

BOD 68/2016, Agenda Item 13

Report to Board of Directors

25th May 2016

Financial Position – April (Month 1) 2016/17

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 April 2016 are:

- EBITDA (Earnings before interest, taxation, depreciation and amortisation) of **£1.0m**, which is **£0.3m** behind plan).

The position is mainly driven by the following:

- a shortfall £0.2m in clinical revenue due to delays in finalising contracts for FY17 and
 - a small shortfall in delivery of cost improvement plans partly offset by,
 - favourable operational variances
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- An Income and Expenditure deficit of **£32k**, which is **£0.3m** behind the plan.
 - The position is driven by the lower than planned EBITDA as outlined above. .
 - A cash balance of **£12.2m**, **£3.3m** ahead of plan driven in the main by lower than planned decrease in trade and other payables
 - Monitor's regulatory framework establishes a Financial Sustainability Risk Rating (FSRR). At month 1 the Trust has achieved a FSRR of '3' per 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 **£6.5m** for this financial year
- Cost improvements of **£0.2m** have been delivered for the year-to-date, **£0.2m** behind plan. Plans are still being developed and it expected that the position will be recovered over the coming months.

Capital programme

Capital expenditure of **£0.1m** has been incurred for the year-to-date, in line with plan.

Forecast and Risks

The main risks to plan identified at this stage are:

- the delivery of the £6.5m CIP target for FY17
- mitigation of known budget risks within services
- confirmation of the additional income implicit in the plan
- delivery of CQUIN performance target
- Uncertainty due to the System Transformational Plans to be developed and implemented

Recommendation

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

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