Clackmannanshire & Stirling
Health & Social Care Partnership

A special meeting of the **Clackmannanshire and Stirling Integration Joint Board** will be held on **12 August 2026 @9 am in the Boardroom, Carseview House, Stirling and hybrid via** MS Teams

Please notify apologies for absence to:
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AGENDA

1. Welcome and Apologies

2. Notification of Substitutes

3. Declaration(s) of Interest

4. Finance Report
Paper Presented by Amy McDonald — **For Approval and Noting**
Chief Finance Officer

Close of Meeting

Clackmannanshire & Stirling Health & Social Care Partnership

Clackmannanshire & Stirling Integration Joint Board

12 August 2026

Agenda Item 4

Finance Report

For Approval and Noting

Paper Approved for Submission by:	Dr Jennifer Borthwick, Interim Chief Officer
Paper presented by	Amy McDonald, Chief Finance Officer
Author	Amy McDonald, Chief Finance Officer
Exempt Report	No

Clackmannanshire Council Stirling Council NHS Forth Valley

Directions	
No Direction Required	X
Clackmannanshire Council	☐
Stirling Council	☐
NHS Forth Valley	☐

Purpose of Report:

The report provides an update on the 2026/27 forecast year-end financial position at the end of Quarter 1, the unaudited 2025/26 draft year-end outturn, and the actions required to support financial balance by the end of 2026/27.

The report highlights to the Integration Joint Board (IJB) the scale of the financial challenge as savings have slipped increasing the required Recovery Plan savings.

IJB savings 2026/27	Presented Mar'26 £'000	Reforecast position £'000
Budget deficit 2026/27 before savings	**- 19,673**	**- 19,736**
Proposed budget savings 2026/27	**10,815**	**6,625**
Budget deficit 2026/27 after savings	- 8,858	- 13,111
Required recovery plan delivery	8,858	13,111
Budget position after recovery plan		-

Executive summary: The IJB faces a significant 2026/27 financial challenge, with a forecast deficit of £19.7m being originally meet through £10.8m savings and a Recovery Plan of £8.9m with reduced scope to deliver in-year. Delays in achieving savings to date mean the Recovery Plan requirement is now expected to increase to around £13.1m as the level of achievable savings is forecast at £6.6m. Urgent action is required to strengthen financial recovery arrangements, develop a realistic Recovery Plan and, confirm accountable leads for this Plan, prioritise deliverable savings and provide transparent reporting to the IJB and partners. The IJB is asked to note the scale of the financial risk and the requirement for an 8-month turnaround plan.

Recommendations:

It is recommended that the Integration Joint Board:

a) Notes the forecast 2026/27 year end position at Quarter 1, including the scale of savings required and the significant amount of work needed to deliver savings both in the 2026/27 financial year and on an ongoing basis thereafter;

	b) Approve action to strengthen oversight and reporting of i) savings delivery in 2026/27 and ii) progress towards the Medium Term Financial Forecast (MTFF) 2026/29 including: - Development of an 8-month turnaround plan. - Executive led governance arrangements are in put in place to oversee the financial Recovery Plan. - Finance, Audit and Performance Committee to monitor governance arrangements, delivery of 2026/27 savings, progress on MTFF 2026/29 with overall oversight by IJB. c) Notes the 2025/26 draft year-end outturn position prior to audit.

Key issues and risks:	The 2026/27 budget position presents a serious and escalating financial risk for the IJB and partner organisations. Delivery of approved savings and a credible Recovery Plan is essential. However, a number of savings schemes are behind plan/delayed which will be challenging to recover before the end of the financial year. Without urgent action, the Partnership is unlikely to close the residual gap through savings alone, increasing the likelihood of further cost reduction measures, use of reserves where available, or additional partner financial contributions. This creates risks for service and financial sustainability, partner affordability and financial sustainability and the wider health and social care system. 2025/26 year end outturn position is draft subject to audit which is currently underway.

1. Strategic Plan Context

1.1. The Clackmannanshire & Stirling Health and Social Care Partnership (C&S HSCP) must work to provide statutory services but within the funding provided by the IJB from Clackmannanshire Council, Stirling Council and NHS Forth Valley (the partners).

1.2. The 2026/27 budget supports the delivery of the Strategic Commissioning Plan 2023–2033. The Medium-Term Financial Forecast 2026–2029 underpins the Strategic Commissioning Plan and sets out the route by which financial balance could be achieved over the next three years.

Delivery depends on detailed savings plans for each required savings area. These plans are needed to test whether the financial assumptions are deliverable and to provide clear ownership, timescales, activity, risk assessment and governance.

The immediate priority for 2026/27 is to reduce expenditure and focus on financial recovery. This must not delay planning for future years. Work on 2027/28 savings and transformation needs to start now, as sustainable financial balance cannot be achieved through short-term cost control alone. Future planning must focus on service transformation, efficiency and redesign around the needs of people who use services.

This work is essential to reduce the level of additional financial demand placed on partner organisations and to move the Partnership towards a more sustainable medium-term financial position.

1.3. The 2026/27 budget set out the actions required being:

- Delivering approved savings of £10.815m in 2026/27 and progressing a recovery plan to address the remaining funding shortfall of £8.858m, recognising the need for clear delivery plans, accountable leads, timescales and regular reporting to the IJB.

- If approved savings and recovery plan actions do not deliver in year, the IJB may require further mitigating action, including review of reserves and consideration of partner risk-share arrangements, after all feasible savings options have been explored.

- A real focus and commitment by the IJB in driving through the work required to underpin these savings and recovery plan.

- Running transformation workstreams alongside the in-year savings programme to support recurring financial sustainability, reduce future demand pressures and develop savings options for 2027/28 and future years.

1.4. The budget for 2026/27 and the following 3 years underpins the delivery of the Strategic Plan 2023-33. The medium-term financial forecast recognises the focus of improving health outcomes in Clackmannanshire and Stirling.

1.5. Successful delivery of the future model of health and care will require a sustained emphasis on prevention and early intervention. This must be supported by clear actions to develop preventative approaches, reduce avoidable demand on services, and strengthen community-based support. This will be critical to improving outcomes for people who use services and supporting the Partnership's medium-term financial sustainability in the context of continuing high levels of service demand.

2. Summary Key Information

Budget Outturn 2025/26

2.1. The IJB draft year end outturn:

- The 2025/26 draft outturn is a recurring overspend of £14.428m before partner contributions and use of reserves which together bring the year end result into balance. The forecast budget gap for 2026/27 recognises the year end outturn for 2025/26.

- 2025/26 draft outturn currently subject to audit.

- The movement on reserves is shown below:

Balance at 31 March 2025 £000s	Reserves	TRANSFERS OUT £000s	TRANSFERS IN £000s	Balance at 31 March 2026 £000s
(120)	Alchohol & Drugs Partnership	0	(205)	(325)
(88)	Drug Related Deaths Funding	0	0	(88)
(61)	Mental Health Strategy (Action 15)	176	(115)	0
(609)	National Recruitment Campaign For B2-4 (Cs)	722	(722)	(609)
(385)	Primary Care Improvement Fund	0	0	(385)
(7,880)	Other Earmarked Reserves	7,807	(8,166)	(8,239)
(9,143)	Total Earmarked Reserves	8,705	(9,208)	(9,646)
(471)	Invest to save funds	52	0	(419)
(639)	Transformation funds	547	(103)	(195)
(1,110)	Total Development Funds	599	(103)	(614)
(10,253)	**GRAND TOTAL**	**9,304**	**(9,311)**	**(10,260)**

3. Quarter 1 result

3.1. The table below shows the mainstream funding and expenditure for the IJB in the first quarter of 2026/27:

	Annual Budget £'000	Forecast Expenditure 2026/27 £'000	Forecast Variance £'000	2025/26 Expenditure £'000	Variance £'000
Community Nursing	5,818	5,487	330	5,189	298
Complex Care Adults	1,397	1,519	-123	1,763	-244
Clackmannanshire Community Healthcare Centre	3,419	3,535	-116	3,448	88
The Bellfield Centre	9,322	10,067	-745	8,364	1,703
Palliative Care in the Community	28	-2	30	32	-34
Older People/Physical Disabilities - Residential	27,022	30,058	-3,037	27,497	2,561
Older People/Physical Disabilities - Non Residential	25,675	32,553	-6,878	31,222	1,331
Learning Disabilities - Residential	6,811	6,655	156	6,352	303
Learning Disabilities - Non Residential	27,007	31,297	-4,291	29,683	1,614
Mental Health - Residential	2,265	3,778	-1,513	3,778	0
Mental Health - Non Residential	9,424	8,730	695	8,724	5
Assessment & Care Management	10,804	10,695	109	10,292	403
Reablement	13,797	13,107	689	12,229	878
Housing Aids & Adaptations	835	835	0	835	0
Health Promotion, Health Improvement & Corporate Services	2,831	2,661	170	2,378	283
Substance Misuse	4,339	3,775	564	3,583	193
Public Dental Service	1,418	1,302	117	1,343	-42
				0	0
Management Other	4,051	1,932	2,119	1,939	-6
Community Admin	1,843	1,577	265	1,417	161
Transformation Funds	2,658	2,658	0	2,023	635
Leadership Funds	0	0	0	0	0
Cs Community Living Change Fund	0	0	0	0	0
Resource Transfer & Pass Through Funds	-552	-1,064	512	-1,256	192
				0	0
Family Health Services	59,832	59,905	-73	60,432	-528
GP Out fo Hours Services	3,169	2,815	354	2,522	293
Primary Care Improvement Plan	33	33	0	5,409	-5,376
Prescribing	33,008	41,803	-8,795	39,624	2,179
Vaccinations (Women's & Children's Team)	0	6	-6	411	-405
Prison Health Care	4,530	4,801	-270	0	4,801
GP Walk in Centre	1,986	1,986	0	0	0
Total	**262,769**	**282,505**	**-19,736**	**269,232**	**11,287**

3.2. The 2026/27 Quarter 1 forecast outturn shows a £19.736m overspend before savings, up slightly from the £19.673m forecast in March 2026 when the budget was set.

3.3. As was the case in 2025/26 significant overspends are forecast across the same areas in 2026/27;

- Older people/physical disabilities – residential - £3.037m
- Older people/physical disabilities – non-residential - £6.878m
- Learning disabilities – non-residential - £4.291m
- Prescribing - £8.795m

The Real Living Wage funding increase in Clackmannanshire still requires to be allocated across cost centres and therefore the overspends in social care areas will change however the overall overspend position will remain unchanged.

Prescribing is forecast to overspend by £8.795 million. Expenditure in 2025/26 was £39.624 million and, with forecast inflation of 5.5%, costs are projected to rise to £41.803 million in 2026/27. Prescribing efficiencies have been identified, and work is ongoing to make the resources available to deliver these savings during the remainder of the year.

4. Budget update and recovery plan 2026/27

4.1. Financial Recovery and Savings

The Partnership is forecasting a £19.7m deficit for 2026/27, creating a significant and unsustainable financial challenge. Although savings areas have been identified, detailed activity-based plans are not yet sufficiently developed due to a longer lead time than anticipated to complete this work and show how savings will be delivered at the pace and scale required.

Available leadership and project capacity should now be focused on the highest-value and most deliverable savings options directly linked to financial recovery. Workstreams with limited financial impact should be paused, deprioritised or brought within recovery governance arrangements.

There are programmes of work related to the delivery of the Strategic Commissioning Plan, the clinical and statutory duties of the HSCP covering safe and effective care and support of people, which will continue whilst not supporting immediate savings – this contributes to ongoing capacity challenges.

A strengthened recovery framework is required, with clear ownership, senior oversight and regular reporting to the IJB and partners. This should provide visibility of the financial position, maturity of savings plans, delivery risk and actions required to move from broad intentions to deliverable plans.

It is recommended that the IJB notes the seriousness of the position and agrees that updated fully costed savings delivery plans should be developed at pace, including named leads, milestones, expected benefits, risks, dependencies and clear reporting and escalation arrangements.

4.2. An urgent recovery programme is required to turn the position around. The Partnership needs to move from broad savings intentions to a controlled delivery model, with partner oversight as financial exposure sits with all three partner bodies.

4.3. Savings achievable have been updated to reflect the reduced time in year within which to make savings.

IJB savings 2026/27	Presented Mar'26 £'000	Reforecast position £'000
Commissioned Services		
Review of care provision of older people	2,310	1,540
Review of care provision learning disability	3,364	2,243
Residential care older people	660	444
Respite care self funders	88	45
Review of day care provision		
Review of day care provision	640	480
Service Efficiency Review		
Provision short term care beds	2,645	1,369
Review of residential care learning disability	100	
Reduction in high cost care package		
Reduction in high cost care package	1,008	504
Savings 2026/27	**10,815**	**6,625**

4.4. The £4.19 million reduction in available savings increases the Recovery Plan requirement to £13.111 million for the IJB to break even in 2026/27.

Budget deficit 2026/27 before savings	**- 19,673**	**-19736**
Commissioned services	6,422	4,272
Review of day services	640	480
Service efficiency review	2,745	1,369
Reduction in high cost care package	1,008	504
Proposed budget savings 2026/27	**10,815**	**6,625**
Budget deficit 2026/27 after savings		- 13,111
Required recovery plan delivery		13,111
Budget position after recovery plan		-

4.5. The partnership has continued to progress work during the year covering:

- The model for bed-based respite care being introduced October 2026
- Achieved reduction in the high-cost care packages
- Additional staff recruited to support savings delivery in social care
- Learning disability redesign steering committee established
- Work around the development and roll out of Eligibility Criteria nearing completion

4.6. There are challenges identified across the following areas:

- Leadership capacity – transformational leads are also operational managers

- Financial capacity – recruitment process for additional capacity underway
- Service capacity – continuing service delivery demands continue e.g. Joint Healthcare Improvement Scotland (HIS)/Care Inspectorate review, HIS safe delivery of care action plan, Guardianship improvement plan.
- Project support capacity – unanticipated absence has had impact.

5. Actions Required to Strengthen Financial Recovery Arrangements

Given the scale of the financial challenge and the limited progress to date in developing detailed savings plans, the Partnership requires an immediate strengthening of its financial recovery arrangements. The priority over the next 8 months must be to move from high-level savings assumptions to a structured, deliverable and actively managed Recovery Plan, with clear leadership, partner involvement and IJB oversight.

The following actions are required.

5.1.1 Senior accountability and assurance

The IJB requires assurance that clear executive accountability is in place for delivery of the Recovery Plan. The executive has a clear means of providing this assurance through established senior accountability, monitoring and escalation arrangements, enabling delivery risks, decisions and partner support requirements to be identified and addressed appropriately. The IJB's role is to maintain oversight of the financial recovery position and receive assurance that appropriate executive arrangements are in place, rather than to manage operational delivery.

5.1.2 Activity-based savings plans

Activity-based savings plans provide the executive with a clear means of demonstrating delivery assurance to the IJB. They create a consistent basis for monitoring progress, assessing deliverability, understanding financial impact and escalating risks or decisions where required. This enables the IJB and partners to receive clear assurance on which savings are delivered, on track, at risk or unlikely to be delivered in-year, and on the residual gap requiring further action or partner consideration.

5.1.3 Financial Recovery Programme governance

The IJB requires assurance that an executive-led Financial Recovery Programme governance arrangement is in place to provide senior oversight of delivery, manage risks and ensure appropriate partner involvement. This should include clear arrangements for monitoring progress, identifying barriers, escalating decisions and reporting to the IJB through the agreed financial governance route. The purpose is to give the IJB visibility and assurance over delivery of the Recovery Plan, while operational responsibility remains with executive officers and senior managers.

5.1.4 Strengthen partner involvement in decision-making

Partners should be directly engaged in the Recovery Plan because the financial risk is shared and may affect partner planning and future contributions. This should include joint review of savings options, assessment of deliverability and impact, early sight of savings at risk, shared consideration of service, legal, workforce and financial risks, clear escalation arrangements and transparent reporting on any residual funding gap.

5.1.5 Undertake rapid prioritisation of savings options

The IJB should be provided with a review of all savings options, including the original £10.8m programme, in addition to further options which have been identified across; Technology Enabled Care, Eligibility Criteria, Commissioned Service provision and any additional operational or transformational proposals. Options should be assessed against financial value, deliverability in 2026/27, recurrent impact, timescale, service and workforce implications, legal or statutory constraints, consultation requirements, partner dependencies and overall risk. This will allow the Partnership to focus limited capacity on a smaller number of high-impact, deliverable actions.

5.1.6 Introduce weekly delivery grip and monthly formal reporting

The IJB should receive reports on the weekly meetings taking place to support the delivery of the Recovery Plan focused on progress, barriers, risks and corrective action, supported by formal monthly reporting to the IJB and partners. Reporting should cover savings delivered and forecast, movement against the deficit, schemes on track or at risk, corrective action, decisions required, the residual gap and whether further partner financial support is likely to be required. This will ensure the position is actively managed rather than simply reported.

5.1.7 Be transparent about the residual funding requirement

The Recovery Plan should be clear that, given the reduced time available and the limited progress made to date, it is unlikely that the full financial gap can now be closed through operational savings alone in 2026/27. The Plan should therefore quantify the extent of the residual gap after realistic savings have been identified and should set out the likely requirement for partner financial consideration.

This should be presented as a consequence of the current financial position and the practical limits of in-year delivery, rather than as a replacement for the Partnership’s duty to take action. The Partnership must still demonstrate that all reasonable savings options have been assessed and progressed at pace.

Suggested 8-Month Turnaround Plan

Month 1: Stabilise and reset

- Establish Recovery Plan governance arrangements, confirm senior leads and reset project capacity.

- Reassess the £10.8m savings programme and agree which options proceed.

Month 2: Build deliverable plans

- Produce delivery plans with values, timescales, risks and dependencies.
- Identify status of savings, identify quick wins and quantify the residual gap.

Months 3–5: Implement and escalate

- Move approved savings schemes into delivery and report progress monthly.
- Escalate stalled or undeliverable savings schemes and begin partner discussions on residual exposure.

Months 6–8: Consolidate and decide

- Confirm year-end forecast, residual funding requirement and any partner contributions.
- Identify recurrent savings and capture lessons for 2027/28 recovery arrangements.

The immediate priority is to create sufficient grip, pace and transparency around financial recovery. This requires a strengthened leadership structure, detailed activity-based savings plans, more direct partner involvement and regular reporting to the IJB. Given the scale of the deficit and the reduced time now available, it is unlikely that the Partnership will be able to close the full financial gap through savings alone in 2026/27. The Recovery Plan should therefore identify the savings that can realistically be delivered, the actions required to maximise delivery, and any further actions to close the gap, including use of reserve balances and potential application of risk sharing arrangements with partners.

6. Recovery Plan Requirement

The approved 2026/27 budget included £10.8m of planned savings and recognised that a further £8.9m Recovery Plan would be required to support financial balance. However, detailed delivery plans have not yet been sufficiently developed for the further recovery actions required as the lead time to develop plans is longer than anticipated (as discussed in section 4), and therefore the time now available to deliver savings in-year has reduced significantly.

The Integration Scheme requires the Partnership to develop and implement a Recovery Plan where an overspend is forecast. Partners have sought assurance that all reasonable savings options have been identified, assessed and progressed before any further financial contribution is considered.

Based on current progress, savings achievable in 2026/27 are now expected to be significantly lower than originally assumed, potentially around £6.625m. This would increase the Recovery Plan requirement to approximately 13.111m and means that operational savings alone are unlikely to close the full financial

gap this year. There is the possibility of using approximately £6.187m of reserves, after all savings options have been exhausted, to reduce the required Recovery Plan to £6.924m.

The Recovery Plan should be based on a realistic assessment of deliverability, clearly distinguishing between confirmed savings, savings under development, savings at risk and any residual gap requiring partner consideration. This will give the IJB and partners a transparent view of the financial risk and support decisions based on deliverability rather than aspiration.

It is therefore recommended that the IJB notes the reduced scope for in-year delivery and the likelihood that the Recovery Plan will require both accelerated action by the Partnership and potential use of reserve balances and further consideration of additional partner financial contributions to support financial balance in 2026/27.

7. Financial Risk

7.1. The 2026/27 financial position is a material and escalating risk to the IJB and partners. The IJB requires £19.7m of savings to reach financial balance, but limited progress and reduced time for in-year delivery mean the Recovery Plan is likely to leave a residual gap of around £13.1m. Operational savings alone are unlikely to close this gap, and use of reserves and/or further partner financial consideration may be required unless urgent action is taken to strengthen leadership, delivery grip, partner oversight and transparent reporting.

7.2. **Budget assumptions** are based on estimations which may not reflect future actual events and therefore carry a degree of risk.

7.3. **Delivery of savings** – the risk of failing to deliver savings is noted and requires to be managed through improved governance arrangements. The governance arrangements should be overseen by the Finance, Audit and Performance Committee and reported to the IJB.

7.4. **Draft outturn 2025/26** - figures presented are draft pre audit, there is a risk the 2025/26 may be adjusted if a material error is found.

7.5. **Commissioned service providers** may experience financial pressure during the year.

7.6. **IJB reserves** can be used to manage in year budget fluctuations however they are insufficient to cover the current budget gap.

7.7. **Transitions workstream** there is a risk that some young adults transferring to adult care services have packages of care exceeding the additional budget estimated for these care requirements.

7.8. **Prescribing costs** have grown in recent years with growth forecast to continue. There is a risk, owing to greater inflation and market volatility, that costs may grow beyond the afforded budget however it is felt that recognising

inflationary pressures of 5.5% should ensure forecast overspend is reasonably calculated.

7.9. **Budget recovery plan** - the recovery plan is required to support delivery of financial balance by the end of 2026/27 and will be updated following further assessment of in year savings being delivered. Delivery risk remains significant given the scale of the requirement, the need to maintain statutory services and the likelihood of further in-year pressures emerging.

7.10. **The Chief Finance Officer** will continue to work with partner organisation Chief Officers - Finance/ Director of Finance to develop the recovery plan, monitor delivery of approved savings, assess the use of IJB reserves and identify any residual requirement for partner support through agreed risk-share arrangements. Reporting to the IJB will be essential during the year. It is noted that governance arrangements required to be strengthened as set out in section 5.1.

Appendices

None.

Fit with Strategic Priorities:	
Prevention and Early Intervention	☒
Independent Living through Choice and Control	☐
Achieve Care Closer to Home	☐
Supporting People and Empowering Communities	☒
Reducing Loneliness and Isolation	☐
Enabling Activities	
Medium Term Financial Plan	☒
Workforce Plan	☐
Commissioning Consortium	☐
Transforming Care	☐
Data and Performance	☐
Communication and Engagement	☐
Implications	
Finance:	Financial implications are noted throughout the report for the 2026/27 financial year, the required Budget Savings and Recovery Plan required to support delivery of financial balance. Clackmannanshire Council, Stirling Council and NHS Forth Valley should note the scale of the challenge, the importance of delivering approved savings and the potential requirement for further mitigation as it is unlikely the recovery plan will close the residual budget gap.

Other Resources:	The impact requires to be assessed if the recommendation to strengthen financial recovery arrangements is accepted.
Legal:	The recommendations note that the IJB is required to develop a recovery plan to close the budget gap remaining after approved savings have been developed and delivered, currently estimated at up to £13.111 million. If the 2026/27 savings and Recovery Plan are not delivered in-year, the IJB's financial position will worsen and may increase the risk of pressure on statutory service delivery. Further cost reduction measures could affect care quality, daily treatments and demand on acute hospitals. If all other savings options have been exhausted, the IJB may also need to seek additional partner contributions through risk-sharing arrangements compliant with the Clackmannanshire and Stirling Integration Scheme.
Risk & mitigation:	Risks and mitigations are set out in the report. Further work is ongoing to strengthen mitigation planning, and updates will be brought to future IJB meetings. Work is ongoing surrounding mitigation risk and will be progressed and brought back to subsequent IJB meetings.
Equality and Human Rights:	The content of this report does not require an EQIA.
Data Protection:	The content of this report does not require a DPIA.
Fairer Duty Scotland	Fairer Scotland Duty places a legal responsibility on public bodies in Scotland to actively consider ('pay due regard' to) how they can reduce inequalities of outcome caused by socio-economic disadvantage, when making strategic decisions. The Guidance for public bodies can be found at: Fairer Scotland Duty: guidance for public bodies - gov.scot (www.gov.scot) **Please select the appropriate statement below:** This paper **does not** require a Fairer Duty assessment.