



NOT PROTECTIVELY MARKED

Public Board Meeting		26 January 2022
		Item 07
THIS PAPER IS FOR DISCUSSION		
SUMMARY FINANCIAL PERFORMANCE TO 31 DECEMBER 2021		
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 December 2021• The efficiency savings position to the end of December 2021• The financial impact of COVID-19 and remobilisation to the end of December 2021• The draft year-end forecast	
Key points	<ol style="list-style-type: none">1. The financial position shows a deficit of £0.5 million against a trajectory deficit of £1.25 million, this is in line with plan2. Additional expenditure of £13.1 million has been incurred in this period as a result of the Service's COVID-19 remobilisation plan and offset against the funding received to date. Funding for COVID-19 to support the first Quarter activity was received in June 2021, with the second tranche of funding being received in October following the submission of the SAS Quarter 2 return to Scottish Government. A year end COVID-19 forecast has been agreed with Scottish Government and the Service is monitoring against this3. Efficiency savings of £7.0 million have been delivered against a target of £9.5 million for the period.4. The COVID-19 expenditure also includes an estimate of £2.0 million in respect of efficiency savings that due to operational pressures have not been realised and are likely to slip into 2022/23.5. A detailed year-end financial forecast has been undertaken. This is demonstrating a year end balanced position in line with the Service financial plan. This has been updated to include income, expenditure and savings assumptions.	
Timing	During the financial year the Board will be provided with monthly updates on the financial position and from August 2021 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 2022 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 2021/22.
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 2021 when the budget for 2021/22 was set.

PERFORMANCE AND PLANNING STEERING GROUP

FINANCIAL PERFORMANCE TO 31 DECEMBER 2021

JULIE CARTER, DIRECTOR OF FINANCE, LOGISTICS & STRATEGY

This paper sets out the financial position at 31 December 2021 for the Scottish Ambulance Service.

The Board is asked to note:

- the financial position to the end of December 2021 for the financial year 2021/22
- a specific section on COVID-19 financial impact and funding assumptions and
- the key messages as highlighted including agreed actions
- the year-end forecast

The financial position to December 2021, reporting a deficit of £0.5 million to date, consists of:

- Income – break even
- Core Expenditure – break even
- Efficiency savings target for the financial year is £15.35 million. To date £7.0 million of savings are being reported against a target of £9.5 million year to date. We have also estimated that £2.0 million of efficiency plans that, due to COVID-19 pressures, are at risk and likely to be delivered in 2022/23, and this is included in the COVID-19 year to date expenditure estimate. The year-end forecast assumes this total shortfall in efficiency savings as a result of COVID-19 of £2 million.
- The financial impact of COVID-19 and our remobilisation plan represents £13.1 million of additional revenue costs to the Service in this period, which includes the £2.0 million efficiency funding as noted above. This is in line with our financial plan and included within the updated £16.2 million agreed forecast.

Key messages

- Total deficit as at 31 December 2021 of £0.5 million (this includes both core and non-core expenditure), with core expenditure and income fairly stable. The financial plan trajectory assumed a deficit of £1.25 million at the end of December 2021. We continue to forecast a breakeven position by March 2022.
- Against our efficiency savings target of £15.35 million, we have delivered £7.0 million to date. This is against a year-to-date trajectory of £9.5 million. This, whilst not unexpected given the current priority on system pressures at this moment, remains a key focus of the

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best value and finance teams. We have noted that approx. £2.0 million of savings are at risk in this period due to COVID-19 operational pressures. This has been reported as a COVID-19 expenditure in the year-to-date estimate.

- The Best Value plans have been reprioritised in line with our operational priorities and continued focus is on these programmes. There are also new programmes being added with over 25 project mandates completed to date. Monitoring reports are also being completed for the programmes that are being implemented and the weekly delivery group meeting continues to meet.
- Our remobilisation plan and COVID-19 impact represent £13.1 million of additional costs in this period, plus delivery of Mobile Testing Units with a cost £25.5 million in this year to date. Additional funding is anticipated to support these programmes in full and has been agreed with Scottish Government. These costs remain in line with our financial plan and trajectory. A significant level of funding has been received to date.
- The additional £20 million investment announced by the Cabinet Secretary for Health & Social Care on 21 September is being received over two years, and year 1 funding of £12.6 million has been reflected in the financial statements.
- A detailed financial forecast has been completed, including income and expenditure assumptions including a revised best value and efficiency trajectory. This remains forecasting a year end balanced position.

Key actions agreed in this period

1. COVID-19

The impact of COVID-19 on our financial position has been reported since February 2020. Our financial plan estimated the full year impact in 2021/22 of 'Living with COVID-19' and remobilisation to be up to £16.9 million for the year. The total costs to date are £13.1 million and given the current operational pressures are likely to be incurred for a longer period. A detailed full year forecast was completed and revised down slightly to £16.2 million. This was reflected in the Quarter 2 update to the Scottish Government.

ACTION: We continue to work closely with Scottish Government colleagues who have put in place formal quarterly COVID-19 finance reporting updates and monthly meetings. Our financial plan for 2021/22 continues to anticipate COVID-19 costs of £16.2 million, which we will continue to monitor and report.

Our Quarter 2 submission estimated that our 2022/23 recurring impact of COVID-19 and remobilisation remains in the region of £15.5 million, which has increased from our financial plan estimate of £11 million and we continue to anticipate this as we have been working through our review of expenditure. A COVID-19 exit finance group has been established and has been reviewing this in detail and will report back through the financial planning processes for 2022/23.

2. Delivery of our Efficiency Savings Target

The Best Value Programme has identified over £9.6 million of plans and ideas against our £15.35 million target. Devolved savings plans of £4.1 million (full year) have already been implemented and are expected to deliver in full. Given the current operational pressures we have reprioritised our best value programmes and focused on those that are supporting our current operational priorities. This has resulted in some plans (to the value of £2.0 million) being temporarily halted and we have included these in our COVID-19 forecast costs the costs of non-delivery of efficiency savings of £2.0 million for year to date.

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Our financial plan had anticipated £9.5 million of efficiency plans being delivered in the first nine months. Our actual plans delivered are £7.0 million, with a shortfall of £2.5 million with £2.0 million of these relating as noted previously to COVID-19 operational pressures. There still therefore remains a gap of £0.5 million as reported in our month nine financial position. The revised full year forecast was projecting £6.5 million of national best value savings being delivered but recognising some of these may be non-recurring and this remains still the plan to date we have delivered £2.5 million of this £6.5 million. This is described further in the forecast update.

ACTION: The Best Value operational group has been refreshed and meets monthly. The Best Value Programme policy and procedures documentation has been updated and approved. This requires project mandates to be completed for each project. Over 25 project mandates have been completed with only 3 outstanding and likely to now transfer to 2022/23 plans. In addition, new programmes have also been identified, with mandates approved and some implementation has commenced, although recognising that current operational pressures in the system has reduced operational engagement and leadership. Executive leads have been allocated and a monthly highlight report being completed against each programme. A weekly delivery group has also been established. The updated Best Value governance policy identified an escalation plan with reviews in July and September 2021, this has been temporarily halted, as has the monthly meetings, given the current operational pressures, although the weekly Best Value delivery group continues to meet.

Given the refocus is now on those programmes that are supporting our current pressures, we anticipate therefore an increase in reporting these between now and the end of March and have been reviewing our reporting and quantification of these. Our financial forecast also reflects an updated efficiency saving trajectory recognising the current pressures in the system.

3. Demand and Capacity Investment

Agreed 2021/22 funding for the addendum to the Demand and Capacity Business Case was finalised at £18.5 million. The forecast anticipated expenditure being produced in line with the delivery programme, with the implementation plan being agreed through the Demand and Capacity Steering Group and Programme Board. This includes the recruitment and training to increase resourcing and build better rosters including the addition of estates, vehicles, equipment, supplies and wrap around consultancy and support services.

ACTION: The financial plan agreed that the Service would call down this funding as implementation takes place. The first quarter report for 2021/22 has been collated and has been presented to the Scottish Government as part of the first quarter review. In addition, a finance guidance note has been agreed and issued across the Service to ensure robust scrutiny is applied to this investment to ensure it is aligned to the approved business case and current funding.

We continue to ensure regular financial reporting to Scottish Government colleagues and the Programme Board. During October the year end forecast position was reviewed, the current full year forecast assumes total spend of £18.5 million and the financial allocation was made in November on that basis. The next forecast update is due to be reported to Scottish Government at the end of January 2022 and we do not anticipate any significant variation from the forecast.

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The Phase 3 addendum has been completed and was presented to the Board on the 16th December 2021 and has been submitted to Scottish Government.

Financial Risk considerations noted in the period

The financial risks are as follows:

Delivery of Efficiency Savings Target

This remains a risk given the lack of management capacity with the current focus on the current system pressures. The requirement to ensure the delivery of efficiency savings is however 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 tracking and reporting on these benefits.

The current full year forecast is assuming best value savings of £6.5 million being delivered by the end of March 2022, with £2.5 million reported to December 2021.

Action – A number of actions are progressing including

- Programme leads have been assigned and programme plans are being developed and agreed.
- Executive leads and finance support for each programme has also been identified
- The Best Value Programme Team aims to meet every month, although has been more challenging during the last 6-8 weeks, however regular reporting to Executive Team, Performance and Planning Steering Group and Audit Committee continues
- Updated policies and procedures have been agreed with clear escalation plans identified
- A weekly delivery group has been established to focus on providing additional support to ensure implementation, and this continues to meet during this time
- Given the current operational pressures, the plans have been prioritised to ensure the improvement programmes are focused on the key pressure areas
- New programmes have also been identified
- A pipeline of future programmes is being collated by the Quality Improvement and Strategy implementation team to support the 2022-25 financial plan

Securing COVID-19 funding in 2021/22 and recurring impact of Living with COVID-19 in future years

The financial planning for the year 2021/22 included £5.3 million of expenditure relating to Remobilisation plans in preparation for Living with COVID-19 beyond 2021/22 and COVID-19 operational expenditure of £11.6 million. Totalling £16.9 million. This has now been revised to £16.2 million. The first tranche funding of £7.85 million was received in June 2021, the second tranche of £2.1 million received October 2021. We are still anticipating a further £6.3 million to be received.

Expenditure to the end of December 2021, has identified total costs of £13.1 million and funding drawn down to this value. There are however a number of higher Service spend areas within for example medical gases, fuel costs and overtime that currently require further

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scrutiny to ensure all COVID-19 related expenditure has been identified, this also includes income loss. This month, costs of £0.3 million for delayed property maintenance jobs from 2020/21 along with recognised price increases as a result of the pandemic were charged against COVID-19 funding. Although our forecast will continue to be reviewed ahead of next quarterly submission, we are still forecasting £16.2 million based on current activity. A COVID-19 exit finance group had been established with the purpose of providing detailed scrutiny of all expenditure areas to identify

- Those costs that will cease
- Those costs that will be recurring
- Those costs areas that could be redesigned

The work of this group was completed in December 2021, and a final meeting during January 2022 will feed into the 2022/23 (and beyond) financial planning.

Finance position as at December 2021

Introduction

This section of the paper provides details of the financial results for the period ending December 2021.

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

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

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SUMMARY OF YEAR TO DATE POSITION

Table 1 reports that the revenue position for the financial year to the end of December 2021 is a deficit of £0.5 million, made up of the following:

- Income – break even
- Expenditure Pay – under budget by £1.4 million
- Expenditure Supplies – over budget by £1.4 million
- Savings – behind target by £0.5 million
- Expenditure Non-core – break even

Table 1 – Scottish Ambulance Service high-level overview
SCOTTISH AMBULANCE SERVICE BOARD
REVENUE RESOURCE ANALYSIS
YEAR TO 31 DECEMBER 2021

	Full Year Budget £'000	Year to Date			Current Month		
		Budget £'000	Actual £'000	Variance £'000	Budget £'000	Actual £'000	Variance £'000
Income							
Revenue Allocation	416,273	295,537	295,537		30,461	30,461	
Health Board	5,374	4,142	4,143	1	630	631	1
Other Healthcare	1,057	790	766	(24)	91	85	(6)
Fleet	0	0	9	9	0	1	1
Staff Car Deductions	166	134	136	2	16	16	0
Other Operating	2,117	1,986	2,032	46	611	619	8
Total Income	424,987	302,589	302,623	34	31,809	31,813	4
Expenditure							
Accident & Emergency	236,832	176,602	176,251	351	19,833	19,845	(12)
Non Emergency Service	29,675	22,478	22,222	256	2,682	2,532	150
Air Ambulance	16,373	12,308	12,878	(570)	1,363	1,378	(15)
Overheads	126,137	75,231	75,778	(547)	7,931	7,522	409
Total Expenditure	409,017	286,619	287,129	(510)	31,809	31,277	532
Core Expenditure Variance				(476)			536
Non Core Expenditure							
Depreciation (DEL)	16,500	11,819	11,819	0	1,297	1,297	0
Depreciation (Donated)	100	51	51	0	5	5	0
AME Provision	(1,030)	0	0	0	0	0	0
AME Impairments	400	0	0	0	0	0	0
Total Non Core Expenditure	15,970	11,870	11,870	0	1,302	1,302	0
Surplus / Deficit				(476)			536

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 31 DECEMBER 2021

		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	1,751	1,751	0		140	140	0	
	Supplies	4,177	4,177	0		535	535	0	
	Sav Target	(2,000)	0	(2,000)		0	0	0	
	Sav Realised	2,000	0	2,000		0	0	0	
				0				0	
Service Delivery Directorate	Income	(5,513)	(5,519)	6	0%	(1,147)	(1,148)	1	0%
	Salaries	212,925	211,675	1,250	-1%	23,033	23,017	16	0%
	Supplies	32,694	34,357	(1,663)	5%	3,761	3,626	135	-4%
	Sav Target	(589)	0	(589)	0%	(65)	0	(65)	0%
	Sav Realised	844	0	844	0%	100	0	100	0%
				(152)				187	
Support Services Directorates	Income	(1,540)	(1,566)	26	2%	(203)	(204)	1	0%
	Salaries	20,217	20,058	159	-1%	2,361	2,409	(48)	2%
	Supplies	27,274	26,981	293	-1%	2,906	2,853	53	-2%
	Sav Target	(6,910)	0	(6,910)	0%	(1,434)	0	(1,434)	0%
	Sav Realised	6,108	0	6,108	0%	1,777	0	1,777	0%
				(324)				349	
SCOTTISH AMBULANCE SERVICE	Income	(7,053)	(7,085)	32	0%	(1,350)	(1,352)	2	0%
	Salaries	234,893	233,484	1,409	1%	25,534	25,566	(32)	0%
	Supplies	64,145	65,515	(1,370)	-2%	7,202	7,014	188	3%
	Sav Target	(9,499)	0	(9,499)		(1,499)	0	(1,499)	
	Sav Realised	8,952	0	8,952		1,877	0	1,877	
				(476)				536	

Table 3 – Service Delivery

Service delivery is over budget by £0.2 million at 31 December 2021. Pay costs (excluding COVID-19) are reporting an underspend of £1.2 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. This impact is assumed to be supported by additional funding.

Air Ambulance Costs continue to show a cost pressure as a result of increased activity over the summer months, where flying hours for all 4 aircraft exceeded that of the equivalent period

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in 2019 (lockdown reduced activity in 2020), plus a 50% increase (excluding COVID-19 missions) in the use of the Maritime Coast Guard in the first 6 months of this year compared to the last two years. An in-depth review of the activity increases revealed factors such as the weather, no other resource available due to wider NHS demands, bariatric transfers, infection control guidelines limiting the fixed wing routine transfers from moving multiple patients to single patients resulting in additional flying hours, the 'staycation' effect along with Calmac running reduced services due to fleet mechanical problems, all playing a part. The report, completed by the operational team, anticipated this activity reducing to budget levels over the winter period and remain within balance by the end of the financial year. Note this excludes the costs of COVID-19 and the Loganair solution which is included within the £16.2 million COVID-19 costs. In line with expectations, activity from November through December 2021 has decreased to normal anticipated levels and this continues to be closely monitored.

Recent increases on fuel prices continue to cause a pressure on vehicle running costs, with the average price per litre in December 2021 continuing to be around 20p above budgeted levels. This will continue to be monitored closely and has been assumed within our financial forecast.

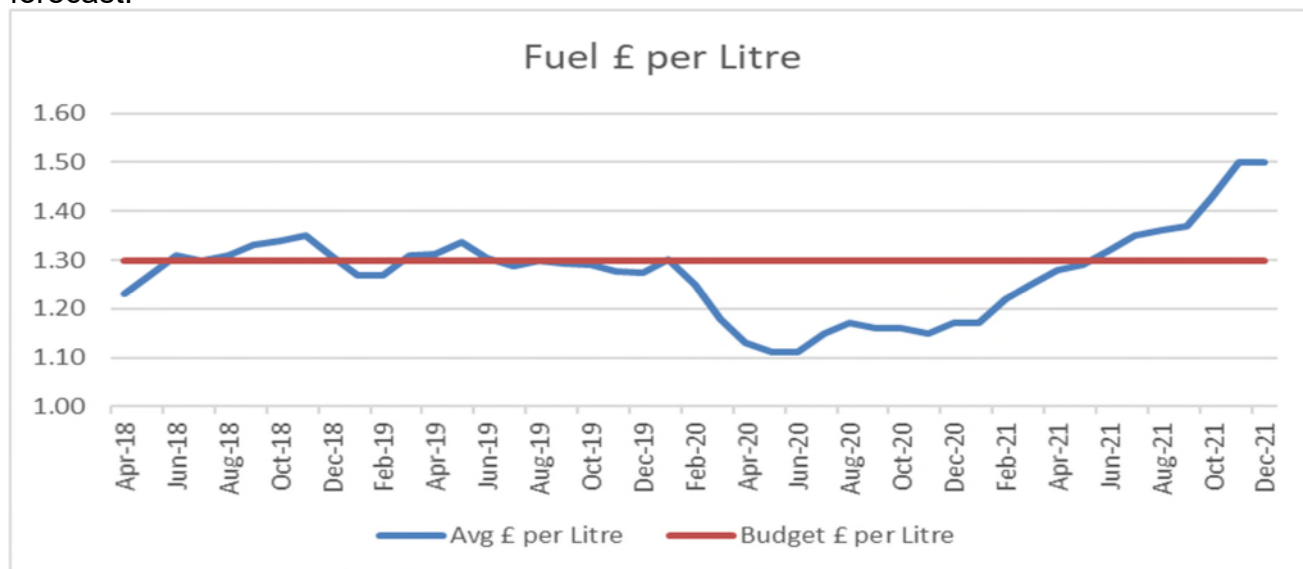


Table 3

**SCOTTISH AMBULANCE SERVICE BOARD
INCOME AND EXPENDITURE - SERVICE DELIVERY
YEAR TO 31 DECEMBER 2021**

		Cumulative to Date				Current Period			
		Budget	Actual	Variance	Variance	Budget	Actual	Variance	Variance
		£'000	£'000	£'000	%	£'000	£'000	£'000	%
NORTH REGION	Income	(730)	(730)	0	0%	(80)	(80)	0	0%
	Salaries	31,901	31,776	125	0%	3,584	3,465	119	-3%
	Supplies	2,798	3,162	(364)	13%	373	361	12	-3%
	Sav Target			0				0	
	Sav Realised			0				0	
				(239)			131		
EAST REGION	Income	(850)	(851)	1	0%	(177)	(178)	1	1%
	Salaries	50,681	50,501	180	0%	5,660	5,684	(24)	0%
	Supplies	4,552	5,066	(514)	11%	598	581	17	-3%
	Sav Target			0				0	
	Sav Realised	410		410		0		0	
				77			(6)		
WEST REGION	Income	(2,730)	(2,731)	1	0%	(365)	(365)	0	0%
	Salaries	71,856	71,036	820	-1%	7,937	8,016	(79)	1%
	Supplies	5,637	6,682	(1,045)	19%	753	796	(43)	6%
	Sav Target			0				0	
	Sav Realised	208		208		0		0	
				(16)			(122)		
NATIONAL OPS	Income	(1,203)	(1,207)	4	0%	(525)	(525)	0	0%
	Salaries	58,487	58,362	125	0%	5,852	5,852	0	0%
	Supplies	19,707	19,447	260	-1%	2,037	1,888	149	-7%
	Sav Target	(589)	0	(589)		(65)		(65)	
	Sav Realised	226	0	226		100		100	
				26			184		
TOTAL SERVICE DELIVERY	Income	(5,513)	(5,519)	6	0%	(1,147)	(1,148)	1	0%
	Salaries	212,925	211,675	1,250	-1%	23,033	23,017	16	0%
	Supplies	32,694	34,357	(1,663)	5%	3,761	3,626	135	-4%
	Sav Target	(589)	0	(589)		(65)	0	(65)	
	Sav Realised	844	0	844		100	0	100	
				(152)			187		

Table 4 – Support Services Directorates

Support services are being reported as £0.7 million over budget. The Finance, Logistics and Strategy savings target includes all Best Value Programme targets.

SCOTTISH AMBULANCE SERVICE BOARD
INCOME AND EXPENDITURE BY DIRECTORATE
YEAR TO 31 DECEMBER 2021

		Cumulative to Date				Current Period			
		Budget £'000	Actual £'000	Variance £'000	Variance %	Budget £'000	Actual £'000	Variance £'000	Variance %
BOARD AND CHIEF EXECUTIVE	Income	(5)	(4)	(1)	-20%	(1)	(1)	0	
	Salaries	1,403	1,375	28	-2%	159	159	0	0%
	Supplies	(30)	(38)	8	27%	(120)	(120)	0	0%
	Sav Target	(19)	0	(19)		(2)	0	(2)	
	Sav Realised	27	0	27		0	0	0	
				43					(2)
FINANCE AND LOGISTICS	Income	(1,481)	(1,510)	29	2%	(194)	(198)	4	2%
	Salaries	8,752	8,791	(39)	0%	1,066	1,131	(65)	6%
	Supplies	24,325	24,010	315	-1%	2,704	2,606	98	-4%
	Sav Target	(6,782)	0	(6,782)		(1,420)	0	(1,420)	
	Sav Realised	5,806	0	5,806		1,734	0	1,734	
				(671)					351
HUMAN RESOURCES	Income	(25)	(25)	0	0%	(2)	(2)	0	
	Salaries	1,773	1,716	57	-3%	195	161	34	-17%
	Supplies	591	593	(2)	0%	64	60	4	-6%
	Sav Target	(29)	0	(29)		(3)	0	(3)	
	Sav Realised	39	0	39		0	0	0	
				65					35
MEDICAL	Income	(10)	(4)	(6)	-60%	(2)	0	(2)	
	Salaries	2,350	2,313	37	-2%	305	289	16	-5%
	Supplies	663	698	(35)	5%	76	91	(15)	20%
	Sav Target	(12)	0	(12)		(1)	0	(1)	
	Sav Realised	84	0	84		0	0	0	
				68					(2)
CARE QUALITY AND PROF DEVELOPMENT	Income	(19)	(23)	4	21%	(4)	(3)	(1)	
	Salaries	5,939	5,863	76	-1%	636	669	(33)	5%
	Supplies	1,725	1,718	7	0%	182	216	(34)	19%
	Sav Target	(68)	0	(68)		(8)	0	(8)	
	Sav Realised	152	0	152		43	0	43	
				171					(33)
TOTAL SUPPORT SERVICES	Income	(1,540)	(1,566)	26	2%	(203)	(204)	1	0%
	Salaries	20,217	20,058	159	-1%	2,361	2,409	(48)	2%
	Supplies	27,274	26,981	293	-1%	2,906	2,853	53	-2%
	Sav Target	(6,910)	0	(6,910)		(1,434)	0	(1,434)	
	Sav Realised	6,108	0	6,108		1,777	0	1,777	
				(324)					349

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.

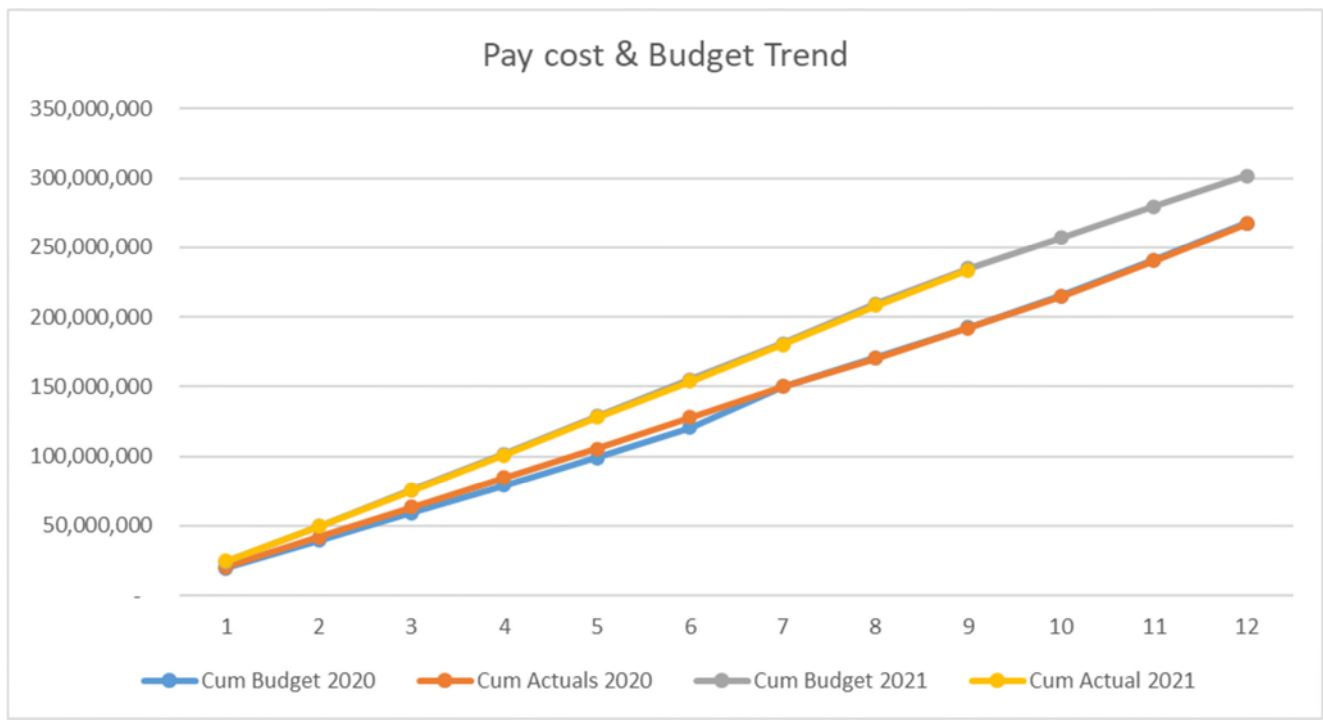
SCOTTISH AMBULANCE SERVICE BOARD
INCOME INCLUDING ALLOCATIONS
YEAR TO 31 DECEMBER 2021

	Full Year Budget £'000	Year to Date		
		Budget £'000	Actual £'000	Variance £'000
Income				
Revenue Allocation	416,273			
Baseline Allocations	312,505			
Recurring Allocations	6,205			
Non-Recurring Allocations	97,573			
Fleet Income	0	0	9	9
Health Board	5,374	4,142	4,143	1
Other Healthcare	1,057	790	766	(24)
Other Operating	2,117	1,986	2,032	46
Staff Car Deductions	166	134	136	2
Total Income	424,987	7,052	7,086	34

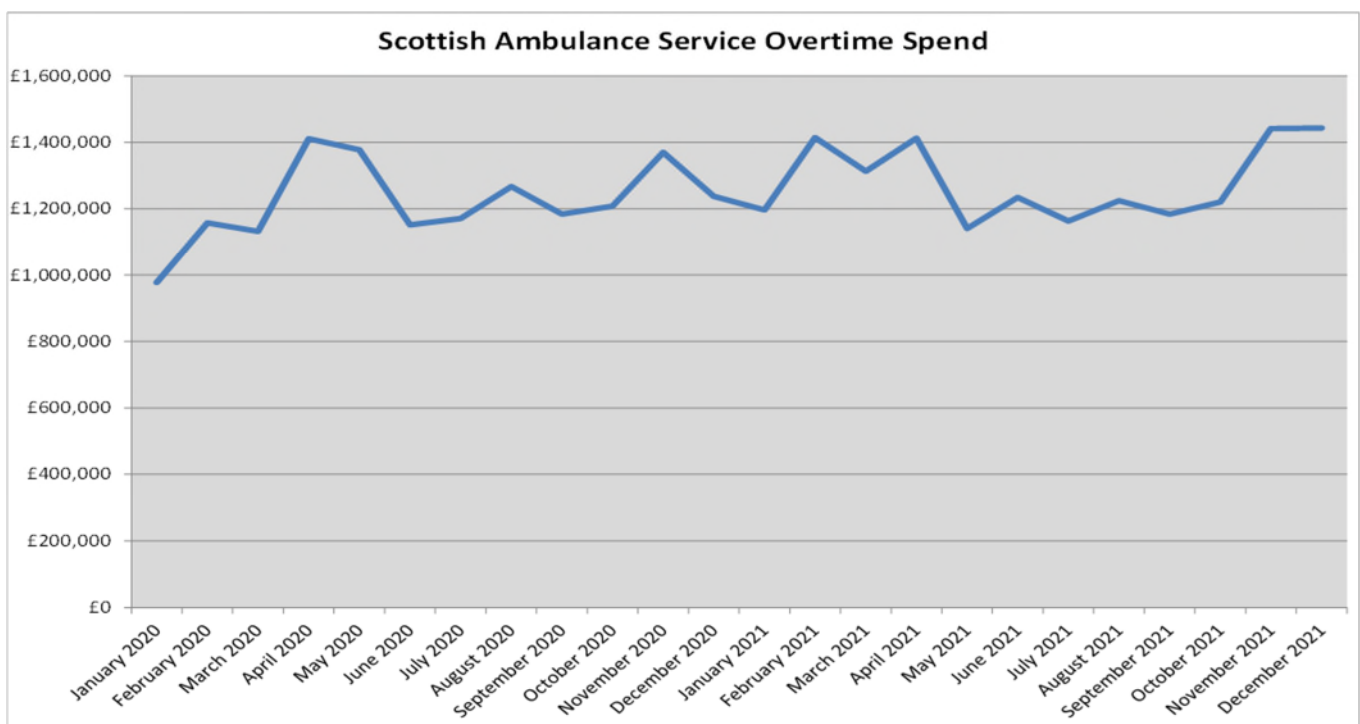
Total income (including funding) to date is break even.

The original financial plan assumed revenue funding allocations of £346 million. This has since increased to reflect funding received and committed for Mobile Testing Units, Mobile Vaccination Units, COVID-19 Remobilisation and the Service's support at COP26. 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.

Detailed Pay analysis



The pay graph above reflects both year to date budget and year to date actual spend for financial year 2020/21 and 2021/22. As can be seen, the trend shows 2021 costs exceeding 2020 values, due to the additional staffing in the Mobile Testing Units plus impact of the pay award. Overtime cost in this current year is averaging 5.7% of the year to date pay bill compared to last year to date at 7.2%, clearly reflecting the early stages of the pandemic. The graph below shows a trend analysis of overtime costs in the last two years. The impact of COVID-19 mobilisation on the Service can be seen in the months from March 2020.



Overtime hours have also been impacted by an increase in extended duty (when a shift runs over) which can be seen in the graph below from the beginning of the summer this year. This is a direct result of hospital turnaround times reflective of the wider NHS system pressures. We are now experiencing around 10,000 extended duty hours a month, compared to an average in 2019/20 of around 7,000 a month.

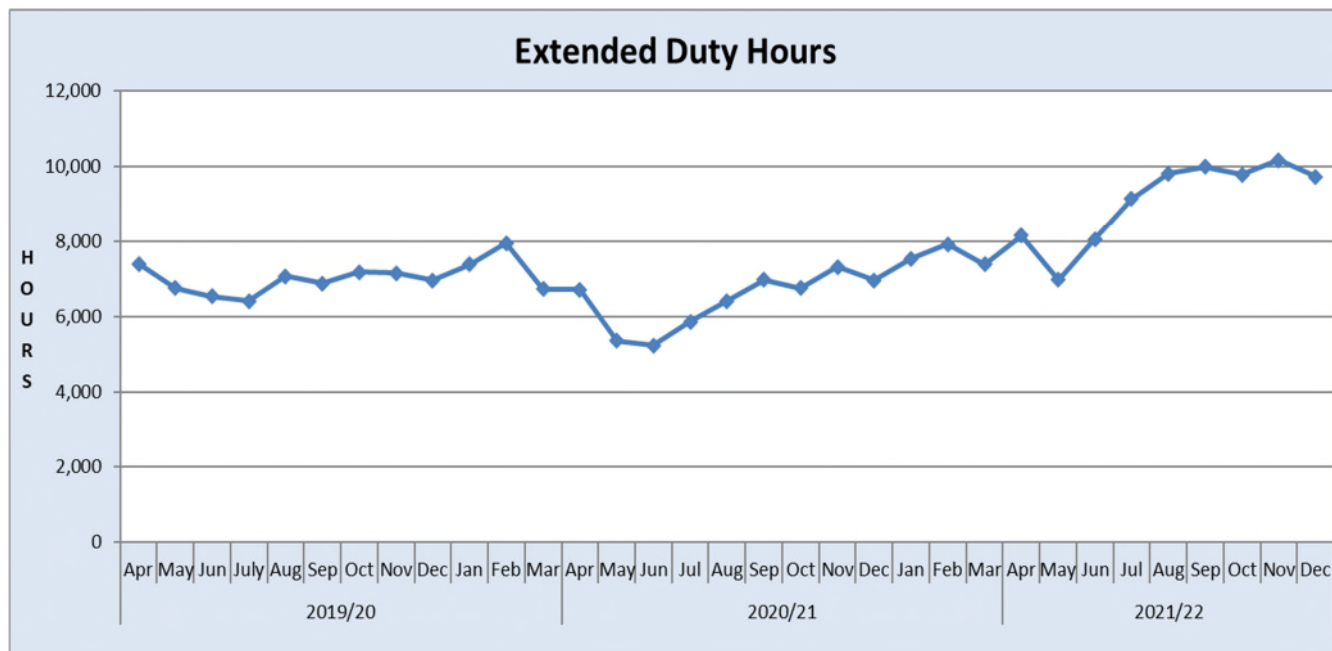


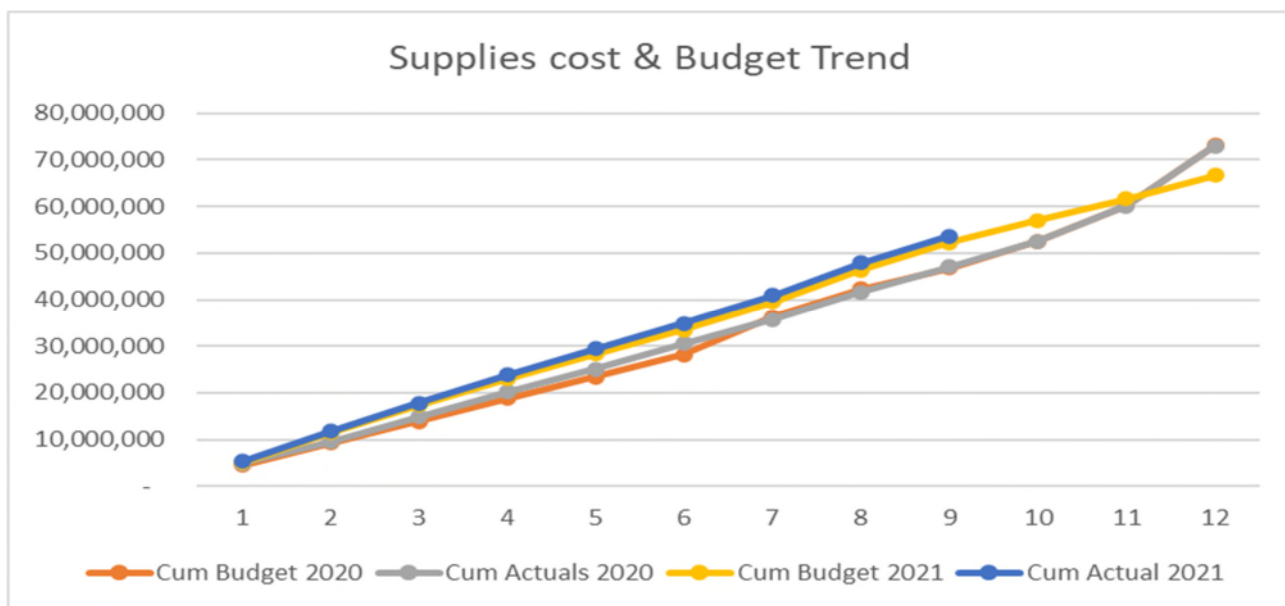
Table 6

**SCOTTISH AMBULANCE SERVICE BOARD
STAFF AND OVERTIME SUMMARY
YEAR TO 31 DECEMBER 2021**

		East Region	North Region	West Region	National Ops	Service Delivery
Current Year	Average WTE	1,328	745	1,848	842	4,763
	Overtime Hours	103,202	98,687	183,005	55,435	440,329
	Overtime Cost (£'000)	2,874	2,737	5,054	1,565	12,230
Prior Year	Average WTE	1,231	700	1,718	791	4,440
	Overtime Hours	122,665	93,234	201,965	62,234	480,098
	Overtime Cost (£'000)	2,843	2,149	4,631	1,268	10,891
Variance	Average WTE	97	45	130	51	323
	Overtime Hours	(19,463)	5,453	(18,960)	(6,799)	(39,769)
	Overtime Cost (£'000)	31	588	423	297	1,339

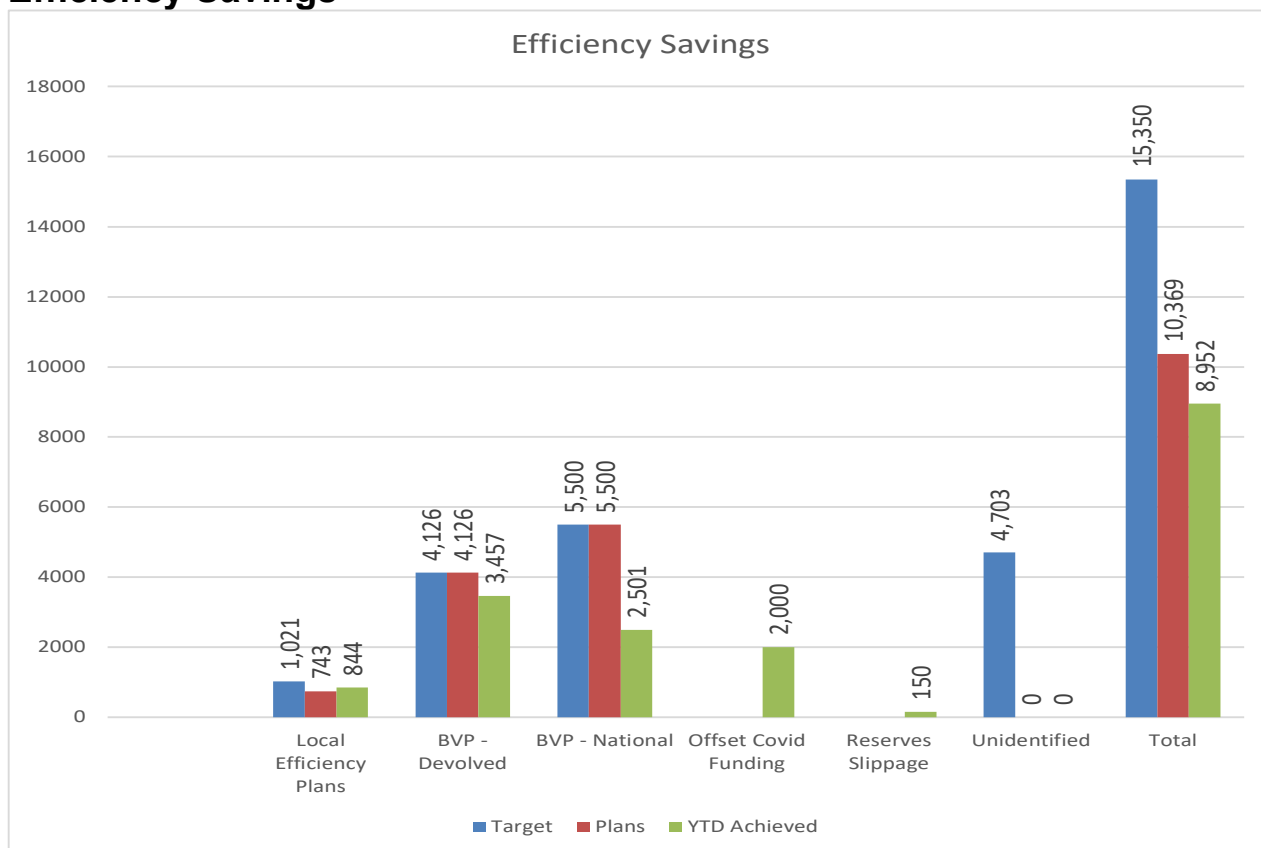
The above table illustrates an overall small reduction in overtime hours compared to a year ago, which was during the 'first wave', however this is also with an additional 323 staff (whole time equivalents) in post.

Non-pay



The non-pay graph above reflects year to date budget and year to date actual spend for both 2020/21 and 2021/22. This year additional non-pay costs of £3.7 million have been incurred as a result of the Service COVID-19 remobilisation plan. A detailed breakdown of these costs can be found in the COVID-19 section below.

Efficiency Savings



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

- **Local Efficiency Target**

Support Directorates have been allocated a 1.5% efficiency target to recognise the requirement to continually review our costs and ensure reinvestment in our services to meet ongoing cost pressures. In addition, some operational areas have been allocated a local target to supplement the developed best value targets. These targets equate to £1.0 million across the Service, with £0.8 million 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.

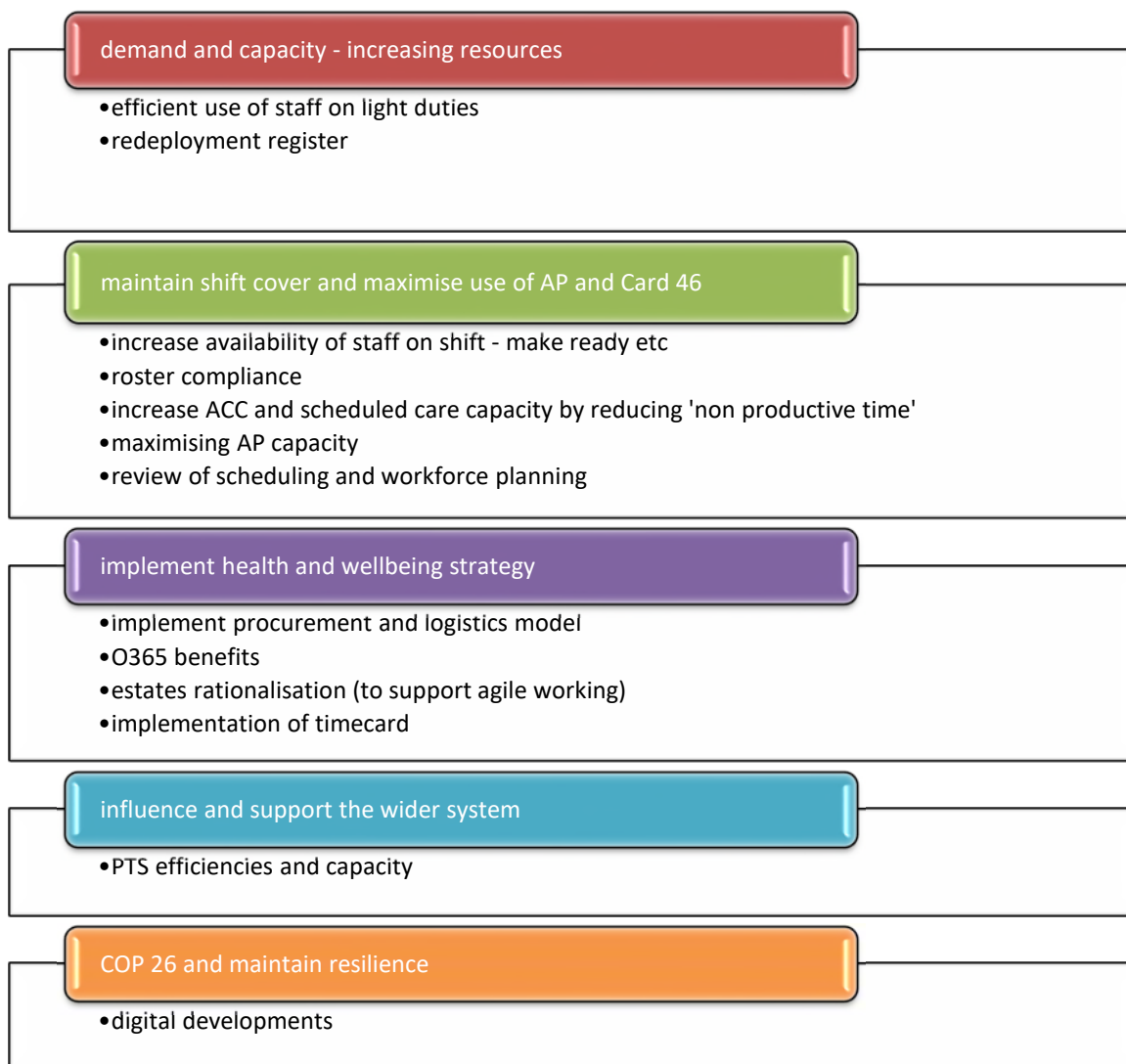
- **Devolved Targets** – Responsibility for projects that were implemented during 2020/21 and now deemed to be embedded within the Service has been devolved to budget holders. Progress of these projects are monitored throughout the year and the savings delivered at month nine is £3.5 million against a full year forecast of £4.1 million.
- **Best Value Programmes** – More than 35 work streams had been identified with potential savings of £6.5 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.

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Given the current operational pressures on the system it is critical that we maintain the focus on the best value programmes to drive the quality improvement and innovation. It is also important that we align the programmes to the current operational priorities namely

- demand and capacity – increasing resources
- maintain shift cover and maximise use of AP and Card 46 resources
- implement our health and wellbeing strategy
- influence and support the wider system
- COP 26 and maintain our resilience

The following shows this alignment to these priorities, identifying those that we need to maintain the focus on (and perhaps those that could slip into 2022/23).



We have identified to Scottish Government that there is likely slippage in efficiency savings that we would like to source COVID-19 monies from estimated at £2.0 million to date.

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.

Cost incurred during 2021/22 to 31 December 2021 are outlined in the table below.

Category of Resource	£
Additional pay & staff overtime	5.4 million
Supplies and equipment (PPE, Cleaning materials, etc.)	0.9 million
Air ambulance and third party support	1.1 million
Remobilisation pay & non-pay	3.7 million
Efficiency saving underachievement	2.0 million
	13.1 million

Additional pay & staff overtime

A new 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. Also included are temporary staff costs, including returning retired staff 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, Arnold Clark, and St Johns Ambulance. These organisations 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, the Central belt and West Region, automated telephony services, laptop hire to enable staff to work from home, and van hire for distribution of PPE respectively.

Remobilisation 2021/22

Work is underway to support the redesign with our ambulance control centres to support call taking capability to meet national targets and support clinical decision making whilst an assessment takes place to look at how we can reduce call demand by adopting the use of digital channels and system management through the clinical hub redesign.

Our Logistics infrastructure has been 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 is aiming 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.

Digital transformation, additional support and infrastructure to support digital developments continue, along with developments on supporting new working arrangements and estates reconfiguration to maximise our space recognising the potential increase in staff offset against home working.

Other priorities include plans for investment in Health and Wellbeing, to support new ways of working for support staff and Sustainability and innovation.

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Mobile Testing Units

The Service is currently delivering Mobile Testing Units (MTUs) across Scotland with this service coming into effect from the end of September 2020 with plans to continue delivery of the service to the end of 2021/22.

The year-to-date expenditure (at 31 December 2021) is as follows:

	Costs
Pay	£ 22.8 million
Non Pay	£ 2.7 million
Total	£ 25.5 million

Scottish Government have approved the extension of the MTU's to the end of September 2022 and have confirmed the Service will not be required to take a financial risk on this extension. Following on from the underspend position in 2020/21 and with spend of £25.5 million year to date, we are anticipating a year end spend of £32.9 million.

Mobile Vaccination Units

The Service is currently delivering Mobile Vaccination Units (MTUs) 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 31 December 2021) is as follows:

	Costs
Pay	£196,000
Non Pay	£145,000
Total	£341,000

Estimated costs are forecast to be around £1.2 million in 2021/22. This will be fully funded by Scottish Government.

COP26

The funding envelope of £5.4 million has been approved by UK Government for Event Planning & Delivery and Specialist Capability costs. Funding will be provided on a cost recovery basis and subject to scrutiny by UK Government.

The year-to-date expenditure (as at 31 December 2021) is as follows:

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	Costs
Pay	£1.8 million
Non Pay	£1.1 million
Total	£2.9 million

Updated Forecast Position

Given the current financial position and 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 Assumptions

- The agenda for change Pay Award has now been confirmed with a higher uplift than anticipated in our financial plan which increased our pay pressures by £6.3 million. This has been met with a further funding uplift from Scottish Government.
- The incremental pay pressure brought forward in 2021/22 from 2022/23 as a result of pay scale changes has resulted in a pay pressure of £3.5 million pressure in year. The financial plan assumed this would be fully funded and discussions are continuing with Scottish Government on this basis.
- Planning assumptions have taken account of planned recruitment and anticipated staff turnover
- Overtime costs are expected to remain high at estimated at £16.4 million for the year at an average of £1.4 million per month
- Assumptions also account for seasonality increased costs for Fuel, Utilities during the winter months and the current surge in gas and fuel prices.
- Full funding for COVID-19 expenditure is anticipated, including Mobile Testing Units and Mobile Vaccination Units
- Full funding is anticipated to recover expenditure for COP26.
- This forecast assumes the anticipated income and expenditure for the NHSS Health & Care Systems Winter Pressures £20 million announced in September 2021 will be fully funded
- All other developments in line with our financial plan is assumed to be fully funded
- Expenditure for NHSS Health & Care Systems Winter Pressures is fully funded in line with our action plan
- Underspends in allocations received for specific programs such as Demand and Capacity, COP26, ESRCP Phase II and Mobile Testing Units will be returned to Scottish Government and the respective portfolios.
- Planning assumptions have taken account of planned recruitment and anticipated staff turnover and anticipate a small level of slippage in some specific developments

This also assumes the following in relation to our Best Value Programmes:

- Risk in the delivery of savings through our Best Value programme has been impacted by COVID-19 and operational pressures and at this stage we have included an

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estimate of £2 million full year for unachieved savings in our COVID-19 funding forecast. This will be reviewed before the next quarterly review.

- It is assumed the £4.1 million of devolved savings will be delivered in full, this includes savings in travel and electric vehicles.
- Some Best Value workstreams have been paused while focus is maintained on those that support quality improvements with our current operational priorities and it is still anticipated that the Best Value Programme can deliver £6.55 million in the current year. Given the current pressures some of these savings may be non-recurring but this will be monitored closely.
- Local efficiency plans in support directorates are expected to deliver £1.2 million.
- Approx. £1.5 million slippage against our developments, noting this is lower than previous years and again will be closely monitored over the next few months, and is non-recurring

This revised forecast has been up updated in the attached table:

Summary of Financial Position	2021/22 Financial Plan £m	2021/22 Forecast Update £m
Carry forward recurring deficit	7.5	7.5
Pressures - Pay	12.2	£18.5
Pressures – Non Pay	1.1	£1.1
Pressures – commitments/developments	0.55	£0.55
Total Unavoidable cost pressures	13.85	£20.15
Resource Uplift	(4.3)	(£10.6)
Additional SG Funding		
- Incremental drift / scales	(1.7)	(£1.7)
Pressures to support through efficiency savings	15.35	15.35
Efficiency plans – devolved targets	4.1	4.1
Efficiency plans – 21/22 Best Value Programmes	5.0	6.55
Efficiency plans – to be identified	6.25	-
Efficiency savings – New Best Value Plans	-	
Efficiency savings – New Local efficiencies through support functions	-	1.2
Likely Slippage against some developments	-	1.5
Efficiency Plans not delivered to Covid Pressures	-	2.0
Out-turn Position	Breakeven	Breakeven

The focus on delivering the financial forecast will be accelerating the best value programmes that support quality improvements and innovations prioritised to the current priorities.

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YTD CAPITAL POSITION AS AT MONTH 9 (31 DECEMBER 2021)

2021/22 Capital Budget

The Service's Capital budget is made up of 2 elements:

- Formula Capital of £1.794 million
 - The Service is provided with this allocation to fund all capital projects that are not subject to approval by the SG Capital Investment Group (CIG) or has not received a separate earmarked allocation

- Earmarked Allocation
 - The Service receives earmarked allocations for Business Cases that have been approved by the CIG. In 2021/22 the following earmarked allocations have been received:
 - Fleet Replacement Programme £23.9 million
 - Scotstar £250,000
 - Enhancing Capability Phase II £784,000
 - Scottish Trauma Network £150,000

The total 2021/22 allocation is £26.9 million. As at 31st December 2021 we have received all allocations.

YTD Capital Position

The YTD Capital Position is shown in the table below. The YTD Capital Position is shown in the table below. The expenditure in Quarters 1 and 2 is always typically low as most projects are in the planning stage. The majority of spend is expected to come through towards the end of Quarter 3 and Quarter 4.

Capital receipts of £99,000 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 £294,000 will be fully utilised during 2021/22 as Business Cases are submitted and approved by the Capital Programme Governance Group (CPGG). There are a number of anticipated projects in the pipeline and an update on the progress of these are discussed at each meeting and this allows for prioritisation of emerging developments.

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

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SCOTTISH AMBULANCE SERVICE
CAPITAL REPORT 2021-22
As at Month 9 (31 December 2021)

PROJECT	Approved Budget £	YTD Actuals £	Notes
Formula Capital Projects			
eHealth and ICT	600,308	(22,424)	Vat Credit
Property	29,013	65,154	
Procurement & Logistics System	46,800	10,258	
Demand & Capacity	0	(63,424)	Vat Credit
Medical Equipment	24,425	41,621	
Vehicle Accidents	0	0	
	700,546	31,185	
Earmarked Allocations			
Enhancing Capability	2,110,943	303,272	
Covid	0	(14,654)	Vat Credit
Major Trauma	150,000	0	
ICCS Replacement	521,550	9,042	
Scotstar	653,742	172,953	
Vehicles	22,410,000	8,254,926	
	25,846,235	8,725,539	
Unallocated Budget	92,400		
Capital Receipts	0	(99,369)	Gain on sale of vehicles & equipment
Capital to Revenue Transfers	156,300		To cover property minor works
TOTAL	26,898,092	8,657,353	

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		
Airwave Extenders		61,429
Digitisation of Card 45 & 46		153,470
VM Hardware Upgrade		252,000
Telephony		79,138
Database for cleaning and respirators		41,310
Information alert module		12,960
Total- eHealth and IT		600,308
Special Projects		
Enhancing Capability Phase I		1,326,851
Enhancing Capability Phase II		784,092
ICCS Replacement		521,550
Procurement & Logistics System		46,800
Total - Special Projects		2,679,293
Property		
Cardonald Air Conditioning		29,013
Total - Property		29,013
Operations		
Vehicles		22,420,000
Major Trauma		150,000
Medical Equipment		24,425
Scotstar		651,342
Total - Operations		23,245,797
Total Approved Projects		26,554,381
Total Approved Budget		26,898,092
Less Capital to Revenue Transfer		-156,300
Add: Capital Receipts		99,396
Total Budget Available		26,841,161
Unallocated Budget		286,780
Anticipated Projects		
Major Trauma PRU	60,000	
Procurement & Logistics Systems	315,000	
Total – Anticipated Projects		375,000
Revised Unallocated Budget		(88,220)

Key Risks

Enhancing Capability

The estates work being delivered as part of the Enhancing Capability programme has been deferred for the previous two years. The contract has been tendered but due to the impact of COVID-19, building supplies are in short supply and are attracting a premium cost. This has resulted in tendered costs being over the available budget. A review is being carried on the project to assess whether any cost savings can be made. In addition, due to the current Covid restrictions, projects are taking longer to complete so there is a risk that the project may not complete in 2021/22. This project is considered medium risk.

There is a further risk around slippage on the Phase Two allocation in the 2021/22 financial year. The Project deliverables are being reviewed and discussions are being held with SG around the possibility of deferring the allocation to 2022/23. This is considered medium risk.

ICCS Replacement Project

There has been further delays to the implementation of the ICCS Replacement Project. The timelines are currently being revised to determine the impact. Initial contingency measures are being assessed in the event of the project slipping into 2022/23. This project is considered medium risk. All other projects are expected to be delivered on time and within budget.

CONCLUSION

The underlying position for the Service is £0.5 million behind target assuming all COVID-19 related expenditure is fully funded.

The full financial impact of COVID-19 continues to be closely monitored with the next formal quarterly review due in January 2021. An initial tranche of funding has been received and we continue to assume all additional expenditure will be funded for the remainder of 2021/22.

Efficiency savings remain a significant issue given the reduced management capacity as we are dealing with the current operational pressures. However, the requirement to ensure the delivery of our Best Value Programme through quality improvements and innovation is a continued focus and aligned to our current operational pressures. We are planning £6.5 million of best value programmes by March 2022, although this is likely to include a significant non-recurring component. A total of £2.5 million has been reported up to December. The improvement work going on over the last few months, in dealing with the operational pressures, is currently being quantified and will be reported against the £6.5 million target. This has been the key focus of the weekly Best Value delivery group.

We have carried out a detailed full year forecast including assumptions on the full year impact of COVID-19, remobilisation and an updated efficiency plans trajectory, and this will continue to be reported monthly thereafter.

A breakeven budget is forecast at March 2022 in line with our financial plan.

Julie Carter
Director of Finance, Strategy and Logistics
January 2022

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