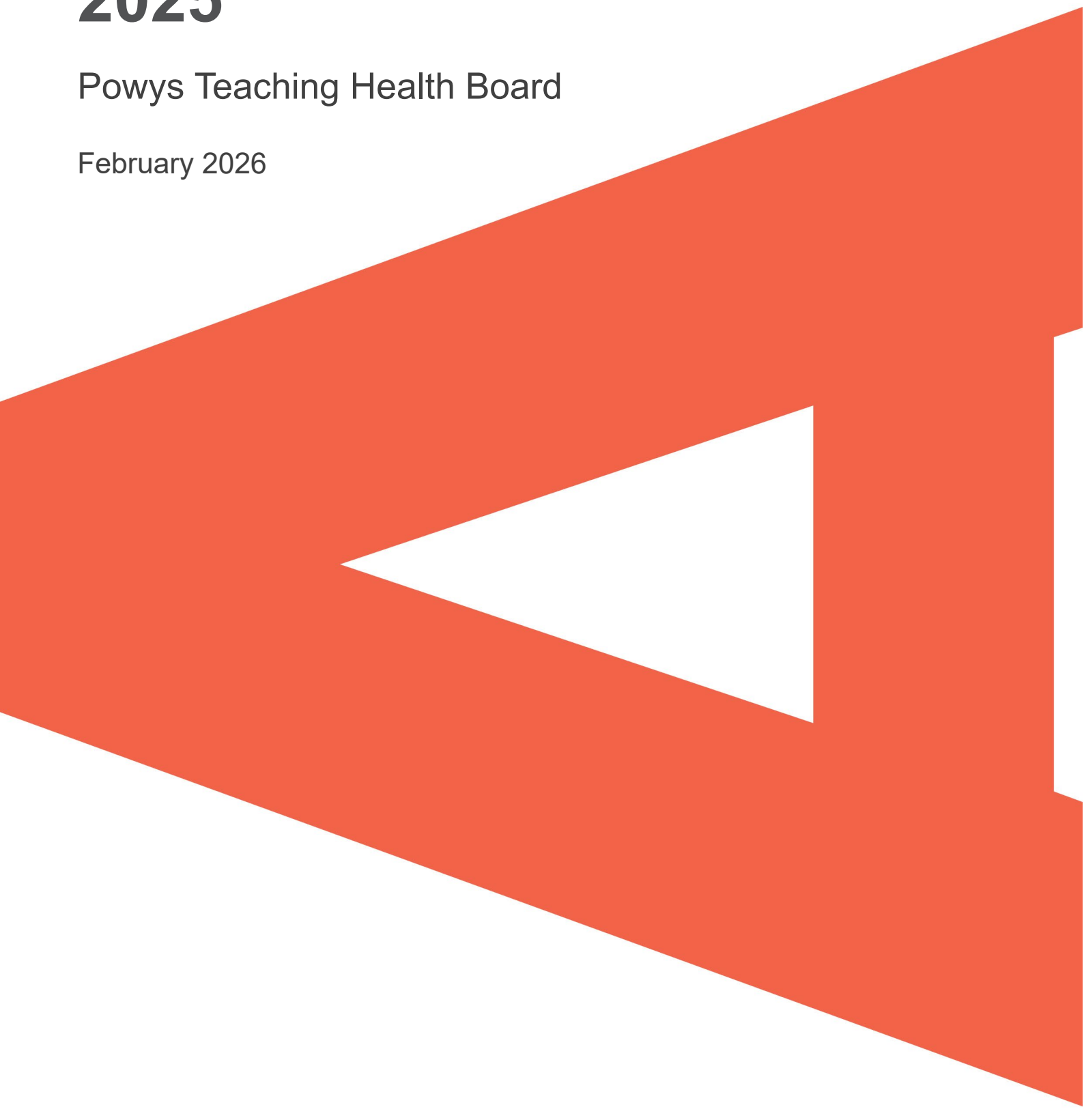


# **Structured Assessment**

## **2025**

Powys Teaching Health Board

February 2026



# About us

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# Audit snapshot

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## What we looked at

- 1 We looked at how well Powys Teaching 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 The Board and its committees run effectively and transparently. Meetings are well managed, and information continues to be of a good standard. There remains a continued commitment to hearing from patients and service users and Board walkarounds have developed positively. However, the Health Board could do more to ensure the level of scrutiny at meetings remains at a consistently high standard to address the challenges the Health Board faces.
- 5 Performance reporting continues to be good and escalation arrangements have worked well for services which have been subject to them. Producing plans and strategies remains a collaborative effort and there is evidence the Health Board is mapping partnership working more effectively. However, the Health Board would benefit from ensuring the Integrated Quality Report presents a clearer narrative and ensuring greater clarity on the links between corporate plans. Although the Health Board has recently developed its risk management process, the current risk register arrangements would benefit from review to ensure a clearer distinction between strategic and operational risks.
- 6 The Health Board's financial position continues to be of concern. A substantial year-end deficit is forecast for 2025-26 and delivery of the Health Board's current savings plan remains a challenge. Both the Board and Welsh Government were unable to approve the Health Board's Annual Plan due to the financial position. The Health Board continues to have a good understanding of its cost pressures but moving to a more affordable service model is being affected by delays with the implementation of the 'Better Together' transformation model due to complexity and resource capacity.

## What we recommend

- 7 We have made seven recommendations to the Health Board:
  - clarifying referrals in committee action logs;
  - further refining the strategic and organisational risk registers;
  - updating the format of the Integrated Quality Report;

- more clearly linking corporate plans;
- including actual savings to date in finance reports;
- reporting activity and impacts of financial working groups, and
- arranging further financial training for Independent Members.

# Key facts and figures

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Under the Welsh Government's escalation and intervention arrangements, the Health Board is at Level 4 for Finance, Strategy and Planning.

The Health Board does not have a Welsh Government 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 over the three-year period 2022-2025, reporting a cumulative deficit of £34.7 million for 2022-25.

In 2024-25, the Health Board delivered savings of £11.7 million, against a savings target of £9.9 million. Over £6 million were recurrent.

The Health Board is forecasting a year-end deficit of £28.3 million for 2025-26, against a Welsh Government expectation of £16.5 million and a control total deficit of £12 million.

At month seven, the Health Board was forecast to deliver £18.2 million of savings against an annual target of £23.1 million.

The Health Board has fully implemented seven out of 16 outstanding recommendations from past structured assessment reports. Six are partially implemented, with three where no action has been taken.

# Our findings

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## Board effectiveness and openness

**The Board and its committees continue to work well, but more action is needed to review outdated policies and track referred actions**

### Public openness of board business

- 8 The Board continues to promote openness and transparency. As in previous years, all Board meetings are livestreamed, and the public can access recordings of previous meetings via the Health Board website, promoting accessibility. Committee meetings also continue to be held virtually, and agendas and minutes are available publicly online.
- 9 Board and committee agenda papers are available to the public in advance of meetings. Agendas also invite members of the public to raise questions to the Board.
- 10 The Board conducts most business in public sessions. The Board and committees make appropriate use of private sessions, using these for confidential and sensitive matters only in line with the Board approved protocol. The Board continues to provide a high-level overview of items discussed in private, through the Director of Corporate Governance Report, at the following public Board meeting to support transparency.

### Supporting effective board conduct

- 11 The Health Board has good arrangements for monitoring and updating its core control frameworks. The Board approved a revised Scheme of Delegation in March 2025. Standing Financial Instructions are also up to date and available to the public on the Health Board's website.

- 12 Since our previous structured assessment, the Health Board has strengthened its declarations of interest arrangements. The Board approved an updated Standards of Behaviour Policy in 2025 requiring Assistant Directors, Consultants and staff members with significant budget or commissioning oversight to be included on the Declarations of Interest register. This has been actioned, and the Board received the latest copy of the Declaration and Register of Board Interests in November 2025.
- 13 The Health Board has also now made some policies and procedures available on its website. This includes the Register of Interests and the Standards of Behaviour Policy and Framework. Whilst there is a policies page on the Health Board's website, the majority of policies are available on request, rather than being directly accessible from the website. This limits public access to policies such as 'Putting Things Right' and the 'Equality, Diversity and Human Rights Policy' and is not in line with all other Health Boards in Wales. The Health Board has indicated that it will not be looking to make all policies public at this time due to capacity issues.
- 14 The Board approved its Management of Policies and Other Written Control Documents policy in May 2025. Internal Audit will assess compliance and effectiveness of this policy periodically. However, the Health Board has not presented an update either to the Board or to relevant committees regarding how many policies are out of date or which policies these relate to. This does not allow Board and relevant committees to have oversight of this important area.

### **Assurance on Joint Commissioning Committee effectiveness**

- 15 The Joint Commissioning Committee (JCC) was set up in April 2024 as a joint committee of the seven Health Boards in Wales. It plans and commissions a range of specialised services and other healthcare services including emergency medical services, on behalf of the seven Health Boards.

16 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 on the Health Board's involvement in JCC meetings and activities. We found that the Board, Finance and Performance Committee, and Patient Experience, Quality and Safety Committee routinely receive assurance on the work of the JCC. This is via a written summary provided by the Chief Executive, which also includes a link to the public JCC minutes. In January 2025, both the JCC Chair and Chief Commissioner also delivered a presentation to Board members, providing an overview of the Committee's work.

### **Board and committee meeting effectiveness**

17 The Board and committees continue to use the consent agenda well, freeing up time for oversight of other more pressing agenda items. We also saw consent agenda items brought into the main agenda for discussion if required. This was the case for the committee workplan in the May 2025 Audit, Risk and Assurance Committee meeting.

18 Each committee revised and endorsed its terms of reference before approval at Board in May 2025. The Delivery and Performance Committee adjusted its terms of reference to update the committee's name to Finance and Performance Committee. This better reflects the activity within the workplan and the increased focus on financial management. Other updates include:

- transferring oversight of Information Management and Technology Systems to the Audit, Risk and Assurance Committee from the Finance and Performance Committee; and
- the Planning, Partnerships and Population Health Committee becoming the sole committee to seek assurance on compliance with the Well-being of Future Generations Act (Wales) 2015.

- 19 The Health Board updated committee membership in July 2025. This was in response to annual self-assessments and member feedback, and included the appointment of a new Audit, Risk and Assurance Committee chair to update interim Chair arrangements. The updates also considered individual skillsets and the future requirements of each committee, including the size and scale of work programmes. This shows an agile approach to making best use of Independent Member capacity. We also saw some improved scrutiny as a result.
- 20 Chairs manage meetings well and include polite and consistent challenge and support. However, as the Health Board faces increasing challenges to delivery, especially financially, it will need to maintain its high levels of scrutiny. This would provide further assurance against the increasing risks the Health Board faces.
- 21 The Health Board has strengthened its escalation processes from the committees to the Board. The Committee Chairs Reports have been updated into a new Alert/Advise/Assure/Inform format. This approach ensures consistent, structured reporting and strengthens oversight by highlighting key issues, actions, and assurance levels.
- 22 Committee action logs, however, could be clearer. Currently, action logs are presented on spreadsheets at each committee and include dates, the relevant lead, progress updates and whether actions are on track. Action logs also note when an action is transferred to another group. However, they do not include the name of the group the action has been transferred to or what is expected of the group.

## Quality and timeliness of Board information

- 23 Board and committee information remains of a good standard and is constantly being reviewed. Reports are generally presented in a standard format and include a mix of narrative and graphic information. However, some reports remain very narrative in nature and would benefit from better summarisation.
- 24 Papers are generally distributed on time, but there are still occasions where there are late papers which the Health Board recognises could affect the Board Members' ability to undertake effective challenge and scrutiny. If Independent Members receive late papers, the Health Board specifies which items will be late and when they can expect to receive them. Members are conscious of the volume of papers, particularly in the Audit, Risk and Assurance Committee, although the Health Board is addressing this. This includes giving members sight of Internal Audit reports as soon as they become available and not waiting until the next meeting.

## Hearing from staff and service users

- 25 The Board continues to be committed to hearing from staff and patients. Staff have been invited to attend Board Development and Board Briefing sessions to raise Board member awareness on how services operate. Patient stories also appear on committee agendas where relevant to understand the impact of services. Patient stories now present a broader spectrum of experiences, both positive and negative, and are generally linked with other agenda items.
- 26 The People and Culture Committee received one staff story in 2024 and one staff story in 2025.<sup>1</sup> The Health Board should consider whether more regular information about staff experience would help the committee triangulate information and better understand staff wellbeing.

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<sup>1</sup> Previously Workforce and Culture Committee

- 27 The People and Culture Committee receive routine updates on the Health Board's 'Great Place to Work' strategic priority, including staff retention, 'Speaking up Safely,' and the Clinical Leadership Immersive Programme. The Committee also received the results of the 2024 NHS Staff Survey in February 2025. The Health Board had the highest response rate of all health boards at 30%, although this is still low.
- 28 The Health Board recognises measuring and gathering patient and staff feedback need more capacity. The Health Board appointed a Peoples Experience Framework Coordinator in June 2025, with the intention to strengthen its ability to gather and triangulate people's experiences and report this information to the relevant committee. The Health Board expects to see outputs from this before end of March 2026.
- 29 Since our previous structured assessment, the Health Board has made positive progress on Board member walkarounds. The Health Board has developed a forward programme for 'Out and About' visits. This covers a six-month period with a two monthly review. The programme is informed by several factors such as risk, major service change, or new areas of innovation, and visits have included the Planning Team, Therapies and Health Science Management Team and Ystradgynlais Hospital. The Chair invites Independent Members to attend based on availability and interest.
- 30 The Chair reports on the visits via the Chairs Report to Board. The Health Board has developed guidelines for walkarounds which includes governance and reporting. The Health Board will summarise and report trends and themes from walkarounds to the Patient Experience, Quality and Safety Committee on a bi-annual basis with the first report due in April 2026. An annual review of the walkaround programme will take place as part of the annual Board effectiveness evaluation.

### **Board cohesion and continuous improvement**

- 31 The Board continues to experience some change in both Executive Director and Independent Members but manages this process well.

- 32 The Health Board appointed two new independent members in 2025. The Vice Chair left the organisation in October 2025, and a new Vice Chair is due to take up post in early 2026. The Executive Director of Nursing, Quality, Women and Family Health retired in October 2025 after a handover period to support the new officer in this role.
- 33 The Health Board continues to undertake committee effectiveness reviews for each of its committees, with the results reported annually to Board. Following the reviews, each committee receives a Continuous Improvement Plan for the year, which includes identified actions and associated owners and timescales for completion. Agendas continue to provide opportunity for members to reflect on meetings and give feedback, which demonstrates continuous development.
- 34 However, the Health Board needs to be assured that each Independent Member is demonstrating the appropriate range of skills and scrutiny to satisfy the requirements of the role. Our observations across various committee meetings over the last 12 months have indicated that Independent Member scrutiny would benefit from being more consistent across the cohort, by offering tailored individual support where appropriate.
- 35 The Board continues to hold monthly Board Development sessions, and during our interviews we heard how these have been valuable.

## Providing board assurance

**The Health Board has strengthened arrangements for oversight of performance and recommendation tracking but the current approach to risk management needs review, and information regarding quality could be clearer**

### Managing strategic risks

- 36 In our previous structured assessment, we noted the Health Board did not identify strategic risks separately to corporate risks. As part of the work to further develop the Board Assurance Framework (BAF), the Health Board has now assessed and separated risks in an updated Risk Management Framework approved by the Board in March 2025.
- 37 The Health Board now records strategic risks on the Strategic Risk Register (SRR) and the BAF. The Board own and oversee the strategic risks, and these are reviewed and monitored by the Executive Committee in advance of Board meetings. The Executive Committee is also responsible for escalating and de-escalating risks from the SRR.
- 38 Each risk within the SRR has been allocated a committee for oversight and assurance, and each committee meeting receives an update on the relevant risk(s) in a committee risk register. The Audit, Risk and Assurance Committee also maintains effective oversight of how the revised risk management arrangements are embedding.

- 39 The Board receives the full SRR three times per year which includes details against each strategic risk including review date, risk causes, controls, mitigations, and risk owner. It also includes the risk score and trajectory over a four-month period. Some strategic risks are, however, more detailed than others, with some gaps in information. The SRR also has a section to list any associated organisational risks which align with a strategic risk. This section is in development alongside the Risk Management Tool which the Health Board is currently updating.
- 40 The Board receives a Strategic Risk Summary Report at those meetings where the Health Board does not present the full SRR. This report provides summary data including the risk score and risk appetite for each strategic risk. The intention is the BAF dashboard will seek and provide assurance that actions to manage the strategic risks are both adequate and effective. This is an ongoing and developing piece of work.

### **Managing corporate risks**

- 41 Corporate risks are now called organisational risks and held on the Organisational Risk Register (ORR). The Executive Committee oversee and monitor these risks via a comprehensive risk register document. The Health Board has set up an Operational Leadership Group consisting of the Assistant and Deputy Directors to oversee cross-organisational issues on behalf of the Executive Committee. The Group is also responsible for developing the most significant risks within the organisation for inclusion in the Organisational Risk Register. These risks include those de-escalated from the previous corporate risk register and those escalated in line with the Risk Management Framework.
- 42 The Health Board presented its first high level summary of the ORR to Board in November 2025. However, it is so high level it is unclear what assurance the Board could take from it. The terms “operational” and “organisational” are sometimes used interchangeably and consistent terminology would be helpful.

- 43 The Health Board would benefit from reviewing the arrangements of the SRR and ORR. The SRR should include only high-level strategic risks which the Health Board has limited ability to impact but needs to oversee set points throughout the year. The ORR should include the risks the Health Board can have more impact and mitigation over. These should have more frequent scrutiny than the SRR. The Health Board should allocate organisational risks, not strategic risks to relevant committees. This would allow committees to manage and monitor the risks in their remit, which may impact achievement of the Health Board's plans.
- 44 Although the Health Board has made some progress, it has not yet fully moved the recording of risks from spreadsheets onto the Datix system. This is due to capacity and resources, as well as functionality within the Datix system. The Health Board is currently reviewing the most appropriate way of recording risks going forward.

## Managing performance

- 45 The Health Board's Integrated Quality and Performance Framework (IQPF) continues to support organisational performance. The Board reviews the framework annually, with the last update in May 2025. The purpose of the IQPF is to align quality and performance monitoring under one integrated system.
- 46 The IQPF is comprehensive and sets out clear roles for committees and leadership in overseeing performance management. It also sets out the oversight and accountability arrangements and the frequency and coverage of performance at specific meetings. Performance is reported to the Finance and Performance Committee via the Integrated Quality and Performance Report (IQPR).
- 47 The IQPR report includes a 'Performance Challenges' section which clearly highlights any consistent failure to meet agreed performance improvements and trajectories. This includes any reasons for escalations, performance drivers, and actions. The full IQPR includes detailed updates against each NHS performance measure including the lead officer, challenges, actions and mitigations, and some data analysis.

- 48 The Health Board have also developed a summary IQPR. This useful document provides an accessible narrative summary position of performance for both services provided by the Health Board and services commissioned from others. This provides the reader with assurance on these areas and strengthens oversight of commissioned services which has been a concern for Independent Members.
- 49 The summary IQPR is presented periodically to the Finance and Performance Committee. It provides dashboards to highlight performance compliance with a full version of the report presented at alternative meetings.
- 50 Going forward, the Health Board want to move to a digital system for presenting performance with Power BI dashboards, but recognise the current capacity restraints in undertaking this activity.

### **Monitoring quality and safety**

- 51 The Health Board has generally effective arrangements for maintaining oversight of quality and safety and has continued to embed arrangements to oversee the Duties of Quality and Candour. At the time of our work, we were undertaking a follow up of our 2021 Review of Quality Governance Arrangements.
- 52 The Health Board approved its Strategic Commissioning Framework (SCF) in September 2025. The SCF outlines the Health Board's approach to commissioning services including quality of commissioned services for Powys residents. The measures to accompany the SCF are still in development.
- 53 The Health Board's IQPF replaced its Clinical Quality Framework 2020-23 in March 2024. While the IQPF sets out the measures to be used to monitor quality and safety, it still does not set out the Health Board's ambitions for the quality and safety of its services and how it will go about achieving them.

- 54 Performance is reported to the Finance and Performance Committee through the Integrated Quality and Performance Report (IQPR). A separate and standalone Integrated Quality Report (IQR) is presented quarterly to the Patient Experience, Quality and Safety Committee.
- 55 The IQR provides a more detailed picture regarding the quality and safety agenda across the Health Board. The report includes information on 'Putting Things Right,' complaints, information on compliance with the Duty of Candour (including the number of cases each quarter and trend data) and patient experience data.
- 56 The IQR is very narrative and interspersed with some useful data, but the report needs to be clearer in identifying areas of concern. It is not obvious what information in the report is part of the regular quality update and what information is reported as an exception item which requires further attention. The structure and therefore purpose of this report would benefit from being reviewed. This would ensure it is clearly and consistently presenting relevant information.
- 57 Over the last two years the Health Board placed Mental Health Services and Children's Neurodevelopmental Services into internal escalation in line with the IQPF. Relevant staff have presented regular and detailed updates of the escalated services to the Patient Experience, Quality and Safety Committee providing good oversight. Updates include action plans and progress reports including a report update when Mental Health services were deescalated.
- 58 The Health Board presented its Duty of Quality Annual Report 2024-25 to the Patient Experience, Quality and Safety Committee in July 2025 and Board in September 2025. The report is an informative mix of narrative, case studies, and data. It also updated on the de-escalation and key improvements made within Mental Health Services. However, there is no mention in the annual report of the escalation status in Children's Neurodevelopmental Services, which creates an incomplete picture.

## Tracking and monitoring recommendations

- 59 The Health Board has good arrangements to monitor and track recommendations, which are continuing to develop. The Health Board continues to report progress against internal and external recommendations twice a year to the Audit, Risk and Assurance Committee via an Audit Recommendation Tracker report. But this report is extensive and can become unwieldy and difficult to navigate.
- 60 The report usefully includes a cover paper which provides a summary update of internal and external audit recommendations either completed since the last update, not due for implementation or overdue. The report also includes a breakdown of outstanding recommendations by directorate and how old the recommendation is. This provides a useful insight into directorates which may have particularly complex recommendations to address or may need help due to a capacity issue.
- 61 We previously recommended the Health Board should strengthen its approach to closing recommendations. There was limited information provided to give assurance that actions taken had adequately addressed recommendations, allowing them to be closed. The Audit Recommendation Tracker report now includes more narrative to explain why the recommendation has been marked as complete.
- 62 Despite the arrangements described above, our review of the Health Board's progress to address previous recommendations has found a mixed position, with:
- only eight out of 16 recommendations from past structured assessment reports are now complete. Five are partially complete, with three where no action has been taken; and
  - three of recommendations from our cost savings report are complete and five in progress.

## Preparing strategies and plans

**The Health Board collaborates well to develop plans, and there are good processes for monitoring delivery, but links between plans could be clearer**

### Producing key strategies and plans

- 63 The Health Board continues to work to its long-term strategy 'The Health and Care Strategy for Powys 2017-27', developed in partnership with Powys County Council. A refresh of the strategy will be done through the Regional Partnership Board prior to the 2027 end date. The Health Board intend to report updates to the Board and the Planning, Partnerships and Population Health Committee as work progresses.
- 64 The Health Board is currently working to an Annual Plan. Due to financial challenges, the Health Board was unable to submit an approvable three-year Integrated Medium Term Plan (IMTP). The Health Board has continued to demonstrate good engagement in development of the Annual Plan, with planning discussions taking place at Board Development sessions.
- 65 The draft Annual Plan 2025-26 was scrutinised at a joint session of the Planning, Partnerships and Population Health Committee and Finance and Performance Committee in March 2025 prior to Board approval. However, the plan did not meet the financial targets set by the Welsh Government and at the time of our work, remained unapproved by the Welsh Government due to the forecast deficit for 2025-26. We discuss the Health Board's financial position in paragraph 81.
- 66 The Health Board's Annual Plan is set in the context of the five-year Integrated Plan 2024-29, which in turn supports the delivery of the long-term strategy. However, it is not clear how the Annual Plan supports the delivery of the Integrated Plan. The Health Board needs to have greater clarity about how the priorities set out in the Annual Plan support the priorities in the Integrated Plan.

- 67 The Integrated Plan includes the Health Board's well-being objectives. There is a statutory requirement to review well-being objectives annually to ensure they remain appropriate. The Health Board intends to do this as part of the Regional Partnership Board workplan and communicate this to relevant Health Board committees as part of the IMTP planning process in Spring 2026.
- 68 The Integrated Plan also sets out the plans to develop a financially sustainable model for health and care with its 'Better Together' transformation model. However, the Health Board have decided to delay planned public consultations on changes to service provision until after the Senedd elections in May 2026 to give time for consultation and analysis. This delays the Health Board's ability to progress important work on development of a financially sustainable service model.

### **Board assurance on partnership working**

- 69 The Board receives regular updates on partnership work. This includes the Regional Partnership Board and Public Services Board. Reports to Board highlight both the opportunities and challenges of working in partnership.
- 70 The Board also receives regular updates on partnership with other health boards, including the two Regional Joint Committees recently set up in Southeast and Southwest Wales.
- 71 Updates are also received from the Mid Wales Joint Committee, which is a collaborative with Betsi Cadwaladr University, Hywel Dda University Health Board, Welsh Ambulance Services University NHS Trust, and the three relevant local authorities. Whilst it is not a formal committee of the Board, it aims to strengthen the planning and delivery of health care services in mid-Wales. Priorities include urology and rheumatology services and addressing challenges like delayed pathways of care.

- 72 The Health Board has a good working partnership with Llais.<sup>2</sup> The Regional Director presents a report at each Board meeting. The report includes the engagement they have had with Powys residents and any planned engagement sessions. Feedback on any health-related themes from members of the public and updates on the number of advocacy cases in the Powys region is also included.
- 73 The Health Board produced a Partnership Governance and Assurance Framework in May 2025. The framework provides a comprehensive overview of the Health Board's statutory partnerships, partnerships by choice and partnerships as a way of working. The framework includes the terms of reference, leadership, and budget information, and usefully outlines the reporting processes and cycle for each of the partnerships.

### **Monitoring delivery of strategies/plans**

- 74 The Health Board has good arrangements for monitoring delivery of plans. Progress against the Integrated Plan 2024-29 is reported to Board through quarterly Delivery Plan updates. Overall, the updates provide a good overview of progress against strategic objectives and set out key deliverables, actions, and milestones including delivery confidence.
- 75 The Health Board recognises that producing SMART objectives has been a work in progress, but the Annual Plan 2025-26 is much more explicit. The Key Activities, Key Deliverables and Timescale sections are 'specific,' 'measurable' and 'timed.' This has produced a more focused and meaningful section for key areas of delivery.

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<sup>2</sup> [Llais Cymru](#)

- 76 During the year, the Board and committees received routine statutory updates on the delivery of wider corporate strategies and plans such as the Welsh Language Annual Report 2024-25, and Health and Safety Annual Report 2024-25. The Health Board also reports updates on enabling strategies to relevant committees. These include an update on the Capital and Estates Strategy to the Finance and Performance Committee in September 2025 and an update on the Workforce Transformation and Sustainability priority to the People and Culture Committee in December 2025.
- 77 We have previously reported that the Health Board lacked clarity about the actions it intends to take to deliver its well-being objectives and the strategic performance measures to demonstrate the long-term impact. This remains the case as noted in Recommendation 5.1 2024.

## Managing finances

**Although oversight and controls are in place, the financial position is a concern, and more information is needed to strengthen scrutiny**

### Meeting financial objectives and duties

- 78 The Health Board did not meet all its financial duties for 2024-25. Of the three duties, it met its capital resource limit, reporting a small underspend of £50,000. 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.
- 79 The Welsh Government set the Health Board a target deficit of £12 million for 2024-25. The Health Board did not meet this, reporting a year-end deficit of £15.8 million. This was after a further allocation by the Welsh Government of £7 million. The Health Board reported a three-year cumulative deficit of £34.7 million.
- 80 The Health Board does not have a balanced financial plan for 2025-26. The Health Board submitted an annual plan to the Welsh Government in March 2025 for 2025-26 which set out a predicted year-end deficit of £38.4 million. The Health Board revised its predicted year-end deficit to £28.3 million in month two. This is against a Welsh Government control total target deficit which had remained at £12 million.
- 81 At month seven, the Health Board's year end forecast position is still a deficit of £28.3 million. However, operational pressures and run rates to date are above the planned trajectory, largely due to factors affecting commissioning costs. The Health Board reported a year-to-date deficit of £19.4 million compared to a planned deficit of £16.5 million.

- 82 The Health Board continues to forecast that it will remain within its capital resource limit of £6.5 million with a year to date spend at month seven of £1.97 million.
- 83 As a result of the Health Board's escalation status, the Welsh Government gave additional funding to the Health Board to commission external support from Grant Thornton in July 2025. Grant Thornton have been working with the Health Board to assist them in three predominant areas of work: financial sustainability, commissioning, and Continuing Health Care. The Health Board received the draft report setting out the findings of the Grant Thornton work in December 2025 and was considering its findings at the point of preparation of this structured assessment report.

### **Financial planning arrangements**

- 84 The Health Board has a clear process for developing its financial plan. Board members scrutinised the development of the plan and the plan itself prior to submission to the Welsh Government.
- 85 The 2025-26 financial plan sets out several risks which the Health Board needs to manage. As well as commissioning activity, these also include demand for agency use, and an increasing number of adult mental health and learning disability placements with private providers which are creating financial pressure for the Health Board.
- 86 The Health Board delivered its savings plans in 2024-25. It achieved £11.7 million of savings against its target of £9.9 million. However, the Health Board intended that £9.9 million were recurrent savings. Only £6.6 million were recurrent with a shortfall of £3.2 million against the target. As a result, these savings were non-sustainable, and the Health Board will need to ensure recurrent savings are achieved for longer-term sustainability.

- 87 The Health Board is currently off-track on its savings schemes for 2025-26. The Health Board's 2025-26 plan is based on a £23.1 million savings requirement. At month seven, the Health Board has identified £18.2 million of savings for 2025-26, with a gap of £4.8 million still to find. Half of the identified savings are recurrent. The biggest area for target savings is commissioning.
- 88 There continue to be risks associated with the capacity of teams to deliver the required savings. At month seven, the Health Board had delivered £8.5 million, with £14.6 million still to deliver over the remaining five months of the year.
- 89 Savings performance continues to be scrutinised by the Finance and Performance Committee and Board, but the focus is purely on the identification of savings schemes. Although the finance report sets out the planned savings targets by area, the report does not include actual savings delivered to date. Nor does the report set out where savings delivery is off track, and any mitigating actions. This means actual achieved savings are not reported until year end, making it difficult to scrutinise the reality of the financial position throughout the year.
- 90 In 2024, Audit Wales reviewed the Health Board's approach to cost savings. Of the eight recommendations in that report, the Health Board has made progress but has more to do. All eight recommendations are still in progress. Areas in which further progress is required are set out in **Appendix 2**.

## Financial management arrangements

- 91 The Health Board has the expected financial controls in place. The Audit, Risk and Assurance Committee regularly reviews the Standing Orders and Standing Financial Instructions. The Committee also receives assurance that appropriate financial controls are in place, and routinely reviews losses, special payments, single tender actions, and post payment verification reports. In November 2024, Internal Audit provided substantial assurance on the Health Board's treasury management as part of its four-year cycle to review the core financial systems.

- 92 The Health Board also continues to have good counter-fraud arrangements. There is an agreed annual workplan and routine reports to the Audit, Risk and Assurance Committee show delivery against the plan.
- 93 The Health Board, however, continues to overspend. There continues to be enhanced reporting on key areas of expenditure at Board and committee levels. Working groups, such as the Variable Pay Reduction Group, are also in place to control spend, and deep dives on each of the groups have been provided. The most recent finance report to the November 2025 Board meeting highlights that overall agency spending is reducing.
- 94 Whilst this is positive, it is unclear what the impact of the Variable Pay Reduction Group has been. The report notes the group is implementing a detailed action plan but presents no information for assurance about what the action plan is, what difference it should make and how the Health Board will measure and report this. This is also the case for working groups focused on other areas of financial pressure such as commissioning and mental health.
- 95 The Health Board submitted 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. Our audit also found issues with Continuing Health Care (CHC) accruals which did require additional work and resulted in the final accounts not being certified until 1 August 2025.
- 96 We issued an unqualified opinion in respect of the truth and fairness of the accounts, but a qualified regularity opinion due to the Health Board breaching its revenue resource limit over the three-year rolling period 2022-25. The Health Board has helpfully undertaken a learning exercise on the CHC accrual issue and reported the lessons learnt and actions underway to Audit, Risk and Assurance Committee in October 2025.

### **Monitoring financial performance**

- 97 The Health Board has good arrangements for reporting financial performance, although more information is needed.

- 98 The Health Board reports financial performance at each Board and Finance and Performance Committee meeting. Finance and performance reports are now listed together on agendas for Board meetings to ensure that any quality and performance risks are considered alongside the financial challenges. Senior officers are present at meetings to update on any relevant information regarding the financial position and to answer any queries.
- 99 In last year's structured assessment report, we commented that whilst reports to board and committee continue to highlight key financial risks to the financial position, there was a need to be clearer on the impact of mitigating actions. This continues to be the case. As highlighted in paragraph 89, the finance report also needs to include more information on the savings delivery position.
- 100 Notwithstanding the issues identified in the paragraph above, Independent Members continue to regard finance reports as clear and explanatory. Our observations found that scrutiny and challenge on the Health Board's financial performance have increased. However, we heard that Independent Members would value more training on finance to allow them to enhance scrutiny further in line with the developing financial pressures, challenges around delivering savings and managing risks.

# Recommendations

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The following table details the recommendations arising from our work.

## Recommendations

R1 The Health Board's committee action logs should clearly set out which group actions have been referred to and what they expect the group to do because of the referral (**paragraph 22**).

R2 The Health Board should further refine the management of its strategic and organisational risk registers. The Health Board should review what is a strategic risk and what is an organisational risk. Organisational risks should then be allocated to a relevant committee for scrutiny and monitoring (**paragraph 43**).

R3 The Health Board should review and update the structure of the Integrated Quality Report to ensure that areas which require further attention are clearly identified (**paragraph 56**).

R4 The Health Board should make it clearer how the priorities set out in the Annual Plan support the priorities in the Integrated Plan (**paragraph 66**).

R5 The Health Board should ensure its finance reports contain information on actual savings delivered to date. This should include where savings delivery is off track, and any mitigating actions (**paragraph 89**).

R6 The Health Board should ensure it regularly reports more explicitly on the activity and impact of working groups which have been established to mitigate financial pressures. This includes the Variable Pay Working Group, Commissioning Working Group, and Mental Health Working Group which should be formalised within governance reporting structures. This would enhance the assurance at Finance and Performance Committee and Board about the difference the groups are making (**paragraph 94**).

R7 The Health Board should arrange for more training on finance for Independent Members to allow them to enhance scrutiny further in line with the developing financial pressures challenges (**paragraph 100**)

# Appendices

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# 1 About our work

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## Scope of the audit

We looked at the following areas for the period August 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; and
- 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; and
- Reports prepared by other relevant external bodies.

We interviewed the following key stakeholders:

- Chief Executive;
- Executive Director of Finance, Capital and Support Services and Deputy Chief Executive;
- Director of Corporate Governance/Board Secretary;
- Executive Director of Planning, Performance & Commissioning;
- Board Chair;
- Vice Chair and Chair of Patient Experience, Quality and Safety Committee;
- Chair of Audit, Risk and Assurance Committee;
- Chair of Finance and Performance Committee; and
- Chair of Planning, Partnerships and Population Health Committee.

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

- Audit, Risk and Assurance Committee;

- Finance and Performance Committee;
- Planning, Partnerships and Population Health Committee; and
- Patient Experience, Quality and Safety Committee.

## 2 Previous audit recommendations

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### 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.

#### 2022 Recommendations

- R3 The Health Board does not have an updated Board Assurance Framework that maps all the opportunities and risks to achieving strategic objectives, identifies gaps in assurance, and informs Board and committee workplans. The Health Board needs to update its Board Assurance Framework (**Complete, paragraph 37**).
- R4 There is currently a disconnect between directorate risk registers and the Corporate Risk Register (CRR). The Health Board needs to review all high risks on directorate risk registers to ensure the relevant ones are escalated to the CRR, and that the Board is aware of wider risks that may materialise (**Complete, paragraph 41**).
- R5 Opportunities exist to improve public access to key Health Board documents. The Health Board should ensure that:
- a) policies and procedures, and the register of interest on the public website are accessible (**In part, paragraph 13**)

## 2023 Recommendations

- R3 The Health Board should strengthen its board walkaround arrangements by:
- 3.1. Developing a forward programme which involves both Independent Members and Executive Directors and covers a broad range of Health Board services (**Complete, paragraph 29**); and
  - 3.2. Developing a framework setting out how the walkaround should operate, and the mechanisms for reporting key themes (**Complete paragraph 30**)

- R5 The Health Board should increase the pace in which risks currently recorded on spreadsheets are moved across to the Datix risk module. (**In part, paragraph 44** – The Health Board has acknowledged that it will not be looking to address this recommendation.)

## 2024 Recommendations

- R1 The Health Board should require staff with significant budget oversight and/or significant influence on commissioning arrangements to provide information on any relevant interests and include this information on the Register of Interests (**Complete, paragraph 12**).

- R2 The Health Board should set out its ambitions for the quality and safety of its services and how it will go about achieving them (**No action, paragraph 56**).

R3 The Health Board should strengthen recommendation tracking by ensuring information is provided to assure the Audit, Risk and Assurance Committee that actions taken have effectively addressed the recommendations (**Complete, paragraph 61**).

R4 The Health Board should:

- 4.1. Ensure annual reviews of its well-being objectives are clearly communicated (**In part, paragraph 67**)
- 4.2. Ensure a review of its long-term strategy to confirm its continued appropriateness post pandemic, and, in light of the financial challenges is communicated and contributes to future strategy review plans (**In part, paragraph 63**).

R5 As part of its core planning arrangements, the Health Board should clearly set out and monitor:

- 5.1. The actions it intends to take to deliver its well-being objectives over the lifespan of its long-term strategy (**No action, paragraph 77**); and
- 5.2. Strategic performance measures to accompany its well-being objectives that capture the long-term impact it is seeking to achieve (**No action, paragraph 77**).

R6 The Health Board should strengthen reports setting out progress against wider corporate strategies and plans by clearly articulating where delivery is off-track, mitigating actions, and revised delivery timescales (**Complete, paragraph 76**).

R7 The Health Board should identify, monitor, and manage any immediate quality and performance risks that may arise because of the ongoing financial challenges (**Complete, paragraph 99**).

R8 The Health Board should provide greater assurances within finance reports on the impact of mitigating actions to address key financial risks (**In part, paragraph 99**).

## 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 accelerate the work of introducing the Accelerated Sustainable Model and fully quantify the potential costs and savings that will arise through its introduction in order to place its finances on a more sustainable footing (**In progress, paragraph 68**).

R2 The Health Board should make greater use of Getting it Right First-Time (GIRFT) reviews that directly apply to the Health Board as a further source of potential intelligence to inform its savings identification arrangements (**Complete**).

R3 The Health Board should set challenging but realistic targets for its individual savings schemes. It should also develop robust but achievable action plans for its schemes accompanied by suitable delivery arrangements to ensure they achieve their intended aims (**In progress, paragraph 89**).

R4 The Health Board should broaden its assessment of capacity beyond its Finance Team to identify and develop plans to address any shortfall or gaps in available resource in its wider operational teams (**In progress, paragraph 83**).

R5 The Health Board should rapidly ensure it has a complete and thorough understanding of the skills, capacity, and resources (including in the fields of innovation and improvement) to effectively deliver the Accelerated Sustainable Model (**In progress, paragraph 83**).

R6 The Health Board should clearly identify savings delivery risks and mitigating actions within in its corporate and operational risk management arrangements (**In progress, paragraph 89**).

R7 The Health Board needs to prioritise how best to turn its red savings schemes into recurrent green and amber schemes that have a realistic chance of delivering the identified savings (**Complete, paragraph 87**).

R8 The Health Board should identify the key lessons from its approach to identifying and delivering savings at pace during 2023-24 and apply the learning to its future approach with the aim of placing less reliance on non-recurrent savings (**Complete, paragraph 86**).

### 3 Key terms in this report

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Term	Description
<b>Board Assurance Framework</b>	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.
<b>Clinical Strategy</b>	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.
<b>Corporate Risk Register</b>	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.
<b>Counter Fraud</b>	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.
<b>Integrated Medium Term Plan</b>	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.
<b>Losses</b>	Losses include things like theft, fraud, overpayments, or damage to property.

Term	Description
<b>Quality Governance</b>	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.
<b>Register of Interests</b>	The Register of Interests helps ensure transparency by recording any personal or business interests of Board members and staff that could influence decisions.
<b>Scheme of Reservation and Delegation</b>	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.
<b>Single Tender Action</b>	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.
<b>Special Payments</b>	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.
<b>Standing Financial Instructions</b>	Standing Financial Instructions set out the financial responsibilities, policies, and procedures adopted by the organisation.
<b>Standing Orders</b>	Standing orders set out the rules and procedures by which the organisation operates and make decisions.

Term	Description
<b>Target Control Total</b>	A Target Control Total is a budget or deficit target set by the Welsh Government that an NHS body is expected to meet or better by year-end for the respective financial year.
<b>Well-being of Future Generations Act (2015)</b>	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

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Recommendation	Commentary on planned actions	Completion date	Responsible officer
<p>R1</p> <p>The Health Board's committee action logs should clearly set out which group actions have been referred to and what they expect the group to do because of the referral (<b>paragraph 22</b>).</p>	<p>Accepted and completed.</p> <p>Action logs will be adapted to ensure the purpose of referral and any follow-up action/reporting is clearly articulated.</p>	<p>1 April 2026</p>	<p>Director of Corporate Governance / Board Secretary</p>
<p>R2</p> <p>The Health Board should further refine the management of its strategic and organisational risk registers. The Health Board should review what is a strategic risk and what is an organisational risk. Organisational risks should then be allocated to a relevant</p>	<p>Accepted.</p> <p>The Risk Management Framework and Board Assurance Framework will be reviewed and aligned to ensure consistency and clarity.</p>	<p>30 May 2026</p>	<p>Director of Corporate Governance / Board Secretary</p>

Recommendation	Commentary on planned actions	Completion date	Responsible officer
committee for scrutiny and monitoring ( <b>paragraph 43</b> ).			
<p>R3</p> <p>The Health Board should review and update the structure of the Integrated Quality Report to ensure that areas which require further attention are clearly identified (<b>paragraph 56</b>)</p>	<p>Accepted and completed.</p> <p>A revisited report has been presented to Executive Committee and will be presented to our PEQS committee in April 2026.</p> <p>The report is structured to separate three key elements: intelligence, triangulation, and assurance. A dedicated compliance section then provides assurance against key regulatory and national standards. This approach is intended to improve the visibility of learning, support a more integrated understanding of risk, and strengthen the Health Board's ability to drive targeted improvement.</p>	April 2026	Executive Director Nursing, Quality, Women and Family Health

Recommendation	Commentary on planned actions	Completion date	Responsible officer
<p>R4</p> <p>The Health Board should make it clearer how the priorities set out in the Annual Plan supports the priorities in the Integrated Plan. <b>(paragraph 66)</b></p>	<p>Partially accepted and completed.</p> <p>The Strategic Priorities in the Integrated Plan flow from the Joint Health and Care Strategy, which include the statutory Wellbeing Objectives. The strategic priorities in each successive Annual Plan cycle also flow from the Joint Health and Care Strategy (and thereby the Integrated Plan) however we refresh them in each annual planning cycle in line with best practice in strategy deployment; to ensure we respond to the changing external context and WG's annual Planning Framework. We will keep this under review.</p>		<p>Executive Director Planning, Performance and Commissioning</p>

Recommendation	Commentary on planned actions	Completion date	Responsible officer
<p>R5</p> <p>The Health Board should ensure its finance reports contain information on actual savings delivered to date. This should include where savings delivery is off track, and any mitigating actions (<b>paragraph 89</b>).</p>	<p>Accepted</p> <p>The finance report to Board will be modified to contain information on actual savings delivered to date. Appropriate commentary will be included.</p>	<p>30 July 2026</p>	<p>Executive Director Finance, Estates and Support Services</p>
<p>R6</p> <p>The Health Board should ensure it regularly reports more explicitly on the activity and impact of working groups which have been established to mitigate financial pressures. This includes the Variable Pay Working Group, Commissioning Working Group, and Mental Health Working Group which should be formalised within governance reporting structures. This would enhance the assurance at Finance and Performance Committee and</p>	<p>Accepted</p> <p>The Health Board undertakes a series of Deep Dive reviews into areas of concern. These are presented to the Finance and Performance committee. The Health Board will ensure that all working groups are covered within the schedule.</p>	<p>31 March 2027</p>	<p>Executive Director Finance, Estates and Support Services</p>

Recommendation	Commentary on planned actions	Completion date	Responsible officer
Board about the difference the groups are making ( <b>paragraph 94</b> ).			
<p>R7</p> <p>The Health Board should arrange for more training on finance for Independent Members to allow them to enhance scrutiny further in line with the developing financial pressures challenges (<b>paragraph 100</b>).</p>	<p>Accepted</p> <p>The Health Board will arrange a specific training session on finance for Independent Members.</p>	30 June 2026	Executive Director Finance, Estates and Support Services

# About us

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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.