

Finance, Procurement and Contracting

Financial Performance Report: Month 4

Jason Dorsett: Chief Finance Officer

Financial Performance Report

Integrated themes and issues from Month 4 (July 2025)

Executive Summary

Overall

Income and Expenditure (I&E) was a £1.0m deficit in Month 4, which was £0.2m better than plan. The underlying deficit was estimated to be £5.8m, which was £1.8m worse than planned. This was driven by underlying income. Overall worked WTE (excluding R&D) increased by 28 WTE in July, with a 71 WTE increase in temporary bank staffing primarily due to industrial action.

This paper also reports on the underlying position which will be resubmitted to NHSE in September as part of preparation for the medium-term plan. A final one page update will be circulated prior to the meeting.

For 25/26 most elective activity will be paid variably, up to the plan value agreed with each commissioner. Variable income performance has been included this month based on Q1 activity data which shows a net overperformance for electives and diagnostics, this has increased income by £0.9m this month (£3.4m YTD). There is risk in recognising this if performance is not maintained or if commissioners implement an 'Activity Management Plan (AMP)'.

Activity

Income

Commissioning income (excluding passthrough) was £0.8m better than plan for Month 4, £0.8m of this was from elective and diagnostic activity (as noted above). Passthrough drugs and devices were £3.1m above plan in month, this is neutral to the bottom line as matched with expenditure.

Other income was £0.9m worse than plan in Month 4, this was driven by Education and Training income (£1.4m worse than plan).

Private patients, overseas and RTA income was £0.2m worse than plan in Month 4, due to Private Patient income which was £0.2m worse than plan.

Headcount

Whole Time Equivalent headcount (excluding R&D) in July increased by 28 WTE. The increase has been in bank staffing (71 WTE, including 26 on medical staff). Substantive staff reduced by 32 and agency staff reduced by 12. 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 £0.5m better than plan in Month 4, this is driven by underspends on substantive staffing, most significantly on medical staff, £0.9m underspend in month, 103 WTE below plan).

Non-Pay Expenditure

Non-pay costs were £4.0m adverse to plan in Month 4, (£0.8m adverse to plan excluding the £3.1m passthrough variance and R&D £0.1m overspend). £1.4m is driven by shortfall against efficiency plans in month (excluding non-cash releasing schemes).

Cash

Cash was £13.5m at the end of July, £4.6m higher than the previous month and £9.9m higher than plan. This variance is predominantly due to slippage on capital cash outflows (which are £8.5m below plan) and the Trust continuing to defer more supplier payments than originally planned to manage the Trust's cash since there is currently no external cash support available. Any upsides in cash are being used to offset the need for external cash support.

Conclusion

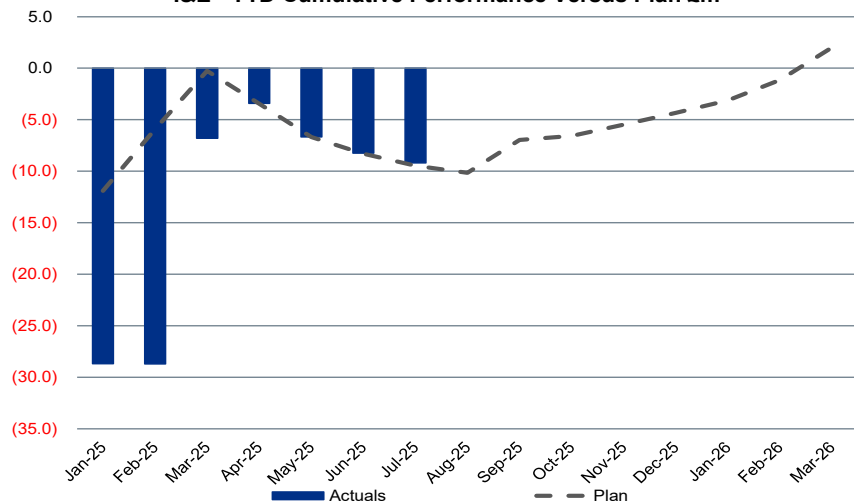
The Trust is slightly ahead of plan in month and year to date with a £9.2m deficit, this has been partly achieved through non-recurrent underspends although recurrent efficiency delivery has improved over the last two months.

Financial Performance Report

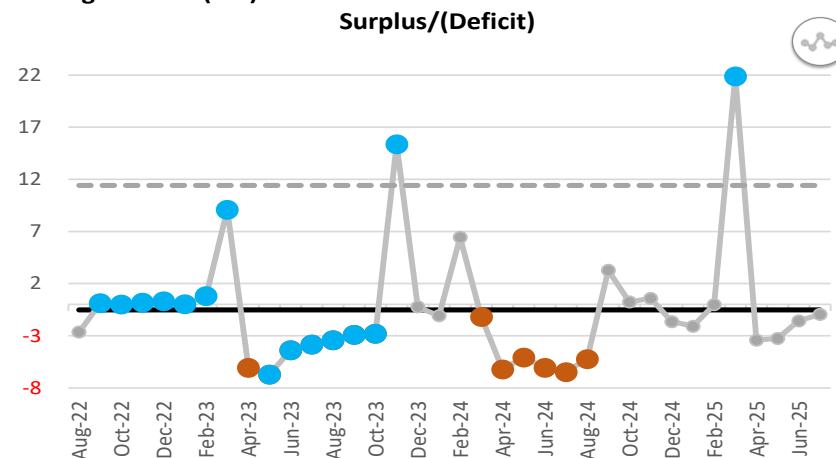
Integrated themes and issues from Month 4 (July 2025)

Summary Charts

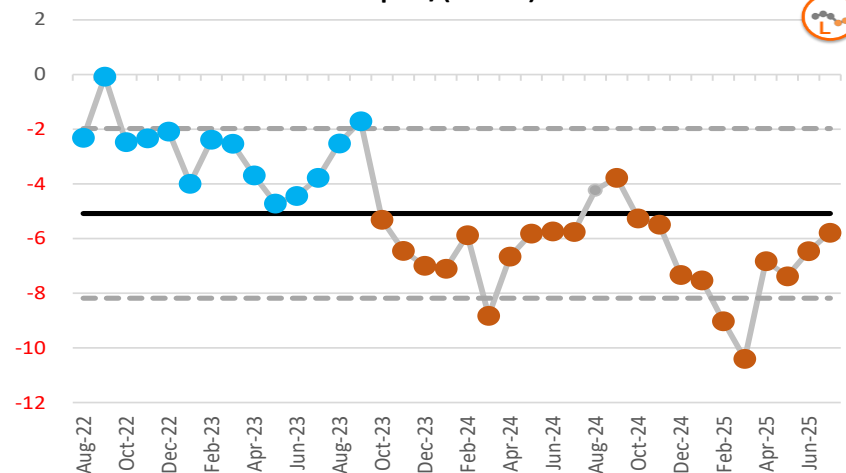
I&E - YTD Cumulative Performance Versus Plan £m



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



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



Financial Performance Report

Integrated themes and issues from Month 4 (July 2025)

Key Actions Arising from Month 4

CIP

The key action arising from the month 4 financial position remains the need to improve the delivery of the CIP programme. The YTD delivery is 80% of the planned level. Delivery of the full £99m plan is fundamental to the Trust meeting its financial plan. 100% of the CIP programme was identified by the end of June deadline. Work now must focus on de-risking the plans and moving identified schemes from opportunities into fully developed schemes. At month 4 reporting 34% of identified schemes were classified as high risk.

Budget Control Process

As the clinical divisions remained off plan year to date at month 3, they were required to complete rectification plans to demonstrate how they will deliver the financial plan. The first submission of these plans on 18th July highlighted that no division has submitted a route to deliver a breakeven financial plan. Further confirm and challenge meetings will be held with the divisions and further financial controls may be considered. Until rectification plans are agreed:

- No new posts can go out to recruitment. Divisions will have to request exceptions with agreement required by the COO. Divisions will be required to document any divisional reviews of posts and outcomes as well as those that are put forward for approval.
- No discretionary non-clinical non pay. Exceptions can be requested from the COO and CFO
- No new business cases to BPG even if funded. Exceptions will need to be requested from the COO and CFO.

A series of options are under consideration by TME to ensure in year delivery of the financial plan. See private board paper.

Contracts

Income reporting is using actual contract values, or draft contract values where the contract has not been finalised.

TME is asked to note that:

- HCDD T&Cs are being finalised with BOB
- Progress with Spec comm is slower due to queries relating to activity plans, and difficulties in getting responses from non-SE Regional teams
- Contracts with Associate commissioners are aligned to plan

Income and Expenditure: Overview – Reported Position

Source: Budget in Finance Ledger.

I & E Subjective £m	IN MONTH 4				YEAR TO DATE				FULL YEAR Plan
	Plan	Actual	Var	Var %	Plan	Actual	Var	Var %	
Income									
Commissioning Income	111.1	111.8	0.8	0.7%	427.8	431.3	3.5	0.8%	1,283.4
Passthrough Drugs & Devices	17.8	20.9	3.1	17.2%	79.5	87.1	7.6	9.5%	238.5
Other Income	15.4	14.6	(0.9)	-5.7%	61.4	61.6	0.3	0.4%	188.9
PP, Overseas and RTA Income	1.7	1.4	(0.2)	-14.0%	7.4	5.4	(2.0)	-27.1%	20.1
Total Income	146.0	148.7	2.7	1.9%	576.0	585.4	9.4	1.6%	1,730.8
Pay									
Consultants and Medics	(30.7)	(30.3)	0.3	1.1%	(118.4)	(116.7)	1.7	1.5%	(353.1)
Health Care Assistants & Support	(6.8)	(7.4)	(0.5)	-7.5%	(27.3)	(29.1)	(1.8)	-6.7%	(79.0)
Nurse and Midwives	(23.8)	(23.0)	0.8	3.5%	(95.0)	(92.9)	2.1	2.2%	(277.3)
Other Staff	(12.1)	(12.4)	(0.3)	-2.5%	(48.5)	(50.0)	(1.5)	-3.1%	(139.9)
Scientific, Therapeutic and Technical	(12.0)	(11.9)	0.1	1.0%	(47.8)	(47.2)	0.6	1.3%	(140.1)
Total Pay	(85.5)	(85.0)	0.5	0.5%	(337.1)	(336.0)	1.2	0.3%	(989.3)
Non-Pay									
Clinical negligence	(3.2)	(3.1)	0.0	1.1%	(12.7)	(12.7)	0.0	0.3%	(38.2)
Clinical Supplies & Services	(10.3)	(12.3)	(2.0)	-19.6%	(40.9)	(45.2)	(4.3)	-10.5%	(122.7)
Drugs & Devices	(24.5)	(27.6)	(3.2)	-13.0%	(98.0)	(106.5)	(8.5)	-8.6%	(294.1)
Passthrough Drugs & Devices	(17.8)	(20.9)	(3.1)	-17.2%	(79.5)	(87.1)	(7.6)	-9.5%	(238.5)
Drugs	(6.7)	(6.8)	(0.1)	-1.6%	(18.5)	(19.5)	(0.9)	-4.9%	(55.6)
General Supplies & Services	(0.5)	(0.6)	(0.0)	-7.8%	(2.2)	(2.2)	(0.0)	-0.1%	(6.4)
Internal Recharges	(0.0)	(0.0)	0.0	100.0%	(0.1)	0.0	0.1	100.0%	(0.3)
Premises & Fixed Plant	(10.8)	(9.0)	1.8	16.8%	(42.5)	(39.3)	3.2	7.5%	(124.5)
Other Expenditure	(4.1)	(4.8)	(0.7)	-16.0%	(18.9)	(21.1)	(2.2)	-11.8%	(52.0)
Total Non-Pay	(53.4)	(57.4)	(4.0)	-7.5%	(215.3)	(227.0)	(11.7)	-5.4%	(638.2)
Operational EBITDA	7.1	6.3	(0.8)	-11.7%	23.6	22.4	(1.2)	-5.0%	103.3
Financing and Capital Charges (Excl Tech Adj)	(8.3)	(7.2)	1.0	12.7%	(33.0)	(31.6)	1.5	4.4%	(101.3)
Operational Surplus / (Deficit)	(1.2)	(1.0)	0.2	18.2%	(9.5)	(9.2)	0.3	2.8%	2.0

Income

- Commissioning income, including passthrough, is £11.1m better than plan to date. £7.6m is due to passthrough drugs and devices (offset by increased expenditure), other commissioning income is £3.5m better than plan mainly due to recognising £3.4m of contract activity overperformance and £0.6m of additional income from other ICB contracts.
- Other income is £0.3m better than plan YTD. R&D income is £0.8m better than plan (£0.9m contribution from R&D YTD), this is offset by other areas of income being £0.5m below plan.
- Private patients, overseas and RTA income is £2.0m worse than plan to date, principally from private patient income (£1.7m), where the efficiencies are £1.0m below the target.

Pay

- Pay is £1.2m better than plan to date (£1.5m better than plan excluding R&D). The variance is driven by delivery of recurrent pay efficiencies, especially bank staff and agency savings which are £1.9m better than plan.

Non-Pay

- Non-pay is £11.7m worse than plan YTD, excluding the £7.6m adverse variance on passthrough and the R&D underspend of £0.5m, it was £4.6m worse than plan. The main driver of this variance is the non-pay savings delivery being £6.0m worse than plan YTD (excluding non-cash releasing efficiencies)

Income and Expenditure: Divisional Positions

Source: Finance Ledger.

I&E Variance Analysis £ms			IN MONTH 4				YEAR TO DATE				FULL YEAR
			Budget	Actual	Variance	Var %	Budget	Actual	Variance	Var %	Budget
Clinical		Income	£12.7	£12.1	(£0.7)	(5.3%)	£46.2	£46.7	£0.5	1.1%	£138.2
	Clinical Support Services	Pay	(£15.2)	(£14.9)	£0.4	2.4%	(£58.3)	(£59.0)	(£0.7)	(1.2%)	(£171.8)
		Non-Pay	(£4.8)	(£5.8)	(£1.0)	(20.5%)	(£19.8)	(£22.8)	(£3.0)	(15.1%)	(£58.1)
	Total Clinical Support Services		(£7.3)	(£8.6)	(£1.3)	(17.9%)	(£31.8)	(£35.0)	(£3.2)	(9.9%)	(£91.8)
		Income	£33.4	£35.5	£2.1	6.2%	£137.9	£139.4	£1.4	1.0%	£413.3
	Medicine Rehabilitation and Cardiac	Pay	(£17.9)	(£18.2)	(£0.3)	(1.6%)	(£70.9)	(£71.7)	(£0.8)	(1.2%)	(£207.0)
		Non-Pay	(£9.4)	(£10.1)	(£0.7)	(7.0%)	(£37.6)	(£39.8)	(£2.2)	(5.9%)	(£112.5)
	Total Medicine Rehabilitation and Cardiac		£6.1	£7.2	£1.1	18.8%	£29.4	£27.8	(£1.6)	(5.4%)	£93.8
		Income	£38.7	£39.9	£1.2	3.1%	£155.4	£157.1	£1.7	1.1%	£465.9
	Neurosciences Orthopedics Trauma Specialist Surgery Childrens and Neonates	Pay	(£21.5)	(£21.1)	£0.4	1.8%	(£84.7)	(£83.5)	£1.2	1.4%	(£247.3)
		Non-Pay	(£10.5)	(£11.4)	(£0.9)	(8.2%)	(£42.2)	(£46.7)	(£4.5)	(10.7%)	(£126.3)
Total Neurosciences Orthopedics Trauma Specialist Surgery Ch		£6.6	£7.4	£0.7	11.0%	£28.5	£26.9	(£1.6)	(5.6%)	£92.3	
	Income	£40.4	£44.1	£3.7	9.2%	£161.7	£168.7	£7.0	4.3%	£484.7	
Surgery Women and Oncology	Pay	(£18.3)	(£19.0)	(£0.7)	(4.1%)	(£72.3)	(£73.8)	(£1.5)	(2.1%)	(£210.7)	
	Non-Pay	(£13.2)	(£15.0)	(£1.9)	(14.4%)	(£53.1)	(£59.2)	(£6.1)	(11.5%)	(£157.4)	
Total Surgery Women and Oncology		£9.0	£10.0	£1.1	12.0%	£36.4	£35.8	(£0.6)	(1.7%)	£116.6	
Clinical Total			£14.3	£16.0	£1.6	11.4%	£62.5	£55.5	(£7.0)	(11.2%)	£210.9
Non-Clinical	Corporate	Total	(£10.6)	(£10.9)	(£0.3)	(3.1%)	(£42.1)	(£42.5)	(£0.4)	(0.9%)	(£125.9)
	Education and Training	Total	£4.0	£2.1	(£1.8)	(46.2%)	£15.8	£13.6	(£2.2)	(14.0%)	£47.3
	Estates	Total	(£12.4)	(£11.3)	£1.1	8.7%	(£48.9)	(£47.9)	£1.0	2.1%	(£146.5)
	Hosted Services	Total	£0.0	£0.0	£0.0	1997.8%	£0.0	£0.0	£0.0	709.6%	£0.0
	Operational Services	Total	(£0.9)	(£0.9)	£0.0	4.0%	(£3.6)	(£3.5)	£0.1	3.3%	(£10.7)
	Research and Development	Total	£0.0	£0.1	£0.1		£0.0	£0.9	£0.9		(£0.0)
Non-Clinical Total			(£19.9)	(£20.9)	(£1.0)	(4.8%)	(£78.9)	(£79.4)	(£0.5)	(0.7%)	(£235.7)
Technical	Operating Expenses	Total	(£3.6)	(£3.1)	£0.6	15.8%	(£14.8)	(£14.7)	£0.1	0.7%	(£42.1)
	Trust Wide Services	Total	£8.1	£7.0	(£1.0)	(12.9%)	£21.8	£29.5	£7.7	35.2%	£68.9
Technical Total			£4.4	£4.0	(£0.5)	(10.5%)	£7.0	£14.7	£7.8	111.7%	£26.9
Control Total			(£1.2)	(£1.0)	£0.2	18.2%	(£9.5)	(£9.2)	£0.3	2.8%	£2.0

Clinical Divisions

- Clinical divisions are £7.0m off plan year to date. CSS are the most significant at £3.2m adverse to plan, driven by a £3.4m efficiency shortfall, which is partially offset by increased activity and increased contract income. NOTSSCaN are £1.6m off plan, driven by a £1.6m efficiency shortfall. MRC are £1.6m off plan, driven by a £1.7m efficiency shortfall. SUWON are £0.6m off plan, driven by a £2.4m efficiency target shortfall, offset by favourable variances on income.

Corporate, Opex, Trustwide Services

- Underspends in the central Trust wide budget (£7.7m YTD) are offsetting the Clinical Divisions overspends. A net £68.9m income budget remains in Trustwide services which is comprised of income not distributed to divisions. For example, the largest items are deficit support funding (£16.5m), depreciation growth funding (£11.1m), distance from target funding (£8m), system stretch funding (£8m), convergence funding (£5.9). There are small amounts held against business cases (e.g. surgical Hub business case - £3m for the year) and centrally held commissioning income.
- The Corporate division is £0.5m adverse to plan, driven by Education and Training in month (£1.8m off plan in month, predominantly due to £1.4m of funding for training posts being transferred into Clinical Divisions for the YTD, after receipt of the updated LDA schedule for the current financial year).

Risk	Link to CRR	Category	Likelihood	Value (£m)
Delivery of CIP programme	CRR 1153 Financial Plan - Cost Control Risk cause 2: Budgets set based on unrealistic assumptions	All	High	32
Divisional rectification plans	Divisional rectification plans not delivering	Non Pay and Non operating costs	Medium	6
Commissioners do not pay for overperformance (estimated value)	CRR 1153 (Financial Plan - Cost Control) Risk cause 4: Demand for services above assumptions in the plan	Income	High	4
Cerner Pharmacy write-off and OCMR investment property accounting	CRR 1153 Financial Plan - Cost Control Risk cause 2: Budgets set based on unrealistic assumptions	Non Pay and Non Operating costs	Medium	4
Prior year aseptic costs not accrued	CRR 1153 Financial Plan - Cost Control Risk cause 3: Inadequate controls in place over pay and non-pay costs	Non Pay and Non operating costs	High	2
Unfunded volume growth due to end of BOB local HCDD arrangement	CRR 1119 (Medium- to Long-Term Sustainability of Trust I&E Position) Risk cause 5: Move of some elements of funding to block versus activity-based funding	Income	High	1
Total Risk identified at month 4				49

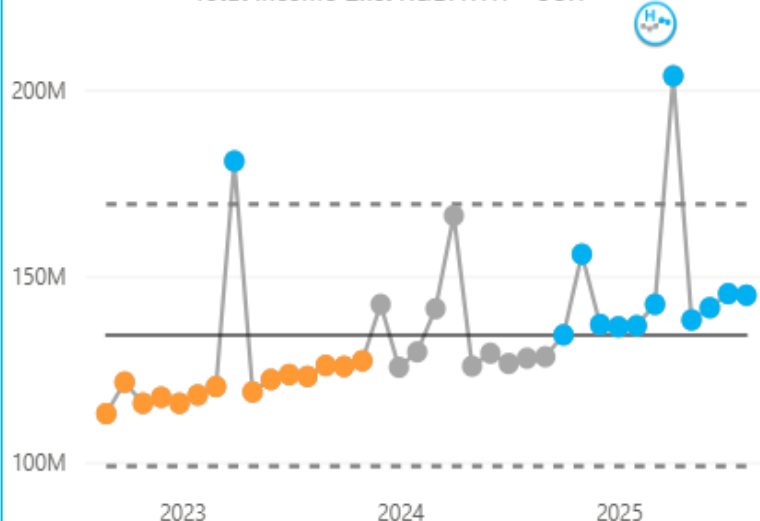
NHSE is placing more significance on the risks declared in the monthly finance return. These are set out in the table above for assurance via TME to Board/IAC prior to carrying out a thorough review of the finance risks in the CRR.

- There is currently £49m of risk identified to the financial forecast of £2m surplus as at month 4
- £32m of this risk related to the delivery of the efficiency programme and is calculated using an NHSE methodology based on the status of our identified schemes.
- The remaining £16m of risk has been identified based upon risk to payment of activity overperformance, changes to the BOB high-cost drugs and devices arrangement, risk relating to the delivery of divisions rectification plans and by some potential costs that were not known at the planning stage, but which may materialise in year.
- The risks have been linked to the Corporate Risk Register (CRR) and further work will be undertaken to ensure the triangulation of risk reporting.

Income By Source

Source: Finance Ledger

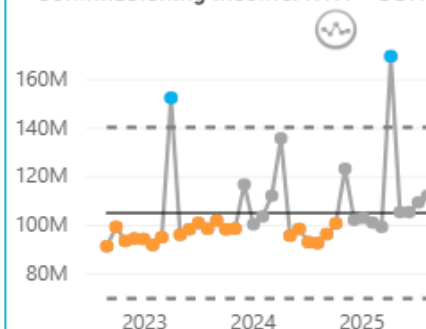
Total Income Excl R&D: RTH - *OUH



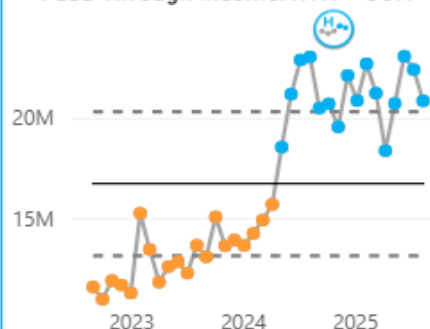
July 2025 (Month 4) - Total in-month Income of £148.7m

- Total income is £1.1m lower in July compared to June.
- Commissioning income is £1.1m higher in July. Passthrough income was £1.6m lower than the previous month and non-passthrough income was £2.7m higher in July due to additional Cost Uplift Factor (CUF) income being accrued for in relation to funding of the 2025/26 pay award. This is matched with additional pay inflation costs, so neutral to the I&E overall.
- 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 £2.3m lower in July than June. £0.6m of this was due to R&D income and £0.9m from non-patient care income, with reductions across several areas.
- Private patient, overseas and RTA income increased in July by £0.1m. The increase was driven by RTA income, which was £0.3m higher this month and Private Patient income £0.1m higher than in June, offset by a £0.2m reduction in overseas income.

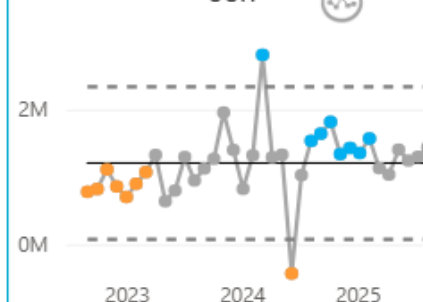
Commissioning Income: RTH - OUH



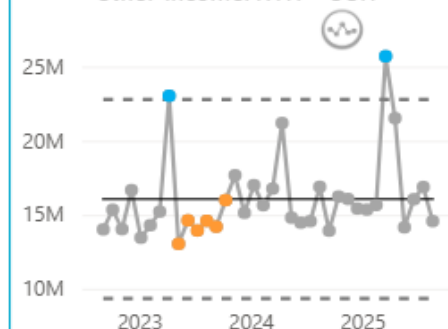
Pass Through Income: RTH - OUH



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 is 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 because of additional pension contributions funding.

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

POD	2025-26			
	M1-M3 Plan	M1-M3 Actual	M1-M3 Variance	M1-M3 % Variance
	£m	£m	£m	%
Day Case	20.85	20.82	(0.03)	-0.1%
Elective Inpatient	26.41	26.44	0.02	0.1%
Elective Excess Beddays	0.39	0.24	(0.16)	-39.8%
Outpatient First Appts	17.94	18.91	0.97	5.4%
Outpatient Procedures	8.15	8.90	0.74	9.1%
Total	73.74	75.30	1.56	2.1%

Variable Elective Activity only: by Commissioner

Commissioner	2025-26			
	M1-M3 Plan	M1-M3 Actual	M1-M3 Variance	M1-M3 % Variance
	£m	£m	£m	%
BOB ICB	39.44	40.39	0.96	2.4%
NHSE Spec Comm	27.24	27.61	0.37	1.4%
Other Commissioners	7.07	7.29	0.22	3.2%
Total	73.74	75.30	1.56	2.1%

Variable Elective Activity only: by Division

Division	2025-26			
	M1-M3 Plan	M1-M3 Actual	M1-M3 Variance	M1-M3 % Variance
	£m	£m	£m	%
NOTSSCAN	35.15	35.31	0.16	0.5%
SUWON	22.05	23.24	1.20	5.4%
MRC	14.45	14.39	(0.06)	-0.4%
CSS	2.09	2.36	0.26	12.5%
Total	73.74	75.30	1.56	2.1%

NB Actuals data taken from SLAM M3v4 2526, adjusted to exclude elective activity not included within the definition of the Variable Elective envelope.

NHSE Spec Comm includes both

NHSE and Delegated Specialised Services contracts and activity plans not yet agreed. Activity performance is reported above using our internal SLAM plan. One key change to be applied is for NHSE's intention to monitor using SUS data, different to the SLAM based ICB contracts.

M3 shows a value overperformance of 2.1% on variable elective activity. This £1.56m YTD overperformance, if maintained, is in line with the Board approved level of risk on overperformance.

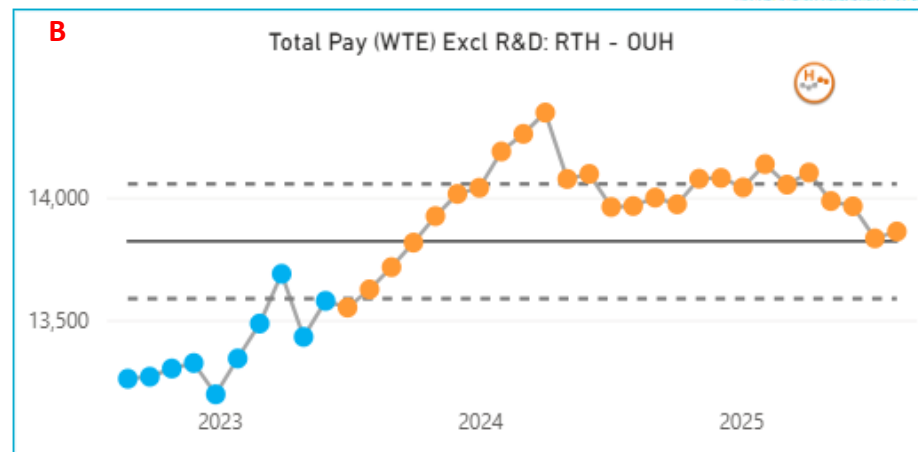
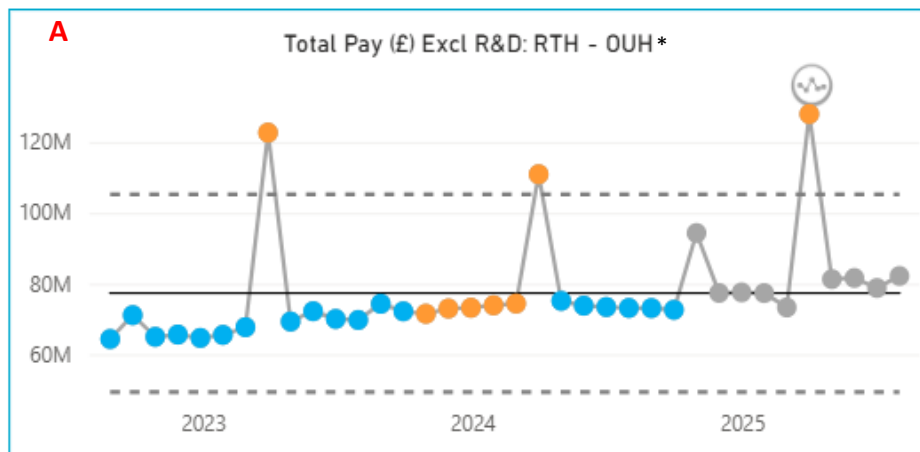
The overperformance mainly sits within the BOB ICB contract.

By POD:

- Under performance on DC has reduced significantly since M2. Over performance in most directorates is being offset by under performance in is driven by Specialist Surgery (NOTTSCAN)(-£251k), Children (NOTTSCAN (-£126k), and Gynae (SUWON) (-£108k).
- EL performance has worsened between M2 and M3, driven by adverse variances in run rate in C&T Surg (+£61k M2 to -£53k M3), Children (+£129k to +£43k) and SpecSurg (-£16k to -£216k). These have been offset to an extent by improved positions for Neurosci (-£306k to -£231k) and Surg (SUWON) (-£49k to +£17k).
- The OPFA overperformance is largely down to overperformance within SUWON, specifically Onc & Haem (+£373k) and GET (+£108k); alongside T&O (NOTTSCAN) (+£135k). These have been offset to an extent by improved positions for
- The OPPROC overperformance is driven by NOTTSCAN (Ophthalmology +£211k) and SUWON (Renal +£366k).

Pay: Run Rate Overview

Source: Finance Ledger, excluding R&D costs.



July 2025
(Month 4)

£85.0m
(£82.2m
excl.
R&D)

13,861
WTE
(excl.
R&D)

Trend
Analysis

- Total pay was £2.9m higher in July compared to June. Excluding R&D, pay costs were £3.4m higher in July than in June.
- Substantive staffing costs were £2.2m higher in July compared to June. Excluding R&D, substantive pay increased by £2.7m driven by a £2.6m accrual for four months worth of the additional pay award between the rate included in the planning guidance and the final award given (matched with additional income). The July position also includes £0.4m of additional pay costs to cover the resident doctor industrial action.
- Temporary staff in-month expenditure was £0.7m higher in July compared to June at £3.9m. The increase in the cost of temporary staffing was in Bank spend (agency costs remained at the same level), due to covering resident doctor strikes and the holiday period.
- Overall WTEs increased by 28 in July compared to June (excluding R&D), driven by a 71 WTE increase in bank staffing (Consultants and Medics 26 WTE, Nurses 19 WTE, Health Care Assistants 17 WTE). Substantive staff decreased by 32 WTE and agency staff decreased by 12 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.
- The Trust plan is based on the month 11 run rate of 2024/25.
- Note the Reading Room pack includes a reconciliation from ESR to the general ledger which provided assurance on data quality
- 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 has been on a downward trend now for the last four months (with decreases in substantive, bank and agency staff since March). 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.

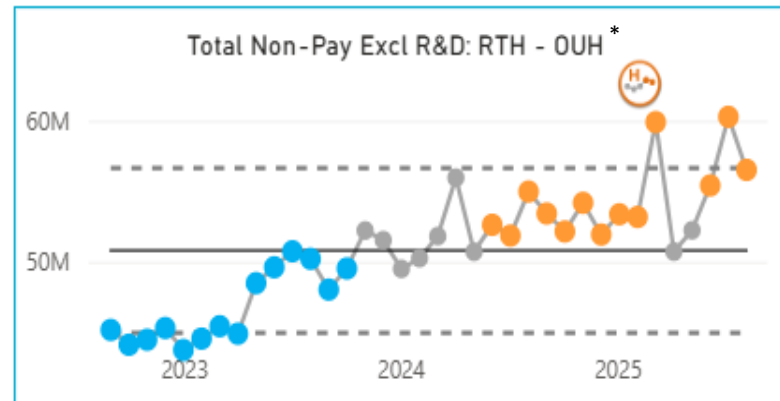
Non-Pay Run Rate Overview

Source: Finance Ledger, excluding R&D costs.



July 2025 (Month 4) – Total Non-Pay £57.4m (£56.5m excl. R&D)

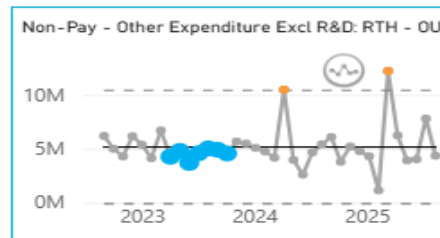
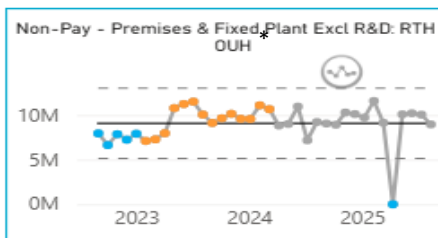
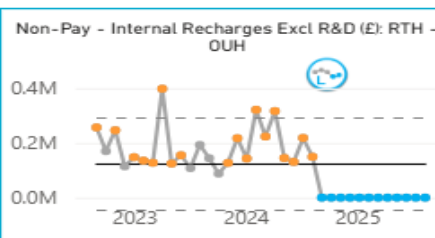
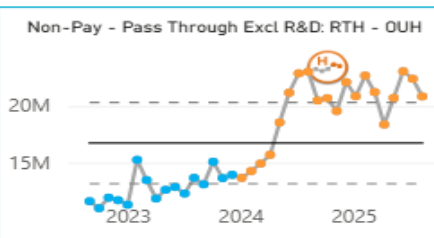
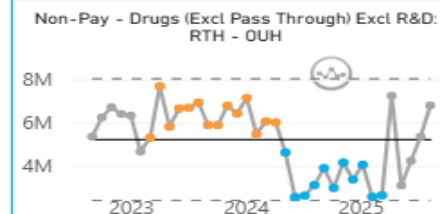
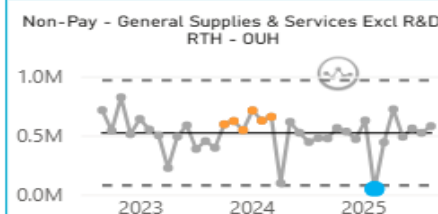
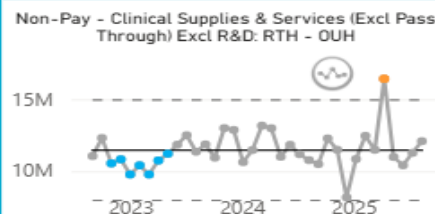
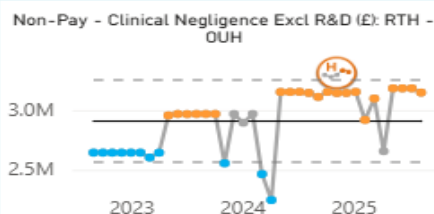
- Total non-pay is £3.7m lower in July than in June. Excluding R&D, non-pay costs are £3.8m lower than last month. Excluding passthrough costs that are £1.6m lower than in June, non-pay costs are £2.2m lower in July. Premises costs are £1.1m lower than last month due to a one-off benefit of £1.2m for an insurance rebate on the PFI contract.
- Underlying non-pay at £38.1m is £3.3m higher than the average for the 2024/25 financial year.
- Detailed analysis is underway to understand fully the drivers of the non pay position both against plan and the increasing run rate trend, which will be included in next month's report.



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 had reduced since re-categorising some pass-through items in 2023/24, however this financial year is showing an increasing cost trend in this area.



Division	Plan 2025/26 (£m)	YTD Plan (£m)	Identified 2025/26 (£m)	Percentage Identified 2025/26	Delivered YTD (£m)	Variance to Plan YTD (£m)	Percentage Delivered
CSS	19.4	5.3	12.8	66%	1.9	-3.4	37%
MRC	15.7	3.7	10.0	64%	2.0	-1.7	55%
NOTSSCAN	21.6	5.2	16.6	77%	3.6	-1.6	69%
SUWON	20.6	5.3	13.3	64%	2.9	-2.4	55%
Corporate	8.1	2.3	21.5	265%	1.9	-0.4	83%
Education	1.2	0.4	0.0	0%	0.0	-0.4	0%
Estates	7.0	2.4	4.6	66%	0.8	-1.5	35%
Operational Services	0.6	0.1	0.5	82%	0.2	0.0	126%
Operating Expenses	4.8	0.0	3.6	75%	1.1	1.1	0%
Central			23.9	0%	5.2	5.2	0%
TOTAL CASH RELEASING	99.0	24.7	106.7	108%	19.7	-5.0	80%
TOTAL NON-CASH RELEASING	0.0	0.0	13.7	0%	5.3	5.3	0%
TOTAL SAVINGS	99.0	24.7	120.4	122%	25.0	0.3	101%

Progress to Date

108% (£106.7m) of the total £99.0m target has been identified. Receiving the deficit support funding from NHSE on a quarterly basis was conditional on the Trust's efficiency programme being fully identified by the end of Q1 and now, a new requirement has been added that efficiency plans must be fully developed by the end of Q2.

We are working with divisions to ensure their plans are fully developed. Divisions were issued with CIP checklists in June to be completed by each directorate. Progress so far has been unsatisfactory ((MRC 3/3, SUWON 2/6, CSS 0/5, NOTTSCaN 6/6, Corporate 4/9). Divisions are also submitting PIDs for specific schemes at the fortnightly Productivity Committee.

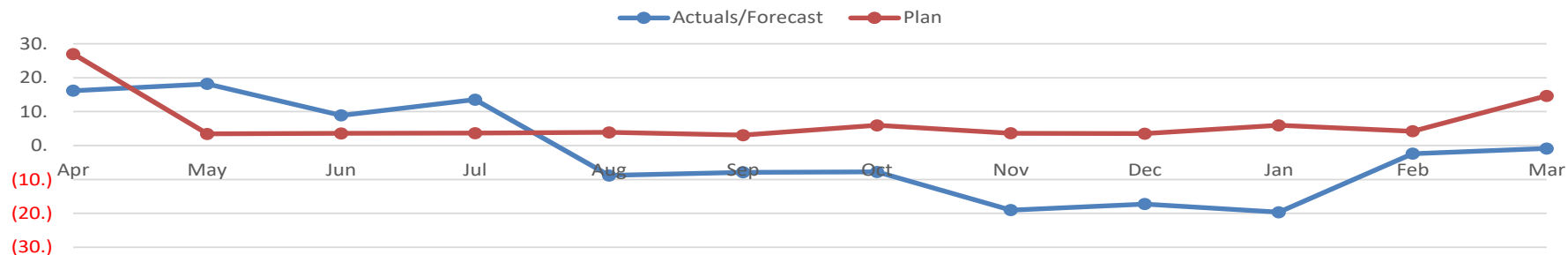
Total cash-releasing savings reported as delivered in Month 4 amounted to £19.7m against a target of £24.7m (80%). Clinical divisions are £9.1m worse than plan, corporate divisions and Estates are £1.2m worse than plan, offset by £5.2m of central savings. The Trust is still on plan even though only 80% of savings have been delivered, this will become more difficult to maintain if efficiency delivery does not continue to pick up.

£5.3m of non-cash releasing savings were also reported at M4 to NHSE following changes in their data collection last month requiring this information in addition to cash-releasing schemes.

Productivity

The Trust's Implied Productivity Growth compared to last year is +4.3%, which puts the trust 1.4% above the national average, and 0.8% above the average across the Trust's peer group. (Latest available data as at March 2025).

Actuals/Forecast vs Plan Cash Balance £m

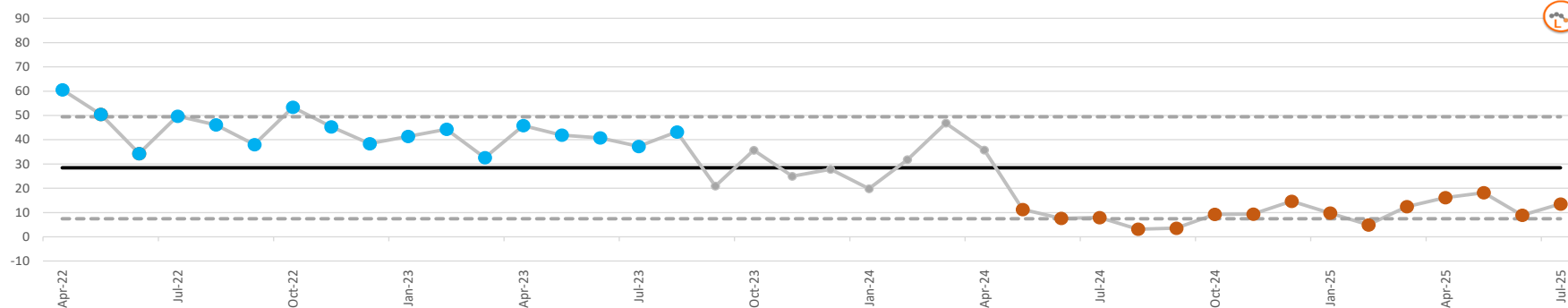


Cash is above plan at Month 4 by £9.9m.

- The Trust deferred more supplier payments than originally planned to manage the Trust's cash as there has been no external cash support available so far in 25/26
- Payroll costs have been higher than planned

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.

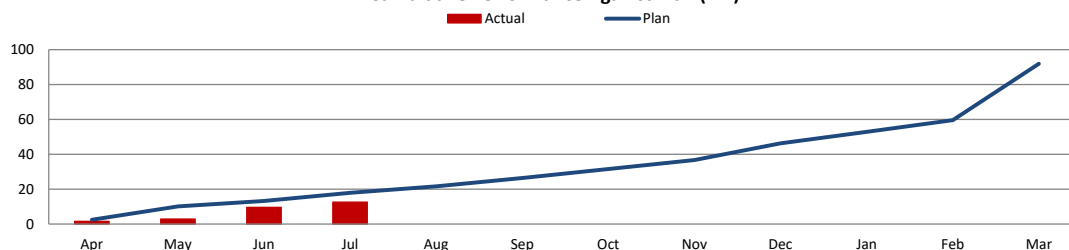
Cash and Cash Equivalent (£m)



£m	IN MONTH 4			YEAR TO DATE			Full year Plan
	Plan	Actual	Variance	Plan	Actual	Variance	
Gross Capital Expenditure included in Capital Allocation	£0.8	£0.1	£0.7	£2.9	£1.8	£1.1	£16.3
Less disposals/other deductions included in CDEL	£0.0	£0.0	£0.0	(£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	£0.7	£1.4	£1.8	(£0.4)	£1.5
IFRS 16 - Right of Use assets/Lease accounting	£1.1	£1.5	(£0.4)	£6.3	£6.0	£0.3	£32.6
Net Capital Expenditure included in Capital Allocation after IFRS 16	£1.9	£1.5	£0.3	£7.8	£7.8	(£0.1)	£34.0
National Funding PDC	£1.3	£0.1	£1.2	£2.5	£0.2	£2.2	£23.1
Residual interest (UK GAAP accounting for PFI life-cycling)	£0.5	£0.5	£0.0	£1.9	£1.9	£0.0	£5.6
Capital Departmental Expenditure Limit (CDEL)	£3.6	£2.1	£1.5	£12.1	£9.9	£2.2	£62.7
Government grants	£0.1	£0.3	(£0.2)	£0.5	£0.5	£0.0	£0.8
Charitable and other donations	£0.1	£0.1	(£0.0)	£0.3	£0.3	£0.0	£1.0
IFRIC 12 - PFI life-cycling (less Residual Interest)	£0.9	£0.5	£0.4	£3.5	£1.8	£1.7	£12.7
Net Capital Expenditure	£4.7	£3.0	£1.7	£16.4	£12.5	£3.9	£77.1
Add back sales, disposals, and other deductions	£0.0	£0.0	£0.0	£1.5	£0.0	£1.5	£14.8
Gross Capital Expenditure	£4.7	£3.0	£1.7	£17.9	£12.5	£5.4	£91.9

£m	IN MONTH 4			YEAR TO DATE			Full year Plan
	Plan	Actual	Variance	Plan	Actual	Variance	
Replacement / compliance	£4.3	£2.7	£1.6	£16.6	£11.2	£5.4	£56.1
Clinical strategy	£0.2	(£0.1)	£0.3	£0.8	£0.9	(£0.1)	£34.8
People plan	£0.0	(£0.0)	£0.0	£0.0	(£0.0)	£0.0	£0.3
Other	£0.1	£0.3	(£0.2)	£0.5	£0.4	£0.1	£0.8
Gross Capital Expenditure	£4.7	£3.0	£1.7	£17.9	£12.5	£5.4	£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:

- £32.55m lease impacts on CDEL; £16.25m self-funded expenditure; less £14.80m planned disposals

Outside Operating Capital, the following provisions are included:

- £23.10m PDC-funded; £0.80m grants; £1.0m for charitable and other donations; £18.24m for PFI life-cycling, of which £7.14m is MES.

Gross CapEx to July was £12.52m, £5.42m (24%) below the submitted plan, overall.

Spend with the Operating Capital envelope was £7.81m, £0.05m (1%) over plan. However, this hides issues around complex accounting of the Ergea lease and disposals. Within this variance were:

- Impact of the treatment of the MRIN transfer has added £2.30m to the YTD position. The treatment of this transaction is subject to further review. This is in part offset by the deferred recognition of the PET CT lease element, anticipated in July at £1.05m.
- Other notable underspends due to profiling include: MEPP/MERRP £0.75m; SEC £0.33m; self-funded CIR £0.19m; other leases £0.20m. These are partly offset by an overspend on Digital of £0.44m due to staff capitalization relating to SDE.

Outside Operating Capital, PDC expenditure to date is behind £2.25m, as work has recently started following receipt of early funding MoUs. PFI MES replacements (radiology) is behind a straight-line plan by £1.66m.

Appendix 1 – Other Supporting Analysis: Month 4 2025/26

Month 4 Year to Date (£m)					
Plan	Underlying	R&D	Pass through	One-off	Reported
Income	479.5	14.9	79.5	2.1	576.0
Pay	(327.8)	(11.8)	0.0	2.5	(337.1)
Non pay	(140.2)	(3.1)	(79.5)	7.4	(215.3)
Non-Opex	(33.0)	0.0	0.0	0.0	(33.0)
Total Plan	(21.5)	0.0	0.0	12.1	(9.5)
Actuals	Underlying	R&D	Pass through	One-off	Reported
Income	474.8	15.7	87.1	7.8	585.4
Pay	(327.6)	(12.2)	0.0	3.8	(336.0)
Non pay	(141.0)	(2.6)	(87.1)	3.7	(227.0)
Non-Opex	(32.7)	0.0	0.0	1.1	(31.6)
Total Actuals	(26.4)	0.9	0.0	16.4	(9.2)
Variance	Underlying	R&D	Pass through	One-off	Reported
Income	(4.7)	0.8	7.6	5.7	9.4
Pay	0.2	(0.4)	0.0	1.3	1.2
Non pay	(0.8)	0.5	(7.6)	(3.8)	(11.7)
Non-Opex	0.4	0.0	0.0	1.1	1.5
Total Variance	(4.9)	0.9	0.0	4.3	0.3

R&D:

- £0.9m underspend due to surpluses on commercial and non-commercial income. This was released from the Balance Sheet once it was clear deferred income was not needed to cover any further trial costs.
- 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 £7.6m 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 £16.1m of cash payments still due to the Trust (with £8.1m of this due from NHSE and £8.0m due from BOB ICB. Included in the BOB cash delay are £6.6m of payments due from last financial year). 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 (£6.4m)
- Underspends on centrally held budget allocations (£5.4m)
- Gain on Disposals (£1.1m)
- PFI Insurance Benefit (£1.2m)

NHSE data collection – for medium term plan

- NHSE collected estimates of the underlying financial performance of the Trust as part of planning. OUH reported that it estimated it's underlying deficit to be £55.6m for 2025/26 (2024/25: £71.9m). The £2m planned deficit was adjusted for non-recurring efficiencies (£38.5m) and deficit support (£19.3m). NHSE's methodology required us to treat contractually non-recurrent income as recurrent. This is different to the methodology used above.
- Underspends on centrally held budget allocations (£5.4m)
- Gain on Disposals (£1.1m)
- PFI Insurance Benefit (£1.2m)

Statement of Financial Position (SOFP)

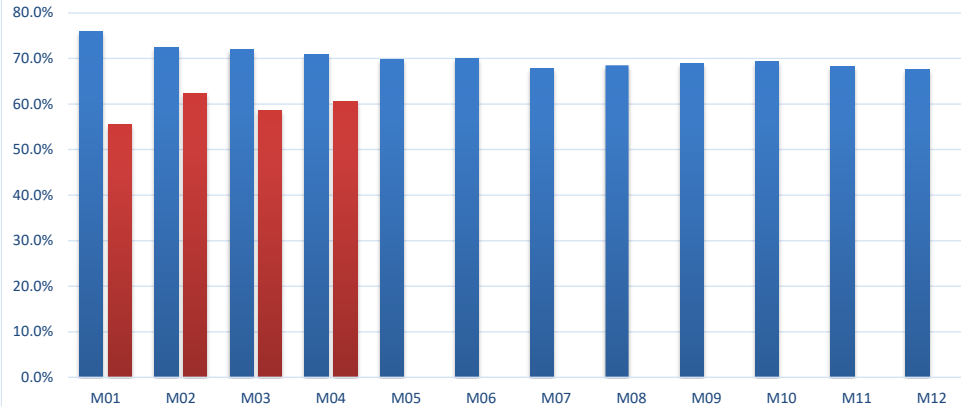
Statement of Financial Position 2024/25	M12 2025	In Month 4 2026	In Mth PLAN	Variance to PLAN	Movement in month	Movement from year- end
NON-CURRENT ASSETS:						
Property, Plant and Equipment	£769.2	£762.1	£779.6	(£17.5)	(£1.9)	(£7.0)
Investments	£62.1	£62.0	£60.4	£1.6	£0.0	(£0.1)
Trade and Other Receivables - non current	£14.0	£13.7	£9.1	£4.6	£0.1	(£0.3)
Total Non Current Assets	£845.2	£837.8	£849.1	(£11.3)	(£1.8)	(£7.4)
CURRENT ASSETS:						
Inventories	£32.9	£31.4	£34.3	(£2.9)	(£0.3)	(£1.5)
Trade and Other Receivables - current	£93.1	£116.3	£81.6	£34.7	£17.4	£23.2
Cash	£12.5	£13.5	£3.6	£9.9	£4.6	£1.1
Total Current Assets	£138.4	£161.3	£119.6	£41.7	£21.8	£0.7
TOTAL ASSETS	£983.7	£999.1	£968.7	£30.4	£20.0	(£6.7)
CURRENT LIABILITIES						
Trade and Other Payables - current	(£197.6)	(£204.7)	(£170.7)	(£34.0)	(£7.9)	(£7.1)
Other Liabilities: Deferred Income - current	(£1.3)	(£15.8)	(£18.7)	£2.9	(£12.4)	(£14.6)
Other Liabilities: - current	(£0.3)	(£0.3)	(£0.3)	(£0.0)	£0.0	£0.0
Provisions current	(£0.9)	(£0.8)	(£0.9)	£0.0	£0.1	£0.1
Borrowings - current	(£8.1)	(£6.4)	(£24.0)	£17.6	£2.3	£1.7
Loans - current	(£1.2)	(£1.2)	(£1.6)	£0.4	(£0.0)	£0.0
Total Current Liabilities	(£209.4)	(£229.3)	(£216.2)	(£13.1)	(£18.0)	(£19.9)
NET CURRENT ASSETS/(LIABILITIES)	(£71.0)	(£68.0)	(£96.6)	£28.6	£3.9	(£19.2)
TOTAL ASSETS LESS CURRENT LIABILITIES	£774.3	£769.8	£752.6	£17.2	£2.0	(£26.6)
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)	(£359.4)	(£351.1)	(£8.3)	(£0.7)	(£2.8)
Loans - non current	(£17.8)	(£17.3)	(£17.4)	£0.1	£0.0	£0.5
Total Non-Current Liabilities	(£386.6)	(£388.9)	(£380.6)	(£8.3)	(£0.7)	(£2.3)
5 LESS LIABILITIES (Total Assets Employed)	£387.6	£380.9	£372.0	£8.9	£1.3	(£28.8)
TAXPAYERS EQUITY						
Public Dividend Capital	£355.0	£357.4	£357.5	(£0.1)	£2.4	£2.4
Retained Earnings reserve	(£154.5)	(£160.0)	(£171.7)	£11.7	(£0.2)	(£5.5)
Revaluation Reserve	£195.3	£191.6	£194.3	(£2.7)	(£0.9)	(£3.6)
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	£380.9	£372.0	£8.9	£1.3	(£6.7)

Balance Sheet

- PPE has reduced YTD 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 in total (current and non-current taken together) 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



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 M4 due to a timing issue where some new invoices being raised that have been received early in M5.

Creditor Days

- Creditor days have increased in M4 due to the Trust deferring more supplier payments.

	2025	2026			
	M12	M01	M02	M03	M04
Debtor Days	8.09	6.71	7.36	5.43	8.30
Creditor Days	52.33	43.32	45.32	38.65	43.70

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	<p>Complete</p> <p>Budget setting paper to TME 26th June confirming approved business case funding devolved at month 3.</p>	
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	<p>Complete</p> <p>Budget reconciliation in place.</p> <p>£52.7m of funding distributed to divisions at month 3 and 155.34 WTE.</p>	
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	<p>Complete</p> <p>SFIs approved by May Board and SoDA approved by Board in June.</p> <p>Launch of SFI's and SoDA on 1 July with communications out to organisation.</p>	
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	<p>In progress. All testing complete except non-pay testing in one division.</p> <p>Draft internal audit report due imminently.</p>	

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>Initial review of both checklists undertaken.</p> <p>Paper at Productivity Committee discussed and agreed proposed priorities, timescales and owners.</p> <p>Programme of work being mobilised (see private board paper)</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, audits started in Q1 for divisional finance control and stock control.</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>Programme up and running. Over 122 staff trained to date. Additional sessions are being laid on due to demand.</p> <p>Variable attendance by division (CSS 44, SUWON 37, NOTSSCAN 15, MRC 10, Corporate 11, Other 5)</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>Paper went to IAC outlining potential options in August.</p> <p>See private board paper</p>	