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Dear Andrea,

### SWANSEA BAY UNIVERSITY HEALTH BOARD MONITORING RETURN 30 JUNE 2025

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

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

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

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

The Health Board's actual performance against the three components of the Plan (Operational Pressure, Savings Target, and Planned Deficit) for 2025/26 is provided in the table below. This table shows that in Month 3 the reported deficit was £7.123m, which is £2.23m above the £58.7m

planned deficit. The YTD position reports a £24.167m deficit, which is £9.48m above £58.7m plan.

Elements of In Month	Month 1 £M	Month 2 £M	Month 3 £M	YTD £M
Operational Pressure	(0.08)	(0.73)	(1.30)	(2.11)
Saving Target				
- 12th Savings Target	4.62	4.62	4.62	13.85
- Less Actual In Month Delivery	(0.46)	(0.74)	(1.10)	(2.30)
=Impact In Month	4.16	3.88	3.52	11.56
Financial Deficit Plan				
- 12th Deficit Value	4.89	4.89	4.89	14.67
Deficit/ (Surplus) In Month Performance	9.00	8.04	7.11	24.15
Deficit/(Surplus) Above Plan	4.11	3.15	2.22	9.48

As you will note from the table above the key driver of the YTD £9.48m deficit over the current plan is the non-delivery of savings. This shortfall was partly mitigated in Month 3 by non-recurrent in-month benefits for the Primary Care Service Group, a further underspend in the Corporate Directorates and the application of 10/12<sup>th</sup> of £2.7m non-recurrent opportunities.

The submission on the 30<sup>th</sup> June 2025, following the letter from the NHS Waels Chief Executive, contained the construct of the work completed in assessing delivery of the £42.5m, and the planned contribution of each element of the approach to close the gap from the current financial performance of the Health Board to the £42.5m (which was provided in Table 11).

The latest assessment of that work, following receipt of the Month 3 data, and also the confirmation of the National Insurance Funding, is provided below. Of note is: -

- Opening Gap – at 30 June 2025 the opening gap was £50m. This has reduced to £48.2m for 2 reasons: (1) £0.7m improvement in savings and (2) Operational underspend which has been helped by the release of 10/12<sup>ths</sup> of £2.7m N/R Opportunities and delivery of an enhanced corporate underspend.
- Risks – overall these have reduced due to value of the Red savings schemes reducing. However a proportion of this benefit has been offset by the recognition of the National Insurance funding from WG, which is £3.1m below the assessed costs incurred by the Health Board.
- Recovery Actions: -
  - Variable Pay (VP) – the £32.3m was based on (VP) reducing to capped level of £1.8m per month. This was not achieved in Month 3 and so the cap will need to reduce to £1.4m from Month 9 onwards.
  - Corporate Directorates Underspend – this was achieved in Month 3 and is incorporated in the Delegated Budget Line on the second table provided above. The £3.6m is the remaining value left to be achieved on this line.

- Central N/R Opportunities – £2.7m of Non Recurrent opportunities was identified and £0.270m was transacted in Month 3 and is part of Delegated Budget Line in above table. The £2.4m is the remaining value of the funding opportunity identified.
- Sustainability Options – this is the additional savings value the organisation needs to identify from the opportunities available and the total value has reduced since the submission on 30<sup>th</sup> June, linked to many of the changes noted in the points above.

The external support commences Monday 14 July 2025 and the initial programme will start with scrutiny and challenge on Variable Pay and the wider Health Board pay bill, before supporting the identification and delivery of the required Sustainability Options to deliver the £42.5m.

Elements of In Month Position	Month 1 £M	Month 2 £M	Month 3 £M	Month 4-12 £M	Assessment 2025/26 £M	Assessment 30th June £M
Delegated Budget/Operational Pressure	48.7	48.7	47.2	47.2	53.9	53.9
<b>Saving Target</b>						
- 12th Savings Target	4.6	4.6	4.6	41.6	55.4	55.4
- Less Actual to Month Delivery And <b>Non-Recurrent Schemes</b>	(0.5)	(0.7)	(1.1)	(6.9)	(9.2)	(9.1)
- <b>Loss Rec Schemes</b>	0.0	0.0	0.0	(10.3)	(10.3)	(12.8)
<b>=Impact In Month</b>	4.2	3.9	3.5	34.4	35.9	36.6
<b>Financial Deficit Plan</b>						
- 12th Deficit Value	4.9	4.9	4.9	44.0	58.7	58.7
<b>Deficit/ (Surplus) Performance</b>	9.0	8.0	7.1	66.6	93.7	92.5
<b>Deficit/(Surplus) Above Plan £58.7m</b>	4.1	3.1	3.3	22.6	57.8	53.8
<b>Additional Target (6th June 2025)</b>	1.4	1.4	1.4	12.2	16.2	16.2
<b>Deficit/(Surplus) Above Plan £58.7m Hit £42.5m</b>	5.5	4.5	3.9	34.7	48.2	50.0
				£M	£M	£M
<b>Risks: Value and Certainty High</b>						
- MHLD redesign				1.0		1.0
- I.D. 6 week pilot gradual extension				0.5		0.5
- Maternity Independent Review Recommendations				1.0		1.0
- Band 20 Workforce Changes				6.5		6.5
- Shortfall in WGE National Insurance Funding				3.1		2.0
- Non Delivery of Red Schemes				10.3		12.8
- MHLD Temporary Adult Placements				4.0		4.0
<b>Total Value Risks</b>					28.4	27.8
<b>Shortfall to £42.5m including High Level Risks</b>					74.6	77.8
<b>Recovery Actions</b>						
- Cap Variable Pay				(32.3)		(32.3)
- Increase in Corporate Directorate Underpends				(3.6)		(3.6)
- Central N/R Opportunities				(2.4)		(2.5)
<b>Total Value Recovery Actions Outstanding</b>					(38.3)	(38.4)
<b>Shortfall to £42.5m</b>					36.3	38.8
<b>Sustainability Options</b>						
- Value @ Mth 3				(28.3)		(28.3)
<b>Total Value Sustainability Options</b>					(28.3)	(28.3)
<b>Shortfall to £42.5m</b>					0.0	0.0

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

The forecast will remain at £58.7m, with the risk to achieving this and the delivery of the actions to close the assessed gap detailed in Table A2. The profiling on Table A is highly indicative at this stage given the level of unidentified savings (£46.3m against a required £55.4m) and YTD overspend above plan of £9.5m which will need to be recovered in future months to achieve the planned deficit. Free text lines have been added to reflect:

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

The second half of Table A currently reflects a shortfall of £51.2m (ref line 13) offset by movement in savings in-year (ref line 14-16), with a net shortfall of £46.3m, and from a top down perspective this equals the Health Board savings requirement of £55.4m, less the Green and Amber schemes identified of £9.2m. Within Table A the £46.2m shortfall is then offset by lines 19 and 23 with planned mitigating actions, and the net impact of the unplanned cost pressures and unplanned spend reductions. The table below summarises the keys items within unplanned cost pressures and unplanned spend reductions at this point in the year and there is further information within section 5 on some areas of these.

Unplanned Spend Reductions	Unplanned Cost Pressures
Dental Clawback Performance	Primary Care Contract pressures
YTD Underspend PC Prescribing post Mth 1 Data	Non Pay Clinical Consumables & Year End Adjustments
Continued Underspend by Corporate Directorates	Secondary Care Drugs
YTD Slippage Non Pay (General)	MH/LD CHC (Temporary Placements & Redesign)
YTD LTA Performance	
CHC N/R Opportunities	

## 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<sup>st</sup> 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 3. One of the areas of assessment from the financial support the Health Board has commissioned will be to revisit this underlying deficit assessment.

### 3. Risk Management (Table A2)

#### Risks:

As reflected in Table 9 within the 30 June 2025 submission the Health Board is managing a number of high-level risks. The table below is an update to the 30 June 2025 submission and includes the latest data available.

Ref	Risk - Unfunded Pressures Arising In Year	Range £M	Assumption Built Table A £M
R1	MHLD redesign	1m - 2m	1.00
R2	ED 6week pilot probable extension	0.5m - 1m	0.50
R3	Maternity Independent Review Recommendations	1m - 2m	1.00
R4	Band 2/3 Workforce Changes	2m - 7m	6.50
R5	LTA Performance (including JCC)	1m - 2m	0.00
R6	Primary Care Prescribing 2025/26 (only 1 mths data received in year relating to 2025/26)	0.5m - 1m	0.00
R7	Finalised assessment of the Risk Share of the Welsh Risk Pool for 2025/26 completed by NWSSP (End Q2)	0.5m - 1m	0.00
R8	Potential Increase in the Welsh Risk Funding Requirement as outlined at DOFs 20/6/25	3.0m-6.5m	0.00
R9	Confirmation of the Pension Discount Factor to be applied in the 2025/26 accounts, published nationally at the end of Q3 by the Treasury;	0.5m - 1m	0.00
R10	Changes to the Bad Debt provision confirmed at the end of the Financial Year;	0.0m - 0.5m	0.00
R11	Under or Over delivery of the RTA income above Budget, which finalise at the end of the Financial Year.	0.5m - 1m	0.00
R12	Further deterioration in the Financial Position linked to operational pressures.	0.0m - 5.0m	0.00
R13	Unplanned costs relating winter pressures within the Health Board and across partnerships	1m - 2m	0.00
R14	Shortfall in WG National Insurance Funding	2.0m - 3.0m	3.08
R15	Shortfall in WG Funding Recurrent impact 2024/25 Pay Award and 2025/25 Pay Award	2.0m - 3.0m	0.00
R16	Non Delivery of Red Schemes as per Trackers at 5th June 2025	6.0m-13.0m	10.30
R17	MH/LD Temporary Adult Placements	4.0m - 8.0m	4.00
			26.38

Not all the risks are reflected in Table A2, only £26.38m have been included as these are the risks which remain uncertain in value but highly likely to materialise in 2025/26. The exception to this is R14, where the value has now been finalised and this will be transacted as a pressure into the ledger from Month 4. But at the point of closing the ledger for Month 3 this remained a Risk.

All risks will continue to be reviewed as the year progresses, and this table updated as necessary.

#### Opportunities:

Further work will be required during Q1/Q2 to look for N/R opportunities that can support the delivery of the plan. At this stage, the potential recovery of one year's VAT in relation to Microsoft has been included.

## 4. Monthly Positions (Table B)

### 4.1 Overview Variance & Plan:

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

Further details regarding the reasons for the variance to plan reported in Table B are provided in Section 4.2 below.

A summary of the drivers of the In-Month position is summarised in the table below:

**Table 2: Key Drivers**

Month 3 - In Month	TOTAL	MH/LD	PCT	NPTS	Morr	COO	Estates (inc Finance)	Corporate Directorates	Central
	£m	£m	£m	£m	£m	£m	£m	£m	£m
Plan 1: Plan									
YTD/In Mth Deficit Plan	4.89								4.89
Part 2: Delivery 2025/26 Target £55.4m & Run Rate									
Non Delivery £55.4m Savings	3.48	0.42	1.06	0.72	1.01	0.15	0.04	0.04	0.04
Non Delivery of Run Rate Target	(0.73)						0.16	0.69	0.11
Sub Total Part 2	2.74	0.42	1.06	0.72	1.01	0.15	(0.12)	(0.65)	0.15
Part 3: Operational Pressures Above Underlying Deficit Income									
- JCC Performance	(0.30)				(0.50)				
- Dental PCR Income	0.05		0.05						
- Other	0.00								
Pay (including VP)									
- Medical	0.05	0.08	(0.04)						
- Nursing (inc UQ)	0.23	0.23							
- A&C	(0.08)	(0.05)	(0.08)	(0.11)		(0.05)			
- Other	(0.10)		(0.08)			0.09	(0.12)		
Surge Beds									
- Gorseinon	0.09		0.09						
- Singleton/NPT	0.00								
- Morriston	0.00								
Non-Pay									
- Secondary Care Drugs	0.00	(0.04)	0.04						
- Clinical Consumables	0.56				0.56				
- Estates (Building Materials / Energy)	(0.00)	(0.02)							
- COO (Provisions)	(0.13)					(0.13)			
- CHC (inc LAC)	(0.20)	0.14	(0.40)						
- CHC Temporary Adult MH Placements	0.79	0.79							
- Dental Contract Clawback for 24/25	(0.15)		(0.15)						
- Primary Care Prescribing	(0.11)			(0.11)					
- Other Non Pay	(0.19)	0.01	(0.20)						(0.00)
Corporate Directorate Balance	(0.19)							0.19	
Sub Total Part 3	(0.19)	1.14	(0.76)	(0.22)	0.06	(0.09)	(0.12)	(0.19)	(0.00)
Part 4: Central Codes									
- Central Z Codes	(0.04)								(0.04)
- NR Opportunities	(0.28)								(0.28)
Sub Total Part 4	(0.32)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	(0.32)
Total Variance	7.123	1.559	0.293	0.405	1.070	0.061	(0.390)	(0.361)	4.724
Total In Month Budget		12.039	23.741	32.573	32.172	3.400	4.938	23.769	
Variance as % Budget		13%	1%	2%	3%	2%	(5)%	(1)%	

### 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 2 above:

- **Income**

The Joint Commissioning Committee (JCC) Income as a provider over-performed by £0.5m in month (£0.1m YTD) and this is driven by increased activity in high tariff areas, particularly TAVI & Cardiology.

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

- **Pay**

Month 2 Pay was slightly lower in-month, with vacancies primarily in Admin & Clerical driven by the Vacancy Freeze, predominately within the Corporate Directorates.

- **Clinical Consumables**

This area overall has an in-month position of an overspend of £0.4m, partly driven by the increased JCC activity in-month. There are 80+ subjective lines within this category, including secondary care drugs.

- **Continuing Health Care (CHC)**

In Month 3 CHC was overspent by £0.5m (YTD £1.6m) and as per last month is driven by the temporary Adult Mental Health placements with external providers due to demand being more than the Health Board's internal bed capacity. This pressure was partly offset by the Looked After Children position within the PCT Service Group.

- **Prescribing**

Prescribing is providing a further small underspend in-month resulting in a breakeven position YTD following receipt of the latest datasets (April 2025). It has now been possible to validate the previously Amber scheme in relation to prescribing and YTD delivery has all been recognised in Month 3 (£0.24m in-month).

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

- **RRL:** each month, the gross income and expenditure position is finalised on an actuals basis (as reported in the MMR Table B); these actuals compared to the budget in the ledger create a variance. The variance needs to be reported as the 'bottom line' financial position for the Health Board (as reported in the 'Net surplus/(deficit)' total in the MMR Table B). Effectively the RRL is the budget allocated to Service Groups or Directorates based on the profiling for that month.
- **Primary Care Contractor:** The GP Refresh funding allocation is typically confirmed and passed to Contractors in Month 12.
- **Capital Donation/Government Grant Income** is typically confirmed and received in Month 12 (to note, should receipts be earlier in the year the income would be recognised at that point):

- Primary Care Drugs is phased based on prescribing days in any given month and anticipated timings of Category M drug prices.
- Pay will naturally fluctuate with the timing of starters and leavers, as well as the level of reliance on variable pay linked to sickness, number of open beds, additional activity etc.
- CHC inflation has assumed to be agreed and paid (inclusive of arrears) in Month 6, after which point the projected uplifted rates will apply. The profile of expenditure will also be affected by the number of days in each calendar month.

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

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

- Revenue Resource Limit (RRL)
  - PMF/PMFYF: The reduction in month relates to the repayment of 3 invest to save schemes; Solar Farm, Refit Programme and Omnicell (Automated Theatre stock). The PMFYF increase relates to several new allocations, the main ones being Planned Care related specifically waiting times (£1.7m), Outpatient activity (£0.56m) and SPPC (£0.1m).
- JCC Income
  - PMF/PMFYF: The increase reflects the increased activity in-month in high tariff areas (TAVI & Cardiology) and this has been forecast to continue over the remainder of the year.
- Other Income
  - PMFYF: The forecast has been updated to reflect the latest YTD position; this line includes numerous income streams including Research & Development, non-contracted activity, Education and commercial income.
- Provided Services – Pay
  - PMF/PMFYF: The forecast reduction in overall pay has not materialised as expected; the end of year increase is aligned to the in-month increase.
- Provided Services – Non-Pay
  - PMFYF: The forecast reflects an increase in the mitigating actions yet to be identified where expenditure rates are required to reduce to deliver the planned deficit.
- Secondary Care Drugs
  - PMF: The increase in-month is due to the timing of the issuing of Homecare drugs as these are cyclical in nature; this is not expected to impact on the EoY forecast.
- Continuing Health Care
  - PMFYF: The continuation of the temporary Mental Health placements (due to insufficient local capacity) continues to be a pressure and therefore additional costs have been forecast.

- Other Private & Voluntary
  - PMF/PMFYF: The in-month decrease relates to the timing of outsourcing activity. The EoY Forecast increase reflects Planned Care funding received in Month 3 for waiting times of £1.7m which is phased from September.
- Joint Financing & Other
  - PMFYF: The decreased forecast relates to a reduction in the Neurodivergence improvement programme funding of £0.55m.

#### 4.4 Other Areas of Comment:

- **Accountancy Gains (D)**  
The potential for 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 and Primary Care & Community Service Groups Local Reserves are held for CHC Inflation until Provider uplifts are confirmed and paid. We have presented the remaining reserves in sub table E.
- **COVID-19 Expenditure (F)**  
The breakdown of this by area of COVID is provided below:

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

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

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

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

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

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

The only material line relates to Virements between expenditure categories.

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

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

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

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

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

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

The YTD overall non-pay position is underspent by £1.8m; this relates to a range of one-off benefits, primarily in NPTS and PCT with various benefits in maintenance, managed service contracts, provisions and external data contracts.

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

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

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

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

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

The only material line relates to virements between expenditure categories.

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

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

No deviation in the Month 3 submission.

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

The Unplanned Cost Pressures (Line 114) primarily relates to the temporary Adult Mental Health placements with external providers due to demand being more than the Health Board's internal

bed capacity. Plans to repatriate these patients back into core capacity are underway. There is also a new growth pressure which will remain under scrutiny as the Plan did not provide for new growth.

Planned additional required Mitigations yet to be finalised (line 116) are not expected to fully mitigate the pressures within CHC.

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

The only material lines relate to virements between expenditure categories and Additional spend associated with in-year funding – the increase in funding relates to the Planned Care Q1 allocation received in Month 3 of £1.7m.

**Section J: Joint Financing and Other**

The only material lines relate to virements between expenditure categories and Additional spend associated with in-year funding. The reduction in funding relates to the reduction in the Neurodivergence allocation, as confirmed in Month 3.

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

The Health Board Agency expenditure for Month 3 is £1.0m (Month 2, £1.2m), which is 1.4% (Month 2, 1.7%) of the overall pay expenditure.

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

- Vacancy Cover – 72%
- Temporary Absence Cover – 8%
- Additional Support to delivery and performance – 19%

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	2,288
Overtime	717
WLI	358
Irregular Sessions	719
<b>Total</b>	<b>4,082</b>

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

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

The position reported in the MMR only reflects Green and Amber schemes.

The table below provides the detail of all schemes both in terms of In Year Delivery and Planned Schemes:

In addition to the Green and Amber schemes, there are £10.3m of red schemes which represents the further Pipeline Opportunities the Health Board is working to achieve. Further details on savings will be reported in future letters.

Service Area	Annual Plan Target £m	Planned Schemes				Gap / (Surplus) to Target £m	Actual Delivery				End of Year Forecast £m	Shortfall in Forecast £m
		Red Schemes £m	Amber Schemes £m	Green Schemes £m	Total £m		Mth 3 £m	Total YTD £m	YTD Target £m	YTD Gap / (Surplus) to Target £m		
Morrison	16.00	5.21	0.71	1.46	7.38	8.71	0.33	0.53	4.02	3.49	2.16	(13.84)
NPTS	16.12	2.15	0.57	3.23	5.95	10.17	0.63	1.36	4.03	2.67	3.79	(12.33)
PCT	12.90	0.37	0.90	0.30	1.57	11.41	0.03	0.06	3.25	3.18	1.21	(11.28)
MHLD	5.70	1.54	0.25	0.70	2.49	3.20	0.05	0.13	1.42	1.29	0.88	(4.82)
Corporate	4.56	1.00	0.00	1.09	2.09	2.47	0.11	0.25	1.14	0.89	1.09	(3.47)
<b>TOTAL</b>	<b>55.44</b>	<b>10.28</b>	<b>2.43</b>	<b>6.77</b>	<b>19.48</b>	<b>35.96</b>	<b>1.14</b>	<b>2.34</b>	<b>13.86</b>	<b>11.52</b>	<b>9.12</b>	<b>(46.32)</b>

In addition to the shortfall from target of £46.3m, the Health Board will need to deliver mitigating cost reduction actions to address the YTD overspend of £9.5m to achieve the overall Plan of £58.7m deficit. The Health Board has also developed framework that could achieve delivery of £42.5m milestone target set and the external support team will assist the Health Board in driving further actions to improve further, once the existing plan is de-risked.

There are 2 validation errors for 2 Amber schemes which have surpassed their 'go Green' date and remain Amber; this is due to the first scheme (MHLD) experiencing issues in repatriating a CHC patient in the original timescales and the second scheme having insufficient certainty of delivery with only 1 month's delivery achieved (£7k); this will be kept under close review.

## 8. Welsh NHS Assumptions (Table D)

Table D reflects the signed LTAs for 2025/26.

Status of the LTA contract documentation for 2025/26

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

## 9. Resource Limits (Table E)

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

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

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

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

The inventory value has decreased from £12.886m at the end of March 2025 to £11.475m at the end of June 2025, a decrease of £1.411m. The increase mainly relates to drugs stocks across all hospital sites.

There has been a decrease in trade receivables from £251.118m at the end of March 2025 to £233.533m at the end of June 2025, a decrease of £17.585m. The reduction relates to WRP (Welsh Risk Pool) debtors of £19.028m, with other movements relating to an increase in WGA (Whole of Government Accounts) Debtors of £1.055m.

The closing June 2025 cash balance of £3.604m is close to the Health Board target of a cash balance of £2.5m at month end and the best practice cash target for the Health Board of £6m.

The trade and other payables figure saw a reduction from £281.199m at the end of March 2025 to £262.673m at the end of June 2025, a reduction of £18.526m. This comprises a reduction in Accruals and RBNI (received but not invoiced), and NHS creditors. There were increases in Capital creditors and NHS accruals.

Provisions decreased by £12.286m from £197.627m at the end of March 2025 to £185.341m at the end of June 2025. The majority of the decrease in provision related to Clinical Negligence, due to just over £5.5m being paid out in claims, and £6.2m transferred from provisions to creditors, in readiness for payment. The quantum's received are now being reflected in the financial ledger on a monthly basis, rather than quarterly. This will create a more regular movement for both the Trade Receivables (WRP Debtors) and the Provision figures.

## 11. Cash Flow Forecast (Table G)

As at the end of June 2025, the Health Board had a cash balance of £3.416m, which is between the Health Board target of a cash balance of £2.5m at month end and less than the best practice cash target for the Health Board of £6m.

The cash movements during June 2025 were:

	£'000
Forecast I&E Deficit	- 58,660
Reimbursement from Capital to Revenue	6,532
Movement in Working Capital balances	- 45,882
Revenue working cash balance - potential cash support	45,882
Opening Cash Balance	3,444
<b>Forecast Cash Surplus</b>	<b>- 48,684</b>

The difference between the £94.566m forecast cash deficit and the Forecast I&E deficit Cash figure, reflects the £6.532m of capital cash to reimburse revenue CRL, and the movement in the working capital balances.

With regards to the £6.532m of revenue cash to be reimbursed to capital. Due to Revenue and Capital cash not being split (in cash terms), where there is a situation that Capital draws down more cash than it pays out within the financial year, it triggers a notional reimbursement between Revenue and Capital. The £6.532m is a cumulative figure from prior years.

We have included the working balances cash requirements in Table E, and as a result the closing cashflow balance as of 31 March 2025 includes that value as potential cash support required. At this point in the financial year, this is based upon the information we have at this time and is liable to change.

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 the % of Non-NHS Invoices Paid within 30 Days in Quarter 1 with compliance being 95.7% for the quarter.

NHS payment compliance for invoices paid within 30 days was, however, slightly below 95% with the quarterly performance being 92.3%. 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 2.

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

The forecast outturn shows an overspend position of £1.083m. Allocations are anticipated on the following schemes, which will provide a balanced position.

Scheme	£m	Narrative
City Deal – Morriston Access Road Design	0.151	Funding approved.
Business Case Fees - Hybrid Theatre, Morriston	0.449	Business case fees incurred for schemes included in the Health Board 10-year capital programme/national prioritisation.
Business Case Fees – Urology NPT	0.276	Business case fees incurred for schemes included in the Health Board 10-year capital programme/national prioritisation.
Business Case Fees – Taith Newydd Fire	0.206	Business case fees incurred for schemes included in the Health Board 10-year capital programme/national prioritisation.

The following allocations are classed as risks.

Scheme	£m / Risk Level	Narrative
Positron Emission Tomography (PET) Service, Singleton Hospital	4.000 / Medium	<p>In line with our month 2 MMR disclosure, on 25<sup>th</sup> June 2025, following our initial risk assessment, the HB confirmed a return of £5.6m funding to WG which is to be re-provided in our 2026/27 CRL.</p> <p>The HB also informed WG of a second risk assessment being undertaken, which we aim to confirm in August following scrutiny of cost and activity schedules by our cost advisor. The current estimate being a further return of £2m to £4m for 2026/27 reprovision.</p> <p>Works are due to start in September 2025 on a 13-month programme to October 2026.</p>

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.

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

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

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

Table M lists all Welsh NHS invoices outstanding for more than 11 weeks as at the end of June. The value of NHS debts outstanding for between 11 and 17 weeks amounted to £532k at the end of June 2025 (May 2025 - £700) with the number of invoices increasing in this category to 16 invoices compared to 4 invoices as at the end of May 2025.

Of the outstanding invoices between 11 and 17 weeks old, 5 invoices (£525k) have been paid since the end of June 2025.

The other 9 outstanding invoices are actively being chased:

- Hywel Dda – 1 invoice, £1,855
- Cwm Taf – 8 invoices, £3,200

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

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

Table N & O have been completed for Quarter 1 as required. GMS is currently forecast to underspend by £0.382m and Dental are currently forecast to underspent of £0.118m.

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)**

This Table has been completed for 2025-26 for the first time in Month 3.

2025/26 Approved schemes: Approved schemes in 2025-26 include one lease that has been approved which was included on the IFRS 16 lease submission in July 2025.

2025/26 Unapproved schemes: This includes the leases projected to commence during 2025-26 and has been populated using the information included in the IFRS 16 lease submission in July 2025.

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 29 July 2025.

Yours sincerely,



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



**DR RICHARD EVANS**  
**DEPUTY CHIEF EXECUTIVE**

Abigail Harris, Chief Executive Officer  
Jan Williams, Chair  
NHS Financial Management  
Mr Jason Blewitt, Wales Audit Office

