

EAST AYRSHIRE HEALTH AND SOCIAL CARE PARTNERSHIP

INTEGRATION JOINT BOARD: 23 MARCH 2022

ANNUAL BUDGET 2022/23 MEDIUM TERM FINANCIAL PLAN 2022-30 UPDATE

Report by Interim Chief Finance Officer

Direction Required to Council, Health Board or Both		
	1. No Directions Required	
	2. East Ayrshire Council	✓
	3. NHS Ayrshire & Arran	✓

PURPOSE

1. Following parliamentary approval of the Scottish Government Budget for 2022/23 on 10 February 2022, East Ayrshire Council and NHS Ayrshire & Arran (the Parties) have confirmed the level of additional resource to be delegated to the IJB for 2022/23. East Ayrshire Council formally approved its 2022/23 budget on 24 February 2022. NHS Ayrshire & Arran is expected to formally approve its budget at its Board meeting on 28 March 2022.
2. The purpose of this report is to seek Integration Joint Board (IJB) approval of the delegated budget and to Direct the Parties to deliver services on behalf of the IJB within the total delegated resource. The report also outlines proposed actions to achieve financial balance and align to the IJB's strategic planning priorities for 2022/23.

RECOMMENDATION

3. It is recommended that the Integration Joint Board:
 - i. Agree to accept the 2022/23 directly managed services budget delegated to the IJB by East Ayrshire Council £100.037m, including additional Scottish Government funding to offset a range of spending priorities £8.415m and additional earmarked East Ayrshire Council funding £0.092m, as well as ring fenced Scottish Government integration funding £8.845m routed to IJBs via NHS Boards;
 - ii. Note that this budget increases to £103.186m when Council commissioned mainlined Integrated Care Fund £1.106m and delegated resources £2.043m managed out with the Health and Social Care Partnership are included;
 - iii. Note that the budget will increase by a further £5.291m to £108.477m, representing the IJBs share of confirmed additional funding £222m to offset a range of spending priorities;
 - iv. Agree to accept the 2022/23 managed services budget delegated to the IJB by NHS Ayrshire & Arran £185.820m, including the 2.56% uplift on the adjusted baseline budget £1.830m, as well as additional Scottish Government Multi-Disciplinary Teams funding £1.399m and excluding £8.845m Scottish Government integration funding, £1.106m Council commissioned mainlined Integration Care Fund and £8.021m non-recurring funding included in the 2021/22 NHS Ayrshire & Arran baseline;

- v. Note the indicative Set Aside resources delegated to the IJB £28.135m, including an estimated 2.0% uplift on the revised baseline budget;
- vi. Approve the overall initial £317.141m delegated budget for 2022/23 including the underlying spending proposals and baseline rebalancing proposals £1.803m as outlined within the report;
- vii. Note that these baseline rebalancing proposals are at this stage considered non-recurring and will require to be considered as services resume and continue in line with remobilise, recovery and redesign principles;
- viii. Note that equality impact assessments will be undertaken once baseline rebalancing proposals have been formally approved;
- ix. Note that 2022/23 budget proposals are presented on a “business as usual” basis, with the impact of the Covid-19 pandemic to be considered, as outlined within the report;
- x. Note that budget pressures include assumed inflationary uplifts for pay awards, the National Care Home Contract and children’s outwith authority placements and that these uplifts remain subject to final agreement at this time;
- xi. Note the requirement to Direct both Parties to deliver services on behalf of the IJB within the £317.141m delegated resource in line with strategic planning priorities, following further refinement of allocations across service areas;
- xii. Note the programme of budget transformation and service reconfiguration being taken forward through the Strategic Commissioning Board, including management action to achieve financial balance going forward;
- xiii. Note that any further budget transformation and service reconfiguration proposals to reduce costs and deliver savings which require changes to policy or service provision will be presented to the IJB for approval over the course of 2022/23;
- xiv. Note the pan-Ayrshire work in further developing Directions for 2022/23 with particular focus on lead partnership and Set Aside resources fair share;
- xv. Note the current IJB Reserve position, with the updated position for 2022/23 to be finalised as part of approval of the 2021/22 Audited Annual Accounts;
- xvi. Note the updated high level Medium Term Financial Plan presented within this report;
- xvii. Note that a detailed Medium Term Financial Plan will be constructed following publication of the Scottish Government’s updated Health and Social Care Medium Term Financial Framework, taking account of National Care Service for Scotland proposals;
- xviii. Note that the detailed Medium Term Financial Plan will be presented to a future meeting of the IJB for approval;
- xix. Note the next steps required to ensure financial balance in 2022/23 and going forward;
- xx. Note the risks underlying this initial 2022/23 budget proposal as outlined at paragraphs 112 to 115 and throughout the report; and
- xxi. Otherwise, note the content of the report.

SUMMARY

4. The report outlines the current budget position for 2022/23 based upon the funding allocation agreement reached on 24 February 2022 in respect of budgets delegated by East Ayrshire Council, and in respect of budgets delegated by NHS Ayrshire & Arran, subject to be formal approval on 28 March 2022. As with budget approval reports for previous financial years, the NHS delegated budget is presented on a managed funding basis, with services managed under lead partnership arrangements included within delegated resources. Lead partnership fair share is a key consideration as part of the pan-Ayrshire work in further developing Directions for 2022/23.
5. The budget excludes corporate support services, which have been provided on a cost neutral basis by the Parties to the IJB. It is anticipated that this arrangement will continue in 2022/23.

BACKGROUND

6. 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.
7. The starting position for East Ayrshire Council and NHS Ayrshire & Arran has been to adopt the approach to developing the delegated budget as outlined in the Integration Scheme. Whilst the principles of funding made available by the Parties is set out in the Integration Scheme, utilisation of the total funding delegated by the Parties to the IJB is a matter for the IJB itself to determine in line with its priorities. Similarly the detail of any savings or resource redistribution are matters for the IJB to determine. However, the position directed by the Scottish Government for 2022/23 (and in the three previous financial years) of “pass through” uplifts on baseline funding means it is not possible to strictly adhere to the funding approach set out in the Integration Scheme.
8. IJBs are specified as ‘section 106’ bodies under the terms of the Local Government (Scotland) Act 1973. It is a legal requirement under Section 93 of the Local Government Finance Act 1992 for IJBs to set a balanced budget in line with strategic planning priorities for the forthcoming year. This report outlines proposed actions to achieve financial balance and align with the IJB’s strategic planning priorities for 2022/23 and going forward.

SCOTTISH BUDGET 2022/23

(i) SOCIAL CARE SERVICES

9. The Scottish Government has allocated an additional £353.9m for health and social care services for 2022/23 for national commitments. As a result, the budget delegated by East Ayrshire Council to the IJB includes additional funding £8.216m.
10. The £8.216m provides additional recurring funding to support a number of national initiatives: Carers (Scotland) Act 2016 extension, Living Wage uplift (to £10.02 hourly rate), Free Personal Care uprating, Care at Home system pressures investment and Interim Care Plan (supported by non-recurring funding in 2022/23).

11. This £8.216m additional allocation increases to £8.507m, after taking account of additional recurring Scottish Government funding totalling £0.199m for Mental Health Recovery and Renewal, National Trauma Training and Scottish Disability Assistance. Additional recurring funding totalling £0.092m has been delegated by East Ayrshire Council to contribute to the pan-Ayrshire Multi Agency Risk Assessment Conference (MARAC) and to recruit to a Violence Against Women lead officer post.
12. The Scottish Government has allocated a further £200m to support pay and sustainability in social care services, as well as £22m Social Work capacity (adult care) funding. It is anticipated that this additional funding will be allocated to East Ayrshire Council as part of a future grant redetermination for pass through to the IJB.
13. East Ayrshire IJBs confirmed share of this additional funding totals £5.291m and provides for the Living Wage uplift (to £10.50 hourly rate), elements of the National Care Home Contract uplift, increased service provider National Insurance costs and further funding for system pressures investment. This £5.291m additional sum includes the IJBs £0.511m share of the Social Work capacity (adult care) funding.
14. The Scottish Government has provided notification that IJBs are to receive a share of additional funding allocations in respect of Fair Work (adult social care) £15m, Social Work capacity (adult care) funding £3m and funding for unpaid carers £5m. The IJBs indicative share of this additional £23m allocation is £1.348m. No element of this funding is included in the initial 2022/23 budget presented for approval.
15. Spending proposals in respect of additional delegated funding and future confirmed funding are presented within the East Ayrshire Council Delegated Budget 2022/23 section of the report at paragraphs 26 to 48.

(ii) HEALTH SERVICES

16. In relation to the Scottish Government directive for 2022/23, NHS payments to IJBs for delegated health functions must deliver an uplift of 2% over 2021/22 agreed recurring budgets, and make appropriate provision for increased employer National Insurance costs.
17. The Health Portfolio budget includes £40m funding to recruit to 1,000 additional Multi-Disciplinary Team (MDT) posts, as well as £30m to recruit to Health Care Support Workers (HCSW) within MDTs. The share of the HCSW element of this funding is subject to local agreement (with funding shared between Acute Services and IJBs in Ayrshire & Arran). The IJBs share of this additional MDT funding for 2022/23 is £0.930m (£40m) and £0.466m (£30m).
18. The Health Portfolio budget also includes an additional £45m related to the Primary Care Improvement Fund to support the delivery of the new GP contract and wider Primary Care reform and development of new models of primary care (25% increase over the lifetime of the Parliament). Additional funding for Mental Health and Child and Adolescent Mental Health Services (CAMHS) is also provided to underpin service improvements and supports (again a 25% increase in funding over lifetime of Parliament). An additional sum of £50m has been provided for Alcohol and Drugs initiatives and will support further investment in a range of community-based interventions, including primary prevention, with the expansion of residential based rehabilitation. No element of this earmarked additional funding is included in the 2022/23 budget at this stage.

19. Spending proposals in respect of additional delegated funding are presented within the NHS Ayrshire & Arran Draft Delegated Budget 2022/23 section of the report at paragraphs 49 to 66.

COVID-19 IMPACT

20. As in 2020/21 and 2021/22, budget proposals for 2022/23 are presented on the basis of “business as usual”. The ongoing effect of Covid-19 continues to be experienced by the IJB and its partners. The impact on the Partnership has been reported to the IJB through regular reports (including Financial Management Reports) which have highlighted that service delivery models in some areas have changed as a result of the pandemic. Some services have experienced greater demand, with some services delivered differently, while others have been wholly or partially stood down over the course of the pandemic so far.
21. It is clear that, in common with other organisations, the services provided by the Health and Social Care Partnership will not be the same as they were prior to the pandemic. Our workforce, the way we deliver services and where services are delivered, as well as our systems and processes having been reviewed and altered in response to Covid-19. It is possible that some of the new and innovative processes and service delivery models which were established at pace at the early stages of the pandemic will continue into the future.
22. The 2021/22 baseline position has been considered as part of the budget setting process, with baseline savings proposed to ensure that overall financial balance can be achieved in 2022/23. These savings proposals are highlighted at paragraph 42 and are considered non-recurring at this stage. Work will be undertaken over the course of 2022/23 to determine budget re-alignment requirements to ensure financial balance can be achieved on a recurring basis, recognising the impact of the pandemic, as well as the need to generate further efficiencies going forward.
23. The ongoing response to the Covid-19 pandemic requires recognition that extraordinary costs are being incurred and will continue to be incurred for the foreseeable future. For accounting purposes, these costs will continue to be recorded separately. In 2020/21 and 2021/22, costs attributable to the pandemic response were recovered in full from the Scottish Government via the Local Mobilisation Plan. The final costs in 2022/23, and going forward, will depend upon the recovery timescale.
24. The Scottish Government, in a letter dated 25 February 2022 confirmed further funding of £981m for NHS Boards and IJBs to meet Covid-19 costs and to support the continuing impact of the pandemic. This funding is being provided on a non-repayable basis and includes provision for under-delivery of approved savings. Within the overall funding, £619m is being provided for IJBs, which includes funding for a range of Covid-19 measures. The significant disruption to services has created a backlog of demand, as well as increasing unmet need and frailty of service users. The Scottish Government recognises that investment is required across day care services, care at home and to support unscheduled care, to keep people within the community (where possible and safe to do so) to avoid unplanned admissions and impacts on delayed discharges. Alongside this the impact on mental health, with services having been stepped up through, for example, Mental Health Assessment Units. This funding will also cover sustainability payments to social care providers and additional staff costs across health and social care.

25. The Scottish Government has identified a sum of £14.143m for East Ayrshire IJB (with a separate sum of £14.420m for NHS Ayrshire & Arran). The Scottish Government has outlined its expectation that it will be a matter for NHS Boards and IJBs to agree any revisions where appropriate to take account of local circumstances. The £14.143m East Ayrshire allocation includes £2.129m, which will require to be allocated to offset unfunded 2021/22 quarter 3 projected costs identified within the Local Mobilisation Plan. The indicative balance of funding £12.014m (subject to updating at quarter 4) is to be earmarked for carry-forward to 2022/23 within the IJB Reserve, to offset Covid-19 attributable costs.

EAST AYRSHIRE COUNCIL DELEGATED BUDGET 2022/23

26. The Transformation Strategy Update 2022/23 Revenue Budget report was, formally approved by East Ayrshire Council on 24 February 2022. In total, a revenue budget £100.037m has been delegated to East Ayrshire IJB for 2022/23:

Integration Joint Board	£m	£m
2021/22 Approved budget allocation		91.376
Baseline adjustments		0.250
2021/22 Revised budget		91.626
Adjustments to Scottish Government funding		(0.096)
2021/22 Revised base per Fin.Circ. 9/2021		91.530
Additional Scottish Government funding (£353.9m):		
Carers (Scotland) Act 2016 (£20.4m)	0.490	
Free Personal and Nursing Care uprating (£15m)	0.211	
Living Wage baseline to £10.02 (£174.5m)	4.172	
Care at Home system pressures investment (£124m)	2.879	
Interim Care non-recurring (£20m)	0.464	
Sub total: A	8.216	
Additional Scottish Government funding (£8.526m):		
Mental Health Recovery and Renewal (£3.710m)	0.083	
National Trauma Training (£1.600m)	0.050	
Scottish Disability Assistance (£3.216m)	0.066	
Sub total: B	0.199	
East Ayrshire Council funding:		
MARAC (pan-Ayrshire share)	0.035	
Violence Against Women Lead Officer	0.057	
Sub total: C	0.092	
Additional delegated resources: A + B + C		8.507
2022/23 Budget allocation - approved		100.037

27. The £91.376m baseline budget allocation includes the IJB's share of Scottish Government integration funding from 2016/17 onwards totalling £8.845m. This funding was allocated from the Health Portfolio to ensure improved outcomes in social care and is routed to the IJBs via the NHS Boards.

28. Work has been undertaken to identify spending commitments against the £8.507m additional delegated resources for 2022/23. Commitments include a number of earmarked commitments which require to be funded, as well as a range of unavoidable national and local cost pressures. A summary of commitments / pressures against the additional funding allocation is presented below:

	£m	£m
Additional delegated resources		8.507
Indicative commitments:		
2022/23 Earmarked elements / National cost pressures (must do):		
Pay uplifts	1.376	
Employer's National Insurance increase	0.321	
Apprenticeship Levy	0.018	
Carers (Scotland) Act 2016 extension	0.490	
Free Personal Care uprating	0.211	
Living Wage baseline to £10.02 (incl. NCHC element)	2.577	
Care at Home system pressures investment	2.879	
Mental Health Recovery and Renewal	0.083	
National Trauma Training	0.050	
Scottish Disability Assistance	0.066	
Interim Care non-recurring	0.464	
Outwith / secure contract inflation (indicative)	0.160	
Looked after and accommodated children placements	0.116	
Sub total: A	8.811	
Local cost pressures:		
MARAC share	0.035	
Violence Against Women Lead Officer	0.057	
Care contract variation	0.106	
Child care contract variation	0.069	
Short breaks for children / pocket money	0.032	
Third Sector grants uplifts	0.020	
Client Access to Funds system	0.040	
Sub total: B	0.359	
Total indicative commitments A + B		9.170
Resource Transfer uplift		(0.311)
2021/22 Baseline adjustment		(1.672)
Net indicative commitments		7.187
Indicative funding surplus		(1.320)

- 29.** The “must do” commitments includes agreed pay increases for all employee groups, including provision for annual increments, as well as the IJBs share of employer’s National Insurance contributions increase (1.25%). In total, the pay uplift results in additional costs totalling £1.715m in 2022/23 and represents a significant cost pressure impacting on Council commissioned services. This additional cost has been calculated on the basis of the Scottish Public Sector Pay Policy (announced on 9 December 2021) as follows:
- Living Wage hourly rate £10.50 per hour.
 - Flat uplift of £775 for those earning less than £0.025m.
 - Flat uplift of £700 for those earning between £0.025m and £0.040m.
 - Flat uplift of £500 for those earning over £0.040m.
- 30.** It has been recognised that pay negotiations for the forthcoming financial year are ongoing. Any pay settlement agreed in excess of the Public Sector Pay Policy assumption will create an additional funding pressure for the IJB unless there is specific additional funding allocated to offset this cost.
- 31.** The £2.577m anticipated cost for 2022/23 provides for the full year cost of Scottish Living Wage for care workers hourly rate increase from £9.30 to £9.50 (funding not included in 2021/22 baseline, as it will be received by East Ayrshire Council as part of the March 2022 grant re-determination). This sum also includes provision for the full year cost of the further increase in the hourly rate to £10.02 (implemented 1 December 2021).
- 32.** The Living Wage hourly rate will increase further from £10.02 to £10.50 from 1 April 2022 however this is funded from within the IJBs share of the future allocation of the additional £200m Scottish Government funding previously referred to at paragraphs 12 and 13 in this report (see also paragraphs 44 to 48).
- 33.** As a consequence of these hourly rate increases, the £17.44 hourly rate for externally commissioned care at home and community based support services from 1 April 2021 increased to £18.27 from 1 December 2021. This is in line with Scottish Government guidance in relation to the Adult Social Care Pay Uplift to enable providers to uplift the hourly rate to a minimum of £10.02 to those providing direct care. In line with further guidance, it is proposed that the hourly rate is increased to £19.03 to enable providers to uplift the hourly rate to a minimum of £10.50 per hour with effect from 1 April 2022. In line with the Adult Social Care Pay Uplift, the current standard sleepover rate was increased to £12.85 per hour from 1 December 2021. To enable providers to meet the hourly rate requirement of £10.50, it is proposed that the rate is uplifted to £13.38 per hour with effect from 1 April 2022.
- 34.** These recommendations are included within the Social Care Contribution and Charging Framework and Approved Rates, Contributions and Charges 2022/23 report presented to the IJB today as a separate agenda item.
- 35.** Price inflation has been applied to the base estimate only where there is a related specific contractual requirement.

- 36.** The uplift included for the National Care Home Contract (NCHC) is based upon an average of 626 full time equivalent placements over the course of 2021/22, with assumed uplift of 5.5% (£1.569m). This consists of a recurring uplift of 5% plus a non-recurring element 0.5% to provide additional funding to offset increasing inflationary pressures in 2022/23, including energy costs and insurance. This non-recurring element will be subject to renegotiation in 2023/24, taking account of prevailing market conditions at that stage. The uplift is not yet confirmed, with negotiations ongoing between Scotland Excel, COSLA and Scottish Care to further develop and agree the cost model for 2022/23. This is viewed as a risk for the IJB in advance of formal agreement, as there are indications that commissioners and providers are some way apart in respect of uplift expectations. Discussions will continue to agree appropriate terms on the areas which remain unresolved. NCHC inflation is a significant cost component of the IJB budget, with 100% of East Ayrshire's care home beds being commissioned from external providers.
- 37.** The £0.160m uplift included for children's outwith placements and secure accommodation includes an indicative 3% uplift on both categories of placements. This is based upon indicative information provided by Scotland Excel in respect of the national flexible framework agreement to provide placing authorities with clear and transparent pricing information on services included within agreements. Negotiations are ongoing between providers and Scotland Excel, however there is clearly a risk that the uplift will be greater than 3%. In addition, externally commissioned foster care and adoption allowances have been uplifted by 2% at this stage at a cost of £0.116m. Scotland Excel have confirmed that under the terms and conditions for the contract framework, providers can only apply for a maximum uplift of 2% or CPI (whichever is lowest).
- 38.** The £0.106m care contract variation (local cost pressure) partly relates to two care homes (Kirklea and Newhouse operated by the Priory Group) which have been accepted onto the Scotland Excel Framework - Care Homes for Adults with Learning Disabilities Including Autism. The Framework rate is substantially higher than the previously approved rate. Following negotiation, agreement has been reached with the provider to phase the uplift for current placements over a five-year period with one rate applicable for all placements. The additional cost in 2022/23 is £0.066m. Uplifted rates over the five-year period will be included as a pressure in future reports at an anticipated total cost of £0.338m. The £0.040m balance of the contract variation pressure relates to a one-year contract extension for adult support services commissioned from Break the Silence. There is a further childcare contract local cost pressure relating to respite services. An indicative £0.069m pressure is included, with negotiations with the provider ongoing.
- 39.** As part of its 2022/23 budget approval process, East Ayrshire Council has agreed to hold rates in respect of non-residential charges for Social Care Services (blue badges, charges for day care services and community alarms).

40. Loss of income due to the Covid-19 pandemic represents a continuing risk to the IJBs financial position in 2022/23. Income from Day Care services and Care at Home services have been under-recovered over the course of 2021/22. The most recent Covid-19 Local Mobilisation Plan submission to the Scottish Government (quarter 3) highlights that income is projected to under-recover by £0.333m in 2021/22. This, alongside all Covid-19 related expenditure is an ongoing risk for the IJB, the expectation being that any ongoing costs / loss of income can be offset by IJBs recently notified share of additional Covid-19 funding to be earmarked within the IJB Reserve (see paragraphs 24 and 25 of this report).
41. The budget delegated by East Ayrshire Council includes the £2.879m share of Scottish Government funding for Care at Home systems pressure investment. A further sum is contained within the additional £200m Social Care Investment allocation and equates to £2.887m (as outlined at paragraph 46 of the report). Funding for the expansion of Multi-Disciplinary Teams (£70m in total of which the IJBs share is £1.396m) is being routed to the IJB via NHS Ayrshire & Arran (previously highlighted at paragraph 17 of this report). The Systems Pressures Investment Plan Report to the IJB on 9 February 2022 provided a broad outline of targeted areas of investment (alongside local investment plans) in line with key principles underpinning this whole system investment. Work is already underway to ensure that resources are appropriately allocated to deliver positive outcomes in line with Scottish Government expectations.
42. Work has been undertaken to examine 2021/22 baseline budgets (Council commissioned services) on a line-by-line basis to identify realignment opportunities to mitigate pressures and ensure a balanced budget proposal is in place for 2022/23. These baseline savings consist of a reduction of elderly residential and nursing care placements from the 2021/22 budgeted level, to reflect actual placement activity over the course of the year. This reduction in placements will generate a net saving of £1.028m, with a further saving in Adult Care £0.644m (total £1.672m). These proposals are considered non-recurring at this stage. Any service implications will require to be managed as part of delivery of these non-recurring savings and reported to the IJB where necessary. As highlighted previously at paragraph 22 of this report, service delivery models have changed as a result of the pandemic and the savings proposals take cognisance of this, advances in tele-healthcare and new supported accommodation models. Detailed work will be undertaken over the course of 2022/23 to consider required budget re-alignment to ensure financial balance can be achieved on a recurring basis (including due consideration of the non-recurring savings proposals). This work will take account of the ongoing impact of the pandemic, as well as the need to generate further efficiencies to ensure financial balance can be achieved, in line with strategic planning priorities going forward.
43. The £100.037m approved budget allocation presented at paragraph 26 increases to £103.186m when Council commissioned (mainlined) Integrated Care projects and delegated functions managed out with the Partnership are included:

	£m
2022/23 Budget allocation	100.037
Council commissioned ICF projects	1.106
Delegated functions:	
Equipment and adaptations (HRA)	1.285
Health Improvement (Vibrant Communities)	0.271
Social Work Transport (Facilities and Property Management)	0.487
2022/23 Total budget allocation for approval	103.186

ADDITIONAL SOCIAL CARE FUNDING 2022/23 – BUDGET IMPLICATIONS

44. As outlined previously at paragraphs 12 and 13 of this report, the Scottish Government has allocated a further £200m to support pay and sustainability in social care services, as well as £22m Social Work capacity (adult care) funding. This additional funding will be allocated to East Ayrshire Council as part of a future grant redetermination for pass through to the IJB.
45. East Ayrshire IJBs confirmed share of this additional funding totals £5.291m and provides for the Living Wage uplift (to £10.50 hourly rate), elements of the National Care Home Contract uplift, increased service provider National Insurance costs and further funding for system pressures investment. This £5.291m additional sum includes the IJBs £0.511m share of the Social Work capacity (adult care) funding.

2022/23 Additional Funding - confirmed:		
Social Care investment (£200m)		4.780
Social Work capacity - adult care (£22m)		0.511
Total:		5.291
Indicative commitments:		
Living Wage £10.02 to £10.50 (incl. NCHC)	1.386	
National Care Home Contract	0.423	
Care providers National Insurance uplifts	0.084	
System pressures investment	2.887	
Sub total: A	4.780	
Social Work capacity – adult care	0.511	
Sub total: B	0.511	
Total indicative commitments: A + B		5.291
Indicative balance		0.000

46. The additional Social Work capacity (adult care) funding has been provided to respond to current pressures across adult social care. This funding is highlighted as being fully committed in budget planning assumptions at this stage. The Scottish Government expectation is that it will be for Chief Social Work Officers and their teams to decide how best to use this funding to meet local pressures, which may include:
- Additional frontline capacity to support Adults With Incapacity / Adult Support and Protection, including large-scale investigations.
 - Wider statutory duties undertaken by Mental Health Officers and Social Workers.
 - Frontline work in relation to carrying out holistic person-centred assessments and reviewing of individual care support plans.
 - Enhancing additional first line management capacity to increase levels of assurance and supervision for frontline staff.

47. Commitments against certain elements of earmarked Scottish Government funding highlighted in the tables at paragraphs 28 and 45 are included at full spend for 2022/23. A significant element of this funding is directly linked to the recruitment of staff. Experience from 2021/22 in respect of Winter Plan funding (allocated in the second half of 2021/22) and other funding initiatives, suggests that there is the potential for significant recruitment slippage, reflecting the shortage of suitably qualified / experienced staff in certain professions. The recruitment issue is exacerbated by the fact that all IJBs have been allocated a share of funding to take forward plans to meet required outcomes. Slippage against the various funding streams will be reported to the IJB within in-year Financial Management Reports over the course of 2022/23, with plans to utilise funding on a non-recurring basis tabled for IJB approval where appropriate.
48. As highlighted previously at paragraph 14, the Scottish Government has provided notification that IJBs are to receive a share of additional funding totalling £23m. No element of this funding is included in the 2022/23 budget at this stage. It is anticipated that this funding will be confirmed in-year during the forthcoming financial year.

NHS AYRSHIRE & ARRAN DRAFT DELEGATED BUDGET 2022/23

49. As outlined previously at paragraph 16, NHS payments to Integration Authorities for delegated health functions for 2022/23 must deliver an uplift of 2% over 2021/22 agreed recurring budgets, and make appropriate provision for increased employer National Insurance costs.
50. The funding proposal for 2022/23 is a 2.56% uplift on the 2021/22 baseline. This complies with the Scottish Government expectation, with the 0.56% employer National Insurance allowance covering the cost of the increase for posts within the baseline for uplift. If we apply the 2.56% uplift per the Scottish Government directive, the NHS delegated budget for East Ayrshire managed services (including lead partnership / hosted services and excluding Set Aside) is £185.820m. This includes a pass through of earmarked Scottish Multi-Disciplinary Teams funding £1.399m, less £8.021m of non-recurring budget adjustments actioned to the baseline period over the course of 2021/22. The budget also takes account of Scottish Government integration funding for social care £8.845m routed through NHS Ayrshire & Arran and transferred to offset the cost of Council commissioned services, as well as Integrated Care Fund Council commissioned projects £1.106m, and is presented in the following table:

Integration Joint Board	£m
2021/22 Approved budget allocation	179.489
2021/22 In-year additions to / from approved budget	11.126
2022/23 Baseline allocation	190.615
2.56% Uplift on adjusted baseline	1.830
2022/23 Draft budget allocation:	192.445
2021/22 Non-recurring adjustments (see table at paragraph 51)	(8.021)
2022/23 Draft Budget allocation (recurring): A	184.424
Earmarked funding:	
Multi-Disciplinary Teams (MDTs) – 1,000 HCSWs nationally (£30m)	0.466
Multi-Disciplinary Teams (MDTs) – expansion (£40m)	0.930
Earmarked Funding: B	1.396
2022/23 Total draft budget allocation: A + B	185.820

51. The 2.56% uplift is applied to the adjusted baseline allocation of £200.566m which is further adjusted for a number of “excluded items” which are subject to separate funding uplift allocations, as well as non-baselined allocations (for which NHS Ayrshire & Arran have had no uplift in funding) and non-recurring allocations (£8.021m) as follows:

	£m
2022/23 Baseline allocation	190.615
Add back:	
Baseline transfer from NHS Board to IJB	8.845
Council commissioned ICF projects	1.106
2022/23 Baseline allocation (adjusted)	200.566
Excluded items:	
Primary Care FHS / PMS (separate funding uplifts)	(82.489)
Primary Care Prescribing (NHS A&A retained responsibility)	(28.125)
Primary Care Improvement Fund (non-baselined allocation)	(9.877)
Primary Medical Services Telephony (non-recurring)	(0.040)
GP Out of Hours (non-recurring allocation)	(0.369)
Covid-19 (non-recurring allocation)	(3.848)
Workforce Wellbeing (non-recurring allocation)	(0.100)
GP Premises funding (non-recurring allocation)	(0.258)
Ventilation Improvement Service (non-recurring allocation)	(0.369)
Public Dental Service (non-recurring allocation)	(1.950)
NHS Dental Re-mobilisation (non-recurring allocation)	(0.347)
Additional ADP funding (non-baselined allocation)	(0.326)
ADP Frontline Services (non-recurring allocation)	(0.157)
ADP Programme for Government (non-recurring allocation)	(0.411)
District Nursing posts (non-baselined allocation)	(0.118)
District Nursing training (non-recurring allocation)	(0.050)
School Nursing– tranche 1 (non-baselined funding)	(0.135)
Winter Plan (non-recurring funding)	(0.117)
Community Link Workers £500 (non-recurring allocation)	(0.005)
2022/23 Baseline allocation – subject to uplift	71.475
2.56% Uplift on baseline	1.830

52. The 2.56% NHS Ayrshire & Arran uplift £1.830m plus the IJBs share of Scottish MDTs earmarked funding £1.399m represents a total uplift of £3.229m for 2022/23. Work has been undertaken to identify spending commitments against the additional delegated resources for 2022/23. Commitments include 2021/22 baseline pressures, unavoidable national cost pressures and earmarked funding commitments, as well as local cost pressures (including NRAC shares of pan-Ayrshire lead partnership pressures). A summary of commitments / pressures against the additional funding allocation is presented as follows:

	£m	£m
Additional delegated resources		3.229
Indicative commitments:		
2021/22 Baseline pressures	0.349	
Sub total: A	0.349	
2022/23 Earmarked elements / National cost pressures (must do):		
Pay uplifts	1.153	
Employer's National Insurance increase	0.495	
Multi-Disciplinary Teams (MDTs) – HCSW	0.466	
Multi-Disciplinary Teams (MDTs) - expansion	0.930	
Sub total: B	3.044	
2022/23 Local cost pressures:		
Agenda for Change – bands 5,6 and 7	0.465	
Agenda for Change – band 2 - 3	0.078	
Children's services – safe staffing	0.185	
Woodland View commissioned beds uplift	0.013	
Sub total: C	0.741	
2022/23 Lead Partnership pressures (NRAC share):		
Office 365 – GP Practices	0.133	
Scottish Huntington's Association	0.014	
Marie Curie – non recurring	0.004	
TrakCare system monitoring post	0.017	
Daldorch income shortfall	0.054	
Richmond – Todhill – GMS	0.008	
Community Equipment Store drivers – band 2 - 3	0.005	
Sub total: D	0.235	
Total indicative commitments A to D		4.369
Resource Transfer uplift		0.311
2021/22 Baseline adjustment		(0.131)
Total indicative commitments		4.549
Indicative funding deficit		1.320

53. As highlighted previously, IJBs are to be allocated a 2% uplift (plus provision for the employer's National Insurance increase) and it is then for the IJB to assess which pressures to fund in line with priorities.
54. Baseline pressures from 2021/22 totalling £0.349m have been identified. These pressures largely relate to unachievable historic savings target in Children's services (Health Visiting) which are unachievable due to minimum staffing requirements, as well as a historic funding pressure within Community Nursing.

- 55.** The initial pay uplift cost pressure £1.153m, plus the IJBs share of the National Insurance contributions increase £0.495m has been calculated on the basis of the Scottish Public Sector Pay Policy for planning purposes. It has been recognised that pay negotiations for the forthcoming financial year are ongoing. Any pay settlement agreed in excess of the Public Sector Pay Policy assumption will create an additional funding pressure for the IJB unless there is specific additional funding allocated to offset this cost.
- 56.** An Agenda for Change pressure totalling £0.465m relates to costs associated with a reduction in scale points for staff within pay bands 5, 6 and 7. This impacts on all three IJBs, as well as NHS Ayrshire & Arran, with no funding having been provided by the Scottish Government to offset these costs as part of the Agenda for Change pay deal..
- 57.** A further Agenda for Change pay pressure £0.078m is provided for in respect of anticipated re-banding of Band 2 staff to Band 3. This re-banding relates to staff clinical input across various service areas.
- 58.** Additional investment is required in Children's Services to ensure safe staffing levels in early years services. This largely relates to increasing perinatal mental health concerns, domestic violence, emotional wellbeing concerns and increasing use of alcohol and addictions (and how these issues impact on children). Current Health Visitor numbers struggle to meet demand (with the requirement for a further two Health Visitor posts costing £0.112m having been identified). In addition there are increasing demands on Staff Nurses within the early years team, with additional requirements relating to immunisations and support to the school nursing service. These pressures relate to increasing numbers of children requiring protection and emotional wellbeing support (with the requirement for a further two posts at a cost of £0.073m having been identified).
- 59.** Lead partnership pressures have been put forward for IJB approval on a NRAC share basis following discussion at the Ayrshire Finance Leads group. Additional investment of £0.133m is required to offset the cost of Office 365 at GP Practices and is our NRAC share of a pan-Ayrshire pressure £0.380m. The GP Practices Information Technology budget is delegated to East Ayrshire IJB to manage under lead partnership arrangements on behalf of the three IJBs and this investment is positive in terms of improvements to IT infrastructure within practices.
- 60.** Increased contract costs in respect of services provided by the Scottish Huntington's Association £0.014m and Marie Curie £0.004m require to be funded to offset cost pressures and meet service demands from 1 April 2022. The Marie Curie uplift is non-recurring, pending completion of a wider service review in 2022/23.
- 61.** Additional funding £0.008m is required to provide enhanced GP input at Todhill supported living unit in North Ayrshire (operated by Richmond Fellowship). This represents an NRAC share of additional costs related to General Medical Services (GMS). East Ayrshire hosts the GMS budget under lead partnership arrangements.
- 62.** Funding is required to offset a recurring income shortfall in Specialist Mental Health Services (North Ayrshire IJB lead). This pressure relates to a change in use of the function of Daldorch House School and Continuing Education Centre (operated by National Autistic Society). The change of use has resulted in charges no longer be levied for services provided going forward. East Ayrshire's NRAC share is £0.054m.

- 63.** There is a £0.017m funding pressure in respect of a NRAC contribution to an additional administration post within Specialist Mental Health Services, managed under lead partnership arrangements by North Ayrshire IJB. This additional post is required to support enhanced national monitoring / reporting requirements through the TrakCare system.
- 64.** The IJB approved an NRAC contribution of £0.016m as part of the 2021/22 Annual Budget to enable South Ayrshire IJB to recruit two additional drivers (NHS Community Equipment Store hosted by South under lead partnership arrangements). These posts were required to ensure that equipment be timeously distributed from the store, to ensure people have access to the right equipment, in the right place at the right time. The drivers have subsequently been regraded from Band 2 to Band 3 and this £0.005m represents the East Ayrshire NRAC share of this additional cost.
- 65.** Commitments against both elements of Scottish Government Multi-Disciplinary Teams (MDTs) funding are included at full spend for 2022/23. A significant element of this funding is linked directly to the recruitment of staff. As highlighted previously at paragraph 47 of this report, experience from 2021/22 in respect of the Winter Plan funding (allocated in the second half of 2021/22) and other funding initiatives, suggests that there is the potential for significant recruitment slippage, reflecting the shortage of suitably qualified / experienced staff in certain professions. This is particularly relevant in respect of Allied Health Professions (AHP) posts where savings from vacant posts have been prevalent in 2021/22 and in previous financial years. Investment in community AHP posts has been highlighted as a key area for investment within the System Pressures Investment Plan report to the IJB on 9 February 2022. As highlighted previously, slippage against the various funding streams (including MDTs) will be reported to the IJB within in-year Financial Management Reports over the course of 2022/23, with plans to utilise funding on a non-recurring basis tabled for IJB approval where appropriate.
- 66.** Work has been undertaken to closely examine 2021/22 baseline budgets (NHS commissioned services) on a line-by-line basis to identify realignment opportunities to mitigate pressures and facilitate a balanced budget proposal for 2022/23. The £0.131m saving (2021/22 baseline adjustment) wholly relates to an additional staff turnover saving and reflects higher than budgeted turnover savings over the course of the previous financial year. As with savings in Council commissioned services, this proposed saving is considered non-recurring at this stage. Any service implications will require to be managed as part of delivery of these non-recurring savings and reported to the IJB where necessary. As highlighted previously at paragraphs 22 and 42 of this report, service delivery models have changed as a result of the pandemic. Detailed work will be undertaken over the course of 2022/23 to consider required budget realignment to ensure financial balance on a recurring basis. This work will take cognisance of the ongoing impact of the pandemic, as well as the need to generate further efficiencies to ensure financial balance can be achieved, in line with strategic planning priorities going forward.

BALANCED BUDGET PROPOSAL 2022/23

67. As highlighted previously in this report, it is a legal requirement under Section 93 of the Local Government Finance Act 1992 for IJBs to set a balanced budget in line with strategic planning priorities for the forthcoming year. Work has been undertaken to closely examine 2021/22 baseline budgets to identify savings which are achievable from 1 April 2022 to mitigate underlying pressures and present a balanced position for 2022/23.
68. Further work will be required over the course of 2022/23 to establish and evaluate the impact and re-design services to mitigate pressures as part of transformation work already being taken forward through the Strategic Commissioning Board. Work will be taken forward with due cognisance of remobilise, recovery and redesign principles. Where proposals require changes to policy or services, they will be presented to the IJB for approval. This principal applies both to NHS and Council commissioned services.
69. The Integration Scheme outlines that whilst the Primary Care prescribing budget will be delegated to the IJB, prescribing will be managed by NHS Ayrshire & Arran across the three Ayrshire Partnerships. Prescribing is an extremely volatile budget and the approach is to minimise risk across years with the Health Board retaining responsibility for any under or overspends. This approach will continue into 2022/23.
70. An objective summary of the approved IJB delegated budget (including Set Aside) £317.141m is included within appendix 1. This provides an indicative breakdown of the 2022/23 budget across the various service areas. Further work will be undertaken to refine allocations across all Council and NHS commissioned service areas, following which formal Directions will be issued to East Ayrshire Council and NHS Ayrshire & Arran to deliver services to the IJB within the overall delegated resource.

TRANSFORMATIONAL CHANGE PROGRAMME

71. As part of the budget approval process for 2017/18, East Ayrshire Council recognised the challenges facing Health and Social Care and the imperative to initiate radical change within the organisation alongside the clear commitment from the IJB to embrace change. A sum of £1.000m was earmarked within the Council's General Fund balances to be used by the IJB to facilitate change and reduce recurring costs. In the years to 2020/21, the IJB has approved that further shares of its own uncommitted balances be set aside for transformational change purposes. The cumulative value of transformation funding available to the IJB is £4.533m, with spend and commitments totalling £3.025m identified to date.
72. Service reconfiguration / transformation work is being taken forward through the Strategic Commissioning Board which provides oversight and direction of the transformation programme. The programme of work which has been agreed (and taken forward) to date includes:
 - Review of Care at Home services;
 - Review of Adult Day Care services;
 - Review of 24 hour care;
 - Review of Financial Inclusion services;
 - Review of IJB Finance services;
 - Review of Business Support services;

- Review of Adult Social Care;
- Review of out of area residential placements;
- Implementation of the “front door” service;
- Peer outreach service initiative;
- The Promise (Children’s Services);
- Lifestyle intervention test of change;
- Local wellbeing model;
- Financial inclusion recovery support;
- Financial Inclusion Officers – GP Practices
- Wellbeing support for workforce (Covid-19 recovery);
- Social Care learning hub;
- Community digital resources;
- Property and Asset Management Project Manager;
- Graduate Internships;
- Partnership Engagement Officer;
- Communications programme / website development;
- Implementation of a new care management system (Liquidlogic) with finance module (ContrOCC); and
- Implementation of care at home electronic scheduling and monitoring system (CM2000).

73. The transformational change programme will be progressed further during 2022/23, with funding deployed where business cases justify short-term investment to design more cost effective service models.

ACUTE SET ASIDE

74. The acute Set Aside budget is a key component of the Scottish Government’s vision of the model of integrated health and social care services. The Scottish Government’s Health and Social Care Medium Term Financial Framework (October 2018) includes system reform assumptions around material savings to be achieved from reducing variation in hospital utilisation across Partnerships. Planning across the whole care pathway is key to delivering this objective and Partnerships had been required to ensure that by the start of 2019/20, fit for purpose Set Aside arrangements to enable this approach. The Ministerial Group for Health and Community Care Review of Progress with Integration of Health and Social Care report (February 2019) included the proposal that delegated hospital budgets and Set Aside requirements be fully implemented at the earliest opportunity.

75. It follows that Set Aside and in particular unscheduled care was a key consideration as part of the pan-Ayrshire pilot to developing Directions for 2020/21. This pilot which was undertaken in partnership with the Scottish Government includes agreement of baseline resources across the various specialities identified as part of the Set Aside. The pilot sought to achieve an agreed principle of “fair share” across all services, with agreement of the values used in any model to ensure any shift in resource is realistic and the requirement for a commissioning plan for unscheduled care. Due to the impact of the Covid-19 pandemic, work has stalled on further developing the pilot however, it was agreed at a meeting of the pan-Ayrshire Strategic Planning Operational Group (SPOG) in December 2020 that this work will be progressed, with pan-Ayrshire meetings having re-commenced.

76. Further work has been undertaken by the Ayrshire Finance Leads over the course of 2021/22 to establish baseline resources for each partnership, and how this compares to the NRAC “fair share” of resources. It was initially anticipated that 2020/21 would be used as a shadow year for these arrangements, however this work was been delayed due to the Covid-19 response (with 2019/20 data used).
77. The Strategic Commissioning Board will require to consider the impact on Set Aside resources as part of the reconfiguration of services. The Scottish Government Medium Term Financial Framework includes an assumption of efficiencies from reduced variation in hospital care coupled with 50% reinvestment in the community to sustain improvement. The successful implementation of Set Aside arrangements remains key to delivering this commitment.
78. No specific Set Aside resource has yet been identified as part of the NHS Ayrshire & Arran budget setting process for 2022/23. As in the previous two financial years, the revised 2018/19 baseline allocation (updated with September 2020 ISD data) has been uplifted further by 2.0% to £28.135m and is included at this stage. This draft allocation is included in the total delegated resource £317.141m at appendix 1.

IJB RESERVE

79. The IJB is established as a Local Government body and therefore is able to hold reserve balances. Reserve balances are held as part of an approach to good financial management and sound governance arrangements. 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.
80. The balance of non-earmarked reserves should be considered as part of the budget-setting process. The updated Reserve Strategy was approved by the IJB on 25 March 2020 and has been recently reviewed with no changes proposed. The IJB Reserve Strategy – Reviewed report is being presented for approval, as a separate agenda item at today’s IJB.
81. The Reserve Strategy outlines that while there is no defined level of reserves to be held, a number of organisations, including East Ayrshire Council, set a minimum of 2% of annual budgeted expenditure. It is recommended that the IJB will aspire to hold at least 2% of annual budgeted expenditure as general fund balances at the end of the three year budget cycle. This 2% would equate to £5.8m of delegated directly managed services budgets for 2022/23. In recognition of continuing financial pressures facing the Partnership, this optimum reserves balance is considered aspirational.

82. There is no recommendation as part of the 2022/23 budget to allocate any resources from general reserves, however consideration may be given to this, both in the current financial year and in future to allow the IJB greater flexibility to manage cost pressures and demand fluctuations, and to support financial planning over the medium to longer term. Paragraphs 71 to 73 of this report provide information on the transformational change programme. Transformational change is a key aspect of the IJBs response to managing increasing demand and this will continue, with services being shaped around remobilise, recovery and redesign principles and delivered within delegated resources. The IJB will continue to work with its partners as part of a collegiate approach to ensure whole system viability.
83. The month 9 Financial Management Report 2021/22 which was approved by the IJB on 9 February 2022 highlights the anticipated position in respect of current year earmarked and uncommitted balances at 31 March 2022 and is summarised as follows:

	Balance as at 31 March 2021 £m	Indicative drawdown requirement 2021/22 £m	Indicative Balance as at 31 March 2022 £m
Earmarked:			
Client Equipment and Adaptations	(0.236)	0.025	(0.211)
Adult Care Package provision	(0.425)	0.000	(0.425)
School Counselling	(0.590)	0.000	(0.590)
Free Personal Care under 65s - Mental Health Counselling	(0.100)	0.000	(0.100)
Care Commission standards	(0.021)	0.021	0.000
Legal fees	(0.017)	0.000	(0.017)
Whole Systems Approach funding	(0.025)	0.025	0.000
Looked After and Accommodated fees	(0.032)	0.032	0.000
Information Technology	(0.054)	0.054	0.000
Befrienders Project (ADP)	(0.028)	0.000	(0.028)
HARP / Wellbeing Project	(0.020)	0.000	(0.020)
Covid-19 - Scottish Government funding	(3.110)	3.110	0.000
Community Justice - impact of Covid-19	(0.013)	0.013	0.000
Financial Risk, Insecurity & Poverty	(0.039)	0.039	0.000
C&YP: Mental Health & Wellbeing	(0.388)	0.000	(0.388)
ADP - Mainline; Hard Edges; DDTF	(0.545)	0.274	(0.271)
Community Living Change Fund	(0.461)	0.047	(0.414)
Intermediate Care and Reablement - 2 year funding	(0.592)	0.193	(0.399)
Post Covid developments - 2 year funding	(0.225)	(0.225)	(0.450)
SARC	(0.070)	0.070	0.000
Fairer Scotland - Dental	(0.120)	0.088	(0.032)
Social Care shielding	(0.012)	0.012	0.000
Urgent Care Pathway	(0.495)	0.495	0.000
GP Costs - Arran War Memorial	(0.167)	0.167	0.000
Primary Care Improvement Fund	(1.272)	1.272	0.000
Mental Health Action 15	(0.227)	0.227	0.000
Transformational Change Programme	(3.116)	0.951	(2.165)
Total Earmarked	(12.400)	6.890	(5.510)
Uncommitted	(2.740)	0.351	(2.389)

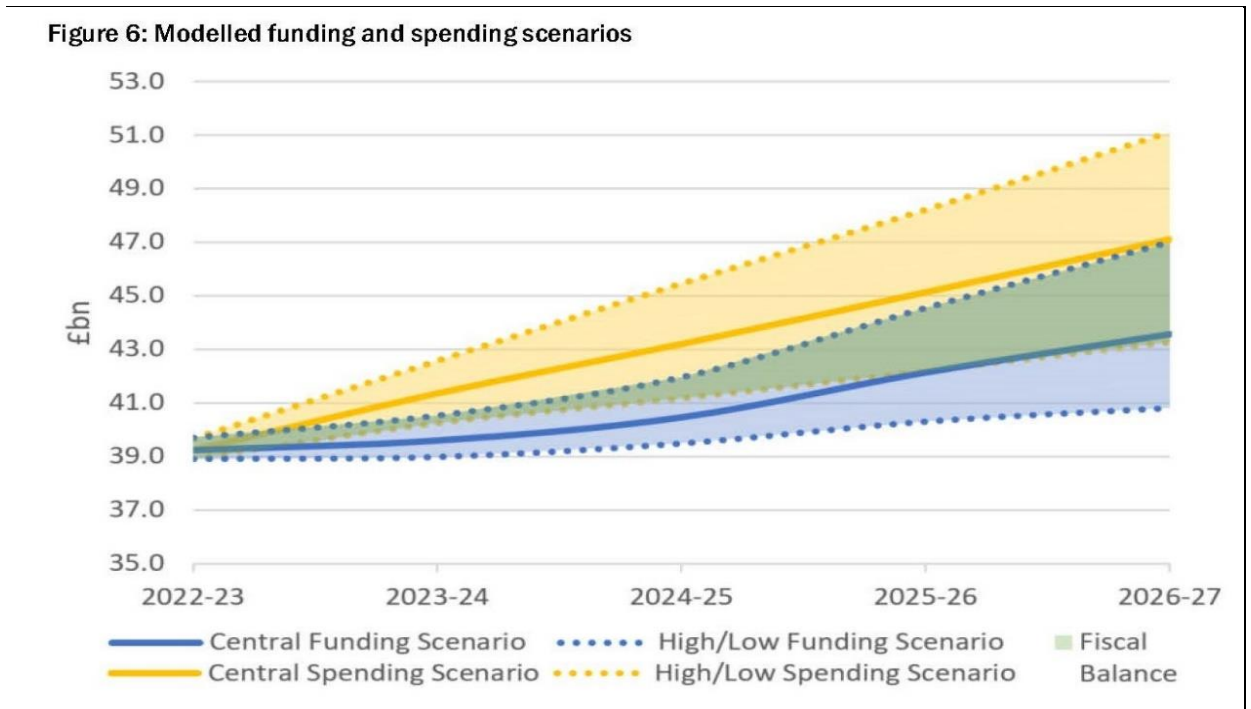
General Fund	(15.140)	7.241	(7.899)
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84. It is anticipated that there will be slippage in Winter Plan funding (confirmed in the second half of 2021/22). In discussions at IJB Chief Finance Officers' group meetings, Scottish Government representatives indicated that a degree of flexibility is to be afforded to IJBs in respect of utilisation of this funding in 2022/23, in line with remobilise, recovery and redesign principles.
85. As highlighted previously at paragraphs 24 and 25 of this report, the Scottish Government has identified a sum of £14.143m Covid-19 funding for East Ayrshire IJB, which includes £2.129m that will require to be allocated to offset currently unfunded 2021/22 quarter 3 projected costs identified within the Local Mobilisation Plan. The indicative balance of £12.014m (subject to updating at quarter 4) will be carried forward as an earmarked balance within the IJB Reserve, to offset Covid-19 attributable costs in 2022/23.
86. It follows that earmarked balances within the IJB Reserve as at 31 March 2022 will be significant.
87. The population based 2021/22 projected underspend at month 9 was £4.503m. The final outturn position may of course vary from this due partly to the needs led nature of Partnership delegated functions. This month 9 projected underspend position does however provide indication of an increased IJB uncommitted balance at 31 March 2022.
88. The current IJB general fund balance is £2.389m. The updated position for 2022/23 will be finalised following approval of the 2021/22 Audited Annual Accounts.

MEDIUM TERM FINANCIAL PLAN UPDATE

89. The original Medium Term Financial Plan (MTFP) 2017/18 – 2021/22 was approved by the IJB on 30 November 2017. This included indicative additional demography demand over the lifetime of the plan based on local population indicators. An update on the original Medium Term Financial Plan was presented to the IJB on 25 March 2020.
90. In setting the budget for 2022/23, in addition to delivery of cash releasing efficiency savings to achieve overall financial balance, it is proposed that additional demand will be absorbed over the course of the financial year. While this strategy represents a financial risk to the IJB in 2022/23, given the uncertain nature of increasing demand, previous experience combined with delivery of new service models has allowed additional demand to be effectively managed in previous years. This includes the “front door” approach, advances in tele-healthcare and new supported accommodation models, as well as transformational change initiatives and service reviews taken forward through the Strategic Commissioning Board.
91. The IJBs external auditors, Deloitte LLP presented their Planning Report on the 2021/22 Audit to the Audit and Performance Committee on 8 March 2022. This report notes that while the IJB has achieved short term financial balance over recent financial years, there remains a risk that robust medium to long term financial planning arrangements are not sufficiently developed. This is required to ensure that the IJB can manage its finances on a sustainable basis, aligned to effective service delivery.

- 92.** Deloitte's ISA 260 Annual Audit Report on the outcome of the 2020/21 audit was presented to the IJB on 25 October 2021. This report highlighted that the IJBs MTFP was due to be reviewed and updated during 2021 and that due to a number of uncertainties, the updated plan was, at that stage, expected to be presented for approval of the IJB in March 2022. The report notes that the Covid-19 pandemic and the planned National Care Service for Scotland continue to represent financial uncertainty, making any medium to longer-term financial planning more complex.
- 93.** The Scottish Government Health and Social Care Medium Term Financial Framework (MTFF) was produced in 2018. The IJB Chief Finance Officers' network has been advised that, due to ongoing uncertainties, including the pandemic recovery phase and the National Care Service direction of travel, it is anticipated that the Health and Social Care MTFF will not now be updated before the second half of 2022. This is a key limiting factor in respect of being able to produce a meaningful and robust updated MTFP, as the Framework will be intrinsically linked to national health and wellbeing outcomes. Discussions have been held with Deloitte regarding this delayed publication and it has been agreed that it is appropriate to present a high level MTFP update, alongside the Annual Budget 2022/23 for IJB approval. This point discussed at the Audit and Performance Committee on 8 March 2022 when Deloitte presented their Planning Report on the 2021/22 audit.
- 94.** The Scottish Government's Medium Term Financial Strategy (MTFS) was published in December 2021, alongside the 2022/23 Scottish Budget. The Resource Spending Review Framework, which will develop spending plans for the remainder of the current parliamentary term, following public consultation. It is anticipated that this Framework document will be published in May 2022 and will be assessed against three core priorities to:
- Support progress to meet child poverty targets;
 - Address climate change; and
 - Secure a stronger, fairer, green economy.
- 95.** The Scottish Government's funding assumptions in the MTFS are based on the UK Government's October 2021 Spending Review, which provided the devolved Block Grant allocations for 2022/23 to 2024/25. The subsequent two years 2025/26 to 2026/27 are based on assumed allocations, recognising that the position is impacted by UK fiscal policy, economic performance and differences in devolved tax and social security policies. In terms of spending commitments, the MTFS recognises a number of pressures including social security expenditure, pay and pension pressures and an ageing population, all of which will impact directly, and / or indirectly on IJBs and their partners. Given the uncertain nature of income levels and funding, the Scottish Government has created three scenarios, a central, upper and lower scenario, with the following diagram reflecting the funding and spending scenarios at a national level:



Source: Scottish Government MTFs December 2021 – Figure 6: Modelled funding & spending scenarios

- 96.** The Scottish Government’s MTFs shows an estimated overall funding gap of around £3.5bn by 2026/27 if the central funding estimate is compared with a mid-spend. By including high / low spend scenarios, the indicative position ranges from £10.3bn of a gap to £3.7bn of a surplus. In reality, the spending trajectory will reflect actual funding available and where resources are limited, any investment priorities will result in reductions in other areas of the Scottish Budget. Once available, the Scottish Government’s updated Health and Social Care MTFF will provide more certainty around the impact for services delegated to IJBs, linked to spending priorities underlying national health and wellbeing outcomes.
- 97.** The Scottish Parliament Information Centre (SPICe) has produced analysis of the Scottish Government’s budget. This shows that, in terms of the total unadjusted Scottish block grant, this will increase from £36.7bn in 2021/22 (excluding Covid-19 funding) to £41.8bn by 2024/25, with a real terms increase in 2022/23, followed by reductions in real terms for the following two years:

Year	Cash Terms (RDEL)		Real Terms (2021/22 prices)	
	Value	% Change	Value	% Change
2021/22	£36.7bn	-	£36.7bn	-
2022/23	£40.6bn	+10.6%	£39.5bn	+7.7%
2023/24	£41.2bn	+1.5%	£39.3bn	-0.7%
2024/25	£41.8bn	+1.5%	£39.1bn	-0.4%

Source: Scottish Parliament Information Centre (spicelight.scot/2021/10/28/uk-budget-and-spending-review-2021-key-points-and-implications-for-scotland/)

- 98.** At a national level, there are a number of significant variables at present, which precludes any real level of certainty in terms of long-term forecasts. Rather than constructing a range of detailed scenarios, none of which are likely to come to pass, a simplistic (high level) view can be formed which assumes that:

- Funding levels from the Council and Health Board will be held at 2022/23 levels (flat cash);
- Earmarked funding for 2022/23 wholly offset implementation costs;
- Costs related to funding elements subject to separate uplifts will be wholly offset;
- Payroll costs will increase in line with Office of Budget Responsibility (OBR) wages and salaries assumptions at October 2021;
- Inflation will be based on the Consumer Price Index Urban (CPIU) projections contained in the October 2021 OBR report, showing 4% for 2023, 2.6% for 2024, 2.1% for 2025 and 2% for 2026; and
- Demographic changes will add £0.500m per annum to 2025/26 and by £1.000m per annum 2026/27 to 2029/20

99. By applying these broad assumptions, this would see the gap between delegated funding and expenditure continue to grow with the need for continuous service redesign and change over the next 10 years. To meet this financial challenge, delivering services in a more streamlined and effective manner will be essential.

100. A high level summary (scenario 1) is presented as appendix 2 to this report and highlights an indicative gap between delegated funding and expenditure of £28.900m by 2029/30. This scenario is based upon the methodology set out previously at paragraph 38. Two further high level summaries are presented at appendices 3 and 4 (scenarios 2 and 3) for comparison purposes. In both cases, cost pressures are unchanged from those assumed in scenario 1. Scenarios 2 and 3 both incorporate the updated assumption that additional demand will increase to £1.000m annually to 2025/26 and by £2.000m annually to 2029/30. These demand increases are however partially offset by assumed “pass through” increases in delegated funding of 1% (scenario 2) and 2% (scenario 3). As a consequence of these updated assumptions, scenario 2 highlights a reduced indicative gap of £17.856 at the end of the planning period, with the gap at scenario 3 reducing further to £5.394m. It is important to emphasise that each high level scenario contains assumptions with regard to cost and volume pressures and should be considered illustrative at this stage due to ongoing uncertainty. Further work will be required to test and refine costs and update funding assumptions following publication of the updated Scottish Government Health and Social Care Medium Term Financial Framework. This will consider developments in areas of uncertainty, including National Care Service for Scotland proposals and potential impact associated with recovery from the pandemic.

101. An infographic from the Strategic Plan was included in the System Pressures Investment Plan report to the IJB on 9 February 2022. This highlights the changing demographic background within East Ayrshire and is presented as appendix 5 to this report.

102. From the information presented at appendix 5 and other joint strategic assessment sources, the key demographic changes are as follows:

- Changing population dynamics of ageing and increasing diversity of need;
- A more rapid increase in the number of people aged over 85;
- Increasing need for direct personal care over the medium and long-term;
- Increasing number of households headed by someone living on their own;
- A rise in the number of people living with more than one long-term condition;
- Increasing complexity of need;

- Socio-economic inequalities and poverty exacerbating poorer health and wellbeing outcomes across the population;
- A doubling of the number of people living with dementia over the long-term; and
- Changing population expectations related to choice and control over care and support.

- 103.** The System Pressures Investment Plan emphasises the importance of investment in effective interventions that also build on and enhance existing models of care.
- 104.** Recovery and redesign principles, aligned to the transformational change programme are well established within the Partnership and will continue to be the drivers of service change and redesign which will be required to close the funding gap. Examples of transformational change initiatives and service reviews already taken forward through the Strategic Commissioning Board have been highlighted at paragraph 72 of this report.
- 105.** Going forward, the emphasis will continue to focus on transformational drivers of change, aligned to data driven intelligence. The alignment of strategic planning and budgeting is a key element of the IJBs response to the challenges. Key enablers to the delivery of strategic planning priorities include workforce planning with more integrated multi-disciplinary working in localities, early intervention and prevention, alternative models of care, information communication technology, property and asset management, “Thinking Differently” and Housing contribution to models of care. It is reassuring to note that external audit reports recognise that the Strategic Commissioning Board is continuing to drive the delivery of transformational change across the Partnership.
- 106.** In December 2020, the Scottish Government published Scotland’s Wellbeing: The Impact of Covid-19, which highlighted that the pandemic is likely to have significant and wide-ranging effects across all of the national outcomes. Moreover, the report notes that the weight of evidence suggests that the pandemic may widen inequalities in income and wealth over the medium term, as well as making unequal outcomes more severe in a range of other areas, including health and wellbeing. These issues will also require to be considered as part of the detailed MTFP going forward.
- 107.** The detailed MTFP will require to take account of National Care Service for Scotland proposals. As highlighted previously at paragraph 92, this continues to represent operational and financial uncertainty, making any medium to longer-term financial planning more complex. The MTFP will also require to take account of the Scottish Government’s forthcoming Spending Review in May 2022 and its impact on funding bodies and the IJB itself.
- 108.** It is anticipated that the detailed MTFP to 2030 will be finalised as soon as possible following publication of the updated Scottish Government Health and Social Care Medium Term Financial Framework. The detailed MTFP will project forward in the medium term (3 years to 2025/26) and provide indicative longer-term projections aligned to strategic planning priorities to 2030, with a focus on alignment of budgets and outcomes.

NEXT STEPS

- 109.** The preceding paragraphs of this report provide detail on the indicative financial position for the IJB for 2022/23. This highlights a balanced position for the forthcoming year, taking account of 2021/22 baseline budget pressures, additional cost pressures and funding of implementation costs of national spending priorities. This balanced position includes achievement of cash releasing efficiency savings of £1.803m, as well as continued management of demographic pressures. It is important to emphasise that the savings are to be achieved from re-alignment of 2021/22 budgets, reflecting baseline activity, as reported to the IJB over the course of the financial year. As highlighted previously in the report, these savings proposals are considered to be non-recurring at this stage, with work to be undertaken to ensure effective delivery of services within delegated resources, in line with remobilise, recovery and redesign principles. It is also important to emphasise that budget proposals underlying this balanced position are based upon “business as usual” and do not at this stage take account of additional risks directly related to the Covid-19 pandemic.
- 110.** As highlighted previously at paragraphs 71 to 73 of this report, a programme of transformational change is being taken forward through the Strategic Commissioning Board and will be continue over the course of 2022/23 to further embed this transformational change programme. Ongoing monitoring and review is a key component of any transformational change programme with regular updates to the IJB Audit and Performance Committee and IJB being an important element of the planning process. This will include ongoing review of planning assumptions underlying the indicative budget gap for 2022/23, as well as review of demand drivers to ensure early identification of any budget pressures requiring management action to resolve. Any further proposals to reduce costs and deliver savings which require changes to policy or service provision will be presented to the IJB for approval.
- 111.** As outlined at paragraphs 89 to 108 of this report, as part of the IJB fiscal framework, a comprehensive review of the Medium Term Financial Plan (MTFP) will be undertaken following publication of the Scottish Government Health and Social Care Medium Term Financial Framework. This updated MTFP will align with the Strategic Plan 2021-30 and will consider policy intentions aligned to national health and wellbeing outcomes and National Care Service for Scotland proposals. Remobilise, recovery and redesign principles will be an integral part of the updated plan with continued emphasis on alignment of budgets and activities to ensure outcomes can be delivered in line with the core themes of the Strategic Plan.

RISKS

- 112.** As outlined within this report, for the forthcoming financial year there are a number of continued financial risks related to both Council and NHS commissioned services. Price inflation has been applied only to the base estimate where there is a specific contractual requirement. It follows that price increases not recognised in the budget will require to be accommodated by way of greater efficiency or new ways of working. As highlighted previously in the report, there are particular significant risks associated with negotiated pay awards being in excess of the Public Sector Pay Policy assumption applied for 2022/23, as well as the National Care Home Contract and children’s outwith authority placements negotiated uplifts being in excess of applied uplifts.

- 113.** Further risks include pressures in service areas, which will be impacted by demographic changes and implementation of new legislation and potential costs arising from these areas. The balance of delivering cash releasing efficiency savings whilst managing increasing demand represents financial and operational risk which the IJB and its officers will again require to manage throughout the year. The requirement to revisit savings proposals for 2022/23 as services develop in response to Covid-19 remobilise, recovery and redesign principles, represents a further risk, recognising the potential impact in the forthcoming financial year and future financial years.
- 114.** Going forward, unscheduled care and expectations around Set Aside, as well as ongoing Council and Health Board financial challenges remain risk areas for the IJB. The impact of decisions taken by the other Ayrshire IJBs, safe staffing legislation requirements and fixed funding allocations (including Primary Care Improvement Fund and Mental Health Action 15) are other areas where risks are recognised, with management action required going forward.
- 115.** Finally, as highlighted previously in this report, the 2022/23 budget proposals assume “business as usual”. The potential financial and economic impacts of the Covid-19 pandemic, as well as the continued political and economic uncertainty following the EU Exit, and wider global economic uncertainty, represent additional risks to the IJB and the wider public sector going forward.

FINANCIAL IMPLICATIONS

- 116.** The net directly managed services delegated budget for 2022/23 £289.006m (including delegated functions £2.043m) will allow the Partnership to proceed with service planning whilst delivering cash releasing efficiency savings and meeting its commitments for service areas with demand pressures. This budget increases to £317.141m when indicative uplifted Set Aside resources £28.135m are included. It is important to highlight that the gross budget £294.297m includes costs related to the IJBs £5.291m share of £222m confirmed additional Scottish Government funding to offset spending commitments as highlighted at paragraphs 44 to 48 of this report.
- 117.** The Interim Chief Finance Officer has considered the budget proposals and assumptions underlying this balanced budget position for 2022/23. As outlined at paragraphs 112 to 115 and throughout the report, there are risks and uncertainties that will require management action over the course of the year. Where required, it will be necessary to bring reports to future meetings of the IJB over the course of 2022/23 to consider commissioning arrangements and issue Directions to maintain a balanced budget in line with strategic planning priorities.

HUMAN RESOURCE IMPLICATIONS

- 118.** Work is being undertaken to finalise and refine detailed budgets, including staffing budgets for the forthcoming year. This work will require to take account of negotiated pay awards and pay and regrading implications, including Agenda for Change. Any future human resource implications will be reported to the IJB over the course of the 2022/23 financial year.

LEGAL IMPLICATIONS

- 119.** It is a legal requirement under Section 93 of the Local Government Finance Act 1992 for IJBs to set a balanced budget in line with strategic planning priorities for the forthcoming year. The approval of the delegated budget for the IJB will ensure compliance with the terms of the Integration Scheme, taking account of Scottish Government baseline budget uplift expectations for 2022/23.

COMMUNITY PLANNING IMPLICATIONS

- 120.** The integration of health and social care will contribute to the delivery of the Community Planning Partnership Wellbeing Delivery Plan.

EQUALITY IMPLICATIONS

- 121.** Equality impact assessments will be aligned to the equality assessment process in respect of the Strategic Plan.

TRANSFORMATION IMPLICATIONS

- 122.** The approval of the delegated budget aligned to the IJBs strategic planning priorities is a key component of the transformational change programme, taken forward through the Strategic Commissioning Board in 2022/23 and in future financial years.

Alex McPhee
Interim Chief Finance Officer
16 March 2022

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Appendix 1

East Ayrshire Health and Social Care Partnership Annual Budget 2022/23 (indicative)

Service Division	Council commissioned services £m	NHS commissioned services £m	Total Annual Budget £m
Core Services			
LEARNING DISABILITIES	18.084	0.641	18.725
MENTAL HEALTH	3.133	3.857	6.990
OLDER PEOPLE	47.364	0.000	47.364
PHYSICAL DISABILITIES	2.742	0.000	2.742
SENSORY	0.184	0.000	0.184
COMMUNITY NURSING	0.000	7.268	7.268
GENERAL MEDICAL SERVICES	0.000	17.680	17.680
HEALTH IMPROVEMENT	0.271	0.000	0.271
PRESCRIBING	0.000	25.195	25.195
SERVICE STRATEGY (HSCP MANAGEMENT)	6.395	1.433	7.828
TRANSPORT	0.487	0.000	0.487
ALLIED HEALTH PROFESSIONS	0.000	12.815	12.815
INTERMEDIATE CARE AND REHABILITATION	0.000	1.119	1.119
RESOURCE TRANSFER / JOINT PLANNING / ADP	0.000	10.665	10.665
	78.660	80.673	159.333
Public Protection			
ADULT SUPPORT & PROTECTION	0.178	0.000	0.178
ALCOHOL AND DRUGS SUPPORT	0.186	0.782	0.968
CHILD PROTECTION COMMITTEE	0.061	0.000	0.061
LEARNING AND DEVELOPMENT	0.521	0.000	0.521
	0.946	0.782	1.728
Non District General Hospitals			
EAST AYRSHIRE COMMUNITY HOSPITAL	0.000	3.977	3.977
WOODLAND VIEW COMMISSIONED BEDS	0.000	0.457	0.457
	0.000	4.434	4.434
Hosted Services			
PRIMARY CARE (INCLUDING DENTAL)	0.000	92.060	92.060
PRISON AND POLICE HEALTHCARE	0.000	3.251	3.251
WAR PENSIONER	0.000	1.424	1.424
OTHER LEAD SERVICES	0.304	0.292	0.596
	0.304	97.027	97.331
Children's / Justice Services			
CHILDREN & FAMILIES / WOMEN'S SERVICES	19.008	0.000	19.008
OUTWITH / SECURE PLACEMENTS	5.729	0.000	5.729
HEALTH VISITING	0.000	4.224	4.224
JUSTICE SERVICES	2.510	0.000	2.510

	27.247	4.224	31.471
GROSS MANAGED SERVICES ALLOCATED ANNUAL BUDGET 2022/23 (EXCLUDING SET ASIDE)	107.157	187.140	294.297
DELEGATED BUDGET BALANCING ADJUSTMENT	1.320	(1.320)	0.000
GROSS MANAGED SERVICES DELEGATED ANNUAL BUDGET 2022/23 (EXCLUDING SET ASIDE)	108.477	185.820	294.297
Scottish Government confirmed additional funding:			
SOCIAL CARE INVESTMENT (SHARE OF £200M)	(4.780)	0.000	(4.780)
SOCIAL WORK CAPACITY - ADULT CARE (SHARE OF £22M)	(0.511)	0.000	(0.511)
	(5.291)	0.000	(5.291)
NET MANAGED SERVICES DELEGATED ANNUAL BUDGET 2022/23 (EXCLUDING SET ASIDE)	103.186	185.820	289.006
SET ASIDE - INDICATIVE	0.000	28.135	28.135
NET MANAGED SERVICES DELEGATED ANNUAL BUDGET 2022/23 INCLUDING SET ASIDE	103.186	213.955	317.141

Appendix 2

East Ayrshire Health and Social Care Partnership Medium Term Financial Plan 2022/23 to 2029/30 (High level scenario - 1)

		Medium Term			Long Term			
	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/20
	£m	£m	£m	£m	£m	£m	£m	£m
Expenditure:								
Employee costs	83.605	87.509	90.633	92.591	95.323	98.830	101.953	104.981
Non-pay	36.393	37.849	38.833	39.648	40.441	41.250	42.075	42.917
Other	39.126	39.126	39.126	39.126	39.126	39.126	39.126	39.126
Demand	0.000	0.500	0.500	0.500	1.000	1.000	1.000	1.000
Separate uplifts:								
Earmarked	9.811	9.811	9.811	9.811	9.811	9.811	9.811	9.811
Justice Grant	2.510	2.510	2.510	2.510	2.510	2.510	2.510	2.510
Primary Care Prescribing	25.195	25.195	25.195	25.195	25.195	25.195	25.195	25.195
Primary Care PMS / FHS	82.489	82.489	82.489	82.489	82.489	82.489	82.489	82.489
PCIF	9.877	9.877	9.877	9.877	9.877	9.877	9.877	9.877
	289.006	294.866	298.974	301.747	305.772	310.088	314.037	317.906
Funding								
East Ayrshire Council	94.771	94.771	94.771	94.771	94.771	94.771	94.771	94.771
NHS Ayrshire & Arran	184.424	184.424	184.424	184.424	184.424	184.424	184.424	184.424
Scot. Govt. Earmarked	9.811	9.811	9.811	9.811	9.811	9.811	9.811	9.811
	289.006	289.006	289.006	289.006	289.006	289.006	289.006	289.006
Indicative gap	0.000	(5.860)	(9.968)	(12.741)	(16.766)	(21.082)	(25.031)	(28.900)
	0.0%	-2.0%	-3.3%	-4.2%	-5.5%	-6.8%	-8.0%	-9.1%

Appendix 3

East Ayrshire Health and Social Care Partnership Medium Term Financial Plan 2022/23 to 2029/30 (High level scenario - 2)

	2022/23	Medium Term			Long Term			
		2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/20
	£m	£m	£m	£m	£m	£m	£m	£m
Expenditure:								
Employee costs	83.605	87.509	90.633	92.591	95.323	98.830	101.953	104.981
Non-pay	36.393	37.849	38.833	39.648	40.441	41.250	42.075	42.917
Other	39.126	39.126	39.126	39.126	39.126	39.126	39.126	39.126
Demand	0.000	1.000	1.000	1.000	2.000	2.000	2.000	2.000
Separate uplifts:								
Earmarked	9.811	9.909	10.008	10.108	10.209	10.311	10.415	10.519
Justice Grant	2.510	2.510	2.510	2.510	2.510	2.510	2.510	2.510
Primary Care Prescribing	25.195	25.195	25.195	25.195	25.195	25.195	25.195	25.195
Primary Care PMS / FHS	82.489	82.489	82.489	82.489	82.489	82.489	82.489	82.489
PCIF	9.877	9.877	9.877	9.877	9.877	9.877	9.877	9.877
	289.006	295.464	299.671	302.545	307.170	311.589	315.640	319.614
Funding								
East Ayrshire Council	94.771	95.719	96.676	97.643	98.619	99.605	100.601	101.607
NHS Ayrshire & Arran	184.424	185.111	185.817	186.541	187.285	188.048	188.830	189.631
Earmarked	9.811	9.909	10.008	10.108	10.209	10.311	10.415	10.519
	289.006	290.739	292.501	294.292	296.113	297.964	299.845	301.757
Gap (indicative)	0.000	(4.725)	(7.171)	(8.252)	(11.057)	(13.625)	(15.795)	(17.856)
	0.0%	-1.6%	-2.4%	-2.7%	-3.6%	-4.4%	-5.0%	-5.6%

Appendix 4

East Ayrshire Health and Social Care Partnership Medium Term Financial Plan 2022/23 to 2029/30 (High level scenario - 3)

		Medium Term			Long Term			
	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/20
	£m	£m	£m	£m	£m	£m	£m	£m
Expenditure:								
Employee costs	83.605	87.509	90.633	92.591	95.323	98.830	101.953	104.981
Non-pay	36.393	37.849	38.833	39.648	40.441	41.250	42.075	42.917
Other	39.126	39.126	39.126	39.126	39.126	39.126	39.126	39.126
Demand	0.000	1.000	1.000	1.000	2.000	2.000	2.000	2.000
Separate uplifts:								
Earmarked	9.811	9.909	10.008	10.108	10.209	10.311	10.415	10.519
Justice Grant	2.510	2.510	2.510	2.510	2.510	2.510	2.510	2.510
Primary Care Prescribing	25.195	25.195	25.195	25.195	25.195	25.195	25.195	25.195
Primary Care PMS / FHS	82.489	82.489	82.489	82.489	82.489	82.489	82.489	82.489
PCIF	9.877	9.877	9.877	9.877	9.877	9.877	9.877	9.877
	289.006	295.464	299.671	302.545	307.170	311.589	315.640	319.614
Funding								
East Ayrshire Council	94.771	96.666	98.600	100.572	102.583	104.635	106.728	108.862
NHS Ayrshire & Arran	184.424	185.798	187.210	188.659	190.146	191.671	193.235	194.839
Earmarked	9.811	9.909	10.008	10.108	10.209	10.311	10.415	10.519
	289.006	292.374	295.817	299.339	302.938	306.617	310.377	314.219
Gap (indicative)	0.000	(3.091)	(3.854)	(3.206)	(4.232)	(4.972)	(5.263)	(5.394)
	0.0%	-1.0%	-1.3%	-1.1%	-1.4%	-1.6%	-1.7%	-1.7%

East Ayrshire is a diverse area covering some 490 square miles with a population of 122,010 people spread over urban and rural communities. The profile below displays the demographic characteristics of East Ayrshire:



Population projection between 2018 and 2028

0 - 15 year olds



(Scotland DOWN 6.0%)

16 - 64 year olds



(Scotland DOWN 1.3%)

65 year olds and over



(Scotland UP 19.3%)

Life expectancy at birth



Males
76.0 years
(Scotland 77.1 years)
Females
80.0 years
(Scotland 81.1 years)

Population income deprived 15.2%
(Scotland 12.0%)

Young people 0-25yrs living in the most income deprived quintile 31.4%
(Scotland 21.7%)

Working age population employment deprived 31.4% (Scotland 21.7%)

Population projected to reduce by a further 1.7% (2,124 people) between 2018 and 2028 (Scotland up 1.8%)

22.1% of the population's daily activities are limited by long term health conditions/disability
(Scotland 19.6%)

Drug related hospital admissions, 359.7 (per 100,000 population)
(Scotland 200.2)

Alcohol related hospital admissions, 665.4 (per 100,000 population)
(Scotland 669.1)

The changing demography over the next ten years (fewer young people and more people aged 65+) will impact on the services and support required

25,320 people are prescribed drugs for anxiety/depression/psychosis 20.8% of the population
(Scotland 19.3%)

15.8% of mothers smoke during pregnancy
(Scotland 13.8%)

17.8% of babies are exclusively breastfed at 6-8 weeks
(Scotland 31.6%)