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

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Dear Andrea,

SWANSEA BAY UNIVERSITY HEALTH BOARD MONITORING RETURN 31 DECEMBER 2025

I enclose with this commentary the completed proformas in respect of the Health Board's Monitoring Returns to 31 December 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 9 is summarised in Table 1 below. At Month 9 there was an In-Month deficit of £3.8m, which is £1.0m below the £58.7m planned deficit, with the YTD position reporting a £55.2m deficit, which is £11.2m above £58.7m plan.

Table 1: Delivery YTD

Elements of In Month	Quarter 1 £M	Quarter 2 £M	Mth 7 £M	Mth 8 £M	Mth 9 £M	YTD £M
- Delegated Budgetary Position	(2.15)	(0.64)	(0.94)	(0.41)	(2.14)	(6.27)
- N/R Opportuntities	(0.28)	(1.45)	(0.10)	(0.38)	(0.66)	(2.87)
- Shortfall NI Funding	0.34	1.03	0.34	0.34	0.34	2.40
Total Part 1: Operational Pressures	**(2.08)**	**(1.06)**	**(0.70)**	**(0.44)**	**(2.46)**	**(6.74)**
Saving Target						
- 12th Savings Target	13.85	13.85	4.62	4.62	4.62	41.55
- Less Actual In Month Delivery	(2.29)	(8.59)	(4.69)	(4.87)	(3.22)	(23.65)
Total Part 2 = Savings Delivery Impact	**11.57**	**5.26**	**(0.07)**	**(0.25)**	**1.40**	**17.90**
Financial Deficit Plan						
- 12th Deficit Value	14.68	14.68	4.89	4.89	4.89	44.03
Total Part 3 = Deficit Plan	**14.68**	**14.68**	**4.89**	**4.89**	**4.89**	**44.03**
Deficit/ (Surplus) In Month Performance	**24.16**	**18.87**	**4.13**	**4.20**	**3.83**	**55.18**

It is clear from Table 1 that 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 2025 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 £0.7m, with YTD expenditure of £5.3m. During November 2025 the mental health team saw the highest number of patients in Temporary Adult Placements at 33, which at the time of closing the ledger for Month 9 was at 25. This pressure will need to continue to reduce through Q4, if the Health Board is to manage these and alongside the pressures linked to ENIC and Nurse Streamline numbers. Any ability to manage this pressure is year will be non-recurrent.

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 the profile of delivery over 2025/26 is provided in Tables 2 a and 2b below:

Table 2a : Summary Performance against £55.4m

Month 9 MMR Position			
Part	**Category Scheme**	**11 Sept Plan £M**	**Forecast Delivery £M**
A	Green Amber	26.6	34.2
	Red / Pipeline	20.2	0.0
	Total Part A	46.8	34.2
B	NR Opportunities	4.6	4.6
	Corporate Underspend	4.0	4.0
	Total Part B	8.6	8.6
Total		55.4	42.8

Table 2b: Profile of the delivery of the £8.6m, along with the RAG rating is provided below:

	Mth 1	Mth 2	Mth 3	Mth 4	Mth 5	Mth 6	Mth 7	Mth 8	Mth 9	Mth 10	Mth 11	Mth 12	Total	RAG
NR Opportunities	0	0	(0.3)	(0.5)	(0.5)	(0.5)	(0.1)	(0.4)	(0.7)	(0.7)	(0.7)	(0.4)	**(4.6)**	
Corporate Underspend	(0.3)	(0.3)	(0.3)	(0.3)	(0.3)	(0.3)	(0.3)	(0.3)	(0.3)	(0.3)	(0.3)	(0.3)	**(4.0)**	

With regard to the delivery of the £46.8m the top section of Table 2c below demonstrates the original plan at 11 September 2025, the plans as per the trackers at Month 9 and the forecast delivery at Month 9. The scheme type is split based on the Amber and Green as per the MMR, Local Red schemes, Local Pipeline ideas and those schemes presented by Deloitte. As the Local Red schemes, Local Pipeline ideas and those schemes presented by Deloitte move to Green and Amber the value of the Plan figure will reduce. As you will see from the table there is still significant work to be completed to ensure the two parts of the Deloitte schemes translate to Green and Amber.

Table 2c: Summary of Savings Plan and Forecast Delivery

Type Scheme	@ 11 Sept Plan £M	@ Mth 9 Plan £M	@ Mth 9 Tracker Forecast Delivery £M	Gap Between Savings Plan & Forecast @ Mth 9 £M
Amber	3.3	0.8	0.7	(0.1)
Green	23.3	29.9	33.5	3.6
Local Pipeline Schemes	1.7	0.6	0.0	(0.6)
Deloitte Schemes Part 1	6.8	5.9	0.0	(5.9)
Deloitte Scheme Part 2	9.0	8.4	0.0	(8.4)
Local Red Schemes	2.7	1.2	0.0	(1.2)
	46.8	46.8	34.2	(12.6)
NR Opportunities	4.6	4.6	4.6	0.0
Corporate Underspend	4.0	4.0	4.0	0.0
	8.6	8.6	8.6	0.0
	55.4	55.4	42.8	(12.6)

The focus on savings is critical both in terms of supporting the 2025/26 delivery but also on mitigating the impact on the Underlying Deficit, particularly given the £6.9m Deloitte Part 1 Plan had a recurrent impact of £29m.

Post Month 9 closedown the Health Board undertook an assessment of the 2025/26 outturn based on data provided by Service Areas in November 2025 and the actual trend over Quarter 3. Without further intervention and actions, the Health Board would likely end the year £10m-£12m above plan. The actions and mitigations needed are detailed below and are no different to those previously agreed and noted by the Board and are summarised below:

- **16 December 2025 Special Board meeting**, approved a paper that set out the actions to address the savings shortfall (full document can be accessed here 2.1 Special Board Finance Report.docx). In summary the actions to address the savings shortfall agreed were:

- Urgent emergency Care (UEC) – reconfiguration of beds to manage Clinically Optimised Patients via a new model to be in place 5 January 2026.
    - CHC - continued focus on repatriation of patients and address Social Work support for package reviews by 16 January 2026.
    - Variable Pay minimum 50% reduction in nursing variable pay with cap within Allocate in place by 15 December 2025.
    - Variable Pay - other staff group minimum 50% reduction (excluding WLI and some ADH) to be enacted by 19 December 2025.
    - Bans effective from 15 December 2025 building on previous controls already agreed to increase certainty:
        - all travel, except those directly linked clinical care
        - all Printing/Stationery/Books except those directly linked to clinical care
        - all Study leave that not mandated/urgent via professional CPD
        - catalogue restriction with ban on areas such as Furniture and Fittings except in exceptions circumstances
        - Deferral of discretionary spend where possible 7.

  Of the above list the majority of this was due to commence from the end of Month 9, although there was a £0.5m reduction in variable pay in Month 9. Delivery will be tracked and reported through standard governance routes.

- **Further Opportunities Non-Recurrent managed centrally**: these are summarised in the table below and will continue to be assessed to establish viability and value to support the delivery of the £58.7m on a non-recurrent basis. None of these items are currently incorporated into the MMR Tables.

Table 3: Summary N/R Opportunities @ Month 9

Further Opportunities N/R	£'000	RAG	Next Steps
PCT CHC Growth Reserve	(785)		Further Review of CHC post Mth 9
PCT Further CHC 23/24 Balance Sheet Relea	(1,200)		Finalisation of assessment of B/S
PCT Programme Slippage	(357)		Further Review of programme Q4
PCT Funding Frailty from RIF/RPB	(500)		Discussions COO to confirm
Morriston National IT Programme Slippage	(312)		Finalise value Q4
Morriston OOH Contracting	(163)		Finalisation of contract
Morriston In Year Devices Accrual Review	(400)		Finalise value Q4
Morriston Year End Balance Sheet - Pay issu	(750)		Further discussions ongoing
NPTS Slippage on Investments	(300)		Further discussions ongoing
Balance Funding in Main Reserves	(798)		
Balance Sheet Central from 24/25	(548)		
NWSSP Distribution Rebate 2025/26	(440)		
SIFT Forecast Underspend	(606)		Finalise value Q4
Total	**(7,159)**		

The likely outcome is that the delivery of the £58.7m will be met through a combination of the actions agreed at 16 December 2025 Special Board meetings and materialisation of some of the further opportunities, although it is the first set actions that will be critical in delivering the recurrent position in 2026/27. This is the Board's focus in January 2026 with check and challenge sessions established in week commencing 19 Janaury 2026. These will be supported by Deloitte as our strategic partner.

1. <u>Movement of Opening Financial Plan to Forecast Outturn (Table A)</u>

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.

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 £30.1m of Amber/Green savings has been identified (ref line 14-17, 20), which leaves a net shortfall within savings of £21.1m. 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 £0.5m, 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. <u>Underlying Position (Table A1)</u>

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. 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. At the point of writing this letter some indicative values have been shared and discussed with Independent Members and the Executive Team. As this remains work in progress the numbers will refined and reviewed and presented through the standard internal governance routes before being approved at the Public Board meeting at the end March 2026.

3. Risk Management (Table A2)

Risks:
Line 12 in Table A2, reflects the non-delivery of the current Planned and Unplanned Mitigations directly from Table A totalling £12.2m and these in-year pressures as listed in the paragraph below. In addition the pressures which are already within the current run rate an assessment of the remaining risks is provided in Table A2 and includes:

- JCC Caswell Provider = £1.2m+
- JCC General Risk = £0.5m
- Planned Care Recovery Funding shortfall = £0.8m (see RRL Section)

Within the YTD and assessment to 31st March 2026 the Health Board is managing the following pressures, which have previously been noted as a risk but are within the unplanned cost pressures. Whilst these may currently be mitigated on a non-recurrent basis there will be a recurrent impact on the Underlying Deficit:

- ENIC Shortfall Funding
- Nurse Stream Lining (144 WTE)
- MHLD SG Temp Adult Placements
- MHLD SG Operational Pressures Variable Pay and CHC

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 three lines to reflect RAG rating in Table A2. There is also an additional line for £13.5m of actions agreed by the Board on 16 December 2025.

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 9 - In Month	TOTAL £'m	MH/LD £'m	PCT £'m	NPTS £'m	Morr £'m	COO £'m	Estates (inc Finance) £'m	Corporate Directorates £'m	Central £'m
Plan 1: Plan									
In Month Deficit Plan	4.89								4.89
Part 2: Delivery 2025/26 Target £55.4m & Run Rate									
Delivery £55.4m Savings	1.30	(0.14)	0.25	0.61	0.67	0.07	0.06	(0.01)	(0.21)
Delivery of Run Rate Target	(1.09)						(0.06)	(0.65)	(0.38)
Sub Total Part 2	0.21	**(0.14)**	**0.25**	**0.61**	**0.67**	**0.07**	**0.00**	**(0.66)**	**(0.59)**
Part 3: Operational Pressures Above Underlying Deficit									
Income									
- JCC Performance	(0.34)				(0.34)				
- Dental PCR Income	0.14		0.14						
- Other	(0.09)		0.05	(0.08)		(0.05)			
Pay (including VP)	0.00								
- Medical	0.21	0.08		0.14					
- Nursing (inc UQ)	(0.20)	0.06	0.06	(0.34)	0.02				
- A&C	(0.51)		(0.07)		(0.17)	(0.08)	(0.19)		
- Other	(0.47)	(0.06)	(0.36)	(0.01)			(0.05)		
Surge Beds	0.00								
- Gorseinon	0.06		0.06						
- Singleton/NPT	0.00								
- Morriston	0.00								
Non-Pay	0.00								
- Secondary Care Drugs	0.00								
- Clinical Consumables	0.84			0.41	0.43				
- Estates (Building Materials / Energy)	0.00								
- Finance (PFI) Energy	0.00								
- COO (Provisions)	0.00								
- CHC (inc LAC)	0.39	0.53	(0.15)						
- CHC Temporary Adult MH Placements	0.78	0.78							
- Dental Contract Clawback/handback for 24/25	(0.10)		(0.10)						
- Primary Care Prescribing	0.00								
-Primary Care contractor	0.01		0.01						
- Other Primarey Care	(0.33)		(0.33)						
-GP OOH provision	0.01		0.01						
- Other Non Pay	(0.03)	0.08	0.10	(0.20)	(0.05)	0.04			
Corporate Directorate Balance	0.09							0.09	
Sub Total Part 3	0.47	**1.47**	**(0.57)**	**(0.08)**	**(0.11)**	**(0.10)**	**(0.24)**	**0.09**	**0.00**
Part 4: Central Codes									
- Central Z Codes	(1.08)								(1.08)
- NR Opportunities	(0.66)								(0.66)
Sub Total Part 4	(1.74)	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**(1.74)**
Total Variance	**3.823**	**1.33**	**(0.32)**	**0.53**	**0.56**	**(0.026)**	**(0.233)**	**(0.576)**	**2.56**
Total In Month Budget		**13.42**	**29.90**	**33.72**	**33.41**	**3.51**	**5.63**	**27.31**	
Variance as % Budget		**10%**	**(1%)**	**2%**	**2%**	**(1%)**	**(4%)**	**(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 1 above:

- **Income**

  The Joint Commissioning Committee (JCC) Income as a provider over-performed by £0.6m in-month (£2.1m over-performance YTD). This has been driven by TAVI and Cardiology in Morriston.

- **Pay**

  Month 9 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 reduced from the September and October levels (£4.2m vs £4.7m and the lowest achieved YTD).

- **Clinical Consumables**
  This area overall has an in-month overspend of £0.7m. Within the ledger the gross JCC income is reflected within the income lines and not netted off against expenditure and so overall the Health Board position is not adversely affected. If JCC activity increases the gross level of expenditure and income will increase. The main drivers within this category of clinical consumable expenditure include heart valves & pacemakers, linked to some JCC activity as noted under income. This category also includes secondary care drugs.

- **Continuing Health Care (CHC)**
  In Month 9 CHC was overspent by £1.2m (YTD £6.2m). Expenditure on Adult Mental Health placements remained broadly unchanged in-month to £0.8m. The pressure continues at £0.5m for growth (Month 8 £0.3m) more than the Plan after the recognition of some retrospective charges in-month.

- **Prescribing**
  Prescribing was slightly overspent (£0.04m) in-month and YTD at a £0.2m overspend following receipt of the latest dataset (October 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 a number of allocations including the Dental (£1.2m) and GMS pay and expenses(£4.7m) uplifts and DEL Impairments (£3.4m). This is offset to some extent by a reduction to the Planned Crae Recovery Anticipated allocations totalling £1.8m in relation to the revised Diagnostics Plan
- JCC Income
    - PMF/PMFYF: Both the in-month and EOY movement reflects one off performance benefits on activity predominantly in Cardiology.
- Other Income
    - PMF/PMFYF: The drivers of the in-month and EOY increase relate to additional income received within the Clinical Research Unit (£0.6m), additional funding received for the Clinical Medial school (Clinical Placement SIFT £0.3m), an increase in the level of invoicing to English foundation trusts for treatments costs (£0.3m), increased rebates relating to price increases specifically related to the Mounjaro drug (£0.3m) and a one off compensation payment for faulty respiratory pumps (£0.3m). The drugs rebate is relatively new and there is currently insufficient information to assess the end of year forecast impact beyond the in-month benefit.
- Primary Care Contractor
    - PMF/PMFYF: The main driver for both the increase in month and EOY forecast reflects the Dental and GMS Pay and expenses uplifts received in month (£5.9m combined); in-month the YTD position has been recognised.
- Provided Services – Pay
    - PMFYF: The in month decrease relates primarily to the timing of the Workforce uplift payments. A number of cases are still being worked through and the forecast has been reprofiled to reflect payment in subsequent months.
- Provided Services – Non Pay
    - PMF/PMFYF: The in-month increase primarily relates to clinical consumables aligned to some extent with increased activity (£0.6m). There was also a one off cost in month for Consultancy services (£0.6m) and the profile of two savings schemes (ref’s HB2604 & MORR65 totalling £1.45m).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).

- Continuing care and Funded Nursing Care
  - PMF/PMFYF: The increase both in month and full year continues to be driven by temporary adult mental health placements, these not having tapered down as quickly as expected. Growth above Plan was also higher than forecast in-month which has also been reflected in the forecast.
- Other Private & Voluntary Sector
  - PMF/PMFYF: The in-month decrease relates to the timing of planned care Recovery activity and reduction to the Diagnostics Plan. 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). The full year forecast has also been updated to reflect a £1.8m reduction to the anticipated income for Planned Care Diagnostics.
- DEL Depreciation
  - PMFYF: The position has been updated to reflect the latest Non-Cash Submission; a DEL Impairment of £3.4m.

4.4 Other Areas of Comment:

- **Accountancy Gains (D)**
  A small Gain was recognised in Month 9 (£0.008m), 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	3,014
Vaccination Programme	3,291	3,291	3,551
Long COVID	954	954	984
Total	**7,534**	**7,534**	**7,549**

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. 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.

		In-Month £'000	YTD £'000	EoY Forecast £'000
Primary Care Contractor	Contract performance	(35)	(315)	(420)
	Dental clawback	(50)	(450)	(600)
	Other	(15)	(14)	(59)
	Unplanned Spend Reductions	**(100)**	**(779)**	**(1,079)**
	In-year Out of Hours Service	45	404	539
	Contract performance	-	253	253
	Other	25	218	293
	Unplanned Cost Pressures	**70**	**875**	**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	-	(313)	(313)
	Unplanned Spend Reductions	**-**	**(313)**	**(313)**
	Forecast based on latest PARS	42	289	309
	Unplanned Cost Pressures	**42**	**289**	**309**

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). Service Group vacancies are partly due to the Admin & Clerical recruitment freeze and partly due to delays in the recruitment pipeline. 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	(545)	(4,458)	(5,944)
	Vacancies - Service Groups	(601)	(3,182)	(4,022)
	Unplanned Spend Reductions	**(1,146)**	**(7,640)**	**(9,966)**
	Variable Pay unavailability pressures above Plan	-	1,201	1,601
	Unplanned Cost Pressures	**-**	**1,201**	**1,601**

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. Non-recurrent opportunities and investment slippage have also been factored into the in-month and forecast position.

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.

The Unplanned additional required mitigations yet to be finalised (line 57) is shown in Non-Pay in Month 12.

Planned mitigations in relation to the losses forecast overspend has been reported under line 56 (£2.3m) in Q4. This creates a validation error as the pressure is reported in Table A under line 31 and it is noted that a separate losses section will be added to Table B2 in 2026/27 MMR.

		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	(664)	(2,489)	(4,600)
	Investment slippage	(739)	(739)	(3,739)
	VAT Recovery over Plan	(128)	(1,037)	(1,037)
	PFI	(59)	(530)	(530)
	Other	(213)	(258)	(316)
	Unplanned Spend Reductions	**(1,803)**	**(7,402)**	**(12,572)**
	Clinical Supplies linked to activity	430	2,010	2,370
	ENIC	342	2,052	3,078
	Bad debt provision/RTA income	216	1,316	2,500
	Apprenticeship Levy/Treasury Discount Factor	-	-	2,000
	Other	200	404	587
	Unplanned Cost Pressures	**1,188**	**5,782**	**10,535**

Section E: Secondary Care Drugs
The YTD Secondary Care Drug position is overspent by £0.6m; 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)
	Unplanned Spend Reductions	**0**	**(121)**	**(121)**
	Immaterial variations to Plan across services	135	729	729
	Unplanned Cost Pressures	**135**	**729**	**729**

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	(91)	(851)	(1,136)
	Unplanned Spend Reductions	**(91)**	**(851)**	**(1,136)**
	LTA contract performance and NCA	-	85	85
	Unplanned Cost Pressures	**0**	**85**	**85**

Section G: Non-Healthcare Services Provided by Other NHS Bodies
No deviation in the Month 9 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 (the in-month includes some retrospective charges).

		In-Month £'000	YTD £'000	EoY Forecast £'000
CHC	Learning Disabilities packages	-	(722)	(722)
	PCT packages	(148)	(338)	(966)
	Unplanned Spend Reductions	**(273)**	**(1,060)**	**(1,688)**
	Mental Health Adult temporary placements	781	5,361	7,261
	Mental Health Growth above Plan	501	2,312	3,312
	Learning Disabilities packages	103	103	103
	Unplanned Cost Pressures	**1,385**	**7,776**	**10,676**

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 9 is £1.0m (Month 8, £0.9m), which is 1.3% (Month 8, 1.2%) of the overall pay expenditure.

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

- Vacancy Cover – 62%
- Temporary Absence Cover – 13.4%
- Additional Support to delivery and performance – 24.6%

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	1,807
Overtime	524
WLI	129
Irregular Sessions	650
Total	**3,110**

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.

Section A
The only material movement in the EoY forecast relates to Medical & Dental where the in-month increase (driven by unavailability) has been partly reflected in the run rate to year end.

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.

We have received confirmation on the requirement to change the anticipated value for WRP, but as the tables were finalised the value remains as per the original plan and will be adjusted to the £5.037m in Month 10.

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.

The Health Board is concerned regarding the status of the Allocations relating to Recovery Funding Phase 1 for Quarter 1, for which we seem unable to get a resolution and as such is now a risk to the plan. The spend committed in Q1 for 104 week target was £1.7m, against which the HB has only received £0.6m and whilst the Q2 funding was in excess of the funding needed, overall there remains a shortfall as detailed in the table below:

Period	Actual Expenditure £M	Allocation £M	Shortfall Funding £M
Quarter 1	1.7	0.6	(1.1)
Quarter 2	1.4	1.7	0.3
Total Shortfall			**(0.8)**

A resolution of this funding would be appreciated as any shortfall would impact on the HB's ability to deliver the plan and a meeting is now scheduled with WG on 19 January. For noting the Anticipated Allocation for Q1 has remained £1.1m for Month 9, whilst this matter has resolved.

Workforce Uplift (£9m) has been included in Table E, which reflects the work undertaken as reported to Board on 23rd October. Payroll have processed the first actual payment in the December Payroll run (1,200 staff involved), with corrective and omitted payments being made over Quarter 4.

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 £10.731m at the end of November 2025 to £10.384m at the end of December 2025, a decrease of £0.347m. This movement relates to Pharmacy.

- There has been an increase in trade receivables from £293.660m at the end of November 2025 to £293.660m at the end of December 2025, an increase of £6.025m. This relates to an increase in NHS Debtors (£4.509m) and an increase in the WRP (Welsh Risk Pool) debtor of £1.737m.

- The closing December 2025 cash balance of £1.275m.

- The trade and other payables figure saw a decrease from £224.559m at the end of November 2025, to £216.004m at the end of December 2025, a decrease of £8.555m. This comprises a decrease in Accruals and NHS creditors.

- Provisions saw an increase of £1.043m from £219.856m at the end of November 2025 to £220.899m at the end of December 2025. This increase relates to Clinical Negligence provision.

11. Cash Flow Forecast (Table G)

As at the end of December 2025, the Health Board had a cash balance of £1.275m.

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 M9 being £4.241m:

- £6.532m from prior years
- (£2.291m) 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 cannot 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 - £1.5m (being the remainder of the payment, phased as £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)

The Health Board achieved the 95% PSPP target, with the % of Non-NHS Invoices Paid within 30 Days in Quarter 3 being 96.8% for the quarter.

NHS payment compliance for invoices paid within 30 days was, however, below 95% with the quarterly performance being 87.2%, which is a deterioration from Quarter 1 and 2. The Health Board remains focussed on improving PSPP compliance for NHS invoices and ensuring that performance remains above 95% for non-NHS invoices.

Further updates will be reported at the end of Quarter 4.

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

The forecast outturn shows an overspend position of £0.140m. Allocations are anticipated on the following schemes, which will provide a balanced position.

Scheme	£m	Narrative
IRCF – Cymmer / Croeserw Health & Wellbeing Centre Fees	0.140	Funding approved.

The following allocations are classed as risks.

Scheme	£m / Risk Level	Narrative
Positron Emission Tomography (PET) Service, Singleton Hospital	0.494 / High	There has been further slippage on this scheme due to design queries covering the main AHU and the potential impact on the overall scheme if the space was not sufficient. The contractor undertook a further review of the AHU design to ensure the plant could be accommodated within the design. As part of the review the lant walkways were deemed unsafe and had to be replaced. These had to be designed and installed to ensure the area was safe to work. These works have consequently resulted in additional programme slippage which will be managed by the Health Board.
Replacement Diagnostic and Treatment Equipment 2025-26	0.594 / High	The variance in Table I is £0.906m but £0.312m of this variance 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. However, there have been ongoing design delays in relation to the Interventional Radiology (IR) - Fluoroscopy 2 programme at Morriston Hospital resulting in slippage which is to be managed by the Health Board.
DPIF – RISP	0.270 / Medium	The RISP programme continues to report a lack of confidence in relation to Philips' ability to deliver against a revised plan of a 23rd February 2026 go-live based upon current

Scheme	£m / Risk Level	Narrative
		performance, escalations continue, including a request to meet their Managing Director in January. Data migration has progressed with testing and checks on scanner connectivity planned throughout January and into February. The risk of slipping against the programme remains, 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. The Project Team is closely monitoring the critical path and dependencies with DHCW, Soliton and Philips. The Fuji PACS contract has been extended to March 2027 as mitigation. 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. In terms of Owned Asset funding, the current view is that £270k is at risk of not being spent if we do not achieve go-live on 23rd February 2026. A further update will be provided if there is any contractual change which confirms definite slippage into next year. The IFRS 16 RISP considerations are described in the narrative of Table Q.

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 9 MMR reports a £0.140m 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 £0.101m across years.

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 December. The value of NHS debts outstanding for between 11 and 17 weeks amounted to £169k at the end of December 2025 (November 2025 - £2k) with the number of invoices increasing in this category to 24 invoices compared to 2 invoices as at the end of November 2025.

Of the outstanding invoices between 11 and 17 weeks old, 3 invoices have been paid since the end of December 2025.

The 25 outstanding invoices for the total of £174k relate to:

- Cwm Taf - 6 invoices, £5k – chased – no response or progress
- Aneurin Bevan – 1 invoice, £3k – chased – no response or progress
- Hywel Dda – 10 invoices, £92k – chased – no response or progress
- Cardiff and Vale – 2 invoices, £1k – chased – no response or progress
- Powys LHB – 2 invoices, £61k – chased – no response or progress
- NWJCC – 1 invoice, £3k – chased – no response or progress
- HEIW – 2 invoices, £5k – query awaiting answer from SBU

The 7 outstanding invoices over 17 weeks, for the total of £10k relate to:

- Cwm Taf:
    - 5 Invoices, £4k – these invoices relating to 'Myocardial Perfusion Scans' SLA query have now been cancelled
    - 2 invoices, £6k – chased – no response or progress

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

Table N & O have been completed for Quarter 3 as required. GMS is currently forecast to overspend by £0.010m and Dental are currently forecast to overspend of £0.073m.

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 9 figures compared to Month 8 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 Month 9 figures are consistent with the figures reported in Month 8.

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.

As mentioned under the Capital Owned Assets Table I & J narrative, the RISP programme continues to report 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. This risk also impacts upon the £729k IFRS 16 element of funding and in addition we are awaiting formal technical guidance from DHCW to ensure consistent IFRS 16 treatment across NHS Wales.

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 27 January 2026.

Yours sincerely,

DARREN GRIFFITHS	**ABIGAIL HARRIS**
DIRECTOR OF FINANCE	**CHIEF EXECUTIVE OFFICER**

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