



NOT PROTECTIVELY MARKED

Public Board meeting		27 July 2022
		Item 08
THIS PAPER IS FOR DISCUSSION		
SUMMARY FINANCIAL PERFORMANCE TO 30 JUNE 2022		
Lead Director Author	Julie Carter, Director of Finance, Logistics and Strategy Maria McFeat, Deputy Director of Finance	
Action required	The Board is asked to discuss and note : <ul style="list-style-type: none">• The financial position to the end of June 2022• The efficiency savings position to the end of June 2022• The financial impact of COVID-19 expenditure and funding to the end of June 2022	
Key points	<ol style="list-style-type: none">1. The financial position shows a deficit of £4.0 million against a trajectory deficit of £1.4 million.2. Additional COVID-19 (including Vaccinations) expenditure of £3.5 million against a funding allocation of £2.1 million year to date has been incurred in this period. This shortfall in funding of £1.4 million year to date, is contributing to the current adverse finance position.3. In addition fuel costs are overspent by £960,000 which are also contributing to this adverse position4. Mobile Testing Units have incurred costs of £6.7 million to date. Delivery of this initiative has been extended to end of September 2022 with the full funding assumed to be provided from Scottish Government.5. Local efficiency savings of £0.853 million have been delivered against a target of £3.0 million for the period6. Best value schemes identified National Programme plans of £6.6 million programmes, which have been agreed and implementation has commenced. We would anticipate reporting against this target from month 4 onwards.	
Timing	During the financial year the Board will be provided with monthly updates on the financial position and from August 2022 the final year end forecast position will also be reported.	
Associated Corporate Risk Identification	Risk 5062 – Failure to achieve financial target	

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 2022/23.
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 2022 when the budget for 2022/23 was set.

SCOTTISH AMBULANCE SERVICE BOARD

FINANCIAL PERFORMANCE TO 30 JUNE 2022

JULIE CARTER, DIRECTOR OF FINANCE, LOGISTICS & STRATEGY

This paper sets out the financial position at 30 June 2022 for the Scottish Ambulance Service.

The group is asked to note:

- the financial position to the end of June 2022 for the financial year 2022/23
- a specific section on the key pressure areas of
 - COVID-19 financial impact and funding assumptions and
 - The additional high costs of fuel
- the key messages as highlighted including agreed actions

The financial position to June 2022, reporting a deficit position to date, consists of:

- Income – break even
- Core Expenditure – deficit of £4.046 million
- Efficiency savings target for the financial year is £17.35 million. To date £0.9 million of savings are being reported against a target of £3.0 million year to date.
- The financial impact of COVID-19 represents expenditure of £3.5 million against funding to date of £2.1 million. The total funding confirmed at this stage for the year is £8.6 million. The current forecast COVID-19 costs, based on this month 3 position is £14.2 million. A number of actions are in place to review and update this position however the likelihood of reducing these cost further is high risk given the current COVID-19 abstractions and pressures. This will be reported in the first quarter financial results to Scottish Government.
- Total fuel costs of £2.87 million against a budget of £1.91 million. Our financial plan assumed an increase in fuel cost however the current rate has far exceeded that and we are seeing a cost pressure of £0.96 million in the first 3 months of this year.

Key messages

- Deficit position as at 30 June 2022 (this includes both core and non-core expenditure), with income fairly stable. The financial plan trajectory assumed a deficit of £1.4 million at the end of June 2022 against the current position of £4.064 million. This is primarily driven by specific COVID-19 pressures and fuel costs of circa £2.5m and a shortfall in efficiency savings of circa £1.5 million.

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- The implications of reduced COVID-19 funding are still being modelled and considered by Scottish Government. The current pressures in the Service will be reported in the first quarter financial results and the Board's updated July 2022, three year financial plan.
- We continue to, at this early stage in the financial year, forecast a breakeven position by March 2023, however we have identified COVID-19 funding and rising fuel costs as new financial risks, in addition to the existing risk of unachieved efficiency plans. We have developed a range of mitigating actions and working with Scottish Government, will continue to monitor this closely over the next few months.
- A detailed full year forecast will be undertaken by the end of July 2022.
- Against our efficiency savings target of £17.3 million, we have delivered £0.9 million to date. This is against a year-to-date trajectory of £3.0 million. This is not uncommon at this early stage in the year and not unexpected recognising the continued pressures in the system. Local implementation of efficiency plan are progressing with £0.9 million incurred to date against a target of £1 million.
- During the last few months the focused work on the Service wider best value plans has been on agreement and quantification of the plans. There are now a total of 34 programmes, with 25 mandates completed and implementation has commenced. The remaining 9 mandates are being progressed, we are anticipating these will be completed by the end of July 2022. We would plan to report against progress of all best value programmes from month 4 onwards. Delivery of the Best Value agreed plans are a significant priority for the Service.
- Best Value Steering Group meetings have taken place and weekly operational meetings have also been established, chaired by the Director of Finance. Given the month 3 financial position this work is being accelerated with monthly savings trajectories being developed. In addition monthly monitoring reports have been completed for the programmes being implemented. A number of new programmes have also been initiated.
- COVID-19 funding of £8.6 million was confirmed at the beginning of June 2022. The March financial plan assumed costs and funding of £16.2 million (including mobile vaccination unit costs) and work has been progressing to critically review the COVID-19 costs and reduce expenditure where possible. A revised full year forecast based upon the expenditure to date had been undertaken and is forecasting full year costs, at this stage, of £14.2 million. A detailed list of further actions is in place to review this in light of the confirmed funding received, however we have noted at this stage, this is high risk.
- In addition to the £8.6 million COVID-19 funding, the Mobile Testing Units, we anticipate costs of £18.5 million in this year with the initiative ending on 30 September 2022. Funding will be provided to support this programme in full and has been agreed with Scottish Government. It is anticipated these costs will reduce as the service is scaled back, in line with Scottish Government guidance.

Due to the significant budgetary pressures both on the Core position and due to the unfunded COVID-19 pressures Scottish Government have advised that all Boards have to return to monthly reporting from quarter 1 onwards on a detailed basis. This will included detailed reporting on COVID-19 costs, test and protect costs and vaccinations.

In addition an updated and final 3 year financial plan is due to be submitted to Scottish Government on 29 July 2022. The Board has previously approved the draft 3 year financial plan at the March Board meeting. Recognising the additional financial challenges, this will be updated and presented for approval at the July Board meeting.

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Key actions agreed in this period

1. COVID-19 costs and funding

The impact of COVID-19 on our financial position has been reported since February 2020. Our March 2022 financial plan estimated the full year impact in 2022/23 of 'Living with COVID-19' to be up to £16.2 million for the year, including the mobile vaccinations unit costs. Plus £18.5 million to support Mobile Testing Units. The Scottish Government have advised that this COVID funding will be limited to £8.6 million, which includes the Mobile Vaccination program funding. With a further £18.5 million for Mobile Testing Units up until September 2022. We are currently reviewing our COVID-19 expenditure for the year and given the ongoing operational pressures, reducing this cost could be extremely challenging in this financial year.

In recognition of this the Service is working closely with the Scottish Government to manage this and Scottish Government have set up a network of COVID-19 cost improvement groups supported by Directors and Deputy Directors of Finance. The purpose of these groups are to ensure a consistency of approach across the Health and Social Care System to ensure that covid expenditure is contained within the covid funding allocated, and that services are delivered to provide best quality of service whilst delivering the best value for the public purse and working across a whole system approach. The Service is well engaged in this work.

ACTION: We continue to work closely with Scottish Government colleagues through influencing and engaging with the workshops and ensure timely reporting of COVID-19 finance expenditure reporting, the first update due in the Quarter 1 reporting and monthly thereafter. Following the funding confirmation there are also a range of actions in place within the Service to review and consider the COVID-19 expenditure, the operational service impact and the forecast expenditure. This will be reported to the Board on a monthly basis.

2. Delivery of our Efficiency Savings Target

The challenging savings target for 2022/23 has been set at £17.35 million, of which the Best Value Programme has identified £6.6 million of plans. In addition local efficiency targets are set at £4.3 million, of which £0.852 million plans have been identified up to the end of June 2022. In addition the financial plan, in March and updated for July 2022, has assumed a level of non recurring slippage as seen in previous years.

ACTION: The Best Value operational group has been refreshed and new project mandates completed for financial year 2022/23, of which 25 have been approved from a total of 34 programmes, with the remaining mandates due to be completed by the end of July 2022. Monthly meetings have resumed along with targeted weekly support meetings for programme leads. Executive and Finance leads have been allocated to all programmes and monthly highlight reports were being completed against each programme. A weekly delivery group has also been established. The updated Best Value governance policy identified an escalation plan with reviews in July and September 2022.

Given the current financial position work has also now commenced in describing monthly and where necessary weekly financial savings trajectories between now and the end of the financial year.

In addition a full year financial forecast will be completed during July.

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3. Demand and Capacity Investment

Phases 1 and 2 of the Demand and Capacity Programme have been delivered with investment of £25 million for financial year 2022/22 assumed and confirmed from Scottish Government. Implementation of Phase 3 is now underway with recruitment almost complete for the additional 162 staff. This remains a key priority for the Service and in agreement with Scottish Government, in December 2021, we agreed to proceed with the recruitment of these staff prior to final approval of the phase 3 funding. Funding discussions continue with Scottish Government and this remains a shared financial risk until this phase 3 funding is approved. To date we have incurred £0.965 million spend against this phase 3 implementation.

ACTION: We continue positive discussions with Scottish Government and continue to assume the full year funding for phase 3 will be received. This has been assumed within the year to date financial position.

We continue to track the financial costs for phase 1 and 2, and phase 3 and will continue to report on this to the Board and the Demand and Capacity Programme Board on a monthly basis. In addition a detailed benefits analysis is being completed for both the additional posts of phase 1 and 2 and the re-rostering work, which has been phased in from April to July 2022. A detailed report on this is due to be produced in August 2022.

Financial Risk considerations noted in the period

The financial risks are as follows:

1. Delivery of Efficiency Savings Target

At this early stage of the financial year, this remains a significant risk especially with the focus on the current system pressures, delivery of ongoing COVID-19 additional pressures as well as the full implementation of the Demand and Capacity programme. The requirement to ensure the delivery of efficiency savings must remain a continued focus for staff and management as quality improvements and innovation in support of these pressures are currently being actioned. Significant focus is currently on implementing, tracking and reporting on these programmes

Action – A number of actions are progressing including

- Programme leads have been assigned and programme plans are being developed and agreed.
- Executive leads and finance support for each programme has also been identified
- The Best Value Programme Team meet every month, with regular reporting to Executive Team, Performance and Planning Steering Group and Audit Committee continues
- Updated governance policies and procedures have been agreed with clear escalation plans identified
- A weekly delivery group chaired by the Director of Finance has been established to focus on providing additional support to ensure implementation, and this continues to meet during this time

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- New programmes have also been identified and are being initiated including a pipeline of future plans
- A monthly and where necessary, a weekly savings trajectory is being developed which is due to be completed by the middle of July 2022.

2. Securing COVID-19 funding in 2022/23 and recurring in future years

The March financial plan for the year 2022/23 assumed an additional £16.2 million of expenditure relating to COVID-19 beyond 2021/22 including £1.2 million for the mobile vaccination unit. It was assumed funding would be received to support this, however Scottish Government have advised us on the 1st June 2022, that we will be receiving £8.6 million for the year, which includes funding for the Mobile Vaccination Unit program. A revised forecast has been completed and is currently predicting additional costs of £14.2 million, including £780,000 for the mobile vaccination service.

Expenditure to the end of June 2022, has identified total costs of £3.5 million against funding of £2.1 million. Our forecast will continue to be reviewed on a monthly basis alongside the Scottish Government COVID improvement work which aims to reduce the anticipated COVID-19 allocation in line with consistent and acceptable risk assessments.

Work within the Service, is also progressing in assessing the impact, on each cost line of the £14.2 million forecast, of cost reductions or cessation. A number of business cases are being developed to assess this. No decision will be made on these significant investment areas without considering the impact on the Service, the staff and patients. Scottish Government and the Board will approve these final business cases.

Finance position as at June 2022

Introduction

This section of the paper provides details of the financial results for the period ending June 2022.

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

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

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SUMMARY OF YEAR TO DATE POSITION

Table 1 reports that the revenue position for the financial year to the end of June 2022 is £4.0 million over budget, made up of the following:

- Income – break even
- Expenditure Pay – over budget by £0.3 million
- Expenditure Supplies – over budget by £1.5 million
- Savings – behind target by £2.1 million
- Expenditure Non-core – break even
- COVID-19 expenditure against funding is over budget by £1.4 million

Table 1 – Scottish Ambulance Service high-level overview

**SCOTTISH AMBULANCE SERVICE BOARD
REVENUE RESOURCE ANALYSIS
YEAR TO 30 JUNE 2022**

	Full Year Budget £'000	Year to Date			Current Month		
		Budget £'000	Actual £'000	Variance £'000	Budget £'000	Actual £'000	Variance £'000
Income							
Revenue Allocation	447,892	114,574	114,574		30,985	30,985	
Health Board	4,946	1,339	1,339	0	425	425	0
Other Healthcare	1,051	273	276	3	90	107	17
Fleet	0	0	4	4	0	1	1
Staff Car Deductions	180	42	40	(2)	15	15	0
Other Operating	898	525	567	42	200	213	13
Total Income	454,967	116,753	116,800	47	31,715	31,746	31
Expenditure							
Accident & Emergency	250,689	62,610	63,992	(1,382)	20,670	21,616	(946)
Non Emergency Service	25,439	6,555	7,488	(933)	2,192	2,474	(282)
Air Ambulance	16,800	4,332	4,544	(212)	1,443	1,635	(192)
Overheads	140,245	21,462	22,935	(1,473)	7,410	7,112	298
Total Expenditure	433,173	94,959	98,959	(4,000)	31,715	32,837	(1,122)
Core Expenditure Variance				(3,953)			(1,091)
Non Core Expenditure							
Depreciation (DEL)	21,294	4,029	4,029	0	1,334	1,334	0
Depreciation (Donated)	100	17	17	0	6	6	0
AME Provision	0	0	0	0	0	0	0
AME Impairments	400	0	0	0	0	0	0
Non Cash (DEL)	0	0	0	0	0	0	0
Total Non Core Expenditure	21,794	4,046	4,046	0	1,340	1,340	0
Surplus / Deficit				(3,953)			(1,091)

Table 2 – Income and Expenditure

Table 2 provides the year-to-date position between service and support directorates and identifies some of the COVID-19 additional expenditure separately.

SCOTTISH AMBULANCE SERVICE BOARD
INCOME AND EXPENDITURE SUMMARY
YEAR TO 30 JUN 2022

		Cumulative to Date				Current Period			
		Budget	Actual	Variance	Variance	Budget	Actual	Variance	Variance
		£'000	£'000	£'000	%	£'000	£'000	£'000	%
COVID-19	Income			0		0	0	0	
	Salaries	117	117	0		13	13	0	
	Supplies	139	139	0		41	41	0	
	Sav Target	0	0	0		0	0	0	
	Sav Realised	0	0	0		0	0	0	
					0			0	
Service Delivery Directorate	Income	(1,740)	(1,739)	(1)	0%	(606)	(600)	(6)	-1%
	Salaries	72,791	73,881	(1,090)	1%	23,857	24,508	(651)	3%
	Supplies	10,418	11,996	(1,578)	15%	3,320	3,965	(645)	19%
	Sav Target	(640)	0	(640)	0%	(213)	0	(213)	0%
	Sav Realised	588	0	588	0%	314	0	314	0%
				(2,721)				(1,201)	
Support Services Directorates	Income	(439)	(486)	47	11%	(123)	(159)	36	29%
	Salaries	8,101	7,396	705	-9%	3,087	2,555	532	-17%
	Supplies	9,584	9,475	109	-1%	3,389	3,095	294	-9%
	Sav Target	(2,357)	0	(2,357)	0%	(785)	0	(785)	0%
	Sav Realised	264	0	264	0%	33	0	33	0%
				(1,232)				110	
SCOTTISH AMBULANCE SERVICE	Income	(2,179)	(2,225)	46	2%	(729)	(759)	30	4%
	Salaries	81,009	81,394	(385)	0%	26,957	27,076	(119)	0%
	Supplies	20,141	21,610	(1,469)	-7%	6,750	7,101	(351)	-5%
	Sav Target	(2,997)	0	(2,997)	0%	(998)	0	(998)	0%
	Sav Realised	852	0	852	0%	347	0	347	0%
				(3,953)				(1,091)	

Table 3 – Service Delivery

Service delivery is over budget by £2.7 million at 30 June 2022. Pay costs are reporting an overspend of £1.0 million over all service areas, reflecting the impact of reduced COVID-19 funding and additional pay expenditure that has been incurred across all service areas as a result of COVID-19. Air Ambulance Costs show a small cost pressure as a result of increased running costs, with a rise in number of missions. As we are coming in to the summer season, this will be very carefully monitored.

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Fuel prices continue to cause a significant pressure on vehicle running costs, with the average price per litre in June 2022 continuing to be around 54p above budgeted levels. The current pump prices accelerated from March 2021 slowing into May 2022 and accelerating again into July 2022. This will continue to be monitored closely and is currently up to month 3 reporting a cost of pressure almost £0.9 million.

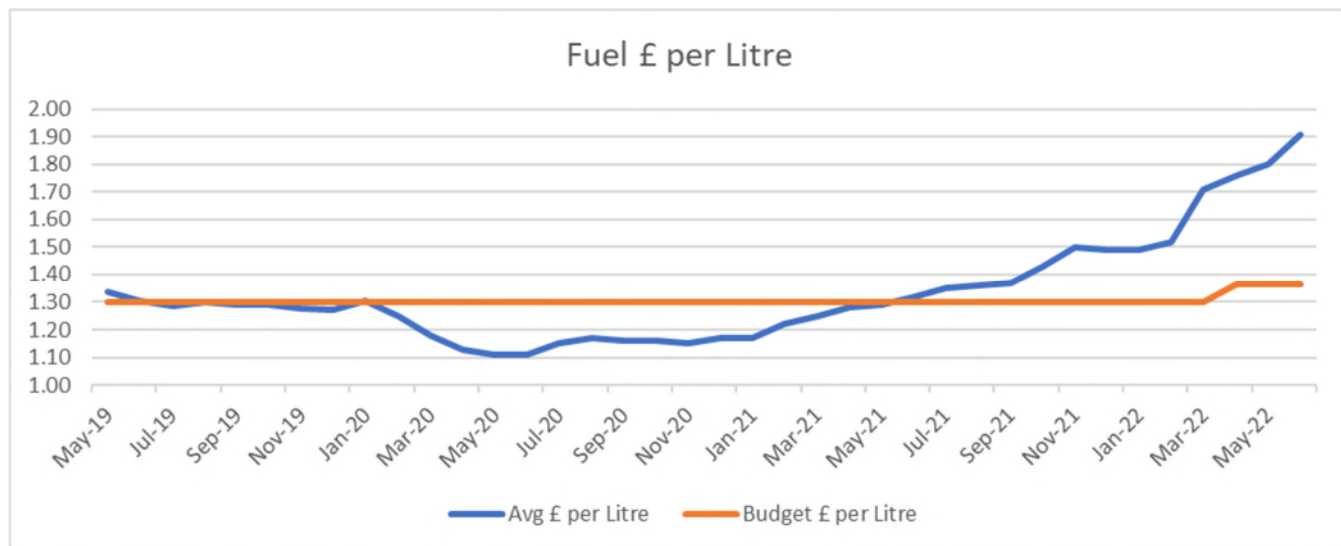


Table 3

**SCOTTISH AMBULANCE SERVICE BOARD
INCOME AND EXPENDITURE - SERVICE DELIVERY
YEAR TO 30 JUN 2022**

		Cumulative to Date				Current Period			
		Budget	Actual	Variance	Variance	Budget	Actual	Variance	Variance
		£'000	£'000	£'000	%	£'000	£'000	£'000	%
NORTH REGION	Income	(251)	(252)	1	0%	(89)	(90)	1	1%
	Salaries	11,534	11,659	(125)	1%	3,861	3,928	(67)	2%
	Supplies	919	1,434	(515)	56%	294	521	(227)	77%
	Sav Target	(80)	0	(80)		(27)	0	(27)	
	Sav Realised	150	0	150		50	0	50	
				(569)			(270)		
EAST REGION	Income	(371)	(371)	0	0%	(131)	(131)	0	0%
	Salaries	17,997	18,383	(386)	2%	5,986	6,204	(218)	4%
	Supplies	1,450	1,948	(498)	34%	490	674	(184)	38%
	Sav Target	(127)		(127)		(42)		(42)	
	Sav Realised	262		262		89		89	
				(749)			(355)		
WEST REGION	Income	(843)	(842)	(1)	0%	(280)	(280)	0	0%
	Salaries	24,512	24,997	(485)	2%	7,958	8,281	(323)	4%
	Supplies	1,907	2,483	(576)	30%	616	774	(158)	26%
	Sav Target	(178)		(178)		(59)		(59)	
	Sav Realised	176		176		175		175	
				(1,064)			(365)		
NATIONAL OPS	Income	(275)	(274)	(1)	0%	(106)	(99)	(7)	-7%
	Salaries	18,511	18,646	(135)	1%	5,973	6,059	(86)	1%
	Supplies	6,126	6,122	4	0%	1,915	1,994	(79)	4%
	Sav Target	(250)	0	(250)		(83)		(83)	
	Sav Realised	0	0	0		0		0	
				(382)			(255)		
BUSINESS INTELLIGENCE	Salaries	237	196	41	-17%	79	36	43	-54%
	Supplies	16	9	7	-44%	5	2	3	-60%
	Sav Target	(5)	0	(5)		(2)	0	(2)	
	Sav Realised	0	0	0		0	0	0	
				43			44		
TOTAL SERVICE DELIVERY	Income	(1,740)	(1,739)	(1)	0%	(606)	(600)	(6)	-1%
	Salaries	72,791	73,881	(1,090)	1%	23,857	24,508	(651)	3%
	Supplies	10,418	11,996	(1,578)	15%	3,320	3,965	(645)	19%
	Sav Target	(640)	0	(640)		(213)	0	(213)	
	Sav Realised	588	0	588		314	0	314	
				(2,721)			(1,201)		

Table 4 – Support Services Directorates

Support services are being reported as £1.2 million over budget. The Finance, Logistics and Strategy savings target includes all Best Value Programme targets.

SCOTTISH AMBULANCE SERVICE BOARD
INCOME AND EXPENDITURE BY DIRECTORATE
YEAR TO 30 JUN 2022

		Cumulative to Date				Current Period			
		Budget £'000	Actual £'000	Variance £'000	Variance %	Budget £'000	Actual £'000	Variance £'000	Variance %
BOARD AND CHIEF EXECUTIVE	Income	(1)	(1)	0	0%	17	0	17	
	Salaries	536	506	30	-6%	196	170	26	-13%
	Supplies	30	33	(3)	10%	10	17	(7)	70%
	Sav Target	(10)	0	(10)		(3)	0	(3)	
	Sav Realised	6	0	6		2	0	2	
				23					35
FINANCE AND LOGISTICS	Income	(367)	(409)	42	11%	(122)	(130)	8	7%
	Salaries	3,999	3,387	612	-15%	1,727	1,199	528	-31%
	Supplies	8,541	8,317	224	-3%	2,900	2,699	201	-7%
	Sav Target	(2,312)	0	(2,312)		(771)	0	(771)	
	Sav Realised	153	0	153		0	0	0	
				(1,281)					(34)
HUMAN RESOURCES	Income	(7)	(7)	0	0%	(2)	(2)	0	
	Salaries	667	606	61	-9%	199	218	(19)	10%
	Supplies	198	220	(22)	11%	67	81	(14)	21%
	Sav Target	(8)	0	(8)		(3)	0	(3)	
	Sav Realised	8	0	8		0	0	0	
				39					(36)
MEDICAL	Income	(36)	(43)	7	19%	(12)	(25)	13	
	Salaries	957	934	23	-2%	315	306	9	-3%
	Supplies	158	221	(63)	40%	39	(10)	49	-126%
	Sav Target	(5)	0	(5)		(1)	0	(1)	
	Sav Realised	0	0	0		0	0	0	
				(38)					70
CARE QUALITY AND PROF DEVELOPMENT	Income	(28)	(26)	(2)	-7%	(4)	(2)	(2)	
	Salaries	1,942	1,963	(21)	1%	650	662	(12)	2%
	Supplies	657	684	(27)	4%	373	308	65	-17%
	Sav Target	(22)	0	(22)		(7)	0	(7)	
	Sav Realised	97	0	97		31	0	31	
				25					75
TOTAL SUPPORT SERVICES	Income	(439)	(486)	47	11%	(123)	(159)	36	29%
	Salaries	8,101	7,396	705	-9%	3,087	2,555	532	-17%
	Supplies	9,584	9,475	109	-1%	3,389	3,095	294	-9%
	Sav Target	(2,357)	0	(2,357)		(785)	0	(785)	
	Sav Realised	264	0	264		33	0	33	
				(1,232)					110

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
YEAR TO 30 JUN 2022

	Full Year Budget £'000	Year to Date		
		Budget £'000	Actual £'000	Variance £'000
Income				
Revenue Allocation	447,892			
Baseline Allocations	398,218			
Recurring Allocations	8,257			
Non-Recurring Allocations	41,417			
Fleet Income	0	0	4	4
Health Board	4,946	1,339	1,339	0
Other Healthcare	1,051	273	276	3
Other Operating	898	525	567	42
Staff Car Deductions	180	42	40	(2)
Total Income	454,967	2,179	2,226	47

Total income (including funding) to date is break even.

The March financial plan assumed revenue funding allocations of £448 million. This reflects funding for Mobile Testing Units, Mobile Vaccination Units, COVID-19 Remobilisation. 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. The recent notification on our COVID-19 allocation has yet to be adjusted as we will continue discussions with Scottish Government following submission of our Q1 financial returns.

Detailed Pay analysis

Overtime cost in this current year is averaging 5.8% of the year to date pay bill against 5.9% last year, which is reporting a slightly lower use in these first three month than the same period last year. The graph below shows a trend analysis of overtime costs in the last two years. The impact of COVID-19 mobilisation on the Service can be seen in the months from March 2020, with the last rise in cases during March/April 2022. These additional costs are also contributing to the COVID-19 cost overspend.

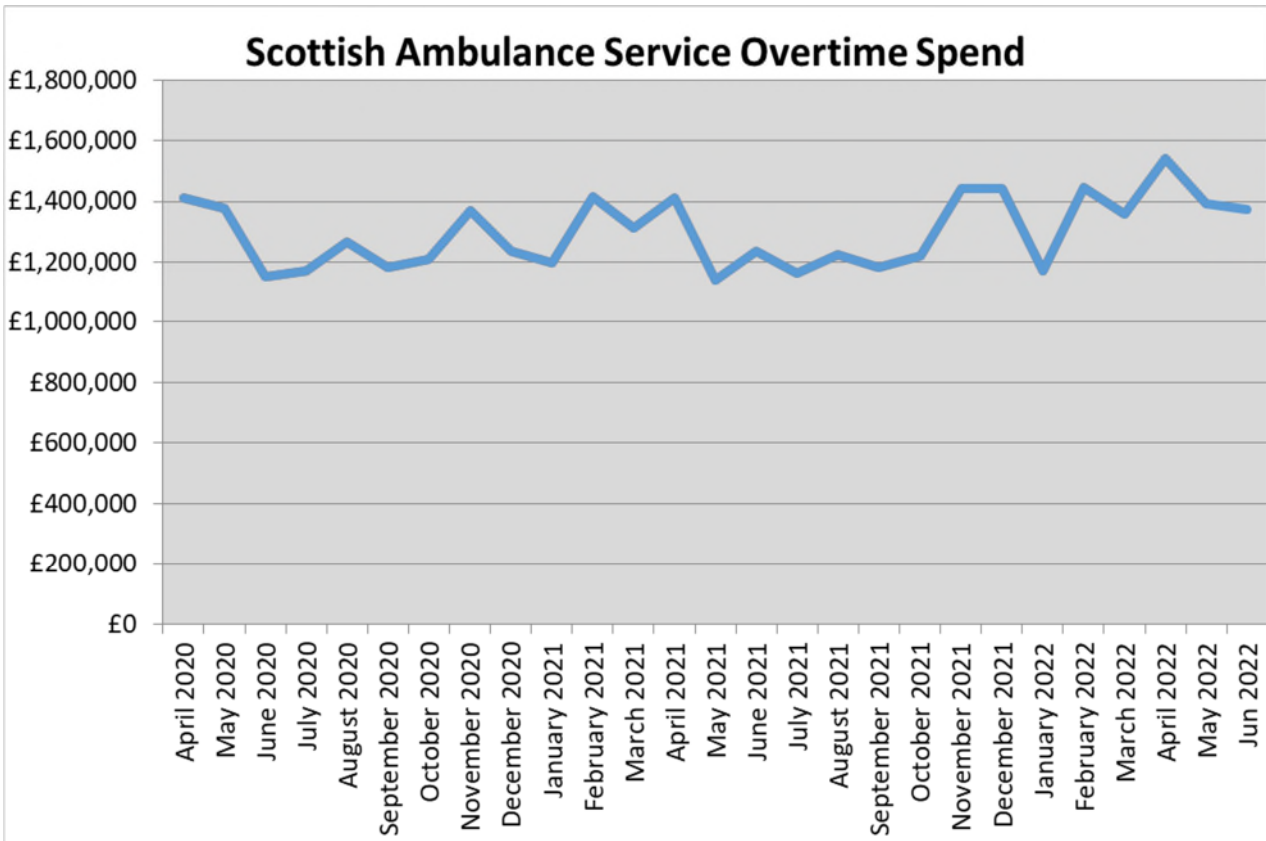


Table 6

SCOTTISH AMBULANCE SERVICE BOARD
STAFF AND OVERTIME SUMMARY
YEAR TO 30 JUN 2022

		East Region	North Region	West Region	National Ops	Business Intelligence	Service Delivery
Current Year	Average WTE	1,404	803	1,903	856	16	4,982
	Overtime Hours	35,784	33,664	64,745	19,429	0	153,622
	Overtime Cost (£'000)	1,019	968	1,848	567	0	4,402
Prior Year	Average WTE	1,282	731	1,795	834	14	4,656
	Overtime Hours	37,999	35,922	67,104	19,376	30	160,431
	Overtime Cost (£'000)	979	907	1,697	491	1	4,075
Variance	Average WTE	122	72	108	22	2	326
	Overtime Hours	(2,215)	(2,258)	(2,359)	53	(30)	(6,809)
	Overtime Cost (£'000)	40	61	151	76	(1)	327

The above table illustrates an overall reduction in overtime hours compared to a year ago, with the highlight being an additional 326 staff (whole time equivalents) in post, primarily as a result of the Demand & Capacity program.

Non-pay

The non-pay costs are currently carrying a number of costs pressures, namely fuel pressure at £0.882 million, air ambulance £0.235 million and other non pay pressure related to Medical costs, Insurance, Vehicle Maintenance and Uniforms at £0.685 million. This expenditure has been offset by other non pay underspend savings at £0.37 million.

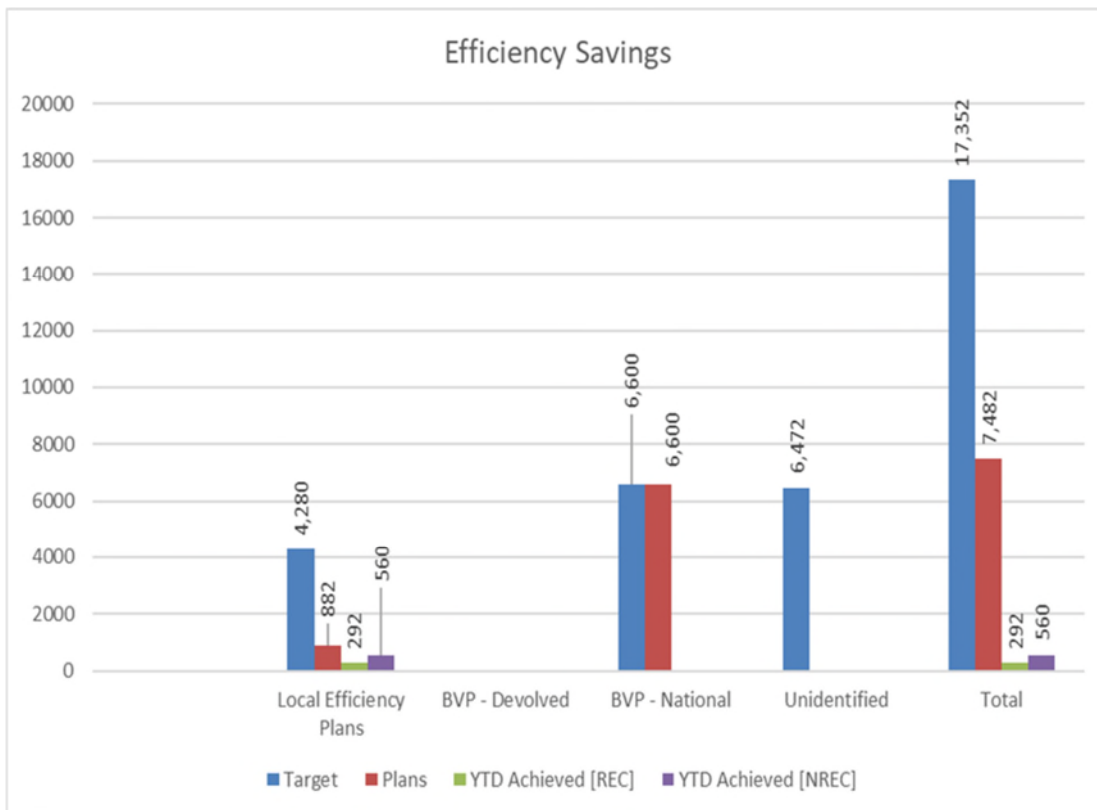
The breakdown of the £0.685 million as follows: Medical costs £0.159 million, insurance £0.169 million, uniforms £0.179 million and vehicle maintenance £0.178 million.

- Vehicle accidents cover much of the insurance pressure as well as premiums increasing.
- Medical costs include defibrillator repairs, we are anticipating that as the regional hub warehouses are fully implemented we would anticipate medical costs reducing from September 2022 as per our Best Value programme.
- Uniforms are carrying a high initial cost due to purchase of the 5 in1 jackets but we anticipate this to smooth out during the remainder of the financial year.

- Delays in the rollout out of the electric vehicle program has incurred higher vehicle maintenance costs.
- The single biggest cost pressure is within vehicle running costs due to higher fuel prices with the budget priced at £1.37 per litre and current pump prices averaging £1.91 a litre.

We will review all areas of cost pressures on a monthly basis through discussions with Budget holders alongside the savings reviews. This year additional non-pay costs of £0.14 million have been incurred as a result of the Service COVID-19 remobilisation plan. A detailed breakdown of these costs can be found in the COVID-19 section below.

Efficiency Savings



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

- **Local Efficiency Target**

Service Directorates have been allocated a 1.0% recurring efficiency target and Support Directorates have been allocated a 1.5% recurring efficiency target, to recognise the requirement to continually review our costs and ensure reinvestment in our services to meet ongoing cost pressures. These targets equate to £4.3 million across the Service, with £0.852 million delivered to date.

- **Best Value Programme**

The Best Value Programme is a service wide programme identifying and implementing a national 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 March and now updated 2020-23 financial plan recognised the need to bring all saving plans together and clearly define national programmes through the Best Value Programme and devolved accountability to the budget holders for local implementation.

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

In this financial year more than 36 work streams had been identified with potential savings of £6.6 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.

COVID-19 Financial Implications

The updated July financial plan has included the recently informed reduction in COVID-19 funding. Our March financial plan assumed £16.2 million for COVID-19 and Mobile vaccination units, but it has been confirmed that non recurring funding for 2022/23 amounts to £8.6 million. An updated forecast has been completed and given the current COVID-19 abstractions and pressures in the system remains higher than the funding by £14.2 million.

Cost incurred during 2022/23 to 30 June 2022 are outlined in the table below.

Category of Resource	£
Additional pay & staff overtime	1.90 million
Logistics, Card 46, ACC Expansion	1.40 million
Mobile Vaccination Unit costs	0.18 million
	3.48 million

Additional pay & staff overtime

A process for identifying overtime costs where staff cover COVID-19 absence and in respect of an increase in extended duty have been set up for this year. This has been updated for the 22/23 reporting, and will be reviewed on a monthly basis

Logistics, Card 46 and ACC Expansion

The Service continues to trial additional Ambulance Care Assistant Resources to provide additional support to our unscheduled care service to support the redesign of urgent care programme. This was initiated to provide additional capacity within the system. A detailed business case is being completed to describe the future model for this service and operational benefits both within the Service and across the wider system. This service given the significant pressures within the systems, is required to be maintained and is contributing to the COVID-19 funding shortfall.

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Work continues to be ongoing to support the redesign within our ambulance control centres to support call taking capability to meet national targets, support clinical decision making and manage increased demand in calls all resulting from COVID-19 pressures. A business case describing the resources required in 2022/23, including managing winter pressures, is due to be presented to the Board in July 2022. This is also contributing to the COVID-19 cost pressures.

The roll out of our Logistics infrastructure was redesigned to introduce a robust, sustainable, long term, cost-effective logistics and inventory management service supplying and controlling the movement of consumable stocks throughout the Service. This was identified as a significant need during COVID. The aim is to minimise stock holding, ensure continuity of supply, releasing both financial and non-financial efficiencies, whilst gaining a comprehensive understanding of product mix and usage.

Mobile Vaccination Units

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

The year-to-date expenditure (at 30 June 2022) is as follows:

	Costs
Pay	£179,000
Non Pay	£7,000
Total	£186,000

The vaccination team are working to a forecast of £0.780 million in 2022/23 and this has been reduced in line with the COVID funding levels. It has been confirmed that this will be funded as part of the £8.6 million Covid-19 investment.

Mobile Testing Units

The Service is currently delivering Mobile Testing Units (MTUs) across Scotland which came into effect in September 2020 and will continue delivery of the service to the end of September 2022.

The year-to-date expenditure (at 30 June 2022) is as follows:

	Costs
Pay	£ 6.6 million
Non Pay	£ 0.5 million

Total	£ 7.1 million
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Scottish Government have approved the delivery of the MTU's to the end of September 2022 and have confirmed the funding of £18.5 million to the end of September. Given staff turnover it is anticipated this costs forecast should reduce.

2022/23 YTD CAPITAL POSITION AS AT MONTH 3 (30/06/2022)

2022/23 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 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 2021/22 the following earmarked allocations have been received:
 - Fleet Replacement Programme £25.4 million
 - SCOTSTAR £250,000

In addition, a revenue to capital transfer of £150,000 is anticipated to fund some of the final Enhanced Capability Phase 2 estates requirements.

The total 2022/23 allocation is anticipated to be £27.56 million. Allocations have not been received as yet. As in previous years, it is likely the SG will not distribute capital allocations until Q3.

YTD Capital Position as at Month 3

The YTD capital position is shown in the table below. The expenditure in Quarter 1 is always typically low as most projects are in the planning stage.

The unallocated budget of £1.7 million will be fully utilised during 2022/23 as business cases are submitted and approved by the CPGG. There are a number of anticipated projects in the pipeline and an update on the progress of these are discussed at each meeting and this allows for prioritisation of emerging developments.

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

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SCOTTISH AMBULANCE SERVICE
CAPITAL REPORT 2022-23
As at Month 3 (30 June)

PROJECT	Approved Budget £	YTD Actuals £	Notes
Formula Capital Projects			
eHealth and ICT	20,9520	(10,120)	
Property	18,400	0	
Procurement & Logistics System	0	17,238	
Demand & Capacity	0	31,302	
Medical Equipment	0	0	
Vehicle Accidents	0	0	
	39,352	38,420	
Earmarked Allocations			
Enhancing Capability	300,000	(23,543)	Vat Credit
ICCS Replacement	521,550	(1,357)	
ScotSTAR	0	0	
Vehicles	22,458,450	1,263,765	
	23,280,000	1,238,865	
Unallocated Budget	1,704,648	0	
Capital Receipts	0	0	Gain on sale of vehicles & equipment
Revenue to Capital Transfers	150,000	0	
Capital to Revenue Transfers	0	0	
Fleet Contingency	2,382,100	0	
TOTAL	27,556,100	1,227,285	

Approved and Anticipated Projects

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

<u>Approved Projects</u>		
Project	Cost Centre	BUDGET £
eHealth and ICT		
Fortigate Security System		20,952
		0
		0
Total- eHealth and ICT		20,952
Special Projects		
Enhanced Capability - Estates		300,000
Procurement System		0
ICCS Replacement		521,550
Total - Special Projects		821,550
Property		
UPS Replacement		18,400
Total - Property		18,400
Operations		
Vehicles		22,458,450
Vehicles – Contingency – TBC confirmed if required		2,382,100
Scotstar		0
Total - Equipment		24,840,550
Total Approved Projects		25,680,500
Unallocated Budget		1,854,648
<u>Anticipated Projects</u>		
ICT Projects	565,000	
Total - Anticipated Projects		565,000
Revised Unallocated Budget		1,289,648

SCOTTISH AMBULANCE SERVICE
CAPITAL REPORT 2022-23
As at Month 3 (30 June)

PROJECT	Approved Budget £	YTD Actuals £	Notes
Formula Capital Projects			
eHealth and ICT	20,9520	(10,120)	
Property	18,400	0	
Procurement & Logistics System	0	17,238	
Demand & Capacity	0	31,302	
Medical Equipment	0	0	
Vehicle Accidents	0	0	
	39,352	38,420	
Earmarked Allocations			
Enhancing Capability	300,000	(23,543)	Vat Credit
ICCS Replacement	521,550	(1,357)	
ScotSTAR	0	0	
Vehicles	22,458,450	1,263,765	
	23,280,000	1,238,865	
Unallocated Budget	1,704,648	0	
Capital Receipts	0	0	Gain on sale of vehicles & equipment
Revenue to Capital Transfers	150,000	0	
Capital to Revenue Transfers	0	0	
Fleet Contingency	2,382,100	0	
TOTAL	27,556,100	1,227,285	

CONCLUSION

At this early stage in the financial year, the financial position for the Service is £4.046 million behind target. A number of actions are being implemented in line with the Service financial plan. The Service continues to forecast a breakeven position for financial year 2022/23, although the risk rating in achieving this, has been increased considering the full impact of the COVID-19 funding and the rising cost of fuel.

The full financial impact of system pressures and COVID-19 continues to be closely monitored with the next formal quarterly review to Scottish Government due at the end of July 2022. Given the tight financial position across the whole of the public sector, monthly detailed reporting to Scottish Government will be put in place for all Health Boards.

Efficiency savings also continue to remain a significant risk and work is progressing at pace to implement the plans agreed. A governance and escalation process is in place and will be implemented as appropriate. A monthly allocation on savings trajectories is being completed and will be updated on a monthly basis.

Julie Carter
Director of Finance, Logistics & Strategy
June 2022

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