



Structured Assessment 2025

Cardiff and Vale University Health Board

December 2025

About us

We have prepared and published this report under section 61(3) (b) of the Public Audit Wales Act 2004.

© Auditor General for Wales 2025

You may re-use this publication (not including logos except as an integral part of the document) free of charge in any format or medium.

If you re-use it, your re-use must be accurate and must not be in a misleading context. The material must be acknowledged as Auditor General for Wales copyright and you must give the title of this publication. Where we have identified any third-party copyright material you will need to obtain permission from the copyright holders concerned before re-use.

If you need any help with this document

If you would like more information, or you need any of our publications in an alternative format or language, please:

- call us on 029 2032 0500
- email us at info@audit.wales

You can use English or Welsh when you get in touch with us – we will respond to you in the language you use.

Corresponding in Welsh will not lead to a delay.

Mae'r ddogfen hon hefyd ar gael yn Gymraeg.

Audit Wales follows the international performance audit standards issued by the International Organisation of Supreme Audit Institutions (INTOSAI).

Contents

Audit snapshot	4
Key facts and figures	7
Our findings	9
Recommendations	27
1 About our work	30
2 Previous audit recommendations	33
3 Key terms in this report	41
About us	44

Audit snapshot

What we looked at

- 1 We looked at how well Cardiff and Vale University Health Board (the Health Board) is governed and whether it makes the best use of its resources. We looked at four areas in particular:
 - how it produces key plans and strategies
 - how well its board works;
 - how it keeps track of risks, performance, service quality, and recommendations; and
 - how it manages its finances.
- 2 We also looked at the Health Board's progress in implementing recommendations from:
 - previous structured assessment reports; and
 - our 2024 report on cost savings.
- 3 We did not look at the Health Board's operational arrangements.

Why this is important

- 4 NHS bodies continue to face a wide range of challenges associated with the need to modernise and transform services to deal with constrained finances, growing demand, treatment backlogs, workforce shortages, and an ageing estate. It is therefore more important than ever for the boards of NHS bodies to have strong corporate and financial governance arrangements in place. This helps provide assurance to themselves, the public, and key stakeholders that they are taking the right steps to deliver safe, high-quality services and to use public money wisely.

What we have found

- 5 The Health Board has demonstrated an inclusive approach for developing its Annual Plan, supporting delivery of its long-term strategy. It is accelerating work on its Clinical Services Plan and improving Board-level reporting on Annual Plan delivery. However, strategic portfolios require well-defined delivery roadmaps and stronger committee oversight.
- 6 The Board and committees continue to work well, remaining committed to public transparency and hearing from patients and staff. Whilst the Board has continued to experience significant turn-over this has been well managed. However, the absence of an Independent Member for finance presents a risk. Opportunities remain to enhance Board and committee papers and effectiveness reviews.
- 7 The Health Board continues to strengthen and digitalise systems of assurance. However, there is still a need to improve risk and performance management, and to strengthen aspects of quality and safety monitoring and recommendation tracking.
- 8 The financial position remains a significant concern, with a forecast year-end deficit of £56.2 million against a £9.1 million control total. Although the Health Board has identified all planned savings, there is still a £5.3 million shortfall against its recurrent savings target. As in previous years, it was unable to submit a financially balanced three-year Integrated Medium-Term Plan to Welsh Government. Work to develop a long-term financial model remains at an early stage.

What we recommend

- 9 We have made ten recommendations to the Health Board, which focus on:
 - Improving committee oversight of strategic portfolios;
 - More frequent reporting on policies overdue for review;
 - Enhancing Board and committee papers by focusing on key issues and impact;

- Enhancing Board and committee effectiveness reviews;
- Developing a Performance Management Framework;
- Strengthening aspects of quality and safety monitoring; and
- Clarifying Quality Improvement and Efficiency Plan reporting at Board level.

Key facts and figures

The Health Board is at Level 4 for all six areas under the Welsh Government's escalation and intervention arrangements.

The Health Board does not have an approved Annual Plan for 2025-26 or an Integrated Medium-Term Plan that is approvable by Welsh Government.

The Health Board did not meet its financial duty to breakeven on its revenue spend in 2024-25 and over a three-year period, reporting a three-year cumulative deficit of £70.8 million.

In 2024-25, the Health Board delivered £34.5 million in savings, against a target of £47.2 million. Its 2025-26 savings target is £32 million. At month seven, it has delivered £13.9 million of savings.

The Health Board is forecasting a year-end deficit of £56.2 million, against a Welsh Government 'control total' expectation of £9.1 million.

The Health Board has fully implemented six outstanding recommendations since our last structured assessment report, nine are still in progress, five have been superseded by new recommendations and there has been no progress against one.

Our findings

Preparing strategies and plans

Arrangements for developing and overseeing the Annual Plan are reasonable, and the Health Board is progressing its Clinical Services Plan. However, strategic portfolios require well-defined delivery roadmaps and stronger committee oversight.

Producing key strategies and plans

- 10 Since its refresh in 2023, the Health Board has been working to operationalise its long-term strategy. It now has a clear strategic framework, which aligns its strategic/well-being objectives, change portfolios, risks and committees. This ensures governance structures support the delivery of its long-term strategy. The Health Board is currently working with an external consultant to redesign its operating model to better support its strategy. The discovery phase, which reviewed the current model, is complete and the design phase started in December 2025.
- 11 Last year the Health Board agreed governance arrangements to oversee its six strategic portfolios¹. While slow to start, all Strategic Portfolio Boards are now in place and by August 2025 had met at least once. The 2025-26 Annual Plan outlines immediate, short-term priorities for each portfolio. These focus on ensuring the Health Board has the systems, processes and infrastructure to support sustainable change. However, as yet, the portfolios do not have well defined medium-term roadmaps for delivery.

¹ Shaping Our Future People and Culture; Shaping Our Future Population Health and Places; Shaping Our Future Quality and Value; Shaping Our Future Clinical Services; Shaping Our Future Infrastructure and Shaping Our Future Generations.

- 12 The Health Board's strategic objectives also act as its well-being objectives. In 2023, we found that while these objectives have clear priorities, they do not fully address all aspects of sustainable development, such as biodiversity and climate adaptation. The Health Board plans to address this through its Shaping Our Future Generations Strategic Portfolio.
- 13 In July 2025, Welsh Government escalated the whole Health Board to Level 4 (Targeted Intervention), due to concerns across all areas in the escalation and intervention framework. The Health Board and Welsh Government are working to agree criteria for de-escalation.
- 14 Developing a Clinical Services Plan is a key requirement for de-escalation. This plan will define the Health Board's 10-year strategic vision for clinical services and is due to be launched in March 2026. The Health Board is running a series of community engagement activities between August–December 2025, with feedback informing the plan. While positive, timescales for the plan's development are ambitious.
- 15 The Health Board is currently working to an Annual Plan, as it was unable to submit a financially balanced Integrated Medium Term Plan (IMTP) to Welsh Government. The Annual Plan does not meet the financial requirements set by Welsh Government so remains unapproved by them. We discuss the Health Board's financial position in more detail in **paragraph 65**.
- 16 The Health Board engaged well with the wider organisation in developing its Annual Plan for 2025-26, working collaboratively with clinical boards and corporate teams. This included a Rapid Planning Event with around 200 leaders in December 2024 and Board engagement at key stages. In September 2025, Internal Audit issued a Reasonable Assurance report on the process for developing this year's plan. The Health Board's ongoing financial challenges limited the rating to reasonable assurance.

- 17 The Health Board completed Welsh Government's planning maturity self-assessment, reporting the outcome to the Board and Finance and Performance Committee in November 2025. Across six areas, the Health Board scored itself at either level one or two² (with level five being exemplar). Using these insights, the Health Board has developed an improvement plan to help them improve to the next level. The Finance and Performance Committee will oversee the plan, with the majority of actions due for completion this financial year.

Monitoring delivery of strategies/plans

- 18 The 2025-26 Annual Plan includes a clear delivery plan, and the Health Board is working to strengthen Board level reporting. For each strategic portfolio, the plan outlines key actions for 2025-26, quarterly measures of success, and high-level areas of focus for 2027 and 2028. It also specifies which long-term strategic milestones each portfolio supports.
- 19 In common with other NHS bodies in Wales, the Health Board faces a challenge with monitoring a wide range of national and local actions and targets. The Annual Plan has approximately 200 deliverables, making tracking complicated. However, the Health Board has an ambition to develop a single integrated dashboard to support monitoring. As part of the 2026-27 planning cycle, the Health Board is reviewing its Annual Plan deliverables with a view to rationalising them.
- 20 The Board and the Finance and Performance Committee currently receive high-level updates on strategic portfolios via the Strategic Planning, Commissioning and Partnership report and the recently reinstated quarterly Annual Plan delivery updates. However, in-depth oversight and scrutiny of portfolio programmes and projects is limited. To strengthen oversight arrangements, each committee should receive routine progress updates aligned with their respective strategic portfolio.

² Strategy and plan development (Level 2), strategy, plan alignment and development of IMTP (Level 1), dynamic and engaged planning (Level 2), operational planning (Level 2), best practice approach to improvement (Level 2) and realistic and deliverable (Level 2).

Board assurance on partnership working

- 21 The Board has good arrangements for receiving assurance on partnership working at local, regional and partnership level. For example, its routine Strategic Planning, Commissioning and Partnership report includes updates on the Regional Partnership Board and the Regional and Specialised Services Provider Planning Partnership³.
- 22 In April 2025, Welsh Government instructed the Chairs of Aneurin Bevan, Cwm Taf Morgannwg and Cardiff and Vale University Health Boards to establish a South-East Wales Regional Joint Committee. In September 2025, the Board approved the establishment of the Committee, its terms of reference and operating arrangements. The first meeting took place in November 2025.
- 23 Our recent eye care review across each of the health boards in the south east Wales region shows that whilst some progress is being made, the intended benefits of regional working are yet to be fully achieved and complex governance structures can make decision-making slow and cumbersome.

Board effectiveness and openness

The Board and committees continue to work well, with an improved Board walkabout process. Scope remains to enhance papers and effectiveness reviews

Public openness of board business

- 24 The Board maintains its commitment to public transparency by ensuring:
- members of the public can watch Board and committee meetings, via a livestream or recordings uploaded promptly to the Health Board's website after meetings;

³ This is a partnership with Swansea Bay University Health Board.

- Board and committee⁴ papers are available on the Health Board's website five days before meetings;
- private Board and committee meetings are held only for sensitive matters, such as legal issues or commercially confidential topics;
- private agendas continue to be made available publicly; and
- the Board holds difficult discussions in public, for example about its critical report on theatre services and its increased escalation status.

25 However, while Board meetings are livestreamed and recorded the sound quality is often poor. To address this issue, from November 2025 Board meetings will be held online, with the option to hold meetings in person as needed.

26 The Health Board is reviewing its Health Professionals Forum and Stakeholder Reference Group; as a result, both are currently paused. The Local Partnership Forum continues to meet regularly, with papers published online after minutes are ratified, resulting in a time lag before they appear online.

Supporting effective board conduct

27 The Health Board has good arrangements to support the Board and its committees to run effectively. It maintains up to date Standing Orders, Scheme of Reservation and Delegation and Standing Financial instructions. The Board reviews these at least annually to ensure they reflect current arrangements.

28 In January 2025, Internal Audit issued an advisory report on the Health Board's decision-making process. The review highlighted an opportunity to simplify the Scheme of Delegation and Earned Autonomy Framework; this work is planned as part of work to redesign the operating model.

⁴ The Health Board does not publish papers for its Remuneration and Terms of Service Committee due to their confidential nature.

- 29 The Health Board has good arrangements to promote probity and propriety, supported by an up-to-date Standards of Behaviour Policy. Its Register of Interest is published on the website. Audit and Assurance Committee oversee these arrangements through an annual declaration of interest assurance report. While Board Members continue to declare their interest annually, the Corporate Governance Team is working to improve staff compliance with declarations of interest⁵. Declarations of interest remain a standing item on all Board and committee agendas.
- 30 The Health Board uses the Audit Management and Tracking (AMaT) system to keep track of policies which are due for review. In May 2025, of the 415 policies on AMaT, 234 were overdue for review highlighting the need for continued focus in this area. Progress is reported annually to the Audit and Assurance Committee. Given the volume of policies overdue for review, the Audit and Assurance Committee should receive more frequent progress updates.

Assurance on Joint Commissioning Committee effectiveness

- 31 The Joint Commissioning Committee (JCC) was established in April 2024 as a joint committee of the seven health boards in Wales. The JCC plans and commissions a range of specialised services and other healthcare services, including emergency medical services, on behalf of the seven health boards.
- 32 As part of this year's structured assessment, we reviewed whether the Board is receiving the right level of assurance on JCC business, as well as the Health Board's involvement in JCC meetings and activities. We found that the Board, Quality Committee and Finance and Performance Committee receive routine assurance on the work of the JCC and its sub-groups.
- 33 In May 2025, the JCC Chair, Chief Commissioner, and Transformation Director delivered a presentation to the Board, providing an overview of the committee's work.

⁵ As at May 2025, 75% of staff were yet to update their declarations of interest on the Electronic Staff Record (ESR). Compliance with staff declarations of interest, along with ensuring policies and risks are kept up to date, is now included in the clinical board executive performance reviews.

Board and committee meeting effectiveness

- 34 Last year, the Board approved changes to committee arrangements to ensure the committee structure aligns more closely to the organisation's strategic objectives, portfolios and risks. The changes were implemented in January 2025; the biggest change was setting up a new Digital and Infrastructure Committee, which replaces the Digital and Health Intelligence Committee. While these arrangements are embedding, stronger oversight of strategic portfolios is still needed (**see paragraph 20**).
- 35 Board and committee meetings remain well chaired, with active independent member participation. In response to financial and performance challenges, all independent members sit on the Finance and Performance Committee. We have seen increased scrutiny and challenge in recent months. While meetings are well chaired overall, some chairs focus too heavily on time keeping. This can make some meetings appear rushed, especially when the agenda is large, potentially limiting discussion on certain items.
- 36 Papers to the Board and its committees continue to be of good quality. They are assisted by the consistent use of cover sheets that prompt for alignment to the refreshed strategic objectives, and 'supporting documents' folders which aim to keep the volume of papers manageable. The format of several routine reports⁶ have been updated this year making them clearer, more data focused and engaging.
- 37 However, for some reports, it is difficult to identify the key issues and where members should focus their attention. Reporting could be improved by using a format like 'Alert, Advise, Assure', which clearly sets out:
- Areas of concern where actions are not delivering impact (Alert),
 - Areas where actions are starting to make a difference (Advise), and
 - Areas performing effectively (Assure).

⁶ The format of the Quality Indicators Report, Integrated Performance Report cover paper, and Finance Report have been updated.

- 38 This would help ensure discussions are targeted in the right areas and increase focus on the impact of actions being taken. We have seen this format being used successfully in other NHS bodies to strengthen Board assurance mechanisms, support cross-referral between committees and timely escalation of concerns to the Board.
- 39 All committees currently have terms of reference which were approved by the Board in November 2024. We note that the Health Board intends to review committee terms of reference as part of its review of the scheme of delegation. However, it is important that this process supports timely review to ensure terms of reference accurately reflect the work committees need to undertake. For example, reflecting new quality governance arrangements once agreed (**see paragraph 57**). While both the terms of reference and forward workplans are publicly available, the workplans are not updated on the website in a timely manner.

Hearing from staff and service users

- 40 The Board remains committed to hearing from patients and staff, using a range of methods such as:
- the Board, Quality Committee and People and Culture Committee hear regular patient and staff stories;
 - the Quality Indicators Report includes updates on patient experience; and
 - the Clinical Services Plan consultation is using a wide range of methods to reach a diverse group of citizens.
- 41 Since last year, the Health Board has clarified the process and purpose of its patient safety walkarounds. In August 2025, it launched 'Leaders who Listen'. This is wider than Board Members visiting services and includes clinical board leadership walkabouts and learning and feedback mechanisms. While it is too early to comment on its effectiveness, it is a positive step forward. A quarterly report identifying key themes and learning will feed into both the People and Culture, and Quality committees.

42 The Health Board has strengthened its 'Speaking Up Safely' process by launching an anonymous platform, Work in Confidence. It has also trained volunteer connectors, to help staff raise concerns and access support without bias. The People and Culture Committee receive updates on the concerns raised, emerging themes and work to promote the system. The Health Board plans to integrate the process into wider quality improvement processes, to identify issues early and build trust. This is important given recent internal and external reviews highlighting cultural and behavioural concerns.

Board cohesion and continuous improvement

43 The Board has seen a lot of change in recent years. Since our last structured assessment, the executive team has been relatively stable, with only the Executive Director of Strategic Planning role covered on an interim⁷ basis. A permanent appointment has now been made, with the new Executive Director of Strategic Planning expected to start in April 2026.

44 There has been significant turnover among Independent Members. This year, the independent members for community, third sector, finance, and the Chair of the Board came to the end of their terms. This follows the appointment of three new independent members last year. This year, the Board welcomed new:

- Independent Member (Community) in June 2025,
- Chair of the Board in October 2025; and
- Independent Member (Third Sector) in October 2025.

45 However, the Independent Member (Finance) position has been vacant since September 2025. While the Health Board is actively recruiting, this is a concern given the Health Board's financial challenges. New members spoke positively of their induction process and the support received from the Board and Corporate Governance Team.

⁷ The Executive Director of Strategic Planning role has been covered on an interim basis by the Executive Director of Finance since March 2024.

- 46 The Board remains committed to continuous learning and development through regular business and Board development sessions. The Board reserves part of its development sessions for strategic and performance discussions. It continues to set aside time for improvement and self-assessment work, which since October 2025, forms part of each Board development session. Topics this year have included, workplace resilience and wellbeing, and the roles and relationships between executive and independent members. Going forward, the Chair will include feedback from this work in her report to the Board.
- 47 Last year, we recommended that the Health Board evaluate and report on how its ongoing improvement activities are improving Board and committee working. In January 2025, the Board received a brief report detailing development activities, but not whether these activities have led to improvements. This recommendation still stands, particularly considering the new committee structure, independent members, committee chairs and developing strategic portfolios.

Providing board assurance

While the Health Board is strengthening systems of assurance, improvements are still needed in risk and performance management, oversight of quality and safety, and recommendation tracking

Managing strategic and corporate risks

- 48 The Board continues to receive the Board Assurance Framework (BAF) at every meeting, with the latest version publicly available in Board papers. Since last year, the Health Board has clarified committee oversight arrangements with most committees now routinely reviewing strategic risks aligned to their remit. However, given its wide remit, the Quality Committee is deciding how best to review its risks. These arrangements have been in place since the summer, so it is too early to assess their effectiveness.

- 49 While the Board receives the Corporate Risk Register (CRR) at each meeting, it is for information only and committee level oversight arrangements for corporate risks is still not clear. This means there is little Board-level oversight of the CRR.
- 50 Our findings are consistent with an Internal Audit review of risk management arrangements and BAF. The reasonable assurance report issued in May 2025, made two high and three medium priority recommendations. These focused on the overdue risk management strategy and risk appetite review, oversight of strategic and corporate risks and implementing the AMaT system risk module. The Audit and Assurance Committee is due to consider the new risk management policy for approval in February 2026.
- 51 Much of the Health Board's risk management improvements are reliant on fully implementing the AMaT risk management module. However, this is still a work in progress. By the end of October 2025 all corporate risks were on AMaT and the Health Board is aiming to upload all operational risk registers by the end of the current financial year⁸.

Managing performance

- 52 Since 2022, we have highlighted the Health Board's lack of an up-to-date Performance Management Framework (PMF). The framework, which was approved in 2020, is outdated as the Health Board has since refreshed its long-term strategy, changed its committee structure, updated operational performance management arrangements and been escalated. Developing a new PMF is essential to clarify roles, responsibilities and accountability arrangements to support performance improvement.
- 53 The Board continues to receive the Integrated Performance Report (IPR) monthly. The IPR cover report has been updated to a more engaging, slide-style presentation. The report is less detailed, but officers provide detailed verbal updates and, when requested further information on specific metrics.
- 54 However, there are still opportunities to strengthen the IPR by:

⁸ To date over 750 risks have been added to the AMAT system.

- the cover report using the Alert, Advise, Assure format to have a greater focus on the impact of actions (**see paragraph 37**);
- aligning the IPR with the strategic portfolios, instead of the quadruple aims, to make Annual Plan and strategy delivery more visible;
- including benchmarking data; and
- using the 'performance against standard' column consistently.

Monitoring quality and safety

- 55 The Quality Committee maintains oversight of the quality and safety of services. It continues to receive assurance through routine reports such as Quality Indicators and Clinical Board Assurance reports, as well as reports on topics such as nationally reportable incidents and internal and external service reviews.
- 56 The Health Board is progressing its Shaping our Future Quality Excellence Programme, with high-level updates included in the Quality Indicators Report. The programme has five projects, which focus on:
- Developing a Quality Management System,
 - Reducing hospital acquired infections,
 - Preventing patients becoming lost to follow-up;
 - Improving management of acute deterioration; and
 - Improving medication safety
- 57 As part of developing its Quality Management System, the Health Board is reviewing its quality governance arrangements. These are currently detailed in the 2021-26 Quality Safety and Experience (QSE) Framework. In addition, Internal Audit are currently reviewing the Health Board's quality and safety governance arrangements and are due to present their findings to the Audit Committee in February 2026.

- 58 The Quality Committee's terms of reference remain framed around the QSE framework, with responsibility for overseeing its implementation and receiving updates from several sub-groups. However, some groups are not reporting as intended. Such as the Learning Committee and the Clinical Safety and Concerns groups.
- 59 The Clinical Board Assurance and the Quality Indicators reports remain structured against the six pillars of quality⁹, and the IPR includes some routine reporting on the Duty of Candour. However, there is no evidence that the Health Board has complied with the Duty of Quality requirement to produce an annual quality report for 2024-25. Nor could we see that it has included any commentary on how it is achieving its Duty of Candour within its annual reporting.
- 60 Reporting on clinical audit plans is limited. While the Health Board has an up-to-date Clinical Audit Policy requiring clinical boards and corporate audit plans to report to the Quality Committee twice a year, the Clinical Effectiveness Committee¹⁰ only reports annually. Additionally, neither the Quality Committee nor the Audit Committee has received the clinical audit plan for review or approval.

Tracking and monitoring recommendations

- 61 The Health Board continues work to improve its audit and recommendation tracking processes, which it has been progressing since last year. It now routinely uses AMaT to manage Internal Audit and Audit Wales recommendations.

⁹ The six domains of quality are defined by NHS Wales and are embedded in legislation through the Health and Social Care (Quality and Engagement) (Wales) Act 2022. They are; safe, timely, effective, efficient, equitable and person centred.

¹⁰ The Clinical Effectiveness Committee is responsible for overseeing audit outcomes and improvement plans.

- 62 Work on the regulatory audit tracker is still ongoing. A review by the Corporate Governance Team found that processes to track recommendations from inspections and from other regulators' reviews are inconsistent, with gaps in escalation and assurance processes. The team is now working with relevant services to address these weaknesses, taking forward the actions presented to the Audit and Assurance Committee in November 2025 to improve arrangements. The team aims to complete this work by March 2027.
- 63 The Audit and Assurance Committee receive an Audit Tracker update three times a year. So far, reports focused mainly on internal audit recommendations due to delays in uploading Audit Wales recommendations to AMaT. This is now complete, and the November 2025 update highlighted that of the 46 open Audit Wales recommendations 28 are overdue.
- 64 In 2023, we recommended producing a report pulling together common themes, issues, and lessons from internal, external, and regulatory compliance reviews. However, the Audit Tracker update does not yet provide this analysis.

Managing finances

Despite financial oversight, control and management processes being in place, the Health Board's financial position remains extremely challenging

Meeting financial objectives and duties

- 65 The Health Board did not meet all its financial duties in 2024-25. Of the three duties, it met its capital resource limit, reporting an underspend of £0.244 million. However, it did not:
- spend within its revenue resource limit for the period 2022-25; and
 - have an agreed three-year Integrated-Medium Term Plan for 2024-27.

- 66 The Welsh Government set the Health Board a target deficit of £9.1 million for 2024-25. The Health Board exceeded this, reporting a year-end deficit of £27.6 million. This is despite additional support of £6.8 million from Welsh Government.
- 67 The Health Board does not have a balanced financial plan for 2025-2026. In March 2025, the Board approved its Annual Plan for submission to Welsh Government, forecasting a deficit of £58.2 million. Welsh Government asked the Health Board to improve its financial plan. In response the planned deficit was reduced to £56.2 million, although this is still a long way short of the Welsh Government's £9.1 million control total target.
- 68 To manage operational overspends, the Board approved a full vacancy freeze (with exceptions) in August 2025. An enhanced recruitment scrutiny process, already in place, has begun to slow growth in workforce numbers. The Board also conducted deep dives with clinical boards to understand issues, assess risks, and gain assurance on actions needed to deliver within deficit control totals.
- 69 At month seven, the Health Board reported a year to date overspend of £35.6 million, £2.8 million above the planned deficit for the month. Despite being off track at month seven, the Health Board is still forecasting it will deliver its planned deficit of £56.2 million by year end.

Financial planning arrangements

- 70 The Health Board's financial planning approach remains integrated with its annual planning cycle. Last year the Health Board had started to develop a long-term financial model, however this work remains at a very early stage. In September 2025, the Finance and Performance Committee considered proposals for a 10-year financial model aligned to the Clinical Services Plan. However, no development timescales have been set yet. The paper highlights key challenges to developing the plan such as data quality, financial uncertainty, resource constraints, and shifting from a culture of short-term to long-term planning.

- 71 The Health Board has introduced a Quality Improvement and Efficiency Plan (QIEP) to replace the traditional savings plan. It aims to improve care quality, productivity, and efficiency while identifying capacity gains and cash-releasing savings. Each Clinical Board has its own QIEP, with reporting through executive performance reviews. However, Board level reporting is not visible, as savings continue to be reported as before.
- 72 In 2024-25, the Health Board delivered £34.5 million in savings, missing its £47.2 million target. For 2025-26, it set a recurrent savings target of £30 million, later revised to £32 million. By month seven, the Health Board had identified £32.5 million in total savings, however, there remains a £5.3 million gap in recurrent savings identified.
- 73 The monthly Finance Report details identified savings, but it does not show actual savings delivered. While the Finance and Performance Committee receive this information in the monthly monitoring return, it would be clearer to update the savings section of the Finance Report. Our 2024 Cost Savings Review included a recommendation to that effect. At month seven, the Health Board had delivered £13.9 million in savings.
- 74 The Health Board has made slow progress against our 2024 review of cost savings arrangements. Of the 14 recommendations, in October 2025, five were complete and nine in progress. **Appendix 2** shows the recommendations and current status.

Financial management arrangements

- 75 The Health Board has the expected financial controls and management in place, overseen by the Audit and Assurance Committee. It continues to receive assurance reports on financial controls, including counter fraud, single tender actions, procurement breaches and losses and special payments. The Health Board continues to strengthen procurement processes and reduce the number of decisions taken via Chairs Actions. These were last reported to the committee in November 2025.

- 76 In May 2025, Internal Audit issued a Substantial Assurance report on core financial systems. The review focused on the general ledger and accounts receivable and made two medium priority recommendations related to debt follow-up and monthly reconciliations.
- 77 Our cost savings review recommended strengthening accountability for savings delivery by issuing accountability letters to executive directors and clinical boards. This has not been implemented. While clinical boards are held to account on financial performance at executive performance reviews, issuing accountability letters would reinforce financial accountability.
- 78 The Health Board continues to have a good understanding of its key cost drivers, which is reported in the monthly finance report. At month seven the Health Board reported a 9% increase in non-pay expenditure, compared to the same time last year. Key areas driving this include secondary care and GP prescribing, primary care contracts and Continuing Healthcare.
- 79 The Health Board submitted its draft 2024-25 Financial Statements within the required timescales, and they were received by the Audit and Assurance Committee and the Board in June 2025. The Auditor General issued an unqualified true and fair audit opinion, however his regularity opinion was qualified because the Health Board did not meet its revenue resource requirements over the three-year period.

Monitoring financial performance

- 80 The Health Board has appropriate arrangements for overseeing and scrutinising financial performance, which have been strengthened in response to growing financial challenges.
- 81 The Finance and Performance Committee continues to receive clear updates on financial performance, risks, and challenges. The report format was improved in April 2025 following a review by the NHS Executive's Financial Planning and Delivery Unit.

- 82 The Board continues to receive updates via the Finance and Performance Committee Chair's report and minutes and the finance section of the IPR. As outlined in **paragraph 35**, the Health Board has updated Finance and Performance Committee membership to strengthen oversight. However, the Independent Member for Finance vacancy presents a risk.
- 83 Last year we recommended strengthening operational performance deep dives by triangulating performance and financial information. However, no operational deep-dives have taken place this year to allow Health Board officers to focus on addressing its current challenges.

Recommendations

84 The following table details the recommendations arising from our work.

Recommendations

R1 The Health Board should improve oversight of the strategic portfolios by:

- 1.1 Ensuring committees receive routine updates on strategic portfolio development and delivery relevant to their remit (**see paragraph 20**).
- 1.2 Structuring the Integrated Performance Report against the strategic portfolios, rather than the quadruple aims, to make it easier to track progress against Annual Plan and strategy delivery (**see paragraph 54**).

R2 Given the volume of policies overdue for review, the Audit and Assurance Committee should receive progress updates twice a year (**see paragraph 30**).

R3 The Health Board should improve its reporting format so that key issues are clearly identified to enable scrutiny and discussion to focus on key challenges. For example by considering an 'Alert, Advise, Assure' format which is used successfully in other NHS bodies (**see paragraph 37**).

R4 Given recent Board and committee changes, the Health Board should ensure its Board effectiveness report reflects on how its improvement activities have strengthened Board and committee working (see **paragraph 47**).

R5 The Health Board must develop a Performance Management Framework to support performance improvement and accountability (see **paragraph 52**).

R6 The Health Board should strengthen monitoring of quality and safety by:

6.1 Ensuring it complies with the Duty of Quality requirement to produce an annual quality report (see **paragraph 59**).

6.2 Reporting annually on how it is achieving its Duty of Candour (see **paragraph 59**).

6.3 Review arrangements for monitoring and agreeing the clinical audit plan at committee level (see **paragraph 60**).

R7 The Health Board should clarify Board and committee arrangements for reporting on its Quality Improvement and Efficiency Plan (see **paragraph 71**).

Appendices

1 About our work

Scope of the audit

We looked at the following areas for the period June 2025 to November 2025:

- How well the body prepares key strategies and plans.
- How well the board works.
- How well the board oversees risks, performance, and the quality and safety of services and tracks recommendations.
- How well the body manages its finances.

We did not look at the body's operational arrangements.

Audit questions and criteria

Questions

Our audit addressed the following questions:

- Is there a sound corporate approach to producing strategic plans and overseeing their delivery?
- Does the Board conduct its business appropriately, effectively, and transparently?
- Is there a sound corporate approach to managing risks, performance, and the quality and safety of services?
- Is there a sound corporate approach to financial planning, management, and performance?

Criteria

Our audit questions were shaped by:

- Model Standing Orders, Reservation and Delegation of Powers.
- Model Standing Financial Instructions.

- Relevant Welsh Government health circulars and guidance.
- The Good Governance Guide for NHS Wales Boards (Second Edition).

Methods

We reviewed a range of documents, including:

- Board and committee papers and minutes.
- Key governance documents, including Standing Orders and Standing Financial Instructions.
- Key strategies and plans, including the IMTP.
- Key risk management documents, including the Board Assurance Framework.
- Annual Report, including the Annual Governance Statement.
- Relevant policies and procedures.
- Reports prepared by other relevant external bodies.

We interviewed the following key stakeholders:

- Chief Executive
- Executive Director of Finance
- Executive Director of Nursing
- Executive Director of Allied Health Professionals, Health Sciences, and Community services development
- Director of Corporate Governance
- Head of Corporate Governance
- Corporate Archivist and Records Management Manager
- Corporate Governance Officer
- Vice Chair
- Independent Member – Capital and Estates
- Independent Member – Finance
- Independent Member – Community

- Independent Member – University

We observed Board meetings as well as meetings of the following committees:

- Finance and Performance Committee
- People and Culture Committee
- Quality Committee
- Audit and Assurance Committee
- Digital and Infrastructure Committee
- Mental Health Legislation Committee

2 Previous audit recommendations

Outstanding recommendations from previous structured assessment reports

The table below sets out the progress made by the Health Board in implementing outstanding recommendations from previous structured assessment reports.

2024 Recommendations

- R1 To ensure ongoing scrutiny of the Annual Plan, as part of the Integrated Performance Report, the Health Board should reintroduce the quarterly high-level overview of achievements against Annual Plan milestones; and highlight how delivery of the milestones is impacting performance in priority areas (**in progress, see paragraphs 19 and 20**).
- R2 In order to strengthen its administrative governance arrangements, the Health Board should ensure that:
- 2.1 All relevant Board and committee meeting papers are publicly available and published on its website in a timely manner. (**complete, see paragraph 24**)
 - 2.2 Standing Financial Instructions are reviewed annually and that changes are formally documented or equally that no amendments are required. (**complete, see paragraph 27**)
 - 2.3 Up to date Board and committee workplans are available to the public. (**in progress see paragraph 39**)

2.4 All Board and committee papers use the correct cover report template. **(complete, see paragraph 36)**

2.5 The public is signposted to the current Board Assurance Framework. **(complete, see paragraph 48)**

R3 As part of its review of arrangements for Patient Safety Walkabouts, the Health Board should consider how to ensure learning and resulting actions from walkabouts is reported to the Board. **(complete, see paragraph 41)**

R4 As part of its continuous approach to reviewing Board and committee effectiveness, the Health Board should capture and report improvement activities and consider whether they are achieving the intended benefit. **(superseded by R4 2025)**

R5 The Health Board should ensure that arrangements for scrutinising strategic and corporate risks are clarified and consistent across all committees. **(in progress, see paragraphs 48 and 49)**

R6 The Health Board should refresh the Risk Management Strategy to ensure it includes new arrangements for recording and escalating operational risks. **(in progress, see paragraph 50)**

R7 The operational performance deep dives received by the Finance and Performance Committee should be triangulated with financial performance information. **(no progress, see paragraph 83)**

2023 Recommendations

R1 Whilst the Health Board's new well-being objectives are underpinned by clear priorities, they do not encompass all aspects of sustainable development. The Health Board, therefore, should consider incorporating additional priorities that encompass all aspects of sustainable development, particularly those that relate to the environment **(in progress, see paragraph 12)**.

R4 The Health Board should review the effectiveness of its new committee structure. The review should pay particular attention to whether **(superseded by R4 2025)**:

- the committee structure supports sufficient oversight of the refreshed strategic objectives
- committee terms of reference and workplans adequately cover all aspects of Board business;
- there is merit in instigating a regular meeting for committee chairs;
- there is an appropriate training and development for new committee chairs and new committee members; and
- Officers and Members have the capacity and resources to support more frequent committee meetings.

- R6 The Health Board has improved its Integrated Performance Report (IPR). Whilst we recognise it is a new and evolving report, we have found potential to enhance it by:
- a) strengthening its links with the Annual Plan Delivery Report to ensure the relationship between some of the delivery milestones and key performance indicators is clearer (**superseded by R1.2 2025**)
 - b) having a more consistent focus on actions being taken to tackle underperformance in both the IPR and its cover report; (**superseded by R3 2025**)
 - c) being clearer about whether the metrics in section two of the IPR are on target or not (**in progress, see paragraph 54**)
 - d) providing benchmarking data (where available) to show how the Health Board compares to other health bodies (**in progress, see paragraph 54**).

- R7 The Health Board should develop a report for the Audit and Assurance Committee pulling together common themes, issues and learning from the internal, external and regulatory compliance reports (**in progress, see paragraph 64**).

2022 Recommendations

- R1 The Health Board plans to refresh its ten-year strategy by 2023. It should seek to use this opportunity to review and reshape its wider processes, structures, resources, and arrangements, to ensure they are fully aligned to the organisation's refreshed strategic objectives and associated risks, with a particular focus on its:
- b) Performance Management Framework (**superseded by R5 2025**)
 - c) Committee structures, terms of reference, and workplans (**complete, see paragraph 10**)
 - d) Long-term financial plan (**in progress, see paragraph 70**)

Recommendations from our 2024 Review of Cost Savings Arrangements

The table below sets out the progress made by the Health Board in implementing recommendations from our 2024 Review of Cost Savings Arrangements.

Recommendation

- R1 The Health Board should ensure that its service transformation plans more explicitly set out how they will help the organisation achieve financial sustainability in terms of the savings that will be generated and the timescale for achieving them. (**in progress**)

R2 The Health Board should make improvements to how it uses data and intelligence to inform its savings identifications and selections arrangements by:

2.1 Extending its use of data and intelligence across a wider range of services. **(in progress)**

2.2 Rapidly progressing work on its local data repository to facilitate the systematic capture of benchmarking data. **(in progress)**

2.3 Developing a more systematic approach to canvassing the views of stakeholders, staff, and service users in the generation of savings ideas. **(in progress)**

R3 The Health Board should assure itself that its investment in the Value in Health Team is supporting service improvement, delivering improved outcomes, and achieving cost reductions. **(complete)**

R4 The Health Board should strengthen both its guidance and governance around the Quality Impact Assessment processes for savings. This will ensure a consistent and clearly documented and understood approach for considering quality, patient safety, and intra Health Board impacts of savings decisions. **(complete)**

R5 The Health Board should ensure that future savings reports clearly articulate all the savings it needs to deliver in a given year to meet its Welsh Government control total. **(complete)**

- R6 The Health Board should strengthen accountability for savings delivery by issuing accountability letters to Executive Directors and Clinical Boards which provide clarity around roles, responsibilities, and financial targets. **(in progress)**
- R7 The Health Board should strengthen its arrangements for communicating its cost savings plans to staff. **(in progress)**
- R8 The Health Board should set challenging but realistic targets for its individual savings schemes and manage risks to under-delivery more effectively. **(in progress)**
- R9 The Health Board needs to identify sufficient capacity and capability to deliver longer-term service objectives (including in the fields of innovation and improvement) to effectively deliver its operational savings plans and longer-term service transformation. **(in progress)**
- R10 The Health Board should strengthen its financial reporting on savings by including actual savings delivery progress for each scheme during the year to provide stronger assurances that savings plans are delivering as intended. Financial reports should also include a short technical appendix to provide clearer information and explanation of technical accounting transactions or issues that may result in revised end of year savings forecasts and performance. **(complete)**

R11 The Health Board should ensure earlier savings planning preparation for the 2025-26 financial year and develop a rolling programme of reserve savings schemes to help mitigate any risks to savings under-delivery or where savings requirements change in-year. (**in progress**)

R12 The Health Board should identify the key lessons from its approach to identifying and delivering savings at pace during 2023-24 and apply the learning to its future approach. (**complete**)

3 Key terms in this report

Term	Description
Board Assurance Framework	A Board Assurance Framework sets out the risks linked to the organisation's strategic objectives, and the controls and assurances in place to manage those risks.
Clinical Services Plan	A Clinical Services Plan is a long-term plan that helps shape how healthcare services are designed and delivered to meet the needs of patients and communities.
Corporate Risk Register	A Corporate Risk Register sets out the organisation's significant risks (either those with high scores or organisation-wide impact) and the actions in place to manage them.
Counter Fraud	Counter fraud refers to the activity undertaken by the organisation to prevent, detect, and investigate fraud, bribery, and corruption. This work is led by the NHS Counter Fraud Service (CFS) Wales, which operates under the NHS Wales Shared Services Partnership.

Term	Description
Integrated Medium Term Plan	An Integrated Medium Term Plan is a three-year plan that sets out how the organisation will deliver its services, manage its workforce, and meet its financial duties to break even. The organisation submits its plan to the Welsh Government for approval.
Losses	Losses include things like theft, fraud, overpayments, or damage to property.
Quality Governance	Quality governance is the combination of structures, processes, and behaviours used by an organisation, particularly its board, to lead on and ensure high-quality performance, including safety, effectiveness, and patient experience.
Register of Interests	The Register of Interests helps ensure transparency by recording any personal or business interests of Board members and staff that could influence decisions.
Scheme of Reservation and Delegation	The Scheme of Reservation and Delegation sets out which responsibilities stay with the Board and which are passed to committees and executives, along with reporting arrangements to ensure proper oversight.

Term	Description
Single Tender Action	A Single Tender Action is when an organisation buys goods or services from one supplier without going through a competitive process, usually because there is only one suitable option or urgent need.
Special Payments	Special payments are one-off payments made in unusual situations – like compensation or goodwill gestures – that fall outside of the organisation’s normal business activity.
Standing Financial Instructions	Standing Financial Instructions set out the financial responsibilities, policies, and procedures adopted by the organisation.
Standing Orders	Standing orders set out the rules and procedures by which the organisation operates and make decisions.
Well-being of Future Generations Act (2015)	This Act requires public bodies in Wales to work sustainably and collaboratively to improve well-being across social, economic, environmental, and cultural areas, by setting long-term goals (called well-being objectives), involving citizens, and making decisions that consider the impact on future generations.

About us

The Auditor General for Wales is independent of the Welsh Government and the Senedd. The Auditor General's role is to examine and report on the accounts of the Welsh Government, the NHS in Wales and other related public bodies, together with those of councils and other local government bodies. The Auditor General also reports on these organisations' use of resources and suggests ways they can improve.

The Auditor General carries out his work with the help of staff and other resources from the Wales Audit Office, which is a body set up to support, advise and monitor the Auditor General's work.

Audit Wales is the umbrella term used for both the Auditor General for Wales and the Wales Audit Office. These are separate legal entities with the distinct roles outlined above. Audit Wales itself is not a legal entity.



Audit Wales

Tel: 029 2032 0500

Fax: 029 2032 0600

Textphone: 029 2032 0660

E-mail: info@audit.wales

Website: www.audit.wales

We welcome correspondence and
telephone calls in Welsh and English.

Rydym yn croesawu gohebiaeth a
galwadau ffôn yn Gymraeg a Saesneg.