HIGH LEVEL SUMMARY OF MONTH 8 FINANCIAL POSITION AND FINANCIAL OUTLOOK 2024/25

Savings plan is now £76.7m and following mid-year review the Trust is projecting break even after £65.4m deficit funding

After reflecting the formal 2024/25 Budget allocation, the Trust's opening deficit was £137.4m prior to £4.7m pharmacy savings. The Trust developed savings plans, aimed at protecting front line services, totalling circa £76.7m (to include an annual % workforce savings target), which are far-reaching and ambitious. Deficit funding of £65.4m has been allocated by SPPG in August, which allows the Trust to forecast a break-even plan. Specific savings schemes are not all being achieved but following a mid-year review the Trust has identified further investment slippage which can be set non-recurrently against its savings target and shortfall in savings.

The Trust increased has savings plan of £76.7m, a large element of which is non-recurrent, in order to produce a breakeven plan for 2024/25.

£0.55m reported deficit at the end of November 2024

At the end of November 2024, the Trust is reporting a £0.55m deficit which pro rates to £0.8m and reflects the fact that elements of the savings plan are profiled towards the latter part of the year. The ongoing pressure in relation to workforce continues and, agency/locum expenditure has increased since 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.

The Trust is £0.55m deficit at end November 2024 but forecasting break-even position at year-end.

A number of key risks and assumptions remain

The Trust has assumed no deficit in relation to any potential pay award in 2024/25. Regionally funding has been identified to allow ten months of the pay award to be paid in 2024/25 with a commitment that the remaining two months will be paid in 2025/26.
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.

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

2025/26 Financial outlook

The 2025/26 draft DoH budget outcome looks likely to represent 2.6% increase in funding compared to 2024/25 October monitoring position. The known pressures, including inescapable, are likely to be substantially more than the funding provided and so this draft budget is expected to have serious consequences for Health and Social Care.

Trust will complete 2025/26 financial plan once indicative budgets are known.

Trust Financial Performance as at 30 November 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 The Trust is committed to delivering £76.7m of savings, comprising £22m of non-recurrent workforce underspends the Trust is required to deliver every year as part of an historic savings plan, £3m MORE regional pharmacy savings and £51.7m of other savings which, which are enormously challenging, but, in the main, they aim to protect front line services. Many of the savings are non-recurrent in nature.

1.3 The Trust received £65.4m deficit funding to offset the high/catastrophic savings measures which would have been required to achieve financial balance. This non-recurrent funding, with the planned savings, has allowed the Trust to forecast a break-even position. Further detail is provided in Appendix A.

1.4 The Trust is reporting a £0.55m deficit at the end November, due to the profiling of savings in latter half of the year and is forecasting a break-even position by year-end.

1.5 Savings of £43.5m have been achieved at the end of month 8, which is broadly in-line with planned savings. There is shortfall of savings in particular planned schemes, for example sickness absence, medical and nurse agency but following a mid-year review, the Trust has identified further investment slippage which can be set non-recurrently against its savings target and shortfall in savings.

1.6 In terms of recovery planning beyond 2024/25, the Trust provided indicative income and expenditure figures for the next five years. 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. A second iteration of the recovery plan will be completed in January once the Trust is informed of indicative allocations but it is likely that a break-even position in 2025/26 could only be achieved through high/catastrophic service impact measures.

1.7 The 2025/26 draft DoH budget outcome looks likely to represent 2.6% increase in funding compared to 2024/25 October monitoring position. The 2024/25 pay award deficit will be the first call on new monies. Increases in NIC, inflationary pressures and the significant inescapable pressures are likely to be substantially more than the funding provided. Therefore, the draft budget outcome is expected to have serious consequences for Health and Social Care with significant budgetary pressures and some extremely difficult decisions required to manage within the budget allocated.

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 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.

2.3 Savings of £43.5m have been achieved at the end of month 8, which is broadly in-line with planned savings (Graph 1). Although there is significant shortfall of savings in particular planned schemes, for example sickness absence, medical agency, following a mid-year review, the Trust has identified further investment slippage which can be set non-recurrently against its savings target and shortfall in savings. Continued focus is required for the remaining four months, to ensure savings maximisation continues especially in pay.

2.4 Nursing agency spend for the first eight months is lower than the same period in 2022/23, with a circa £2.1m reduction in qualified nurse agency hours and a £3.9m 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 £1.3m below target at end November 2024 (Graph 2) and agency costs have increased based on last year mainly due to one to one staffing.

2.5 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 £2.0m by month 8 (£550k more than target) although total staffing costs, including bank and overtime, have increased since 2023/24 (Graph 3). 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. International recruitment of social work is being progressed.

2.6 The Trust is falling short on its sickness absence target at October and will need significant work to bring back into line against the in-year savings target of £2.3m. This is an area of concern and requires an renewed focus. (Graph 4)

2.7 Medical agency usage has increased since 2023/24 so considerable improvement will be required to deliver savings targets. These savings were due to come into effect from October 2024, with an in-year savings target of £3.3m, no savings were made in October or November. (Graph 5) The agency framework has now been delayed until Spring 2025, although there is ongoing work to reduce off contract and high cost agency within the Trust. The regional medical agency reduction group has membership from Belfast Trust including senior medical and service colleagues. The group will identify a range of measures to address the rising cost of medical agency and locums across the HSC.

2.8 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, and a reduction in 1:1 'specialling' hours has been noted over the last few months. Community areas are completing early review of enhanced care. There is also a care partnership initiative being taken forward. Savings are currently not being fully achieved in this area but are increasing and full achievement is anticipated in latter months of the year. (Graph 6).

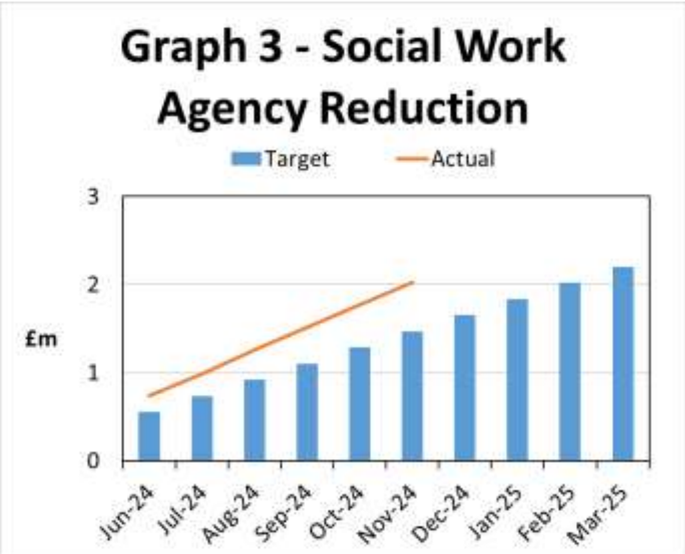
2.9 Other savings, including other off-contract agency staff usage, social care initiatives and GP Out of Hours, are due to come into effect later in the year. Progress against these will be reported at the future Trust Boards.

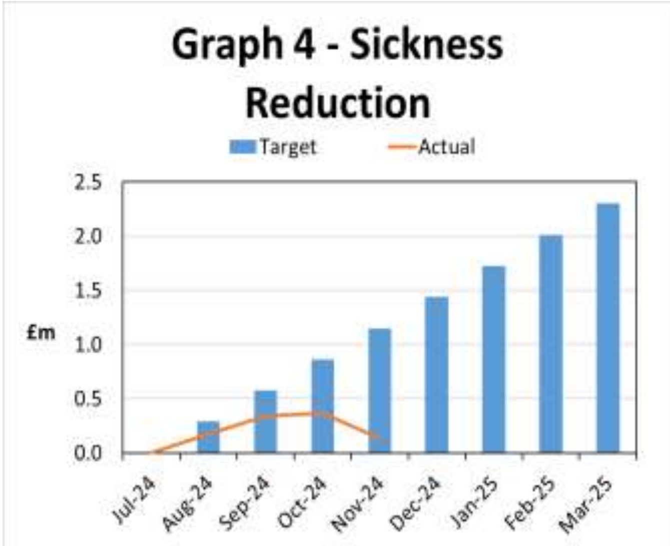
2.10 An additional pharmacy savings target of £4.7m was levied to the Trust by SPPG this year. Plans are progressing to deliver £3m of this target in year. The resultant £1.7m gap is being met by the Trust through other non-recurrent savings measures.

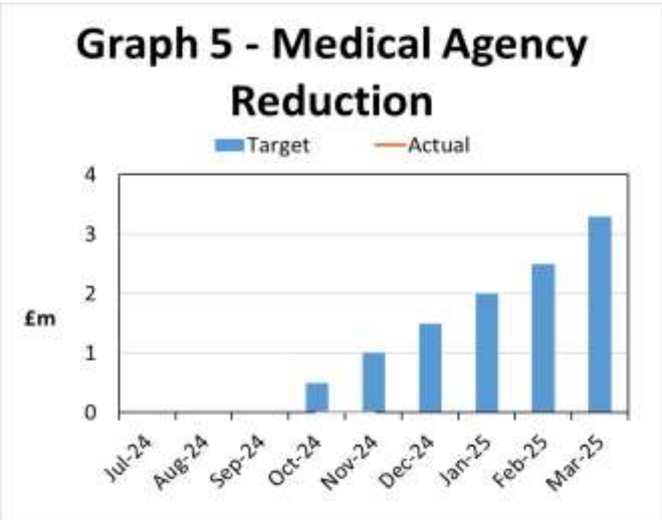
2.11 DoH have instructed GIRFT (Getting it right first time) to complete a procurement pilot within the region. They will undertake benchmarking against other sources to give confidence that NI prices represent value for money, reduce the spread of products that clinicians are able to routinely choose from and move away from the current open framework agreement to a more competitive approach where suppliers actively compete for a place on BSO's framework.

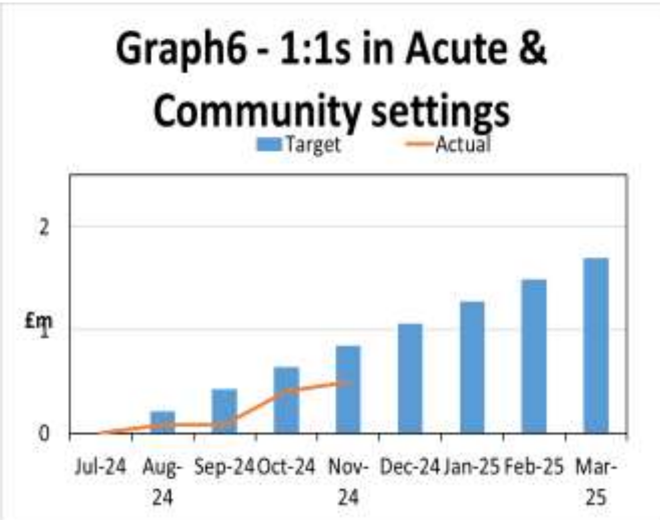

Graph 1 - Total Trust Savings Target V Actual
Target
Actual
£m
70
60
50
40
30
20
10
0
Jun-24
Jul-24
Aug-24
Sep-24
Oct-24
Nov-24
Dec-24
Jan-25
Feb-25
Mar-25


Graph 2 - Nurse Agency Reduction
Target
Actual
£m
12
10
8
6
4
2
0
Jun-24
Jul-24
Aug-24
Sep-24
Oct-24
Nov-24
Dec-24
Jan-25
Feb-25
Mar-25


Graph 3 - Social Work Agency Reduction
Target
Actual
£m
3
2
1
0
Jun-24
Jul-24
Aug-24
Sep-24
Oct-24
Nov-24
Dec-24
Jan-25
Feb-25
Mar-25


Graph 4 - Sickness Reduction
Target
Actual
£m
2.5
2.0
1.5
1.0
0.5
0.0
Jul-24
Aug-24
Sep-24
Oct-24
Nov-24
Dec-24
Jan-25
Feb-25
Mar-25


Graph 5 - Medical Agency Reduction
Target
Actual
£m
4
3
2
1
0
Jul-24
Aug-24
Sep-24
Oct-24
Nov-24
Dec-24
Jan-25
Feb-25
Mar-25


Graph6 - 1:1s in Acute & Community settings
Target
Actual
£m
2
1
0
Jul-24
Aug-24
Sep-24
Oct-24
Nov-24
Dec-24
Jan-25
Feb-25
Mar-25

3. Financial Performance at 30 November 2024

3.1 At the end of November 2024, the Trust is reporting a £0.55m deficit which suggests a full year prorated deficit of £0.8m. 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 has improved slightly in month due increased savings and further non-recurrent slippage identified.

3.2 The ongoing pressure in relation to workforce continues in 2024/25 with significant overspends in Unscheduled and Acute Care nursing & medical (Urgent care centre, medical speciality & escalation wards), ACCTSS nursing & medical and MHLD nursing. Agency spend at month 8 is £92m (nursing £43.8m, medical £23.1m). Nursing agency costs have increased by £5.2m for the 8 months compared to 2023/24. Medical agency has also worsened by £4m for the 8 month period compared to 2023/24.

3.3 The Trust has been allocated £14.8m of new growth funding for 2024/25. Spend analysis would suggest that this will not be adequate to recurrently fund the level of growth and inescapable pressures expected this year but this will continue to 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, 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. Progress has been made with the drugs reports from Encompass albeit further investigation and refining are required.

3.4 The financial position at 30 November 2024, by directorate, is shown in Table 3.1 below:

Table 3.1 Summary Position by Directorate at 30 November 2024

Summary Pay and Goods			
Directorate	**Budget £'000**	**Expenditure £'000**	**Variance £'000**
Maternity, Dental, ENT & Sexual Hlth and T&O	103,523	109,508	**5,985**
Child Hlth & NISTAR PC	111,568	113,905	**2,337**
Adult, Comm & Older People Serv & AHPs	238,572	239,134	**562**
Mental Hlth & Intellectual Disability	161,200	169,124	**7,924**
Cancer & Specialist Services	171,053	176,280	**5,227**
Unscheduled Care	159,306	178,462	**19,156**
ACCTSS & Surgery	157,938	165,767	**7,829**
Soc Wk & Children's Community Services	78,310	79,083	**773**
Finance, Estates & Capital Development	30,602	29,416	**(1,186)**
Nursing & User Experience	68,099	69,145	**1,046**
Other Pay including Corporate Directorates	177,607	128,690	**(48,917)**
Total	**1,457,778**	**1,458,514**	**736**

Note: There is also an income deficit £84k and £268k profit on disposal of fixed assets which brings the overall deficit to £0.55m

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 13th December

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 £18k for ICT Blood PAT, and £135k was retracted from R&D.

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.

Summary High Level Financial Outlook 2024/25 APPENDIX A

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**