



NOT PROTECTIVELY MARKED

Public Board Meeting		27 January 2021
		Item 08
THIS PAPER IS FOR DISCUSSION		
SUMMARY FINANCIAL PERFORMANCE TO 31 DECEMBER 2020		
Lead Director Author	Julie Carter, Director of Finance, Logistics and Strategy Maria McFeat, Deputy Director of Finance	
Action required	The Board is asked to discuss and note : <ul style="list-style-type: none">• The financial position to 31 December 2020• The COVID-19 funding allocation received from Scottish Government and the COVID-19 financial update to 31 December 2020• The efficiency savings position to 31 December 2020• The updated full year financial forecast position• The work commenced in updating the 2021/22 financial plan	
Key points	<ol style="list-style-type: none">1. The financial position shows a deficit of £0.3 million against a trajectory deficit of £1.6 million.2. Note that additional funding for COVID-19 was announced by Scottish Government on 29th September to support the first tranche of the COVID-19 funds. The second tranche funding was also confirmed at the end of December; this includes the funding for the unachieved efficiency savings.3. Efficiency savings of £5.8 million have been delivered against a target of £9.0 million for the period. Noting that to date £3.0 million of efficiency savings could not be delivered due to COVID-19 but have been offset by additional SG funding, as per note 2.4. Additional expenditure of £12.3 million has been incurred in this period as a result of the Service's COVID-19 mobilisation plan and offset against the funding confirmed.5. The full year financial forecast remains a break even position.	
Timing	During the financial year the Board will be provided with monthly updates on the financial position and from August the final year end forecast position will also be reported. This will show the total forecast costs including the additional costs of COVID-19, the total funding and COVID-19 funding received and progress against the remobilisation funding to the end of March 2021. The 2021/22 financial planning	

	cycle has also commenced with a detailed budget paper presented to the November Board and the draft 3 year financial plan due to be completed by the end of February 2021.
Link to Corporate Objectives	The Corporate Objective this paper relates to is Goal 6 - Develop a model that is financially sustainable and fit for purpose in 2020/21.
Contribution to the 2020 vision for Health and Social Care	Efficient and effective use of resources is important to the Service to enable it to deliver change in service delivery to meet the aspirations of the 2020 vision.
Benefit to Patients	Efficient and effective use of resources enables the Service to provide the best level of safe and effective care to patients as it can within the resources available.
Equality and Diversity	An Equality Impact Assessment (EQIA) was conducted and presented to the Board in March 2020 when the budget for 2020/21 was set.

SCOTTISH AMBULANCE SERVICE BOARD

FINANCIAL PERFORMANCE TO 31 DECEMBER 2020

JULIE CARTER, DIRECTOR OF FINANCE, LOGISTICS & STRATEGY

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

The Board is asked to note:

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

The financial position to December 2020, reporting a deficit of £0.3 million to date, consists of:

- Income – under target to date by £0.2 million
- Core Expenditure – under spend to date of £0.1 million
- Efficiency savings target for the financial year 2020/21 is £12.0 million. To date £5.8 million of savings have been recognised against a target of £9.0 million year to date, which reflects an efficiency savings gap of £3.2 million. Within the COVID-19 expenditure plan the shortfall of £3.0 million of efficiency plans that have not been achieved due to current COVID-19 operational demands have now been supported by SG funding
- Additional expenditure incurred due to COVID-19 response of £15.3 million has been funded by Scottish Government and therefore does not impact the financial position, this includes the efficiency plans funding as noted above.

Key messages

- Total deficit as at December 2020 of £0.3 million (this includes both core and non-core expenditure). Our Financial Plan (pre COVID-19) forecast an overspend of £1.6 million by the end of December 2020, primarily driven by the delivery of efficiency savings
- The net financial overspend of £0.3 million is in line with the revised forecast and on target to deliver a balanced budget.

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Key actions agreed in this period

1. COVID-19

The impact of COVID-19 on our financial position has been reported since last February and a detailed analysis has been undertaken over the last few months. The financial impact to month 9 is £15.3 million revenue (including unachieved efficiency savings) and the COVID-19 full year financial forecast (including remobilisation) has been revised and is now in the region of £26 million. This forecast includes £25 million revenue and £1 million capital. The COVID-19 financial analysis is being reviewed and updated on a weekly basis.

ACTION: We continue to work closely with Scottish Government colleagues who have put in place a monthly COVID-19 finance reporting update. An updated COVID-19 spend and funding forecast is being undertaken and is due to be submitted to the Scottish Government on 22 January 2020.

2. Delivery of our Efficiency Savings Target

Much of the Best Value Programme work has required to be put on hold as we have been dealing with the impact of COVID-19. Therefore, included within the additional costs of COVID-19 are an estimate of efficiency plans that we would have otherwise delivered in year and are now at risk of delivery. These estimates focus primarily on those schemes that reduced our overtime costs and managed abstractions. The key driver of our current core overspend excluding COVID-19 is primarily due to our efficiency savings shortfall.

ACTION: The Best Value Programme restarted in July. The focus of the work remains in line with the financial plan, which described an efficiency target of £5.6 million through the best value programme and a gap of £1.9 million unallocated efficiency plans. This is now being accelerated and is being closely aligned to the COVID-19 remobilisation plan. These plans are also being reviewed against other expenditure areas where we are seeing a reduction in spend due to sickness absence levels lower and travel costs reduced. An updated Best Value plan has been completed and agreed with workstream leads. Work is continuing to finalise the likely forecast efficiency plans position.

3. Full year forecast and planning for 2021/22

This revised forecast now forms the basis of the financial planning for the remainder of the financial year and will incorporate an assessment of the financial opportunities and costs based on a number of scenarios. Our financial plan to deliver a balanced budget remains.

Work has also commenced in updating the 2021/22 financial plan. A detailed paper was presented to the November 2020 Board meeting describing the impact of this and this will form the basis of our draft financial plan including remobilisation plan due to be presented to the Board in January 2021.

Financial Risk considerations noted in the period

The financial risks are as follows:

Delivery of Efficiency Savings in financial year 20/21

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This has been a significant risk given the delay in progressing with our Best Value programme and our developed efficiency plans. We have delivered savings of £5.8 million over the first nine months against our target of £9.0 million for the same period. The efficiency savings not achieved due to COVID-19 has been offset by additional COVID-19 funding of £3.0 million, therefore leaving a gap of £0.2 million. The challenge remains to achieve the balance of efficiency savings target as we go into the last quarter of the current financial year.

Action – A number of actions are progressing including

- Programme leads and programme plans have been established. Weekly reporting against progress to the Executive Team is now in place.
- A review with Scottish Government is planned for January 2021.

Recurring impact of Living with COVID-19 as we move into financial planning for 21/22

The financial planning process for 2021/22 is well underway and financial modelling has been undertaken considering the living with COVID-19 implications for 2021/22. Work is also progressing on our best value programme for 2021/22 and the financial impact of the remobilisation plan. There are some significant recurring costs associated with COVID-19 and remobilisation. These will be described within the remobilisation plan and updated 3-year financial plan due to be completed by February 2021.

Finance position as at December 2020

Introduction

This section of the paper provides details of the financial results for the period ending December 2020. The delivery of the financial plan remains a major focus of the finance team. Regular budget review meetings are in place with Service heads, as well as more detailed tracking of efficiency savings, and a new financial reporting template was put in place in August. There is ongoing review of COVID-19 costs and internal cost control processes.

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

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

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SUMMARY OF YEAR TO DATE POSITION

Table 1 reports that the revenue position for the financial year to the end of December 2020 is a deficit of £0.3 million, made up of the following:

- Income – under budget by £0.2 million
- Expenditure Pay – under budget by £0.4 million
- Expenditure Supplies – over budget by £0.3 million
- Savings – behind target by £0.2 million
- Expenditure Non-core – break even

Table 1 – Scottish Ambulance Service high level overview

**SCOTTISH AMBULANCE SERVICE BOARD
REVENUE RESOURCE ANALYSIS
YEAR TO 31 DECEMBER 2020**

	Full Year Budget £'000	Year to Date			Current Month		
		Budget £'000	Actual £'000	Variance £'000	Budget £'000	Actual £'000	Variance £'000
Income							
Revenue Allocation	347,072	248,310	248,310		29,394	29,394	
Health Board	5,170	3,941	3,989	48	548	586	38
Other Healthcare	1,126	860	727	(133)	96	82	(14)
Fleet	206	155	26	(129)	18	2	(16)
Staff Car Deductions	222	145	146	1	(6)	17	23
Other Operating	1,461	1,233	1,211	(22)	70	89	19
Total Income	355,257	254,644	254,409	(235)	30,120	30,170	50
Expenditure							
Accident & Emergency	208,772	154,933	154,093	840	17,524	17,541	(17)
Non Emergency Service	25,737	19,071	19,023	48	2,248	2,209	39
Air Ambulance	15,581	11,684	11,630	54	1,024	1,295	(271)
Overheads	89,577	53,366	54,389	(1,023)	9,324	6,242	3,082
Total Expenditure	339,667	239,054	239,135	(81)	30,120	27,287	2,833
Core Expenditure Variance				(316)			2,883
Non Core Expenditure							
Depreciation (DEL)	15,500	10,978	10,978	0	1,287	1,287	0
Depreciation (Donated)	100	52	52	0	0	0	0
AME Provision	(410)	0	0	0	0	0	0
AME Impairments	400	0	0	0	0	0	0
Total Non Core Expenditure	15,590	11,030	11,030	0	1,287	1,287	0
Surplus / Deficit				(316)			2,883

Table 2 – Income and Expenditure

Table 2 provides the year to date position between service and support directorates, and identifies the COVID-19 financial impact separately.

SCOTTISH AMBULANCE SERVICE BOARD
INCOME AND EXPENDITURE SUMMARY
YEAR TO 31 DECEMBER 2020

		Cumulative to Date				Current Period			
		Budget	Actual	Variance	Variance	Budget	Actual	Variance	Variance
		£'000	£'000	£'000	%	£'000	£'000	£'000	%
COVID-19	Income			0		0	0	0	
	Salaries	7,924	7,924	0		606	606	0	
	Supplies	4,369	4,369	0		317	317	0	
	Sav Target	(2,997)	0	(2,997)		(333)	0	(333)	
	Sav Realised	2,997	0	2,997		2,997	0	2,997	
					0				2,664
Service Delivery Directorate	Income	(4,697)	(4,704)	7	0%	(591)	(598)	7	1%
	Salaries	168,178	167,527	651	0%	19,376	19,425	(49)	0%
	Supplies	27,843	28,332	(489)	2%	2,842	3,381	(539)	19%
	Sav Target	(26)	0	(26)	0%	(3)	0	(3)	0%
	Sav Realised	60	0	60	0%	25	0	25	0%
					203				(559)
Support Services Directorates	Income	(1,636)	(1,394)	(242)	-15%	(133)	(176)	43	32%
	Salaries	16,351	16,602	(251)	2%	1,851	1,814	37	-2%
	Supplies	25,596	25,418	178	-1%	2,646	3,038	(392)	15%
	Sav Target	(5,977)	0	(5,977)	0%	(664)	0	(664)	0%
	Sav Realised	5,773	0	5,773	0%	1,754	0	1,754	0%
					(519)				778
SCOTTISH AMBULANCE SERVICE	Income	(6,333)	(6,098)	(235)	-4%	(724)	(774)	50	7%
	Salaries	192,453	192,053	400	0%	21,833	21,845	(12)	0%
	Supplies	57,808	58,119	(311)	-1%	5,805	6,736	(931)	-16%
	Sav Target	(9,000)	0	(9,000)		(1,000)	0	(1,000)	
	Sav Realised	8,830	0	8,830		4,776	0	4,776	
					(316)				2,883

Table 3 – Service Delivery

Service delivery is £0.2 million under budget at 31 December 2020. This does not include any savings targets which are currently held centrally at a value of £5.8 million. Work has commenced to deliver the best value work streams with agreed leads and implementation plans in place.

Pay costs (excluding COVID-19) are reporting a small underspend £0.4 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 and this has been identified separately in Table 2, and explained further later in this paper.

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Table 3

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

		Cumulative to Date				Current Period			
		Budget £'000	Actual £'000	Variance £'000	Variance %	Budget £'000	Actual £'000	Variance £'000	Variance %
NORTH REGION	Income	(720)	(721)	1	0%	(85)	(85)	0	0%
	Salaries	27,312	27,102	210	-1%	3,069	3,051	18	-1%
	Supplies	2,585	2,755	(170)	7%	260	287	(27)	10%
	Sav Target			0				0	
	Sav Realised			0				0	
				41			(9)		
EAST REGION	Income	(581)	(531)	(50)	-9%	(82)	(52)	(30)	-37%
	Salaries	43,674	43,650	24	0%	4,986	4,945	41	-1%
	Supplies	4,261	4,404	(143)	3%	459	575	(116)	25%
	Sav Target			0				0	
	Sav Realised			0				0	
				(169)			(105)		
WEST REGION	Income	(2,622)	(2,669)	47	2%	(346)	(381)	35	10%
	Salaries	61,199	60,909	290	0%	6,762	6,835	(73)	1%
	Supplies	5,429	5,621	(192)	4%	571	685	(114)	20%
	Sav Target			0				0	
	Sav Realised			0				0	
				145			(152)		
NATIONAL OPS	Income	(774)	(783)	9	1%	(78)	(80)	2	3%
	Salaries	35,993	35,866	127	0%	4,559	4,594	(35)	1%
	Supplies	15,568	15,552	16	0%	1,552	1,834	(282)	18%
	Sav Target	(26)	0	(26)		(3)		(3)	
	Sav Realised	60	0	60		25		25	
				186			(293)		
TOTAL SERVICE DELIVERY	Income	(4,697)	(4,704)	7	0%	(591)	(598)	7	1%
	Salaries	168,178	167,527	651	0%	19,376	19,425	(49)	0%
	Supplies	27,843	28,332	(489)	2%	2,842	3,381	(539)	19%
	Sav Target	(26)	0	(26)		(3)	0	(3)	
	Sav Realised	60	0	60		25	0	25	
				203			(559)		

Table 4 – Support Services Directorates

Support services are being reported as £0.5 million over budget. The Finance & Logistics savings target includes all Best Value Programme targets. Aside of this, support services have exceeded combined directorate 1.5% efficiency targets of £0.6 million achieving £0.8 million of savings to date.

SCOTTISH AMBULANCE SERVICE BOARD
INCOME AND EXPENDITURE BY DIRECTORATE
YEAR TO 31 DECEMBER 2020

		Cumulative to Date				Current Period			
		Budget £'000	Actual £'000	Variance £'000	Variance %	Budget £'000	Actual £'000	Variance £'000	Variance %
BOARD AND CHIEF EXECUTIVE	Income	(6)	(6)	0	0%	(1)	(1)	0	
	Salaries	1,274	1,274	0	0%	145	149	(4)	3%
	Supplies	76	128	(52)	68%	11	9	2	-18%
	Sav Target	(21)	0	(21)		(2)	0	(2)	
	Sav Realised	28	0	28		0	0	0	
				(45)					(4)
FINANCE AND LOGISTICS	Income	(1,535)	(1,309)	(226)	-15%	(131)	(165)	34	26%
	Salaries	7,412	7,836	(424)	6%	776	746	30	-4%
	Supplies	23,247	23,000	247	-1%	2,436	2,613	(177)	7%
	Sav Target	(5,814)	0	(5,814)		(646)	0	(646)	
	Sav Realised	5,382	0	5,382		1,564	0	1,564	
				(835)					805
HUMAN RESOURCES	Income	(28)	(28)	0	0%	(1)	(3)	2	
	Salaries	1,634	1,617	17	-1%	184	177	7	-4%
	Supplies	569	480	89	-16%	32	96	(64)	200%
	Sav Target	(33)	0	(33)		(3)	0	(3)	
	Sav Realised	33	0	33		33	0	33	
				106					(25)
MEDICAL	Income	(7)	(11)	4	57%	2	(4)	6	
	Salaries	1,835	1,708	127	-7%	229	200	29	-13%
	Supplies	371	418	(47)	13%	53	61	(8)	15%
	Sav Target	(30)	0	(30)		(4)	0	(4)	
	Sav Realised	153	0	153		73	0	73	
				207					96
CARE QUALITY AND PROF DEVELOPMENT	Income	(60)	(40)	(20)	-33%	(2)	(3)	1	
	Salaries	4,196	4,167	29	-1%	517	542	(25)	5%
	Supplies	1,333	1,392	(59)	4%	114	259	(145)	127%
	Sav Target	(79)	0	(79)		(9)	0	(9)	
	Sav Realised	177	0	177		84	0	84	
				48					(94)
TOTAL SUPPORT SERVICES	Income	(1,636)	(1,394)	(242)	-15%	(133)	(176)	43	32%
	Salaries	16,351	16,602	(251)	2%	1,851	1,814	37	-2%
	Supplies	25,596	25,418	178	-1%	2,646	3,038	(392)	15%
	Sav Target	(5,977)	0	(5,977)		(664)	0	(664)	
	Sav Realised	5,773	0	5,773		1,754	0	1,754	
				(519)					778

Table 5 – Detailed Income Analysis

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

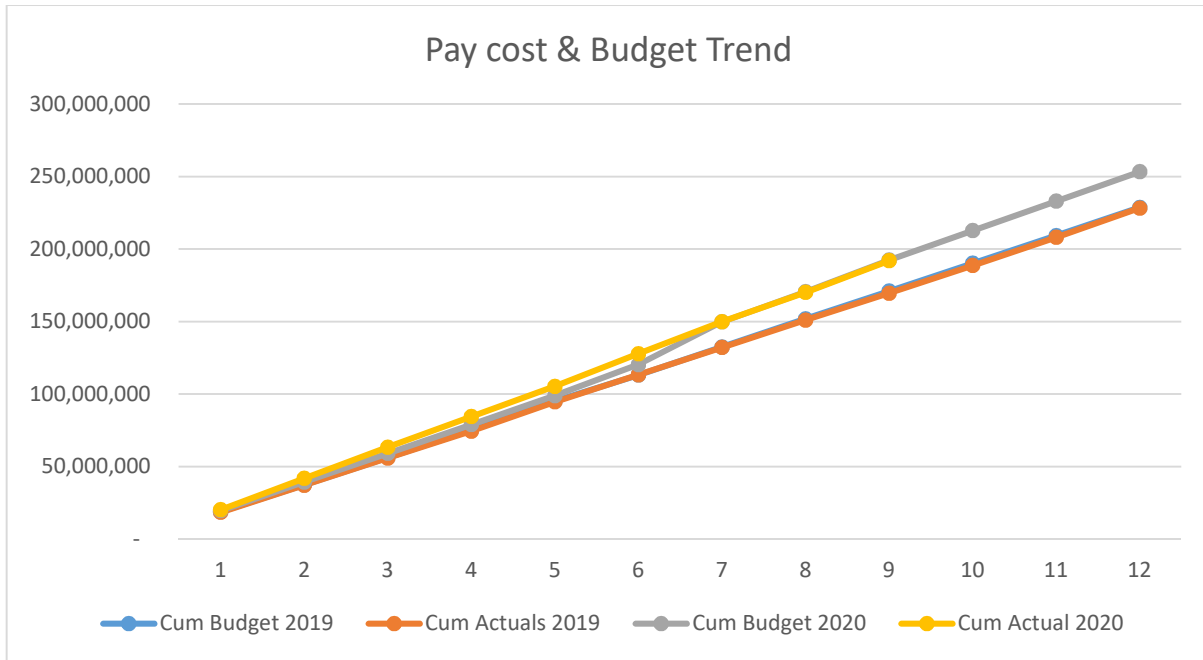
SCOTTISH AMBULANCE SERVICE BOARD
INCOME INCLUDING ALLOCATIONS
YEAR TO 31 DECEMBER 2020

	Full Year Budget £'000	Year to Date		
		Budget £'000	Actual £'000	Variance £'000
Income				
Revenue Allocation	347,071			
Baseline Allocations	299,972			
Recurring Allocations	3,950			
Non-Recurring Allocations	43,149			
Fleet Income	206	155	26	(129)
Health Board	5,170	3,941	3,989	48
Other Healthcare	1,126	860	727	(133)
Other Operating	1,461	1,233	1,211	(22)
Staff Car Deductions	222	145	146	1
Total Income	355,256	6,334	6,099	(235)

Total income (including funding) to date is £0.2 million behind target.

The original financial plan assumed revenue funding allocations of £306 million. Adjustments are made on a monthly basis to the budget to include any additional allocations as 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 2019/20 and 2020/21. As can be seen, the trend shows 2020 costs exceeding 2019 values, due to increased overtime as a result of the COVID-19 situation. Overtime cost in this current year is averaging 7.2% of the year to date pay bill compared to last year to date at 6.1%. The table below shows a trend analysis of overtime costs in the last 2 years. The impact of COVID-19 mobilisation on the Service can be seen in the months from March 2020. Table 6 below provides the detail on the uplift in average WTE from this time last year.

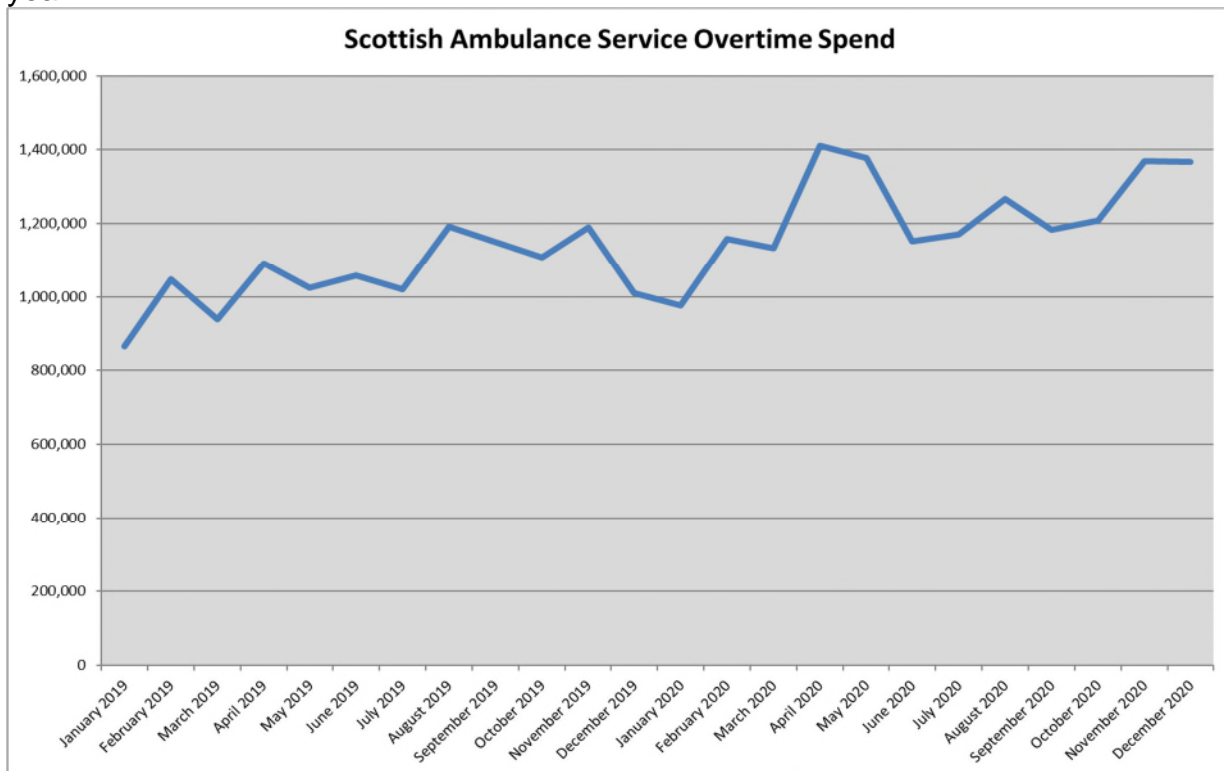


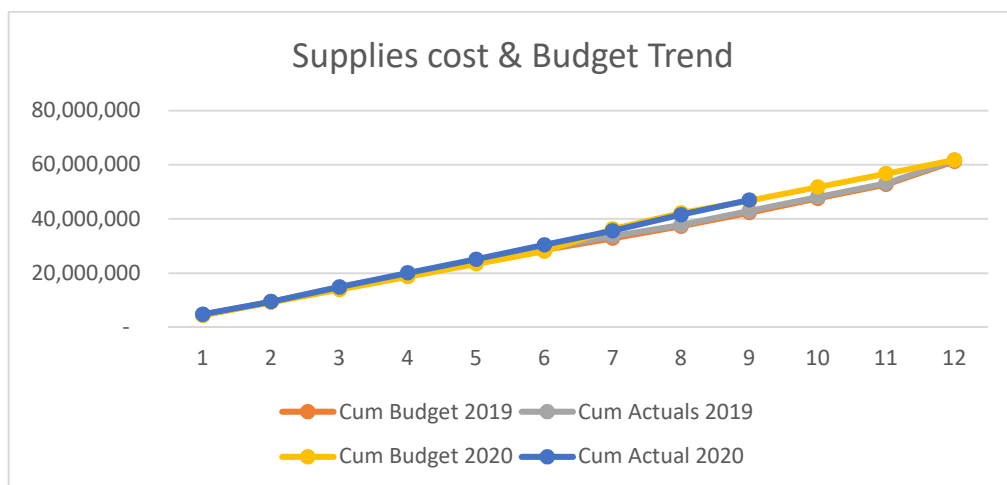
Table 6

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

		East Region	North Region	West Region	National Ops	Service Delivery
Current Year	Average WTE	1,231	700	1,718	792	4,441
	Overtime Hours	122,665	93,234	201,965	62,234	480,098
	Overtime Cost (£'000)	2,844	2,149	4,631	1,464	11,088
Prior Year	Average WTE	1,214	696	1,659	751	4,320
	Overtime Hours	114,851	89,565	178,938	52,552	435,906
	Overtime Cost (£'000)	2,546	1,962	3,942	1,215	9,665
Variance	Average WTE	17	4	59	41	121
	Overtime Hours	7,814	3,669	23,027	9,682	44,192
	Overtime Cost (£'000)	298	187	689	249	1,423

The above table illustrates the significant increase in overtime hours due to our COVID-19 response when compared to the same period last year. This is despite abstractions rates for annual leave, sickness and CPD & Training being considerably lower than the prior year reflecting the increased pressures within the system.

Non-pay

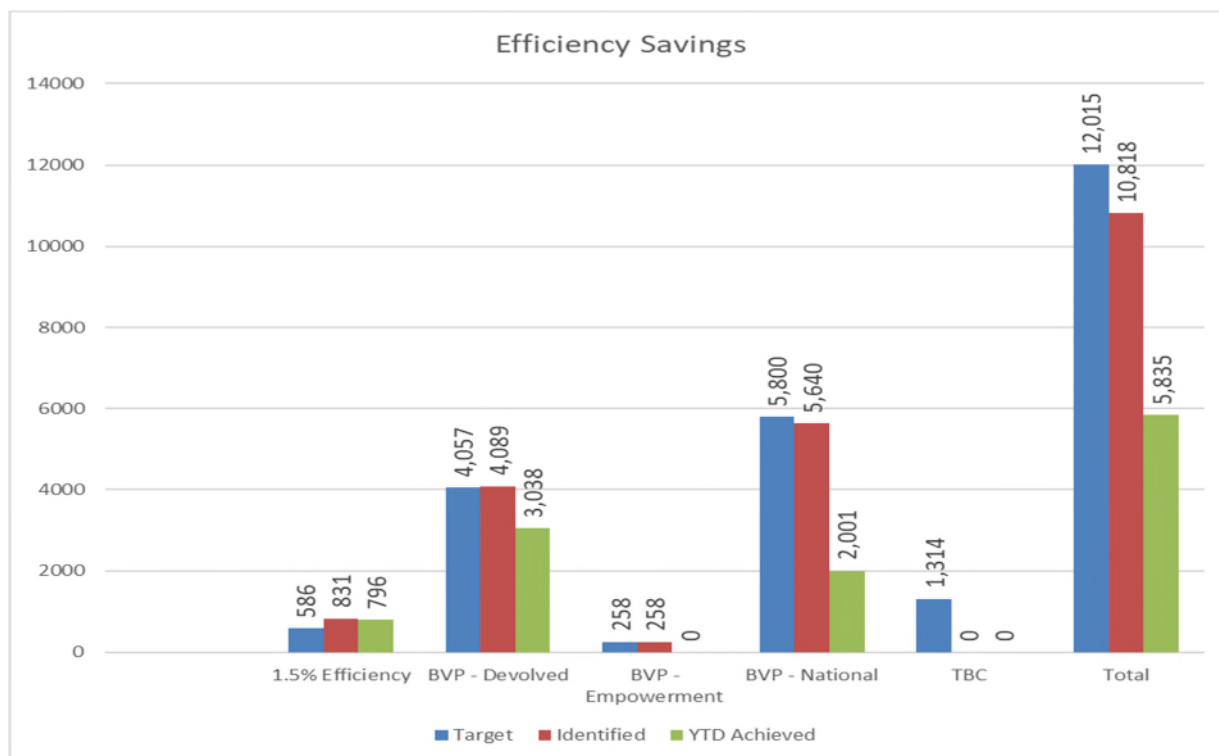


The non-pay graph above reflects year to date budget and year to date actual spend for both 2019/20 and 2020/21. This year additional non-pay spend of £4.4 million has been

incurred as a result of the Service COVID-19 mobilisation plan. A detailed breakdown of these costs can be found in the COVID-19 section below.

Efficiency Savings

Savings of £5.8 million have been delivered against the nine-month target of £9.0 million and against identified plans of £10.8 million.



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

- **Support Directorate Savings 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. A total of £0.8 million has been delivered to date against full year target of £0.6 million.

- **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

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saving plans together and clearly define national programmes through the Best Value Programme and devolved accountability to the budget holders for local implementation.

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

- **Devolved Targets** – Responsibility for projects that were implemented during 2019/20 and now deemed to be embedded within the Service has been devolved to budget holders. Progress of these projects will be monitored however these are expected to deliver £4.0 million on a recurring basis, with £3.0 million delivered to date.
- **Empowerment and raising awareness** – Projects to raise awareness and improve local management of budgets initially involving fleet and estates costs are hoped to deliver £0.2 million. Reporting on these have been developed and is in the process of being issued.
- **Best Value Programmes** – More than 30 work streams have been identified with potential savings of £5.6 million that will be led by the Best Value Programme team and supporting local managers and teams. A detailed programme plan has been developed with Executive leads against each programme. This work had been put on hold as a result of the COVID-19 response, whilst the programme team are leading on the COVID-19 demand and capacity modelling and all resources have been tied into this. This work has now restarted with an updated implementation plan now in place.
- **Unidentified Initiatives**

The financial plan identified £1.9 million of unidentified savings. This forecast had since been reduced to a £1.3 million gap due to the allocation of 1.5% efficiency targets to support directorates. Work continues to review expenditure and best practice to assess if further projects can be identified.

In line with our Best Value governance processes formal escalation plans will have been put in place. This includes the reintroduction of the weekly progress reporting on progress to the Executive Team.

COVID-19 Financial Implications

Board Members are aware that there is additional funding in place from Scottish Government to support expenditure due to the COVID-19 pandemic. We have been working closely with Scottish Government colleagues who have put in place a regular finance reporting update. The Service's submission to Scottish Government will be used to update the board on a monthly basis, this reporting has reduced from the initial weekly Board update.

Cost incurred during 2020/21 to 31 December are outlined in the table below.

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Category of Resource	£
Additional pay & staff overtime	6.1 million
Additional temporary staff incl. Louisa Jordan Phase 1	1.8 million
Supplies and equipment (PPE, Cleaning materials, etc.)	1.7 million
Air ambulance and third party support	3.3 million
Offsetting Savings (fuel)	(0.6 million)
Efficiency saving underachievement	3.0 million
	15.3 million

Additional pay & staff overtime

On top of cover for increased levels of COVID-19 related sickness and self-isolation, additional overtime has been required to backfill staff seconded to support our COVID-19 response. These include the Strategic, Tactical and Regional Cells as well as Clinical Hubs and Ambulance Control resilience.

Additional temporary staff including NHS Louisa Jordan Phase 1

The Service has employed students from Glasgow Caledonian University on fixed term or bank contracts to support the creation of a new ambulance station at the NHS Louisa Jordan in Glasgow. Some recently retired staff have also returned on bank contracts to help improve resilience and meet demand.

Air ambulance and third party support

Our delivery of the COVID-19 response has been enhanced by various third party organisations such as Loganair, British Red Cross, Arcus, ATOS, Arnold Clark, and St Johns Ambulance. These companies are providing us with services specifically to help manage the additional pressure of the current crisis through the provision of aircraft for patient transfers, Red Cross vehicles in Aberdeen, 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.

Offsetting Savings

The Service has benefitted from the offer of free fuel from BP UK since late March until the offer ended in early June and these savings have offset the additional COVID-19 expenditure to the value of £0.6 million.

Funding has been confirmed to support this additional expenditure. A revised detailed year end forecast is being completed and due to be submitted to Scottish Government on the 22nd January 2021.

Table 7

Health Board Spend	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	2020/21	2020/21	Supporting Narrative
Personal protective equipment - note 8	197	110	266	212	(57)	(16)	81	9	5	1,176	373	337	2,693	46	Significant PPE costs und
Deep cleans - note 8	39	5	19	10	(1)	-	3	-	2	138	34	50	299	-	Costs of additional cleani
Equipment & Sundries - note 6	10	11	6	(8)	1	14	6	35	(29)	29	29	-	104	575	Epi shuttle, funding confir
Digital, IT & Telephony Costs - note 9 and note 3	45	26	85	27	(32)	135	43	6	52	-	-	-	388	7	equipment for home work
Estates & Facilities cost including impact of physical dista	1	54	36	19	38	13	25	14	41	37	25	20	322	-	includes covid clinical wal
Additional staff overtime and enhancements - note 2 and 4	911	1,283	1,559	707	568	842	373	(708)	385	1,019	702	532	8,153	-	Overtime to support dema
Additional temporary staff spend - All Other - note 2	7	54	138	158	171	125	111	107	104	220	125	108	1,428	-	Recruitment and voluntee
Additional Travel Costs - note 6 and note 4	356	316	394	263	332	396	375	239	291	728	394	671	4,755	-	Costs associated with air
Loss of income										100	100	100	300	-	
Cost to 3rd Parties to Protect Services (where services are currently stopped)					58	12	12	12	(84)						IPRS Service
Louisa Jordan costs - note 1	86	140	125	128	109	117	116	110	3	(229)			705	-	Costs associated with Phd
Louisa Jordan costs - note 1 NP	6	24			1	13							44	-	Costs associated with Phd
Flu Programme Delivery Costs						5							5	-	Additional Flu Vaccination
COVID vaccine fridges, calibration and security									5						
Remobilisation								369		1,351	653	652	3,183		Remobilisation Plans
Other-Clinical Equipment Resilience - note 5										9			9	225	Lucas and Corpuls devices
Offsetting savings - Health	(275)	(311)	(72)	-		43	-	-	-				(615)		
Total	1,383	1,692	2,556	1,515	1,188	1,699	1,145	193	923	4,578	2,435	2,470	21,773	853	22,626
Expected underachievement of savings (health)	333	333	333	333	333	333	333	333	333	233	233	233	3,696		
Total	1,716	2,025	2,889	1,848	1,521	2,032	1,478	526	1,256	4,811	2,668	2,703	25,469	853	26,322

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Mobile Testing Units

The Service is currently delivering Mobile Testing Units (MTUs) across Scotland with this service coming into effect from the end of August 2020 and planned to continue until the end of February 2021. The approved budget to deliver these is £9.6 million and the year to date expenditure is on track to deliver within this funding level. There are no areas for concern.

The year-to-date expenditure (at 31 December 2020) is as follows:

	Costs
Pay	£ 5.4 million
Non Pay	£ 0.6million
Total	£ 6.0 million

In addition to the above, we have been asked from DHSC via Scottish Government to extend the current 18 MTU's until the end of May 2021 and put in place an additional 14 MTUs, taking the total to 32 MTUs. The business case recommending the extension of the 18 and the further 14 additional MTUs was approved by the Board in December. This increases the costs and funding from the £9.6 million to £21 million. Work continues to implement this development and will be reported separately to the Board from February 2021.

Updated Year-end Forecast Position

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

Key Pressure areas

- Pay – there are changes to the working time directive calculation that would see overtime included in pay as if at work which will add £1.4 million to the pay bill. This was previously assumed within the Board financial plan but this has now increased to £1.6 million.
- Pay - We have assumed the funding support for the 2019/20 pay settlement recurrently in 2020/21. This remains in line with our financial plan pressure.
- Pay - Incremental pressure is significantly higher due to the regrading of ambulance paramedics and technicians in 2016/17 and we have assumed £1.7 million funding to support this.
- Full funding for COVID-19 expenditure is anticipated.
- Full funding to match expenditure for Demand and Capacity is anticipated.
- Depreciation – we forecast a spend of £15.5 million with provision made internally for £13 million with the additional £2.5 million being funded by Scottish Government (not including the impact of IFRS16).

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In summary therefore:

- We had developed a pre COVID-19 a financial plan to deliver £9.8 million in savings and anticipated £2 million in slippage
- After delivering these savings there remained a gap of £1.9 million that we committed to work to deliver the balance of savings by the year end
- As at November 2020/21 we have delivered £8.8 million of savings against our plan of £9 million (to month 9) with a shortfall of £0.2 million (at month 9)
- The full year savings plan required total savings of £12.0 million. Note that £3.7 million savings was at risk due to COVID-19 pressures but we have had confirmation from SG that £3.0 million of this will be offset by COVID-19 funding.
- It is assumed the £4 million devolved savings will be delivered in full, with the remaining projected savings of £4 million to be delivered. We are forecasting that these will be delivered on a recurring basis
- We continue to assume the cost pressures in line with our financial plan including our pay pressures and implications of Microsoft 365.
- We continue to assume approx. £2 million slippage against our developments but this will be reviewed on a monthly basis.

Planning for 2021/22 Position

We have commenced 2021/22 financial planning and planning scenarios. It is anticipated that as we continue to live with COVID-19, associated expenditure will continue into financial year 2021/22, whilst we remobilise our resources and plan for renewal of our services. A detailed expenditure plan paper was presented to the November Board meeting.

This is planning aimed to show us, at this early stage in our 2021/22 financial plan

- Those developments that we need to secure funding for before proceeding
- Input to Scottish Government (and UK) planning for the uncertainty into 2021/22 and the financial impact this could have on our Service
- The financial pressures where we need to secure additional resources and provide a level of quantification of our financial gap as we continue to drive forward improvements, best value, cost control and new ways or working

A further update paper on the position has been produced, and a meeting has been scheduled with Scottish Government on the 15th January 2021

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

2020/21 Capital Budget

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

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

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- The Service receives earmarked allocations for Business Cases that have been approved by the CIG. In 2020/21 the following earmarked allocations have been received:
 - Fleet Replacement Programme £14.546 million
 - Scotstar £0.25 million
 - COVID-19 and EpiShuttles £0.853 million
 - Transport Scotland Funding for Electric Vehicles and Infrastructure £2.659 million

The total 2020/21 allocation is anticipated to be £20,031,000. All allocations of funding have now been received.

YTD Capital Position

The YTD Capital Position is shown in the table below.

Capital receipts of £58,000 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 Stirling Conference Centre project has now been aborted and the allocated funding of £44,000 has been taken back into unallocated funds.

The unallocated budget of £169,000 will be fully utilised during 2020/21 as BCs 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 2020-21
As at Month 9 (31 December 2020)**

PROJECT	Approved Budget £	YTD Actuals £	Notes
Formula Capital Projects			
eHealth and ICT	723,232	163,933	
Logistics and Procurement System	146,346	90,687	
Property	67,775	10,444	Vat Credit
Medical Equipment	<u>853,000</u>	<u>593,760</u>	COVID-19 Equipment
	1,790,353	858,824	
Earmarked Allocations			
Enhancing Capability	1,167,851	66	
Defib Replacement	0	0	Project completed – no further funding required
ICCS Replacement	531,626	(38,404)	Adjustment to Year End Accruals
Scotstar	17,250	17,238	
Major Trauma	13,700	13,683	
Vehicles	16,286,149	7,540,612	
	18,016,576	7,526,195	
Unallocated Budget	169,271		
Capital Receipts	0	(58,450)	Gain on sale of vehicles
Capital to Revenue Transfer	54,800		
TOTAL	20,031,00	8,326,569	

Approved and Anticipated Projects

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

<u>Approved Projects</u>		
	£	
eHealth and ICT		
ePR Enhancements	30,000	
ICT Installation at Training Sites	22,000	
C3 Duplicate Module and Training Expansion	76,800	
LAN Replacement	48,032	
Contact Centre Replacement (Telephony)	467,200	
Server Replacement	79,200	
Total- eHealth and IT	723,232	
Special Projects		
Enhancing Capability	1,167,851	
Logistics and Procurement System	146,346	
Defib Replacement	0	Budget reduced as now longer required
ICCS Replacement	531,626	Capital Contribution of £70k transferred to DoH
Total - Special Projects	1,845,823	
Property		
Bo'ness Station Co-location	61,500	
Co-locations	6,275	
Stirling Conference Centre	0	Project aborted – funding taken back
Total - Property	67,775	
Operations		
Vehicles	16,286,149	
Scotstar	17,250	
Major Trauma	13,700	
Medical Equipment	853,000	
Total - Equipment	17,170,099	
Total Approved Projects	19,806,929	
Total Approved Budget	20,031,000	
Less Capital to Revenue Transfer	(194,800)	
Add Revenue to Capital Transfer	140,000	
Add: Capital Receipts	58,450	
Total Budget Available	20,034,650	
Unallocated Budget	227,721	
<u>Anticipated Projects</u>		
Cardonald UPS	24,180	

Key Risks

ICCS Replacement Project

The project is being implemented in collaboration with the other UK Ambulance Services. Initial completion date was scheduled for December 2020, however due to the COVID-19 situation, the project has experienced some delays and completion is now expected to be Q1 2021/22. This is considered to be low risk.

COVID-19

The full allocation for the COVID-19 Capital Costs has been received in October 2020. There is no financial risk against these costs.

Enhancing Capability

Agreement has been reached between the Enhancing Capability Programme and Fleet Replacement Programme to absorb the £1.2 million in 2020/21 for Fleet Purchases and repay Enhancing Capability in 2021/22 to allow the estates projects to be funded in 2021/22.

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

CONCLUSION

The underlying position for the Service is £0.3 million behind target including COVID-19 funding received on 1st October 2020.

Efficiency savings are being accelerated to recover the shortfall in savings due to COVID-19 and these will be monitored closely with a further review in January 2021.

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

Julie Carter

Director of Finance, Strategy and Logistics

December 2020