

NOT PROTECTIVELY MARKED

Public Board Meeting

January 2020

Item 10

THIS PAPER IS FOR DISCUSSION

SUMMARY FINANCIAL PERFORMANCE TO 31 DECEMBER 2019

| | |
|---|--|
| Lead Director Author | Julie Carter, Director of Finance, Logistics and Strategy Maria McFeat, Deputy Director of Finance |
| Action required | The Board is asked to note: <ul style="list-style-type: none"> • The financial position to the end of December 2019 • The efficiency savings position to the end of December 2019 • The updated financial year end forecast position |
| Key points | <ol style="list-style-type: none"> 1. The financial position to the end of December 2019 shows a deficit of £1.2 million against a trajectory deficit of £0.6 million. There are no significant movements from previous planning assumptions. 2. Efficiency savings of £7.7 million have been delivered against a target of £9.5 million for the period. 3. The financial forecast remains a break even position. |
| Timing | During 2019/20 the Board will be provided with updates on the financial position at every meeting. This section has been included within the paper. |
| 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. |
| 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 2019 when the budget for 2019/20 was set. |

SCOTTISH AMBULANCE SERVICE BOARD

FINANCIAL PERFORMANCE TO 31 DECEMBER 2019

JULIE CARTER, DIRECTOR OF FINANCE, LOGISTICS & STRATEGY

This paper sets out the financial position at 31 December 2019 for the Scottish Ambulance Service.

The Board is asked to note:

- the financial position to the end of December 2019 for the financial year 2019/20
- the key messages as highlighted including agreed actions
- the key risks and management of these
- the full year forecast (as at month 9)

Key messages

Total deficit as at December 2019 of £1.2 million (includes both core and non-core expenditure)

- The current position remains slightly behind the financial plan trajectory which forecast a £0.6 million over spend against Core Revenue Resource Limit by the end of December 2019, this is in line with previous month trends. Although we continue to see improved cost control, there are continuing areas of cost pressures although no significant movements to highlight. The efficiency savings programme continues to plan to deliver the remainder of savings later in the financial year - this has been reflected in the updated full year forecast, with the key risks and assumptions described in this section of the report. This will continue to be very closely monitored over the last quarter of this financial year.
- The December 2019 total deficit of £1.2 million to date, consists of:
 - Income – under target to date by £0.12 million
 - Core Expenditure – under spend to date of £0.77 million
 - Efficiency savings target for the financial year 2019/20 is £12.7 million. Currently, the Service has realised £7.7 million of savings to month 9 of this financial year, which reflects a gap of £1.8 million against the planned trajectory. With a slight in-month improvement, the pace of savings delivery will increase in the coming months as plans are fully implemented. In addition, an accelerated process has been put in place with the Best Value operational group, who meet monthly, with weekly calls also now in place to discuss

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progress. The Director of Finance meets on a 1-1 basis with the budget holders, and weekly updates are provided to the Executive Team.

- Although savings to date are slightly behind target at month 9, the financial position remains broadly in line with plan, which is achieved through a mix of improved cost control, non recurring slippage and delivery of savings.
- There continues to be risks in delivery of the financial plan but none at this stage in the financial year that cause any greater concern or should be escalated.
- It is anticipated that the Board will achieve the target agreed with the Scottish Government Health and Social Care directorate and the delivery of our financial plan.

Key actions agreed in this period

1. Delivery of our Efficiency Savings Target

As mentioned above, as identified in the financial plan there continues to be a shortfall in the efficiency savings plans although this is reflecting an improving position. Significant focus continues in identifying and implementing savings plans to achieve our £12.7 million full year savings target and this is reflected in our updated financial forecast. In addition, a number of the efficiency schemes identified to date are noted as non-recurring and this is also being closely monitored.

ACTION: Financial recovery review meetings are ongoing to review current progress, and aim to identify further efficiency and cost control opportunities including continued tracking of existing savings. This continues to be delivered through the support of the Best Value Programme and local savings schemes.

Best value programme plans have been further identified and a detailed project plan and leads put in place including focused work on our prioritised schemes. There is also a clear escalation process through the programme governance process.

Increased cost control continues to be a strong focus across the Service and is contributing to the overall financial position with a review of the current delegated limits underway and a plan is in place that, if required, will be escalated.

In addition, a very detailed financial forecast has been completed with an updated savings trajectory that, in addition to working on delivering our local efficiency plans, had identified a list of key schemes totalling £2.3 million that are required to be delivered in the remainder of this financial year. Progress is well under way on this, having delivered £1.1 million against these key schemes. The Best Value operational group is now prioritising the delivery of these programmes, with weekly calls also in place in addition to the weekly Executive Team review.

2. Scottish Government three-year Agenda for Change pay policy and funding

Year two of the three year pay deal has been implemented and has, as planned, added 2.7% to our pay bill, approximately £5.7 million.

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ACTION: the financial plan had assumed this pressure would be fully funded by Scottish Government, and we have now received the £5.7 million funding in full.

3. Scottish Government Superannuation

The Department of Health and Social Care confirmed that the employer contribution was to increase from 14.9% to 20.9% from 1 April 2019. This increase has been incorporated into the staffing budget. The additional cost to the Service has been estimated at £9.3 million, reduced from the original forecast of £10.1 million.

ACTION: £8.7 million funding has been confirmed to date with further analysis being undertaken locally to assess the actual increase in costs including vacancies and turnover. The full year funding shortfall is estimated at £0.6 million and is assumed to be managed locally with no additional funding likely. This has now been assumed within our month 9 forecast.

4. Annual Operational Plan meeting with Scottish Government

The updated forecast position including risks and actions will be the focus of continued review by Scottish Government and a meeting took place in early December, this is in addition to our regular financial performance reporting.

The funding assumptions included within our Board and Scottish Government approved financial plan have been assumed within our full year forecast and discussed with the SG Finance team.

ACTION: Financial review meetings with Scottish Government remain positive and indications are that the Service's assumptions on anticipated allocations shall be met in line with our financial plan, our forecast and the Revenue Resource Limit will reflect that accordingly. The Service has also submitted its draft 3 year financial plan for 2020-2023. Discussions will continue over the next 1-2 months.

5. Pay during Annual Leave

Following national agreement on 'Pay during Annual Leave' for voluntary overtime and excess hours, the Service actioned arrears payments in August to staff, as per the nationally agreed and negotiated position. A nationally agreed and negotiated in partnership calculation was applied and the total payments were higher than our financial plan anticipated. This was due to:

- our calculation was based on actual rates over the period since August 2017 however the nationally agreed formula was based on rates as at March 2019
- our calculation was based upon actual annual leave days whereas the national formula assumed the average of 30 days applies to all staff regardless of when they started
- an assumption regarding our offset of extended duty payments already made

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ACTION: At this stage in the year the Service has assumed, as per our financial plan, that the cost pressure in 2019/20 would be fully funded. This has been discussed with the Scottish Government as part of the regular review meetings

New Financial Risk considerations noted in the period

The financial risks identified within the financial plan have been described in the early section of this report with the key priority area in delivering our efficiency savings programme.

Further financial cost pressures identified include the impact of rateable value increases on the ScotSTAR bases in Glasgow and Aberdeen for the last 4 years and costs of mandatory upgrades to the fixed wing aircraft which have been negotiated at a cost pressure of £0.33 million. This has been included within our updated financial forecast.

Finance position as at December 2019

Introduction

This section of the paper provides details of the financial results for the period ending December 2019. In line with most Boards, the reliance on non-recurring savings continues to be a feature in this financial year. This delivery of the financial plan remains a major focus of the regular management accounts team meetings with Service heads, as well as more detailed tracking of efficiency savings and a review of Service internal cost control processes and delegated limits.

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 December is a deficit of £1.2 million, made up of the following:

- Income – under budget by £0.1 million
- Expenditure Pay – under budget by £1.4 million
- Expenditure Supplies – over budget by £0.6 million
- Savings – behind target by £1.8 million
- Expenditure Non-core – over budget by £0.07 million.

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Table 1 – Scottish Ambulance Service high level overview

**SCOTTISH AMBULANCE SERVICE BOARD
REVENUE RESOURCE ANALYSIS
PERIOD TO 31ST DECEMBER 2019**

| | Full Year Budget £'000 | Year to Date | | | Current Month | | |
|-----------------------------------|------------------------------|-----------------|-----------------|-------------------|-----------------|-----------------|-------------------|
| | | Budget £'000 | Actual £'000 | Variance £'000 | Budget £'000 | Actual £'000 | Variance £'000 |
| Income | | | | | | | |
| Revenue Allocation | 294,684 | 204,798 | 204,798 | | 23,111 | 23,111 | |
| Health Board | 5,393 | 4,236 | 4,186 | (50) | 556 | 483 | (73) |
| Other Healthcare | 840 | 645 | 586 | (59) | 77 | 80 | 3 |
| Fleet | 206 | 155 | 98 | (57) | 17 | 13 | (4) |
| Staff Car Deductions | 313 | 235 | 189 | (46) | 26 | 21 | (5) |
| Other Operating | 1,782 | 1,588 | 1,673 | 84 | 378 | 397 | 19 |
| Total Income | 303,218 | 211,658 | 211,530 | (128) | 24,165 | 24,105 | (60) |
| Expenditure | | | | | | | |
| Accident & Emergency | 199,130 | 148,207 | 146,876 | 1,331 | 17,347 | 17,076 | 271 |
| Non Emergency Service | 24,330 | 18,211 | 18,201 | 10 | 2,192 | 2,090 | 102 |
| Air Ambulance | 15,031 | 11,317 | 11,659 | (342) | 1,278 | 1,412 | (134) |
| Overheads | 50,124 | 33,923 | 35,958 | (2,035) | 3,348 | 3,218 | 130 |
| Total Expenditure | 288,615 | 211,658 | 212,694 | (1,036) | 24,165 | 23,796 | 369 |
| Core Expenditure Variance | | | | (1,164) | | | 309 |
| Non Core Expenditure | | | | | | | |
| Depreciation (DEL) | 14,000 | 10,298 | 10,298 | 0 | 1,152 | 1,152 | 0 |
| Depreciation (Donated) | 103 | 67 | 67 | 0 | 7 | 7 | 0 |
| Asset Disposal | | | 65 | (65) | | 26 | (26) |
| AME Other Provisions | (300) | | | | | | |
| AME Impairments | 800 | | | | | | |
| Total Non Core Expenditure | 14,603 | 10,365 | 10,430 | (65) | 1,159 | 1,185 | (26) |
| Surplus / Deficit | | | | (1,229) | | | 283 |

Table 2 – Income and Expenditure

Table 2 provides the year to date position between service and support directorates

SCOTTISH AMBULANCE SERVICE BOARD
INCOME AND EXPENDITURE SUMMARY
PERIOD TO 31 DECEMBER 2019

| | | Cumulative to Date | | | | Current Period | | | |
|-------------------------------------|--------------|--------------------|-----------------|-------------------|---------------|-----------------|-----------------|-------------------|---------------|
| | | Budget £'000 | Actual £'000 | Variance £'000 | Variance % | Budget £'000 | Actual £'000 | Variance £'000 | Variance % |
| Service Delivery Directorate | Income | (5,285) | (5,241) | (44) | -1% | (715) | (643) | (72) | -10% |
| | Salaries | 155,025 | 153,872 | 1,153 | 1% | 17,620 | 17,904 | (284) | -2% |
| | Supplies | 28,437 | 29,558 | (1,121) | -4% | 3,309 | 3,409 | (100) | -3% |
| | Sav Target | (883) | 0 | (883) | | (98) | 0 | (98) | |
| | Sav Realised | 1,794 | 0 | 1,794 | | 768 | 0 | 768 | |
| | | | | 899 | | | | | 214 |
| Support Services Directorates | Income | (1,575) | (1,490) | (84) | -5% | (340) | (352) | 12 | 3% |
| | Salaries | 16,071 | 15,809 | 262 | 2% | 1,495 | 679 | 816 | 55% |
| | Supplies | 24,296 | 23,885 | 411 | 2% | 2,862 | 2,990 | (128) | -4% |
| | Sav Target | (8,617) | 0 | (8,617) | | (1,402) | 0 | (1,402) | |
| | Sav Realised | 5,900 | 0 | 5,900 | | 771 | 0 | 771 | |
| | | | | (2,127) | | | | | 70 |
| SCOTTISH AMBULANCE SERVICE | Income | (6,859) | (6,731) | (128) | -2% | (1,055) | (995) | (60) | -6% |
| | Salaries | 171,096 | 169,681 | 1,415 | 1% | 19,115 | 18,583 | 532 | 3% |
| | Supplies | 52,733 | 53,443 | (710) | -1% | 6,171 | 6,399 | (228) | -4% |
| | Sav Target | (9,500) | 0 | (9,500) | | (1,500) | 0 | (1,500) | |
| | Sav Realised | 7,694 | 0 | 7,694 | | 1,539 | 0 | 1,539 | |
| | | | | (1,229) | | | | | 283 |

Table 3 – Service Delivery

Service delivery is £0.9 million favourable against budget at 31 December 2019. Savings of £1.79 million have been realised against directorates' targets of £0.9 million to date, giving a net savings surplus of £0.9 million at month 9. Service areas have total efficiency savings forecast of £1.8 million for the year, this is against a target of £1.2 million.

Pay costs are £1.2 million under spent over all service areas, with vacancies mainly within the West, East and National Operations Directorate as we continue to recruit to our Control Centre expansion and Enhanced Specialist Operations teams - budgets from our strategy development from DFLM, Specialist and Advanced Paramedic initiatives have now been allocated.

Non pay costs are reporting a £1.1 million over budget to date with the largest over spend area being Air Ambulance costs (£0.56 million). This is due to a combination of increases in both price and usage. Flying Hours have increased for both Fixed Wing and Rotary aircrafts while costs have also risen for airport standby & landing charges, fuel prices due to inflation and exchange rates pressures. Other expenditure lines that are being monitored closely include property running costs and travel & subsistence.

Table 3

**SCOTTISH AMBULANCE SERVICE BOARD
INCOME AND EXPENDITURE - SERVICE DELIVERY
PERIOD TO 31 DECEMBER 2019**

| | | Cumulative to Date | | | | Current Period | | | |
|------------------------------|--------------|--------------------|-----------------|-------------------|---------------|-----------------|-----------------|-------------------|---------------|
| | | Budget £'000 | Actual £'000 | Variance £'000 | Variance % | Budget £'000 | Actual £'000 | Variance £'000 | Variance % |
| NORTH REGION | Income | (802) | (796) | (7) | -1% | (83) | (85) | 1 | 2% |
| | Salaries | 26,249 | 26,015 | 234 | 1% | 3,108 | 3,013 | 95 | 3% |
| | Supplies | 2,774 | 2,965 | (191) | -7% | 315 | 370 | (56) | -18% |
| | Sav Target | (143) | 0 | (143) | | (16) | 0 | (16) | |
| | Sav Realised | 54 | 0 | 54 | | 0 | 0 | 0 | |
| | | | | (53) | | | 25 | | |
| EAST REGION | Income | (1,062) | (1,045) | (17) | -2% | (100) | (104) | 4 | 4% |
| | Salaries | 42,323 | 41,849 | 474 | 1% | 4,916 | 4,839 | 77 | 2% |
| | Supplies | 4,500 | 4,720 | (219) | -5% | 502 | 514 | (12) | -2% |
| | Sav Target | (225) | 0 | (225) | | (25) | 0 | (25) | |
| | Sav Realised | 172 | 0 | 172 | | 0 | 0 | 0 | |
| | | | | 185 | | | 44 | | |
| WEST REGION | Income | (2,837) | (2,801) | (36) | -1% | (467) | (420) | (48) | -10% |
| | Salaries | 57,995 | 57,714 | 280 | 0% | 6,386 | 6,677 | (292) | -5% |
| | Supplies | 5,965 | 6,241 | (276) | -5% | 655 | 692 | (37) | -6% |
| | Sav Target | (314) | 0 | (314) | | (35) | 0 | (35) | |
| | Sav Realised | 1,493 | 0 | 1,493 | | 768 | 0 | 768 | |
| | | | | 1,147 | | | 356 | | |
| NATIONAL OPS | Income | (584) | (599) | 15 | 3% | (64) | (35) | (29) | -46% |
| | Salaries | 28,459 | 28,294 | 165 | 1% | 3,210 | 3,375 | (165) | -5% |
| | Supplies | 15,198 | 15,632 | (434) | -3% | 1,837 | 1,832 | 4 | 0% |
| | Sav Target | (201) | 0 | (201) | | (22) | 0 | (22) | |
| | Sav Realised | 75 | 0 | 75 | | 0 | 0 | 0 | |
| | | | | (380) | | | (212) | | |
| TOTAL SERVICE DELIVERY | Income | (5,285) | (5,241) | (44) | -1% | (715) | (643) | (72) | -10% |
| | Salaries | 155,025 | 153,872 | 1,153 | 1% | 17,620 | 17,904 | (284) | -2% |
| | Supplies | 28,437 | 29,558 | (1,121) | -4% | 3,309 | 3,409 | (100) | -3% |
| | Sav Target | (883) | 0 | (883) | | (98) | 0 | (98) | |
| | Sav Realised | 1,794 | 0 | 1,794 | | 768 | 0 | 768 | |
| | | | | 899 | | | 214 | | |

Table 4 – Support Services Directorates

Support services are being reported as £2.1 million over budget. The Finance & Logistics savings target includes the Best Value Programme target of £7.8 million and the service-wide cost control target of £2.0 million. Aside of this, support services have confirmed forecast savings of £0.8 million against their savings target of £0.6 million.

SCOTTISH AMBULANCE SERVICE BOARD
INCOME AND EXPENDITURE BY DIRECTORATE
PERIOD TO 31 DECEMBER 2019

| | | Cumulative to Date | | | | Current Period | | | |
|--|--------------|--------------------|-----------------|-------------------|---------------|-----------------|-----------------|-------------------|---------------|
| | | Budget £'000 | Actual £'000 | Variance £'000 | Variance % | Budget £'000 | Actual £'000 | Variance £'000 | Variance % |
| BOARD AND CHIEF EXECUTIVE | Income | (31) | (36) | 5 | 15% | (6) | (6) | (1) | -10% |
| | Salaries | 1,438 | 1,416 | 22 | 1% | 165 | 172 | (7) | -4% |
| | Supplies | 123 | 148 | (24) | -20% | 27 | 55 | (28) | -103% |
| | Sav Target | (21) | 0 | (21) | | (2) | 0 | (2) | |
| | Sav Realised | 22 | 0 | 22 | | 0 | 0 | 0 | |
| | | | | 3 | | | | | (38) |
| FINANCE AND LOGISTICS | Income | (1,412) | (1,370) | (42) | -3% | (319) | (335) | 16 | 5% |
| | Salaries | 7,274 | 7,121 | 153 | 2% | 492 | (308) | 800 | 162% |
| | Supplies | 21,719 | 21,394 | 325 | 1% | 2,562 | 2,700 | (138) | -5% |
| | Sav Target | (8,466) | 0 | (8,466) | | (1,385) | 0 | (1,385) | |
| | Sav Realised | 5,709 | 0 | 5,709 | | 756 | 0 | 756 | |
| | | | | (2,322) | | | | | 50 |
| HUMAN RESOURCES | Income | (34) | (33) | (0) | -1% | (4) | (6) | 2 | 61% |
| | Salaries | 1,535 | 1,523 | 12 | 1% | 178 | 171 | 7 | 4% |
| | Supplies | 643 | 652 | (9) | -1% | 70 | 68 | 3 | 4% |
| | Sav Target | (34) | 0 | (34) | | (4) | 0 | (4) | |
| | Sav Realised | 30 | 0 | 30 | | 0 | 0 | 0 | |
| | | | | (1) | | | | | 8 |
| MEDICAL | Income | (14) | (10) | (3) | -25% | (2) | (1) | (0) | -26% |
| | Salaries | 1,452 | 1,429 | 22 | 2% | 177 | 168 | 9 | 5% |
| | Supplies | 258 | 324 | (66) | -25% | 29 | 24 | 5 | 17% |
| | Sav Target | (19) | 0 | (19) | | (2) | 0 | (2) | |
| | Sav Realised | 112 | 0 | 112 | | 15 | 0 | 15 | |
| | | | | 46 | | | | | 27 |
| CARE QUALITY AND STRATEGIC DEVELOPMENT | Income | (84) | (41) | (43) | -51% | (9) | (3) | (6) | -64% |
| | Salaries | 4,372 | 4,319 | 53 | 1% | 483 | 476 | 7 | 2% |
| | Supplies | 1,551 | 1,366 | 185 | 12% | 174 | 144 | 30 | 17% |
| | Sav Target | (77) | 0 | (77) | | (9) | 0 | (9) | |
| | Sav Realised | 27 | 0 | 27 | | 0 | 0 | 0 | |
| | | | | 146 | | | | | 23 |
| TOTAL SUPPORT SERVICES | Income | (1,575) | (1,490) | (84) | -5% | (340) | (351) | 12 | 3% |
| | Salaries | 16,071 | 15,809 | 262 | 2% | 1,495 | 679 | 816 | 55% |
| | Supplies | 24,296 | 23,885 | 411 | 2% | 2,861 | 2,990 | (128) | -4% |
| | Sav Target | (8,617) | | (8,617) | | (1,402) | | (1,402) | |
| | Sav Realised | 5,900 | | 5,900 | | 771 | | 771 | |
| | | | | (2,127) | | | | | 70 |

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 DECEMBER 2019

Table 5

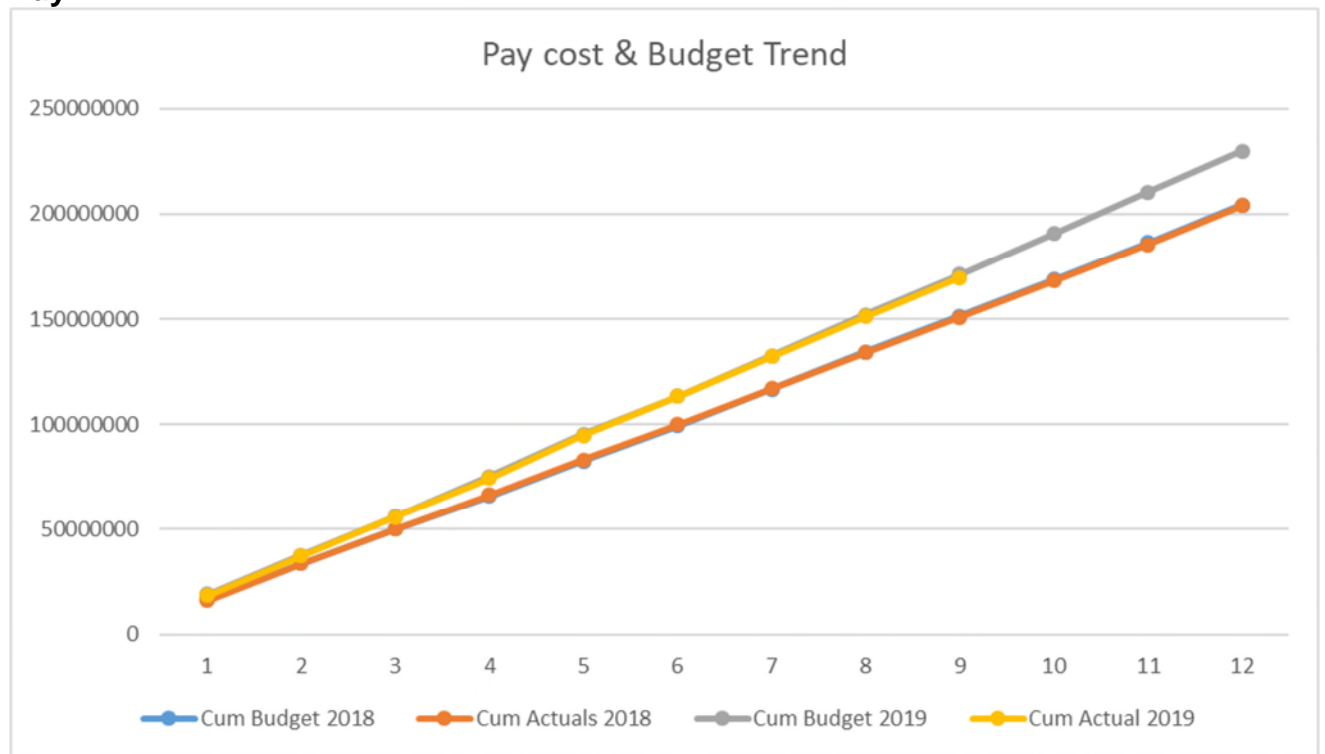
| | Full Year Budget £'000 | Year to Date | | |
|---------------------------|------------------------------|-----------------|-----------------|-------------------|
| | | Budget £'000 | Actual £'000 | Variance £'000 |
| Income | | | | |
| Revenue Allocation | 294,684 | | | |
| Baseline Allocations | 284,574 | | | |
| Recurring Allocations | 456 | | | |
| Non-Recurring Allocations | 9,654 | | | |
| Fleet Income | 206 | 155 | 98 | (57) |
| Health Board | 5,393 | 4,236 | 4,186 | (50) |
| Other Healthcare | 840 | 645 | 586 | (59) |
| Other Operating | 1,782 | 1,588 | 1,673 | 84 |
| Staff Car Deductions | 313 | 235 | 189 | (46) |
| Total Income | 303,218 | 6,860 | 6,731 | (128) |

Total income (including funding) to date is £0.13 million behind target. Although slightly under from last month, it is expected to pick up in the last quarter of this financial year.

The original financial plan assumed revenue funding allocations of £286 million. Adjustments are made on a monthly basis to the budget to include any additional allocations as they are notified to the Boards from Scottish Government and other NHS Boards. There are no significant issues to identify.

Detailed Expenditure Analysis

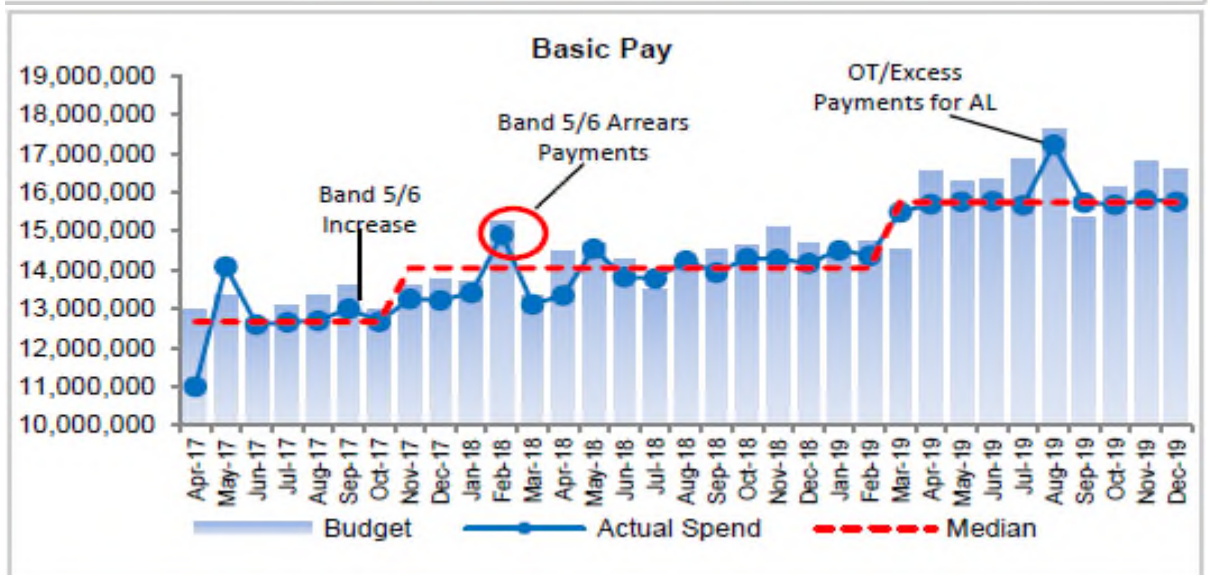
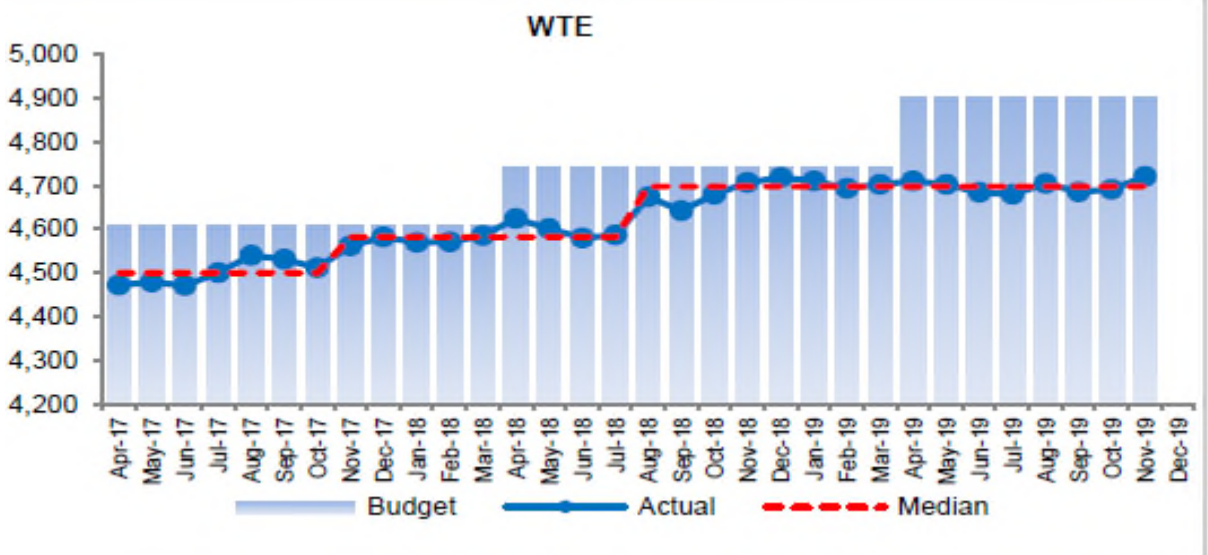
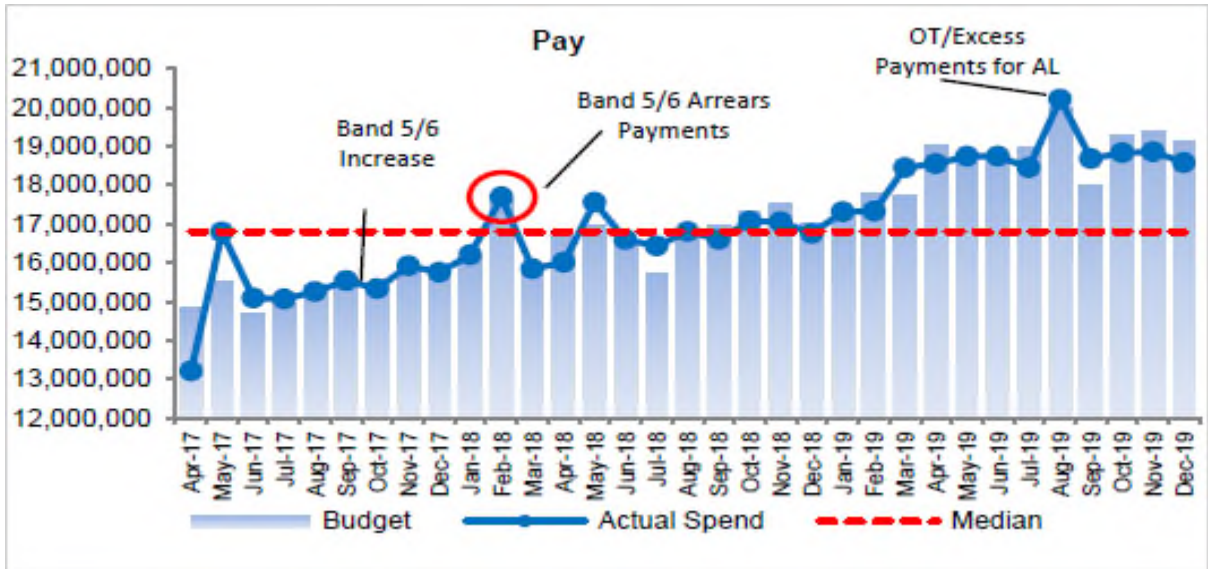
Pay



The pay graph above reflects both year to date budget and year to date actual spend for financial year 2018/19 and 2019/20. As can be seen, the trend clearly shows 2019 costs as expected exceeding 2018 values, due to increased WTE as a result of our developments, Agenda for Change pay award, incremental drift and the superannuation increase applied from April 2019.

Table 6 below provides the detail on the uplift in average WTE from this time last year.

The chart below also has a trend analysis from April 2017. Also included are trends for WTE and Basic Pay – where the effects of the pay awards and re-grading of Paramedics from Band 5 to Band 6 take effect.



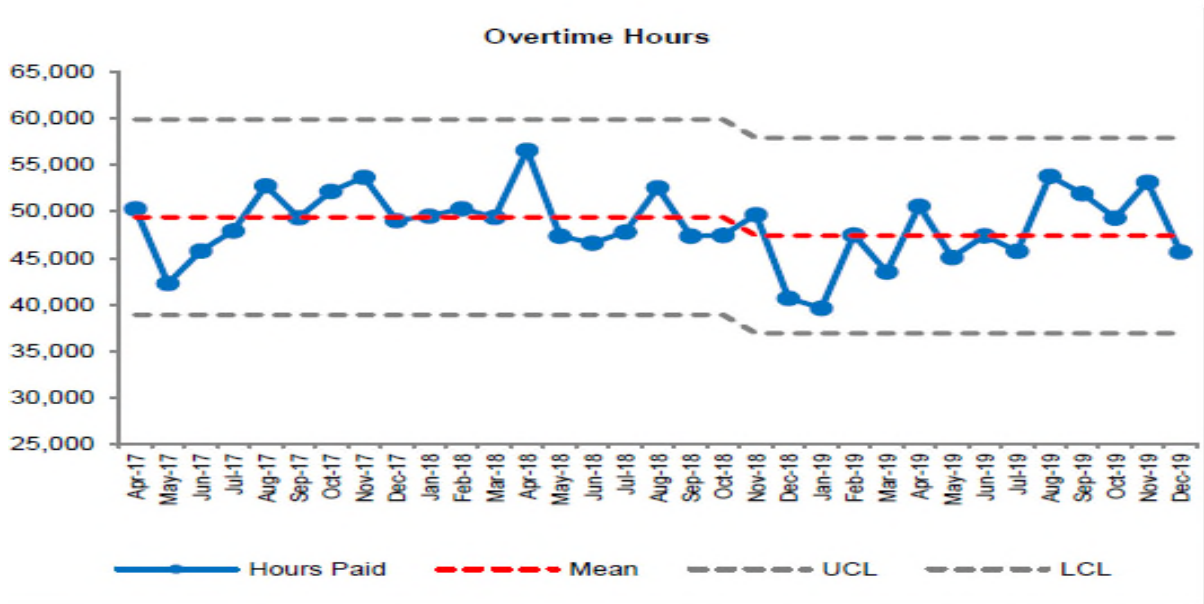
This confirms pay costs as one of our key pressure areas.

Table 6

**SCOTTISH AMBULANCE SERVICE BOARD
STAFF AND OVERTIME SUMMARY
PERIOD TO 31 DECEMBER 2019**

| | | East Region | North Region | West Region | National Ops | Service Delivery |
|--------------|-----------------------|----------------|-----------------|----------------|-----------------|---------------------|
| Current Year | Average WTE | 1,214 | 696 | 1,659 | 752 | 4,320 |
| | Overtime Hours | 114,851 | 89,565 | 178,938 | 52,552 | 435,906 |
| | Overtime Cost (£'000) | 2,674 | 1,991 | 4,039 | 1,159 | 9,862 |
| Prior Year | Average WTE | 1,210 | 680 | 1,683 | 709 | 4,282 |
| | Overtime Hours | 113,927 | 86,321 | 177,224 | 52,715 | 430,187 |
| | Overtime Cost (£'000) | 2,464 | 1,896 | 3,846 | 825 | 9,031 |
| Variance | Average WTE | 4 | 16 | (25) | 42 | 38 |
| | Overtime Hours | 924 | 3,244 | 1,714 | (163) | 5,719 |
| | Overtime Cost (£'000) | 210 | 95 | 193 | 334 | 832 |

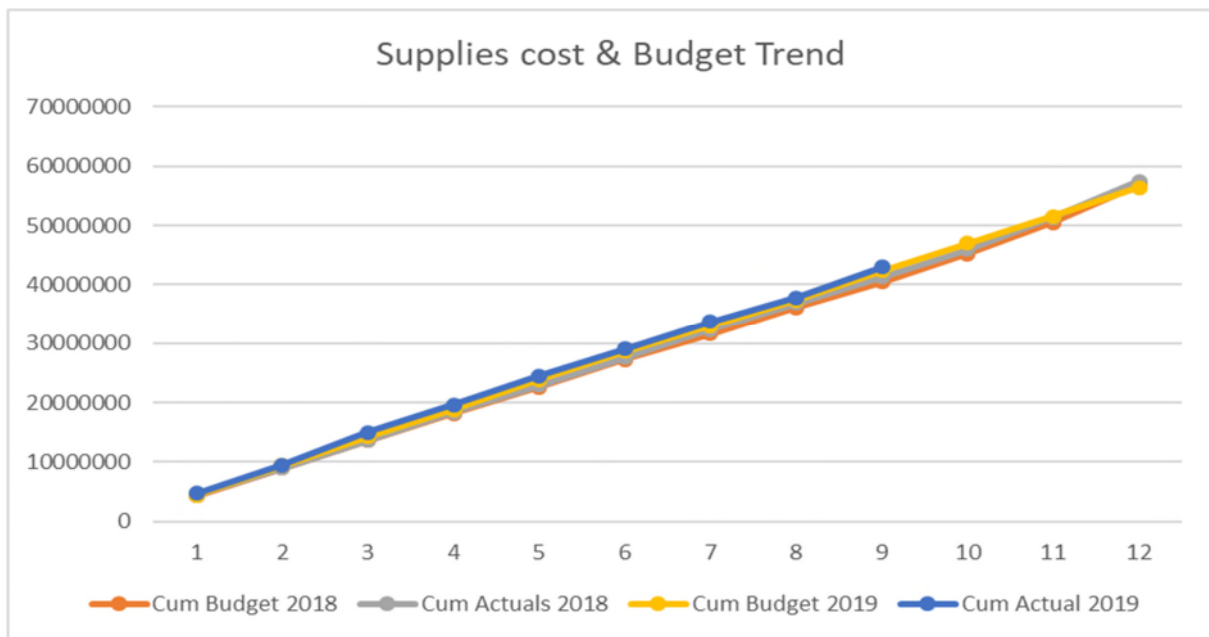
The above table illustrates that the average WTE has increased by 38 WTE from the same period last year, as further Paramedics continue to be recruited and trained.



The trend in overtime hours for the last financial year is demonstrated in the graph above. Significant work has been taking place over the last year to put additional controls and scrutiny in the management of overtime and this has seen an improving position as part of the recovery actions by operational managers.

The sharp increase in overtime hours paid in August primarily relates to the timing of training (mandatory training and also the beginning of our Paramedic education programme) during a holiday period. As part of our continuous improvement plans the Head of Education and Professional Development will look to redesign and carefully plan mandatory training requirements to ensure that this is delivered in line with operational requirements and minimise the impact on shift cover and additional overtime costs especially over likely annual leave periods. The drop in overtime hours into December is on trend as per the last two years and all the regions saw an average of 10% drop in overtime hours claimed, except for the West which saw a 21% drop from November.

Non-pay



The non-pay graph above reflects year to date budget and year to date actual spend for both 2018/19 and 2019/20. While there continues to be a cost pressure this shows there is no significant increase from 2018/19 which demonstrates the continued improved cost control processes.

The non-pay position to date shows a (£0.4) million over spend with a number of specific cost pressures remaining:

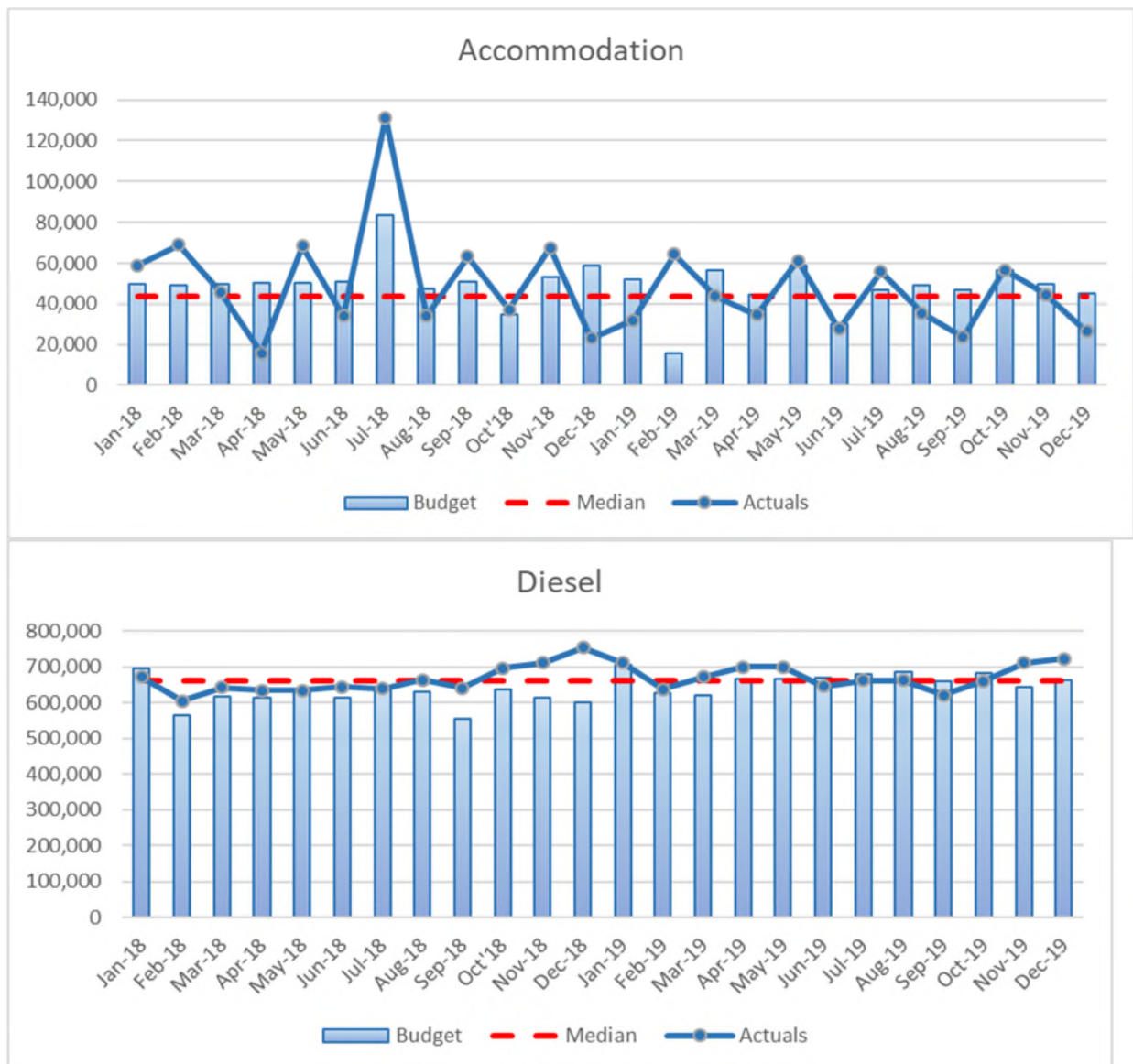
- Air Ambulance costs (£0.6) million over budget – There has been a 10% uplift in the hourly flying charge for the fixed wing aircraft due to inflationary and exchange rate pressures. Although total flying hours are 3% higher than the same period last year, the number of missions in this period has only increased by 1%, resulting in an increase in the average length of flights. The last couple of months have seen costs £140,000 in respect of chargeable activity from maritime coast guard missions relating to inter-hospital transfers.
- Travel & Subsistence (£0.12) million over budget – and was over budget last year however expenditure to date this year is 5% lower than same period last year. This area is a key focus for the Best Value programme with the review of hotel bookings demonstrating a slight decrease in costs as anticipated (this is reflected in the graph below). It is also recognised there are additional staff and training taking place and without the additional controls this could have been a more significant cost impact. A review of the travel policy is currently underway. A communication on meal breaks subsistence, which had been identified as a significant cost increase, had been issued to staff to ensure this is being applied in line with agenda for change terms and conditions. Last month saw the first savings of £27,000 being made against this BV initiative.
- Software costs (£0.2) million – As mentioned last month, investment was made in Software licences and support as part of the Demand & Capacity Programme. This is in the main non-recurring expenditure and the benefits of this work will be

described within the Demand and Capacity business case. This month also saw the start of the JRCALC app costs, annual cost £0.1 million, £34,000 in this financial year and recognising £9,000 this month. This app gives ambulance staff access to up to date clinical guidelines.

- Property running (£0.27) million – main items are heat, light and power (£61,000) where costs have increased more than 10% for both gas and electricity due to tariff rates, and cleaning costs (£93,000k) over budget primarily in West Region for contract cleaning/refuse disposal costs.

On a positive note, vehicle maintenance costs continue to remain under budget with no uplift from last year’s reported figure, due to the fleet replacement strategy and strong management control and stability of costs is evident across other cost headings.

A number of the items detailed above are presented in graphical form below illustrating the expenditure trends over the last two years (rolling).



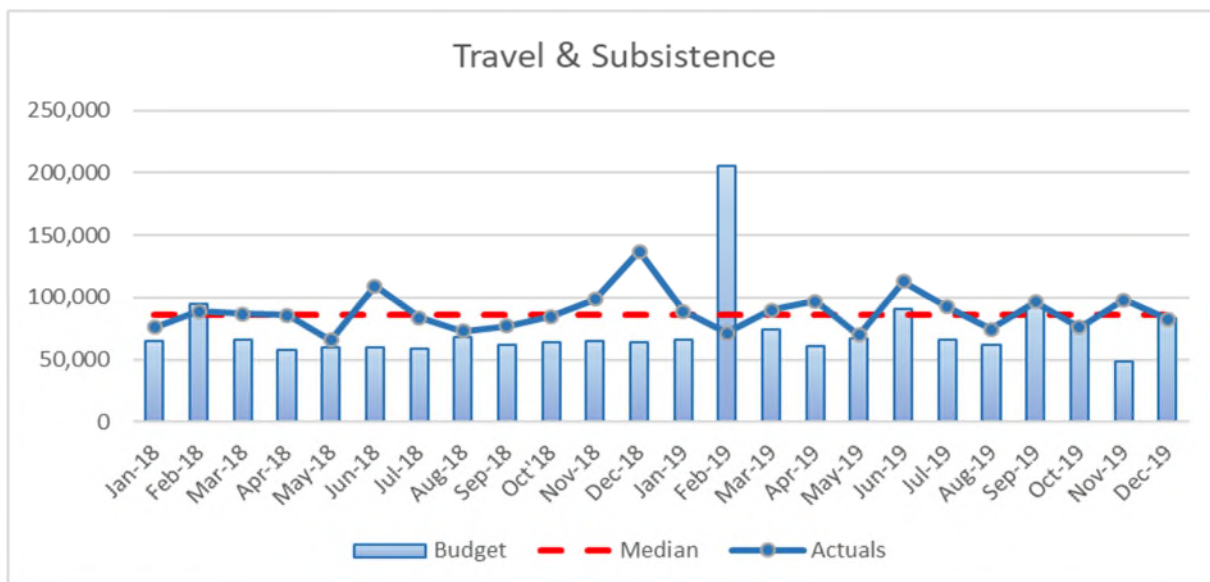
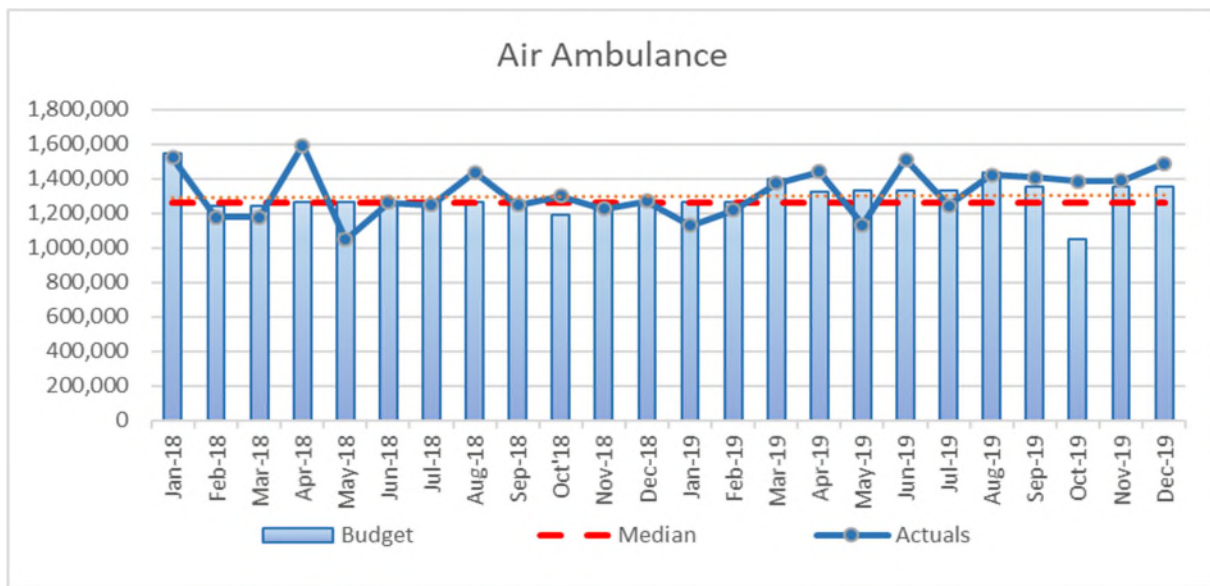


Table 7 – Strategy Investment

The Scottish Government has invested an additional £6.6 million in 2019/2020 to support the delivery of “Towards 2020: Taking Care to the Patient” bringing the total investment to date to £24.6 million.

This allows the Service to continue enhancements within Ambulance Control Centres, and to take forward Paramedic recruitment, development of advanced practice and the implementation of enhanced Developing Frontline Leaders and Managers (DFLM) time.

The table below provides a breakdown of the full investment along with the expenditure committed at this point.

| | | |
|---------------------------------------|-------------|---|
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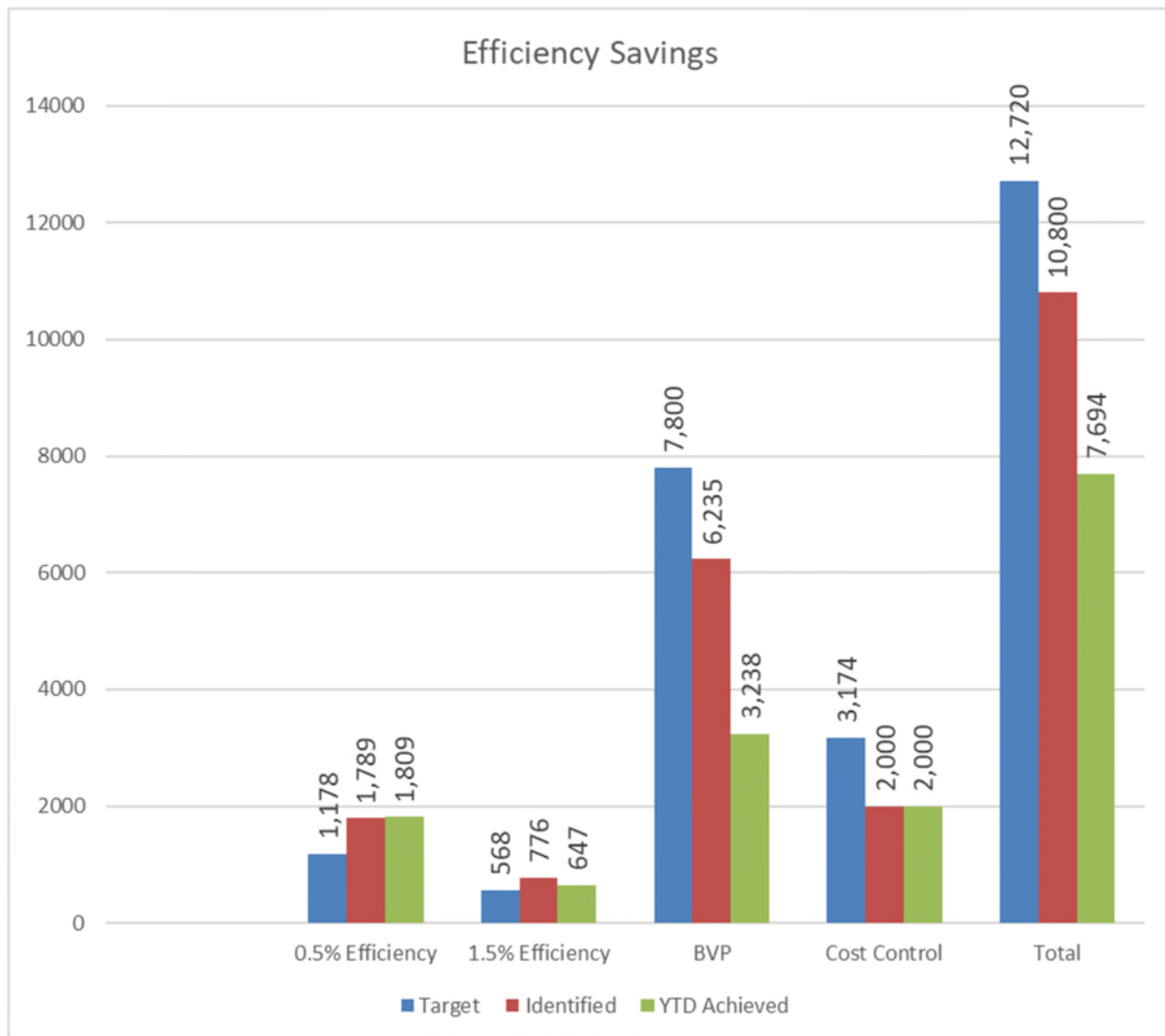
SCOTTISH AMBULANCE SERVICE BOARD
STRATEGY INVESTMENT REPORT
PERIOD TO 31 DECEMBER 2019

| | Previous Investment £'000 | 2019/20 Investment £'000 | Total Investment £'000 | Released to Date £'000 |
|--------------------------------------|---------------------------------|--------------------------------|------------------------------|------------------------------|
| Divisions Low Acuity | 833 | | 833 | 833 |
| ACC Low Acuity | 255 | | 255 | 255 |
| ACC Urgent Tier desk | 120 | | 120 | 120 |
| ACC Additional Call takers | 330 | | 330 | 330 |
| Ambulance Control Centres | 2,840 | 2,512 | 5,352 | 3,589 |
| Out of Hospital Cardiac Arrest | 210 | 190 | 400 | 210 |
| DFLM | 650 | 1,250 | 1,900 | 1,084 |
| Training - additional training staff | 600 | | 600 | 600 |
| Training - additional non pay costs | 312 | | 312 | 312 |
| Specialist Paramedics B6 | 6,908 | 2,798 | 9,706 | 6,002 |
| Implementation Support | 392 | | 392 | 392 |
| Workforce Development | 4,400 | | 4,400 | 4,400 |
| Telehealth | 150 | (150) | | |
| Total Strategy Investment | 18,000 | 6,600 | 24,600 | 18,127 |

The financial plan has assumed slippage of £4.0 million against the strategy and other planned investment continues into month 9 activity.

Efficiency Savings

Savings of £7.7 million were delivered against the 9-month savings target of £9.5 million and against full year identified plans of £10.8 million as identified within our revised full year forecast. This detail is plotted in the graph below, split into the various savings streams.



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

- **Directorate Savings Target**

Each Directorate has been allocated 0.5% Service target or 1.5% Support efficiency targets to recognise the requirement to continually review our costs and ensure reinvestment in our services to meet ongoing cost pressures. With 80 proposals valued at £1.2 million submitted initially, of which 27 have savings identified to date of £2.5 million, further schemes have since been identified and these targets are forecasted to be fully achieved.

| | | |
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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 will also be 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 £7.8 million savings target for this year is driven from 49 projects/work streams identified and agreed. To date, £3.2 million of savings have been recognised, which includes savings from abstractions, sickness absence, shift over-runs, fuel initiatives and insurance recovery and meal break subsistence.

The management accounts team review the projects regularly with the BV team, and will continue to liaise with operational directors to ensure targets can be met over the course of the year, as it is recognised that some of these work streams fall into a medium and high level of delivery risk categories and a longer term impact. The updated forecast identified a list of high priority programmes that required to deliver £2.3 million savings between now and the year end, and to date, £1.1million of this has been delivered. Significant work and focus continues on these areas and updates are provided weekly to the Executive team.

- **Unidentified Initiatives**

The financial plan identified £1.3 million of unidentified savings. The forecast has since been reduced to a £1 million gap, and work continues to review expenditure and best practice to assess if further projects can be identified. As we move into the final quarter, work will continue in reviewing orders, finalising our capital position and continuing to ensure strong financial controls are in place.

| | | |
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Forecast

The financial forecast position to break even remains very tight. The level of engagement with budget holders continues to be very positive, with a continuation of lots of ideas to deliver services more efficiently and realising better value, however, the key focus now is on implementation during the final quarter of this financial year. Each region is working to action plans to deliver against their identified plans. Given the tight position, the financial forecast is now being reported as part of our monthly financial position.

We continue to operate our internal escalation plan as we move towards year end, this includes monthly financial recovery meetings with key budget holders.

In addition, more regular meetings have been set up with our Scottish Government colleagues to keep them up to date with the position, this is in addition to our regular financial performance reporting.

The table below shows the profile of our revenue outturn and delivery of efficiency savings in comparison to trajectory. Overall, the revenue position is stabilising and although savings are behind target, they are improving in month.

| Month | Actual | Trajectory | Variance | Actual | Trajectory | Variance |
|-----------|------------------------|------------|----------|---------------------------|------------|----------|
| | Revenue Outturn | | | Efficiency Savings | | |
| September | £(1.7)m | £(1.5)m | £(0.2)m | £4.0m | £5.0m | £(1.0)m |
| October | £(1.9)m | £(1.4)m | £(0.5)m | £5.1m | £6.5m | £(1.4)m |
| November | £(1.5)m | £(1.0)m | £(0.5)m | £6.2m | £8.0m | £(1.8)m |
| December | £(1.2)m | £(.6)m | £(0.6)m | £7.7m | £9.5m | £(1.8)m |

Forecast Position

The forecast position remains on track to break even, although this will continue to require significant focus. We are doing this through very detailed monitoring and evaluation on a weekly basis and working to key trigger points to focus attention within specific higher spend areas.

This assumption is based upon the specific income assumptions:

- Recovery of pay as if at work for annual leave overpayments £0.55 million
- ICCS funding secured of £2.1 million
- Portree funding secured of £0.25 million
- Funding for Electric Vehicle leases and income from the sale of old Defibrillators £0.2 million
- Funding assumptions as per the approved financial plan

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The summary position remains in line with the previous month.

Efficiency Savings:

The forecast continues to work to a breakeven position with £1 million of further efficiencies/cost control to be delivered.

| Description | Financial Plan | Forecast at month 7 | Forecast at month 8 | Forecast at month 9 |
|-----------------------------------|----------------|---------------------|---------------------|---------------------|
| Cost Pressures | £21.75m | £22.67m | £23.1m | £23.1m |
| Income Assumptions | £9.2m | £9.9m | £10.4m | £10.4m |
| Efficiency plans | | | | |
| Committed plans | | £5.4m | £5.4m | £5.4m |
| Cost control | | £2m | £2m | £2m |
| Further plans | | £4.3m | £4.3m | £4.3m |
| Total | | £11.7m | £11.7m | £11.7m |
| Further efficiencies under review | | £1.0m | £1.0m | £1.0m |
| Total | £12.7m | £12.7m | £12.7m | £12.7m |

It is also important to highlight that up until this date it has been assumed that the £900,000 Service share of £15 million contribution towards the National Health Boards Savings would be removed from our financial target by SGHD, however the allocation has been revised and the revised contribution for the service is £400,000 for financial year 2019/20. However, we are investigating if this can be funded on a non-recurring basis from capital plan slippage in year. The 2020/21 financial plan is being updated to reflect this potential recurring change.

YTD CAPITAL POSITION AS AT MONTH 9 (31 DECEMBER 2019)

2019/20 Capital Budget

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

- Formula Capital of £1.794 million
 - The Service is provided with this allocation to fund all capital projects that are not subject to approval by the SG Capital Investment Group (CIG) or has not received a separate earmarked allocation
- Earmarked Allocation
 - The Service receives earmarked allocations for Business Cases that have been approved by the CIG. In 2019/20 the following earmarked allocations have been received:
 - Defibrillator Replacement Programme £10.6 million
 - Fleet Replacement Programme £12.734 million
 - ScotSTAR £250,000
 - ICCS Replacement £1.2 million
 - Scottish Trauma Network £138,000k

To date, the Core Allocation of £1,794,000 along with allocations for ICCS Replacement and ScotSTAR have been received by the Service.

ALLOCATION

Received

| | |
|--|--------------------------|
| Core Allocation | 1,794,000 |
| ICCS Replacement | 1,240,000 |
| ICCS Capital Transfer to Department of Health | (357,000) |
| ScotSTAR | 250,000 |
| Defibrillator Replacement | 10,609,000 |
| Fleet Replacement | 12,734,000 |
| Scottish Trauma Network (Amount to be confirmed) | 138,500 |
| Total Capital Allocation | <u>26,408,500</u> |

YTD Capital Position

The YTD Capital Position is shown in the table below. The expenditure to end of Month 8 is 35.8% of the total anticipated budget. Most of the expenditure relating to the Defibrillator Replacement, Fleet Replacement and ICCS Replacement projects will be incurred in Quarter 4.

Capital receipts of £194,000 have been received as a result of vehicles being sold for a price higher than the NBV. These receipts can be used for additional capital expenditure above the allocated budget.

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The unallocated budget of £240,000 will be fully utilised during 2019/20 as Business Cases are submitted and approved by the Capital Programme Governance Group. 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.

During Month 9, the following mini business case was approved by the Capital Programme Governance Group:

- £81,000 for 4 Corpuls Defibrillators for Major Trauma Advanced Practitioners. This will be funded from the Major Trauma Capital Allocation

Capital to Revenue Transfers

The revised specification for the refurbishment at Cumnock Ambulance Station means that the project no longer meets the Capital Accounting rules and will be revenue funded instead. It has been agreed to transfer the capital funding assigned to this project to revenue to fund this project.

There will also be a £122,000 capital to revenue funding transfer to cover ScotSTAR costs relating to the Gama Contract Change Notice CCN23.

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

| | | |
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**SCOTTISH AMBULANCE SERVICE
CAPITAL REPORT 2019-20
As at Month 9 (31 December 2019)**

| PROJECT | Approved Budget | YTD Actuals | Notes |
|---------------------------------|------------------------|--------------------|---|
| | £ | £ | |
| Formula Capital Projects | | | |
| eHealth and ICT | 469,568 | 102,765 | |
| Property | 6,900 | (6,376) | |
| Medical Equipment | 42,540 | 42,536 | |
| Vehicle Accidents | | 287,979 | |
| Unallocated | 120,992 | 0 | Budget will be allocated to projects upon approval of BC |
| | 640,000 | 426,904 | |
| Earmarked Allocations | | | |
| Enhancing Capability | 1,713,916 | 405,564 | |
| Defib Replacement | 11,059,000 | 3,721,255 | Additional £450k from Formula Capital added to Earmarked allocation |
| ICCS Replacement | 883,000 | 11,520 | Budget to be confirmed |
| ScotSTAR | 430,000 | 54 | |
| Major Trauma | 138,500 | 0 | Budget to be confirmed |
| Vehicles | 11,020,084 | 5,034,518 | |
| | 25,244,500 | 9,172,911 | |
| Capital to Revenue Transfer | (524,000) | | |
| Capital Receipts | 0 | (194,306) | Gain on sale of vehicles |
| TOTAL | 25,884,500 | 9,405,509 | |

Approved and Anticipated Projects

The following table shows details of all projects that have had a mini business case approved and funding allocated from the Formula Capital Budget along with anticipated projects that are awaiting submission of a Business Case to the Capital Programme Governance Group.

| Approved Projects from Formula Capital | | £ |
|---|---------|-------------------------------------|
| eHealth and ICT | | |
| Video Conferencing | | 6,430 |
| SASNet (Coin Replacement) | | 87,000 |
| Back Up Telephony | | 55,000 |
| NICE Call Recorder | | 172,000 |
| Poweredge Servers | | 10,938 |
| West Education Centre, Hamilton | | 10,200 |
| C3 Demand Management Module | | 16,742 |
| Kirkwall Airwave Kit | | 32,250 |
| LAN Equipment | | 15,330 |
| C3 Auto Dispatch Module | | 63,666 |
| Total- eHealth and IT | | 469,556 |
| Special Projects | | |
| Defib Replacement | | 450,000 |
| Total - Special Projects | | 450,000 |
| Property | | |
| Cumnock | | 405,000 |
| Elgin | | 6,900 |
| Total - Property | | 411,900 |
| | | Budget to be transferred to revenue |
| Operations | | |
| Medical Equipment | | 20,700 |
| ScotSTAR Neonatal Incubators | | 180,000 |
| North ScotSTAR Equipment | | 22,000 |
| Total - Equipment | | 222,700 |
| Total Approved Projects | | 1,554,156 |
| Unallocated Budget | | 239,884 |
| Anticipated Projects | | |
| Vehicle Accidents | 404,899 | |
| Total - Anticipated Projects | | 404,899 |
| Revised Unallocated Budget | | (165,055) |

Key Risks

ScotSTAR Neonatal Incubators

A Business Case has been approved to purchase 4 replacement neonatal incubators. Two to be purchased in 2019/20 with the remaining two purchased in 2020/21. Orders were placed at the end of November 2019 but the lead time for delivery is between 3 and 5 months. There is a risk that delivery of the first 2 incubators will not be before 31 March 2019. This is considered to be low risk and contingency measures have been put in place should the expenditure not be incurred in 2019/20.

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

CONCLUSION

The reported financial position of £1.2 million over budget as we head into the last quarter of the financial year is behind our financial plan trajectory of £0.6 million overspent against Core RRL at the end of December 2019, however the position has improved over the last few months. The key contributors to this have been described above with corrective actions noted. Progress will be monitored and updated each month.

As anticipated the most significant risk relates to the delivery of the efficiency plans. Given the ambitious savings programme it was always planned that the savings would be delivered later in the year however the £7.7 million savings achieved to date against the planned £9.5 million at this stage is lower than planned. Significant work as detailed in the paper continues in delivering and tracking the savings. Focus also continues on cost control, in particular as we head into the last quarter of the year.

A detailed year end forecast is discussed above with key areas of focus highlighted.

These areas will continue to be the focus of 1-1 meetings with the Director of Finance and key budget holders with weekly updates also provided to the Executive Team. In addition, internal escalation processes have been put in place with weekly calls with operational leads and monthly recovery meetings with key budget holders.

| | | |
|---|-------------|------------------------------------|
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| Date 2020-01-29 | Version 1.0 | Review Date: February 2020 |