Council of Governors			
Date of meeting	11th September 2025	**Agenda Item**	7.1
Author(s)	Paul Doyle, Director of Operational Finance	**Confidential**	No
Exec Sponsor	Hannah Hamilton, Chief Finance Officer	**Date submitted**	22nd August 2025
Title of paper	Financial Update		
Presented by	Chris Kane, Non-Executive Director		

Committee(s) where paper has been discussed previously and outcome of discussion:

N/a

Strategic Objective(s)

Quality of Care		**People**		**Modern Healthcare**	x	**Digital**		**Collaborate**	

Executive Summary

The attached paper gives the Council of Governors a Financial Update as at month 4 2025/26, including the impact of the industrial action. As at month 4 the Trust is on plan and forecasting to deliver to plan, but we have risks to mitigate so it remains a challenge to deliver the full year financial plan, whilst also meeting constitutional standards.

The paper also includes information that has been requested by the Council of Governors on the land sale proceeds from 2019 and how those funds have been utilised.

The paper also includes an update on progress with Abbey Wing/Maternity estates improvement works.

Recommendation	For: Decision ☐ Discussion ☐ Information ☒

Key issues: State impact/implications and mitigation

Quality, safety & patient impact	
Employee	
Other stakeholder(s)	The Trust is required to breakeven financially over the 2025/26 financial year as well as delivering its operational targets
Equality, diversity & inclusion	
Finance	The Trust is required to breakeven financially over the 2025/26 financial year
Legal	

Risk(s) Identified (include link to Corporate Risk Register / Strategic (Board Assurance Framework) Risks:

Strategic Risk 1 - we may not operate effectively, and our finances may become unsustainable over the short and longer term.

Strategic Risk 2 - we may not operate effectively and may not be able to deliver constitutional access and performance standards sustainably, patient care may suffer and we may face regulatory enforcement.

Strategic Risk 3 - if we fail to plan, deliver and maintain our estates infrastructure then we may be unable to meet regulatory standards and may be unable to maintain safe infrastructure to support patient care and staff wellbeing

Ashford and St. Peter's Hospitals NHS
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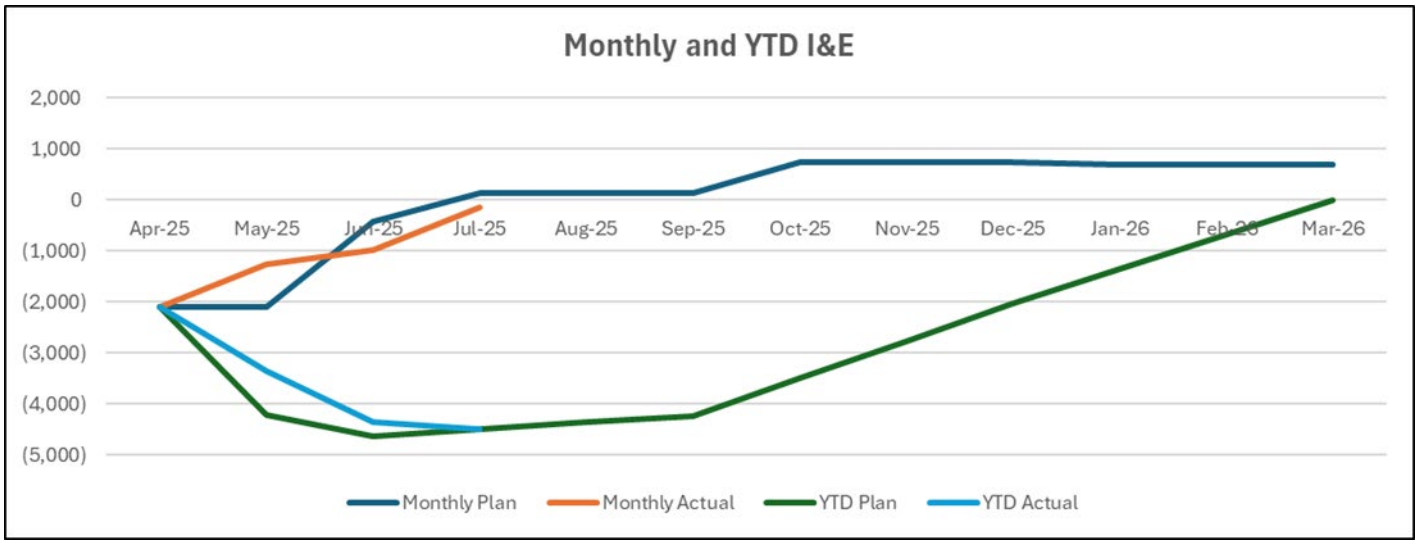
Revenue Position – 31st July 2025

	Plan to 31 March 2026	Mth 4 YTD Plan	Mth 4 YTD Actual	Mth 4 YTD Variance	Forecast
Income	497,721	165,253	162,780	(2,473)	492,552
Pay	(328,020)	(112,749)	(109,424)	3,324	(323,783)
Non-Pay	(161,101)	(54,723)	(55,696)	(973)	(160,352)
Operating Surplus/(Deficit)	8,600	(2,219)	(2,340)	(121)	8,417
Operating Surplus (Deficit) %	*1.7%*	*-1.3%*	*-1.4%*		*1.7%*
Finance Costs	(6,988)	(2,329)	(2,130)	200	(6,804)
Overall Surplus (Deficit)	**1,612**	**(4,548)**	**(4,469)**	**79**	**1,612**
Excluded from Control Total					
Impairments	0	0	0	0	0
Net Donated Assets	(1,612)	42	(37)	(79)	(1,612)
NHSE Control Total Surplus (Deficit)	**0**	**(4,506)**	**(4,506)**	**(0)**	**0**

- On plan at month 4 with a deficit of £4.5m – this includes receipt of planned deficit support funding of £2.2m year to date;
- Income tracking below plan, but currently able to absorb this within the overall numbers – aiming to minimise this variance by year end;
- Pay under budget mainly due to grip and control measures reducing temporary staffing costs, as well as taking out weekend activity lists in the first quarter;
- Pay includes an additional £0.3m of cost as a result of the industrial action in July;
- Cost Improvement Plan (CIPs) delivery was £0.7m ahead of target;
- The Surrey Heartlands system as a whole was £0.7m behind plan at M4 year to date;
- Capital was £3.2m behind the initial NHSE plan, but expenditure should pick up following Trust Board approval of the plan in August.

Forecast to 31st March 2026



- As above, the year to date monthly actuals are tracking the plan – our current forecast is that the Trust will meet its plan for the year, but that this is still a challenging target;

- CIPs are forecast to be at the planned level of £32.9m, although there remains a small unidentified gap at present and some schemes which require further development. The Trust is mindful of the impact that CIPs may have on staff, so has signposted colleagues to wellbeing offerings, as well as to staff governors;

- Risks to delivery of the revenue breakeven plan for the full year are:
  (i) identification of the remaining part of the CIP programme for the year and delivery of those schemes;
  (ii) Trust and system financial performance and its impact on award of Deficit Support Funding for quarters 3 and 4 (quarterly assessment by NHSE);
  (iii) cost of meeting the performance standards, in particular the elective activity requirements, given the theatre issues. This includes potentially losing income if activity is below contracted levels.
  (iv) Further industrial action unfunded by NHSE

- The capital forecast is for expenditure of £21.7m for the full year.

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Land Sale Income

The Trust transacted three land sales with gross receipts totalling £29.7m in early 2019. The costs of sale were £1.1m, including £0.6m set aside to meet S106 and access road commitments, leaving £28.6m for reinvestment. The three land sales were as follows:

'West Site' at St. Peter's Hospital

This was a land jointly owned by the Trust and Surrey and Borders Partnership. The Trust used that land for its estates and facilities services, including workshops, the supplies warehouse, where deliveries of all goods were received and distributed from, as well as car parking for around 500 staff cars.

The land was sold to the housing developer Cala Homes and proceeds from this sale saw the Trust receive £22.0m (NB SABP also received the same income from this land sale on a 50:50 share basis).

'Estates Yard' Ashford

The Trust sold land to the rear of the Ashford site to Spelthorne BC. The Trust used that land for its estates and facilities services, including workshops, the nursery and playscheme, as well as car parking for staff cars.

The proceeds from this land sale were £5.0m.

Land at St. Peter's Hospital

Optivo Housing held leases for various accommodation blocks for periods up to 2031 and 2116. The Silverlands and Parklands blocks were no longer fit for purpose. It was agreed with Optivo that they would redevelop the Silverlands site with modern accommodation and build new units between the Parklands and Greenlands units.

As Optivo were leaseholders, a negotiated sale was undertaken in accordance with NHS Estatecode. The Trust asked two valuers to provide valuations and that resulted in an agreed sale value of £2.7m for the Greenlands, Silverlands and Greenlands 2 extension sites. The valuation was based on land sales and the value of the proposed investment by Optivo, which would be in excess of £30m.

Part of the Trust land that was sold included what was at the time the Aspects Restaurant.

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Reinvestment of Land Sale Proceeds

Reprovision

As can be seen from the previous page, the first call on the proceeds for the Trust was to re-provide the following as a result of disposing of the three areas of land:

St. Peter's

- car parking for c500 staff cars - multi-storey car park plus increase in the Hazel car park footprint;
- estates and facilities building, including workshop;
- supplies warehouse; and
- extension to the Education Centre to cater for demolition of the existing Aspects Restaurant.

Ashford

- replacement nursery/playscheme;
- car parking for staff cars; and
- estates and facilities team offices.

Other Works

In addition to these the Trust was, amongst other projects, able to fund the following:

St. Peter's

- converting old physio area into a new assessment unit (which subsequently became Willow Ward) and ESAC (c£6m);
- Wellbeing Centre for staff; and
- new front entrance walkway from the multi storey car park and

Ashford

- Ashford theatres - additional theatre with Ultra clean Ventilation system (Theatre 6) and modernisation of Theatres 1 & 3 (c£4m)

Progress with Abbey wing/Maternity Estates improvements

- Abbey wing now has a permanent electricity generator which replaced the old unreliable hire generator
- Abbey wing old medical air compressors have been decommissioned and connected to Main theatres and DOK medical air providing better resilience and reliability.
- Maternity Theatre 1 – minor refurbishment to keep it operational including new fans installed in the AHU to improve air flows and make the ventilation within the theatre compliant to current standard.
- Work is being planned for minor works in NICU to deal with storage issues
- A project has been funded to provide a 2 bed Stage 1 recovery room next to theatre 1 and this is being developed
- Estates strategy development includes demand and capacity and clinical delivery modelling for maternity services