

INDEPENDENT TRUST FINANCING FACILITY

WEST MIDDLESEX UNIVERSITY HOSPITAL NHS TRUST FINANCING APPLICATION

Presented by : NHS Trust Development Authority

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FINANCING APPLICATION
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INDEPENDENT TRUST FINANCING FACILITY

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Section 1

Presented by : NHS Trust Development Authority

Independent Trust Financing Facility : Financing Application

Name of Trust:	West Middlesex University Hospital NHS Trust
Amount Proposed:	£5.446m
Date of Application:	7th February 2014

Main Commissioners: (£000)	Income (£m)	%
NHS Hounslow	85	54.7%
NHS Richmond & Twickenham	26	16.8%
NHS England	9	5.8%
NHS Ealing	8	5.2%
Local Authority	2	1.5%
NHS Surrey	2	1.2%
Non Contracted Activity/Other Commissioners	5	3.2%
Other Clinical Income	1	0.4%
Other Operating Income	18	11.3%
Total Income	155	100.0%
Data quoted from Financial Year	2013/14	

Existing Loans:	Limit £000	Drawn £000	Outstanding - Mar 13 £'000	Maturity Date	Interest Rate	Annual capital repayment £000	Purpose of loan
PFI							
Non PFI :							
WCL/08-09/RFW/1/2008-08-15	17,000	17,000	15,300	N/A	5.31%	-	Revenue Support. Trust making interest payments only.
Total Existing	17,000	17,000	15,300			0	

PFI	Balance sheet Value £000	Start Date	Maturity Date	Interest Rate
	37,318	2001	2036	7.70%
West Middlesex University NHS Trust	13/14 Unitary payment £000	Capital £000	Interest £000	Service £000
	12,276	604	4,079	7,593

New Financing Proposed	5,446
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Purpose of new financing:	The Trust requires cash financing in order to fund its operating deficit position (£4.9M) and to fund transaction related cost pressures (£0.6M)
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	PBA	
Prudential Borrowing Limit	Tier 1	Tier 2
Long term	FAIL	FAIL

Bed Numbers	484
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Trust Type:	Acute
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	2013/14
Latest LTFM FRR	2

NTDA Performance Framework	3 (Concerns requiring investigation)
Care Quality Commission Rating	No Conditions

Reference Cost index	
Financial year:	2012/13
MFF adjusted	97
Non-MFF adjusted	88

Ratios	Required Tier 2	LTFM output loan of £5.446m
Minimum dividend cover	>1X	1.0
Minimum interest cover	>2X	1.3
Minimum debt service cover	>1.5X	1.1
Maximum debt service / net revenue	<10%	3.8%

Recommendation to Committee:	
The TDA has concluded that debt finance is unaffordable given the projected deficit position of the Trust and that cash support is required immediately in order to finance the Trust's deficit position and costs related to the transaction.	

NHS Trust Development Authority Covering Note

West Middlesex University Hospital NHS Trust

1. Background

- 1.1 West Middlesex University Hospital NHS Trust provides a full range of acute services to the population of the London Boroughs of Hounslow and Richmond and Twickenham, serving a population of circa 400,000. The NHS Trust has a turnover of £154.6 million in 2013/14. The NHS Trust operates from a single site, employs circa 1,800 staff and has 480 beds. The NHS Trust operates within a financially challenged Health Economy in North West London, with several Clinical Commissioning Groups (CCGs) forecasting deficits in 2013/14.
- 1.2 In 2009 West Middlesex University Hospital NHS Trust was designated as a Financially Challenged Trust as a result of the NHS Trusts historical over-spend position. The NHS Trust has only achieved the net surplus position shown in table 1 below (NHS adjusted financial performance) for the last three financial years with the receipt of non-recurring income as set out below.

Table 1: Adjusted financial performance

Adjusted NHS Performance surplus/(deficit)	Net surplus / (over-spend) £m	Non Recurrent income £m	Explanation of non-recurrent income
2010/11	0.2	2.0	PFI Non recurring income
2011/12	1.8	2.0	PFI Non recurring income
2012/13	1.7	5.9	£2m PFI Non recurring income and £3.9m transitional relief
2013/14	(4.8)	2.9	Transitional income

- 1.3 West Middlesex University Hospital NHS Trust submitted a final plan containing an over-spend position to the NHS Trust Development Authority (NHS TDA) for 2013/14 of £4.8 million.
- 1.4 West Middlesex University Hospital NHS Trust borrowed £17 million as a revenue support loan in August 2008. The first principal repayment was made in September 2008. There have been no subsequent repayments and the NHS Trust still owes £15.3 million against this loan. The NHS Trust has been unable to repay the loan due to cash shortages and has generated insufficient surpluses from operations to meet the capital repayments. Interest charges on the outstanding loan continue to be paid annually.
- 1.5 In January 2001 the West Middlesex University Hospital Trust let a Private Finance Initiative (PFI) contract to a private sector consortium to develop the Trust's site at Isleworth, and then to provide ongoing maintenance and facilities services. In addition the NHS Trust has other borrowings in the form of Salix loans provided for energy efficient capital schemes and leases for a MRI building and scanners and a PACS technology refresh. Table 2 overleaf analyses the level of borrowing outstanding at 31 March 2013.

Table 2: Level of borrowing outstanding as at 31 March 2013

Description	DH £m	Other £m	Total £m	Annual capital repayment £m	Annual interest repayment £m
DH Revenue Support Loan	15.3		15.3	- ¹	0.8
Salix Loans		0.5	0.5	0.2	-
PFI		37.9	37.9	0.6	4.1
Leases		1.4	1.4	0.2	0.1
Total Borrowings	15.3	39.8	55.1	0.9	5.0

2. Strategic reconfiguration

- 2.1 As a result of the underlying financial position of the West Middlesex University Hospital NHS Trust, the ongoing liquidity pressures and the requirement to achieve Foundation Trust status the NHS Trust Board have continued to consider the NHS Trusts long term future.
- 2.2 West Middlesex University Hospital NHS Trust, in discussion with NHS London and local commissioners agreed in May 2012 to conduct an options appraisal to determine the preferred route for the NHS Trust to achieve Foundation Trust status. Following this options appraisal process the NHS Trust concluded that the Trust could not achieve a viable Foundation Trust application by April 2014 which demonstrated financial viability in the short to medium term.
- 2.3 West Middlesex University Hospital NHS Trust Board then began a competitive options appraisal that resulted in a strategic options assessment report to the Trust Board which analysed the bids of two potential acquirers. The NHS Trust Board announced in April 2013 that Chelsea and Westminster NHS Foundation Trust was the preferred acquirer. The proposed transaction comprises the transfer of NHS Trust services, assets and liabilities to Chelsea and Westminster NHS Foundation Trust, forming an enlarged NHS Trust.
- 2.4 The proposed transaction is planned to take place in January 2015.

3. Financing and affordability

- 3.1 West Middlesex University Hospital NHS Trust is requesting permanent revenue PDC funding of £5.4 million in order to fund the cash consequences associated with the planned income and expenditure over-spend in 2013/14 of £4.848 million and to fund transaction related commitments of £0.598 million.
- 3.2 West Middlesex University Hospital NHS Trust completed a financing application and submitted this to the NHS TDA.

¹ The DH Revenue Support Loan was drawn in 2008 over a five year period with an annual capital repayment of £3.4 million. No repayments have been made since September 2008

3.3 Detailed analysis of the financing application has, in the view of the NHS TDA, shown that loan financing is unaffordable to West Middlesex University Hospital NHS Trust. The financial information contained within this application provides more detail but in summary the reasons for concluding debt finance is unaffordable are as follows:

- the NHS Trust has been in receipt of non-recurrent funding over recent years. In 2012/13 a total of £5.9 million of non-recurring income was received. The Trust received £2.0 million of non-recurrent income in 2011/12, 2010/11 and 2009/10 relating to the NHS Trusts PFI contract;
- the NHS Trust delivered an NHS performance surplus of £1.8 million against a plan of £1.6 million in 2011/12 after receipt of the non-recurrent income of £2.0 million. In 2012/13 the NHS Trust delivered a surplus of £1.7 million against a plan of £1.6 million after receipt of non-recurrent income of £2.0 million. The NHS Trust is forecasting a £4.8 million over-spend in 2013/14 increasing to a £8.9 million over-spend in 2014/15 and a £10.8 million over-spend in 2015/16. The NHS Trust is not generating sufficient surpluses to service further loan repayments;
- the NHS Trust has an existing Revenue Support Loan drawn in 2008 for £17 million. No repayments have been made against this loan since September 2008 and £15.3 million remains outstanding. The NHS Trust has been unable to afford the capital repayments against this loan due to ongoing liquidity issues. The interest payments continue to be made at the rate of £0.8 million each year. The NHS Trusts assumption is that the arrangements for any repayment / conversion of the loan will be dealt with at the time of acquisition by Chelsea and Westminster Foundation Trust;
- the NHS Trust has reasonable Cost Improvement Programme (CIP) delivery against CIP targets reporting full delivery over recent years. The NHS Trust is currently £0.6 million behind target in the current year and is forecasting full delivery of the £6.4 million target for the year, although there remains risk in the delivery of the NHS Trusts CIP position. The NHS Trust has further work required to develop CIP plans going forward for years beyond 2013/14;
- the NHS Trust fails its Tier 2 prudential borrowing assessment.

4. Conclusion

4.1 The NHS TDA recommends that £5.446 million of Public Dividend Capital is approved by the Committee for financial year 2013/14.

TRUST MANAGEMENT OFFICES

23 January, 2014

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Independent Trust Financing Facility (ITFF)
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Dear Sirs

Independent Trust Financing Facility: Application for PDC Finance

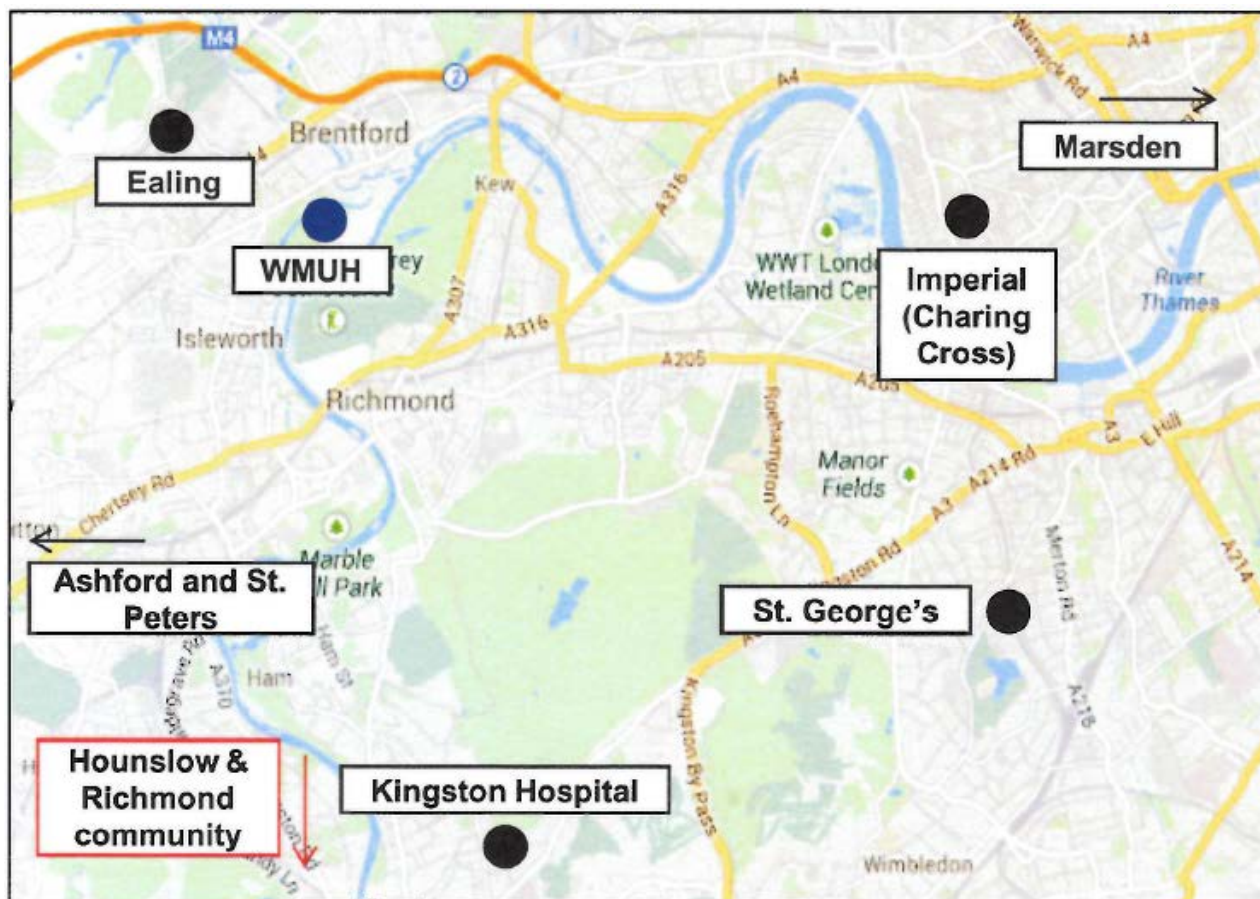
Reason for Loan or PDC request	To fund Trust planned deficit of £4.848m plus additional transaction related commitments of £0.598m.	
Full value of financing requirement (£'000)	5,446	
Type of loan requested (e.g. Revenue Support)	N/A	
Amount of Loan finance requested (£'000)	N/A	
Amount of Revenue or Capital PDC requested	Revenue PDC (£'000)	Capital PDC (£'000)
	5,446	
Is PDC requested on a Temporary or Permanent basis?	Permanent	
Repayment terms for loans and/or temporary PDC:	N/A	

Background

West Middlesex University Hospital (WMUH) is an acute hospital in Isleworth, West London providing a full range of hospital services to the residents of the London Boroughs of Hounslow and Richmond & Twickenham, serving a local population of c400,000.

WMUH's local commissioners of acute services are Hounslow CCG (70%), Richmond CCG (21%), Ealing CCG (8%) and other North West London CCGs (1%).

The Trust also provides services to local residents in association with: The Brompton Hospital, Great Ormond Street Hospital, The Royal Marsden Foundation Trust, Chelsea and Westminster Foundation Trust, North West London Hospitals, Ealing Hospital and Hammersmith and Charing Cross sites of Imperial Healthcare NHS Trust.



WMUH currently employs c1,800 staff and has c480 patient beds. The core medical services provided by the Trust include:

- Full emergency department service for major and minor accidents and trauma. The department is supported by a separate on site Urgent Care Centre.
- Acute and elective surgery and medical treatments such as day and inpatient surgery and endoscopy, outpatients, services for older people, acute stroke care and cancer services.
- Comprehensive maternity services including consultant led care, midwifery led Natural Birth Centre, community midwifery support, antenatal care, postnatal care and home births. There is also a Special Care Baby Unit.
- Children services including emergency assessment, inpatient and outpatient care.
- Diagnostic services.

In 2009 WMUH was designated as a financially challenged trust as a result of its historical underlying deficit. At 2012/13 the historical deficit stood at £18.0m.

PwC (external auditors) included an emphasis of matter paragraph in both the 2011/12 and 2012/13 audit opinions, which drew attention to the loan that the Trust has with the DH and the on-going challenges for the Trust in relation to its cash position.

The Trust borrowed £17m as a revenue support loan in August 2008. The first principal repayment was made in September 2008. There have been no subsequent repayments and the Trust still therefore owes £15.3m. The Trust has been unable to repay the loan due to cash shortages and being unable to make sufficient surpluses from operations. However, interest charges of £0.8m are paid annually on the outstanding balance.

Other borrowings include Salix loans (£0.5m), provided for energy efficient capital schemes and three leases totalling £1.4m for MRI building and scanners, and PACS technology refresh (£0.05m) expected to be paid off by the end of this financial year.

A PFI agreement established since 2001 and currently valued at c£37m attracts a total unitary payment including RPI of c£13m which includes a combined finance cost at a blended rate of c7.7%, excluding the cost of contingent rentals. The Trust has historically received PFI funding of £2.0m per annum via our commissioners which has not been agreed from this year forward.

The table below summarises the total borrowings of the Trust at the start of this financial year, 2013/14.

Borrowings Outstanding at 31 March 2013

Description	Term remaining	Finance cost	DH £m	Other £m	Total £m	Annual Repayments		Purpose of Loan
						Capital (£m)	Interest (£m)	
Loans	To be determined	5.3%	15.3	-	15.3	-	0.8	Revenue Support
Other loans (Salix)	1 - 3yrs	0%	-	0.5	0.5	0.2	-	Salix
PFI	23yrs	7.7%	-	37.9	37.9	0.6	4.1	
Leases	2 - 7yrs	6.0%	-	1.4	1.4	0.2	0.1	MRI/PACS
Total Borrowings			15.3	39.8	55.1	0.9	5.0	

Context for Financing Request

The Trust is requesting permanent PDC funding of £5.4m in order to fund the cash consequences associated with the planned deficit of £4.848m and to fund transaction related cost pressures of £0.598m.

Historically, the Trust has received PFI support which was given to the Trust on an annual basis (by the Strategic Health Authority) for at least the past four years. Additionally, in 2013/14 £3.9m was given to the Trust in the form of Transitional income to help with the Trust's underlying financial position. There are also additional commitments related to resourcing the transaction Strategic Outline Case (SOC) on professional advisors, financial modelling and project management.

In 2012 the Trust completed a detailed review of its ability to achieve Foundation Trust (FT) authorisation. This work concluded that the Trust was not in a position to obtain FT status by 2014 on its own and recommended that options to partner with another organisation are explored.

A proposed Transaction to merge WMUH with Chelsea and Westminster Hospital NHS Foundation Trust (CWFT) is underway and is expected to take place in January 2015. CWFT was selected by WMUH as its "preferred partner" based on the delivery of a number of commitments, following a competitive process during 2012/13 for which CWFT submitted a formal Expression of Interest. The proposed Transaction comprises the transfer of Trust services, assets and liabilities to CWFT, forming the Enlarged Trust.

Board Details

Tom Hayhoe – Chairman

Tom joined the Trust Board in 2010. He has served on NHS boards in West London since 1985, including as Deputy Chairman of Ealing, Hammersmith and Hounslow Health Authority, Chairman of the West London Pathology Consortium, regional chairman of the Advisory Committee for Clinical Excellence Awards, and Chairman of Building Better Health West London, the public private partnership that developed the award winning Heart of Hounslow Centre for Health. He is a Fitness to Practice Panel Chair for the Nursing and Midwifery Council and a Trustee of Arthritis Research UK.

He has spent most of his career in the private sector: as a management consultant with McKinsey & Company, the Brackenbury Group and The Chambers; and in retailing with W H Smith and Gamestation. He is a former church warden and school governor and former Vice Commodore of the Royal Ocean Racing Club.

Nick Gash - Non-executive Director

Nick joined the Trust Board in November 2005. He is a public affairs and policy consultant working with a range of clients in private and voluntary sector. He has a background in management in the voluntary sector having been the Director of the National Union of Students until 2004. He lives in Brentford.

Mark Jopling - Non-executive Director

Mark Jopling joined the Trust Board in May 2011. He is a highly experienced commercial director, working in technology and consumer companies, in the UK and internationally. Mark is currently responsible for a large Business Unit in British Telecom, and has worked for Vodafone, Nokia and Mars in the past. He brings to the Trust 10 years of Operating Board experience across sales, marketing, technology and customer operations. Mark also serves on the Development Board of Warwick Business School. Mark has lived locally for over 20 years.

Luke de Lord - Non-executive Director

Luke de Lord joined the Trust Board in November 2005. He is a highly experienced healthcare management consultant who has worked in the UK and abroad for 20 years. He provides advice to healthcare clients on a wide range of strategic and financial issues. Luke works for Finnamore Management Consultants. Prior to this, he was a Director with Grant Thornton UK LLP where he led the Project Finance Health Team, providing financial advice to Trusts and PCTs on NHS capital developments.

He brings to the Trust in depth knowledge of NHS procurement as well as strong commercial, financial and analytical skills.

Professor Jenny Higham - Non-executive Director

Professor Jenny Higham joined the Trust Board in the Imperial College position in May 2009. She has just under 25 years clinical experience and is a Consultant Gynaecologist, currently serving as the Head of Undergraduate Medicine at the Imperial College Faculty of Medicine.

A published author, Professor Higham is an expert in her field and has held many influential roles at the Royal College of Obstetrics and Gynaecology, including being on the Academic Committee as well as the Editor of the "MRCOG & Beyond" Book series.

She is also a member of the Fellowship of the Royal College of Gynaecologist and the Fellowship of Faculty of Family Planning.

Sarah Cuthbert - Non-executive Director

Sarah commenced working for the Trust in April 2013. She has been a NED and acting Chair at NHS Hounslow Primary Care Trust, NED on the NHS North West London Cluster Board and the laymember for governance and conflicts of interest and audit chair for the CWHH (Central London, West London, Hammersmith & Fulham, and Hounslow) shadow clinical commissioning groups.

Dame Jacqueline Docherty - Chief Executive

Jacqueline joined the Trust Board in February 2009 from King's College Hospital where she held the role of Deputy Chief Executive, Director of Operations & Nursing.

After qualifying as a nurse Jacqueline held a variety of posts including Theatre Sister at the Royal Free Hospital and Senior Nurse for Acute Services at Glasgow Royal Infirmary, before being appointed Deputy Director of Nursing at West Lothian NHS Trust.

In 1996, Jacqueline joined King's College Hospital as Executive Director of Nursing, and in 2001 became their Director of Operations. In 2007 she was appointed Deputy Chief Executive.

Jacqueline was Acting Chief Executive at King's from May to November 2008. Also, during her career Jacqueline was a member of the Management Executive at the Department of Health at the Scottish Office for 4 years.

Jacqueline is a trustee of the King's Fund and also the General Medical Council and she is Chair of the London Social Partnership Forum.

In 2004 Jacqueline was made a Dame Commander of the British Empire for services to nursing and the NHS.

Anne Gibbs - Director of Strategy and Deputy Chief Executive

Anne joined the Trust in August 2008 working part-time as Director of Business Development. She took up a full time position in December 2009 having worked part-time previously for the NHS Elect network across the UK providing marketing and business development support to members. Anne's role incorporates supporting the development of Trust strategy and partnership working and she is the Deputy Chief Executive.

Dr Stella Barnass - Medical Director

Dr Barnass is a Consultant Microbiologist and has been at West Middlesex for seven years. She became a member of the Trust Board in August 2010. She has led on a number of major projects including the contingency planning for Swine Flu, and was previously Clinical Director for Clinical Support Services.

Dominic Tkaczyk - Director of Finance (Interim)

Dominic joined the Trust in July 2013. He had previously worked at West Middlesex as interim Director of Finance in 2004-05. Dominic has spent most of his working life in the NHS and has worked in most sectors. His most immediate role before joining the Trust for a second time was as interim Director of Finance for the Bath, Gloucester, Swindon and Wiltshire Area Team.

Julie Hunt - Director of Operations and Nursing & Midwifery (Interim)

Julie joined the Board on 24 April 2013 from her previous post as Director of Operations at Dartford and Gravesham Hospital where she had been for 2 years.

Julie has over 30 years health service experience, is a qualified nurse and was Director of Nursing at a PCT in Kent before moving to Dartford Hospital.

Nina Singh – Director of Workforce & Development

Nina Singh was appointed as Director of Workforce & Development in 2001. Prior to this Nina was the Assistant Director Human Resources at Hounslow & Spelthorne Health Authority, and held a number of senior roles within the NHS working in PCTs and Health Authorities. Nina's extensive HR experience has been drawn both from the UK & USA where she was the Director of HR in a rehabilitation hospital in New Jersey. Recent contributions to the national agenda include 18 weeks project and the new ways of working programme as part of Skills for Health. Nina has both an Honours degree in Public Administration as and is completing an MSc in Human Resources Leadership.

Financial Position

Historical and planned financial information

The historic operating surpluses shown in the table below demonstrates that the Trust marginally delivers to plan except in 2008/09.

Adjusted NHS Performance surplus/(deficit)	Plan £m	Actual £m	Variance £m
2008/09	1.0	(3.5)	(4.5)
2009/10	(5.8)	(5.0)	0.8
2010/11	0.0	0.2	0.2
2011/12	1.6	1.8	0.2
2012/13	1.6	1.7	0.1

Source: Actual values from annual accounts and plan values from TFMS returns

£m	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
Turnover	149.6	148.9	154.2	154.6	148.0	144.2
EBITDA	11.8	13.7	13.5	6.6	2.6	2.5
Depreciation & Impairments	5.3	5.4	5.3	5.1	5.1	5.4
Net surplus/(deficit)	0.1	1.5	1.7	(5.0)	(9.1)	(10.2)
Adjusted NHS Performance surplus/(deficit)	0.2	1.8	1.7	(4.8)	(8.9)	(10.8)

Source: First three years from annual accounts and thereafter from LTFM

The Bridge schedule below sets out to show the normalised position of our financial performance from the start of the financial year to the closing forecast position for the next financial year.

	2013/14	2014/15
	£m	£m
Net Surplus / (deficit) - opening	1.7	(5.0)
Net Non Recurring Revenue / Expense	(6.6)	(2.1)
Normalised Net Surplus (Opening)	(4.9)	(7.1)
Activity related income movement	(2.7)	0.3
Casemix / price change income movement	7.7	0.0
Pay cost pressures	(7.0)	(1.2)
Non-pay cost pressures	(4.3)	(1.8)
CIPs	6.4	5.9
Other income	(2.5)	0.0
Income inflation	0.0	(2.0)
Cost inflation	0.0	(3.2)
Depreciation, Interest and Dividends	0.2	(0.1)
Normalised Net Surplus (Closing)	(7.1)	(9.1)
Net Non Recurring Revenue / Expense	2.1	0.0
Net Surplus / (Deficit) - Closing	(5.0)	(9.1)

Source: PDC LTFM

Net non recurrent items between 2012-13 and 2013-14 equates to £4.5m this is predominantly because the Trust had received PFI funding of £2.0m and £1.0m more transitional support.

The increase in non-pay generally relates to activity, but also includes £0.9m paid as a premium to our outsourced pathology provider for three months.

The increase in pay cost pressures is in line with casemix/activity changes/movements.

The following table shows details of the non-recurrent income received in each of the last four years:-

Financial Year	£m	Reason
2009/10	2,000	PFI Non recurring income
2010/11	2,000	PFI Non recurring income
2011/12	2,000	PFI Non recurring income
2012/13	5,900	£2m PFI Non recurring income and £3.9m transitional relief
2013/14	2,900	£2.9m transitional income

The movement between 2011/12 and 2012/13 of £3.9m represent transitional income as a result of the transfer of A&E minor activity to the Urgent Care Centre.

The table below sets out the planning assumptions and key outputs from the Trust's Long Term Financial Model.

Key Planning Assumptions

	2013/14	2014/15	2015/16
Inflation assumptions (%):			
Clinical Income inflation	-1.3%	-1.6% PbR -1.9% non-PbR	-1.6% PbR -1.9% non-PbR
Other Income inflation	0%	0%	0%
Pay inflation	1%	1%	1%

	2013/14	2014/15	2015/16
Inflation assumptions (%):			
Drug Price inflation	4.2%	4.2%	4.2%
Other cost inflation	2.8%	2.8%	2.8%
Risk Rating Metrics:			
EBITDA Margin (%)	4.3%	1.8%	1.7%
Net Return on Assets (%)	-4.9%	-9.2%	-11.5%
I&E surplus margin (%)	-3.3%	-6.1%	-7.0%
Liquidity ratio (days)	24.6	21.8	-6.0

Source: data from PDC LTFM

Information Requirements

Revenue

The Trust is requesting permanent PDC funding of £5.446m in order to pay for Transactions costs up to September 2013 of £0.598m and to fund the cash consequences of the Trust's operating deficit of £4.848m.

Cost Improvement Programmes

The tables below sets out the cost improvement programme for the Trust.

Cost improvement programmes (CIPs) as % of Income (Turnover) to support Trust position

	2010-11	2011-12	2012-13	2013-14	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
	CIPs	CIPs	CIPs	CIPs	CIPs	CIPs	CIPs	CIPs	CIPs	CIPs
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
CIPs Planned	Plan	Plan	Plan	Original Plan YTD to	Plan FY	Plan	Plan	Plan	Plan	Plan
Recurrent	9,400	11,978	6,462	3,055	5,698	5,877	5,907	5,935	7,292	6,980
Non-recurrent	0	222	538	518	739	0	0	0	0	0
Total Planned CIPs	9,400	12,200	7,000	3,573	6,437	5,877	5,907	5,935	7,292	6,980
Total Planned CIPs % of Income	6.3%	8.2%	4.5%	4.1%	4.2%	3.9%	4.1%	4.2%	3.7%	3.6%
Total CIPs % Achieved	100.0%	100.0%	100.2%	82.4%	100.0%					

	2010-11	2011-12	2012-13	2013-14	2013-14
	CIPs	CIPs	CIPs	CIPs	CIPs
	£'000	£'000	£'000	£'000	£'000
CIPs Actual	Actual	Actual	Actual	YTD Actual	Current Forecas
Recurrent	9,400	10,832	6,336	2,257	5,472
Non-recurrent	0	1,367	675	686	965
Total Actual/Forecast CIPs	9,400	12,200	7,011	2,943	6,437
Total Actual/Forecast CIPs % of Income	6.3%	8.2%	4.5%	3.3%	4.2%

The Trust has in the past embarked on redesign initiatives such as Clinical Admin reviews and Nursing reviews. In 2010, the Trust employed a Turnaround Director in order to help with service redesign and therefore the Trust was able to deliver c£20m over two years.

All Cost Improvement programmes are quality impact assessed by the Director of Operations and the Medical Director.

The Trust has been able to meet its CIP targets year-on-year with approximately 90% on a recurrent basis.

The Trust's latest MFF adjusted and Non-MFF adjusted Reference Cost Index

The MFF adjusted reference cost for 2012/13 is 97 and the Non-MFF adjusted value is 88.

Prudential Borrowing Assessment

The table below shows the impact of the Trust's financial plans on Prudential Borrowing Code ratios.

This is modelled based on £5.446m being received as a revenue support loan, re-payable over 10 years and demonstrates that a loan is unaffordable to the Trust based on both the Tier 1 and Tier 2 Prudential Borrowing ratios.

PBC Ratios - LTFM Outputs		Mar-14	Mar-15	Mar-16	Mar-17	Mar-18	Mar-19
Ratio Inputs		£m	£m	£m	£m	£m	£m
Total Revenue	+	154.6	148.0	144.2	142.8	198.8	194.0
Revenue Available for Debt Service	+	6.6	2.6	2.5	2.5	20.2	20.2
PDC Dividend	+	1.6	1.4	1.5	0.9	0.5	0.4
Total Interest Expenditure	+	5.0	5.2	5.3	5.4	5.2	5.4
Total Annual Debt Service	+	5.9	6.7	7.0	7.1	6.7	7.2
PBC Ratios							
Dividend Cover		1.0	-1.8	-1.9	-3.2	29.9	37.0
Interest Cover		1.3	0.5	0.5	0.5	3.8	3.7
Debt Service Cover		1.1	0.4	0.4	0.3	3.0	2.8
Debt Service to Revenue		3.8%	4.5%	4.8%	5.0%	3.4%	3.7%
Tier 1 Tests							
Dividend Cover (greater than)	1.0	PASS	FAIL	FAIL	FAIL	PASS	PASS
Interest Cover (greater than)	3.0	FAIL	FAIL	FAIL	FAIL	PASS	PASS
Debt Service Cover (greater than)	2.0	FAIL	FAIL	FAIL	FAIL	PASS	PASS
Debt Service to Revenue (less than)	2.5%	FAIL	FAIL	FAIL	FAIL	FAIL	FAIL
Tier 2 Tests							
Dividend Cover (greater than)	1.0	PASS	FAIL	FAIL	FAIL	PASS	PASS
Interest Cover (greater than)	2.0	FAIL	FAIL	FAIL	FAIL	PASS	PASS
Debt Service Cover (greater than)	1.5	FAIL	FAIL	FAIL	FAIL	PASS	PASS
Debt Service to Revenue (less than)	10.0%	PASS	PASS	PASS	PASS	PASS	PASS

Conclusion

The Trust is requesting permanent PDC funding of £5.4m in order to fund Trust planned deficit of £4.8m plus additional transaction related cost pressures of £0.6m. PDC is the preferred source of finance as the Trust does not have the liquidity capacity to absorb the associated loan interest cost and principal repayments. Furthermore, the Trust has been unable to pay the principal of an outstanding DH revenue support loan for £15.3m and has negotiated a deferral for the past five years. Taking all this into evaluating our borrowing capacity using the PBA test demonstrates that the Trust in its current position cannot take on additional debt. Therefore the Trust would like to apply for PDC funding of £5.4m which also ensures a cash balance of £1.0m is maintained at the end of this financial year.

Yours Sincerely



Dominic Tkaczyk
Director of Finance

INDEPENDENT TRUST FINANCING FACILITY

WEST MIDDLESEX UNIVERSITY HOSPITAL NHS TRUST FINANCING APPLICATION

Section 2

Presented by : NHS Trust Development Authority

HISTORIC FINANCIAL INFORMATION
WEST MIDDLESEX UNIVERSITY HOSPITAL NHS TRUST

STATEMENT OF COMPREHENSIVE INCOME	2010/11 £m	2011/12 £m	2012/13 £m
Mandatory Clinical Revenue	136.1	132.6	131.5
Non Mandatory Clinical Revenue	1.2	1.6	0.8
Other Operating income	12.3	14.7	21.9
Total Operating Revenue and Income	149.6	148.9	154.2
Total Operating Expenses	(137.9)	(135.3)	(140.6)
Operating Surplus / (deficit)	11.8	13.7	13.6
Adjustment for donated asset income	(0.0)	-	-
EBITDA	11.8	13.7	13.6
<i>EBITDA margin</i>	<i>8%</i>	<i>9%</i>	<i>9%</i>
Non-Operating income			
Gain/(loss) on asset disposals	-	0.0	-
Other Non-Operating income	-	-	-
Non-Operating expenses			
Impairment Losses (Reversals) net	-	(0.1)	(0.0)
Total Depreciation & Amortisation	(5.3)	(5.4)	(5.3)
Interest expense on overdrafts	0.0	0.0	0.0
Total interest payable on Loans and leases	(4.7)	(4.9)	(5.0)
PDC Dividend	(1.7)	(1.7)	(1.6)
Other Non-Operating expenses	-	-	-
Net Surplus/(Deficit)	0.1	1.5	1.7
<i>Net margin</i>	<i>0%</i>	<i>1%</i>	<i>1%</i>

STATEMENT OF FINANCIAL POSITION	2010/11 £m	2011/12 £m	2012/13 £m
NON CURRENT ASSETS			
Property, Plant and Equipment and intangible assets, Net	108.3	105.0	102.5
Property, plant & equipment (PFI)	-	-	-
PFI Other Assets	-	-	-
Investments, Non-Current	-	-	-
Trade and Other Receivables, Net, Non-Current (including prepayments)	0.5	0.5	-
Other Assets, Non-Current	-	-	-
Total Non-Current Assets	108.8	105.4	102.5
CURRENT ASSETS			
Inventories	1.4	1.3	1.7
NHS Trade Receivables, Current	3.6	5.1	2.7
Non NHS Trade Receivables, Current	0.1	1.8	1.7
Other Receivables, Current	0.8	0.4	0.7
Other Financial Assets, Current (e.g. accrued income)	2.2	-	1.4
Prepayments, Current, PFI related	-	-	-
Prepayments, Current, non-PFI related	0.3	0.3	0.4
Cash and Cash Equivalents	0.7	1.4	2.8
Other Assets, Current	-	-	-
Total Current Assets	9.1	10.2	11.4
CURRENT LIABILITIES			
Bank Overdraft and Working Capital Facility	-	-	-
Interest-Bearing Borrowings , Current (including accrued interest)	-	-	(0.2)
Deferred Income, Current	(0.3)	(0.5)	(0.7)
Provisions, Current	(0.8)	(0.4)	(0.2)
Trade Payables, Current	(1.2)	(8.2)	(5.0)
Other Payables, Current	(3.3)	(1.2)	(1.4)
Capital Payables, Current	(0.5)	(0.8)	(0.3)
Accruals, Current	(5.4)	(0.3)	(3.3)
Payments on Account	-	-	-
Finance Leases, Current	(0.2)	(0.2)	(0.2)
PDC dividend Payable, Current	(0.1)	-	0.1
Other Liabilities, Current	-	-	(0.6)
Total Current Liabilities	(11.9)	(11.7)	(11.8)
NET CURRENT ASSETS (LIABILITIES)	(2.7)	(1.4)	(0.4)
NON CURRENT LIABILITIES			
Interest-Bearing Borrowings, Non-Current	(15.4)	(15.4)	(15.6)
Deferred Income, Non-Current	-	-	-
Provisions, Non-Current	(0.5)	(0.5)	(0.5)
Trade and Other Payables, Non-Current	-	-	-
Finance Leases, Non-current	(1.4)	(1.3)	(1.2)
Other Liabilities, Non-Current	(39.6)	(38.7)	(37.3)
Total Non-Current Liabilities	(56.8)	(55.9)	(54.6)
TOTAL ASSETS EMPLOYED	49.2	48.1	47.5
TAXPAYERS' EQUITY			
Public dividend capital	21.4	21.4	21.4
Retained Earnings (Accumulated Losses)	(17.8)	(15.9)	(14.2)
Charitable Funds	-	-	-
Donated asset reserve	0.2	-	-
Revaluation reserve	45.4	42.6	40.4
Miscellaneous Other Reserves	0.0	-	-
TOTAL TAXPAYERS EQUITY	49.2	48.1	47.5

Source Data : Trust LTFM

STATEMENT OF CASH FLOWS	2010/11 £m	2011/12 £m	2012/13 £m
Operating Surplus / (Deficit)	11.8	13.7	13.6
Other increases/(decreases) to reconcile to profit/(loss) from operations	-	0.1	(0.1)
Operating cash flows before movements in working capital	11.8	13.7	13.5
Movement in working capital:			
(Increase)/decrease in Inventories	0.1	0.2	(0.4)
(Increase)/decrease in NHS Trade Receivables	1.4	(1.5)	2.4
(Increase)/decrease in Non NHS Trade Receivables	-	(1.8)	0.1
(Increase)/decrease in other Receivables	-	0.4	0.1
(Increase)/decrease in Other financial assets (e.g. accrued income)	-	2.2	(1.4)
(Increase)/decrease in Prepayments	-	(0.0)	(0.1)
(Increase)/decrease in Other assets	-	-	-
Increase/(decrease) in Deferred Income & Payments on account	-	0.1	0.3
Increase/(decrease) in Provisions	0.6	(0.3)	(0.2)
Increase/(decrease) in Trade Payables	(2.3)	7.0	(3.2)
Increase/(decrease) in Other Payables	-	(2.1)	0.2
Increase/(decrease) in PDC Dividend Payable	-	-	-
Increase/(decrease) in Accruals	-	(5.1)	3.0
Increase/(decrease) in Other liabilities	-	-	-
Increase/(decrease) in working capital	(0.2)	(0.9)	0.7
Increase/(decrease) in Non Current Provisions	-	(0.0)	0.0
Net cash inflow/(outflow) from operating activities	11.6	12.8	14.2
Cash flow from investing activities			
Property, plant and equipment expenditure	(4.0)	(4.8)	(5.7)
Proceeds on disposal of property, plant and equipment	-	0.2	0.0
Net cash inflow/(outflow) from investing activities	(4.0)	(4.6)	(5.6)
CF before Financing	7.5	8.2	8.6
Cash flow from financing activities			
Public Dividend Capital received	-	-	-
Public Dividend Capital repaid	-	-	-
Dividends paid	(1.8)	(1.8)	(1.7)
Interest (paid) on Loans and Leases	(4.7)	(4.9)	(5.0)
Interest (paid) on bank overdrafts and working capital facilities	-	-	-
Interest received on Cash and Cash Equivalents	0.0	0.0	0.0
Drawdown of Loans and Leases	-	-	0.5
Repayment of Loans and Leases	(0.9)	(0.9)	(1.1)
Other cash flows from financing activities	-	-	-
Net cash inflow/(outflow) from financing	(7.4)	(7.5)	(7.2)
Taxes paid	-	-	-
Net cash outflow/inflow	0.2	0.7	1.4

	2011/12	2012/13
Risk Rating Metrics		
EBITDA Margin	9.2%	8.8%
EBITDA % Achieved	105.1%	103.6%
NRAF (Net return after financing)	1.6%	1.6%
I&E Surplus Margin	1.1%	1.1%
Liquid Ratio	21.3	24.2
Overall FRR	3	3

FORECAST FINANCIAL INFORMATION
WEST MIDDLESEX UNIVERSITY HOSPITAL NHS TRUST

Loan assumption

STATEMENT OF COMPREHENSIVE INCOME	2013/14 £m	2014/15 £m	2015/16 £m	2016/17 £m
Mandatory Clinical Revenue	136.5	134.9	133.0	131.6
Non Mandatory Clinical Revenue	0.6	0.6	0.6	0.6
Other Operating income	17.4	12.5	10.6	10.6
Total Operating Revenue and Income	154.6	148.0	144.2	142.8
Total Operating Expenses	(148.0)	(145.4)	(141.7)	(140.3)
Operating Surplus / (deficit)	6.6	2.6	2.5	2.5
Adjustment for donated asset income	-	-	-	-
EBITDA	6.6	2.6	2.5	2.5
<i>EBITDA margin</i>	4%	2%	2%	2%
Non-Operating income				
Gain/(loss) on asset disposals	0.0	-	-	-
Other Non-Operating income	-	-	-	-
Non-Operating expenses				
Impairment Losses (Reversals) net	-	-	-	-
Total Depreciation & Amortisation	(5.1)	(5.1)	(5.4)	(5.5)
Interest expense on overdrafts	0.0	0.0	-	-
Total interest payable on Loans and leases	(5.0)	(5.2)	(5.3)	(5.4)
PDC Dividend	(1.6)	(1.4)	(1.5)	(0.9)
Other Non-Operating expenses	-	-	-	-
Net Surplus/(Deficit)	(5.0)	(9.1)	(9.7)	(9.3)
<i>Net margin</i>	-3%	-6%	-7%	-6%

STATEMENT OF FINANCIAL POSITION	2013/14 £m	2014/15 £m	2015/16 £m	2016/17 £m
NON CURRENT ASSETS				
Property, Plant and Equipment and intangible assets, Net	73.3	74.1	74.9	75.1
Property, plant & equipment (PFI)	31.6	31.4	31.1	30.8
PFI Other Assets	-	-	-	-
Investments, Non-Current	-	-	-	-
Trade and Other Receivables, Net, Non-Current (including prepayment:	-	-	-	-
Other Assets, Non-Current	-	-	-	-
Total Non-Current Assets	105.0	105.6	106.0	105.9
CURRENT ASSETS				
Inventories	1.7	1.7	1.7	1.7
NHS Trade Receivables, Current	4.9	4.9	4.8	4.8
Non NHS Trade Receivables, Current	2.1	2.3	2.3	2.3
Other Receivables, Current	0.3	0.3	0.3	0.3
Other Financial Assets, Current (e.g. accrued income)	1.7	1.7	1.7	1.7
Prepayments, Current, PFI related	-	-	-	-
Prepayments, Current, non-PFI related	0.5	0.5	0.5	0.5
Cash and Cash Equivalents	1.0	(8.8)	(20.2)	(31.6)
Other Assets, Current	-	-	-	-
Total Current Assets	12.2	2.6	(8.8)	(20.3)
CURRENT LIABILITIES				
Bank Overdraft and Working Capital Facility	-	-	-	-
Interest-Bearing Borrowings , Current (including accrued interest)	(0.7)	(0.7)	(0.6)	(0.5)
Deferred Income, Current	(0.3)	(0.3)	(0.3)	(0.3)
Provisions, Current	(0.2)	(0.2)	(0.2)	(0.2)
Trade Payables, Current	(5.0)	(4.8)	(4.8)	(4.9)
Other Payables, Current	(3.5)	(3.5)	(3.5)	(3.4)
Capital Payables, Current	(0.2)	(2.0)	(2.4)	(1.9)
Accruals, Current	(3.6)	(3.6)	(3.6)	(3.6)
Payments on Account	-	-	-	-
Finance Leases, Current	(0.1)	(0.1)	(0.2)	(0.2)
PDC dividend Payable, Current	-	-	-	-
Other Liabilities, Current	(0.7)	(0.9)	(1.0)	(0.7)
Total Current Liabilities	(14.2)	(16.0)	(16.6)	(15.7)
NET CURRENT ASSETS (LIABILITIES)	(2.0)	(13.5)	(25.4)	(36.0)
NON CURRENT LIABILITIES				
Interest-Bearing Borrowings, Non-Current	(20.4)	(19.7)	(19.1)	(18.6)
Deferred Income, Non-Current	-	-	-	-
Provisions, Non-Current	(0.5)	(0.5)	(0.4)	(0.4)
Trade and Other Payables, Non-Current	-	-	-	-
Finance Leases, Non-current	(1.1)	(0.9)	(0.8)	(0.6)
Other Liabilities, Non-Current	(36.6)	(35.8)	(34.8)	(34.0)
Total Non-Current Liabilities	(58.6)	(56.9)	(55.1)	(53.6)
TOTAL ASSETS EMPLOYED	44.3	35.2	25.5	16.3
TAXPAYERS' EQUITY				
Public dividend capital	21.7	21.7	21.7	21.7
Retained Earnings (Accumulated Losses)	(17.7)	(26.8)	(36.5)	(45.8)
Charitable Funds	-	-	-	-
Donated asset reserve	-	-	-	-
Revaluation reserve	40.4	40.4	40.4	40.4
Miscellaneous Other Reserves	-	-	-	-
TOTAL TAXPAYERS EQUITY	44.3	35.2	25.5	16.3

Source Data : Trust LTFM

STATEMENT OF CASH FLOWS	2013/14 £m	2014/15 £m	2015/16 £m	2016/17 £m
Operating Surplus / (Deficit)	6.6	2.6	2.5	2.5
Other increases/(decreases) to reconcile to profit/(loss) from operations	-	-	-	-
Operating cash flows before movements in working capital	6.6	2.6	2.5	2.5
Movement in working capital:				
(Increase)/decrease in Inventories	-	-	-	-
(Increase)/decrease in NHS Trade Receivables	(2.2)	0.0	0.0	0.1
(Increase)/decrease in Non NHS Trade Receivables	(0.2)	(0.3)	0.0	0.0
(Increase)/decrease in other Receivables	0.4	-	-	-
(Increase)/decrease in Other financial assets (e.g. accrued income)	(0.3)	-	-	-
(Increase)/decrease in Prepayments	(0.1)	-	-	-
(Increase)/decrease in Other assets	-	-	-	-
Increase/(decrease) in Deferred Income & Payments on account	(0.4)	-	-	-
Increase/(decrease) in Provisions	(0.2)	-	-	-
Increase/(decrease) in Trade Payables	(0.0)	(0.1)	0.0	0.0
Increase/(decrease) in Other Payables	2.1	-	-	(0.1)
Increase/(decrease) in PDC Dividend Payable	-	-	-	-
Increase/(decrease) in Accruals	0.3	-	-	-
Increase/(decrease) in Other liabilities	-	-	-	-
Increase/(decrease) in working capital	(0.6)	(0.3)	0.0	0.0
Increase/(decrease) in Non Current Provisions	-	(0.0)	(0.0)	(0.0)
Net cash inflow/(outflow) from operating activities	6.0	2.2	2.5	2.5
Cash flow from investing activities				
Property, plant and equipment expenditure	(6.4)	(4.0)	(5.4)	(5.8)
Proceeds on disposal of property, plant and equipment	0.3	-	-	-
Net cash inflow/(outflow) from investing activities	(6.1)	(4.0)	(5.4)	(5.8)
CF before Financing	(0.1)	(1.8)	(2.9)	(3.4)
Cash flow from financing activities				
Public Dividend Capital received	0.3	-	-	-
Public Dividend Capital repaid	-	-	-	-
Dividends paid	(1.5)	(1.4)	(1.5)	(0.9)
Interest (paid) on Loans and Leases	(5.0)	(5.2)	(5.3)	(5.4)
Interest (paid) on bank overdrafts and working capital facilities	-	-	-	-
Interest received on Cash and Cash Equivalents	0.0	0.0	-	-
Drawdown of Loans and Leases	5.4	-	-	-
Repayment of Loans and Leases	(0.9)	(1.5)	(1.7)	(1.8)
Other cash flows from financing activities	-	-	-	-
Net cash inflow/(outflow) from financing	(1.7)	(8.1)	(8.4)	(8.0)
Taxes paid	-	-	-	-
Net cash outflow/inflow	(1.8)	(9.9)	(11.4)	(11.4)

	2013/14	2014/15	2015/16	2016/17
Risk Rating Metrics				
EBITDA Margin	4.3%	1.8%	1.7%	1.7%
EBITDA % Achieved	97.2%	97.2%	100.0%	100.0%
NRAF (Net return after financing)	-4.9%	-9.2%	-11.1%	-12.1%
I&E Surplus Margin	-3.3%	-6.2%	-6.7%	-6.5%
Liquid Ratio	25	20	-9	-40
Overall FRR	2	2	1	1

FORECAST FINANCIAL INFORMATION
WEST MIDDLESEX UNIVERSITY HOSPITAL NHS TRUST

PDC assumption

STATEMENT OF COMPREHENSIVE INCOME	2013/14 £m	2014/15 £m	2015/16 £m	2016/17 £m
Mandatory Clinical Revenue	136.5	134.9	133.0	131.6
Non Mandatory Clinical Revenue	0.6	0.6	0.6	0.6
Other Operating Income	17.4	12.5	10.6	10.6
Total Operating Revenue and Income	154.6	148.0	144.2	142.8
Total Operating Expenses	(148.0)	(145.4)	(141.7)	(140.3)
Operating Surplus / (deficit)	6.6	2.6	2.5	2.5
Adjustment for donated asset income	-	-	-	-
EBITDA	6.6	2.6	2.5	2.5
<i>EBITDA margin</i>	<i>4%</i>	<i>2%</i>	<i>2%</i>	<i>2%</i>
Non-Operating income				
Gain/(loss) on asset disposals	0.0	-	-	-
Other Non-Operating income	-	-	-	-
Non-Operating expenses				
Impairment Losses (Reversals) net	-	-	-	-
Total Depreciation & Amortisation	(5.1)	(5.1)	(5.4)	(5.5)
Interest expense on overdrafts	0.0	0.0	-	-
Total interest payable on Loans and leases	(5.0)	(5.0)	(5.2)	(5.2)
PDC Dividend	(1.6)	(1.5)	(2.1)	(1.5)
Other Non-Operating expenses	-	-	-	-
Net Surplus/(Deficit)	(5.0)	(9.1)	(10.2)	(9.8)
<i>Net margin</i>	<i>-3%</i>	<i>-6%</i>	<i>-7%</i>	<i>-7%</i>

STATEMENT OF FINANCIAL POSITION	2013/14 £m	2014/15 £m	2015/16 £m	2016/17 £m
NON CURRENT ASSETS				
Property, Plant and Equipment and intangible assets, Net	73.3	74.1	74.9	75.1
Property, plant & equipment (PFI)	31.6	31.4	31.1	30.8
PFI Other Assets	-	-	-	-
Investments, Non-Current	-	-	-	-
Trade and Other Receivables, Net, Non-Current (including prepayment:	-	-	-	-
Other Assets, Non-Current	-	-	-	-
Total Non-Current Assets	105.0	105.6	106.0	105.9
CURRENT ASSETS				
Inventories	1.7	1.7	1.7	1.7
NHS Trade Receivables, Current	4.9	4.9	4.8	4.8
Non NHS Trade Receivables, Current	2.1	2.3	2.3	2.3
Other Receivables, Current	0.3	0.3	0.3	0.3
Other Financial Assets, Current (e.g. accrued income)	1.7	1.7	1.7	1.7
Prepayments, Current, PFI related	-	-	-	-
Prepayments, Current, non-PFI related	0.5	0.5	0.5	0.5
Cash and Cash Equivalents	1.0	(8.2)	(19.5)	(30.9)
Other Assets, Current	-	-	-	-
Total Current Assets	12.2	3.2	(8.2)	(19.6)
CURRENT LIABILITIES				
Bank Overdraft and Working Capital Facility	-	-	-	-
Interest-Bearing Borrowings , Current (including accrued interest)	(0.1)	(0.1)	(0.1)	-
Deferred Income, Current	(0.3)	(0.3)	(0.3)	(0.3)
Provisions, Current	(0.2)	(0.2)	(0.2)	(0.2)
Trade Payables, Current	(5.0)	(4.8)	(4.8)	(4.9)
Other Payables, Current	(3.5)	(3.5)	(3.5)	(3.4)
Capital Payables, Current	(0.2)	(2.0)	(2.4)	(1.9)
Accruals, Current	(3.6)	(3.6)	(3.6)	(3.6)
Payments on Account	-	-	-	-
Finance Leases, Current	(0.1)	(0.1)	(0.2)	(0.2)
PDC dividend Payable, Current	-	-	-	-
Other Liabilities, Current	(0.7)	(0.9)	(1.0)	(0.7)
Total Current Liabilities	(13.7)	(15.5)	(16.0)	(15.2)
NET CURRENT ASSETS (LIABILITIES)	(1.5)	(12.3)	(24.2)	(34.8)
NON CURRENT LIABILITIES				
Interest-Bearing Borrowings, Non-Current	(15.5)	(15.4)	(15.3)	(15.3)
Deferred Income, Non-Current	-	-	-	-
Provisions, Non-Current	(0.5)	(0.5)	(0.4)	(0.4)
Trade and Other Payables, Non-Current	-	-	-	-
Finance Leases, Non-current	(1.1)	(0.9)	(0.8)	(0.6)
Other Liabilities, Non-Current	(36.6)	(35.8)	(34.8)	(34.0)
Total Non-Current Liabilities	(53.7)	(52.5)	(51.3)	(50.4)
TOTAL ASSETS EMPLOYED	49.8	40.7	30.6	20.8
TAXPAYERS' EQUITY				
Public dividend capital	27.1	27.1	27.1	27.1
Retained Earnings (Accumulated Losses)	(17.7)	(26.8)	(36.9)	(46.7)
Charitable Funds	-	-	-	-
Donated asset reserve	-	-	-	-
Revaluation reserve	40.4	40.4	40.4	40.4
Miscellaneous Other Reserves	-	-	-	-
TOTAL TAXPAYERS EQUITY	49.8	40.7	30.6	20.8

STATEMENT OF CASH FLOWS	2013/14 £m	2014/15 £m	2015/16 £m	2016/17 £m
Operating Surplus / (Deficit)	6.6	2.6	2.5	2.5
Other increases/(decreases) to reconcile to profit/(loss) from operations	-	-	-	-
Operating cash flows before movements in working capital	6.6	2.6	2.5	2.5
Movement in working capital:				
(Increase)/decrease in Inventories	-	0.0	-	-
(Increase)/decrease in NHS Trade Receivables	(2.2)	-	0.0	0.1
(Increase)/decrease in Non NHS Trade Receivables	(0.2)	(0.3)	0.0	0.0
(Increase)/decrease in other Receivables	0.4	-	-	-
(Increase)/decrease in Other financial assets (e.g. accrued income)	(0.3)	-	-	-
(Increase)/decrease in Prepayments	(0.1)	-	-	-
(Increase)/decrease in Other assets	-	-	-	-
Increase/(decrease) in Deferred Income & Payments on account	(0.4)	-	-	-
Increase/(decrease) in Provisions	(0.2)	-	-	-
Increase/(decrease) in Trade Payables	(0.0)	(0.1)	0.0	0.0
Increase/(decrease) in Other Payables	2.1	-	-	(0.1)
Increase/(decrease) in PDC Dividend Payable	-	-	-	-
Increase/(decrease) in Accruals	0.3	-	-	-
Increase/(decrease) in Other liabilities	-	-	-	-
Increase/(decrease) in working capital	(0.6)	(0.3)	0.0	0.0
Increase/(decrease) in Non Current Provisions	-	(0.0)	(0.0)	(0.0)
Net cash inflow/(outflow) from operating activities	6.0	2.2	2.5	2.5
Cash flow from investing activities				
Property, plant and equipment expenditure	(6.4)	(4.0)	(5.4)	(5.8)
Proceeds on disposal of property, plant and equipment	0.3	-	-	-
Net cash inflow/(outflow) from investing activities	(6.1)	(4.0)	(5.4)	(5.8)
CF before Financing	(0.1)	(1.8)	(2.9)	(3.4)
Cash flow from financing activities				
Public Dividend Capital received	5.8	-	-	-
Public Dividend Capital repaid	-	-	-	-
Dividends paid	(1.5)	(1.5)	(2.1)	(1.5)
Interest (paid) on Loans and Leases	(5.0)	(5.0)	(5.2)	(5.2)
Interest (paid) on bank overdrafts and working capital facilities	-	-	-	-
Interest received on Cash and Cash Equivalents	0.0	0.0	-	-
Drawdown of Loans and Leases	-	-	-	-
Repayment of Loans and Leases	(0.9)	(1.0)	(1.1)	(1.2)
Other cash flows from financing activities	-	-	-	-
Net cash inflow/(outflow) from financing	(1.7)	(7.5)	(8.4)	(8.0)
Taxes paid	-	-	-	-
Net cash outflow/inflow	(1.8)	(9.3)	(11.3)	(11.4)

	2013/14	2014/15	2015/16	2016/17
Risk Rating Metrics				
EBITDA Margin	4.3%	1.8%	1.7%	1.7%
EBITDA % Achieved	97.2%	97.2%	100.0%	100.0%
NRAF (Net return after financing)	-4.9%	-9.2%	-11.5%	-12.7%
I&E Surplus Margin	-3.3%	-6.1%	-7.0%	-6.9%
Liquid Ratio	25	22	-6	-37
Overall FRR	2	2	1	1

WEST MIDDLESEX UNIVERSITY HOSPITAL NHS TRUST

2014/15	2015/16	2016/17	2017/18	2018/19
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Inflation Assumptions - Input

Protected Revenue Inflation

Elective

1 Base

-1.6%	-1.6%	-1.6%	-1.6%	-1.6%
-------	-------	-------	-------	-------

Protected Revenue Inflation

Non elective

1 Base

-1.6%	-1.6%	-1.6%	-1.6%	-1.6%
-------	-------	-------	-------	-------

Protected Revenue Inflation

Outpatient

1 Base

-1.7%	-1.7%	-1.7%	-1.7%	-1.7%
-------	-------	-------	-------	-------

Protected Revenue Inflation

A&E

1 Base

-1.6%	-1.6%	-1.6%	-1.6%	-1.6%
-------	-------	-------	-------	-------

Protected Revenue Inflation

Other clinical - Tariff

1 Base

-1.6%	-1.6%	-1.6%	-1.6%	-1.6%
-------	-------	-------	-------	-------

Protected Revenue Inflation

Other clinical - Non Tariff

1 Base

-1.9%	-1.9%	-1.9%	-1.9%	-1.9%
-------	-------	-------	-------	-------

Protected Revenue Inflation

Other block or Cost and Volume contract

1 Base

-1.9%	-1.9%	-1.9%	-1.9%	-1.9%
-------	-------	-------	-------	-------

Protected Revenue Inflation

Other block or Cost and Volume contract

1 Base

-1.9%	-1.9%	-1.9%	-1.9%	-1.9%
-------	-------	-------	-------	-------

Protected/Mandatory Clinical Income Inflation

Clinical Partnerships providing mandatory services (including S75 agreements)

1 Base

-1.9%	-1.9%	-1.9%	-1.9%	-1.9%
-------	-------	-------	-------	-------

Protected/Mandatory Clinical Income Inflation

Clinical income for the Secondary Commissioning of mandatory services

1 Base

-1.9%	-1.9%	-1.9%	-1.9%	-1.9%
-------	-------	-------	-------	-------

Protected/Mandatory Clinical Income Inflation

Other clinical income from mandatory services

1 Base

-1.9%	-1.9%	-1.9%	-1.9%	-1.9%
-------	-------	-------	-------	-------

Non Protected/Non Mandatory Clinical income inflation

1 Base

-1.9%	-1.9%	-1.9%	-1.9%	-1.9%
-------	-------	-------	-------	-------

Other revenue Inflation

Education & training

1 Base

0.0%	0.0%	0.0%	0.0%	0.0%
------	------	------	------	------

Research & Development

1 Base

0.0%	0.0%	0.0%	0.0%	0.0%
------	------	------	------	------

Other revenue

1 Base

0.0%	0.0%	0.0%	0.0%	0.0%
------	------	------	------	------

Employee Benefit Expenses

1 Base

1.0%	1.0%	1.0%	1.0%	1.0%
------	------	------	------	------

Drug expenses

1 Base

4.2%	4.2%	4.2%	4.2%	4.2%
------	------	------	------	------

Clinical supplies and services expenses

1 Base

2.8%	2.8%	2.8%	2.8%	2.8%
------	------	------	------	------

Shared services expenses

1 Base

2.8%	2.8%	2.8%	2.8%	2.8%
------	------	------	------	------

CNST Contributions

1 Base

2.8%	2.8%	2.8%	2.8%	2.8%
------	------	------	------	------

Other expenses

1 Base

2.8%	2.8%	2.8%	2.8%	2.8%
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WEST MIDDLESEX UNIVERSITY HOSPITAL NHS TRUST

ADDITIONAL TRUST KPIs

2014/15	2015/16	2016/17	2017/18	2018/19
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£m unless otherwise stated

Key Assumptions - Activity

Trust view of financial efficiency modelled		4.2%	4.2%	4.2%	4.2%	4.2%
<u>Activity/Capacity</u>						
Elective	000's	14.6	14.9	15.2	15.6	15.6
Non elective	000's	32.8	32.7	32.7	33.4	33.4
Outpatient	000's	223.7	221.9	220.8	221.7	221.1
A&E	000's	54.0	52.5	51.4	51.3	51.1
Other clinical - Tariff	000's	0.0	0.0	0.0	0.0	0.0
Other clinical - Non Tariff	000's	6.8	6.9	6.9	7.0	6.9
Other block or Cost and Volume contract	000's	0.0	0.0	0.0	0.0	0.0
Other block or Cost and Volume contract	000's	0.0	0.0	0.0	0.0	0.0
Clinical Partnerships providing mandatory services (including S75 agreements)	000's	0.0	0.0	0.0	0.0	0.0
Clinical income for the Secondary Commissioning of mandatory services	000's	0.0	0.0	0.0	0.0	0.0
Other clinical income from mandatory services	000's	0.0	0.0	0.0	0.0	0.0

Operational KPIs

Specific KPIs

Patient stay

Average Length of Stay (Elective)	Days	0.5	0.5	0.5	0.5	0.5
Average length of stay (exc Day Cases)	Days	2.9	2.9	2.9	3.1	3.1
Average Length of Stay (Non Elective)	Days	4.3	4.2	4.2	4.2	4.2
Bed Occupancy - Acute	%	93%	93%	93%	93%	93%
Delayed discharges	%	3%	3%	3%	3%	3%
New to follow up outpatient ratio	%	2%	2%	2%	2%	2%
Readmission rate	%	8%	8%	8%	8%	8%

Total Bed numbers

484.0	484.0	484.0	484.0	484.0
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Staff related:

Staff Turnover	%	8%	8%	8%	8%	8%
Staff sickness rates (long term rate)	%	2%	2%	2%	2%	2%
Staff sickness rates (short term rate)	%	1%	1%	1%	1%	1%
Percentage of vacancies	%	7%	7%	7%	7%	7%
Number of consultant PA sessions per week	#	1,134.3	1,122.5	1,172.7	1,265.5	1,237.5
% of staff appraisals in last 12 months	%	85%	85%	85%	85%	85%
Catchment population (excluding tourists)	000's	400.0	400.0	400.0	400.0	400.0
Catchment population (at peak, i.e. including tourists)	000's	400.0	400.0	400.0	400.0	400.0

Backlog maintenance (expected levels of backlog in the forecast years)

To be cleared within 5 years (real)	000's	(650.0)	(650.0)	0.0	0.0	0.0
To be cleared within 5 years to 10 years (real)	000's	0.0	0.0	0.0	0.0	0.0
To be cleared after 10 years (real)	000's	0.0	0.0	0.0	0.0	0.0
Total expected backlog		(650.0)	(650.0)	0.0	0.0	0.0

Acute KPIs

Theatre Utilisation	%	85%	85%	85%	85%	85%
Day Case Percentage (Day Cases/ Spells)	%	85%	85%	85%	85%	85%

Average Number of staff - Non Agency

Consultant costs	WTE	113.4	112.3	117.3	126.5	123.8
GP costs	WTE	0.0	0.0	0.0	0.0	0.0
Dental consultant costs	WTE	0.0	0.0	0.0	0.0	0.0
Dental costs	WTE	0.0	0.0	0.0	0.0	0.0
Junior medical costs	WTE	252.9	252.1	251.8	252.7	251.7
Nursing, midwifery & health visitors - inpatient costs	WTE	681.5	637.0	594.6	553.0	501.1
Nursing, midwifery & health visitors - community costs	WTE	0.0	0.0	0.0	0.0	0.0
Other clinical staff - Social care workers	WTE	0.0	0.0	0.0	0.0	0.0
Other clinical staff costs	WTE	237.8	232.8	227.8	222.8	217.8
Scientific, therapeutic, & technical costs	WTE	180.1	173.2	165.7	158.0	151.7
Non clinical staff costs	WTE	326.8	306.1	285.4	264.7	243.9
Total	WTE	1,792.6	1,713.5	1,642.6	1,577.7	1,490.0

CIPs

CIP as a % of income	%	7.6%	11.9%	16.2%	15.3%	19.3%
CIP as a % of cost base	%	7.6%	11.3%	14.8%	15.3%	18.4%
In year CIP as a % of cost base	%	4.1%	4.1%	4.1%	3.9%	3.8%

Capex

Maintenance Capex/ Deprn charge	£'000s	0.2	0.2	0.2	0.2	0.2
Total Capex/ Deprn charge	£'000s	0.9	0.9	0.8	0.6	0.6

SOURCE : O_KPI

WEST MIDDLESEX UNIVERSITY HOSPITAL NHS TRUST
Prudential Borrowing Key Outputs

Monitor PBC - As per LTFM inclusive of proposed loan

PBC Ratios - LTFM Outputs		Mar-14	Mar-15	Mar-16	Mar-17	Mar-18	Mar-19
Ratio Inputs		£m	£m	£m	£m	£m	£m
Total Revenue	+	154.6	148.0	144.2	142.8	198.8	194.0
Revenue Available for Debt Service	+	6.6	2.6	2.5	2.5	20.2	20.2
PDC Dividend	+	1.6	1.4	1.5	0.9	0.5	0.4
Total Interest Expenditure	+	5.0	5.2	5.3	5.4	5.2	5.4
Total Annual Debt Service	+	5.9	6.7	7.0	7.1	6.7	7.2
PBC Ratios							
Dividend Cover		1.0	-1.8	-1.9	-3.2	29.9	37.0
Interest Cover		1.3	0.5	0.5	0.5	3.8	3.7
Debt Service Cover		1.1	0.4	0.4	0.3	3.0	2.8
Debt Service to Revenue		3.8%	4.5%	4.8%	5.0%	3.4%	3.7%
Tier 1 Tests							
Dividend Cover (greater than)	1.0	PASS	FAIL	FAIL	FAIL	PASS	PASS
Interest Cover (greather than)	3.0	FAIL	FAIL	FAIL	FAIL	PASS	PASS
Debt Service Cover (greater than)	2.0	FAIL	FAIL	FAIL	FAIL	PASS	PASS
Debt Service to Revenue (less than)	2.5%	FAIL	FAIL	FAIL	FAIL	FAIL	FAIL
Tier 2 Tests							
Dividend Cover (greater than)	1.0	PASS	FAIL	FAIL	FAIL	PASS	PASS
Interest Cover (greather than)	2.0	FAIL	FAIL	FAIL	FAIL	PASS	PASS
Debt Service Cover (greater than)	1.5	FAIL	FAIL	FAIL	FAIL	PASS	PASS
Debt Service to Revenue (less than)	10.0%	PASS	PASS	PASS	PASS	PASS	PASS