



Report Title	Trust Revenue Financial Plan 2026/27 – 2028/29
Author	Michael Fox, Head of Financial Strategy
Accountable Director	Kathryn Vause, Executive Director of Finance
Previous committees/groups	Trust Executive Group 18 March 2026 Finance and Performance Committee 19 March 2026 Board of Directors
Recommended action(s) (assurance, approval, information)	Approval
Purpose of the paper	The purpose of this paper is to set out the 2026/27 – 2028/29 financial plan and seek Trust Board to approval, so that budgets can be set for 2026/27 within the parameters of this plan.
Executive Summary	
<p>Further to the presentation shared with Board on 10 February 2026, this paper sets out the 2026/27 – 2028/29 financial revenue plans and includes information regarding the financial framework, contracting arrangements and system context.</p> <p>Overview The plan has been developed in accordance with the national Medium-Term Planning Framework, which now requires all NHS Trusts to deliver annual financial breakeven individually, rather than at system level. The Trust has produced a break-even plan for all three years, underpinned by income assumptions, cost pressures, and a stretching efficiency programme.</p> <p>Financial Framework</p> <ul style="list-style-type: none"> NHS England has issued three-year plan limits for 2026/27–2028/29. Ambulance Capacity Funding is assumed in full: <ul style="list-style-type: none"> £12.19m (2026/27), £12.55m (2027/28), £12.26m (2028/29). Net income uplift via CUF is minimal (0.03% in 2026/27; 0% thereafter). National requirements mandate significant reductions in agency and bank staffing costs over the planning period. <p>Income</p> <ul style="list-style-type: none"> Total income for 2026/27 is £470m. Block contract with Yorkshire and Humber ICBs remains the primary income source. Additional income includes: <ul style="list-style-type: none"> MHIS (£5.2m) for mental health services. Urgent Dental Care support. Full cost recovery for PTS ECR activity through separate invoicing. <p>Expenditure</p> <ul style="list-style-type: none"> Budgets reflect a mix of recurrent roll-forward and outturn-based approaches. Pay budgets incorporate actual in-post costs, incremental drift adjustments and a 2% assumed pay uplift. 	

- Non-pay pressures are recognised selectively, supported by a small contingency.
- Demand plans fully utilise capacity funding to meet revised performance standards.

Efficiency Requirement (CIP)

- The Trust must deliver **£18.8m (4.02%)** efficiency savings in 2026/27 to achieve breakeven.
- £2.1m of these savings **remain unidentified**.
- Recurrent requirement: **£15.2m to deliver a break-even plan**.

Underlying Position

- The Trust has an underlying **£2.96m deficit** in 2026/27, an improvement from £6.3m in 2025/26.
- Improvements reflect reclassification of some recurrently-received NR funding and efficiency gains.

Key Risks

- Pay award gap between planned (2%) and actual (3.3%) uplift.
- Non-pay inflation exposure.
- Conditionality of Ambulance Capacity Funding linked to performance (Cat 2 KPIs).
- Unidentified efficiencies (£2.1m).

Recommendation(s)

The Trust Board is asked to:

- Note the financial framework for 2026/27.
- Note the underlying recurrent deficit position.
- Note the risks to delivery of the plan.
- Approve the break-even financial plan for 2026/27.
- Approve budgets to be set within the parameters of this plan.

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.

Trust Revenue Financial Plan 2026/27 – 2028/29

1.0 INTRODUCTION

The financial plan has been shared previously via a number of presentations. This paper formalises the details of this for approval.

- 1.1 This plan has been developed in accordance with the principles and business rules defined in the medium-term planning framework. (Appendix 1: Medium-term planning framework: Revenue finance and contracting guidance, published 17 November 2025).

2.0 FINANCIAL FRAMEWORK

- 2.1 Both Integrated Care Boards (ICBs) and NHS Trusts are required to deliver financial breakeven as individual bodies in future years, which reflects a change from the previous business rules where ICBs and NHS Trusts were required to support the delivery of financial breakeven in aggregate across their system.
- 2.2 However, ICBs and NHS Trusts must continue to collaborate to support the delivery of locally agreed priorities. As part of this, ICBs and NHS Trusts will be required to work together to agree plans that address the healthcare needs of the populations they serve, in accordance with national and local priorities, and ensure that resources are used effectively and efficiently in support of this.
- 2.3 NHS England have set every ICB and NHS Trust a revenue financial plan limit ('plan limit') for 2026/27, 2027/28 and 2028/29. This is a change from 2025/26, where plan limits were issued to systems. Where ICBs and NHS Trusts have a surplus or breakeven plan in 2025/26, they will be set a breakeven plan limit for 2026/27 to 2028/29.
- 2.4 Trusts are asked to deliver reductions in the use of temporary staffing over the three years 2026/26 – 2028/29 as follows:

- All NHS Trusts are expected to reduce expenditure on agency staff so that there is no agency spending in 2029/30. Limits will be set based on reducing current agency spending (based on 2025/26 M6 forecast outturn) by 30% in 2026/27, 25% in 2027/28 and 25% in 2028/29. Therefore, YAS agency expenditure limits are as follows:

	2026/27	2027/28	2028/29
Year-on-year Reduction (%)	30%	35%	55%
Previous limit	£531k	£372k	£239k
Reduction	(£159k)	(£133k)	(£133k)
New limit	£372k	£239k	£106k

- All NHS Trusts are expected to reduce expenditure on bank staff across the next three years. Trusts will be set a limit that reduces current bank spending (based on 2025/26 M6 forecast outturn) by an amount that will range from 7.5% to 15% in each year from 2026/27 to 2028/29. YAS bank staff expenditure limits are as follows:

	2026/27	2027/28	2028/29
Year-on-year Reduction (%)	7.5%	7.5%	7.5%
Previous limit	£4,982k	£4,608k	£4,263k
Reduction	(£374k)	(£345k)	(£320k)
New limit	£4,608k	£4,263k	£3,943k

2.5 For 2026/27 – 2028/29, ICB programme allocations reflect:

2.5.1 A net cost uplift factor (CUF) as follows:

	2026/27	2027/28	2028/29
Gross uplift	2.03%	2.0%	2.0%
Efficiency factor	-2.0%	-2.0%	-2.0%
Net total uplift	0.03%	0.0%	0.0%
Impact on Income	£129k	£0k	£0k

2.6 Ambulance capacity funding for 2026/27 (£12.19m), 2027/28 (£12.55m) and 2028/29 (£12.26m) has been provisionally allocated to the Trust and will be held by NHS England subject to satisfactory agreement of plans that set out utilisation of the additional resource, an improvement in Category 2 response times and assurance of delivery. The financial plan assumes that the full allocations in each year will be made available.

2.7 In 2026/27 ambulance capacity funding will be used to support:

- an increase to road crew staffing
- an associated uplift to the double-crewed ambulance (DCA) fleet
- an increase in emergency operations centre (EOC) clinicians and health advisors

3.0 CONTRACTING ARRANGEMENTS

3.1 National guidance for 2026/27 mandates that contracts, in the form of the NHS standard contract, must be in place between NHS commissioners and NHS providers covering at least the full 2026/27 financial year. Contracts should be completed and signed by 31 March 2026 for contracts starting on 1 April 2026.

3.2 The high-level terms of the 2026/27 contract settlement are being finalised with commissioners and work is underway to jointly complete the NHS standard

contracts for the Trust's A&E, IUC and PTS services.

- 3.3 As in previous years Commissioners and YAS have agreed a consolidated financial value spanning all YAS NHS contracts. This settlement will be included in the 2026/27 A&E contract and referenced in 2026/27 contracts for PTS and IUC services.
- 3.4 In addition to the block income specified in the Trust's A&E contract, three other material income streams have been agreed with the Yorkshire and Humber ICBs.
- 3.4.1 **Mental Health Investment Standard (MHIS):** a total of £5.2m has been agreed for 2026/27 to fund the continued delivery of the Trust's Mental Health programme, including: Mental Health Response Vehicles, development of specialist Mental Health clinical roles, and provision of additional Mental Health Training to frontline ambulance staff.
- 3.4.2 **Urgent Care Dental:** Triage and clinical assessment – the IUC service continues to provide resilience support to the Yorkshire and Humber Dental Clinical Advice and Booking Service, this support will be funded separately by the ICBs on a cost per case basis.
- 3.4.3 **Patient Transport Service (PTS) Extra Contractual Journeys:** in line with national guidance the Trust will be progressing towards invoicing ICBs separately for all extra contractual journeys undertaken by the PTS service.

4.0 SUMMARY FINANCIAL PLAN

- 4.1 The financial plan submitted for 2026/27 – 2028/29 shows a break-even position in each year, as shown below in table 1.

Summary Plan 2026/27 - 2028/29	2026/27			2027/28			2028/29		
	TOTAL	R £000s	NR	TOTAL	R £000s	NR	TOTAL	R £000s	NR
Income	(470,022)	(463,568)	(6,454)	(482,707)	(476,123)	(6,584)	(494,971)	(488,387)	(6,584)
Expenditure	470,022	466,530	3,492	482,707	479,085	3,623	494,971	491,349	3,623
TOTAL	0	2,962	(2,962)	(0)	2,962	(2,962)	(0)	2,962	(2,962)

Table 1: summary 2026/27 - 2028/29 financial plans

- 4.2 The Trusts underlying financial position in 2026/27 is a deficit of £2.96m. This position assumes that the Trust delivers a recurrent efficiency of £15.2m and non-recurrent efficiencies of £1.4m. Additional schemes will require development to mitigate the unidentified efficiency gap of £2.2m.
- 4.3 There are several factors that contribute to the underlying deficit position but it is the Trusts success in delivering recurrent cost reductions in 2025/26 that has had led to the improvement (reducing from £6.3m). In assessing the underlying deficit; elements of funding that are notified non recurrently but received on an annual basis (at varying values) are considered to be recurrent.

5.0 INCOME

- 5.1 Main changes to income sources for the 2026/27 financial year include:
- CUF @ 0.03% - £129k
 - Ambulance capacity funding - £12.2m, and

- PTS ECR income - net £1.5m

- 5.2 Total planned income for 2026/27 is £468m compared with 2025/26 planned income of £449m (and forecast actual income of £454m). The main source of income is the block contracts with the ICBs, which total £435m for 2026/27 and include a net uplift of 0.03%, (£0.1m).
- 5.3 As in 2025/26, the increased cost of depreciation and amortisation will be fully funded, above a pre-agreed baseline. On that basis, additional income of £5m has been included in the contract allocation to fully fund the forecast depreciation costs for 2026/27.
- 5.4 **Other income:** All other recurrent income sources available in 2025/26 are expected to continue into 2026/27. As with ICB contract income, the net CUF has been applied to all income from other NHS organisations.

6.0 EXPENDITURE

- 6.1 2026/27 budgets are based upon a combination of recurrent budgets rolled forward (for 999 and EOC) or outturn (PTS, IUC and some corporate services).
- 6.2 In line with usual Trust processes for setting pay budgets, pay costs reflect the actual cost of staff in post, incremental drift and vacancies budgeted at bottom of scale (unless based on outturn, where persistent vacancies have been defunded). Reductions to incremental drift were made for turnover, and a proportion of staff likely to move bands due to paramedic career pathway/rebanding etc. Uplifts for unsocial hours have been based on the actual costs incurred in 2025/26, as a percentage of basic pay at directorate level. At the time of planning, the 2026/27 pay award was not confirmed – planning guidance defined an inflationary uplift for pay of 2% as defined in the planning guidance. The plan complies with the requirement to reduce agency and bank staff costs as set out in section 2.4.
- 6.3 The Trust does not apply a blanket uplift across non pay budgets but does reflect specific and significant increases within Cost Pressures.
- 6.4 **Demand:** Demand modelling is undertaken at service level by the relevant operational planning team to reflect forecast activity with consideration for required levels of performance and potential efficiencies. This is agreed with the responsible Director. For 999 (including EOC) plans have been developed that meet the new performance targets; the additional Ambulance Capacity Funding is fully utilised. Demand costs are modelled gross of efficiency/productivity plans.

For PTS, plans have been developed based upon existing resources.
 IUC: at plan submission a small contingency was held, subject to discussions with commissioners regarding growth funding. These conversations have now concluded with the outcome that there will be no additional commissioner investment in IUC.

- 6.5 **Pre-Commitments:** reflect the full year costs of initiatives or investments that have commenced, (and are therefore partially funded), or given approval in

previous financial years. These support the strategic objectives of the Trust over this planning cycle.

6.6 **Cost Pressures:** The 2026/27 plan includes £4.22m of additional cost pressures. Cost pressures are defined as unavoidable increases in costs and are currently being driven by demand, staffing increases and economic factors.

6.7 **Investments:** are funding requests submitted via the Business Planning cycle to align with the Trusts strategic priorities.

6.8 **Cost Improvement Programme (CIP):** The cost uplift factor has an inherent efficiency requirement included of 2.0%. The Trust must achieve 4.02% or £18.8m cost reduction/productivity/efficiency gains to deliver a breakeven position.

The CIP includes:

- £4.77m productivity efficiencies for 999 demand modelling (increased hear & treat, reduced sickness absence, and reduced handover times).
- A Corporate vacancy factor of £0.6m.
- Further identified cost reductions of £15.2m recurrent and £0.7m non recurrent.
- £2.1m of unidentified efficiencies.

6.9 Total Trust income, and expenditure at service level is summarised at Appendix 2.

7.0 RISKS

7.1 There are several risks to the delivery of the financial plan for 2026/27.

7.2 The pay award for 2026/27 has been confirmed at 3.3% following the plan submission, which is 1.3% above the pay inflation assumption within the plan (2.0% as per national guidance). Further funding will be available through and amended CUF, however historically, Trusts with a higher proportion of Agenda for Change staff than an *average provider* are disadvantaged, particularly if the doctors pay award is low than the A4C one.

7.3 **Non-Pay Inflation:** The Trust has recognised cost pressures within the plan in relation to specific non pay expenditure, e.g. fuel, utilities and other contracts. Some are known costs and others are estimated. It is possible that prices could vary from planned levels leading to deficits or surpluses which need to be managed.

7.4 **Capacity Funding:** The plan assumes that new capacity funding for 2026/27 will be allocated in full (£12.19m). Securing the full funding is dependent upon achieving the updated ambulance response times, and associated KPIs.

7.5 **PTS Demand:** There is a risk that discretionary journeys for immunosuppressed patients, currently categorised as “Category A/F extra contractual responses”, may be reclassified and brought back within the scope of the core contract. Ongoing discussions are taking place with all ICBs to ensure that any associated financial risk is appropriately mitigated and that additional funding is secured where appropriate.

7.6 Unidentified CIP: The Trusts 2026/27 efficiency plan includes £2.1m of unidentified savings. The Trust must find recurrent cost reductions/productivity gains to prevent a further deterioration in the underlying deficit and must deliver £15.2m of efficiencies recurrently to avoid a deterioration in the underlying position.

8.0 BUDGET SETTING

8.1 Subject to Board approval, budgets will be set within the financial resources set out in this plan within the overall service are totals given in the table below, with detail found at Appendix 2.

Budget Setting Control Totals

	Block Contract	A&E	Central Services	EOC	111	PTS	Support Services	Reserves	Finance Costs	TOTAL
Income	-£455,275	-£1,721	-£1,702			-£247	-£9,077		-£2,001	-£470,022
Pay	£0	£210,231	£13,436	£37,372	£33,870	£25,186	£51,681	-£315	£0	£371,460
Non Pay	£0	£2,317	£1,814	£1,207	£886	£13,071	£73,997	£737	£4,533	£98,562
TOTAL	-£455,275	£210,827	£13,548	£38,579	£34,756	£38,011	£116,601	£422	£2,533	£0

8.2 Funding identified through the planning process relating to unconfirmed cost pressures and investments not yet approved, will be held in reserves and released when approved.

9.0 RECOMMENDATIONS

- 9.1 It is recommended that the Trust Board: -
- Note the financial framework for 2026/27.
 - Note the underlying recurrent deficit position in the 2026/27 plan.
 - Note the risks to delivery of the plan.
 - Approve the break-even financial plan for 2026/27.
 - Approve budgets to be set within the parameters of this plan.

10.0 APPENDICIES

- 10.1 Appendix 1 – Medium-term planning framework
 Appendix 2 – Summary Trust revenue financial plan 2026/27
 Appendix 2 – Summary Trust revenue financial plan 2027/28 and 2028/29

Appendix 1 - Medium-term planning framework: Revenue finance and contracting guidance published 17 November 2025,
<https://www.england.nhs.uk/long-read/medium-term-planning-framework-revenue-finance-and-contracting-guidance/>

Appendix 2:

SUMMARY TRUST REVENUE FINANCIAL PLAN 2026/27

		INCOME		EXPENDITURE		TOTAL	<i>I&E£000s</i>	
		Income	Operating Expenditure	Finance Costs		<i>REC</i>	<i>NON REC</i>	
Recurrent Baseline b/fwd	Income	£ (450,219)				£ (450,219)		
	Pay		£ 355,925	£ -		£ 355,925		
	Non Pay		£ 96,205	£ 4,418		£ 100,623		
Underlying Recurrent Deficit b/fwd		-£ 450,219	£ 452,130	£ 4,418		£ 6,329	£ 6,329	£ -
CUF Uplift		£ (129)	£ -	£ -		£ (129)	£ (129)	£ -
Pay changes - inflation/increment etc		£ -	£ 10,490	£ -		£ 10,490	£ 9,466	£ 1,024
Capacity Funding - demand/performance		£ (12,194)	£ 18,430	£ -		£ 6,236	£ 5,583	£ 653
Pre-commitments			£ 852	£ -		£ 852	£ 802	£ 50
Cost Pressures		£ 824	£ 3,207	£ 192		£ 4,223	£ 4,286	£ (63)
Investments			£ 280	£ -		£ 280	£ 280	£ -
Other Adjustments		£ (1,367)	£ (3,995)	£ -		£ (5,362)	£ (4,306)	£ (1,056)
Depreciation		£ (5,087)	£ 964	£ -		£ (4,123)	£ (4,123)	£ -
Efficiencies, Cost Reduction & Productivity		£ (1,850)	£ (16,940)	£ (6)		£ (18,795)	£ (15,227)	£ (3,569)
		£ (470,022)	£ 465,418	£ 4,604		£ 0	£ 2,961	-£ 2,961

Appendix 3: Summary Trust Revenue Financial Plan 2027/28 and 2028/29

		2027/28			2028/29		
		TOTAL	I&E£000s		TOTAL	I&E£000s	
			REC	NON REC		REC	NON REC
Recurrent Baseline b/fwd	Income	£ (461,569)			£ (476,123)		
	Pay	£ 370,403			£ 389,752		
	Non Pay	£ 94,126			£ 89,332		
Underlying Recurrent Deficit b/fwd		£ 2,961	£ 2,961	£ -	£ 2,961	£ 2,961	£ -
CUF Uplift		£ -	£ -	£ -	£ -	£ -	£ -
Pay changes - inflation/increment etc		£ 18,450	£ 17,397	£ 1,054	£ 14,697	£ 13,617	£ 1,079
Capacity Funding		£ (12,555)	£ (12,555)		£ (12,264)	£ (12,264)	
Demand/performance		£ 5,848	£ 5,384	£ 464	£ 6,580	£ 6,107	£ 473
Pre-commitments		£ (21)	£ (182)	£ 161	£ (389)	£ (510)	£ 121
Cost Pressures		£ 5,000	£ 5,000	£ -	£ 5,000	£ 5,000	£ -
Other Adjustments		£ (1,056)	£ -	£ (1,056)	£ (1,056)	£ -	£ (1,056)
Depreciation		£ (130)	£ (130)	£ -	£ -	£ -	£ -
Efficiencies, Cost Reduction & Productivity		£ (18,497)	£ (14,914)	£ (3,583)	£ (15,528)	£ (11,949)	£ (3,579)
		£ 0	£ 2,961	-£ 2,961	£ 0	£ 2,961	-£ 2,961