

Independent Trust Finance Facility (ITFF)

Minutes of the meeting held at Skipton House, 80 London Road, London, SE1 6LH

4th December 2013

Attendees:

Chairman George Alford (Independent)

ITFF Manager Nick Rose

Trust Panel Members: Associated Trust

David Clifford	City Hospitals Sunderland (Independent ex Non Exec)
Archie Herron	Oxleas
Ken Morris	Liverpool Women's
Richard Bell	Bradford (Independent ex Non Exec)
Jim Potter	Cambridge University (Independent ex Non Exec)
David Fleetwood	South Tyneside

Secretariat Organisation

XXXXXXX Department of Health

Observers Organisation

XXXXXXX Department of Health

Presenters Organisation

Elizabeth O'Mahony	NHS TDA (Agenda item 3)
Susan Lorimer	NHS TDA (Agenda item 3)
Chris Cale	NHS TDA (Agenda item 3)

Apologies: Organisation

None

1) Previous minutes and matters arising

Minutes agreed. Chairman updated that recommendations of the last committee had been presented to Department of Health (DH).

2) Managers Report

Nick Rose (NR) updated the committee on Medway NHS Foundation Trust who have recently had two capital loans approved from the DH. Monitor recently announced its concerns about the impact of the Keogh Review on Trust performance, and has contacted the ITFF about the continuing availability of the loans. This mirrors concerns discussed at the ITFF when the loans were approved that, although the

loans are affordable on a normalised basis, there may be an interim need for short term support because of the tight cash position. The committee concluded that there remained a clear need for the related capital expenditure and repayment would be backed by depreciation. As such, the commitments should continue to be honoured.

Although the Trust is predicting a cash shortfall in March it believes that this can be covered by use of the working capital facility from a commercial bank, and commissioners have indicated that they will provide additional interim cash support in the early part of 2013/14. In support of this, the Trust has confirmed that the working capital facility has been used in the past. The committee also recommended that DH works with Monitor to understand the extent of the Trust's need for working capital, and the longer term solutions required for Trust's sustainability.

3) Provider financing applications supported by NHS TDA
a) George Eliot Hospital NHS Trust

Recommendation	Approve
Revenue PDC requested in 2013-14	£7,905,000
Capital PDC requested in 2013-14	-
Forecast Surplus/(Deficit) for 2013-14	(£7,905,000)
Surplus/(Deficit) 2012-13	(£ 38,000)
Revenue PDC provided in 2012-13	-
Capital PDC provided in 2012-13	-
Reason for Revenue PDC request	To support expected operational deficit position for 2013-14
Reason for Capital PDC request	-
Repayment Conditions	None

The committee noted the on-going procurement process in relation to George Eliot Hospital which would seek to return the Trust to financial balance. The committee recommended that support should be provided for their deficit position until the conclusion of this process.

b) Plymouth Hospitals NHS Trust

Recommendation	Approve
Revenue PDC requested in 2013-14	£13,000,000
Capital PDC requested in 2013-14	-
Forecast Surplus/(Deficit) for 2013-14	(£13,000,000)
Surplus/(Deficit) 2012-13	£0
Revenue PDC provided in 2012-13	-
Capital PDC provided in 2012-13	-
Reason for Revenue PDC request	To support expected operational deficit position for 2013-14
Reason for Capital PDC request	-
Repayment Conditions	None

NHS TDA provided detail of the Trust's plans to return to financial balance. While on-going support for the Trust is clearly required, the committee requested on-going updates on the progress of the reconfiguration plan.

c) The Mid Yorkshire Hospitals NHS Trust

Recommendation		Approve
Revenue PDC requested in 2013-14		£28,000,000
Capital PDC requested in 2013-14		£1,000,000
Forecast Surplus/(Deficit) for 2013-14		(£20,700,000)
Surplus/(Deficit) 2012-13		(£21,839,000)
Revenue PDC provided in 2012-13		£12,500,000
Capital PDC provided in 2012-13		-
Reason for Revenue PDC request		To support expected operational deficit position for 2013-14 and to reduce extended creditor days, position created by prior year deficit.
Reason for Capital PDC request		Support the replacement of an MRI scanner and other high priority medical equipment.
Repayment Conditions		None

The committee noted that challenges faced by the Trust due to a residual high fixed estate cost. The committee agreed with the conclusion of the Trust and TDA that service reconfiguration would appear to be the only solution to target an on-going deficit on the scale of this organisation. The committee felt that the recovery plan was ambitious.

It was noted that the capital requirement was linked to essential equipment replacement.

4) Provider financing applications supported by Monitor

No applications.

5) Loan applications direct to DH by Foundation Trusts

a) Homerton University Hospital NHS Foundation Trust

Recommendation		Approve
Existing Loans: Finance Leases		
FTFF		£2,936,540
Other DH		£ 655,709
New loan amounts requested		£10,800,000
Total exposure		£14,392,249
Expected long term debt capacity		£56,150,237
Term		25 years
Rate		NLF
Repayment programme		Equal Instalments of Principal
Security Covenants		Negative Pledge
Purpose		1) Redevelopment of Pathology Services £7.9m 2) Expansion of Maternity Services £2.9m

This application was supported by the committee.

b) The Robert Jones and Agnes Hunt Orthopaedic Hospital NHS Foundation Trust

Recommendation		Approve
Existing Loans: Finance Leases		£100,000
FTFF		
Other DH		£225,000
New loan amounts requested		£8,000,000
Total exposure		£8,235,000
Expected long term debt capacity		£18,529,578
Term		10 years
Rate		NLF
Repayment programme		Equal Instalments of Principal
Security Covenants		Negative Pledge
Purpose		Finance new Surgical Services Unit, including four new theatres, admissions unit, 15 hour recovery ward, discharge area and High Dependency Unit as replacement for existing facilities.

This application was supported by the committee.

6) AOB

Scott Medley (SM) discussed the latest draft revision of the Secretary of State's guidance under section 42A of the NHS Health Service Act 2006 and welcomed comments. The next step will be a consultation with stakeholders for comment.

7) Date of next meeting

The next meeting is to be held 17th January, Quarry House, Leeds.