



**Scottish
Ambulance
Service**

Working in Partnership with Universities



NOT PROTECTIVELY MARKED

Public Board Meeting

27 March 2024

Item 10

THIS PAPER IS FOR DISCUSSION

SUMMARY FINANCIAL PERFORMANCE TO 29 FEBRUARY 2024

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 February 2024 • The financial impact of ongoing unfunded system pressures and operational commitments expenditure to the end of February 2024, noting there continues to be very positive funding discussions with Scottish Government. • The impact of the 'Back to Balance' action plan including the efficiency savings position to the end of February 2024.
Key points	<ol style="list-style-type: none"> 1. The financial position shows a deficit of £8.96 million and the now revised full year deficit outturn of £8.0 million, after year end adjustments and budget allocations. 2. Impact of ongoing post COVID/system pressures of £8.98 million to date has been incurred in this period. No funding has been assumed for these and this is contributing almost wholly to the current adverse finance position. Positive discussions continue with Scottish Government. 3. In relation to local efficiency savings, the annual target is £4.85 million and to date £6.9 million has been delivered. Best value schemes identified national programme plans of £3.744 million of which £3.4 million has been delivered to date. Grip and Control has identified £0.81 million to date against a £1.0 million plan. Showing a total actual position to date of £11.10 million against a target of £11.0 million and on track to deliver the £12 million target, in line with the updated forecast. 4. Through the back to balance plan with the focus on priority high overspend areas has delivered £1.289 million against a full year target of £6.125 million. Noting this is, however, being partially masked by new emerging cost pressures.

Timing	During the financial year the Board has been provided with monthly updates on the financial position and from August 2023 the final year end forecast position has also been reported. This will show the forecast costs to end of March 2024 and against our financial plan.
Associated Corporate Risk Identification	Risk ID 5602 – failure to achieve financial target
Link to Corporate Ambitions	<p>This paper relates to:</p> <p>We will</p> <ul style="list-style-type: none"> • Work collaboratively with citizens and our partners to create healthier and safer communities • Innovate to continuously improve our care and enhance the resilience and sustainability of our services • Improve population health and tackle the impact of inequalities • Deliver our net zero climate targets • Provide the people of Scotland with compassionate, safe and effective care when and where they need it • Be a great place to work, focusing on staff experience, health and wellbeing
Link to NHS Scotland's Quality Ambitions	This paper is aligned to and supports all three of NHS Scotland's quality ambitions to enable our workforce to provide 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.

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SCOTTISH AMBULANCE SERVICE BOARD

FINANCIAL PERFORMANCE TO 29 FEBRUARY 2024

JULIE CARTER, DIRECTOR OF FINANCE, LOGISTICS & STRATEGY

This paper sets out the financial position at 29 February 2024 for the Scottish Ambulance Service.

The financial plan is a plan of 2 parts including 'Business As Usual' (acknowledging the unprecedented inflationary cost pressures included in this) was projecting a £4.5 million deficit with the addition of the ongoing system and post COVID pressures assumed unfunded, this increased to a £19 million forecast deficit position.

During the year the full year forecast was then reduced to £12.5 million, primarily due to the impact of the back to balance work and additional non recurring funding. Following the December financial position this has been further reduced to £9.5 million full year forecast and now reduced to a £8.0 million full year forecast deficit with the full financial impact of winter now clearer.

The financial plan also describes the back to balance actions required in year to aim to reduce this forecast deficit position. The monthly financial reporting also describes progress against these actions and corrective action agreed.

The Board is asked to note the reporting against:

- The overall financial position to the end of February 2024 for the financial year 2023/24
- A specific section on post COVID and system pressures, financial impact and current funding assumptions
- Any new emerging pressures
- Progress against the back to balance action plan, including an update on the delivery of savings and reducing key overspend areas
- Reprofiting of the £12 million in year savings target
- The key messages as highlighted including agreed actions
- An update on the key risks and mitigating actions in the delivery of the financial plan
- The updated forecast and predicted likely year end deficit reducing from £9.5 million to £8.0 million

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The financial position to February 2024, reporting a deficit position to date, consists of:

- Income – this is reporting a breakeven position
- Core Expenditure – a deficit position of £8.96 million to the end of February 2024.
- The financial impact of post COVID-19/system pressures represents expenditure of £8.98 million,.
- Expenditure aligned to our Service priorities and key operational commitments overspend is £3.79 million, against a forecast pressure of £3.8 million full year.
- Funding discussions in relation to these pressures and post COVID/system pressures continue with Scottish Government, although non-recurring funding of £5.0 million has been received to partly support these costs and positive discussions have taken place regarding the balance of the £8 million.
- Efficiency savings target for the financial year is £12.0 million. To date, £11.10 million of savings are being reported against a reprofiled target of £11.0 million year to date. This is slightly ahead of trajectory and the full year trajectory continues to forecast the delivery of the full year target.
- Progress against the action plans relating to the high overspend areas has delivered £1.289 million of reduced costs up to month 11. This has been partially offset against ongoing cost pressures of £4.32 million driven by non-pay pressures.
- We have this month adjusted for a full year reduction of £0.319 million in CNORIS costs as advised by Scottish Government.

The key cost pressures in addition to the financial plan assumptions therefore is the underlying non-pay pressures of £4.32 million up to month 11

These are summarised below:

Cost pressure	Year to date cost pressure	Driven by:
Air Ambulance costs	£1.013m	In month due to higher Coastguard missions incurred with 50% due to weather, higher ongoing fuel costs, Coastguard charges higher than inflation rates (16% higher than previous year). Financial plan assumed for only a 9% uplift. Additional variable costs for SAS aircraft, still being analysed.
Medical costs	£1.300m	higher than anticipated inflationary pressures in medical costs (eg some drugs costs up 21%) & includes higher than

		anticipated volume of purchases on Instruments & Sundries. Medical gas costs overspend by £0.329 million to date
Other Operating costs	£0.896m	Includes installation and grid connections for EV charging points to date £0.479 million, BRC contract covered within COVID ongoing Card 46 commitments £0.732 million.
Property running costs	£1.406m	Main drivers are HLP inflation costs increase in year £0.556 million and upsurge in property repairs program £0.493 million
Fuel	£(0.504)m	Main driver is fuel costs – downturn in price and lower than expected usage

The back to balance high spend areas are reporting a lower spend of £1.298 million year to date, which is partially being offset by these higher inflationary costs.

Key messages

- Deficit position of £8.964 million as at 29 February 2024 (this includes both core and non-core expenditure, and income). The financial plan trajectory assumes a deficit of £11.5 million at the end of February 2024 based on the full year outturn of £12.5 million, although noting this has now reduced to a forecast outturn deficit of £8.0 million. The savings trajectory of £11.10 million after 11 months is based upon a monthly trajectory of £1.0 million savings delivered each month.
- At this stage, we continue to forecast a deficit position which has been revised to £8.0 million by March 2024. This is almost all due to the post COVID pressures and discussions continue in relation to funding with Scottish Government and the back to balance action plan continues to be progressed.
- The key components driving the revised £8.0 million forecast deficit are as follows:
 - £4.0 million additional costs of extended hospital turnaround times
 - £1.5 million additional ambulance control staff to meet increased demand, and
 - £2.5 million additional card 46 / timed admissions resources supporting A&E demand

Each of these areas are updated below:

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- Ongoing system pressures of £8.98 million have been identified to date and are contributing to the £8.964 million deficit position. This is reporting slightly lower than plan. This also includes costs associated with longer hospital turnaround times.
- The Service 'operational commitments' pressures full year funding gap of £4.0 million relates to additional investment funding in 2023/24 of £45.0 million of which £49.0 million costs have been assumed. Costs of £3.79 million have been incurred in this year to date within these areas. This is also contributing to the £8.964 million deficit position.
- Scottish Government provided £5.0 million of non-recurring funding towards our system pressures detailed above, of which we have now released £4.58 million to offset the related cost pressures of COVID and Operational Commitment pressures.
- Against our efficiency savings target of £12.0 million, we have delivered £11.10 million to date. This is against a revised year-to-date trajectory of £11.0 million.
- Included within the back to balance action plan, there is focused work on key overspend areas with leads identified. To the end of February 2024, a total reduction of £1.289 million has been identified against a target of £6.125 million.

Key actions agreed in this period

The key focus of the financial plan is the delivery of the Back to Balance action plan. This includes 3 key areas:

1. Delivery of the efficiency savings and best value programme
2. Reduction in spend of agreed high priority overspend area
3. Recognition through funding and recognition of wider system (post COVID and committed system pressures).

1. Delivery of our Efficiency Savings Target and best value programmes

The challenging savings target for 2023/24 has been set at £12.0 million, of which the Best Value Programme has identified £3.744 million of plans. In addition, local efficiency target is set at the revised plan of £3.9 million, along with an element of undelivered carry forward of £0.81 million, for which agreement has already been received from budget holders and set against service budgets on a recurring basis. There is also continued focus on 'Grip and Control' actions planned at an estimated £1.0 million. The balance of £2.7 million of unidentified is assuming a level of non recurring slippage.

ACTION: The Best Value operational group has agreed all new mandates for financial year 2023/24 with 35 workstreams identified. Well attended monthly best value meetings are in place along with weekly targeted support meetings. Executive and Finance leads have been allocated to all programmes and monthly highlight reports have been completed against each programme. A weekly delivery group has also been established. A detailed best value report is presented to the Performance and Planning Steering Group at each meeting with progress to date and corrective actions. In addition, a measurement framework has been developed and is monitored on a monthly basis.

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The Service is linked into the national Sustainability and Value work and updates are provided at each Best Value Steering Group meeting, including new ideas emerging from this work, which has resulted in an additional 3 new project mandates.

2. Reduction in high priority overspend areas

Programmes of work have been agreed led by Executives and Senior Managers, focusing on specific actions to reduce high spend areas, with project management support and monthly reporting on progress. A challenging target reduction of £6.125 million has been set against these areas.

ACTION – Progress against these areas is being reported to the Best Value Steering Group and are progressing albeit at different stages of implementation. Total cost reductions to month 11 are being reported £1.289 million. The finance team have also set up a formal reporting progress against each of these areas and separate from local efficiency and best value programmes, to ensure no double count of benefit. The target areas are noted below

- | | |
|---|----------------|
| • Overtime Reduction | £3.8 million |
| • Travel & Accommodation review | £0.2 million |
| • Uniform management | £0.1 million |
| • NHS 24 Interface / HCP online booking | £0.425 million |
| • Scheduled care and Card 46 Work plan | £1.6 million |

Table 9 included within the report details the progress against these.

3. (a) Post COVID pressures

The impact of COVID-19 system pressures on our financial position has been reported since February 2020. Our financial plan has estimated the full year impact in 2023/24 to be up to £10.5 million for the year, this has now reduced to a full year deficit of £8m. Discussions have been ongoing with Scottish Government to receive funding for these ongoing pressures, and given the current system pressures to date, reducing these costs will be challenging should funding not materialise, without impacting on service delivery and patient care.

ACTION: We continue to work closely with Scottish Government colleagues in progressing discussions with regard to these costs. In addition, there are a range of actions being pursued within the Service to continually review and monitor these costs, while balancing operational service impact, as these pressures will continue into 2024/25.

3 (b) Key Operational Commitments and funding shortfall

A shortfall in funding for key Operational Commitments requiring additional investments of £49.0 million in 2023/24, against which £45.0 million of recurring funding has been confirmed. These costs pressures are being monitored on a monthly basis in order to manage this pressure. To date, £3.79 million costs have been identified.

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ACTION: Monthly monitoring alongside discussions with Scottish Government for funding. Detailed monitoring arrangements in place, with updated forecast costs being continually reviewed.

Updated Forecast as at February 2023

The full year financial forecast has been reviewed reassessing the impact of winter pressures. The updated forecast will now be in line with our 'best' case scenarios for full year forecasts using current run rates and compared to our 2023/24 financial plan at £8 million deficit. Scottish Government have now received additional consequential funding and very positive discussions continue in relation to receiving additional funding to offset these costs. .

The key components of the full year pressures being:

- £4.0 million additional costs of extended hospital turnaround times
- £1.5 million additional ambulance control staff to meet increased demand, and
- £2.5 million additional card 46 / timed admissions resources supporting A&E demand

Financial Risk considerations noted in the period.

The financial risks are as follows:

Delivery of Efficiency Savings Target including Best Value

At this late stage of the financial year the risk of not achieving this target has reduced. The requirement to ensure the delivery of efficiency savings remains a continued focus for staff and management as service quality improvements in support of these pressures are currently being actioned and this focus is required moving into 2024/25. Significant focus is currently on implementing, tracking and reporting on these programmes through the best value governance and escalation process.

Delivery of our financial targets is also highlighted as a very high risk in our corporate risk register and is monitored in line with this risk profile.

Action – A number of actions are progressing including

- Additional focussed Programme Management Office support has been set up and aligned to the priority schemes to provide additional focus and capacity.
- Programme leads have been assigned and programme plans are being developed and agreed with mandates completed for all projects
- Executive leads and finance support for each programme has also been identified

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- The Best Value Steering Group meet every month, and regular reporting to Executive Team, Performance and Planning Steering Group and Audit & Risk Committee continues
- Updated governance policies and procedures have been agreed with clear escalation plans identified
- A weekly Best Value Delivery Group has been established to focus on providing additional support to ensure implementation, and this continues to meet during this time
- Our best value programmes have been linked to our 2030 strategy ambitions and our 5 portfolio boards for oversight and prioritisation
- Monthly highlight reports to report on progress and project mandates for new programmes. This is also being supported by the PMO.
- Development of our ideas box to ensure those operational staff who need to deliver the benefits and changes have input to the creation and implementation of the plans and use this to generate new ideas.
- Ongoing communication of the financial position through our teams, the issues coming up and the role that everyone has to play
- Implementation of grip and control in every spend area, with additional controls maintained in higher and 'non-core' spend, a dedicated session with the finance team and the procurement team is being set up to review the current high spend areas
- Utilisation of the national sustainability and value programme to feed ideas down to our local plans, report ideas back on good practice and if necessary influence policy decisions and
- Development of our collaboration opportunities in driving efficiencies, aiming to assist in reducing the current gap against the £12.0 million target.

In addition, a senior financial analyst is in place to support the analytical and reporting requirements for all projects and their deliverables. Their primary responsibility is to provide support in working with project leads and the finance team to identify data requirements and build reports to measuring project outcomes, with a focus on cost savings. Significant progress has since been made with the development of this measurement framework and supporting reports and this has contributed to the good progress to date. Delivery leads are now able to use the supporting data and charts within their highlight reports to evidence progress within their specific work streams. This measurement framework and associated best value report is presented to each Performance and Planning Steering Group meeting for discussion and action.

Securing funding in 2023/24 for post COVID pressures and operational commitments

The financial plan for the year 2023/24 included £10.5 million of expenditure relating to post COVID pressures. Discussions remain ongoing with Scottish Government, whilst funding has been received to support some of the pressure on a non-recurring basis there still remains a funding gap of £8 million.

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ACTION – Discussion will continue with Scottish Government and detailed ongoing cost analysis being undertaken.

Finance position as at February 2024

Introduction

This section of the paper provides details of the financial results for the period ending February 2024.

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 February 2024 is £8.964 million over budget, made up of the following:

- Income - breakeven
- Expenditure Pay – over budget by £1.28 million
- Expenditure Supplies – over budget by £6.08 million
- Savings – ahead of target by £0.10 million
- Expenditure Non-core – break even
- This position includes unfunded COVID expenditure is £8.98 million
- This position includes unfunded Operational Commitments £3.79 million

There is however an additional £4.32 million of new non pay pressures, offset by reduction in high priority spend areas at £1.289 million. These are described further in the paper.

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Table 1 – Scottish Ambulance Service high-level overview

**SCOTTISH AMBULANCE SERVICE BOARD
REVENUE RESOURCE ANALYSIS
YEAR TO 29 FEBRUARY 2024**

	Full Year Budget £'000	Year to Date			Current Month		
		Budget £'000	Actual £'000	Variance £'000	Budget £'000	Actual £'000	Variance £'000
Income							
Revenue Allocation	425,741	386,193	386,193		35,869	35,869	
Health Board	6,709	6,287	6,287	0	814	814	0
Other Healthcare	1,006	957	913	(44)	97	100	3
Fleet	16	16	16	0	1	1	0
Staff Car Deductions	153	137	136	(1)	12	13	1
Other Operating	3,120	3,000	3,009	9	148	147	(1)
Total Income	436,745	396,590	396,554	(36)	36,941	36,944	3
Expenditure							
Accident & Emergency	298,749	274,361	272,675	1,686	25,590	25,576	14
Non Emergency Service	30,344	27,879	28,538	(659)	2,504	2,571	(67)
Air Ambulance	14,601	13,140	14,561	(1,421)	1,109	1,243	(134)
Overheads	72,305	60,464	68,998	(8,534)	7,579	6,373	1,206
Total Expenditure	415,999	375,844	384,772	(8,928)	36,782	35,763	1,019
Core Expenditure Variance			(8,964)			1,022	
Non Core Expenditure							
Depreciation (DEL)	20,022	17,957	17,957	0	1,821	1,821	0
Depreciation (Donated)	65	59	59	0	5	5	0
AME Provision	0	0	0	0	0	0	0
AME Impairments	0	0	0	0	0	0	0
Non Cash (DEL)	659	0	0	0			
Total Non Core Expenditure	20,746	18,016	18,016	0	1,826	1,826	0
Surplus / Deficit			(8,964)			1,022	

Table 2 – Income and Expenditure

Table 2 provides the year-to-date position between service and support directorates. COVID-19 expenditure and unfunded operational commitments are included within these figures.

SCOTTISH AMBULANCE SERVICE BOARD
INCOME AND EXPENDITURE SUMMARY
YEAR TO 29 FEBRUARY 2024

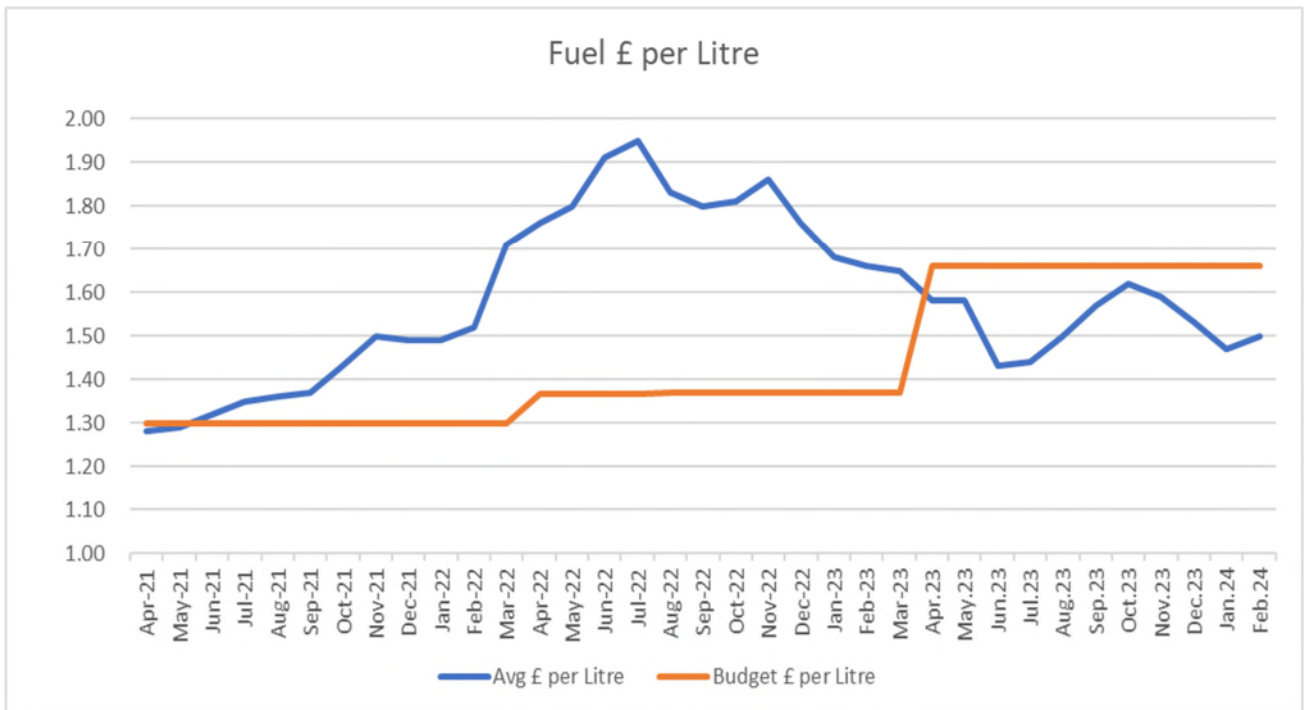
		Cumulative to Date				Current Period			
		Budget £'000	Actual £'000	Variance £'000	Variance %	Budget £'000	Actual £'000	Variance £'000	Variance %
Service Delivery Directorate	Income	(8,278)	(8,279)	1	0%	(938)	(941)	3	0%
	Salaries	285,308	290,631	(5,323)	2%	26,742	26,787	(45)	0%
	Supplies	38,036	40,983	(2,947)	8%	3,405	3,904	(499)	15%
	Sav Target	(3,853)	0	(3,853)	0%	(350)	0	(350)	0%
	Sav Realised	2,908	0	2,908	0%	142	0	142	0%
					(9,214)			(749)	
Support Services Directorates	Income	(2,118)	(2,082)	(36)	-2%	(133)	(134)	1	1%
	Salaries	30,792	26,751	4,041	-13%	3,018	2,439	579	-19%
	Supplies	41,290	44,422	(3,132)	8%	3,986	4,459	(473)	12%
	Sav Target	(7,148)	0	(7,148)	0%	(649)	0	(649)	0%
	Sav Realised	8,193	0	8,193	0%	853	0	853	0%
	Reserves	(1,668)	0	(1,668)		1,460	0	1,460	
				250			1,771		
SCOTTISH AMBULANCE SERVICE	Income	(10,396)	(10,361)	(35)	0%	(1,071)	(1,075)	4	0%
	Salaries	316,100	317,382	(1,282)	0%	29,760	29,226	534	2%
	Supplies	79,326	85,405	(6,079)	-8%	7,391	8,363	(972)	-13%
	Sav Target	(11,001)	0	(11,001)		(999)	0	(999)	
	Sav Realised	11,101	0	11,101		995	0	995	
	Reserves	(1,668)	0	(1,668)		1,460	0	1,460	
				(8,964)			1,022		

Table 3 – Service Delivery

Service delivery is over budget by £9.21 million at 29 February 2024. Pay costs are reporting an overspend of £5.32 million over all service areas, however it should be noted that this includes overtime as a result of system pressures, Card 46 timed admission, ambulance control centre unfunded costs and unfunded operational commitment pressures.

Air Ambulance Costs have reported a 7.6% decrease in Maritime and Coast Guard Agency (MCGA) missions to date against the same period last year – also MCGA account for only 8.6% of the total missions this year against 9.1% in the same period last year. Although there has been a 2.2% reduction in total missions this year for Air Ambulance as a whole (including SCAA) against the same period last year, higher fuel prices and beyond inflationary rates for MCGA and additional variable charge accruals for GAMA aircraft, means a year to date overspend of £1.01 million. As we go into the last month of this financial year, with an improvement programme established for air ambulance progressing well, factors such as bad weather and market fuel prices can derail the current plans.

With an uplifted budget for Diesel, which assumes £1.66 per litre, fuel prices have reduced continually since the highest point last summer, and with the average price per litre now rising to £1.62 in October 2023, and dropping down to £1.50 in February 2024, we do see a continuing underspend on Diesel costs of £0.50 million for the 11 months to February 2024.



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Table 3

SCOTTISH AMBULANCE SERVICE BOARD
INCOME AND EXPENDITURE - SERVICE DELIVERY
YEAR TO 29 FEBRUARY 2024

		Cumulative to Date				Current Period			
		Budget £'000	Actual £'000	Variance £'000	Variance %	Budget £'000	Actual £'000	Variance £'000	Variance %
NORTH REGION	Income	(1,253)	(1,253)	0	0%	(119)	(119)	0	0%
	Salaries	49,353	49,851	(498)	1%	4,529	4,650	(121)	3%
	Supplies	3,955	4,501	(546)	14%	344	435	(91)	26%
	Sav Target	(529)	0	(529)		(48)	0	(48)	
	Sav Realised	641	0	641		28	0	28	
				(932)			(232)		
EAST REGION	Income	(1,412)	(1,412)	0	0%	(120)	(120)	0	0%
	Salaries	78,207	79,198	(991)	1%	7,695	7,306	389	-5%
	Supplies	6,611	7,144	(533)	8%	585	712	(127)	22%
	Sav Target	(823)	0	(823)		(75)	0	(75)	
	Sav Realised	862	0	862		39	0	39	
				(1,485)			226		
WEST REGION	Income	(4,173)	(4,173)	0	0%	(621)	(622)	1	0%
	Salaries	106,724	109,547	(2,823)	3%	9,921	10,036	(115)	1%
	Supplies	8,520	10,131	(1,611)	19%	760	1,015	(255)	34%
	Sav Target	(1,123)	0	(1,123)		(102)	0	(102)	
	Sav Realised	984	0	984		53	0	53	
				(4,573)			(418)		
NATIONAL OPS	Income	(1,440)	(1,441)	1	0%	(78)	(80)	2	3%
	Salaries	50,103	51,092	(989)	2%	4,523	4,704	(181)	4%
	Supplies	18,884	19,159	(275)	1%	1,710	1,740	(30)	2%
	Sav Target	(1,352)	0	(1,352)		(123)	0	(123)	
	Sav Realised	421	0	421		22	0	22	
				(2,194)			(310)		
BUSINESS INTELLIGENCE	Salaries	921	943	(22)	2%	74	91	(17)	23%
	Supplies	66	48	18	-27%	6	2	4	-67%
	Sav Target	(26)	0	(26)		(2)	0	(2)	
	Sav Realised	0	0	0		0	0	0	
				(30)			(15)		
TOTAL SERVICE DELIVERY	Income	(8,278)	(8,279)	1	0%	(938)	(941)	3	0%
	Salaries	285,308	290,631	(5,323)	2%	26,742	26,787	(45)	0%
	Supplies	38,036	40,983	(2,947)	8%	3,405	3,904	(499)	15%
	Sav Target	(3,853)	0	(3,853)		(350)	0	(350)	
	Sav Realised	2,908	0	2,908		142	0	142	
				(9,214)			(749)		

Table 4 – Support Services Directorates

Support services are being reported as £0.25 million under budget. The Finance, Logistics and Strategy savings target includes all Best Value Programme targets.

SCOTTISH AMBULANCE SERVICE BOARD
INCOME AND EXPENDITURE BY DIRECTORATE
YEAR TO 29 FEBRUARY 2024

		Cumulative to Date				Current Period			
		Budget £'000	Actual £'000	Variance £'000	Variance %	Budget £'000	Actual £'000	Variance £'000	Variance %
BOARD AND CHIEF EXECUTIVE	Income	(54)	(54)	0	0%	(16)	(16)	0	
	Salaries	1,760	2,056	(296)	17%	161	181	(20)	12%
	Supplies	111	129	(18)	16%	10	7	3	-30%
	Sav Target	(32)	0	(32)		(3)	0	(3)	
	Sav Realised	0	0	0		0	0	0	
				(346)					(20)
FINANCE AND LOGISTICS	Income	(1,588)	(1,555)	(33)	-2%	(50)	(54)	4	8%
	Salaries	15,931	11,657	4,274	-27%	1,885	1,089	796	-42%
	Supplies	38,689	41,788	(3,099)	8%	3,775	4,204	(429)	11%
	Sav Target	(6,911)	0	(6,911)		(2,503)	0	(2,503)	
	Sav Realised	8,036	0	8,036		2,325	0	2,325	
	Reserves	(1,668)	0	(1,668)		1,460	0	1,460	
				599					1,653
HUMAN RESOURCES	Income	(31)	(31)	0	0%	(3)	(3)	0	
	Salaries	2,595	2,630	(35)	1%	240	271	(31)	13%
	Supplies	673	503	170	-25%	61	44	17	-28%
	Sav Target	(87)	0	(87)		(8)	0	(8)	
	Sav Realised	99	0	99		9	0	9	
				147					(13)
MEDICAL	Income	(357)	(357)	0	0%	(36)	(36)	0	
	Salaries	4,101	3,857	244	-6%	352	361	(9)	3%
	Supplies	902	1,027	(125)	14%	84	112	(28)	33%
	Sav Target	(61)	0	(61)		(5)	0	(5)	
	Sav Realised	58	0	58		3	0	3	
				116					(39)
CARE QUALITY AND PROF DEVELOPMENT	Income	(88)	(85)	(3)	-3%	(28)	(25)	(3)	
	Salaries	6,405	6,551	(146)	2%	380	537	(157)	41%
	Supplies	915	975	(60)	7%	56	92	(36)	64%
	Sav Target	(57)	0	(57)		1,870	0	1,870	
	Sav Realised	0	0	0		(1,484)	0	(1,484)	
				(266)					190
TOTAL SUPPORT SERVICES	Income	(2,118)	(2,082)	(36)	-2%	(133)	(134)	1	1%
	Salaries	30,792	26,751	4,041	-13%	3,018	2,439	579	-19%
	Supplies	41,290	44,422	(3,132)	8%	3,986	4,459	(473)	12%
	Sav Target	(7,148)	0	(7,148)		(649)	0	(649)	
	Sav Realised	8,193	0	8,193		853	0	853	
	Reserves	(1,668)	0	(1,668)		1,460	0	1,460	
				250					1,771

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
PERIOD TO 29 FEBRUARY 2024

	Full Year Budget £'000	Year to Date		
		Budget £'000	Actual £'000	Variance £'000
Income				
Revenue Allocation	425,741			
Baseline Allocations	404,703			
Recurring Allocations	0			
Non-Recurring Allocations	21,038			
Fleet Income	16	16	16	0
Health Board	6,709	6,287	6,287	0
Other Healthcare	1,006	957	913	(44)
Other Operating	3,120	3,000	3,009	9
Staff Car Deductions	153	137	136	(1)
Total Income	436,745	10,397	10,361	(36)

Total income (including funding) to date is breakeven against budget.

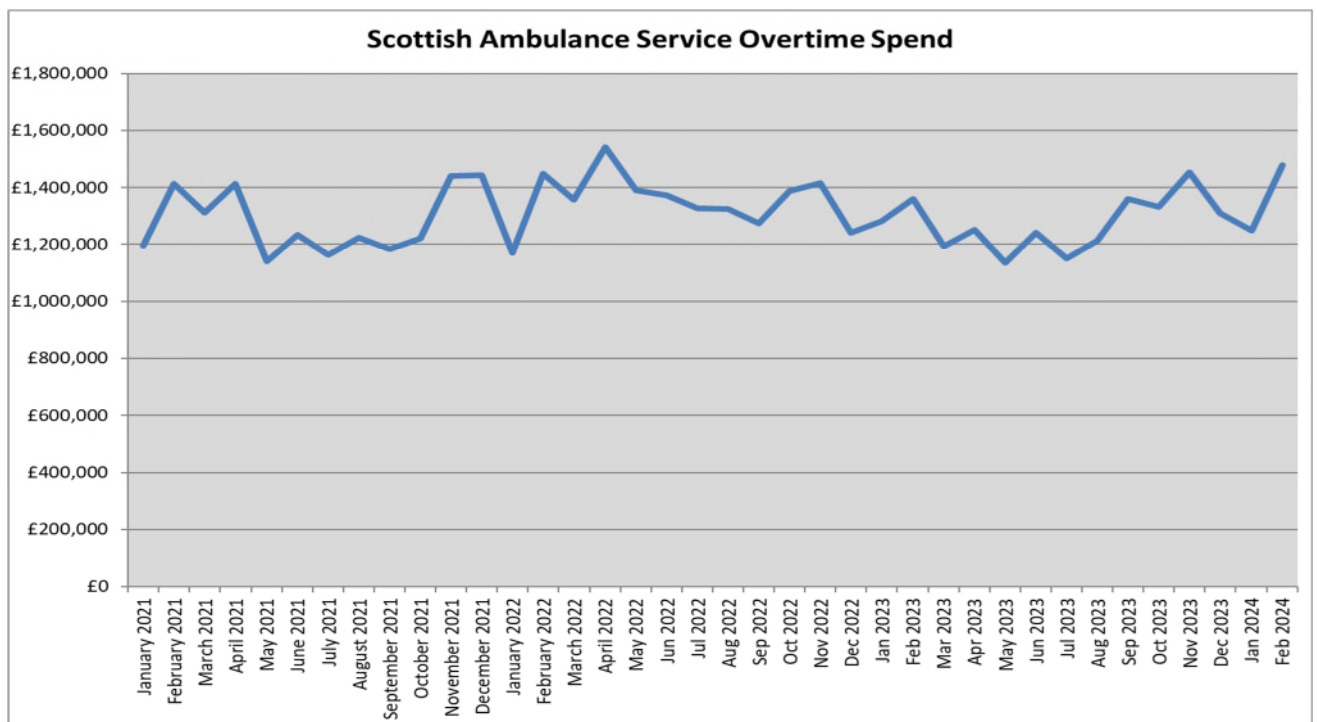
The original financial plan assumed revenue funding allocations of £410 million. This reflects funding for Mobile Vaccination Units and NHS System Pressures. Adjustments are made on a monthly basis to the budget to include any additional allocations as these are notified to the Boards from Scottish Government and other NHS Boards.

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Detailed Pay analysis

The pay overspend of £1.28 million is made up primarily from Overtime £3.7 million, offset by a £2.4 million underspend from basic pay and enhancements.

As referenced previously, reducing overtime is one of the areas under review for reducing the budget deficit. Overtime cost in this current year is averaging 4.6% of the year to date pay bill compared to last year to date at 5.6%. The graph below shows a trend analysis of overtime costs in the last three years. The impact of COVID-19 mobilisation on the Service can be seen in the months from March 2020 and with peaks during 2022 reflecting the ongoing pressures on the Service in response to the increased hospital turnaround times.



Overtime includes hospital turnaround times (HTAT) costs which are currently creating a cost pressure and are being picked up within the COVID/system pressure as an unfunded cost pressure offset by the release of Learning in Practice accrual against costs incurred.

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Table 6

SCOTTISH AMBULANCE SERVICE BOARD
STAFF AND OVERTIME SUMMARY
YEAR TO 29 FEBRUARY 2024

		East Region	North Region	West Region	National Ops	Service Delivery
Current Year	Average WTE	1,427	832	1,963	862	5,084
	Overtime Hours	126,036	100,229	211,931	58,137	496,333
	Overtime Cost (£'000)	4,110	3,348	6,927	1,984	16,369
Prior Year	Average WTE	1,427	824	1,926	854	5,031
	Overtime Hours	136,680	114,355	242,697	65,374	559,106
	Overtime Cost (£'000)	3,935	3,374	7,052	1,956	16,317
Variance	Average WTE	0	8	37	8	53
	Overtime Hours	(10,644)	(14,126)	(30,766)	(7,237)	(62,773)
	Overtime Cost (£'000)	175	(26)	(125)	28	52

The above table illustrates an overall reduction in overtime hours compared to the equivalent prior year period, with the highlight being an additional 53 staff (whole time equivalents) in post, primarily as a result of the Demand & Capacity programme.

Non-pay

The non-pay overspend at £6.08 million represents an overspend beyond the £7.3 million of anticipated pressures and budget allocated driving the £4.5 million anticipated deficit. The month 11 in-month overspend is £0.76 million reflecting a number of additional costs pressures beyond anticipated expenditure levels. These include Air Ambulance £1.01 million, Medical Costs £1.3 million, Other Operating costs £0.89 million, Property Running costs £1.41 million and Staffing Costs £0.51 million, off set by Vehicle Running £(0.50) million.

- Air Ambulance Costs as noted previously are reporting, higher fuel prices and beyond inflationary rates for MCGA and additional variable charge accruals for GAMA aircraft, means a year to date overspend of £1.01 million.
- Medical costs include general medical consumables as well as defibrillator consumables, drugs and gases and repairs. Some medicine replenishment costs have increased by 21%, giving a cost pressure of over £0.06 million and

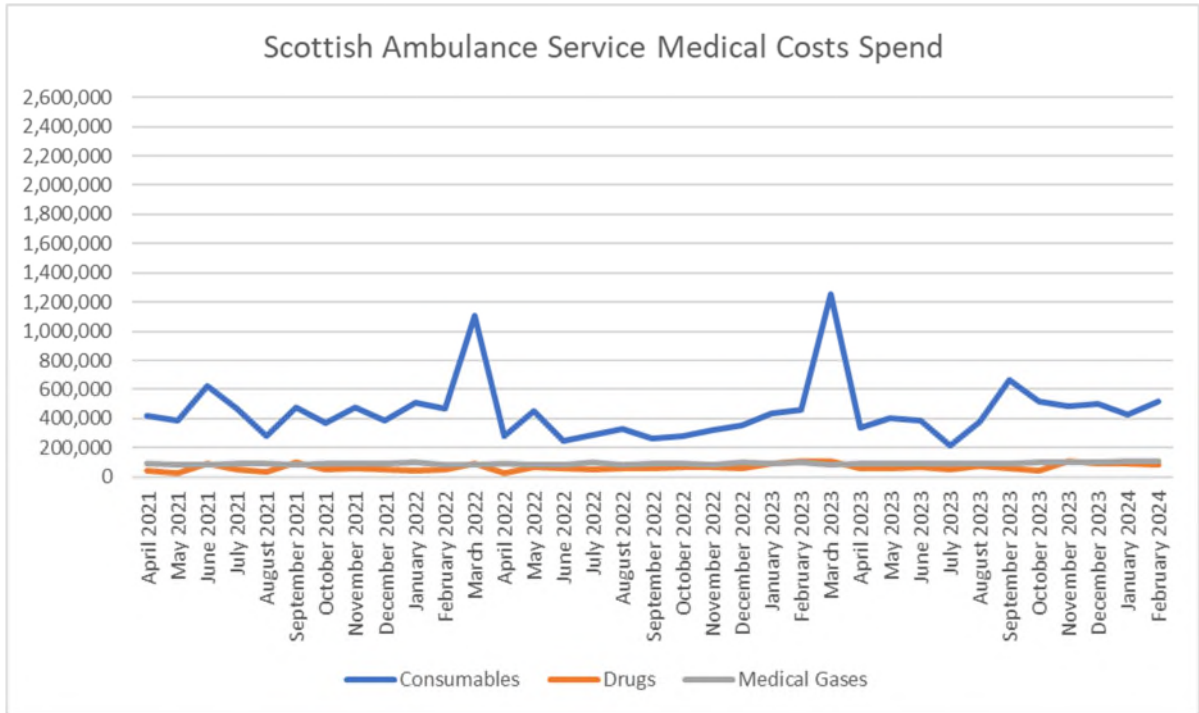
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Salbutamol has seen a significant cost increase resulting in a cost pressure of over £0.05 million. In September, there was a significant increase in spend for instruments & sundries, largely due to the new Stock system implementation allowing for a more accurate recording of stock issued YTD and this month shows a reduction as we start to see the impact of the new stock system. With further analysis also being undertaken, expenditure trends can be seen in the graph below, charting costs over the last two years. Note that this excludes year end pandemic stock adjustments.

- Other operating costs includes £0.48 million of Capital to Revenue for implementation and connection costs for EV charging points across stations. We anticipate further costs as we go towards the end of the financial year. Other operating costs also includes West Region British Red Cross £0.732 million as part of the post COVID cost pressures.
- Property running costs to date show a cost pressure of £0.493 million in respect of Building maintenance as we progress through the Winter months. Also, there is an ongoing potential COVID legacy purchase of paper hand towels, not budgeted for, which were part of new infection control measures introduced during COVID. We continue to seek advice from infection control colleagues whether this measure needs to continue or whether it can be stopped. Heat, light and power costs are also higher due primarily to Electricity prices being higher due to advance purchase of energy by NSS for 2023/24.
- Staffing costs relate to a pressure on Travel, Subsistence and Accommodation, which are both being monitored as part of the Reducing the Deficit priority areas.
- Vehicle running costs relates to the cost of diesel just below budgeted price of £1.66.

We continue to review all areas of cost pressures on a monthly basis through discussions with Budget holders.

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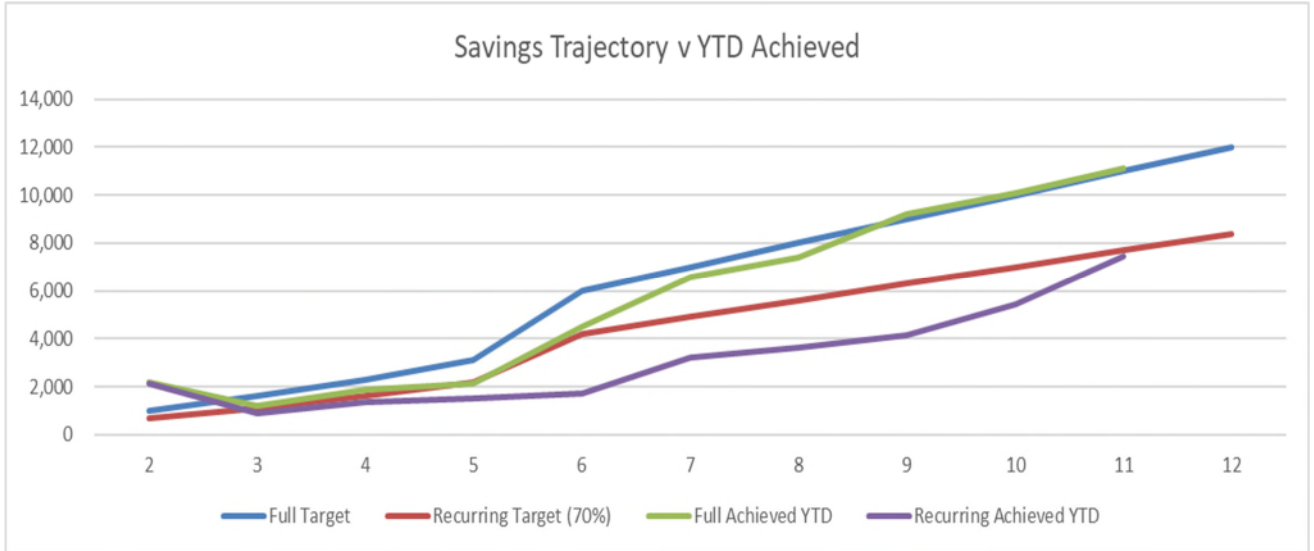


Efficiency Savings

As mentioned earlier in this paper, after 11 months of this financial year, savings achieved to date is now slightly ahead of savings target. Of significance in recent months was the decision to re-profile the savings target away from the financial plan and assume a monthly target more evenly spread throughout the year rather than heavily weighted towards the later months. Although achieving savings delivery this year remains on track, the requirement to ensure the delivery of efficiency savings remains a continued focus for staff and management as service quality improvements in support of these pressures are currently being actioned and required in 2024/25. Significant focus remains on implementing, tracking and reporting on these programmes through the best value governance and escalation process.

The chart below shows the revised savings trajectory over the financial year, which accommodates a more consistent pace as the year progresses. At month 11, we are just ahead of our £11.0 million target with £11.10 million savings having been identified to date. Also showing is our recurring savings achieved against a 70% marker. At this stage, a continued focus is absolutely necessary to ensure we meet our full year savings target as we go into the last month of this financial year.

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Delivery of our financial targets is also highlighted as a very high risk in our corporate risk register and is monitored in line with this risk profile.

Savings of £11.10 million has been achieved, as detailed in the graph below:



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 £3.4 million across the Service, and Service heads have already given their agreement to meet these targets on a recurring basis. A list of potential schemes have been shared with the regional leads and active work is underway with finance leads and budget holders to identify the spend areas against which these targets will be achieved from. Note that the plan was £3.4 million, which was revised to £3.9 million and has increased by a further £0.8 million from the carry forward of non-recurring savings targets from prior year to £4.7 million. These are reported monthly through the Best Value Steering Group.

- **Best Value Programme**

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

35 work streams had been identified with potential savings of £3.744 million that are 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, £11.10 million savings have been achieved: BV activity includes carbon reduction of £0.2 million, and Medicines redesign £0.144 million saw an addition of £0.023 million in this month. Of the EPDD review, £1.7 million already recognised saw an addition in this month of £0.25 million. The Integrated Clinical Hub, Migration of training facilities and In-house ICT Service workstreams all saw BV savings of £0.34 million, £0.16 million and £0.075 million respectively this month, bringing a total achieved to date for BV of £3.439 million. For local efficiency savings, a total of £6.85 million has been identified to date, of which £1.244 million relates to a reduction in the unsocial budget in respect of an underlying vacancy factor.

- **Grip and Control**

This target of £1.0 million involves reviewing current practices through national program / benchmarking, and focusing on improved controls and local decision making. To date, £0.812 million has been achieved as a result grip and control review of procurement and finance processes.

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Post COVID-19 Financial Implications

Board Members are aware that there is only part funding assumptions in place to support expenditure due to post COVID-19 pandemic and system pressures. Our financial plan assumes a cost pressure of £11.0 million for ongoing COVID activity, and work is progressing with the Scottish Government to obtain funding for the recurring legacy costs.

Included in the revised estimated full year pressures are:

- Covid Overtime £4.0 million - an ongoing pressure in line with prior years relating to hospital turnaround times
- PPE £0 million - this includes the replacement policy for replacing Hoods purchased in the first two years of the COVID pandemic
- GCU £0.5 million – costs relating to the final few months of the technician training programme, that was delayed due to COVID
- 999 Call handlers £1.5 million – additional wte requirement for Call handlers beyond 120 wte, plus agency costs in meeting the peaks and troughs of the staffing requirements for the 3 call centres due to rising demand.
- Card 46 (timed admissions) £3.9 million relating to 98 wte unfunded posts, this also includes the provision of Taxis and British Red Cross resources to cover resources transferring patients to accident and emergency following the appropriate clinical risk assessment.

Costs to date against these cost headings are noted below in Table 7:

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Table 7

£ million	Planning assumptions for 2023/24	Month 10 Updated Planning assumption 2023/24	Actual Month 11 2023/24	Notes
Overtime including 0.5% sickness	3.800	4.000	3.635	This is primarily driven by shift overruns relating to hospital turnaround times
PPE	0.700	0.000	0.000	No additional spend has been reported to date, the national stocks are currently sufficient and the work on the PPE hoods and face fitting is under review. It is anticipated spend will increase in this area during the remained of the year and this will be reflected in the full year forecast
GCU	0.400	0.500	0.495	Relates to the costs of GCU as a result of the delay due to COVID
999 call handlers	2.300	1.500	1.312	This is in line with plan with the increase in costs being planned for winter and is driven by increased demand
Card 46 (timed admissions)	3.800	3.900	3.537	This is showing higher costs than anticipated with the inclusion of British Red Cross and use of taxis, a deep dive into this is being undertaken to assess the full year costs. This avoids A&E conveyance.
Total Covid	11.000	9.900	8.980	Overall this is broadly in line with plan, but specific actions in place to review and monitor these

The financial plan identified a shortfall in funding related to committed operational pressures. These are noted in Table 8 below:

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Table 8

Description	Planning assumptions for 2023/24	Planned expenditure 2023/24	Actual expenditure 2023/24
Elimination of On-Call	2.000	1.833	1.846
Paramedics Education Programme	0.100	0.092	0.548
Integrated Communications Control System replacement (ICCS)	1.600	1.467	1.386
Emergency Service Network (ESN)	0.300	0.275	0.012
Remaining gap against the £45m	4.000	3.667	3.792

Reducing the Financial Deficit Priority Schemes – Estimated as £6.125 million

The following table describes the priority high overspend areas and progress against these. A split by region is allowing a further deep dive into the difference in cost movements and sharing good practice. This report will be reviewed and developed over the next few months:

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Table 9

Description	Executive Sponsor	Estimated Full year Expenditure Reduction £'000	Current expenditure Reduction / (increase)	
Overtime Reduction	West Regional Director	£3,800,000	Reduction	£181,403
Modern Apprenticeships	Director of Workforce	-	To be quantified	
Travel and Accommodation	North Regional Director	£200,000	Reduction	£621,352
Uniform Management	Kenny Freeburn / Ricky Panton – Head of Ambulance Services (East Region – Borders and West Lothian)	£100,000	Reduction	£486,465
NHS 24 / HCP Online Booking	Stephen Massetti / Stewart Clark	£425,000	Programme still in progress likely go live by October 2023	
Scheduled Care and Card 46 Work	Kenny Freeburn / James Wilkie	£1,600,000	Programme commenced in June 2023	
Current expenditure reduction			Net £1.289m reduction	

It is important to note that the current reduction in spend was assumed as an addition to the £12.0 million efficiency 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 29 February 2024) is as follows:

	Costs
Pay	£612,000
Non Pay	£175,000
Total	£787,000

Estimated costs were previously forecast to be around £1.179 million in 2023/24 but has now been revised to £0.835 million for this financial year. The funding was confirmed in our October award letter from Scottish Government.

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2023/24 YTD CAPITAL POSITION AS AT MONTH 11 (29/02/2024)**2023/24 Capital Budget**

The Service's Capital budget is made up of two 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 2023/24 the following earmarked allocations are anticipated:
 - Fleet Replacement Programme £17.228 million
 - Scotstar £0.25 million
- Budget Transfer of £0.497 million
 - The service has received funding from Transport Scotland for Electric Vehicle Infrastructure.

The total 2023/24 allocation, taking into account the aforementioned capital and budget transfer, of £19.968 million has now been received.

YTD Capital Position as at Month 11

The YTD capital position is shown in the table below. Year to date expenditure totals £8.287 million. Significant expenditure on vehicles is anticipated in this final quarter of the year.

The unallocated budget excluding anticipated projects of £0.101million is expected to be fully utilised during 2023/24.

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

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**SCOTTISH AMBULANCE
SERVICE
CAPITAL REPORT 2023-24
As at 29th February 2024**

PROJECT	Approved Budget £	YTD Actuals £	Notes
Formula Capital Projects			
eHealth and ICT	1,323,753	1,005,892	
Property	596,000	554,263	
Medical Equipment	0	(46,284)	
Vehicle Accidents	552,042	552,042	
	2,471,795	2,065,913	
Earmarked Allocations			
ICCS	0	(148,490)	
Scotstar	166,760	135,554	
Vehicles	17,227,886	6,234,424	
Transport Scotland Budget Transfer	0	0	
	17,394,646	6,221,488	
Unallocated Budget	101,445	0	
Capital Receipts	571,279	0	Gain on sale of assets
Fleet Contingency	0	0	
TOTAL	20,539,165	8,287,400	

Approved and Anticipated Projects

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

SCOTTISH AMBULANCE SERVICE	
DRAFT CAPITAL PLAN 2023-24	
As at 1st March 2024	
ALLOCATION	
<u>Received</u>	
Core Allocation	1,794,000
ScotSTAR project	250,000
Fleet Replacement - Core	15,842,505
ICT - Fleet Replacement - Contingency	1,584,250
ICCS	585,000
<u>Anticipated</u>	
Total Capital Allocation	<u>20,055,755</u>
Add: Transport Scotland Budget Transfer -	
Allocation 2 - Received	<u>497,131</u>
Total Available Capital Budget	<u>20,552,886</u>
EXPENDITURE	
<u>Approved Projects</u>	
Project	BUDGET
eHealth and IT	
ICT - Telephony	99,195
ICT - Wifi Upgrade	452,760
ICT - Airwaves Sepura Radio Terminals	374,843
ICT - ACC Switch Replacement	82,325
ICT - Datix Server Replacement	116,833
ICT - Printer Replacement	24,060
ICT - ePR Update	3,844
ICT - Terrafix Communication Servers	60,634
ICT - Swan 2	<u>109,259</u>
Total - eHealth and IT	<u>1,323,753</u>
Special Projects	
ACC Cardonald - Atrium	576,000
ICT - ICCS	585,000
Total - Special Projects	<u>1,161,000</u>

Property	
Estates - Purchase of Maybole Land	0
Total - Property	0
Operations	
Vehicles plus Contingency	17,227,886
Scotstar -Paraid Trolley	122,320
Scotstar - Corpuls 4G Upgrade	23,320
Scotstar - EMRS Lucas Replacement	21,120
Vehicle Accidents	552,042
Total - Equipment	17,946,688
Total Approved Projects	20,431,441
Unallocated Budget	121,445
<u>Anticipated Projects</u>	
ICT - C3 Auto Dispatch	-
Estates - Inverness Workshop	-
Estates - Crieff	-
Estates - Kirkconnel	-
Estates - Langholm	-
Estates - Decarbonisation and Sustainability of Estates	-
Corti Software	-
Vehicle Accidents	121,445
Total - Anticipated Projects	121,445
Revised Unallocated Budget	0

CONCLUSION

At these final stages in the financial year, the financial position for the Service is £8.964 million behind target. The full year forecast has been reviewed and reduced to a £8.0 million forecast deficit, broadly due to a review of costs following the November to January winter pressures, further release of budget and assuming full delivery of the £12 million efficiency plan.

The forecast deficit is almost all wholly driven by the post COVID/system pressures and there continue to be positive discussions with Scottish Government in relation to funding.

The key actions in delivering this the financial plan are described within the paper and the risks will be closely monitored.

Julie Carter
Director of Finance, Strategy and Logistics
March 2024

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