

Meeting of South Ayrshire Health and Social Care Partnership	Integration Joint Board	
Held on:	10th September 2025	
Agenda Item:	11	
Title:	Financial Recovery Plan	
Summary:		
To provide a financial recovery plan for the financial year 2025-26 and implications for budget planning in 2026-27 and beyond.		
Author:	Lisa Duncan, Chief Finance Officer	
It is recommended that the Integration Joint Board: -		
<ul style="list-style-type: none"> I. Consider and approve the Financial Recovery Plan proposals as set out in the report and summarised in section 4.47. II. Note that recovery plans for Lead Partnership underspends are subject to approval by East Ayrshire and North Ayrshire IJB's. III. Note that the recovery plan will be monitored over the course of the financial year and any revisions to plans will be brought forward for approval. 		
Route to meeting:		
Finance DMT 28th August/ Budget Working Group 3rd September.		
Directions:		Implications:
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"/>

FINANCIAL RECOVERY PLAN

1. PURPOSE OF REPORT

- 1.1 To provide a financial recovery plan for the financial year 2025-26 and implications for budget planning in 2026-27 and beyond.

2. RECOMMENDATION

- 2.1 It is recommended that the Integration Joint Board: -
- I. Consider and approve the Financial Recovery Plan proposals as set out in the report and summarised in section 4.44.
 - II. Note that recovery plans for Lead Partnership underspends are subject to approval by East Ayrshire and North Ayrshire IJB's.
 - III. Note that the recovery actions will be monitored over the course of the financial year and any revisions to plans will be brought forward for approval.

3. BACKGROUND INFORMATION

- 3.1 The Integration Scheme states that where there is a projected overspend in year, the Chief Officer and the Chief Finance Officer of the Integration Joint Board and the appropriate officers must agree a recovery plan to balance the overspending budget, the recovery plan shall be subject to the approval of the Integration Joint Board.
- 3.2 For overspends in Lead Partnership services the Lead Partner develops a recovery plan, this requires agreement by all three IJB's. In the event of failing to reach an agreement, and in year overspend occurs, the variances in Lead Partnership services are shared on an NRAC basis.
- 3.3 The budget monitoring report for period 3 presented to the IJB on the 10th of September projected an overspend of £5.171m, broken down as follows: -
- Social care services delivered by South Ayrshire Council are projected to be overspent by £5.288m
 - Services delivered by NHS Ayrshire and Arran are projected to be underspent by £0.578m
 - Lead Partnership arrangements are projecting an overspend of £0.461m, this includes our share of East Ayrshire's overspend £0.160m and North Ayrshire's overspend £1.819m combined with their contribution of £0.092m to our lead partnership services overspend.
- 3.4 In respect of Lead Partnership overspends recovery plans have been developed and are subject to approval by East and North Ayrshire IJB's.

4. REPORT

Projected Overspends in 2025-26

- 4.1 The table below highlights service areas with significant overspends that are requiring action to bring back in line with budget, this includes the community equipment store and family nurse partnership service that we host as a Pan Ayrshire service.

Service Area	Overspend in £000's
Older People Care Homes	2,347
Learning Disabilities Care Packages	1,638
SAC Payroll Turnover	1,418
Care at Home	1,012
Community Equipment Store	80
Family Nurse Partnership	101
Total Overspends	6,596

- 4.2 The overspends are offset with underspends in other areas of services, these underspends must be maintained or where possible further underspends delivered to improve the projected financial outturn.

Financial Recovery Action Plan Proposals

- 4.3 The Chief Finance Officer and service leads have developed proposals to ensure the current overspend can be reduced in year as far as possible and maintain financial sustainability going forward. The proposals have been scrutinised and reviewed by the DMT and the Budget Working Group.

Older People Care Home Beds

- 4.4 The projected overspend of £2.347m, is based on the current level of 951 care homes beds being occupied to the end of the financial year, the budget can afford 891 beds. Since Jan 25 there has been a significant increase in care home beds from 887 to 951 as shown in the table on Appendix A.
- 4.5 Care Home admissions follow a pattern with a peak in admission during January and March and a reduction during November to December, as shown in the second table on Appendix A. Assuming this pattern continues this financial year a reduction in care home placements and consequently a reduction in the projected overspend will be achievable, Appendix A shows the trajectory of care home placements to bring back in line to 891 beds at the end of March 2025.
- 4.6 Additional scrutiny of this budget has been put in place lead by the Senior Manager North Locality who will review and approve all admissions for South Ayrshire, this will provide tighter control and ensure consistency in applying

care home admission criteria. The number of people in care home beds will be monitored by the service on a weekly basis with information provided by Finance.

- 4.7 With additional scrutiny and the natural pattern of admissions following previous year's trends, the budget will be brought back into line to 891 placements by the end of the financial year. These actions are expected to reduce the overspend by £0.601m.

Learning Disabilities Care Packages

- 4.8 Within Learning Disabilities there is a projected overspend of £1.638m relating to care packages. The projection assumes £0.400m of savings approved in the budget, that are now not anticipated to be achieved.
- 4.9 **Residential Care** has a savings target of £0.400m approved in the budget for 2025-26. Savings were expected to be achieved from a review of out with authority placements and applying ordinary residence rules to transfer the care packages to the local authority delivering the care.
- 4.10 Best practice guidance on ordinary residence rules as defined in the Scottish Government Guidance of 2015 (CCD 3/2015 Guidance on the recovery of expenditure on accommodation and services under section 86 of the Social Work (Scotland) Act 1968) are now being followed. This ensures that where an adult chooses the area in which they live and receive their care and becomes ordinary resident in the new area, there is a duty on the new local authority /partnership to provide services to meet their assessed needs.
- 4.11 Legal advice received was that there was no legal obligation for local authorities to take on the financial responsibility of care packages that have been assessed and placed by South Ayrshire. This saving will no longer be achieved.
- 4.12 **Learning Disability community care packages** (including all Self-Directed Supported options) are projecting an overspend of £1.234m, this represents a 7% overspend compared to the budget available.
- 4.13 The table below shows the budget and projection for each option, along with the current average annual cost and the budgeted packages, this is what the current budget can afford. The actual packages at period 3 and how many packages over or under the budget for each option. The main area of overspend is within Individual Service Funds.

Option	Budget	Projection 25-26	(Over)/Under spend	Average Cost	Budgeted Packages	Actual Packages	(Over)/Under
Option 1 - DP	£864,079	£926,886	(£62,807)	£28,900	30	31	(1)
Option 2 - ISF	£1,996,147	£3,457,468	(£1,461,321)	£35,300	57	98	(41)
Option 3 - LA commissioned	£14,532,519	£14,242,756	£289,763	£71,072	204	199	5
TOTAL	£17,392,745	£18,627,110	(£1,234,365)	£59,785	291	328	(37)

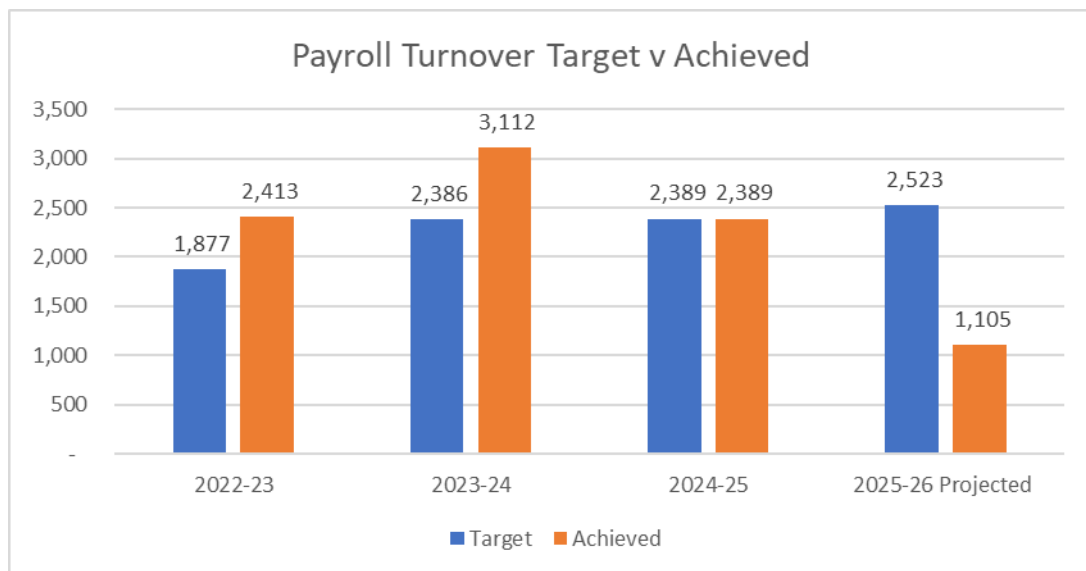
- 4.14 **Option 2 Individual Service Funds (ISF's)** are projecting an overspend of £1.461m. The budget of £1.996m can support 57 packages at an average cost of £0.035m. The projected cost is £3.457m with 98 current packages at an average cost of £0.035m.
- 4.15 Individual Service Funds provide flexibility in being able to use the assessed care package support as and when required to suit the service user's needs. The fund is an agreement between the service user and the care provider.
- 4.16 In 2021-22 ISF's became more popular with the number of service users selecting this option increasing from 29 to 98 a 238% increase. In the years to 2023-24 the actual care delivered was approximately 75% of the assessed care package cost, this was due to the flexibility arrangements and impact of protection measures during covid, where families used less care supports to avoid infections.
- 4.17 The spend in Individual Service Funds in 2024-25 was 100% of the actual assessed care package costs, the flexibility had not resulted in any reduction to actual service delivery as in previous years. In 2024-25 the year end overspend was £0.779m.
- 4.18 The ISF projection for 2025-26 assumes that 100% of assessed care package support will be spent. Financial monitoring of ISF's includes comparing assessed care package costs to actual costs incurred per packages, at the end of July there is less spend than anticipated. These packages will be reviewed in the first instance to identify if any changes are required to the projection.
- 4.19 **Recovery Plan** will focus on all SDS options and priority has been directed initially to review projected costs against actual spend. Identifying where the commitments can be revised with no impact to what actual care is being delivered. This will provide assurance that the projected spend is accurate. The service will also review care packages to ensure these meet critical and substantial need and ensure best value.
- 4.20 The review of commitments and care packages is anticipated to reduce the overspend by £1m this financial year. The latest community care package projections for period 4 have indicated a £0.200m reduction in the overspend, due to two care packages ending. The care packages projections will be

monitored closely by the service and finance, with actions identified timely to ensure the overspend is reduced this financial year as far as possible.

- 4.21 Work will be progressed on commissioning activities to reduce the overspend further to bring in line with budget by 2026-27. This includes working with providers in specific locations, reviewing clusters of care provision to assess where share support and technology can meet needs. Other areas of opportunities include the new Community Based Services at Kyle Street to provide opportunities for day supports optimising independence.
- 4.22 Earlier this year the service implemented an additional scrutiny meeting which reviews all care packages over £0.100m prior to approval this meeting includes input from the Chief Social Work Officer and Chief Finance Officer.

SAC Payroll Turnover

- 4.23 At period 3 payroll projections make assumptions that current vacant posts are filled during the year this is following meetings with managers who provide information on recruitment status of the vacancy and estimate of start date. Projections do not assume any further vacancies unless they are known at that point in time.
- 4.24 A review of previous years payroll turnover targets and achievements can be noted in the table below. In general, the target has been achieved or overachieved. In previous years no management action was required to ensure achievement of the target.



- 4.25 This year management scrutiny of vacancies will ensure the target is achieved, and if necessary specific posts may need to be held vacant for a longer period where this is possible and no risk to delivery of statutory service delivery.

Care at Home

- 4.26 Care at Home has a projected overspend of £1.012m, this includes overspends in employees £0.300m, purchased care at home £0.155m and transport £0.480m.
- 4.27 The care at home employee budget at period 3 is projected to overspend by £0.300m this includes an assumption that 50 employees will be recruited to in July and August. The latest recruitment data from the service highlights that there are 22 unfilled vacancies at the end of August.
- 4.28 Earmarked reserves of £1m were approved in 2023-24 to increase care at home capacity on a temporary basis, there is £0.820m remaining earmarked for this purpose.
- 4.29 Financial recovery plan for this financial year is to utilise the care at home capacity Earmarked Reserve £0.820m and allocate as follows: -
- Care at Home employees £0.300m
 - Care at Home purchased £0.155m
 - Care at Home Transport £0.365m
- 4.30 Action will be taken by Care at Home manager to ensure the employee establishment is brought back in line with recurring care at home mainstream employee budget of £10.428m by beginning of April 26. The staffing establishment will be maintained at 226 FTE care at home assistants and 33 FTE supervisors.
- 4.31 The Care at Home purchased budget can afford 5,902 hours per week; projection is based on 6,025 hours per week purchased to the end of the year. Action will be taken by Care at Home manager to ensure the hours are reduced back in line with budgeted level by end of the financial year.
- 4.32 Following financial analysis the Care at home transport costs overspend has reduced to £0.350m. The service has reviewed the use of their vehicles and are in the process of transferring hire cars to lease cars to reduce cost pressures, savings of £1,550 per car per annum. At present there are 54 vehicles on hire and 27 vehicles leased.
- 4.33 The transfer to lease cars is managed on a phased basis and dependent on supply from the provider, a plan is being developed with Fleet Management to move all cars to lease contracts by the end of the year. Moving all cars to a lease contract would reduce pressure by £0.084m. The transfer of cars to lease would also reduce maintenance costs estimated at £0.050m a year.
- 4.34 There will be a recurring financial pressure for Care at Home Transport costs of £0.216m, this will be factored into the budget pressures for 2026-27.

Community Equipment Store

- 4.35 The community equipment store is projecting an overspend of £0.080m, this is based on the current spend levels continuing to the end of the year. The service has been provided with a monthly budget that can be spent on equipment and supplies, this is after taking account of contracted service and maintenance costs that are fixed amounts required to ensure equipment is maintained and serviced in line with relevant legislation.
- 4.36 The service will be able to bring back the budget in line, by maintaining spend in line with budget available for equipment supplies. Communication and guidance to teams who access the store has been provided to ensure requests for items of equipment are relevant to the purpose of what the community equipment store supplies.

Family Nurse Partnership

- 4.37 The Family Nurse Partnership budget has a projected overspend of £0.101m, the budget has now been baselined by Scottish Government with the allocation of £1.7m unchanged from inception of the project. Since then annual pay awards and increments in relation to staff progressing the pay scales have increased the base costs.
- 4.38 The family nurse partnership is a project that the Scottish Government have licenced and are committed to providing support based on a level of FTEs per young mothers and babies. The funding is not sufficient to deliver on the criteria and reduction in FTE's would breach the conditions of the licence.
- 4.39 Action will be taken to ask Scottish Government to increase the baseline allocation to meet the additional costs. Depending on the outcome of this request further action may be required to be taken.

Hospital at Home

- 4.40 The IJB Budget 2022-23 approved £0.316m of funding to be allocated to acute to deliver a hospital at home service. This service was funded from contributions from by East and South IJB's and Ayrshire and Arran Health Board. The Scottish Government have now provided specific funding to increase the hospital at home service on a national basis. The funding provided will now be returned to East and South IJB's. For this financial year 6 months of funding will be returned with the balance to be returned in 2026-27.

Uncommitted Reserves

- 4.41 The IJB reserves position included in the budget monitoring report for period 3, includes £0.597m of general reserves uncommitted. The IJB Reserves Strategy states that funds that are not earmarked for specific purposes, but are set aside to deal with unexpected events and emergencies, otherwise known as financial planning or uncommitted balance may be held to meet:

- Cost of potential commitments that may occur in the short to medium term.
- To fund capacity within service priorities as set out in the Strategic Plan.

4.42 To meet the current commitments within the care home budget and reduce the in year overspend until the service has managed to reduce the placements back to the budgeted level, approval is requested to allocate the £0.597m uncommitted general reserves to the care home budget.

4.43 Within the Improvement and Innovation fund there is a balance of £1.420m that remains uncommitted. Based on the proposed recovery plans this balance can remain for future projects. The priority for any future projects from the fund shall be based on financial sustainability, with investment approved where this will realise financial efficiencies this year or next year.

Balance Remaining

4.44 There is a balance of £0.266m remaining to be identified to reduce the current projected overspend. A full review of all approved Improvement and Innovation projects will be undertaken to ascertain if there are any underspends that can be utilised to offset this remaining balance to bring the overspend back in line with budget.

Budget Planning 2026-27 and beyond

4.45 The IJB Budget 2025-26 was approved on the 12th of March, this included an update to the medium-term financial forecast and the budget gap to 2030-31 as noted in the table below. This highlights the challenging financial position going forward.

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

4.46 The Medium-Term Financial Forecast (MTFF) report will be developed and presented to the IJB later in the year, this will include savings plans to bridge the budget gap.

4.47 The allocation of annual financial settlements impacts on the ability to financially plan on a medium-term basis. Recent Scottish publications including the Population Health for Scotland Framework 2025 and the Service Renewal Framework will assist in development of the Medium -Term Financial Forecast as well as the recent refreshed South Ayrshire IJB Strategic Plan.

Summary of Recovery Actions

4.48 The table below provides a summary of actions required to bring the budget back in line in 2025-26.

Service Area	Action	Recovery in 25-26 £'000'S	Recovery in 26-27 £'000'S
Older People Care Homes	By March 26 care home beds to be in line with budget 891 Senior Manager to approve all admissions	601	
Learning Disabilities Care Packages	Review Community Care Packages Develop commissioning proposals including use of Tech Scrutiny of over £100k packages Develop CBS Kyle Street service	1,000	638
SAC Payroll Turnover	Review Vacancies and progressing with essential posts Hold vacancies where appropriate to ensure payroll target is achieved	1,418	
Care at Home	Employees - Allocate £300K from Earmarked Reserves Employee's to return to budgeted establishment by Apr 26	300	
	Care at Home Purchased - allocate £155k from Earmarked Reserves Care at Home hours purchased to reduce to 5,902 hours by April 26	155	155
	Transport - allocate £365k from Earmarked Reserves	365	
	Review of Transport projection £130k in 25-26 Transfer to Lease Vehicles £134k by Apr 26	130	134
Community Equipment Store	Manage within the monthly budgeted allowance Communicate to services CES products on offer	80	
Family Nurse Partnership	Request Funding from SG to ensure baseline budget is covered	101	
Hospital at Home	Service now funded from SG specific allocation Acute to 6 months of funding in 25-26 Acute to return 6 months balance in 26-27	158	158
Uncommitted Reserves	Allocate £597k from Uncommitted Reserves to offset care home commitments this financial year	597	
	Balance to be identified	266	
	TOTAL RECOVERY	5,171	927

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 Financial Implications are included in this report.

6.2 Human Resource Implications

6.2.1 There are no specific human resource implications arising directly from this report, however, to achieve payroll turnover targets vacancies may need to be held, this will be on a case-by-case basis.

6.3 Legal Implications

6.3.1 The Financial Recovery Plan ensures compliance with the terms of the Integration Scheme.

6.4 Equalities implications

6.4.1 There are no specific impacts at present to equalities. Individual actions will be subject to appropriate impact assessments where necessary.

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 recovery plan has been developed with Head of Service Community Care, Service and Team Leaders and both NHS and SAC Finance colleagues. The recovery plan has been scrutinised and reviewed by the HSCP Directorate Management Team and the IJB Budget Working Group.

8. RISK ASSESSMENT

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

APPENDICES

N/A

BACKGROUND PAPERS

IJB Budget Monitoring Report Month 3 – 30th June 2025

REPORT AUTHOR AND PERSON TO CONTACT

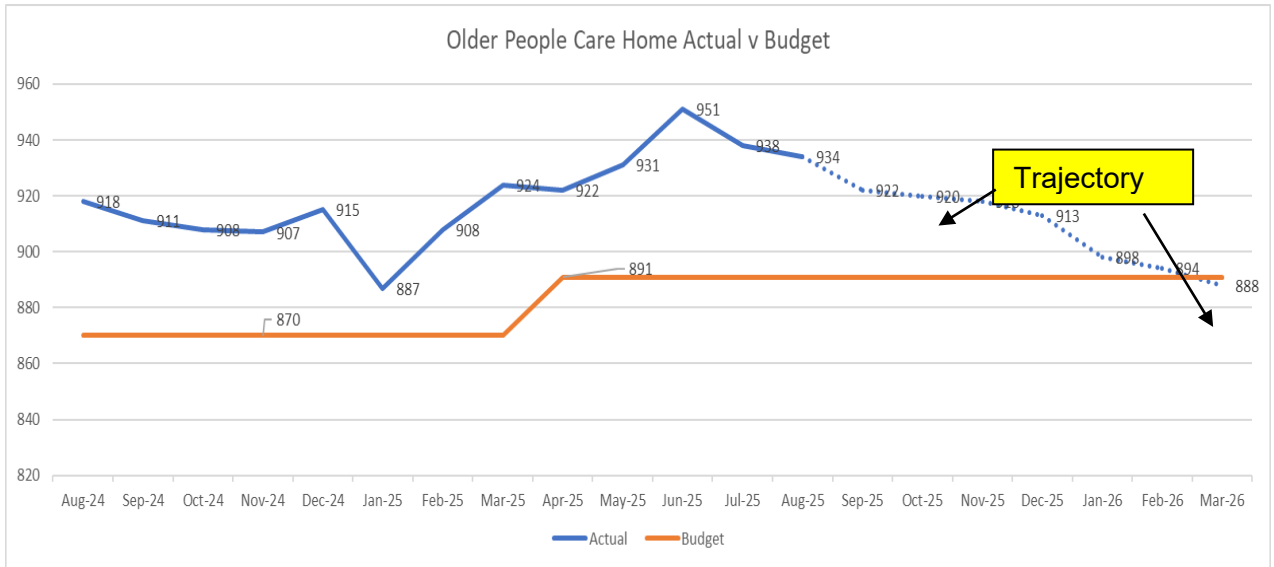
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Appendix A

Care Home Budget v Actual and Planned Trajectory



Care Home Movement Trend since April 23

