



Royal Papworth Hospital
NHS Foundation Trust

Royal Papworth Medium Term Planning Update FY27-FY29

March 2026



Introduction and Background

The Trust submitted a breakeven plan on 12 February 2026. At the point of submission it was recognised that the level of financial risk inherent within the breakeven position was high, with a mid-point deficit of £5.05m based on upside and downside ranges relating to bridging items. It was acknowledged that areas of focus to improve the position to support delivery of a breakeven plan were to agree contractual positions with our main commissioners, Specialised Commissioning and Central East ICB and to identify and develop a CIP Plan to deliver a minimum £9.3m of efficiencies.

It was acknowledged that if the mid-point remained in excess of a £3.0m deficit, this being the amount of funding available to mitigate against financial risks, the Trust would need to consider what additional actions may be required to deliver a breakeven position, a Plan B.

This paper provides an updated assessment on financial risks, along with proposed next steps. It also includes detail of the Plan resubmission completed on 18 March 2026, ahead of formal reapproval at the April 2026 Board meeting.

Assessment of Financial Risks

The following pages provide an updated assessment of financial risks to the Plan. As in previous reports, this sets out an upside range and value and a downside range and value against bridging items in the breakeven Plan.

Key changes/issues:

- Growth on the fixed element of commissioning contracts: Whilst commissioners have agreed to fund growth in the variable element of contracts, we have not been able to reach an agreement on growth on the fixed elements. A material gap remains between the Trust's planned income position and Specialised Commissioning's amounting to £4.5m and driving a downside range of £4.9m. Discussions continue to bridge this gap. The current focus is on working with Specialised Commissioning colleagues to reduce the gap in terms of respective forecast outturn positions and agreeing acceptable levels of funding for the costs of delivering key services such as ECMO and transplant, which are not purely activity driven.

- EPR Development Costs: The breakeven plan included costs of £1.2m in relation to the development of a new EPR. The draft Full Business Case for the EPR includes FY27 costs of £3.3m, increasing the downside range by £2.1m. The revised assessment includes income of £3.3m to offset these costs, the assumption being that the Trust will secure national funding for these.
- Impact of Cost Improvement Programme (CIP) Plan: Following an intensive programme of work to support the development of the CIP Plan. As at 17 March, the improvement in downside range has moved from a £5.7m shortfall against the £9.3m plan to a £3.2m shortfall, with £6.1m being risk assessed as 'green' for delivery. (A separate paper on the CIP position is due to reported to this Committee which will provide an updated position statement.)

The revisiting of the financial risks has resulted in an updated assessment of the mid-point against a breakeven plan, this is a £4.4m deficit, an improvement on the position reported to Trust Board on 12 February 2026. However, this is a result of a deteriorating upside position (driven by the treatment of growth in the assessment), from a £5.0m surplus to a £1.05m deficit and an improvement on the downside position, from a £15.1m deficit to a £7.7m deficit (driven by improvement to the CIP position and EPR funding).

Next Steps/actions

Key actions continue to be mitigation of the financial risks within the Plan:

- Finalisation of the FY26 underlying out-turn position;
- Agreement of final contract positions with commissioners, including securing growth on the fixed element of the specialised commissioning contract; and
- Identification of the full £9.3m CIP Plan.

Executive summary (cont.)

Progress has been made in addressing some of the key financial risks within the financial plan; however, the mid-point remains in excess of the £3.0m available to mitigate against the inherent risks and without further improvements to the position, there continues to be a high risk of failure to deliver a breakeven plan.

In the event that the Trust cannot secure the level of income assumed within its Plan, consideration need to be given to the actions that will be required to bridge the gap, a Plan B or 'stretch' CIP requirement. This will require, as a minimum, revisiting areas that have previously been considered unpalatable and would include, but not be limited to:

- a review of workforce growth in corporate and non-clinical areas: reviewing workforce investment decisions and headcount growth since 19/20 with a view to reducing back to these levels.
- Choices made outside of clear commissioning will need to be put to commissioners to fund. If commissioners choose not to fund these, the Trust must revisit these decisions.
- A scaling down of specialist services being delivered.

Recommendation

The Board is recommended to:

- **NOTE** the updated assessment on financial risks within the FY27 financial plan, along with proposed next steps.
- **APPROVE** the resubmitted Medium Term Financial Planning templates, noting that no material changes were made to those that were approved by Trust Board on 12 February 2026.

2026/27 Operational Plan: Financial Risks*

| Bridge Description | Plan Value | Upside (Range) | Downside (Range) | Upside Value | Downside Value | Basis of the Range |
|--------------------------------------|------------|----------------|------------------|--------------|----------------|---|
| Forecast Outturn 2025/26 | £0.1m | £0.0m | £0.0m | £0.1m | £0.1m | |
| Non-Recurrent Adjustments in 2025/26 | (£3.5m) | £0.0m | £0.0m | (£3.5m) | (£3.5m) | The current assumption is that there will be no improvement/deterioration to the underlying FY26 position. This will be reviewed at year-end. |
| Underlying 2025/26 Forecast Position | (£3.3m) | £0.0m | £0.0m | (£3.3m) | (£3.3m) | |
| Growth - Fixed | £4.8m | (£2.25m) | (£4.9m) | £2.55m | (£0.1m) | There remains differences on the fixed element of contracts relating to the funding of growth. Specialised Commissioning accounts for £4.5m of the downside range, with a £400k difference on the CE contract. Upside assumes that there will be an improvement in the Spec Comm position, halving the gap between positions. |
| Growth - Variable | £3.2m | £0.0m | £0.0m | £3.2m | £3.2m | Current offers indicate growth on variable will be paid. |
| Cost of Growth | (£8.0m) | £0.0m | £0.0m | (£8.0m) | (£8.0m) | Ful cost of growth modelled into Plan |
| 2.5% Block deconstruction | (£3.8m) | £0.0m | £0.0m | (£3.8m) | (£3.8m) | Plan value is in line with deductions set out in contract offers. |
| Variable rebase to 2025/26 FoT | £3.8m | £0.0m | (£0.8m) | £3.8m | £3.0m | £3.8m reflects total over-performance in FY26, of this £0.8m is expected to be paid in FY26 and reflected in outturn position |
| Inflation | (£4.8m) | £0.0m | £0.0m | (£4.8m) | (£4.8m) | |

* Figures within the table have been rounded to nearest £millions.

2026/27 Operational Plan: Financial Risks*

| Bridge Description | Plan Value | Upside (Range) | Downside (Range) | Upside Value | Downside Value | Basis of the Range |
|---------------------------------------|--------------|-----------------|------------------|-----------------|----------------|--|
| EPR costs (non-recurrent) | (£1.2m) | (£2.1m) | (£2.1m) | (£3.3m) | (£3.3m) | Initial plan included £1.2m of non-recurrent costs related to EPR. Draft FBC revised costs upwards to £3.3m. |
| Impact of Cost Improvement Programme | £9.3m | £0.0m | (£3.2m) | £9.3m | £6.1m | Value of risk-assessed CIP pipeline currently at £6.1m (as at 17 March 2026). |
| EPR Funding | £0.0m | £3.3m | £3.3m | £3.3m | £3.3m | Discussions in progress with NHSE Frontline Digitisation to provide revenue funding to support development costs of EPR. |
| Revised Financial Plan 2026/27 | £0.0m | (£1.05m) | (£7.7m) | (£1.05m) | (£7.7m) | |

* Figures within the table have been rounded to nearest £millions.

| | Plan | Upside Range | Downside Range | Mid-Point | Variance to Plan |
|--|-------|--------------|----------------|-----------|------------------|
| Assessed position as at 12 February 2026 | £0.0m | £5.0m | (£15.1m) | (£5.05m) | (£5.05m) |
| Assessed position as at 19 March 2026 | £0.0m | (£1.05m) | (£7.7m) | (£4.4m) | (£4.4m) |

There are non-recurrent mitigations of c£3.0m available to the Trust that could be used to manage part of the risk assumed in the £4.4m deficit mid-point

Medium Term Operational Planning Feedback

The Trust received feedback from NHS England on its 12 February 2026 Medium Term Plan submission on 6 March. This was ahead of a national plan alignment exercise which required the Trust to review the feedback and amend and update planning templates accordingly by the deadline of 18 March.

The feedback provided included some specifically relating to the Trust's submission, along with some generic areas for improvement across all organisations including contract alignment, CIP/efficiencies development, phasing/seasonality and triangulation across programme areas (particularly finance and workforce).

The planned responses to the feedback were agreed at a meeting of the Executive Directors on 17 March and it was agreed that no material changes were required.

In issuing the guidance on resubmission requirements on 10 March with a deadline of 18 March, NHS England acknowledged the issues that this may pose in terms of Board approval of the resubmitted plan. The guidance stated that 'This can be accepted by correspondence or confirmation that this will follow at the next official Board meeting or shortly after the plan alignment update'

On the basis that no material changes were required to be made to the submission, planning templates were resubmitted in line with the deadline, with formal Board approval to follow at the April 2026 meeting.

On the basis that no material changes were made to the planning templates to those that were approved by Trust Board on 12 February 2026, Trust Board is requested to **APPROVE** the resubmission made on 18 March 2026.