

► Council of Governors

Finance & Performance Committee Update

Owen McLellan, Chair of Finance & Performance
Committee and Non-Executive Director

31 July 2025

Alerts:

- Financial performance report
- Maple ward improvements
- Home First programme
- 2025/2026 Finance plan and delivery
- 2025-2026 Capital plan
- Value Improvement Programme delivery



NED Challenge at Committee:



Concerns regarding the cumulative effect of **Value Improvement Plans (VIP)** on the Trust and the potential impact on staffing. The committee understood that the impact of VIP can impact not only financially but on morale, resulting in potential grievances and subsequently create delays to projects therefore it is important to consider the quality and people impacts.



The committee approved the inclusion of a new corporate risk relating to **Rio optimisation phase** (5462) and asked that a benefits realisation is shared with FPC members to assess the benefits and delivery of Rio post implementation as well as to aid the committee in challenging the impact of improvement and change programmes.



The committee raised challenges regarding the **delivery of the financial plan**, as at month 2, there was a reported £400k overspend, primarily due to the value improvement programme (VIP) which was noted to have an adverse variance of £450k.



The committee welcomed the revised approach to **performance improvement** and noted the intention for a final framework to return to committee in August and October 2025, which will include national benchmarking and set clear timelines for implementation.



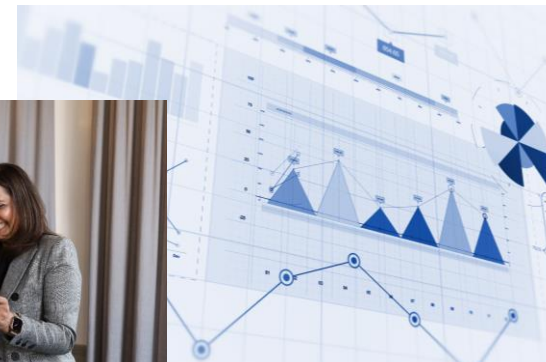
In May 2025, the committee expressed that they did not feel assured that a **robust capital allocation framework** was in place and requested for this to be reviewed and the report to come back to committee in June. The report was received in June and provided assurance that the capital plan is on track, and it will continue to report regularly at FPC.

Positive Progress:

- Assurance reports were received from the tier 2 groups across the year, with annual meeting effectiveness reports being provided to committee in January 2025, which assisted with agreeing the objectives for FPC in 2025/26 and the completion of FPC's annual report which is being shared to Audit and Risk Committee and Board of Directors in July 2025.
- The committee received and approved the following strategies:
 - Sustainability and Green Plan Strategy 2022-2026 – January 2025
 - Draft Estates Strategy 2021-2026 – June 2025

with the following strategies planned for review in committee in August and December 2025:

- Estates Strategy 2021-2026
- Finance Strategy 2022-2026



2024/25 & 2025/26 Plan

	2024/25 £m	2025/26 Plan £m	% Change
Income	173.2	167.6	-3%
Pay	-138.3	-129.3	-7%
Non-Pay	-40.9	-43.2	6%
Deficit	-6.0	-4.9	-18%
Deficit Funding & System Savings	5.9	4.9	-17%
Adjusted Deficit	-0.1	0.0	

Drivers of year-on-year movements

- Non-recurrent Income (including Pension adjustment) offset by contract inflation
- 2024/25 Pension adjustment
- Inflation and Non-recurrent reductions in 2024/25
- Reduced on basis that our deficit is lower

2024/25 & 2025/26 Plan

2025/26 key building blocks

2024/25 key messages

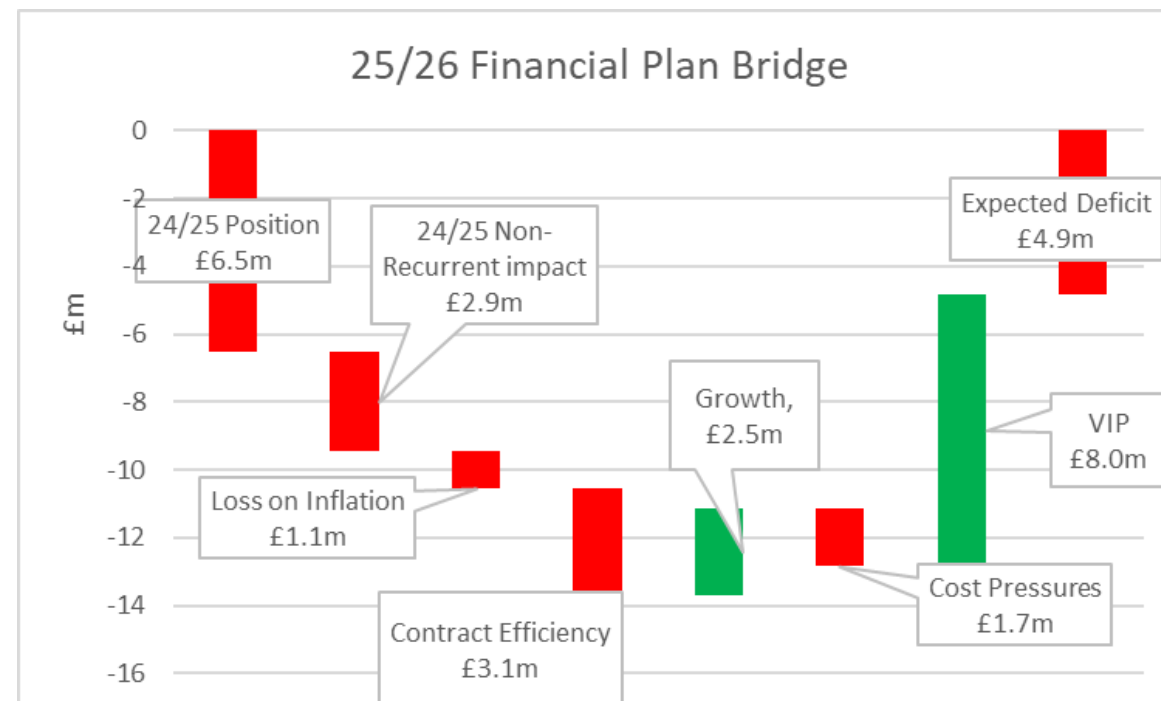
- Achieved plan of £(6)m deficit

Key overspending areas:

- Out of Area (OOA) by £8.9m
- Inpatients wards/care homes also overspent by £3.4m

Underspending areas:

- Community and specialist services
- Additional Non-recurrent income
- Slippage on investments/pilots



Savings & 2025/26 Risks

2024/25

- Achieved plan = £7.3m
 - £4.0m – reduction in overspending areas
 - £3.3m – other saving plans across departments

2025/26

- Savings Requirement = £8m
 - Current position (21st July) - £6m plans, £2.9m further proposals – teams working to ensure proposals are signed off in July
 - Plan include further reduction in overspending areas = £2.5m

Main 2025/26 Risks

- Delivery of £8m Savings Requirement – priority to ensure signed off plans above £8m in August
- Delivery of Out of Area reduction trajectory – Acute & PICU out of area to reduce from 30 in April to 5 in March