










Kingston Hospital NHS Foundation Trust

Finance Report February 2019 (Month 11)

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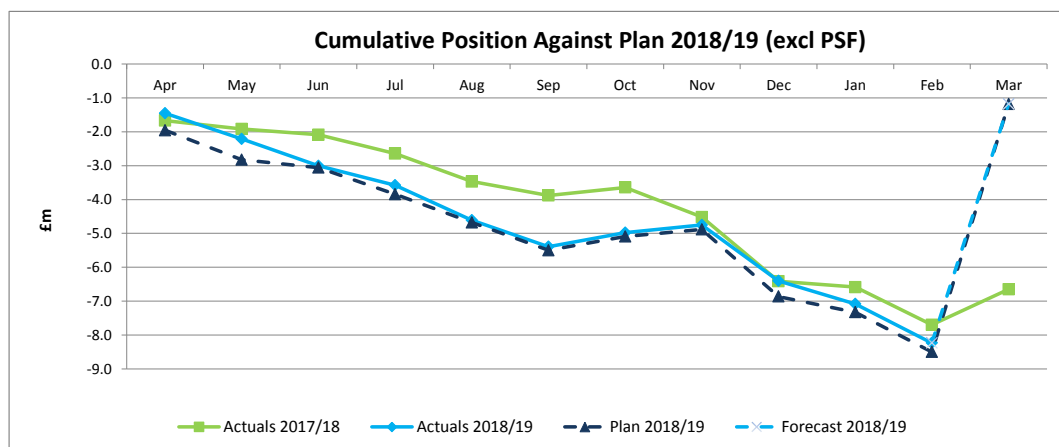
EXECUTIVE SUMMARY

Headline	In Month Performance Against Budget	Narrative
	(Feb)	
I&E Position (control total basis - excluding PSF and donated asset adjustments) - The Trust reported a deficit in month of £1.2m, and YTD deficit of £8.2m. Variance to Plan (in month) in line; (YTD) ahead by £0.1m.		The underlying position is ahead of plan year to date (£0.1m), it is forecast to be in line with NHSI plan to the end of the year. The NHSI forecast reflects the Control total of Full year deficit of £1.0m.
Provider Sustainability Funding (PSF) matches plan in month at £2.1m and YTD at £16.0m.		The financial performance target has been achieved YTD. PSF is therefore accrued to plan. The in month accrued PSF is an increase of c.£2.1m. It is reflective of the adjustment to the control total to recognise the expected proceeds of sale of Land, which is forecast to complete in M12.
Income (excluding PSF) is £0.7m favourable to plan in month and £7.5m favourable to plan YTD.		Income from patient care activities is above plan by £0.3m in month, and by £5.9m YTD. Overperformance on Non-Elective has increased ahead of YTD Trend, £0.4m above plan in month and £3.4m above plan YTD. Daycase and Elective income were £0.2m above plan in month and £1.8m above YTD. Outpatients income was £0.1m ahead of plan in month and is £0.3m above plan YTD. The YTD income has been aligned to the year end commissioner year end deal, with an adjustment of £1.5m being made in month to reflect this. Other income is favourable £0.4m in month, mainly due to additional recharges; YTD it is £2.4m above plan, largely due to donated asset income received.
Pay expenditure is £0.6m adverse to plan in month and £4.1m adverse YTD.		Pay expenditure is £0.6m overspent in the month and £4.1m over year to date. Health Care Assistants were £0.1m adverse to budget in month, and £1.2m adverse to plan YTD; The underlying costs of Qualified Nurses and Midwifery are adverse to plan £0.2m in month (Elderly Care, Maternity, Cardiology, ED, Radiology, ITU were main areas with adverse variances to plan) and £0.5m YTD; (built into the variance is also the impact of the unallocated FIP and re-phasing the Pay position back to the Operating Plan, which contributes in month variance of £0.5m and £3.3m YTD). Vacancies, increased activity and managing escalation beds are amongst main reasons for increases to Pay Costs.
Non-pay expenditure is £0.3m favourable to plan in month and £2.3m adverse YTD (excl. high cost drugs).		Non-pay expenditure is £0.3m favourable to plan in the month (£2.3m adverse YTD), excluding high cost drugs. In month, £0.7m of favourable variance, related to CNST bonus rebate recognised within M11, which was partially offset by £0.3m provision towards MES VAT, (discussions with VAT advisors have not yet concluded), there was also a benefit of £0.1m against the plan relating to the benefit of the renegotiated PFI Contract.
FIP Delivery in month is £1.5m (incl. mitigations) increasing YTD delivery to £10.1m, which is £0.2m below YTD target of £10.3m.		FIP delivery in month (once mitigations have been factored in) were £0.3m ahead of plan and the YTD position is £0.2m behind plan (LM was £0.5m behind plan). Mitigations have been factored in to offset where there has been unallocated FIP, and schemes not delivering (e.g. Outpatients and Admin, MRET). The Additional CNST incentivised bonus of £0.5m, has been reflected within the in month position.
Capital expenditure YTD is £16.7m (excluding grants and donations), which is £4.47m below plan		The YTD Capital spend of £16.7m is £4.47m below the YTD plan of £21.17m due to delays in spend on Medical Equipment, IMT and Estates Projects.
The cash balance reported at the end of M11 was £5.2m.		The closing cash position for 28th February was £5.2m which was £0.2m higher than the previous month and in line with forecast. Significant receipts in the month included a total of £2.5m from CCGs and £0.5m from London Specialised Commissioning for over-performance, £0.5m from HMRC for the January VAT reclaim and £0.2m from BMI (trade debtors).
Total Surplus In Month is £1.3m, which is £0.4m ahead of Plan (YTD the surplus is £9.2m, £1.7m ahead of plan, due to the donated asset income on William Rous unit). The surplus reflects the incentivised PSF, recognised in the Operating Plan.		The in month PSF of £2.1m was achieved. YTD PSF achieved was £16.0m. The PSF achievements are reflective of the 2 for 1 £10m increase in PSF from the adjustment to the control total to recognise the expected proceeds of the land sale. The NHSI risk rating is 1.

SECTION 1: OVERALL INCOME AND EXPENDITURE

Summary as at the end of Feb-19

Income & Expenditure	Annual Budget £000's	IN MONTH				YEAR TO DATE				FULL YEAR FORECAST		
		Budget v Actuals				Budget v Actuals				Budget v Forecast		
		Budget £000's	Actual £000's	Var	£000's	Budget £000's	Actual £000's	Var	£000's	Annual Budget £000's	Forecast £000's	Var £000's
Income												
Patient Care Income	223,781	18,027	18,334	307	204,407	210,162	5,755		223,781	230,845	7,065	
High Cost Drug Income	15,314	1,251	1,103	(148)	14,004	13,951	(53)		15,314	15,554	240	
Other Income	27,777	2,086	2,533	447	22,985	25,340	2,355		27,777	27,798	21	
Income	266,872	21,364	21,970	606	241,396	249,453	8,057		266,872	274,198	7,326	
Expenditure												
Pay	(166,406)	(13,944)	(14,550)	(606)	(152,687)	(156,758)	(4,071)		(166,406)	(171,339)	(4,933)	
Non Pay	(77,308)	(6,167)	(5,857)	310	(70,365)	(72,666)	(2,301)		(77,308)	(78,666)	(1,357)	
High Cost Drugs	(15,315)	(1,251)	(1,099)	152	(14,004)	(13,913)	91		(15,315)	(15,326)	(11)	
Expenditure	(259,029)	(21,362)	(21,506)	(144)	(237,056)	(243,337)	(6,281)		(259,029)	(265,331)	(6,302)	
EBITDA	7,843	2	464	462	4,340	6,115	1,775		7,843	8,867	1,024	
Depreciation and Amortisation	(7,698)	(651)	(686)	(35)	(7,048)	(7,195)	(147)		(7,698)	(7,657)	41	
Investment Revenue	12	1	5	4	11	43	32		12	47	35	
Finance Costs	(3,881)	(320)	(328)	(8)	(3,503)	(3,565)	(62)		(3,881)	(3,881)	0	
Public Dividend Capital	(2,456)	(206)	(241)	(34)	(2,300)	(2,181)	119		(2,456)	(2,319)	138	
Income Generation and Other	5,000								5,000	5,000	0	
I&E excl. PSF	(1,181)	(1,174)	(785)	389	(8,500)	(6,783)	1,717		(1,181)	58	1,239	
Depreciation on donated assets	181	15	18	3	165	165	0		181	175	(6)	
Donated Asset Income	0	0	(386)	(386)	0	(1,619)	(1,619)		0	(1,232)	(1,232)	
Control Total - I&E excl. PSF and Impairments with donated asset adjs.	(1,000)	(1,159)	(1,153)	6	(8,335)	(8,237)	98		(1,000)	(1,000)	0	
Provide Sustainability Funding (PSF)	18,074	2,109	2,109	0	15,966	15,966	0		18,074	18,074	0	
Impairments	0	0	0	0	0	0	0		0	0	0	
Total Surplus/(Deficit)	16,893	935	1,324	389	7,466	9,183	1,717		16,893	18,132	1,239	
	Annual Plan	Plan	Actual		Plan	Actual YTD		FOT YTD	Actual YTD			
EBITDA Margin	2.9%	0.0%	2.1%		1.8%	2.5%		2.9%	3.2%			
EBITDA Achieved	100.0%	100.0%	23227.7%		100.0%	140.9%		100.0%	113.1%			
I&E Surplus Margin	-0.4%	-5.5%	-3.6%		-3.5%	-2.7%		-0.4%	0.0%			



SECTION 2: DIVISIONAL POSITIONS

Overview

Summary as at the end of Feb-19

Income & Expenditure	Annual Plan £000's	IN MONTH							YEAR TO DATE						
		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	(4,604)	(649)	(621)	28	454	(130)	(296)	28	(4,452)	(5,959)	(1,507)	1,962	(1,876)	(1,593)	(1,507)
Planned Care Division	37,383	2,719	3,241	522	11	(190)	700	522	33,011	35,048	2,038	4,558	(1,394)	(1,126)	2,038
Clinical Divisions	32,779	2,070	2,620	550	465	(320)	404	550	28,559	29,089	530	6,520	(3,270)	(2,719)	530
Strategy Director	(2,271)	(189)	(192)	(3)	(7)	(1)	5	(3)	(2,083)	(2,108)	(26)	(22)	(66)	62	(26)
Corporate Affairs	(3,120)	(259)	(287)	(28)	(6)	(8)	(14)	(28)	(2,860)	(2,839)	21	7	(44)	59	21
Finance	(3,686)	(308)	(322)	(14)	(3)	1	(13)	(14)	(3,378)	(3,546)	(169)	(32)	16	(152)	(169)
Human Resources	(694)	(54)	(69)	(15)	16	(15)	(16)	(15)	(640)	(1,156)	(516)	141	(304)	(353)	(516)
Medical Director	(5,755)	(485)	(484)	1	12	(10)	(1)	1	(5,270)	(5,005)	265	110	98	57	265
Nursing Director	(2,614)	(216)	(209)	7	3	(2)	7	7	(2,398)	(2,298)	100	26	(6)	79	100
Operations	(16,919)	(1,229)	(1,447)	(218)	(20)	8	(207)	(218)	(15,549)	(16,427)	(878)	(265)	54	(667)	(878)
Directorates	(35,058)	(2,739)	(3,010)	(271)	(5)	(27)	(239)	(271)	(32,178)	(33,380)	(1,202)	(35)	(251)	(916)	(1,202)
Central Income	5,283	434	382	(52)	(66)	0	13	(52)	4,849	4,253	(596)	(105)	0	(490)	(596)
Other Central Budgets	9,839	237	473	236	212	(260)	284	236	3,110	6,153	3,042	1,677	(551)	1,916	3,042
EBITDA	12,843	2	464	462	606	(606)	462	462	4,340	6,115	1,775	8,057	(4,071)	(2,210)	1,775
Depreciation & Losses	(7,698)	(651)	(686)	(35)				(35)	(7,048)	(7,195)	(147)				(147)
Finance Costs & Investment Revenue	(3,869)	(319)	(323)	(4)				(4)	(3,492)	(3,522)	(30)				(30)
PDC	(2,456)	(206)	(241)	(34)				(34)	(2,300)	(2,181)	119				119
Land Sale	5,000									0	0				0
Total I&E	3,819	(1,174)	(785)	389				389	(8,500)	(6,783)	1,717				1,717

COMMENTARY

The Divisional Position highlights :

In month Unplanned Care is breakeven to plan, and Planned Care was £0.5m favourable to plan.

In month a provision of 50% was made for the potential non-recovery of VAT against a MES Contract, and £0.7m was reflected of the CNST bonus.

YTD Unplanned Care is £1.5m adverse to plan, and Planned care £2.0m favourable to Plan.

Within Corporate Divisions the headlines are as follows:

Finance - YTD adverse variances on non-pay due to VAT Consultancy fees / Interest Charges on borrowings / Internal Audit fees higher than plan

Human Resources - YTD the non-pay adverse variance is due to Bank Premium charges reflecting the increased usage of bank staff above plan and additional recruitment charges, as well as an increase of computer maintenance fees which will be reviewed in M12.

Operations YTD variances include Estates - energy and PFI costs

SECTION 3: FINANCIAL IMPROVEMENT PROGRAMME

Summary as at the end of Feb-19

Theme	Annual Target £000's	FIP Allocation			IN MONTH				YEAR TO DATE			
		Allocation Devolved to Budgets			In Month				Year to Date			
		Devolved £000's	Outstanding £000's	Devolved %	Plan £000's	Actual £000's	Mitigation £000's	Variance (inc. mitigations) £000's	Plan £000's	Actual £000's	Mitigation £000's	Variance (inc. mitigations) £000's
Inpatient Flow	1,565	1,565		100%	258	124	0	(134)	1,431	1,156	0	(275)
Theatre Productivity	1,059	1,059		100%	96	145	0	49	963	1,383	0	420
Outpatients & Patient Admin	500	500		100%	28	0	0	(28)	472	0	0	(472)
Finance	1,000	1,000		100%	42	124	0	82	458	623	0	165
MRET	1,000	1,000		100%	167	0	0	(167)	833	0	0	(833)
Partnerships	500	295	205	59%	53	22	0	(31)	447	212	0	(236)
Collaboration	500	83	417	17%	65	2	0	(62)	435	20	0	(415)
Corporate Schemes	2,000	2,000		100%	228	210	4	(14)	1,772	1,753	116	97
Unplanned Care Other Local	1,509	1,233	276	82%	156	136	0	(20)	1,339	1,138	634	432
Planned Care Other Local	2,367	2,116	252	89%	214	171	580	537	2,147	1,549	1,462	864
Rephasing					(76)	0	0	76	(5)	0	0	5
Total CIP	12,000	10,851	1,149	90%	1,229	934	583	289	10,293	7,833	2,212	(248)
Type	Annual Plan £000's				Plan £000's	Actual £000's	Mitigation £000's	Variance £000's	Plan £000's	Actual £000's	YTD Mitigation £000's	Variance £000's
Cost Reduction	-6,420				648	586	458	396	5,301	4,824	1,119	642
% of Plan	53%					90%	71%			91%	21%	
Income Generation	-5,580				581	348	126	(107)	4,992	3,009	1,093	(891)
% of Plan	47%					60%	22%			60%	22%	
Total FIP	-12,000				1,229	934	583	289	10,293	7,833	2,212	(248)
% of Plan						76%	47%			76%	21%	

COMMENTARY

- In month achievement of £1.5m (including £0.6m of mitigations) is £0.3m favourable against a plan of £1.2m. The YTD variance (including mitigations) is £0.2m adverse to plan .
- Identified schemes in month, are over delivering on plan with mitigations. These are based on increased activity within Planned and Unplanned care and reflect that the trust is currently achieving its control total ytd.
- It also reflects £0.5m of additional CNST rebate received above the 10% bonus rebate (based on a redistribution of funds fo Trusts that did not achieve their own 10% Bonus incentivised schemes).
- YTD the local identified schemes are delivering £1.6m favourable to plan (excl. impact of the Re-phasing of the FIP plan, to align with the Operating Plan).
- The £0.2m YTD adverse position on FIP is offset by non-recurrent favourable (run-rate) variances which have ensured the Trust is delivering it's control total YTD.

SECTION 4: STATEMENT OF FINANCIAL POSITION M11

	January £m	February £m
NON CURRENT ASSETS:		
Property plant and equipment	128.2	129.1
Intangible assets	10.3	10.3
Other assets	1.1	1.2
TOTAL NON CURRENT ASSETS:	139.6	140.6
CURRENT ASSETS:		
Inventories	2.0	1.9
Trade and other receivables	37.1	36.3
Cash and cash equivalents	5.0	5.2
TOTAL CURRENT ASSETS	44.1	43.4
CURRENT LIABILITIES:		
Trade and other payables	(31.5)	(30.1)
Current Borrowings	(2.6)	(2.7)
Current Provisions	(1.7)	(2.1)
TOTAL CURRENT LIABILITIES	(35.8)	(34.9)
NET CURRENT ASSETS LESS CURRENT LIABILITIES	8.3	8.6
TOTAL ASSETS LESS CURRENT LIABILITIES	147.9	149.2
NON CURRENT LIABILITIES:		
Borrowings	(66.6)	(66.5)
Provisions	(0.9)	(0.9)
Other liabilities	0.0	0.0
TOTAL ASSETS EMPLOYED	80.4	81.7
FINANCED BY		
TAXPAYERS EQUITY:		
Public Dividend Capital	63.9	63.9
Revaluation reserve	17.7	17.7
Income and Expenditure Reserve - Prior years	(9.1)	(9.1)
Income and Expenditure Reserve - Current Year	7.8	9.2
TOTAL TAXPAYERS EQUITY	80.4	81.7

COMMENTARY

Non - Current Assets

There was a £1.0m increase in Non-Current Assets in February 2019 due to a £1m increase in Property, Plant and Equipment. Intangible Assets and Other Assets remained unchanged.

Current Assets

There was a £0.7m decrease in Current Assets in January 2019 comprising of: £0.1m decrease in Inventories ; £0.8m decrease in Trade and Other Receivables as analysed in; and £0.2m increase in Cash and Cash Equivalents, as analysed in Section 5; Cash Flow Statement.

Current Liabilities

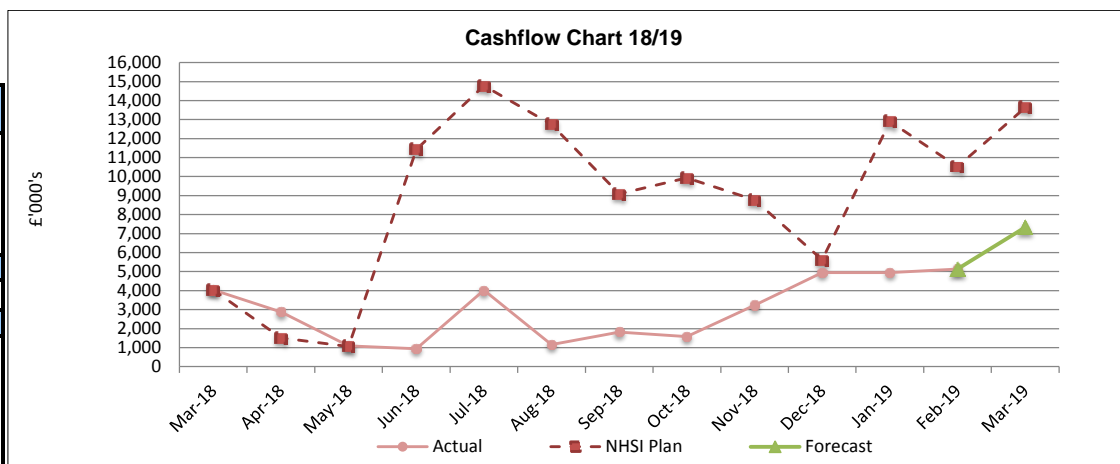
There was a decrease of 1.0m in Current Liabilities in February 2019 comprising of: £1.4m decrease in Trade and Other Payables , £0.1m increase in Current Borrowings and £0.3m increase in Current Provisions.

Non-Current Liabilities

Borrowings decreased by £0.1m due to a loan repayment of £0.1m, Provisions and Other Liabilities remained unchanged.

SECTION 5: CASH FLOW STATEMENT

Feb 2019	
£m	
Surplus/(deficit) after tax	1.3
Non-cash flows in operating surplus/(deficit)	
Depreciation and amortisation	0.7
PDC Dividend expense	(0.2)
Non-cash flows in operating surplus/(deficit)	0.5
Operating Cash flows before movements in working capital	1.8
Increase/(Decrease) in working capital	
Increase in Inventories	0.1
Increase in Trade and other receivables	0.8
Increase in Current Provisions	(0.3)
Decrease in Trade and Other payables	1.4
Increase/(Decrease) in working capital	2.0
Net cash (outflow) from operating activities	3.8
Net cash inflow/(outflow) from investing activities	
Property Plant and Equipment	(3.5)
Intangible assets	0.0
Other assets	0.0
Net cash inflow/(outflow) from investing activities	(3.5)
Net cash inflow/(outflow) from financing activities	
PDC Drawdowns	0.0
PDC Dividend paid	0.0
Borrowings	(0.1)
Net cash inflow/(outflow) from financing activities	(0.1)
Net increase in cash	0.2
Opening cash	5.0
Closing cash	5.2



COMMENTARY

The closing cash position for February was £5.2m which was £0.2m higher than last month and in line with the forecast.

Significant receipts in the month included a total of £3.0m for CCG Performance invoices (Kingston £1.8m, Richmond £0.9m, Merton £0.2m and Hounslow £0.1m), £0.5m from London Specialised Commissioning for Q1 and Q2 Performance, £0.5m from HMRC for the January VAT reclaim and £0.2m from BMI.

Payments to suppliers in the month were £1.3m lower than forecast as the expected exchange of payments with St Georges was actioned later than planned in the first week of March (£1.1m). Availability of cash in the month allowed actions to manage some supplier payments to be eased. Invoices totalling £0.8m were held for payment at month end which was a decrease of £0.6m from January.

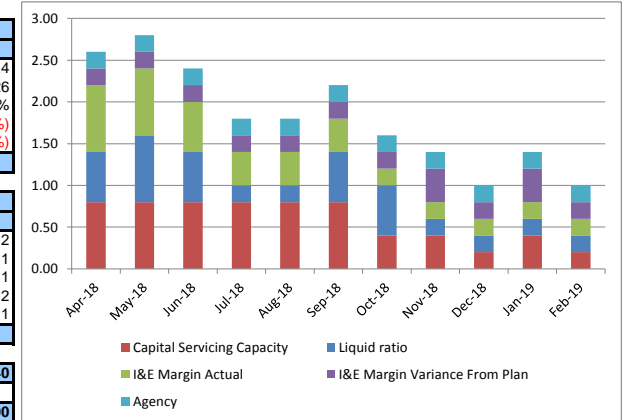
SECTION 6: FINANCE AND USE OF RESOURCES METRICS

	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	18/19 M1	18/19 M2	18/19 M3	18/19 M4	18/19 M5	18/19 M6	18/19 M7	18/19 M8	18/19 M9	18/19 M10	18/19 M11
Capital Servicing Capacity	0.08	0.73	0.93	1.17	1.03	1.04	1.87	2.35	2.55	2.33	2.4
Liquidity	(12.8)	(14.9)	(11.8)	(7.9)	(12.4)	(7.7)	(3.3)	8.1	9.2	8.08	8.26
I&E Margin - Underlying performance	(3%)	(1%)	(0%)	0%	0%	0%	0%	2.1%	2.4%	2.8%	2.9%
I&E Margin - Variance from plan	(1%)	(1%)	2%	3%	2%	2%	0%	(0.0%)	0.0%	(0.0%)	(0.0%)
Agency (new metric)	1.4%	(0.5%)	(7.4%)	(0.1%)	(3.8%)	(2.6%)	(4.7%)	(6.0%)	(8.5%)	(8.1%)	(6.8%)

Heading	18/19 M1	18/19 M2	18/19 M3	18/19 M4	18/19 M5	18/19 M6	18/19 M7	18/19 M8	18/19 M9	18/19 M10	18/19 M11
Capital Service Cover	4	4	4	4	4	4	2	2	1	2	2
Liquidity	3	4	3	1	1	3	2	1	1	1	1
I&E Margin - Underlying performance	4	4	4	2	2	2	2	1	1	1	1
I&E Margin - Variance from plan	2	2	1	1	1	1	2	2	1	2	2
Agency (new metric)	2	1	1	1	1	1	1	1	1	1	1

Average	3.00	3.00	3.00	1.80	1.80	2.60	1.80	1.40	1.00	1.40	1.40
Rounded Score	3.00	3.00	3.00	2.00	2.00	3.00	2.00	1.00	1.00	1.00	1.00



COMMENTARY

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