

INDEPENDENT TRUST FINANCING FACILITY

GEORGE ELIOT HOSPITAL NHS TRUST FINANCING APPLICATION

Presented by : NHS Trust Development Authority

INDEPENDENT TRUST FINANCING FACILITY

GEORGE ELIOT HOSPITAL NHS TRUST

FINANCING APPLICATION

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INDEPENDENT TRUST FINANCING FACILITY

GEORGE ELIOT HOSPITAL NHS TRUST

FINANCING APPLICATION

Section 1

Presented by : NHS Trust Development Authority

Independent Trust Financing Facility : Financing Application

Name of Trust:	George Eliot Hospital NHS Trust
Amount Proposed:	£7.905m
Date of Application:	4th December 2013

Main Commissioners:		
(£000)	Income (£m)	%
Warwickshire North CCG	76	61.6%
West Leicestershire CCG	10	7.8%
Primary Care Contracts	8	6.5%
Coventry & Rugby CCG	8	6.1%
Local Area Teams - Prescribed Services	7	5.9%
Other Contracted Activity	2	1.6%
Non-Contracted Activity	1	0.8%
Other Revenue	12	9.6%
Total Income	124	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				N/A			
Non PFI				N/A			
Total Existing	-	-	-			-	

New Financing Proposed	7,905
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Purpose of new financing:	The Trust requires immediate cash financing in order to fund its operating deficit position until a strategic partner can be found as part of the Securing a Sustainable Futures project.
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	PBA	
Prudential Borrowing Limit	Tier 1	Tier 2
Long term	FAIL	n/a

Bed Numbers	291
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Trust Type:	Acute
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	2013/14
Latest LTFRM FRR	1

NTDA Performance Framework	5 (Formal Action Required)
Care Quality Commission Rating	No Conditions

Reference Cost index	
Financial year:	2011/12
MFF adjusted	102
Non-MFF adjusted	98

Ratios	Required Tier 1	LTFRM output WCL of £7.905m
Minimum dividend cover	>1X	-1.0
Minimum interest cover	>3X	-116.4
Minimum debt service cover	>2X	-2.1
Maximum debt service / net revenue	<2.5%	0.7%

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 in order to finance the Trust's commitments in the current financial year.

George Eliot Hospital NHS Trust**NHS Trust Development Authority Covering Note****1. Background**

- 1.1 George Eliot Hospital NHS Trust has a 2013/14 turnover of £124 million and provides a range of acute and community based services to a population of 290,000 people in North Warwickshire, South West Leicestershire and North Coventry. The Trust is based at the George Eliot Hospital which is situated on the outskirts of Nuneaton. The hospital provides a range of elective, non-elective, surgical, medical, women's, children's, diagnostic and therapeutic services. The Trust also provides a range of community services across Coventry, Warwickshire and Leicestershire. This includes four GP surgeries in North Warwickshire, smoking cessation, health trainer and community dentistry services across the whole of Warwickshire as well as the Leicester Urgent Care Centre. The Trust shares resources and expertise through several clinical networks for services such as cancer care, coronary heart disease, pathology and women's and children's services.
- 1.2 George Eliot Hospital NHS Trust is one of four Trusts within Coventry and Warwickshire, alongside University Hospitals Coventry and Warwickshire NHS Trust, Coventry and Warwickshire NHS Partnership Trust and South Warwickshire NHS Foundation Trust.
- 1.3 In 2011/12 the Trust reconsidered its ability to achieve Foundation Trust status as an independent entity. Up until this point the Trust Board had always considered that the best way the Trust could secure the future of sustainability of clinical services for its local population was to be a standalone Foundation Trust. However, based upon historical performance and the future risks faced by the Trust the Trust Board concluded that it would be unable to meet Monitors authorisation criteria. The Trust Board concluded that its objectives could only be met in association with a strategic partner and commenced a workstream entitled 'Securing a Sustainable Future'. In May 2012 the Board approved an outline business case to secure a partner and this has subsequently been approved by the Department of Health. The Trust commenced a procurement process to find a new partner in September 2013. The procurement process and award of a contract means the new arrangements will not be in place until April 2015 at the earliest.
- 1.4 The Trust is faced with the immediate need to finance its operating deficit for 2013/14 and is therefore requesting financing of £7.905 million, all to be drawn in financial year 2013/14, whilst the procurement process progresses. Further revenue PDC financing will be required over financial years 2014/15 and 2015/16 until the procurement process is complete.

2. Financing and Affordability

2.1 The Trust is forecasting a £7.9 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 2011/12 the Trust received £2.3 million of non-recurring funding and in 2012/13 the Trust received £5 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 operating deficits going forward relating to an increase in the Trusts cost base and the removal of non-recurring income. Therefore, insufficient cash is being generated to finance future loan repayments;
- the Trusts current year financial performance is slightly behind plan (£4.1 million planned deficit against a £4.5 million actual deficit) due to cost pressures associated with providing additional capacity to meet demand for emergency patient activity paid at marginal rate and under recovery of SIFT income. The Trust forecast that they will deliver their planned deficit of £7.9 million although delivery of the position does contain some risk;
- the Trust has reasonable performance against CIP targets historically, however, has significant challenge in delivering CIP targets going forward for years beyond 2013/14;
- the Trust fails its prudential borrowing assessment (Tier 1);
- the Committee are asked to note that financing will be required over the immediate future whilst the Trust procurement solution is delivered.

3. Conclusion

3.1 The NHS TDA recommends that £7.905 million of revenue public dividend capital is approved by the Committee.

George Eliot Hospital NHS Trust
College Street
Nuneaton
Warwickshire
CV10 7DJ

Direct Dial: 02476 865072

Finance Director email: chris.bradshaw@geh.nhs.uk

8th 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

Re: Independent Trust Financing Facility: Application for Loan or PDC Finance

Reason for Loan or PDC request	Current and forecast revenue planned deficit	
Full value of financing requirement (£'000)	£7,905	
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)
	£7,905	
Is PDC requested on a Temporary or Permanent basis?	Permanent	
Repayment terms for loans and/or temporary PDC:	n/a	

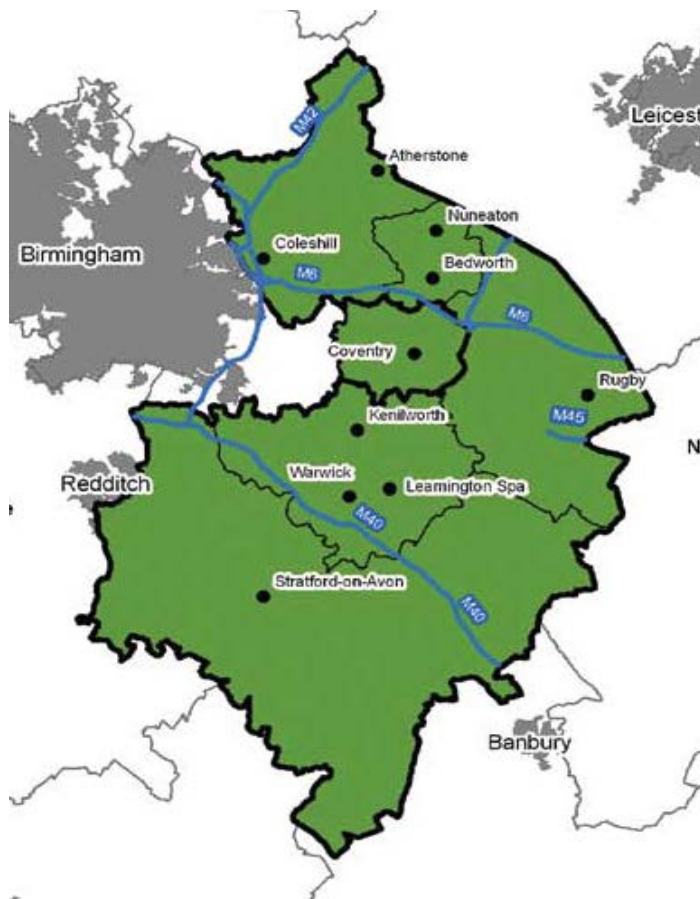
Revenue Support is requested in order to bridge the cash requirement generated as a consequence of the planned revenue deficit for 2013/14. The Trust will demonstrate through the application that repayment of loan financing is unaffordable and therefore permanent Public Dividend Capital would be the most appropriate financing solution.

The Trust is currently in the process of procuring a strategic partner to provide a new organisation model to deliver both financially and clinically sustainable services; this procurement will not be completed until 2015.



General Background

George Eliot Hospital NHS Trust (GEH) provides a range of hospital and community based services to 290,000 people in North Warwickshire, South West Leicestershire and North Coventry. The hub of the Trust is the George Eliot Hospital which is based on the outskirts of Nuneaton. The hospital provides a range of elective, non-elective, surgical, medical, women's, children's, diagnostic and therapeutic services.



The Trust also provides a range of community services across Coventry, Warwickshire and Leicestershire. This includes four GP surgeries in North Warwickshire, smoking cessation, health trainer and community dentistry services across the whole of Warwickshire, TB services for Coventry and Warwickshire and the Leicester Urgent Care Centre.

The Trust shares resources and expertise through several clinical networks for services such as cancer care, coronary heart disease, pathology and women's and children's services.

GEH provides annual activity of 66,000 A&E attendances, 23,000 planned admissions, 21,000 emergency admissions, 182,000 outpatient attendances and 2,500 births. It was the first NHS Trust to win a primary care contract competitively to establish a new Alternative Provider of Medical Services (APMS) practice from scratch. Following TCS, its 4 primary care practices will have total lists of 12,000 registered patients. In general, the local

population has poor lifestyles, with high rates of smoking, alcohol consumption, obesity and lack of exercise. One in three people has a long term condition (two in three of those aged 'over 75') and there is high mortality from cardiovascular disease, cancer and diabetes.

GEH is one of four trusts within Coventry & Warwickshire, alongside University Hospitals Coventry & Warwickshire NHS Trust (UHCW), Coventry & Warwickshire NHS Partnership Trust (CWPT) and South Warwickshire NHS Foundation Trust (SWFT)

In 2011/12, the Trust reconsidered its ability to achieve Foundation Trust status as an independent entity. Its board had always considered that this was the best way that it could secure the future sustainability of clinical services for its local population. However, based on its past record and the future risks that it faced, it concluded that it would be unable to meet the stringent requirements for authorisation by Monitor. It concluded that its objectives could only be met in association with a strategic partner. In May 2012 the Board approved an Outline Business Case to secure a partner and this has subsequently been approved by the Department of Health and the go ahead was given to advertise for a partner in September 2013. The procurement process and award of a contract means the new arrangement will not be in place until April 2015 at the earliest. There have been no major changes to the Board of Directors since November 2011 when the Strategic Outline Case proposing the Securing a Sustainable Futures project was first launched.

Financial History

In 2005-06 the Trust incurred a £7.3m deficit and in April 2006 a Public Interest Report was issued under Section 8 of the Audit Commission Act 1998 in relation to the financial standing of the Trust. The Trust developed a 5 year Financial Recovery Plan (FRP) which was agreed with the Strategic Health Authority and the Department of Health to achieve cumulative break even by the end of 2011-12. During the 6 years to March 2013 the Trust has generated small surpluses/breakeven position and has been able to repay part of the deficit still leaving a balance of £2.4m to be repaid in the future. In 2011-12 and 2012-13 the Trust required transitional income of £2.3m and £5.0m respectively to breakeven. The transitional income, provided as revenue and cash was allocated by the Strategic Health Authority and paid to the Trust through the lead commissioning PCT. Because of the cumulative deficit External Auditors have been required to issue Section 19 letters to the Secretary of State for Health informing him that the Trust has not met its statutory duty to break-even over a 3 year period in accordance with the Audit Commission Act 1998.

In 2006-07 the Trust secured a £6.8m Department of Health Working Capital loan to provide cash support, this was fully repaid by the end of 2011-12.

The trust has not received any PDC support.

In 2013-14 the trust has approved a £7.9m revenue deficit budget after completing a detailed review of income secured through contracts with the newly formed clinical commissioning groups and expenditure budgets set to deliver the contracted healthcare. The plan includes a £6.2m (4.7%) cost improvement programme. The plan was scrutinised and confirmed by the Trust Development Authority and supports the decision made in 2012 to secure a strategic partner to provide the trust with a sustainable financial plan going forward. The LTFM reports a continuing deficit in 2014-15 and 2015-16 of £8.5m and £8.4m respectively.

Board Details

The current Chairman, Executive and Non-Executive Directors of the Trust are:-

Role	Name	From
Chairman	Stuart Annan	December 2009 and before that Non-Executive Director from September 2006 Interim Chairman from February 2009
Chief Executive	Kevin McGee	March 2011
Deputy Chief Executive And Director of Finance And Performance	Chris Bradshaw	December 2006
Medical Director	Andrew Arnold	March 2011
Director of Operations	Katherine Kelly	July 2010
Director of Nursing	Dawn Wardell	March 2010
Non-Executive Director – Chair of Quality Assurance Committee	Rupert Herd	September 2006
Non-Executive Director	Chris Bain	April 2010

Non-Executive Director – Chair of Audit Committee	Malcolm Dade	October 2007
Non-Executive Director – Chair of Charitable Funds Committee	Don Navarro	April 2011
Non-Executive Director – Chair of Finance Committee	Chris Spencer	December 2011

Profiles of the Board are attached at Appendix A

Financial Position

The historical performance of the Trust is shown in the following tables:-

Historical and planned financial information

Operating Surplus /(deficit)	Plan £m	Actual before Technical Adjustments £m	Technical Adjustments £m	Adjusted Performance £m
2008/09	0.0	1.0	(0.2)	0.8
2009/10	1.0	1.0	0.2	1.2
2010/11	1.2	0.0	0.1	0.1
2011/12	1.2	(0.2)	0.2	0.0
2012/13	0.0	0.0	0.0	0.0
2013-14 YTD Q2	(4.1)	(4.5)	0.0	(4.5)

The figures reported in the Long Term Financial Model are before technical adjustments have been made which relate to IFRS, impairments and donated assets in order to arrive at the NHS Performance position.

£m	2010/11	2011/12	2012/13	2013/14 Q2	2013/14	2014/15	2015/16
Turnover	108.3	117.0	122.5	61.9	123.5	125.1	126.0
EBITDA	6.4	7.0	6.2	(1.3)	(1.8)	(1.9)	(1.7)
Non-operating costs	(6.5)	(7.2)	(6.3)	(3.3)	(6.4)	(6.8)	(7.3)
Surplus / (deficit) before technical adjustments	0.0	(0.2)	(0.0)	(4.5)	(7.9)	(8.5)	(8.4)
Surplus/(deficit) after technical adjustments/ NHS Performance Measure	0.1	0.0	0.0	(4.5)	(7.9)	(8.5)	(8.4)

The Trust planned a revenue surplus in 2010-11 and 2011-12 but because of cost pressures associated with providing additional capacity to meet demand for emergency patient activity paid at marginal rate and the host Primary Care Trust's decision to reduce elective patient activity the trust was only able to deliver a small surplus in 2010/11 and breakeven position in 2011/12. In addition

the Trust received revenue and cash financing of £2.3m in 2011-12 and £5.0m in 2012-13 allocated by the Strategic Health Authority to deliver breakeven.

The Q2 position in 2013-14 is an adverse variance of £0.4m compared to plan because of the requirement to open unplanned additional capacity to meet demand for emergency care only reimbursed at the 30% marginal tariff and under-recovery of SIFT income which relates to the full year effect decrease in income from 2012/13 levels due to a discrepancy in the number of medical student weeks being provided and being reported by Warwick Medical School (WMS).

In 2013-14 and future years before securing financial sustainability with a strategic partner the Trust is forecasting revenue deficits and will not be able to afford to make any repayment of a working capital loan without increasing the deficit.

At the start of 2011-12 £6.3m of community services were transferred to the management of the Trust under the Transforming Community Services initiative.

A bridge analysis showing the movement between financial years 2012/13 to 2014/15 is shown below.

	Net Surplus/(Deficit)	
	2012/13	2013/14
	£'000s	£000's
Net Surplus/(Deficit)	(38)	(7906)
Pay cost pressures	(3,034)	(2,070)
Non-pay cost pressures	(1,467)	(245)
Activity related cost movement	(537)	(827)
Cost inflation (includes AfC)	(2,824)	(3,608)
Below EBITDA (depreciation & funding)	(149)	(387)
CIP/efficiencies	6,143	4,997
Activity related income movement	2,077	3,198
Casemix/price change income movement	(2,467)	(340)
Other income	740	0
Inflation inflation/deflation	(1,350)	(1,291)
Non-repayable transitional income	(5,000)	0
Net Surplus/(Deficit)	(7,906)	(8,479)

The Trust reference cost for 2011/12 was 98 (Non-MFF adjusted) and 102 (MFF adjusted). (Data for 2012/13 remains in draft at this point)

Key Planning Assumptions – PDC LTFM

	2014/15	2015/16
Inflation assumptions (%):		
Clinical Income inflation	-1.6%	-1.6%
Other Income inflation	0.0%	0.0%
Pay inflation	1.8%	1.8%
Drug Price inflation	7.0%	7.0%
Other cost inflation	6.0%	6.0%
Risk Rating Metrics:		
EBITDA Margin (%)	-1.5%	-1.3%
Net Return after Financing Assets (%)	-15.7%	-17.9%
I&E surplus margin (%)	-6.8%	-6.6%
Liquidity ratio (days)	16.4 days	-8.9 days

Drugs cost inflation assumes the impact of NICE drugs.

Financial Plans and Other Supporting Information.

Revenue Deficit

The current revenue deficit is driven by a number of factors:-

- The relative size of the organisation means that economies of scale cannot always be achieved. This means that there are a number of service lines that have a challenge to achieve profitability.
- In recent years commissioner QIPP schemes have resulted in the reduction of elective referrals made to the Trust.
- Increasing emergency admissions which are only funded at 30% of tariff under the emergency threshold arrangements. This is exacerbated by a high ratio of emergency to elective admissions.
- High workforce costs because of reliance on agency medical staff to provide services where substantive doctors cannot be recruited.
- Expenditure on the Securing a Sustainable Future project.

The Trust has an underlying revenue gap between income and expenditure after delivering the planned level of cost improvement programme savings and this is forecast to continue to grow year on year. This underlying deficit has grown from £2.3m in 2011-12 and £5.0m in 2012-13 (for which transitional income was received from the Strategic Health Authority in order to achieve breakeven position) to a planned deficit of £7.9m in the current year.

In 2011-12 the trust placed itself in “financial turnaround” and appointed an external Project Management Office to identify and deliver the cost improvement programme (CIP). The office has worked with the Board, Clinical Directors and Operational Managers to successfully manage delivery of the efficiency programme and to ensure the Trust meets the national efficiency targets.

During 2013/14 the Trust was part of the Keogh Review which led to the organisation being placed in special measures. As part of the resulting action plan a number of improvements are being undertaken around the quality agenda which mean a pressure on the current cost base.

Cost Improvement Programme

The Trust has delivered a challenging cost improvement programme.

	2010-11 CIPs £000s Plan	2011-12 CIPs £000s Plan	2012-13 CIPs £000s Plan	2013-14 CIPs £000s Original Plan YTD	2013-14 CIPs £000s Plan FY	2014-15 CIPs £000s Plan	2015-16 CIPs £000s Plan
CIPs Planned:							
Recurrent	3,280	11,100	6,158	2,583	6,143	4,996	4,989
Non-Recurrent	0	0	658	0	0	0	0
Total Planned CIPs	3,280	11,100	6,816	2,583	6,143	4,996	4,989
Total Planned CIPs as a % of Income	3.1%	9.5%	5.6%	4.4%	4.7%	4.0%	4.0%

CIPS Achieved:	2010-11 CIPs Actual £000s	2011-12 CIPs Actual £000s	2012-13 CIPs Actual £000s	2013-14 CIPs Actual £000s	2013-14 CIPs Current FOT £000s
Recurrent	3,280	8,982	5,422	2,395	5,829
Non-Recurrent	0	0	1,408	211	337
Total Achieved CIPs	3,280	8,982	6,830	2,606	6,166
Total Achieved CIPs as a % of Income	3.1%	7.6%	5.5%	4.5%	4.7%
% of Planned CIPs Achieved	100.0%	80.9%	100.2%	100.9%	100.4%

The LTFM is based on delivering national savings targets (assumed to be a recurrent 4% per annum). This will be very challenging given the requirement for investment to improve the quality of services provided to meet the recommendations in the Keogh Review.

Annual Accounts 2012-13

The annual accounts 2012-13 report a break-even position with the inclusion of £5.0m non repayable revenue and cash transitional income. The accounts include a governance statement which reports the Head of Internal Audit Opinion providing significant assurance on the system of internal control in the Trust.

Integrated Performance Report September 2013

The integrated performance report to be presented to the Board later this month reports a Governance Risk rating of green. The Financial Risk rating is red because of the deficit position.

Governance

The Board of Directors has approved the application for cash support funding in 2013-14 as part of the financial plan approved by the Board in March 2013. The Trust Board has also approved the Long Term Financial Planning Model submitted with this application.

The Trust has no conditions in relation to its CQC registration.

Prudential Borrowing Assessment (PBA)

The Trust has completed a PBA and when the cash support required is run through the model the level of support fails to meet all but the maximum debt service to revenue test because the Trust is not able to cover the interest or repayments given the current and forecast revenue deficit. Any level of borrowing will give the same PBA assessment which demonstrates the requirement for all of the cash support funding to be allocated as Public Dividend Capital. The results are summarised in the following table:-

PBC Ratios - LTFM Outputs (all loans included)		Mar-14	Mar-15	Mar-16	Mar-17	Mar-18	Mar-19
Ratio Inputs		£m	£m	£m	£m	£m	£m
Total Revenue	+	123	125	126	125	125	124
Revenue Available for Debt Service	+	-2	-2	-2	-2	-1	-1
PDC Dividend	+	2	2	2	2	2	2
Total Interest Expenditure (of all loans)	+	0	0	0	0	0	0
Total Annual Debt Service (of all loans)	+	1	2	2	2	2	1
PBC Ratios							
Dividend Cover		-1.0	-0.9	-0.8	-0.7	-0.7	-0.6
Interest Cover		-116.4	-31.3	-35.9	-45.0	-68.7	-174.9
Debt Service Cover		-2.1	-1.2	-1.0	-1.0	-0.9	-1.6
Debt Service to Revenue		0.7%	1.3%	1.3%	1.3%	1.3%	0.6%
Tier 1 Tests							
Dividend Cover	1.0	FAIL	FAIL	FAIL	FAIL	FAIL	FAIL
Interest Cover	3.0	FAIL	FAIL	FAIL	FAIL	FAIL	FAIL
Debt Service Cover	2.0	FAIL	FAIL	FAIL	FAIL	FAIL	FAIL
Debt Service to Revenue	2.5%	PASS	PASS	PASS	PASS	PASS	PASS

If you require any further supporting information or clarification on the information provided in this letter or enclosures please do not hesitate to contact me.

Yours Sincerely



Chris Bradshaw
Director of Finance and Performance

Directors

The Chairman, Non-Executive and Executive Directors of the Trust are:-

Stuart Annan, Chairman

Stuart brings considerable private sector business experience to the Board of Directors, in particular in the areas of estates and construction. He has worked in the distribution and food factory construction industry for over 35 years. As a project manager for Christian Salvesen Ltd he has designed and built frozen, chill and ambient stores complete with automated materials handling solutions.

After leaving Christian Salvesen, Stuart set up Terrain Ltd to provide project management consultancy. He specialises in construction and project management and where a wide understanding of technical issues is needed.

Now semi-retired, Stuart works in various positions, including Chairman of the George Eliot, where his past experience can provide value to public bodies.

Stuart has been chairman since 1st December 2009 but prior to then was a Non-Executive Director and Interim Chairman.

Kevin McGee, Chief Executive

Kevin is a qualified accountant with over 20 years' experience of working within healthcare with 15 years' experience at executive level. Prior to joining the George Eliot in 2011, he held a range of roles including Director of Finance and Chief Operating Officer in large acute hospitals and Director of Commissioning and Performance Management at a Teaching Primary Care Trust.

While at the George Eliot, Kevin has delivered a financial strategy that has achieved a 10% cost improvement in 2011/12 and led on the reconfiguration for paediatric and maternity services across North Warwickshire.

Kevin is currently leading a cultural change journey in the Trust, improving patient experience and safety.

Kevin joined the Trust in March 2011.

Chris Bradshaw, Director of Finance and Deputy Chief Executive

Chris is a qualified accountant and worked for 18 years in the private sector for Automotive Products, Smiths Industries and Coopers & Lybrand Deloitte before joining the NHS in 1993 and working at director level in both provider and commissioner organisations. He was part of the team that relocated Birmingham Children's Hospital in 1998. At Sandwell PCTs he concluded one of the early NHS LIFT projects and was the public sector director on the LIFT company board. He joined George Eliot in 2006 and since 2011 has been leading its Securing a Sustainable Future project.

Andrew Arnold, Medical Director

Andrew has been a Consultant Urologist for the last 20 years and joined the George Eliot in 2011 from University Hospital Birmingham where he was Divisional Director. He has had 16 papers published in medical journals on a range of subjects. Andrew has also been Regional Advisor for the British Association of Urological Surgeons, Regional Advisor for Urology for the Royal College of Surgeons of England and Chairman of the Regional Training Committee for Urology.

Andrew joined the trust as medical director in March 2011.

Kath Kelly, Director of Operations

Kath is trained nurse who joined the George Eliot in 2010 from the Heart of England Foundation Trust where she was also Director of Operations. She has 14 years' experience working in senior managerial and executive positions in the NHS.

Kath's achievements at the George Eliot include implementing a transformational change in the emergency care pathway and a new clinical divisional structure to ensure empowered leaders and local accountability. She has also developed and delivered a general manager's development programme.

Dawn Wardell, Director of Nursing

Dawn has worked in the NHS for over 30 years, joining the George Eliot as Deputy Director of Nursing in 2003 from Birmingham Heartlands and Solihull NHS Trust and becoming Director of Nursing, Quality and Workforce in 2010. Prior to this, she worked in a range of senior Nursing roles. Dawn is passionate about safe, high quality care and has managed the reduction of Healthcare acquired infections in the Trust in her role as Director with responsibility for Infection Prevention and Control. As one of two clinical leads on the board she has been co-leading the work on the Keogh action plan with clinical teams in the Trust.

Chris Bain, Non-Executive Director

Chris has wide experience working in and with 3rd sector organisations. The most recent of these are: Non-Executive Director Aster Living: August 2013 – Present (1 month); Enter & View Manager Healthwatch Staffordshire: August 2013 – Present (1 month); Development Director National Governors Association; Interim Chief Executive South Birmingham Community Credit Union; Interim Chief Executive Third Sector Organisations (Nov 2007 – Aug 2011; National Development Manager Age Concern England (Jan 1997 – Nov 2007). He was chair of North Warwickshire Primary Care Trust from Jan 2002 to Sept 2006.

Chris joined the Trust in April 2010

Malcolm Dade, Non-Executive Director

Malcolm Dade brings considerable business expertise and experience to the Trust Board, in particular in the commercial and marketing areas. He is a retired Managing Director of a medium sized specialist engineering company in Nottingham. He has held a number of other director level roles particularly in project sales and management.

Malcolm qualified as an Applied Physicist at Bradford University (BTech (Hons)) and is a Chartered Engineer (CEng). He now runs his own consultancy company, working in project-related marketing, tendering and negotiations.

Malcolm has substantial experience in sales and marketing of project-related work and has significant contracts worldwide in excess of £1m in value.

Malcolm joined the Trust in October 2007

Rupert Herd, Non-Executive Director

Rupert Herd has considerable experience of governance, quality assurance and financial management within the public sector. He retired in 2005 after 13 years as Principal and CEO at Tamworth and Lichfield College, a further education college with 10,000+ full and part-time students. He managed the process of incorporation (ending LEA control) in 1993 and oversaw substantial growth, lifting the budget from £3.5m to £16m and planned major building programmes, including a new campus at Lichfield in partnership with Staffordshire University. Three full Ofsted inspections saw quality rating improve from average to high performing college. He is also a member of a small housing-related charity.

Rupert joined the Trust in 2007.

Chris Spencer, Non-Executive Director

Chris joined the Trust with a strong commercial and financial background having held a range of executive and non-executive roles in the UK and abroad. He has strong commercial and financial expertise and brings a wealth of experience including business start-ups, mergers and acquisitions.

Chris's previous roles have included Managing Director of National Grid Australia, Chairman and Chief Executive of Basslink Pty Ltd (a subsidiary of National Grid PLC responsible for building, owning and operating a £300m subsea electrical interconnector from Tasmania to mainland Australia) and Director of Business Development at National Grid Plc. He is also a Conservative councillor for the ward of Long Itchington and Ufton in South Warwickshire

Chris joined the Trust in December 2011

Don Navarro, Non-Executive Director

Councillor Navarro brings with him a great deal of healthcare experience being a qualified nurse and having held a range of clinical nurse teaching positions including Senior Lecturer at Coventry University. He has been very active amongst local voluntary groups chairing various organisation including the Coventry Black Mental Health Association and Caribbean Friendly Association. Councillor Navarro is a member of the Labour Party and as a local Councillor has represented the electoral ward of Exhall for almost ten years. In May 2010 he became the 39th Mayor of Nuneaton and Bedworth.

Don joined the Trust in April 2011.

INDEPENDENT TRUST FINANCING FACILITY

GEORGE ELIOT HOSPITAL NHS TRUST

FINANCING APPLICATION

Section 2

Presented by : NHS Trust Development Authority

HISTORIC FINANCIAL INFORMATION
GEORGE ELIOT HOSPITAL NHS TRUST

STATEMENT OF COMPREHENSIVE INCOME	2010/11 £m	2011/12 £m	2012/13 £m
Mandatory Clinical Revenue	98.1	106.6	111.3
Non Mandatory Clinical Revenue	0.7	0.7	0.5
Other Operating income	9.5	9.7	10.6
Total Operating Revenue and Income	108.3	117.0	122.5
Total Operating Expenses	(101.7)	(110.0)	(116.2)
Operating Surplus / (deficit)	6.6	7.0	6.2
Adjustment for donated asset income	(0.2)	-	-
EBITDA	6.4	7.0	6.2
<i>EBITDA margin</i>	<i>6%</i>	<i>6%</i>	<i>5%</i>
Non-Operating income			
Gain/(loss) on asset disposals	-	-	0.0
Other Non-Operating income	-	-	-
Non-Operating expenses			
Impairment Losses (Reversals) net	(0.1)	(0.2)	-
Total Depreciation & Amortisation	(4.4)	(5.1)	(4.6)
Interest expense on overdrafts	0.0	0.0	0.0
Total interest payable on Loans and leases	(0.1)	(0.0)	-
PDC Dividend	(2.0)	(1.9)	(1.7)
Other Non-Operating expenses	-	-	-
Net Surplus/(Deficit)	0.0	(0.2)	(0.0)
<i>Net margin</i>	<i>0%</i>	<i>0%</i>	<i>0%</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	64.8	63.4	58.2
Property, plant & equipment (PFI)	-	-	-
PFI Other Assets	-	-	-
Investments, Non-Current	-	-	-
Trade and Other Receivables, Net, Non-Current (including prepayments)	0.3	0.3	0.3
Other Assets, Non-Current	0.0	0.0	0.0
Total Non-Current Assets	65.0	63.7	58.5
CURRENT ASSETS			
Inventories	1.7	1.9	2.0
NHS Trade Receivables, Current	0.1	1.0	0.6
Non NHS Trade Receivables, Current	(0.6)	(0.7)	(0.1)
Other Receivables, Current	0.9	1.0	0.9
Other Financial Assets, Current (e.g. accrued income)	-	0.7	0.3
Prepayments, Current, PFI related	-	-	-
Prepayments, Current, non-PFI related	2.0	0.8	0.7
Cash and Cash Equivalents	6.0	10.2	9.9
Other Assets, Current	-	-	-
Total Current Assets	10.2	14.8	14.3
CURRENT LIABILITIES			
Bank Overdraft and Working Capital Facility	-	-	-
Interest-Bearing Borrowings , Current (including accrued interest)	-	-	-
Deferred Income, Current	-	(1.8)	(1.1)
Provisions, Current	(0.5)	(0.8)	(1.7)
Trade Payables, Current	(2.3)	(6.3)	(3.3)
Other Payables, Current	(2.3)	(2.4)	(2.4)
Capital Payables, Current	(0.2)	(1.0)	(1.2)
Accruals, Current	(4.8)	(1.5)	(3.1)
Payments on Account	-	-	-
Finance Leases, Current	(0.0)	(0.0)	(0.0)
PDC dividend Payable, Current	-	-	-
Other Liabilities, Current	(0.0)	-	-
Total Current Liabilities	(10.1)	(13.8)	(12.8)
NET CURRENT ASSETS (LIABILITIES)	0.1	1.1	1.4
NON CURRENT LIABILITIES			
Interest-Bearing Borrowings, Non-Current	(1.0)	-	-
Deferred Income, Non-Current	-	-	-
Provisions, Non-Current	(0.5)	(0.5)	(0.5)
Trade and Other Payables, Non-Current	-	-	-
Finance Leases, Non-current	(0.0)	(0.0)	-
Other Liabilities, Non-Current	-	-	-
Total Non-Current Liabilities	(1.5)	(0.5)	(0.5)
TOTAL ASSETS EMPLOYED	63.7	64.3	59.4
TAXPAYERS' EQUITY			
Public dividend capital	41.4	41.4	41.4
Retained Earnings (Accumulated Losses)	2.9	3.7	3.9
Charitable Funds	-	-	-
Donated asset reserve	-	-	-
Revaluation reserve	19.3	19.2	14.1
Miscellaneous Other Reserves	-	-	-
TOTAL TAXPAYERS EQUITY	63.7	64.3	59.4

Source Data : Trust LTFM

STATEMENT OF CASH FLOWS	2010/11 £m	2011/12 £m	2012/13 £m
Operating Surplus / (Deficit)	6.6	7.0	6.2
Other increases/(decreases) to reconcile to profit/(loss) from operations	(0.1)	(0.3)	0.0
Operating cash flows before movements in working capital	6.5	6.7	6.3
Movement in working capital:			
(Increase)/decrease in Inventories	(0.0)	(0.1)	(0.1)
(Increase)/decrease in NHS Trade Receivables	2.4	(0.9)	0.4
(Increase)/decrease in Non NHS Trade Receivables	0.0	(0.2)	0.2
(Increase)/decrease in other Receivables	(0.2)	(0.1)	0.0
(Increase)/decrease in Other financial assets (e.g. accrued income)	0.4	(0.7)	0.4
(Increase)/decrease in Prepayments	(2.0)	1.2	0.2
(Increase)/decrease in Other assets	0.0	(0.0)	0.0
Increase/(decrease) in Deferred Income & Payments on account	-	1.8	(0.7)
Increase/(decrease) in Provisions	0.5	0.7	0.2
Increase/(decrease) in Trade Payables	(0.8)	4.0	(3.0)
Increase/(decrease) in Other Payables	0.1	0.1	(0.0)
Increase/(decrease) in PDC Dividend Payable	-	-	-
Increase/(decrease) in Accruals	1.9	(3.0)	1.6
Increase/(decrease) in Other liabilities	-	-	-
Increase/(decrease) in working capital	-	2.8	(1.0)
Increase/(decrease) in Non Current Provisions	0.3	0.0	0.1
Net cash inflow/(outflow) from operating activities	9.1	9.5	5.4
Cash flow from investing activities			
Property, plant and equipment expenditure	(3.0)	(2.4)	(3.9)
Proceeds on disposal of property, plant and equipment	0.2	0.1	-
Net cash inflow/(outflow) from investing activities	(2.8)	(2.3)	(3.9)
CF before Financing	6.3	7.2	1.4
Cash flow from financing activities			
Public Dividend Capital received	-	-	-
Public Dividend Capital repaid	-	-	-
Dividends paid	(2.0)	(2.0)	(1.7)
Interest (paid) on Loans and Leases	(0.1)	(0.0)	(0.0)
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	(1.0)	(1.0)	(0.0)
Other cash flows from financing activities	-	-	-
Net cash inflow/(outflow) from financing	(3.1)	(3.0)	(1.8)
Taxes paid	-	-	-
Net cash outflow/inflow	3.1	4.2	(0.4)

	2011/12	2012/13
Risk Rating Metrics		
EBITDA Margin	6.0%	5.1%
EBITDA % Achieved	83.3%	92.5%
Net Return after Financing	-0.1%	-0.1%
I&E Surplus Margin	0.0%	0.0%
Liquid Ratio	28	29
Overall FRR	3	3

FORECAST FINANCIAL INFORMATION
GEORGE ELIOT HOSPITAL NHS TRUST

STATEMENT OF COMPREHENSIVE INCOME	2013/14	2014/15	2015/16	2016/17
	£m	£m	£m	£m
Mandatory Clinical Revenue	111.7	113.2	114.1	113.6
Non Mandatory Clinical Revenue	0.7	0.7	0.7	0.7
Other Operating income	11.2	11.2	11.2	11.2
Total Operating Revenue and Income	123.5	125.1	126.0	125.5
Total Operating Expenses	(125.1)	(126.8)	(127.4)	(126.8)
Operating Surplus / (deficit)	(1.5)	(1.7)	(1.4)	(1.4)
Adjustment for donated asset income	(0.3)	(0.3)	(0.3)	(0.3)
EBITDA	(1.8)	(1.9)	(1.7)	(1.6)
<i>EBITDA margin</i>	-1%	-2%	-1%	-1%
Non-Operating income				
Gain/(loss) on asset disposals	-	-	-	-
Other Non-Operating income	-	-	-	-
Non-Operating expenses				
Impairment Losses (Reversals) net	0.0	-	-	-
Total Depreciation & Amortisation	(4.7)	(4.7)	(4.8)	(5.1)
Interest expense on overdrafts	0.0	0.0	-	-
Total interest payable on Loans and leases	(0.0)	(0.1)	(0.0)	(0.0)
PDC Dividend	(1.7)	(2.1)	(2.2)	(2.2)
Other Non-Operating expenses	-	-	-	-
Net Surplus/(Deficit)	(7.9)	(8.5)	(8.4)	(8.7)
<i>Net margin</i>	-6%	-7%	-7%	-7%

STATEMENT OF FINANCIAL POSITION	2013/14	2014/15	2015/16	2016/17
	£m	£m	£m	£m
NON CURRENT ASSETS				
Property, Plant and Equipment and intangible assets, Net	61.7	63.1	64.8	66.3
Property, plant & equipment (PFI)	-	-	-	-
PFI Other Assets	-	-	-	-
Investments, Non-Current	-	-	-	-
Trade and Other Receivables, Net, Non-Current (including prepayment:	0.3	0.3	0.3	0.3
Other Assets, Non-Current	0.0	0.0	0.0	0.0
Total Non-Current Assets	62.0	63.4	65.2	66.7
CURRENT ASSETS				
Inventories	2.2	2.2	2.2	2.2
NHS Trade Receivables, Current	2.1	2.1	2.1	2.1
Non NHS Trade Receivables, Current	0.2	0.3	0.3	0.3
Other Receivables, Current	1.7	1.7	1.7	1.7
Other Financial Assets, Current (e.g. accrued income)	1.1	1.1	1.1	1.1
Prepayments, Current, PFI related	-	-	-	-
Prepayments, Current, non-PFI related	1.2	1.2	1.2	1.2
Cash and Cash Equivalents	0.5	(10.0)	(20.7)	(31.3)
Other Assets, Current	-	-	-	-
Total Current Assets	8.9	(1.6)	(12.2)	(22.8)
CURRENT LIABILITIES				
Bank Overdraft and Working Capital Facility	-	-	-	-
Interest-Bearing Borrowings , Current (including accrued interest)	(1.6)	(1.6)	(1.6)	(1.6)
Deferred Income, Current	(0.5)	(0.5)	(0.5)	(0.5)
Provisions, Current	(0.8)	(0.8)	(0.8)	(0.8)
Trade Payables, Current	(5.1)	(5.2)	(5.4)	(5.5)
Other Payables, Current	(2.0)	(2.0)	(2.0)	(2.0)
Capital Payables, Current	(0.7)	(0.7)	(0.7)	(0.7)
Accruals, Current	(2.6)	(2.6)	(2.6)	(2.6)
Payments on Account	-	-	-	-
Finance Leases, Current	-	-	-	-
PDC dividend Payable, Current	-	-	-	-
Other Liabilities, Current	-	-	-	-
Total Current Liabilities	(13.3)	(13.4)	(13.5)	(13.7)
NET CURRENT ASSETS (LIABILITIES)	(4.4)	(15.0)	(25.7)	(36.5)
NON CURRENT LIABILITIES				
Interest-Bearing Borrowings, Non-Current	(5.5)	(4.0)	(2.4)	(0.8)
Deferred Income, Non-Current	-	-	-	-
Provisions, Non-Current	(0.5)	(0.5)	(0.5)	(0.5)
Trade and Other Payables, Non-Current	-	-	-	-
Finance Leases, Non-current	-	-	-	-
Other Liabilities, Non-Current	-	-	-	-
Total Non-Current Liabilities	(6.1)	(4.5)	(2.9)	(1.3)
TOTAL ASSETS EMPLOYED	51.5	43.9	36.5	28.8
TAXPAYERS' EQUITY				
Public dividend capital	41.4	41.4	41.4	41.4
Retained Earnings (Accumulated Losses)	(4.0)	(12.5)	(20.9)	(29.7)
Charitable Funds	-	-	-	-
Donated asset reserve	-	-	-	-
Revaluation reserve	14.1	15.1	16.1	17.1
Miscellaneous Other Reserves	-	-	-	-
TOTAL TAXPAYERS EQUITY	51.5	43.9	36.5	28.8

Source Data : Trust LTFM

STATEMENT OF CASH FLOWS	2013/14	2014/15	2015/16	2016/17
	£m	£m	£m	£m
Operating Surplus / (Deficit)	(1.5)	(1.7)	(1.4)	(1.4)
Other increases/(decreases) to reconcile to profit/(loss) from operations	(0.3)	(0.3)	(0.3)	(0.3)
Operating cash flows before movements in working capital	(1.8)	(1.9)	(1.7)	(1.6)
Movement in working capital:				
(Increase)/decrease in Inventories	(0.2)	-	-	-
(Increase)/decrease in NHS Trade Receivables	(1.4)	0.0	(0.0)	0.0
(Increase)/decrease in Non NHS Trade Receivables	(0.3)	(0.1)	(0.0)	-
(Increase)/decrease in other Receivables	(0.8)	-	-	-
(Increase)/decrease in Other financial assets (e.g. accrued income)	(0.8)	-	-	-
(Increase)/decrease in Prepayments	(0.5)	-	-	-
(Increase)/decrease in Other assets	(0.0)	-	-	-
Increase/(decrease) in Deferred Income & Payments on account	(0.6)	-	-	-
Increase/(decrease) in Provisions	(1.0)	-	-	-
Increase/(decrease) in Trade Payables	1.8	0.1	0.1	0.2
Increase/(decrease) in Other Payables	(0.4)	-	-	-
Increase/(decrease) in PDC Dividend Payable	-	-	-	-
Increase/(decrease) in Accruals	(0.5)	-	-	-
Increase/(decrease) in Other liabilities	-	-	-	-
Increase/(decrease) in working capital	(4.7)	0.0	0.1	0.2
Increase/(decrease) in Non Current Provisions	(0.0)	-	-	-
Net cash inflow/(outflow) from operating activities	(6.4)	(1.9)	(1.6)	(1.4)
Cash flow from investing activities				
Property, plant and equipment expenditure	(8.4)	(4.9)	(5.3)	(5.3)
Proceeds on disposal of property, plant and equipment	-	-	-	-
Net cash inflow/(outflow) from investing activities	(8.4)	(4.9)	(5.3)	(5.3)
CF before Financing	(14.8)	(6.8)	(6.8)	(6.8)
Cash flow from financing activities				
Public Dividend Capital received	3.0	-	-	-
Public Dividend Capital repaid	(3.0)	-	-	-
Dividends paid	(1.7)	(2.1)	(2.2)	(2.2)
Interest (paid) on Loans and Leases	(0.0)	(0.1)	(0.0)	(0.0)
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	7.9	-	-	-
Repayment of Loans and Leases	(0.8)	(1.6)	(1.6)	(1.6)
Other cash flows from financing activities	-	-	-	-
Net cash inflow/(outflow) from financing	5.4	(3.7)	(3.8)	(3.8)
Taxes paid	-	-	-	-
Net cash outflow/inflow	(9.4)	(10.5)	(10.6)	(10.6)

	2013/14	2014/15	2015/16	2016/17
Risk Rating Metrics				
EBITDA Margin	-1.4%	-1.5%	-1.3%	-1.3%
EBITDA % Achieved	147.4%	147.4%	100.0%	100.0%
Net Return after Financing	-13.9%	-16.3%	-19.3%	-25.1%
I&E Surplus Margin	-6.4%	-6.8%	-6.7%	-6.9%
Liquid Ratio	27	10	-20	-51
Overall FRR	1	1	1	1

FORECAST FINANCIAL INFORMATION
GEORGE ELIOT HOSPITAL NHS TRUST

STATEMENT OF COMPREHENSIVE INCOME	2013/14 £m	2014/15 £m	2015/16 £m	2016/17 £m
Mandatory Clinical Revenue	111.7	113.2	114.1	113.6
Non Mandatory Clinical Revenue	0.7	0.7	0.7	0.7
Other Operating income	11.2	11.2	11.2	11.2
Total Operating Revenue and Income	123.5	125.1	126.0	125.5
Total Operating Expenses	(125.1)	(126.8)	(127.4)	(126.8)
Operating Surplus / (deficit)	(1.5)	(1.7)	(1.4)	(1.4)
Adjustment for donated asset income	(0.3)	(0.3)	(0.3)	(0.3)
EBITDA	(1.8)	(1.9)	(1.7)	(1.6)
<i>EBITDA margin</i>	-1%	-2%	-1%	-1%
Non-Operating income				
Gain/(loss) on asset disposals	-	-	-	-
Other Non-Operating income	-	-	-	-
Non-Operating expenses				
Impairment Losses (Reversals) net	0.0	-	-	-
Total Depreciation & Amortisation	(4.7)	(4.7)	(4.8)	(5.1)
Interest expense on overdrafts	0.0	0.0	-	-
Total interest payable on Loans and leases	0.0	-	-	-
PDC Dividend	(1.7)	(2.1)	(2.2)	(2.2)
Other Non-Operating expenses	-	-	-	-
Net Surplus/(Deficit)	(7.9)	(8.5)	(8.4)	(8.7)
<i>Net margin</i>	-6%	-7%	-7%	-7%

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	61.7	63.1	64.8	66.3
Property, plant & equipment (PFI)	-	-	-	-
PFI Other Assets	-	-	-	-
Investments, Non-Current	-	-	-	-
Trade and Other Receivables, Net, Non-Current (including prepayment:	0.3	0.3	0.3	0.3
Other Assets, Non-Current	0.0	0.0	0.0	0.0
Total Non-Current Assets	62.0	63.4	65.2	66.7
CURRENT ASSETS				
Inventories	2.2	2.2	2.2	2.2
NHS Trade Receivables, Current	2.1	2.1	2.1	2.1
Non NHS Trade Receivables, Current	0.2	0.3	0.3	0.3
Other Receivables, Current	1.7	1.7	1.7	1.7
Other Financial Assets, Current (e.g. accrued income)	1.1	1.1	1.1	1.1
Prepayments, Current, PFI related	-	-	-	-
Prepayments, Current, non-PFI related	1.2	1.2	1.2	1.2
Cash and Cash Equivalents	0.5	(8.4)	(17.4)	(26.4)
Other Assets, Current	-	-	-	-
Total Current Assets	8.9	0.1	(9.0)	(18.0)
CURRENT LIABILITIES				
Bank Overdraft and Working Capital Facility	-	-	-	-
Interest-Bearing Borrowings , Current (including accrued interest)	(0.5)	(0.5)	(0.5)	(0.5)
Deferred Income, Current	(0.8)	(0.8)	(0.8)	(0.8)
Provisions, Current	(5.1)	(5.2)	(5.4)	(5.5)
Trade Payables, Current	(2.0)	(2.0)	(2.0)	(2.0)
Capital Payables, Current	(0.7)	(0.7)	(0.7)	(0.7)
Accruals, Current	(1.8)	(1.8)	(1.8)	(1.8)
Payments on Account	-	-	-	-
Finance Leases, Current	-	-	-	-
PDC dividend Payable, Current	-	-	-	-
Other Liabilities, Current	-	-	-	-
Total Current Liabilities	(10.9)	(11.0)	(11.1)	(11.3)
NET CURRENT ASSETS (LIABILITIES)	(2.1)	(11.0)	(20.1)	(29.2)
NON CURRENT LIABILITIES				
Interest-Bearing Borrowings, Non-Current	-	-	-	-
Deferred Income, Non-Current	-	-	-	-
Provisions, Non-Current	(0.5)	(0.5)	(0.5)	(0.5)
Trade and Other Payables, Non-Current	-	-	-	-
Finance Leases, Non-current	-	-	-	-
Other Liabilities, Non-Current	-	-	-	-
Total Non-Current Liabilities	(0.5)	(0.5)	(0.5)	(0.5)
TOTAL ASSETS EMPLOYED	59.4	51.9	44.5	36.9
TAXPAYERS' EQUITY				
Public dividend capital	49.3	49.3	49.3	49.3
Retained Earnings (Accumulated Losses)	(4.0)	(12.5)	(20.8)	(29.5)
Charitable Funds	-	-	-	-
Donated asset reserve	-	-	-	-
Revaluation reserve	14.1	15.1	16.1	17.1
Miscellaneous Other Reserves	-	-	-	-
TOTAL TAXPAYERS EQUITY	59.4	51.9	44.5	36.9

Source Data : Trust LTFM

STATEMENT OF CASH FLOWS	2013/14 £m	2014/15 £m	2015/16 £m	2016/17 £m
Operating Surplus / (Deficit)	(1.5)	(1.7)	(1.4)	(1.4)
Other increases/(decreases) to reconcile to profit/(loss) from operations	(0.3)	(0.3)	(0.3)	(0.3)
Operating cash flows before movements in working capital	(1.8)	(1.9)	(1.7)	(1.6)
Movement in working capital:				
(Increase)/decrease in Inventories	(0.2)	-	-	-
(Increase)/decrease in NHS Trade Receivables	(1.4)	0.0	(0.0)	0.0
(Increase)/decrease in Non NHS Trade Receivables	(0.3)	(0.1)	(0.0)	-
(Increase)/decrease in other Receivables	(0.8)	-	-	-
(Increase)/decrease in Other financial assets (e.g. accrued income)	(0.8)	-	-	-
(Increase)/decrease in Prepayments	(0.5)	-	-	-
(Increase)/decrease in Other assets	(0.0)	-	-	-
Increase/(decrease) in Deferred Income & Payments on account	(0.6)	-	-	-
Increase/(decrease) in Provisions	(1.0)	-	-	-
Increase/(decrease) in Trade Payables	1.8	0.1	0.1	0.2
Increase/(decrease) in Other Payables	(0.4)	-	-	-
Increase/(decrease) in PDC Dividend Payable	-	-	-	-
Increase/(decrease) in Accruals	(1.3)	-	-	-
Increase/(decrease) in Other liabilities	-	-	-	-
Increase/(decrease) in working capital	(5.5)	0.0	0.1	0.2
Increase/(decrease) in Non Current Provisions	(0.0)	-	-	-
Net cash inflow/(outflow) from operating activities	(7.2)	(1.9)	(1.6)	(1.4)
Cash flow from investing activities				
Property, plant and equipment expenditure	(8.4)	(4.9)	(5.3)	(5.3)
Proceeds on disposal of property, plant and equipment	-	-	-	-
Net cash inflow/(outflow) from investing activities	(8.4)	(4.9)	(5.3)	(5.3)
CF before Financing	(15.6)	(6.8)	(6.8)	(6.8)
Cash flow from financing activities				
Public Dividend Capital received	10.9	-	-	-
Public Dividend Capital repaid	(3.0)	-	-	-
Dividends paid	(1.7)	(2.1)	(2.2)	(2.2)
Interest (paid) on Loans and Leases	-	-	-	-
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	-	-	-	-
Other cash flows from financing activities	-	-	-	-
Net cash inflow/(outflow) from financing	6.2	(2.1)	(2.2)	(2.2)
Taxes paid	-	-	-	-
Net cash outflow/inflow	(9.4)	(8.9)	(9.0)	(9.0)

	2013/14	2014/15	2015/16	2016/17
Risk Rating Metrics				
EBITDA Margin	-1.4%	-1.5%	-1.3%	-1.3%
EBITDA % Achieved	147.4%	147.4%	100.0%	100.0%
Net Return after Financing	-13.8%	-15.7%	-17.9%	-22.0%
I&E Surplus Margin	-6.4%	-6.8%	-6.6%	-6.9%
Liquid Ratio	27	16	-9	-35
Overall FRR	1	1	1	1

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

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

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

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

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

Protected Revenue Inflation

Other block or Cost and Volume contract

1 Base

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

Protected Revenue Inflation

Other block or Cost and Volume contract

1 Base

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

Protected/Mandatory Clinical Income Inflation

Clinical Partnerships providing mandatory services (including S75 agreements)

1 Base

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

Protected/Mandatory Clinical Income Inflation

Clinical income for the Secondary Commissioning of mandatory services

1 Base

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

Protected/Mandatory Clinical Income Inflation

Other clinical income from mandatory services

1 Base

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

Non Protected/Non Mandatory Clinical income inflation

1 Base

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

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

1.8%	1.8%	1.8%	1.8%	1.8%
------	------	------	------	------

Drug expenses

1 Base

7.0%	7.0%	7.0%	7.0%	7.0%
------	------	------	------	------

Clinical supplies and services expenses

1 Base

4.0%	4.0%	4.0%	4.0%	4.0%
------	------	------	------	------

Other expenses

1 Base

6.0%	6.0%	6.0%	6.0%	6.0%
------	------	------	------	------

GEORGE ELIOT 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		4.0%	4.0%	4.0%	4.0%	4.0%
<u>Activity/Capacity</u>						
Elective	000's	23.5	23.5	23.5	23.5	23.5
Non elective	000's	20.8	20.8	20.8	20.8	20.8
Outpatient	000's	180.9	180.9	180.9	180.9	180.9
A&E	000's	66.1	66.1	66.1	66.1	66.1
Other clinical - Tariff	000's	0.0	0.0	0.0	0.0	0.0
Other clinical - Non Tariff	000's	5.5	5.0	5.0	5.0	5.0
Other block or Cost and Volume contract	000's	33.2	33.2	33.2	33.2	33.2
Other block or Cost and Volume contract	000's	6.0	6.0	6.0	6.0	6.0
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	2.4	2.4	2.4	2.4	2.4
Average length of stay (exc Day Cases)	Days	5.3	5.3	5.3	5.3	5.3
Average Length of Stay (Non Elective)	Days	0.0	0.0	0.0	0.0	0.0
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	1.0	1.0	1.0	1.0	1.0
Bed Occupancy - Acute	%	0%	0%	0%	0%	0%
Bed Occupancy (%) - Including leave	%	0%	0%	0%	0%	0%
Bed Occupancy (%) - Excluding leave	%	1%	1%	1%	1%	1%
Delayed discharges	%	0%	0%	0%	0%	0%
New to follow up outpatient ratio	%	3%	3%	3%	3%	3%
Readmission rate	%	0%	0%	0%	0%	0%

Bed numbers

All		291.0	291.0	291.0	291.0	291.0
From service developments		0.0	0.0	0.0	0.0	0.0
Total Bed numbers		291.0	291.0	291.0	291.0	291.0

Number of sites

		1.0	1.0	1.0	1.0	1.0
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Staff related:

Staff Turnover	%	12%	12%	12%	12%	12%
Staff sickness rates (long term rate)	%	3%	3%	3%	3%	3%
Staff sickness rates (short term rate)	%	1%	1%	1%	1%	1%
Percentage of vacancies	%	8%	8%	8%	8%	8%
Number of consultant PA sessions per week	#	10.0	10.0	10.0	10.0	10.0
% of staff appraisals in last 12 months	%	83%	83%	83%	83%	83%
Overtime as % total employee benefit expense	%	1%	1%	1%	1%	1%
Catchment population (excluding tourists)	000's	290.0	290.0	290.0	290.0	290.0
Catchment population (at peak, i.e. including tourists)	000's	290.0	290.0	290.0	290.0	290.0

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

To be cleared within 5 years (real)	000's	4,575.0	5,289.0	5,330.0	4,158.0	4,021.0
To be cleared within 5 years to 10 years (real)	000's	4,880.0	3,904.0	2,928.0	1,952.0	976.0
To be cleared after 10 years (real)	000's					
Total expected backlog		9,455	9,193	8,258	6,110	4,997

Acute KPIS

Theatre Utilisation	%	91%	91%	91%	91%	91%
Day Case Percentage (Day Cases/ Spells)	%	87%	87%	87%	87%	87%

Average Number of staff - Non Agency

Consultant costs	WTE	98.0	101.1	101.1	101.1	101.1
GP costs	WTE	10.0	10.0	10.0	10.0	10.0
Dental consultant costs	WTE	0.0	0.0	0.0	0.0	0.0
Dental costs	WTE	5.0	5.0	5.0	5.0	5.0
Junior medical costs	WTE	166.0	171.8	171.8	171.8	171.8
Nursing, midwifery & health visitors - inpatient costs	WTE	616.0	633.6	633.6	633.6	633.6
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	93.3	93.3	93.3	93.3	93.3
Scientific, therapeutic, & technical costs	WTE	94.6	94.6	94.6	94.6	94.6
Non clinical staff costs	WTE	840.4	814.6	798.6	783.2	768.5
Total	WTE	1,923.3	1,924.0	1,908.0	1,892.7	1,877.9

CIPs

CIP as a % of income	%	9.1%	13.3%	17.9%	22.6%	27.6%
CIP as a % of cost base	%	8.3%	11.8%	15.4%	18.8%	22.2%
In year CIP as a % of cost base	%	3.9%	3.9%	4.0%	4.1%	4.2%

Capex

Maintenance Capex/ Depn charge	£'000s	0.0	0.0	0.0	0.0	0.0
Total Capex/ Depn charge	£'000s	1.1	1.1	1.0	0.9	0.9

SOURCE : O_KPI

GEORGE ELIOT HOSPITAL NHS TRUST

PRUDENTIAL BORROWING ASSESSMENT - REVENUE SUPPORT £7.905m

PBC Ratios - LTFM Outputs (all loans included)		Mar-14	Mar-15	Mar-16	Mar-17	Mar-18	Mar-19
Ratio Inputs		£m	£m	£m	£m	£m	£m
Total Revenue	+	123	125	126	125	125	124
Revenue Available for Debt Service	+	-2	-2	-2	-2	-1	-1
PDC Dividend	+	2	2	2	2	2	2
Total Interest Expenditure (of all loans)	+	0	0	0	0	0	0
Total Annual Debt Service (of all loans)	+	1	2	2	2	2	1
PBC Ratios							
Dividend Cover		-1.0	-0.9	-0.8	-0.7	-0.7	-0.6
Interest Cover		-116.4	-31.3	-35.9	-45.0	-68.7	-174.9
Debt Service Cover		-2.1	-1.2	-1.0	-1.0	-0.9	-1.6
Debt Service to Revenue		0.7%	1.3%	1.3%	1.3%	1.3%	0.6%
Tier 1 Tests							
Dividend Cover	1.0	FAIL	FAIL	FAIL	FAIL	FAIL	FAIL
Interest Cover	3.0	FAIL	FAIL	FAIL	FAIL	FAIL	FAIL
Debt Service Cover	2.0	FAIL	FAIL	FAIL	FAIL	FAIL	FAIL
Debt Service to Revenue	2.5%	PASS	PASS	PASS	PASS	PASS	PASS