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**BOD 47/2020**
(Agenda item: 12)

# Report to Board of Directors

**Financial Position 2020-21**

**June 2020, Month 3**

**For Information**

**Introduction**

This report summarises the financial performance of the Trust in month 3 of the financial year 2020-21.

**Performance at Month 3**

The Income Statement at month 3 is included at Appendix A.

The key financial results for the period ending 30th June 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. 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.
* The YTD position includes **£4.6m** of Covid-19 related costs and retrospective top up payments from NHSI/E of **£6.0m** to bring the position to breakeven, making the underlying position a deficit of **£1.4m**.
* EBITDA (Earnings before interest, taxation, depreciation and amortisation) of **£3.1m**, onplan, **£0.2m** adverse to plan.
* The closing cash position at the end of June was **£53.2m**. The higher than usual cash balance is due to payment one month in advance under the new funding arrangements for the first 4 months of this financial year.

**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) has started up again at the beginning of July. Savings of **£0.2m** YTD have been made on existing schemes, **£0.2m** adverse to plan.

**Capital Programme**

* Capital expenditure at month 3 was **£0.8m**, **£0.2m** below plan due to slippage on Estates projects.

**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 3**

