

Meeting of South Ayrshire Health and Social Care Partnership	Integration Joint Board	
Held on:	27th March 2024	
Agenda Item:	3	
Title:	IJB Budget 2024-25	
Summary:		
To provide detail on the delegated funding to the IJB and service budget pressures and efficiencies for approval to set a balanced budget for 2024-25.		
Author:	Lisa Duncan, Chief Finance Officer	
Recommendations:		
It is recommended that the Integration Joint Board		
<ul style="list-style-type: none"> i. Note the 2024-25 Scottish Government Budget allocations letters attached in Appendix 1 and 2. ii. Note the Total Integrated Budget for 2024-25 for South Ayrshire Health and Social Care Partnership in Appendix 3; iii. Note the projected underspend for 2023-24. iv. Approve the budget virements in Section 4.7.8. v. Agree the proposed pressures in Section 4.9, included in Appendix 4. vi. Approve the proposed uplift to providers contract rates in Section 4.9.8. vii. Approve the proposed savings included in Section 4.11 and Appendix 5. viii. Approve the proposed use of reserves in Section 4.12 ix. Approve the proposed investment from the Improvement and Innovation Fund in Section 4.13 x. Note the update budget gap in the MTFF assumptions in Section 4.14 xi. Note progress to date on review of Scheme of Integration in Section 4.15 xii. Note Financial Risks in Section 4.16 		
Route to meeting:		
Finance DMT – 29th Feb 2024, BWG – 5th March 2024		
Directions:	Implications:	
No Directions Required <input type="checkbox"/>	Financial	<input type="checkbox"/>
1. Directions to NHS Ayrshire & Arran <input type="checkbox"/>	HR	<input type="checkbox"/>
	Legal	<input type="checkbox"/>
	Equalities	<input type="checkbox"/>

2. Directions to South Ayrshire Council	<input type="checkbox"/>	Sustainability	<input type="checkbox"/>
		Policy	<input type="checkbox"/>
3. Directions to both SAC & NHS	<input type="checkbox"/>	ICT	<input type="checkbox"/>

IJB BUDGET 2024-25

1. PURPOSE OF REPORT

- 1.1 The purpose of this report is to provide detail on the delegated funding to the IJB, service pressure and savings proposals for approval to set a balanced budget for 2024-25.

2. RECOMMENDATION

2.1 It is recommended that the Integration Joint Board: -

- i. Note the 2024-25 Scottish Government Budget allocations letters attached in Appendix 1 and 2.
- ii. Note the Total Integrated Budget for 2024-25 for South Ayrshire Health and Social Care Partnership in Appendix 3;
- iii. Note the projected underspend for 2023-24.
- iv. Approve the budget virements in Section 4.7.8.
- v. Agree the proposed pressures in Section 4.9, included in Appendix 4.
- vi. Approve the proposed uplift to providers contract rates in Section 4.9.8.
- vii. Approve the proposed savings included in Section 4.11 and Appendix 5.
- viii. Approve the proposed use of reserves in Section 4.12
- ix. Approve the proposed investment from the Improvement and Innovation Fund in Section 4.13
- x. Note the update budget gap in the MTFE assumptions in Section 4.14
- xi. Note progress to date on review of Scheme of Integration in Section 4.15
- xii. Note Financial Risks in Section 4.16

3. BACKGROUND INFORMATION

- 3.1 The Health Board and Local Authority will delegate function and make payments to the Integrated Joint Board (IJB) in respect of those functions as set out in the Integration Scheme. In addition, the Health Board will also “set aside” an amount in respect of acute services.

- 3.2 The IJB is a legal entity in its own right and is expected to operate under public sector best practice arrangements. The budget delegated by the Parties is used by the IJB to direct the two partner organisations to deliver health and social care services on behalf of the IJB. Whilst the principles of funding made available by the Parties is set out in the Integration Scheme, utilisation of the funding delegated by the Parties to the IJB is a matter of the IJB itself to determine in line with its Strategic Priorities as set out in the Strategic Plan.

- 3.3 The Strategic Plan sets out the ambition for the HSCP that brings together the contribution of all of our services and partners who together can make a difference to the physical and mental wellbeing of the people of South Ayrshire. It has a focus on prevention, place and wellbeing and looks to reflect progressive thinking around public service commissioning and service planning. The

strategic priorities have been developed based on the engagement and conversations we have had with our partners and the community. The priorities are:

- We focus on prevention and tackling inequality.
- We nurture and are part of communities that care for each other.
- We work together to give you the right care in the right place.
- We build communities where people are safe.
- We are an ambitious and effective Partnership.
- We are transparent and listen to you.
- We make a positive impact beyond the services we deliver.

3.4 The budget proposals include pressures identified through service review, demand and capacity analysis to continue to meet the strategic priorities of the partnership. As well as pressure to meet specific policy requirements as defined by the Scottish Government. The savings proposals reflect the current level of service demand, service review and transformation.

3.5 The budget proposals have been developed through collaboration with the IJB Budget Working Group, Finance Directorate Management Team (DMT) meetings, Senior Management Team (SMT) and Ayrshire Finance Leads. There has been full oversight of the proposals in this paper by the IJB Budget Working Group.

4. REPORT

4.1 The report details the allocations from South Ayrshire Council and NHS Ayrshire and Arran for the following year. The report details the financial pressures facing the Health and Social Care Partnership (HSCP). The budget for South Ayrshire Council was set on the 29th of February 2024 and the delegated funding approved. NHS Ayrshire and Arran will set their budget on the 29th of March 2024. Any changes that affect the Partnership budget as a result of the NHS budget setting or charges to the final approved Scottish Government allocation will need to be reviewed and where necessary, the IJB Budget will be revised.²

4.2 National Position – Scottish Government

4.2.1 The Scottish Government published their programme for [Government - Equality, Opportunity, Community](#) in September 2023. This set three missions for the government to deliver:

- Equality – Tackling poverty and protecting people from harm.
- Opportunity – Building a fair, green and growing economy.
- Community – Delivering efficient and effective public services.

4.2.2 The programme recognised the challenges in recruitment and retention in the social care sector, with greater investment in the social care sector as a priority particularly in the hourly pay rate with a commitment to increase hourly pay to a minimum of £12 for adult social care workers and workers in early learning and childcare within the private, third and independent sector.

- 4.2.3 The programme also commitment to deliver on the Whole Family Wellbeing investment to support Children’s Services Planning Partnerships and local authorities in the provision of preventative, holistic family support.
- 4.2.4 The programme referred to the [NHS Recovery Plan](#) and the £1bn investment made in a range of reforms across primary and acute services to help speed the recovery from the pandemic and reduce unnecessary demand for services and develop new pathways of care that are better for patients recognising the health challenges in future years.
- 4.2.5 Other commitments made in relation to health and social care included further expansion of multi-disciplinary teams within GP services, establish Expert Medical Generalist GP role, improve cancer outcomes by April 2024, deliver on the National Care Service legislation, reopen the Independent Living Fund with an initial £9m in 2024-25 and publish the new [Mental Health and Wellbeing Strategy](#).

4.3 Financial Settlement 2024-25

- 4.3.1 The Scottish Government Budget for 2024-25 published on the 19th of December, was a one-year proposal. With a plan to revisit the multi-year financial outlook in the next Medium-Term Financial Strategy, due for publication in May 2024. The Budget for 2024-25 focussed on the three missions noted in the programme from Government – Equality, Opportunity, and Community.
- 4.3.2 Following publication of the budget on the 19th of December, the Deputy First Minister wrote to local authorities detailing the proposed local government financial settlement for 2024-25, letter is included in Appendix One. The Director of Health and Social Care Finance, Digital and Governance wrote to NHS and Integration Authorities proving detail of the proposed funding settlement for Health Boards, letter included in Appendix Two.
- 4.3.3 The level of funding delegated to Integrated Joint Boards for Health and Social Care Integration in 2024-25 is as follows: -
- Transfer of net additional funding of £241.5m to local government to support social care and integration, this recognises the commitments made on:
 - i. Adult Social Care Pay in commissioned services - £230m to deliver a £12 per hour minimum pay settlement.
 - ii. Inflationary Uplift on Free Personal Nursing Care rates - £11.5m
 - NHS Boards will receive a total increase of 4.3% in 2024-25 to cover costs related to 2023-24 pay deals, and baselining of £100m sustainability and NRAC funding provided in 2023-24. Pay for 2024-25 is subject to agreement and additional funding will be allocated to support final pay award.
 - There is no additional funding being passed to the IJB from NHS Ayrshire and Arran. NHS Boards have been tasked with achieving 3% recurring

savings and a clear programme of work and actions is to be included in their financial plan.

- 4.3.4 The funding allocated to Integration Authorities for Free Personal Care and adult social care in third and private sectors should be additional and not substitutonal to each Council's 2023-24 recurring budgets for adult social care services that are delegated.
- 4.3.5 South Ayrshire Council is one of the local authorities in the Strathclyde Pension Fund has had a substantial reduction in the employer's contribution rate for the next two years, but with rates due to rise substantially in 2026/27, this saving is temporary. The reduction in pension contributions across all services for 2024-25 is £14.306m.
- 4.3.6 The Council agreed their budget on the 29th of February and approved £10.253m of the £14.306m pension cost reductions as a temporary base budget reduction in 2024-25 with the remaining £4.053m used as a contribution to support the new Transformation programme.

4.4 Funding Allocation from South Ayrshire Council

- 4.4.1 The Council presented their budget on the 29th of February 2024 and based on the financial settlement for 2024-25 less Strathclyde pension fund reduction in costs confirmed contribution to the to the partnership as £100.454m below, passing through the Scottish Government allocations included in the settlement distribution. Also included in the settlement was recurring funding for the fostering and kinship funding to ensure payments were made at recommended Scottish allowance.

Description	All Scotland £m	SAC £m
2024-25 Baseline Budget		96.085
Social Justice Specific Grant		1.731
Add SG Funding Allocation:-		
Adult Social Care Pay Uplift	230	5.642
Free Personal & Nursing Care	12	0.488
Kinship/Foster Care Recommended Allowance	16	0.314
Other GAE Settlement Changes		0.221
Total Funding Allocation		6.665
Less Strathclyde Pension Fund Reduction		(4.027)
2024-25 Council's Budget Contribution		100.454

4.5 Funding Allocation from NHS Ayrshire and Arran

- 4.5.1 The Scottish Government allocations announced in the budget are providing recurring funding for 2023-24 pay pressure and no uplifts have been provided for 2024-25. NHS Pay Award is subject to negotiation and funding will be allocated based on the finalised pay deal, this will be provided from Scottish Government during 2024-25 and passed through to the IJB from NHSAA.
- 4.5.2 The delegated budget allocation noted below is for budgets managed by the IJB, and excludes prescribing budget currently cost pressures are met by NHS Ayrshire and Arran and annual funding allocations from Scottish Government for Primary Care General Medical Services contract along with other in year allocations for District Nursing, Long Covid Support, Alcohol and Drug Partnerships (ADP) and Family Nurse Partnership. The Scottish Government have committed to putting out 80% of funding allocations in the first quarter of the year.
- 4.5.3 The prescribing budget for primary care is delegated to all Ayrshire IJB's however the budget is managed by NHSAA meaning any cost savings or pressures are met by the NHS. The Scheme of Integration is currently under review, and this includes transfer of budget management responsibility to the IJB's. Ongoing discussions are taking place with representatives from NHS Ayrshire and Arran, South, East and North Ayrshire Council's, IJB Chief Officers and IJB Chief Finance Officers with information being presented and reviewed. If the Prescribing budget responsibility does transfer to IJB's there is a significant financial risk. Further detail is provided in the financial risks section 4.16.

NHS Ayrshire and Arran	£m
2023-24 Baseline Budget	107.314
Less Non recurring	
Prescribing (under review)	(27.505)
Primary Care (GMS (separate funding uplifts)	(18.881)
In Year allocations - ADP, Family Nurse Partnership, Winter Plan	(4.064)
Managed Budget	56.864
No Uplift	
2024-25 Delegated Budget	56.864

4.6 2023-24 Projected Financial Outturn

4.6.1 The IJB financial position for 2023-24 as at period 9, is a projected underspend of £2.669m as reported to the IJB on the 14th of February 2024, this is prior to any earmarking of ring-fenced allocations.

4.7 Budget Realignment

4.7.1 Currently there are various under and overspends in specific areas of the budget, that require to be realigned to ensure budget is reflective of demand including meeting the cost of new service developments.

Spend Area	Projected (Over)/Under spend 2023/24	Comments
Care at Home	1,946	Underspend due to recruitment challenges, commissioned care at home capacity reduced by 15% or 1,012 hours per week in year. Budget virements to inhouse service and recruitment being progressed.
Care Homes	(900)	In 2020 care home placements were 67% Nursing and 33% residential. This has now changed to 75% Nursing and 25% residential. The level of self-funders also reduced from 43% to 40%.
Community Hospitals - Biggart and Girvan	(468)	Biggart has an additional 17 beds open funded on a non-recurring basis last year. Both hospitals have additional staff costs to meet increased patients needs and support levels of long and short-term sickness.
Community Nursing	(301)	Overspend mainly due to increased use of bank staff to cover maternity leave, long and short-term sick.
Children and Families	1,671	Childrens' Family placements underspent due to less than budgeted placements. Out With Authority placements underspent due to less than budgeted placements, due to transformation and implementation of a whole family whole system approach providing intervention at the earliest stage through multi-disciplinary team
Adult Community Care Packages	1,231	Underspend due to challenges in commissioning mental health services in the community combined with a reduction in demand for day care services
Adult Residential Care Packages	(805)	Increase in more complex care needs resulting in demand increase for residential care.
Staff Turnover	666	Overall staff turnover over recovery from budgeted payroll turnover target of £2.387m Council and NHS CRES target £1.672m.
Hosted Services	(565)	South lead on the community equipment store, continence team and Family Nurse Partnership on a Pany Ayrshire basis, overspend of £0.565m mainly due to increase in demand and replacement of obsolete mattresses and beds.
Lead Partnerships	194	The projected underspend of £0.194m represents our share of East's projected underspend of £0.143m in total and North's projected overspend £0.835m in total and their contribution share towards our projected overspend of £0.565m.
Total	2,669	

4.7.2 In 2023-24 Scottish Government Care at Home Capacity funding and IJB reserves were used to continue to fund Racecourse Road Intermediate Care Unit (RRICU), based on the third floor of South Lodge Care Home. The unit was set

up in December 2022 to reduce delayed transfers of care. The 12 intermediate care beds provide rehabilitation and care for people discharged from hospital who have been assessed as needing care at home but have rehabilitation potential. The unit is supported by a team of social care workers and occupational therapists and a local GP practice providing an enhanced service.

- 4.7.3 An evaluation of the outcomes following an average 30 day stay at RRICU highlighted that 86% of service users are discharged home with no care at home package, 4% discharged with a reduction in care package and 8% discharged with the same care package assessed on discharge from hospital. This early intervention has reduced the demand on care at home by 721 hours per week from 819 hours assessed need per week to 98 hours per week following a period of reablement.
- 4.7.4 Approval is requested to fund RRICU on a recurring basis by reducing the care at home budget by £0.450m based on the reduced demand. This will ensure the unit can continue to provide a pathway from hospital discharge to community with rehabilitation and support provision to reduce longer term needs and optimise independence.
- 4.7.5 As noted in the projected outturn table there is a significant underspend in Adult Community Care packages and an overspend in residential care. During 2023-24 there has been a net increase of 11 adult residential placements across all adult services. Approval is requested to vire £0.990m from community packages to residential care budgets in each of adult service areas as detailed in the summary table in 4.7.8.
- 4.7.6 In November 2023, a new Core and Cluster accommodation opened in Carrick Street, Ayr named Beattie Close. The accommodation provides tenancies for 11 individuals and a two-bedroom assessment flat to support early crisis intervention for the learning disability community to prevent hospital admission and support timely discharge from hospital. The care and support to individuals in tenancies is commissioned from an external organisation with care plans provided on an individual person-centred basis. The assessment flat care and support is delivered by a small team attached to our respite service at Chalmers Road.
- 4.7.7 The annual cost of this provision is £0.640m, this cost is met partially from existing care package costs transferring over and new demand from younger adults transitioning from children services. Approval is requested to vire £0.640m from Learning Disability community care package budgets to new Carrick Street Core and Cluster.

Summary of Budget Realignment for Approval

- 4.7.8 The Table below summaries the budget realignments and virements for approval.

	Virements (Reduce)/Increase
Older People	
Care at Home	(450,000)
South Lodge	450,000
Learning Disabilities	
Community Care Packages	(1,140,000)
Carrick Street Core and Cluster	640,000
Residential Care	500,000
Physical Disabilities	
Community Care Packages	(110,000)
Residential Care	110,000
Mental Health	
Community Care Packages	(380,000)
Residential Care	380,000
TOTAL	0

4.8 Total Integrated Budget 2024-25

4.8.1 The total integrated budget is expected to be £207.768m (excluding Set Aside Budget) and £238.394m including Set Aside Budget, as shown in table below, full detail per service on Appendix Three.

	SAC	NHS AA	Total
	£m	£m	£m
2024-25 Total Budget			
Baseline Budget	96.085	107.314	203.399
Social Justice Specific Grant	1.731		1.731
SG Funding Allocation 24-25	6.665		6.665
Specific Grant - Social Justice Uplift			-
Less Strathclye Pension Fund Reduction	(4.027)		(4.027)
2024-25 Budget Excluding Set Aside	100.454	107.314	207.768
Draft Set Aside Budget		30.626	30.626
2024-25 Budget Including Set Aside	100.454	137.940	238.394

4.9 Budget Pressures

4.9.1 Budget pressures for health and social care services are £10.736m. These have been developed in line with specific policies and funding allocations, and collaboration between managers and finance to identify current and emerging pressures, considering current demand and future projected demand. The Directorate Management Team and IJB Budget Working Group have scrutinised the pressure and prioritised those proposed for approval.

Type of Pressure	Social Care (SAC) £'000s	Health (NHS A & A) £'000s	TOTAL £'000's
Pay Award	1,060	-	1,060
Inflation/Contractual	6,000		6,000
Service Review	208		208
Demand/Demographic	1,466	1,623	3,089
Lead Partnership	-	379	379
TOTAL PRESSURES	8,734	2,002	10,736

Details of proposed pressures by service category are included in Appendix 4.

4.9.2 **Pay Award** for Council employees has been based on Council's planning assumption of 3% pay uplift on 2024-25 and includes a pressure of £1.060m For NHS employees no pay award pressure has been included, Scottish Government have advised funding arrangements for pay will be revisited following outcome of pay negotiations, with assumption being additional funding will be allocated to support any pay uplift agreed.

Inflation/Contractual

4.9.3 Inflation/Contractual pressures include Adult Social Care uplift to £12 per hour for commissioned services, and the increase to foster and kinship rates to the Scottish Recommended Allowance implemented in 2023-24, with recurring funding allocated in the Local Government Finance Settlement in 2024-25.

4.9.4 The Adult Social Care Pay Uplift implementation letter received on the 26th of February detailed the application of the Adult Social Care Pay uplift and the increase in relation to national weighting of average full workforce costs for specific contracts.

4.9.5 The national weightings for the £12 per hour uplift are as noted below: -

- Residential Care – uplift applied to 71.8% of full contract value.
- Non-Residential – uplift applied to 86.9% of full contract value.

- Personal Assistants – uplift applied to 90% of SDS Option 1 budgets.

4.9.6 The policy is to uplift to the minimum rate of pay for adult social care workers and provides funding for wages and on-costs within providers contracts. Local IJB's have the ability to offer increases to providers on the non-workforce costs within their contracts.

4.9.7 The table below shows the application of the Adult Social Care policy uplift from £10.90 to £12 per hour or 10.09% uplift on the workforce element of the contract. This would provide uplifts of 7.24% for residential care, 8.77% for non-residential care and 9.08% for personal assistants. The proposed uplift includes additional uplift for the non-workforce element recognising other inflationary pressures in the delivery of care.

National Weightings	% Weighting	% Uplift to £12 per hour	24-25 % Policy Uplift	24-25 % Proposed Uplift
Residential Care	71.80%	10.09%	7.24%	8.37%
Non-Residential Care	86.90%	10.09%	8.77%	9.40%
Personal Assistants	90.00%	10.09%	9.08%	9.55%

4.9.8 The total uplifts to be applied to current hourly rates for approval are included in the table below. The £22 per hour for adult and older people community care contracts is the same as North and East IJB's proposed hourly contract rates, this will provide consistency across Ayrshire within community care contracts.

Type of Care	2023/24	2024/25	Uplift
Older People *	£20.11	£22.00	9.40%
Adult *	£20.11	£22.00	9.40%
Personal Assistant	£14.48	£15.86	9.55%
Sleepover	£13.41	£14.67	9.40%

* *Rurality uplifts are also provided on above rates at 3% and 6%*

4.9.9 Inflationary contract pressures include an increase to kinship and foster carers allowances to meet the weekly Scottish Recommended Allowance (SRA) implemented in Oct 2023 and backdated to April 23. The local government settlement includes permanent funding to meet the cost increase from April 23. This will ensure we can continue to pay the SRA as a minimum as noted in the table below.

Scottish Recommended Allowance				
Age Range (Years)	0 - 4	5 - 10	11 - 15	16 +
£	168.31	195.81	195.81	268.41

The weekly rates paid to Kinship and Foster Carers from the 1st of April 2023 in South Ayrshire are included in the table below. Fostering payments include a fee for the carer. Kinship allowance for age 5 to 15 years was already set at £201 per week prior to the SRA being announced. This payment will not be reduced in line with SRA, to avoid disadvantaging families.

South Ayrshire Weekly Payment				
Age Range (Years)	0 - 4	5 - 10	11 - 15	16 +
Fostering	365.31	392.81	398.00	465.41
Kinship	168.31	201.00	201.00	268.41

- 4.9.10 The Scottish Government have made a commitment to pay workers who provide direct care in commissioned services for children's social care at least £12 per hour. Work is in progress developing the scope of services involved and the workforce that would be entitled to the minimum hourly pay. Funding will be passed through to IJB's via local authorities to meet this commitment once all relevant data has been collated. Detail of funding and financial implications will be provided to IJB in due course.

Service Review

- 4.9.11 Investment of £0.208m is proposed within Business Support teams, during the year a review of the administration function was completed, this pressure will fund additional posts to provide capacity in areas of need, as well as fund upgrades to existing posts following job evaluation process.

Demand/Demographic Pressures

- 4.9.12 Investment of £0.100m is proposed within the Practice Development Team to support additional leadership and management training and meet the demand of SVQ training.
- 4.9.13 Investment of £1.5m is proposed on a non-recurring basis within Biggart Hospital, at present the recurring budget of £5.210m can afford 62 beds at an annual cost of £0.084m per bed. During 2023-24 there has been on average 83 beds open, an additional 21 beds. A plan is being proposed to reduce the beds at Biggart by 26 to 57 during 2024-25, this will be presented to IJB in May 2024. Non-

recurring funding is needed for the transition period until the beds close and costs can be reduced from use of additional bank staff.

- 4.9.14 Care Homes are currently projecting an overspend of £0.900m, due to change in demand profile, with more older people requiring nursing care than residential. The level of people requiring financial assistance with care home costs has also increased. Investment of £0.900m is proposed to increase the budget to £22.710m this will provide for 880 care home beds at an average annual cost of £25,800.
- 4.9.15 Investment of £0.060m is proposed to provide advanced podiatrist resource at University Hospital Ayr (UHA) to provide a dedicated expert to co-ordinate patient care management for patients admitted with complex diabetic foot infection and to provide front door podiatry expertise.
- 4.9.16 Investment of £0.064m is proposed for an Occupational Therapy Team Lead to manage and lead on the Staying Ahead of the Curve and Working Together teams of occupational therapists working in GP practices across South Ayrshire.
- 4.9.17 Investment of £0.466m is proposed to meet additional cost pressure to support new emerging demand to support children with complex care needs, this will ensure provision of care and support is within the local authority area.

Lead Partnership and Pan Ayrshire Pressures

- 4.9.18 North Ayrshire Health and Social Care Partnership (NAHSCP) are the lead partnership for Mental Health services and East Ayrshire Health and Social Care Partnership (EAHSCP) are lead for Primary and Urgent Care Services. Pressures have been identified and reviewed by Ayrshire Finance Officers, NHS Finance Director and Chief Officers and agreed for inclusion in the budget proposals. Appendix 4 details the pressures.
- 4.9.19 In total our contribution to NAHSCP is £0.066m and our contribution to EAHSCP is £0.195m. South Ayrshire Partnership leads on the Community Equipment Store and Continence Services, our share of pressures relating to an increase in demand for mattresses and beds is £0.091m.
- 4.9.20 Pan Ayrshire pressures are shared between the three Ayrshire's and NHS Ayrshire and Arran and relate to services that all partners benefit from, the total investment required is £0.027m.

4.10 Budget Gap

- 4.10.1 The impact of funding the pressures increase the savings required to balance the budget. The total delegated funding increase for 2024-25 to the IJB is £6.665m. Pressures of £10.736m are proposed for Council pay award, contractual uplifts, service review, demand, and demographic pressures. Lead Partnership and Pan Ayrshire pressures. The resultant gap or savings required to balance the budget is outlined below:

	SAC	NHS A & A	Total
	£m	£m	£m
Funding Increase Delegated from Partners	6.665	0.000	6.665
Pressures to be Funded	8.734	2.002	10.736
Total Savings Required	2.069	2.002	4.071

4.10.2 It is good practice to set an approved balanced budget prior to the start of the year. The following section provides savings proposals to enable a balanced budget to be set.

4.11 Budget Savings

4.11.1 Savings have been developed with Directorate Management Team and include financial analysis of current spend, the savings proposals have been subject to review and scrutiny with IJB Budget Working Group. The table below summaries the savings proposed into specific categories. Appendix five provides details of proposed savings.

4.11.2 The savings table highlights proposed savings of £2.571m, this is short of £1.500m required to meet the budget gap of £4.071m. The £1.500m is the non-recurring budget pressures within Biggart Hospital, it is proposed general reserves will provide funding of £1.500m to meet the costs of the Biggart transitioning from 83 beds to 57 beds by the 31st of March 2025.

Type of Saving	Social Care (SAC) £'000s	Health (NHS A & A) £'000s	Total IJB Savings £'000's
Demand Management	(1,226)	0	(1,226)
Service Review	(650)	(241)	(891)
Transformation	(338)	0	(338)
Income	(116)	0	(116)
TOTAL SAVINGS	(2,330)	(241)	(2,571)

Demand Management

4.11.3 Savings of £0.500m are proposed from the Family Placement team budget, due to early intervention and prevention approach and whole family systems work,

the current budget is now more than demand. The budget can afford 301 placements with 267 current placements, expectation these will continue into next year. For 2024-25 the budget will be able to afford 283 placements, this is allowing for a net increase of 16 in 2024-25.

- 4.11.4 Savings of £0.550m from the Children's Out with Authority Placement budget, as above the current budget is more than demand, due to the early intervention and prevention practices now embedded. The budget can afford 50 placements, with placements on 1st April expected to be 35, including funding for one secure. For 2024-25 the budget will be able to afford 39 placements, this is allowing for a net increase of 4 in 2024-25.
- 4.11.5 Savings of £0.176m have been identified from review of the current level of spend within voluntary organisations.

Service Review

- 4.11.4 Following a review of vacant posts within the NHS business support staffing budgets, Allied Health Professionals, Support services, overall savings of £0.301m have been identified through tidying up of staffing establishments and identifying posts no longer required.
- 4.11.5 Within Mental Health services savings of £0.190m have been achieved through closure of South Ayrshire Home Support Service which transferred from commissioned services to an inhouse service in 2021, to provide mental health support in the community. There continued to be a challenge, even for an in-house service to provide smaller periods of support required for those with mental illness. Therefore, following a review of staffing establishment, the service has now ceased, with staff transferred to learning disability team who will continue to provide the care and support to service users currently supported.
- 4.11.6 Within Learning Disabilities savings of £0.400m have been recognised within community care packages, this is mainly due to service users accessing a wider range of community supports and using self-directed support options to access person-centred care and support.

Transformation

- 4.11.7 Savings of £0.188m are proposed to be achieved through a review of the current sleepover provision, reviewing options such as use of technology and responder resources allocated in areas of need to minimise the need for sleepovers.
- 4.11.8 Savings of £0.150m are proposed to be achieved through a review of how the CM2000 system is operating, options include investigating the use of Artificial Intelligence (AI) to assist in allocating care packages to carers rota's, maximising capacity available.

Income

4.11.9 Additional income of £0.116m is anticipated to be achieved through increasing charges for community alarms, meals, and non-personal care by 10%. There has not been an increase since 2019-20, and since then the cost of delivering community alarms responder service has increased by 24%, meals have increased by 26% and delivery of community care has increased by 35%.

Risk of Achieving Savings

4.11.10 As part of the budget process, savings were also categorised based on risk of achievement. The table below highlights the risks based on Red (saving cannot be delivered) Amber (plans required to ensure saving is achieved) Green (saving on track).

4.11.11 The majority of savings identified for this financial year are reflect the current cost levels of service provision and are on track. A couple require action and implementation of new ways of working. These are the CM2000 efficiency and the sleepover provision, these have been assessed as amber.

Risk of Achievement	Social Care (SAC) £'000s	Health (NHS A & A) £'000s	Total IJB Savings £'000's
R	0	0	0
A	(338)	0	(338)
G	(1,992)	(241)	(2,233)
TOTAL SAVINGS	(2,330)	(241)	(2,571)

4.12 IJB Reserves

4.12.1 The latest budget monitoring report presented to the IJB on the 14th of February noted the uncommitted reserves position as of 31st December as £6.447m. As noted in Section 4.11.2 request for approval to commit £1.5m to the Biggart Hospital for a period of 1 year to transition to 47 beds.

4.12.2 Savings have been made in the children's out with authority placements budget. This is reflecting current and prior year's demand, however over the last few months there has been an unexpected increase in secure placements with three currently being commissioned. The average annual cost of a secure placement is £0.364m. The budget for 2024-25 can afford one secure placement, due to the uncertainty in projecting demand in this area and the high cost, it is proposed reserves of £0.700m are set aside for this purpose.

4.12.3 The Council have approved the development of a new Health and Social Care facility in Ayr town centre, approval of £0.130m is requested for a two year programme manager to lead on this development from an operational

perspective. The Council will be responsible for the capital build element of the project.

- 4.12.4 The IJB Reserves Strategy is to hold at least 2% of annual budgeted expenditure as general fund balance. For 2024-25 budget of £211.795 excluding Set Aside 2% is £4.236m. The current balance following approvals in budget is £4.117m. The year end outturn for 2023-24 may allow for an increase in reserves. This will be presented to IJB in June 2024.
- 4.12.5 A summary of the proposed use of uncommitted reserves is included in the table below.

Reserves Balance	£'000
Uncommitted Reserves at 31/12/23	6,447
Request for Approval	
Biggart Hospital	1,500
Secure Placements	700
Property Officer - HSC Premises	130
Balance Remaining	4,117

4.13 Improvement and Innovation Fund

- 4.13.1 An Improvement and Innovation Fund of £4m was approved on the 14th of June 2023, by the IJB. This fund was set up to invest in specific projects aimed at improving services to meet current demand pressures and / or reduce future demand pressure through innovation and changes to ways of working. From a financial perspective improvement in services should ensure future financial sustainability.
- 4.13.2 The latest budget monitoring report presented to the IJB on the 14th of February noted the projects approved from the fund at a total of £1.158m with £2.842m balance remaining.
- 4.13.3 Over the course of the budget process several improvement and innovation projects have been brought forward, and request is made within this budget for approval of the following projects noted in the sections below.
- 4.13.4 Front Door Allied Health Professionals (AHP) proposed investment of £0.127m for one year, being South Ayrshire's contribution to provide an AHP support to the front door of acute services. The funding will contribute to one Occupational Therapist, one Speech and Language Therapist and one Dietician, based at UHA with an aim to decrease admissions to wards and turnaround the patient at the front door back home. This is a test of change at present and full evaluation of key performance indicators will assess if there is a reduction in admissions and length of stay.

- 4.13.5 A new pathway model across South Ayrshire has been developed to improve the stroke rehabilitation model to improve quality and reduce length of stay in acute in-patient wards. Three beds have been commissioned from the private care home sector with additional training and support provided to staff on stroke care and maintenance activity. Initial findings from the intervention has reduced the need for 12 stroke beds. It is proposed to invest further in the care home beds at a cost of £0.187m per annum, with business intelligence team supporting data analysis and costs versus benefits as part of phase 2 of the project.
- 4.13.6 Medicated Assisted Treatment (MAT) Standards 7 Pilot – proposed investment of £0.040m within south addictions team to assess the demand for supporting MAT within primary care services. The pilot is to assess the best way forward in meeting the MAT Standard 7 requirement to offer medication and support through primary care provision, this may include GP or community pharmacist as well as the specialist treatment service.
- 4.13.7 Primary Care Occupational Therapists investment of £0.312m over two years to provide additional OT capacity to be able to offer OT services in all GP practices across South Ayrshire, ensuring Staying Ahead of the Curve and Working Together service are available and all persons can benefit from OT support to improve functioning with daily tasks, increase self-management skills and prevent further functional decline. The improvements include reduction in falls and fracture, earlier return to work, improved quality of life and reduction in referrals to secondary care, need for home care services and hospital admissions.
- 4.13.8 From the 1 August 2023, NHS Ayrshire & Arran Child and Adolescent Mental Health Services (CAMHS) are now working in line with the Scottish Government National CAMHS Specification. This means they are no longer able to accept referrals for children where there is not a significant mental health concern. This means that South Ayrshire are required to ensure there is sufficient support and guidance and access to assessment and diagnosis for children with neurodevelopmental concerns. South Ayrshire have established a pilot pathway for supporting children with neurodevelopmental concerns and already have in place family support for Children with Neurodiversity, however there is a requirement for investment of £0.300m to enable South Ayrshire to commission a provider to undertake assessments and diagnostics for those children who require this.
- 4.13.9 The HSCP Digital Strategy has been refreshed and aims to enhance accessibility and efficiency through use of digital tools to make health and care services more accessible to improve people's health and care outcomes. This also includes use of data analytics to inform decision making and improve quality of service. Proposed investment of £0.500m to support implementation of digital solutions is requested.
- 4.13.11 Improvement and Innovation Fund summary of opening balance, request for approval and new closing balance is noted in table below.

Improvement and Innovation Fund	TOTAL £'000's
Balance at 31 st Dec 2023	2,842
Request for Approval	
Front Door AHP's	127
Stroke Beds Pilot	187
MAT Standards 7 Pilot	40
Primary Care OTA's	312
Neurodiversity	300
Digital	500
TOTAL Request for Approval	1,466
Closing Balance 13th March 2024	1,376

4.14 Medium Term Financial Forecast Update

4.14.1 The [Medium-Term Financial Forecast](#) (MTFF) was approved by the IJB on the 17th of May 2023, the plan was based on the budget for 2023-24 and looking at financial trajectory of income and expenditure for the period 2024 to 2028.

4.14.2 The MTFF funding was based on three scenarios best case which aligned to Scottish Governments commitment for Social Care to increase by 25% over lifetime of Parliament, NHS frontline spend to increase by 20%, Mid case aligned to the Resource Spending Review of May 22 which assumption increases for years 2024-25 to 2027-28 of 2.54%, 3.01%, 2.66% and 2.66%. Worst Case – flat cash settlement from both partners.

4.14.3 The budget gap presented in the MTFF is shown in table below.

BUDGET GAP					
	2024-25	2025-26	2026-27	2027-28	TOTAL
	£'000's	£'000's	£'000's	£'000's	£'000's
Best Case	1,854	2,181	(688)	(697)	2,651
Mid Case	(1,935)	(1,064)	(1,046)	(1,063)	(5,108)
Worse Case	(6,059)	(5,997)	(5,584)	(5,717)	(23,356)

4.14.4 The budget settlement for 2024-25 was flat cash, funding allocations received were for specific policy commitments with the funding passed on to commissioned providers and carers. No funding has been allocated for Council pay uplift this pressure has been met from savings; any NHS pay award will be funded by the Scottish Government.

4.14.5 The Medium-Term Financial Forecast to 2027-28, has been revised based on the assumption of Flat Cash settlement in future years. The table below

demonstrates the anticipated financial gap each year. This is based on following expenditure assumptions:

- NHS Pay Award Funded by SG Allocation
- Adult and Children’s Social Care Uplift Funded by SG
- Council Pay Award – 3%, 2%, 2% for years 2025-26 to 2027-28
- Demand in Social Care increases by 2%
- Demand in Health Care services increase 2%
- Set Aside Budget pressures - £2m, £1m, £0.500m for years 2025-26 to 2027-28

BUDGET GAP	ACTUAL		FORECAST		TOTAL
	2024-25	2025-26	2026-27	2027-28	
	£'000's	£'000's	£'000's	£'000's	£'000's
Flat Cash Basis	(4,071)	(6,357)	(4,984)	(4,556)	(19,969)

4.14.6 The financial gap over the 4-year period is approximately £20m, with the budget balanced for 2024-25, this leaves £16m of savings to be achieved over the next three years to ensure financial sustainability.

4.14.7 Further work will be progressed during 2024-25 to develop a three-year savings plan and refresh the medium-term financial forecast based on the above assumptions.

4.15 Review of IJB Schemes of Integration

4.15.1 The Public Bodies (Joint Working) (Scotland) Act 2014, states parties are required to jointly prepare an Integration Scheme for the local authority area. The main purpose of integration of health and social care services is to improve the health and wellbeing of families and communities. The parties involved in preparing the integration scheme are the local authority and the NHS in the local authority area.

14.5.2 Within Ayrshire there are three Schemes of Integration in place between the 3 Ayrshire Councils and NHS Ayrshire and Arran. These were last reviewed in 2018, under the terms of the Public Bodies (Joint Working) (Scotland) Act 2014, there is a legal duty on the Councils and the Health Board to review the Integration Schemes at least every 5 years to consider whether any changes are necessary or desirable.

14.5.3 A Programme Board is in place joint chaired by two Chief Executives, one Local Authority and the other NHS. The Board consists of Chief Executives, IJB Chief Officers (in an advisory capacity) and the Health Board’s Director of Transformation and Sustainability as well as the Chairs of each of the sub-groups.

14.5.4 Sub-groups were established to review specific areas of the integration scheme and include subject matters in each area, this includes scope of services

delegated, resources, governance and legal, care governance and communication and engagement.

14.5.5 The review is still a work in progress and final revision needs to be approved by Councils and NHS Chief Executives.

4.16 Financial Risks

4.16.1 The financial monitoring report for Qtr 2 2023-24 for Integration Authorities (IA's) provides an overview of total financial performance for all IA's, Prescribing pressure is the most significant cost pressure a total of £70m or 26% out of £270m cost pressures reported.

4.16.2 The "Set Aside Budget" as it is referred to in the Scheme of Integration is the Acute Hospital budget related to the emergency care pathway or unscheduled care activity and includes budget within six specialities namely- accident and emergency, general medicine, geriatric medicine, respiratory medicine, rehabilitation medicine and certain GP non-elective activity.

4.16.3 Over the course of the last year, Chief Finance Officers and NHS Assistant Finance Director have been reviewing a methodology to measure accurately how much activity of the "Set Aside Budget" each HSCP area uses. It is intended that a working set aside budget is implemented, where we share the financial risk (pressure) and reward (savings) in the Set Aside Budget. Since integration NHS Ayrshire and Arran have been responsible for the budget and allocations are made in Annual Accounts based on an NRAC share of the budget and activity, with no over and underspends transferring to any partnership.

4.16.4 The activity within the set aside is measured by Bed Days or attendances at Accident and Emergency. A recommended baseline of average bed days pre pandemic (2016-17 to 2019-20) has been used to provide an estimate of expected demand and cost on set aside budget. Within South we are currently using more days than the recommended baseline. The baseline is 66,848 days per year with a forecast this year of 74,747 days and an expected overspend of £3m.

4.16.5 A commissioning plan is being developed to set out how many bed nights we will commission from acute in 2024-25, this will take account of the various initiatives in place to reduce admissions and length of stay in hospitals. The financial implications of the commissioning plan will be presented to the IJB in due course.

4.16.10 The pay uplift for NHS has still to be decided and funding allocations passed on. The Council pay uplift is based on a 3% increase, there is a risk that the uplift agreed may be greater and funding may not be allocated to meet the cost.

4.16.11 The impact of inflationary pressures and wider economic climate, may result in additional financial pressures, affecting cost of health and care services delivered and commissioned.

- 4.16.12 The IJB will receive regular budget monitoring reports during the financial year and implications of any known or emerging financial risks will be presented and relevant mitigating action taken where appropriate.

5. STRATEGIC CONTEXT

- 5.1 The IJB is expected to operate within the resources available. This report contributes to the IJB Strategic Priorities “we are an ambitious and effective partnership”, and “we make a positive impact beyond services we deliver.”

6. IMPLICATIONS

6.1 Financial Implications

- 6.1.1 The financial implications for the IJB Integrated Budget are outlined within the report including financial risks.

6.2 Human Resource Implications

- 6.2.1 There are no human resource implications arising from this report.

6.3 Legal Implications

- 6.3.1 There are no legal implications arising from this report.

6.4 Equalities implications

- 6.4.1 There are no equalities implications arising from this report.

6.5 Sustainability implications

- 6.5.1 There are no environmental sustainability implications arising from the contents and recommendations of the report.

6.6 Clinical/professional assessment

- 6.6.1 The report has been completed by the IJB Chief Finance Officer in their professional role as officer to the IJB.

7. CONSULTATION AND PARTNERSHIP WORKING

- 7.1 The details and commentary included in the report were collated through partnership working with South Ayrshire Council Finance and Ayrshire and Arran Finance Colleagues, as well as Chief Finance Officers from East Ayrshire and South Ayrshire IJB's.

8. RISK ASSESSMENT

- 8.1. The reports detail the financial risks.
8.2. The IJB Risk Management Strategy categories the level of financial risk as high and notes mitigating actions taken to address the level of risk.

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BACKGROUND PAPERS

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