



Dumfries and Galloway
Integration Joint Board

24th March 2026

This Report relates to
Item 9 on the Agenda

IJB Delegated Budget 2026 / 2027

Paper presented by Sean Barrett

For Approval

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Approved for Submission by:	Gareth Marr, Chief Officer
List of Background Papers:	<ul style="list-style-type: none"> Local Government Finance Settlement 2026/27 And the Impact on The Financial Strategy – Enabling and Customer Services Committee – 10 February 2026 https://dumfriesgalloway.moderngov.co.uk/documents/s74122/Local%20Government%20Finance%20Settlement.pdf Accounts Commission’s publication on Integration Joint Boards: Finance bulletin 2024/25 Integration Joint Boards: Finance bulletin 2024/25 Audit Scotland

Appendices:	<p>Appendix 1 – 2026/27 Scottish Government Budget Letter to Local Authority Leaders and Chief Executives</p> <p>Appendix 2 – Local Authority Chief Finance Officer IJB Update to Budget process plus Annex 1 x2</p> <p>Appendix 3 – High Level Indicative budget Delegated SW</p> <p>Appendix 4 – Adult Social Work Services Savings Plan</p> <p>Appendix 5 – 2026/27 Scottish Government Budget Letter to NHS Chief Executives</p>
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Direction Required to Council, Health Board or Both	If the report content has been the subject of a previous direction please provide the title and reference number of Direction:	
	Title	Reference Number
	Direction to:	
	1. No Direction Required	
	2. Dumfries and Galloway Council	
3. NHS Dumfries and Galloway		
4. Dumfries and Galloway Council and NHS Dumfries and Galloway		

1. Introduction

- 1.1 This report will outline the revenue budget available to Dumfries and Galloway Integration Joint Board (IJB) for 2026-27 for services commissioned from Dumfries and Galloway Council (DGC).
- 1.2 The report will consider the financial risks within the budget available and a financial recovery plan which will be required to deliver services within that budget.
- 1.3 The budget to be provided to the IJB by Dumfries and Galloway National Health Service (NHS) is still subject to approval by Scottish Government on the 4th of April and will be communicated to the IJB at a later date.

2. Recommendations

2.1 The Integration Joint Board is asked to:

- **Note the delegated Social Work budget for 2026/27 of £124.247m, reflecting the updated Local Government Settlement and additional funding streams as per section 3.13 through to 3.14.**
- **Note the financial pressures facing the delegated budget, including the impact of national pay uplifts, Free Personal Care rate increases, and distributional changes to GAE and the need to agree and deliver a Financial Recovery Plan for 2026/27 to address the identified budget gap summarised at 3.19 and address the statutory requirement to agree a balanced budget.**
- **Agree the Adult Social Work Services Savings Plan for 2026/27 (set out at Appendix 4) reflecting the continuation and expansion of savings measures, including:**
 - **Recycling of care models**
 - **Adjustments to non-residential charging structures**
 - **Service redesign and reablement approaches**
 - **Other savings proposals contained in Appendix 4.**
- **Confirm delegations to the IJB Chief Officer to incur spending within the £124.247m spending limit and to progress the measures reflected within the Savings Plan at Appendix 4 to contain spending within that limit.**
- **Note that progression of the delivery of this Savings Plan will be closely monitored and reported to the IJB, the Finance, Audit & Risk Committee and the Council's Social Work Services Committee on a quarterly basis alongside the quarterly budget monitoring reports.**
- **Note that Dumfries & Galloway Council has made an allowance of £2.8 Million within its budget from financial year 2026/27 to allow for consideration of support for the Integrated Joint Board's Adult Social Care Savings Plan and that the Savings Plan set out at Appendix 4, once approved, will form the basis of the Board's submission to the Council seeking release of that £2.8 Million.**

- **Approve the strategic intention to rebuild general reserves to 2% (£2.5m) by the end of 2027/28 and note the high financial risk associated with holding no reserves in 2026/27 as per section 3.29.**
- **Note the risks and implications if a balanced budget is not supported—namely that an immediate recovery plan would be triggered, including a freeze on new expenditure, recruitment, and approval of care packages as per section 3.28.**
- **Note the Chief Social Worker Officer’s opinion in section 3.30 to 3.34.**
- **Note the timetable for the NHS Dumfries and Galloway budget, and that the IJB will receive its NHS allocation once approved by the Scottish Government (expected April 2026).**

3. Background and Main Report

- 3.1 The Health Board and Local Authority will delegate functions and make payments to the IJB in respect of those functions as set out in the Integration Scheme. Additionally, the Health Board will also "set aside" an amount in respect of large hospital functions covered by the Integration Scheme.
- 3.2 The IJB will make decisions on integrated services based on the strategic plan and the budget delegated to it. The IJB is also required to publish an Annual Financial Statement setting out the total resources included in the Strategic Plan. The IJB will also give directions and make payment where relevant to the Health Board and Local Authority for delivery of the services in line with the Strategic Plan. This should be completed by 1st April each year.
- 3.3 The Integrated Joint Board is required to annually agree a balanced budget for the year ahead as established at s93(3) of the Local Government Finance Act 1992.
- 3.4 The Chartered Institute of Public Financial Accountants (CIPFA) produced the statement 'The Role of the Chief Finance Officer in Local Government'. This sets out how the requirement of this legislation, and professional standards should be fulfilled by the Chief Finance Officer in carrying out their role as well as the role of the organisation in meeting these requirements.
- 3.5 This statement confirms that the IJB has the following responsibilities:
- Establish a medium-term business and financial planning process to deliver the organisation’s strategic objectives, including:
 - a medium-term financial strategy to ensure sustainable finances
 - a robust annual budget process that ensures financial balance
 - Ensure that professional advice on matters that have financial implications is available and recorded well in advance of decision making and used appropriately.
 - Ensure that those making decisions are provided with information that is fit for purpose – relevant, timely and giving clear explanations of financial issues and their implications.

- 3.6 This statement confirms that the Chief Financial Officer has the following responsibilities:
- Lead development of a medium-term financial strategy and the annual budgeting process to ensure financial balance and a monitoring process to ensure its delivery.
 - The CFO must exercise a professional responsibility to intervene in spending plans to maintain the balance of resources so that the IJB remains in sound financial health.
 - Ensuring that opportunities and risks are fully considered, and decisions are aligned with the overall financial strategy.
 - Providing professional advice and objective financial analysis enabling decision makers to take timely and informed business decisions.

Financial Allocation from Dumfries and Galloway Council

- 3.7 The Scottish Government wrote to Local Authorities on 13 January 2026 in relation to the Draft Budget for 2026-27 as set out by the Cabinet Secretary for Finance in Parliament that day. The letter is attached in Appendix 1.
- 3.8 This confirms an additional £7m to support the uprating of Free Personal and Nursing Care rates and an additional funding of £160m to deliver £13.45 per hour minimum pay settlement for adult social care workers in commissioned services via agreed contract uplifts.
- 3.9 As reflected within the letter from the Deputy First Minister, additional core funding of £253.5 Million has been reflected within the 2026/27 Local Government Settlement. This equates to a cash increase of 1.6% and a real terms reduction of 0.6% (based on the GDP deflator).
- 3.10 The letter from the Deputy First Minister makes specific reference to continued working with Health and Social Care Partnership’s (HSCP) to strengthen response to Complex Care and Delayed Discharges and whilst there is no budget allocated for this work, a commitment to consider proposals to address the issues impacting service delivery in these areas is given.
- 3.11 The letter from the Deputy Minister also references engagement work with local authorities and an indication that additional funding above the specific funding mentioned in 3.8 above might be provided to IJB’s. There is also reference to funding challenges caused by changes to Adult Social Care Grant Aided Expenditure (GAE) distribution formulae and the measures taken to minimise the impact on funding reductions that this may have.
- 3.12 Since the Scottish Government settlement an additional £20m nationally has been provided to local authorities to address a shortfall in the real living wage funding referenced in 3.8 above. Of this amount, £14.7m relates to Adult Social Care Services which equates to an estimated additional £489k for DGC.
- 3.13 On 26 February 2026, the Council agreed its budget for 2026-27. The decision passed on the settlement share as per the table below:

	Scotland	D&G
Real Living Wage Uplift	£160M	£5.321M

Free Personal Care Rates Uplift	£7.0M	£0.237M*
Additional RLW	£20.0m	£0.489m*
Total	£187.0M	£6.047M

**the above figures for Free Personal Care and the Additional Real Living Wage funding are provisional as these amounts have not yet been distributed by the Scottish Government.*

3.14 This adds £6.047m to the current delegated Social Work budget of £118.2m. The budget for FY26/27 will be £124.247m as shown in Appendix 3.

3.15 The pressure on IJB services, including social care provision, is very much a national issue and strong representations have been made to the Scottish Government over an extended period seeking the allocation of significant additional funding to address social care pressures across Scotland (with Convention of Scottish Local Authorities (COSLA) indicating a requirement for £750M additional funding for this purpose). The Scottish Government budget does not provide this funding and Scottish Local Government cannot compensate for the resultant shortfalls.

3.16 This pressure is highlighted further in the Audit Scotland's recent review of IJB's in its publication 'IJB's Integration Joint Boards: Finance bulletin 2024/25' issued on the 26th Feb 2026. Within this document it highlights the precarious position that IJB's find themselves in, the lack of reserves to meet crisis and change. It highlights the immediate need for financially sustainable services and demand met through shifts to early prevention models. Improved reporting on delivery of savings is also recommended.

Projected Funding Gap 2026/27

3.17 The projected funding gap is £7.02m, after taking into account increased share from the £14.7m RLW funding. This is based on a projected spend of £131.27m as shown in Appendix 3. To address this deficit a financial recovery plan is required and should focus on the areas indicated in annex 1 to Appendix 2 and in financial recovery plan in Appendix 4.

3.18 There will be a need for budget re-alignments at year end to contain the level of savings required at the £7.02m budget shortfall position.

3.19 Summary of balanced budget proposal:

	Scotland	D&G
FY25/26 Budget		£118.2m
Settlement	£160M	£5.321M
Free Personal Care Rates Uplift	£7.0M	£0.237M
Additional RLW	£20.0m	£0.489m
Total		£124.25m
Forecast Spend FY26/27 (see Appendix 3)		£131.27m
Savings Gap		£7.02m
Savings to Deliver Balance		-£7.02m

3.20 A financial recovery and savings plan is attached at Appendix 4 for approval. The savings plan outlined in Appendix 4 includes continuation of the recycling of care measures that were implemented on Sep 1st 2025 and were successful in reducing

costs, mainly in Older People Services and helped contain spend within under 65's Services with reductions also achieved. This has reduced the underlying pressure within the budget to £5.4m as shown in Appendix 3. To achieve balance, it will be necessary to increase savings within under 65's services, as indicated in the document this will result in a reduction in the purchase and delivery of social care.

- 3.21 The recycling of care will be extended into FY26/27 for Older People with a reduced reduction of 25%, facilitated by a return to the reablement model previously delivered within the local authority budget as set out within Appendix 4.
- 3.22 The savings plan outlined in Appendix 4 includes a range of measures relating to the charging of services. If supported by the HSCP, the Council will be directed to update their charging policy to secure the additional income which these savings will generate.
- 3.23 In line with governance structures the individual partners of the IJB will oversee the development, implementation and financial scrutiny of transformation programs across the HSCP including the savings programs outlined in the appendix 4. The HSCP in conjunction with General Managers will lead on the delivery of the budget control and cost reduction measures.
- 3.24 Updates on delivery of progress against the savings plan will be included in each quarterly budget monitoring report presented to IJB and IJB Finance, Audit and Risk committees as well as Social Work Committee. Monthly updates will be provided to Health and Social Care Leadership Group and Officers Round Table.

Additional Council Funding

- 3.25 As part of the Council's budget setting process, the IJB was given the opportunity to highlight the pressures facing the delegated Social Work (SW) budget. These pressures are detailed in Appendix 2 which formed part of the background papers and advice provided by the Council's Chief Finance Officer to the Enabling and Customer Services Committee on the 10 February 2026.
- 3.26 The Council, in considering the pressures on the IJB delegated SW budget, agreed to absorb and not pass on the reduction in delegated budget arising from Grant Aided Expenditure (GAE) settlements of £836k. As well as this, in addition to passing on the additional Scottish Government funding set out at para 3.13 above, the council also made an additional allowance of £2.8 Million within its budget from financial year 2026/27 to allow for consideration of support for the Integrated Joint Board's Adult Social Care Change & Savings Plan. It is suggested that the Change & Savings Plan outlined at Appendix 4 forms the basis of the Board's submission to the Council seeking release of that £2.8 Million.
- 3.27 As is the case for IJBs across Scotland, the Change & Savings Plan reflected at Appendix 4 includes a range of measures that will inevitably impact on the levels of service that can be delivered. The potential availability of the £2.8 Million Council support for this plan would support some investment in the resources required to support the delivery of the Savings Plan and also provide flexibility in the extent to which these measures would need to be fully progressed in the upcoming financial year as well as some allowance for any unanticipated further pressures that may arise during the course of 2026/27.

- 3.28 If the IJB does not support the measures to deliver a balanced budget then this will require measures to be put in place immediately to ensure that the IJB remains in financial balance and does not enter into expenditure which cannot be met from the funding which is available. This would result in a freeze on all new expenditure until financial balance is secured and would impact on all services delegated to the IJB. This would impact on all expenditure including recruitment and approval of care packages. The recommendation of the Chief Officer and the Chief Finance Officer is the budget strategy which has been summarised at section 3.20.

General Reserves

- 3.29 Holding no General Reserves represents a significant risk to the IJB with concerns already being expressed by external audit. Reserves is a key component of the IJB's funding strategy. General Reserves are not held to meet any specific liability and offer the IJB some flexibility to deal with unforeseen events or emergencies. It is recommended that reserves at a level equivalent to 2% (£2.5m) are within the financial recovery plan. It is recommended that balance is achieved in FY26/27 with reserves replaced at the 2% level by end of FY27/28.

Statement from Chief Social Worker

- 3.30 The national pressures in relation to the provision of social work and social care are well known and highlighted by Audit Scotland and COSLA in their manifesto, both organisations highlighting the significant financial challenges facing both IJBs and Local Authorities with increased demand and costs across the country. This picture is no different in Dumfries and Galloway with significant financial pressures due to an increase in assessed needs due to an ageing population and the direct cost of care increasing significantly over the past three years. I believe that the Council has committed a fair budget to the IJB for the provision of social work and social care, balancing the need to meet other statutory demands.
- 3.31 It is imperative that the IJB sets a balanced budget and to do this a savings plan to address the gap is essential. The savings plan put forward at Appendix 4 is robust and addresses efficiencies, delivering support in different ways and carefully managing how support is delivered whilst prioritising those most at risk.
- 3.32 I am confident that the ability of services to meet statutory responsibilities has been prioritised within the budget. Robust governance arrangements are in place to ensure that social work and social care services are delivered in compliance with legal standards, policies and procedures.
- 3.33 The measures in the Savings Plan will have an impact on front line staff when working with citizens, they will have to deliver difficult messages and the impact on citizens will also be felt. We are likely to see longer waiting times, reduced access to non-critical support and increased pressure on unpaid carers.
- 3.34 As Chief Social Work Officer, it is imperative that I highlight the risks associated with not approving this budget and the savings plan is significant. The Health and Social Care Partnership would be limited in its ability to prioritise those with greatest level of need. This budget and savings plan has involved a great deal of consideration to minimise and mitigate the impact of reductions and a move away

from this approach would lead to limited access to social work and social care services for new demand and an inability to meet statutory functions across services.

Financial Allocation from NHS Dumfries and Galloway

- 3.35 The Scottish Government wrote to Local Authorities on 13 January 2026 in relation to the Draft Budget for 2026-27 as set out by the Cabinet Secretary for Finance in Parliament that day. The letter is attached in Appendix 5.
- 3.36 The Scottish Government offer to NHS Boards indicated a 2% uplift to baseline budgets with pay uplifts above 3% supported.
- 3.37 Dumfries and Galloway NHS Board are unable to make an offer to the IJB until it has its budget agreed by the Scottish Government. Up to £28m of financial support was provided to the NHS in FY25/26 to enable delivery of services within budget limits. A financial plan is required which reduces this support in FY26/27 to £23m.
- 3.38 The NHS are following the timetable below and following agreement of the budget this will be communicated to the IJB. The integration scheme will be changing in FY26/27 so the service budgets that are being removed will be adjusted within that budget. A set-aside budget will be agreed to reflect the IJB's use of unscheduled care services.
- 2nd Feb - First draft plan approved at Board Workshop
 - 2nd Feb - First draft plan submitted to Scottish Government
 - 18th Feb - Meeting with Scottish Government to discuss feedback on draft plan
 - 9th March - Final draft plan reviewed at Performance & Resource committee
 - 16th March - Final plan submitted to Scottish Government
 - 6th April - Final plan approved by NHS D&G Board
 - 6th April - Approved plan formally submitted

4. Conclusions

- 4.1 The 2026/27 budget position for Dumfries and Galloway Integration Joint Board presents a challenging but manageable financial landscape. The allocation from Dumfries and Galloway Council provides essential additional support, helping to partially offset significant national and local cost pressures. However, even after the application of new funding streams, a substantial savings requirement remains, necessitating a robust and deliverable Financial Recovery Plan. The measures outlined—including continuation of successful cost-management initiatives, service redesign, and income-generating changes—are critical to restoring financial balance while maintaining statutory duties and supporting safe service delivery.
- 4.2 The IJB must maintain strict financial discipline, strengthen its approach to transformation, and ensure clear oversight of delivery against savings proposals. The absence of general reserves continues to represent a high strategic risk, reinforcing the need to rebuild reserve levels over the coming planning period. Approval of the proposed budget strategy and recovery actions is therefore essential to ensure the IJB can meet its obligations, support sustainable services, and continue progress towards long-term financial resilience.

4.3	The NHS Budget, adjusted for integration scheme changes, will be communicated to the IJB following budget agreement from the Scottish Government.
5.	Resource Implications
5.1	The report does not commit any additional funding to current spend levels, it looks to detail the budgets that are available to the IJB and the measures required to reduce spend down to the budgets provided by the NHS and Local Authority.
6.	Impact on Integration Joint Board Outcomes, Priorities and Policy
6.1	This report describes the financial allocation and budgets made available to the IJB for 2026/27 by Dumfries and Galloway Council and the measures identified to address the financial challenges. The budget made available from the NHS has still to be set. The budgets are available to deliver services as per the Strategic Plan.
7.	Legal and Risk Implications
7.1	The IJB's duties require a balanced budget to be set. Directions will require to be issued in line with the legislation where deemed necessary.
7.2	The integration scheme sets out the financial arrangements between the parties. The integration scheme is in the process of being amended with several NHS services being removed, however this is not expected to raise any legal or risk implications.
7.3	Whilst local authority budget includes a financial recovery plan, there remain financial risks in the position. The NHS budget has still to be agreed with the Scottish Government and will present a significant budget gap and financial recovery plan. This will be monitored throughout the year within both partner organisations and reported to the IJB on a quarterly basis.
8.	Consultation
8.1	In line with the Integration Scheme, the Chief Officer and Chief Finance Officer has fully engaged with Dumfries and Galloway Council's budget setting process which determined the funding allocations delegated to the IJB for 2026/27. The funding to support the delegated NHS services will be agreed in April 2026 and the Chief Officer has been involved in that budget setting process.
8.2	Chief Executive, Deputy Chief Executive, Chief Finance Officer and Chief Social Work Officer of the council along with members of the Local Authorities Financial Recovery Round Table have been consulted on the report. The Director of Finance and the Deputy Director of Finance in the NHS have also been consulted.
9.	Equality Impact Assessment
9.1	This report includes proposals against which projected savings targets have been applied. The activity to achieve the proposed savings will be carried out with a focus on equalities and the extent to which any subsequent change to policies and

services. Impact assessments will be required for proposals once they are sufficiently developed.

10. Consumer Duty

10.1 The proposals within this financial monitoring paper do not constitute a 'strategic decision' as defined by the Consumer Scotland Act 2020 and therefore, no specific consumer duty impact assessment is required.

11. Glossary

CIPFA	Chartered Institute of Public Financial Accountants
COSLA	Convention of Scottish Local Authorities
DGC	Dumfries & Galloway Council
EQIA	Equalities Impact Assessment
GAE	Grant Aided Expenditure
HSCP	Health and Social Care Partnership
IJB	Integration Joint Board
NHS	National Health Service

Dumfries and Galloway Integration Joint Board



DIRECTION

(ISSUED UNDER SECTIONS 26-28 OF THE PUBLIC BODIES (JOINT WORKING) (SCOTLAND) ACT 2014)

1.	Title of Direction and Reference Number	<i>Reference Number will be added once the direction is formally logged</i>
2.	Date Direction Issued by Integration Joint Board	<i>Date of the IJB Meeting which issued the Direction</i>
3.	Date from which Direction takes effect	<i>Date which is confirmed by the IJB</i>
4.	Direction to	<p><i>This can be either:</i></p> <ul style="list-style-type: none"> • <i>NHS Dumfries and Galloway</i> • <i>Dumfries and Galloway Council</i> • <i>Both</i>
5.	Does this direction supersede, amend or cancel a previous Direction? If yes, include the reference number(s)	<i>This information is required to provide context to the subject of the Direction</i>
6.	Functions covered by Direction	<i>List of all the functions/services to which the Direction relates e.g. Occupational Therapy, Mental Health</i>
7.	Full text of Direction	<i>Outline what you are asking the authorities to carry out (this description should include a consideration of the role of the third sector)</i>
8.	Budget allocated by Integration Joint Board to carry out Direction	<i>Financial information must be provided and will be the resource allocated to NHS DG, DG Council or both to carry out the Direction. The Direction should consider the potential role of the third sector and the financial implications. Where the direction relates to multiple functions the financial allocation for each function needs to be specified. The Direction should also outline any savings to be made.</i>

9.	Desired Outcomes	<i>Detail what the Direction is intended to achieve. Ensure this is linked to the Strategic Commissioning Plan, the National Health and Wellbeing Outcomes and any other relevant information.</i>	
10.	Is there a need for engagement with the third sector in delivery of this direction?	YES	NO
		<i>Tick or Cross</i>	<i>Tick or Cross</i>
		<i>If there is a possibility that the service is to be delivered via third sector organisations there should be consultation with the third sector on the design of the service.</i>	
11.	Performance Monitoring Arrangements	<i>Directions will be reported to the relevant IJB Committee on a 6 monthly basis. An annual report of all current Directions will be presented to the IJB</i>	
12.	Date Direction will be Reviewed	<i>Date no more than 1 year in advance</i>	