Integration Joint Board
Strategic Planning, Finance and Commissioning Committee

1st December 2026

This Report relates to
Item 7 on the Agenda

Financial Governance Arrangements and Decision-Making in the Context of System-Wide Financial Deficits

Paper presented by Gareth Marr

For discussion and Noting

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List of Background Papers:	None. This report provides the cover report for the attached financial governance paper.
Appendices:	**Appendix 1** - Financial Governance Arrangements and Decision-Making in the Context of System-Wide Financial Deficits

1. Introduction

1.1 The purpose of this report is to present the Strategic Planning, Finance and Commissioning Committee with an assessment of the governance implications arising from the current financial position across the health and social care system. Both NHS Dumfries and Galloway and Dumfries and Galloway Council are managing significant financial pressures, while the Integration Joint Board (IJB) remains responsible for the strategic planning, allocation and governance of delegated resources.

1.2 The Committee is invited to consider the governance options in Appendix 1 and recommend a preferred approach to the IJB.

2. Recommendations

2.1 **The IJB Strategic Planning, Finance and Commissioning Committee is asked to:**

- **Note the governance challenges associated with the current financial position across the partnership.**
- **Note that the IJB remains responsible for the strategic allocation and governance of delegated resources, while recognising the statutory financial responsibilities of NHS Dumfries and Galloway and Dumfries and Galloway Council.**
- **Recommend that the IJB approve an Enhanced Financial Recovery Framework, including monthly recovery reporting, an agreed savings tracker, escalation thresholds, a system-wide risk register, benefits realisation reporting and formal partner assurance.**
- **Recommend that the IJB approve a system-wide prioritisation and service redesign programme to align expenditure with available resources.**
- **Recommend that the IJB request NHS Dumfries and Galloway and Dumfries and Galloway Council to develop a joint Financial Sustainability Agreement for consideration by the IJB.**
- **Request that a detailed implementation plan and governance framework be brought to a future meeting.**

3. Background and Main Report

3.1 The Public Bodies (Joint Working) (Scotland) Act 2014 established the IJB as the strategic decision-making body for delegated health and social care functions. Its responsibilities include preparing and delivering the Strategic Plan, allocating delegated resources, issuing Directions to partner organisations, monitoring delivery and outcomes, and ensuring effective stewardship of public funds.

3.2 The financial position must be considered across the whole system. The IJB does not have independent funding powers and relies on contributions from its partner

bodies through the Integration Scheme. Where recurring expenditure exceeds available resources, members require clear arrangements for decision-making, accountability, escalation and risk management.

3.3 Appendix 1 considers four options: continuing current arrangements; enhanced financial recovery governance; a strategic prioritisation and service redesign programme; and a formal tripartite Financial Sustainability Agreement. Continuing current arrangements is assessed as high risk because it provides limited visibility of recovery delivery and recurrent savings.

3.4 The preferred approach combines enhanced recovery governance, strategic prioritisation and service redesign, and a Financial Sustainability Agreement. This would strengthen assurance, support transparent prioritisation, clarify responsibilities and improve governance of recovery and transformation activity.

3.5 The report supports the National Health and Wellbeing Outcomes relating to effective resource use, service quality, safety and sustainability, and the IJB strategic commissioning intention to make best use of available resources through prevention, integration, redesign and evidence-based prioritisation.

4. Conclusions

4.1 The current financial environment requires a stronger and more explicit governance response. A combined approach based on enhanced financial recovery oversight, strategic prioritisation and service redesign, and a formal Financial Sustainability Agreement provides the strongest governance position while recognising the constraints facing both partner organisations.

5. Resource Implications

5.1 This report does not seek additional funding. Implementation may require a review of existing governance support, programme management and financial planning capacity. Any additional requirement will be quantified through the implementation plan and should, in the first instance, be met from existing IJB, NHS Dumfries and Galloway and Dumfries and Galloway Council resources. Any requirement that cannot be accommodated within existing budgets will be brought back to the IJB for approval before commitment.

6. Impact on Integration Joint Board Outcomes, Priorities and Policy

6.1 The proposed approach supports delivery of the Strategic Plan by strengthening how delegated resources are aligned to agreed priorities, outcomes and statutory duties. It promotes effective resource use, transparent decision-making, service quality, safety and long-term sustainability. A structured prioritisation process will help ensure that future investment and disinvestment decisions are evidence-based, address inequalities and focus on services delivering the greatest benefit.

7. Legal and Risk Implications

7.1 The IJB must continue to discharge its duties under the Public Bodies (Joint Working) (Scotland) Act 2014, the Integration Scheme and other relevant statutory requirements. Decisions must be affordable, evidence-based, transparent and supported by clear Directions to partner organisations.

7.2 The principal risks are failure to achieve financial balance; inability to deliver Strategic Plan commitments; reduced reserves; rising demand; delayed savings and transformation; service disruption; and organisational or reputational harm. The preferred approach reduces governance risk through clearer assurance, escalation and accountability, but does not remove the underlying financial pressures.

8. Consultation

8.1 The proposals require engagement with the IJB, NHS Dumfries and Galloway, Dumfries and Galloway Council, the Health and Social Care Senior Leadership Team, finance and governance leads, professional and clinical advisers, staff-side, third sector, independent sector and public representatives. A proportionate consultation and engagement plan will form part of implementation, particularly where prioritisation or redesign could affect services or communities.

9. Equality Impact Assessment

9.1 No final service change is proposed through this cover report, so an Equality Impact Assessment is not required at this stage. Equality impact assessment, including the Public Sector Equality Duty under section 149 of the Equality Act 2010, must be completed for the Financial Recovery Framework and any subsequent prioritisation, redesign, reduction or disinvestment proposal before decisions are taken.

10. Consumer Duty

10.1 The proposed approach supports compliance with the Consumer Duty under the Consumer Scotland Act 2020 through transparency, evidence-based prioritisation and consideration of impacts on people who use services. A separate assessment has not been completed because no specific service change is proposed. Relevant assessments must be undertaken as detailed proposals are developed, with particular attention to accessibility, fairness, rural impacts and financial harm.

11. Glossary

IJB	**Integration Joint Board**
NHS	**National Health Service.**