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# Report to Board of Directors

# BOD 112/2018

(agenda item: 12)

**Financial Position 2018-19**

**August 2018, Month 5**

**For Information**

**Introduction**

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

**Performance to Date**

The Income Statement at month 5 is included at Appendix A.

The key financial results for August 2018 are:

* An Income and Expenditure deficit of **£4.3m** which is **£2.2m adverse** to plan.
* EBITDA (Earnings before interest, taxation, depreciation and amortisation) of **£1.1m**, **£2.5m** adverse to plan.
* The Trust is experiencing operational pressures in services, in particular Out of Area Treatments and residential care in the Adults Directorate and in the Oxfordshire CAHMS services. 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 **£2.6m** adverse to plan.
* A period-end cash balance of **£21.8m** which is **£2.6m** above the plan.
* At month 5 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.
* Due to the ongoing operational pressures in Adult Mental Health and CAHMS services, the lower than planned commissioner income and the risks of under delivery on CIP, the recovery work started in June is now established as a formal Finance Recovery Plan. The forecast is being formally reviewed and a re-forecast position will be considered for submission to NHSI at Q2.
* Regarding the longer-term financial sustainability, a review is underway of the investment made by commissioners into mental health services to ensure parity of esteem and the appropriate resource allocation to mental health.

**Cost Improvement Programme**

* The Trust had a cost improvement target of **£6.0m** for 2018/19.
* Cost improvements of **£2m** have been delivered as at the end of August. Projects continue to be developed to achieve the full year target.

**Capital Programme**

Capital expenditure in month 5 was **£0.3m, £3.9m** 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

A formal re-forecast of this plan will be considered at the end of Q2.

**Recommendation**

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

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Appendix A

Income Statement 2018-19 – month 5

