ITEM No …8………..

REPORT TO: HEALTH AND SOCIAL CARE INTEGRATION JOINT BOARD – 24 JUNE 2026

REPORT ON: DUNDEE INTEGRATION JOINT BOARD BUDGET UPDATE 2026/27

REPORT BY: CHIEF FINANCE OFFICER

REPORT NO: DIJB26-2026

1.0 PURPOSE OF REPORT

The purpose of this report is to update Dundee Integration Joint Board on the delegated budget for 2026/27 and implications for the range of investments and interventions to set a balanced budget for Dundee Health and Social Care Partnership for 2026/27.

2.0 RECOMMENDATIONS

It is recommended that the Integration Joint Board (IJB):

2.1 Notes the year-end financial position from 2025/26, as detailed in 4.2 of this report.

2.2 Notes and accepts the confirmed Budget Settlement offer from NHS Tayside following Tayside Health Board 2026/27 approval in April 2026, which results in £1.37m less recurring funding from 2026/27 than IJB planning assumptions, as detailed in 4.3 of this report leading to a net reduction in assumed available resources for 2026/27 of £1m.

2.3 Acknowledges the risk associated with the additional funding gap for 2026/27 and approves the proposal to address this through enhanced management actions, as detailed in 4.4 of this report.

3.0 FINANCIAL IMPLICATIONS

3.1 The financial implications of this report result in Dundee IJB's budget for 2026/27 being £356.2m.

3.2 This is a reduction from the previous provisional IJB budget of £357.6m leading to an additional in-year funding gap of £1.0m to now be addressed, as a net effect of reduced budgeted resources partly offset by increased year end flexibility funding from NHS Tayside.

4.0 MAIN TEXT

4.1 Background

4.1.1 Report DIJB72-2025 sets out an initial overview of the budget setting process for 2026/27, and the information that was known or indicative at that time (Article XIII of the minute of the meeting of the Dundee Integration Joint Board held on 22 October 2025 refers). This was the first in a series of budget development reports to ensure the IJB was fully informed of the financial environment impacting on Dundee City Council, NHS Tayside and ultimately the IJB's delegated budget.

4.1.2 In February 2026, a further report was submitted to the IJB (DIJB6-2026), which provided additional detail in relation to Scottish Government's Draft Budget Bill, the anticipated budget settlement proposal from Dundee City Council and the indicative budget information from NHS

Tayside (Article XI of the minute of the meeting of the Dundee Integration Joint Board held on 18 February 2026 refers).

4.1.3 Subsequently, the Scottish Government's Budget Bill completed its process through the Parliamentary Process with some amendments. The changes include a further £20m nationally of which £14.7m will further support Adult Social Care Real Living Wage pay uplift (in addition to the £160m noted in February 2026 report).

4.1.4 The IJB's 2026/27 budget for delegated services was approved at the meeting of the IJB held on 31 March 2026 (DIJB10-2026, Article III of the minute of the Dundee Integration Joint Board held on 31 March 2026 refers). This set out the cost pressures and funding available with a corresponding savings plan to ensure the IJB had a balance budget position going into 2026/27 financial year, based on information of the total assumed resource availability to Officers at that time.

4.1.5 Tayside Health Board agreed its 2026/27 Financial Plan on 30 April 2026, with confirmation of health revenue budget settlement for Dundee IJB. The implications of the budget settlement is an additional recurring funding gap of £1.37m in 2026/27 compared to IJB Budget planning assumptions, and an additional recurring savings target of £4.6m from 2027/28, with further details of this being provided in section 4.3.

4.2 **Year End Position for 2025/26**

4.2.1 The full year 2025/26 operational financial position for Dundee Health and Social Care Partnership has been finalised, with full details reported in DIJB23-2026 (Financial Monitoring Position) and DIJB28-2026 (Unaudited Annual Accounts), both presented to IJB at meeting of 24 June 2026.

4.2.2 As noted in the Financial Monitoring report, the year-end operational overspend has been reported at £5,659k, after inclusion of £2,429k planned use of reserves and in-year financial recovery actions. The year end deficit was funded by £1,569k use of earmarked reserves, with the resulting deficit of £4,090k requiring additional funding from Dundee City Council and NHS Tayside under the Risk Share arrangement. This deterioration in the IJBs year-end position and resultant additional funding request to NHS Tayside limited NHS Tayside's ability to provide year end flexibility to the IJB for use in future periods as anticipated as anticipated at the time of IJBs budget being set.

4.2.3 The opening balance held in General Reserves for 2025/26 was £644k with a further £11,091k held in ring-fenced and earmarked Reserves. Utilisation of part of this funding to meet the unplanned overspend in 2025/26 has resulted in General Reserve reducing to £nil and ring-fenced reserves reducing to £5,880k, including £373k from NHS Tayside to support 2026/27 System Pressures.

4.3 Confirmed Health Revenue Budget 2026/27

4.3.1 The budget assumptions relating to NHS Tayside's delegated budget assumed a 2% uplift settlement on recurring baseline budgets from NHS Tayside to Dundee IJB, plus further funding to fully cover 2026/27 pay award uplift across the workforce. It was acknowledged this remained a provisional position until the Tayside Health Board meeting on 30 April 2026 to approve its budget.

4.3.2 These assumptions were based on pass-through of uplift funding that NHS Tayside has received from Scottish Government as part of national budget settlement arrangements and had been consistent with assumptions and uplift methodology in previous years.

4.3.3 The confirmed 2026/27 budget settlement offer to Dundee IJB includes 2% uplift funding on the pay elements only of the baseline budget (plus additional funding to fully cover the national pay award agreements). Uplift funding on delegated non-pay baseline budgets (including supplies, drugs, travel, etc) will not be provided by NHS Tayside in 2026/27. The revised figures are noted in the table below

	Budget Planning Assumption	Confirmed Budget Settlement
	£000	£000
Baseline Uplift (2%)	3,152	1,785
Additional Pay Award uplift funding	1,515	1,515

Savings Target		(4,600)
Population Health Adjustment		4,600*
Total Net Additional Funding	4,667	3,300

*The Population Health Adjustment is non-recurring for 2026/27 and is intended to maintain whole system stability.

4.3.4 The introduction of a 3% recurring savings target and uplift on pay only is consistent with the approach being applied across other IJB's and Board budgets within Tayside. Historically NHS Tayside has not applied this approach to health budgets delegated to IJB's. In recognition of the potential impact of this additional funding reduction in 2026/27, a non-recurring Population Health adjustment of £4.6m is to be added back by NHS Tayside for the current year to support and maintain whole system stability.

4.3.5 The budget settlement is less than the IJB had anticipated, although it reflects the challenging financial environment within which the public sector in Scotland is operating, with this being reflected in financial constraints across the health and social care sector across the country.

4.3.6 While acknowledging the scale and impact of approved IJB savings and management actions already in place to close the reported £10.4m 2026/27 gap, it is recognised that an additional £1.0m funding gap (after off-setting additional Reserve funding) in 2026/27 may potentially have a detrimental impact on delivering strategic priorities and service capacity across all delegated services.

4.4 Enhanced Management Actions

4.4.1 Report DIJB10-2026 set out a range of additional management actions which would deliver operational efficiencies and initiatives over the course of 2026/27. This included review of vacancies, non-pay initiatives and service delivery efficiencies. The HSCP is expected to achieve cost reductions through further enhanced scrutiny and expenditure controls which are also being progressed by NHS Tayside and Dundee City Council through implementation of system-wide 'Grip and Control' measures to address and manage the overall financial challenges. These include:-

- Additional vacancy management controls, prioritisation and scrutiny within NHS Tayside and Dundee City Council (additional £500k budget reduction financial implication, to be apportioned across delegated services).
- Additional scrutiny, monitoring and reporting of supplementary staffing spend across NHS Tayside.
- Additional scrutiny, monitoring and reporting of non-pay spend (including GP Prescribing) across NHS Tayside (additional £500k financial implication).

4.4.2 In addition, the HSCP will deliver further cost reductions through :-

- Continued efforts and accountability in those areas that are currently overspending to return positions to within the delegated budget.
- Individual service areas to consider further opportunities to reduce spend through prioritisation, efficiencies and minimisation of waste.
- Continuous review of earmarked Reserves and other non-recurring funding to maximise the benefit.

4.4.3 The HSCP is committed to ensuring delivery of these cost reductions through strengthened financial accountability and governance arrangements including monthly Budget Delivery Group meetings and wider engagements with operational managers.

4.4.4 It is anticipated that through delivery of planned savings alongside existing, additional and enhanced controls and scrutiny and accountability, the funding gap for 2026/27 can be managed.

4.4.5 The IJB will continue to have oversight of financial performance, and should there be a projected financial deficit for 2026/27 any remedial actions will be brought back to a future IJB.

5.0 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.

6.0 RISK ASSESSMENT

Risk	1 IJB - Financial Sustainability - There is a risk of the IJB being unable to maintain financial sustainability
Risk Level	25
Risk Appetite	Outwith
The report demonstrates:	
	An increase in risk level
	A reduction in risk level
	The effectiveness of current controls
X	**The identification and implementation of additional controls** The agreement of the 2026/27 budget, including savings proposals, acts as an additional mitigating action for this risk. Continuation and enhancement of financial scrutiny and controls
	The presence of a new / emerging risk

7.0 CONSULTATIONS

7.1 The Chief Officer and the Clerk were consulted in the preparation of this report.

8.0 DIRECTIONS

8.1 The Integration Joint Board requires a mechanism to action its strategic commissioning plans and this is provided for in sections 26 to 28 of the Public Bodies (Joint Working)(Scotland) Act 2014. This mechanism takes the form of binding directions from the Integration Joint Board to one or both of Dundee City Council and NHS Tayside.

Direction Required to Dundee City Council, NHS Tayside or Both	Direction to:	
	1. No Direction Required	
	2. Dundee City Council	
	3. NHS Tayside	
	4. Dundee City Council and NHS Tayside	✓

9.0 BACKGROUND PAPERS

9.1 None.

Christine Jones
Acting Chief Finance Officer

DATE: 23 June 2026

DIRECTION FROM DUNDEE CITY INTEGRATION JOINT BOARD

1	Reference	DIJB26-2026
2	Date Direction issued by Integration Joint Board	24 June 2026
3	Date from which direction takes effect	24 June 2026
4	Direction to:	NHS Tayside & Dundee City Council
5	Does this direction supersede, amend or cancel a previous direction – if yes, include the reference number(s)	Yes
6	Functions covered by direction	All delegated services.
7	Full text of direction	Dundee Integration Joint Board directs Dundee City Council and NHS Tayside to provide health and social care services as commissioned by Dundee Integration Joint Board within the resources allocated as set out within section 3.1 in this report. The detailed breakdown of the commissioning of services from the Partner Bodies will be set out in separate communication between Chief Officer and Chief Executives of the Partner Bodies.
8	Budget allocated by Integration Joint Board to carry out direction	£356.2m
9	Performance monitoring arrangements	Through regular financial monitoring reports to Dundee Integration Joint Board.
10	Date direction will be reviewed	31 March 2027