

INDEPENDENT TRUST FINANCING FACILITY

SUSSEX COMMUNITY NHS TRUST FINANCING APPLICATION

Presented by : NHS Trust Development Authority

INDEPENDENT TRUST FINANCING FACILITY

SUSSEX COMMUNITY NHS TRUST

FINANCING APPLICATION

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INDEPENDENT TRUST FINANCING FACILITY

SUSSEX COMMUNITY NHS TRUST

FINANCING APPLICATION

Section 1

Presented by : NHS Trust Development Authority

Independent Trust Financing Facility : Financing Application

Name of Trust:	Sussex Community NHS Trust
Amount Proposed:	£3m
Date of Application:	13th December 2013

Main Commissioners: (£000)	Income (£m)	%
Coastal West Sussex CCG	66	34.1%
Brighton and Hove CCG	23	12.1%
Horsham and Mid Sussex CCG	24	12.4%
Crawley CCG	20	10.6%
NHS England	14	7.5%
Local Authority Income	13	6.9%
Dental Board	5	2.5%
Other Clinical Revenue	12	6.0%
Other Revenue	15	8.0%
Total Income	193	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	1,550	1,550	1,394	2022	0.87%	156	Upgrades as part of Trust Transformation programme
Total Existing	1,550	1,550	1,394			156	
Amounts proposed	3,000	3,000	3,000	2023	1.9%	190	
Total	3,000	3,000	3,000			190	

Purpose of new Loan:	The Trust requires capital financing in order to fund the development of selected properties in West Sussex and Brighton to create "Community Hubs" as part of a plan to co-locate disparate community nursing/admin teams into a number of central locations.
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Term of new loan(s):	10 Years
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Repayment Programme:	Equal instalments of Principal
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Interest rate %	1.90%
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Fees	Nil
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Security/Covenants	Negative pledge
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	PBA
Prudential Borrowing Limit	Tier 1 Tier 2
Long term	25 n/a

Bed Numbers	100
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Trust Type:	Community
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	2013/14
Latest LTFM FRR	3

NTDA Performance Framework	2 - emerging concerns
Care Quality Commission Rating	No Conditions

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

Ratios	Required Tier 1	LTFM output WCL of £3m
Minimum dividend cover	>1X	5.1
Minimum interest cover	>3X	90.1
Minimum debt service cover	>2X	15.5
Maximum debt service / net revenue	<2.5%	0.2%

Recommendation to Committee:
The TDA has concluded that debt finance is affordable and that cash support is required in order to finance the Trust's "Community Hubs" capital programme in 2013/14.

Sussex Community NHS Trust**NHS Trust Development Authority Covering Note****1. Introduction**

- 1.1 Sussex Community NHS Trust has requested a Capital Investment Loan of £3 million in support of a number of schemes to allow the development of selected properties in West Sussex and Brighton to create 'Community Hubs' to co-locate currently disparate community nursing and administration staff into a number of central locations with the aim of allowing staff to work more effectively as part of larger multi-disciplinary teams. The development of the two hubs is part of the Trusts overall strategy of developing a 'hub and spoke' model for the delivery of services in order to integrate service and improve the delivery of clinical pathways.
- 1.2 Sussex Community NHS Trust is the main provider of community health and care services across West Sussex and Brighton and Hove. The Trust was formed following the merger of South Downs Health NHS Trust and the provider arm of West Sussex Primary Care Trust in October 2010. The Trust delivers medical, nursing and therapeutic care to a population of around one million people in hospital, health centre and home settings. The annual income of the Trust is c£193 million per annum.

2. Background

- 2.1 The Trust is requesting funding to support the delivery of its overall capital programme of £6.6 million in 2013/14. Specifically the finance is principally to allow the development of selected properties to create Community Hubs in West Sussex and Brighton to co-locate community nursing and administration staff into a number of central locations to allow them to work more effectively as part of larger multidisciplinary teams. The Trusts estates strategy details the Trusts ambition of developing a hub and spoke model with the following benefits:
- improved pathway service delivery with acute, mental health, primary care, social care and the voluntary sector working more closely together to improve client need, care group and multidisciplinary working;
 - improved continuity of care, as patients move from acute care to intermediate care and on to home care, by improving the working arrangements of the discrete teams that deliver this care and allowing these teams to work more collaboratively together;
 - improved overlap of multi-agency teams, multi-disciplinary teams and geographical cluster teams to improve the delivery of the care pathway.

- 2.2 The hub and spoke model supports the Trusts clinical strategy to improve joint working both between clinical teams within Sussex Community and with external partners to ensure the Trust integrates effectively with the statutory, third sector and private sector organisations in maximising the delivery of healthcare to the population.
- 2.3 In addition a small amount of financing is required to assist the Trust with implementing a community PAS system. The Trust Finance and Investment Committee and Trust Board signed off both OBC and FBC in relation to this project with final FBC being approved by the Trust Board earlier in the financial year.
- 2.4 The Trust has developed four separate business cases for schemes that will be funded from the loan. Two business cases relate to the development and refurbishment of two premises in Brighton, with values of £650,000 and £785,000, and two business cases for the development of two West Sussex Hubs with values of £724,000 and £500,000.
- 2.5 The Trusts Capital Review Group, Executive Leadership Team and Finance and Investment Committee have signed off both Brighton business cases & the £724,000 West Sussex business case in line with the Trust's scheme of delegation. The remaining £500,000 FBC for West Sussex is scheduled for approval at the Trust's Finance and Investment Committee in January 2014.

3. Financing and Affordability

- 3.1 Sussex Community NHS Trust are applying for a £3 million Capital Investment Loan to support investment in the Trust's capital programme in order to develop the Trusts estate strategy of delivering care through a hub and spoke model in order to maximise the benefits of multi-agency, multi-disciplinary and geographical working. The Trust's financing application provides sufficient evidence that loan financing is affordable to the Trust:
- the Trust passes the Prudential Borrowing Assessment (PBA) Tier 1 ratio tests. Using the Trust's LTFM outputs the Trust could borrow up to £25 million before breaching the PBA ratios. The Trust's request for loan finance of £3 million is well within this range of affordability;
 - the Trust has a good record of achieving and delivering against its CIPS target in recent years, achieving 100% in both 2011/12 and 2012/13 respectively; the Trust is currently £1.1 million behind its YTD 2013/14 plan of £4.2 million however plans are place to recover this position including weekly performance meetings and the Trust is forecasting to achieve 100% of the current year target.
 - the Trust has reported improved net surplus positions over recent years and is forecasting to achieve surpluses of c£1.9 million per annum going forward equivalent to 1% of turnover;

- the Trust has one existing loan with the Department of Health which was taken out in September 2012 for upgrades to a number of buildings on the Brighton General Hospital site; this was a Capital Investment Loan of £1.55 million repayable over ten years with annual capital repayments of £156,000 per annum;

4. Conclusion

- 4.1 The financial position of the Trust and the assessment of affordability undertaken through the review of the PBA and other key metrics suggest that the Trust can manage the additional borrowings requested. This loan is therefore recommended for approval.

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5th November 2013

Dear Sir

Independent Trust Financing Facility (ITFF): Application for Loan Finance

Scheme / Purpose for loan:	Creation of Brighton & Hove & West Sussex Hubs as part of Community Transformation Program.
Loan Value	£3m
Repayment Period:	10 Year
Loan Requested:	Capital Investment Loan
Assumed interest rate:	1.9%

I am writing as part of our request to the Independent Trust Financing Facility to approve a capital investment loan of £3m.

Sussex Community NHS Trust (SCT) is the main provider of NHS community health and care services across West Sussex and Brighton & Hove. The Trust was formed following the merger of South Downs Health NHS Trust and the provider arm of West Sussex PCT in October 2010.

Our staff deliver essential medical, nursing and therapeutic care to over 8,000 adults, children and families a day. We care for our patients in their own homes or in the hospitals, clinics and centres we run or work in.

We serve a local population of around one million people. Within our area there are wide variations in socio-economic status and health and care need. West Sussex is a comparatively wealthy county, and life expectancy for men and women is higher than the national average, Brighton & Hove presents significant disparities in terms of health and wellbeing between the poorer and wealthier areas.

The map below shows the current configuration of CCGs across East and West Sussex and Brighton and Hove. Sussex Community Trust primarily serves the four CCGs of Brighton and Hove, Coastal West Sussex, Crawley and Horsham and mid Sussex.



We continue to be registered with the CQC with no conditions and are fully compliant with the CQC's core outcomes.

We have seen the following substantive changes in the composition of the board over the past year or so:

- Sue Sjuve became our new chair in June 2012 replacing Simon Turpitt.
- We appointed three new non-executive directors: Stephen Lightfoot, Martin Sambrook and David Standfast.
- Former chief executive Andy Painton resigned because of ill-health in November 2012.
- Paula Head became our new chief executive in April 2013.
- Caroline Fox became new director of human resources and organisational development in October 2012.

The Trust received a capital investment loan of £1.550m in September 2012 to make upgrades to a number of buildings on the Brighton General Hospital site as part of the Trust transformation programme. This is to be repaid over 10 years and the value of the loan outstanding as at 30/09/2013 was £1.394m.

Sussex Community Trust: Historical and planned financial information (South Downs NHS Trust until October 2010)

NHS Reported Surplus / (deficit)	Plan £m	Actual £m
2008/09	£0.0	£0.1
2009/10	£0.6	£0.6 ¹
2010/11	£0.6	£0.4 ²
2011/12	£1.8	£1.8
2012/13	£1.9	£1.9 ³

¹ 2009/10 – Excludes impact of Impairments (£2.0m)

² 2010/11 – Excludes impact of impairments (£1.2m)

³ 2012/13 – Excludes impact of impairments (£0.4m); includes adjustment for change in treatment of donated assets

£m	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
Turnover	189.3	185.3	188.0	193.4	199.1	208.3
EBITDA	3.7	5.1	5.3	5.7	6.0	6.1
Depreciation & Impairments	(3.3)	(2.3)	(2.8)	(2.7)	(2.8)	(2.9)
NHS Reported Net surplus / (deficit)	0.4	1.8	1.9	1.9	1.9	1.9

After accounting for impairments, and other technical adjustments, the Trust has delivered its planned surplus level in each year since its formation in October 2010. The Trust has delivered and will continue to plan to deliver a surplus equivalent to 1% of turnover. The Trust does not plan to increase its level of surplus until 2016/17, up to 1.4% of turnover.

Set out below is the NHS Trust's historical, YTD and planned performance against its Cost Improvement Programme targets.

	2010-11	2011-12	2012-13	2013-14	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
	Plan	Plan	Plan	Original Plan	Plan FY	Plan	Plan	Plan	Plan	Plan
CIPs Planned										
Non-recruitment	1,916	9,600	12,530	4,172	12,500	9,481	10,432	10,699	7,753	7,833
Total Planned CIPs	1,916	9,600	12,530	4,172	12,500	9,481	10,432	10,699	7,753	7,833
Total Planned CIPs as % of income	1.0%	5.2%	6.7%	5.2%	6.5%	4.8%	5.0%	5.2%	3.8%	3.9%

	2010-11	2011-12	2012-13	2013-14	2013-14
	CIPs	CIPs	CIPs	CIPs	CIPs
	£'000s	£'000s	£'000s	£'000s	£'000s
	Actual	Actual	Actual	Actual YTD	Current FOT
CIPs Achieved					
Recurrent	1,916	9,600	8,152	3,100	12,500
Non-recurrent			4,018		
Total Achieved CIPs	1,916	9,600	12,530	3,100	12,500
Total Achieved CIPs as % of income	1.0%	5.2%	6.7%	3.8%	6.5%
Total CIPs Achieved as % of Plan	100.0%	100.0%	100.0%	74.3%	100.0%

The Trust has a good record of achieving and delivering against its CIPS target in recent years, achieving 100% in both 2011/12 and 2012/13 respectively. The Trust is currently £1.1m behind its YTD 2013/14 plan of £4.2m however plans are in place to recover this position including weekly performance meetings held with services by the Director of Finance and the Chief Operating Officer and the Trust is forecasting to achieve 100% of the current year target.

The bridge data below shows the movement in the Trust's I&E position from 2012/13 to the forecast outturn for 2014/15. The Trust has incurred significant cost pressures in 2012/13, from its inpatient beds where it has invested more than £1m to improve nurse staff ratios on wards, and on non-pay costs relating to community equipment and patients appliances, areas where it is working with commissioners to agree contractual changes for 2014/15.

	Mar - 13	Mar - 14
Net Surplus (O/B)	1,461.0	1,844.8
Pay cost pressures	(2,143.1)	(1,662.4)
Non-pay cost pressures (includes PFI operating costs)	(1,121.7)	0.0
Activity related cost movement	(752.0)	(753.2)
Cost inflation (includes A4C)	(4,957.8)	(5,105.8)
Below EBITDA (depreciation & funding, includes PFI financing costs)	(434.1)	(239.9)
CIP/efficiencies	12,499.6	9,481.0
Activity related income movement	(2,571.6)	(1,123.3)
Casemix / price change income movement	0.0	0.0

Net Service developments	0.0	927.0
Other income	1,824.0	1,520.0
Income inflation	(2,346.4)	(3,007.0)
Movement in Impairments & P/L on Disposals	0.387	
Net Surplus	1,844.8	1,881.2

The increase in income inflation in 2014/15 is reflected in the tariff deflation included in the planning assumptions below.

Key Planning Assumptions

Key Planning Assumptions	2014/15	2015/16
Inflation assumptions (%):		
Clinical Income inflation	-1.6%	-1.3%
Other Income inflation	0%	0%
Education & Training	-1.6%	-1.3%
Research & Development	-1.6%	-1.3%
Pay inflation	2.75%	2.5%
Drug Price inflation	5.0%	5.0%
Other cost inflation	2.5%	2.5%

Risk Rating Metrics:		
EBITDA Margin (%)	3.0%	2.9%
Net Return after Financing (%)	3.9%	3.7%
I&E surplus margin (%)	0.9%	0.9%
Liquidity ratio (days)	30	29

The purpose of this loan is to allow the Trust to deliver its planned programme of £6.6m in 2013/14. The finance is principally to allow the development of selected properties in West Sussex and Brighton to create 'Community Hubs' to co-locate currently disparate community nursing and administration staff into a number of central locations, where they will be able to work more effectively as part of larger multi-disciplinary teams.

£2.659m of the loan will be spent on these Community Hubs of which £1.415m will be spent on refurbishing Sussex Community NHS Trust owned properties and £1.224m on refurbishing leasehold properties. The remaining £341k of the loan will be used to partly fund the introduction of the new community patient information system which received FBC sign off by the Trust Board in April 2013 as shown in the table below.

Scheme	Value (£000)
Brighton and Hove Community Premises (freehold property)	£1,415
West Sussex Community Premises (leased property)	£1,224
SystemOne Community PAS implementation	£341
Total	£3,000

The development of the two 'hubs' in 2013/14 is part of the Trusts overall strategy of a "hub and spoke" model for the delivery of services. Our Estates Strategy sets out the rationale for the development of this model:

- The move to 'pathway' service delivery means that staff move away from traditional ways of working. Increasingly, services are organised by client need/ care group, and multi-disciplinary working is well established. The challenge for effective pathway working is the need to embed such collaboration across the patient pathway, and therefore relationships between acute and mental health services, primary care, social care, the voluntary sector and informal care networks will need to be enhanced.
- This necessitates a broad geographical coverage, with good quality facilities in all localities. Staff already work from other health and care premises, care pathway service delivery will increasingly mean greater continuity of care as patients from acute hospital, through intermediate care, to home care. No longer will each aspect of service be delivered by discrete teams.
- Staff may increasingly work in more than one setting, and overlapping multiagency, service, disciplinary and geographical cluster teams. This flexibility is not well supported by traditional models of staff bases with clinical staff having fixed desks or working predominantly from one office.
- Greater flexibility in the deployment of service staff, supported by good quality ICT and communications is required to 'join up' care effectively and efficiently. Over time fewer staff are expected to have 'fixed desks'.
- Staff will need to work in a variety of locations. The right ICT is required to support this flexible working approach, which enables staff to be more responsive to patients and service users' needs. There are wider benefits too, e.g. staff being able to take an 'any time, anywhere' approach to work not involving direct patient contact, which in turn enables improved work-life balance as well as improved use of space.

For these reasons the hub and spoke model supports our clinical strategy to improve joint working both between clinical teams within Sussex Community Trust and outside, recognising that "we cannot deliver health and social care in isolation. We plan to work in clinically effective ways with other statutory, third sector and private sector organisations who share the same vision in the provision of care. This will help us improve services and maintain high standards of care for our patients".⁴

There will also be cost benefits from withdrawing from a number of existing buildings many of which are unsuitable for purpose and expensive to run. We will deliver cost efficiencies of £0.8m recurrently by co-locating services on one site through a combination of reduced premises costs (including lease payments) and staff efficiencies. There are no asset disposals that result from the schemes described as part of the case. As the Trust owns very little of its Estate other than within Brighton and Hove the majority of the premises are owned by non-NHS landlords or NHS Property services. The Trust is working with CCGs to ensure that where Property Services estate is vacated that the void space is managed and that the impact on the health economy is minimised.

The significant revenue savings that will be delivered through the development of the community hubs will be greater than the additional cost of finance associated with the loan.

⁴ Sussex Community Trust Clinical Care Strategy

The table below shows that the Trust can operate comfortably within the PBC ratio limits for Tier 1 tests.

Prudential Borrowing Code Ratios	Limits	Proposed Borrowing	Projected Maximum
Minimum dividend cover	1.0	5.1	4.7
Minimum interest cover	3.0	90.1	11.7
Minimum debt service cover	2.0	15.5	2.0
Maximum debt service to revenue	2.5%	0.2%	1.5%

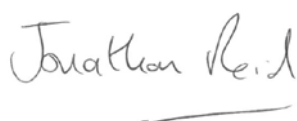
The service and financial benefits of the development of the community hubs are clear and are in line with the local CCG requirement around service developments and resilience and also QIPP expenditure reductions. The Hub approach will free up much needed clinical space and will help implement multi-disciplinary working in line with our clinical strategy and service delivery plans. It will also help in introducing new ways of working.

Although the loan is primarily to fund the Trust's Hub and Spoke model, there are several different projects that are incorporated under this heading and so, to date there have been three separate business cases for schemes that will be funded from this loan. These relate to two business cases for premises in Brighton for £650k and £785k and one for development of two West Sussex Hubs at a combined value of £724k. These are below the £1m level for authorisation by the Trusts Board of £1m but have been signed off by the Trust's Capital Review Group and Executive Leadership Team (for cases less than £750k) and also by the Finance and Investment Committee for the case in excess of £750k. A final business case for circa £500k is required for the final part of the West Sussex scheme and this will be presented for approval to the Trust's Finance and Investment Committee in January.

The £3m capital investment loan was included within the Trust's annual operating plan, approved by the Trust Board. The Board have approved the £6.6m capital programme for 2013/14 and recognise the benefits that will result from the planned developments.

On behalf of the Board I would be grateful if you could consider our application for a £3m capital investment loan in order to proceed with our capital programme for 2013/14.

Yours faithfully



Jonathan Reid
Director of Finance, Estates & Facilities

INDEPENDENT TRUST FINANCING FACILITY

SUSSEX COMMUNITY NHS TRUST

FINANCING APPLICATION

Section 2

Presented by : NHS Trust Development Authority

HISTORIC FINANCIAL INFORMATION
SUSSEX COMMUNITY NHS TRUST

STATEMENT OF COMPREHENSIVE INCOME	2010/11 £m	2011/12 £m	2012/13 £m
Mandatory Clinical Revenue	175.8	169.5	174.4
Non Mandatory Clinical Revenue	0.0	0.1	0.3
Other Operating income	13.5	15.6	13.3
Total Operating Revenue and Income	189.3	185.3	188.0
Total Operating Expenses	(185.6)	(180.2)	(182.7)
Operating Surplus / (deficit)	3.7	5.1	5.3
Adjustment for donated asset income	-	(0.2)	(0.1)
EBITDA	3.7	4.9	5.2
<i>EBITDA margin</i>	2%	3%	3%
Non-Operating income			
Gain/(loss) on asset disposals	0.0	0.0	0.0
Other Non-Operating income	-	-	-
Non-Operating expenses			
Impairment Losses (Reversals) net	(1.2)	-	(0.4)
Total Depreciation & Amortisation	(2.1)	(2.3)	(2.4)
Interest expense on overdrafts	0.0	0.0	0.0
Total interest payable on Loans and leases	(0.0)	(0.0)	(0.0)
PDC Dividend	(1.1)	(1.1)	(1.0)
Other Non-Operating expenses	-	-	-
Net Surplus/(Deficit)	(0.7)	1.8	1.5
<i>Net margin</i>	0%	1%	1%

STATEMENT OF FINANCIAL POSITION	2010/11 £m	2011/12 £m	2012/13 £m
NON CURRENT ASSETS			
Property, Plant and Equipment and intangible assets, Net	35.2	37.7	40.5
Property, plant & equipment (PFI)	-	-	-
PFI Other Assets	-	-	-
Investments, Non-Current	-	-	-
Trade and Other Receivables, Net, Non-Current (including prepayments)	0.4	0.3	0.3
Other Assets, Non-Current	-	-	-
Total Non-Current Assets	35.5	38.0	40.8
CURRENT ASSETS			
Inventories	0.2	0.7	0.9
NHS Trade Receivables, Current	11.9	8.8	7.0
Non NHS Trade Receivables, Current	2.8	1.1	2.4
Other Receivables, Current	0.3	0.3	0.2
Other Financial Assets, Current (e.g. accrued income)	-	-	-
Prepayments, Current, PFI related	-	-	-
Prepayments, Current, non-PFI related	0.3	0.2	0.6
Cash and Cash Equivalents	1.8	2.9	9.6
Other Assets, Current	-	-	-
Total Current Assets	17.2	14.0	20.6
CURRENT LIABILITIES			
Bank Overdraft and Working Capital Facility	-	-	-
Interest-Bearing Borrowings , Current (including accrued interest)	-	-	(0.2)
Deferred Income, Current	-	-	-
Provisions, Current	(0.2)	(0.4)	(0.3)
Trade Payables, Current	(10.4)	(7.7)	(13.6)
Other Payables, Current	(1.5)	(2.4)	(2.5)
Capital Payables, Current	(0.2)	(0.1)	(0.3)
Accruals, Current	(4.8)	(3.0)	(2.3)
Payments on Account	-	(0.0)	(0.0)
Finance Leases, Current	(0.0)	(0.0)	(0.0)
PDC dividend Payable, Current	-	-	0.2
Other Liabilities, Current	-	-	-
Total Current Liabilities	(17.1)	(13.6)	(19.0)
NET CURRENT ASSETS (LIABILITIES)	0.1	0.3	1.6
NON CURRENT LIABILITIES			
Interest-Bearing Borrowings, Non-Current	-	-	(1.3)
Deferred Income, Non-Current	-	-	-
Provisions, Non-Current	(0.5)	(0.5)	(0.4)
Trade and Other Payables, Non-Current	-	-	-
Finance Leases, Non-current	(0.8)	(0.8)	(0.5)
Other Liabilities, Non-Current	-	-	-
Total Non-Current Liabilities	(1.3)	(1.2)	(2.2)
TOTAL ASSETS EMPLOYED	34.4	37.1	40.2
TAXPAYERS' EQUITY			
Public dividend capital	0.3	0.3	2.2
Retained Earnings (Accumulated Losses)	32.8	34.6	36.0
Charitable Funds	-	-	-
Donated asset reserve	-	-	-
Revaluation reserve	12.9	13.9	13.6
Miscellaneous Other Reserves	(11.6)	(11.6)	(11.6)
TOTAL TAXPAYERS EQUITY	34.4	37.1	40.2

Source Data : Trust LTFM

STATEMENT OF CASH FLOWS	2010/11 £m	2011/12 £m	2012/13 £m
Operating Surplus / (Deficit)	3.7	5.1	5.3
Other increases/(decreases) to reconcile to profit/(loss) from operations	-	(0.1)	(0.5)
Operating cash flows before movements in working capital	3.7	5.0	4.8
Movement in working capital:			
(Increase)/decrease in Inventories	(0.0)	(0.5)	(0.1)
(Increase)/decrease in NHS Trade Receivables	-	3.1	1.9
(Increase)/decrease in Non NHS Trade Receivables	-	0.6	(0.3)
(Increase)/decrease in other Receivables	(0.8)	0.0	0.0
(Increase)/decrease in Other financial assets (e.g. accrued income)	-	-	-
(Increase)/decrease in Prepayments	-	0.0	(0.4)
(Increase)/decrease in Other assets	-	-	-
Increase/(decrease) in Deferred Income & Payments on account	-	0.0	0.0
Increase/(decrease) in Provisions	0.0	1.3	(1.1)
Increase/(decrease) in Trade Payables	(0.8)	(1.7)	5.9
Increase/(decrease) in Other Payables	-	(0.0)	0.1
Increase/(decrease) in PDC Dividend Payable	-	-	-
Increase/(decrease) in Accruals	-	(1.8)	(0.7)
Increase/(decrease) in Other liabilities	-	-	-
Increase/(decrease) in working capital	(1.6)	0.9	5.3
Increase/(decrease) in Non Current Provisions	-	(0.0)	(0.0)
Net cash inflow/(outflow) from operating activities	2.1	5.9	10.1
Cash flow from investing activities			
Property, plant and equipment expenditure	(3.3)	(3.7)	(5.6)
Proceeds on disposal of property, plant and equipment	2.7	0.0	0.0
Net cash inflow/(outflow) from investing activities	(0.6)	(3.7)	(5.6)
CF before Financing	1.5	2.2	4.5
Cash flow from financing activities			
Public Dividend Capital received	3.0	-	1.9
Public Dividend Capital repaid	(2.7)	-	-
Dividends paid	(0.9)	(1.2)	(1.1)
Interest (paid) on Loans and Leases	-	(0.0)	(0.0)
Interest (paid) on bank overdrafts and working capital facilities	-	-	-
Interest received on Cash and Cash Equivalents	0.0	0.0	0.0
Drawdown of Loans and Leases	-	-	1.6
Repayment of Loans and Leases	(0.0)	(0.0)	(0.1)
Other cash flows from financing activities	-	-	-
Net cash inflow/(outflow) from financing	(0.6)	(1.2)	2.2
Taxes paid	-	-	-
Net cash outflow/inflow	0.9	(1.2)	6.7

	2011/12	2012/13
Risk Rating Metrics		
EBITDA Margin	2.7%	2.8%
EBITDA % Achieved	89.0%	93.9%
Net Return after Financing	0.0%	-0.1%
I&E Surplus Margin	0.1%	0.1%
Liquid Ratio	26	27
Overall FRR	3	3

FORECAST FINANCIAL INFORMATION
SUSSEX COMMUNITY NHS TRUST

STATEMENT OF COMPREHENSIVE INCOME	2013/14	2014/15	2015/16	2016/17
	£m	£m	£m	£m
Mandatory Clinical Revenue	177.9	182.1	191.4	190.8
Non Mandatory Clinical Revenue	0.2	0.2	0.2	0.2
Other Operating income	15.2	16.7	16.7	15.1
Total Operating Revenue and Income	193.4	199.1	208.3	206.1
Total Operating Expenses	(187.7)	(193.1)	(202.2)	(199.1)
Operating Surplus / (deficit)	5.7	6.0	6.1	7.0
Adjustment for donated asset income	-	-	-	-
EBITDA	5.7	6.0	6.1	7.0
<i>EBITDA margin</i>	3%	3%	3%	3%
Non-Operating income				
Gain/(loss) on asset disposals	-	-	-	-
Other Non-Operating income	-	-	-	-
Non-Operating expenses				
Impairment Losses (Reversals) net	-	-	-	-
Total Depreciation & Amortisation	(2.7)	(2.8)	(2.9)	(2.7)
Interest expense on overdrafts	0.0	0.0	0.0	0.0
Total interest payable on Loans and leases	(0.1)	(0.1)	(0.1)	(0.1)
PDC Dividend	(1.1)	(1.2)	(1.2)	(1.3)
Other Non-Operating expenses	-	-	-	-
Net Surplus/(Deficit)	1.8	1.9	1.9	2.9
<i>Net margin</i>	1%	1%	1%	1%

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	44.3	46.5	46.5	46.8
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	-	-	-	-
Total Non-Current Assets	44.6	46.8	46.8	47.1
CURRENT ASSETS				
Inventories	0.9	0.9	0.9	0.9
NHS Trade Receivables, Current	6.8	7.0	6.9	9.9
Non NHS Trade Receivables, Current	2.5	2.5	2.3	2.1
Other Receivables, Current	0.3	0.3	0.3	0.3
Other Financial Assets, Current (e.g. accrued income)	-	-	-	-
Prepayments, Current, PFI related	-	-	-	-
Prepayments, Current, non-PFI related	0.6	0.6	0.6	0.6
Cash and Cash Equivalents	3.0	5.8	6.9	5.8
Other Assets, Current	-	-	-	-
Total Current Assets	14.0	17.1	18.0	19.6
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	-	-	-	-
Provisions, Current	(0.1)	(0.1)	(0.1)	(0.1)
Trade Payables, Current	(6.6)	(8.7)	(8.4)	(8.0)
Other Payables, Current	(2.9)	(2.9)	(2.9)	(2.9)
Capital Payables, Current	(0.3)	(0.3)	(0.3)	(0.3)
Accruals, Current	(1.7)	(1.7)	(1.7)	(1.7)
Payments on Account	(0.0)	(0.0)	(0.0)	(0.0)
Finance Leases, Current	(0.0)	(0.0)	(0.0)	(0.0)
PDC dividend Payable, Current	-	-	-	-
Other Liabilities, Current	(0.0)	-	-	-
Total Current Liabilities	(12.3)	(14.3)	(14.0)	(13.6)
NET CURRENT ASSETS (LIABILITIES)	1.7	2.8	4.0	5.9
NON CURRENT LIABILITIES				
Interest-Bearing Borrowings, Non-Current	(3.5)	(4.9)	(4.2)	(3.5)
Deferred Income, Non-Current	-	-	-	-
Provisions, Non-Current	(0.4)	(0.4)	(0.4)	(0.4)
Trade and Other Payables, Non-Current	-	-	-	-
Finance Leases, Non-current	(0.5)	(0.5)	(0.5)	(0.5)
Other Liabilities, Non-Current	-	-	-	-
Total Non-Current Liabilities	(4.4)	(5.7)	(5.0)	(4.4)
TOTAL ASSETS EMPLOYED	42.0	43.9	45.8	48.7
TAXPAYERS' EQUITY				
Public dividend capital	2.2	2.2	2.2	2.2
Retained Earnings (Accumulated Losses)	37.9	39.7	41.6	44.6
Charitable Funds	-	-	-	-
Donated asset reserve	-	-	-	-
Revaluation reserve	13.6	13.6	13.6	13.6
Miscellaneous Other Reserves	(11.6)	(11.6)	(11.6)	(11.6)
TOTAL TAXPAYERS EQUITY	42.0	43.9	45.8	48.7

Source Data : Trust LTFM

STATEMENT OF CASH FLOWS	2013/14	2014/15	2015/16	2016/17
	£m	£m	£m	£m
Operating Surplus / (Deficit)	5.7	6.0	6.1	7.0
Other increases/(decreases) to reconcile to profit/(loss) from operations	-	-	-	-
Operating cash flows before movements in working capital	5.7	6.0	6.1	7.0
Movement in working capital:				
(Increase)/decrease in Inventories	-	-	-	-
(Increase)/decrease in NHS Trade Receivables	0.2	(0.2)	0.1	(3.0)
(Increase)/decrease in Non NHS Trade Receivables	(0.1)	(0.1)	0.2	0.3
(Increase)/decrease in other Receivables	(0.1)	-	-	-
(Increase)/decrease in Other financial assets (e.g. accrued income)	-	-	-	-
(Increase)/decrease in Prepayments	-	-	-	-
(Increase)/decrease in Other assets	-	-	-	-
Increase/(decrease) in Deferred Income & Payments on account	0.0	-	-	-
Increase/(decrease) in Provisions	(0.3)	-	-	-
Increase/(decrease) in Trade Payables	(7.0)	2.1	(0.3)	(0.4)
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	(7.3)	1.8	(0.0)	(3.1)
Increase/(decrease) in Non Current Provisions	(0.1)	-	-	-
Net cash inflow/(outflow) from operating activities	(1.7)	7.8	6.0	3.9
Cash flow from investing activities				
Property, plant and equipment expenditure	(6.7)	(4.9)	(3.0)	(3.0)
Proceeds on disposal of property, plant and equipment	-	-	-	-
Net cash inflow/(outflow) from investing activities	(6.7)	(4.9)	(3.0)	(3.0)
CF before Financing	(8.3)	2.8	3.1	0.9
Cash flow from financing activities				
Public Dividend Capital received	-	-	-	-
Public Dividend Capital repaid	-	-	-	-
Dividends paid	(0.9)	(1.2)	(1.2)	(1.3)
Interest (paid) on Loans and Leases	(0.0)	(0.1)	(0.1)	(0.1)
Interest (paid) on bank overdrafts and working capital facilities	-	-	-	-
Interest received on Cash and Cash Equivalents	0.0	0.0	0.0	0.0
Drawdown of Loans and Leases	3.0	2.0	-	-
Repayment of Loans and Leases	(0.3)	(0.7)	(0.7)	(0.7)
Other cash flows from financing activities	-	-	-	-
Net cash inflow/(outflow) from financing	1.8	(0.0)	(2.0)	(2.0)
Taxes paid	-	-	-	-
Net cash outflow/inflow	(6.6)	2.8	1.1	(1.1)

	2013/14	2014/15	2015/16	2016/17
Risk Rating Metrics				
EBITDA Margin	3.0%	3.0%	2.9%	3.4%
EBITDA % Achieved	111.6%	111.6%	100.0%	100.0%
Net Return after Financing	4.2%	3.9%	3.7%	5.6%
I&E Surplus Margin	1.0%	0.9%	0.9%	1.4%
Liquid Ratio	31	30	29	31
Overall FRR	3	3	3	3

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

Protected Revenue Inflation

Elective

1 Base

-1.6%	-1.3%	-1.3%	-1.3%	-1.3%
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Protected Revenue Inflation

Non elective

1 Base

-1.6%	-1.3%	-1.3%	-1.3%	-1.3%
-------	-------	-------	-------	-------

Protected Revenue Inflation

Outpatient

1 Base

-1.6%	-1.3%	-1.3%	-1.3%	-1.3%
-------	-------	-------	-------	-------

Protected Revenue Inflation

A&E

1 Base

-1.6%	-1.3%	-1.3%	-1.3%	-1.3%
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Protected Revenue Inflation

Other clinical - Tariff

1 Base

-1.6%	-1.3%	-1.3%	-1.3%	-1.3%
-------	-------	-------	-------	-------

Protected Revenue Inflation

Other clinical - Non Tariff

1 Base

-1.6%	-1.3%	-1.3%	-1.3%	-1.3%
-------	-------	-------	-------	-------

Protected Revenue Inflation

Other block or Cost and Volume contract

1 Base

-1.6%	-1.3%	-1.3%	-1.3%	-1.3%
-------	-------	-------	-------	-------

Protected Revenue Inflation

Other block or Cost and Volume contract

1 Base

-1.6%	-1.3%	-1.3%	-1.3%	-1.3%
-------	-------	-------	-------	-------

Protected/Mandatory Clinical Income Inflation

Clinical Partnerships providing mandatory services (including S75 agreements)

1 Base

-1.6%	-1.3%	-1.3%	-1.3%	-1.3%
-------	-------	-------	-------	-------

Protected/Mandatory Clinical Income Inflation

Clinical income for the Secondary Commissioning of mandatory services

1 Base

-1.6%	-1.3%	-1.3%	-1.3%	-1.3%
-------	-------	-------	-------	-------

Protected/Mandatory Clinical Income Inflation

Other clinical income from mandatory services

1 Base

-1.6%	-1.3%	-1.3%	-1.3%	-1.3%
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Non Protected/Non Mandatory Clinical income inflation

1 Base

-1.6%	-1.3%	-1.3%	-1.3%	-1.3%
-------	-------	-------	-------	-------

Other revenue Inflation

Education & training

1 Base

-1.6%	-1.3%	-1.3%	-1.3%	-1.3%
-------	-------	-------	-------	-------

Research & Development

1 Base

-1.6%	-1.3%	-1.3%	-1.3%	-1.3%
-------	-------	-------	-------	-------

Other revenue

1 Base

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

Employee Benefit Expenses

1 Base

2.8%	2.5%	2.5%	2.5%	2.5%
------	------	------	------	------

Drug expenses

1 Base

5.0%	5.0%	5.0%	5.0%	5.0%
------	------	------	------	------

Clinical supplies and services expenses

1 Base

2.5%	2.5%	2.5%	2.5%	2.5%
------	------	------	------	------

Other expenses

1 Base

2.5%	2.5%	2.5%	2.5%	2.5%
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SUSSEX COMMUNITY NHS TRUST

ADDITIONAL TRUST KPIs

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

Key Assumptions - Activity

Trust view of financial efficiency modelled		4.2%	3.7%	3.8%	3.8%	3.8%
Activity/Capacity						
Elective	000's	0.0	0.0	0.0	0.0	0.0
Non elective	000's	65.8	66.3	66.8	67.2	67.6
Outpatient	000's	0.0	0.0	0.0	0.0	0.0
A&E	000's	5.8	5.8	5.9	5.9	5.9
Other clinical - Tariff	000's	37.9	38.2	38.5	38.8	39.0
Other clinical - Non Tariff	000's	1,129.3	1,138.5	1,147.0	1,153.6	1,160.2
Other block or Cost and Volume contract	000's	865.6	872.7	879.2	884.3	889.4
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	2.8	2.8	2.8	2.8	2.8
Average length of stay (exc Day Cases)	Days	4.6	4.6	4.6	4.6	4.6
Average Length of Stay (Non Elective)	Days	24.0	24.0	24.0	24.0	24.0
Bed Occupancy - Acute	%	95%	95%	95%	95%	95%
Bed Occupancy (%) - Including leave	%	95%	95%	95%	95%	95%
Bed Occupancy (%) - Excluding leave	%	95%	95%	95%	95%	95%
Delayed discharges	%	8%	8%	8%	8%	8%
New to follow up outpatient ratio	%	5%	5%	5%	5%	5%

Bed numbers

All		74.0	74.0	74.0	74.0	74.0
From service developments		26.0	26.0	26.0	26.0	26.0
Total Bed numbers		100.0	100.0	100.0	100.0	100.0

Number of sites

		1.0	1.0	1.0	1.0	1.0
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Staff related:

Staff Turnover	%	10.0%	9.5%	9.0%	9.0%	9.0%
Staff sickness rates (long term rate)	%	2.0%	2.0%	2.0%	2.0%	2.0%
Staff sickness rates (short term rate)	%	2.0%	1.5%	1.5%	1.5%	1.5%
Percentage of vacancies	%	5.0%	4.5%	4.0%	4.0%	4.0%
Number of consultant PA sessions per week	#	230	230	230	230	230
% of staff appraisals in last 12 months	%	90.0%	95.0%	95.0%	98.0%	98.0%
Overtime as % total employee benefit expense	%	0.8%	0.8%	0.7%	0.7%	0.7%
Catchment population (excluding tourists)	000's	1,147	1,156	1,165	1,172	1,178
Catchment population (at peak, i.e. including tourists)	000's	1,147	1,156	1,165	1,172	1,178

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

To be cleared within 5 years (real)	000's	1,180.0	2,300.0	1,505.0	689.0	504.0
To be cleared within 5 years to 10 years (real)	000's	250.0	240.0	170.0	130.0	100.0
To be cleared after 10 years (real)	000's	175.0	180.0	180.0	110.0	100.0
Total expected backlog		1,605	2,720	1,855	929	704

Community KPIs

Community Services

Total number of contacts	000's	1,991.5	2,007.7	2,021.8	2,034.4	2,046.1
Type of contact						
Face to face	%	91%	91%	91%	91%	91%
Phone	%	9%	9%	9%	9%	9%
Text	%	0%	0%	0%	0%	0%
Other	%	0%	0%	0%	0%	0%
Average length of contact	mins	30.0	30.0	30.0	30.0	30.0
Outpatients waiting more than 13 weeks	%	0.0	0.0	0.0	0.0	0.0

Access to care

Number of walk in centres and minor injury clinics		3.0	3.0	3.0	3.0	3.0
Walk in centres and minor injury clinics - patients seen within 4 hours	%	99.8	99.8	99.8	99.8	99.8

Average Number of staff - Non Agency

Consultant costs	WTE	23.0	23.0	23.0	23.0	23.0
GP costs	WTE	4.4	4.4	4.4	4.4	4.4
Dental consultant costs	WTE	2.7	2.7	2.7	2.7	2.7
Dental costs	WTE	12.1	12.1	12.1	12.1	12.1
Junior medical costs	WTE	22.9	22.9	22.9	22.9	22.9
Nursing, midwifery & health visitors - inpatient costs	WTE	235.3	231.3	220.3	212.3	203.3
Nursing, midwifery & health visitors - community costs	WTE	1,002.3	990.3	930.3	877.3	851.3
Other clinical staff - Social care workers	WTE	10.8	10.8	10.8	10.8	10.8
Other clinical staff costs	WTE	573.7	579.7	578.7	582.7	559.7
Scientific, therapeutic, & technical costs	WTE	739.6	731.6	719.6	710.6	701.6
Non clinical staff costs	WTE	959.0	911.0	859.0	813.0	767.0
Total	WTE	3,585.8	3,519.8	3,383.8	3,271.8	3,158.8

CIPs

CIP as a % of income	%	11.2%	15.9%	21.5%	26.0%	30.7%
CIP as a % of cost base	%	10.5%	14.3%	18.7%	21.7%	24.7%
In year CIP as a % of cost base	%	4.7%	4.9%	5.1%	3.8%	3.9%

Capex

Maintenance Capex/ Depn charge	£'000s	0.4	0.3	0.3	0.4	0.4
Total Capex/ Depn charge	£'000s	1.7	1.0	1.0	1.1	1.2

SOURCE : O_KPI

SUSSEX COMMUNITY NHS TRUST

PRUDENTIAL BORROWING ASSESSMENT STRESS TEST

PBA Assessment		Mar-14				
Loan Details - Capital Investment		£m				
Loan Value	+	3				
Loan Term (yrs)	+	10				
Interest Rate Assumed (%)	+	1.9%				
Ratio Inputs		£m				
Total Revenue (adjusted)	+	193				
Revenue Available for Debt Service (adjusted)	+	6				
PDC Dividend (adjusted)	+	1				
Total Interest Expenditure (adjusted)	+	0				
Total Annual Debt Service (adjusted)	+	0				
Total Assets Employed	+	42				
PBA Individual Metric Testing						
		DH PBA	Proposed Debt	Scenario 1	Scenario 2	Scenario 3
Trust Existing Borrowing	£m	1	1	1	1	1
Incremental Borrowing	£m	24	3	25	42	99
Total Level of Trust Borrowing	£m	25	4	25	43	100
Debt to Capital Ratio	%	62%	11%	62%	106%	245%
Annual Interest Payable on Total Borrowing	£m	0.5	0.1	0.5	0.8	1.9
Annual Debt Service on Total Borrowing	£m	2.9	0.6	2.9	4.9	11.2
Tier 1 Individual Ratio Tests						
Dividend Cover (greater than)	1.0	4.7	5.1	4.7	4.4	3.4
Interest Cover (greater than)	3.0	11.7	90.1	11.7	6.9	3.0
Debt Service Cover (greater than)	2.0	2.0	15.5	2.0	1.2	0.5
Debt Service to Revenue (less than)	2.5%	1.5%	0.2%	1.5%	2.5%	5.8%