

NOT PROTECTIVELY MARKED

Public Board Meeting

**May 2018
Item 11**

THIS PAPER IS FOR DISCUSSION

SUMMARY DRAFT FINANCIAL PERFORMANCE TO 31 MARCH 2018

Lead Director Author	Julie Carter, Interim Director of Finance and Logistics Maria McFeat, Interim Assistant Director of Finance
Action required	The Board is asked to:- 1. Note the draft financial position to the end of March 2018.
Key points	This paper updates the Board on the draft financial outturn position at 31 March 2018. Draft March Position: <ul style="list-style-type: none"> • Revenue Resource limit : break even • Capital Resource limit : break even • Cash Target: £60,400 held at end of the month <p>Efficiency: Target for financial year 2017/18 was £8.6million. The Service has realised £8.6million of savings for the financial year.</p>
Timing	During 2017/18 the Board has been provided with updates at each of its meetings of the financial position.
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 Scottish Ambulance 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 Scottish Ambulance 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 2017 when the budget for 2017/18 was set.

SCOTTISH AMBULANCE SERVICE BOARD

DRAFT FINANCIAL PERFORMANCE TO 31 MARCH 2018

JULIE CARTER, INTERIM DIRECTOR OF FINANCE AND LOGISTICS

This paper sets out the draft financial position at 31 March 2018 for the Scottish Ambulance Service. The Board is asked to note the financial position to the end of March 2018.

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 Scottish Government Health and Social Care Directorate in our Local Delivery Plan for year 2017/2018.

The income position was £167,416 under budget (after non-core income adjustment); the pay position was £36,452 under budget and non pay was £202,475 over budget, whilst savings achieved were on target.

The savings delivery profile was revised at month 3 which allowed more scope to review the progress of regional savings plans. Development and delivery of savings plans were fundamental to the Service delivering against its financial targets for the financial year. The Finance team continued to work with the Regional / Directorate budget holders to produce these plans however progress was slower than anticipated.

Discussions continued with our national Board colleagues and Scottish Government Health and Social Care Directorate (SGHSCD) as to the exact mechanism for the delivery of a contribution to the £15million national board savings, and can only come from savings that were in addition to the in year savings target. We continue to engage in a range of shared services work streams that have been identified. The Board revised its savings contribution in month 12 to £1million on a non recurring basis, from the realignment of the capital plan.

As part of the year end process we undertook a very detailed line by line review of the year end forecast and initiated further controls in some discretionary spend areas and all non essential spend was being scrutinised through the Assistant Director of Finance and Director of Finance and Logistics. Some spend was deferred to 2018/19 and this will be considered as part of the financial planning process for 2018/2019.

Table 1 – Scottish Ambulance Service high level overview

**SCOTTISH AMBULANCE SERVICE BOARD
REVENUE RESOURCE ANALYSIS
PERIOD TO 31 MARCH 2018**

	Full Year Budget £'000	Year to Date			Current Month		
		Budget £'000	Actual £'000	Variance £'000	Budget £'000	Actual £'000	Variance £'000
Income							
Revenue Allocation	235,070	235,070	235,070		20,528	20,528	
Health Board	3,980	3,980	4,342	362	539	909	370
Other Healthcare	1,084	1,084	1,220	136	63	137	74
Fleet	206	206	138	(68)	17	15	(2)
Staff Car Deductions	310	310	261	(49)	26	6	(20)
Other Operating	2,039	2,039	2,139	100	135	146	11
Total Income	242,689	242,689	243,170	481	21,308	21,741	433
Expenditure							
Accident & Emergency	162,573	162,573	163,250	(677)	13,857	14,022	(165)
Non Emergency Service	22,159	22,159	22,070	88	1,907	1,849	57
Air Ambulance	13,805	13,805	13,570	235	1,192	1,093	100
Overheads	44,152	44,152	44,277	(125)	4,351	4,470	(119)
Total Expenditure	242,689	242,689	243,168	(480)	21,307	21,434	(127)
Core Expenditure Variance				1			306
Non Core Expenditure							
Depreciation (DEL)	13,999		13,999			2,410	
Depreciation (Donated)	75		75			7	
Non Cash DEL	(432)		(432)			(432)	
Impairments (AME)	1,448		1,448			1,448	
Provisions (AME)	532		532			767	
Capital Grants	-----		-----			-----	
Total Non Core	15,622		15,622			4,200	

**SCOTTISH AMBULANCE SERVICE BOARD
REVENUE RESOURCE ANALYSIS
PERIOD TO 31 MARCH 2018**

Full Year Budget £'000	Year to Date			Current Month		
	Budget £'000	Actual £'000	Variance £'000	Budget £'000	Actual £'000	Variance £'000

Income

Revenue Allocation	235,383	235,070	235,070		20,528	20,528	
Health Board	3,981	3,980	4,342	362	539	909	370
Other Healthcare	1,084	1,084	1,220	136	63	137	74
Fleet	206	206	138	(68)	17	15	(2)
Staff Car Deductions	310	310	261	(49)	26	6	(20)
Other Operating	2,039	2,039	2,139	100	135	146	11
Total Income	243,003	242,689	243,170	481	21,308	21,741	433

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Non Emergency Service	22,159	22,159	22,070	88	1,907	1,849	57
Air Ambulance	13,805	13,805	13,570	235	1,192	1,093	100
Overheads	44,466	44,152	44,277	(125)	4,351	4,470	(119)
Total Expenditure	243,003	242,689	243,168	(480)	21,307	21,434	(127)

Core Expenditure Variance

1

306

Non Core Expenditure

Depreciation (DEL)	13,999	13,999	2,410
Depreciation (Donated)	75	75	7
Non Cash DEL	(432)	(432)	(432)
Impairments (AME)	1,448	1,448	1,448
Provisions (AME)	532	532	767
Capital Grants	-----	-----	-----
Total Non Core	15,622	15,622	4,200

INCOME AND EXPENDITURE BY REGION

Tables 2 – 4 show the high level outturn for each Region and Directorate.

Table 2 – Income and Expenditure

**SCOTTISH AMBULANCE SERVICE BOARD
INCOME AND EXPENDITURE SUMMARY
PERIOD TO 31 MARCH 2018**

		Cumulative to Date				Current Period			
		Budget £'000	Actual £'000	Variance £'000	Variance %	Budget £'000	Actual £'000	Variance £'000	Variance %
Service Delivery Directorate	Income	(5,599)	(5,631)	32	1%	(655)	(712)	57	9%
	Salaries	171,972	171,970	2	0%	14,256	14,226	31	0%
	Supplies	35,242	36,292	(1,050)	-3%	3,447	3,628	(181)	-5%
	Sav Target	(5,338)		(5,338)	100%	(756)		(756)	100%
	Sav Realised	4,551		4,551	100%	812		812	100%
				(1,803)			(38)		
Support Services Directorates	Income	(2,020)	(2,470)	450	22%	(126)	(502)	376	298%
	Salaries	15,839	15,805	34	0%	1,612	1,623	(11)	-1%
	Supplies	35,570	35,037	532	1%	6,129	6,471	(343)	-6%
	Sav Target	(3,285)		(3,285)	100%	(172)		(172)	100%
	Sav Realised	4,073		4,073		492		492	-100%
				1,803			343		
SCOTTISH AMBULANCE SERVICE	Income	(7,619)	(8,101)	481	6%	(781)	(1,214)	433	55%
	Salaries	187,811	187,775	36	0%	15,869	15,849	20	0%
	Supplies	70,812	71,329	(517)	-1%	9,576	10,099	(523)	-5%
	Sav Target	(8,624)		(8,624)	100%	(928)		(928)	100%
	Sav Realised	8,624		8,624		1,304		1,304	
				0			305		

Table 3 – Service Delivery

Service delivery is £1,803,008 over budget at 31 March. The non pay over spend continued across Service Delivery and finished the financial year at £1,049,579. Staffing costs that included travel, accommodation and subsistence increased to £408,000 over budget. This was a continuation of a trend from previous years and was identified as an area for budget manager attention during 2017/2018. Actual costs were £176,000 higher than March 2017 with increases in standard mileage, meal allowances and travel for training. Property running costs was £323,000 over budget mainly due to maintenance and cleaning. This was another area identified as requiring attention from budget managers but costs are £5,000 higher than last year. These areas are all a key focus for 2018/2019.

Medical consumable costs were £240,000 over budget in total. Regional over-spends amounted to £403,000 while National Operations, including Mountain Rescue, were £163,000 under budget. This was the third budget area that required manager attention in 2017/2018 but there has been little impact in year.

Savings were £787,412 behind target as the Operational Regions have been unable to deliver the level of savings needed in the year. They have not identified £2.04 million of savings required for the year, but the shortfall is partly offset by savings from National Operations of £1.25 million. The remaining £0.79 million was off-set from the Support Services Directorate.

Table 3

SCOTTISH AMBULANCE SERVICE BOARD
INCOME AND EXPENDITURE - SERVICE DELIVERY
PERIOD TO 31 MARCH 2018

		Cumulative to Date				Current Period			
		Budget £'000	Actual £'000	Variance £'000	Variance %	Budget £'000	Actual £'000	Variance £'000	Variance %
NORTH REGION	Income	(579)	(577)	(1)	0%	(75)	(84)	9	12%
	Salaries	28,654	28,653	0	0%	2,409	2,421	(12)	0%
	Supplies	3,475	3,765	(290)	-8%	358	405	(47)	-13%
	Sav Target	(1,203)		(1,203)	100%	(170)		(170)	100%
	Sav Realised	969		969	100%	54		54	100%
				(526)			(166)		
EAST REGION	Income	(1,137)	(1,244)	107	9%	(32)	(139)	106	327%
	Salaries	46,676	46,675	1	0%	3,938	3,812	126	3%
	Supplies	5,529	5,845	(316)	-6%	551	628	(77)	-14%
	Sav Target	(1,025)		(1,025)	100%	(145)		(145)	100%
	Sav Realised	593		593	100%	(121)		(121)	100%
				(640)			(110)		
WEST REGION	Income	(3,136)	(3,169)	33	1%	(475)	(460)	(15)	-3%
	Salaries	66,878	66,878	0	0%	5,496	5,531	(36)	-1%
	Supplies	7,620	8,074	(454)	-6%	810	907	(97)	-12%
	Sav Target	(3,110)		(3,110)	100%	(441)		(441)	100%
	Sav Realised	1,736		1,736	100%	327		327	100%
				(1,794)			(261)		
NATIONAL OPS	Income	(747)	(640)	(107)	-14%	(73)	(29)	(43)	-60%
	Salaries	29,765	29,764	1	0%	2,414	2,462	(48)	-2%
	Supplies	18,619	18,608	10	0%	1,729	1,689	40	2%
	Sav Target								
	Sav Realised	1,252		1,252		551		551	100%
				1,157			499		
TOTAL SERVICE DELIVERY	Income	(5,599)	(5,631)	32	1%	(655)	(712)	57	9%
	Salaries	171,972	171,970	2	0%	14,256	14,226	31	0%
	Supplies	35,242	36,292	(1,050)	-3%	3,447	3,628	(181)	-5%
	Sav Target	(5,338)		(5,338)	100%	(756)		(756)	100%
	Sav Realised	4,551		4,551	100%	812		812	100%
				(1,803)			(38)		

Table 4 – Support Services Directorates

Support services were £1,803,359 under budget with an over spend in Human Resources Directorate, and all other support services Directorates were under budget. The HR over spend was due to unachieved savings. The Board and Chief Executive under spend was primarily due to non recurring pay under spend due to personnel changes. Care Quality benefitted from lower than planned training costs transferred to non recurring savings. Medical Directorate achieved the required savings on a non recurring basis.

**SCOTTISH AMBULANCE SERVICE BOARD
INCOME AND EXPENDITURE BY DIRECTORATE
PERIOD TO 31 MARCH 2018**

		Cumulative to Date				Current Period			
		Budget £'000	Actual £'000	Variance £'000	Variance %	Budget £'000	Actual £'000	Variance £'000	Variance %
BOARD AND CHIEF EXECUTIVE	Income	(19)	68	(88)	-453%	(1)	85	(86)	-7041%
	Salaries	1,566	1,465	101	6%	231	157	75	32%
	Supplies	190	182	8	4%	16	16	(0)	-2%
	Sav Target	(80)		(80)	100%	(7)		(7)	100%
	Sav Realised	249		249	100%	96		96	100%
				190				77	
FINANCE AND LOGISTICS	Income	(1,809)	(2,354)	546	30%	(110)	(559)	449	408%
	Salaries	6,576	6,653	(78)	-1%	784	837	(53)	-7%
	Supplies	32,380	31,955	426	1%	5,761	6,019	(258)	-4%
	Sav Target	(2,605)		(2,605)	100%	(115)		(115)	100%
	Sav Realised	3,404		3,404	100%	309		309	100%
				1,693				333	
HUMAN RESOURCES	Income	(43)	(50)	7	16%	(4)	(3)	(1)	-20%
	Salaries	1,902	1,893	9	0%	148	151	(3)	-2%
	Supplies	1,004	890	114	11%	136	87	49	36%
	Sav Target	(364)		(364)	100%	(30)		(30)	100%
	Sav Realised	93		93	100%	18		18	100%
				(141)				33	
MEDICAL	Income	(18)	(39)	20	110%	(2)	(22)	20	1328%
	Salaries	1,038	1,038	0	0%	86	90	(4)	-4%
	Supplies	361	375	(14)	-4%	28	38	(10)	-36%
	Sav Target	(83)		(83)	100%	(7)		(7)	100%
	Sav Realised	102		102	0%	14		14	0%
				26				14	
CARE QUALITY AND STRATEGIC DEVELOPMENT	Income	(131)	(96)	(35)	-27%	(9)	(3)	(6)	-64%
	Salaries	4,758	4,756	2	0%	364	389	(25)	-7%
	Supplies	1,635	1,636	(1)	0%	188	312	(124)	-66%
	Sav Target	(153)		(153)	100%	(13)		(13)	100%
	Sav Realised	224		224	100%	55		55	0%
				36				(112)	
TOTAL SUPPORT SERVICES	Income	(2,020)	(2,470)	450	22%	(126)	(502)	376	298%
	Salaries	15,839	15,805	34	0%	1,612	1,623	(11)	-1%
	Supplies	35,570	35,037	532	1%	6,129	6,471	(343)	-6%
	Sav Target	(3,285)		(3,285)	100%	(172)		(172)	100%
	Sav Realised	4,073		4,073	100%	492		492	100%
				1,803				343	

Table 5 – Strategy Investment

The Scottish Government invested an additional £6.3 million in 2017/2018 to support the delivery of “Towards 2020: Taking Care to the Patient”. In addition, this investment focused on delivering optimal service performance as well as enhancing the core skills of our Paramedic and Technician workforce.

Service priorities in 2017/2018 and 2018/2019 was to expand staff numbers and skills within the Ambulance Control Centres, with primary focus being on the development of staff and the clinical hub, roll out of the new electronic Patient Report, utilisation of technology developed through Telehealth Phase 1 and II, and recognising the increased knowledge and skills base of our current workforce, ensuring that these enhanced levels of practice are maximised.

2017/2018 saw the first cohort of Specialist Paramedics completing their training and this, taken with the enhancements in Ambulance Control Centres, produced an increase in our See and Treat capability.

The Board approved recurring investment of £12.463 million on the basis that in year expenditure was managed within the total Government investment of £11.3 million. This equated to an over commitment of £1.16 million.

The table below provides a breakdown of the full investment along with the full expenditure for 2017/2018.

**SCOTTISH AMBULANCE SERVICE BOARD
STRATEGY INVESTMENT REPORT
PERIOD TO 31 MARCH 2018**

	2017/18 Investment £'000	Actual to Date £'000	Anticipated Q4 Spend £'000	Anticipated Full Year Spend £'000	Variance fr Investment £'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	
ACC Clinical Advisors	200	200		200	
Telehealth Phase II - EPR roll out	250	117		117	133
Ambulance Control Centres	1,478	1,050		1,050	428
Out of Hospital Cardiac Arrest	285	199		199	86
DFLM Logistics	350	323		323	27
Training - additional training staff	600	600		600	
Training - additional non pay costs	312	312		312	
Specialist Paramedics B6	2,600	2,502		2,502	98
Implementation Support	450	391		391	59
Technician and Paramedic Regrade	4,400	4,282		4,282	118
Total Strategy Investment	12,463	11,514		11,514	949

CAPITAL

Table 6 shows the Capital Expenditure report for the year.

Table 6 – Capital Expenditure

**SCOTTISH AMBULANCE SERVICE BOARD
CAPITAL EXPENDITURE REPORT
PERIOD TO 31 MARCH 2018**

	Planned Budget £'000	Actual to Date £'000	Under/ (Over) Spend £'000	Status
CAPITAL RESOURCE FUNDING				
Formula Allocation	1,794	1,790	4	
Project Specific Funding	20,484	20,484		
Other Central Funding (ScotSTAR)	42	42		
Funding Returned to SG	(1,000)	(1,000)		<i>additional funding of £50k agreed by SGHSCD return of budget for PTS Cars</i>
Capital Grant				<i>Capital Grant reversed</i>
Capital Receipts	196	196		<i>Falkirk sale</i>
Total Capital allocation	21,516	21,512	4	
EXPENDITURE				
Building Projects				
Dunfermline - Station	299	299		<i>completed in July</i>
Dunfermline - Conference Facilities Lerwick	75	75		<i>not progressing in 2017/2018 - Capital Grant reversed and returned to SAS not progressed in 2017/2018</i>
Inverness Workshop				
SFRS Co-location Sites	24	24		
ACC - Estate Expansion & Business Continuity	501	422	79	<i>spend brought forward from 2018/2019 due to return of Capital grant funding</i>
ACC - Air Conditioning Upgrade		80	(80)	
Minor Works	252	194	58	<i>funded from underspends in Dunfermline and income</i>
Equipment				
Plant & Equipment	98	97	1	<i>vehicle charging points and ten vehicle hoists - increased the number of vehicle hoists</i>
Medical Equipment	42	104	(62)	
ScotSTAR	42	42		
ICT Projects				
Telephony Infrastructure	70	67	3	
Network Infrastructure	50	31	19	
eHealth	125	159	(34)	
Server Infrastructure	80	41	39	
Desktop Infrastructure	50		50	
Vehicle Replacement	19,367	19,663	(296)	<i>Budget reduced due to PTS Cars not progressing in 2017/2018 - budget increased due to £8.7m brought forward from 2018/2019. Additional NRRD vehicles being purchased not in original business case.</i>
Vehicle Accident Damage	245	293	(48)	
Ambulance Telecare				
Phase 2		(79)	79	<i>satellite equipment - VAT Credit received</i>
Unallocated				
Capital Receipts				
Falkirk	85		85	<i>receipt received December 2017</i>
Vehicle Disposals	111		111	<i>receipts received March 2018</i>
Daliburgh				<i>surplus land - not being sold in 2017/2018</i>
Total Capital expenditure	21,516	21,512	4	

BALANCE SHEET

Table 7 shows the Balance Sheet, with cash balance at £60,000.

Table 7 – Balance Sheet

SCOTTISH AMBULANCE SERVICE BOARD

BALANCE SHEET

AT 31 MARCH 2018

	Opening Balance £'000	Balance as at 31 Mar £'000	Month Change £'000	Forecast as at 31 Mar £'000
Non-Current Assets				
Property, Plant & Equipment	80,852	86,408	8,090	86,408
Intangible Fixed Assets	1,062	2,004	(832)	2,004
Financial Assets	3,516	3,606	79	3,606
Total non-current assets	85,430	92,018	7,337	92,018
Current Assets				
Assets held for sale	85	115	2	115
Inventories	157	126	2	126
Trade & other receivables	18,072	22,008	10,523	22,008
Cash	60	60	(997)	60
Total current assets	18,374	22,309	9,530	22,309
Total assets	103,804	114,327	16,867	114,327
Current Liabilities				
Provisions	2,771	2,803	32	2,803
Trade & other payables	20,402	19,502	8,827	19,502
Total current liabilities	23,173	22,305	8,859	22,305
Non-Current Liabilities				
Provisions	14,153	14,968	1,051	14,968
Trade & other payables				
Total non-current liabilities	14,153	14,968	1,051	14,968
Total net assets	66,478	77,054	6,958	77,054
Taxpayers Equity				
General Fund	61,988	72,552	6,773	72,552
Revaluation Reserve	4,490	4,502	186	4,502
Total reserves	66,478	77,054	6,959	77,054

Notes

(a) Accrued insurance recovery income from CRU plus non-current reimbursement of provisions debtors.

CONCLUSION

The reported draft financial position for financial year 2017/2018 was breakeven, which is in line with the Service's local delivery plan trajectory. We continue to face a considerable challenge to identify and manage ways to deliver recurrent cost savings to ensure a sustainable financial balance in year and in future years. A financial plan for 2018/2019 has been developed with plans to secure financial stability and recurring balance over the next 12 months.

In completing the final 2017/2018 financial position, we continued to focus on the discretionary expenditure and implemented strict year end measures that included a critical review of stock levels and spend, as well as consideration of deferral of non essential spend into 2018/2019. The implications of this will be considered as part of the financial planning process for 2018/2019.

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