**CG 03/2017**

(Agenda item: 9)

# Report to Council of Governors

# 8 March 2017

**Financial Position – January (Month 10) 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 31st January 2017 are:

* EBITDA (Earnings before interest, taxation, depreciation and amortisation) of **£10.2m** which is **£1.7m** adverse to plan (**£9.8m,** **£1.2m** adverse to plan at month 9)
* An Income and Expenditure position of **breakeven** which is **£1.5m** adverse to plan (**£0.6m** surplus, **£1.0m** adverse to plan at month 9).
* This position includes the release of **£2.0m** of the Trust’s **£4.3m** Contingency Reserves to cover pressures in operational services at the mid-point in the year.
* The EBITDA year-to-date adverse variance of **£1.7m** is driven by:
* **£2.5m** adverse variance on Operational budgets
* **£0.6m** adverse variance on CIP plans for FY17
* **£0.9m** adverse variance due to unidentified CIP plans for FY17
* **£0.3m** net favourable effect of one-off Trust-wide income/costs and provision changes
* **£2.0m** favourable variance due to the release of Contingency Reserves at month 6
* A cash balance of **£12.4m** which is **£0.8m** higher than the plan (**£15.1m**, **£4.0m** higher than plan at month 9)
* At month 10 the Trust has achieved a Use of Resources rating of ‘3’ (‘1’ is the best rating/low risk and ‘4’ is the worst rating/high risk). The Trust’s rating is capped at ‘3’ due to much higher than planned agency spend.

**Cost Improvement Programme**

* The Trust has a cost improvement target of **£6.5m** for this financial year, for which there were plans at the beginning of the year for delivery of **£5.3m**.
* Cost improvements of **£3.9m** have been delivered for the year-to-date, **£0.6m** behind the plan (**£3.5m, £0.6m** behind plan at month 9).
* The Trust is forecasting to deliver **£4.9m** cost improvements this year, **£1.6m** below the target and **£0.4m** below the original plans.

**Capital Programme**

Capital expenditure of **£3.4m** has been incurred for the year-to-date, which is **£0.5m** behind the plan **(£2.8m** at month 9, **£1.3m** behind the plan). The full year plan is for capital investment of **£6.6m** and the forecast outturn is for **£5.2m** to be spent, which is **£1.4m** behind plan; this will be carried forward and added to next year’s capital programme.

**Forecast and Risks**

The Trust is forecasting an Income and Expenditure deficit of **£0.6m** in line with plan and EBITDA of **£11.5m**, **£0.4m** adverse to plan. This assumes that the pressures in the YTD position are managed during the remainder of the year with support from the remaining **£2.3m** of contingency reserves.

The Use of Resource metric is expected to be a ‘3’ due to agency costs being higher than the NHSI cap for the Trust that will limit the rating to a ‘3’.

NHSI have announced an incentive scheme for Trusts to receive additional Sustainability & Transformation funding (STF) this year. This incentivises Trusts to deliver an outturn better than the agreed control total by offering £1k in additional STF income for every £1k better than the control total that the Trust achieves. Oxford Health’s plan for FY17 is £974k better than the agreed control total so achievement of the plan will entitle the Trust to £974k of additional STF income, which will be paid to the Trust in April 2017.

**Recommendation**

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

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