

Report to Board of Directors

BOD 50/2016 (agenda item 10)

27th April 2016

Financial Position – March (Month 12) 2015/16

For Information

Introduction

This report summarises the financial performance of the Trust for the year ended 31st March 2016.

Performance to date

The key financial results for the period ending 31st March 2016 are:

- EBITDA (Earnings before interest, taxation, depreciation and amortisation) of **£9.4m**, which is **£2.8m** better than plan (**£9.3m**, **£0.7m** ahead of plan at month 11).

The position is mainly driven by the following:

- Better than planned operational performance
 - The management of risks and contingencies
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- An Income and Expenditure deficit of **£1.9m**, **£3.5m** ahead of plan (**£1.4m** deficit, **£0.9m** ahead of plan at month 11) after net asset impairment of **£1.3m**
 - The position before asset impairment is a **£0.6m** deficit, **£4.8m** better than plan and is driven by better than planned EBITDA as outlined above, and profit on disposal of surplus assets.
 - The movement from the **£0.4m** deficit forecast outturn at month 11 to the **£1.9m** deficit achieved at outturn can largely be explained by an increase in net impairment charge, backlog agency invoices offset by the confirmation of additional clinical income, reduction in risk provision and other favourable change in provisions (holiday pay, bad debt etc)
 - A cash balance of **£14.1m**, **£1.2m** ahead of plan, (balance was **£12.8m**, **£1.1m** below plan at month 11). This is primarily driven by higher than planned operating surplus and delayed capex partially offset by deferred receipts on Manor/Tindale
 - 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 '2' for the year in line with plan.

- 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 **£5.1m** have been delivered for FY16 in line with the plan. (**£4.2m** achieved at month 11).
- **£3.8m** of the **£5.1m** savings achieved is recurrent.

Capital programme

Capital expenditure of **£5.1m** has been incurred for the year, **£1.8m** below plan (**£4.2m**, **£2.3m** lower than plan at month 11).

Recommendation

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

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