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# BOD 10/2020

(agenda item:13)

# Report to Board of Directors

**Financial Position 2019-20**

**December 2019, Month 9**

**For Information**

**Introduction**

This report summarises the financial performance of the Trust for the nine months to the end of December 2019.

**Performance to Date**

The Income Statement at month 9 is included at Appendix A.

The key financial results for the year-to-date at December 2019 are:

* An Income and Expenditure deficit of **£2.5m,** which is **£0.7m** favourableto plan.
* EBITDA (Earnings before interest, taxation, depreciation and amortisation) of **£6.4m**, **£0.7m** adverse to plan.
* After adjusting for items excluded from measuring performance against the Trust’s Control Total (mainly excluding Provider Sustainability Funding (PSF) and Financial Recovery Funding (FRF) and gains on asset disposal) the underlying performance is a deficit of **£6.1m**, which is **£0.1m** favourable to the Trust’s Control Total.
* The variance from plan is different from the variance from control total due to a **£0.5m** gain on asset disposal following the sale of a property and **£0.1m** PSF relating to FY19. These are both favourable variances but are excluded from performance against the control total.
* Operational Pressures continue with adverse variances to budget in the Buckinghamshire Mental Health, Specialised Mental Health and some Corporate directorates. The largest adverse variance is in the Oxfordshire and BaNES, Swindon & Wiltshire Mental Health Directorate which is driven by adverse variances in Residential Care, OATs, Oxon CAMHS, Inpatient services and Adult Community Mental Health teams.
* Urgent action has been taken to manage these pressures and reduce operational costs back to within budget, and to improve delivery of CIP for which a large part of the target is profiled in the final quarter of the year. A Financial Recovery Plan has been implemented including formal structured documentation with detailed actions plans and regular monitoring to ensure progress and delivery.
* A period-end cash balance of **£16.8m** which is **£4.7m** better than plan, mainly due to slippage against the capital programme.
* At month 9 the Trust’s overall Use of Resources risk rating is a ‘3’, compared with a planned rating of ‘3’.

**Cost Improvement Programme**

The Trust has a cost improvement target of **£7.6m** for 2019-20. To date **£3.1m** of savings have been achieved, which is **£0.9m** adverse to plan. Work continues to accelerate delivery of these schemes and develop new schemes.

**Capital Programme**

Capital expenditure to month 9 was **£2.4m, £8.6m** below plan due to slippage against Estates schemes and the delay in a start date for the Highfield PICU and Learning Disabilities LSU schemes.

**2019-20 Plan and Forecast**

Although the YTD position is on plan this includes £6.1m of one-off benefits in the year and no further benefits are expected in Q4. In addition, £3.6m (47%) of the CIP target is profiled in Q4 which makes it more challenging to meet the plan. As a result, the Trust has formally submitted to NHSI a re-forecast at Q3 which is £6.5m worse than plan which includes the loss of PSF and FRF for Q4 of £1.5m.

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

* + - An Income & Expenditure position of **breakeven** **(£6.5m** deficit)
		- Control Total **£4.8m** deficit (**£9.8m** deficit, **£5.0m** adverse to plan)
		- EBITDA of **£13.9m** (**£5.6m**)
		- CIP delivery of **£7.6m (£5.9m)**
		- A Use of Resources Rating of ‘3’ (‘3’)
		- A year-end cash balance of **£13.1m** (**£11.4m**)
		- Capital investment of **£17.3m** (**£9.3m**)

**Recommendation**

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

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**Appendix A**

**Income Statement 2019-20 – Month 9**

