

# Kingston Hospital NHS Foundation Trust

## Finance Report August 2019 (Month 05)

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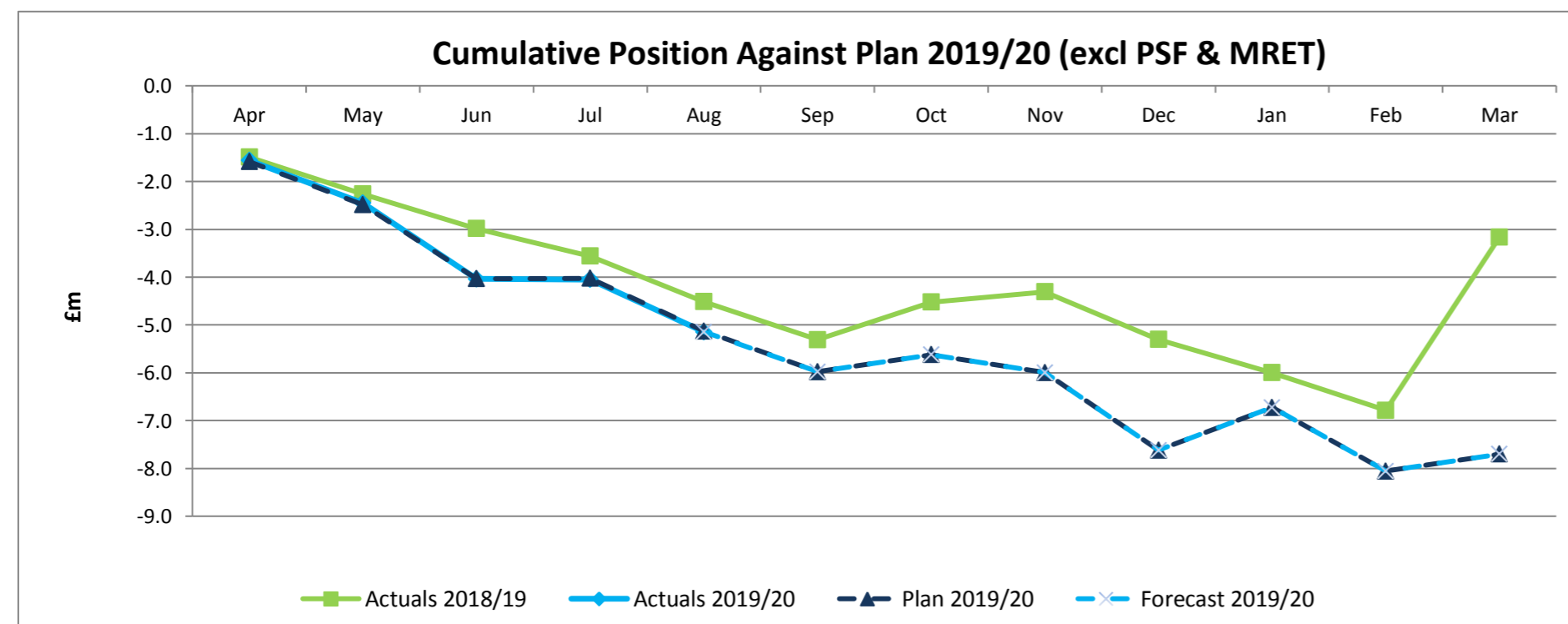
## EXECUTIVE SUMMARY - M05 19/20

Headline	In Month Performance Against Budget	Narrative
	(Aug)	
I&E Position (control total basis - excluding PSF and donated asset adjustments) - The Trust reported a break even position in month which is in line with Plan (in month).		The underlying position is on plan year to date, reflecting a control total deficit of £5.0m.
Provider Sustainability Funding (PSF) reported in month is £0.4m.		The PSF to M05 has been accrued to plan for 2019/20, with an additional £0.4m received relating to 2018/19, resulting in a £0.4m over-recovery of PSF YTD.
Patient Care Income (excluding PSF) is £0.7m behind plan in month. Other Income is £0.4m favourable to plan in month.	 	Income from NHS patient care activities is below plan by £1.2m YTD. Year to date the value of the SW London activity is 1.4% over the block value, (Prior month YTD it was 2.1% over block value). The YTD value for the Surrey block is 2.6% below block value. The positions will be reviewed with commissioners on a quarterly basis. ( <b>Note</b> , figures are based on flex data and are yet to be agreed with Commissioners). Currently NHSE and other commissioners income is tracking below plan, which is the bulk of the variance in patient care income). Other income is £0.4m favourable to Plan in month due to a VAT reclaim in month and other income generation, and £1.0m favourable to Plan YTD (which includes the £0.4m PSF received in M03)
Pay expenditure is £0.1m adverse to plan in month .		Pay expenditure is £0.1m overspent in the month and underspent £0.9m YTD. Medical staffing is above plan in month by £0.1m and YTD by £0.4m, linked in part to increased activity as described above, as well as use of temporary staffing to cover vacancies. Nursing spend is £0.4m underspent YTD due to recruitment to new posts being slower than anticipated. AHPs was £0.1m adverse to plan in month and YTD. A&C and support staff were £0.3m underspent due to some delayed timings in filling vacancies.
Non-pay expenditure is £0.1m favourable to plan in month.		Non-pay expenditure (excluding high cost drugs) was £0.1m underspent in month, this was due to a YTD reclassification of capital items £359k, offset by increased bad-debt write-off of 66k, unidentified CIP of £101k playing into position and increased charges of £88k for CT Scans activity.
FIP Delivery in month is £0.5m (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 additional non-recurrent schemes have been taken into account. The FIP report currently shows the unidentified FIP as £3.1m, of which £0.2m is within the YTD plan.
Capital expenditure spend for M05 is £1.2m (excluding grants and donations) which is £0.9m below plan in month due to a delay in the MHAU build.		The capital programme approved by the Board for 19/20 financial year totals £25.4m. After completion of the MRI Building in the month by InHealth, YTD Actual spend to M05 was £10.9m which is £0.2m above plan YTD. The Trust will be hosting an approved SWL HSLIP project, for which £2m funding has been approved, therefore the forecast spend will be £27.4m
The cash balance reported at the end of M05 was £21.7m.		The closing cash position at 31st August was £21.7m, unchanged from the previous month and £4.1m favourable to plan which is a reflection of the current high level of capital accruals (£4.2m).
Total Deficit In Month is £0.4m which is in line with plan.		The in month PSF of £0.4m (£2.0m YTD) has been accrued as achieved. £0.4m additional 2018/19 PSF of additional funding has been received year to date. The centrally funded MRET of £0.3m (YTD 1.3m) has been accrued to plan.

# SECTION 1: OVERALL INCOME AND EXPENDITURE

Summary as at the end of Aug-19

Income & Expenditure	Annual Budget £000's	IN MONTH			YTD			FULL YEAR FORECAST		Y-O-Y YTD		
		Budget v Actuals			Budget v Actuals			Budget v Forecast		Actuals		
		Budget £000's	Actual £000's	Var £000's	Budget £000's	Actual £000's	Var £000's	Forecast £000's	Var £000's	1819 £000's	1920 £000's	Var £000's
Income (excl PSF & Don Assets)												
NHS Patient Care	241,327	19,981	19,742	(240)	100,047	99,044	(1,003)	239,914	(1,413)	93,868	99,044	5,176
High Cost Drug Income	15,629	1,308	1,068	(239)	6,538	6,107	(431)	13,985	(1,644)	6,472	6,107	(365)
Patient Care Income	6,777	565	350	(215)	2,825	2,086	(739)	7,176	399			
Other Income	23,074	1,925	2,310	385	9,613	10,231	618	24,529	1,455	10,611	10,231	(380)
<b>Income</b>	<b>286,807</b>	<b>23,779</b>	<b>23,470</b>	<b>(309)</b>	<b>119,023</b>	<b>117,467</b>	<b>(1,556)</b>	<b>285,604</b>	<b>(1,203)</b>	<b>110,951</b>	<b>117,467</b>	<b>6,516</b>
Expenditure												
Pay	(182,816)	(15,235)	(15,361)	(126)	(75,966)	(75,071)	895	(181,781)	1,035	(70,138)	(75,071)	(4,933)
Non Pay	(80,627)	(7,053)	(6,933)	119	(35,216)	(35,349)	(133)	(82,427)	(1,800)	(33,029)	(35,349)	(2,320)
High Cost Drugs	(15,561)	(1,302)	(1,060)	242	(6,507)	(6,070)	438	(13,913)	1,648	(6,498)	(6,070)	428
<b>Expenditure</b>	<b>(279,004)</b>	<b>(23,590)</b>	<b>(23,354)</b>	<b>236</b>	<b>(117,689)</b>	<b>(116,490)</b>	<b>1,199</b>	<b>(278,121)</b>	<b>883</b>	<b>(109,665)</b>	<b>(116,490)</b>	<b>(6,825)</b>
<b>EBITDA</b>	<b>7,802</b>	<b>189</b>	<b>115</b>	<b>(74)</b>	<b>1,334</b>	<b>978</b>	<b>(357)</b>	<b>7,483</b>	<b>(320)</b>	<b>1,286</b>	<b>978</b>	<b>(308)</b>
Depreciation and Amortisation	(8,654)	(721)	(672)	49	(3,606)	(3,277)	329	(8,410)	244	(3,283)	(3,277)	6
Investment Revenue	29	2	12	10	12	41	29	98	70	15	41	26
Finance Costs	(4,107)	(342)	(316)	26	(1,711)	(1,697)	14	(4,101)	6	(1,586)	(1,697)	(111)
Public Dividend Capital	(2,832)	(237)	(237)	0	(1,185)	(1,185)	0	(2,832)	(0)	(945)	(1,185)	(240)
<b>Control Total - I&amp;E excl. PSF, Impairments &amp; donated asset</b>	<b>(7,762)</b>	<b>(1,109)</b>	<b>(1,097)</b>	<b>12</b>	<b>(5,156)</b>	<b>(5,140)</b>	<b>16</b>	<b>(7,762)</b>	<b>(0)</b>	<b>(4,513)</b>	<b>(5,140)</b>	<b>(627)</b>
Provider Sustainability Funding (PSF)	5,764	384	384	0	1,633	2,003	370	6,134	370	2,287	2,003	(284)
Central MRET Funding	3,095	258	258	0	1,290	1,290	0	3,096	0	0	1,290	1,290
<b>Total Control Total Surplus/(Deficit) (excl Donated Assets)</b>	<b>1,098</b>	<b>(467)</b>	<b>(455)</b>	<b>12</b>	<b>(2,233)</b>	<b>(1,847)</b>	<b>386</b>	<b>1,467</b>	<b>370</b>	<b>2,287</b>	<b>(1,847)</b>	<b>(4,134)</b>
Depreciation on donated assets	(209)	(17)	(17)	0	(85)	(79)	6	(197)	11	73	(79)	(152)
Donated Asset Income	270	23	37	14	115	104	(11)	259	(11)	(173)	104	277
<b>Total Surplus/(Deficit) (Incl Donated Assets)</b>	<b>1,159</b>	<b>(461)</b>	<b>(435)</b>	<b>26</b>	<b>(2,203)</b>	<b>(1,823)</b>	<b>380</b>	<b>1,529</b>	<b>370</b>	<b>2,187</b>	<b>(1,823)</b>	<b>(4,010)</b>
	Annual Plan	Plan	Actual		Plan	Actual YTD		Actual YTD		Actual YTD		Actual YTD
EBITDA Margin	2.7%	0.8%	0.5%		1.1%	0.8%		2.6%		1.2%		1.2%
EBITDA Achieved	100.0%	100.0%	61.0%		100.0%	73.3%		95.9%		128.2%		128.2%
I&E Surplus Margin	-2.7%	-4.7%	-4.7%		-4.3%	-4.4%		-2.7%		-4.1%		-4.1%



## SECTION 2: DIVISIONAL POSITIONS

### Overview

Summary as at the end of Aug-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	432	(332)	(329)	3	9	21	(27)	3	(194)	(338)	(144)	(301)	254	(97)	(144)
Planned Care Division	41,293	2,879	2,471	(408)	(530)	(84)	207	(408)	15,700	14,313	(1,387)	(1,080)	(186)	(121)	(1,387)
<b>Clinical Divisions</b>	<b>41,725</b>	<b>2,547</b>	<b>2,142</b>	<b>(405)</b>	<b>(521)</b>	<b>(64)</b>	<b>180</b>	<b>(405)</b>	<b>15,507</b>	<b>13,975</b>	<b>(1,531)</b>	<b>(1,381)</b>	<b>68</b>	<b>(218)</b>	<b>(1,531)</b>
Strategy Directorate	(2,491)	(216)	(185)	31	0	16	16	31	(1,065)	(998)	67	0	74	(8)	67
Corporate Affairs Directorate	(3,045)	(254)	(285)	(31)	8	4	(43)	(31)	(1,272)	(1,347)	(75)	21	20	(115)	(75)
Finance Directorate	(3,881)	(327)	(299)	28	(0)	22	7	28	(1,637)	(1,557)	80	(2)	91	(10)	80
HR Directorate	(1,686)	(146)	(106)	40	10	(12)	42	40	(718)	(551)	167	198	(22)	(9)	167
Medical Directorate	(5,768)	(486)	(449)	38	9	1	27	38	(2,425)	(2,413)	12	46	(26)	(7)	12
Nursing Directorate	(2,697)	(226)	(243)	(17)	24	(8)	(33)	(17)	(1,128)	(1,150)	(22)	(19)	22	(25)	(22)
Operations Directorate	(1,090)	(91)	(97)	(5)	0	(6)	1	(5)	(454)	(451)	3	0	8	(4)	3
Estates Directorate	(16,116)	(1,375)	(1,336)	39	14	(0)	25	39	(6,788)	(6,692)	96	73	(15)	38	96
<b>Directorates</b>	<b>(36,774)</b>	<b>(3,121)</b>	<b>(2,999)</b>	<b>122</b>	<b>65</b>	<b>15</b>	<b>42</b>	<b>122</b>	<b>(15,486)</b>	<b>(15,158)</b>	<b>328</b>	<b>317</b>	<b>151</b>	<b>(140)</b>	<b>328</b>
Central Income	3,348	420	617	197	238	(8)	(34)	197	1,416	1,734	318	317	(8)	9	318
Other Central Budgets	(496)	343	355	12	(92)	(70)	174	12	(103)	426	529	(809)	684	654	529
<b>EBITDA</b>	<b>7,802</b>	<b>189</b>	<b>115</b>	<b>(74)</b>	<b>(309)</b>	<b>(126)</b>	<b>361</b>	<b>(74)</b>	<b>1,334</b>	<b>978</b>	<b>(357)</b>	<b>(1,556)</b>	<b>895</b>	<b>304</b>	<b>(357)</b>
Depreciation & Losses	(8,654)	(721)	(672)	49				49	(3,606)	(3,277)	329				329
Finance Costs & Investment Revenue	(4,078)	(340)	(304)	36				36	(1,699)	(1,656)	43				43
PDC	(2,832)	(237)	(237)	0				0	(1,185)	(1,185)	0				0
<b>Total I&amp;E</b>	<b>(7,762)</b>	<b>(1,109)</b>	<b>(1,097)</b>	<b>12</b>				<b>12</b>	<b>(5,156)</b>	<b>(5,140)</b>	<b>16</b>				<b>16</b>

#### COMMENTARY

The Divisional Position highlights :

At a Trust level the NHS Patient Care Income has been reported in line with the block contract for SW London and Surrey CCGs. However the actual over/underperformance has been reflected at Specialty Level, with an adjustment back to the block contract value being made at Cluster level in order to aid understanding of the position by Specialty.

In month Unplanned Care is in line with plan, (and £144k adverse YTD). Total Income is slightly ahead of plan; Pay is underspent vs plan by £21k and Non-Pay is over plan by £27k.

In month Planned Care is £408k behind plan, (and £1,387k behind plan YTD); Income is behind plan by £530k: £231k of the underperformance is due to high cost drugs, £154k is due to the underachievement of PPU Income and the remainder of the underperformance is low activity levels in the neo natal unit £154k.

Pay was over plan by £84k and Non-Pay is underspent against plan by £207k. A central adjustment was made to non-pay to devolve non-pay inflation reserves from central budgets.

In month the Corporate Divisions are ahead of plan by £122k; All corporate divisions are broadly in line with plan. Corporate Affairs in-month non-pay adverse variance to plan of £43k, is mainly due to a re-assessment of an accrual for legal fees costs.

In month Central income was favourable by £238k, due to receipt of a VAT reclaim.

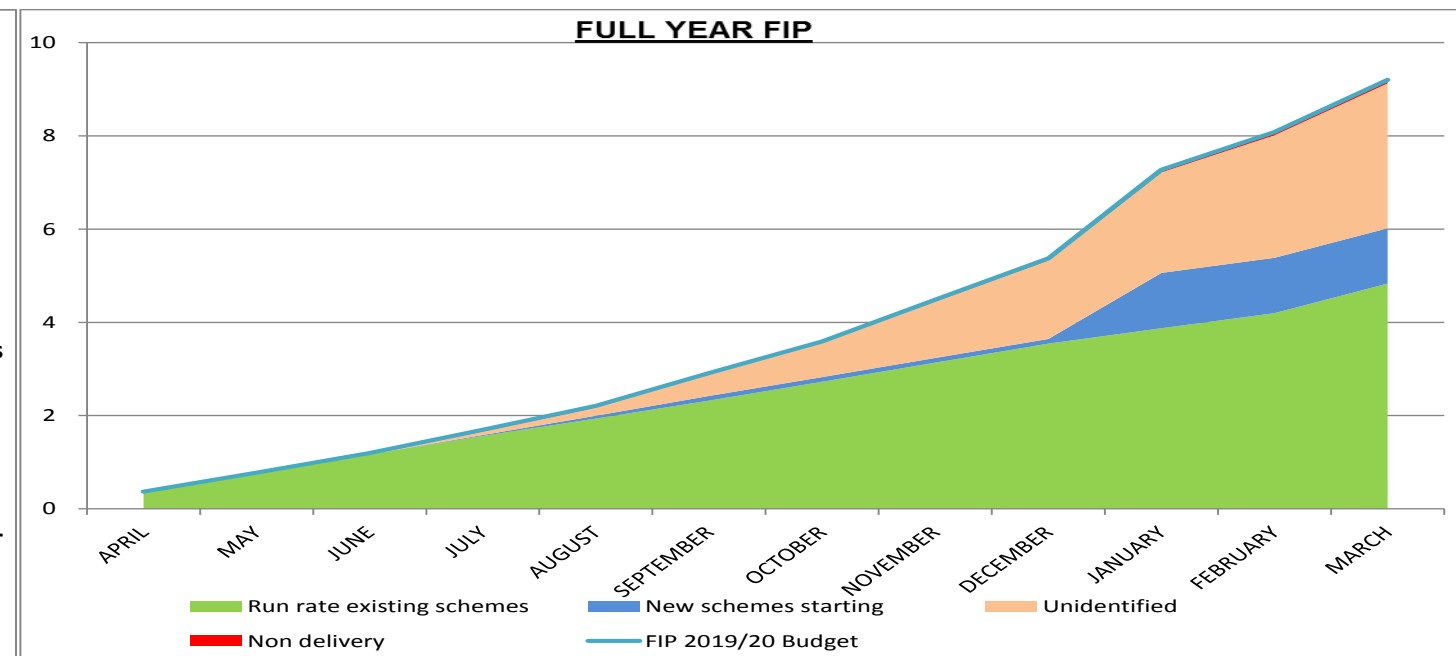
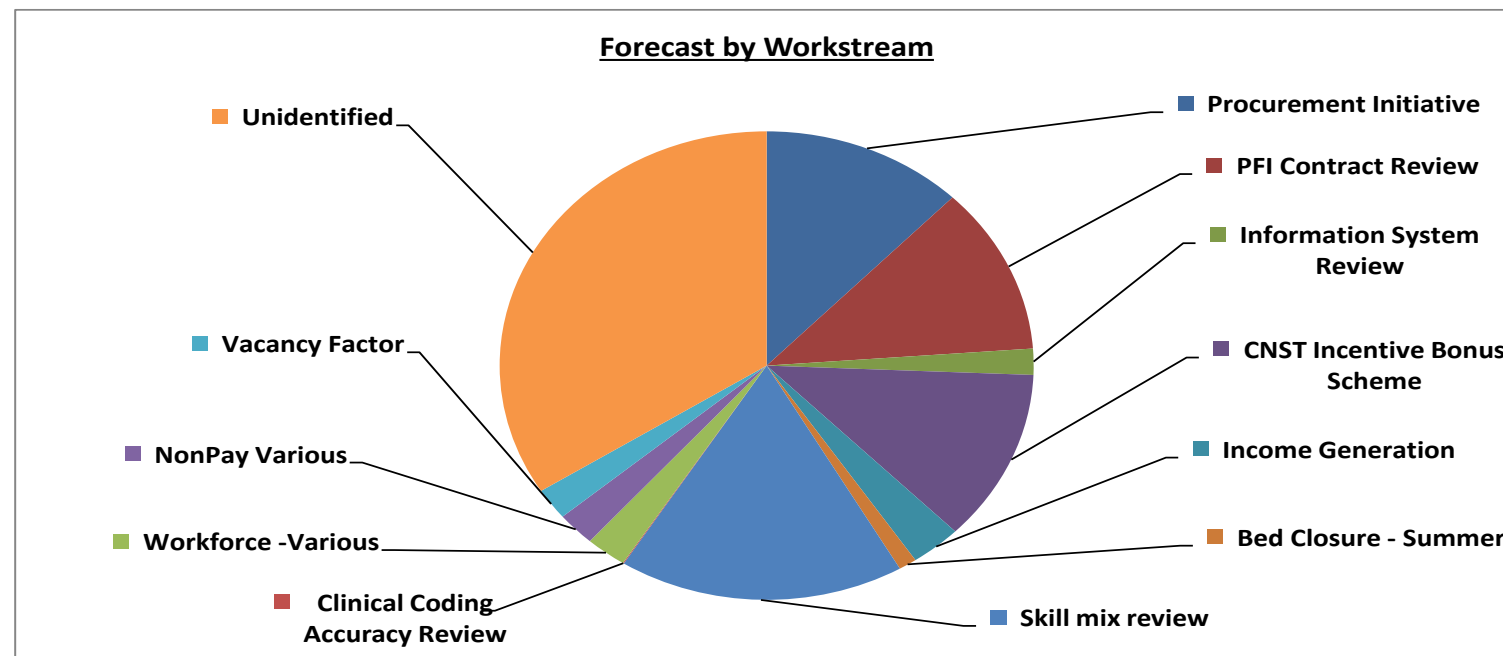
## SECTION 3: FINANCE IMPROVEMENT PLAN

Summary as at the end of Aug-19

Workstreams	Annual Target £000's	IN MONTH				Year to Date				FORECAST OUTTURN	
		In Month				Year to Date				Annual	
		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	Forecast £000's	Variance £000's
Procurement Initiative	1,121	87	87	0	0	430	430	0	0	1,121	(0)
PFI Contract Review	1,060	83	83	0	0	417	417	0	0	1,060	0
Information System Review	164	6	6	0	0	40	40	0	0	164	0
Clinical Coding Accuracy Review	1,087	0	0	0	0	5	5	0	0	1,087	0
Income Generation	277	25	20	2	(4)	115	96	22	3	281	4
Bed Closure - Summer	160	40	40	0	0	120	60	0	(60)	100	(60)
Skill mix review	1,612	137	120	10	(7)	684	636	57	9	1,583	(29)
CNST Incentive Bonus Scheme	5	0	0	0	0	0	0	0	0	5	0
Workforce -Various	197	10	20	0	10	89	99	0	10	227	30
NonPay Various	213	14	14	0	0	68	68	0	0	213	0
Vacancy Factor	199	12	12	0	0	66	66	15	15	199	0
Unidentified	3,109	101	0	101	0	177	0	177	0	3,109	0
<b>Total CIP</b>	<b>9,205</b>	<b>515</b>	<b>402</b>	<b>113</b>	<b>(1)</b>	<b>2,211</b>	<b>1,917</b>	<b>271</b>	<b>(23)</b>	<b>9,150</b>	<b>(55)</b>

### COMMENTARY

- In month achievement of £0.5m (including additional schemes) is £1k below plan. YTD the FIP schemes are £38k below plan.
- Within the plans there is £3.1m of unidentified FIP phased into the position from M04 onwards £0.2m YTD).
- Monthly Divisional CIP meetings have been established to review progress on delivery and identify opportunities to allocate the unidentified FIP.
- The FY forecast indicates a shortfall of £55K including mitigations.



### 1. CIP Performance by Division

Division	WTE Plan	Total	Mth 05 YTD Plan	Mth 05 YTD Actual	Month 05 YTD Variance	Forecast	Forecast Variance
Central Budgets Division	0.00	£3,101,735	£176,713	£176,713	£0	£3,101,735	£0
Corporate	7.78	£2,595,155	£952,055	£952,055	£0	£2,595,155	£0
Unplanned Care	1.15	£1,309,376	£635,780	£595,019	(£40,760)	£1,250,369	(£59,008)
Planned Care	5.64	£2,198,868	£446,746	£464,497	£17,750	£2,202,863	£3,995
<b>TOTAL TRUST SCHEMES</b>	<b>14.57</b>	<b>£9,205,134</b>	<b>£2,211,294</b>	<b>£2,188,284</b>	<b>(£23,010)</b>	<b>£9,150,121</b>	<b>(£55,013)</b>



## SECTION 4: STATEMENT OF FINANCIAL POSITION

	July £m	Aug £m
<b>NON CURRENT ASSETS:</b>		
Property plant and equipment	138.9	139.4
Intangible assets	10.8	10.8
Other assets	7.5	7.7
<b>TOTAL NON CURRENT ASSETS:</b>	<b>157.2</b>	<b>157.9</b>
<b>CURRENT ASSETS:</b>		
Inventories	2.0	2.0
Trade and other receivables	25.3	20.6
Cash and cash equivalents	21.7	21.7
<b>TOTAL CURRENT ASSETS</b>	<b>49.1</b>	<b>44.4</b>
<b>CURRENT LIABILITIES:</b>		
Trade and other payables	(37.1)	(34.1)
Current Borrowings	(7.8)	(7.8)
Current Provisions	(0.8)	(0.8)
<b>TOTAL CURRENT LIABILITIES</b>	<b>(45.7)</b>	<b>(42.7)</b>
<b>NET CURRENT ASSETS LESS CURRENT LIABILITIES</b>	<b>3.3</b>	<b>1.7</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	<b>160.5</b>	<b>159.6</b>
<b>NON CURRENT LIABILITIES:</b>		
Borrowings	(65.2)	(64.7)
Provisions	(0.9)	(0.9)
Other liabilities	0.0	0.0
<b>TOTAL ASSETS EMPLOYED</b>	<b>94.4</b>	<b>94.0</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	13.1	13.1
Income and Expenditure Reserve - Current Year	(1.4)	(1.8)
<b>TOTAL TAXPAYERS EQUITY</b>	<b>94.4</b>	<b>94.0</b>

### COMMENTARY

#### Non - Current Assets

There was a £0.7m increase in Non-Current Assets in August 2019 comprising of: £0.5m increase in Property Plant and £0.2m increase in Other Assets. Intangible Assets remained unchanged.

#### Current Assets

There was a £4.7m decrease in Current Assets in August 2019 comprising of; £4.7m decrease in Trade and Other Receivables, Inventories and Cash and Cash Equivalents remained unchanged (as analysed in Section 8; Cash Flow Statement).

#### Current Liabilities

There was a decrease of £3.0m in Current Liabilities in August 2019 comprising £3.0m decrease in Trade and Other Payables ; Current Borrowings and Current Provisions remained unchanged.

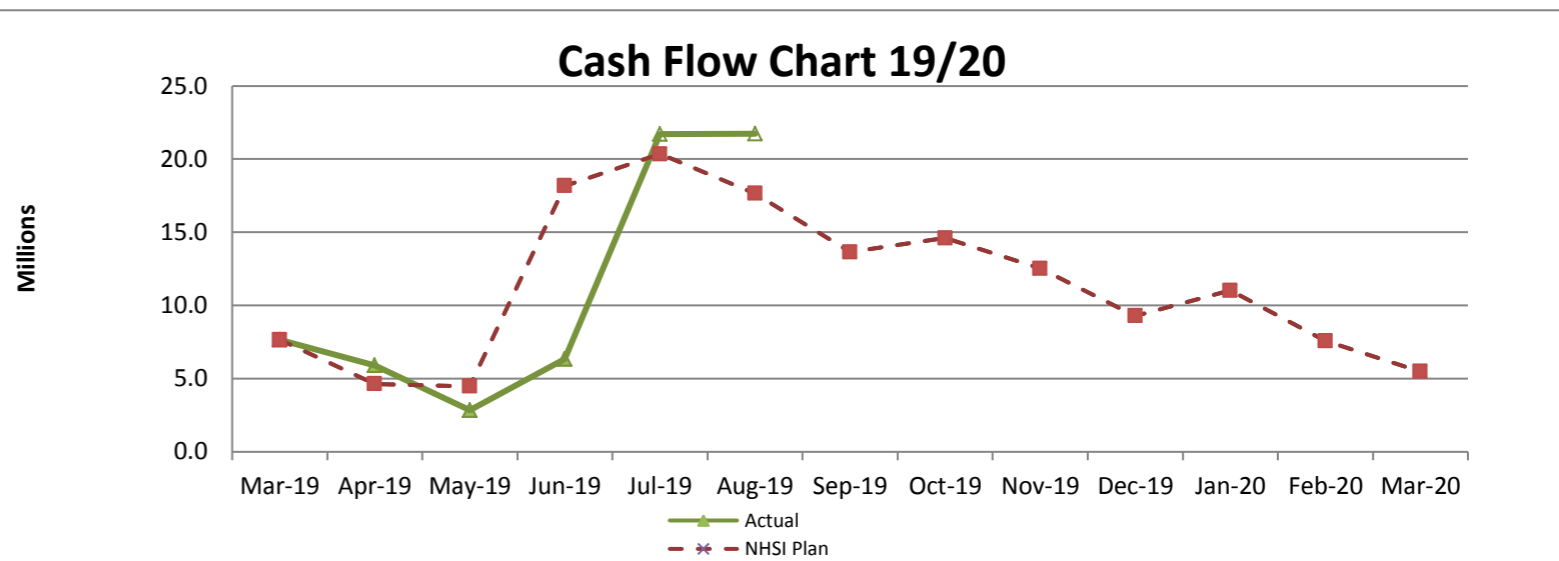
#### Non-Current Liabilities

Non-Current Borrowings decrease by £0.5m, due to scheduled loan repayments. Provisions and Other Liabilities remained unchanged.



## SECTION 5 CASH FLOW STATEMENT

August 2019 £m	
Surplus/(deficit) after tax	(0.4)
<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>0.5</b>
<b>Increase/(Decrease) in working capital</b>	
Increase in Inventories	0.0
Decrease in Trade and other receivables	4.7
Increase in Current Provisions	(0.0)
Decrease in Trade and Other payables	(3.0)
<b>Increase/(Decrease) in working capital</b>	<b>1.7</b>
<b>Net cash (outflow) from operating activities</b>	<b>2.2</b>
<b>Net cash inflow/(outflow) from investing activities</b>	
Property Plant and Equipment	(1.6)
Intangible assets	0.0
Other assets	0.0
<b>Net cash inflow/(outflow) from investing activities</b>	<b>(1.6)</b>
<b>Net cash inflow/(outflow) from financing activities</b>	
PDC Drawdowns	0.0
PDC Dividend paid	0.0
Borrowings	(0.5)
<b>Net cash inflow/(outflow) from financing activities</b>	<b>(0.5)</b>
<b>Net (decrease) in cash</b>	<b>0.0</b>
<b>Opening cash</b>	<b>21.7</b>
<b>Closing cash</b>	<b>21.7</b>



#### COMMENTARY

The closing cash position for August was £21.7m, unchanged from the previous month. This balance is £4.1m higher than plan which is a reflection of the current high level of capital accruals (£4.2m).

Significant receipts in the month included £2.6m for Q2 Education Funding from Health Education England, £1.7m from HMRC in respect of VAT reclaimed for both June and July (the June claim was made later than usual to allow for the inclusion of all remaining adjustments for 2018/19 in accordance with the HMRC deadline), £0.7m for Q2 GUM contract invoices (RB Kingston, Surrey CC and LB of Richmond), £0.4m from St Georges, £0.2m from Kingston Hospital Charity and £0.1m from Royal Marsden.

Payments to trade suppliers were £0.3m higher than forecast for the month, however capital payments were £0.7m lower than forecast reflecting the trend for the year to date. Invoices totalling £1.2m were paid to St Georges maintaining a neutral net debtor/creditor position between both organisations. Supplier invoices totalling £0.2m were held for payment at month end, an increase of £0.1m from the end of July.

Additional land sales receipts for Regent Wing fall due in September 2020 (£1m) and December 2021 (£5.5m).

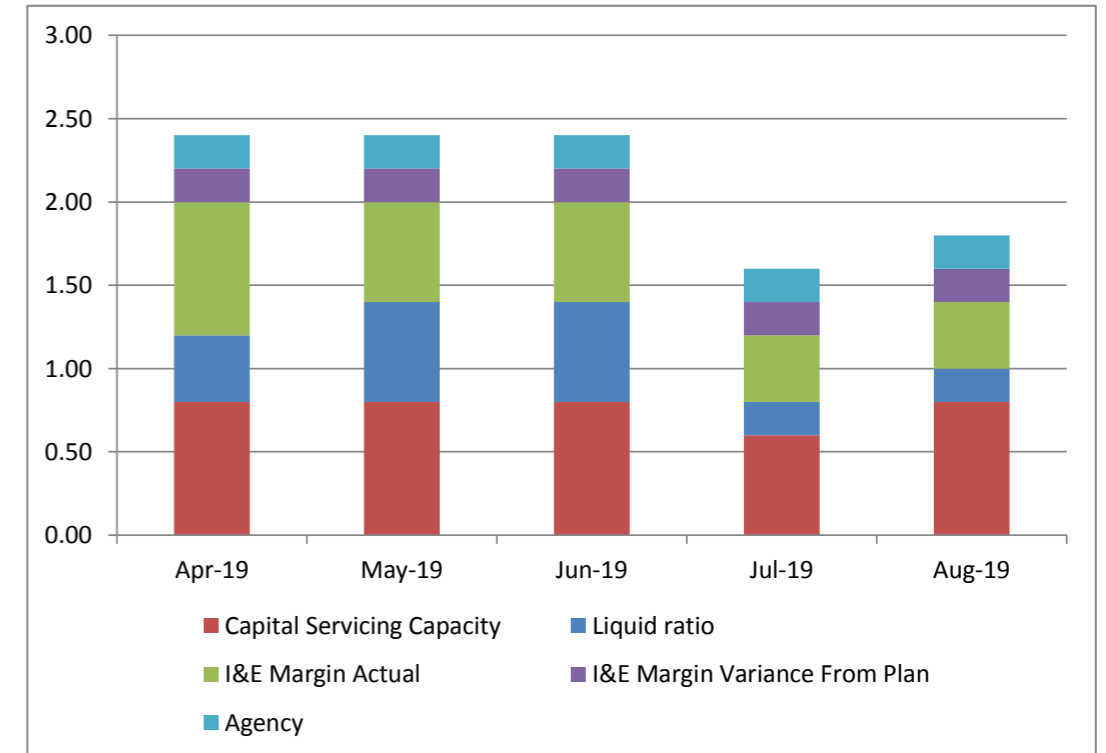
## SECTION 6: FINANCE AND USE OF RESOURCES METRICS

	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%				

	19/20	19/20	19/20	19/20	19/20
Heading	M1	M2	M3	M4	M5
Capital Servicing Capacity	0.07	0.37	0.46	0.85	1.50
Liquidity	9.4	6.1	2.0	10.2	10.8
I&E Margin - Underlying performance	(4%)	(3%)	(3%)	(2%)	(2%)
I&E Margin - Variance from plan	0%	0%	0%	0%	0%
Agency (new metric)	(16.0%)	(14.0%)	(12.0%)	(6.0%)	(7.0%)

	19/20	19/20	19/20	19/20	19/20
Heading	M1	M2	M3	M4	M5
Capital Service Cover	4	4	4	4	3
Liquidity	1	1	1	1	1
I&E Margin - Underlying performance	4	4	4	4	4
I&E Margin - Variance from plan	1	1	1	2	2
Agency (new metric)	1	1	1	1	1

<b>Risk rating after overrides</b>	<b>3.00</b>	<b>3.00</b>	<b>3.00</b>	<b>3.00</b>	<b>3.00</b>
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### COMMENTARY

Our current risk rating is 3.0, this is in line with the submitted Operating Plan for M01 to M05.