

Report to Board of Directors

30th April 2014

Financial Position – March (Month 12) 2013/14

For Information

Introduction

This report summarises the financial performance of the Trust for the year ended 31st March 2014.

Performance to date

The key financial results for the twelve months to 31st March 2014 are:

- EBITDA (Earnings before interest, taxation, depreciation and amortisation) of **£13.5m**, which is **£1.3m** behind plan:

The adverse position is mainly driven by the following:

- staffing costs pressures due to higher than planned activity levels in mental health inpatient wards, community hospitals and community nursing services
 - under-performance on the community services re-ablement contract
 - shortfall in the delivery of the cost improvement plans.
- A deficit of **£5.4m**, which is **£2.2m** behind plan. This after asset impairment of **£8.3m**.

The adverse position is due to the lower than planned EBITDA as outlined above and higher than estimated asset impairment charges, **£0.8m**, loss on asset disposal, **£0.4m**, interest and 'other finance charges,' **£0.3m**, partly offset by lower than planned PDC liability, **£0.4m** and depreciation charges, **£0.2m**.

- A cash balance of **£24.2m**, which is **£1.7m** ahead of plan:

This is mainly due to lower than planned capital expenditure and favourable working capital movements, offset by under-performance on EBITDA.

- Monitor's regulatory framework establishes a Continuity of Services Risk Rating (CoSRR) replacing the previous Financial Risk Rating (FRR). At month 12 the Trust has achieved a CoSRR of '4'. This is an improvement over the forecast of a '3' rating, although the result of a '4' is just achieved and cannot be relied upon as an indicator of future performance.

(The CoSRR is based on the Monitor scale of financial risk, where 1 means a high risk and 4 means lowest risk.)

Cost improvement programme

- The Trust has a cost improvement target of **£11.3m** for this financial year;

Cost improvements of **£4.7m** have been delivered including non-recurrent for FY14, **£6.6m** behind plan. Priority in the year has been given to the remodelling of our core services to improve the delivered quality of patient care and experience.

Capital programme

- Capital expenditure of **£21.6m** has been incurred for FY14t, most of which is in relation to the Whiteleaf Centre (Manor House hospital) development **£12.9m**.

Recommendation

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

Author and Title: Lindley Nevers, Head of Financial Management

Lead Executive Director: Mike McEnaney, Director of Finance