# Report to the Meeting of the Members’ Council

**For Assurance**

# PAPER

MC 08/2012

**9th February 2012**

**Finance Report**

**December 2011 (Month 9), 2011/12**

The Trust is meeting its key financial targets at the end of month 9:

* A **£4.6m** surplus, **£1.1m** ahead of plan
* A cash balance of **£24.1m**, **£4.8m** ahead of plan
* EBITDA (Earnings before interest, taxation, depreciation and amortisation) of **£10.6m** against a plan of **£9.5m**
* A financial risk rating of ‘4.’

**Cost improvement plan and target**

* The Trust is monitoring the delivery of savings against an annual plan target of **£12.5m**. Divisions and directorates have identified schemes that make up an annual plan totalling **£13.2m**. However, in previous years the level of achievement has been around 85% of planned savings so this excess will assist in meeting the plan.
* At month 9, savings of **£7.3m** have been achieved, **£1.0** below plan.This includes a significant contribution from mitigation actions including vacancy management.
* The latest forecast outturn is **£11.5m**, **£1.0m** below the target and **£1.8m** below the plan (schemes identified).

Despite the overall sound financial position, three of the four Clinical Divisions are experiencing pressures:

* + Community Services– staffing pressures including high bank and agency usage within Community Hospitals, demand pressures within the Out-of hours services significantly exceeding the block contracted level and delay in implementing cost improvement plans.
  + Mental Health – medical staffing cost pressures, shortfall on the delivery of cost improvement plans and reduction in OCC section 75 contribution.
  + Children and Families – FP10 drugs pressures in Swindon CAMHS, staffing pressures in CAMHS inpatient services, non-recurrent cost pressures within Psychological Therapies and a shortfall in Eating Disorder income largely due to activity exceeding the block contracted level.

The Oxford Pharmacy Store trading unit has also showing an adverse performance against reflecting a write-down of obsolete stock and lower trading margins than planned.

**Forecast**

With action plans in place and mitigation against identified risk established the Trust is on target to exceed its financial plan for 2011/12.

The following cost pressures and risks do remain and are being managed to ensure that year-end financial targets are achieved:

* + Clinical Income – risk to CQUIN funding of £1.2m for the community services contract
  + Cost Improvement Programme – £1.8m delay and under- delivery risk against the full year target of £12.5m;

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