



NOT PROTECTIVELY MARKED

Public Board Meeting		28 September 2022
		Item 12
THIS PAPER IS FOR DISCUSSION		
SUMMARY FINANCIAL PERFORMANCE TO 31 AUGUST 2022		
Lead Director Author	Julie Carter, Director of Finance, Logistics and Strategy Maria McFeat, Deputy Director of Finance	
Action required	The Board is asked to discuss and note : <ul style="list-style-type: none">• The financial position to the end of August 2022• The efficiency savings position to the end of August 2022• The financial impact of COVID-19 expenditure and funding to the end of August 2022	
Key points	<ol style="list-style-type: none">1. The financial position shows a deficit of £4.8 million against a trajectory deficit of £2.0 million.2. Additional COVID-19 (including Vaccinations) expenditure of £5.8 million against a funding allocation of £3.8 million year to date has been incurred in this period. This shortfall in funding of £2.0m year to date, is contributing to the current adverse finance position.3. In addition fuel costs are overspent by £1.3 million which are also contributing to this adverse position4. Mobile Testing Units have incurred costs of £11.3 million to date. Delivery of this initiative has been extended to end of September 2022 with the full funding assumed to be provided from Scottish Government.5. Local efficiency savings of £1.5 million have been delivered against a target of £4.8 million for the period6. Best value schemes identified National Programme plans of £6.6 million programmes, which have been agreed and implementation has commenced. This month, we have seen to date savings delivered at £1.0 million.7. In addition non recurring savings £0.699 million has also been delivered to date.	

Timing	During the financial year the Board will be provided with monthly updates on the financial position and from October 2022 the final year end forecast position will also be reported.
Associated Corporate Risk Identification	Risk 5062 – Failure to achieve financial target
Link to Corporate Objectives	The Corporate Objective this paper relates to is Goal 6 - Develop a model that is financially sustainable and fit for purpose in 2022/23.
Link to NHS Scotland's quality ambitions	Efficient and effective use of resources is important to the Service to enable it to deliver safe, effective and person centred care.
Benefit to Patients	Efficient and effective use of resources enables the Service to provide the best level of safe and effective care to patients as it can within the resources available.
Equality and Diversity	An Equality Impact Assessment (EQIA) was conducted and presented to the Board in March 2022 when the budget for 2022/23 was set.

SCOTTISH AMBULANCE SERVICE BOARD

FINANCIAL PERFORMANCE TO 31 AUGUST 2022

JULIE CARTER, DIRECTOR OF FINANCE, LOGISTICS & STRATEGY

This paper sets out the financial position as at 31 August 2022 for the Scottish Ambulance Service.

The Board is asked to note:

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

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

- The financial outturn up to month 5 is £4.8 million overspent
- Efficiency savings target for the financial year is £17.35 million. To date £3.18 million of savings are being reported against a target of £5.0 million year to date.
- The financial impact of COVID-19 represents expenditure of £5.8 million against funding to date of £3.8 million, with a gap of £2.0 million included within the year to date deficit of £4.8 million. The total COVID-19 funding confirmed at this stage for the year is £8.6 million. The current forecast COVID-19 costs, based on this month 5 position is £14.1 million. A number of actions are in place to review and update this position however the likelihood of reducing these costs further remains a high risk given the current COVID-19 abstractions and pressures. This has been reported in the first quarter financial results to Scottish Government.
- Total fuel costs of £4.62 million incurred against a budget of £3.3 million year to date. Our financial plan assumed an increase in fuel cost however the current rate has far exceeded that and we are seeing a cost pressure of £1.3 million in the first 5 months of this year, although this has slowed from previous months as prices have stabilised.

Key messages

- Deficit position as at 31 August 2022 (this includes both core and non-core expenditure), with income fairly stable. The financial plan trajectory assumed a deficit of £2.0 million at the end of August 2022 against the current position of £4.8 million. This adverse position is primarily driven by specific COVID-19 pressures of £2 million, fuel cost pressure of circa £1.3 million and a shortfall in efficiency savings of circa £1.8 million.
- We continue to forecast a breakeven position by March 2023, assuming we will secure additional COVID-19 funding, and fuel costs continue to stabilise in addition to the existing risk of unachieved efficiency plans, although we are beginning to see some progress in the implementation of these. We will continue to work with Scottish Government, to monitor this closely over the next few months.
- An early full year forecast was undertaken at the end of June 2022 and is being updated on a monthly basis.
- Against our efficiency savings target of £17.3 million, we have delivered £3.2 million to date. This is against a year-to-date trajectory of £5.0 million. A number of programmes have now commenced and progress is being monitored through the Best Value Steering group. It is also recognised the continued operational pressures within the wider system have impacting on timelines. Local implementation of efficiency plans continue to progress with £1.5 million delivered to date against a full year target of £4.3 million.
- During the last few months the focused work on the Service wide best value plans has been on agreement and quantification of the plans. There are 36 programmes in our Best Value Plan with currently 36 mandates having been received and approved to date. Detail of the progress of the programmes is also being reported through the Service's Performance and Planning Steering Group and Audit Committee. Delivery of the Best Value agreed plans remain a significant priority for the Service.
- Best Value Steering Group meetings are taking place and weekly operational meetings have also been established, chaired by the Director of Finance, Logistics & Strategy. Given the month 5 financial position this work is being accelerated with monthly savings trajectories being developed. In addition monthly monitoring reports have been completed for the programmes being implemented. A number of new programmes have also been initiated.
- COVID-19 funding of £8.6 million was confirmed at the beginning of June 2022. The March financial plan assumed costs and funding of £16.2 million (including mobile vaccination unit costs) and work has been progressing to critically review the COVID-19 costs and reduce expenditure where possible. A revised full year forecast based upon the expenditure to date had been undertaken and is forecasting full year costs, at this stage, of £14.1 million, including Mobile Vaccinations. A detailed list of further actions is in place to review this in light of the confirmed funding received, however we have noted at this stage, this is high risk.
- Out with these pressure points, the income and expenditure for the Service remain broadly stable and in line with the financial plan.

Due to the significant budgetary pressures both on the Core position and due to the unfunded COVID-19 pressures, Scottish Government have advised that all Boards

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are required to return to monthly reporting from quarter 1 onwards on a detailed basis. This will include detailed reporting on COVID-19 costs, test and protect costs and vaccinations.

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

Scottish Government have confirmed formal feedback on the financial plan will be provided by the end of September 2022.

Key actions agreed in this period

1. COVID-19 costs and funding

The impact of COVID-19 on our financial position has been reported since February 2020. Our March 2022 financial plan estimated the full year impact in 2022/23 of 'Living with COVID-19' to be up to £16.2 million for the year, including the mobile vaccinations unit costs. Plus £18.5 million to support Mobile Testing Units. The Scottish Government have now advised that this COVID funding will be limited to £8.6 million, which includes the Mobile Vaccination program funding, with a further £18.5 million for Mobile Testing Units up until September 2022. We continuously review our COVID-19 expenditure for the year due to the ongoing operational and wider NHS system pressures and are currently projected recurring additional costs of £5.5 million which we seek to continue to reduce. We have highlighted this pressure as a high risk and it will be challenging to manage in this financial year without further COVID-19 funding support.

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

ACTION: We continue to work closely with Scottish Government colleagues through influencing and engaging with the workshops and ensuring timely submission of COVID-19 finance expenditure reporting, the first update was submitted for Quarter 1 reporting and will be monthly thereafter. Detailed business cases for services seeking COVID-19 funding are being completed. There remains a key focus on monitoring COVID-19 related costs, including assessing the operational service impact and the forecast expenditure. This will continue to be reported to the Board on a monthly basis.

2. Delivery of our Efficiency Savings Target

The challenging savings target for 2022/23 has been set at £17.35 million, of which the Best Value Programme has identified £6.6 million of plans. In addition local

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efficiency targets are set at £4.3 million, of which £1.47 million plans have been identified up to the end of August 2022. Best Value savings of £1.0 million have also been identified up to month 5. In addition, the financial plan, in March 2022 and updated for July 2022, has assumed a level of non recurring slippage as seen in previous years, with £0.699 million delivered to date. All totally £3.2 million savings delivered up to month 5.

ACTION: The Best Value operational group has been refreshed and project mandates completed for financial year 2022/23. Monthly meetings have resumed along with targeted weekly support meetings for programme leads. Executive and Finance leads have been allocated to all programmes and monthly highlight reports were being completed against each programme. A weekly delivery group has also been established. The updated Best Value governance policy and procedures have identified an escalation plan with reviews in July and September 2022.

Given the current financial position work has also now commenced in describing monthly, and where necessary weekly, financial savings trajectories between now and the end of the financial year. A measurement framework has also been developed to track progress of the savings forecast.

In addition a full year detailed financial forecast is being completed.

3. Demand and Capacity Investment

Phases 1 and 2 of the Demand and Capacity Programme have been delivered with investment of £25 million for financial year 2022/23 assumed and confirmed from Scottish Government. Implementation of Phase 3 is now underway with recruitment almost complete for the additional 162 staff. This remains a key priority for the Service and in agreement with Scottish Government, in December 2021, we agreed to proceed with the recruitment of these staff prior to final approval of the phase 3 funding. Funding discussions continue with Scottish Government and this remains a shared financial risk until this phase 3 funding is approved. To date we have incurred £4.0 million spend against this phase 3 implementation.

ACTION: We continue supportive discussions with Scottish Government and continue to assume the full year funding for phase 3 will be received, we anticipate final confirmation of this by the end of September 2022. This has been assumed within the year to date financial position.

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

Financial Risk considerations noted in the period

The financial risks are as follows:

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1. Delivery of Efficiency Savings Target

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

Action – A number of actions are progressing including

- Programme leads have been assigned and programme plans are being developed and agreed with monthly highlight reports being produced for each programme.
- Executive leads and finance support for each programme has also been identified
- The Best Value Programme Team meet every month, with regular reporting to Executive Team, Performance and Planning Steering Group and Audit Committee
- Updated governance policies and procedures have been agreed with clear escalation plans identified
- A weekly delivery group chaired by the Director of Finance, Logistics & Strategy has been established to focus on providing additional support to ensure implementation of the programmes. New programmes have also been identified and are being initiated including a pipeline of future plans
- A monthly and where necessary, a weekly savings trajectory is being developed which is likely to be completed by the end of August 2022.

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

The March financial plan for the year 2022/23 assumed an additional £16.2 million of expenditure relating to COVID-19 beyond 2021/22 including £1.2 million for the mobile vaccination unit. It was assumed funding would be received to support this, however Scottish Government advised us on 1 June 2022, that we will be receiving £8.6 million for the year, which includes funding for the Mobile Vaccination Unit programme. A revised forecast has been completed and is currently predicting additional costs of £14.1 million, including £0.780 million for the mobile vaccination service.

Expenditure to the end of August 2022 has identified total costs of £5.8 million against funding of £3.8 million. Our forecast will continue to be reviewed on a monthly basis alongside the Scottish Government COVID-19 improvement work which aims to reduce the anticipated COVID-19 allocation in line with consistent and acceptable risk assessments.

Work within the Service is also progressing in assessing the impact, on each cost line of the revised £14.1 million forecast, of cost reductions or cessation. A number of business cases are being developed to assess this. No decision will be made on these

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significant investment areas without considering the impact on the Service, the staff and patients.

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Finance position as at August 2022

Introduction

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

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

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

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SUMMARY OF YEAR TO DATE POSITION

Table 1 reports that the revenue position for the financial year to the end of August 2022 is £4.8 million over budget, made up of the following:

- Income – break even
- Expenditure Pay – Under budget by £0.2 million
- Expenditure Supplies – over budget by £3.1 million
- Savings – behind target by £1.8 million
- Expenditure Non-core – break even
- COVID-19 expenditure included in the £4.8 million against funding is over budget by £2.0 million

Table 1 – Scottish Ambulance Service high-level overview

SCOTTISH AMBULANCE SERVICE BOARD REVENUE RESOURCE ANALYSIS YEAR TO 31 AUGUST 2022						
Full Year Budget £'000	Year to Date			Current Month		
	Budget £'000	Actual £'000	Variance £'000	Budget £'000	Actual £'000	Variance £'000
Income						
Revenue Allocation	441,538	178,505	178,505	32,544	32,544	
Health Board	5,059	2,254	2,254	487	487	0
Other Healthcare	1,105	500	448	136	74	(62)
Fleet	6	6	6	1	1	0
Staff Car Deductions	175	68	68	12	15	3
Other Operating	1,911	1,428	1,489	249	292	43
Total Income	449,794	182,761	182,770	33,429	33,413	(16)
Expenditure						
Accident & Emergency	255,067	105,558	107,110	21,631	21,635	(4)
Non Emergency Service	25,585	10,901	12,419	2,196	2,496	(300)
Air Ambulance	16,977	7,290	7,981	1,513	1,633	(120)
Overheads	130,371	37,218	38,288	8,101	7,408	693
Total Expenditure	428,000	160,967	165,798	33,441	33,172	269
Core Expenditure Variance			(4,822)			253
Non Core Expenditure						
Depreciation (DEL)	21,288	6,690	6,690	1,330	1,330	0
Depreciation (Donated)	106	29	29	6	6	0
AME Provision	0	0	0	0	0	0
AME Impairments	400	0	0	0	0	0
Non Cash (DEL)	0	0	0	0	0	0
Total Non Core Expenditure	21,794	6,719	6,719	1,336	1,336	0
Surplus / Deficit			(4,822)			253

The Non Emergency Service overspend £1.5 million reflects the COVID-19 funding pressure for the Card 46 resources, as well as associated overtime, and fuel pressure all of which are included within the Service Delivery Directorate overspend £3.7 million position.

Table 2 – Income and Expenditure

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

SCOTTISH AMBULANCE SERVICE BOARD									
INCOME AND EXPENDITURE SUMMARY									
YEAR TO 31 AUG 2022									
		Cumulative to Date				Current Period			
		Budget	Actual	Variance	Variance	Budget	Actual	Variance	Variance
		£'000	£'000	£'000	%	£'000	£'000	£'000	%
COVID-19	Income			0		0	0	0	
	Salaries	255	255	0		131	131	0	
	Supplies	73	73	0		(18)	(18)	0	
	Sav Target	0	0	0		0	0	0	
	Sav Realised	0	0	0		0	0	0	
					0				0
Service Delivery Directorate	Income	(2,936)	(3,308)	372	13%	(703)	(1,059)	356	51%
	Salaries	121,574	122,340	(766)	1%	24,373	23,999	374	-2%
	Supplies	17,917	20,940	(3,023)	17%	3,741	4,360	(619)	17%
	Sav Target	(1,067)	0	(1,067)	0%	(213)	0	(213)	0%
	Sav Realised	810	0	810	0%	154	0	154	0%
				(3,674)				52	
Support Services Directorates	Income	(1,319)	(956)	(363)	-28%	(182)	191	(373)	-205%
	Salaries	13,157	12,235	922	-7%	2,419	2,417	2	0%
	Supplies	16,526	16,673	(147)	1%	3,418	3,614	(196)	6%
	Sav Target	(3,928)	0	(3,928)	0%	(787)	0	(787)	0%
	Sav Realised	2,368	0	2,368	0%	1,555	0	1,555	0%
				(1,148)				201	
SCOTTISH AMBULANCE SERVICE	Income	(4,255)	(4,264)	9	0%	(885)	(868)	(17)	-2%
	Salaries	134,986	134,830	156	0%	26,923	26,547	376	1%
	Supplies	34,516	37,686	(3,170)	-9%	7,141	7,956	(815)	-11%
	Sav Target	(4,995)	0	(4,995)		(1,000)	0	(1,000)	
	Sav Realised	3,178	0	3,178		1,709	0	1,709	
				(4,822)				253	

Table 3 – Service Delivery

Service delivery is over budget by £3.7 million at 31 August 2022. Pay costs are reporting an overspend of £0.8 million over all service areas, reflecting the impact of

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reduced COVID-19 funding and additional pay expenditure that has been incurred across all service areas as a result of COVID-19. Air Ambulance Costs show a cost pressure as a result of increased number of missions. After the summer season, this is being very carefully monitored.

Fuel prices continue to cause a significant pressure on vehicle running costs, with the average price per litre peaking in July 2022 at 59p above budgeted levels. The current pump prices had accelerated from March 2021 slowing into May 2022 and accelerated again to mid-July then a slight drop in August to 46p above budgeted levels. We hope this downward trend will continue into the coming months. This will continue to be monitored closely and is currently up to month 5 reporting a cost pressure of £1.3 million.

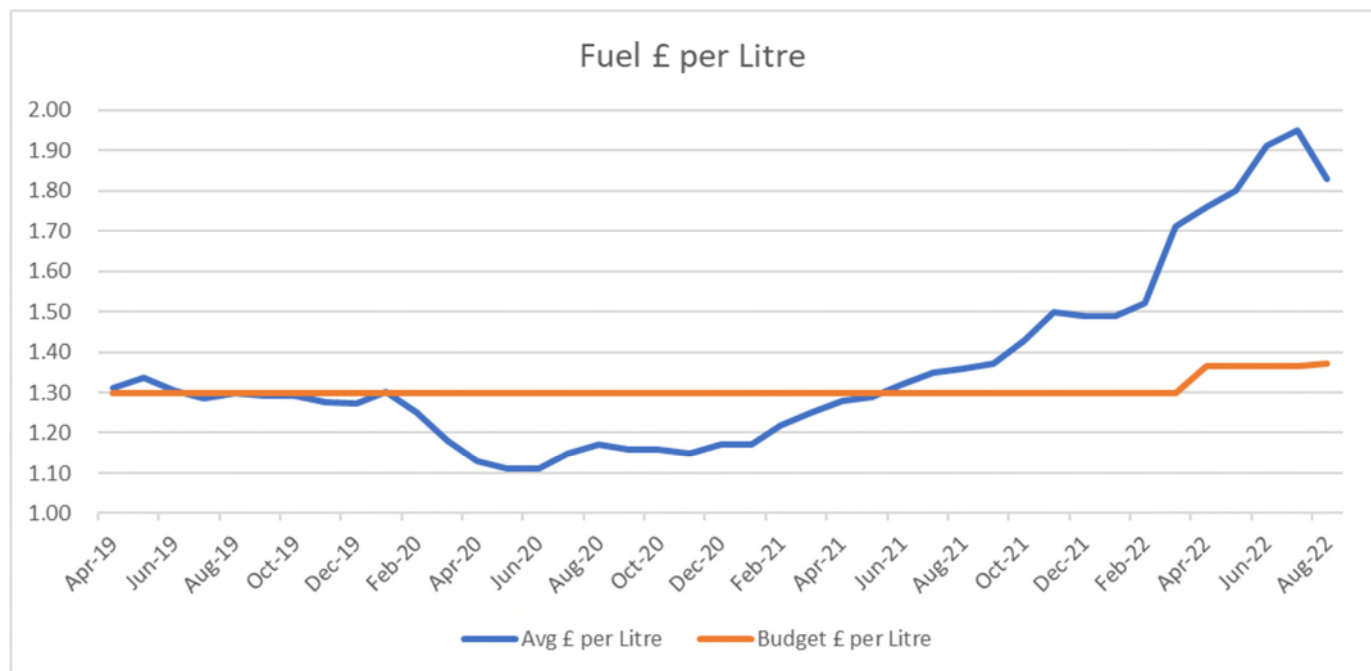


Table 3

**SCOTTISH AMBULANCE SERVICE BOARD
INCOME AND EXPENDITURE - SERVICE DELIVERY
YEAR TO 31 AUG 2022**

		Cumulative to Date				Current Period			
		Budget	Actual	Variance	Variance	Budget	Actual	Variance	Variance
		£'000	£'000	£'000	%	£'000	£'000	£'000	%
NORTH REGION	Income	(424)	(424)	0	0%	(89)	(89)	0	0%
	Salaries	19,310	19,524	(214)	1%	3,960	3,988	(28)	1%
	Supplies	1,529	2,364	(835)	55%	321	496	(175)	55%
	Sav Target	(133)	0	(133)		(26)	0	(26)	
	Sav Realised	215	0	215		12	0	12	
				(967)			(217)		
EAST REGION	Income	(563)	(935)	372	66%	(105)	(460)	355	338%
	Salaries	30,283	30,751	(468)	2%	6,260	6,180	80	-1%
	Supplies	2,430	3,194	(764)	31%	525	683	(158)	30%
	Sav Target	(212)	0	(212)		(42)		(42)	
	Sav Realised	279	0	279		7		7	
				(793)			242		
WEST REGION	Income	(1,389)	(1,389)	0	0%	(295)	(295)	0	0%
	Salaries	41,539	41,718	(179)	0%	8,411	8,337	74	-1%
	Supplies	3,218	4,202	(984)	31%	753	966	(213)	28%
	Sav Target	(297)		(297)		(60)		(60)	
	Sav Realised	316		316		135		135	
				(1,144)			(64)		
NATIONAL OPS	Income	(560)	(560)	0	0%	(214)	(215)	1	0%
	Salaries	30,032	29,992	40	0%	5,664	5,415	249	-4%
	Supplies	10,713	11,153	(440)	4%	2,137	2,200	(63)	3%
	Sav Target	(417)	0	(417)		(83)		(83)	
	Sav Realised	0	0	0		0		0	
				(817)			104		
BUSINESS INTELLIGENCE	Salaries	410	355	55	-13%	78	79	(1)	1%
	Supplies	27	27	0	0%	5	15	(10)	200%
	Sav Target	(8)	0	(8)		(2)	0	(2)	
	Sav Realised	0	0	0		0	0	0	
				47			(13)		
TOTAL SERVICE DELIVERY	Income	(2,936)	(3,308)	372	13%	(703)	(1,059)	356	51%
	Salaries	121,574	122,340	(766)	1%	24,373	23,999	374	-2%
	Supplies	17,917	20,940	(3,023)	17%	3,741	4,360	(619)	17%
	Sav Target	(1,067)	0	(1,067)		(213)	0	(213)	
	Sav Realised	810	0	810		154	0	154	
				(3,674)			52		

Table 4 – Support Services Directorates

Support services are being reported as £1.1 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 AUG 2022**

		Cumulative to Date				Current Period			
		Budget £'000	Actual £'000	Variance £'000	Variance %	Budget £'000	Actual £'000	Variance £'000	Variance %
BOARD AND CHIEF EXECUTIVE	Income	(1)	(1)	0	0%	0	0	0	
	Salaries	862	851	11	-1%	181	176	5	-3%
	Supplies	51	68	(17)	33%	10	25	(15)	150%
	Sav Target	(16)	0	(16)		(3)	0	(3)	
	Sav Realised	42	0	42		0	0	0	
				20					(13)
FINANCE AND LOGISTICS	Income	(1,200)	(837)	(363)	-30%	(166)	210	(376)	-227%
	Salaries	6,470	5,602	868	-13%	1,151	1,092	59	-5%
	Supplies	14,494	14,424	70	0%	2,716	2,773	(57)	2%
	Sav Target	(3,853)	0	(3,853)		(771)	0	(771)	
	Sav Realised	2,180	0	2,180		1,555	0	1,555	
				(1,098)					410
HUMAN RESOURCES	Income	(12)	(12)	0	0%	(2)	(2)	0	
	Salaries	1,024	1,047	(23)	2%	149	213	(64)	43%
	Supplies	329	383	(54)	16%	65	114	(49)	75%
	Sav Target	(13)	0	(13)		(3)	0	(3)	
	Sav Realised	8	0	8		0	0	0	
				(82)					(116)
MEDICAL	Income	(86)	(86)	0	0%	(25)	(25)	0	
	Salaries	1,570	1,508	62	-4%	280	296	(16)	6%
	Supplies	335	406	(71)	21%	101	77	24	-24%
	Sav Target	(9)	0	(9)		(2)	0	(2)	
	Sav Realised	0	0	0		0	0	0	
				(18)					6
CARE QUALITY AND PROF DEVELOPMENT	Income	(20)	(20)	0	0%	11	8	3	
	Salaries	3,231	3,227	4	0%	658	640	18	-3%
	Supplies	1,317	1,392	(75)	6%	526	625	(99)	19%
	Sav Target	(37)	0	(37)		(8)	0	(8)	
	Sav Realised	138	0	138		0	0	0	
				30					(86)
TOTAL SUPPORT SERVICES	Income	(1,319)	(956)	(363)	-28%	(182)	191	(373)	-205%
	Salaries	13,157	12,235	922	-7%	2,419	2,417	2	0%
	Supplies	16,526	16,673	(147)	1%	3,418	3,614	(196)	6%
	Sav Target	(3,928)	0	(3,928)		(787)	0	(787)	
	Sav Realised	2,368	0	2,368		1,555	0	1,555	
				(1,148)					201

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 AUG 2022

	Full Year Budget £'000	Year to Date		
		Budget £'000	Actual £'000	Variance £'000
Income				
Revenue Allocation	441,538			
Baseline Allocations	388,881			
Recurring Allocations	8,257			
Non-Recurring Allocations	44,470			
Fleet Income	6	6	6	0
Health Board	5,059	2,254	2,254	0
Other Healthcare	1,105	500	448	(52)
Other Operating	1,911	1,428	1,489	61
Staff Car Deductions	175	68	68	0
Total Income	449,794	4,256	4,265	9

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

The March 2022 financial plan assumed revenue funding allocations of £448 million. This reflects funding for Mobile Testing Units, Mobile Vaccination Units and COVID-19 Remobilisation. Adjustments are made on a monthly basis to the budget to include any additional allocations as these are notified to the Boards from Scottish Government and other NHS Boards. The recent notification on our COVID-19 allocation has yet to be adjusted as we will continue discussions with Scottish Government following submission of our Q1 financial returns.

Detailed Pay analysis

Overtime cost in this current year is averaging 5.8% of the year to date pay bill against 5.7% last year, which is slightly higher after the first five months, and against a higher pay bill cost in this year. The graph below shows a trend analysis of overtime costs in the last two years. The impact of COVID-19 mobilisation on the Service can be seen in the months from March 2020, with the last rise in cases during March/April 2022. These additional costs are also contributing to the COVID-19 cost overspend.

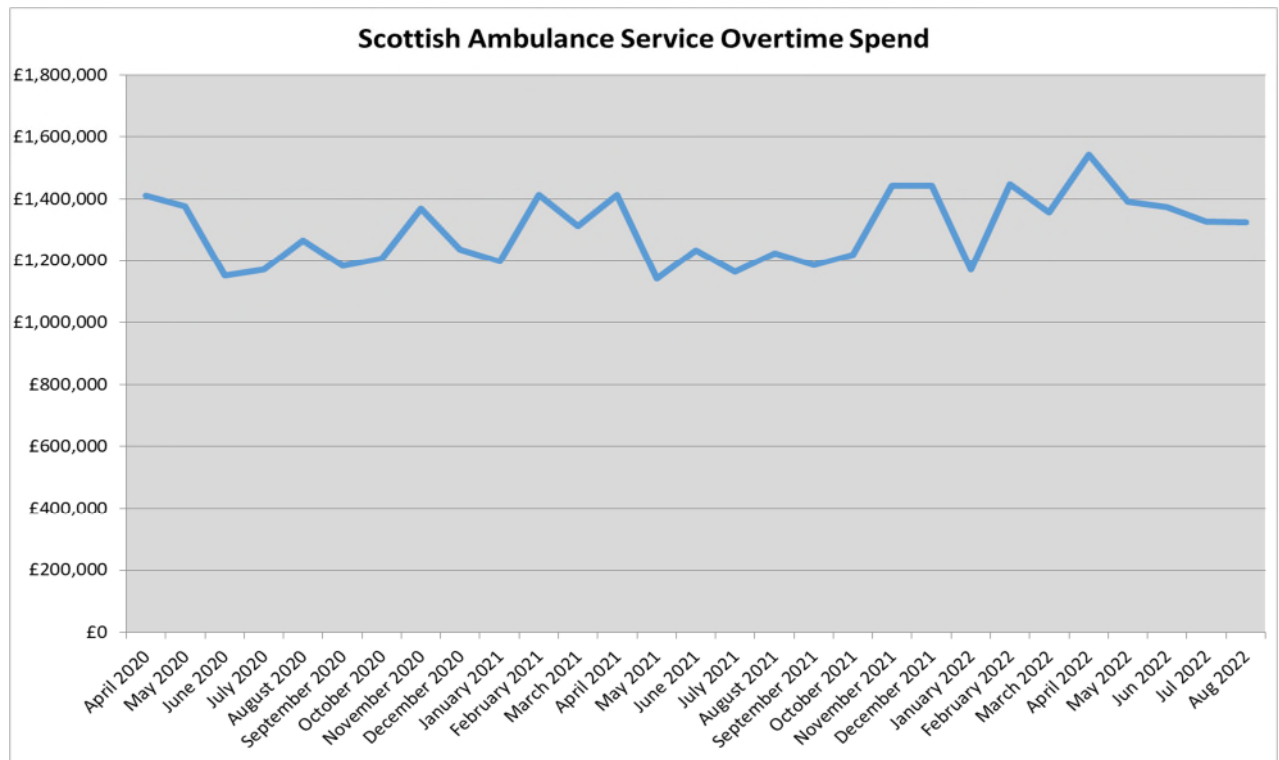


Table 6

**SCOTTISH AMBULANCE SERVICE BOARD
STAFF AND OVERTIME SUMMARY
YEAR TO 31 AUG 2022**

		East Region	North Region	West Region	National Ops	Business Intelligence	Service Delivery
Current Year	Average WTE	1,414	811	1,907	852	16	5,000
	Overtime Hours	60,445	55,685	108,249	31,969	0	256,348
	Overtime Cost (£'000)	1,715	1,615	3,088	939	0	7,357
Prior Year	Average WTE	1,300	738	1,814	835	15	4,702
	Overtime Hours	58,255	56,983	104,177	30,192	30	249,637
	Overtime Cost (£'000)	1,578	1,517	2,790	844	1	6,730
Variance	Average WTE	114	73	93	17	1	298
	Overtime Hours	2,190	(1,298)	4,072	1,777	(30)	6,711
	Overtime Cost (£'000)	137	98	298	95	(1)	627

The above table illustrates an overall reduction in overtime hours compared to a year ago, with the highlight being an additional 298 staff (whole time equivalents) in post, primarily as a result of the Demand & Capacity programme. There are also a number of Best Value Programmes focusing on reducing overtime costs and we would anticipate this reducing further over the next few months, subject to COVID-19 abstractions and pressures.

Non-pay

The non-pay costs are currently carrying a number of costs pressures, namely fuel pressure at £1.3 million, air ambulance £0.75 million and other non pay pressures related to Medical costs, Insurance, Vehicle Maintenance and Staffing costs at £1.3 million. This expenditure has been offset by other non pay underspend savings at £0.4 million.

Air ambulance average daily activity is higher in comparison to last year, in addition to an increase in support from the Maritime Coastguard Agency. Whilst aviation fuel prices do not mimic fuel pump prices the price of aviation fuel has increased also. We have therefore instigated an investigation and full forecast review.

The breakdown of the £1.3 million is as follows: Medical costs £0.698 million, insurance £0.201 million, other operating costs £0.134 million, and Accommodation and Travel and Subsistence £0.35 million.

- Vehicle accidents cover much of the insurance pressure as well as premiums increasing.
- Medical costs include defibrillator repairs, we are anticipating that as the new logistics model is being implemented, we would anticipate medical costs reducing from September 2022 in line with our Best Value programme.
- Within Staffing costs, uniforms are carrying a high initial cost due to purchase of the new 5 in1 jackets but we anticipate this to smooth out during the remainder of the financial year. The other cost pressures are within Accommodation (EPDD) and Travel and Subs, within North and West Regions.
- The single biggest cost pressure is within vehicle running costs due to higher fuel prices with the budget priced at £1.37 per litre and current pump prices averaging £1.83 a litre.

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

Efficiency Savings



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

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- **Local Efficiency Target**

Service Directorates have been allocated a 1.0% recurring efficiency target and Support Directorates have been allocated a 1.5% recurring efficiency target, to recognise the requirement to continually review our costs and ensure reinvestment in our services to meet ongoing cost pressures. These targets equate to £4.3 million across the Service, with £1.47 million delivered to date.

- **Best Value Programme**

The Best Value Programme is a service wide programme identifying and implementing a national efficiency savings approach, which aims to use innovation and improvement methodology to drive systematic change and transform services to deliver better value, cost efficient services for the organisation whilst continuing to deliver high quality care. The programme crucially is also responsible for promoting forward thinking within the Service, horizon scanning and capitalising on best practice across the wider NHS, public and private sectors to create a pipeline of future efficiency opportunities to inform the build of a 3-5 year sustainable financial plan.

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

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

In this financial year more than 36 work streams had been identified with potential savings of £6.6 million that will be led by the Best Value Programme team and supporting local managers and teams. A detailed programme plan has been in place with Executive leads against each programme. To date, £1.0 million savings have been achieved against various Best Value workstreams.

We to continue to rely on a level of non-recurring savings, and have now actioned £0.699 million to date.

COVID-19 Financial Implications

The updated July financial plan has included the recently informed reduction in COVID-19 funding. Our March financial plan assumed £16.2 million for COVID-19 and Mobile vaccination units, but it has been confirmed that non recurring funding for 2022/23 amounts to £8.6 million. An updated forecast has been completed and given the current COVID-19 abstractions and pressures in the system remains higher than the funding at £14.1 million

Cost incurred during 2022/23 to 31 August 2022 are outlined in the table below.

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Category of Resource	£
Additional pay & staff overtime	2.46 million
Logistics, Card 46, ACC Expansion	3.0 million
Mobile Vaccination Unit costs	0.34 million
	5.8 million

Additional pay & staff overtime

A process for identifying overtime costs where staff cover COVID-19 absence and in respect of an increase in extended duty have been set up for this year. This has been updated for the 2022/23 reporting and is being reviewed on a monthly basis.

Logistics, Card 46 and ACC Expansion

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

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

The roll out of our Logistics infrastructure was redesigned to introduce a robust, sustainable, long term, cost-effective logistics and inventory management service supplying and controlling the movement of consumable stocks throughout the Service. This was identified as a significant need during COVID-19. The aim is to minimise stock holding, ensure continuity of supply, releasing both financial and non-financial efficiencies, whilst gaining a comprehensive understanding of product mix and usage. This remains a key contributor to the Best Value plans.

Mobile Vaccination Units

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

The year-to-date expenditure (at 31 August 2022) is as follows:

	Costs
Pay	£306,000

Non Pay	£38,000
Total	£344,000

The vaccination team are working to a revised forecast of £0.78 million in 2022/23 and this has been reduced in line with the COVID-19 funding levels, and is being funded as part of the £8.6 million COVID-19 investment.

Mobile Testing Units

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

The year-to-date expenditure (at 31 August 2022) is as follows:

	Costs
Pay	£ 10.0 million
Non Pay	£ 1.3 million
Total	£ 11.3 million

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

2022/23 YTD CAPITAL POSITION AS AT MONTH 5 (31/08/2022)

2022/23 Capital Budget

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

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

- Earmarked Allocation
 - The Service receives earmarked allocations for Business Cases that have been approved by the CIG. In 2021/22 the following earmarked allocations have been received:
 - Fleet Replacement Programme £25.36 million
 - ScotSTAR £0.250 million

In addition, a revenue to capital transfer of £0.150 million is anticipated to fund some of the final Enhanced Capability Phase 2 estates requirements.

The total 2022/23 allocation is anticipated to be £27.63 million. Allocations have not been received as yet. As in previous years, it is likely the SG will not distribute capital allocations until Q3.

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YTD Capital Position as at Month 5

The YTD capital position is shown in the table below. The expenditure in the first half of the financial year is always typically low as most projects are in the planning stage.

The unallocated budget of £1.7 million will be fully utilised during 2022/23 as Business Cases are submitted and approved by the 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.

SCOTTISH AMBULANCE SERVICE			
CAPITAL REPORT 2022-23			
As at Month 5(31 August 2022)			
PROJECT	Approved Budget £	YTD Actuals £	Notes
Formula Capital Projects			
eHealth and ICT	56,417	(1,790)	
Property	18,400	0	
Procurement & Logistics System	0	15,476	
Demand & Capacity	0	42,771	
Medical Equipment	0	0	
Vehicle Accidents	0	0	
	74,817	56,457	
Earmarked Allocations			
Enhancing Capability	0	83,028	
ICCS Replacement	521,550	(1,357)	
ScotSTAR	0	0	
Vehicles	22,458,450	2,868,771	
	22,980,000	2,950,442	
Unallocated Budget	2,192,183	0	
Capital Receipts	0	70,107	Gain on sale of vehicles & property
Revenue to Capital Transfers	150,000	0	
Capital to Revenue Transfers	0	0	
Fleet Contingency	2,382,100	0	
TOTAL	27,779,100	3,077,006	

Approved and Anticipated Projects

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

<u>Approved Projects</u>	Cost Centre	BUDGET £
Project		
eHealth and ICT		
Fortigate Security System		27,396
C3 Enhancements		29,021
		0
Total- eHealth and ICT		56,417
Special Projects		
Enhanced Capability - Estates		0
Procurement System		0
ICCS Replacement		521,550
Total - Special Projects		521,550
Property		
UPS Replacement		18,400
Total - Property		18,400
Operations		
Vehicles		22,458,450
Vehicles – Contingency – TBC confirmed if required		2,382,100
ScotSTAR		0
Total - Equipment		24,840,550
Total Approved Projects		25,436,917
Unallocated Budget		2,192,183
Anticipated Projects		
ICT Projects	565,000	
Total - Anticipated Projects		565,000
Revised Unallocated Budget		1,627,183

CONCLUSION

At this early stage in the financial year, the financial position for the Service is £4.822 million behind target. A number of actions are being implemented in line with the Service financial plan. The Service continues to forecast a breakeven position for financial year 2022/23, although the risk rating in achieving this, has been increased considering the full impact of the COVID funding and the rising cost of fuel. An updated 3 year financial plan was approved by the Board in July 2022.

The full financial impact of system pressures and COVID-19 continues to be closely monitored with a formal quarterly review to Scottish Government submitted at the end of July 2022 and formal feedback due from Scottish Government by the end of September.

Given the tight financial position across the whole of the public sector, monthly detailed reporting to Scottish Government is being put in place for all Health Boards which has seen the return of Monthly reporting.

Although we have seen an improvement of the delivery of efficiency savings this month, they continue to remain a significant risk and work is progressing at pace to implement the plans agreed. A governance and escalation process is in place and will be implemented as appropriate. A monthly allocation on savings trajectories is being completed and will be updated on a monthly basis.

Julie Carter
Director of Finance, Strategy and Logistics
September 2022

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