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Dear Andrea,

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

I enclose with this commentary the completed proformas in respect of the Health Board's Monitoring Returns to 31 October 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 7 is summarised in Table 1 below. At Month 7 there was an In-Month deficit of £4.1m, which is £0.8m below the £58.7m planned deficit, with the YTD position reporting a £47.2m deficit, which is £12.9m above £58.7m plan.

**Table 1: Delivery YTD**

Elements of In Month	Quarter 1 £M	Quarter 2 £M	Mth 7 £M	YTD £M
- Delegated Budgetary Position	(2.15)	(0.77)	(0.94)	(3.85)
- N/R Opportunities	(0.28)	(1.45)	(0.10)	(1.83)
- Shortfall NI Funding	0.34	1.03	0.34	1.71
<b>Total Part 1: Operational Pressures</b>	<b>(2.08)</b>	<b>(1.19)</b>	<b>(0.70)</b>	<b>(3.97)</b>
<b>Saving Target</b>				
- 12th Savings Target	13.85	13.85	4.62	32.32
- Less Actual In Month Delivery	(2.29)	(8.46)	(4.69)	(15.43)
<b>Total Part 2 = Savings Delivery Impact</b>	<b>11.57</b>	<b>5.39</b>	<b>(0.07)</b>	<b>16.88</b>
<b>Financial Deficit Plan</b>				
- 12th Deficit Value	14.68	14.68	4.89	34.24
<b>Total Part 3 = Deficit Plan</b>	<b>14.68</b>	<b>14.68</b>	<b>4.89</b>	<b>34.24</b>
<b>Deficit/ (Surplus) In Month Performance</b>	<b>24.16</b>	<b>18.87</b>	<b>4.13</b>	<b>47.16</b>

It is clear from Table 1 that currently the Year-to-Date issue remains the non-delivery of savings. However, there are variances, risks and pressures within the Operational Pressures line which are detailed later in this section of the letter.

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 savings delivery supported by our external strategic partner, alongside an increased and sustained delivery of underspends in the operational budget specifically around the corporate directorates and N/R opportunities. Performance against the £55.4m plan submitted in September is provided in Table 2 below:

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

Ref	RAG	Plan £M	@ 6 Nov Tracker Forecast Delivery £M	Gap Between Savings Plan & Forecast £M
B3	Amber	3.3	1.1	(2.2)
B3	Green	23.3	30.9	7.6
C2	Pipeline (Local)	1.7	0.0	(1.7)
C3	Pipeline C3	6.8	0.0	(6.8)
D1-D3	Pipeline D1, D2 or D3	9.0	0.0	(9.0)
C1	Red (Trackers)	2.7	0.0	(2.7)
Sub Total Savings Trackers		46.8	32.0	(14.8)
C1	Red (Corporate Stretch)	1.5	1.5	0.0
B2	NR Opportunities	4.6	4.6	0.0
B1	Corporate Underspend	2.5	2.5	0.0
Sub Total Other Actions		8.6	8.6	0.0
<b>TOTAL</b>		<b>55.4</b>	<b>40.6</b>	<b>(14.8)</b>

*Noting: £32m sub total savings trackers equates to lines 6,7,15,16 and 17 of Table A, with ref C1,B2,B1 in Table 1 above reflected in Table B of the MMR. Therefore, Table A (savings) or C of MMR will not capture the full £55.4m.*

Whilst there remains a plan for the £55.4m, there is a forecast delivery gap of £14.8m. The two key areas of non-delivery identified to date relate to £6.8m of pipeline ideas presented by the Health Board's External Strategic Partner and £9m in increased controls and associated spend reductions. Neither of these are identified on the trackers as delivering savings in year at the end of Month 7.

Of note is that since the trackers were assessed in the Month 7 closedown there have been several discussions on further opportunities to support the work underway on *2025/26 In Year and Recurrent Forecast*. This has identified a further £1.2m of savings, although non-recurrent, which will be added to the tracker in readiness for the next round of reporting to R&S Board at the end of November, thus reducing the gap to £13.6m. The forecast work has also allowed a detailed challenge of the forecast at Service Group level and the requirement for all areas to

identify further opportunities to support the position either recurrent or non-recurrent. At this point there are several areas where work is ongoing, and these along with the current position are included in the table below:

	£M	£M
Savings Target Target	55.4	
		55.4
Savings Trackers Forecast	(32.0)	
Corporate Directorate Underspends	(4.0)	
N/R Opportunities	(4.6)	
		(40.6)
<b>Gap @ Mth 7 Reporting</b>		<b>14.8</b>
Further Areas Review by Finance		
- PCT SG – N/R Balance Sheet Opportunities	(1.2)	
- PCT SG – a review of 2025/26 CHC growth funding Mth7-12	TBC	
- PCT SG – Slippage general programmes	TBC	
- PCT SG – Funding frailty requirements	TBC	
- PCT SG and MH/LG SG – review of Balance Sheet to identify any further opportunities	TBC	
- Morrision SG – review of Managed Service Contract changes and accruals in year	TBC	
- Morrision SG – assessment national IT programmes	TBC	
- Morrision SG – in year device accrual review versus activity YTD	TBC	
- NPTS SG – focus on P C Prescribing growth post September/October PAR	TBC	
		(1.2)
<b>Revised Potental Gap</b>		<b>13.6</b>

Whilst the *2025/26 In Year and Recurrent Forecast* work confirms the ongoing pressures of non delivery of savings, it has also provided insight into the operational pressures, risks and underspends, with key points summarised below:

- Service Groups
  - Both NPTS and PCT are underspending against their delegated budgets, excluding savings;
  - Morrision is £2m over against their delegated budgets, excluding savings with pressures in UEC and Specialist Surgical Services.
  - MH/LD presents greatest operational overspend against their delegated budgets, excluding savings, and the greatest risk to the delivery of the plan after savings. This is driven by CHC growth, temporary adult placements and variable pay. With regards to the temporary adult placements at the start of Month 7, this had reduced to 3 patients from a high in June of 26. However during the latter half of Month 7 this increased to a high of 29.
- Corporate Directorates
  - It is forecast that the Corporate Directorates will exceed the target set in 11 September 2025 submission of £4.0m underspend.
- Central (Z Codes)
  - Assumes performance benefits for both Provider and Commissioner LTA of £2.4m combined, N/R opportunities as per 11 September 2025 submission of £4.6m but

with pressures in areas such as Losses and Bad Debt provision, which the Health Board will need to find further mitigating actions.

Work on the forecast will continue in over the next 1-2 weeks, with the initial work to be presented at an In-Committee session of the PFC at the end of November 2025. Further details will be provided in the Month 8 MMR, ***as whilst the delivery of the £55.4m is key to the delivery of the Health Board plan, there are operational pressures and risks which will also need to be mitigated to enable the Health Board is to achieve the £58.7m deficit (refer to table A2).***

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

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

- **Ref Line 19 Additional In Year & movement in WG funding & Other income** – this presents the net of the income shortfall for Dental PCR and shortfall/surplus for JCC.
- **Ref Line 26 Dental PCR Income shortfall** – a YTD correction has been made in Month 3 to remove the values reported in Month 1 and 2 in line with WG feedback.
- **Ref Lines 27 & 28 Welsh LHB and NCA Income** – a YTD correction was made in Month 2 to remove the values reported in Month 1 in line with WG feedback.
- **Ref Line 30 JCC Income underperformance** – a YTD correction has been made in Month 3 to remove the values reported in Month 2 in line with WG feedback..
- **Ref Line 31 Losses Overspend** – this line presents the current forecast overspend against Losses following the assessment now completed during Month 6 (re-assessed as unchanged in Month 7) regarding the impact of the further national system issues. This has been shown on Table A as it is not included in Table B2.
- **Ref Line 32 Losses Overspend** – mitigating actions incorporated into 11 September Plan – this line presents the mitigating actions to offset the pressure as incorporated in to 11 September submission. This has been shown on Table A as it is not included in Table B2.

The second half of Table A currently reflects a shortfall of £51.2m (ref line 13) offset by movement in savings in-year (ref line 14-17, 20), with a net shortfall of £23.3m, and from a top down perspective this equals the Health Board savings requirement of £55.4m, less the Green and Amber schemes identified of £31.6m and Accountancy Gains of £0.5m. Within Table A the £23.3m shortfall is then offset by lines 19 and 23 with planned mitigating actions and by unplanned mitigations of £1.7m (line 24), and the net impact of the unplanned cost pressures and unplanned spend reductions. The actions and milestones to address the shortfall was detailed in the Annual Plan – Financial Update 11 September 2025 with progress and actions noted in the opening section of this document. The pressures and spend reductions arising in the month are noted in Table 1 of this letter on the key drivers.

## **2. Underlying Position (Table A1)**

The underlying b/f position reflects the £92.478m, reported both in the Month 12 MMR submission and in the MDS submitted on the 31 March 2025. The planned savings of £55.4m are assumed to deliver recurrently in full in order to achieve a c/f underlying position of £58.7m

in line with the planned deficit for 2025/26. No changes have been made to this in Month 7. One of the areas of assessment from the financial support the Health Board has commissioned will be to revisit this underlying deficit assessment.

The 2025/26 In Year and Recurrent Forecast work outlined in the opening section of this letter has started to review the potential ULD into 2026/27, based on the Health Board savings and operational pressures at Month 7. 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 approved ULD value.

### 3. Risk Management (Table A2)

#### Risks:

With the exception of the Risk on Ref Line 12 in Table A2, which reflects the non delivery of the current Planned and Unplanned Mitigations directly from Table A, the assessment of the remaining Risks is provided in the table below and has incorporated the discussions as part of the 2025/26 In Year and Recurrent Forecast work:

**Table 4: Risk Summary**

Risk - Unfunded Pressures	Range £M	Risk Assumed @ Mth 7 £M	Recurrent Assessment of Risks £M
<b>Part A: Confirmed Risks Mitigated In Year</b>			
MHLD redesign and review NSA levels		0.00	3.00
ED 6 week pilot probable extension		0.10	0.20
Maternity Independent Review Recommendations		0.25	1.00
Workforce Challenges		0.00	3.20
JCC Financial Risks @£16m		0.49	0.49
Assessment of the Risk Share of the Welsh Risk Pool for 2025/26 (Data 17/09/25)		(0.5)	(0.3)
Increase in the Welsh Risk Funding Requirements 2025/26 using Draft % Share £42m (Data 17/09/25)		5.90	5.90
Increase in the Welsh Risk Funding Requirements 2025/26 using Draft % Share Additional Risk (Data 17/09/25)		1.60	1.60
Shortfall in WG National Insurance Funding		3.08	5.08
MH/LD Temporary Adult Placements		9.00	0.00
Nurse Stream Lining 144		3.00	7.00
MH/LD Service Group Operation Run Rate exc Temporary Placements		5.90	5.90
<b>Total Part A</b>		<b>28.81</b>	<b>33.02</b>
<b>Part B: Other Risks</b>			
LTA Performance	1 m - 2m	0.00	0.00
Primary Care Prescribing 2025/26 limited data received in year relating to 2025/26)	1.5m - 2.0m	0.00	0.00
Confirmation of the Pension Discount Factor to be applied in the 2025/26 accounts	0.5m - 1.0m	0.00	0.00
Changes to the Bad Debt provision confirmed at the end of the Financial Year;	0.0m - 0.5m	0.00	0.00
Under or Over delivery of the RTA income above Budget, which finalise at the end of the Financial Year.	0.5m - 1.0m	0.00	0.00
Further deterioration in the Financial Position linked to operational pressures.	0.0m - 5.0m	0.00	0.00
Unplanned costs relating winter pressures within the Health Board and across partnerships	0.5m - 1.0m	0.00	0.00
Non Delivery of Red/Pipeline deliver £55.4m	9.0m-15.0m	0.00	0.00
NICE Above Funding	0.0m-1.0m	0.00	0.00
<b>Total Part B</b>		<b>TEC</b>	<b>TEC</b>

Table A2, includes only those in the top half where certainty on the risk is greater at this point in the year.

Where there have been changes from that reported in Table A2 in the Month 6 submission, details are provided below: -

- Workforce Challenges – following confirmation of funding in year, the risk remains only on a recurrent basis.
- WRP – this is based on the position shared by NWSSP on 17<sup>th</sup> September 2025. This is an NHS Wales system issue and at this point has not been reflected in the deficit forecast nor reflected in the 2025/26 In Year and Recurrent Forecast work. Therefore, remains a Risk only at this point.
- MHLD Temporary Adult Placements – as noted above this has increased in Month 7 to 29 patients. The assessment for 2025/26 ranges from £5.7m to £9.0m.
- MHLD Operational Run Rate – based on the forecast work undertaken referenced above this has been updated to align to the latest information.
- R21 Nurse Stream Lining – this now reflects on 5/7<sup>th</sup> of the original value.
- JCC – the risk has been updated to reflect the latest information provided.

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

### **Opportunities:**

As noted in the opening section the work on the forecast undertaken in November has identified other potential areas but further work is required during Q3 to assess the potential benefit.

## **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 1: Key Drivers**

Month 7 - In Month	TOTAL	MH/LD	PCT	NPTS	Morr	COO	Estates (inc Finance)	Corporate Directorates	Central
	£'m	£'m	£'m	£'m	£'m	£'m	£'m	£'m	£'m
<b>Plan 1: Plan</b>									
In Month Deficit Plan	4.89								4.89
<b>Part 2: Delivery 2025/26 Target £55.4m &amp; Run Rate</b>									
Non Delivery £55.4m Savings	(0.87)	0.09	0.19	0.58	(0.47)	0.14	0.06	(0.01)	(0.654)
Non Delivery of Run Rate Target	(1.04)						(0.06)	(0.88)	(0.10)
Sub Total Part 2	(1.90)	0.09	0.19	0.58	(0.47)	0.140	0.00	(0.888)	(0.75)
<b>Part 3: Operational Pressures Above Underlying Deficit Income</b>									
- JCC Performance	0.08				0.08				
- Dental PCR Income	0.00								
- Other	(0.10)			(0.11)		(0.05)			
<b>Pay (including VP)</b>	0.00								
- Medical	(0.42)	0.11	(0.16)	(0.52)	0.25				
- Nursing (inc UQ)	(0.90)	0.10	(0.24)	(0.62)	(0.22)				
- A&C	(0.73)	(0.06)	(0.09)	0.24	(0.14)	(0.13)	(0.05)		
- Other	0.58	(0.04)	(0.02)	0.58	0.10	(0.04)			
<b>Surge Beds</b>	0.00								
- Gorseinon	0.04		0.04						
- Singleton/NPT	0.00								
- Morriston	0.00								
<b>Non-Pay</b>	0.00								
- Secondary Care Drugs	0.00								
- Clinical Consumables	0.20				0.20				
- Estates (Building Materials / Energy)	0.00								
- Finance (PFI) Energy	(0.16)						(0.16)		
- COO (Provisions)	0.00								
- CHC (inc LAC)	0.19	0.37	(0.18)						
- CHC Temporary Adult MH Placements	0.41	0.41							
- Dental Contract Clawback/handback for 24/25	0.00								
- Primary Care Prescribing	0.00								
- Primary Care contractor	0.11		0.11						
- GP OOH provision	0.31		0.31						
- Other Non Pay	(0.01)	0.05	(0.05)	0.02	0.03	(0.05)		0.00	
<b>Corporate Directorate Balance</b>	(0.06)							(0.06)	
Sub Total Part 3	(0.00)	0.93	(0.30)	(0.42)	0.31	(0.27)	(0.20)	(0.06)	0.00
<b>Part 4: Central Codes</b>									
- Central Z Codes	0.45								0.450
- NR Opportunities	(0.10)								(0.10)
Sub Total Part 4	0.35	0.00	0.00	0.00	0.00	0.00	0.00	0.00	(0.16)
<b>Total Variance</b>	4.129	1.020	(0.102)	0.162	(0.161)	(0.127)	(0.199)	(0.946)	4.149
<b>Total In Month Budget</b>		13.025	25.245	34.258	32.519	3.442	5.001	25.668	
<b>Variance as % Budget</b>		8%	(0%)	0%	(0%)	(4%)	(4%)	(4%)	

**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 £0.04m in-month (£1.1m over-performance YTD). This has been driven by TAVI activity in Morriston.
- Pay**

Month 7 pay is in line with the prior month; the continued vacancy freeze primarily in Admin & Clerical and other Pay Controls being the driver for this. Variable pay expenditure has held at the same level as September (£4.7m and the lowest achieved YTD).

- **Clinical Consumables**

This area overall has an in-month overspend of £0.2m. Within the ledger the gross income is reflected within the income lines and not netted off against expenditure and so overall the Health Board position is not adversely affected. The main drivers within this category of clinical consumable expenditure include heart valves & pacemakers. There are 80+ subjective lines within this category, including secondary care drugs.

- **Continuing Health Care (CHC)**

In Month 7 CHC was overspent by £0.5m (YTD £4.1m). Expenditure on Adult Mental Health placements increased back up in month to £0.4m. The pressure remains at £0.26m in month in addition to standard CHC growth in excess of the Plan.

- **Prescribing**

Prescribing was slightly overspent (£0.1m) in-month and YTD at breakeven following receipt of the latest dataset (August 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: In Month 6 further uplifts within MHLD have been issued to providers on a year-to-date basis (an immaterial sum of £0.2m was paid in Month 7). Remaining CHC inflation (for MHLD) has assumed to be agreed and paid from Month 8, after which

point the projected uplifted rates will apply. The profile of expenditure will also be affected by the number of days in each calendar month.

- Other Private & Voluntary Sector: This primarily relates to the timing of delivery of Planned Care Recovery activity being phased later in the year.

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

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

- Revenue Resource Limit (RRL)
  - PMF/PMFYF: The overall increase relates primarily to the workforce uplift (£9m), Phase 5 Planned Care Recovery Phase 1 funding for Q3 & Q4 partly offset by the removal of DPIF anticipated funding (£0.7m) and the correction to the duplication of Planned Care Recovery anticipated funding for Phase 1 Q1 (£0.6m).
- Other Income
  - PMFYF: The forecast has been more closely aligned with the YTD run rate.
- Primary Care Contractor
  - PMF: the decrease in-month reflects the YTD correction for Primary Care Contracts following a review of any contractual changes made in-year and performance against key metrics. This was partly offset by the recognition of the in-year provision in relation to the Out of Hours Service.
- Provided Services – Pay
  - PMFYF: The EoY increase is driven primarily by the £9m workforce uplift (as referenced in the RRL section above). The phasing is based on a assumed payment date of arrears in December, followed by the on-going uplift through Quarter 4.
- Provided Services – Non Pay
  - PMF: The in-month increase is partly a timing difference in the prior month forecast (£0.5m) in terms of the profiling of expenditure and higher than forecast expenditure across a number of service contracts, the most significant of which being bed hire.
- Secondary Care Drugs
  - PMF: The increase in month is driven by the cyclical nature of high cost drug dispensing which can vary month on month. This has resulted in a temporary increase in spend. This is not indicative of a sustained trend.
- Continuing care and Funded Nursing care
  - PMFYF: The EOY increase reflects continued pressures in adult mental health placements with external providers and continued new CHC growth.
- Other Private & Voluntary Sector
  - PMF/PMFYF: The in-month decrease relates to the timing of planned care recovery activity; the EoY forecast reflects the additional funding received for Phase 5.

#### **4.4 Other Areas of Comment:**

- **Accountancy Gains (D)**

A small Gain was recognised in Month 7 (£0.2m), which brings the YTD to £0.5m. The potential for further Accountancy Gains will remain under review over the course of the year.

- **Committed Reserves (E)**

The Health Board is holding committed reserves in respect of NICE, which is issued on an actual basis and a Health Board wide forecast is assessed regularly. Within the Mental Health & Learning Disabilities Service Group Local Reserves are held for CHC Inflation until Provider uplifts are confirmed and paid. An element of Planned Care Recovery is also managed centrally in relation to the Outsourcing workstreams. The workforce uplift is also held centrally until the expected payment in December of arrears. The remaining reserves for these areas are presented the in sub-table E.

- **COVID-19 Expenditure (F)**

The breakdown of this by area of COVID is provided below:

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

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

## 5. Expenditure Movements (Table B2)

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

### Section A: Primary Care Contractor

The Unplanned spend reductions (Line 8) relate to the non-recurrent clawback now confirmed in relation to 2024/25 contract performance. The figure is materially correct but may be subject to some refinement as Dental Contractors are permitted to 'catch up' the missed activity in the current year if the activity is below 5% of the total; it is currently assumed all contractors will opt to do this. The Unplanned cost pressures (line 9) primarily relate to the recognition of a provision for the current year in relation to the Out of Hours Service as an assessment of this has only recently been possible due to on-going negotiations. There is also a YTD impact of a review of all Primary Care Contracts and the in-year performance forecast.

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

The only material line relates to Virements between expenditure categories and Savings Delivery.

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

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

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

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

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

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

Planned and Unplanned additional required mitigations yet to be finalised (lines 56-57) have been next allocated against non-pay given this is second the largest expenditure type (excluding LTAs as these are contractually agreed) and should present the second largest opportunity.

## **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.

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

The Unplanned Spend Reductions (Line 83) extrapolates the YTD performance into the full year forecast.

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

No deviation in the Month 7 submission.

## Section H: Continuing Care and Funded Nursing Care

The Unplanned spend reductions (line 113) primarily relate to the CHC position in Learning Disabilities and in Looked After Children.

The Unplanned Cost Pressures (Line 114) primarily relates to the temporary Adult Mental Health placements with external providers due to demand being more than the Health Board's internal bed capacity. Plans to repatriate these patients back into core capacity are underway and details are discussed in the section 3 and 4 above. There is also a continuation of the new growth pressure which will remain under scrutiny as the Plan did not provide for new growth.

## Section I: Other Private & Voluntary Sector

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

## Section J: Joint Financing and Other

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

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

The Health Board Agency expenditure for Month 7 is £0.9m (Month 6, £1.0m), which is 1.2% (Month 6, 1.3%) of the overall pay expenditure.

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

- Vacancy Cover – 66%
- Temporary Absence Cover – 12%
- Additional Support to delivery and performance – 22%

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	2,137
Overtime	520
WLI	317
Irregular Sessions	790
<b>Total</b>	<b>3,764</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. An assessment of the Savings Plans and further opportunities was included within the Annual Plan – Financial Update 11<sup>th</sup> September 2025) and progress against this plan is provided in the opening section of this letter.

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

Table D reflects the signed LTAs for 2025/26.

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

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

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

Workforce Uplift (£9m) has been included in Table E, which reflects the work undertaken as reported to Board on 23<sup>rd</sup> October. Payroll are now in the process on calculating the actual costs for the 1200 staff involved, with the first actual payment due to be made in the December Payroll run.

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

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

- The inventory value has increased from £8.473m at the end of September 2025 to £11.104m at the end of October 2025, an increase of £2.631m. The majority of this movement relates to Blood stocks, being £2.458m.
- There has been a decrease in trade receivables from £308.2m at the end of September 2025 to £300.754m at the end of October 2025, a decrease of £7.446m. This relates to a decrease in WRP (Welsh Risk Pool) debtors of £16.994m and an increase in NHS Debtors £8.110m, Non NHS income accruals £0.367m and the VAT Debtor £0.784m.
- The closing October 2025 cash balance of £1.839m is above 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. Following discussions with WG, they have confirmed that they would be content with a closing cash balance of between £6-9m.

- The trade and other payables figure saw a decrease from £236.699m at the end of September 2025 to £231.144m at the end of October 2025, a decrease of £5.555m. This comprises a decrease in Accruals and NHS creditors.
- Provisions saw a decrease of £10.694m from £227.703m at the end of September 2025 to £217.009m at the end of October 2025. This decrease relates to a decrease in the Clinical Negligence provision of £8.695m and the Defence fees provision of £3.138m. There has been an increase in the provisions for Redress and GP Indemnity of £0.990m.

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

As at the end of October 2025, the Health Board had a cash balance of £1.839m, which is below 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. Following discussions with WG, they have confirmed that they would be content with a closing cash balance of between £6-9m.

Following a full review of the working capital requirements, and conversations with WG colleagues, we have revised our cash support requirements. The working capital calculations illustrate the movement in net creditors/debtors to support the request.

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.

This is predicated on:

- Receiving revenue working capital cash support of £25.812m (as shown in the working capital cash calculations below, and as shown in Table E);
- Receiving strategic cash support of £55m. As this can not be included under Anticipated allocations on Table E, it has been shown as a forecast year end cash deficit position within the Cashflow on Table G.
- Recognising pressures relating to:
  - The Workforce realignment £9m (phased £7.5m in Dec 2025, £0.750m in both Jan and Feb 2026).
  - The estimated revised WRP risk share recovery - £6.977m (March 2026)
- Receiving most of the anticipated allocations prior to March 2026. Therefore, the timing of receiving this funding is key because directly impacts when the Health Board cash position will deteriorate, so an early indication of when we can expect to receive some of the larger sums of funding would be appreciated.

The movements are shown in the table below:

	£'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
<b>Forecast Cash Deficit</b>	<b>- 55,000</b>

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 M7 being £9.065m:

- £6.532m from prior years
- £2.533m 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

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)

In response to the Action Point response (6.11). In reviewing the “cumulative performance YTD value which is reported as 90.6%”, it has become clear that the “% of NHS Invoices Paid Within

30 Days - By Number” for Q2 should have been reported as 88.6%, not 94.4%. In light of that, the cumulative YTD value now appears reasonable.

The Q2 figure should have been reported as follows:

30 DAY COMPLIANCE	ACTUAL Q2			YEAR TO DATE		FORECAST YEAR END	
	Target	Actual	Variance	Actual	Variance	Forecast	Variance
PROMPT PAYMENT OF INVOICE PERFORMANCE	%	%	%	%	%	%	%
% of NHS Invoices Paid Within 30 Days - By Value	95.00%	96.86	-95.00%	97.22%	2.60%	95.00%	0.00%
% of NHS Invoices Paid Within 30 Days - By Number	95.00%	88.56	-95.00%	90.59%	-2.70%	95.00%	0.00%
% of Non NHS Invoices Paid Within 30 Days - By Value	95.00%	92.55	-95.00%	93.57%	-0.60%	95.00%	0.00%
% of Non NHS Invoices Paid Within 30 Days - By Number	95.00%	96.65	-95.00%	96.16%	0.70%	95.00%	0.00%

When reporting Q3, the Q2 figures will reflect the correct figures for Q2.

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

The forecast outturn shows an overspend position of £1.415m. Allocations are anticipated on the following schemes, which will provide a balanced position.

Scheme	£m	Narrative
City Deal – Morrision Access Road Design	0.151	Funding approved.
Business Case Fees – Taith Newydd Fire	0.319	Business case fees incurred for schemes included in the Health Board 10-year capital programme/national prioritisation.
Tonna Mother and Baby / Steam	0.945	Bid submitted in September to Welsh Government for £0.945m to support increased cost on Tonna Mother and Baby / Steam.

The following allocations are classed as risks.

Scheme	£m / Risk Level	Narrative
Tonna Mother and Baby / Steam	0.945 / High	Bid submitted in September to Welsh Government for £0.945m to support increased cost on Tonna Mother and Baby / Steam.
DPIF – RISP	0.573 / Medium	The programme is reporting a lack of confidence in relation to the suppliers ability to deliver against a revised plan of a 23rd February 2026 go-live based upon current performance.  Discussions are in progress and we will quantify the financial risk over the coming weeks to determine whether all, or specific

Scheme	£m / Risk Level	Narrative
		elements of the funding, are at risk this financial year.

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

In terms of material underspends which are being managed by the HB; the Month 7 MMR reports a £0.150m 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 £0.091m across years. The £0.312m variance shown against 'Replacement Diagnostic and Treatment Equipment 2025-26' is not a Capital scheme underspend, it represents the cost of mobile hire in relation to the CT Scanner at Morryston which is accounted for as a revenue cost.

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

The property disposal of Morryston Land completed with sale proceeds of £0.5m. 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 October. The value of NHS debts outstanding for between 11 and 17 weeks amounted to £25k at the end of October 2025 (September 2025 - £209k) with the number of invoices decreasing in this category to 6 invoices compared to 32 invoices as at the end of September 2025. There is 1 invoice over 17 weeks, < £1k.

Of the outstanding invoices between 11 and 17 weeks old, 0 invoices have been paid since the end of October 2025 and 1 invoice has been approved for payment.

The 7 outstanding invoices for the total of £23k are actively being chased:

- Cwm Taf – 1 Invoice, £28k – passed for payment on 05/11/25
- Cwm Taf – 6 invoices £5k – query regarding charge for 'Myocardial Perfusion Scans' in relation to whether the service is part of the LTA and are all currently in dispute.

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

Table N & O will be updated for Quarter 3.

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

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

2025/26 Approved schemes: Approved schemes in 2025-26 include several leases that have been approved. The movement in Month 7 figures compared to Month 6 is due to slippage of an approved lease. The '25/26 New/Renewal - Approved' Approved schemes doesn't include the depreciation for the ROU funding approved for two dilapidation provisions due to be utilised during the year as the depreciation is already included in 'Transitioning from 22/23 plus new/renewals approved prior to 25/26'.

2025/26 Unapproved schemes: This includes the leases projected to commence during 2025-26. The movement in 25/26 Unapproved schemes from Month 6 reporting is mainly due to leases either slipping into the next financial year or being no longer required.

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 25<sup>th</sup> November 2025.

Yours sincerely,



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



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

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