



NOT PROTECTIVELY MARKED

Public Board Meeting

27 September 2023

Item 09

THIS PAPER IS FOR DISCUSSION

SUMMARY FINANCIAL PERFORMANCE TO 31 AUGUST 2023

Lead Director Author	Julie Carter, Director of Finance, Logistics and Strategy Maria McFeat, Deputy Director of Finance
Action required	The Board is asked to discuss and note : <ul style="list-style-type: none">• The financial position to the end of August 2023• The financial impact of ongoing unfunded system pressures and operational commitments expenditure to the end of August 2023• The impact of the 'Back to Balance' action plan including the efficiency savings position to the end of August 2023
Key points	<ol style="list-style-type: none">1. The financial position shows a deficit of £6.92 million against a trajectory deficit of £10.0 million.2. Impact of ongoing post COVID-19/system pressures of £4.42 million to date has been incurred in this period. No funding has been assumed for these and this is contributing to the current adverse finance position.3. The impact of pressures associated with Operational Commitments £1.2 million also remains unfunded and contributes to the financial position.4. In relation to local efficiency savings, the annual target is £3.4 million and to date £0.674 million have been delivered. Best value schemes identified national programme plans of £3.744 million of which £1.463 million has been delivered to date.5. Focus on priority high overspend areas has delivered £0.955 million against a full year target of £6.125 million. Noting this has, however, been partially masked by new emerging cost pressures.6. Note the updated forecast and predicted likely year end deficit of £12.5 million.

Timing	During the financial year the Board will be provided with monthly updates on the financial position and from August 2023 the final year end forecast position will also be reported. This will show the forecast costs to end of March 2024 and against our financial plan.
Associated Corporate Risk Identification	Risk 5062 – Failure to achieve financial balance.
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	Efficient and effective use of resources.
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 2023 when the budget for 2023/24 was set.



SCOTTISH AMBULANCE SERVICE BOARD

FINANCIAL PERFORMANCE TO 31 AUGUST 2023

JULIE CARTER, DIRECTOR OF FINANCE, LOGISTICS & STRATEGY

This paper sets out the financial position at 31 August 2023 for the Scottish Ambulance Service.

The financial plan is a plan of 2 parts including 'Business As Usual' (acknowledging the unprecedented inflationary cost pressures) projecting a £4.5 million deficit, increasing to a £19 million forecast deficit after including the continued post COVID-19 pressures and system pressures all assumed as unfunded in 2023/24 and delivery of 3% efficiency savings.

Given these complexities it is proposed to present the financial reporting reflecting these two key elements, to ensure transparency and understanding.

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 will also describe 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 August 2023 for the financial year 2023/24
- A specific section on post COVID-19 and system pressures, financial impact and current funding assumptions including recent Scottish Government support of £5 million on a non recurring basis
- 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
- The key messages as highlighted including agreed actions and
- An update on the key risks and mitigating actions in the delivery of the financial plan
- Note work has progressed in updating the full year financial forecast which is now predicting a likely year end deficit of £12.5 million, reduced from the £19 million deficit reporting in the financial plan.

The financial position to August 2023, reporting a deficit position to date, consists of:

- Income – this is reporting a breakeven position
- Core Expenditure – a deficit position of £6.92 million to the end of August 2023.
- The financial impact of post COVID-19/system pressures represents expenditure of £4.42 million being incurred against which there is no funding, noting this also includes £1.55

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million of costs associated with Hospital Turnaround time delays. The full year forecast for post COVID-19 system pressure costs, remains to be as expected at £11 million.

- Expenditure aligned to our Service priorities and key operational commitments overspend is £1.2 million, against a forecast pressure of £4.0 million full year. Funding discussions in relation to these pressures and post COVID-19/system pressures are ongoing with Scottish Government. The full year forecast pressure of £4 million also remains in line with the financial plan.
- Efficiency savings target for the financial year is £12.0 million. To date £2.14 million of savings are being reported against a target of £3.1 million year to date. This remains slightly behind trajectory although significant work is progressing in the delivery of the full year target.
- Progress against the action plans relating to the high overspend areas has commenced and is reporting £0.955 million reduction in costs to month 5. Although the benefit of these have been partially offset against new emerging pressures of £0.6 million.

This is summarised in the table below:

	£m	Notes
Overall position at month 5	£6.92m deficit	
Offset by		
Post covid/system pressures unfunded	£4.42m	Slightly higher than planned primary driven by the timed admissions costs and includes additional costs of hospital turnaround times
Operational commitments unfunded	£1.17m	Broadly in line with the financial plan
Pressures against the 1 st part of the plan (driving the £4.5m deficit)	£1.88m	Recognising the key cost drivers of the £4.5m forecast deficit are materialising
Net Position	£0.54m surplus	Broadly driven by
Savings delivered below plan	£0.96m	Savings below plan
Additional pressures above plan off set by pay underspend	£0.591m	New emerging pressures
Benefit from the back to balance	£0.955 benefit	
Detail of additional pressures above plan		
Air Ambulance costs	£0.298m	Includes higher fuel costs and increase of 44% in MACA costs in month.
Medical costs	£0.161m	Includes higher than anticipated inflationary pressures in computer maintenance and medical costs (equipment and drugs)

Property running costs	£0.392m	Predominantly due to HLP costs increase in year and upsurge in property repairs program
Staffing Costs	£0.114m	Includes higher than anticipated Travel & Subsistence costs
Fuel	£(0.374)m	Offset by fuel costs lower than planned

Key messages

- Deficit position of £6.92 million as at 31 August 2023 (this includes both core and non-core expenditure) and income. The financial plan trajectory assumed a deficit of £10.0 million at the end of July 2023. This trajectory of £10.0 million after 5 months is based upon a 'front loaded' monthly trajectory of £2.0 million deficit each month, then plateauing during the year. Following the completion of the updated forecast and as discussions continue with Scottish Government, we will review this full year trajectory for the remainder of the reporting period.
- At this nearly halfway stage in the financial year, we continue to forecast a deficit position which has now been updated to a likely position of £12.5 million by March 2024 reduced from the financial plan deficit of £19 million, while discussions in relation to funding continue with Scottish Government and the back to balance action plan is progressed.
- The key components driving the updated full year forecast £12.5 million deficit are as follows:
 - Forecast Business as Usual Deficit £4.5 million incorporating high inflationary pressures
 - Post COVID-19 costs of £11.0 million
 - Operational Commitments funding shortfall of £4.0 million
 - New emerging pressures £0.8 million
 - Unfunded winter pressures £0.3 million
 - Off set by additional Scottish Government funding on a non-recurring basis of £5.0 million, received in August 2023.

Each of these areas are updated below:

- The Service projected a deficit of £4.5 million due to anticipated cost pressures detailed in our finance plan excluding any COVID-19 or system pressures funding issues. This is being monitored every month and to date, £1.875 million contributed to the current overspend position. However, an underlying £0.591 million of new pressures within non-pay to date remain and corrective actions are described within the paper.
- The financial plan assumes ongoing system pressure of £11.0 million (excluding mobile vaccination unit costs which we have funding confirmed). Costs of £4.42 million have been identified to date and are contributing to the £6.92 million deficit position. This is reporting slightly lower than plan. This also includes £1.55 million of costs associated with 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

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costs have been assumed. Costs of £1.17 million have been incurred in this year to date within these areas. This is also contributing to the £6.92 million deficit position.

- Scottish Government has now provided £5.0 million of non-recurring funding towards our system pressures detailed above, which is included in the updated forecast position.
- Against our efficiency savings target of £12.0 million, we have delivered £2.14 million to date. This is against a year-to-date trajectory of £3.1 million.
- Included within the back to balance action plan, there is focused work on key overspend areas with leads identified. To the end of August 2023, a total reduction of £0.955 million has been identified against a target of £6.125 million.
- An updated 2023/24 forecast position is detail within the paper and will be updated monthly as we progress through the second Quarter of this financial year.

Key actions agreed in this period

The key focus 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 of wider system (post COVID-19 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, which is already 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 been refreshing new mandates for financial year 2023/24 with 35 workstreams identified. Well attended monthly best value meetings have resumed 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 chaired by the Director of Finance. Some delays have been identified to date but no significant issues have been identified at that stage, although recognising this is still fairly early on in the financial year. A detailed best value report is presented to the Service's Performance and Planning Steering Group at each monthly meeting with progress to date and corrective actions. In addition a measurement framework has been developed and is monitored on a monthly basis.

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

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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 target reduction of £6.125 million has been set against these areas.

ACTION – Progress against these areas are being reported to the Best Value Steering Group and are progressing well albeit at different stages of implementation. Total cost reductions to month 5 are being reported at £0.955 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-19 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, now updated to £11.0 million excluding the mobile vaccinations unit costs. Discussions have been ongoing with Scottish Government to receive funding for these ongoing pressures, and given the system pressures in this year, 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 developing a funding bid to support these costs, with an additional £5.0 million non recurring investment received in August 2023. 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.

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 only £45.0 million of recurring funding has now been confirmed, however dialogue continues with Scottish Government to seek further funding to bridge the £4.0 million shortfall. These costs pressures are being monitored on a monthly basis in order to manage this pressure. To date, £1.2 million costs have been identified.

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

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Updated Forecast as at September 2023

Given the very tight financial position, the Service has commenced detailed full year financial forecasts, with the following table summarising the Best, Likely and Worst case scenarios for the full year using quarter one run rates and compared to our 2023/24 financial plan.

RRL Position	As per 2023/24 Financial Plan £m	Updated as per Q1 Forecast £m			Notes
		Best	Likely	Worst	
Operational Pressures	16.5	14.4	15.0	16.0	Main changes are reduction in fuel (<i>noting still early in the financial year</i>)
Operational commitments unfunded gap	4.0	4.0	4.0	4.0	No change to financial plan. Detail provided in table 5a
COVID-19 and related system pressures	10.5	10.7	11.0	11.0	Minor change to reflect increase costs in card 46. Detail provided in table 5b
New Emerging Pressures	0.0	0.8	0.8	1.7	As identified in finance reports primarily driven by inflationary pressures above financial planning assumptions
Winter Pressure (unfunded)	0.0	0.3	0.3	0.3	Likely additional winter costs no funding confirmed. (based on funding in 2022/23)
Gap (before efficiencies and any additional funding)	31.0	30.2	31.1	33.0	
Efficiency Savings assumed in plan	-12.0	-12.0	-12.0	-8.5	Assumed full delivery of 3% worst case assumes impacted by system pressures
Overspend reduction priority areas of work	0.0	-3.3	-1.87	-1.37	Details shown on table 3
Income at risk – health and wellbeing and digital	0.0	0.27	0.27	0.27	Relating to health and wellbeing funding and reduction in digital funding
<i>Position before offsetting additional funding</i>	<i>19.0</i>	<i>15.17</i>	<i>17.5</i>	<i>23.9</i>	
Additional Funding	0.0	-5.0	-5.0	-5.0	Offsetting current system pressures (table 5c)
RRL Outturn - deficit	19.0	10.17	12.5	18.4	

It is important to note that this forecast has been produced after just 4 months of the year, and therefore has made a number of assumptions in relation to the remainder of the year including winter pressures.

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The updated full year forecast is now reporting a reduced forecast deficit from £19.0 million to £12.5 million deficit. This is primarily driven by:

- ❖ £5.0 million non recurring funding from Scottish Government received in August 2023
- ❖ Additional cost pressures broadly being offset by fuel cost prices lower than anticipated
- ❖ Positive impact from the back to balance plan of £1.87 million (under likely scenario) and
- ❖ Assumed deliver of the £12.0 million efficiency plans delivery (3%)

The £12.5 million forecast deficit position continues to be primarily driven by £10.0 million system pressures that had been previously funded, with the most significant financial risk relating to the costs of turnaround times. There is work however ongoing in all of these system pressure areas as noted within the paper and will be updated on a monthly basis.

The key focus now is to

- Finalise the efficiency plans trajectories, whilst recognising this is ongoing we aim to have these completed by the end of September 2023.
- Finalise the 'back to balance' high overspend areas detailed forecast, these will also be clearer by the latter half of the financial year and will be reported on a monthly basis.
- Closely monitor operational costs and trends as winter approaches and
- Continue to demonstrate the wider system impact of the unfunded system pressures in particular the clinical hub, the call handling pressures and the timed admissions work.

Financial Risk considerations noted in the period

The financial risks are as follows:

Delivery of Efficiency Savings Target including Best Value

At this early stage of the financial year, this remains a significant risk given the scale of the challenge. 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. 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 in place including:

- Additional focussed Program Management Office (PMO) support has been set up and aligned to the priority schemes to provide additional focus and capacity. This has now been established for all agreed workstreams.

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- Programme leads have been assigned and programme plans are being developed and agreed with mandates completed for all projects. All mandates have been completed.
- Executive leads and finance support for each programme has also been identified and agreed.
- The Best Value Steering Group meet every month, with regular reporting to Executive Team, Performance and Planning Steering Group and Audit Committee
- Updated governance policies and procedures have been agreed with clear escalation plans identified.
- A weekly best value delivery group has been established to focus on providing additional support to ensure implementation, and this continues to meet during this time and is chaired by the Director of Finance.
- 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 completed for new programmes. This is also being supported by the PMO.
- Implementation of our ideas box to ensure the 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 has been 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 public sector 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. 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 for discussion and action.

Securing funding in 2023/24 for post COVID-19 pressures and operational commitments

The financial plan for the year 2023/24 included £11.0 million of expenditure relating to post COVID-19 pressures. Discussions remain ongoing with Scottish Government, whilst funding

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has been received to support some of the pressure on a non recurring basis, there continues to be significant operational pressures that cannot be ceased without impact on patient care and service delivery.

Expenditure to the end of August 2023, has identified total costs of £4.42 million, which includes legacy PPE expenditure, Card 46 Timed admissions, ACC expansion, and overtime costs associated with shift overruns as a result of hospital turnaround times.

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

In addition the Service provided additional resources for the UCI World Cycling Championships, primarily held in Glasgow, with events throughout the country. Detailed planning work had been undertaken to identify the additional resources required to provide medical coverage at individual events and mitigated against any impact on business-as-usual activity. The associated costs are estimated at around £0.3 million with full funding assumed. This will be reported once expenditure has been reported over the coming months.

Finance position as at August 2023

Introduction

This section of the paper provides details of the financial results for the period ending August 2023.

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 2023 is £6.92 million over budget, made up of the following:

- Income - breakeven
- Expenditure Pay – over budget by £2.2 million
- Expenditure Supplies – over budget by £1.0 million
- Savings – behind target by £0.963 million
- Expenditure Non-core – break even
- This position includes unfunded COVID-19 expenditure is £4.42 million
- This position includes unfunded Operational Commitments of £1.2 million

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- The 1st part of the financial plan (excluding the underfunding position is reporting a deficit position of £1.88 million as anticipated. This is broadly in line with the planned deficit of £4.5 million.

There is however an additional £0.591 million of new non pay pressures, offset by reduction in high priority spend areas at £0.955 million. These are described further in the paper.

Table 1 – Scottish Ambulance Service high-level overview

**SCOTTISH AMBULANCE SERVICE BOARD
REVENUE RESOURCE ANALYSIS
YEAR TO 31 AUGUST 2023**

	Full Year Budget £'000	Year to Date			Current Month		
		Budget £'000	Actual £'000	Variance £'000	Budget £'000	Actual £'000	Variance £'000
Income							
Revenue Allocation	431,902	186,384	186,384		32,666	32,666	
Health Board	5,352	2,391	2,391	0	619	619	0
Other Healthcare	743	400	355	(45)	106	68	(38)
Fleet	6	6	6	0	2	2	0
Staff Car Deductions	166	59	59	0	4	6	2
Other Operating	1,868	1,587	1,592	5	364	389	25
Total Income	440,037	190,827	190,787	(40)	33,761	33,750	(11)
Expenditure							
Accident & Emergency	292,823	122,353	123,508	(1,155)	25,162	23,999	1,163
Non Emergency Service	29,997	12,787	13,156	(369)	2,543	2,446	97
Air Ambulance	14,094	6,031	6,502	(471)	1,216	1,431	(215)
Overheads	79,601	26,134	31,018	(4,884)	4,840	6,095	(1,255)
Total Expenditure	416,515	167,305	174,184	(6,879)	33,761	33,971	(210)
Core Expenditure Variance				(6,919)			(221)

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 31 AUGUST 2023

		Cumulative to Date				Current Period			
		Budget £'000	Actual £'000	Variance £'000	Variance %	Budget £'000	Actual £'000	Variance £'000	Variance %
Service Delivery Directorate	Income	(3,207)	(3,230)	23	1%	(857)	(856)	(1)	0%
	Salaries	130,402	132,477	(2,075)	2%	26,479	25,916	563	-2%
	Supplies	17,075	17,366	(291)	2%	3,676	3,648	28	-1%
	Sav Target	(1,086)	0	(1,086)	0%	(280)	0	(280)	0%
	Sav Realised	522	0	522	0%	34	0	34	0%
					(2,907)			344	
Support Services Directorates	Income	(1,236)	(1,173)	(63)	-5%	(239)	(229)	(10)	-4%
	Salaries	13,062	13,145	(83)	1%	2,526	1,907	619	-25%
	Supplies	17,985	18,739	(754)	4%	3,713	4,071	(358)	10%
	Sav Target	(2,013)	0	(2,013)	0%	(518)	0	(518)	0%
	Sav Realised	1,615	0	1,615	0%	245	0	245	0%
	Reserves	(2,714)	0	(2,714)		(543)	0	(543)	
				(4,012)			(565)		
SCOTTISH AMBULANCE SERVICE	Income	(4,443)	(4,403)	(40)	-1%	(1,096)	(1,085)	(11)	-1%
	Salaries	143,464	145,622	(2,158)	-2%	29,005	27,823	1,182	4%
	Supplies	35,060	36,105	(1,045)	-3%	7,389	7,719	(330)	-4%
	Sav Target	(3,099)	0	(3,099)		(798)	0	(798)	
	Sav Realised	2,137	0	2,137		279	0	279	
	Reserves	(2,714)	0	(2,714)		(543)	0	(543)	
				(6,919)			(221)		

Table 3 – Service Delivery

Service delivery is over budget by £2.9 million at 31 August 2023. Pay costs are reporting an overspend of £2.1 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 include a 44% increase in MACA costs in month, and as we go into the Autumn/Winter season, this activity will be closely monitored. An improvement programme has been established for air ambulance and this is progressing well.

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 of £1.43 in July 2023 and £1.50 in August, we are seeing a continuing underspend on Diesel costs of £0.37 million for the 5 months to August 2023. With a small increase in fuel prices, we will continue to monitor.

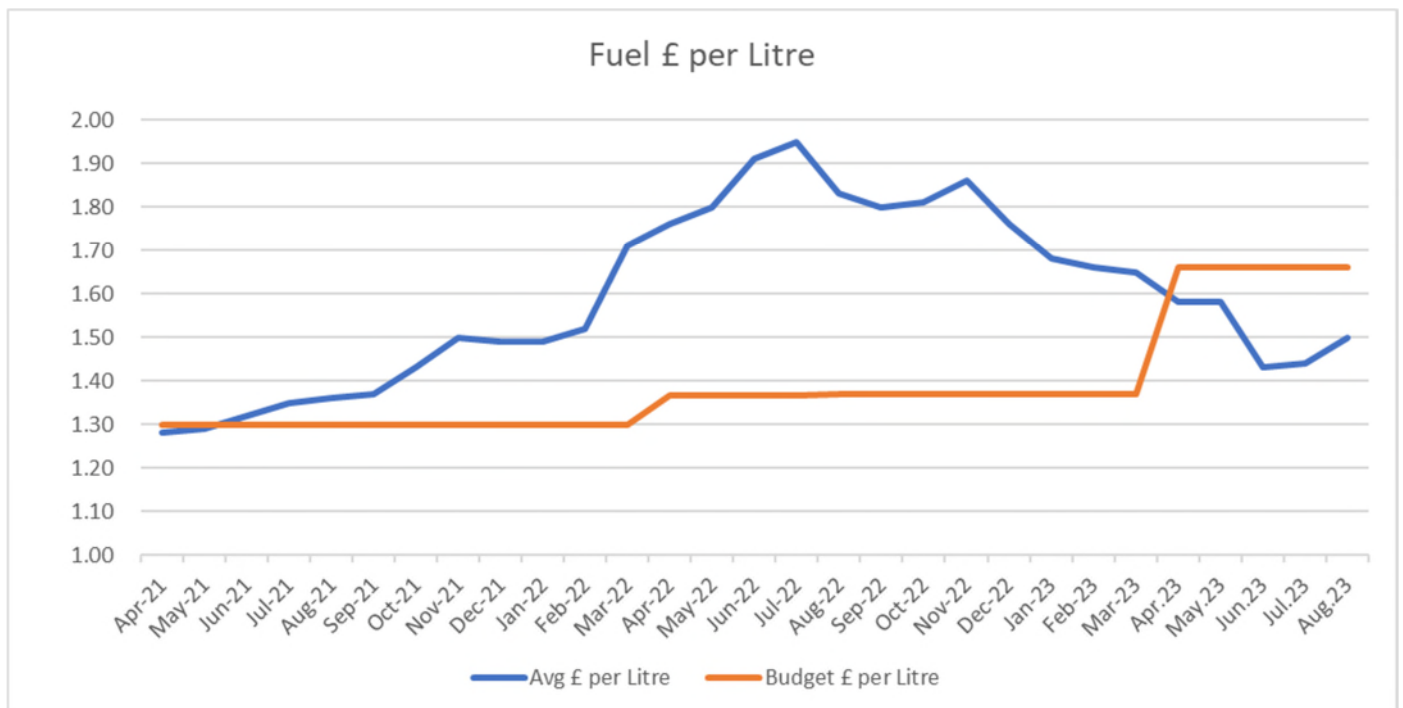


Table 3

**SCOTTISH AMBULANCE SERVICE BOARD
INCOME AND EXPENDITURE - SERVICE DELIVERY
YEAR TO 31 AUGUST 2023**

		Cumulative to Date				Current Period			
		Budget	Actual	Variance	Variance	Budget	Actual	Variance	Variance
		£'000	£'000	£'000	%	£'000	£'000	£'000	%
NORTH REGION	Income	(515)	(515)	0	0%	(122)	(123)	1	1%
	Salaries	22,760	22,675	85	0%	4,457	4,422	35	-1%
	Supplies	1,816	2,001	(185)	10%	395	442	(47)	12%
	Sav Target	(149)	0	(149)		(38)	0	(38)	
	Sav Realised	79	0	79		19	0	19	
				(170)			(30)		
EAST REGION	Income	(500)	(500)	0	0%	(162)	(160)	(2)	-1%
	Salaries	35,714	36,127	(413)	1%	7,682	7,110	572	-7%
	Supplies	2,972	2,943	29	-1%	666	544	122	-18%
	Sav Target	(232)	0	(232)		(60)		(60)	
	Sav Realised	233	0	233		15		15	
				(383)			647		
WEST REGION	Income	(1,612)	(1,612)	0	0%	(491)	(491)	0	0%
	Salaries	48,965	50,313	(1,348)	3%	9,814	9,817	(3)	0%
	Supplies	3,952	4,291	(339)	9%	895	910	(15)	2%
	Sav Target	(317)	0	(317)		(82)		(82)	
	Sav Realised	135	0	135		0		0	
				(1,869)			(100)		
NATIONAL OPS	Income	(580)	(603)	23	4%	(82)	(82)	0	0%
	Salaries	22,539	22,943	(404)	2%	4,437	4,469	(32)	1%
	Supplies	8,305	8,106	199	-2%	1,714	1,752	(38)	2%
	Sav Target	(381)	0	(381)		(98)		(98)	
	Sav Realised	75	0	75		0		0	
				(488)			(168)		
BUSINESS INTELLIGENCE	Salaries	424	419	5	-1%	89	98	(9)	10%
	Supplies	30	25	5	-17%	6	0	6	-100%
	Sav Target	(7)	0	(7)		(2)	0	(2)	
	Sav Realised	0	0	0		0	0	0	
				3			(5)		
TOTAL SERVICE DELIVERY	Income	(3,207)	(3,230)	23	1%	(857)	(856)	(1)	0%
	Salaries	130,402	132,477	(2,075)	2%	26,479	25,916	563	-2%
	Supplies	17,075	17,366	(291)	2%	3,676	3,648	28	-1%
	Sav Target	(1,086)	0	(1,086)		(280)	0	(280)	
	Sav Realised	522	0	522		34	0	34	
				(2,907)			344		

Table 4 – Support Services Directorates

Support services are being reported as £4.0 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 2023

		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%	(3)	(3)	0	
	Salaries	819	891	(72)	9%	179	180	(1)	1%
	Supplies	48	44	4	-8%	9	15	(6)	67%
	Sav Target	(9)	0	(9)		(2)	0	(2)	
	Sav Realised	0	0	0		0	0	0	
				(77)					(9)
FINANCE AND LOGISTICS	Income	(1,100)	(1,040)	(60)	-5%	(182)	(171)	(11)	-6%
	Salaries	6,703	6,253	450	-7%	1,341	637	704	-52%
	Supplies	16,525	17,139	(614)	4%	3,294	3,456	(162)	5%
	Sav Target	(1,366)	0	(1,366)		(352)	0	(352)	
	Sav Realised	873	0	873		97	0	97	
Reserves	(2,714)	0	(2,714)		(543)	0	(543)		
				(3,431)					(267)
HUMAN RESOURCES	Income	(11)	(11)	0	0%	0	(1)	1	
	Salaries	1,077	1,187	(110)	10%	219	220	(1)	0%
	Supplies	349	354	(5)	1%	67	118	(51)	76%
	Sav Target	(24)	0	(24)		(6)	0	(6)	
	Sav Realised	0	0	0		0	0	0	
				(139)					(57)
MEDICAL	Income	(92)	(92)	0	0%	(36)	(36)	0	
	Salaries	1,697	1,681	16	-1%	322	319	3	-1%
	Supplies	359	497	(138)	38%	68	117	(49)	72%
	Sav Target	(17)	0	(17)		(4)	0	(4)	
	Sav Realised	0	0	0		0	0	0	
				(139)					(50)
CARE QUALITY AND PROF DEVELOPMENT	Income	(27)	(24)	(3)	-11%	(18)	(18)	0	
	Salaries	2,766	3,133	(367)	13%	465	551	(86)	18%
	Supplies	704	705	(1)	0%	275	365	(90)	33%
	Sav Target	(597)	0	(597)		(154)	0	(154)	
	Sav Realised	742	0	742		148	0	148	
				(226)					(182)
TOTAL SUPPORT SERVICES	Income	(1,236)	(1,173)	(63)	-5%	(239)	(229)	(10)	-4%
	Salaries	13,062	13,145	(83)	1%	2,526	1,907	619	-25%
	Supplies	17,985	18,739	(754)	4%	3,713	4,071	(358)	10%
	Sav Target	(2,013)	0	(2,013)		(518)	0	(518)	
	Sav Realised	1,615	0	1,615		245	0	245	
	Reserves	(2,714)	0	(2,714)		(543)	0	(543)	
				(4,012)					(565)

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 31 AUGUST 2023

	Full Year Budget £'000	Year to Date		
		Budget £'000	Actual £'000	Variance £'000
Income				
Revenue Allocation	431,902			
Baseline Allocations	409,025			
Recurring Allocations	179			
Non-Recurring Allocations	22,698			
Fleet Income	6	6	6	0
Health Board	5,352	2,391	2,391	0
Other Healthcare	743	400	355	(45)
Other Operating	1,868	1,587	1,592	5
Staff Car Deductions	166	59	59	0
Total Income	440,037	4,443	4,403	(40)

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

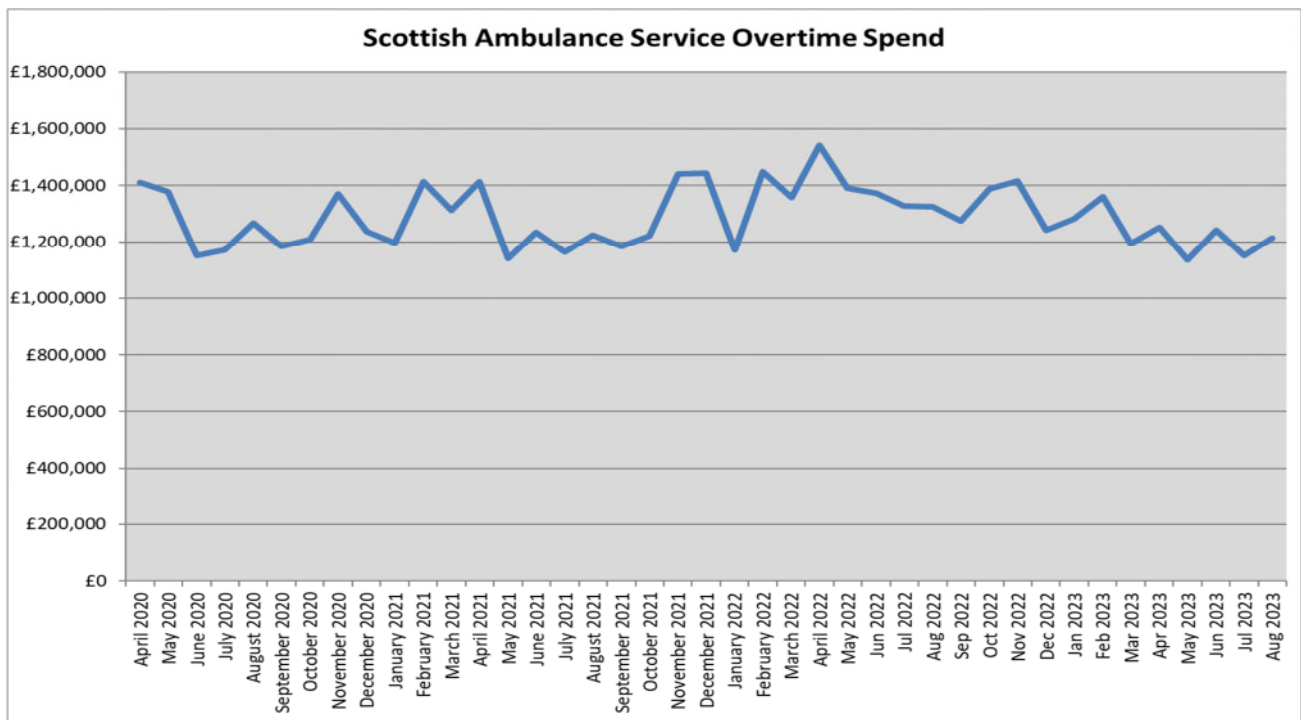
The original financial plan assumed revenue funding allocations of £410.0 million. This reflects funding for Mobile Vaccination Units and NHS System Pressures. Adjustments are made on a monthly basis to the budget to include any additional allocations as these are notified to the Boards from Scottish Government and other NHS Boards.

Detailed Pay analysis

The pay overspend of £2.1 million is made up primarily from Overtime of £3.6 million, offset by a £1.5 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 4.8% of the year to date pay bill compared to last year to date at 5.8%. 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.

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Overtime includes Shift overrun costs which are currently creating a cost pressure of which £0.577 million costs are being picked up within the COVID/system pressure of £11.0 million as an unfunded cost pressure, directly linked to hospital turnaround times and shift overruns.

Table 6

SCOTTISH AMBULANCE SERVICE BOARD
STAFF AND OVERTIME SUMMARY
YEAR TO 31 AUGUST 2023

		East Region	North Region	West Region	National Ops	Service Delivery
Current Year	Average WTE	1,424	833	1,968	845	5,070
	Overtime Hours	52,128	44,061	91,062	24,784	212,035
	Overtime Cost (£'000)	1,717	1,472	3,026	851	7,066
Prior Year	Average WTE	1,414	811	1,907	852	4,984
	Overtime Hours	60,445	55,685	108,249	31,969	256,348
	Overtime Cost (£'000)	1,715	1,615	3,088	939	7,357
Variance	Average WTE	10	22	61	(7)	86
	Overtime Hours	(8,317)	(11,624)	(17,187)	(7,185)	(44,313)
	Overtime Cost (£'000)	2	(143)	(62)	(88)	(291)

The above table illustrates an overall reduction in overtime hours compared to a year ago, with the highlight being an additional 98 staff (whole time equivalents) in post, primarily as a result of the Demand & Capacity program.

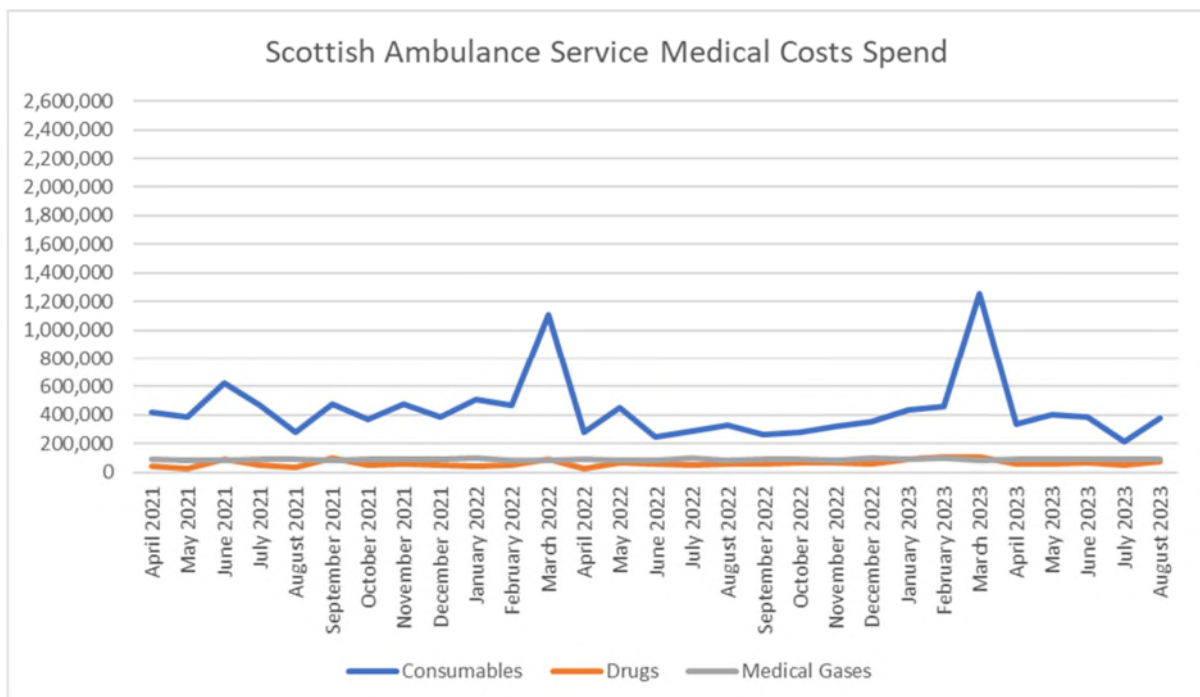
Non-pay

The non-pay overspend at £1.0 million represents an overspend beyond the £7.3 million of anticipated pressures and budget allocated driving the £4.5 million anticipated deficit. The month 5 overspend is £0.66 million reflecting a number of additional costs pressures beyond anticipated expenditure levels. These include Air Ambulance £0.298 million, Medical Costs £0.161 million, Property Running costs £0.392 million and Staffing Costs £0.114 million, off set by Vehicle Running £(0.374) million.

- Air Ambulance costs have seen a 44% increase in MACA costs in month, and activity will continue to be monitored as we go towards the winter months.
- Medical costs include general medical consumables as well as defibrillator consumables, drugs and gases and repairs. Medicines replenishment costs have increased by 21%, giving a cost pressure of over £0.06 million and Salbutamol has seen a significant cost increase resulting in a cost pressure of over £0.05 million. 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.

- Property running costs include ongoing COVID-19 legacy purchase of paper hand towels, not budgeted for, which were part of new infection control measures introduced during COVID-19. We will 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 are below budgeted levels.

We continue to review all areas of cost pressures on a monthly basis through discussions with Budget holders as part of the full year forecasting process.



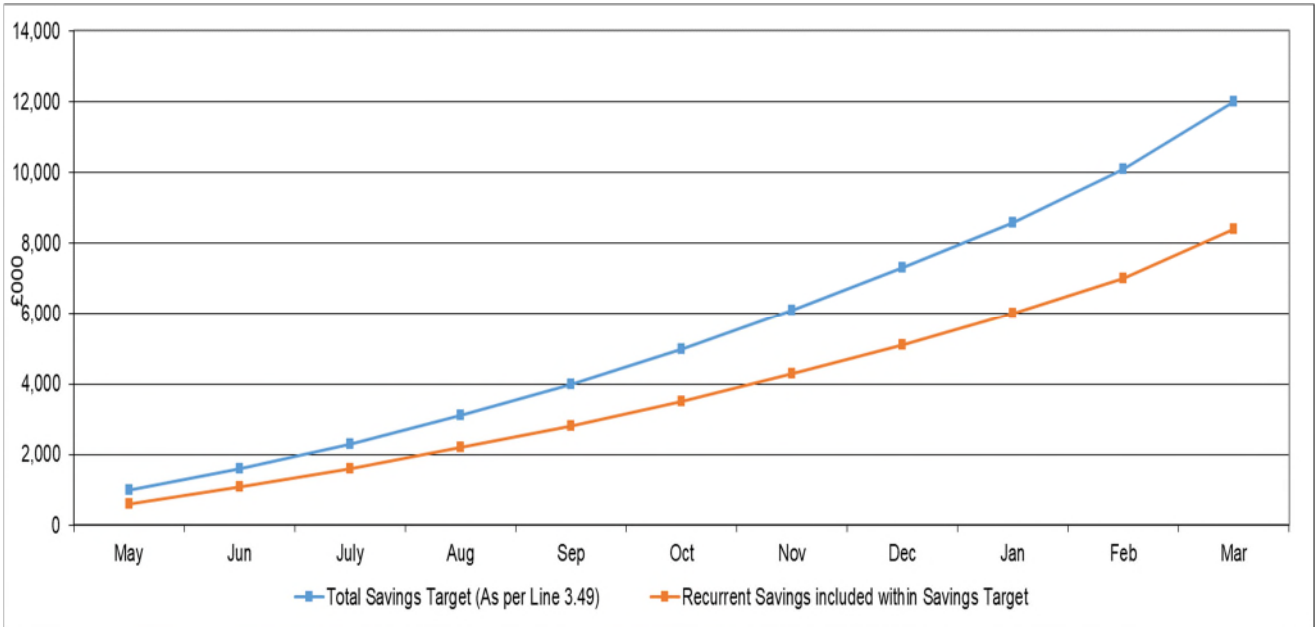
Efficiency Savings

Savings achieved to date remain behind the planned savings target - this remains a significant risk given the scale of the challenge. 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. Significant focus is currently on implementing, tracking and reporting on these programmes through the best value governance and escalation process.

The chart below shows the savings trajectory over the financial year and accommodates a slower pace in the earlier months and picks up as the year progresses. At month 5, we are behind our £3.1 million target with £2.14 million savings having been identified. It is not unreasonable to expect savings to be behind initially, with continued focus necessary to ensure we do not continually fall behind as we progress through the second Quarter of the year.

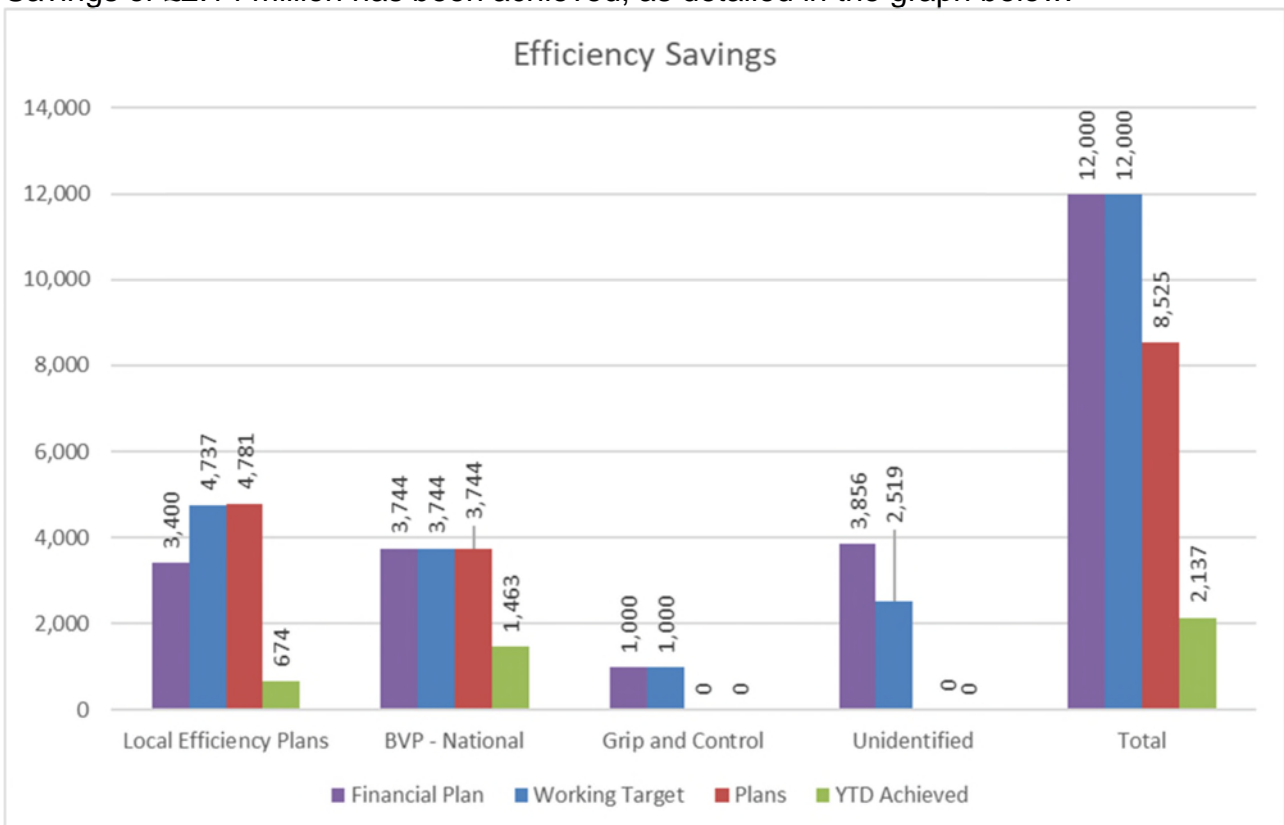
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May	Jun	July	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Savings Target
1,000	1,600	2,300	3,100	4,000	5,000	6,100	7,300	8,600	10,100	12,000	12,000



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 £2.14 million has been achieved, as detailed in the graph below:



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

- **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 has 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 will be led by the Best Value Programme team and supporting local managers and teams. A detailed programme plan has been in place with Executive leads against each programme. To date, £2.14 million savings have been achieved, with carbon reduction of £0.2 million and Medicines redesign £0.144 million. Of the Education and Professional Development Directorate (EPDD) review, £1.7 million is being recognised over the 12 months. In month 5, we have delivered £0.148 million and £0.097 million respectively in relation to EPDD and Fleet savings. For local efficiency savings, a total of £0.67 million has been identified to date.

- **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. A number of these will be reported through the local and best value programmes to ensure there is no risk of double count against other savings schemes.

Post COVID-19 Financial Implications

Board members are aware that there is currently no funding assumptions in place to support expenditure due to post COVID-19 pandemic and system pressures. Our financial plan

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assumed a cost pressure of £10.5 million for ongoing COVID-19 activity, and work is progressing with Scottish Government to obtain funding for the recurring legacy costs.

The full year cost estimate has been revised slightly to £11.0 million pressures which include are:

- COVID-19 Overtime £3.8 million - an ongoing pressure in line with prior years relating to additional overtime as a result of hospital turnaround times
- PPE £0.7 million - this includes the replacement policy for replacing Hoods purchased in the first two years of the COVID-19 pandemic
- GCU £0.4 million – costs relating to the final few months of the technician training programme, that was delayed due to COVID-19
- 999 Call handlers £2.3 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) £3.8 million relating to 98 wte unfunded posts, this also includes the provision of Taxis and BRC 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	Plan Month 5 2023/24	Actual Month 5 2023/24	Notes
Overtime including 0.5% sickness	3.800	1.583	1.552	This is primarily driven by shift overruns relating to hospital turnaround times
PPE	0.700	0.292	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 remainder of the year and this will be reflected in the full year forecast
GCU	0.400	0.400	0.495	Relates to the costs of GCU as a result of the delay due to COVID-19
999 call handlers	2.300	0.958	0.649	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	1.583	1.721	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	4.817	4.416	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:

Table 8

Description	Planning assumptions for 2023/24	Planned expenditure M4 2023/24	Actual expenditure M4 2023/24
Elimination of On-Call	£2.000	£0.833	£0.671
Paramedics Education Programme	£0.100	£0.042	£0.177
Integrated Communications Control System replacement (ICCS)	£1.600	£0.667	£0.143
Emergency Service Network (ESN)	£0.300	£0.125	£0.011
Remaining gap against the £45m	£4.000	£1.667	£1.170

This is running at slightly lower than plan with the forecast being adjusted to reflect this.

Reducing the Financial Deficit Priory 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:

Table 9

Description	Executive Sponsor	Estimated Full year Expenditure Reduction £'000	Current expenditure Reduction / (increase)	
Overtime Reduction	West Regional Director	£3,800,000	North Region	£139,942
			East Region	£(82,316)
			West Region	£31,281
			Nat Operations	£388,106
			Reduction	£477,012
Modern Apprenticeships	Director of Workforce	-	To be quantified	
Travel and Accommodation	North Regional Director	£200,000	North Region	£16,844
			East Region	£40,725
			West Region	£26,429
			Nat Operations	£83,869
			Reduction	£167,867
Uniform Management	Kenny Freeburn / Ricky Panton – Head of Ambulance Services (East Region – Borders	£100,000	North Region	£98,147
			East Region	£111,126
			West Region	£52,430
			Nat Operations	£48,771
			Reduction	£310,474
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 commencing in June	
Current expenditure reduction			Net £0.955m reduction	

It is important to note that the current reduction in spend was assumed as an addition to the £12.0 million efficiency plans as a target to reduce the full year deficit position.

Mobile Vaccination Units

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

The year-to-date expenditure (at 31 August 2023) is as follows:

	Costs
Pay	£276,000
Non Pay	£61,000
Total	£337,000

Estimated costs are forecast to be around £1.179 million in 2023/24. It has been confirmed that funding will be provided by Scottish Government.

2023/24 YTD CAPITAL POSITION AS AT 31 AUGUST 2023

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 £19.62 million
 - ScotSTAR £0.25 million

The total 2023/24 allocation, taking into account the aforementioned capital and revenue transfers, is anticipated to be £26.186 million. The core formula capital allocation has been received. All other allocations are outstanding.

YTD Capital Position as at Month 5

The YTD capital position is shown in the table below. Year to date expenditure totals £1.73 million. Significant expenditure on vehicles is anticipated throughout the year.

The unallocated budget excluding anticipated projects of £0.390 million 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 31st August 2023**

PROJECT	Approved Budget £	YTD Actuals £	Notes
Formula Capital Projects			
eHealth and ICT	1,213,985	30,206	
Property	716,000	514,631	
Medical Equipment	0	0	
Vehicle Accidents	169,982	169,982	
	2,099,967	714,819	
Earmarked Allocations			
ICCS & ESN	1,730,000	7,709	
Scotstar	250,000	54,020	
Vehicles	19,624,000	954,630	
	21,604,000	1,016,359	
Unallocated Budget	390,034	0	
Capital Receipts	50,402	0	Gain on sale of vehicles
Fleet Contingency	2,092,000	0	& property
TOTAL	26,236,402	1,731,177	

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 September 2023	
ALLOCATION	
<u>Received</u>	
Core Allocation	1,794,000
<u>Anticipated</u>	
ScotSTAR project	250,000
Fleet Replacement - Core	20,920,000
Fleet Replacement - Contingency	2,092,000
ESN & ICCS	<u>1,130,000</u>
Total Capital Allocation	<u>26,186,000</u>
Add: Revenue to Capital Transfer -	
Total Available Capital Budget	<u><u>26,186,000</u></u>
EXPENDITURE	
<u>Approved Projects</u>	
Project	BUDGET
	£
eHealth and IT	
ICT - Telephony	99,195
ICT - Wifi Upgrade	452,760
Airwaves Sepura Radio Terminals	449,812
ACC Switch Replacement	82,325
Datix Server Replacement	105,833
Printer Replacement	<u>24,060</u>
Total- eHealth and IT	1,213,985
Special Projects	
ACC Cardonald - Atrium	696,000
ICT - ICCS	600,000
ICT - ESN	<u>1,130,000</u>
Total - Special Projects	2,426,000
Property	
Estates - Purchase of Maybole Land	20,000

Total - Property	20,000
Operations	
Vehicles plus Contingency	21,716,000
Scotstar -Equipment	104,360
Scotstar -Paraid Trolley	122,320
Scotstar - Corpuls 4G Upgrade	23,320
Vehicle Accidents	169,982
Total - Equipment	22,135,982
Total Approved Projects	25,795,967
Unallocated Budget	390,033
Anticipated Projects	
Estates - Physical Condition Works	
ICT - C3 Auto Dispatch	4,752
Estates - Stirling Hub Road upgrade	100,000
Estates - Glasgow South	
Estates - Inverness Workshop	-
Estates - Crieff	-
Estates - Kirkconnel	-
Estates - Langholm	-
Estates - Decarbonisation and Sustainability of Estates	-
ICT - Terrafix Upgrade	-
Corti Software	-
Vehicle Accidents	330,018
Total - Anticipated Projects	434,770
Revised Unallocated Budget	-44,737

CONCLUSION

At this stage in the financial year, the financial position for the Service is £6.92 million behind target. Whilst this is broadly in line with the now revised updated likely forecast of £12.5 million deficit there are a number of key drivers and actions being initiated to ensure this position, as the year progresses does not worsen. A number of actions are being implemented in line with the Service approved financial plan and at this stage for financial year 2023/24.

The key actions are described within the paper and the risks will be closely monitored.

Julie Carter
Director of Finance, Strategy and Logistics
September 2023

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