



NOT PROTECTIVELY MARKED

Public Board meeting		30 November 2022
		Item 11
THIS PAPER IS FOR DISCUSSION		
SUMMARY FINANCIAL PERFORMANCE TO 31 OCTOBER 2022		
Lead Director Author	Julie Carter, Director of Finance, Logistics and Strategy Maria McFeat, Deputy Director of Finance	
Action required	The Board is asked to discuss and note : <ul style="list-style-type: none">• The financial position to the end of October 2022• The efficiency savings position to the end of October 2022• The financial impact of COVID-19 expenditure and funding to the end of October 2022	
Key points	<ol style="list-style-type: none">1. The financial position shows a deficit of £7.6 million against a trajectory deficit of £1.8 million.2. Additional COVID-19 (including Vaccinations) expenditure of £7.1 million against a funding allocation of £3.6 million year to date has been incurred in this period. This shortfall in funding of £3.5 million year to date, is contributing to the current adverse finance position.3. In addition fuel costs are overspent by £2.0 million which are also contributing to this adverse position4. Local efficiency savings of £3.4 million have been delivered to date. Against full year plan of £6.4 million5. Best value schemes identified National Programme plans of £6.3 million programmes, which have been agreed and implementation has commenced. This month, we have seen to date savings delivered at £1.4 million.6. Use of non recurring savings/slippage of £2.06 million has also been actioned to date.7. Total savings to date delivered, including non recurring are £6.9m against a target of £7.2 million year to date.	

Timing	During the financial year the Board will be provided with monthly updates on the financial position and from October 2022 the final year end forecast position will also be reported.
Link to Corporate Ambitions	To 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 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 2022 when the budget for 2022/23 was set.

SCOTTISH AMBULANCE SERVICE BOARD

FINANCIAL PERFORMANCE TO 31 OCTOBER 2022

JULIE CARTER, DIRECTOR OF FINANCE, LOGISTICS & STRATEGY

This paper sets out the financial position as at 31 October 2022 for the Scottish Ambulance Service.

The Board is asked to note:

- the financial position to the end of October 2022 for the financial year 2022/23
- a specific section on 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

The financial position to October 2022, reporting a deficit position to date, consists of:

- The outturn up to month 7 is £7.6 million deficit
- Efficiency savings target for the financial year is £17.35 million. To date £6.86 million of savings are being reported against a target of £7.2 million year to date.
- The financial impact of COVID-19 represents expenditure of £7.1 million against funding to date of £3.6 million, with a financial gap to month 7 of £3.5m. The full year forecast of COVID-19 expenditure remains at £14.1 million against a projected funding of £8.6 million with a full year gap of £5.5 million. The full year gap relates to unfunded pay costs from the ACC Expansion and Card 46 timed admissions service, both which cannot be ceased due to the wider impact on patient care and service provision.
- Our financial plan assumed an increase in fuel cost of £0.6 million however the current rate has far exceeded that and we are reporting a cost pressure of £2.0 million after 7 months of this year, although this has slowed from previous months as prices look to have stabilised. The full year forecast is assuming a cost pressure of circa £3.7 million

A number of actions are in place to review and update this position on an ongoing basis however the likelihood of reducing these costs further remains unlikely as does the likelihood of further funding. The full year financial impact has been reflected in the updated full year forecast.

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Key messages

- The financial plan trajectory assumed a deficit of £1.8 million at the end of October 2022 against the current position of £ 7.6 million.
- The financial plan assumed that all COVID-19 related pressures would be fully funded.
- The current adverse financial position therefore is primarily driven by unfunded COVID-19 pressures of £3.5 million and a shortfall in efficiency savings of circa £0.3 million and increased fuel costs of £2 million.
- In September 2022, we received an allocation of £45 million against full year commitments of £47.7 million, and this gap to month 7 is £0.8 million also contributing to the financial position.
- Good progress is being made in the delivery of the efficiency savings plans although notably there is a greater reliance on non recurring. The detailed year end forecast assumes the savings plan will be delivered in line with the financial plan.
- Given the very tight financial position very detailed full year forecasts has been completed and presented to the Board in November. This forecast will be updated on a monthly basis.
- Against our efficiency savings target of £17.4 million, we have delivered £6.86 million to date. This is against a year-to-date trajectory of £7.2 million. A number of programmes have now commenced and progress is being monitored through the Best Value Steering group. It is also recognises the continued operational pressures within the wider system have impacting on timelines. Local implementation of efficiency plans are progressing with £3.4 million delivered to date
- Best Value Steering Group meetings continue to take place within addition weekly operational meetings have also been established, chaired by the Director of Finance. Given the current financial position this work is being accelerated with monthly savings trajectories being developed. In addition monthly monitoring reports have been completed for the programmes being implemented. A number of new programmes have also been initiated.
- We continue to report additional costs in our air ambulance service due to increased activity over the summer months and additional costs in medical consumables, outwith these pressure points, the income and expenditure for the Service remain broadly stable and in line with the financial plan.

An updated and final 3 year financial plan was submitted to Scottish Government on the 29th July 2022. This financial plan was approved by the Board at the July 2022 Board meeting. The Board has previously approved the draft 3 year financial plan at the March Board meeting.

The financial plan forecast a balanced position for 2022/23, however this is now looking highly unlikely given the shortfall in COVID-19 funding and the significant increase in fuel costs.

The updated financial forecast is estimating a deficit position of £5.5 million after offsetting a number of recovery actions. This remains primarily driven by the COVID-

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19 funding shortfall. A detailed forecast has been completed and describes a 'back to balance' action plan which is in place, although recognising this is unlikely to significantly reduce this forecast financial position.

This will be closely monitored and reported to the Board and Scottish Government on a monthly basis.

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 is now limited to £8.6 million, which includes the Mobile Vaccination program funding, with a further £14.33 million for Mobile Testing Units.

In light of this funding gap, we escalated our risk of non delivery of financial balance from high to very high on our corporate risk register, with a range of mitigating actions. This included a deep dive review of our COVID -19 expenditure. This reduced our full year forecast excluding mobile testing units from £16.2 million to £14.1 million. The MTU costs also reduced to £14.33 million in line with funding received.

In recognition of similar financial challenges across the Health Boards, the Service and the Health Boards are working closely with the Scottish Government to support this, and Scottish Government have set up a network of COVID-19 cost improvement groups supported by Directors and Deputy Directors of Finance. The purpose of these groups is to ensure a consistency of approach across the Health and Social Care System, to ensure that COVID-19 expenditure is contained within the COVID-19 funding allocated, and that services are delivered to provide best quality of service whilst delivering the best value for the public purse and working across a whole system approach. The Service is well engaged in this work.

In addition the Service completed a business case, and approved by the Board for the necessity to continue with increased staffing within the Ambulance Control Centres to meet the increased demand in emergency calls. In addition the Service continue to maintain, given the significant operational pressures in the wider system, the need for the timed admissions development (card 46 resources). These two specific developments continue to contribute to the COVID-19 funding shortfall in 2022/23 of £5.5 million and likely recurring into 2023/24.

ACTION: We continue to work closely with Scottish Government colleagues through influencing and engaging with the workshops and ensure timely reporting of COVID-19 finance expenditure reporting. Detailed business cases for services seeking COVID-19 funding have been completed. There remains a key focus on monitoring COVID-19 related costs, including assessing the operational service impact and the forecast expenditure. This will continue to be reported to the Board on a monthly basis.

2. Delivery of our Efficiency Savings Target

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The challenging savings target for 2022/23 has 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, of which £3.4 million plans have been identified up to the end of October 2022. Best Value savings of £1.4 million have been identified up to this month. In addition, the financial plan, in March and updated for July 2022, assumed a level of non recurring slippage as seen in previous years and £2.1 million has been released to date. The total savings therefore reported up to month 7 is £6.86m against a target of £7.2 million, showing good progress.

ACTION: The Best Value operational group has 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 have been allocated to all programmes and monthly highlight reports were being completed against each programme. A weekly delivery group has also been established. The updated Best Value governance policy and procedures have been updated with internal escalation plans in place.

Given the current financial position work has also now commenced in describing monthly and where necessary weekly financial savings trajectories between now and the end of the financial year.

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 remains a key priority for the Service and in agreement with Scottish Government, in December 2021, 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.

ACTION: We continue to track the financial costs for phase 1 and 2, and phase 3 and will continue to report on this to the Board and the Demand and Capacity Programme Board on a monthly basis. In addition a detailed benefits analysis is being completed for both the additional posts of phase 1 and 2 and the re-rostering work, which has been phased in from April to July 2022. A detailed report on this is due to be produced in November 2022.

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 have advised us on the 1st June 2022, that we will be receiving £8.6 million for the year, which includes funding for the Mobile Vaccination Unit

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program. A revised forecast has been completed and is currently predicting additional costs of £14.1 million, including £0.889 million for the mobile vaccination service.

Expenditure to the end of October 2022, has identified total costs of £7.1 million against funding of £3.6 million. Our forecast will continue to be reviewed on a monthly basis alongside the Scottish Government COVID-19 improvement work which aims to reduce the anticipated COVID-19 allocation in line with consistent and acceptable risk assessments.

Work within the Service, is also progressing in assessing the impact, on each cost line of the revised £14.1 million forecast, of cost reductions or cessation. A number of business cases have been developed to assess this. 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 the service, the staff and patients. The financial impact of no additional funding has been assumed within the updated financial forecast.

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 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.

Finance position as at October 2022

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Introduction

This section of the paper provides details of the financial results for the period ending October 2022.

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.

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SUMMARY OF YEAR TO DATE POSITION

Table 1 reports that the revenue position for the financial year to the end of October 2022 is £ 7.5 million over budget, made up of the following:

- Income – break even
- Expenditure Pay – Over budget by £2.8 million
- Expenditure Supplies – over budget by £4.3 million
- Savings – behind target by £0.3 million
- Expenditure Non-core – break even
- COVID-19 expenditure included in the £7.1 million against funding is over budget by £3.5 million

Table 1 – Scottish Ambulance Service high-level overview

SCOTTISH AMBULANCE SERVICE BOARD REVENUE RESOURCE ANALYSIS YEAR TO 31 OCTOBER 2022							
	Full Year Budget £'000	Year to Date			Current Month		
		Budget £'000	Actual £'000	Variance £'000	Budget £'000	Actual £'000	Variance £'000
Income							
Revenue Allocation	428,787	237,571	237,571		27,795	27,795	
Health Board	5,141	3,136	3,136	0	442	442	0
Other Healthcare	1,122	690	626	(64)	101	90	(11)
Fleet	7	7	8	1	0	1	1
Staff Car Deductions	179	101	99	(2)	15	15	0
Other Operating	2,438	2,068	2,038	(30)	487	375	(112)
Total Income	437,674	243,573	243,478	(95)	28,840	28,718	(122)
Expenditure							
Accident & Emergency	253,991	145,547	148,987	(3,440)	19,515	20,361	(846)
Non Emergency Service	25,617	15,131	17,392	(2,261)	2,084	2,445	(361)
Air Ambulance	17,064	10,156	11,103	(947)	1,428	1,553	(125)
Overheads	119,208	50,945	51,781	(836)	5,813	6,420	(607)
Total Expenditure	415,880	221,779	229,263	(7,484)	28,840	30,779	(1,939)
Core Expenditure Variance				(7,579)			(2,061)
Non Core Expenditure							
Depreciation (DEL)	21,288	9,426	9,426	0	1,411	1,411	0
Depreciation (Donated)	106	40	40	0	6	6	0
AME Provision	0	0	0	0	0	0	0
AME Impairments	400	0	0	0	0	0	0
Non Cash (DEL)	0	0	0	0	0	0	0
Total Non Core Expenditure	21,794	9,466	9,466	0	1,417	1,417	0
Surplus / Deficit				(7,579)			(2,061)

The Non Emergency Service overspend of £2.3 million reflects the COVID-19 funding pressure for the Card 46 resources, as well as associated overtime, and fuel pressure all of which are included within the Service Delivery Directorate overspend £6.3 million position.

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 OCTOBER 2022

		Cumulative to Date				Current Period			
		Budget £'000	Actual £'000	Variance £'000	Variance %	Budget £'000	Actual £'000	Variance £'000	Variance %
COVID-19	Income			0		0	0	0	
	Salaries	149	395	(246)		(153)	93	(246)	
	Supplies	(13)	(13)	0		(97)	(97)	0	
	Sav Target	0	0	0		0	0	0	
	Sav Realised	0	0	0		0	0	0	
					(246)			(246)	
Service Delivery Directorate	Income	(4,130)	(4,129)	(1)	0%	(637)	(636)	(1)	0%
	Salaries	167,486	169,713	(2,227)	1%	22,203	22,952	(749)	3%
	Supplies	24,210	28,421	(4,211)	17%	3,202	3,723	(521)	16%
	Sav Target	(1,537)	0	(1,537)	0%	(257)	0	(257)	0%
	Sav Realised	1,643	0	1,643	0%	322	0	322	0%
					(6,333)			(1,206)	
Support Services Directorates	Income	(1,872)	(1,779)	(93)	-5%	(407)	(287)	(120)	-29%
	Salaries	16,830	17,164	(334)	2%	1,484	2,492	(1,008)	68%
	Supplies	22,915	23,048	(133)	1%	3,329	3,030	299	-9%
	Sav Target	(5,656)	0	(5,656)	0%	(943)	0	(943)	0%
	Sav Realised	5,216	0	5,216	0%	1,163	0	1,163	0%
					(1,000)			(609)	
SCOTTISH AMBULANCE SERVICE	Income	(6,002)	(5,908)	(94)	-2%	(1,044)	(923)	(121)	-12%
	Salaries	184,465	187,272	(2,807)	-2%	23,534	25,537	(2,003)	-9%
	Supplies	47,112	51,456	(4,344)	-9%	6,434	6,656	(222)	-3%
	Sav Target	(7,193)	0	(7,193)		(1,200)	0	(1,200)	
	Sav Realised	6,859	0	6,859		1,485	0	1,485	
					(7,579)			(2,061)	

Table 3 – Service Delivery

Service delivery is over budget by £6.3 million at 31 October 2022. Pay costs are reporting an overspend of £2.2 million over all service areas, reflecting the impact of reduced COVID-19 funding and additional pay expenditure that has been incurred across all service areas as a result of COVID-19. Air Ambulance Costs show a cost pressure as a result of increased number of missions over the summer season, this is being very carefully monitored.

Fuel prices continue to cause a 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 slight drop continuing through September and October to 44p above budgeted levels. We hope this downward trend will continue as we go into the winter months. This will continue to be monitored closely and is currently up to month 7 reporting a cost pressure of £2.0 million.

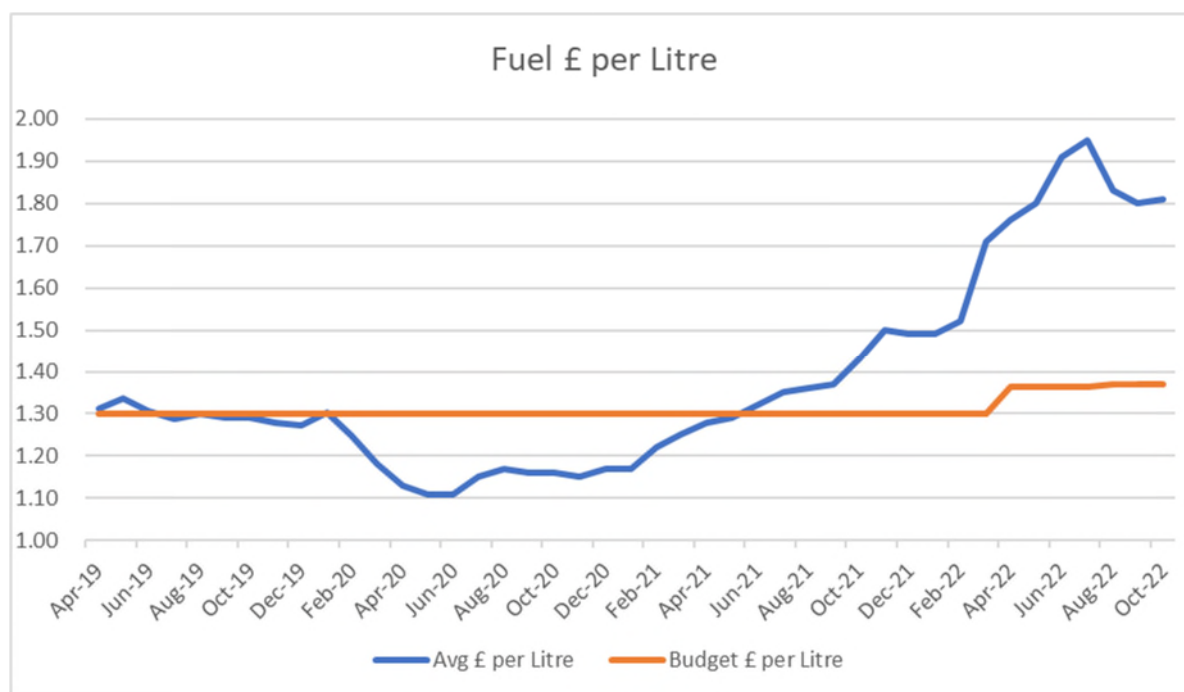


Table 3

**SCOTTISH AMBULANCE SERVICE BOARD
INCOME AND EXPENDITURE - SERVICE DELIVERY
YEAR TO 31 OCTOBER 2022**

		Cumulative to Date				Current Period			
		Budget £'000	Actual £'000	Variance £'000	Variance %	Budget £'000	Actual £'000	Variance £'000	Variance %
NORTH REGION	Income	(594)	(593)	(1)	0%	(85)	(84)	(1)	-1%
	Salaries	27,037	27,413	(376)	1%	3,859	3,971	(112)	3%
	Supplies	2,130	3,411	(1,281)	60%	304	564	(260)	86%
	Sav Target	(192)	0	(192)		(32)	0	(32)	
	Sav Realised	455		455		70	0	70	
				(1,395)			(335)		
EAST REGION	Income	(813)	(813)	0	0%	(108)	(108)	0	0%
	Salaries	42,169	43,146	(977)	2%	5,930	6,194	(264)	4%
	Supplies	3,404	4,644	(1,240)	36%	508	761	(253)	50%
	Sav Target	(306)	0	(306)		(51)		(51)	
	Sav Realised	474	0	474		117		117	
				(2,049)			(451)		
WEST REGION	Income	(1,942)	(1,942)	0	0%	(301)	(301)	0	0%
	Salaries	57,724	58,538	(814)	1%	8,278	8,515	(237)	3%
	Supplies	4,473	5,497	(1,024)	23%	653	531	122	-19%
	Sav Target	(427)		(427)		(71)		(71)	
	Sav Realised	664		664		85		85	
				(1,601)			(101)		
NATIONAL OPS	Income	(781)	(781)	0	0%	(143)	(143)	0	0%
	Salaries	39,988	40,101	(113)	0%	4,057	4,192	(135)	3%
	Supplies	14,165	14,840	(675)	5%	1,731	1,866	(135)	8%
	Sav Target	(601)	0	(601)		(101)		(101)	
	Sav Realised	50	0	50		50		50	
				(1,339)			(321)		
BUSINESS INTELLIGENCE	Salaries	568	515	53	-9%	79	80	(1)	1%
	Supplies	38	29	9	-24%	6	1	5	-83%
	Sav Target	(11)	0	(11)		(2)	0	(2)	
	Sav Realised	0	0	0		0	0	0	
				51			2		
TOTAL SERVICE DELIVERY	Income	(4,130)	(4,129)	(1)	0%	(637)	(636)	(1)	0%
	Salaries	167,486	169,713	(2,227)	1%	22,203	22,952	(749)	3%
	Supplies	24,210	28,421	(4,211)	17%	3,202	3,723	(521)	16%
	Sav Target	(1,537)	0	(1,537)		(257)	0	(257)	
	Sav Realised	1,643	0	1,643		322	0	322	
				(6,333)			(1,206)		

Table 4 – Support Services Directorates

Support services are being reported as £1 million over budget. The Finance, Logistics and Strategy savings target includes all Best Value Programme targets.

SCOTTISH AMBULANCE SERVICE BOARD
INCOME AND EXPENDITURE BY DIRECTORATE
YEAR TO 31 OCTOBER 2022

		Cumulative to Date				Current Period			
		Budget	Actual	Variance	Variance	Budget	Actual	Variance	Variance
		£'000	£'000	£'000	%	£'000	£'000	£'000	%
BOARD AND CHIEF EXECUTIVE	Income	(2)	(2)	0	0%	0	0	0	
	Salaries	1,095	1,191	(96)	9%	58	169	(111)	191%
	Supplies	62	75	(13)	21%	1	13	(12)	1200%
	Sav Target	(24)	0	(24)		(4)	0	(4)	
	Sav Realised	62	0	62		15	0	15	
				(71)		(112)			
FINANCE AND LOGISTICS	Income	(1,674)	(1,585)	(89)	-5%	(362)	(234)	(128)	-35%
	Salaries	7,244	7,883	(639)	9%	89	1,190	(1,101)	1237%
	Supplies	19,926	19,959	(33)	0%	2,679	2,319	360	-13%
	Sav Target	(5,548)	0	(5,548)		(925)	0	(925)	
	Sav Realised	4,853	0	4,853		1,089	0	1,089	
				(1,456)		(705)			
HUMAN RESOURCES	Income	(18)	(18)	0	0%	(3)	(3)	0	
	Salaries	1,502	1,448	54	-4%	239	204	35	-15%
	Supplies	461	526	(65)	14%	66	100	(34)	52%
	Sav Target	(18)	0	(18)		(3)	0	(3)	
	Sav Realised	8	0	8		0	0	0	
				(21)		(2)			
MEDICAL	Income	(148)	(149)	1	1%	(38)	(48)	10	
	Salaries	2,182	2,145	37	-2%	327	292	35	-11%
	Supplies	460	523	(63)	14%	76	72	4	-5%
	Sav Target	(13)	0	(13)		(2)	0	(2)	
	Sav Realised	25	0	25		0	0	0	
				(13)		47			
CARE QUALITY AND PROF DEVELOPMENT	Income	(30)	(25)	(5)	-17%	(4)	(2)	(2)	
	Salaries	4,807	4,497	310	-6%	771	637	134	-17%
	Supplies	2,006	1,965	41	-2%	507	526	(19)	4%
	Sav Target	(53)	0	(53)		(9)	0	(9)	
	Sav Realised	268	0	268		59	0	59	
				561		163			
TOTAL SUPPORT SERVICES	Income	(1,872)	(1,779)	(93)	-5%	(407)	(287)	(120)	-29%
	Salaries	16,830	17,164	(334)	2%	1,484	2,492	(1,008)	68%
	Supplies	22,915	23,048	(133)	1%	3,329	3,030	299	-9%
	Sav Target	(5,656)	0	(5,656)		(943)	0	(943)	
	Sav Realised	5,216	0	5,216		1,163	0	1,163	
				(1,000)		(609)			

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 OCT 2022

	Full Year Budget £'000	Year to Date		
		Budget £'000	Actual £'000	Variance £'000
Income				
Revenue Allocation	428,788			
Baseline Allocations	344,747			
Recurring Allocations	5,853			
Non-Recurring Allocations	78,188			
Fleet Income	7	7	8	1
Health Board	5,141	3,136	3,136	0
Other Healthcare	1,122	690	626	(64)
Other Operating	2,438	2,068	2,038	(30)
Staff Car Deductions	179	101	99	(2)
Total Income	437,675	6,002	5,907	(95)

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 reflecting £429 million, reflecting the latest allocation letter as we continue discussions with Scottish Government following submission of our financial returns and recovery plan.

Detailed Pay analysis

Overtime cost in this current year is averaging 6.2% of the year to date pay bill against 5.6% last year, against a higher pay bill cost in this year. The graph below shows a trend analysis of overtime costs in the last two and a half years. The impact of COVID-19 mobilisation on the Service can be seen in the months from March 2020, with the last rise in cases during March/April 2022. These additional costs are also contributing to the COVID-19 cost overspend.

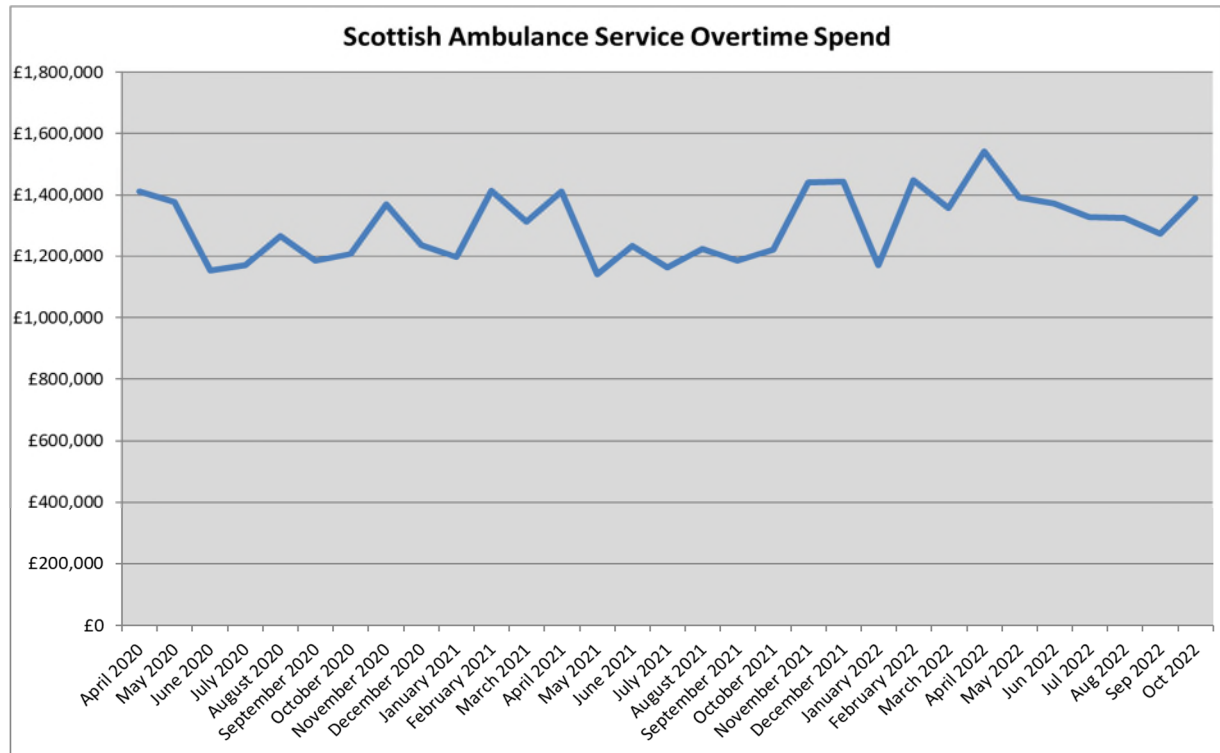


Table 6

**SCOTTISH AMBULANCE SERVICE BOARD
STAFF AND OVERTIME SUMMARY
YEAR TO 31 OCTOBER 2022**

		East Region	North Region	West Region	National Ops	Business Intelligence	Service Delivery
Current Year	Average WTE	1,416	815	1,905	851	16	5,003
	Overtime Hours	86,737	75,228	153,757	44,399	0	360,121
	Overtime Cost (£'000)	2,462	2,195	4,402	1,305	0	10,364
Prior Year	Average WTE	1,311	740	1,826	842	15	4,734
	Overtime Hours	79,155	77,970	141,668	40,965	37	339,795
	Overtime Cost (£'000)	2,191	2,131	3,879	1,168	1	9,370
Variance	Average WTE	105	75	79	9	1	269
	Overtime Hours	7,582	(2,742)	12,089	3,434	(37)	20,326
	Overtime Cost (£'000)	271	64	523	137	(1)	994

The above table illustrates an overall increase in overtime hours compared to a year ago, with the highlight being an additional 269 staff (whole time equivalents) in post, primarily as a result of the Demand & Capacity program. There are also a number of Best Value Programmes focusing on reducing overtime costs and we would anticipate this reducing further over the next few months, subject to COVID-19 abstractions and pressures.

Non-pay

The non-pay costs are currently carrying a number of costs pressures, namely fuel pressure at £2.0 million, air ambulance £1.02 million and other non pay pressures related to Medical costs, Insurance, Vehicle Maintenance 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 forecast review.

The breakdown of the key pressures as follows: Computer Maintenance £0.1 million, Medical costs £0.86 million, insurance £0.33 million, other operating costs £0.1 million,

Accommodation and Travel and Subsistence £0.26 million, and Vehicle maintenance £0.1 million.

- Vehicle accidents cover much of the insurance pressure as well as premiums increasing.
- 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.
- Within Staffing costs, uniforms are carrying a high initial cost due to purchase of the new 5 in1 jackets but we anticipate this to smooth out during the remainder of the financial year. The other cost pressures are within Accommodation (EPDD) and Travel and Subs, 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 £1.81 a litre, which is lower than the fuel price peak earlier in the year.

We continue to review all areas of cost pressures on a monthly basis through good engagement with Budget holders alongside the savings reviews.

Efficiency Savings



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 £3.4 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 March and now updated July 2020-23 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. A detailed programme plan has been in place with Executive leads against each programme. To date, £1.4 million savings have been achieved against various Best Value workstreams.

We anticipated in the March Financial plan that have had to continue with a reliance on non-recurring savings/slippage, we have now actioned £2.06 million of non recurring slippage year to date.

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 it has been confirmed that non recurring funding for 2022/23 amounts to £8.6 million. An updated forecast has been completed and given the current COVID-19 abstractions and pressures in the system remains higher than the funding at £14.1 million.

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

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Category of Resource	£
Additional pay & staff overtime	2.78 million
Logistics, Education	0.30 million
Mobile Vaccination Unit costs	0.48 million
Funded costs	3.56 million
Unfunded costs for ACC Expansion and Card 46	3.53 million
Total COVID costs to date	£7.1 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 reporting, and is being reviewed on a monthly basis

Logistics, Card 46 and ACC Expansion

The service continues to trial 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 October 2022) is as follows:

	Costs
Pay	£420,000

Non Pay	£57,000
Total	£477,000

The vaccination team are working to a revised forecast of £0.889 million in 2022/23 and this has been reduced in line with the COVID-19 funding levels, and contributes to the overall COVID-19 funding shortfall.

Mobile Testing Units

The Service is currently delivering 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 October 2022) is as follows:

	Costs
Pay	£ 12.05 million
Non Pay	£ 1.1 million
Total	£ 13.15 million

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

Updated Forecast Position 2022-23

A detailed forecast has been produced building upon the 22/23 financial plan assumptions. The aims of the plan remain however the changes in the following 3 key financial planning assumption have refocused the plan, all previously highlighted in the finance report above and reported to the Board throughout the year. They are:

1. a significant reduction in our COVID-19 funding assumption. The financial plan assumed total COVID-19 cost and full funding of £16.2 million. The full year costs have since been revised down to £14.1 million. The full year funding allocation was confirmed as £8.6 million with a now forecast shortfall of £5.5 million
2. confirmation of additional funding for previously committed expenditure, with total funding of £45 million against committed expenditure of £47.7 million with a shortfall of £2.7 million for the year and
3. the extraordinarily high fuel prices that we experienced at the start of the financial year which have materialised as a forecast additional cost pressure of £3.7 million per annum

It is now noted that based on the current information available regarding cost projections and income assumptions, the Service is not able to provide assurance on its ability to deliver a balanced financial position in the financial year 2022/23 primarily driven by these issues.

The Recovery actions and the risk management plan have also been updated. All of which will be closely monitored between now and the end of the financial year.

The updated forecast takes into account the following key assumptions:-

- This forecast is based upon information currently available and consistent with previous estimates.
- The agenda for change Pay Award – which has yet to be agreed – will be fully funded by Scottish Government.
- Efficiency savings targets will be achieved through the delivery of Best Value programmes, local efficiency plans and use of non-recurring
- Overtime cost expected to remain at current forecast levels
- Planning assumptions have taken account of planned recruitment and anticipated staff turnover in line with the demand and capacity projections
- Fuel prices and energy costs are also forecast to remain at current high levels with seasonality also accounted for during the winter months.
- A fixed funding envelope of £45 million for committed developments such as the Demand and Capacity Programme, On-call elimination, Paramedic education and NHSS Health Care System Winter Pressures.
- A fixed funding envelope of £8.5 million for COVID-19 expenditure include the continued delivery of Mobile Vaccination Programme.
- Full funding for Test and Protect Mobile Testing Unit programme which was decommissioned at the end of September 2022.
- All other developments within our financial plan assumed to be fully funded.
- Assumed approval of a capital to revenue transfer of £1.5 million to support the ICCS development.
- No further capital programmes will be approved between now and the end of March 2023
- Assumed additional revenue funding of £0.69 million for redesign of urgent care within the west ambulance control centre.

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- Assumed the full year impact of the additional public holidays included in this forecast.

This has resulted in a final current forecast deficit of £5.5m. This will now be reported on a monthly basis within our Scottish Government financial templates and Board reporting.

Our key finance risks remain and are being closely monitored though the Board and our Performance and Planning Steering Group and our Audit Committee.

2022/23 YTD CAPITAL POSITION AS AT MONTH 7 (31/10/2022)

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 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 2022/23 the following earmarked allocations have been received:
 - Fleet Replacement Programme £22.98 million
 - Scotstar £0.250 million
 - Emergency Services Network (ESN) £0.223 million
 - Property minor works £0.327 million
 - Transport Scotland Switched On Fleet £1.77 million

In addition, a revenue to capital transfer of £0.150 million is anticipated to fund some of the final Enhanced Capability Phase 2 estates requirements.

The total 2022/23 allocation is anticipated to be £27.494million. The Service has received all allocations, except for £0.223 million earmarked for ESN.

YTD Capital Position as at Month 7

The YTD capital position is shown in the table below. The expenditure in the first three quarters of the financial year is always typically low.

The unallocated budget excluding anticipated projects of £1.4m will be fully utilised during 2022/23 as Business Cases are submitted and approved by the Capital Programme Governance Group (CPGG). 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.

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

SCOTTISH AMBULANCE SERVICE			
CAPITAL REPORT 2022-23			
As at Month 7 (31 October 2022)			
PROJECT	Approved Budget £	YTD Actuals £	Notes
Formula Capital Projects			
eHealth and ICT	63,920	(44,353)	
Property	468,079	16,967	
Procurement & Logistics System	0	31,051	
Demand & Capacity	0	52,384	
Medical Equipment	0	0	
Vehicle Accidents	210,000	210,080	
	741,999	266,129	
Earmarked Allocations			
Enhancing Capability	383,000	288,676	
ICCS Replacement	521,550	(1,357)	
Scotstar	0	0	
Vehicles	24,228,450	3,645,336	
ESN	223,000	0	
	25,356,000	3,932,654	
Unallocated Budget	1,396,001	0	
Capital Receipts	0	(142,284)	Gain on sale of
Revenue to Capital Transfers	0	0	vehicles & property
Capital to Revenue Transfers	0	0	
Fleet Contingency	0	0	
TOTAL	27,494,000	4,056,499	

Approved and Anticipated Projects

The following table shows details of all projects that have had a mini business case approved and funding allocated.

SCOTTISH AMBULANCE SERVICE		
DRAFT CAPITAL PLAN 2022-23		
As at Month 7 (31th October 2022)		
ALLOCATION		
<u>Received</u>		
Core Allocation		1,794,000
ScotSTAR project		250,000
Fleet Replacement - Core		22,980,000
Transport Scotland EV Funding		1,770,000
Property minor works		327,000
<u>Anticipated</u>		
ESN		223,000
Total Capital Allocation		<u>27,344,000</u>
Add: Revenue to Capital Transfer - CCRP		150,000
Total Available Capital Budget		<u>27,494,000</u>
EXPENDITURE		
<u>Approved Projects</u>		
Project	Cost Centre	BUDGET £
eHealth and IT		
Fortigate Cyber Security		27,396
National Gazetteer		8,357
Replacement of Data Backup Solution		28,167
Total- eHealth and IT		<u>63,920</u>
Special Projects		
CCRP Phase 1 Newbridge		383,000
ICCS Replacement		521,550
ESN		223,000
Total - Special Projects		<u>1,127,550</u>

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Property	
Replacement of UPS Units at Oxfangs and Paisley	18,400
Estates Physical Condition Works	186,441
Glenrothes Works	55,559
West ACC Seating Pod	35,547
Hawick Works	172,133
Total - Property	468,079
Operations	
Vehicles	22,458,450
Transport Scotland EV Funding	1,770,000
Vehicle Accidents	210,000
Total - Equipment	24,438,450
Total Approved Projects	26,097,999
Unallocated Budget*	1,396,001
<u>Anticipated Projects</u>	
ICT projects	712,496
Property	790,000
Vehicle Accidents	190,000
Total - Anticipated Projects	1,692,496
Revised Unallocated Budget	<u>(296,495)</u>

* Includes £142k Capital receipts

CONCLUSION

At this stage in the financial year, the financial position for the Service is £7.6 million behind target. A number of actions are being implemented in line with the Service financial plan.

The key risks in the delivery of the plan have been described in detail.

The underlying financial position for the Service has been revised following key changes to our original planning assumptions, and the updated forecast is reporting a deficit of £5.5m, primarily driven by ongoing COVID-19 pressures and reduced funding. This will be closely monitored and reported to the Board on a monthly basis.

Julie Carter
Director of Finance, Strategy and Logistics
November 2022

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