










Kingston Hospital NHS Foundation Trust

Finance Report June 2019 (Month 03)

CONTENTS

EXECUTIVE SUMMARY	.....	3
SECTION 1: OVERALL INCOME AND EXPENDITURE	.....	4
SECTION 2: DIVISIONAL POSITIONS	.....	5
SECTION 3: FINANCE IMPROVEMENT PLAN	.....	6
SECTION 4: STATEMENT OF FINANCIAL POSITION	.....	7
SECTION 5: CASH FLOW STATEMENT	.....	8
SECTION 6: FINANCE AND USE OF RESOURCES METRICS	.....	9

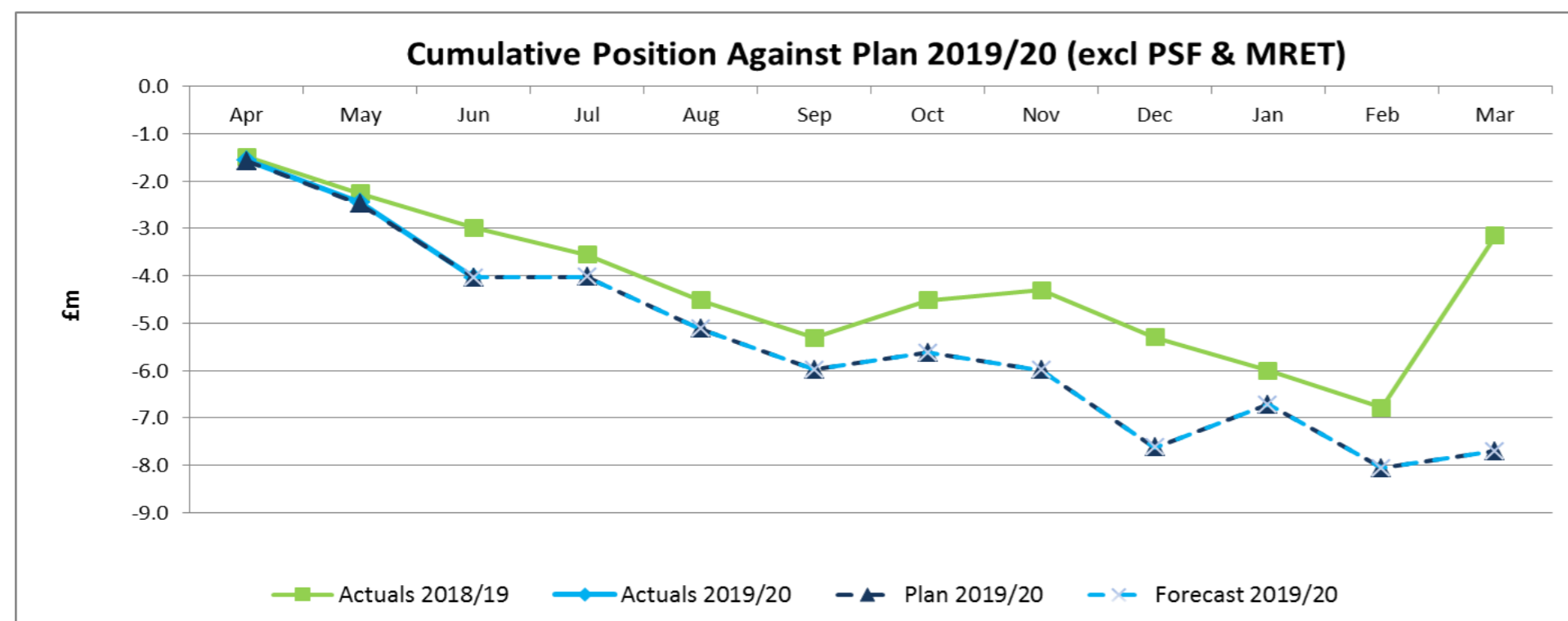
EXECUTIVE SUMMARY - M03 19/20

<i>Headline</i>	<i>In Month Performance Against Budget</i>	<i>Narrative</i>
	(Jun)	
I&E Position (control total basis - excluding PSF and donated asset adjustments) - The Trust reported a deficit in month of £1.6m, which was broadly in line with Plan (in month).		The underlying position is on plan year to date, reflecting a deficit of £4.0m.
Provider Sustainability Funding (PSF) reported in month is £0.7m, which is an additional PSF of £0.4m in month.		The PSF to M03 has been accrued to plan for 2019/20, plus an additional £0.4m has been included relating to 2018/19 as per NHSI guidance.
Income (excluding PSF) is £0.5m behind plan in month.		Income from NHS patient care activities is below plan by £1.0m ytd. The value of the SW London activity is currently 1.7% over the block value, and therefore within the 2% collar. Actual value for the Surrey block is 3.6% below plan. Other income is broadly in line with Plan in month, and £0.1m favourable to Plan YTD.
Pay expenditure is £0.2m favourable to plan in month.		Pay expenditure is £0.2m underspent in the month and £0.9m YTD mainly linked to vacancies
Non-pay expenditure is £0.1m adverse to plan in month.		Non-pay expenditure (excluding high cost drugs) was £0.1m overspent in the month, and £0.4m year to date mainly linked to premises and consultancy costs
FIP Delivery in month is £0.4m (incl. additional schemes), the current projected forecast is to deliver a FY FIP of £9.1m, which is £0.1m adverse to the Plan.		YTD FIP is broadly in line with Plan, once alternative non-recurrent schemes have been taken into account. A New PMO has been setup to manage FIP throughout 19/20. The FIP report currently shows the unidentified FIP as £3.1m.
Capital expenditure spend for M03 is £1.6m (excluding grants and donations) which is £0.6m behind plan, in the month		The capital programme approved by the Board for 19/20 financial year totals £25.4m. YTD Actual spend to M03 was £5.7m which is £0.6m below plan for the month and £0.6m below plan YTD.
The cash balance reported at the end of M03 was £6.3m.		The closing cash position at 30th June was £6.3m which was £3.5m higher than the previous month, but £11.8m lower than plan. The Plan assumed we would receive £18.7m of 18/19 PSF, confirmation has been received that this has been paid in July 2019.
Total Deficit In Month is £0.7m, which is £0.3m favourable to Plan. This is mainly due to the 18/19 PSF of £0.4m		The in month PSF of £0.3m (£0.9m YTD) has been accrued as achieved. The £0.4m additional 2018/19 PSF funding has been recognised in month. The centrally funded MRET of £0.3m (YTD 0.8m) has been accrued to plan.

SECTION 1: OVERALL INCOME AND EXPENDITURE

Summary as at the end of Jun-19

Income & Expenditure	Annual Budget £000's	IN MONTH				YTD			Y-O-Y YTD		
		Budget v Actuals				Budget v Actuals			Actuals		
		Budget £000's	Actual £000's	Var £000's		Budget £000's	Actual £000's	Var £000's	1819 £000's	1920 £000's	Var £000's
Income (excl PSF & Don Assets)											
Patient Care Income	248,104	19,999	19,657	(342)	60,756	59,780	(976)	55,397	59,780	4,383	
High Cost Drug Income	15,629	1,245	1,223	(22)	3,798	3,777	(21)	3,659	3,777	118	
Other Income	23,074	1,925	2,014	89	5,767	5,885	118	6,293	5,885	(408)	
Income	286,807	23,169	22,894	(275)	70,321	69,442	(879)	65,349	69,442	4,093	
Expenditure											
Pay	(182,816)	(15,153)	(14,947)	206	(45,548)	(44,604)	944	(41,775)	(44,604)	(2,829)	
Non Pay	(80,627)	(7,028)	(7,104)	(77)	(21,149)	(21,589)	(440)	(19,469)	(21,589)	(2,120)	
High Cost Drugs	(15,561)	(1,239)	(1,219)	20	(3,780)	(3,755)	25	(3,693)	(3,755)	(62)	
Expenditure	(279,004)	(23,420)	(23,270)	150	(70,477)	(69,948)	529	(64,937)	(69,948)	(5,011)	
EBITDA	7,802	(251)	(376)	(125)	(156)	(507)	(351)	412	(507)	(919)	
Depreciation and Amortisation	(8,654)	(721)	(652)	70	(2,164)	(1,941)	223	(1,920)	(1,941)	(21)	
Investment Revenue	29	2	6	4	7	22	15	9	22	13	
Finance Costs	(4,107)	(342)	(361)	(19)	(1,027)	(1,013)	14	(937)	(1,013)	(76)	
Public Dividend Capital	(2,832)	(237)	(199)	38	(711)	(597)	114	(568)	(597)	(29)	
Control Total - I&E excl. PSF, Impairments & donated asset	(7,762)	(1,549)	(1,582)	(33)	(4,050)	(4,035)	14	(3,004)	(4,035)	(1,031)	
Provider Sustainability Funding (PSF)	5,764	289	659	370	865	1,235	370	1,211	1,235	24	
Central MRET Funding	3,096	258	258	(0)	774	774	0	0	774	774	
Total Control Total Surplus/(Deficit) (excl Donated Assets)	1,098	(1,002)	(665)	337	(2,411)	(2,027)	384	(1,776)	(2,027)	(251)	
Depreciation on donated assets	(209)	(17)	(16)	1	(51)	(46)	5	(43)	(46)	(3)	
Donated Asset Income	270	23	0	(23)	69	0	(69)	60	0	(60)	
Total Surplus/(Deficit) (Incl Donated Assets)	1,159	(996)	(681)	315	(2,393)	(2,073)	320	(1,759)	(2,073)	(314)	
	Annual Plan	Plan	Actual		Plan	Actual YTD		Actual YTD			
EBITDA Margin	2.7%	-1.1%	-1.6%		-0.2%	-0.7%		0.6%			
EBITDA Achieved	100.0%	100.0%	149.9%		100.0%	325.0%		128.2%			
I&E Surplus Margin	-2.7%	-6.7%	-6.9%		-5.8%	-5.8%		-4.6%			



SECTION 2: DIVISIONAL POSITIONS

Overview

Summary as at the end of Jun-19

Income & Expenditure	Annual Plan £000's	IN MONTH							YTD						
		Budget v Actuals			Variances				Budget v Actuals			Variances			
		Plan £000's	Actual £000's	Var £000's	Inc £000	Pay £000	Non Pay £000	Total £000	Plan £000's	Actual £000's	Var £000's	Inc £000	Pay £000	Non Pay £000	Total £000
Unplanned Care Division	566	(150)	(268)	(118)	(115)	(43)	39	(118)	(255)	(301)	(46)	(373)	307	20	(46)
Planned Care Division	41,629	2,733	2,759	26	(21)	(23)	69	26	8,630	8,610	(20)	67	(15)	(72)	(20)
Clinical Divisions	42,195	2,584	2,491	(93)	(136)	(65)	108	(93)	8,375	8,309	(66)	(306)	292	(52)	(66)
Strategy Directorate	(2,413)	(206)	(189)	16	0	21	(4)	16	(614)	(603)	11	0	41	(30)	11
Corporate Affairs Directorate	(3,059)	(256)	(261)	(4)	9	7	(20)	(4)	(763)	(817)	(54)	6	4	(63)	(54)
Finance Directorate	(3,884)	(328)	(313)	15	(0)	25	(9)	15	(985)	(948)	36	(1)	52	(15)	36
HR Directorate	(1,672)	(143)	(136)	6	20	(9)	(5)	6	(429)	(430)	(0)	49	(3)	(47)	(0)
Medical Directorate	(5,767)	(485)	(487)	(3)	20	2	(25)	(3)	(1,454)	(1,470)	(16)	36	(24)	(27)	(16)
Nursing Directorate	(2,701)	(226)	(245)	(19)	(12)	23	(30)	(19)	(679)	(679)	(1)	(38)	32	5	(1)
Operations Directorate	(1,168)	(97)	(101)	(4)	0	3	(7)	(4)	(292)	(268)	24	0	28	(3)	24
Estates Directorate	(16,149)	(1,334)	(1,398)	(64)	6	32	(102)	(64)	(4,044)	(4,296)	(252)	54	(2)	(304)	(252)
Directorates	(36,814)	(3,074)	(3,130)	(56)	43	104	(203)	(56)	(9,260)	(9,511)	(251)	106	127	(484)	(251)
Central Income	4,523	376	528	151	133	0	18	151	1,129	1,351	221	187	0	34	221
Other Central Budgets	(2,101)	(137)	(265)	(128)	(315)	168	20	(128)	(400)	(655)	(256)	(867)	525	86	(256)
EBITDA	7,802	(251)	(376)	(125)	(275)	206	(57)	(125)	(156)	(507)	(351)	(879)	944	(415)	(351)
Depreciation & Losses	(8,654)	(721)	(652)	70				70	(2,164)	(1,941)	223				223
Finance Costs & Investment Revenue	(4,078)	(340)	(355)	(15)				(15)	(1,020)	(991)	29				29
PDC	(2,832)	(237)	(199)	38				38	(711)	(597)	114				114
Total I&E	(7,762)	(1,549)	(1,582)	(33)				(33)	(4,050)	(4,035)	14				14

COMMENTARY

The Divisional Position highlights :

For 2019/20 a block contract has been agreed with SWL and Surrey CCGs and as at month 03, income has been recognised in line with the Block.

At a Trust level the PCI income has been reported in line with the contract for all Block Elements, however the actual over/underperformance has been reflected at Specialty Level, with an adjustment to the contract value being made at Cluster level in order to facilitate performance monitoring by Specialty.

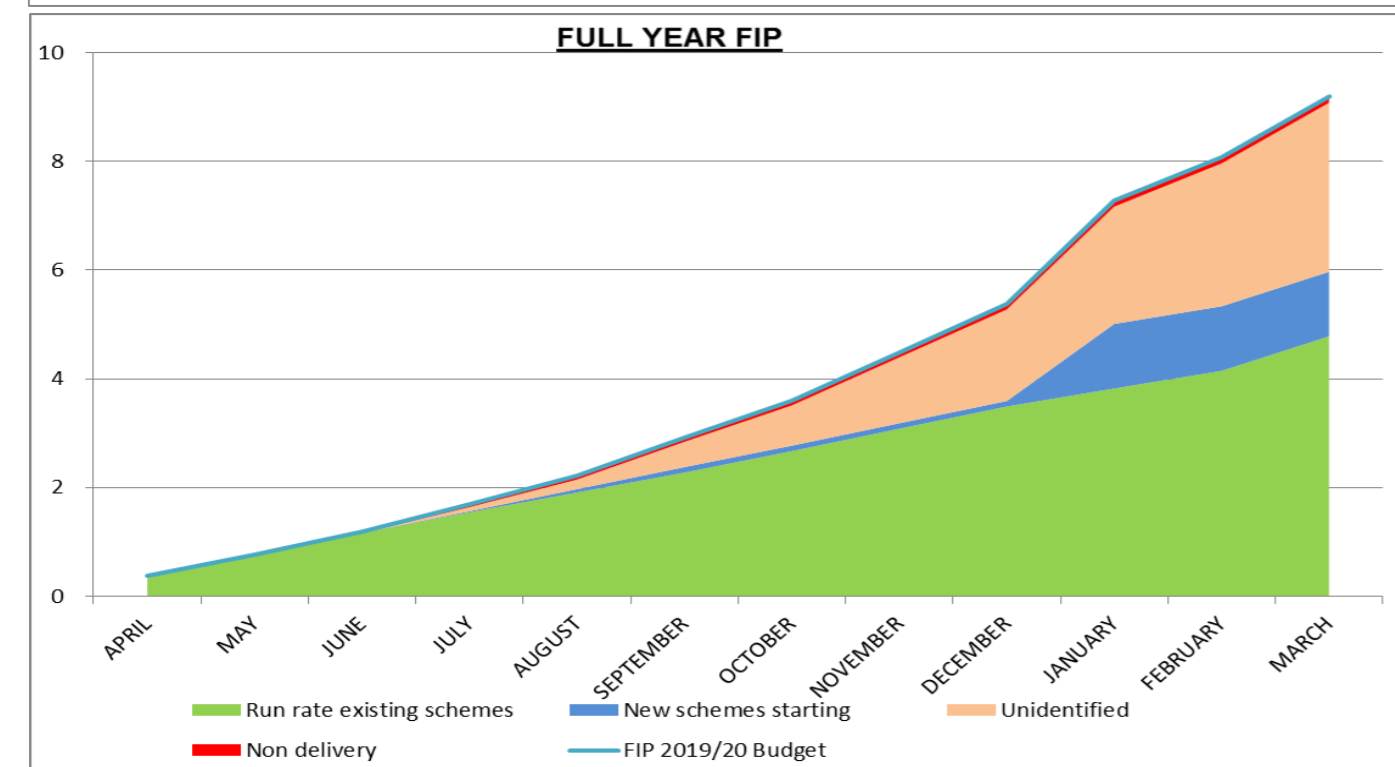
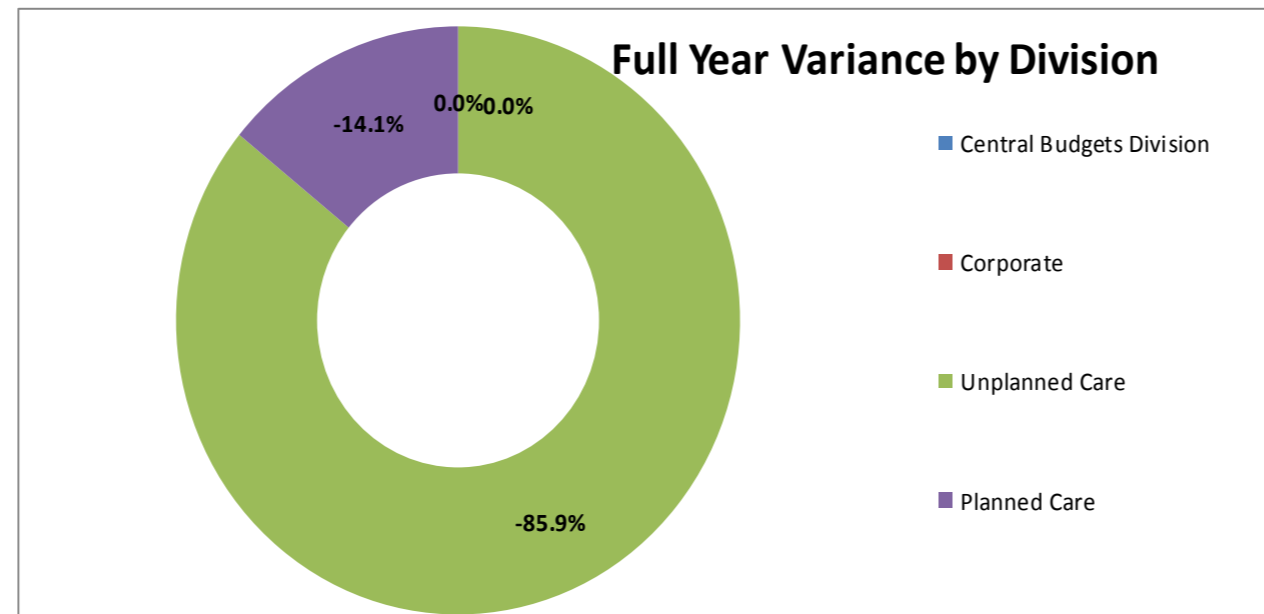
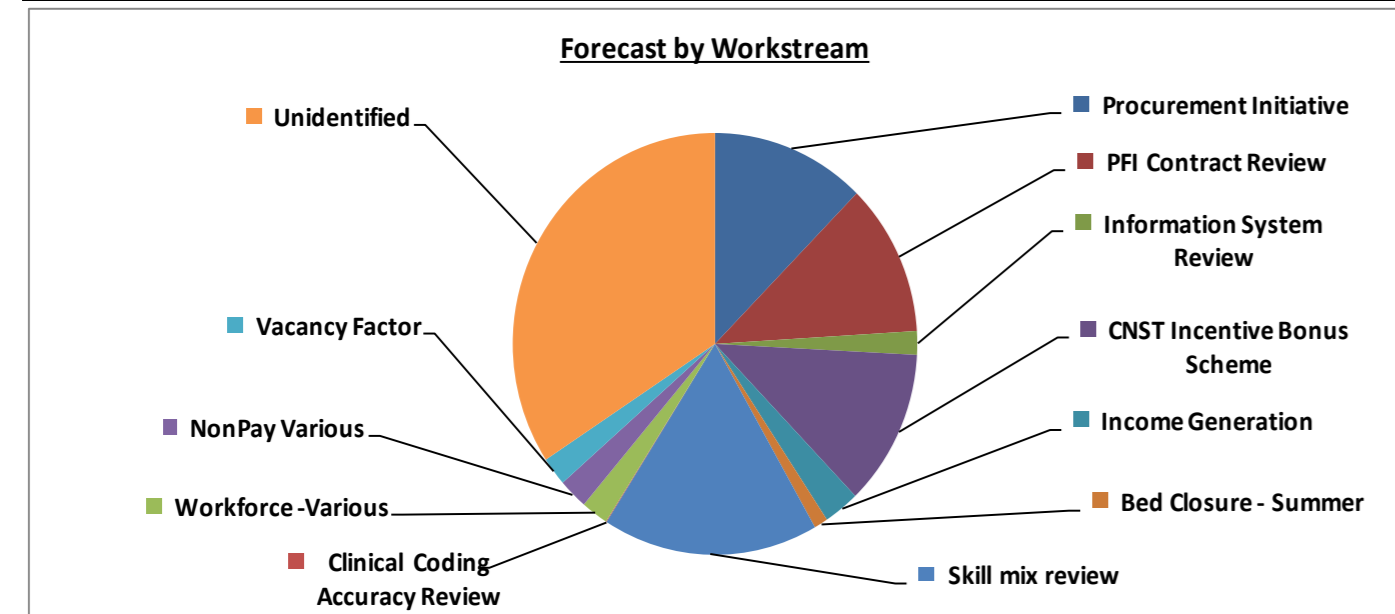
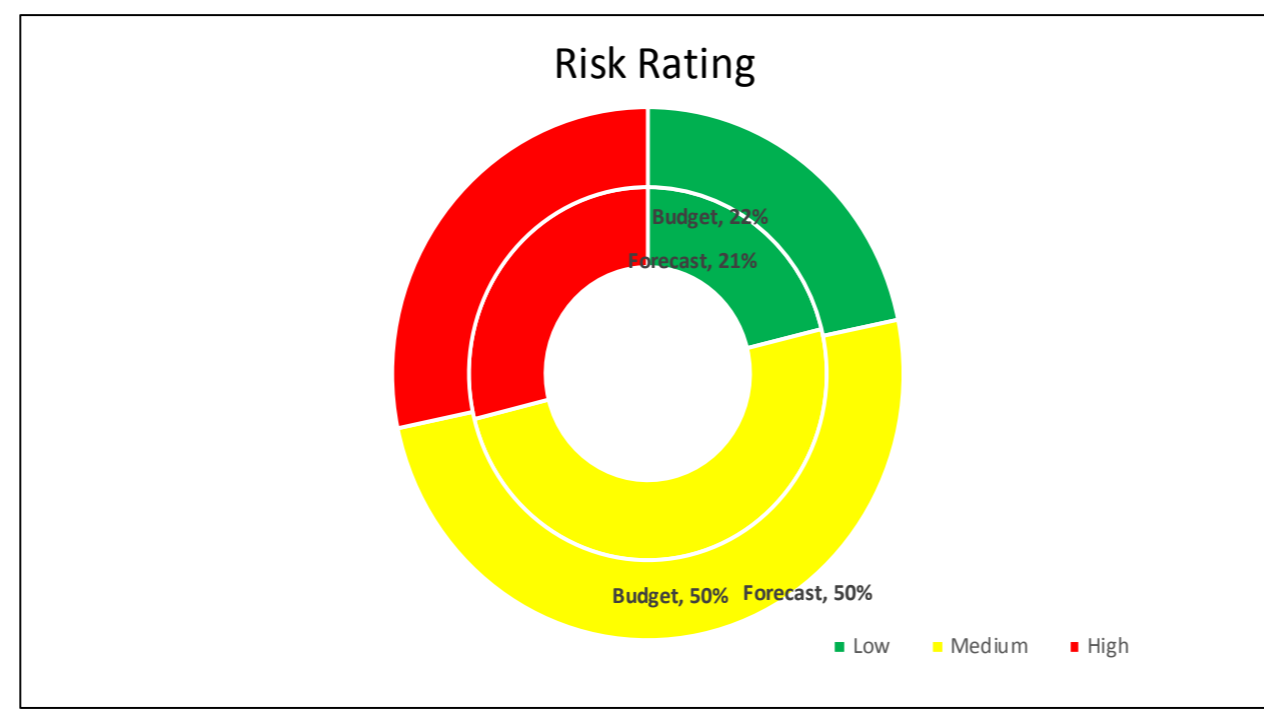
In month Unplanned Care is £118k behind plan: Income is behind plan by £117k mainly related to the non-Block elements of PCI , Pay is over plan by £43k and Non-Pay is under plan by £39k. In month Planned Care is £26k ahead of plan: Income is behind plan by £21k mainly related to the non-Block elements of PCI, Pay was over plan by £23k and Non-Pay is under plan by £69k. The Corporate Divisions are broadly performing in line with plan however Estates has over spent in non-pay by £102k, this is due to a provision for utilities for prior year provider costs and engineering maintenance contract spend ahead of plan. Overall in Corporate the non-pay is £203k over plan (other areas are Corporate, Medical and Nursing Directorates)

SECTION 3: FINANCE IMPROVEMENT PLAN

Summary as at the end of Jun-19

Workstreams	Annual Target £000's	IN MONTH				Year to Date				COMMENTARY
		Plan £000's	Actual £000's	Additional Schemes (inc. addnl) £000's	Variance (inc. addnl) £000's	Plan £000's	Actual £000's	Additional Schemes (inc. addnl) £000's	Variance (inc. addnl) £000's	
Procurement Initiative	1,121	85	85		0	256	256	0	0	<p>• In month achievement of £0.4m (including additional schemes) is £7k below plan. YTD the FIP schemes are £29k below plan.</p> <p>• Within the plans there is £3.1m of unidentified FIP phased into the later part of the year.</p> <p>• Monthly Divisional CIP meetings have been established to review progress on delivery and identify opportunities to allocate the unidentified FIP.</p> <p>• The FY forecast indicates a shortfall of £125k.</p>
PFI Contract Review	1,060	83	83		0	250	250	0	0	
Information System Review	164	9	9		0	27	27	0	0	
Clinical Coding Accuracy Review	1,087	2	2		0	5	5	0	0	
Income Generation	277	24	24	9	9	67	67	9	9	
Bed Closure - Summer	160	40	0		(40)	40	0	0	(40)	
Skill mix review	1,612	137	148	12	24	411	377	35	2	
CNST Incentive Bonus Scheme	5	0	0		0	0	0	0	0	
Workforce -Various	197	20	20		0	59	59	0	0	
NonPay Various	213	14	14		0	41	41	0	0	
Vacancy Factor	199	12	12		0	43	43	0	0	
Unidentified	3,109	0	0		0	0	0	0	0	
Total CIP	9,205	425	396	21	(7)	1,198	1,125	44	(29)	

CIPS Workstream	No. of supporting projects	% of Target	Target £	YTD £	Forecast £	Variance £
Procurement Initiative	22	12%	1,121,292	256,311	1,121,292	-
PFI Contract Review	3	12%	1,060,000	250,000	1,060,000	-
Information System Review	4	2%	164,412	27,105	164,412	-
CNST Incentive Bonus Scheme	1	12%	1,087,251	-	1,087,251	-
Income Generation	17	3%	277,459	75,541	259,854	(17,606)
Bed Closure - Summer	1	2%	160,000	-	100,000	(60,000)
Skill mix review	30	18%	1,612,181	412,068	1,565,173	(47,008)
Clinical Coding Accuracy Review	1	0%	5,250	5,250	5,250	-
Workforce -Various	4	2%	196,544	59,378	196,544	-
NonPay Various	4	2%	212,670	40,668	212,670	-
Vacancy Factor	6	2%	198,690	42,598	198,690	-
Unidentified	14	34%	3,109,385	-	3,109,385	-
	0	0%	-	-	-	-
Total	107	100%	9,205,134	1,168,918	9,080,520	(124,614)



SECTION 4: STATEMENT OF FINANCIAL POSITION

	May £m	June £m
NON CURRENT ASSETS:		
Property plant and equipment	134.8	135.6
Intangible assets	10.7	10.8
Other assets	7.6	7.5
TOTAL NON CURRENT ASSETS:	153.1	153.9
CURRENT ASSETS:		
Inventories	1.9	1.9
Trade and other receivables	41.0	40.8
Cash and cash equivalents	2.8	6.3
TOTAL CURRENT ASSETS	45.7	49.0
CURRENT LIABILITIES:		
Trade and other payables	(35.1)	(37.0)
Current Borrowings	(3.2)	(7.7)
Current Provisions	(0.8)	(0.8)
TOTAL CURRENT LIABILITIES	(39.1)	(45.5)
NET CURRENT ASSETS LESS CURRENT LIABILITIES	6.6	3.6
TOTAL ASSETS LESS CURRENT LIABILITIES	159.7	157.5
NON CURRENT LIABILITIES:		
Borrowings	(64.4)	(62.8)
Provisions	(0.9)	(0.9)
Other liabilities	0.0	0.0
TOTAL ASSETS EMPLOYED	94.4	93.7
FINANCED BY		
TAXPAYERS EQUITY:		
Public Dividend Capital	63.9	63.9
Revaluation reserve	18.8	18.8
Income and Expenditure Reserve - Prior years	13.1	13.1
Income and Expenditure Reserve - Current Year	(1.4)	(2.1)
TOTAL TAXPAYERS EQUITY	94.4	93.7

COMMENTARY

Non - Current Assets

There was a £0.8m increase in Non-Current Assets in June 2019 comprising of: £0.8m increase in Property Plant and Equipment, £0.1m increase in Intangible Assets and £0.1m decrease in Other Assets.

Current Assets

There was a £3.3m increase in Current Assets in June 2019 comprising of: £0.2m decrease in Trade and Other Receivables; and £3.5m increase in Cash and Cash Equivalents. Inventories remained unchanged.

Current Liabilities

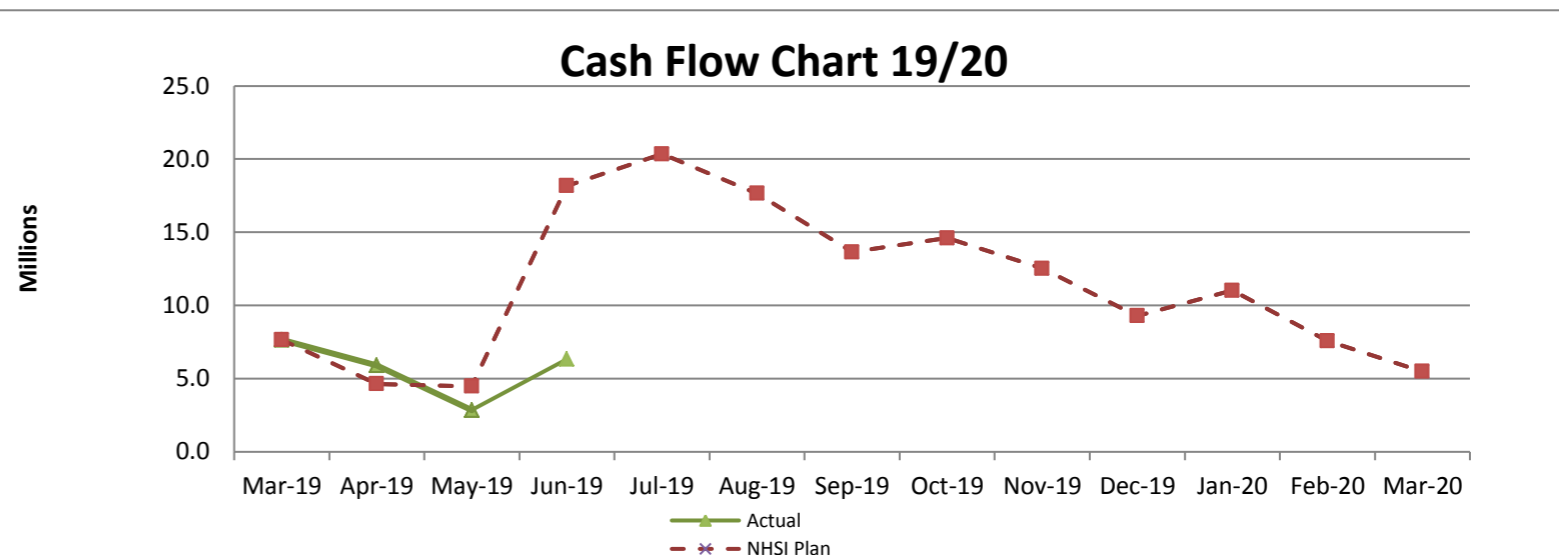
There was an increase of £6.4m in Current Liabilities in June 2019 comprising £1.9m increase in Trade and Other Payables and £4.5m increase in Current Borrowings. Current Provisions remained unchanged.

Non-Current Liabilities

Non-Current Borrowings decreased by £1.6m, comprising an increase of £3.1m for draw of the remaining 18/19 fire loan and £5.5m reclassified to Current Borrowings. Provisions and Other Liabilities remained unchanged.

SECTION 5: CASH FLOW STATEMENT

June 2019 £m	
Surplus/(deficit) after tax	(2.1)
Non-cash flows in operating surplus/(deficit)	
Depreciation and amortisation	0.7
PDC Dividend	0.2
Non-cash flows in operating surplus/(deficit)	0.9
Operating Cash flows before movements in working capital	(1.2)
Increase/(Decrease) in working capital	
Increase in Inventories	(0.0)
Decrease in Trade and other receivables	0.2
Increase in Current Provisions	0.1
Increase in Trade and Other payables	1.9
Increase/(Decrease) in working capital	2.2
Net cash (outflow) from operating activities	1.0
Net cash inflow/(outflow) from investing activities	
Property Plant and Equipment	(0.6)
Intangible assets	0.0
Other assets	0.0
Net cash inflow/(outflow) from investing activities	(0.6)
Net cash inflow/(outflow) from financing activities	
PDC Drawdowns	0.0
PDC Dividend paid	0.0
Borrowings	3.1
Net cash inflow/(outflow) from financing activities	3.1
Net (decrease) in cash	3.5
Opening cash	2.8
Closing cash	6.3



COMMENTARY

The closing cash position for June was £6.3m, which was £3.5m higher than last month and £11.8m lower than plan. This significant variance from plan was as a result of delayed receipt of all outstanding 18/19 PSF monies (£18.7m) for which payment has been confirmed as July 2019, partially offset by the draw down of the remaining 18/19 fire capital loan (£3.1m).

Significant receipts in the month included a total of £2.5m for 18/19 Performance invoices (including Surrey Downs CCG £1.1m, Wandsworth CCG £0.9m, NW Surrey CCG £0.2m and Merton CCG £0.3m), £0.6m from HMRC for the May VAT reclaim, £0.4m from St Georges, £0.4m for Q1 GUM service agreements (Surrey CC £0.2m and LB of Richmond £0.2m) and £0.2m from Royal Marsden.

Payments to trade suppliers in the month were £0.3m higher than forecast, capital payments were £0.6m lower than expected in June but overall in line with forecast for the year to date. Invoices totalling £1.1m were paid to St Georges maintaining a neutral net debtor/creditor position between both organisations. Supplier invoices totalling £0.3m were held for payment at month end which was unchanged from the previous month.

The cash plan assumed receipt of all outstanding 18/19 PSF monies (£18.7m) in June, latest information indicates that payment has been received in July. Additional land sales receipts for Regent Wing fall due in September 2020 (£1m) and December 2021 (£5.5m).

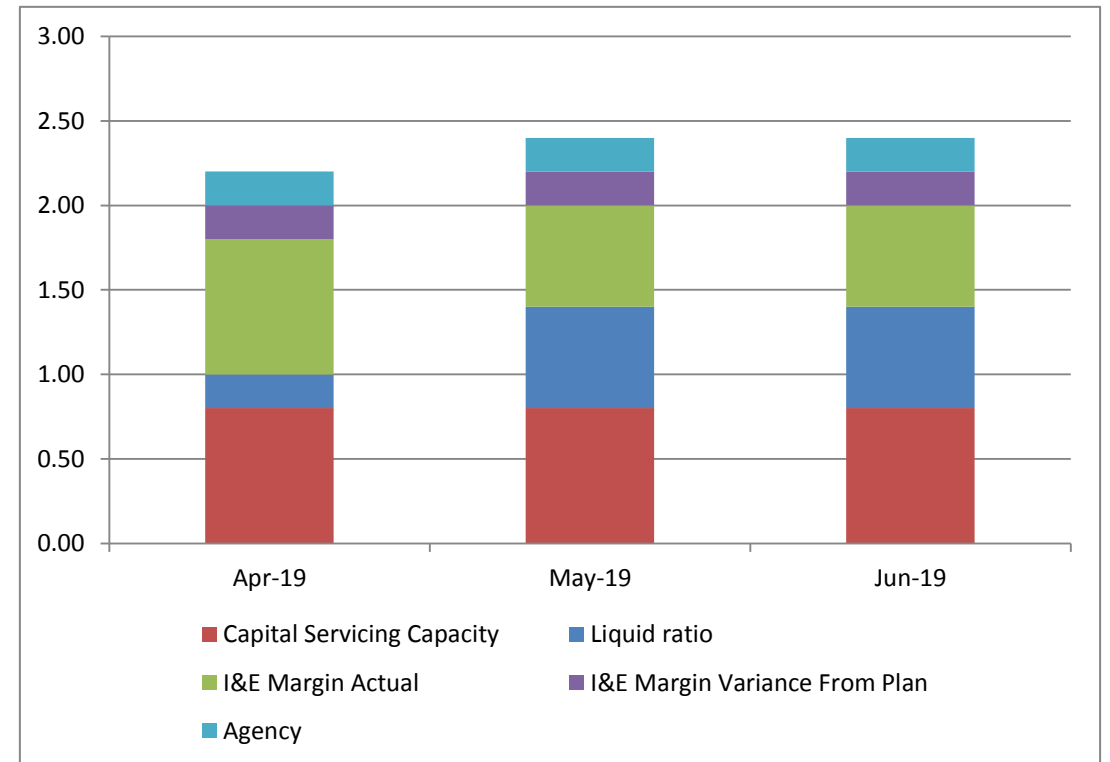
SECTION 6: FINANCE AND USE OF RESOURCES METRICS

	Weight	1	2	3	4
Capital Servicing Capacity	20%	2.50	1.75	1.25	<1.25
Liquidity	20%	-	- 7.00	- 14.00	<-14
I&E Margin - Underlying performance	20%	1%	0%	-1%	<=-1
I&E Margin - Variance from plan	20%	0%	-1%	-2%	<=-2
Agency	20%	0%	25%	50%	>50%
	100%				

Heading	19/20 M1	19/20 M2	19/20 M3
Capital Servicing Capacity	0.07	0.37	0.46
Liquidity	9.4	6.1	2.0
I&E Margin - Underlying performance	(4%)	(3%)	(3%)
I&E Margin - Variance from plan	0%	0%	1%
Agency (new metric)	(16.0%)	(14.0%)	(12.0%)

Heading	19/20 M1	19/20 M2	19/20 M3
Capital Service Cover	4	4	4
Liquidity	1	1	1
I&E Margin - Underlying performance	4	4	4
I&E Margin - Variance from plan	1	1	1
Agency (new metric)	1	1	1

Risk rating after overrides	3.00	3.00	3.00
-----------------------------	------	------	------



COMMENTARY

Our current risk rating is 3.0, this is in line with the submitted Operating Plan for M01 to M03.