

## **NHS Wales Value & Sustainability Board**

### **Health & Social Care Committee update – January 2026**

In its recommendations to Welsh Government on scrutiny of the draft budget, the Health & Social Care Committee included a recommendation (recommendation 2) as follows:

*The Welsh Government should provide a short-written update to this Committee on the work of the Value and Sustainability Board, including key efficiencies implemented and opportunities identified, no later than one week before the Final Budget 2026-27 debate. This update should be provided even if the full annual report is not yet available.*

This paper provides the detailed update to the committee in response to this recommendation.

#### **1.0 Background**

During 2023/24 the NHS Wales Utilisation of Resources Group was repurposed as the NHS Wales Value and Sustainability Board, which typically meets on a monthly basis.

The Board supports a systematic approach to strengthen cross system working, to deliver actions for financial improvement and to deliver more sustainable health care on a consistent basis.

As a principle the Board and supporting workstreams are in place to support a strengthened national approach that supports and compliments local planning and delivery arrangements to progress the identification, development, and implementation of opportunities for both in-year and recurrent financial improvement across NHS Wales.

The work of the Value and Sustainability Board aims to highlight variation across significant areas of resource utilisation and opportunities for improvement. The work of the Board is organised around the main areas of resource utilisation within the NHS. Since its inception, this has been around five key workstreams, however during 2025/26 a sixth workstream has been added with a focus on Value Based Healthcare & Environmental Sustainability.

The work of the Board has supported identification of variation, and opportunities for improvement to enable continued delivery of an increased level of savings and efficiency across the system and improving outcomes.

The Board itself includes Chief Executives of NHS bodies, Welsh Government directors, and nominated directors to represent a number of peer groups across the system e.g. Chief Operating Officers, Directors of Finance, Directors of Nursing, Medical Directors. Each workstream has a designated lead Welsh Government director and lead Chief Executive to provide leadership and facilitate progress in

each workstream area. The six workstreams of the Value & Sustainability board are as follows:

- Workforce
- Clinical Variation & Service Configuration
- Medicines Management
- Continuing Health Care
- Non-pay & Procurement
- Value Based Healthcare & Environmental Sustainability

This approach has supported NHS Wales bodies in increasing levels of savings delivery in recent years. This savings delivery is achieved through the actions delivered by NHS bodies; however, Value & Sustainability board mechanisms have a key role to play in socialising and supporting the assessment of variation and opportunities for improvement. Total savings delivery across the system over recent years is as follows:

Year	Total £'m	In year Recurring £'m	Total Non- recurring £'m	FYE of the recurring £'m
202122	125	60	65	75
202223	194	59	134	72
202324	262	129	133	153
202425	296	164	132	202
202526 - Forecast	286	142	145	182
<b>Total</b>	<b>1,163</b>	<b>554</b>	<b>608</b>	<b>684</b>

NHS Wales bodies are expected to have their own opportunities pipeline and mechanisms for identifying and delivering savings on an ongoing basis. This work and agenda are supported by the Value Allocation Utilisation Learning Toolkit (the VAULT) which is developed and maintained by the Financial Planning & Delivery team of NHS Performance & Improvement. The VAULT is a broad intelligence repository designed to provide insight to areas of opportunity for improving system utilisation of resources and is accessible to individuals with an NHS Wales email address. To enhance communication and visibility of the activity and outputs of each of the workstreams of the Value & Sustainability Board, clear signposting has been established within the VAULT.

## 2.0 2025/26 progress and achievements

The following sections provide the committee with a short update of the key areas of focus, opportunities, and efficiencies by workstream area:

### Workforce

Progress and improvement reported from 2024/25 included significant efforts by organisations to reduce agency expenditure, with an £88.0m decrease reported in agency expenditure compared to the previous financial year. The most notable reductions were within nursing and midwifery, with medical and dental staff to be a focus area for 2025/26 onwards.

All Wales Locum & Agency Expenditure 2022/23 to forecast outturn 2025/26

Staff Type	£m			
	2022/23	2023/24	2024/25	2025/26
Medical & Dental	£83	£74	£57	£58
Nursing & Midwifery	£156	£136	£79	£41
Other	£86	£53	£37	£27
<b>Total</b>	<b>£325</b>	<b>£262</b>	<b>£174</b>	<b>£126</b>

- Agency expenditure across NHS Wales has continued to reduce during 2025/26, with a further circa £50m reduction in expenditure forecast to the end of March 2026, when compared to end of year expenditure in March 2025.
- Negotiation by NWSSP of a 30% reduction in nurse agency contract commission rates has been implemented since February 2025.
- The delivery of this improvement was supported by a control framework established to manage agency spend while further actions ensured the patient safety and delivery of services by tackling some of the root causes for agency spend so maintaining supply of workforce in more substantive and sustainable ways. These included:-
  - Issuing pay guidance to ensure fair and transparent pay for substantive hours;
  - HEIW ran a retention program to reduce both turnover and vacancies to reduce the need for agency workers;
  - A successful international recruitment which targeted hard to fill vacancies;
  - Individuals trained in Wales automatically offered jobs in the NHS in Wales to reduce vacancies and realise the benefits of investment in education and training.
  - Flexible working policy was developed and implemented to enable our existing workforce to benefit from more flexible roles and avoid drift to agency work to achieve this.

- An all-Wales ward-based nursing assessment was undertaken with all seven health boards and Velindre NHS Trust contributing detailed ward-based nursing workforce metrics. This assessment initially focussed on 25B wards where the nursing staffing levels Wales Act applies and was then opened to all the other wards to understand how ward-based nursing is being calculated and how headroom is being applied. The work has provided a detailed point in time assessment with ongoing work focusing on development of all-Wales rostering principles and review of current rostering practices, national review of headroom allocations, analysis of factors contributing to the utilisation of un-commissioned capacity and assessment of surge capacity use.

Further work is underway to develop the control framework and supporting measures which will support substantive recruitment to some of our hard to fill medical posts, enhance job planning and roster management to enable spare shifts to be covered further in advance and a further focus on attendance at work and wellbeing policy to reduce agency cover needed for illness.

### **Clinical Variation & Service Reconfiguration**

- The core aims of the workstream are to identify key actions across a number of policy and operational areas to determine the scope of opportunity in respect of reducing unwarranted clinical variation, ensuring sustainable service configuration, guarding against inequity of access and delivering financial benefits for NHS Wales.
- Key focus areas of development and implementation during 2025-26 include the following:
  - Fragile Services – Following a phase one report completed during 2024 where a range of fragile services were identified, and consideration of relevant MAG recommendations, a shortlist of six fragile services for initial focus have been agreed with Stroke, Haematology, Pathology and Endoscopy becoming the four focus areas for 2025-26 and programmes for Interventional Radiology and Maternity / Neonatal deferred until 2026/27. A phased programme plan has been developed for each of the four focus areas for 2025-26 which includes establishment of governance structures and a baseline assessment of services. At September Board commencement of phase one work for Haematology and Stroke were approved.
  - Virtual Wards – guidance and recommendations drafted for implementation – including a proactive model for high risk COPD patients. The impact will be assessed as a component of winter planning and a detailed pathway document is being finalised.
  - Evidence based interventions (previously INNU’S) - Updated guidance on evidence-based interventions and associated governance structure

established, All Wales Clinical Effectiveness Group. Phase one has focused on nine pathways with evidence-based appraisals undertaken. Evidence review reports have been shared within clinical implementation networks for comment and approval. Reporting of the data including assessment of clinical criteria and adherence is in development, this will provide insight to improvement opportunity.

- Effective Planned Care – A key update has been the publication of clinically developed Optimisation Frameworks for each of the Clinical Implementation Networks, which are best practice guides covering the end-to-end pathway. The Frameworks were developed to standardise core pathway elements across NHS Wales by reducing clinical variation, minimising waste and improving efficiency and almost always providing a cost saving / capacity releasing benefit. The optimisation frameworks developed and available to NHS Wales organisations include, General Surgery, Dermatology, Ophthalmology, Ear Nose and Throat, Orthopaedics, Urology, Gynaecology and Anaesthetics.

A national theatre dashboard has also been launched with support from DHCW, to identify and evidence productivity improvement opportunities. Equally reporting has been assessed for the twelve individual enabling actions within planned care. Work is ongoing with colleagues from across NHSWP&I, DHCW and Health Boards to deliver required standards, measures, and reporting dashboards. Effective Planned Care reports are to be shared with health boards quarterly and will focus on three to four key areas, to continually inform on areas of greatest opportunity and will highlight improvements or deterioration from the previous quarter and will set priorities that will be areas of focus with the support of the programme team.

### **Medicines Management - Realising national medicines value opportunities**

- At the end of 2024/25, an estimated £12.6 million in savings were delivered across ten priorities, which included increasing uptake of new and lower-cost biosimilars, improving compliance with contracted hospital lines, preferential use of selected medicines in primary care, and restricting low-value medicines (including stopping branded prescribing where generics are available). The actual net reduction in spend on the medicines covered by these priorities was £28.7 million compared to 2023/24.
- The medicines management workstream has transitioned to a 'business-as-usual' approach during 2025/26, now led by NHS Directors of Pharmacy Peer group through its Value and Sustainability Delivery Assurance Group.
- There are seven updated priorities for 2025/26 into 2026/27 (estimated maximum saving circa £30m),
  - Maximise biosimilar use, including preferential use of best value biologic where appropriate;

- Maximise on-contract generic medicine use in secondary care;
  - Increase the use of generic apixaban and rivaroxaban as a proportion of all direct oral anticoagulants;
  - Reduce the prescribing of bath and shower emollients;
  - Increase the use of blood glucose testing strips costing less than £10 per box;
  - Increase the use of generic dapagliflozin as a proportion of all Sodium-Glucose Co-Transporter-2s (SGLT2s);
  - Optimise the prescribing of oral nutritional supplements (work to start from April 2026)
- Support provided to the system includes:
    - Efficiency dashboards covering each of the priorities agreed through the NHS Value and Sustainability Board, developed by the All-Wales Therapeutics and Toxicology Centre (AWTTC);
    - Nationally agreed guidance and patient information for healthcare professionals and patients to support priority biosimilar or generic switches developed by partners including the Welsh Medicines Advice Service, the NHS Wales Medicines Value Unit, AWTTC and individual health boards;
    - An optimising medicines value toolkit developed by Financial Planning & Delivery within NHS Performance and Improvement.
    - A quarterly high-level performance report produced by AWTTC summarising each organisation's performance against the priority areas, supported by monthly updates to the dashboards, intended to assist senior leadership teams with prioritisation.

## **CHC**

- Initial work of the workstream focused on a review of high-cost cases from across health boards, analysis of the issues identified as part of this review led to seven recommendations and high value opportunities.
- The workstream have provided a proposal setting out a national CHC programme to deliver consistency, efficiency, and value, while enabling Health Boards to retain local ownership. The approach is:
  - National: "Design once, use everywhere."
  - Local: "Deliver once, prove benefits, and share learning."
- The CHC workstream support a co-ordinated programme of work to achieve these objectives focusing on the highest value priorities and opportunities which include:
  - Establishing a national digital CHC System as a key foundation for assessments, workflows, and reporting.

- Strengthening Assessor Training - a National CHC Academy with accredited curriculum.
  - Developing consistent Value-Based Pricing
  - Standardising pathways and contracts for Mental Health & Learning Disabilities commissioning
  - Continuing to strengthen collaboration across Health & Social Care
  - Strengthening strategic market planning, through demand forecasting and provider engagement, whilst strengthening reporting and benchmarking.
  - Implementation of the Direct Payments in CHC policy
- The workstream are now developing a programme plan to support the implementation of these objectives going forward.

### **Non-Pay and Procurement:**

- Cash releasing savings of £46.7m were achieved during 2024/25, exceeding the original target of £29.7m and cost avoidance of £20.9m.
- The April 2025 plan presented a non-pay and procurement savings target for 2025-26 of £50.5m across local procurement teams and national services. As at the November 2025 update a target of £52.8m has £44.4m identified.
- Key focus areas have included reducing clinical variation to maximise benefits in relation to price and product standardisation with consideration of market share to be leveraged towards a smaller number of suppliers. Collaboration with both clinical and non-clinical colleagues is recognised as key to the successful delivery of these schemes and is a core part of revised procurement principles.
- Common procurement principles have been developed and embedded into procurement decision making to maximise NHS Wales's purchasing power which include strengthening rationalisation and standardisation, and strengthening the approach to regional and national approaches where possible. A further focus has been on strengthening the approach with the system to engage, mandate, and deliver in terms of variation and product choice.

### **Value Based Healthcare and Environmental Sustainability workstream**

- During 2025/26 a sixth workstream was added to the original five workstream areas of the Board. The new workstream aims to strengthen and consolidate existing work in these programme areas to progress implementation, impact and benefits across the system. This includes enhanced visibility, driving meaningful change in healthcare delivery, focusing on patient outcomes, long-term system viability, and environmental impact. Workstreams priorities include, promoting patient reported outcome measures, technology enabled virtual care and developing a benefits framework to support environmental sustainability. Efforts also focus on waste reduction strategies and building a repository of good practice toolkits.

- The workstream has developed and presented a programme plan to the Board outlining the key focus areas will be the following:
  - Support the development and implementation of high value and high impact pathways
  - Strengthen the visibility and planned potential use of patient reported outcome measures
  - Support the application and roll out of technology enabled virtual care
- Progress has continued the development and implementation of high value high impact pathways, previously part of the Clinical Variation and Service Configuration workstream. Four of the pathways presented; Diabetes, Bone Health, Hip arthroplasty, and Knee arthroplasty are included within the ministerial enabling actions with reporting and monitoring available to support organisations in visible monitoring of implementation and impact. The monitoring of key metrics associated with these pathways is available via Dashboards and Atlas's accessible through the VAULT and Value Transformation website.