



Structured Assessment 2025

Betsi Cadwaladr University Health Board

March 2026

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Audit snapshot

What we looked at

- 1 We looked at how well Betsi Cadwaladr 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.

Why this is important

- 3 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

- 4 We found that the Board and its committees are operating effectively with open discussion and effective challenge. However, executive leadership arrangements are causing some concern. Despite there being a largely substantive Executive Team in place, the Chief Executive is still being drawn too extensively into operational issues and specific programme leadership. There is also a need to ensure executive portfolios support more collective organisational leadership by the Executive Team rather than this being vested in just a few individuals.
- 5 The Health Board's current operating model is recognised as not being fit for purpose. Much stronger and clearer accountabilities for performance are needed given the significant service delivery challenges being faced by the organisation. The Foundations for the Future programme that aims to introduce a new operating model is a necessary and appropriately ambitious initiative. However, its implementation is taking longer than originally planned. The revised implementation date of April 2026 looks very challenging given that limited and high-level information on the model has been shared with the Board. The model will also require an extensive internal consultation exercise before it can be rolled out.
- 6 The Health Board is focusing strongly on the achievement of its statutory financial requirements. It is encouraging that it was able to submit a financially balanced medium-term plan, although the plan was not approvable due to a lack of detail on delivery approaches. A focus on longer term financial sustainability is still needed, although this is being impeded by the continued absence of a clinical services plan.
- 7 There is good oversight of financial performance, but the Health Board is forecasting a year-end deficit position of £17.4 million as of month ten. It is also of significant concern that a number of accountability agreements for 2025-26 were signed very late into the 2025-26 financial year, including by several budget holders in the Executive Team.

What we recommend

8 We have made nine recommendations to the Health Board within the following areas:

- increasing transparency within board business;
- strengthening lines of assurance to board committees;
- strengthening resilience within the Executive Team;
- ensuring financial controls are well-understood, clearly articulated and agreed; and
- ensuring sufficient programme management capacity for its review of operating structures.

Key facts and figures

Within the Welsh Government's Escalation and Intervention framework, the Health Board is currently at level 5 (Special Measures).

In 2024-25, the Health Board had a year-end deficit of £7.6 million.

In 2024-25, the Health Board aimed to save £48 million but ended up saving £58.4 million.

The Health Board's 2024-25 financial statements were submitted for external audit on time. The accounts received an unqualified True and Fair opinion. However, they also received a qualified regulatory opinion because the Health Board did not break even from 2022-23 to 2024-25.

Despite submitting a financially-balanced Integrated Medium Term Plan for the first time in 13 years, the plan was not approved by the Welsh Government, due to a failure to set out how the Health Board would meet Welsh Government delivery expectations in a number of key areas.

The Health Board is facing significant in-year financial challenges, and, as of month-ten is projecting a deficit of £17.4million for 2025-26.

The Health Board has fully implemented 11 out of 19 outstanding structured assessment recommendations since our last report.

Our findings

Board effectiveness and executive leadership

The Board and its committees operate well. With most executive team roles now filled substantively, it is crucial that responsibilities are more effectively delegated and distributed amongst that team

Public openness of board business

- 9 The Board runs its meetings in an open and accessible way. Most meetings take place in person in Llandudno, with extra meetings held online. Live translation from Welsh to English is available. The public can join meetings by attending in person or watching them on YouTube, either live or as a recording. Board members speak openly and do not avoid discussing difficult topics.
- 10 The Health Board has made it easier for the public to access information about its committees. The website explains how people can ask to attend its public committee meetings which are mostly held in person. Unlike Board meetings, they are not live-streamed but are recorded for the purposes of the minutes. The Health Board is considering ways to increase the public transparency of meetings in accordance with its Standing Orders.
- 11 In general, private sessions of Board and committee meetings are handled appropriately. Papers explaining why items are kept private are mostly provided, but in very few instances this information is missing. The Health Board should make sure this is always included. Some of those we interviewed also suggested that authors could more carefully separate sensitive and non-sensitive information to put more information in the public domain.

- 12 There has been a small increase in the number of decisions taken as chair's actions in 2025 although the Health Board is managing these appropriately.¹ The Health Board states this is a result of additional requests coming through that could not have been reasonably foreseen before a formal meeting. Most reports of chair's actions over the past 12 months clearly demonstrated how they were supported by Independent Members, and actions were well-documented, including the financial implications of decisions, though we note the report for November 2025 did not include this detail as this was commercially sensitive due to an individual claim.
- 13 Papers to support Board and committees are generally published in a timely way and in accordance with Standing Orders. Breaches in respect of late papers are reported to the Audit Committee although members have raised concerns at Audit Committee during the year that not all breaches are captured on the breach log.
- 14 The Health Board publishes committee meeting minutes after they have been confirmed at the following committee meeting, which is typically two or three months later. The Health Board introduced "Alert, Assure, Advise" highlight reports in December 2024. These are provided within Board agenda packs and effectively summarise the key committee decisions and discussion points to help provide assurance to the Board. If the Health Board is not able to publish minutes in a more timely way, it should look to upload the Alert, Assure, Advise reports to the website in advance of the Board papers as an alternative measure.

¹ A 'chair's action' refers to a decision taken outside of a formal board or committee session.

Supporting effective board conduct

- 15 The Health Board is working to improve its processes for recording declarations of interests, gifts and hospitality. An internal audit into standards of business conduct in 2023-24 provided a limited assurance rating in this area. Their subsequent follow up found that while some progress had been made, many actions were overdue. These included strengthening approval processes and the accuracy of published Board Member Register of Interests. The Health Board is working to address these issues by March 2026.
- 16 The Health Board is updating its overdue policies, however, progress is slow. Although action was taken to improve the position in 2024, by October 2025 38% (40 out of 104) of its total policies remained overdue. Of these, only seven out of 18 high-risk policies have been updated in the last six months. It is therefore important that the revisions the Health Board is currently making to its policy management process support more timely review.

Assurance on Joint Commissioning Committee effectiveness

- 17 The Joint Commissioning Committee (JCC) was established in April 2024 as a joint committee of the seven Health Boards in Wales. It is responsible for planning and commissioning 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 about how effectively the JCC is operating, as well as about the Health Board's involvement in JCC meetings and activities.
- 19 The Board has received some information related to the activity of the JCC during the past 12 months. This has included two quality safety outcomes highlight reports from the JCC to the Quality, Safety and Experience Committee and changes to the JCC standing orders. However, a consistent theme of our interviews was that Board members did not feel sufficiently sighted on the activity of the JCC and the Health Board's involvement. To strengthen oversight further and ensure the Board feels better informed, the Health Board could routinely share the minutes of the JCC minutes with the Board.

Board and committee meeting effectiveness

- 20 Our committee observations during 2025 have found that committees are generally working well. Meetings are well-chaired and members observe meeting etiquette and provide a good balance between scrutiny and support. However, particularly during Audit Committee meetings, we have noted that the lead Executive Directors are not always in attendance to cover what are sometimes key issues identified in papers and reports, specifically audit reports such as our planned care and urgent and emergency care reports. Discussions at committees would be strengthened by ensuring more consistent representation from appropriate members of the Executive Team for these key items.
- 21 Each year, committees review their terms of reference and cycles of business to ensure their agendas are aligned to the Health Board's key priorities as set out in the IMTP. We have noted, however, that committee chairs had not been meeting regularly as a group in 2025 due to capacity challenges. It is important that these meetings happen regularly to enable timely cross-referral of issues between committees and triangulation of key risks. We understand these capacity challenges have now been resolved, with meetings due to resume in early 2026.
- 22 The Corporate Governance team is taking action to improve the quality of Board and committee papers. We found that papers sometimes focus on describing activity, rather than explaining performance outcomes and providing realistic trajectories for improvement. The Health Board has issued a new template for papers and is training report authors in 2026.

Hearing from staff and service users

- 23 The Board and committees appropriately hear from patients and staff through formal reports and stories which help to set the tone for the subsequent discussions. The Board receives an item at each meeting which contains the experience of either a patient or carer. Recently, the Health Board has aligned its patient experience story to a Board agenda item, such as for urgent and emergency care, which helps it to triangulate information.

- 24 Members of the Board take part in visits to hear experiences directly from staff and patients. To further strengthen this, in November 2025, the Health Board developed a formal protocol to support the Board when visiting different services across the organisation.

Board cohesion and continuous improvement

- 25 The Board is now stable in respect of its membership. There has only been one change to the Independent Member cadre with one member leaving in August 2025 and another starting in October 2025. The tenure of the Vice-chair has been extended to November 2026.
- 26 The Health Board has a valued Board development programme in place. The bi-monthly development sessions were developed by board members and are supported by external facilitators. These development sessions alternate with bi-monthly board briefings on topical issues such as clinical services planning and performance reporting.
- 27 The Board regularly reflects on the effectiveness of its meetings. Its most recent self-assessment had a good response rate and identified what's working well and where improvements are needed. Members gave positive feedback about the level of interaction and challenge in meetings. They also suggested areas for improvement, including clarifying the role of associate members, shortening papers, and focusing more on strategic issues rather than operational detail.
- 28 Committees carried out their own self-assessments, which raised similar themes. These exercises show a mature approach and a shared commitment to continuous improvement. Alongside the annual reviews, informal reflection on meetings is a regular item on Board and committee agendas.

Executive Leadership

- 29 In last year's Structured Assessment, we commented on the need to substantively fill Executive Team vacancies. Over the last year, the Health Board has successfully appointed to three vacant Executive roles, leaving one interim post. This represents a significant step forward in terms of establishing a stable and substantive Executive Team.^{2,3}
- 30 While the issues we described within the Executive Team in our original Board Effectiveness review in February 2023 are no longer present, the Executive Team is still not functioning in the way it needs to. A clear concern that emerged from our work this year is that the Chief Executive is being drawn into operational issues and programme leadership in a way that places significant pressure on their capacity and affects the pace at which important developments can move forward. This is not a sustainable position in the context of the nature and scale of the challenges the Health Board faces. The Health Board needs to urgently move to a position where the Chief Executive can operate at a higher level, with members of the Executive Team being held accountable for leading their portfolios in line with their delegated authorities.
- 31 Linked to the above point, it is important that Executive portfolios are realistic and deliverable and do not result in the responsibility for leadership of some of the organisation's most significant challenges being vested in just a few senior leaders. One area that will need to be kept in view is the viability of the portfolio of the Executive Director of Finance. This has recently been expanded to include responsibilities previously held within the Director of Performance and Commissioning role. The Executive Director of Finance also has responsibilities as the "Delivery Director" for Planned Care, which involves providing oversight and assurance of the delivery programme design and implementation. This is alongside the Chief Operating Officer who is responsible for day to day operational deployment to deliver the planned care programme.

² These are a substantive Chief Operating Officer, who began in April 2025, a substantive Medical Director, who began in October 2025 and more recently a substantive Director of People and Organisational Development, due to begin in early 2026.

³ Executive Director Transformation and Strategic Planning was held by an interim postholder with that term due to end in December 2026 at the time of our review.

- 32 With the Health Board still in Level 5 escalation and facing significant service delivery challenges, it is essential that organisational leadership responsibilities are shared appropriately across the Executive Team, such that it can provide the collective and collegiate leadership the organisation requires. This should include a process to identify a designated Deputy Chief Executive.
- 33 The Health Board set up the new Executive Committee to replace its earlier Executive Team meetings in January 2025. Meetings are well attended and there is a clear record of the key discussion points and decisions. The Executive Committee reports into the Board, which enhances the transparency of senior decision-making. Whilst this work is positive, there is a need to clarify and formalise the arrangements for the sub-structures that sit underneath and report into the Executive Committee. There is also a need to ensure that the Executive Committee is fully aware of, and able to influence, key organisational developments, such as the Foundations for the Future Programme. It does not appear that this programme has been discussed at the Executive Committee, despite its central importance in organisational transformation.

Providing board assurance

Despite significant activity to review assurance frameworks, they are not currently resulting in the reduction of risk scores or improving performance

Managing strategic and corporate risks

- 34 A new, more robust Board Assurance Framework (BAF) is now in place aligned to the Health Board's five strategic priorities. The risks listed on the BAF provide generally good coverage of key risk areas. In addition, the Board discussed and agreed its risk appetite against its strategic objectives during summer 2025. However, as stated in previous years, there is more work to do to ensure that the Health Board's strategic objectives are Specific, Measurable, Achievable, Relevant and Time-bound (SMART). The Health Board will have an opportunity to strengthen this as it moves to revise its long-term vision in 2026.
- 35 There is regular operational and corporate oversight of BAF risks by management. Risks are also reported to and receive scrutiny from each committee and the Board on a regular basis. Whilst Internal Audit recently provided a reasonable assurance review of risk management, it set out several issues, such as overdue reviews and lack of SMART action planning.
- 36 Revisions to the corporate risk register encourage a greater strategic oversight of risks, but the Health Board needs to keep this in view to ensure it is now not too high-level to support effective corporate scrutiny and oversight. The revised draft Corporate Risk Register comprises 11 strategic risks with a selection of the more operational corporate risks de-escalated to be managed operationally at Director level. Discussion at the Audit Committee showed that management need to do further work to ensure risks are defined clearly. At present, the corporate risk register is at such a high level that it may lead to risks being interpreted differently. In addition, whilst reports consistently demonstrate actions to address risks, very few risk scores move during the year, suggesting a need to better focus on the impact of mitigating actions.

Managing performance

- 37 The Health Board's performance framework is not yet sufficiently driving required performance improvements. The Health Board has recently commissioned work to develop a more targeted Performance Management Framework. Its aim is to strengthen performance scrutiny by the Board and its committees by ensuring that metrics are sufficiently and clearly defined. We note improvements to the Health Board's Integrated Performance Report in December 2025 which provides greater analysis of the impact of its improvement activities for areas where performance is off-track.
- 38 Internal Audit reviewed the current performance framework in July 2025 and gave it a limited assurance rating. A key weakness identified was that there were no written records from performance meetings between operational services and the executive team. This makes it hard to be sure that poor performance is being properly managed. Several of our interviews indicated issues with unclear and weak accountability arrangements, including a lack of regular performance management meetings within directorates. The Health Board has set out actions to respond to the weaknesses identified by Internal Audit in this area.
- 39 Although the Board and its committees regularly scrutinise service delivery, performance against several key targets remains poor or is deteriorating. This is resulting in growing frustration within the Board and increasing concern from the Welsh Government. While there are some notable improvements, such as in complaint responses and a reduction in 104-week Referral to Treatment waiting times and 52-week first outpatient waiting times, performance in other key areas remains worrying. This includes wider planned care performance and associated waiting list accuracy, urgent and emergency care, cancer, primary care, dentistry, and child and adolescent mental health.
- 40 Reflecting the Health Board's on-going challenges with the delivery of safe, timely and effective care, in November 2025, the Cabinet Secretary for Health and Social Care announced further measures to support the organisation in tackling these challenges. The support will take the form of a small team of experts who will work alongside the Chief Executive and the Board to drive rapid improvements across a number of key service areas.

Monitoring quality and safety

41 We are currently undertaking a review of the Health Board's quality governance arrangements. This work includes a follow-up of actions to respond to recommendations we made in our 2022 Review of Quality Governance Arrangements. This work also incorporates a review of the steps being taken by the Health Board to implement the new Duty of Quality and Duty of Candour under the Health and Social Care (Quality and Engagement) (Wales) Act 2020. We will report this work in early 2026.

Tracking and monitoring recommendations

42 The Health Board is working to improve its approach for responding to recommendations, but there is more to do. The Audit Committee receives the audit tracker at each meeting through its standing Statutory Compliance Report. This includes detail on open audit recommendations and those proposed for closure. Reports also provide information relating to broader regulatory reviews and inspection.

43 Over the course of the year, we have noted positive developments, including a reasonably systematic approach for administering the recommendation database. The Health Board intends to automate this further next year, with a new digital system in 2026. This will automate the process for sending reminders and tracking overdue recommendations. Notwithstanding the broader issues we identify in paragraph 20 around Executive officer attendance at committees, the Health Board has introduced a good process whereby Executive Leads attend the Audit Committee on a rotational basis to discuss their outstanding audit recommendations.

44 Less positively, we have noted persistent issues with delays and incompleteness in management responses to audit recommendations. In some cases, this has then resulted in consequent delays in reporting to committee. We also found that since May 2025 there have been 60 occasions where the evidence to close internal and external audit recommendations was not sufficient. We note that this has recently started to improve. As part of this year's work, we have reviewed the Health Board's progress on previous structured assessment recommendations that are still open. As shown in **Appendix 2**, only 11 out of 19 recommendations made between 2022 and 2024 are now closed, while others are still in progress.

Preparing plans and organisational change

Progress to develop plans and implement change is slower than intended

Producing key strategies and plans

- 45 Development of the Health Board's long-term strategy and clinical services plan is taking longer than intended. It originally expected to have both plans in place by September 2025. The Health Board approved a high-level strategic vision statement and set of four strategic intent statements at its January 2026 Board meeting. The Health Board intends these statements to provide a clear direction as it moves forward to refresh its long-term strategy. Whilst work continues to refresh its long-term strategy, the Health Board is continuing to work towards the five strategic objectives⁴ it set out in 2023, which have guided its recent planning and risk management work.
- 46 The Health Board is now aiming to be in a position to seek feedback on a draft clinical services plan by April 2026. Although things are moving more slowly than planned, it will at least enable recently appointed members of the Executive Team, including the Chief Operating Officer and Executive Medical Director to contribute to its development.
- 47 The Health Board reviewed and updated its well-being objectives in 2025. As part of this process, it engaged with key external stakeholders, including the Welsh Government and the Office of the Future Generations Commissioner, and sought views from staff and the public through a survey. Following this work, the Health Board amended three of its existing objectives and introduced two new ones to reflect recent Welsh Government legislation. Looking ahead, the Health Board plans to undertake a further review of its well-being objectives once its long-term organisational strategy has been updated, to ensure that the objectives remain aligned with any revised strategic priorities.

⁴ The five strategic objectives are: Building an effective organisation; Developing strategy and long-lasting change; Creating compassionate culture, leadership and engagement; Improving quality, outcomes and experience; and establishing an effective environment for learning.

- 48 The Health Board submitted a financially balanced Integrated Medium Term Plan (IMTP) for 2025-2028. This is the first financially balanced plan it has submitted since 2012-13. The Welsh Government recognised this progress but remained unable to approve the plan due to other weaknesses. These included insufficient information on how the Health Board would meet Welsh Government delivery requirements in a number of key areas, including planned care, cancer, diagnostics, urgent and emergency care, diabetes, stroke, dentistry, and Child and Adolescent Mental Health services. Our own review also found that the plan could be strengthened by including information on the internal and external engagement involved in its development.
- 49 The Health Board is improving how it involves Independent Members in developing its IMTP, but more work is needed. Members saw a draft earlier than in previous years (December 2024 and February 2025), which is positive. However, early drafts had gaps that made review difficult. The Board plans to improve engagement for 2026-27 by discussing IMTP themes during the plan's development, making the process more inclusive. It also needs to involve operational staff more closely, especially those in its Integrated Health Community (IHC) structure, as well as its regional partners.

Organisational change

- 50 The Health Board recognises that its current organisational structure and operating model is not supporting clear and effective accountability for the service improvements which are necessary. A need for clearer roles, authority and accountability mechanisms was a common concern raised by the staff we interviewed as part of this year's structured assessment.

- 51 In response to these challenges, the Health Board has established a 'Foundations for the Future' programme. This ambitious programme aims to drive organisational improvements by clarifying staff roles and updating structures, culture, strategy, people, and processes. Whilst the programme is progressing, it is taking longer than originally planned. The Health Board originally intended to finish the design phase of the organisational structure by April 2025 before beginning to put a new structure into action. Plans were then made to share the new structure with the People and Culture Committee in November 2025, but this did not happen either. In January 2026, the Health Board discussed a paper setting out the results of the discovery work on the Health Board's structures. It subsequently agreed that the Health Board could move to the next stage of 'delivery' including engagement and consultation on the new proposed structures.
- 52 Despite these delays, the Health Board still intends to roll out the new operating model during April 2026, with the People and Culture Committee expecting to receive a draft structure for review in January 2026. However, timescale for roll out is very challenging given the limited capacity within the programme implementation team and the need for significant consultation and engagement with staff across the Health Board ahead of the roll out. Within this timetable, the Health Board will also need to ensure that Independent Members have sufficient time to consider and scrutinise the planned changes. Thus far, there has been limited, and high-level information to the Board at formal and board development sessions.
- 53 The Foundations for the Future programme was initiated in 2024. Since that time a number of key posts in the current IHC structure have been maintained on an interim basis with other posts remaining vacant. Whilst it is understood that the Health Board will not want to recruit substantively to a structure that is going to change, the current situation is leading to uncertainty for staff and gaps in IHC leadership. Ensuring that there is sufficient capacity to quickly progress the Foundations for the Future programme needs to be a key priority for the Health Board, noting that the changes that the programme will instigate will take time to embed.

54 The Health Board has been progressing its Foundations for the Future programme without a substantive Executive Director of Workforce and Organisational Development in post. The Health Board has, however, now been able to recruit to that post and the successful candidate will take up the role at the end of February 2026 bringing much needed executive capacity to support roll out and implementation of the programme.

Board assurance on partnership working

55 The Health Board is working closely with key partners to deliver shared priorities through the Regional Partnership Board, Public Service Boards and the Six Goals Programme. It also engages directly with key stakeholders including Local Authorities, the Welsh Ambulance Services University NHS Trust and third sector organisations, as well as citizen voice body, Llais. Engagement is used to discuss key priorities and strategic aims, including its winter plans, urgent and emergency care plans and in developing the Well North Wales initiative.⁵

56 Whilst reports to the Planning, Population Health and Partnerships Committee do highlight key activities for specific engagement work, such as on winter planning, the Health Board could improve how it reports on collaborative working. An Internal Audit in August 2025 recognised steps that the Health Board is taking to improve engagement and communication but overall gave a limited assurance opinion. Issues included missed deadlines, unclear evidence of completed actions, no Standard Operating Procedures for engagement, and no reporting on the engagement strategy between January 2024 and March 2025.

Monitoring delivery of strategies/plans

57 IMTP progress reports show the Health Board is doing fairly well with its planned actions. In 2024-25, the Health Board completed 85% of its IMTP actions (268 out of 314). For the 46 actions that were not finished, the Board agreed to either carry them forward into 2025-26 or retire them.

⁵ <https://bevancommission.org/tackling-inequalities-together/>

58 However, recent changes to how IMTP progress reports are presented have made it more difficult for the Board to track progress and see how actions are affecting the organisation's performance. An Annual Delivery Plan accompanies the IMTP to provide more detailed milestones to the achievement of plans. The Board received a quarterly progress report in September 2025, and the Performance, Finance and Information Governance Committee received one in December 2025. Changes to the reporting style since September 2025 mean it is no longer clear which actions have been completed in each quarter as reports focus only on whether the Health Board is confident that actions will be completed in-year, and do not show what impact actions may or may not have had on their intended outcomes.

Managing finances

Whilst the Health Board has attempted to maintain a strong focus on achieving in-year financial balance, significant challenges remain in respect of financial planning and budget management

Meeting financial objectives and duties

- 59 The Health Board has been in receipt of strategic assistance funding from the Welsh Government since November 2020, which includes £40 million a year to support the achievement of year-end financial balance. Despite receiving an extra £11.5 million from the Welsh Government on top of its strategic assistance funding, at the end of 2024-25 the Health Board reported a deficit of £7.6 million. To put this in context though, the deficit was equivalent to 0.4% of the Health Board's total operational expenditure and was within the financial control total of £8.6 million set by the Welsh Government.
- 60 The Health Board also failed to meet its statutory duty to break even over the three-year period from 2022 to 2025 with a total deficit of £31.52 million. More positively, the Health Board was able to submit a financially balanced IMTP for the period 2025-2028. However, the Welsh Government was not able to approve the plan for the reasons set out in **paragraph 49**.
- 61 The Health Board was forecasting reaching a financial balance at the end of 2025-26 until month nine. This was despite financial reports showing challenging in-year financial positions. However, the most recent (month 10) position was forecasting a £17.4 million deficit with financial reporting highlighting risks of £26 million relating to English Tariff Inflation and the Employers National Insurance funding shortfall, as well as pressures from mental health out of area placements and continuing healthcare.
- 62 The Health Board has a reasonably good track-record on delivery of savings. In 2024-25, the financial plan required £48 million in recurring savings. By year-end, the Health Board delivered £58.4 million, £10 million more than planned. However, £14.4 million of this was non-recurrent and included "accountancy gains".

Financial planning arrangements

- 63 The Performance, Finance and Information Governance Committee received and discussed the Health Board's financial plan prior to its submission to the Board with the broader IMTP in March 2025. However, the financial plan was focussed on 2025-26, with only limited, and high-level detail on its financial plans for years two and three. This short-term focus does not adequately support the Health Board to make strategic and transformational decisions for its services.
- 64 The Health Board's current budget-setting approach does not support longer-term planning for service improvement. In 2025-26, as in previous years, the Health Board has rolled over previous years' budgets. This approach limits targeted investment in areas that need improvement. The problem is made worse by unfunded permanent posts in the workforce. Without a stronger process, like zero-based budgeting, the Board is likely to miss financial targets and underfund its strategic goals. The Health Board recognises this and expects major programmes in 2026, like 'Foundations for the Future' and the development of its long-term strategy and clinical services plan to lay the groundwork for a better approach.⁶
- 65 For 2025-26, the Health Board set a savings target of £40 million. To achieve this, it used a mix of approaches:
- setting an organisation-wide target to cut 1.5% from its budget; and
 - using the Value and Sustainability workstream to identify recurring savings.
- 66 When the Health Board submitted its 2025-26 financial plan to the Welsh Government, it had only identified £20 million of the required savings. The full list of savings schemes was not completed until month six. The Health Board told us that the Value and Sustainability workstream is now working to identify a longer term "pipeline" of savings that can support the Health Board's approach to cost improvements.

⁶ Zero-based budgeting is a financial planning approach where every expense must be justified for each new period, starting from a 'zero base' to ensure allocations are based on current needs and priorities rather than historical spending.

67 Since April 2021, the Health Board has received £42 million per year of additional Welsh Government strategic financial assistance. This funding supports planned care, unscheduled care and mental health service improvements. The Health Board has improved scrutiny of spending plans but the timing of this process, which took place after the financial year had begun, has also caused some problems. The scoring and scrutiny process for bids led to the funding becoming delayed, which meant that the Health Board struggled to use these resources for new transformation projects this year. Most of the money was already committed to cover ongoing staff pay, which meant there was little left to start new initiatives.

Financial management arrangements

68 The Audit Committee and the Board review the Health Board's Standing Orders and Standing Financial Instructions regularly, most recently in October 2025. Officers report any breaches to the Audit Committee. The Committee also gets regular reports on the Health Board's counter-fraud programme, high-value purchases, losses, special payments, and single tender actions. Whilst remaining high, the number of purchase orders that did not comply with Standing Financial Instructions in 2025-26 have reduced compared to previous years. The Health Board recognises that many of these are for known expenditure, but that the variable nature of the volume of purchase orders means that retrospective orders are produced.

69 The Health Board issued its accountability agreements for budget holders across the organisation in August 2025 (month five). In addition to being issued well into the financial year, the letters did not clearly state the delegated budgets. As a result of this and other issues, several accountability agreements were unsigned across the organisation at the time of our fieldwork. As of December 2025, 380 agreements across the organisation had been signed, and 50 were yet to be returned which crucially included 10 of the 14 budget holders within the Executive Team. We understand this has since improved with only 11 outstanding as of February 2026, with three of those within the Executive Team. Nevertheless, the Health Board needs to ensure that its arrangements for accountability agreements in future years enable budget holders to sign their agreements in a timelier way.

- 70 Standing Orders, Standing Financial Instructions and the Scheme of Reservation and Delegation (SORD), are up to date but budget delegation and authority are not operating as set out. In September 2025, the Board approved the latest version of the SORD. Our review found that the new SORD offers a more detailed framework to set out senior accountability more clearly for financial decision-making. However, we heard significant concerns during our interviews that additional central checks and controls are being put in place for expenditure which is within budget holders delegated authority, as set out in the SORD. We heard concerns that these further checks are contributing to delays in decision-making.
- 71 Whilst these additional centralised controls may be deemed necessary, they indicate that there is not full confidence in budget holders' ability to manage within their delegated budgets, and that there is still much work to do build a culture of financial maturity, responsibility and trust within the organisation. This may reflect historical weaknesses in financial management within the Health Board, with some budget holders overspending and concerns about the quality of business cases. During interviews, we also heard that there is a history within the organisation of budget holders placing too much reliance on submitting business cases for additional funding, rather than prioritising spends within their existing budgets.
- 72 More helpfully, the Health Board is providing procurement training so staff know how to buy goods and services correctly. It also offers useful resources, including a Budget Manager's Handbook and a guide to buying goods and services. These materials should help staff follow good financial practice going forward.
- 73 The Health Board is improving how it prepares its annual accounts. The 2024-25 accounts received an unqualified True and Fair opinion. However, they also received a qualified regulatory opinion because the Health Board did not break even from 2022-23 to 2024-25. Our accounts audit found only minor errors, which were corrected during the review. We also noted major improvements in the Remuneration Report.

Monitoring financial performance

- 74 Financial reports to the Performance, Finance, and Information Governance Committee and the Board continue to be timely, comprehensive, and transparent. They provide good analysis on areas of spending, overspending, financial trends and risks. The reports set out the short-term financial challenges and identify where there are specific financial concerns.
- 75 The Health Board has made good progress in responding to our previous recommendations relating to financial management. This includes recommendations made in our Cost Savings Arrangements (2024) and Structured Assessment (2024, 2023 and 2022) reviews. It has strengthened the clarity of its savings and financial performance reporting. However, as noted earlier it still needs to develop a medium-term financial plan and improve its approach for issuing accountability agreements.

Recommendations

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

Recommendations

R1 The Health Board should ensure explanatory papers are always provided for items considered in private sessions of Board and committee meetings (see **paragraph 11**).

R2 The Health Board should upload AAA reports to the website within 14 days of the committee meeting to which they relate to support awareness of the key issues discussed and decisions taken in advance of confirmed minutes being published (see **paragraph 14**).

R3 The Health Board should increase the pace of its process to update high-risk policies (see **paragraph 16**).

R4 The Health Board should ensure that the Board receives JCC minutes and related assurance reports to enable it to discuss risks and implications of national commissioning arrangements (see **paragraph 19**).

R5 The Health Board should ensure that its executive leadership arrangements are supporting a collective and shared response to the organisation's key challenges. This must include:

- 5.1** ensuring appropriate use of delegated responsibilities and accountabilities to enable the Chief Executive to have the capacity to operate at a slightly higher level (see **paragraph 30**);
- 5.2** ensuring all Executive portfolios are deliverable and appropriate, support a fair distribution of responsibilities across the Executive Team and avoid the risk that leadership of the response to the organisations main challenges becomes vested in just a few individuals (see **paragraph 31**); and
- 5.3** identifying a deputy Chief Executive (see **paragraph 32**).

R6 The Health Board should ensure appropriate Executive Team member attendance during key items on committee agendas to facilitate effective discussion (ie audit committee for audit reports) (see **paragraph 20**).

R7 The Health Board should ensure that it has the appropriate programme management and governance arrangements in place to support the roll out of the Foundations for the Future Programme. Specifically, it needs to ensure that:

7.1 it has sufficient management capacity to support the timely roll out of the Programme (see **paragraph 52**);

7.2 all Executive Team members are appropriately sighted of, and aligned with, the changes that the Programme intends to bring about (see **paragraph 33**); and

7.3 Independent Members are appropriately briefed on the Programme and have sufficient opportunity to seek the assurances they need on its implementation (see **paragraph 52**).

R8 The Health Board should strengthen the budget-setting approach to move away from the current position of rolling over existing budgets to one that is more zero based and reflects priorities and transformation needs in different parts of the organisation along with a more intelligence driven approach to savings planning (see **paragraph 64**).

R9 The Health Board should ensure accountability agreements are sent to budget holders earlier in the financial year as part of an approach which enables these agreements to be signed in a more timely fashion (see **paragraph 69**).

Appendices

1 About our work

Scope of the audit

We looked at the following areas for the period September to November 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:

- Chair of the Board;
- Vice-Chair and Chair of Performance, Finance and Information Governance Committee;
- Chair of Planning, Population Health and Partnership Committee;
- Chair of People and Culture Committee;
- Chair of Audit Committee;
- Chief Executive Officer;
- Executive Director of Finance;
- Executive Director of Nursing and Midwifery;
- Executive Director of Strategic Planning and Transformation;
- Executive Medical Director;
- Chief Operating Officer;
- Director of Corporate Governance; and
- Director of Environment and Estates.

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

- Audit Committee;
- Quality, Safety and Experience Committee;
- Performance, Finance and Information Governance;
- People and Culture Committee; and
- Planning, Population Health and Partnerships 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.

Recommendation	Status
<p>2024 Recommendation 1</p> <p>The Health Board should progress its plans to introduce arrangements for an Executive Committee and its related operating arrangements by April 2025.</p> <p>Target completion date: April 2025</p>	<p>Complete (see paragraph 33).</p>

Recommendation	Status
<p>2024 Recommendation 2</p> <p>In the context of ongoing work in relation to the Foundations for the Future programme and strengthening its operational governance, the Health Board should develop a Terms of Reference for its Senior Leadership Team meetings to clarify the purpose of meetings and to ensure that the frequency of meetings is sufficient to effectively discharge its role.</p> <p>Target completion date: July 2025</p>	<p>In progress. The Health Board advises us that it is addressing this recommendation as it progresses the Foundations for the Future programme.</p>
<p>2024 Recommendation 3</p> <p>When the Board reports against decisions taken in private session or via Chair's Actions, it should ensure that, where relevant, the cost implications of decisions are clearly reported.</p> <p>Target completion date: January 2024</p>	<p>Complete (see paragraph 12).</p>

Recommendation	Status
<p>2024 Recommendation 4</p> <p>The Health Board should ensure review of minutes is a standing item on the agenda of each Remuneration Committee meeting (including additional meetings) to ensure the Board has access to an accurate and timely description of the decisions taken.</p> <p>Target completion date: January 2025</p>	<p>Complete. The Health Board has made improvements on this issue, although we note there were delays in confirmation of minutes for one meeting in 2025. We will continue to monitor as part of future structured assessment reviews.</p>
<p>2024 Recommendation 5</p> <p>The Health Board should develop a structured programme of Board member visits, to include a mechanism to provide feedback to the Board.</p> <p>Target completion date: June 2025</p>	<p>In progress (see paragraph 24).</p>

Recommendation	Status
<p>2024 Recommendation 6</p> <p>As part of the development of a meaningful Board Assurance Framework, the Health Board should provide Board members with further supporting detail on its strategic objectives to clarify what the objectives are seeking to achieve.</p> <p>Target completion date: January 2025</p>	<p>In progress (see paragraph 34).</p>
<p>2024 Recommendation 7</p> <p>The Health Board should ensure that audit reports that are relevant to the remit of other Board committees are received and discussed by those committees, including periodic updates against any associated recommendations.</p> <p>Target completion date: April 2025</p>	<p>In progress. The Health Board has been presenting audit reports to other relevant committees during the year. However, committees do not receive updates against recommendations following receipt of the report.</p>

Recommendation	Status
<p data-bbox="156 506 539 544">2024 Recommendation 8</p> <p data-bbox="156 598 635 884">The Health Board should ensure that it appropriately engages with Board members and Regional Partnership Board partners in the process of developing future Integrated Medium Term Plans or Annual Plans.</p> <p data-bbox="156 943 592 1016">Target completion date: April 2025</p>	<p data-bbox="746 598 1209 636">In progress (see paragraph 49).</p>
<p data-bbox="156 1131 539 1169">2024 Recommendation 9</p> <p data-bbox="156 1223 635 1552">Where the Health Board needs to carry forward actions from one Annual Plan to the next, it should ensure that progress reports are clear on which actions have been retired or carried forward and provide clear and realistic milestones for those actions.</p> <p data-bbox="156 1610 592 1684">Target completion date: April 2025</p>	<p data-bbox="746 1223 1182 1261">Complete (see paragraph 58).</p>

Recommendation	Status
<p data-bbox="156 506 536 542">2023 Recommendation 1</p> <p data-bbox="156 598 655 969">Currently, there is confusion about how many days in advance of meetings papers for Board and committee papers should be made publicly available. The Health Board should agree and communicate a consistent target date for publishing agendas ahead of Board and committee meetings.</p> <p data-bbox="156 1028 592 1099">Target completion date: May 2024</p>	<p data-bbox="746 598 1187 633">Complete (see paragraph 13).</p>
<p data-bbox="156 1216 539 1252">2023 Recommendation 2</p> <p data-bbox="156 1308 651 1805">The minutes for some committee meetings are missing from the website many months after the meeting date. This affects timely public access to committee discussions. The Health Board should introduce arrangements to ensure the public have timelier access to records of committee meetings as part of its wider efforts to enhance transparency of Board business.</p> <p data-bbox="156 1863 588 1935">Target completion date: July 2024</p>	<p data-bbox="746 1308 1187 1344">Complete (see paragraph 14).</p>

Recommendation	Status
<p data-bbox="156 506 539 544">2023 Recommendation 3</p> <p data-bbox="156 598 655 969">There has also been a significant unexplained drop in the number of complaints received for the first six months of 2023-24 compared to the previous year. The Health Board should urgently work to discover the reason to ensure complaints are not being missed or mis-reported.</p> <p data-bbox="156 1030 600 1099">Target completion date: June 2024</p>	<p data-bbox="746 598 1214 891">Superseded. The Health Board reviewed complaint data for this period. Although no clear cause for the data trend was found, the Health Board is confident that the new Quality Management System allows better monitoring and response to complaints.</p>

Recommendation	Status
<p data-bbox="156 506 539 544">2023 Recommendation 5</p> <p data-bbox="156 598 655 1223">Currently, there is insufficient committee oversight to monitor progress made against recommendations made by non-audit bodies. The Health Board should introduce effective committee oversight for monitoring progress made against recommendations of regulators, including, but not limited to, Healthcare Inspectorate Wales, the Coroner, the Welsh Language Commissioner, the Health and Safety Executive, and the Public Services Ombudsman for Wales.</p> <p data-bbox="156 1283 632 1352">Target completion date: August 2024</p>	<p data-bbox="746 598 1217 965">Complete. Recommendations from Healthcare Inspectorate Wales, Care Inspectorate Wales, the Health and Safety Executive and the Public Services Ombudsman for Wales are reported regularly to the Quality, Safety and Experience Committee via the Improving Quality Report.</p>

Recommendation	Status
<p>2023 Recommendation 7</p> <p>It is difficult to see the extent to which the Health Board's improvement initiatives and aims set out in the 2023-24 Annual Plan were financially affordable. The Health Board should develop a financial strategy, supported by a medium-term financial plan with the aim of supporting good quality and sustainable service models and reducing the Health Board's deficit and underlying deficit.</p> <p>Target completion date: August 2024</p>	<p>No progress (see paragraph 63).</p>
<p>2023 Recommendation 8</p> <p>Ensure that the Audit Committee receives assurance on the progress that the Health Board is making to address the complete range of issues identified in the Audit Wales 2021-22 and 2022-23 audit of accounts, and the subsequent EY review has been slower than intended.</p> <p>Target completion date: September 2024</p>	<p>Complete.</p>

Recommendation	Status
<p>2022 Recommendation 2</p> <p>The Health Board is continuing to refine performance reporting into board and committees. However, there remain concerns around the quality of the performance report and the extent that stated actions will lead to the intended improvements. The Health Board should improve its performance assurance reporting, focussing more on the impact of performance improvement actions.</p> <p>Target completion date: 31 July 2023</p>	<p>Complete (see paragraph 37).</p>
<p>2022 Recommendation 4</p> <p>The Health Board has a significant number of policies overdue for renewal, which exposes the organisation to service and administrative risks. The Health Board should review and update Health Board policies, prioritising high importance policies first, including the policy on policies.</p> <p>Target completion date: September 2023</p>	<p>Complete. Whilst not all policies have been updated and there is further progress to be made (see paragraph 16) the policy for the management of Health Board-wide policies, procedures and other written control document was updated in 2024 and a plan is in place to review overdue policies, including prioritising high importance policies first.</p>

Recommendation	Status
<p data-bbox="156 506 539 544">2022 Recommendation 8</p> <p data-bbox="156 598 659 969">We found limited evidence of how the Health Board is implementing value-based healthcare operationally to its services to maximise value and efficiency. The Health Board should ensure reporting on its value-based healthcare programme focusses on the outcomes achieved.</p> <p data-bbox="156 1028 520 1102">Target completion date: December 2023</p>	<p data-bbox="746 598 1217 801">Complete. The Health Board can demonstrate monitoring of outcome metrics in relation to its value-based healthcare programme.</p>

Recommendation	Status
<p data-bbox="156 510 555 544">2022 Recommendation 12</p> <p data-bbox="156 600 639 813">There is a need to put in place arrangements to understand the impact of digital and estates strategies, as well as the financial feasibility of the strategy. The Health Board should:</p> <ul data-bbox="156 831 655 1368" style="list-style-type: none"><li data-bbox="156 831 655 1122">• review any funding gaps in the digital and estates strategies to determine if they are financially feasible. Update the relevant committee on the findings of the financial feasibility review and how any associated risks will be managed.<li data-bbox="156 1137 655 1368">• introduce periodic committee reports that not only focus on actions completed but the impact its digital and estates strategies are having on the organisation. <p data-bbox="156 1384 520 1451">Target completion date: December 2023</p>	<p data-bbox="746 600 1222 891">In progress. Whilst the Health Board can demonstrate some activity to identify funding gaps in its digital ambitions, we have not seen evidence of this in relation to estates, nor have we seen updates on either strategy to committees.</p>

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	Status
<p>2025 Recommendation 1</p> <p>The Health Board should seek to obtain better ownership of financial targets and savings requirements by Directorates and the Integrated Health Communities through:</p> <ul style="list-style-type: none"> • Demonstrating that base budgets have been informed by a clear understanding of the costs of services that are to be delivered. • Ensuring that savings targets are based on an analysis of the actual opportunities that exist within Directorates and IHCs as opposed to a pan-Health-Board savings target. • Ensuring that accountability letters are issued in a timely manner and clearly set out the roles, responsibilities, and accountabilities of the Directorates, Integrated Health Communities, and the corporate centre. <p>Target completion date: October 2025</p>	<p>In progress (see paragraph 65)</p>

Recommendation	Status
<p data-bbox="156 506 539 542">2025 Recommendation 2</p> <p data-bbox="156 598 587 741">The Health Board should strengthen its approach to the identification and delivery of savings by:</p> <ul data-bbox="156 752 644 1603" style="list-style-type: none"><li data-bbox="156 752 644 936">• Identifying viable savings schemes to meet the Health Board’s overall savings target earlier in the financial planning cycle.<li data-bbox="156 947 644 1090">• Taking earlier remedial action to bring under-performing saving schemes back on track.<li data-bbox="156 1102 644 1245">• Maintaining a focus on the identification of saving schemes that deliver recurrent savings.<li data-bbox="156 1256 644 1400">• Securing greater engagement from clinicians in the development and delivery of savings schemes.<li data-bbox="156 1411 644 1603">• Introducing a more formalised escalation process where Directorates and IHCs are not delivering against their savings targets. <p data-bbox="156 1659 587 1727">Target completion date: July 2025</p>	<p data-bbox="732 598 1190 633">In progress (see paragraph 65)</p>

Recommendation	Status
<p>2025 Recommendation 3</p> <p>When updating its savings guidance, the Health Board should ensure:</p> <ul style="list-style-type: none"> • That the guidance provides greater clarity around how and when the views of service users and stakeholders should be canvassed in the process of generating savings ideas. • That the guidance reflects the new savings approach based around its Value and Sustainability Board framework. • That the guidance clearly articulates the arrangements for assessing the impact of savings schemes on quality and patient safety, how they support the Health Board's strategic priorities, and impact on other services, as well as the integration with other initiatives (such as Value Based Health Care). <p>Target completion date: March 2025</p>	<p>In progress. The Health Board has updated its savings guidance to reflect the new value and sustainability approach and to signpost managers to impact assessment guidance. Further updates are also planned as the Health Board changes its approach to allocating savings targets to departments.</p>

2025 Recommendation 4

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.

Target completion date:
November 2024

Complete (see **paragraph 76**)

2025 Recommendation 5

5.1 The Health Board should ensure that it has a clear programme in place to address the financial capability gaps across the organisation to ensure operational managers have the necessary skills to support financial planning and savings delivery arrangements.

5.2 The Health Board should put arrangements in place to support Independent Members to gain a better understanding of the organisation's finances.

Target completion date:
November 2024

Complete (see **paragraph 75**)

2025 Recommendation 6

The Health Board should adopt a more systematic approach to the identification and sharing of learning on the delivery of savings schemes. This should include lessons learnt from Health Board savings schemes which have failed or underperformed and the sharing of good practice from the approach to savings schemes in other organisations.

Target completion date:
November 2024

Complete. The Health Board informs us that it proactively works with other organisations in NHS Wales to identify and share potential savings schemes.

3 Management response

Ref	Recommendation	Commentary on planned actions	Completion date for planned actions	Responsible officer
R1	The Health Board should ensure explanatory papers are always provided for items considered in private sessions of Board and committee meetings.	<p>The Health Board new report template includes the 'rationale' for the Board and Committee considering items in Private; this is alongside the Protocol approved by the Board.</p> <p>The Health Board will ensure the consistency application of the protocol and will be reviewed by the Chair and Committee Chairs regularly.</p>	End June 2026	Director of Corporate Governance
R2	The Health Board should upload AAA reports to the website within 14 days of the committee meeting to which they relate to support awareness of the key issues discussed and decisions taken in advance of confirmed minutes being published.	<p>The AAA Reports are included within the Board Papers.</p> <p>The Corporate Governance Directorate will 'create' a new section on the committee papers webpage to ensure these are available and easily accessible.</p>	September 2026	Director of Corporate Governance

Ref	Recommendation	Commentary on planned actions	Completion date for planned actions	Responsible officer
R3	The Health Board should increase the pace of its process to update high-risk policies.	<p>The Health Board has made progress on reducing the number of overdue policies.</p> <p>The Health Board will aim to eliminate the number of high- risk policies by end 2027 (with the exception of All Wales Policies) aligned to the improvement in policies processes.</p>	March 2027	Director of Corporate Governance
R4	The Health Board should ensure that the Board receives JCC minutes and related assurance reports to enable it to discuss risks and implications of national commissioning arrangements.	The Health Board will ensure that the reports and minutes are available in the Corporate Governance Report	June 2026	Director of Corporate Governance
R5	The Health Board should ensure that its executive leadership arrangements are supporting a collective and shared response to the organisation's key challenges. This must include:	See below.		

Ref	Recommendation	Commentary on planned actions	Completion date for planned actions	Responsible officer
	<p>5.1 Ensuring appropriate use of delegated responsibilities and accountabilities to enable the Chief Executive to have the capacity to operate at a slightly higher level.</p> <p>5.2 Ensuring all Executive portfolios are deliverable and appropriate, support a fair distribution of responsibilities across the Executive Team and avoid the risk that leadership of the response to the organisation's main challenges becomes vested in just a few individuals.</p> <p>5.3 Identifying a Deputy Chief Executive.</p>	<p>Implement the Director of Accountability Statement for 2026/27 which will ensure that Directors operate within their delegations.</p> <p>Review of Executive portfolios has been completed as part of Foundations for the Future Programme, where necessary functions have been re-aligned and will be taken forward as part of the 'deliver' phase of the Foundations for Future Programme.</p> <p>The Chief Executive will consider the designation of the Deputy Chief Executive now that the Executive Team is in place.</p>	<p>March 2027</p> <p>June 2026</p> <p>September 2026</p>	<p>Director of Corporate Governance</p> <p>Chief Executive Officer</p> <p>Chief Executive Officer</p>
R6	The Health Board should ensure appropriate Executive Team member attendance during key items on committee agendas to facilitate effective discussion (ie audit committee for audit reports).	Lead Executives will be identified for attendance at meetings where there is a specific report being presented that requires their input.	June 2026	Director of Corporate Governance

Ref	Recommendation	Commentary on planned actions	Completion date for planned actions	Responsible officer
R7	<p>The Health Board should ensure that it has the appropriate programme management and governance arrangements in place to support the roll out of the Foundations for the Future Programme. Specifically, it needs to ensure that:</p> <p>7.1 It has sufficient management capacity to support the timely roll out of the Programme.</p> <p>7.2 All Executive Team members are appropriately sighted of, and aligned with, the changes that the Programme intends to bring about.</p> <p>7.3 Independent Members are appropriately briefed on the Programme and have sufficient opportunity to seek the assurances they need on its implementation.</p>	<p>The Health Board has received reports on progress against the Foundations for the Future Programme; the frequency and regularity of reporting will increase as the programme moves through to the 'deliver' phase to consultation:</p> <p>From March 2026 onwards management capacity will be kept aligned to programme needs through ongoing review of workstream resourcing and strengthened Programme Team support where required.</p> <p>Executive alignment will be supported through an Executive review of the Programme Highlight Report and continued participation in Workstream Deep Dives.</p> <p>The People and Culture Committee will receive regular reports against the delivery of the programme with additional sessions arranged for the full board as necessary.</p> <p>Staff engagement will continue through the Programme's Communications Plan and dedicated intranet pages that provide accessible, up-to-date information.</p>	March 2027	Programme Director

Ref	Recommendation	Commentary on planned actions	Completion date for planned actions	Responsible officer
R8	<p>The Health Board should strengthen budget-setting approach to move away from the current position of rolling over existing budgets to one that is more zero based and reflects priorities and transformation needs in different parts of the organisation along with a more intelligence driven approach to savings planning.</p>	<p>In 2025-26, an incremental budget setting approach was utilised, establishment costs and cost pressures (current and future) with developments aligned to available resource. Budgets to deliver services able to be re-configured within this process and amended throughout the financial year.</p> <p>The Health Board will deploy a zero-based budget setting methodology for 2027-28, which whilst time consuming will require every cost to be justified and aligned to delivery priorities. However, successful delivery will require a level of further maturity from budget holders combined with clear strategies to be in place to guide prioritisation of resource (Clinical and Estate) and clear lines of delegation and accountability.</p> <p>The Value & Sustainability programme of works will drive improvement, combined with benchmarking of services. The total financial benefits then analysed over the IMTP three financial years to remove the underlying deficit, strengthening future savings attainment and allowing application of allocative efficiency.</p>	March 2027	Director of Finance

Ref	Recommendation	Commentary on planned actions	Completion date for planned actions	Responsible officer
R9	The Health Board should ensure accountability agreements are sent to budget holders earlier in the financial year as part of an approach which enables these agreements are signed in a more timely fashion.	Accountability Agreements will be issued at the beginning of the financial year.	April 2026	Director of Finance

4 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 Strategy	A Clinical Strategy 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.
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.

Term	Description
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.
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.
SMART	SMART is a well-known framework for setting clear and effective objectives. It stands for Specific, Measurable, Achievable, Relevant and Time-bound.
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.

Term	Description
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.

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We welcome correspondence and telephone calls in Welsh and English.

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