
Report to: Clackmannanshire Council

Date of Meeting: 20 March 2025

Subject: Integrated Joint Board Budget

Report by: Chief Executive

1.0 Purpose

- 1.1. This paper has been prepared following discussions on the 6th and 13th March with the Chief Officer of the Integrated Joint Board (IJB) in respect of the forecast 2024/25 financial outturn position and the proposed 2025/26 Budget for the IJB. Its development has been supported by the IJB Chief Officer, Chief Finance Officer, and Council officers.
- 1.2. The paper sets out a request from the Chief Officer for financial support following the completion of a series of recent workshops aimed at addressing the financial deficit in 2025/26. It also seeks confirmation of any available financial assistance, to mitigate the forecasted adverse outturn for 2024/25.
- 1.3. As this paper is being presented shortly after the Council approval of the 2025/26 Budget, consideration of the proposed options will require Council's agreement to suspend Standing Order 17.1.

2.0 Recommendations

Council is recommended to:

- 2.1. Approve the suspension of Standing Order 17.1, which does not permit consideration of a matter within six months from the date of the original decision, in order that the requests can be fully considered by Council
- 2.2. Decide whether to adopt any option to support the forecasted 2024/25 overspend in the Integrated Budget (section 4 and paragraph 4.10), having taken account of the risks set out in paragraph 4.12
- 2.3. Decide whether to adopt any option in support of the 2025/26 Budget, noting that this may not be required should the Scottish Government give permission for a two-year Budget to be implemented (section 4 and paragraphs 4.14 to 4.25).

Council is also asked to note:

- 2.4. The background and financial context to the operation of the Health and Social Care Partnership (paragraphs 3.1 to 3.7)

- 2.5. That any offer of additional financial contribution from the Council would be made on the basis it would be repaid in 2026/27, though there are risks associated with this
- 2.6. The potential cumulative impact of, and risks associated with, agreeing to fund additional contributions in respect of both requests received, specifically on the Transformation and Employment Fund earmarked reserves, and/or Council's uncommitted reserves.

3.0 Background and Financial Context

- 3.1. The Clackmannanshire Health and Social Care Partnership (HSCP) was established with a shadow year of operation in 2015/16 and became fully operational in 2016/17. Prior to its inception a significant amount of due diligence work was undertaken to clarify that all relevant in scope services were transferred along with the associated budgets from each partner, in line with the requirements of the Public Bodies (Joint Working) (Scotland) Act 2014.
- 3.2. Table 1 below sets out the budget allocations transferred by the Council to support the delivery of in-scope services. Over this period the Council has consistently prioritised these services through Council budget setting, with no requirement being imposed to make significant savings, as has been required of other Council portfolios. Since 2016/17, the Clackmannanshire Council HSCP Budget has grown by 98%.

Table 1: Annual Budget allocations to the Health and Social Care Partnership

Financial Year	Clackmannanshire Approved HSCP Transfer £000	Financial Year	Clackmannanshire Approved HSCP Transfer £000
2016/17	15,200	2021/22	21,583
2017/18	15,341	2022/23	25,167
2018/19	16,041	2023/24	26,209
2019/20	17,085	2024/25	28,853
2020/21	19,041	2025/26	30,047

- 3.3. Since its inception, the total Integrated Budget and the financial outturn of each constituent partner have varied significantly. Table 2 below provides an overview of the outturn position for each partner by financial year.

Table 2: Annual Integrated Budget outturn by Constituent partners

Financial Year	Clackmannanshire Council Over (Underspend) £000	Stirling Council Over (Underspend) £000	NHS FV Over (Underspend) £000	IJB Reserve utilisation £000	Risk Share required Y/N
2016/17	685	(25)	663		N
2017/18	1,198	779	624	1,477	Y
2018/19	1,095	1,741	(384)		Y
2019/20	(897)	1,642	1,012	800	Y
2020/21	(1,715)	(672)	(599)		N
2021/22	0	0	0		N
2022/23	(923)	(1,903)	1,751		N
Sub-total	(557)	1,562	3,067		
2023/24	3,719	1,348	2,955	8,022	N
Total	3,162	2,910	6,022		

3.4. Key points to note from Table 2:

- The year on year variability between partners in respect of the financial outturn
- The impact of the utilisation of covid funding in 2021/22, giving rise to a Partnership-wide breakeven position
- In 2018/19 NHS FV delivered an underspend and made an additional financial contribution to support the financial balance of the Budget
- In 2019/20 Clackmannanshire Council delivered an underspend and made an additional financial contribution to support the financial balance of the Budget
- Up to 2022/23, Clackmannanshire Council outturn was the only constituent partner reflecting a net underspend position since the inception of Integration in 2016/17
- 2023/24 marked a shift in the trend across all partners with significant adverse movements in the financial outturns of each partner but especially within the two councils (table 3).

Table 3: 2022/23 to 2023/24 Adverse movement in outturn by partner

Financial Year	Clackmannanshire Council Over/ (Underspend) £000	Stirling Council Over/ (Underspend) £000	NHS FV Over/ (Underspend) £000
2022/23	(923)	(1,903)	1,751
2023/24	3,719	1,348	2,955
Total movement	4,642	3,251	1,204

- 3.5. Table 3 highlights the greatest variance in outturn position is in Clackmannanshire and this variance is significantly disproportionate to Budgeted contributions. The adverse movement of £4.642 million in 2023/24 is equivalent to 18% of Clackmannanshire’s 2023/24 budget.
- 3.6. Discussions with the IJB Chief Officer(s) and Chief Finance Officer have suggested the reasons for the significant movement in Clackmannanshire, include:
- Admissions into long term care increasing above pre-pandemic levels
 - Post -pandemic Care at Home growth of c 10% compared with medium term pre-pandemic growth of c 4%
 - A higher prevalence of learning disabilities in Clackmannanshire than in Stirling, including several high-cost, complex cases
 - The over 75 age group in Clackmannanshire having the highest projected increase of any local authority area in Scotland
 - A range of poorer performing health and economic drivers for adults in Clackmannanshire, and consequential higher disease prevalence.
- 3.7. Additionally, it is proposed that these contextual and demographic trends have been compounded by a lack of management capacity and oversight within the Clackmannanshire locality. This was illustrated in the outcome of the Purchase Ordering in Adult Social Care report reported to Audit and Scrutiny Committee on 7 March 2024 which reported a No Assurance outcome. The need to prioritise this lack of capacity has been raised with successive Chief Officers by the Chief Executive.

4.0 Request for financial support in 2024/25 and 2025/26

- 4.1. The Council has been requested to provide additional financial support in respect of:
- the forecast overspend of £11.029m in the 2024/25 financial year

- the remaining £8.032m gap in the IJB's proposed budget for 2025/26 after taking account of the £10.922m of proposed savings.
- 4.2. The combined request to Clackmannanshire Council, across the six options presented by the IJB Chief Officer and Chief Finance Officer, fall within a range of additional contributions from £2.291m to £9.585m. These are considerable sums both in terms of affordability and when considered relative to the recently agreed Council contribution to the Integrated Budget of £30.047m for 2025/26.
- 4.3. The remainder of this section considers each of these requests in turn.

Request for additional contribution in respect of 2024/25 forecast outturn

- 4.4. As set out in section 3, the Council and partners have made additional contributions in the past where there has been an overspend in a financial year. Table 4 sets out the details of these previous additional contributions, all of which were made on the basis of the voting shares option (50% NHSFV and 25% each for Stirling and Clackmannanshire Councils).

Table 4: Summary of prior year risk share contributions made by constituent partners

Financial Year	Clackmannanshire Council contribution £000	Stirling Council contribution £000	NHS FV contribution £000
2017/18	289	289	577
2018/19	613	613	1,226
2019/20	239	239	479
Total additional contribution	1,141	1,141	2,282

- 4.5. On the 7 March 2025, the Chief Executive received three updated potential risk sharing options in respect of the £11.029m 2024/25 overspend. These are set out in Table 5.

Table 5: 2024/25 Risk share options for 2024/25 forecast outturn

Option 1- per directions				
		Gross overspend	Less share of IJB reserves on same basis	Net Risk Share
		£000	£000	£000
	HSCP	£14,976	£3,947	£11,029
Clackmannanshire Council	38%	5,686	1,499	4,187
Stirling Council	26%	3,956	1,043	2,913
NHS Forth Valley	36%	5,334	1,406	3,928
Option 2- voting shares				
		Gross overspend	Less share of IJB reserves on same basis	Net Risk Share
		£000	£000	£000
	HSCP	£14,976	£3,947	£11,029
Clackmannanshire Council	25%	3,744	987	2,757
Stirling Council	25%	3,744	987	2,757
NHS Forth Valley	50%	7,488	1,974	5,515
Option 3- proportionate to contribution to Integrated Budget				
		Gross overspend	Less share of IJB reserves on same basis	Net Risk Share
		£000	£000	£000
	HSCP	£14,976	£3,947	£11,029
Clackmannanshire Council	12%	1,802	475	1,327
Stirling Council	23%	3,496	922	2,575
NHS Forth Valley	65%	9,678	2,551	7,127

- 4.6. Prior to the start of the 2024/25 financial year, the Chief Officer and CFO, as well as constituent partners, were advised that the Integrated budget would need to be managed within the funding envelope. The Chief Executive and Section 95 Officer have reiterated several times that Clackmannanshire Council did not have the financial capacity to make further additional contributions, particularly as it became apparent through outturn monitoring that there was likely a significant Integrated Budget overspend and no Recovery Plan (as required by paragraph 8.5.1 of the Clackmannanshire and Stirling Health and Social Care Integration Scheme).
- 4.7. The Council's reduced capacity to make additional financial contributions to the HSCP was also raised as a significant risk with Scottish Government as part of the Council's significant pre-Budget engagement activity during Autumn 2024. Additionally, the Council's Chief Executive had suggested to the then Interim Chief Officer of the IJB that they too should approach Scottish Government about the position and associated risks to the Integrated Budget.
- 4.8. Despite this constrained position, when setting the Council's Budget on 27 February, the financial planning assumptions which underpinned the General Service Pressures Reserve provided for a potential contribution to the 2024/25 overspend. In line with paragraph 8.5.4 of the Integration Scheme, *'subject to the financial capacity of relevant partners'*, Clackmannanshire Council assumed a contribution in line with Option 3 set out in Table 5. This would result in the Council offering an additional £1.327m for 2024/25. Following discussion with the Chief Officer it is proposed that this would be on the basis that this sum would be repaid to Clackmannanshire Council in 2026/27.
- 4.9. It should be noted that this assumption was made, whilst acknowledging that the precedent of previous years' additional contributions had been in line with Option 2, voting shares. Adopting the voting shares option for 2024/25 would result in a total contribution of £2.757m, £1.430m over the figure assumed for within the 2025/26 budget.
- 4.10. In summary the Council has the following options to consider:
- **Option A:** Make no additional financial contribution to the 2024/25 Integrated Budget above the previously agreed and budgeted sum of £28.853m in line with paragraph 8.5.4 of the current Integration Scheme (paragraph 4.8 above)
 - **Option B:** Make an additional financial contribution of £1.327m in line with Option 3 of those presented by the Chief Officer and in line with the sum assumed within the recently approved 2025/26 Budget (General Service Pressures Reserve)
 - **Option C:** Make an additional financial contribution of £2.757m in line with Option 2 (and past year's precedent) of those presented by the IJB Chief Officer, funding the additional currently unassumed sum of £1.43m by making an equivalent reduction in existing earmarked reserves (see below)
 - **Option D:** Make an additional financial contribution of £2.757m in line with Option 2 of those presented by the IJB Chief Officer, funding the additional

unassumed sum of £1.43m by utilising an equivalent sum from uncommitted reserves. This would reduce uncommitted Council reserves from £3.420m to £1.990m (1.1%) until the sum is repaid in 2026/27 (see below).

- 4.11. Council is asked to note that Option 1 (£4.187m) proposed by the IJB Chief Officer is not affordable as it exceeds the amount available in Council's uncommitted reserves of £3.420m by £0.767m and, separately, would also exceed the total combined balance of £3.787m in respect of the Transformation and Employment Funds by 0.400m.
- 4.12. All of the options set out in paragraph 4.10 are technically possible, but some carry a far greater degree of risk than others. Council is asked to note the following comments in selecting an option:
- Options A and B are the least risky, with Option A reflecting the 2024/25 budgeted position, and Option B reflecting the recently agreed 2025/26 budgeted position.
 - Options C and D carry a greater degree of risk to the Council
 - Option C would have a significant and detrimental impact on the Council's ability to invest in those areas which it seeks to deliver future service and financial sustainability. It would impact the recently agreed budget, requiring a sum equivalent to £1.43m to be taken from either/both the Transformation Fund and Employment Fund Reserves. This would significantly diminish the sums available to support redesign and transformation activity, including proposed collaborative working, where some activity has recently commenced
 - Option D would result in the Council's reserves reducing to 1.1%, which is significantly below Council's agreed minimum 2% level. There is a risk that the sum is not repaid in 2026/27, leaving the Council with severely depleted financial resilience should other exceptional expenditure be required. There is a further risk that should the Council or partners experience additional unanticipated pressures during 2025/26, these cannot be met from within uncommitted reserves which would require Council to bring forward a revised budget in year with the potential for service reductions and/or job losses.
- 4.13. Council is requested to select which option, if any, from those set out in paragraph 4.10, taking full account of the risks summarised in paragraph 4.12. Additionally, Council is asked to consider its decision in the light of the potential cumulative impact of the further request which has been received in respect of 2025/26 budget setting. This aspect is addressed in the remainder of this section of the report.

Request for financial support in respect of the 2025/26 integrated Budget

- 4.14. On the 6th March, the IJB Chief Officer met with the Chief Executive to discuss progress with the preparation of the Integrated Budget, in particular to share the outcome of the significant work that has been progressed since taking up their role, to identify tangible savings and efficiencies in support of presenting a balanced Integrated Budget to the IJB on the 26th March 2025.

At this meeting, the IJB Chief Officer offered an elected member briefing which subsequently took place on the 10th March for all Clackmannanshire elected members.

- 4.15. The position discussed with the Chief Executive represents good progress towards identifying a range of tangible savings in support of the Integrated Budget, totalling £10.922m in 2025/26 and the Delivery Plan sets out an anticipated surplus of £4.324m in 2026/27. However, there remains a residual gap of £8.032m in 2025/26 and £1.499m in 2027/28. To date, partners have only been asked to contribute to bridging of the 2025/26 residual gap. A further three options have been presented by the Chief Officer as the potential basis of additional financial contributions from the constituent partners and these are set out in Table 6 in support of the 2025/26 Integrated Budget.

Table 6: 2025/26 Integrated Budget residual gap and risk share options

OPTIONS	Clackmannanshire Council £000	Sirling Council £000	NHS FV £000	Total £000
Option 1- Net savings requirement	5,398	1,844	790	8,032
Option 2- Voting shares	2,008	2,008	4,016	8,032
Option 3- Per share of Integrated Budget	964	1,847	5,221	8,032

- 4.16. As well as the savings identified in support of the Integrated Budget, there will also potentially be consequential savings to the Council. However, at this stage the potential quantum and timing of the release of such savings remains uncertain.
- 4.17. As a result the options to offer the additional financial support requested for 2025/26 are more limited, though aligned, with those set out for the 2024/25 forecast outturn. The Council's recently approved Budget did not include any assumption for a contribution to support the 2025/26 Integrated Budget-this was not an oversight/ conscious decision, this is the first time such a request has been received and the outcomes of the IJB budget preparation work were not available at the time of finalising/approving the Council's Budget.
- 4.18. Council should note the significant additional potential sum(s) being suggested as Clackmannanshire's contribution to the 2025/26 Integrated Budget range from £0.964m to £5.398m (a range of 3.2% to 18% of additional financial contributions to the currently approved 2025/26 budget of £30.047m), and which reflect significant risk to the Council in terms of affordability.

- 4.19. Council should note that neither Options 1 or 2 proposed by the Chief Officer are considered to be affordable or prudent as Option 2 would reduce uncommitted reserves to £1.412m (0.8%) and Option 1 could not be met within the available balance of Council's uncommitted reserves of £3.420m.
- 4.20. On this basis, Council has the following potential options:
- **Option E:** Make no additional financial contribution to the 2025/26 Integrated Budget above the previously agreed and budgeted sum of £30.047m in line with paragraph 8.5.4 of the current Integration Scheme (paragraph 4.6 above)
 - **Option F:** Make an additional financial contribution of £0.964m in line with Option 3 of those presented by the IJB Chief Officer, funding the additional unassumed sum of £0.964m by utilising an equivalent sum from uncommitted reserves. This would reduce uncommitted Council reserves from £3.420m to £2.456m (1.4%) until the sum is repaid in 2026/27.
- 4.21. The risks set out in paragraph 4.9 also apply to the funding of additional contributions to the Integrated Budget in 2025/26.
- 4.22. Should Council consider funding Option F in paragraph 4.20 above, it would not be possible to also fund the additional £1.43m requested in respect of 2024/25 from uncommitted reserves (Option D), as this would result in a total of £2.394m being utilised from uncommitted reserves which currently stand at £3.420m, leaving a residual available balance of £1.026m (0.6%).
- 4.23. Appendix A summarises the IJB Chief Officer options alongside a summary of the key risk and impacts set out in this report. Key points to note are as follows:
- the already assumed sum of £1.327m in the General Service Pressures reserve in respect the requested additional funds for 2024/25, and as agreed in the Council's approved 2025/26 Budget
 - the option to make an additional contribution to 2024/25 Integrated Budget in line with voting shares and the associated risks
 - that only an additional contribution of £0.964m for 2025/26, if any, should be considered on the grounds of affordability but whilst noting the risks highlighted in this report.
 - that, on the grounds of affordability and prudence, it is advised that Council should not make additional contributions for both the additional £1.43m in 2024/25 to meet the voting shares options, as well as to fund the additional £0.964m (option 3) for 2025/26.
- 4.24. At the time of writing, the following additional information is available in support of Council's decision-making:
- NHS Forth Valley has assumed a voting shares contribution in respect of 2024/25 and in line with revised Integration Scheme (Option 1) for 2025/26

- Stirling Council has assumed a contribution in 24/25 in line with revised Integration Scheme (Option 1) and is likely to propose the same approach for 20205/26
- The IJB Chief Officer has written to Scottish Government to explore the potential for flexibility and *'for agreement to Clackmannanshire & Stirling IJB agreeing a multi-year budget to seek to bring the IJB into financial balance on 26 March 2025'*. A meeting with the Chief Executives of constituent partners and the IJB Chief Officer and CFO and SG is also proposed. No response has yet been received. If this flexibility is agreed by Scottish Government, there would be no need to agree an additional financial contribution at this stage.

4.25. On the basis of the information set out in section 4, Council is requested to select which option, if any, from those set out in paragraph 4.20, taking account of the risks summarised in paragraph 4.12. Additionally, Council is asked to carefully consider its decision in the light of the potential cumulative impact of the two requests which have been received in respect of both 2024/25 and 2025/26 financial years.

5.0 Sustainability Implications

5.1. There are no direct sustainability implications arising from this report.

6.0 Resource Implications

6.1. Financial Details

6.2. The full financial implications of the recommendations are set out in the report. This includes a reference to full life cycle costs where appropriate. Yes

6.3. Finance have been consulted and have agreed the financial implications as set out in the report. Yes

6.4. Staffing

6.5. No staffing implications.

7.0 Exempt Reports

7.1. Is this report exempt? Yes (please detail the reasons for exemption below) No

7.0 Declarations

The recommendations contained within this report support or implement our Corporate Priorities and Council Policies.

(1) **Our Priorities**

- Clackmannanshire will be attractive to businesses & people and ensure fair opportunities for all
- Our families; children and young people will have the best possible start in life
- Women and girls will be confident and aspirational, and achieve their full potential
- Our communities will be resilient and empowered so that they can thrive and flourish

(2) **Council Policies**

- Complies with relevant Council Policies

8.0 Equalities Impact

- 8.1 Have you undertaken the required equalities impact assessment to ensure that no groups are adversely affected by the recommendations?
Yes No

9.0 Legality

- 9.1 It has been confirmed that in adopting the recommendations contained in this report, the Council is acting within its legal powers. Yes

10.0 Appendices

- 10.1 Please list any appendices attached to this report. If there are no appendices, please state "none".

Appendix A - Summary of CFO Options and key risks and Impacts for 2024/25 and 2025/26

11.0 Background Papers

- 11.1 Have you used other documents to compile your report? (All documents must be kept available by the author for public inspection for four years from the date of meeting at which the report is considered)
Yes (please list the documents below) No

Clackmannanshire and Stirling Integration Scheme

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Approved by

NAME	DESIGNATION	SIGNATURE
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Appendix A: Summary of IJB Chief Officer Options for 2024/25 and 2025/26 Integrated Budget

2024/2025 Budget			
Options	1	2	3
Proposed Amount	£4.187m	£2.757m	£1.327m
Comment	Not affordable – Make no additional contribution	Utilises £1.43m of reprioritised earmarked reserves to top up the sum assumed within the recently agreed 2025/26 General Services Revenue Budget Or Fund £1.43m from uncommitted reserves	In line with sum, assumed within the recently agreed 2025/26 General Services Revenue Budget
Risk	None if not progressed	Significant	Minor
Impact		Impact on Transformation Fund and/or Employment fund Reserves and the capacity to deliver service and financial sustainability Or Reduces reserves to 1.1% and depletes financial resilience.	Reflects previous Council Financial Planning assumption

2025/2026 Budget			
Options	1	2	3
Proposed Amount	£5.398m	£2.008m	£0.964m
Comment	Not affordable – Make no additional contribution	Not affordable – Make no additional contribution	Make an additional financial contribution utilising uncommitted reserves .
Risk	None if not progressed	None if not progressed	Significant
Impact	N/A	N/A	This would reduce uncommitted Council reserves from £3.420m to £2.456m (1.4%) until the sum is repaid in 2026/27

***The Council is not in a position to support both the 2024/25 request and the 2025/26 request in full**

Appendix A: Summary of IJB Chief Officer Options for 2024/25 and 2025/26 Integrated Budget