

Finance Report

Month 05 August 2025

Finance Department

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1. Financial Performance Targets at August 2025

Financial Performance Targets	Year to Date	Year-end Forecast
1. Achieve financial plan in 2025-26	Surplus £927k (Control v Actual)	Variance Control Total £16.4m Deficit
<p>The Trust is reporting a £927k surplus against the Control Total in Month 5. The main drivers of the positive variance are underspends in residential MHD beds and in addition, memory beds. The underachievement in savings targets remains a concern and is being closely managed. Cost containment is critical as higher winter spend is expected in the coming months. The Trust is currently forecasting a £16.4m deficit after receipt of £21.2m non-recurrent funding. A mid-year review of run rates and pressures will be undertaken in Month 6. Following a regional request, the Trust is preparing a break-even plan that includes a range of measures and associated risks. This plan is due for submission by 22nd September 2025.</p>		
2. Achieve 2025-26 savings target	Underachieved by £1.25m or 11%	£35m
<p>The Trust Savings targets for 25/26 is £35m. The savings target at Month 05 is £11.3m, with an achievement of £10.1m. The Trust has underachieved by £1.25m or 11% of the target to date.</p>		
3. Achieve in year break even outturn within Capital Resource Limit (CRL)	£4.2m	£11.3m
<p>A month 05 total expenditure and commitments is £4.2m (of which £600k actual expenditure to date). CRL funding notified to date is £11.3m of which the Trust is forecasted to spend a further £10.7m by year-end being £4.2m in General Capital and £6.5m in Specific Capital schemes. Forecasted year-end position is breakeven.</p>		
4. Prompt Payment Target - 95% of suppliers within 30 days	96.6%	96%
<p>The Trusts prompt payment performance in the month of Aug was 96.6% with a cumulative position to date of 95.98%. Therefore, the Trust met the prompt payment target for Aug, and year-to-date cumulative position as at 31st Aug 25. Payment Agency invoices are the areas not meeting prompt payment target.</p>		

2. Financial Plan 2025-26

The Trust is forecasting a deficit of £16.4m for 2025/26 after agreement of plans to achieve the Phase 1 £5m savings. This forecast position assumes the non-recurrent deficit funding of £21.2m as advised by SPPG. The remaining deficit (as reported in the Financial Plan submitted to SPPG / DOH earlier this month) represents the Phase 2 savings value for SHSCT on which achievement is dependent on regional enablers derived from the Systems Financial Management Group (SFMG).

	Forecast (Month 05) £'m
Income RRL (per SPPG, PHA, NIMDTA)	1,053
Assumed Income (Mth 05)	57
Expected Income RRL	1,110
Forecast Plan 2025-26 at month 5	1,126
Forecast Deficit at Aug 2025	(16.4)

4. Financial position at August 2025

The table below shows Pay, Non-Pay and Income budget, spend and variances year to date for each Directorate. The actual variance against budget at Month 5 is c£8m, with the expected control total (based on a straight-line basis) being £9m, resulting in a surplus against expected control total of £927k however several directorates are outside of expected control totals or actuals are close to expected and this needs to be addressed urgently to bring spend back with control totals. **Budget holders are expected to ensure that mitigating measures are in place to live within the forecast variance control total.** Current run-rates and pressures need to be reviewed in detail with turnaround plans put in place before the next reporting period to bring Directorates back to the expected variance control total.

Directorate	Pay			Non Pay			Income			Total Spend YTD	Actual Variance Mth 05	Expected Control Variance Total Mth 05	Diff Actual to Control Variance Mth 05
	Budget Mth 05	Actual Mth 05	Variance	Budget Mth 05	Actual Mth 05	Variance	Budget Mth 05	Actual Mth 05	Variance				
	£'m	£'m	£'m	£'m	£'m	£'m	£'m	£'m	£'m				
Medicine and Unscheduled Care	56.4	59.8	(3.4)	19.2	19.9	(0.7)	(0.3)	(0.3)	(0.0)	79.4	(4,047)	(4,313)	266
Surgery and Clinical Services	71.2	71.7	(0.5)	16.8	17.4	(0.6)	(0.9)	(1.2)	0.2	87.9	(867)	(428)	(439)
Children and Young People Services	40.8	41.5	(0.7)	12.7	13.1	(0.4)	(0.2)	(0.2)	0.1	54.4	(1,040)	(1,364)	324
Mental Health and Disability	45.9	46.0	(0.1)	48.2	46.5	1.8	(5.8)	(5.6)	(0.2)	86.9	1,473	0	1,473
Finance, Procurement and Estates	7.5	7.5	0.1	15.5	15.4	0.1	(0.2)	(0.3)	0.1	22.6	221	0	221
Adult Community Services	57.1	57.8	(0.7)	47.0	49.1	(2.1)	(13.3)	(14.3)	1.0	92.6	(1,837)	(1,799)	(38)
Human Resources and Org Dev	3.1	3.1	0.0	0.6	0.6	0.0	(0.1)	(0.1)	(0.0)	3.6	19	(147)	166
Medical Director	3.0	3.4	(0.4)	0.1	0.1	(0.0)	(0.0)	(0.0)	0.0	3.5	(389)	(266)	(123)
Performance, Planning and Informatics	3.6	3.5	0.1	0.4	0.6	(0.2)	(0.0)	0.0	(0.0)	4.2	(100)	0	(100)
Transformation and Improvement	0.5	1.2	(0.7)	0.0	0.0	(0.0)	0.0	0.0	0.0	1.2	(748)	(706)	(42)
Nursing, Midwifery and AHPs	16.5	16.2	0.3	1.9	2.4	(0.5)	(1.8)	(2.0)	0.2	16.6	26	227	(201)
Chief Executive	0.5	0.6	(0.2)	0.1	0.0	0.0	0.0	0.0	0.0	0.7	(140)	(116)	(24)
Covid	0.6	0.6	0.0	1.5	1.5	(0.0)	0.0	0.0	0.0	2.1	3	0	3
Trust Unallocated	0.1	0.0	0.1	(0.1)	0.0	(0.1)	0.0	0.0	0.0	0.0	0	0	0
Encompass	1.8	2.2	(0.4)	0.0	0.1	(0.1)	(1.8)	(1.8)	0.0	0.6	(559)	0	(559)
Directorate Total	308.6	315.0	(6.4)	163.9	166.8	(2.9)	(24.4)	(25.7)	1.3	456.1	(7,985)	(8,912)	927

A figure in brackets represents an overspend. The actual variance, expected control total variance & difference to control variance columns are stated in thousands. All other columns are stated in millions.

4. Financial position at August 2025

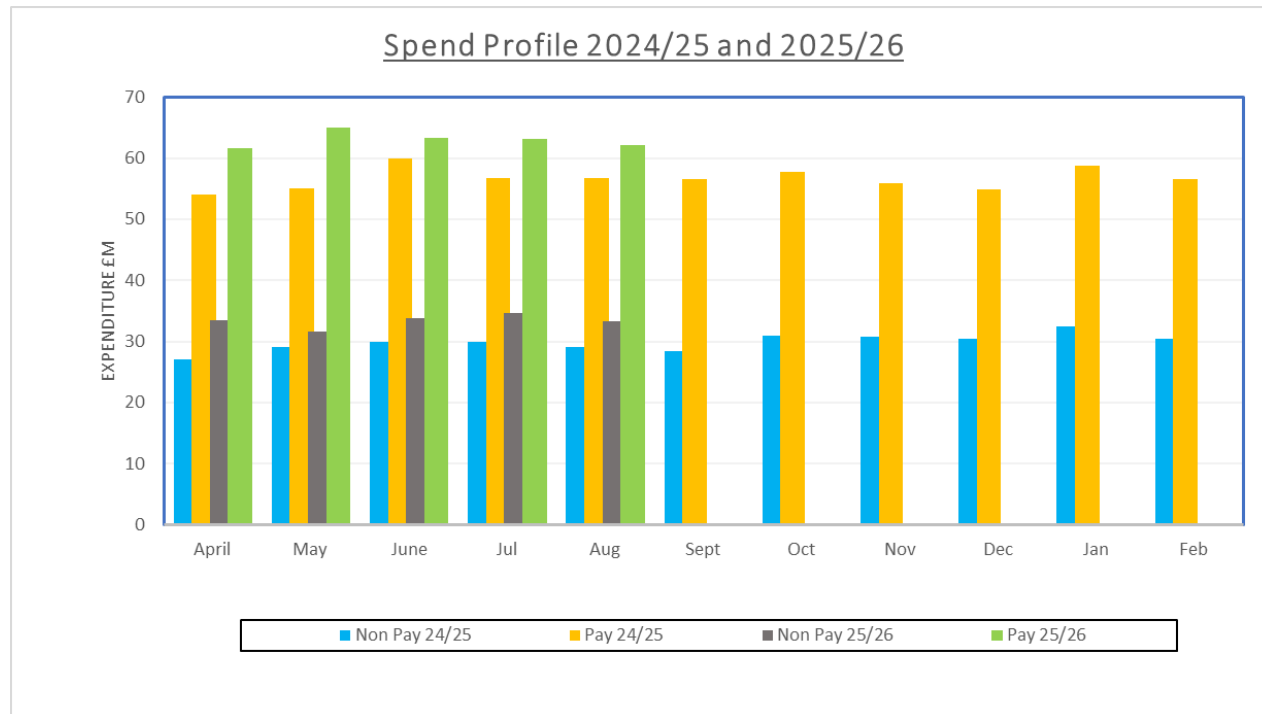
Explanations for main variances are as follows:

- Payroll is over budget by £6.4m in the main due to Medical being overspent £8.6m and Nursing and Midwifery overspent £11.5m abated by underspends in other areas.
- Non-Pay is reporting a cumulative overspend at month 5 of c£3m in the main due to spend within Medical & Surgical Supplies overspent by £928k. Also pressures within Independent Sector provision but this is partially abated with the over-recovery in Client Contribution income noted below.
- Income is over-recovered by £1.3m, in the main due to over-recovery of Client Contribution income.
- There are a number of Directorates with Red Rag status due to their reported position being over the expected control total. For the Directorates reporting a variance of >£100k the key drivers for each are as follows:
 - **SCS** – increasing pressures on payroll budgets particularly medical and nursing pay, with increased spend in both staffing groups in comparison to the prior year combined with more challenging savings targets. Medical & Surgical Goods spend increase due to increasing theatre activity.
 - **Medical Directorate** – Ongoing pay pressures due to unfunded posts.
 - **Nursing, Midwifery & AHPs** – Inflationary pressures associated with increased cost of food and summer relief for cover for Support Services staff
 - **Encompass** – Pressure is wholly due to additional posts agreed at SLT for which there is no funding cover

Please note that turnaround plans will be required for any Directorate who is overspent against control total. These plans should outline corrective measures to bring spend back in line with agreed control totals. Further guidance on format and submission timelines will be shared.

4. Financial position at August 2025

The profile of the expenditure in the Trust on Pay and Non-Pay for the 11 month period April to Feb is set out below. Pay in Aug 2025 has decreased when compared to July 2025 by c£1m (from £63.1m to £62.1m) in the main attributable to August being a 4 week month. Non-Pay in Aug has decreased by £1.28m compared to July mainly due to the fact that August is a 4 week month and therefore Independent Sector costs will be reduced. Increased costs of Medical Supplies within SCS due to continued increase in theatre activity when compared to last year. The Independent Sector is also overspent and can be attributed to increased tariffs when compared to the same month last year. Increases in Pay costs compared to same period last year is due in the main to impact of pay awards, national insurance employer's costs, increases in working time directive costs and impact of Encompass go-live.



Notes: The pay segment is impacted by the number of weeks which fall within the reporting month.

June 2024 includes the 2023/24 AfC and Medical & Dental pay award and January 2025 includes 23/24 additional consultant pay award.

5. Flexible Staff Costs as at August 2025

The table below shows the flexible staffing by Directorate YTD Aug 2025. The total cumulative spend for flexible staffing in Mth 05 is c£39.75m (13% of total payroll spend) with 1,332 WTE's employed on these flexible arrangements. Impact of Pay award related movements, National insurance cost increases, National Living Wage and Working Time Directive costs are a contributory factor in comparison to last year.

Directorate	Cumulative to August 2025							Cum to August 2025 £000's	Cum to August 2024 £000's	Movement	
	Medical Agency £000's	Nursing Agency £000's	Agency Other £000's	Bank £000's	Locum on the payroll £000's	Overtime £000's	Additional Duty Hours £000's			£000's	%
Medical and Unscheduled Care	7,581	4,884	62	1,894	308	360	88	15,176	14,602	574	4%
Surgery and Clinical Services	2,252	1,308	317	1,640	476	524	152	6,669	5,833	836	14%
Children and Young People	362	18	153	880	69	387	91	1,961	1,948	12	1%
Mental Health and Disability	800	1,770	154	2,521	85	355	55	5,741	5,385	355	7%
Adult Community Services	443	710	80	2,346	6	227	394	4,206	4,337	-132	-3%
Finance, Procurement and Estates			274	17		94	8	392	210	182	87%
Human Resources & Org	47	5	19	25	0	18	2	116	120	-5	-4%
Encompass	3	120	1	390		109	5	628	0	628	
Medical Director			29	0	0	1	3	34	28	6	22%
Nursing, Midwifery and AHP			3,996	191		166	189	4,542	3,763	779	21%
Performance and Reform			25	0		89	5	119	59	60	103%
Trust Unallocated								0	0	0	
Covid 19	-3		97	35	0		0	130	211	-81	-39%
Chief Executive			0	0		2	2	4	88	-84	-96%
Transformation & Improvement			31			2	2	35	146	-111	-76%
Totals	11,485	8,815	5,238	9,939	945	2,333	995	39,750	36,731	3,019	8%

The most significant area of flexible spend is Medical Agency c£11.5m year to date broadly in line with the prior year spend therefore not showing any reduction in cost and to date Medical Locum savings are not being met. Nursing substantive and flexible spend has increased when compared to the same period last year with the impact resulting in an underachievement of nursing savings target to date.

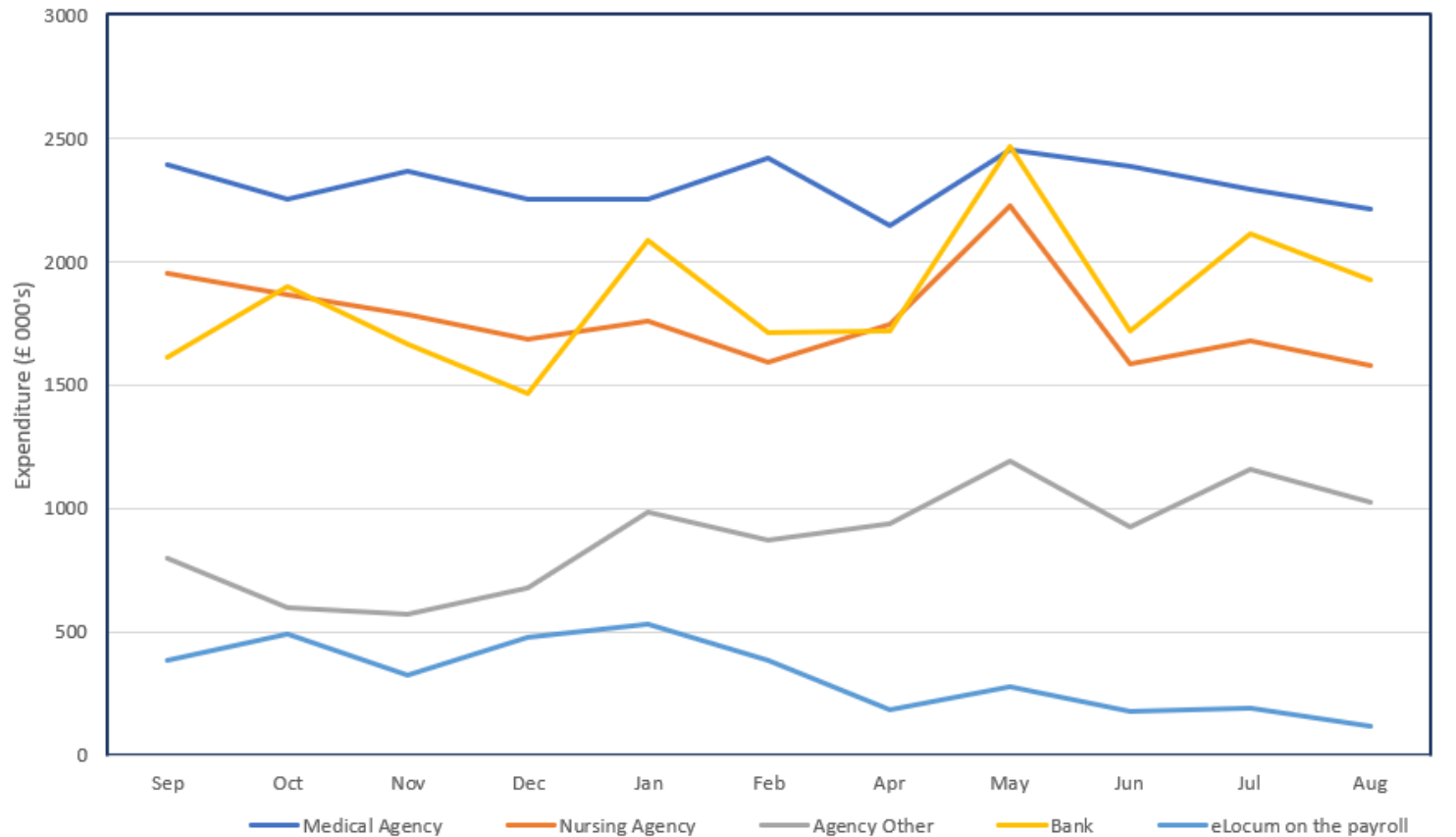
Significant movements downward in monthly spend are noted below and relate in the main to the fact that August is a 4-week month when compared to July 2025 being 5 weeks. Also, there is some benefit evident in month from a reduction in EPOC hours :

- Nursing Agency decreased spend £97k
- Agency Other decreased spend £132k
- Bank decreased spend £192k
- Medical agency decreased spend £79k

5. Flexible Staff Costs as at August 2025

The chart below shows Flexible Staffing Spend Trend for a rolling 12 months 2024/25 and 2025/26.

Flexible Staffing Spend Trend Rolling 12 Months - 2024/25- 2025/26



*Excludes Additional Duty Hours and Overtime

6. Savings target 2025-26

Of the £35m Savings Targets, £11.3m has been retracted from budgets as at Month 05 and £10.1m savings has been achieved to date with an underachievement of £1.25m against the target at Month 05 (11% of the target). Details of the achievement against each of the savings' proposals is included in the table below.

The main areas of underachievement against target at Month 05 are:

- Internal Locum Conversion £833k (no savings identified to date)
- Nurse Workforce Stabilisation £1.07m
- Flex Spend Reduction – Other Agency & Bank £125k (no savings identified to date)


It is imperative that budget holders urgently review their variance against savings targets with remedial action considered and notified at the next Directorate RISE Steering group meeting.

Of the £5m Other In Year Opportunities yet to be identified (proposal 30) c£3m has yet to be defined and plans need to be put in place immediately or the Trust is at risk of underachievement of overall target at year end. However, as at month 05 £500k achievement has been recognised as a contribution to the target within Mental Health and Disability Directorate. The Phase 1 additional £5m savings agreed with SPPG/DoH has yet to be profiled out with achievement expected in last half of the financial year.

Where additional savings measures are needed to address current underachievement, or new measures have been agreed (in particular those in the £2m plans agreed from the original £5m Other Opportunities saving target) **plans on a page are to be completed and submitted under RISE with immediate effect.** Savings plans continue to be monitored and reported at directorate RISE steering group meetings and RISE programme board.



6. Savings target 2025-26

LOW & MEDIUM IMPACT SAVINGS PLAN 2025/26	Expected Saving to Date Mth 05 (£)	Achieved Saving to Date Month 05 (£) RAG Status	Variance Month 05 YTD £	Expected Saving Full Year (£)
Low				
01 - Reduction in Staff Travel	1,041,667	1,310,753	269,086	2,500,000
02 - Reduction in Discretionary Spend	250,000	541,527	291,527	600,000
03 - Invest to Save Energy Estates Projects	258,333	258,333	0	620,000
04 - Implementation of Envoy Text Messaging System	42,500	-	(42,500)	102,000
05 - Cessation of Drive Through Phlebotomy Service	95,106	130,623	35,517	228,255
06 - EIDO Electronic Information Library for Patients	8,333	7,210	(1,123)	20,000
07 - Social Workforce Training and Development	20,833	20,833	0	50,000
08 - Saturation Probes - Acute Paediatrics	8,333	-	(8,333)	20,000
10 - Ending of GPOOHs Dalriada Telephone Support Contract	25,000	25,000	0	60,000
11 - Implement Care Line Live in Trust Home Care	125,417	144,616	19,199	301,000
12 - Step Down of Patient Feedback Service	24,583	24,583	0	59,000
13 - Reduce Spend in Bereavement Service	24,583	24,583	0	59,000
14 - Reduce Spend in Nursing Education, Workforce and Training	19,583	19,583	0	47,000
15 - Food Waste Reduction	79,583	79,583	0	191,000
16 - Review of Laundry Shift Patterns	44,167	44,167	0	106,000
17 - Flex Spend Reduction - Other Agency & Bank	125,000	-	(125,000)	300,000
18 - CYP Residential Services - Staffing Model and Associated Support Services	191,667	207,025	15,358	460,000
30 - Other In-Year Opportunities	-	500,000	500,000	2,919,000
31 - MORE Pharmacy Savings (No Regional Target in 2025/26)	333,333	464,698	131,365	800,000
32 - Normal Recruitment Slippage	416,667	416,666	0	1,000,000
41 - Equip Finance System Cleansing	793,714	793,714	0	1,750,000
Total Low Impact Savings	3,928,403	5,013,498	1,085,096	12,192,255

Key:	
Achieved	
Partial Achievement	
Not Achieved	

6. Savings target 2025-26

Medium				
09 - Service Realignment to Release Commissioned Activity	22,500	22,990	490	54,000
19 - ICT Software Savings - Downturn of Contracts	81,667	81,667	0	196,000
20 - Minor Works - Only High Risk and Urgent Work Being Undertaken	312,500	232,594	(79,906)	750,000
22 - Review British Red Cross Discharge Support Service	83,333	97,652	14,319	200,000
23 - Review and Discharge Service Users awaiting Dom Care POCs from FOC Care Home Placements	83,333	-	(83,333)	200,000
24 - Ending Rental Agreements for SHSCT Employed Nurses in GP Premises	31,250	54,167	22,917	75,000
25 - GP Out of Hours to Commissioned Levels	354,167	379,879	25,712	850,000
26 - Transport Reform	104,167	74,581	(29,586)	250,000
27 - Nurse Workforce Stabilisation	2,120,833	1,054,554	(1,066,279)	5,090,000
28 - International Medical Recruitment	1,187,500	984,308	(203,193)	2,850,000
29 - Medical Workforce Reform - Locum Conversion	833,333	-	(833,333)	2,000,000
33 - Rationalisation of Estates / Sustainability	204,167	204,167	0	490,000
34 - Non-Pay Procurement Efficiencies (Equipment) 10%	83,333	175,816	92,483	200,000
35 - Pressurised Mattresses (Rental Saving)	199,500	105,487	(94,013)	665,000
36 - PLIC Opportunities - Elective Pathways - GIRFT T&O	30,417	8,909	(21,508)	73,000
37 - Rental of Coffee Machines - Transfer to Capital under IFRS16	62,500	62,500	0	150,000
38 - Recurrent Impact MORE Pharmacy Savings Achieved Prior Years (With No Target)	438,750	438,750	0	1,053,000
39 - Reduction in Urology Inquiry Costs	500,000	473,033	(26,967)	1,200,000
40 - Reduction in Cervical Cytology Review Costs	142,500	112,884	(29,616)	342,000
42 - Provision of Wigs & Other Patient Appliances	29,894	10,617	(19,277)	71,745
43 - One Off Cost Avoidance Measures / Further Payroll Savings	-	-	0	5,013,000
44 - Review of Allowances	-	-	0	100,000
45 - Provision of Incontinence Products	-	-	0	66,000
46 - Centralised Booking	-	-	0	100,000
47 - Acute Transport Review	-	-	0	200,000
48 - Timely Care Contribution	500,000	500,000	0	500,000
49 - Postage - Move to Economy Service	5,000	5,000	0	40,000
50 - Capitalisation of Property Leases	-	-	0	25,000
Total Medium Impact Savings	7,410,644	5,079,554	- 2,331,089	22,803,745
Grand Total	11,339,047	10,093,052	(1,245,994)	34,996,000

Key:	
Achieved	
Partial Achievement	
Not Achieved	

7. Forecasted Plan 2025-26

The table below sets out the Base (Plan) and Worst Case Scenarios based on current run rates, pressures and achievement of savings in month 05.

	Base Case	Worst Case
	£'m	£'m
Forecast (Control)	1,131	1,131
Additional Phase 1 Savings Target achieved	(5)	(5)
Run Rate over control total	0	4
Income	1,110	1,110
(Deficit)/ Surplus	(16)	(20)

6. Forecasted Plan 2025-26 – Scenarios - basis of assumptions

Base Case Scenario: Assumes full achievement of £35m Low/Medium impact savings plans and that expenditure due to demographic and RCCE growth will not increase. In addition is assumes that bed escalation will be limited to that only required to address the most critical need and that the additional winter beds carried forward into 25/26 in CAH and DHH have been closed in full.

Worst Case Scenario: Assumes full achievement of £35m Low/Medium impact savings plans and that increased expenditure due to demographic and RCCE growth will not increase. In addition is assumes that bed escalation will be limited to that only required to address the most critical need and that the additional winter beds carried forward into 25/26 in CAH and DHH have been closed in full. Also assumes that those Directorates currently running over their control total will continue on that same basis until year-end, adding a further estimated net £4m to the deficit position.

This scenario assumes that the Phase 2 savings value for SHSCT of £16.4m will not be achieved via regional enablers derived from the Systems Financial Management Group (SFMG).

8. Capital (CRL) at August 2025

The table below show Capital (CRL) spend against budget at Month 05.

Scheme Description	Expenditure/ Commitments to Date			CRL Funding Notified		CRL Balance Remaining	
	Commitments £'000s	Specific Schemes £'000s	General Capital £'000s	Specific Schemes £'000s	General Capital £'000s	Specific Schemes £'000s	General Capital £'000s
ICT	62,194	60,194		611,014		550,820	
DHH LOW VOLTAGE ELECTRICAL INFRASTRUCTURE	1,819,970	151,900		2,000,000		1,848,100	
BACKLOG MAINTENANCE	137,017	26,377		2,750,000		2,723,623	
GP IMPROVEMENT SCHEME(TRUST OWNED)	644,550	2,000		933,941		931,941	
INVEST TO SAVE - ENERGY EFFICIENCY	53,061	30,000		-	-	30,000	
RAPID DIAGNOSIS CENTRE (STH)	60,000	30,000		-	-	30,000	
IMAGING DIAGNOSTICS	-	-		495,000		495,000	
GENERAL CAPITAL							
MEDICAL EQUIPMENT	132,471		12,758		1,459,212		1,446,454
INFORMATION TECHNOLOGY	39,497		39,497		1,000,000		960,503
TRANSPORT	341,825		-		354,275		354,275
ESTATES - GENERAL CAPITAL	179,198		153,865		1,574,386		1,420,522
UNAPPROVED ORDERS	38,610		32,072		38,610		6,538
SHORTFALL OF CREDITORS	60,833		60,833		60,834		1
CONTINGENCY	-		-		35,804		35,804
Total	3,569,227	300,471	299,025	6,789,955	4,523,121	6,489,484	4,224,096

As at month 05 total expenditure and commitments is £4.2m (of which £600k is actual expenditure to date). CRL funding notified to date is £11.3m of which the Trust is forecasted to spend a further £10.7m by year-end being £4.2m in General Capital and £6.5m in Specific Capital schemes. Forecasted year-end position is breakeven.

9. Risks to Delivery of Plan and Proposed Actions

Risk 1 – Overspend on control total - To live within the forecasted deficit position of £16.4m costs must be contained within forecasted spend and the variance control totals per Directorate. The Trust is running at a surplus of £927k against expected variance control total at Month 05 however a number of directorates are outside of expected control totals or actuals are very close to expected and therefore there is a risk, especially this early in the financial year, when the impact of higher costs over winter period. Therefore, there is a risk of increased spend over control totals.

Proposed Action:

Budget holders are expected to ensure that mitigating measures and financial controls are in place to live with the forecast variance control total and that all Directorates avoid incurring spend that could give rise to a pressure or at risk spend. Where Directorates are over or close to variance control totals turnaround plans should be developed (with support from Finance Business Partners) to address areas of pressure against the control total, identifying the cost drivers and with clear actions to bring the Directorate back within the variance control total. **These need to be agreed and implemented in advance of next reporting period.**

Risk 2 – Non-achievement of Savings target - Savings targets not being met in full by Directorates and any overachievements are not sufficient to balance any underachievement in particular that associated with medical locum conversion, the potential increase in locum costs due to IMR doctors leaving and underachievement in Nursing Workforce stabilisation savings targets

Proposed Action:

Directorates to ensure robust plans are implemented to fully achieve all £35m savings targets. RISE to challenge and monitor non-achievement of targets. Medical workforce group to report on medical locum target and Nursing Workforce Stabilisation group on nursing target and plans in place to achieve targets associated with cost reduction, in particular for locum/agency spend. Where additional savings measures are needed to address current underachievement, or new measures have been agreed (in particular those in the £2m plans agreed from the original £5m Other Opportunities saving target) **plans on a page must be completed and submitted with immediate effect.**

9. Risks to Delivery of Plan and Proposed Actions

Risk 3 – Further pressures arise during the year which are unfunded.

Proposed Action:

No spend to be incurred without funding in place. Any unforeseen pressures to be reported to Finance and SPPG immediately. All spend proposals, including Invest to Save proposals, to be taken through SIC for discussion, review and agreement without which no spend should be committed.

Risk 4 - Unscheduled Care demands resulting in overspends - There is a potential major financial and governance control risk associated with the need to address unscheduled care demands on wards and ED and patient flow pressures that results in the need to extend the agreed opening of uncommissioned beds which could result in additional cost that outstrips both the available Winter Plan funding and the funding agreed for Timely Care

Proposed Action:

There must be strict agreement at SLT for any continued or increased bed escalation to meet demand with specific authorisation and financial controls in place regarding same. SLT also to closely monitor the outcomes and benefits of the Timely Care plan.