



**Scottish
Ambulance
Service**
University National NHS Board



NOT PROTECTIVELY MARKED

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| Public Board Meeting | | 31 May 2023 |
| | | Item 10 |
| THIS PAPER IS FOR DISCUSSION | | |
| SUMMARY FINANCIAL PERFORMANCE TO 31 MARCH 2023 | | |
| Lead Director Author | Julie Carter, Director of Finance, Logistics and Strategy Maria McFeat, Deputy Director of Finance | |
| Action required | <p>The Board is asked to discuss and note:</p> <ul style="list-style-type: none"> • The draft financial position to the end of March 2023 subject to audit • The efficiency savings position to March 2023 • The financial impact of COVID-19 expenditure and funding to the end of March 2023 • The impact of IFRS16 reporting is still to be finalised and it is expected that this impact is cost neutral to the organisation. | |
| Key points | <ol style="list-style-type: none"> 1. The financial position shows a surplus of £43,000 against a breakeven position. 2. Full funding for the COVID-19 additional expenditure of £14.1 million was achieved after gap funding of £1.5 million was received in our March 2023 letter. 3. Additional funding of £1.0 million was received towards fuel pressure costs in our March 2023 letter. 4. Local efficiency savings of £10.7 million have been delivered for the year, against full year plan of £6.4 million. 5. Best value schemes identified National Programme plans of £6.3 million programmes, which have been agreed and implementation commenced. This year, we have seen savings delivered at £1.8 million. 6. Use of non recurring savings/slippage £4.9 million has also been actioned for the year. 7. Total savings to date delivered, including non recurring are £17.38 million against a target of £17.38 million for the period. 8. The additional COVID-19 and fuel pressure funds received in March have contributed to our full year outturn position of | |

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| | £43,000 surplus. The Service has achieved our aim to deliver a balanced position for financial year 22/23. |
| Timing | During the financial year the Board will be provided with monthly updates on the financial position and from December 2022 the final year end forecast position will also be reported. |
| Associated Corporate Risk Identification | Risk 5062 – Failure to achieve financial balance. |
| 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 2022/23. |
| 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 2022 when the budget for 2022/23 was set. |

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SCOTTISH AMBULANCE SERVICE BOARD

FINANCIAL PERFORMANCE TO 31 MARCH 2023

JULIE CARTER, DIRECTOR OF FINANCE, LOGISTICS & STRATEGY

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

The Board is asked to note:

- the draft financial position to the end of March 2023 for the financial year 2022/23. This is subject to audit and will be reported as a final position in the annual accounts.
- a specific section on the final outcome of the key pressure areas of
 - COVID-19 financial impact and funding assumptions and
 - The additional high costs of fuel
 - Delivery against the challenging efficiency target
- the key messages as highlighted including agreed actions feeding into the financial planning processes for 2023/24.

The financial position to March 2023, reporting a breakeven position (£43,000 surplus), consists of:

- Income – £0.27 million favourable
- Core and Noncore Expenditure - £0.23 million deficit
- Efficiency savings target for the financial year is £17.35 million. An outturn £17.35 million of savings were achieved for the year although noting up to £10m of these are non recurring.
- The financial impact of COVID-19 has now been funded, with a full year COVID umbrella spend of £14.1 million, which included the Mobile Vaccination Unit services
- Our financial plan assumed an increase in fuel cost of £0.6 million however the current rate has far exceeded that and we reported a cost pressure of £2.6 million after 11 months of this year, amid a period of dropping prices. With an additional £1.0 million of funding, the outturn reports a final cost pressure of £1.7 million.

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Key messages

- The financial plan trajectory assumed an outturn break even position and the draft year end position is in line with this.
- The financial plan assumed that all COVID-19 related pressures would be fully funded, and with funding now received for this financial year, the Service has delivered a full year balanced budget.
- In September 2022, we received an allocation of £45 million against full year commitments of £47.7 million, and this gap has been managed in year by the Service.
- Efficiency savings targets were achieved, noting however the greater reliance on non recurring slippage.
- Against our efficiency savings target of £17.35 million we have delivered £17.35 million for the year. A number of programmes were implemented and progress was monitored through the Best Value Steering group.

Key actions agreed in this period

1. COVID-19 costs and funding

The impact of COVID-19 on our financial position has been reported since February 2020. Our March 2022 financial plan estimated the full year impact in 2022/23 of 'Living with COVID-19' to be up to £16.2 million for the year, including the mobile vaccinations unit costs. This was in addition to the £18.5 million to support Mobile Testing Units. The Scottish Government confirmed in June 2022, that this COVID-19 funding was limited to £8.6 million, which included the Mobile Vaccination program funding, with a further £14.3 million for Mobile Testing Units. Additional COVID-19 funding was confirmed in February 2023 of £4 million recognising the pressures in timed admissions and Ambulance Control Centres, with a final £1.5 million received in March 2023 to achieve full funding against revised costs of £14.1 million.

ACTION: Going into 2023/24 we will continue to work closely with Scottish Government colleagues identifying and monitoring any changes to the current COVID-19/system pressures finance expenditure. There remains a key focus on monitoring COVID-19/system related costs, including assessing the operational service impact and the forecast expenditure. This will continue to be reported to the Board throughout 2023/24 on a monthly basis.

2. Delivery of our Efficiency Savings Target

The challenging savings target for 2022/23 had been set at £17.35 million, of which the Best Value Programme has identified £6.3 million of plans. In addition, local efficiency plans of £6.4 million were agreed, of which £10.7 million savings were achieved through the year. Best Value savings of £1.8 million have been achieved for the year. In addition, the 2022/23 financial plan, in March and updated for July 2022, assumed a level of non recurring slippage as seen in previous years. The non recurring impact of the efficiency savings plans have been rolled over into the underlying deficit in the 2023/24 financial plan. Despite all the challenges, the £17.35 million savings target was achieved in full.

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ACTION: The Best Value operational group had been refreshed and project mandates completed for financial year 2022/23. Monthly meetings have resumed along with targeted weekly support meetings for programme leads. Executive and Finance leads had been allocated to all programmes and monthly highlight reports were being completed against each programme. A weekly delivery group had also been established. The updated Best Value governance policy and procedures was updated, and internal escalation plans were put in place.

The Best Value focus is now back on for 2023/24 and project mandates for new programmes of work are currently being completed. The back to balance action plan for 2023/24 has been agreed.

3. Demand and Capacity Investment

Phases 1 and 2 of the Demand and Capacity Programme have been delivered with investment of £25 million for financial year 2022/22 assumed and confirmed from Scottish Government. Implementation of Phase 3 is now underway with recruitment complete for the additional 162 staff. This remained a key priority for the Service and in agreement with Scottish Government, we agreed to proceed with the recruitment of these staff prior to final approval of the Phase 3 funding. Funding for Phase 3 was confirmed in September 2022. Total demand and capacity funding of £40 million has been received to date.

ACTION: These costs are now included within BAU as the A&E demand and capacity programme is completed. The last Programme Board is planned for June 2023.

Financial Risk considerations noted in the Period

The financial risks are as follows:

1. Securing full COVID-19 funding in 2022/23 and recurring in future years

The March financial plan for the year 2022/23 assumed an additional £16.2 million of expenditure relating to COVID-19 beyond 2021/22 including £1.2 million for the mobile vaccination unit. It was assumed funding would be received to support this, however Scottish Government initially advised us on 1 June 2022, that we would be receiving £8.6 million for the year, including funding for the Mobile Vaccination Unit program. A revised forecast was completed and following 2 additional awards, the full year costs of £14.1 million, encompassing £0.780 million for the mobile vaccination service was fully funded.

Action

Work within the Service continues into 2023/24 assessing the impact, on each cost line of the £14.1 million additional costs, through cost reductions or cessation as we move into financial year 2023/24. A revised forecast in 2023/24 is estimated at £10.5 million. At this stage, and reported to Scottish Government, reducing these developments would have a significant impact on patient care. No further decisions will be made on these significant investment areas without considering the impact on

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the Service, the staff and patients. The financial impact of the shortfall in funding has been assumed within the 2023/24 financial plan and this risk will continue to be monitored and reported on a monthly basis in financial year 2023/24.

2. Delivery of Efficiency Savings Target

The requirement to ensure the delivery of efficiency savings remains a continued focus for staff and management as quality improvements and innovation in support of these pressures are currently being actioned. Significant focus is currently on implementing, tracking and reporting on these programmes and there has been improvement in the delivery of these over the last few months.

Action – A number of actions are progressing including

- Programme leads have been assigned and programme plans are being developed and agreed with monthly highlight reports being produced for each programme.
- Executive leads and finance support for each programme has also been identified
- The Best Value Programme Team 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 delivery group chaired by the Director of Finance, Logistics & Strategy has been established to focus on providing additional support to ensure implementation of the programmes. New programmes have also been identified and are being initiated including a pipeline of future plans
- A monthly and where necessary, a weekly savings trajectory is being developed which is likely to be completed by the end of August
- Improved reporting through the Executive leads has been put in place, through the 2030 governance framework.
- The Service closely links to the National Sustainability and Value programme and reports through the Best Value Steering Group on national updates.

Finance position as at March 2023

Introduction

This section of the paper provides details of the financial results for the period ending March 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

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- an underperformance contrary to income plan.
- All Expenditure budget and actual values are shown as positive figures; a positive variance value against expenditure reflects a favourable under-spend against budget plan whereas a negative variance is reflected of an adverse performance on budget plan.

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SUMMARY OF YEAR POSITION

Table 1 reports that the revenue position for the financial year to the end of March 2023 is a breakeven position (£43,000 surplus), made up of the following:

- Income – is ahead of target by £0.27 million
- Expenditure Pay – Under budget by £8.5 million
- Expenditure Supplies – over budget by £8.7 million
- Savings – break even
- Expenditure Non-core – break even

Table 1 – Scottish Ambulance Service high-level overview

| SCOTTISH AMBULANCE SERVICE BOARD REVENUE RESOURCE ANALYSIS YEAR TO 31 MARCH 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 | 424,318 | 424,318 | 424,318 | 35,271 | 35,271 | |
| Health Board | 6,759 | 6,759 | 6,758 | 1,261 | 1,255 | (6) |
| Other Healthcare | 1,551 | 1,551 | 1,436 | 582 | 555 | (27) |
| Fleet | 13 | 13 | 13 | 2 | 2 | 0 |
| Staff Car Deductions | 166 | 166 | 168 | 7 | 11 | 4 |
| Other Operating | 3,736 | 3,736 | 4,122 | 489 | 902 | 413 |
| Total Income | 436,543 | 436,543 | 436,815 | 37,612 | 37,996 | 384 |
| Expenditure | | | | | | |
| Accident & Emergency | 277,640 | 277,640 | 278,810 | 27,107 | 26,778 | 329 |
| Non Emergency Service | 32,237 | 32,237 | 32,276 | 4,057 | 2,941 | 1,116 |
| Air Ambulance | 17,794 | 17,794 | 19,443 | 1,369 | 1,959 | (590) |
| Overheads | 92,492 | 92,492 | 89,877 | 10,587 | 9,849 | 738 |
| Total Expenditure | 420,163 | 420,163 | 420,406 | 43,120 | 41,527 | 1,593 |
| Core Expenditure Variance | | | 29 | | | 1,977 |
| Non Core Expenditure | | | | | | |
| Depreciation (DEL) | 19,813 | 19,813 | 19,798 | 3,300 | 3,285 | 15 |
| Depreciation (Donated) | 68 | 68 | 68 | 5 | 5 | 0 |
| AME Provision | (1,757) | (1,757) | (1,756) | (1,757) | (1,756) | (1) |
| AME Impairments | (391) | (391) | (391) | (391) | (391) | 0 |
| Capital Grant adjustment | (1,882) | (1,882) | (1,882) | | | 0 |
| Non Cash (DEL) | 529 | 529 | 529 | | | 0 |
| Total Non Core Expenditure | 16,380 | 16,380 | 16,366 | 1,157 | 1,143 | 14 |
| Surplus / Deficit | | | 43 | | | 1,991 |

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Table 2 – Income and Expenditure

Table 2 provides the year-to-date position between service and support directorates and identifies some of the COVID-19 additional expenditure separately.

SCOTTISH AMBULANCE SERVICE BOARD
INCOME AND EXPENDITURE SUMMARY
YEAR TO 31 MARCH 2023

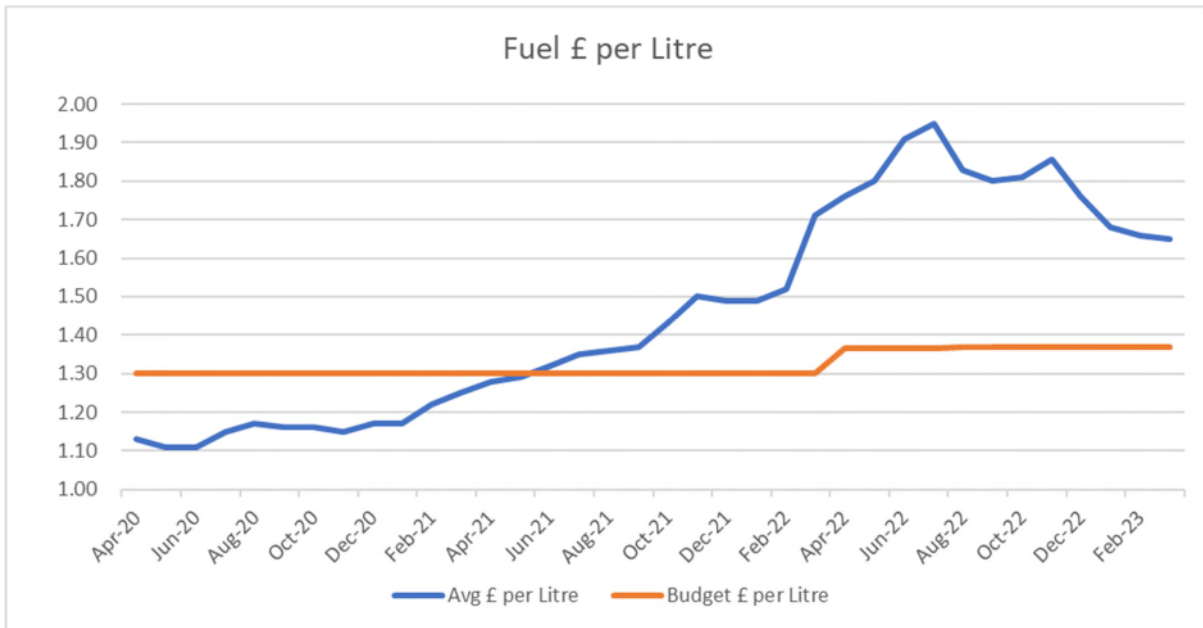
| | | Cumulative to Date | | | | Current Period | | | |
|-------------------------------|--------------|--------------------|----------|----------|----------|----------------|---------|----------|----------|
| | | Budget | Actual | Variance | Variance | Budget | Actual | Variance | Variance |
| | | £'000 | £'000 | £'000 | % | £'000 | £'000 | £'000 | % |
| COVID-19 | Income | | | 0 | | 0 | 0 | 0 | |
| | Salaries | 745 | 745 | 0 | | 183 | 183 | 0 | |
| | Supplies | (38) | (38) | 0 | | (30) | (33) | 3 | |
| | Sav Target | 0 | 0 | 0 | | 0 | 0 | 0 | |
| | Sav Realised | 0 | 0 | 0 | | 0 | 0 | 0 | |
| | | | | 0 | | | | 3 | |
| Service Delivery Directorate | Income | (8,298) | (8,298) | 0 | 0% | (1,240) | (1,238) | (2) | 0% |
| | Salaries | 307,318 | 304,895 | 2,423 | -1% | 26,300 | 26,325 | (25) | 0% |
| | Supplies | 44,737 | 51,337 | (6,600) | 15% | 5,880 | 6,214 | (334) | 6% |
| | Sav Target | (3,713) | 0 | (3,713) | 0% | (767) | 0 | (767) | 0% |
| | Sav Realised | 7,615 | 0 | 7,615 | 0% | 2,946 | 0 | 2,946 | 0% |
| | | | | (275) | | | | 1,818 | |
| Support Services Directorates | Income | (5,811) | (6,083) | 272 | 5% | (2,985) | (3,370) | 385 | 13% |
| | Salaries | 37,803 | 31,754 | 6,049 | -16% | 7,783 | 3,795 | 3,988 | -51% |
| | Supplies | 47,858 | 49,960 | (2,102) | 4% | 6,040 | 6,736 | (696) | 12% |
| | Sav Target | (13,668) | 0 | (13,668) | 0% | (2,829) | 0 | (2,829) | 0% |
| | Sav Realised | 9,767 | 0 | 9,767 | 0% | (675) | 0 | (675) | 0% |
| | | | | 318 | | | | 173 | |
| SCOTTISH AMBULANCE SERVICE | Income | (14,109) | (14,381) | 272 | 2% | (4,225) | (4,608) | 383 | 9% |
| | Salaries | 345,866 | 337,394 | 8,472 | 2% | 34,266 | 30,303 | 3,963 | 12% |
| | Supplies | 92,557 | 101,259 | (8,702) | -9% | 11,890 | 12,917 | (1,027) | -9% |
| | Sav Target | (17,381) | 0 | (17,381) | | (3,596) | 0 | (3,596) | |
| | Sav Realised | 17,382 | 0 | 17,382 | | 2,271 | 0 | 2,271 | |
| | | | | 43 | | | | 1,994 | |

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Table 3 – Service Delivery

Service delivery is over budget by £0.27 million at 31 March 2023. Pay costs are reporting an underspend of £2.4 million over all service areas, this reflecting the implementing of the Demand and Capacity Phase 3 program and System Pressures funding. Air Ambulance Costs show a cost pressure as a result of increased number of missions over the year, an increase of 8.29%. Work is underway to review the increase and determine factors behind the increase. This review will form part of a best value workstream in 2023/24.

Fuel prices caused significant pressure on vehicle running costs, with the average price per litre peaking in July 2022 at 59p above budgeted levels. The current pump prices had accelerated from March 2021 slowing into May 2022 and accelerated again to mid-July then a downward trend as we go through the winter period. March 2023 prices were at the lowest level in this financial year, and previously reported cost pressures of £2.6 million to Month 11 settled at £1.7 million thanks to additional funding of £1.0 million received in March 2023. As we go into 2023/24, fuel costs will continue to be monitored closely.



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Table 3

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

| | | Cumulative to Date | | | | Current Period | | | |
|------------------------|--------------|--------------------|---------|----------|----------|----------------|---------|----------|----------|
| | | Budget | Actual | Variance | Variance | Budget | Actual | Variance | Variance |
| | | £'000 | £'000 | £'000 | % | £'000 | £'000 | £'000 | % |
| NORTH REGION | Income | (1,167) | (1,167) | 0 | 0% | (171) | (171) | 0 | 0% |
| | Salaries | 50,745 | 50,554 | 191 | 0% | 4,203 | 4,393 | (190) | 5% |
| | Supplies | 4,225 | 5,915 | (1,690) | 40% | 680 | 719 | (39) | 6% |
| | Sav Target | (464) | 0 | (464) | | (96) | 0 | (96) | |
| | Sav Realised | 1,666 | 0 | 1,666 | | 620 | 0 | 620 | |
| | | | | (297) | | | 295 | | |
| EAST REGION | Income | (1,751) | (1,751) | 0 | 0% | (191) | (191) | 0 | 0% |
| | Salaries | 81,180 | 80,056 | 1,124 | -1% | 7,473 | 6,907 | 566 | -8% |
| | Supplies | 6,849 | 8,472 | (1,623) | 24% | 1,053 | 977 | 76 | -7% |
| | Sav Target | (739) | 0 | (739) | | (153) | 0 | (153) | |
| | Sav Realised | 2,265 | 0 | 2,265 | | 995 | 0 | 995 | |
| | | | | 1,027 | | | 1,484 | | |
| WEST REGION | Income | (3,985) | (3,984) | (1) | 0% | (745) | (744) | (1) | 0% |
| | Salaries | 109,401 | 109,334 | 67 | 0% | 9,464 | 9,795 | (331) | 3% |
| | Supplies | 8,770 | 11,041 | (2,271) | 26% | 1,217 | 1,386 | (169) | 14% |
| | Sav Target | (1,032) | 0 | (1,032) | | (213) | 0 | (213) | |
| | Sav Realised | 2,809 | 0 | 2,809 | | 614 | 0 | 614 | |
| | | | | (428) | | | (100) | | |
| NATIONAL OPS | Income | (1,395) | (1,396) | 1 | 0% | (133) | (132) | (1) | -1% |
| | Salaries | 64,974 | 63,989 | 985 | -2% | 5,077 | 5,084 | (7) | 0% |
| | Supplies | 24,830 | 25,889 | (1,059) | 4% | 2,926 | 3,176 | (250) | 9% |
| | Sav Target | (1,451) | 0 | (1,451) | | (300) | 0 | (300) | |
| | Sav Realised | 875 | 0 | 875 | | 717 | 0 | 717 | |
| | | | | (649) | | | 159 | | |
| BUSINESS INTELLIGENCE | Salaries | 1,018 | 962 | 56 | -6% | 83 | 146 | (63) | 76% |
| | Supplies | 63 | 20 | 43 | -68% | 4 | (44) | 48 | -1200% |
| | Sav Target | (27) | 0 | (27) | | (5) | 0 | (5) | |
| | Sav Realised | 0 | 0 | 0 | | 0 | 0 | 0 | |
| | | | | 72 | | | (20) | | |
| TOTAL SERVICE DELIVERY | Income | (8,298) | (8,298) | 0 | 0% | (1,240) | (1,238) | (2) | 0% |
| | Salaries | 307,318 | 304,895 | 2,423 | -1% | 26,300 | 26,325 | (25) | 0% |
| | Supplies | 44,737 | 51,337 | (6,600) | 15% | 5,880 | 6,214 | (334) | 6% |
| | Sav Target | (3,713) | 0 | (3,713) | | (767) | 0 | (767) | |
| | Sav Realised | 7,615 | 0 | 7,615 | | 2,946 | 0 | 2,946 | |
| | | | | (275) | | | 1,818 | | |

Table 4 – Support Services Directorates

Support services are being reported as £0.3 million under budget. The Finance, Logistics and Strategy savings target includes all Best Value Programme targets.

SCOTTISH AMBULANCE SERVICE BOARD
INCOME AND EXPENDITURE BY DIRECTORATE
YEAR TO 31 MRCH 2023

| | | Cumulative to Date | | | | Current Period | | | |
|-----------------------------------|--------------|--------------------|---------|----------|----------|----------------|---------|----------|----------|
| | | Budget | Actual | Variance | Variance | Budget | Actual | Variance | Variance |
| | | £'000 | £'000 | £'000 | % | £'000 | £'000 | £'000 | % |
| BOARD AND CHIEF EXECUTIVE | Income | (36) | (36) | 0 | 0% | (11) | (28) | 17 | |
| | Salaries | 2,031 | 2,083 | (52) | 3% | 208 | 164 | 44 | -21% |
| | Supplies | 105 | 94 | 11 | -10% | 7 | (48) | 55 | -786% |
| | Sav Target | (57) | 0 | (57) | | (12) | 0 | (12) | |
| | Sav Realised | 61 | 0 | 61 | | 0 | 0 | 0 | |
| | | | | (37) | | 104 | | | |
| FINANCE AND LOGISTICS | Income | (3,515) | (3,786) | 271 | 8% | (1,051) | (1,432) | 381 | 36% |
| | Salaries | 21,126 | 15,153 | 5,973 | -28% | 6,154 | 2,449 | 3,705 | -60% |
| | Supplies | 42,888 | 44,945 | (2,057) | 5% | 5,103 | 6,399 | (1,296) | 25% |
| | Sav Target | (13,408) | 0 | (13,408) | | (2,774) | 0 | (2,774) | |
| | Sav Realised | 9,267 | 0 | 9,267 | | (717) | 0 | (717) | |
| | | | | 46 | | (701) | | | |
| HUMAN RESOURCES | Income | (33) | (33) | 0 | 0% | (4) | (5) | 1 | |
| | Salaries | 2,657 | 2,642 | 15 | -1% | 260 | 291 | (31) | 12% |
| | Supplies | 938 | 940 | (2) | 0% | 213 | 286 | (73) | 34% |
| | Sav Target | (44) | 0 | (44) | | (9) | 0 | (9) | |
| | Sav Realised | 8 | 0 | 8 | | 0 | 0 | 0 | |
| | | | | (23) | | (112) | | | |
| MEDICAL | Income | (277) | (277) | 0 | 0% | (30) | (25) | (5) | |
| | Salaries | 3,963 | 3,870 | 93 | -2% | 477 | 303 | 174 | -36% |
| | Supplies | 855 | 1,011 | (156) | 18% | 135 | (30) | 165 | -122% |
| | Sav Target | (31) | 0 | (31) | | (7) | 0 | (7) | |
| | Sav Realised | 25 | 0 | 25 | | 0 | 0 | 0 | |
| | | | | (69) | | 327 | | | |
| CARE QUALITY AND PROF DEVELOPMENT | Income | (66) | (67) | 1 | 2% | (5) | 4 | (9) | |
| | Salaries | 8,026 | 8,006 | 20 | 0% | 684 | 588 | 96 | -14% |
| | Supplies | 3,070 | 2,968 | 102 | -3% | 580 | 127 | 453 | -78% |
| | Sav Target | (128) | 0 | (128) | | (27) | 0 | (27) | |
| | Sav Realised | 406 | 0 | 406 | | 42 | 0 | 42 | |
| | | | | 401 | | 555 | | | |
| TOTAL SUPPORT SERVICES | Income | (3,927) | (4,199) | 272 | 7% | (1,101) | (1,486) | 385 | 35% |
| | Salaries | 37,803 | 31,754 | 6,049 | -16% | 7,783 | 3,795 | 3,988 | -51% |
| | Supplies | 47,856 | 49,958 | (2,102) | 4% | 6,038 | 6,734 | (696) | 12% |
| | Sav Target | (13,668) | 0 | (13,668) | | (2,829) | 0 | (2,829) | |
| | Sav Realised | 9,767 | 0 | 9,767 | | (675) | 0 | (675) | |
| | | | | 318 | | 173 | | | |

Table 5 – Detailed Income Analysis

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

SCOTTISH AMBULANCE SERVICE BOARD
INCOME INCLUDING ALLOCATIONS
YEAR TO 31 MARCH 2023

| | Full Year Budget £'000 | Year to Date | | |
|---------------------------|------------------------------|-----------------|-----------------|-------------------|
| | | Budget £'000 | Actual £'000 | Variance £'000 |
| Income | | | | |
| Revenue Allocation | 424,317 | | | |
| Baseline Allocations | 313,737 | | | |
| Recurring Allocations | 7,078 | | | |
| Non-Recurring Allocations | 103,502 | | | |
| Fleet Income | 13 | 13 | 13 | 0 |
| Health Board | 6,759 | 6,759 | 6,758 | (1) |
| Other Healthcare | 1,551 | 1,551 | 1,436 | (115) |
| Other Operating | 3,736 | 3,736 | 4,122 | 386 |
| Staff Car Deductions | 166 | 166 | 168 | 2 |
| Total Income | 436,542 | 12,225 | 12,497 | 272 |

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

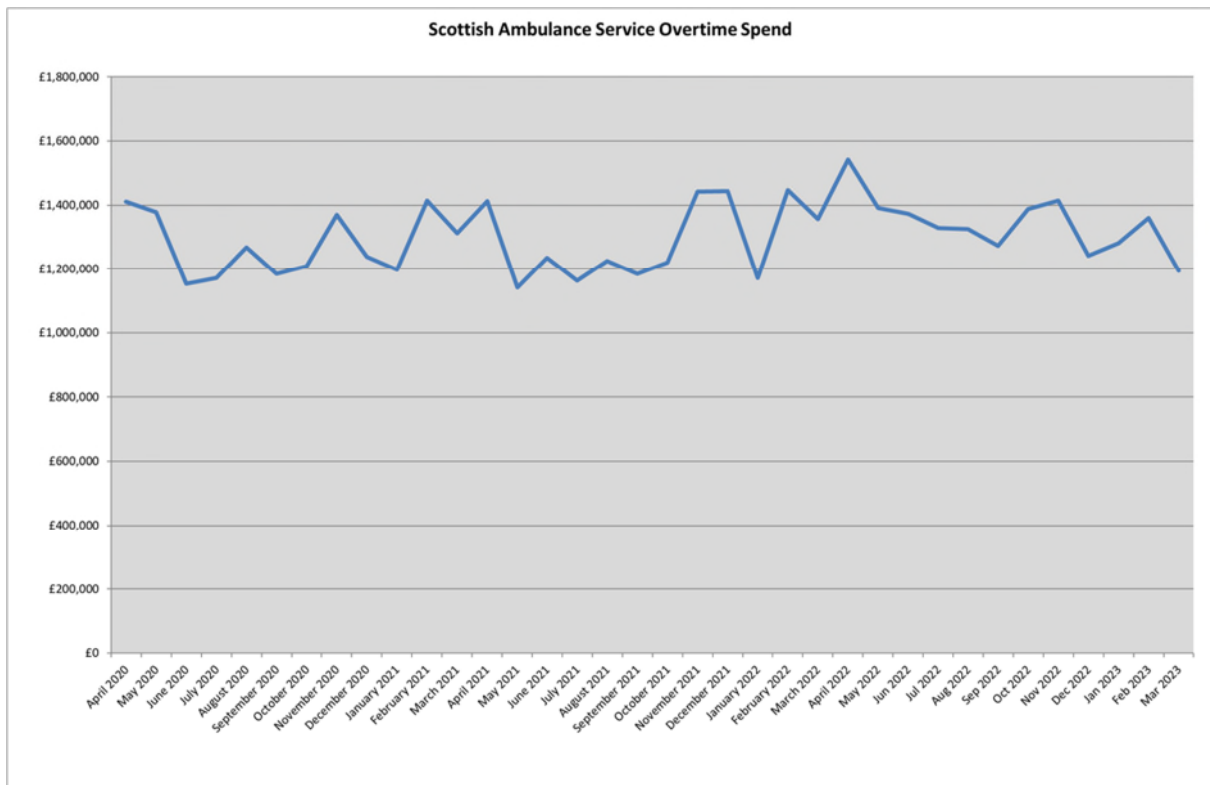
The March financial plan assumed revenue funding allocations of £448 million. This reflects funding for Mobile Testing Units, Mobile Vaccination Units, COVID-19 Remobilisation. Adjustments are made on a monthly basis to the budget to include any additional allocations as these are notified to the Boards from Scottish Government and other NHS Boards. As mentioned already, reductions in the various allocations means we are now reporting a final allocation of £424 million, although this does not reflect IFRS16 allocations for changes in the reporting treatment of leased equipment and assets. The net effect of these changes is cost neutral and the adjustments are as a result of changes between Core and Noncore categories.

Detailed Pay analysis

Overtime cost in this current year is averaging 5.9% of the year to date pay bill. 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

| | | |
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2020, with the last rise in cases during March/April 2022. Now, after the winter pressures peak, we are seeing a downward trend towards the end of the financial year.



2022/23 also saw the implementation of a national uplift in the Employers' NI rate for 1 year only, from 13.8% to 15.05%. This reverted back to 13.8% early, on 6 November 2022, and has reduced our pay bill by roughly £0.2 million per month in November and December. The full year effect of this has been reflected in our updated forecast.

| | | |
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Table 6

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

| | | East Region | North Region | West Region | National Ops | Service Delivery |
|-----------------|-----------------------|----------------|-----------------|----------------|-----------------|---------------------|
| Current Year | Average WTE | 1,428 | 826 | 1,930 | 854 | 5,037 |
| | Overtime Hours | 146,742 | 123,009 | 263,584 | 69,897 | 603,232 |
| | Overtime Cost (£'000) | 4,250 | 3,649 | 7,708 | 2,105 | 17,712 |
| Prior Year | Average WTE | 1,342 | 751 | 1,865 | 840 | 4,798 |
| | Overtime Hours | 134,915 | 128,476 | 243,143 | 71,630 | 578,164 |
| | Overtime Cost (£'000) | 3,802 | 3,626 | 6,777 | 2,043 | 16,248 |
| Variance | Average WTE | 86 | 75 | 65 | 13 | 239 |
| | Overtime Hours | 11,827 | (5,467) | 20,441 | (1,733) | 25,068 |
| | Overtime Cost (£'000) | 448 | 23 | 931 | 62 | 1,464 |

The above table illustrates an overall increase in overtime hours compared to a year ago recognising the significant pressures within the system. This is in addition to 239 additional staff (whole time equivalents) in post as a result of the Demand and Capacity programme. There are a number of Best Value Programmes focusing on reducing overtime costs and we would anticipate this to steadily reduce over the next year, subject to COVID-19 abstractions and pressures.

Non-pay

The non-pay costs are currently carrying a number of cost pressures, namely fuel pressure at £1.7 million, air ambulance £1.6 million and other non pay pressures related to Medical costs, Insurance, Vehicle Maintenance, Other Fees and Staffing costs.

Air ambulance average daily activity is higher by in comparison to last year, in addition to an increase in support from the Maritime Coastguard Agency. Whilst aviation fuel prices do not mimic fuel pump prices the price of aviation fuel has increased also. We have therefore instigated a deep dive, similar to last year, into the additional costs including a full review as part of a Best Value workstream in 2023/24.

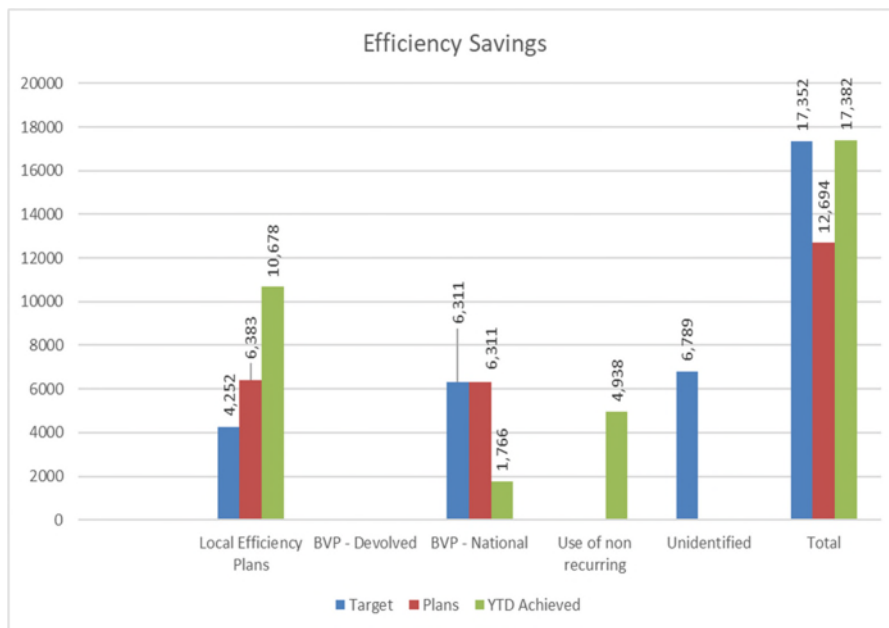
| | | |
|--------------------------------|-------------|--|
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The breakdown of the key pressures as follows: Medical costs £1.7 million, insurance £0.4 million, other fees £0.13 million, Property running costs £0.89 million, Uniforms £0.4 million, Travel and Subsistence £0.6 million and Training costs £0.37 million.

- Vehicle accidents cover much of the insurance pressure as well as premiums increasing. Impairments to date total £0.53 million.
- Medical costs include defibrillator repairs, we are anticipating that as the new logistics model is implemented, we would anticipate medical costs reducing in the second half of the financial year in line with our Best Value programme. In addition, we are implementing additional controls for approvals of repairs.
- Other fees include death in service payments.
- Property costs include £0.8 million of costs in March relating to property repairs as part of the ongoing maintenance program, including LED lighting replacement and Station refurbishments.
- Within Staffing costs, uniforms are carrying a high initial cost due to purchase of the new 5 in1 jackets but we anticipated this to smooth out during the remainder of the financial year and this will continue to be closely monitored. There is also a best value programme relating to this. The other cost pressures are within Accommodation, Travel and Subsistence, particularly within North and West Regions.
- The single biggest cost pressure is within vehicle running costs due to higher fuel prices with the budget priced at £1.37 per litre and current pump prices averaging £1.66 a litre, which is lower than the fuel price peak earlier in the year.

We continue to review all areas of cost pressures into 2023/24 through good engagement with Budget holders alongside the savings reviews. A number of the very high spend areas relate to specific best value programmes in year.

Efficiency Savings



| | | |
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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 £4.3 million across the Service, with £10.7 million delivered to date.

- **Best Value Programme**

The Best Value Programme is a service wide programme identifying and implementing a national 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 financial plan recognised the need to bring all saving plans together and clearly define national programmes through the Best Value Programme and devolved accountability to the budget holders for local implementation.

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

In this financial year more than 36 work streams had been identified with potential savings of £6.3 million that will be led by the Best Value Programme team and supporting local managers and teams. To date, £1.8 million savings have been achieved against various Best Value workstreams.

We anticipated in the March Financial plan that having had to continue with a reliance on non-recurring savings/slippage, we have now actioned £4.9 million of non recurring slippage for the year.

COVID-19 Financial Implications

The updated July financial plan has included the recently informed reduction in COVID-19 funding. Our March financial plan assumed £16.2 million for COVID-19 and Mobile vaccination units but following additional and final allocations received in February and March, non-recurring funding for 2022/23 amounted to £14.1 million.

Cost incurred during 2022/23 to 31 March 2023 are outlined in the table below.

| | | |
|--------------------------------|-------------|--|
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| Category of Resource | £ |
|----------------------------------|----------------------|
| Additional pay & staff overtime | 12.29 million |
| Logistics, Education | 0.91 million |
| Mobile Vaccination Unit costs | 0.90 million |
| Total COVID costs to date | 14.10 million |

Additional pay & staff overtime

A process for identifying overtime costs where staff cover COVID-19 absence and in respect of an increase in extended duty have been set up for this year. This has been updated for the 2022/23 and 2023/24 reporting and is being reviewed on a monthly basis. We continue to see increased overtime costs associated with hospital turnaround times.

Logistics, Card 46 and Ambulance Control Centre Expansion

The Service continues to utilise additional Ambulance Care Assistant Resources to provide additional support to our unscheduled care service to support the redesign of urgent care programme. This was initiated to provide additional capacity within the system. This service given the significant pressures within the systems, is required to be maintained and is contributing to the COVID-19 funding shortfall.

Work continues to be ongoing to support the redesign with our ambulance control centres to support call taking capability to meet national targets, support clinical decision making and manage increased demand in calls all resulting from COVID-19 pressures. A business case describing the resources required in 2022/23, including managing winter pressures, was approved by the Board in July 2022. This is also contributing to the COVID-19 cost pressures and due to the significant patient safety issues cannot be reduced.

The roll out of our Logistics infrastructure was redesigned to introduce a robust, sustainable, long term, cost-effective logistics and inventory management service supplying and controlling the movement of consumable stocks throughout the Service. This was identified as a significant need during COVID-19. The aim is to minimise stock holding, ensure continuity of supply, releasing both financial and non-financial efficiencies, whilst gaining a comprehensive understanding of product mix and usage. This remains a key contributor to the Best Value plans.

Mobile Vaccination Units

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

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

| | | |
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| | Costs |
|--------------|-----------------|
| Pay | £804,000 |
| Non Pay | £93,000 |
| Total | £897,000 |

The vaccination team were working to a revised forecast of £0.889 million in 2022/23, and costs beyond the original allocation of £0.78 million has been funded from the wider COVID-19 umbrella.

Mobile Testing Units

The Service delivered Mobile Testing Units (MTUs) across Scotland which came into effect in September 2020 and ceased delivery of the service at the end of September 2022.

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

| | Costs |
|--------------|------------------------|
| Pay | £ 12.65 million |
| Non Pay | £ 1.68 million |
| Total | £ 14.33 million |

Funding of £14.33 million was received from Scottish Government in September 2022, based on the last forecast provided.

FINAL CAPITAL POSITION FOR 2022-23

2022/23 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 Scottish Government 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 2022/23 the following earmarked allocations have been received:
 - Fleet Replacement Programme £22.98 million
 - Scotstar £0.250 million

| | | |
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- Property minor works £0.327 million
- Transport Scotland Switched on Fleet £1.77 million

In addition, a capital grant was received from Transport Scotland of £1.9 million to fund additional infrastructure for electric charging.

The total final 2022/23 capital budget was £29.180 million.

Final Capital Position

The final capital position is shown in the table below. The final turn was an under spend of £9,900 (0.03% of the total budget).

During the year, the Capital Programme has provided significant investment to the Service with the majority of this being for vehicles to ensure that staff are able to respond to patients and provide the care that they need.

Completion of the new Newbridge training and logistics site for Enhanced Capability programme was delivered during the year.

There were further delays to the implementation of the ICCS Replacement Project. Funding was diverted from this project to the Fleet Replacement Programme and we purchased additional vehicles in 2022/23 to phase this expenditure.

There has also been investment in ICT infrastructure and estates during the course of the year which not only replaced aging technology but also implemented innovative technological solutions to enhance service delivery and provided improved facilities for staff.

Capital receipts of £178,000 were received as result of vehicles being sold at auction. These receipts have been used for additional capital expenditure above the allocated budget.

| | | |
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**SCOTTISH AMBULANCE
SERVICE
CAPITAL REPORT 2022-23
Final as at 31 March 2023**

| PROJECT | Approved Budget £ | YTD Actuals £ | Notes |
|-----------------------------------|----------------------------------|------------------------------|--|
| Formula Capital Projects | | | |
| eHealth and ICT | 74,612 | 29,609 | |
| Property | 311,372 | 293,958 | |
| Procurement & Logistics System | 32,813 | 32,813 | |
| Medical Equipment | 0 | 0 | |
| Vehicle Accidents | 528,645 | 528,645 | |
| | 947,442 | 885,025 | |
| Earmarked Allocations | | | |
| Enhancing Capability | 383,000 | 382,575 | |
| ICCS Replacement | 11,123 | 11,123 | |
| Scotstar | 0 | 0 | |
| Vehicles | 27,661,117 | 27,891,685 | |
| | 28,055,240 | 28,285,383 | |
| Unallocated Budget | 0 | | |
| Capital Receipts | 177,613 | 0 | Gain on sale of vehicles & property |
| Revenue to Capital Transfers | 0 | | |
| Capital to Revenue Transfers | 0 | | |
| Fleet Contingency | 0 | | |
| TOTAL | 29,180,295 | 29,170,408 | |

CONCLUSION

The Service reports a break even position at the end of this financial year, during a particularly challenging time for the Service and the wider NHS.

With the underlying financial position for the Service having been revised following key changes to our original planning assumptions, the breakeven position was achieved due to additional funding from Scottish Government towards fuel pressures, the COVID-19 'gap' and an ongoing focus on efficiency savings and cost control with the successful delivery of our financial targets including our capital plan.

Our 2023/24 financial plan has also been completed and will be the focus for the delivery towards a balanced budget within the next three years. The need to focus on financial control and value based decision making while balancing risks of patient safety and staff welfare has never been greater, with difficult choices having to be made, in order to ensure that our underlying financial position continues to move to a more sustainable financial position.

We will deliver this through the robust management and delivery of our savings target through our Best Value Programme, tight cost control and our key aims as defined within our 2023/24 financial plan. We are also committed to maximising the opportunities to drive forward new ways of working through our 2030 strategy and annual delivery plans.

Julie Carter
Director of Finance, Strategy and Logistics
May 2023

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