

INDEPENDENT TRUST FINANCING FACILITY

EAST SUSSEX HEALTHCARE NHS TRUST FINANCING APPLICATION

Presented by : NHS Trust Development Authority

INDEPENDENT TRUST FINANCING FACILITY
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FINANCING APPLICATION

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INDEPENDENT TRUST FINANCING FACILITY

EAST SUSSEX HEALTHCARE NHS TRUST

FINANCING APPLICATION

Section 1

Presented by : NHS Trust Development Authority

Independent Trust Financing Facility : Financing Application

Name of Trust:	East Sussex Healthcare NHS Trust
Amount Proposed:	£39.4m
Date of Application:	17 January 2014

Main Commissioners:		
(£000)	Income (£m)	%
Eastbourne, Seaford & Hailsham CCG	118	33.2%
Hastings and Rother CCG	115	32.1%
High Weald, Lewes and Havens CCG	26	7.2%
National Commissioning Board	49	13.7%
Othe NHS Patient income	15	4.1%
Other income	35	9.8%
Total Income	357	100.0%
Data quoted from Financial Year	2013/14	

Existing Loans:	Limit £000	Drawn £000	Outstanding - Dec 13 £'000	Maturity Date	Interest Rate	Annual capital repayment £000	Purpose of loan
PFI							
Non PFI :							
CIL/08-09/RXC/1/2008-12-15	1,500	1,500	790	March 2019	3.48%	142	Eastbourne Decontamination Centre
CIL/09-10/RXC/1/2009-12-15	4,000	2,000	1,608	March 2030	3.95%	98	Endoscopy Development (First Draw)
CIL/09-10/RXC/1/2010-06-15	4,000	2,000	1,650	March 2030	3.92%	100	Endoscopy Development (Second draw)
WCL/10-11/RXC/1/2010-09-15	6,000	6,000	1,998	March 2015	1.09%	1,334	Working capital requirements
Total Existing	15,500	11,500	6,046			1,674	

New Financing Proposed	39,400
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Purpose of new financing:	The Trust requires cash financing in order to fund its operating deficit position (£19.4M), reduce the Trust Creditors (£15m) and provide critical capital expenditure (£5m).
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	PBA	
Prudential Borrowing Limit	Tier 1	Tier 2
Long term	FAIL	n/a

Bed Numbers	918
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Trust Type:	Acute
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	2013/14
Latest LTFM FRR	1

NTDA Performance Framework	4	Material issue
Care Quality Commission Rating	No Conditions	

Reference Cost index	
Financial year:	2012/13
MFF adjusted	105
Non-MFF adjusted	101

Ratios	Required Tier 1	LTFM output loan of £39.4m
Minimum dividend cover	>1X	-0.5
Minimum interest cover	>3X	-3.5
Minimum debt service cover	>2X	-0.3
Maximum debt service / net revenue	<2.5%	2.0%

Recommendation to Committee:
The TDA has concluded that debt finance is unaffordable given the projected deficit position of the Trust and that cash support is required immediately in order to finance the Trust's deficit, creditors and capital requirements in the current financial year.

East Sussex Healthcare NHS Trust

NHS Trust Development Authority Covering Note

1. Background

- 1.1 The East Sussex Healthcare NHS Trust has a 2013/14 turnover of £357 million. The Trust was formed in April 2011 through the merger of East Sussex Hospitals NHS Trust and East Sussex Community Health Services, the community provider arm of East Sussex Downs and Weald and Hastings and Rother PCTs. The Trust is the main provider of acute hospital and community health services to the majority of the population of East Sussex (c 525,000 people). The Trusts acute services are provided from two main hospital sites, Conquest Hospital in Hastings and Eastbourne District General Hospital. Community Services are provided from a range of 130 sites across the County.
- 1.2 The Trust has made significant improvements in the quality and safety of care provided to patients in recent years; however these improvements have required investment in staffing levels and this has contributed to a worsening of the underlying financial position. The Trusts commissioners also face significant financial challenges.
- 1.3 In previous years the Trust has been able to secure non-recurrent income from commissioners that largely covered underlying deficits and eased the pressure on the trusts liquidity. In 2011/12 the Trust delivered a NHS performance deficit of £0.4 million against a planned surplus of £1.3 million, but only after receiving £15.7 million of non-recurrent income. In 2012/13, the Trust delivered a surplus of £0.5 million against a planned surplus of £2.8 million, after receiving £16.1 million of non-recurrent income. The historic levels of non-recurrent income can be seen in Table 1.

Table 1: East Sussex Healthcare NHS Trust non-recurrent income from 2009/10 to 2012/13

Financial Year	Value £m	Reason
2009/10	3.3	Non-recurrent Income from PCT
2010/11	3.1	Non-recurrent Income from PCT
2011/12	15.7	£14 million Transitional Income and £1.7 million for additional activity
2012/13	16.1	£8 million Transitional Income £5 million Stranded costs £3.1 million other non-recurrent income

- 1.4 With the change in NHS landscape and move to a more market based economy, the ability for NHS Trusts to secure non-recurrent support is not available in 2013/14 and as such the Trust submitted a plan for 2013/14 containing a £19.4 million deficit.

2. Strategic reconfiguration

- 2.1 In response to the challenges faced by the Trust, The Trust has developed a Full Business Case (FBC) for its clinical strategy, "Shaping our Future" that sets the future direction for services provided by the Trust over the next five to ten years. The FBC, which was approved by the Trust Board in December 2013 and has been submitted to the TDA for final approval, requires investment across the two acute sites at Conquest Hospital in Hastings and Eastbourne District General Hospital (EDGH). This strategy is a key element in delivering the Trusts financial recovery plan. The investment will enable length of stay reductions, single site efficiencies and changes to workforce. The investment contributes to a reduction in the Trusts cost base of £34 million over the five year period.
- 2.2 The Trusts forward projections highlight the need for further financing both in terms of capital to support the implementation of the clinical strategy and revenue to cover deficits in the early years of the plan. These requirements are shown as overdrawn cash in the LTFM although the income and expenditure associated with the clinical strategy in future years are included in the LTFM.
- 2.3 The Trust currently estimates that the clinical strategy will require £29 million of Capital PDC in future years, however, this figure needs to be fully validated by the NTDA and efforts will be made to minimise this figure. This financing will form part of a separate application in 2014/15.

3. Financing requirements

- 3.1 In 2013/14 £34.4 million of revenue PDC is requested. This request comprises £19.4 million to cover the Trusts planned deficit.
- 3.2 A further £15 million is requested to reduce trade payables. It is estimated that this will improve the Trusts Better Payment Practice Code statistics from the current level of 42% to 65-70%.
- 3.3 In addition the Trust has requested £5 million of capital PDC to meet the demands for critical capital expenditure in the current year. Internal funds generated through depreciation are low due to the age and profile of the asset base and are insufficient to meet the Trusts requirements arising from an estate that has a significant amount of high risk backlog maintenance and obsolete medical equipment.
- 3.4 The Capital PDC requirement in 2013/14 of £5 million relates to a number of critical schemes. The following schemes relate to areas where urgent investment is required to address patient safety concerns:
- Clinical Strategy enabling work – Stroke services & high risk general surgery (£1.85 million);

- Maternity Service Reconfiguration (£0.3 million);
- Endoscopy Development (£0.25 million);
- Medical equipment replacement (£1.85 million);
- schemes identified by the Trusts Turnaround Director that will contribute towards addressing risks associated with delivering the current year delivery of the planned deficit, reduce the Trusts cost base and improve productivity and quality. These schemes relate to the centralisation of the Trusts switchboard facilities and reconfiguration of the Trusts ward and patient areas to improve patient pathways and deliver services more efficiently (£0.75 million).

4. Financing and Affordability

- 4.1 The Trust completed a financing application and submitted this to the NHS TDA.
- 4.2 Detailed analysis of the 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 2012/13 a total of £16.1 million of non-recurring income was received. The Trust received £15.7 million of non-recurrent income in 2011/12, £3.1 million of non-recurrent income in 2010/11 and £3.3 million in 2009/10;
 - the Trust delivered a small surplus of £0.1 million against a plan of £1.3 million in 2011/12 after receipt of the non-recurrent income of £15.7 million. In 2012/13 the Trust delivered a surplus of £0.5 million after receipt of non-recurrent income of £16.1 million. The Trust is forecasting a £19.4 million deficit in 2013/14 reducing to a £14.9 million deficit in 2014/15 and a £10.2 million deficit in 2015/16. The Trust is forecasting a £0.2 million surplus in 2016/17. The Trust is not generating sufficient surpluses to service current or further loan repayments;

- the Trust has two existing Capital Investment Loans; the first drawn in 2008 for £1.5 million has £0.8 million outstanding and has capital repayments of £0.14 million each year, maturing in 2019. This loan was taken out to fund the Eastbourne Decontamination centre. The second loan was drawn in two tranches of £2 million and totals £4 million of which £3.2 million remains outstanding. This is repayable at £0.2 million (capital repayment) each year and matures in 2030. The loan was taken out to finance the new Endoscopy development at Eastbourne District General Hospital. A Working Capital Loan was taken out in 2011 for £6 million, repayable over 5 years. Annual repayments of £1.3 million are due on the capital element of the loan each year. The Trust is not generating sufficient working capital to service further loan repayments;
- the Trust has historically under-achieved their CIP targets in 2012/13 delivering 73% of the £21.9 million target, in 2011/12 delivering 46% of the £30 million target and in 2010/11 delivering 58% of the £16.6 million target. The Trust is currently behind target in the current year, delivering £6.4 million of the target of £11.4 million at Month 8. The Trust are still forecasting full delivery of their 2013/14 target (£20.0 million, 5.6% of income) although there is considerable risk in the delivery of the trusts CIP position. The Trust has further work required to develop CIP plans going forward for years beyond 2013/14 and has employed a turnaround director (October 2013) to assist in reducing the Trusts run rate in year and develop a more sustainable programme in future years;
- the Trust fails its prudential borrowing assessment;
- the Committee are asked to note that the assumptions underpinning the Trusts clinical strategy require further future year capital and revenue financing whilst the Trust implements its clinical strategy. The future year financing requirements will be subject to further applications in 2014/15, at which point the values required will have been tested and validated by the NHS TDA.

5. Conclusion

- 5.1 The NHS TDA recommends that £39.4 million of Public Dividend Capital is approved by the Committee for financial year 2013/14.

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7 January 2014

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Independent Trust Financing Facility (ITFF)
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Blackbrook Park Avenue
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Dear Sirs

Independent Trust Financing Facility: Application for PDC Finance

I attach an application, in the prescribed format, for PDC financing, summarised as follows:-

Reason for Loan or PDC request	Financing for the following short-term cash pressures:- (a) Current year planned deficit £19.4m; (b) Reduction in creditors £15.0m; and (c) Critical capital expenditure £5.0m	
Full value of financing requirement	£39.4m	
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	Capital PDC
	£34.4m	£5.0m
Is PDC requested on a Temporary or Permanent basis?	Permanent	
Repayment terms for loans and/or temporary PDC	n/a	

Background

East Sussex Healthcare NHS Trust was formed in April 2011 through the merger of East Sussex Hospitals NHS Trust and East Sussex Community Health Services, the community provider arm of East Sussex Downs and Weald and Hastings and Rother PCTs. The integrated Trust is one of the largest organisations in the county. Across the estate, the integrated Trust has c 920 beds (August 2013 figures including community beds) and is the main provider of acute hospital and community health services to the majority of the

population of East Sussex (c 525,000 people) and some areas of the adjacent counties. It also provides an essential emergency service to the many seasonal visitors.

The Trust operates from 130 sites across the county. There are two main acute hospital sites, Conquest Hospital (CQ) in Hastings and Eastbourne District General Hospital (EDGH), both of which offer a comprehensive range of surgical, medical and maternity services supported by a full range of diagnostic and therapy services. Community services are provided from a number of locations, including Crowborough War Memorial Hospital, Lewes Victoria Hospital, Uckfield Community Hospital, Bexhill Hospital and Rye, Winchelsea and District Memorial Hospital. A map of the area served by the Trust is included as Attachment 1.

The Trust's main commissioners are Eastbourne Hailsham and Seaford CCG, Hastings & Rother CCG and High Weald Lewes Havens CCG.

The Trust is registered with the CQC with no conditions attached to registration. Following unannounced inspections at both EDGH and CQ in January 2013 they found both sites had continued to make substantial improvements where previously areas of non-compliance had been identified. Both sites were found to be fully compliant with all the outcomes assessed. The CQC have made several unannounced visits to various other sites across the Trust during 2012/13 and found the significant majority to be fully compliant with the essential standards of quality and safety. The Trust is strongly committed to continuously improving its performance, and strives to provide consistently excellent services.

The background for this request is that the Trust that has made significant improvements in the quality and safety of care provided to patients in recent years; these improvements have required investment in staffing levels and this has contributed to a worsening of the underlying financial position in recent years. The Trust's main commissioners also face major financial challenges. This is reflected in the commissioners' ambitious QIPP plans which, if successful, would reduce the Trust's patient base and jeopardise the viability of a number of services.

The Trust has increasingly relied on premium cost solutions to deliver its operational targets, including use of the independent sector and 'out of hours' working to clear elective lists and high use of agency to cover vacancies and other staffing gaps. The Trust is developing a financial recovery plan to move to a sustainable surplus through a number of measures, with an emphasis on improving productivity and cost control.

Until 2012/13 the Trust was able to secure non-recurrent income from commissioners that largely covered underlying deficits and eased the pressure on the Trust's liquidity. Under the new commissioning arrangements, brought in with effect from the current year, no such income is available and the Trust has submitted a deficit plan of £19.4m. The cash impact of the planned deficit and the legacy of poor liquidity need to be managed through some form of financing arrangement. It is evident that a loan would be unaffordable and the Trust is submitting this application to secure permanent Public Dividend Capital (PDC).

The Trust has produced a full business case for its clinical strategy, which was approved by the Board of Directors on 11 December 2013 and has been submitted to the TDA for final approval. The clinical strategy will be a key element in delivering the outline Financial Recovery Plan). The projections accompanying the full business case will reflect those in the FRP. These assume that current year working capital financing will be in the form of PDC. This is an important assumption as the Trust's forward projections indicate the need for further financing, both in terms of capital to support the clinical strategy and revenue to cover deficits in the early years of the FRP. These financing requirements are shown in the

LTFM as notional overdraft for the purpose of this application and do not form part of this application.

The Trust has previously obtained approval via the TDA for a Temporary Borrowing Limit (TBL) of £34m in the current year with £15m having been drawn down in June 2013 and a further £9m received in October 2013. This temporary financing was granted to cover the cash pressure arising from the Trust's planned deficit and a further £5m to relieve the immediate pressure from high levels of payables. A further £5m TBL has been drawn down in January 2014.

In 2011/12 the Trust received an agreed PDC increase of £4.5m in respect of the transfer of £3.2m PCT community services IT and medical equipment assets to the Trust and £1.3m of central PDC for an additional CT scanner and emergency planning equipment.

The Trust's application for permanent working capital PDC comprises £19.4m to cover the deficit and £15m to reduce trade payables. The first call against this cash will be repayment of the current temporary borrowing of £24m, leaving £10.4m to reduce creditors from their current levels. It is estimated that this will enable the Trust to improve its BPPC performance from the current level of 42 per cent to between 65 and 70 per cent in the short term. The following table shows the impact of paying off £10.4m of payables on the aged profile:-

	Current Level		Payment		Post Payment	
	No	£m	No	£m	No	£m
0-30 Days	7,023	7.7	0	0.0	7,023	7.7
31-60 Days	5,511	8.3	66	0.1	5,445	8.2
61-90 Days	2,345	3.9	2,345	3.9	0	0.0
91-120 Days	815	1.0	815	1.0	0	0.0
Over 120 days	1,066	5.4	1,066	5.4	0	0.0
Totals	16,760	26.3	4,292	10.4	12,468	15.9

In addition to the requirement for working capital financing the Trust's capital programme is heavily committed and cannot meet all demands for critical spend in the current year. Historic underinvestment in infrastructure has resulted in an estate with a significant level of high risk backlog maintenance and obsolete medical equipment. The Capital Resource Limit (CRL) for the current year, excluding the clinical strategy, is just £10.1m. This is set at the level of depreciation (which is already relatively low due to the age and profile of the asset base), further reduced by existing capital loan annual repayments, resulting in a capital programme that is insufficient for the Trust's needs. This application includes £5m for capital expenditure that is urgently needed in the current year and is currently unaffordable without additional PDC. Details are provided in Attachment 4. A statement of sources and applications of capital funding is included as Attachment 5

The Trust has no assets financed under the PFI initiative.

The following table provides details of the Trust's current outstanding loans:-

	Value Outstanding as at 30.9.13 £000	Drawn £000	Loan start	Term of Loan	Interest Rate	Annual Principal repayment £000
Existing DH Loans 1- Capital Loan - Eastbourne Decontamination Centre	790	1,500	15/12/08	10 Yrs	3.48%	142
Existing DH Loans 2 – Capital Loan – EDGH Endoscopy Development	1,608	2,000	15/12/09	20 Yrs	3.95%	98
Existing DH Loans 3 – Capital Loan EDGH Endoscopy Development	1,600	2,000	15/6/10	20 Yrs	3.92%	100
Existing DH Loans 4 – Working Capital Loan	1,998	6,000	15/3/11	5 Yrs	1.09%	1,334
Total	5,996	11,500				1,674

The Trust's published Reference Cost Indices for the last two years have been as follows:-

	MFF Adjusted	Non MFF Adjusted
2011/12	103	99
2012/13	105	101

Strategic Context

The Trust's Clinical Strategy, "Shaping our Future", was developed and agreed during 2011/12 in consultation with its stakeholders. It sets the future direction for services provided by the Trust over the next five to ten years. It will ensure that the Trust is able to deliver sustainable healthcare services for its local population and respond to national and local requirements to improve patient safety, patient outcomes and to meet service quality standards. Through this overarching strategy the Trust has sought to ensure it can deliver bold and radical change that reflects the changing needs of patients, the rapid development of clinical practice within a climate of financial austerity that requires services to be efficient and cost effective.

The clinical strategy was organised around eight strategically important specialties as follows:

- Acute Medicine
- Emergency Care
- Children's Services
- Cardiology
- Stroke
- General Surgery
- Musculoskeletal (MSK), Orthopaedics
- Maternity

Some of these areas have been/are being/or will be redesigned to improve efficiency, productivity and service delivery without the need for further consultation. However, the clinical strategy identified three areas requiring reconfiguration in order to provide the agreed models of care. The three areas were:

- General Surgery
- Orthopaedics
- Stroke

During 2012 the Trust undertook a public consultation on proposals to improve the quality of care for patients in these three areas. The East Sussex Health Overview and Scrutiny Committee voted in support of the proposals from NHS Sussex and the Trust and it was agreed that acute and hyper acute stroke services will be provided on the Eastbourne DGH site only and emergency and higher risk planned general surgery and emergency and higher risk planned orthopaedics will be provided only on the Conquest site at Hastings. The Outline Business Case to support this strategy and all the consequential estate changes needed to accommodate the strategy were approved in November 2012. The Full Business Case was approved at a Board of Directors meeting in December 2013. The investment across both acute sites is estimated to be around £30m. The reconfiguration and investment will enable length of stay reductions, single site efficiencies and changes to workforce. This contributes to a reduction in the cost base of £34.1m over the five year period.

In the case of maternity and paediatric services the local Clinical Commissioning Groups have begun a public consultation to decide the longer term future of these services. In the meantime the Trust Board took the decision to temporarily consolidate consultant led obstetric services, neonatal (including the Special Care Baby Unit) in-patient paediatric and emergency gynaecology services at Conquest Hospital from May 2013. A standalone midwifery unit is in place at Eastbourne DGH as well as enhanced ambulatory paediatric care. The decision was made on safety grounds following a National Clinical Advisory Team (NCAT) clinical review requested by the Trust.

In setting the clinical strategy in 2012 the Trust made a commitment to ensuring that accident and emergency services are kept at both the Eastbourne District General Hospital and the Conquest Hospital in Hastings. Emergency hospital care for medical conditions such as heart attacks and pneumonia will continue to be provided in both hospitals along with the services needed to support them such as intensive care and clinical diagnostics. Aspects of care such as outpatient appointments, lower risk procedures and day cases will continue to be delivered at both acute hospital sites.

The financial plans going forward are based on the assumption that the clinical strategy will be implemented as planned as well as the current stated intention that A&E and other services as set out in the paragraph above will be retained on both sites.

Assuming the full business case is approved by the TDA in March 2014 it is projected that contractors would start on site in August 2014 and that construction would be completed by May 2016.

Board Details

Attachment 2 provides details of individual members of the Trust's Board of Directors, their background and experience. The former Director of Turnaround (not a Board member) retired from this post at the end of October 2013 and a replacement, with substantial relevant experience and the backup of a group of associates, has taken on this role.

Financial Position

The following is a summary of the Trust's historic financial position with comparison to plan:-

Adjusted NHS financial performance surplus / (deficit)	Plan £m	Actual £m
2008/09	1.0	1.0
2009/10	1.0	0.3
2010/11	1.5	(4.7)
2011/12	1.3	0.1
2012/13	2.8	0.5

The adverse position against plan in each of the years 2010/11 to 2012/13 was due mainly to a shortfall against cost improvement targets partly offset by unplanned non-recurrent income.

The Plan for 2012/13 assumed a significant reduction in activity to reflect Commissioner QIPP plans. In practice activity levels did not reduce leading to significant levels of costs above budget. This pressure was exacerbated by the need to incur premium costs including use of private sector capacity to meet elective access targets. Capacity pressures also impacted adversely on the cost improvement programme. The combined impact meant that the Trust was unable to deliver its planned surplus of £2.8m and instead returned a smaller surplus of £0.5m.

The table below shows further detail of the income and expenditure positions for the last three years, with projections for the current year and the next two years:-

	2010/11 £m	2011/12 £m	2012/13 £m	2013/14 £m	2014/15 £m	2015/16 £m
Turnover	299.6	385.3	387.4	356.8	356.4	351.6
EBITDA	8.8	15.1	16.1	(2.2)	4.5	9.7
Depreciation & Impairments	(8.5)	(9.2)	(10.0)	(11.8)	(11.9)	(12.0)
Adjusted NHS financial performance surplus / (deficit)	(4.7)	(0.4)	0.5	(19.4)	(14.9)	(10.2)
Net surplus/(deficit)	(4.7)	0.1	0.5	(19.4)	(14.9)	(10.2)

The figures for 2010/11 were exclusively those of the former acute Trust. The large increase in turnover in 2011/12 relates mainly to the merger of acute and community services. Also, non-recurrent income from commissioners increased by £12.6m in that year. The drop in turnover from last year to this is partly due to the loss of £16.1m of non-recurrent income. A further £4m represents the planned loss of activity through QIPP, £3.3m from the loss of the Children's Integrated Therapy Service through a tendering exercise and £6.5m for the loss of elements of the Public Health contract, which transferred to the local authority. Depreciation has increased in the current year as a result of the community assets transferring to the Trust and will continue to grow in future years as the clinical strategy is implemented.

The Trust's actual and planned cost improvements from 2010/11 and 2018/19 are detailed in Attachment 3.

Details of the bridge between current year and year 1 of LTFM are set out below:-

	Net Surplus/(Deficit)	
	Current Year	Year 1
Bridge Analysis 2012/13 to 2014/15	£m	£m
NHS Adjusted financial performance. -Net Surplus	0.5	-19.4
Pay Cost Pressures	-0.9	-3.2
Non Pay Cost Pressures	0.5	-0.7
Cost inflation (includes AfC)	-5.6	-5.8
Below EBITDA (Depreciation & Funding)	-1.8	-1.9
CIP/Efficiencies	20.0	20.0
Activity related income movements	-5.6	2.3
Case mix/price change income movement	-5.2	0
Other income	-0.2	-0.1
Inflation - inflation/deflation	-3.5	-2.6
Non recurrent income	-16.1	0
Non recurring expenditure	-1.5	-3.5
NHS Adjusted Financial Performance	-19.4	-14.9

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

Financial Year	£m	Reason
2009/10	3.3	Non-recurrent income from PCT.
2010/11	3.1	Non-recurrent income from PCT
2011/12	15.7	Non-recurrent income from PCT for :- <ul style="list-style-type: none"> • Transitional support £14.0m • Additional activity £ 1.7m
2012/13	16.1	Non-recurrent income from PCT for:- <ul style="list-style-type: none"> • Underlying deficit £ 8.0m • Stranded costs £ 5.0m • Other £ 3.1m

As part of the 2012/13 planning round the PCT agreed a contribution towards stranded costs as part of the plans to reduce overall capacity. However, as explained on page 11 above, activity did not reduce, leading to significant costs above budget including use of private sector capacity to meet elective access targets

These were the only material sources of non-recurrent income.

The breakdown of total income in the current year by commissioner is shown in the following table:-

Commissioner	£m	%
Eastbourne, Seaford & Hailsham CCG	118.4	33.2
Hastings and Rother CCG	114.5	32.1
High Weald, Lewes and Havens CCG	25.6	7.2
National Commissioning Board	48.8	13.7
Other NHS patient income	14.6	4.1
Other Income	34.9	9.7
Total Income	356.8	100.0

Key Planning Assumptions

The following are the key planning assumptions that have been used in developing the Long Term Financial Model and the Risk Rating Metrics that fall out of the model:-

	2013/14	2014/15	2015/16
Inflation assumptions (%):			
Clinical Income inflation - Tariff Deflator	-1.1%	-1.1%	-1.1%
- Non-Tariff Deflator	-1.3%	-1.3%	-1.3%
Other Income inflation	+1.0%	+1.0%	+1.0%
Pay inflation	+1.0%	+1.0%	+1.0%
Drug Price inflation	+3.0%	+3.0%	+3.5%
Other cost inflation	+3.0%	+3.0%	+3.5%
Risk Rating Metrics:			
Liquidity Rating	1	3	1
Capital Servicing Capacity Rating	1	1	1
Overall Continuity of Service Risk Rating (CSRR)	1	2	1
Overall Financial Risk Rating	1	1	2

The main changes in staffing across the forward planning period are reductions arising from the Financial Recovery Plan and changes to skill mix assumed in the clinical strategy. The latter includes an increase in therapy staff to drive reductions in length of stay in surgery and stroke care and the consequent reduction in nursing staff numbers.

Loan Affordability

The table on page 14 shows the impact of the Trust's financial plans on Prudential Borrowing Code ratios. This is modelled based on £34.4m being received as a working capital loan and £5.0m as a capital loan. It is assumed that future financing requirements will be funded by PDC. The year 2013/14 is used for the illustration as that is the year most adversely affected in terms of affordability.

PBC Ratios - LTFM Outputs		Mar-14	Mar-15	Mar-16	Mar-17	Mar-18	Mar-19
Ratio Inputs		£m	£m	£m	£m	£m	£m
Total Revenue	+	356	356	351	351	349	348
Revenue Available for Debt Service	+	-2	4	10	21	24	28
PDC Dividend	+	6	7	6	6	6	7
Total Interest Expenditure	+	1	1	1	1	0	0
Total Annual Debt Service	+	7	12	10	10	9	0
PBC Ratios							
Dividend Cover		-0.5	0.5	1.4	3.3	3.9	4.3
Interest Cover		-3.5	3.6	11.2	32.9	70.9	373.1
Debt Service Cover		-0.3	0.4	0.9	2.1	2.6	66.4
Debt Service to Revenue		2.0%	3.4%	2.9%	2.9%	2.7%	0.1%
Tier 1 Tests							
Dividend Cover (greater than)	1.0	FAIL	FAIL	PASS	PASS	PASS	PASS
Interest Cover (greater than)	3.0	FAIL	PASS	PASS	PASS	PASS	PASS
Debt Service Cover (greater than)	2.0	FAIL	FAIL	FAIL	PASS	PASS	PASS
Debt Service to Revenue (less than)	2.5%	PASS	FAIL	FAIL	FAIL	FAIL	PASS

This shows that financing of the £39.4m financing requirement as a loan would not be affordable to the Trust, and three of the four PBA tests are failed in 2013/14. The Trust has considered whether any combination of PDC and loan would be affordable and has concluded that it is not. Even if the PBA tests were met with an element of loan, the LTFM shows a significant cash deficit by the fourth year of the forward plan. Loan repayments would not, therefore, be affordable purely in cash terms, regardless of the outcome of the PBA tests.

The Trust has previously produced alternative versions of the LTFM, showing the impact of receiving the additional financing requirements as loans rather than as permanent PDC. This has clearly shown that loan repayments would be unaffordable and that the Prudential Borrowing Code ratios set by Monitor as a test of loan affordability would be failed.

From the attached LTFM it can be seen that the Trust is projecting large deficits in the next two years and, even with non-repayable PDC to support current requirements, this results in a notional overdraft of £49m by 2015/16. It is evident from this that the current financing request could not be afforded as a loan or even as part loan.

Approval Process for Application

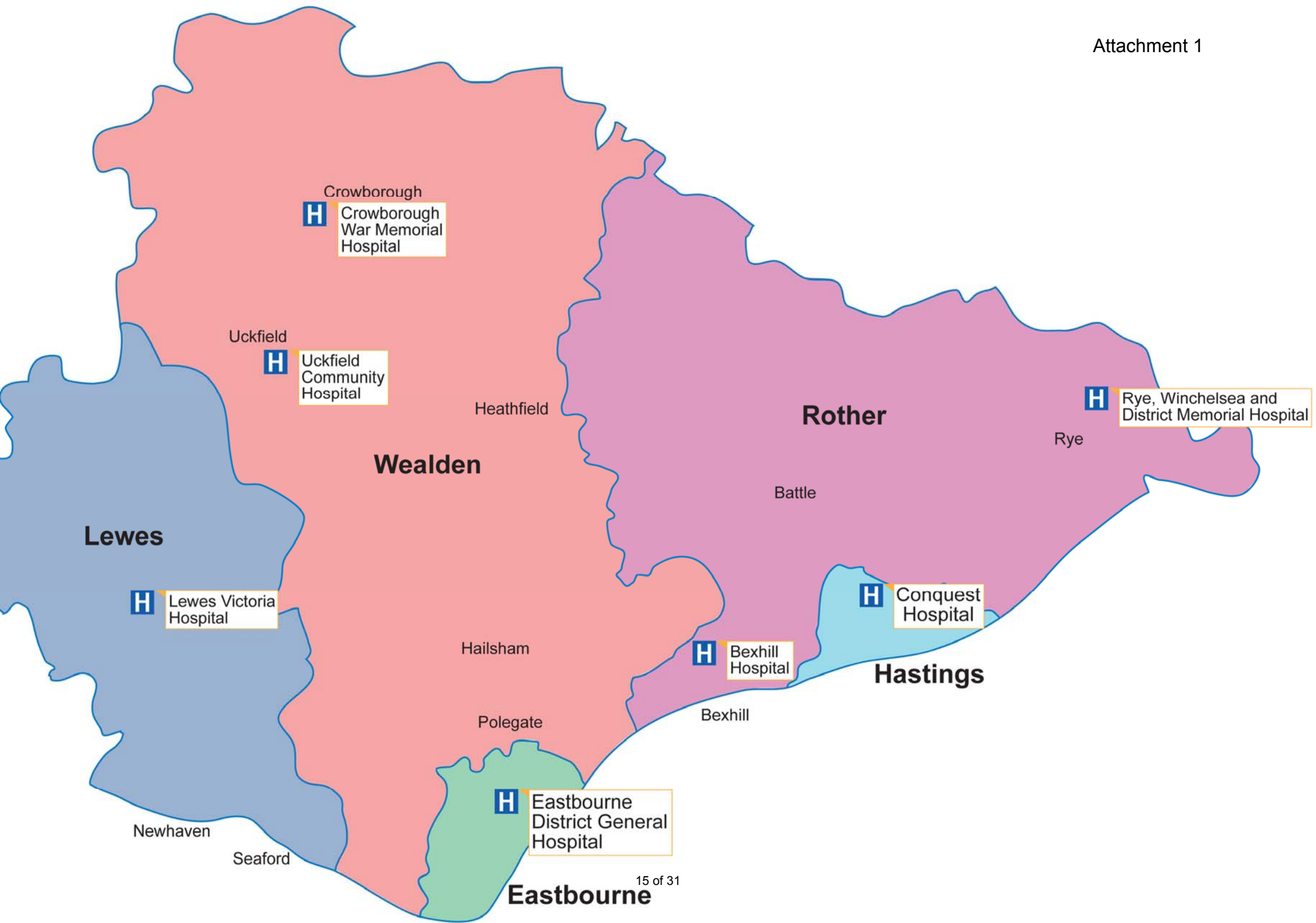
The requirement for £24m of additional cash in 2013/14 was identified within the 2013/14 plan approved by the Board. The Board subsequently approved an application for PDC funding and has been kept fully informed of, and has authorised, subsequent changes to the application as this has developed through discussions with the TDA.

I trust that the information we have provided is sufficiently comprehensive to enable the TDA/ ITFF to consider this application.

Yours sincerely



Vanessa Harris
Director of Finance



East Sussex Health Care NHS Trust

Board Profiles

Chairman	Appointed
Mr Stuart Welling	11 July 2011
<p>Former Chief Executive of Brighton and Sussex University Hospital NHS Trust from 1991 to 2004 and prior to that was Regional Finance Director/ Deputy Regional General Manager for the South Thames Regional Health Authority.</p> <p>Stuart was Non-Executive Director and Audit Chair at NHS Hastings and Rother from June 2007 to July 2011. During 2010, he was also Interim Chairman of Surrey and Sussex Healthcare NHS Trust.</p>	
Chief Executive	Appointed
Mr Darren Grayson	1 April 2010
<p>Prior to joining the Trust in 2010 Darren was Chief Executive of Brighton and Hove City Teaching Primary Care Trust for four years and from 2002 until 2006 Chief Executive of East Kent Coastal Teaching PCT. He has also worked for Strategic Health Authorities in the south east leading major strategic change programmes.</p>	
Non-Executive Directors	
Mr Charles Ellis	1 April 2012
<p>Partner in a company which provides disabled access consultancy, audits and training to public and private sector organisations on meeting the guidelines of The Equality Act.</p> <p>Former Non-Executive Director for NHS Hastings and Rother playing an active role on the board and sub-committees. Held various senior posts in the NHS from 1980 to 2004 including Director of Planning in the Trust's predecessor organisation East Sussex Hospitals NHS Trust. Active within the voluntary sector having been chair of the Hastings and Rother Disability Forum from 2008-2010</p>	
Ms Stephanie Kennett	1 June 2012
<p>Career in the aviation industry in a broad spectrum of business functions at senior/director level. More recently Stephanie worked as the Director of Income Generation at St Wilfrid's Hospice, Eastbourne and was chair of SignHealth, the national charity focusing on the health needs of deaf people. Recently appointed as a magistrate.</p>	
Mr James O'Sullivan	1 April 2012
<p>James is a Chartered Management Accountant who has worked in energy and infrastructure industries with a track record of delivering business performance improvement in Finance Director roles. Previously Corporate Functions Finance Director at EDF Energy PLC and held a number of senior positions since joining the company in 1996.</p>	
Mr Barry Nealon	1 June 2012
<p>Formerly Executive Chairman of Reliance Facilities Management and a Director of Monteray Ltd, a company dealing with BT's property and facility portfolio. Chairman of Rye, Winchelsea and District Memorial Hospital, the charity which owns Rye Community hospital.</p>	

East Sussex Health Care NHS Trust

Board Profiles

Executive Directors	
Mrs Vanessa Harris Director of Finance	22 October 2012
A Chartered Accountant who joined the Board from the South East Coast Strategic Health Authority. Vanessa has held a number of senior posts in the health service, the public sector and charities. She has experience of supporting and managing organisations through periods of change and improving their financial performance	
Dr David Hughes Joint Medical Director	01 April 2009
Consultant radiologist. Leads on governance for the Trust.	
Dr Andy Slater Joint Medical Director	16 April 2012
Consultant anaesthetist. Leads on strategy for the Trust	
Mr Richard Sunley Deputy Chief Executive/Chief Operating Officer	1 April 2012
Richard has 30 years experience in the NHS and has held a number of management posts in hospitals around England before moving to Addenbrooke's Hospital in 1998 and becoming the Director of Operations. He was Chief Executive at Scarborough and North East Yorkshire Healthcare NHS Trust from March 2009 until March 2011.	
Mrs Alice Webster Director of Nursing	1 May 2012
Qualified as a Registered General Nurse and midwife and subsequently health visitor in the early 1990's and has worked in both secondary and primary care in the UK and Australia. Undertaken a variety of roles within the health economy of East Sussex since 1999.	

Note: All Directors are substantive, there are no interims. The Trust currently has a vacancy for a Non Executive Director and the recruitment process has commenced.

East Sussex Healthcare NHS Trust

Cost Improvement Programmes (CIPs) as % of Income (Turnover) to support Trust position

	2010-11 CIPs £000s	2011-12 CIPs £000s	2012-13 CIPs £000s	2013-14 CIPs £000s	2013-14 CIPs £000s	2014-15 CIPs £000s	2015-16 CIPs £000s	2016-17 CIPs £000s	2017-18 CIPs £000s	2018-19 CIPs £000s
	Plan	Plan	Plan	Original Plan YTD	Plan FY	Plan	Plan	Plan	Plan	Plan
CIPs Planned:										
Recurrent	16,646	30,000	21,932	11,379	20,037	20,000	20,000	20,000	16,000	16,000
Non Recurrent					-	-	-	-	-	-
Total Planned CIPs	16,646	30,000	21,932	11,379	20,037	20,000	20,000	20,000	16,000	16,000
Total Planned CIPs as % of Income	5.6%	7.8%	5.7%	4.8%	5.6%	5.6%	5.7%	5.7%	4.6%	4.6%

CIPs Achieved:	2010-11 CIPs Actual £000s	2011-12 CIPs Actual £000s	2012-13 CIPs Actual £000s	2013-14 CIPs Actual YTD £000s	2013-14 CIPs Current FOT £000s
Recurrent	4,834	11,714	11,857	6,408	20,037
Non Recurrent	4,898	2,204	4,142		
Total Achieved CIPs	9,732	13,918	15,999	6,408	20,037
Total Achieved CIPs as % of Income	3.2%	3.6%	4.1%	2.7%	5.6%

% of Planned CIPs Achieved	58%	46%	73%	56%	100%
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East Sussex Healthcare NHS Trust
Draft Capital Bid for Additional PDC – Dec 2013

	Details of the scheme	Evidence of 'Criticality'	What will the funds be spent on?	What are the benefits to the Trust?	What are the consequences of not doing?	Capital Value £m
1	Clinical Strategy Enabling Work – Stroke Services & High Risk General Surgery. Urgently required in order to address patient safety as recognised by the Trust Board ahead of the implementation of the full clinical strategy business case.	Historic failure to meet national stroke performance measures and best practice standards. Maintaining two separate units does not enable performance to be addressed. Commissioner and Health Oversight and Scrutiny Committee (HOSC) recognition of the need for the reconfiguration of services.	Ward refurbishment to meet the specific requirements of the reconfigured stroke services at the Eastbourne DGH and the centralisation of high risk general surgery at the Conquest Hospital.	i) Reconfiguration of services will deliver better results for patients, better access to expert clinicians and better recovery rates. ii) Deliver transformation of safety and quality. iii) Deliver financially sustainable services.	Failure to deliver transformed, safe quality services in a productive sustainable manner.	£1.85m
2	Maternity Service Reconfiguration Trust Board decision to urgently consolidate some of the critical maternity and paediatric services at the Conquest Hospital on safety grounds while consultation is undertaken on a long term solution. As a consequence capital resources have had to be diverted into this scheme at the expense of planned medical equipment replacement	The decision was taken to ensure the safety of the services following CQC visits and reports. The safety of mothers, their babies and children being paramount.	Vital building works and alterations to facilitate the move.	Ensuring the safety of mothers, their babies and children.	Non-compliance with essential standards required by the CQC and failure to provide safe maternity and paediatric care.	£0.30m

3	Endoscopy Development Due to failures on the part of the contractor the completion of the development has had to be taken back in house. This has resulted in additional capital costs of £0.25m which has put further pressure on an overcommitted capital programme.	Completion of the development is:- i) Critical to coping with the diagnostic element of the 18 week wait pathway and forecast activity growth within the local health economy. ii).Meeting national screening standards.	Completion of building development.	i)Delivery of a financially sustainable, safe and quality service. ii)Delivery of the diagnostic element of the 18 week patient pathway.	i) Critical support function not becoming operational on schedule. ii)Risk to the delivery of a safe & quality service and the 18 week patient pathway. iii)Significant additional 3 rd party costs being incurred due to delay in operational opening date. .	£0.25m
4	Turnaround and CIP revenue savings schemes requiring capital investment. The newly appointed Turnaround Director has identified opportunities to deliver revenue savings which will contribute towards addressing the risks to the current year plan delivery and essential in year turnaround.	The financial challenges facing the Trust are considerable and the development and implementation of revenue savings schemes is a key part of in year turnaround.	Identified to date by the Turnaround Director are:- i)Centralisation of switchboard facilities. ii) Reconfiguration of ward and patient areas to improve patient pathways and deliver services more efficiently.	i)Deliver transformation of safety and quality. iii)Deliver financially sustainable services.	Opportunity to reduce cost base, improve productivity while maintaining quality.	£0.75m
5	Medical equipment urgent and essential replacement in year due to safety and reconfiguration issues	A significant amount of medical equipment has now been identified as obsolete through the maintenance asset register and data base records.	i) Flexible endoscopy scopes, rigid scopes, diagnostic ultrasound machines, and patient monitoring equipment etc.	Delivery of safe and quality services to patients. Prevention of service disruption arising from equipment failure or shortage.	Critical patient safety issues arising from potentially unsafe equipment. Critical disruption to service delivery.	£1.85m
6	Total					£5.00m

East Sussex Healthcare NHS Trust
2013/14 Capital Source and Application of Funds

	£000s	2013/14 £000s
CAPITAL SOURCES		
Depreciation - nonIFRIC 12 (owned)		10,602
Depreciation - (Grants and Donations)		1,243
Movement in payables/receivables including Unspent Capital/Revenue Cash from previous year(s)		(200)
Capital PDC		5,000
Capital Loan Repayments - principal repayments on loans		(340)
Gross Capital Sources		16,305
Less Donations		(1,243)
Net Capital Resources		15,062
CAPITAL APPLICATION		
Medical Equipment	1,853	
Information Technology	1,529	
Maintenance Backlog	1,596	
Endoscopy Development	1,367	
Minor Capital	1,250	
Other	2,467	
		10,062
Donated		1,243
Capital Exceptional Pressure:-		
Clinical Strategy Enabling Work – Stroke Services & High Risk General Surgery.	1,850	
Maternity Service Reconfiguration	300	
Endoscopy Development	250	
Turnaround and CIP revenue savings schemes requiring capital investment.	750	
Medical equipment urgent and essential replacement in year due to safety and reconfiguration issues	1,850	
		5,000
Gross Capital Sources		16,305
Less Donations		(1,243)
Net Capital Application		15,062

INDEPENDENT TRUST FINANCING FACILITY

EAST SUSSEX HEALTHCARE NHS TRUST

FINANCING APPLICATION

Section 2

Presented by : NHS Trust Development Authority

HISTORIC FINANCIAL INFORMATION
EAST SUSSEX HEALTHCARE NHS TRUST

STATEMENT OF COMPREHENSIVE INCOME	2010/11 £m	2011/12 £m	2012/13 £m
Mandatory Clinical Revenue	261.2	334.4	336.6
Non Mandatory Clinical Revenue	5.2	5.8	5.2
Other Operating income	33.3	45.1	45.6
Total Operating Revenue and Income	299.6	385.3	387.4
Total Operating Expenses	(289.4)	(369.5)	(370.3)
Operating Surplus / (deficit)	10.2	15.8	17.1
Adjustment for donated asset income	(1.4)	(0.7)	(0.9)
EBITDA	8.8	15.1	16.1
<i>EBITDA margin</i>	<i>3%</i>	<i>4%</i>	<i>4%</i>
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	-	0.0	-
Total Depreciation & Amortisation	(8.5)	(9.2)	(10.0)
Interest expense on overdrafts	0.0	0.0	0.0
Total interest payable on Loans and leases	(0.4)	(0.4)	(0.4)
PDC Dividend	(6.1)	(6.2)	(6.2)
Other Non-Operating expenses	-	-	-
Net Surplus/(Deficit)	(4.7)	0.1	0.5
<i>Net margin</i>	<i>-2%</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	198.2	206.1	203.2
Property, plant & equipment (PFI)	-	-	-
PFI Other Assets	-	-	-
Investments, Non-Current	-	-	-
Trade and Other Receivables, Net, Non-Current (including prepayments)	1.2	1.6	0.9
Other Assets, Non-Current	-	-	-
Total Non-Current Assets	199.4	207.7	204.1
CURRENT ASSETS			
Inventories	6.8	7.0	6.9
NHS Trade Receivables, Current	7.0	14.3	7.7
Non NHS Trade Receivables, Current	2.4	3.1	2.2
Other Receivables, Current	1.0	1.0	1.4
Other Financial Assets, Current (e.g. accrued income)	0.2	0.7	1.0
Prepayments, Current, PFI related	-	-	-
Prepayments, Current, non-PFI related	1.0	0.7	1.8
Cash and Cash Equivalents	1.5	1.5	2.3
Other Assets, Current	-	-	-
Total Current Assets	19.9	28.2	23.3
CURRENT LIABILITIES			
Bank Overdraft and Working Capital Facility	-	-	-
Interest-Bearing Borrowings, Current (including accrued interest)	-	-	(1.7)
Deferred Income, Current	-	(0.1)	(0.2)
Provisions, Current	(0.3)	(0.5)	(0.5)
Trade Payables, Current	(12.6)	(16.3)	(8.4)
Other Payables, Current	(7.2)	(10.2)	(15.7)
Capital Payables, Current	(3.5)	(4.7)	(2.2)
Accruals, Current	(2.5)	(5.2)	(6.6)
Payments on Account	-	-	-
Finance Leases, Current	(0.3)	(0.3)	(0.3)
PDC dividend Payable, Current	-	(0.1)	-
Other Liabilities, Current	(0.0)	(0.0)	(0.0)
Total Current Liabilities	(26.4)	(37.2)	(35.5)
NET CURRENT ASSETS (LIABILITIES)	(6.5)	(9.0)	(12.2)
NON CURRENT LIABILITIES			
Interest-Bearing Borrowings, Non-Current	(10.2)	(8.6)	(5.2)
Deferred Income, Non-Current	-	-	-
Provisions, Non-Current	(2.6)	(2.6)	(2.7)
Trade and Other Payables, Non-Current	-	-	-
Finance Leases, Non-current	(1.5)	(1.3)	(0.9)
Other Liabilities, Non-Current	-	-	-
Total Non-Current Liabilities	(14.4)	(12.4)	(8.8)
TOTAL ASSETS EMPLOYED	178.5	186.3	183.1
TAXPAYERS' EQUITY			
Public dividend capital	107.4	111.9	112.0
Retained Earnings (Accumulated Losses)	(16.4)	(11.6)	(11.0)
Charitable Funds	-	-	-
Donated asset reserve	5.7	-	-
Revaluation reserve	81.7	86.0	82.2
Miscellaneous Other Reserves	0.1	-	-
TOTAL TAXPAYERS EQUITY	178.5	186.3	183.1

Source Data : Trust LTfM

STATEMENT OF CASH FLOWS	2010/11 £m	2011/12 £m	2012/13 £m
Operating Surplus / (Deficit)	10.2	15.8	17.1
Other increases/(decreases) to reconcile to profit/(loss) from operations	-	(0.2)	(0.2)
Operating cash flows before movements in working capital	10.2	15.6	16.8
Movement in working capital:			
(Increase)/decrease in Inventories	0.1	(0.2)	0.1
(Increase)/decrease in NHS Trade Receivables	0.3	(7.3)	6.6
(Increase)/decrease in Non NHS Trade Receivables	(0.4)	(0.7)	0.7
(Increase)/decrease in other Receivables	(0.5)	(0.3)	0.2
(Increase)/decrease in Other financial assets (e.g. accrued income)	(0.0)	(0.5)	(0.3)
(Increase)/decrease in Prepayments	-	0.3	(1.1)
(Increase)/decrease in Other assets	-	-	-
Increase/(decrease) in Deferred Income & Payments on account	-	0.1	0.2
Increase/(decrease) in Provisions	(0.0)	0.1	0.2
Increase/(decrease) in Trade Payables	3.0	3.7	(7.9)
Increase/(decrease) in Other Payables	(1.6)	3.0	5.5
Increase/(decrease) in PDC Dividend Payable	-	-	-
Increase/(decrease) in Accruals	-	2.6	1.4
Increase/(decrease) in Other liabilities	-	-	-
Increase/(decrease) in working capital	-	0.8	5.5
Increase/(decrease) in Non Current Provisions	-	(0.0)	0.1
Net cash inflow/(outflow) from operating activities	11.2	16.3	22.4
Cash flow from investing activities			
Property, plant and equipment expenditure	(9.7)	(12.5)	(13.2)
Proceeds on disposal of property, plant and equipment	0.0	0.0	0.0
Net cash inflow/(outflow) from investing activities	(9.6)	(12.5)	(13.2)
CF before Financing	(0.9)	3.8	9.2
Cash flow from financing activities			
Public Dividend Capital received	-	4.5	0.1
Public Dividend Capital repaid	-	-	-
Dividends paid	(6.0)	(6.0)	(6.3)
Interest (paid) on Loans and Leases	(0.3)	(0.3)	(0.3)
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	8.0	-	-
Repayment of Loans and Leases	(2.0)	(2.0)	(2.0)
Other cash flows from financing activities	-	-	-
Net cash inflow/(outflow) from financing	(0.3)	(3.8)	(8.5)
Taxes paid	-	-	-
Net cash outflow/inflow	(0.6)	(0.0)	0.8

	2011/12	2012/13
Risk Rating Metrics		
EBITDA Margin	3.9%	4.2%
EBITDA % Achieved	84.9%	85.3%
NRAF (Net return after financing)	-0.3%	-0.3%
I&E Surplus Margin	0.0%	0.1%
Liquid Ratio	(12.9)	(15.5)
Overall FRR	2	2

FORECAST FINANCIAL INFORMATION
EAST SUSSEX HEALTHCARE NHS TRUST

Loan assumption

STATEMENT OF COMPREHENSIVE INCOME	2013/14 £m	2014/15 £m	2015/16 £m	2016/17 £m
Mandatory Clinical Revenue	321.9	321.3	316.1	315.5
Non Mandatory Clinical Revenue	5.8	5.0	5.0	5.1
Other Operating income	29.1	30.1	30.4	30.8
Total Operating Revenue and Income	356.8	356.4	351.6	351.4
Total Operating Expenses	(357.8)	(351.1)	(341.0)	(329.7)
Operating Surplus / (deficit)	(1.0)	5.4	10.6	21.7
Adjustment for donated asset income	(1.2)	(0.9)	(0.9)	(0.9)
EBITDA	(2.2)	4.5	9.7	20.8
<i>EBITDA margin</i>	-1%	1%	3%	6%
Non-Operating income				
Gain/(loss) on asset disposals	-	-	-	-
Other Non-Operating income	-	-	-	-
Non-Operating expenses				
Impairment Losses (Reversals) net	-	-	-	-
Total Depreciation & Amortisation	(11.8)	(11.9)	(12.0)	(12.7)
Interest expense on overdrafts	(0.1)	(0.5)	(1.5)	(2.1)
Total interest payable on Loans and leases	(0.6)	(1.2)	(0.9)	(0.6)
PDC Dividend	(5.8)	(6.7)	(6.4)	(6.1)
Other Non-Operating expenses	-	-	-	-
Net Surplus/(Deficit)	(19.4)	(14.9)	(10.2)	0.2
<i>Net margin</i>	-5%	-4%	-3%	0%

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	257.0	273.7	284.9	284.2
Property, plant & equipment (PFI)	-	-	-	-
PFI Other Assets	-	-	-	-
Investments, Non-Current	-	-	-	-
Trade and Other Receivables, Net, Non-Current (including prepayment:	1.2	1.2	1.2	1.2
Other Assets, Non-Current	-	-	-	-
Total Non-Current Assets	258.2	274.9	286.1	285.4
CURRENT ASSETS				
Inventories	6.3	6.4	5.9	5.9
NHS Trade Receivables, Current	7.8	7.4	7.3	7.0
Non NHS Trade Receivables, Current	2.6	2.5	2.6	1.4
Other Receivables, Current	1.4	1.4	1.4	1.4
Other Financial Assets, Current (e.g. accrued income)	0.8	0.8	0.8	0.8
Prepayments, Current, PFI related	-	-	-	-
Prepayments, Current, non-PFI related	1.5	1.7	1.7	1.6
Cash and Cash Equivalents	(2.0)	(42.1)	(71.3)	(79.0)
Other Assets, Current	-	-	-	-
Total Current Assets	18.4	(21.8)	(51.7)	(60.9)
CURRENT LIABILITIES				
Bank Overdraft and Working Capital Facility	-	-	-	-
Interest-Bearing Borrowings , Current (including accrued interest)	(10.5)	(9.1)	(9.1)	(9.0)
Deferred Income, Current	(0.2)	(0.2)	(0.2)	(0.2)
Provisions, Current	(0.5)	(0.6)	(0.6)	(0.6)
Trade Payables, Current	(10.4)	(10.8)	(12.6)	(12.4)
Other Payables, Current	(1.3)	(1.3)	(1.3)	(1.3)
Capital Payables, Current	(1.7)	(2.9)	(1.9)	(0.9)
Accruals, Current	(5.8)	(6.2)	(6.0)	(6.0)
Payments on Account	-	-	-	-
Finance Leases, Current	(0.3)	(0.3)	(0.3)	0.0
PDC dividend Payable, Current	-	-	-	-
Other Liabilities, Current	-	-	-	-
Total Current Liabilities	(30.7)	(31.5)	(32.0)	(30.3)
NET CURRENT ASSETS (LIABILITIES)	(12.3)	(53.3)	(83.7)	(91.2)
NON CURRENT LIABILITIES				
Interest-Bearing Borrowings, Non-Current	(29.7)	(20.6)	(11.5)	(2.5)
Deferred Income, Non-Current	-	-	-	-
Provisions, Non-Current	(2.5)	(2.6)	(3.0)	(3.6)
Trade and Other Payables, Non-Current	-	-	-	-
Finance Leases, Non-current	(0.6)	(0.3)	-	-
Other Liabilities, Non-Current	-	-	-	-
Total Non-Current Liabilities	(32.8)	(23.4)	(14.5)	(6.1)
TOTAL ASSETS EMPLOYED	213.1	198.2	187.9	188.1
TAXPAYERS' EQUITY				
Public dividend capital	112.0	112.0	112.0	112.0
Retained Earnings (Accumulated Losses)	4.6	(10.3)	(20.5)	(20.3)
Charitable Funds	-	-	-	-
Donated asset reserve	-	-	-	-
Revaluation reserve	96.5	96.5	96.5	96.5
Miscellaneous Other Reserves	-	-	-	-
TOTAL TAXPAYERS EQUITY	213.1	198.2	187.9	188.1

Source Data : Trust LTFM

STATEMENT OF CASH FLOWS	2013/14 £m	2014/15 £m	2015/16 £m	2016/17 £m
Operating Surplus / (Deficit)	(1.0)	5.4	10.6	21.7
Other increases/(decreases) to reconcile to profit/(loss) from operations	(1.2)	(0.9)	(0.9)	(0.9)
Operating cash flows before movements in working capital	(2.2)	4.5	9.7	20.8
Movement in working capital:				
(Increase)/decrease in Inventories	0.6	(0.2)	0.5	0.0
(Increase)/decrease in NHS Trade Receivables	(0.1)	0.3	0.1	0.3
(Increase)/decrease in Non NHS Trade Receivables	(0.4)	0.0	(0.0)	1.2
(Increase)/decrease in other Receivables	(0.2)	(0.0)	0.0	(0.0)
(Increase)/decrease in Other financial assets (e.g. accrued income)	0.2	0.0	(0.1)	(0.0)
(Increase)/decrease in Prepayments	0.3	(0.2)	0.0	0.0
(Increase)/decrease in Other assets	-	-	-	-
Increase/(decrease) in Deferred Income & Payments on account	(0.1)	(0.0)	(0.0)	0.0
Increase/(decrease) in Provisions	0.1	0.1	0.0	0.0
Increase/(decrease) in Trade Payables	2.0	0.5	1.8	(0.2)
Increase/(decrease) in Other Payables	(14.4)	-	-	-
Increase/(decrease) in PDC Dividend Payable	-	-	-	-
Increase/(decrease) in Accruals	(0.8)	0.4	(0.2)	(0.1)
Increase/(decrease) in Other liabilities	-	-	-	-
Increase/(decrease) in working capital	(12.8)	1.0	2.3	1.3
Increase/(decrease) in Non Current Provisions	(0.2)	0.1	0.4	0.6
Net cash inflow/(outflow) from operating activities	(15.2)	5.5	12.4	22.7
Cash flow from investing activities				
Property, plant and equipment expenditure	(15.5)	(26.4)	(23.4)	(12.2)
Proceeds on disposal of property, plant and equipment	-	-	-	-
Net cash inflow/(outflow) from investing activities	(15.5)	(26.4)	(23.4)	(12.2)
CF before Financing	(30.7)	(20.9)	(11.0)	10.6
Cash flow from financing activities				
Public Dividend Capital received	15.0	-	-	-
Public Dividend Capital repaid	(15.0)	-	-	-
Dividends paid	(5.8)	(6.7)	(6.4)	(6.1)
Interest (paid) on Loans and Leases	(0.6)	(1.2)	(0.9)	(0.6)
Interest (paid) on bank overdrafts and working capital facilities	-	-	-	-
Interest received on Cash and Cash Equivalents	(0.1)	(0.5)	(1.5)	(2.1)
Drawdown of Loans and Leases	39.4	-	-	-
Repayment of Loans and Leases	(6.4)	(10.8)	(9.5)	(9.4)
Other cash flows from financing activities	-	-	-	-
Net cash inflow/(outflow) from financing	26.5	(19.2)	(18.2)	(18.3)
Taxes paid	-	-	-	-
Net cash outflow/inflow	(4.2)	(40.1)	(29.2)	(7.7)

	2013/14	2014/15	2015/16	2016/17
Risk Rating Metrics				
EBITDA Margin	-0.6%	1.3%	2.8%	5.9%
EBITDA % Achieved	348.0%	348.0%	100.0%	100.0%
NRAF (Net return after financing)	-9.3%	-6.6%	-5.1%	-0.3%
I&E Surplus Margin	-5.4%	-4.2%	-2.9%	0.1%
Liquid Ratio	(19.2)	(19.1)	(63.0)	(97.8)
Overall FRR	1	1	1	2

FORECAST FINANCIAL INFORMATION
EAST SUSSEX HEALTHCARE NHS TRUST

PDC assumption

STATEMENT OF COMPREHENSIVE INCOME	2013/14 £m	2014/15 £m	2015/16 £m	2016/17 £m
Mandatory Clinical Revenue	321.9	321.3	316.1	315.5
Non Mandatory Clinical Revenue	5.8	5.0	5.0	5.1
Other Operating income	29.1	30.1	30.4	30.8
Total Operating Revenue and Income	356.8	356.4	351.6	351.4
Total Operating Expenses	(357.8)	(351.1)	(341.0)	(329.7)
Operating Surplus / (deficit)	(1.0)	5.4	10.6	21.7
Adjustment for donated asset income	(1.2)	(0.9)	(0.9)	(0.9)
EBITDA	(2.2)	4.5	9.7	20.8
<i>EBITDA margin</i>	-1%	1%	3%	6%
Non-Operating income				
Gain/(loss) on asset disposals	-	-	-	-
Other Non-Operating income	-	-	-	-
Non-Operating expenses				
Impairment Losses (Reversals) net	-	-	-	-
Total Depreciation & Amortisation	(11.8)	(11.9)	(12.0)	(12.7)
Interest expense on overdrafts	0.0	(0.3)	(1.1)	(1.3)
Total interest payable on Loans and leases	(0.2)	(0.2)	(0.1)	(0.1)
PDC Dividend	(6.3)	(7.9)	(7.6)	(7.4)
Other Non-Operating expenses	-	-	-	-
Net Surplus/(Deficit)	(19.4)	(14.9)	(10.2)	0.2
<i>Net margin</i>	-5%	-4%	-3%	0%

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	257.0	273.7	284.9	284.2
Property, plant & equipment (PFI)	-	-	-	-
PFI Other Assets	-	-	-	-
Investments, Non-Current	-	-	-	-
Trade and Other Receivables, Net, Non-Current (including prepayments)	1.2	1.2	1.2	1.2
Other Assets, Non-Current	-	-	-	-
Total Non-Current Assets	258.2	274.9	286.1	285.4
CURRENT ASSETS				
Inventories	6.3	6.4	5.9	5.9
NHS Trade Receivables, Current	7.8	7.4	7.3	7.0
Non NHS Trade Receivables, Current	2.6	2.5	2.6	1.4
Other Receivables, Current	1.4	1.4	1.4	1.4
Other Financial Assets, Current (e.g. accrued income)	0.8	0.8	0.8	0.8
Prepayments, Current, PFI related	-	-	-	-
Prepayments, Current, non-PFI related	1.5	1.7	1.7	1.6
Cash and Cash Equivalents	1.0	(28.9)	(49.3)	(48.2)
Other Assets, Current	-	-	-	-
Total Current Assets	21.4	(8.6)	(29.7)	(30.1)
CURRENT LIABILITIES				
Bank Overdraft and Working Capital Facility	-	-	-	-
Interest-Bearing Borrowings , Current (including accrued interest)	(1.7)	(0.3)	(0.3)	(0.3)
Deferred Income, Current	(0.2)	(0.2)	(0.2)	(0.2)
Provisions, Current	(0.5)	(0.6)	(0.6)	(0.6)
Trade Payables, Current	(8.9)	(10.8)	(12.6)	(12.4)
Other Payables, Current	(1.3)	(1.3)	(1.3)	(1.3)
Capital Payables, Current	(1.7)	(2.9)	(1.9)	(0.9)
Accruals, Current	(5.8)	(6.2)	(6.0)	(6.0)
Payments on Account	-	-	-	-
Finance Leases, Current	(0.3)	(0.3)	(0.3)	0.0
PDC dividend Payable, Current	-	-	-	-
Other Liabilities, Current	-	-	-	-
Total Current Liabilities	(20.5)	(22.7)	(23.2)	(21.7)
NET CURRENT ASSETS (LIABILITIES)	0.9	(31.3)	(52.9)	(51.8)
NON CURRENT LIABILITIES				
Interest-Bearing Borrowings, Non-Current	(3.5)	(3.2)	(2.9)	(2.5)
Deferred Income, Non-Current	(2.5)	(2.6)	(3.0)	(3.6)
Provisions, Non-Current	-	-	-	-
Trade and Other Payables, Non-Current	-	-	-	-
Finance Leases, Non-current	(0.6)	(0.3)	-	-
Other Liabilities, Non-Current	-	-	-	-
Total Non-Current Liabilities	(6.6)	(6.0)	(5.9)	(6.1)
TOTAL ASSETS EMPLOYED	252.5	237.6	227.3	227.5
TAXPAYERS' EQUITY				
Public dividend capital	151.4	151.4	151.4	151.4
Retained Earnings (Accumulated Losses)	4.6	(10.3)	(20.5)	(20.3)
Charitable Funds	-	-	-	-
Donated asset reserve	-	-	-	-
Revaluation reserve	96.5	96.5	96.5	96.5
Miscellaneous Other Reserves	-	-	-	-
TOTAL TAXPAYERS EQUITY	252.5	237.6	227.3	227.5

STATEMENT OF CASH FLOWS	2013/14 £m	2014/15 £m	2015/16 £m	2016/17 £m
Operating Surplus / (Deficit)	(1.0)	5.4	10.6	21.7
Other increases/(decreases) to reconcile to profit/(loss) from operations	(1.2)	(0.9)	(0.9)	(0.9)
Operating cash flows before movements in working capital	(2.2)	4.5	9.7	20.8
Movement in working capital:				
(Increase)/decrease in Inventories	0.6	(0.2)	0.5	0.0
(Increase)/decrease in NHS Trade Receivables	(0.1)	0.3	0.1	0.3
(Increase)/decrease in Non NHS Trade Receivables	(0.4)	0.0	(0.0)	1.2
(Increase)/decrease in other Receivables	(0.2)	(0.0)	0.0	(0.0)
(Increase)/decrease in Other financial assets (e.g. accrued income)	0.2	0.0	(0.1)	(0.0)
(Increase)/decrease in Prepayments	0.3	(0.2)	0.0	0.0
(Increase)/decrease in Other assets	-	-	-	-
Increase/(decrease) in Deferred Income & Payments on account	(0.1)	(0.0)	(0.0)	0.0
Increase/(decrease) in Provisions	0.1	0.1	0.0	0.0
Increase/(decrease) in Trade Payables	0.6	1.9	1.8	(0.2)
Increase/(decrease) in Other Payables	(14.4)	-	-	-
Increase/(decrease) in PDC Dividend Payable	-	-	-	-
Increase/(decrease) in Accruals	(0.8)	0.4	(0.2)	(0.1)
Increase/(decrease) in Other liabilities	-	-	-	-
Increase/(decrease) in working capital	(14.2)	2.4	2.3	1.3
Increase/(decrease) in Non Current Provisions	(0.2)	0.1	0.4	0.6
Net cash inflow/(outflow) from operating activities	(16.6)	7.0	12.4	22.7
Cash flow from investing activities				
Property, plant and equipment expenditure	(15.5)	(26.4)	(23.4)	(12.2)
Proceeds on disposal of property, plant and equipment	-	-	-	-
Net cash inflow/(outflow) from investing activities	(15.5)	(26.4)	(23.4)	(12.2)
CF before Financing	(32.1)	(19.5)	(11.0)	10.6
Cash flow from financing activities				
Public Dividend Capital received	39.4	-	-	-
Public Dividend Capital repaid	-	-	-	-
Dividends paid	(6.3)	(7.9)	(7.6)	(7.4)
Interest (paid) on Loans and Leases	(0.2)	(0.2)	(0.1)	(0.1)
Interest (paid) on bank overdrafts and working capital facilities	-	-	-	-
Interest received on Cash and Cash Equivalents	0.0	(0.3)	(1.1)	(1.3)
Drawdown of Loans and Leases	-	-	-	-
Repayment of Loans and Leases	(2.0)	(2.0)	(0.7)	(0.6)
Other cash flows from financing activities	-	-	-	-
Net cash inflow/(outflow) from financing	30.9	(10.4)	(9.4)	(9.5)
Taxes paid	-	-	-	-
Net cash outflow/inflow	(1.2)	(29.9)	(20.4)	1.1

	2013/14	2014/15	2015/16	2016/17
Risk Rating Metrics				
EBITDA Margin	-0.6%	1.3%	2.8%	5.9%
EBITDA % Achieved	348.0%	348.0%	100.0%	100.0%
NRAF (Net return after financing)	-9.2%	-6.3%	-4.7%	-0.3%
I&E Surplus Margin	-5.4%	-4.2%	-2.9%	0.1%
Liquid Ratio	-19	-6	-40	-64
Overall FRR	1	1	2	2

EAST SUSSEX HEALTHCARE NHS TRUST

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

Protected Revenue Inflation

Elective

1 Base

-1.1%	-1.1%	-1.1%	-1.1%	-1.1%
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Protected Revenue Inflation

Non elective

1 Base

-1.1%	-1.1%	-1.1%	-1.1%	-1.1%
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Protected Revenue Inflation

Outpatient

1 Base

-1.1%	-1.1%	-1.1%	-1.1%	-1.1%
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Protected Revenue Inflation

A&E

1 Base

-1.1%	-1.1%	-1.1%	-1.1%	-1.1%
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Protected Revenue Inflation

Other clinical - Tariff

1 Base

-1.1%	-1.1%	-1.1%	-1.1%	-1.1%
-------	-------	-------	-------	-------

Protected Revenue Inflation

Other clinical - Non Tariff

1 Base

-1.3%	-1.3%	-1.3%	-1.3%	-1.3%
-------	-------	-------	-------	-------

Protected Revenue Inflation

Other block or Cost and Volume contract

1 Base

-1.3%	-1.3%	-1.3%	-1.3%	-1.3%
-------	-------	-------	-------	-------

Protected Revenue Inflation

Other block or Cost and Volume contract

1 Base

-1.3%	-1.3%	-1.3%	-1.3%	-1.3%
-------	-------	-------	-------	-------

Protected/Mandatory Clinical Income Inflation

Clinical Partnerships providing mandatory services (including S75 agreements)

1 Base

-1.3%	-1.3%	-1.3%	-1.3%	-1.3%
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Protected/Mandatory Clinical Income Inflation

Clinical income for the Secondary Commissioning of mandatory services

1 Base

-1.3%	-1.3%	-1.3%	-1.3%	-1.3%
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Protected/Mandatory Clinical Income Inflation

Other clinical income from mandatory services

1 Base

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

1 Base

1.0%	1.0%	1.0%	1.0%	1.0%
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Other revenue Inflation

Education & training

1 Base

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

Research & Development

1 Base

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

Other revenue

1 Base

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

Employee Benefit Expenses

1 Base

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

Drug expenses

1 Base

3.0%	3.5%	3.5%	3.5%	3.5%
------	------	------	------	------

Clinical supplies and services expenses

1 Base

3.0%	3.5%	3.5%	3.5%	3.5%
------	------	------	------	------

Shared services expenses

1 Base

3.0%	3.5%	3.5%	3.5%	3.5%
------	------	------	------	------

CNST Contributions

1 Base

3.0%	3.5%	3.5%	3.5%	3.5%
------	------	------	------	------

Other expenses

1 Base

3.0%	3.5%	3.5%	3.5%	3.5%
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EAST SUSSEX HEALTHCARE 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

Activity/Capacity						
Elective	000's	61.1	61.2	62.4	62.8	63.2
Non elective	000's	42.7	42.8	42.9	43.0	43.1
Outpatient	000's	417.8	419.2	426.8	429.7	432.6
A&E	000's	104.8	105.5	106.2	106.9	107.6
Other clinical - Tariff	000's	0.0	0.0	0.0	0.0	0.0
Other clinical - Non Tariff	000's	165.1	172.3	174.6	176.7	178.9
Other block or Cost and Volume contract	000's	0.0	0.0	0.0	0.0	0.0
Other block or Cost and Volume contract	000's	0.0	0.0	0.0	0.0	0.0
Clinical Partnerships providing mandatory services (including S75 agreements)	000's	0.0	0.0	0.0	0.0	0.0
Clinical income for the Secondary Commissioning of mandatory services	000's	0.0	0.0	0.0	0.0	0.0
Other clinical income from mandatory services	000's	0.0	0.0	0.0	0.0	0.0

Operational KPIs

Specific KPIs

Patient stay

Average Length of Stay (Elective)	Days	0.6	0.6	0.6	0.6	0.6
Average length of stay (exc Day Cases)	Days	2.7	2.7	2.7	2.7	2.7
Average Length of Stay (Non Elective)	Days	6.2	6.2	6.2	6.2	6.2
Average length of stay - Forensic (days)	Days	0.0	0.0	0.0	0.0	0.0
Average length of stay - Acute Psychiatric (days)	Days	0.0	0.0	0.0	0.0	0.0
Bed Occupancy - Acute	%	85%	85%	85%	85%	85%
Bed Occupancy (%) - Including leave	%	0%	0%	0%	0%	0%
Bed Occupancy (%) - Excluding leave	%	0%	0%	0%	0%	0%
Delayed discharges	%	3%	3%	3%	3%	3%
New to follow up outpatient ratio	%	38%	38%	38%	38%	38%
Readmission rate	%	7%	7%	7%	7%	7%

Bed numbers

All		918.0	918.0	918.0	918.0	918.0
From service developments		0.0	0.0	0.0	0.0	0.0
Total Bed numbers		918.0	918.0	918.0	918.0	918.0

Staff related:

Staff Turnover	%	10%	10%	10%	10%	10%
Staff sickness rates (long term rate)	%	2%	2%	2%	2%	2%
Staff sickness rates (short term rate)	%	1%	1%	1%	1%	1%
Percentage of vacancies	%	4%	4%	4%	4%	4%
Number of consultant PA sessions per week	#	2,311.0	2,202.0	2,166.0	2,130.0	2,130.0
% of staff appraisals in last 12 months	%	85%	85%	85%	85%	85%
Overtime as % total employee benefit expense	%	0%	0%	0%	0%	0%
Catchment population (excluding tourists)	000's	439.0	442.0	445.0	448.0	448.0
Catchment population (at peak, i.e. including tourists)	000's	439.0	442.0	445.0	448.0	448.0

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

To be cleared within 5 years (real)	000's	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0
To be cleared within 5 years to 10 years (real)	000's	2,800.0	3,500.0	1,700.0	1,500.0	1,500.0
To be cleared after 10 years (real)	000's	0.0	0.0	0.0	0.0	0.0
Total expected backlog		3,800.0	4,500.0	2,700.0	2,500.0	2,500.0

Acute KPIs

Theatre Utilisation	%	84%	84%	86%	86%	86%
Day Case Percentage (Day Cases/ Spells)	%	81%	81%	82%	83%	83%

Average Number of staff - Non Agency

Consultant costs	WTE	208.9	204.9	200.5	198.0	195.5
GP costs	WTE	0.0	0.0	0.0	0.0	0.0
Dental consultant costs	WTE	3.2	3.2	3.2	3.2	3.2
Dental costs	WTE	12.5	12.5	12.5	12.5	12.5
Junior medical costs	WTE	334.4	327.0	320.0	316.0	312.0
Nursing, midwifery & health visitors - inpatient costs	WTE	1,385.9	1,350.9	1,315.9	1,289.9	1,264.9
Nursing, midwifery & health visitors - community costs	WTE	524.2	519.2	515.2	514.2	513.2
Other clinical staff - Social care workers	WTE	0.0	0.0	0.0	0.0	0.0
Other clinical staff costs	WTE	711.7	658.7	605.4	565.4	530.0
Scientific, therapeutic, & technical costs	WTE	834.0	810.0	788.0	770.0	753.0
Non clinical staff costs	WTE	1,946.3	1,841.3	1,736.3	1,655.3	1,574.3
Total	WTE	5,961.0	5,727.6	5,496.9	5,324.4	5,158.6

CIPs

CIP as a % of income	%	11.3%	17.4%	23.5%	28.6%	33.9%
CIP as a % of cost base	%	10.5%	15.4%	20.0%	23.6%	27.0%
In year CIP as a % of cost base	%	5.5%	5.6%	5.7%	4.7%	4.8%

Capex

Maintenance Capex/ Depn charge	£'000s	0.9	0.9	0.9	0.9	0.9
Total Capex/ Depn charge	£'000s	2.4	1.9	0.9	1.0	1.0

SOURCE : O_KPI

EAST SUSSEX HEALTHCARE NHS TRUST
Prudential Borrowing Key Outputs

Monitor PBC - As per LTFM inclusive of proposed loan

PBC Ratios - LTFM Outputs		Mar-14	Mar-15	Mar-16	Mar-17	Mar-18	Mar-19
Ratio Inputs		£m	£m	£m	£m	£m	£m
Total Revenue	+	356	356	351	351	349	348
Revenue Available for Debt Service	+	-2	4	10	21	24	28
PDC Dividend	+	6	7	6	6	6	7
Total Interest Expenditure	+	1	1	1	1	0	0
Total Annual Debt Service	+	7	12	10	10	9	0
PBC Ratios							
Dividend Cover		-0.5	0.5	1.4	3.3	3.9	4.3
Interest Cover		-3.5	3.6	11.2	32.9	70.9	373.1
Debt Service Cover		-0.3	0.4	0.9	2.1	2.6	66.4
Debt Service to Revenue		2.0%	3.4%	2.9%	2.9%	2.7%	0.1%
Tier 1 Tests							
Dividend Cover (greater than)	1.0	FAIL	FAIL	PASS	PASS	PASS	PASS
Interest Cover (greather than)	3.0	FAIL	PASS	PASS	PASS	PASS	PASS
Debt Service Cover (greater than)	2.0	FAIL	FAIL	FAIL	PASS	PASS	PASS
Debt Service to Revenue (less than)	2.5%	PASS	FAIL	FAIL	FAIL	FAIL	PASS