



**REPORT TO:** East Lothian Integration Joint Board

**MEETING DATE:** 22 May 2025

**BY:** Chief Finance Officer

**SUBJECT:** IJB Finance Report

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## **1 PURPOSE**

- 1.1 The purpose of the report is to update members on the final 2024/25 financial position for the IJB and present the Final NHS Lothian 2025/26 funding offer for consideration.

## **2 RECOMMENDATIONS**

- 2.1 The IJB is asked to:
- 2.2 Note the final financial position for 2024/25 and the additional funding confirmed by partner bodies to enable the IJB to deliver a break-even position.
- 2.3 Note the final delivery of efficiencies reported.
- 2.4 Note the final Reserves position reported.
- 2.5 Agree to accept the final funding offer for 2025/26 from NHS Lothian.

## **3 BACKGROUND**

- 3.1 The February IJB Finance paper reported the year to date and forecast Quarter 3 financial position for the IJB. A year to date overspend of £3.085m was highlighted and projected overspend of £3.559m was presented.

### 2024/25 Final Financial Position

- 3.2 In **Table 1** below the final year-end financial position for Health and Council delegated services is summarised. The table also sets out any additional funding allocations confirmed from partner bodies to deliver a break-even year end position. It should be noted that all 2024/25 figures

have still to go through partner governance and external audit and as such remain draft at this point in time.

**Table 1**

<b>East Lothian IJB Financial Outturn 2024/25</b>			
	<b>Budget</b>	<b>Actual</b>	<b>Variance</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>
Core	103.618	104.169	(0.551)
Hosted	19.044	18.764	0.280
Set Aside	23.116	23.639	(0.523)
<b>Total</b>	<b>145.778</b>	<b>146.572</b>	<b>(0.794)</b>
Social Care	75.262	78.065	(2.803)
<b>Overall Total</b>	<b>221.040</b>	<b>224.637</b>	<b>(3.597)</b>
<b>Additional Funding</b>			
NHS	0.794		0.794
Council	2.803		2.803
<b>Final Position</b>	<b>224.637</b>	<b>224.637</b>	<b>(0.000)</b>

**N.B. The balances reported still have to be confirmed by the auditors of partner accounts and the auditors of the IJB accounts.**

- 3.3 Health delegated services reported a year end overspend of £0.794m comprising overspends in Core services and Set Aside services, offset by an underspend in Hosted services.
- 3.4 The Core position is driven primarily by a significant overspend in Prescribing offset by underspends across a range of services. Hosted services position reflects underspends in a number of services reduced by an overspend in Mental Health services. Within Set Aside services overspends were reported in Diabetes, Emergency Department, General Medicine and Geriatric Medicine, reflecting demand pressures.
- 3.5 Council delegated services are reporting an overspend of £2.803m for the year. The overspend primarily relates to care at home service pressures within Adult Social Care and Learning Disabilities services. In addition, LD services are reporting pressures relating to transport and clients transitioning from Children's services.
- 3.6 The above table reports an overspend of £3.597mm, after taking into account efficiencies delivered, for the year to 31 March 2025. Under the Scheme of Integration partner bodies are requested to make additional allocations to meet the overspend reported against their delegated services. Additional allocations of £2.803m from East Lothian Council and of £0.794m from NHS Lothian have been confirmed and the IJB is reporting a break-even position for 2024/25.

### 2024/25 Efficiencies

- 3.7 The IJB has been aware of the challenging level of planned efficiency delivery in 2024/25. **Table 2** below summarises the final position relating to recurring delivery of the planned schemes.

**Table 2**

<b>Final Efficiency Delivery Summary 2024/25</b>			
	<b>Planned Schemes</b>	<b>Schemes Delivered Recurringly</b>	<b>Over / (Under) Delivery</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>
Core	4.264	4.103	(0.161)
Hosted	0.498	0.207	(0.291)
Set Aside	0.374	0.490	0.116
<b>Total NHS</b>	<b>5.136</b>	<b>4.799</b>	<b>(0.336)</b>
Social Care	5.544	2.509	(3.035)
<b>Overall Total</b>	<b>10.680</b>	<b>7.308</b>	<b>(3.371)</b>

- 3.8 The NHS delivery has improved from the forecast position in the February IJB report, reflecting an over delivery against the Prescribing target. Council services delivery has moved favourably as some of the Amber categorised schemes have achieved their target. A total of £0.196m remains within the Amber category as the Council await a response from individual clients. Council schemes totalling £2.839m did not deliver and as indicated in the February IJB report all undelivered 2024/25 schemes will be reviewed and any viable schemes will be reinstated in a suitable timeframe.

### 2024/25 Reserves

- 3.9 At the start of the year the IJB held a combination of General and Earmarked Reserves, the latter being available only for certain elements of expenditure. **Table 3** below summarises the in-year movement in the balances within these reserves.

**Table 3**

<b><u>General Reserves 2024/25</u></b>	<b>Opening Balance £m</b>	<b>Closing Balance £m</b>
General Reserve	3.096	0.000
<b><u>Earmarked Reserves</u></b>	<b>Opening Balance £m</b>	<b>Closing Balance £m</b>
Sexual Health	0.039	
LD Health Checks	0.072	
MH Recovery & Renewal	0.279	0.279
Community Living Wage Fund	0.045	0.000
Carers	0.093	0.118
Community Development	0.720	0.000
Unscheduled Care Traunch 1		0.769
Unscheduled Care Traunch 2		0.300
<b>Total</b>	<b>1.248</b>	<b>1.466</b>

- 3.10 The IJB allocated the remaining £3.1m of its General Reserves to address the forecast in year overspend within Health delegated services, reducing the balance to zero at the year end. The absence of any General Reserves places greater importance on the financial management of allocated funds and the delivery of in year efficiency targets in full going forward.
- 3.11 At the start of the 2024/25 financial year the IJB held a number of Earmarked Reserves totalling £1.248m. Additional Earmarked Reserves totalling £1.154m were received during the year and £0.936m of Earmarked Reserves were allocated against relevant areas of spend during the year. The closing Earmarked Reserves balance totals £1.466m and will be carried forward to fund relevant costs in future years.

#### 2025/26 Final NHS Lothian Funding Offer

- 3.12 The IJB has received a final funding offer from NHS Lothian, following agreement of its financial plan at its April Board meeting. The offer is summarised below in **Table 4**.

**Table 4**

<b>East Lothian IJB Delegated Budget</b>	
£'000	
<u>Status</u>	<u>Allocation</u>
Delegated Core	73,701
Hosted	16,887
Set Aside	20,842
Recurring Budget	111,430
GMS	15,845
<b>Total</b>	<b>127,275</b>

- 3.13 The covering letter containing the above offer is attached as **Appendix 1** and confirms it reflects the recurring budgets relating to services delegated to East Lothian IJB and includes an indicative GMS allocation in keeping with previous years. The letter also confirms that the Health Board will pass on East Lothian's share of the 3% uplift it will receive from Scottish Government.
- 3.14 Overall this funding offer meets the Scottish Government parameters as it is a "fair" offer that passes on all funding relating to IJB delegated services and it is recommended the IJB accept this funding offer
- 3.15 The IJB will recall the financial risks highlighted in relation to the budget offers from partners and 5 Year Financial Plan presented in the March Budget Setting paper which set out the challenging financial projections for future years. There are a number of emerging pressures which are already presenting challenges to the delivery of a break-even position for 2025/26, and it is clear that the focus needs to remain on how we can undertake transformational change and deliver financially sustainable services that meet the needs of the East Lothian population.

#### **4 ENGAGEMENT**

- 4.1 The IJB makes its papers and reports available on the internet.
- 4.2 The issues in this paper have been discussed with the IJB's partners but do not require further engagement.

#### **5 POLICY IMPLICATIONS**

- 5.1 There are no new policies arising from this paper.

## **6 INTEGRATED IMPACT ASSESSMENT**

6.1 The subject of this report does not affect the wellbeing of the community or have a significant impact on equality, the environment or economy.

## **7 DIRECTIONS**

7.1 This report does not require any new Directions at this stage.

7.2 The current Directions will be reviewed and revised where applicable to reflect the implications of the budget offers.

## **8 RESOURCE IMPLICATIONS**

8.1 Financial – there are no immediate resource implications from this report.

8.2 Personnel – none.

8.3 Other – none.

## **9 BACKGROUND PAPERS**

9.1 None.

### **Appendices:**

**Appendix 1: NHS Lothian Final 2025/26 Funding Offer Letter**

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<b>DATE</b>	May 2025

Lothian NHS Board

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Date 9 May 2025

Enquiries to Craig Marriott  
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Dear Colleagues,

## EAST LoTHIAN IJB – BUDGET FOR 2025/26

I write further to my letter of the 10th March and the subsequent approval of the NHS Lothian Financial Plan by the Board of NHS Lothian on the 16th of April. At this stage, NHS Lothian cannot provide assurance on the achievement of a breakeven outturn for the health board next year with an underlying gap of £16m reported in the Financial Plan.

Further to the Scottish Government Budget announcement on 4<sup>th</sup> December 2023, 3% uplift for Health Boards in 2025/26 was set out. We will look to pass through to each IJB, based on budget shares, the baseline uplift settlement we receive.

Currently the recurring budget resource for East Lothian IJB is **£127m** before the 3% 2025/26 uplift is applied. This budget figure does include GMS budgets which although are non recurring in nature are assumed at this stage as part of the budget offer to be consistent with previous years. This figure does not include GMS uplift or Vaccination Allocations, nor does it include other allocations received non-recurrently from the Scottish Government. Table 1 shows the breakdown.

**Table 1 - East Lothian IJB Delegated Budget**

Status	Allocation	East Lothian IJB £'000
Delegated	Core	73,701
	Hosted	16,887
Set Aside		20,842
<b>Recurring Budget</b>		<b>111,431</b>
	GMS	15,845
<b>Total</b>		<b>127,276</b>

(based on recurrent budgets as of 23<sup>rd</sup> April 25, updated for latest SG Allocations)



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Chair Professor John Connaghan CBE  
 Chief Executive Professor Caroline Hiscox  
*Lothian NHS Board is the common  
 name of Lothian Health Board*

We will continue to update you on any further changes to your budget offer, relating to additional funding expected as a result of any 2025/26 pay agreement.

I am keen to understand from East Lothian IJB how its Directions will shape the delivery of financial recovery savings in 2025/26 and the application of resources in support of financial balance.

Yours sincerely



CRAIG MARRIOTT  
Director of Finance