

 Belfast Health and Social Care Trust caring supporting improving together		Paper Ref. Num. 2026.08.27_TBP_AgendaItem10.2-P237-2026BFinance
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	27 August 2026	
Title of paper (Maximum of 300 characters) 2026/27 Month 4 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 four months to 31 July 2026 and provides an update on the 2026/27 financial plan.		
Date considered at Exec Team (If Applicable)	27 August 2026	
Options for consideration (Maximum of 1500 characters) This paper provides: ❖ A report of the Trust's actual performance and savings achieved to 31 July 2026 ❖ A high level update on the 2026/27 financial outlook, including the Trust's opening 2026/27 financial position, 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.		
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 4 FINANCIAL POSITION AND FINANCIAL OUTLOOK 2026/27

Trust is projecting an £85m deficit against current funding allocation after £67.9m phase 1 and £20.1m phase 2 savings

The Trust had an opening 2026/27 deficit before savings of £29m after accounting for recurrent savings from 2025/26 and SPPG deficit funding of £42m. SPPG have retracted £123m from the Trust's baseline, representing a 6% savings target. The Trust has identified, and Trust Board have approved, £67.9m phase 1 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.

In June 2026, SPPG indicated that Trusts should deliver at least 4% (rather than the previous 6%) savings, as well as addressing its opening deficits, albeit income has not been adjusted accordingly. The 4% savings target requires the Trust to deliver additional savings of £43.7m. SPPG has approved £20.1m of the phase 2 savings. This will bring total in-year savings to £88m (4.3%), leaving a residual savings gap of £23.3m (1.1%) against the Trust's combined 5.4% savings target.

Assuming the Trust achieves £88m savings, an £85m deficit would remain based on the 6% income retraction and anticipated inescapable pressures of £22m, including the full-year effect of acute service demand growth from 2025/26 and a range of community cost pressures linked to demographic growth and high-cost care placements for which the Trust has received only £2.2m.

The Trust has identified phase 1 savings plan of £67.9m and £20.1m phase 2 savings which would leave a forecast deficit against the current budget allocation of £85m.

£37m reported deficit at the end of July 2026

At the end of July 2026, the Trust is reporting a £37m deficit. Phase 1 savings are on target for delivery at month 4, although some elements are phased to commence later in the year. Whilst agency and other workforce overspend remain, nursing agency costs have reduced by £7m, offset somewhat by an additional 300 nursing staff over last 18 months. Medical agency costs are on par with last year and admin agency costs continue to reduce.

The Trust is reporting a £37m deficit at the end of July 2026.

2026/27 Financial Outlook

The Trust's current savings plan will help the Trust deliver 4.3% of its 5.4% savings target which will result in a savings deficit of £23.3m. Given the size of the shortfall relative to other Trusts, which is wholly attributable to Belfast Trust's disproportionate opening funding deficit, the Trust has been placed on level 3 of the SPPG Support and Intervention Framework. The Trust will continue to seek further opportunities for savings, with the support of SPPG, to close the in-year savings gap, acknowledging that this will require a higher level of savings relative to other HSC Trusts.

The Trust has identified anticipated inescapable pressures of £22m for 2026/27, which includes the full-year effect of acute service demand growth from 2025/26 and a range of new in-year community cost pressures linked to demographic growth and high-cost care placements. SPPG has indicated funding of £2.2m, resulting in a £20m deficit. The Trust will continue to work with SPPG to agree how these inescapable pressures can be funded or reduced, without impacting on the quality of, or access to, care.

Trust Financial Performance as at 31 July 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 unfunded inescapable cost pressures 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 of FYE 2025/26 inescapable, mainly regional, pressures and anticipated high cost drug and therapy growth of £7m. In July SPPG provided funding to meet for high cost drugs but indicated only £2.2m against the remaining £22m inescapable pressures, resulting in a £20m deficit.
- 1.4 The Trust has identified and is implementing £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 deliver and sustain without 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 £38.9m (1.9%) towards the 4% savings target notified to Trusts in June 2026.
- 1.5 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 submitted savings proposals to meet the target in full. SPPG and the Minister subsequently approved £20.1m of these savings and these have been submitted to Trust Board for approval.
- 1.6 The current forecast deficit, after accounting for the 6% savings retraction, the Trust's current phase 1 and 2 savings of £88m and anticipated inescapable growth pressures is £84.5m. Further details can be found in Appendix A.
- 1.7 Given the size of the shortfall relative to other Trusts, which is wholly attributable to Belfast Trust's disproportionate opening funding deficit, the Trust has been placed on level 3 of the SPPG Support and Intervention Framework. The Trust will continue to seek further opportunities for savings, with the support of SPPG, to close the in-year savings gap, acknowledging that this will require a higher level of savings relative to other HSC Trusts.
- 1.8 As at July 2026 the Trust is reporting a £37m deficit, reflecting the fact that while phase 1 savings are delivering, phase 2 savings have not commenced. The Trust is forecasting that Phase 1 savings will be achieved in full.

- 1.9 Savings of £17.3m have been achieved at the end of month 4. Nurse agency savings are overachieving against target but there is a significant shortfall of savings in other areas, particularly savings in overtime, on-call discretionary spend, enhanced supervision staffing 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, led 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 and a further £20.1m phase 2 savings pending approval by Trust Board. Phase 2 savings are considered to carry little risk to service delivery, if implemented effectively. However, the timescale for implementation presents significant risk in terms of deliverability of the full savings requirement. The cash efficiency savings plan includes a range of targeted actions including the following:
- Cessation of registered nurse agency usage by December 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.
- The Trust will maintain 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.

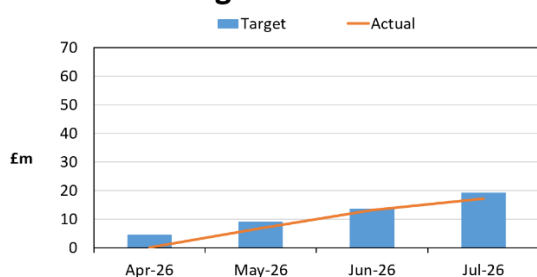
- 2.3 At month 4, phase 1 savings of £17.3m have been delivered, slightly below plan, although some schemes are profiled for later in the year. Continued focus is required on reducing Trust sickness levels. Nurse agency savings are currently £380k ahead of target and it is hoped that this performance will 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 4 are £625k, slightly behind the £2.3m phase 1 in-year savings target. The Trust currently has four doctors working outside the framework, reduced from 14 in March 2026, with plans to reduce to only one by September 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 SafeCare across hospital areas. While one-to-one enhanced nursing usage has reduced compared with last year, performance remains approximately £180k below target at month 4. 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 fully deliver this target in year. Actual savings are below target at this early stage of the financial year; however, further tranches will be identified and developed and this should improve performance against target.

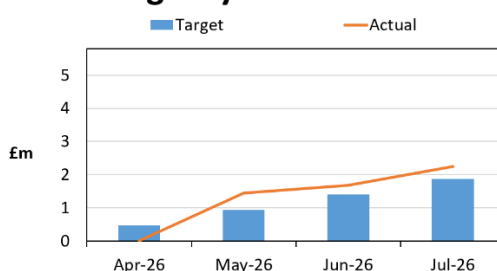
2.7 Continued focus is needed to deliver the full targeted phase 1 savings. The Trust is not seeing any reduction in on call and overtime as yet and savings within Older People's schemes are limited.

2.8 The charts below provide an assessment of performance against key workforce targets.

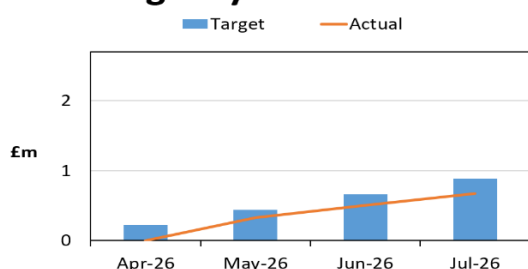
**Graph 1 - Total Trust Savings
Target V Actual**



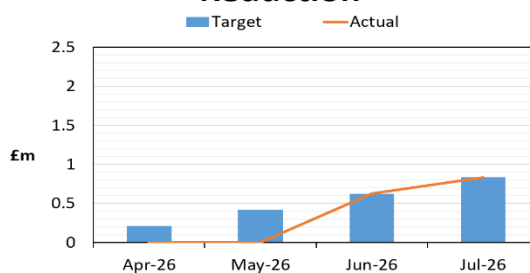
**Graph 2 - Band 5 Nurse
Agency Reduction**



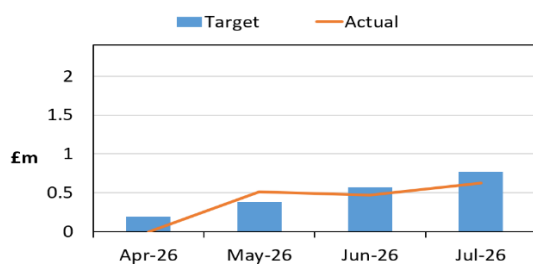
**Graph 3 - Other TC Group
Agency Reduction**



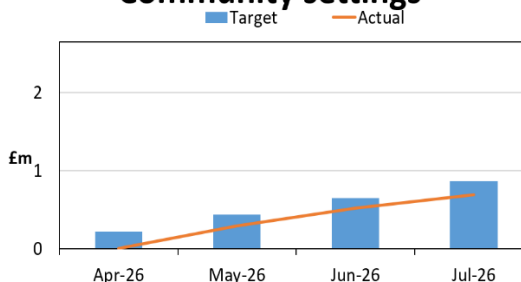
**Graph 4 - Sickness
Reduction**



**Graph 5 - Medical
Workforce Reform**



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



3. Financial Performance at 31 July 2026

- 3.1 At the end of July 2026, the Trust is reporting a £37m deficit which suggests a full year prorated deficit of £111m. This reflects the fact that phase 2 savings have not commenced as yet. Phase 1 savings are on target at month 4, although elements are phased to commence from later in the year and focussed work needs continued.
- 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 continued significant overspends in Unscheduled and Acute Care nursing (urgent care centre, cardiology & respiratory), medical staffing within Surgery and Anaesthetics and Mental Health nursing. Non pay expenditure pressures continue in theatre, cardiology (TAVI), LAC and social care placements.
- 3.4 The Trust has identified anticipated inescapable pressures of £22m, including the full-year effect of acute service demand growth from 2025/26 and a range of new community cost pressures linked to demographic growth and high-cost care placements. A review of expenditure and assumptions at month 4 indicates that £22m remains a reasonable estimate for the year. SPPG indicated that the Trust would be allocated £2.2m against its £22m inescapable pressures, resulting in a potential £20m deficit. Further discussion is urgently required with SPPG to agree how inescapable pressures can be funded or contained to funding levels which would inevitably have service implications.
- 3.4 The financial position at 31 July 2026, by directorate, is shown in Table 3.1 below:

Table 3.1 Summary Position by Directorate at 31 July 2026

Summary Pay and Goods			
Directorate	Budget £'000	Expenditure £'000	Variance £'000
TOR & IMO	58,206	61,187	2,981
Child Health, NISTAR, MDGS	60,733	61,000	267
Adult, Comm & Older People Services & AHPs	138,231	135,516	(2,715)
Mental Health & Intellectual Disability	88,357	92,399	4,042
Cancer & Specialist Services	89,833	90,293	461
Unscheduled Care	83,208	89,518	6,310
ACCTSS & Surgery	89,512	93,603	4,091
Social Work & Children's Community Services	44,536	45,173	636
Nursing & User Experience	38,249	39,773	1,525
Other including Corporate Directorates	53,927	73,443	19,516
Total	744,791	781,905	37,114

Note: The above table excludes a small income surplus of £66k

4. Summary Capital Position

- 4.1 The Trust's latest Capital Resource Limit (CRL), issued by the Department of Health on 14 August 2026, confirms a total capital allocation of £74.4m for 2026/27.
- 4.2 This allocation comprises £56.7m for ring-fenced and specifically funded schemes and £17.8m for general capital.
- 4.3 The Department of Health has commissioned Trust input by 28 August 2026 to an internal monitoring exercise for capital to allow capital slippage and inescapable pressures to be identified. This will be used to inform proposals for the reallocation of any available slippage to be submitted for Ministerial approval. The progress of schemes will be monitored and reported monthly. Any changes to the annual spend profiles will be identified and reported accordingly.
- 4.4 The Trust's projected capital outturn position for 2026/27 is breakeven.

	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	7,246	
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	(2,200)	
		(2,200)
2026/27 opening deficit after assumed growth & pressures		49,025
6% savings target	123,460	
Savings with Low/Minimal Service Impact on Services (Schedule 1 Phase 1)	(67,858)	
Phase 2 savings green rated	(20,120)	
		35,482
2026/27 deficit after minimal impact savings		84,507