

Board of Directors - Cover Sheet

Subject:	Financial Improvement 2024/25		Date:	3 rd October 2024	
Prepared By:	Jim Millns, Associate Director of Transformation				
Approved By:	Richard Mills, Chief Financial Officer				
Presented By:	Richard Mills, Chief Financial Officer				
Purpose					
To update the Board of Directors on the Financial Improvement Programme for 2024/25.			Approval		
			Assurance	X	
			Update		
			Consider		
Strategic Objectives					
Provide outstanding care in the best place at the right time	Empower and support our people to be the best they can be	Improve health and wellbeing within our communities	Continuously learn and improve	Sustainable use of resources and estates	Work collaboratively with partners in the community
			X	X	
Principal Risk					
PR1	Significant deterioration in standards of safety and care				
PR2	Demand that overwhelms capacity				
PR3	Critical shortage of workforce capacity and capability				
PR4	Insufficient financial resources available to support the delivery of services				
PR5	Inability to initiate and implement evidence-based Improvement and innovation				
PR6	Working more closely with local health and care partners does not fully deliver the required benefits				
PR7	Major disruptive incident				
PR8	Failure to deliver sustainable reductions in the Trust's impact on climate change				
Committees/groups where this item has been presented before					
The Financial Efficiency Programme is discussed at every Trust Management Team, Executive Team and Finance Committee meeting.					
Acronyms					
<ul style="list-style-type: none"> NHSE – NHS England I&I – Investigation & Intervention ERF – Elective Recovery Fund 			<ul style="list-style-type: none"> QIA – Quality Impact Assessment FY – Full-Year SRO – Senior Responsible Officer 		
Executive Summary					
<p>The Trust's financial plan for 2024/25 included a challenging Financial Efficiency Programme of £38.5m. The delivery of this level of savings is necessary to enable the Trust to meet its financial obligations for the year, i.e. a £14.0m deficit as agreed with NHS England.</p> <p>Financial efficiency targets are incorporated into budgets across divisional and corporate functions, with schemes covering pay and non-pay expenditure as well as income. The overall programme can be broadly categorised into four areas:</p> <ul style="list-style-type: none"> Vacancy Factor – the management of vacancies across the organisation, to maintain the overall workforce levels in line with 2024/25 plans. 					

- Financial Improvement – divisional and corporate savings required to meet the standard NHS efficiency requirement, as well as the full-year effect of prior years.
- Income Stretch – ensuring that income levels match those of the previous financial year in real terms, or that costs are removed where income streams are no longer available.
- ERF Stretch – additional contribution from delivering additional elective activity, which attracts income on a per case basis.

Weekly updates on performance are presented to the Trust Executive Team and monthly updates are presented to the Finance Committee.

To the end of Month 5 (August 2024) the Trust had reported savings of £10.2m for the year-to-date, meaning 26% of the full-year plan had been delivered. This is compared to the £11.6m target (30% of plan) for the period.

As of 25th September, the Trust has identified plans to deliver £38.9m of savings, against the full-year target of £38.5m. Although these plans exceed the target, it is important to note that they are at various stages of development. Approximately 70% (£27.2m) are in the Implementation or Delivery phase, with the other 30% (£11.6m) no further than the Design and Plan stage.

The Trust also produces a ‘weighted’ efficiency forecast, which is risk adjusted based on the stage of development and the likelihood of schemes delivering on time and in full. The latest weighted forecast is £25.6m, which is 67% of the full-year target.

A summary of the 2024/25 Financial Efficiency Programme performance is attached as *Appendix 1*.

The Trust is taking action to support the delivery of the full-year plan. This includes an ongoing de-risking exercise, to ensure that all financial efficiency schemes are appropriately weighted and to identify any key issues that might be impacting on delivery confidence. This includes a review of all schemes to ensure that the recurrency of identified opportunities are recorded correctly.

Finance and Improvement colleagues are also working hard to quantify all pipeline schemes, to ensure that we target resource to areas of maximum impact. We continue to identify, scope and quantify new schemes through the identification of best practice (local and national) and using benchmarking and productivity data, along with collaborative work with system partners.

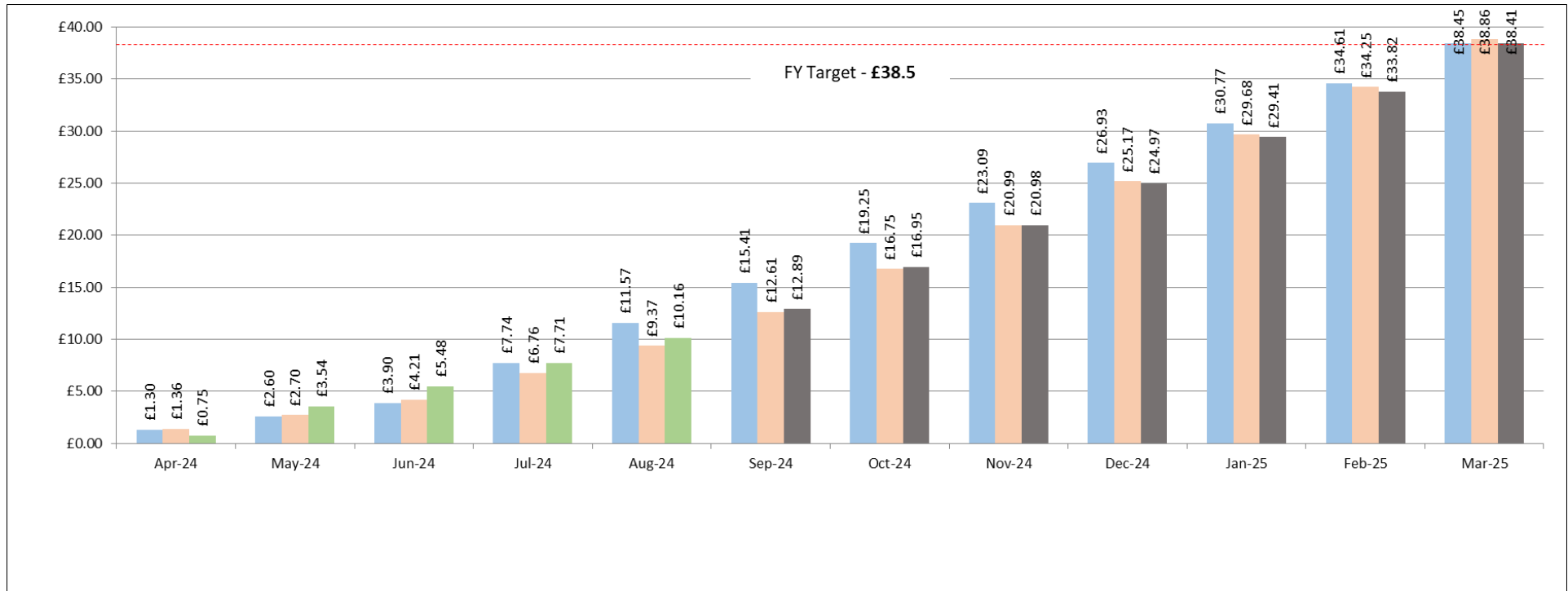
Over the past month the Trust has taken steps to enhance financial governance and address the findings of the NHSE Investigation and Intervention report. This includes the establishment of a weekly Financial Efficiency Group, which is chaired by the Chief Financial Officer and attended by all programme leads, and refreshed controls in relation to discretionary spend.

The Executive Team have been clear that financial improvement that is detrimental to patient care is not acceptable; therefore, given the scale of the Financial Efficiency Programme, a robust Quality Impact Assessment (QIA) process is in place. This includes a requirement to complete a QIA for every Financial Improvement Scheme, which needs to be signed off, as a minimum, by the respective divisional triumvirate team before any identified saving is transacted. The QIA is measured in terms of patient experience, patient safety and clinical quality. It also includes details of appropriate mitigations. A summary of the QIA process is attached as *Appendix 2*.

A summary of the refreshed financial efficiency governance process is attached as *Appendix 3*.

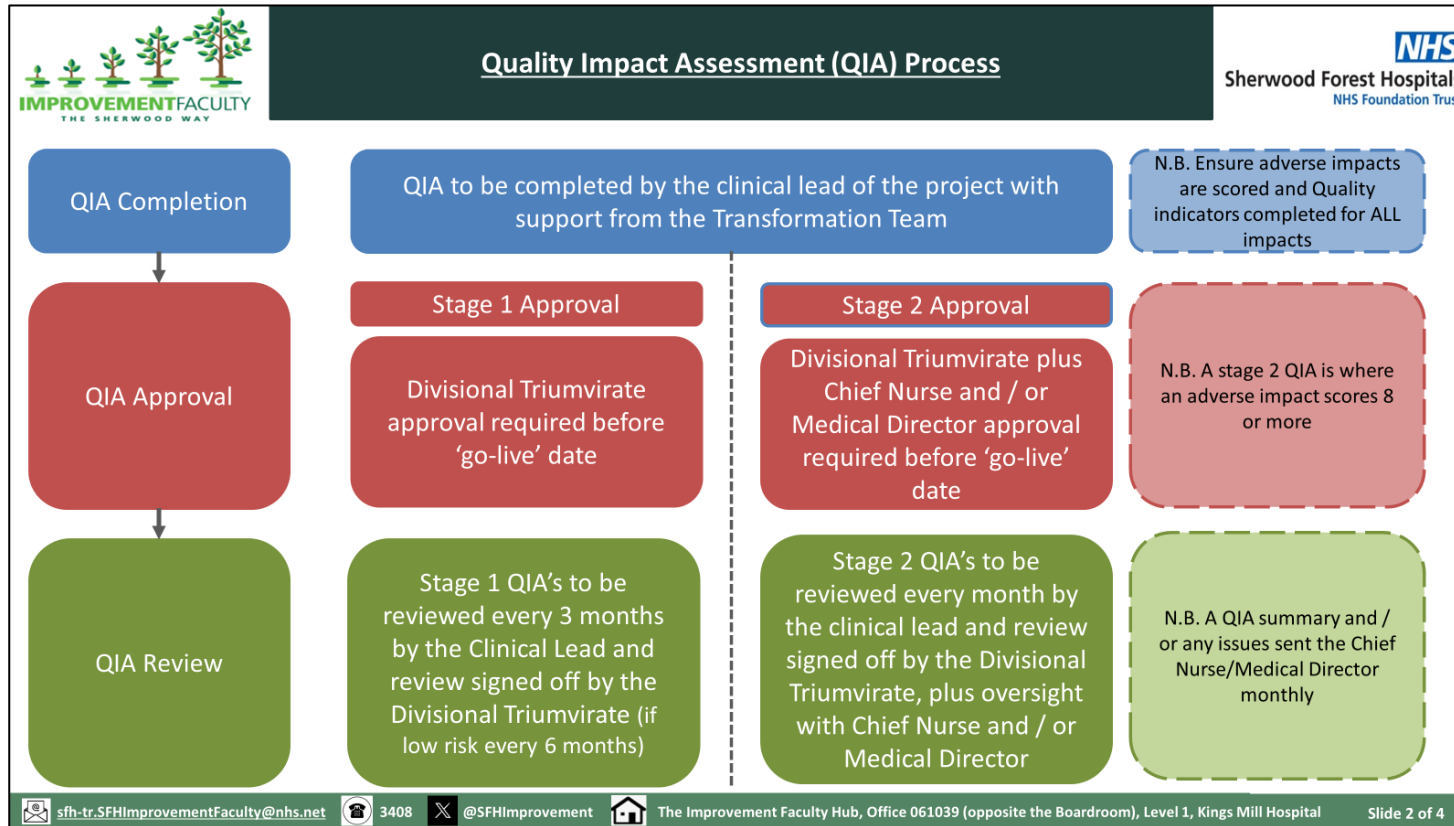
The Board of Directors are asked to note the update on the 2024/25 Financial Efficiency Programme and consider any further assurance to be addressed through the Finance Committee.

Appendix 1 - Financial Efficiency Programme 2024/25 – Plan vs Target vs Actual (£m)



	NHSE Target
	Efficiency Plan
	Actual Delivery
	Forecast Delivery

Appendix 2 - Quality Impact Assessment (QIA) Process



Appendix 3 – Revised Financial Efficiency Governance Process

