
Public Board 31 January 2013

Title of Paper: Chair's Report of Finance Committee 10 January 2013

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Purpose

This report appraises the Board of the key issues discussed at the Finance Committee on 10 January 2013.

Background

The Committee focused on the financial out-turn for 2012/13 in view of the worsening situation. A number of problems have been developing over the year and the Board should be aware that:

2012/13

1. We shall not achieve our £3.1m year-end surplus - the best result will be breakeven. Any shortfall gets added to next year's target.
2. We shall not be able to live within our agreed EFL envelope – this will need renegotiating
3. We shall not achieve our £11.9m CIP cost improvements – the best result will be £10m
4. We should achieve our Capital spend, excluding use of £7m funds for the new road, mainly essential backlog maintenance, the new ward and CHP

2013/14

5. Our loans will not be re-phased in April 2013 – the DH made it dependant on FT status
6. We need to take out a new loan by June - to provide sufficient medium term liquidity
7. The cost of a new loan is likely to add a further £0.6m to our cost base
7. Our CIP commitment in the IBP is £14.6m – 46% above this year's out-turn before cost of new loan AND any shortfall on this year's targeted £3.1m surplus

Conclusion and Recommendation

The Board is asked to support a need to focus on radical solutions to create more financial headroom in 2013/14. We may be nearing the end of routine productivity targeting.