

SBRI MANAGEMENT BOARD

DOCUMENT TITLE:	FINANCIAL REPORT		
AGENDA ITEM:	3.2		
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DATE OF MEETING:	19 th July 2018		
EXECUTIVE SUMMARY:			
Report details spend for the first two months of the FY. There has been relatively little movement in the awards with the bulk of Q1 invoices due in June. This includes the newly contracted phase 1 in mental health & surgery carried over from last year			
KEY ISSUES TO NOTE OR CONSIDER:			
None			
KEY RISKS OR CONCERNS TO HIGHLIGHT:			
None			
REPORT RECOMMENDATION:			
For Approval			
PURPOSE OF THE REPORT (Indicate with 'x' the purpose that applies):			
FOR INFORMATION	FOR DECISION	FOR DISCUSSION	
X			
KEY AREAS OF IMPACT (Indicate with 'x' all those that apply):			
Financial	X	Competitions	Communications & Media
Governance		Legal & Policy	
Programme Management		Evidence and Impact	
Comments: <i>[elaborate on the impact suggested above]</i>			
PREVIOUS CONSIDERATION:			
None			

1. Commentary on 2018 2019 Budget

The budget for 2018 2019 was confirmed as **£11,278,673**. This includes carry-over of £453,407 from 2017 which had been set aside for the Mental & Surgery new phase 1 contracts originally due to contract in January 2018 but will now be dispersed in FY 2018.

A total of **£10,186,211** has been set aside for the **competition awards** in year including the health economics support to winning applicants. The competitions with spend in year are shown below in Table 1.

Table 1. SBRI competitions with spend in 2018/19

SBRI	Challenge	Launch date	Phase 1 Contracted	Phase 2 Contracted
11	Acute Sector	Spring 2016	Dec 2016	Sep 2017
12	GP Future	Autumn 2016	Mar 2017	Dec 2017
13	Cancer	Spring 2017	Dec 2017	Estimated: Aug 2018
14	Surgery/MH	Autumn 2017	Estimated: Jun 2018	Estimated: Apr 2019
15	MSK/Dental	July 2018	Estimated: Nov 2018	Estimated: Jun 2019

A total of **£710,00** has been provided for the **programme management budget**. The remainder of the budget is made up of irrecoverable VAT, which includes the full 20% rate on PMO costs and an estimated 6.5% of the VAT on the competition awards. The final position with respect to the irrecoverable VAT costs will not be known until June 2019 when Royal Papworth have assessed their private patient income for the year.

The programme has been shaped to prevent any **forward liability** for contracted commitments into 2019/20, and a new clause inserted into the phase 1 contract to make clear funding for a phase 2 programme is not guaranteed.

The cancer phase 2 programme due to contract in August will therefore be dispersed in 3 payment periods with the last payment due to go out in March 2019. These will still be 12 month contracts with the final reports due in August 2019.

Both the Surgery/Mental Health and the MSK/Dental rounds will complete phase 1 in FY 2018 and begin phase 2 in FY 2019 if budget is made available by NHS England.

The **Legacy fund**, held in the SBRI awards account by HEE on behalf of the SBRI Healthcare Programme, stands at **£305,907** as of May 2018.

2. Year to Date Spend Against Budget for 2018/19

A break down of the 2018/19 spend to date is shown in Table 2. On the competition awards only two payments to SBRI 11 companies have been made year to date with the bulk of the quarter one awards invoices expected in June. Spend on PMO is also slightly low year to date as the new competition will not launch until July.

The SBRI Management accounts for April and May 2019 (enclosed) show the balance sheet, cash flow and income statement for the SBRI accounts held at Health Enterprise East at the beginning of the new financial year.

Table 2. SBRI Budget Reconciliation Against Forecast for 2018-2019

Category	Phase	Actual Yr to Date	Budget	Variance	Comment
<i>Company Awards & Support</i>		£	£	£	
Acute Sector -SBRI 11	2	0	832,695	(832,695)	Q4 payments due in Jun
GP Future – SBRI 12	2	292,925	3,770,423	(3,477,498)	Q3, Q4 payments
Cancer – SBRI 13	2	0	3,333,330	(3,333,330)	Due to contract in Aug
Surgery/MH – SBRI 14	1	0	903,753	(903,753)	Due to contract in Jun
MSK/Dental – SBRI 15	1	0	1,250,010	(1,250,010)	Due to contract in Nov
Health Economics		19,200	96,000	(76,800)	
Sub-total Awards		312,125	10,186,211	(9,874,086)	
<i>PMO Costs</i>					
Salaries		79,270	538,444	(459,174)	
Technical Assessors		244	20,125	(19,881)	
Annual survey work		1,400	8,120	(6,720)	
Legal & accountancy		52	15,600	(15,548)	
Marketing		8,883	109,200	(100,317)	
Contingency		0	18,511	(18,511)	
Sub-total PMO		89,848	710,00	(620,151)	
Irrecoverable VAT			382,462	(383,462)	
Grand Total		401,974	11,278,673	(10,876,699)	