



Public Board Meeting

30 September 2020

Item 10

THIS PAPER IS FOR DISCUSSION

SUMMARY FINANCIAL PERFORMANCE TO 31 AUGUST 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 31 August 2020• The efficiency savings position to 31 August 2020• The COVID-19 financial impact to 31 August 2020• The updated full year financial forecast position
Key points	<ol style="list-style-type: none">1. The financial position shows a deficit of £11.2 million against a trajectory deficit of £3.0 million.2. Efficiency savings of £2.0 million have been delivered against a target of £5.0 million for the period.3. Additional expenditure of £8.3 million has been incurred in this period as a result of the Service's COVID-19 mobilisation plan.4. Note that to date approx. £1.7 million of efficiency savings could not be delivered due to COVID-19 and is included within the £3 million shortfall5. Note that additional funding for COVID-19 related expenditure of £10 million is assumed to be received from Scottish Government, in line with agreed timelines this is due to be approved by Scottish Government by the mid/end of September 2020.6. The full year financial forecast remains a break even position
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 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 31 AUGUST 2020

JULIE CARTER, DIRECTOR OF FINANCE, LOGISTICS & STRATEGY

This paper sets out the financial position at 31 August 2020 for the Scottish Ambulance Service.

The Board is asked to note:

- the financial position to the end of August 2020 for the financial year 2020/21
- a specific section on COVID-19 financial impact and funding assumptions and
- the key messages as highlighted including agreed actions

The financial position to August 2020, reporting a deficit of £11.2 million to date, consists of:

- Income – under target to date by £0.1 million
- Core Expenditure – over spend to date of £8.1 million
- Efficiency savings target for the financial year 2020/21 is £12.0 million. To date £2.0 million of savings have been recognised against a target of £5.0 million year to date, which reflects a gap of £3.0 million. Within the COVID-19 expenditure plan there is the financial impact of a shortfall of £1.7 million share of efficiency plans that are unlikely to be achieved due to current operational demands. This leaves a net underachievement of efficiency plans of £1.3 million for the period to August 2020.
- The financial impact of the COVID-19 response represents £10 million of additional revenue costs to the service in this period to date. This includes £8.3 million of additional spend approved in our COVID-19 expenditure plan plus a shortfall of £1.7 million share of unachieved efficiency savings.

Key messages

- Total deficit as at August 2020 of £11.2 million (this includes both core and non-core expenditure)
- Offsetting against the additional COVID-19 expenditure of £8.3 million our net core revenue position is £2.9 million behind target. Our Financial Plan (pre COVID) forecast an overspend of £3 million by the end of August.
- The financial impact of the COVID-19 response represents £10.0 million additional revenue costs to the Service in this period to date. This includes £8.3 million of additional

Doc: 2020-09-30 Financial Performance	Page 3	Author: Deputy Director of Finance
Date: 2020-09-30	Version 1.0	Review Date: November 2020

spend approved in our mobilisation plan plus a shortfall of £1.7 million share of efficiency plans that are unlikely to be achieved due to current operational demands. Additional funding from Scottish Government to support this total pressure is assumed but not reflected in the current position. This will be reflected following approval of the additional allocation due at the end of September.

- Total savings are £3.0 million behind target overall as the Best Value Programme recommenced in July 2020. The Best Value Programme had been on hold and local efficiency plans continued to be developed and approved. After offsetting the COVID-19 shortfall in efficiency savings this reduces the efficiency savings shortfall to £1.3 million.

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 5 is £10 million revenue with the COVID-19 full year financial forecast (including remobilisation) now in the region of £28 million. This forecast includes £27 million revenue and £1 million capital. The COVID-19 financial analysis 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 and 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 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 as a way to provide assurance to Scottish Government that:

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

As agreed with Scottish Government very detailed Quarter 1 returns and indicative full year forecasts were submitted on 14th August 2020. This included a COVID-19 (including remobilisation) financial forecast and assumptions regarding our other allocations including demand and capacity and our new paramedic education model. A positive financial review meeting took place with the Scottish Government on the 14th August with assurance of a 'working assumption' in line with our forecast costs and income.

It is also agreed that as at the end of August formal financial reporting will recommence and will be reported monthly thereafter. It is also planned that confirmation on funding allocations will be released by middle-end September and this was reiterated at the recent Scottish Government financial review.

Doc: 2020-09-30 Financial Performance	Page 4	Author: Deputy Director of Finance
Date: 2020-09-30	Version 1.0	Review Date: November 2020

2. Delivery of our Efficiency Savings Target

Much of the Best Value Programme work has required to be put on hold as we have been dealing with the impact of COVID-19. Therefore, included within the additional costs are 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 schemes that reduced our overtime costs and managed abstractions. The key driver of our current core overspend excluding COVID-19 is primarily due to our efficiency savings shortfall.

ACTION: The Best Value Programme restarted in July. The focus of the work is in line with the financial plan, which described an efficiency target of £5.6 million through the best value programme and a gap of £1.9 million unallocated efficiency plans. This now needs to be accelerated and is being closely aligned to the COVID-19 remobilisation plan. 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 plan has been completed.

3. Core Financial Position and Forecast

Given the uncertainty with COVID-19 and the further financial implications of remobilisation the Service has undertaken a detailed financial forecast to the year end. This also incorporates the assumed level of unachieved efficiency savings (as a result of COVID), the impact of winter and the updated COVID-19 financial forecast as noted above.

This revised forecast 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. This forecast is described in detail within this paper. Our financial plan to deliver a balanced budget remains.

Financial Risk considerations noted in the period

The financial risks 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 reported last month of £21 million has increased to £28 million with current costs for the five months of the year in the region of £10 million. The increase in costs to £28 million includes £25 million relating to the original mobilisation plan but extended from the end of December to the end of March, in addition to £3.2 million of funding estimated for the Service remobilisation plan. The Q1 review with SG Finance was supportive and full funding for the additional COVID-19 expenditure through our Q1 position is anticipated. The financial forecast and assumptions was also discussed with SG finance and it is anticipated the full year financial impact of COVID-19 will be received during 2020/21. This will be closely monitored.

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 an internal audit review of these internal controls.

Doc: 2020-09-30 Financial Performance	Page 5	Author: Deputy Director of Finance
Date: 2020-09-30	Version 1.0	Review Date: November 2020

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 £2.0 million over the first five months against our target of £5.0 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 has now restarted.
- Within the £28 million additional COVID-19 costs, we have included an estimate of £4 million at risk efficiency savings based upon our current assumptions. This is being reviewed on an ongoing basis and work is progressing to recover this shortfall where possible.

Finance position as at August 2020

Introduction

This section of the paper provides details of the financial results for the period ending August 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 was 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 August 2020 is a deficit of £11.2 million, made up of the following:

- Income – under budget by £0.15 million
- Expenditure Pay – over budget by £6.3 million
- Expenditure Supplies – over budget by £1.75 million
- Savings – behind target by £3.0 million
- Expenditure Non-core – break even

Doc: 2020-09-30 Financial Performance	Page 6	Author: Deputy Director of Finance
Date: 2020-09-30	Version 1.0	Review Date: November 2020

Table 1 – Scottish Ambulance Service high level overview

**SCOTTISH AMBULANCE SERVICE BOARD
REVENUE RESOURCE ANALYSIS
YEAR TO 31 AUGUST 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	339,662	131,294	131,294		23,193	23,193	
Health Board	4,902	2,105	2,094	(11)	389	326	(63)
Other Healthcare	1,054	449	380	(69)	94	83	(11)
Fleet	206	86	20	(66)	17	2	(15)
Staff Car Deductions	284	103	83	(20)	26	18	(8)
Other Operating	1,625	1,093	1,119	26	405	461	56
Total Income	347,733	135,130	134,990	(140)	24,124	24,083	(41)
Expenditure							
Accident & Emergency	205,542	85,540	84,975	565	17,571	17,381	190
Non Emergency Service	24,816	10,333	10,289	44	2,074	2,071	3
Air Ambulance	15,404	6,492	6,449	43	1,328	1,391	(63)
Overheads	86,371	17,165	28,857	(11,692)	3,151	4,956	(1,805)
Total Expenditure	332,133	119,530	130,570	(11,040)	24,124	25,799	(1,675)
Core Expenditure Variance				(11,180)			(1,716)
Non Core Expenditure							
Depreciation (DEL)	15,500	6,066	6,066	0	1,207	1,207	0
Depreciation (Donated)	100	35	35	0	5	5	0
Total Non Core Expenditure	15,600	6,101	6,101	0	1,212	1,212	0
Surplus / Deficit				(11,180)			(1,716)

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 31 AUGUST 2020

	Cumulative to Date				Current Period				
	Budget £'000	Actual £'000	Variance £'000	Variance %	Budget £'000	Actual £'000	Variance £'000	Variance %	
COVID-19	Income			0			0		
	Salaries	0	6,123	(6,123)	0	848	(848)		
	Supplies	0	2,210	(2,210)	0	339	(339)		
	Sav Target	(1,665)		(1,665)	(333)	0	(333)		
	Sav Realised		0	0	0	0	0		
			(9,998)			(1,520)			
Service Delivery Directorate	Income	(2,839)	(2,867)	28	1%	(727)	(717)	(10)	-1%
	Salaries	90,323	90,066	257	0%	18,209	18,182	27	0%
	Supplies	15,261	15,220	41	0%	3,107	3,252	(145)	-5%
	Sav Target	(15)	0	(15)		(4)	0	(4)	
	Sav Realised	0	0	0		0	0	0	
			311			(132)			
Support Services Directorates	Income	(996)	(830)	(166)	-17%	(203)	(176)	(27)	-13%
	Salaries	8,756	9,203	(447)	-5%	1,785	1,780	5	0%
	Supplies	14,286	13,848	438	3%	2,807	2,612	195	7%
	Sav Target	(3,321)	0	(3,321)		(665)	0	(665)	
	Sav Realised	2,003	0	2,003		427	0	427	
			(1,493)			(65)			
SCOTTISH AMBULANCE SERVICE	Income	(3,835)	(3,697)	(138)	-4%	(930)	(893)	(37)	-4%
	Salaries	99,079	105,392	(6,313)	-6%	19,994	20,810	(816)	-4%
	Supplies	29,547	31,278	(1,731)	-6%	5,914	6,203	(289)	-5%
	Sav Target	(5,001)	0	(5,001)		(1,002)	0	(1,002)	
	Sav Realised	2,003	0	2,003		427	0	427	
			(11,180)			(1,716)			

Table 3 – Service Delivery

Service delivery is £0.3 million favourable against budget at 31 August 2020. This does not include any savings targets which are currently held centrally at a value of £5.8 million. Work is progressing to deliver the best value work streams and agree Executive leads and detailed implementation plans.

Pay costs (excluding COVID-19) are reporting a small underspend £0.3 million over all service areas, however it should be noted that additional pay expenditure has been incurred

Doc: 2020-09-30 Financial Performance	Page 8	Author: Deputy Director of Finance
Date: 2020-09-30	Version 1.0	Review Date: November 2020

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.

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.

Table 3

SCOTTISH AMBULANCE SERVICE BOARD
INCOME AND EXPENDITURE - SERVICE DELIVERY
YEAR TO 31 AUGUST 2020

		Cumulative to Date				Current Period			
		Budget £'000	Actual £'000	Variance £'000	Variance %	Budget £'000	Actual £'000	Variance £'000	Variance %
NORTH REGION	Income	(403)	(398)	(5)	-1%	(70)	(69)	(1)	-1%
	Salaries	15,180	15,036	144	-1%	3,015	2,992	23	-1%
	Supplies	1,459	1,551	(92)	6%	300	366	(66)	22%
	Sav Target			0				0	
	Sav Realised			0				0	
				47			(44)		
EAST REGION	Income	(282)	(287)	5	2%	(18)	9	(27)	-150%
	Salaries	24,061	24,309	(248)	1%	4,746	4,864	(118)	2%
	Supplies	2,360	2,330	30	-1%	484	493	(9)	2%
	Sav Target			0				0	
	Sav Realised			0				0	
				(213)			(154)		
WEST REGION	Income	(1,366)	(1,387)	21	2%	(199)	(247)	48	24%
	Salaries	33,823	33,856	(33)	0%	6,663	6,785	(122)	2%
	Supplies	3,046	3,035	11	0%	615	655	(40)	7%
	Sav Target			0				0	
	Sav Realised			0				0	
				(1)			(114)		
NATIONAL OPS	Income	(788)	(795)	7	1%	(440)	(410)	(30)	-7%
	Salaries	17,259	16,865	394	-2%	3,785	3,541	244	-6%
	Supplies	8,396	8,304	92	-1%	1,708	1,738	(30)	2%
	Sav Target	(15)		(15)		(4)		(4)	
	Sav Realised			0				0	
				478			181		
TOTAL SERVICE DELIVERY	Income	(2,839)	(2,867)	28	1%	(727)	(717)	(10)	-1%
	Salaries	90,323	90,066	257	0%	18,209	18,182	27	0%
	Supplies	15,261	15,220	41	0%	3,107	3,252	(145)	5%
	Sav Target	(15)	0	(15)		(4)	0	(4)	
	Sav Realised	0	0	0		0	0	0	
				311			(132)		

Table 4 – Support Services Directorates

Support services are being reported as £1.4 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 currently ongoing with the budget holders to finalise these.

**SCOTTISH AMBULANCE SERVICE BOARD
INCOME AND EXPENDITURE BY DIRECTORATE
YEAR TO 31 AUGUST 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	(3)	(2)	(1)	-33%	0	0	0	
	Salaries	712	628	84	-12%	143	136	7	-5%
	Supplies	38	47	(9)	24%	(8)	8	(16)	-200%
	Sav Target	(12)		(12)		(3)	0	(3)	
	Sav Realised	21		21		21	0	21	
				83					9
FINANCE AND LOGISTICS	Income	(931)	(790)	(141)	-15%	(189)	(168)	(21)	-11%
	Salaries	3,811	4,540	(729)	19%	698	826	(128)	18%
	Supplies	12,910	12,531	379	-3%	2,544	2,391	153	-6%
	Sav Target	(3,230)		(3,230)		(646)	0	(646)	
	Sav Realised	1,982		1,982		406	0	406	
				(1,739)					(236)
HUMAN RESOURCES	Income	(17)	(16)	(1)	-6%	(4)	(4)	0	0%
	Salaries	912	894	18	-2%	183	178	5	-3%
	Supplies	335	246	89	-27%	67	(1)	68	-101%
	Sav Target	(19)		(19)		(4)	0	(4)	
	Sav Realised			0		0	0	0	
				87					69
MEDICAL	Income	(6)	(5)	(1)	-17%	(1)	(1)	0	0%
	Salaries	1,016	966	50	-5%	253	180	73	-29%
	Supplies	197	279	(82)	42%	40	64	(24)	61%
	Sav Target	(16)	0	(16)		(3)	0	(3)	
	Sav Realised			0		0	0	0	
				(49)					45
CARE QUALITY AND PROF DEVELOPMENT	Income	(39)	(17)	(22)	-56%	(9)	(3)	(6)	-67%
	Salaries	2,305	2,175	130	-6%	508	459	49	-10%
	Supplies	806	745	61	-8%	164	149	15	-9%
	Sav Target	(44)		(44)		(9)	0	(9)	
	Sav Realised			0		0	0	0	
				125					48
TOTAL SUPPORT SERVICES	Income	(996)	(830)	(166)	-17%	(203)	(176)	(27)	-13%
	Salaries	8,756	9,203	(447)	5%	1,785	1,780	5	0%
	Supplies	14,286	13,848	438	-3%	2,807	2,612	195	-7%
	Sav Target	(3,321)	0	(3,321)		(665)	0	(665)	
	Sav Realised	2,003	0	2,003		427	0	427	
				(1,493)					(65)

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.

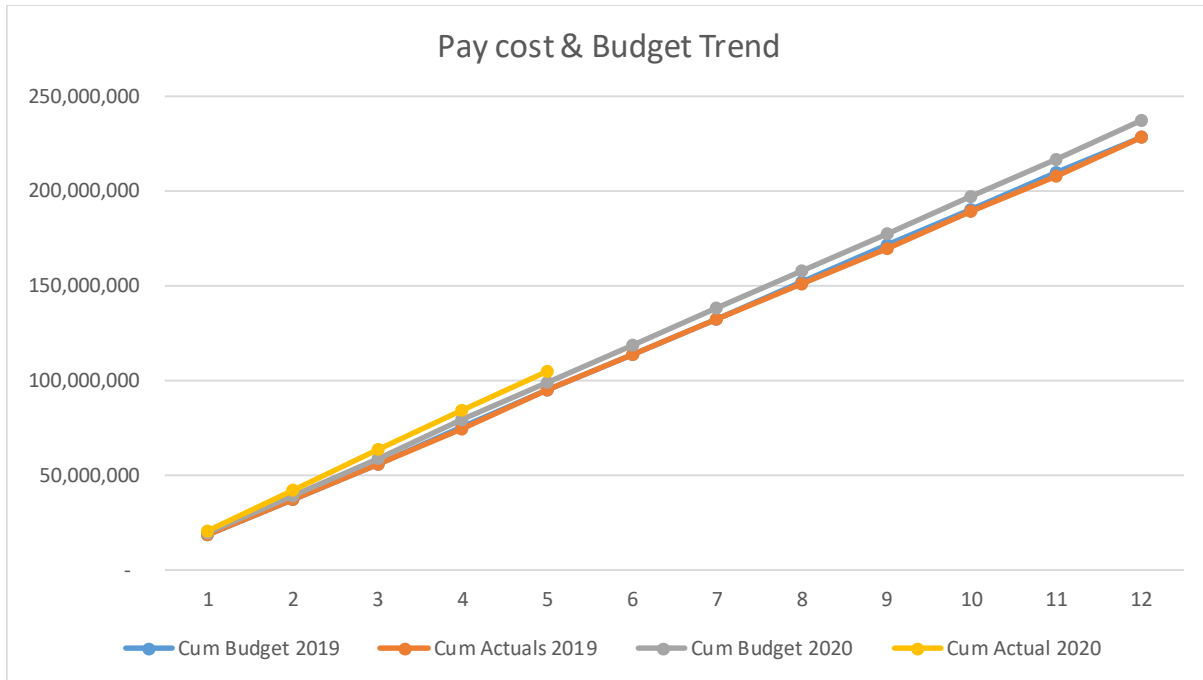
SCOTTISH AMBULANCE SERVICE BOARD
INCOME INCLUDING ALLOCATIONS
YEAR TO 31 AUGUST 2020

	Full Year Budget £'000	Year to Date		
		Budget £'000	Actual £'000	Variance £'000
Income				
Revenue Allocation	339,661			
Baseline Allocations	303,303			
Recurring Allocations	174			
Non-Recurring Allocations	36,184			
Fleet Income	206	86	20	(66)
Health Board	4,902	2,105	2,094	(11)
Other Healthcare	1,054	449	380	(69)
Other Operating	1,625	1,093	1,119	26
Staff Car Deductions	284	103	83	(20)
Total Income	347,732	3,836	3,696	(140)

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 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 9.1% of the year to date pay bill compared to last year to date at 5.8%. 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.

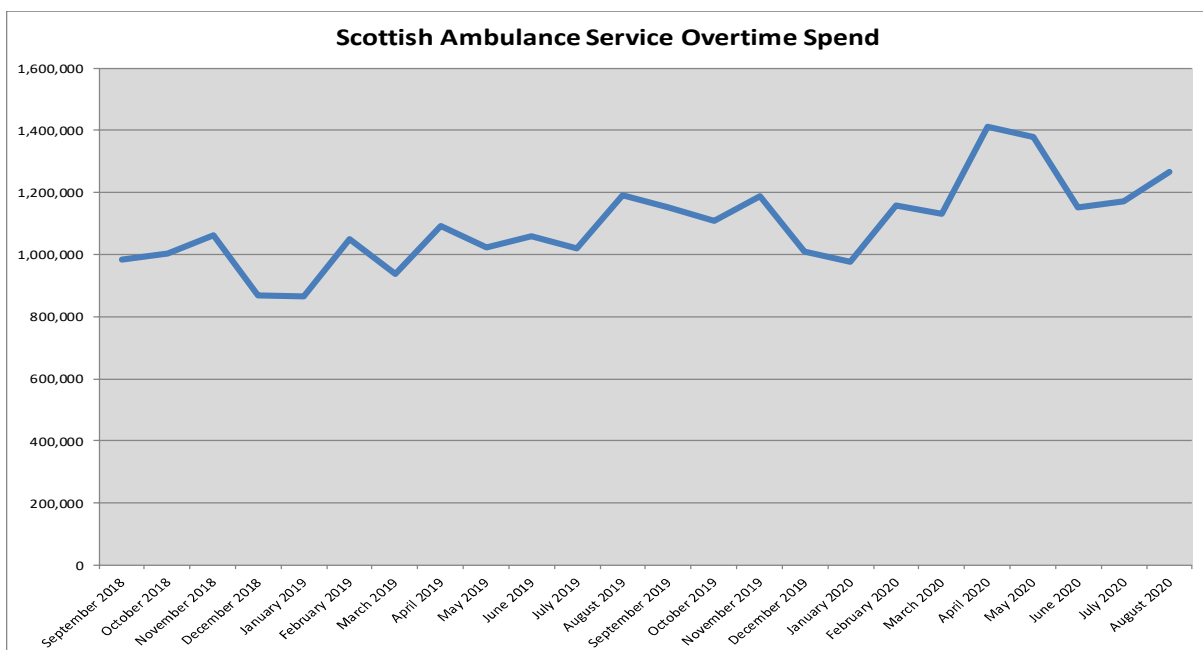


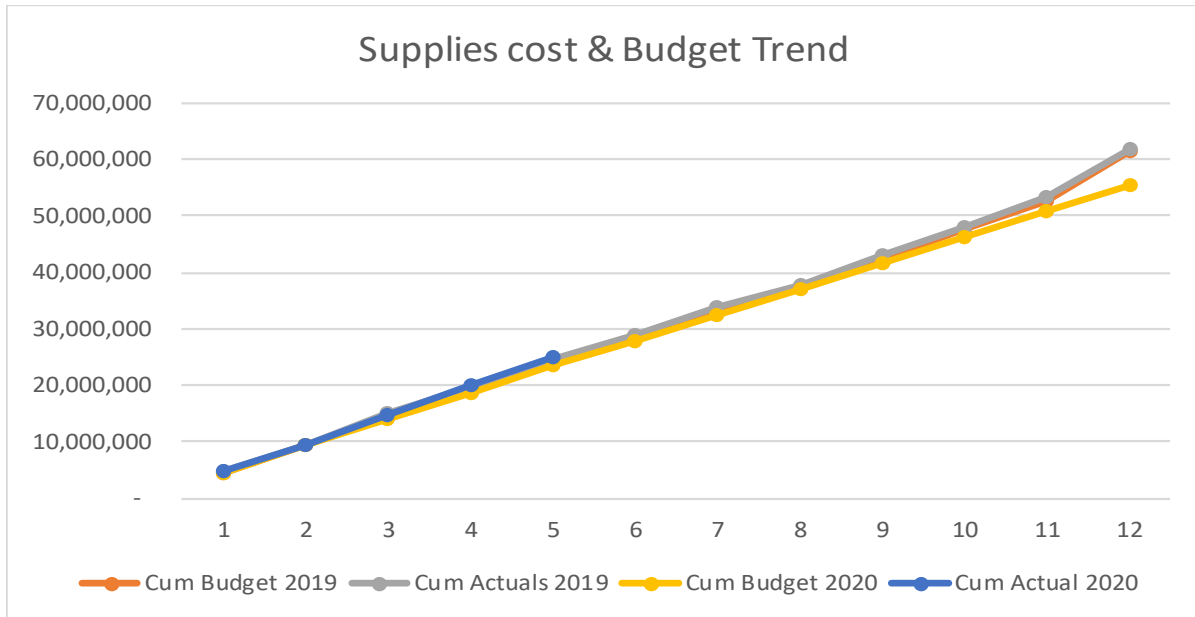
Table 6

**SCOTTISH AMBULANCE SERVICE BOARD
STAFF AND OVERTIME SUMMARY
YEAR TO 31 AUGUST 2020**

		East Region	North Region	West Region	National Ops	Service Delivery
Current Year	Average WTE	1,224	698	1,707	797	4,426
	Overtime Hours	71,130	51,838	110,548	34,282	267,798
	Overtime Cost (£'000)	1,652	1,191	2,533	802	6,178
Prior Year	Average WTE	1,217	697	1,663	738	4,315
	Overtime Hours	63,508	48,847	98,606	27,819	238,780
	Overtime Cost (£'000)	1,409	1,070	2,167	641	5,287
Variance	Average WTE	7	1	44	59	111
	Overtime Hours	7,622	2,991	11,942	6,463	29,018
	Overtime Cost (£'000)	243	121	366	161	891

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 abstractions rates for annual leave, sickness and CPD & Training being considerably lower than the prior year reflecting the increased pressures within the system.

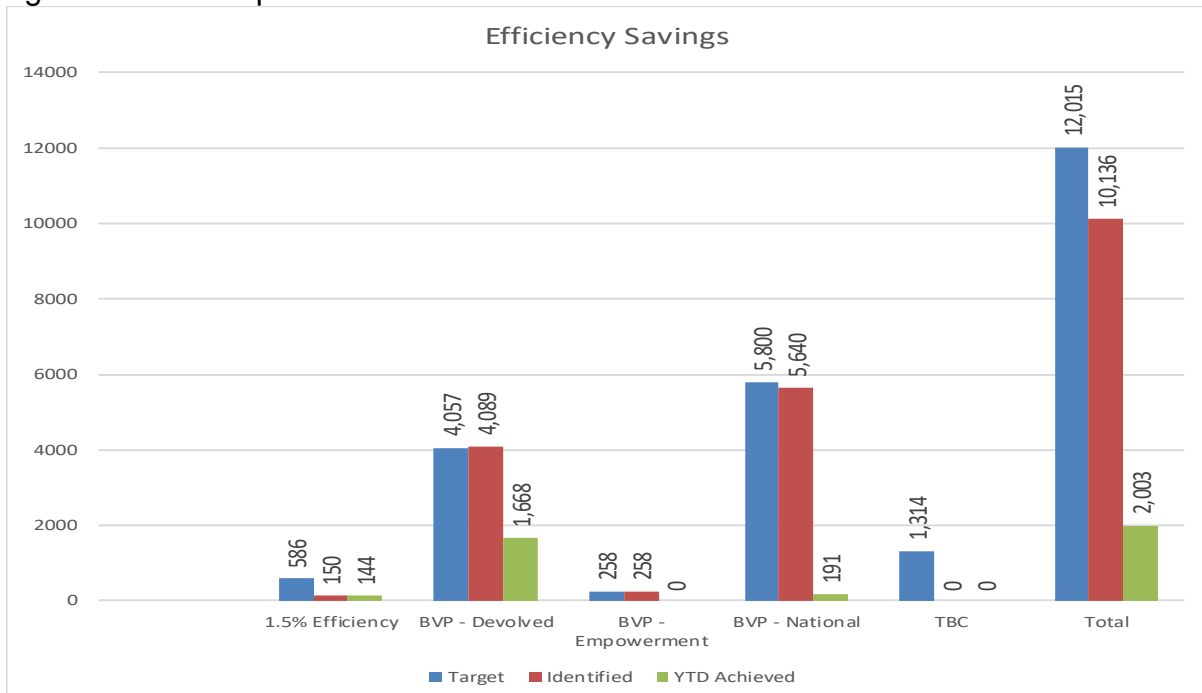
Non-pay



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 £1.7 million, primarily as a result of additional spend of £2.2 million incurred as a result of the Service COVID-19 mobilisation plan. A detailed breakdown of these costs can be found in the COVID-19 section below.

Efficiency Savings

Savings of £2 million have been delivered against the five-month target of £5 million and against identified plans of £10.1 million.



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

Doc: 2020-09-30 Financial Performance	Page 14	Author: Deputy Director of Finance
Date: 2020-09-30	Version 1.0	Review Date: November 2020

- **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. A total of £0.15 million has been delivered to date.

- **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 £1.7 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 during October 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 had 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 resources have been tied into this. This work has now restarted and is being aligned to our remobilisation plan.
- **Unidentified Initiatives**

The financial plan identified £1.9 million of unidentified savings. This 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. In line with our Best Value governance

Doc: 2020-09-30 Financial Performance	Page 15	Author: Deputy Director of Finance
Date: 2020-09-30	Version 1.0	Review Date: November 2020

processes formal escalation plans will be put in place by September. This includes weekly reporting on progress to the Executive team.

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 have put in place a regular finance reporting update. The Service's 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 31 August are outlined in the table below.

Category of Resource	£
Additional pay & staff overtime	5.0 million
Additional temporary staff incl. Louisa Jordan Phase 1	1.1 million
Supplies and equipment (PPE, Cleaning materials, etc.)	1.2 million
Air ambulance and third party support	1.7 million
Offsetting Savings (fuel)	(0.7 million)
Efficiency saving underachievement	1.7 million
	10.0 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 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, Arnold Clark and St Johns Ambulance. 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.

Doc: 2020-09-30 Financial Performance	Page 16	Author: Deputy Director of Finance
Date: 2020-09-30	Version 1.0	Review Date: November 2020

The full year forecast has now increased to £28.3 million including remobilisation costs and this has been formally submitted to Scottish Government as part of the Q1 review process. These will remain under constant review. Table 7 shows the most recent forecast update reflecting actual costs to August.

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	2020/21	2020/21	
Personal protective equipment - note 8	197	110	266	212	(57)	573	223	207	273	208	273	208	2,693	46	
Deep cleans - note 8	39	5	19	10	(1)	65	17	24	40	17	24	40	299		
Equipment & Sundries - note 6	10	11	6	(8)	1	7	7	8	9	9	8	7	75	575	
Digital, IT & Telephony Costs - note 9 and note 3	45	26	85	27	(32)	82	16	11	11	11	11	11	305	7	
Estates & Facilities cost including impact of physical distancing measure	1	54	36	18	38	68	40	40	40	10	10	10	365		
Additional staff overtime and enhancements - note 2 and note 9	911	1,265	1,560	735	588	675	668	775	775	775	774	652	10,153		
Additional temporary staff spend - All Other - note 2	7	54	138	158	171	170	145	145	110	110	110	110	1,428		
Additional Travel Costs - note 6 and note 4	356	316	394	263	332	581	607	392	392	392	392	392	4,809		
Cost to 3rd Parties to Protect Services (where services are currently stopped)					58									58	
Louisa Jordan costs - note 1	92	162	124	100	90	182							749		
Flu Programme Delivery Costs								5					5		
New ways of working/ Systems transformation						115	314	398	399	652	653	652	3,183		
Other-Clinical Equipment Resilience - note 5						9								9	
Offsetting savings - Health	(275)	(311)	(72)	-	-	-	-	-	-	-	-	-	(658)		
Total	1,383	1,692	2,556	1,515	1,188	2,527	2,037	2,005	2,049	2,184	2,255	2,082	23,473	853	
Expected underachievement of savings (health)	333	333	333	333	333	333	333	333	333	333	333	333	3,996	24,326	
Total	1,716	2,025	2,889	1,848	1,521	2,860	2,370	2,338	2,382	2,517	2,588	2,415	27,469	853	
														28,322	

Updated Forecast Position

Given the current financial position and the revised winter and COVID-19 modelling we have undertaken a detailed financial forecast, using our approved financial plan as the basis of this. The key assumptions are noted below:

Key Pressure areas

- Pay – there are changes to the working time directive calculation that would see overtime included in pay as if at work which will add £1.4 million to the pay bill. This was previously assumed within the Board financial plan but this has now increased to £1.6 million
- Pay - We have assumed the funding support for the 2019/20 pay settlement recurrently in 2020/21. This remains in line with our financial plan pressure.
- Pay - Incremental pressure is significantly higher due to the regrading of ambulance paramedics and technicians in 2016/17 and we have assumed £1.7 million funding to support this
- Full funding for COVID-19 expenditure is anticipated
- Full funding to match expenditure for Demand and Capacity is anticipated
- Full funding for SPINE paramedic education model to match expenditure is anticipated
- Depreciation – we forecast a spend of £16 million with provision made internally for £14 million with the additional £2 million being funded by SG (not including the impact of IFRS16)

In summary therefore:

- We had developed pre COVID-19 a financial plan to deliver £9.8 million in savings and anticipated £2 million in slippage
- After delivering these savings there remained a gap of £1.9 million that we committed to work to deliver the balance of savings by the year end

Doc: 2020-09-30 Financial Performance	Page 17	Author: Deputy Director of Finance
Date: 2020-09-30	Version 1.0	Review Date: November 2020

- As at August 2020/21 we have delivered £2.0 million of savings against our plan of £5 million (to month 5) with a shortfall of £3.0 million (at month 5)
- For the full year forecast against a savings plan of £9.8 million and £1.9 million unidentified we are assuming at this stage that £4 million will not be delivered due to COVID-19.
- It is assumed the £4 million devolved savings will be delivered in full, as we have seen for the first five months of the financial year with the remaining projected savings of £4m to be delivered. We are forecasting that these will be delivered on a recurring basis
- We continue to assume the cost pressures in line with our financial plan including our pay pressures and implications of M365.
- We continue to assume approx. £2 million slippage against our developments but this will be reviewed on a monthly basis.

This revised financial forecast has therefore been update on the attached table:

Summary of Financial Position	2020/21	2020/21 forecast update
Committed cost pressures	£23.415m	£23.415m
Resource uplift (confirmed for 20/21 and assumed similar levels for 21/22 and 22/23)	£8.1m	£8.1m
Additional SG funding		
- Incremental drift/scales	£1.7m	£1.7m
Contribution to the £15m	(£0.40m)	(£0.40m)
Pressures to support through efficiency savings	£14.015m	£14.015m
Efficiency plans – devolved targets	£4m	£4m
Efficiency plans – best value devolved	£0.258	£0.258
Efficiency plans – Best Value plans but not yet implemented (Best Value programme being established from July)	£5.8m	£1.804m
Efficiency plans not delivered due to COVID-19		£3.996m
Unidentified Savings (likely non-recurring savings)	£1.9m	£1.9m
Likely slippage (based on previous years trends)	£2.0m	£2.0m
Breakeven position	-	-

Therefore, the revised financial forecast is dependent upon:

- Full funding for additional COVID-19 expenditure – currently estimated at £27.356 million (this includes £4 million of efficiency savings not likely to be delivered but this will be closely monitored during the year and plans will be accelerated to recover this shortfall where possible)
- Our savings programme to be accelerated and deliver savings of £8 million with £2.0 million delivered to month 5.
- Of these £8 million savings it is assumed £2 million will be non-recurring and £6 million will be recurring savings. The Best Value programme has just been commenced since July 2020 so there does remain a level of risk on these assumptions
- £2 million of slippage is still assumed
- Costs associated with demand and capacity and SPINE development are assumed to be fully funded

CAPITAL

YTD CAPITAL POSITION AS AT MONTH 5 (31 August 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
 - Scotstar £250,000
 - EpiShuttles £153,000

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

YTD Capital Position

The YTD Capital Position is shown in the table below.

Doc: 2020-09-30 Financial Performance	Page 19	Author: Deputy Director of Finance
Date: 2020-09-30	Version 1.0	Review Date: November 2020

Capital receipts of £44,000 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 £265,000 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: 2020-09-30 Financial Performance	Page 20	Author: Deputy Director of Finance
Date: 2020-09-30	Version 1.0	Review Date: November 2020

SCOTTISH AMBULANCE SERVICE
CAPITAL REPORT 2020-21
As at Month 5 (31 August 2020)

PROJECT	Approved Budget £	YTD Actuals £	Notes
Formula Capital Projects			
eHealth and ICT	598,400	77,585	
Property	105,780	(2,137)	Vat Credit
Medical Equipment	<u>153,000</u>	<u>350,625</u>	Covid Equipment
	857,180	426,073	
Earmarked Allocations			
Enhancing Capability	1,167,851	66	
Defib Replacement	50,000	0	
ICCS Replacement	601,626	(45,612)	Adjustment to Year End Accruals
Scotstar	0	0	
Major Trauma	0	13,683	
Vehicles	<u>13,628,149</u>	<u>124,542</u>	
	15,447,626	92,679	
Unallocated Budget	265,394		
Capital Receipts	0	(43,906)	Gain on sale of vehicles
Capital to Revenue Transfer	172,800		
TOTAL	16,743,000	474,846	

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	
Bo'ness Station Co-location	61,500
Stirling Conference Centre	44,280
Total - Property	105,780
Operations	
Vehicles	13,628,149
Medical Equipment	153,000
Total - Equipment	13,781,149
Total Approved Projects	16,304,806
Total Approved Budget	16,743,000
Less Capital to Revenue Transfer	(172,800)
Add: Capital Receipts	43,906
Total Budget Available	16,614,106
Unallocated Budget	309,300
Anticipated Projects	
Total – Anticipated Projects	
Revised Unallocated Budget	309,300

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 Q1 2021/22. 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 Scottish Government 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 Scottish Government 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 £1.2 million behind target assuming all COVID-19 related expenditure is fully funded.

The financial impact of COVID-19 is being monitored closely with a detailed first quarter report completed and submitted to the Scottish Government. Allocations relating to this are likely to be actioned at the beginning of October 2020.

We have also carried out a detailed full year financial forecast including the full year impact of COVID-19, remobilisation and efficiency plans and this will be reported monthly thereafter.

Whilst the efficiency savings are £3.0 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

September 2020

Doc: 2020-09-30 August Financial Performance	Page 23	Author: Deputy Director of Finance
Date 2020-09-30	Version 1.0	Review Date: November 2020