GIG CYMRU NHS WALES | Bwrdd Iechyd Prifysgol Bae Abertawe | Swansea Bay University Health Board

Dyddiad/Date: 11th December 2025

☎ (01639) 683303
☎ WHTN (01787) 3303
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 30 NOVEMBER 2025**

I enclose with this commentary the completed proformas in respect of the Health Board's Monitoring Returns to 30 November 2025.

The Health Board's assessment on performance against the £58.7m deficit has three components Operational Pressure, Savings Target, and Planned Deficit. Performance against these three elements at Month 8 is summarised in Table 1 below. At Month 8 there was an In-Month deficit of £4.2m, which is £0.7m below the £58.7m planned deficit, with the YTD position reporting a £51.4m deficit, which is £12.2m above £58.7m plan.

***Table 1: Delivery YTD***

| Elements of In Month | Quarter 1 £M | Quarter 2 £M | Mth 7 £M | Mth 8 £M | YTD £M |
|---|---|---|---|---|---|
| - Delegated Budgetary Position | (2.15) | (0.64) | (0.94) | (0.51) | (4.23) |
| - N/R Opportuntities | (0.28) | (1.45) | (0.10) | (0.28) | (2.11) |
| - Shortfall NI Funding | 0.34 | 1.03 | 0.34 | 0.34 | 2.06 |
| **Total Part 1: Operational Pressures** | (2.08) | (1.06) | (0.70) | (0.44) | (4.28) |
| Saving Target | | | | | |
| - 12th Savings Target | 13.85 | 13.85 | 4.62 | 4.62 | 36.93 |
| - Less Actual In Month Delivery | (2.29) | (8.59) | (4.69) | (4.87) | (20.43) |
| **Total Part 2 = Savings Delivery Impact** | 11.57 | 5.26 | (0.07) | (0.25) | 16.51 |
| Financial Deficit Plan | | | | | |
| - 12th Deficit Value | 14.68 | 14.68 | 4.89 | 4.89 | 39.13 |
| **Total Part 3 = Deficit Plan** | 14.68 | 14.68 | 4.89 | 4.89 | 39.13 |
| **Deficit/ (Surplus) In Month Performance** | 24.16 | 18.87 | 4.13 | 4.20 | 51.36 |

It is clear from Table 1 that currently the Year-to-Date issue remains the non-delivery of savings. This shortfall in delivery YTD is in part mitigated by 'Delegated Budget' position underspending and the central N/R opportunities as set out in the 11 September submission delivering (as reported in Table 1 above). Whilst excluding the non-delivery of saving most areas are within the delegated operational budgets, the key exception to this is Mental Health & LD Services. Throughout the year there have been pressures linked to pay and CHC but also Temporary Adult Placements. The latter issue has resulted in an in-month pressure of £0.8m, with YTD expenditure of £4.6m. During November the service saw the highest number of patients in Temporary Adult Placements at 33, which at the time of closing the ledger was at 31. This level is significantly higher than where the service was in October 2025, with 3 patients in placements. If these numbers do not reduce the Health Board could face a further pressure of £3m, as well as continuing to mitigate the ENIC and savings delivery shortfall. An escalation meeting has been scheduled to consider options, and agree actions, to reduce this with immediate effect alongside current discussions around capital configuration and optimisation of the Mental Health services estate.

The focus in the final 4 months of the year needs to be on: -

- Reducing the Adult Temporary Placements and mitigating the financial impact on Month 1-8 = £4.5m to £8.0m
- Mitigating the ENIC funding shortfall on £3.1m
- Addressing the in-year savings gap as per the Table 2.

On savings performance the submission made on 11 September 2025 set out the Plan to deliver the £55.4m savings in 2025/26. This was a combination of (1) Part A - budgetary releasing savings delivery supported by our external strategic partner; alongside (2) Part B - delivery of underspends in the operational budgets specifically around the corporate directorates and N/R opportunities. The monitoring of the performance for Part A is undertaken through the existing governance arrangements, using the Health Board's savings trackers. This data is then used to complete the WG Monthly Monitoring Return (MMR) Savings Tables. However, as Part B are improvements in run rate and not a formal budgetary savings this element of the plan is not reported in Savings Tables of the WG MMR, but is incorporated in the wider monitoring tables, within the return. A summary of the assessed performance and how these relate to the WG MMR is summarised in Table 2 below and demonstrates that at Month 8 there is a gap of £13.0m:

***Table 2: Summary Performance against £55.4m***

| Month 8 MMR Position | | | | |
|---|---|---|---|---|
| **Part** | **Category Scheme** | **11 Sept Plan £M** | **Forecast Delivery £M** | **Reference MMR Tables** |
| A | Green Amber | 26.6 | 33.8 | Table C3 Cell Ref Q37 |
| | Red / Pipeline | 20.2 | 0.0 | n/a |
| | Total Part A | 46.8 | 33.8 | |
| B | NR Opportunities | 4.6 | 4.6 | Table B Ref 11 / Table B2 Ref 53 |
| | Corporate Underspend | 4.0 | 4.0 | Table B Ref 10 & 11 / Table B2 Ref 38 & 53 |
| | Total Part B | 8.6 | 8.6 | |
| **Total** | | 55.4 | 42.4 | |

The increase in savings identified in between Month 7 and Month 8 relates to four service areas as per the table below, with the largest increase under MH&LD and this aligns to the £0.7m on Table 3.

| Area | Forecast Delivery 202/26 @ Mth 7 £M | Forecast Delivery 202/26 @ Mth 8 £M | Movement |
|---|---|---|---|
| Chief Operating Officer | 0.3 | 0.6 | 0.4 |
| MH + LD | 3.7 | 4.5 | 0.8 |
| Primary Care + Community | 6.2 | 6.3 | 0.1 |
| Singleton | 7.5 | 8.0 | 0.5 |
| Total Increaae / (Decrease) | | | 1.7 |

In the Month 7 MMR Letter it was flagged that a further £1.2m of savings had been identified between the ledger closedown and the MMR reporting, which at that point would have reduced the savings gap to £13.6m. Work on finalising this value will be completed shortly; until this is complete an indicative value is included in Table 3 below. So, the Health Board, as well as focusing on savings, continues to seek out all other opportunities and there are several areas where work is ongoing, and these are included in the Table 3 below. At the end of Month 8 £0.9m of further opportunities have been confirmed, with £0.7m being added to saving trackers and supporting the growth in forecast and £0.2m supporting the operational delegated budgetary position reported in the YTD figures in Table B of MMR and Table 1 above.

***Table 3: Further Opportunities Live & Under Review***

| | Confirmed Value @ End November £M | Indicative Value Only £M | Comments |
|---|---|---|---|
| PCT CHC Growth Reserve | | [illegible] | Dependent on the cases in final 4 months and transfer COPs to CHC |
| PCT Further CHC 23/24 Balance Sheet Release | | (1.2) | Further review underway - est. completed Jan '26 |
| PCT Slippage WM Programme | | (0.4) | |
| PCT Funding Frailty from RIF/RPB | | (0.5) | Dependent on further discussions with RPB |
| Morriston Managed Service Contract Changes | (0 1) | (0.2) | £0.1m delivered Mth 8 and included in YTD position. Awaiting performance Mth 8-9. |
| Morriston National IT Programme Slippage | | (0.6) | Final review to be completed - Q4 |
| Morriston OOH Contracting (Recurrent) | | (0.2) | Final review to be completed - Q4 |
| Morriston In Year Devices Accrual Review | | (0.5) | Final review to be completed - Q4 |
| Morriston Year End Balance Sheet - Pay issues | | TBC | Review of liability to be assessed n Q4 |
| NPTS Primary Care Prescribing | | [illegible] | Dependent on growth over next 2 months PAR data (£0.9m based current growth value) |
| NPTS Primary Care Vaccines | (0.1) | [illegible] | £0.1m released in Mth 8 and further opportunities to be re-assessed Q4 |
| NPTS Slippage on Investments | | [illegible] | Final review to be completed - Q4 |
| Further NR Opportunities in Reserves | | TBC | Ongoing continuous review |
| MH/LD Further CHC 23/24 Balance Sheet Release | (0.7) | | Included on Trackers scheme MH/LD-10-09 |
| Total | (0.9) | [illegible] | |

Whilst these present opportunities to mitigate the gap, there is an urgent requirement for further work to be undertaken in the next 5 days to clearly set out the actions both in preparation for the Public Accountability Meeting on 18 December 2025 and provide the assurance on the delivery of the £58.7m both in year and recurrently. The further options will be presented and considered by the Performance & Finance Committee on 16 December 2025 and to a special Board meeting that afternoon.

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

The forecast remains at £58.7m, with the risk to achieving this detailed in Table A2. Free text lines have been added as follows:

- **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.
- **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.
- **Ref Line 31 Losses Overspend** – this line presents the current forecast overspend against Losses following the assessment now completed during Month 6 (re-assessed as unchanged in Month 7) regarding the impact of the further national system issues. This has been shown on Table A as it is not included in Table B2.
- **Ref Line 32 Losses Overspend** – mitigating actions incorporated into 11 September Plan – this line presents the mitigating actions to offset the pressure as incorporated in to 11 September submission. This has been shown on Table A as it is not included in Table B2.

The second half of Table A currently reflects the opening shortfall of £51.2m (ref line 13) in savings delivery, as only £4.2m of savings were Amber/Green at the 1 April 2025. During the year to date a further £29.6m of Amber/Green savings has been identified (ref line 14-17, 20), which leaves a net shortfall within savings of £21.6m. This does not reflect the £8.6m of run rate underspend and non-recurrent opportunities which do not meet the formal MMR definition of savings, but this value would be within ref line 21. Therefore, the in-year (unplanned) spend pressures ref line 22 offset by in year (unplanned) underspends ref line 21, present a net pressures on ref line 24 of £1.7m, which together with the shortfall in savings delivery needs to be addressed by the organisation to meet the £58.7m plan. In summary what Table A sets out is that the Health Board has a shortfall in savings delivery and to a lesser degree operational budgetary pressures, of which further details have already been provided in the opening section of this letter.

## 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 7. One of the areas of assessment from the financial support the Health Board has commissioned will be to revisit this underlying deficit assessment.

The 2025/26 In Year and Recurrent Forecast work outlined in the Month 7 letter has allowed the Health Board to assess a starting point for the ULD into 2026/27. This was presented to an In-Committee PFC on 25 November 2025. Further work will be undertaken during Q3/4, taking on board the learning from the external assessment, as well as the ongoing work on the 2026/27 Plan and we will update Table A1 once we have a Board assessed and recognised ULD value.

## 3. Risk Management (Table A2)

**Risks:**
With the exception of the Risk on Ref Line 12 in Table A2, which reflects the non delivery of the current Planned and Unplanned Mitigations directly from Table A, the assessment of the remaining Risks is provided in the table below, which is reviewed and updated each month.

***Table 4: Risk Summary***
For Month 8, within Part A, the table has been updated to provide greater clarity on these items which are an in-year risk to the delivery of the Plan and are within the YTD position but for which mitigating actions have yet to be identified (column labelled Within YTD) and those items which present a further risk for the remainder of the financial year (Column labelled Further Risk). Part B lists other issues which could pose a risk to the organisation, but at this point no financial value is assumed as the certainty is significantly less that Part A, but these will be reviewed each month.

***Table 5: Risks***

| Risks | Range £M | In Year | | Recurrent |
|---|---|---|---|---|
| | | Within YTD = Risk Delivering £58.7m £M | Further Risk Mth 9-12 £M | £M |
| **Part A: Confirmed Risks** | | | | |
| MHLD redesign and review NSA levels | | 0.00 | 0.00 | 3.00 |
| ED 6 week pilot probable extension | | 0.00 | 0.10 | 0.20 |
| Maternity Independent Review Recommendations | | 0.00 | 0.00 | 1.00 |
| Workforce Challenges | | 0.00 | 0.00 | 3.20 |
| JCC Financial Risks | | 0.33 | 0.16 | 0.49 |
| JCC Financial Risks SB Caswell | | 0.00 | 1.20 | 1.20 |
| Assessment of the Risk Share of the Welsh Risk Pool for 2025/26 (Data 17/09/25) | | 0.00 | (0.50) | (0.35) |
| Increase in the Welsh Risk Funding Requirements 2025/26 using Draft % Share £42m (Data 17/09/25) | | 0.00 | 5.90 | 5.90 |
| Increase in the Welsh Risk Funding Requirements 2025/26 using Draft % Share Additional Risk (Data 17/09/25) | | 0.00 | 1.60 | 1.60 |
| Shortfall in WG National Insurance Funding | | 2.10 | 1.00 | 3.08 |
| MH/LD Temporary Adult Placements | | 4.60 | 3.30 | 5.70 |
| Nurse Stream Lining 144 | | 1.80 | 2.40 | 7.00 |
| MH/LD Service Group Operation Run Rate exc Temporary Placements | | 3.40 | 2.50 | 4.00 |
| Planned Care Phase 1 Q1 Funding Issue | | 0.00 | 1.10 | 0.00 |
| **Total Part A** | | **12.23** | **18.76** | **36.02** |
| **Part B: Other Risks For Noting** | | | | |
| LTA Performance | 1m - 2m | | | |
| Primary Care Prescribing 2025/26 limited data received in year relating to 2025/26) | 1.5m - 2.0m | | | |
| Confirmation of the Pension Discount Factor to be applied in the 2025/26 accounts | 0.5m - 1.0m | | | |
| Changes to the Bad Debt provision confirmed at the end of the Financial Year; | 0.0m - 0.5m | | | |
| Under or Over delivery of the RTA income above Budget, which finalise at the end of the Financial Year. | 0.5m - 1.0m | | | |
| Further deterioration in the Financial Position linked to operational pressures. | 0.0m - 3.0m | | | |
| Unplanned costs relating winter pressures within the Health Board and across partnerships | 0.5m - 1.0m | | | |
| Non Delivery of Red/ Pipeline deliver £55.4m | 9.0m-15.0m | | | |
| NICE Above Funding | 0.0m-1.0m | | | |
| **Total Part B** | | | | |

The Risk table above includes two new entries for Month 8:

- Planned Care funding - the Health Board was originally anticipating funding for Phase 1 Q1 of Planned Care funding of £2.3m. Actual delivery was £1.7m, but funding from WG is only £0.6m. It is assumed in the assessment to the 31 March 2026 that all additional Planned Care work will be funded in full but as the Health Board cannot get confirmation that a further allocation will be issued for Q1 it is now flagged a risk to the deliver of the £58.7m.
- JCC Caswell – since the closure of Cedar ward and the use of the Caswell Clinic to support some services there is a risk this may impact on the provider performance of the contract. Whilst further work and discussion are ongoing between JCC and the Health Board a risk is noted at this point based on an estimate.

Since completing all the tables, we note that WG has confirmed the WRP risk will be funded centrally. An update to the risk table will be made in Month 9.

**Opportunities:**
Table 3 in the opening section provides a summary of the work underway to seek out further opportunities to support the performance against plan and this has been added as one value in Table A.

## 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 6: Key Drivers**

| Month 8 - In Month | TOTAL | MH/LD | [illegible] | 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 | [illegible] | | | | | | | | [illegible] |
| Part 2: Delivery 2025/26 Target £55.4m & Run Rate | | | | | | | | | |
| Delivery £55.4m Savings | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | 0.00 | [illegible] | (0.65) |
| Delivery of Run Rate Target | [illegible] | | | | | | [illegible] | (0.65) | (0.38) |
| Sub Total Part 2 | [illegible] | [illegible] | [illegible] | [illegible] | (0.45) | [illegible] | 0.00 | (0.66) | (1.03) |
| [illegible] | | | | | | | | | |
| [illegible] | | | | | | | | | |
| [illegible] | [illegible] | | | | [illegible] | | | | |
| [illegible] | 0.00 | | | | | | | | |
| [illegible] | [illegible] | | | [illegible] | | | | | |
| [illegible] | 0.00 | | | | | | | | |
| [illegible] | 0.20 | [illegible] | | | [illegible] | | | | |
| [illegible] | 0.14 | [illegible] | [illegible] | [illegible] | [illegible] | | | | |
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | | [illegible] | [illegible] | [illegible] | |
| [illegible] | [illegible] | | [illegible] | [illegible] | | [illegible] | | | |
| [illegible] | 0.00 | | | | | | | | |
| [illegible] | 0.07 | | [illegible] | | | | | | |
| [illegible] | 0.00 | | | | | | | | |
| [illegible] | 0.00 | | | | | | | | |
| [illegible] | 0.00 | | | | | | | | |
| [illegible] | [illegible] | | | [illegible] | | | | | |
| [illegible] | 0.00 | | | | | | | | |
| [illegible] | [illegible] | | | | | | [illegible] | | |
| [illegible] | 0.00 | | | | | | | | |
| [illegible] | 0.00 | | | | | | | | |
| [illegible] | 0.07 | 0.23 | [illegible] | | | | | | |
| [illegible] | 0.81 | 0.81 | | | | | | | |
| [illegible] | 0.00 | | | | | | | | |
| [illegible] | 0.10 | | | [illegible] | | | | | |
| [illegible] | 0.00 | | | | | | | | |
| [illegible] | 0.04 | | [illegible] | | | | | | |
| [illegible] | [illegible] | [illegible] | | [illegible] | (0.24) | (0.16) | | | |
| [illegible] | 0.00 | | | | | | | | |
| [illegible] | [illegible] | [illegible] | (0.49) | (0.46) | (0.08) | (0.26) | (0.17) | (0.13) | [illegible] |
| Part 4: Central Codes | | | | | | | | | |
| - Central Z Codes | [illegible] | | | | | | | | [illegible] |
| - NR Opportunities | [illegible] | | | | | | | | [illegible] |
| Sub Total Part 4 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Total Variance | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Total In Month Budget | | 12.97 | 25.35 | 33.00 | [illegible] | [illegible] | [illegible] | [illegible] | |
| Variance as % Budget | | 11% | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | |

## 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 1 above:

- **Income**
  The Joint Commissioning Committee (JCC) Income as a provider over-performed by £0.3m in-month (£1.5m over-performance YTD). This has been driven by TAVI, Cardiology and Bariatric activity in Morriston.

- **Pay**
  Month 8 pay is broadly in line with the prior month; the continued vacancy freeze primarily in Admin & Clerical and other Pay Controls being the driver for this. Variable pay expenditure has held at the same level as September and October (£4.7m and the lowest achieved YTD).

- **Clinical Consumables**
  This area overall has an in-month breakeven position. Within the ledger the gross income is reflected within the income lines and not netted off against expenditure and so overall the Health Board position is not adversely affected. The main drivers within this category of clinical consumable expenditure include heart valves & pacemakers. This category also included secondary care drugs.

- **Continuing Health Care (CHC)**
  In Month 8 CHC was overspent by £0.9m (YTD £5.0m). Expenditure on Adult Mental Health placements increased further in-month to £0.8m. The pressure remains at £0.3m in month in addition to standard CHC growth in excess of the Plan.

- **Prescribing**
  Prescribing was slightly overspent (£0.1m) in-month and YTD at a £0.1m overspend following receipt of the latest dataset (September 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.
- Welsh NHS Local Health Boards & Trusts: In Month 6 the YTD impact of the 2024/25 Pay Matrix has been recognised in the financial position.
- JCC Income: In Month 6 the YTD impact of the 2024/25 Pay Matrix has been recognised in the financial position.
- 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 Contractor: The GP Refresh funding allocation is typically confirmed and passed to Contractors in Month 12.
- 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.
- Healthcare Services Provided by Other NHS bodies: In Month 6 the YTD impact of the 2024/25 Pay Matrix has been recognised in the financial position.
- CHC: This will be affected by the timing of inflationary uplifts within MHLD being issued to providers on a year-to-date basis (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.
- Other Private & Voluntary Sector: This primarily relates to the timing of delivery of Planned Care Recovery activity being phased later in the year.

**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)
    - PMF/PMFYF: The overall increase relates primarily to the addition of anticipated income for Q2 Vertex (£1.3m), Pharmacy Pay Uplift funding (£0.9m) and the increase to DEL Non Cash Depreciation (£0.9m) following the latest Non-Cash Submission.
- JCC Income
    - PMF/PMFYF: This has been aligned to the latest activity data.
- Other Income
    - PMF/PMFYF: The driver of the in-month increase relates to for rebates relating to price increases specifically related to the Mounjaro drug (£0.3m) and additional income received within the Clinical Research Unit (£0.4m). A further £0.4m relates to Non contracted income activity in month increasing due to Burns Activity and NICU. These are all non-recurrent in nature, with the exception of the drug rebate; as this is a new rebate there is currently insufficient information to assess the end of year forecast impact beyond the in-month benefit. Further work will be undertaken to review this for the Month 9 submission.
- Primary Care Contractor
    - PMFYF: the increase to the full year forecast reflects the Pharmacy pay uplift funding received, with the YTD impact recognised in-month.
- Provided Services – Pay
    - PMFYF: The EoY increase is driven primarily by the in-month position with a slower than anticipated delivery of expenditure reductions resulting from the enhanced Pay Controls.
- Provided Services – Non Pay
    - PMF/PMFYF: The in-month increase primarily relates to the clinical costs associated with activity as well as partly being a timing difference in the prior month forecast in terms of the profiling of expenditure and higher than forecast expenditure across a number of service contracts, the most significant of which being bed hire. The end of year forecast has been updated to reflect the latest Recovery plans where activity will be delivered within the Health Board as opposed to Outsourced (see Other Private and Voluntary Sector below).
- Provided Services – Healthcare services provided by other NHS bodies
    - PMF/PMFYF: The increase both in month and full year relate to the Q2 Vertex funding received.
- Other Private & Voluntary Sector
    - PMF/PMFYF: The in-month decrease relates to the timing of planned care Recovery activity. The end of year forecast has been updated to reflect the latest Recovery plans where activity will be delivered within the Health Board as opposed to Outsourced (see Non-Pay above).
- DEL Depreciation
    - PMF/PMFYF: The position has been updated to reflect the latest Non-Cash Submission.

**4.4 Other Areas of Comment:**

- **Accountancy Gains (D)**
  A small Gain was recognised in Month 8 (£0.012m), which brings the YTD to £0.5m. 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. An element of Planned Care Recovery is also managed centrally in relation to the Outsourcing workstreams. The workforce uplift is also held centrally until the expected payment in December of arrears. The remaining reserves for these areas are presented the 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 |
| **Total** | **7,534** | **7,534** | **7,589** |

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

**5. <u>Expenditure Movements (Table B2)</u>**

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. The Unplanned cost pressures (line 9) primarily relate to the recognition of a provision for the current year in relation to the Out of Hours Service as an assessment of this has only recently been possible due to on-going negotiations. There is also a YTD impact of a review of all Primary Care Contracts and the in-year performance forecast.

| | | In-Month £'000 | YTD £'000 | EoY Forecast £'000 |
|---|---|---|---|---|
| Primary Care Contractor | Contract performance | (35) | (280) | (420) |
| | Dental clawback | (50) | (400) | (600) |
| | Other | (35) | 1 | (59) |
| | **Unplanned Spend Reductions** | **(120)** | **(679)** | **(1,079)** |
| | In-year Out of Hours Service | 45 | 359 | 539 |
| | Contract performance | - | 253 | 253 |
| | Other | 95 | 193 | 294 |
| | **Unplanned Cost Pressures** | **140** | **805** | **1,085** |

**Section B: Primary Care Drugs & Appliances (Prescribing)**
The only material line relates to Virements between expenditure categories and Savings Delivery. Primary Care Prescribing is reporting a small YTD overspend which is reflected in the Table. In the opening months there was an unplanned spend reduction but latest PAR data has tipped that to an unplanned cost pressure.

| | | In-Month £'000 | YTD £'000 | EoY Forecast £'000 |
|---|---|---|---|---|
| Primary Care Prescibing | Forecast based on latest PARS | | | |
| | **Unplanned Spend Reductions** | **0** | **(313)** | **(313)** |
| | Forecast based on latest PARS | 97 | 247 | 366 |
| | **Unplanned Cost Pressures** | **97** | **247** | **366** |

**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 (which the latest forecast supports in terms of delivery). Unplanned Cost Pressures (Line 39) is largely driven by the variable pay pressures within Mental Health & Learning Disabilities.

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 and aligned to the work with our external strategic partner.

| | | In-Month £'000 | YTD £'000 | EoY Forecast £'000 |
|---|---|---|---|---|
| Pay | Vacancies - Corporate | (494) | (3,913) | (5,870) |
| | Vacancies - Service Groups | (264) | (2,581) | (4,067) |
| | **Unplanned Spend Reductions** | **(758)** | **(6,494)** | **(9,936)** |
| | Variable Pay unavailability pressures above Plan | 244 | 1,201 | 2,152 |
| | **Unplanned Cost Pressures** | **244** | **1,201** | **2,152** |

**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).

Unplanned Spend Reductions (Line 53) relates to a range of one-off benefits, primarily in Digital, Estates and PFI with various benefits in maintenance and materials, digital contracts, utilities and the PFI modular unit.

Unplanned Cost Pressures (Line 54) primarily relate to Clinical Consumables and the Employer's National Insurance (ENIC) funding shortfall; both of which are forecast for future months based on local intelligence regarding likely growth and inflationary pressures not yet in the YTD position and the known ENIC position; in addition, in Month 12, anticipated pressures that will not be certain until year end such as Bad Debt Provisions are included.

Planned and Unplanned additional required mitigations yet to be finalised (lines 56-57) 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.

| | | In-Month £'000 | YTD £'000 | EoY Forecast £'000 |
|---|---|---|---|---|
| Non-Pay | Energy/Materials/Digital Contracts/Provisions | - | (1,810) | (1,810) |
| | Clinical Supplies | - | (540) | (540) |
| | Non-recurrent Opportunities | (380) | (1,825) | (4,600) |
| | VAT Recovery over Plan | - | (909) | (909) |
| | PFI | - | (471) | (471) |
| | Other | (18) | (44) | (79) |
| | **Unplanned Spend Reductions** | **(398)** | **(5,599)** | **(8,409)** |
| | Clinical Supplies linked to activity | - | 1,580 | 2,370 |
| | ENIC | 342 | 1,710 | 3,078 |
| | Bad debt provision/RTA income | 491 | 1,100 | 2,500 |
| | Apprenticeship Levy/Treasury Discount Factor | - | - | 2,200 |
| | Other | 104 | 204 | 387 |
| | **Unplanned Cost Pressures** | **937** | **4,594** | **10,535** |

**Section E: Secondary Care Drugs**

The YTD Secondary Care Drug position is overspent by £0.5m; it is assumed that this is less of a pressure for the remainder of the year, however further work is required.

| | | In-Month £'000 | YTD £'000 | EoY Forecast £'000 |
|---|---|---|---|---|
| Secondary Care Drugs | Immaterial variations to Plan across services | (121) | (121) | (121) |
| | **Unplanned Spend Reductions** | **(121)** | **(121)** | **(121)** |
| | Immaterial variations to Plan across services | 0 | 594 | 594 |
| | **Unplanned Cost Pressures** | **0** | **594** | **594** |

**Section F: Healthcare Services Provided by Other NHS Bodies**
The Unplanned Spend Reductions (Line 83) extrapolates the YTD performance into the full year forecast.

| | | In-Month £'000 | YTD £'000 | EoY Forecast £'000 |
|---|---|---|---|---|
| Healthcare Services by NHS Bodies | LTA contract performance and NCA | (249) | (760) | (1,140) |
| | **Unplanned Spend Reductions** | **(249)** | **(760)** | **(1,140)** |
| | LTA contract performance and NCA | 0 | 85 | 85 |
| | **Unplanned Cost Pressures** | **0** | **85** | **85** |

**Section G: Non-Healthcare Services Provided by Other NHS Bodies**
No deviation in the Month 7 submission.

**Section H: Continuing Care and Funded Nursing Care**
The Unplanned spend reductions (line 113) primarily relate to the CHC position in Learning Disabilities and in Looked After Children.

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 and details are discussed in the section 3 and 4 above. There is also a continuation of the new growth pressure which will remain under scrutiny as the Plan did not provide for new growth.

| | | In-Month £'000 | YTD £'000 | EoY Forecast £'000 |
|---|---|---|---|---|
| CHC | Learning Disabilities packages | (113) | (722) | (722) |
| | PCT packages | (160) | (338) | (978) |
| | **Unplanned Spend Reductions** | **(273)** | **(1,060)** | **(1,700)** |
| | Mental Health Adult temporary placements | 811 | 4,580 | 6,980 |
| | Mental Health Growth above Plan | 345 | 1,811 | 2,611 |
| | **Unplanned Cost Pressures** | **1,156** | **6,391** | **9,591** |

**Section I: Other Private & Voluntary Sector**
The only material lines relate to virements between expenditure categories and Additional spend associated with in-year funding. There are no unplanned cost reductions or cost pressures.

**Section J: Joint Financing and Other**
The only material lines relate to virements between expenditure categories and Additional spend associated with in-year funding. There are no unplanned cost reductions or cost pressures.

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

The Health Board Agency expenditure for Month 8 is £0.9m (Month 7, £0.9m), which is 1.2% (Month 7, 1.2%) of the overall pay expenditure.

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

- Vacancy Cover – 73%
- Temporary Absence Cover – 10%
- Additional Support to delivery and performance – 17%

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 | 2,206 |
| Overtime | 517 |
| WLI | 344 |
| Irregular Sessions | 700 |
| Total | 3,767 |

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. An assessment of the Savings Plans and further opportunities was included within the Annual Plan – Financial Update 11th September 2025) and progress against this plan is provided in the opening section of this letter.

## 8. Welsh NHS Assumptions (Table D)

Table D reflects the signed LTAs for 2025/26.

## 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.

Workforce Uplift (£9m) has been included in Table E, which reflects the work undertaken as reported to Board on 23rd October. Payroll are now in the process on calculating the actual costs for the 1,200 staff involved, with the first actual payment due to be made in the December Payroll run.

## 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 £11.104m at the end of October 2025 to £10.731m at the end of November 2025, a decrease of £0.373m. This movement relates to Pharmacy.

- There has been a decrease in trade receivables from £300.754m at the end of October 2025 to £293.660m at the end of November 2025, a decrease of £7.094m. This relates to an increase in WRP (Welsh Risk Pool) debtors of £3.499m and a decrease in NHS Debtors £10.519m.

- The closing November 2025 cash balance of £11.365m which is slightly higher than planned. £4.2m was expected to be paid for Litigation cases, but these were delayed and will be paid during December.

- The trade and other payables figure saw a decrease from £231.144m at the end of October 2025 to £224.559m at the end of November 2025, a decrease of £6.585m. This comprises a decrease in Accruals and NHS creditors.

- Provisions saw an increase of £2.847m from £217.009m at the end of October 2025 to £219.856m at the end of November 2025. This increase relates to Clinical Negligence provision of £2.918m, with small decreases in Litigation categories.

## 11. Cash Flow Forecast (Table G)

As at the end of November 2025, the Health Board had a cash balance of £11.365m, which is slightly higher than planned, due to £4.2m of Litigation case payments which were not ready for processing during November.

The Board formally approved the submission to WG for cash support to 31st March 2026 at its meeting in November. The letter, dated 28 November 2025, confirmed a cash shortfall of £85.328m. Strategic cash support of £55m, and Working capital support of £30.328m.

| Working Capital Support | £'000 |
|---|---|
| Revenue | 19.280 |
| Revenue - reimbursement to Capital | 6.532 |
| Capital - owned Capital | - |
| Capital - IFRS 16 | 4.516 |
| **Total** | **30.328** |

Our detailed cashflow shows that we are likely to require cash support during the w/c 16 March 2026.

We have assumed that the majority of the remaining anticipated allocations (as per Table E) will be received prior to March 2026. Therefore, the timing of receipt of this funding will be important.

We would expect to manage the revenue working capital cash to enable us to close the cash position within the £2.5m Health Board target.

The Strategic cash support is based upon the following movements:

| | | £'000 |
|---|---|---|
| Forecast I&E Deficit (revised) | - | 58,660 |
| Cash Movement in year | - | 25,596 |
| Revenue working capital cash support | | 19,280 |
| Revenue working capital cash support - reimbursement to Capital | | 6,532 |
| Opening Cash Balance | | 3,444 |
| **Forecast Cash Deficit** | **-** | **55,000** |

The £6.532m allocation request for cash support in order to reimburse capital cash (as shown in Table E), remains. The CRL section within the Cashflow, Table G, is showing that we will not be drawing down any CRL funding until at least February 2026. This is due the net capital funding position as at M8 being £5.110m: -

- £6.532m from prior years
- (£1.422m) YTD 25/26

As a result the majority of the CRL funding is phased into March 2026.

The working capital cash requirements are based upon the opening and closing Debtors and Creditors balances, noting that Closing creditors – Year End March 2026 is showing as £117.399m, and it would be £55m higher if we didn't receive the £55m strategic cash support:

| | Total |
|---|---|
| | £000 |
| Year End Working Capital cash movement: | |
| Opening Creditors - B/fwd April 2025 | 199,722 |
| Closing Creditors - YE March 2026 * | 117,399 |
| | 82,323 |
| | |
| Opening Debtors - B/fwd April 2025 | 102,323 |
| Closing Debtors - YE March 2026 | 100,812 |
| | 1,511 |
| Cash movement | 80,812 |
| | |
| Strategic Cash request | 55,000 |
| Working Capital Cash request | 25,812 |

This is predicated on:

- Receiving revenue working capital cash support of £25.812m (as shown in the working capital cash calculations below, and as shown in Table E);
- Receiving strategic cash support of £55m. As this can not be included under Anticipated allocations on Table E, it has been shown as a forecast year end cash deficit position within the Cashflow on Table G.
- Recognising pressures relating to:
  - The Band 2/3 realignment - £9m (phased £7.5m in Dec 2025, £0.750m in both Jan and Feb 2026)
  - The estimated revised WRP risk share recovery - £6.977m (March 2026)

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)

Further updates will be reported for Quarter 3.

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

The forecast outturn shows a balanced position.

The £151k approved income for the City Deal has been included as a Capital Grant.

The following allocations are classed as risks.

| Scheme | £m / Risk Level | Narrative |
|---|---|---|
| DPIF – RISP | 0.573 / Medium | The RISP programme is reporting a lack of confidence in relation to the supplier's ability to deliver against a revised plan of a 23rd February 2026 go-live based upon current performance.<br><br>Data migration has started but there is a risk of slipping against the programme since other Health Boards go-live before Swansea Bay and they are advising of slippages within their programmes which will have a consequential impact on ours.<br><br>The local programme status at the recent Programme Board moved from amber/red to red to reflect this risk.<br><br>Initial charges are due for payment upon stable operations, therefore any delays will potentially impact upon the health boards requirement to utilise both the Owned Asset Capital funding and the IFRS 16 Capital funding in 2025-26.<br><br>A further update will be provided in early January or sooner if there is any contractual change which confirms definite slippage into next year. |

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 7 MMR reports a £0.126m 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 £0.115m 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 no further property disposals planned for 2025/26.

## 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 November. The value of NHS debts outstanding for between 11 and 17 weeks amounted to £2k at the end of November 2025 (October 2025 - £25k) with the number of invoices decreasing in this category to 3 invoices compared to 6 invoices as at the end of October 2025. There is 3 invoices over 17 weeks, < £2k.

Of the outstanding invoices between 11 and 17 weeks old, 0 invoices have been paid since the end of November 2025.

The 6 outstanding invoices for the total of £5k relate to Cwm Taf LHB for 'Myocardial Perfusion Scans' and are part of an SLA query. This is in the process of being resolved.

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

Table N & O will be updated for Quarter 3.

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 several leases that have been approved. The movement in Month 8 figures compared to Month 7 is due to slippage of an approved lease. The '25/26 New/Renewal - Approved' Approved schemes doesn't include the depreciation for the ROU funding approved for two dilapidation provisions due to be utilised during the year as the depreciation is already included in 'Transitioning from 22/23 plus new/renewals approved prior to 25/26'.

2025/26 Unapproved schemes: This includes the leases projected to commence during 2025-26. The movement in 25/26 Unapproved schemes from Month 7 reporting and the Non-Cash submission in November 2025 is mainly due to leases either slipping into the next financial year, being no longer required or being updated to reflect the updated discount rate for leases that are anticipated to start after 1 January 2026.

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 16th December 2025.

Yours sincerely,

**DARREN GRIFFITHS**
**DIRECTOR OF FINANCE**

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

Jan Williams, Chair
NHS Financial Management
Mr Jason Blewitt, Wales Audit Office