



**REPORT TO:** East Lothian Integration Joint Board  
**MEETING DATE:** 26 February 2026  
**BY:** Chief Finance Officer  
**SUBJECT:** Q3 Finance Update and Forecast for 2025/26

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## 1 PURPOSE

- 1.1 This report provides the IJB with an update on the year to date Q3 and forecast financial position for 2025/26, and sets out the next steps in the budget setting process for 2026/27.

## 2 RECOMMENDATIONS

The IJB is asked to:

- 2.2 Note the updated Q3 financial position and forecast for 2025/26.
- 2.3 Note the programme of work underway to deliver a balanced budget for 2026/27.

## 3 BACKGROUND

- 3.1 The Q3 finance report presents the financial position for the year to 31 December 2025. The winter months often present additional pressures across the system as the weather and workforce challenges impact on demand and capacity.
- 3.2 The Q3 financial position is a year to date overspend (of £0.972m) and a forecast year end overspend (of £1.793m). **Table 1** below summarises the position for health and social care delegated services.

<b>Table 1 East Lothian IJB Q3 Financial Position and Forecast 2025/26</b>					
	<b>Budget £m</b>	<b>YTD Budget £m</b>	<b>YTD Actual £m</b>	<b>Variance £m</b>	<b>Forecast £m</b>
Core	108.604	80.115	80.406	(0.291)	(0.471)
Hosted	22.225	14.471	14.598	(0.128)	(0.149)
Set Aside	24.339	18.383	19.213	(0.830)	(1.173)
<b>Total</b>	<b>155.168</b>	<b>112.969</b>	<b>114.217</b>	<b>(1.249)</b>	<b>(1.793)</b>
Social Care	81.530	58.946	58.670	0.276	0.000
<b>Overall Total</b>	<b>236.698</b>	<b>171.915</b>	<b>172.887</b>	<b>(0.972)</b>	<b>(1.793)</b>

- 3.3 There has been an adverse movement in the overall health position from the month 7 position reported to the December IJB. The forecast overspend for the year end has also increased primarily within Core and Set Aside services.
- 3.4 The main movements within Core services relate to a significant increase in specific drug prices within Prescribing, partially offset by rebates, and an increase in GMS services overspend. These Core pressures are forecast to continue to the year end.
- 3.5 Within Hosted services, the Mental Health services continue to report an increased overspend, which is partially offset by several underspends across other Hosted services.
- 3.6 The Set Aside overspend relates to a range of services including Geriatric Medicine, General Medicine, Respiratory Medicine, and the Emergency Department. These pressures are forecast to continue to the year end.
- 3.7 The Council delegated services year to date position is reporting a small improvement from the M7 position, and the forecast position remains break even. There are pressures within Adult Social Care which will be offset by the release of earmarked reserves at the year end, and within Learning Disabilities, which will be offset by favourable year-end outturns across other services.
- 3.8 Overall, the IJB is forecasting an overspend within health delegated services, and a breakeven position within Council delegated services. The overspend within health sits primarily within Set Aside. The CFO has continued dialogue with NHS Lothian and, as NHS Lothian are now reporting significant assurance of break even in 2025/26, they will, similarly to previous years, support the IJB to break even across its health budgets.

## Efficiencies

- 3.9 The Q3 efficiency update reflects the year to date M8 position for health schemes, and year to date M9 for social care schemes. **Table 2** below provides a high-level summary of the in-year and forecast delivery for 2025/26.

<b>Q3 Efficiency Delivery Summary 2025/26</b>			
	<b>Updated Schemes £m</b>	<b>Over / (Under) Delivery £m</b>	<b>Forecast Delivery £m</b>
Health	3.753	(0.245)	3.477
Social Care	0.801	(0.036)	0.753
<b>Overall Total</b>	<b>4.554</b>	<b>(0.281)</b>	<b>4.230</b>

- 3.10 Health schemes are reporting some shortfalls in delivery across all of the delegated functions, with some of the shortfalls in Core relating to timing. Work is ongoing to ensure these timing issues are addressed before year end.

### Next Steps – 2025/26 and 2026/27

- 3.11 The work to address the pressures within the health delegated services will continue to year end, as will the refining of efficiency delivery. NHSL has indicated it expects to break even and will provide additional funding to address the year end overspend.
- 3.12 The work to set a balanced budget for 2026/27 continues. East Lothian Council will take its budget to Council for approval on the 24 February, and the final iteration of NHS Lothian's financial plan is expected in early March.
- 3.13 The IJB has had two development days in the recent months. At the January day, senior finance colleagues from the partners shared a wider perspective on the financial position for their organisations, which gave those in attendance a greater understanding of the financial complexities and challenges facing them.
- 3.14 The development days also gave attendees a detailed overview of the areas being explored to close the 2026/27 funding gap, and gained support for further work to be carried out on schemes to close the gap and to produce firm proposals to address the projected funding gaps in future years.
- 3.15 The offer letters from partners are expected over the coming weeks and work will continue to produce a balanced budget for 2026/27. This

includes ensuring Integrated Impact Assessments are completed for all relevant efficiency schemes.

#### **4 ENGAGEMENT**

4.1 The IJB holds its meetings in public and makes its papers available to the public.

#### **5 POLICY IMPLICATIONS**

5.1 There are no new policy implications in the above 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 or amendments to those directions currently extant.

#### **8 RESOURCE IMPLICATIONS**

8.1 Financial – Discussed above

8.2 Personnel – None

8.3 Other – None

#### **9 BACKGROUND PAPERS**

9.1 IJB Finance Report – presented to the IJB at its December 2025 meeting

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<b>DATE</b>	December 2025