



NOT PROTECTIVELY MARKED

Public Board Meeting

29 November 2023

Item 12

THIS PAPER IS FOR DISCUSSION

SUMMARY FINANCIAL PERFORMANCE TO 31 OCTOBER 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 October 2023• The financial impact of ongoing unfunded system pressures and operational commitments expenditure to the end of October 2023• The impact of the 'Back to Balance' action plan including the efficiency savings position to the end of October 2023
Key points	<ol style="list-style-type: none">1. The financial position shows a deficit of £8.42 million against an original year to date trajectory deficit of £14 million, which has been revised down to £7 million year to date, based on a £12.5 million full year outturn.2. Impact of ongoing post COVID/system pressures of £5.89 million to date has been incurred in this period. No funding has been assumed for these and this is contributing to the current adverse finance position.3. The impact of pressures associated with Operational Commitments £2.06 million also remains unfunded and contributes to the financial position.4. In relation to local efficiency savings, the annual target is £4.74 million and to date £4.75 million has been delivered. Best value schemes identified national programme plans of £3.744 million of which £1.81 million has been delivered to date.5. Focus on priority high overspend areas has delivered £0.632 million against a full year target of £6.125 million. Noting this is, however, being partially masked by new emerging cost pressures.

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 2024 and against our financial plan.
Associated Corporate Risk Identification	Risk ID 5602 – failure to achieve financial target
Link to Corporate Ambitions	<p>This paper relates to:</p> <p>We will</p> <ul style="list-style-type: none"> • Work collaboratively with citizens and our partners to create healthier and safer communities • Innovate to continuously improve our care and enhance the resilience and sustainability of our services • Improve population health and tackle the impact of inequalities • Deliver our net zero climate targets • Provide the people of Scotland with compassionate, safe and effective care when and where they need it • Be a great place to work, focusing on staff experience, health and wellbeing
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.



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SCOTTISH AMBULANCE SERVICE BOARD

FINANCIAL PERFORMANCE TO 31 OCTOBER 2023

JULIE CARTER, DIRECTOR OF FINANCE, LOGISTICS & STRATEGY

This paper sets out the financial position at 31 October 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 an updated £12.5 million forecast deficit after including the continued post COVID pressures and system pressures all assumed as unfunded in 2023/24 and delivery of 3% efficiency savings.

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 October 2023 for the financial year 2023/24
- A specific section on post COVID and system pressures, financial impact and current funding assumptions
- 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
- Reprofiling of the £12 million in year savings target
- The key messages as highlighted including agreed actions
- An update on the key risks and mitigating actions in the delivery of the financial plan
- The updated forecast and predicted likely year end deficit of £12.5 million

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

- Income – this is reporting a breakeven position
- Core Expenditure – a deficit position of £8.42 million to the end of October 2023.
- The financial impact of post COVID-19/system pressures represents expenditure of £5.89 million, noting this also includes £2.26 million of costs associated with Hospital Turnaround

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time delays. The full year forecast for post COVID system pressure costs is expected to be around £11 million.

- Expenditure aligned to our Service priorities and key operational commitments overspend is £2.06 million, against a forecast pressure of £4.0 million full year.
- Funding discussions in relation to these pressures and post COVID/system pressures continue with Scottish Government, although non recurring funding of £5.0 million has been received to partly support these costs.
- Efficiency savings target for the financial year is £12.0 million. To date £6.56 million of savings are being reported against a reprofiled target of £7.0 million year to date. This remains slightly behind trajectory but the full year trajectory continues to forecast the delivery of the full year target.
- Progress against the action plans relating to the high overspend areas has delivered £0.632 million of reduced costs up to month 7. This has been partially offset against ongoing cost pressures of £2.15 million driven by non pay pressures.

The key cost pressures in addition to the financial plan assumptions therefore is the underlying non-pay pressures of £2.15 million up to month 7.

These are summarised below:

Cost pressure	Year to date cost	Driven by:
Air Ambulance costs	£0.469m	higher fuel costs, MACA charges higher than inflation rates (16% higher than previous year). Financial plan assumed for only a 9% uplift.
Medical costs	£0.670m	higher than anticipated inflationary pressures in medical costs (equipment and drugs) & includes higher than anticipated volume of purchases on Instruments & Sundries.
Other Operating costs	£0.909m	Includes installation and grid connections for EV charging points
Property running costs	£0.654m	Predominantly due to HLP costs increase in year and upsurge in property repairs program
Fuel	£(0.438)m	Offset by fuel costs lower than planned

The back to balance high spend areas are reporting a lower spend of £0.632 million year to date, which is partially being offset by these higher inflationary costs.

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Key messages

- Deficit position of £8.42 million as at 31 October 2023 (this includes both core and non-core expenditure) and income. The financial plan trajectory assumes a deficit of £7.0 million at the end of October 2023 based on the updated full year outturn of £12.5 million. The savings trajectory of £7.0 million after 7 months is based upon a monthly trajectory of £1.0 million deficit each month.
- At this stage moving into the third quarter of the financial year, we continue to forecast a deficit position which has now been updated to a likely position of £12.5 million by March 2024, while discussions in relation to funding continue with Scottish Government and the back to balance action plan is progressed.
- The key components driving the £12.5 million deficit are as follows:
 - Post COVID forecast costs of £11.0 million
 - Operational Commitments funding shortfall of £4.0 million
 - New emerging full year pressures of £1.6 million (noting this is being reviewed on an ongoing basis)
 - Off set by additional systems pressure funding on a non-recurring basis of £5.0 million

Each of these areas are updated below:

- The financial plan assumes ongoing system pressure of £11.0 million (excluding mobile vaccination unit costs which we have funding confirmed). Costs of £5.89 million have been identified to date and are contributing to the £8.42 million deficit position. This is reporting slightly lower than plan. This also includes £2.26 million of costs associated with longer hospital turnaround times.
- 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 £2.06 million have been incurred in this year to date within these areas. This is also contributing to the £8.42 million deficit position.
- Scottish Government provided £5.0 million of non-recurring funding towards our system pressures detailed above, of which we have now released £2.92 million to offset the related cost pressures of COVID and Operational Commitment pressures.
- Against our efficiency savings target of £12.0 million, we have delivered £6.56 million to date. This is against a revised year-to-date trajectory of £7.0 million.
- Included within the back to balance action plan, there is focused work on key overspend areas with leads identified. To the end of October 2023, a total reduction of £0.632 million has been identified against a target of £6.125 million.
- An updated 2023/24 forecast position is being reviewed on an ongoing basis as we enter the third Quarter of this financial year and progress through to year end.

Key actions agreed in this period

The key focus of the financial plan 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 and recognition of wider system (post COVID 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 the 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 and 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 of £2.7 million of 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 are in place 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 still only half way through the financial year. A detailed best value report is presented to the Performance and Planning Steering Group at each meeting with progress to date and corrective actions. In addition, a measurement framework has been developed and is monitored on a monthly basis.

The Service is linked into the national Sustainability and Value work and updates are provided at each Best Value Steering Group meeting, 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 challenging 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 albeit at different stages of implementation. Total cost reductions to month 7 are being reported £0.632 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 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

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£10.5 million for the year, now updated slightly to £11.0 million excluding the mobile vaccinations unit costs. Discussions have been ongoing with Scottish Government to receive funding for these ongoing pressures, and given the current system pressures to date, reducing these costs will be challenging should funding not materialise, without impacting on service delivery and patient care.

ACTION: We continue to work closely with Scottish Government colleagues in progressing discussions with regard to 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.

4. (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 £45.0 million of recurring funding has been confirmed, however dialogue continues with Scottish Government to seek further funding to bridge the remaining shortfall. These costs pressures are being monitored on a monthly basis in order to manage this pressure. To date, £2.06 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.

Updated Forecast as at October 2023

The following table summarises the Best, Likely and Worst case scenarios for full year forecasts using run rates and are compared to our 2023/24 financial plan.

RRL Position	As per 2023/24 Financial Plan £m	Updated as per Q2 Forecast £m			Notes
		Best	Likely	Worst	
Operational Pressures	16.5	13.5	14.5	15.3	Main changes are around diesel price
Operational commitments unfunded gap	4.0	4.0	4.0	4.0	No change to financial plan.
COVID and related system pressures	10.5	10.7	11.0	11.0	Amended to reflect ACC & winter forecast.
New Emerging Pressures	0.0	1.3	1.6	2.9	As identified in finance reports, driven by inflationary and volume pressures above financial planning assumptions
Gap (before efficiencies and any additional funding)	31.0	29.5	31.1	33.2	

Efficiency Savings assumed in plan	-12.0	-12.0	-12.0	-12.0	Assumed full delivery of 3%
Overspend reduction priority areas of work	0.0	-3.3	-1.9	-1.4	Details shown on table 3
Income at risk – health and wellbeing and digital	0.0	0.3	0.3	0.3	Relating to health and wellbeing funding and reduction in digital funding
<i>Position before offsetting additional funding</i>	19.0	14.5	17.5	20.1	
Additional Funding	0.0	-5.0	-5.0	-5.0	Offsetting current system pressures (table 4c)
RRL Outturn - deficit	19.0	9.5	12.5	15.1	

Conclusion and Next Steps

It is important to note that this forecast had been produced following the financial position from the first half of the year, and therefore includes a number of assumptions in relation to the remainder of the year including winter pressures and these are reviewed on a monthly basis.

The updated full year forecast is now reporting a reduced forecast deficit from £19.0 million to £12.5 million deficit. This is primarily driven by:

- ❖ £5 million nonrecurring funding from Scottish Government received in August 2023
- ❖ Additional cost pressures broadly being offset by fuel cost prices lower than anticipated.
- ❖ Positive impact from the back to balance plan of £1.9 million (under likely scenario) and
- ❖ Assumed delivery of the £12.0 million efficiency plans delivery (3%)

The £12.5 million forecast deficit position continues to be primarily driven by £11.0 million system pressures that had been previously funded, with the most significant financial risk relating to the costs of turnaround times. There is work ongoing in all of these system pressure areas as noted within the paper and will be updated on a monthly basis.

The key focus now is to

- Finalise and continually review the efficiency plans trajectories. The planned trajectory has now been rephased to assume a consistent profile throughout the year as opposed to phased into the second half of the financial year. Detailed actual trajectories have been estimated against the efficiency plans.

- Finalise the 'back to balance' high overspend areas detailed forecast. These will also be clearer by the latter half of the financial year and will be reported on a monthly basis.
- Closely monitor operational costs and trends as winter approaches and
- Continue to demonstrate the wider system impact of the unfunded system pressures in particular the clinical hub, the call handling pressures and the timed admissions work.

Financial Risk considerations noted in the period.

The financial risks are as follows:

Delivery of Efficiency Savings Target including Best Value

At this 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.

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, and 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

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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 £12.0 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.

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

The financial plan for the year 2023/24 included £10.7 million of expenditure relating to post COVID pressures. Discussions remain ongoing with Scottish Government, whilst funding has been received to support some of the pressure on a non recurring basis there still remains a funding gap.

Expenditure to the end of October 2023, has identified total costs of £5.89 million, which includes legacy PPE expenditure, Card 46 Timed admissions, ACC expansion, and overtime costs associated with shift overruns as a result of hospital turnaround times.

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

In addition, the Service provided additional resources for the UCI World Cycling Championships, primarily held in Glasgow, with events throughout the country. The event was held between 3 to 13 August 2023. Detailed planning work had been undertaken to identify the additional resources required to provide medical coverage at individual events and mitigated against any impact on business-as-usual activity. The associated costs included in the reports to date are £0.124 million, further costs of up to £0.3 million are anticipated, with as agreed with Scottish Government full funding assumed.

Finance position as at October 2023

Introduction

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

For the purpose of understanding the financial data tabled within this report, the following

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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.

SUMMARY OF YEAR TO DATE POSITION

Table 1 reports that the revenue position for the financial year to the end of October 2023 is £8.42 million over budget, made up of the following:

- Income - breakeven
- Expenditure Pay – over budget by £1.12 million
- Expenditure Supplies – over budget by £2.99 million
- Savings – behind target by £0.44 million
- Expenditure Non-core – break even
- This position includes unfunded COVID expenditure is £5.89 million
- This position includes unfunded Operational Commitments £2.06 million
- The position reports a net deficit position of £0.416 million.

There is however an additional £2.15 million of new non pay pressures, offset by reduction in high priority spend areas at £0.632 million. 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 31 OCTOBER 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	428,007	251,691	251,691		32,680	32,680	
Health Board	5,661	3,546	3,546	0	594	594	0
Other Healthcare	890	645	631	(14)	177	174	(3)
Fleet	10	10	10	0	1	1	0
Staff Car Deductions	162	85	85	0	13	14	1
Other Operating	2,460	2,266	2,263	(3)	334	324	(10)
Total Income	437,190	258,243	258,226	(17)	33,799	33,787	(12)
Expenditure							
Accident & Emergency	294,326	174,059	171,721	2,338	24,904	24,786	118
Non Emergency Service	30,274	17,971	18,330	(359)	2,665	2,641	24
Air Ambulance	14,062	8,420	9,181	(761)	1,225	1,325	(100)
Overheads	75,006	34,271	43,891	(9,620)	5,005	6,874	(1,869)
Total Expenditure	413,668	234,721	243,123	(8,402)	33,799	35,626	(1,827)
Core Expenditure Variance				(8,419)			(1,839)
Non Core Expenditure							
Depreciation (DEL)	22,922	10,680	10,680	0	1,550	1,550	0
Depreciation (Donated)	100	38	38	0	6	6	0
AME Provision	0	0	0	0	0	0	0
AME Impairments	0	0	0	0	0	0	0
Non Cash (DEL)	500	0	0	0			
Total Non Core Expenditure	23,522	10,718	10,718	0	1,556	1,556	0
Surplus / Deficit				(8,419)			(1,839)

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 31 OCTOBER 2023

		Cumulative to Date				Current Period			
		Budget	Actual	Variance	Variance	Budget	Actual	Variance	Variance
		£'000	£'000	£'000	%	£'000	£'000	£'000	%
Service Delivery Directorate	Income	(4,893)	(4,893)	0	0%	(865)	(866)	1	0%
	Salaries	181,582	184,811	(3,229)	2%	25,080	26,256	(1,176)	5%
	Supplies	23,777	24,947	(1,170)	5%	3,309	3,803	(494)	15%
	Sav Target	(2,452)	0	(2,452)	0%	(350)	0	(350)	0%
	Sav Realised	2,118	0	2,118	0%	1,526	0	1,526	0%
					(4,733)			(493)	
Support Services Directorates	Income	(1,659)	(1,642)	(17)	-1%	(255)	(242)	(13)	-5%
	Salaries	18,932	16,821	2,111	-11%	2,825	2,532	293	-10%
	Supplies	25,391	27,261	(1,870)	7%	3,622	4,593	(971)	27%
	Sav Target	(4,549)	0	(4,549)	0%	(651)	0	(651)	0%
	Sav Realised	4,439	0	4,439	0%	539	0	539	0%
	Reserves	(3,800)	0	(3,800)		(543)	0	(543)	
				(3,686)			(1,346)		
SCOTTISH AMBULANCE SERVICE	Income	(6,552)	(6,535)	(17)	0%	(1,120)	(1,108)	(12)	-1%
	Salaries	200,514	201,632	(1,118)	-1%	27,905	28,788	(883)	-3%
	Supplies	49,168	52,208	(3,040)	-6%	6,931	8,396	(1,465)	-21%
	Sav Target	(7,001)	0	(7,001)		(1,001)	0	(1,001)	
	Sav Realised	6,557	0	6,557		2,065	0	2,065	
	Reserves	(3,800)	0	(3,800)		(543)	0	(543)	
				(8,419)			(1,839)		

Table 3 – Service Delivery

Service delivery is over budget by £4.7 million at 31 October 2023. Pay costs are reporting an overspend of £3.23 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 report a 14.3% decrease in (Maritime and Coast Guard Agency (MCGA)_ missions to date, but as a result of higher fuel prices and beyond inflationary rates for MCGA, October saw a year to date overspend of £0.47 million. The budget for the current year provided for a 9% inflationary uplift, but MCGA rates have risen to 16% above prior year rates. As we go into the Autumn/Winter season, all activity will be closely monitored, with an improvement programme 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 now rising from £1.43 in July 2023 to £1.62 in October 2023, we do see a continuing underspend on Diesel costs of £0.44 million for the 7 months to October 2023. This position may change if pump prices continue to increase over the Winter months.

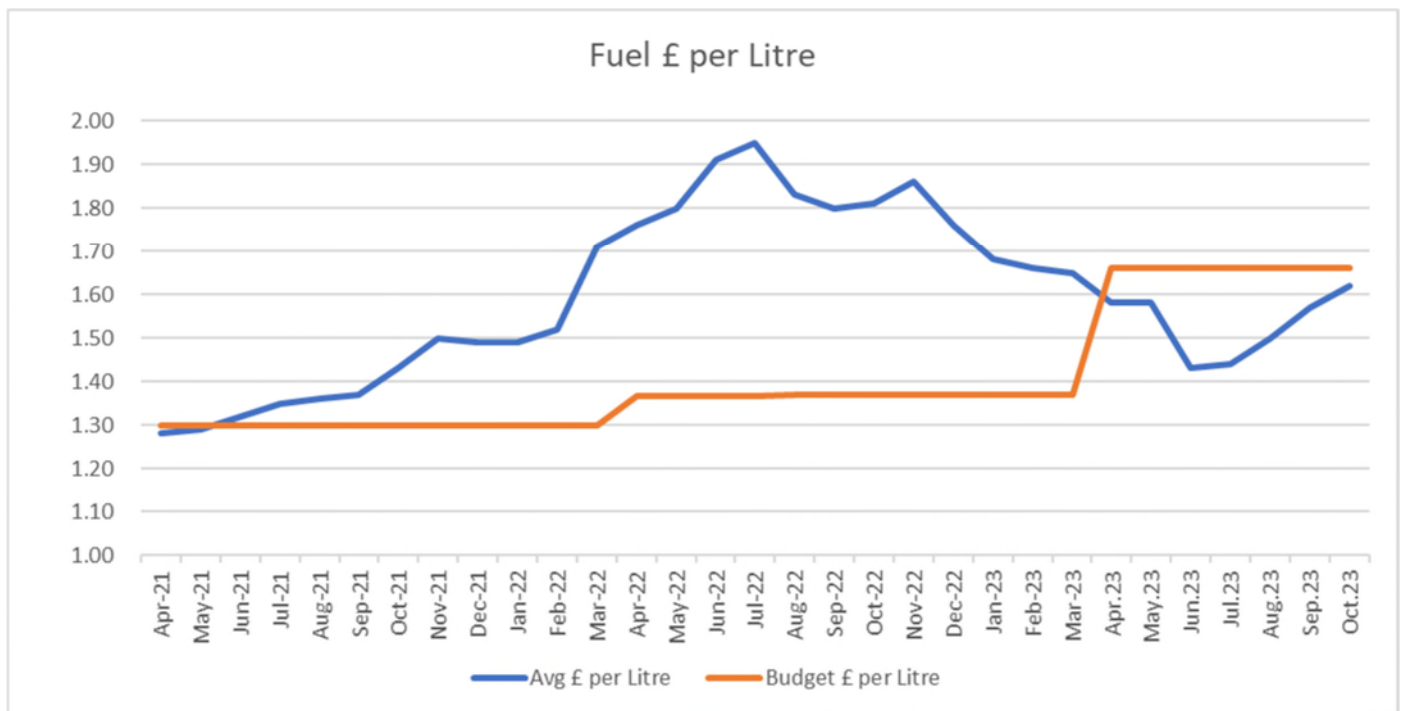


Table 3

**SCOTTISH AMBULANCE SERVICE BOARD
INCOME AND EXPENDITURE - SERVICE DELIVERY
YEAR TO 31 OCTOBER 2023**

		Cumulative to Date				Current Period			
		Budget	Actual	Variance	Variance	Budget	Actual	Variance	Variance
		£'000	£'000	£'000	%	£'000	£'000	£'000	%
NORTH REGION	Income	(737)	(737)	0	0%	(110)	(110)	0	0%
	Salaries	31,420	31,679	(259)	1%	4,169	4,516	(347)	8%
	Supplies	2,504	2,811	(307)	12%	321	474	(153)	48%
	Sav Target	(337)	0	(337)		(48)	0	(48)	
	Sav Realised	528	0	528		446	0	446	
				(375)			(102)		
EAST REGION	Income	(789)	(789)	0	0%	(139)	(139)	0	0%
	Salaries	49,553	50,323	(770)	2%	6,778	7,099	(321)	5%
	Supplies	4,163	4,335	(172)	4%	597	642	(45)	8%
	Sav Target	(524)	0	(524)		(75)	0	(75)	
	Sav Realised	507	0	507		274	0	274	
				(959)			(167)		
WEST REGION	Income	(2,377)	(2,377)	0	0%	(440)	(440)	0	0%
	Salaries	68,431	69,968	(1,537)	2%	9,632	9,867	(235)	2%
	Supplies	5,343	6,153	(810)	15%	649	934	(285)	44%
	Sav Target	(715)	0	(715)		(102)	0	(102)	
	Sav Realised	772	0	772		605	0	605	
				(2,290)			(17)		
NATIONAL OPS	Income	(990)	(990)	0	0%	(176)	(177)	1	1%
	Salaries	31,598	32,250	(652)	2%	4,434	4,692	(258)	6%
	Supplies	11,725	11,609	116	-1%	1,736	1,750	(14)	1%
	Sav Target	(860)	0	(860)		(123)	0	(123)	
	Sav Realised	311	0	311		201	0	201	
				(1,085)			(193)		
BUSINESS INTELLIGENCE	Salaries	580	591	(11)	2%	67	82	(15)	22%
	Supplies	42	39	3	-7%	6	3	3	-50%
	Sav Target	(16)	0	(16)		(2)	0	(2)	
	Sav Realised	0	0	0		0	0	0	
				(24)			(14)		
TOTAL SERVICE DELIVERY	Income	(4,893)	(4,893)	0	0%	(865)	(866)	1	0%
	Salaries	181,582	184,811	(3,229)	2%	25,080	26,256	(1,176)	5%
	Supplies	23,777	24,947	(1,170)	5%	3,309	3,803	(494)	15%
	Sav Target	(2,452)	0	(2,452)		(350)	0	(350)	
	Sav Realised	2,118	0	2,118		1,526	0	1,526	
				(4,733)			(493)		

Table 4 – Support Services Directorates

Support services are being reported as £3.7 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 31 OCTOBER 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	(37)	(37)	0	0%	0	0	0	
	Salaries	1,132	1,294	(162)	14%	126	322	(196)	156%
	Supplies	68	78	(10)	15%	10	17	(7)	70%
	Sav Target	(20)	0	(20)		(3)	0	(3)	
	Sav Realised	0	0	0		0	0	0	
				(192)					(206)
FINANCE AND LOGISTICS	Income	(1,377)	(1,363)	(14)	-1%	(176)	(164)	(12)	-7%
	Salaries	9,756	7,276	2,480	-25%	1,550	1,062	488	-31%
	Supplies	23,740	25,340	(1,600)	7%	3,618	4,403	(785)	22%
	Sav Target	(3,085)	0	(3,085)		(440)	0	(440)	
	Sav Realised	3,400	0	3,400		390	0	390	
Reserves	(3,800)	0	(3,800)		(543)	0	(543)		
				(2,619)					(902)
HUMAN RESOURCES	Income	(16)	(16)	0	0%	(3)	(3)	0	
	Salaries	1,629	1,617	12	-1%	214	168	46	-21%
	Supplies	490	553	(63)	13%	71	114	(43)	61%
	Sav Target	(56)	0	(56)		(9)	0	(9)	
	Sav Realised	0	0	0		0	0	0	
				(107)					(6)
MEDICAL	Income	(199)	(199)	0	0%	(74)	(74)	0	
	Salaries	2,549	2,392	157	-6%	425	421	4	-1%
	Supplies	536	603	(67)	13%	108	31	77	-71%
	Sav Target	(39)	0	(39)		(6)	0	(6)	
	Sav Realised	0	0	0		0	0	0	
				51					75
CARE QUALITY AND PROF DEVELOPMENT	Income	(30)	(27)	(3)	-10%	(2)	(1)	(1)	
	Salaries	3,866	4,242	(376)	10%	510	559	(49)	10%
	Supplies	557	687	(130)	23%	(185)	28	(213)	-115%
	Sav Target	(1,349)	0	(1,349)		(193)	0	(193)	
	Sav Realised	1,039	0	1,039		149	0	149	
				(819)					(307)
TOTAL SUPPORT SERVICES	Income	(1,659)	(1,642)	(17)	-1%	(255)	(242)	(13)	-5%
	Salaries	18,932	16,821	2,111	-11%	2,825	2,532	293	-10%
	Supplies	25,391	27,261	(1,870)	7%	3,622	4,593	(971)	27%
	Sav Target	(4,549)	0	(4,549)		(651)	0	(651)	
	Sav Realised	4,439	0	4,439		539	0	539	
Reserves	(3,800)	0	(3,800)		(543)	0	(543)		
				(3,686)					(1,346)

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 31 OCTOBER 2023

	Full Year Budget £'000	Year to Date		
		Budget £'000	Actual £'000	Variance £'000
Income				
Revenue Allocation	428,007			
Baseline Allocations	404,725			
Recurring Allocations	179			
Non-Recurring Allocations	23,103			
Fleet Income	10	10	10	0
Health Board	5,661	3,546	3,546	0
Other Healthcare	890	645	631	(14)
Other Operating	2,460	2,266	2,263	(3)
Staff Car Deductions	162	85	85	0
Total Income	437,190	6,552	6,535	(17)

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

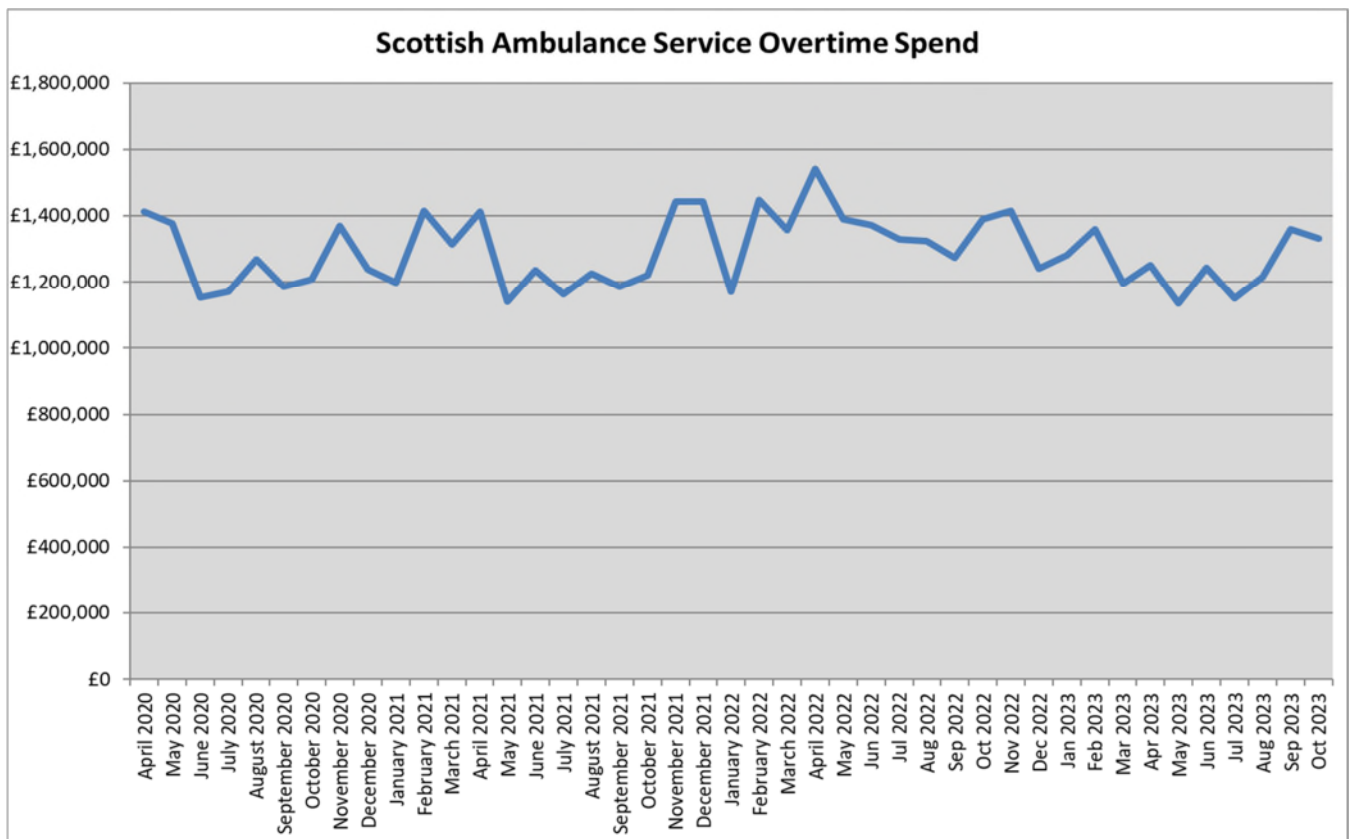
The original financial plan assumed revenue funding allocations of £410 million. This reflects funding for Mobile Vaccination Units and NHS System Pressures. Adjustments are made on a monthly basis to the budget to include any additional allocations as these are notified to the Boards from Scottish Government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

Detailed Pay analysis

The pay overspend of £1.118 million is made up primarily from Overtime £2.9 million, offset by a £1.8 million underspend from basic pay and enhancements. The main movement for Pay this month is an adjustment reflecting the underlying vacancy factor within Service Delivery areas.

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 in response to the increased hospital turnaround times.

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Overtime includes hospital turnaround times (HTAT) costs which are currently creating a cost pressure of which £1.06 million costs are being picked up within the COVID/system pressure of £11.0 million as an unfunded cost pressure offset by the release of Learning in Practice accrual against costs incurred.

Table 6

SCOTTISH AMBULANCE SERVICE BOARD
STAFF AND OVERTIME SUMMARY
YEAR TO 31 OCTOBER 2023

		East Region	North Region	West Region	National Ops	Service Delivery
Current Year	Average WTE	1,423	832	1,966	849	5,070
	Overtime Hours	75,467	62,361	131,782	35,913	305,523
	Overtime Cost (£'000)	2,487	2,090	4,360	1,228	10,165
Prior Year	Average WTE	1,416	815	1,905	851	4,987
	Overtime Hours	86,737	75,228	153,757	44,399	360,121
	Overtime Cost (£'000)	2,462	2,195	4,402	1,305	10,364
Variance	Average WTE	7	17	61	(2)	83
	Overtime Hours	(11,270)	(12,867)	(21,975)	(8,486)	(54,598)
	Overtime Cost (£'000)	25	(105)	(42)	(77)	(199)

The above table illustrates an overall reduction in overtime hours compared to a year ago, with the highlight being an additional 98 staff (whole time equivalents) in post, primarily as a result of the Demand & Capacity program.

Non-pay

The non-pay overspend at £3.0 million represents an overspend beyond the £7.3 million of anticipated pressures and budget allocated driving the £4.5 million anticipated deficit. The month 7 overspend is £1.47 million reflecting a number of additional costs pressures beyond anticipated expenditure levels. These include Air Ambulance £0.47 million, Medical Costs £0.670 million, Other Operating costs £0.91 million, Property Running costs £0.654 million and Staffing Costs £0.241million, off set by Vehicle Running £(0.438) million.

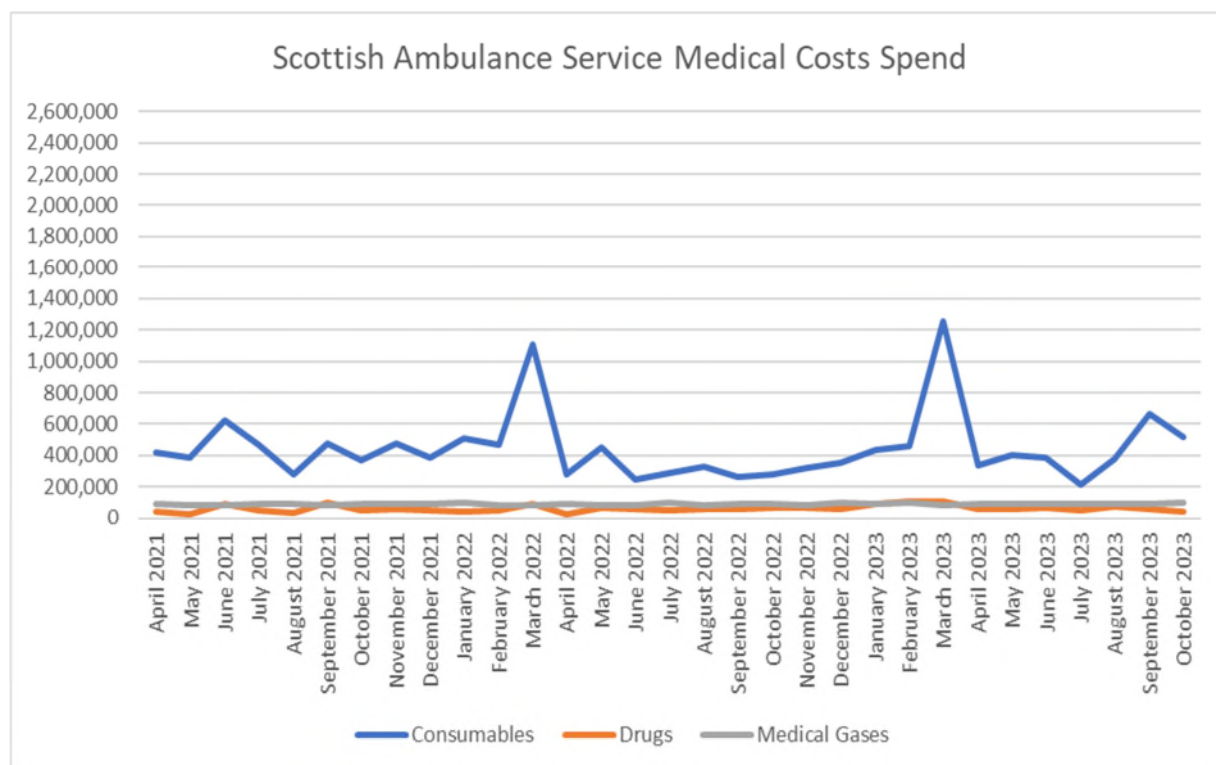
- Air Ambulance Costs report a 14.3% decrease in MACA missions to date, but as a result of higher fuel prices and beyond inflationary rates for MACA, September saw a year to date overspend of £0.47 million. The budget for the current year provided for a 9% inflationary uplift, but MACA rates have risen to 16% above prior year rates.
- Medical costs include general medical consumables as well as defibrillator consumables, drugs and gases and repairs. Medicines replenishment costs have increased by 21%, giving a cost pressure of over £0.06 million and Salbutamol has

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seen a significant cost increase resulting in a cost pressure of over £0.05 million. Last month, there was a significant increase in spend for instruments & sundries, largely due to the new Stock system implementation allowing for a more accurate recording of stock issued YTD and this month shows a reduction as we start to see the impact of the new stock system. With further analysis also being undertaken, 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.

- Other operating costs includes £0.23 million of Capital to Revenue for implementation and connection costs for EV charging points across stations. We anticipate further costs as we go towards the end of the financial year. Other operating costs also includes West Region British Red Cross £0.486 million as part of the COVID cost pressures.
- Property running costs include ongoing COVID legacy purchase of paper hand towels, not budgeted for, which were part of new infection control measures introduced during COVID. We will seek advice from infection control colleagues whether this measure needs to continue or whether it can be stopped. Heat, light and power costs are also higher due primarily to Electricity prices being higher due to advance purchase of energy by NSS for 2023/24.
- Staffing costs relate to a pressure on Travel, Subsistence and Accommodation, which are both being monitored as part of the Reducing the Deficit priority areas.
- Vehicle running costs relates to the cost of diesel just below budgeted price of £1.66.

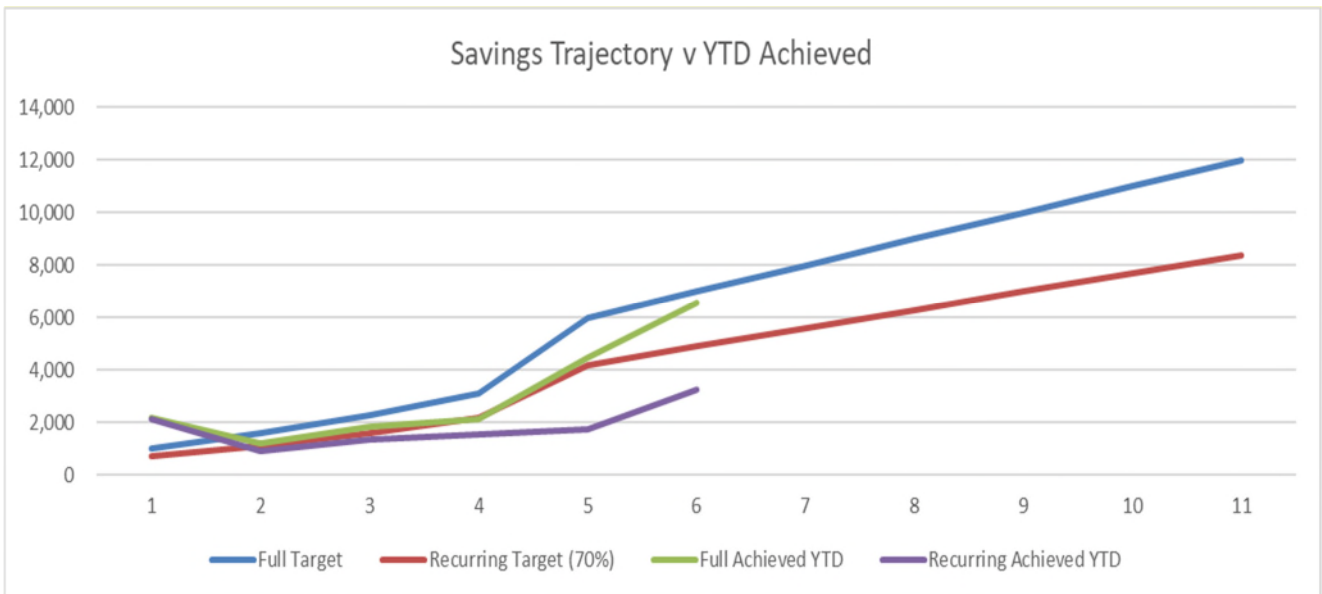
We continue to review all areas of cost pressures on a monthly basis through discussions with Budget holders as part of the £12.5 million review.



Efficiency Savings

As mentioned earlier in this paper, after 7 months of this financial year, savings achieved to date remain behind Savings target. Of significance last month was the decision to re-profile the savings target away from the financial plan and assume a monthly target more evenly spread throughout the year rather than heavily weighted towards the later months. It was considered that the risk to achieve targets could be much more difficult as the year progressed. Although achieving savings remains a significant risk, 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.

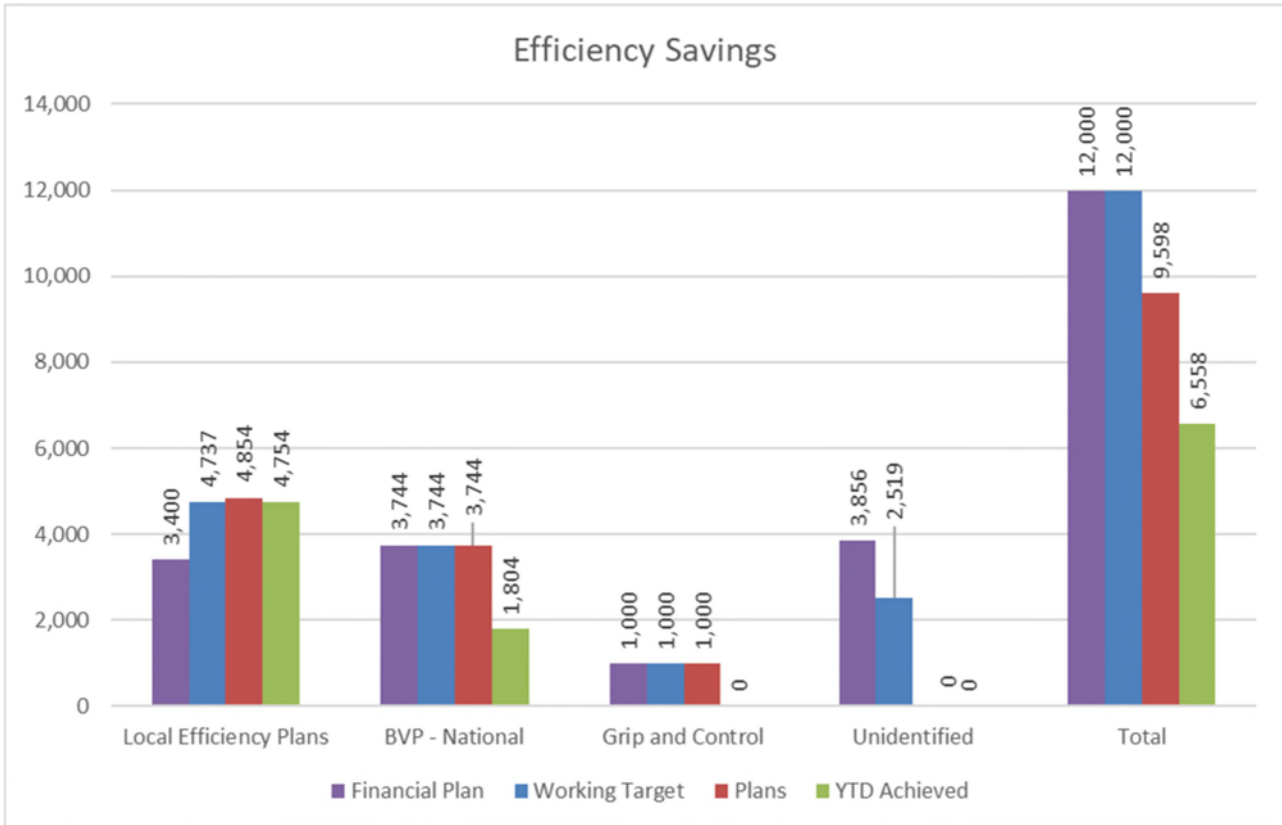
The chart below shows the revised savings trajectory over the financial year, which accommodates a more consistent pace as the year progresses. At month 7, we are behind our £7.0 million target with £6.56 million savings having been identified to date. Also showing is our recurring savings achieved against a 70% marker. It is not unreasonable to expect savings to be behind initially, but at this stage, a continued focus is absolutely necessary to ensure we do not continually fall behind as we progress through the second half of the year.



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.

Savings of £6.56 million has been achieved, as detailed in the graph below:

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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. These are reported monthly through the Best Value Steering Group.

- 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.

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, £6.56 million savings have been achieved, with carbon reduction of £0.2 million and Medicines redesign £0.144 million. Of the EPDD review, £1.7 million is being recognised over the 12 months. In month 7, we delivered £0.148 million and £0.034million respectively in relation to EPDD and Fleet savings. For local efficiency savings, a total of £4.754 million has been identified to date, of which £0.968 million relates to a reduction in the unsocial budget in respect of an underlying vacancy factor.

- **Grip and Control**

This target of £1.0 million involves reviewing current practices through national program/benchmarking, and focusing on improved controls and local decision making. A number of these will be reported through the local and best value programmes to ensure there is no risk of double count against other savings schemes.

Post COVID-19 Financial Implications

Board Members are aware that there is only part funding assumptions in place to support expenditure due to post COVID-19 pandemic and system pressures. Our financial plan assumes a cost pressure of £11.0 million for ongoing COVID activity, and work is progressing with the Scottish Government to obtain funding for the recurring legacy costs.

Included in the revised estimated full year £11 million pressures are:

- Covid Overtime £3.8 million - an ongoing pressure in line with prior years relating to hospital turnaround times
- PPE £0.7 million - this includes the replacement policy for replacing Hoods purchased in the first two years of the COVID pandemic
- GCU £0.4 million – costs relating to the final few months of the technician training programme, that was delayed due to COVID
- 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 due to rising demand.
- Card 46 (timed admissions) £3.8 million relating to 98 wte unfunded posts, this also includes the provision of Taxis and British Red Cross resources to cover resources transferring patients to accident and emergency following the appropriate clinical risk assessment.

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 7 2023/24	Actual Month 7 2023/24	Notes
Overtime including 0.5% sickness	3.800	2.217	2.263	This is primarily driven by shift overruns relating to hospital turnaround times
PPE	0.700	0.408	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 remained of the year and this will be reflected in the full year forecast
GCU	0.400	0.400	0.495	Relates to the costs of GCU as a result of the delay due to COVID
999 call handlers	2.300	1.342	0.816	This is in line with plan with the increase in costs being planned for winter and is driven by increased demand
Card 46 (timed admissions)	3.800	2.217	2.319	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. This avoids A&E conveyance.
Total Covid	11.000	6.583	5.894	Overall this is broadly in line with plan, but specific actions in place to review and monitor these

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 M7 2023/24	Actual expenditure M62023/24
Elimination of On-Call	£2.000	£1.167	£1.175
Paramedics Education Programme	£0.100	£0.058	£0.251
Integrated Communications Control System replacement (ICCS)	£1.600	£0.933	£0.621
Emergency Service Network (ESN)	£0.300	£0.175	£0.012
Remaining gap against the £45m	£4.000	£2.333	£2.059

This is running at slightly lower than plan at this point in the year due to the delay in the ICCS/ESN program, which are now materialising and will be fully realised over the coming months.

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

The following table describes the priority high overspend areas and progress against these. A split by region is allowing a further deep dive into the difference in cost movements and sharing good practice. 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 / (increase)	
Overtime Reduction	West Regional Director	£3,800,000	North Region East Region West Region Nat Operations Reduction	£81,740 £(73,351) £917 £319,066 £328,372
Modern Apprenticeships	Director of Workforce	-	To be quantified	
Travel and Accommodation	North Regional Director	£200,000	North Region East Region West Region Nat Operations (Increase)	£43,683 £81,775 £(284,481) £63,814 £(95,209)
Uniform Management	Kenny Freeburn / Ricky Panton – Head of Ambulance Services (East Region – Borders)	£100,000	North Region East Region West Region Nat Operations Reduction	£127,802 £128,193 £105,234 £37,949 £399,178
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			Net £0.632m reduction	

It is important to note that the current reduction in spend was assumed as an addition to the £12.0 million efficiency plans.

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 31 October 2023) is as follows:

	Costs
Pay	£405,000
Non Pay	£92,000
Total	£497,000

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 7 (31/10/2023)

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 £19.62 million
 - Scotstar £0.25 million
- Budget Transfer of £1.36 million
 - The service has applied for funding from Transport Scotland for Electric Vehicle Infrastructure. To date, we have had £0.866 million approved and are awaiting approval of a further £0.497 million.

The total 2023/24 allocation, taking into account the aforementioned capital and budget transfers, is anticipated to be £26.42 million. The core formula capital allocation has been received. All other allocations are outstanding.

YTD Capital Position as at Month 7

The YTD capital position is shown in the table below. Year to date expenditure totals £2.0 million. Significant expenditure on vehicles is anticipated throughout the year.

The unallocated budget excluding anticipated projects of £0.438 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 31st October 2023**

PROJECT	Approved Budget £	YTD Actuals £	Notes
Formula Capital Projects			
eHealth and ICT	1,153,860	536,132	
Property	694,600	525,842	
Medical Equipment	0	0	
Vehicle Accidents	203,716	203,716	
	2,052,176	1,265,690	
Earmarked Allocations			
ICCS	600,000	(148,490)	
Scotstar	250,000	114,443	
Vehicles	19,624,000	980,323	
Transport Scotland Budget Transfer	1,363,115	0	
	21,837,115	742,213	
Unallocated Budget	437,824	0	
Capital Receipts	53,402	0	Gain on sale of vehicles
Fleet Contingency	2,092,000	0	& property
TOTAL	26,472,517	2,007,903	

Approved and Anticipated Projects

The following table shows details of all projects that have had a mini business case approved and funding allocated.

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

ALLOCATION

Received

Core Allocation 1,794,000

Anticipated

ScotSTAR project	250,000
Fleet Replacement - Core	20,920,000
Fleet Replacement - Contingency	2,092,000
Total Capital Allocation	25,056,000

Add: Transport Scotland Budget Transfer -

Allocation 1	865,984
Allocation 2	497,131
Total Available Capital Budget	26,419,115

EXPENDITURE**Approved Projects**

Project	BUDGET
eHealth and IT	
ICT - Telephony	99,195
ICT - Wifi Upgrade	452,760
ICT - Airwaves Sepura Radio Terminals	374,843
ICT - ACC Switch Replacement	82,325
ICT - Datix Server Replacement	116,833
ICT - Printer Replacement	24,060
ICT – ePR Update	3,844
Total- eHealth and IT	1,153,861
Special Projects	
ACC Cardonald - Atrium	576,000
ICT - ICCS	600,000
Total - Special Projects	1,176,000
Property	
Estates - Purchase of Maybole Land	20,000
Estates- Physical Condition Works	98,600
Total - Property	118,600
Operations	
Vehicles plus Contingency	23,079,115
Scotstar -Equipment	83,240
ScotSTAR -Paraid Trolley	122,320
ScotSTAR - Corpuls 4G Upgrade	23,320
Scotstar – EMRS Lucas replacement	21,120
Vehicle Accidents	203,716
Total - Equipment	23,532,831
Total Approved Projects	25,981,292

Unallocated Budget	437,823
<u>Anticipated Projects</u>	
ICT - C3 Auto Dispatch	4,752
Estates - Inverness Workshop	-
Estates - Crieff	-
Estates - Kirkconnel	-
Estates - Langholm	-
Estates - Decarbonisation and Sustainability of Estates	-
ICT - Terrafix Upgrade	-
Corti Software	-
Vehicle Accidents	296,284
Total - Anticipated Projects	301,036
Revised Unallocated Budget	136,787

CONCLUSION

At this stage in the financial year, the financial position for the Service is £8.42 million behind target. Whilst this is broadly in line with the updated likely forecast of £12.5 million deficit there are a number of key drivers and actions being initiated to ensure this position does not worsen.

The key actions are described within the paper and the risks will be closely monitored.

Julie Carter
Director of Finance, Strategy and Logistics
November 2023

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