

ITEM No ...8.....

REPORT TO: CITY GOVERNANCE COMMITTEE – 17TH NOVEMBER 2025

REPORT ON: DUNDEE INTEGRATION JOINT BOARD – FINANCIAL RECOVERY PLAN 2025/26

REPORT BY: EXECUTIVE DIRECTOR, DUNDEE HEALTH AND SOCIAL CARE PARTNERSHIP

REPORT NO: 338-2025

1 PURPOSE OF REPORT

1.1 The purpose of this report is to share Dundee Integration Joint Board's 2025/26 financial recovery plan with Dundee City Council.

2 RECOMMENDATIONS

It is recommended that the Committee:

2.1 Notes Dundee Integration Joint Board's (IJB) financial recovery plan 2025/26 as approved by the IJB at its meeting of the 22 October 2025.

3 FINANCIAL IMPLICATIONS

3.1 The latest financial position for Dundee Health and Social Care Partnership for the financial year to 31st March 2026 shows a projected operational overspend of £5,996k based on expenditure to 31 August 2025 (as detailed in report DIJB71-2025).

3.2 This overspend exceeds the parameters of the IJB's approved 2025/26 financial plan (DIJB14-2025 Article IV of minute of IJB meeting 26 March 2025 refers). The content of this report highlights key reasons for the projected variance and ongoing actions by Officers and Senior Management to address these and improve the position. The impact of these actions are anticipated to reduce the overspend by the end of the financial year to around £2,100k.

4 CONTEXT

4.1 Background

4.1.1 As part of the IJB's financial governance arrangements, the Integration Scheme outlines that "The Chief Finance Officer will ensure routine financial reports are available to the Chief Officer and the Integration Joint Board on a timely basis and include, as a minimum, annual budget, full year outturn projection and commentary on material variances."

4.1.2 The IJB's final budget for delegated services was approved at the meeting of the IJB held on the 26 March 2025 (Article IV of the minute of the meeting of 26 March 2025 refers). This set out the cost pressures and funding available with a corresponding savings plan to ensure the IJB had a balanced budget position going into the 2025/26 financial year.

4.1.3 The principal reasons for the projected financial overspend include continued increase in demand for health and social care services (particularly care at home), increased costs of recharged services hosted by other Tayside IJBs under lead partner arrangements and the anticipated non achievement of agreed 2025/26 savings initiatives. More detail on this is contained within the IJB's latest Financial Monitoring Report (DIJB71-2025) presented to the IJB's meeting of the 22 October 2025.

4.1.4 The challenges faced by Dundee IJB remain similar to those of other IJBs across Scotland, and comparable to demand and demographic pressures highlighted in previous finance reports through 2024/25 and into 2025/26. As a result of these existing and ongoing pressures, the IJB faced an unplanned overspend in 2024/25 where a Financial Recovery Plan was presented to the IJB in October 2024 (DIJB54-2024, Article X of the meeting of 23 October 2024 refers).

4.1.5 Under the IJB Scheme of Integration (DIJB88-2022, Article VI of the minute of meeting of 14 December 2022 refers), the Financial Recovery plan process is as follows -

- Where an unplanned year end overspend is projected, the Chief Officer and Chief Finance Officer to present a Recovery Plan to IJB and Partner Bodies to address the in-year overspend
- In the event the recovery plan is unsuccessful and an overspend is evident at year end, uncommitted reserves must firstly be used to address this
- If after the application of Reserves an overspend is still evident, a revised Strategic Plan must be developed to enable the overspend to be managed in subsequent years.
- Where an in-year overspend remains, this will be shared in proportion to the spending Direction for each Partner body for that financial year – these additional payments may be recoverable from the IJB over future years.

4.2 Actions to resolve Projected Financial Gap

4.2.1 With a projected unplanned overspend of £5,996k in 2025/26, the IJB's remaining General Reserves funding is insufficient to fully cover this.

4.2.2 The actions and options introduced as part of the 2024/25 Financial Recovery Plan continue to be implemented and enhanced. These actions include –

- Continued close scrutiny of all recruitment requests to ensure only posts that are deemed critical are progressed
- 'Discretionary' spend (on areas such as supplies and travel etc) to be kept to absolute minimum
- Supplementary staffing to be used only where absolutely necessary for safe-staffing reasons - and where additional staff are required, the most cost-effective option should be used (ie bank / sessional or additional part-time hours or backfill at a lower grade / band where possible - agency should only be used as a last resort)
- Efforts to address underlying need for supplementary staffing should continue to be addressed (ie filling essential vacancies or supporting staff return to work)
- Absence levels should continue to be reduced, with Partner Body HR support, to promote return to work and staff wellbeing
- Increased efforts to deliver planned savings and transformation projects to maximise the benefit in the current financial year. It is currently estimated that around £13.9m savings and efficiencies from 2025/26 Financial Budget will be delivered this year (against £17.5m target) leaving an estimated £3.6m not delivered (as detailed in DIJB70-2025 Financial Monitoring Position as at August 2025 report, appendix 4).
- Maximise opportunities for income from chargeable services, including ensuring all chargeable elements of care (and activity) are timeously communicated to service users and families
- Ongoing progress to deliver efficiencies and spend reduction in Care at Home services (both internal teams and commissioned services) to manage and prioritise demand while balancing ongoing pressures around delayed discharge performance and frailty pathways to avoid de-stabilising whole-system working)
- Continued efforts by those areas that are currently overspending to return positions to within the delegated budget

4.2.3 Systems to support analysis and monitoring of spend and associated activity and performance have been enhanced, with further improvements to information being progressed where possible to help provide budget holders and senior management with timely information to allow for better decision making and gain assurance that services are operating as efficiently and effectively as possible.

4.2.4 Additional actions are now proposed to address the 2025/26 gap:

- Further recruitment prioritisation with a move to a tiered approach for all current red status vacancies where 'tier 1 - must fill' (ie approval of posts where safe staffing levels for in-patient / residential care would be impacted or services 'in distress' or there will be an unavoidable additional cost of not filling posts such as bank, agency or additional hours) and 'tier 2 - short pause' (defer to slow down other areas and manage risk accordingly)
- Collaborative working with other HSCPs to manage pressures across Tayside-wide Lead Partner Services, General Medical Services / 2C GP Practices and Primary Care Prescribing spend
- Collaborative working with colleagues in NHST and DCC to review further opportunities for whole-system transformation and efficiencies

- Consider further potential opportunities for shared services and collaborative working across Tayside
- Individual service areas to consider further opportunities to reduce spend through prioritisation, efficiencies and minimisation of waste
- Increased use of digital technologies to further drive efficiencies (any investment requests to purchase equipment / systems will be considered will need to demonstrate financial benefits from the proposal) (see 4.3.6)
- Review of earmarked Reserves and other non-recurring funding to maximise the benefit to 25/26 position. An officer review identifies the potential to release a further c.£500k without impacting on planned activity or Scottish Government requirements, in addition to an uncommitted reserves balance of £644k giving over £1.1m to offset the overspend (see 4.3.5).

4.2.5 Progress against these actions, along with any further evolving opportunities will be monitored and reported at future IJB meetings. A summary of the estimated financial impact of these actions is detailed in Appendix 1.

4.2.6 Officers from the HSCP will continue to explore further opportunities to reduce the residual financial deficit over the coming months with the aim to deliver a balanced budget by the year end. This needs to continue to be balanced however with unintended consequences of actions impacting on other parts of the health and social care system such as the NHS Acute sector and impact on the health and wellbeing of the community.

4.3 Reserves Position

4.3.1 The IJB's reserves position was reduced at the year ended 31st March 2025 as a result of the unplanned operational overspend of £3,216k during 2024/25. This resulted in the IJB having total committed reserves of £11,091k and uncommitted reserves of £644k at the start of 2025/26 financial year. This provides the IJB with limited flexibility to respond to unexpected financial challenges and provides the opportunity for transition funding for transformation of services. The current reserves position is noted in Table 1 below:

Table 1

Reserve Purpose	Closing Reserves @ 31/3/25
	£k
Mental Health	240
Primary Care	1,933
Drug & Alcohol	926
Strategic Developments	1,998
Revenue Budget Support	2,429*
Service Specific	449
Systems Pressures funding	2,959*
Other Staffing	155
Total committed	11,091
General	644
TOTAL RESERVES	11,734

*already committed to support the 2025/26 budget

4.3.2 Scottish Government funding in relation to Primary Care Improvement Fund, Mental Health Strategy Action 15 Workforce and Alcohol and Drugs Partnerships can only be spent on these areas and reserve balances have been taken into consideration for these funds by the Scottish Government when releasing further in-year funding.

4.3.3 The IJB's Reserves Policy seeks to retain Reserves of 2% of budget (approximately £6.5m) however it is recognised that this is particularly challenging to maintain within the current financial climate with many IJB's across the country having no reserves or below their respective reserves policies.

- 4.3.4 As part of the Financial Recovery Plan, a review of earmarked and committed reserves balances has been undertaken and the Plan proposes that some balances are decommitted and made available to support the current year overspend position.
- 4.3.5 The IJB agreed to decommit just over £400k from the current ear-marked reserve balances and redirect the funding to be utilised to support the current year unplanned overspend following an officer review of the purpose for which these reserves were held for. This review includes an assessment of whether there is an essential need for the reserve and if this should now be de-prioritised given the current financial climate. These balances generally include year-end carry forwards as accounting entries and have not been subject to decisions made by the IJB. This funding, alongside the existing general reserves balance of £644k will contribute just over £1.1m towards the current position, leaving a projected recovery plan gap of c.£4.85m to be addressed through the remainder of the recovery plan. This redirection of funding will reduce reserve balances as follows-

Primary Care balance by £375k
Other Staffing by £50k

The remaining balances held within reserves have either fully committed by the IJB or aligned to Scottish Government specific allocations, but all balances continue to be under review and any further opportunities will be considered and reported to IJB.

- 4.3.6 It has also been recognised that the IJB earmarked £500k within its reserves for future Infrastructure Support improvements. Work has recently been undertaken to consider proposals to use this funding to support current year savings, deliver longer-term benefits and create opportunities for further efficiencies and transformation. The IJB approved in principle to release this funding to invest in the following developments:
- Purchase of mobile devices to support agile working for community-based workers (including Community Nursing teams, and consideration of need within Social Care teams) and support a shift to digital enabled services
 - Purchase of case management (Mosaic) licences to further support agile working
 - Purchase of enhanced Co-Pilot and Power BI licences to allow a small number of staff to fully utilise the capacity of these and generate administrative and support services
 - Recruitment of a 12-month project business manager post to support the wider income generation and income maximisation work and help achieve existing savings proposals.
- 4.3.7 A summary of the projected year-end Reserves balances incorporating the impact of the proposals along with anticipated planned spend in 2025/26 is detailed in Appendix 2.

5 POLICY IMPLICATIONS

- 5.1 This report has been subject to the Pre-IIA Screening Tool and does not make any recommendations for change to strategy, policy, procedures, services or funding and so has not been subject to an Integrated Impact Assessment. An appropriate senior manager has reviewed and agreed with this assessment.

6 CONSULTATIONS

- 6.1 The Council Leadership Team have been consulted in the preparation of this report.

7 BACKGROUND PAPERS

- 7.1 None.

Financial Recovery actions - estimated additional impact	
	£k
Projected 25/26 Shortfall (as at 31/8/25)	5,996
Use of General Reserves	-644
Decommitment of earmarked and ring-fenced reserves	-500
	4,852
Continued close scrutiny of recruitment requests*	nil
Discretionary Spend controls	-100
Supplementary Staffing spend	-300
Absence levels reduction	-100
Delivery of savings balance, including income maximisation	-1,500
Further reduction in Care at Home spend	-500
Overspending service areas to be brought back within budgets	tbc
Enhanced vacancy management criteria	-208
Collaborative working to address Tayside-wide pressures and explore opportunities	tbc
Opportunities within individual service areas	tbc
Digital opportunities to further drive efficiencies	tbc
Ongoing review of earmarked reserves	tbc
Estimated Residual Financial Deficit	2,144
* Financial impact already incorporated into projections	

Reserve Purpose	Closing Reserves @ 31/3/25	Decommitment proposal	Anticipated 25/26 Utilisation	Anticipated Closing Reserves @ 31/3/26
	£k	£k	£k	£k
Mental Health	240		-240	0
Primary Care	1933	-375	-820	738
Drug & Alcohol	926	-75	-652	199
Strategic Developments	1998		-940	1058
Revenue Budget Support	2,429		-2,429	0
Service Specific	449		-449	0
NHST - System pressures funding	2,959		-2,959	0
Other Staffing	155	-50	-50	55
Total committed	11,091	-500	-8,539	2,052
General	644		-644	0
TOTAL RESERVES	11,734	-500	-9,183	2,052