



**NOT PROTECTIVELY MARKED**

<b>Public Board Meeting</b>		<b>29 September 2021</b>
		<b>Item 10</b>
<b>THIS PAPER IS FOR DISCUSSION</b>		
<b>SUMMARY FINANCIAL PERFORMANCE TO 31 AUGUST 2021</b>		
<b>Lead Director Author</b>	Julie Carter, Director of Finance, Logistics and Strategy Maria McFeat, Deputy Director of Finance	
<b>Action required</b>	<p>The Board is asked to <b>discuss and note</b>:</p> <ul style="list-style-type: none"> <li>• The financial position to the end August 2021</li> <li>• The efficiency savings position to the end of August 2021</li> <li>• The financial impact of COVID-19 and remobilisation to the end of August 2021</li> <li>• The first draft year end forecast</li> </ul>	
<b>Key points</b>	<ol style="list-style-type: none"> <li>1. The financial position shows a deficit of £1.2 million against a trajectory deficit of £2.0 million, this is in line with plan</li> <li>2. Additional expenditure of £7.7 million has been incurred in this period as a result of the Service's COVID-19 remobilisation plan and offset against the funding received to date. Funding for COVID-19 to support the first Quarter activity was received in June.</li> <li>3. Efficiency savings of £2.2 million have been delivered against a target of £5.0 million for the period.</li> <li>4. The expenditure also includes an estimate of £1.7 million in respect of efficiency savings that due to operational pressures have not been realised and are likely to slip into 2022/23.</li> <li>5. A detailed year end financial forecast has been undertaken. This is demonstrating a year end balanced position in line with the Service financial plan. Assumptions in support of this forecast are also described within this paper.</li> </ol>	
<b>Timing</b>	During the financial year the Board will be provided with monthly updates on the financial position and from August 2021 the final year end forecast position will also be reported. This will show the forecast costs associated with COVID-19, with remobilisation to end of March and against our financial plan.	

<b>Link to Corporate Objectives</b>	The Corporate Objective this paper relates to is Goal 6 - Develop a model that is financially sustainable and fit for purpose in 2021/22
<b>Contribution to the 2020 vision for Health and Social Care</b>	Efficient and effective use of resources is important to the Service to enable it to deliver change in service delivery to meet the aspirations of the 2020 vision.
<b>Benefit to Patients</b>	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.
<b>Equality and Diversity</b>	An Equality Impact Assessment (EQIA) was conducted and presented to the Board in March 2021 when the budget for 2021/22 was set.

## **SCOTTISH AMBULANCE SERVICE BOARD**

### **FINANCIAL PERFORMANCE TO 31 AUGUST 2021**

#### **JULIE CARTER, DIRECTOR OF FINANCE, LOGISTICS & STRATEGY**

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

#### **The Board is asked to note:**

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

The financial position to August 2021, reporting a deficit of £1.2 million to date, consists of:

- Income – break even
- Core Expenditure – £0.1 million over budget
- Efficiency savings target for the financial year is £15.35 million. To date £2.2 million of savings are being reported against a target of £5.0 million year to date. At this stage in the financial year we have also estimated that £1.7 million of efficiency plans that, due to COVID-19 pressures, are at risk and likely to be delivered in 2022/23, and this is included in the COVID-19 year to date expenditure estimate. The year end forecast assumes a total shortfall in efficiency savings as a result of COVID-19 of £2 million and this is being closely monitored and currently reflected in our COVID-19 funding estimates
- The financial impact of COVID-19 and our remobilisation plan represents £7.7 million of additional revenue costs to the Service in this period, which includes the £1.7 million efficiency funding as noted above. This is broadly in line with our financial plan and included within the £16.9 million forecast as planned.

#### **Key messages**

- Total deficit as at August 2021 of £1.2 million (this includes both core and non-core expenditure), with core expenditure and income fairly stable. The financial plan trajectory assumed a deficit of £2.0 million at the end of August 2021. We continue to forecast a breakeven position by March 2022.

- Against our efficiency savings target of £15.35 million, we have delivered £2.2 million to date. This is against a year to date trajectory of £5.0 million. This is not unexpected given the current operational pressures. We have noted that approx. £1.7 million of savings are at risk in this period due to COVID-19 operational pressures. This has been reported as a COVID-19 expenditure in the year to date estimate. The Best Value plans have been reprioritised in line with our operational priorities and the implementation of some plans have been paused for the moment. There are also however new programmes being added with over 25 project mandates completed to date. Monitoring reports are also being completed for the programmes that are being implemented and the newly established weekly delivery group meeting has been established
- Our remobilisation plan and COVID-19 impact represent £7.7 million of additional costs in this period, plus delivery of Mobile Testing Units with a cost £14.7 million in this year to date. Additional funding is anticipated to support these programmes in full. These costs remain in line with our financial plan and trajectory. A significant level of funding has been received to date.
- The additional £20 million investment announced by the Cabinet Secretary for Health & Social Care on 21 September will be reflected in the financial performance report for the next Board meeting.

## Key actions agreed in this period

### 1. COVID-19

The impact of COVID-19 on our financial position has been reported since February 2020. Our financial plan estimated the full year impact in 2021/22 of 'Living with COVID-19' and remobilisation to be up to £16.9 million for the year. The total costs to date are £7.7 million but acknowledge that some developments have not yet commenced fully and given the current operational pressures are likely to be incurred for a longer period. The forecast of £16.9 million for the 12 months therefore remains a reasonable assumption and has been formally reported in our first quarter review. A detailed full year forecast has been completed and this has been revised down to £16.2 million although reporting at this stage remains as £16.9 million as further discussions continue regarding new initiatives to deal with the current pressures.

**ACTION:** We continue to work closely with Scottish Government colleagues who have put in place quarterly COVID-19 finance reporting updates. Our financial plan for 2021/22 anticipated COVID-19 costs of £16.9 million. We continue to monitor the additional costs and have developed our reporting on COVID-19 related overtime.

A formal submission based on our reported Quarter 1 figures was reported to Scottish Government and we will continue to report that our full year COVID-19 forecast is likely to be in the region of £16.9 million but will monitor this closely. An allocation of funding of £7.852 million from Scottish Government has been received to date.

We also continue to report that our recurring impact of COVID-19 and remobilisation remains in the region of £11.0 million. A COVID-19 exit finance group has been established that will review this in detail and report back through the financial planning processes for 2022/23.

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## 2. Delivery of our Efficiency Savings Target

The Best Value Programme has identified over £9.6 million of plans and ideas against our £15.35 million target. Plans of £4.1 million (full year) have already been implemented and are expected to deliver in full. Work has also commenced to deliver the £5 million of new identified programmes and on the remaining £5 million savings as yet unidentified. Given the current operational pressures we have reprioritised our best value programmes and focused on those that are supporting our current operational priorities. This has resulted in some plans (to the value of £1.7 million) being temporarily halted. We have also included in our COVID-19 forecast costs the costs of non delivery of efficiency savings of £1.7 million for year to date. Our financial plan had anticipated £5 million of efficiency plans being delivered in the first five months. Our actual plans delivered are £2.2 million, with a shortfall of £2.8 million with £1.7 million of these relating as noted previously to COVID-19 operational pressures. There still therefore remains a gap of £1.1 million as reported in our month five financial position. The full year forecast is projecting £6.5 million of best value savings being delivered but recognising some of these may be non recurring. This is explored further in the forecast update.

**ACTION:** The Best Value operational group has been refreshed and meets monthly. The Best Value Programme policy and procedures documentation has been updated and approved. This requires project mandates to be completed for each project. Over 25 project mandates have been completed with only 3 outstanding and under review. In addition new programmes have also been identified, with mandates approved and implementation has commenced. Executive leads have been allocated and a monthly highlight report being completed against each programme. A weekly delivery group has also been established. In addition, the gap of unidentified savings has been reduced by £1.2 million with new programmes. The updated Best Value governance policy identified a clear escalation plan with reviews in July and September 2021. We are anticipating taking into account these actions and progress will be demonstrated in efficiency savings over the coming months.

## 3. Demand and Capacity Investment

Agreed 2021/22 funding for the addendum to the Demand and Capacity Business Case is estimated at £21.7 million in this year. The forecast anticipated expenditure is being produced in line with the delivery programme with the implementation plan being agreed through the Demand and Capacity Steering Group and Programme Board. This includes the recruitment and training to increase resourcing and build better rosters including the addition of estates, vehicles, equipment, supplies and wrap around consultancy and support services.

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

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approved business case and current funding. We will continue to ensure regular financial reporting to Scottish Government colleagues and the Programme Board. The full year forecast assumes total spend of £20.2 million.

## **Financial Risk considerations noted in the period**

The financial risks are as follows:

### **Delivery of Efficiency Savings Target**

This remains a significant risk given the lack of management capacity with the current pressures in the system and the requirement to ensure the delivery of efficiency savings is a continued focus for staff and management as quality improvements and innovation in support of these pressures. The full year forecast is assuming best value savings of £6.5 million being delivered by the end of March.

**Action** – A number of actions are progressing including

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

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

The financial planning for the year 2021/22 includes £5.3 million of expenditure that relates to Remobilisation plans in preparation for Living with COVID-19 beyond 2021/22 and COVID-19 operational expenditure of £11.6 million. Totalling £16.9 million. The first tranche funding of £7.85 million was received in June 2021.

The formulae for the apportionment of the allocations is 50% of the anticipated full year allocation requested of £16.9 million at this stage, on the basis that the forecast is still uncertain, less £1.2 million of allocations that will be received via alternative SG funding routes.

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<b>SAS Covid Expenditure Forecast 2020/21</b>	<b>£m</b>
Total Forecast Expenditure	16,901
Exclusions (other SG Funding Sources for PPE and Vaccination Support)	1,197
Total Forecast less exclusions	15,704
<b>50% Allocation Received June 2021</b>	<b>7,852</b>

Expenditure to the end of August 2021, has identified total costs of £6.3 million and funding drawn down to this value. There are however a number of higher Service spend areas within for example medical gases, fuel costs and overtime that currently require further scrutiny to ensure all COVID-19 related expenditure has been identified, this also includes income loss. Our forecast will continue to be reviewed ahead of next quarterly submission. The forecast of £16.9 million remains a reasonable assumption with the phasing of expenditure also being reviewed.

A COVID-19 exit finance group has been established with the purpose of providing detailed scrutiny of all expenditure areas to identify

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

The work of this group aims to be concluded by December 2021.

## **Finance position as at August 2021**

### **Introduction**

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

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

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

## SUMMARY OF YEAR TO DATE POSITION

Table 1 reports that the revenue position for the financial year to the end of August 2021 is a deficit of £1.2 million, made up of the following:

- Income – break even
- Expenditure Pay – under budget by £1.0 million
- Expenditure Supplies – over budget by £1.1 million
- Savings – behind target by £1.1 million
- Expenditure Non-core – break even

**Table 1 – Scottish Ambulance Service high-level overview**

SCOTTISH AMBULANCE SERVICE BOARD						
REVENUE RESOURCE ANALYSIS						
YEAR TO 31 AUGUST 2021						
Full Year Budget £'000	Year to Date			Current Month		
	Budget £'000	Actual £'000	Variance £'000	Budget £'000	Actual £'000	Variance £'000
<b>Income</b>						
Revenue Allocation	415,833	171,431	171,431	31,945	31,945	
Health Board	5,024	2,133	2,144	458	465	7
Other Healthcare	1,037	432	439	53	102	49
Fleet	0	0	6	0	1	1
Staff Car Deductions	149	73	74	15	16	1
Other Operating	1,043	739	740	314	314	0
<b>Total Income</b>	<b>423,086</b>	<b>174,808</b>	<b>174,834</b>	<b>32,785</b>	<b>32,843</b>	<b>58</b>
<b>Expenditure</b>						
Accident & Emergency	228,135	96,797	96,517	20,782	20,822	(40)
Non Emergency Service	28,947	12,184	12,214	2,604	2,628	(24)
Air Ambulance	16,126	6,806	7,028	1,379	1,466	(87)
Overheads	131,278	40,421	41,654	8,020	7,875	145
<b>Total Expenditure</b>	<b>404,486</b>	<b>156,208</b>	<b>157,413</b>	<b>32,785</b>	<b>32,791</b>	<b>(6)</b>
<b>Core Expenditure Variance</b>			<b>(1,179)</b>			<b>52</b>
<b>Non Core Expenditure</b>						
Depreciation (DEL)	18,100	6,685	6,685	1,323	1,323	0
Depreciation (Donated)	100	28	28	5	5	0
AME Provision	0			0	0	0
AME Impairments	400			0	0	0
<b>Total Non Core Expenditure</b>	<b>18,600</b>	<b>6,713</b>	<b>6,713</b>	<b>1,328</b>	<b>1,328</b>	<b>0</b>
<b>Surplus / Deficit</b>			<b>(1,179)</b>			<b>52</b>



## 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 AUGUST 2021**

		Cumulative to Date				Current Period			
		Budget £'000	Actual £'000	Variance £'000	Variance %	Budget £'000	Actual £'000	Variance £'000	Variance %
COVID-19	Income			0		0	0	0	
	Salaries	1,170	1,170	0		127	127	0	
	Supplies	2,675	2,675	0		264	264	0	
	Sav Target	(1,667)	0	(1,667)		(334)	0	(334)	
	Sav Realised	1,667	0	1,667		334	0	334	
					0			0	
Service Delivery Directorate	Income	(2,553)	(2,555)	2	0%	(582)	(585)	3	1%
	Salaries	117,083	116,078	1,005	-1%	24,961	24,667	294	-1%
	Supplies	17,640	18,524	(884)	5%	3,518	3,784	(266)	8%
	Sav Target	(327)	0	(327)	0%	(65)	0	(65)	0%
	Sav Realised	37	0	37	0%	0	0	0	0%
				(167)				(34)	
Support Services Directorates	Income	(825)	(849)	24	3%	(259)	(314)	55	21%
	Salaries	10,706	10,760	(54)	1%	2,332	2,412	(80)	3%
	Supplies	14,727	14,921	(194)	1%	2,826	2,868	(42)	1%
	Sav Target	(3,030)	0	(3,030)	0%	(625)	0	(625)	0%
	Sav Realised	2,242	0	2,242	0%	778	0	778	0%
				(1,012)				86	
SCOTTISH AMBULANCE SERVICE	Income	(3,378)	(3,404)	26	1%	(841)	(899)	58	7%
	Salaries	128,959	128,008	951	1%	27,420	27,206	214	1%
	Supplies	35,042	36,120	(1,078)	-3%	6,608	6,916	(308)	-5%
	Sav Target	(5,024)	0	(5,024)		(1,024)	0	(1,024)	
	Sav Realised	3,946	0	3,946		1,112	0	1,112	
				(1,179)				52	

### Table 3 – Service Delivery

Service delivery is over budget by £0.2 million at 31 August 2021. Pay costs (excluding COVID-19) are reporting an underspend of £1.0 million over all service areas, however it should be noted that additional pay expenditure has been incurred across all service areas as a result of COVID-19. This impact is assumed to be supported by additional funding.

Table 3

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

		Cumulative to Date				Current Period			
		Budget £'000	Actual £'000	Variance £'000	Variance %	Budget £'000	Actual £'000	Variance £'000	Variance %
NORTH REGION	Income	(402)	(402)	0	0%	(90)	(91)	1	1%
	Salaries	17,452	17,574	(122)	1%	3,784	3,777	7	0%
	Supplies	1,460	1,687	(227)	16%	310	365	(55)	18%
	Sav Target			0				0	
	Sav Realised			0				0	
				(349)			(47)		
EAST REGION	Income	(328)	(328)	0	0%	(84)	(84)	0	0%
	Salaries	27,937	27,620	317	-1%	6,030	5,934	96	-2%
	Supplies	2,378	2,790	(412)	17%	497	615	(118)	24%
	Sav Target			0				0	
	Sav Realised			0				0	
				(95)			(22)		
WEST REGION	Income	(1,409)	(1,410)	1	0%	(310)	(311)	1	0%
	Salaries	39,589	39,053	536	-1%	8,549	8,394	155	-2%
	Supplies	3,106	3,640	(534)	17%	657	843	(186)	28%
	Sav Target			0				0	
	Sav Realised			0				0	
				3			(30)		
NATIONAL OPS	Income	(414)	(415)	1	0%	(98)	(99)	1	1%
	Salaries	32,105	31,831	274	-1%	6,598	6,562	36	-1%
	Supplies	10,696	10,407	289	-3%	2,054	1,961	93	-5%
	Sav Target	(327)	0	(327)		(65)		(65)	
	Sav Realised	37	0	37		0		0	
				274			65		
TOTAL SERVICE DELIVERY	Income	(2,553)	(2,555)	2	0%	(582)	(585)	3	1%
	Salaries	117,083	116,078	1,005	-1%	24,961	24,667	294	-1%
	Supplies	17,640	18,524	(884)	5%	3,518	3,784	(266)	8%
	Sav Target	(327)	0	(327)		(65)	0	(65)	
	Sav Realised	37	0	37		0	0	0	
				(167)			(34)		

**Table 4 – Support Services Directorates**

Support services are being reported as £1.0 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 AUGUST 2021**

		Cumulative to Date				Current Period			
		Budget £'000	Actual £'000	Variance £'000	Variance %	Budget £'000	Actual £'000	Variance £'000	Variance %
BOARD AND CHIEF EXECUTIVE	Income	(3)	(2)	(1)	-33%	(1)	0	(1)	
	Salaries	717	756	(39)	5%	126	149	(23)	18%
	Supplies	45	43	2	-4%	9	8	1	-11%
	Sav Target	(11)	0	(11)		(3)	0	(3)	
	Sav Realised	27	0	27		27	0	27	
				(22)					1
FINANCE AND LOGISTICS	Income	(785)	(817)	32	4%	(250)	(307)	57	23%
	Salaries	4,516	4,649	(133)	3%	1,037	1,088	(51)	5%
	Supplies	13,194	13,325	(131)	1%	2,423	2,445	(22)	1%
	Sav Target	(2,935)	0	(2,935)		(587)	0	(587)	
	Sav Realised	2,101	0	2,101		637	0	637	
				(1,066)					34
HUMAN RESOURCES	Income	(14)	(14)	0	0%	(3)	(3)	0	
	Salaries	946	939	7	-1%	203	209	(6)	3%
	Supplies	322	323	(1)	0%	51	95	(44)	86%
	Sav Target	(39)	0	(39)		(26)	0	(26)	
	Sav Realised	39	0	39		39	0	39	
				6					(37)
MEDICAL	Income	(4)	(3)	(1)	-25%	(2)	(1)	(1)	
	Salaries	1,206	1,164	42	-3%	242	260	(18)	7%
	Supplies	240	314	(74)	31%	60	67	(7)	12%
	Sav Target	(7)	0	(7)		(1)	0	(1)	
	Sav Realised	34	0	34		34	0	34	
				(6)					7
CARE QUALITY AND PROF DEVELOPMENT	Income	(19)	(13)	(6)	-32%	(3)	(3)	0	
	Salaries	3,321	3,252	69	-2%	724	706	18	-2%
	Supplies	926	916	10	-1%	283	253	30	-11%
	Sav Target	(38)	0	(38)		(8)	0	(8)	
	Sav Realised	41	0	41		41	0	41	
				76					81
TOTAL SUPPORT SERVICES	Income	(825)	(849)	24	3%	(259)	(314)	55	21%
	Salaries	10,706	10,760	(54)	1%	2,332	2,412	(80)	3%
	Supplies	14,727	14,921	(194)	1%	2,826	2,868	(42)	1%
	Sav Target	(3,030)	0	(3,030)		(625)	0	(625)	
	Sav Realised	2,242	0	2,242		778	0	778	
				(1,012)					86

## Table 5 – Detailed Income Analysis

Details of the financial performance analysed into specific income and funding sources are noted in the table below. This includes scrutiny of the key movements and pressure areas.

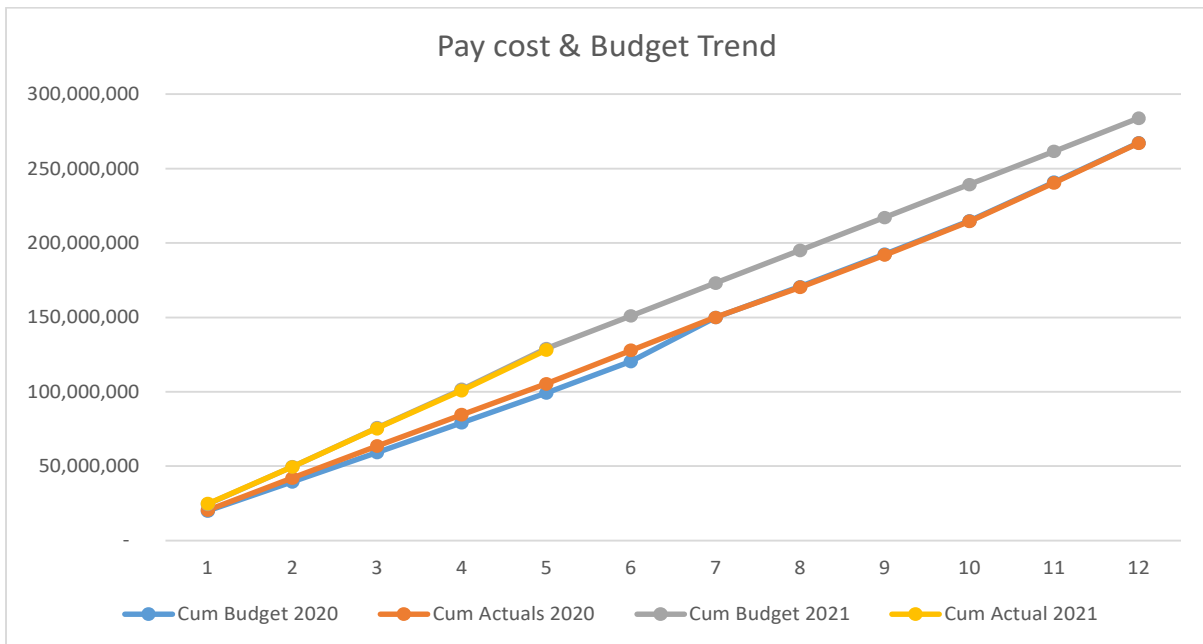
**SCOTTISH AMBULANCE SERVICE BOARD**  
**INCOME INCLUDING ALLOCATIONS**  
**YEAR TO 31 AUGUST 2021**

	Full Year Budget £'000	Year to Date		
		Budget £'000	Actual £'000	Variance £'000
<b>Income</b>				
Revenue Allocation	415,833			
Baseline Allocations	337,490			
Recurring Allocations	1,275			
Non-Recurring Allocations	77,079			
Fleet Income	0	0	6	6
Health Board	5,024	2,133	2,144	11
Other Healthcare	1,037	432	439	7
Other Operating	1,043	739	740	1
Staff Car Deductions	149	73	74	1
<b>Total Income</b>	<b>423,086</b>	<b>3,377</b>	<b>3,403</b>	<b>26</b>

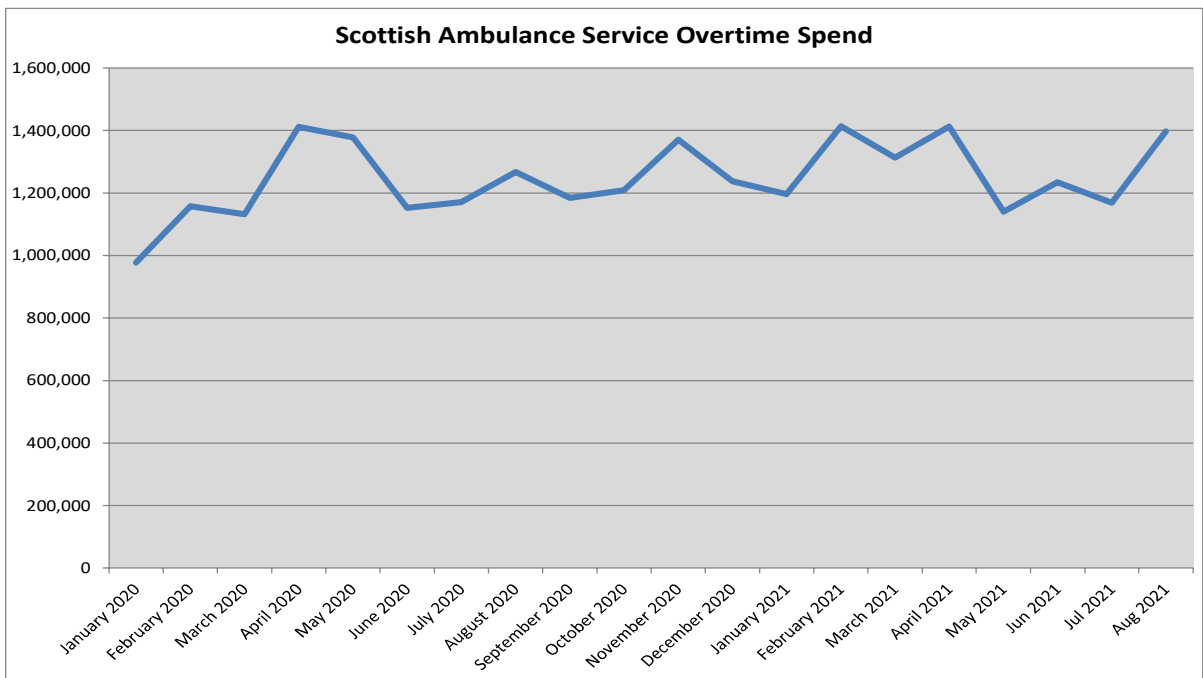
Total income (including funding) to date is break even.

The original financial plan assumed revenue funding allocations of £346 million. This has since increased to reflect funding received and committed for Mobile Testing Units, Mobile Vaccination Units, COVID-19 Remobilisation and the Service's support at COP26. Adjustments are made on a monthly basis to the budget to include any additional allocations as these are notified to the Boards from Scottish Government and other NHS Boards.

## Detailed Pay analysis



The pay graph above reflects both year to date budget and year to date actual spend for financial year 2020/21 and 2021/22. As can be seen, the trend shows 2021 costs exceeding 2020 values, due to the additional staffing in the Mobile Testing Units plus impact of the pay award. Overtime cost in this current year is averaging 5.7% of the year to date pay bill compared to last year to date at 9.5%, clearly reflecting the early stages of the pandemic. The table below shows a trend analysis of overtime costs in the last two years however noting this has reduced in the last two months as shielding staff return to work. The impact of COVID-19 mobilisation on the Service can be seen in the months from March 2020. Table 6 below provides the detail on the uplift in average WTE from this time last year.



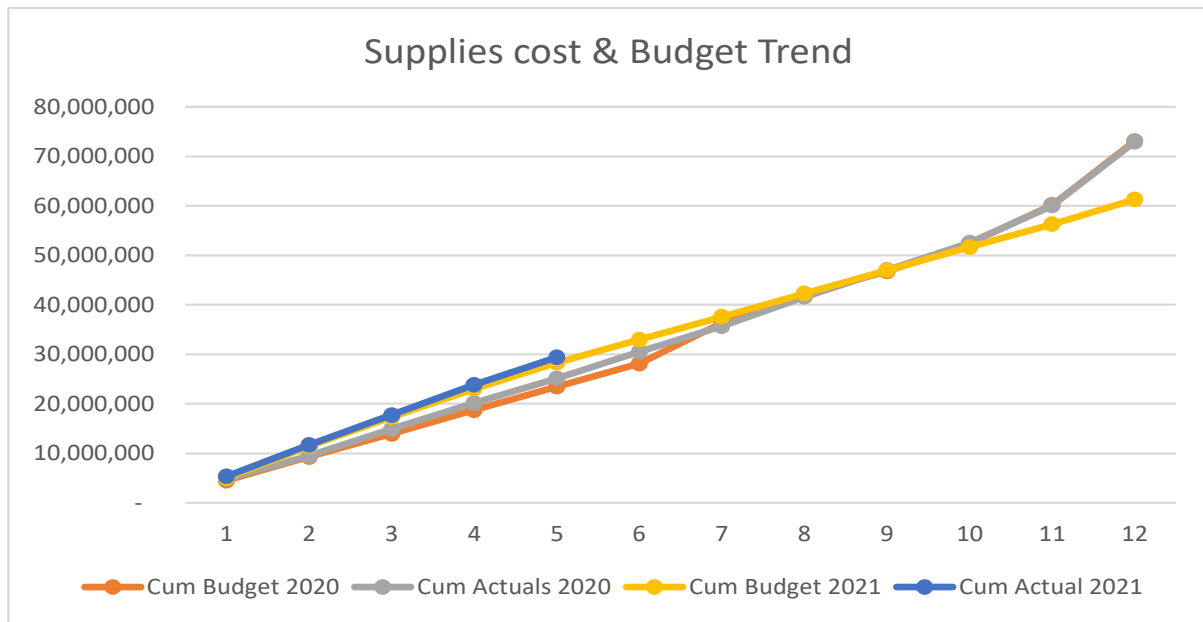
**Table 6**

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

		East Region	North Region	West Region	National Ops	Service Delivery
Current Year	Average WTE	1,300	738	1,814	835	4,687
	Overtime Hours	58,255	56,983	104,177	30,192	249,607
	Overtime Cost (£'000)	1,578	1,517	2,790	844	6,729
Prior Year	Average WTE	1,224	698	1,707	779	4,408
	Overtime Hours	71,130	51,838	110,548	34,209	267,725
	Overtime Cost (£'000)	1,652	1,191	2,533	802	6,178
Variance	Average WTE	76	40	107	56	279
	Overtime Hours	(12,875)	5,145	(6,371)	(4,017)	(18,118)
	Overtime Cost (£'000)	(74)	326	257	42	551

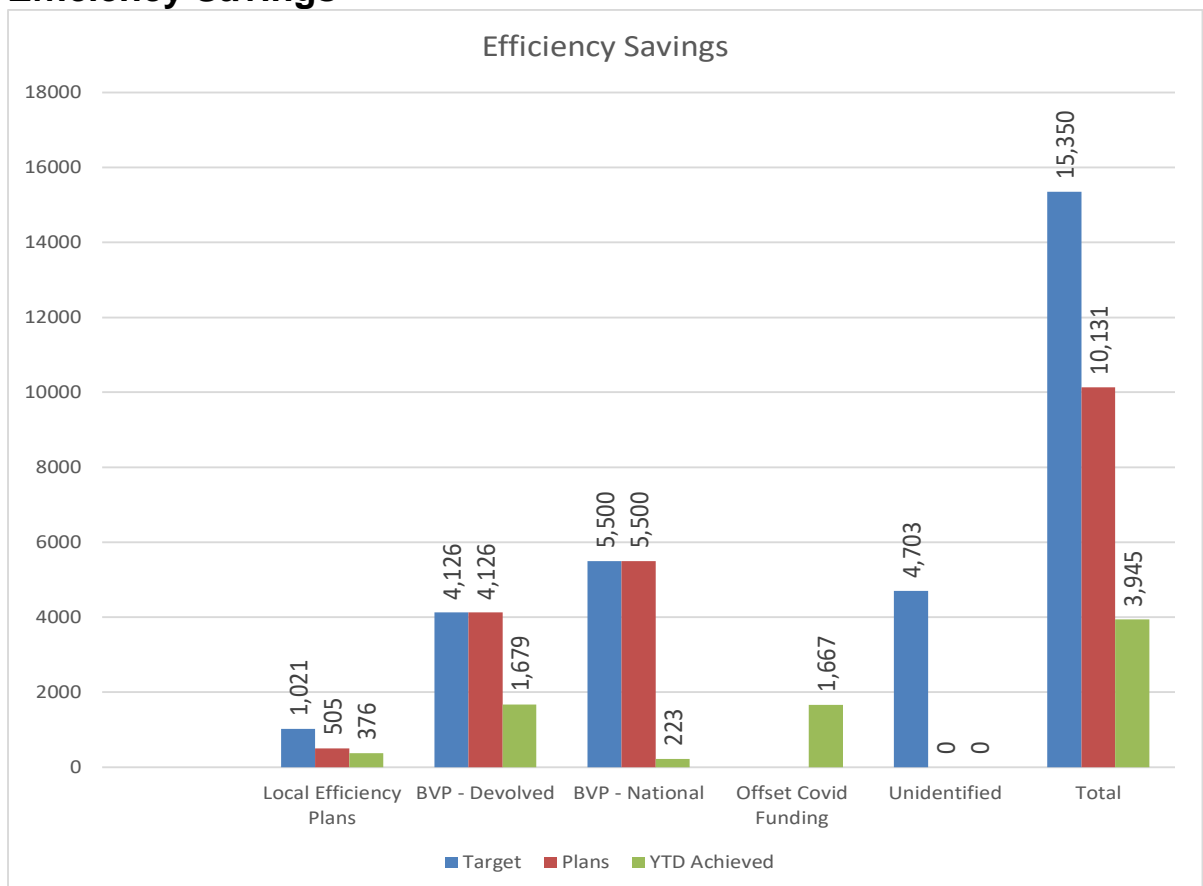
The above table illustrates an overall small reduction in overtime hours compared to a year ago, which was during the 'first wave', however this is also with an additional 279 staff (whole time equivalents) in post.

## Non-pay



The non-pay graph above reflects year to date budget and year to date actual spend for both 2020/21 and 2021/22. This year additional non-pay costs of £2.7 million have been incurred as a result of the Service COVID-19 remobilisation plan. A detailed breakdown of these costs can be found in the COVID-19 section below.

## Efficiency Savings



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

- **Local Efficiency Target**

Support Directorates have been allocated a 1.5% efficiency target to recognise the requirement to continually review our costs and ensure reinvestment in our services to meet ongoing cost pressures. In addition, some operational areas have been allocated a local target to supplement the developed best value targets. These targets equate to £1.0 million across the Service, with £0.4 million delivered to date.

- **Best Value Programme**

The Service launched the Best Value Programme in May 2018 to agree a new service wide efficiency savings approach, which aims to use innovation and improvement methodology to drive systematic change and transform services to deliver better value, cost efficient services for the organisation whilst continuing to deliver high quality care. The programme crucially is also responsible for promoting forward thinking within the Service, horizon scanning and capitalising on best practice across the wider NHS, public and private sectors to create a pipeline of future efficiency opportunities to inform the build of a 3-5 year sustainable financial plan.

The 2020-23 financial plan recognises that during engagement with staff in 2019/20 and a review of our approach to the delivery of savings there is a need to bring all saving plans together and clearly define national programmes through the Best Value Programme and devolved accountability to the budget holders for local implementation.

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

- **Devolved Targets** – Responsibility for projects that were implemented during 2020/21 and now deemed to be embedded within the Service has been devolved to budget holders. Progress of these projects are monitored throughout the year and the savings delivered at month five is £1.7 million against a full year forecast of £4.1 million.
- **Best Value Programmes** – More than 35 work streams had been identified with potential savings of £5.5 million that will be led by the Best Value Programme team and supporting local managers and teams. A detailed programme plan has been in place with Executive leads against each programme.

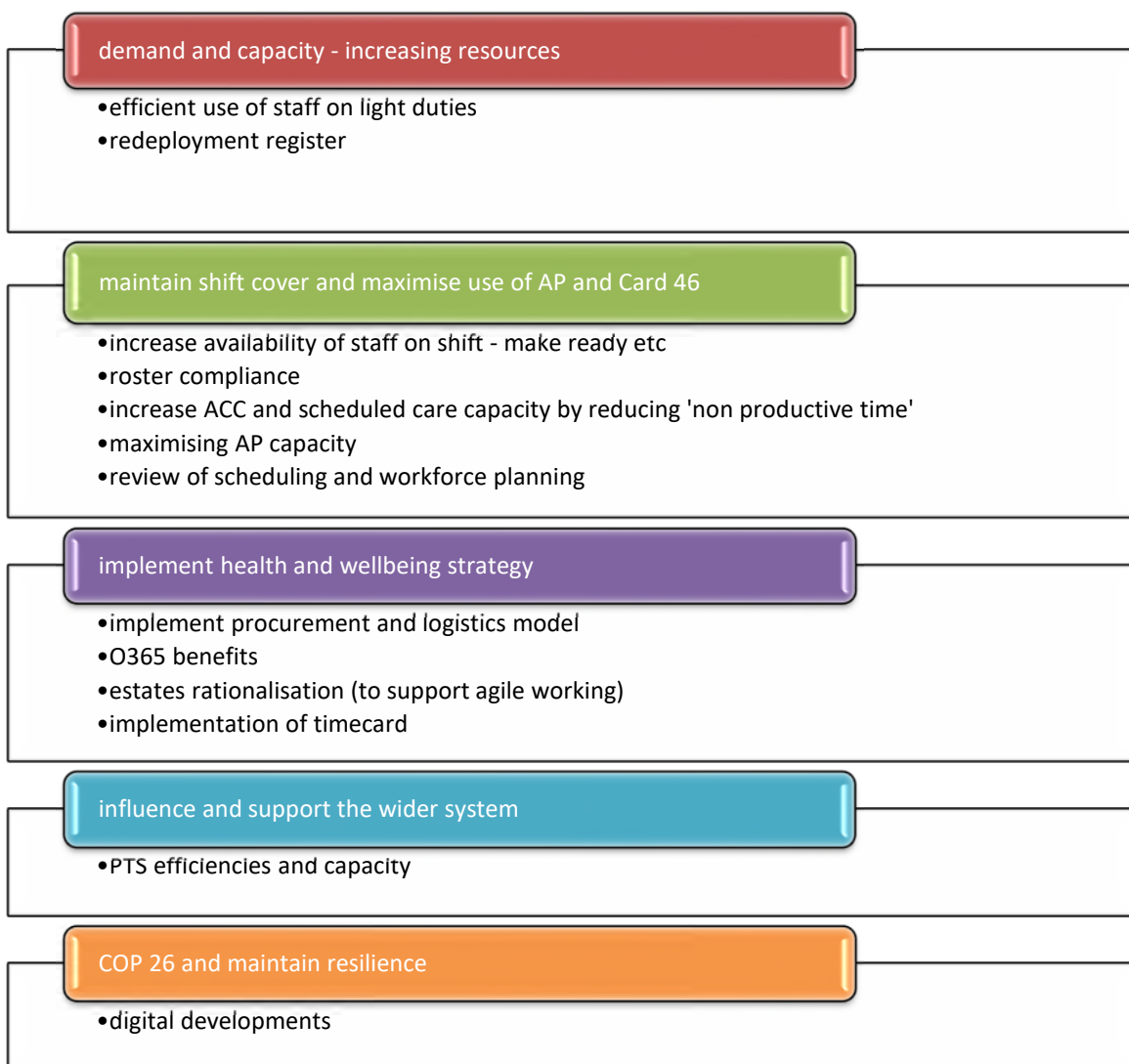
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Given the current operational pressures on the system it is critical that we maintain the focus on the best value programmes to drive the quality improvement and innovation. It is also important that we align the programmes to the current operational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

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

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



Others to potentially pause would be

- Remote call handling	£100,000
- Skills mix review NRRD	£200,000
- Events management	£300,000
- Cleaning pressures	£100,000
- Tripartite joint working	£150,000
- Equipment standardisation	£150,000
- Energy management	£250,000
- Data interface with stakeholders	£450,000

**Total** **£1.700m**

We have identified to Scottish Government in our Quarter 1 return that there is likely slippage in efficiency savings that we would like to source COVID-19 monies from estimated at £1.7 million to date.

## COVID-19 Financial Implications

Board Members are aware that there is additional funding in place from Scottish Government to support expenditure due to the COVID-19 pandemic.

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

<b>Category of Resource</b>	<b>£</b>
Additional pay & staff overtime	2.8 million
Supplies and equipment (PPE, Cleaning materials, etc.)	0.4 million
Air ambulance and third party support	1.0 million
Remobilisation pay & non-pay	1.8 million
Efficiency saving underachievement	1.7 million
	<b>7.7 million</b>

### Additional pay & staff overtime

A new process for identifying overtime costs where staff cover COVID-19 absence has been set up for this year. Also included are temporary staff costs, including returning retired staff on bank contracts to help improve resilience and meet demand.

### Air ambulance and third party support

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

## Remobilisation 2021/22

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

Our Logistics infrastructure has been redesigned to introduce a robust, sustainable, long term, cost-effective logistics and inventory management service supplying and controlling the movement of consumable stocks throughout the Service. This is aiming to minimise stock holding, ensure continuity of supply, releasing both financial and non-financial efficiencies, whilst gaining a comprehensive understanding of product mix and usage.

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

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

## **Mobile Testing Units**

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

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

	<b>Costs</b>
Pay	£ 13.0 million
Non Pay	£ 1.7 million
<b>Total</b>	<b>£ 14.7 million</b>

Scottish Government have approved the extension of the MTU's to the end of March 2022 and have confirmed the Service will not be required to take a financial risk on this extension. This would increase the 2021/22 forecast to £37.3 million and this is being monitored closely. Following on from the underspend position in 2020/21 and with spend of £14.7 million in the year to date, we are forecasting an underspend position up to the end of August, primarily due to the levels of vacancy and turnover of staff.

## **Mobile Vaccination Units**

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

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

	<b>Costs</b>
Pay	£21k
Non Pay	£4k
<b>Total</b>	<b>£25k</b>

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

## **COP26**

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

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

	<b>Costs</b>
Pay	£249,000
Non Pay	£212,000
<b>Total</b>	<b>£461,000</b>

Procurement is now underway and there is currently no risk to estimated delivery timescales. Now funding has been confirmed the COP26 risk register will also be updated.

## **Updated Forecast Position**

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

### **Key Assumptions**

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- The agenda for change Pay Award has now been confirmed with a higher uplift than anticipated in our financial plan which increased our pay pressures by £6.3 million. This has been met with a further funding uplift from Scottish Government.
- Full funding for COVID-19 expenditure is anticipated
- Full funding for Demand and Capacity Programme is anticipated
- Full funding anticipated to recover expenditure on Mobile Testing Units, Mobile Vaccinations and COP26.
- Depreciation – we forecast spend of £18.1million with provision made internally for £13 million with the additional £5.1 million being funded by Scottish Government (not including any impact of IFRS16).
- The incremental pay pressure brought forward in 2021/22 from 2022/23 as a result of pay scale changes has resulted in a pay pressure of £3.5 million pressure in year. The financial plan assumed this would be fully funded and discussions are continuing with Scottish Government on this basis.

In summary therefore:

- Pressures have increased by £6.3 million but additional funding received means the efficiency gap remains unchanged.
- Delivery of savings through our Best Value programme has been impacted by COVID-19 & operational pressures and at this stage we have included an estimate of £2 million full year for unachieved savings in our COVID-19 forecast.
- It is assumed the £4.1 million of devolved savings will be delivered in full, this includes savings in travel and electric vehicles.
- Some Best Value workstreams have been paused while focus is maintained on those that support quality improvements with our current operational priorities and it is still anticipated that the Best Value Programme can deliver £6 million in the current year. Given the current pressures some of these savings may be non recurring but this is will be monitored closely.
- Local efficiency plans in support directorates are expected to deliver £1.2 million.
- Approx. £1.5 million slippage against our developments, noting this is lower than previous years.

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

<b>Summary of Financial Position</b>	<b>2021/22 Financial Plan</b>	<b>2021/22 Forecast Update</b>
Carry forward recurring deficit	£7.5m	£7.5m
Pressures - Pay	£12.2m	£18.5m
Pressures – Non Pay	£1.1m	£1.1m
Pressures – commitments/developments	£0.55m	£0.55m

Total Unavoidable cost pressures	£13.85m	£20.15m
Resource Uplift	(£4.3m)	(£10.6m)
Additional SG Funding		
- Incremental drift / scales	(£1.7m)	(£1.7m)
<b>Pressures to support through efficiency savings</b>	<b>£15.35m</b>	<b>£15.35m</b>
Efficiency plans – devolved targets	£4.1m	£4.1m
Efficiency plans – 21/22 Best Value Programmes	£5.0m	£6.55m
Efficiency plans – to be identified	£6.25m	-
Efficiency savings – New Best Value Plans	-	
Efficiency savings – New Local efficiencies through support functions	-	£1.2m
Likely Slippage against some developments	-	£1.5m
Efficiency Plans not delivered to Covid Pressures	-	£2.0m
<b>Out-turn Position</b>	<b>Breakeven</b>	<b>Breakeven</b>

The movement in Unavoidable costs pressures and Resource Uplift between the Financial Plan and the Forecast update is the increase in cost and corresponding increase in resource uplift for the pay award at £6.3 million. For planning purposes, the pay award was in the plan at an average of 1.5%, this pay award was agreed at an average of 4.07%.

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

## **YTD CAPITAL POSITION AS AT MONTH 5 (31 AUGUST 2021)**

### **2021/22 Capital Budget**

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

- Formula Capital of £1.794 million
  - The Service is provided with this allocation to fund all capital projects that are not subject to approval by the SG Capital Investment Group (CIG) or has not received a separate earmarked allocation
- Earmarked Allocation
  - The Service receives earmarked allocations for Business Cases that have been approved by the CIG. In 2020/21 the following earmarked allocations have been received:
    - Fleet Replacement Programme £26.3 million
    - ScotSTAR £0.25 million

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- Enhancing Capability Phase II £0.784 million
- Scottish Trauma Network £0.15 million

The total 2021/22 allocation is anticipated to be £29.29 million. We received our formula capital and Enhancing Capability Phase II allocations in Month 3 (a total of £2.575 million) and the Scottish Trauma Network allocation in Month 5 (£0.150 million). All other allocations are anticipated to be received by Month 6.

The YTD Capital Position is shown in the table below. The expenditure in Quarters 1 and 2 is always typically low as most projects are in the planning stage.

Capital receipts of £46,000 have been received as result of vehicles being sold for a price higher than the NBV. These receipts have been used for additional capital expenditure above the allocated budget.

The unallocated budget of £1.2 million will be fully utilised during 2021/22 as Business Cases are submitted and approved by the CPGG. There are a number of anticipated projects in the pipeline and an update on the progress of these are discussed at each meeting and this allows for prioritisation of emerging developments.

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

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**SCOTTISH AMBULANCE SERVICE**  
**CAPITAL REPORT 2021-22**  
**As at Month 5 (31 August 2021)**

<b>PROJECT</b>	<b>Approved Budget £</b>	<b>YTD Actuals £</b>	<b>Notes</b>
<b>Formula Capital Projects</b>			
eHealth and ICT	214,900	(19,847)	Vat credit
Property	30,000	24,157	Vat Credit
Procurement & Logistics System	46,800	1,301	
Demand & Capacity		(51,231)	Vat Credit
Medical Equipment	0	24,425	
	<b>291,700</b>	<b>(21,195)</b>	
<b>Earmarked Allocations</b>			
Enhancing Capability	2,110,943	20,100	
Covid	0	(14,654)	Vat Credit
Major Trauma	150,000	0	
ICCS Replacement	521,550	(14,314)	
ScotSTAR	250,000	140,056	
Vehicles	24,812,000	3,746,305	
	<b>27,844,493</b>	<b>3,877,490</b>	
Unallocated Budget	1,153,899		
Capital Receipts	0	(45,993)	Gain on sale of vehicles
<b>TOTAL</b>	<b>29,290,092</b>	<b>3,810,302</b>	



## Approved and Anticipated Projects

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

<b><u>Approved Projects</u></b>		
		£
<b>eHealth and ICT</b>		
Airwave Extenders		61,430
Digitisation of Card 45 and 46		153,470
<b>Total- eHealth and IT</b>		<b>214,900</b>
<b>Special Projects</b>		
Enhancing Capability Phase I		1,326,851
Enhancing Capability Phase II		784,092
ICCS Replacement		521,550
Procurement & Logistics System		46,800
<b>Total - Special Projects</b>		<b>2,679,293</b>
<b>Property</b>		
Cardonald Air Conditioning		30,000
<b>Total - Property</b>		<b>30,000</b>
<b>Operations</b>		
Vehicles		24,812,000
Major Trauma		150,000
ScotsSTAR		250,000
<b>Total - Equipment</b>		<b>25,212,000</b>
<b>Total Approved Projects</b>		<b>28,136,193</b>
Total Approved Budget		29,290,092
Less Capital to Revenue Transfer		
Add: Capital Receipts		45,993
<b>Total Budget Available</b>		<b>29,336,085</b>
<b>Unallocated Budget</b>		<b>1,199,892</b>
<b><u>Anticipated Projects</u></b>		
ICT Projects	250,000	
Scotstar Road Kits	310,000	
Property Projects	210,000	
Procurement & Logistics Systems	315,000	
<b>Total – Anticipated Projects</b>		<b>1,085,000</b>
<b>Revised Unallocated Budget</b>		<b>114,892</b>

## Key Risks

### Enhancing Capability

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

### ICCS Replacement Project

There has been further delays to the implementation of the ICCS Replacement Project. The timelines are currently being revised to determine the impact. Initial contingency measures are being assessed in the event of the project slipping into 2022/23. This project is considered medium risk.

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

## CONCLUSION

The underlying position for the Service is £1.2 million behind target assuming all COVID-19 related expenditure is fully funded.

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

Efficiency savings remain a significant risk given the reduced management capacity as we are dealing with the current operational pressures. However the requirement to ensure the delivery of our Best Value Programme through quality improvements and innovation is a continued focus and aligned to our current operational pressures.

We have carried out a detailed full year forecast including the full year impact of COVID-19, remobilisation and efficiency plans and this will continue to be reported monthly thereafter. A breakeven budget is forecast at March 2022 in line with our financial plan.

**Julie Carter**

**Director of Finance, Strategy and Logistics**

**September 2021**

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