Oxford Health NHS
NHS Foundation Trust

BOD-50/2017, Agenda item 12

Report to Board of Directors

Financial Position – March (Month 12) 2016/17

For Information

Introduction

This report summarises the financial performance of the Trust for the year ending 31st March 2017.

Performance to Date

The key financial results for the period ending 31st March 2017 are:

- EBITDA (Earnings before interest, taxation, depreciation and amortisation) of **£17.6m** which is **£5.7m** favourable to plan (**£11.1m, £2.1m** adverse to plan at month 11). The underlying EBITDA, excluding Sustainability & Transformation incentive funding (STF), is **£13.3m**, **£1.4m** favourable to plan.

- An Income and Expenditure surplus of **£4.5m** which is **£5.1m** favourable to plan (**£0.1m** deficit, **£1.8m** adverse to plan at month 11). The underlying surplus, excluding STF incentive income, is **£264k**, **£0.9m** favourable to plan.

- The month 12 position includes **£4.3m** of additional STF income as part of the Incentive Scheme for Trusts to deliver better than their control total. Without this funding the year-end position is a **£264k** surplus, **£0.9m** better than the plan.

- The month 12 position includes the release of the remaining **£2.3m** of Contingency reserves which offsets the adverse variance on operational services.

- The EBITDA year-end favourable variance of **£5.7m** is driven by:
    - **£4.3m** favourable STF incentive funding
    - **£2.1m** adverse variance on Operational budgets
    - **£0.6m** adverse variance on CIP plans for FY17
    - **£1.2m** adverse variance due to unidentified CIP plans for FY17
    - **£1.0m** net favourable effect of one-off Trust-wide income/costs and provision changes
    - **£4.3m** favourable variance due to the release of Contingency Reserves

- The year-end position is better than planned mainly due to lower than expected provisions at year-end and the release of non-recurrent income that had not been spent.

- The I&E favourable variance of **£5.1m** is driven by:
    - **£5.7m** favourable EBITDA variance (as above)
    - **£0.9m** adverse due to asset impairments following the revaluation of assets
    - **£0.2m** favourable on depreciation

- **£0.2m** favourable on interest payments

- A cash balance of **£14.0m** which is **£2.0m** higher than the plan (**£12.4m**, **£0.1m** higher than plan at month 11)

- At the year-end 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 agency spend than the cap set by NHSI.

Cost Improvement Programme

- The Trust had a cost improvement target of **£6.5m** for 2016/17, for which there were plans at the beginning of the year for delivery of **£5.3m**.
- Cost improvements of **£4.7m** have been delivered for the year-to-date, **£0.6m** behind the plan and **£1.8m** below the target. (**£4.3m, £0.7m** behind plan at month 11).

Capital Programme

Capital expenditure of **£4.9m** has been incurred for the year, which is **£1.8m** behind the original plan of **£6.7m,** but **£0.2m** more than the forecast outturn of **£4.8m.** The slippage in year will be carried forward and added to next year's capital programme.

Recommendation

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

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