

NOT PROTECTIVELY MARKED

Public Board Meeting

March 2020

Item 09

THIS PAPER IS FOR DISCUSSION

SUMMARY FINANCIAL PERFORMANCE TO 29 FEBRUARY 2020

Lead Director Author	Julie Carter, Director of Finance, Logistics and Strategy Maria McFeat, Deputy Director of Finance
Action required	The Board is asked to note: <ul style="list-style-type: none"> • The financial position to the end of February 2020 • The efficiency savings position to the end of February 2020 • The updated financial year end forecast position
Key points	<ol style="list-style-type: none"> 1. The financial position to the end of February 2020 shows a deficit of £0.2 million against a trajectory deficit of £0.2 million. There are no significant movements from previous planning assumptions. 2. Efficiency savings of £11.2 million have been delivered against a target of £12.0 million for the period. 3. The financial forecast remains a break even position.
Timing	During the financial year the Board will be provided with updates on the financial position at every meeting. This section has been included within the paper.
Link to Corporate Objectives	The Corporate Objective this paper relates to is Goal 6 - Develop a model that is financially sustainable and fit for purpose in 2020.
Contribution to the 2020 vision for Health and Social Care	Efficient and effective use of resources is important to the Service to enable it to deliver change in service delivery to meet the aspirations of the 2020 vision.
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 2019 when the budget for 2019/20 was set.

SCOTTISH AMBULANCE SERVICE BOARD

FINANCIAL PERFORMANCE TO 29 FEBRUARY 2020

JULIE CARTER, DIRECTOR OF FINANCE, LOGISTICS & STRATEGY

This paper sets out the financial position at 29 February 2020 for the Scottish Ambulance Service.

The Board is asked to note:

- the financial position to the end of February 2020 for the financial year 2019/20
- the key messages as highlighted including agreed actions
- the key risks and management of these
- the full year forecast (as at month 11)

Key messages

Total deficit as at February 2020 of £0.2 million (includes both core and non-core expenditure)

- The current position has come into line with the financial plan trajectory which forecast a £0.2 million over spend against Core Revenue Resource Limit by the end of February 2020. Although we continue to see improved cost control, there are continuing areas of cost pressures as seen throughout the year. There are no significant movements to highlight in month. The efficiency savings programme continues to deliver the remainder of savings later in the financial year - this has been reflected in the updated full year forecast, with the key risks and assumptions described in this section of the report. We will continue to closely monitored this ahead of the financial year end.
- The January 2020 total deficit of £0.2 million to date, consists of:
 - Income – under target to date by £0.1 million
 - Core Expenditure – over spend to date of £0.1 million
 - Efficiency savings target for the financial year 2019/20 is £12.7 million. Currently, the Service has realised £11.2 million of savings to month 11 of this financial year, which reflects a gap of £0.8 million against the planned trajectory and updated forecast. With another in-month improvement, the pace of savings delivery has increased in the recent months, with these continued improvements anticipated as plans are fully implemented. In addition, an accelerated process has been put in place with the Best Value operational group, who meet monthly, with weekly calls also now in place to discuss progress and weekly updates provided to the Executive Team.
 - It is anticipated that the Board will achieve the target agreed with the Scottish Government Health and Social Care directorate and the delivery of our financial plan.

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Key actions agreed in this period

1. Delivery of our Efficiency Savings Target

As mentioned above, as identified in the financial plan there continues to be a small shortfall in the efficiency savings plans although this is reflecting an improving position. Significant focus continues in identifying and implementing savings plans to achieve our £12.7 million full year savings target and this is reflected in our updated financial forecast. In addition, a number of the efficiency schemes identified to date are noted as non-recurring and this is also being closely monitored and has been reflected in our financial plan and budget for 2020/21.

ACTION: Financial recovery review meetings are ongoing to review current progress, and aim to identify further efficiency and cost control opportunities including continued tracking of existing savings. This continues to be delivered through the support of the Best Value Programme and local savings schemes.

Best value programme plans have been further identified and a detailed project plan and leads put in place including focused work on our prioritised schemes. There is also a clear escalation process through the programme governance process.

Increased cost control continues to be a strong focus across the Service and is contributing to the overall financial position with a review of the current delegated limits underway and a plan is in place that, if required, will be escalated.

2. Scottish Government three-year Agenda for Change pay policy and funding

Year two of the three year pay deal has been implemented and has, as planned, added 2.7% to our pay bill, approximately £5.7 million.

ACTION: the financial plan had assumed this pressure would be fully funded by Scottish Government, and we have now received the £5.7 million funding in full.

3. Scottish Government Superannuation

The Department of Health and Social Care confirmed that the employer contribution was to increase from 14.9% to 20.9% from 1 April 2019. This increase has been incorporated into the staffing budget. The additional cost to the Service has been estimated at £9.3 million, reduced from the original forecast of £10.1 million.

ACTION: £8.7 million funding has been confirmed to date with further analysis being undertaken locally to assess the actual increase in costs including vacancies and turnover. The full year funding shortfall is estimated at £0.6 million and is assumed to be managed locally with no additional funding likely. This has now been assumed within our month 11 forecast.

4. Annual Operational Plan meeting with Scottish Government

The updated forecast position including risks and actions will be the focus of continued review by Scottish Government and a meeting took place in early December, this is in addition to our regular financial performance reporting.

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The funding assumptions included within our Board and Scottish Government approved financial plan have been assumed within our full year forecast and discussed with the Scottish Government Finance team.

ACTION: Financial review meetings with Scottish Government remain positive and indications are that the Service's assumptions on anticipated allocations shall be met in line with our financial plan, our forecast and the Revenue Resource Limit will reflect that accordingly. The Service has also submitted its draft 3-year financial plan for 2020-2023. Discussions will continue over the next month to finalise this by March 2020.

5. Pay during Annual Leave

Following national agreement on 'Pay during Annual Leave' for voluntary overtime and excess hours, the Service actioned arrears payments in August to staff, as per the nationally agreed and negotiated position. A nationally agreed and negotiated in partnership calculation was applied and the total payments were higher than our financial plan anticipated. This was due to:

- our calculation was based on actual rates over the period since August 2017 however the nationally agreed formula was based on rates as at March 2019
- our calculation was based upon actual annual leave days whereas the national formula assumed the average of 30 days applies to all staff regardless of when they started
- an assumption regarding our offset of extended duty payments already made

ACTION: At this stage in the year the Service continues to assume, as per our financial plan, that the cost pressure in 2019/20 would be fully funded, this is being closely monitored as we progress towards year end and regular discussions continue with Scottish Government.

New Financial Risk considerations noted in the period

The Service has incurred unexpected costs associated with the world wide outbreak of Coronavirus (COVID-19). These costs are being closely monitored and at the end of February amounted to a small increase in costs associated with enhanced PPE for staff protection, medical consumables and cleaning supplies, it is anticipated that these costs will rise sharply through March and the early part of financial year 2020/21. However indications are that these costs will be supported through additional funding allocations from the Scottish Government. An internal monitoring process has been put in place to record these additional costs.

Finance position as at February 2020

Introduction

This section of the paper provides details of the financial results for the period ending February 2020. In line with most Boards, the reliance on non-recurring savings continues to be a feature in this financial year. This delivery of the financial plan remains a major focus of the regular management accounts team meetings with Service budget holders, as well as more detailed tracking of efficiency savings and a review of Service internal cost control processes and delegated limits.

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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.

SUMMARY OF YEAR TO DATE POSITION

Table 1 reports that the revenue position for the financial year to the end of February 2020 is a deficit of £0.2 million, made up of the following:

- Income – under budget by £0.1 million
- Expenditure Pay – under budget by £1.2 million
- Expenditure Supplies – over budget by £0.5 million
- Savings – behind target by £0.8 million
- Expenditure Non-core – break even

Table 1 – Scottish Ambulance Service high level overview

**SCOTTISH AMBULANCE SERVICE BOARD
REVENUE RESOURCE ANALYSIS
PERIOD TO 29 FEBRUARY 2020**

	Full Year Budget £'000	Year to Date			Current Month		
		Budget £'000	Actual £'000	Variance £'000	Budget £'000	Actual £'000	Variance £'000
Income							
Revenue Allocation	295,650	253,062	253,062		24,287	24,287	
Health Board	5,536	5,150	5,202	52	423	470	47
Other Healthcare	852	782	698	(84)	69	65	(4)
Fleet	206	189	127	(62)	17	15	(2)
Staff Car Deductions	315	289	227	(62)	28	21	(7)
Other Operating	1,912	1,844	1,875	31	168	67	(101)
Total Income	304,471	261,316	261,191	(125)	24,992	24,925	(67)
Expenditure							
Accident & Emergency	199,628	182,722	179,841	2,881	17,226	16,324	902
Non Emergency Service	24,334	22,311	22,310	1	2,003	2,043	(40)
Air Ambulance	15,447	14,210	14,149	61	1,599	1,284	315
Overheads	50,462	42,073	45,091	(3,018)	4,164	4,750	(586)
Total Expenditure	289,871	261,316	261,391	(75)	24,992	24,401	591
Core Expenditure Variance				(200)			524
Non Core Expenditure							
Depreciation (DEL)	14,000	12,612	12,612	0	1,162	1,162	0
Depreciation (Donated)	100	82	82	0	8	8	0
Ame Other Provisions	(300)						
AME Impairments	800						
Total Non Core Expenditure	14,600	12,694	12,694	0	1,170	1,170	0
Surplus / Deficit				(200)			524

Table 2 – Income and Expenditure

Table 2 provides the year to date position between service and support directorates

SCOTTISH AMBULANCE SERVICE BOARD

INCOME AND EXPENDITURE SUMMARY

PERIOD TO 29 FEBRUARY 2020

		Cumulative to Date				Current Period			
		Budget £'000	Actual £'000	Variance £'000	Variance %	Budget £'000	Actual £'000	Variance £'000	Variance %
Service Delivery Directorate	Income	(6,399)	(6,405)	6	0%	(535)	(518)	(17)	-3%
	Salaries	189,432	188,505	927	0%	16,965	17,282	(317)	-2%
	Supplies	35,603	36,494	(891)	-3%	3,758	3,394	364	10%
	Sav Target	(1,080)		(1,080)		(98)		(98)	
	Sav Realised	3,777		3,777		1,213		1,213	
				2,739				1,145	
Support Services Directorates	Income	(1,855)	(1,724)	(131)	-7%	(170)	(120)	(50)	-29%
	Salaries	19,966	19,622	344	2%	2,108	2,051	57	3%
	Supplies	29,833	29,465	368	1%	2,553	2,844	(291)	-11%
	Sav Target	(10,920)		(10,920)		(902)		(902)	
	Sav Realised	7,400		7,400		565		565	
				(2,939)				(621)	
SCOTTISH AMBULANCE SERVICE	Income	(8,254)	(8,129)	(125)	-2%	(705)	(638)	(67)	-10%
	Salaries	209,398	208,127	1,271	1%	19,073	19,333	(260)	-1%
	Supplies	65,436	65,959	(523)	-1%	6,311	6,238	73	1%
	Sav Target	(12,000)	0	(12,000)		(1,000)	0	(1,000)	
	Sav Realised	11,177	0	11,177		1,778	0	1,778	
				(200)				524	

Table 3 – Service Delivery

Service delivery is £2.7 million favourable against budget at 29 February 2020. Savings of £3.78 million have been realised against directorates' targets of £1.1 million to date, giving a net savings surplus of £2.7 million at month 11.

Pay costs are £0.9 million under spent over all service areas, with vacancies mainly within the West, East and National Operations Directorate as we continue to recruit to our Control Centre expansion and Enhanced Specialist Operations teams - budgets from our strategy development from DFLM, Specialist and Advanced Paramedic initiatives have now been allocated.

Non pay costs are reporting a £0.9 million over budget to date with the largest over spend areas being Air Ambulance costs (£0.12 million) and Property Running costs (£0.34 million). The pressure on Air Ambulance costs is due to a combination of increases in both price and usage. Flying Hours have increased for both Fixed Wing and Rotary aircrafts while costs have also risen for airport standby and landing charges, fuel prices due to inflation and exchange

rates pressures. Property Running Costs and other lines that are being monitored closely are discussed later in this paper.

Table 3

SCOTTISH AMBULANCE SERVICE BOARD
INCOME AND EXPENDITURE - SERVICE DELIVERY
PERIOD TO 29 FEBRUARY 2020

		Cumulative to Date				Current Period			
		Budget £'000	Actual £'000	Variance £'000	Variance %	Budget £'000	Actual £'000	Variance £'000	Variance %
NORTH REGION	Income	(969)	(975)	6	1%	(83)	(83)	0	0%
	Salaries	32,086	31,853	233	-1%	2,882	2,924	(42)	1%
	Supplies	3,481	3,709	(228)	7%	382	340	42	-11%
	Sav Target	(175)		(175)		(16)		(16)	
	Sav Realised	438		438		259		259	
				274				243	
EAST REGION	Income	(1,284)	(1,379)	95	7%	(71)	(131)	60	85%
	Salaries	51,339	51,232	107	0%	4,391	4,682	(291)	7%
	Supplies	5,521	5,876	(355)	6%	501	543	(42)	8%
	Sav Target	(275)		(275)		(25)		(25)	
	Sav Realised	952		952		432		432	
				524				134	
WEST REGION	Income	(3,405)	(3,310)	(95)	-3%	(290)	(241)	(49)	-17%
	Salaries	70,993	70,701	292	0%	6,394	6,473	(79)	1%
	Supplies	7,372	7,725	(353)	5%	697	709	(12)	2%
	Sav Target	(384)		(384)		(35)		(35)	
	Sav Realised	2,311		2,311		522		522	
				1,771				347	
NATIONAL OPS	Income	(741)	(741)	0	0%	(90)	(62)	(28)	-31%
	Salaries	35,014	34,718	296	-1%	3,297	3,202	95	-3%
	Supplies	19,229	19,184	45	0%	2,178	1,802	376	-17%
	Sav Target	(246)		(246)		(22)		(22)	
	Sav Realised	75		75		0		0	
				170				421	
TOTAL SERVICE DELIVERY	Income	(6,399)	(6,405)	6	0%	(534)	(517)	(17)	-3%
	Salaries	189,432	188,504	928	0%	16,964	17,281	(317)	2%
	Supplies	35,603	36,494	(891)	3%	3,758	3,394	364	-10%
	Sav Target	(1,080)	0	(1,080)		(98)	0	(98)	
	Sav Realised	3,776	0	3,776		1,213	0	1,213	
				2,739				1,145	

Table 4 – Support Services Directorates

Support services are being reported as £2.9 million over budget. The Finance & Logistics savings target includes the Best Value Programme target of £7.8 million and the service-wide cost control target of £2.0 million. Aside of this, support services have confirmed forecast savings of £0.8 million against their savings target of £0.6 million.

SCOTTISH AMBULANCE SERVICE BOARD
INCOME AND EXPENDITURE BY DIRECTORATE
PERIOD TO 29 FEBRUARY 2020

		Cumulative to Date				Current Period			
		Budget £'000	Actual £'000	Variance £'000	Variance %	Budget £'000	Actual £'000	Variance £'000	Variance %
BOARD AND CHIEF EXECUTIVE	Income	(33)	(38)	5	15%	(1)	(1)	0	0%
	Salaries	1,752	1,707	45	-3%	153	146	7	-5%
	Supplies	166	145	21	-13%	13	10	3	-23%
	Sav Target	(26)		(26)		(2)		(2)	
	Sav Realised	22		22		0		0	
				67	8				
FINANCE AND LOGISTICS	Income	(1,654)	(1,579)	(75)	-5%	(147)	(103)	(44)	-30%
	Salaries	9,119	8,908	211	-2%	1,055	1,015	40	-4%
	Supplies	26,651	26,333	318	-1%	2,256	2,499	(243)	11%
	Sav Target	(10,736)		(10,736)		(885)		(885)	
	Sav Realised	7,101		7,101		565		565	
				(3,181)	(567)				
HUMAN RESOURCES	Income	(41)	(40)	(1)	-2%	(4)	(4)	0	0%
	Salaries	1,891	1,880	11	-1%	178	182	(4)	2%
	Supplies	784	798	(14)	2%	70	74	(4)	6%
	Sav Target	(42)		(42)		(4)		(4)	
	Sav Realised	30		30				0	
				(16)	(12)				
MEDICAL	Income	(17)	(12)	(5)	-29%	(2)	(1)	(1)	-50%
	Salaries	1,784	1,803	(19)	1%	210	193	17	-8%
	Supplies	326	445	(119)	37%	39	70	(31)	79%
	Sav Target	(23)		(23)		(2)		(2)	
	Sav Realised	220		220		0		0	
				54	(17)				
CARE QUALITY AND STRATEGIC DEVELOPMENT	Income	(109)	(54)	(55)	-50%	(16)	(11)	(5)	-31%
	Salaries	5,421	5,324	97	-2%	511	515	(4)	1%
	Supplies	1,907	1,745	162	-8%	176	191	(15)	9%
	Sav Target	(94)		(94)		(9)		(9)	
	Sav Realised	27		27				0	
				137	(33)				
TOTAL SUPPORT SERVICES	Income	(1,854)	(1,723)	(131)	-7%	(170)	(120)	(50)	-29%
	Salaries	19,967	19,622	345	-2%	2,107	2,051	56	-3%
	Supplies	29,834	29,466	368	-1%	2,554	2,844	(290)	11%
	Sav Target	(10,921)	0	(10,921)		(902)	0	(902)	
	Sav Realised	7,400	0	7,400		565	0	565	
				(2,939)	(621)				

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 29 FEBRUARY 2020

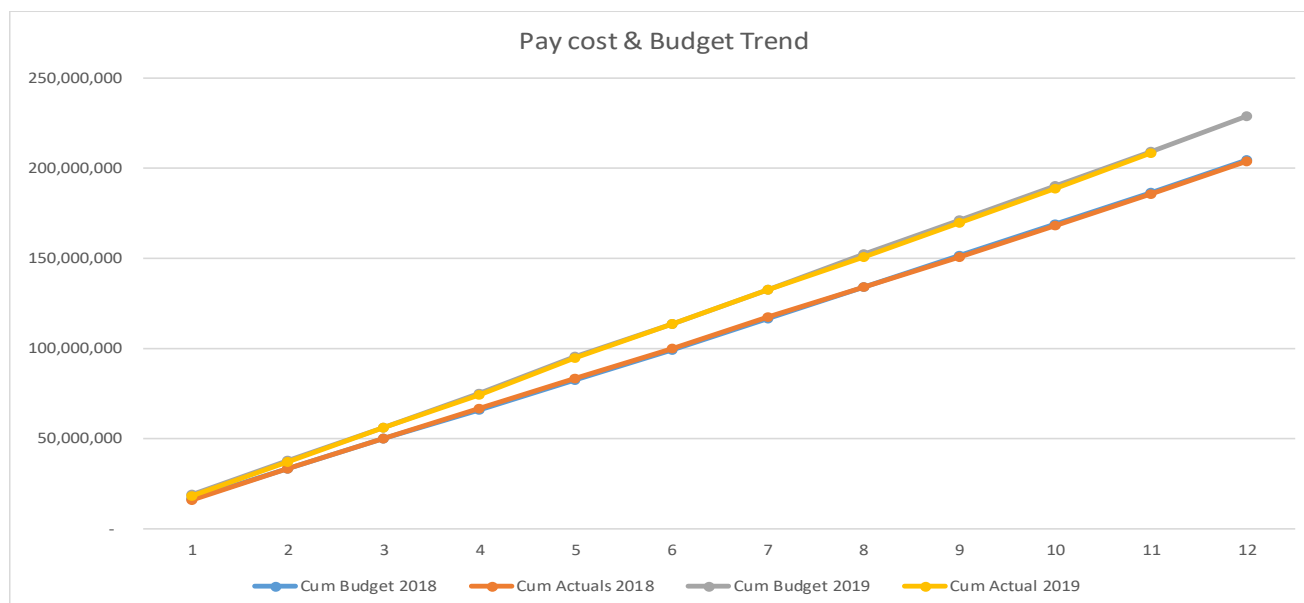
	Full Year Budget £'000	Year to Date		
		Budget £'000	Actual £'000	Variance £'000
Income				
Revenue Allocation	295,676			
Baseline Allocations	275,495			
Recurring Allocations	420			
Non-Recurring Allocations	19,761			
Fleet Income	206	189	127	(62)
Health Board	5,536	5,150	5,202	52
Other Healthcare	853	782	698	(84)
Other Operating	1,912	1,844	1,875	31
Staff Car Deductions	315	289	227	(62)
Total Income	304,498	8,254	8,129	(125)

Total income (including funding) to date is £0.13 million behind target. This reflects an adverse movement from last month, however this position is expected to recover before the financial year-end.

The original financial plan assumed revenue funding allocations of £286 million. Adjustments are made on a monthly basis to the budget to include any additional allocations as they are notified to the Boards from Scottish Government and other NHS Boards. There are no significant issues to identify.

Detailed Expenditure Analysis

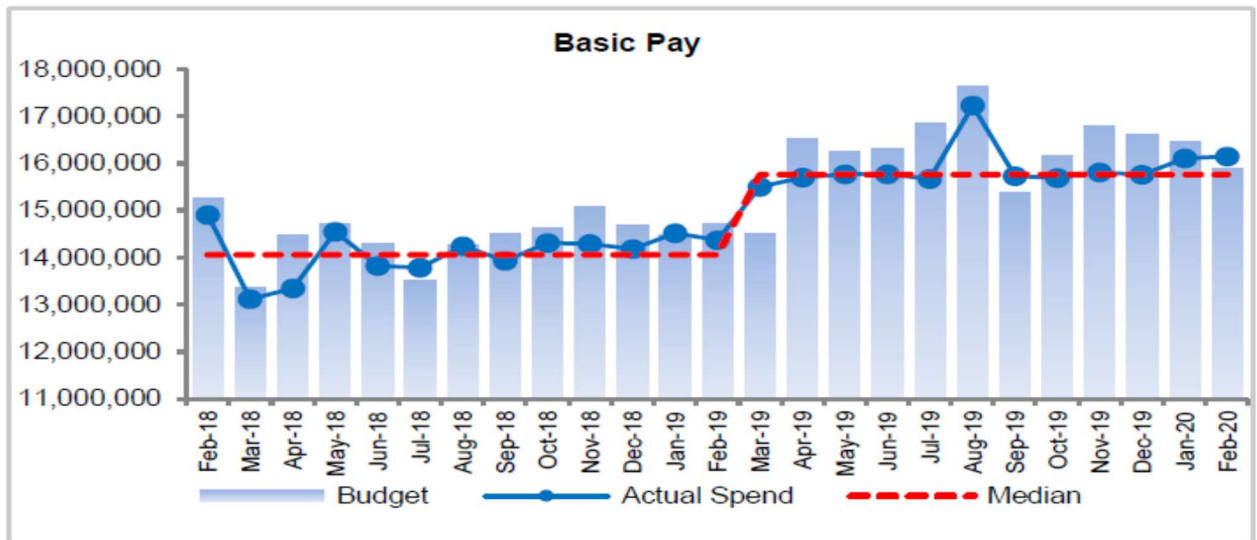
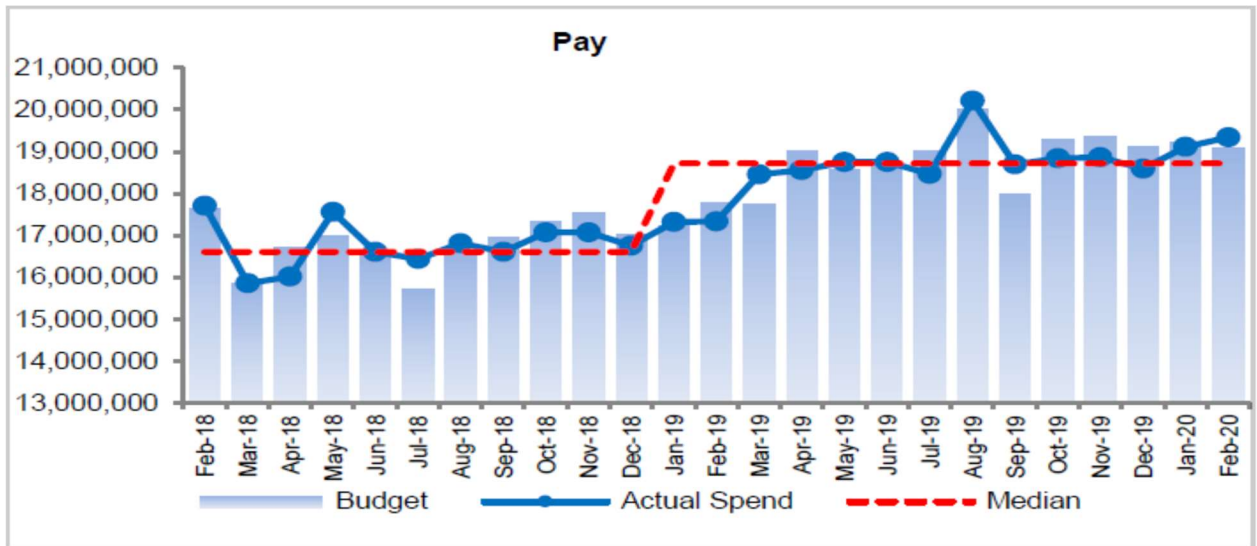
Pay



The pay graph above reflects both year to date budget and year to date actual spend for financial year 2018/19 and 2019/20. As can be seen, the trend clearly shows 2019 costs as expected exceeding 2018 values, due to increased WTE as a result of our developments, Agenda for Change pay award, incremental drift and the superannuation increase applied from April 2019.

Table 6 below provides the detail on the uplift in average WTE from this time last year.

The charts below have a trend analysis from April 2017. Also included are trends for WTE and Basic Pay – where the effects of the pay awards and re-grading of Paramedics from Band 5 to Band 6 take effect.



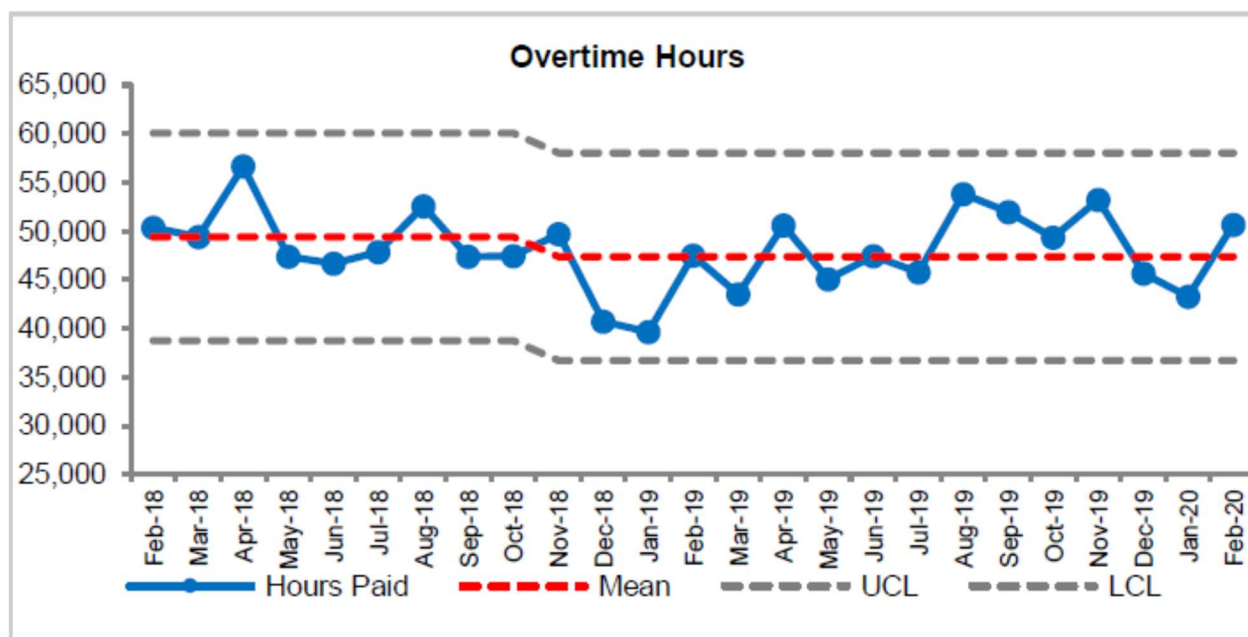
This confirms pay costs as one of our key pressure areas.

Table 6

SCOTTISH AMBULANCE SERVICE BOARD
STAFF AND OVERTIME SUMMARY
PERIOD TO 29 FEBRUARY 2020

		East Region	North Region	West Region	National Ops	Service Delivery
Current Year	Average WTE	1,215	694	1,659	753	4,321
	Overtime Hours	137,842	106,251	221,551	62,681	528,325
	Overtime Cost (£'000)	3,189	2,381	4,876	1,329	11,775
Prior Year	Average WTE	1,212	684	1,684	712	4,292
	Overtime Hours	135,743	104,465	214,248	61,963	516,419
	Overtime Cost (£'000)	2,956	2,316	4,675	977	10,924
Variance	Average WTE	3	10	(25)	41	29
	Overtime Hours	2,099	1,786	7,303	718	11,906
	Overtime Cost (£'000)	233	65	201	352	851

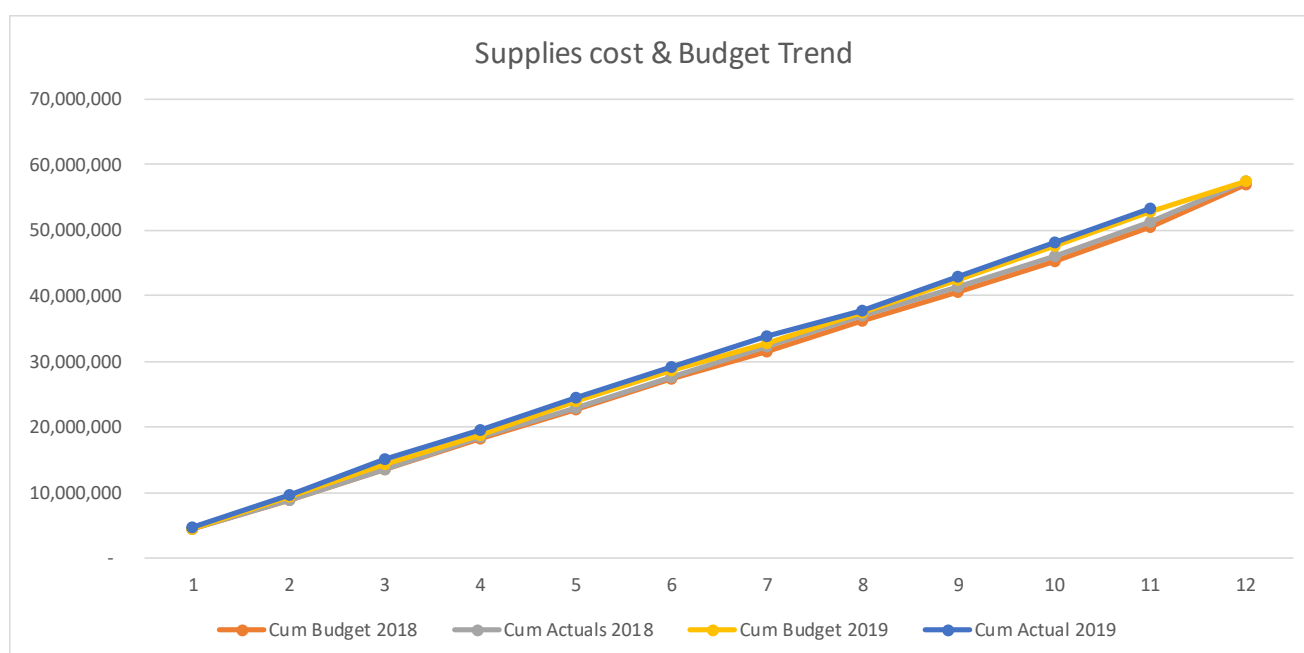
The above table illustrates that the average WTE has increased by 29 WTE from the same period last year, as further Paramedics continue to be recruited and trained.



The trend in overtime hours for the last financial year is demonstrated in the graph above. Significant work has been taking place over the last year to put additional controls and scrutiny in the management of overtime and this has seen an improving position as part of the recovery actions by operational managers.

The sharp increase in overtime hours paid in August primarily relates to the timing of training (mandatory training and also the beginning of our Paramedic education programme) during a holiday period. As part of our continuous improvement plans the Head of Education and Professional Development will look to redesign and carefully plan mandatory training requirements to ensure that this is delivered in line with operational requirements and minimise the impact on shift cover and additional overtime costs especially over likely annual leave periods. The drop in overtime hours into December is on trend as per the last two years and is in part due to cohorts of trainee Ambulance Technicians completing their initial training.

Non-pay



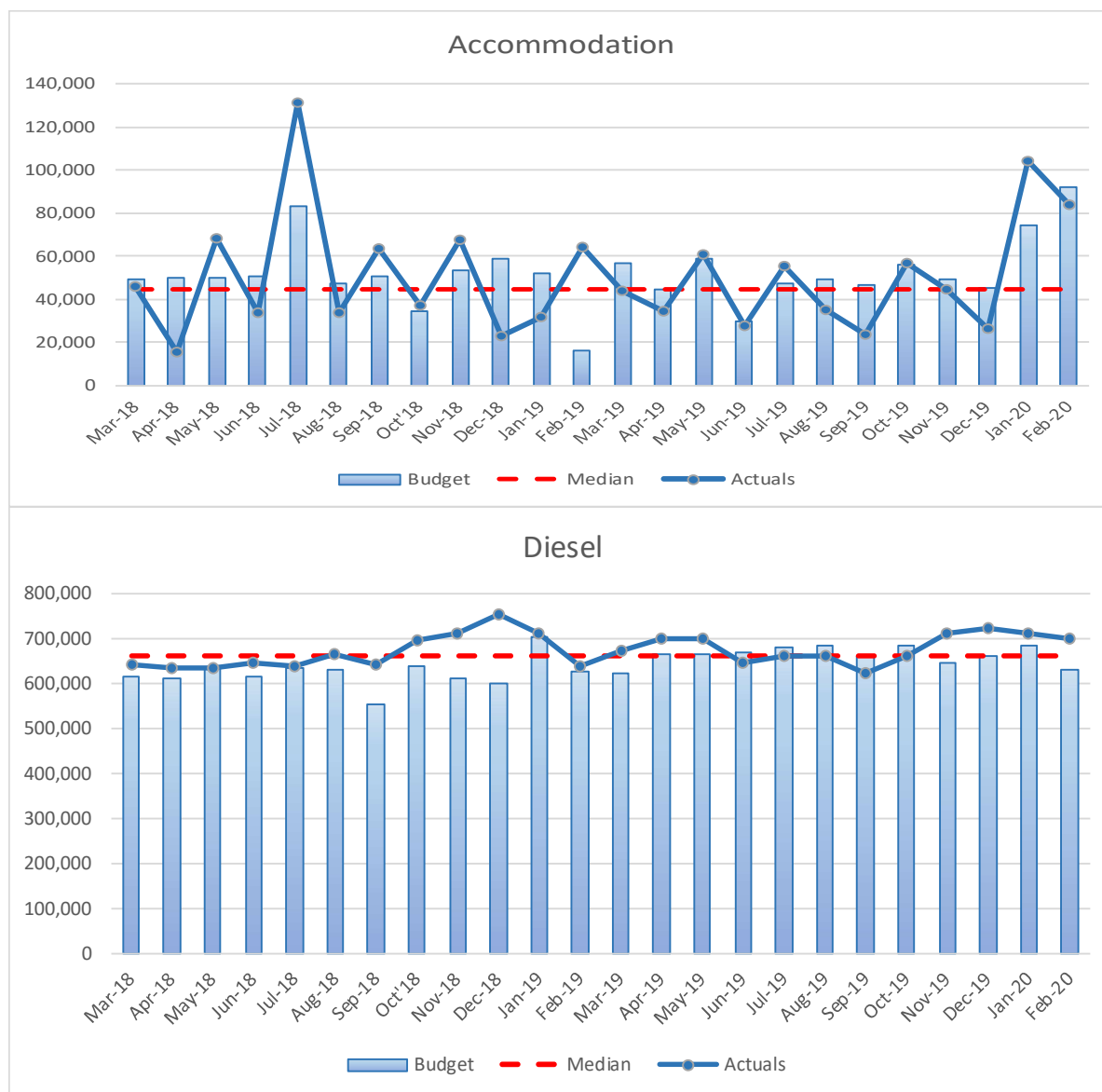
The non-pay graph above reflects year to date budget and year to date actual spend for both 2018/19 and 2019/20. While there continues to be a cost pressure this shows there is no significant increase from 2018/19 which demonstrates the continued improved cost control processes.

The non-pay position to date shows a (£0.5) million over spend with a number of specific cost pressures remaining:

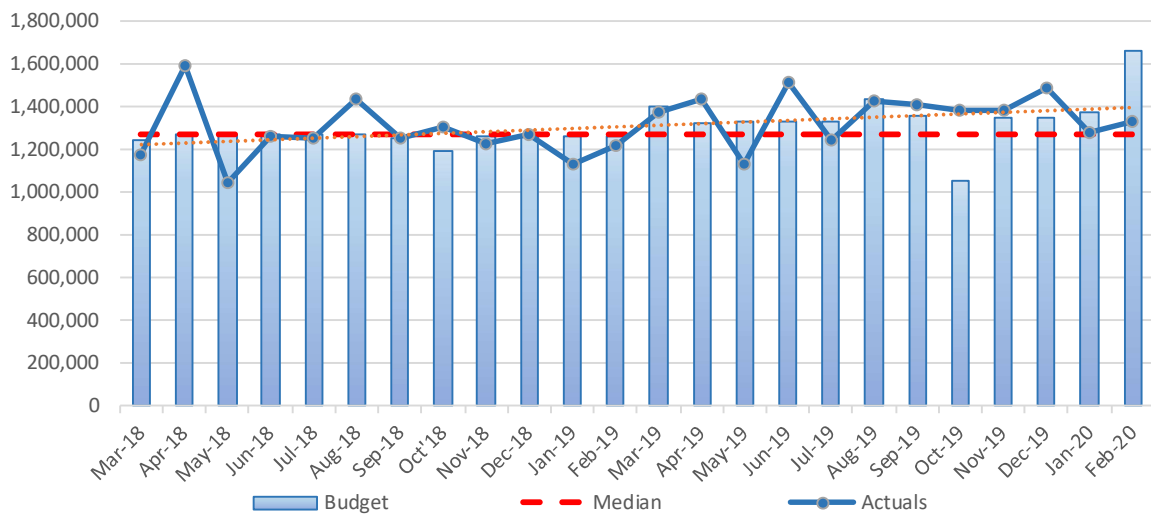
- Air Ambulance costs (£0.1) million over budget – There has been a 10% uplift in the hourly flying charge for the fixed wing aircraft due to inflationary and exchange rate pressures. Although total flying hours are 1% higher than the same period last year, the number of missions in this period has decreased slightly by 1%, resulting in an increase in the average length of flights. The last couple of months of 2019 saw a flurry of MCA activity which has not continued into the beginning of 2020.
- Travel & Subsistence (£0.15) million over budget – and was over budget last year however expenditure to date this year is 1.5% lower than the same period last year. This area is a key focus for the Best Value programme with the review of hotel bookings demonstrating a slight decrease in costs as anticipated (this is reflected in the graph below). It is also recognised there are additional staff and training taking place and without the additional controls this could have been a more significant cost impact. A review of the travel policy is currently underway. A communication on meal breaks subsistence, which had been identified as a significant cost increase, had been issued to staff to ensure this is being applied in line with agenda for change terms and conditions. November saw the first savings of £27,000 being made against this Best Value initiative and further savings will be confirmed before the end of the year.
- Property running (£0.3) million – main items are heat, light and power (£71,000) where costs have increased more than 10% for both gas and electricity due to tariff rates, and cleaning costs (£100,000) over budget primarily in West Region for contract cleaning/refuse disposal costs.
- Accommodation spend was high again in February due to training programmes for our Specialist Operations teams however this was planned and funded through the Enhancing Specialist Response and Capabilities Programme.

On a positive note, vehicle maintenance costs continue to remain under budget with no uplift from last year's reported figure, due to the fleet replacement strategy and strong management control and stability of costs is evident across other cost headings.

A number of the items detailed above are presented in graphical form below illustrating the expenditure trends over the last two years (rolling).



Air Ambulance



Travel & Subsistence

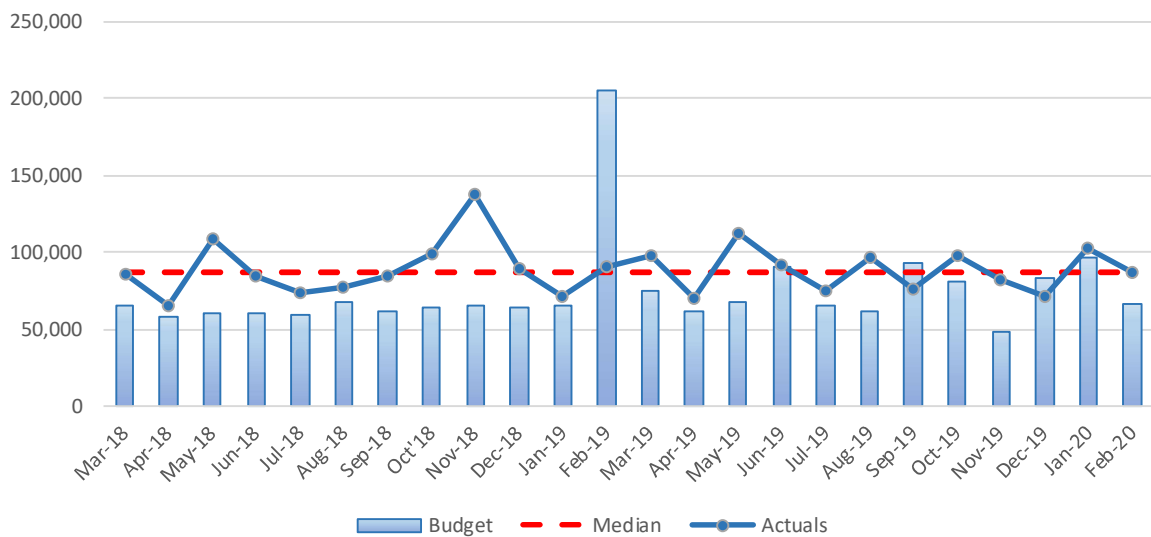


Table 7 – Strategy Investment

The Scottish Government has invested an additional £6.6 million in 2019/2020 to support the delivery of “Towards 2020: Taking Care to the Patient” bringing the total investment to date to £24.6 million.

This allows the Service to continue enhancements within Ambulance Control Centres, and to take forward Paramedic recruitment, development of advanced practice and the implementation of enhanced Developing Frontline Leaders and Managers (DFLM) time.

The table below provides a breakdown of the full investment along with the expenditure committed at this point.

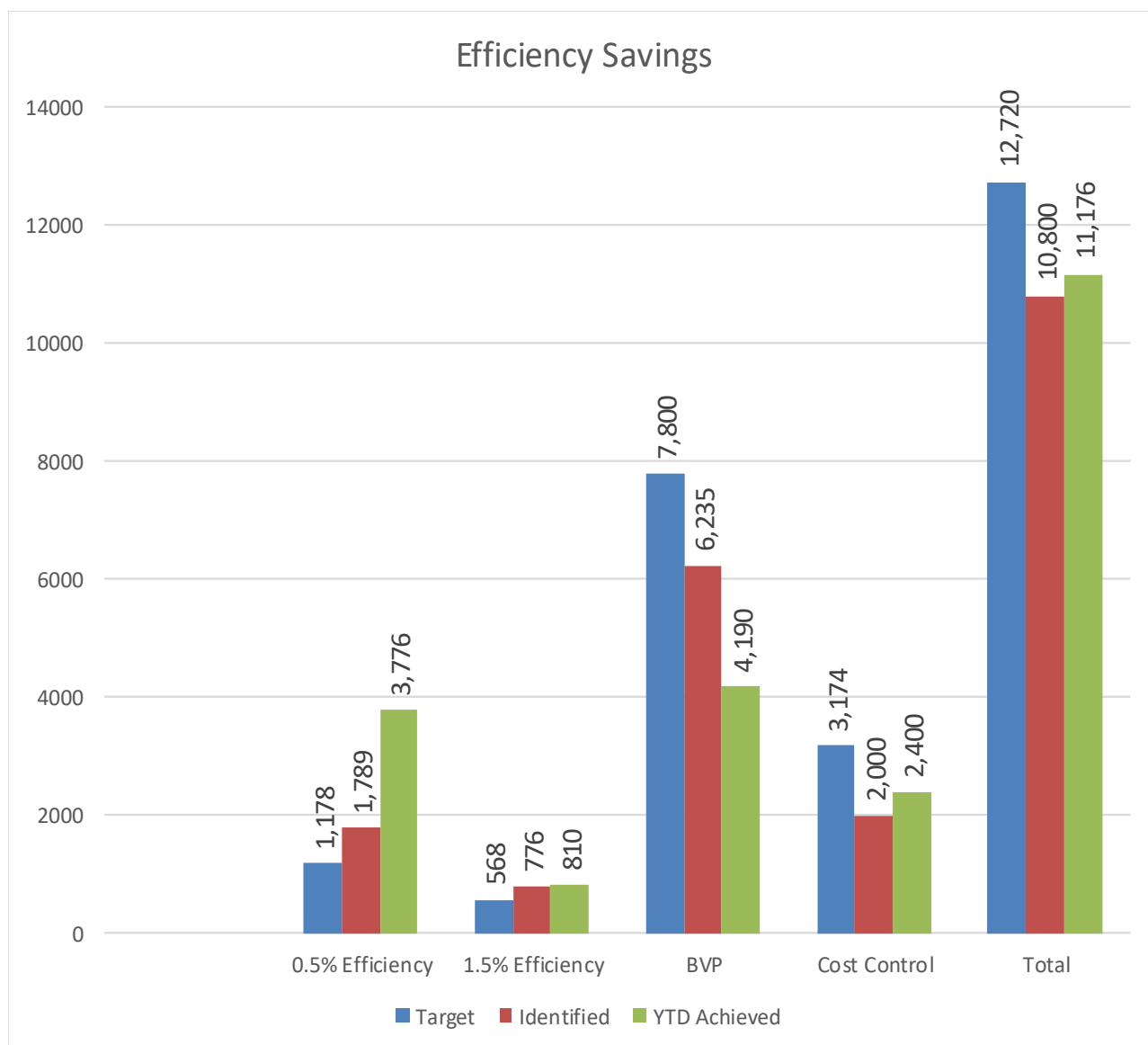
SCOTTISH AMBULANCE SERVICE BOARD
STRATEGY INVESTMENT REPORT
PERIOD TO 29 FEBRUARY 2020

	Previous Investment £'000	2019/20 Investment £'000	Total Investment £'000	Released to Date £'000
Divisions Low Acuity	833		833	833
ACC Low Acuity	255		255	255
ACC Urgent Tier desk	120		120	120
ACC Additional Call takers	330		330	330
Ambulance Control Centres	2,840	2,512	5,352	3,624
Out of Hospital Cardiac Arrest	210	190	400	241
DFLM	650	1,250	1,900	1,084
Training - additional training staff	600		600	600
Training - additional non pay costs	312		312	312
Specialist Paramedics B6	6,908	2,798	9,706	6,034
Implementation Support	392		392	392
Workforce Development	4,400		4,400	4,400
Telehealth	150	(150)		
Total Strategy Investment	18,000	6,600	24,600	18,225

The financial plan has assumed slippage of £4.0 million against the strategy and other planned investment continues into month 11 activity. Forecast slippage is in the region of £4.8m.

Efficiency Savings

Savings of £11.2 million were delivered against the 11-month savings target of £12.0 million and against full year identified plans of £10.8 million as identified within our revised full year forecast. This detail is plotted in the graph below, split into the various savings streams.



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

- Directorate Savings Target**

Each Directorate has been allocated 0.5% Service target or 1.5% Support efficiency targets to recognise the requirement to continually review our costs and ensure reinvestment in our services to meet ongoing cost pressures. With 80 proposals valued at £1.2 million submitted initially, of which 30 have savings identified to date of £4.6 million, further schemes have since been identified and it is forecast that directorate savings achieved will exceed targets including some non-recurring efficiencies.

Best Value Programme

The Service launched the Best Value Programme in May 2018 to agree a new 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 will also be 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 £7.8 million savings target for this year is driven from 49 projects/work streams identified and agreed. To date, £4.2 million of savings have been recognised, which includes savings from abstractions, sickness absence, shift over-runs, fuel initiatives and insurance recovery and meal break subsistence.

The management accounts team review the projects regularly with the BV team, and will continue to liaise with operational directors to ensure targets can be met over the course of the year, as it is recognised that some of these work streams fall into a medium and high level of delivery risk categories and a longer term impact. The updated forecast identified a list of high priority programmes that required to deliver £2.3 million savings between now and the year end, and to date, £1.2 million of this has been delivered. Significant work and focus continues on these areas and updates are provided weekly to the Executive team.

Unidentified Initiatives

The financial plan identified £1.3 million of unidentified savings. The forecast has since been reduced to a £1 million gap, and work continues to review expenditure and best practice to assess if further projects can be identified. As we move into the month, work will continue in reviewing orders, finalising our capital position and continuing to ensure strong financial controls are in place.

Forecast

The financial forecast position to break even remains tight. The level of engagement with budget holders continues to be very positive, with a continuation of lots of ideas to deliver services more efficiently and realising better value, however, the key focus now is on implementation during the final months of this financial year and a focus on next year's plans. Each region is working to action plans to deliver against their identified plans. Given the tight position, the financial forecast is now being reported as part of our monthly financial position.

We continue to operate our internal escalation plan as we move towards year end, this includes monthly financial recovery meetings with key budget holders.

In addition, more regular meetings have been set up with our Scottish Government colleagues to keep them up to date with the position, this is in addition to our regular financial performance reporting.

The table below shows the profile of our revenue outturn and delivery of efficiency savings in comparison to trajectory. Overall, the revenue position is stabilising and although savings are behind target, they are improving in month.

Month	Actual	Trajectory	Variance	Actual	Trajectory	Variance
	Revenue Outturn			Efficiency Savings		
September	£(1.7)m	£(1.5)m	£(0.2)m	£4.0m	£5.0m	£(1.0)m
October	£(1.9)m	£(1.4)m	£(0.5)m	£5.1m	£6.5m	£(1.4)m
November	£(1.5)m	£(1.0)m	£(0.5)m	£6.2m	£8.0m	£(1.8)m
December	£(1.2)m	£(0.6)m	£(0.6)m	£7.7m	£9.5m	£(1.8)m
January	£(0.7)m	£(0.4)m	£(0.3)m	£9.4m	£11.0m	£(1.6)m
February	£(0.2)m	£(0.2)m	-	£11.2m	£12.0m	£(0.8)m

Forecast Position

The forecast position remains on track to break even, although this will continue to require significant focus. We are doing this through very detailed monitoring and evaluation on a weekly basis and working to key trigger points to focus attention within specific higher spend areas.

This assumption is based upon the specific income assumptions:

- Recovery of pay as if at work for annual leave overpayments £0.55 million
- ICCS funding secured of £1.4 million
- Funding for Electric Vehicle leases and income from the sale of old Defibrillators £0.2 million
- Funding assumptions as per the approved financial plan

The summary position remains in line with the previous month.

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Efficiency Savings:

The forecast continues to work to a breakeven position

Description	Financial Plan	Forecast at month 7	Forecast at month 8	Forecast at month 9	Forecast at month 10	Forecast at month 11
Cost Pressures	£21.75m	£22.67m	£23.1m	£23.1m	£22.7m	£22.3m
Income Assumptions	£9.2m	£9.9m	£10.4m	£10.2m	£10.0m	£9.6m
Efficiency plans						
Committed plans		£5.4m	£5.4m	£5.4m	£5.4m	£5.4m
Cost control		£2m	£2m	£2m	£2m	£2m
Further plans		£4.3m	£4.3m	£4.3m	£4.3m	£4.3m
Total		£11.7m	£11.7m	£11.7m	£11.7m	£11.7m
Further efficiencies/cost control under review		£1.0m	£1.0m	£1.0m	£1.0m	£1.0m
Total	£12.7m	£12.7m	£12.7m	£12.7m	£12.7m	£12.7m

It is also important to highlight that up until this date it has been assumed that the £900,000 Service share of £15 million contribution towards the National Health Boards Savings would be removed from our financial target by Scottish Government Health Directorate, however the allocation has been revised and the revised contribution for the Service is £400,000 for financial year 2019/20. However, we are investigating if this can be funded on a non-recurring basis from capital plan slippage in year. The 2020/21 financial plan is being updated to reflect this potential recurring change.

YTD CAPITAL POSITION AS AT MONTH 11 (29 FEBRUARY 2020)

2019/20 Capital Budget

The Service's Capital budget is made up of 2 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 Scottish Government's 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 2019/20 the following earmarked allocations have been received:
 - Defibrillator Replacement Programme £10.6 million
 - Fleet Replacement Programme £12.734 million
 - Scotstar £250,000
 - ICCS Replacement £1.2 million
 - Scottish Trauma Network £138,000
 - ECMO Vehicle £141,000

During January 2020 a Capital to Revenue Budget Transfer of £524,000 was approved and actioned by Scottish Government. This has reduced the Capital Budget by this amount. The transfer is predominately to cover the costs of the refurbishment of Cumnock Ambulance Station which no longer meets the requirements to be classed as a capital project. In addition, the transfer will also cover costs associated with a change notice associated with the Air Ambulance Contract.

To date, the Core Allocation of £1.794 million and all other allocations due for 2019/20 have been received.

ALLOCATION

Received

Core Allocation	1,794,000
ICCS Replacement	1,240,000
ICCS Capital Transfer to Department of Health	(357,000)
Scotstar	250,000
Defibrillator Replacement	10,609,000
Fleet Replacement	12,734,000
Scottish Trauma Network (Amount to be confirmed)	138,500
ECMO Vehicle	141,000
Less – Capital to Revenue Transfer	(524,000)

Total Capital Allocation

26,025,500

YTD Capital Position

The YTD Capital Position is shown in the table below. The expenditure to end of Month 11 is 55.2% of the total anticipated budget. Most of the expenditure relating to the Defibrillator Replacement, Fleet Replacement and ICCS Replacement projects will be incurred in Month 12.

Capital receipts of £194,000 have been received as result of vehicles being sold for a price higher than the NBV. These receipts can be used for additional capital expenditure above the allocated budget.

Although unallocated budget has been oversubscribed by £33,000, this will be absorbed by the capital receipts as detailed above.

SCOTTISH AMBULANCE SERVICE
CAPITAL REPORT 2019-20
As at Month 11 (29 February 2020)

PROJECT	Approved Budget £	YTD Actuals £	Notes
Formula Capital Projects			
eHealth and ICT	453,868	265,534	
Property	70,000	(5,792)	
Medical Equipment	149,540	42,536	
Vehicle Accidents		287,979	
Unallocated	(33,408)		Budget will be allocated to projects upon approval of BC
	640,000	590,256	
Earmarked Allocations			
Enhancing Capability	1,713,916	261,305	
Defib Replacement	11,059,000	7,654,578	Additional £450k from Formula Capital added to Earmarked allocation
ICCS Replacement	883,000	11,520	Budget to be confirmed
Scotstar	430,000	54	
Major Trauma	138,500	0	Budget to be confirmed
Vehicles	11,161,084	6,037,247	
	25,385,500	13,964,704	
Capital Receipts	0	(194,306)	Gain on sale of vehicles
TOTAL	26,025,500	14,360,654	

Approved and Anticipated Projects

The following table shows details of all projects that have had a mini business case approved and funding allocated from the Formula Capital Budget along with anticipated projects that are awaiting submission of a BC to the Capital Governance Group.

<u>Approved Projects for Formula Capital</u>	
	£
eHealth and ICT	
Video Conferencing	6,430
SASNet (Coin Replacement)	87,000
Back Up Telephony	55,000
NICE Call Recorder	172,000
Server Infrastructure	10,950
West Education Centre, Hamilton	0 Revenue Project
C3 Demand Management Module	16,742
Kirkwall Airwave Kit	26,750
LAN Equipment	15,330
C3 Auto Dispatch Module	63,666
Total- eHealth and IT	453,868
Special Projects	
Defib Replacement	450,000
Total - Special Projects	450,000
Property	
Cumnock	0 Revenue Project
Paisley DRC	70,000
Elgin	0 No longer Required
Total - Property	70,000
Operations	
Medical Equipment	127,780
Scotstar Neonatal Equipment	180,000
North Scotstar Equipment	21,760
Total - Equipment	329,540
Total Approved Projects	1,303,408
Capital to Revenue Transfer	(524,000)
Unallocated Budget	(33,408)
<u>Anticipated Projects</u>	
Vehicle Accidents	404,899
Total - Anticipated Projects	404,899
Revised Unallocated Budget	(438,307)

Capital Programme - Key Risks

Scotstar Neonatal Incubators

A Business Case has been approved to purchase 4 replacement neonatal incubators. All four will now be purchased in 2019/20. Orders were placed at the end of November 2019 but the lead time for delivery was indicated to be between 3 and 5 months. The supplier has confirmed delivery timescales and all four will be received before 31 March.

ICCS Replacement Project

Due to a delay in the overall project, the milestone payment of £500,000 for the new software will now be deferred to 2020/21. The 2 neonatal incubators which were due to be purchased in 2020/21 have therefore been brought forward to 2019/20 to absorb the underspend and the budget allocated in 2020/21 for the neonatal incubators will be used for the ICCS milestone payment.

All other projects are expected to be delivered on time and within budget.

CONCLUSION

The reported financial position of £0.2 million over budget after 11 months is in line with our financial plan trajectory Core RRL at the end of February 2020, with an improving position over the last few months. The key contributors to this have been described above with corrective actions noted. Progress will be monitored and updated each month.

As anticipated the most significant risk relates to the delivery of the efficiency plans. Given the ambitious savings programme it was always planned that the savings would be delivered later in the year however the £11.2 million savings achieved to date against the planned £12.0 million at this stage is lower than planned. Significant work as detailed in the paper continues in delivering and tracking the savings. Focus also continues on cost control, in particular as we head into the remaining months of the year.

A detailed year end forecast is discussed above with key areas of focus highlighted.

These areas will continue to be the focus of 1-1 meetings with the Director of Finance and key budget holders with weekly updates also provided to the Executive Team. In addition, internal escalation processes have been put in place with weekly calls with operational leads and monthly recovery meetings with key budget holders.