# Report to Council of Governors

**CG 23/15**
(Agenda item: 9)

**4th November 2015**

**Financial Position – September (Month 6) 2015/16**

**For Information**

**Introduction**

This report summarises the financial performance of the Trust for the year-to date and the forecast year-end position.

**Performance to date**

The key financial results for the period ending 30th September 2015 are:

* EBITDA (Earnings before interest, taxation, depreciation and amortisation) of **£5.1m,** which is **£0.5m** ahead of plan (**£4.2m**, **£0.5m** ahead of plan at month 5).

The position is mainly driven by the following:

* favourable operational variances
* partly offset by shortfall in delivery of cost improvement plans
* An Income and Expenditure deficit of **£1.0m**, which is **£0.5m** ahead of plan (**£0.8m** deficit**, £0.5m** ahead of plan at month 5).

The position is driven by the better than planned EBITDA as outlined above and profit on disposal of asset.

* A cash balance of **£12.1m**, **£0.1m** ahead of plan, (balance was **£9.9m** at month 5). This is primarily due to higher than planned receivables and lower than planned payables, partly offset by a lower than planned deficit. Cash balances overall remain relatively strong and are forecast to be on plan at **£14.1m** at the year-end.
* From month 5 Monitor have revised the risk rating to include two new elements: I&E margin (%) and I&E margin variance from plan (%). The revised risk rating will be known as the Financial Sustainability Risk Rating (FSRR). Under the revised FSRR the Trust has achieved an overall risk rating of ‘3’ at month 6.
* 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 **£5.1m** for this financial year;
* Cost improvements of **£1.7m** have been delivered for the year-to-date, **£0.8m** behind plan (**£1.5m**, **£0.5m** behind plan at month 5). Detailed plans are in place and actions to recover the position over the coming months are being initiated.

**Capital programme**

Capital expenditure of **£2.0m** has been incurred for the year-to-date, **£0.6m** below plan (**£1.4m**, **£0.5m** lower than plan at month 5).

**The forecast outturn**

At the half year the forecast for the full year has been reviewed and amended to reflect better than plan proceeds on the sale of land (£2.7m) and improved revenue and management of cost pressures (£1.0m). The year-end forecast position is as follows:

* I&E **£1.8m** deficit, **£3.7m** better than plan
* EBITDA of **£7.8m**, **£1.2m** better than plan
* CIP delivery **£4.9m**, **£0.2m** below the plan.
* Financial Sustainability Risk Rating (FSSR) expected to be ‘2’

**Recommendation**

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

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