#

# COG 14/2018

Item 11

# Report to Council of Governors

**Financial Position**

**April 2018, Month 1 2018-19**

**For Information**

**Introduction**

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

**Performance to Date**

The Income Statement at month 1 is included at Appendix A.

The key financial results for April 2018 are:

* EBITDA (Earnings before interest, taxation, depreciation and amortisation) of **£0.2m** which is **£0.4m** adverseto plan.
* An Income and Expenditure deficit of **£0.9m** which is **£0.4m** adverse to plan.
* The adverse variance of **£0.4m** is driven by 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 **£15.5m** which is **£2.0m** higher than the plan.
* At month 1 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. There are eight projects under which underpin delivery of the target. Four of the eight projects aim to deliver £1m or more: Service Line productivity (pay), Agency Reduction, Non-Pay and New Models of Care.
* Cost improvements of **£0.25m** have been delivered in April, based on the EBITDA position after cost pressures associated with OATS and residential care.

**Capital Programme**

Capital expenditure in month 1 was **£0.5m, £0.8m** below plan. The FY19 capital plan was set at **£12.8m**, which includes **£4.5m** for major building projects and **£2.0m** for the 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 Council of Governors is asked to note the financial position of the Trust.

**Author and Title:** Paul Dodd, Deputy Director of Finance

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

Appendix A

Income Statement 2018-19 – month 1

