

Structured Assessment 2025

Hywel Dda University Health Board

October 2025

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Audit snapshot

What we looked at

- 1 We looked at how well Hywel Dda 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 well its board works;
 - how it keeps track of risks, performance, service quality, and recommendations;
 - how it produces key plans and strategies; 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 remains strongly committed to public transparency and continues to have good governance arrangements. Good quality information supports scrutiny, but there is an opportunity to clarify the Triple A process to ensure it effectively supports scrutiny. Since last year, the Board has stabilised, with no interim arrangements in the Executive Team.
- 6 There are strong arrangements to oversee risk, performance, service quality and safety and audit recommendations. The Health Board is taking steps to improve data quality and further strengthen governance arrangements for quality and safety. There is an opportunity to clarify committee oversight in the Board Assurance Framework dashboard.
- 7 The Health Board is refreshing its long-term strategy and maintains good oversight for developing and delivering corporate plans and strategies. While the Health Board is progressing its Clinical Services Plan, the plan currently only covers nine of its most fragile services.
- 8 The financial position remains a concern, with a forecast year-end deficit for 2025-26 and the savings plan currently off track. As in previous years, the Health Board was unable to submit a financially balanced three-year Integrated Medium Term Plan to the Welsh Government. However, the Health Board has improved on its opening plan deficit of £31.5 million, and at month seven, is forecasting a deficit of £28.3 million. It is also taking steps to improve the deficit position and achieve financial sustainability by 2028-29.

What we recommend

- 9 We have made two recommendations to the Health Board, which focus on:
 - clarifying the use of the Triple A (Alert, Advise, Assure) process; and
 - updating the Board Assurance Framework Dashboard to include committee oversight arrangements.

Key facts and figures

Under the Welsh Government's escalation and intervention arrangements, the Health Board is at Level 4 for finance, strategy and planning, urgent and emergency care, fragile services (including ophthalmology) and Healthcare Associated Infections. It is also at Level 3 for leadership and governance, and planned care and cancer.

The Health Board does not have an approved Annual Plan or Integrated Medium Term Plan for 2025-26.

The Health Board did not meet its financial duty to break even on its revenue spend in-year and over a three-year period, reporting a three-year cumulative deficit of £148.9 million.

In 2024-25, the Health Board delivered £31.5 million in savings, against a target of £32.4 million. Its 2025-26 savings target is £46.4 million. At month seven, the Health Board has identified £48.4 million in savings, delivered £31.5 million, but there is a £4.7 million gap in recurrent savings.

The Health Board is forecasting a year-end deficit of £28.3 million, against a Welsh Government expectation of £24.1 million.

The Health Board has fully implemented five outstanding recommendations since our last structured assessment report. One recommendation remains in progress.

Our findings

Board effectiveness and openness

The Board and its committees continue to work well, remain transparent and committed to hearing from patients and staff

Public openness of board business

- 10 The Board continues to have a strong commitment to public transparency by ensuring:
 - Board meetings are well publicised on the Health Board's website and through social media;
 - members of the public can attend Board meetings in person, watch via a livestream or a recording uploaded to the Health Board's website after the meeting;
 - Board and committee papers are available on the Health Board's website five days before meetings, keeping late papers to a minimum;
 - private Board and committee meetings are held only to discuss sensitive topics, with private Board agendas publicly available; and
 - public Board papers continue to include high level summaries of private Board and committee discussions.
- 11 Committee meetings are not livestreamed or recorded. To support public transparency, the Health Board aims to publish draft minutes to its website within one month of each meeting. However, as reported last year, due to capacity constraints, this process is not always timely.

Supporting effective board conduct

- 12 The Health Board continues to have robust arrangements to support the Board and its committees to run effectively. The Audit and Risk Assurance Committee (ARAC) plays a key role in ensuring governance controls are in place and followed. This includes overseeing compliance with Standing Orders, Scheme of Reservation and Delegation, and Standing Financial Instructions, and reviewing them annually to ensure they reflect current arrangements.
- 13 As part of this year's review of Standing Orders, the Health Board updated its Corporate Scheme of Delegation to reflect its new operational structure.¹ The Board approved changes to its Standing Orders and Standing Financial Instructions in May and July 2025, respectively. Both documents are available on the Health Board's website.
- 14 The Health Board maintains strong arrangements to ensure probity and propriety, including up-to-date registers of interests, gifts, and hospitality, which are available on its website. ARAC oversees these arrangements through an annual assurance report. Declarations of interest remain a standing item on all Board and committee agendas.
- 15 The Health Board maintains clear processes for ensuring policies are reviewed and updated. To guide the process, it has an up-to-date written control documentation policy, last reviewed in February 2025.
- 16 Clinical Care Groups are held to account on policy management through Executive Improving Together Sessions and the internal escalation framework. Committees continue to receive regular updates on out-of-date policies and requests for approval or extension. Policies are easily accessible on the Health Board's website.

¹ In April 2025, the Health Board introduced its new operational structure, which is focused around four Clinical Care Groups: Community and Integrated Medicine, Operational Allied Health and Health Sciences, Mental Health and Learning Disabilities, and Planned Care and Specialist Care.

Assurance on Joint Commissioning Committee effectiveness

- 17 The Joint Commissioning Committee (JCC) was set up 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.
- 18 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 Safety and Experience Committee (QSEC), and Finance and Performance Committee (FPC) receive routine assurance on the work of the JCC and its sub-groups.
- 19 In June 2025, the JCC Chair, Chief Commissioner, and leadership team provided their annual update to the Board during a Board seminar session. The Chair's Report to the July 2025 Board meeting included a summary of the discussion.

Board and committee meeting effectiveness

- 20 In January 2025, the Board approved its new committee structure, which went live in April 2025. This included standing down the Strategic Development and Operational Delivery, and Sustainable Resources Committees, and setting up the following new committees:
 - Digital, Data and Innovation Committee (DDIC);
 - Finance and Performance Committee (FPC); and
 - Strategy and Planning Committee (SPC).
- 21 The Health Board revised its committee structure to better align with the targeted intervention domains and strengthen the focus on digital, finance, performance, and strategic planning. The changes also reflect feedback from 2023-24 committee effectiveness reviews, which highlighted the need for committees to have a clearer purpose to ensure they are well understood.

- 22 As in previous years, we found that committees have up-to-date, publicly available terms of reference and work programmes. These clearly outline oversight responsibilities for planning objectives and, where applicable, responsibilities for overseeing targeted intervention de-escalation criteria. The Board also has an up-to-date work programme.
- 23 Board and committee meetings continue to be well chaired and supported by the Corporate Governance Team. We continue to see strong scrutiny and open discussion of service challenges. Independent members remain open when they are not assured, reinforced by the Triple-A process.
- 24 However, we found discussion at some of the newly formed committees can be too operational. This should improve as the committees become more established. We routinely see matters referred between committees, with the committee chairs meeting also supporting this process.
- 25 High-risk matters continue to be escalated to the Board through the Triple-A process (Alert, Advise, Assure). The Triple-A process has been in use for over a year and continues to receive positive feedback, especially the improved focus on key challenges. The process is generally well used, but still embedding. Some committee chairs need to be reminded to use the process, or they consult executive leads for their opinion on levels of assurance. Committee chairs and independent members should decide their levels of assurance without input from executive leads.
- 26 There is also a risk of committees using the 'Alert' rating to escalate issues to the Board for action rather than reviewing whether the area of concern should remain and be overseen by the committee. There is clear guidance on the process, but the Health Board should hold a briefing session with independent members to reinforce the process.

Quality and timeliness of Board information

- 27 The Board and its committees continue to receive good quality, timely papers, supported by interactive dashboards and data tools. Generally, we received positive feedback on the quality of papers. Although there were some suggested areas for improvement, these relate to repetition between papers, the volume of papers, better triangulation of information, improved focus on the impact of actions and better use of data.
- 28 Positively, we continue to see operational officers routinely attending committees to present papers. However, officers have varying levels of experience at presenting at committee level. To support this, the Corporate Governance Team is delivering governance training for Clinical Care Groups. This includes report writing and presentation. Guidance is also included in the call for Board and committee papers.

Hearing from staff and service users

- 29 The Board remains committed to hearing from patients and staff. Patient experience insights are shared through the Improving Patient Experience Report and regular patient and staff stories at the Quality, Safety and Experience (QSEC), People, Organisational Development and Culture (PODCC) and Health and Safety (HSC) committees.
- 30 The Health Board has set up a task and finish group to review patient experience reporting. The Board is also completing a self-assessment against the NHS Wales People's and Experience Framework, with findings to be reported to QSEC in December 2025.
- 31 The Health Board uses a variety of methods to hear from a diverse range of patients and service users. For example, during consultations on service change, such as the Clinical Services Plan, it ensures inclusive engagement by using a wide range of methods to reach diverse groups of citizens. Board members also maintain contact with frontline staff through regular patient safety walkabouts, which offer valuable opportunities to hear from both staff and patients.

- 32 The 'Speak-up' process, launched in October 2024, allows staff to raise concerns confidentially. PODCC and QSEC receive twice yearly updates on reporting trends and progress on its implementation, with the last update in August 2025. Additionally, several staff networks and advisory groups report to PODCC including the LGBTQ+ network, armed forces network and the newly established Equality Diversity and Inclusion Task Force.

Board cohesion and continuous improvement

- 33 Last year, we reported significant Board level changes. Since then, the Board has stabilised, with no interim arrangements at executive level. The interim Executive Director of Nursing and interim Executive Medical Director were appointed substantively in April and May 2025, respectively. Additionally, the new Independent Member (Community) joined the Board in May 2025.
- 34 However, there has been considerable change at operational level. In April 2025, the Health Board implemented phase one of its new operational structure. Leadership teams are now in place across all four Clinical Care Groups. However, phase two, which focuses on the structures below each care group, is yet to be implemented. The pace of progress continues to be a concern for the Board, as ongoing uncertainty is unsettling for staff. The Health Board aims to complete phase two by December 2025.
- 35 The Board continues to demonstrate a strong commitment to learning and development. It has a well-developed programme of Board development, supported by organisational development and learning activities. The Board's approach to evaluating its effectiveness is well established, continuing to draw on internal and external sources of assurance.
- 36 For its 2024-25 review, the Board refreshed its maturity matrix. Instead of assigning an overall maturity score, it assessed and scored itself against ten criteria. This approach provides a clearer understanding of the Board's strengths and areas for improvement.

Providing board assurance

There are strong arrangements to oversee risk, performance, service quality and safety, and audit recommendations

Managing strategic and corporate risks

- 37 The Board continues to have a mature approach to overseeing strategic risks. The Board reviews its Board Assurance Framework (BAF) at alternate meetings. For 2025-26, the Board approved new strategic objectives (see **paragraph 56**). The principal risks, outcome measures and planning objectives align with the new objectives.
- 38 The BAF cover report and dashboard provide a clear summary of progress against the strategic objectives and delivery risks. Each committee is assigned relevant planning objectives for in-depth scrutiny. However, these arrangements are unclear in the BAF dashboard.
- 39 The Board and its committees maintain strong oversight of the Corporate Risk Register, which the Board receives every other meeting. Committees routinely scrutinise risks assigned to them and provide assurance to the Board through their assurance reports.
- 40 Recently, the Health Board has developed an Assurance and Risk Report. This report provides each committee updates on principle, corporate and operational risks assigned to them. It also includes relevant audit and inspection recommendations, Welsh Health Circulars, and Ministerial Directions.
- 41 The Board approved the Health Board's revised Risk Management Framework and Risk Management Strategy in September 2025. The framework outlines the processes and procedures, while the strategy sets out key improvement objectives for the next 12 months. These objectives are to:

- support operational risk management arrangements to ensure a consistent approach to the ownership and oversight of risks;
- ensure the Board is sighted on key risks and areas of concern on a regular basis; and
- improve the risk maturity of the Health Board.

42 ARAC continues to receive updates every other meeting via the Risk Assurance Report on the effectiveness of the Risk Management Framework, and progress on the Risk Management Strategy. The report maintains good analysis of risk management across the organisation, including risk themes, issues, and escalation status by Clinical Care Groups and Corporate Directorates.

Managing performance

43 The Improving Together Framework sets out the Health Board's approach to performance management and improvement. Approved by the Board in March 2025, the revised framework reflects the new operational structure and incorporates strengthened escalation arrangements. It introduces a fourth escalation level for escalated areas that are not showing sufficient progress. Although further work is needed to define how the fourth level will operate in practice.

44 In April 2025, ARAC received a substantial assurance Internal Audit report on the Health Board's performance management arrangements. The review found that the Performance Management team actively supports departments, and there is regular reporting of performance data. The review made two medium-priority recommendations related to persistent underperformance in escalated services and data quality assurance.

45 Separately, in February 2025, Internal Audit issued a limited assurance report on data quality, identifying three high and one medium-priority recommendations. These related to resourcing of the Information Quality Assurance Team, data correction processes, the absence of data quality metrics, and the lack of an information and intelligence strategy. The Health Board has developed a data quality improvement programme.

- 46 The Board and its committees continue to show strong oversight of organisational performance. The Board and Finance and Performance Committee review the Integrated Performance Assurance Report (IPAR), supported by its dashboard at each meeting. The IPAR cover report clearly highlights areas of poor performance.
- 47 The Health Board has enhanced IPAR reporting by providing detailed escalation status updates for Clinical Care Groups and Corporate Directorates. The new format provides performance domain-level overviews, shows areas of greatest concern, and outlines reasons for escalation and de-escalation criteria. This reflects the Health Board's maturing and transparent approach to performance management.

Monitoring quality and safety

- 48 The Quality, Safety, and Experience Committee (QSEC) continues to maintain oversight of the quality and safety of services. This is supported by a Quality Management System, covering quality planning, control, and improvement. The Health Board is refreshing its 2023-26 Quality Improvement Strategic Framework, aiming to seek Board approval by March 2026. In April 2025 QSEC received an update on its progress.
- 49 QSEC receives assurance through a range of reports, including the Quality and Safety Assurance Report, deep-dives, and updates on its sub-groups, clinical audit, and inspections.
- 50 The Health Board is strengthening oversight of service quality and safety. In August 2025, QSEC approved changes to quality and safety governance arrangements. The changes aim to improve strategic focus at committee level and strengthen operational oversight.

- 51 Changes included replacing the Quality, Safety and Experience Sub-Committee with a new Quality and Safety Intelligence Group (QSIG). QSIG reports to the executive-level Integrated Quality, Finance, Performance and Delivery Group. QSEC now also receives six-monthly assurance reports from each Clinical Care Group and Public Health. The Health Board intends on reviewing the effectiveness of these arrangements, reporting to QSEC in December 2025. Internal Audit will also provide independent review.
- 52 The Health Board continues to implement the duties of the Health and Social Care (Quality and Engagement) Act 2020. It published its 2024-25 annual reports outlining how it met the duties of quality and candour. The Board received both reports at its Annual General Meeting in September 2025.

Tracking and monitoring recommendations

- 53 The Health Board continues to have robust arrangements for tracking audit and review recommendations. ARAC receives assurance on internal and external recommendation tracking at every other meeting. Since October 2025, the report also includes compliance with Welsh Health Circulars. The report provides comprehensive analysis including recommendation status, thematic trends, and analysis of internal escalation on implementing recommendations.
- 54 Committees have also started receiving an Assurance and Risk Report, which includes updates on relevant audit and inspection recommendations, as well as Welsh Health Circulars. Executives hold Clinical Care Groups and Corporate Directorates to account on recommendation tracking through Executive Improving Together sessions. In November 2025, there were 29 open Audit Wales recommendations across all reviews, of these 16 were overdue.
- 55 Our review of the Health Board's progress to address previous recommendations has found a positive position, with:
- Five out of six recommendations from past structured assessment reports now complete. The remaining recommendation is in progress.

- All 12 recommendations from our cost savings report now complete. We discuss this more in **paragraph 80**.

Preparing strategies and plans

The Health Board is refreshing its long-term strategy and maintains good oversight for developing and delivering corporate plans and strategies

Producing key strategies and plans

- 56 The Health Board is refreshing its long-term strategy, 'A Healthier Mid and West Wales'. It aims to present the draft for Board approval in January 2026. The process is supported by regular Board engagement and updates, and internal and external stakeholder engagement. The Health Board does not expect to make major changes to its strategy. It is focusing its engagement activity on parts of the strategy that will need updating.
- 57 Once approved, the Health Board will need to review its governance arrangements and supporting plans to ensure they support the strategy's delivery. In January 2025, the Board agreed a revised, purpose statement and strategic objectives for 2025-26.² These will be tested through the strategic refresh and might need refinement as a result.
- 58 The Health Board is progressing its Clinical Services Plan³, a planning objective for 2025-26. A public consultation programme ran over the summer, ending on 31 August 2025, with broad engagement across communities, staff, and seldom-heard groups. The Health Board received a positive response rate, with many alternative service options proposed.

² The Health Board's refreshed purpose statement is: Healthier Lives, Well Led, and its strategic objectives are: Thriving Workforce, Healthier Communities, Great Care and Positive Futures.

³ The Clinical Services Plan focuses on the Health Board's nine most fragile services.

- 59 To allow time for full consideration, the Board will hold an extraordinary meeting in February 2026. The Quality, Safety and Experience Committee has held extraordinary meetings to review the options from a quality perspective. However, the Clinical Services Plan does not cover all services and has a medium-term focus.
- 60 The Health Board is currently working to an Annual Plan, as it was unable to submit an approvable financially balanced three-year Integrated Medium Term Plan to the Welsh Government. The plan however does not meet the financial requirements set by the Welsh Government and, therefore, remains unapproved. We discuss the Health Board's financial position in more detail in **paragraph 71**.
- 61 The overall planning approach is unchanged. Plans continue to be developed with good engagement and collaboration with the Board and Clinical Care Groups. Oversight arrangements for development and delivery appropriately reflect the new committee structure. In April 2025, Internal Audit issued a reasonable assurance report on the annual planning process and assumptions for 2025-26. It gave substantial assurance to oversight arrangements, but raised an issue on identifying savings schemes.
- 62 To strengthen its planning approach for 2026-27, the Health Board has created a risk stratification system. This will form the basis of planning and help manage competing priorities within limited resources. The Planning Prioritisation Matrix categorises risks (582 risks) into three levels:
- Route 1 (Green) – Issues that can be resolved within current resources and governance
 - Route 2 (Amber) – Challenges that need extra funding or workforce support
 - Route 3 (Red) – Major system-wide issues needing transformation or external intervention, such as support from the Welsh Government
- 63 The plan will also focus on wider objectives such as population health and prevention.

Board assurance on partnership working

- 64 The Board receives routine assurance on partnership working through updates on joint committees of the Board, regional collaboratives, and statutory partnerships. This includes the regional partnership board, public services boards, and collaboration with neighbouring health boards.
- 65 Since last year, the Health Board has set up a formal Regional Joint Committee with Swansea Bay University Health Board. The committee met for the first time in January 2025 and meets quarterly. Its terms of reference, agreed by the two Boards, sets out five regional objectives.
- 66 These focus on the regional health economy, clinical services, corporate functions, the regional capital programme, and research, innovation, and excellence. A dedicated work programme with clearly defined joint leadership supports each objective. However, progress across the five programmes varies, as they are at various stages of development.
- 67 The Regional Joint Committee has met three times since its establishment and is still embedding its processes. Our observation found robust scrutiny, a shared sense of responsibility between the two health boards and an increased willingness to work together.
- 68 While regional solutions are expected to support long-term service sustainability, concerns were raised by executives and Independent Members about the capacity to develop and deliver these programmes whilst also managing immediate operational pressures.
- 69 The Mid Wales Joint Committee is a collaborative with Betsi Cadwaladr University Health Board, Powys Teaching Health Board, the Welsh Ambulance Services University NHS Trust, and the three relevant local authorities.⁴ It is not a formal committee of the Board. It aims to strengthen the planning and delivery of health care services in mid-Wales, with priorities including urology, rheumatology, and addressing social care challenges like delayed pathways of care.

⁴ Ceredigion County Council, Gwynedd Council and Powys County Council are members of the Mid Wales Joint Committee.

- 70 While there has been some progress, the committee has several competing workstreams, which limits its ability to use available resources effectively to deliver the intended outcomes.

Monitoring delivery of strategies/plans

- 71 The Health Board continues to have robust arrangements for monitoring and overseeing its strategies and plans. The 2025-26 Annual Plan focuses on ten planning objectives, each addressing ministerial priorities, statutory duties, targeted intervention requirements, or critical enablers. Many of the planning objectives are change programmes or corporate plans. For example, Clinical Services Plan, Digital Plan and Estates Plan. This ensures clear oversight.
- 72 Each planning objective is aligned to an oversight committee and supported by a clear delivery plan. The Board and its committees routinely receive updates on the plan's delivery through the Planning Objective Assurance Report, the BAF and IPAR. The Strategy and Planning Committee maintains overall oversight of Annual Plan development and delivery. There is clear executive oversight through the Executive Improving Together sessions and executive team sub-groups.⁵
- 73 The Well-being Objectives Annual Report, presented to the Board each November, continues to provide assurance on progress against the Health Board's eight well-being objectives. As part of its strategic refresh, the Health Board is reviewing these objectives to ensure they align with its strategic objectives.

⁵ These are the Integrated Quality, Finance, Performance and Delivery; A Healthier Mid and West Wales, and Value and Sustainability groups.

Managing finances

While appropriate financial oversight, control and management processes are in place, the financial position remains challenging

Meeting financial objectives and duties

- 74 The Health Board did not meet all its financial duties in 2024-25. Of the three duties, it met its capital resource limit, reporting a small underspend of £86,000. 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.
- 75 The Welsh Government set the Health Board a target deficit of £31.5 million for 2024-25. The Health Board surpassed this, reporting a year-end deficit of £24.1 million. This improvement was supported by additional in-year funding from the Welsh Government, which reduced the original financial plan from a £64 million planned deficit to £31.5 million. The Health Board also made further savings.
- 76 The Health Board does not have a balanced financial plan for 2025-26. In March 2025, the Board approved its Annual Plan for submission to the Welsh Government, forecasting a deficit of £31.5 million. While this meets Welsh Government's control target, the Board acknowledges the financial deficit is unacceptable.
- 77 In July 2025, the Welsh Government communicated to the Health Board a revised expectation for 2025-26. This being, the year-end deficit, at a minimum, must be equal to the 2024-25 outturn position of a £24.1 million deficit. In response, the Health Board assessed a range of cost-reduction options over the summer. These proposals, supported by quality impact assessments, were presented to the Board in September 2025.

- 78 At month seven, the Health Board has reduced its forecast deficit to £28.3 million, which includes the additional Welsh Risk Pool risk share of £4.2 million. The Health Board is reporting an underspend of £1.2 million on its year-to-date position. It will need to further reduce operational spending to meet its revised deficit plan.

Financial planning arrangements

- 79 Aligned to its annual planning process, the Health Board maintains a clear process for developing its financial plan. Corporate teams, Clinical Care Groups, and finance business partners continue to identify strategic and operational savings collaboratively. Appropriate Board and executive level groups oversee the plan's development and delivery.
- 80 Work to develop the 2026-27 annual financial plan has started. In October 2025, the Finance and Performance Committee approved the planning principles, timelines, and approach. The committee will receive the draft financial plan for 2026-27 in December 2025. The Health Board does not yet have a long-term financial plan, but it is developing a three-year financial roadmap aiming to achieve a recurrent breakeven position by 2028-29. The draft three-year roadmap was discussed at the Finance and Performance Committee and Board Seminar in October 2025 and will be considered again at the Board meeting in November 2025.
- 81 For 2025-26, the Health Board has a revised savings target of £46.4 million, broken down as £19 million recurrent and £27.4 million non-recurrent. At month seven, it has delivered £31.5 million of savings. The Health Board has identified £48.4 million of savings, £2 million over its target. However, a £4.7 million gap in recurrent savings remains. Of the savings identified, the Health Board expects to deliver £48.1 million.
- 82 To bridge the gap, the executive team requested further savings options from escalated services. Overseen by the executive level Financial Control Sub-Group, the Health Board is also taking 'grip and control' measures focused on recruitment, training, and procurement. The Board and Finance and Performance Committee receives routine updates on savings plans, delivery, risks and mitigating actions.

- 83 In 2024, Audit Wales reviewed the Health Board's approach to cost savings. The review made ten recommendations aimed at strengthening the Health Board's savings approach. The Health Board reported that it has completed all recommendations. **Appendix 2** shows the recommendations and current status.

Financial management arrangements

- 84 The Health Board has the expected financial controls in place, with ARAC receiving assurance via the Financial Assurance Report and counter fraud updates. The FPC and ARAC oversee the review of financial procedures and policies.
- 85 In April 2025, Internal Audit issued a reasonable assurance report on financial management for 2024-25, with one high and three medium-priority recommendations. These focused on budget delegation, budget holder training and use of budget monitoring systems, and operational oversight of saving schemes.
- 86 In February 2025, accountability letters were issued to all Clinical Care Groups and Corporate Directorates. While budget holders signed and returned the letters, several missed the deadline due to ongoing conversations about savings.
- 87 The Health Board is still committed to delivering its financial plan. Like last year, oversight of the financial position is maintained through several executive-level groups, including the Executive Improving Together Sessions and the Value and Sustainability, and the Integrated Quality, Finance and Performance Delivery groups. Improved clinical care group governance and internal escalation arrangements further support oversight.
- 88 The Financial Performance Assurance Report provides detailed analysis of the key drivers of spending, highlighting operational cost pressures. Understanding cost drivers also forms part of the annual financial planning process.

- 89 The Health Board submitted good quality draft financial statements for external audit within the required timescales. Our audit found no material misstatements, but did find some areas where corrections needed to be made. We issued an unqualified opinion in respect of the truth and fairness of the accounts, but a qualified regularity due to the Health Board breaching its revenue resource limit over the three-year period 2022-2025. This is irregular expenditure which required the regularity opinion to be qualified.

Monitoring financial performance

- 90 The Board and Finance and Performance Committee maintain good oversight of the Health Board's financial position. The Financial Performance Assurance Report provides a clear overview of revenue and capital and forecast positions, savings progress, and key cost pressures. There is good use of charts, dashboards, and analysis of operational performance, which helps highlight key risks and actions.
- 91 Financial updates via reports such as the Integrated Performance Assurance Report and targeted intervention updates further support oversight. The Health Board's principal risk register includes a high-level risk on achieving financial sustainability.
- 92 The Board and Finance and Performance Committee provide good challenge on the financial position. In recent months, the Board and Committee have held difficult discussions about options to meet the Welsh Government's year-end expectation. These discussions have either taken place in public, or, when held privately, have been reported at the next public meeting. This shows the Health Board's commitment to transparency.

Recommendations

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

Recommendations

R1 The Health Board should hold a briefing session with Independent Members to clarify the 'Triple A' (Alert, Advise, Assure) process (see paragraphs 24 and 25).

R2 The Health Board should update the Board Assurance Framework Dashboard to include committee oversight arrangements (see **paragraph 37**).

Appendices

1 About our work

Scope of the audit

We looked at the following areas for the period May 2025 to October 2025:

- 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 prepares key strategies and plans
- 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:

- 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 producing strategic plans and overseeing their delivery?
- 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 Officer
- Deputy Chief Executive
- Chair of the Board
- Vice-Chair
- Board Secretary/Director of Corporate Governance
- Executive Director of Finance
- Deputy Director of Finance
- Executive Director of Strategy and Planning
- Executive Director of Nursing, Quality and Patient Care
- Chair of Quality, Safety and Experience Committee
- Chair of Audit and Risk Assurance Committee
- Chair of Finance and Performance Committee
- Chair of Strategy and Planning Committee
- Independent Member – Community

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

- Audit and Risk Assurance Committee
- Digital, Data and Innovation Committee
- Finance and Performance Committee
- Mental Health Legislation Committee
- People, Organisational Development and Culture Committee

- Quality, Safety and Experience Committee
- Regional Joint Committee of Swansea Bay and Hywel Dda University Health Boards
- Mid Wales Joint Committee Board

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** The Health Board should update its Improving Together Framework documentation, ensuring it adequately reflects current performance management and internal escalation arrangements. In updating the framework, the Health Board should also ensure documentation includes arrangements for **(complete, paragraph 43)**:
- de-escalating and supporting directorates at the highest level of escalation for extended periods; and
 - co-ordinating support for directorates escalated over several domains.
- R2** The Quality, Safety and Experience Committee should receive, at least annually, a standalone update on Quality Improvement activities, including the Health Board's progress in implementing the Quality Improvement Strategic Framework (2023-2026), a roundup of improvement initiatives and the impact they are having to date **(complete, paragraph 48)**.

- R3** To ensure the sustainable development principle is central to its long-term vision, the Health Board should review its well-being objectives as part of its planned long-term strategy refresh (**in progress, paragraph 71**).

2023 Recommendations

- R3** Given the Health Board is under the Welsh Government's Enhanced Monitoring arrangements for some service areas, there is scope to demonstrate the effectiveness of the Improving Together Framework. The Health Board should develop a mechanism for periodically providing assurance that its performance management arrangements are working as intended (**complete, paragraph 44**).

2022 Recommendations

- R2** While some changes have been made, the operational structure still poses risks to confused and inconsistent governance structures. Given the scale and complexity of the challenges and risks facing the Health Board, it is important that planned work to revise the operational structures and associated governance arrangements progresses as a matter of urgency (**complete, paragraph 34**).

R6 The Health Board's longer-term financial recovery plan has not been updated to reflect the financial challenges being experienced in 2022-23. The Health Board needs to update its longer-term financial recovery plan for 2023 onwards, ensuring that its improvement opportunities are reflected (**superseded, paragraph 78**).

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

- | | |
|-----------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| R1 | The Health Board should ensure that where appropriate Directorates routinely consider and implement its central work on cost savings benchmarking, and variation analysis (complete). |
| R2 | The Health Board should ensure the Opportunities Framework includes a more systematic approach to canvassing the views of stakeholders, staff, and service users in the generation of savings ideas (complete). |
| R3 | The Health Board should strengthen both its guidance and governance around the Project Initiation Document and 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). |

R4 The Health Board should make improvements to the way it plans for its savings by strengthening the integration between its annual financial operational planning and savings planning arrangements. This should provide greater clarity over the interdependency between delivering annual budgets and savings and ensure that savings plans fully reflect the specific savings opportunities that exist within individual Directorates (**complete**).

R5 The Health Board should develop sufficient transformational capabilities and capacity to support Directorates to identify and deliver broader transformational savings (**complete**).

R6 The Health Board should explore ways of enhancing clinical engagement in the identification and delivery of savings to increase the potential for the savings schemes to deliver their full benefits (**complete**).

R7 The Health Board should make improvements to how it reports on cost savings by:

7.1 Ensuring that future savings reports articulate all the savings the Health Board needs to deliver in a given year to meet its Welsh Government control total (**complete**).

7.2 Supporting Board members to deepen their financial literacy skills to enable them to better understand the content of finance reports and provide effective oversight and scrutiny (**complete**).

7.3 Prioritising work on its 'single version of the truth' to establish a comprehensive picture of savings across the Health Board to strengthen monitoring, reporting, and shared learning (**complete**).

R8 The Health Board should ensure that its savings planning for 2025-26 commences earlier and puts a greater emphasis on delivering recurrent savings opportunities through service transformation and reconfiguration (**complete**).

R9 The Health Board needs to implement effective actions to manage the inherent risk that the Health Board is currently carrying within its 2024-25 savings schemes, by prioritising how best to turn its current red and black savings schemes into recurrent green and amber schemes that have a realistic chance of delivering the identified savings (**complete**).

R10 The Health Board should develop a more systematic approach to the sharing of learning on savings between Directorates and continue to implement the learning from its recent internal reviews into its savings arrangements, and its learning from the recent changes brought about by the discovery of RAAC **(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.
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.
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.
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.

Term	Description
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.
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 makes 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.

4 Management Response Form

Audited body	Hywel Dda University Health Board
Audit name	2025 Structured Assessment
Response received	19 November 2025

Ref	Recommendation	Commentary on planned actions	Completion date for planned actions	Responsible officer (title)
R1	The Health Board should hold a briefing session with Independent Members to clarify the 'Triple A' (Alert, Advise, Assure) process.	<p>To hold a session at an Independent Member Development Session on the correct and consistent use of the 'Triple A' assessments at meetings.</p> <p>To include the 'Triple A' criteria on Chair's Briefs as a prompt for Chairs to make an assessment at the end of each agenda item.</p>	31 January 2026	Director of Corporate Governance

Ref	Recommendation	Commentary on planned actions	Completion date for planned actions	Responsible officer (title)
R2	The Health Board should update the Board Assurance Framework (BAF) Dashboard to include committee oversight arrangements.	Committee oversight arrangements of the BAF have been included in the supporting information on the BAF Dashboard to the Board in November.	30 November 2025	Director of Corporate Governance

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.

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