

Report to Board of Directors

Financial Position – February (Month 11) 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 28th February 2017 are:

- EBITDA (Earnings before interest, taxation, depreciation and amortisation) of **£11.1m** which is **£2.1m** adverse to plan (**£10.2m**, **£1.7m** adverse to plan at month 10)
- An Income and Expenditure deficit of **£0.1m** which is **£1.8m** adverse to plan (**breakeven**, **£1.5m** adverse to plan at month 10).
- This position includes the release of **£2.0m** of the Trust's **£4.3m** Contingency Reserves to cover pressures in operational services at the mid-point in the year.
- The EBITDA year-to-date adverse variance of **£2.1m** is driven by:
 - **£2.7m** adverse variance on Operational budgets
 - **£0.7m** adverse variance on CIP plans for FY17
 - **£1.0m** adverse variance due to unidentified CIP plans for FY17
 - **£0.3m** net favourable effect of one-off Trust-wide income/costs and provision changes
 - **£2.0m** favourable variance due to the release of Contingency Reserves at month 6
- A cash balance of **£12.4m** which is **£0.1m** higher than the plan (**£12.4m**, **£0.8m** higher than plan at month 10)
- At month 11 the Trust has achieved a Use of Resources rating of '3' ('1' is the best rating/low risk and '4' is the worst rating/high risk). The Trust's rating is capped at '3' due to much higher than planned agency spend.

Cost Improvement Programme

- The Trust has a cost improvement target of **£6.5m** for this financial year, for which there were plans at the beginning of the year for delivery of **£5.3m**.

- Cost improvements of **£4.3m** have been delivered for the year-to-date, **£0.7m** behind the plan (**£3.9m**, **£0.6m** behind plan at month 10) and **£1.0m** behind the target.
- The Trust is forecasting to deliver **£4.8m** cost improvements this year, **£1.7m** below the target and **£0.5m** below the original plans.

Capital Programme

Capital expenditure of **£3.7m** has been incurred for the year-to-date, which is **£0.2m** behind the plan (**£3.4m** at month 10, **£0.5m** behind the plan). The full year plan is for capital investment of **£6.6m** and the forecast outturn is for **£4.8m** to be spent, which is **£1.7m** behind plan; this will be carried forward and added to next year's capital programme.

Forecast and Risks

The Trust is forecasting an Income and Expenditure deficit of **£0.6m** in line with plan and EBITDA of **£11.5m**, **£0.4m** adverse to plan. This assumes that the pressures in the YTD position are managed during the remainder of the year with support from the remaining **£2.3m** of contingency reserves.

The Use of Resource metric is expected to be a '3' due to agency costs being higher than the NHSI cap for the Trust that will limit the rating to a '3'.

NHSI have announced an incentive scheme for Trusts to receive additional Sustainability & Transformation funding (STF) this year. This incentivises Trusts to deliver an outturn better than the agreed control total by offering £1k in additional STF income for every £1k better than the control total that the Trust achieves. Oxford Health's plan for FY17 is £974k better than the agreed control total so achievement of the plan will entitle the Trust to £974k of additional STF income, which will be paid to the Trust in April 2017.

Recommendation

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

Author and Title: Alison Gordon, Acting Head of Financial Management

Lead Executive Director: Mike McEnaney, Director of Finance