Public Board of Directors
Item number: 17
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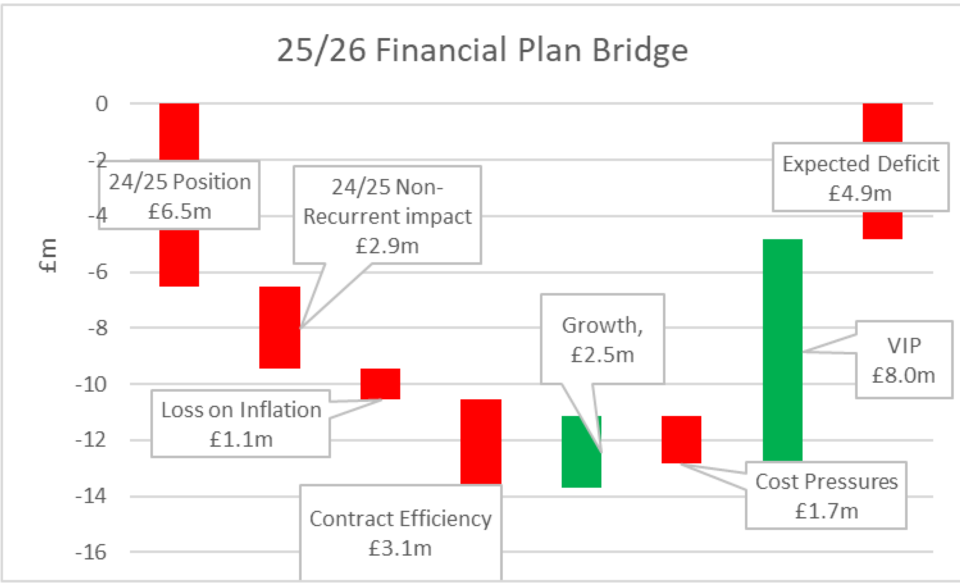
Confidential/ public paper:	Public
Report Title:	**Financial Plan 2025-26**
Author(s)	Chris Cotton, deputy director of finance
Accountable Director:	Phillip Easthope, executive director of finance, digital and performance
Presented by:	Phillip Easthope, executive director of finance, digital and performance
Vision and values:	The financial plan show how we will **work together** to ensure **we keep improving** our financial position towards breakeven so that we can **improve the mental, physical and social wellbeing of the people in our communities** in a financial sustainable way ensuring we have effective use of our resources.
Purpose:	To provide an update to Board of Directors on the resubmission of the financial plan, latest position on Value Improvement Programme (VIP) and additional information requested by Finance & Performance Committee on the phasing of the plan through the year.
Executive summary:	As highlighted in previous plan papers the final SHSC revenue plan for 2025-26 is a deficit of £4.9m with £8m efficiencies requirement. This is within the context in this paper of achieving breakeven in 2026/27. The chart below shows the updated bridge of the plan:  As in 2024/25 SHSC will receive non-recurrent deficit funding (£4.2m) and SHSC's share of system savings have been included within the plan to deliver an adjusted plan of breakeven. Work is ongoing on the value improvement programme to ensure that the £8m efficiency requirement is achieved. Latest figures are as follows:

VIP Summary, £'000	Target	Plans	Gap to Target	Additional Proposals	Gap to Target inc. Ideas
Directorate Targets	£11,227	£3,890	(£7,337)	£4,687	(£2,650)
Headroom	(£3,227)		£3,227		£3,227
VIP Requirement	£8,000	£3,890	(£4,110)	£4,687	£577

NHS England requested that all of the system re-submit their plans, South Yorkshire Integrated Care System (SYICS) have already submitted a breakeven plan but NHS England still requested a re-submission to provide assurance that risks were reducing and the plan was more achievable.

There have been the following changes to the plan submission for SHSC:

- Updated efficiency plan – this has reduced efficiencies risk rated as high from 68% to 24%
- Updated risk and mitigation values due to lower risk on VIPs. Any risks at this point are expected to be offset by additional efficiencies, additional financial controls or additional income from Commissioners.

Appendices:
Appendix one – Budget Setting Principles 2025-26
Appendix Two – Financial Statements (3 years)
Appendix Three – 2025-26 Phasing
Appendix Four – Capital Plan

Which strategic objective does the item primarily contribute to:					
Effective Use of Resources	Yes	X	No		
Deliver Outstanding Care	Yes		No		
Great Place to Work	Yes		No		
Reduce inequalities	Yes		No		

What is the contribution to the delivery of standards, legal obligations and/or wider system and partnership working.

Care Quality Commission Fundamental Standards Regulation 13: Financial Position and Regulation 17: Good Governance

The Trusts financial plan will be submitted to South Yorkshire ICB to be included within the South Yorkshire system plan. Discussions are ongoing about the system financial position including with NHS England on steps we will need to make as NHS organisations to move towards a breakeven position.

BAF and corporate risk/s:	**BAF RISK 0022** There is a risk we fail to deliver the break-even position in the medium term **Corporate Risk 5051** - There is a risk of failure to deliver the required level of savings for 2024/25.
Any background papers/ items previously considered:	Monthly report presented with Board of Directors approving the financial plan previously submitted to NHS England.
Recommendation:	Board of Directors is asked to: • **Approve** the updates to the financial plan

2025-26 Financial Plan and Planning Principles

Section 1: Analysis and supporting detail

Background and Context

1.1 The paper aims to provide an update on the financial planning process for 2025-26 and give the first top down scenarios for revenue and capital plans using the latest available assumptions.

1.2 National planning guidance was delayed but has now been published by NHS England (NHSE) on 30th January. The following financial plan has been updated based on the information within the planning guidance and using latest intelligence available. Contract offers have been received by South Yorkshire ICB and this information has been included in this version of the plan.

1.3 South Yorkshire Integrated Care system (SYICS) submitted the draft plan to NHS England on 27th February, this showed a combined deficit of £178.8m across the organisations, with system deficit funding of £71.4m the adjusted deficit for the system is £107.4m. NHS England's expectation before the planning submission was that systems achieve a break-even plan with deficit funding. The expectation is that NHS England will expect an improved plan submission on 28th March with possible further submissions if breakeven is not achieved. We will be required to submit our plan to South Yorkshire Integrated Care Board (SYICB) a week in advance of that date.

Budget Principles and Financial Planning process

2.1 The Budget setting principles are included within Appendix 1, there are only slight amendments relating to the changes and updates in 2024-25.

2.2 Directorate Budget setting and financial planning (bottom up) has been included in an integrated planning process with operational/business planning and workforce. Directorates have complete templates with the following information:

2.3 Required changes within the quantum of the budget to be made with finance business partners – all changes will be nil affect, so overall recurrent budget not affected.

2.4 Essential or critical cost pressures and investment – it has been stressed the financial position that the Trust is in but it is important that essential and critical asks are considered to ensure that the financial plan is accurate and achievable. These asks have been discussed at Operational Management Group and it was decided further work was required to challenge leads that on whether they should be funded on the basis of increasing all areas VIP targets.

2.5 Value Improvement and Recovery plans – targets have been shared with 4% for each area (excluding Medical Education and Research) and 100% of overspending areas – this is in line with assumptions made in 2024-25 financial plan and previous information shared with Directorates. Directorates have been told targets may change based on information and changes in assumptions through financial planning process. Submissions are currently well below targets, this has been presented to VIP Programme Board and Executive Management team and actions are being taken to increase proposed plans. Value Improvement and recovery plans will follow similar governance but with mini Quality and Equality Impact Assessments (QEIA) being completed when required, not for all schemes.

2.6 Finance information will be triangulated with business, workforce plans and activity information where possible to ensure they align.

2.7 Work is ongoing to align the top down plan and bottom up budget setting, this includes challenging any proposals to adjust base budgets, finance have a good level of confidence that the bottom up budget setting reflects the plan discussed and agreed up to this point.

2024-25 Financial Position and Normalised Position

3.0 The table below shows our breakdown of the current 2024-25 financial forecast at Month 10. The first column is the plan we included within the 2024-25 plan for 2025-26 to show what has changed from our original assumptions, which resulted in moving to a breakeven position in 3 years (2026-27). Finance is confident the planned deficit can be achieved so all scenarios match back to the planned deficit for 2025-26.

	£'000	£'000	£'000	£'000
	25/26 Plan from 24/25	Upside	Plan	Downside
24-25 PLANNED DEFICIT	**(6,514)**	**(6,514)**	**(6,514)**	**(6,514)**
Out of area purchase of healthcare		(8,437)	(8,437)	(8,437)
Learning Disability		1,705	1,705	1,705
Neighbourhood MH hub		2,300	2,300	2,300
Other non-pay		1,082	1,082	1,082
Other pay costs (net with Pay)		3,019	3,019	3,019
Unidentified Mitigation		331	331	331
MONTH 10 FORECAST OUTTURN	**(6,514)**	**(6,514)**	**(6,514)**	**(6,514)**
Out of Area Net Risk		0	(168)	(168)
Risk Mitigation/Additional savings		0	168	168
MONTH 10 RISK ADJ FORECAST OUTTURN	**(6,514)**	**(6,514)**	**(6,514)**	**(6,514)**

3.1 The next table shows non-recurrent elements within the 2024-25, as with last year's financial plan we have calculated a normalised position. This is using the assumption that apart from the items mentioned in the table below all other underspends and overspends will continue at the same level. **With the mitigations to reduce spending as much as possible within 2024-25 to achieve the planned deficit there is a risk that the level of underspends seen on some cost centres will not be carry forward to 2025-26**.

3.2 **The starting point for Out of Areas expenditure would be 2024-25 spend and that Pay and Non-pay reductions in 24-25 will continue at the same level. Due to having much lower Out of Area beds at the start of the year, the average number of Acute spot and PICU Out of area beds for this forecast is around 20. This is a large reduction from the usage in January that has been over 40 and**

does represent a large financial risk to the plan. If numbers averaged around 40 for the year this would be a further circa £7.5m cost pressure.

3.3 With assumptions detailed below the table this results in a normalised deficit of £9.5m, this is £2.4m higher than what was expected in the 2024-25 plan due to the larger amount of non-recurrent mitigations in 2024-25 to offset the Out of Area overspend and achieve £6.5m deficit. For comparison the normalised deficit in 2023-24 to 2024-25 plan was £10.7m. The normalised deficit is at a very similar as reported in February's paper however there is increases to change in accruals benefit in 24-25 to offset the overspend and a reassessment of the Interest & PDC calculation, this has been offset by changing the assumption on Fulwood rates and premises costs based on the sale being completed in April. Due to the Balance sheet review performed by finance to mitigate the overspend in 2024-25 some accruals have been released to achieved the planned deficit but this is a non-recurrent benefit so the normalised position gets worse. The interest calculation has been updated with the Bank of England reducing base interest rates and information pointing at quicker reductions of interest in 2025-26 than previously expected. The cost pressure funding has been adjusted to keep the planned deficit for the year at £4.9m. The level of non-recurrent mitigations being required due to the increase in Out of Area overspend has been partly offset by reassessing LD, Gender & Talking Therapy changes based on current recruitment plan dates and realistic time to recruit timescales.

	£'000 25/26 Plan from 24/25	£'000 Upside	£'000 Plan	£'000 Downside
MONTH 10 RISK ADJ FORECAST OUTTURN	**(6,514)**	**(6,514)**	**(6,514)**	**(6,514)**
Accrual Benefit in 24-25		(199)	(199)	(199)
Learning Disabilities underspend		(325)	(649)	(909)
Gender contract underspend		0	(170)	(317)
Talking Therapies underspend		0	(265)	(530)
Fulwood rates & premises costs		403	426	(240)
EPR/Digital		534	426	318
Derbyshire ICB funding reduction		(146)	(146)	(146)
MHIS slippage		0	(152)	(152)
Change in interest & PDC	(300)	(365)	(413)	(616)
NR income	(247)	0	0	0
Neighbourhood MH hub		(2,300)	(2,300)	(2,300)
Neighbourhood MH hub future underspend		1,000	500	326
Other NR mitigations		560	399	239
NORMALISED DEFICIT 24-25	**(7,061)**	**(7,719)**	**(9,447)**	**(11,408)**

3.4 Our accruals at the 2023-24 year end were slightly than actuals after finance did a balance sheet review to mitigate the overspend in 2024-25.

3.5 Learning Disability and Gender underspends are listed as these services have agreed recruitment plans so the current underspends are not expected to continue at the same level. The downside is based on agreed recruitment plans however it is felt that realistically there will be slippage in recruitment, not all posts will be filled first time or other vacancies will materialise in year, on this basis the plan has been on these assumptions. The upside has even further delays or unsuccessful recruitment factored in, the plan value is much more likely scenario.

3.6 Talking Therapies underspend is expected to reduce due to new trainees expected to start in October which will fill funded vacancies. The downside is based on the plan that new trainees will be appointed, the plan value factors in that other vacancies will materialise in year to offset some of the increase.

3.7 Fulwood costs are based on the sale being completed within 1 month (plan and upside) or not being completed within 12 months (downside). If the sale is not completed in April, cost pressure funding would be utilised to fund the difference.

3.8 EPR/Digital change is a reduction as the revenue costs expected in 2025/26 for EPR are much lower, this is partly offset by substantive staff moving back from Capital funded EPR roles to their substantive posts. The upside and downside are based on variability of Digital vacancies being filled as there will always be a level of vacancy factor as with all departments.

3.9 Derbyshire ICB funding reduction is as a result of stopping providing the Derbyshire service from November, there has been a benefit in 2024-25 as vacancies were held to offset the income loss.

3.10 Based on the current forecast MHIS slippage in the 2024-25 position. Nearly all posts are now recruited to, the upside is based on not recruiting the 2 posts that are still to be filled and retaining the income.

3.11 Reduction of Interest & PDC has been calculated based on received the first Fulwood receipt in 2025-26, Capital expenditure would be across the financial year and that interest rates would reduce from 4% to 3.5% in 2025-26, the previous assumption had been a 5% to 4% reduction. The upside and downside are based on having different deficit positions.

3.12 The final contract offer received from South Yorkshire ICB it has been confirmed that the non-recurrent pay award funding in 2024-25 will be received in 2025-26. All other non-recurrent elements to the contract have an opposite effect on expenditure so do not change the normalised position.

3.13 The Neighbourhood MH hub underspend has been added to the non-recurrent adjustments, a line has been added with the assumption that £0.5m will be underspent/offset current SHSC costs. Other Non-recurrent mitigations includes departments holding vacancies and pausing non-pay spend, some of this may be possible to continue (best case).

2025-26 Revenue Financial Plan Assumptions

4.0 The next section has the most changes as figures have been updated in line with the planning guidance. Changes include inflation, contract efficiency and growth assumptions. Below shows the updated bridge from the normalised deficit to the expected deficit before savings. This shows an expected deficit of £12.9m compared to the £10.1m expected from last year's assumptions. Within the 2025-26 plan at the start of this year it was assumed any increases in costs including Capital charges would be offset with income growth so there are no figures included on those lines. Updated assumptions show a similar level of additional pressure compared to the assumption made in 24-25.

£'000	£'000	£'000	£'000
25/26 Plan from 24/25	Upside	Plan	Downside

NORMALISED DEFICIT 24-25	**(7,061)**	**(7,719)**	**(9,447)**	**(11,408)**
Increase in Capital charges		(1,131)	(1,131)	(1,131)
Funding for Capital charges		1,131	1,131	1,131
Baseline 25-26	**(7,061)**	**(7,719)**	**(9,447)**	**(11,408)**
Inflation loss - National calculation	(1,369)	(410)	(410)	(1,002)
Excess inflation - OOA & Other service contracts		(291)	(291)	(291)
Inflation loss - Underlying Deficit		(416)	(416)	(416)
Baseline 25-26 after inflation	**(8,430)**	**(8,835)**	**(10,563)**	**(13,116)**
Contract Efficiency	(1,648)	(3,139)	(3,139)	(3,139)
Growth Funding		2,542	2,542	2,542
Service Disinvestment/System Efficiencies				
Cost pressures		(200)	(1,690)	(1,690)
Technical adjustments		0	0	0
EXPECTED DEFICIT BEFORE SAVINGS 25-26	**(10,068)**	**(9,632)**	**(12,850)**	**(15,403)**

4.1 Capital charges mainly as a result of Rio starting to be amortised in 2025-26. It has been confirmed that additional Capital charges are funded from NHS England via the ICB so this is factored into all scenarios.

4.2 The table below shows the updated contract inflation calculation in the planning guidance, the guidance highlights that the base pay uplift is 2.8% with Nation Insurance contribution and other pay related changes increasing the amount.

Cost	Estimate	Cost weight	Weighted estimate
Pay	4.72%	70.45%	3.33%
Drugs	0.83%	2.34%	0.02%
Capital	2.39%	7.35%	0.18%
Unallocated CNST	0.31%	2.09%	0.01%
Other	3.51%	17.76%	0.62%
Total			4.15%
Note: calculations are done unrounded – only two decimal places displayed.			

4.3 The bridge breaks down the inflation cost pressure to show loss from national calculation, underlying deficit and excess inflation on OOA and other outsourced service contracts (e.g. Crisis House & Mental health 111 helpline). The calculation has been updated to be based on bottom-up budgets so the pressure has changed slightly. The national calculation is due to our weighting of expenditure being higher on pay (77% rather than 70.45%) compared to the national calculation. We receive contract inflation on income therefore do not receive anything on our underlying deficit of £10.1m. The excess inflation on OOA and other outsourced service contracts is due to the inflationary requests from private and community sector providers being more in line with National Living Wage uplifts (6.7% in 2025). The plan value assumes the Incremental drift (staff who move up an increment point in year) is included within the 4.7% pay national inflation calculation. The downside shows the 2025-26 incremental drift calculation as a pressure on top of the national inflation calculation. With contract offer received the best case has been changed to the plan as the pressure will not be funded by SYICB.

4.4 It has been confirmed that the contract efficiency is 2% rather than the 1-1.1% in previous few years. The value is updated based on the bottom up budget setting so has slightly changed.

4.5 SYICB have confirmed that Mental Health Investment standard (MHIS) growth will flow to providers at a fair share basis and this is included within the contract offer. SYICB Mental Health Investment standard (MHIS) requirement is 4.36%, which matches the allocation growth excluding convergence (extra efficiency system has to find as our ICB allocation is more than our 'fair share' based on the national calculation) so that the ICB continues as a minimum to spend the same percentage of its allocation on Mental health. The percentage has changed since the assumption in the previous months report as it has been confirmed the MHIS requirement is excluding convergence, this has increased the growth SHSC will receive by £0.3m. Below is a breakdown of the MHIS increase.

	25-26
Contract Inflation	4.15%
Contract Efficiency	-2.00%
Growth funding	2.21%
Total MHIS	**4.36%**

4.6 With the agreement at Board for the current 2025-26 plan to be £5.5m and have an efficiency requirement of £8m, with the changes in the updated plan including additional growth funding the cost pressures funding is £1.7m. The aim would be to reduce this as much as possible to create headroom or improve the position. It might also be require to offset the risk that underspends across the organisation may not continue at the same level. The upside is £200k as in previous plans, with the downside using the same value as the plan. Funding any current spend is already within the normalised position however that does then affect the saving opportunity for overspending areas included in the next section. The current assumption is that any further investment would need to be funded from additional savings.

Savings target

5.0 The table below shows Savings target on the different scenarios, the assumptions have remained the same with a value of £8m (4.7%), compared to £7.3m used in 2024-25. It is felt to be a challenging target but with the level of overspend in some areas still a target that is achievable. The upside is based on 5% reduction, with the downside based on the forecast recurrent 2024-25 Savings delivery from Value improvement and recovery plans (3.5% of expenditure).

5.1 This results in expected 2025-26 revenue positions ranging from £1.7m deficit to £10.1m deficit, with the plan value at £5.5m. As highlighted through the report, there are still a number of risks, especially underspending areas continuing at the same level and reducing OOA usage from current levels down to an average of 20.

5.2 As in 2024-25 there will be system deficit funding and NHS England have confirmed this is £71.4m for South Yorkshire, our share of that funding is £4.2m. As well as the deficit funding system savings have been added to the plan, these savings will be realised through the

	£'000	£'000	£'000	£'000
	25/26 Plan from 24/25	**Upside**	**Plan**	**Downside**
EXPECTED DEFICIT BEFORE SAVINGS 25-26	**(10,068)**	**(9,632)**	**(12,850)**	**(15,403)**
VIP requirement	7,334	8,533	8,000	6,000
2025-26 EXPECTED DEFICIT	***(2,734)***	***(1,099)***	***(4,850)***	***(9,403)***
Non-Recurrent Deficit Funding		4,200	4,200	4,200
System Savings		650	650	
2025-26 ADJUSTED DEFICIT	***(2,734)***	***3,751***	***0***	***(5,203)***

5.3 As highlighted previously the targets sent out to directorates includes 4% for each area (excluding Medical Education, Research and Corporate Governance) and 100% of overspending areas. Out of Area have now been taken out of the overspending targets as the average of 20 to achieve spend with 2024-25 is already a challenging target. Further work is being done to agree a trajectory on Out of Area and what the approved budget should be in 2025-26. This change means the targets total £11.4m, signed off plans and plans in progress currently equate to £3.9m. Further schemes are being costed and will be added through March however it is felt that the plan development is not progressing as required. This has been discussed in the VIP Programme Board and further work is being done to provide services/teams with productivity information to identify further opportunities to find efficiencies.

Directorate		B/F 2024/25	4% Target	Overspends 24/25	Total Target	Current Plans on Monday.com	Difference to Target () = Shortfall	Additional Proposals	Difference to Target inc Ideas () = Shortfall
Clinical Management	Management Team & Dir of Ops	9,591	54,427	389,973	453,991	181,542	(£272,449)	£600,000	£327,551
Acute & Community	Out of Area	43,177	245,009		288,186		(£288,186)	£300,000	£11,814
	Acute	92,545	525,155	1,407,423	2,025,123	1,028,599	(£996,524)	£298,316	(£698,208)
	Acute & Comm Central	1,866	10,586	353,122	365,574	383,121	£17,547		£17,547
	Community	79,657	452,022		531,679		(£531,679)	£650,000	£118,321
	Crisis	90,245	512,102		602,347	255,416	(£346,931)	£404,000	£57,069
	Primary Community Mental Healt	30,138	171,020		201,158	27,626	(£173,532)		(£173,532)
Rehab & Specialist	Rehab Out of Area	4,458	25,299		29,757		(£29,757)		(£29,757)
	Forensic & Rehabilitation	96,884	549,774	347,946	994,604	125,694	(£868,910)	£333,030	(£535,880)
	Highly specialist	86,534	491,045		577,579	4,755	(£572,824)	£569,000	(£3,824)
	Learning Disabilities	36,927	209,545		246,472		(£246,472)	£67,105	(£179,367)
	Older Adults	110,476	626,902	2,008,951	2,746,329	332,983	(£2,413,346)	£1,278,416	(£1,134,930)
	Rehab & Spec Central	418	2,370	64,712	67,500		(£67,500)		(£67,500)
	Sheffield Talking Therapies	81,503	462,494		543,997	306,995	(£237,002)		(£237,002)
Medical	Medical	22,726	139,664	264,247	426,637	320,874	(£105,763)	£105,763	£0
Nursing, Quality & Professions		33,126	177,812		210,938	122,667	(£88,271)		(£88,271)
People		57,129	134,879		192,008	220,204	£28,196	£11,000	£39,196
Strategy & Estates	Strategy	-	60,043		60,043	38,988	(£21,055)	£29,729	£8,674
	Estates & Facilities	-	282,896		282,896	204,037	(£78,859)		(£78,859)
Finance & Digital	Digital	89,350	188,421		277,771	155,365	(£122,406)		(£122,406)
	Finance	-	102,204		102,204	181,084	£78,880	£40,903	£119,783
Total		**966,750**	**5,423,669**	**4,836,374**	**11,226,793**	**3,889,950**	**(£7,336,843)**	£4,687,262	**(£2,649,581)**
Headroom					(£3,226,793)		£3,226,793		£3,226,793
VIP Requirement					**8,000,000**	**3,889,950**	**(£4,110,050)**	**4,687,262**	**£577,212**

5.4 Included in the planning guidance is information on efficiency and productivity opportunities and targets for all providers. Information around these areas will be included within productivity packs that are being developed. This includes the following:

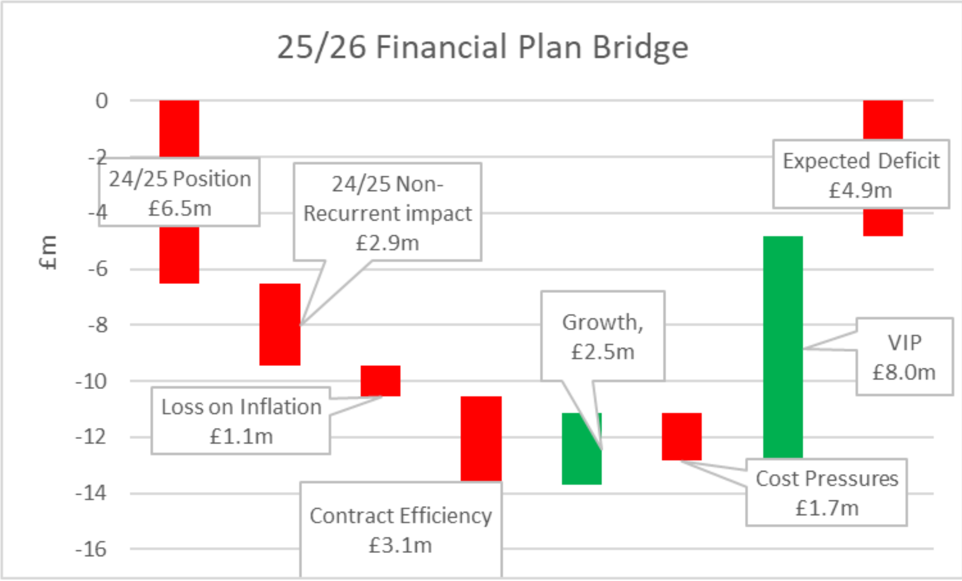
- 30% reduction in Agency = £0.8m
- 10% reduction in Bank = £0.7m
- Corporate Support function reduce to April 2022 levels = £2.2m
- Clinical Productivity

5.5 The Agency and bank reductions will be included within work to reduce overspends through recovery plans – some of the plans submitted will already include agency and bank reductions.

5.6 The overall plan in the planning guidance is for Corporate support services to move back to pre-COVID levels but as a first step the challenge is to reduce to April 2022 levels. This is estimated to be around £2.2m, current targets for Corporate are £1.3m, £1.6m including Medical. Further work is required to understand the target and agree the definition of Corporate support as some teams within Corporate departments could be defined as Clinical teams/management. Corporate department leads have met and agreed to assess where duplication and waste can be removed, this work will be fed into an external review of Corporate services.

2025-26 Financial Plan Bridge

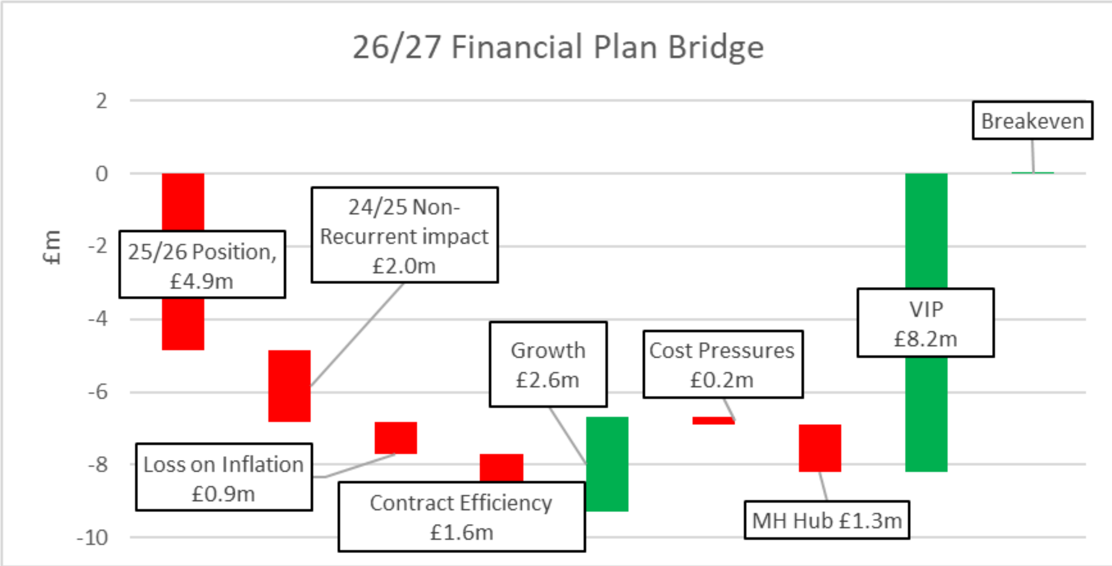
6.0 The chart below shows the bridge of the planned deficit shown in the updated tables throughout the previous sections.



3-year Plan

7.0 The table below shows the 3 year revenue plan and how a breakeven can be achieved in 2026-27. The savings are split 80% recurrent/20% non-recurrent based on the 23/24 split.

	£'000	£'000	£'000
	25-26	**26-27**	**27-28**
Prior year position	**(6,514)**	**0**	**0**
Deficit Funding and System Savings		**(4,850)**	
NR adjustments	**(2,933)**	**(1,976)**	**(500)**
Normalised Recurrent deficit	(9,447)	(6,826)	(500)
Inflation	(1,116)	(867)	(567)
Contract Efficiency	(3,139)	(1,603)	(1,633)
Growth	2,542	2,597	2,645
Cost Pressures - Recurrent	(290)	(200)	(1,323)
Cost Pressures - Non-Recurrent	(1,400)		
Neighbourhood MH hub		(1,300)	
Potential payback to Deficit support			(2,022)
Deficit before Savings	(12,850)	(8,200)	(3,400)
Savings - Recurrent	6,400	6,400	2,720
Savings - Non-Recurrent	1,600	1,800	680
Annual deficit	***(4,850)***	***0***	***0***
Deficit Funding and System Savings	4,850		
Annual deficit	***0***	***0***	***0***



7.1 The non-recurrent adjustment relates to Non-recurrent savings, removal of the £0.5m underspend on the Neighbourhood MH hub and LD full year effect of recruitment in 2024/25. To meet the breakeven plan £1.4m of the 2024-25 cost pressure funding needs to be non-recurrent.

7.2 The inflation is lower than 2025-26 due to not having to National insurance increase, this is based on the base pay inflationary uplift stated in the planning guidance and the reduction in normalised deficit also makes a small decrease. 2027-28 is lower again due to having a much lower underlying deficit.

7.3 Contract Efficiency is also lower in future years on the assumption that it has been increased in 2025-26 to counteract the additional pressure on national insurance.

7.4 Growth is increased slightly based on net inflation levels; this assumes that ICB allocations will continue to grow at a similar level.

7.5 In 2026-27, due to funding the neighbourhood MH hub there is no funding available for other cost pressures or investments, £0.2m has been included but this has been offset by increasing the Non-recurrent Savings.

7.6 In 2027-28 with achieving breakeven the saving requirement has been reduced to 2% and the surplus that would be created is assumed to be required for potential payback of system deficit funding. Further work is required as a system to understand the updated financial performance management framework (Business rules), consequences for not achieving expected system financial plan value and how payback of deficit funding will work as a system and for individual organisations in future years.

7.7 The Statement of Financial Position and Cash Flow show the Fulwood sale being completed within 2025-26 including the second half of the site in February 2026 in line with the current contract. Discussions are ongoing with NHS England and SYICB about deferring the receipt to be used for Capital in 2026-27. With deficit funding in 2025-26, receiving all the receipt for Fulwood cash, higher depreciation charges (non cash item) but having some 2024-25 Capital payments in April 2025, cash is expected to increase in by £2.3mm to £43.4m. This will decrease in 2026-27 due to spending the Fulwood receipt from the year before. The current 3-year forecast shows cash balance of £36.3m in March 2028.

7.8 Detailed Statement of Comprehensive Income for the 3 years can be found in Appendix 2, work is continuing on detailed budget setting including phasing of the 2025-26 plan and impact on Statement of Financial Position and Cash flow, this information/statements will be included within the paper for the Board of Directors.

Phasing

8.0 The phasing of the plan is mainly affected by Out of Area costs reducing through the year in line with the current plan to achieve an average of 20 beds used. There is also expected to be greater level of underspend in Learning Disability service in the first quarter due to the recruitment of roles in year. The total deficit per quarter is as follows:

- Quarter 1 = £1.5m deficit
- Quarter 2 = £1.6m deficit
- Quarter 3 = £1.4m deficit
- Quarter 4 = £1.0m deficit

8.1 A more detailed phasing can be found in Appendix Three.

Risk & Mitigations

9.0 The table below shows the high level risks and mitigations submitted to NHS England alongside the plan. The aim is to highlight any material risks and possible mitigations that would be utilised in year to ensure the plan is achieved.

Risks	**£'000**
Out of Area	(7,500)
System Savings	(650)
Efficiency Risk	(1,753)
Inflation & non-recurrent costs risk	(2,000)
Total risks	(11,903)
Mitigations	
Additional cost control or income	2,000
Efficiency Mitigation	2,403
Home First Programme Plan	7,500
Total Mitigations	11,903
Net Risk	0

Capital Plan

10.0 Continuing from similar position to the previous few years SHSC has less autonomy over its capital planning and is part of the wider ICS capital plan, which is driven by national guidance. The plan is based on the national funding requirements and an expectation of what the Capital Departmental Expenditure Limit (CDEL) will be.

10.1 The table below shows the Capital totals for the purpose of planning submission. For 2025/26 this includes bids that SHSC have made for national funding for safety (backlog maintenance) and Out of Area reduction. The bid for Maple has now been approved in principle. The second Fulwood receipt is planned to be spent in 2026-27 as it is not possible to increase Capital spend in 2025-26.

	25/26	26/27	27/28	27/28	28/29
CDEL	4,471	4,471	4,471	4,471	4,471
St Georges	715				
Fulwood	5,950	5,950			
Right of Use leases	150	150	150	150	150
Safety	779	779	779	779	779
Maple bid	4,239				
Total	16,304	11,350	5,400	5,400	5,400

10.2 Appendix Four shows the detailed plan included within the submission in line with the total figures listed above. Further work is ongoing to finalise the Capital plan that SHSC will operate with, this will be presented and approved through relevant governance groups.

Recommendation

Board of Directors is asked to:

- Note the updates to the financial plan

Appendix one – Budget Setting Principles 2025-26

1. Budget Setting Principles

There are several key principles that underpin the Trust's budget setting. These have been in place in some form for a number of years.

1.1 Consistency across business planning (Area of identified weakness and not one resolved fully during 2024-25 budget setting)

At the same time as the Trust is preparing financial budgets for the year ahead it **should also** be preparing activity and workforce plans for each service. The importance of these three items being consistent cannot be overstated. The planning process in 2025-26 will enable triangulation with workforce plans but not necessarily activity, work will be done to triangulate the financial plan with business plans generally.

This next section in italics is less relevant due to changes to the finance regime and uncertainty over the funding mechanisms that will be put in place nationally going forward. A lot of the guidance remains acute focused and around acute activity recovery. The following sections has been left in but will be revisited as guidance and expectations become clear. From an organisational point of view, we still need to focus on understanding our own productivity and what can be delivered within the resources and allocation we receive.

In theoretical terms the activity plan should come first. This will outline the levels of work/interventions that the Trust is expecting to perform in the year and as a by-product will also inform the level of income associated with that work. The workforce plan should come next, in that this should be a robust assessment of the workforce required to perform said level of activity and identifying any skill gaps. The financial plan should then be the final item to be concluded and should detail the level of resource required to perform the activity required. Having said this, the plans should be based on current knowledge and understanding, and no plans are really starting from scratch.

The reality is that the planning process is never quite as smooth as outlined above. Activity plans are often delayed by the complexity of negotiations with Places and the ICB and workforce plans often confused by the difficulty in getting a robust starting point.
Nevertheless, wherever possible, Directorates, service leads, and those corporate leads involved in the business planning process must ensure that they keep these three items as consistent as possible throughout the planning process. Failure to do so will mean starting the year with different baselines for activity, workforce and finance which will inevitably weaken the monitoring information produced during the year.

1.2 Directorate ownership of income and expenditure

One of the aims of budget setting is to ensure that directorates start the year with an expenditure target that is consistent with the planned activity levels agreed in contracts / SLAs with Commissioners. To some extent the future finance regime agreed nationally will impact funding flows linked to the activity and cost relationship. At present, a fixed block mechanism remains in place and is expected to continue in future years.

1.3 The plan is the plan – budget adjustments to be minimised

A further principle to continue for 2025-26 is to minimise budget adjustments wherever possible. Budget adjustments (especially those within directorates) can be extremely time-consuming and often serve to make meaningful analysis of the financial position more difficult. The clear aim for 2025-26 is to ensure that there is one plan and then variances are managed and explained accordingly. This should enable there to be a much clearer focus on actual levels of income and expenditure and help to improve the clarity of financial reporting throughout the Trust.

Where virements are agreed, these are all approved in advance of being actioned.

1.4 No central pots (Unless held for specific reserves or risks)
As an extension of the principle above, a further aim for 2025/26 must be to continue to work with budget managers to ensure that they understand that there are no central pots of money to be allocated or "back pocket" to support directorate cost pressures or developments and investments in year.

The only exceptions are as follows:

- to the above is the situation where there may be centrally allocated money for a specific purpose where there is a timing issue in getting the funding allocated to the correct departmental budget.
- Net offset of overspending and underspending areas as highlighted within the agreed financial plan – as the financial plan is based on the normalised position of underspends and overspends continuing before savings are made there is likely to be a offset budget centrally. This will not be used to fund anything else.

Transformation projects will be funded in line with the business cases agreed. See section 10

for further details on the management of reserves.

1.5 Budgets to be as realistic as possible
It is important that the budgets set for 2025/26 are an accurate representation of what the Trust is expecting to happen in terms of both income and expenditure. **The usefulness of budgets as a tool for both monitoring and performance management purposes is soon diluted if budgets do not accurately reflect spending plans.** This aim is often constrained however by the requirement to submit a balanced plan and savings gaps often existing at the early planning stages. The result of this can mean that assumptions must be made about expenditure reductions and how this will be delivered to achieve the agreed plan.

In common with above, the aspiration for 2025-26 has to be for **directorates to start the financial year with a budgetary target that is fair and achievable**. It is recognised that in some cases this may require an element of rebasing to ensure that this is achieved.
However, any such rebasing will only be based on clear evidence, such as establishing a link to the Service Line Reporting work that the Trust has produced. It would be unacceptable to adjust a directorate budget simple on the grounds that it is overspent. Rewarding those who fail to deliver against budgetary targets without clear and undisputable evidence that the budget is incorrect will only serve to further undermine the value of budgets as a control mechanism. Any such rebasing exercise will clearly need to be assessed in terms of the broader affordability of the Trust's financial plan as a whole. This will be picked up in the work assessing critical/essential cost pressures.

Where possible there should be acceptance that the plan is based on assumptions, and it will have variances within it over the year. The skill is in managing the service to the bottom line and managing the expenditure envelope within the income envelope. The individual lines and variances should not be of a major concern but simply be understood.

2. Income

NHS Contracts / SLA Budgets
NHS Contracts will be based on the 2025-26 contacted level of activity and funding in line with the appropriate guidance in relation to the movement to continue on a block contract basis. Both the Trust and Places should set budgets that are consistent with signed contracts, although it is recognised that this may prove difficult. Timing also plays a part in terms of the deadlines for finalising budgets for inclusion within 2025-26 national planning process.

Directorate Income Budgets
Will be set according to the judgement of Directorates and their respective finance business partners, with

final review and scrutiny by senior finance management. This is anticipated to be calculated on a reference basis. i.e. based on contracted income, or contracted activity at a projected unit price, with other judgements/assumptions being made for known factors.

The current value of a loss of income to be treated as a formal disinvestment. The appropriate level of overhead funding will need to be transferred centrally for redistribution if levels increase. Small scale disinvestments should go the other way, with some recovery of overheads from corporate directorates. Overhead adjustments however are expected to be actioned though, in all cases based on evidence and need.

Clinical Income

Primary NHS income was moved centrally during 2022-23 for simplicity and the move to a more fixed income financial regime. Individual services are no longer receiving extra income for delivering extra activity in year. This treatment will be assessed and discussions as part of the 2025-26 planning process.

All non-NHS contract income remains distributed out to service line level, where they are managed as discrete services with income growth and efficiency offsetting cost inflation and pressure.

2.1 Income Inflation

Inflation is applied to all NHS clinical income based upon the published national tariff uplift/agreed uplift with Commissioners.

Inflation on non-NHS clinical income and non-clinical income will be applied with rates varying depending upon the nature of the income. In a number of cases this is simply an inflation uplift those results in a commensurate increase in saving target and thus has a neutral effect.

3.Pay

Business partners will discuss and agree 2025-26 pay budgets with relevant budget holders. Whilst 2024-25 staffing budgets may provide a useful reference point, changes in activity and saving requirements must be carefully considered in setting 2025-26 budgets. Since contracts may not be finalised until year end (at the earliest) it will be necessary for a first attempt to be prepared based on current knowledge and understanding and in line with current contracts and expected changes.

Any directorate driven establishment rebasing, unless linked to investments and growth, will be expected to be cost neutral or helping to deliver savings, whilst ensuring the quality impact is negligible and the QEIA is in place.

Un-established posts were not expected to be in place going forward into 2024-25, yet some remain. In addition, some have been agreed with the expectation a solution and saving would be developed in year. Even if these are self-funded, a budget should have been identified accordingly, with a corresponding additional internal saving being set where required.

Work is on-going to re-review the basis for establishments and linking into the staffing capacity and capability work. The aim is to be able to set a standard view on a normalised pay budget, including on costs and allowances for annual leave, sickness and mandatory training etc. This work has been concluded for inpatient areas and nursing and HCSW roles, but further work is required to complete this across the board.

Any differentials in terms of operational at present or need, will be understood and documented. This will form a basis for starting new costings and responding to tenders as opportunities arise.

3.1 Pay inflation
Inflation will be applied to uplift all pay budgets to accommodate the impact of the 2025-26 pay awards. This includes all forms of contracts, national and local. This will also be extended to cover the impact of any increases in employers NI or Superannuation contributions.

3.2 Incremental Drift
The tariff uplift is expected to incorporate an allowance for incremental drift, and Directorate budgets will be increased accordingly based on need. Should this be insufficient to cover all incremental drift, any shortfall will need to be managed by directorates.

This should not be considered just an A4C requirement. The increase in pay costs linked to incremental drift costs need to be funded associated with all staff groups.

• Consultant Post
• Training Doctors
• Non-Training SAS Doctors (Associate Specialists & Staff Grades etc.)

For those services not in tariff, the incremental costs and other inflation needs are funded via a corresponding CIP.

3.3 Maternity Leave
The requirement to backfill various posts, primarily of a clinical nature, in the event of maternity leave is a common occurrence and accepted need. The pressures will be monitored, understood but lead to exceptional overspends in some cases. The level to which budget allow for a maternity allowance is established but open to review and will form part of the wider budget composition work.

3.4 Long Term Sickness
The requirement to backfill various posts, primarily of a clinical nature, in the event of long periods of sickness absence is an accepted need. The pressures will be monitored and understood exceptional resulting in overspends in some cases. The level to which budgets allow for sickness absence cover is established but open to review and will form part of the wider budget composition work.

3.5 Other periods of absence
The requirement to backfill various posts, primarily of a clinical nature, in the event of long periods of other absence i.e. (suspension) is an exceptional occurrence. The pressures will be monitored and understood exceptional overspends in some cases. Due to the minimal occurrence, this is not covered within the current budget composition, and this is unlikely to change as part of the wider budget composition work.

4. Non-Pay
Finance Business Partners will discuss and agree 2024/25 non-pay budgets with relevant budget holders.

At the same time, non-pay budgets are not expected to be simply cut to achieve value improvement plan targets. The process of monitoring of plans and delivery of such plans will continue to be linked to the QEIA process and Performance Management Framework.

4.1 Non-pay inflation
Non-pay inflation will be based on evidence and need. This will follow the basic components as detailed within the Tariff and routinely be allocated to specific areas. These are:

• Drugs (including labs)
• services provided by other NHS bodies,

- services provided by other WGA bodies,
- services provided by non-WGA bodies,
- the increase in premiums for the NHS LA cover re, Clinical Negligence, LTPS, PES
- Utilities,
- Business Rates
- Fuel
- Transport costs
- Maintenance Contracts
- Other contracts subject to an inflationary increase (and evidenced) • Travel & Subsidence linked to national rates.
- Other inter NHS recharges

Inflationary uplifts on other non-pay budgets will only be considered on request with the appropriate supporting information and/or case of need.

It is worth noting where price reductions are negotiated or delivered through procurement and tendering of services, the opportunities are realised and released for savings.

5. Savings

5.1 Savings Target for Forthcoming Financial Year

The revised savings approach adopted in 2024/25 in line of the shortfall in 2023/24 CIP achievement has continued in 2025-26. The savings fall into two categories, 4% Value Improvement Plans for each Directorate and reduction of overspend (waste reduction) for relevant areas through recovery plans.

5.2 Prior Year Savings Targets

Any brought forward value improvement plans or waste reduction are included in the relevant areas savings plans.

6. Reward/Levy for Prior Year Outturn

As with last year any directorates that achieve savings above the 2025-26 targets will be able to count the benefit against their 2026-27 target.
Overtime, the framework may be developed to link into the service line reporting and contract profitability workstreams.

7. Cost Pressures

Through the planning process, a list of cost pressure items will be collated and submitted to BPG/OMG/EMT/FPC/Board for prioritisation and approval. Where items are approved Directorate budgets will be adjusted accordingly.

This could include potential rebasing of some budgets, including adjustments being made to reflect the outcome of Service Line Reporting where it can be demonstrated that historical budgets are particularly unrepresentative. As ever, affordability will be a constraining factor in this process.

8. Growth/Service Developments/Investments

Through the budget setting process, a list of Investments / growth / Service Development items will be collated and submitted to BPG/OMG/EMT/FPC/Board for prioritisation and approval. Where items are approved Directorate budgets will be adjusted accordingly.

This could include potential rebasing of some budgets. As ever, affordability will be a constraining factor in this process.

Funds will only be allocated once business cases have been approved through EMT. Funds will be released in accordance with need and slippage will remain centrally where delays or profile changes occur.

9. Activity Changes
Whilst the future finance regime in uncertain, and the primary finance mechanism remains on a fixed block basis Directorate budgets may need to be adjusted to reflect changes in activity baselines agreed with Places under the direction of the ICB.

This may present timing difficulties as contracts are unlikely to be finalised until the end of March. Given that the detailed work on budget setting will need to be concluded before then it will be necessary to draft budgets based on the latest available activity information in conjunction with the Directorates and the information/ contracting team as part of the business planning process. Subsequent adjustments can then be made at a later date if time, based on what is ultimately agreed. We are planning on having the first draft budgets in place by the end of January and achieve formal sign off prior to year-end. This will be a further improvement on 2024-25.

10. Reserves/Contingencies
Given the scale of the financial challenge facing the Trust in 2024/25, reserves provision will be kept to a minimum as the clear priority is to minimise the CIP targets for directorates where possible.

Initial reserves may be set up to provide for some of the funding the Trust receives as part of the updated contract values, commissioner funded investments and any general National Tariff uplift. However, the aim will be to allocate this funding as soon as possible to the appropriate areas.

As in previous years the general reserves held going into the new financial year are for:-

- Other specific reserves for a range of in year cost pressures or investments and in relation to the management of risks.

This is in keeping with the principle that there will be no other central pots/"back pocket" to support Directorate cost pressures or in year investments during 2025-26. This supports the view of the Trust moving towards a more autonomous business unit approach.

Full transparency is maintained regarding the reserves held on account.

11. Other Budget Adjustments

11.1 Inter-Directorate Transfers
The budget setting process will recognise where services and/or responsibilities are moving between directorates and ensure these are appropriately recognised.

These are documented within the opening budget reconciliations and budget sign off process between Finance, the Director of Finance and the lead Executive Director.

Where possible there should be acceptance that the plan is based on assumptions, and it will have variances within in over the year. The skill is in managing the service to the bottom line and managing the expenditure envelope within the income envelope. The individual lines and variances should not be of a major concern but simply be understood.

12. In-Year Budget Adjustments

A further principle to be continued for 2025-26 is to minimise budget adjustments wherever possible. Budget adjustments (especially those within Directorates) can be extremely time consuming and often serve to make meaningful analysis of the financial position more difficult. The clear aim for 2025-26 is to continue to ensure that there is one plan and then variances are managed and explained accordingly. This should enable there to be a much clearer focus on actual levels of income and expenditure and helped to improve the clarity of financial reporting throughout the Trust.

13. Management of Budgets

Budget holders are expected to be fully involved in setting their budgets. Financial management and in particular, finance business partners will liaise with budget holders to ensure budgets are complete and accurate. Budget holders will be required to formally 'sign off' their budgets. Budget holders must manage the budget within the levels set, whilst observing the Trust's Standing Financial Instructions.

Budget holders must not be accountable for their own Pay Budget or Non-Pay Budget directly related to their pay i.e. travel expenses.

It is entirely appropriate however, for the costs of managers to be housed within the services with which they relate, as this supports the basic principles of Service Line reporting.

14. Approval of Expenditure

Expenditure must be approved in line with the Standing Financial Instructions. This includes following the rules enclosed within wider Scheme of Delegation, Delegated Budgetary Authority and in line with the services for which they have been given delegated responsibility to manage.

Budget holders are delegated to approve expenditure within specified limits. There is an approved list of managers who are authorised to place requisitions for the supply of goods and services, together with the maximum level of each requisition.

The line manager must approve all payroll and/or travel and subsistence expenditure. The line manager/budget holder must seek authorisation for their own payroll and/or travel and subsistence expenditure.

Purchasing cards and petty cash must be used appropriately, for Trust related expenditure. Should the expenditure relate to travel or subsistence for the individual holding the card/petty cash float, this expenditure must be approved by the individual's line manager, and in line with the Trust's policy.

15. Performance Management

The target for each directorate is to achieve at least break-even or better by the end of 2025-26, with plans produced that detail the expected trajectory towards this target in terms of the monthly bottom-line financial position. Furthermore, a profile re substantive actual WTE's reductions and planned expenditure on bank and agency staff will aid the wider understanding. Directorates should be expected to be performance managed against these targets where necessary.

The Trust's Performance Framework will determine the level and frequency of performance management, but Directorates will be expected to deliver their financial targets in addition to other productivity and financial/workforce performance measures. This will all be fed into the integrated performance framework and thus help ensure finance is discussed alongside other performance metrics and not in isolation or to the detriment of quality.

16. Budget Profile

Monthly Management Accounts should be prepared with the same principles as if we are preparing final accounts (i.e. on an accrual basis). Finance Managers should follow this principle in setting up budget profiles for 2025-26.

A traditional weakness within NHS budget setting is the failure to ensure budgets take account of seasonal profile issues regarding the summer and winter pressures. All finance managers and budget holders are asked to consider the potential impact of winter pressures as part of the budget setting process. (Not as significant issue within a Mental Health setting) Most non recurrent or winter profile impact is driven by in year unplanned investments driven by national agendas.

17. Capital Plan 2025-26

We want our all our services to have accommodation that is fit for purpose and investment is ongoing in a number of areas to improve the environments we operate from. Investment has initially focused on inpatient areas, quality and safety concerns. We have also relocated the HQ during 2022/23. Consideration of our community needs is also now underway and is likely to lead to further investment need.

As a general rule, the aim should be to not dilute the asset base. However, this does not stop us from wanting to get high utilisation from our estate, particularly where teams are now working in an agile way, drive continued efficiency and support wider advancement in our sustainability objectives.

It is generally expected that the sum invested in new capital projects will be no more than the cash generated from depreciation less the repayments of principle that the Trust must make on its loans, PFI contracts (N/A) and finance lease agreements (N/A / minimal). This has also seen some impact from the introduction of new leasing accounting standards.

At present, however, the objective remains breakeven, as any resulting deficit, would reduce our cash balance available for future capital investment.

We are in the process of refreshing the 5-year capital plan. A more detailed capital plan will be considered as part of the financial plan by the Board in future iterations. This will be driven by the changes earmarked within the ongoing delivery of the estate strategy including, the future Therapeutic Environment inpatient option progressed and the outcome and profile of any community estate review and investment.

The biggest restriction to our capital investment ambition progressing at pace remains the ICB CDEL limits and the allocation for SHSC to manage within. Inflation and cost increases linked to expanding scope, continue to result in existing funds being stretched. We will also continue to seek out national funding where possible to top up our funding sources.

Appendix Two – Financial Statements (3 years)

	25-26 Plan	Forecast	Variance	Non Recurrent Adjustments	27-28 Normalised Opening	Inflation & Capital Charges	Growth & Cost Pressures	Total before VIP	VIP	25-26 Plan	Deficit Funding & System Savings	Adjusted 25-26 Plan	Non Recurrent Adjustments	26-27 Normalised Opening	Inflation & Capital Charges	Growth & Cost Pressures	Total before VIP	VIP	26-27 Plan	Non Recurrent Adjustments	27-28 Normalised Opening	Inflation & Capital Charges	Growth & Cost Pressures	Total before VIP	VIP	27-28 Plan
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Income																										
Income from Patient Care Activities	135,737	143,906	8,169	(6,807)	137,098	4,102	2,542	143,743		**143,743**	4,200	**147,943**	(6,985)	140,958	2,784	2,597	146,339		**146,339**		146,339	2,843	604	149,785		**149,785**
Other Operating Income	20,914	24,213	3,299	(854)	23,359	479		23,838		**23,838**		**23,838**		23,838	409		24,247		**24,247**		24,247	417		24,664		**24,664**
Total Income	**156,651**	**168,119**	**11,467**	**(7,661)**	**160,458**	4,581	2,542	167,581	0	**167,581**	4,200	**171,781**	(6,985)	164,796	0	2,597	170,586	0	**170,586**	0	170,586	3,260	604	174,449	0	**174,449**
																			0		0					**0**
Expenditure																			**0**		0					**0**
Substantive	(116,652)	(119,009)	(2,357)	740	(118,269)	(5,582)	(1,690)	(125,541)	6,335	**(119,207)**	1,300	**(117,907)**	(1,256)	(119,162)	(3,338)	(560)	(123,060)	5,878	**(117,182)**	(730)	(117,912)	(3,281)	(1,323)	(122,516)	2,443	**(120,073)**
Bank	(3,839)	(7,502)	(3,663)		(7,502)	(354)		(7,856)	396	**(7,460)**		**(7,460)**	(79)	(7,539)	(209)		(7,748)	370	**(7,378)**	(81)	(7,459)	(207)		(7,665)	153	**(7,513)**
Agency	(4,856)	(2,744)	2,111		(2,744)	(130)		(2,874)	145	**(2,729)**		**(2,729)**	(29)	(2,758)	(76)		(2,834)	135	**(2,699)**	(30)	(2,729)	(76)		(2,804)	56	**(2,748)**
NHSE pension costs					0	0		0	0	**0**		**0**		0	0		0	0	**0**	0	0	0		0	0	**0**
Other (Apprenticeship Levy)	(480)	(507)	(27)		(507)	(24)		(531)	27	**(504)**		**(504)**		(504)	(14)		(518)	25	**(493)**	(5)	(499)	(14)		(512)	10	**(502)**
Pay	**(125,826)**	**(129,762)**	**(3,936)**	740	(129,022)	(6,090)	(1,690)	(136,802)	6,903	**(129,899)**	1,300	**(128,599)**	(1,364)	(129,963)	(3,637)	(560)	(134,160)	6,408	**(127,752)**	(846)	(128,598)	(3,577)	(1,323)	(133,498)	2,662	**(130,836)**
Out of Area healthcare	(6,486)	(14,914)	(8,427)		(14,914)	(765)		(15,678)		**(15,678)**		**(15,678)**		(15,678)	(804)	(200)	(16,682)	797	**(15,885)**	(175)	(16,060)	(824)		(16,884)	337	**(16,547)**
Drugs	(825)	(1,034)	(209)		(1,034)	(9)		(1,043)	53	**(990)**		**(990)**	(11)	(1,001)	(8)		(1,009)	48	**(961)**	(11)	(971)	(8)		(979)	20	**(960)**
Impairments			0		0	0		0	0	**0**		**0**		0	0		0	0	**0**	0	0	0		0	0	**0**
Other non pay	(19,087)	(17,867)	1,221	(2,058)	(19,924)	(773)		(20,697)	1,044	**(19,653)**		**(19,653)**	1,514	(18,139)	(949)	(740)	(19,827)	947	**(18,880)**	532	(18,348)	(771)		(19,119)	381	**(18,738)**
CNST	(696)	(696)	0		(696)	(2)		(698)		**(698)**		**(698)**		(698)	(2)		(700)		**(700)**		(700)	(2)		(702)		**(702)**
Non Pay	**(27,095)**	**(34,510)**	**(7,415)**	(2,058)	(36,568)	(1,548)	0	(38,117)	1,097	**(37,020)**	0	**(37,020)**	1,504	(35,516)	(1,763)	(940)	(38,219)	1,792	**(36,426)**	346	(36,080)	(1,605)	0	(37,685)	738	**(36,947)**
Total Expenditure	**(152,921)**	**(164,272)**	**(11,351)**	**(1,318)**	**(165,590)**	**(7,638)**	**(1,690)**	**(174,918)**	**8,000**	**(166,918)**	**1,300**	**(165,618)**	**140**	**(165,479)**	**(5,400)**	**(1,500)**	**(172,379)**	**8,200**	**(164,179)**	**(500)**	**(164,679)**	**(5,182)**	**(1,323)**	**(171,183)**	**3,400**	**(167,783)**
Earnings Before Interest, Tax, Depre'n & Amort'n	**3,731**	**3,847**	**116**	**(8,979)**	**(5,133)**	**(3,057)**	**852**	**(7,338)**	**8,000**	**662**	**5,500**	**6,162**	**(6,845)**	**(682)**	**(5,400)**	**1,097**	**(1,792)**	**8,200**	**6,408**	**(500)**	**5,908**	**(1,922)**	**(719)**	**3,266**	**3,400**	**6,666**
Depreciation & Amortisation	(3,955)	(3,895)	60		(3,895)	(1,131)		(5,026)		**(5,026)**		**(5,026)**		(5,026)	(177)		(5,203)		**(5,203)**		(5,203)	(189)		(5,392)		**(5,392)**
Net Operating Surplus / (Deficit)	**(225)**	**(48)**	**176**	**(8,979)**	**(9,027)**	**(4,188)**	**852**	**(12,364)**	**8,000**	**(4,364)**	**5,500**	**1,136**	**(6,845)**	**(5,708)**	**(5,577)**	**1,097**	**(6,995)**	**8,200**	**1,205**	**(500)**	**705**	**(2,111)**	**(719)**	**(2,126)**	**3,400**	**1,274**
Interest receipts	2,004	2,009	5	(393)	1,616	0		1,616		**1,616**		**1,616**		1,616	0		1,616		**1,616**		1,616	0		1,616		**1,616**
Finance expense	(62)	(58)	4	(8)	(66)	(2)		(68)		**(68)**		**(68)**		(68)	(2)		(69)		**(69)**		(69)	(2)		(71)		**(71)**
PDC dividends payable	(2,493)	(2,651)	(158)	(70)	(2,721)	(65)		(2,786)		**(2,786)**		**(2,786)**		(2,786)	(67)		(2,853)		**(2,853)**		(2,853)	(68)		(2,921)		**(2,921)**
Net Finance Costs	**(552)**	**(700)**	**(149)**	(471)	(1,171)	(67)	0	(1,238)		**(1,238)**		**(1,238)**		(1,238)	(68)	0	(1,306)		**(1,306)**		(1,306)	(70)	0	(1,376)		**(1,376)**
Net Surplus/ (Deficit) for the year	**(776)**	**(748)**	**28**	**(9,450)**	**(10,198)**	**(4,255)**	**852**	**(13,601)**	**8,000**	**(5,601)**	**5,500**	**(101)**	**(6,845)**	**(6,946)**	**(5,645)**	**1,097**	**(8,301)**	**8,200**	**(101)**	**(500)**	**(601)**	**(2,181)**	**(719)**	**(3,501)**	**3,400**	**(101)**
Technical Adjustments	173	145	(28)	(44)	101	0		101		**101**		**101**		101	0	0	101		**101**		101	0	0	101		**101**
Adjusted Net Surplus / (Deficit)	**(603)**	**(603)**	**0**	**(9,494)**	**(10,097)**	**(4,255)**	**852**	**(13,500)**	**8,000**	**(5,500)**	**5,500**	**0**	**(6,845)**	**(6,845)**	**(5,645)**	**1,097**	**(8,200)**	**8,200**	**0**	**(500)**	**(500)**	**(2,181)**	**(719)**	**(3,400)**	**3,400**	**0**

Statement of Financial Position - Summary				
	24 / 25	25 / 26	26 / 27	27 / 28
	M12	M12	M12	M12
	£k	£k	£k	£k
Non-Current Assets				
Intangible Assets	10,705	10,517	9,941	9,458
Property, Plant & Equipment (PPE)	64,861	76,745	83,886	84,796
Right of Use Assets (IFRS 16 Leases)	6,209	5,711	5,213	4,715
Other Non-Current Assets	276	276	276	276
Non-Current Assets Total	82,051	93,249	99,316	99,245
		0	0	0
Current Assets		0	0	0
Receivables	9,738	9,033	9,133	9,133
Cash and Cash Equivalents	41,124	43,415	37,093	36,314
Assets held for sale (Fulwood HQ)	12,600	0	0	0
Other Current Assets	87	591	596	596
Total Current Assets	63,549	53,039	46,822	46,043
		0	0	0
Current Liabilities		0	0	0
Provisions	(153)	(153)	(153)	(153)
Payables	(17,000)	(14,000)	(14,000)	(13,500)
Borrowings (leases)	(566)	(566)	(566)	(566)
Other Current Liabilities	(414)	(414)	(414)	(414)
Total Current Liabilities	(18,133)	(15,133)	(15,133)	(14,633)
		0	0	0
Net Current Assets/ (Liabilities)	127,467	131,155	131,005	130,655
		0	0	0
Provisions	(826)	(826)	(826)	(826)
Borrowings (leases)	(4,150)	(3,700)	(3,650)	(3,400)
Other Non Current Liabilities	(209)	(209)	(209)	(209)
Total Non-Current Liabilities	(5,185)	(4,735)	(4,685)	(4,435)
		0	0	0
Total Net Assets	122,282	126,420	126,320	126,220
Total Taxpayers Equity	122,282	126,420	126,320	126,220

Statement of Cash Flow - Summary				
	24 / 25	25 / 26	26 / 27	27 / 28
	M12	M12	M12	M12
	£k	£k	£k	£k
Summary for Monthly Board Report to FPC				
Operating surplus/(deficit)		1,138	1,579	1,889
Net cash inflow / (outflow) from operations		3,444	6,757	6,860
Net cash inflow / (outflow) from investing		(2,156)	(10,103)	(4,334)
Net cash inflow / (outflow) before financing activities		1,288	(3,345)	2,526
Net cash inflow / (outflow) from financing		1,003	(2,977)	(3,305)
Increase / (decrease) in cash and cash equivalents		2,290	(6,322)	(779)
Cash and cash equivalents at start of period		41,124	43,415	37,093
Increase/(decrease) in cash and cash equivalents		2,290	(6,322)	(779)
Cash and cash equivalents at end of period	41,124	43,415	37,093	36,314
Cashflow balance as per 2024/25 plan		43,415	37,093	36,314

Appendix Three – 2025-26 Phasing

	Forecast Out-turn 2024/25 Year ending £'000	Plan April Month 1 £'000	Plan May Month 2 £'000	Plan June Month 3 £'000	Plan July Month 4 £'000	Plan August Month 5 £'000	Plan September Month 6 £'000	Plan October Month 7 £'000	Plan November Month 8 £'000	Plan December Month 9 £'000	Plan January Month 10 £'000	Plan February Month 11 £'000	Plan March Month 12 £'000	Plan 2025/26 Year Ending £'000
Operating income from patient care activities	137,995	11,979	11,979	11,979	11,979	11,979	11,979	11,979	11,979	11,979	11,979	11,979	11,979	**143,742**
Other operating income	24,213	1,988	1,988	1,988	1,988	1,988	1,988	1,988	1,988	1,984	1,984	1,984	1,984	**23,838**
Employee expenses	(129,257)	(10,612)	(10,615)	(10,614)	(10,822)	(10,822)	(10,817)	(10,819)	(10,819)	(10,827)	(10,827)	(10,827)	(10,827)	**(129,248)**
Operating expenses excluding employee expenses	(38,405)	(3,717)	(3,744)	(3,616)	(3,594)	(3,540)	(3,461)	(3,502)	(3,442)	(3,473)	(3,416)	(3,232)	(3,309)	**(42,046)**
OPERATING SURPLUS/(DEFICIT)	**(5,454)**	**(363)**	**(393)**	**(264)**	**(450)**	**(396)**	**(313)**	**(354)**	**(295)**	**(337)**	**(280)**	**(96)**	**(173)**	**(3,714)**
FINANCE COSTS														
Finance income	2,009	135	135	135	135	135	135	135	135	135	135	135	135	**1,616**
Finance expense	(59)	(6)	(6)	(6)	(6)	(6)	(6)	(6)	(6)	(6)	(6)	(6)	(6)	**(68)**
PDC dividend expense	(2,651)	(232)	(232)	(232)	(232)	(232)	(232)	(232)	(232)	(232)	(232)	(232)	(232)	**(2,786)**
NET FINANCE COSTS	**(701)**	**(103)**	**(103)**	**(103)**	**(103)**	**(103)**	**(103)**	**(103)**	**(103)**	**(103)**	**(103)**	**(103)**	**(103)**	**(1,238)**
Remove capital donations/grants/peppercorn lease I&E impact	144	8	8	8	8	8	8	8	8	8	8	8	8	101
Financial performance surplus/(deficit)	**(6,011)**	**(458)**	**(488)**	**(359)**	**(545)**	**(490)**	**(407)**	**(449)**	**(390)**	**(432)**	**(375)**	**(191)**	**(268)**	**(4,850)**
Deficit Funding and System Savings	5,911	404	404	404	404	404	404	404	404	404	404	404	404	4,850
Adjusted Financial performance surplus/(deficit)	**(100)**	**(53)**	**(83)**	**45**	**(140)**	**(86)**	**(3)**	**(45)**	**15**	**(28)**	**30**	**214**	**136**	**0**

Appendix Four – Capital Plan

Capital Scheme Desc 31/03/2030 5 Year Plan FREE TEXT	Scheme Category Desc 31/03/2030 5 Year Plan DROP-DOWN	DHSC Programme Desc 31/03/2030 5 Year Plan DROP-DOWN	Type of Capital Expenditure Desc 31/03/2030 5 Year Plan DROP-DOWN	Planned funding method Desc 31/03/2030 5 Year Plan DROP-DOWN	Plan Plan 31/03/2026 Year Ending £'000	Plan 31/03/2027 Year Ending £'000	Plan 31/03/2028 Year Ending £'000	Plan 31/03/2029 Year Ending £'000	Plan 31/03/2030 Year Ending £'000	Plan 31/03/2030 5 Year Plan £'000
Completion of Rio mobilisation	IT - Clinical Systems	Front Line Digitisation	Owned	Internally Funded	**624**					**624**
Maple Ward - ward refurbishment and LAP removal	New Build - Wards	2025/26 Mental Health: Reducing Out of Area Placements	Owned	PDC	**4,239**					**4,239**
Maple Ward - ward refurbishment and LAP removal	New Build - Wards	Non Central Programme	Owned	Internally Funded	**187**					**187**
Standing allocation: Capital Programme Team	Backlog Maintenance - Moderate and low risk	Non Central Programme	Owned	Internally Funded	**176**					**176**
Standing allocation: Lease revaluations	New Build - Land, buildings and dwellings	Non Central Programme	Right of Use Asset	Internally Funded	**150**	150	150	150	150	**750**
Standing allocation: Capital Programme Team	Backlog Maintenance - Moderate and low risk	Non Central Programme	Owned	Internally Funded	**354**	527	527	400	400	**2,208**
Standing allocation: Desktop & laptop upgrades	IT - Hardware	Non Central Programme	Owned	Internally Funded	**432**	400	400	300	250	**1,782**
Standing allocation: Redecoration Programme	Backlog Maintenance - Moderate and low risk	Non Central Programme	Owned	Internally Funded	**100**	100	100	100	100	**500**
Standing allocation: Unforeseen essential maintenance	Backlog Maintenance - Moderate and low risk	Non Central Programme	Owned	Internally Funded	**250**	250	250	250	250	**1,250**
Fire doors replacement and works	Fire Safety	Non Central Programme	Owned	Internally Funded	**600**	500				**1,100**
Fire compartmentation and works	Fire Safety	Non Central Programme	Owned	Internally Funded	**600**	500				**1,100**
Endcliffe courtyard door replacement	Backlog Maintenance - Moderate and low risk	Non Central Programme	Owned	Internally Funded	**40**					**40**
Emergency phone upgrade	IT - Telephony	Non Central Programme	Owned	Internally Funded	**40**					**40**
Telephony Replacement (Skype for business)	IT - Telephony	Non Central Programme	Owned	Internally Funded	**110**					**110**
Firewall Hardware Replacement	IT - Cybersecurity, Infrastructure/Networking	Front Line Digitisation	Owned	Internally Funded	**132**					**132**
Windows 11 Project (dependent on implementation and testing)	IT - Cybersecurity, Infrastructure/Networking	Front Line Digitisation	Owned	Internally Funded	**50**					**50**
Endcliffe Ward - Seclusion room door replacement	Backlog Maintenance - Moderate and low risk	Non Central Programme	Owned	Internally Funded	**100**					**100**
Switchgear & Generator - MCC (7 Facet #1)	Backlog Maintenance - Significant and high risk (CIR)	2025/26 Estates Safety	Owned	PDC	**779**					**779**
Switchgear & Generator - MCC (7 Facet #1)	Backlog Maintenance - Significant and high risk (CIR)	Non Central Programme	Owned	Internally Funded	**435**					**435**
Switchgear replacement - Grenoside (7 Facet #2)	Backlog Maintenance - Significant and high risk (CIR)	Non Central Programme	Owned	Internally Funded	**330**					**330**
Centre court door DDA compliance	Backlog Maintenance - Moderate and low risk	Non Central Programme	Owned	Internally Funded	**40**					**40**
Woodland View environment upgrades (Kitchen, SAS, staff room)	Backlog Maintenance - Moderate and low risk	Non Central Programme	Owned	Internally Funded	**300**					**300**
Longley Centre - improved external lighting	Backlog Maintenance - Moderate and low risk	Non Central Programme	Owned	Internally Funded	**40**					**40**
Longley Car Park Barrier	Backlog Maintenance - Moderate and low risk	Non Central Programme	Owned	Internally Funded	**60**					**60**
SAN upgrade	IT - Cybersecurity, Infrastructure/Networking	Non Central Programme	Owned	Internally Funded	**352**					**352**
Decarbonisation planning: Professional fees for design for sites	Backlog Maintenance - Moderate and low risk	Non Central Programme	Owned	Internally Funded	**300**					**300**
Forest Lodge: Design fees	Backlog Maintenance - Moderate and low risk	Non Central Programme	Owned	Internally Funded	**200**					**200**
Grenoside Grange: Design fees	Backlog Maintenance - Moderate and low risk	Non Central Programme	Owned	Internally Funded	**200**					**200**
Community Learning Disability Services: accommodation upgrade	Backlog Maintenance - Moderate and low risk	Non Central Programme	Owned	Internally Funded	**300**					**300**
Wellbeing Hub: accommodation upgrade	Backlog Maintenance - Moderate and low risk	Non Central Programme	Owned	Internally Funded	**250**					**250**
Research Unit: accommodation upgrade	Backlog Maintenance - Moderate and low risk	Non Central Programme	Owned	Internally Funded	**300**					**300**
East Glade - Decarbonisation of boiler and site upgrades	Backlog Maintenance - Moderate and low risk	Non Central Programme	Owned	Internally Funded	**1,000**					**1,000**
Limbrick Centre - Decarbonisation of boiler and site upgrades	Backlog Maintenance - Moderate and low risk	Non Central Programme	Owned	Internally Funded	**1,000**					**1,000**
LED light replacement scheme	Backlog Maintenance - Moderate and low risk	Non Central Programme	Owned	Internally Funded	**600**					**600**
Decarbonisation planning: Professional fees for design for sites	Backlog Maintenance - Moderate and low risk	Non Central Programme	Owned	Internally Funded	**0**	100				**100**
Digital: System upgrades and resilience	IT - Cybersecurity, Infrastructure/Networking	Non Central Programme	Owned	Internally Funded	**0**	300	300	300	300	**1,200**
Longley Centre Lift refurbishment	Backlog Maintenance - Significant and high risk (CIR)	Non Central Programme	Owned	Internally Funded	**384**					**384**
Backlog maintenance: Inpatient sites	Backlog Maintenance - Moderate and low risk	Non Central Programme	Owned	Internally Funded	**0**	500	500	500	250	**1,750**
Backlog maintenance: Community sites	Backlog Maintenance - Moderate and low risk	Non Central Programme	Owned	Internally Funded	**0**	400	400	400	400	**1,600**
Limbrick Switchgear (7 Facet Survey #4)	Backlog Maintenance - Moderate and low risk	Non Central Programme	Owned	Internally Funded	**0**	250				**250**
Longley: Energy centre connection	Backlog Maintenance - Moderate and low risk	Non Central Programme	Owned	Internally Funded	**500**					**500**
Hospital site upgrade: Grenoside/ Forest Lodge	Backlog Maintenance - Moderate and low risk	Non Central Programme	Owned	Internally Funded	**750**	5,250				**6,000**
Woodland View: Training room works - chestnut cottage	Backlog Maintenance - Moderate and low risk	Non Central Programme	Owned	Internally Funded	**0**	200				**200**
Clinic room priorities (Northlands/ Eastglade/ Trust wide)	Backlog Maintenance - Moderate and low risk	Non Central Programme	Owned	Internally Funded	**0**	150				**150**
Forest Close B3: ADL kitchen replacement	Backlog Maintenance - Moderate and low risk	Non Central Programme	Owned	Internally Funded	**0**	200				**200**
All sites: Flooring scheme	Backlog Maintenance - Moderate and low risk	Non Central Programme	Owned	Internally Funded	**0**	600				**600**
Room changes at Northlands Health Centre	Backlog Maintenance - Moderate and low risk	Non Central Programme	Owned	Internally Funded	**0**	100				**100**
Roof replacement programme	Backlog Maintenance - Moderate and low risk	Non Central Programme	Owned	Internally Funded	**0**	600		300		**900**
Vehicles Replacement Programme	Fleet, Vehicles & Transport	Non Central Programme	Owned	Internally Funded	**0**	150	150			**300**
Decarbonisation projects	Backlog Maintenance - Moderate and low risk	Non Central Programme	Owned	Internally Funded	**0**	123	323		800	**1,246**
Forest Lodge: LAP and site upgrade	Backlog Maintenance - Significant and high risk (CIR)	Non Central Programme	Owned	Internally Funded	**0**		2,300	2,700		**5,000**
Hospital site upgrade	New Build - Wards	Non Central Programme	Owned	Internally Funded	**0**				2,500	**2,500**
TOTAL					**16,304**	**11,350**	**5,400**	**5,400**	**5,400**	**43,854**