

Dyddiad/Date: 12th March 2026

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Dear Andrea,

SWANSEA BAY UNIVERSITY HEALTH BOARD MONITORING RETURN 28 FEBRUARY 2026

I enclose with this commentary the completed proformas in respect of the Health Board's Monitoring Returns to 28 February 2026.

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 11 there was an In-Month underspend of (£0.1m), which is £5.0m below the £58.7m planned deficit, with the YTD position reporting a £57.3m deficit, which is £3.5m above £58.7m plan.

Table 1: Delivery YTD

Elements of In Month	Quarter 1	Quarter 2	Quarter 3	Mth 10	Mth 11	YTD
	£M	£M	£M	£M	£M	£M
- Delegated Budgetary Position	(2.1)	(0.6)	(3.5)	(2.0)	(4.2)	(12.5)
- N/ROpportunities (Central)	(0.3)	(1.5)	(1.1)	(1.7)	(2.0)	(6.6)
- Shortfall NI Funding	0.3	1.0	1.0	0.3	0.3	3.0
Total Part 1: Operational Pressures	(2.1)	(1.1)	(3.6)	(3.3)	(5.9)	(16.0)
Saving Target						
- 12th Savings Target	13.9	13.9	13.9	4.6	4.6	50.8
- Less Actual In Month Delivery	(2.3)	(8.6)	(12.8)	(4.1)	(3.7)	(31.4)
Total Part 2 = Savings Delivery Impact	11.6	5.3	1.1	0.6	0.9	19.4
Financial Deficit Plan						
- 12th Deficit Value	14.7	14.7	14.7	4.9	4.9	53.8
Total Part 3 = Deficit Plan	14.7	14.7	14.7	4.9	4.9	53.8
Deficit/ (Surplus) In Month Performance	24.2	18.9	12.2	2.1	(0.1)	57.2

It has been clear all year and as detailed in Table 1 that the In-Year issue has remained 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. Whilst excluding the non-delivery of saving most areas are within the delegated operational budgets, the key exception remains 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 in December of £0.7m, with YTD expenditure of £6.8m.

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 Forecast Performance against £55.4m

Month 11 Forecast			
Part	Category Scheme	11 Sept Plan £M	Forecast Delivery £M
A	Green Amber	26.6	36.4
	Red / Pipeline	20.2	0.0
	Total Part A	46.8	36.4
B	NR Opportunities	4.6	4.6
	Corporate Underspend	4.0	4.0
	Total Part B	8.6	8.6
Total		55.4	45.0

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 11 and the forecast delivery at Month 11. 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. From Month

10 to Month 11 there has been no movement in the overall delivery, simply a movement of all Ambers to Greens.

Table 2c: Summary of Savings Plan and Forecast Delivery

Type Scheme	@ 11 Sept Plan £M	@ Mth 11 Plan £M	@ Mth 11 Tracker Forecast Delivery £M	Gap Between Savings Plan & Forecast @ Mth 10 £M
Amber	3.3	0.0	0.0	0.0
Green	23.3	31.5	36.4	4.9
Local Pipeline Schemes	1.7	0.6	0.0	(0.6)
Deloitte Schemes Part 1	6.8	5.8	0.0	(5.8)
Deloitte Scheme Part 2	9.0	7.7	0.0	(7.7)
Local Red Schemes	2.7	1.3	0.0	(1.3)
	46.8	46.8	36.4	(10.4)
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	45.0	(10.4)

The pressures seen in operational areas such as Mental Health as detailed earlier in this letter as well as non-delivery of the £55.4m savings target, alongside the pressures linked to ENIC and Nurse Streamline numbers has culminated in the Health Board needing to identify further actions to address the £58.7m deficit plan. Details on the actions taken over the financial year have been provided in previous submissions. At the end of February further actions were agreed by the Executive Team and the Board, which will also support the opening Quarter of 2026/27, prior to a further review at the start of the next financial year. A summary of these additional actions are summaries in the table below:

Intervention	Action
Non-pay spend controls	<ul style="list-style-type: none"> Proposed controls for discussion today and implementation from 2nd March
Resident doctor rota review	<ul style="list-style-type: none"> Consultant Leads to review highest expenditure (variable pay) resident doctor rotas and remove non-essential forthcoming shifts
Ban on A&C Variable Pay	<ul style="list-style-type: none"> Total ban on A&C variable pay requests. Effective immediately.
No contracted posts to start until May	<ul style="list-style-type: none"> Any appointments due to start between now and May to be paused. Vacancy Control Panels will not be required in the meantime as nothing will be approved.
SDEC surge closure	<ul style="list-style-type: none"> Bed occupancy to be tracked until all vacated and area can close. Beds are not to be used in any circumstances once existing patients are discharged.

Whilst the Health Board has set out actions, the delivery of the £58.7m and mitigations of the in-years challenges has been driven by the identification of non-recurrent opportunities. Since Month 9 a summary of further opportunities has been shared. The latest assessment of opportunities that may deliver in the last month of 2025/26 is provided in the table below. Those

items highlighted in yellow have now been accounted for within the financial year (Month 11) and have contributed to the in-month improvement.

Table 3: Summary N/R Opportunities @ Month 11

Further Opportunities N/R	£'000	RAG	Next Steps
PCT CHC Growth Reserve	0		Benefit within position £0.7m
PCT Further CHC 23/24 Balance Sheet Release	(1,200)		Finalisation of assessment of B/S
PCT Primary Care Funding Slippage	(900)		Further Review of programme Q4
PCT Programme Slippage	(357)		Further Review of programme Q4
PCT Funding Frailty from RIF/RPB	(500)		Further review committed claims in Mth 12
Morrison National IT Programme Slippage	(480)		Finalise value Mth 12
Morrison OOH Contracting	(163)		Finalise value Mth 12 & linked All Wales Debtor process
Morrison In Year Devices Accrual Review	(468)		Finalise value Mth 12
Morrison In Year Maint. Accruals	(400)		Finalise value Mth 12
Morrison Project Slippage	(150)		Finalise value Mth 12
Morrison Year End Balance Sheet - Pay issues	(750)		Further discussions ongoing
NPTS Productivity Opportunity	(1,062)		Assessed during Feb - final value unknown until Mth 12
NPTS Prescribing Growth Funding	(400)		Baed on January PAR and Y/E Accrual Assessment
NPTS In Year Maint. Accruals	(300)		Finalise value Q4
Balance Funding in Main Reserves	(798)		
WRP % Reduction over Plan Main Reserves	0		Benefit within position £0.5m
LTA Performance CTMLTA	0		Benefit within position £2.2m
SIFT Forecast Underspend	(606)		Finalise value Q4
Possible Reduction Bad Debt Provision linked PTRC	(390)		Assessment @ mth 12
NICE Slippage @ Mth 10	(257)		Balance funding @ Mth 12
Opportunities re: Catering Income	(643)		Assessment @ mth 12
Total	(9,824)		

Note – since assessment N/R Opportunities were reviewed post Month 11 WG has issued an update on 10/3/26, which materially impacts on £0.9m PC Funding Slippage and the team are working through this urgently.

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.

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 £32.4m of Amber/Green savings has been identified (ref line 15-17, 20), which leaves a net shortfall within savings of £18.9m. 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 pressure on, 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)

Originally the underlying b/f position reflected 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 were 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. However through the 2026/27 planning process the underlying deficit this has been reviewed and Table A1 has now been updated to reflect the assessment of the Underlying position reported at Board Development session on 10/3/26 and a summary is provided below:

AREAS:	2026-2029 Year 1 '@ 18/02/26 £M
Opening Plan	58.7
Part A1: Non Delivery Savings	32.2
Part A Part A2/A3: Net Operational Changes	10.8
Part A4: HB Decisions / Central Issues	6.7
TOTAL Assessment 2025/26 into 2026/27	108.5

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 as a result of the in-year pressures noted in the opening section of this table. Above these, the pressure which remain a risks and noted in Table A2 is:

- JCC General Risk = £0.5m

JCC position linked to Caswell has been addressed and is now reflected within the Month 11 position.

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.

4. Monthly Positions (Table B)

4.1 Overview Variance & Plan:

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

Table 6: Key Drivers

Month 11 - In Month	TOTAL	MH/LD	PCT	NPTS	Morr	COO	Estates (inc Finance)	Corporate Directorates	Central
	£'m	£'m	£'m	£'m	£'m	£'m	£'m	£'m	£'m
Plan 1: Plan									
In Month Deficit Plan	4.89								4.89
Part 2: Delivery 2025/26 Target £55.4m & Run Rate									
Delivery £55.4m Savings	0.87	0.06	(0.30)	0.47	0.722	0.07	0.06	(0.01)	(0.21)
Delivery of Run Rate Target	(1.99)						(0.04)	(1.06)	(0.89)
Sub Total Part 2	(1.11)	0.06	(0.30)	0.47	0.722	0.069	0.029	(1.07)	(1.10)
Part 3: Operational Pressures Above Underlying Deficit Income									
- JCC Performance	(0.23)				(0.23)				
- Dental PCR Income	(0.91)		(0.01)						
- Other	(0.34)	(0.11)	(0.02)	(0.12)	(0.08)	0.02	(0.02)		
- Rebates	0.00								
Pay (including VP)									
- Medical	(0.42)		(0.11)	(0.24)	(0.07)				
- Nursing (inc UQ)	(0.02)	0.25	(0.18)	(0.28)	0.19				
- A&C	(0.55)	(0.08)	(0.11)	(0.13)	(0.11)	(0.06)	(0.08)		
- Other	(0.12)	0.02	0.03	0.05	(0.21)	0.03	(0.05)		
Surge Beds									
- Gorseinon	0.04		0.04						
Non-Pay									
- Clinical Consumables	0.01			(0.18)	0.185				
- Premise & Fixed Plant	0.23				0.234				
- Estates (Building Materials / Energy)	0.30						0.30		
- Finance (PFI) Energy	0.00								
- CHC (inc LAC)	0.42	0.60	(0.19)						
- CHC Temporary Adult MH Placements	0.69	0.69							
- Dental Contract Clawback/handback for 24/25	0.00								
- Other Non Pay	(0.61)	0.11	(0.17)	(0.18)	(0.389)	(0.047)	0.06		
Corporate Directorate Balance	(0.32)							(2.32)	
Sub Total Part 3	(2.98)	1.47	(0.72)	(1.06)	(0.49)	(0.05)	0.22	(2.32)	0.00
Part 4: Central Codes									
- Central Z Codes	(0.03)								(0.03)
- NR Opportunities	(0.89)								(0.89)
Sub Total Part 4	(0.92)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	(0.92)
Total Variance	(0.093)	1.54	(1.01)	(0.59)	0.23	0.02	0.24	(3.39)	2.87
Total In Month Budget		12.59	25.58	32.93	33.33	3.48	5.28	25.41	
Variance as % Budget		12%	(4%)	(2%)	1%	0%	5%	(13%)	

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 under-performed by £0.1m in-month (£2.4m over-performance YTD). This has been driven by the Caswell clinic settlement.

- **Pay**

Month 11 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 decreased slightly from January levels (£4.4m in-month vs £4.5m in Month 10).

- **Clinical Consumables**

This area overall has an in-month overspend of £0.1m. 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. This category also includes secondary care drugs.

- **Continuing Health Care (CHC)**

In Month 11 CHC was overspent by £0.4m (YTD £3.0m). The pressure continues at £0.5m for growth (Month 10, £0.6m) more than the Plan.

- **Prescribing**

Prescribing was slightly underspent (£0.1m) in-month and YTD is £0.04m overspent following receipt of the latest dataset (December 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. There is also the timing of corrective arrears payments for the Workforce Uplift.
- 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.
- Joint Financing and Other: This primarily relates to the role of the Health Board as banker for the Regional Integration Fund (RIF) whereby the Local Authorities will raise invoices to the Health Board in relation to the latest project plans.
- DEL/AME depreciation/Impairments: The impairment figures are profiled in Month 12 as this will be part of the year end District Valuer assessment.

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 in-month increase relates primarily to Targeted Intervention support (£0.5m, reported under Welsh Government income in Month 10 in error), DEL IFRS 16 depreciation adjustments and Planned Care Recovery.
- JCC Income
 - PMF/PMFYF: Both the in-month and EOY movement reflects the one off settlement in relation to the Caswell clinic.
- Other Income
 - PMF/PMFYF: The drivers of the in-month and EOY increase relate to income received for an increased level of rebate for the Mounjaro drug with a YTD increase being recognised in relation to the price increases confirmed from September (£1.1m); a continuation of the one off income for NICU English patients of £0.2m; one off income in relation to substance misuse due to a caseload transfer (£0.1m); and further income in relation to Digital Mental Health Connecting Care programme “Rio”.
- Provided Services – Pay
 - PMF: The in-month decrease relates to a timing delay in the payment of the arrears corrections for the Workforce uplift payments.
- Provided Services – Non Pay

- PMFYF: The EOY increase primarily relates to the recognition of the costs of the Phase 2 extension of External Consultancy.
- Secondary Care Drugs
 - PMF/PMFYF: The increase both in month and full year is driven primarily by Homecare drugs within NICE.
- Healthcare Services provided by Other NHS Bodies
 - PMF/PMFYF: The decrease in the in-month and EoY primarily relates to the YTD recognition of the confirmed CTM underperformance against the core LTA.
- Continuing care and Funded Nursing Care
 - PMF: The decrease in month reflects a reduction in case numbers within PCT Service Group.
- Other Private & Voluntary Sector
 - PMF/PMFYF: The in-month and EoY increase reflects the latest Recovery plans.

4.4 Other Areas of Comment:

- **Accountancy Gains (D)**

The YTD gain is £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 (Band 2-3) is also held centrally until the expected payment of arrears in made. 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	2,974
Vaccination Programme	3,291	3,291	3,596
Long COVID	954	954	984
Total	7,534	7,534	7,554

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)	(385)	(420)
	Dental clawback	(50)	(550)	(600)
	Other	(15)	(44)	(59)
	Unplanned Spend Reductions	(100)	(979)	(1,079)
	In-year Out of Hours Service	45	494	540
	Contract performance	-	253	253
	Other	25	268	292
Unplanned Cost Pressures	70	1,015	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 underspend which is reflected in the Table.

		In-Month £'000	YTD £'000	EoY Forecast £'000
Primary Care Prescribing	Forecast based on latest PARS	(103)	(450)	(484)
	Unplanned Spend Reductions	(103)	(450)	(484)
	Forecast based on latest PARS	0	289	289
	Unplanned Cost Pressures	0	289	289

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 in place to formally require all Corporate Directorates to 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; recent actions allow only critical recruitment to be completed. Unplanned Cost Pressures (Line 39) is largely driven by the variable pay pressures within Mental Health & Learning Disabilities.

		In-Month £'000	YTD £'000	EoY Forecast £'000
Pay	Vacancies - Corporate	(496)	(5,430)	(5,924)
	Vacancies - Service Groups	(484)	(4,166)	(4,652)
	Unplanned Spend Reductions	(980)	(9,596)	(10,576)
	Variable Pay unavailability pressures above Plan	-	1,201	1,201
Unplanned Cost Pressures		-	1,201	1,201

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, VAT recovery 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. External consultancy funded by the Health Board has also been recognised in the in-month and end of year position.

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/Maintenance	(200)	(2,010)	(2,010)
	Clinical Supplies	-	(540)	(540)
	Non-recurrent Opportunities	(890)	(4,043)	(4,600)
	Investment slippage	(1,158)	(3,517)	(4,909)
	VAT Recovery over Plan	(89)	(1,363)	(1,363)
	PFI	(59)	(647)	(589)
	Other	(244)	(502)	(1,021)
	Unplanned Spend Reductions	(2,640)	(12,622)	(15,032)
	Clinical Supplies linked to activity	80	2,390	2,400
	ENIC	342	2,736	3,078
	Bad debt provision/RTA income	351	1,911	2,400
	External consultancy (HB funded)	470	470	1,670
	Apprenticeship Levy/Treasury Discount Factor	-	-	1,800
Other	103	524	582	
Unplanned Cost Pressures		1,346	8,031	11,930

Section E: Secondary Care Drugs

The YTD Secondary Care Drug position is overspent by £0.8m; it is assumed that there is a small pressure for the remainder of the year.

		In-Month £'000	YTD £'000	EoY Forecast £'000
Secondary Care Drugs	Homecare Drugs YTD aged debts NICE Reserve (M10)	0	(2,267)	(2,667)
	Immaterial variations to Plan across services	0	(121)	(21)
	Unplanned Spend Reductions	0	(2,388)	(2,688)
	Homecare Drugs YTD clearance of aged debts (M10)	0	2,267	2,667
	Immaterial variations to Plan across services	150	967	1,067
	Unplanned Cost Pressures	150	3,234	3,734

Section F: Healthcare Services Provided by Other NHS Bodies

The Unplanned Spend Reductions (Line 83) extrapolates the YTD performance into the full year forecast. The CTM forecast has confirmed a significant underperformance against the core LTA which has been recognised YTD in Month 11.

		In-Month £'000	YTD £'000	EoY Forecast £'000
Healthcare Services by NHS Bodies	LTA contract performance - CTM	(2,141)	(2,141)	(2,314)
	LTA contract performance - Other and NCA	(150)	(1,096)	(1,131)
	Unplanned Spend Reductions	(2,291)	(3,237)	(3,445)
	LTA contract performance - Other 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 11 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) relates to new CHC 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	-	(722)	(722)
	PCT packages	(105)	(591)	(591)
	Unplanned Spend Reductions	(105)	(1,313)	(1,313)
	Mental Health Growth above Plan	517	3,415	3,915
	Learning Disabilities packages	22	363	363
	Unplanned Cost Pressures	539	3,778	4,278

Section I: Other Private & Voluntary Sector

The unplanned cost pressures relate to temporary adult mental health placements with private providers. Plans to repatriate these patients back into core capacity are underway and details are discussed opening section of this letter.

		In-Month £'000	YTD £'000	EoY Forecast £'000
Other Private & Vol	n/a	-	-	-
	Unplanned Spend Reductions	-	-	-
	<i>(restated Month 10 from CHC)</i> Mental Health Adult temporary placements	691	6,838	7,488
	Unplanned Cost Pressures	691	6,838	7,488

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 10 is £1.0m (Month 10, £0.9m), which is 1.2% (Month 10, 1.3%) of the overall pay expenditure.

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

- Vacancy Cover – 70%
- Temporary Absence Cover – 8.4%
- Additional Support to delivery and performance – 21.3%

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	2,163
Overtime	496
WLI	231
Irregular Sessions	503
Total	3,393

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 in-month relates to the timing of the arrears corrections within Additional Clinical Services in relation to the Workforce Uplift (no impact on EoY forecast).

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 (£7m) has been included in Table E, which reflects the work undertaken as reported to Board on 23rd October. Payroll processed the first actual payment in the December Payroll run (1,200 staff involved), with corrective and omitted payments being made over Quarter 4. The forecast will continue to be reviewed.

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 increased from £12.238m at the end of January 2026 to £12.732m at the end of February 2026, an increase of £0.494m.

There has been an increase in trade receivables from £308.875m at the end of January 2026 to £287.905m at the end of February 2026, a decrease of £20.970m. This relates to a decrease in the following, including NHS Debtors (£15.200m), WRP (Welsh Risk Pool) debtor (£3.246m), Other Debtors (£1.020m) and the VAT Debtor (£0.479m).

The closing February 2026 cash balance of £10.761m.

The trade and other payables figure saw a decrease from £232.185m at the end of January 2026, to £218.725m at the end of February 2026, a decrease of £13.460m. This comprises a decrease in Accruals, and Other creditors.

Provisions saw a decrease of £4.934m from £227.633m at the end of January 2026 to £222.699m at the end of February 2026. This decrease relates to a change in probabilities for over 20 cases, based on the latest quantum.

11. Cash Flow Forecast (Table G)

As at the end of February 2026, the Health Board had a cash balance of £10.761m.

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 M11 being (£4.364m):

- £6.532m from prior years
- (£10.896m) 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.

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 at the end of Quarter 4.

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

The forecast outturn shows a balanced position.

The following allocations are classed as risks.

Scheme	£m / Risk Level	Narrative
Positron Emission Tomography (PET) Service, Singleton Hospital	0.359 / High	<p>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.</p> <p>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.</p> <p>These works have consequently resulted in additional programme slippage which will be managed by the Health Board.</p>
Replacement Diagnostic and Treatment Equipment 2025-26	0.774 / High	<p>The variance in Table I is £1.086m 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 Morrision which is accounted for as a revenue cost.</p> <p>However, there have been ongoing design delays in relation to the Interventional Radiology (IR) - Fluoroscopy 2 programme at Morrision Hospital resulting in slippage which is to be managed by the Health Board.</p>
DPIF – RISP	0.083 / Medium	<p>Following the SBUHB RISP Project Board meeting that took place on 5th March the Project Board are optimistic on achieving a revised 30th March go-live but remain cautious since a very aggressive plan is in place to achieve this go-live date. A final go/no-go live decision will be taken circa. 8 days before the proposed go-live date. The local project status is amber against a 30th March go-live and there remains a financial risk in 25/26 should we not achieve this date which for owned assets is estimated at £0.083m at this stage, in this</p>

Scheme	£m / Risk Level	Narrative
		<p>scenario there would also be a potential impact on the IFRS 16 funding being fully utilised this year with the quantum to be confirmed and agreed over the coming weeks.</p> <p>We will continue to obtain regular updates around the project progress and risk and as soon as more clarity is obtained, we will advise WG further on any in-year financial impacts.</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.

In terms of material underspends which are being managed by the HB; the Month 11 MMR reports a £0.190m 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 £0.051m across years.

Please note that we require additional rows to be added to the All Wales Capital Programme elements of Table I and Table J in order to be able to fit all schemes in. This month we have had to combine three schemes into one line (Ref. Line 41 on both tables), these schemes are EOY - Digital Equipment Funding - January 26, Digital – Additional SAN Storage 2025-26 and End of Year Equipment Funding – February 2026. If ten new lines could be added that would likely mitigate any further additional funding received in 25/26.

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 January. The value of NHS debts outstanding for between 11 and 17 weeks amounted to £355k at the end of February 2026 (January 2026 - £93k) with the number of invoices increased to 28 invoices compared to 11 invoices as at the end of January 2026.

Of the 28 outstanding invoices between 11 and 17 weeks old, 10 invoices have been paid since the end of February 2026.

The 18 remaining outstanding invoices (between 11 and 17 weeks old) for the total of £266k relate to:

- Cwm Taf - 2 invoices, £73k – chased – no response or progress

- Hywel Dda –13 invoices, £77k – chased – no response or progress
- Powys LHB – 2 invoices, £48k – chased – no response or progress
- Velindre NHS Trust - 1 invoice, £3k – chased – no response or progress

Of the 8 outstanding invoices over 17 weeks, for the total of £43k, 1 invoice has been paid since the end of February 2026.

The 7 remaining outstanding invoices for the total of £42k relate to:

- Aneurin Bevan – 1 invoice, £3k - chased – no response or progress
- Cardiff & Vale – 1 invoice, <£1k - chased – no response or progress
- Cwm Taf - 2 invoices, £28k - chased – no response or progress
- Hywel Dda - 3 invoices, £12k - chased – no response or progress

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

Further updates for Table N & O will be available for Quarter 4.

Within Table P, all ring-fenced funds are fully or over-committed.

17. IFRS 16 (Table Q)

2025/26 Approved schemes: The movement in Month 11 figures compared to Month 10 is mainly due to the approval of leases. Some figures have been rounded to enable the table to sum in round £'000. The figures are different to the revenue recovery return submitted on 10/03/2026 due to timing. The values for several leases have changed since being approved, some changes to approved leases are included in Approved schemes in table Q (as immaterial/to simplify the reporting using the capitalisation schedules) and were included in M11 reporting. The figures included for Approved schemes in table Q reflect the figures reported in M11, however, several changes to leases since approval are not included due to timing. The difference between the Approved schemes figures in table Q and the Approved schemes values reported in the revenue recovery return are included in Unapproved schemes. The total for each of the figures includes in table Q agrees to the total figures reported in the revenue recovery return.

2025/26 Unapproved schemes: This includes the leases projected to commence during 2025-26. The movement in Month 11 figures compared to Month 10 is mainly due to leases being approved and reviewing the values of outstanding leases, rent reviews and identifying slippage. Some figures have been rounded to enable the table to sum in round £'000. This figure is different to the revenue recovery return submitted on 10/03/2026 due to timing. The values for several leases have changed since being approved, some changes to approved leases are included in Approved schemes in table Q (as immaterial/to simplify the reporting using the capitalisation schedules) and were included in M11 reporting. The figures included for Approved schemes in table Q reflect the figures reported in M11, however, several changes to leases since approval are not included due to timing. The difference between the Approved schemes figures in table Q and the Approved schemes values reported in the revenue recovery return are included in Unapproved schemes. The total for each of the figures includes in table Q agrees to the total figures reported in the revenue recovery return. Included in Unapproved schemes are

amounts for RISP. No decisions have been made on the national accounting treatment and this may impact on any prepayment and associated revenue recovery. Based on the previous national guidance, our understanding was that the revenue recovery would be phased over the 7 year contract.

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) or other named Executive Director as agreed by the 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 24 March 2026.

Yours sincerely,



**SAMANTHA MOSS
DEPUTY DIRECTOR OF FINANCE**



**CLAIRE OSMUNDSEN LITTLE
INTERIM DIRECTOR OF FINANCE**

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