

<b>COMMITTEE:</b>	East Lothian Council
<b>MEETING DATE:</b>	23 June 2026
<b>BY:</b>	Director of Health and Social Care
<b>REPORT TITLE:</b>	East Lothian Integration Joint Board Budget-setting Report
<b>REPORT STATUS:</b>	Public

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## **1 PURPOSE OF REPORT**

- 1.1 The purpose of this report is to reflect on some of the initiatives delivered by the East Lothian Integration Joint Board (IJB) in 2025/26, and to provide East Lothian Council with an understanding of the outcome of the IJB budget-setting process for Council delegated services for 2026/27.

## **2 RECOMMENDATIONS**

- 2.1 Council is asked to note the contents of this report and the implications of the Council funding allocation on their delegated services.
- 2.2 Council is asked to note that the budget offer reflects the funding provided for 2026/27 but does not consider the substantial forecast financial gaps in funding projected beyond 2026/27 which remain a significant risk for the IJB in delivering a balanced budget and maintaining service delivery levels.

## **3 BACKGROUND**

- 3.1 The IJB set a balanced budget for 2025/26 and started the financial year with a strong financial base. This allowed us to perform well on range of performance indicators including delayed discharge rates, readmission rates, hospital occupancy rates and supporting East Lothian residents at home rather than in hospital.

3.2 The following summaries highlight a range of positive developments that we were able to implement to support the East Lothian population in line with the IJB’s strategic objectives:

- Care at Home wrap around service – provides short-term prevention support in a community setting for vulnerable people to help them stay safe and well at home.
- Additional Unscheduled Care Funding enabled us to extend in reach services across 7 days, increasing capacity by 28 new patients per week, maintaining system flow, and reducing patient length of stay.
- An additional c. 800 hours per week of Care at Home provision delivered each week
- Carer support – expanded hospital-based carer support worker provision to cover the remaining 2 wards at East Lothian Community Hospital and support people from all over Lothian.
- Transformational development of the Falls service into an outpatient clinic-based model which moves the service to a prevention model, providing more focus on early identification and intervention of falls.
- Self-Directed Support – development and progression of the SDS Improvement Plan which aims to make SDS a positive empowering experience that helps people live well, stay connected and achieve their outcomes

3.3 The Council funding offer letter to the IJB included a request that the IJB bring a formal report to the Council on the outcome of the IJB budget-setting process and the implications of the funding offer on Council delegated services. This includes how the planned additional investment would be applied.

3.4 The funding offer from the Council is summarised in **Table 1** below.

**Table 1**

<b><u>East Lothian Council - 2026/27 Funding Offer</u></b>	
	<b>£m</b>
2026/27 Adult Wellbeing Budget	81.53
<b><u>Additional Resources</u></b>	
Scottish Government Funding for Pay Awards	0.119
New National Investment	2.354
East Lothian Council - Additional Investment	1.105
<b>2026/27 Total IJB Resource</b>	<b><u>85.108</u></b>

- 3.5 This report sets out the outcomes of the IJB budget-setting process and provides further details of the implications of the process for Council delegated services.

#### Budget-setting Process

- 3.6 The IJB agreed a balanced budget position for 2026/27 at its meeting in March 2026. This was based on the funding offer letter from East Lothian Council and the indicative funding offer letter from NHS Lothian. Table 2 below summarises the IJB's baseline pressures and the additional spend and commitments, and the additional resources, identified through the Council and NHS financial planning process.
- 3.7 The plans of both Partners identify a funding gap, which is closed through the identification and delivery of efficiencies. This enabled the IJB to set a balanced budget.

**Table 2**

<b><u>IJB Financial Plan 2026/27</u></b>			
	<b>Health £m</b>	<b>Council £m</b>	<b>Total £m</b>
<b>Recurring Pressures</b>	(6.654)	(3.894)	(10.548)
<b>Recurring Resources</b>	3.511	3.294	6.805
<b>Total</b>	<b>(3.143)</b>	<b>(0.600)</b>	<b>(3.743)</b>
<b>Efficiencies</b>	<b>3.143</b>	<b>0.600</b>	<b>3.743</b>
<b>Projected Position</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>

N.B. Negative figures are overspends in the above table

- 3.8 In setting a balanced budget at the start of the year, the IJB was able to present clear directions to the Partners and implement a planned approach to identifying and evaluating efficiencies and transformational change plans going forward.

#### Implications for Council Delegated Services

- 3.9 A high-level summary of the Council Financial Plan pressures identified and funding allocated to the IJB through the Council Budget Extract is set out in Appendix 1. The additional pressures total £4.178m and the Council Financial Plan identified 3 separate sources of funding to fully fund the increased spend. These are summarised below:

#### **Policy Commitment Funding**

**£2.473m** funding was allocated to the IJB for new policy commitments, including £2.070m for the Real Living Wage, and Free Nursing and Personal Care. An additional £0.119m related to the additional 0.5% pay award directly funded by Scottish Government. And a subsequent

allocation of £0.284m was also made to address a further gap in inflationary uplifts for policy commitments. In line with Scottish Government expectations, the Council has passed through the funding to the IJB. The financial impact of these policy decisions is still being assessed. Any shortfall will become a pressure for the IJB.

### **Additional Investment Funding**

**£1.105m** of additional funding was allocated to the IJB. Of this funding £0.755m was to fund the base pay uplift awarded to Council staff of 3%. This will fully fund the pay awards for Council employees in 2026/27.

A further £0.350m was allocated to address existing and emerging pressures. These include pressures within Care at Home services, Learning Disabilities services and Replacement Care.

### **Efficiencies**

**£0.600m** of efficiencies have been identified, with schemes in place to fully fund the remaining gap. These efficiencies contribute to the setting of a balanced budget and enable known and anticipated pressures such as Learning Disabilities transitions from Children's services to be funded.

3.10 The IJB's Medium-term Financial Plan projects significant financial gaps in future years. In order to continue to deliver a balanced budget the IJB will need to plan ahead for further efficiencies during 2026/27. All areas continue to look at ways in which services can be delivered more efficiently, including:

- a reduction in service delivery
- greater focus on prevention and early intervention
- service redesign
- transformational change
- the financial landscape continues to be exceptionally challenging with key risks outlined below.

### Challenges and Risks

3.11 A number of challenges and risks arise from the funding allocations received from the Council. The key ones are highlighted below:

- That policy funding will not cover the financial impact of national and local contract agreements. Regular monitoring and reporting will highlight any issues and enable mitigating actions to be identified.
- There is a risk that the efficiency schemes identified to deliver the £0.6m funding gap in 2026/27 do not deliver in full. The schemes identified are the result of a robust assessment process and are rated as medium/low risk of under-delivery, but they will be closely monitored to ensure the IJB receives regular reports.
- Demographic growth – the population of East Lothian is forecast to continue to increase year on year, and this will bring increased demand for services, e.g. Care at Home services.

- Service demand – further financial modelling is underway to assess the financial and operational challenges arising from the increased demand for services.
- There is a risk that contract renewals are not possible to agree as service providers' requirements exceed available funding, resulting in changes in service capacity. To date the IJB has not agreed to any additional uplifts requested as a result of the employer national insurance rate rise in 2025/26.
- The IJB has agreed a new Strategic Plan for the period to 2030/31 and there is a risk that the aims and objectives highlighted in the plan are not deliverable within the funding available. We note the challenge around a 5-year strategic plan against a year-on-year funding settlement.

3.12 The Council funding offer to the IJB was a fair offer, fully funding pay awards and passing through the funding for policy decisions. However, projected gaps on future year financial plans indicate that further substantial levels of efficiencies will be required to enable a balanced budget position to be delivered in the coming years.

#### **4 POLICY IMPLICATIONS**

4.1 There are no new policies arising from this paper.

#### **5 RESOURCE AND OTHER IMPLICATIONS**

5.1 Finance: as described within the report and supporting appendix.

5.2 Human Resources: none

5.3 Other (e.g. Legal/IT): none

5.4 Risk: none

#### **6 INTEGRATED IMPACT ASSESSMENT**

6.1 ***Select the statement that is appropriate to your report by placing an 'X' in the relevant box.***

An Integrated Impact Assessment screening process has been undertaken and the subject of this report does not affect the wellbeing of the community or have a significant impact on: equality and human rights; tackling



socio-economic disadvantages and poverty; climate change, the environment and sustainability; the Council's role as a corporate parent; or the storage/collection of personal data.

**or**

The subject of this report has been through the Integrated Impact Assessment process and impacts have been identified as follows:

Subject	Impacts identified (Yes, No or N/A)
Equality and human rights	
Socio-economic disadvantage/poverty	
Climate change, the environment and sustainability	
Corporate parenting and care-experienced young people	
Storage/collection of personal data	
Other	

*[Enter information on impacts that have been identified]*

The Integrated Impact Assessment relating to this report has been published and can be accessed via the Council's website:

[https://www.eastlothian.gov.uk/info/210602/equality\\_and\\_diversity/12014/integrated\\_impact\\_assessments](https://www.eastlothian.gov.uk/info/210602/equality_and_diversity/12014/integrated_impact_assessments)

## **7 APPENDICES**

7.1 Appendix 1 - IJB Financial Plan Extract

## **8 BACKGROUND PAPERS**

8.1 None

## 9 AUTHOR AND APPROVAL DETAILS

### Report Author(s)

<b>Name</b>	Mike Porteous
<b>Designation</b>	IJB Chief Finance Officer
<b>Tel/Email</b>	<a href="mailto:Mike.porteous@nhs.scot">Mike.porteous@nhs.scot</a>
<b>Date</b>	12 June 2026

### Head of Service Approval

<b>Name</b>	Fiona Wilson
<b>Designation</b>	Director of Health and Social Care
<b>Confirmation that IIA and other relevant checks (e.g. finance/legal) have been completed</b>	
<b>Approval Date</b>	12 June 2026

## APPENDIX 1

Reconciliation of IJB Position						
Growth	2026/27	2027/28	2028/29	2029/30	2030/31	Total
	£000	£000	£000	£000	£000	£000
Pay	874	769	792	544	555	<b>3,534</b>
Inflation & indexation	2,274	1,782	1,819	1,222	1,226	<b>8,323</b>
Growth including RCC	1,030	987	760	653	500	<b>3,930</b>
<b>TOTAL</b>	<b>4,178</b>	<b>3,538</b>	<b>3,371</b>	<b>2,419</b>	<b>2,281</b>	<b>15,787</b>
Additional Investment from East Lothian Council	-1,105	0	0	0	0	<b>-1,105</b>
RSG - funding for new policy commitments	-2,473	-1,500	-1,500	-1,000	-1,000	<b>-7,473</b>
<b>TOTAL</b>	<b>-3,578</b>	<b>-1,500</b>	<b>-1,500</b>	<b>-1,000</b>	<b>-1,000</b>	<b>-8,578</b>
<b>FUNDING GAP - IJB</b>	<b>600</b>	<b>2,038</b>	<b>1,871</b>	<b>1,419</b>	<b>1,281</b>	<b>7,209</b>
Existing savings plans	-600	0	0	0	0	<b>-600</b>
<b>FUNDING BUDGET GAP - IJB</b>	<b>0</b>	<b>2,038</b>	<b>1,871</b>	<b>1,419</b>	<b>1,281</b>	<b>6,609</b>

N.B. In keeping with Council financial presentation positive figures are pressures and negative figures are resources