

Executive Summary
Report to the Board of Directors held in Public
Being Held on 25 March 2025

Subject	Update on operational and financial planning for 2025/26
Supporting TEG Member	Mark Tuckett, Chief Strategy Officer
Compiled by	Sarah Dew, Strategy and Partnerships Director
Status	Discuss and Approve

PURPOSE OF THE REPORT

To outline the proposed approach for developing the Trust's Operational Plan 2025/26 for submission to NHS England for agreement and approval.

KEY POINTS

- NHS England (NHSE) published operational and financial planning guidance on 30 January 2025.
- That guidance included some significant changes, including a focus on proportion of care delivered within 18 weeks on referral to treatment pathways, and a cap on elective recovery funding.
- Analytical modelling, engagement with directorates and collaboration with system partners have been key components of our approach to developing our plan for 2025/26.
- Our planned performance against the key performance metrics set by NHSE is due to be returned as part of a South Yorkshire ICS system plan by 28 March 2025.
- We intend to submit a plan that achieves the key targets set for us, except in the areas of 62 day cancer performance, 12 hour performance in A&E, and bank reduction – based on our modelling of what we think we can viably deliver in 2025/26 within the financial constraints set out in national planning guidance.
- A full Annual Operational Plan is being developed, which will set out our plans for 2025/26 aligned to the Trust's Strategic Aims and key objectives for the year ahead.

IMPLICATIONS

Aim of the STHFT Corporate Strategy		✓ Tick as appropriate
1	Deliver the Best Clinical Outcomes	✓
2	Provide Patient Centred Services	✓
3	Employ Caring and Cared for Staff	✓
4	Spend Public Money Wisely	✓
5	Create a Sustainable Organisation	✓
6	Deliver Excellent Research, Education and Innovation	✓

RECOMMENDATIONS

The Board of Directors is asked to **DISCUSS** and **AGREE** the proposed approach to the Trust's Operational Plan for 2025/26 to be submitted to NHS England.

APPROVAL PROCESS

Meeting	Date	Approved Y/N
Trust Executive Group	19/3/2025	
Board of Directors	25/3/2025	

Background and context

On 30 January 2025, NHS England published a set of priorities for 2025/26 and guidance to NHS partners on developing their operational plans for the year ahead.

This guidance set out a clear focus on achieving a return to constitutional standards over the course of this Parliament, and achieving a balanced financial position for the NHS (without real terms growth in funding). It set out a number of key priorities for 2025/26 including:

- 65% patients treated within 18 weeks (minimum of 5% point improvement)
- 72% patients waiting no longer than 18 weeks for their first appointment (minimum of 5% point improvement)
- No more than 1% of patients waiting over 52 weeks for treatment
- 80% compliance with the 28-day cancer Faster Diagnosis Standard
- 75% compliance with the 62-day cancer standard
- A minimum of 78% of patients seen within 4 hours in A&E and more patients admitted/discharged/transferred from A&E within 12 hours
- Improve Category 2 ambulance response times to an average of 30 minutes
- Deliver a balanced net system financial position for 2025/26
- Reduce agency expenditure as far as possible with a minimum 30% reduction on current spending
- Close the activity/WTE gap against pre-COVID levels (Adjusted for case mix)
- Improve safety in maternity and neonatal services, delivering the key actions of the 'Three-year delivery plan'
- Reduce inequalities in line with the Core20PLUS5 approach for adults and children and young people

Importantly, the expectation was set out in the guidance to deliver these operational improvements alongside delivering a balanced financial plan., with a reduction in cost base of 1% whilst delivering a 4% productivity improvement. Also outlined in the guidance were some significant changes in the financial regime, including a cap on payment for elective activity, a 2% efficiency factor in tariff payments, and changes in the tariff structure to incentivise a move in activity towards more day case and outpatient with procedure activity.

NHS Providers have been asked to develop their plans along with system partners, with each Integrated Care System to share an operational, financial and workforce plan by 28 March 2025 according to templates issued by NHS England.

Our approach to developing our Operational Plan

Since the guidance was published, significant work has been led by the Operational Planning Group to develop an aligned operational, workforce and financial plan. That planning process has had four key features:

1. **Robust analytical modelling:** a multidisciplinary team from information services, contracting, finance and operations modelling our likely performance based on our current trajectory and core capacity, and different scenarios for delivering improvements in performance.
2. **Partnership working with the ICS:** we have collaborated closely at an executive level with finance, operational and planning leads across South Yorkshire ICB and partners within our local system to support the development of a system plan, through regular formal system meetings and bilateral conversations to align on approach.
3. **Close collaboration with Directorates:** prior to the publication of the national guidance, each directorate was asked to develop their priorities for the year aligned to the Trust's Strategic Aims. Since the publication of the guidance, the insight and expertise of directorates has informed our approach to developing the Trust level financial and operational plan through a 'sensemaking workshop', discussions at CMB and MBB. Further collaboration is planned following the development of the Trust level operational and financial plan to develop the directorate level plans that will support delivery of the overall Trust position.

4. **Trust Executive Group oversight:** the Trust Executive Group have been updated regularly (and in recent months on a weekly basis) on the national planning expectations, and the emerging outputs from the analytical modelling, system and Trust engagement referenced above to steer and challenge the development of our plan.

Considerations in the development of our plan for 2025/26

In developing our operational plan for 2025/26, a number of factors have been considered:

- STH has a strong record of sound financial management and achieving a break even position. Maintaining this position is a national focus, but will be a significant challenge in 2025/26 in light of no growth in funding, increasing demand for non-elective care, and a requirement to reduce costs to deliver this position
- Delivering improvements in performance are reliant on us providing more care and increasing our activity in 2025/6. Our options to achieve this including creating additional capacity (but this comes at additional cost, and in the context of the cap on elective recovery funding set out in the planning guidance available funding to facilitate this will be significantly more limited than in recent years) and delivering performance and productivity activities (for example, improving validation of the waiting list, reducing DNA rates and increasing clinic utilisation)

It is critical that our operational and financial plan are coherent, and therefore our focus has been on developing a plan that is stretching and ambitious but also deliverable within the financial regime set out for 2025/26.

Proposed approach and key targets

In light of the considerations described above, the principles that underpin our Operational Plan for 2025/26 are:

- Finance – commitment to maintaining sound financial management and reaching for a challenging financial position in 25/26, with details of our funding settlement still in negotiation with the ICB
- Performance – demonstrate an ambitious commitment to improving our performance next year, through:
 - A&E: achievement of 4 hour performance expectation
 - RTT: achievement of RTT targets
 - Cancer: achievement of Faster Diagnosis Standard target, and a stretching but non-compliant plan on 62-day performance
- Workforce
 - No planned growth as per planning expectations, with a stretching reduction on agency spend

National headline planning ask	Proposed plan for 2025/26	Compliant?
No more than 1% of patients waiting >52 weeks	1%	✓
Proportion of incomplete pathways waiting <18 wks at 65% or 5 %pt improvement	66.2%	✓
% of pathways waiting < 18 weeks for first O/P at 65% or 5%pt improvement	69.2%	✓
28 day faster diagnosis performance at 80%	80%	✓
62 day cancer performance at 75%	65%	✗

A&E 4 hour performance at 78%	78%	✓
Percentage of attendance at type 1 A&E department over 12 hours	7.1%	✗
Reduction in bank staff by 10%	8%	✗
Reduction in agency staff by 30%	30%	✓

We have arrived at these targets for 2025/26 based on our modelling of what we think is possible based on our current trajectory, additional capacity we expect to be able to fund, and productivity improvements through targeted work on areas such as waiting list validation, reduction in DNAs and clinic utilisation.

In some areas we do not think it is realistic to achieve the target set by NHS England for 2025/26, and plan to work towards the proposed targets set out above, notably:

- **On 62-day cancer performance:** we have agreed a stretching and ambitious target with NHS England to deliver a 10% improvement in 2025/26. Although this won't meet the national planning expectations, it will represent a significant improvement in performance and quality of care for patients, and is informed by work underway through the Cancer Performance Recovery Board and Tier 1 discussions with NHS England to deliver improvements next year.
- **Percentage of attendance at A&E over 12 hours:** we are setting a stretching compliant position on 4-hour wait in A&E, but our performance for 12-hour standard at the end January was at 8% (and this was top quartile nationally) and getting to 1% for this metric is unrealistic.
- **On bank spend:** we are proposing significant reductions linked to a focus on improving productivity within our core staffing base. However, bank staffing plays an important role in ensuring we can deliver safe care to patients in the context of staff absence and therefore have set out a pragmatic, quality informed target for reduction in 2025/26. This element of the operational plan is closely informed by the overall Trust financial plan, which is still in discussion with SY ICB.

It is important to note that this is an ambitious and stretching plan for our performance in 2025/26 which will deliver significant benefits to our patients – but achieving these improvements in performance will require significant organisational effort and focus. Improving our productivity will be a key part of delivering these performance improvements, and further, more detailed work is planned with directorates to target patient-centred improvement activity in 2025/26. Directorate level planning meetings are being scheduled within the next month to set and agree these plans.

Next steps

- System plans, focused on operational targets and financial plans, will be submitted to NHS England on 28 March, with STH specific targets and financial plans included as part of this overarching system plan
- Feedback on and discussion about these plans with NHS England is expected in April 2025
- Directorate level activity, performance and financial plans to be developed in detail during April in light of the overall Trust plan
- Development of a detailed Annual Operational Plan which sets out our key priorities and activities aligned to the Trust's Strategic Aims to be brought to the Board in April 2025 for discussion, alongside an update on delivery against the 24/25 Corporate Objectives

It is important to note that due to recent significant changes in national leadership, there is some risk that some of the expectations set out in the planning guidance for 2025/26 may change, and Board will be updated accordingly should this occur.