

REPORT

Third Sector Commissioning 25/26 Engagement Update

Edinburgh Integration Joint Board

17 December 2024

Executive Summary	<p>Realisation of the circa £51M of savings required to be achieved in 25/26 will require effective collaboration between the Edinburgh Integration Joint Board (IJB) and Third Sector Organisations (TSO) to deliver services in a reducing financial envelope.</p> <p>This paper outlines the agreement that has been reached between TSO representatives and senior leaders within EHSCP to recommend to the IJB that the grants programme, due to end on 31 March 2025 should be extended for three months into 25/26 which will help provide time for the organisations affected to adapt.</p> <p>Work is currently underway to undertake a series of collaborative workshops which will inform some of the savings proposals and invest-to-save opportunities that will be submitted for consideration by the EIJB in March 2025.</p>
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Recommendations	<p>It is recommended that the Edinburgh Integration Joint Board:</p> <ol style="list-style-type: none"> 1. Acknowledges the positive engagement that has and continues to take place between officers and the third sector organisation representatives 2. Direct City of Edinburgh Council to extend the existing EIJB grants by 3 months (to end 30/06/25) (Appendix 1).
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Directions

Direction to City of Edinburgh Council, NHS Lothian or both organisations	No direction required	
	Issue a direction to City of Edinburgh Council	✓
	Issue a direction to NHS Lothian	
	Issue a direction to City of Edinburgh Council and NHS Lothian	

Main Report

Background

1. The Edinburgh Integration Joint Board (EIJB) is responsible for commissioning a range of health and social care services across the City of Edinburgh.
2. Third Sector Organisations (TSO) are a fundamental part of how many of these services are designed and delivered.
3. Around £150M of the EIJB's annual spend of £900M is spent with TSOs through a combination of spot contracts for activity related to a named service user, block contracts for activity related to a defined number of service users or a type of service and grant awards for specific projects.
4. The EIJB's total spend in the third sector is equivalent to around 17% of its annual expenditure although the proportion is higher when money ring-fenced by the Scottish Government for specific purposes, such as to fulfil the national Primary Care Contract, is excluded and only funding over which the EIJB has discretion is considered.
5. Despite achieving substantial savings in the region of £57M over the last two financial years, further savings in the region of £51M are required for the EIJB to function within budget for the financial year 25/26.
6. As part of the required in-year recovery plan shared with the EIJB for 24/25, the EIJB was asked to consider bringing forward the end date for the EIJB grants programme by two months by issuing 90 days notice. This would have realised an in-year saving of £750k and no longer offering a grants programme in 25/26 to realise a saving of £4.5M.
7. The proposal for an in-year cancellation of the grants programme was not approved by the EIJB in November whilst the decision on whether to offer a grants programme in 25/26 was deferred for further consideration in December's meeting. EIJB members' commitment to supporting the third sector is evident with officers and EIJB members alike recognising the vital role of TSOs as part of a wider health and social care system delivering care and support for people in local communities.



8. The EIJB passed a motion acknowledging that the EIJB was underfunded and asked NHS Lothian and City of Edinburgh Council to work together to find a more sustainable funding settlement for the future.
9. The motion also called on officers to engage with TSOs to find a collaborative way forwards on how to achieve cost-savings for the EIJB.
10. In answer to this, members of EHSCP's executive team have held two in-person meetings with senior leaders from TSOs representing the sector including the chairs of the third sector community forum groups, the convenor of EVOC and the third sector interface representative on the EIJB. These meetings built on previous engagements and discussions with the sector.
11. In the first of these meetings, further details were shared regarding the EIJB's financial situation and information as provided on the nature of other savings proposals that would be put before the EIJB for 25/26. These savings would be primarily delivered from EHSCP services.
12. TSO representatives were encouraged to bring forward any ideas or suggestions for further cost-savings.
13. Information was also shared regarding the type of services EIJB is likely to want to procure from TSOs over the next three financial years as part of an 'invest to save' move towards cost-effective prevention.
14. Work is currently underway to plan a series of collaborative workshops where officers and TSOs will work together to develop detailed proposals which will be included in the budget proposals that will be submitted to the EIJB in March.
15. On 5 December 2024, TSO representatives of those in receipt of grant funding wrote to the EIJB Chairperson and Chief Officer to acknowledge that the EIJB grants programme was not sustainable in the current financial climate whilst proposing an extension of the existing grants programme to allow current providers to make the necessary arrangements for their businesses. It also outlined a commitment to, and support for, co-designing collaborative approaches and principles that would support development and delivery of the EIJB's Strategic Plan.
16. The proposal submitted by the TSO representatives was discussed in detail at an in-person meeting with EHSCP senior officers on 06 December 2024.



17. The meeting was very positive and evidenced the commitment of both third sector organisations and officers to addressing the financial challenges facing the EIJB while ensuring that people in communities are supported by statutory services and TSOs. An agreement was reached in the meeting between EHSCP and TSO representatives that the EIJB should be asked to extend the existing grants programme by a total of three months (from 1 April 2025 to 30 June 2025).
18. Considering concerns raised by EIJB members and TSOs on 1 November 2024 regarding the cessation of the grants programme, it was intended by officers to consider any revised proposal alongside other savings proposals in March 2025. Feedback from TSO representatives was that it would be preferable for EIJB members to consider the 3 month extension in December so that they had greater certainty and more time to make the necessary preparations. Officers committed to supporting discussions with the Council and NHS Lothian in how the whole system supports Third Sector Organisations rather than working in silos and submit a paper for the December EIJB meeting requesting a 3 month extension.
19. It was also agreed that rather than agreeing Public Social Partnerships as the mechanism for how the EHSCP and TSOs collaborate, time is taken to fully consider the best model/s for further collaboration.
20. Next steps agreed by TSOs and EHSCP Officers were as follows:
 - a. To submit a paper to the EIJB requesting a 3 month extension to the grants programme with the programme concluding on 30 June 2025.
 - b. To hold a series of collaborative workshops between TSOs and officers that will further help inform the EIJB Strategic Plan and further savings within the system required to reduce the 2025/26 deficit.
 - c. To work with Council and NHS Officers in support of funding and support for TSOs
 - d. To continue work with TSOs that ensure there is an effective model for designing collaborative approaches and principles that result in positive outcomes for people.

Strategic Priorities

Strategic Priorities	X	Key points within report that address strategic priorities
Prevention and Early Intervention	X	
Tackling Inequalities	X	
Person Centred Care	X	
Managing our resources effectively	X	



Making best use of capacity across the system	X	
Right care, right place, right time	X	

National Performance Indicators

Please note which national performance indicator your report aligns to			X
1. People are able to look after and improve their own health and wellbeing and live in good health for longer.	X	6. People who provide unpaid care are supported to look after their own health and wellbeing, including to reduce any negative impact of their caring role on their own health and well-being.	X
2. People, including those with disabilities or long-term conditions, or who are frail, are able to live, as far as reasonably practicable, independently and at home or in a homely setting in their community.	X	7. People who use health and social care services are safe from harm.	X
3. People who use health and social care services have positive experiences of those services, and have their dignity respected.	X	8. People who work in health and social care services feel engaged with the work they do and are supported to continuously improve the information, support, care, and treatment they provide.	X
4. Health and social care services are centred on helping to maintain or improve the quality of life of people who use those services.	X	9. Resources are used effectively and efficiently in the provision of health and social care services.	X
5. Health and social care services contribute to reducing health inequalities.	X	Not applicable	

Implications for Edinburgh Integration Joint Board

Financial

21. Approval of this proposal would mean an additional commitment of £1.1m for the EIJB in 2025/26. This funding will need to be sought from elsewhere in the EIJB budget.

Risk, legal, policy, compliance, governance, and community impact

22. The current EIJB grants expire on 31/03/25. A decision is required by the EIJB for any grants to be provided beyond this date.



23. As detailed in the IIA prepared for the original proposal to discontinue providing the EIJB grants programme, it is acknowledged that reducing funding to some of these TSOs may risk the sustainability of their host organisation. It is understood that the City of Edinburgh Council are exploring options for supporting the city's anchor organisations to help reduce these risks.

Equality and Poverty Impact

24. As detailed in the IIA prepared for the original proposal to discontinue providing the EIJB grants programme, it is acknowledged that any reduction in funding to front line services is likely to disproportionately affect people in already disadvantaged groups.
25. This risk exists for all service reductions and not just those provided by TSOs and funded by the grants programme.
26. In the context of the EIJB having to make £51M of savings in the next financial year, the discontinuation of the grants programme is considered to have a lower level of impact on the most vulnerable in society than having to make the equivalent level of savings from other front-line services in addition to the already substantial level of savings that will need to be applied in those areas anyway.

Environment, climate, and sustainability impacts

27. There are no specific implications arising from this report.

Quality of care

28. As outlined in the Integrated Impact Assessment, the proposal to disinvest from the type of services provided by grant-funded organisations may adversely affect individuals access those services, particularly those with low to moderate levels of need who would not meet the criteria for commissioned services. Conversely, there is likely to be a beneficial impact on the quality of care and access to services for people with critical and substantial levels of need as approval of this proposal would prevent the need for the EIJB to find an additional £3.4M of savings within these services.

Consultation

29. Whilst no formal consultation is required, this paper has been developed following engagement and agreement with TSO representatives.

Report Author

Andy Hall

Service Director – Strategic Planning – Edinburgh Health and Social Care Partnership

Contact for further information:

Name: Andy Hall

Email: Andrew.Hall@edinburgh.gov.uk

Telephone: 07922591593

Background reading / external references

[Edinburgh Integration Joint Board Grants Programme and Public Social Partnership](#)

Appendices

Appendix 1 Direction for City of Edinburgh Council

DIRECTION FROM THE EDINBURGH INTEGRATION JOINT BOARD (EIJB)

Partner agencies are required to carry out this direction in accordance with statutory and regulatory obligations, ensuring adherence to relevant guidance, policies and procedures, in pursuit of the EIJB’s strategic objectives.

Reference number	EIJB-17/12/2024-3		
Does this direction supersede or vary an existing direction? If yes, please provide reference number of existing direction	No		
Approval date	17/12/24 (tbc)		
Services / functions covered	All services funded through the EIJB Grants Programme		
Full text of direction	Extend the current EIJB Grants Programme for a fixed-term period of 13 weeks from 01/04/25 to 30/06/25 with no provision of an EIJB Grants Programme beyond this date.		
Direction to	The City of Edinburgh Council		
Link to relevant EIJB report / reports	Provide hyperlink once published		
Budget / finances allocated to carry out the direction.		<i>NHS Lothian</i>	<i>City of Edinburgh Council</i>
	2025/26	£0	£1.125M
	Recurring funding	£0	£0

Performance measures	Performance measures and outcomes are in place for individual projects, with an evaluation report for the overall programme provided to the Performance and Delivery Committee annually.		
Date direction will be reviewed	April 2025 as part of the next Annual review of directions		

