

## Report to Board of Directors

### Financial Position 2018-19

June 2018, Month 3

For Information

#### Introduction

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

#### Performance to Date

The Income Statement at month 3 is included at Appendix A.

The key financial results for June 2018 are:

- An Income and Expenditure deficit of **£1.3m** which is **£0.1m favourable** to plan.
- EBITDA (Earnings before interest, taxation, depreciation and amortisation) of **£2.0m**, which is in line with plan.
- The Trust is experiencing operational pressures in services, in particular Out of Area Treatments and residential care in the Adults Directorate. These pressures have been partly offset by a one-off technical gain with respect to a reduction in the Trust's PFI liability. The underlying position excluding this technical gain is £0.6m adverse to plan.
- A period-end cash balance of **£21.2m** which is **£5.9m** above the plan.
- At month 3 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 I&E Margin metric is rated as a '4' because of the operating deficit position.

#### Cost Improvement Programme

- The Trust had a cost improvement target of **£6.0m** for 2018/19.
- Cost improvements of **£1.2m** have been delivered as at the end of June. Projects continue to be developed to achieve the full year target.

## Capital Programme

Capital expenditure in month 3 was **£1.5m, £2.2m** 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.

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

Income Statement 2018-19 – month 3

INCOME STATEMENT												
YTD Actual M3	Prior Year			Plan	Month 3			Plan	Year-to-Date			
	£m	Change			£m	Actual	Variance		£m	Actual	Variance	
	£m	%		£m	£m	£m	%	£m	£m	£m	%	
	64.3	5.4	8.4%	Clinical Income	23.8	24.3	0.5	-4.9%	71.4	69.7	-1.7	-4.6%
	13.1	0.1	0.8%	Other Operating Income	4.6	4.2	-0.4	13.2%	13.4	13.2	-0.1	3.5%
	<b>77.4</b>	<b>5.5</b>	<b>7.1%</b>	<b>Operating Income, Total</b>	<b>28.4</b>	<b>28.5</b>	<b>0.1</b>	<b>0.3%</b>	<b>84.7</b>	<b>82.9</b>	<b>-1.8</b>	<b>-2.1%</b>
	54.8	-5.6	-10.2%	Employee Benefit Expenses (Pay)	20.9	20.7	0.2	4.3%	62.3	60.4	1.8	4.0%
	18.8	-1.7	-9.0%	Other Operating Expenses	6.9	6.2	0.7	-10.9%	20.5	20.5	0.0	-5.0%
	<b>73.6</b>	<b>-7.3</b>	<b>-9.9%</b>	<b>Operating Expenses, Total</b>	<b>27.7</b>	<b>26.9</b>	<b>0.9</b>	<b>3.1%</b>	<b>82.7</b>	<b>80.9</b>	<b>1.8</b>	<b>2.2%</b>
	0.0	0.0	0.0%	Non-Operational Income	0.0	0.0	0.0	0.0%	0.0	0.0	0.0	0.0%
	<b>3.8</b>	<b>-1.8</b>	<b>-47.0%</b>	<b>EBITDA</b>	<b>0.7</b>	<b>1.6</b>	<b>0.9</b>	<b>143.2%</b>	<b>2.0</b>	<b>2.0</b>	<b>0.0</b>	<b>1.0%</b>
	0.0	0.0	0.0%	Gain on asset transfer	0.00	0.00	0.0	0.0%	0.00	0.00	0.0	0.0%
	0.0	0.0	0.0%	Profit/(Loss) on asset disposal	0.00	0.00	0.0	0.0%	0.00	0.00	0.0	0.0%
	1.5	-0.4	-26.7%	Depreciation and Amortisation	0.67	0.61	0.1	-8.4%	2.00	1.85	0.1	6.5%
	0.0	0.0	0.0%	Asset Impairment	0.00	0.00	0.0	0.0%	0.00	0.00	0.0	0.0%
	0.4	0.0	0.0%	Interest	0.15	0.16	0.0	-13.6%	0.45	0.46	0.0	-0.9%
	0.1	0.1	131.0%	Other Finance Charge	0.00	0.00	0.0	0.0%	0.00	0.00	0.0	-0.1%
	1.0	0.0	0.0%	PDC Dividend	0.33	0.33	0.0	-1.5%	1.00	1.01	0.0	-1.5%
	<b>0.8</b>	<b>-2.1</b>	<b>-258.1%</b>	<b>Surplus/ (Deficit)</b>	<b>-0.5</b>	<b>0.5</b>	<b>1.0</b>	<b>-204.4%</b>	<b>-1.5</b>	<b>-1.3</b>	<b>0.1</b>	<b>-9.6%</b>