Southern Health and Social Care Trust

TOGETHER, IMPROVING CARE, TRANSFORMING LIVES

TRUST BOARD COVER SHEET

	The cover sheet purpose is to provide the Trust Board/Committee with a clear summary of the paper being presented, how it impacts on the people we serve, key matters for attention and the ask of the Trust Board/Committee *The Accountable Director must satisfy themselves that the cover sheet is accurate and fully reflects the paper. The expectation is that the Accountable Director has read and agreed the content of both the cover sheet and paper.*	
Meeting and Date of meeting	*Trust Board 28th May 2026*	
Title of paper	*Draft Opening Budget Plan 2026/27*	
Accountable Director	**Name**	Catherine Marks
	Position	Director of Finance, Procurement & Estates
Report Author	**Name**	Catherine McCaul
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This paper sits within the Trust Board role of:		Accountability
This paper is presented for:		Approval *(Notes on completion at end of document)*
Links to Trust Strategic Priorities	☒	Collaborative Working
	☒	Learning Organisation
	☒	Safety, Quality & Experience
	☒	Community First
	☒	Whole-Life Approach

1. Reason for Presentation of Paper / Report

The purpose of this paper is to present the draft Opening Budget Plan for 2026/27, based on the indicative allocation issued by SPPG on 8 May 2026, and to outline the associated financial position, risks, and key challenges.

This document sets out the impact of these indicative allocations on our financial position; the next steps required; and requests approval to set an unbalanced budget in the interim to facilitate appropriate stewardship and accountability of resources. This Opening Plan will be reviewed and updated to reflect any amendments to opening budgets once received from the Department of Health and is therefore subject to change and iteration.

The Board is asked to:

- **Endorse** the Opening Budget Plan to enable indicative opening budgets to be allocated to Directorates
- **Acknowledge** the uncertainty pending confirmation of funding
- **Support** the ongoing development of savings and transformation plans

2. Detailed summary of paper contents:

- The total estimated opening recurrent deficit is **£10.8m** (inclusive of 2026/27 growth of £5m)
- The forecast deficit of **£10.8m** does not include any unforeseen pressures or areas of unavoidable growth not yet known, which, if realised, could increase the forecast deficit.
- The plan assumes achievement of recurrent savings targets carried forward from **2025/26** of **£36.2m**
- The plan further assumes achievement of new Phase 1 Savings Targets for **2026/27** of **£29.9m**
- Given the regional deficit it is anticipated that SPPG could seek further savings measures the scale of which would be well beyond that which Trusts can absorb without significant patient care and safety impacts with high/catastrophic impact
- Opening budgets have been set for each Directorate and prepared following individual discussions with budget holders based on spend in 2025-26 and reflecting any changes in spend projections and growth anticipated in 2026-27 (as far as can be reasonably predicted at this stage).

- Each Directorate has been set a budget which reflects the indicative budget allocated by SPPG/PHA/NIMDTA including the recurrent 2025/26 and new Phase 1 Savings Targets and a variance control total has been set per Directorate. The variance control total reflects the net deficit position of c£10.8m.

3. Areas of improvement/achievement:

The Trust was set a challenging savings target in 2025-26 of **£43.1m** which was achieved in full.

This was achievable through making tough decisions on reducing spend with the least impact on service delivery and robust monitoring process with strong financial controls in place through the RISE Programme.

However, it was recognised that **£6.9m** of these savings were non-recurrent in nature and therefore the recurrent savings targets carried forward from **2025/26** total **£36.2m.**

Following a review of low and medium impact savings, the Trust has also identified and approved a further low/medium Phase 1 Savings Improvement Plan of **£29.9m** for **2026/27.**

4. Areas of concern/risk/challenge:

The Trust is currently operating on a draft budget position, and the final allocation remains unconfirmed. As such, the full extent of the financial challenge is not yet known, and it is anticipated that further savings requirements may emerge.

Given this uncertainty, the Trust is not in a position at this stage to confirm that a break-even position is achievable, nor to confirm that fully developed plans are in place to deliver financial balance in 2026/27

The overall financial position is a forecast based on a set of reasonable assumptions, however, there are a number of risks and costs which may affect the eventual financial outturn. The following sections set out the most significant risks: -

1. The Trust, as with all HSC organisations, continue to face upward demand on all areas and increasing regulation also places stress on capacity. Mitigating Action:

Budget holders are responsible for managing spend within agreed control totals. This will be closely monitored and reported each month through Finance Focus meetings, SLT, TB and at RISE. All new funding requests must be appraised through the business case process and approved by the Strategic Investment Committee. Escalation to SPPG if funding cannot be met within the Trust's existing allocation.

2. All figures contained within this report exclude any additional costs directly associated with any unknown emerging pressures. Mitigating action: Any additional costs will be kept to a minimal whilst maintaining patient safety. Any costs pressures above control total will be flagged to SPPG at the earliest opportunity and in advance of spend

3. Underachievement of the Low and Medium impact Phase 1 2026/27 savings plans of £29.9m and the recurrent savings carried forward from 2025/26 of £36.2m. Mitigating Action: Alternative contingency savings measures will be put in place immediately

4. SPPG will likely increase the Trust's savings target in 2026-27. Mitigating Action: SLT will determine the potential for further savings measures that are achievable in year.

These risks will be monitored and reported in the monthly finance report, through the RISE programme and at the Finance, Performance and Workforce Committee.

5. Impact on Statutory Duties: Provide details on the impact of the following and how.

Financial Impact	***Safety and Quality Impact***
Yes, there are Financial Impacts	Yes, there are Quality, Safety or Experience Impacts

6. Risk Assessment (Risk level and state if a risk assessment be completed)

See above

7. Other Business Intelligence/data (If appropriate)	
None	
8. Impact: Provide details on the impact of the following and how. If this is N/A you should explain why this is an appropriate response.	
Corporate Risk Register	Corporate Risk Register Key Risk 5.1 Finance - ability to meet statutory break-even target
Board Assurance Framework	Financial Risk included in Board Assurance Framework
Equality and Human Rights	The high impact savings relating to vacancy control and reduction in agency (non-medical/non-nursing) will be implemented in areas with least impact on equality and human rights.

Trust Board Role Fulfilment

Strategy	*Papers in this category should address forward-looking priorities, long-term objectives, or service transformation. These are typically focused on shaping the future of the organisation and will often involve decisions on direction, investment, or innovation.*
Culture	*These papers aim to influence or reflect the values, behaviours, and staff or patient experiences within HSC. They may relate to leadership development, equality, diversity and inclusion, staff engagement, or initiatives intended to reinforce our organisational ethos.*
Accountability	*Papers falling into this area relate to governance, assurance, performance monitoring, compliance, and risk. They provide evidence that responsibilities are being fulfilled, standards are being met, and corrective actions are being taken where necessary.*

Reasons for Paper Presentation

Approval	*Used when an item requires formal agreement or endorsement by the meeting/committee members. Examples include approving minutes, budgets, proposals or policies.*

Assurance	*Used when an item can be measured against a certain criteria / standard. Examples are a project is on course with delivery or financial targets are being met.*
Information	*Used when an item is presented for the purpose of updating or informing the attendees without requiring a decision or action, such as reports, updates, or announcements.*
Discussion	*Used when an item is listed primarily for open discussion, brainstorming or gathering input from the members without requiring an immediate decision.*