

TRUST BOARD

MEETING	Public Trust Board	Ref No. P54-2024 A
DIRECTOR	Interim Director of Finance	Date 7 November 2024
2024/25 Month 6 Finance Report		
Purpose	<ul style="list-style-type: none"> • Finance performance report for September 2024 • Update on 2024/25 financial planning and anticipated outturn 	
Corporate Objective	<ul style="list-style-type: none"> • Delivery of all corporate objectives, including statutory duty to breakeven 	
Key areas for consideration	<p>This paper provides:</p> <ul style="list-style-type: none"> • a report on the Trust's actual performance at the end of September 2024 • An update on the anticipated financial position for 2024/25 	
Recommendations/ Actions	This report is for discussion and noting.	

HIGH LEVEL SUMMARY OF MONTH 6 FINANCIAL POSITION AND FINANCIAL OUTLOOK 2024/25

Deficit funding of £65m from SPPG and additional in-year savings measures of £5.7m have enabled the Trust to produce a breakeven plan

After reflecting the formal 2024/25 Budget allocation, the Trust's opening deficit was £137m prior to savings. The Trust had developed savings plans, aimed at protecting front line services, totalling circa £68m (to include an annual % workforce savings target), which, whilst far-reaching and ambitious, reduced the anticipated deficit to £69m. Deficit funding of £65.4m has been allocated by SPPG in August. The Trust anticipates a saving of £3m against its Pharmacy MORE target and further non recurrent savings measures of £5.7m have been identified. The total savings to be achieved in year are £76.7m. This has allowed the Trust to submit a break even plan.

In September, the Trust increased its savings plan from £68m to £76.7m, a large element of which is non-recurrent, in order to produce a breakeven plan for 2024/25.

£1.1m reported deficit at the end of September 2024

At the end of September 2024, the Trust is reporting a £1.1m deficit which pro rates to £2.2m and reflects the fact that elements of the savings plan are profiled towards the latter part of the year. At this stage of the year nurse agency and directorate workforce management savings are not being fully achieved. The ongoing pressure in relation to workforce continues and, agency/locum expenditure has increased on 2023/24, particularly in nursing and medical. Over the next few months considerable reductions in backfill through robust roster and absence management and improved control over one to one supervision will be required to deliver in-year savings targets and achieve budget sustainability. Medical savings will also be required in terms of reductions in backfill costs in latter part of the year. Absence targets are not being achieved and require focus.

A number of key risks and assumptions remain

The Trust has assumed no deficit in relation to any potential pay award in 2024/25. It is assumed that all inescapable emerging service pressures can be funded from the £14.8m SPPG allocation for 2024/25 service growth and indications would show that growth exceeds this value. Funding for energy pressures of £2.25m and MAH bridging monies have now been secured. Work is ongoing with SPPG in respect of ID services post MAH.

We continue to liaise with SPPG re uncommissioned service and demand pressures.

The Trust must continue to focus on cost control, productivity and efficiency

Directorates must continue to focus on good financial management and cost containment and seek to meet all savings targets, including Trust-wide workforce savings targets and specific directorate savings targets.

It is important that the Trust maintains strong financial control and delivers improved efficiency and productivity through its Delivering Value Programme.

Trust Financial Performance as at 30 September 2024

1. Executive Summary

- 1.1 The Belfast Trust began the 2024/25 financial year with an opening underlying gross deficit of £153m before accounting for 2024/25 savings. This deficit comprised historical recurrent unmet savings targets of £79m, historical unfunded inescapable pressures of £47m, 2023/24 FYE inescapable pressures of £24m and £3m of new inescapable 2024/25 pressures. On 9 April 2024, the Trust was notified of its 2024/25 indicative budget. When this was reflected, the Trust's opening 2024/25 deficit before savings reduced to £137.4m.
- 1.2 In its financial plan, the Trust committed to delivering £68.4m of savings, comprising £22m of non-recurrent workforce underspends the Trust is required to deliver every year as part of an historic savings plan, and £46m of other savings which, which are enormously challenging, but, in the main, they aim to protect front line services. Delivery of the Trust's total low/medium impact savings plan of circa £68.4m reduced the anticipated deficit to £69m.
- 1.3 In late April 2024, the Trust was notified of an additional regional drugs savings target in 2024/25 of £4.7m. The MORE regional pharmacy group has recently reported that only £3m of savings have been identified for Belfast Trust, resulting in a £1.7m deficit against the target; this has had to be added to the anticipated outturn deficit.
- 1.4 At the beginning of August, the Trust received £65.4m deficit funding to offset the high/catastrophic savings measures which would have been required to achieve financial balance. This reduced the deficit to £5.7m to include the new £1.7m regional MORE pharmacy savings gap. Further detail is provided in Appendix A.
- 1.5 The Trust was asked to identify additional savings of £4m to address its residual forecast deficit prior to any MORE pharmacy gap, and provide an assessment of any high impact measures which might be required. Non recurrent measures have been identified to address the £5.7m deficit.
- 1.6 The Trust is reporting a £1.1m deficit at the end September, due to the profiling of savings in latter half of the year and nurse agency reduction savings not being achieved.
- 1.7 The Trust has completed a mid-year financial review including progress against the 2024/25 savings plan, expenditure trends and adequacy of growth funding. The forecast position continues to be break even, although this is extremely challenging given the slippage on savings targets, savings requirements in next 6 months and the level of inescapable growth in non pay, particularly care management placements. As part of the exercise the Trust identified additional fortuitous slippage in areas such as high cost drugs, which SPPG have advised can be retained in year and this is being used to offset some of these in year pressures.
- 1.7 In terms of recovery planning beyond 2024/25, the Trust provided indicative income and expenditure figures for the next five years, based on a number of SPPG planning assumptions including no growth funding, deficit funding to be reduced to zero by end year 3, and fully funded pay and non pay inflation. An initial draft of the recovery plan including a savings plan, was submitted at the end of September, albeit this will be an iterative process. The deficit was reported as £230m after 5 years including achievement of low/medium

service impact savings in excess of £90m, which will be extremely challenging. Trust and SPPG colleagues are meeting at end October to review the recovery plan.

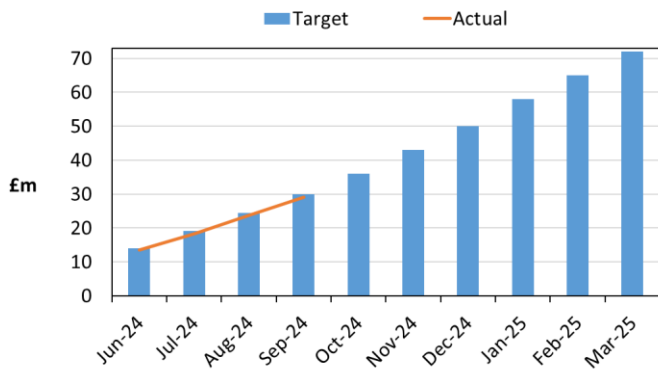
2. Trust 2024/25 Savings Programme

- 2.1 Trust savings are identified and monitored through the Trust's Delivering Value Programme (DVP) which meets on a monthly basis. The DVP is chaired by the Chief Executive and aims to deliver cash releasing savings to meet Departmental savings targets and productivity gains aimed at optimising limited resources and creating capacity to help reduce waiting times, within a robust governance framework.
- 2.2 The productivity programme is largely focused on outpatient and inpatient reform in line with best practice elsewhere. It is recognised that whilst improved productivity will help achieve more activity within existing funding, this work is unlikely to generate any cost savings and in many cases attracts additional marginal cost.
- 2.3 The Trust committed to delivering £76.7m of savings in 2024/25. The cash efficiency savings plan includes a range of targeted actions including:
- Workforce underspends through vacancy/workforce control and backfill management - with ongoing robust scrutiny around new or replacement posts
 - Cost controls and targeted reduction in discretionary spend and estates spend. It is acknowledged that curbing estates expenditure can result in higher costs in future.
 - Further significant reductions in agency and other premium pay rates particularly in nursing, social work, medical and other staff groups
 - Reduced sickness and associated backfill by improving support for staff who are unwell
 - Assessing the additional care and supervision provided to patients in hospitals and care settings to confirm consistent, appropriate and effective support
 - Procurement efficiency review, as part of an ongoing focus on value for money across all savings
 - Driving further Pharmacy savings for example, on price, contract and switching to achieve best value for money
 - Specific social care initiatives including review of statutory domiciliary care through an early review pilot and expediting care reviews. Implementation of Care Line Live software resulting in better utilisation of hours, improved sickness, and new ways of working.
 - Enhanced staff skill-mix initiatives and measures to ensure patients see the right person, at right time, in right place. For example, we will consult on a one-site GP out-of-hours model.
- 2.4 Savings of £29.1m have been achieved at the end of month 6, representing a shortfall of circa £0.9m against planned savings. If the Trust is to achieve its full savings target of £76m, an increase in the rate of spend reduction over the remaining six months is required, particularly in pay, with many of the saving initiatives only coming into effect from end September onwards. (Graph 1)
- 2.5 In 2023/24, the Trust achieved significant nursing agency savings, both through the recruitment of international nurses (circa 800 since 2021/22) which reduced reliance on temporary backfill, and through agency price reduction savings following the cessation of off contract nurse agency usage on 14 August 2023. The Trust has also continued to resist introducing critical shift payments. Nursing agency spend for the first six months is lower than the same period in 2022/23, with a circa £2.1m reduction in qualified nurse agency hours and a £2.6m reduction attributable to a fall in the hourly rate of pay associated with the transfer of

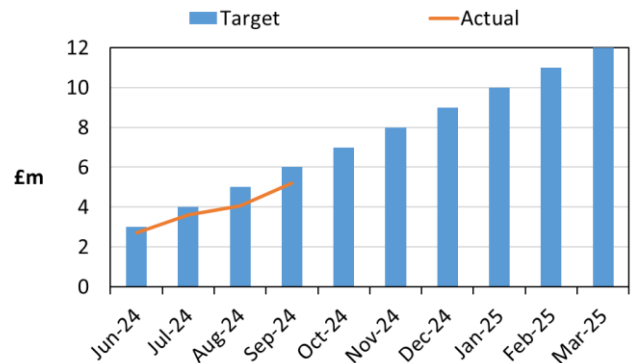
hours from off-contract to contract agency. However, the nurse agency savings are £0.8m below target at end September 2024 (Graph 2) and agency costs have increased based on last year.

- 2.6 Following a successful recruitment campaign, the Trust ceased the use of social work agency in June 2023. As well as delivering a safer and more sustainable workforce, this has generated agency savings of around £1.5m by month 6 (£400k more than target) although total staffing costs, including bank and overtime, have increased since 2023/24. Social work vacancies continue to be unacceptably high, particularly in children's services, and it would be difficult to justify holding the current level of vacancies given the current difficulties in delivering Trust statutory functions. (Graph 3) International recruitment of social work is being progressed.
- 2.7 Many savings initiatives will only come into effect part way through the year. The Trust must deliver significant sickness absence savings from September onwards. The Trust is falling short on its sickness absence target at September and will need significant work to bring back into line against the in-year savings target of £2.3m. (Graph 4)
- 2.8 Given the successful cessation of off contract agency and other adhoc premium rates in nursing and social work, the focus in 2024/25 is on ceasing off contract medical agency and eliminating or significantly reducing rates paid to Trust medical staff above agreed terms and conditions since medical represents the area of greatest pay overspend in the Trust. International medical recruitment needs to be actioned at pace. Medical agency usage has increased slightly since 2023/24 so considerable improvement will be required to deliver savings targets. These savings are due to come into effect from October 2024, with an in-year savings target of £3.3m. (Graph 5)
- 2.9 There is focussed work being undertaken to reduce one to one nursing both in hospital and community settings. Savings of £1.7m are required in-year. Enhanced supervision procedures have been developed and the usage of these along with Safe Care are being rolled out in hospital areas. Community areas are completing early review of enhanced care. There is also a care partnership initiative being taken forward. Savings are currently not being achieved in this area. (Graph 6).
- 2.10 Other savings, including other off-contract agency staff usage, social care initiatives and GP Out of Hours, are due to come into effect later in the year. Progress against these will be reported at the future Trust Boards.
- 2.11 An additional pharmacy savings target of £4.7m was levied to the Trust by SPPG this year. There are plans to deliver £3m of this target in year. The £1.7m gap has had to be met by the Trust through other non-recurrent savings measures.

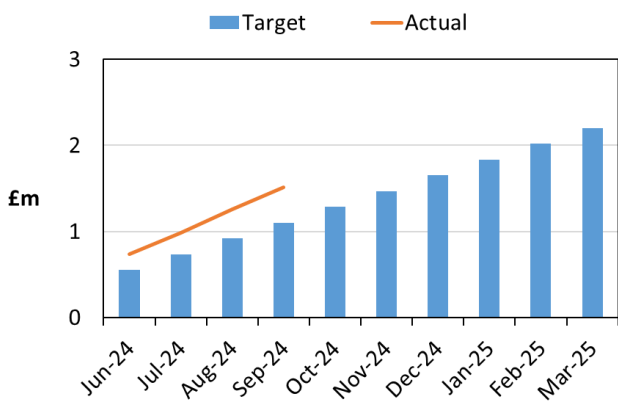
Graph 1 - Total Trust Savings Target V Actual



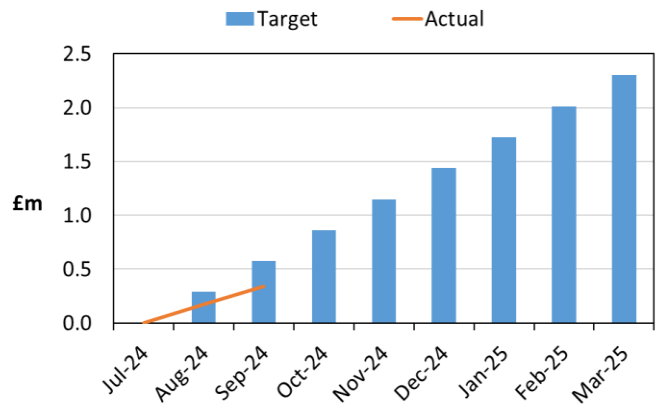
Graph 2 - Nurse Agency Reduction



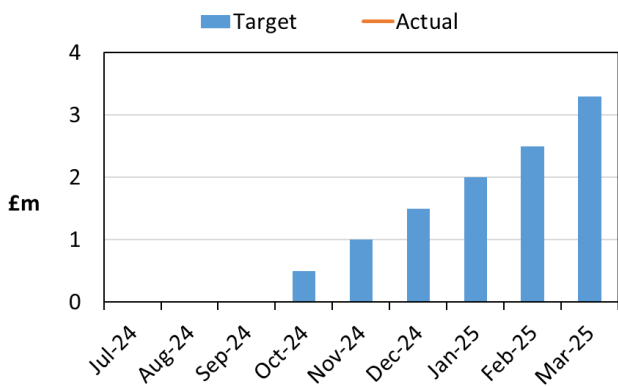
Graph 3 - Social Work Agency Reduction



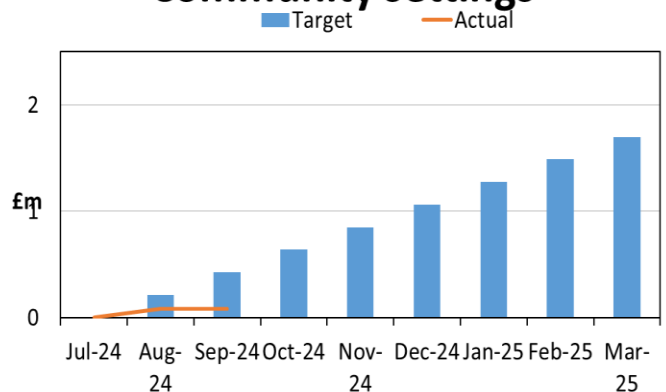
Graph 4 - Sickness Reduction



Graph 5 - Medical Agency Reduction



Graph 6 - 1:1s in Acute & Community settings



3. Financial Performance at 30 September 2024

- 3.1 At the end of September 2024, the Trust is reporting a £1.1m deficit which suggests a full year prorated deficit of £2.2m. This reflects the fact that some planned savings will be achieved in the latter part of the year and workforce management and pay savings are not being achieved in full at this stage. The position improved in September due to the fact further non recurrent savings have identified and reflected.
- 3.2 The ongoing pressure in relation to workforce continues in 2024/25 with significant overspends in Unscheduled and Acute Care nursing & medical (UCC and medical speciality & escalation wards), ACCTSS nursing & medical and MHLN nursing. Agency spend at month 6 is £68m (nursing £32.3m, medical £16.8m). Nursing agency costs have increased by £3.4m for the 6 months compared to 2023/24. Medical agency has also worsened by £2.9m for the 6 month period compared to 2023/24. Medical savings are to be achieved in the next 6 months.
- 3.3 The Trust has been allocated £14.8m of new growth funding for 2024/25. Early indications would suggest that this will not be adequate to fund the level of growth and inescapable pressures expected this year but this will be closely monitored. Nursing and residential homes and care management expenditure across all programmes of care continues to present significant financial pressure, especially in relation to the use of one to one nursing in care home settings and mental health complex discharges and an increase in rates which are outside of tariff. Children's fostering is also seeing increased growth. Non-pay spend run rates remain high in nursing and residential homes, theatres, child health and unscheduled care and are attributable in the main to increased activity. Energy pressure of £2.25m including pass through costs of £1.8m was raised with SPPG and funds have now been secured.
- 3.4 The financial position at 30 September 2024, by directorate, is shown in Table 3.1 below:

Table 3.1 Summary Position by Directorate at 30 September 2024

Summary Pay and G&S			
Directorate	Budget £'000	Expenditure £'000	Variance £'000
Maternity, Dental, ENT & Sexual Hlth and T&O	76,674	80,584	3,910
Child Hlth & NISTAR PC	83,209	85,253	2,044
Adult, Comm & Older People Serv & AHPs	177,633	178,135	502
Mental Hlth & Intellectual Disability	120,949	126,159	5,210
Cancer & Specialist Services	123,853	127,582	3,729
Unscheduled Care	118,885	132,585	13,700
ACCTSS & Surgery	117,602	123,077	5,475
Soc Wk & Children's Community Services	57,665	58,680	1,015
Finance, Estates & Capital Development	22,508	21,641	(867)
Nursing & User Experience	51,200	52,007	807
Other Pay including Corporate Directorates	126,963	92,294	(34,669)
Total	1,077,141	1,077,997	856

Note: There is also an income deficit £442k and £204k profit on disposal of fixed assets which brings the overall deficit to £1.1m

4. Summary Capital Position

- 4.1 The Trust's latest Capital Resource Limit (CRL) issued by the Department of Health for 2024/25 is dated 14th October
- 4.2 The total capital allocation is £74m. This consists of ring-fenced and specifically funded schemes totalling £55.4m and a General Capital allocation of £18.6m. Recent allocations include an additional £140k for BloodPAT (ICT) and £188k for Elective care equipment. There was a disposals allocation of £235k relating to the sale of Wellington Park property.
- 4.3 The Trust's projected capital outturn position for 2024/25 is breakeven. The progress of schemes throughout the year will be monitored each month and should there be any changes identified to the annual spend profiles, these will be highlighted.

Financial Planning 2024/25			
		2024/25	
		£'000	£'000
Historic recurrent unmet savings- WFM		22,000	
2018/19 General Savings Target shortfall		2,450	
2019/20 Car parking savings target shortfall		947	
2023/24 savings target		53,496	
			78,893
Gross Deficit Brought Forward from 2023/24 Before Cost Pressures			78,893
CYE 2023/24 or prior year residual unfunded pressures		45,152	
Changes to CYE pressures 23/24		2,219	
2023/24 FYE pressures before new 2024/25 pressures		24,139	
New inescapable 2024/25 pressures identified*		3,000	
			74,509
2024/25 Opening Deficit			153,402
Changes after Indicative funding given		(11,293)	
New Growth monies applied to new FYE pressures		(4,700)	
			(15,993)
2023/24 Opening Deficit after indicative funding & growth funding			137,409
MORE Pharmacy savings target		4,697	
MORE Pharmacy savings		(3,032)	
Low/Medium Impact Savings with Low-High Implementation Risk (1A)		(46,000)	
Achievement of historic savings through non recurrent workforce management savings annually		(22,000)	
			(66,335)
2024/25 opening deficit after Low/Medium Impact Savings (1A)			71,074
Additional RRL for deficit		(65,400)	
			(65,400)
2024/25 deficit after Deficit Funding			5,674
Reductions in deficit		(3,503)	
NMH additional slippage		(1,800)	
Additional non recurrent savings		(371)	
			(5,674)
2024/25 Deficit after further slippage and reduction in pressures			0