

2024/25
DoH
BUDGET
UPDATE

Health and social care services across Northern Ireland remain under significant financial pressure.

Since the Department's last budget assessment published in May, the Health and Social Care system has undertaken an intensive programme to identify savings in operational budgets. We have also received important Executive monitoring round allocations that have reduced but not eliminated our unmet pressures.

Living within our budget without making reductions that would have catastrophic consequences has proved highly challenging.

Included below is an assessment from each geographic HSC Trust, setting out work to achieve financial balance.

The Department accepts the exceptional scale of the savings it has sought and recognises that the HSC system is now at the limit of what can be achieved this year without causing catastrophic harm. Efficiency and productivity gains will, of course, remain a top priority in future years.

HSC savings of over £200m are being delivered for 2024/25. That is a significant and unprecedented total and the work undertaken across the system to achieve it must be acknowledged.

The financial position facing the Department of Health prior to October monitoring was a shortfall of around £130m to secure the ongoing delivery of core health and social care services to our community. HSC pay rises in line with national pay review body recommendations would cost around a further £320m. The total shortfall was therefore £450m.

The allocation of £350m from the latest Executive monitoring means that we are in a position where we expect to achieve financial balance without resorting to those measures that would cause immediate or serious harm. It does not, at this point, allow for full 2024/25 pay settlements in line with those in England and Wales.

The Minister is continuing to seek a credible way forward on pay and has emphasised that a concerted Executive-wide approach is needed to resolve all NI public sector pay issues for 2024/25.

It is important to recognise that the financial position, while still extremely challenging, has eased to some extent since May. Ahead of this year's NI budget, Department had set out that an extra £1 billion would be needed on top of last year's opening total, assuming a 3% pay rise. A combination of savings and in-year allocations has reduced that figure. However, subsequent recommendations from pay review bodies were well above the 3% assumption, meaning demands on the budget were increased.

The Health Minister has consistently made it clear that he would not take the catastrophic impact measures which would have been required to reduce the gap further, given the serious and direct harm that this would cause to individuals and families.

It is expected that the budget position for 2025/26 will also be highly challenging for Health and all other parts of the NI public sector.

We will not have all the resources to do everything we want to do, or indeed everything that needs to be done.

The Minister and Department will continue to make the case for further investment, while also maintaining a focus on productivity and efficiency gains.

Reforming services to produce better outcomes remains an overriding priority.

However, reform should not be depicted as being principally about cost-saving. In some cases, it will produce savings, but in others it will require upfront additional funding.

Below, each of the five geographic Health and Social Care Trusts have summarised the key measures they are taking to make savings. Savings targets were set for each Trust based on their individual budgets and respective financial positions.

Southern Trust

During 2024/25 year, the HSC is under considerable pressure to meet the health needs of a growing population, workforce challenges and increased frailty within the confinements of available resources.

The Southern Trust has developed a savings plan with a number of low or medium impacts to services, to achieve a savings target totalling £22m whilst maintaining patient safety.

The Trust has worked intensively to minimise any consequences for service users where possible.

The measures include:

- Reduction of expenditure on high cost medical locums by conversion of locum to substantive posts and through the success of our International Medical Recruitment programme;
- Continue to reduce nurse agency costs. The Trust has already ceased the use of off-contract nursing agency and continue to drive down the number of vacant posts through recruitment and the stabilisation of nursing levels on our wards;
- Reduction of unfunded posts and temporary posts with robust scrutiny in place;
- Savings through reduced travel and transport costs to ensure that resources are being used as efficiently as possible;
- Reduction of the amount spent on maintenance and minor works including efficiencies in Estates with patient facing areas being prioritised;
- Implementation of cost controls and reduction in discretionary spend;
- Community care savings including improved efficiency in domiciliary care through the implementation of Care Line Live software resulting in better utilisation of hours and improved access to this service; and
- Medical and surgical consumables savings through procurement efficiencies.

The Trust has implemented these and other measures at levels which will prevent risk to patients and service users.

The Southern Trust has established a new RISE (**Reform, Improvement, Savings & Efficiency**) programme, to monitor these measures and to help improve efficiency, spend within our allocated budget and achieve our savings target by March 2025.

The Trust is currently preparing a longer-term Financial Recovery Plan which will require a regional approach to achieving efficiencies and sustainability in future years to meet the demands on our services.

The challenge of this is acknowledged and we thank staff for their continued dedication in difficult circumstances and for the ongoing support of service users and the public as we work this through.

Western Trust

As part of its financial plan for the 2024/25 year, the Western Trust has developed a series of savings work-streams and which will have low or medium impact to services, to meet a savings target of £27.5m. The Trust priority objective has been to minimise the impact to patients, clients and services and therefore the focus for savings is against work-streams where the Trust are able to identify low or medium impact to existing levels of provision, i.e. tackling price variation, maximising block contract arrangements and holding to safe staffing levels but avoiding enhanced levels where possible.

Workstreams include:

- Reduction of reliance on expensive medical locums through careful management and working proactively to stabilise rotas and recruit substantive doctors;
- Community care savings including improved efficiency from domiciliary care contracts;
- Review and management of high cost community care placements;
- Nurse agency cost reductions including review of skill mix, management of rotas and improved governance;
- Enhanced workforce controls in relation to recruitment, backfill arrangements, overtime and additional hours;
- Medical and surgical consumables procurement savings;
- Reductions in estates management and maintenance works plans; and
- Savings through regional agency pricing strategies to further minimise reliance on agency staff for allied health professionals and social workers.

The requirement to achieve savings and efficiencies across our services and budgets is not new to the Trust. We have always been in a position where demand has outstripped funding and have factored a requirement for low impact savings and efficiencies programmes into the Financial Plan of the Trust on an annual basis. However, the budget settlement to the Trust has required us to go much further than before and therefore the scale of the savings required for 2024/25 of £27.5m is circa double the level of savings which were delivered by the Trust in 2023/24.

In addition, the challenge for the Trust is to find new and alternative ways to achieve savings and hold back on expenditure in year, made more difficult by the fact that areas for consideration have been already exhausted through the delivery of savings in previous years. While the ambition to reduce spend at this scale during this year will be very difficult for the Trust, we know our staff are committed to working to ensure that our patient and service users care requirements remain at the centre of service provision.

Looking into future years, the Trust has under development a multi-year Financial Recovery Plan which will be essential for securing financial sustainability for the longer term. Development and successful delivery of the plan will require the Trust to work with the wider HSC system to minimise the use of agency and locum staff at premium rates, take forward a programme of workforce stabilisation across our health and social care professional groups, address key skills gaps, streamline assessment and care pathways including using digital tools, and reforming the delivery of adult social care. Additional investment funding will also be sought, in recognition of the anticipated demographic changes in our population and the challenges we face given the health inequalities and deprivation within the Western Trust area.

Northern Trust

Across Health and Social Care Services, there has been a sustained focus on maximising efficiency and productivity to deliver annual cost reductions and savings whilst balancing the needs of the community we serve. This has resulted in limited opportunities to significantly reduce costs without impacting service provision.

The current budgetary provision for 2024/25 means we have had to produce a one-year financial savings plan. Whilst this plan is challenging, it has the potential to deliver £29.6m in savings targets before 31 March 2025, £6.5m of which comprises one-off savings and reduction in expected pressures.

The current one-year plan focuses on key savings areas that have been categorised as non-catastrophic, but will inevitably have some impact.

The Trust recognises, however, that any impact on the delivery of services, regardless of scale, is regrettable. The Trust is actively working to mitigate the impact of these savings for their patients and wider community. The Trust remains committed to providing the highest standards of compassionate care with our community, in our community.

The 2024/25 savings plan focuses primarily on cost containment measures and targeted actions to reduce costs, including:

- Careful management of additional supervision for patients in hospitals and care homes to ensure consistent and appropriate support is provided which achieves value for money;
- Targeted reduction in some areas of estates spend which will have a minor immediate impact on patients and service users. Experience shows, however, that reducing estate expenditure can be more expensive in the long term;
- Ongoing review of procurement and contracts to identify efficiencies and savings;
- Continued focus on reducing absence levels and scrutiny of new and replacement posts as well as reducing backfill for vacant posts;
- Cost reductions and efficiencies through enhanced skill mix and use of alternative technologies;
- Savings achieved through sustainability projects in energy, carbon and waste reduction; and
- Savings in agency and other premium pay rates across nursing, social work, medical and other staff groups through significant work being done on regional nursing agency work (ceasing off-contract agency use and reducing prices), regional social work (ceasing agency use), and local medical work (reducing prices).

The Trust has carried out a full mid-year review of all savings and while there are some projects which have an associated delivery risk, the Trust believes at this stage, that they are on target to achieve the savings outlined in the 2024/25 Savings Plan. This has only been possible due to a significant focus, involving a wide range of staff.

It is important to note this plan only covers the 2024/25 financial year and the Trust is currently developing a longer term strategic financial recovery plan, as part of our Delivering Value Programme. The achievement of longer term financial stability while addressing the common challenges of an ageing population, higher levels of need and workforce shortages can only be addressed through a combination of regional workforce planning, social care reform, a continued focus on efficiency and productivity and additional funding for Health and Social Care.

A failure to take this strategic approach will lead to stringent measures to reduce spend with severe impacts on service provision. These additional measures, while potentially delivering reduced spend, would be entirely counter strategic and result in a fundamental failure of service delivery, worsening of waiting times and increased risk to patients.

South Eastern Trust

Every year the Trust has to make significant cash savings, in order to live within its budget and deliver for our service users.

During 2023/24 the Trust achieved savings of c.£23m.

The Trust's target this year is £30.5m, an amount which is larger than any other single financial year since the Trust was formed. As with every year, the Trust's aim is to deliver against this target, while ensuring the impact on the vital care and support provided to the community is minimised.

In developing its plans, the Trust ensures that maintaining patient safety is always their priority. The Trust's key areas of focus for savings are:

- **The amount we pay for temporary staffing:** We aim to deliver savings by standardising the rates across all professional groups. We will only engage temporary staff where it is necessary to keep people safe. This will inevitably mean that our staff will feel very stretched and we will do all we can to help and support them. Priority will always be given to those in need of critical care, so patients who do not need life-saving treatment may have to wait longer;
- **The amount we spend on anything but essential equipment and services:** Only essential maintenance of property will continue. This will have an impact on how our facilities look and is likely to lead to additional costs at a later time;
- **Income generation:** Raise some additional funds by increasing the prices of amenities we already charge for, such as parking and canteens; and
- **Contracts we have with the Community and Voluntary sector:** The Trust must prioritise its core functions. As a result, some highly valued services in the community may have to be reviewed, such as services that the Trust is not legally obliged to provide. These decisions are extremely difficult but necessary, given the Trust's financial position.

Securing this significant level of savings in one 12-month period will be exceptionally challenging and the Trust has tried to mitigate the impact and to make savings, where possible, in areas which do not directly affect patients and other service users. We remain confident in the skills and dedication of our staff, who always put their patients and service users at the heart of everything they do.

Belfast Trust

Since 2007, Belfast Trust has delivered over £350m of recurrent (annual) savings, leaving limited opportunities to generate major cash-releasing savings without significant service impact.

The Trust has developed a 2024/25 savings plan comprising measures which are very challenging and not without significant risk, but in the main they protect front line services. The Trust has identified plans to meet a savings target of £72m, mostly non recurrent, by 31 March 2025.

- The savings focus primarily on continued reduction of avoidable costs and targeted actions, including:
 - Further significant reductions in agency and other premium pay rates particularly in nursing, social work and medical staff groups
 - Cost controls and targeted reduction in discretionary spend including estates spend, recognising that curbing estates expenditure can result in higher costs in the future

- Reduced sickness and associated backfill through more effective sickness and backfill management and improved support for staff who are unwell
- Assessing the additional care and supervision provided to patients in hospitals and care settings to ensure consistent, appropriate and effective support
- Pursuit of procurement efficiencies as part of an ongoing focus on value for money
- Driving further pharmacy savings on price and contract and effective 'switching' to achieve best value for money
- Enhanced staff skill-mix initiatives and measures to ensure patients see the right person at the right time and in the right place
- Workforce expenditure reductions through vacancy/workforce control and backfill management, with ongoing robust scrutiny around new or replacement posts.

Beyond these measures, the only way to save money in-year, without breaching contractual obligations to staff or suppliers, would involve significant measures which would have a detrimental impact on services. These measures would be incompatible with the Trust's objectives, they would be counter-strategic, and would make current unacceptable waiting times for HSC services significantly worse.

It is vital that Health and Social Care develops a more sustainable long-term recovery financial plan. Increased efficiency, and the reform of our system and its services, will be needed to ensure financial sustainability for both Health and Social Care and the wider public sector. Belfast Trust is committed to playing its full part in all such discussions and has begun to develop a longer-term Trust financial recovery plan which will form part of the wider HSC recovery plan.

