

**NOT PROTECTIVELY MARKED**

**Public Board Meeting**

**May 2019  
Item 09**

**THIS PAPER IS FOR DISCUSSION**

**SUMMARY FINANCIAL PERFORMANCE TO 31 MARCH 2019**

<b>Lead Director Author</b>	Julie Carter, Interim Director of Finance and Logistics Maria McFeat, Interim Assistant Director of Finance
<b>Action required</b>	The Board is asked to:- 1. Note the financial position to the end of March 2019.
<b>Key points</b>	<p>This paper updates Board members on the draft financial position at 31 March 2019.</p> <p><b>March Position:</b></p> <ul style="list-style-type: none"> <li>• Revenue Resource limit : break even</li> <li>• Capital Resource limit : break even</li> <li>• Cash Target: £0.06 million held at end of the month</li> </ul> <p>The paper describes the actions in place to deliver a balanced budget in line with the approved Financial Plan. This demonstrates further improvement in the financial position with the continued focus on management of cost pressures and putting increased pace to deliver the agreed efficiency plans.</p>
<b>Timing</b>	During 2018/19 the Board is provided with updates at each meetings of the financial position.
<b>Link to Corporate Objectives</b>	The Corporate Objective this paper relates to is Goal 6 - Develop a model that is financially sustainable and fit for purpose in 2020.
<b>Contribution to the 2020 vision for Health and Social Care</b>	Efficient and effective use of resources is important to the Scottish Ambulance Service to enable it to deliver change in service delivery to meet the aspirations of the 2020 vision.
<b>Benefit to Patients</b>	Efficient and effective use of resources enables Scottish Ambulance Service to provide the best level of safe and effective care to patients as it can within the resources available.
<b>Equality and Diversity</b>	An Equality Impact Assessment (EQIA) was conducted and presented to the Board in March 2018 when the budget for 2018/19 was set.



## **SCOTTISH AMBULANCE SERVICE BOARD**

### **FINANCIAL PERFORMANCE TO 31 MARCH 2019**

#### **JULIE CARTER, INTERIM DIRECTOR OF FINANCE AND LOGISTICS**

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This paper sets out the draft financial position at 31 March 2019 for the Scottish Ambulance Service. The Board is asked to note the financial position to the end of March 2019.

#### **CORE REVENUE RESOURCE ANALYSIS**

The revenue position for the financial year to the end of March was a breakeven position against the core revenue budget and was in line with the forecast trajectory agreed with the Scottish Government Health and Social Care Directorate in our Local Delivery Plan for year 2018/19 and the Service revised forecast in November 2018. Expenditure was broadly in line with forecast with similar themes reported as in previous months with continued cost pressures in overtime, fuel, air ambulance costs and incremental drift. Cost control measures and delivery of savings plans continue to reduce the spend trend as seen in previous months.

The pay position remained within budget as additional controls and scrutiny have helped to reduce overtime volumes, with total pay costs now showing an under spend against budget of £0.2 million. An element of this under spend relates to the timing of recruitment against the Enhancing Specialist Response & Capabilities programme.

Total supplies costs to date remain above budget with a number of ongoing cost pressures:

- Air Ambulance costs are over budget through a combination of price increases and increased usage. Fuel prices and out of hours landing charges have increased significantly adding £0.2 million while usage of our fixed wing aircraft had risen 7% during the early part of the year however this pressure reduced later in the year.
- Average diesel prices remain 10% higher than last year adding £0.5 million to our cost base and diesel consumption is 5% higher adding £0.3 million.

Non pay costs relating to staffing are £0.29 million higher than last year with the main factors being accommodation (for training) and uniform costs up on last year by 22% and 13% respectively. On a positive note vehicle maintenance costs have fallen £0.3 million due to the fleet replacement strategy and management control.

The efficiency savings target was achieved with £9.9 million realised over the year. In line with most Boards, the reliance on non recurring savings continued to be a feature, although the reliance on slippage has reduced in this financial year, with the Best Value Programme

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continuing to reduce this reliance for future years and this is recognised within our three year financial plan.

Key financial risk of delivery of efficiency plans and management of unavoidable cost pressures (including pay pressures) continue into next year with the added risk of the impact of Brexit uncertainty.

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

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

	Full Year Budget £'000	Year to Date			Current Month		
		Budget £'000	Actual £'000	Variance £'000	Budget £'000	Actual £'000	Variance £'000
<b>Income</b>							
Revenue Allocation	252,270	252,270	252,270		24,044	24,044	
Health Board	5,197	5,197	5,497	300	373	686	313
Other Healthcare	822	822	883	61	84	149	65
Fleet	206	206	137	(69)	17	23	6
Staff Car Deductions	311	311	234	(77)	26	16	(10)
Other Operating	2,955	2,955	3,042	87	289	400	111
<b>Total Income</b>	<b>261,761</b>	<b>261,761</b>	<b>262,063</b>	<b>302</b>	<b>24,833</b>	<b>25,318</b>	<b>485</b>
<b>Expenditure</b>							
Accident & Emergency	175,558	175,558	176,432	(874)	15,716	15,459	257
Non Emergency Service	22,827	22,827	22,972	(145)	1,883	1,906	(23)
Air Ambulance	14,311	14,311	14,475	(164)	1,350	1,288	62
Overheads	49,065	49,065	48,126	939	5,884	6,424	(540)
<b>Total Expenditure</b>	<b>261,761</b>	<b>261,761</b>	<b>262,005</b>	<b>(244)</b>	<b>24,833</b>	<b>25,077</b>	<b>(244)</b>
<b>Core Expenditure Variance</b>				<b>58</b>			<b>241</b>
<b>Non Core Expenditure</b>							
Depreciation (DEL)	12,991		12,991			1,116	
Depreciation (Donated)	103		103			22	
Non Cash DEL	400		400			400	
Impairments (AME)	(584)		(584)			(630)	
Provisions (AME)	503		503			504	
<b>Total Non Core</b>	<b>13,413</b>		<b>13,413</b>			<b>1,412</b>	

## INCOME AND EXPENDITURE BY REGION

**Table 2 – Income and Expenditure**

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

		Cumulative to Date				Current Period			
		Budget £'000	Actual £'000	Variance £'000	Variance %	Budget £'000	Actual £'000	Variance £'000	Variance %
Service Delivery Directorate	Income	(7,346)	(7,568)	221	3%	(465)	(813)	348	75%
	Salaries	185,804	184,933	871	0%	15,902	15,826	76	0%
	Supplies	37,603	38,598	(994)	-3%	4,159	4,032	128	3%
	Sav Target	(3,942)		(3,942)	100%	(328)		(328)	100%
	Sav Realised	2,938		2,938	100%	612		612	100%
					(906)			835	
Support Services Directorates	Income	(2,122)	(2,202)	80	4%	(301)	(437)	137	45%
	Salaries	19,013	19,693	(680)	-4%	2,478	3,261	(783)	-32%
	Supplies	32,869	32,309	560	2%	3,803	3,484	319	8%
	Sav Target	(6,037)		(6,037)	100%	(833)		(833)	100%
	Sav Realised	7,041		7,041	100%	567		567	-100%
					964			(594)	
SCOTTISH AMBULANCE SERVICE	Income	(9,468)	(9,770)	302	3%	(766)	(1,250)	485	63%
	Salaries	204,817	204,626	191	0%	18,380	19,088	(707)	-4%
	Supplies	70,472	70,907	(435)	-1%	7,963	7,516	446	6%
	Sav Target	(9,979)		(9,979)	100%	(1,161)		(1,161)	100%
	Sav Realised	9,979		9,979	100%	1,178		1,178	100%
					58			241	

**Table 3 – Service Delivery**

Service delivery ended the year £0.9 million over budget. Savings of £2.9 million were realised against a target of £2.3 million directly allocated to Services. Best Value carry forward initiatives including Make Ready, Telematics and Medical Gases equated to £1.6 million giving a total Service Delivery Target of £3.9 million.

The timing of recruitment against the Enhancing Specialist Response & Capabilities programme is the primary driver of the favourable pay variance in the National Operations directorate.

Non pay costs are £2.0 million higher compared with March 2018 with increased budget of only £1.7 million associated with these pressures. This is due to the increases in air ambulance, non pay staffing costs and diesel pressures highlighted earlier in this paper.

**Table 3**

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

		Cumulative to Date				Current Period			
		Budget £'000	Actual £'000	Variance £'000	Variance %	Budget £'000	Actual £'000	Variance £'000	Variance %
NORTH REGION	Income	(929)	(973)	44	5%	(63)	(135)	72	115%
	Salaries	31,597	31,305	292	1%	2,851	2,639	213	7%
	Supplies	3,736	4,023	(287)	-8%	310	436	(126)	-41%
	Sav Target	(940)		(940)	100%	(78)		(78)	100%
	Sav Realised	518		518	100%	160		160	100%
				(374)			240		
EAST REGION	Income	(1,573)	(1,724)	151	10%	(92)	(232)	140	152%
	Salaries	49,695	50,153	(458)	-1%	4,259	4,361	(102)	-2%
	Supplies	6,065	6,345	(280)	-5%	641	628	13	2%
	Sav Target	(1,133)		(1,133)	100%	(94)		(94)	100%
	Sav Realised	544		544	100%	186		186	100%
				(1,176)			142		
WEST REGION	Income	(4,039)	(4,178)	139	3%	(244)	(402)	158	65%
	Salaries	71,092	70,794	298	0%	5,838	5,873	(35)	-1%
	Supplies	7,811	8,364	(553)	-7%	633	722	(89)	-14%
	Sav Target	(1,342)		(1,342)	100%	(112)		(112)	100%
	Sav Realised	809		809	100%	267		267	100%
				(650)			188		
NATIONAL OPS	Income	(805)	(693)	(112)	-14%	(66)	(44)	(22)	-34%
	Salaries	33,420	32,681	740	2%	2,955	2,954	1	0%
	Supplies	19,991	19,865	127	1%	2,576	2,246	330	13%
	Sav Target	(527)		(527)	100%	(44)		(44)	100%
	Sav Realised	1,066		1,066	100%				
				1,293			265		
TOTAL SERVICE DELIVERY	Income	(7,346)	(7,568)	221	3%	(465)	(813)	348	75%
	Salaries	185,804	184,933	871	0%	15,902	15,826	76	0%
	Supplies	37,603	38,598	(994)	-3%	4,159	4,032	128	3%
	Sav Target	(3,942)		(3,942)	100%	(328)		(328)	100%
	Sav Realised	2,938		2,938	100%	612		612	100%
				(906)			835		

**Table 3a**

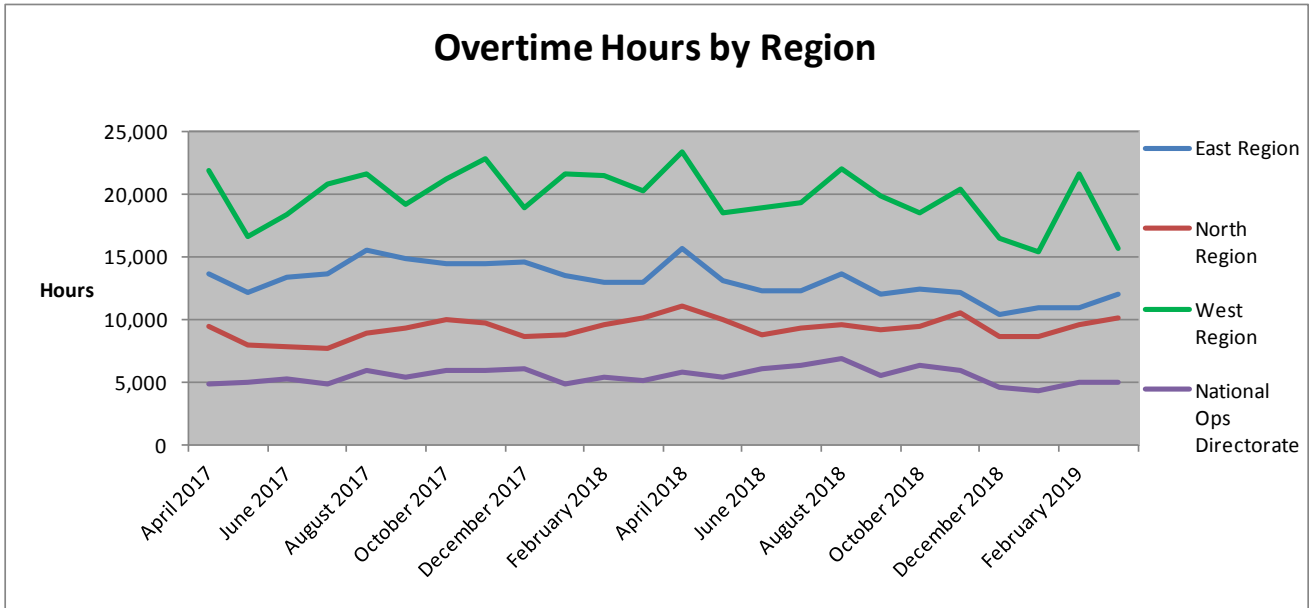
**SCOTTISH AMBULANCE SERVICE BOARD  
STAFF AND OVERTIME SUMMARY  
PERIOD TO 31 MARCH 2019**

		East Region	North Region	West Region	National Ops	Service Delivery
Current Year	Average WTE	1,213	685	1,683	714	4,295
	Overtime Hours	147,715	114,599	229,942	66,964	559,220
	Overtime Cost (£'000)	3,289	2,595	5,022	1,098	12,004
Prior Year	Average WTE	1,169	657	1,664	677	4,167
	Overtime Hours	166,092	107,786	244,630	64,397	582,905
	Overtime Cost (£'000)	3,421	2,233	4,967	964	11,585
Variance	Average WTE	44	28	19	37	128
	Overtime Hours	(18,377)	6,813	(14,688)	2,567	(23,685)
	Overtime Cost (£'000)	(132)	362	55	134	419

Table 3a illustrates that the average WTE has increased by 128 WTE on the same period last year. Approximately one third of the increase relates to activity funded with additional monies e.g. Enhanced Capability, Major Trauma and Strategy. This is a positive position despite the increase in overtime costs of £0.42 million compared to last year. This cost pressure is due to incremental drift and pay award.

The trend in overtime hours is demonstrated in the graph below. Significant work has taken place 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.

Overtime hours were 9% higher on a cumulative basis at the end of June but this has now fallen to the point where cumulative hours are now 4% lower. The East and West regions in particular have seen a significant fall in the level of overtime over this period.



#### Table 4 – Support Services Directorates

Support services are being reported as £1.0 million under budget. Within table 4 the Finance & Logistics savings target includes the budgeted vacancy factor of £2 million. Non recurring slippage and vacancy savings amount to £4.8 million and we ended the year £1.0 million ahead of savings target.

**Table 4**

**SCOTTISH AMBULANCE SERVICE BOARD  
INCOME AND EXPENDITURE BY DIRECTORATE  
PERIOD TO 31 MARCH 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	(118)	(123)	5	5%	(1)	(1)	(1)	-46%
	Salaries	1,717	1,694	24	1%	158	143	16	10%
	Supplies	223	229	(6)	-3%	42	53	(10)	-24%
	Sav Target	(7)		(7)	100%	(1)		(1)	100%
	Sav Realised	29		29	100%				
				45					4
FINANCE AND LOGISTICS	Income	(1,815)	(1,963)	148	8%	(284)	(417)	133	47%
	Salaries	9,156	9,973	(817)	-9%	1,555	2,395	(840)	-54%
	Supplies	29,379	28,928	450	2%	3,271	3,203	69	2%
	Sav Target	(5,929)		(5,929)	100%	(823)		(823)	100%
	Sav Realised	6,788		6,788	100%	567		567	100%
				641					(895)
HUMAN RESOURCES	Income	(44)	(41)	(3)	-7%	(4)	5	(9)	-241%
	Salaries	1,934	1,929	5	0%	169	167	2	1%
	Supplies	957	998	(41)	-4%	132	98	34	25%
	Sav Target	(23)		(23)	100%	(2)		(2)	100%
	Sav Realised	51		51	100%				
				(12)					25
MEDICAL	Income	(34)	(26)	(9)	-25%	(3)	(18)	15	524%
	Salaries	1,262	1,244	17	1%	148	138	10	7%
	Supplies	418	464	(46)	-11%	38	24	15	38%
	Sav Target	(14)		(14)	100%	(1)		(1)	100%
	Sav Realised	50		50	100%				
				(2)					38
CARE QUALITY AND STRATEGIC DEVELOPMENT	Income	(111)	(49)	(61)	-55%	(9)	(7)	(2)	-22%
	Salaries	4,944	4,853	91	2%	448	419	29	7%
	Supplies	1,893	1,690	203	11%	319	107	212	66%
	Sav Target	(64)		(64)	100%	(5)		(5)	100%
	Sav Realised	123		123	100%				
				292					234
TOTAL SUPPORT SERVICES	Income	(2,122)	(2,202)	81	4%	(301)	(437)	137	45%
	Salaries	19,013	19,693	(680)	-4%	2,478	3,261	(783)	-32%
	Supplies	32,869	32,309	560	2%	3,803	3,484	319	8%
	Sav Target	(6,037)		(6,037)	100%	(833)		(833)	100%
	Sav Realised	7,041		7,041	100%	567		567	100%
				964					(594)



## Table 5 – Strategy Investment

The Scottish Government invested an additional £6.7 million in 2018/2019 to support the delivery of “Towards 2020: Taking Care to the Patient” bringing the total investment to date to £18 million.

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

The table below provides a breakdown of the full investment along with the expenditure committed in 2018/19.

**SCOTTISH AMBULANCE SERVICE BOARD**  
**STRATEGY INVESTMENT REPORT**  
**PERIOD TO 31 MARCH 2019**

	Previous Investment £'000	2018/19 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	1,185	1,655	2,840	2,440
Out of Hospital Cardiac Arrest	199	11	210	210
DFLM	323	327	650	650
Training - additional training staff	600		600	600
Training - additional non pay costs	312		312	312
Specialist Paramedics B6	2,258	4,650	6,908	4,408
Implementation Support	392		392	392
Workforce Development	4,400		4,400	4,400
Telehealth	93	57	150	150
<b>Total Strategy Investment</b>	<b>11,300</b>	<b>6,700</b>	<b>18,000</b>	<b>15,100</b>

## Table 6 – Progress against our Efficiency Plans

The following table shows the progress against our efficiency plans.

**SCOTTISH AMBULANCE SERVICE  
2018/19 EFFICIENCY SAVINGS REPORT  
PERIOD TO 31ST MARCH**

	Annual Target £'000	Agreed Savings Plans £'000	Savings Recognised to date £'000
<b>Service Totals</b>	9,917	3,800	5,207
<b>Vacancy Factor</b>			1,871
<b>Non recurrent Slippage</b>			2,900
<b>SAVINGS TO DATE</b>	9,917		9,978

The efficiency plans were split into three specific areas:

- Directorate Savings Targets
- Best value programme and
- Carry forward initiatives

### Directorate Savings Target

Each Directorate within the Service had been allocated a 1% efficiency target recognising the requirement to continually review our costs and ensuring reinvestment in our services to meet ongoing cost pressures. Detailed monitoring and tracking of savings was in place throughout the year with £3.5 million identified.

### Best Value Initiatives

Director leads have been appointed to lead on the various work streams identified and already a small number of initiatives have delivered a reduction in spend in comparison to the same period last financial year. This includes accommodation costs and lease car charges. A number of pilot schemes have also commenced which aim to report on deliverable savings over the next few months.

A best value pipeline of savings has been developed including a total of 48 potential schemes with saving potential of £10.5 million and these are being developed in a 3 year planning cycle and are key feature of our 3 year financial plan.

## Carry Forward Initiatives

Our vehicle insurance policy is £0.59 million per annum with an additional £0.86 million forecast for vehicle damages. The Service has now appointed an interim insurance claims administrator to pursue the recovery of third party liabilities and as a result it is expected that this cost pressure will reduce over the next twelve months.

The majority of the medical gases savings (£0.25 million vs. a forecast spend of £0.92 million) are predicated on reducing cylinder rentals. However there is a key issue to resolve in terms of the actual stock level held and that being charged by our supplier. Detailed work has been done on this with a meeting taking place with the supplier to agree how this can be taken forward. This remains a key focus of the Best Value Group.

The use of supermarket and “Keyfuel” sites has been widely promoted in the Service in an effort to reduce diesel costs. The average use of these sites across the Service is 65% against a target of 80%, generating £180,000 of cost reduction to date. There are variations between areas and targeted work is being undertaken in those areas where usage is below target. This is being monitored closely by the Best Value Group and it will consider potential options to further increase this target.

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## CAPITAL

Table 7 shows the Capital Expenditure report for the year.

**Table 7 – Capital Expenditure**

**SCOTTISH AMBULANCE SERVICE BOARD  
CAPITAL EXPENDITURE REPORT  
PERIOD TO 31 MARCH 2019**

	Planned Budget £'000	Actual to Date £'000	Forecast Variance £'000	Status
<b>CAPITAL RESOURCE FUNDING</b>				
Formula Allocation	1,794	1,794		
Project Specific Funding	15,348	15,348		Consists of Vehicle Replacement, Enhanced Capability and Defib Replacement Funding
Other Central Funding (ScotSTAR)	250	250		
Funding transferred to Revenue	(120)	(120)		
Funding transferred from Revenue	120	120		
Funding Returned to SG				
Defib Allocation Adjustment	(2,000)	(2,000)		
Capital Grant	(330)	(330)		Transfer of funding to SFRS for Lerwick
<b>Total Capital allocation</b>	<b>15,062</b>	<b>15,062</b>		
<b>EXPENDITURE</b>				
<b>Building Projects</b>				
Lerwick	25	27	(2)	Project completed
Cumnock Refurbishment				Deferred to 2019-20 due to option appraisal not been completed in time for project to start in 2018-19
Elgin Station Refurbishment	142	110	32	Project completed
Co-location Sites	30	34	(4)	Project completed
ACC -Norseman & Cardonald	89	87	2	Project completed
Stirling Care Village	22	23	(1)	Project completed
Electric Charging Points	35	35		Project completed
	<b>343</b>	<b>316</b>		
<b>Equipment</b>				
Enhanced Capability	520	293	227	
Defibrillator Replacement	11	11		Project commenced - due to complete Q4 2019/20
Medical Equipment	185	177	8	Project completed
ScotSTAR	134	115	19	Project completed
	<b>850</b>	<b>596</b>		
<b>ICT Projects</b>				
Network Infrastructure	217	222	(5)	Project completed
eHealth	63	58	5	Project completed
	<b>280</b>	<b>280</b>		
<b>Vehicle Replacement</b>	<b>13,239</b>	<b>13,515</b>	(276)	Project completed
<b>Accident Damage</b>	<b>350</b>	<b>400</b>	(50)	Project completed
<b>Unallocated</b>				
<b>Capital Receipts</b>		(51)	51	Gain on disposal of vehicles
<b>Total Capital expenditure</b>	<b>15,062</b>	<b>15,056</b>	<b>6</b>	

## BALANCE SHEET

Table 8 shows the Balance Sheet, with cash balance at £0.06 million.

**Table 8 – Balance Sheet**

**SCOTTISH AMBULANCE SERVICE BOARD  
BALANCE SHEET  
AT 31 MARCH 2019**

	Opening Balance £'000	Balance as at 31 Mar £'000	Month Change £'000
<b>Non-Current Assets</b>			
Property, Plant & Equipment	85,609	88,649	10,486
Intangible Fixed Assets	2,803	2,333	31
Financial Assets	3,622	3,804	201
<b>Total non-current assets</b>	<b>92,034</b>	<b>94,786</b>	<b>10,718</b>
<b>Current Assets</b>			
Assets held for sale	115	115	0
Inventories	126	107	4
Trade & other receivables	21,938	20,948	7,725
Cash	60	61	(4,064)
<b>Total current assets</b>	<b>22,239</b>	<b>21,231</b>	<b>3,665</b>
<b>Total assets</b>	<b>114,273</b>	<b>116,017</b>	<b>14,383</b>
<b>Current Liabilities</b>			
Provisions	2,803	2,803	0
Trade & other payables	19,339	15,234	5,931
<b>Total current liabilities</b>	<b>22,142</b>	<b>18,037</b>	<b>5,931</b>
<b>Non-Current Liabilities</b>			
Provisions	14,968	15,493	525
Trade & other payables	60	60	0
<b>Total non-current liabilities</b>	<b>15,028</b>	<b>15,553</b>	<b>525</b>
<b>Total net assets</b>	<b>77,103</b>	<b>82,427</b>	<b>7,927</b>
<b>Taxpayers Equity</b>			
General Fund	72,977	78,169	7,682
Revaluation Reserve	4,126	4,258	245
<b>Total reserves</b>	<b>77,103</b>	<b>82,427</b>	<b>7,927</b>

## CONCLUSION

The reported draft financial position for financial year 2018/19 was breakeven, which is in line with the Service's local delivery plan trajectory and updated forecast in November 2018.

The Service achieved the required efficiency savings of £9.9 million which included a mixture of recurring and non-recurring cost savings. Significant work has continued to strengthen and put pace into the Best Value Programme and a pipeline of projects is also in place providing assurance of additional recurring efficiency schemes being implemented. These assumptions have been incorporated into the 3 year financial plan commencing 2019/20.

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