Belfast Health and Social Care Trust caring supporting improving together	**Paper Ref. Num.** 2026.06.25_TBP_AgendaItem10.2_P224-2026AFinanceReports

Belfast Health & Social Care Trust Meeting Template Sheet (v11.25)

Purpose of paper	For Oversight	
If other purpose please specify	For noting	
Meeting TB Public		
If other meeting please specify	TB Public	
Presenter	**Maureen Edwards**	Director of Finance
Date of meeting	25 June 2026	

Title of paper (Maximum of 300 characters)

2026/27 Month 2 Financial Summary and Update on 2026/27 Financial Plan

Background (Maximum of 1500 characters)

This report outlines Trust financial performance, including savings delivery, for the two months to 31 May 2026 and provides an update on the 2026/27 Financial Plan.

Date considered at Exec Team (If Applicable)	Enter Date Here

Options for consideration (Maximum of 1500 characters)

This paper provides:

- A report of the Trust's actual performance and savings achieved to 31 May 2026
- A high level update on the 2026/27 financial outlook, including theTrust's opening 2026/27 financial positon, its 2026/27 updated savings plan and the position in relation to the ask of DoH for a savings plan to address the opening 2026/27 deficit plus 4%.

It should be noted that whilst a draft Budget for 2026/27–2029/30 went out to public consultation in early 2026, the Northern Ireland Executive has not yet agreed a final Budget for 2026/27. As a result, Belfast Trust's month 2 position is based on indicative income

Recommendations (Maximum of 1500 Characters)

This paper is for noting and discussion.

Proposed Onward Consideration	Choose an item.
If other	

HIGH LEVEL SUMMARY OF MONTH 2 FINANCIAL POSITION AND FINANCIAL OUTLOOK 2026/27

Trust is projecting a £85m deficit against current funding allocation after £67.9m savings

The Trust had an opening 2026/27 deficit before savings of £51m after accounting for recurrent savings from 2025/26, SPPG deficit funding of £42m and anticipated inescapable growth of £22m. The Trust has identified £67.9m of low impact savings on top of recurrent 2025/26 savings of £47m and 2024/25 recurrent savings of £31.1m, i.e. 7.12% cumulative savings. These £67.9m savings are expected to have minimal service impact but will be extremely challenging to deliver.

SPPG had retracted £123m from the Trust's baseline, representing a 6% savings target, giving rise to an £85m projected deficit. In June 2026, SPPG indicated that Trusts should deliver at least 4% savings, after its opening deficit of £29m, albeit income has not been adjusted accordingly.

The 4% savings target requires the Trust to deliver additional savings of **£43.7m**. The Trust is currently working to identify further lower impact savings, mainly through the cessation of all agency staff, although successful delivery in this area will require the implementation of a range of enablers and will be heavily reliant on other Trusts adopting the same approach and timescales. It is clear that delivery of the full £43.7m will require savings which will have an immediate and severe impact on service.

The Trust is assuming that inescapable pressures, including high-cost drugs and placements, will be fully funded. SPPG have not yet confirmed funding in relation to growth/inescapable pressures.

The Trust has identified phase 1 savings plan of £67.9m which would leave a forecast deficit against the current budget of £85m. This reduces to £43.7m if SPPG amend funding to reflect a 4% rather than 6% savings target.

£15m reported deficit at the end of May 2026

At the end of May 2026, the Trust is reporting a £15m deficit which reflects the fact that elements of the savings plan are not yet being achieved. Whilst agency and other workforce overspends remain, nurse and medical agency costs have reduced by £1.7m and £0.5m respectively in the first two months compared to the same period last year. Trust sickness absence rates have not reduced and work has been paused in relation to Liaison Group, where savings of around £2.7m are planned, which are contributing to the savings shortfall.

The Trust is reporting a £15m deficit at the end of May 2026.

2026/27 Savings

The Trust's March 2026 response to SPPG's draft operational planning guidance identified measures to deliver 6% (£123m) and 12% (£256m) savings in 2026/27. Following SPPG feedback, a revised submission was made on 30 April 2026, replacing DoH-led measures deemed undeliverable in-year and excluding anticipated 2026/27 growth and pressures, which are to be addressed separately with SPPG.

The revised submission increased low service impact phase 1 savings to £67.9m and outlined a range of phase 2 options for the remaining £85.5m required to meet both a 6% savings target and the Trust's £29m underlying deficit. The Minister has now asked Trusts to progress savings that can be delivered without harm of 4% in addition to savings required to meet opening deficits. This equates to a further £43.5m of savings for Belfast Trust. The Trust is currently exploring opportunities for further in-year savings but is clear that this level of savings cannot be achieved within required timescales without service impact measures.

Trust Financial Performance as at 31 May 2026

1. Executive Summary

1.1 At the end of March 2026, the draft Budget settlement, based on current levels of demand and expenditure, and incorporating the 2026/27 element of any 2025/26 'reserve claim' payback, represented a significant deficit for the HSC in 2026/27 of between £800m to £1bn.

1.2 The Belfast Trust has an opening 2026/27 deficit of £29m after accounting for 2025/26 recurrent savings of £47.5m and deficit funding of £42m but excluding any new inescapable growth or pressures and 2026/27 savings. The opening deficit is significantly higher than other Trusts which is attributable to higher levels of growth and other inescapable cost pressures which have not been funded by SPPG along with a lower relative share of deficit funding.

1.3 The Trust's indicative income includes a retraction of funding of £123m equivalent to a 6% savings target. The Trust has conservatively estimated £15m of growth/inescapable pressures for 2026/27 (<1%) on top of £7.2m in respect of the FYE of 2025/26 inescapable, mainly regional, pressures and anticipated high cost drug and therapy growth of £7m. SPPG have advised for planning purposes that these amounts will be considered separately by SPPG.

1.4 The Trust has identified £67.9m of low impact (phase 1) savings, on top of recurrent savings of £47m for 2025/26 and £31.1m for 2024/25 (i.e. 7.12% cumulative savings). These savings, which target the Trust's largest overspending areas, are expected to have minimal service impact but will be difficult to achieve and maintain and will require strong clinical involvement and close monitoring. These new cash-releasing savings, equivalent to 3.3% of RRL, will address the opening 2026/27 deficit and contribute £38m (1.8%) towards the 4% savings target notified to Trusts in June 2026.

1.5 The Trust's March 2026 response to SPPG's draft operational planning guidance set out measures to deliver additional savings of 6% (£123m) or 12% (£256m) in 2026/27. Following SPPG feedback, a revised submission was made on 30 April 2026, replacing DoH-led savings, such as charging, which SPPG considered undeliverable in-year. The revised submission also excluded anticipated 2026/27 growth and other pressures from the reported underlying deficit, as these will be addressed separately with SPPG. It increased low service impact phase 1 savings by £2.6m to £67.9m and identified revised phase 2 options, carrying higher implementation risk, for the remaining £85.5m needed to meet the 6% savings target and the Trust's £29m underlying deficit.

1.6 The Minister has subsequently asked Trusts to progress additional savings measures that can be delivered without causing harm to service users. SPPG has assessed that all Trusts should now target savings of at least 4%, in addition to managing their opening deficits. This represents a further £43.5m of savings (2.2%) for Belfast Trust. The Trust is considering additional measures, including ceasing agency usage (with limited agreed exceptions in medical only), accelerating reductions in enhanced patient care observations, and further reductions in planned estates maintenance and backlog work. These measures carry significant implementation risk and are likely to result in service disruption or reduction for example where agency staff leave and there is a delay in recruiting substantive or bank staff. Despite setting ambitious plan in these areas, it is clear that the Trust will not be able to

deliver the full £43.5m target without severe service impact. Most of the plans required to meet the shortfall will require consultation.

1.7 The current forecast deficit, after accounting for the 6% savings retraction and the Trust's current phase 1 savings of £67.9m, is £85m. Further details can be found in Appendix A.

1.8 The Trust has only received indicative incomes from SPPG. As no budgets have been formalised and agreed the Trust has only reported on expenditure figures to SPPG for month 2. However budgets have been set for directorates based on indicative income and we are reporting a £15m deficit at the end May 2026, representing a full year prorated deficit of £90m. This reflects the current projected deficit of £85m and slippage against some of the phase 1 savings.

1.9 Savings of £7.8m have been achieved at the end of month 2. Nurse agency savings are overachieving against target but there is a significant shortfall of savings in other areas, particularly savings in relation to Trust sickness absence, 1:1 care and efficiencies in care home settings as a result of the pausing of the Liaison Group work.

2. Trust 2026/27 Savings Programme

2.1 Trust savings are identified and monitored through the bi-monthly Delivering Value Programme (DVP), chaired by the Chief Executive. The DVP aims to deliver cash-releasing savings, meet Departmental targets, improve productivity, optimise limited resources and create capacity to reduce waiting times within a robust governance framework. Each directorate holds monthly finance focus meetings to review its financial position, variances, corrective actions, savings delivery and other governance targets. Quarterly directorate Delivering Value oversight meetings, attended by the Co-Director of Financial Management and Head of Resource Utilisation, provide more detailed scrutiny of cash-releasing savings.

2.2 The Trust has currently committed to delivering £67.9m of phase 1 savings in 2026/27. The cash efficiency savings plan includes a range of targeted actions including the following:

- Cessation of registered nurse agency usage by September 2026, with a small number of exceptions which have been signed off by the Director of Nursing.
- A targeted reduction in the use of enhanced supervision staffing on acute hospital sites and in the community where charges for one-to-one enhanced nursing in independent care homes have risen exponentially.
- The Trust anticipates incurring additional cost as a consequence of the implementation of the new medical agency framework. Nevertheless, the Trust remains committed to addressing long-term vacancies currently filled by agency locum staff through permanent recruitment including international recruitment, skill mix review and other workforce management initiatives.
- The Trust will continue to exploit opportunities for savings amongst other staffing groups given the level of temporary staffing and the payment of premium rates to professional and technical and social care staff for example.
- The Trust has achieved considerable reductions in administrative pay and goods and services costs as a result of encompass, and another significant initiative is underway

aimed at identifying further encompass-related administrative savings across the Trust. Ongoing efforts, including rigorous oversight and improved recruitment and backfill control measures, are in place to further reduce admin pay expenditure.

- The Trust has a number of active directorate procurement groups which work closely with PALS colleagues to ensure effective procurement across the Trust and to identify and deliver on opportunities for cost containment and price savings.

- The Trust will continue to bear down on discretionary spending, including taxi, printing, postage, hospitality, training and high-cost equipment through strong financial grip and control measures.

- The Trust has also continued to deliver drugs savings through its successful biosimilar drugs programme under the auspices of the regional MORE pharmacy programme. In 2025/26, the Trust achieved recurrent savings of £8m and a further £2.1m of rebates. The Trust is setting itself another ambitious target this year in relation to drug savings although it will be a few months before plans and levels of savings are confirmed.

- There will continue to be a strong focus on reducing care management and domiciliary care costs. Whilst it is recognised that regional price and service reform in this area is required to generate material savings in this area, the Trust will continue to scale up successful local initiatives alongside regional workstreams.

- The laboratories demand management project, part of the SFMRG Sensible Care workstream, commenced in August 2025 to optimise laboratory test usage. Its goal is to ensure tests are performed appropriately and efficiently for better clinical outcomes, addressing both overuse and underutilisation of lab tests.

- Based on past experience, the Trust expects some non-recurrent savings in 2026/27, though these are invariably uncertain at the start of the year. Typically, one-off underspends, accounting adjustments, rebates, and investment delays lead to financial gains but achieving these is increasingly challenging as investment levels decrease.

- The Trust plans to repeat £22m (circa 1.8% of pay) of annual non-recurrent workforce efficiency savings and has increased the target by £1.2m for 2026/27. This has become increasingly more difficult to deliver in the context of rising sickness rates, bed/ward occupancy levels and patient acuity. Furthermore, this 1.8% requirement severely limits any flexibility the Trust has in making additional general pay savings.

2.3 At month 2, savings of £7.8m have been delivered, slightly below plan, although some schemes are profiled for later in the year. Continued focus is required on reducing Trust sickness levels. Nurse agency savings are currently £600k ahead of target after 2 months. This performance should be sustained and increased where possible through the strict adherence of rosters. Directorates must ensure all 2026/27 savings are maximised, with Project Initiation Documents kept up to date and subject to regular review.

2.4 Medical agency savings at month 2 are £510k and remain on track against the £2.3m phase 1 savings target. Off-contract agency usage is due to cease by the end of June 2026. The Trust currently has four doctors working outside the framework, reduced from 14 in March 2026. Work continues to recruit medical staff to permanent posts, as on-contract agency rates are higher than the previous framework and will create additional financial pressure for the Trust.

2.5 Focused work is underway to reduce enhanced care nursing in both hospital and community settings, with £2.6m in-year savings required in acute services. Enhanced supervision standard operating procedures have been developed and continue to be rolled out alongside safe care across hospital areas. While one-to-one enhanced nursing usage has reduced compared with last year, performance remains approximately £145k below target at month 2. Community teams are undertaking early reviews of enhanced care, with reductions noted in mental health community settings, and a care partnership initiative is also being progressed. Overall savings are not yet being achieved in this area; all relevant Directorates should therefore review plans to ensure targets can be delivered by year-end.

2.6 There is an overall Pharmacy savings target of £7m this year. Plans are progressing to deliver all of this target in year. There is an under-achievement of target at month 2 at this early stage of the financial year; however, further tranches will be identified and developed in terms of savings and this should improve performance against target.

3. Financial Performance at 31 May 2026

3.1 At the end of May 2026, the Trust is reporting a £15m deficit which suggests a full year prorated deficit of £90m. This reflects the fact that some planned savings are expected to be achieved in the latter months of the year.

3.2 Budgets have been rebuilt in line with the new equip finance system costing model to reduce workload when the system becomes operational later in the year. At the start of the financial year, the Trust also allocated available non-pay inflationary funding to address inflationary pressures as far as possible. This has helped ensure budgets are realistic, with directorates expected to aim for breakeven and develop corrective action plans for any overspends.

3.3 The ongoing pressure in relation to workforce continues in 2026/27 with significant and increasing overspends in Unscheduled and Acute Care nursing (urgent care centre, cardiology & respiratory) and surgical medical staffing There is significant cost pressure in relation to MAH at month 2 with all funding now retracted. The Trust will continue to work with SPPG to secure additional bridging funding.

3.3 The Trust has not yet been allocated any new growth funding for 2026/27 other than 2% inflationary non pay uplift so all efforts must be made 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 the payment of rates above funded tariff rates. Care management demand grew last year by around 4% (excluding price increases) and it is likely that these areas will see growth at similar levels this year.

3.4 The financial position at 31 May 2026, by directorate, is shown in Table 3.1 below:

Table 3.1 Summary Position by Directorate at 31 May 2026

Directorate	Budget £'000	Expenditure £'000	Variance £'000
TOR & IMO	28,854	29,741	**887**
Child Hlth, NISTAR, MDGS	31,980	31,725	**(255)**
Adult, Comm & Older People Serv & AHPs	68,942	67,013	**(1,930)**
Mental Hlth & Intellectual Disability	44,239	46,684	**2,444**
Cancer & Specialist Services	34,247	34,704	**457**
Unscheduled Care	44,928	48,498	**3,570**
ACCTSS & Surgery	45,224	46,784	**1,560**
Soc Wk & Children's Community Services	21,700	21,625	**(76)**
Nursing & User Experience	18,996	19,234	**238**
Other including Corporate Directorates	22,175	30,478	**8,303**
Total	**361,287**	**376,485**	**15,198**

Note: There is also an income surplus £151k which brings the overall deficit to £15m

4. Summary Capital Position

4.1 The Trust's latest Capital Resource Limit (CRL), issued by the Department of Health on 8 June 2026, confirms a total capital allocation of £70.9m for 2026/27.

4.2 This allocation comprises £53.1m for ring-fenced and specifically funded schemes and £17.8m for general capital. Ring-fenced allocations include funding for the Children's Hospital (£38.4m), Glenmona Children's Home (£2m) and estates backlog maintenance (£5m). New allocations have been received for the Mother and Baby Unit (£0.4m) and IFRS16 leases (£2m).

4.3 General capital allocations of £8.5m were agreed by Executive Team in May 2026 for a range of larger schemes, including completion of the Mahee Unit and Moy Villa on the Knockbracken site and Chestnut Grove EPH. Bids against the remaining general capital allocation, including works, equipment, transport, and IT projects across 120 areas, were considered by the Capital Evaluation Team in May and the agreed plan will be considered for ratification by the Executive Team in June 2026.

4.4 The progress of capital schemes will be monitored and reported monthly. Any changes to the annual spend profiles will be identified and reported accordingly. The Trust's projected capital outturn position for 2026/27 is breakeven.

Summary High Level Financial Outlook 2025/26 **APPENDIX A**

	2026/27	
	£'000	£'000
Historic recurrent unmet savings- WFM	22,000	
2019/20 Car parking savings target shortfall	947	
2023/24 savings target	51,543	
Achievement of historic savings through non recurrent workforce management savings annually	(22,000)	
2025/26 recurrent savings	(47,462)	
Deficit in respect of unmet historic savings targets		**5,028**
2025/26 or prior year residual unfunded pressures	49,435	
2025/26 Unfunded growth (inc FYE 24/25 growth)	16,516	
Recurrent deficit funding	(42,000)	
		23,951
2026/27 opening deficit before growth and savings		**28,979**
New inescapable pressures 2025/26	8,225	
Reduction in historic pressures	(979)	
Growth 2026/27	15,000	
		22,246
2026/27 opening deficit after forecast growth		**51,225**
2025/26 high cost drug growth non rec funded	7,000	
2026/27 estimated high cost drug growth	7,000	
Assume HCD fully funded	(14,000)	
Assume funding for growth and pressures	(22,246)	
		(22,246)
2026/27 opening deficit after assumed growth & pressures		**28,979**
6% savings target	123,460	
Savings with Low/Minimal Service Impact on Services (Schedule 1 Phase 1)	(67,858)	
		55,602
2026/27 defict after minimal impact savings		**84,581**