



**Scottish
Ambulance
Service**

University National NHS Board



NOT PROTECTIVELY MARKED

Public Board meeting		26 July 2023
		Item 09
THIS PAPER IS FOR DISCUSSION		
SUMMARY FINANCIAL PERFORMANCE TO 30 JUNE 2023		
Lead Director Author	Julie Carter, Director of Finance, Logistics and Strategy Maria McFeat, Deputy Director of Finance	
Action required	The Board is asked to discuss and note : <ul style="list-style-type: none">• The financial position to the end of June 2023• The financial impact of ongoing unfunded system pressures and operational commitments expenditure to the end of June 2023• The impact of the 'Back to Balance' action plan including the efficiency savings position to the end of June 2023	
Key points	<ol style="list-style-type: none">1. The financial position shows a deficit of £5.80 million against a trajectory deficit of £6.0 million.2. Excluding the post COVID-19 and operational commitments underfunding, the deficit at month 3 is £2.13 million to date including £1.125m of anticipated cost pressures, leaving a net position of £1.0m deficit.3. Included within this is the impact of new emerging pressures to date amounting to £0.6 million and a shortfall of savings of £0.4 million.4. Impact of ongoing post COVID-19 pressures of £2.9 million to date has been incurred in this period. This has not been funded, and thus the shortfall in funding is contributing to the current adverse finance position.5. The impact of pressures associated with Operational Commitments is £0.7 million and remains unfunded and contributes to the financial position.6. In relation to local efficiency savings, the annual target is £3.4 million and to date £0.228 million have been delivered. Best	

	<p>value schemes identified national programme plans of £3.744 million of which £0.967 million has been delivered to date.</p> <p>7. Focus on priority high overspend areas has delivered £0.42 million against a full year target of £6.125 million. Noting this has however been masked by new emerging cost pressures.</p>
Timing	During the financial year the Board will be provided with monthly updates on the financial position and from August 2023 the final year end forecast position will also be reported. This will show the forecast costs to end of March 2023 and against our financial plan.
Associated Corporate Risk Identification	Risk 5062 – Failure to achieve financial balance.
Link to Corporate Ambitions	Develop a model that is financially sustainable and fit for purpose in 2023/24.
Link to NHS Scotland's Quality Ambitions	Efficient and effective use of resources.
Benefit to Patients	Efficient and effective use of resources enables the Service to provide the best level of safe and effective care to patients as it can within the resources available.
Equality and Diversity	An Equality Impact Assessment (EQIA) was conducted and presented to the Board in March 2023 when the budget for 2023/24 was set.



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SCOTTISH AMBULANCE SERVICE BOARD

FINANCIAL PERFORMANCE TO 30 JUNE 2023

JULIE CARTER, DIRECTOR OF FINANCE, LOGISTICS & STRATEGY

This paper sets out the financial position at 30 June 2023 for the Scottish Ambulance Service.

The financial plan is a plan of 2 parts including 'Business As Usual' (acknowledging the unprecedented inflationary cost pressures included in this) projecting a £4.5 million deficit increasing to a £19 million forecast deficit after including the continued post COVID-19 pressures and system pressures all assumed as unfunded in 2023/24.

Given these complexities it is proposed to present the financial reporting reflecting these two key elements, to ensure transparency and understanding.

The financial plan also describes the back to balance actions required in year to aim to reduce this forecast deficit position. The monthly financial reporting will also describe progress against these actions and corrective action agreed.

The Board is asked to note the reporting against:

- The overall financial position to the end of June 2023 for the financial year 2023/24
- A specific section on post COVID-19 and system pressures, financial impact and current funding assumptions
- The impact of planned cost pressures as described within the financial plan
- Any new emerging pressures
- Progress against the back to balance action plan, including an update on the delivery of savings and reducing key overspend areas
- The key messages as highlighted including agreed actions and
- An update on the key risks and mitigating actions in the delivery of the financial plan

The financial position to June 2023, reporting a deficit position to date, consists of:

- Income – this is reporting a breakeven position
- Core Expenditure – a deficit position of £5.80 million to the end of June 2023.
- The financial impact of post COVID-19 pressures represents expenditure of £2.9 million being incurred against which there is no funding. The full year forecast for post COVID-19 costs, was expected to be £10.5 million. Month 3 is highlighting a higher run rate than planned with detailed work being undertaken to mitigate this.

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- Expenditure aligned to our Service priorities and key operational commitments overspend is £0.7 million, against a forecast pressure of £4.0 million full year. Funding discussions in relation to these pressures and post COVID-19 pressures are ongoing with Scottish Government.
- Efficiency savings target for the financial year is £12.0 million. To date £1.2 million of savings are being reported against a target of £1.6 million year to date. This trajectory assumes a more realistic position for the earlier part of this financial year, as we now start to see savings plans taking effect.
- As part of the Back to Balance plan progress against the action plans relating to the high overspend areas have commenced and is reporting £0.420 million reduction in costs to month 3. Although the benefit of these have been offset against new emerging pressures of £0.6 million.

This is summarised in the table below:

	£m	Notes
Overall position at month 3	£5.80 deficit	
Offset by		
Post COVID-19 pressures unfunded	£2.93m	Slightly higher than planned primary driven by the timed admissions costs
Operational commitments unfunded	£0.74m	Broadly in line with the financial plan
Net Position	£2.13m	This is the net deficit position after offsetting post COVID-19 and operational commitments unfunded
The anticipated pay and inflationary cost pressures in line with the financial plan that were against the 1 st part of the plan (driving the £4.5m deficit)	£1.125m	Recognising the key cost drivers of the £4.5m forecast deficit are materialising
Net Position	£1.0m deficit	This is driven by
Savings delivered below plan at month 3	£0.405m	Savings slightly below plan
Additional pressures above plan at month 3	£0.6m	New emerging pressures
The Additional pressures above plan are:		
Pay	£0.162m	
Medical Costs	£0.347m	
Staffing Costs	£0.194m	
Fuel	£ (0.152)m	Offset by fuel costs lower than planned

Noting also the additional pressure is after assumed delivery of the £12.0 million savings plan, actual savings £1.2 million to date.

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Key messages

- Deficit position of £5.80 million as at 30 June 2023 (this includes both core and non-core expenditure) and income. The financial plan trajectory assumed a deficit of £6.00 million at the end of June 2023. This trajectory of £6.0 million after 3 months is based upon a 'front loaded' monthly trajectory of £2.0 million deficit each month, then plateauing during the year. As discussions continue with Scottish Government we anticipate reviewing this full year trajectory over the first quarter reporting period.
- At this early stage in the financial year, we continue to forecast a deficit position of £19.0 million by March 2023, while discussions in relation to funding continue with Scottish Government and the back to balance action plan is progressed.
- The key components driving the £19.0 million deficit are as follows:
 - Forecast Deficit £4.5 million incorporating high inflationary pressures
 - Post COVID-19 costs of £10.5 million
 - Operational Commitments funding shortfall of £4.0 million

Each of these areas are updated below:

- The Service projected a deficit of £4.5 million due to anticipated cost pressures detailed in our finance plan excluding any COVID-19 or system pressures funding issues. This is being monitored every month and to date, £1.125 million contributed to the current overspend position. However a further £1.0 million of new pressures have been identified, these areas of overspend and corrective actions are detailed later in this paper.
- The financial plan assumes ongoing costs of £10.5 million (excluding mobile vaccination unit costs which we have funding confirmed) and work is ongoing to monitor the legacy COVID-19 costs. Costs of £2.9 million have been identified to date and are contributing to the £5.80 million deficit position. This is reporting slightly higher than plan.
- The Service 'operational commitments' pressures full year funding gap of £4.0 million relates to additional investment funding in 2023/24 of £45.0 million of which £49.0 million costs have been assumed. Costs of £0.7million have been incurred in this year to date within these areas. This is also contributing to the £5.80 million deficit position.
- Against our efficiency savings target of £12.0 million, we have delivered £1.2 million to date. This is against a year-to-date trajectory of £1.60 million.
- Included within the back to balance action plan, there is focused work on key overspend areas with leads identified. To the end of June, a total reduction of £0.420 million has been identified against a target of £6.125 million.

It is important to note that this is early in the financial year with a detailed financial forecast being updated at the end of the Quarter 1 reporting period.

Key actions agreed in this period

The key focus is the delivery of the Back to Balance action plan. This includes 3 key areas:

1. Delivery of the efficiency savings and best value programme
2. Reduction in spend of agreed high priority overspend area
3. Recognition through funding of wider system (post COVID-19 and committed system pressures).

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1. Delivery of our Efficiency Savings Target and best value programmes

The challenging savings target for 2023/24 has been set at £12.0 million, of which Best Value Programme has identified £3.744 million of plans. In addition, local efficiency target is set at the revised plan of £3.9 million, along with an element of undelivered carry forward of £0.81 million, for which agreement has already been received from budget holders, which is already set against service budgets on a recurring basis. There is also continued focus on 'Grip and Control' actions planned at an estimated £1.0 million. The balance unidentified is assuming a level of non recurring slippage.

ACTION: The Best Value operational group has been refreshing new mandates for financial year 2023/24 with 35 workstreams identified. Well attended monthly best value meetings have resumed along with weekly targeted support meetings. Executive and Finance leads have been allocated to all programmes and monthly highlight reports have been completed against each programme. A weekly delivery group has also been established. Some delays have been identified to date but no significant issues have been identified at that stage, although recognising this is early on in the financial year. A detailed best value report is presented to the Performance and Planning Steering Group at each meeting.

The national Sustainability and Value programme is also progressing well and updates are provided at each Best Value Steering Group, including new ideas emerging from this work, which has resulted in an additional 3 new project mandates.

2. Reduction in high priority overspend areas

Programmes of work have been agreed, led by Executives and Senior Managers, focusing on specific actions to reduce high spend areas, with project management support and monthly reporting on progress. A target reduction of £6.125 million has been set against these areas.

ACTION – Progress against these areas is being reported to the Best Value Steering Group and are progressing well albeit at different stages of implementation. Total cost reductions to month 2 are being reported at £0.420 million. The finance team have also set up a formal reporting progress against each of these areas and separate from local efficiency and best value programmes, to ensure no double count of benefit. The target areas are noted below

- Overtime Reduction £3.8 million
- Travel & Accommodation review £0.2 million
- Uniform management £0.1 million
- NHS 24 Interface / HCP online booking £0.425 million
- Scheduled care and Card 46 Work plan £1.6 million

Table 9 included within the report details the progress against these.

3. (a) Post COVID-19 pressures

The impact of COVID-19/system pressures on our financial position has been reported since February 2020. Our financial plan has estimated the full year impact in 2023/24 to be up to £10.5 million for the year, excluding the mobile vaccinations unit costs. Discussions are ongoing with the Scottish Government to receive funding for these ongoing pressures, and given the system pressures in this year, reducing these costs will be challenging should funding not materialise, without impacting on service delivery and patient care.

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ACTION: We continue to work closely with Scottish Government colleagues in developing a funding bid to support these costs. In addition, there are a range of actions being pursued within the Service to continually review and monitor these costs, while balancing operational service impact.

3. (b) Key Operational Commitments and funding shortfall

A shortfall in funding for key Operational Commitments requiring additional investments of £49.0 million in 2023/24, against which only £45.0 million of funding has been confirmed. Dialogue continues with Scottish Government to seek further funding to bridge the £4.0 million shortfall. These cost pressures are being monitored on a monthly basis in order to manage this pressure. To date, £0.7 million costs have been identified.

ACTION: Monthly monitoring alongside discussions with Scottish Government for funding. Detailed monitoring arrangements in place, with updated forecast costs being continually reviewed. Feedback from Scottish Government Finance directorate following the Service submitted financial plan in March included the following:

‘Given the tight financial position across Health and Social Care, the Scottish Government in feedback to Boards following submission of the March financial plan, expect the Board to undertake the following actions by 30 June 2023:

1. Continued development of a financial recovery plan.
2. Develop a plan to deliver 3% recurring savings in 2023/24 and to develop options to meet any unidentified or high risk savings balance.
3. Develop other measures to be taken to further reduce the financial gap.
4. Undertake a review of the key underlying drivers of the deficit, specific risks as presented within the financial plan and the reasons for the significant change from the position in 2022/23.’

The Service financial plan approved by the Board in March 2023, includes all of the above, however a further summarised update, was submitted to the Scottish Government finance team by the end of June 2023. This submission included the report that was presented to the Audit & Risk Committee meeting in June 2023, and reflects the actions being reported in these monthly updates.

In addition, a full year financial forecast will be completed during July and reported from August onwards.

Financial Risk considerations noted in the period

The financial risks are as follows:

Delivery of Efficiency Savings Target including Best Value

At this early stage of the financial year, this remains a significant risk given the scale of the challenge. The requirement to ensure the delivery of efficiency savings remains a continued focus for staff and management as service quality improvements in support of these pressures are currently being actioned. Significant focus is currently on implementing, tracking and reporting on these programmes through the best value governance and escalation process.

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Delivery of our financial targets is also highlighted as a very high risk in our corporate risk register and is monitored in line with this risk profile.

Action – A number of actions are progressing including

- Additional focussed Program Management Office support has been set up and aligned to the priority schemes to provide additional focus and capacity.
- Programme leads have been assigned and programme plans are being developed and agreed with mandates completed for all projects
- Executive leads and finance support for each programme has also been identified
- The Best Value Steering Group meet every month, with regular reporting to Executive Team, Performance and Planning Steering Group and Audit & Risk Committee continues
- Updated governance policies and procedures have been agreed with clear escalation plans identified
- A weekly best value delivery group has been established to focus on providing additional support to ensure implementation, and this continues to meet during this time
- Our best value programmes have been linked to our 2030 strategy ambitions and our 5 portfolio boards for oversight and prioritisation
- Monthly highlight reports to report on progress and project mandates for new programmes. This is also being supported by the PMO
- Development of our ideas box to ensure those operational staff who need to deliver the benefits and changes have input to the creation and implementation of the plans and use this to generate new ideas
- Ongoing communication of the financial position through our teams, the issues coming up and the role that everyone has to play
- Implementation of grip and control in every spend area, with additional controls maintained in higher and 'non-core' spend, a dedicated session with the finance team and the procurement team is being set up to review the current high spend areas
- Utilisation of the national sustainability and value programme to feed ideas down to our local plans, report ideas back on good practice and if necessary influence policy decisions and
- Development of our collaboration opportunities in driving efficiencies, aiming to assist in reducing the current gap against the £12 million target.

In addition, a senior financial analyst is in place to support the analytical and reporting requirements for all projects and their deliverables. Their primary responsibility is to provide support in working with project leads and the finance team to identify data requirements and build reports to measuring project outcomes, with a focus on cost savings. Significant progress has since been made with the development of this measurement framework and supporting reports. Delivery leads are now able to use the supporting data and charts within their highlight reports to evidence progress within their specific work streams. This measurement framework and associated best value report is presented to each Performance and Planning Steering Group meeting for discussion and action.

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Securing funding in 2023/24 for post COVID-19 pressures and operational commitments

The financial plan for the year 2023/24 included £10.5 million of expenditure relating to post COVID-19 pressures. Scottish Government has not confirmed any funding for these costs to date, and discussions are ongoing.

Expenditure to the end of June 2023, has identified total costs of £2.9 million, which includes legacy PPE expenditure, Card 46 Timed admissions, ACC expansion, COVID-19 overtime and shift overruns relating to Hospital Turnaround time delays.

ACTION – Discussion will continue with Scottish Government and detailed cost analysis being undertaken.

In addition the Service will be providing additional resources for the UCI World Cycling Championships, primarily held in Glasgow, with events throughout the country. The event is being held between 3rd August and 13th August 2023. Detailed planning work has been undertaken to identify the additional resources required to provide medical coverage at individual events and mitigate against any impact on business-as-usual activity. The associated costs are estimated at around £300,000 with full funding assumed. This will be reported from August 2023 onwards.

Finance position as at June 2023

Introduction

This section of the paper provides details of the financial results for the period ending June 2023.

For the purpose of understanding the financial data tabled within this report, the following guidelines are provided:

- All Income budget and actual figures are presented as credit values (in brackets), a positive variance value against income reflects an improved performance against income plan whereas a negative variance is reflective of an underperformance contrary to income plan.
- All Expenditure budget and actual values are shown as positive figures; a positive variance value against expenditure reflects a favourable under-spend against budget plan whereas a negative variance is reflected of an adverse performance on budget plan.

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SUMMARY OF YEAR TO DATE POSITION

Table 1 reports that the revenue position for the financial year to the end of June 2023 is £5.80 million over budget, made up of the following:

- Income - breakeven
- Expenditure Pay – over budget by £2.9 million
- Expenditure Supplies – over budget by £0.7 million
- Savings – behind target by £0.405 million
- Expenditure Non-core – break even
- This position includes unfunded COVID-19 expenditure is £2.9 million
- This position includes unfunded Operational Commitments £0.7 million
- The 1st part of the financial plan (excluding the underfunding position is reporting a deficit position of £1.13 million as anticipated.
- There is however an addition £0.6 million of new non pay pressures. These are described further in the paper.

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Table 1 – Scottish Ambulance Service high-level overview

**SCOTTISH AMBULANCE SERVICE BOARD
REVENUE RESOURCE ANALYSIS
YEAR TO 30 JUNE 2023**

	Full Year Budget £'000	Year to Date			Current Month		
		Budget £'000	Actual £'000	Variance £'000	Budget £'000	Actual £'000	Variance £'000
Income							
Revenue Allocation	428,324	122,534	122,534		31,446	31,446	
Health Board	5,116	1,332	1,332	0	321	334	13
Other Healthcare	670	229	218	(11)	45	60	15
Fleet	3	3	3	0	2	2	0
Staff Car Deductions	180	43	40	(3)	15	13	(2)
Other Operating	1,249	1,007	982	(25)	365	377	12
Total Income	435,542	125,148	125,109	(39)	32,194	32,232	38
Expenditure							
Accident & Emergency	288,955	73,811	75,444	(1,633)	23,838	24,495	(657)
Non Emergency Service	29,981	7,827	8,203	(376)	2,511	2,569	(58)
Air Ambulance	17,684	4,623	4,648	(25)	1,535	1,482	53
Overheads	75,400	15,365	19,087	(3,722)	4,310	6,506	(2,196)
Total Expenditure	412,020	101,626	107,382	(5,756)	32,194	35,052	(2,858)
Core Expenditure Variance				(5,795)			(2,820)

Table 2 – Income and Expenditure

Table 2 provides the year-to-date position between service and support directorates. COVID-19 expenditure and unfunded operational commitments are included within these figures.

SCOTTISH AMBULANCE SERVICE BOARD
INCOME AND EXPENDITURE SUMMARY
YEAR TO 30 JUNE 2023

		Cumulative to Date				Current Period			
		Budget £'000	Actual £'000	Variance £'000	Variance %	Budget £'000	Actual £'000	Variance £'000	Variance %
Service Delivery Directorate	Income	(1,730)	(1,752)	22	1%	(472)	(494)	22	5%
	Salaries	78,998	81,045	(2,047)	3%	25,416	26,334	(918)	4%
	Supplies	11,055	11,501	(446)	4%	3,685	3,811	(126)	3%
	Sav Target	(561)	0	(561)	0%	(79)	0	(79)	0%
	Sav Realised	166	0	166	0%	166	0	166	0%
					(2,866)			(935)	
Support Services Directorates	Income	(883)	(822)	(61)	-7%	(274)	(290)	16	6%
	Salaries	7,736	8,641	(905)	12%	2,612	2,759	(147)	6%
	Supplies	10,218	10,541	(323)	3%	3,687	3,596	91	-2%
	Sav Target	(1,040)	0	(1,040)	0%	(143)	0	(143)	0%
	Sav Realised	1,029	0	1,029	0%	(1,159)	0	(1,159)	0%
	Reserves	(1,629)	0	(1,629)		(543)	0	(543)	
				(2,929)			(1,885)		
SCOTTISH AMBULANCE SERVICE	Income	(2,613)	(2,574)	(39)	-1%	(746)	(784)	38	5%
	Salaries	86,734	89,686	(2,952)	-3%	28,028	29,093	(1,065)	-4%
	Supplies	21,273	22,042	(769)	-4%	7,372	7,407	(35)	0%
	Sav Target	(1,601)	0	(1,601)		(222)	0	(222)	
	Sav Realised	1,195	0	1,195		(993)	0	(993)	
	Reserves	(1,629)	0	(1,629)		(543)	0	(543)	
				(5,795)			(2,820)		

Table 3 – Service Delivery

Service delivery is over budget by £2.9 million at 30 June 2023. Pay costs are reporting an overspend of £2.0 million over all service areas, however it should be noted that this includes overtime as a result of system pressures, Card 46 timed admission, ambulance control centre unfunded costs and unfunded operational commitment pressures.

Air Ambulance costs show a small cost pressure as a result of increased running costs, as expected in this current climate of high fuel prices, but this overspend will be closely monitored as we go into the summer season. An improvement programme has been established for air ambulance and this is progressing well.

With an uplifted budget for Diesel, which assumes £1.66 per litre, fuel prices have reduced continually since the highest point last summer, and with the average price per litre in June 2023 around £1.50, we are seeing a continuing underspend on Diesel costs of £0.2 million for the 3 months to June 2023.

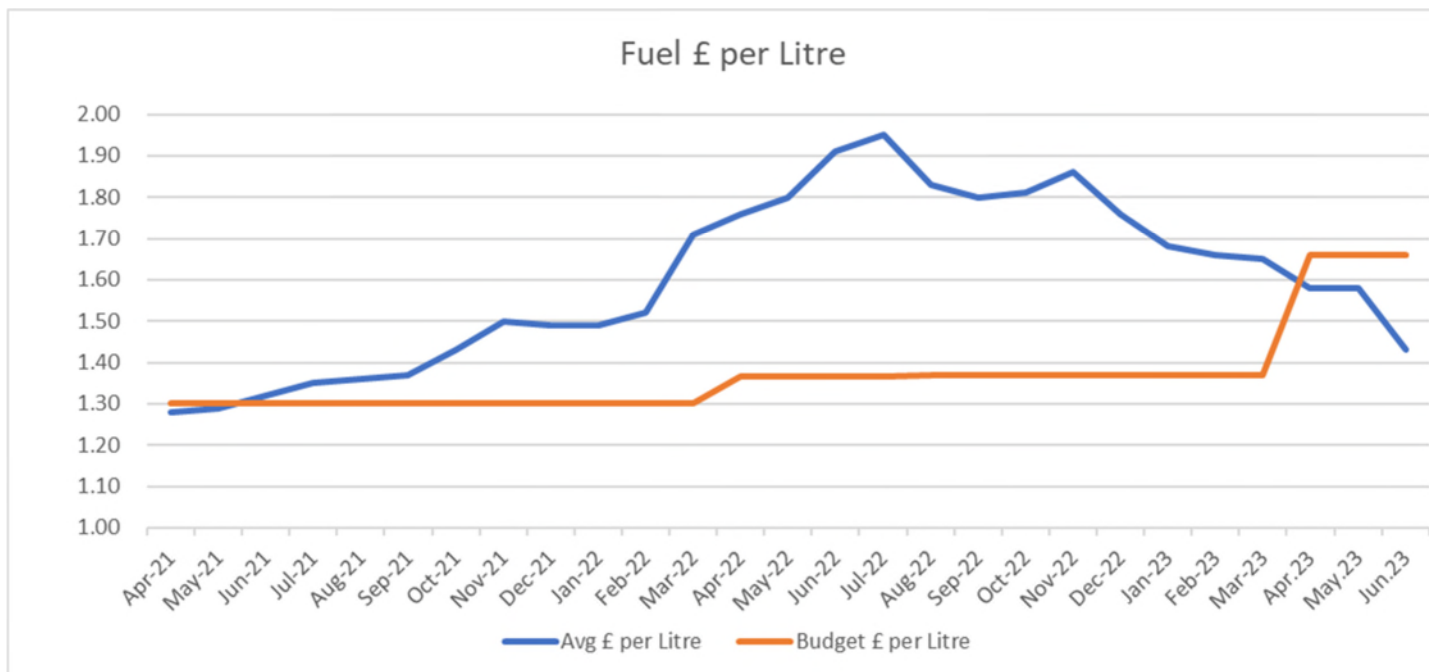


Table 3

**SCOTTISH AMBULANCE SERVICE BOARD
INCOME AND EXPENDITURE - SERVICE DELIVERY
YEAR TO 30 JUNE 2023**

		Cumulative to Date				Current Period			
		Budget	Actual	Variance	Variance	Budget	Actual	Variance	Variance
		£'000	£'000	£'000	%	£'000	£'000	£'000	%
NORTH REGION	Income	(302)	(302)	0	0%	(103)	(103)	0	0%
	Salaries	13,900	13,888	12	0%	4,507	4,489	18	0%
	Supplies	1,084	1,217	(133)	12%	372	410	(38)	10%
	Sav Target	(77)	0	(77)		(11)	0	(11)	
	Sav Realised	0	0	0		0	0	0	
				(198)			(31)		
EAST REGION	Income	(278)	(278)	0	0%	5	5	0	0%
	Salaries	21,340	22,123	(783)	4%	6,777	7,170	(393)	6%
	Supplies	1,753	1,862	(109)	6%	570	535	35	-6%
	Sav Target	(120)	0	(120)		(17)	0	(17)	
	Sav Realised	166	0	166		166	0	166	
				(846)			(209)		
WEST REGION	Income	(862)	(862)	0	0%	(271)	(271)	0	0%
	Salaries	29,583	30,780	(1,197)	4%	9,495	9,955	(460)	5%
	Supplies	2,344	2,720	(376)	16%	772	942	(170)	22%
	Sav Target	(163)	0	(163)		(22)	0	(22)	
	Sav Realised	0	0	0		0	0	0	
				(1,736)			(652)		
NATIONAL OPS	Income	(288)	(310)	22	8%	(103)	(125)	22	21%
	Salaries	13,929	14,015	(86)	1%	4,549	4,639	(90)	2%
	Supplies	5,856	5,681	175	-3%	1,965	1,925	40	-2%
	Sav Target	(197)	0	(197)		(28)	0	(28)	
	Sav Realised	0	0	0		0	0	0	
				(86)			(56)		
BUSINESS INTELLIGENCE	Salaries	246	239	7	-3%	88	81	7	-8%
	Supplies	18	21	(3)	17%	6	(1)	7	-117%
	Sav Target	(4)	0	(4)		(1)	0	(1)	
	Sav Realised	0	0	0		0	0	0	
				0			13		
TOTAL SERVICE DELIVERY	Income	(1,730)	(1,752)	22	1%	(472)	(494)	22	5%
	Salaries	78,998	81,045	(2,047)	3%	25,416	26,334	(918)	4%
	Supplies	11,055	11,501	(446)	4%	3,685	3,811	(126)	3%
	Sav Target	(561)	0	(561)		(79)	0	(79)	
	Sav Realised	166	0	166		166	0	166	
				(2,866)			(935)		

Table 4 – Support Services Directorates

Support services are being reported as £2.9 million over budget. The Finance, Logistics and Strategy savings target includes all Best Value Programme targets.

SCOTTISH AMBULANCE SERVICE BOARD
INCOME AND EXPENDITURE BY DIRECTORATE
YEAR TO 30 JUNE 2023

		Cumulative to Date				Current Period			
		Budget £'000	Actual £'000	Variance £'000	Variance %	Budget £'000	Actual £'000	Variance £'000	Variance %
BOARD AND CHIEF EXECUTIVE	Income	(1)	(1)	0	0%	0	(1)	1	
	Salaries	462	524	(62)	13%	158	186	(28)	18%
	Supplies	29	19	10	-34%	10	1	9	-90%
	Sav Target	(5)	0	(5)		(1)	0	(1)	
	Sav Realised	0	0	0		0	0	0	
				(57)					(19)
FINANCE AND LOGISTICS	Income	(823)	(766)	(57)	-7%	(276)	(291)	15	5%
	Salaries	3,834	4,232	(398)	10%	1,236	1,321	(85)	7%
	Supplies	9,516	9,678	(162)	2%	3,287	3,233	54	-2%
	Sav Target	(705)	0	(705)		(97)	0	(97)	
	Sav Realised	584	0	584		177	0	177	
Reserves	(1,629)	0	(1,629)		(543)	0	(543)		
				(2,367)					(479)
HUMAN RESOURCES	Income	(8)	(8)	0	0%	(2)	(3)	1	
	Salaries	653	744	(91)	14%	210	246	(36)	17%
	Supplies	211	188	23	-11%	70	87	(17)	24%
	Sav Target	(13)	0	(13)		(2)	0	(2)	
	Sav Realised	0	0	0		0	0	0	
				(81)					(54)
MEDICAL	Income	(43)	(43)	0	0%	6	6	0	
	Salaries	1,054	1,157	(103)	10%	324	388	(64)	20%
	Supplies	249	300	(51)	20%	116	87	29	-25%
	Sav Target	(9)	0	(9)		(1)	0	(1)	
	Sav Realised	0	0	0		0	0	0	
				(163)					(36)
CARE QUALITY AND PROF DEVELOPMENT	Income	(8)	(4)	(4)	-50%	(2)	(1)	(1)	
	Salaries	1,733	1,984	(251)	14%	684	618	66	-10%
	Supplies	213	356	(143)	67%	204	188	16	-8%
	Sav Target	(308)	0	(308)		(42)	0	(42)	
	Sav Realised	445	0	445		(1,336)	0	(1,336)	
				(261)					(1,297)
TOTAL SUPPORT SERVICES	Income	(883)	(822)	(61)	-7%	(274)	(290)	16	6%
	Salaries	7,736	8,641	(905)	12%	2,612	2,759	(147)	6%
	Supplies	10,218	10,541	(323)	3%	3,687	3,596	91	-2%
	Sav Target	(1,040)	0	(1,040)		(143)	0	(143)	
	Sav Realised	1,029	0	1,029		(1,159)	0	(1,159)	
Reserves	(1,629)	0	(1,629)		(543)	0	(543)		
				(2,929)					(1,885)

Table 5 – Detailed Income Analysis

Details of the financial performance analysed into specific income and funding sources are noted in the table below. This includes scrutiny of the key movements and pressure areas.

SCOTTISH AMBULANCE SERVICE BOARD
INCOME INCLUDING ALLOCATIONS
PERIOD TO 30 JUNE 2023

	Full Year Budget £'000	Year to Date		
		Budget £'000	Actual £'000	Variance £'000
Income				
Revenue Allocation	428,324			
Baseline Allocations	399,361			
Recurring Allocations	6,831			
Non-Recurring Allocations	22,131			
Fleet Income	3	3	3	0
Health Board	5,116	1,332	1,332	0
Other Healthcare	670	229	218	(11)
Other Operating	1,249	1,007	982	(25)
Staff Car Deductions	180	43	40	(3)
Total Income	435,542	2,614	2,575	(39)

Total income (including funding) to date is breakeven against budget.

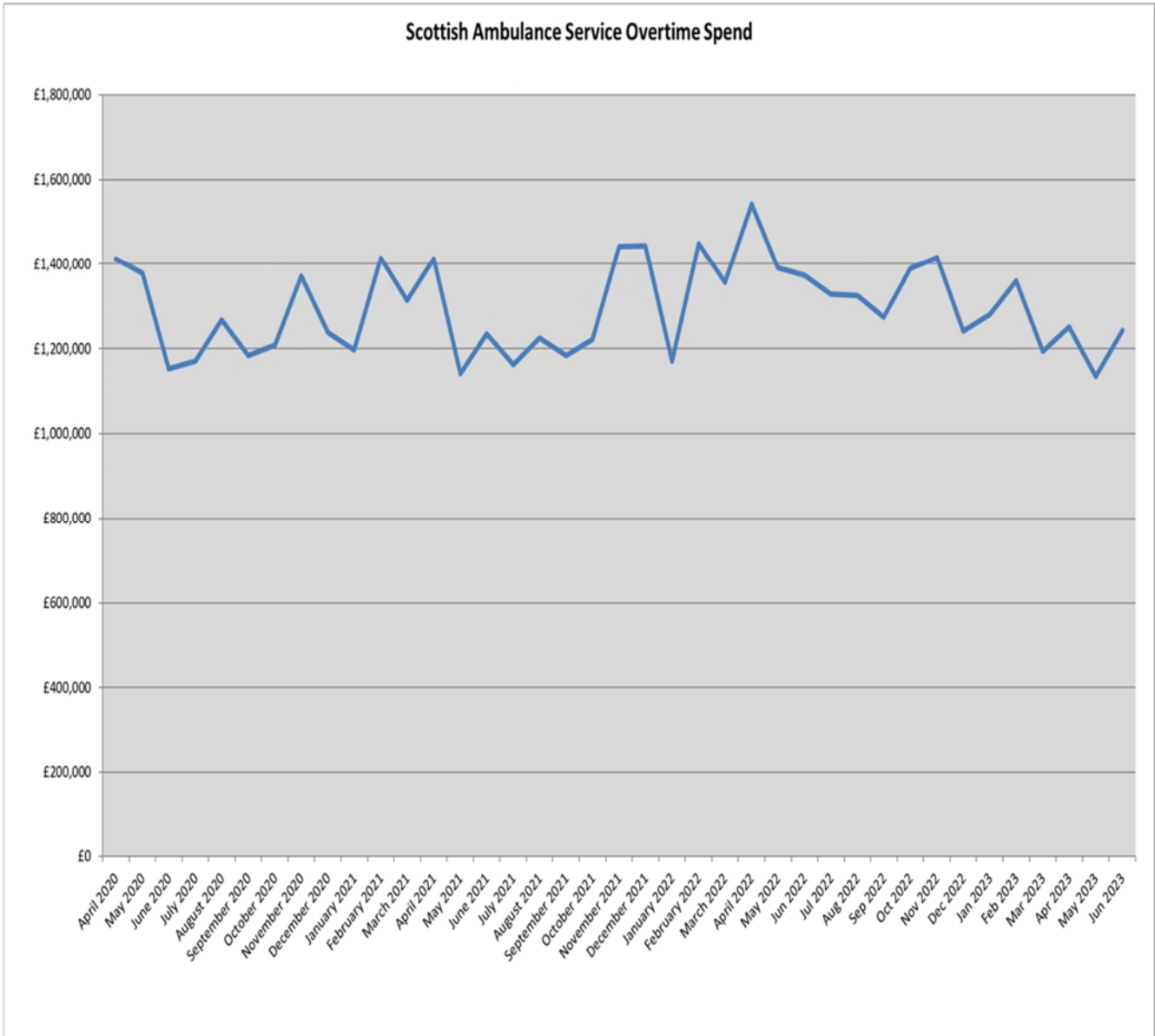
The original financial plan assumed revenue funding allocations of £410 million. This reflects funding Mobile Vaccination Units, System Pressures. Adjustments are made on a monthly basis to the budget to include any additional allocations as these are notified to the Boards from Scottish Government and other NHS Boards.

Detailed Pay analysis

The pay overspend of £2.9 million is made up primarily from Overtime £2.7 million, with the balance from basic pay offset by underspend in enhancements. As referenced previously, reducing overtime is one of the areas under review for reducing the budget deficit.

Overtime cost in this current year is averaging 4.9% of the year to date pay bill compared to last year to date at 5.8%. The graph below shows a trend analysis of overtime costs in the last three years. The impact of COVID-19 mobilisation on the Service can be seen in the months from March 2020 and with peaks during 2022 reflecting the ongoing pressures on the Service reacting to the wider NHS issues.

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Overtime includes Shift overrun costs which are currently creating a cost pressure of which £0.541 million costs are being picked up within the COVID-19/system pressure of £10.5 million as an unfunded cost pressure, directly linked to hospital turnaround times.

Table 6

SCOTTISH AMBULANCE SERVICE BOARD
STAFF AND OVERTIME SUMMARY
YEAR TO 30 JUNE 2023

		East Region	North Region	West Region	National Ops	Service Delivery
Current Year	Average WTE	1,428	837	1,969	846	5,080
	Overtime Hours	32,396	26,628	55,113	14,763	128,900
	Overtime Cost (£'000)	1,053	885	1,817	510	4,265
Prior Year	Average WTE	1,404	803	1,903	856	4,966
	Overtime Hours	35,784	33,664	64,745	19,428	153,621
	Overtime Cost (£'000)	1,018	969	1,848	566	4,401
Variance	Average WTE	24	34	66	(10)	114
	Overtime Hours	(3,388)	(7,036)	(9,632)	(4,665)	(24,721)
	Overtime Cost (£'000)	35	(84)	(31)	(56)	(136)

The above table illustrates an overall reduction in overtime hours compared to a year ago, with the highlight being an additional 114 staff (whole time equivalents) in post, primarily as a result of the Demand & Capacity program.

Non-pay

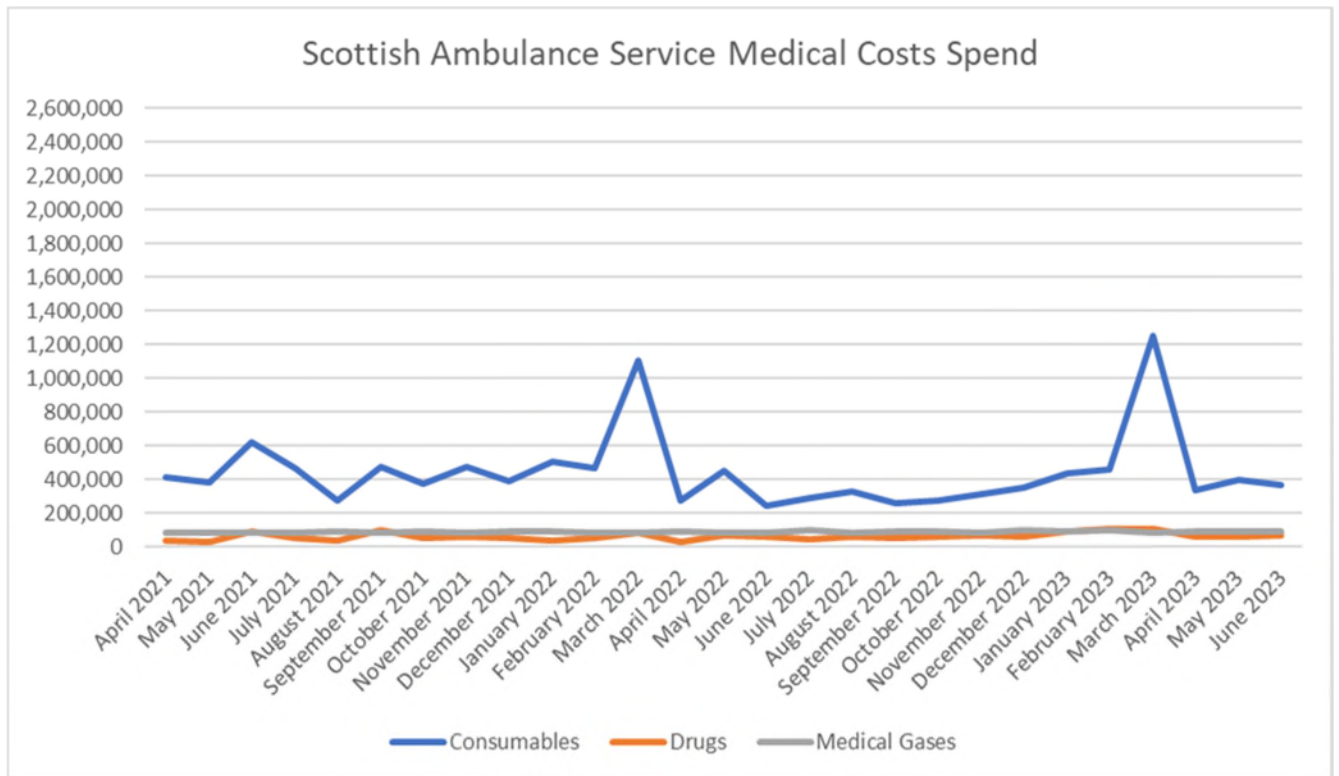
The non-pay overspend at £0.72 million represents an overspend beyond the £7.3 million of anticipated pressures built into the £4.5 million anticipated deficit. The month 3 overspend of relating to BAU overspend is £0.34 million reflecting a number of additional costs pressures beyond anticipated expenditure levels. These include Computer maintenance £0.15 million, Medical costs £0.35 million and Staffing costs £0.19 million, off set by Vehicle Running £(0.15) million.

- Computer maintenance includes an ongoing pressure from O365 licence costs as the and ICT contract costs, and funding has been identified to cover much of this pressure.
- Medical costs include general medical consumables as well as defibrillator consumables, drugs and gases and repairs. Analysis is under way to identify the reasons for the high costs, and corrective action measures are being developed to reduce costs this year. Expenditure trends can be seen in the graph below, charting

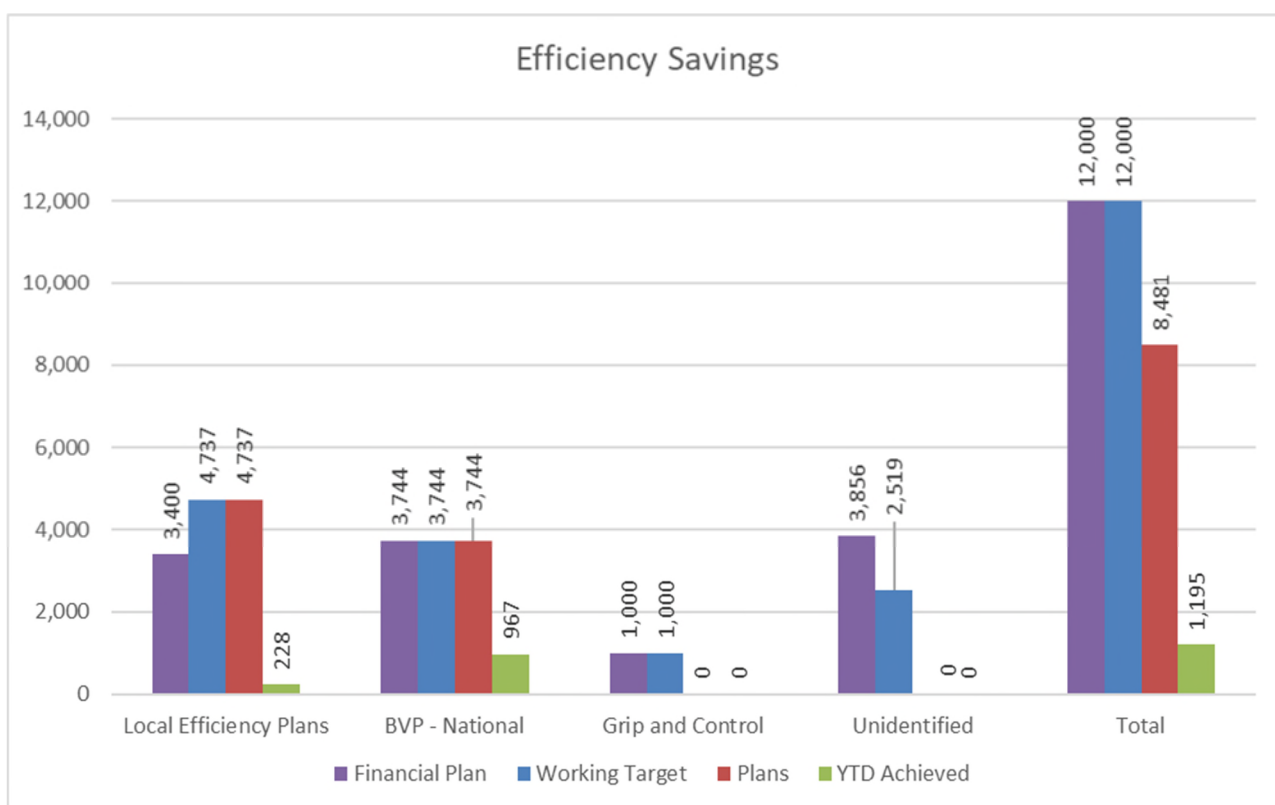
costs over the last two years. Note that this excludes year end pandemic stock adjustments.

- Staffing costs relate to a pressure on Accommodation, which is being monitored as part of the Reducing the Deficit priority areas.
- Vehicle running costs related to the cost of diesel are below budgeted levels.

We will review all areas of cost pressures on a monthly basis through discussions with Budget holders as part of the £19.0 million review.



Efficiency Savings



As described within the financial plan, the efficiency plans are split into specific areas:

- ### Local Efficiency Target

Service Directorates have been allocated a 1.0% recurring efficiency target and Support Directorates have been allocated a 1.5% recurring efficiency target, to recognise the requirement to continually review our costs and ensure reinvestment in our services to meet ongoing cost pressures. These targets equate to £3.4 million across the Service, and Service heads have already given their agreement to meet these targets on a recurring basis. A list of potential schemes have been shared with the regional leads and active work is underway with finance leads and budget holders to identify the spend areas against which these targets will be achieved from. Note that the plan was £3.4 million, which was revised to £3.9 million and has increased by a further £0.8 million from the carry forward of non recurring savings targets from prior year to £4.7 million.

- ### Best Value Programme

The Best Value Programme is a Service wide efficiency savings approach, which aims to use innovation and improvement methodology to drive systematic change and transform services to deliver better value, cost efficient services for the organisation whilst continuing to deliver high quality care. The programme crucially is also responsible for promoting forward thinking within the Service, horizon scanning and capitalising on best practice across the wider NHS, public and private sectors to create a pipeline of future efficiency opportunities to inform the build of a 3-5 year sustainable financial plan.

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The Best Value Programme provides an overarching reporting mechanism for all locally devolved savings schemes and will lead on driving nationally identified initiatives and projects.

35 work streams had been identified with potential savings of £3.744 million that will be led by the Best Value Programme team and supporting local managers and teams. A detailed programme plan has been in place with Executive leads against each programme. To date, £1.2 million savings have been achieved, largely due to recognising full year impact of best value schemes meaning that we have taken a YTD portion of the £1.7 million EPDD with the carbon reduction £0.2 million, and equipment redesign £0.144 million all front loaded as achieved rather than spread over 12 months. This month, we picked up £0.177 million in respect of a low insurance rebate with the balance relating to local savings, totalling £0.166 million within East Region.

- **Grip and Control**

This target of £1.0 million involves reviewing current practices through national program/benchmarking, and changing our approach to ensure savings happen, with the steer that this does not double count against other savings schemes.

Post COVID-19 Financial Implications

Board Members are advised that there is currently no funding in place from Scottish Government to support expenditure due to post COVID-19 pandemic. Our financial plan assumes a cost pressure of £10.5 million for ongoing COVID-19 activity, and work is progressing with Scottish Government to obtain funding for the recurring legacy costs.

Included in the £10.5 million pressures are:

- COVID-19 overtime £3.8 million - an ongoing pressure in line with prior years
- PPE £0.7 million - this includes the replacement policy for replacing Hoods purchased in the first two years of the COVID-19 pandemic
- GCU £0.4 million – costs relating to the final few months of the technician training program
- 999 Call handlers £2.3 million – additional wte requirement for Call handlers beyond 120 wte, plus agency costs in meeting the peaks and troughs of the staffing requirements for the 3 call centres.
- Card 46 (timed admissions) £3.3 million relating to 98 wte unfunded posts, this also includes the provision of Taxis and BRC resources to cover

Costs to date against these cost headings are noted below in Table 7:

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Table 7

£ million	Planning assumptions for 2023/24	Plan Month 3 2023/24	Actual Month 3 2023/24	Notes
Overtime including 0.5% sickness	3.800	0.950	1.069	This is primarily driven by shift overruns relating to hospital turnaround times
PPE	0.700	0.175	0.000	No additional spend has been reported to date, the national stocks are currently sufficient and the work on the PPE hoods and face fitting is under review. It is anticipated spend will increase in this area during the remainder of the year
GCU	0.400	0.300	0.448	This relates to costs associated with the final few months pay and non-pay associated with the GCU site which was delayed due to COVID-19
999 call handlers	2.300	0.575	0.400	This is in line with plan with the increase in costs being planned for winter
Card 46 (timed admissions)	3.300	0.825	1.014	This is showing higher costs than anticipated with the inclusion of British Red Cross and use of taxis, a deep dive into this is being undertaken to assess the full year costs
Total COVID-19	10.500	2.825	2.931	Overall broadly in line with plan, but specific actions necessary

The financial plan identified a shortfall in funding related to committed operational pressures. These are noted in Table 8 below:

Table 8

Description	Planning assumptions for 2023/24	Planned expenditure M3 2023/24	Actual expenditure M3 2023/24
Elimination of On-Call	£2.000	£0.500	£0.504
Paramedics Education Programme	£0.001	£0.025	£0.100
Integrated Communications Control System replacement (ICCS)	£1.600	£0.400	£0.131
Emergency Service Network (ESN)	£0.300	£0.075	£0.006
Remaining gap against the £45m	£4.000	£1.000	£0.741

This is running at slightly lower than plan with the forecast being reviewed in July 2023.

Reducing the Financial Deficit Priority Schemes – Estimated as £6.125 million

The following table describes the priority high overspend areas and progress against these. This report will be reviewed and developed over the next few months:

Table 9

Description	Executive Sponsor	Estimated Full year Expenditure Reduction £'000	Current expenditure Reduction
Overtime Reduction	West Regional Director	£3,800,000	£349,637 reduction to date
Modern Apprenticeships	Director of Workforce	-	This is being quantified
Travel and Accommodation	North Regional Director	£200,000	£(101,526) increase to date
Uniform Management	Kenny Freeburn / Ricky Panton – Head of Ambulance Services (East Region – Borders and West Lothian)	£100,000	£169,917 reduction to date

NHS 24 / HCP Online Booking	Stephen Massetti / Stewart Clark	£425,000	Programme still in progress likely go live by October 2023
Scheduled Care and Card 46 Work	Kenny Freeburn / James Wilkie	£1,600,000	Programme commencing in June
Current expenditure reduction			£0.52m reduction offset by £0.10m increase in accommodation so net £0.420m reduction

It is important to note that the current reduction in spend is in addition to the £12 million efficiency plans as a target to reduce the £19 million.

Mobile Vaccination Units

The Service is currently delivering Mobile Vaccination Units (MTUs) across Scotland to support an inclusive vaccination programme delivering vaccinations to population groups who can face barriers to mainstream vaccination pathways.

The year-to-date expenditure (at 30 June 2023) is as follows:

	Costs
Pay	£168,000
Non Pay	£66,000
Total	£234,000

Estimated costs are forecast to be around £1.179 million in 2023/24. It has been confirmed that funding will be provided by Scottish Government.

2023/24 YTD CAPITAL POSITION AS AT MONTH 3 (30/06/2023)

2023/24 Capital Budget

The Service's Capital budget is made up of two elements:

- Formula Capital of £1.794 million
 - The Service is provided with this allocation to fund all capital projects that are not subject to approval by the SG Capital Investment Group (CIG) or has not received a separate earmarked allocation
- Earmarked Allocation
 - The Service receives earmarked allocations for Business Cases that have been approved by the CIG. In 2023/24 the following earmarked allocations are anticipated:
 - Fleet Replacement Programme £20.22 million
 - Scotstar £0.250 million

The total 2023/24 allocation, taking into account the aforementioned capital and revenue transfers, is anticipated to be £26.186 million. The Service has not received any allocations to date.

YTD Capital Position as at Month 3

The YTD capital position is shown in the table below. Year to date expenditure totals £1.06 million. Significant expenditure on vehicles is anticipated throughout the year.

The unallocated budget excluding anticipated projects of £0.847 million is expected to be fully utilised during 2023/24.

It is anticipated that the Capital Budget will break-even at year-end.

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**SCOTTISH AMBULANCE
SERVICE
CAPITAL REPORT 2023-24
As at 30th June 2023**

PROJECT	Approved Budget £	YTD Actuals £	Notes
Formula Capital Projects			
eHealth and ICT	926,798	(5,718)	Credit Note
Property	716,000	181,653	
Medical Equipment	0	0	
Vehicle Accidents	0	0	
	1,642,798	175,936	
Earmarked Allocations			
ICCS Replacement	1,130,000	3,456	
Scotstar	250,000	7,176	
Vehicles	20,224,000	876,392	
	21,604,000	887,024	
Unallocated Budget	847,202		
Capital Receipts	27,402	0	Gain on sale of vehicles & property
Revenue to Capital Transfers	0		
Capital to Revenue Transfers	0		
Fleet Contingency	2,092,000		
TOTAL	26,213,402	1,062,960	

**SCOTTISH AMBULANCE SERVICE
DRAFT CAPITAL PLAN 2023-24
As at 1st July 2023**

ALLOCATION

Received

Anticipated

Core Allocation	1,794,000
ScotSTAR project	250,000
ACC Cardonald - Atrium	696,000
Fleet Replacement - Core	20,224,000
Fleet Replacement - Contingency	2,092,000
ESN & ICCS	<u>1,130,000</u>
Total Capital Allocation	<u>26,186,000</u>

Add: Revenue to Capital Transfer -

Total Available Capital Budget	<u>26,186,000</u>
---------------------------------------	--------------------------

EXPENDITURE

Approved Projects

Project	BUDGET £
eHealth and IT	
ICT - Telephony	99,195
ICT - Wifi Upgrade	452,760
Airwaves Sepura Radio Terminals	<u>374,843</u>
Total- eHealth and IT	926,798
Special Projects	
ACC Cardonald - Atrium	696,000
ICT - ICCS & ESN	<u>1,130,000</u>
Total - Special Projects	1,826,000
Property	
Estates - Purchase of Maybole Land	<u>20,000</u>
Total - Property	20,000
Operations	
Vehicles plus Contingency	22,316,000

Scotstar -Equipment	104,360
Scotstar -Paraid Trolley	122,320
Scotstar - Corpuls 4G Upgrade	23,320
Total - Equipment	22,566,000
Total Approved Projects	25,338,798
Unallocated Budget	847,202
<u>Anticipated Projects</u>	
Estates - Physical Condition Works	200,000
ICT - C3 Auto Dispatch	4,752
Estates - Stirling Hub Road upgrade	100,000
Estates - Glasgow South	70,000
Estates - Inverness Workshop	-
Estates - Crieff	-
Estates - Kirkconnel	-
Estates - Langholm	-
Estates - Decarbonisation and Sustainability of Estates	-
ICT - Terrafix Upgrade	-
Corti Software	-
Total - Anticipated Projects	374,752
Revised Unallocated Budget	472,450

CONCLUSION

At this early stage in the financial year, the financial position for the Service is £5.80 million behind target. Whilst this is broadly in line with the £19.0 million deficit forecast there are a number of key drivers and actions being initiated to ensure this position, as the year progresses does not worsen.

A number of actions are being implemented in line with the Service approved financial plan and at this stage, the Service forecast remains at a projected deficit of £19.0 million for financial year 2023/24.

The key actions are described within the paper and the risks will be closely monitored. A detailed forecast will be produced for August 2023 and reported to the Board thereafter.

Julie Carter
Director of Finance, Strategy and Logistics
June 2023

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