















Kingston Hospital NHS Foundation Trust

Finance Report June 2016 (Month 3)

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EXECUTIVE SUMMARY

Headline	Trend against Annual Plan	Trend against Annual Plan	Narrative
	(May)	(Jun)	
The Trust reported a year to date adverse variance from plan of £0.3m. This is mainly driven by the loss of income due to junior doctor strikes.			The Trust reported an in month surplus of £0.4m, £0.3m ahead of budget. Patient care income was £0.5m favourable, driven mainly by maternity, A&E and elderly care. Pay is adverse by £0.3m driven by usage of agency, to cover vacancies. £0.4m of contingency reserve has been profiled into the plan. This has offset the adverse variance and contributes towards the Trust's in-month favourable position.
Clinical income was higher than plan by £0.5m.			The in-month income is ahead of plan by £0.5m. £0.2m of this relates to maternity where there has been a high level of bookings in month. Elderly Care and A&E explain the majority of the remaining variance (£0.3m), with high levels of activity in-month
The underlying pay and non pay expenditure (excluding high cost drugs) directly associated with the delivery of clinical services is higher than plan by £0.6m in M3.			Pay is higher than budget in certain key areas, in particular, A&E where medical staff recruitment is difficult. The Trust's agency usage is below plan in month and it is on track to meeting its agency target of £11.9m in 2016/17.
Corporate Services pay and non pay were on plan in M3.			Overseas nursing recruitment is ahead of plan, offset by vacant posts across Corporate.
CIP Delivery stands at 78% in M3.			The CIP programme shortfall is mainly due to the Specialist Services division achieving 77% (due to low conversion rates in T&O); and Reserves achieving 66% due to the profiling of the procurement CIP.
At the end of M3, capital expenditure was £2.3m			Capital expenditure in M3 is ahead of plan by £1.1m mainly due to the delivery of Cerner, A&E and ITU projects. Phase 1 of the Outpatients redevelopment was completed in month.
The cash balance reported at the end of M3 was £1.4m.			The closing cash position for June was £1.4m. This was lower than projected due to late receipt of payments of £1.3m from the CCGs.

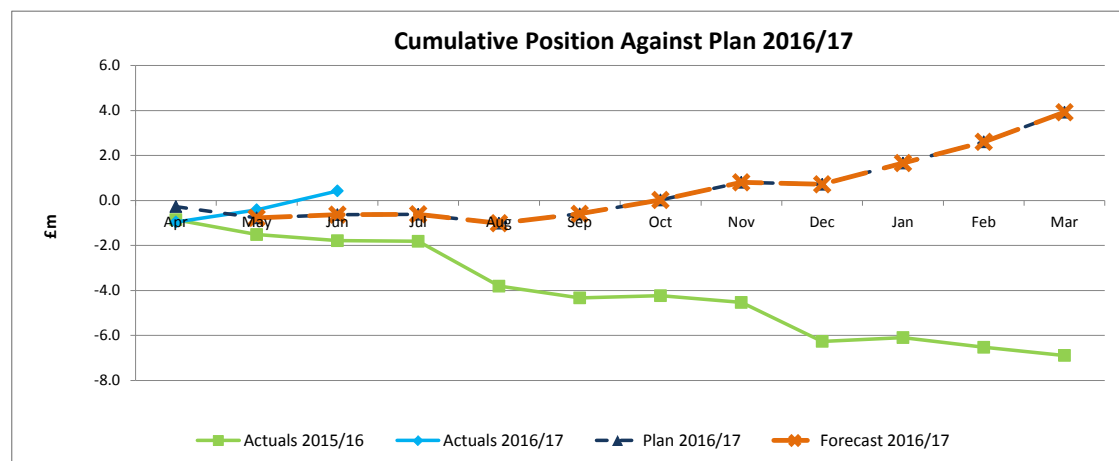
SECTION 1: OVERALL INCOME AND EXPENDITURE

Version 1

Summary as at the end of Jun-16

Income & Expenditure	Annual Plan £000's	IN MONTH			YEAR TO DATE								
		Budget v Actuals			Budget v Actuals								
		Plan	£000's	Actual	£000's	Var	£000's	Plan	£000's	Actual	£000's	Var	£000's
Income													
Patient Care Income	211,604	17,588	18,107	520	52,168	51,947	(221)						
High Cost Drug Income	14,079	1,213	1,111	(101)	3,480	3,598	118						
Other Income	24,518	2,037	2,160	123	6,104	6,125	20						
Income	250,201	20,837	21,379	541	61,753	61,670	(83)						
Expenditure													
Pay	(149,441)	(12,431)	(12,693)	(262)	(37,277)	(38,405)	(1,129)						
Non Pay	(67,570)	(5,433)	(5,880)	(447)	(16,323)	(16,836)	(513)						
High Cost Drugs	(14,079)	(1,213)	(1,172)	40	(3,480)	(3,659)	(179)						
Contingency Released		(361)	0	361	(1,512)	0	1,512						
Expenditure	(231,089)	(19,437)	(19,745)	(308)	(58,592)	(58,901)	(309)						
EBITDA	19,112	1,400	1,633	234	3,161	2,769	(391)						
Depreciation and Amortisation	(8,394)	(691)	(698)	(7)	(2,090)	(2,092)	(2)						
Investment Revenue	16	1	2	1	4	5	1						
Finance Costs	(3,580)	(298)	(276)	22	(895)	(871)	24						
Public Dividend Capital	(3,232)	(269)	(237)	32	(808)	(759)	49						
Total I&E	3,922	142	424	282	(629)	(948)	(319)						
Depreciation on donated assets	270	23	23	0	68	68	0						
Total I&E after Impairments	4,192	165	447	282	(562)	(880)	(319)						

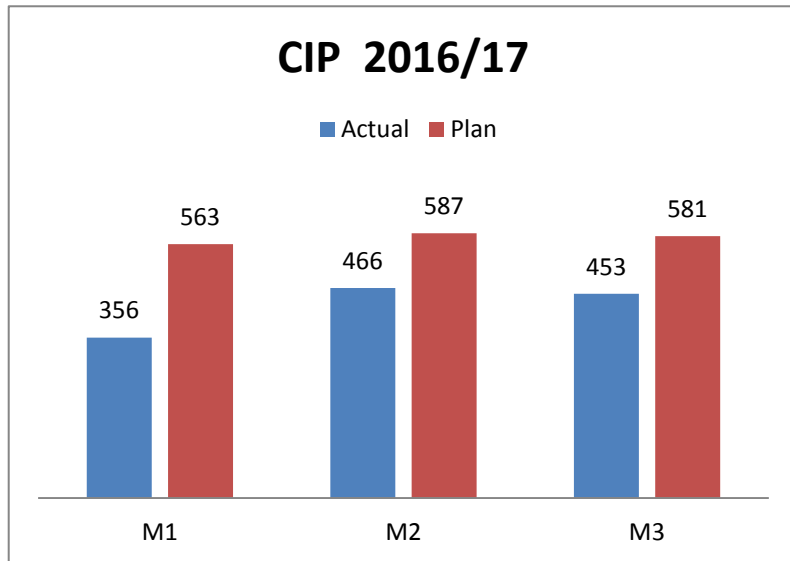
	Revised Plan	Plan	Actual		Plan	Actual YTD	
EBITDA Margin	7.6%	6.7%	7.6%		5.1%	4.5%	
EBITDA Achieved	100.0%	100.0%	116.7%		100.0%	87.6%	
I&E Surplus Margin	1.6%	0.7%	2.0%		-1.0%	-1.5%	



SECTION 2: COST IMPROVEMENT PROGRAMME

Summary as at the end of Jun-16

	M1	M2	M3
	£000	£000	£000
Actual	356	466	453
Plan	563	587	581
Variance	(208)	(121)	(128)
% achievement	63%	79%	78%
YTD % achievement	63%	71%	74%

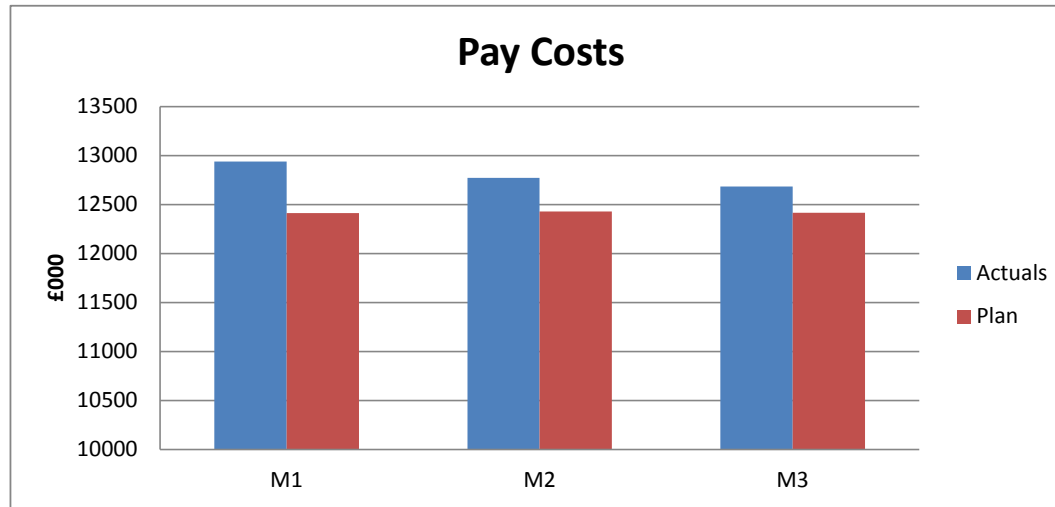


COMMENTARY

- In month achievement is 78% of plan.
- There has been underperformance in Trauma and Orthopaedics and in the RMH profit share and also delays in delivery of the drugs schemes.
- The CIP underperformance was partially offset by Emergency Care where beds were closed in Derwent Ward earlier than planned.

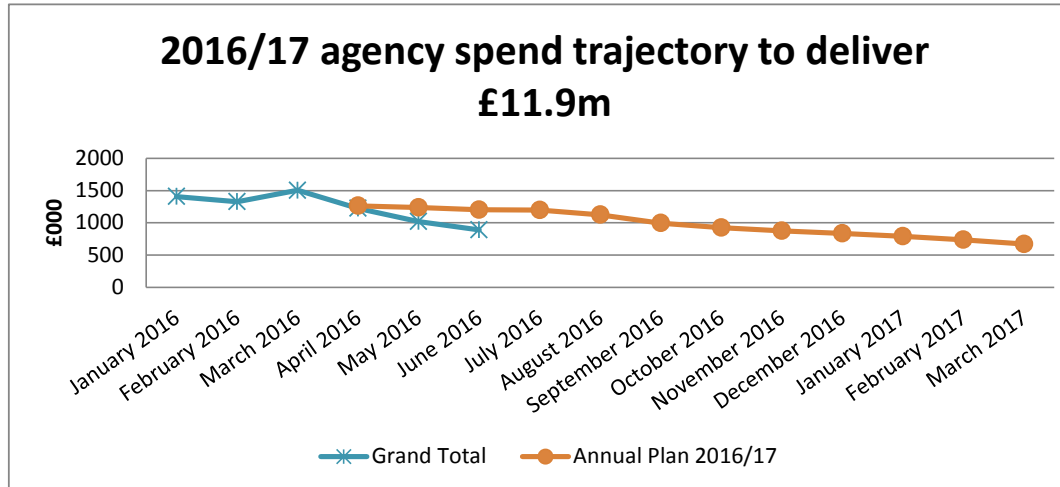
SECTION 3: PAY COSTS

Costs

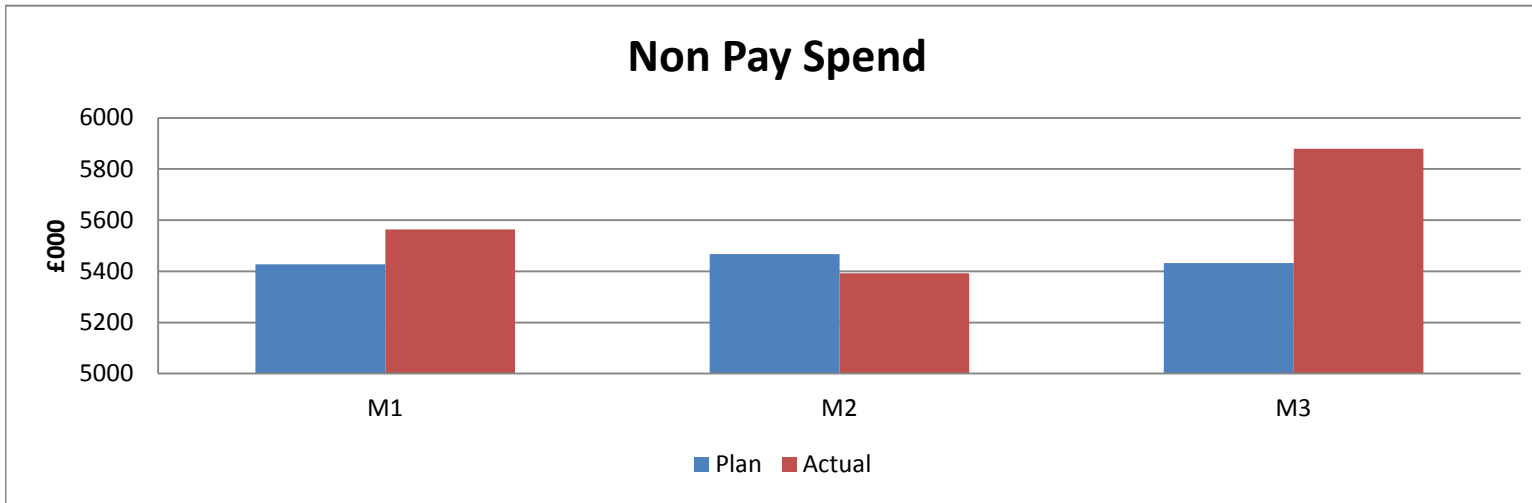


COMMENTARY

- The in-month pay is £0.3m adverse against plan, £1.1m year to date.
- Medical locum usage due to difficulties in recruiting medical staff and high levels of activity in A&E are the main driver of this overspend (£0.3m in month, £0.9m year to date).
- The Executive Committee has discussed this issue and will be exploring ways to bring this spend back towards budget.



SECTION 4: NON-PAY



COMMENTARY

Non pay expenditure is £0.4m higher than budget in month and £0.5m year to date.

- £0.3m of this is due to activity related spend in Clinical Supplies & Services and General Supplies. This is mainly in Maternity, Ophthalmology and Oral and ENT.
- The remaining £0.1m is driven by Overseas nurses recruitment costs, as the plan has been phased equally.

SECTION 5: STATEMENT OF FINANCIAL POSITION M03

	2015/16 Audited £m	April £m	May £m	June £m	2016/17 Forecast £m
NON CURRENT ASSETS:					
Property plant and equipment	122.5	125.4	125.2	125.5	122.9
Intangible assets	10.8	7.4	7.3	8.0	10.5
Other assets	0.2	0.3	0.3	0.3	0.2
TOTAL NON CURRENT ASSETS:	133.5	133.1	132.8	133.8	133.6
CURRENT ASSETS:					
Inventories	1.4	1.5	1.2	1.0	0.8
Trade and other receivables	19.8	19.9	18.6	21.1	16.0
Cash and cash equivalents	4.4	2.5	3.5	1.4	1.9
TOTAL CURRENT ASSETS	25.6	23.9	23.3	23.5	18.7
CURRENT LIABILITIES:					
Trade and other payables	(30.6)	(29.6)	(29.2)	(30.1)	(21.3)
Current Borrowings	(1.7)	(1.1)	(1.1)	(1.1)	(1.5)
Current Provisions	(0.2)	(0.0)	(0.0)	(0.0)	(0.3)
TOTAL CURRENT LIABILITIES	(32.5)	(30.7)	(30.3)	(31.2)	(23.1)
NET CURRENT ASSETS LESS CURRENT LIABILITIES	(7.0)	(6.8)	(7.0)	(7.7)	(4.4)
TOTAL ASSETS LESS CURRENT LIABILITIES	126.6	126.3	125.8	126.1	129.2
NON CURRENT LIABILITIES:					
Borrowings	(34.4)	(34.8)	(34.7)	(34.6)	(33.3)
Provisions	(1.2)	(1.4)	(1.4)	(1.4)	(1.3)
Other liabilities					
TOTAL ASSETS EMPLOYED	91.0	90.0	89.6	90.1	94.6
FINANCED BY					
TAXPAYERS EQUITY:					
Public Dividend Capital	59.0	59.0	59.0	59.0	58.7
Revaluation reserve	27.6	27.6	27.6	27.6	27.6
Income and Expenditure Reserve - Prior years	4.4	4.4	4.4	4.4	4.4
Income and Expenditure Reserve - Current Year		(1.0)	(1.4)	(0.9)	3.9
TOTAL TAXPAYERS EQUITY	91.0	90.0	89.6	90.1	94.6

COMMENTARY

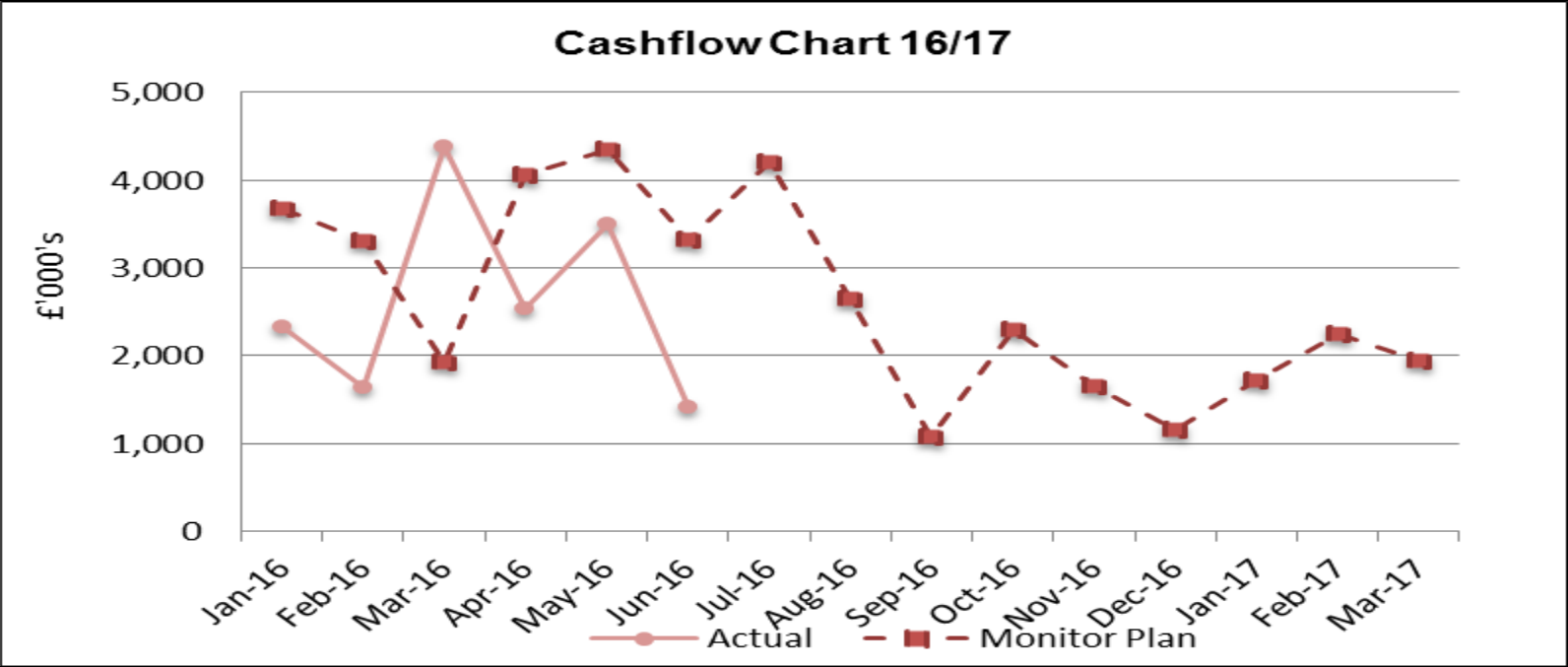
Current Assets

The closing cash position for June was £1.4m. This was lower than projected due to late receipt of payments of £1.3m from the CCGs, held as debtors at the period end.

Current Liabilities

The increase of £0.9m in Current Liabilities in June was largely due to deferred income related to Education funding (£1.2m).

SECTION 6: CASH FLOW GRAPH



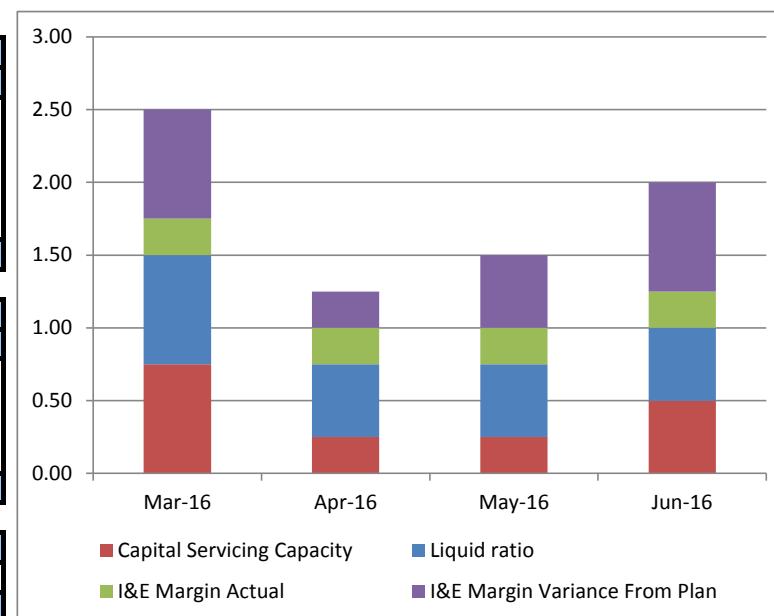
SECTION 7: FINANCIAL SUSTAINABILITY RISK RATING (FSRR)

	Weight	4	3	2	1
Capital Servicing Capacity	25%	2.50	1.75	1.25	<1.25
Liquidity	25%	-	- 7.00	- 14.00	<-14
I&E Margin - Underlying performance	25%	1%	0%	-1%	<=-1
I&E Margin - Variance from plan	25%	0%	-1%	-2%	<=-2
	100%				

Heading	15/16 M12	16/17 M1	16/17 M2	16/17 M3
Capital Servicing Capacity	0.2	0.4	0.9	1.5
Liquidity	(4.1)	(12.6)	(12.6)	(13.4)
I&E Margin - Underlying performance	(2.9%)	(4.8%)	(3.4%)	(1.5%)
I&E Margin - Variance from plan	(0.3%)	(3.5%)	(1.5%)	(0.5%)

Heading	15/16 M12	16/17 M1	16/17 M2	16/17 M3
Capital Service Cover	1	1	1	2
Liquidity	3	2	2	2
I&E Margin - Underlying performance	1	1	1	1
I&E Margin - Variance from plan	3	1	2	3

Weighted average FSRR	2.00	1.25	1.50	2.00
Rounded Weighted average COSR	2.00	1.00	2.00	2.00



COMMENTARY

Our FSRR rating for Month 3 is a 2. This is driven by a variance from plan of -0.5%.