

Report to Board of Directors

Financial Position – December 2017

Month 9, 2017-18

For Information

Introduction

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

Performance to Date

The Income Statement at month 9 is included at Appendix A.

The key financial results for December 2017 are:

- EBITDA (Earnings before interest, taxation, depreciation and amortisation) of **£10.1m**, **£1.2m** adverse to plan (**£7.8m**, **£1.9m** adverse to plan at month 8).
- An Income and Expenditure surplus of **£2.2m**, **£0.1m** favourable to plan (**£0.9m**, **£0.6m** adverse to plan at month 8).
- The surplus position includes a **£1.7m** gain on asset transfer as a result of the Slade site transferring from Southern Health NHS FT and **£0.4m** of Sustainability & Transformation funding that relates to FY17. These items, as well as depreciation on donated assets, are excluded when measuring performance against delivery of the Trust's control total. The position excluding these items is a surplus of **£0.2m**, **£1.9m** adverse to plan.
- The adverse EBITDA variance of **£1.2m** is driven by:
 - under-delivery of the Cost Improvement Programme by **£2.3m**
 - provision for risk on delivery of CQUINs **£0.3m**Partly offset by:
 - a one-off National Insurance rebate of **£0.7m**
 - a one-off benefit in relation to vacating surplus estate of **£0.2m**
 - Sustainability & Transformation relating to FY17 of **£0.4m**
 - the net operational position in services of **£0.1m**
- A period-end cash balance of **£22.6m** which is **£13.3m** higher than the plan (**£19.5m**, **£9.2m** higher than plan at month 8) due to lower trade and other receivables, higher deferred income, higher trade and other payables, lower inventories and lower than planned purchase of non-current assets.

- At month 9 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 overall rating is a '2' but this is capped at a '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 **£3.0m**.
- Cost improvements of **£2.2m** have been delivered at month 9 (**£2.0m** at month 8), **£0.2m** behind the plan and **£2.4m** below the target.

Capital Programme

Capital expenditure of **£3.6m** has been incurred at month 9 which is **£2.3m** behind the plan.

2017-18 Plan and Forecast:

The full year plan submitted to NHS Improvement is for:

- An Income & Expenditure surplus of £1.8m (which is a deficit of £0.1m excluding £1.9m STF income)
- 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. The Year-to-Date position also includes a £1.7m gain on asset transfer. However, these items will be excluded from the Trust's performance against its control total.

A detailed mid-year review has been undertaken which has shown that there are significant risks to meeting the plan. The main risks to meeting the full year plan are:

- Delivery of the £7.4m CIP target
- Pressures in services
- Risk associated with the Oxfordshire Risk Share Agreement

Actions are being taken to address the risks, however, considering the overall balance of risks and opportunities the most appropriate forecast is for a full year shortfall against the plan (excluding STF) of £1.8m. Although, internally OHFT continues working towards achieving the original plan, the Board has decided that the most likely outcome is a shortfall, hence the

forecast full year outturn has been downgraded accordingly. NHS Improvement have been formally notified of the revised forecast.

Recommendation

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

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Income Statement 2017-18 – month 9

INCOME STATEMENT	Month 9				Year-to-Date			
	Plan £m	Actual £m	Variance £m	%	Plan £m	Actual £m	Variance £m	%
Clinical Income	22.5	24.1	1.6	7.1%	200.1	201.3	1.2	0.6%
Other Operating Income	4.6	4.3	-0.3	-6.5%	39.0	37.4	-1.6	-4.1%
Operating Income, Total	27.1	28.4	1.3	4.8%	239.1	238.7	-0.4	-0.2%
Employee Benefit Expenses (Pay)	19.0	19.7	0.7	3.7%	169.2	170.5	1.4	0.8%
Other Operating Expenses	6.5	6.3	0.2	3.1%	58.6	58.1	0.5	0.9%
Operating Expenses, Total	25.5	26.0	0.9	3.5%	227.8	228.6	1.9	0.8%
Non-Operational Income	0.0	0.0	0.0	0.0%	0.0	0.0	0.0	0.0%
EBITDA	1.6	2.4	0.8	50.0%	11.3	10.1	-1.2	-10.6%
Gain on asset transfer	0.0	0.0	0.0	-100.0%	0.0	1.7	-1.7	-100.0%
Profit/(Loss) on asset disposal	0.0	0.0	0.0	0.0%	0.0	0.0	0.0	0.0%
Depreciation and Amortisation	0.5	0.6	-0.1	-13.0%	4.9	5.1	-0.2	-3.9%
Asset Impairment	0.0	0.0	0.0	0.0%	0.0	0.0	0.0	0.0%
Interest	0.1	0.0	0.1	84.6%	1.2	1.1	0.1	9.3%
Other Finance Charge	0.0	0.0	0.0	0.0%	0.3	0.3	-0.1	-25.9%
PDC Dividend	0.3	0.3	0.0	-3.1%	2.9	3.1	-0.1	-4.8%
Surplus/ (Deficit)	0.6	1.4	0.8	141.4%	2.1	2.2	0.1	4.1%