

NOT PROTECTIVELY MARKED

PUBLIC BOARD MEETING

29 July 2020

Item 09

THIS PAPER IS FOR DISCUSSION

SUMMARY FINANCIAL PERFORMANCE TO 30 JUNE 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 discuss and note: <ul style="list-style-type: none"> • The financial position to the end of June 2020 • The efficiency savings position to the end of June 2020 • The COVID-19 financial impact to the end of June 2020
Key points	<ol style="list-style-type: none"> 1. The financial position shows a deficit of £7.3 million against a trajectory deficit of £2.1 million. 2. Efficiency savings of £1.0 million have been delivered against a target of £3.0 million for the period. 3. Note that additional expenditure of £5.6 million has been incurred in this period as a result of the Service's COVID-19 mobilisation plan. 4. Note that to date approximately £1.0 million of efficiency savings could not be delivered due to COVID-19.
Timing	During the financial year the Board will be provided with monthly updates on the financial position and from August the final year end forecast position will also be reported. This will show the forecast costs associated with COVID-19, with remobilisation to end of March and against the forecast position against our financial plan.
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 2020 when the budget for 2020/21 was set.

SCOTTISH AMBULANCE SERVICE BOARD

FINANCIAL PERFORMANCE TO 30 JUNE 2020

JULIE CARTER, DIRECTOR OF FINANCE, LOGISTICS & STRATEGY

This paper sets out the financial position at 30 June 2020 for the Scottish Ambulance Service.

The Board is asked to note:

- the financial position to the end of June 2020 for the financial year 2020/21
- a specific section on COVID-19 financial impact and cost recovery
- the key messages and actions agreed during this period

Key Messages

- Total deficit as at June 2020 of £7.3 million (this includes both core and non-core expenditure)
- Offsetting against the additional COVID-19 expenditure of £5.6 million our net core revenue position is £1.7 million behind target.
- The financial impact of the COVID-19 response represents £6.6 million additional revenue costs to the Service in this period to date. This includes £5.6 million of additional spend approved in our mobilisation plan plus a shortfall of £1.0 million share of efficiency plans that will not be achieved due to current operational demands.
- Additional funding from Scottish Government to support the COVID-19 pressure is assumed but not reflected in the current position. This will be reflected following approval of the additional allocation.
- Total savings are £2.0 million behind target overall as the Best Value Programme has been on hold and local efficiency plans continue to be developed and approved. The Best Value Programme is scheduled to restart in July 2020. After offsetting the COVID-19 impact on efficiency savings this reduces the shortfall to £1 million.

The financial position to June 2020 is reporting a deficit of £7.3 million to date, this consists of:

- Income – under target to date by £0.1 million
- Core Expenditure – over spend to date of £5.2 million
- Efficiency savings target for the financial year 2020/21 is £12.0 million. To date £1.0 million of savings have been recognised against a target of £3.0 million year

Doc: 2020-07-29 Financial Performance	Page 2	Author: Director of Finance, Logistics & Strategy
Date 2019-07-29	Version 1.0	Review Date:

to date, which reflects a gap of £2.0 million. Within the COVID-19 costs there is the financial impact of a shortfall of £1.0 million share of efficiency plans that could not be achieved due to current operational demands. This leaves a net underachievement of efficiency plans of £1.0 million for the period to June 2020.

- The financial impact of the COVID-19 response represents £6.6 million of additional revenue costs to the Service in this period to date. This includes £5.6 million of additional spend approved in our COVID-19 expenditure plan plus a shortfall of £1.0 million share of unachieved efficiency savings.

Key actions agreed in this period

1. COVID-19

The impact of COVID-19 on our financial position has been reported since February and a detailed analysis has been undertaken over the last few months. The financial impact to month 3 is £6.6 million increased revenue with the COVID-19 financial forecast in the region of £21 million for the full year. This forecast includes £20 million revenue and £1 million capital. The financial forecast is being reviewed and updated on a weekly basis.

ACTION: We have been working closely with SG colleagues who have put in place a monthly COVID-19 finance reporting update, this was previously reported weekly during April and May. This continues to be reported to Scottish Government and weekly calls with Deputy Directors of Finance and Directors of Finance are taking place to discuss this.

In addition, a peer to peer review of COVID-19 funding submissions across all Health Board including IJB's has been initiated by the Directors of Finance to provide assurance to Scottish Government that:

- Consistency of approach was being applied
- Interrogation of significant variations is undertaken and
- Agreement of a consistent methodology (where possible) in identifying and monitoring costs

It has also been agreed that in terms of COVID-19 financial reporting to Scottish Government:

- By the 14th August Quarter 1 returns and indicative full year forecasts will be submitted
- End of August recommencement of formal financial reporting and monthly thereafter and
- Mid-September finalisation of Quarter 1 reviews and updated forecasts, followed by agreement of funding allocations

2. Delivery of our Efficiency Savings Target

Much of the Best Value Programme work has required to be put on hold as we deal with the current crisis. The forecast additional costs, as a result of COVID-19, include an estimate of efficiency plans that we would have otherwise delivered in year and are now at risk of delivery. These estimates focus primarily on those

Doc: 2020-07-29 Financial Performance	Page 3	Author: Director of Finance, Logistics & Strategy
Date 2019-07-29	Version 1.0	Review Date:

schemes that reduced our overtime costs and managed abstractions. The total shortfall in the efficiency savings target and the key driver of our current core overspend excluding COVID-19 is primarily our efficiency savings shortfall.

ACTION: The Best Value Programme is restarting in July. The focus of the work is in line with the financial plan which described a total efficiency target of £5.6 million through the best value programme and a gap of £2 million unallocated efficiency plans. This now needs to be accelerated and is being closely aligned to the COVID-19 recovery and renew plans which may provide opportunities for accelerating some of the programmes. The best value plans are currently being realigned to the recovery/remobilisation plan and being restated given the current position. These are also being linked to other expenditure areas where we are seeing a reduction in spend due to sickness absence levels lower and travel costs reduced. An updated best value programme of work is due to be completed by the end of July/early August.

3. Core Financial Position and Forecast

The detailed financial analysis undertaken in month 3 is reporting a net financial shortfall of £1.7 million. Given the key risk of unachieved efficiency savings and the impact of winter and a remobilisation plan with likely associated costs, a detailed financial forecast is being completed by the middle of August.

ACTION – a financial forecast describing core expenditure, assumed income, impact of winter including modelling scenarios, the financial impact of COVID-19 and remobilisation is being completed. This will form the basis of the financial planning for the remainder of the financial year and will incorporate an assessment of the financial opportunities and costs based on a number of scenarios.

Financial Risk considerations noted in the period

The financial risks are linked to the above and are as follows:

Securing COVID-19 funding to cover the additional costs

The capturing of COVID-19 related costs is well established and has been reported to Scottish Government over the last few months. Our total forecast remains as £21 million with current costs for first 3 month of the year in the region of £6.6 million. Discussions continue with Scottish Government with agreement that monies will not be released until the middle of September.

Action – continue close monitoring of additional costs and reporting to Scottish Government and ensure controls are in place to capture all COVID-19 related expenditure. Discussions have commenced with internal audit to undertake a review of these internal controls.

Delivery of Efficiency Savings

This is a significant risk given the delay in progressing with our Best Value programme and our developed efficiency plans. We have estimated delivery of savings of £1

Doc: 2020-07-29 Financial Performance	Page 4	Author: Director of Finance, Logistics & Strategy
Date 2019-07-29	Version 1.0	Review Date:

million over the first quarter against our target of £3 million for the same period. This remains a significant challenge.

Action – A number of actions are progressing including

- Best Value Programme has been reinstated from July. The Best Value Programme Team met in early July, and meetings are being set up with programme leads and programme plans developed. Regular reporting to the Executive Team and the Performance and Planning Steering Group will also commence from late July.
- Within the £21 million additional COVID-19 costs, we have included an estimate of £3 million at risk efficiency savings based upon our current assumptions. This is being reviewed on an ongoing basis.

Finance position as at June 2020

Introduction

This section of the paper provides details of the financial results for the period ending June 2020. The delivery of the financial plan remains a major focus of the finance team. Budget review meetings are continuing with Service Heads, as well as more detailed tracking of efficiency savings, and a new financial reporting template is being put in place in August. There is ongoing review of COVID-19 costs and internal cost control processes.

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 June 2020 is a deficit of £7.3 million, made up of the following:

- Income – under budget by £0.1 million
- Expenditure Pay – over budget by £4.2 million
- Expenditure Supplies – over budget by £1.0 million
- Savings – behind target by £2.0 million
- Expenditure Non-core – break even

Doc: 2020-07-29 Financial Performance	Page 5	Author: Director of Finance, Logistics & Strategy
Date 2019-07-29	Version 1.0	Review Date:

Table 1 – Scottish Ambulance Service high level overview

**SCOTTISH AMBULANCE SERVICE BOARD
REVENUE RESOURCE ANALYSIS
YEAR TO 30 JUNE 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	313,102	84,571	84,571		22,955	22,955	
Health Board	4,915	1,319	1,315	(4)	445	444	(1)
Other Healthcare	850	265	211	(54)	131	110	(21)
Fleet	206	52	18	(34)	18	6	(12)
Staff Car Deductions	283	51	55	4	(1)	19	20
Other Operating	1,229	545	523	(22)	335	340	5
Total Income	320,585	86,803	86,693	(110)	23,883	23,874	(9)
Expenditure							
Accident & Emergency	203,743	51,032	50,673	359	17,123	16,915	208
Non Emergency Service	24,918	6,219	6,134	85	2,063	2,074	(11)
Air Ambulance	15,293	3,838	3,734	104	1,324	1,464	(140)
Overheads	61,031	10,114	17,833	(7,719)	3,373	6,457	(3,084)
Total Expenditure	304,985	71,203	78,374	(7,171)	23,883	26,910	(3,027)
Core Expenditure Variance			(7,281)			(3,036)	
Non Core Expenditure							
Depreciation (DEL)	15,500	3,653	3,653	0	1,212	1,212	0
Depreciation (Donated)	100	24	24	0	8	8	0
Total Non Core Expenditure	15,600	3,677	3,677	0	1,220	1,220	0
Surplus / Deficit			(7,281)			(3,036)	

Table 2 – Income and Expenditure

Table 2 provides the year to date position between service and support directorates, and identifies the COVID-19 financial impact separately.

SCOTTISH AMBULANCE SERVICE BOARD
INCOME AND EXPENDITURE SUMMARY
YEAR TO 30 JUNE 2020

		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	0	4,282	(4,282)		0	1,823	(1,823)	
	Supplies	0	1,349	(1,349)		0	734	(734)	
	Sav Target	(999)		(999)		(333)	0	(333)	
	Sav Realised			0		0	0	0	
					(6,630)			(2,890)	
Service Delivery Directorate	Income	(1,600)	(1,593)	(7)	0%	(547)	(554)	7	1%
	Salaries	54,018	53,860	158	0%	18,087	17,952	135	1%
	Supplies	9,082	8,838	244	3%	3,072	3,190	(118)	-4%
	Sav Target	(9)	0	(9)		(3)	0	(3)	
	Sav Realised	0	0	0		0	0	0	
				386				21	
Support Services Directorates	Income	(632)	(529)	(103)	-16%	(380)	(364)	(16)	-4%
	Salaries	5,198	5,323	(125)	-2%	1,698	1,732	(34)	-2%
	Supplies	8,536	8,400	136	2%	2,800	2,702	98	4%
	Sav Target	(1,992)	0	(1,992)		(663)	0	(663)	
	Sav Realised	1,047	0	1,047		448	0	448	
				(1,037)				(167)	
SCOTTISH AMBULANCE SERVICE	Income	(2,232)	(2,122)	(110)	-5%	(927)	(918)	(9)	-1%
	Salaries	59,216	63,465	(4,249)	-7%	19,785	21,507	(1,722)	-9%
	Supplies	17,618	18,587	(969)	-6%	5,872	6,626	(754)	-13%
	Sav Target	(3,000)	0	(3,000)		(999)	0	(999)	
	Sav Realised	1,047	0	1,047		448	0	448	
				(7,281)				(3,036)	

Table 3 – Service Delivery

Service delivery is £0.4 million favourable against budget at 30 June 2020. This does not include any savings targets which are currently held centrally at a value of £5.8 million until responsibilities for new best value work streams are allocated and plans are in place to deliver these.

Pay costs (excluding COVID-19) are reporting a small underspend £0.2 million over all service areas, however it should be noted that additional pay expenditure has been incurred across all service areas as a result of COVID-19 and this has been identified separately in Table 2, and explained further later in this paper.

Non pay costs are reporting £0.2 million under budget to date mainly in Vehicle Running Costs. A reduction in diesel costs has been delivered through less travel and lower fuel pump price.

Income is also lower than planned and a detailed review of events income planned and cost incurred is being undertaken. This is not considered a high risk at this stage.

Doc: 2020-07-29 Financial Performance	Page 8	Author: Director of Finance, Logistics & Strategy
Date 2019-07-29	Version 1.0	Review Date:

Table 3

**SCOTTISH AMBULANCE SERVICE BOARD
INCOME AND EXPENDITURE - SERVICE DELIVERY
YEAR TO 30 JUNE 2020**

		Cumulative to Date				Current Period			
		Budget	Actual	Variance	Variance	Budget	Actual	Variance	Variance
		£'000	£'000	£'000	%	£'000	£'000	£'000	%
NORTH REGION	Income	(254)	(254)	0	0%	(83)	(85)	2	2%
	Salaries	9,113	9,011	102	-1%	3,038	2,977	61	-2%
	Supplies	893	881	12	-1%	304	337	(33)	11%
	Sav Target			0				0	
	Sav Realised			0				0	
				114				30	
EAST REGION	Income	(186)	(186)	0	0%	(27)	(30)	3	11%
	Salaries	14,435	14,562	(127)	1%	4,776	4,855	(79)	2%
	Supplies	1,442	1,371	71	-5%	484	456	28	-6%
	Sav Target			0				0	
	Sav Realised			0				0	
				(56)				(48)	
WEST REGION	Income	(900)	(892)	(8)	-1%	(344)	(343)	(1)	0%
	Salaries	20,359	20,311	48	0%	6,832	6,774	58	-1%
	Supplies	1,867	1,753	114	-6%	627	574	53	-8%
	Sav Target			0				0	
	Sav Realised			0				0	
				154				110	
NATIONAL OPS	Income	(260)	(261)	1	0%	(93)	(96)	3	3%
	Salaries	10,111	9,976	135	-1%	3,441	3,346	95	-3%
	Supplies	4,880	4,833	47	-1%	1,657	1,823	(166)	10%
	Sav Target	(9)		(9)		(3)		(3)	
	Sav Realised			0				0	
				174				(71)	
TOTAL SERVICE DELIVERY	Income	(1,600)	(1,593)	(7)	0%	(547)	(554)	7	1%
	Salaries	54,018	53,860	158	0%	18,087	17,952	135	-1%
	Supplies	9,082	8,838	244	-3%	3,072	3,190	(118)	4%
	Sav Target	(9)	0	(9)		(3)	0	(3)	
	Sav Realised	0	0	0		0	0	0	
				386				21	

Table 4 – Support Services Directorates

Support services are being reported as £1.0 million over budget. The Finance & Logistics savings target includes all Best Value Programme targets. Aside of this, support services are still finalising and approving plans against their combined directorate efficiency targets of £0.6 million. Meetings are being held with the budget holders to finalise these by end July 2020.

**SCOTTISH AMBULANCE SERVICE BOARD
INCOME AND EXPENDITURE BY DIRECTORATE
YEAR TO 30 JUNE 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	(1)	(1)	0	0%	1	0	1	-100%
	Salaries	425	371	54	-13%	144	96	48	-33%
	Supplies	34	33	1	-3%	10	6	4	-40%
	Sav Target	(7)		(7)		(2)	0	(2)	
	Sav Realised			0		0	0	0	
				48					51
FINANCE AND LOGISTICS	Income	(598)	(502)	(96)	-16%	(378)	(356)	(22)	-6%
	Salaries	2,289	2,528	(239)	10%	679	845	(166)	24%
	Supplies	7,709	7,615	94	-1%	2,575	2,461	114	-4%
	Sav Target	(1,938)		(1,938)		(646)	0	(646)	
	Sav Realised	1,047		1,047		448	0	448	
				(1,132)					(272)
HUMAN RESOURCES	Income	(9)	(10)	1	11%	(2)	(3)	1	50%
	Salaries	545	536	9	-2%	183	179	4	-2%
	Supplies	200	189	11	-6%	65	67	(2)	3%
	Sav Target	(11)		(11)		(4)	0	(4)	
	Sav Realised			0		0	0	0	
				10					(1)
MEDICAL	Income	(3)	(3)	0	0%	0	(1)	1	#DIV/0!
	Salaries	570	594	(24)	4%	203	176	27	-13%
	Supplies	118	135	(17)	14%	39	60	(21)	54%
	Sav Target	(10)		(10)		(3)	0	(3)	
	Sav Realised			0		0	0	0	
				(51)					4
CARE QUALITY AND PROF DEVELOPMENT	Income	(21)	(13)	(8)	-38%	(1)	(4)	3	300%
	Salaries	1,369	1,294	75	-5%	489	436	53	-11%
	Supplies	475	428	47	-10%	111	108	3	-3%
	Sav Target	(26)		(26)		(8)	0	(8)	
	Sav Realised			0		0	0	0	
				88					51
TOTAL SUPPORT SERVICES	Income	(632)	(529)	(103)	-16%	(380)	(364)	(16)	-4%
	Salaries	5,198	5,323	(125)	2%	1,698	1,732	(34)	2%
	Supplies	8,536	8,400	136	-2%	2,800	2,702	98	-4%
	Sav Target	(1,992)	0	(1,992)		(663)	0	(663)	
	Sav Realised	1,047	0	1,047		448	0	448	
				(1,037)					(167)

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.

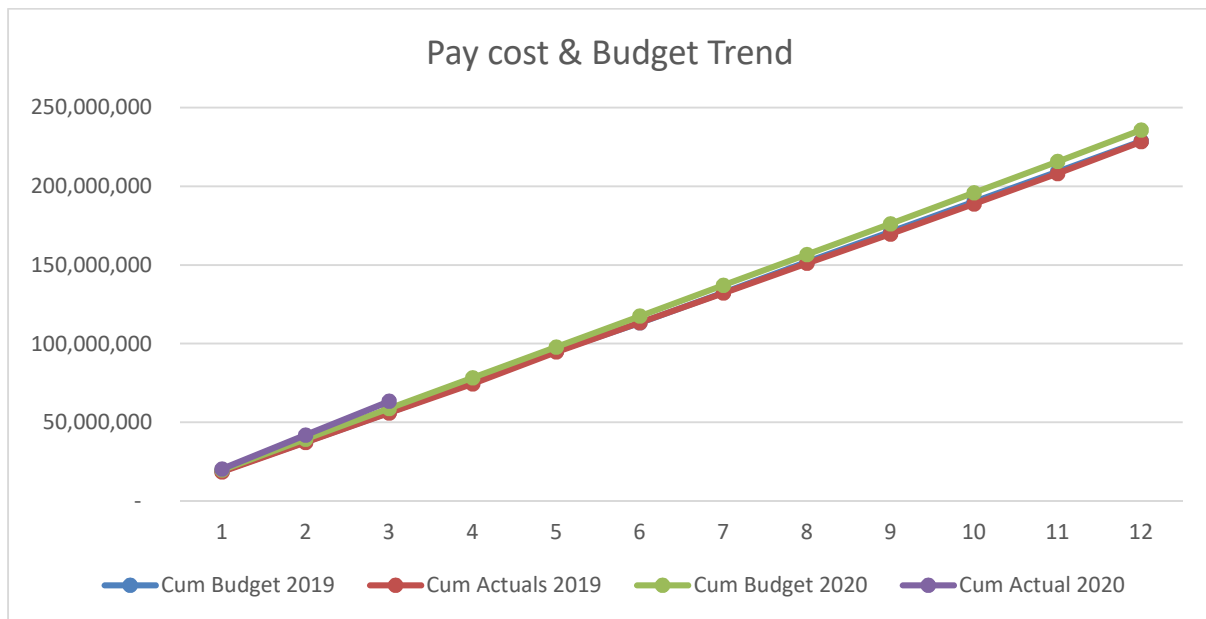
SCOTTISH AMBULANCE SERVICE BOARD
INCOME INCLUDING ALLOCATIONS
YEAR TO 30 JUNE 2020

	Full Year Budget £'000	Year to Date		
		Budget £'000	Actual £'000	Variance £'000
Income				
Revenue Allocation	313,103			
Baseline Allocations	303,334			
Recurring Allocations	193			
Non-Recurring Allocations	9,576			
Fleet Income	206	52	17	(35)
Health Board	4,915	1,319	1,315	(4)
Other Healthcare	850	265	212	(53)
Other Operating	1,229	545	523	(22)
Staff Car Deductions	283	51	55	4
Total Income	320,586	2,232	2,122	(110)

Total income (including funding) to date is £0.1 million behind target.

The original financial plan assumed revenue funding allocations of £306 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.

Detailed Pay analysis



The pay graph above reflects both year to date budget and year to date actual spend for financial year 2019/20 and 2020/21. As can be seen, the trend clearly shows 2020 costs exceeding 2019 values, due to increased Overtime as a result of the COVID-19 situation. Overtime cost in this current year is averaging 10.2% of the year to date pay bill compared to last year to date 5.2%. The table below shows a trend analysis of overtime costs in the last 2 years. The impact of COVID-19 mobilisation on the Service can be seen in the months from March 2020. Table 6 below provides the detail on the uplift in average WTE from this time last year.

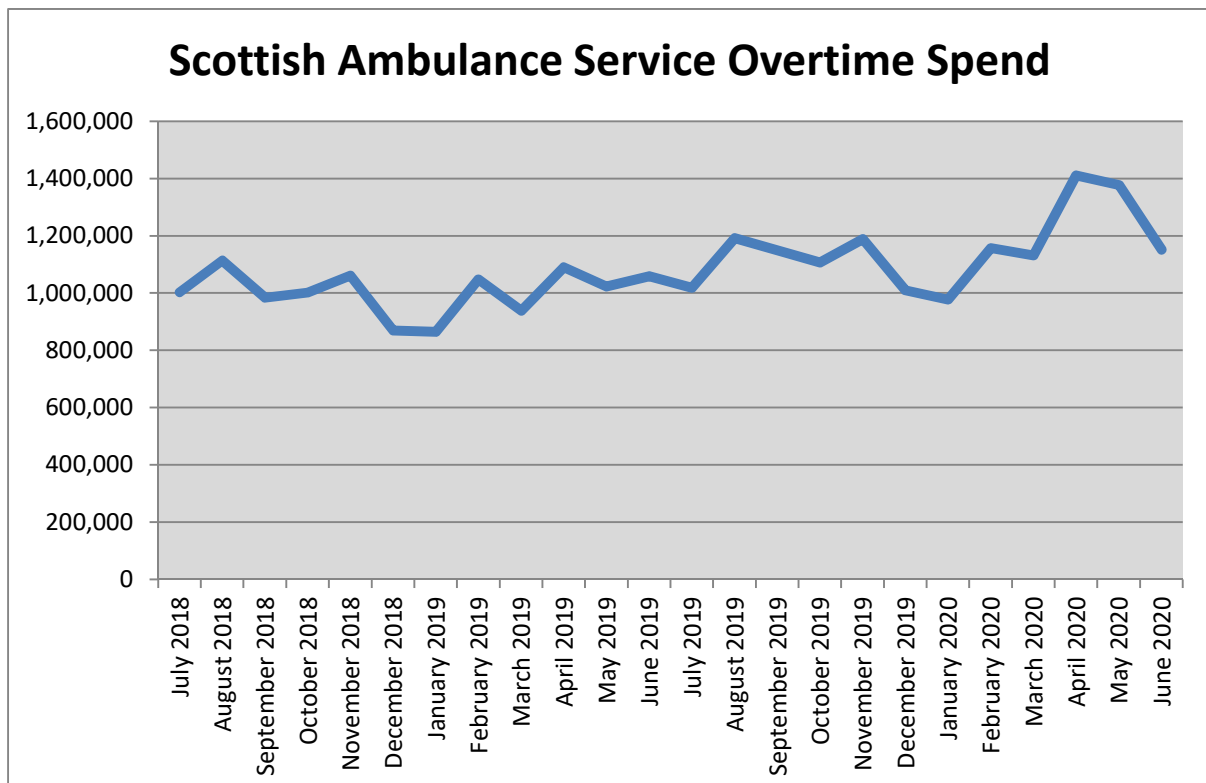


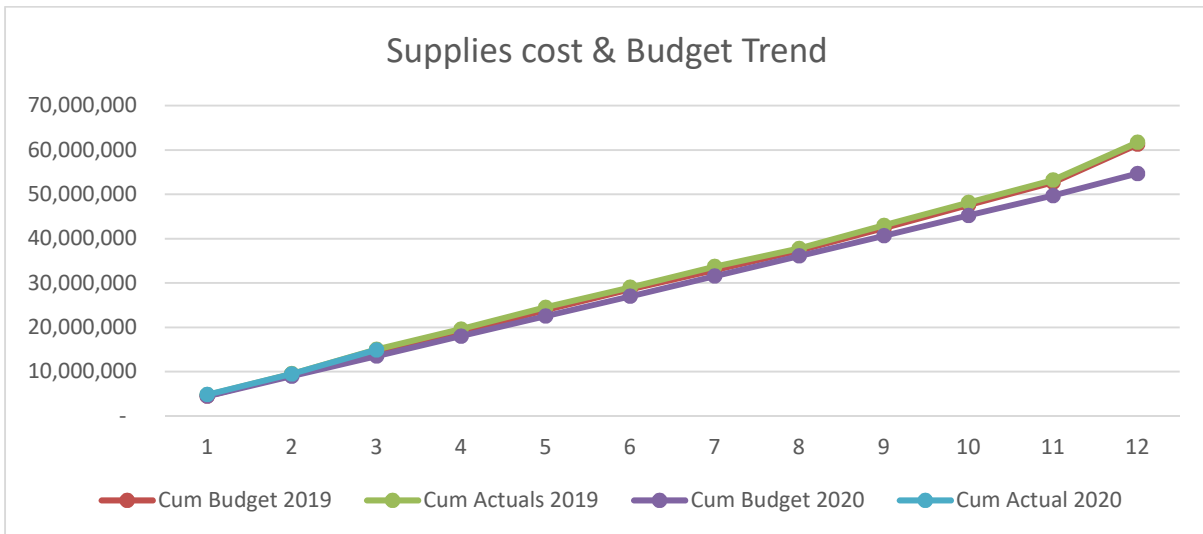
Table 6

**SCOTTISH AMBULANCE SERVICE BOARD
STAFF AND OVERTIME SUMMARY
YEAR TO 30 JUNE 2020**

		East Region	North Region	West Region	National Ops	Service Delivery
Current Year	Average WTE	1,221	698	1,704	778	4,401
	Overtime Hours	46,040	31,321	66,592	21,396	165,349
	Overtime Cost (£'000)	1,072	715	1,526	500	3,813
Prior Year	Average WTE	1,218	698	1,669	735	4,320
	Overtime Hours	38,566	28,847	57,111	16,223	140,747
	Overtime Cost (£'000)	853	633	1,255	373	3,114
Variance	Average WTE	3	0	35	43	81
	Overtime Hours	7,474	2,474	9,481	5,173	24,602
	Overtime Cost (£'000)	219	82	271	127	699

The above table illustrates the significant increase in overtime hours due to our COVID-19 response when compared to the same period last year. This is despite absences rates for annual leave, sickness and CPD & Training being considerably lower than the prior year reflecting the increased pressures within the system.

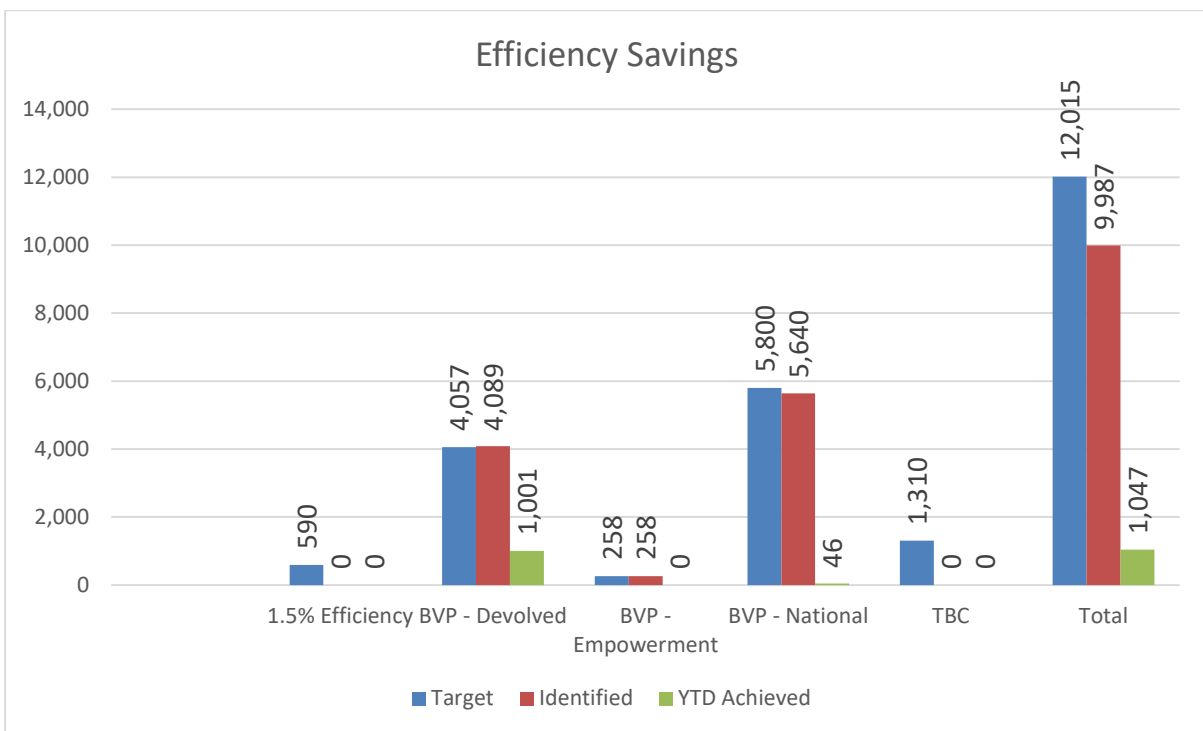
Non-pay



The non-pay graph above reflects year to date budget and year to date actual spend for both 2019/20 and 2020/21. The year to date position reports an overspend of £1.0 million, primarily as a result of additional spend of £1.3 million incurred as a result of the Service’s COVID-19 mobilisation plan. A detailed breakdown of these costs can be found in the COVID-19 section below.

Efficiency Savings

Savings of £1.0 million have been delivered against the 3-month target of £3.0 million and against identified plans of £9.8 million.



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

- **Support Directorate Savings Target**

Support Directorates have been allocated a 1.5% efficiency targets to recognise the requirement to continually review our costs and ensure reinvestment in our services to meet ongoing cost pressures. Plans to deliver this are being progressed with the intention of all support service plans finalised by the end of July 2020.

- **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 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 2020-23 financial plan recognises that during engagement with staff in 2019/20 and a review of our approach to the delivery of savings there is a 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 will now therefore provide an overarching reporting mechanism for all locally devolved savings schemes and will lead on driving nationally identified initiatives and projects.

- **Devolved Targets** – Responsibility for projects that were implemented during 2019/20 and now deemed to be embedded within the Service has been devolved to budget holders. Progress of these projects will be monitored however these are expected to deliver £4.0 million on a recurring basis, with £1.0 million delivered to date.
- **Empowerment and raising awareness** – Projects to raise awareness and improve local management of budgets initially involving fleet and estates costs are hoped to deliver £0.2 million. Reporting on these have been developed and will be issued by August 2020.
- **Best Value Programmes** – More than 30 work streams have been identified with potential savings of £5.6 million that will be led by the Best Value Programme team and supporting local managers and teams. A detailed programme plan has been developed with Executive leads against each programme. This work has been put on hold as a result of the COVID-19 response, whilst the programme team are leading on the COVID-19 demand and capacity modelling and all

Doc: 2020-07-29 Financial Performance	Page 15	Author: Director of Finance, Logistics & Strategy
Date 2019-07-29	Version 1.0	Review Date:

resources have been tied into this. This work has now restarted and will be linked to our recovery plans.

- **Unidentified Initiatives**

The financial plan identified £1.9 million of unidentified savings. The forecast had since been reduced to a £1.3 million gap due to the allocation of 1.5% efficiency targets to support directorates. Work continues to review expenditure and best practice to assess if further projects can be identified. Formal escalation plans will be put in place by September if the gap remains.

COVID-19 Financial Implications

Board Members are aware that there is additional funding in place from Scottish Government to support expenditure due to the COVID-19 pandemic. We have been working closely with SG colleagues who put in place a weekly finance reporting update. The SAS submission to SG will be used to update the board on a monthly basis, this reporting has reduced from the initial weekly Board update.

The Service incurred costs associated with this during financial year 2019/20 and by the end of March amounted to £1.7 million, for which funding was received for that period.

Cost incurred during 2020/21 to 30th June are outlined in the table below.

Category of Resource	£
Additional pay & staff overtime	3.7 million
Additional temporary staff incl. Louisa Jordan Phase 1	0.6 million
Supplies and equipment (PPE, Cleaning materials, etc.)	0.8 million
Air ambulance and third party support	1.2 million
Offsetting Savings (fuel)	(0.7 million)
Efficiency saving underachievement	1.0 million
	6.6 million

Additional pay & staff overtime

On top of cover for increased levels of COVID-19 related sickness and self-isolation, additional overtime has been required to backfill staff seconded to support our COVID-19 response. These include the Strategic, Tactical and Regional Cells as well as Clinical Hubs and Ambulance Control resilience.

Additional temporary staff including NHS Louisa Jordan Phase 1

The Service has employed about 100 students from Glasgow Caledonian University on fixed term or bank contracts to support the creation of a new ambulance station at the NHS Louisa Jordan in Glasgow. Some recently retired staff have also returned on bank contracts to help improve resilience and meet demand.

Air ambulance and third party support

Our delivery of the COVID-19 response has been enhanced by various third party organisations such as Loganair, British Red Cross, Arcus, ATOS and Arnold Clark. These companies are providing us with services specifically to help manage the additional pressure of the current crisis through the provision of aircraft for patient transfers, Red Cross vehicles in Aberdeen and the Central belt, automated telephony services, laptop hire to enable staff to work from home, and van hire for distribution of PPE respectively.

Offsetting Savings

The Service has benefitted from the offer of free fuel from BP UK since late March until the offer ended in early June and these savings have offset the additional COVID-19 expenditure to the value of £0.7 million.

The full year forecast remains at £21 million although this remains under constant review. Table 7 shows the most recent forecast update reflecting actual costs to June.

Table 7

Health Board Spend	Revenue												Revenue	Capital
	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21		
Personal protection equipment - note 8	197	110	266	190	190	190	140	140	140	115	115	115	1,908	46
Deep cleans - note 8	39	5	19	30	30	30	20	20	20	11	11	11	246	
Equipment & Sundries - note 6	10	11	6	8	8	8	8	8	8				75	575
IT & Telephony Costs - note 9 and note 3	45	26	85	25	25	25	25	25	25				306	
Estates & Facilities cost	1	54	36	30	30	30	30	30	30				271	
Additional staff overtime and enhancements - note 2 and note 9	911	1,274	1,661	1,245	1,245	945	400	400	300				8,381	
Additional temporary staff spend - All Other - note 2	7	45	37	285	285	244	145	145	145	110	110	110	1,668	
Additional Travel Costs - note 6 and Note 4	356	316	394	782	760	670	597	252	305				4,432	
Louisa Jordan costs - note 1	91	161	124	152	122	78							728	
Clinical Equipment Resilience - note 5				9									9	225
Offsetting savings - Health - note 7	(275)	(311)	(72)	(15)	(7)								(680)	
Total	1,382	1,691	2,556	2,741	2,688	2,220	1,365	1,020	973	236	236	236	17,344	846
														18,190
Expected underachievement of savings (health)	333	333	333	333	333	333	333	333	333				2,997	
Total	1,715	2,024	2,889	3,074	3,021	2,553	1,698	1,353	1,306	236	236	236	20,341	846
														21,187

Capital

YTD CAPITAL POSITION AS AT MONTH 3 (30 June 2020)

2020/21 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 2020/21 the following earmarked allocations have been received:
 - Fleet Replacement Programme £14.546 million

Doc: 2020-07-29 Financial Performance	Page 17	Author: Director of Finance, Logistics & Strategy
Date 2019-07-29	Version 1.0	Review Date:

- Scotstar £0.250 million
- EpiShuttles £0.153 million

The total 2020/21 allocation is anticipated to be £16.743 million. The Core Allocation of £1.794 million has been received in Month 3, with all other allocations still anticipated.

YTD Capital Position

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

Capital receipts of £4,000 have been received as result of vehicles being sold for a price higher than the NBV. These receipts have been used for additional capital expenditure above the allocated budget.

The unallocated budget of £0.370 million will be fully utilised during 2020/21 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.

Doc: 2020-07-29 Financial Performance	Page 18	Author: Director of Finance, Logistics & Strategy
Date 2019-07-29	Version 1.0	Review Date:

SCOTTISH AMBULANCE SERVICE
CAPITAL REPORT 2020-21
As at Month 3 (30 June 2020)

PROJECT	Approved Budget £	YTD Actuals £	Notes
Formula Capital Projects			
eHealth and ICT	598,400	10,874	
Property	0	(2,137)	Vat Credit
Medical Equipment	153,000	120,029	
	751,400	128,766	
Earmarked Allocations			
Enhancing Capability	1,167,851	66	
Defib Replacement	50,000	0	
ICCS Replacement	601,626	1,544	Adjustment to Year End Accruals
Scotstar	0	0	
Major Trauma	0	13,683	
Vehicles	13,628,149	31,847	
	16,199,026	47,140	
Unallocated Budget	371,174		
Capital Receipts	0	(4,000)	Gain on sale of vehicles
TOTAL	16,570,200	171,906	

Approved and Anticipated Projects

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

Approved Projects	
	£
eHealth and ICT	
ePR Enhancements	30,000
ICT Installation at Training Sites	22,000
Contact Centre Replacement (Telephony)	467,200
Server Replacement	79,200
Total- eHealth and IT	598,400
Special Projects	
Enhancing Capability	1,167,851
Defib Replacement	50,000
ICCS Replacement	601,626
Total - Special Projects	1,819,477
Property	
	0
Total - Property	0
Operations	
Vehicles	13,628,149
Medical Equipment	153,000
Total - Equipment	13,781,149
Total Approved Projects	16,199,026
Total Approved Budget	16,743,000
Less Capital to Revenue Transfer	(172,800)
Add: Capital Receipts	4,000
Total Budget Available	16,574,200
Unallocated Budget	375,174
Anticipated Projects	
Total – Anticipated Projects	0
Revised Unallocated Budget	375,174

Key Risks

ICCS Replacement Project

The project is being implemented in collaboration with the other UK Ambulance Services. Initial completion date was scheduled for December 2020, however due to the COVID-19 situation, the project has experienced some delays and completion is now expected to be March 2021. This is considered to be low risk.

COVID-19

There have been a number of approvals for the purchase of capital items identified as part of the COVID-19 response. The cost of these have been included in the financial return to SG on the impact from COVID-19 but to date no confirmation has been received that capital funding will be made available. The expenditure will be charged to the capital budget as invoices are processed. If SG do not provide sufficient budget to cover this expenditure, the core capital budget will need to be utilised. This is considered to be low risk.

Enhancing Capability

Expenditure plans have not yet been received or approved for the £1.2 million Enhancing Capability budget. It is anticipated that the majority of this funding will be utilised for estates projects which could potentially not be completed by 31 March 2021 and result in an underspend. This is considered to be low risk.

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

Conclusion

The underlying position for the Service is £1.7 million behind target.

The financial impact of COVID -19 is being monitored closely and a detailed first quarter report has been completed in line with SG reporting.

We are also commencing a detailed full year financial forecast including the full year impact of COVID-19, remobilisation and efficiency plans.

Whilst the efficiency savings are £2.0 million behind target overall, as a result of the Best Value Programme being on hold, the programme has been restarted during July and increased focus and priority has commenced in this area.

Julie Carter

Director of Finance, Strategy and Logistics

July 2020

Doc: 2020-07-29 June Financial Performance	Page 21	Author: Deputy Director of Finance
Date 2020-07-29	Version 1.0	Review Date: August 2020