

## SBRI MANAGEMENT BOARD

<b>DOCUMENT TITLE:</b>	SBRI Financial Report and forecast end of year 2017-18		
<b>AGENDA ITEM:</b>	3.2.2		
<b>AUTHOR:</b>	Joop Tanis		
<b>DATE OF MEETING:</b>	15 March 2018		
<b>EXECUTIVE SUMMARY:</b>			
<p>There are two papers in this section:</p> <ol style="list-style-type: none"> <li>1. Financial Report as presented to FAR on 16 January 2018</li> <li>2. Year end forecast 2017/18.</li> </ol>			
<b>KEY ISSUES TO NOTE OR CONSIDER:</b>			
<p>The year end position indicates a modest surplus of £30,245. This will enable any small variances in expenditure to be accommodated. A final year-end position will be presented to the Board at the next meeting.</p> <p>The awards budget has been utilised in full. Following consultation with FARC, the budget for co-investment (£243k), which would not be required in 17/18, was used to fund Phase 2 projects in SBRI 11 (Acute Care) and SBRI 12 (GP of the future), as the volume of Phase 1 contracts was greater and the quality high.</p> <p>Savings of £21.5K were made in Health Economic assessment costs due to fewer contracts than budgeted being awarded.</p> <p>PMO cost will be £710K as per budget.</p>			
<b>KEY RISKS OR CONCERNS TO HIGHLIGHT:</b>			
<b>REPORT RECOMMENDATION:</b>			
<b>PURPOSE OF THE REPORT (Indicate with 'x' the purpose that applies):</b>			
<b>FOR INFORMATION</b>	<b>FOR DECISION</b>	<b>FOR DISCUSSION</b>	
X			
<b>KEY AREAS OF IMPACT (Indicate with 'x' all those that apply):</b>			
Financial	X	Competitions	Communications & Media
Governance		Legal & Policy	
Programme Management	X	Evidence and Impact	
Comments: <i>[elaborate on the impact suggested above]</i>			
<b>PREVIOUS CONSIDERATION:</b>			

## AGENDA ITEM 4.1 FINANCIAL REPORT

SBRI Healthcare Finance Audit & Risk Committee Meeting - 16.01.2018

For discussion and approval

Report of Karen Livingstone, Director of SBRI Healthcare

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### 1. 2017 2018 Forecast Commitments

The budget for 2017 2018 has now been confirmed as **£12.2m**. A total of **£10.8m** has been allocated to the current planned competitions and **£710,000** has been allocated to the Programme Management costs (down from £745k in 2016). After irrecoverable VAT costs are taken into account this leaves circa **£330k** for co-investment into another call with a matched funder in year.

The contracted and forecast commitments at the beginning of 2017 2018 for planned competition calls is as follows:

- Spring 2015 Frail Elderly Call (SBRI 9) Phase 2s (Q4 payment): £320,814 **Contracted**
- Autumn 2015 A&E Call (SBRI 10) Phase 2s (Q3 & Q4 payments): £1,571,289 **Contracted**
- Autumn 2016 GP Call (SBRI 12) Phase 1s (Q2 payment): £847,429 **Contracted**
- Spring 2016 Acute Call (SBRI 11) Phase 2s (Q1-3 payments): £3.5m **Contracted**
- Autumn 2016 GP Call (SBRI 12) Phase 2s (Q1-2 payments): £2.67m **Contracted**
- Spring 2017 Cancer Call (SBRI 13) Phase 1s (Q1 & Q2 payments): £1.25m **Contracted**
- Autumn 2017 Call (SBRI 14) Phase 1s (Q1 payment): £625k **Launched (competition scheduled to contract in March 18)**
- **Total: £10.78m**

## 2. Year to Date Spend Against Budget

### Headlines:

- The award spend of the year commenced in August 2017 and the Q3 monies from NHS England have been received. Q4 has been requested.
- Year to date invoicing on the awards totals £3,813,197 versus the budget of £7,119,486 as at the end of December. The variance variance of £3,306,289 is primarily due to phasing of quarterly award payments.
- The full 2017/18 budget has been allocated and is forecast to be utilised by year end.
- This includes the £330k earmarked for co-investment which will not be used for this purpose in this financial year
- VAT refund for 2017/18 is estimated at £600K. This refund, required to pay 2017/18 Q4 invoices, is expected to be received from Papworth by May 2018. The potential late payment liability resulting from this is managed as follows:
  - 2 Phase 2 companies commenced their contracts in January
  - 2 further Phase 2 companies are experiencing a delay in delivery.
  - Therefore Q2 payments for these 4 companies will not to be due until May/June 2018.
- Forward liability (contracted, committed and planned awards and PMO) has been calculated and submitted to NHS England
- The Legacy fund, managed separately by HEE on behalf of the SBRI Healthcare Programme, currently stands at £301k

A break down of year to date spend to December 2017 follows as Table 2. The SBRI Management accounts for September – December (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 2017-2018 (to Dec 2017)**

Category	Actual Yr to Date	Budget Yr to Date	Variance	Full Yr Budget	Comment
<b><i>Company Awards &amp; Support</i></b>					
Spring 2015 Ph2 Frail Elderly Call (9)	£234,850	£320,814	(£85,964)	£320,814	Final P2 payment JVS to be invoiced
Autumn 2015 Ph2 A&E Call (10)	£1,283,125	£1,571,289	(£288,164)	£1,571,289	Some Q3 payments in Jan '18
Spring 2016 Ph2 Acute Sector Call (11)	£1,389,163	£2,333,338	(£944,175)	£3,500,007	Phasing, remainder due in Dec/Jan

Autumn 2016 Ph1 GP Call (12)	£837,438	£847,429	(£9,991)	£847,429	
Autumn 2017 Ph2 GP Call (12)	£0	£1,333,336	(£1,333,336)	£2,666,672	P2 contracted in Dec '17
Spring 2017 Ph1 Cancer Call (13)	£0	£625,005	(£625,005)	£1,250,010	New Ph1 contracted in Dec '17
Autumn 2017 Ph1 Surg / MH Call (14)	£0	£0	-	£625,005	New Ph1 to be contracted in Mar '18
Health Economics	£68,621	£88,275	(£19,654)	£105,150	
<b>Sub-total Awards</b>	<b>£3,813,197</b>	<b>£7,119,486</b>	<b>(£3,306,289)</b>	<b>£10,886,376</b>	
<b>PMO Costs</b>					
Salaries	£322,653	£347,106	(£24,453)	£511,690	
Technical Assessors	£27,679	£35,750	(£8,071)	£60,624	Fewer SBRI 13 appl than budgeted
Annual survey work	£11,000	£11,000	-	£11,000	Survey completed in Aug
Legal & accountancy	£8,227	£12,000	(£3,773)	£18,000	
Marketing	£55,887	£78,830	(£22,843)	£108,240	Some invoices not yet received
Contingency				£446	
<b>Sub-total PMO</b>	<b>£425,446</b>	<b>£484,686</b>	<b>(£59,240)</b>	<b>£710,000</b>	
Irrecoverable VAT	£161,076	£217,214	(£56,138)	£270,842	
Available for co-investment				£332,782	
<b>Grand Total</b>	<b>£4,210,536</b>	<b>£7,643,700</b>	<b>(£3,432,164)</b>	<b>£12,200,000</b>	

## Innovation – Small Business Research Initiative SBRI 2017 18

<b>Lead VSM</b>	<b>Budget Lead</b>	<b>Oracle Users</b>
Ian Dodge	Deborah Goodchild	Deborah Goodchild, Gillian Murphy
<b>Budget Title</b>		<b>2017/18 Forecast Budget</b>
IH&W - SMILL BUS RESEARCH INITIATIVE (SBRI)		£12,200,000

Programme	Business Plan Priority	Cost Centre		Type of expenditure (eg travel, contractors, staff, meetings, external contract)	Profile													
		CC Number	Comments		Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	TOTAL	
<b>IH&amp;W - SMILL BUS RESEARCH INITIATIVE (SBRI)</b>																		
SBRI 9: Spring 2015 Comp (Phase 2: Q4)	FUT8c	127581	Contracted	External contracts			£320,814									£320,814		
SBRI 10: Autumn 2015 Comp (Phase 2: Q3 - Q4)			Contracted	External contracts			£235,056										£1,571,289	
SBRI 11: Spring 2016 (Phase 2: Q1 - Q3)			Committed	External contracts				£1,166,669			£1,158,547						£3,500,007	
SBRI 12: Autumn 2016 (Phase 1: Q2)			Contracted	External contracts		£55,008		£792,421					£1,166,669				£847,429	
SBRI 12: Autumn 2016 (Phase 2: Q1 - Q2)			Committed	External contracts										£1,333,336			£2,666,672	
SBRI 13: Spring 2017 (Phase 1: Q1 - Q2)			Planned	External contracts										£625,005			£1,250,010	
SBRI 14: Autumn 2017 (Phase 1: Q1)			Planned	External contracts											£625,005		£625,005	
Health Economics Support to Phase 1 winners			Contracted	External contracts								£26,250		£16,875			£16,875	
PMO Costs 2017				Staffing, expenses,		£168,115			£189,205				£203,905				£710,000	
Irrecoverable VAT @ 5% on awards & 20% on PMO						£34,173	£9,030	£13,483	£49,508	£0	£16,835	£52,448	£22,958	£1,777	£148,775	£19,583	£9,625	£270,842
Available for co-investment																	£332,782	£332,782
Grand Total																		£12,200,000

	May 17 Draw down	Jul 17 Draw down	Oct 17 Draw down	Jan 18 Draw down	
2017/18 Drawdown	£1,616,564	£2,540,671	£3,523,476	£4,248,447	
Irrecoverable VAT	£56,686	£66,343	£77,183	£70,630	
VAT @ 20%	£1,673,250	£2,607,014	£3,600,659	£4,319,077	
	£334,650	£521,403	£720,132		Can't claim VAT on final invoice
	<b>£2,007,900</b>	£3,128,417	£4,320,791	£4,319,077	
Less VAT from previous drawdown		£-334,650	£-521,403	£-720,132	
<b>Net Drawdown required from NHS England</b>		<b>£2,793,767</b>	<b>£3,799,388</b>	<b>£3,598,945</b> check	£12,200,000