



CÙRAM IS SLÀINTE NAN EILEAN SIAR

WESTERN ISLES HEALTH AND SOCIAL CARE PARTNERSHIP

Item: 7.1

INTEGRATION JOINT BOARD – Intermediate Budget 2025/26 and 3 year plan

PURPOSE OF REPORT

1. To note the Intermediate IJB budget for the period 2025/26 and 3 year plan and approve that an in-depth savings and choices plan will be presented to members to enable a break-even position to be achieved by end of June.

COMPETENCE

2. The Integration Joint Board (IJB) is required to agree a balanced budget on the basis of the funding delegated by NHS Western Isles and Comhairle nan Eilean Siar.

SUMMARY

3. In accordance with the Western Isles Integration Scheme, the IJB is required to approve a balanced budget on the basis of funding delegated by NHS Western Isles and Comhairle nan Eilean Siar (CnES). This has been an extremely challenging process with both of the IJB's parent bodies experiencing significant financial pressure.
4. The following are assumptions that have been made preparing the budget:
 - NHS Western Isles will receive a 3% uplift on base and that has been passed onto the IJB delegated budgets.
 - CnES Social Care pay budgets have been uplifted by 3% but the payment from CnES has not been uplifted
 - Both NHS and Local Authority have been funded 60% for NI, both partners' pay expenditure budget have been uplifted by the full amount.
 - Increase in NHS Distant Islands Allowance share passed onto IJB delegated budgets
 - Known inflationary uplifts have been included within the 3-year budget
 - Agency costs are not budgeted for, all pay budgets are calculated on substantive pay.
 - Care home fees have been uplifted by 10%, which is higher than the National Care home rate.
5. As of 10th March 2025, the gross budget gap for the IJB was £5.106m excluding savings and any financial flexibilities and reserves.

DUE DILIGENCE

6. The Integrated Resources Advisory Group (IRAG) guidance sets out the process that should be followed by councils and NHS Boards in calculating the budget allocation for their IJB for the functions that have been delegated. This includes taking into account historical patterns



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of spend, likely cost pressures, demographic changes which presents significant challenge in terms of workforce and demand for services and agreed service development proposals.

- The budget setting process for the IJB is set out in the Integration Scheme. The financial processes of each partner organisation are governed by their own financial instructions and are subject to auditor scrutiny on an annual basis.

25/26 BUDGET PROPOSAL

Summary

- The 2025/26 budget initially required for the delegated and set aside functions is £89.550m, as shown in table below, which results in an initial budget gap of £5.106m. This figure includes the estimate cost and income of moving Blar Buidhe into Bremner Court but excludes reserves. After earmarked reserves for the Goathill complex are included, anticipated Scottish Government Grants and unavoidable vacancies (for both partners), this brings the net 2025/26 gap to £1.453m.

25/26	NHS £'000	CnES £'000	Total £'000
Gross Cost of Services	56,826	32,724	89,550
Total Core Funding	56,072	28,373	84,445
Intial Budget Gap	-754	-4,351	-5,106
Savings/Reserves			
Vacancies - unavoidable	338	500	838
Procurement Savings	-	-	-
Prescribing Target	100	-	100
Financial Flexibilites	-	-	-
General Reserves	316	416	732
LA Earmarked Reserves	-	1,983	1,983
Net Gap	-0	-1,453	-1,453
Gross Gap	1.3%	15.3%	6.0%
Net Gap	0.0%	5.1%	1.7%

- To partially close the Social Care Gap all reserves held in earmarked and specific reserves will need to be used. The level of reserves available for 205/26 is dependent on the outturn figures which will not be finalised until May 2025. This will be reviewed for the plan that will be taken to the June Board.



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10. To reiterate, anticipated cost of delivery service includes projected inflation, increases in care home rates, changes in NI from 1 April and a 3 % pay uplift across the Health and Social Care partnership. The expenditure budget also assumes that the specific funds will be fully utilised i.e. Primary Care Improvement Fund. The above figures do not include any further changes made to staff terms and conditions.

SAVINGS PROPOSALS

11. The gap after earmarked reserves, vacancy targets and any financial flexibility is utilised is £1.453m. Work is underway to close that gap looking at other non-recurring and recurring efficiencies and other financial flexibilities. It is anticipated that the IJB position for 24/25 will be break-even but to achieve that will mean using a level of general, earmarked and specific reserves. This results in less reserves being available for future years.
12. The IJB have been using reserves for many years to close the budget gap, specifically in Social Care where a flat settlement has been received. This included reserves provided by NHS Scotland for Covid, and any increased uplifts awarded. The table below shows the levels of reserves that can be carried forward at the end of each year and a 3-year projection. **To note specific reserves, have a caveat that money can only be spent for the reason the IJB was given the allocation/grant for and therefore cannot be put towards the funding gap. The projected figure of £1.745m is on the whole NHS specific reserves that can only be spent on explicit services e.g. Alcohol and Drugs Partnership, Primary Care Funds.**

Reserves	Carry Forward Reserves							
	20/21 c/f £'000	21/22 £'000	22/23 £'000	23/24 £'000	24/25 £'000	25/26 £'000	26/27 £'000	27/28 £'000
Earmarked	4,441	3,662	2,593	2,081	1,031	-	-	-
Specific	2,135	10,929	5,847	4,508	2,698	1,745	-	-
General	1,469	2,139	3,055	2,133	733	-	-	-
	8,045	16,730	11,495	8,722	4,462	1,745	-	-

13. At present there is not a full understanding of the level of reserves available to go towards the gap in 2025/26. The saving plan to be brought back in June 2025 will include an update on the IJB financial position
14. Each partner will make efficiencies through grip and control measures. NHS Western Isles has been issued with a self-assessment financial efficiency checklist, and the Chief Finance Officer will be looking to use an amended version for the IJB Partners during 2025/26 and beyond. An example of grip and control measure are below:

- Suspending and reviewing recruitment for non-patient or client facing vacancies;



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- Essential travel only to be submitted for consideration and approval;
- All services to review maximum use of Teams, Near Me, Attend Anywhere;
- Teams/hybrid approach the default for meetings, off island(s);
- Comprehensive review of National Distribution Centre and Excel usage;
- Review all fixed term contracts;
- Reduce or end all supplementary staff where possible and employ through direct engagement models.

15. Each partner will need to look at the difficult choices around workforce, services, charging, policies that may have to be made to:
- a) breakeven; and
 - b) to reduce the likelihood of overspend during the year.

THREE YEAR PLAN

16. The draft 3-year budget plan is shown overleaf. If the IJB do not make a high level of recurring savings each year and if the level of funding available is not increased then by 2027/28 the Board could be looking at a £8,383 gross initial budget gap and a net £7,137m gap. The gross gap by 2027/28 is split by partners; NHS, £1.046m 2%, LA, £7.337m 26%.
17. With that level of gap then changes in service will need to be made over and above some of the choices that will have to be made to allow the Board to break-even in 2025/26. Work linking in financial savings and long-term strategies for Health and Social Care need to start immediately, specifically as many will need to be consulted on and would possibly trigger change management processes in both partners.



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	25/26	26/27	27/28
	Total	Total	Total
	£'000	£'000	£'000
Expenditure			
IJB Management	6,202	6,322	6,446
Alcohol and Drugs	914	915	915
Adult Social Services	32,105	33,546	35,072
Allied Health Professionals	3,522	3,626	3,735
Community Nursing	9,715	10,006	10,306
Dental Services	3,594	3,682	3,793
Mental Health Services	4,489	4,624	4,762
Associate Medical Director	19,514	19,554	20,136
Acute Set Aside	9,494	10,597	11,077
Gross Total	89,550	92,873	96,243
Income	84,445	86,127	87,860
GROSS GAP	(5,106)	(6,746)	(8,383)
Savings/Financial Flexibility			
Vacancies - unavoidable	838	894	1,046
Procurement Savings	-	100	50
Prescribing Target	100	150	150
Financial Flexibilities	-	300	-
General Reserves	732	-	-
LA Earmarked Reserves	1,983	-	-
NET GAP	(1,453)	(5,302)	(7,137)

RISKS

18. The below are general financial risks, risk associated with savings plan which will include the risk of non-achievement regardless of financial risk, service risk or political risk.
19. Difficult to recruit to posts in Social Care due to poor workforce demographics on the island. This is resulting in ongoing high levels of delayed discharges and unmet need which require the continuous staffing of contingency beds. **The risk is £500k.**



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20. The continuous and increasing risk of not being able to recruit to key medical posts and GPs in the new 2C practices will result in the use of agency or locum staff with a possibility of no agreed national framework and hourly demand rates increasing. **The risk is £600k.**
21. The risk of new packages of care including transfers from Children Services and breakdown of existing care arrangements **the risk is £400k.**
22. It is anticipated that there will be continued pressure on all prescribing budgets due to a) above inflationary increases, b) increasing elderly population with increased levels of co-morbidity and c) increases in new drugs not yet out with patent. **The risk is £500k**
23. Shortage of psychiatrists will result in continued pressure on the Mental Health budget due to the need to use Agency Locums. Work is underway to reduce the risk but will not be in situ for the first part of the financial year. **The risk is £600k**
24. Reduction in population, increasing health needs, reducing workforce population are all contributing to increase requirement for resources both finance and staffing. The finance risk in any year could be between **£1m to £2m.**

RECOMMENDATIONS

24. It is recommended that members of the IJB:
 - a) Note the Gap for 2025/26 that will need to be closed to break-even.
 - b) Note that the IJB 2025/26 budget with a savings plan will come to the IJB in June for approval.
 - c) Note the 3-year Gross Gaps of £5.106m, £6,746m and £8,383m respectively.
 - d) Note on going cost pressures that will need to be mitigated where possible

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