

Finance Report

Month 11 February 2026

Finance Department

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1. Financial Performance Targets at February 2026

Financial Performance Targets	Year to Date	Year-end Forecast
1. Achieve financial plan in 2025-26	Surplus £3m (Control v Actual)	Breakeven
<p>The Trust is reporting a £3m surplus against the Month 11 control total. The primary drivers of the favourable variance are primarily driven by underspends in residential MHD beds and memory beds, alongside the delivery of savings. The position also reflects the impact of February being a shorter, four-week month. The AFC pay award was paid in February, being fully funded by SPPG. The majority of Directorates are reporting underspends against their respective control totals. Overall, the Trust is forecasting a breakeven outturn for 2025/26. It is expected that any shortfall in savings will be offset by underspends, with March reflecting typical year end accounting adjustments.</p>		
2. Achieve 2025-26 savings target	Underachieved by £384k or 1%	£43m
<p>The savings plan for 2025/26 is £43m. Of these savings £37.87m has been retracted from budgets as at Month 11 and £37.48m savings has been achieved to date with an underachievement of £384k against the target at Month 11 (1% of the target). At month 11 88% of overall savings target has been achieved to date with accounting adjustments and further nursing savings target forecasted in March.</p>		
3. Achieve in year break even outturn within Capital Resource Limit (CRL)	£34.5m	£40m
<p>As at month 11 total expenditure and commitments is £34.5m. Forecasted year-end position is breakeven.</p>		
4. Prompt Payment Target - 95% of suppliers within 30 days	95.8%	96.2%
<p>The Trust's prompt payment performance in the month of February was 95.8% with a cumulative position to date of 96.2%. Therefore, the Trust met and exceeded both its in-month prompt payment target for February, and year-to-date cumulative position as at 28th February 26.</p>		

2. Financial Plan 2025-26

The Trust is forecasting break-even position at month 11 in 2025/26, reflecting a projected underspend across Directorates and savings delivery slightly under target. This is primarily driven by underspends within mental health directorate, overall directorates at break-even, taking into consideration increased savings achieve and increased income in client contributions. The forecast assumes that Directorates continue to remain within their control totals and that the Trust shortfall in savings is offset by underspend at year end.

	Forecast (Month 11)
	£'m
Income RRL (per SPPG, PHA, NIMDTA)	1,143
Assumed Income	8
Expected Income RRL	1,151
Forecast Plan 2025-26 at month 11	1,151
Forecast Deficit at Feb 2026	0.0

3. Financial position at February 2026

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 11 is c£2.1m underspent however with an expected control total being (£935k), this results in a positive variance against expected control total of c£3m. Current run-rates reflect a forecasted overall break-even position at year end, with majority of Directorates at break-even or underspending. We do however anticipate with additional savings targets to be retracted in the remaining months of the year.

Directorate	Pay			Non Pay			Income			Total Spend YTD	Budget YTD	Actual Variance Mth 11	Expected Control Variance Total Mth 11	Diff Actual to Control Variance Mth 11
	Budget Mth 11	Actual Mth 11	Variance	Budget Mth 11	Actual Mth 11	Variance	Budget Mth 11	Actual Mth 11	Variance					
	£'m	£'m	£'m	£'m	£'m	£'m	£'m	£'m	£'m					
Medicine and Unscheduled Care	130.0	136.4	(6.4)	44.6	46.7	(2.1)	(0.6)	(0.8)	0.2	182.3	174.0	(8,361)	(8,870)	509
Surgery and Clinical Services	166.5	163.6	3.0	40.8	45.0	(4.2)	(2.0)	(2.9)	0.9	205.6	205.3	(303)	(612)	309
Children and Young People Services	94.3	95.6	(1.3)	28.5	30.4	(1.9)	(0.4)	(0.6)	0.2	125.4	122.5	(2,958)	(2,976)	18
Mental Health and Disability	105.2	104.4	0.8	105.1	100.7	4.4	(12.7)	(11.7)	(1.1)	193.5	197.6	4,135	1,992	2,143
Finance, Procurement and Estates	17.2	16.8	0.5	40.2	40.8	(0.6)	(0.4)	(0.7)	0.3	56.9	57.1	232	0	232
Adult Community Services	130.7	130.3	0.4	102.7	109.6	(6.9)	(29.1)	(31.9)	2.8	208.0	204.3	(3,666)	(3,925)	259
Human Resources and Org Dev	6.9	6.9	(0.0)	1.6	1.6	0.0	(0.2)	(0.2)	(0.0)	8.3	8.3	21	(320)	342
Medical Director	7.4	8.3	(1.0)	0.2	0.3	(0.0)	(0.0)	(0.1)	0.0	8.5	7.6	(966)	(580)	(386)
Performance, Planning and Informatics	8.2	8.1	0.1	1.1	1.4	(0.3)	(0.0)	0.0	(0.0)	9.5	9.2	(256)	0	(256)
Transformation and Improvement	1.0	2.5	(1.5)	0.1	0.1	(0.0)	0.0	0.0	0.0	2.6	1.1	(1,519)	(1,540)	21
Nursing, Midwifery and AHPs	37.3	35.7	1.6	4.2	5.2	(1.0)	(4.1)	(4.4)	0.3	36.5	37.4	946	495	450
Chief Executive	1.0	1.3	(0.3)	0.1	0.1	0.0	0.0	(0.0)	0.0	1.4	1.1	(283)	(254)	(29)
Covid	1.5	1.4	0.1	2.8	2.8	(0.1)	0.0	0.0	0.0	4.2	4.2	41	0	41
Trust Unallocated	5.3	(0.5)	5.7	9.9	0.0	9.9	0.0	0.0	0.0	(0.5)	15.2	15,656	15,656	0
Encompass	3.0	3.3	(0.4)	0.0	0.2	(0.2)	(3.0)	(3.0)	0.0	0.6	0.0	(607)	0	(607)
Directorate Total	715.6	714.3	1.3	381.9	384.8	(2.9)	(52.5)	(56.2)	3.7	1,042.8	1,044.9	2,113	(935)	3,047

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.

3. Financial position at February 2026

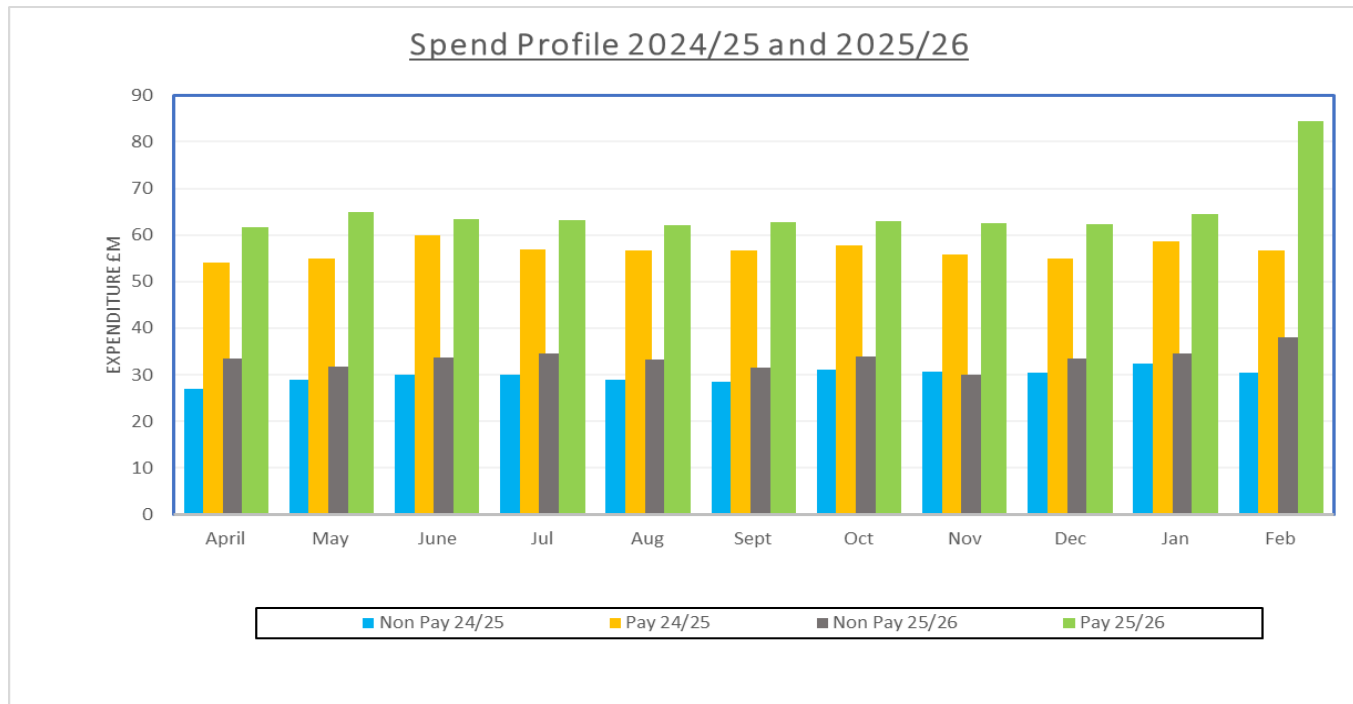
Explanations for main variances are as follows:

- Payroll is under budget by £1.3m in the main due to Pay Award budget profiling. Although an underspend overall Medical is overspent £17m and Nursing and Midwifery overspent £22m funded from SPPG deficit funding allocated in year and payroll underspend/savings.
- Non-Pay is reporting a cumulative overspend at month 11 of c£2.9m in the main due to spend within Medical & Surgical Supplies overspent by £4.5m. 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 £3.7m, in the main due to over-recovery of Client Contribution income.
- The majority of Directorates are overachieving against their control totals, mainly MHD due to underspends in Residential MHD beds and Memory beds, with adjustments completed in Mth 11 for Praxis c£1m, Direct Payments £460k and Residential and Home care c£1.2m. Also, within MUSC due to ongoing savings achievements within MORE Pharmacy.
- 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:
 - **Medical Directorate** – Ongoing pay pressures due to unfunded posts.
 - **Encompass** – Pressure is wholly due to additional posts agreed at SLT for which there is no funding cover, funded by unallocated funds.
 - **Planning, Performance and Improvement**- Budget for Child Health Bureau being realigned to Children's Directorate where the spend has been historically recorded and increased spend within IT costs.

3. Financial position at February 2026

The profile of Pay and Non-Pay expenditure for the 11 month period April to Feb is set out below. Pay in Feb 2026 has increased when compared to Jan 2026 by c£20m (from £64.4m to £84.5m) due to Pay Award paid in month. Non-Pay in Feb has increased by £3.5m mainly due to additional spend within Estates for maintenance and increased spend in Medical and Surgical supplies.

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.

4. Flexible Staff Costs as at February 2026

The table below shows the flexible staffing by Directorate YTD February 2026. The total cumulative spend for flexible staffing in Mth 11 is c£83.3m (12% of total payroll spend) with 1,257 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 February 2026							Cum to February	Cum to February	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	2026 £000's	2025 £000's	£000's	%
Medical and Unscheduled Care	15,748	9,572	160	4,620	957	711	167	31,935	33,679	-1,744	-5%
Surgery and Clinical Services	4,308	2,486	664	3,605	1,438	953	319	13,774	12,606	1,167	9%
Children and Young People	756	58	383	1,907	190	728	176	4,197	4,037	160	4%
Mental Health and Disability	1,579	3,678	371	5,733	164	739	114	12,378	11,761	617	5%
Adult Community Services	693	1,077	125	5,468	248	492	881	8,985	10,369	-1,384	-13%
Finance, Procurement and Estates			520	37		175	16	748	490	258	53%
Human Resources & Org	117	5	68	25	-7	18	2	229	258	-29	-11%
Encompass	49	120	1	404	14	112	6	705		705	
Medical Director			43	1	0	6	4	54	41	13	33%
Nursing, Midwifery and AHP			8,594	441		320	381	9,738	7,870	1,868	24%
Performance and Reform			61	0		162	10	233	133	101	76%
Trust Unallocated								0	0	0	
Covid 19	-16		156	135	3		0	279	454	-175	-39%
Chief Executive			-13	0		2	6	-6	59	-65	-110%
Transformation & Improvement			37			2	2	40	213	-173	-81%
Totals	23,233	16,995	11,170	22,377	3,008	4,422	2,084	83,289	81,971	1,318	2%

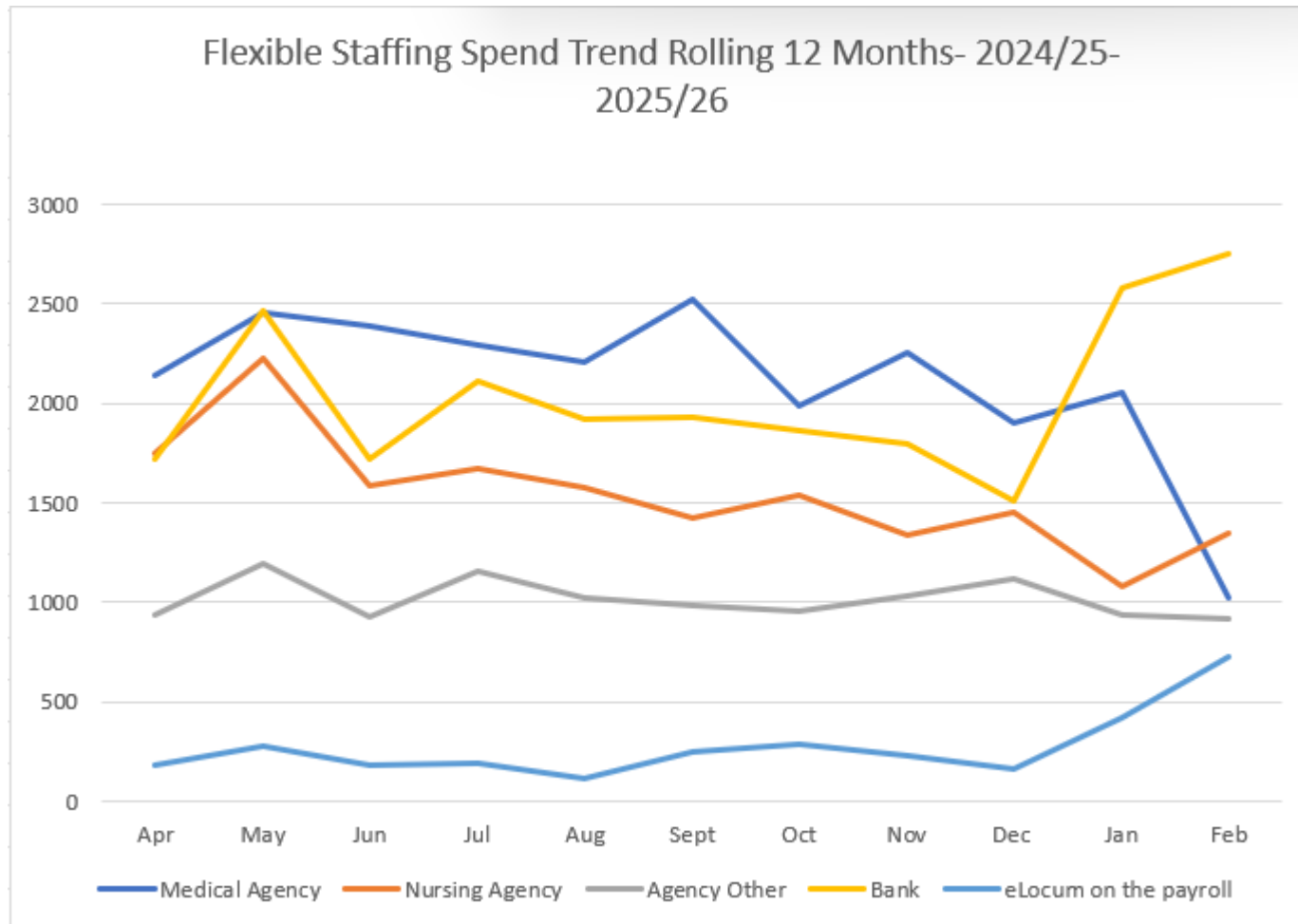
The most significant area of flexible spend is Medical Agency c£23.3m year to date broadly in line with the prior year spend, Medical Locum savings will not be achieved at year end. Nursing substantive and flexible spend has decreased when compared to the same period last year.

Significant movements in monthly spend are noted below but need to be read in conjunction with any movements in substantive spend. Some movement is likely to relate to timing of presentation of invoices for payment, most noticeable in Medical Agency:

- Medical Agency has decreased £1,025k (this largely reflects the use of Tempre to calculate accrual)
- Nurse Agency has increased £266k
- Bank has increased £176k
- Elocum has increased £302k

4. Flexible Staff Costs as at February 2026

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



*Excludes Additional Duty Hours and Overtime

5. Savings target 2025-26

The savings plan for 2025/26 is £43m . Of these savings £37.87m has been retracted from budgets as at Month 11 and £37.48m savings has been achieved to date with an underachievement of £384k against the target at Month 11 (1% of the target). At month 11 88% of overall savings target has been achieved to date with accounting adjustments forecasted in later months.

The main areas of underachievement against target at Month 11 are:

- Internal Locum Conversion £1.8m (no savings identified to date, however £2m in international medical locum achieved to date.)
- Encompass Savings £216k but assumed savings incorporated in Disc Spend savings
- International Medical Recruitment- £522k
- Transport Reform £218k
- Minor Works £310k
- Pressurised Mattresses (Rental Savings) £196k

It is imperative that budget holders continue to review their variance against savings targets in March. Savings plans continue to be monitored and reported at RISE programme board. It is imperative that the nursing savings target remains on track and is monitored closely following increased spend during March.

5. Savings target 2025-26

LOW & MEDIUM IMPACT SAVINGS PLAN 2025/26	Expected Saving to Date (£)	Achieved Saving to Date (£)	Overachieved / (Unachieved) Saving to Date (£)	Expected Saving Full Year (£)
Low				
01 - Reduction in Staff Travel	2,291,668	2,896,757	605,089	2,500,000
02 - Reduction in Discretionary Spend	549,999	1,367,182	817,183	600,000
03 - Invest to Save Energy Estates Projects	568,333	568,333	(0)	620,000
04 - Implementation of Envoy Text Messaging System	93,500	-	(93,500)	102,000
05 - Cessation of Drive Through Phlebotomy Service	209,234	320,975	111,741	228,255
06 - EIDO Electronic Information Library for Patients	18,333	15,862	(2,471)	20,000
07 - Social Workforce Training and Development	45,833	45,833	0	50,000
08 - Saturation Probes - Acute Paediatrics	18,333	-	(18,333)	20,000
10 - Ending of GPOOHs Dalriada Telephone Support Contract	55,000	55,000	0	60,000
11 - Implement Care Line Live in Trust Home Care	275,917	390,189	114,272	301,000
12 - Step Down of Patient Feedback Service	54,083	54,083	(0)	59,000
13 - Reduce Spend in Bereavement Service	54,083	54,083	(0)	59,000
14 - Reduce Spend in Nursing Education, Workforce and Training	43,083	43,083	(0)	47,000
15 - Food Waste Reduction	175,083	175,083	(0)	191,000
16 - Review of Laundry Shift Patterns	97,167	97,167	0	106,000
17 - Flex Spend Reduction - Other Agency & Bank	274,999	205,311	(69,689)	300,000
18 - CYP Residential Services - Staffing Model and Associated Support Services	421,667	410,085	(11,582)	460,000
30 - Other In-Year Opportunities	2,587,714	3,387,714	800,000	3,019,000
31 - MORE Pharmacy Savings (No Regional Target in 2025/26)	1,150,000	1,828,034	678,034	1,300,000
32 - Normal Recruitment Slippage	916,667	916,667	0	1,000,000
41 - Equip Finance System Cleansing	1,436,597	1,123,196	(313,401)	1,750,000
51 - Encompass Savings	409,997	194,268	(215,729)	500,000
52 - Increased Income from Charging - Canteen / Car Parking	150,000	108,000	(42,000)	180,000
53 - Review of Technical Adjustments	1,284,610	1,284,610	0	1,548,000
54 - Further Cost Reduction - Travel / Consumables / Training	1,200,000	1,200,000	0	1,500,000
Total Low Impact Savings	14,381,902	16,741,515	2,359,613	16,520,255

Key:	
Achieved	
Partial Achievement	
Not Achieved	

5. Savings target 2025-26

Medium				
09 - Service Realignment to Release Commissioned Activity	49,500	50,578	1,078	54,000
19 - ICT Software Savings - Downturn of Contracts	179,667	179,667	0	196,000
20 - Minor Works - Only High Risk and Urgent Work Being Undertaken	687,500	377,211	(310,289)	750,000
22 - Review British Red Cross Discharge Support Service	183,333	204,741	21,407	200,000
23 - Review and Discharge Service Users awaiting Dom Care POCs from FOC Care Home Placements	183,333	23,868	(159,465)	200,000
24 - Ending Rental Agreements for SHSCT Employed Nurses in GP Premises	68,750	119,167	50,417	75,000
25 - GP Out of Hours to Commissioned Levels	779,167	927,889	148,722	850,000
26 - Transport Reform	229,167	11,431	(217,736)	250,000
27 - Nurse Workforce Stabilisation	5,419,433	5,370,575	(48,858)	6,032,000
28 - International Medical Recruitment	2,612,500	2,090,164	(522,336)	2,850,000
29 - Medical Workforce Reform - Locum Conversion	1,833,333	-	(1,833,333)	2,000,000
33 - Rationalisation of Estates / Sustainability	449,167	449,167	0	490,000
34 - Non-Pay Procurement Efficiencies (Equipment) 10%	183,333	517,465	334,132	200,000
35 - Pressurised Mattresses (Rental Saving)	598,500	402,571	(195,929)	665,000
36 - PLIC Opportunities - Elective Pathways - GIRFT T&O	66,917	-	(66,917)	73,000
37 - Rental of Coffee Machines - Transfer to Capital under IFRS16	137,500	137,500	0	150,000
38 - Recurrent Impact MORE Pharmacy Savings Achieved Prior Years (With No Target)	965,250	965,250	0	1,053,000
39 - Reduction in Urology Inquiry Costs	1,100,000	1,390,588	290,588	1,200,000
40 - Reduction in Cervical Cytology Review Costs	313,500	315,423	1,923	342,000
42 - Provision of Wigs & Other Patient Appliances	65,766	40,981	(24,785)	71,745
43 - One Off Cost Avoidance Measures / Further Payroll Savings	4,296,857	4,296,857	(0)	5,013,000
44 - Review of Allowances	66,667	50,000	(16,667)	100,000
45 - Provision of Incontinence Products	52,800	132,588	79,788	66,000
47 - Acute Transport Review	160,000	208,918	48,918	200,000
48 - Timely Care Contribution	500,000	500,000	0	500,000
49 - Postage - Move to Economy Service	35,000	35,000	0	40,000
50 - Capitalisation of Property Leases	16,667	16,667	0	25,000
55 - Caps on Specialist Rates / Reduction of 121s in Care Home Setting	200,000	150,000	(50,000)	250,000
56 - Estates - Further Limit Backlog Maintenance Work Repairs	560,000	500,000	(60,000)	700,000
57 - Vacancy Hold - 20% High Impact	300,000	300,000	0	400,000
59 - Cessation of Payment of Medical Agency Breaks	214,500	-	(214,500)	286,000
60 - Reduction of Agency / Bank / Additional Hours / Overtime (Outside Medical / Nursing) - Further 20%	675,000	675,000	0	900,000
Total Medium Impact Savings	23,183,107	20,439,266	(2,743,841)	26,181,745
Medium				
61 - Vacancy Hold - 80% Catastrophic Impact - 25%	300,000	300,000	0	400,000
Total Catastrophic Impact Savings	300,000	300,000	0	400,000
Grand Total	37,865,009	37,480,781	(384,228)	43,102,000

Key:	
Achieved	
Partial Achievement	
Not Achieved	

6. Forecasted Plan 2025-26

The table below sets out the Base (Plan) and Worst Case Scenarios based on current run rates and achievement of savings in month 11. The below income and spend includes the Pay Award.

	Base Case	Worst Case
	£'m	£'m
Forecast (Control)	1,156	1,156
Run Rate reduction in spend forecasted across Directorates	(2)	(4)
Savings underachieved	(1)	(1)
Higher income from client contributions	(3)	(3)
Projected spend	1,150	1,148
Income	1,150	1,150
(Deficit)/ Surplus including 2025/26 Pay Award	0	(2)

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

Base Case Scenario: Assumes break-even with under achievement of £1m savings plans and that expenditure due to high-cost placements, demographic and RCCE growth will not increase. Directorates will spend within overall control total, MHD will continue to underspend at month 10 rate (month 11 an exception reflecting Praxis credit notes). In addition, it assumes that income will remain over forecast by £3m and full winter plan funding of £1.7m will be spent by year end.

Worst Case Scenario: Assumes underspend of £2m with under achievement of £1m savings plans and that expenditure due to high-cost placements, demographic and RCCE growth will not increase. In addition, it assumes that income will remain over forecast by £3m and full winter plan funding of £1.7m will be spent by year end.

Also assumes that Directorates will spend less than their control total however spend will likely increase in March due to year end accounting adjustments.

7. Capital (CRL) at February 2026

The table below show Capital (CRL) spend against budget at Month 11.

Scheme Description	Expenditure/ Commitments to Date			CRL Funding Notified		CRL Balance Remaining	
	Commitments £'000s	Payments Specific Schemes £'000s	General Capital £'000s	Payments Specific Schemes £'000s	General Capital £'000s	Specific Schemes £'000s	General Capital £'000s
ICT	4,477,082	888,928		4,503,957		3,615,029	
DHH LOW VOLTAGE ELECTRICAL INFRASTRUCTURE	2,037,372	641,573		2,000,000		1,358,427	
BACKLOG MAINTENANCE	5,805,883	1,931,719		5,590,000		3,658,281	
GP IMPROVEMENT SCHEME(TRUST OWNED)	2,387,040	914,930		2,511,720		1,596,790	
INVEST TO SAVE - ENERGY EFFICIENCY	-	-		-		-	
RAPID DIAGNOSIS CENTRE (STH)	-	-		-		-	
IMAGING DIAGNOSTICS	2,575,053	720,577		2,679,233		1,958,656	
ELECTIVE CARE	1,297,369	52,050		1,396,617		1,344,567	
PRIMARY CARE INFRASTRUCTURE	31,303	31,303		33,278		1,975	
CHILDREN WITH DISABILITIES	189,671	-		234,134		234,134	
GENERAL CAPITAL							
MEDICAL EQUIPMENT	2,919,777		1,213,126		2,977,290		1,764,163
INFORMATION TECHNOLOGY	840,904		509,242		907,532		398,290
TRANSPORT	1,597,648		237,325		1,597,649		1,360,324
ESTATES - GENERAL CAPITAL	1,967,466		815,873		1,987,823		1,171,950
UNAPPROVED ORDERS	57,576		57,576		50,000	-	7,576
SHORTFALL OF CREDITORS	139,897		139,897		139,897		-
CONTINGENCY	-		-		35,990		35,990
Total	26,324,044	5,181,080	2,973,040	18,948,939	7,696,181	13,767,859	4,723,141

As at month 11 total expenditure and commitments is £34.5m. Forecasted year-end position is breakeven.

8. Risks to Delivery of Plan and Proposed Actions

Risk 1 – Under/Overspend on control total - To break-even at year end, spend must be contained within forecasted spend and the variance control totals per Directorate. The Trust is running at a surplus of £3m against control total at Month 11 largely due to underspends in MHD, there is a risk of underspend at year end however March will reflect accounting adjustments.

Proposed Action:

Budget holders are expected to spend within the forecast variance control total.

Risk 2 – Non-achievement of Savings target - Savings targets are under achieved at month 11 but is on target to slightly under achieve £43m savings by £400k. Directorates should continue to implement savings target at current rate. Medical locum conversion and the potential increase in locum costs due to IMR doctors leaving is being offset from overachievements elsewhere, this is expected to continue to year end.

Proposed Action:

Directorates to continue to implement 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.