



Report Title	Finance Report	
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Previous committees/groups	Finance & Performance Committee 20 May 2025	
Recommended action(s)	It is recommended that the Trust Board note: The setting of budgets within the approved 2025-2026 plan. The allocation of efficiencies within those budgets. The financial position as of 30 April 2025.	
Purpose of the paper	To update the Trust Board of the 2025-2026 budget setting and report the current financial position for the period ending 30 April 2025.	
Executive Summary		
Budget Setting Trust Board have previously approved a break-even 2025-2026 financial plan; budgets have been set within the parameters of that plan. Those budgets were issued to budget holders in April 2025, with a deadline of 16 May 2025 for sign off.		
Efficiencies The plan for 2025-2026 includes £23.1m of efficiencies, equating to 5% of Trust expenditure. Included within the target is a vacancy factor of £4.6m or 1.3% of pay budgets and £8.9m unidentified target allocated to Directorates. Corporate areas have a target of 5% and operational areas 1.8% The Director will determine how it is split across the areas within their portfolio.		
Month 1 Finance Position Overall, as of 30 April 2025 there is a modest favourable variance of £49k against the planned £73k deficit. A breakeven position, in line with plan is forecast.		
Recommendation(s)	It is recommended that the Trust Board note: The setting of budgets within the approved 2025-2026 plan The allocation of efficiencies within those budgets The financial position as of 30 April 2025.	
Link to Board Assurance Framework Risks (board and level 2 committees only)	12. Secure sufficient revenue resources and use them wisely to ensure value for money.	

Financial Performance as at 30 April 2025 (Month 1) and Budget Setting

1.0 INTRODUCTION

- 1.1 The purpose of this paper is to provide the Trust Board with an update regarding budget setting, including the allocation of efficiency targets, the financial position as at month 1, period ending 30 April 2025.

2.0 BACKGROUND

- 2.1 The Trust Board have approved a breakeven plan for the financial year April 2025 to March 2026.
- 2.2 The plan has been submitted to both the ICB and NHSE in line with the national requirements.
- 2.3 The opening plan reflects a 2.8% pay award as well as an uplift to Employers National Insurance Payments of 1.2% in line with National Planning Guidance. The final pay award recommendation is expected to be announced in June 2025.
- 2.4 Income plan has an applied CUF, tariff uplift, of 2.15%: (4.15% *gross uplift less 2.0% efficiency*) to the ICB block contract as well as on other NHS contracts.
- 2.5 The plan includes a £23.1m efficiency plan. This includes a vacancy factor (£4.6m) and unidentified CIP target (£8.9m). Note the unidentified amount has reduced since plan approval, as some benefits have been identified in the budget setting process.

3.0 BUDGET SETTING 2025-26

- 3.1 The Trust Board approved a break-even financial plan, and budgets have been set within the parameters of that plan.
- 3.2 Subsequently, Directors have agreed the allocation of efficiency targets (described in section 4 below).
- 3.3 Budget statements for the 2025-2026 financial year were issued to Directors and lead budget holders in April 2025 and included detailed information on the budget setting process, approved cost pressures, pre commitments and investments.
- 3.4 A deadline of 16 May 2025 has been set for final budget statement sign-off.

4.0 EFFICIENCIES 2025-2026

- 4.1 The plan for 2025-2026 includes £23.1m of efficiencies, equating to 5% of Trust expenditure.
- 4.2 This includes a vacancy factor target of £4.6m, or 1.3% of pay budgets. This target has been applied to all pay budgets except those with ring-fenced funding such as Mental Health Investment Standard (MHIS), Pathways project, R&D and NARU. It is expected this target will be met through natural attrition and vacancies incurred throughout the year. If that were not to materialise budget holders will need to take action to reduce pay expenditure (e.g. By holding vacancies). *NB A higher target of 2% was applied as part of 2024-25 and achieved in most services across the Trust.*

- 4.3 When the Trust plan was approved there was a gap (unidentified efficiencies) of £11m. Detailed budget setting has identified some improvements to that plan, resulting in that gap reducing to £8.9m. This target has, with the agreement of Directors, been allocated across the Trust services:
- a 5% target has been applied in support services and
 - the balance of £5.2m has been applied to operational expenditure budgets, equating to a lower target of 1.8%.
- 4.4 Efficiency targets have been allocated to budgets within each directorate; the responsible Director will determine how it is split across the areas within their portfolio. This will allow budget holders to align targets to where opportunity to reduce costs exist.
- 4.5 Each service is working within their teams and Finance Business partner support to work up plans to deliver these targets. Once plans have been finalised, any required adjustments to financial targets will be transacted and the plan will form the basis of in-year efficiencies monitoring.

5.0 FINANCIAL POSITION

- 5.1 For month 1 financial reporting there is no NHSE submission. Providers have submitted a high-level key data return to the ICB.
- 5.2 The month 1 position, period ending 30 April 2025, is showing a small favourable position of £49k against the planned £73k deficit.
- 5.3 At month 1, there is a pay surplus relating to vacancies and timing of increment payments, offset by a non-pay deficit due to unidentified efficiency targets.
- 5.4 Month 1 table

Type	Annual Budget	Mth 1 Budget	Mth 1 Actual	Mth 1 Variance
	£000's	£000's	£000's	£000's
Income	-449,715	-37,476	-37,508	-32
Pay	354,731	29,634	29,099	-535
Non Pay	94,984	7,915	8,433	517
Grand Total	0	73	24	-49

6.0 RECOMMENDATION

- 6.1 It is recommended that the Trust Board note:
- The setting of budgets within the approved 2025-2026 plan.
 - The allocation of efficiencies within those budgets.
 - The financial position as of 30 April 2025.