

<b>Meeting of South Ayrshire Health and Social Care Partnership</b>	<b>Integration Joint Board</b>	
<b>Held on:</b>	<b>11<sup>th</sup> March 2026</b>	
<b>Agenda Item:</b>	<b>7</b>	
<b>Title:</b>	<b>SA Integration Joint Board Budget 2026 – 2027</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 2026-27.		
<b>Author:</b>	<b>Lisa Duncan, Chief Finance Officer</b>	
<b>Recommendations:</b>		
<b>It is recommended that the Integration Joint Board</b>		
<ul style="list-style-type: none"> <li>i. <b>Note the 2026-27 Scottish Government Budget allocation letter in Appendix 1</b></li> <li>ii. <b>Note the Total Integrated Budget for 2026-27 for South Ayrshire Health and Social Care Partnership in Appendix 3;</b></li> <li>iii. <b>Note the projected overspend for 2026-27.</b></li> <li>iv. <b>Agree the proposed pressures in Section 4.9, included in Appendix 4.</b></li> <li>v. <b>Approve the proposed uplift to providers contract rates in Section 4.9.9.</b></li> <li>vi. <b>Approve the proposed savings included in Section 4.11 and Appendix 4.</b></li> <li>x. <b>Note the updated budget gap in the MTFE assumptions in Section 4.14</b></li> <li>xii. <b>Note Financial Risks in Section 4.15</b></li> </ul>		
<b>Route to meeting:</b>		
<b>Finance DMT – 24<sup>th</sup> Feb 2026 BWG – 4<sup>th</sup> March 2026</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 2026-27

### **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 2026-27.

### **2. RECOMMENDATION**

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

- i. **Note the 2026-27 Scottish Government Budget allocation letter in Appendix 1.**
- ii. **Note the Total Integrated Budget for 2026-27 for South Ayrshire Health and Social Care Partnership in Appendix 2.**
- iii. **Note the projected overspend for 2025-26.**
- iv. **Agree the proposed pressures in Section 4.9, included in Appendix 3.**
- v. **Approve the proposed uplift to providers contract rates in Section 4.9.9.**
- vi. **Approve the proposed savings included in Section 4.11 and Appendix 4.**
- vii. **Note the update budget gap in the MTFE assumptions in Section 4.14**
- viii. **Note Financial Risks in Section 4.15**

### **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 5<sup>th</sup> of March 2026 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 2025-26 Building the Best Future for Scotland](#) in May 2025. This committed to continuing to focus efforts and resources on four key priorities:

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

4.3.2 The programme committed to reforming services for the future. In June 2025, The Scottish Government published [Scotland's Public Service Reform](#)

[Strategy – Delivering for Scotland](#). This strategy states “we will deliver a system that improves lives, reduces inequality and is fiscally sustainable.”

That means the public services system will:

- Be efficient and effective with the right-size delivery landscape
- Better join up services and focus on helping people
- Prioritise prevention
- Empower people and communities to shape the services that matter to them.
- Be fiscally sustainable

4.3.3 The Scottish Governments vision is a “Scotland where everyone has access to services that re efficient, good quality and effective.” To achieve this three workstreams have bn set up these are Prevention, Joined up Services and Efficient Services these are designed to remove systemic barriers that prevent progress.

4.3.4 In June Scotland’s [Population Health Framework 2025-2035](#) was published, this is a strategic initiative by the Scottish Government and COSLA (Convention of Scottish Local Authorities) designed to enhance the health and wellbeing of the population over the next decade. It focusses on addressing the root cause of health inequalities and aims to ensure that everyone in Scotland can lead health and fulfilling lives.

4.3.5 The aim of the framework is to improve Scottish life expectancy whilst reducing the lie expectancy gap between most deprived 20% of local areas and the national average by 2035.

4.3.6 The Framework is based on five interconnected prevention drivers of health and wellbeing. These are: -

- Prevention Focussed Systems
- Social and Economic Factors
- Places and Communities
- Enabling Healthy Living
- Equitable Access to Health Care

4.3.7 The [Health and Social Care Service Renewal Framework \(SRF\) 2025–2035](#), was also published in June 2025, this sets out a 10-year strategic vision aimed at transforming Scotland’s health and social care services focussing on sustainability, efficiency and accessibility.

4.3.8 It aims to address rising demand, demographic shifts, and financial pressures by shifting care closer to home, improving integration and enhancing digital access. The Framework is based on five core principles: -

- **Prevention** – focus on early intervention, reducing disease burden and promoting wellbeing.

- **People** – empower individuals with choice and control over their care.
- **Community** – shift care from hospitals to community settings.
- **Population** – plan services based on population needs, not administrative boundaries.
- **Digital** – use technology to improve access, efficiency, and outcomes

4.3.9 The main themes from these three Scottish Government publications are focus on prevention and communities.

#### **4.4 Financial Settlement 2026-27**

4.4.1 The Scottish Budget 2026-27 was published by Scottish Government on the 13<sup>th</sup> of January. Following publication of the budget, the Interim Chief Finance Officer 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 1.

4.4.2 The level of funding allocated from the Scottish Government to Integrated Joint Boards for Health and Social Care Integration in 2026-27 is as follows:

- NHS payments to Integration Authorities for delegated health functions must pass on an uplift of 2% over 2025-26 agreed recurring budgets.
- Local Government funding of £167m to support social care integration for 2026-27: -
- £160m to support Real Living Wage for adult social care workers in commissioned services to pay a minimum of £13.45 per hour.
- £7m Inflationary uplift on Free Personal Nursing Care Rates
- On the 12<sup>th</sup> of February, a further £20m of funding for 2026-27 was announced to ensure funding is sufficient to meet the uplift to the Real Living Wage across adult and children's social care.

4.4.3 NHS funding is to provide funding towards the cost of the 2026-27 pay deals, additional funding will be provided to meet costs of the 2026-27 pay deals and full funding will be included for Agenda for Change Pay settlement. The budget uplift also provides for a 2% uplift on non-pay to support inflationary pressures.

4.4.4 Also included in the NHS budget is a further £150m to support the continued implementation of the Agenda for Pay reforms, including the additional one-hour reduction in the working week from 1 April 2026, band 5 to 6 job evaluation and protected learning time.

4.4.5 This increases total allocation for Agenda for Change pay deal to £300m. 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.

- 4.4.6 Further non-recurring sustainability funding of £150m will be allocated on an NRAC basis. This funding must be used in full to reduce pressures and the reported deficit.
- 4.4.7 Funding allocated from the Local Authority should be additional and not substitutional to each Council's 2025-26 recurring budgets for services delegated to Integrated Authorities.
- 4.4.8 South Ayrshire Council was one of the local authorities in the Strathclyde Pension Fund which had a substantial reduction in the employer's contribution rate in years 2024-25 and 2025-26. The reduction in pension contributions for social services budget was £4.027m. This was retained by the Council and will be returned this year to meet the increased contribution.

#### **4.5 Funding Allocation from South Ayrshire Council**

- 4.5.1 The Council presented their budget on the 5th of March 2026 based on the financial settlement for 2026-27. The allocation includes £3.754m of pension funding returned to SAHSCP to partially cover the increase in contributions to Strathclyde Pension Fund from 6.5% to 17.5%.
- 4.5.2 Additional funding of £0.345m was provided by Scottish Government in 2025-26 to support additional pay award. The allocation does not include any funding for Public Sector Pay uplift 2026-27 of 3.5%.

<b>Description</b>	<b>SAC £m</b>
<b>2025-26 Baseline Budget</b>	<b>105.427</b>
<b>Social Justice Specific Grant</b>	<b>1.794</b>
<b>Add Pension Funding</b>	3.754
<b>Add SG Funding Allocation:-</b>	
Additional 2025/26 pay funding allocation	0.345
Adult & Childrens Social Care Pay Uplift	3.677
Free Personal & Nursing Care	0.233
Other GAE Settlement Changes	0.002
<b>Total Funding Allocation</b>	<b>9.805</b>
<b>2026-27 Council's Budget Contribution</b>	<b>115.232</b>

## 4.6 Funding Allocation from NHS Ayrshire and Arran

- 4.6.1 The Scottish Government allocations announced in the budget are providing a 2% uplift over 2025-26 agreed recurring budgets. This is to go towards the expected costs of the 2026-27 pay deal and also includes a 2% 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.

<b>NHS Ayrshire and Arran</b>	<b>£m</b>
<b>2025-26 Baseline Budget</b>	<b>113.401</b>
<b>Less Non recurring</b>	
Prescribing (under review)	(27.859)
Primary Care (GMS separate funding uplifts)	(18.881)
In Year allocations - ADP Long Covid Support	(1.031)
<b>Managed Budget</b>	<b>65.630</b>
2% Uplift	1.313
<b>2026-27 Delegated Budget</b>	<b>66.943</b>

## 4.7 2025-26 Projected Financial Outturn

- 4.7.1 The IJB financial position for 2025-26 as at period 9, is a projected overspend of £0.894m, as reported to the IJB on the 11<sup>th</sup> of February 2026. The IJB approved a financial recovery plan during the financial year this included use of uncommitted general reserves. The main variances are noted in the table below.

Spend Area	Projected (Over)/ Underspend 2026/27	Comments
Community Hospitals - Biggart and Girvan	(0.282)	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.
Income from Charging	(0.419)	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	(0.268)	Increase in use of hire vehicles within care at home team, this is being reviewed and move to lease vehicles will reduce the overspend.
Community Care Packages over 65 years	(0.482)	Community Care Packages for older people increase in Direct Payments to provide funding for respite and day care alternatives
Adult Residential Care Packages	(1.265)	Increase in more complex care needs and ageing carers resulting in demand increase for residential care.
Adult Community Care Packages	(0.676)	Increase in community care packages due to increase in demand including increase in Direct Payments and Individual Service Funds
Children and Families	2.065	Children's 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	0.277	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	0.616	In year underspend due to slippage in filling vacancies.
Lead Partnerships	(0.564)	The projected overspend of £0.564m represents our share of East's projected overspend of £1.122m and North's projected overspend £0.904m and their contribution share towards our projected overspend of £0.089m.
Other	0.104	Other immaterial in year variances
<b>Total</b>	<b>(0.894)</b>	

4.7.2 The projected outturn of £0.894m is after financial recovery action has been taken account of. A [Financial Recovery Plan](#) was approved by the IJB on the 10<sup>th</sup> of September 2025. With progress reports provided to the IJB in October and February.

4.7.3 The Financial Recovery Plan included the following actions to be delivered by 1<sup>st</sup> April 2026: -

- Care Home Beds to be reduced to the 891 budgeted level.
- Care at Home employees to be at 399 employees budgeted establishment.
- Care at Home transport transfer to lease vacancies.
- Learning Disabilities review of care packages, including use of tech and the community-based hub in Ayr.

- Review vacancies and progress essential posts, hold vacancies where appropriate.

4.7.4 The Budget proposals for 2026-27 take into consideration the current financial projection as well as recovery action to get budgets back in line.

#### 4.8 Total Integrated Budget 2026-27

4.8.1 The total integrated budget is expected to be £225.847m (excluding Set Aside Budget) and £261.024m including Set Aside Budget, as shown in table below, full detail per service on Appendix 3.

	SAC	NHS AA	Total
	£m	£m	£m
<b>2026-27 Total Budget</b>			
<b>Baseline Budget</b>	105.427	113.401	218.828
<b>Social Justice Specific Grant</b>	1.794		1.794
Add Pension Funding return and 25-26 additional SG Pay Funding	4.099		4.099
SG Funding Allocation 26-27	3.912	1.313	5.225
<b>2026-27 Budget Excluding Set Aside</b>	<b>115.232</b>	<b>114.714</b>	<b>229.946</b>
Draft Set Aside Budget		<b>35.178</b>	<b>35.178</b>
<b>2026-27 Budget Including Set Aside</b>	<b>115.232</b>	<b>149.891</b>	<b>265.123</b>

#### 4.9 Budget Pressures 2026-27

4.9.1 Budget pressures for health and social care services are £14.789m. 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 3.

Type of Pressure	Social Care (SAC) £'000s	Health (NHS A & A) £'000s	TOTAL £'000's
Pay Award (increase SAC Pension)	6,365	871	7,235
Contractual - Commissioned Services	4,266	-	4,266
Inflation/Contractual	-	278	278
Demand/Demographic	2,932	51	2,983
Lead Partnership		27	27
<b>TOTAL PRESSURES</b>	<b>13,562</b>	<b>1,227</b>	<b>14,789</b>

### Pay Award

4.9.2 The pay award for Council employees is based on 3.5% public sector pay policy and includes £4.051m of pension increase from 6.5% to 17.5%, mainly funded £3.753m from return of £4.027m budget removed when pension contributions reduced from 19.3% to 6.5% in 2024-25.

4.9.3 NHS pay award is based on 2% uplift in line with budget funding allocation. Scottish Government have committed to providing additional funding to meet the costs of 2026-27 pay deals. In year funding allocations will be received to meet any additional costs.

### Contractual – Commissioned Services

4.9.4 Contractual pressures include the Adult and Children's Social Care Pay uplift from £12.60 per hour to £13.45 per hour and increases to free personal nursing care rates.

4.9.5 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.

4.9.6 The national weightings for the £13.45 per hour are as noted below including the policy uplift and the IJB proposed uplifts for 2026-27.

National Weigtings	% Weighting	% Uplift from £12.60 to £13.45 per hour	26-27 Policy Uplift	26-27 Proposed Uplift
Residential Care	71.80%	6.75%	4.85%	4.85%
Non-Residential Care	86.90%	6.75%	5.87%	5.89%
Personal Assistants	90.00%	6.75%	6.08%	6.13%

- 4.9.7 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.
- 4.9.8 The table below shows the application of the Adult Social Care policy uplift from £12.60 to £13.45 per hour. Funding from Scottish Government was less than required to implement the Adult pay uplift policy, therefore the IJB had little flexibility to offer an additional increase to the uplift.
- 4.9.9 The proposed uplifts to be applied to the current hourly rate for approval are included in the table below. The £24.44 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	2025/26	2026/27	Uplift
Older People *	£23.08	£24.44	5.89%
Adult * / **	£23.08	£24.44	5.89%
Personal Assistant	£16.65	£17.67	6.13%
Sleepover	£15.45	£16.49	6.73%
* <b>Rurality uplifts are also provided on above rates at 3% and 6%</b>			
** <b>Adult Care Packages under 20 hours per week receive an additional £1 per hour</b>			

- 4.9.10 The table below shows the application of the Children's Social Care policy uplift from £12.60 to £13.45 per hour or 6.75% 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 £12.60 to £13.45 per hour	26-27 Policy Uplift	26-27 Proposed Uplift
Secure Accommodation	42%	6.75%	2.84%	2.84%
Care Home Service: Children and Young People	59%	6.75%	3.98%	3.98%
School care accommodation service: Residential Special School	42%	6.75%	2.84%	2.84%
Support Service - Care at Home and Housing Support Service *	76%	6.75%	5.13%	5.87%
Support Service - Other than care at home	68%	6.75%	4.59%	4.59%
SDS Option 1 (Personal Assistants) *	90%	6.75%	6.08%	6.13%

\* 26-27 Proposed Uplift in line with Adult Uplifts to ensure consistency for providers

### **Inflation Contractual**

- 4.9.11 NHS non pays budgets include costs for travel, subsistence, pharmacy and clinical items, these budgets have increased over the years in demand and costs as a result of inflation and increase in services within the community, this budget pressure will ensure the non-pays budgets have sufficient funding to meet the needs of service delivery.

### **Demand/Demographic**

- 4.9.12 Pressures relating to demand and demographic pressures are included in Appendix 4 and based on the current projected demand profiles within service areas noted in Appendix 4.
- 4.9.13 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**

- 4.9.14 Pressures relating to Lead Partnership for Pan Ayrshire arrangements have been developed with the Pan Ayrshire CFO's and reviewed by the IJB Chief Officer's. These are subject to further scrutiny and approval by the Ayrshire IJB Chief Officers on the 16<sup>th</sup> of March. 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 2026-27**

- 4.10.1 The impact of funding the pressures increase the savings required to balance the budget. The total delegated funding increase for 2026-27 to the IJB is £9.324m, of which £3.754m relates to partial return of pension contribution budget. Pressures of £14.789m are proposed for pay awards,

increase in pension contributions, contractual uplifts, 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	8.011	1.313	<b>9.324</b>
Pressures to be Funded	13.562	1.227	<b>14.789</b>
<b>Budget GAP /Savings Required</b>	<b>(5.551)</b>	<b>0.086</b>	<b>(5.465)</b>
<b>Savings as % of Base Budget</b>	<b>-5.3%</b>	<b>0.1%</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 2026-27**

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. Appendix 4 provides details of the proposed savings by service area.

4.11.2 The IJB [Medium Term Financial Forecast 2026-2031](#) (MTFF) was presented to the IJB on 11<sup>th</sup> of February 2026. The forecast outlines the significant financial challenges over the five-year period and provides the budget gap over the next five years, based on various scenarios. The forecast provides a range of savings options; these have been used to develop the savings plans for 2026-27.

4.11.3 The savings table below details savings of £5.465m by savings options categorised in the MTFF.

Type of Saving	Social Care (SAC) £'000s	Health (NHS A & A ) £'000s	Total IJB Savings £'000's
Workforce	(267)	(640)	(907)
Reducing Demand	(1,168)	0	(1,168)
Increase charging	(260)	0	(260)
Rebalancing Resources	(2,795)	(335)	(3,130)
<b>TOTAL SAVINGS</b>	<b>(4,490)</b>	<b>(975)</b>	<b>(5,465)</b>

### Workforce

- 4.11.4 Savings of £0.267m have been identified within Council Services this year relating to posts that have been held vacant due to changes in service delivery and posts that have been reviewed resulting in savings.
- 4.11.5 Savings of £0.180m have been allocated against Health Visitors, the saving is equivalent to 2.5FTE. The team have been underspent over the last two years, mainly due to the staffing compliment within the team which included phased and partial retirements and maternity leave followed by part time posts on return. The team will achieve this saving by prioritising service delivery with priority given to universal health visiting pathways, infant feeding, safeguarding and immunisations.
- 4.11.6 Savings of £0.460m have been allocated to Allied Health Professionals service. Services provided by AHP's include Dietetics, Physiotherapists, Occupational Health Therapists, Podiatrists and Speech and Language Therapy savings will be achieved following an initial review of current vacancies and prioritisation of service delivery. Savings will result in reduced capacity within teams and will impact on service waiting lists and waiting times, every effort will be taken to prioritise service delivery based on need.

### Reducing Demand

- 4.11.7 Savings of £0.723m have been allocated to older people care home beds. During 2025-26 older people care home beds have reduced from 945 in June 2025 to 891 in February 2026. Savings of £0.723m equate to 24 beds at an average cost of £30k per annum. This will reduce the care home budget to 867 beds.
- 4.11.8 Scottish Government provided funding to improve flow to support the operational improvement plan. The 2026-27 funding allocation has still to be confirmed however investment in principle as been agreed in specific areas across Ayrshire Acute and HSCP services. Included within the plan was additional community nurse resource to support the development of

intermediate care models and ensure a home first approach. These posts are currently in the recruitment process. This investment will ensure localities have community nursing infrastructure which can support individuals in their own homes, support care homes, and the discharge to assess approach. Meeting key national drivers of reducing hospital admissions and promoting early discharge. This investment will enable a reduction in care home beds.

4.11.9 Housing Support for Care Leavers savings of £0.070m have been identified from new tender for supported accommodation services for young people age 16 to 25 years who are transitioning from care settings. The service will focus on supporting young people to move on from care in a planned, supported, and empowering way.

4.11.10 Savings of £0.275m have been identified to be achieved through Digital Innovation within overnight care provision, at present £2.651m is spent on providing care overnight to individuals in their own homes. Through the use of technology, the demand for this type of care could be reduced following risk assessments and piloting technology enabled care relevant to the individual's needs.

4.11.11 The Learning Disability Team have reviewed care packages for day care supports provided by another local authority. Savings of £0.100m have been identified through transferring this care back to South Ayrshire and providing community-based services that meet individual's needs closer to home with our internal service provision.

### **Increasing Charging**

4.11.12 Social care charges are a source of income that can be reinvested in social care services and enable sustainability of service provision. The proposed increase in charges are to be presented for approval to South Ayrshire Council's Cabinet on the 18<sup>th</sup> of March. The proposed increases will raise £0.260m of income.

### **Rebalancing Resources**

4.11.13 Children with Disabilities have been underspent this financial year, due to the numbers of children transitioning to adult services, and new provision being maintained within current block contracts. Savings of £0.290m have been identified as being achievable within this budget.

4.11.14 The Family Placement budget for 2025-26 can afford 281 placements, at period 10 the budget supported 239 placements. There has been a steady reduction of placements over the last five years, due to early intervention and prevention from Family First approach and Signs of Safety keeping families together with support where appropriate. Savings of £0.151m have been identified as achievable within this budget and will support 265 placements.

4.11.15 The Out with Authority placement budget for 2025-26 within Children's services can afford 34 placements, at period 10 the budget supported 25

placements. There has been a steady reduction of placements over the last few years, due to Family First and Signs of Safety approaches and also the development of RISE a collaboration with Education and Social work keeping young people in South Ayrshire to be educated in a way that is relevant to their needs. Savings of £0.671m have been identified as achievable within this budget and will support 38 placements, including one secure placement.

4.11.16 The IJB Budget 2022-23 approved £0.335m 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, this will provide the service to all Ayrshire's. Saving of £0.335m are included in this year's budget relating to the return of the original investment.

4.11.17 Within Community Care and Health budgets £0.037m has been identified as savings from specific contracts that have been renewed in year at less than current budget.

4.11.18 Review of Self-Directed Support provision, savings of £0.850m to be allocated to Direct Payments and Individual Service Funds budgets. Following a recent review of commitments and actual spend, there appears to be underspent bank balances in direct payment accounts and less than required care being purchased from providers within individual service funds. The current SDS policy is being reviewed and will align with Fair Access to Care and Eligibility Criteria Guidance. This guidance clarifies the main priority, and focus remains on individuals with the highest level of need and those most at risk (i.e. individuals assessed as having 'critical' needs). Individuals with non-critical level of need ('moderate,' 'low' or 'substantial') may also continue to receive a service through our partnership arrangements with the third sector. This may include the provision of information and advice or a range of other support services.

4.11.19 Savings of £0.850m have been allocated to a review of current care packages and rigour over new care packages to ensure critical criteria, as noted above, is the priority for care provision within the available budget for 2026-27. The development of Connects South Ayrshire on-line, and in localities across South Ayrshire, will ensure those who do not meet the critical needs criteria have access to information on services and support available in their locality.

### **Risk of Achieving Savings**

4.11.20 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 achieved).

4.11.21 The table below shows the risk of achieving the savings, the only one noted as Red – High Risk is review of current care packages and rigour over eligibility criteria. This saving requires reduction to care service users already receive and may be dependent on, no service will be reduced without a risk assessment, this may mean a delay in ability to achieve this level of saving in year.

4.11.22 Amber savings relate to Allied Health Professionals reduction in staffing establishment, review of Self-Directed Support provision, digital innovation in reduction to sleepovers and reduction in care home beds. Work is progressing in each of these areas and will be monitored closely during the year.

4.11.23 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.

Risk of Achievement	Social Care (SAC) £'000s	Health (NHS A & A) £'000s	Total IJB Savings £'000's
R	(850)	0	(850)
A	(2,138)	(460)	(2,598)
G	(1,502)	(515)	(2,017)
<b>TOTAL SAVINGS</b>	<b>(4,490)</b>	<b>(975)</b>	<b>(5,465)</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 2026-27 we have paused approval of any projects; this was due to the projected overspend of £0.894m reported to the IJB on the 11<sup>th</sup> of February in Budget Monitoring report period 9. Any overspend at year end 2025-26 will require to be funded by the IJB from any available reserves, including any balance remaining within the Improvement and Innovation Fund.

4.12.3 The balance remaining in the Improvement and Innovation fund at period 9, was £1.322m. Following final year end outturn any balance remaining will be earmarked for use in 2026-27. This should be used to support achievement

of savings where risks have been identified and ensure future financial sustainability in service delivery.

#### 4.13 IJB Reserves

- 4.13.1 The latest budget monitoring report presented to the IJB on the 11<sup>th</sup> of February, noted there are no uncommitted general reserves remaining.
- 4.13.2 Earmarked reserves of £0.241m are committed for use in future years. Grow Our Own Social Work Qualifications £0.203m earmarked for use until 2027-28. Premises Programme Manager earmarked reserves of £0.038m are required in 2026-27.
- 4.13.3 The IJB Reserves Strategy is to hold at least 2% of annual budgeted expenditure as general fund balance. For 2026-27 budget of £225.887 excluding Set Aside 2% is £4.518m. The anticipated balance at 1<sup>st</sup> April 2026 of general fund balance uncommitted is zero.

#### 4.14 Medium Term Financial Forecast Update

- 4.14.1 The [Medium-Term Financial Forecast 2026-2031](#) (MTFF) was approved by the IJB on the 11<sup>th</sup> of February 2026.
- 4.14.2 The MTFF funding was based on three scenarios best case which aligned to prior year's funding allocation, assumption that NHS Pay Award and social care contracted providers uplift in line with social care pay policy is fully funded. Mid case assumed funding for social care to pass to meet social care provides pay policy and NHS funding based on the Scottish Governments Medium Term Financial Strategy of June 25 which assumes 3.3% increase alongside an expectation that NHS Boards will achieve 3% recurring savings targets. Worst Case assumes flat cash settlement from both partners.
- 4.14.3 The budget gap presented in the MTFF is shown in table below.

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
Best Case	(5,988)	(6,041)	(5,634)	(5,814)	(5,854)	(29,331)
Mid Case	(7,276)	(7,085)	(6,293)	(6,489)	(6,545)	(33,687)
Worst Case	(12,190)	(11,562)	(10,955)	(11,347)	(11,611)	(57,665)

- 4.14.4 The budget settlement for 2026-27 was best case, where funding allocations received were for specific policy commitments, with no additionality for inflationary or demand and demographic pressures.

- 4.14.5 The best-case scenario of £5.998m budget gap for 2026-27 is close to the reality of this year's budget gap of £5.465m.
- 4.14.6 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. The IJB will need to review and 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 NHS staff is included in the budget within the 2% overall budget uplift. There is a risk that the uplift agreed may be greater and full funding may not be allocated to meet the cost.
- 4.15.2 The Agenda for Change pay reform for Reduced Working Week, Band 5 to Band 6 regrading and protected learning time, funding allocations to HSCP's are unknown at present. There is a risk that funding is not sufficient to meet costs of implementation. South Ayrshire HSCP has identified 24.09FTE posts at a cost of £1.214m required to meet implementation of the Reduced Working Week.
- 4.15.3 Whole System Intervention funding to support capacity and flow of £1.463m has been committed to support recurring service improvements to increase capacity, support flow and reduce admissions to hospital. This funding has been confirmed for 2026-27 only by Scottish Government. Posts are being advertised on a fixed term basis due to uncertainty of funding.
- 4.15.4 The revision of the Integration Scheme has still to be agreed by all parties i.e. NHS Ayrshire and Arran, South Ayrshire Council, East Ayrshire Council and North Ayrshire Council.
- 4.15.5 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.
- 4.15.6 Justice Social Work Services are included within the IJB Budget, the funding is allocated via a Grant from the Scottish Government on an annual basis. The funding is provided for delivering and commissioning of Justice Social Work services for the financial year, any in year pressures including pay awards need to manage within the annual Grant provided. There is a risk that pay award uplifts may result in the costs exceeding the Grant resulting in an overspend position.
- 4.15.7 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.

## **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 Integrated Impact Assessments have been completed by services for the proposals included within this budget. These can be accessed via the below links:

[IJB Budget Proposals 2026-27.xlsm](#)

[IJB Budget Proposals 2026-27 Children’s Health Care and Justice final.xlsm](#)

[IJB Budget Proposals 2026-27 Community Health and Care Services final.xlsm](#)

[IIA - IJB Budget Proposals 2026-27 Allied Health Professionals.xlsm](#)

### **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.

## **APPENDICES**

*Appendix 1 – 2026-27 Scottish Government Budget Letter – NHS Chief Executives*

*Appendix 2 – IJB Budget 2026-27*

*Appendix 3 - Budget 2026-27 Pressures Proposals*

*Appendix 4 - Budget 2026-27 Savings Proposals*

*Appendix 5 - Allied Health Professional Budget Proposal Summary Report*

*Appendix 6 - Children's Health Care and Justice Summary Report*

*Appendix 7 - Community Health and Care Services Summary Report*

*Appendix 8 - IJB Budget Proposals Summary Report*

## **BACKGROUND PAPERS**

N/A

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