

Report to Board of Directors

29th April 2015

Financial Position – March (Month 12) 2014/15

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 March 2015 are:

- EBITDA (Earnings before interest, taxation, depreciation and amortisation) of **£9.1m**, which is **£3.0m** behind plan (**£9.1m**, **£2.0m** adverse at month 11) and **£0.1m** behind the forecast. The Financial Recovery Plan established for the second half of the year has successfully contributed **£0.4m** in the month to reduce the year-to-date adverse variance. The cumulative delivery from this plan is **£1.4m**.

The adverse position is mainly driven by the following:

- shortfall in delivery against the cost improvement plans;
- higher than anticipated dependence on agency staff
- cost pressures from higher than planned Out of Area Treatment;
- shortfall in planned clinical income
- An Income and Expenditure deficit of **£14.8m**, after asset impairments of **£11.1m**, which is **£14.8m** behind plan (**£13.6m** deficit, **£13.6m** adverse to plan at month 11).
- Before asset impairment of **£11.1m**, a normalised Income and Expenditure deficit of **£3.7m**.
- The adverse position is due to the lower than planned EBITDA as outlined above and higher than planned depreciation charges.
- A cash balance of **£15.3m**, which is **£4.2m** behind the plan (a balance of **£12.5m**, **£6.8m** behind the plan at month 11)
- Monitor's regulatory framework establishes a Continuity of Services Risk Rating (CoSRR). At month 12 the Trust has achieved a CoSRR of '2' ('3' at month 11)

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 **£4.8m** have been delivered for the year-to-date, **£5.7m** behind plan (**£4.3m**, **£5.0m** adverse at month 11).

Capital programme

Capital expenditure of **£9.2m** has been incurred for the year-to-date, **£2.5m** less than plan (**£8.1mm**, **£2.4m** less than plan at month 11).

Recommendation

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

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