BOD 56/2018, Agenda item 13

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# Report to Board of Directors

**Financial Position – March 2018**

**Month 12, 2017-18**

**For Information**

**Introduction**

This report summarises the financial performance of the Trust for the year to March 2018.

**Performance to Date**

The Income Statement at month 12 is included at Appendix A.

The key financial results for March 2018 are:

* EBITDA (Earnings before interest, taxation, depreciation and amortisation) of **£12.2m**, **£2.0m** adverse to plan(**£9.9m**, **£4.7m** adverse to plan at month 11).
* An Income and Expenditure deficit of **£1.8m**, **£3.6m** adverse to plan (**£1.4m, £4.7m** adverse to plan at month 11).
* The deficit position includes a **£3.7m** gain on asset transfer as a result of the Slade site transferring from Southern Health NHS FT, £0.1m Bucks pension reduced liability and **£1.7m** of Sustainability & Transformation funding and asset impairment of **£5.14m**. 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 deficit of **£2.1m**, **£2.1m** adverse to plan and the control total.
* The adverse EBITDA variance of **£2.0m** driven by:
  + under-delivery against the Cost Improvement Programme target by **£3.6m**
  + provision for risk on delivery of CQUINs **£0.2m**
  + provision for pension/personal injury **£0.3m**
  + net operational overspends **£4.1m**

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**
  + Contingency Reserve **£3.5m**
  + Additional CCG Income **£0.9m**
  + Movement in provisions **£0.2m**
  + Net Other Gains **£0.2m**
* A period-end cash balance of **£19.6m** which is **£5.4m** higher than the plan (**£20.4m**, **£8.3m** higher than plan at month 11) due to higher trade and other payables, higher impairments, higher public dividend capital received, FY17 STF, lower capital purchases, lower inventories and higher deferred income, offset by lower operating surplus and higher trade and other receivables.
* At month 12 the Trust anticipates Use of Resources rating of ‘3’ (‘1’ is the best rating/low risk and ‘4’ is the worst rating/high risk), pending completion of Statutory Final Accounts.

**Cost Improvement Programme**

* The Trust has a cost improvement target of **£7.4m** for 2017/18 and has delivered **£3.8m, £0.5m** above plan and **£3.6m** below the target.

**Capital Programme**

Capital expenditure of **£5.6m** has been incurred at month 12 which is **£1.8m** 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 £7.15m

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 £3.7m gain on asset transfer, £0.1m Bucks pension reduced liability and £5.1m on asset impairment. However, these items are excluded from the Trust’s performance against its control total.

Following a mid-year review which showed significant risks to meeting the plan, in the main:

* + Delivery of the £7.4m CIP target
  + Pressures in services

The forecast was revised to a full year shortfall against the plan (excluding STF) of £1.8m. Performance against the revised forecast is £0.3m worse, at £2.1m adverse to plan, due to several small positive and negative variances including a late invoice from NHS Property Services for increased rental charges of £0.2m.

**Recommendation**

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

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Appendix A

Income Statement 2017-18 – month 12

