HIGH LEVEL SUMMARY OF MONTH 2 FINANCIAL POSITION AND FINANCIAL OUTLOOK 2025/26

Trust is projecting £65.4m deficit position after £86.8m savings

The Trust had an opening 2025/26 deficit before savings and growth of £138m. After estimated growth, new inescapable pressures and £80m of minimal service impact savings, the deficit in draft financial plan submitted Feb 25 was £96m. The deficit has been reduced by a review and reduction/containment of growth (£9.7m), further income or assumed income from SPPG (£9.4m) and a reduction in historical pressures (£4.7m). Phase 1 of DoH saving plan will focus on all Trusts returning to their 2024/25 deficit position- £65.4m for Belfast Trust. This requires a further £6.8m savings to be identified. These have not wholly been identified as yet but there is an assumption that these will be identified and achieved.

The Trust increased savings plan of £86.8m to reduce deficit to £65.4m.

£11.4m reported deficit at the end of May 2025

At the end of May 2025, the Trust is reporting a £11.4m deficit which 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, although at similar levels to 2024/25. Some reductions in backfill through robust roster have been made and need to continue to deliver in-year savings targets and achieve budget sustainability. No medical savings are currently being achieved. Absence rates have improved and savings are being achieved. Social work agency savings continue to overachieve.

The Trust is £11.4m deficit at end May 2025.

2025/26 Financial outlook

The DoH 2025/26 budget allocated has created a funding gap against projected requirements of £615m made up of 2025/26 pay shortfall, Trust deficits, National Insurance shortfall and funding gap caused by waiting list funding commitments.
SPPG have advised the 2025/26 regional savings delivery will be approached in two phases. Phase 1 will focus on all Trusts returning to their 2024/25 deficit position which was non recurrently funded last year. Phase 2 will focus on the delivery of a further £100m regional savings from Trust baselines and will rely on the work of Systems Financial Management Group (SFMG) and the development of the workstream programmes reporting into this group. All savings will be identified by SFMG over the coming months. It is expected that these savings will be given to Trusts on their business share and that there will be non recurrent funding allocated to fund the Trust’s 2024/25 deficit position. An updated financial plan is to be completed early July detailing an updated position.

Trust Financial Performance as at 31 May 2025

1. Executive Summary

1.1 The Belfast Trust had an opening 2025/26 deficit before savings and growth of £138m. The Trust's draft financial plan, in February 2025, then estimated £37m growth and pressures and committed to delivering £80m 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 £58m of other savings which, are enormously challenging but, in the main, they aim to protect front line services. The draft financial plan detailed a £96m deficit.

1.2 The DoH 2025/26 budget allocated from the NI Executive has created a funding gap against projected requirements of £615m made up of 2025/26 pay shortfall, Trust deficits, National Insurance shortfall and funding gap caused by waiting list funding commitments. SPPG met recently with the Trust and advised that 2025/26 savings delivery will be approached in two phases. Phase 1 will focus on all Trusts returning to their 2024/25 deficit position which was non recurrently funded last year. This would deliver a further £60m saving regionally. For Belfast Trust this means reducing the deficit to a figure of £65.4m.

1.3 Phase 2 will focus on the delivery of a further £100m regional savings from Trust baselines and will rely on the work of Systems Financial Management Group (SFMG) and the development of the workstream programmes reporting into this group. All savings will be identified by SFMG over the coming months and it is expected that greater clarity on the delivery of savings by Trust will emerge as the financial year progresses.

1.4 Since February, the Trust has reviewed its assumptions around growth and working to contain growth where possible. Care management expenditure run rates have reduced in comparison to previous years and several high-cost children have not been placed as expected. This has allowed the growth and other pressures figure to be reduced by £9.7m, albeit there is a risk that growth could exceed this figure and this will need to be closely monitored as the year progresses.

1.5 The Trust has worked with SPPG to ensure all indicative and assumed income is reflected in the financial plan and this has reduced the deficit by £9.4m. In addition, a detailed review of historical pressures within the deficit and an assumption that some of these were non recurrent in nature, e.g. inquiry additional costs, has reduced these by £4.7m. This leaves additional savings of £6.8m which the Trust is required to make in order to report the £65.4m deficit which we are being asked to achieve via Phase 1 as noted above. As yet all these savings have not yet been identified, however it is expected that there is a significant MORE drugs switching saving which the Trust has not taken account of and is working to finalise the figure. The Trust has to submit an updated financial plan in early July to SPPG and will be forecasting a £65.4m deficit. Further detail is provided in Appendix A.

1.6 The Trust is reporting an £11.4m deficit at the end May 2025, which suggests a full year prorated deficit of £68.4m. This reflects the fact that some planned savings are being achieved in the latter of months of the year.

1.7 Savings of £13.8m have been achieved at the end of month two, which is slightly above planned savings. Although there is significant shortfall of savings in particular planned schemes, for example medical agency and reduction of enhanced care.

2. Trust 2025/26 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 has committed to delivering £79.7m of savings in 2025/26 with a further £6.8m to be identified. 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.

2.3 Savings of £13.8m have been achieved at the end of month 2, which is slightly above planned savings (Graph 1). Although there is significant shortfall of savings in particular planned schemes, for example medical agency. In Month 2 however, certain initiatives, for example MORE pharmacy savings have overachieved currently, due to non-recurrent rebates being received at this stage of the year. There needs to be a renewed focus is to ensure that we are maximising all required savings in 2025/26, especially in pay.

2.4 Nursing agency spend at Month 2 is lower than the same period in 2023/24, with a circa £1m reduction in qualified nurse agency hours and a £1.6m reduction attributable to a fall in the hourly rate of pay associated with the transfer of hours from off-contract to contract agency. The nurse agency savings are in line with the Target Savings at end May 2025 (Graph 2).

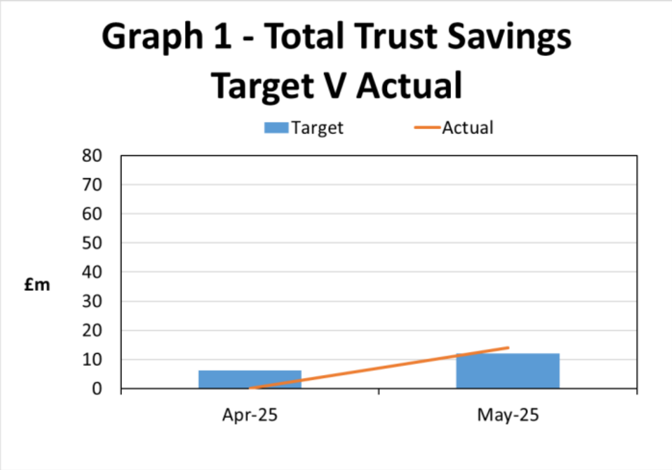
2.5 Social work continues to generate agency savings of circa £500k at month 2 (£140k more than target) although total staffing costs, including bank and overtime, have increased since 2023/24 (Graph 3). Social work vacancies continue to be unacceptably high, particularly in children's services, and 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 at pace within 2025/26.

2.6 The Trust is achieving its sickness absence target at May 2025 and if this continues should meet the in-year savings target of £2.5m. This is an improvement on 2024/25 performance levels and requires continued focus to ensure this positive improvement continues throughout the year (Graph 4)

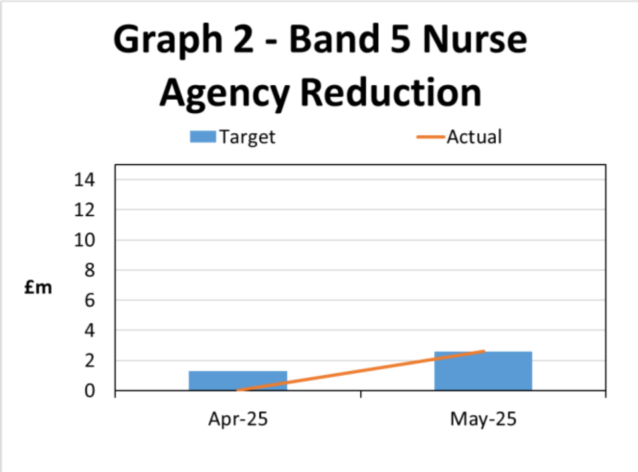
2.7 Medical agency usage has increased since 2023/24 so considerable improvement will be required to deliver savings targets moving through 2025/26. The Target for 2025/26 is £5.175m, and at month 2 no savings have been identified. (Graph 5) The agency framework has now been delayed until December 2025, but as a Trust we must continue to work to reduce off contract and high-cost agency within the Trust. The regional medical agency reduction group is actively working towards reduction in both agency and locum usage and the Trust will be closely involved in this work.

2.8 There is focussed work being undertaken to reduce enhanced care nursing both in hospital and community settings. Savings of £2.5m 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 which was noted last year, is not being achieved thus far in 2025/26. There has been a particular increase in non-registrant agency hours within Unscheduled and Acute Care. Community areas are completing early review of enhanced care and there is a reduction noted with Mental health community settings. There is also a care partnership initiative being taken forward. Overall savings are currently not being achieved in this area, and therefore all relevant Directorates should review to ensure savings targets can be met between now and the end of the financial year. (Graph 6).

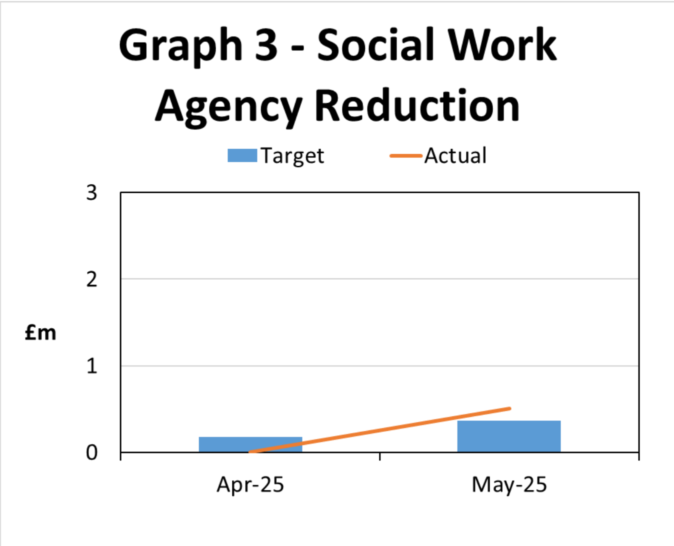
2.9 There is an overall Pharmacy savings target of £7.1m this year. Plans are progressing to deliver all of this target in year. There is an over-achievement of target at month 2 due to non-recurrent rebates being received early in the year which has helped the overall performance of this initiative.



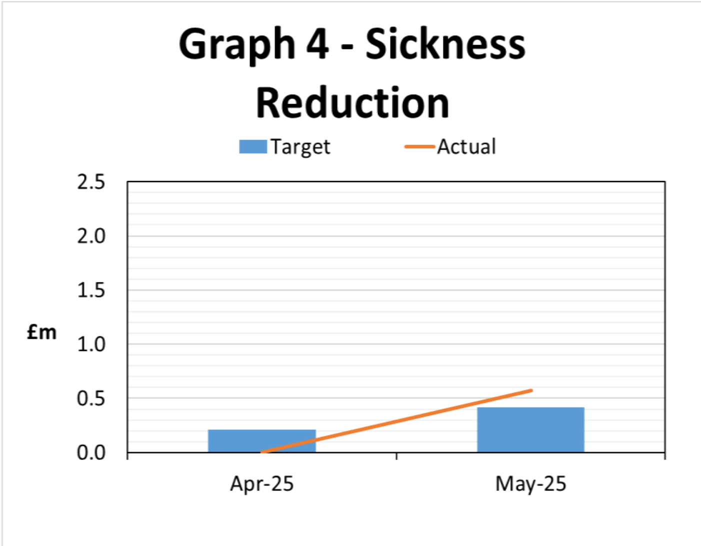
Graph 1 - Total Trust Savings Target V Actual
Target
Actual
£m
80
70
60
50
40
30
20
10
0
Apr-25
May-25



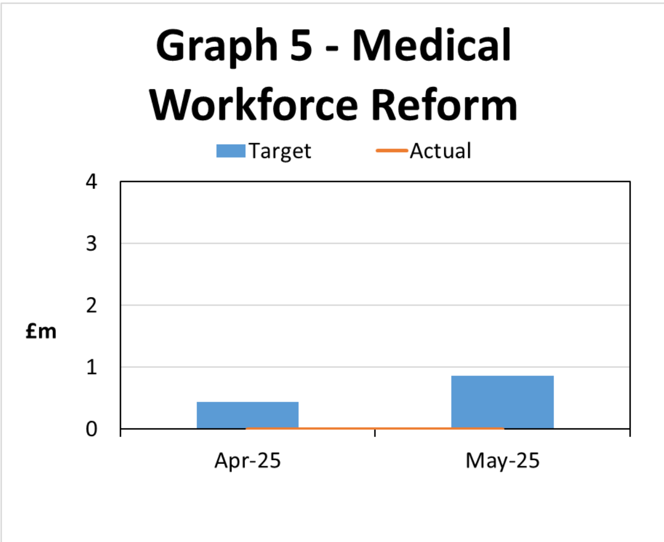
Graph 2 - Band 5 Nurse Agency Reduction
Target
Actual
£m
14
12
10
8
6
4
2
0
Apr-25
May-25



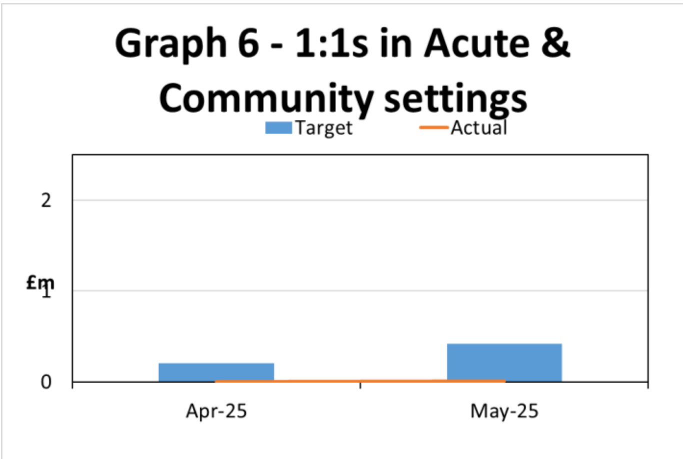
Graph 3 - Social Work Agency Reduction
Target
Actual
£m
3
2
1
0
Apr-25
May-25



Graph 4 - Sickness Reduction
Target
Actual
£m
2.5
2.0
1.5
1.0
0.5
0.0
Apr-25
May-25



Graph 5 - Medical Workforce Reform
Target
Actual
£m
4
3
2
1
0
Apr-25
May-25



Graph 6 - 1:1s in Acute & Community settings
Target
Actual
£m
2
1
0
Apr-25
May-25

3. Financial Performance at 31 May 2025

3.1 At the end of May 2025, the Trust is reporting a £11.4m deficit which suggests a full year prorated deficit of £68.4m. This reflects the fact that some planned savings are being achieved in the latter of months of the year. As Section 2 shows workforce management, enhanced care and medical savings are not being achieved in full at this stage and we will need robust plans to bring these back online.

3.2 The ongoing pressure in relation to workforce continues in 2025/26 with significant and increasing 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 2 is £19.1m (nursing £10m, medical £4m). Nursing agency costs have reduced by £0.9m for the 2 months compared to 2024/25, albeit have increased significantly in Unscheduled & Acute Care in both registrants and non-registrants. Medical agency is comparable to 24/25 levels.

3.3 The Trust has not been allocated any new growth funding for 2025/26 other than 2.3% inflationary non pay uplift and so must make all efforts to contain growth where possible. 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 enhanced care nursing in care home settings, mental health complex discharges and an increase in rates which are outside of tariff. Care management grew last year but just over 4% (excluding price increases) and it is likely that these areas will see growth at similar levels this year. Children's fostering continue to increase in growth. There continues to be increased demand and pressure of non-elective fractures, with significant numbers being treated in Musgrave Park. It is envisaged that the elective care monies will enable additional fracture lists and beds to open. Drugs have increased in spend in the first few month and will need to be reviewed in more detail.

3.4 The financial position at 31 May 2025, by directorate, is shown in Table 3.1 below:

Table 3.1 Summary Position by Directorate at 31 May 2025

Summary Pay and Goods			
Directorate	**Budget £'000**	**Expenditure £'000**	**Variance £'000**
Maternity, Dental, ENT & Sexual Hlth and T&O	3,736	3,648	**(88)**
Child Hlth & NISTAR PC	6,351	5,445	**(906)**
Adult, Comm & Older People Serv & AHPs	41,666	48,136	**6,470**
Mental Hlth & Intellectual Disability	16,879	16,922	**43**
Cancer & Specialist Services	27,106	28,956	**1,850**
Unscheduled Care	41,453	44,663	**3,210**
ACCTSS & Surgery	273	204	**(69)**
Soc Wk & Children's Community Services	3,660	3,644	**(16)**
Nursing & User Experience	3,502	3,397	**(105)**
Other Pay including Corporate Directorates	208,676	209,784	**1,108**
Total	**353,302**	**364,799**	**11,497**

Note: There is also an income surplus £137k which brings the overall deficit to £11.4m

4. Summary Capital Position

4.1 The Trust’s latest Capital Resource Limit (CRL) issued by the Department of Health for 2025/26 is dated 9th June 2025.

4.2 The total capital allocation is £81m. This consists of ring-fenced and specifically funded schemes totalling £65.2m and a General Capital allocation of £15.8m.

4.3 Having recently submitted updated projections, the Trust is expecting IFRS16 Leases funding allocations from Department of Health when each liability crystallises during the 2025/26 year, subject to availability of funding.

4.4 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. The Trust’s projected capital outturn position for 2025/26 is breakeven.

Summary High Level Financial Outlook 2025/26
APPENDIX A

Financial Planning 2025/26		
	2025/26	
	£'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	
2024/25 MORE Pharmacy savings target	4,697	
Gross Deficit Brought Forward from 2024/25 Before Cost Pressures		**83,590**
2023/24 or prior year residual unfunded pressures	42,147	
Opening 2024/25 inescapable pressures	12,867	
		55,014
2025/26 Opening Deficit before growth and savings		**138,604**
New inescapable 2025/26 pressures identified (not growth)	4,526	
2025/26 Unfunded growth (inc FYE 24/25 growth)	16,516	
Changes to earlier inescapable pressures	(7,812)	
		13,231
2025/26 Opening Deficit after growth		**151,835**
Savings with Low/Minimal Service Impact on Services	(57,675)	
Achievement of historic savings through non recurrent workforce management savings annually	(22,000)	
Additional savings	(6,751)	
		(86,426)
2025/26 Draft deficit after Low Impact Service Savings		**65,409**