










# Kingston Hospital NHS Foundation Trust

## Finance Report April 2019 (Month 01)

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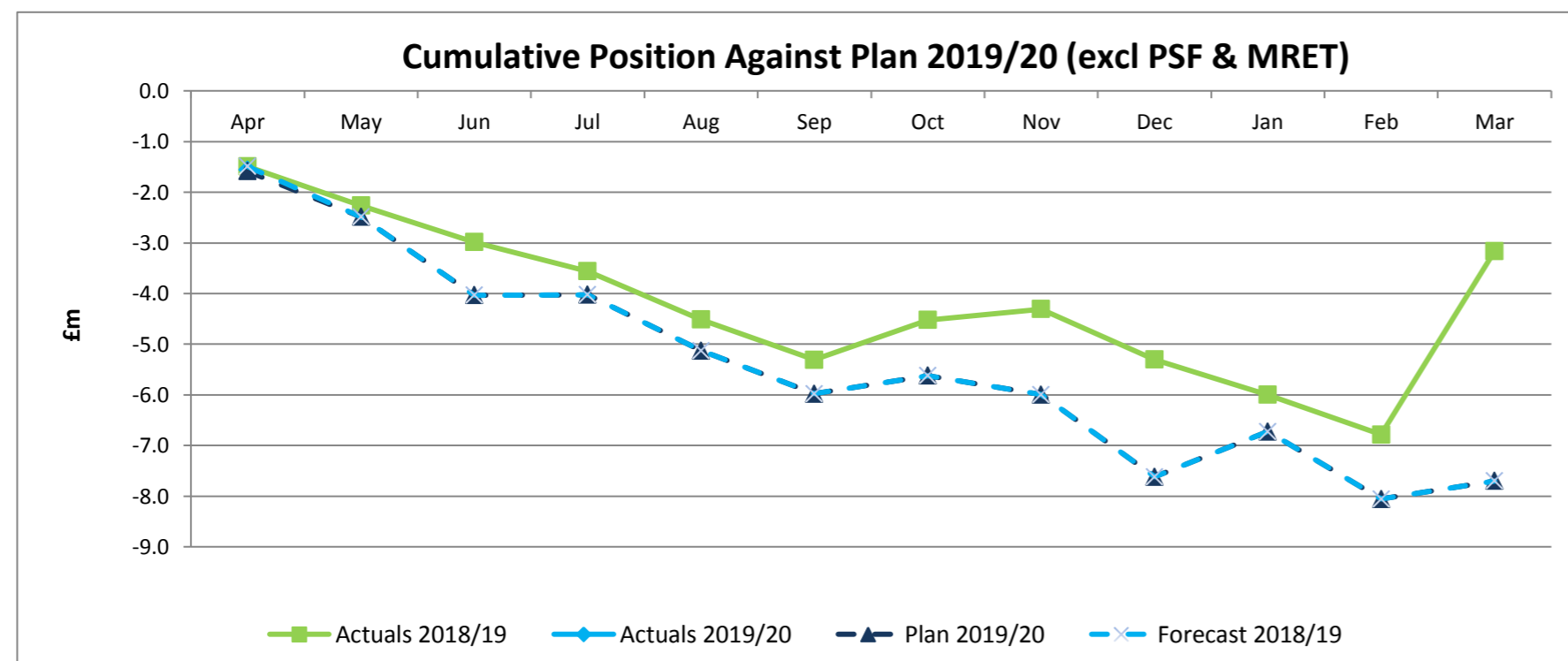
## EXECUTIVE SUMMARY - M01 19/20

<i>Headline</i>	<i>In Month Performance Against Budget</i>	<i>Narrative</i>
	<b>(Apr)</b>	
<b>I&amp;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.</b>		The underlying position is on plan year to date, reflecting a deficit of £1.6m.
<b>Provider Sustainability Funding (PSF) matches plan in month at £0.3m.</b>		The PSF for M01 has been accrued to plan.
<b>Income (excluding PSF) is £0.5m behind plan in month.</b>		Income from patient care activities is below plan by £0.5m in month mainly related to the variable elements (non-block) within the contract coming in below plan. The M01 income has been aligned to reflect being on plan with the Block contracts.  Other income is in line with plan.
<b>Pay expenditure is £0.5m favourable to plan in month.</b>		Pay expenditure is £0.5m underspent in the month of which £0.3m was within nursing driven by vacancies within ED and the new Private Patients unit.  Admin & Clerical and Scientific & technical staff were £0.1m under spent against budget in month
<b>Non-pay expenditure is £0.2m adverse to plan in month.</b>		Non-pay expenditure (excluding high cost drugs) was £0.2m overspent in the month mainly linked to Estates costs.
<b>FIP Delivery in month is £0.3m (incl. mitigations), the plan is to deliver a FY FIP of £9.2m</b>		The Trust delivered efficiencies in line with Plan for the month. A New PMO is being setup to manage FIP throughout 19/20.
<b>Capital expenditure spend for M01 is £2.0m (excluding grants and donations) which is £0.1m behind plan</b>		The capital programme approved by the Board for 19/20 financial year totals £25.1m. Actual spend (including accruals) in M01 was £2.0m which is £0.1m below plan for the month.
<b>The cash balance reported at the end of M01 was £5.9m.</b>		The closing cash position at 30th April was £5.9m which was £1.8m lower than the previous month, but £1.2m higher than plan. Significant receipts in the month included a total of £1.9m from CCGs & NHSE for Performance, £2.3m from Health Education England for Q1 Education Funding, £0.8m from NHSE for Q1 MRET, and £0.2m from BMI Healthcare.
<b>Total Deficit In Month is £1.0m, which is in line with Plan.</b>		The in month PSF of £0.3m has been accrued as achieved, as has the Central MRET Funding of £0.3m. The FY Forecast has been held to FY Budget Outturn of Surplus of £1.2m (which includes PSF of £5.8m and centrally funded MRET of £3.1m).

## SECTION 1: OVERALL INCOME AND EXPENDITURE

Summary as at the end of Apr-19

Income & Expenditure	Annual Budget £000's	IN MONTH			YTD		
		Budget v Actuals			Budget v Actuals		
		Budget £000's	Actual £000's	Var £000's	Budget £000's	Actual £000's	Var £000's
Income							
Patient Care Income	248,103	19,999	19,633	(365)	19,999	19,633	(365)
High Cost Drug Income	15,629	1,245	1,204	(42)	1,245	1,204	(42)
Other Income	23,344	1,944	1,931	(13)	1,944	1,931	(13)
<b>Income</b>	<b>287,076</b>	<b>23,188</b>	<b>22,768</b>	<b>(420)</b>	<b>23,188</b>	<b>22,768</b>	<b>(420)</b>
Expenditure							
Pay	(182,816)	(15,192)	(14,725)	467	(15,192)	(14,725)	467
Non Pay	(80,627)	(7,026)	(7,271)	(245)	(7,026)	(7,271)	(245)
High Cost Drugs	(15,561)	(1,239)	(1,192)	47	(1,239)	(1,192)	47
<b>Expenditure</b>	<b>(279,004)</b>	<b>(23,457)</b>	<b>(23,188)</b>	<b>269</b>	<b>(23,457)</b>	<b>(23,188)</b>	<b>269</b>
<b>EBITDA</b>	<b>8,072</b>	<b>(269)</b>	<b>(420)</b>	<b>(151)</b>	<b>(269)</b>	<b>(420)</b>	<b>(151)</b>
Depreciation and Amortisation	(8,863)	(739)	(657)	81	(739)	(657)	81
Investment Revenue	29	2	9	6	2	9	6
Finance Costs	(4,107)	(342)	(308)	34	(342)	(308)	34
Public Dividend Capital	(2,832)	(237)	(199)	38	(237)	(199)	38
<b>I&amp;E excl. PSF</b>	<b>(7,701)</b>	<b>(1,584)</b>	<b>(1,576)</b>	<b>8</b>	<b>(1,584)</b>	<b>(1,576)</b>	<b>8</b>
Depreciation on donated assets	209	17	15	(3)	17	15	(3)
Donated Asset Income	(270)	(23)	0	23	(23)	0	23
<b>Control Total - I&amp;E excl. PSF and Impairments with donated asset adjs.</b>	<b>(7,762)</b>	<b>(1,589)</b>	<b>(1,561)</b>	<b>28</b>	<b>(1,589)</b>	<b>(1,561)</b>	<b>28</b>
Provide Sustainability Funding (PSF)	5,765	288	288	(0)	288	288	(0)
Central MRET Funding	3,096	258	258	(0)	258	258	(0)
<b>Total Surplus/(Deficit)</b>	<b>1,159</b>	<b>(1,038)</b>	<b>(1,030)</b>	<b>8</b>	<b>(1,038)</b>	<b>(1,030)</b>	<b>8</b>
	Annual Plan	Plan	Actual		Plan	Actual YTD	
EBITDA Margin	2.8%	-1.2%	-1.8%		-1.2%	-1.8%	
EBITDA Achieved	100.0%	100.0%	156.1%		100.0%	156.1%	
I&E Surplus Margin	-2.7%	-6.8%	-6.9%		-6.8%	-6.9%	



## SECTION 2: DIVISIONAL POSITIONS

### Overview

Summary as at the end of Apr-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	1,045	(171)	(104)	67	(130)	227	(29)	67	(171)	(104)	67	(130)	227	(29)	67
Planned Care Division	41,695	2,695	2,800	105	53	97	(45)	105	2,695	2,800	105	53	97	(45)	105
<b>Clinical Divisions</b>	<b>42,741</b>	<b>2,524</b>	<b>2,696</b>	<b>171</b>	<b>(77)</b>	<b>323</b>	<b>(74)</b>	<b>171</b>	<b>2,524</b>	<b>2,696</b>	<b>171</b>	<b>(77)</b>	<b>323</b>	<b>(74)</b>	<b>171</b>
Strategy Director	(2,412)	(204)	(215)	(11)	0	9	(20)	(11)	(204)	(215)	(11)	0	9	(20)	(11)
Corporate Affairs	(3,056)	(250)	(274)	(24)	(3)	(5)	(15)	(24)	(250)	(274)	(24)	(3)	(5)	(15)	(24)
Finance	(3,931)	(328)	(317)	11	(0)	18	(7)	11	(328)	(317)	11	(0)	18	(7)	11
Human Resources	(1,712)	(144)	(156)	(12)	10	(2)	(20)	(12)	(144)	(156)	(12)	10	(2)	(20)	(12)
Medical Director	(5,767)	(485)	(484)	1	14	(9)	(3)	1	(485)	(484)	1	14	(9)	(3)	1
Nursing Director	(2,698)	(227)	(248)	(22)	(18)	5	(9)	(22)	(227)	(248)	(22)	(18)	5	(9)	(22)
Operations	(17,317)	(1,431)	(1,515)	(84)	8	21	(113)	(84)	(1,431)	(1,515)	(84)	8	21	(113)	(84)
<b>Directorates</b>	<b>(36,893)</b>	<b>(3,069)</b>	<b>(3,210)</b>	<b>(141)</b>	<b>10</b>	<b>37</b>	<b>(187)</b>	<b>(141)</b>	<b>(3,069)</b>	<b>(3,210)</b>	<b>(141)</b>	<b>10</b>	<b>37</b>	<b>(187)</b>	<b>(141)</b>
Central Income	4,793	399	375	(24)	(36)	0	12	(24)	399	375	(24)	(36)	0	12	(24)
Other Central Budgets	(2,569)	(124)	(281)	(158)	(316)	107	51	(158)	(124)	(281)	(158)	(316)	107	51	(158)
<b>EBITDA</b>	<b>8,072</b>	<b>(269)</b>	<b>(420)</b>	<b>(151)</b>	<b>(420)</b>	<b>467</b>	<b>(198)</b>	<b>(151)</b>	<b>(269)</b>	<b>(420)</b>	<b>(151)</b>	<b>(420)</b>	<b>467</b>	<b>(198)</b>	<b>(151)</b>
Depreciation & Losses	(8,863)	(739)	(657)	81				81	(739)	(657)	81				81
Finance Costs & Investment Revenue	(4,078)	(340)	(300)	40				40	(340)	(300)	40				40
PDC	(2,832)	(237)	(199)	38				38	(237)	(199)	38				38
<b>Total I&amp;E</b>	<b>(7,701)</b>	<b>(1,584)</b>	<b>(1,576)</b>	<b>8</b>				<b>8</b>	<b>(1,584)</b>	<b>(1,576)</b>	<b>8</b>				<b>8</b>

#### COMMENTARY

The Divisional Position highlights :

For 2019/20 a block contract has been agreed with SWL and Surrey CCG's.

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 Speciality Level, with an adjustment to the contract value being made at Cluster level in order to facility performance monitoring by Specialty.

In month Unplanned Care is £67k ahead of plan; Income is behind plan (by £130k) mainly related to the non-Block elements of PCI and Pay is underspent by £227k.

In month Planned Care is £105k ahead of plan; Income is ahead of plan (by £53k) mainly related to the non-Block elements of PCI, Pay was favourable to plan by £97k and Non-Pay is adverse by £45k.

The Corporate Divisions are broadly performing in line with plan however Estates has over spent in some specific areas, notably Non-pay (management consultancy, building & engineering contracts, furniture and supplies. These areas will be subject to additional review in month 02).

Further explanations of Divisional variances can be found on the individual sections within the report.

## SECTION 3: FINANCE IMPROVEMENT PLAN

Summary as at the end of Apr-19

Workstreams	Annual Target £000's	IN MONTH				Year to Date			
		In Month				Year to Date			
		Plan £000's	Actual £000's	Additional Schemes £000's	Variance (inc. addnl) £000's	Plan £000's	Actual £000's	Additional Schemes £000's	Variance (inc. addnl) £000's
Procurement Initiative	1,121	86	86		0	86	86	0	0
PFI Contract Review	1,060	83	83		0	83	83	0	0
Information System Review	164	9	9		0	9	9	0	0
Clinical Coding Accuracy Review	5	2	2		0	2	2	0	0
Income Generation	277	21	21		0	21	21	0	0
Bed Closure - Summer	160	0	0		0	0	0	0	0
Skill mix review	1,522	127	101	17	(9)	127	101	17	(9)
CNST Incentive Bonus Scheme	1,087	0	0		0	0	0	0	0
Workforce -Various	157	10	10		0	10	10	0	0
NonPay Various	213	14	14		0	14	14	0	0
Vacancy Factor	149	19	12		(7)	19	12	0	(7)
Unidentified	3,289	0	0		0	0	0	0	0
<b>Total CIP</b>	<b>9,205</b>	<b>370</b>	<b>337</b>	<b>17</b>	<b>(16)</b>	<b>370</b>	<b>337</b>	<b>17</b>	<b>(16)</b>

### COMMENTARY

- In month achievement of £0.3m is a small under achievement against plan.
- Within the plans there is £3.2m of unidentified phased into the later part of the year.

## SECTION 4: STATEMENT OF FINANCIAL POSITION

	March (subject to audit) £m	April £m
<b>NON CURRENT ASSETS:</b>		
Property plant and equipment	132.1	132.9
Intangible assets	10.6	10.7
Other assets	7.4	7.4
<b>TOTAL NON CURRENT ASSETS:</b>	<b>150.1</b>	<b>151.0</b>
<b>CURRENT ASSETS:</b>		
Inventories	1.9	2.0
Trade and other receivables	40.5	41.4
Cash and cash equivalents	7.7	5.9
<b>TOTAL CURRENT ASSETS</b>	<b>50.0</b>	<b>49.2</b>
<b>CURRENT LIABILITIES:</b>		
Trade and other payables	(33.6)	(36.0)
Current Borrowings	(3.2)	(3.2)
Current Provisions	(0.7)	(0.7)
<b>TOTAL CURRENT LIABILITIES</b>	<b>(37.5)</b>	<b>(39.9)</b>
<b>NET CURRENT ASSETS LESS CURRENT LIABILITIES</b>	<b>12.5</b>	<b>9.3</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	<b>162.7</b>	<b>160.3</b>
<b>NON CURRENT LIABILITIES:</b>		
Borrowings	(66.0)	(64.6)
Provisions	(0.9)	(0.9)
Other liabilities	0.0	0.0
<b>TOTAL ASSETS EMPLOYED</b>	<b>95.8</b>	<b>94.7</b>
<b>FINANCED BY</b>		
<b>TAXPAYERS EQUITY:</b>		
Public Dividend Capital	63.9	63.9
Revaluation reserve	18.8	18.8
Income and Expenditure Reserve - Prior years	(7.4)	13.1
Income and Expenditure Reserve - Current Year	20.5	(1.0)
<b>TOTAL TAXPAYERS EQUITY</b>	<b>95.8</b>	<b>94.7</b>

### COMMENTARY

#### Non - Current Assets

There was a £0.9m increase in Non-Current Assets in April 2019 comprising of: £0.8m increase in Property Plant and Equipment and £0.1m increase in Intangible Assets. Other assets remained unchanged.

#### Current Assets

There was a £0.8m decrease in Current Assets in April 2019 comprising of: £0.1m increase in Inventories, £0.9m increase in Trade and Other Receivables ; and £1.8m decrease in Cash and Cash Equivalents, as analysed in Section 5; Cash Flow Statement. Inventories remained unchanged.

#### Current Liabilities

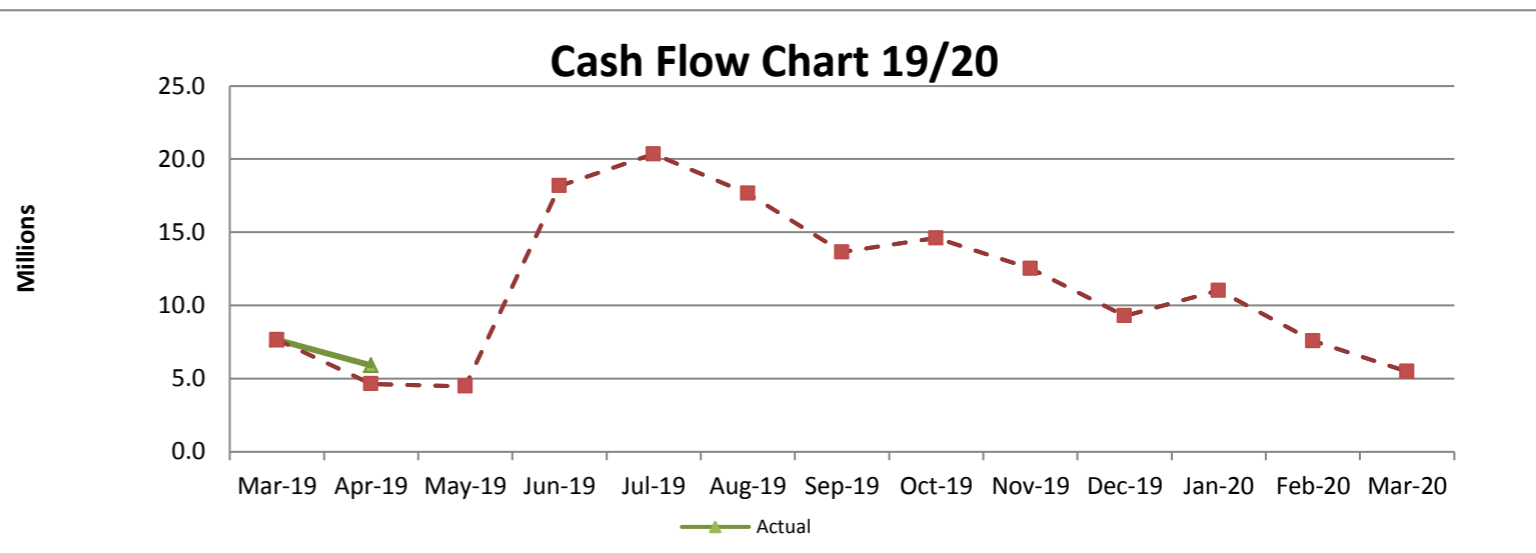
There was an increase of £2.4m in Current Liabilities in April 2019 due to a £2.4m increase in Trade and Other Payables. Current Borrowings and Current Provisions remained unchanged.

#### Non-Current Liabilities

Borrowings decreased by £1.4m due to the repayment of interim support loan. Provisions and Other Liabilities remained unchanged.

## SECTION 5: CASH FLOW STATEMENT

April 2019 £m	
Surplus/(deficit) after tax	(1.0)
<b>Non-cash flows in operating surplus/(deficit)</b>	
Depreciation and amortisation	0.7
PDC Dividend	0.2
<b>Non-cash flows in operating surplus/(deficit)</b>	<b>0.9</b>
<b>Operating Cash flows before movements in working capital</b>	<b>(0.1)</b>
<b>Increase/(Decrease) in working capital</b>	
Decrease in Inventories	(0.1)
Decrease in Trade and other receivables	(0.9)
Increase in Current Provisions	0.0
Increase in Trade and Other payables	2.4
<b>Increase/(Decrease) in working capital</b>	<b>1.5</b>
<b>Net cash (outflow) from operating activities</b>	<b>1.4</b>
<b>Net cash inflow/(outflow) from investing activities</b>	
Property Plant and Equipment	(2.0)
Intangible assets	0.0
Other assets	0.0
<b>Net cash inflow/(outflow) from investing activities</b>	<b>(2.0)</b>
<b>Net cash inflow/(outflow) from financing activities</b>	
PDC Drawdowns	0.0
PDC Dividend paid	0.0
Borrowings	(1.2)
<b>Net cash inflow/(outflow) from financing activities</b>	<b>(1.2)</b>
<b>Net increase in cash</b>	<b>(1.8)</b>
Opening cash	7.7
Closing cash	5.9



#### COMMENTARY

The closing cash position for April £5.9m, which was £1.8m lower than last month but £1.2m higher than plan.

Significant receipts in the month included a total of £1.9m for 18/19 Performance invoices (including Richmond CCG £0.4m, Surrey Downs £1.0m, London Specialised Commissioning £0.3m and NW Surrey CCG £0.1m), £2.3m for Q1 19/20 Education Funding from Health Education England, £0.8m from NHS England for Q1 19/20 MRET funding, £0.5m from HMRC for the March VAT reclaim, £0.2m from St Georges and £0.2m from BMI Healthcare.

During the month the Trust repaid £1.2m of interim support loan.

Payroll payments to staff increased by £0.5m from March as a result of the pay award and the cost of Private Patient Unit staff transferred from BMI. Payments to suppliers in the month were in line with forecast, however capital payments were £0.2m higher than expected as a result of higher than anticipated capital invoice payments. £0.7m was paid to St Georges to minimise the net debtor/creditor position between both organisations. Supplier invoices totalling £0.7m were held for payment at month end, an increase of £0.3m from the previous month.

The cash plan assumes receipt of all outstanding 18/19 PSF monies (£18.3m) in June. The additional land sales receipts for Regent Wing fall due in September 2020 (£1m) and December 2021 (£5.5m).



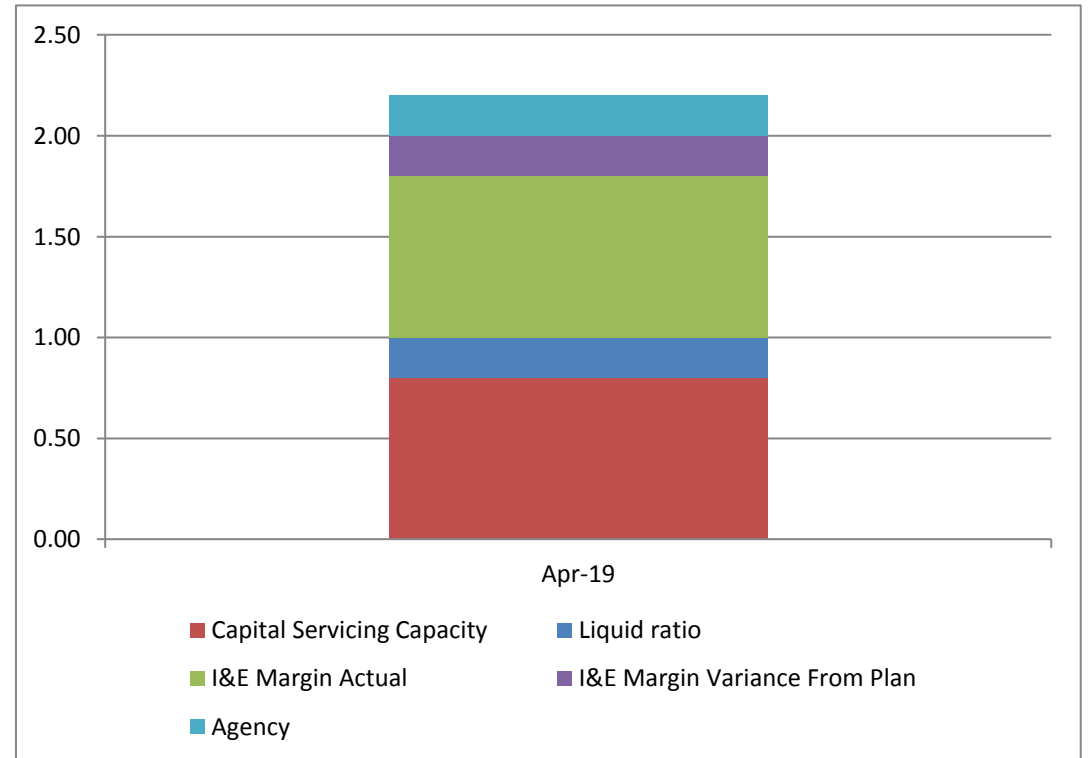
## SECTION 6: FINANCE AND USE OF RESOURCES METRICS

	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%				

	19/20
<b>Heading</b>	<b>M1</b>
Capital Servicing Capacity	0.24
Liquidity	(12.8)
I&E Margin - Underlying performance	(2%)
I&E Margin - Variance from plan	(1%)
Agency (new metric)	1.4%

	19/20
<b>Heading</b>	<b>M1</b>
Capital Service Cover	1
Liquidity	1
I&E Margin - Underlying performance	1
I&E Margin - Variance from plan	2
Agency (new metric)	1

<b>Average</b>	<b>1.20</b>
<b>Rounded Score</b>	<b>1.00</b>



### COMMENTARY

Our current risk rating is 1.0, which is the same as recorded in March.