



**Scottish  
Ambulance  
Service**

University National NHS Board



**NOT PROTECTIVELY MARKED**

<b>Public Board meeting</b>		<b>29 March 2023</b>
		<b>Item 11</b>
<b>THIS PAPER IS FOR DISCUSSION</b>		
<b>SUMMARY FINANCIAL PERFORMANCE TO 28 FEBRUARY 2023</b>		
<b>Lead Director Author</b>	Julie Carter, Director of Finance, Logistics and Strategy Maria McFeat, Deputy Director of Finance	
<b>Action required</b>	The Board is asked to <b>discuss and note</b> : <ul style="list-style-type: none"><li>• The financial position to the end of February 2023</li><li>• The efficiency savings position to the end of February 2023</li><li>• The financial impact of COVID-19 expenditure and funding to the end of February 2023</li><li>• The updated full year forecast</li></ul>	
<b>Key points</b>	<ol style="list-style-type: none"><li>1. The financial position shows a deficit of £1.9 million against a trajectory deficit of £0.5 million.</li><li>2. There is a shortfall in COVID-19 funding of £1.5 million year to date, which is contributing to the current adverse finance position. Additional COVID-19 funding of £4.0 million was received in January 2023.</li><li>3. In addition, fuel costs are overspent by £2.8 million which are also contributing to this adverse position.</li><li>4. Local efficiency savings of £8.7 million have been delivered to date. Against full year plan of £6.4 million</li><li>5. Best value schemes identified National Programme plans of £6.3 million programmes, which have been agreed and implementation has commenced. This month, we have seen to date savings delivered at £1.7 million.</li><li>6. Use of non recurring savings/slippage £4.6 million has also been actioned to date.</li><li>7. Total savings to date delivered, including non recurring are £15.1 million against a target of £13.8 million year to date.</li><li>8. Due to the additional COVID-19 funding received in January 2023, we are now reporting an improved, revised financial forecast of £1.5 million deficit, reduced from the £5.3 million forecast deficit reported in December 2022. The Service</li></ol>	

	continues to aim to deliver a balanced position for financial year 2022/23.
<b>Timing</b>	During the financial year the Board will be provided with monthly updates on the financial position and from December 2022 the final year end forecast position will also be reported.
<b>Associated Corporate Risk Identification</b>	Risk 5062 – Failure to achieve financial balance.
<b>Link to Corporate Ambitions</b>	To develop a model that is financially sustainable and fit for purpose in 2022/23.
<b>Link to NHS Scotland's Quality Ambitions</b>	Efficient and effective use of resources.
<b>Benefit to Patients</b>	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.
<b>Equality and Diversity</b>	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 28 FEBRUARY 2023**

#### **JULIE CARTER, DIRECTOR OF FINANCE, LOGISTICS & STRATEGY**

This paper sets out the financial position as at 28 February 2023 for the Scottish Ambulance Service.

#### **The Board is asked to note:**

- the financial position to the end of February 2023 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
  - Delivery against the challenging efficiency target
- the key messages as highlighted including agreed actions and an updated full year financial forecast position.

The financial position to 28 February 2023, reporting a deficit position to date, consists of:

- The outturn up to month 11 is £1.9 million deficit.
- Efficiency savings target for the financial year is £17.35 million. To date £15.1 million of savings are being reported against a target of £13.8 million year to date.
- The financial impact of COVID-19 now represents a financial gap to month 11 of £1.5 million. The full year forecast of COVID-19 expenditure has been revised to £14.3 million against a full year funding of £12.6 million with a funding gap of £1.5 million. The full year gap relates to unfunded pay costs from the ACC Expansion and Card 46 timed admissions service, both which cannot be ceased due to the wider impact on patient care and service provision.
- Our financial plan assumed an increase in fuel cost of £0.6 million however the current rate has far exceeded that, and we are reporting a cost pressure of £2.8 million after 11 months of this year, although this has slowed from previous months as prices look to have stabilised. The full year forecast is assuming a cost pressure of circa £3.0 million.
- The full year forecast as reported in December 2022, has reduced from a forecast £5.3 million deficit to a £1.5 million deficit.

Doc: 2023-03-29 Financial Performance Report	Page 3	Author: Maria McFeat, Deputy Director of Finance
Date: 2023-03-29	Version 1.0	Review Date: May 2023

## Key messages

- The financial plan trajectory assumed a deficit of £0.5 million at the end of February 2023 against the current position deficit of £1.9 million.
- The financial plan assumed that all COVID-19 related pressures would be fully funded, and with funding now received for this financial year, an updated year end improving deficit position has now been forecast. The Service will continue to aim to deliver a full year balanced budget.
- The current adverse financial position therefore is primarily driven by unfunded COVID-19 pressures of £1.5 million and increased fuel costs of £2.8 million.
- Other costs have remained fairly stable in month and we are reporting a slightly improved forecast position.
- In September 2022, we received an allocation of £45 million against full year commitments of £47.7 million, and this gap to month 11 is £1.8 million also contributing to the overall financial position.
- This has been off set through the release of funding for ICCS of £0.5 million
- Good progress is being made in the delivery of the efficiency savings plans although notably there is a greater reliance on non recurring slippage. The detailed year end forecast continues to assume the savings plan will be delivered in line with the financial plan.
- Given the very tight financial position very detailed full year forecasts have been completed and a detailed paper was presented to the Board in November 2022. This forecast will be updated on a monthly basis and included in the paper below.
- Against our efficiency savings target of £17.4 million, we have delivered £15.1 million to date. This is against a year-to-date trajectory of £13.8 million. A number of programmes are being implemented and progress is being monitored through the Best Value Steering Group. Local implementation of efficiency plans are progressing with £8.7 million delivered to date.
- Best Value Steering Group meetings continue to take place and additional weekly operational meetings have also been established, chaired by the Director of Finance. During the year this work was 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.
- We continue to report additional costs in our air ambulance service due to increased activity and additional costs in medical consumables. Out with these pressure points, the income and expenditure for the Service remain broadly stable and in line with the financial plan.

An updated and final 3 year financial plan was submitted to Scottish Government on the 29 July 2022. This financial plan was approved by the Board at the July 2022 Board meeting. The Board has previously approved the draft 3 year financial plan at the March 2022 Board meeting.

The current financial forecast is estimating a deficit position of £1.5 million after offsetting a number of recovery actions primarily driven by a shortfall in COVID-19 funding.

Doc: 2023-03-29 Financial Performance Report	Page 4	Author: Maria McFeat, Deputy Director of Finance
Date: 2023-03-29	Version 1.0	Review Date: May 2023

A detailed forecast has been completed and describes a 'back to balance' action plan which is in place, and the Service continues to aim for a breakeven position by end March 2023.

## 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. This was in addition to the £18.5 million to support Mobile Testing Units. The Scottish Government confirmed in June 2022, that this COVID-19 funding was limited to £8.6 million, which included the Mobile Vaccination program funding, with a further £14.3 million for Mobile Testing Units. Confirmed in February 2023 was additional COVID-19 funding of £4 million recognising the pressures in timed admissions and ACC. This increases the COVID-19 funding to £12.6 million against costs of £14.1 million.

In light of this funding gap, we escalated our risk of non delivery of financial balance from high to very high on our corporate risk register, with a range of mitigating actions. This included a deep dive review of our COVID-19 expenditure. This work reduced our full year forecast excluding mobile testing units from £16.2 million to £14.1 million. Total funding of £12.6 million mentioned previously provided a funding gap of £1.5 million. The MTU costs also reduced to £14.3 million in line with funding received.

The Service completed a business case, approved by the Board, for the necessity to continue with increased staffing within the Ambulance Control Centres to meet the increased demand in emergency calls. In addition, the Service continue to maintain, given the significant operational pressures in the wider system, the need for the timed admissions development (Card 46 resources). These two specific developments continue to contribute to the COVID-19 funding shortfall in 2022/23 of £5.5 million previously reported, and likely recurring into 2023/24. These have now been offset by the £4.0 million received this month, resulting in the gap pressure for 2022/23 now £1.5 million.

**ACTION:** We continue to work closely with Scottish Government colleagues through influencing and engaging and ensuring timely reporting of COVID-19 finance expenditure reporting. There remains a key focus on monitoring COVID-19 related costs, including assessing the operational service impact and the forecast expenditure. This will continue to 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 £6.3 million of plans. In addition, local efficiency plans of £6.4 million were agreed, of which £8.7 million plans have been identified up to the end of February 2023. Best Value savings of £1.7 million have been identified up to this month. In addition, the financial plan, in March and updated for July 2022, assumed a level of non recurring slippage as seen in previous years and £4.6 million has been released to date. The total savings therefore reported up

Doc: 2023-03-29 Financial Performance Report	Page 5	Author: Maria McFeat, Deputy Director of Finance
Date: 2023-03-29	Version 1.0	Review Date: May 2023

to month 11 is £15.1 million against a target of £13.8 million, showing good progress as we approach the end of this financial year.

**ACTION:** The Best Value operational group has been refreshed and project mandates completed for financial year 2022/23. 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 and procedures have been updated with internal escalation plans in place.

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.

### 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 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 for phase 3 was confirmed in September 2022. Total demand and capacity funding of £40 million has been received.

**ACTION:** 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.

## Financial Risk considerations noted in the period

The financial risks are as follows:

### 1. Securing full 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 advised on 1<sup>st</sup> 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 £14.1 million, including £0.889 million for the mobile vaccination service.

Expenditure to the end of February 2023 has identified a funding shortfall of £1.5 million, primarily driven by the investment in call handling staff and timed admissions resources.

Doc: 2023-03-29 Financial Performance Report	Page 6	Author: Maria McFeat, Deputy Director of Finance
Date: 2023-03-29	Version 1.0	Review Date: May 2023

## Action

Work within the Service is also progressing in assessing the impact, on each cost line of the revised £14.1 million forecast, of cost reductions or cessation as we move into financial year 2023/24. A number of business cases have been developed to assess this. At this stage, and reported to Scottish Government, reducing these developments would have a significant impact on patient care. No further decisions will be made on these significant investment areas without considering the impact on the service, the staff and patients. The financial impact of the shortfall in funding has been assumed within the updated financial forecast.

## 2. Delivery of Efficiency Savings Target

The requirement to ensure the delivery of efficiency savings remains 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 and there has been improvement in the delivery of these over the last few months.

**Action** – A number of actions are progressing including

- Programme leads have been assigned and programme plans are being developed and agreed with monthly highlight reports being produced for each programme
- 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
- 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 of the programmes. 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 likely to be completed by the end of August.
- Improved reporting through the Executive leads has been put in place, through the 2030 governance framework.

Doc: 2023-03-29 Financial Performance Report	Page 7	Author: Maria McFeat, Deputy Director of Finance
Date: 2023-03-29	Version 1.0	Review Date: May 2023

# Finance position as at February 2023

## Introduction

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

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

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

Doc: 2023-03-29 Financial Performance Report	Page 8	Author: Maria McFeat, Deputy Director of Finance
Date: 2023-03-29	Version 1.0	Review Date: May 2023



## SUMMARY OF YEAR TO DATE POSITION

Table 1 reports that the revenue position for the financial year to the end of February 2023 is £ 1.9 million over budget, made up of the following:

- Income – is behind target by £0.1 million
- Expenditure Pay – Under budget by £4.5 million
- Expenditure Supplies – over budget by £7.6 million
- Savings – ahead of target by £1.3 million
- Expenditure Non-core – break even
- COVID-19 expenditure included in the £1.9 million against funding is over budget by £1.5 million

**Table 1 – Scottish Ambulance Service high-level overview**

SCOTTISH AMBULANCE SERVICE BOARD REVENUE RESOURCE ANALYSIS YEAR TO 28 FEBRUARY 2023						
Full Year Budget £'000	Year to Date			Current Month		
	Budget £'000	Actual £'000	Variance £'000	Budget £'000	Actual £'000	Variance £'000
<b>Income</b>						
Revenue Allocation	432,899	389,047	389,047	52,613	52,613	
Health Board	5,899	5,498	5,503	750	755	5
Other Healthcare	1,055	969	881	54	69	15
Fleet	11	11	11	1	1	0
Staff Car Deductions	174	159	157	16	15	(1)
Other Operating	3,510	3,247	3,220	311	284	(27)
<b>Total Income</b>	<b>443,548</b>	<b>398,931</b>	<b>398,819</b>	<b>53,745</b>	<b>53,737</b>	<b>(8)</b>
<b>Expenditure</b>						
Accident & Emergency	274,750	250,533	252,032	35,662	35,119	543
Non Emergency Service	30,461	28,180	29,335	4,396	4,488	(92)
Air Ambulance	17,850	16,425	17,484	1,679	1,685	(6)
Overheads	98,599	81,905	80,028	12,008	11,458	550
<b>Total Expenditure</b>	<b>421,660</b>	<b>377,043</b>	<b>378,879</b>	<b>53,745</b>	<b>52,750</b>	<b>995</b>
<b>Core Expenditure Variance</b>			<b>(1,948)</b>			<b>987</b>
<b>Non Core Expenditure</b>						
Depreciation (DEL)	21,288	16,513	16,513	2,592	2,592	0
Depreciation (Donated)	100	63	63	6	6	0
AME Provision	0	0	0	0	0	0
AME Impairments	500	0	0	0	0	0
Non Cash (DEL)	0	0	0	0	0	0
<b>Total Non Core Expenditure</b>	<b>21,888</b>	<b>16,576</b>	<b>16,576</b>	<b>2,598</b>	<b>2,598</b>	<b>0</b>
<b>Surplus / Deficit</b>			<b>(1,948)</b>			<b>987</b>

The Non Emergency Service overspend of £1.0 million reflects the COVID-19 funding pressure for the timed admissions resources and associated overtime and fuel pressure which are included within the Service Delivery Directorate also contribute to the overspend £5.1 million position.

## 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.

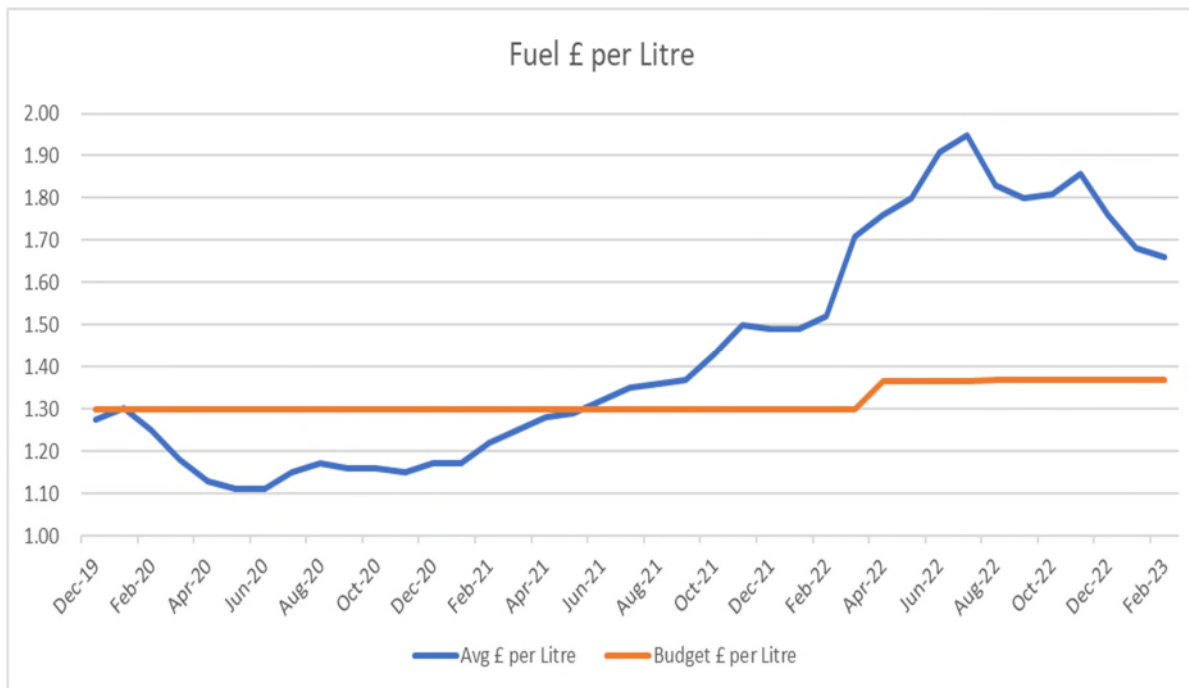
**SCOTTISH AMBULANCE SERVICE BOARD**  
**INCOME AND EXPENDITURE SUMMARY**  
**YEAR TO 28 FEBRUARY 2023**

		Cumulative to Date				Current Period			
		Budget £'000	Actual £'000	Variance £'000	Variance %	Budget £'000	Actual £'000	Variance £'000	Variance %
COVID-19	Income			0		0	0	0	
	Salaries	587	587	0		25	25	0	
	Supplies	(8)	(8)	0		0	(3)	3	
	Sav Target	0	0	0		0	0	0	
	Sav Realised	0	0	0		0	0	0	
					0			3	
Service Delivery Directorate	Income	(7,058)	(7,060)	2	0%	(998)	(999)	1	0%
	Salaries	281,018	278,570	2,448	-1%	38,271	38,652	(381)	1%
	Supplies	38,857	45,123	(6,266)	16%	3,719	3,941	(222)	6%
	Sav Target	(2,946)	0	(2,946)	0%	(428)	0	(428)	0%
	Sav Realised	4,669	0	4,669	0%	770	0	770	0%
				(2,093)				(260)	
Support Services Directorates	Income	(2,826)	(2,713)	(113)	-4%	(132)	(123)	(9)	-7%
	Salaries	30,020	27,959	2,061	-7%	5,017	3,937	1,080	-22%
	Supplies	41,818	43,224	(1,406)	3%	7,826	8,792	(966)	12%
	Sav Target	(10,839)	0	(10,839)	0%	(1,569)	0	(1,569)	0%
	Sav Realised	10,442	0	10,442	0%	2,709	0	2,709	0%
				145				1,245	
SCOTTISH AMBULANCE SERVICE	Income	(9,884)	(9,773)	(111)	-1%	(1,130)	(1,122)	(8)	-1%
	Salaries	311,625	307,116	4,509	1%	43,313	42,614	699	2%
	Supplies	80,667	88,339	(7,672)	-10%	11,545	12,730	(1,185)	-10%
	Sav Target	(13,785)	0	(13,785)		(1,997)	0	(1,997)	
	Sav Realised	15,111	0	15,111		3,479	0	3,479	
				(1,948)				988	

### Table 3 – Service Delivery

Service delivery is over budget by £2.1 million at 28 February 2023. Pay costs are reporting an underspend of £2.4 million over all service areas, this reflecting the implementing of the Demand and Capacity Phase 3 program and System Pressures funding, which are partially absorbing 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 cost pressure as a result of increased number of missions over the summer season, although we are starting to see a drop in activity as anticipated during winter and recognising the increased scrutiny and monitoring in place.

Fuel prices continue to cause a significant pressure on vehicle running costs, with the average price per litre peaking in July 2022 at 59p above budgeted levels. The current pump prices had accelerated from March 2021 slowing into May 2022 and accelerated again to mid-July then a downward trend as we go through the winter period. This continues to be monitored closely and is currently up to month 11 reporting a cost pressure of £2.6 million.



**Table 3**

**SCOTTISH AMBULANCE SERVICE BOARD  
INCOME AND EXPENDITURE - SERVICE DELIVERY  
YEAR TO 28 FEBRUARY 2023**

		Cumulative to Date				Current Period			
		Budget	Actual	Variance	Variance	Budget	Actual	Variance	Variance
		£'000	£'000	£'000	%	£'000	£'000	£'000	%
NORTH REGION	Income	(996)	(996)	0	0%	(128)	(128)	0	0%
	Salaries	46,542	46,161	381	-1%	6,613	6,613	0	0%
	Supplies	3,545	5,196	(1,651)	47%	362	472	(110)	30%
	Sav Target	(368)	0	(368)		(53)	0	(53)	
	Sav Realised	1,046	0	1,046		160	0	160	
				(592)			(3)		
EAST REGION	Income	(1,560)	(1,560)	0	0%	(348)	(348)	0	0%
	Salaries	73,707	73,149	558	-1%	10,802	10,631	171	-2%
	Supplies	5,796	7,495	(1,699)	29%	630	690	(60)	10%
	Sav Target	(586)	0	(586)		(85)	0	(85)	
	Sav Realised	1,270	0	1,270		175	0	175	
				(457)			201		
WEST REGION	Income	(3,240)	(3,240)	0	0%	(345)	(345)	0	0%
	Salaries	99,937	99,539	398	0%	13,976	14,708	(732)	5%
	Supplies	7,553	9,655	(2,102)	28%	813	863	(50)	6%
	Sav Target	(819)	0	(819)		(119)	0	(119)	
	Sav Realised	2,195	0	2,195		435	0	435	
				(328)			(466)		
NATIONAL OPS	Income	(1,262)	(1,264)	2	0%	(177)	(178)	1	1%
	Salaries	59,897	58,905	992	-2%	6,755	6,578	177	-3%
	Supplies	21,904	22,713	(809)	4%	1,909	1,913	(4)	0%
	Sav Target	(1,151)	0	(1,151)		(167)	0	(167)	
	Sav Realised	158	0	158		0	0	0	
				(808)			7		
BUSINESS INTELLIGENCE	Salaries	935	816	119	-13%	125	122	3	-2%
	Supplies	59	64	(5)	8%	5	3	2	-40%
	Sav Target	(22)	0	(22)		(4)	0	(4)	
	Sav Realised	0	0	0		0	0	0	
				92			1		
TOTAL SERVICE DELIVERY	Income	(7,058)	(7,060)	2	0%	(998)	(999)	1	0%
	Salaries	281,018	278,570	2,448	-1%	38,271	38,652	(381)	1%
	Supplies	38,857	45,123	(6,266)	16%	3,719	3,941	(222)	6%
	Sav Target	(2,946)	0	(2,946)		(428)	0	(428)	
	Sav Realised	4,669	0	4,669		770	0	770	
				(2,093)			(260)		

## Table 4 – Support Services Directorates

Support services are being reported as £0.1 million under 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 28 FEBRUARY 2023**

		Cumulative to Date				Current Period			
		Budget	Actual	Variance	Variance	Budget	Actual	Variance	Variance
		£'000	£'000	£'000	%	£'000	£'000	£'000	%
BOARD AND CHIEF EXECUTIVE	Income	(25)	(8)	(17)	-68%	(17)	0	(17)	
	Salaries	1,823	1,919	(96)	5%	228	221	7	-3%
	Supplies	98	142	(44)	45%	9	38	(29)	322%
	Sav Target	(45)	0	(45)		(6)	0	(6)	
	Sav Realised	61	0	61		0	0	0	
				(141)					(45)
FINANCE AND LOGISTICS	Income	(2,464)	(2,354)	(110)	-4%	(84)	(78)	(6)	-7%
	Salaries	14,972	12,704	2,268	-15%	3,154	1,908	1,246	-40%
	Supplies	37,785	38,546	(761)	2%	7,701	8,214	(513)	7%
	Sav Target	(10,634)	0	(10,634)		(1,541)	0	(1,541)	
	Sav Realised	9,984	0	9,984		2,613	0	2,613	
				747					1,799
HUMAN RESOURCES	Income	(29)	(28)	(1)	-3%	(3)	(2)	(1)	
	Salaries	2,397	2,351	46	-2%	336	311	25	-7%
	Supplies	725	654	71	-10%	66	76	(10)	15%
	Sav Target	(35)	0	(35)		(5)	0	(5)	
	Sav Realised	8	0	8		0	0	0	
				89					9
MEDICAL	Income	(247)	(252)	5	2%	(24)	(29)	5	
	Salaries	3,486	3,567	(81)	2%	392	496	(104)	27%
	Supplies	720	1,041	(321)	45%	64	212	(148)	231%
	Sav Target	(24)	0	(24)		(3)	0	(3)	
	Sav Realised	25	0	25		0	0	0	
				(396)					(250)
CARE QUALITY AND PROF DEVELOPMENT	Income	(61)	(71)	10	16%	(4)	(14)	10	
	Salaries	7,342	7,418	(76)	1%	907	1,001	(94)	10%
	Supplies	2,490	2,841	(351)	14%	(14)	252	(266)	-1900%
	Sav Target	(101)	0	(101)		(14)	0	(14)	
	Sav Realised	364	0	364		96	0	96	
				(154)					(268)
TOTAL SUPPORT SERVICES	Income	(2,826)	(2,713)	(113)	-4%	(132)	(123)	(9)	-7%
	Salaries	30,020	27,959	2,061	-7%	5,017	3,937	1,080	-22%
	Supplies	41,818	43,224	(1,406)	3%	7,826	8,792	(966)	12%
	Sav Target	(10,839)	0	(10,839)		(1,569)	0	(1,569)	
	Sav Realised	10,442	0	10,442		2,709	0	2,709	
				145					1,245

## 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 28 FEBRUARY 2022**

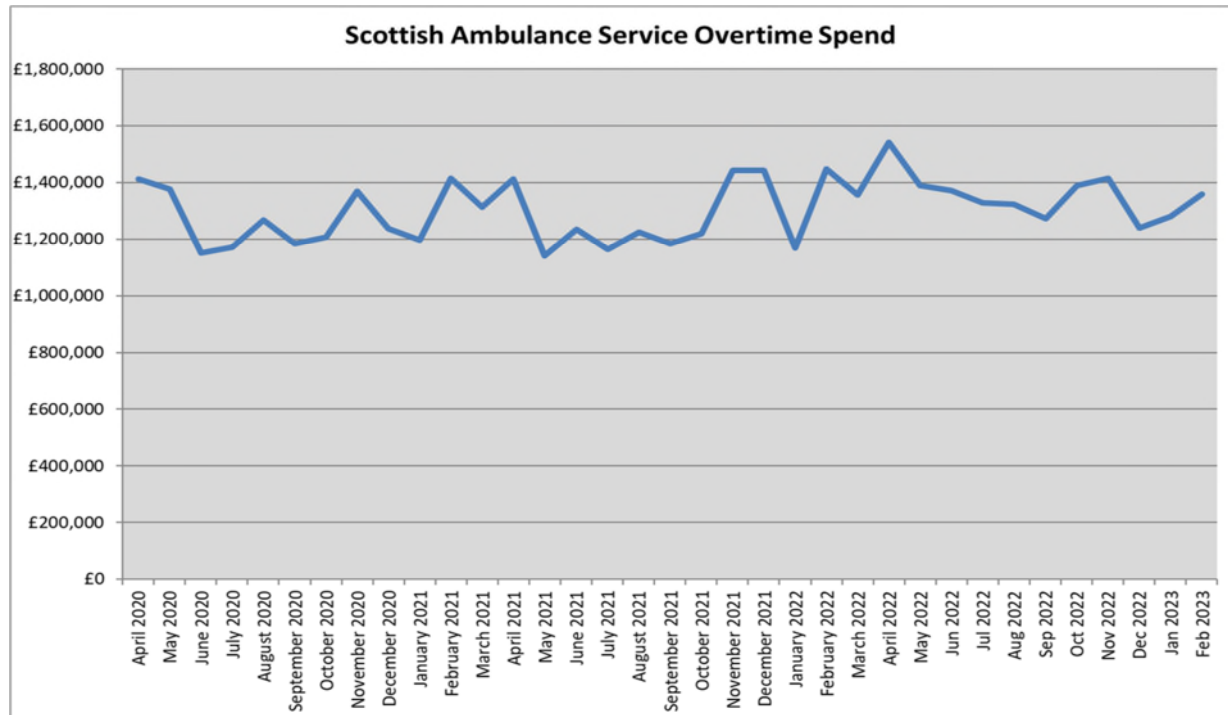
	Full Year Budget £'000	Year to Date		
		Budget £'000	Actual £'000	Variance £'000
<b>Income</b>				
Revenue Allocation	422,998			
Baseline Allocations	343,493			
Recurring Allocations	5,425			
Non-Recurring Allocations	83,981			
Fleet Income	11	11	11	0
Health Board	5,899	5,498	5,504	6
Other Healthcare	1,055	969	881	(88)
Other Operating	3,510	3,248	3,220	(28)
Staff Car Deductions	174	159	157	(2)
<b>Total Income</b>	<b>433,647</b>	<b>9,885</b>	<b>9,773</b>	<b>(112)</b>

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. As mentioned already, reductions in the various allocations means we are now anticipating £423 million, reflecting the latest allocation letter as we continue discussions with Scottish Government following submission of our financial returns and recovery plan.

## Detailed Pay analysis

Overtime cost in this current year is averaging 5.1% of the year to date pay bill. 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, with the last rise in cases during March/April 2022. Now, with the winter pressures, we are seeing an increase in the overtime costs. These additional costs are also contributing to the COVID-19 cost overspend.



2022/23 also saw the implementation of a national uplift in the Employers' NI rate for 1 year only, from 13.8% to 15.05%. This has reverted back to 13.8% early, on 6 November 2022, and has reduced our pay bill by roughly £0.2 million per month in November and December. The full year effect of this has been reflected in our updated forecast.

**Table 6**

**SCOTTISH AMBULANCE SERVICE BOARD  
STAFF AND OVERTIME SUMMARY  
YEAR TO 28 FEBRUARY 2023**

		East Region	North Region	West Region	National Ops	Service Delivery
Current Year	Average WTE	1,427	824	1,926	854	5,031
	Overtime Hours	136,680	114,355	242,697	65,374	559,106
	Overtime Cost (£'000)	3,936	3,374	7,042	1,956	16,308
Prior Year	Average WTE	1,337	748	1,860	841	4,786
	Overtime Hours	124,504	117,669	221,615	66,204	529,992
	Overtime Cost (£'000)	3,503	3,311	6,169	1,886	14,869
Variance	Average WTE	90	76	66	13	245
	Overtime Hours	12,176	(3,314)	21,082	(830)	29,114
	Overtime Cost (£'000)	433	63	873	70	1,439

The above table illustrates an overall increase in overtime hours compared to a year ago, despite 245 additional staff (whole time equivalents) in post as a result of the Demand & Capacity programme. There are a number of Best Value Programmes focusing on reducing overtime costs and we would anticipate this remaining steady over the next few months, subject to COVID-19 abstractions and pressures.

### Non-pay

The non-pay costs are currently carrying a number of cost pressures, namely fuel pressure at £2.8 million, air ambulance £1.1 million and other non pay pressures related to Medical costs, Insurance, Vehicle Maintenance, Other Fees and Staffing costs.

Air ambulance average daily activity is higher by in comparison to last year, in addition to an increase in support from the Maritime Coastguard Agency. Whilst aviation fuel prices do not mimic fuel pump prices the price of aviation fuel has increased also. We have therefore instigated a deep dive, similar to last year, into the additional costs including a full forecast review.



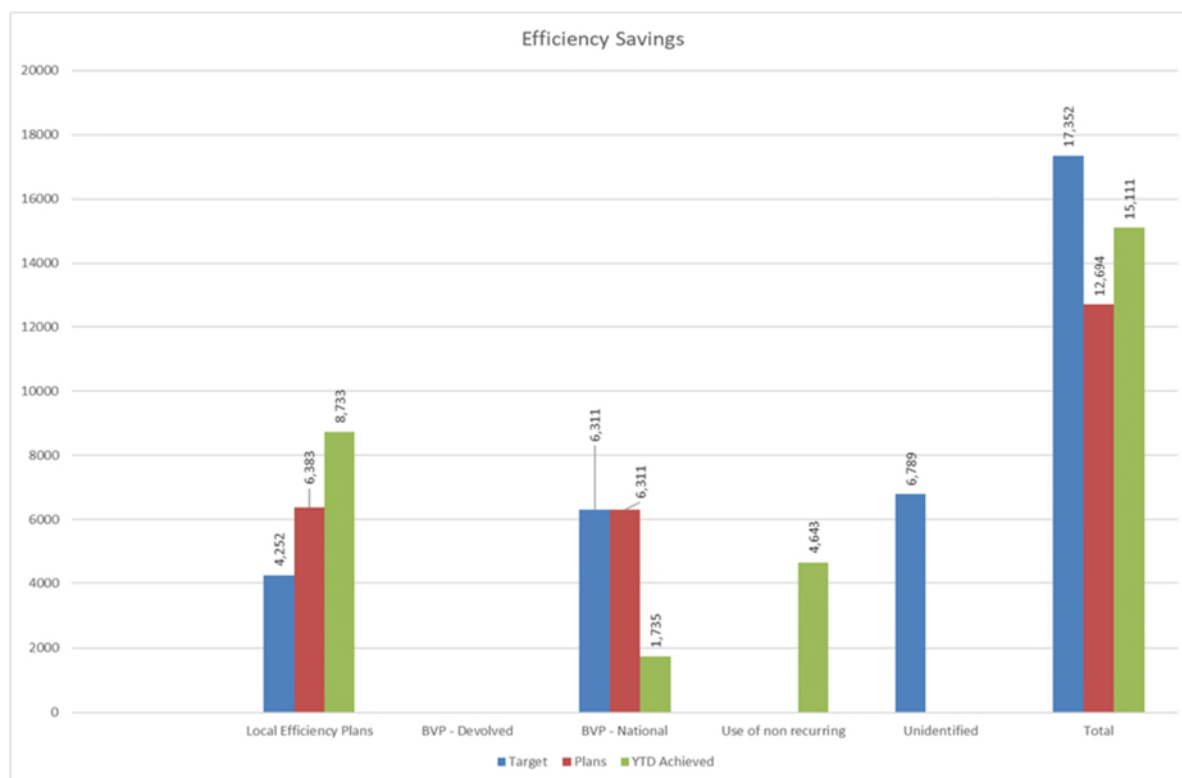
The breakdown of the key pressures as follows: Medical costs £1.4 million, insurance £0.43 million, other fees £0.16 million, Property running costs £0.11 million, Uniforms £0.4 million, Travel and Subsistence £0.6 million and Training costs £0.37 million.

- Vehicle accidents cover much of the insurance pressure as well as premiums increasing. Impairments to date total £0.47 million.
- Medical costs include defibrillator repairs and we are anticipating that as the new logistics model is implemented, medical costs reducing in the second half of the financial year in line with our Best Value programme. In addition we are implementing additional controls for approvals of repairs.
- Other fees include death in service payments.
- Property costs include £0.36 million of costs in February relating to property repairs as part of the ongoing maintenance program, including LED lighting replacement and Station refurbishments.
- Within Staffing costs, uniforms are carrying a high initial cost due to purchase of the new 5 in 1 jackets but we anticipate this to smooth out during the remainder of the financial year. The other cost pressures are within Accommodation, Travel and Subs, particularly within North and West Regions.
- 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 £1.66 a litre, which is lower than the fuel price peak earlier in the year.

We continue to review all areas of cost pressures on a monthly basis through good engagement with Budget holders alongside the savings reviews.

Doc: 2023-03-29 Financial Performance Report	Page 17	Author: Maria McFeat, Deputy Director of Finance
Date: 2023-03-29	Version 1.0	Review Date: May 2023

## 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 £8.7 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 July 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 £6.3 million that will be led by the Best Value Programme team and supporting local managers and teams. A detailed programme plan has been in place with Executive leads against each programme. To date, £1.7 million savings have been achieved against various Best Value workstreams.

We anticipated in the March Financial plan that we have had to continue with a reliance on non-recurring savings/slippage. We have now actioned £4.6 million of non recurring slippage year to date.

## 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. Following an additional and final allocation received in February, non-recurring funding for 2022/23 amounts to £12.6 million. An updated forecast has been completed and given the current COVID-19 abstractions and pressures in the system remains higher than the funding at £14.1 million.

Cost incurred during 2022/23 to 28 February 2022 are outlined in the table below.

Category of Resource	£
Additional pay & staff overtime	9.99 million
Logistics, Education	0.69 million
Mobile Vaccination Unit costs	0.84 million
Funded costs	<b>11.52 million</b>
Unfunded costs for ACC and Card 46	1.51 million
Total COVID-19 costs to date	<b>13.03 million</b>

### 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 2022/23 reporting and is being reviewed on a monthly basis. We continue to see increased overtime costs associated with hospital turnaround times.

### 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. This service, given the significant pressures within the systems, is required to be maintained and is contributing to the COVID-19 funding shortfall.

Work continues to be ongoing to support the redesign with 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, was approved by the Board in July 2022. This is also contributing to the COVID-19 cost pressures and due to the significant patient safety issues cannot be reduced.

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-19. 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. This remains a key contributor to the Best Value plans.

### **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 28 February 2023) is as follows:

	<b>Costs</b>
Pay	£747,000
Non Pay	£89,000
<b>Total</b>	<b>£836,000</b>

The vaccination team are working to a revised forecast of £0.889 million in 2022/23, which reflects an overspend beyond the COVID-19 umbrella funding of £0.780 million received.

### **Mobile Testing Units**

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

The year-to-date expenditure (at 28 February 2023) is as follows:

Doc: 2023-03-29 Financial Performance Report	Page 20	Author: Maria McFeat, Deputy Director of Finance
Date: 2023-03-29	Version 1.0	Review Date: May 2023

	<b>Costs</b>
Pay	£ 12.07 million
Non Pay	£ 1.15 million
<b>Total</b>	<b>£ 13.22 million</b>

Funding of £14.33 million was received from Scottish Government in September 2022, based on the last forecast provided.

### **Updated Forecast Position 2022-23**

A detailed forecast has been produced building upon the 2022/23 financial plan assumptions. The aims of the plan remain however the changes in the following 3 key financial planning assumption have refocused the plan, all previously highlighted in the finance report above and reported to the Board throughout the year.

They are:

1. a significant reduction in our COVID-19 funding assumption. The financial plan assumed total COVID-19 cost and full funding of £16.2 million. The full year costs have since been revised down to £14.1 million. The full year funding allocation was confirmed as £8.6 million, and an additional allocation of £4.0 million was received February 2023, resulting with a now forecasted shortfall of £1.5 million
2. confirmation of additional funding for previously committed expenditure, with total funding of £45 million against committed expenditure of £47.7 million with a shortfall of £2.7 million for the year, through a detailed review this has now reduced to £2.0 million for the year and
3. the extraordinarily high fuel prices that we experienced at the start of the financial year which have materialised as a forecast additional cost pressure of £3.0 million per annum
4. The savings plans remain on track to deliver the £17.4 million plan, albeit with a higher level of non-recurring that initially planned.

The Recovery actions and the risk management plan have also been updated. All of which will be closely monitored between now and the end of the financial year.

The updated forecast takes into account the following key assumptions:

- This forecast is based upon information currently available and consistent with previous estimates.
- The agenda for change Pay Award when agreed will be fully funded by Scottish Government.
- Efficiency savings targets will be achieved through the delivery of Best Value programmes, local efficiency plans and use of non-recurring

Doc: 2023-03-29 Financial Performance Report	Page 21	Author: Maria McFeat, Deputy Director of Finance
Date: 2023-03-29	Version 1.0	Review Date: May 2023

- Overtime cost expected to remain at current forecast levels
- Planning assumptions have taken account of planned recruitment and anticipated staff turnover in line with the demand and capacity projections
- Fuel prices and energy costs are also forecast to remain at current high levels with seasonality also accounted for during the winter months.
- A fixed funding envelope of £45 million for committed developments such as the Demand and Capacity Programme, On-call elimination, Paramedic education and NHSS Health Care System Winter Pressures. This was against commitments of £47.7 million leaving a shortfall of £2.7 million. Work has been ongoing to continually review these costs and as a result the funding gap has reduced to £2.0 million. This is as a result of a reduction in anticipated actual costs for on-call elimination noting this is for year 2022/23 only.
- Full funding for Test and Protect Mobile Testing Unit programme which was decommissioned at the end of September 2022.
- All other developments within our financial plan assumed to be fully funded.
- Assumed approval of a capital to revenue transfer of £1.5 million to support the ICCS development.
- No further capital programmes will be approved between now and the end of March 2023
- Assumed the full year impact of the additional public holidays included in this forecast.

This has resulted in an updated forecast deficit of £1.5 million. The table below shows the forecast reported at the end of February and then updated for this March review.

Key points to note are:

- The COVID-19 funding shortfall was reduced from £5.5 million to £1.5 million due to the £4.0 million allocation received in January allocation letter
- the actual costs associated with the Agenda for Change pay award appears to be in line with expectations. Scottish Government funding is yet to be confirmed however the assumption remains that this will be fully funded. The price of diesel continues to drop meaning that the full year pressure associated with fuel of £3.5 million is now expected to be around £3.0 million
- This has been offset with higher air ambulance costs than anticipated up to February 2023. Typically, air ambulance activity reduces in the winter months and we had assumed that in the forecast current statistics are reflecting this.
- Defib costs continue to be high, however a significant focus and actions are in place, we are anticipating this to reduce over the next few months.
- Delivery of the efficiency savings and Best Value remain on track

Doc: 2023-03-29 Financial Performance Report	Page 22	Author: Maria McFeat, Deputy Director of Finance
Date: 2023-03-29	Version 1.0	Review Date: May 2023

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**Updated forecast as at March 2023**

	<b>Forecast at Feb 2023</b>	<b>Update Mar 2023</b>
COVID-19 Funding Gap	£1.5m	£1.5m
Operational Commitments funding gap (£1.5m on-call plus £0.5m SPINE)	£2.0m	£2.0m
Further System Pressure slippage	£(1.1)m	£(1.1)m
Fuel Price Pressure	£3.5m	£3.0m
Emerging Non Pay Pressures from Month 8 (Air Ambulance Costs and Defib Consumables)	£0.7m	£0.7m
Capital to Revenue Funding Transfer	£(0.5)m	£(0.5)m
<b>Funding Gap</b>	<b>£6.1m</b>	<b>£5.6m</b>
<u>Further recovery actions (not yet actioned)</u>		
Use of financial flexibility (non recurring)	£3.2m	£2.7m
Capital to Revenue Funding Transfer (balance of the £1m not yet released)	£1.0m	£1.0m
Further System Pressures Slippage (action in month 9) anticipating a further £0.4m	£0.4m	£0.4m
<b>Forecast Out-turn deficit</b>	<b>£1.5m</b>	<b>£1.5m</b>

The back to balance actions remain and the aim is to continue to focus on a breakeven position by March 2023.

Our key finance risks remain and are being closely monitored though the Board and our Performance and Planning Steering Group and Audit Committee.

## **2022/23 YTD CAPITAL POSITION AS AT MONTH 11(28/02/2023)**

### **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 2022/23 the following earmarked allocations have been received:
    - Fleet Replacement Programme £22.98 million
    - Scotstar £0.250 million
    - Property minor works £0.327 million
    - Transport Scotland Switched on Fleet £1.77 million

In addition, a revenue to capital transfer of £0.150 million is anticipated to fund some of the final Civil Contingencies Response Programme (CCRP) Phase 2 estates requirements. We are also expecting £191,000 to fund the LED lighting programme.

Due to the significant pressure on the revenue budgets a capital to revenue transfer of £1.5 million is also anticipated to support these budgets.

The total 2022/23 allocation, taking into account the aforementioned capital and revenue transfers, is anticipated to be £25.962 million. The Service has received all allocations.

### **YTD Capital Position as at Month 11**

The YTD capital position is shown in the table below. Year to date expenditure totals £10.5 million. Significant expenditure on vehicles is anticipated in the final month of 2022/23.

The unallocated budget excluding anticipated projects of £0.146 million is expected to be fully utilised during 2022/23. Due to the significant pressure on revenue budgets, future capital business cases have been stopped for the time being.

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

Doc: 2023-03-29 Financial Performance Report	Page 24	Author: Maria McFeat, Deputy Director of Finance
Date: 2023-03-29	Version 1.0	Review Date: May 2023



**SCOTTISH AMBULANCE SERVICE**  
**CAPITAL REPORT 2022-23**  
**As at Month 11 (28 February 2023)**

<b>PROJECT</b>	<b>Approved Budget £</b>	<b>YTD Actuals £</b>	<b>Notes</b>
<b>Formula Capital Projects</b>			
eHealth and ICT	74,612	(24,707)	
Property	659,509	413,296	
Procurement & Logistics System	0	32,813	
Demand & Capacity	0	0	
Medical Equipment	0	0	
Vehicle Accidents	471,285	471,285	
	<b>1,205,406</b>	<b>892,687</b>	
<b>Earmarked Allocations</b>			
Enhancing Capability	383,000	414,487	
ICCS Replacement	0	11,123	
Scotstar	0	0	
Vehicles	24,228,450	10,126,714	
	<b>24,611,450</b>	<b>10,552,323</b>	
Unallocated Budget	145,574		
Capital Receipts	0	177,613	Gain
Revenue to Capital Transfers	0		
Capital to Revenue Transfers	0		
Fleet Contingency	0		
<b>TOTAL</b>	<b>25,962,430</b>	<b>11,622,623</b>	

## Approved and Anticipated Projects

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

<b>SCOTTISH AMBULANCE SERVICE</b>		
<b>DRAFT CAPITAL PLAN 2022-23</b>		
<b>As at 28<sup>th</sup> February 2023)</b>		
<b>ALLOCATION</b>		
<b><u>Received</u></b>		
Core Allocation		1,794,000
ScotSTAR project		250,000
Fleet Replacement - Core		22,980,000
Transport Scotland EV Funding		1,770,000
Property minor works		327,000
LED Lighting		191,430
<b><u>Anticipated</u></b>		
<b>Total Capital Allocation</b>		<b><u>27,312,430</u></b>
Add: Revenue to Capital Transfer - CCRP		150,000
Less: Capital to Revenue Transfer		(1,500,000)
<b>Total Available Capital budget</b>		<b><u>25,962,430</u></b>
<b>EXPENDITURE</b>		
<b><u>Approved Projects</u></b>		
<b>Project</b>	<b>Cost Centre</b>	<b>BUDGET £</b>
<b>eHealth and IT</b>		
Fortigate Cyber Security		27,396
National Gazetteer		8,357
Replacement of Data Backup Solution		28,167
C3 Auto Dispatch		4,752
Healthcare Professional Online Booking		5,940
<b>Total- eHealth and IT</b>		<b><u>74,612</u></b>
<b>Special Projects</b>		

CCRP Phase 1 Newbridge	383,000
ICCS Replacement	0
<b>Total - Special Projects</b>	<b>383,000</b>
<b>Property</b>	
Replacement of UPS Units at Oxfangs and Paisley	18,400
Estates Physical Condition Works	186,441
Glenrothes Works	55,559
West ACC Seating Pod	35,547
LED Lighting	191,430
Hawick Works	172,113
<b>Total - Property</b>	<b>659,510</b>
<b>Operations</b>	
Vehicles	22,458,450
Transport Scotland EV Funding	1,770,000
Vehicle Accidents	471,285
<b>Total - Equipment</b>	<b>24,699,735</b>
<b>Total Approved Projects</b>	<b>25,816,857</b>
<b>Unallocated Budget*</b>	<b>145,573</b>
<b><u>Anticipated Projects</u></b>	
Vehicle Accidents	28,715
<b>Total - Anticipated Projects</b>	<b>28,715</b>
<b>Revised Unallocated Budget</b>	<b>116,858</b>

## CONCLUSION

The financial position remains challenging for the Service with the underlying financial position having been revised following key changes to our original planning assumptions. The updated forecast is reporting a deficit of £1.5 million, primarily driven by ongoing COVID-19 pressures and reduced funding.

The paper describes the key drivers of this financial position and the ‘back to balance’ action plan is in place. The key risks in the delivery of the plan have been described in detail and are being actioned and reviewed on an ongoing basis.

**Julie Carter**  
**Director of Finance, Strategy and Logistics**  
**March 2023**

Doc: 2023-03-29 Financial Performance	Page 28	Author: Deputy Director of Finance, Logistics & Strategy
Date 2023-03-29	Version 1.0	Review Date: May 2023