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# Report to Board of Directors

# BOD 34/2020

(agenda item: 14)

**Financial Position 2020-21**

**April 2020, Month 1**

**For Information**

**Introduction**

This report summarises the financial performance of the Trust in month 1 of the financial year 2020-1.

**Performance in Month 1**

The Income Statement at month 1 is included at Appendix A.

The key financial results for the period ending 30th April 2020 are:

* An Income and Expenditure position of **breakeven**.
* Due to Covid-19, the NHS contracts and payments system has been suspended and providers are receiving block payments from NHSI/E to cover their costs and avoid cashflow issues from April to July 2020. No information has yet been issued on the payment system from August onwards. The main block payment was received in advance and NHSI/E instructed Trusts to accrue income (which Trusts will receive as an additional to-up payment) to report a breakeven position.
* Within this position there are **£1.6m** of costs that have been incurred due to the Trust’s response to Covid-19. These costs have been reclaimed from NHSI/E as part of the additional top up payment.
* Without the **£1.6m** Covid-19 costs and the **£1.3m** additional top-up payment the Trust would have reported a **£0.3m** surplus.
* EBITDA (Earnings before interest, taxation, depreciation and amortisation) of **£1.1m**, onplan.
* A period-end cash balance of **£47.7m**, **£36.8m** better than plan, due to receiving the block payment for May in April.

**Cost Improvement Programme**

* The Trust has a cost improvement target of **£6.8m** for 2020-21. Plans have already been developed, but the implementation of these has been postponed due to Covid-19. The schemes are being reviewed and the Productivity Improvement Programme (PIP) is due to start up again at the beginning of July.

**Capital Programme**

Capital expenditure in month 1 was **£0.4m, £0.1m** below plan due to slippage against Estates schemes.

**2020-21 Plan**

The FY21 planning process has been suspended and the plan for April to July has been set as breakeven for all Trusts. The Trust’s budgets reflect the draft FY21 plan that was submitted, but the profile has been changed to show breakeven for months 1-4.

The full year plan included in the Draft Plan submission is:

* + - An Income & Expenditure surplus of **£2.8m**
		- Control Total **£0.1m** surplus
		- EBITDA of **£21.6m**
		- CIP delivery of **£6.8m**
		- A Use of Resources Rating of **‘3’**
		- A year-end cash balance of **£12.1m**
		- Capital investment of **£23.5m**

**Recommendation**

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

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**Appendix A**

**Income Statement 2020-21 – Month 1**

