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Welsh Ambulance Services
NHS Trust

Welsh Ambulance Services NHS Trust **Integrated Medium-Term Plan**

2024-2027



Appendix 4

2024/25 balanced financial plan

Welsh Ambulance Services NHS Trust

2024/25 financial plan

1. This is presented as a balanced revenue financial plan for the 2024/25 financial year. This is based on some key funding and cost assumptions included with it and additional actions that are expected to continue to be progressed through the financial year to deliver savings, and exploit any emerging areas of additional income generation, in order to balance. Given the current financial environment and context, and the continuing way in which the NHS in Wales and, in particular our commissioners, are funded, this plan inevitably focusses on the 2024/25 financial year, although the supporting tables and technical submission maps this over the three financial years through to 2026/27.
2. Specifically, this plan will only provide for a balanced revenue financial outturn for the Trust for the 2024/25 financial year based on the following key financial assumptions:
 - a. The additional funding as assumed and detailed in this plan is received in full. Primarily this relates to the full pass through of the general 3.67% uplift provided to Health Boards in the 2024/25 NHS Wales Allocation Letter issued on 19th December 2023, applied to all of the Trust's key commissioning agreements. On top of this an element of additional funding (£0.45m) specifically ringfenced in the above allocation for additional energy costs support for WAST;
 - b. That the first call on the above uplift is to ensure that the recurring costs and subsequent funding base for the Trust is put on a sustainable footing and includes that recurring assumed at the outset of the 2023/24 financial year. Specifically this means that, in the short to medium term in any case, the full costs of an additional 100 frontline EMS staff appointed through the latter half of the 2022/23 financial year are now funded in full recurrently. It is noted that the longer term requirement for such staffing levels are subject to ongoing review and linked, at least in part, to demand and capacity challenges placed on the Trust, including as a result of hospital handover delays;
 - c. That the resultant in year costs for key cost pressures identified within this plan are no more than that currently estimated and now, in some cases, specifically funded within it. These are likely to be similar to that faced across the NHS in Wales, within an ambulance sector context and in particular relates to energy, utilities, fuel, general non pay inflation, and a range of costs either having had to be incurred or committed in 2023/24, or will unavoidably need to be spent in 2024/25 due to continuing service demand and system pressures and the delivery of the range of commissioning intentions placed on the Trust;
 - d. The ability to fully deliver on a range of cost containment, cost avoidance and savings of a minimum of £6.4m, or 2.2% of cost baseline, which will be key to delivery of a balanced financial position in year;
 - e. That any and all additional costs the Trust may incur as a result of the following will either be funded separately, in addition to that currently assumed within this financial plan, or will not be able to be incurred:

- i. As per the above allocation letter issued to the NHS in Wales, costs relating to the 2024/25 pay deal, along with the recurrent costs of the 2023/24 pay deal, still to be confirmed;
 - ii. Any costs relating to any proposed banding change for EMT / technician level posts following the issuing of updated national A4C job profiles during the latter part of 2023,
 - iii. Any costs, capital or revenue, emerging from the recommendations of the Manchester Arena Inquiry, which will need to be subject to a separate business case for funding consideration, and
 - iv. Any and all costs associated with the recently submitted Connected Support Cymru business case, other than that already confirmed through Charitable grants.
3. Despite the level of general uplift being assumed by the Trust for the upcoming financial year, the financial context and outlook for the Trust, along with the rest of the NHS in Wales and indeed the public sector UK wide, remains very challenging. The combination of increasing costs, costs remaining for enhancements that were put in as a result of the COVID-19 pandemic, a cost of living crisis, and continuing service and demand pressures, including that resulting from the ongoing challenges and levels of hospital handover delays inevitably result in choices and a continuing high level of productivity, efficiency and savings having to be made if the Trust is to continue its excellent recent financial performance of delivering a balanced position year on year.
4. This plan presents a way forward in the shape of what needs to be done to deliver a balanced financial performance for the 2024/25 financial year. However it is built on a range of assumptions in relation to both income and funding and expenditure, including some of the key ones already set out, that will need to be delivered in order to do so.
5. The financial plan as presented is the culmination of a range of activity delivered over a number of months, both pre and since the publication of the Welsh Government 2024/25 draft budget and the NHS Wales Allocation Letter. Alongside the more general sessions developing the rest of this IMTP, this includes the key financial ones as follows:
 - a. A specific "key enablers" to the plan workshop held on 11th January 2024;
 - b. A half day Executive Finance Group discussion on 31st January 2024;
 - c. The finance "touchpoint" meeting with WG and NHS Executive Finance colleagues on 2nd February 2024;
 - d. Key national discussions with DoFs and DDoFs on 19th January, 7th February and 16th February 2024;
 - e. Various touchpoint meetings with the CASC and his team through January and February 2024, and
 - f. A Board Development Day on 22nd February 2024.
6. At each of the above, various iterations of the development of the Trust's 2024/25 revenue financial plan were presented. In the earlier discussions this presented a range of potential scenarios, as some

of the key financial planning assumptions were confirmed. In particular in relation to the full pass through of the general uplift and some of the key unavoidable cost estimates, this was further refined to the following high level summary iterative financial plan for 2024/25, which forms the basis of the Trust's overall gross financial plan and subsequent budget setting for the upcoming financial year:

2024/25 iterative revenue financial plan

	2024/25 £m
Gross additional funding assumed from commissioners 2024/25:	
- EASC (EMS) 3.67%	-8.0
- EASC (NEPTS) 3.67%	-1.0
- EASC (111) 3.67%	-0.4
- Other NHS Org uplifts 3.67%	-0.1
Plus ringfenced energy funding in NHS Wales HB Allocation Letter - WAST	-0.5
Additional funding 2024/25	-9.9
To maintain the additional 100 WTEs frontline EMS staff first appointed in 2022/23 - balance of residual funding <i>(equivalent to maintaining an additional 60 WTEs)</i>	3.0
FYE / cost pressures / in year 2023/24 <i>(to include PTR team, EMSC staffing, SPs, FSP infrastructure)</i>	1.6
Unavoidable cost pressures from 2023/24 (covered non recurring in year):	
Covid inquiry and recommendations	0.5
Final pension costs	0.5
Increasing fleet maintenance linked to reduced capital funding / aging fleet	1.0
Estates backlog maintenance (recent limited assurance IA)	0.5
Pentrox replenishment	0.3
Impact of capital schemes	0.3
Costs held in year due to income variations / reductions	0.4
2024/25 inflationary and unavoidable cost pressures:	
2024/25 Non Pay Inflation	1.8
Additional WRP contribution	0.1
Vehicle Fumes - Monitoring	0.1
New waste legislation 2024/25	0.2
Medicines management staffing	0.1
111 staffing - to be finalised with Commissioners and currently linked to 111 uplift	0.4
Cost pressures relating to service and system pressures, including the impact of handover delays, plus delivery of commissioning intentions. This includes:	4.2
- Additional remote clinical triage - CSD staffing - c23 WTEs	
- Clinical navigation	
- Maximising the value of APPs previously trained - 16 WTEs	
- Additional clinicians to support "shift left" / reduced conveyancing - c16 WTEs	
- Potential NEPTS impact following strategic review	
- Support costs to deliver the above	
Additional senior clinical leadership (in part to support the above)	0.3
Additional digital costs, including e timesheets, robotics, cyber security	0.4
Additional organisational and corporate costs to support the above <i>(inc NEPTS efficiencies and roster review, Freedom to speak up, WL compliance and greater regionalisation)</i>	0.5
Other 2024/25 cost pressures	0.3
Required savings delivery 2024/25	-6.4
Summary financial planning position - 2024/25	0.0

7. The key points to note from this are as follows:

- a. The above is a summary of the Trust's iterative revenue financial plan for the 2024/25 financial year. As such, the baseline for this is the recurring plan approved, and for which the initial 2023/24 budget was set and approved by the Trust Board.
- b. Due to that subsequently received in terms of funding through the 2023/24 financial year, and the non recurring nature of this in some part, the first call on this agreed with commissioners has been to ensure that the previously planned recurring baseline is now delivered on a sustainable basis. This element in particular relates to the full funding requirement for the costs of an additional 100 WTEs frontline EMS staff recruited through the latter part of the 2022/23 financial year.
- c. The total additional funding required through commissioners, across the full range of services funded, in 2024/25 therefore, based on that provided through the NHS Wales Allocation letter is **cf£9.9m**, over and above that actually received in 2023/24.
- d. From the areas of resulting spend that this gross funding will be incurred, it can be seen that between 75% - 80% of this is on direct front line resources, including that which will be able to further manage demand on the wider urgent and emergency care system in Wales, further reduce the reliance on hospital conveyance and more safely manage those waiting for a response.
- e. As is almost always the case, cost pressures have arisen through the 2023/24 financial year, which have needed to be managed through delegated budgets, the Trust contingency or managed through variances elsewhere, which now need to be recognised within the plan, the majority now at a greater level than in the 2023/24 financial year given the full year effect going forward. These include pressures within the PTR team, EMSC staffing and structure, an element of additional costs in relation to the previous Senior Paramedic development and an ability to fully capture the future benefits in relation to the Financial Sustainability Programme.
- f. On top of the above, there are a range of further cost pressures that have emerged over the last year or so that also now need to be fully recognised within the Trust's financial plan. Again managed through non recurring means in 2023/24, including in part through any accountancy gains that have been able to be realised, the most significant of these are:
 - i. Fleet maintenance. The continuing impact of the inability for the full capital funding for the fleet replacement programme to be able to be supported, in line with the previously endorsed Fleet SOP. The immediate initial impact of this is a revenue cost one; running an on average older fleet than would have been expected means greater levels of breakdowns, maintenance, repairs and servicing. Added to this the Trust does now have a small number of additional vehicles than when the fleet maintenance budgets were last fully reviewed and set;
 - ii. Building on that recognised in a recent limited assurance internal audit and, despite some of the significant improvements made across much of the WAST estate, backlog maintenance remains an issue. Coupled with reducing capital availability to update, and in some cases replace, some of the Trust estate, additional revenue costs continue to be incurred in order to try and keep higher risk elements of the Trust's backlog maintenance to a minimum;
 - iii. Current and ongoing costs of the Covid inquiry and emerging recommendations.

- g. The final element of spend that then needs to be recognised within the 2024/25 plan is that which will unavoidably be incurred in year, predominantly as a result of the following:
- i. Non Pay inflation, currently estimated at an average of c3.2% of non pay spend;
 - ii. New waste management legislation;
 - iii. Linked in part to that recognised as a funding uplift for the 111 service, and subject to further discussions with commissioners, but a further review of the level of required 111 staffing going forward, and whether the funding level currently suggested within the overall NHS Wales Allocation for the 111 service is sufficient. On top of this discussions are required in relation to the continuation of 111 digital development and the availability of any additional resources to support this;
 - iv. A range of cost pressures as a result of continuing demand, service and system pressures being put on the Trust, including as a result of hospital handover delays and continuing long community waits for a response, as well as that required to seek to deliver all that required of the Trust through a range of commissioning intentions. This includes, but is not limited to, the following:
 - The need to continue the enhancement of remote clinical triage and the number of clinicians working on the Clinical Support Desk. To provide further enhanced safety and cover for long community waits as well as deliver and sustain further improvements in Consult and Close rates;
 - The need to maximise the value of previous investments made in a cohort of APP developments, as well as a further need for a similar cohort to ensure a continuing pipeline for both the Trust's transitional and health board's operational requirements;
 - The potential for some costs to emerge from the upcoming commissioner led strategic review of the NEPTS service;
 - A required level of support and infrastructure costs to deliver this.
 - v. An ongoing pressure and requirement to further enhance senior clinical decision making in the Trust, in part linked to some of the above, and
 - vi. A small level of additional digital and wider organisational costs to support much of this, noting the lack of increase in many of these areas for a number of years.
- h. All of the above results in the requirements for a savings plan of a minimum of £6.4m in 2024/25 in order to balance. More detail on the current status of this is provided in **Appendix 1**, being in part made up of:
- i. Full year effect of schemes enacted part way through the 2023/24 financial year – as a minimum this will be in the region of c£1.4m;
 - ii. A range of new schemes already identified to the order of a minimum of £2m;
 - iii. Further detailed work progressing on additional potential areas of income generation, and
 - iv. How that previously identified as non recurring in delivery can either be delivered again in 2024/25, or what alternative, in some cases similar, savings can be achieved.

8. This result of all of the above is the following high level summary gross Income & Expenditure plan for the 2024/25 financial year. More detail will also be provided in a separate budget setting paper, which is planned to be presented to the Trust Board on 28th March 2024, for approval:

	Opening Budgets 24/25	Planned Savings	Revenue Set Budgets 24/25
	£m	£m	£m
Income	-289.133	-0.640	-289.773
Operating Expenses	281.148	-5.481	275.667
Profit on Disposal	-0.445		-0.445
Interest Payable	0.100		0.100
Interest Receivable	-0.500	-0.300	-0.800
Depreciation and Impairments (Baseline)	15.251		15.251
Total Expenditure	295.554	-5.781	289.773
Planned Budget Surplus (-) / deficit	6.421	-6.421	0.000

Risks

9. No financial plan is risk free. The main risks that will need close monitoring and mitigating actions through the upcoming financial year, include:
- The recovery of all of the income assumptions this balanced financial plan now makes, in particular ensuring the commitments and elements supported within the EASC IMTP are fully delivered upon and that the full uplift assumed across all of the Trust's income sources is delivered;
 - No other developments, enhancements or cost increases not currently funded within budgets, including potentially some linked to proposed areas of development within this IMTP, will be able to be progressed until a confirmed funding source for them is found, or an agreed equivalent value of cost is stopped or reduced elsewhere. However the ability to do this in the context of the current total savings already required to balance in year makes this unlikely. This includes that identified in paragraph 2e;
 - The ability to therefore deliver a minimum of c£6.4m in savings and efficiencies in year. This equates to c2.2% of the Trusts discretionary income and would be the 2nd year of having to achieve such a level, following the c40% increase required in savings delivery from 2022/23 (which in itself delivered over 50% more savings than that required over the previous two financial years). Finance & Performance Committee (F&PC) will be continue to be provided with significantly enhanced monitoring of the savings plan and wider FSP updates;
 - Despite an element of additional funding provided, some cost elements are still hard to predict through the coming 15 months and may remain volatile, with a clear indication from WG that no further funding will follow in year in 2024/25 to manage any such variations;

- That the upcoming proposed changes in commissioning have no wider impact on the Trust financially, including in relation to how it is currently funded for EMS, NEPTS services, etc;
- The ability to manage in year cost pressures as they arrive, within the small contingency this plan continuities to hold.

Draft Capital Programme 2024/25

10. The capital programme has continued to be developed in parallel with our service, estate and fleet plans. The Trust is broadly in a good position with WG endorsed 10 year SOPs for both fleet and estates, with a number of business cases aligned to these in varying stages of development. Despite more recent challenges in terms of the ability to see our annual fleet replacement programme fully funded in line with the endorsed SOP, and recognising the current capital funding outlook, the Trust is progressing with business cases so that when funding does become available this can be bid for and further work can be completed at that point to progress with schemes, essentially maximising opportunities as they arise.
11. As in previous years, the 2023/24 financial year is yet to be fully closed, however it is known that a small number of the All Wales Capital Schemes are not going to fully deliver in year to their revised programmes, and as such discussions have already been held with WG to agree brokerage arrangements of these monies between internal schemes to ensure achievement of the 2023/24 CEL and the best way to manage schemes that inevitably straddle financial year end. As in previous years, a detailed update on the final impact of the 2023/24 financial year end on the 2024/25 programme is due to be presented to both F&PC and the Trust Board in May 2024.
12. At the time of writing the Trust is still awaiting the outcome of the business case submitted for its fleet replacement requirements for the coming financial year. Including an element of that needed to catch up on that not funded in 2023/24, this requested funding for the replacement of 157 vehicles at a cost of c£24.4m. Indications have been received from WG that not all of this will be able to be afforded in the 2024/25 financial year; once the level of fleet replacement funding for this financial year is confirmed further work will be progressed on the need to significantly update and re-write the Trust's fleet strategy going forward.

Discretionary Capital

13. The Trust was notified in January 2024 of a discretionary capital allocation of a net c£5.5m for 2024/25, after the agreed Trust 30% contribution towards a range of EFAB funded schemes. From this it will be necessary to fund a range of estates, digital, medical equipment and other schemes.
14. The organisation has continued to strengthen its overall approach to capital planning, with the now well established Capital Management Board, supported by SOP Delivery Groups which meet monthly and oversees all aspects of capital planning. On top of this, if funding is available. there is a specific discretionary capital Task & Finish Group that meets twice yearly to prioritise the discretionary capital

schemes. These are all then taken to the F&PC via Capital Management Board, and, where required, Trust Board for approval.

15. Due to the way a number of schemes approved from the Trust’s discretionary capital funding have been progressed through the 2023/24 financial year, scheme lead times, scheme development times and the expected phasing of some of these through to the 2024/25 financial year, a reasonable amount of the confirmed discretionary capital funding for the coming financial year is already committed. However, there are also some emerging challenges to some of the costs previously estimated for some of these and as such, a recent session of the Trust’s ELT and ADLT therefore sought to further reconfirm a number of priorities for the coming year, alongside agreeing the process for prioritisation of the residual available funding, which will be confirmed once the final spend values for a range of these schemes in the 2023/24 financial year is known.
16. The table below shows a draft plan for the 2024/25 discretionary capital funding therefore, considering items which the Trust has recently reconfirmed its priority to deliver, along with that currently proposed as the “top slice” for funds which allows the Trust to progress with smaller less complex schemes.

	£m
2024/25 Net Discretionary Capital Allocation	5.46
Scheme	
Previously committed and re-confirmed as priorities:	
Dolgellau - estimated revised max spend based on tendered costs	0.90
Llangunnor - current estimate of likely 2024/25 spend	0.50
North CCC: Ty Elwy - current updated maximum spend	0.50
Clinical Equipment Asset Management System	0.11
Top slices 2024/25:	
Estates (inc fees)	0.45
Digital	0.30
Fleet	0.25
Project / staff costs	0.18
Total	3.19
Balance remaining - 2024/25	2.27

17. This would then leave a minimum residual value of c£2.3m to commit from the Trust’s discretionary funding for the 2024/25 financial year, in the updated plan being progressed via an ongoing prioritisation exercise and which will be confirmed and finalised as soon as possible after the 2023/24 financial year end. Schemes being proposed include the following:
- a. Bangor fleet workshop replacement;
 - b. Enhancements and improvements to Monmouth station;
 - c. A replacement for a number of mobile devices;

- d. A potential to reconfigure and rationalise some call centre estate within the Swansea area, and
- e. Further enhancements linked to the Trust's Decarbonisation Action Plan.

18. Work is however also progressing through the above groups and Boards to ensure cases are available for additional capital schemes; it is envisioned that the schemes which are unable to be progressed at this stage will be held in reserve should further monies become available throughout 2024/25 and beyond.

19. On top of the above, there are other schemes such as Swansea Ambulance Station & MRD, Llanelli, Newport, and Llandrindod Wells Ambulance Stations, which will all likely be submissions as part of the All Wales Capital Programme funding BJC and business case process.

Appendix 1

Savings Performance by Scheme 24-25		
Scheme	PLAN 24/25	
	Recurring	Non Recurring
	£000	£000
Accident Repair	80	
Apprentice Income		200
Balance Sheet Flexibility	200	
End of Shift Overrun	250	
Fuel (forecourt price saving against budget)	150	
Fuel (swipe, chip & pin and reduction in misfuelling etc)	100	
Income Schemes	140	
Interest Receivable	300	
MS Office VAT Rebate		300
Non Pay Local Schemes - Corporate	600	
Non Pay Local Schemes - Operations	514	
Pay Cost Management (Variable / Net Vacancies) - Operations	1,312	
Pay Vacancy Management - Corporate		2,275
OVERALL TOTALS	3,646	2,775