



Prif Weithredwyr – Byrddau Iechyd Lleol y GIG  
Prif Weithredwyr – Awdurdodau Iechyd Arbennig y GIG  
Prif Weithredwyr – Ymddiriedolaethau'r GIG  
Rheolwr Gyfarwyddwr - PCGIGC

**Ein Cyf: JP/JB/SB**

**20 Rhagfyr 2024**

**Annwyl Cydweithwyr**

## **DYRANIADAU'R BYRDDAU IECHYD 2025-26**

Amgaeir llythyr Ysgrifennydd y Cabinet dros lechyd a Gofal Cymdeithasol at Gadeiryddion y GIG yn cyhoeddi dyraniadau refeniw 2025-26 yn ffurfiol. Mae'r llythyr dyrannu hwn yn nodi'r setliad cyllido cychwynnol ar gyfer y byrddau iechyd yn 2025-26. Dylid ei ystyried ar y cyd â chynlluniau, a'i ddefnyddio i ddatblygu cynlluniau i gyflawni yn erbyn y blaenoriaethau a nodir yn Fframwaith Cynllunio GIG Cymru 2025-28.

Wrth gadarnhau'r dyraniadau refeniw cychwynnol ar gyfer 2025-26, hoffwn dynnu eich sylw at rai materion allweddol er eglurder ynghylch y disgwyliad a'r dull gweithredu ar gyfer y flwyddyn ariannol nesaf sy'n cydategu'r llythyr oddi wrth Ysgrifennydd y Cabinet at y Cadeiryddion, a manylion technegol y llythyr dyrannu a gyhoeddwyd.

Wrth wneud hynny, rwyf am bwysleisio mor bwysig ydyw i sefydliadau gymryd y camau y mae eu hangen i gefnogi gwelliant ariannol a chyflawni yn ôl y paramedrau y cytunwyd arnynt a bennwyd gan yr Ysgrifennydd Cabinet. Byddwch yn ymwybodol o'r dull gweithredu a nodwyd yn 2024-25, ochr yn ochr â dyraniadau ychwanegol a gyhoeddwyd yn ystod y flwyddyn ac ailbennu Cyfansymiau Rheoli Targed. Er bod y cyllid ychwanegol y mae'r gyllideb lechyd a Gofal Cymdeithasol wedi'i gael i'w groesawu wrth gwrs, bydd hyn yn cefnogi yn bennaf gost asesedig twf anochel yn y galw a phwysau chwyddiant na ellir eu hosgoi. Mae'n hanfodol bod sefydliadau'n parhau i gymryd camau gweithredu i liniaru twf gwariant, cyflawni arbedion ac effeithlonrwydd, ochr yn ochr â chynnydd mewn cynhyrchiant. Mae'r cyd-destun hwn wedi llywio'r dull o ymdrin â'r dyraniadau a bennwyd ar gyfer cyrff y GIG.

## **Codiadau i Ddyraniadau**

Bydd Llywodraeth Cymru unwaith eto yn cadw cyllid ar gyfer dyfarniadau cyflog y GIG yn 2025-26 yn ganolog hyd nes y bydd argymhellion gan gyrff adolygu cyflogau ac unrhyw benderfyniadau ar godiadau cyflog.

O ran codiadau i ddyraniadau ehangach, mae Llywodraeth Cymru wedi asesu lle mae'r effaith fwyaf o ran twf y galw anochel a phwysau chwyddiant. Mae hyn wedi llywio'r codiad o 1.77% i'r byrddau iechyd, (a DHCW), a'r codiad o 0.5% i PHW, AaGIC, a NWSSP.

Fel y nodir yn y llythyr dyrannu, byddwch yn nodi bod rhagdybiaeth bod y codiad o 1.77% yn cael ei basio'n ddiamwys ar gyfer cytundebau gofal iechyd rhwng comisiynwyr a darparwyr. Ni fydd byrddau iechyd yn gallu rhagdybio'r codiad hwn mewn cynlluniau terfynol sydd i'w cyflwyno ar 31 Mawrth 2025, oni bai fy mod yn cael cadarnhad yn ysgrifenedig erbyn 28 Chwefror 2025 bod cytundebau ar waith gyda chyrff iechyd eraill yn GIG Cymru. Hoffwn bwysleisio'n gryf bod y pwys a roddir ar hyn yn arwydd o effeithiolrwydd a chryfder sefydliadau wrth weithio ar draws ffiniau â chyrff iechyd eraill.

## Cyllid Polisi

Yn ogystal â'r codiad i'r llinell sylfaen a amlinellir, mae cyllid sy'n cyd-fynd ag ymrwymadau polisi wedi'i nodi'n fanwl yn y llythyr dyrannu. Ein bwriad o hyd yw rhoi sicrwydd ac eglurder ynghylch dyraniadau, a dylid codi unrhyw feysydd o eglurhad cyn gynted â phosibl.

Roeddwn am dynnu eich sylw at dri mater, sef:

- **Hosbisau** - mae £3m wedi'i gadw i gefnogi'r sector hosbisau i gydnabod yr heriau yr ydym wedi'u trafod ac y byddem yn eu cydnabod. Mae'n hanfodol bod cyllid ychwanegol yn cael ei ddarparu o fewn fframwaith comisiynu clir sy'n cael ei weithredu gan y system. Mae hyn wedi'i gadw yn barod ar gyfer y fframwaith comisiynu newydd ar gyfer Hosbisau sy'n ei ddatblygu ar gyfer 2025-26 sy'n cael ei arwain gan NJCC.
- **Amseroedd Aros** - Byddwch yn ymwybodol bod cyllid ychwanegol wedi'i roi o fewn y flwyddyn ariannol hon i gefnogi dileu'r ôl-groniad o ran rhestrau aros, tra bo camau gweithredu yn mynd rhagddynt i drawsnewid llwybrau a chefnogi gwasanaethau cynaliadwy ym maes gofal a gynlluniwyd. Mae'n hanfodol bod sefydliadau'n cynnal asesiadau cadarn o'r capasiti a'r galw ac yn nodi cynlluniau i gynnal y targed 104 wythnos fel isafswm, ar ôl rhoi sylw i'r galluogwyr blaenoriaeth allweddol a nodwyd yn y fframwaith cynllunio a fydd yn gwella cynhyrchiant ac effeithlonrwydd. Rhoddir ystyriaeth i'r modd y defnyddir y cyllid presennol, argymhellion at y dyfodol gan Grŵp Cynghori'r Gweinidog, a chynlluniau sefydliadau ynghylch pa gamau effaith uchel wedi'u targedu pellach y bydd eu hangen i sicrhau cynnydd pellach yn 2025/26.
- **Gofal Iechyd Parhaus (GIP)** – rydym wedi ystyried yn helaeth yn y Bwrdd Gwerth a Chynaliadwyedd y camau y mae eu hangen i wella safoni ar draws y system ar yr wybodaeth a mynd i'r afael ag amrywiadau o ran ansawdd ac effeithlonrwydd sy'n gysylltiedig â phe cynnwys gofal. Mae disgwyl i gynnydd yn cael ei wneud ar yr agenda hon i gynnwys system gyson a deallusrwydd sylfaenol ar draws sefydliadau i gefnogi gwelliant.

## Cyfalaf

Mae'r gyllideb Iechyd a Gofal Cymdeithasol wedi cael cyfalaf ychwanegol o £175m drwy'r gyllideb ddrafft, y mae £115m ohono yn gyfalaf arferol, a £60m yn IFRS 16.

Trwy'r llythyr dyrannu a gohebiaeth arall, byddwch yn derbyn eglurder o ddull gweithredu sy'n nodi ar y cyd:

- Cynnydd i ddyraniad cyfalaf yn ôl disgrisiwn cyrff iechyd

- Cronfa Ystadau wedi'i Tharged, sydd wedi'i datblygu i fodoli ochr yn ochr â dyraniad yn ôl disgrisiwn cyrff lechyd i gefnogi buddsoddiad mewn meysydd allweddol wedi'u targedu megis risgiau seilwaith, diogelwch tân, a rheoli heintiau.
- Cyllid i gefnogi amnewid offer ac amnewid diagnostig
- Seilwaith digidol a buddsoddiad seiber
- Cronfa fuddsoddi wedi'i tharged i gefnogi cynlluniau cynhyrchiant cyfalaf sy'n gallu cefnogi'r gwaith o gyflawni'r agenda gynhyrchiant a'r disgwyliadau a amlinellir.

Yn ogystal, mae angen mwy o waith ar ôl derbyn cydnabyddiaeth yn y llinell sylfaen o IFRS16 ar sicrhau bod cynlluniau cadarn ar waith sy'n gwneud y defnydd gorau posibl o IFRS16 fel cyfrwng i gefnogi ein hagenda gyflawni.

Mae cyfle sylweddol i wireddu buddsoddiad sylweddol yn ein hystâd i gefnogi'r holl feysydd a amlinellir uchod, a hoffwn eich annog i sicrhau bod eich sefydliad ar flaen y gad gyda chynlluniau cadarn a'u bod yn effro i'r mecanweithiau cymorth a llywodraethiant sydd ar waith.

### **Arbedion, Cynhyrchiant ac Effeithlonrwydd**

Mae'r gwaith o gyflawni arbedion dros y ddwy flynedd ariannol ddiwethaf, a'r ymdrechion sy'n cael eu gwneud ar draws y system yn hyn o beth, gyda chymorth yr agenda Gwerth a Chynaliadwydd yn nodedig, gyda rhagolygon y caiff arbedion o £267m eu cyflawni yn 2024-25. Mae angen parhau â'r ymdrechion hyn yn ystod y flwyddyn nesaf, a chyflawni arbedion pellach i sicrhau ein bod yn sicrhau sefyllfaoedd ariannol cynaliadwy.

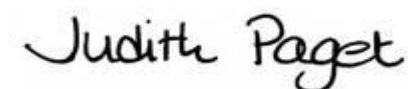
Rwyf yn ymwybodol y bydd cyflawni isafswm arbedion o fwy na 2% (a mwy i rai byrddau iechyd y bydd angen iddynt adfer eu sefyllfaoedd ar ôl methu â chyflawni ar gyfansymiau rheoli targed yn 2024-25), yn cyflwyno heriau. Bydd cyflawni lefel sylweddol o arbedion yn cefnogi symud tuag at sefyllfa ariannol fwy cynaliadwy, a byddwch yn nodi'r newid sylweddol yn y gwaith cyflawni a ddisgwylir wrth fynd i'r afael ag amrywiadau diangen, a gwelliannau yn y meysydd hynny a all gynyddu cynhyrchiant, gwerth a chanlyniadau heb unrhyw gost ychwanegol. Fel pecyn, mae'r cyfuniad o gyllid refeniw ychwanegol, camau i reoli twf gwariant y gweithlu, cyflawni arbedion a chynyddu cynhyrchiant, ynghyd â galluogi buddsoddiad cyfalaf yn rhoi sylfaen gref i sefydliadau fodloni'r disgwyliadau sydd wedi'u pennu.

### **Crynodeb**

I grynhoi, rwyf yn disgwyl i chi sicrhau bod eich sefydliad yn gweithredu o fewn y cyllid a nodir yn y llythyr dyrannu hwn, ac unrhyw hysbysiad pellach o gyllid fel y nodir yn llythyr yr Ysgrifennydd Cabinet. Hoffwn eich annog i ystyried y cyd-destun ychwanegol a nodir uchod ac ystyried cydnabyddiaeth yr Ysgrifennydd Cabinet o ddewisiadau anodd, dadflaenoriaethu a'r hyblygrwydd y mae ei angen i gyflawni'r agenda hon, wrth ichi nodi eich cynlluniau.

Byddaf yn eich dwyn i gyfrif ar gyfer datblygu a chyflawni cynllun y cytunwyd arno gan gynnwys ymrwymadau cyflawni cadarn, i adlewyrchu eich gofynion a'ch cyfrifoldebau statudol.

Yn gywir



**Judith Paget CBE**

# 2025-26

## Health Board

## Allocations

## **Health Board Allocation 2025-26**

### **Introduction**

1. This document details the Health Boards revenue & discretionary capital allocations for 2025-26.
2. The allocation reflects the Cabinet Secretary for Health and Social Care's decisions about the distribution of resources to Health Boards.
3. This allocation is made under:
  - Section 174 of the National Health Service Act 2006 and the amounts payable to the Assembly in respect of depreciation charges under section 174(10). The powers are conferred directly on Welsh Ministers.
  - Section 70 of the Government of Wales Act 2006

### **Action**

4. Health Boards are expected to develop robust plans to deliver against the priorities for 2025-26 set out in the NHS Wales Planning Framework from within this allocation. The deadline for submission of the plans for 2025-26 is 31<sup>st</sup> March 2025. This is an initial allocation and any additional funding for key priorities will be allocated as appropriate on an in-year basis. Funding for the following issues are being held centrally until the amounts required for 2025-26 are confirmed:
  - GMS and GDS contractor allocations, which are issued at this stage at 2024-25 recurrent levels (excluding any 2024-25 pay agreement funding).
  - Revenue funding for SIFT and Research and Development will be issued as direct funding to the relevant Health Boards and NHS Trusts. Depreciation funding for these funding streams is included in this allocation.
  - Allocations for accelerated depreciation, AME depreciation for donated assets, IFRS 16 depreciation, and DEL and AME impairments will be issued as direct funding to the relevant Health Boards, SHAs and NHS Trusts. This also applies to any increases in depreciation related to approved schemes with confirmed strategic support.
  - Where applicable, funding for the NHS Wales Shared Services Partnership will be met from Welsh Government central budgets in 2025-26. Adjustments have been made to this allocation for agreed transfers (as set out in Table 3).
  - Funding will be held centrally to recognise the impact of NICE mandated Advanced Therapeutic Medicinal Products (ATMPs).
  - Funding will continue to be held centrally to fund the costs of purchasing cystic fibrosis medicines Orkambi and Symkevi and to maintain access to Kalydeco.

- Funding for education and training in 2025-26 will continue to be provided directly to Health Education and Improvement Wales (HEIW).
- Funding for NHS pay awards in 2025-26 will be held centrally and allocated to employers once awards are made.
- NHS Wales Pay Award funding for 2024-25 will be allocated in-year once the annual pay mapping exercise has been completed as outlined below.
- Funding for the difference between Real Living Wage and the National Living Wage in line with Welsh Government policy (the impact of the policy on Social Care) will be dealt with outside of this allocation.
- Genomics spend will be monitored centrally and any additional impact for 2025-26, over and above 2024-25 baseline allocations will be dealt with as an in-year matter.
- Hospice funding will be retained centrally until its allocation to Health Boards, once the Hospice Commissioning Framework is finalised.
- Funding to support a system for standardising CHC information and intelligence on all Wales basis will be centrally held. Further advice will follow on this.
- As in 2024-25, funding to cover the increased employer's contribution for the NHS Pension Scheme will be held centrally in 2025-26.

## **GENERAL POLICY FRAMEWORK**

### **Unified budgets**

5. This document sets out the revenue & discretionary capital allocations to Health Boards for 2025-26.
6. Health Boards are responsible for managing the totality of their budget and making the best use of all available resources. The only restrictions to virements between different allocations relate to ring fenced HCHS services (see Table B), the totality of the GMS contract and elements of the Dental Contract (see Table C and F and the explanatory notes enclosed).
7. The 2025-26 allocation comprises:
  - Summary: Revenue
  - Hospital and Community Health Service (HCHS) and Prescribing Revenue Discretionary Allocation (Tables A1, A2 and A3)
  - HCHS Protected and Ring-fenced Services (Table B1)
  - HCHS Directed Expenditure Allocations (Table B2)

- General Medical Services Contract Allocation (Table C)
  - Community Pharmacy Contract (Table E)
  - Dental Contract (Table F)
  - Memorandum Tables (Tables 1 to 6)
8. For Hospital and Community Health Services (HCHS) and prescribing costs, Health Boards are responsible for commissioning services for their resident population for HCHS, with the exception of some cross border flows, (referred to in paragraphs below) and on the basis of registered population for the prescribing element. The GMS Contract allocation is issued on the basis of registered populations, and the Community Pharmacy allocation is issued primarily on the basis of numbers of scripts dispensed within Health Board areas.

### **Equality Impact Assessments**

9. You are reminded of the requirement to ensure you undertake integrated impact assessments of all major spending decisions, including the implementation of efficiency programmes.
10. Health Boards are reminded to ensure compliance with the Welsh Government Code of Practice for Funding the Third Sector, and the requirements of the Well-Being of Future Generations (Wales) Act.
11. You should ensure that any changes in service provision are impact assessed to ensure the Welsh language is fully considered and you should keep a record of the cost of delivering the service in Welsh.
12. Health Boards are reminded that any funding decisions take account of the population needs assessments for care and support needs that were published in 2017, as part of the requirements of the Social Services and Wellbeing (Wales) Act 2014.

## **HOSPITAL AND COMMUNITY HEALTH SERVICES AND PRESCRIBING REVENUE (HCHSP)**

### **Recurrent Discretionary Allocation (Table A1, A2 & A3)**

13. This provides the total discretionary funding available to Health Boards to fund hospital and community healthcare services and primary care prescribing costs. The distribution of the allocation is derived from the 2024-25 baseline, adjusted in Tables A2 (baseline adjustments) and A3 (additional recurrent funding).
14. The £336.1 million conditionally recurrent funding (as per the letter from Judith Paget 20<sup>th</sup> October 2023) was included in the 2024-25 allocation letter. The tables have been updated for 2025-26 to show these allocations as recurrent for those organisations that made sufficient progress in delivering target control totals set in 2023-24, through the

2023-24 accounts process (Cardiff & Vale / Cwm Taf Morgannwg / Powys / Swansea Bay). The allocations for the other organisations (Aneurin Bevan / Betsi Cadwaladr / Hywel Dda) will remain conditionally recurrent for 2025-26, as target control totals are yet to be delivered. For those three organisations, **allocations remain recurrent in principle, conditional on progress Health Boards make in delivering the target control totals set out to organisations** (as per the letters from Judith Paget 2<sup>nd</sup> December 2024).

15. Agreed recurrent 2023-24 Pay mapping allocations have been built in recurrently (£286.1 million: £256.7 million Health Board funding and £29.3 million for Joint Commissioning Committee (JCC)). Due to timing issues, 2024-25 Pay allocations for A4C / DDRB / VSM have not been included in the 2025-26 allocation letter, and will be a supplementary allocation, once the pay mapping has been undertaken on an All-Wales basis.
16. Funding of £50 million to support ongoing specific inflationary pressures, and £62 million specific organisational funding as a result of a review of distance from target, have been reflected in the allocation as per the letters issued from Judith Paget to Health Boards on 2 December 2024. The clear and specific conditions attached to these specific funding streams are set out in the individual letters to NHS organisations of 2<sup>nd</sup> December 2024 and apply on an ongoing basis in setting out plans for 2025-26. In addition, adjustments have been made to the allocation for Betsi Cadwaladr organisation specific funding for the £82 million (moving £40m as conditionally recurrent funding, and £42m remaining as a ring fenced allocation for performance and transformation).
17. Additional Optometry Contract funding of £13.0 million has been built in to include the centrally held funding from 2024-25 (£9.1 million), plus a negotiated agreed increase for 2024-25 (£3.9 million).
18. Top slice adjustments for the agreed central procurement of Flu vaccines have been actioned to both Table A2 (£-2.2 million) and Table C GMS (£-9.0 million), in line with the detail confirmed with the Welsh Government Vaccination team. This procurement will be centrally managed by NWSSP in 2025-26.
19. Funding has been included for the impact of the 2024-25 Cost Uplift Factor (CUF) England, which were issued as in year allocations, over and above the core cost inflation (3.67%) in the 2024-25 allocation letter.
20. Health Board discretionary allocations have been increased by £130.9 million for core cost inflation and unavoidable demand pressures for 2025-26. This equates to a 1.77% increase on the recurrent discretionary allocation, ring fenced (excluding mental health and depreciation) and directed expenditure.
21. This core funding increase is to support NHS organisations with the impact of unavoidable inflationary pressure and inescapable demand growth that are forecast for 2025-26. It is recognised that there is no discretionary investment reflected within this uplift, outside of those outlined in this allocation letter, and organisations will need to make significant savings in order to deliver and implement financially sustainable plans for 2025-26. Along with expected efficiencies, which as a minimum expectation should be set at levels of at least 2% of total baseline expenditure, and consistent with what has been achieved in the current financial year, this increase will provide support for new non-pay inflationary growth in particular for areas such as medicines.



22. Baseline C19 adjustments have been actioned for Swansea Bay, Betsi Cadwaladr and Cwm Taf to closer align allocations to population distribution, whilst also reflecting both projected 2024-25 costs and future plans. All Covid related national costs will need to be met from the funding in this allocation. Whilst this funding is not within the ringfenced tables, it is anticipated that all organisations deploy this funding on these areas to ensuring recurrent sustainable services and this will subject to regular monitoring and scrutiny to ensure this progress is delivered.
23. As in previous years, Health Boards should continue to take action to reduce all unnecessary and inappropriate variation and reduce waste. Health Boards are expected to implement the actions of national priorities on value and efficiency, implementing the agreed outputs of the national Value & Sustainability Board. Health Boards are also expected to fully implement the priority enablers set out by the Cabinet Secretary in the NHS Wales Planning Framework 2025-2028.
24. The Welsh Government will continue to hold a budget for the difference between the cost of prescribing and the cost of dispensing (excluding (WP10 (HP) funding, as this was included in the 2016-17 supplementary allocation).

### **HCHS Ring Fenced Services (Table B1)**

25. The second component of the HCHS allocation is the funding allocated for ring fenced allocations. There is no flexibility about the use of this funding, although Health Boards are free to invest additional funding in these services to meet national priorities.
26. The DEL depreciation budget remains ring fenced and is a non-cash allocation, and reflects the detail issued to health boards 10<sup>th</sup> May 2023. There are no changes to the recurrent baseline allocations from 2024-25. In year allocation adjustments will be considered as part of the regular non-cash submission process.
27. The ring-fenced Palliative Care funding has been increased by an additional £1.000m for Hospices across Wales, previously issued on an in-year basis. This additional funding should be provided directly to hospices delivering core NHS services.
28. Funding for Mental Health has increased, see section below for detail.
29. Genomics allocations have been increased by £5.472 million to baseline 2024-25 approved recurrent funding.
30. As advised in paragraph 20, the £130.9 million uplift includes an equivalent 1.77% uplift on the ring-fenced allocations (Table B1) (excluding Mental Health and Depreciation amounts) and the Directed Expenditure Analysis (Table B2).

### **HCHS Directed Expenditure (Table B2)**

31. Funding allocation adjustments have been made to the Directed Expenditure table, for agreed items (realignment of National Lymphedema funding between Aneurin Bevan and Swansea Bay / recovery from Aneurin Bevan for Training of Medical Emergency Response Incident Teams (MERIT) as work no longer being undertaken by the health

board / additional Genomics funding for Cardiff & Vale / SPR funding previously allocated on an in year basis).

## **Healthcare Agreements between Health Boards and with NHS Trusts**

32. Health Boards and the Joint Commissioning Committee are expected to pass on an appropriate level of funding for relevant cost increases in Healthcare Agreements for services provided by other Boards and NHS Trusts, equivalent to the additional funding provided to commissioners. With the exception of centrally funded services and any agreed in-year funding, Welsh Government will not be allocating funding for underlying pressures and new cost growth directly to provider organisations, as this is an appropriate requirement for commissioning organisations to discharge.
33. A letter was issued 1<sup>st</sup> March 2024 from Hywel Jones to all Health Boards setting out the Welsh Government's expectations of the funding flows of funding that supports unavoidable demand and inflationary pressures from commissioners to providers; this principle and expectation continues to apply in 2025-26. The financial values of agreements should be confirmed promptly to enable provider organisations to confirm their Integrated Medium-Term Plans. You are reminded that organisations are expected to reach agreement without the need for arbitration as a key measure of effective relationships between NHS Wales organisations. Given the expectation of system progress on strengthened regional and collaborative working, any arbitration requirement will be seen as a failure of organisations ability to plan and deliver effective service arrangements. Organisations are to report on the status of obtaining signed agreements via the Financial Monitoring Return process. For the avoidance of any doubt, the 1.77% core uplift for demand and inflation is expected to unequivocally pass through from commissioners to providers.
34. Welsh Government will not be able to accept 2025-26 plans for consideration by the Cabinet Secretary for Health & Social Care if any funding agreements have not been finalised and agreed between commissioners and providers. In addition, Health Boards will not be able to assume the 'Core Cost and Demand Uplift for 2025-26' allocation as available funding within final submitted plans without confirmation that agreements are in place with other Health bodies within NHS Wales. You are required to confirm in writing to Judith Paget **by Friday 28<sup>th</sup> February 2025** that agreements are in place with other Health bodies for 2025-26 in order to assume this funding as part of final plan submissions.

## **PRIMARY CARE REVENUE**

### **GMS Contract (Table C)**

35. Contract negotiations have not been finalised for 2024-25. The GMS allocation is issued at this stage on the same basis as the recurrent 2024-25 allocation which excludes any contract uplift for 2024-25.
36. As advised in paragraph 18, a top slice adjustment for the agreed central procurement of Flu vaccines have been actioned.
37. A supplementary allocation will be issued when the 2024-25 contract agreement is confirmed.

## **Community Pharmacy Contract (Table E)**

38. Contract negotiations have not been finalised for 2025-26. The Pharmacy allocation is issued at this stage on the same basis as the recurrent 2024-25 allocation.
39. A supplementary allocation will be issued when the 2025-26 contract agreement is confirmed. Details of the total contractual funding and the distribution of funding between core services, enhanced services, quality and workforce elements will be clarified after the supplementary allocation is issued.

## **Dental Contract (Table F)**

40. Contract negotiations have not been finalised for 2024-25. The Dental allocation is issued at this stage on the same basis as the recurrent 2024-25 allocation, which excludes any contract uplift for 2024-25.
41. The allocation will be re-issued for 2025-26 when contract negotiations have been concluded, and agreement is given for a contractual uplift.
42. Health Boards are reminded that in terms of the ring fenced Dental Contract budget arrangements will continue as follows for the next year:
- for Health Boards without two consecutively approved IMTPs, the ring fence will continue for 2025-26;
  - for those Health Boards with two consecutively approved IMTPs, the ring-fence is removed provided they continue to have their IMTP approved; and
  - to continue to ring-fence the Designed to Smile and Gwên am Byth oral health improvement programmes for all Health Boards in 2025-26.
43. We will continue to monitor and review the expenditure analysis provided by Health Boards, and we will make adjustments to ring fenced dental contract allocations should explanation on expenditure be considered inadequate.
44. Dental patient charges were increased 1<sup>st</sup> of April 2024. No changes were made to 2024-25 dental contract patient charge targets as a result of the increase, and any increased patient charge revenue have been utilised by health boards to offset the current shortfall against the targets set in baseline dental contract allocations. No adjustments have been actioned for 2025-26.

## **OTHER ISSUES**

### **Capital**

45. NHS infrastructure investment comprises strategic schemes delivered through the NHS All Wales Capital Programme. Investments include land and buildings as well as other physical assets including vehicles, medical and digital technology equipment. The investments cover all healthcare settings including acute, primary, community and social care.

46. Discretionary capital is that allocated directly to NHS organisations for the following priority areas:

- meeting statutory obligations, such as health and safety and firecode;
- meeting the fabric of the estate; and
- the timely replacement of equipment.

See Table 6 for values of baseline discretionary capital funding for 2025/26

47. Whilst there is a significant uplift to the Health & Social Care capital budget in 2025/26, against a challenge backlog position and service development requirements continued pressures are anticipated against the programme for 2025-26 which will likely require choices and decisions to be made.

48. In addition to discretionary capital, capital funding will also be made available specifically as part of the Targeted Estates Fund, and All Wales Capital programme. In addition, ring-fenced funding has also been identified for the continuing delivery of digital investment programmes, equipment & diagnostic replacements, IFRS 16 requirements, and to support delivering improvements in productivity. The detail of these funding streams will be set out outside of this allocation letter. All approved funding amounts will be agreed with individual organisations based on scheme delivery profiles.

## **Mental Health**

49. Mental health services will continue to be ring fenced in 2025-26. Compliance of individual organisations with the ring-fencing requirement will be monitored on an annual basis. Any organisation whose expenditure on mental health services falls below the ring-fenced quantum will be required to account for the shortfall in expenditure. Table 2 details the total amount of the mental health ring fence, shown by relevant allocation stream. This funding forms a floor, below which expenditure on core mental health services must not fall. This does not exclude mental health services from making efficiencies, but these savings must be re-invested in these services to meet cost increases and new developments.

50. £13.46 million has been added to the ring-fenced mental health allocation in the LHB revenue allocation for core costs and demand uplift (equivalent to 1.77%), which provides health boards with additional funding. This funding will contribute to funding unavoidable cost and demand growth in mental health services.

51. Funding of £27.469 million has been transferred from central budgets for Service Improvement Funding (SIF) from 2022-23 and 2023-24, and the mental health elements that are included in the total ring fenced allocation (primary care prescribing, GMS (QAIF and Supplementary Services) and Other primary care) have been updated (based on the 2022-23 WCR13 (NHS Programme Budgeting detail)).

52. This increases the total Mental Health ring fenced allocation to £830.6 million (in 2025-26). The detail is shown in Table 2 of the allocation, and the corresponding explanatory notes.

## **Infrastructure SIFT**

53. Funding for infrastructure SIFT has been included as a Directed Expenditure Allocation. This funding must be used to support medical undergraduate education, and recipients of this funding will still be required to account for its use as part of the annual SIFT accountability agreements.

### **Substance Misuse**

54. The Substance Misuse allocation remains ring fenced in 2025-26 and the table shows an agreed increase of £0.4 million (equivalent to 1.77%). Funding will be withheld from Health Boards (HB) until confirmation is received from the Chair of the relevant Area Planning Board (APB) that the use of these resources complements the delivery of the Welsh Government Substance Misuse Delivery Plan 2019-22 (and any subsequent Plan), this should happen no later than 30th June 2025. Welsh Government expects to see evidence of clear joint planning across the HB ring fence and the Substance Misuse Action Fund monies, with HBs taking due regard for their statutory duties and ensuring they contribute to areas of relevant pressures, including prescribing costs and meeting waiting list targets. Further detail is included in the explanatory notes accompanying the allocation.

### **Public Health (PHW), Health Education and Improvement Wales (HEIW), NHS Executive and Digital Health and Care Wales (DHCW)**

55. Core funding for the above bodies for 2025-26 are not being issued with this allocation. Separate funding letters will be issued from policy leads alongside a mandate and remit letter for 2025-26.

### **Cross Border Financial Flows**

56. To reflect cross border commissioning responsibility, Health Boards in Wales have been funded for English residents registered with their GPs and vice versa, in line with the Protocol agreed with the Department of Health & Social Care.

57. The impact of the 2025-26 uplift, above the core uplift provided in this paper, on Health Board plans will be considered once the tariff is published by NHS England.

### **Queries**

58. If you have any queries about this circular, please contact Julie Broughton (0300 025 5747).

59. Further information surrounding specific policy issues and contact details are provided in the explanatory notes.



# CYLCHLYTHYR IECHYD CYMRU

**Statws:** Cydymffurfio

**Categori:** Cyllid

**Teitl:** Dyraniadau Cyllid Bwrdd Iechyd 2025-26

**Dyddiad Dod i ben / Dyddiad Dod i ben:** N/A

**I'w weithredu gan:**

**Angen gweithredu erbyn:** *Ar unwaith*

Prif Weithredwyr

Cyfarwyddwyr Cyllid

**Anfonwr:** Julie Broughton

**Enw(au) Cyswllt GIGC Llywodraeth Cymru:** Julie Broughton, Adran Cyllid, 0300 025 5747

**Dogfennau amgaeedig:** *Llythyr Dyraniad, tablau Cyllid a nodiadau esboniadol.*

Mae'r ddogfen hon ar gael yn Saesneg hefyd / This document is also available in English.  
Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg

## HEALTH BOARDS REVENUE ALLOCATIONS 2025-26 – EXPLANATORY NOTES

### **Table A1: HCHSP: Discretionary Allocation**

#### **Column 1 - 2024-25 Recurrent Allocation**

This column is carried forward from the 2024-25 Health Board Revenue Allocation.

#### **Column 2 - Baseline Adjustments (Table A2)**

These are adjustments to the discretionary HCHSP allocation, sub-totalled at column 17, Table A2.

#### **Column 3 - Additional Recurrent funding (Table A3)**

This is the additional recurrent funding to the discretionary HCHSP allocation, sub-totalled at Column 2, Table A3.

#### **Column 4 - 2025-26 Recurrent HCHS and Prescribing Discretionary Allocation (sum of Columns 1, 2 & 3)**

This is the sum of Columns 1 to 3 and is the recurrent discretionary HCHSP allocation for 2025-26. It is carried forward to column 1 of the Summary table.

### **Table A2: Baseline Adjustments (Column 2, Table A1)**

#### **Column 1 - Removal of 'Conditionally Recurrent funding 2023-24: Underlying deficit contribution'**

The £336.1 million conditionally recurrent funding (as per the letter from Judith Paget 20<sup>th</sup> October 2023) was included in the 2024-25 allocation letter. For clarity, the conditional amounts have been removed from the tables and replaced in columns 3 and 4 as appropriate.

#### **Column 2 - Removal of 'Conditionally Recurrent funding 2023-24: Inflationary increase'**

The £336.1 million conditionally recurrent funding (as per the letter from Judith Paget 20<sup>th</sup> October 2023) was included in the 2024-25 allocation letter. For clarity, the conditional amounts have been removed from the tables and replaced in columns 3 and 4 as appropriate.

#### **Column 3 - Recurrent funding 2023-24: Underlying deficit contribution & Inflationary increase**

The tables have been updated for 2025-26 to show these allocations as recurrent for organisations that made sufficient progress in delivering target control totals set in 2023-24, through the 2023-24 accounts process (Cardiff & Vale / Cwm Taf Morgannwg / Powys / Swansea Bay).

#### **Column 4 - Conditionally Recurrent funding 2023-24: Underlying deficit contribution & Inflationary increase**

The allocations for the other organisations (Aneurin Bevan / Betsi Cadwaladr / Hywel Dda) will remain conditionally recurrent for 2025-26, as target control totals are yet to be delivered. For those three organisations, **allocations remain recurrent in principle, conditional on progress Health Boards make in delivering the target control totals set out to organisations** (as per the letters from Judith Paget 2<sup>nd</sup> December 2024).

**Column 5 - Conditionally Recurrent funding: Transfer from ring fenced allocation**

Agreed conditionally recurrent funding for BCU, in line with Judith Paget's letter dated 2nd December. £40m of the 2024-25 £82m ring fenced funding has been transferred to the discretionary allocation for 2025-26.

**Column 6 - In year: Pay Mapping 2023-24**

Funding adjustment issued in-year has been allocated on a recurrent basis.

**Column 7 - In year: Pay Mapping JCC 2023-24**

Funding adjustment issued in-year has been adjusted on a recurrent basis.

**Column 8 - Optometry contract reform (additional activity over and above 2024-25 baseline allocations)**

2024-25 centrally held funding that will be issued in-year has been adjusted on a recurrent basis.

**Column 9 - Optometry contract reform (2024-25 pay agreement)**

This is the 2024-25 pay agreement funding, which is to be built in on a recurrent basis. Detail will be shared by Primary Care policy team.

**Column 10 - Topslice for Central Procurement of Flu Vaccines**

This funding has been topsliced from Health Boards in line with the detail confirmed by the Welsh Government Vaccination team. This procurement will be centrally managed by NWSSP in 2025-26.

**WG Contact: Paul Williams 0300 025 0015**

**Column 11 - 2024-25 allocation: evidenced inflationary pressures from 2024-25**

£50m to support ongoing specific inflationary pressures, in line with Judith Paget's letters to organisations 2<sup>nd</sup> December 2024.

**Column 12 - 2024-25 allocation: Conditional funding (as per Judith Paget's letters 2<sup>nd</sup> December 2024)**

£62m allocations to specific organisations as a result of the distance from target review, in line with Judith Paget's letters to organisations 2<sup>nd</sup> December 2024.

**Column 13 - In Year: Revised 24-25 Cost Uplift Factor (CUF) England**

Funding adjustment issued in year has been allocated on a recurrent basis.

**Column 14 - In Year: Revised 24-25 Cost Uplift Factor (CUF) England JCC**

Funding adjustment issued in year has been allocated on a recurrent basis.

**Column 15 - C19 HB allocation realignments**

Baseline C19 adjustments have been actioned for some organisations to closer align allocations to population distribution, whilst also reflecting both projected 2024-25 costs and future plans.

**WG Contact: Rob Griffiths 0300 025 9235**

**Column 16 - NHS Wales Shared Services adjustments (Table 3)**

Agreed transfers between health boards and NHS Wales Shared Services, plus other agreed transfers.

**Column 17 – Total Adjustments (Carried forward to Table A1, Column 2)**

This is the total of columns 1 to 16 and is carried forward to Column 2 in Table A1.



### **Table A3: Additional recurrent funding (Column 3, Table A1)**

#### **Column 1 – Core Cost and Demand Uplift for 2025-26 (1.77%)**

£130.867 million is being allocated to meet core cost and demand pressures for 2025-26. This equates to a 1.77% increase on the recurrent discretionary allocation, the ring-fenced allocation (excluding mental health and depreciation) and directed expenditure. The HCHS funding is distributed using the updated 2025-26 needs-based allocation formula. (See Table 2 for Mental Health Uplift at an equivalent percentage application).

#### **Column 2 – Total Additional Recurrent funding (Carried forward to Table A1, Column 3)**

This is the total in column 1 and is carried forward to Column 3 in Table A1.

### **Table B1: HCHS Protected and Ring-fenced Revenue Allocations for 2025-26**

This table details the amounts of the HCHS Allocation which remain ring fenced. This funding must be used for the purposes intended.

#### **Column 1 – Learning Disabilities**

This funding remains ring fenced in 2025-26 on the same basis as 2024-25. No additional funding or adjustments have been made.

#### **Column 2 – Depreciation (Table 4 Column 1)**

The depreciation budget remains ring fenced. For clarity, the depreciation ring fence includes the allocation made here as well as for any non-recurrent funding that is issued in-year to cover accelerated depreciation, DEL impairments and further support for strategic schemes and baseline pressures. No additional funding or adjustments have been made.

#### **Column 3 – Mental Health Services (Table 2)**

This funding remains ring-fenced in 2025-26 on the same basis as 2024-25, plus agreed additional funding. Details of which are included in Table 2.

#### **Column 4 – Palliative Care/ Bereavement/ Hospice funding**

The ring-fenced allocation has been increased by £1.000 million for hospices across Wales, previously issued on an in-year basis. This funding should be provided directly to hospices delivering core NHS services.

#### **Column 5 – Genomics for Precision Medicine Strategy (inc new Genetic Tests)**

This funding remains ring-fenced in 2025-26. The allocation has been increased by £5.472 million to baseline 2024-25 approved recurrent funding. Health Boards will continue to direct this allocation through JCC in support of the strategy for 2025-26.

#### **Column 6 - Critical care funding (including JCC funding)**

This funding remains ring-fenced in 2025-26 on the same basis as 2024-25. No additional funding or adjustments have been made.

**Column 7 – Critical care funding (JCC funding (was for EASC))**

This funding remains ring-fenced in 2025-26 on the same basis as 2024-25. No additional funding or adjustments have been made.

**Column 8 - Organisation specific funding for performance and transformation**

Agreed organisation specific funding for performance and transformation for BCU, in line with Judith Paget's letter dated 2<sup>nd</sup> December. £40m of the £82m ring fenced funding has been transferred to the discretionary allocation for 2025-26.

**Column 9 – Funding for Planned and Unscheduled Care Sustainability for 23-24 onwards**

This funding remains ring fenced in 2025-26 on the same basis as 2024-25. No additional funding or adjustments have been made.

**Column 10 – Recurrent impact of funding for Planned Care Recovery**

This funding remains ring fenced in 2025-26 on the same basis as 2024-25. No additional funding or adjustments have been made.

**Column 11 – Funding Value Based Recovery.**

This funding remains ring fenced in 2025-26 on the same basis as 2024-25. No additional funding or adjustments have been made.

**Column 12 – Regional Integration Fund (RIF)**

This funding remains ring fenced in 2025-26 on the same basis as 2024-25. Breakdown of allocation:

- £50 million Transformation fund;
- £78.221 million previous ICF funding (including the £0.244 million)
- £2 million previously allocated Safe accommodation for children with complex high end emotional and behavioural needs;
- £0.280 million previously allocated Transformation programme Engagement funding; and
- £1.4 million previously allocated CYP Emotional Health & Wellbeing funding.
- £1 million Carers Funding.

**Column 13– Further Faster Funding**

This funding remains ring fenced in 2025-26 on the same basis as 2024-25. No additional funding or adjustments have been made.

**Column 14 - Total 2025-26 HCHS Ring Fenced Allocation**

This is the summary of columns 1-13. This amount is taken forward to Column 2, Summary Table.

**Table B2 – HCHS Directed Expenditure Analysis**

This table details Directed Expenditure allocations to specific Health Boards. These amounts are allocated for specific purposes which the Health Board provides on an agency basis etc. The amounts form part of the Health Boards resource limit but are not part of their population-based funding total.

**Columns 1 to 43 - Various**

These remain as Directed Expenditure Allocations in 2025-26 on the same basis as 2024-25.

**Exceptions are:**

**Column 23 – Genomics - Core Funding for AWMGS**

The allocation to C&V has been increased by £2.036m million to baseline 2024-25 approved recurrent funding.

**Column 24 – Training of Medical Emergency Response Incident Teams (MERIT).**

Funding has been removed (£0.025 million) as work is no longer being undertaken by Aneurin Bevan.

**Column 25 – National Lymphedema funding**

Realignment of allocation £0.064 million between Aneurin Bevan and Swansea Bay.

**Column 44 - SpR allocation**

Funding adjustment issued in year has been allocated on a recurrent basis.

**Column 45 - Total 2025-26 HCCHS Directed Expenditure Allocation**

This is the summary of columns 1-44. The amount is taken forward to Column 3, Summary Table.

**TABLE C: Revenue Allocation for GMS Contract (Ring fenced allocation)**

The ring-fenced GMS contract allocation for 2025-26 has been allocated based on the current 2024-25 allocation, which excludes any contract uplift for 2024-25. The GMS contract funding envelope remains ring fenced, although Health Boards may invest discretionary funding in GMS Services.

A supplementary allocation will be issued when the contract agreements are confirmed.

**Column 1 – Provisional allocation 2024-25**

This column has been carried forward from the 2024-25 allocation letter.

**Column 2 – In year: Global Sum/PSP List Size increases 2024-25**

Recurrent funding issued in year.

**Column 3 – Topslice: Central procurement of Flu Vaccine costs**

This funding has been topsliced from Health Boards in line with the detail confirmed by the Welsh Government Vaccination team. This procurement will be centrally managed by NWSSP in 2025-26.

**WG Contact: Paul Williams 0300 025 0015**

**Column 4 – Allocation 2025-26**

GMS allocation for 2025-26 (sum of columns 1-3). The amount is carried forward to Column 5, Summary Table.

**Contacts for Table C:**

<b>Julie Broughton, Finance Directorate</b>	<b>0300 025 5747</b>
<b>Catherine Malcolmson, GMS Policy</b>	<b>0300 025 1063</b>

### **TABLE E: Revenue Allocation for Community Pharmacy Contract**

The Pharmacy contract allocation for 2025-26 has been allocated based on the recurrent 2024-25 allocation.

A supplementary allocation will be issued when the 2025-26 contract agreement is confirmed.

Details of the total contractual funding and the distribution of funding between core services, enhanced services, quality and workforce elements will be clarified after the final allocation issued.

#### **Column 1 – Final allocation for 2024-25**

This column has been carried forward from the 2024-25 allocation letter.

#### **Column 2 – In year funding: 2024-25 agreed uplift Community Pharmacy Contractual Framework (CPCF)**

Agreed uplift issued in year.

#### **Column 3 – Allocation for 2025-26**

This is the total of columns 1 and 2. The amount is carried forward to Column 6, Summary Table.

#### **Contact for Table E:**

<b>Julie Broughton, Finance Directorate</b>	<b>0300 025 5747</b>
<b>Natalie Proctor, Pharmacy Policy Branch</b>	<b>0300 061 5919</b>
<b>Andrew Evans, Chief Pharmaceutical Officer</b>	<b>0300 025 9260</b>

### **TABLE F: Revenue Allocation for Dental Contract**

The Dental contract allocation for 2025-26 has been allocated based on the current 2024-25 allocation, which excludes any contract uplift for 2024-25.

A supplementary allocation may be issued when there is more clarity on the Dental pay and expenses agreement and detailed calculations available.

#### **Column 1 –Provisional allocation 2024-25 and 2024-25**

This column has been carried forward from the 2024-25 allocation as set out in Table F and is carried forward to Summary table (column 7).

#### **Contact for Table F:**

<b>Julie Broughton, Finance Directorate</b>	<b>0300 025 5747</b>
<b>Andrew Pryse, Dental</b>	<b>0300 062 8220</b>

## **MEMORANDUM TABLES**

### **Table 1 – Substance Misuse Funding**

The Substance Misuse allocation remains ring fenced in 2025-26 and the table shows an agreed increase of £0.407 million (1.77%).

£23.319 million funding will be withheld from Health Boards (HB) until confirmation is received from the Chair of the relevant Area Planning Board (APB) that the use of these resources complements the delivery of the Welsh Government Substance Misuse Delivery Plan 2019-22 (and any subsequent Plan), **this should happen no later than 30th June 2025.**

Welsh Government expects to see evidence of clear joint planning across the HB ring fence and the Substance Misuse Action Fund monies, with HBs taking due regard for their statutory duties and ensuring they contribute to areas of relevant pressures, including prescribing costs and meeting waiting list targets. Given the uplift in both HB ring fence and APB SMAF revenue your joint planning should focus on the reduction of waiting times and further enhancement of trauma informed services and support. HBs and APBs are reminded that the planning of both the HB ring fence and the APB SMAF revenue grant should be conducted in partnership and that the Welsh Government will expect this to happen in a timely manner. HBs and APBs should develop detailed spending plans with agreed performance and outcomes for all services before submitting this for approval by Welsh Government, these plans should have meaningful budget breakdowns and agreement for effective and transparent monitoring. Where HB request SMAF from the APB the rationale for this requirement over and above the ring fence allocation should be clearly outlined in the submission to the Welsh Government. For further information please refer to the APB SMAF revenue guidance.

### **Table 2 – Total Mental Health Ring-Fence**

This table sets out the ring-fenced funding for Mental Health for 2025-26, which is at the 2024-25 levels, plus additional agreed funding transfers.

- Funding of £22.287 million has been transferred from central budgets for 2022-23 Service Improvement Funding (2022-23 SIF), previously allocated on an in-year basis;
- Funding of £5.182 million has been transferred from central budgets for 2023-24 Service Improvement Funding (2023-24 SIF), previously allocated on an in-year basis;
- £13.460 million increase (1.77%) for core cost and demand pressures for 2025-26.

The other mental health elements in the total ring fenced allocation (primary care prescribing, GMS (QAIF and Supplementary Services) and Other primary care) have also been updated (based on the WCR13 2022-23 detail).

Health Boards are reminded that this funding forms a floor, below which expenditure on core mental health services must not fall. This does not exclude mental health services from making efficiencies, but these savings must be re-invested in these services to meet cost increases and new developments.

**Contact: Adult Mental Health – Sally Hewitt 0300 025 0397**

**Table 3 – Shared Services Funding**

This table sets out the 2025-26 core funding baseline for the hosted Shared Services organisation. The amounts shown against Health Boards have been top sliced from discretionary HCHSP allocations. The NWSSP core allocation will be held as a central budget within HSC and paid directly to the NWSSP (co VT).

**Contact: Julie Broughton, Finance Directorate, 0300 025 5747**

**Table 4 – Depreciation funding**

This table sets out the Depreciation funding for 2025-26. This funding remains in the allocation on the same basis as 2024-25.

**Contact: Andrea Hughes, Finance Directorate**

**Table 5 – Recurrent Primary Care Development Funding**

This table reflects the recurrent primary care funding already included within the HCHSP discretionary baseline allocation. This funding remains in the allocation on the same basis as 2024-25.

**Table 6 - Baseline discretionary capital funding 2025-26**

This table reflects the baseline 2025-26 discretionary capital funding allocations for organisations. Formal letters will be issued by the HSC Capital team in due course.