

Meeting of South Ayrshire Health and Social Care Partnership Held on	Integration Joint Board 16 th of March 2021	
Agenda Item:	Item 6	
Title:	IJB BUDGET 2022-23	
Summary: To provide detail on the delegated funding to the IJB and service budget pressures for approval to set a balanced budget for 2022-23.		
Author:	Lisa Duncan, Chief Finance Officer	
Recommendations: It is recommended that the Integration Joint Board		
<ul style="list-style-type: none"> i. Note the 2022-23 Scottish Government Budget is transitional with a full spending review to be undertaken in May 22; ii. Note the Scottish Government funding allocation for specific investments; iii. Note the allocation from both partners to provide the Total Integrated Budget for 2022-23 for South Ayrshire Health and Social Care Partnership in Appendix 1; iv. Note the projected underspend for 2021-22; v. Note the reserves position will be finalised in the year-end process; vi. Agree the proposed pressures included in Appendix 2; vii. Approve the proposed increase to providers contract rates in Section 4.9.4; viii. Approve budget virements from reduction in the Debt repayment in Section 4.9.8; ix. Note the Set Aside resources delegated to the IJB £28.311m; x. Note the Covid Implications for 2022-23; xi. Note the Medium-Term Financial Plan update 		
Route to meeting: Finance and Performance DMT – 24 th February 2022 IJB Budget Working Group – 9 th March 2022		
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"/>
		Legal <input type="checkbox"/>
3. Directions to South Ayrshire Council <input type="checkbox"/>		Equalities <input type="checkbox"/>
		Sustainability <input type="checkbox"/>
4. Directions to both SAC & NHS <input type="checkbox"/>		Policy <input type="checkbox"/>
		ICT <input type="checkbox"/>

IJB BUDGET 2022-23

1. PURPOSE OF REPORT

- 1.1 The purpose of this report is to provide detail on the delegated funding to the IJB, including previous investments approved on 16th February 22 with recurring winter funding allocations, along with other budget pressures for approval to set a balanced budget for 2022-23.

2. RECOMMENDATION

2.1 It is recommended that the Integration Joint Board:-

- (i) Note the 2022-23 Scottish Government Budget is transitional with a full spending review to be undertaken in May 22;**
- (ii) Note the Scottish Government funding allocation for specific investments;**
- (iii) Note the allocation from both partners to provide the Total Integrated Budget for 2022-23 for South Ayrshire Health and Social Care Partnership in Appendix 1;**
- (iv) Note the projected underspend for 2021-22 in Section 4.6.1;**
- (v) Note the reserves position will be finalised in the year-end process;**
- (vi) Agree the proposed pressures included in Appendix 2;**
- (vii) Approve the proposed increase to providers contract rates in Section 4.9.4;**
- (viii) Approve budget virements from reduction in the Debt repayment in Section 4.9.9;**
- (ix) Note the Set Aside resources delegated to the IJB £28.311m;**
- (x) Note the Covid Implications for 2022-23;**
- (xi) Note the Medium-Term Financial Plan update**

3. BACKGROUND INFORMATION

- 3.1 The Health Board and Local Authority will delegate function and make payments to the Integrated Joint Board (IJB) in respect of those functions as set out in the Integration Scheme. In addition, the Health Board will also “set aside” an amount in respect of acute services.
- 3.2 The IJB is a legal entity in its own right and is expected to operate under public sector best practice governance arrangements. The budget delegated by the Parties is used by the IJB to direct the two partner organisations to deliver health and social care services on behalf of the IJB. Whilst the principles of funding made available by the Parties is set out in the Integration Scheme, utilisation of the funding delegated by the Parties to the IJB is a matter of the IJB itself to determine in line with its Strategic Priorities as set out in the Strategic Plan.
- 3.3 The Strategic Plan sets out the ambition for the HSCP that brings together the contribution of all of our services and partners who together can make a difference to the physical and mental wellbeing of the people of South Ayrshire.

It has a focus on prevention, place and wellbeing and looks to reflect progressive thinking around public service commissioning and service planning. The strategic priorities have been developed based on the engagement and conversations we've 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 On the 5th of October 2021, the Cabinet Secretary announced new recurring investment of £300m to help protect health and social care services over the winter period and to provide longer term improvement in service capacity across health and social care systems. Funding was allocated to meet the commitments made by the Scottish Government included in the [Adult Social Care Winter Preparedness Plan 2021-22](#). Winter planning investment was made on a recurring basis to ensure sustainability and build on approach to recovery and renewal as set out in the [NHS Recovery Plan](#) and improve social care support.
- 3.5 The IJB approved the HSCP's [Winter 2021-22 Investment Plan](#) at the IJB meeting on the 16th of February 2022. The plan provided specific details on the investment allocation to meet the specific priorities and key performance indicators as defined by Scottish Government.
- 3.6 This budget will include reference to the winter investment plan already approved, alongside budget proposals for approval following the Scottish Government's local financial settlement for 2022-23.
- 3.7 The budget proposals include pressures identified through service review, demand and capacity analysis to continue to meet the strategic priorities of the partnership. As well as pressures to meet specific policy requirements as defined by the Scottish Government.
- 3.8 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 This report details the allocations from South Ayrshire Council and NHS Ayrshire and Arran for the following financial year. The report states the recurring financial investments previously approved, and financial pressures facing the Health and Social Care Partnership (HSCP). The budget for South Ayrshire Council was set on the 3rd of March 2022, and the delegated funding approved. NHS Ayrshire

and Arran will set their budget on the 28th of March 2022. Any changes that affect the Partnership budget as a result of the NHS budget setting or changes to the final approved Scottish Government allocation will need to be reviewed and where necessary, the IJB Budget will be revised.

4.2 National Position – Scottish Government

4.2.1 The Scottish Government published their programme for Government “A fairer, greener Scotland in September 2021, setting out clear priorities in recovery of health and care services including rebuilding capacity, and establishing a new form of care which people can access in a way, place and time which works for them. The programme commits to “Establish a Caring Nation” and sets out a vision for health and social care over the course of the Parliament to 2026-27:

- Increase frontline health spend each year so it is at least £2.5bn higher by 2026-27
- Increase primary care spend by 25%, with half of all frontline health spend going on community health services
- Creation of a National Care Service, legislation for its establishment to be brought forward in June 22
- Improve national wellbeing with increased investment of at least 25% in mental health
- Tackle the drugs death emergency by investing £250m, ensuring better outreach, treatment, rehabilitation and aftercare services in every local authority.

4.3 Finance Settlement 2022-23

4.3.1 The Scottish Government local finance settlement was announced on the 9th of December 21, this was followed up by a letter to NHS Boards and IJB CFO's. Currently these allocations are only provisional and may require to be updated following any amendments agreed through the Scottish Parliament's Budget Bill Process.

4.3.2 The Cabinet secretary has stated this budget is a transitional budget taking steps to deliver the commitments outlined in the Programme for Government, with a full resource spending review planned for May 2022.

4.3.3 The level of funding delegated to Integrated Joint Boards for Health and Social Care Integration in 2022-23 per partner is as follows:

- NHS payments to Integrated Authorities for delegated health functions must deliver an uplift of 2% over 2021-22 agreed budgets, and make appropriate provision for increased employer national insurance costs
- Transfer of an additional £554m to Local Government to support social care and integration, this allocation recognises the recurring commitments on adult social care pay and on winter planning arrangements.

4.3.4 The £554m allocation to Local Government is to meet specific investments noted in the table below.

Investment	All Scotland £m
21-22 Real Living Wage	30.5
Wage Uplift 1st Dec 21	144
Winter Planning Care at Home	124
Winter Planning Interim Care	20
Carers Act	20.4
Free Personal Care	15
Social Care Investment	200
Local Government Allocation	554

4.3.5 The Scottish Governments commitment to increase the pay for employees in adult social care is included in the investment of £30.5m to meet the increase in minimum hourly rate of £9.50 per hour from 1st April 21. Further investment of £144m has been allocated to meet the cost of the wage lift uplift implemented on the 1st of Dec 21 to a minimum hourly rate of £10.02 per hour.

4.3.6 The settlement also included the recurring winter planning investments to meet the pressures identified and provide funding for additional care at home capacity and interim care in the community.

4.3.7 The Carers Act funding is ongoing investment to support unpaid carers in providing services to enable them to continue in their caring role recognising the valuable contribution they make to the people they care for.

4.3.8 Free Personal Nursing Care funding is to meet the 10% increase in annual uprating of free personal and nursing care payments.

4.3.9 The balance of £200m has to be used to support retention and embed improved pay and conditions for care workers. This funding requires the local government to deliver a £10.50 per hour minimum pay settlement for adult social care workers in commissioned services, in line with the equivalent commitment being made in the public sector pay policy.

4.3.10 The Scottish Budget for 2022-23 also sets out allocations to social care with an additional £25m for social work capacity, £50m to be invested in Fair Work for adult social care staff. This budget proposal includes the allocation of the £25m for additional social work capacity, the Scottish Government policy team are working on the allocation of the Fair Work investment this will be presented at a later date.

4.4 Funding Allocation from South Ayrshire Council

4.4.1 The Council presented their budget on the 3rd of March 2022 and based on the financial settlement for 2022-23 confirmed contribution to the partnership of

£88.175m as noted below, passing through Scottish Government investments announced in the budget and included in the settlement distribution. Other investments noted in the table below for social care investment and social care capacity have still to be distributed. The allocations for these investments have been provided on an indicative basis and are included for budget planning purposes.

Description	All Scotland £m	SAC £m
2021-22 Baseline Budget		77.263
Criminal Justice Specific Grant		2.169
Add SG Allocation:-		
2021-22 Real living wage	30.5	0.749
2022-23 Full Year of 1st Dec 21 uplift	144.0	3.536
Carers Act	20.4	0.501
Free Personal Care	15.0	0.594
Winter Planning Care at Home	124.0	3.107
Winter Planning Interim Care	20.0	0.501
MH Recovery & Renewal MHO Capacity	3.7	0.076
Other settlement adjustments		(0.321)
Total Funding Contribution SAC Budget		8.743
2022-23 Council's Budget Contribution		88.175
Add Social Care Investment	200	4.912
Add Social Care Workforce Capacity	22	0.550
Total Indicative Delegated Budget		93.637

4.4.2 The local authority financial settlement also includes £0.076m, South Ayrshire Councils share of £3.71m to provide additional Mental Health Officer (MHO) capacity. Latest statistics show the shortfall in MHO capacity continues to increase, with a gap of 53 full time MHO posts. Current demand is not being met and waiting lists are increasing.

4.4.3 On the 9th of February 22, the Scottish Government advised local authorities of and additional £22m funding additional social work capacity in adult services. This is to relieve pressure on the adult care sector to ensure care can be delivered safely to those who need it. An additional £0.550m has been allocated to South Ayrshire Council for this purpose.

4.4.4 The social care investment of £200m has been allocated based on indicative allocations provided by the Scottish Government. This allocation is included in the budget planning proposals to meet the increase in minimum hourly rate of

£10.50 per hour for commissioned adult social care and the balance used to meet other pressures.

4.5 Funding Allocation from NHS Ayrshire and Arran

4.5.1 The Scottish Government allocation letter states that NHS payments for 2022-23 for delegated health functions must deliver at least 2% uplift over 2021-22 agreed recurring budgets, and make appropriate provision for increased employer national insurance costs.

4.5.2 The initial funding allocation has been based in line with the Scottish Public Sector Pay Policy for planning purposes. The Agenda for Change pay settlement has still to be decided and approved. Funding allocations will be revisited by the Scottish Government in line with outcome of the pay negotiations.

4.5.3 The agreed allocation has been confirmed by the Director of Finance NHS Ayrshire and Arran as £1.859m. This is £1.318m for the managed services allocated to South Ayrshire Health and Social Care Partnership and the balance for the Lead Partnership arrangements delivered by North and East Health and Social Care Partnerships.

4.5.4 The Winter Planning investment included £1m allocated to the IJB to expand and fully integrate multi-disciplinary teams, this investment was approved by the IJB on the 16th of February 2022. Included in the winter planning investment Health Boards were asked to recruit an additional 1,000 Health Care Assistants. South Ayrshire was allocated 9.8 WTE and £0.292m is included in the budget for 2022-23.

4.5.5 The NHS budget is presented on a managed funding basis with services managed under lead partnership arrangements included within their allocated resources. The determination of the appropriate management services budget has been agreed with Ayrshire Finance leads and the Health Board Director of Finance as shown in table below.

NHS Ayrshire and Arran	£m
2021-22 Baseline Budget	98.088
Less Non recurring	
Prescribing (NHS A & A responsibility)	(24.362)
Primary Care (GMS (separate funding uplifts))	(19.423)
In Year allocations - ADP, Family Nurse Partnership, Winter Plan	(2.811)
Managed Budget	51.492
2.56% Uplift on Managed Budget	1.318
Winter Planning Multi Disciplinary Teams	1.292
2022-23 Delegated Budget	100.698

4.6 2021-22 Projected Financial Outturn

4.6.1 The IJB financial position for 2021-22 at period 9, is a projected underspend of £4.878m, this is mainly due to additional winter planning investment not in line with the pace of recruitment processes and other favourable variances related to delays as a result of ongoing pandemic. Request for earmarking £3.251m for specific liabilities was approved at the IJB meeting on the 16th of February.

Service	Projected Outturn 2021-22 (£m) Under/(Over)	Comments
Winter Planning - Interim Care	0.702	Capacity not available in the market to allow for full investment in 21-22. Funding earmarked for use in 22-23 as we move into recovery phase
Winter Planning - Care at Home Capacity	1.554	Investment plans are progressing to increase internal and external provision of care at home. Funding earmarked for use in 22-23
Community Care for Older Adults	0.551	Reduced capacity in purchased care at home due to recruitment and retention of staff within the care sector, also reduction in residential respite care provision. Final Year end outturn report will propose budget virements
Direct Payments & Individual Service Funds	(0.193)	Increase in service users choosing to direct their own care, budget virements to be proposed as part of year end outturn
Children and Families	0.200	Delays in adoption orders anticipated to be fully spent in 22-23
Community Living Fund	0.410	Plans are being developed this year, funding is for a three year period and has been earmarked full spend anticipated in 22-23
Family Placements	0.484	Delays in recruiting internal foster carers, expectation is this funding will be utilised in 22-23
Children and Families Direct Payments and Individual Service Funds	(0.111)	Increase in service users choosing to direct their own care, budget virements to be proposed as part of year end outturn
Staff Turnover	0.701	Over-recovery in anticipated staff turnover due to issues in recruiting posts both within NHS and Council
Lead Partnerships	0.580	Combination of reduced services as a result of Covid and staff vacancies
Total	4.878	

4.7 IJB Reserves

4.7.1 The updated Reserves Strategy was reviewed and agreed by the Performance Committee on the 5th of March 2021 and was presented to the IJB on the 24th of March 2021 for formal approval.

4.7.2 The updated Reserves Strategy advises the balance of reserves should be considered as part of the budget setting process. The reserves strategy outlines an optimum value of reserves to be held uncommitted in contingency. This is set as a minimum 2% of annual budgeted expenditure and, based on this the integrated budget for this year would be £4.469m.

4.7.3 The IJB is established as a Local Government body therefore has the ability to hold reserve balances. Reserve balances are held as part of an approach to good financial management, the purpose of reserves is as follows:

- a) As a working balance to help cushion the impact of uneven cash flows;
- b) As a contingency to manage the impact of unexpected events or emergencies; and
- c) As a means of building up funds, often referred to as earmarked reserves, to meet known or predicted liabilities.

4.7.4 The opening reserves for 2021-22 as at 1st of April 2021 were £10.206m made up of £6.355m earmarked reserves for specific known liabilities and £3.851m General Fund reserves.

4.7.5 During 2021-22 the IJB has approved £1.234m of the General Fund Reserves to be committed or earmarked for specific purposes mainly to support the partnership's recovery from the pandemic by investing in additional capacity. Leaving a balance of £2.617m in general fund reserves for future use.

4.7.6 At the IJB meeting on the 16th of February, the budget monitoring report presented the projected outturn of £4.878m underspend. A request for earmarking £3.251m for specific liabilities was approved. This will be reflected in the year end outturn report.

4.7.7 On the 25th of February, the Scottish Government confirmed further Covid funding for 2021-22, and advised where any funding remains at year end 2021-22, this must be carried in an earmarked resource. Based on the current Covid forecasted spend for 2021-22, the estimated balance to earmark is £12.377m. More details are provided in Section 4.11 Covid Implications.

4.7.8 At the end of the financial year, the IJB will have both earmarked reserves and general fund reserves. Whilst earmarked reserves are for specific purposes the general fund reserves provides opportunity for investment in transforming services to aid the recovery from the pandemic. Specific plans in utilising these reserves will be brought forward to the IJB in due course in line with recovery and renewal activities reflecting the strategic priorities approved in the Strategic Plan.

4.8 Total Integrated Budget for 2022-23

4.8.1 The total integrated budget for SAHSCP is expected to be £194.336m (excluding Set Aside Budget) and £222.646m including Set Aside Budget. The investment from Scottish Government represents a 9.6% increase on the base budget from 2021-22.

4.8.2 The investment in social care and health this financial year provides an opportunity to increase community capacity, further embed multi-disciplinary working and continue to pass on wage uplifts to the adult social care sector.

4.8.3 It should be noted that pressures include investments for specific policy areas including public sector pay policy, National Care Home Contract and adult commissioned services contract uplifts. The winter planning investments came with specific conditions and expected outcomes to be achieved, these will be monitored on a regular basis and reported to Scottish Government and the IJB.

4.8.4 Over the last two financial years £6.584m savings were identified to meet the budget gap and fund the financial pressures.

4.8.5 Due to the increase in investment from Scottish Government there is no budget gap between funding available and identified pressures. The budget for 22-23 will therefore feature pressures for approval only.

	SAC	NHS AA	Total
	£m	£m	£m
22-23 Total Budget			
Baseline Budget	77.263	98.088	175.351
Criminal Justice Specific Grant	2.169		2.169
SG Funding Allocation 22/23	14.205	2.610	16.815
2022/23 Budget Excluding Set Aside	93.637	100.698	194.336
Draft Set Aside Budget		28.311	28.311
2022/23 Budget Including Set Aside	93.637	129.009	222.646

4.9 Budget Pressures

4.9.1 The funding allocation of £16.815m has been allocated to meet specific pressures as noted in the table below. At present £0.106m remains unallocated, noted as contingency, this may be used for any in-year pressures that occur, these will be presented to IJB for approval included in the regular budget monitoring reports.

Type of Pressure	Social Care (SAC) £'000s	Health (NHS A & A) £'000s	TOTAL £'000's
Winter Planning Previously Approved	3,608	1,000	4,608
Pay Award	1,333	1,513	2,846
Inflation/Contractual	7,086	-	7,086
Demand/Demographic	1,226	400	1,627
Transformation	178	-	178
Lead Partnership	-	364	364
Contingency	106		106
TOTAL PRESSURES	13,538	3,277	16,815

Details of pressures proposed by service category for 2022-23 are shown in Appendix 2.

4.9.2 Winter Planning Previously Approved

Proposals were approved at the IJB on the 16th of February 2022 detailing specific plans for each element of funding to meet the specific outcomes expected by Scottish Government to reduce delayed discharges, increase care at home capacity and enhance multi-disciplinary teams working.

4.9.3 Pay Award

The pay award for both Council and NHS staff has been based on the Scottish Public Sector Pay Policy. Within the NHS the Agenda for Change settlement has still to be decided and approved and funding allocations will be revisited by the Scottish Government in line with outcome of the pay negotiations. The Pay Awards include additional increase for National Insurance.

4.9.4 Inflation/Contractual

- Pressures included in this category include contract increases to meet the minimum hourly rates of pay for adult social care workforce as defined by the Scottish Government. Pressure proposals include provision to meet the cost of the minimum hourly wage rate increase from £10.02 per hour to £10.50 per hour on the workforce element of the contract. The proposal includes an additional increase to meet other inflationary pressures and align the rate for community care services for older people and adults to the same hourly rate. The rates requested for approval and implementation from the 1st April 22 are noted in the table below.

Type of Care	2021/22	2022/23	Uplift
Older People *	£18.19	£19.21	5.61%
Adult *	£18.40	£19.21	4.40%
Personal Assistant	£13.27	£13.86	4.45%
Sleepover	£12.26	£12.81	4.49%

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

- Other contractual pressures include a 10% increase in Free Personal and Nursing care payments agreed by the Scottish Government as part of the annual uprating exercise under the National Assistance Act 1948. The National Care Home Contract increase is still under negotiation and provision has been made in the current budget proposals based on anticipated increase which includes the minimum hourly rate uplift of £10.50 per hour.
- Children and Families contractual pressures have been calculated based on inflationary increase of 3.1% reflecting Consumer Price Inflation (CPI) as at September 21. An additional £0.100m has been included in the contractual pressures to meet the increased costs of providing the children's short break service.

4.9.5 Demand/Demographic Pressures

- Within Children's service investment of £0.045m is required to ensure the continuation of resource for the infant breast-feeding nurse. Funding from the Scottish Government reduced in April 21 leaving a gap in funding resource. There has been significant improvements in the number of children being breast fed and this post is crucial to ensure this trend continues.
- Investment of £0.056m for an additional team leader within the Children's Health Team is proposed to provide management capacity to facilitate the training, co-ordination and quality assurance tasks to the expanding nursing teams, following Scottish Government funding to increase nurses in schools and looked after children's nursing teams.
- Investment of £0.100m is proposed to create a Pan Ayrshire team to work with Police Scotland to deliver on the national best practice on Joint Investigative Interviewing for children who have been subject to abuse, in a trauma informed and child centred manner. This will improve the experience of children who are interviewed by police and Social Work as well as improve evidence for courts. This investment represents South Ayrshire's share of a team leader, social work and admin resource.
- A review of the Allied Health Professional (AHP) service highlighted the need for additional Occupational Therapists, Speech and Language Therapists,

Dieticians and Physios both in Biggart Community Hospital and at Ayr Hospital. Funding was prioritised in the winter planning investment and resources allocated to AHP services that met the funding allocation requirements. A balance of 22.4 FTE's at a cost of £0.905m remains to be funded to provide the additional capacity to meet the demand identified in the AHP service review. It is recognised that these posts along with winter planning investment will not be filled immediately. Therefore, investment of £0.299m is requested this financial year to provide additional capacity within the AHP team. With prioritisation of recruitment based on areas of most need. Further investment will be made in following year's budgets.

- Investment of £0.550m to provide social work capacity in adult social care services. This allocation has been made by the Scottish Government to relieve the burden on the adult social care sector and ensure care can be delivered safely to those who need it. The funding will be used to create additional front-line and management capacity in the community care and health team, to ensure they are resourced efficiently to meet the current challenges and pressures facing the sector.
- This years' Carers Act allocation of £0.500m will be invested in services to support carers to continue in their caring role, services include short breaks and self-directed support options.
- The Scottish Government has provided £0.076m from the Mental Health Recovery and Renewal Fund, on a non-recurring basis. Further funding in 23-24 will be announced as part of the Scottish Budget next year. The funding will be invested in providing additional Mental Health Office (MHO) capacity in response to the current pressures from a reduction in MHO capacity and increase demand for this service.

4.9.6 Transformation Pressures

- Investment of £0.105m is required meet the operational costs associated with maintaining community alarm's functionality following the transfer from analogue to digital.
- The Information Systems team was created to implement and develop the Carefirst system. Over the last two year's the role of the team has expanded and reliance on the system to provide crucial management, performance and quality assurance reports has increased both for internal and external purposes. Investment of £0.073m is proposed to expand capacity within this team to meet the increase in demand and level of expertise required in continued development of the system and reporting requirements.

4.9.7 Lead Partnership Pressures

- North Ayrshire Health and Social Care Partnership (NAHSCP) are the lead partnership for Mental Health services and East Ayrshire Health and Social Care Partnership (EAHSCP) are the lead for Primary and Urgent Care Services. Pressures for lead services have been identified and reviewed by

Ayrshire Chief Finance Officers and agreed for inclusion in the budget, Appendix 2 details the pressures, in total our contribution to NAHSCP is £0.244m and our contribution to EAHSCP is £0.114m.

4.9.8 Debt Repayment

In 2018/19 the partnership overspent by £3.277m on the Council side of the delegated budget. An agreement was reached with the Council's Leadership Panel to pay back £1.092m per year over 3 financial years from 2020-21. Budget provision of £1.092m was set aside for this purpose. The final payment will be made this financial year and the debt repayment reduces by £0.290m to £0.802m.

Debt Repayment	Annual Payments (£m)	Closing Balance (£m)
Opening Balance		3.277
2019/20	0.291	2.986
2020/21	1.092	1.894
2021/22	1.092	0.802
2022/23	0.802	0.000
Total	3.277	

During 2021/22 investments were approved by the IJB from reserves, with the expectation that the investment would be recurring utilising the balance that would become available following debt repayments. Of the full £1.092m budget £0.783m of investments have been identified as recurring, leaving an overall balance of £0.309m to be utilised to meet other pressures. Illustrated in the table below.

For this financial year £0.290m is available to meet recurring costs of investments previously approved.

	£'000's	2022-23 £'000's	2023-24 £'000's	Total £'000's
Recurring Budget		290	802	1,092
Approved from Reserves				
Young Carers Post	50	0	50	50
QA Support Commissioning Team	40	20	20	40
Adult Social Work Review	150	0	150	150
District Nurse Review	100	0	100	100
Developing Community Capacity	100	100	0	100
Frailty Capacity - OT posts	143	0	143	143
AHP Capacity	200	0	200	200
Total Funded Permanently	783	120	663	783
Recurring Balance Remaining		170	139	309

Approval of £0.120m is requested to transfer £0.020m to fund part year costs of the Quality Assurance Support in commissioning Team with the balance funded from reserves.

The “South Ayrshire Wellbeing Pledge” was a commitment in the Strategic Plan to invest in developing community capacity £0.100m was allocated to various community groups. Virement is requested of £0.100m from the reduction in the debt repayment this will provide this funding on an annual recurring basis to continue to support communities.

For the remaining £0.170m a request is being made to create an SDS officer post at a cost of £0.055m, this post will be responsible for keeping up to date with Self Directed Support policy and ensure this is implemented timeously and staff are provided with the necessary training and guidance.

The balance of the debt repayment budget £0.115m will be held in contingency and used to fund any recurring financial pressure that emerge, approval will be presented to IJB when appropriate.

4.10 Set Aside Budget

4.10.1 The Set Aside budget represents the direct cost of six specialities and is focussed on unscheduled activity. The six areas are Accident and Emergency, General Medicine, Geriatric Medicine, Respiratory Medicine, Rehabilitation Medicine and certain GP no elective activity.

4.10.2 In 2020-21 South Ayrshire used £1.551m more than its “fair share” of the Set Aside Budget. This was due to an increase in bed use at Ayr Hospital as a result of demands in unscheduled care.

4.10.3 Unscheduled care is a key focus for development to align the “fair shares” along with other acute specialities in the community not included in the set aside budget. The Scottish government Medium Term Financial Framework includes an assumption of efficiencies from reduced variation in hospital to enable a 50% reinvestment in the community to sustain improvement. The Three Ayrshire HSCP’s are working in partnership to develop Fair Share alongside Directions in 2022-23. This work commenced in 2021-22 with information on activity and costs presented to the Ayrshire Finance Leads further review and scrutiny of this information will be ongoing in 2022-23.

4.11 Covid Implications 2022-23

4.11.1 The Quarter 3 Local Mobilisation Plan was submitted to the Scottish Government on the 28th of January 22. This included a projection of recurring covid expenditure into 2022-23 this was based at a point in time and was reflective of the legislation and policies at end of January 22.

4.11.2 Since the submission the Scottish Government and COSLA have extended financial support for adult social care providers to the 30th of June 22. This will be an additional cost in 2022-23.

4.11.3 Following a review of the Quarter 3 financial return, further funding was provided to NHS boards and Integration Authorities in 2021-22 to meet the costs and to support the continuing impact of the pandemic. The funding is provided on a non-repayable basis and includes provision for under-delivery of savings.

4.11.4 A total of £981m funding was allocated with £619m provided to integration authorities. This funding is to cover provider sustainability payments to social care providers as well as additional staffing costs in Health and Social Care.

4.11.5 Any funding remaining at year end 2021-22 will be carried forward in an earmarked resource and used for future Covid expenditure. This may be used to meet unmet need, frailty of service users and backlog of demand as well as meeting any sustainability payments. Any earmarked funding will be utilised prior to any further allocations made through the Local Mobilisation Planning process used to capture Covid related expenditure.

4.11.6 South Ayrshire received £12.731m of the £619m allocation to integration authorities. Based on the current forecast of spend for 2021-22, the earmarked reserve is estimated to be £12.377m. This will be clarified and approval requested to earmark as part of the year end process.

4.11.7 The use of earmarked reserves will be used to support the continued provider sustainability payments, PPE costs and additional staffing costs and other costs already approved in the local mobilisation planning process. Any proposed use

of earmarked reserves that has not been approved previously will require agreement from Scottish Government. Also reserves can not be used to fund recurring expenditure, as the funding is non-recurring.

4.11.8 A detailed analysis of the continued covid expenditure in 2022-23 will be presented as part of the year end process, with a plan of how the earmarked reserves will be utilised presented for approval by the IJB.

4.12 Medium Term Financial Plan Update

4.12.1 The Medium-Term Financial Plan was approved by IJB in January 2020, the plan was based on the 2019-20 budget and looked at the financial trajectory of expenditure and funding over the five year period to 2024-25.

4.12.2 The financial plan used projected demographic and price demand information included in the Scottish Government's Medium-Term Financial Framework for Health and Social Care published in October 2018. This included Demographic growth within social care at 4%, NHS at 1% and pay awards at 2%. Funding increases were based on 3.19% from Council Funding and 2.25% from Health Board.

4.12.3 The budget gap was presented in the Medium-Term Financial Plan as shown in table below.

	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	£m	£m	£m	£m	£m	£m
Funding delegated to the IJB	224.6	229.0	233.6	238.2	243.0	247.9
"Do Nothing" spend	(224.5)	(233.1)	(240.3)	(247.6)	(254.4)	(262.0)
Budget Gap	0.1	(4.1)	(6.7)	(9.4)	(11.4)	(14.1)

4.12.4 In the budgets set for the years 2019-20 to 2021-22 the actual budget gap is shown in the table below. This represents a cumulative total of £10.4m shortfall between funding delegated and pressures to be met, slightly less than the cumulative shortfall in the Medium-Term Financial Plan of £10.7m.

Actual	2019/20	2020/21	2021/22
Funding Delegated to IJB	4.72	3.8	3.2
Pressures	8.58	7.0	6.6
Budget Gap	(3.9)	(3.2)	(3.4)

4.12.5 A balanced budget was set in each of the financial years and savings meet to bridge the gap. These savings were delivered from various transformation activities including:

- Whole Family Whole System Approach in Children and Families
- Family Group Decision Making

- Transfer of out with authority placements to South Ayrshire
- Implementation of a Care at Home Reablement Service
- Increase capacity in mobile responder service
- Creation of Supported Accommodation models
- Commissioning Frameworks
- Integrated Multi-Disciplinary Teams
- Investment in technology

4.12.6 The investment this year from the Scottish Government represents an increase in funding of 9.6% from last year's base budget.

4.12.7 Financial planning for the medium to long term is essential in assessing the financial sustainability of the HSCP, in order to make decisions on shaping services for the future. The planning relies on national and local information and trends.

4.12.8 The past two years the country has been responding to the pandemic and this has changed funding allocations and elements of service delivery. The next few years will focus on recovering from the pandemic particularly within health and social care in meeting the demands from backlogs and increase demands relating to frailty and mental health needs.

4.12.9 Scottish Government investment over the last two years has been in response to specific areas of need and allocations have been both recurring and non-recurring in nature. This has made financial planning challenging along with the budget settlements set annually. This year's settlement is based on a transitional budget for one year with a full resource spending review expected in May 2022.

4.12.10 The Scottish Government will be updating their Health and Social Care Medium Term Financial Framework in 2022-23, this framework is a key document in the preparation of the HSCP's medium term financial plan.

4.12.11 It is recommended that the SAHSCP Medium Term Financial Plan is updated this financial year following the spending review and the conclusion and circulation of the Health and Social Care Medium Term Financial Framework. The updated plan will be presented to IJB for review and approval during 2022-23.

4.13 Financial Risks

4.13.1 The report outlines the delegated funding and the pressures to be met from within the overall integrated budget. This is based on information known at a specific point in time.

4.13.2 The pay awards have still to be approved for NHS and Local Authorities. Whilst the Scottish Government has provided assurance any increase over the public sector pay policy will be provided for the NHS budget, this is not the case for Local Authorities. Therefore, any additional funding will be required to be met from in-year resources.

4.13.3 The National Care Home Contract uplift is still under discussion and no agreement has been made to date. A best estimate has been included in the pressures to meet the anticipated uplift, any costs over and above this will need to be met from current resources.

4.13.4 The impact of Covid is continuing, with costs being incurred for additional beds, increase in Personal Protective Equipment, staff absence and backfill costs. Reserves are available to meet these costs in the short term. In the medium to longer term it is anticipated the costs will reduce and the investment in community capacity will reduce the need for additional beds. This situation will need to be closely monitored during the year with retaining and recruiting workforce in health and social care the main risk to increasing capacity to deliver services.

4.14 Managing Financial Risk

4.14.1 The preceding section detailed the specific financial risks. These will be monitored in year through the budget monitoring process. With specific focus on the activity drivers behind the costs to ensure we can monitor trends and changes in demand for care.

4.14.2 During the year we will continue to monitor, record and report on the financial impact of the Covid pandemic. We will continue to be involved in the national discussions in relation to National Care Home Contract and Adult Social Care wage uplift to ensure we are kept aware of developments and can provide detail on how any changes in policy will affect the partnership financially.

4.14.3 The reserves balance will provide a cushion for any fluctuations in expenditure that may arise as we start to recover from Covid. Any use of reserves balances will be subject to scrutiny by the Budget Working Group prior to request for approval at IJB.

4.15 Next Steps

4.15.1 The Medium-Term Financial Forecast will be reviewed and updated to reflect 2022-23 financial position and align with the new Strategic Plan. This will be presented for approval to IJB later in the year following the Scottish Government's full resource spending review in May 22 and publication of the Health and Social Care Medium Term Financial Framework expected Sep 2022.

4.15.2 The forecasted Covid related expenditure for 2022-23 will be presented as part of the year end process, along with a plan for use of Earmarked Covid funds to be approved by the IJB.

4.15.3 The DMT will create a transformation plan for the use of general fund reserves to reshape services and ensure future financial sustainability in recovering from the pandemic. This will be presented to the IJB in due course.

5. STRATEGIC CONTEXT

5.1 The IJB is expected to operate within the resources available. This report contributes to the strategic priorities.

6. IMPLICATIONS

6.1 Financial Implications

6.1.1 The total directly managed services delegated budget for 2022-23 is £194.336m. This budget increases to £222.646m when uplifted Set Aside resources of £28.311m are included.

6.1.2 The plans outlined in this report allow for a balanced financial position to be approved.

6.2 Human Resource Implications

6.2.1 The proposals include recruitment of additional posts both within NHS and SAC, following approval of the budget, the posts will be advertised via the relevant partner's recruitment processes.

6.3 Legal Implications

6.3.1 The approval of the delegated budget for the IJB will ensure compliance with the terms of the Integration Scheme,

6.4 Equalities implications

6.4.1 An equality impact assessment on the full budget has been completed.

6.5 Sustainability implications

6.5.1 There are no sustainability implications arising from this report.

6.6 Clinical/professional assessment

6.6.1 There are no clinical/professional implications arising from this report.

7. CONSULTATION AND PARTNERSHIP WORKING

7.1 The content of this report and creation of the pressures and savings was developed in partnership with members of the budget working group alongside Heads of Service and Senior Managers within the Council and NHS. The report has also been presented to the voting members of the IJB for consultation prior to publication.

8. RISK ASSESSMENT

8.1. For the forthcoming financial year, there are a number of financial risks noted in Section 4.13.

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BACKGROUND PAPERS

8th of March 2022

APPENDIX 1

South Ayrshire Health and Social Care Partnership Budget	22/23 Budget	22/23 Budget	22/23 Budget
	Council	NHS	Integrated
	TOTAL	TOTAL	TOTAL
	£'000	£'000	£'000
Community Care & Health			
Older People	54,458	1,292	55,750
Physical Disabilities	4,122	0	4,122
Biggart Hospital	0	5,149	5,149
Girvan Hospital	0	1,485	1,485
Community Nursing	0	3,350	3,350
Intermediate Care and Rehabilitation	0	1,702	1,702
AHPs	0	7,514	7,514
Total Community Care & Health	58,580	20,492	79,072
Primary Care			
Prescribing	0	24,362	24,362
General Medical Services	0	18,881	18,881
Total Primary Care	0	43,243	43,243
Mental Health Services			
Learning Disabilities	23,413	488	23,901
Mental Health Community Teams	4,443	3,018	7,461
Addictions	336	1,267	1,603
Total Mental Health Services	28,192	4,773	32,965
Hosted Services			
Community Store	0	934	934
Family Nurse Partnership	0	1,979	1,979
Continence Team	0	448	448
Total Hosted Services	0	3,360	3,360
Children and Criminal Justice Services			
C&F Social Work Services	22,506	102	22,608
Justice Services	2,165	0	2,165
Health Visiting	0	2,811	2,811
Total Children and Criminal Justice Services	24,671	2,913	27,584
Integrated Care Fund/ Delayed Discharge	0	795	795
Support Services	0	0	0
Directorate	3,200	4,062	7,262
Other Services	1,099	0	1,099
Payroll management target	(1,849)	0	(1,849)
Total Support Services	2,450	4,062	6,512
Scheme of Assistance	0	0	0
Inter Agency Payments	(21,059)	21,059	0
Repayment of Additional Funding	802	0	802
Partnership Total	93,636	100,698	194,335
Acute Hospitals		28,311	28,311
IJB Total	93,636	129,009	222,646

APPENDIX 2

SAHSCP FUNDING PRESSURES 2022/23

Winter Planning Investment Approved 16th Feb 2022				
Partner	Category	Service	Funding Pressures Subject	Pressures 2022/23 £'000's
SAC	Winter Planning	Community Care and Health	Interim Care	501
SAC	Winter Planning	Community Care and Health	Expanding Care at Home Capacity	3,107
NHS	Winter Planning	Community Care and Health	Multi-Disciplinary Teams	1,000
			Total Winter Planning Investment	4,608

NHS Service Wide				
Partner	Category	Service	Funding Pressures Subject	Pressures 2022/23 £'000's
NHS	Pay Award	NHS Wide	NHS Pay Award	1,222

Council Service Wide				
Partner	Category	Service	Funding Pressures Subject	Pressures 2022/23 £'000's
SAC	Pay Award	Social Care Wide	Council Pay Award	1,333
SAC	Inflation/Contractual	Community Care and Health	Adult Social Care Contract Uplift	6,600
SAC	Inflation/Contractual	Community Care and Health	Fort Street Supported Accommodation	67
SAC	Inflation/Contractual	Children and Families	Children and Families Contractual Pressures	419
			Total Funding Pressures Council Service Wide	8,419

Children and Families				
Partner	Category	Service	Funding Pressures Subject	Pressures 2022/23 £'000's
NHS	Demand/Demographic	Children and Families	Infant Feeding Nurse Support	45
NHS	Demand/Demographic	Children and Families	Children's Health Team Leader	56
SAC	Transformation	Children and Families	Joint Investigative Interview Pan Ayrshire Post	100
			Total Funding Pressures Children and Families	202

Community Care and Health				
Partner	Category	Service	Funding Pressures Subject	Pressures 2022/23 £'000's
NHS	Demand/Demographic	Community Care and Health	Allied Health Professional Additional Capacity	299
SAC	Demand/Demographic	Community Care and Health	Additional Social Work Capacity	550
SAC	Demand/Demographic	Community Care and Health	Carers Act	500
SAC	Transformation	Community Care and Health	Analogue to Digital Revenue Costs	105
SAC	Transformation	Community Care and Health	Information Systems Team Restructure	73
			Total Funding Pressures Community Care and Health	1,527

Partner	Category	Service	Funding Pressures Subject	Pressures 2022/23 £'000's
NAHSCP	NAHSCP Lead Mental Health	Lead Partnership	Veterans First	61
NAHSCP	SAHSCP Lead Community Equipment Store	Lead Partnership	Community Equipment Store Job evaluation	5
EAHSCP	EAHSCP Lead Primary Care	Lead Partnership	Office 365 - upgrade to GP's	110
NAHSCP	NAHSCP Lead Mental Health	Lead Partnership	Foxgrove - National Secure Adolescent Inpatient Mental Health Unit	107
NAHSCP	NAHSCP Lead Mental Health	Lead Partnership	Scottish Huntingtons additional post shared Pan Ayrshire	14
NAHSCP	NAHSCP Lead Mental Health	Lead Partnership	Post to support MH Data Analysis	17
EAHSCP	EAHSCP Lead Primary Care	Lead Partnership	Marie Curie Contract Uplift	4
NAHSCP	NAHSCP Lead Mental Health	Lead Partnership	Daldorch Income shortfall	45
			Total Funding Pressures Lead Partnerships	364

