

ANEURIN BEVAN UNIVERSITY HEALTH BOARD

MONITORING RETURN FOR MONTH 3 2025/26

Director of Finance Commentary for the Period Ended 30th June 2025

Introduction

This narrative will provide commentary relating to the financial monitoring returns being submitted to the Welsh Government (WG) by the Aneurin Bevan University Health Board (ABUHB) for the period to 30th June 2025 (Month 03, 2025/26). This commentary will provide an overview of the financial position and performance of the Health Board on a year to date and forecast basis and will also provide a detailed narrative, where required, on each of the tables within the accompanying returns, in the format prescribed by WG.

The year to date budget performance at month 3 is a deficit of £7.072m. This position is £1.6m worse compared to the IMTP MDS month 3 profile for 2025/26. This is due operationally to prescribing costs (April PAR), CHC activity including Discharge to Assess case growth, winter wards remaining open, RTT 104 week additional activity performed beyond plan and variable pay relating to Mental Health operational pressures. The Health Board is working to mitigate these costs in future months. The forecast position remains in line with the submitted IMTP as break-even for 2025/26, however, this will be reviewed by the Executive & Board for month 4 reporting. It should be noted that delivery of forecast financial balance is currently subject to extreme levels of risk.

The forecast position assumes that all pay awards and any other pay related uplifts for 2024/25 and 2025/26 will be fully funded from Welsh Government. In line with previous funding agreements, the Health Board has assumed the 2025/26 Real Living Wage step costs implemented on 1st April 2025 (£2.6m) will be funded as part of the new year pay settlement.

As a result of the implementation of the increase in Employers National Insurance contributions (NEIC) from April 2025, the Health Board has estimated additional costs of £16m. On the 4th July WG confirmed the level of funding as £14.022m, a shortfall of c£2m. Due to the timing of this notification and tight month-end deadlines this adjustment has not yet been actioned and the anticipated allocation remains at c£16m. At this stage the Health Board is therefore assuming these costs are neutral, however, this will be reviewed for month 4 reporting. The Health Board asks that allocations are confirmed in a timely manner to enable inclusion in the current month reporting (**Action point 2.4**).

Actual YTD

The full-year financial position reported at month 3 shows a **breakeven position**; this is presented on the face of **Table B – Monthly Positions**. This, and the monthly profile is in line with the plan submitted for 2025/26, however, it should be noted that the annual forecast is at risk & mitigating actions are being established.

Key messages for Month 3

The financial position at the 30th June 2025 shows a £7.072m deficit position, with the key issues in the month described in this report.

Expenditure within the Health Board for total pay was £73.2m. This is a decrease of £1.2 compared to May, partially due to bank holidays paid in May, however, Mental Health variable pay costs remain at month 2 levels due to continuing high acuity on Adult wards and medical/RN agency costs.

Non-pay expenditure (excluding capital adjustments) was £92.1m, an increase of £2.6m compared to May. The increase in spend reflects the increased spend on contractor non cash limited (£2m), drugs (£1m), offset by a reduction across premises and fixed plant (-£0.6m).

CHC costs for Adult Community Care, Mental Health & Learning Disabilities and Children continues to present as a financial pressure due to volume increases, including an increase to Discharge to Assess placements and an increase in high cost CHC packages of care.

Prescribing spend has worsened compared to the Plan due to an increased average item price (from £7.71 to £7.41) and the level of actual items prescribed in the April PAR. This does not appear to be a National issue, the Health Board is investigating any links to Practices transferring from VISION to EMIS to compensate for downtime and any impact from the Managed Practices that have transferred back. Any further intelligence on this could impact the forecast in future months. The forecast includes a growth rate of 0.8% and an average item price for the year of £7.86.

On-going acute secondary care high cost drugs and growth in usage continue to be a pressure and will be managed/mitigated where possible. The National V&SB procurement and Medicines Management savings opportunities will be reviewed throughout the year and actions progressed to deliver any opportunities outside of the financial plan.

The reasons for being off target are consistent with the month 1 and 2 submissions due to actions related to prescribing, CHC, RTT, secondary care drugs & operational pressures continuing.

1. Actual YTD and Forecast Under / Overspend (Tables A, B, B1, B2 & B3)

Table A – Movement of Opening Financial Plan to Outturn

The Board developed a break even plan for 2025/26 that is ambitious and focusses on delivery reinforced by Welsh Government, the plan does assume elements of specific additional funding related to national digital initiatives and Ministerial Expectations and a savings programme greater than the 2% expected by Welsh Government.

The IMTP £40.4m savings plan submitted presents the confidence/risk profile as:

- Savings plans £26m, and
- Not identified to date £14.4m (therefore high risk to delivery)

The savings position for month 3 is described later in this report.

The Board has continued to strengthen the established robust Planning Framework that provides granular level analysis and triangulation of service delivery, efficiency, workforce and financial implications. The key priority is to optimise delivery of, or towards, Ministerial Expectations within available resources, with patient safety, cancer services and waiting time reductions as the highest priorities for the Board.

The Health Board’s ambition is to achieve and sustain a balanced plan over the next three years, acknowledging the level of assumptions and risks. The high level route-map for this is set out below:

Revised 3 year IMTP Financial Plan	25/26	26/27	27/28
Draft Forecast	£m	£m	£m
Opening Underlying	27	14	6
income uplift	-27	-28	-29
spend new	40	42	43
savings rec	-26	-22	-20
non rec savings supporting recurrent spend	-14	-6	0
Forecast out turn	0	0	0
underlying c/f	14	6	0

The assessment of the 2025/26 financial forecast ranges from financial balance up to £40m, reflective of the assumptions related to cost levels, confidence ratings of savings delivery and uncertainty of NEIC level of funding. The Board are continuing to make progress in this area and, if the estimated level of the savings can be fully delivered and all in year mitigating cost reductions and income opportunities can be secured, there is the opportunity to deliver financial balance, and this forms the basis of the financial plan for 2025/26. However, the assurance and likelihood of this outcome is being reviewed due to the extreme risks being experienced.

The Board continues to give significant priority to improving the financial position going forward. Financial governance arrangements, staff awareness, training and tools have been developed to help improve financial decision making across the Board, including establishing the Chief Executive led ABUHB Value & Sustainability Board with Executive Leads for each theme area. The current methodology may be reviewed to ensure maximum impact. The Performance Management Framework triangulates

with budgetary delegation responsibilities to improve assurance and provide an escalation route for performance variation.

In further response to Action Point 1.1 in respect of the comment on the phasing of the RRL being a transparency issue, we believe the current methodology is more transparent as it accurately reflects the level of risk in the plan that would be hidden in the year to date position if the RRL was evenly phased, due to the delivery later in the year of 'unidentified' savings as part of the IMTP later in the year. In respect of the suggestion that 'this could be amended by a brief explanation to the Board' - the Board report now includes a note to explain how Income is profiled.

The Health Board's identified aims for the 2025/26 financial plan is to achieve an improved revenue position compared with 2024/25, achieving break-even and an improved underlying deficit leading to a sustainable financial position. However, there are material risks to achieving this which will be reviewed and the level of confidence in maintaining this position will be monitored.

Action point 2.2 – as set out above, the increasing deficit in the first half of the year will be closely monitored alongside the deliverability of savings. Mitigating actions are currently expected to offset these costs, which have further increased in month 3, however, this assumption will be reviewed given the level of risk rating of the forecast.

Table B - Monthly Positions

The year to date reported position is a £7.072m deficit, compared with the forecast Plan (MDS) profile year to date deficit of £5.5m. The worsening year – to date (YTD) position is explained above and is expected to be mitigated in later months, but it should be noted that the annual break even forecast is at extreme risk level.

Action point 1.8 – the Covid table has been updated to show the expected profile of the spend, with a year to date correction in month 3 and the allocation available, however, the allocation tables did not distinguish a separate value for Mass Vaccination (24/25 allocation letter) so this is included in line ref 81.

Action point 1.9 – all budgets have been delegated to divisions, except for one central reserve of £1.86m, which is included in the appropriate table.

Action point 2.5: Excluding AME the month 3 year to date RRL phased in is £464.607m, comparing this to an even profile of £468.847m, in your terminology this would be an 'underphasing' of £3.8m. However, this is related to RRL that is directed towards spend later in the year such as GMS Refresh, Vaccinations RIF / RPB.

SOCNE Movement (Table B1)

Monthly Movement Analysis Compared to Previous month forecast:

- RRL (-£1.4m) - profiling

- Welsh Government Income (non RRL) (-£1.2m) & Primary Care Contractor (excl drugs/ incl NRL Expenditure) linked to the non cash limited spend and reimbursement levels.
- Provider Services – Pay (£0.4m), this is largely due the increase in variable pay due to RTT over activity, operational pressures and vacancies.
- Provider Services - Non Pay (-£1.8m) – predominantly RTT over delivery and maintenance contracts and rates costs
- Secondary care – Drugs (£0.6m)
- Continuing HealthCare & Funded Nursing Care (£0.5m) & Other private & Voluntary Sector (-£1.1m), forecast spend has been recategorized between these two categories, however, spend on CHC is increasing due to D2A & high cost packages.

The depreciation figures included in Table C represent the anticipated DEL and AME depreciation allocations required for approved owned, donated, and IFRS16 lease assets. The figures are based on the CRL received on the 28th April 2025 and will be subject to change if further approvals are received. The estimates are based on indexation uplifts calculated using the draft indices in the manual for accounts 2024/25. The estimate will be updated in the November Non-Cash return to reflect the actual confirmed indices for 2025/26.

Estimates for AME reversals of impairments are included in the month three position based on the forecast indices provided in the 2024/25 Manual for Accounts. These may be subject to change later in the year when updated indices are received. The anticipated AME impairments requirement has been estimated in the month three monitoring return and July non-cash return. Actual impairments will be confirmed as and when schemes complete during the year.

The anticipated allocations included at month three are detailed in the table below:

	Forecast per M03-26 MMR	Forecast per July Non-Cash Return	Difference (to be adjusted in NC Return)
Anticipated Allocations	£000	£000	£000
DEL - Baseline Depreciation Shortfall/ (Surplus)	(2,658)	(2,658)	0
DEL Strategic depreciation Support	3,813	3,813	0
DEL Accelerated Depreciation	190	190	0
DEL IFRS16 Leases Depreciation	(558)	(496)	(62)
DEL Impairment Funding	(236)	(236)	0
Total DEL Funding	551	613	(62)
AME Donated Asset Depreciation	328	328	0
AME Impairment Funding	35,478	35,478	0
AME Reversals of Impairment Funding	(16,607)	(16,607)	0
AME IFRS16 Leases Depreciation	62	0	62
Total AME Funding	19,261	19,199	62

Donated & Granted Assets Credit	(160)	(160)	0
Total Allocations (excluding DEL Baseline)	19,652	19,652	0

Table B2 – Expenditure Movements (Section A)

This new table was first notified to the Health Board on the 24th April via WHC/2025/013 - 2025/26 NHS Wales Financial Monitoring Return Guidance. This table has been completed but the Health Board expects to review and improve its completion in future months.

Action Point 2.6: Thank you for the helpful examples you provided. The Health Board will continue to review and improve its completion, however, this will not be fully resolved for month 3 but will be refined in future months.

Action Point 2.7: Noted and the Health Board will continue to review and refine the use of the category ‘other’ by exception.

Table B3 – Pay & Agency (Section A)

This table has been completed in line with the guidance.

2. Agency / Locum (Premium) Expenditure (B3 Sections B & C)

This table has been completed in line with the guidance.

Action Point 2.8: Whilst the forecast did decrease in month 2 for Administrative, Clerical & Board this was offset by increases in other categories, this was a recoding of pay in month and a subsequent correction to the forecast. Part of this was related to coding of IR35 payments.

Action Point 2.9: There is an internal Variable Pay Reduction Board. Chaired by the Executive Director of Workforce, which meets monthly and reports directly into the ABUHB Value & Sustainability Board. All Divisions across the organisation are represented, and all enabling actions are covered and progress is reported against. Including the Cabinet Secretary’s priorities. It is worth noting however, in some circumstances such as estates agency is a more efficient form of covering some shifts than other forms of variable pay.

3. Variable Pay excluding Agency / Locum (Premium) expenditure (B3 Section D)

Expenditure on agency and premium locums in month 3 was £2.0m, due to a mixture of vacancies and operational pressures. This is a decrease of £0.2m from May, but in line with months 1 and 2 expenditure when excluding the recode of spend relating to IR35 Doctors.

Underlying Position (Tables A1)

The Underlying (U/L) position brought forward into 2025/26 was a deficit of £27.2m with a forecast carry forward deficit into 2026/27 of £14m. This is per the plan submitted on the 31st March 2025.

The underlying deficit position has been reviewed as part of the IMTP process for 2025/26 which can be summarised as below:

2025/26 Opening underlying position	24/25 Plan £m	25/26 movement £m	25/26 opening plan £m
Workforce & Variable Pay	2	3.9	5.9
CHC	2.6	1	3.6
Medicines management	4.8	5	9.8
JCC specialised services	5	2.8	7.8
Total	14.4	12.7	27.2

This has resulted in a starting underlying position for 2025/26 of £27.2m

The elements and cost drivers making up the underlying deficit are under regular review to ensure actions to address the growth/pressure are being progressed, and may be updated in conjunction with the review of the forecast.

4. Risk Management (Table A2)

The risks included in the MMR tables are as per the plan submitted on the 31st March 2025, risks are reviewed regularly and updated based on the Health Board's assessment of the current level of risk to the financial position and its ability to manage those risks.

The most significant risks to the Health Board are:

- Identification and delivery of required savings levels
- Uncertainty of WG funding allocations, elements remain outstanding from the 24/25 (Wage Award), the Health Board requests that these matters, along with other anticipated allocations, are resolved as a matter of urgency.

Additional risks have been included at month 3:

- Opportunities within the savings plans.
- National Insurance contributions, reduced to £2m shortfall in funding

Action Point 2.3: As set out in section 1 above, the Board continues to give significant priority to improving the financial position going forward. The risk range could be significantly reduced if the WG allocations were to be confirmed. Unfortunately the

Health Board has been unable to turn any of the pipeline opportunities of £14.4m into amber or green plans during month 3, this is being taken forward as a matter of significant importance with the Executive team.

5. Ring Fenced Allocations (Tables N, O & P)

Tables N & O have been completed quarterly in line with the guidance.

Table P will be completed monthly from month 3 onwards. For month 3 this has been completed.

6. Savings (inc. Accountancy Gains & Income Generation) (C, C1, C2, C3 & C4)

The 2025/26 plan submitted by the Health Board to Welsh Government (March 2025), identified £40.4m as the required level of savings to support a breakeven forecast position for 2025/26. The savings schemes were shown as three categories:

- Identified savings schemes - £15.7m
- Identified Health Board level savings opportunities with work to be undertaken to attribute to specific Divisional schemes - £10.3m
- Pipeline opportunities not yet identified - £14.4m

Following the submission of the plan further savings schemes have been identified of £4.1m, this has enabled an equivalent reduction in the Health Board level savings opportunities. For month 3 reporting, £19.8m of savings listed on the Savings Tracker are specific schemes, £6.2m are identified opportunities pending formulation of specific divisional schemes (grouped by V&SB category on the tracker), and £14.4m remain as Red Pipeline opportunities outside of the savings tracker.

As at month 3, the savings achieved are £4m against the plan of £4m, with a full year forecast of £40.4m. The Health Board will continue to identify new schemes and to review performance on existing schemes to maximise the total achievement for the year and will continue to operate a Bi-weekly Value & Sustainability Board to identify and monitor savings delivery & new opportunities.

7. Income Assumptions 2024/25 (Tables D, E & E1)

Table D – Welsh NHS Assumptions

This table has been completed in line with the guidance.

Table E - Revenue Resource Limit

This table has been completed in line with the guidance. The Month 3 financial position is based on total allocations of £1,893.010m, of which £1,785.488m are received and £107.522m are anticipated.

The Health Board is currently anticipating £49.8m of pay related funding issued non-recurrently in 2024/25. A significant part of the assumed funding relates to pay awards issued during the year for A4C and Medical & Dental staff, with the remainder of the funding in relation to Band 8 increments, Real Living Wage increase for Health Board staff from April 2024 and other medical uplifts (intensity banding etc.). Due to the limited number of rows on Table E, the anticipated pay related funding for 24/25 has been aggregated into one row, therefore the following table shows the breakdown:

	£'m
Medical and Dental Pay Award 24/25	8.0
Pay award-Substantive	28.8
Pay award-Consultant	5.0
Pay award-SLE	2.8
Pay award-Bank	0.5
Pay funding-RLW from April-24	2.7
Pay funding-Band 8 increment Jan-25	1.3
Pay funding-Apprenticeship levy addtl	0.3
Pay funding-Intensity banding arrears	0.2
Pay funding-Locum consultant arrears	0.2
Total anticipated funding relating to 2024/25 pay	49.8

The total recurrent pay funding relating to 2024/25 is yet to be confirmed by Welsh Government and is a risk to the Health Board position.

As previously stated in the month 2 commentary, National Insurance increased contributions were re-worked in month 2 with an amended formula, based on the month 1 payroll and the new rates and after applying the 24/25 rates. The Health Board is anticipating £16m to cover the estimated full year costs, however, notification has been received that this will be £14m, therefore at this stage the Health Board is assuming this will be cost neutral due to mitigating actions – this is a significant risk.

Allocations are anticipated on receipt of a notification from WG, including Policy Leads and finance colleagues, however, the 2025/26 plan has made assumptions about funding where there has been a history of receipt or an indication from a lead in that area.

The Health Board has been notified by JCC to anticipate English tariff uplift, however, this figure is to be confirmed and is therefore included as anticipated for month 3 reporting. Please note the significant risk associated with this allocation, as set out in Section 8 below.

Full receipt of all anticipated allocations is imperative for the Health Board to de-risk its financial plan, this will continue to be quoted as a significant risk until confirmation is received.

In addition to WG income the Health Board is anticipating funding from FP&D / NHS Executive for :

- 2025/26 Precision medicine
- Digital Pathology Breast AI
- Fracture Liaison service

WG Allocations or allocation notifications emailed on or after the 4th July 2025 have not been updated in the month 3 reporting due to month-end deadlines.

8. Healthcare Agreements and Major Contracts

The Health Board has agreed and signed LTAs for all Welsh providers and commissioners with no disputes.

The Health Board has received baselines from the English providers reflecting the CUF Uplift/National tariff changes. During a review of these baselines, it has been identified that a number of the individual tariff lines have been inflated by up to 14.7% which is significantly in excess of the current WG funding assurances around the CUF uplift of 2.83%. If funding is not received then this will generate an unfunded financial pressure to the Health Board of circa £0.7m.

At Month 3 reporting, activity information to support LTA forecasts is still limited but initial indications suggest potential overperformance pressures around CVUHB NICE drugs and Velindre NICE drugs and activity. We will look to manage and mitigate these risks through discussions with providers. The JCC position remains subject to significant risk with the JCC tables reporting a £0.9m increase in forecast for ABUHB in Month 3. We are currently reviewing this in detail with the JCC to understand the reasons and potential mitigations.

9. Statement of Financial Position and Aged Welsh NHS Debtors (Tables F & M)

Table F – Statement of Financial Position

The main changes in the balance sheet from the end of 2024/25 relate to:

- There has been a net reduction in trade & other receivables of £16.7m from year end to the end of June 2025. The main reasons for this are:
 - £18.3m reduction in Welsh Risk Pool (WRP) income due in less than one year. This is as a result of claims being settled & reimbursed in year (£10m) and reduction in the total required position
 - £8.5m decrease in the value of invoices outstanding in the Accounts Receivable system, due to a number of large value invoices which were outstanding at year-end being paid in the intervening period;

- £4.8m increase in the value of prepayments held, due to a higher proportion of annual contracts which align to our financial year;
 - £4.1m increase in NHS & Non-NHS Accruals, due to invoices not yet being raised;
 - £0.7m increase in VAT Receivables compared to the end of March 2025.
- Trade & other payables has seen a net decrease of £13.8m from year end to the end of June 2025. The main reasons for this are:
 - £15.7m decrease in Other Creditors, due to Primary Care Services payments which were paid in early April;
 - £4.5m decrease in Capital accruals as a result of invoices being paid;
 - £3.2m decrease in NHS Creditor accruals as a result of invoices being paid;
 - £3.5m decrease in the value of creditor invoices not yet due, as a result of the invoices being paid;
 - £1m decrease in the liability for lease payments;
 - £14m increase in Non-NHS Accruals which is mainly due to Accounts Payable runs processed in June, but not paid until July.
 - There has been a net decrease in Current and Non-Current Provisions of £4.9m, which relates to a decrease in the provision for clinical negligence and personal injury cases of £4.1m. This is as a result of information provided by the WRP. There has also been a decrease in Other provisions of £0.8m.

Table M - Aged Welsh NHS debtors

At the end of June 2025, the Health Board had 3 invoices outstanding with other Welsh Health Bodies older than 10 weeks, totalling £44,683.

Cardiff & Vale University Health Board – 2 invoices totalling £3,435, which have both since been paid.

Cwm Taf Morgannwg University Health Board – 1 invoice totalling £41,248, which has since been paid.

10. Cash Flow Forecast (Table G)

The cash balance held at the end of June is £5.202m which is made up of £4.197m relating to Revenue and £1.005m relating to Capital. The balance is within the advisory figure set by Welsh Government of £6m.

The Health Board is forecasting a break-even position in 2025/26, and we are assuming a cash balance held at the end of March 2025/26 of £4.823m (£4.821m revenue and £0.002m capital). This will be revisited as part of the quarter 1 financial review.

11. Public Sector Payment Compliance (Table H)

The creditor payment rates for the statutory 30-day payment terms for June 2025, Quarter 1 and Cumulative 2025/26 are:

Category	Invoices	In Month %	Qtr 1	YTD %
NHS	Value	99.2	96.8	96.8
	Number	89.8	90.4	90.4
Non-NHS	Value	96.3	96.0	96.0
	Number	97.4	97.3	97.3

The HB has achieved the target to pay 95% of the number of Non-NHS creditors within 30 days of the delivery of goods/services in June and cumulatively.

There has been a decrease in the number of NHS invoices paid within 30 days in June 2025 and on a cumulative basis from month 12 2024/25. The Health Board had implemented measures to return back to 95% going forward.

12. Capital Schemes & Other Developments (Tables I, J & K)

Table I has been completed in line with the latest CRL issued on 28th April 2025.

The approved Capital Resource Limit (CRL) as at Month 3 totalled £32.167m. The forecast outturn at Month 3 is breakeven.

AWCP Schemes

NHH Satellite Radiotherapy Centre – Main Scheme

The NHH Satellite Radiotherapy scheme building handover took place on the 6th May. After commissioning, the unit opened to patients on the 30th June 2025. The final account will now be agreed with the contractor, and when agreed, the final VAT recovery claim will be made to HMRC. The health board will confirm how much of the £1.356m funding held in section four of the CRL will be required in July 2025.

GUH Emergency Department Extension

Works on the Grange University Hospital Emergency Department Extension are continuing, with an allocation of £2.665m confirmed for 2025/26 to cover slippage on the scheme. The anticipated completion of Phase 1 has now moved to 15th August 2025. The scheme is currently forecast to be £0.403m overspent which is being funded via the Discretionary Capital Programme (DCP). There is a risk of increased overspend if further claims submitted by the contractor in relation to prolongation and additional works are approved under the contract.

Head Lease for Chepstow Community Hospital

This slippage allocation is required to fund boiler works that could not be completed until after the PFI handover in March. The works will now progress in the current financial year.

Year End Funding October 2024 (GUH 2nd MRI)

The MRI machine was delivered at the end of June. Final works are now progressing for a go live date in July 2025.

Centralised Decontamination Unit

Scheme completion is expected to complete in February 26 due to delays finalising the mechanical design which has resulted in a delay to ordering the steelwork. The reported underspend of £139k relates to the reimbursement to DCP for fees incurred in prior financial years.

RGH Blocks 1 & 2 Demolition and Car Park

Delays in this project have resulted in a brokerage of £0.271m being agreed with WG. The car park works are now anticipated to be undertaken in 2025/26. The SAB application has been submitted to Newport City Council. Once approved a pre-tender estimate will be obtained.

Backlog Maintenance 2024/25

The Backlog Maintenance slippage allocation totalling £2.017m relates to St Cadoc's duct works and lift replacements at Nevill Hall Hospital. Works are progressing on both schemes which are expected to complete by quarter 3 of 2025/26.

TEF National Programmes – Fire/ Infrastructure/ Decarbonisation/ Mental Health/ Infection Control/ Decontamination

Targeted Estates Funding (TEF) totalling £9.510m has been confirmed for 2025/26 during April. The DCP is funding 30% of the scheme equating to a contribution of £2.854m. As part of the programme an additional £8.336m has also been confirmed for 2026/27. Programmes of works and associated procurements for these schemes are being developed at pace to ensure the full allocation is spent during 2025/26.

EFAB Infrastructure

This allocation in relation to the original St Cadoc's Ducts work is now fully expended. The remaining works will continue under the backlog maintenance and TEF funding allocations.

CAMHS – Sanctuary Hub (HCF Funding)

Slippage of £104k was agreed into the 2025/26 programme, primarily relating to the external access ramp works that were unable to complete by 31st March 2025. Works are nearing completion.

YYF Unified Breast Unit

The final account has been agreed and the final VAT recovery claim will be submitted to HMRC this year. The allocation of £91k is slippage from 24/25 and orders are being progressed on additional equipment / IT requirements for the unit.

Ty Gwent

Orders are raised for the outstanding works in relation to the external EV parking. The works are due to complete in the next few months.

Commercial Research Delivery Wales Equipment 2024/25

The slippage amount of £12k is now fully spent.

Digital Equipment 2024/25

The slippage amount of £53k has now fully spent.

Year End funding – February 2025

The slippage amount of £77k is expected to be spent in July 2025.

IRCF - Aber Valley Health and Wellbeing Centre and Aber Practice Development

Work to prepare the OBC is on-going. Business case submission is now anticipated to be February 2026 due to the delays associated with the site selection. Flood modelling currently being undertaken.

IRCF - Monmouth Health and Wellbeing Centre and Dixton Surgery

Work to prepare the OBC is on-going. A small change to the schedule of accommodation has been reviewed and redesign is now being completed. The forecast outturn at month 3 shows an overspend of £29k which is currently being offset by the DCP.

Housing with Care Fund

The slippage amounts totalling £21k are expected to be fully spent in 2025/26.

DPIF - Medicines and Prescribing: Electronic Prescribing and Medicines Administration (ePMA)

Procurements are being progressed to ensure full spend of this allocation in 2025/26.

Discretionary Capital Programme

The Health Board Discretionary Capital Programme (DCP) forecast for 2025/26 is £6.869m at Month 3 made up of:

- 2025/26 DCP Funding - £12.875m
- Less 30% TEF contribution - (£2.854m)
- Less 2024/25 AWCP scheme brokerage - (£3.235m)
- Plus Reimbursement of DCP Fees re: RGH Decon scheme - £0.139m
- Less 2025/26 AWCP scheme overspends - (£0.056m)

DCP expenditure to Month 2 totalled £0.634m. Several essential works schemes have been approved during June which include fees in relation to the Gamma Camera Replacement at RGH and access improvements to headquarters at St Cadoc's Hospital.

The DCP is also supporting the forecast overspend on the GUH Emergency Department scheme (£0.403m) which has increased by £0.098m in June. The unallocated contingency at the end of Month 3 is now £0.430m.

Table Q

Table Q includes the anticipated lease requirements in line with the IFRS16 return submitted during July 2025. There is a validation error in Month 3 as the health board has only anticipated the lease budget reduction in the month 3 ledger for approved leases. In the month 4 return unapproved leases will be included in the anticipated allocations in Table E which will remove the validation error.

13. Other Issues

Risk Management

Claims submitted to the Welsh Risk Pool awaiting reimbursement at the end of June 2025 total £6.473m. £10.107m has been reimbursed up to the end of June 2025.

The total outstanding payments made by the HB equate to £28.626m as at the end of June, of which we have submitted reimbursement claims for £6.473m leaving a balance of £22.152m relating to claims paid but not yet submitted for reimbursement by the Welsh risk pool.

CREDITORS

Attached to the returns is a separate file containing the following information in relation to outstanding creditors: -

- All outstanding creditors we currently have identified with other Welsh Health bodies as of 9th July 2025.
- Response to the Month 12 list of creditors circulated as part of the monthly reply letter.

14. Authorisation

Financial Performance is reported consistently in Board papers and external reporting, albeit in a more user-friendly format. The MMR Narrative and tables are placed on the intranet each month under key documents for transparency.

The dates for the Board meetings in 2025/26 are as follows: -

Wednesday 21st May 2025	Wednesday 2nd July 2025	Wednesday 24th September 2025
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Wednesday November 2025	26th	Wednesday 28 th January 2026	Wednesday 25 th March 2026
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The dates for the Finance and Performance Committee meetings in 2025/26 are as follows: -


Tuesday 8th April 2025	Tuesday 17th June 2025	Thursday 31st July 2025
Monday September 2025	29th Monday 15th December 2025	Monday 2nd February 2026

In accordance with the MMR guidance, the Health Board will endeavour to ensure that the MMR submission is agreed, and the narrative signed by two parties, by the Chief Executive and the Director of Finance. Where timescales and availability prevent this the Deputy Chief Executive will sign on behalf of the Chief Executive and the Deputy / Assistant Director of Finance (Financial Planning) will sign on behalf of the Director of Finance.



Robert Holcombe

Director of Finance, Procurement and Value
Cyfarwyddwr cyllid a chaffael



Dr James Calvert

Medical Director & Deputy Chief Executive Officer
Cyfarwyddwr Meddygol & Dirprwy Prif Weithredwr

Submitted with this report are:

- Monthly Monitoring return Tables at 30th June 2025
- All outstanding creditors we currently have identified with other Welsh Health bodies as of 9th July 2025.
- Response to the Month 1 list of creditors circulated as part of the monthly reply letter.

Appendix 1

Aneurin Bevan Health Board

Monthly Monitoring Returns – Current Period Action Points 2025/26

Month	Action Point	How responded to
2024/25 Month 12	No Action Points	
Month 1		
1.1	<p>Movements to Plan (Table A) The monthly profile of Annual Operating Plan (line ref 12) is not balanced. There is a long-standing expectation (and a reminder was included in the 24/25 WHC) that ‘For organisations with a balanced plan, the planned monthly positions should also be balanced.’ As such an organisation, it is not allowable to plan an in-month deficit for nine months of the year to then be recovered in the final quarter. There is a dedicated RRL phasing line (5) which should be used to balance the monthly profile to zero; this line is already being used, but the values need to be updated to fully remove the current variance on line ref 12. Please do not adjust the Month 1 data; instead, correct the issue in the Month 2 column and future months. It is also noted that you are using the RRL phasing on line 18 (in year), which may be eliminated once the Plan profile is corrected. Unfortunately, we will not be able to accept the submission, if this is not corrected at Month 2.</p>	See Commentary
1.2	<p>Movements to Plan (Table A) Your narrative states ‘the YTD position is £0.8m worse compared to the Plan month 1 profile for 2025/26. This is due to winter actions (wards) remaining open and drugs spend (haematology), the Health Board expects to mitigate these costs in future months’. These pressures appear to be mitigated in Month 1, via the item on a free text line of £0.696m plus the ‘Other’ line pulling through from Table B2 of £0.371m. It is noted that the pressures do not continue in future months, in line with your narrative. The free text line however, which has been used to report a benefit in April (£0.696m) is described as ‘Mitigations to be determined - Month 1 Winter and Heam Drugs’. As this forms part of the M1 position, the benefit therefore must already be ‘determined’. In addition, we would not expect the use of a free text line for such an item, as these benefits (unplanned spend reductions) should now be reflected in Table B2, which will flow through to Table A. Please fully review this item at Month 2 and reverse the entry in the Month 2 column of Table A and going forward please use Table B2 instead. It is currently difficult to understand the full drivers of the M1 deficit, due to the various profiling and completion issues.</p>	Noted
1.3	<p>Movements to Plan (Table A) The Quarter 4 delivery profile of the current Planned Savings Gap of £14.4m, is a significant concern. These planned savings should be finalised by no later than the end of Quarter 1 and be delivering as soon as possible thereafter to reduce the significant risk this currently presents to the delivery of your outturn position.</p>	Noted
1.4	<p>Underlying Position (Table A1) To ensure consistency, FP&D colleagues have requested that all organisations report any CHC/FNC and Primary Care pressures on Line 21 ‘Healthcare Provided by Other Orgs – Private/Other’. Please review your completion and amend if necessary.</p>	Noted

1.5	<p>Risks and Opportunities (Table A2) In relation to allocation assumptions for the increased ENIC; whilst it is helpful to understand your current estimate for the full year impact, please be advised that the level of funds available to meet these costs is still to be determined. Therefore, it is acknowledged that you may choose to recognise a risk relating to the uncertainty of receiving fully matched funding. The return does not currently highlight any potential opportunities to assist with the mitigation of reported risks to the outturn position. We were expecting at least the Microsoft VAT recovery issue to be reflected, as discussed in recent correspondence from DHCW. Please consider the inclusion of this item and any others, in the Month 2 submission.</p>	<p>Noted</p> <p>Actioned</p>
1.6	<p>Risks and Opportunities (Table A2) Please provide additional supporting explanations in the narrative for the risks relating to LTA Performance (which is separate to the JCC Risk, and which currently does not require further explanation) and the GP Managed Practices.</p>	See Commentary
1.7	<p>Risks and Opportunities (Table A2) Acknowledging that the risk described as 'Pipeline Opportunities' relates to the current gap in the IMTP Planned Savings; please consider whether a 100% risk value is reflective of a 'balanced' assessment of potential non delivery</p>	See Commentary
1.8	<p>Monthly Positions (Table B) Please complete the 'Allocation' cell within Section F (Covid 19). The profile of spend does not currently appear robust, although it is acknowledged that this is only M1. The information provided in this table is being shared with the WG Policy Lead, who may wish to discuss the spend profile and forecast and service delivery with you.</p>	Noted
1.9	<p>Monthly Positions (Table B) With reference to section E, unlike most organisations, you have no spend associated with Committed Reserves data. Please provide confirmation that all budgets (including any for confirmed Planned Care Funding) have been issued to Divisions and that nothing is being held centrally. If you do have centrally held Committed Reserves, please complete this section with the forecast expenditure values of each Reserve.</p>	See Commentary
1.10	<p>Expenditure movements (Table B2) Please review the following issues for Month 2: -The use of the 'Other' lines on Table B2 should be reviewed and consider moving the values to one of the main lines (virements line for profile issues, or unplanned cost pressures or unplanned cost reductions) – it is assumed this was an interim approach at M1 and that going forward the use of the 'Other' line will be minimal. -The 'Annual Plan (plus finalised savings identified at month 1)' lines should reflect the MDS values adjusted for finalised savings. It has not been possible to reconcile the Annual Plan values for PC Drugs, Non Pay, CHC and Joint & Other categories. Please review and amend the values in the next submission using Month 2+ columns only; a simple reconciliation in the narrative at M2 would greatly assist and reduce any further queries. -Despite not being able to reconcile all the Annual Plan values, it is still clear that the forecast spend in a number of these categories is materially different to that set out in the MDS. Please therefore provide a supporting explanation in the narrative. -Please consider if the recurring assessment of the current savings gap still to be finalised of £14.4m is correct. Currently, column S&T has only been populated for the savings expected to be delivered within the Pay category.</p>	See Commentary
1.11	<p>Pay & Agency (Table B3) Please include in your narrative a comment on the Agency/Locum (paid at a premium) expenditure information, providing details of action plans and progress being made to reduce expenditure. Acknowledging that this was the first submission, a more robust profile is expected to be provided in future submissions.</p>	See Commentary
1.12	<p>Savings (Table C, C1, C2 & C3) Please review the 'Go Green' dates for the Amber schemes, which should be within 3 months of first being included within the Tracker (Table C3). It appears that the same date is being used for both the 'Start' (which should reflect the</p>	See Commentary

	month the scheme starts to deliver) and the 'Go Green' which should be no later than 1 July for the schemes reported in the M1 submission.	
1.13	Savings (Table C, C1, C2 & C3) Please work with your FP&D liaison officer in relation the correlation of the schemes described as Green in the MDS verses those in the M1 MMR; they will also advice on whether schemes described as 'Strech Targets' meet the finalised green criteria. Our initial view is that these descriptions refer to an aspiration to achieve a general targeted level of spend reduction, rather than describing the actual management action being taken to reduce spend through a particular piece of work, supported by a PID that meets the green criteria.	Noted
1.14	Resource Limit (Table E) Please review the Revenue Drawing Limit value as it does agree with the WG records at Month 1 (it appears that the Depreciation adjustment (dated 15 April) has not been recognised in the value on the Table).	Actioned
1.15	Resource Limit (Table E) Our colleagues in the WG Finance Team have confirmed that the following items listed on your Anticipated Income schedule will be issued via the NHS Executive and therefore will not form part of the RRL. Therefore, please can you remove the following entries from Table E for Month 2: -2025-26 Precision Medicine -Digital Pathology Breast AI -Fracture Liaison Service	Actioned
Month 2		
2.1	Please be reminded that previous month's figures should not be amended retrospectively.	Noted
2.2	Unplanned cost pressures have escalated materially this month, rising from £0.800m in Month 1 to £4.600m in Month 2. This significant increase has led to a corresponding increase in the value of 'unplanned additional required mitigations yet to be finalised'. The mitigating actions are not expected to deliver until Month 7, and whilst it is positive to note that there is no risk to delivery reported in Table A2, this increases the accumulation of the YTD deficit into the second half of the year. We will look to your next submissions for a progress update	See Commentary
2.3	Whilst the WHC principle is that all Planned savings should be finalised at Month 1, there is a general acceptance that organisations will achieve this by no later than the end of June. The Health Board should therefore be aiming to convert all "Pipeline Opportunities" which are described in the risk table as £14.4m, by the end of Quarter 1, thus reducing the risk if they are converted to Amber schemes or eliminating the risk if converted to Green schemes	See Commentary
2.4	We note that you have acknowledged our comments made last month in relation to ENIC funding, with the inclusion of a risk with a value '£8.000m'. The shortfall has been publicised by the Finance Minister and the recent discussion at DDoFs suggested the risk value could be up to 15%, but this could be lower depending on the outcome of the work FP&D colleagues are currently undertaking with organisations on the validation of the request values vs the allocation we have available through the settlement from the UK plus 50% of the shortfall which is being allocated from n/r WG central reserves. Once the funding is confirmed any shortfall will need to be mitigated by organisations and until those mitigations are finalised, then we acknowledge the continued reporting of a risk value relating to the applicable 'non delivery of mitigations'	See Commentary
2.5	After considering the AME Impairment Reversal, the RRL is c£2m over-phased to date. Please provide a reconciliation in the supporting narrative each month, if the funding/income is not being broadly phased in equal twelves	See Commentary
2.6	With regards to AP 1.10, your narrative states "MDS reconciliation with categories in this table require further work, the Health Board will aim to progress this going forward." and 'Current savings gap shown in this table – is being reviewed.' These presentational issues will need to be resolved by Month 3. To assist, we have shared our initial workings.	Noted
2.7	In Table B2, the use of the 'Other' line should be by exception only. If you have material items going forward, it will likely relate to incorrect completion of the template. Please review and re-categorise the items shown on the 'Other' line; if the spend variance is due to timing or the need to move spend between	See Commentary

	categories, please use the virements lines. Please do not amend the M1 & 2 columns, instead make the adjustment for April and May in the June column. If you require assistance, your FP&D colleagues will be able to assist, or contact a member of the NHSFM Team.	
2.8	While the overall pay forecast has increased across most staff categories, the projected expenditure for Administrative, Clerical, and Board Members has decreased by £1.421m. Whilst positive, please provide supporting details to explain this movement in forecast	See Commentary
2.9	Given that the Health Board is reporting Agency spend in all categories, all year; please provide details of the actions being taken to deliver the below Cabinet Secretary workforce enabling action	See Commentary
2.10	material concern is whether the schemes described as 'Opportunities' meet the Amber definition. It is possibly an issue with the description being used; however, colleagues in FP&D will be discussing the classification of these schemes with you, as assurance will be required before the Month 3 submission	Noted
2.11	All 'Month' Amber schemes must have a 'Go Green' date of within 3 months i.e. 30th June. For 'In-year' schemes, the 'Go Green' date must fall within 3 months of first being included within the Tracker (Table C3). If after 3 months the scheme has not been converted to Green, it should be removed from the Tracker and reported as a Red scheme or an alternative opportunity should be sought. Please review the dates and ensure compliance with the WHC guidance at Month 3.	Noted
2.12	Please use whole numbers only in the template, as the use of decimal places is causing issues for colleagues when consolidating the data	Noted & Actioned
2.13	Only a very minor point, but the narrative reads ' <i>Table 1 has been completed in line with the latest CRL issued on 28th April 2025</i> ', yet there was a schedule issued in May 2025.	Retracted by WG