

INDEPENDENT TRUST FINANCING FACILITY

PLYMOUTH HOSPITALS NHS TRUST FINANCING APPLICATION

Presented by : NHS Trust Development Authority

INDEPENDENT TRUST FINANCING FACILITY

PLYMOUTH HOSPITALS NHS TRUST

FINANCING APPLICATION

Table of Contents

Section		Page No.
1.	Application.....	1
	NHS TDA Covering Note.....	2
	NHS Trust Covering Letter.....	5
2.	Historic Financial Information.....	18
	Forecast Financial Information - Loan assumptions.....	19
	Forecast Financial Information - PDC assumptions.....	20
	Inflation Assumptions.....	21
	Trust KPIs from Trust LTFM.....	22
	Prudential Borrowing Assessment A.....	23
	- standard approach	
	Prudential Borrowing Assessment B.....	24
	- adjusted to remove PDC Dividend from Revenue Available for Debt Service	

INDEPENDENT TRUST FINANCING FACILITY

PLYMOUTH HOSPITALS NHS TRUST

FINANCING APPLICATION

Section 1

Presented by : NHS Trust Development Authority

Independent Trust Financing Facility : Financing Application

Name of Trust:	Plymouth Hospitals NHS Trust
Amount Proposed:	£13m
Date of Application:	4th December 2013

Main Commissioners:		
(£000)	Income (£m)	%
New Devon CCG	171	47.5%
NHS England (Specialist Commissioning)	130	36.0%
Kernow CCG	51	14.2%
South Devon and Torbay CCG	4	1.0%
Other	5	1.3%
Total Income	360	100.0%
Data quoted from Financial Year	2013/14	

Existing Loans:	Limit £000	Drawn £000	Outstanding - Sep 13 £'000	Maturity Date	Interest Rate	Annual capital repayment £000	Purpose of loan
PFI							
Non PFI :							
CIL/08-09/RK9/1/2009-03-16	7,000	3,850	3,150	15/03/2019	2.69%	700	Expansion of the capital programme including CT scanner, Intensive care equipment and main entrance
Total Existing	7,000	3,850	3,150			700	

New Financing Proposed	13,000
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Purpose of new financing:	To support the Trust's cash position as a consequence of the Trust planned deficit in 13/14
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	PBA	
Prudential Borrowing Limit	Tier 1	Tier 2
Long term	FAIL	n/a

Bed Numbers	930
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Trust Type:	Acute
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	2013/14
Latest LTFM FRR	2

NTDA Performance Framework	4	Material issue
Care Quality Commission Rating	Fully registered without conditions	

Reference Cost index	
Financial year:	2011/12
MFF adjusted	96
Non-MFF adjusted	90

Ratios	Required Tier 1	LTFM output WCL of £13m
Minimum dividend cover	>1X	0.4
Minimum interest cover	>3X	16.2
Minimum debt service cover	>2X	3.1
Maximum debt service / net revenue	<2.5%	0.2%

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 working capital commitments in the current financial year.

Plymouth Hospitals NHS Trust**NHS Trust Development Authority Covering Note****1. Background**

- 1.1 Plymouth Hospital NHS Trust has a 2013/14 turnover of £408 million and is the largest hospital in the south west peninsula. The Trust provides comprehensive secondary and specialist services to people in the south west peninsula. The Trust has a secondary catchment population of 450,000 people, within a wider peninsula population of almost 2,000,000 people who can access specialist services provided at Derriford Hospital. The Trust works within a network of other hospitals in providing a range of specialist services. These services include kidney transplant, pancreatic cancer surgery, neurosurgery, cardiothoracic surgery, stem cell transplants, upper gastro-intestinal surgery, hepatobiliary surgery, neonatal intensive care and high risk obstetrics, plastic surgery, liver transplant evaluation and stereotactic radiosurgery. The Trust also provides training, education and research in partnership with the Peninsula College of Medicine and Dentistry, Plymouth University Medical School and the University of Exeter Medical School.
- 1.2 The Trust has experienced financial challenges over recent years and has only achieved a breakeven position (NHS adjusted financial performance) for the last three year financial years with significant levels of non-recurring income:
- 2010/11 £14.5 million
 - 2011/12 £11.6 million
 - 2012/13 £13.1 million
- 1.3 The Trust submitted a deficit plan to the NHS TDA for 2013/14 of £13 million and at this point the Trust were informed that they would need to produce a financial recovery plan to demonstrate financial recovery over a three year period. The Trust has submitted a recovery plan to the NHS TDA on that basis and the NHS TDA is currently working with the Trust to test the robustness of the plan, the length of time required for recovery and an assessment of downside risk. The financial recovery plan work is at an early stage and there is further work to be done to refine the trusts recovery plan, however, the NHS TDA Executive are of the view that the Trust has a future as a standalone organisation.
- 1.4 The Trust's main CCG, North East and West Devon Clinical Commissioning Group, also face financial challenges in 2013/14 and going forward, with a requirement to find a further £30 million of recurrent savings over the next two years.

- 1.5 The Trust is faced with the immediate need to finance its operating deficit for 2013/14 and is therefore requesting financing of £13 million, all to be drawn in financial year 2013/14, whilst further work is undertaken on the Trusts recovery plan. Further revenue PDC financing will be required over financial years 2014/15 and 2015/16 whilst the Trust delivers the financial recovery plan.

2. Financing and Affordability

- 2.1 The Trust is forecasting a £13 million deficit for 2013/14.

- 2.2 The Trust completed a loan financing application and submitted this to the NHS TDA. Detailed analysis of the loan financing application has, in the view of the NHS TDA, shown that loan financing is unaffordable to the 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 Trust has been in receipt of non-recurrent funding over recent years. In 2010/11 the Trust received £14.5 million of non-recurring funding, 2011/12 £11.6 million of non-recurring funding and in 2012/13 the Trust received £13.4 million of non-recurring funding in order to achieve a financial income and expenditure position of breakeven. The Trust has not planned to receive any non-recurrent funding in 2013/14;
- the Trust has reported income and expenditure positions of breakeven over the previous two financial years but only after the receipt of non-recurring income;
- The Trust is reporting decreasing operating deficits going forward whilst the Trusts financial recovery plan is delivered. Therefore, insufficient cash is being generated to finance future loan repayments;
- the Trusts current year financial performance is slightly behind plan (£7.0 million planned deficit against a £7.4 million actual deficit) primarily due to the under delivery of the Trusts year to date CIP programme. The Trust forecast that they will deliver their planned deficit of £13 million although delivery of the position does contain some risk;
- the Trust has existing debt in relation to a DH loan taken out financial year 2008/09, repayable by March 2019 for which it makes annual capital repayments of £0.7 million per annum. Financing further debt is not considered to be viable given the Trusts ability to generate cash to service this debt;
- the Trust has little headroom within its cash position and is forecasting it will end this financial year with £1.3 million of cash in the bank;

- the Trust's CIP performance has been challenging due to high targets being set historically with the Trust consistently struggling to deliver these targets on a recurring basis and therefore having to carry forward recurring CIP targets into the following financial year. The Trust has historically started the financial year with CIP schemes in place, however, delivery of these schemes has been hampered by the levels of activity that the Trust has continued to experience. The Trust is forecasting under performance against its CIP targets of £5.6 million in 2013/14 although the Trust states that this is being managed within their overall financial position and the Trust forecast remains the delivery of a deficit of £13 million in 2013/14. The planning and delivery of CIP targets going forward is currently being discussed with the Trust as part of the review of the Trusts recovery plan;
- the Trust passes its prudential borrowing assessment (Tier 1) in the first instance. However, the PBA within the application pack models a scenario of loan financing of £13 million with an amendment to the PBA calculation. The existing PBA calculation assumes that both depreciation funding and PDC dividend funding are available to service debt. For NHS organisations this is not the case as the payment of a Trusts PDC Dividend is not optional in the same way as it would be in the private sector. Removing the PDC Dividend funding available to service debt from the PBA calculation shows that the Trust fails the PBA assessment;
- the Committee are asked to note that financing will be required over the immediate future whilst the Trust delivers its financial recovery plan.

3. Conclusion

- 3.1 The NHS TDA recommends that £13 million of revenue public dividend capital is approved by the Committee.

Deputy Chief Executive/ Director of Finance
 Level 7, Derriford Hospital, Plymouth, Devon PL6 8DH

Joe Teape
 Tel: 0845 155 8171
 Email: joe.teape1@nhs.net

19 November 2013

Independent Trust Financing Facility (ITFF)
 c/o NHS Trust Development Authority
 South West House
 Blackbrook Park Avenue
 Taunton
 Somerset
 TA1 2PX

Dear Sirs

Independent Trust Financing Facility: Application for PDC Finance

Reason for Loan or PDC request	To support the Trust's cash position as a consequence of the Trust planned deficit in 13/14	
Full value of financing requirement (£'000)	£13,000	
Type of loan requested (e.g. Working Capital)	N/A	
Amount of Loan finance requested (£'000)	N/A	
Amount of Revenue or Capital PDC requested	Revenue PDC (£'000)	Capital PDC (£'000)
	£13,000	0
Is PDC requested on a Temporary or Permanent basis?	Permanent	
Repayment terms for loans and/or temporary PDC:	N/A	

This application has been approved by the Trust Board through delegated authority to the Finance and Investment Committee which is a formal sub-committee of the full Trust Board.

1.0 Background

Plymouth Hospitals NHS Trust (PHNT) is the largest hospital in the south west peninsula. The Trust provides comprehensive secondary and specialist services to people in the south west peninsula.

The geography provides a secondary catchment population of 450,000 people, within a wider peninsula population of almost 2,000,000 people who can access specialist services provided at Derriford Hospital.



The proportion of the population aged 85 or over is growing ahead of the national average by approximately 10 years presenting the Trust with a challenge to provide services to a market segment of patients who consume a large amount of healthcare resources where margins have been demonstrated as difficult to earn, such as care of the elderly.

The Trust works within a network of other hospitals in providing a range of specialist services. These services include kidney transplant, pancreatic cancer surgery, neurosurgery, cardiothoracic surgery, stem cell transplants, upper gastro-intestinal surgery, hepatobiliary surgery, neonatal intensive care and high risk obstetrics, plastic surgery, liver transplant evaluation and stereotactic radiosurgery.

As well as providing this wide range of services to patients, the Trust also provides comprehensive training and education for a variety of healthcare professionals. The Trust has developed as a centre for research in partnership with the Peninsula College of Medicine and Dentistry and continues to work in partnership with both the Plymouth University Medical School of Medicine and Dentistry and the University of Exeter Medical School.

The Trust turnover is £408m of which 88% relates to contracts with clinical commissioning groups and specialist commissioners as outlined below:

Commissioning Organisation	% split by value	Value 'm
NEW Devon CCG	47.5	171.1
NHS England (Specialist Commissioning)	35.9	129.6
Kernow CCG	14.3	51.3
South Devon & Torbay CCG	1.2	3.6
Other	1.1	4.8
Total	100.0	360.3

The financial position of the Trust's main CCG is equally challenging with the North East and West Devon Clinical Commissioning Group unable to meet key planning assumptions set by NHS England in 2013-14 of 1% surplus, 2% headroom and 0.5% efficiency. To redress this the CCG will need to find a further £30m of recurrent savings over the next 2 years.

2.0 Trust Strategy

The strategy of the Trust is to support the people of the peninsula in continuing to develop financially viable specialist services. These will be centred on 4 areas where we provide regional services with an excellent reputation:

- Cancer services
- Specialist surgery – including Cardiothoracic surgery, Transplant and Upper GI surgery and Neurosciences
- Major trauma
- Neonatal care and obstetrics

The Trust will develop further specialist services, where the population requires them but only where they are assessed as financially, clinically and operationally viable.

The Trust plans to build on what it is good at and treat local people promptly in a good quality environment with a focus on its ability to deliver high quality:

- Emergency care
- Care for the frail and elderly
- Major and complex elective surgery
- Care for patients with long term conditions
- Maternity services
- Care for children and young people
- Care outside hospital in partnership with local health providers

The Trust's capacity is, however, limited and so in future some of these services may be delivered from locations other than Derriford, and in partnership with others. This approach will help the Trust to be as good as it can be at the things only it can do, and will allow it to re-organise existing services so that elective and unscheduled care can be provided without disruption in a safe, high quality and sustainable manner.

The Trust is a regional centre for medical and healthcare teaching, training and research alongside its service delivery. This supports the development of the specialist services its patients will require and benefits the quality of care it can provide.

At Derriford we are creating an academic campus for health related training and education, where teaching aligned with care delivery provides a high quality training environment which is attractive to trainees at all levels. The Trust has developed the partnership between itself and Plymouth University to develop post graduate medical and dental training, allowing trainees to benefit from working alongside highly trained clinical staff.

The Trust will build on its reputation for clinical research and create a stronger collaboration with Plymouth University and other partners, to ensure as many patients as possible benefit from the leading work its specialists carry out.

The Trust will publish a site development plan for Derriford by March 2014 showing how it will develop the hospital, so it can accommodate facilities to support its vision in line with its financial recovery plan while creating a high quality environment for both patients and staff.

The Trust benefits from a longstanding relationship with the Derriford Ministry of Defence Hospital Unit. The Trust's military partners are vital to the hospital for the skills and for the

capacity they provide. It is a partnership the Trust will develop further in the proud traditions of the city.

The Trust is in a serious financial position. The Trust will only become financially secure by looking closely at services where we currently lose money, by changing services to save money where this will not detrimentally affect our patients, and by seeking new sources of income. The Trust plans to grow services where we can do so safely, and treat more patients locally who might otherwise travel outside the peninsula for their care. As the Trust focuses more of its efforts on the things it is best placed to do it will become more efficient at them. The Trust strives to return to delivering a financial surplus each year from 2016-17 so that it can invest in the new services the population needs.

3.0 The Financial Context

The Trust's financial performance compared to the NHS adjusted financial performance plans agreed with the Strategic Health Authority (SHA) are set out in the table below. In 2011/12 a change in accounting treatment for donated assets resulted in a benefit to the Trust of £226k which was not recognised by the SHA in assessing the achievement against the Trust's financial target. The actual results in the tables below are on a comparable basis to those control totals agreed with the SHA.

Table 1

NHS Adjusted financial performance retained surplus / (deficit)	Plan £m	Actual £m
2008/09	5.0	4.3
2009/10	2.0	2.0
2010/11	1.0	0
2011/12	0	0
2012/13	1.0	0

Performance in 2008/09 was originally reported as a £5.0m surplus but was restated following the implementation of International Financial Reporting Standards (IFRS) to a reduced surplus of £4.3m.

In each of the last 3 years the Trust has posted a small surplus of £18k in 2010/11, a £3.3m deficit in 2011/12 (after allowing for the one off benefit due to changes in accounting treatment of donated assets £226k and impairments of £3.5m) and a deficit of £8.8m in 2012/13 (with an impairment of £8.8m). These factors account for the difference in results between tables 1 and 2.

The Trust did not achieve the financial target of £1m surplus in 2010/11 and 2012/13. In each year the adverse performance against plan was as a result of a shortfall in expected CIP delivery offset in part by higher than expected revenues from commissioners due to increased patient volumes. In each of these years the SHA agreed a revised control total in year of breakeven.

The table below sets out in more detail the reported results and projected financial performance from 2010/11 to 2015/16 (per LTFM O_FS).

Table 2

£m	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
Operating revenue and income	391.5	391.9	405.8	408.4	414.9	416.5	421.8
Operating expenses	(366.0)	(368.4)	(383.9)	(399.2)	(401.5)	(394.5)	(399.5)
EBITDA*	25.5 7%	23.5 6%	21.9 5%	9.3 2%	13.4 3%	22.0 5%	22.3 5%
Non Operating revenue	(0.4)	(0.4)	(0.2)	(0.1)	0.0	0.0	0.0
Non Operating expenses (inc impairments)	(25.1)	(26.4)	(30.5)	(30.3)	(30.5)	(26.8)	(29.8)
Net surplus / (deficit)	0.0	(3.3)	(8.8)	(21.1)	(17.1)	(4.8)	(7.4)
NOTE CIP achieved							
Recurrent	10.7	19.9	7.1	15.48	21.6	26.9	14.0
Non recurrent	10.4	12.4	13.0	2.95	0.00	0.00	0.00
Total	21.1	32.3	20.1	18.43	21.6	26.9	14.5

* The EBITDA output from the LTFM is adjusted for the impact of donated assets and is therefore different to the number shown in the table above

Impairments of £8.1m in 2013/14, £8.1m in 2014/15, £4.8m in 2015/16 and £7.8m in 2016/17 have been anticipated for the next three years. This gives an NHS Adjusted financial performance of £13m deficit in 2013/14, £9m deficit in 2014/15, £0m breakeven performance in 2015/16 and £0.4m surplus in 2016/17.

EBITDA performance from 2010/11 to 2012/13 has remained materially consistent as a percentage of the total Trust turnover. The income in 2012/13 was significantly higher than the previous year due to a combination of increases in the number of patients treated both electively and non electively as well as an increased portfolio of specialist services being offered by the Trust (Major Trauma Centre designation for the South West Peninsula and expansion into undertaking unrelated stem cell transplants). However, 2013/14 has presented a set of significantly challenging circumstances financially for the Trust which manifests in a decreased EBITDA of £9.2m attributable to the following;

- Although the Trust reported a pre impairment surplus of £0.05m in 2012-13 the underlying position carried forward into 2013/14 was a £18.37m deficit;
- This underlying deficit is due to the significant level of one off actions, non recurrent CIP in that year accounting for 67% of total savings, and one off sources of income;
- In addition the level of new investment planned for 2013/14 of £5m to address quality issues identified around staffing levels and bed capacity increased the overall gap between sources and application of funds

Financial performance to the end of September 2013 (month 6) resulted in a reported deficit of £7.4m against a plan of £7.0m, an adverse variance of £0.4m. This position is as a result of a shortfall in the cost improvement plans of £0.6m offset in part by a better than expected performance against operational budgets of £0.2m.

The Trust remains committed to the delivery of the £13m deficit plan in 2013/14 despite this year to date variation to plan. Whilst this is not without risk the Trust remains confident that the further set of actions being taken and more stringent financial controls implemented will deliver this position.

The cost improvement programmes (CIP) delivery for historic years and the forecast for 2013-14 is set out in the table below:

CIPs Planned	2010-11	2011-12	2012-13	2013-14 plan YTD (M6)	2013-14 plan FY	2014-15	2015-16	2016-17	2017-18	2018-19
Recurrent	33,329	31,300	23,544	8,901	24,000	21,560	26,920	14,500	14,000	14,000
Non recurrent	0	0	0	0	0	0	0	0	0	0
Total	33,329	31,300	23,544	8,901	24,000	21,560	26,920	26,920	26,920	26,920
As % turnover	8.50%	8.00%	5.80%	4.30%	5.90%	5.20%	6.50%	3.44%	3.28%	3.23%
As % achieved	63.13%	103.19%	85.79%	93.69%	76.79%	n/a	n/a	n/a	n/a	n/a

CIPs Achieved	2010-11	2011-12	2012-13	2013-14 actual YTD (M6)	2013-14
Recurrent	10,680	19,900	7,100	7,400	15,480
Recurrent %	50.8%	61.6%	35.1%	88.7%	84.0%
Non recurrent	10,360	12,400	13,100	940	2,950
Non recurrent %	49.2%	38.4%	64.9%	11.3%	16.0%
Total	21,040	32,300	20,200	8,340	18,430
As % turnover	5.40%	8.20%	5.00%	4.20%	4.50%

The non recurrent achievement in 2012-13 was due, mainly to one off actions such as holding vacancies. This recurrent shortfall against target was a significant factor in the Trust having a gap between income and expenditure in 2013-14 of £37m (£24m CIP to achieve a £13m planned deficit).

Although the Trust is forecasting to be £5.5m below its CIP target in 2013-14 other actions have been taken to enable it to retain an overall forecast within £13m. These actions include rigorously controlling expenditure in all areas by introducing strict new financial controls, with due reference to maintaining patient safety and an underspend against pay budgets due to vacancies.

In 2013-14 the Trust has been awarded £6m of emergency Capital PDC, approved by the ITFF earlier this year. This was awarded to enable the Trust to address high priority items beyond the Trust's ability to fund from its internal resources. These include theatre ventilation systems, imaging equipment replacement, information technology infrastructure, and other medical equipment.

Financial Recovery

The Trust is in a very serious financial position. The Trust has developed a financial recovery plan which has a planned trajectory to a reduced deficit of £9m in 2014-15 and returning to a breakeven I&E position in 2015-16 (before any impairments or other technical adjustments). This plan was completed with the support of external consultants (KPMG) to ensure that all areas of potential financial savings and efficiency improvements were expertly assessed and reviewed.

This recovery plan was approved by the Trust Board in October and forms the basis of this application. The key financial elements of the Recovery plan are detailed in this application.

The key planning assumptions used in projecting into 2014/15 and 2015/16 are set out in the table below:

	2013/14	2014/15	2015/16
Inflation assumptions (%):			
Clinical Income inflation	(1.1)	(1.1)	(1.1)
Other Income inflation	0.0	0.0	0.0
Pay inflation (cost of living only)	1.0	1.0	1.0
Drug Price inflation	5.0	5.0	5.0
Other cost inflation	2.8	2.6	2.7

The Trust has not assumed any changes to the volumes of patients treated in future years at an aggregate level, although there will be fluctuations at individual service level. The only volume based income increases are associated with further prescribing of high cost drugs outside the scope of tariff. These planning assumptions result in the staged recovery from a deficit of £13m, as outlined in the table below:

	2012/13	2013/14	2014/15	2015/16
One off income		12.80	2.90	3.00
One off items		0.00	2.08	0.00
One off expenditure savings		9.59	2.95	0.00
Full year impact of recurrent savings		(2.16)	(2.68)	(0.91)
Full year impact of contract issues		0.00	(5.39)	0.00
Other full year impacts		(1.86)	4.60	1.47
Underlying financial (Surplus)/Deficit brought forward	16.30	18.37	17.46	12.56
Changes to income levels;				
- volumes	(18.90)	(12.38)	(2.00)	(2.00)
- non recurrent funding	0.00	(4.40)	(4.40)	0.00
- tariff deflator (-4.0%)	13.40	12.80	13.67	13.66
- tariff inflation (2.9%)	(7.30)	(8.90)	(9.91)	(9.85)
- pass through drugs inflation	(1.00)	(1.30)	(1.35)	(1.62)
- loss of education	0.00	0.50	0.75	0.75
Total changes to income	(13.80)	(13.68)	(3.24)	0.94
New costs;				
- pay and non-pay inflation	5.62	9.76	8.67	8.37
- pass through drugs inflation	1.00	1.30	1.35	1.62
- non recurrent costs	0.00	1.50	1.40	0.00
- volume	8.30	7.86	2.00	2.00
- other local costs	1.73	4.64	1.80	1.80
- depreciation and PDC dividend	0.00	0.69	0.12	(0.37)
- establish contingency (assume committed non recurrently)	1.00	1.00	1.00	0.00
Total New costs	17.65	26.74	16.34	13.42
CIP actual/forecast/target	(20.20)	(18.43)	(21.56)	(26.92)
NHS Adjusted Financial Performance (Surplus)/Deficit	(0.05)	13.00	9.00	0.00

A full cost improvement programme has been developed for the next two years which is integral within the Trust's recovery plan. It has been developed with the support of KPMG and includes a range of clinical efficiency projects aimed at reducing the number of beds required in the hospital, improving theatre utilisation and improving outpatient efficiency. In addition to this there are also more traditional cost efficiency programmes. These improvements will, based on benchmarking undertaken, place the Trust at top of peer group, or best in class against a range of clinical

efficiency indicators. The Trust already benchmarks favourably against peer group on the majority of clinical efficiency indicators.

Project planning documentation has been completed for all projects and details of the cost improvement programme for 2014-15 and 2015-16 can be found in annex B to this letter and are summarised in the table below:

Work stream £m	2014-15	2015-16
Estates	1.50	0.66
Workforce	4.93	1.90
Support Service	6.70	18.77
Clinical Efficiency	7.81	9.49
Service Lines (1%)	4.03	4.03
Total	24.98	34.86
Target CIP	21.56	26.92
Scheme stretch above target	3.42	7.94
Beds (stretch)	94	57
Theatre sessions (per week)	19	9

All CIPs also have a completed Quality Impact Assessment (QIA.) This document provides assurance that the project impacts are understood using benefits to patients, risks to patient safety, risks to clinical efficiency and risks to quality of patient experience as indicators of quality. This requires a sign off from the Clinical Director (or clinical lead) of the affected service, the Medical Director and the Director of Nursing.

In addition to this the 2011-12 Trust reference cost index is 90 and 96 when MFF (Market Forces Factor) adjusted. Whilst the Trust recognises that it can, and will always strive to, increase productivity and efficiency these measures indicate that a more fundamental and structural issue exists in the structure of funding received for the range of activities it currently undertakes.

Based on the assumptions outlined above the Trust would have the following risk rating metrics:

	2013-14		2014-15		2015-16	
Metric	output	score	output	Score	output	score
EBITDA margin	2.2%	2	3.1%	2	5.2%	3
EBITDA, % achieved	92.5%	4	92.5%	4	100.0%	5
NRAF (Net return after financing)	-6.9%	1	-5.1%	1	-0.2%	3
I&E surplus margin	-3.2%	1	-2.2%	1	0.0%	2
Liquid ratio	23.5	3	23.6	3	15.2	3
Weighted Average		2.1		2.1		3.0

The PBA assessment passes under normal circumstances. However the PDC Dividend payable is not available revenue to fund debt service. Once this is adjusted out the PBA assessment fails and no borrowing is available under the PBA test. Please see the PBA output below:

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	+	408.4	414.9	416.5	421.8	427.4	433.4
Revenue Available for Debt Service as per PBA	+	8.9	12.9	21.6	21.9	22.3	23.0
Less PDC Dividend	-	-6.2	-5.8	-5.4	-5.2	-5.0	-4.9
Revenue Available for Debt Service (adjusted)	+	2.7	7.2	16.2	16.7	17.3	18.0
PDC Dividend	+	6.2	5.8	5.4	5.2	5.0	4.9
Total Interest Expenditure	+	0.2	0.3	0.3	0.2	0.1	0.1
Total Annual Debt Service	+	0.9	3.6	3.6	3.5	3.4	3.4
PBC Ratios							
Dividend Cover		0.4	1.2	3.0	3.2	3.4	3.6
Interest Cover		16.2	22.5	64.4	83.2	128.8	268.7
Debt Service Cover		3.1	2.0	4.6	4.8	5.0	5.4
Debt Service to Revenue		0.2%	0.9%	0.9%	0.8%	0.8%	0.8%
Tier 1 Tests							
Dividend Cover (greater than)	1.0	FAIL	PASS	PASS	PASS	PASS	PASS
Interest Cover (greater than)	3.0	PASS	PASS	PASS	PASS	PASS	PASS
Debt Service Cover (greater than)	2.0	PASS	FAIL	PASS	PASS	PASS	PASS
Debt Service to Revenue (less than)	2.5%	PASS	PASS	PASS	PASS	PASS	PASS

4.0 The Trust Board

The Trust Board has experienced a turnover in both Executive and Non-Executive Directors in recent years. Over the past 12 months however the composition of the Board has become more stable with only the Medical Director role being filled on an interim basis following the departure of the previous incumbent to take up a role in the Academic Healthcare Science Network (AHSN).

Executive Board Members

Ann James – Chief Executive

Ann James commenced her role as Chief Executive with Plymouth Hospitals NHS Trust in September 2012. Prior to this, she held a number of lead roles in the NHS in the South West, driving significant service improvement and transformation across the region. As cluster Chief Executive of NHS Devon, Plymouth and Torbay, her commitment to real clinical engagement supported the successful development of two clinical commissioning groups, recognised at the time as best practice for their collaborative approach.

Ann led one of the country's largest primary care trusts as Chief Executive of NHS Devon, between January 2010 and June 2011, following more than three years as Chief Executive at Cornwall and Isles of Scilly Primary Care Trust.

She began her career as a marketing manager in the private sector before joining the NHS national management training scheme in 1989. Since graduating from the NHS management training scheme Ann has held posts throughout the county for commissioners, community services and mental health services.

Ann is the Health and Medical representative on the Plymouth Chamber of Commerce and sits as part of the Plymouth Area Business Council.

She lives in Devon and enjoys her role as Trustee for the Exeter Royal Academy for the Deaf.

Joe Teape – Director of Finance and Deputy Chief Executive

An accountant by profession, Joe joined the Trust in May 2010. He joined the health service in 2001 as Director of Finance of the Somerset, Devon & Cornwall Workforce Development Confederation and since then has also held the Finance Director position at South Devon Healthcare NHS Foundation Trust and most recently at the Royal Cornwall Hospitals NHS Trust.

Prior to joining the NHS Joe spent sixteen years working in local government for seven different local authorities, including roles in accountancy and audit as well as Deputy and Chief Statutory Financial Officer.

Dr Phil Hughes – Acting Medical Director

Dr Hughes commenced as a consultant at Plymouth Hospitals NHS Trust in 1993. Having trained at St Thomas', London, he also undertook specialist medical and radiology training in Manchester and held the post of Associate Professor of Radiology (MSK) Baltimore, University of Maryland.

Dr Hughes is a senior examiner for The Royal College of Radiologists and an Executive Member of the British Society of Skeletal Radiologists.

During his time at Plymouth Hospitals NHS Trust Dr Hughes has held several senior roles including Clinical Director for Imaging, Associate Director of Planning and Assistant Medical Director before taking the role of Acting Medical Director in July 2013.

Heinz Scheffer - Director of Human Resources and Organisational Development

Heinz Scheffer, Director of Human Resources and Organisational Development, moved from South Africa to the United Kingdom in 2009, when he joined the NHS. He has more than 20 years' experience in Human Resources and managed both a Human Resources Consulting Firm and a Hospitality Management Company before relocating to the UK. Heinz started with the Trust in June 2012.

Heinz holds a Master's Degree in Personnel and Development from UCLAN and is currently reading for his LLB (Hons) with the Open University.

Greg Dix – Director of Nursing

Greg Dix commenced his role as Director of Nursing in February 2013. Greg has an extensive experience in nursing having begun his Registered Nurse training in 1988 in Cardiff. In the 1990's he worked in New Zealand as a clinical nurse consultant and nurse educator.

On return to the UK, he was appointed as the senior charge nurse on a 38 bedded acute trauma unit at the University Hospital of Wales where he achieved his teacher training qualification from Cardiff University. Following this he also worked as a clinical nurse lecturer jointly between the University of Wales College of Medicine and Cardiff and Vale NHS Trust.

Greg relocated to Taunton with his family in 2007 and at the end of 2010 became the Director of Nursing and Governance at Taunton and Somerset NHS Foundation Trust.

Kevin Baber – Chief Operating Officer

Kevin Baber joined Plymouth Hospitals NHS Trust as Chief Operating Officer in April 2013. Prior to joining the Trust Kevin was Chief Executive of Peninsula Community Health in Plymouth. Originally qualifying as a nurse in 1986, Kevin has 29 years of healthcare experience and was previously Managing Director of Community Health Services for NHS Cornwall and Isles of Scilly.

Kevin also has extensive experience in private healthcare having been General Manager at the Bournemouth Nuffield Hospital, a large independent hospital in the Nuffield Health Group.

Non-Executive Board Members

Mr Richard Crompton - Chairman

Mr Richard Crompton was appointed by the Appointments Commission to serve as Non-Executive Chairman of Plymouth Hospitals NHS Trust from 1 August 2012 to 31 July 2016.

Mr Crompton, a police officer for more than 30 years before he retired as Chief Constable of Lincolnshire Police in March, returned to his former home county to take up the position of Chair in August 2012.

Mr Crompton began his career with the Metropolitan Police but served the majority of his time as a police officer in Devon and Cornwall. He served as a police constable, a sergeant and a chief inspector in Plymouth, and also in Torbay and at Constabulary HQ in Exeter.

He moved to Cumbria as an Assistant Chief Constable in 2001 and then joined Lincolnshire Police as Deputy Chief Constable in 2004 before being appointed Chief Constable in 2008. As Chief Constable, Mr Crompton chaired the regional Association of Police Chief Officers (ACPO) group for several years and oversaw significant collaboration between the five forces in the East Midlands.

Mrs Margaret Schwarz – Vice Chair

Mrs Margaret Schwarz joined Plymouth Hospitals NHS Trust as a Non-Executive Director in October 2005. A financial risk consultant with Quadrant Risk Management International, Margaret specialises in risk policy and has recently developed an operational risk process for an overseas bank and is currently advising a UK financial services company on Corporate Responsibility.

Margaret worked for Abbey National plc for twelve years, where she held a variety of positions, including Chief Economist, Mortgage Director and, latterly, Risk Operations Director. She played a valuable role in spear-heading Abbey's market leading initiative bringing wide-spread availability of fixed rate mortgages into the UK mortgage market in the early 1990's. Margaret has lectured economics at USA universities - Western Michigan University, Nazareth College and the University of Virginia.

Professor Terence Lewis – Non-Executive Director

Professor Lewis was formerly a cardiothoracic surgeon with Plymouth Hospitals NHS Trust and led the establishment of the South West Cardiothoracic Centre. He was later appointed as medical director, a position he held for seven years with the Trust before retiring in 2008.

Professor Lewis is also a Trustee with St Luke's Palliative Care Services and Heartswell Lodge, a Governor with Plymouth University and Chair of Plymouth Marine Laboratory. Professor Lewis was appointed as a Non-Executive Director in September 2012.

Mrs Elizabeth Raikes – Non Executive Director

A chartered accountant by profession, Mrs Raikes has been a Chief Executive in the public sector for 12 years and was formerly Chief Executive of Torbay Council. Torbay has an integrated health and social care system and Mrs Raikes has considerable experience of close and successful partnership working with commissioners, community health and social care colleagues and the acute sector in Torbay.

Mrs Raikes started her career in the navy before going on to train as a teacher. In this capacity she worked at Lipson School, Plymouth and Saltash Comprehensive School early in her career. Mrs Raikes was appointed as a Non-Executive Director in September 2012.

Dr Mike Williams – Non-Executive Director

Dr Williams was a Chief Executive with Taunton and Somerset NHS Trust, North Oxfordshire Primary Care Trust Partnership and Oxford Radcliffe Hospitals before retiring in 2008. He is a Senior Research fellow with the University of Exeter Business School and has a PhD in organisational factors influencing patient safety.

Earlier in his career, Dr Williams worked as a Director with the Royal Devon and Exeter Hospital. He has been a trustee of a number of national charities including the Royal British Legion. Dr Williams was appointed as a Non-Executive director in September 2012.

Mr Ian Douglas – Non-Executive Director

Mr Ian Douglas joined Plymouth Hospitals NHS Trust as a Non-Executive Director in June 2007. Ian is a FCMA and heads his own financial management consultancy. Since qualifying in 1972 Ian has held a number of senior finance positions in several large multi-national companies and in the public sector. Ian was formerly a Finance Director at BAE Systems plc, Pennon Group plc (where he was also Customer Services Director), the Wrigley Company (where he was also Company Secretary) and the Defence Aviation Repair Agency, a Trading Fund of the MoD.

Ian is a Director of HTMI Limited, a company that provides training to school head teachers, including secondments into the industrial and commercial sectors. Ian chairs HTI's Audit Committee. He is a Director of Mango Evolution Limited, an E-procurement and E-auctioneering company. Ian is also a Board Member of the South West Industrial Development Board of the SWRDA and a Council Member of the South West CBI.

Ian is particularly focused on the financial wellbeing of the Trust, its financial controls and procedures, compliance, reporting and risk management.

Denis Wilkins – Associate Non-Executive Director

Former surgeon Denis Wilkins brings his extensive knowledge and experience back to Plymouth Hospitals by joining the Board as an Associate Non-Executive Director.

Mr Wilkins, who retired from Plymouth Hospitals in 2007, brings with him more than 40 years' experience as a hospital doctor, including 30 years as a consultant.

Among his many achievements, Mr Wilkins developed a renal transplant service and specialist vascular unit at Derriford, was integral to the development of Postgraduate Medical School and led the project to build the Discovery Library, which was opened by Sir Ranulph Fiennes in 2007.

Mr Wilkins also brings with him significant experience in patient safety management. He was a founder and Board member of CORESS (The Confidential Reporting System for Surgery) and is a trained advocate and speaker for the Clinical Human Factors Group (CHFG).

Mr Wilkins began his appointment on 1 October 2012 and will continue until 1 October 2016.

Henry Warren – Associate Non-Executive Director

Henry Warren brings significant commercial and financial knowledge and experience to the Board, gained over a number of years in public and private practice.

He graduated in law from Glasgow University and then qualified as a Chartered Accountant. Initially his career was in public practice becoming a partner in Deloitte's the international chartered accountants and management consultants.

In 1987 he joined Devonport Management Limited (DML) as Finance Director to lead the change in financial management from that of a Government department into a successful commercial business.

Later Henry became involved with a portfolio of businesses both as an investor and non-executive director. These businesses are primarily concerned with developing problem-solving technology such as the provision of renewable energy. Some of these businesses are at an early stage and Henry provides strategic, financial and commercial expertise to assist them become sustainable.

Henry is also a Governor at the University of Plymouth.

Henry started his appointment with the Trust on 22 April 2013 and will serve for a period of four years.

5.0 Conclusion

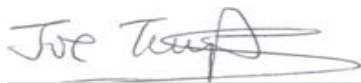
This application for permanent PDC support is in the context of a planned recovery from a forecast £13m deficit in 2013/14 to a balanced budget by 2015/16. The Trust has already received £6.7m of temporary PDC to support the cash position and this application seeks to replace this with permanent support.

The Trust's financial difficulties are largely due to a shortfall in recurrent cost improvement delivery, offset by one off sources of income, in 2012/13 meaning that despite reporting a small surplus in that year (before impairments), the underlying position carried into 2013/14 was a deficit of £18.37m.

The Trust benchmarks favourably with the 2011-12 Trust reference cost index being 90 and 96 when MFF (Market Forces Factor) adjusted. The cost improvement programme outlined for the next two years seeks to improve efficiency further as well as maximising revenues from commissioners within the business rules governing the contract.

The recovery plan submitted to the NTDA demonstrates a plan to recover the Trusts financial position by 2015/16 and in this context we seek cash support of the Independent Trust Financing Facility as outlined above.

Yours sincerely

A handwritten signature in dark ink, appearing to read 'Joe Teape', with a long horizontal flourish extending to the right.

Joe Teape
Deputy Chief Executive/Director of Finance

INDEPENDENT TRUST FINANCING FACILITY

PLYMOUTH HOSPITALS NHS TRUST

FINANCING APPLICATION

Section 2

Presented by : NHS Trust Development Authority

HISTORIC FINANCIAL INFORMATION
PLYMOUTH HOSPITALS NHS TRUST

STATEMENT OF COMPREHENSIVE INCOME	2010/11 £m	2011/12 £m	2012/13 £m
Mandatory Clinical Revenue	331.2	333.5	350.7
Non Mandatory Clinical Revenue	9.9	8.1	7.1
Other Operating income	50.4	50.2	48.0
Total Operating Revenue and Income	391.5	391.9	405.8
Total Operating Expenses	(366.0)	(368.4)	(383.9)
Operating Surplus / (deficit)	25.5	23.5	21.9
Adjustment for donated asset income	(0.4)	(0.7)	(0.4)
EBITDA	25.2	22.8	21.6
<i>EBITDA margin</i>	<i>6%</i>	<i>6%</i>	<i>5%</i>
Non-Operating income			
Gain/(loss) on asset disposals	(0.4)	(0.4)	(0.2)
Other Non-Operating income	-	-	-
Non-Operating expenses			
Impairment Losses (Reversals) net	-	(3.5)	(8.8)
Total Depreciation & Amortisation	(17.7)	(15.8)	(15.1)
Interest expense on overdrafts	0.0	0.0	0.0
Total interest payable on Loans and leases	(0.2)	(0.2)	(0.2)
PDC Dividend	(7.2)	(7.0)	(6.5)
Other Non-Operating expenses	-	-	-
Net Surplus/(Deficit)	0.0	(3.3)	(8.8)
<i>Net margin</i>	<i>0%</i>	<i>-1%</i>	<i>-2%</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	217.9	198.9	190.8
Property, plant & equipment (PFI)	-	-	-
PFI Other Assets	-	-	-
Investments, Non-Current	-	-	-
Trade and Other Receivables, Net, Non-Current (including prepayments)	2.5	2.7	3.4
Other Assets, Non-Current	-	-	-
Total Non-Current Assets	220.4	201.6	194.2
CURRENT ASSETS			
Inventories	7.4	7.0	7.1
NHS Trade Receivables, Current	7.2	5.1	5.6
Non NHS Trade Receivables, Current	2.3	3.1	9.6
Other Receivables, Current	4.5	5.2	-
Other Financial Assets, Current (e.g. accrued income)	-	-	-
Prepayments, Current, PFI related	-	-	-
Prepayments, Current, non-PFI related	3.1	4.5	2.8
Cash and Cash Equivalents	0.4	6.8	6.4
Other Assets, Current	-	-	-
Total Current Assets	24.9	31.7	31.5
CURRENT LIABILITIES			
Bank Overdraft and Working Capital Facility	-	-	-
Interest-Bearing Borrowings , Current (including accrued interest)	-	-	(0.7)
Deferred Income, Current	(0.2)	(0.4)	(0.9)
Provisions, Current	(0.8)	(1.3)	(0.4)
Trade Payables, Current	(8.1)	(10.6)	(12.7)
Other Payables, Current	(8.1)	(8.5)	(8.1)
Capital Payables, Current	(3.4)	(5.4)	(3.1)
Accruals, Current	(3.3)	(3.3)	(5.7)
Payments on Account	-	-	-
Finance Leases, Current	(0.2)	(0.0)	-
PDC dividend Payable, Current	(0.2)	0.3	0.1
Other Liabilities, Current	-	-	-
Total Current Liabilities	(24.3)	(29.2)	(31.5)
NET CURRENT ASSETS (LIABILITIES)	0.5	2.4	(0.1)
NON CURRENT LIABILITIES			
Interest-Bearing Borrowings, Non-Current	(5.6)	(4.9)	(3.5)
Deferred Income, Non-Current	-	-	-
Provisions, Non-Current	(1.3)	(1.2)	(1.3)
Trade and Other Payables, Non-Current	-	-	-
Finance Leases, Non-current	-	-	-
Other Liabilities, Non-Current	-	-	-
Total Non-Current Liabilities	(6.9)	(6.1)	(4.8)
TOTAL ASSETS EMPLOYED	214.0	197.9	189.3
TAXPAYERS' EQUITY			
Public dividend capital	168.8	171.1	171.2
Retained Earnings (Accumulated Losses)	16.8	17.5	9.4
Charitable Funds	-	-	-
Donated asset reserve	2.5	-	-
Revaluation reserve	25.2	8.7	8.2
Miscellaneous Other Reserves	0.7	0.7	0.7
TOTAL TAXPAYERS EQUITY	214.0	197.9	189.3

STATEMENT OF CASH FLOWS	2010/11 £m	2011/12 £m	2012/13 £m
Operating Surplus / (Deficit)	25.5	23.5	21.9
Other increases/(decreases) to reconcile to profit/(loss) from operations	(1.2)	(0.9)	(0.1)
Operating cash flows before movements in working capital	24.3	22.6	21.8
Movement in working capital:			
(Increase)/decrease in Inventories	0.7	0.3	(0.0)
(Increase)/decrease in NHS Trade Receivables	(0.7)	2.2	(0.5)
(Increase)/decrease in Non NHS Trade Receivables	0.6	(1.0)	(6.5)
(Increase)/decrease in other Receivables	(1.2)	(0.9)	4.5
(Increase)/decrease in Other financial assets (e.g. accrued income)	-	-	-
(Increase)/decrease in Prepayments	(0.7)	(1.4)	1.7
(Increase)/decrease in Other assets	-	-	-
Increase/(decrease) in Deferred Income & Payments on account	0.1	0.2	0.6
Increase/(decrease) in Provisions	0.6	0.7	(0.9)
Increase/(decrease) in Trade Payables	(1.4)	2.4	2.1
Increase/(decrease) in Other Payables	0.1	0.4	(0.4)
Increase/(decrease) in PDC Dividend Payable	-	-	-
Increase/(decrease) in Accruals	(2.3)	0.2	2.2
Increase/(decrease) in Other liabilities	-	-	-
Increase/(decrease) in working capital	(4.2)	3.2	2.7
Increase/(decrease) in Non Current Provisions	-	(0.1)	0.0
Net cash inflow/(outflow) from operating activities	20.1	25.7	24.5
Cash flow from investing activities			
Property, plant and equipment expenditure	(16.1)	(13.1)	(17.9)
Proceeds on disposal of property, plant and equipment	-	0.0	0.0
Net cash inflow/(outflow) from investing activities	(16.1)	(13.1)	(17.8)
CF before Financing	4.0	12.6	6.7
Cash flow from financing activities			
Public Dividend Capital received	-	2.3	0.1
Public Dividend Capital repaid	-	-	-
Dividends paid	(6.9)	(7.5)	(6.3)
Interest (paid) on Loans and Leases	(0.2)	(0.2)	(0.2)
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	(0.7)	(0.9)	(0.7)
Other cash flows from financing activities	-	-	-
Net cash inflow/(outflow) from financing	(7.8)	(6.2)	(7.1)
Taxes paid	-	-	-
Net cash outflow/inflow	(3.9)	6.4	(0.4)

	2011/12	2012/13
Risk Rating Metrics		
EBITDA Margin	5.8%	5.3%
EBITDA % Achieved	89.0%	93.9%
NRAF (Net return after financing)	0.0%	-0.1%
I&E Surplus Margin	0.1%	0.1%
Liquid Ratio	25.8	26.9
Overall FRR	3	3

FORECAST FINANCIAL INFORMATION
PLYMOUTH HOSPITALS NHS TRUST

Loan

STATEMENT OF COMPREHENSIVE INCOME	2013/14 £m	2014/15 £m	2015/16 £m	2016/17 £m
Mandatory Clinical Revenue	360.3	366.4	368.7	372.6
Non Mandatory Clinical Revenue	5.1	5.0	5.0	5.4
Other Operating Income	43.1	43.5	42.8	43.8
Total Operating Revenue and Income	408.4	414.9	416.5	421.8
Total Operating Expenses	(399.2)	(401.5)	(394.5)	(399.5)
Operating Surplus / (deficit)	9.3	13.3	22.0	22.3
Adjustment for donated asset income	(0.4)	(0.4)	(0.4)	(0.4)
EBITDA	8.9	12.9	21.6	21.9
<i>EBITDA margin</i>	<i>2%</i>	<i>3%</i>	<i>5%</i>	<i>5%</i>
Non-Operating income				
Gain/(loss) on asset disposals	(0.1)	-	-	-
Other Non-Operating income	-	-	-	-
Non-Operating expenses				
Impairment Losses (Reversals) net	(8.1)	(8.1)	(4.8)	(7.8)
Total Depreciation & Amortisation	(15.7)	(15.9)	(15.7)	(15.8)
Interest expense on overdrafts	0.0	(0.2)	(0.5)	(0.7)
Total interest payable on Loans and leases	(0.2)	(0.3)	(0.3)	(0.2)
PDC Dividend	(6.2)	(5.8)	(5.4)	(5.2)
Other Non-Operating expenses	-	-	-	-
Net Surplus/(Deficit)	(20.9)	(16.9)	(4.7)	(7.4)
<i>Net margin</i>	<i>-5%</i>	<i>-4%</i>	<i>-1%</i>	<i>-2%</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	190.2	181.7	176.6	168.4
Property, plant & equipment (PFI)	-	-	-	-
PFI Other Assets	-	-	-	-
Investments, Non-Current	-	-	-	-
Trade and Other Receivables, Net, Non-Current (including prepayment:	3.4	3.4	3.4	3.4
Other Assets, Non-Current	-	-	-	-
Total Non-Current Assets	193.6	185.1	180.0	171.8
CURRENT ASSETS				
Inventories	6.7	6.5	6.5	6.3
NHS Trade Receivables, Current	8.3	8.3	8.3	8.6
Non NHS Trade Receivables, Current	6.4	6.4	6.3	6.5
Other Receivables, Current	-	-	-	-
Other Financial Assets, Current (e.g. accrued income)	-	-	-	-
Prepayments, Current, PFI related	-	-	-	-
Prepayments, Current, non-PFI related	3.0	3.0	3.0	3.0
Cash and Cash Equivalents	1.4	(10.7)	(13.4)	(14.9)
Other Assets, Current	-	-	-	-
Total Current Assets	25.8	13.4	10.7	9.4
CURRENT LIABILITIES				
Bank Overdraft and Working Capital Facility	-	-	-	-
Interest-Bearing Borrowings , Current (including accrued interest)	(3.3)	(3.3)	(3.3)	(3.3)
Deferred Income, Current	(0.5)	(0.5)	(0.5)	(0.5)
Provisions, Current	(0.4)	(0.4)	(0.4)	(0.4)
Trade Payables, Current	(5.2)	(3.5)	(3.6)	(4.8)
Other Payables, Current	(8.4)	(8.4)	(8.4)	(8.4)
Capital Payables, Current	(0.9)	(1.9)	(1.9)	(1.9)
Accruals, Current	(9.9)	(9.9)	(9.9)	(9.9)
Payments on Account	-	-	-	-
Finance Leases, Current	-	-	-	-
PDC dividend Payable, Current	-	-	-	-
Other Liabilities, Current	-	-	-	-
Total Current Liabilities	(28.6)	(28.0)	(28.1)	(29.3)
NET CURRENT ASSETS (LIABILITIES)	(2.9)	(14.5)	(17.4)	(19.9)
NON CURRENT LIABILITIES				
Interest-Bearing Borrowings, Non-Current	(13.2)	(9.9)	(6.6)	(3.3)
Deferred Income, Non-Current	-	-	-	-
Provisions, Non-Current	(1.3)	(1.3)	(1.3)	(1.3)
Trade and Other Payables, Non-Current	-	-	-	-
Finance Leases, Non-current	-	-	-	-
Other Liabilities, Non-Current	-	-	-	-
Total Non-Current Liabilities	(14.5)	(11.2)	(7.9)	(4.6)
TOTAL ASSETS EMPLOYED	176.3	159.4	154.7	147.3
TAXPAYERS' EQUITY				
Public dividend capital	179.0	179.0	179.0	179.0
Retained Earnings (Accumulated Losses)	(11.4)	(28.3)	(33.0)	(40.4)
Charitable Funds	-	-	-	-
Donated asset reserve	-	-	-	-
Revaluation reserve	8.0	8.0	8.0	8.0
Miscellaneous Other Reserves	0.7	0.7	0.7	0.7
TOTAL TAXPAYERS EQUITY	176.3	159.4	154.7	147.3

STATEMENT OF CASH FLOWS	2013/14 £m	2014/15 £m	2015/16 £m	2016/17 £m
Operating Surplus / (Deficit)	9.3	13.3	22.0	22.3
Other increases/(decreases) to reconcile to profit/(loss) from operations	(0.4)	(0.4)	(0.4)	(0.4)
Operating cash flows before movements in working capital	8.9	12.9	21.6	21.9
Movement in working capital:				
(Increase)/decrease in Inventories	0.4	0.2	-	0.2
(Increase)/decrease in NHS Trade Receivables	(2.7)	(0.0)	(0.0)	(0.3)
(Increase)/decrease in Non NHS Trade Receivables	3.2	0.0	0.1	(0.1)
(Increase)/decrease in other Receivables	-	-	-	-
(Increase)/decrease in Other financial assets (e.g. accrued income)	-	-	-	-
(Increase)/decrease in Prepayments	(0.2)	-	-	-
(Increase)/decrease in Other assets	-	-	-	-
Increase/(decrease) in Deferred Income & Payments on account	(0.4)	-	-	-
Increase/(decrease) in Provisions	(0.0)	-	-	-
Increase/(decrease) in Trade Payables	(7.5)	(1.7)	0.1	1.2
Increase/(decrease) in Other Payables	0.3	-	-	-
Increase/(decrease) in PDC Dividend Payable	-	-	-	-
Increase/(decrease) in Accruals	4.2	-	-	-
Increase/(decrease) in Other liabilities	-	-	-	-
Increase/(decrease) in working capital	(2.8)	(1.5)	0.2	1.0
Increase/(decrease) in Non Current Provisions	-	-	-	-
Net cash inflow/(outflow) from operating activities	6.1	11.5	21.8	22.9
Cash flow from investing activities				
Property, plant and equipment expenditure	(25.1)	(14.0)	(15.0)	(15.0)
Proceeds on disposal of property, plant and equipment	-	-	-	-
Net cash inflow/(outflow) from investing activities	(25.1)	(14.0)	(15.0)	(15.0)
CF before Financing	(19.0)	(2.6)	6.8	7.9
Cash flow from financing activities				
Public Dividend Capital received	7.9	-	-	-
Public Dividend Capital repaid	-	-	-	-
Dividends paid	(6.0)	(5.8)	(5.4)	(5.2)
Interest (paid) on Loans and Leases	(0.2)	(0.3)	(0.3)	(0.2)
Interest (paid) on bank overdrafts and working capital facilities	-	-	-	-
Interest received on Cash and Cash Equivalents	0.0	(0.2)	(0.5)	(0.7)
Drawdown of Loans and Leases	13.0	-	-	-
Repayment of Loans and Leases	(0.7)	(3.3)	(3.3)	(3.3)
Other cash flows from financing activities	-	-	-	-
Net cash inflow/(outflow) from financing	14.0	(9.6)	(9.5)	(9.4)
Taxes paid	-	-	-	-
Net cash outflow/inflow	(5.0)	(12.1)	(2.7)	(1.5)

	2013/14	2014/15	2015/16	2016/17
Risk Rating Metrics				
EBITDA Margin	2.2%	3.1%	5.2%	5.2%
EBITDA % Achieved	92.5%	92.5%	100.0%	100.0%
NRAF (Net return after financing)	-6.8%	-5.0%	-0.2%	0.0%
I&E Surplus Margin	-3.1%	-2.1%	0.0%	0.1%
Liquid Ratio	24	21	11	8
Overall FRR		3	4	4

FORECAST FINANCIAL INFORMATION
PLYMOUTH HOSPITALS NHS TRUST

PDC

STATEMENT OF COMPREHENSIVE INCOME	2013/14 £m	2014/15 £m	2015/16 £m	2016/17 £m
Mandatory Clinical Revenue	360.3	366.4	368.7	372.6
Non Mandatory Clinical Revenue	5.1	5.0	5.0	5.4
Other Operating Income	43.1	43.5	42.8	43.8
Total Operating Revenue and Income	408.4	414.9	416.5	421.8
Total Operating Expenses	(399.2)	(401.5)	(394.5)	(399.5)
Operating Surplus / (deficit)	9.3	13.3	22.0	22.3
Adjustment for donated asset income	(0.4)	(0.4)	(0.4)	(0.4)
EBITDA	8.9	12.9	21.6	21.9
<i>EBITDA margin</i>	<i>2%</i>	<i>3%</i>	<i>5%</i>	<i>5%</i>
Non-Operating income				
Gain/(loss) on asset disposals	(0.1)	-	-	-
Other Non-Operating income	-	-	-	-
Non-Operating expenses				
Impairment Losses (Reversals) net	(8.1)	(8.1)	(4.8)	(7.8)
Total Depreciation & Amortisation	(15.7)	(15.9)	(15.7)	(15.8)
Interest expense on overdrafts	0.0	(0.2)	(0.4)	(0.4)
Total interest payable on Loans and leases	(0.1)	(0.1)	(0.1)	(0.1)
PDC Dividend	(6.4)	(6.2)	(5.8)	(5.7)
Other Non-Operating expenses	-	-	-	-
Net Surplus/(Deficit)	(21.1)	(17.1)	(4.8)	(7.4)
<i>Net margin</i>	<i>-5%</i>	<i>-4%</i>	<i>-1%</i>	<i>-2%</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	190.2	181.7	176.6	168.4
Property, plant & equipment (PFI)	-	-	-	-
PFI Other Assets	-	-	-	-
Investments, Non-Current	-	-	-	-
Trade and Other Receivables, Net, Non-Current (including prepayment:	3.4	3.4	3.4	3.4
Other Assets, Non-Current	-	-	-	-
Total Non-Current Assets	193.6	185.1	180.0	171.8
CURRENT ASSETS				
Inventories	6.7	6.5	6.5	6.3
NHS Trade Receivables, Current	8.3	8.3	8.3	8.6
Non NHS Trade Receivables, Current	6.4	6.4	6.3	6.5
Other Receivables, Current	-	-	-	-
Other Financial Assets, Current (e.g. accrued income)	-	-	-	-
Prepayments, Current, PFI related	-	-	-	-
Prepayments, Current, non-PFI related	3.0	3.0	3.0	3.0
Cash and Cash Equivalents	1.3	(8.5)	(8.7)	(7.6)
Other Assets, Current	-	-	-	-
Total Current Assets	25.6	15.7	15.4	16.7
CURRENT LIABILITIES				
Bank Overdraft and Working Capital Facility	-	-	-	-
Interest-Bearing Borrowings , Current (including accrued interest)	(0.7)	(0.7)	(0.7)	(0.7)
Deferred Income, Current	(0.5)	(0.5)	(0.5)	(0.5)
Provisions, Current	(0.4)	(0.4)	(0.4)	(0.4)
Trade Payables, Current	(5.2)	(3.5)	(3.6)	(4.8)
Other Payables, Current	(8.4)	(8.4)	(8.4)	(8.4)
Capital Payables, Current	(0.9)	(1.9)	(1.9)	(1.9)
Accruals, Current	(9.9)	(9.9)	(9.9)	(9.9)
Payments on Account	-	-	-	-
Finance Leases, Current	-	-	-	-
PDC dividend Payable, Current	-	-	-	-
Other Liabilities, Current	-	-	-	-
Total Current Liabilities	(26.0)	(25.4)	(25.5)	(26.7)
NET CURRENT ASSETS (LIABILITIES)	(0.4)	(9.7)	(10.1)	(10.0)
NON CURRENT LIABILITIES				
Interest-Bearing Borrowings, Non-Current	(2.8)	(2.1)	(1.4)	(0.7)
Deferred Income, Non-Current	-	-	-	-
Provisions, Non-Current	(1.3)	(1.3)	(1.3)	(1.3)
Trade and Other Payables, Non-Current	-	-	-	-
Finance Leases, Non-current	-	-	-	-
Other Liabilities, Non-Current	-	-	-	-
Total Non-Current Liabilities	(4.1)	(3.4)	(2.7)	(2.0)
TOTAL ASSETS EMPLOYED	189.2	172.0	167.2	159.8
TAXPAYERS' EQUITY				
Public dividend capital	192.0	192.0	192.0	192.0
Retained Earnings (Accumulated Losses)	(11.6)	(28.7)	(33.5)	(40.9)
Charitable Funds	-	-	-	-
Donated asset reserve	-	-	-	-
Revaluation reserve	8.0	8.0	8.0	8.0
Miscellaneous Other Reserves	0.7	0.7	0.7	0.7
TOTAL TAXPAYERS EQUITY	189.2	172.0	167.2	159.8

STATEMENT OF CASH FLOWS	2013/14 £m	2014/15 £m	2015/16 £m	2016/17 £m
Operating Surplus / (Deficit)	9.3	13.3	22.0	22.3
Other increases/(decreases) to reconcile to profit/(loss) from operations	(0.4)	(0.4)	(0.4)	(0.4)
Operating cash flows before movements in working capital	8.9	12.9	21.6	21.9
Movement in working capital:				
(Increase)/decrease in Inventories	0.4	0.2	-	0.2
(Increase)/decrease in NHS Trade Receivables	(2.7)	(0.0)	(0.0)	(0.3)
(Increase)/decrease in Non NHS Trade Receivables	3.2	0.0	0.1	(0.1)
(Increase)/decrease in other Receivables	-	-	-	-
(Increase)/decrease in Other financial assets (e.g. accrued income)	-	-	-	-
(Increase)/decrease in Prepayments	(0.2)	-	-	-
(Increase)/decrease in Other assets	-	-	-	-
Increase/(decrease) in Deferred Income & Payments on account	(0.4)	-	-	-
(Increase)/decrease in Provisions	(0.0)	-	-	-
Increase/(decrease) in Trade Payables	(7.5)	(1.7)	0.1	1.2
Increase/(decrease) in Other Payables	0.3	-	-	-
Increase/(decrease) in PDC Dividend Payable	-	-	-	-
Increase/(decrease) in Accruals	4.2	-	-	-
Increase/(decrease) in Other liabilities	-	-	-	-
Increase/(decrease) in working capital	(2.8)	(1.5)	0.2	1.0
Increase/(decrease) in Non Current Provisions	-	-	-	-
Net cash inflow/(outflow) from operating activities	6.1	11.5	21.8	22.9
Cash flow from investing activities				
Property, plant and equipment expenditure	(25.1)	(14.0)	(15.0)	(15.0)
Proceeds on disposal of property, plant and equipment	-	-	-	-
Net cash inflow/(outflow) from investing activities	(25.1)	(14.0)	(15.0)	(15.0)
CF before Financing	(19.0)	(2.6)	6.8	7.9
Cash flow from financing activities				
Public Dividend Capital received	20.9	-	-	-
Public Dividend Capital repaid	-	-	-	-
Dividends paid	(6.3)	(6.2)	(5.8)	(5.7)
Interest (paid) on Loans and Leases	(0.1)	(0.1)	(0.1)	(0.1)
Interest (paid) on bank overdrafts and working capital facilities	-	-	-	-
Interest received on Cash and Cash Equivalents	0.0	(0.2)	(0.4)	(0.4)
Drawdown of Loans and Leases	-	-	-	-
Repayment of Loans and Leases	(0.7)	(0.7)	(0.7)	(0.7)
Other cash flows from financing activities	-	-	-	-
Net cash inflow/(outflow) from financing	13.8	(7.2)	(7.0)	(6.8)
Taxes paid	-	-	-	-
Net cash outflow/inflow	(5.1)	(9.7)	(0.3)	1.1

	2013/14	2014/15	2015/16	2016/17
Risk Rating Metrics				
EBITDA Margin	2.2%	3.1%	5.2%	5.2%
EBITDA % Achieved	92.5%	92.5%	100.0%	100.0%
NRAF (Net return after financing)	-6.9%	-5.1%	-0.2%	0.0%
I&E Surplus Margin	-3.2%	-2.2%	0.0%	0.1%
Liquid Ratio	24	24	15	15
Overall FRR	2	2	3	3

Inflation Assumptions

NHS Clinical Income

Clinical income inflation

Protected Revenue Inflation

Elective

1	Base	-1.1%	-1.1%	0.0%	0.0%	0.0%
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Protected Revenue Inflation

Non elective

1	Base	-1.1%	-1.1%	0.0%	0.0%	0.0%
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Protected Revenue Inflation

Outpatient

1	Base	-1.1%	-1.1%	0.0%	0.0%	0.0%
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Protected Revenue Inflation

A&E

1	Base	-1.1%	-1.1%	0.0%	0.0%	0.0%
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Protected Revenue Inflation

Other clinical - Tariff

1	Base	-1.1%	-1.1%	0.0%	0.0%	0.0%
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Protected Revenue Inflation

Other clinical - Non Tariff

1	Base	-1.1%	-1.1%	0.0%	0.0%	0.0%
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Protected Revenue Inflation

Other block or Cost and Volume contract

1	Base	-1.1%	-1.1%	0.0%	0.0%	0.0%
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Protected Revenue Inflation

Other block or Cost and Volume contract

1	Base	-1.1%	-1.1%	0.0%	0.0%	0.0%
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Protected/Mandatory Clinical Income Inflation

Clinical Partnerships providing mandatory services (including S75 agreements)

1	Base	-1.1%	-1.1%	0.0%	0.0%	0.0%
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Protected/Mandatory Clinical Income Inflation

Clinical income for the Secondary Commissioning of mandatory services

1	Base	-1.1%	-1.1%	0.0%	0.0%	0.0%
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Research & Development

1	Base	1.0%	1.0%	2.0%	2.0%	2.0%
---	------	------	------	------	------	------

Employee Benefit Expenses

1	Base	1.0%	1.0%	2.0%	2.0%	2.0%
---	------	------	------	------	------	------

Drug expenses

1	Base	5.0%	5.0%	5.0%	5.0%	5.0%
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Shared services expenses

1	Base	2.6%	2.7%	2.8%	2.9%	2.9%
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Other expenses

1	Base	2.6%	2.7%	2.8%	2.9%	2.9%
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PLYMOUTH HOSPITALS 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		5.7%	6.5%	3.4%	3.3%	3.2%
Activity/Capacity						
Elective	000's	58.7	58.7	58.7	58.7	58.7
Non elective	000's	51.3	51.3	51.3	51.3	51.3
Outpatient	000's	488.8	488.8	488.8	488.8	488.8
A&E	000's	88.0	88.0	88.0	88.0	88.0
Other clinical - Tariff	000's	0.0	0.0	0.0	0.0	0.0
Other clinical - Non Tariff	000's	171.8	167.9	164.1	160.5	157.1
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	0.9	0.8	0.8	0.7	0.7
Average length of stay (exc Day Cases)	Days	3.4	3.2	3.1	2.9	2.8
Average Length of Stay (Non Elective)	Days	4.4	4.2	3.9	3.7	3.6
Average length of stay - Forensic (days)	Days	0.0	0.0	0.0	0.0	0.0
Average length of stay - Acute Psychiatric (days)	Days	0.0	0.0	0.0	0.0	0.0
Bed Occupancy - Acute	%	90%	90%	90%	90%	90%
Bed Occupancy (%) - Including leave	%	0%	0%	0%	0%	0%
Bed Occupancy (%) - Excluding leave	%	0%	0%	0%	0%	0%
Delayed discharges	%	2%	2%	2%	2%	2%
New to follow up outpatient ratio	%	41%	43%	45%	48%	50%
Readmission rate	%	10%	9%	8%	7%	6%

Bed numbers

General		656.0	636.0	636.0	636.0	636.0
ITC/HDU		40.0	40.0	40.0	40.0	40.0
Maternity		63.0	63.0	63.0	63.0	63.0
Paediatrics		61.0	61.0	61.0	61.0	61.0
NICU		16.0	16.0	16.0	16.0	16.0
Total Bed numbers		836.0	816.0	816.0	816.0	816.0

Number of sites

3.0	3.0	3.0	3.0	3.0
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Staff related:

Staff Turnover	%	11%	11%	11%	11%	11%
Staff sickness rates (long term rate)	%	2%	2%	2%	2%	2%
Staff sickness rates (short term rate)	%	2%	1%	1%	1%	1%
Percentage of vacancies	%	3%	1%	1%	1%	1%
Number of consultant PA sessions per week	#	2,800.0	2,600.0	2,600.0	2,600.0	2,600.0
% of staff appraisals in last 12 months	%	88%	90%	93%	93%	93%
Overtime as % total employee benefit expense	%	1%	1%	1%	1%	1%
Catchment population (excluding tourists)	000's	456,750.0	463,601.3	470,555.3	477,613.6	484,777.8
Catchment population (at peak, i.e. including tourists)	000's	525,262.5	533,141.4	541,138.6	549,255.6	557,494.5

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

To be cleared within 5 years (real)	000's	12,508.3	11,882.9	11,288.8	10,724.3	10,188.1
To be cleared within 5 years to 10 years (real)	000's	25,016.7	23,765.8	22,577.5	21,448.7	20,376.2
To be cleared after 10 years (real)	000's	0.0	0.0	0.0	0.0	0.0
Total expected backlog		37,525.0	35,648.8	33,866.3	32,173.0	30,564.3

Acute KPIs

Theatre Utilisation	%	80%	85%	85%	85%	85%
Day Case Percentage (Day Cases/ Spells)	%	74%	74%	74%	74%	74%

Average Number of staff - Non Agency

Consultant costs	WTE	294.2	281.0	268.3	255.9	243.7
GP costs	WTE	0.0	0.0	0.0	0.0	0.0
Dental consultant costs	WTE	4.0	4.0	4.0	4.0	4.0
Dental costs	WTE	0.0	0.0	0.0	0.0	0.0
Junior medical costs	WTE	533.0	529.6	526.6	523.7	520.9
Nursing, midwifery & health visitors - inpatient costs	WTE	1,800.9	1,761.5	1,712.9	1,665.5	1,619.4
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	769.9	744.9	724.1	703.5	683.3
Scientific, therapeutic, & technical costs	WTE	916.6	827.9	808.3	789.0	770.0
Non clinical staff costs	WTE	1,230.2	1,066.8	1,000.0	935.4	872.7
Total	WTE	5,548.8	5,215.7	5,044.3	4,877.0	4,714.0

CIPs

CIP as a % of income	%	9.9%	16.6%	20.3%	24.0%	27.7%
CIP as a % of cost base	%	9.3%	15.3%	18.2%	20.8%	23.3%
In year CIP as a % of cost base	%	5.2%	6.6%	3.7%	3.6%	3.7%

Capex

Maintenance Capex/ Depn charge	£'000s	0.2	0.2	0.2	0.3	0.3
Total Capex/ Depn charge	£'000s	1.0	1.0	1.0	1.0	1.1

SOURCE : O_KPI

Prudential Borrowing Key Outputs

Completed with £13m Revenue Loan

A 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	+	408.4	414.9	416.5	421.8	427.4	433.4
Revenue Available for Debt Service	+	8.9	12.9	21.6	21.9	22.3	23.0
PDC Dividend	+	6.2	5.8	5.4	5.2	5.0	4.9
Total Interest Expenditure	+	0.2	0.3	0.3	0.2	0.1	0.1
Total Annual Debt Service	+	0.9	3.6	3.6	3.5	3.4	3.4
PBC Ratios							
Dividend Cover		1.4	2.2	4.0	4.2	4.4	4.6
Interest Cover		53.0	40.6	85.8	109.0	166.4	342.2
Debt Service Cover		10.2	3.6	6.1	6.3	6.5	6.8
Debt Service to Revenue		0.2%	0.9%	0.9%	0.8%	0.8%	0.8%
Tier 1 Tests							
Dividend Cover (greater than)	1.0	PASS	PASS	PASS	PASS	PASS	PASS
Interest Cover (greater than)	3.0	PASS	PASS	PASS	PASS	PASS	PASS
Debt Service Cover (greater than)	2.0	PASS	PASS	PASS	PASS	PASS	PASS
Debt Service to Revenue (less than)	2.5%	PASS	PASS	PASS	PASS	PASS	PASS

Prudential Borrowing Key Outputs

£13m Revenue Loan - adjusted to remove PDC Dividend from Revenue Available for Debt Service

B 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	+	408.4	414.9	416.5	421.8	427.4	433.4
Revenue Available for Debt Service as per PBA	+	8.9	12.9	21.6	21.9	22.3	23.0
Less PDC Dividend	-	-6.2	-5.8	-5.4	-5.2	-5.0	-4.9
Revenue Available for Debt Service (adjusted)	+	2.7	7.2	16.2	16.7	17.3	18.0
PDC Dividend	+	6.2	5.8	5.4	5.2	5.0	4.9
Total Interest Expenditure	+	0.2	0.3	0.3	0.2	0.1	0.1
Total Annual Debt Service	+	0.9	3.6	3.6	3.5	3.4	3.4
PBC Ratios							
Dividend Cover		0.4	1.2	3.0	3.2	3.4	3.6
Interest Cover		16.2	22.5	64.4	83.2	128.8	268.7
Debt Service Cover		3.1	2.0	4.6	4.8	5.0	5.4
Debt Service to Revenue		0.2%	0.9%	0.9%	0.8%	0.8%	0.8%
Tier 1 Tests							
Dividend Cover (greater than)	1.0	FAIL	PASS	PASS	PASS	PASS	PASS
Interest Cover (greater than)	3.0	PASS	PASS	PASS	PASS	PASS	PASS
Debt Service Cover (greater than)	2.0	PASS	FAIL	PASS	PASS	PASS	PASS
Debt Service to Revenue (less than)	2.5%	PASS	PASS	PASS	PASS	PASS	PASS