

Review of Cost Savings Arrangements – Welsh Ambulance Services University NHS Trust

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Introduction

- 1 NHS Wales is facing unprecedented financial challenges. The legacy of the COVID-19 pandemic on service demand, the rising costs associated with staffing, energy, medicines, maintaining an ageing estate; and tackling the increasingly complex health conditions associated with an ageing population all contribute to the worsening financial situation across the NHS.
- 2 Despite the Welsh Government making an additional £425 million available to the NHS in October 2023, the 2023-24 year-end audited position for NHS Wales was a collective deficit of £183 million. Whilst some NHS bodies were able to achieve year-end financial balance, the position for others - particularly some Health Boards - was challenging with several not being able to deliver the control total deficit expected by Welsh Government.
- 3 The position for 2024-25 is equally, if not more challenging. Health bodies will need to ensure that they have robust approaches in place to identify and deliver in year cost improvement opportunities and to also take a longer-term approach to achieving financial sustainability that moves away from short-term approaches to ones where savings are achieved by transforming service models and ways of working.

Objectives and scope our work

- 4 Given the challenges outlined above, the Auditor General has undertaken a programme of work examining NHS bodies' approaches to identifying, delivering, and monitoring sustainable cost savings opportunities. Whilst our more detailed work has been targeted at health boards, we have also undertaken high level work at Special Health Authorities and NHS Trusts, linked to the specific functions of those bodies. The findings from that high level work at the Welsh Ambulance Services University NHS Trust (the Trust) are set out in this report.
- 5 The work has been undertaken to discharge the Auditor General's statutory duty under Section 61 of the Public Audit (Wales) Act 2004 to be satisfied that the Trust has proper arrangements in place to secure economy, efficiency, and effectiveness in its use of resources.
- 6 We undertook the bulk of our work between February 2024 and May 2024. The methods we used to deliver our work are summarised in **Appendix 1**.

Key findings

- 7 Overall, we found that **the Trust exceeded its overall 2023-24 savings target and continues to enhance its arrangements for identifying, delivering, and monitoring efficiencies and sustainable cost savings. However, opportunities exist for the Trust to reduce its reliance on non-recurrent savings, strengthen financial capabilities across the organisation, and refine its savings reporting to Board.**
- 8 The findings that support our overall conclusion are summarised below under the following headings:
- Identifying cost improvement opportunities.
 - Delivering cost improvement opportunities.
 - Monitoring and overseeing cost improvement opportunities.

Identifying cost improvement opportunities

- 9 The Trust has a good understanding of its cost drivers, which are clearly set out in its 2023-24 Financial Plan. Its key costs drivers include pay, utilities, vehicle fuel, general non-pay inflation and costs related to service pressures, particularly those created by ambulance handover delays. In January 2023, the Trust introduced a Recruitment Control Process as one of the levers within its wider Financial Sustainability Programme (FSP) to deliver on its statutory duty to achieve financial balance. Whilst we recognise that vacancy management supports the Trust's overall approach to controlling high spend areas, there are risks associated with being overly reliant on non-recurrent savings of this nature to achieve its overall savings targets. We discuss this further in **paragraph 12.**
- 10 The Trust appropriately uses data from a wide range of sources to inform its approach to identifying cost improvement opportunities. For example, at the time of our work, the Trust had recently completed an Administrative Services Review and was in the process of finalising its organisation-wide Services Review. These reviews drew on internal data and benchmarking, including data from its Wales Improvement and Innovation Network (WiiN)¹, to identify key actions which, when implemented, should identify additional efficiencies and areas for savings. Whilst Trust staff can currently submit ideas and suggestions via the WiiN portal, the Trust intends to further enhance staff engagement by providing clearer information about

¹ The Trust launched WiiN in 2017 to drive consistent quality improvement across the organisation. The cross-directorate network, coordinated by the Quality Improvement Team, supports staff with quality improvement projects, training, and communications. The network is also a key link for improvement bodies and teams across other organisations and health bodies, aiding cross working.

the savings process on SIREN² and strengthening the way in which the FSP works in conjunction with WiiN.

- 11 The Trust has a clear approach to selecting cost improvement schemes through a risk based three-phase process³. This approach enables the Trust to identify the benefits of savings schemes as well as to assess their risks and impacts on patients and quality. As part of this process, the Trust deselected schemes where the impacts outweigh the benefits. The Trust's initial 2023-24 Financial Plan included a savings target of £6 million, which in March of 2023 had £2.6 million of unidentified savings. However, it had identified sufficient savings schemes to cover this shortfall by Month 3 2023-24. To deliver a balanced financial plan for 2024-25, the Trust has set itself a savings target of £6.4 million or 2.2% of its cost baseline. At the time of publishing its 2024-25 Financial Plan in March 2024, it had identified all these savings. Whilst there are challenges associated with the non-recurrent nature of some of the savings schemes this approach to quickly identifying savings opportunities should give the Trust sufficient time to identify further schemes if agreed savings schemes start to fall behind their planned delivery during the year.

Delivery of cost improvement opportunities

- 12 The Trust has a good track record of achieving its overall savings target, although it does this largely through delivering non-recurrent savings. In 2022-23, the Trust achieved its cost savings target of £4.3 million, and in 2023-24 it exceeded its £6 million savings target by £0.5 million. However, over 55% of the savings delivered by the Trust in 2023-24 were non-recurrent with a significant proportion (39%) of these being vacancy management savings. There is a risk that an over reliance on non-recurrent savings will ultimately become unsustainable and put pressure on the Trust's services and future financial plans. (**Recommendation 1**)
- 13 The Trust's planning arrangements for the delivery of its savings and cost improvements are continuing to improve. The Trust's FSP has two key areas of focus: savings / efficiencies and income generation. Underpinning this programme is a Financial Sustainability Delivery Framework (FSDF). Whilst the FSDF has provided a necessary framework for the delivery of its financial efficiencies and savings, the Trust recognises that it needs to improve aspects of its planning for savings through, for example, ensuring that there is greater alignment between the FSP and workstreams delivering operational efficiencies and Value Based Health Care.
- 14 One of the Trust's key learnings from its end of year evaluation of the FSP recognised that it needed to invest in developing financial literacy and

² 'SIREN' is the Trust's internal intranet portal.

³ The three phases of the savings process are: 1. The 'Identification Phase' of savings opportunities; 2. The 'Viability Phase' where the opportunities are assessed to determine if they are viable; and 3. The 'Project Phase' where viable opportunities are implemented.

competencies across all levels of staff to enable them to effectively contribute to the organisation's financial sustainability. The evaluation also identified that there was a lack of expertise and capability in some specific areas, such as commercial income generation. It will be important, therefore, for the Trust to ensure that it addresses any gaps in its financial literacy, competencies, and expertise if it is to maximise the identification and delivery of savings and efficiencies in 2024-25 and beyond. **(Recommendation 2)**

Monitoring and oversight of cost improvement opportunities

- 15 The Trust has effective arrangements for overseeing the delivery of its Financial Sustainability Programme. A well-established Strategic Transformation Board (STB) is in place which provides senior-level oversight of key programmes, such as the FSP. Collectively, these programmes support delivery of the Trust's Long-Term Strategic Framework and 2024-2027 Integrated Medium-Term Plan (IMTP). There is regular oversight of financial spending and savings performance at both Executive and Board level. Board members clearly understand the current financial situation and continue to provide an appropriate level of scrutiny and challenge to support improvement in meetings of the Board and its Finance and Performance Committee (F&PC).
- 16 However, the Trust's internal reporting arrangements on savings has the potential to cause confusion. Whilst the Trust regularly reports on its savings performance to both the Board and F&PC, there are examples of where the figures used within these reports are different. For example, for the March 2024 Board meeting, the Monthly Integrated Quality and Performance Report for Month 11 2023-24 stated that the Trust had achieved £4.949 million of savings. However, the Month 11 2023-24 Finance Report to the same meeting stated that £6.079 million of cost improvements had been achieved. This is due to the fact that the latter report included savings generated from income generation. Whilst both of these figures were technically correct, there is a potential that reporting different figures may lead to confusion and undermine confidence in the robustness of the Trust's savings reporting. **(Recommendation 3)**
- 17 More broadly, the Trust has improved the clarity of the way it reports savings to the STB, the Executive Management Team, and the F&PC. In 2023-24, these reports did not include sufficient detail on the split between recurrent and non-recurrent savings to support effective monitoring and oversight. However, since Month 3 2024-25, these reports now include this level of detail which should aid understanding of the sustainability of the Trust's savings schemes and their ability to help address the Trust's future financial challenges.
- 18 The Trust has recently reviewed the key risks for its FSP, and these now form part of the new FSP 2024-25 Tracker Plan. The Trust's FSP is also recognised as both a key control and source of assurance for two of the Trust's key corporate risks

around its funding levels and achieving its statutory financial duties. These risks are regularly reviewed by the Audit Committee and F&PC which, in turn, provide an additional level of assurance to the Board that the Trust is taking the necessary steps to meet its financial duties through its delivery of savings.

- 19 The Trust has a proactive approach to learning and applying lessons to improve its approach to savings. As noted above, the Trust has recently undertaken a detailed evaluation of its progress on delivering its 2023-24 savings through the FSP. This proactive evaluation has provided a helpful end of year progress update on each savings scheme area and has also identified several other key points of learning, including the need to make improvements in areas such as process, communication, documentation, developing key skills, and exploring the reasons behind why some schemes did not deliver as anticipated. Undertaking this type of reflection is positive and embedding the learning should strengthen the Trust's arrangements for identifying and delivering its savings. **(Recommendation 4)**

Recommendations

- 20 **Exhibit 1** details the recommendations arising from this audit. The Trust's management response to our recommendations is summarised in **Appendix 2**.

Exhibit 1: Recommendations

Recommendations	
R1	The Trust should strengthen its approach to identifying and delivering recurrent savings. This will enable it to reduce its reliance on non-recurrent savings in areas such as vacancy management and place its financial savings plans on a more sustainable footing. (Paragraph 12)
R2	The Trust should ensure it takes forward work to address gaps in staff skill sets in respect of the identification and delivery of savings and efficiency opportunities. (Paragraph 14)
R3	The Trust should ensure that its savings reports to Board and F&PC, are consistent or provide a clear explanation of the differences between the reported savings performance. This will aid understanding, reduce confusion, and maintain the credibility of the Trust's savings reporting. (Paragraph 16)

Recommendations

- R4 The Trust should ensure that it fully implements the learning from its recent gateway review of its Financial Sustainability Programme. This will ensure that it further strengthens its savings arrangements and maximises its savings opportunities. **(Paragraph 19)**

Appendix 1

Audit methods

Exhibit 2 below sets out the methods we used to deliver this work. Our evidence is limited to the information drawn from the methods below

Element of audit approach	Description
Documents	We reviewed a range of documents, including: <ul style="list-style-type: none">• Board and Committees agendas, papers, and minutes.• Key organisational strategies and plans.• Savings benchmarking data.• Key risk management documents, including the Board Assurance Framework and Corporate Risk Register.• Key reports and plans relation to organisational finances and savings.• Reports prepared by the Internal Audit service.
Interviews	We interviewed the following senior officers: <ul style="list-style-type: none">• Executive Director of Finance and Corporate Resources

Element of audit approach	Description
	<ul style="list-style-type: none">• Deputy Director of Finance and Corporate Resources• Executive Director of Operations• Senior Programme Manager (Financial Sustainability Programme)• Director of People and Culture• Deputy Director of People and Culture

Appendix 2

Management response to audit recommendations

Exhibit 3: Welsh Ambulance Services University NHS Trust management response to our audit recommendations.

Ref	Recommendation	Management response Please set out here relevant commentary on the planned actions in response to the recommendations	Completion date Please set out by when the planned actions will be complete	Responsible officer (title)
R1	The Trust should strengthen its approach to identifying and delivering recurrent savings. This will enable it to reduce its reliance on non-recurrent savings in areas such as vacancy management and place its financial savings plans on a more sustainable footing. (Paragraph 12)	There will always be an element of non-recurring savings in relation to the theme of corporate vacancy management savings due to historic time to advertise, recruit and appoint when posts become vacant. Recommendations from the services review will be assessed and, where possible, any recurrent efficiencies via organisational structural changes will be implemented. 2024/25	31 st March 2025	Executive Director of FinCoR

Ref	Recommendation	Management response Please set out here relevant commentary on the planned actions in response to the recommendations	Completion date Please set out by when the planned actions will be complete	Responsible officer (title)
		<p>currently has a split of 56.7% recurrent and 43.3% non-recurrent savings, with any in year over delivery being helpfully in recurring as opposed to non-recurrent schemes.</p> <p>The 2025/26 Financial plan savings target will aim for a minimum of c65% recurrent themes.</p>		
R2	The Trust should ensure it takes forward work to address gaps in staff skill sets in respect of the identification and delivery of savings	The outcome of the recent Administrative & Corporate Services Review highlighted need for additional training and investment in colleagues, which is currently being actioned via ADLT-owned Action	Next detailed reviews: <ul style="list-style-type: none"> - ADLT re Admin Review – 31st March 2025 - Following appointment of Head of 	Director of P&C (as SRO for FSP) and Executive Director of SP&P

Ref	Recommendation	Management response Please set out here relevant commentary on the planned actions in response to the recommendations	Completion date Please set out by when the planned actions will be complete	Responsible officer (title)
	and efficiency opportunities. (Paragraph 14)	Plan, and the upcoming finalisation of the Service Review is also expected to highlight areas of under or over resourced service ensuring most appropriate investment of resource in the right areas. Specifically focussing on the income generation and commercialisation agenda, included in the 2024/25 financial plan is c£0.250m to directly support this. This will include recruitment of dedicated resources to drive this forward, including the investment in a Head of Commercial post alongside Commercial structure to enhance specialist knowledge. This project and recruitment is underway.	Commercialisation – 30 th June 2025	(as lead for commercialisation)

Ref	Recommendation	Management response Please set out here relevant commentary on the planned actions in response to the recommendations	Completion date Please set out by when the planned actions will be complete	Responsible officer (title)
R3	The Trust should ensure that its savings reports to Board and F&PC, are consistent or provide a clear explanation of the differences between the reported savings performance. This will aid understanding, reduce confusion, and maintain the credibility of the Trust's savings reporting. (Paragraph 16)	Finance Reports from M03 2024/25 to Trust Board and F&PC include further detailed analysis reporting of savings which includes split of recurrent and non-recurrent themes. WAST Monthly Monitoring Returns (MMR) submitted to WG also flow through committees and board. Further classification included in the proforma to be completed now include further breakdowns (i.e. Income Generation) so this allows clearer reconciliation for 2024/25 and beyond.	Actioned – as at 31 st August 2024	Executive Director of FinCoR
R4	The Trust should ensure that it fully implements the learning from its recent gateway review of its Financial	The Gateway Review provided opportunity to self-assess the successes and challenges of the	Various – as per the attached.	Various, but led by Director of P&C as SRO for FSP

Ref	Recommendation	Management response Please set out here relevant commentary on the planned actions in response to the recommendations	Completion date Please set out by when the planned actions will be complete	Responsible officer (title)
	<p>Sustainability Programme. This will ensure that it further strengthens its savings arrangements and maximises its savings opportunities. (Paragraph 19)</p>	<p>Financial Sustainability Programme at the end of Financial Year 2023/24. With this self-assessment are 11 key lessons, all of which are reviewed on an ongoing basis, and many of which underpin the FSP's 2024/25 objectives.</p> <p>Overall, the FSP has implemented a number of recommendations to date, including improved communication and engagement, and enhanced investment in a financially sustainable future, including a commercial structure in-house. Those recommendations not yet implemented will either be done before the end of the 2024/25 financial year, or will look to be</p>	<p>Likely next detailed review / Gateway post 2024/25 – 30th June 2025</p>	

Ref	Recommendation	Management response Please set out here relevant commentary on the planned actions in response to the recommendations	Completion date Please set out by when the planned actions will be complete	Responsible officer (title)
		<p>included in the operational plan of the incoming Head of Commercial Role.</p> <p>Attached as an appendix is the full list of lessons learnt, including an update as to current position as of August 30th, 2024. We will look to provide regular updates as we progress throughout the year, via both the Finance and Performance Committee, Strategic Transformation Board, and Audit, Risk and Assurance Committee as part of the wider set of recommendations.</p>		



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