University Hospitals of Leicester NHS
NHS Trust

To:	**Trust Board**
From:	Peter Hollinshead – Interim Director of Financial Strategy
Date:	27th March 2014
CQC regulation:	

Title:	Trust's 2014/15 Going Concern Statement

Author/Responsible Director:
Peter Hollinshead – Interim Director of Financial Strategy

Purpose of the report:
This report presents the Trust's 2014/15 Going Concern Statement (the 'Statement')

The report is provided to Trust Board for:

Decision	√	Discussion	
Assurance		Endorsement	

Summary :

A Going Concern Statement has been prepared and is intended to assist the Directors in assessing the Going Concern position of the Trust.

The Statement has been reviewed by the Trust's internal auditors (PwC) and their feedback has been incorporated into the Statement.

The Statement has also been presented to the Audit Committee at its 7th March 2014 meeting.

Recommendations:
Trust Board is asked to **approve** the Going Concern Statement

Strategic Risk Register: N/A	**Performance KPIs year to date:** N/A

Resource implications (e.g. Financial, HR): N/A

Assurance implications:
To provide assurance that a robust assessment has been made as to the Trust's ability to operate as a Going Concern for 2014/15

Patient and Public Involvement (PPI) implications: N/A

Equality impact: N/A

Information exempt from disclosure: N/A

Requirement for further review?

Peter Hollinshead
Interim Director of Financial Strategy

19th March 2014

UNIVERSITY HOSPITALS OF LEICESTER NHS TRUST

REPORT TO: **TRUST BOARD**

DATE: **27TH MARCH 2014**

REPORT FROM: **PETER HOLLINSHEAD – INTERIM DIRECTOR OF FINANCIAL STRATEGY**

SUBJECT: **TRUST'S 2014/15 GOING CONCERN STATEMENT**

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1. INTRODUCTION

1.1 This report presents the Trust's 2014/15 Going Concern Statement (the 'Statement').

2. BACKGROUND

2.1 International Accounting Standard 1 (IAS 1) sets out the Director's responsibilities to carry out an annual assessment to satisfy themselves that it is appropriate for the financial statements to be prepared on the Going Concern basis.

2.2 Going Concern is a fundamental principle in the preparation of financial statements as it provides a view to the ability of the Trust to remain in operation for the foreseeable future with no necessity of liquidation or to cease operation.

2.3 Financial statements should be prepared on a Going Concern basis unless management intends to either liquidate the entity or cease trading, or has no realistic alternative but to do so.

3. 2014/15 GOING CONCERN STATEMENT

3.1 A Statement has been prepared and is included as Appendix 1. This is intended to assist the Directors in assessing the Going Concern position of the Trust.

3.2 The Statement has been reviewed by the Trust's internal auditors (PwC) and their feedback has been incorporated into the Statement. The Statement has also been presented to the Audit Committee at its 7th March 2014 meeting.

4. RECOMMENDATIONS

4.1 Trust Board is asked to **approve** the Going Concern Statement.

Peter Hollinshead
Interim Director of Financial Strategy

19th March 2014

University Hospitals of Leicester NHS
NHS Trust

2014/15 Going Concern Statement

1. Introduction

1.1 This paper is intended to assist the Directors in assessing the going concern position of the Trust. Going concern is a fundamental principle in the preparation of financial statements as it provides a view to the ability of the Trust to remain in operation for the foreseeable future with no necessity of liquidation or to cease operation.

1.1 The paper is not intended to reproduce all the evidence that exists to support its conclusion, but identify what does exist and has previously been considered by the Trust Board.

2. Going Concern Assessment

2.1 International Accounting Standard 1 (IAS 1) sets out the Director's responsibilities to carry out an annual assessment to satisfy themselves that it is appropriate for the financial statements to be prepared on the going concern basis. Financial statements should be prepared on a going concern basis unless management intends to either liquidate the entity or cease trading, or has no realistic alternative but to do so.

2.2 In making this assessment management are required to take into account all information available about the future prospects of the Trust for a minimum of twelve months. The extent and nature of this assessment will be driven by the historical financial position of the organisation and the knowledge of the challenges it faces.

2.3 The wider factors used by the NTDA in its risk assessment of Trusts are:

- The quality of care provided.
- Ability to deliver against key standards.
- Financial stability.

2.4 The Trust Board receives details of risks recorded through the Board Assurance Framework (BAF) informed by local risk registers held across the Trust. The key risks included in the current BAF as reported to the Board are set out below:

- Failure to achieve financial sustainability.
- Failure to transform the emergency care system.
- Inability to recruit, retain, develop and motivate staff.
- Ineffective organisational transformation.
- Ineffective strategic planning and response to external influences.
- Failure to achieve FT status.
- Failure to maintain productive and effective relationships.
- Failure to achieve and sustain quality standards.
- Failure to achieve and sustain high standards of operational performance.

- Inadequate reconfiguration of buildings and services.

2.5 The Annual Governance Statement for 2013-14 will detail all significant risks brought to the attention of the Board.

3. Overview of the 2013-14 Financial Year

3.1 The Trust experienced a challenging financial year in 2013-14 driven by the requirement to deliver a £40.4m (5.5%) CIP programme set against the backdrop of the following:

- An **opening underlying deficit** of £12.5m.
- The net **tariff deflator** of £2.9m.
- A **reduction in teaching and training income** of £3m mainly as a consequence of the rebasing of SIFT to a national tariff per student week.
- Income within the Trust's Annual Operating Plan (AOP) was stated net of c£8m of marginal rate emergency threshold (**MRET**) deduction and **readmission** penalties.
- No allowance was made for any performance related **fines or performance penalties** within the AOP.
- **Service development** costs of £10.6m. Key priorities included increases in nurse staffing (acuity and supervisory) and investment in services to support emergency patient flow. A small element of these cost pressures related to transformational schemes, but no matching transformation income was assumed within the AOP.
- **Inflation** was allowed at just under 2%, totalling £13m across pay and non-pay.
- A **contingency** of £6m (reduced from an intended level of £10m).

3.2 Concerns were expressed during the commissioning round by both UHL and commissioners regarding the monthly financial run rate (deficit) in 2012/13 and the Trust's poor access performance, particularly against the four hour A&E target.

3.3 In order to address this risk and give a greater degree of certainty around plan delivery, the Trust Board determined that strategic transitional support of £15m was needed to assure delivery of the 2013/14 Plan.

3.4 In response to this concern, the AOP was followed in May 2013 by a request to the Local Area Team of NHS England, the NHS Trust Development Authority and CCGs for transitional funding of £15 million. This was intended:

- To restore the annual plan contingency to the intended level of £10 million.
- To provide cover against further slippage in run rate.
- To fund the commencement of strategic site reconfiguration projects designed to address the long-term financial and clinical sustainability of the Trust's services.

3.5 In making this bid, it was implicitly acknowledged by UHL that the Trust is financially and possibly clinically unsustainable in its current (historically-derived) site and service configuration.

3.6 There was a difference of view between the Trust and its commissioners as to whether the 2013/14 contracting agreement was understood to have addressed the Trust's underlying deficit. It is the Trust's contention that this was not the case, hence the need for the bid for transitional support.

3.7 In September the issue was referred back to the Trust and CCGs for local resolution but by that stage the CCGs did not have unallocated resources and were unable to fund the transitional support.

3.8 In December 2013 the Trust identified a forecast I&E deficit of £39.8m. The principal drivers for this are:

- Non-receipt of strategic transitional support (£15m) to fund the underlying deficit.

- Less than expected non-recurrent funding from commissioners to support the costs incurred on the transformation project (£5.3m).

- In year operating cost pressures and a conscious investment in nurse staffing to sustain quality of care and patient safety standards (£14.3m)

- Contractual penalties and deductions of £5.2m including a £3.4m increase in MRET deductions (taking the total MRET deduction to £7.1m).

3.9 To give the Trust Board assurance on the robustness of the forecast it commissioned its internal auditors, PwC, to undertake an independent review of the following:

- The methodology used to prepare the forecast.

- The principal assumptions and their vulnerability. This included specific consideration of the workforce assumptions, and specifically:

  - the alignment of assumptions in respect of the nurse recruitment programme; and
  - undertaking a sensitivity analysis of the key risks to the forecast result.

3.10 The PwC report concluded that the forecast was prepared using robust methodology, following an inclusive process, and the Board therefore agreed to the forecast deficit of £39.8m.

3.11 As a consequence of the financial and emergency performance at month 9, the Trust was graded at risk level 4 by the NTDA, which is reserved for those Trusts that either submitted a deficit AOP or are reporting material adverse deficits year-to-date.

4. Financial Plans

4.1 The Trust has submitted the second iteration of its two year plan to the NTDA. The key details relating to the plan for 2014-15 are as follows:

- Planned I&E deficit of £29.8m.
- A major CIP plan of £45m.
- A capital expenditure plan of £63.3m, including the Emergency Floor development and the vascular services move.
- Permanent PDC funding of £79.3m to fund the deficit plan and part fund the capital programme.
- An external Financing Limit (EFL) of £28.6m including a requirement to receive temporary borrowing of £30m in the first half of the year until the permanent funding is received.
- A Financial Risk Rating (FRR) of 4 (calculated in accordance with the TDA planning submission guidelines).

4.2 The Trust has agreed with the NTDA that a financial recovery plan will be produced by the end of Q1 for the Trust to achieve a recurrent balanced financial position within three years. This will be linked to our 5 year plan and Service Strategy.

4.3 The financial recovery plan will be considered in the wider context of the Leicester, Leicestershire and Rutland (LLR) health economy position. The quantum of the Trust's 2013-14 deficit, and the increase in the in-year deficit has given significant cause for concern, both for the Trust and for the LLR Health Economy. 2013-14 will be the first year that the LLR health economy has not delivered a balanced financial position.

4.4 An independent review is being undertaken which will focus on the underlying causes of the financial position of the Health Economy and whether these issues are recurrent in nature. It will also focus on the deliverability of CIPs across the region and other material factors that have affected the financial sustainability of the health economy.

4.5 The overall financial plan and resulting deficit position is driven by the Trust's activity and income assumptions, workforce implications and the Cost Improvement Programme (CIP). The Trust has a clear process for delivering against these areas, and to ensure a realistic monthly profile of income and expenditure.

4.6 The Trust has produced a clear position statement on its contractual stance regarding:

- MRET;
- re-admissions;
- use of transformational funds;
- coding and counting;
- Elective Care Tender; and
- the RTT recovery plan.

4.7 The Trust has provided the CCGs with a realistic activity forecast to support the income assumptions and there is agreement on RTT backlog activity. The Elective Care Programme now has UHL as the preferred bidder.

4.8 Delivery of the Trust's CIP is challenging for 2014-15 and processes have been put in place to give assurance over the schemes and their quality impact. These include CIP reporting through the Chief Operating Officer with weekly updates to the NTDA. Each scheme will be quality and risk assessed and there will be regular reporting to the Executive Team, F&P Committee and Trust Board.

4.9 A tendering process has been concluded to secure external support for CIP delivery and a Programme Management Office (PMO).

4.10 The Trust has a major capital agenda across the medium term from 2014-15, including the Emergency Floor project and the reconfiguration scheme, both of which will commence in 2014-15. The Capital programme is being split between operational and strategic capital and operational capital includes back log maintenance and equipment. Strategic capital is linked to the Trust's long term plan and the SOC.

4.11 To ensure a robustly developed five year plan the Trust will be holding a series of meetings between now and June. These are shown below along with the meetings that have already taken place;

- Trust Board development session (13 February)
- F&P Committee (26 February)
- Trust Board (27 February)
  2nd Iteration of the Plan submitted 5 March 2014

- Trust Board development session (13 March)
- F&P Committee (26 March)
- Trust Board (27 March)
  FINAL 2 year Plan submitted 4 April 2014

- Trust Board (24 April)
- Trust Board development session (15 May)
- 5 Year Plan submitted to the Trust Board (29 May)
  5 year Plan submitted 20 June 2014

4.12 At each milestone, the Trust will update on progress as regards the patient care contract, workforce, CIPS, the capital programme and the overall I&E position.

5 Assessment of going concern

5.1 For the purposes of concluding on whether it is appropriate for the Trust to prepare its accounts as a going concern there are a number of general factors that require consideration and these are covered in this section.

- **Ability to generate an operating surplus**

5.2 The Trust has delivered a net surplus in each year since its inception in 2000 and it has also achieved the break even duty in each year.

5.3 The Trust will deliver a £39.8m deficit in 2013-14 and plans to deliver a £29.8m deficit in 2014-15. The Trust is performing with a financial risk rating of 4 as at 31 March 2014.

- **Statutory Break Even Duty**

5.4 The Trust has a statutory duty to break even over a three year period, taking one year with another, to within 0.5% of turnover. At the end of 2013-14 the Trust will deliver a deficit for the year of £39.8m which leaves the Trust with a cumulative deficit of £34.6m (4.52% of turnover) meaning that we will not achieve the statutory break even duty in-year or cumulatively.

5.5 Table 1 shows the annual cumulative position against the break-even duty for 2011-12 to 2014-15 (planned) without any adjustments.

Table 1 - Forecast Break Even duty (subject to audit of 2013-14 final accounts)

Breakeven Performance	2011/12 £000s	2012/13 £000s	2013/14 £000s	2014/15 £000s
Turnover	719,154	758,665	766,809	765,858
Retained (Deficit)/Surplus	(27,985)	1,177	(40,110)	(32,809)
Adjustments for Impairments	28,073	0	0	0
Adjustments for impact of policy change re donated/government grants assets	0	(1,086)	315	0
Break-even in Year Position	88	91	(39,795)	(29,832)
Break-even Cumulative Position	5,062	5,153	(34,642)	(64,474)
Break-even Cumulative Position (%)	0.70%	0.68%	-4.52%	-8.81%

5.6 The above figures for 2013-14 are likely to be reported in the 2013-14 financial statements, subject to audit and the achievement of the forecast position. The planned deficit for 2014-15 will lead to a cumulative break-even position for 2014-15 of £64.5m.

5.7 Section 4.3 states that the Trust will be producing a recovery plan to achieve a balanced financial position within three years. Given the size of the expected cumulative deficit at the end of 2014-15 the recovery plan does not guarantee a cumulative break even position within three years, rather that the Trust will be recurrently delivering an in-year break even position within that timescale.

- **Cash flow impact on net current assets and meeting liabilities as they fall due**

5.8 The Trust experienced significant cashflow restrictions in 2013-14 from quarter two onwards leading to poor performance against the Better Payment Practice Code (BPPC). During quarter three the Trust considered options for applying for either temporary borrowing or longer term financing in the form of 'distress' PDC.

5.9 The Trust was not in a position to apply for longer term financing given the timescales and lack of certainty concerning its granting. Equally, temporary borrowing would have been repayable by the 31st March 2014 and this would not have solved the year end liquidity problem.

5.10 The Board was made aware of operational difficulties with cashflow during the first half of 2013-14 and approved a number of measures for the management of cash balances to the year-end, including: the limiting of payment runs; earlier in-month receipts of SLA cash; re-profiling of non-essential capital expenditure; improved accounts receivable performance; and other working capital adjustments. These measures have provided sufficient flexibility to cover payments in the latter part of 2013-2014 without prejudicing the Trust's liquidity.

5.11 The NTDA have reset our External Financing Limit (EFL) from minus £1.4m to £20.7m. This has enabled us to reduce our year-end cash balance to £0.5m and minimise the level of backlog invoices whilst still achieving the EFL, which is a mandatory target for the Trust.

5.12 The financial plan for 2014/15 forecasts that the Trust will require both temporary borrowing and permanent financing as follows:

- £30m temporary borrowing from April to clear the outstanding creditor payments and to fund the deficit plan until permanent financing is received. We have applied to the NTDA for this borrowing and it will be repaid once we receive permanent financing, or will be subsumed within the permanent financing.

- £45m permanent revenue financing to fund the £29.8m deficit plan for the full year and cover the outstanding creditors brought forward at the start of the year.

- £34.3m permanent capital financing to part fund the Trust's major capital programme and primarily the Emergency Floor project.

5.13 The detailed cashflow forecast which supported the two year plan and loan application is included as Appendix 1 and the associated I&E forecast is included in Appendix 2 with the opening and closing balance sheets shown in Appendix 3.

5.14 The Trust will improve its performance against the Better Payment Practice Code (BPPC) in 2014-15 as a result of the financing outlined above. Our total year to date BPPC performance to Feb 2014 was 48% by volume and 73% by value, which requires significant improvement. The financing solutions will give us sufficient cash to ensure all invoices can be paid within the 30 day payment terms within 2014-15.

5.15 Sufficient liquidity therefore will exist or can be made available to support the operations of the Trust in the coming twelve months from the date of annual accounts.

Other factors

- **Use and or breach of borrowing facilities**

5.16 The Trust's financial plans anticipate that we will need to secure temporary borrowing in the first quarter of 2014-15 which must be repaid within a three month period. Distress PDC is also likely to be received during 2014-15 and this will lead to an increase in PDC dividends, which are accrued monthly and paid in two instalments in September and March.

5.17 The temporary borrowing will be received from the DoH and there is flexibility as to how this can be repaid but it must be repaid within 3 months and in the same financial year. The repayment of the temporary loan and the increase in PDC dividends have been built into our financial plan for 2014-15. We have planned to manage our finances within the constraints of the EFL for that year.

5.18 The risk of breaching terms of loan agreements is considered minimal.

- **Adverse operating conditions**

5.19 The Trust continually reviews, and takes steps to develop, contingency plans to address emergencies should they arise. From an activity view point the Trust has managed a higher than planned level of activity in 2013-14 resulting in increased costs, particularly around emergency activity. Health and social services partners in the LLR health economy are jointly committed to the Better Care Together (BCT) strategic change programme. The BCT programme is designed to address the necessary changes in clinical pathways and service configuration so as to deliver a clinically and financially sustainable health and social care services for the LLR health economy.

5.20 A major factor in the Trust's long term planning is its Integrated Business Planning (IBP) approach which is underpinned by service specific strategies; investment/disinvestment decisions and annual phasing of delivery.

5.21 The IBP process brings together a number of factors including

- bed modelling and activity numbers;
- explicit assumptions around revised models of care;
- workforce planning;
- financial plan with upsides and downsides; and
- engagement plan.

5.22 The culmination of this process will be the SOC and production of a 5 year plan by June 2014 which joins up a number of key planning elements within the Trust.

- **Loss of key management positions**

5.23 The post of Director of Finance is covered in an Interim capacity and the Chief Nurse is currently working a long notice period, which gives the Trust time to secure a successor. There are no other key managerial vacancies.

- **Compliance with statutory requirements**

5.24 As far as management are aware the Trust has complied with its statutory requirements.

- **Pending or on-going legal action**

5.25 On-going legal action relating to insured events is managed on the Trusts behalf by the NHS Litigation Authority. All other known litigation costs have been provided for at the balance sheet date. There is no other material on-going legal action.

- **Potential changes in legislative or government policy**

5.26 The Trust continues to review its level of risk due to the on-going developments within the NHS in respect of finance, system reform and the application of statutory legislation. Whilst it is considered that there are significant risks presented by current policies, the Trust has measures in place to stay abreast of, respond and mitigate the challenges presented.

- **Other liabilities**

5.27 The Trust is not aware of any further liabilities that have not been accounted for.

6 Risks to the going concern assessment

6.1 We have assessed the risks to the Trust's going concern assessment in this section.

- **Failure to receive permanent financing**

6.2 We will produce a robust SOC and LTFM to demonstrate that the Trust will clearly progress to a recurrent break-even position. This will be discussed with the NTDA at every key stage and we will work with the NTDA to ensure the robustness of the plan

6.3 The Trust's working capital can continue to be supported by temporary borrowing across the year as there is no limit to the number of temporary loans that we can take out in any year. However we can only have one loan at a time and they must be repaid within three months and in the same year.

- **Failure to deliver the CIP programme**

6.4 The Trust has set a £45m CIP target to deliver the efficiency requirement within the national tariff and to start to reduce the underlying deficit. To support delivery of the programme the Trust has secured Ernst & Young to work with our CMGs and Corporate Directorates. This will be supported by weekly CIP performance meetings.

- **Failure to delivery the Planned Deficit of £29.8m**

6.5 The Trust has built a contingency of over £7.5m (1% of turnover) to ensure delivery of the annual financial plan. This contingency is to cover unexpected costs and any in year contractual penalties.

- **Failure to manage our working capital**

6.6 We have robust working capital management and cashflow forecasting processes in place which would give an early warning of any additional pressures on working capital. We will be improving the working capital metrics within a revised working capital strategy which is currently being produced. Appropriate action and escalation will occur should any issues be identified by the monitoring procedures and metrics.

7 Conclusion

7.1 We have undertaken a robust assessment of the Trust's going concern. This supports the conclusion that the Trust should prepare its financial statements on a going concern basis and has taken steps to ensure that this remains the case for at least 12 months from the date of preparation of the annual accounts.

8 Recommendation

8.1 Directors are requested to note the above information and assumptions in confirming their agreement with the positive Going Concern assessment.

Peter Hollinshead
Interim Director of Financial Strategy

APPENDIX 1 – Cashflow Forecast 2014-15

Rolling 12 month cashflow forecast - March 2014 to March 2015													
	2013/14 March Forecast £ 000	2014-15 April Forecast £ 000	2014-15 May Forecast £ 000	2014-15 June Forecast £ 000	2014-15 July Forecast £ 000	2014/15 August Forecast £ 000	2014/15 September Forecast £ 000	2014/15 October Forecast £ 000	2014/15 November Forecast £ 000	2014/15 December Forecast £ 000	2014/15 January Forecast £ 000	2014/15 February Forecast £ 000	2014/15 March Forecast £ 000
INCOME													
Total NHS patient related income	61,529	56,278	57,354	57,160	60,304	57,362	58,366	62,190	58,204	59,286	60,228	56,117	61,135
All other income	11,047	10,121	10,010	10,138	10,099	10,058	10,059	10,123	9,790	9,854	10,077	10,001	9,950
Movement on debtors	(2,907)	(1,913)	(1,076)	194	(3,144)	2,943	(1,004)	(3,824)	3,986	(1,082)	(942)	4,111	(5,018)
Interest received	8	8	8	8	8	8	8	8	8	8	8	8	8
Provisions utilised		(22)	(22)	(22)	(22)	(22)	(1,022)	(22)	(22)	(22)	(22)	(22)	(25)
Impairments and reversals		(3)	(3)	(3)	(3)	(3)	(1,448)	(3)	(3)	(3)	(3)	(3)	(23)
PDC - capital	-	-	-	-	-	-	-	34,295		-	-	-	-
PDC / loan - permanent revenue	-	-	-	-	-	-	-	45,000	-	-	-	-	-
Loan received	-	30,000	-	-	30,000	-	-	-	-	-	-	-	-
VAT reclaimed	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200
Total cash in	**70,877**	**95,669**	**67,471**	**68,675**	**98,441**	**71,545**	**66,158**	**148,966**	**73,163**	**69,241**	**70,546**	**71,412**	**67,227**
EXPENDITURE													
Total pay costs	(39,059)	(38,811)	(38,780)	(38,810)	(40,477)	(40,501)	(40,599)	(40,733)	(40,747)	(41,445)	(41,768)	(41,773)	(41,794)
Total non-pay	(27,411)	(30,125)	(29,893)	(29,903)	(29,732)	(29,845)	(28,338)	(29,500)	(29,650)	(29,795)	(29,800)	(29,943)	(29,761)
Interest received	-	(38)	(38)	(38)	(38)	(38)	(38)	(38)	(38)	(38)	(38)	(38)	(38)
Loan repayments	-	-	-	-	(30,000)	-		(30,000)	-	-	-	-	-
Capital expenditure	(7,362)	(3,639)	(3,639)	(3,839)	(4,714)	(5,144)	(4,589)	(5,342)	(4,013)	(4,888)	(6,435)	(7,485)	(9,535)
Movement on creditors	(1,074)	(7,193)	(10,955)	210	5,904	6,418	(1,916)	(8,641)	(5,925)	(309)	2,426	2,740	(2,866)
Less depreciation and amortisation non-	2,737	2,793	2,793	2,794	2,784	2,784	2,784	2,729	2,729	2,729	2,691	2,691	2,695
Finance lease capital payments		(761)	(761)	(761)	(761)	(761)	(761)	(761)	(761)	(761)	(761)	(761)	(761)
PDC dividends add back to non-pay	964	964	964	964	964	964	964	964	964	964	964	964	964
PDC dividends cash	(5,454)	-	-	-	-	-	(5,419)	-	-	-	-	-	(5,419)
Total cash out	**(76,659)**	**(76,809)**	**(80,309)**	**(69,382)**	**(96,070)**	**(66,122)**	**(77,912)**	**(111,321)**	**(77,442)**	**(73,543)**	**(72,720)**	**(73,605)**	**(86,515)**
Opening cash	6,282	500	19,359	6,521	5,814	8,185	13,608	1,854	39,499	35,220	30,918	28,744	26,551
Movement in cash	(5,782)	18,860	(12,838)	(708)	2,371	5,423	(11,754)	37,645	(4,279)	(4,302)	(2,174)	(2,193)	(19,288)
Closing cash	**500**	**19,359**	**6,521**	**5,814**	**8,185**	**13,608**	**1,854**	**39,499**	**35,220**	**30,918**	**28,744**	**26,551**	**7,263**

APPENDIX 2 – Income and Expenditure Forecast 2014-15

Statement of Comprehensive Income - April 2014 to March 2015

	2014-15 Full Year Forecast £000s	2014-15 April Forecast £ 000	2014-15 May Forecast £ 000	2014-15 June Forecast £ 000	2014-15 July Forecast £ 000	2014/15 August Forecast £ 000	2014/15 September Forecast £ 000	2014/15 October Forecast £ 000	2014/15 November Forecast £ 000	2014/15 December Forecast £ 000	2014/15 January Forecast £ 000	2014/15 February Forecast £ 000	2014/15 March Forecast £ 000
Gross Employee Benefits	(486,240)	(38,643)	(38,606)	(38,723)	(40,316)	(40,345)	(40,459)	(40,878)	(40,890)	(41,634)	(41,904)	(41,909)	(41,933)
Other Operating Costs	(356,500)	(30,201)	(29,969)	(29,979)	(29,808)	(29,921)	(28,414)	(29,576)	(29,725)	(29,870)	(29,875)	(30,018)	(29,144)
Revenue from Patient Care Activities	703,987	56,328	57,282	57,232	60,287	57,290	58,450	62,138	58,219	59,180	60,141	56,373	61,067
Other Operating Revenue	120,280	10,121	10,010	10,138	10,099	10,058	10,059	10,123	9,790	9,854	10,077	10,001	9,950
OPERATING SURPLUS/(DEFICIT)	**(18,473)**	**(2,395)**	**(1,283)**	**(1,332)**	**262**	**(2,918)**	**(364)**	**1,807**	**(2,606)**	**(2,470)**	**(1,561)**	**(5,553)**	**(60)**
Investment Revenue	96	8	8	8	8	8	8	8	8	8	8	8	8
Finance Costs (including interest on PFIs and Finance Leases)	(810)	(68)	(67)	(68)	(67)	(68)	(67)	(68)	(67)	(68)	(67)	(68)	(67)
SURPLUS/(DEFICIT) FOR THE FINANCIAL YEAR	**(19,187)**	**(2,455)**	**(1,342)**	**(1,392)**	**203**	**(2,978)**	**(423)**	**1,747**	**(2,665)**	**(2,530)**	**(1,620)**	**(5,613)**	**(119)**
Dividends Payable on Public Dividend Capital (PDC)	(10,644)	(887)	(887)	(887)	(887)	(887)	(887)	(887)	(887)	(887)	(887)	(887)	(887)
RETAINED SURPLUS/(DEFICIT) FOR THE YEAR	**(29,831)**	**(3,342)**	**(2,229)**	**(2,279)**	**(684)**	**(3,865)**	**(1,310)**	**860**	**(3,552)**	**(3,417)**	**(2,507)**	**(6,500)**	**(1,006)**

APPENDIX 3 – Statement of Financial Position as at 31/03/2014 and 31/03/2015

Statement of Financial Position	**Planned as at 31/03/2014 £000s**	**Planned as at 31/03/2015 £000s**
Property, Plant and Equipment	356,046	386,309
Intangible Assets	4,910	5,327
Trade and Other Receivables	3,223	2,503
TOTAL Non Current Assets	**364,179**	**394,139**
Inventories	14,200	14,200
Trade and Other Receivables	47,950	41,180
Other Current Assets	40	40
Cash and Cash Equivalents	1,417	6,950
TOTAL Current Assets	**63,607**	**62,370**
TOTAL ASSETS	**427,786**	**456,509**
Trade and Other Payables	(102,182)	(86,768)
Provisions	(2,163)	(426)
Liabilities arising from PFIs / LIFT / Finance Leases	(3,000)	(2,800)
Total Current Liabilities	**(107,345)**	**(89,994)**
NET CURRENT ASSETS/(LIABILITIES)	**(43,738)**	**(27,624)**
TOTAL ASSETS LESS CURRENT LIABILITIES	**320,441**	**366,515**
Provisions	(1,203)	(1,873)
Liabilities arising from PFIs / LIFT / Finance Leases	(8,595)	(9,536)
Total Non-Current Liabilities	**(9,798)**	**(11,409)**
ASSETS LESS LIABILITIES (Total Assets Employed)	**310,643**	**355,106**
Public Dividend Capital	280,855	355,150
Retained Earnings reserve	(34,840)	(64,672)
Revaluation Reserve	64,628	64,628
Total Taxpayers Equity	**310,643**	**355,106**