenditure categories.

There is an immaterial YTD benefit due to LTA performance (Line 83)

#### **Section G: Non-Healthcare Services Provided by Other NHS Bodies**

No deviation in the Month 4 submission.

#### **Section H: Continuing Care and Funded Nursing Care**

The Unplanned Cost Pressures (Line 114) primarily relates to the temporary Adult Mental Health placements with external providers due to demand being more than the Health Board's internal bed capacity. Plans to repatriate these patients back into core capacity are underway. There is also a continuation of the new growth pressure which will remain under scrutiny as the Plan did not provide for new growth.

#### **Section I: Other Private & Voluntary Sector**

The only material lines relate to virements between expenditure categories and Additional spend associated with in-year funding – the increase in funding relates to the additional Planned Care allocations received in Month 4 of £1.6m.

#### **Section J: Joint Financing and Other**

The only material lines relate to virements between expenditure categories and Additional spend associated with in-year funding.

### **6. Pay, Agency & Other Variable Pay Expenditure (Table B3)**

The Health Board Agency expenditure for Month 4 is £1.2m (Month 3, £1.0m), which is 1.8% (Month 3, 1.4%) of the overall pay expenditure.

The key reasons for Agency expenditure in month are set out in the bullets below:

- Vacancy Cover – 76%
- Temporary Absence Cover – 6%
- Additional Support to delivery and performance – 18%

Other Variable Pay (excluding Agency) is classified by the Health Board into the following categories: Bank, Overtime, Waiting List Initiatives (WLI) and Irregular Sessions and all of these have been included within the Table. A summary split by category is provided below:

Category	In-month expenditure £'000
Bank	2,336
Overtime	621
WLI	324
Irregular Sessions	886
<b>Total</b>	<b>4,168</b>

Agency/Premium Locum and Other variable pay remain key areas of focus for opportunities to reduce the current run rate of expenditure, with specific reduction targets having been issued to Service Groups as part of the Variable Pay cap.

### 7. Savings (Tables C, C1, C2, C3, C4)

The position reported in the MMR only reflects Green and Amber schemes. The table below provides the detail of all schemes both in terms of In Year Forecast Delivery and Total Planned Schemes. As per the table below and the End of year Forecast column there are currently £14.3m of Green and Amber schemes (£14.308 on Table A) with a further £9.4m of Red schemes which represents the further Pipeline Opportunities. The Health Board is working to achieve all Red schemes and identify further opportunities through the Thematic Savings Programmes, the Recovery & Sustainability Programmes and the external support commissioned via Deloitte.

**Table 5a Savings In Year**

Service Area	Annual Plan Target	Planned Schemes					Actual Delivery					End of Year Forecast	Shortfall in Forecast
		Red Schemes	Amber Schemes	Green Schemes	Total	Gap / (Surplus) to Target	Mth 4	Total YTD	YTD Target	YTD Gap / (Surplus) to Target			
		£'m	£'m	£'m	£'m	£'m	£'m	£'m	£'m	£'m	£'m		
Morrison	16.08	5.04	0.38	2.79	8.21	7.07	0.55	1.01	5.36	4.35	3.17	(12.92)	
NPTS	16.12	1.64	1.12	3.40	6.16	9.96	0.32	1.69	5.37	3.69	3.84	(12.27)	
PCT	12.98	0.17	0.00	2.51	2.68	10.31	0.32	0.39	4.33	3.94	2.51	(10.47)	
MH/LD	5.70	1.53	0.55	2.72	4.79	0.90	0.28	0.41	1.90	1.49	3.24	(2.45)	
Corporate	4.56	1.00	0.00	1.47	2.47	2.09	0.13	0.39	1.52	1.13	1.47	(3.09)	
<b>TOTAL</b>	<b>55.44</b>	<b>9.38</b>	<b>2.05</b>	<b>12.89</b>	<b>24.31</b>	<b>31.13</b>	<b>1.62</b>	<b>3.88</b>	<b>18.48</b>	<b>14.60</b>	<b>14.23</b>	<b>(11.27)</b>	

The table below shows the recurrent position for savings; whilst this presents a recurrent shortfall versus the forecast delivery (£7.52m) of £47.9m, there are £20.4m of planned opportunities identified in the Red Amber and Green columns, which are being worked through:

**Table 5b Savings Recurrent**

Service Area	Annual Plan Target	Planned Schemes					Actual Delivery			End of Year Forecast	Shortfall in Forecast
		Red Schemes	Amber Schemes	Green Schemes	Total	Gap / (Surplus) to Target	Total YTD	YTD Target	YTD Gap / (Surplus) to Target		
		£'m	£'m	£'m	£'m	£'m	£'m	£'m	£'m		
Morrison	16.06	7.03	0.00	2.22	9.25	6.83	2.23	5.36	3.13	2.23	(13.85)
NPTS	16.12	2.38	0.97	2.22	5.56	10.56	2.43	5.37	2.94	2.43	(13.68)
PCT	12.98	0.00	0.00	0.22	0.22	12.76	0.00	4.33	4.33	0.00	(12.98)
MH/LD	5.70	2.55	1.05	0.76	4.37	1.33	1.86	1.90	0.04	1.86	(3.84)
Corporate	4.56	0.00	0.00	1.00	1.00	3.56	1.00	1.52	0.52	1.00	(3.56)
<b>TOTAL</b>	<b>55.44</b>	<b>11.96</b>	<b>2.02</b>	<b>6.41</b>	<b>20.39</b>	<b>35.05</b>	<b>7.52</b>	<b>18.48</b>	<b>10.96</b>	<b>7.52</b>	

There is 1 validation error for an Amber scheme which has surpassed its 'go Green' date and remains Amber; this MHL/D scheme's status is due to issues being experienced in repatriating a CHC patient. This patient is now scheduled to be repatriated into a low secure bed within SBUHB in September.

**8. Welsh NHS Assumptions (Table D)**

Table D reflects the signed LTAs for 2025/26.

Status of the LTA contract documentation for 2025/26

All NHS Wales documents for 2025/26 have now been fully signed off by all relevant parties.

**9. Resource Limits (Table E)**

Table E provides the allocations received and those anticipated by the Health Board.

Any variance in the level of funding received aligned to anticipated allocations, may have a detrimental impact on the ability of the Health Board to achieve the £58.7m target.

**10. Statement of Financial Position (Table F)**

The key issues in respect of the statement of financial position movements are as follows:

- The inventory value has decreased from £11.475m at the end of June 2025 to £9.875m at the end of July 2025, a decrease of £1.6m. This relates to credit of Blood stocks.
- There has been an increase in trade receivables from £233.533m at the end of June 2025 to £291.855m at the end of July 2025, an increase of £58.322m. This relates to WRP (Welsh Risk Pool) debtors increase of £56.273m. NWSSP WRP have implemented a new case management system during 2025/26, and the quantum received from them for July 2025 included updates to cases which would have otherwise been provided in prior months. The increase also relates to an increase in NHS Debtors of £1.167, and the VAT Debtor of £1.549m.

- The closing July 2025 cash balance of £3.138m is close to the Health Board target of a cash balance of £2.5m at month end and the best practice cash target for the Health Board of £6m.
- The trade and other payables figure saw a decrease from £234.185m at the end of June 2025 to £220.03m at the end of July 2025, a decrease of £14.155m. This comprises a reduction in Accruals and RBNI (received but not invoiced), and NHS creditors. There were increases in NHS accruals.
- Provisions increase by £56.251m from £185.341m at the end of June 2025 to £87.543m at the end of July 2025. This increase relates to the comment above in relation to the NWSSP new case management system, and is reflective of the increase in provisions for:
  - £37m increase in quantum value for 6 cases
  - £7.6m new case probability 2
  - £3.4m 1 case changed probability 3 to 2
  - £730k 1 case changed probability 3 to 1

#### 11. Cash Flow Forecast (Table G)

As at the end of July 2025, the Health Board had a cash balance of £3.138m, which is between the Health Board target of a cash balance of £2.5m at month end and less than the best practice cash target for the Health Board of £6m.

We would expect to manage the revenue working capital cash to enable us to close the cash position within the £2.5m region. For ease we have shown the closing cash position in the Cashflow as the forecast financial outturn figure:

	£'000
Forecast I&E Deficit	- 58,660
Movement in working capital cash	- 57,858
Revenue working capital cash support	47,882
Revenue working cash support for Reimbursement from Revenue to Capital	6,532
Opening Cash Balance	3,444
<b>Forecast Cash Deficit</b>	<b>- 58,660</b>

The table above outlines:

- the £58.660m forecast cash deficit position, which reflects the Health Board's forecast financial outturn figure, which we would seek Strategic cash support for;
- Revenue working capital cash support, which we would manage, to reduce the level of the request (as shown in Table E);
- Request Revenue working cash support of £6.532m in order for revenue to reimburse capital cash (as shown in Table E).

With regards to Action point response on 3.22, the closing creditors figure has been revised to reflect the movement in working capital cash requirements referred to in the table above.

The cash flow is updated daily and a full review of the cash forecast is currently being undertaken monthly, to ensure that any changes to our cash requirements, can be communicated in a timely manner to WG.

## 12. Public Sector Payment Compliance (Table H)

Updates will be reported at the end of Quarter 2.

## 13. Capital Resource / Expenditure Limits (Table I & J)

The forecast outturn shows an overspend position of £1.098m. Allocations are anticipated on the following schemes, which will provide a balanced position.

Scheme	£m	Narrative
City Deal – Morriston Access Road Design	0.151	Funding approved.
Business Case Fees - Hybrid Theatre, Morriston	0.452	Business case fees incurred for schemes included in the Health Board 10-year capital programme/national prioritisation.
Business Case Fees – Urology NPT	0.290	Business case fees incurred for schemes included in the Health Board 10-year capital programme/national prioritisation.
Business Case Fees – Taith, Newydd Fire	0.206	Business case fees incurred for schemes included in the Health Board 10-year capital programme/national prioritisation.

The following allocations are classed as risks.

Scheme	£m / Risk Level	Narrative
Positron Emission Tomography (PET) Service, Singleton Hospital	4.000 / Medium	<p>In line with our month 2 MMR disclosure, on 25<sup>th</sup> June 2025, following our initial risk assessment, the HB confirmed a return of £5.6m funding to WG which is to be re-provided in our 2026/27 CRL.</p> <p>In our month 3 MMR disclosure and as discussed at the July CRM, the HB also informed WG of a second risk assessment being undertaken, which we aim to conclude during August following scrutiny of cost and activity schedules by our cost advisor. The current estimate being a further return of £2m to £4m for 2026/27 re-provision.</p>

Scheme	£m / Risk Level	Narrative
		Works are due to start in September 2025 on a 13-month programme to October 2026.

All other schemes are low risk, and any variances are linked to planned contributions from discretionary and in some instances payback of prior year fees.

In terms of material underspends which are being managed by the HB; the Month 4 MMR reports a £0.117m underspend on 'Backlog Maintenance 2024-25' which offsets against a £0.241m overspend in 2024/25, the net impact being an additional discretionary contribution of £0.124m across years. The £0.312m variance shown against 'Replacement Diagnostic and Treatment Equipment 2025-26' is not a Capital scheme underspend, it represents the cost of mobile hire in relation to the CT Scanner at Morriston which is accounted for as a revenue cost.

#### 14. Capital Disposals (Table K)

There are two planned property disposals of Garngoch and Morriston Land with combined expected sale proceeds of £0.800m.

#### 15. Aged Welsh NHS Debtors (Table M)

Table M lists all Welsh NHS invoices outstanding for more than 11 weeks as at the end of July. The value of NHS debts outstanding for between 11 and 17 weeks amounted to £113k at the end of July 2025 (June 2025 - £532k) with the number of invoices increasing in this category to 27 invoices compared to 16 invoices as at the end of June 2025.

Of the outstanding invoices between 11 and 17 weeks old, no invoices have been paid since the end of July 2025.

The 27 outstanding invoices are actively being chased:

- Betsi Cadwaladr– 1 Invoice, £5k
- Cardiff & Vale – 8 Invoices, £75.5k
- Cwm Taf – 8 Invoices, £7.7k
- Hywel Dda – 6 Invoices, £11.4k
- Public Health Wales – 6 Invoices, £13.4k

Please note that no specific reason provided for non-payment of these invoices to date.

#### 16. Ring Fenced Allocations (Tables N & O & P)

Table N & O will be updated for Quarter 2.

Within Table P, all ring-fenced funds are fully or over-committed with the exception of Value Based Health Care where a small amount requires plans to be finalised.

17. **IFRS 16 (Table Q)**

2025/26 Approved schemes: Approved schemes in 2025/26 include one lease that has been approved which was included on the IFRS 16 lease submission in July 2025. The figures for 2025/26 Approved schemes are unchanged from Month 3 reporting.

2025/26 Unapproved schemes: This includes the leases projected to commence during 2025/26 and has been populated using the information included in the IFRS 16 lease submission in July 2025. Several leases are currently progressing through the approval process. The figures for 2025/26 Unapproved schemes are unchanged from Month 3 reporting.

There is a validation error on Table Q in relation to the Lease repayment value matching Table E's reduction in RRL. This is due to Table E reporting the Approved schemes only (in line with Line 3) and excluding the Unapproved Schemes as WG guidance was to only include in Table E those schemes where there is certainty that the scheme will be approved. As there is a possibility that the schemes could 'slip' into next year/beyond and no formal confirmation from WG there is insufficient assurance of certainty to include the Unapproved schemes.

18. **Governance Arrangements**

The financial information reported in these Monitoring Returns reflect those reported to the Health Board. These Monitoring Returns incorporate the financials of the following hosted bodies: -

- EMRTS

In the absence of the Chief Executive, the monthly monitoring return submission will be approved by Dr Richard Evans (Medical Director and Deputy Chief Executive) and for the Director of Finance by Samantha Moss (Deputy Director of Finance).

These Monitoring Returns will be circulated to the membership of the Health Board's Performance and Finance Committee on 26 August 2025.

Yours sincerely,



.....  
**SAMANTHA MOSS**  
**DEPUTY DIRECTOR OF FINANCE**



.....  
**ABIGAIL HARRIS**  
**CHIEF EXECUTIVE OFFICER**

Darren Griffiths, Director of Finance  
Jan Williams, Chair  
NHS Financial Management  
Mr Jason Blewitt, Wales Audit Office