

Finances of the Integrated Joint Boards

Health, Social Care and Sport Committee,
Scottish Parliament

September 3rd 2024

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August 2024

Introduction

Integrated Joint Boards (IJBs) in Scotland were established by the Public Bodies (Joint Working) (Scotland) Act 2014, which mandated the integration of health and social care services to improve the efficiency and effectiveness of service delivery.

IJBs were tasked with:

- a. improving health and well outcomes by providing more person-centred care;
- b. shifting the balance of care from hospital-based services to community-based settings;
- c. enhancing service efficiency through, for example, reducing service duplication;
- d. promoting collaborative working between health and social care providers;
- e. enhancing fiscal sustainability by integrating budgets and making better use of resources;
- f. enhanced accountability for service delivery to local populations.

Performance of IJBs is measured using the National Health and Well-Being Outcomes.

These include:

- a. people being able to look after their health and well-being later into their lives;
- b. people being able to live independently at home or in a homely setting;
- c. reduced health inequalities;
- d. people having a positive experience of their interaction with health and social care services;
- e. greater support for unpaid carers.

Each IJB is required to produce an annual performance report that details progress against these National Health and Well-Being Outcomes. It is also responsible for creating strategic plans for health and social care delivery within the local area, which must align with the national health and social care outcomes.

Financial performance is another key indicator of the ability of IJBs to achieve their goals.

Assessment of Performance

Audit Scotland has outlined the many challenges faced by IJBs in achieving these outcomes. These include:

- a. increased health inequalities;
- b. increased demand for services;
- c. growing level of unmet and more complex needs.

Specific challenges faced by IJBs include:

- a. cost pressures on health and social care provision are increasing, driven by price and wage inflation and Covid -19 legacy costs;
- b. pressure on the workforce driven partly by a decline in the number of people of working age and an increase in those aged over 75
- c. cost-of-living pressures on unpaid carers
- d. unresolved challenges in bringing together cultural differences between local authorities and NHS boards
- e. uncertainty associated with the establishment of the National Care Service

Addressing the long-run demographic challenges caused by population ageing remain, for most IJBs, a more distant objective. The Institute for Fiscal Studies¹ noted that:

“Demographic and cost pressures mean that health spending would need to increase in Scotland over time to provide the same level of service. The Scottish Fiscal Commission projects that Scottish health spending will need to grow by around 3% in real terms per year in the late 2020s and 2030s, compared with around 2% for all Scottish Government spending.”

It also argued that much of the additional spending will be directed towards increased staffing. The Scottish Government assumes only a 1% increase in staffing over the five years from 2022, while the English workforce plan assumes a 20-21% growth over the same period. For Scotland to keep pace with increased provision in England would imply an unprecedented increase in productivity over this period.

¹ Institute for Fiscal Studies (2024) [Scottish Budget: Healthcare Spending, Staffing and Activity: Scottish Budget 2024-25](#)

Rather than focusing on long-term planning, current activity is mainly aimed at managing the immediate challenges. In its recent report on IJBs, Audit Scotland² noted that:

- a. there was no significant evidence of the shifting balance of care from hospitals to community settings;
- b. increased workforces pressure including problems of recruitment and retention;
- c. a weakening financial outlook including a tripling of the projected funding gap for 2023/24;
- d. commissioning services are largely driven by budgets rather than by outcomes for people;
- e. poor data quality makes it difficult to assess the performance of the IJBs against their targets.

Capacity and Data

There is substantial variation in the capacity of IJBs to plan, implement and assess their own performance. For example, the 2023/24 IJB report for Angus consists of only 3 pages of commentary and 9 pages detailing progress, or otherwise, against the National Health and Well-Being Outcomes, while the Glasgow report is 106 pages long and describes a range of initiatives that around its strategic plan. Extensive data provision aids understanding of recent developments: Glasgow conducts its own well-being surveys and partners with the Glasgow Centre for Population Health in producing background information to identify important trends in health and social care.

Comparisons of the performance of IJBs against the objectives for improved efficiency and effectiveness of service delivery set out in the 2014 Act is hindered by the lack of timely and accurate data. This is partly the result of differences in capacity as already argued, but also due to reliance on imperfect measures such as the Health and Care Experience Survey. These are areas where one might expect improvements to take place at relatively low-cost due to the availability of artificial intelligence tools.

Financial data is available some time after the end of the financial year, but tends not to attract comment. Thus, for example, the variation in the share of IJB funding coming from

² Audit Scotland (2024) [Integration Joint Boards Finance and Performance 2024](#)

Financial Context

The IJB 2026/26 budgets will be set in the context of the Scottish Government facing its most extreme financial crisis since devolution in 1999.

The Scottish Fiscal Commission's latest fiscal update³ argues that the Scottish Government began significant public-sector pay negotiations before it knew how much additional funding was coming from Westminster to support such pay awards. Further, offers already made to local authority workers and nurses exceed those set out by the Scottish Government's pay policy. Higher public sector pay in Scotland may result in budget shortfalls within this financial year (2024/25). These higher settlements will also have to be accommodated in the 2025/26 budget. Specifically, it argues:

“If a budget is set based on pay assumptions which are lower than those that materialise, this creates challenges with in-year management of budget, requiring the government to reduce its planned spending on services.” (Scottish Fiscal Commission 2024)

This suggests that the Scottish Government will have to make further in-year budget cuts for 2024/25 at a time when in aggregate IJBs are running a significant budget shortfall. There is no contingency fund which might be used to make good on overspends⁴. In-year cuts will clearly impede progress on the National Health and Wellbeing Outcomes.

One might argue that it is only in a time of crisis that bold changes can be implemented. Audit Scotland⁵ has argued that IJBs require stable leadership, clearer direction, and more robust financial management to fulfil their potential. There is also a need for better collaboration between IJBs, NHS boards, and local authorities to overcome the challenges they face. Such difficulties were evident from the commentary associated

³ Scottish Fiscal Commission (2024) [Fiscal Update](#)

⁴ Fraser of Allander Institute (2024) [Fiscal Audits and Spending Controls - unpacking the recent announcements | FAI \(fraserofallander.org\)](#)

⁵ Audit Scotland (2024) [Integration Joint Boards Finance and Performance 2024](#)

with the roundtable held by Audit Scotland. Issues such as lack of good data on primary care, lack of clarity in defining good outcomes for social care and difficulties in sharing data were raised as barriers to progress. It is difficult to know whether these views are representative, but they do point to areas where potentially significant service improvements may be possible at relatively low cost.

The immediate nature of the funding crisis is evident from within-year decisions being made by some of the IJBs. For example, a recent financial upgrade for the Edinburgh Integration Joint Board suggested that if financial monitoring actions proved unsuccessful in reducing a projected overspend of £20.5 million, further actions would be required leading to: *“further reductions in service delivery and an associated deterioration in performance.”*⁶

The IJBs face a difficult financial climate in 2024/25, even before consideration can be given to their 2025/26 budgets.

Conclusion

Given the weak performance of the Scottish and UK economies in recent years, and the projections for mediocre growth in the short to medium-term, it is unlikely that sufficient tax revenue will be generated to alleviate the funding crises that confronts the public-sector in Scotland. This will be particularly acute in health and social care where demand is growing more rapidly than in other parts of the public sector. For IJBs, this will present the most challenging financial environment they have yet faced. How they react to this challenge will have lasting effects on the quantity and quality of health and social care provision. Preconditions for navigating through these difficulties should include:

- Strong leadership - it is essential that organisations are well led in times of crisis
- Collaboration - the NHS, local government, unpaid carers and the private-sector providers each make significant contributions to health and social care provision.

⁶ Edinburgh Integration Joint Board (August 2024) Financial Update

It is essential that they work together in the interests of the health and social care clients.

- The workforce and unpaid carers are key to the delivery of changes to the balance of care. Actions to support them should be prioritised.

Short-term decisions to save money that may be taken to balance the books in 2024/25 and 2025/26 may not be in the long-term interest of the provision of services that meet the needs of the population. It is usually the case that, when confronted with short-term requirements to reduce spending, front-end services are protected at the expense of longer run, preventative spend even though the latter may provide better value for money.

When feasible, it is therefore important that a longer-term vision for IJBs be developed that is consistent with realistic assessments of increasing service demand and resource availability, which in turn will reflect funding both from public and private sources. Any such vision should include the role that may be played by the National Care Service, recognising that its introduction will be associated with additional costs and risks as well as potential benefits. Central to the vision should be a plan to reduce health inequalities. The first step towards this longer run vision is that the importance of IJBs to the well-being of the Scottish population should be accepted and commensurately resourced in the 2024 Scottish Government Medium-Term Financial Strategy.