

## Report to Board of Directors

30th July 2014

Financial Position – June (Month 3) 2014/15

For Information

### Introduction

This report summarises the financial performance of the Trust for the year-to date and the forecast year-end position.

### Performance to date

The key financial results for the month ending 30<sup>th</sup> June 2014 are:

- EBITDA (Earnings before interest, taxation, depreciation and amortisation) of **£2.2m**, which is **£1.0m** behind plan (**£1.3m**, **£0.7m** adverse at month 2)

The adverse position is mainly driven by the following:

- shortfall in delivery against the cost improvement plans.
  - cost pressures from higher than planned Out of Area Treatment
  - some prior year costs charged to FY15
  - lower than expected clinical income
- An Income and Expenditure deficit of **£0.8m**, which is **£1.0m** behind plan (**£0.7m** deficit, **£0.7m** adverse to plan at month 2).

The adverse position is due to the lower than planned EBITDA as outlined above.

- A cash balance of **£18.9m**, which is **£1.8m** ahead of plan (**£18.6m**, **£0.6m** adverse at month 2)
- Monitor's regulatory framework establishes a Continuity of Services Risk Rating (CoSRR). At month 3 the Trust has achieved a CoSRR of '3' ('3' at month 2)

This 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 **£10.5m** for this financial year;
- Cost improvements of **£808k** have been delivered for the year-to-date, **£882k** behind plan (**£382k**, **£518k** adverse at month 2). Further plans are being developed and mitigation actions implemented to support the achievement of targeted savings for FY15.

### Capital programme

Capital expenditure of **£1,538k** has been incurred for the year-to-date, **£1,162k** less than plan (**£570k**, **£146k** favourable at month 2).

### Forecast

The forecast at this stage is an Income and Expenditure deficit of **£1.4m** for the financial year.

Current risks to the achievement of the FY15 forecast outturn identified at this stage are:

- Further slippage on delivery of the **£10.5m** CIP target for FY15;
- Staffing pressures within Community Hospital, Community Nursing Services and Mental Health Inpatient Services;
- Out of area treatment placements;
- Delivery of CQUIN performance targets.
- Mitigation of known budget risks within services;

Actions are being taken to manage the above risks and address the identified year to date pressures which will be robustly monitored in order to deliver the planned position.

### Recommendation

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

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