

Introducing cost management strategies

- AHS has **identified key strategies** to **reduce spending**.
- Leaders are **encouraged to work with their teams** to find more ways to **increase efficiencies**.
- **Please share** this with your team, where appropriate.

Dear senior leaders,

Patients are at the heart of all our decision-making. Providing the right care when and where Albertans need it will always be our priority along with managing spending in a prudent manner that adheres to approved budgets.

AHS is forecasting an operating deficit for the 2023/24 fiscal year. This is largely due to increased vacancies and unplanned absences (e.g., sick leave), both of which result in increased costs and overtime. Action is required to continue to meet our high standard of care and realize a balanced result.

To reduce spending, these strategies are being implemented, effective immediately.

1. Vice President or ELT leader approval is required to recruit to any vacant position, except for existing non-management positions in clinically-focused portfolios (Clinical Operations, Cancer Care Alberta and Clinical Support Services, Provincial Addiction and Mental Health and Correctional Health Services, areas within Provincial Clinical Excellence).
2. Discretionary spending (restricted/grant or operating) must not proceed. This includes, but is not limited to:
 - Travel outside of Alberta
 - Travel within Alberta for non-clinical purposes
 - Purchases of non-clinically required minor equipment (e.g., non-clinically required IT devices) and office supplies
 - Consultant engagements
 - Education (e.g., professional development, courses, conferences)
 - Working sessions, hosting or hospitality, recognition
3. Portfolios with positive variances from their budget must maintain or increase these variances for the remainder of the fiscal year.
4. We're reviewing all organizational initiatives to determine if they should be slowed or paused, as well as management strategies around the use of overtime and agency staffing. All non-clinical overtime requires Vice President or ELT leader approval, and all areas are asked to monitor and implement strategies to reduce the use of overtime and agency staffing in their areas by at least 10 per cent, while minimizing impacts to frontline service delivery.

We know we can do more to increase efficiencies. Overall, we ask you and your teams to seek

opportunities to reduce spending wherever possible and manage spending prudently. We're confident you will apply good judgment on necessary costs as we work together to maintain a sustainable healthcare system for Albertans. This is only the first step in reducing our spending and we will continue to work hard to realize more savings in the months to come.

Please share this information with leaders on your team, as appropriate, as you make cost savings decisions together. Your Finance Business Advisory Services (BAS) representative is available to discuss or answer any questions you may have.

We acknowledge areas of the healthcare system continue to be stressed. In these demanding days, your resilience and commitment are evident in the amazing work you do each and every day. Your dedication has not gone unnoticed.

We appreciate your ongoing leadership and compassion for our patients.

Sincerely,

Michael Lam

Acting Vice President Corporate Services and Chief Financial Officer, and