

Report to the Meeting of the Oxford Health NHS Foundation Trust

Council of Governors

September 2017

Financial Position Month 4, 2017-18

For Information

Introduction

This report summarises the financial performance of the Trust for the year to July 2017.

Performance to Date

The key financial results for July 2017 are:

- EBITDA (Earnings before interest, taxation, depreciation and amortisation) of **£4.5m**, on plan (**£3.8m £0.5m** favourable to plan at month 3).
- An Income and Expenditure surplus of **£0.5m**, **£0.1m** adverse to plan (**£0.8m**, **£0.5m** favourable to plan at month 3).
- The adverse variance of **£0.1m** is driven by:
 - under-delivery of the Cost Improvement Programme by **£0.8m**
 - the net effect of other pressures in services of **£0.6m**

Partially offset by:

- a one-off National Insurance rebate of **£0.7m**
 - a one-off benefit in relation to vacating surplus estate of **£0.2m**
 - additional Sustainability & Transformation funding relating to FY17 of **£0.4m**
- A period-end cash balance of **£18.9m** which is **£9.8m** higher than the plan (**£14.2m**, **4.9m** higher than plan at month 3) due to lower trade and other receivables, higher payables and higher deferred income.
 - At month 4 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 agency cap set by NHSI.

Cost Improvement Programme

- The Trust has a cost improvement target of **£7.4m** for 2017/18 and the current plans are projected to deliver **£2.9m**.
- Cost improvements of **£0.8m** have been delivered at month 4 (**£0.6m** at month 3), **£0.2m** behind the plan and **£0.8m** below the target.

Capital Programme

Capital expenditure of **£1.4m** has been incurred at month 4 which is **£1.1m** behind the plan.

2017-18 Plan:

The full year plan submitted to NHS Improvement is for:

- An Income & Expenditure surplus of £1.8m
- EBITDA of £14.3m
- CIP delivery of £7.4m
- A Use of Resources Rating of '2'
- A year-end cash balance of £14.2m
- Capital investment of £7.1m

The Year-to-Date position includes £0.4m of additional Sustainability & Transformation income relating to FY17. The Trust was notified of this after the last year's accounts had been finalised so this income will be accounted for in this financial year. However, it will be excluded from the Trust's performance against its control total and as such the Trust needs to make a surplus of £2.2m including this income to meet its control total.

The main risks to meeting the full year plan are:

- Delivery of the £7.4m CIP target
- The £3.6m risk associated with the Oxfordshire risk share agreement

Recommendation

The Council of Governors is asked to note the financial position of the Trust.

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