

Finance, Procurement and Contracting

Financial Performance Report: Month 2

Jason Dorsett: Chief Finance Officer

Financial Performance Report

Integrated themes and issues from Month 2 (May 2025)

Executive Summary

Overall

Income and Expenditure (I&E) was a £3.2m deficit in Month 2, which was on plan. The plan included a £5.7m savings requirement in May, the majority of this has been achieved through non-recurrent underspends rather than through planned recurrent schemes. The underlying deficit was estimated to be £8.4m, which was £2.3m worse than planned. This was driven by underlying income and pay. Overall worked WTE (excluding R&D) decreased by 21 WTE in May, driven by a 15 WTE reduction in substantive staffing.

Activity

The payment mechanism for 25/26 has changed, most elective activity will be paid variably, up to the plan value agreed with each commissioner. There is no guarantee that activity above this level will be reimbursed, but if there is underperformance, the variance will be clawed back. Overperformance risks commissioners implementing a contract lever against the Trust known as an 'Activity Management Plan (AMP)'.

Income

Commissioning income (excluding passthrough) was reported on plan for Month 2, as only limited actual activity data was available for April. Passthrough drugs and devices were £2.0m above plan in month (plan rebased to 2024/25 forecast outturn).

Other income was £0.7m better than plan in Month 2, £0.3m of this was due to R&D income (part of £0.5m contribution this month from R&D), there was a £1.0m non-recurrent benefit from Agreement of Balances income, offset by £0.4m from efficiency shortfalls.

Private patients, overseas and RTA income was £0.4m worse than plan in Month 2, principally from overseas income, where billing errors of £0.3m were corrected by the Private Patient team this month.

Headcount

Whole Time Equivalent headcount (excluding R&D) in May decreased by 21 WTE. The reductions have been in substantive staffing (15 WTE) and agency (6 WTE) while bank staff were unchanged at 551 WTE. The Trust plan assumes a WTE reduction of 675 (575 substantive staff and 100 on temporary staffing) by M12 2025/26 to achieve the savings target.

Pay Expenditure

Pay costs are £0.7m adverse to plan in Month 2, this is driven by a lack of delivery of recurrent pay efficiencies, with only £0.2m delivered in May compared to a target of £1.0m. Estimated underlying pay was unchanged in the month at £83.4m.

Non-Pay Expenditure

Non-pay costs were £1.8m adverse to plan in Month 2, (on plan excluding the £2.0m passthrough variance and R&D £0.2m underspend).

Cash

Cash was £18.2m at the end of May, £2.0m higher than the previous month and £14.8m higher than planned. This variance was driven by the timing of a £9m PFI payment and the receipt of a £4m VAT reclaim. The year-end forecast for cash is unchanged. Any upsides in cash, for example, additional income received related to 2024/25 activity, are being used to offset the need for external cash support.

Conclusion

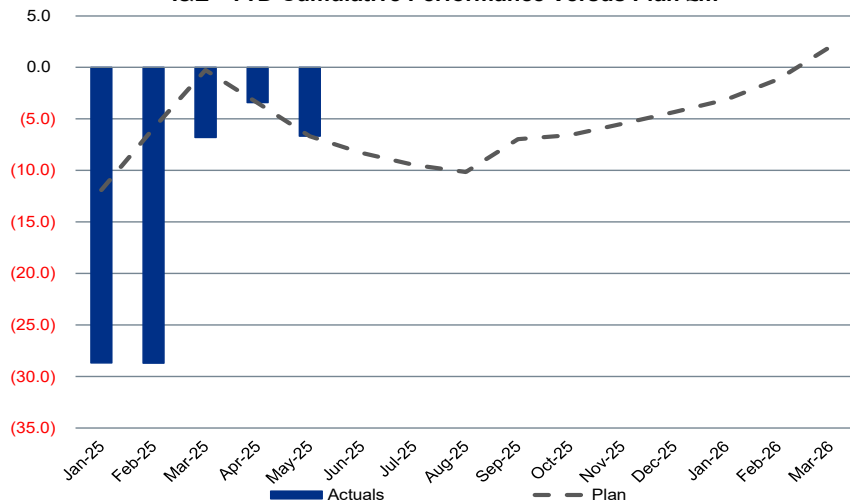
The Trust is on plan in month and year to date with a £6.7m deficit, this has been partly achieved through non-recurrent underspends. Efficiency plans will need to be implemented rapidly to meet the £99.0m required to deliver the financial plan for the year. The plan to restore financial grip and control needs to be completed.

Financial Performance Report

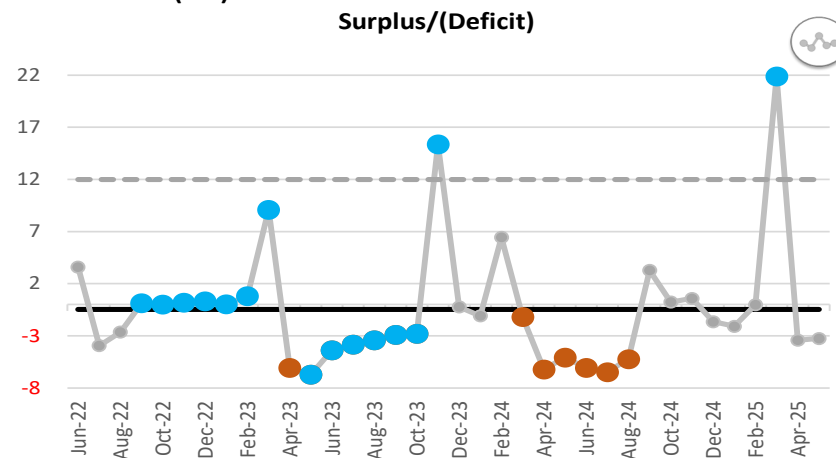
Integrated themes and issues from Month 2 (May 2025)

Summary Charts

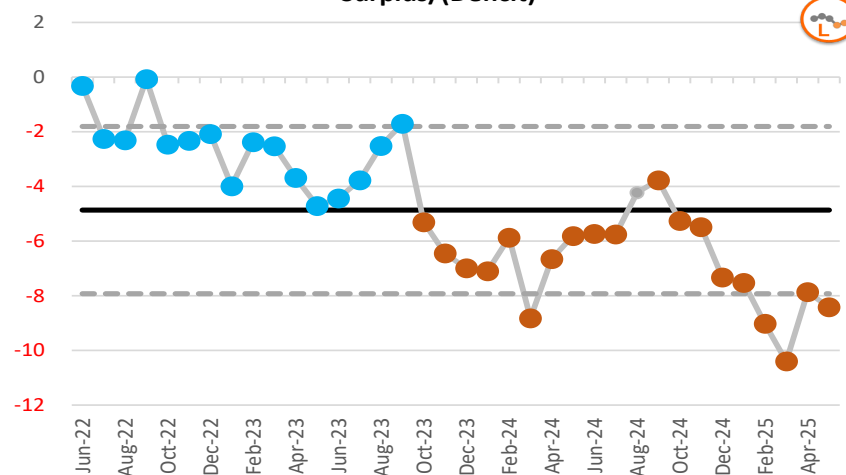
I&E - YTD Cumulative Performance Versus Plan £m



Income & Expenditure – Monthly Reported Performance from June 2022 (£m)



Income & Expenditure – Adjusted Run Rate Performance (£m)



Financial Performance Report

Integrated themes and issues from Month 2 (May 2025)

Key Actions Agreed or Note by TME Arising from Month 2

CIP

The key action arising from the month 2 financial position is the need to improve the delivery of the CIP programme. The ytd delivery is 50% of the planned level. Delivery of the full £99m plan is fundamental to the Trust meeting its financial plan. Productivity Committee has increased to being held fortnightly so that divisions can provide assurance that CIP identification and delivery is increasing which will derisk the programme.

TME noted that additional guidance has been issued on identification. A checklist has been issued to be completed at CSU level. 100% of CIPs must be identified by end June.

Recovery Plans

The budget control process agreed by TME requires divisions that are off their YTD financial plan to develop a recovery plan. This will be required for all divisions based on M2.

The vacancy control process agreed by TME requires divisions to pause recruitment if a recovery plan is required, but not yet in place. This has been set up to be certified within the TRAC system for each recruitment process.

TME agreed the application of the budget control and VCP process.

Contracts

Income reporting is currently assuming contracts are signed in line with planned values and T&Cs.

TME noted that:

- **HCDD T&Cs and value remains unagreed with BOB**
- **Progress with Spec comm is slower as activity plans were only issued in June.**
- **Contracts with associate ICBs should in aggregate be aligned to plan**

Income and Expenditure: Overview – Reported Position

Source: Budget in Finance Ledger.

I & E Subjective £m	IN MONTH 2				YEAR TO DATE				FULL YEAR Plan
	Plan	Actual	Var	Var %	Plan	Actual	Var	Var %	
Income									
Commissioning Income	105.1	105.2	0.1	0.1%	210.2	210.3	0.1	0.1%	1,261.1
Passthrough Drugs & Devices	21.0	23.1	2.0	9.6%	42.1	43.8	1.7	4.0%	252.5
Other Income	15.4	16.0	0.7	4.4%	30.7	30.2	(0.5)	-1.8%	189.2
PP, Overseas and RTA Income	1.7	1.2	(0.4)	-25.7%	3.3	2.6	(0.7)	-20.9%	20.1
Total Income	143.2	145.5	2.3	1.6%	286.4	287.0	0.6	0.2%	1,723.0
Pay									
Consultants and Medics	(29.3)	(29.8)	(0.6)	-1.9%	(58.6)	(58.4)	0.2	0.4%	(348.7)
Health Care Assistants & Support	(6.8)	(7.3)	(0.5)	-7.1%	(13.7)	(14.6)	(0.9)	-6.4%	(78.4)
Nurse and Midwives	(23.7)	(23.0)	0.7	3.0%	(47.7)	(47.2)	0.5	1.1%	(275.6)
Other Staff	(12.1)	(12.6)	(0.4)	-3.6%	(24.4)	(25.1)	(0.7)	-2.9%	(139.1)
Scientific, Therapeutic and Technical	(11.9)	(11.8)	0.1	0.9%	(24.0)	(23.6)	0.4	1.5%	(139.2)
Total Pay	(83.9)	(84.6)	(0.7)	-0.8%	(168.4)	(168.9)	(0.5)	-0.3%	(981.0)
Non-Pay									
Clinical negligence	(3.2)	(3.2)	0.0	0.0%	(6.4)	(6.4)	0.0	0.0%	(38.2)
Clinical Supplies & Services	(10.3)	(10.5)	(0.2)	-2.3%	(20.5)	(21.6)	(1.1)	-5.2%	(123.1)
Drugs & Devices	(24.5)	(27.3)	(2.8)	-11.5%	(49.0)	(51.1)	(2.1)	-4.4%	(293.7)
Passthrough Drugs & Devices	(21.0)	(23.1)	(2.0)	-9.6%	(42.1)	(43.8)	(1.7)	-4.0%	(252.5)
Drugs	(3.4)	(4.2)	(0.8)	-23.0%	(6.9)	(7.3)	(0.4)	-6.4%	(41.2)
General Supplies & Services	(0.5)	(0.6)	(0.0)	-4.2%	(1.1)	(1.0)	0.0	2.4%	(6.4)
Internal Recharges	(0.1)	0.0	0.1	100.0%	(0.1)	(0.0)	0.1	100.0%	(0.8)
Premises & Fixed Plant	(10.8)	(10.2)	0.6	5.7%	(21.3)	(20.3)	1.0	4.5%	(124.5)
Other Expenditure	(4.9)	(4.3)	0.6	12.3%	(9.8)	(8.0)	1.8	18.2%	(52.0)
Total Non-Pay	(54.3)	(56.1)	(1.8)	-3.3%	(108.1)	(108.5)	(0.3)	-0.3%	(638.7)
Operational EBITDA	5.0	4.9	(0.1)	-2.3%	9.8	9.6	(0.2)	-2.0%	103.3
Financing and Capital Charges (Excl Tech Adj)	(8.3)	(8.1)	0.1	1.5%	(16.5)	(16.3)	0.2	1.3%	(101.3)
Operational Surplus / (Deficit)	(3.2)	(3.2)	0.0	0.1%	(6.7)	(6.7)	0.0	0.3%	2.0

Income

- Commissioning income, including passthrough, was £2.1m better than plan in May. £2.0m is due to passthrough drugs and devices (offset by increased expenditure), commissioning income (excluding passthrough) was reported on plan (with a small £0.1m favourable variance from Medical Examiner income) as only limited activity data for April was available.
- Other income was £0.7m better than plan in May, £0.3m of this was due to R&D income (part of £0.5m contribution this month from R&D), there was a £1.0m non-recurrent benefit from Agreement of Balances income, offset by £0.4m from efficiency shortfalls.
- Private patients, overseas and RTA income was £0.4m worse than plan in May, principally from overseas income, where billing errors of £0.3m were corrected by the Private Patient team this month

Pay

- Pay was £0.7m worse than plan in May (and the same variance excluding R&D). The Trust plan is based on the month 11 run rate of 24/25 (inflated for 25/26 and with efficiency requirement deducted). The adverse variance is driven by a lack of delivery of recurrent pay efficiencies, with only £0.2m delivered in May compared to a target of £1.0m.

Non-Pay

- Non-pay was net £1.8m adverse to plan in May, excluding the £2.0m variance on passthrough and the R&D underspend of £0.2m, it was on plan. This has been achieved from underspends predominantly on premises and other expenditure, including aged GRNI release of a further £1.0m.

Income and Expenditure: Divisional Positions

Source: Finance Ledger.

I&E Variance Analysis £ms			IN MONTH 2				YEAR TO DATE				FULL YEAR
			Budget	Actual	Variance	Var %	Budget	Actual	Variance	Var %	Budget
Clinical	Clinical Support Services	Income	£11.3	£11.8	£0.4	3.9%	£22.6	£23.2	£0.5	2.3%	£135.9
		Pay	(£14.5)	(£14.8)	(£0.3)	(2.1%)	(£28.8)	(£29.6)	(£0.8)	(2.8%)	(£167.2)
		Non-Pay	(£9.2)	(£8.8)	£0.4	4.7%	(£10.0)	(£11.0)	(£1.0)	(10.4%)	(£58.5)
	Total Clinical Support Services		(£12.4)	(£11.8)	£0.6	4.7%	(£16.1)	(£17.4)	(£1.3)	(8.2%)	(£89.9)
	Medicine Rehabilitation and Cardiac	Income	£32.5	£32.9	£0.5	1.5%	£64.9	£65.5	£0.6	0.9%	£389.6
		Pay	(£17.6)	(£18.0)	(£0.5)	(2.8%)	(£34.9)	(£36.3)	(£1.5)	(4.2%)	(£201.6)
		Non-Pay	(£8.5)	(£9.4)	(£0.9)	(11.0%)	(£18.8)	(£19.9)	(£1.1)	(5.8%)	(£112.5)
	Total Medicine Rehabilitation and Cardiac		£6.4	£5.5	(£0.9)	(14.6%)	£11.3	£9.3	(£2.0)	(17.5%)	£75.5
	Neurosciences Orthopedics Trauma Specialist Surgery Childrens and Neonates	Income	£37.8	£37.6	(£0.2)	(0.5%)	£75.5	£75.1	(£0.4)	(0.6%)	£453.2
		Pay	(£21.3)	(£20.9)	£0.4	1.8%	(£42.0)	(£42.0)	£0.0	0.1%	(£243.0)
		Non-Pay	(£9.5)	(£11.1)	(£1.6)	(16.5%)	(£21.1)	(£22.4)	(£1.3)	(6.2%)	(£126.3)
	Total Neurosciences Orthopedics Trauma Specialist Surgery Childrens and Neonates		£7.0	£5.6	(£1.4)	(19.8%)	£12.5	£10.7	(£1.7)	(13.8%)	£83.9
	Surgery Women and Oncology	Income	£38.0	£38.9	£0.9	2.4%	£75.9	£76.2	£0.3	0.4%	£455.5
		Pay	(£18.1)	(£18.5)	(£0.4)	(2.1%)	(£35.4)	(£36.9)	(£1.5)	(4.2%)	(£204.2)
Non-Pay		(£12.1)	(£13.3)	(£1.2)	(10.0%)	(£26.5)	(£26.9)	(£0.5)	(1.8%)	(£157.2)	
Total Surgery Women and Oncology		£7.8	£7.1	(£0.7)	(8.8%)	£14.1	£12.4	(£1.7)	(11.8%)	£94.0	
Clinical Total			£8.8	£6.3	(£2.4)	(27.7%)	£21.7	£15.1	(£6.7)	(30.7%)	£163.5
Non-Clinical	Corporate	Total	(£8.7)	(£10.9)	(£2.2)	(25.0%)	(£21.0)	(£21.9)	(£0.9)	(4.5%)	(£125.2)
	Education and Training	Total	£3.9	£3.3	(£0.6)	(15.1%)	£7.8	£7.4	(£0.4)	(5.2%)	£47.1
	Estates	Total	(£12.4)	(£12.7)	(£0.3)	(2.0%)	(£24.5)	(£25.0)	(£0.5)	(1.9%)	(£146.4)
	Hosted Services	Total	£0.0	£0.0	£0.0	575.9%	£0.0	£0.0	£0.0	274.2%	£0.0
	Operational Services	Total	(£0.9)	(£0.9)	£0.0	1.8%	(£1.8)	(£1.8)	£0.0	2.1%	(£10.7)
	Research and Development	Total	£0.0	£0.5	£0.4		£0.0	£0.5	£0.5		(£0.0)
Non-Clinical Total		(£18.1)	(£20.7)	(£2.6)	(14.1%)	(£39.5)	(£40.8)	(£1.3)	(3.2%)	(£235.1)	
Technical	Operating Expenses	Total	(£3.6)	(£1.7)	£2.0	53.6%	(£7.4)	(£5.8)	£1.6	21.7%	(£42.1)
	Trust Wide Services	Total	£9.8	£12.8	£3.0	30.9%	£18.5	£24.9	£6.4	34.4%	£115.6
Technical Total		£6.1	£11.1	£5.0	81.1%	£11.1	£19.1	£8.0	71.9%	£73.6	
Control Total			(£3.2)	(£3.2)	£0.0	0.1%	(£6.7)	(£6.7)	£0.0	0.3%	£2.0

Clinical Divisions

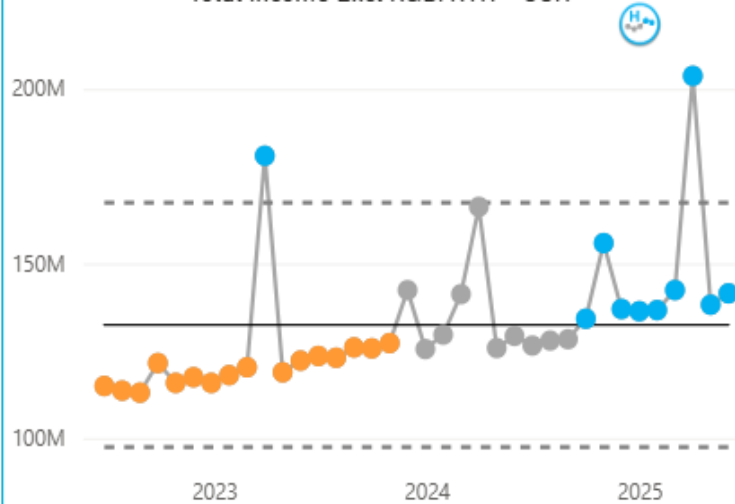
- Clinical divisions are £6.7m off plan year to date. MRC are the most significant at £2.0m adverse to plan, driven by a £1.5m efficiency shortfall. NOTSSCaN are £1.7m off plan, driven by a £2.0m efficiency shortfall. SUWON are £1.7m off plan, driven by pay cost pressures of £1.1m and a £2.0m efficiency target shortfall. CSS are £1.3m off plan, driven by a £2.3m efficiency shortfall, partially offset by increased activity and recharges.

Corporate, Opex, Trustwide Services

- Underspends, primarily in the central Trust wide budget (£6.4m YTD) and Operating Expenses (£1.6m YTD) are offsetting the Clinical Divisions overspends. This is due to budget allocations being held in the centre pending allocation decisions for business cases and commissioner growth. £20.0m of the delivery fund expenditure budget has been allocated out to clinical divisions this month, in accordance with the initial agreed amounts of funding for planned schemes this year.
- The Corporate division is £0.9m worse than plan, the principal factor for this is a shortfall against the efficiency target of £1.0m.

Source: Finance Ledger

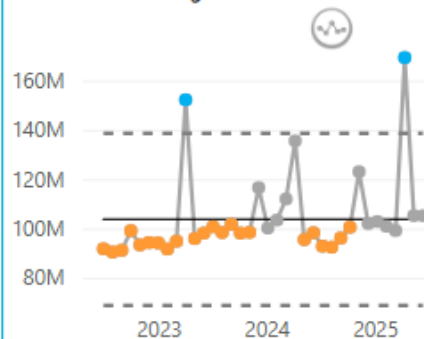
Total Income Excl R&D: RTH - *OUH



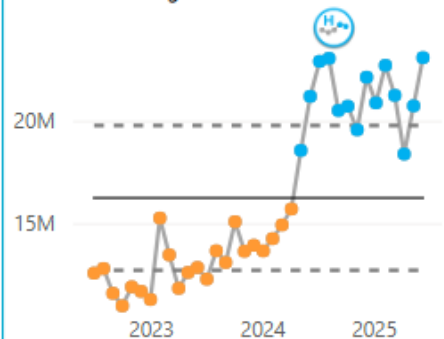
May 2025 (Month 2) - Total in-month Income of £145.5m

- Total income is £4.1m higher in May compared to April.
- Commissioning income is £2.3m higher in May. Passthrough income was £2.3m higher than the previous month and non-passthrough was unchanged from April (as income was again reported on plan for May, as only limited actual activity data was available for April).
- VWA targets have been replaced for 2025/26 with Indicative Activity Plans (IAPs) with commissioners that enable us to achieve the RTT / performance targets we committed to in the plan. The IAPs are currently part of contract negotiations.
- Other income was £1.9m higher in May than April. £0.8m of this was due to R&D income (giving a bottom-line contribution in-month of £0.5m), there was a £1.0m non-recurrent benefit from Agreement of Balances income.
- Private patients, overseas and RTA income decreased in May by £0.2m. The decrease was driven by overseas income, which was £0.6 lower from billing errors of £0.3m in April being corrected by the Private Patient team this month.

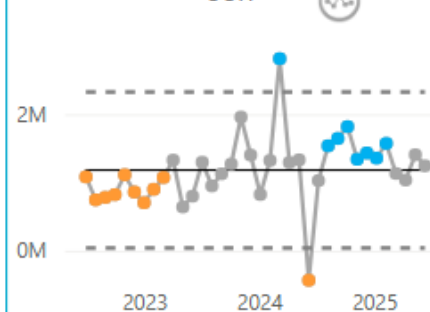
Commissioning Income: RTH - OUH



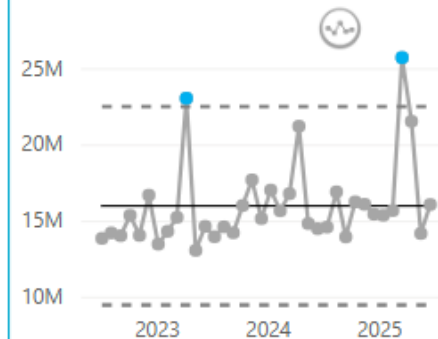
Pass Through Income: RTH - OUH



PP, Overseas & RTA Income: RTH - OUH



Other Income: RTH - OUH



SPC Trend Analysis

Total Income has consistently increased over the last financial year, driven by commissioning income and passthrough income (also seen in the '[Commissioning Income](#)' and '[Pass Through Income](#)' charts above). This a result of the pay award funding as well as the recognition of additional non-recurrent commissioner funding in the second half of each financial year (including deficit support funding in 2024/25).

- Total Income (and Commissioning income) each year-end above were all significantly high as a result of additional pension contributions funding.

Variable Elective Activity only: by Point of Delivery (POD)

POD	2025-26			
	M1 Plan	M1 Actual	M1 Variance	M1 % Variance
	£m	£m	£m	%
Day Case	6.78	6.51	(0.27)	-3.9%
Elective Inpatient	8.65	8.37	(0.28)	-3.3%
Elective Excess Beddays	0.13	0.12	(0.01)	-10.4%
Outpatient First Appts	5.90	5.58	(0.32)	-5.4%
Outpatient Procedures	2.88	3.39	0.51	17.7%
Total	24.34	23.96	(0.37)	-1.5%

Variable Elective Activity only: by Commissioner

Commissioner	2025-26			
	M1 Plan	M1 Actual	M1 Variance	M1 % Variance
	£m	£m	£m	%
BOB ICB	12.61	12.41	(0.20)	-1.6%
NHSE Spec Comm	9.42	9.33	(0.10)	-1.0%
Other Commissioners	2.30	2.22	(0.08)	-3.3%
Total	24.34	23.96	(0.37)	-1.5%

Variable Elective Activity only: by Division

Division	2025-26			
	M1 Plan	M1 Actual	M1 Variance	M1 % Variance
	£m	£m	£m	%
NOTSSCAN	11.28	11.02	(0.27)	-2.4%
SUWON	7.74	7.79	0.05	0.7%
MRC	4.63	4.42	(0.20)	-4.4%
CSS	0.69	0.74	0.05	6.6%
Total	24.34	23.96	(0.37)	-1.5%

NB Data taken from SLAM M1 25261 2425, adjusted to exclude elective activity not included within the definition of the Variable Elective envelope.

NHSE Spec Comm includes both

The payment mechanism for 2526 has changed from the 2425 payment mechanism. The majority of elective activity (elective inpatients, day cases, OPPROCs and OPFA, including those with a local tariff, will be paid variably, up to the plan value agreed with each commissioner. There is no guarantee that activity above this level will be reimbursed, but if there is underperformance, the variance will be clawed back.

Overperformance against the agreed plan value also risks commissioners implementing a bureaucracy-heavy contract lever against the Trust known as an 'Activity Management Plan (AMP)'.

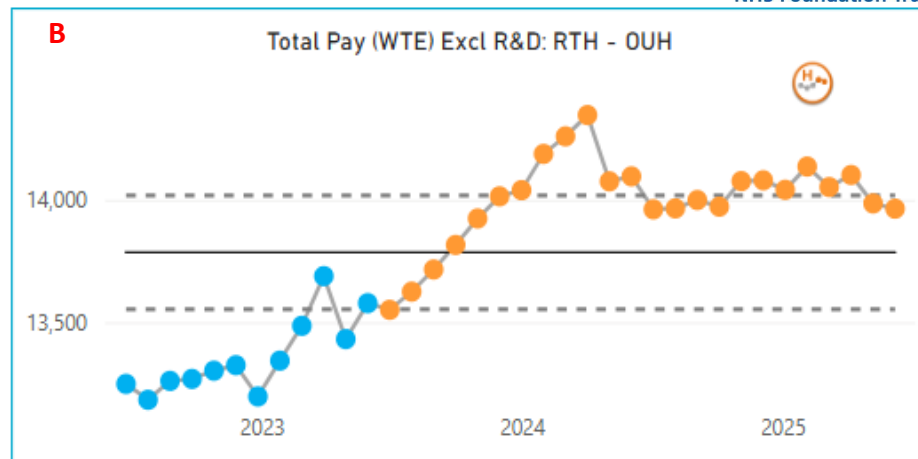
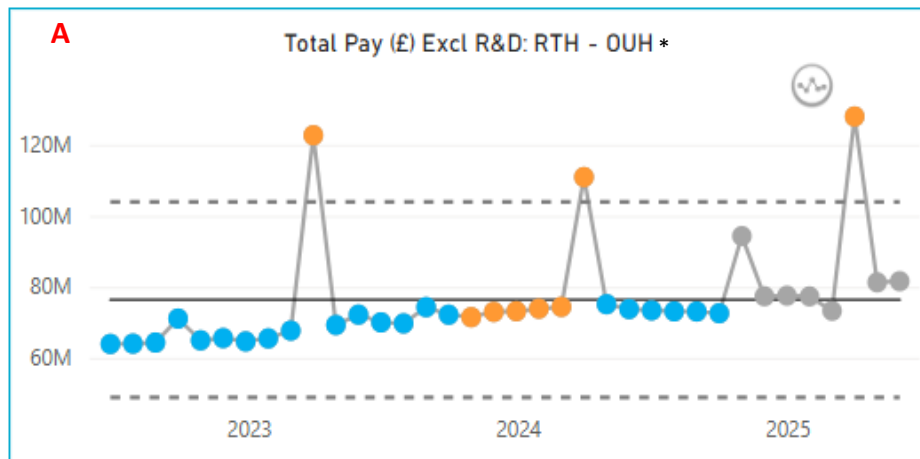
The plan value in SLAM reflects the activity assumptions made in the Trusts 2526 planning submission.

By POD:

- Additional OPPROC activity is mitigating the underperformance on the other elective PODs.
- This is being driven by activity within NOTSSCAN, particularly in Ophthalmology

Pay: Run Rate Overview

Source: Finance Ledger, excluding R&D costs.



May 2025
(Month 2)

£84.6m
(£81.6m
excl.
R&D)

13,964
WTE

- Total pay was £0.3m higher in May compared to April. Excluding R&D, pay costs were also £0.3m higher in May than in April.
- Substantive staffing costs were £0.7m higher in May compared to April. Excluding R&D, substantive pay also increased by £0.7m driven by consultant and medics costs increasing by £1.2m from last month, partly due to £0.3m of non-recurrent Clinical Excellence Award costs relating to the previous financial year. This was offset by a £0.5m reduction on nursing costs from last month. The Trust plan is based on the month 11 run rate of 24/25. The Trust has implemented financial controls on vacancies as part of the overall financial controls required across the ICB.
- Temporary staff in-month expenditure was £0.4m lower in May compared to April at £3.8m. The decrease in the cost of temporary staffing was in Bank spend (agency costs remained at the same level), with bank nursing costs reducing by £0.3m from April.
- Overall WTEs decreased by 21 in May compared to April (excluding R&D), driven by a 15 WTE reduction in substantive staffing. Bank staff remained at the same level and agency staff decreased by 6 WTE. The Trust plan assumes a WTE reduction of 675 (575 substantive staff and 100 on temporary staffing) by M12 2025/26 to achieve the savings target.

Trend
Analysis

- Pay spend continued its upward trend in Q4, albeit at a reduced rate, in part due to lower costs in February. Overall WTE has been stable and trended more slowly upwards (with decreases in bank and agency staff masking an upward trend in substantive staff). These are shown in Chart A and B above. Prior to this year, the previously increasing trend was driven by the annual pay awards, alongside other increases in pay relating to approved business cases, overall pay increase for Junior Doctors, open escalation beds and the use of temporary staffing to backfill sickness. Trend by staff group and type are shown in the additional detail provided in the Diligent Reading Room.

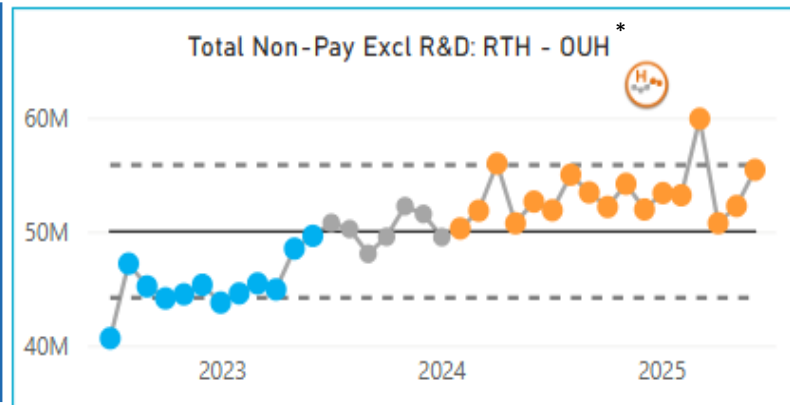
Non-Pay Run Rate Overview

Source: Finance Ledger, excluding R&D costs.



May 2025 (Month 2) – Total Non-Pay £56.1m (£55.4m excl. R&D)

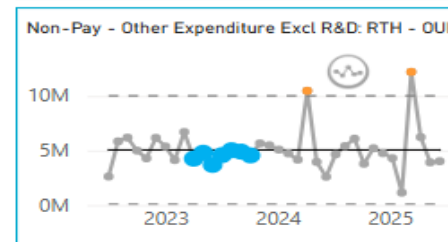
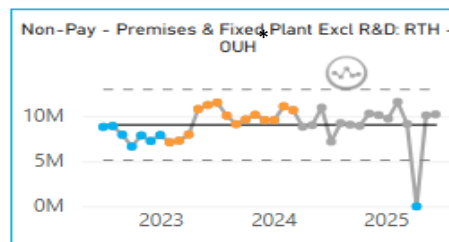
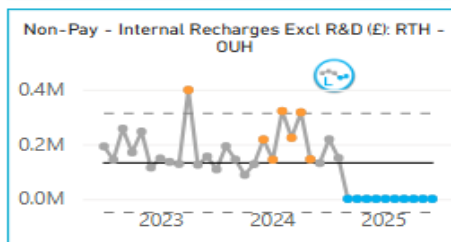
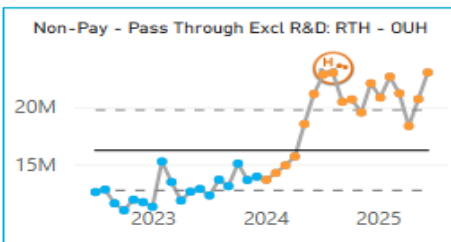
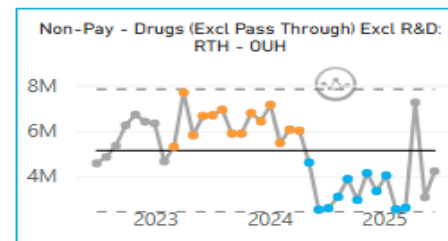
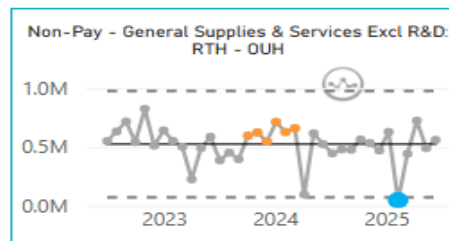
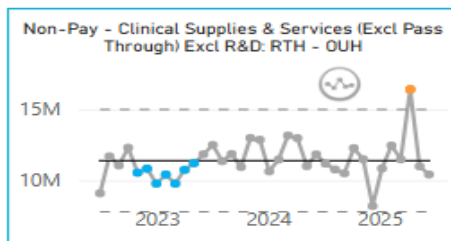
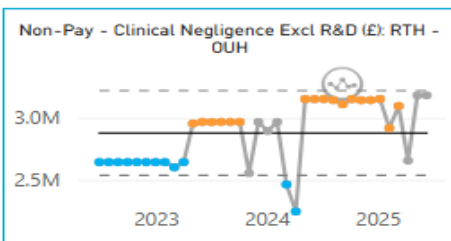
- Total non-pay is £3.7m higher in May than in April. Excluding R&D, non-pay costs are £3.2m higher than last month. Excluding passthrough costs that are £2.3m higher than in April, non-pay costs are £0.9m higher in May. Drugs expenditure is £1.1m higher than last month, driven by homecare drugs.
- Underlying non-pay at £32.9m is £1.9m lower than the average for the 2024/25 financial year.



SPC Trend Analysis

Non-pay expenditure has increased over the last two financial years and is an adverse special cause variation. This is driven by three principal factors.

- Non-elective (NEL) activity has grown significantly over the last 12 months (along with ALOS), this growth is unfunded in the commissioner contracts (see Non-Elective Activity analysis in the reading room pack).
- Non-activity driven non-pay costs have been impacted by extra-inflationary increases, premises & fixed plant has seen an increase in PFI costs from high RPI uplifts over the last two years (in excess of that allowed for in the CUF). Energy prices increased 226% in 2023/24 driving up costs in this area.
- Passthrough drugs and devices costs grew significantly during 2024/25 (matched by income).
- Drugs (excluding passthrough) costs have reduced since re-categorising some pass-through items incorrectly included in non-pass through in 2023/24.



Division	Plan 2025/26 (£m)	YTD Plan (£m)	Identified 2025/26 (£m)	Percentage Identified 2024/25	Delivered YTD (£m)	Variance to Plan YTD (£m)	Percentage Delivered
CSS	19.4	2.4	11.5	59%	0.6	-1.8	24%
MRC	15.7	1.5	13.2	84%	0.5	-1.0	32%
NOTSSCAN	21.6	2.2	17.8	83%	0.7	-1.6	30%
SUWON	20.6	2.3	12.6	61%	0.05	-2.3	2%
Corporate	8.1	1.1	4.8	60%	0.2	-0.9	16%
Education	1.2	0.1	0.6	46%			0%
Estates	7.0	1.1	4.6	65%	0.1	-1.0	7%
Operational Services	0.6	0.0	0.5	91%	0.1	0.0	143%
Operating Expenses	4.8	0.0	3.3	68%		0.0	0%
Central			22.8	0%	3.3	3.3	0%
TOTAL £m	99.0	10.8	91.7	93%	5.4	-5.4	50%

Efficiency savings

The Trust submitted a £2.0m surplus plan for 2025/26, incorporating a £99.0m Efficiency Cost Improvement Programme (CIP) target, equating to 5.6% of the planning baseline for pay and non-pay expenditure. Efficiency targets were allocated across divisions and categorised into income, pay, and non-pay.

Progress to Date

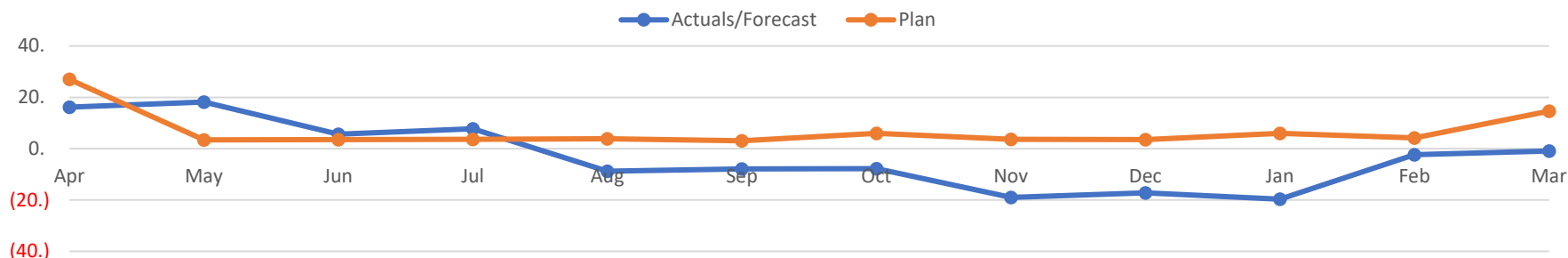
93% (£91.7m) of the total £99.0m target has been identified, with £7.3m remaining as unidentified. Deficit support funding from NHSE will be provided on a quarterly basis, conditional on full identification of the Trust's efficiency programme by the end of Q1.

Total savings reported as delivered in Month 2 amounted to £5.4m against a target of £10.8m (50%). Clinical divisions are £6.7m worse than plan, corporate divisions and Estates are £1.9m worse than plan, offset by £3.3m of central savings. The Trust is still on plan even though only 50% of savings have been delivered, this will become more difficult to maintain if efficiency delivery does not pick up.

Productivity

The Trust's Implied Productivity Growth compared to last year is +3.8%, which puts the trust 1.3% above the national average, and 1.2% above the average across the Trust's peer group. (Latest available data as at Jan-25).

Actuals/Forecast vs Plan Cash Balance £m

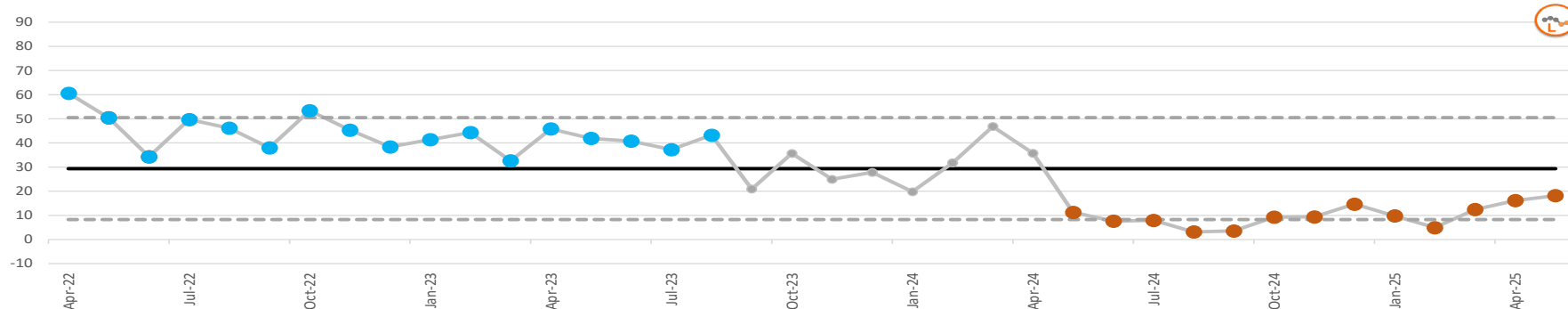


Cash is above plan at Month 2 by £14.8m.

- The Trust deferred more supplier payments than originally planned to manage the Trust's cash since there is currently no external cash support available
- Other non-NHS receipts were lower than planned by £0.8m.
- The Trust planned for capital spend related to 2024/25 to be phased more into May however urgent items came due for payment sooner than expected £5.4m.

The above are all due to timing, so the year-end forecast for cash is unchanged. Any upsides in cash, for example, additional income received related to 2024/25 activity, are being used to offset the need for external cash support. Ongoing actions through the Operational and Strategic Cash Committees are aiming to minimise the risk of cash issues and optimise any cash flows to the Trust's advantage.

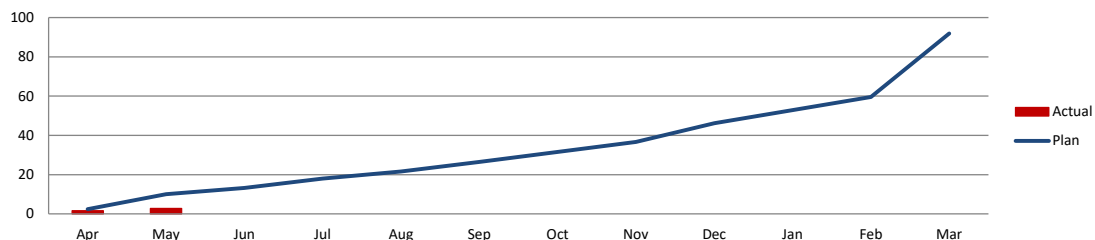
Cash and Cash Equivalent (£m)



Expenditure - by funding source	IN MONTH 2			YEAR TO DATE			Full year Plan
	Plan	Actual	Variance	Plan	Actual	Variance	
Gross Capital Expenditure included in Capital Allocation	£0.7	£0.1	£0.6	£1.4	£0.7	£0.7	£16.3
Less disposals/other deductions included in CDEL	(£1.5)	£0.0	(£1.5)	(£1.5)	£0.0	(£1.5)	(£14.8)
Purchase/(Sale) of Financial Assets	£0.0	£0.0	£0.0	£0.0	£0.0	£0.0	£0.0
Net Capital Expenditure included in Capital Allocation before IFRS 16	(£0.8)	£0.1	(£0.9)	(£0.1)	£0.7	(£0.8)	£1.5
IFRS 16 - Right of Use assets/Lease accounting	£5.2	£0.0	£5.2	£5.2	£0.0	£5.2	£32.6
Net Capital Expenditure included in Capital Allocation after IFRS 16	£4.4	£0.1	£4.3	£5.1	£0.7	£4.4	£34.0
National Funding PDC	£0.2	£0.0	£0.2	£0.3	£0.0	£0.3	£23.1
Residual interest (UK GAAP accounting for PFI life-cycling)	£0.5	£0.5	£0.0	£0.9	£0.9	£0.0	£5.6
Capital Departmental Expenditure Limit (CDEL)	£5.1	£0.6	£4.5	£6.4	£1.6	£4.7	£62.7
Government grants	£0.1	£0.0	£0.1	£0.3	£0.1	£0.2	£0.8
Charitable and other donations	£0.1	£0.2	(£0.1)	£0.2	£0.2	(£0.0)	£1.0
IFRIC 12 - PFI life-cycling (less Residual Interest)	£0.9	£0.5	£0.4	£1.7	£0.9	£0.8	£12.7
Net Capital Expenditure	£6.1	£1.2	£4.9	£8.6	£2.8	£5.7	£77.1
Add back sales, disposals, and other deductions	£1.5	£0.0	£1.5	£1.5	£0.0	£1.5	£14.8
Gross Capital Expenditure	£7.6	£1.2	£6.4	£10.1	£2.8	£7.2	£91.9

Expenditure - by strategic theme	IN MONTH 2			YEAR TO DATE			Full year Plan
	Plan	Actual	Variance	Plan	Actual	Variance	
Replacement / compliance	£7.3	£1.1	£6.2	£9.4	£2.6	£6.8	£56.1
Clinical strategy	£0.2	(£0.1)	£0.3	£0.4	£0.1	£0.3	£34.8
People plan	£0.0	£0.0	£0.0	£0.0	(£0.0)	£0.0	£0.3
Other	£0.1	£0.2	(£0.0)	£0.3	£0.1	£0.1	£0.8
Gross Capital Expenditure	£7.6	£1.2	£6.4	£10.1	£2.8	£7.2	£91.9

Cumulative Performance Against Plan (£m)



The Capital plan for 2025/6 is as submitted to NHSE on 30 April 2025.

The Gross Capital value from the plan is £91.94m, of which £34.01m is included within the Operating Capital allocation, which includes the impact of IFRS16 (leases).

The Operating Capital envelope comprises:

- £21.01m lease element of the SEC main build; £10.65m lease element of the Imaging replacement contract with Ergea; £0.89m provision for lease renewals
- £16.25m self-funded expenditure
- Less £14.80m planned disposals (£8.70m steel; £3.00m laptops; £3.10m relating to the Ergea contract)

Outside Operating Capital, the following provisions are included:

- £23.10m PDC-funded; £0.80m NIHR grant for Pharmacy refurb; £1.0m for non-cash equipment donations; £18.24m for PFI life-cycling, of which £7.14m is MES.

The Capital Plan update submitted to IC on 30 April showed an oversubscription to the Operating Capital envelope of £1.72m..

Gross CapEx to May was £2.83m, £7.24m below the submitted plan, overall.

This variance includes £5.14m for Gamma and MRIN elements of the Ergea MSA, anticipated in May but not realized at month end (expected June).

Spend within self-funded Operating Capital allocation was £0.71m, under plan by £0.73m, predominantly due to timing differences.

Spend outside the allocation is £1.31m behind plan, due to timing differences of PFI MES replacements, and expenditure against NIHR grant and PDC seed funding.

Appendix 1 – Other Supporting Analysis: Month 2 2025/26

Month 2 Year to Date (£ms)					
Plan	Underlying	R&D	Pass through	One-off	Reported
Income	236.0	7.6	42.1	0.7	286.4
Pay	(163.7)	(5.9)	0.0	1.3	(168.4)
Non pay	(68.1)	(1.6)	(42.1)	3.7	(108.1)
Non-Opex	(16.5)	0.0	0.0	0.0	(16.5)
Total Plan	(12.4)	0.0	0.0	5.7	(6.7)
Actuals	Underlying	R&D	Pass through	One-off	Reported
Income	231.7	7.3	43.8	4.2	287.0
Pay	(166.7)	(6.0)	0.0	3.9	(168.9)
Non pay	(64.9)	(0.8)	(43.8)	1.0	(108.5)
Non-Opex	(16.3)	0.0	0.0	0.0	(16.3)
Total Actuals	(16.3)	0.5	0.0	9.1	(6.7)
Variance	Underlying	R&D	Pass through	One-off	Reported
Income	(4.3)	(0.3)	1.7	3.5	0.6
Pay	(3.1)	(0.0)	0.0	2.6	(0.5)
Non pay	3.2	0.8	(1.7)	(2.7)	(0.3)
Non-Opex	0.2	0.0	0.0	0.0	0.2
Total Variance	(3.9)	0.5	0.0	3.4	0.0

R&D:

- £0.5m underspend due to surpluses on commercial and non-commercial income (released from the Balance Sheet).
- Small mix change between pay and non-pay due to specific grants won and projects/trials delivered.

Pass through:

- Passthrough income and expenditure are above plan by £1.4m to date, net nil impact.
- The Trust is paid 3+ months in arrears for over-performance and after suppliers have been paid.
- On passthrough drugs and devices there are currently £14.7m of cash payments still due to the Trust (with £7.4m of this due from NHSE and £6.4m due from BOB ICB). The Trust does not have an I&E exposure to over-performance.

One-off: The more significant non-recurrent items included in the reported financial position to date for this financial year include:

- Deficit support funding (£3.2m)
- Underspends on centrally held budget allocations (£5.4m)
- Non-recurrent efficiencies of £1.4m reported by the clinical divisions

Statement of Financial Position (SOFP)

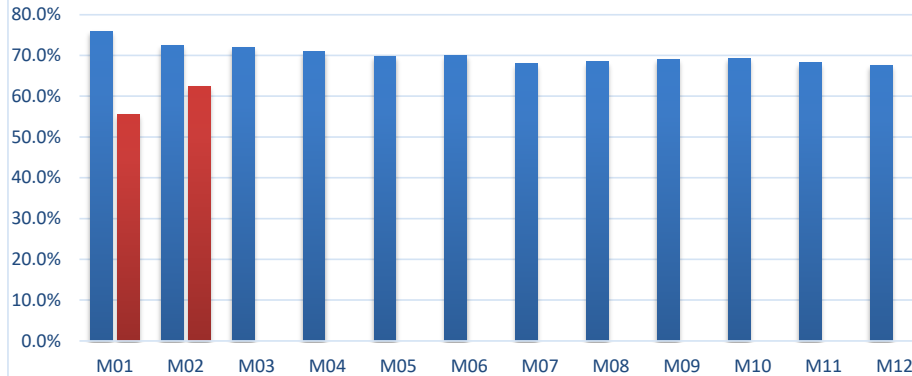
Statement of Financial Position 2024/25	M12 2025	In Month 2 2026	In Mth PLAN	Variance to PLAN	Movement in month	Movement from year- end
NON-CURRENT ASSETS:						
Property, Plant and Equipment	£769.2	£762.2	£782.5	(£20.4)	(£3.7)	(£7.0)
Investments	£62.1	£62.1	£60.4	£1.7	£0.0	£0.0
Trade and Other Receivables - non current	£14.0	£13.5	£9.1	£4.4	(£0.4)	(£0.5)
Total Non Current Assets	£845.2	£837.7	£852.1	(£14.3)	(£4.1)	(£7.5)
CURRENT ASSETS:						
Inventories	£32.9	£31.7	£34.8	(£3.1)	£0.0	(£1.2)
Trade and Other Receivables - current	£93.1	£103.6	£77.4	£26.2	£12.2	£10.5
Cash	£12.5	£18.2	£3.4	£14.8	£2.0	£5.7
Total Current Assets	£138.4	£153.5	£115.7	£37.8	£14.3	£0.7
TOTAL ASSETS	£983.7	£991.2	£967.7	£23.5	£10.2	(£6.7)
CURRENT LIABILITIES						
Trade and Other Payables - current	(£197.6)	(£206.7)	(£172.5)	(£34.2)	(£17.8)	(£9.1)
Other Liabilities: Deferred Income - current	(£1.3)	(£8.1)	(£12.4)	£4.3	£3.3	(£6.9)
Other Liabilities: - current	(£0.3)	(£0.3)	(£0.3)	(£0.0)	£0.0	£0.0
Provisions current	(£0.9)	(£0.9)	(£0.9)	(£0.0)	£0.0	£0.0
Borrowings - current	(£8.1)	(£8.6)	(£23.0)	£14.4	(£0.2)	(£0.5)
Loans - current	(£1.2)	(£1.2)	(£1.6)	£0.4	£0.1	£0.0
Total Current Liabilities	(£209.4)	(£225.8)	(£210.7)	(£15.1)	(£14.7)	(£16.4)
NET CURRENT ASSETS/(LIABILITIES)	(£71.0)	(£72.3)	(£95.0)	£22.7	(£0.4)	(£15.7)
TOTAL ASSETS LESS CURRENT LIABILITIES	£774.3	£765.4	£757.0	£8.3	(£4.5)	(£23.1)
NON-CURRENT LIABILITIES:						
Other Liabilities: Deferred Income - non current	(£2.3)	(£2.3)	(£2.5)	£0.2	£0.0	£0.0
Other Liabilities: - non current	(£3.6)	(£3.5)	(£3.4)	(£0.1)	£0.0	£0.1
Provisions - non current	(£6.4)	(£6.4)	(£6.2)	(£0.2)	£0.0	£0.0
Borrowings - non current	(£356.6)	(£354.9)	(£355.0)	£0.1	£0.8	£1.7
Loans - non current	(£17.8)	(£17.5)	(£17.5)	£0.0	£0.3	£0.3
Total Non-Current Liabilities	(£386.6)	(£384.6)	(£384.7)	£0.1	£1.2	£2.0
5 LESS LIABILITIES (Total Assets Employed)	£387.6	£380.8	£372.4	£8.4	(£3.3)	(£21.1)
TAXPAYERS EQUITY						
Public Dividend Capital	£355.0	£355.0	£355.0	(£0.0)	£0.0	£0.0
Retained Earnings reserve	(£154.5)	(£159.6)	(£171.3)	£11.8	(£2.4)	(£5.0)
Revaluation Reserve	£195.3	£193.5	£196.8	(£3.3)	(£0.9)	(£1.8)
Other Reserves	£1.7	£1.7	£1.7	£0.0	£0.0	£0.0
FV Assets Reserve	(£9.9)	(£9.9)	(£9.8)	(£0.0)	£0.0	£0.0
Total	£387.6	£380.8	£372.4	£8.4	(£3.3)	(£6.8)

Balance Sheet

- PPE has reduced due to additions being lower than depreciation and amortisation.
- Trade and other receivables are higher than plan due to some new items being accrued at year-end that weren't known at the time the plan was produced.
- Cash is above plan – see earlier slide.
- Trade and other payables have increased largely due to deferral of payments since no external cash support was available.
- Borrowings are lower than plan due to the Trust changing its policy on when to account for remeasurement of two of its largest PFI liability balances.

Total Bills paid within target - number

■ Bills paid within target 2024-25 ■ Bills paid within target 2025-26



	2025	2026	
	M12	M01	M02
Debtor Days	8.09	6.71	7.36
Creditor Days	52.33	43.32	45.32

BPPC

- Performance of paying invoices within 30 days has dropped due to managing the Trust's cash position. The Trust is taking action to prioritise and cycle supplier payments as appropriate to maintain services and relationships.

Debtor Days

- Debtor days have increased in M2 due to an increase in funding due to the Trust. Work is being prioritised within the Accounts Receivable team to trial different approaches to debt collection.

Creditor Days

- Creditor days have increased in M2 due to the Trust managing its cash position.

Appendix 2 – Financial Control Update

Activity	Outputs	Deadline	Update	RAG
1. 2025/26 budget setting	<ul style="list-style-type: none"> Budget setting approach paper approved by TME First iteration of budgets agreed and locked down prior to start of 25/26 FY 	27 th March 2025 for first iteration of budgets	Complete Final budgets were signed off in late June.	
2. Implementation of budgetary controls	<ul style="list-style-type: none"> Budgetary control policy developed and approved by TME Budgetary control expectations communicated to all Divisions and arrangement in place to monitor compliance 	27 th March 2025	Complete Budget reconciliation in place. Quarterly process for budget adjustments in place for Q1.	
3. Standing Financial Instructions and Scheme of Delegated Authorities review	<ul style="list-style-type: none"> Revised SFIs and SoDA developed, socialised with key stakeholders and approved by Audit Committee Where possible, delegated limits hard-coded into systems (e.g. Oracle) Revised documents shared on the intranet and promoted internally 	30 th April 2025	Complete SFIs approved by May Board. SoDA approved by June Board. In effect from 1 July and communication campaign has commenced.	
4. Divisional Finance operating model	<ul style="list-style-type: none"> Review Divisional Finance operating model to ensure resilience and alignment of actions to the Trust financial plan and budget 	18 th April 2025	In progress Assessment tabled to April IAC Internal audit underway in Q1	

Activity	Outputs	Deadline	Update	RAG
5. Review and implementation of financial control best practice	<ul style="list-style-type: none"> Further review of HFMA Financial Sustainability Checklist and Grip and Control checklists undertaken A set of deliverable priorities arising from the review agreed, including lead owners and indicative milestones / deadlines 	31 st July 2025	<p>Not started</p> <p>Will commence after audit</p>	
6. Maximise 3rd line of defence assurance	<ul style="list-style-type: none"> Review of 25/26 Internal Audit plan to increase focus on control / align better to key financial and operational priorities 	30 th April 2025	<p>Complete</p> <p>Plan approved, some audits starting in Q1.</p>	
7. Budget holder training	<ul style="list-style-type: none"> Rolling Trustwide budget holder training programme to equip budget holders with skills and information to more effectively manage their budgets 	Commenced March 2025 and ongoing	<p>Complete</p> <p>Programme up and running. Over 80 staff trained to date. Additional sessions are being laid on due to demand</p>	
8. Monthly Performance Process	<ul style="list-style-type: none"> Review of monthly finance performance reporting Review of meeting structure and content of material presented to ensure good financial management. Detailed mitigation plans required for any areas off plan 	31 st July 2025	<p>In progress.</p> <p>Application of budget control and VCP to M2 variances agreed at TME in June. Additional controls will be rolled out in July</p>	