

Report to Board of Directors

BOD 37/2016, agenda item 11

23rd March 2016

Financial Position – February (Month 11) 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 29th February 2016 are:

- EBITDA (Earnings before interest, taxation, depreciation and amortisation) of **£9.3m**, which is **£0.7m** ahead of plan (**£8.3m**, **£0.5m** ahead of plan at month 10).

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 **£1.4m**, **£0.9m** ahead of plan (**£2.0m** deficit, **£0.2m** ahead of plan at month 10).

The position is driven by the better than planned EBITDA as outlined above, profit on disposal of asset and a credit on impairment following the revaluation of the Whiteleaf site.

- A cash balance of **£12.8m**, **£1.1m** ahead of plan, (balance was **£10.2m**, **£2.0m** below plan at month 10). This is primarily due to lower than planned receipts from sales of land and buildings, and decrease in trade and other payables. Cash balances overall remain relatively strong and are forecast to be at **£13.6m** 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 is known as the Financial Sustainability Risk Rating (FSRR). Under the revised FSRR the Trust has achieved an overall risk rating of '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 **£5.1m** for this financial year;
- Cost improvements of **£4.2m** have been delivered for the year-to-date, **£0.6m** behind plan (**£3.8m** achieved at month 10). Detailed plans are in place as are actions to manage slippage on delivery.

Capital programme

Capital expenditure of **£4.2m** has been incurred for the year-to-date, **£2.3m** below plan (**£3.6m**, **£1.6m** lower than plan at month 10).

The forecast outturn

The forecast for the full year, following a further review at month 11, has been improved from a **£1.0m** deficit forecast in the previous period to a deficit of **£0.4m** against a planned deficit of **£5.4m**. The improvement against plan reflects better than planned proceeds (**£2.9m**) on the sale of land and other properties and **£0.9m** as a result of improved revenue and management of cost pressures a **£0.6m** release of unutilised provision and an impairment credit, **£0.6m** following the revaluation of land at the Whiteleaf site.

- I&E **£0.4m** deficit, **£5.0m** better than plan
- EBITDA of **£8.5m**, **£1.9m** better than plan
- CIP delivery **£5.1m** as plan
- Financial Sustainability Risk Rating (FSSR) expected to be '2'

Risks to the forecast are mainly upside also any delay in completion of sale of land would be a significant remains a significant downside.

Recommendation

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

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