# Report to the Meeting of the Members’ Council

# PAPER

MC 20/2012

**For Assurance**

**8 May 2012**

**March (Month 12), 2011/12**

The Trust has met its key financial targets for the year ending 31st March 2012:

* A **£2.2m** surplus, **£2.8m** ahead of plan
* A cash balance of **£22.8m**, **£4.0m** ahead of plan
* EBITDA (Earnings before interest, taxation, depreciation and amortisation) of **£13.3m** against a plan of **£10.6m**
* A financial risk rating of ‘3’, in line with plan

**Cost improvement plan and target**

* The Trust had been monitoring the delivery of savings against an annual plan target of **£12.5m**. Divisions and directorates identified schemes totalling **£13.3m**. Given that in previous years the Trust has achieved around 85% of planned savings this headroom was necessary to help manage the risk of non-delivery of some schemes.
* At the end of this financial year, savings of **£11.0m** were delivered, **£2.2m** below the plan of **£13.3m.**

Despite the overall good financial performance against plan, two of the four Clinical Divisions did not stay within budget:

* + Community Services– staffing pressures including high bank and agency usage within Community Hospitals, demand pressures within the Out-of Hours services and slippage on cost improvement plans
  + Children and Families – FP10 drugs pressures in Swindon CAMHS, staffing pressures in CAMHS inpatient services, non recurrent cost pressures within Pyschological Therapies and a shortfall in Eating Disorder income largely, driven by over-performance on the block contract.

The OPS pharmacy distribution trading unit has also showed an adverse performance against plan driven by in year stock write –down and lower trading margins than planned.

**Capital Expenditure**

Capital Programme spend for the year ended 31st March was £12.9m, £2.0 lower than the revised programme. The material variance was driven by delays on the anticipated spend on the Highfield Development.**Financial Risk Rating**

The Monitor financial risk rating of 3 is in line with the plan submitted to Monitor at the beginning of the year and demonstrates that the risk of integrating the operations of Community Services with those of Mental Health has been managed. The overall financial position of the Trust is sound and would have achieved a 4 rating if EBITDA margin could have been 5.0% or above.

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

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