



south ayrshire
health & social care
partnership

South Ayrshire Integration Joint
Board

Medium Term Financial Forecast
2024- 2028



Medium Term Financial Forecast 2024/25-2027/28

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1. EXECUTIVE SUMMARY

- 1.1 This Medium Term Financial Forecast (MTFF) for South Ayrshire Integration Joint Board (IJB) sets out the financial outlook covering the next 4 financial years for the IJB and the services commissioned through South Ayrshire Council and NHS Ayrshire and Arran, as directed by the IJB.
- 1.2 The purpose of the MTFF is to assist in the strategic planning process ensuring the financial resources available deliver the priorities in the Strategic Plan. The MTFF will allow the IJB to make informed decisions when planning for the future and ensuring financial sustainability in the medium term.
- 1.3 Funding levels remain on annual allocations, the planning assumptions in the MTFF are from various publications including the Scottish Government Resource Spending Review and recent budget settlement, along with assumptions made by Council and NHS on pay award pressures. The assumptions are stated clearly and will be revised on an annual basis following annual budget allocations from Scottish Government and annual operational delivery outcomes.
- 1.4 The MTFF will provide an estimate of integrated financial resources available over the next 4 years to meet the health and care needs of the South Ayrshire population. The plan will identify estimated gap in balancing the budget, this will inform what savings are required to be made and will be the basis for development of savings plans over the course of this financial year.
- 1.5 The IJB and its partners face significant uncertainty and financial challenges over the next few years. This is driven by recovering from the pandemic including changes in demand and increasing costs, increasing expectations of health and social care services and constraints on the funding available. Inflationary pressures impacting on increasing pay awards and energy prices.
- 1.6 Workforce pressures in health and social care are extremely challenging with issues in recruitment and retainment of staff. Audit Scotland's report on IJB Financial Analysis 2021-22 published in April 23, stated there is a 30% turnover of staff per year, the proportion of care services reporting vacancies increased from 11 per cent to 47 per cent in 2021. The most common reasons for vacancies not being filled were too few applicants, and too few who were experienced and qualified. The effects of the pandemic exacerbated existing pressures on the workforce with low pay, antisocial hours and 'burnout' causing experienced staff to leave their posts.
- 1.7 The MTFF aims to pull together all known factors nationally and locally that will impact on the financial position over the medium term. With recommended next steps to be taken in how to meet the estimated budget gap to ensure financial sustainability in the medium term.

2. NATIONAL CONTEXT

Economic Outlook

- 2.1** The Scottish Government published their [Medium Term Financial Strategy\(MTFS\)](#) in May 2022. This was published alongside the Resource Spending Review and update to the Capital Spending Review.
- 2.2** The MTFS provided an update on the latest state of the Scottish Economy and a summary of the economic forecasts and impacts on the Scottish Budget. Also included in the strategy was how the Scottish Government is acting to promote economic recovery from the pandemic, supporting households and businesses following the UK's exit from the EU and cost of living crisis.
- 2.3** Pressures included highlighted the impact of rising inflation on families and public services, rapidly increasing energy prices, reduction in average earning, reduction in working age population in Scotland. Alongside these pressures additional public sector expenditure is forecasted in demand led social security spend, increase in public sector pay and demand on the health service due to an ageing population.
- 2.4** Inflation is at a current 40 year high; however, the Scottish Fiscal Commission predicts inflation to peak in Qtr. 1 2023, then start to decline, however this will not materialise until 2024-25 when real household incomes start to grow again. High inflation will affect everyone, but there will be more pressure on lower-income households, as they spend a larger share of their income on essentials such as energy and food. Rising interest rates will also add costs to mortgages and other forms of debt.
- 2.5** Forecasts for employment over the medium term are expected to decline, as a result of a decrease in working age population. Also increase in employee bargaining power for higher wages reflecting inflation increases. This year alone we have seen increases over and above public sector pay policy.
- 2.6** The Scottish Government's new 10 year National Strategy for Economic Transformation is to build a wellbeing economy. This will protect the economy and support living standards. Five policy programmes have been chosen, based on rigorous analysis of evidence, to transform our economic model and drive improvement in Scotland's economy:
1. Creating a culture in which entrepreneurship is encouraged in every sector of the economy;
 2. Capitalising on new market opportunities, such as the transition to net zero;
 3. Improving productivity by boosting traditional and digital infrastructure and targeting regional inequalities;
 4. Supporting and incentivising access to lifelong learning and training to ensure Scotland continues to have a skilled, competitive workforce; and,
 5. Reducing inequality and poverty, and eradicating structural barriers that prevent participation in the labour market.

Fiscal Outlook

2.7 The MTFS describes the anticipated resources funding position, broken into the five high level categories.

- The Block Grant - the single largest source of funding for the Scottish Government. It is determined by the Barnett Formula, based on the spending plans of the UK Government.
- Devolved Taxes - the Scottish Government receives the revenue from these, the largest of which is Scottish Income Tax. However, the budget is also reduced based on how quickly revenues of the corresponding tax have grown in the rest of the UK (adjusted for population).
- Non-Domestic Rates – this revenue is raised by Local Authorities from non-domestic rates. All revenue raised is ultimately returned to Local Government
- Social Security Block Grant adjustments – this is revenue provided by the UK Government for devolved social security payments, based on the growth in expenditure on the corresponding payment in the rest of the UK.
- Other incomes and expenses - assorted revenue and costs that do not fit into one of the above categories.

2.8 The Scottish Government expect the funding available to steadily grow over the next 4 years, with slightly higher growth from 2025-26. Relative to 2022-23 levels the funding envelope grows by 14% by 2026-27. In real terms growth is only 5% in aggregate over the next 4 years, largely due to block grant not keeping in pace with inflation. Also, a significant part of this growth relates to the devolution of social security benefits and is linked to demand led increases in social security benefits. This implies real terms growth of 2% across the whole 4 year period.

2.9 The MTFS highlights the following risks to the spending outlook:-

- Increasing demand-led social security expenditure
- Increased demand on health service from an ageing population
- Public Sector Pay and
- Inflationary Pressures

2.10 The Resource Spending Review provides more detailed financial projections and includes assumptions on central funding allocations, that are based on current tax policies and assumptions on forecasts. The allocations are therefore indicative of what can be expected within the years up to 2026-27. The Scottish Government's annual budgets will confirm annual budget funding allocations.

2.11 Health and Social Care Portfolio Spending Plans within the Resource Spending Review are included in the table below to 2026-27.

	2022-23	2023-24	2024-25	2025-26	2026-27
	£m	£m	£m	£m	£m
Health and Social Care	17,084	17,527	17,972	18,513	19,006
Increase £m		443	445	541	493
Increase %		2.6%	2.5%	3.0%	2.7%

2.12 The spending plans are to deliver on the Programme for Government “A Fairer Greener Scotland” The programme commits to “Establish a Caring Nation” and sets out a vision for Health and Social Care over the course of parliament to 2026-27:-

- Increase frontline health spend each year so its 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
- 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.

2.13 The Scottish Budget in 2023-24 made specific funding commitments to IJB’s via Health and Local Authority allocations. These have been delegated to the IJB and reflected in our approved budget for 2023-24. The following commitments were made:-

- NHS Payments to Integrated Authorities for delegated functions must deliver an uplift of 2% over 2022-23 agreed budgets, and make appropriate provision for 2022-23 pay;
- Transfer of net additional £95m to Local Government to support social care and integration, which recognises recurring commitments on :-
 - I. Adult Social Care Pay in commissioned services - £100m
 - II. Inflationary Uplift on Free Personal Nursing Care rates - £15m
 - III. Offset by non-recurring Interim Care money £20m

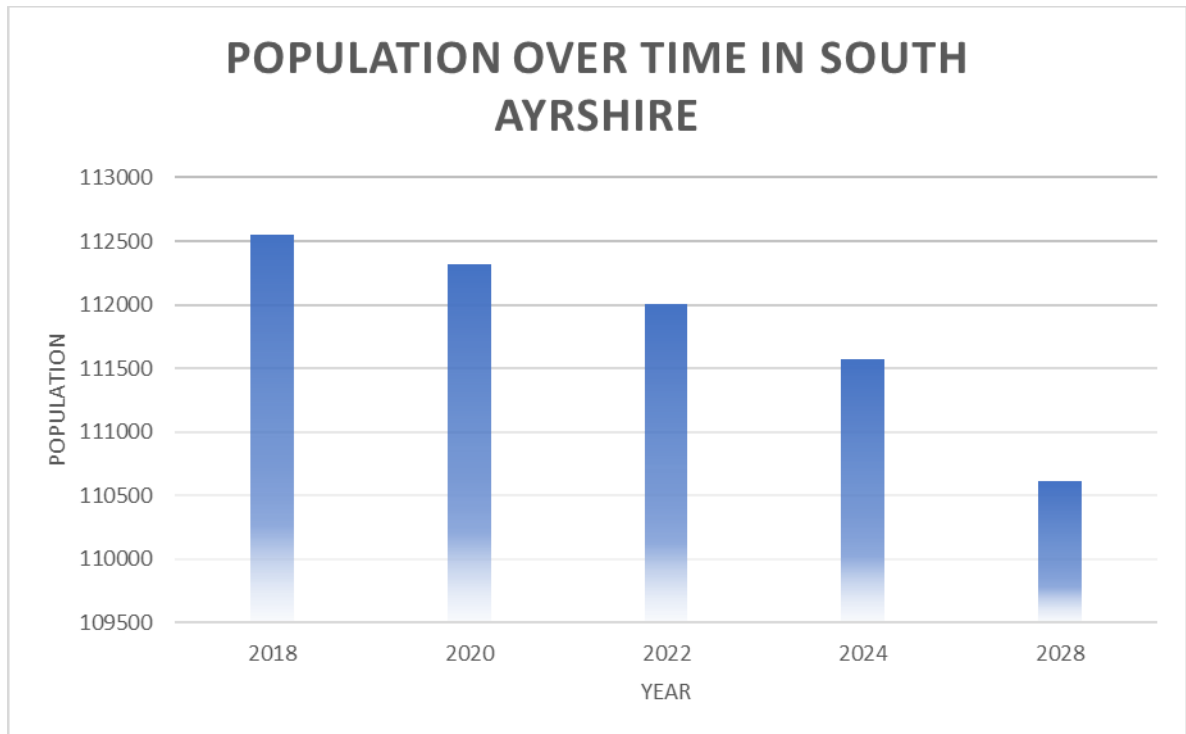
3. LOCAL CONTEXT

Strategic Needs Assessment

3.1 South Ayrshire has a population of 112,140 at June 2020, the latest information available. South Ayrshire encompasses five towns and their surrounding villages – Troon, Prestwick, Ayr, Maybole and Girvan. Approximately 30% of South Ayrshire’s population live in rural areas. The following tables provide further information on population distribution from the most recent information published by National Records of Scotland.

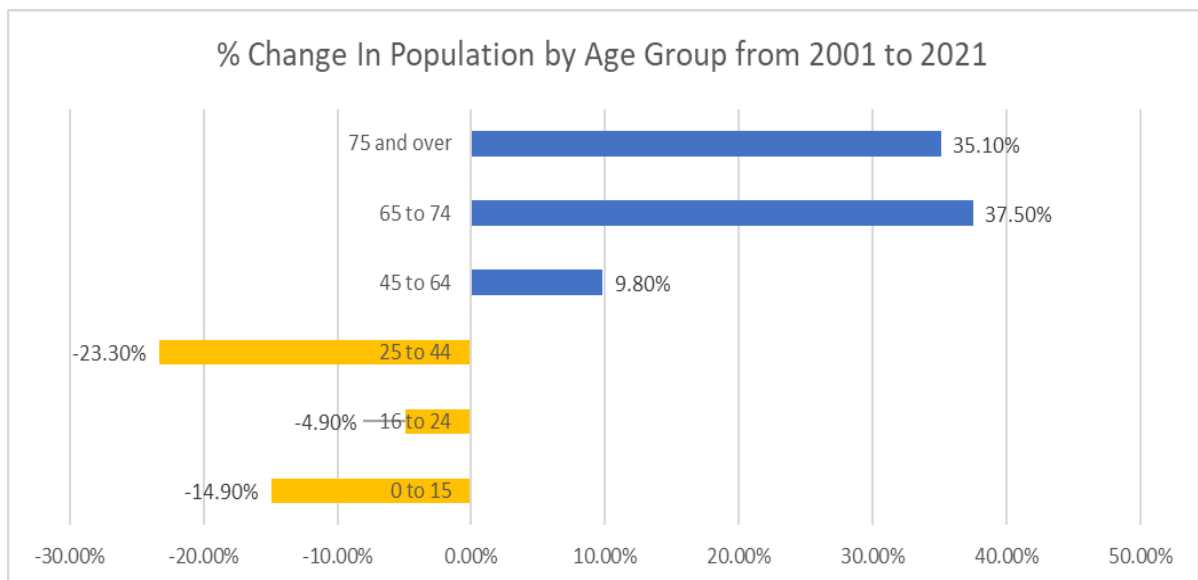
Between 2018 and 2028, the population of South Ayrshire is projected to decrease from 112,550 to 110,612. This is a decrease of 1.7%, which compares to a projected increase of 1.8% for Scotland as a whole.

Table 1: Population Over Time



Between 2011 and 2021, the 25 to 44 age group saw the largest decrease of -23.3%. During the same time period the 65 to 74 age group saw the largest percentage increase of 37.5%. This trend is expected to continue, as shown in the table below.

Table 2: Population time trend by Age



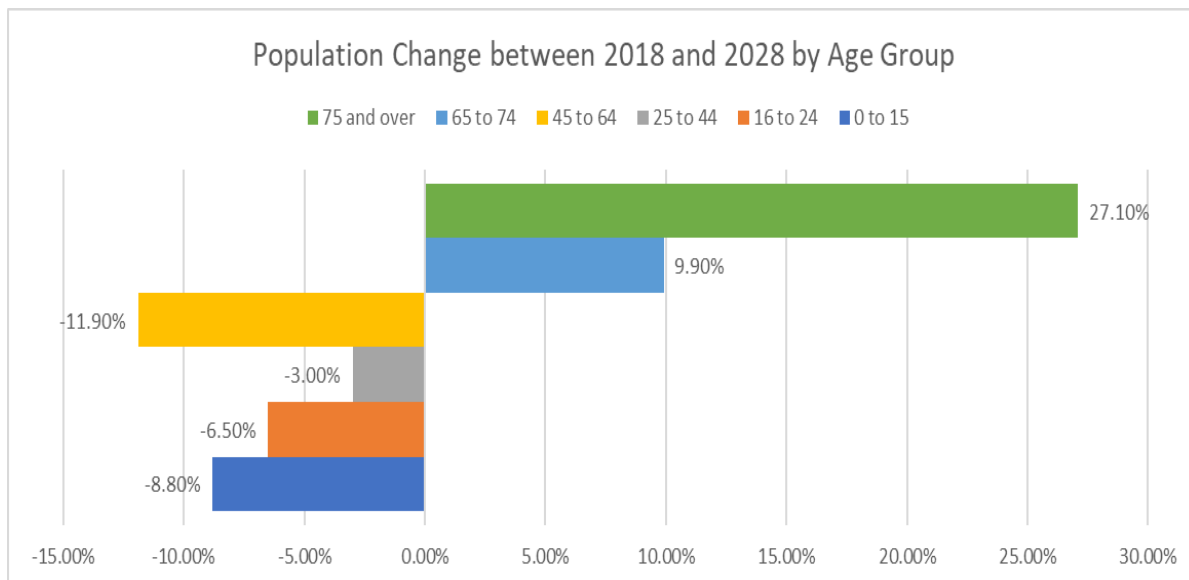
3.2 Population Projections

Between 2018 and 2028, the 45 to 64 age group is projected to see the largest percentage decrease (-11.9%) and the 75 and over age group is projected to see the largest percentage increase (+27.1%). In terms of size, however, 45 to 64 is projected

to remain the largest age group.

During this period, the 0-15 age group is expected to decrease by 8.8%, compared to a Scotland average of 6%. The working age population (Age 16 to 64) is projected to decrease by 21.4%, compared to Scotland average of a decrease of 3.3%

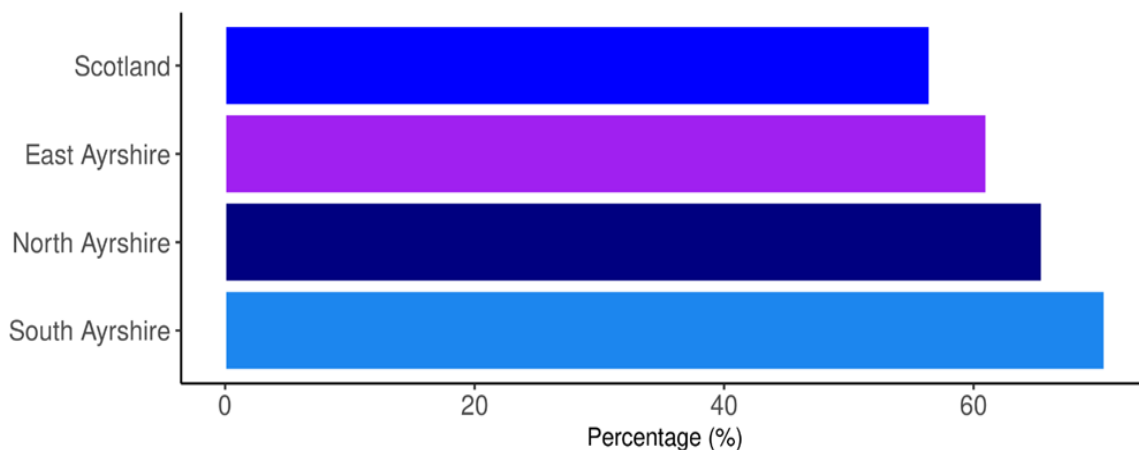
Table 3: Population Change by Age Group



3.3 Dependency Ratio

The dependency ratio is the number of people aged 0-15 and 65+ as a percentage of those age 16-65. For South Ayrshire HSCP, the figure was 70% for the most recent year published. The high dependency ratio within South Ayrshire means there are less adults of a working age who can support the dependent population i.e. the young and the elderly within South Ayrshire.

Table 4: Dependency Ratio by Geographical area, 2020



Source: NRS

3.4 Inequalities

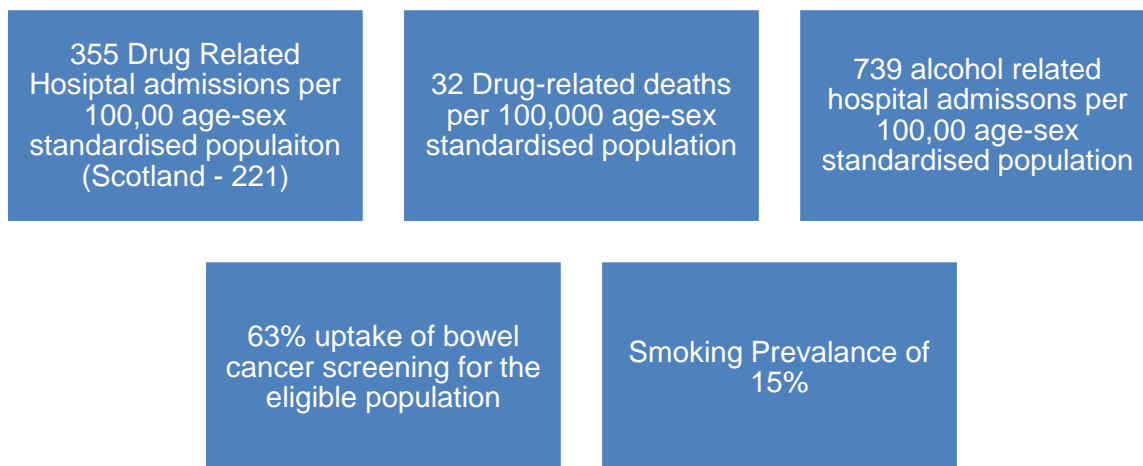
Of the 2020 population in South Ayrshire, 17% live in the most deprived data zones and 20% live in the least deprived data zones. In 2020 23% of South Ayrshire's children were living in poverty (after housing costs).

General Health for South Ayrshire population has been summarised below:

- Life Expectancy for Males 77.3 years
- Life Expectancy for Females 81.3 years
- 27% of the locality's population has at least one long-term physical health condition
- Cancer Registration rate of 601 per 100,000
- 22% of the population receives medication for anxiety, depression or psychosis

3.5 Lifestyle and Risk Factors

Mental and physical wellbeing has close ties with people's lifestyles and behaviours. Financial security, employment and location are influences that often have a bearing on these choices. Issues can develop when alcohol, smoking or drug use shape lives. This section provides data on drug-related hospital admissions, alcohol-related hospital admissions, alcohol-specific mortality and bowel screening uptake, to give an overview of some of the lifestyles and behaviours for South Ayrshire HSCP. These can give an idea of quality of life and prosperity.

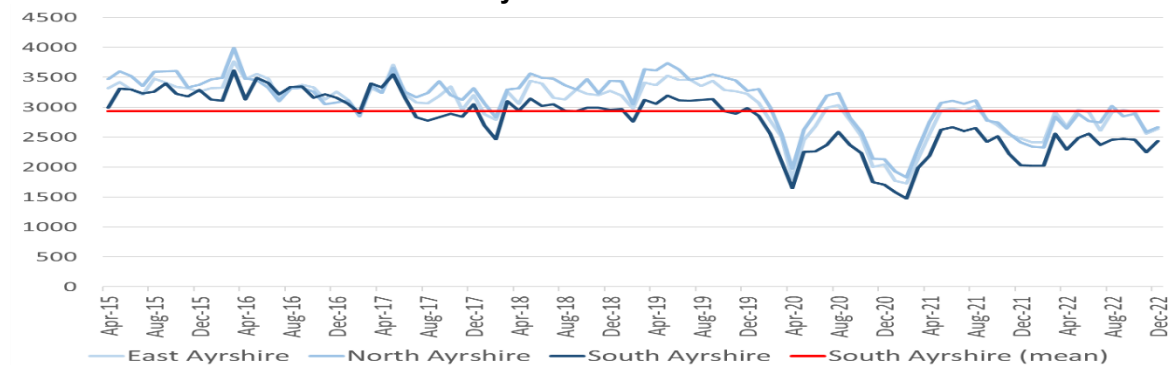


3.6 Hospital and Community Care

Latest information provided by Public Health on emergency admissions, emergency department attendances, unplanned bed days at delayed discharges are provided in the tables below. These were presented to IJB at a workshop on the 8th of March 2023.

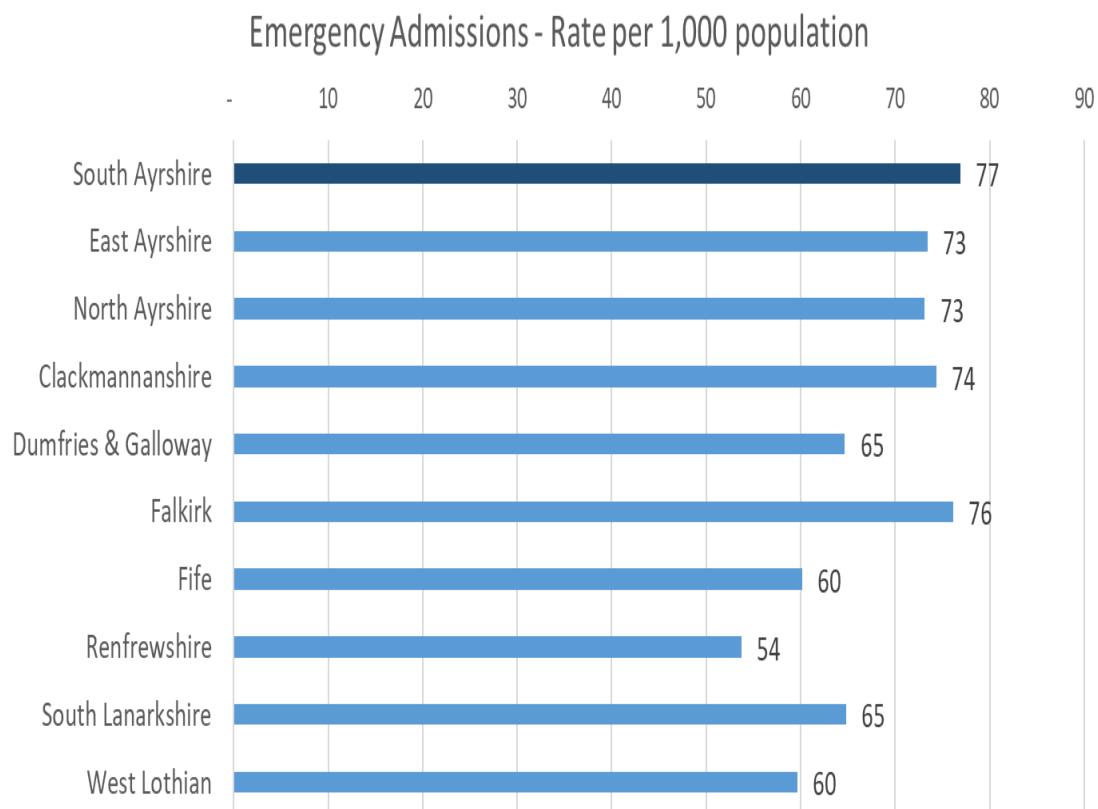
The latest trend shows we have less attendances at Accident and Emergency than the other Ayrshire's shown in dark line below, also the pattern of attendances remains similar over the period for all Ayrshire's.

Table 5: Trend of ED attendances All Ayrshire's



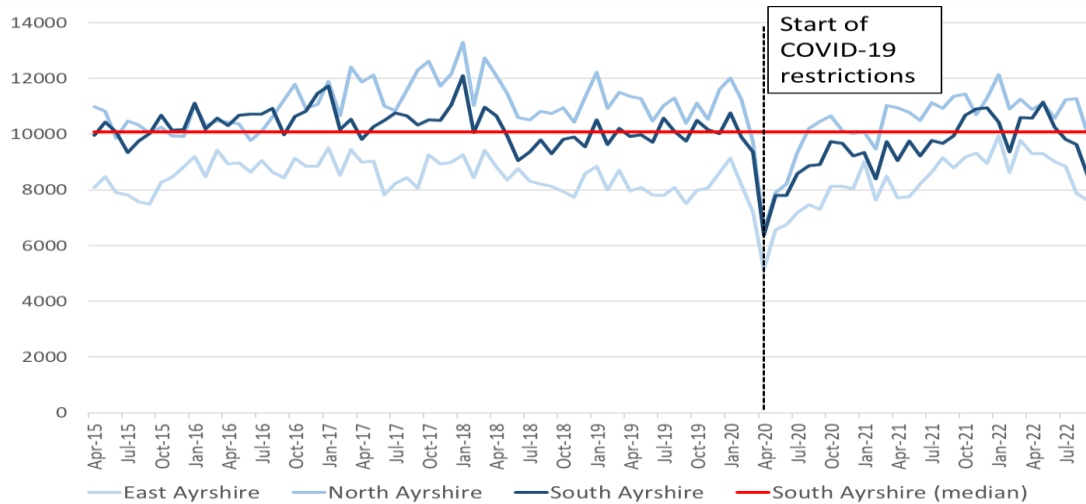
Whilst attendances appear lower than average, actual admissions from April to Dec 22, are higher as noted in the table below. This trend could be reflecting our aged population further analysis would be required on reasons why people are admitted to determine the root cause.

Table 6: Emergency Admissions per 1,000 population April to Dec 2022



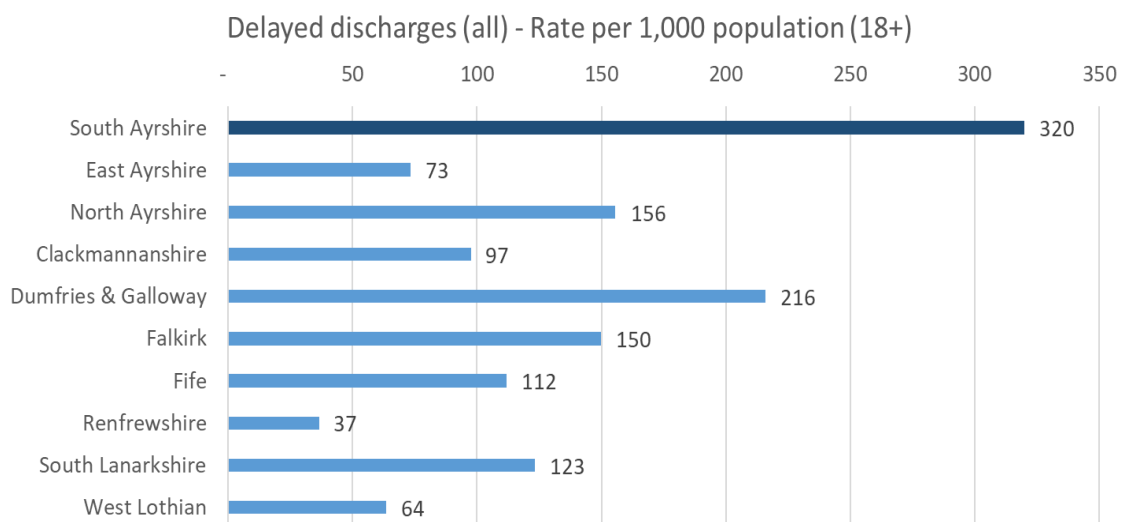
The table below reflects the number of bed days utilised in the hospital following an admission. The latest information available is up to July 22. All Ayrshire's follow the same pattern, from the table our bed days are in greater than East and less than North.

Table 7: Unplanned Bed Days Apr 15 to Jul 22



The most recent delayed discharges comparisons are made in the table below. A Delayed discharge occurs when a patient is clinically ready for discharge, but is unable to leave hospital because other necessary care support or accommodation is not readily available for example a care at home package. The high rate of delays within South is reflective of our dependency ratio and less working age population. For both our in-house and commissioned services there have been very significant issues in recruiting staff over the last 18 months. The private sector, in particular, has seen a reduction in the number of hours they are able to provide to the partnership. Overall, over the last two years there has been a 35% reduction in available care at home capacity, from 14,268 hours per week delivered in April 21 to 9,274 hours in March 23.

Table 8: Delayed Discharges Apr – Dec 2022

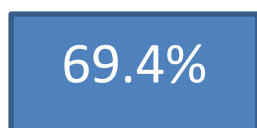


3.6 Children and Justice Services

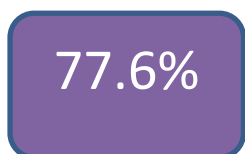
The latest information from Public Health provided on Children and Young People is as noted below.



The percentage of babies exclusively breastfed at 6-8 weeks in South Ayrshire was 22.6%. This is higher than Ayrshire and Arran (19.8%) for the same period but lower than Scotland as a whole at 31.8%. The budget for 2023-24 included investment in Pan Ayrshire Breast Feeding Peer Support Service.



The percentage of children with a healthy weight in P1 has decreased from 81% in 2019-20 to 69.4% in 2020-21 in South Ayrshire. The national figure across Scotland was 69.8% in 2020-21.



The oral health of children in South Ayrshire has improved in recent years. In 2020, 77.6% of children in Primary 1 presented with no obvious decay in permanent teeth compared with 71.5% across Ayrshire and 73.5% across Scotland.

As the table below shows, the rate of children on the Child Protection Register in South Ayrshire has reduced dramatically since 2015. South Ayrshire now has one of the lowest figures in Scotland for registration numbers. The number of children on the child protection register in South Ayrshire decreased by 34.5% from 2020 to 2021. Compared to an overall Scotland decrease of 20.3%.

Table 9. Children on child protection register, Rate per 1,000 of 0-15 population

	2015	2016	2017	2018	2019	2020	2021
South Ayrshire Council	3.4	3.9	3.4	2.5	2.1	1.6	1.1
Scotland	3	3	2.9	2.8	2.8	2.9	2.3

The number of looked children and young people being looked after by South Ayrshire, has decreased by 22.3% from 2020 to 2021, to 233. This equates to 1.2% of the 0-17 South Ayrshire population. In Scotland, the percentage of the 0-17 population of looked after children is 1.3%.

Table 10: No of Looked After Children

	2015	2016	2017	2018	2019	2020	2021
No. of Looked After Children	330	384	370	355	345	300	233

4. LOCAL PRIORITIES

4.1 South Ayrshire Health and Social Care Partnership (SAHSCP) brings together a wide range of community-based health, social care and social work services in South Ayrshire. Services are provided by the HSCP or commissioned by us from another provider. Services delegated by South Ayrshire Council and the NHS cover:

- Adults and Older People's Community Health and Care Services;
- Allied Health Professionals;
- Children's Health and Care Services;
- Community Nursing; and
- Justice Services.

4.2 The services are delivered at a local level, and Locality Planning Partnerships facilitate and enable delivery of supports and services in line with local need. The six localities are:-

- Ayr North and Former Coalfield Communities
- Ayr South and Coylton
- Girvan and South Carrick Villages
- Maybole and North Carrick Villages
- Prestwick and Villages
- Troon and Villages

4.3 The strategic objectives agreed in the Strategic Plan that will enable the HSCP to improving health and social care outcomes over the next 10 years are:-

- We focus on early intervention 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 help to 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.

4.4 The HSCP operates within an evolving framework of legislation, regulations and national guidance. This shapes how we deliver and plan our services developing our own local strategies to meet the needs of South Ayrshire population. To provide the best possible care and support to our communities, SAHSP works closing with other partners and organisations. Some of the key strategic drivers are noted below:

Local Outcomes Improvement Plan - the Community Planning Partnership (CPP) is a key partner and we work together to deliver on the priorities included in the Local Outcomes Improvement Plan namely, supporting older people to live in good health and closing the poverty-related outcomes gap.

The Promise – following an independent care review, the implementation of the Promise is a key priority for SAHSCP, working alongside CPP. The Promise requires a shift in policy, practice and culture to keep the promise made to care experienced

children, young people and adults and their families – that every child grows up loved, safe and respected, able to realise their full potential.

Mental Health Strategy 2017-2027 – is Scottish Government’s 10 year strategy to improve mental health outcomes, ensuring equal access to the most effective and safest care and treatment and that there is parity between physical and mental health. Various investments have been made to increase the mental health workforce in hospitals, community , GP surgeries , prisons and police stations.

Primary Care Improvement Plan – Scottish Government funding is passed to IJB’s to implement local primary care improvement plans linked to the new GMS contract introduced in 2018. The funding is used to build multi-disciplinary teams around the GP practice, to enable patient access to specific health care supports at the right time.

Scottish Living Wage – the Scottish Government are committed to tackling the cost of living crisis with a fair work approach, ensuring workers are paid at least the real living wage currently £10.90 per hour. This impacts on the Council and NHS employee costs, as well cost of services commissioned. For Adult Social Care commissioned services the Scottish Government provide funding via the Annual Adult Social Care workforce uplift to ensure they are paid the Scottish living wage.

The National Care Service – The Independent Review of Adult Social Care published in February 2021, recommended the creation of a National Care Service (NCS) to transform the way in which we plan, commission and procure social care support. Following consultation process, the Scottish Government has drafted legislation with a commitment that the NCS will be operational by the end of current parliament in 2026.

The National Workforce Strategy for Health and Social Care in Scotland – was published in March 2022. The strategy sets out a national framework to achieve our vision of a sustainable, skilled workforce with attractive career choices where all are respected and valued for the work they do. The workforce strategy sets out the changing demands of health and social care and our workforce, our workforce vision, values and principles. The strategy refers to the five pillars of the workforce journey – Plan, Attract, Train, Employ and Nurture. The partnership developed a Workforce Plan for 2022-25 based on the national framework with actions aligned to the five pillars of the workforce journey.

- 4.5** South Ayrshire HSCP has developed strategies detailing how locally we can achieve outcomes for the local population taking cognisance of local needs and national priorities. Our current strategies are noted below. There is a plan in place to review and refresh those strategies that are out of date, highlighted in purple. These will be brought to IJB during the course of this year for approval.

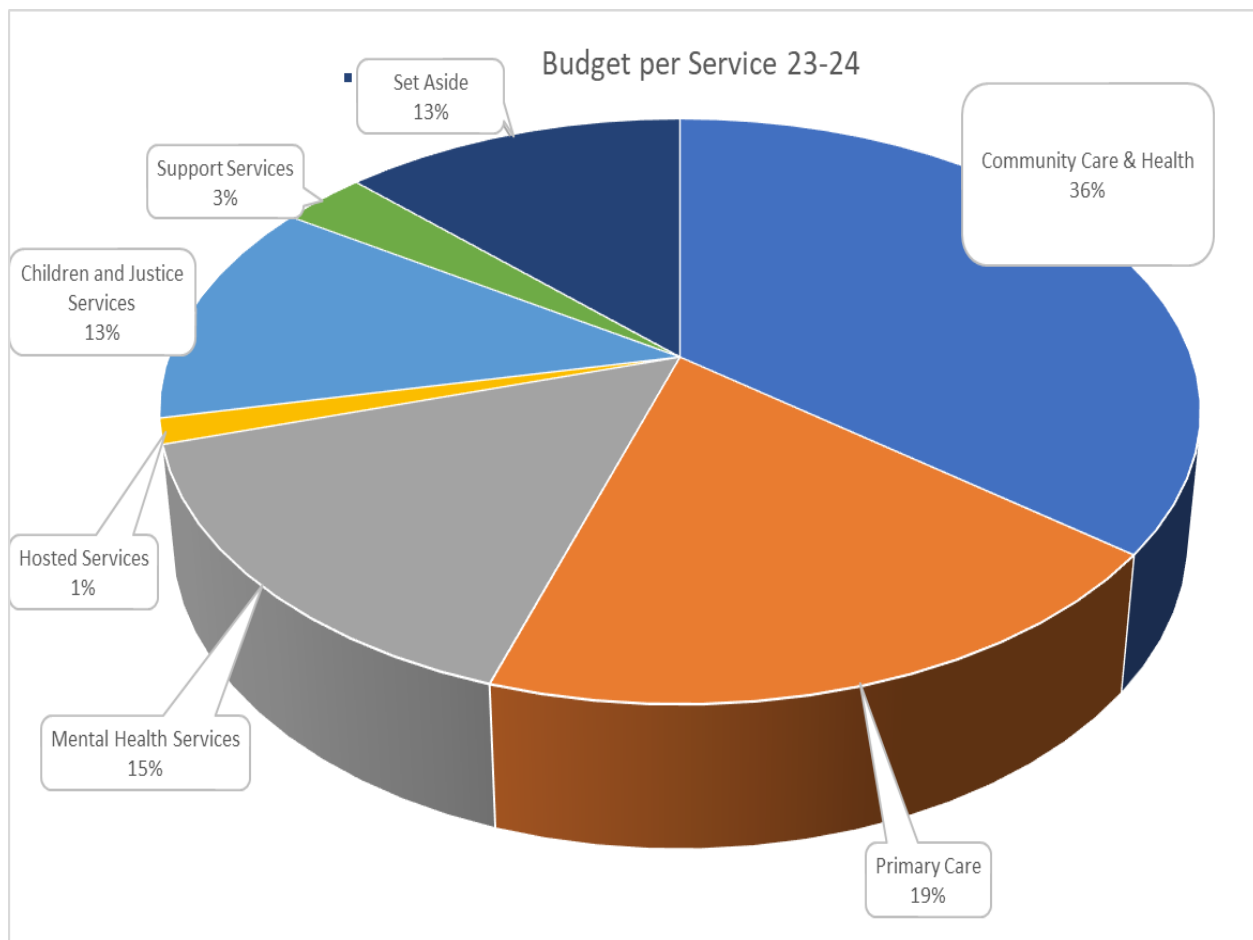


5 IJB EXPENDITURE PROFILE

- 5.1 The IJB's budget comprises allocations made by South Ayrshire Council and NHS Ayrshire and Arran. The IJB set a balanced budget on an annual basis and commission services from partners based on need. The budget for 23-24 is allocated per services area, as shown in chart below.
- 5.2 Community Care and Health represents 36% of the budget, this service provides health and social care mainly for the over 65's population, based on the projected increase in the elderly population within South Ayrshire need for services included in this area of spend are anticipated to increase.
- 5.3 Primary Care represents 19% of the budget. This includes the GP contracts and the prescribing budget. The prescribing budget is currently managed by NHS Ayrshire and Arran, who own the financial risk and opportunity for it. Current prescribing budgets are overspent due to an increase in costs and use of new medicines.
- 5.4 Mental Health services represent 15% of the budget this service provides health and social care for adults requiring support with learning and mental health needs. Also included in this area is Scottish Government funding allocated to the Alcohol and Drug Partnership (ADP). Both Mental Health and Alcohol and Drugs expenditure are expected to increase based on Scottish Governments commitments to increase spend on Mental Health by 25% and investment of £250m to tackle drugs deaths.
- 5.5 The Set Aside budget represents 13% of the budget. The set aside services are delivered in acute hospital settings and are based around six specialities – accident and emergency, general medicine, geriatric medicine, rehabilitation medicine and palliative care. Current budget is based on historical spend and financial risk and reward remains with NHS Ayrshire and Arran. A working group has been set up to review Integration Scheme including transferring risk and reward of Set Aside budget to the three Ayrshire HSCP's, this will involve HSCP's paying for services based on activity. A financial model has been created to update Set Aside activity and values

on a quarterly basis, to map activity data (bed days, admissions, discharges) against costs across the six specialties at the various Acute services locations, it is anticipated this will be implemented in full in 2023-24. Our current usage of these budgets is higher than previous years, due to delayed transfers of care. This is an impact of our dependency ration where we have an increasing older population and a decreasing working age population. We are seeing increased admissions to hospital and longer length of stay due to lack of community capacity from a reduced workforce.

- 5.6 Children and Justice Services represent 13% of the budget. Services include fostering, adoption, kinship care, health visiting, residential care for looked after and accommodated children and children with additional support needs. The population of under 16's within South Ayrshire is anticipated to decrease. However, the demand on children and justice services are impacted by the cost of living crisis, with more children expected to grow up in poverty impacting on their health and well-being.
- 5.7 Hosted services account for 1% of the budget, this is services provided by South Ayrshire HSCP on a Pan Ayrshire basis and includes the community equipment store, family nurse partnership and continence team. Recent financial pressures on these services relate to contract prices of equipment and supplies an effect of inflation.
- 5.8 Support Services account for 3% of the IJB budget, this includes directorate services such as planning and performance, commissioning, business support and training and development.



6 IJB FUNDING FORECASTS

- 6.1 The IJB's budget comprises the allocations made to it by its partners, South Ayrshire Council and NHS Ayrshire and Arran. The funding allocations are directed by Scottish Government and allocations passed through to the IJB as directed by Scottish Government.
- 6.2 The financial forecasts is based on the managed budget of the IJB, therefore this does not include Primary Care or Set Aside allocations.
- 6.3 Funding assumptions for each year are aligned to Scottish Government Medium Term Financial Strategy up to 2026-27, 2027-28 assumes same allocations for 2026-27.
- **Best Case** – aligns to Scottish Government commitment for Social Care a 25% increase over lifetime of the current Parliament, this assumes a 5% increase of each year for services delivered by South Ayrshire Council. Scottish Government commitment to increase NHS frontline spend by 20% over the course of parliament, assumes funding increases of 4% for services delivered by NHS Ayrshire and Arran
 - **Mid Case** – aligns to Resource Spending Review plans as noted in Section 2.11, with additional year 2027-28 based on 2026-27. Funding assumption for years 2024-25 to 2027-28, are therefore 2.54%, 3.01%, 2.66% and 2.66% for both partners.
 - **Worse Care** – this assumes a flat cash settlement for both partners across all years.

7 IJB FINANCIAL PRESSURES

- 7.1 Anticipated budget pressure drivers, are elements of health and social care that drive expenditure: -
- Price Effects:** general price inflation including pay awards within health and social services and contractual inflation linked to Scottish living wage commitments included in Adult Social Care policy
- Demographic Change:** the effect of population growth on the demand for health and social care services as well as the impact of a population living longer; and
- Non-Demographic Change:** demand-led, generated by increased public expectations and advances in new technology or service developments.
- 7.2 Assumptions for pressures are noted in table 11 below. The Council pay award aligns to the assumptions in South Ayrshire Council's Long Term Financial Outlook 2022 to 2023. The NHS pay award is based on their budget planning assumptions.

- 7.3 Social Care demographic pressure of 2% has been applied to older people services to meet the need in the increase in the over 65 population. Within adult services there has been an increase in residential care within Mental Health and Learning Disabilities this has been forecasted as an increase of £0.300m in 2024-25 and 2025-26. No demographic pressure has been included for Children’s services, assumption being any additional demand will be met from existing budget and the continuation of the whole family whole system approach and signs of safety culture will further embed early intervention and prevention to families in need. Young People transitioning to adults have been identified with additional pressures of £0.200m expected in 2024-25 and 2026-27.
- 7.4 Social care contract uplift pressures have been assumed to 2026-27 to meet the Scottish Government’s committed of a real living wage of £12 per hour for Adult Social Care workforce by the end of the current parliament. This uplift has also been applied to Children’s contract uplifts to ensure equity across the sector. For the National Care Home Contract an uplift of 4% has been forecast for each year.
- 7.5 Included in 2024-25 is a reversal of non-recurring savings, of £0.500m in each of the partners budgets, this reflects estimated staff turnover as a result of reduced capacity in the market, this is expected to be remedied in the year through actions identified in the HSCP Workforce Plan.

Pressures - Best	2024/25	2025/26	2026/27	2027/28
Council Pay Award	1.5%	1.5%	1.5%	1.5%
Health Pay Award	2%	2%	2%	2%
Social Care Demographic Pressure	2%	2%	2%	2%
Social Care Contractual Uplift	3.2%	2.7%	2.6%	2.6%
NCHC	4.0%	4.0%	4.0%	4.0%
Pressures - Mid				
Council Pay Award	2%	2%	2%	2%
Health Pay Award	2%	2%	2%	2%
Social Care Demographic Pressure	2%	2%	2%	2%
Social Care Contractual Uplift	3.2%	2.7%	2.6%	2.6%
NCHC	4.0%	4.0%	4.0%	4.0%
Pressures - Worst				
Council Pay Award	3%	3%	3%	3%
Health Pay Award	2%	2%	2%	2%
Social Care Demographic Pressure	2%	2%	2%	2%
Social Care Contractual Uplift	3.2%	2.7%	2.6%	2.6%
NCHC	4.0%	4.0%	4.0%	4.0%

8 BUDGET GAP FORECAST

8.1 Appendix one details the funding and pressure allocations based on assumptions in section 6. The budget gap for each year and each scenario can be summarised in the table below.

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

8.2 The best case scenario is assuming highest level of funding, with lowest level of pressures. This is extremely optimistic and highly unlikely given the current financial climate. The mid case is based on funding allocation from Resource Spending Review and is the most likely scenario in terms of funding. The worst case scenario is based on flat cash and savings required to meet all of the financial pressures.

8.3 Over the course of the 4 years, the budget gap may be in best case £2.651m in total to invest or worst case £23.4m of savings to deliver. Scenario planning shows likely financial impact of best, mid and worst case based on a various assumptions. The actual budget gap in the years noted will be different, however from a planning perspective it is useful to be aware and acknowledge the financial constraints in future service developments and strategies.

9 KEY RISKS TO FINANCIAL FORECAST

9.1 The financial forecast is based on assumptions in relation to funding and expenditure, and key risks to the financial forecast are noted below:-

- Inflation implications that will have an impact on increasing pay awards for our own and commissioned services
- The impact of the National Care Service implementation
- Funding allocations reduced and funding aligned to specific policies reducing flexibility to meet pressures
- Partners not passing on Scottish Government funding allocations intended for IJB's
- Workforce challenges impacting on service delivery
- Revision of Integration Scheme and transfer of risks and rewards for Set Aside Budget and Prescribing

10 IJB RESERVES

10.1 Reserve Funds are established as part of good financial management. The purpose of reserve funds are as follows:

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

10.2 The IJB's current reserves policy of maintaining uncommitted general reserves at a minimum of 2% of anticipated annual revenue expenditure. Based on 2023-24 total budget of £194.890m (excluding Set Aside), general reserves of 2% would equate to £3.897m.

10.3 As at period 9, the 31st December 2022 the IJB had General Reserves of £5.148m, this equates to 2.6% which is above the minimum policy requirement.

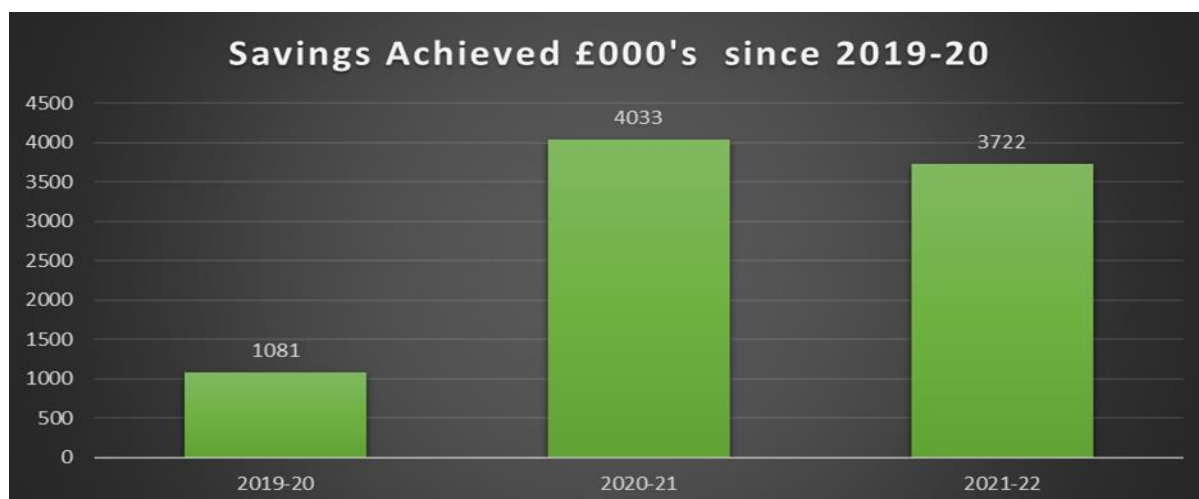
10.4 The Chartered Institute of Public Finance and Accountancy (CIPFA) recommend that reserves should be between 2% and 4% of revenue expenditure.

10.5 The use of reserves is considered in the annual budget setting process and in 2023-24 budget an allocation of reserves has been approved to meet non-recurring pressures. The year-end budget monitoring report provides update on use of reserves during the year and reserves earmarked for future use.

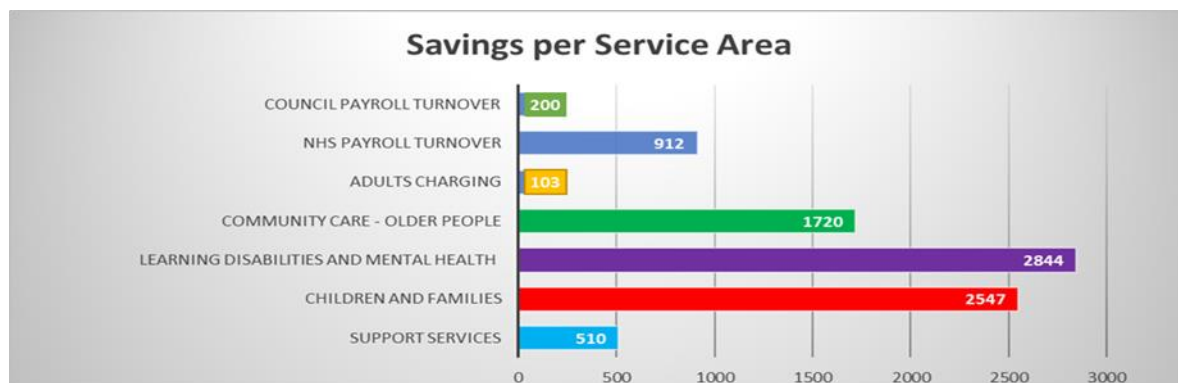
11 OPTIONS TO CLOSE THE BUDGET GAP

11.1 Consideration needs to be given to how the IJB can fund the forecasted budget gap. The gap may be closed by delivering savings or increasing charges for certain services. None of which will be easy given the increasing demand from an ageing population within South Ayrshire and inflationary pressures impacting on disposable income.

11.2 Since 2019-20 the IJB has achieved £8.836m of savings as shown in the table below. No savings were required in financial year 2022-23 due to the increase in health and social care investment to meet recurring winter pressures. Savings were achieved from a combination of transformation and improvement activity as well as reviewing of charging. Within the 2023-24 budget £3.773 savings were approved to set a balanced budget.



11.3 [A Transformation and Efficiencies Update](#) report was presented to the IJB on the 12th of October 2022, providing detail on the transformation and improvement projects that had been completed within each service and the savings achieved over the years per service area. Savings per Service Area are shown in table below for years 2019-20 to 2021-22.



11.4 A further report was presented to the IJB on the 14th of December 2022, [Transformation and Improvement Plans](#). This report presented an update on the transformation and improvement projects that were complete and now part of business as usual service delivery and operations. Included in the report was a new plan of transformation and improvement projects that are at various stages of implementation. Appendix Two provides detail of each current project what investment has been made and expected outcomes.

11.5 Savings over the last few year's have been identified as part of the annual budget setting process, reflecting the Scottish Government annual budget settlement. Due to the financial challenges and risks associated with an ageing population and a decreasing working age population, it is essential a medium term savings plan is created to ensure financial sustainability in the future.

11.6 Options to close the gap should be presented to the IJB further analysis of current improvement projects may identify savings opportunities. The following options should be explored:-

- Reducing Demand – this could be through early intervention and prevention approaches, such as use of telehealth and telecare
- Digital Technology – used to improve manual intervention in support services, provision of data timeously
- Increase Charging – for day care, community alarms, equipment, our own care homes and respite care services
- Reduction or removal of non-statutory services – this would be last resort option
- Workforce Planning – aligning to the HSCP workforce plan, exploring options for hard to fill posts.

12 NEXT STEPS

- 12.1 The year end budget monitoring report will identify what reserves are required to be earmarked and balance for General Reserves. It would be prudent to create a Transformation and Improvement fund to provide funding on a non-recurring basis to redesign services, invest in technology that will ensure future financial sustainability.
- 12.2 Review the improvement projects to identify where savings could be potentially achieved in the medium term.
- 12.3 Create a savings plan for 2024-25 to 2027-28 to be included in budget for 2024-25, including risks and impact if savings not achieved.

APPENDIX ONE FUNDING AND PRESSURES FORECAST

Best Case SG Commitment	2024/25			2025/26			2026/27			2027/28		
	Council	NHS	Total	Council	NHS	Total	Council	NHS	Total	Council	NHS	Total
	£'000's	£'000's	£'000's	£'000's	£'000's	£'000's	£'000's	£'000's	£'000's	£'000's	£'000's	£'000's
Estimated Funding	4,731	2,079	6,810	4,967	2,162	7,566	2,778	1,497	4,275	2,852	1,537	4,389
Estimated Expenditure												
Pay Awards	(603)	(688)	(1,291)	(612)	(701)	(1,314)	(621)	(715)	(1,337)	(631)	(730)	(1,360)
Contractual Inflation	(2,565)	(100)	(2,665)	(2,387)	(102)	(2,489)	(2,418)	(104)	(2,522)	(2,494)	(106)	(2,600)
Demographic	(500)			(1,582)		(1,582)	(1,104)		(1,104)	(1,126)		(1,126)
Reverse Non-Recurring 23-24 Saving	(500)	(500)	(1,000)									
Total Est Expenditure	(4,168)	(1,288)	(4,955)	(4,581)	(803)	(5,385)	(4,143)	(820)	(4,963)	(4,250)	(836)	(5,086)
Budget GAP	563	791	1,854	386	1,359	2,181	(1,365)	677	(688)	(1,398)	701	(697)

Medium Case Resource Spending Review	2024/25			2025/26			2026/27			2027/28		
	Council	NHS	Total	Council	NHS	Total	Council	NHS	Total	Council	NHS	Total
	£'000's	£'000's	£'000's	£'000's	£'000's	£'000's	£'000's	£'000's	£'000's	£'000's	£'000's	£'000's
Estimated Funding	2,402	1,320	3,722	2,921	1,604	4,525	2,661	1,462	4,123	2,732	1,501	4,233
Estimated Expenditure												
Pay Awards	(804)	(688)	(1,492)	(816)	(701)	(1,518)	(829)	(715)	(1,544)	(841)	(730)	(1,571)
Contractual Inflation	(2,565)	(100)	(2,665)	(2,387)	(102)	(2,489)	(2,418)	(104)	(2,522)	(2,494)	(106)	(2,600)
Demographic	(500)	0	(500)	(1,582)		(1,582)	(1,104)		(1,104)	(1,126)	0	(1,126)
Reverse Non-Recurring 23-24 Saving	(500)	(500)	(1,000)			0						
Total Est Expenditure	(4,369)	(1,288)	(5,657)	(4,785)	(803)	(5,589)	(4,350)	(820)	(5,170)	(4,460)	(836)	(5,296)
Budget GAP	(1,967)	32	(1,935)	(1,865)	801	(1,064)	(1,689)	642	(1,046)	(1,728)	665	(1,063)

Worst Case Flat Cash	2024/25			2025/26			2026/27			2027/28		
	Council	NHS	Total	Council	NHS	Total	Council	NHS	Total	Council	NHS	Total
	£'000's	£'000's	£'000's	£'000's	£'000's	£'000's	£'000's	£'000's	£'000's	£'000's	£'000's	£'000's
Estimated Funding	-	-	-	-	-	-	-	-	-	-	-	-
Estimated Expenditure												
Pay Awards	(1,206)	(688)	(1,894)	(1,224)	(701)	(1,926)	(1,243)	(715)	(1,958)	(1,261)	(730)	(1,991)
Contractual Inflation	(2,565)	(100)	(2,665)	(2,387)	(102)	(2,489)	(2,418)	(104)	(2,522)	(2,494)	(106)	(2,600)
Demographic	(500)	0	(500)	(1,582)		(1,582)	(1,104)		(1,104)	(1,126)		(1,126)
Reverse Non-Recurring 23-24 Saving	(500)	(500)	(1,000)			0			0			0
Total Est Expenditure	(4,771)	(1,288)	(6,059)	(5,193)	(803)	(5,997)	(4,764)	(820)	(5,584)	(4,881)	(836)	(5,717)
Budget GAP	(4,771)	(1,288)	(6,059)	(5,193)	(803)	(5,997)	(4,764)	(820)	(5,584)	(4,881)	(836)	(5,717)

APPENDIX TWO – HSCP IMPROVEMENT PROJECTS

Strategic Priority	Project	Description	Investment (£000's)	Start Date	End Date (Expected)	Expected outcomes	BRAG Status
Children Services projects							
We work together to give you the right care in the right place	Cunningham Place Enhanced Provision to provide additional capacity for crisis and continuing care	Build an independent flat attached to the Cunningham Place children's house to provide additional capacity to be used to support young adult within the community	190 (Council Funded)	Jul-22	Apr-23	Reduction of 1 OWA residential placement	
We focus on Prevention and tackling inequality	Family First Schools project	Extend the current model to cover all South Ayrshire, working with whole families, and a relationship , trauma informed approach underpinned by The Promise, Nurture Principles and Signs of Safety. Including Education, Thriving Communities.	TBC (Current Budget)	TBC	TBC	TBC	
We focus on Prevention and tackling inequality	Therapeutic Interventions	Recruitment of a Play Therapist to promote the health and wellbeing of looked after children and young people who have been impacted upon as a consequence of trauma, abuse and neglect.	100 (Current Budget)	Feb-23	Jan-24	Reduce Breakdown of Kinship and Foster Care Reduce the number of multiple placements	
We are an ambitious and effective partnership	Transform and Modernise the Children with Disability Team	Resource & Transition Support - which will assess and support cases, neurodevelopmental case work, including transition to adult services, reviewing packages of care and champion SDS. 1FTE Team Leader and 2 FTE Family Care Posts. Statutory work - assess, supervise, intervene in Child Protection - 1 FTE Family Carer role	183 (Current Budget)	Feb-23	Jan-24	Improve on timelines for assessment Increase uptake of SDS options 1 and 2	
We focus on Prevention and tackling inequality	Create Neurodevelopment support within Wallacetown	Band 5 nurse to work within Wallcetown and associated Primary Schools to support those families at the earliest identification of Neurodevelopmental concerns.	TBC	TBC	TBC	Increase in no. of persons accessing nurse support	
We work together to give you the right care in the right place	Redesign Young Persons Support and Transition Team	To create two teams out of the current one YPST. One with a focus on Throughcare and Aftercare to support the implementation of the promise, and one to focus on the Youth Justice EEI agenda, with specific support to those with mental health and drugs and alcohol misuse. Uplift G11 to G12 Team Lead	5 (Current Budget)	Jan-23	Dec-23	Improve integrated working with ADP and Justice Services Improve Throughcare and Aftercare outcomes	

Strategic Priority	Project	Description	Investment (£000's)	Start Date	End Date (Expected)	Expected outcomes	BRAG Status
Learning Disability Projects							
We work together to give you the right care in the right place	Creation of a new Core and Cluster - Carrick Street , Ayr	Supported Accommodation to provide 11 tenancies in Ayr town centre and one assessment flat to provide emergency care.	600 Virement from current care packages	Apr-22	Apr-23	Accommodation providing enhanced telecare and onsite care and support to meet the needs of 11 individuals	
We work together to give you the right care in the right place	Development of new Building Based service in Ayr	Day Care Service review to be conducted to look at alternatives to mainstream day care	Virement from Current Day Care Budgets	Nov-22	Jan-23	This will be defined following day care service review	
We are an ambitious and effective partnership	Covid Recovery investigate innovative support ideas	The community connector and depute manager in Girvan Opportunities have developed a wide range of weekly activities for people with a Learning Disability in Ayr and Girvan. This has now been incorporated as business as usual.	Current Budgets	Nov-21	Nov-22	Weekly activities developed to provide social activities to meet the needs of service users	
We work together to give you the right care in the right place	Transition Action Plan for Young People	New transition policy includes intense planning and joint working between children's and adults services. Team will provide support for challenging behaviour at an early age and access support for alternative communication needs.	60 (Current Budget)	Jun-21	Sep-23	Creation of a smoother pathway and a more inclusive service for the young person and their family	
We focus on Prevention and tackling inequality	Creation of a Flexible Assessment Support Team "FAST"	Provision of a responsive 24/7 service to support young people and adults whose health declines or their current support is in crisis, working in a person centred, needs led model either at time of crisis or when there is a need for enhanced care due to the risks to themselves or others. Provision of support would be from our current respite home and assessment flat at Carrick Street Core and Cluster	193 Community Living Change Fund	Jan-23	Mar-24	Reduction in Hospital Admissions Reduction in emergency respite care Support provided in South Ayrshire	
We work together to give you the right care in the right place	Assessment of Outwith Authority Placements	Assessment of out of Ayrshire placements utilising nurse and social work resources, looking to offer each person with support from their legal proxy access to a service or placement nearer home if this meets with their needs and aspirations	157 Community Living Change Fund	Oct-22	Mar-24	Twenty Service users assessed Improve family relationships support family carers providing training and respite to families/carers	

Strategic Priority	Project	Description	Investment (£000's)	Start Date	End Date (Expected)	Expected outcomes	BRAG Status
Community Care - Older People Projects							
We focus on Prevention and tackling inequality	Occupational Therapy Assistants in Reablement Team to manage Unmet Assessed Need (RUNAT)	Four Occupational Therapy Assistants (OTA) to focus initially on current unmet need (community waiting list) with a view to progressing to early intervention and prevention for those assessed as requiring care.	150 (Virement Reablement)	Oct-22	Sep-23	Reduce current unmet need waiting list Reduce or prevent hospital admissions Access to other community services including telecare	
We focus on Prevention and tackling inequality	Frailty Team -Staying ahead of the Curve	To identify people in intermediate stages of frailty and to utilise GP Practice based MDT interventions to main independence for longer	143 (recurring)	Mar-22	Mar-23	Increase no. of persons accessing frailty service Increase no. of persons with falls action plans Improvement in IoRN2 scores	
We focus on Prevention and tackling inequality	Microenterprise Pilot	Commission Ayrshire BEATS a community interest company working in Ayrshire and Ayrshire Independent Living Network to develop options in South Ayrshire to develop micro-enterprise options offering low level supports to provide preventative and early intervention services by identifying people pre crisis	53 (Non recurring)	May-22	Apr-23	No. of Micro Enterprise's supported and set up No. of Micro Enterprise's delivering services No. of referrals	
We work together to give you the right care in the right place	Hospital at Home	Hospital at home services can provide a safe, person centred and cost effective alternative to an acute admission, reducing long-term care admissions and keeping care close to home.	315 (MDT Winter Planning Investment - Recurring)	Sep-22	Aug-23	Double Hospital at Home Capacity by end of 2022 Reduce Acute Admission Reduce Delayed Discharges Increase no. of people supported at home	
We focus on Prevention and tackling inequality	South Lodge 3 rd Floor step up step down beds	Increase capacity in the community by providing 13 step up and 2 step down beds at South Lodge, to reduce delayed discharge and provide a reablement service prior to transfer to care at	525 (Temp - 1 year)	Dec-22	Nov-23	Decrease in care at home need Reduce readmission to hospital Support Delayed Discharges	

Strategic Priority	Project	Description	Investment (£000's)	Start Date	End Date (Expected)	Expected outcomes	BRAG Status
Allied Health Professionals							
We focus on tackling prevention and inequality	Improve access to specialist clinical assistance across AHP services.	Building Rehabilitation Capacity and specialist skills in the Community to support earlier access to rehabilitation to improve outcomes for individuals and prevent escalation to requiring further / intervention and or care.	299 (Budget Pressure 22-23)	May-22	Oct-23	Reduce waiting times Urgent referral response within appropriate timeline Increase no of people seen within 7 days following stroke Prevent care needs escalating Reduce readmissions AHP's aligned to localities	
We focus on tackling prevention and inequality	Improve access to information and opportunities for earlier assistance to improve health and wellbeing for individuals, families and communities	Additional capacity and change in skill mix will release some capacity to develop sources of information advice and education for service users their families, carers and other members of wider MDT	Current Budgets	Apr-22	Mar-24	Provide information to manage own conditions/ support others Information will be available in a range of accessible formats	
We focus on tackling prevention and inequality	Promote strengths-based reablement and self-management approaches across whole system	AHP's working with colleagues and partners and volunteers across health care and education system to promote strengths-based reablement and self-management approaches and improve reach.	Current Budgets	Apr-22	Mar-23	Prevent care needs escalating Prevent requirement for further interventions Improved outcomes for individuals and families Increased uptake of strengths-based reablement and self-management approaches	
We work together to give you the right care in the right place	Redesign models of service delivery for Specialist and Core rehabilitation services across Ayrshire and Arran	AHP's working with colleagues in Acute and Community to redesign models of clinical care. Investment in Physiotherapy and SLT within unscheduled care, Podiatry, Stroke and CYP to assist with additional complexity and risk	298 (Budget Pressures 22-23)	Apr-22	Dec-23	Earlier access to AHP across specialist pathways Individuals seen within standards Improved outcomes for patients	
We focus on tackling prevention and inequality	Address the inequities relating to Heathy Weight including public health priorities undernutrition for clinical and non-clinical reasons	Building capacity for early intervention and prevention through the development with Primary Care Dietetics	131	May-22	Dec-23	Prevention approaches to care needs escalating Improve outcomes for individuals	
We work together to give you the right care in the right place	Train AHP's as non-medical prescribers leading to independent prescribing	Developing AHP's in specific roles to become prescribers which will enhance service user experience free GP and Medical Capacity	Current Budgets	Apr-22	Jun-23	Earlier access to intervention Improves service user experience and outcomes	
We are an ambitious and effective partnership	Improve skill mix including advanced practitioners/first contact practitioners, and higher proportion of assistant practitioners/support workers within teams.	Introduce new roles into AHP workforce which will improve efficiency by improving skill mix and senior decision making. Developing career opportunities will improve recruitment and retention	291 (Winter Planning Investment)	Apr-22	Jun-23	Increase no of Health Care Support Workers (HCSW) Increase No of Assistant practitioners Increased no of advanced clinical posts Improved efficiency and clinical outcomes for team	