Quality for all

Sherwood Forest Hospitals NHS
NHS Foundation Trust

Private Board of Directors Meeting

Thursday 19 March 2015
2015/16 Loan/Cashflow Assumptions

Cashflow

- Based on latest cashflow forecast as at 17 March 2015.
- Matched 'high level' to 201516 plan submitted to Monitor regarding forecast £35.8m deficit and I&E.
- Cashflow:
  - Expenditure is based on run rate or;
  - Actual to reflect known movements such as CNST and PFI charges.
  - Cash requirements are based on holding 2 days operating expenditure as per Interim Support Finance requirements. This gives 'minimum' cash balance of £1.478m rather than the £500k previously used. **This has increased the forecast borrowing by £978k compared to the submitted plan**.
    - This is based on the guidance which states that minimum working capital cash balances should be based on 2 days operating expenditure between a range of £1-£3m
  - April forecast has been fixed at £500k closing balance as the cash requirements for the period 31 March to 11 May have already been requested and were submitted to Monitor on 12 March 2015.
  - Does not include additional funding to offset the increased creditor balances in 2014/15.
  - Capital draw down is based on the previously submitted 2015/16 plan already shared with Monitor.
- The Interim Financing guidance states that one draw down can be done each month for Interim Revenue loan support and one draw down for WCF. This would appear to require on a monthly basis:
  - Draw down WCF
  - Repayment WCF
  - Draw down interim revenue support loan

  Currently the cashflow is showing one figure, as this level of exact detail will only become clear as each 13 week period progresses.
- **It is acknowledged that the forecast may Change as the final submission for 2015/16 has not yet been made, and this may necessitate a refreshed forecast being submitted.**

CIP

CIP of £12.9m has been entered based on latest phased Divisional forecasts of £10.365m. The balance has been allocated based on this phasing.

CIP is currently showing as a separate line, as a detailed split by category is still being worked up.

The CIP appears weighted to the second half of the year with only 33% planned for delivery Q1 and 2. This would appear an inherent risk and may be open to challenge by Monitor.

Loan agreement

- Revolving Working Capital Facility (WCF) of £7.392m reflects 10 days operating expenditure based on the Audited 2013/14 Accounts as advised by Monitor.
- The interim support facility of £44.479m reflects £5.71m of Capital and £38.769 of revenue support. This is £978k higher than the 2015/16 submission made 27 February as noted above.

Michael Powell
Head of Financial Services
18 March 2015