



REPORT TO: East Lothian Integration Joint Board

MEETING DATE: 25 September 2025

BY: Chief Finance Officer

SUBJECT: IJB Finance Report

1 PURPOSE

- 1.1 This report sets out the Quarter 1 (Q1) Financial review position for the IJB, provides an update on the monitoring and delivery of efficiencies and lays out the current reserves position for the IJB. It also provides an update on the Financial Planning process.

2 RECOMMENDATIONS

- 2.1 The IJB is asked to:
- i. Note the financial position reported as part of the Quarter 1 Review
 - ii. Note the year-to-date delivery of efficiencies
 - iii. Note the current Reserves position for the IJB.
 - iv. Note the ongoing Financial Planning process work

3 BACKGROUND

- 3.1 The IJB set a balance budget for 2025/26 at its March meeting. The forecast financial position for this year highlighted a gap of £4.170m which would be closed through a combination of efficiencies and collaborative working across all 4 IJBs and with NHS Lothian to address the Set Aside pressures and deliver a balanced outturn position for 2025/26.
- 3.2 The March budget setting position is presented in **Appendix 1** for information

Quarter 1 Financial Review

- 3.3 The allocation of uplift, policy and pressure funding received from partner bodies is highlighted below.

Health & Social Care

- Pay and eNIC uplift to fully fund forecast increased costs allocated to relevant pay budgets

Health

- Additional non pay uplift allocated to Prescribing budget

Social Care

- Real Living Wage and Free Personal & Nursing Care allocated across relevant budgets
- Pressure funding allocated to Learning Disabilities & Mental Health, Adult Social Work and Acute & Ongoing Care services.

- 3.4 The impact of these funding allocations is included in Table 1 below which summarises the Quarter 1 financial position for the IJB.

Table 1

<u>East Lothian IJB Q1 Financial Position 2025/26</u>				
	Budget £m	YTD Budget £m	YTD Actual £m	Variance £m
Core	98.585	25.985	25.734	0.251
Hosted	18.631	4.577	4.701	(0.124)
Set Aside	23.525	5.799	6.226	(0.427)
Total	140.741	36.361	36.661	(0.300)
Social Care	81.221	17.313	17.286	0.028
Overall Total	221.962	53.675	53.947	(0.272)

- 3.5 The reported position is based on overspends within Hosted and Set Aside health services offset by an underspend in Core services, and a small underspend within Social Care services. Giving a total Q1 overspend of (£0.272m). Health services are forecasting an overspend of (£0.155m) for the year to 31 March 2026, and Social Care services are forecasting break even after the release of earmarked reserves. This gives a Q1 forecast year end position of a (£0.155m) overspent.
- 3.6 Whilst the Q1 reflects the budget load and uplift allocation processes for both organisations there was some ongoing alignment and review work to be completed, primarily within the health services, to ensure budgets

are correctly phased and actual costs are being captured and forecast accurately.

- 3.7 The month 4 position presents a year end forecast of (£0.064m). This assumes break even for Social Care service and overspends within Hosted and Set Aside services offset by an underspend in Core Health services. Whilst the forecast is moving in the right direction its is still early in the reporting and forecasting process and the Q2 report will provide a better indication of the in year and forecast year end position.

Efficiencies

- 3.8 The programme of efficiencies underpinning the budget setting exercise are also set out in **Appendix 1**. Table 2 below provides a summary of the Q1 delivery of the planned efficiency programme for 2025/26.

Table 2

Q1 Efficiency Delivery Summary 2025/26				
	Planned Schemes £m	YTD Planned £m	YTD Delivered £m	YTD Over / (Under) Delivery £m
Health	3.369	0.803	0.497	(0.306)
Social Care	0.801	0.200	0.193	(0.007)
Overall Total	4.170	1.003	0.690	(0.313)

- 3.9 The Q1 position indicates a shortfall on the delivery of planned efficiencies to date, primarily within Health. This largely relates to the delivery of Prescribing efficiencies where the planned delivery is phased in equal monthly amounts and the actual delivery is more variable, especially at this point in the year.

Risks and Pressures

- 3.10 Whilst the Q1 financial position and the M4 update forecast a very small overspend against budget there are still financial risks and pressures that may materialise as the year progresses. These are summarised below:
- Pay awards – have been agreed for Council staff however full funding has yet to be received from the Scottish Government.
 - Prescribing – only 1 month of actual expenditure is included in the Q1 position making it difficult to project spend across the financial year at this stage.

- Inflationary costs - the impact of inflation on the costs of delivering social care services from third parties remains uncertain

Reserves

- 3.11 In order to provide the IJB with an update on all the available funding relating to IJB business and its planned utilisation a summary of the Earmarked reserves is provided. The IJB utilised the remainder of its General Reserve in 2024/25. The remaining Earmarked Reserves brought into this financial year are detailed in Table 3 below. These reserves will be released against relevant costs in 2025/26 and any additional funding will be added to the remaining balance of the relevant Earmarked Reserve.

Table 3

	2025/26 £m
Mental Health Recovery & Renewal	0.279
Carers	0.118
Unscheduled Care	1.069
Earmarked General Fund Reserves	1.466
General Fund Reserves	-
Total Usable Reserves	1.466

- 3.12 These reserves will be released against relevant costs in 2025/26 and any additional funding will be added to the remaining balance of the relevant Earmarked Reserve.

Financial Planning

- 3.13 The IJB's 5 Year Financial Plan will be updated over the coming weeks to reflect revised planning assumptions across the national and local landscapes. The updated plan will be brought to the IJB when completed.
- 3.14 Following a productive session with our General Managers we are working to identify and develop medium to longer term transformational programmes of work in response to the projected financial challenges. Our approach is founded on collaborative working and transparency with our partners to ensure a shared understanding of the outcomes.

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 INTEGRATED IMPACT ASSESSMENT

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

6 DIRECTIONS

- 6.1 This report does not require any new Directions at this stage.
- 6.2 The current Directions will be reviewed and revised where applicable to reflect the implications of the budget offers.

7 RESOURCE IMPLICATIONS

- 7.1 Financial – there are no immediate resource implications from this report.
- 7.2 Personnel – none.
- 7.3 Other – none.

8 BACKGROUND PAPERS

- 8.1 None

Appendix 1 IJB Budget Setting and Efficiencies Plan Tables 2025/26

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DATE	September 2025

APPENDIX 1

<u>2025/26 Budgets</u>	Health	Council	Total IJB
	£m	£m	£m
<u>Recurring Pressures</u>			
Baseline Pressures	(2.853)	(2.740)	(5.593)
Growth and Other Commitments	(1.528)	(4.176)	(5.704)
Pay and Price Projected Increases	(2.142)	(1.338)	(3.480)
Total Pressures and Commitments	(6.523)	(8.254)	(14.777)
<u>Recurring Uplifts</u>			
Pay	1.900	1.338	3.238
Policy		3.207	3.207
Growth and Pressures	1.254	2.908	4.162
Total Recurring Resources	3.154	7.453	10.607
Projected Gap	(3.369)	(0.801)	(4.170)

<u>2025/26 Efficiencies</u>	Health	Council	Total IJB
	£m	£m	£m
Projected Gap	(3.369)	(0.801)	(4.170)
<u>Efficiencies Identified</u>			
Grip & Control	1.872	0.074	1.946
Service Redesign	1.157	0.727	1.884
Total Efficiencies	3.029	0.801	3.830
Additional Efficiencies	0.340		0.340
Projected Position	0.000	0.000	0.000