

Report to Board of Directors

Financial Position 2018-19

September 2018, Month 6

For Information

Introduction

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

Performance to Date

The Income Statement at month 6 is included at Appendix A.

The key financial results for September 2018 are:

- An Income and Expenditure deficit of **£5.9m** which is **£3.5m adverse** to plan. (After adjusting for items excluded from measuring performance against the Trust's Control Total (mainly excluding Provider Sustainability Funding) the underlying performance is a deficit of **£6.3m**, which is **£2.9m** adverse to the Trust's Control Total and plan at month 6.)
- EBITDA (Earnings before interest, taxation, depreciation and amortisation) of **£0.5m**, **£3.9m** 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 Income and Expenditure position excluding this technical gain is **£3.6m** adverse to plan.
- A period-end cash balance of **£16.7m** which is **£0.3m** behind plan.
- At month 6 the Trust's overall Use of Resources risk rating is 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 and Capital service cover are rated as a '4' because of the operating deficit position.

- Due to the ongoing operational pressures, the lower than planned commissioner income and the risks of under delivery on CIP, the recovery work started in June has been established as a formal Financial Recovery Plan. The revised forecast was formally reviewed by FIC on 10 October and approved by the Board on 12 October and the re-forecast position submitted to NHSI at Q2. The re-forecast position is **£7.6m** adverse to operating plan, excluding PSF, and **£9.9m** adverse when including PSF.
- Regarding the longer-term financial sustainability, a review is underway of the under 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 **£2.1m** have been delivered as at the end of August of which **£2.0m** is non-recurring. Projects continue to be developed to achieve the full year target.

Capital Programme

- Capital expenditure in month 6 was **£0.5m, £0.8m** 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. As part of the Q2 re-forecast submission to NHSI, forecast spend against the capital plan has been reviewed and assessed at **£9.1m**.

2018-19 Plan and Re-forecast:

The full year plan and Q2 re-forecast (in brackets) is as follows:

- An Income & Expenditure surplus of **£1.9m** (deficit of **£8m**)
- EBITDA of **£15.6m** (**£4.9m**)
- CIP delivery of **£6.0m** (**£4.9m**)
- A Use of Resources Rating of '3' ('4')
- A year-end cash balance of **£13.6m** (**£6.6m**)
- Capital investment of **£12.8m** (**£9.1m**)

Recommendation

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

Author and Title: Paul Pattison Head of Financial Management

Lead Executive Director: Mike McEnaney, Director of Finance

Appendix A

Income Statement 2018-19 – month 6

INCOME STATEMENT											
Prior Year			Month 6				Year-to-Date				
YTD Actual M6	Change		Plan	Actual	Variance		Plan	Actual	Variance		
£m	£m	%	£m	£m	£m	%	£m	£m	£m	%	
130.3	7.2	5.5%	24.0	22.4	-1.6	-6.6%	143.0	137.5	-5.5	-3.9%	
23.4	5.1	21.8%	4.6	4.9	0.3	5.7%	27.4	28.6	1.1	4.2%	
153.7	12.3	8.0%	28.6	27.3	-1.3	-4.6%	170.4	166.0	-4.4	-2.6%	
107.8	-15.6	-14.5%	20.9	20.8	0.1	0.7%	124.8	123.4	1.4	1.1%	
39.6	-2.5	-6.3%	6.9	7.1	-0.2	-3.0%	41.1	42.1	1.0	-2.5%	
147.4	-18.1	-12.3%	27.8	27.8	-0.1	-0.2%	165.9	165.5	0.4	0.2%	
0.0	0.0	0.0%	0.0	0.0	0.0	0.0%	0.0	0.0	0.0	0.0%	
6.3	-5.8	-91.8%	0.8	-0.6	-1.4	-166.5%	4.5	0.5	-3.9	-85.7%	
0.0	0.0	0.0%	0.0	0.0	0.0	0.0%	0.0	0.0	0.0	0.0%	
0.0	0.0	0.0%	0.0	0.0	0.0	0.0%	0.0	0.0	0.0	0.0%	
3.2	-0.3	-9.4%	0.7	0.6	0.1	16.9%	4.0	3.5	0.5	11.5%	
0.0	0.0	0.0%	0.0	0.0	0.0	0.0%	0.0	0.0	0.0	0.0%	
0.8	-0.1	0.0%	0.1	0.1	0.0	4.1%	0.9	0.9	0.0	-2.1%	
0.2	0.2	100.0%	0.0	0.0	0.0	0.0%	0.0	0.0	0.0	0.0%	
2.0	0.0	0.0%	0.3	0.3	0.0	0.0%	2.0	2.0	0.0	0.0%	
0.2	-6.0	-3529.4%	-0.3	-1.6	-1.3	396.1%	2.4	5.9	3.5	149.5%	