

Agenda Item

4.1

Joint Commissioning Committee

NWJCC Financial Risks – Month 3 2025-2026
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Dyddiad y Cyfarfod / Date of Meeting	15/07/2025
Statws Cyhoeddi / Publication Status	Open/ Public Choose an item.
Awdur yr Adroddiad / Report Author	Gwen Kohler, Deputy Director of Finance & Value
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Noddwr yr Adroddiad / Report Sponsor	Stacey Taylor, Director of Finance & Value

Pwrpas yr Adroddiad / Report Purpose	For Noting Choose an item.
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Engagement (internal/external) undertaken to date (including receipt/consideration at Committee/Group)		
Committee / Group / Individuals	Date	Outcome
NWJCC Senior Leadership Team	09/07/2025	Noted

1. SITUATION/BACKGROUND

NWJCC Financial Plan 2025-26

The NHS Wales Joint Commissioning Committee (NWJCC) approved the Financial Plan for 2025-26 as part of the NWJCC Foundation Plan (2025-26) on 18 March 2025 based on the following assumptions.

- A 1.77% inflation uplift, amounting to approximately £20.4m, will be passed through from Commissioners and subsequently from NWJCC to NHS Wales's providers
- A minimum savings delivery target of 2%
- The English Cost Uplift Factor price difference (above the 1.77% inflationary uplift) will be funded by the Welsh Government
- A risk-based approach has been adopted in identifying service development priorities.

Following extensive discussions which explored options between 1.77% and 6% the final NWJCC financial plan reflected an overall uplift of 4%. Despite this being above the 1.77% uplift funded by Welsh Government it was recognised that it represented an extremely challenging plan. Similarly, it was recognised that supporting funding at this level led to Welsh Health Boards having to make difficult funding decisions within their organisations.

The financial plan included a savings target of £11.4m, of which £8.9m was badged against savings / referral management to support NHS England (NHSE) pressures. This saving requirement predominately related to pressures that were funded non-recurrently in 2024-25 by Welsh Government.

The purpose of this report is to provide an update on the financial risks for 2025-26 and to seek views of the Joint Committee on actions to mitigate these where appropriate.

At the time of writing this report the draft financial position for the first quarter was being prepared and this draft information has been reflected.

2. ASSESSMENT

Quarter 1 Financial Position

The draft NWJCC financial position for 2025-2026 reported at Month 3 is an **overspend to date of £1.3m, with a forecast year end overspend position of £3.7m** with further risks of £16.6m highlighted.

At Month 3 the forecast position is largely based on activity reported during the first 2 months, and as such is likely to change; however the following key variances from the plan are emerging:

- **Welsh Providers £3.6m overspend**
The largest reported forecast overspends include £4.5m across the areas of Haemophilia Blood products, Clinical Immunology and NICE drugs

through Cardiff and Vale University Health Board. The common denominator across these are increasing drugs costs, along with new National Institute for Health and Care Excellence (NICE) approvals. Swansea Bay University Health Board also has a forecast overspend of £0.5m against NICE drugs. Work will be ongoing to analyse these drugs, and to consider the spend against the £3.3m of NICE drugs funding approved in the NWJCC Foundation Plan (2025-26).

- **NHS England £0.5m overspend**

NHS England activity is being monitored closely; the £9m growth in 2024/25 was funded in the 2025/26 JCC Plan, so the reported position includes that funding, but there is a risk of compounded growth in this area. A Task and Finish group is to be set up to consider patient pathways across the border.

- **IPFR (Individual Patient Funding Requests) £5.3m**

IPFR forecasts include £2m in relation to increasing HPN (Home Parenteral Nutrition) patients and costs, and work is ongoing with Cardiff and Vale University Health Board around referrals and contract usage. Enzyme Replacement Therapy drugs and general Individual Patient Funding Request spend are also showing significant overspends and need to be considered against the £3.3m NICE drugs funding approved in the NWJCC Foundation Plan (2025-26).

The variances are offset by:

- **Mental Health - £1.3m underspend**

Having already achieved a £1m Savings target last year, the Mental Health budgets are further showing savings opportunities for this year. This is primarily in the medium secure placements at this point, although this is based on individual patient placements, and is therefore subject to change across the year.

- **Reserves - £4.4m underspend**

Unused reserves to the end of Quarter 1 have contributed some underspends into the financial position. This is a mixture of uncommitted reserves and approved schemes which have not yet started. These will be examined with the relevant NWJCC teams to identify what opportunities remain.

Further Net Risks

The following risks and opportunities have been identified within the draft Month 3 position:

Key risks

Under-achievement of NHSE savings related to 2024-25	£8.9m
Further NHSE growth	£1.1m
NHSE additional non-elective tariff funding in 2024-25	£3.8m
Additional NICE drugs costs (above 25%)	£3.3m
Total	£17.1m

Opportunities

Review of HPN patient contract placements (€0.5m)

Net position **€16.6m**

From this it is evident that the majority of the risks are in relation to activity with NHSE providers specifically the underachievement of savings against referral management. In addition, there has recently been an additional uplift applied to all non-elective NHSE activity (which is over and above the 2.83% Cost Uplift Factor). Given the timing of this, this was not reflected in the NWJCC financial plan. The forecast cost of this is €3.8m and discussions are on-going with WG with regard to funding to support this cost, as it is linked to the Cost Uplift Factor.

At this stage these risks have not been incorporated into the financial position.

Savings and efficiencies

The balance of savings of €2.5m are expected to be achieved with good progress being made in respect of forecast delivery that include:

- High Secure Mental Health Contract renegotiation €1.5m
- NHS England Contract renegotiation €1.0m

In addition to the savings target, action is being taken to reduce exposure to in year cost pressures. This includes:

- NHS Wales Medium Secure recommissioning of capacity
- Delayed Transfers of Care
- Intestinal Failure Bed reduction
- Biosimilar Medicines Management programmes
- Continuation of Blueteq
- Ongoing discussions in relation to contracting discussions with NHS Wales main provider

Whilst not explicitly recorded within the NWJCC savings of €8.5m are on track to be delivered by the Welsh Ambulance Services University NHS Trust.

Executive level discussions has also taken place in relation to the NWJCC key strategic priorities and scopes drafted in relation to:

- Cardiac Surgery Review
- Neonatal Review
- Referral Management and Pathways

3. SUMMARY AND CONCLUSIONS

There is a forecast deficit for 2025-26 of £3.7m at the end of the first quarter. In addition there are potential risks identified of £16.6m, the majority of which relate to activity with NHS England. A series of options will be presented to the Joint Committee to discuss choices and options to mitigate in year financial pressures. A report will be submitted to the September Joint Committee detailing these.

4. ASSESSMENT

Objectives / Strategy	
Dolen i Amcan (au) Strategol CBC / Link to JCC Strategic Objectives(s)	Choose an item.
Dolen i Ddeddf Llesiant Cenedlaethau'r Dyfodol – Nodau Llesiant / Link to Wellbeing of Future Generations Act – Wellbeing Goals 150623-guide-to-the-fg-act-en.pdf (futuregenerations.wales)	A More Equal Wales
	If more than one applies please list below:
Dolen i Hwyluswyr Ansawdd <i>(Canllawiau Statudol Dyletswydd Ansawdd (llyw.cymru)) / Link to Enablers of Quality</i> (Duty of Quality Statutory Guidance (gov.wales))	Data to Knowledge
	If more than one applies please list below:
Dolen i Feysydd Ansawdd <i>(Canllawiau Statudol Dyletswydd Ansawdd (llyw.cymru)) / Link to Domains of Quality</i> (Duty of Quality Statutory Guidance (gov.wales))	Effective
	If more than one applies please list below:
Effaith Amgylcheddol/ Cynaliadwyedd (5R) /	No - Not Applicable
	If more than one applies please list below:

Environmental /Sustainability Impact (5Rs)	
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Impact Assessment		
Ansawdd <i>Ydych chi wedi ymgymryd â Sgrinio Asesiad o'r Effaith ar Ansawdd? /</i>	Yes: <input type="checkbox"/>	No: <input checked="" type="checkbox"/>
Quality <i>Have you undertaken a Quality Impact Assessment Screening?</i>	Outcome:	If no, please include rationale below: N/A
Cydraddoldeb <i>Ydych chi wedi ymgymryd â Sgrinio Asesiad o'r Effaith ar Gydraddoldeb? /</i>	Yes: <input type="checkbox"/>	No: <input checked="" type="checkbox"/>
Equality <i>Have you undertaken an Equality Impact Assessment Screening?</i>	Outcome:	If no, please include rationale below: N/A
Cyfreithiol / Legal	This report is for members to note and discuss. No decisions are requested to be made.	
Enw da / Reputational	Financial pressures within NHS Wales are regularly in the media and subject to scrutiny and discussion.	
Effaith Adnoddau <i>(Pobl /Ariannol) /</i>	Yes (Include further detail below)	
Resource Impact <i>(People / Financial)</i>	This document reports on the ongoing financial performance against the agreed IMTP.	

5. RECOMMENDATIONS

Joint Committee Members are asked to:

- **Note** the month-end financial position for the first quarter.
- **Discuss** actions to mitigate the forecast overspend and potential risks.