**PAPER**

**CG 14/2016**

(Agenda Item: 8)

# Report to Council of Governors

**8th June 2016**

**Financial Position – April (Month 1) 2016/17**

**For Information**

**Introduction**

This report summarises the financial performance of the Trust for the year-to date.

**Performance to date**

The key financial results for the period ending 30th April 2016 are:

* EBITDA (Earnings before interest, taxation, depreciation and amortisation) of **£1.0m,** which is **£0.3m** behind plan).

The position is mainly driven by the following:

* a shortfall £0.2m in clinical revenue due to delays in finalising contracts for FY17; and
* a small shortfall in delivery of cost improvement plans;
* partly offset by favourable operational variances.
* An Income and Expenditure deficit of **£32k**, which is **£0.3m** behind the plan.
* The position is driven by the lower than planned EBITDA as outlined above.
* A cash balance of **£12.2m**, **£3.3m** ahead of plan driven in the main by lower than planned decrease in trade and other payables
* Monitor’s regulatory framework establishes a Financial Sustainability Risk Rating (FSRR). At month 1 the Trust has achieved a FSRR of ‘3’ per plan

This is based on the Monitor scale of financial risk, where 1 means a high risk and 4 means lowest risk.

**Cost improvement programme**

* The Trust has a cost improvement target of **£6.5m** for this financial year
* Cost improvements of **£0.2m** have been delivered for the year-to-date, **£0.2m** behind plan. Plans are still being developed and it expected that the position will be recovered over the coming months.

**Capital programme**

Capital expenditure of **£0.1m** has been incurred for the year-to-date, in line with plan.

**Forecast and risks**

The main risks to plan identified at this stage are:

* + the delivery of the £6.5m CIP target for FY17;
  + mitigation of known budget risks within services;
  + confirmation of the additional income implicit in the plan;
  + delivery of CQUIN performance target;
  + Uncertainty due to the System Transformational Plans to be developed and implemented.

**Recommendation**

The Council of Governors is asked to note the financial position of the Trust.

**Author and Title:** Lindley Nevers, Head of Financial Management

**Lead Executive Director**: Mike McEnaney, Director of Finance