

# Report to the Meeting of the

**CoG 33/2018**

(Agenda item: 10)

# Oxford Health NHS Foundation Trust

# Council of Governors

**22 November 2018**

**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 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 financial 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 of Directors on 12 October and a re-forecast year-end position submitted to NHSI at Q2. The re-forecast position is a deficit of **£8.0m**, **£7.6m** adverse to Control Total, excluding PSF, and **£9.9m** adverse to Plan when including PSF.
* Regarding the longer-term financial sustainability, a review is underway of the substantial 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 has a cost improvement target of **£6.0m** for 2018/19.
* Cost improvements of **£2.1m** have been delivered as at the end September of which **£2.0m** is non-recurring.

**Capital Programme**

* Capital expenditure at 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 revised to **£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 Council of Governors is asked to note the financial position of the Trust.

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Appendix A

**Income Statement 2018-19 – month 6**

