

**EAST KENT HOSPITALS UNIVERSITY NHS FOUNDATION TRUST**

REPORT TO: **BOARD OF DIRECTORS – 28 MARCH 2014**

SUBJECT: **BUSINESS PLAN 2014/15 – 2015/16 FINAL**

REPORT FROM: **DIRECTOR OF FINANCE AND PERFORMANCE**

PURPOSE: **Information / Decision**

**CONTEXT / REVIEW HISTORY / STAKEHOLDER ENGAGEMENT**

This paper provides the Trust's final financial plans for 2014/15 & 2015/16 to the Finance & Investment Committee (FIC). This follows on from the updated position presented at the February 2014 FIC.

**SUMMARY:**

The attached paperwork represents the Trusts planning documentation for submission to Monitor on the 4<sup>th</sup> April 2014.

The following table outlines the changes since the presentation of the base line plan for the year 2014/15 at the December meeting. The most significant change being the inclusion of the full Kent Pathology Partnership which can be seen in the service development line in the table below.

	Income	Expenditure	EBITDA	Below EBITDA	Surplus/ (Deficit)
	£m	£m	£m	£m	£m
<b>December FIC figures</b>	<b>507.8</b>	<b>477.7</b>	<b>30.1</b>	<b>29.9</b>	<b>0.2</b>
Change in cost of delivery	3.0	3.1	(0.1)	0.0	(0.1)
Changes due to tariff moves	(0.3)	0.0	(0.3)	0.0	(0.3)
Change in level of VAT provision	0.0	0.5	(0.5)	0.0	(0.5)
Changes in below EBITDA	0.0	0.0	0.0	0.8	(0.8)
Changes in Service Developments	17.1	17.2	(0.1)	0.0	(0.1)
Technical Accounting Adjs	4.7	3.9	0.8	0.0	0.8
<b>Final Plan</b>	<b>532.3</b>	<b>502.4</b>	<b>29.9</b>	<b>30.7</b>	<b>(0.9)</b>

There is an increase in below EBITDA costs of £0.8m as a result of an update in the impact of Depreciation, Amortisation and PDC. The biggest single driver behind the change in below EBITDA between 2013/14 and 2014/15 is the impact of impairments resulting from the Dover Hospital investment. However, as a non cash adjustment, the sustainability of the Trust is not impacted by the impairment increase and as such there would be no direct impact on both the old FRR risk measure and the new COSRR risk measure.

The main issue currently outstanding from the financial plan is the conclusion to contracting – the overall impact is yet to be finalised and the detail of contract values will have to be added to the return prior to submission to Monitor.

**Index of documents:**

- Written Operational Plan 2014/15 – 2015/16
- Monitor APR 2014/15 - SoCI
- Monitor APR 2014/15 - SoCF
- Monitor APR 2014/15 - SoFP

The FIC are asked to review the documentation prior to its submission to Monitor stating any changes before review by the Trust Board and giving approval of its adoption of the Trusts plan and its agreement for the plan to be submitted to Monitor.

**IMPACT ON TRUST'S STRATEGIC OBJECTIVES:**

N/A

**FINANCIAL IMPLICATIONS:**

N/A

**LEGAL IMPLICATIONS:**

Statutory obligation to review and agree operational plan

**PROFESSIONAL ADVICE TAKEN ON ANY NOVEL OR CONTENTIOUS ISSUES**

N/A

**BOARD ACTION REQUIRED:**

To discuss and determine actions as appropriate

**CONSEQUENCES OF NOT TAKING ACTION:**

N/A