

SBRI FINANCE AUDIT RISK COMMITTEE

DOCUMENT TITLE:	FINANCIAL REPORT		
AGENDA ITEM:	3.2.4		
AUTHOR:	ANNE BLACKWOOD		
DATE OF MEETING:	14 th May 2018		
EXECUTIVE SUMMARY:			
<p>The budget for 2017/18 of £12.2M has been fully allocated to competitions in year bar a small underspend of £75k. A small overspend on project management costs (less than 1%), primarily the result of increased marketing costs, was balanced by a small underspend on awards.</p> <p>The forward liability for signed contracts in 18/19 is £4.6M.</p>			
KEY ISSUES TO NOTE OR CONSIDER:			
<p>The Surgery/Mental Health competition awards have now been released for contracting and due diligence by NHS England. This will mean dispersal of the Q1 monies, part of the 17/18 budget, will not take place until June 2018 when contracting is completed, but this money has already been drawn by Papworth and NHS England have agreed that this money can be held over and used for the purpose allocated. Q2 monies for this cohort are part of the 2018/19 budget as planned.</p>			
KEY RISKS OR CONCERNS TO HIGHLIGHT:			
<p>The final irrecoverable VAT position for 17/18 will not be known until late May/ early June so numbers are still provisional subject to this update. An assumption of 6.37% has been used in Table 2.</p>			
REPORT RECOMMENDATION:			
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:			

1. Commentary on 2017 2018 Budget

The budget for 2017 2018 was confirmed as £12.2m, and this has been fully allocated in year bar a small underspend of £75k.

A total of **£11,047,419** has been dispersed under the **awards budget** against a budget of **£11,219,158**. Competitions managed in year are shown below in Table 1.

Table 1. SBRI competitions with spend in 2017/18

SBRI	Challenge	Launch date	Phase 1 Contracted	Phase 2 Contracted
9	Frail Elderly	Spring 2015	Nov 2015	Sep 2016
10	A&E	Autumn 2015	Mar 2016	Dec 2016
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

A total of **£716,630** was committed against a **programme management budget** of **£710,000**. The variance was largely due to additional marketing costs commissioned in year such as the publication of the benefits review, new case studies and a summary of various evaluation reports.

The final position with respect to the irrecoverable VAT costs will not be known until June 2018 and has been estimated in Table 2 below.

The **£333k** earmarked at the beginning of the year for potential **co-investment** into a new challenge with other co-funders in 2017/18 was not utilised for the purpose; instead it was used to fund additional phase 2 awards in the GP of the Future challenge.

The **forward liability** for contracted commitments into 2018/19 is **£4,603,118**, comprising final quarter payments for the phase 2 awards of Acute Sector and GP of Future challenges.

The **Surgery/Mental Health** challenge, now released for contracting in 2018 by NHS England, has Q1 monies of **£453,407** held over at Papworth from 2017/18 monies and a further Q2 payment of **£450,346** provided for in the 2018/19 budget. We expect to contract phase 1 now in June once due diligence/ contracting is completed; phase 2 awards will not be made until 2019 once budget is confirmed by NHS England to meet the requirement for no future roll-over commitments.

The **Legacy fund**, held in the SBRI awards account by HEE on behalf of the SBRI Healthcare Programme, stands at **£309,936** as of March 2018.

A break down of the 2017/18 spend is shown in Table 2. The SBRI Management accounts for January to March 2018 (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

Category	Phase	Actual	Budget	Variance	Comment
Company Awards & Support					
Frail Elderly - SBRI 9	2	£320,814	£320,814	£0	Q4 payments completed
A&E - SBRI 10	2	£1,571,289	£1,571,289	£0	Q3 & Q4 payments completed
Acute Sector -SBRI 11	2	£3,668,548	£3,500,007	£168,541	Q1, Q2 & Q3 payments completed
GP Future – SBRI 12	1	£837,438	£847,429	(£9,991)	Q2 payments completed
GP Future – SBRI 12	2	£3,270,804	£2,666,672	£604,132	Q1-Q2 payments completed
Cancer – SBRI 13	1	£841,498	£1,250,010	(£408,512)	Q1 & Q2 payments completed
Surgery/MH – SBRI 14	1	£453,407	£625,005	(£171,598)	Money held over at Papworth for Q1
Available for co-investment		£0	£332,782	(£332,782)	
Health Economics		£83,621	£105,150	(£21,529)	Fewer phase 1 awarded than budget
Sub-total Awards		£11,047,419	£11,219,158	(£171,739)	
PMO Costs					
Salaries		£517,143	£511,690	£5,453	
Technical Assessors		£57,988	£60,624	(£2,636)	
Annual survey work		£11,000	£11,000	£0	
Legal & accountancy		£8,303	£18,000	(£9,697)	
Marketing		£122,196	£108,240	£13,956	Additional costs on benefits review, case studies & reports summary
Contingency		£0	£446	(£446)	
Sub-total PMO		£716,630	£710,000	£6,630	
Irrecoverable VAT		£360,459	£270,842	£89,653	Final irrecoverable VAT not yet known
Grand Total		£12,124,508	£12,200,000	(£75,492)	

Innovation – Small Business Research Initiative SBRI 2017 18

Lead VSM		Budget Lead		Oracle Users														
Ian Dodge		Deborah Goodchild		Deborah Goodchild, Gillian Murphy														
Budget Title				2017/18 Forecast Budget														
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	
IH&W - SMILL BUS RESEARCH INITIATIVE (SBRI)																		
SBRI 9: Spring 2015 Comp (Phase 2: Q4)	FUT&c	127581	Contracted	External contracts			£320,814									£320,814		
SBRI 10: Autumn 2015 Comp (Phase 2: Q3 - Q4)			Contracted	External contracts			£235,056			£1,158,547		£177,686					£1,571,289	
SBRI 11: Spring 2016 (Phase 2: Q1 - Q3)			Committed	External contracts				£1,166,669				£1,166,669			£1,166,669		£3,500,007	
SBRI 12: Autumn 2016 (Phase 1: Q2)			Contracted	External contracts		£55,008	£792,421										£847,429	
SBRI 12: Autumn 2016 (Phase 2: Q1 - Q2)			Committed	External contracts								£1,333,336			£1,333,336		£2,666,672	
SBRI 13: Spring 2017 (Phase 1: Q1 - Q2)			Planned	External contracts								£625,005			£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			£45,150			£26,250		£16,875				£16,875	£105,150	
PMO Costs 2017				Staffing, expenses,		£168,115			£189,205			£203,905			£148,775		£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	£41,422	£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										
					£1,616,564	£2,540,671	£3,523,476	£4,248,447										
					£56,686	£66,343	£77,183	£70,630										
					£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										
					£2,007,900	£3,128,417	£4,320,791	£4,319,077										
						-£334,650	-£521,403	-£720,132										
					Net Drawdown required from NHS England		£2,793,767	£3,799,388	£3,598,945	check			£12,200,000					