**BOD 104/2015**(Agenda item:10)

# Report to Board of Directors

**29th July 2015**

**Financial Position – June (Month 3) 2015/16**

**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 June 2015 are:

* EBITDA (Earnings before interest, taxation, depreciation and amortisation) of **£2.4m,** which is **£0.2m** ahead of plan (**£1.8m**, **£0.4m** ahead of plan at month 2).

The position is mainly driven by the following:

* favourable operational variances
	+ containment of agency and drugs pressures within plan
* partly offset by shortfall in delivery of cost improvement plans
* An Income and Expenditure deficit of **£0.6m**, which is **£0.3m** ahead of plan (**£0.2m** deficit**, £0.4m** ahead of plan at month 2).

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

* A cash balance of **£11.5m**, **£0.1m** behind plan, (balance was **£10.9m** at month 2)
* Monitor’s regulatory framework establishes a Continuity of Services Risk Rating (CoSRR). At month 3 the Trust has achieved a CoSRR of ‘3,’ better than the “2” rating planned at this stage.

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 **£0.8m** have been delivered for the year-to-date, **£0.3m** behind plan (**£0.5m**, **£0.3m** behind plan at month 2). Detailed plans are being finalised for the full £5.1m and it is expected that the position will be recovered to plan.

**Capital programme**

Capital expenditure of **£0.8m** has been incurred for the year-to-date, in line with plan (**£0.4m**, **£0.3m** lower than plan at month 2).

**The forecast outturn**

* I&E £5.4m deficit, in line with plan
* EBITDA of £6.7m, £0.1m better than plan
* CIP delivery of £5.1m, in line with plan
* Continuity of Service Risk Rating is expected to be ‘2’ as plan

**Recommendation**

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

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