

<b>Meeting of South Ayrshire Health and Social Care Partnership</b>	<b>Integration Joint Board</b>	
<b>Held on:</b>	<b>12<sup>th</sup> March 2025</b>	
<b>Agenda Item:</b>	<b>7</b>	
<b>Title:</b>	<b>IJB Budget 2025-26</b>	
<b>Summary:</b>		
To provide detail on the delegated funding to the IJB and service budget pressures and savings for approval to set a balanced budget for 2025-26.		
<b>Author:</b>	<b>Lisa Duncan, Chief Finance Officer</b>	
<b>Recommendations:</b>		
It is recommended that the Integration Joint Board		
<ul style="list-style-type: none"> <li>i. Note the 2025-26 Scottish Government Budget allocation letters in Appendix 1 and 2.</li> <li>ii. Note the Total Integrated Budget for 2025-26 for South Ayrshire Health and Social Care Partnership in Appendix 3;</li> <li>iii. Note the projected overspend for 2025-26.</li> <li>iv. Agree the proposed pressures in Section 4.9, included in Appendix 4.</li> <li>v. Approve the proposed uplift to providers contract rates in Section 4.9.13.</li> <li>vi. Approve the proposed savings included in Section 4.11 and Appendix 5.</li> <li>vii. Approve the proposed investments from the Improvement and Innovation Fund in Section 4.12</li> <li>viii. Approve the proposed use of Reserves in Section 4.13</li> <li>x. Note the updated budget gap in the MTFF assumptions in Section 4.14</li> <li>xii. Note Financial Risks in Section 4.15</li> </ul>		
<b>Route to meeting:</b>		
<b>Finance DMT – 25<sup>th</sup> Feb 2025 BWG – 5<sup>th</sup> March 2025</b>		
<b>Directions:</b>	<b>Implications:</b>	
1. No Directions Required <input type="checkbox"/>	Financial <input type="checkbox"/>	
2. Directions to NHS Ayrshire & Arran <input type="checkbox"/>	HR <input type="checkbox"/>	
3. Directions to South Ayrshire Council <input type="checkbox"/>	Legal <input type="checkbox"/>	
4. Directions to both SAC & NHS <input type="checkbox"/>	Equalities <input type="checkbox"/>	
	Sustainability <input type="checkbox"/>	
	Policy <input type="checkbox"/>	
	ICT <input type="checkbox"/>	

## IJB BUDGET 2025-26

### **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 2025-26.

### **2. RECOMMENDATION**

#### **2.1 It is recommended that the Integration Joint Board**

- i. Note the 2025-26 Scottish Government Budget allocation letters in Appendix 1 and 2.
- ii. Note the Total Integrated Budget for 2025-26 for South Ayrshire Health and Social Care Partnership in Appendix 3;
- iii. Note the projected overspend for 2025-26.
- iv. Agree the proposed pressures in Section 4.9, included in Appendix 4.
- v. Approve the proposed uplift to providers contract rates in Section 4.9.8.
- vi. Approve the proposed savings included in Section 4.11 and Appendix 5.
- vii. Approve the proposed use of reserves in Section 4.12
- viii. Approve the proposed investment from the Improvement and Innovation Fund in Section 4.13
- ix. Note the update budget gap in the MTFF assumptions in Section 4.14
- x. Note Financial Risks in Section 4.16

### **3. BACKGROUND INFORMATION**

- 3.1 The Integration Scheme describes how the Health Board and Local Authority (The Parties) will delegate functions 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 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 regular budget monitoring, service review, as well as demand and capacity analysis, to continue to meet the strategic priorities of the partnership. As well as pressures to meet specific policy requirements as defined by the Scottish and UK 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 financial year. The report details the pressures facing the Health and Social Care Partnership (HSCP) and the financial risks that may have adverse consequences to managing within budget.

4.2 The budget for South Ayrshire Council was set on the 27<sup>th</sup> of February 2025 and the delegated funding approved. NHS Ayrshire and Arran set their budget on the 31<sup>st</sup> March 2025. 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.

#### **4.3 National Position – Scottish Government**

4.3.1 The Scottish Government published their programme for [Government 2024-25: Serving Scotland](#) in September 2024. This committed to focusing efforts and resources on four key priorities:

- Eradicating child poverty
- Growing the economy
- Tackling the climate emergency
- Ensuring high quality and sustainable public services.

- 4.3.2 The programme committed to prioritise funding to increase the pay of workers in adult social care who are delivering direct care in commissioned services, early learning and childcare workers delivering funded hours, and children's social care workers, so they are at paid at least the Real Living Wage from April 2025.
- 4.3.3 Over the coming year, the Scottish Government committed to work with partners to strengthen the performance of the National Health Service this includes tackling the waiting times and backlogs by delivering on Centre for Sustainability programmes, increasing Board's baseline funding and target additional funding to reduce the longest waits, improving timely access to cancer services. Provision of £120 million of additional funding to support continued improvements across a range of mental health services and treatments, including meeting the Child and Adolescent Mental Health Services.
- 4.3.4 The programme included commitments to continue to shift the balance of care to preventative and community support by increasing capacity and access to Primary Care, substantially reduce delayed discharges working with local health and social care partnerships through various initiatives including Hospital at Home. Progress the 36-hour working week for Agenda for Change staff, building on the initial 30-minute reduction in working hours implemented in 2024-25.
- 4.3.5 Prioritising prevention and tackling health inequalities by reducing deaths and level of harm caused by alcohol and drug deaths, through implementation of medication assisted treatment (MAT) standards, widening access to residential rehabilitation. Support families affect by drug and alcohol use.

#### **4.4 Financial Settlement 2025-26**

- 4.4.1 The Scottish Budget 2025-26 was published by Scottish Government on the 4th of December 2024, and called "A Budget for progress", to renew public services and invest in the nations priorities, the budget reflects investment in the Government's priorities set out in the programme for Government 2025-26.
- 4.4.2 Following publication of the budget on the 4th of December, the Cabinet Secretary for Finance and Local Government wrote to local authorities detailing the proposed local government settlement for 2025-26, included in Appendix One. The Director for Health and Social Care Finance wrote to NHS and Integration Authorities providing detail of the proposed funding settlement for Health Boards and Integration Authorities, letter included in Appendix Two.
- 4.4.3 At the time of the Scottish Budget being published, there was ongoing discussion with the UK Government in relation to funding for the additional

employer's National Insurance Contributions (eNICs) announced in the UK Autumn Budget on the 30<sup>th</sup> of October.

- 4.4.4 On the 4<sup>th</sup> of February, the Cabinet Secretary announced, an additional £144m in funding would be provided to Local Government representing 60% of additional eNICs for Council employed staff. No additional funding was included for commissioned services.
- 4.4.5 On the 20<sup>th</sup> of February, Scottish Government advised NHS Directors of Finance that they will fund 60% of additional eNIC's for NHS staff.
- 4.4.6 The level of funding allocated from the Scottish Government to Integrated Joint Boards for Health and Social Care Integration in 2025-26 is as follows:
- NHS payments to Integration Authorities for delegated health functions must pass on an uplift of 3% over 2024-25 agreed recurring budgets.
  - Local Government funding of £150m to support social care integration for 2025-26: -
    - I. £125m to support Real Living Wage for adult social care workers in commissioned services increase from £12.00 to £12.60 per hour.
    - II. £10m Inflationary uplift on Free Personal Nursing Care Rates
- 4.4.7 NHS funding is to meet the expected cost of the 2025-26 pay deal in line with the public sector pay policy with pay remaining fully funded and budget uplift also provides for a 3% uplift on non-pay to support inflationary pressures.
- 4.4.8 Also included in the NHS budget is £150m to support the continued implementation of the Agenda for Pay reforms. This funding is recurring and will be allocated on an NRAC basis. Some of this funding will be allocated to the IJB budget based on financial information collated on specific pay reforms.
- 4.4.9 Further funding will be allocated to reduce waiting lists, to help support reduction to delayed discharge, renew primary care enhancements, including new core funding to GMS to deliver enhanced frailty, cardiovascular disease and other essential services in General Practice, a critical dental workforce and training package and a community eye care programme to transfer patients from waiting lists. Elements of this funding will support activity in the community and delivered via IA's.
- 4.4.10 Funding allocated from the Local Authority should be additional and not substitutional to each Council's 2024-25 recurring budgets for services delegated to Integrated Authorities.
- 4.4.11 The Scottish Government provided real terms protection of the General Revenue Grant through an additional £289 million to support local priorities.

4.4.12 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 2024-25 and 2025-26, but with rates due to rise again in 2026-27, this saving is temporary. The reduction in pension contributions for social services budget was £4.027m. This has been retained by the Council and will be returned in 2026-27 when the employer's contribution increases.

#### 4.5 Funding Allocation from South Ayrshire Council

4.5.1 The Council presented their budget on the 27th of February 2025 based on the financial settlement for 2025-26. Allocations passed through the Scottish Government including 60% of eNIC total £5.235m, with an additional £0.725m allocated by South Ayrshire Council representing £0.445m to meet the additional 40% of eNIC and £0.280m to fund other pressures. The allocation did not include any funding for Public Sector Pay uplift of 3%.

Description	All Scotland £m	SAC £m
<b>2024-25 Baseline Budget</b>		<b>99.474</b>
<b>Add SG Funding Allocation:-</b>		
Adult Social Care Pay Uplift	125	3.307
Free Personal & Nursing Care	10	0.475
Children's Social Care Pay Uplift	13	0.298
Other GAE Settlement Changes		0.490
eNIC - 60% Funded		0.665
SAC Contribution (40% eNIC and other pressures)		0.725
<b>Total Funding Allocation</b>		<b>5.960</b>
<b>2025-26 Council's Budget Contribution</b>		<b>105.434</b>

#### 4.6 Funding Allocation from NHS Ayrshire and Arran

4.6.1 The Scottish Government allocations announced in the budget are providing a 3% uplift over 2024-25 agreed recurring budgets. This is to meet the expected costs of the 2025-26 pay deal in line with public sector pay policy and also includes a 3% uplift for non-pay to support inflationary pressures.

4.6.2 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.

- 4.6.3 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.

<b>NHS Ayrshire and Arran</b>	<b>£m</b>
<b>2024-25 Baseline Budget</b>	<b>109.268</b>
<b>Less Non recurring</b>	
Prescribing (under review)	(27.856)
Primary Care (GMS separate funding uplifts)	(18.881)
In Year allocations - ADP, District Nursing, Family Nurse Partnership, Long Covid Support	(3.687)
<b>Managed Budget</b>	<b>58.844</b>
3% Uplift	1.765
eNIC - 60% Funded	0.410
<b>2025-26 Delegated Budget</b>	<b>61.019</b>

#### 4.7 2024-25 Projected Financial Outturn

- 4.7.1 The IJB financial position for 2024-25 as at period 9, is a projected overspend of £1.289m, as reported to the IJB on the 12<sup>th</sup> of February 2025. The IJB have approved use of reserves to meet this year's overspend. The main variances are noted in the table below.



Spend Area	Projected (Over)/Underspend 2024/25 £'000's	Comments
Community Hospitals - Biggart and Girvan	(0.489)	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 and overspends in non-pay budgets mainly due to increased prescribing costs.
Community Nursing	(0.314)	Overspend mainly due to increased use of bank staff to cover weekend shift working, maternity leave, long and short-term sick.
Income from Charging	(0.400)	Income under recovery due to less income due for non-personal care hours, day care charging not implemented and less than budgeted income from local authority care homes.
Transport	(0.638)	Increase in use of hire vehicles within care at home team, this is being reviewed and move to lease vehicles will reduce the overspend.
Intermediate Care & Rehab	(0.215)	Underspend due to actual staffing costs less than budgeted establishment.
Adult Residential Care Packages	(0.496)	Increase in more complex care needs and ageing carers resulting in demand increase for residential care.
Children and Families	0.898	Childrens' Family placements underspent due to less than budgeted placements. Children with Additional Support Needs community care packages less than budgeted, due to significant number of younger adults transitioning into adult services.
Mental Health & Learning Disabilities Community Health and Care Teams	0.566	Underspend in mental health and learning disabilities community health teams due to staff vacancies and underspend in community care packages including voluntary organisations.
Allied Health Professionals	0.414	In year underspend due to slippage in filling vacancies.
Hosted Services	(0.617)	South lead on the community equipment store, continence team and Family Nurse Partnership on a Pany Ayrshire basis, overspend of £0.617m mainly due to increase in demand and replacement of obsolete mattresses and beds in community equipment store.
Lead Partnerships	(0.122)	The projected overspend of £0.122m represents our share of East's projected underspend of £0.200m in total and North's projected overspend £2.059m in total and their contribution share towards our projected overspend of £0.617m.
Other	0.124	Other immaterial in year variances
<b>Total</b>	<b>(1.289)</b>	

4.7.2 The approved Budget for 2024-25 included use of £1.5m of reserves to fund Biggart Hospital transition to 47 beds, this reduction was not achieved in year due to the continued pressures from Delayed Transfers of Care. The funding was allocated £1m to Biggart Hospital and £0.500m to older people care homes.

4.7.3 The approved Budget for 2024-25 also included £0.700m of reserves approved to be earmarked for secure placements within children's service. This was based on an unexpected increase at the end of last financial year



in secure accommodation, and the high cost of approx. £0.364m per year for one placement. The period 3 budget monitoring report projected an underspend in secure placements due to temporary nature of the secure placements. The IJB approved a change of use of this earmarked funding at the 11<sup>th</sup> of September meeting and allocated the £0.700m to meet the costs of an increase in demand for adult residential care.

4.7.4 The use of £2.2m of reserves has funded pressures on a non-recurring basis as noted in the sections above, without these reserves, the IJB would be projecting an overspend of £3.489m.

4.7.5 The Budget proposals for 2025-26 takes into consideration the current financial projection as well as the use of non-recurring reserves to meet recurring demand.

#### 4.8 Total Integrated Budget 2025-26

4.8.1 The total integrated budget is expected to be £216.877m (excluding Set Aside Budget) and £248.422m including Set Aside Budget, as shown in table below, full detail per service on Appendix Three.

	SAC	NHS AA	Total
	£m	£m	£m
<b>2025-26 Total Budget</b>			
<b>Baseline Budget</b>	99.474	109.268	208.742
SG Funding Allocation 25-26	4.570	1.765	6.335
<b>Add SG 60% eNIC</b>	0.665	0.410	1.075
<b>Add Partner contribution</b>	0.725		0.725
<b>2025-26 Budget Excluding Set Aside</b>	<b>105.434</b>	<b>111.443</b>	<b>216.877</b>
Draft Set Aside Budget		<b>31.545</b>	<b>31.545</b>
<b>2025-26 Budget Including Set Aside</b>	<b>105.434</b>	<b>142.988</b>	<b>248.422</b>

#### 4.9 Budget Pressures 2025-26

4.9.1 Budget pressures for health and social care services are £14.548m. 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. Details of proposed budget pressures by service category are included in Appendix 4.

- 4.9.2 Lead Partnership/Pan Ayrshire pressures have been developed based on known contract and demand/demographic pressures. Due to timing these pressures have not been fully reviewed or approved by the Chief Officers of each IJB, therefore subject to change, any financial implications of these changes will be brought forward to a future IJB meeting.

Type of Pressure	Social Care (SAC) £'000s	Health (NHS A & A) £'000s	TOTAL £'000's
Pay Award	3,313	1,813	5,126
Contractual - Commissioned Services	3,782	521	4,303
Service Review	90	-	90
Policy	15	-	15
Demand/Demographic	2,335	1,797	4,132
Lead Partnership	13	869	882
<b>TOTAL PRESSURES</b>	<b>9,548</b>	<b>5,000</b>	<b>14,548</b>

#### **Pay Award**

- 4.9.3 The pay award for both Council and NHS employees is based on the 3% Public Sector Pay policy and includes the increase in eNICs from 13.8% to 15%.

#### **Contractual – Commissioned Services**

- 4.9.4 Contractual pressures include the Adult and Children’s Social Care Pay uplift from £12 per hour to £12.60 per hour and increases to free personal nursing care rates.
- 4.9.5 No additional funding has been provided in the Scottish Budget for the increase in National Insurance for commissioned providers. A roundtable session took place on the 13th of February with Scottish Government, Convention of Scottish Local Authorities (COSLA), Scottish of Local Authority Chief Executives (SOLACE), Coalition of Care and Support Providers (CCPS) and Scottish Care and Chief Officers of HSCP’s. The session highlighted concerns of providers and HSCP’s in the ability to sustain the delivery of social care where costs are rising with no funding provided to commissioned providers.
- 4.9.6 To support adult service providers in line with their associated contractual frameworks the IJB Budget working group have been considering an appropriate rate for packages of support where individuals are assessed as needing shorter periods of care and support in the community to achieve specific outcomes. This is in response to the recognised difference of

delivering support to individuals with complex and enduring Learning Disability or complex Mental Health; the majority of support outwith the home, the frequency and/or duration of these visits which reduces staff availability to support a number of individuals.

- 4.9.7 Delivering against the anticipated outcomes detailed in care plans can only be achieved with a different staffing model to that of other commissioned community services like care at home (e.g. supports may not be delivered in the individual's home; additional training and/or condition specific specialised training is required to appropriately support those with enduring health conditions).
- 4.9.8 Proposals for changes in contracted rates for this type of care package are in the development stage any changes to the rates will be reviewed and scrutinised by the IJB Budget Working Group prior to approval by IJB at a later date.
- 4.9.9 The Adult Social Care Pay Uplift policy allocates the funding based on the increase in relation to a national weighting of average full workforce costs for specific contracts.
- 4.9.10 The national weightings for the £12.60 per hour 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.
- 4.9.11 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.
- 4.9.12 The table below shows the application of the Adult Social Care policy uplift from £12.00 to £12.60 per hour or 5% on the workforce element of the contract. The proposed uplift includes additional funding to help offset other cost pressures.

<b>National Weigtings</b>	<b>% Weighting</b>	<b>% Uplift from £12 to £12.60 per hour</b>	<b>25-26 % Policy Uplift</b>	<b>25-26 % Proposed Uplift</b>
Residential Care	71.80%	5.00%	3.59%	4.46%
Non-Residential Care	86.90%	5.00%	4.35%	4.91%
Personal Assistants	90.00%	5.00%	4.50%	4.97%

- 4.9.13 The proposed uplifts to be applied to the current hourly rate for approval are included in the table below. The £23.08 per hour for adult and older people

contracts is the same as North and East IJB's proposed hourly rates this will provide consistency across Ayrshire within the community care contracts.

Type of Care	2024/25	2025/26	Uplift
Older People *	£22.00	£23.08	4.91%
Adult *	£22.00	£23.08	4.91%
Personal Assistant	£15.86	£16.65	4.97%
Sleepover	£14.67	£15.45	5.32%
<i>* Rurality uplifts are also provided on above rates at 3% and 6%</i>			

4.9.14 The table below shows the application of the Children's Social Care policy uplift from £12.00 to £12.60 per hour or 5% on the workforce element of specific service contracts. The proposed uplift includes additional funding within Support Service – Care at Home and Housing Support Service and SDS Option 1 (Personal Assistants) this will ensure consistency across services and providers delivering services to young adults.

National Weightings	% Weighting	% Uplift from £12 to £12.60 per hour	25-26 % Policy Uplift	25-26 % Proposed Uplift
Secure Accommodation	42%	5.00%	2.10%	2.10%
Care Home Service: Children and Young People	59%	5.00%	2.95%	2.95%
School care accommodation service: Residential Special School	42%	5.00%	2.10%	2.10%
Support Service - Care at Home and Housing Support Service *	76%	5.00%	3.80%	4.91%
Support Service - Other than care at home	68%	5.00%	3.40%	3.40%
SDS Option 1 (Personal Assistants)	90%	5.00%	4.50%	4.97%

### Service Review

4.9.12 Following a review of the Practice Development Team investment of £0.090m is proposed to restructure the team and create capacity to deliver SVQ training and assessment inhouse. Savings for this service review are also included in the savings proposals.

### Policy

4.9.13 The Scottish Social Services Council (SSSC) implemented a Newly Qualified Social Workers Supported Year providing post qualifying requirements to

ensure competency and standards are met. Funding £0.015m is required for annual mentor payments, each newly qualified social worker will have a mentor to offer guidance and support.

### **Demand/Demographic**

4.9.14 Pressures relating to demand and demographic pressures are included in Appendix Four and based on the current projected spend and use of reserves in 2024-25 as noted in the budget monitoring report for period 9 presented to the IJB on the 12<sup>th</sup> of February.

4.9.15 The pressure proposals have been subject to scrutiny and review by the IJB's Budget Working Group. Some pressure will be offset with savings proposals noted later in the report.

### **Lead Partnership/Pan Ayrshire**

4.9.15 Pressures relating to Lead Partnership or Pan Ayrshire arrangements have been developed with the Pay Ayrshire CFO's. These are subject to further scrutiny and approval by the Ayrshire IJB Chief Officers. A date is being set to discuss specific pressures within substitute prescribing, community equipment store and Ayrshire Urgent Care Services. Any changes to the pressure proposals and subsequent financial implications will be notified to South Ayrshire IJB at a later date.

## **4.10 Budget Gap 2025-26**

4.10.1 The impact of funding the pressures increase the savings required to balance the budget. The total delegated funding increase for 2025-26 to the IJB is £8.135m. Pressures of £14.548m 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:

	<b>SAC</b>	<b>NHS A &amp; A</b>	<b>Total</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>
Funding Increase Delegated from Partners	5.960	2.175	<b>8.135</b>
Pressures to be Funded	9.548	5.000	<b>14.548</b>
<b>Budget GAP /Savings Required</b>	<b>(3.588)</b>	<b>(2.825)</b>	<b>(6.413)</b>
<b>Savings as % of Base Budget</b>	<b>-3.6%</b>	<b>-4.8%</b>	

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

## 4.11 Budget Savings 2025-26

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

4.11.2 The savings table highlights savings of £5.413m. This is short of £1m required to meet the budgeted gap of £6.413m. The IJB Budget Working Group have recommended that using unearmarked reserves of £1m to meet the budget gap for 2025-26 would be a sensible approach noting that further work investment in improvement and innovation to ensure financial sustainability in the medium to longer term is required.

4.11.3 The savings developed this year were over a three-year time period, one year is being published as part of the Budget approval process for 2025-26, with the three-year savings plans to be further developed and included in the updated Medium Term Financial Forecast to be presented to the IJB on 11<sup>th</sup> of June 2025.

Type of Saving	Social Care (SAC) £'000s	Health (NHS A & A ) £'000s	Total IJB Savings £'000's
Demand Management	(2,019)	(1,300)	(3,319)
Service Review	(602)	(715)	(1,317)
Income	(777)	0	(777)
<b>TOTAL SAVINGS</b>	<b>(3,398)</b>	<b>(2,015)</b>	<b>(5,413)</b>

### Demand Management

4.11.4 Savings of £0.300m have been identified in the current cost of level of community care packages for children with disabilities, this is as a result of younger adults transitioning from children to adult services.

4.11.5 Savings of £1.1m have been allocated against internal children's services, this includes block purchased supported accommodation budgets and children's houses. Currently these services are providing care and support to unaccompanied asylum-seeking children (UASC). The costs of these services are included in the baseline budget, and income has been earmarked to reserves to meet future year costs of UASC rather than netted off the base budgets. The proposal is to allocate £1.1m of reserves to these budgets for 2025-26, with development in year to save £0.500m recurrently

on the base budget reflecting the reduction in demand in supporting South Ayrshire children in this type of service.

- 4.11.6 Review of the current cost of services provided by Voluntary Organisations have identified £0.104m of savings, through a reduction in demand for these services.
- 4.11.7 Biggart Hospital savings of £1.3m are proposed to bring the budget back in line to the recurring base budget of £6.042m that can afford 60 beds. A reduction from the 24-25 bed base of 83 beds. Service plans are being developed with acute colleagues and community pathways refined to ensure care and support is available in the right place at the right time to reduce the levels of delayed transfers of care that will allow the beds to be closed, managing clinical and financial risk.
- 4.11.8 A review of current level of community care packages continuing into next financial year with demand being maintained at this level will result in a saving of £0.515m. To ensure levels of demand are being maintained and budgets managed implementation of a higher level of scrutiny of care packages will be implemented involving Head of Service, Chief Finance Officer and Chief Social Worker.

### **Service Review**

- 4.11.9 A service review of the Practice Development Team and changes to the staffing structure will result in training provision provided by the team and reduce the need to purchase training from the private sector saving £0.126m in 2025-26.
- 4.11.10 Community Nursing review of service provision commenced in 2024-25 and managed to reduce costs in the later part of the financial year. The Service will continue to review allocation of roles to support weekend working, maternity leave cover and student nurse roles to ensure savings of £0.315m are achieved.
- 4.11.11 Intermediate Care and Rehab team has been underspent on a recurring basis for the last few years, analysis of the budget has highlighted that £0.200m can be saved from this budget, without impacting the current service delivery and budgeted staffing establishment.
- 4.11.12 A review of Community Care Senior Management Team has resulted in a saving of £0.066m.
- 4.11.13 The Learning Disability Team have reviewed care packages provided in other local authorities that are funded by the HSCP. Eleven placements have been selected for further review by a short life working group including legal representatives. The group will assess which local authority the has responsibility for the placement in terms of care review and funding. This review is estimated to achieve a £0.400m saving.



4.11.14 The Mental Health Community Team proposed saving of £0.200m is based on the current underspend of £0.200m as a result of vacancies and less spend on supplies budget.

### **Income**

4.11.15 A full review of social care charges was conducted as part of the budget process this included benchmarking with other local authorities. The proposed increases in current social care charges are subject to approval by SAC Cabinet on the 18<sup>th</sup> of March 25. Day Care charging proposals are still being consulted on and will also require to be approved by Cabinet, this is anticipated to be on 30<sup>th</sup> April 25. The proposals are expected to generate £0.256m in income.

4.11.16 Inflationary uplift on the NHS resource transfer income transferred to support council services will be £0.521m.

### **Risk of Achieving Savings**

4.11.17 As part of the budget process, savings are also categorised based on risk of achievement, Appendix Five highlights the specific savings as (R)- Red High Risk - (Action Plans required to achieve saving and be closely monitored), (A) Amber - Medium Risk (Action Plans required to achieve saving), Green – Low or No Risk (Saving achieve).

4.11.18 The table below shows the risk of achieving the savings, the only one noted as Red – High Risk is Biggart Hospital reduction to 60 budgeted beds. This saving requires delayed transfers of care to reduce and collaborative working from the wider system where pressures related to unscheduled care remain very high.

4.11.19 Income from charging is highlighted as amber, this is dependent on SAC Cabinet approval and outcome of the day care charging consultation, community nursing review is also at amber, plans are in place to achieve this savings, however this is dependent on external factors eg. maternity and sick leave. Coming Home – review of out with authority placements is also highlighted as amber plans are in place with a short life working group taking forward actions, however financial savings are dependent on cases transferring to local authorities.

4.11.20 Savings will be monitored at a service level as part of monthly budget monitoring process and reported to IJB on a regular basis, with remedial action taken where appropriate.

<b>Risk of Achievement</b>	<b>Social Care (SAC) £'000s</b>	<b>Health (NHS A &amp; A) £'000s</b>	<b>Total IJB Savings £'000's</b>
<b>R</b>	0	(1,300 )	<b>(1,300)</b>
<b>A</b>	(656)	(315 )	<b>(971)</b>
<b>G</b>	(2,742)	(700 )	<b>(3,442)</b>
<b>TOTAL SAVINGS</b>	<b>(3,398)</b>	<b>(2,315)</b>	<b>(5,713)</b>

## 4.12 Improvement and Innovation Fund

4.12.1 An Improvement and Innovation Fund of £4m was approved on the 14th of June 2023, by the IJB with a further £2m approved on the 12<sup>th</sup> of June 2024. The total Fund of £6m, 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, including early intervention and prevention approaches. From a financial perspective improvement in services should ensure future financial sustainability.

4.12.2 During the budget process for 2025-26 we have paused approval of any projects; this was due to the uncertainty of funding for Health and Social Care alongside assessment and prioritisation of the financial pressures and savings.

4.12.3 The IJB Budget Working Group have considered this fund as part of the budget process and agreed that this should continue to be used to support improvement activity. Including focusing on early intervention and prevention activities that provide longer term benefits in reducing demand for health and social care services by enabling people to start well, live well and age well.

4.12.4 The latest budget monitoring report presented to the IJB on the 12th of February noted the projects approved from the fund at a total of £3.973m with £2.027m balance remaining. Request is made within this budget for approval of the following projects noted in the sections below.

4.12.5 Power of Attorney payment fund investment of £0.010m is requested to support people who are at risk of losing capacity and are experiencing financial hardship and do not have funds to pay for and an application for a Power of Attorney (POA). An average cost of a POA is £350. This investment help reduce the number of welfare guardianship orders needed, by providing access to a POA prior to losing capacity. This will allow service user and carers to feel empowered to ensure they can continue to make choices about their lives.

4.12.6 The South Initial Response Team based in Girvan currently has one community care assistant. Investment of £0.088m is requested to increase the team by one community care assistant on a temporary basis to reach out

to communities around the town of Girvan and provide a more timely assessments to be undertaken reducing emergency support and hospital admissions. This role would develop the early intervention and preventative work within the rural communities, establishing relationships with the villages and local support groups.

- 4.12.7 Investment of £0.025m is requested to support workforce recognition, this will provide funding for attendance at events, participation in awards ceremonies, delivery of events celebrating professions eg. National Social Workers Day. SAHSCP has the ambition to be “Best in Class” in Scotland. This investment will enhance the standing of the partnership on the national stage, as well as offering support and recognition to teams and professional groups within the partnership. Evidence from staff surveys, iMatter, induction days suggests a high level of staff morale and commitment to serve the people in South Ayrshire. Staff morale is highly correlated with reduced sickness absence and the ability to attract and retain the workforce.
- 4.12.8 Within the in-house care at home service, approximately 50% of hours delivered are for double handled care. Investment of £0.150m in three moving and handling advisors to provide a single point of contact for moving and handling referrals, risk assessments, advice and guidance and training of health and social care staff in moving and handling to reduce the level of double handled care. The impact of this investment would release capacity within care at home to reduce delayed transfers of care, enabling the Biggart Hospital beds to be reduced. Other benefits include efficiency in stock of equipment, compliance with moving and handling reviews and training of staff.
- 4.12.9 Allied Health Professionals have been based at the front door of Ayr Hospital since May 24. This was a test of change to assess if front door professions (Occupational Therapist, Speech and Language Therapist, Physiotherapist and Dietitian) could support people on arrival and either discharge home with no admission or reduce length of stay if admitted. Initial evaluation in September 2024 highlighted success in all disciplines with a reduction in admission to acute and a reduction in length of stay following an AHP intervention. This established proof of concept and a return on investment. A full evaluation has to be presented to Special Projects Officers Group (SPOG) at end of March 25. Request is made to continue to invest £0.226m in the test of change for a further year this will allow further analysis of the benefits to the overall system.
- 4.12.10 The table below summaries the Improvement and Innovation Fund, opening balance, request for approval above and new closing balance.

	<b>Improvement and Innovation Fund</b>
<b>Reserves Balance</b>	<b>£m</b>
Opening Balance 01-04-24	5.811
Transferred Out	(1.632)
Committed	(2.152)
Balance Remaining 31-12-24	<b>2.027</b>
<b>New Requests</b>	
Power of Attorney	(0.010)
South Initial Response Team - CCA's	(0.088)
Workforce Recognition	(0.025)
Double Handled Care	(0.150)
AHP Front Doors	(0.226)
<b>Total New Requests</b>	<b>(0.499)</b>
<b>Total New Requests</b>	<b>1.528</b>

#### 4.13 IJB Reserves

- 4.13.1 The latest budget monitoring report presented to the IJB on the 12<sup>th</sup> of February, noted earmarked reserves of £2.551m, uncommitted reserves of £4.237m and Improvement and Innovation Fund £4.179m.
- 4.13.2 Review of Earmarked Reserves has identified £1.1m of reserves for Unaccompanied Asylum-Seeking Children's (UASC) to be released in 2025-26 to support the costs of supporting the children in our own children's houses and supported accommodation. Savings of £0.500m recurringly on the base budget will be developed in year reflecting the reduction in demand in supporting South Ayrshire children in this type of service.
- 4.13.3 The current projected overspend of £1.289m will be funded in 2024-25 by uncommitted reserves, reducing the available reserves to £2.948m. Request is made to reduce the available reserves by a further £1m to balance the budget in 2025-26. This will allow services to develop savings plans to deliver recurring savings in 2026-27. The updated Medium Term Financial Forecast will be presented to the IJB on the 12<sup>th</sup> of June 25, providing further details.
- 4.13.4 The IJB Reserves Strategy is to hold at least 2% of annual budgeted expenditure as general fund balance. For 2025-26 budget of £216.877 excluding Set Aside 2% is £4.337m. The anticipated balance following use of reserves to meet 2024-25 projected overspend and £1m to contribute to the 2025-26 budget gap will be £1.948m or 1% of annual budgeted expenditure as general fund balance.

4.13.5 The remaining reserves of 1% is less than the recommended minimum of 2% as set out in the IJB Reserves Strategy. However, this needs to be balanced with the impact a further £1m of savings would have on service delivery to the people of South Ayrshire. Utilising reserves in 2025-26 to bridge the budget gap on a non-recurring basis is providing protection to maintaining a level of service delivery to meet the health and care needs in South Ayrshire.

4.13.6 The table below details the anticipated reserves position at 1<sup>st</sup> April 2025, subject to approval of requests above.

	Earmarked Reserves	Improvement and Innovation Fund	Uncommitted Reserves	TOTAL
Reserves Balance	£m	£m	£m	£m
Opening Balance 01-04-24	7.421	5.811	4.237	17.469
Transferred Out	(5.507)	(1.632)	(1.289)	(8.428)
Committed		(2.152)		(2.152)
Transferred In	0.637			0.637
<b>Balance Remaining 12-03-25</b>	<b>2.551</b>	<b>2.027</b>	<b>2.948</b>	<b>7.526</b>
<b>Request for Approval</b>				
UASC - Children Services	(1.100)			(1.100)
Balance Budget 25-26			(1.000)	(1.000)
Improvement and Innovation Projects for approval		(0.499)		(0.499)
<b>Anticipated Opening Balance 01-04-025</b>	<b>1.451</b>	<b>1.528</b>	<b>1.948</b>	<b>4.927</b>

#### 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.

<b>BUDGET GAP</b>					
	<b>2024-25</b>	<b>2025-26</b>	<b>2026-27</b>	<b>2027-28</b>	<b>TOTAL</b>
	<b>£'000's</b>	<b>£'000's</b>	<b>£'000's</b>	<b>£'000's</b>	<b>£'000's</b>
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 2025-26 was flat cash, where funding allocations received were for specific policy commitments. The financial cost of additional eNICs was 60% funded by Scottish Government with the remaining pressure of 40% to be met locally. South Ayrshire Council have provided additional funding to meet the additional eNIC's for council employed staff and £0.280m for demographic pressures. No funding has been allocated for council pay uplift pressure this has to be met from savings.

4.14.5 The worst-case scenario of £5.997m budget gap for 2025-26 is close to the reality of this year's budget gap of £6.413m.

4.14.6 The Medium-Term Financial Forecast to 2030-31, has been developed and based on the assumption of Flat Cash settlement in future years. The table demonstrates the anticipated financial gap in each year. This is based on the following expenditure assumptions:

- NHS Pay Award Funded by SG Allocation
- Adult and Children's Social Care Uplift Funded by SG
- Council Pay Award – 3% for years 2026-27 to 2027-28, thereafter 2%
- Demand in Social Care increases by 2%
- Demand in Health Care services increase 2%
- 2026-27 includes estimate of £1m for Primary Care Prescribing Pressure and £1.6m savings due from use of non-recurring reserves in 2025-26.

<b>FORECAST</b>						
<b>BUDGET GAP</b>	<b>2026-27</b>	<b>2027-28</b>	<b>2028-29</b>	<b>2029-30</b>	<b>2030-31</b>	<b>TOTAL</b>
	<b>£'000's</b>	<b>£'000's</b>	<b>£'000's</b>	<b>£'000's</b>	<b>£'000's</b>	<b>£'000's</b>
Flat Cash Basis	(8,384)	(6,414)	(6,006)	(6,184)	(6,222)	(33,209)

4.14.7 The financial gap over the 5-year period is approximately £33m. Further work will be progressed to develop savings plans for the medium-term financial forecast.

4.14.8 If no further funding allocations are provided by Scottish Government for health and social care this will have a detrimental effect to service delivery



and achieving the objectives with the IJB's Strategic Plan. A review of the budget process is recommended to ensure both funding partners are fully aware of the budget pressures within the health and social care side the IJB and have an opportunity to contribute funding from their overall funding allocations to help mitigate some of these pressures. Alternatively, the IJB will need to reduce services commissioned from partners impacting the health and wellbeing of people living in South Ayrshire.

#### **4.15 Financial Risks**

- 4.15.1 The pay uplift for Council and NHS staff included in the budget is based on public sector pay policy of 3%. There is a risk that the uplift agreed may be greater and funding may not be allocated to meet the cost.
- 4.15.2 Employers National Insurance increases is an unfunded pressure to commissioned providers. This budget proposes to pass through an increase above the Adult and Children's Social Care Pay uplift policy however this may not be sufficient to negate the additional cost to social care providers. Any further increases to contract rates or care packages being handed back to the HSCP will incur higher costs. Provider organisations remain as a high risk on the IJB Strategic Risk Register.
- 4.15.3 Reduction of Biggart Hospital beds to the affordable budgeted level, may have an impact on the wider system resulting in delays in beds being closed. This may have an adverse impact on our financial position in 2025-26.
- 4.15.4 Increasing demand and complexity of care, the budget for 2025-26 has been based on the current level of demand continuing. This last year there has been a 20% increase in adult residential placements and a 4% increase in older people residential placements. Whilst demographic pressures have been built into the budget for 2025-26, the levels of demand need to be maintained to keep in line with budget.
- 4.15.5 The revision of the Integration Scheme has still to be agreed by all parties ie NHS Ayrshire and Arran, South Ayrshire Council, East Ayrshire Council and North Ayrshire Council.
- 4.15.6 The savings targets are ambitious and there is a risk that these will not be achieved, this will be closely monitored during the financial year and remedial action taken where required.
- 4.15.7 The use of non-recurring funding to balance the budget for 2025-26, reduces the ability to meet any unknown financial pressures during the year.
- 4.15.8 Whilst the financial risks are significant. It is important to recognise opportunities to improve future service delivery and realise efficiencies to ensure financial sustainability going forward. The Improvement and Innovation Fund is available for this purpose and will continue to provide benefits to the wider population in future years.



## **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 this 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 this 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 IJB Directorate Management Team and IJB Budget Working Group.

## **8. RISK ASSESSMENT**

- 8.1 This report details the financial risks.
- 8.2 The IJB Strategy Risk Register categories the level of financial risk as high priority risk and notes mitigating actions taken to address the level of risk. The Risk Register is reviewed at the Risk and Resilience meetings and agreed at Performance and Audit Committee meetings.

### **REPORT AUTHOR AND PERSON TO CONTACT**

Name: Lisa Duncan

Phone number: 01292-612392

Email address: lisa.duncan2@south-ayrshire.gov.uk

## **APPENDICES**

- Appendix 1 - Local Government Settlement 2025-26 - 4 Dec 2024
- Appendix 2 - NHS and Integrated Authorities Budget 2025-26 - 4 Dec 004
- Appendix 3 - IJB Budget 2025-26
- Appendix 4 - Budget 2025-26 Pressures Proposals
- Appendix 5 - Budget 2025-26 Savings Proposals

## **BACKGROUND PAPERS**

N/A

*28<sup>th</sup> Feb 2025*