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# Report to Board of Directors

# BOD 48/2019

(agenda item:11)

**Financial Position 2018-19**

**March 2019, Month 12**

**For Information**

**Introduction**

This report summarises the financial performance of the Trust for March 2019.

**Performance to Date**

The Income Statement at month 12 is included at Appendix A.

The key financial results for March 2019 are:

* An Income and Expenditure deficit of **£6.8m** which is **£8.6m adverse** to plan. After adjusting for items excluded from measuring performance against the Trust’s Control Total (mainly excluding Provider Sustainability Funding and impairments) the underlying performance is a deficit of **£8.4m**, which is **£7.5m** adverse to the Trust’s Control Total and plan at month 12.
* EBITDA (Earnings before interest, taxation, depreciation and amortisation) of **£4.8m**, **£10.8m** 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 **£8m** adverse to plan.
* A period-end cash balance of **£20.0m** which is **£6.4m** ahead of plan.
* At month 12 the Trust’s overall Use of Resources risk rating is a ‘4’. 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.
* The Financial Recovery Plan instigated in June provided for a revised re-forecast position of **£7.6m** adverse to operating plan, excluding PSF, and **£9.9m** adverse when including PSF. The outturn position is **£1.3m** better than the re-forecast, however, adjusting for net impairment gains (**£1.2m**) and depreciation on donated assets (**£89k**) the position is in line with the re-forecast and **£9.9m** worse than plan.
* Regarding the longer-term financial sustainability, the Trust continues to a review its operations in the context of under investment made by commissioners into mental health services, in an effort to establish 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 **£8.5m** have been delivered as at the end of March of which **£7.4m** are non-recurring.

**Capital Programme**

* Capital expenditure in month 12 year-to-date was **£6.7m, £7.1m** below the original plan. The FY19 capital plan was set at **£12.8m**, which includes **£4.5m** for major building projects (LD LSU and PICU) and **£2.0m** for the Global Digital Exemplar programme.

**2018-19 Plan and Re-forecast:**

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

* + - An Income & Expenditure surplus of **£1.9m** (deficit of **£8.0m**)
		- 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.

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Appendix A

Income Statement 2018-19 – month 12

