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# BOD 86/2018

(agenda item:14)

# Report to Board of Directors

**Financial Position 2018-19**

**May 2018, Month 2**

**For Information**

**Introduction**

This report summarises the financial performance of the Trust for May 2018.

**Performance to Date**

The Income Statement at month 2 is included at Appendix A.

The key financial results for May 2018 are:

* EBITDA (Earnings before interest, taxation, depreciation and amortisation) of **£0.4m** which is **£0.9m** adverseto plan.
* An Income and Expenditure deficit of **£1.8m** which is **£0.8m** adverse to plan.
* The adverse variance is driven by lower than planned additional income secured from commissioners in respect of Mental Health Standards and the Mental Health Five Year Forward view, shortfall in CIP delivery and operational pressures in respect of costs for patients required to be treated out of area (OATs) and high use of residential care services.
* A period-end cash balance of **£18.1m** which is **£0.7m** above the plan.
* At month 2 the Trust’s overall Use of Resources risk rating would be a ‘3’. Within this the Agency metric is rated as a ‘4’ because spend on agency staff was significantly above the ceiling set by NHSI. The Trust continues to work on solutions to help address spend on agency. Additionally, the capital service cover metric is rated as a ‘4’ because of the operating deficit position, though this metric is expected to improve during the year.

**Cost Improvement Programme**

* The Trust had a cost improvement target of **£6.0m** for 2018/19.
* Cost improvements of **£0.1m** have been delivered as at the end of May. Projects continue to be developed to achieve the full year target.

**Capital Programme**

Capital expenditure in month 2 was **£0.8m, £1.8m** below plan. The FY19 capital plan was set at **£12.8m**, which includes **£4.5m** for major building projects (including a Learning Disability Low Secure Unit and Paediatric Intensive Care Unit) and **£2.0m** for the national Global Digital Exemplar programme.

**2018-19 Plan:**

The full year plan is as follows:

* + - An Income & Expenditure surplus of £1.9m
		- EBITDA of £15.6m
		- CIP delivery of £6.0m
		- A Use of Resources Rating of ‘3’
		- A year-end cash balance of £13.6m
		- Capital investment of £12.8m

**Recommendation**

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

**Author and Title:** Paul Pattison, Acting Head of Financial Management

**Lead Executive Director**: Mike McEnaney, Director of Finance

Appendix A

Income Statement 2018-19 – month 2

