REPORT **Financial Monitoring Report Q3 Narrative - IJB**

DATE **20/01/2026**

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1. Financial Summary

1.1 This report reflects the spend to date and explains any recurring cost pressures and non-recurring cost pressures variances which have arisen in the first 9 months of the year which are likely to have an impact on our year end outturn.

1.2 As of 31st December 2025, the IJB is showing an in-year overspend of **£2.901m** and at year end the Board is showing a projected overspend position of **£3.676m** excluding reserves. Financial Flexibilities including anticipated NHS allocations, and Reserves held for both partners mean a reported **break-even position** for the Integrated Joint Board by year end.

Income & Expenditure at Month 9	Year to Date			Full Year Projection		
	Budget	Actual	Variance under/ (over)	Budget	Actual	Variance under/ (over)
	£'000	£'000	£'000	£'000	£'000	£'000
Expenditure						
Chief Officer - Management	357	2,299	(1,943)	1,037	4,077	(3,040)
Adult Social Services	23,388	22,832	555	31,184	29,799	1,385
Allied Health Professionals	2,522	2,510	12	3,497	3,479	18
Community Nursing and Hospital	6,141	6,178	(37)	8,528	8,574	(46)
Community Care	1,402	1,504	(102)	1,869	2,040	(171)
Head of Dental Services	2,508	2,502	6	3,648	3,549	99
Head of Mental Health Services	3,123	3,330	(207)	4,150	4,592	(442)
Associate Medical Director	15,020	15,162	(142)	20,620	21,145	(525)
Alcohol and Drugs Partnership	769	772	(3)	913	913	0
Acute Set Aside	7,209	8,248	(1,040)	9,609	10,563	(954)
General Reserves	0	0	0	0	(3,676)	3,676
Total Net Cost	**62,439**	**65,337**	**(2,901)**	**85,054**	**85,055**	**-**

1.3 The biggest financial and staffing risk to Health and Social Care is the change in demographics and population. Using GP Lists in the last 18 years, there has been a large decline in the young, workforce population, women between 24-44 and an increase in the over 65 of nearly **30%** as shown in Table below. Population is dropping but first step is the increase in elderly, decrease in the young and decrease in workforce age population, which is the position we are in now. An estimated cost for total NHS services and Social Care from 2011-2024 due to the increase in the over 65+ population is @ **£12m.**

There is a big drop in the young and as birth rates continue to fall, this will also result in the 5-24 category reducing in the coming years. There has been a 7% growth in the over 65%, as a total of the population, in 18 years.

+65	2007	2012	2007	2022	2025 (Jul)	Inc 2007
Barra	218	269	297	310	324	49%
Uist inc Benbecula	896	1,000	1,146	1,254	1,344	50%
Harris	518	535	555	569	578	12%
Stornoway	2,712	2,895	3,120	3,286	3,390	25%
Rural Lewis	1,247	1,336	1,475	1,576	1,609	29%
Total	**5,591**	**6,035**	**6,593**	**6,995**	**7,245**	30%
% GP Population	**20%**	**22%**	**24%**	**26%**	**27%**	

1.4 As you can see in Table below, which is data extracted over the last 50 years, within 5-year blocks (to even out the small annual changes), the very pronounced drop in births by **58%**. Some areas of the Western Isles have had higher drops in births than others. The children of today are our future, and the birth rates have dropped more in the last 10-15 years, this will affect the future work force for the islands.

Births 5 year Blocks	Barra	Uist inc Beb	Harris	Rural Lewis	SYY	Total	Ann. Ave
1975-1979	102	509	139	797	568	2,115	423
1980-1984	86	453	109	718	498	1,864	373
1985-1989	92	450	123	638	460	1,763	353
1990-1994	72	373	102	586	442	1,575	315
1995-1999	75	269	88	536	401	1,369	274
2000-2004	50	213	68	475	363	1,169	234
2005-2009	73	214	60	497	408	1,252	250
2010-2014	48	200	75	441	412	1,176	235
2015-2019	56	190	53	429	353	1,081	216
2019-2024	59	148	42	347	298	894	179
Reduction	-42%	-71%	-70%	-56%	-48%	-58%	-58%

Diff 2015-2024	5.4%	-22.1%	-20.8%	-19.1%	-15.6%	-17.3%
Diff av per year	1	-8	-2	-16	-11	-37

1.5 There are **still a level of financial risks** identified at Month 9 some have been built into the outturn position, some are not realised, further details available at paragraph 3. Risks include delayed discharges and off island mental health treatment.

1.6 Assumptions have been made on the level of reserves that can be released and the likely level of financial flexibilities. The breakeven position assumes that NHS funding will be received for pay uplifts above the 3% including shortfall in SLA uplift. There are several 25/26 uplifts due including some pay uplifts e.g. Medical and Non-Executives and if amounts projected and actual received are lower this could add cost pressures to the bottom line.

2. Income and Expenditure Summary

2.1 **Adult Social Services** – summary table is shown below:

Adult Social Care at Month 9	Year to Date			Full Year Projection		
	Budget	Actual	Variance under/ (over)	Budget	Actual	Variance under/ (over)
	£'000	£'000	£'000	£'000	£'000	£'000
Adult Care and Support Services	3,147	4,801	(1,654)	4,196	5,956	(1,760)
Assessment and Care Services	1,279	919	360	1,706	1,344	362
CnES Home Care	5,880	5,390	489	7,840	7,702	137
CnES Residential Care	7,006	6,686	320	9,341	7,189	2,151
Commissioning and Partnership Services	4,565	3,799	766	6,086	5,826	260
Community Care	31	34	(3)	41	36	6
Criminal Justice	199	134	65	265	165	101
CnES Management and Admin	(2,049)	(61)	(1,987)	(2,731)	372	(3,103)
Housing Services	230	230	0	306	306	0
Independent Care Homes	1,281	1,070	211	1,708	1,581	127
Surplus/ (Deficit)	**21,569**	**23,000**	**(1,432)**	**28,758**	**30,477**	**(1,718)**

2.2 There is a **£3,103k** overspend in CnES and Management and Admin, this is due to unallocated savings being offset by underspends described below. The net **£1,718k** budget gap will be offset at year end by budgeted specific and general reserves.

2.3 The Home Care Service forecast net underspend is £137k. This is mainly due to the level of vacancies within this service including the START team which is offset by agency staffing costs, which were assigned to ensure continuity of care.

2.4 Combined Comhairle Residential Care and Adult Care and Support Services are forecast to be underspent by £391k. Staff from the now closed Blar Buidhe Care home have transferred to the Goathill Campus. The HWEC flats are yet to be fully occupied, and vacancies remain across the Campus. A corresponding shortfall is forecast in income from service users.

2.5 The Criminal Justice section is forecasting a significant underspend due to staffing vacancies and unbudgeted Scottish Government funding targeted at specific service outcomes.

2.6 Assessment and Care Services are forecasting an underspend of £362k due to vacancies within the Community Care Team including new posts created from additional Scottish Government funding.

2.8 Commissioning and Partnership Services is forecast to be underspent by £260k. This is largely due to unallocated budgeted from Scottish Government monies for improving care in the community. Reallocation of budget is required as some spends emerge in-year.

2.9 **Allied Health Professionals** – No major variations are projected by year end.

Allied Health Professionals at Month 9	Year to Date			Full Year Projection		
	Budget	Actual	Variance under/ (over)	Budget	Actual	Variance under/ (over)
	£'000	£'000	£'000	£'000	£'000	£'000
Podiatry	458	466	(8)	678	669	9
Dietetics	384	357	27	567	553	14
Occupational Therapy	817	833	(16)	1,021	1,035	(14)
Physiotherapy	863	854	9	1,231	1,222	9
Surplus/ (Deficit)	**2,522**	**2,510**	**12**	**3,497**	**3,479**	**18**

2.10 **Community Nursing -** There is a projected underspend due to vacancies which is offset by Community Hospitals increased bank hours.

Community Nursing and Hospital at Month 9	Year to Date			Full Year Projection		
	Budget	Actual	Variance under/ (over)	Budget	Actual	Variance under/ (over)
	£'000	£'000	£'000	£'000	£'000	£'000
Community Nursing	3,965	3,899	66	5,542	5,485	57
Community Hospitals	2,176	2,279	(103)	2,986	3,089	(103)
Surplus/ (Deficit)	**6,141**	6,178	**(37)**	**8,528**	8,574	**(46)**

2.11 **Mental Health -** There is an overspend relating to the employment of high-cost psychiatrists working a one in two rota recruitment for a less costly locum has not happened as previously expected. The psychiatrists are on the whole agency workers although the Board has tried on numerous occasions to recruit Direct Engagement consultants or substantive posts or NHS Locums, including this financial year.

Head of Mental Health Services at Month 9	Year to Date			Full Year Projection		
	Budget	Actual	Variance under/ (over)	Budget	Actual	Variance under/ (over)
	£'000	£'000	£'000	£'000	£'000	£'000
Mental Health Management	815	659	156	1,071	1,004	67
Mental Health Consultants	584	964	(380)	779	1,295	(516)
Mental Health Nursing	1,724	1,707	17	2,300	2,293	7
Surplus/ (Deficit)	**3,123**	3,330	**(207)**	**4,150**	4,592	**(442)**

2.12 **Associate Medical Director** - An in-depth audit review has taken place to look at the reasons why the 2 C practices were overspent by **£761k** in 24/25. Work has already been undertaken on rota management, and we expect a reduction in overspend by the year end and looking to bringing the practices into a break-even position for the following year once all GP positions are filled. The 2c practices will be continued to be monitored in depth to ensure corrective action taken is providing the results expected. The projected overspend at year end at M9 is **£422k**.

Associate Medical Director at Month 9	Year to Date			Full Year Projection		
	Budget	Actual	Variance under/ (over)	Budget	Actual	Variance under/ (over)
	£'000	£'000	£'000	£'000	£'000	£'000
2 C Practices	134	455	(321)	179	601	(422)
GMS	6,348	6,576	(228)	9,117	9,119	(2)
GPS - Prescribing	5,039	4,917	122	6,771	6,821	(50)
FHS	2,032	2,032	0	2,571	2,571	0
Out of Hours	1,312	1,027	285	1,776	1,827	(51)
Surplus/ (Deficit)	**14,865**	15,007	**(142)**	**20,414**	20,939	**(525)**

2.13 **Set Aside –** There are emerging pressures on the Acute Nursing budget with the need for high bank hours covering contingency beds required for delayed discharges. With reduced care home beds and vacancies within care home and homecare staffing the overspend is likely to continue. The overspend relating to delayed discharge also sit in areas out with IJB.

2.14 The General Medical Consultant cohort has been projected to overspend at year end by **£101k** with issues with recruitment and staff rotas set to cause continued overspends.

2.15 In the last two months there has been notice of high-cost mental health placements with one-to-one support required over and above the budget set. Projections show a full year effect as dates of discharge are unknown. To note these are patients that cannot be treated either in the community or in the low security Acute Psychiatric Unit here in Stornoway.

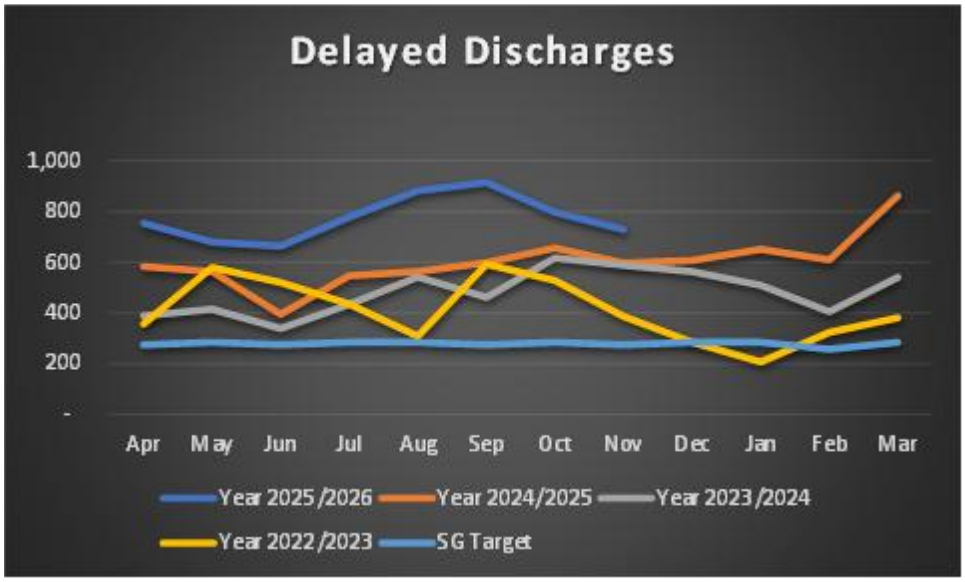
Set Aside at Month 9	Year to Date			Full Year Projection		
	Budget	Actual	Variance under/ (over)	Budget	Actual	Variance under/ (over)
	£'000	£'000	£'000	£'000	£'000	£'000
Acute Nursing	4,385	5,008	(624)	5,845	6,275	(430)
SLA - General Medicine	463	463	0	617	617	0
General Medical Consultants	1,498	1,607	(109)	1,997	2,098	(101)
Pharmacy	429	423	6	572	564	8
ECR - Adult Mental Health	434	747	(313)	578	1,009	(431)
Surplus/ (Deficit)	**7,209**	**8,248**	**(1,040)**	**9,609**	**10,563**	**(954)**

3. Key Financial Risks

3.1 There are a number of financial risks associated with the Board achieving financial stability including the ability to break even in 25/26 and beyond.

It is anticipated that there may be further delayed discharges during the winter months which will result in continued bank staff required to open contingency beds. The financial risk is **£250k** and is **high**. Delayed Discharges are still the highest seasonally over at least the last four years. Mid-August 2025 the delays were **60%** of available core staffed beds for acute admissions or **43%** if you include 16 unfunded contingency beds (part of the acute nursing overspend). Delayed Discharges notional cost the Board £2,323,077 in 2024/2025 and for the first eight months (reportable) of 2025/2026 cost £1,991,163 as shown below

	Bed Days Delayed	Notional Cost £
2025/26 M8	6,203	1,991,163
2024/25	7,237	2,323,077
2023/24	5,807	1,864,047
2022/23	4,903	1,573,863
SG Target	3,347	1,074,286



- Prescribing figures are estimated and based on last year's spend profile, costs are likely to increase as the months progress, specifically due to the increase in the +65 demographics. The Financial risk is **£300k** and is **high.**

- Increased high risk mental health patients are being or likely to be transferred to the private sector due to the lack of relevant NHS beds. This risk is estimated at **£200k** and is rated as **high.**

- Social Service risk exists in terms of ability to recruit staff in several service areas. Residential income can fluctuate depending on the mix of service users and their financial assessments.

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