

Report to Board of Directors

28th May 2014

Financial Position – April (Month 1) 2014/15

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 month ending 30th April 2014 are:

- EBITDA (Earnings before interest, taxation, depreciation and amortisation) of **£0.5m**, which is **£0.5m** behind plan:

The adverse position is mainly driven by the following:

- shortfall in delivery against the cost improvement plans.
 - cost pressures from higher than planned Out of Area Treatment
 - some prior year costs charged to month 1
- A surplus of **£0.5m**, which is **£0.5m** behind plan:
The adverse position is due to the lower than planned EBITDA as outlined above.
 - A cash balance of **£19.4m**, which is **£0.8m** behind the plan.
 - Monitor's regulatory framework establishes a Continuity of Services Risk Rating (CoSRR). At month 1 the Trust has achieved a CoSRR of '3'

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 **£10.5m** for this financial year;
- Cost improvements of **£73k** have been delivered for the year-to-date, **£457k** behind plan. Further plans are being developed and mitigation actions implemented to support the achievement of targeted savings for FY15.

Capital programme

Capital expenditure of **£53k** has been incurred for the year-to-date, **£68k** less than plan.

Full year plan

The plan is to achieve an Income and Expenditure break-even position for the financial year.

Current risks to the achievement of the FY15 plan identified at this stage are:

- Slippage on delivery of the **£10.5m** CIP target for FY15;
- Staffing pressures within Community Hospital, Community Nursing Services and Mental Health Inpatient Services;
- Out of area treatment placements;
- Delivery of CQUIN performance targets.
- Mitigation of known budget risks within services;

Actions are being taken to manage the above risks and address the identified year to date pressures which will be robustly monitored in order to deliver the planned position.

Recommendation

The Board is asked to note the financial position of the Trust.

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