



London Ambulance Service
NHS Trust



2007/08 Business Plan

Update and Next Steps



Assumptions

- No clock start assumed.
- Plan will deliver existing national targets.
 - CatA 8 for year as a whole.
 - CatA 14 for year as a whole.
 - CatB 19.
 - Commitment to achieving trajectory rather than whole year.
 - Bonus if achieve 95% in 4th quarter.
 - Current PCT equity target maintained
- No costs or funding for HART.
- No costs or funding for Olympics.



2007/08 I&E Summary

	2006/07 Forecast	2007/08 Plan	Increase/(Decrease)	
			£000	%
Average Daily Incidents	2,554	2,644	134	3.5%
Staffing				
Contracted WTE	4,298	4,184	(114)	(2.7%)
Income	215,699	218,964	3,265	1.5%
Expense				
Pay	161,507	174,245	12,738	7.9%
Non Pay	54,017	56,048	2,031	3.8%
Total	215,524	230,293	14,769	6.9%
Base Surplus/(Deficit)	175	(11,329)	(11,504)	(6573.7%)
CIP	0	11,329	11,329	0.0%
Net Surplus/Deficit	175	0	(175)	(99.8%)
Analysis				
Cost per day (£)	590.5	599.9	9.4	1.6%
Cost per incident (£)	219.0	217.1	(1.8)	(0.8%)
Total payroll cost per WTE (£)	37.6	41.6	4.1	10.8%
Non Pay as % of Total Expense	25.1%	24.3%	(0.7%)	(2.9%)
Incidents per WTE per day	0.59	0.63	0.04	6.3%



Income Summary

	2006/07 Forecast	2007/08 Plan	Increase/(Decrease)	
	£000	£000	£000	%
A&E Income				
A&E Services Contract	188,552	195,151	6,599	3.5%
HEMS Funding	29	35	6	20.7%
Other A&E Income	1,069	1,056	(13)	(1.3%)
CBRN Income	8,472	8,607	135	1.6%
ECP Income	1,203	125	(1,078)	(89.6%)
BETS & SCBU Income	928	853	(75)	(8.1%)
A & E Long Distance Journey	493	468	(25)	(5.1%)
Stadia Attendance	695	663	(32)	(4.6%)
Heathrow BAA Contract	416	473	57	13.7%
Resus Training Fees	93	118	25	26.5%
Prior year Brokerage	800	500	(300)	(37.5%)
Total A&E Income	202,750	208,049	5,299	2.6%
Other Income	1,540	1,482	(58)	(3.8%)
Trust Total Income excl PTS	204,290	209,531	5,241	2.6%
PTS Income	11,409	9,433	(1,976)	(17.3%)
Total Income	215,699	218,964	3,265	1.5%



A&E Contract

	%	£000		Comment
Base Income 2006/07			188,552	
Pay Increase				
National uplift	1.7%	3,205		Based on 2.5% pay inflation
AfC	0.7%	1,320		
Subtotal	2.4%	4,525		
Non Pay Increase	1.5%	2,828		Based on 2.7% GDP
Inflation	0.6%	1,131		
Clinical negligence	0.2%	377		
Revenue cost of capital	0.4%	754		
Investment in new capital	0.2%	377		
Connecting for Health	0.1%	189		
Subtotal	1.5%	2,828		
Total Inflation Increase	3.9%	7,354		
National CRES required	2.5%	(4,714)		
Net Generic Uplift	1.4%		2,640	
2007/08 Baseline			191,192	
Conditional Sum for Category B Trajectory	1.1%	2,074		Original PCT growth offer - Must achieve 90% average Capped at £836,400
Incentive Payment for Increased Non-Conveyances	0.4%	836		
Conditional Sum for Category B Quarter 4 at 95%	0.6%	1,049		Only payable if 95% CatB achieved in last quarter
Additional PCT Funding	2.1%		3,959	
2007/08 SLA			195,151	Maximum funds available



Cost Improvement Programme

	Finance	Service Develop	Chief Exec	IM&T	Medical	Comms	HR	Ops	PTS	General	Total
Pay	200	11		280		18	229	6,894			7,632
Non Pay	351	13	30	350	48	24	995	1,137	92	658	3,698
Total	551	24	30	630	48	42	1,224	8,031	92	658	11,329

	£000
Overhead Value Analysis	2,072
Process Improvement	1,233
Productivity Improvements	6,465
Procurement Improvements	1,248
Cessation of Agency Staff	311
Total CIP	11,329



Final 2007/08 I&E Plan

	2006/07 Forecast	2007/08 Plan	2008/09 Outline Plan	2009/10 Outline Plan
	£000	£000	£000	£000
Income	215,699	218,964	221,600	224,700
Expense				
Pay	161,508	166,613	170,200	174,500
Drug Costs	340	551	600	600
Other Costs (excl. depreciation)	43,731	40,789	40,800	39,600
PFI specific costs				
Unitary payment				
Other costs				
Total Costs	205,579	207,953	211,600	214,700
EBITDA	10,121	11,011	10,000	10,000
Profit / (loss) on asset disposals				
Exceptional Income/ (Costs)**				
Total Depreciation	6,143	6,968	6,100	6,100
Total interest receivable/ (payable)	(331)	(100)	(100)	(100)
Total interest payable on Loans and leases				
PDC Dividend	4,134	4,143	4,000	4,000
Taxation payable				
Net Surplus/(Deficit)	175	0	0	0

(Revised Plan submitted to SHA on 12 March 2007)



2007/08 Capital Plan

	2007/08 Outline Plan	2008/09 Outline Plan	2009/10 Outline Plan
	£m	£m	£m
FRU	4.5	3.0	3.0
Lifepak 12 replacement	3.6		
CAD2010	0.8	2.0	2.0
Various estates projects	2.1		
Total	11.0	5.0	5.0

The capital plan is subject to review in the light of SPPPs and clock start.



Major Risks

		£000
Risks		
1.	Conditional Sum for Category B Trajectory	2,074
2.	Incentive Payment for Non-Conveyances	836
3.	Conditional Sum for Category B Quarter 4 at 95%	1,049
4.	CBRN topslice in 2007/08	700
5.	CIP not achieved	
	Timing	1,855
	Value	1,133
	Additional HR costs	100
		7,747
Opportunities		
1.	Conservative income forecasts	
	No NHS London funding re ECPs	
	Low commercial income forecast	
2.	Savings related to staged pay award	



Next Steps

- Start 'Corporate Processes & Governance' programme.
- Cost Improvement Programme.
 - Meet directors/department heads to agree CIP in detail, both individually & collectively.
 - Agree project management arrangements for each CIP, where not part of a programme.
 - Build CIP into budgets.
- Continue with cost controls on non-pay.
- Implement new controls on agency staff.