

TRUST BOARD MEETING – 2nd APRIL 2015

APPROVAL OF 2015-16 WORKING CAPITAL STRATEGY AND REVOLVING WORKING CAPITAL FACILITY

DIRECTOR:	Paul Traynor - Director of Finance								
AUTHOR:	Nick Sone – Financial Controller								
DATE:	2nd April 2015								
PURPOSE:	<p>The Working Capital Strategy (the Strategy) sets out the Trust’s approach to managing its working capital in a way that ensures it remains a ‘going concern’ and has access to sufficient cash and other liquid assets to meet its financial obligations. The Strategy document covers the aims and scope of the Strategy; roles and responsibilities; performance against 2014-15 working capital objectives; 2015/16 objectives and investing surplus cash.</p> <p>The 2015-16 objectives include securing permanent cash support to enable us to fund our deficit and capital programme. The DH recently informed us that we will receive £21.9m in the form of a Revolving Working Capital (RWC) Facility until we receive permanent cash support. We were required to submit the signed RWC Agreement on Monday 30th March.</p> <p>A DH requirement is that the RWC documentation should be supported by a written Trust Board resolution agreeing to the RWCs terms and conditions and nominating a named officer to manage and execute the agreement. In our case this officer is the Director of Finance.</p> <p>As the Trust Board meeting was not until after the RWC submission deadline, an emergency form of approval has been used as outlined in Section 4.2 of the Trust’s Standing Orders as follows:</p> <p><i>Emergency Powers</i> - <i>The powers which the Board has retained to itself within these Standing Orders (SO 2.5) may in emergency be exercised by the Chief Executive and the Chairman after having consulted at least two Non-Executive Directors.</i></p> <p>The details of the RWC were reported to the Integrated Finance, Performance and Investment Committee (IFPIC) on the 26th March. The Committee’s membership at this meeting meant that it was able to exercise the emergency powers and approve the RWC Agreement.</p> <table border="1" data-bbox="453 1624 1422 1856"> <thead> <tr> <th>Board members required to exercise emergency powers</th> <th>Present at the IFPIC meeting?</th> </tr> </thead> <tbody> <tr> <td>Chief Executive</td> <td>Yes</td> </tr> <tr> <td>Chair</td> <td>Yes – acting Chair was present</td> </tr> <tr> <td>Two Non-Executive Directors.</td> <td>Yes</td> </tr> </tbody> </table> <p>In addition the IFPIC was attended by the Chief Operating Officer and Director of Finance, who are both voting Board members.</p> <p>The Standing Orders also state the following: <i>The exercise of such powers by the Chief Executive and the Chairman shall be reported to the next formal meeting of the Board for ratification.</i></p>	Board members required to exercise emergency powers	Present at the IFPIC meeting?	Chief Executive	Yes	Chair	Yes – acting Chair was present	Two Non-Executive Directors.	Yes
Board members required to exercise emergency powers	Present at the IFPIC meeting?								
Chief Executive	Yes								
Chair	Yes – acting Chair was present								
Two Non-Executive Directors.	Yes								

	<p>The Board is asked to formally approve the 2015/16 Working Capital Strategy.</p> <p>The Board is asked to ratify the decision taken under emergency powers to approve the Revolving Working Capital (RWC) Facility Agreement and the following specific points:</p> <ul style="list-style-type: none"> ○ Agreement to terms of the interim revolving working capital support facility ○ Nominated officer to execute the agreement (Director of Finance) ○ Nominated officer to manage the agreement (Director of Finance) ○ Agreement to comply with additional terms and conditions 																
PREVIOUSLY CONSIDERED BY:	The working capital strategy was reported to the Integrated Finance, Performance and Investment Committee (IFPIC) where it was endorsed and recommended to the Trust Board for formal approval.																
Objective(s) to which issue relates *	<table border="0"> <tr><td><input type="checkbox"/></td><td>1. Safe, high quality, patient-centred healthcare</td></tr> <tr><td><input type="checkbox"/></td><td>2. An effective, joined up emergency care system</td></tr> <tr><td><input type="checkbox"/></td><td>3. Responsive services which people choose to use (secondary, specialised and tertiary care)</td></tr> <tr><td><input type="checkbox"/></td><td>4. Integrated care in partnership with others (secondary, specialised and tertiary care)</td></tr> <tr><td><input type="checkbox"/></td><td>5. Enhanced reputation in research, innovation and clinical education</td></tr> <tr><td><input type="checkbox"/></td><td>6. Delivering services through a caring, professional, passionate and valued workforce</td></tr> <tr><td><input checked="" type="checkbox"/></td><td>7. A clinically and financially sustainable NHS Foundation Trust</td></tr> <tr><td><input type="checkbox"/></td><td>8. Enabled by excellent IM&T</td></tr> </table>	<input type="checkbox"/>	1. Safe, high quality, patient-centred healthcare	<input type="checkbox"/>	2. An effective, joined up emergency care system	<input type="checkbox"/>	3. Responsive services which people choose to use (secondary, specialised and tertiary care)	<input type="checkbox"/>	4. Integrated care in partnership with others (secondary, specialised and tertiary care)	<input type="checkbox"/>	5. Enhanced reputation in research, innovation and clinical education	<input type="checkbox"/>	6. Delivering services through a caring, professional, passionate and valued workforce	<input checked="" type="checkbox"/>	7. A clinically and financially sustainable NHS Foundation Trust	<input type="checkbox"/>	8. Enabled by excellent IM&T
<input type="checkbox"/>	1. Safe, high quality, patient-centred healthcare																
<input type="checkbox"/>	2. An effective, joined up emergency care system																
<input type="checkbox"/>	3. Responsive services which people choose to use (secondary, specialised and tertiary care)																
<input type="checkbox"/>	4. Integrated care in partnership with others (secondary, specialised and tertiary care)																
<input type="checkbox"/>	5. Enhanced reputation in research, innovation and clinical education																
<input type="checkbox"/>	6. Delivering services through a caring, professional, passionate and valued workforce																
<input checked="" type="checkbox"/>	7. A clinically and financially sustainable NHS Foundation Trust																
<input type="checkbox"/>	8. Enabled by excellent IM&T																
Please explain any Patient and Public Involvement actions taken or to be taken in relation to this matter:	Considered but not relevant to this paper																
Please explain the results of any Equality Impact assessment undertaken in relation to this matter:	Considered but not relevant to this paper																
Organisational Risk Register/ Board Assurance Framework *	<input checked="" type="checkbox"/> Organisational Risk Register <input checked="" type="checkbox"/> Board Assurance Framework <input type="checkbox"/> Not Featured																
ACTION REQUIRED * For decision <input checked="" type="checkbox"/> For assurance <input type="checkbox"/> For information <input type="checkbox"/>																	

- ◆ We treat people how we would like to be treated
- ◆ We do what we say we are going to do
- ◆ We focus on what matters most
- ◆ We are one team and we are best when we work together
- ◆ We are passionate and creative in our work

* tick applicable box

WORKING CAPITAL STRATEGY 2015-16

Contents		Page
1	Introduction	3
2	Aims	3
3	Scope of the Strategy	3
4	Roles and Responsibilities	3
5	Performance against key working capital objectives for 2014-15	4
6	2015-16 working capital objectives	9
7	Investing surplus cash	12

1 Introduction

- 1.1 This document sets out the Trust's strategy for managing its working capital in a way that ensures it remains a 'going concern' and has access to sufficient cash and other liquid assets to meet its financial obligations.

2 Aims

- 2.1 The aims and objectives of the Working Capital Strategy ('the Strategy') are:
- To support the delivery of the Trust's objectives by ensuring short and long term liquidity.
 - To ensure that working capital is effectively managed and cash is reported appropriately.

3 Scope of the Strategy

- 3.1 This Strategy covers the following areas:
- Roles and responsibilities in relation to the Strategy.
 - Key objectives of the Strategy.
 - Forecasting, monitoring and reporting arrangements for cash.
 - Investing surplus cash.
- 3.2 The following individuals are required to support the Strategy:
- a) Director of Finance.
 - b) Directorate Senior Operational Management Team.
 - c) Financial Controller.
 - d) Finance staff.
- 3.3 The following are not within the scope of this Strategy:
- Long term investments.
 - The management of patient monies.
 - Petty cash procedures.
 - Charitable funds banking and working capital arrangements.
- 3.4 The Strategy is supported by a number of detailed treasury procedures within the Treasury Management section, including:
- Cashflow procedures.
 - Citibank and RBS banking procedures.
 - Investing procedures.

4 Roles and Responsibilities

- 4.1 The following groups and individuals have responsibilities in relation to the Strategy:

Trust Board of Directors

- 4.2 The Trust's Board of Directors are responsible for approving external funding arrangements and the overall Strategy. The Trust Board delegates responsibility for approval of the Trust's treasury procedures, controls, and detailed policies to the audit committee,

Finance and Performance Committee

- 4.3 Monitor's guidance recommends the setting up of a Cash Committee to report to the Board. Given the status of the Trust and scope of its current treasury function this role is delegated to the Finance and Performance Committee.
- 4.4 The Finance & Performance Committee is responsible for reviewing cash management decisions and receiving reports on the Trust's cash position.

Audit Committee

- 4.5 The responsibilities of the Audit Committee in relation to treasury management is to monitor compliance with treasury policies and procedures.

Director of Finance.

- 4.6 The Director of Finance has the following responsibilities:
- Approving cash management systems.
 - Ensuring approved bank mandates are in place for all accounts and that they are updated regularly for any changes in signatories and authority levels.
 - Holding regular meetings with the Senior Finance Team and Financial Controller to discuss issues and consider any points that should be brought to the attention of the Audit Committee and Finance & Performance Committee.

Financial Controller / Financial Services Team

- 4.7 The Financial Controller and the Financial Services team have the following responsibilities.
- Defining the Trust's Treasury approach.
 - Reporting on the Treasury activities on an accurate and timely basis.
 - Managing key banking relationships.
 - Managing treasury activities within agreed policies and procedures.
 - Maintaining accurate and timely accounting records of treasury activities.
 - Ensuring all applications for temporary and permanent financing are submitted accurately and on time and are fully supported by the required cashflow forecasting.
 - Ensuring sufficient cash is available at all times to meet operational requirements.
 - Producing detailed cashflow forecasts on a daily, weekly, monthly and annual basis to aid operational decision making.
- 4.8 The Trust's Treasury procedures will become subject to periodic review by both the internal and external auditors as part of their audit undertakings and any significant deviations from agreed policies and procedures will be reported, where appropriate, to the Audit Committee or Trust Board.

5 Performance against key working capital objectives for 2014-15

- 5.1 The Trust set four clear objectives relating to cashflow for 2014-15:
1. To maintain the cash balance as planned during the year including drawing down temporary and permanent borrowing and managing our other working capital balances.
 2. To improve the BPPC performance and achieve nationally recognised targets.
 3. To achieve the statutory External Financing Limit (EFL) and Capital Resource Limit (CRL) targets.
 4. To further develop monitoring and reporting processes to ensure that there are robust linkages between cash balances; revenue income and expenditure; and capital spend.

Performance against objective 1: Cash balances and external financing

- 5.2 The Trust planned to reduce cash from £515k to £277k at the end of 2014-15. This was in line with the Department of Health expectation that we should be working to a minimum level of cash of less than £500k.

Balance sheet as at 2014-15 plan	Opening Balance 01/04/14 £000s	Closing Balance 31/03/15 £000s	Movement £000s
Cash and Cash Equivalents	515	277	(237)

- 5.3 Our original 2014-15 plan submitted to the Trust Development Authority (TDA) included capital expenditure of £50.5m, of which £17.5m was to be funded from external sources. £1.2m of this related to two separately approved capital bids; £1.1m for the Safer Hospitals Technology Fund and £0.1m for Improving Maternity Care Settings. The plan also included a deficit for 2014-15 of £40.7m and brought forward unpaid creditor invoices of £12.7m.
- 5.4 We prepared an application for Public Dividend Capital (PDC) funding for the TDA to review and submit to the Department of Health's (DH) Independent Trust Financing Facility's (ITFF) October Board meeting. Following their initial review, the TDA advised us to reduce the value of the application from plan values to levels which were justifiable and realistic; and therefore more likely to be approved.
- 5.5 Following the TDA feedback we reduced the value of the capital programme by removing elements which were directly related to full business cases to be submitted in 2015-16 (primarily the Emergency Floor). We were unlikely to receive any funding for these areas until the FBCs had been approved.
- 5.6 We also removed the funding for unpaid creditor invoices and instead included a lower amount for improved liquidity financing. We made it explicit in the application that the liquidity funding of £5.3m would only allow us to make an incremental improvement in our payments performance and achieve 72% against the BPPC target by value. This was accepted by the DH. A comparison between the original plan, final ITFF application and final received amounts is shown in the table below.

Source of funding	Original plan £'000	Final ITFF application £'000	Final amount receivable £'000
Revenue PDC - ITFF To fund the Trust's deficit	40,700	40,700	40,700
Revenue PDC - ITFF To fund improved liquidity	12,700	5,300	5,300
Capital PDC - ITFF To fund essential capital developments	16,300	12,000	-
Capital PDC - Non ITFF Non-ITFF funded capital schemes	1,200	-	-
Capital Investment Loan To fund essential capital developments	-	-	12,000
Total External Financing	70,900	58,000	58,000

- 5.7 The £12m of capital funding was finally confirmed as a loan rather than PDC in February. We will incur interest of 2.11% and repayments will need to be made every six months, with the loan being repayable over 22 years.
- 5.8 An implication of loan financing is that we only receive CRL cover for our capital expenditure when we draw down the cash. The CRL is a limit on the amount of capital expenditure we incur in a year and we must not incur expenditure in excess of the CRL.
- 5.9 As we are still expecting to achieve the full capital programme we need the full CRL in 2014-15. We have therefore drawn down the whole loan in March even though we will not be able to spend all of the cash. Normally the DH only allows us to draw down cash in the year if we will actually spend it but we put forward the argument about requiring the full associated CRL.
- 5.10 We therefore expect to have a cash balance of £8.7m at the year-end instead of the planned £277k. This will be required to pay capital invoices in April which relate to 2014-15 and will be outstanding at the year-end.

Balance sheet as at 2014-15 plan	Opening Balance 01/04/14 £000s	Closing Balance 31/03/15 £000s	Movement £000s
Original plan Cash and Cash Equivalents	515	277	(237)
Revised forecast Cash and Cash Equivalents	515	8,683	8,168

- 5.11 We have agreed this approach with the TDA who, in principle, have agreed it with the DH. The TDA have advised that we will need to ensure that we can provide details of the capital invoices that will be paid in April that have led to the increased cash balance. This is to ensure that a reconciliation can be provided if the balance is queried by the DH. We do not foresee any problem with being able to provide such a reconciliation.

Performance against objective 2: BPPC performance

- 5.12 The Trust planned to improve its performance against the Better Payment Practice Code (BPPC) in 2014-15 as a result of the financing. The initial plan would have given us sufficient cash to ensure all invoices would be paid within the 30 day payment terms.
- 5.13 However, the revised level of approved funding would only enable us to achieve 72% BPPC performance and this was accepted by us, the TDA and the DH. The table below shows that we are close to achieving this target by value and we have improved the number of invoices paid within target from 2013-14.

Better Payment Practice Code	April 2014 to Feb 2015	
	Number	Value £'000s
Total bills paid in the year	131,073	599,570
Total bills paid within target	66,849	414,784
Percentage of bills paid within target	51%	69%
Better Payment Practice Code	2013-14 Full year	
	Number	Value £'000s
Total bills paid in the year	133,018	559,312
Total bills paid within target	61,699	404,977
Percentage of bills paid within target	46%	72%

Performance against objective 3: EFL and CRL targets

5.14 The Trust's capital allocations for 2014-15 are shown in the following table, as well as the adjustments that have been made during the year relating to our external financing.

Capital Resource Limits (CRL) and External Financing Limits (EFL)	Initial Limits	
	CRL £000s	EFL £000s
Initial Capital Allocations	32,995	(8,897)
Programme capital budgets	1,212	1,212
Public dividend capital - revenue	0	46,000
New capital investment loan	12,000	12,000
Forecast year-end resource and cash limits	46,207	50,315
Forecast outturn against limits	46,207	42,821
Forecast (overspend)/underspend*	0	7,494

*We are not permitted to overspend against these limits

5.15 As stated earlier the CRL is a limit on the capital expenditure of the Trust. Our CRL matches the expected outturn capital expenditure.

5.16 The EFL is a control on net cash flows of NHS Trusts. It sets a limit on the level of cash that a NHS Trust may either:

- draw from either external sources or its own cash reserves (positive EFL);
- repay to external sources or increase cash reserves (negative EFL).

5.17 The forecast EFL underspend is permitted and is primarily due to the fact that we will receive the full £12m loan funding but have outstanding capital creditors at the year-end that will be paid in April. There are some other movements on working capital expected at the year-end that are reducing this underspend.

- 5.18 We have monitored both limits on a regular basis during 2014-15 and reported the performance to the Integrated Finance, Performance and Investment Committee (IFPIC) each month.

Performance against objective 4: Cash monitoring and reporting

- 5.19 The Trust's cashflow monitoring has been improved over the last 18 months and financial services has been restructured with new roles created to better analyse, monitor and report cash throughout the year. The Financial Controller and Technical Accounts team continue to produce the reports and forecasts detailed below.

Annually

- 5.20 We prepared the following in 2014-15

- Treasury Management Strategy.
- Annual cash plan - based on the Trust's I&E forecast and capital plan.
- Annual 12 month cashflow forecast.
- Annual Accounts including statement of cashflows.

Monthly

- 5.21 We continue to produce monthly reports for the IFPIC to include:

- Cash balances on all accounts.
- Interest receivable and payable.
- 13 week forecast cash position including management actions necessary to correct any adverse variance.
- Details of any new borrowing.
- Performance against the BPPC target.

- 5.22 Monthly bank account reconciliations are undertaken which reconcile the ledger to the cashbook and bank statements. These are subject to both internal and external audit.

Weekly

- 5.23 A 13 week cash forecast is prepared on a weekly basis (reported monthly), based on detailed information from the ledger system on accounts payable and receivable. This is used to update the daily cashflow forecast.

Daily

- 5.24 We produce a rolling cashflow forecast which is updated on a daily basis and projects forward 12 months. This is initially based on the cashflow plan and is consistent with the 13 week cashflow forecast. It is updated for any known changes in the Trust's I&E and capital positions and any anticipated changes to the value of accounts payable and receivable.

- 5.25 Appropriate escalation plans are in place should any of the cash forecasting indicate problems, such as anticipated cash falling below zero at any stage in the following 12 months.

6 2015-16 Working Capital Objectives

6.1 The objectives from 2014-15 have been reassessed and updated

- **Objective 1 – Cash Balances:** To maintain planned cash levels during the year, ensuring alignment of ITFF financing applications with the annual plan and FBC submissions.
- **Objective 2 – Working Capital Balances:** To ensure our other working capital balances such as payables and receivables are effectively managed in order to maximise our cash balances.
- **Objective 3 – BPPC Performance:** To continue to improve the BPPC performance against nationally recognised targets and new procurement regulations.
- **Objective 4 – Statutory Targets:** To achieve the statutory EFL and CRL targets.
- **Objective 5 – Monitoring and Reporting:** To further develop monitoring and reporting processes to ensure that there are robust linkages between cash balances; revenue income and expenditure; and capital spend.

6.2 Each of these objectives is detailed further in the following sections.

Objective 1 - Cash balances

6.3 The final iteration of our 2015-16 plan is likely to include the following external financing requirement.

Type of funding	Expected plan values £'000	Expected ITFF application £'000
Deficit funding	36,118	36,118
Capital funding	88,856	88,856
Improvement in liquidity / working capital	5,000	5,000
Total External Financing	129,974	129,974

6.4 We have been notified by the TDA that future capital financing is likely to be in the form of loans rather than PDC. We are assuming that external revenue financing will continue to be provided in the form of PDC.

6.5 As well as revenue and capital financing we will also require an additional £5m to further improve our liquidity and payment performance. It is vitally important that we improve the level of supplier payments made against the 30 day BPPC target. We have based this figure on the approved amount in 2014-15 and it is at a level which would cover the cash shortage caused by the loan repayments.

6.6 New procurement regulations have come into force which make it a mandatory requirement to pay valid invoices within 30 days. As we will also be making significant loan repayments (beginning six months after each loan is drawn down) there will be additional pressure on our cash balances. We will need further cash support to ensure that we can continue to pay suppliers within the regulations whilst also repaying our loans.

- 6.7 We are expecting to submit two ITFF applications in 2015/16. The first application will follow approval of the Emergency Floor FBC in late April, as the ITFF will not consider an application if the business case has not been approved. The second application will be later in the year to include the deficit and liquidity funding, as well as the Electronic Patient Record (EPR) FBC.
- 6.8 In order to maintain our operational cash levels up to the receipt of our ITFF funding we have been informed by the TDA that we will be receiving £21.9m in the form of a Revolving Working Capital (RWC) facility.
- 6.9 The RWC is one of five new financing facilities available to Trust's and FTs from 2015-16 and which we were informed of on the 20th March. These facilities include the RWC, Interim Revenue Support Loan; Interim Revenue Support PDC; Interim Capital Support Loan; and Interim Capital Support PDC. Further details of these facilities are provided in Appendix 1.
- 6.10 Our RWC limit of £21.9m has been calculated based upon 10 days of our 2013-14 operating expenditure. In the short term, the 10 day limit has been put in place to enable us to access cash in April and May while our final plan is being completed. The TDA's expectation is that once our plan is finalised the RWC limits will be reviewed and may be increased, up to the maximum of our £36.1m planned deficit.
- 6.11 The expectation is that we will access the RWC on a short term basis up to the point that we apply to the ITFF for finance, much the same way as in 2014-15 where we used Temporary Borrowing Limits (TBLs) as short term financing.
- 6.12 When we apply to the ITFF for our deficit funding we are likely to apply for Interim Revenue Support PDC due to our deficit position making loans unaffordable. This PDC incurs a 1% fee of the total award amount compared to the RWC's 3.5% interest rate and it would be our preferred method of financing the deficit.
- 6.13 In the first instance the RWC is simply available to us to maintain payroll and creditor payments while we develop our plan for the year; determine our cash requirements for the year; prepare the application to the ITFF; and then finalise the application and have it presented to the ITFF by the TDA.
- 6.14 Once the application is presented to the ITFF and funding is approved, we can follow one of the two options below.
- Use this funding to repay the RWC, which will then be reset and available to us to use again. The RWC has a maturity date of April 2020 and so would be available to the Trust for the next 5 years.
 - Keep the RWC and use the cash to meet on-going creditor and payroll obligations.
- 6.15 Appendix 2 is the loan agreement and the terms and conditions, which detail the 3.5% interest charge (based on drawn balances) and the 2020 maturity date. When submitting our signed agreement we must provide a written Trust Board resolution on the following:
- Agreement to terms of the interim revolving working capital support facility
 - Nominated officer to execute the agreement
 - Nominated officer to manage the agreement
 - Agreement to comply with additional terms and conditions
- 6.16 Having been through the ITFF application process in 2014-15 we are now aware of the requirements and we are expecting to continue to receive valuable support from the TDA. Financial Services and Strategic Finance will work together to develop LTFM's and ITFF loan applications, in line with the Trust's 2015-16 plan.

Objective 2 – Working Capital Balances

- 6.17 For our working capital management to be effective we also need to improve how we manage payables and receivables in order to maintain a satisfactory level of liquidity. It is also vital for any ITFF application that we can demonstrate that we are taking action to improve our own internal processes in order to maximise cash.
- 6.18 The following table shows the ageing of NHS and Non-NHS receivables and payables as at the end of February 2015.

Aged Receivables/Payables:	Total As at end February 2015 £000s	0-30 days		30 - 60 Days		60-90 Days		Over 90 Days	
		£000s	%	£000s	%	£000s	%	£000s	%
Receivables Non NHS	9,307	3,018	32	891	10	1,287	14	4,111	44
Receivables NHS	13,958	10,622	76	744	5	387	3	2,205	16
Payables Non NHS	(1,527)	(457)	30	(413)	27	(482)	32	(175)	11
Payables NHS	(515)	(409)	79	(50)	10	(30)	6	(26)	5

- 6.19 The NTDA target is for us to have less than 5% of aged payables or receivables over 90 days. Aged receivables include two specific debts totalling £2m which will be paid by the year end. We plan to significantly reduce the profile of the aged debt and direct effort on those debts that are in the 30-60 days aged category before they become problematic.
- 6.20 In order to achieve this we have restructured the financial services team in order to give a better strategic management of accounts payable, accounts receivable and treasury management. We have also recently recruited some much needed additional resource into the team and filled a key vacancy.
- 6.21 We are also planning to improve the way we manage whole workstreams such as invoice to cash and procure to pay. In April we will be kicking off a joint project across the Financial Services and Procurement departments with a view to streamlining and improving the procure to pay process.
- 6.22 Further improvements will also be made to our finance systems and we will soon be implementing an online card payment solution and later in the year upgrading to a new version of the system which will improve functionality and management information within accounts receivable and accounts payable.

Objective 3 – BPPC performance

- 6.23 We will make significant improvements in the percentage of total bills paid within the target, by volume and value. Sufficient external financing has been factored into the 2015-16 plan (see the section covering Objective 1) to ensure creditor payments can be maintained and that we continue to improve our performance against the BPPC target.
- 6.24 The restructuring of the Financial Services team and the procure to pay project will also help us to improve our payments performance. Our performance will continue to be monitored and reported to the IFPIC and Trust Board on a monthly basis.
- 6.25 We will only withhold creditor payments if there is an adverse revenue position against plan and we are not subsequently able to secure additional external financing.

Objective 4 – Statutory Targets

- 6.26 The Trust will not be informed of its initial allocations until the final plan and annual accounts are submitted. We will continue to monitor the performance against the statutory targets and report them to the IFPIC and Trust Board on a monthly basis.
- 6.27 The initial allocations will change in the year, in line with the total external financing that we will receive. We have not identified any risk to the achievement of the statutory targets for 2015-16.

Objective 5 – Monitoring and Reporting

- 6.28 As well as the actions outlined in section 5 we will further improve cashflow monitoring and reporting now that a revised financial services structure has been established.
- 6.29 These improvements will focus on metrics across the invoice to cash and procure to pay workstreams which will help us to improve performance in such areas as:
- BPPC performance by CMG;
 - timeliness of raising invoices following the provision of a service;
 - level and timing of income accruals vs actual invoices raised;
 - purchase order compliance; and
 - timeliness of coding purchase invoices and determining their validity.
- 6.30 We will work with financial management colleagues to determine how messages relating to these metrics can be effectively fed back to CMG teams.

7 Investing surplus cash

- 7.1 It is the Trust's policy to invest surplus cash in order to gain additional interest. The Trust operates one commercial bank account with the Royal Bank of Scotland (RBS). We restrict the balance on this to £50,000 to ensure that most of the NHS Trust's cash holdings are kept within the Government sector via a Citibank account within the Government Banking Service (GBS).
- 7.2 The cashflow will highlight any surplus cash available for investment. As an NHS Trust we are only currently able to invest in the following secure funds:
- Government Banking Service (GBS).
 - National Loans Fund – Temporary Deposit Facility (NLF).
- 7.3 The National Loans Fund Temporary Deposit Facility is operated by HM Treasury Exchequer Funds and Accounts (EFA) Team. The scheme allows approved depositors to deposit sums in round thousands of pounds for periods of one week to six months at current market interest rates. The minimum investment is £1 million.
- 7.4 Maturity dates for all investments will be set before or as close to the date when invested funds will be required and we will ensure that there is no risk to the Trust's liquidity.
- 7.5 The most likely period for surplus cash to be available is between the 15th of each month following receipt of the main SLA funding, and the last Thursday of each month which is the Trust's payroll date. We need to retain at least £23m between these dates to cover payments to staff.
- 7.6 As we will be receiving large amounts of financing in 2015-16, for example for the Emergency Floor, this may lead to excess short term levels of cash to invest. However we will need to prioritise supplier payments to ensure that we comply with the new procurement regulations to pay valid invoices within 30 days.

- 7.7 We currently receive around £7k per month in interest from the GBS account. As at the end of May the interest rate on the GBS account was 0.25% and the Bank of England base rate was 0.5%
- 7.8 Using June as an example if we were to invest £23m for 10 days between the 16th and 25th June (the day before the payroll date) we could increase the monthly interest received by a further £2k. As interest rates rise and we undertake more regular investing activity this interest would increase further.
- 7.9 All investments will be reported to the Finance and Procurement Committee on a monthly basis.



Department
of Health

Interim Support Finance

Overview of Interim Support finance arrangements for NHS Trusts and NHS Foundation Trusts in receipt of Interim Support from the Department of Health

Title: Interim Support Finance
Author: Finance and NHS / Group Financial Management / Provider Finance / 14602
Document Purpose: Information
Publication date: March 2015
Target audience: NHS Trust & Foundation Trust Directors of Finance Monitor NHS Trust Development Authority NHS Trust & Foundation Trust Board non-executive members.
Contact details: Provider Finance Department of Health, Room 2S25, Quarry House, Quarry Hill, LEEDS, LS2 7UE providerfinance@dh.gsi.gov.uk

You may re-use the text of this document (not including logos) free of charge in any format or medium, under the terms of the Open Government Licence. To view this licence, visit www.nationalarchives.gov.uk/doc/open-government-licence/

© Crown copyright

Published to gov.uk, in PDF format only.

www.gov.uk/dh

Contents

Contents.....	3
1. Introduction.....	4
2. Overview of financing arrangements.....	5
2.1. Interim Revolving Working Capital Support Facility.....	5
2.2. Interim Revenue Support Loan.....	6
2.3. Interim Revenue Support Public Dividend Capital.....	6
2.4. Interim Capital Support Public Dividend Capital.....	7
2.5. Interim Capital Support Loan.....	7
3. Availability and Applicability.....	8
3.1. Revenue Support requirements.....	8
3.2. Temporary Revenue Support requirements.....	8
3.3. Capital Support requirements.....	9
3.4. Planned Term Support.....	9
4. Application.....	10
4.1. First time applications and urgent requirements.....	10
5. Utilisations & Drawings.....	12
5.1. Revolving Working Capital Support Facilities.....	12
5.2. Repayments, Interest Payments and Fees.....	12
6. Documentation.....	13
6.1. Conditions precedent.....	13
6.2. Agreed purpose.....	13
6.3. Representations.....	13
6.4. Events of default.....	13
6.5. Additional Terms and conditions.....	13
Annex 1 – Term Sheets.....	15

1. Introduction

The department has established a range of financing options available to NHS Trusts and NHS Foundation Trusts (FTs) for providers requiring Interim Support.

Interim Support is defined within Secretary of State's guidance under section 42A of the National Health Service act 2006 (Section 42A Guidance)¹. It is used to provide transitional financial support to an FT or NHS Trust in financial difficulty where it is necessary to support the continued delivery of services for a period during which an assessment of the underlying problem is carried out and a Recovery Plan is developed which forecasts a return to a financially sustainable position.

Revised financing arrangements include a range of debt options for NHS Trusts and FTs as well as a new form of Public Dividend Capital (PDC) to finance revenue deficits, primarily for NHS Trusts. The products are designed to be used in combination and will be deployed flexibly, on a case by case basis, to reflect the nature of interim financing requirements.

Where an NHS Trust or FT develops an appropriate Recovery Plan which meets the requirements set out in Section 42A Guidance, the department will consider the appropriate treatment for outstanding principal balances based on the affordability of debt to the relevant body. This may include the transfer of balances to a package of Planned Term Support, restructuring repayments, delaying repayment to a future date, cancelling or refinancing part or all of the outstanding balance.

These arrangements reflect that interim support is a transitional arrangement and ensure that the full cost of recovery is considered at the point a Recovery Plan is produced. It is at this stage the affordability of debt to the relevant body will be considered. The department does not anticipate that organisations will routinely repay principal on revenue support issued as part of the Interim Support period, but will expect that all financing is serviced.

In line with Section 42A Guidance, where a trust is in receipt of interim support, the department may also require that a trust board agrees to terms and conditions covering the operational management of the applicant, including but not limited to the implementation of specific proven strategies aimed at reducing costs and/or releasing cash.

¹ <https://www.gov.uk/government/publications/guidance-on-financing-available-to-nhs-trusts-and-foundation-trusts>

2. Overview of financing arrangements

The department has developed five Interim Support financing facilities, three to support revenue requirements and two to support capital requirements. The table below summarises these facilities and their availability. Terms sheets are provided for each product as an annex to this document.

As set out in Section 42A Guidance, the department may provide interim support in the form of debt or PDC on the terms that it considers appropriate in the circumstances. This reflects that the department may vary the terms on which any support is given, either on a general basis or on a case by case basis.

Name	Description	Re-borrowing permitted?	Availability	
			Foundation Trusts	NHS Trusts
Interim Revolving Working Capital Support Facility	Extendable revolving maturity loan provided pending the development of Recovery Plan	Yes	Yes	Yes
Interim Revenue Support Loan	Extendable maturity loan provided pending the development of Recovery Plan	No	Yes	Yes
Interim Revenue Support PDC	Conditional PDC provided pending the development of Recovery Plan	No	Only in exceptional circumstance	Yes
Interim Capital Support Loan	Capital Loan repayable by equal instalments of principal pending the development of Recovery Plan	No	Yes	Yes
Interim Capital Support PDC	Conditional Capital PDC linked to essential works in advance of recovery	No	Only in exceptional circumstance	Only in exceptional circumstance

2.1. Interim Revolving Working Capital Support Facility

This is a revolving maturity loan facility to support interim working capital requirements in advance of the development of a Recovery Plan. This will be available to NHS Trusts and FTs to provide flexibility to cover short term and fluctuating cash requirements. This will be the default alternative to temporary and short term borrowing requirements where Temporary Borrowing Limits (TBLs) may have been used previously. While this facility replaces some of the functions of TBLs, it should not be seen as a like for like replacement and should be considered as a separate product in its own right.

As with all interim funding, Trusts are required to progress the development and agreement of a Recovery Plan as a condition of funding. The facility is available for limits up to 30 days equivalent operating expenditure (based on the last full year

audited accounts). Interest will be charged at a rate of 3.5% based on daily outstanding balances.

Interest will be payable to DH every 6 months based on amounts which are confirmed by the department subsequent to any drawing.

Principal will be due for repayment on maturity, and on balances in excess of an agreed maximum cash balance. The agreement will be based on a rolling 2 year maturity and will be renewable but limited by an agreed expiry date.

Re-borrowing is permitted for any amounts paid off during the term of the loan.

The agreement will be confirmed through standard Loan Management Association (LMA) documentation which will require a Board resolution as set out in the terms of the agreement as well as a Board undertaking to comply with any Additional Terms and Conditions that may be included within the agreement.

It should be noted that a similar facility is available to trusts in the Normal Course of Business for Working Capital requirements on more favourable terms but such a facility is not available for deficit funding requirements.

2.2. Interim Revenue Support Loan

This is a maturity loan facility to support interim working capital requirements in advance of development of a Recovery Plan. This is the default financing option for revenue based requirements for FTs and is also available to NHS Trusts where requested by the Trust or recommended by the TDA. As with all interim funding, Trusts are required to progress the development and agreement of a Recovery Plan as a condition of funding. The limit of the facility will be set by agreement. Interest will be charged at a rate of 1.50% based on daily outstanding balances.

Interest will be payable to DH every 6 months based on amounts which are confirmed by the department subsequent to any drawing.

Principal will be due for repayment on maturity. The agreement will be based on a rolling 2 year maturity and will be renewable but limited by an agreed expiry date.

The agreement will be confirmed through standard Loan Management Association (LMA) documentation which will require a Board resolution as set out in the terms of the agreement as well as a Board undertaking to comply with any Additional Terms and Conditions that may be included within the agreement.

2.3. Interim Revenue Support Public Dividend Capital

This is a PDC product to support interim working capital requirements in advance of development of a Recovery Plan. It is primarily available for NHS Trusts and, in very exceptional circumstances may be available to FTs. It replaces permanent PDC previously provided for Interim Support. As with all interim funding, trusts are required to progress the development and agreement of a Recovery Plan as a condition of funding. The limits of the facility will be set by agreement (subject to affordability). As this funding is not serviced through the PDC dividend, a commitment fee will be charged equal to 1% of the total award amount which will be invoiced by DH on the first utilisation of the product.

At the point a Recovery Plan is agreed, the Interim Revenue Support PDC may become repayable. The potential need to repay will also be considered on the second anniversary of the date of each agreement. In addition, the Interim Revenue

Support PDC is reviewed every two years and there is no presumption of repayment as part of these reviews but repayment may be considered on a case by case basis.

The agreement will be confirmed through a PDC Award Agreement and will require a Board resolution as set out in the terms of the agreement as well as a Board undertaking to comply with any Additional Terms and Conditions that may be included within the agreement.

2.4. Interim Capital Support Public Dividend Capital

Public Dividend Capital to support interim capital expenditure requirements will only be provided in exceptional circumstances and will not be available for capital requirements that can reasonably be considered to be part of a trust's normal business commitments.

In those cases where Interim Capital Support PDC may be provided, it is provided up to a limit set by agreement and serviced through the PDC dividend charge.

No routine repayment will apply but repayment in part or full may be determined necessary by the department where it is affordable, for instance where a capital receipt may be involved.

The agreement will be confirmed through a PDC Award Agreement and will require a Board resolution as set out in the terms of the agreement as well as a Board undertaking to comply with any Additional Terms and Conditions that may be included within the agreement

2.5. Interim Capital Support Loan

This is an amortising loan product to support interim Capital expenditure requirements in advance of development of a Recovery Plan. It is the default facility to support capital expenditure requirements that can reasonably be considered to be part of a trust's normal business commitments.

Trusts may be required to progress the development and agreement of a Recovery Plan as a condition of funding. The limits of the facility will be set by agreement and the debt will be serviced based on the prevailing National Loans Fund (NLF) rate on the date agreement is made.

Interest will be payable to the department every 6 months and confirmed by the department subsequent to any drawings.

Principal will be due for repayment by equal instalments of principal based on an agreed term which does not exceed the useful economic life of the underlying asset(s) or investment.

The agreement will be confirmed through LMA documentation and will require a Board resolution as set out in the terms of the agreement as well as a Board undertaking to comply with any Additional Terms and Conditions that may be included within the agreement.

3. Availability and Applicability

This sections sets out where the Interim support products may be available and how the department currently anticipates that they will be used. The details in this section are provided as general guidance only based on current expectations. It does not impede the department's ability to restrict, vary or otherwise change the availability of products, the terms or circumstances in which they are applied.

3.1. Revenue Support requirements

Interim Revenue Support Loans and Interim Revenue Support PDC are interchangeable in terms of use. They have both been developed to provide medium term financial support within a clearly defined facility which can be serviced by an appropriate means. Principal is accrued to enable it to be considered alongside Recovery Plans at which point the ability of the recipient to repay will be assessed.

In general, Interim Revenue Support Loans will be the default option for all FTs and Interim Revenue Support PDC is primarily available to NHS Trusts. Interim Revolving Working Capital Support Facilities (RWC) are available to NHS Trusts and FTs and are intended to provide flexible cover for temporary, short term and fluctuating cash requirements. In most cases, RWC Facilities will be the first source of any funding.

RWC Facilities will be limited to a maximum aggregate amount equivalent to 30 days of operating expenditure². Amounts in excess of this limit may be provided in the form of supplementary Interim Revenue support loans and/or PDC. Any drawing against supplementary loans or PDC may be used either to fund ongoing operation or to clear of part or all of an RWC Facility outstanding balance to reinstate availability and enable the ongoing use of the RWC facility.

The Revolving Working Capital Support Facility attracts a higher interest rate (3.5%) than the Interim Revenue support loan (1.5%). The interest charge is also in excess of the 1% commitment fee that is applied to Interim Revenue Support PDC.

The specific structure of revenue support facilities will be for agreement between Trusts, Monitor/TDA as applicable and the department. The final decision will remain with the department and have appropriate regard to the views of the trust, Monitor and/or TDA plus the Independent Trust Financing Facility (ITFF) in line with the with Section 42A Guidance.

3.2. Temporary Revenue Support requirements

Temporary revenue requirements may include genuine short term working capital relief or urgent funding requirements in advance of a full application for Interim Support being made. In both instances, the use of Revolving Working Capital Support Facilities will be the default mechanism. The department may, without reference to the ITFF, routinely make available Revolving Working Capital Support Facilities with limits normally up to an equivalent of 10 days operating expense for such purposes.

² Based on operating expenditure from the most recent full year of audited accounts

3.3. Capital Support requirements

The use of Interim Capital Support PDC will be discontinued in all but the most exceptional circumstances and replaced with interest bearing amortising loans in the form of Interim Capital Support Loans. This includes all investments which can reasonably be considered to be part of a trust's normal business commitments.

The assessment of the sustainability of NHS Trusts and FTs is made in the expectation that the relevant body should generate sufficient internal funding to service the Capital requirements of the organisation. As a consequence, the transfer of this funding to debt requires that any Recovery Plan, that may be required, accounts for servicing the costs of critical investments.

Normal business commitments will include, but are not limited to, all commitments related to the ongoing provision of safe, high quality care including building, equipment, information technology and other elements of infrastructure.

Capital PDC, while remaining available for some purposes will explicitly not be available for the purposes above and may only be considered where there is an overriding central strategic imperative or there is a compelling value for money case from the perspective of the Tax Payer.

3.4. Planned Term Support

Longer term financial assistance will be considered where Trusts have clear and robust Recovery Plans to return to a sustainable position over a reasonable and realistic time frame. In these cases, longer term financial assistance will be considered on a planned basis over an agreed term.

Planned Term Support will only be considered where there is a realistic Recovery Plan which demonstrates how an organisation will be viable and sustainable on an ongoing basis and/or where making the investment is likely to be in the taxpayer's overall interests. Recovery Plans will be expected to carry substantial assurance from Monitor or the NTDA that the Trust can deliver the forecast improvements to its financial performance.

Planned Term Support may be provided to an FT or NHS Trust in the form of either a Loan or PDC to deliver capital investment or restructuring. In some cases, PDC may be agreed to restructure a provider's balance sheet as part of a wider Recovery Plan. The presumption is that, in all cases, Planned Term support will be structured to ensure it provides a realistic package to enable management to achieve their aims. Consideration will focus on the interests of the taxpayer in returning the services to a sustainable basis which includes reducing costs where possible but also mitigating the risks which may hamper recovery

Interim Support provided as part of recovery will be considered alongside Recovery Plans to enable consideration of the appropriate treatment which, among other things, may include repayment of part or all of Interim Support issued, delaying such repayments to a future date, rejecting the recovery plan, cancelling or refinancing the outstanding balance.

4. Application

Applications for interim support will follow the same processes under these arrangements as for Interim Support under previous applications and as those set out within the Secretary of State's guidance under section 42A of the National Health Service act 2006.

Any application for interim finance must be made by Monitor or TDA on behalf of the applicant trust.

In all cases, the department will have appropriate regard to the advice of the ITFF. As a result every trust will be expected to have an application put forward to the ITFF on their behalf.

Applications will need to be in line with the requirements and reasonable expectations of the ITFF committee and any additional relevant guidance or requirements from Monitor or TDA as appropriate. The level of detail in applications will be expected to be proportionate to the level of assurance that can be reasonable expected based on the position of the applicant trust in the recovery cycle. These will include but not be limited to:

- Historic and forecast financial statements
- Details of the underlying causes of financial support requirements
- Details of the process to recovery and progress to date

In addition to the details from the trust, applications to ITFF are expected to carry assurance from Monitor or TDA as appropriate. Assurance is expected to include anything Monitor or TDA consider important on a case by case basis. This may include but is not limited to:

- A review of any financial statements to ensure they are robust, complete and based on appropriate assumptions. This will include clear statements of the limits of any such review for example where investigation or consultation work is ongoing.
- An assessment of the operational risk within the organisation in question such that they may present a risk to the underlying financial position of the body
- An assessment of the viability of the proposed recovery solution and of the key risks within and outside of the organisation in question in so far as they may present a risk to delivery of the recovery plan or the viability of any such recovery

4.1. First time applications and urgent requirements

FTs and NHS Trusts are expected to manage the delivery of contracted services in accordance with financial plans agreed at the start of the year. It is expected that a negative variation against plan will be recognised at an early stage by Trust management, and mitigations to avert potential financial difficulty should be put in place as soon as possible. In principle, it should not be necessary to apply at a late stage for unplanned urgent finance.

However, the department recognises that in some instances the urgency of the requirement for funding will be such that a full assured application to ITFF will not be possible. These cases are expected to be exceptional.

It is equally recognised by the department that the timing of requirements for new applicants for Interim Support may be such that Monitor or TDA are unable to exercise the necessary assurance in advance of a funding requirement.

Where such requirements do arise, the department is able to provide limited access to Revolving Working Capital Support Facilities with limits normally up to an equivalent of 10 days operating expense.

In such cases, an application must be made to the department by Monitor or TDA on behalf of the trust setting out clearly:

- The level of funding required;
- The purpose of the funding;
- An explanation of the urgency for funding;
- A clear process for a full ITFF application in advance of the agreed Revolving Working Capital Support Facility being fully utilised.

Application for first time requirements outside of the ITFF process will be made through Monitor/TDA on the basis of a standard application template.

5. Utilisations & Drawings

Utilisation of all Interim Support products is being aligned to a single process. In all cases, Interim Support may not be drawn in advance of need. As a result any utilisation or drawing will require completion of a 13 week rolling cash-flow. A standard cash-flow template is being developed however trusts should expect to use their own templates until this is ready.

In addition to the cash-flow, trusts will be expected to submit a completed utilisation request (for loans) or TF1/FT2 forms (for PDC). Precise details will be set out in the relevant loan or PDC documentation.

Other than by agreement with the department, only one utilisation will normally be permitted in any one month to take place on the Monday before the 18th of each month. Where required, repayments of principal and payments of interest will also be due on the same day in each month.

Utilisation will be restricted to cover only the minimum cash requirement to maintain an agreed minimum cash balance over the relevant period. The minimum cash balance will be equivalent to an agreed number of days operating expense within upper and lower limits but can be determined on a case by case basis in exceptional circumstances. These limits will be detailed within relevant agreements.

In the case of capital utilisations, the cash-flow forecast will need to demonstrate expenditure on the agreed planned purpose within the relevant period.

Utilisation documentation will need to be submitted to the department on or before the last day of the previous month by Monitor or TDA following and confirming their appropriate review of the documentation.

5.1. Revolving Working Capital Support Facilities

Where Revolving Working Capital Support Facilities have been provided, in addition to cash-flows being provided as part of utilisations, the department will require a cash-flow each month on or before the last day of any month where there remains an outstanding balance on the facility.

Where any such cash-flow demonstrates a cash balance in excess of an agreed maximum cash balance, the department may request a repayment in line with the facility agreement. The maximum cash balance will be determined on an individual basis by agreement as per the relevant loan or PDC documentation.

5.2. Repayments, Interest Payments and Fees

Loan principal and Interest will be collected through direct debit and the Department will notify Citibank direct of all payments to be deducted from Citibank accounts by electronic transfer.

Any fees payable will be invoiced directly by DH for payment on the terms set out in relevant agreement.

6. Documentation

The department is introducing standard documentation for all interim products with the exception, at this stage, of Interim Capital Support PDC. In the case of Interim Revolving Working Capital Support Facilities, Interim Revenue Support Loans and Interim Capital Support Loans these agreements will be based in large part on standard Loan Market Association (LMA) documentation.

In the case of PDC, the department has developed an agreement for the award of PDC based in some part on LMA documentation but also reflecting the broad powers that the Secretary of Health has in respect of PDC.

All of the documents have a number of shared features some of which are summarised below:

6.1. Conditions precedent

Any utilisation is conditional on the lender providing the borrower with a Board resolution as defined within schedule 1 of the relevant agreement. Utilisations will not be allowed in the absence of a suitable resolution. In the case of urgent requirements, a written Board resolution will be sufficient where they are suitably authorised within the Board standing orders.

6.2. Agreed purpose

Trusts must apply the Loans towards financing or refinancing the Agreed Purpose as set out in the agreement.

6.3. Representations

Trusts are required to make a number of representations and warranties to the department and these are contained within the relevant section of the agreement

6.4. Events of default

The agreements set out the detail of events of default which include:

- Non-payment on a due date
- Misrepresentation i.e. material error or misleading information provided to the Lender
- Appointment of a Trust Special Administrator
- Material adverse change

A material adverse change is described as where “Any event or circumstance or series of events or circumstances occurs which, in the reasonable opinion of the Lender, has or is reasonably likely to have a Material Adverse Effect”

In the case of an event of default the agreement sets out that the department may:

- cancel the Facility and/or
- declare that all or part of the Loans, together with accrued interest become immediately due and payable; and/or
- declare that all or part of the Loans be payable on demand,

6.5. Additional Terms and conditions

Schedule 8 of Interim Support Agreement set out any additional terms and conditions that are being applied as part of the agreement. Specifically, the where the department requires that a trust board agrees to terms and conditions covering the operational management of the applicant, including but not limited to the implementation of specific proven strategies aimed at reducing costs and/or releasing cash.

Annex 1 – Term Sheets



Independent Trust Financing Facility

Interim Revenue Support PDC

Term Sheet

Description	Conditional PDC linked to ongoing support in advance of recovery
Parties:	The Secretary of State for Health (as Lender) NHS Foundation Trust/NHS Trust (as borrower)
Facility Type:	Public Dividend Capital
Availability:	In line with DH financing principles as set out in https://www.gov.uk/government/publications/guidance-on-financing-available-to-nhs-trusts-and-foundation-trusts
Purpose:	Working capital expenditure for use only if it has insufficient working capital available to maintain the provision of the Borrower's services in its capacity as an NHS Body
Amount	By agreement (subject to affordability)
Utilisation	To maintain minimum cash balance equal to 2 Days operating costs equivalent cash balance over the following 30 Days (but not less than £1m or more than £3m) Not in advance of need Maximum of one drawdown instalment per month
Term of Commitment:	By agreement

Extension:	No
Expiry	By agreement
Interest:	No
Interest Payable	n/a
Conditions Precedent:	Board resolution Undertaking to comply with the Additional Terms and Conditions
Repayment:	Reviewed at the point a recovery plan is approved or on the each second anniversary of the agreement date
Fees:	1% commitment fee
Representations:	Status as an NHS Body Power and authority to enter into transaction Relevant Consents are in place
Negative pledge:	No
Events of default:	Breach of covenants Material adverse change Breach of Milestone Trust Special Administration Failure to use reasonable efforts to deliver the Additional Terms and Conditions
Assignment rights:	Assignable by the Lender
Documentation	PDC Award Agreement



Independent Trust Financing Facility

Interim Capital Support PDC

Term Sheet

Description	Conditional Capital PDC linked to essential works in advance of recovery
Parties:	The Secretary of State for Health (as Lender) NHS Foundation Trust/NHS Trust (as borrower)
Facility Type:	Public Dividend Capital
Availability:	In line with DH financing principles as set out in https://www.gov.uk/government/publications/guidance-on-financing-available-to-nhs-trusts-and-foundation-trusts
Purpose:	Capital expenditure in respect of Agreed Purpose
Amount	By agreement (subject to affordability)
Utilisation	Not in advance of need Maximum of one drawdown instalment per month
Term of Commitment:	By agreement
Extension:	DH agreement only
Expiry	By agreement
Interest:	Through PDC Dividend
Interest Payable	n/a

Conditions Precedent:	Board resolution Undertaking to comply with the Additional Terms and Conditions
Repayment:	No
Fees:	nil
Representations:	Status as an NHS Body Power and authority to enter into transaction Relevant Consents are in place
Negative pledge:	No
Events of default:	Breach of covenants Material adverse change Breach of Milestone Trust Special Administration Failure to use reasonable efforts to deliver the Additional Terms and Conditions
Assignment rights:	Assignable by the Lender
Documentation	PDC Award Agreement



Independent Trust Financing Facility

Interim Revolving Working Capital Support Facility

Term Sheet

Description	Extendable revolving maturity loan provided pending the development of recovery plan
Parties:	The Secretary of State for Health (as Lender) NHS Foundation Trust/NHS Trust (as borrower)
Facility Type:	Revolving Maturity Loan
Availability:	In line with DH financing principles as set out in https://www.gov.uk/government/publications/guidance-on-financing-available-to-nhs-trusts-and-foundation-trusts
Purpose:	Working capital expenditure for use only if it has insufficient working capital available to maintain the provision of the Borrower's services in its capacity as an NHS Body
Amount	Up to 30 Days Equivalent Opex
Utilisation	To maintain minimum cash balance equal to 2 Days operating costs equivalent cash balance over the following 30 Days (but not less than £1m or more than £3m) Maximum of one drawdown instalment per month
Term of Commitment:	Rolling 2 year maturity
Extension:	Yes (limited by expiry)
Expiry	By agreement
Interest:	3.50%

Interest Payable	Every 6 Months
Conditions Precedent:	Board resolution Undertaking to comply with the Additional Terms and Conditions
Repayment:	On maturity or balances in excess of agreed maximum cash balance
Fees:	nil
Representations:	Status as an NHS Body Power and authority to enter into transaction Relevant Consents are in place
Negative pledge:	No
Events of default:	Breach of covenants Material adverse change Breach of Milestone Trust Special Administration Failure to use reasonable efforts to deliver the Additional Terms and Conditions
Assignment rights:	Assignable by the Lender
Documentation	LMA documentation



Independent Trust Financing Facility

Interim Revenue Support Loan

Term Sheet

Description	Extendable maturity loan provided pending the development of recovery plan
Parties:	The Secretary of State for Health (as Lender) NHS Foundation Trust/NHS Trust (as borrower)
Facility Type:	Maturity Loan
Availability:	In line with DH financing principles as set out in https://www.gov.uk/government/publications/guidance-on-financing-available-to-nhs-trusts-and-foundation-trusts
Purpose:	Working capital expenditure for use only if it has insufficient working capital available to maintain the provision of the Borrower's services in its capacity as an NHS Body
Amount	By agreement
Utilisation	To maintain minimum cash balance equal to 2 Days operating costs equivalent cash balance over the following 30 Days (but not less than £1m or more than £3m) Maximum of one drawdown instalment per month
Term of Commitment:	Rolling 2 year maturity
Extension:	Yes (limited by expiry)
Expiry	By agreement

Interest:	1.50%
Interest Payable	Every 6 Months
Conditions Precedent:	Board resolution Undertaking to comply with the Additional Terms and Conditions
Repayment:	On maturity
Fees:	nil
Representations:	Status as an NHS Body Power and authority to enter into transaction Relevant Consents are in place
Negative pledge:	No
Events of default:	Breach of covenants Material adverse change Breach of Milestone Trust Special Administration Failure to use reasonable efforts to deliver the Additional Terms and Conditions
Assignment rights:	Assignable by the Lender
Documentation	LMA documentation



Independent Trust Financing Facility

Interim Capital Support Loan

Term Sheet

Description	Capital Loan repayable by equal instalments of principal
Parties:	The Secretary of State for Health (as Lender) NHS Foundation Trust/NHS Trust (as borrower)
Facility Type:	Amortising loan
Availability:	In line with DH financing principles as set out in https://www.gov.uk/government/publications/guidance-on-financing-available-to-nhs-trusts-and-foundation-trusts
Purpose:	Capital expenditure in respect of Agreed Purpose
Amount	By agreement
Utilisation	Not in advance of need Maximum of one drawdown instalment per month
Term of Commitment:	By agreement (linked to asset life)
Extension:	DH agreement only
Expiry	By agreement
Interest:	Prevailing NLF rate on date of the agreement
Interest Payable	Every 6 Months

Conditions Precedent:	Board resolution Undertaking to comply with the Additional Terms and Conditions
Repayment:	Equal instalments of principal
Fees:	nil
Representations:	Status as an NHS Body Power and authority to enter into transaction Relevant Consents are in place
Negative pledge:	No
Events of default:	Breach of covenants Material adverse change Breach of Milestone Trust Special Administration Failure to use reasonable efforts to deliver the Additional Terms and Conditions
Assignment rights:	Assignable by the Lender
Documentation	LMA documentation

DATED

2015

**UNIVERSITY HOSPITALS OF LEICESTER NHS TRUST
(as Borrower)**

and

**THE SECRETARY OF STATE FOR HEALTH
(as Lender)**

£21,900,000

SINGLE CURRENCY INTERIM REVOLVING WORKING CAPITAL SUPPORT

FACILITY AGREEMENT

REF NO: DHPF/ISRWF/RWE/2015-03-20/A

TABLE OF CONTENTS

Clause	Headings	Page
1.	DEFINITIONS AND INTERPRETATION	2
2.	THE FACILITY	7
3.	PURPOSE.....	8
4.	CONDITIONS OF UTILISATION	8
5.	UTILISATION	8
6.	PAYMENTS AND REPAYMENT	9
7.	PREPAYMENT AND CANCELLATION	10
8.	INTEREST.....	11
9.	INTEREST PERIODS	11
10.	NOT USED.....	12
11.	INDEMNITIES.....	12
12.	MITIGATION BY THE LENDER	13
13.	COSTS AND EXPENSES.....	13
14.	REPRESENTATIONS	13
15.	INFORMATION UNDERTAKINGS	16
16.	GENERAL UNDERTAKINGS.....	17
17.	COMPLIANCE FRAMEWORK.....	20
18.	EVENTS OF DEFAULT.....	20
19.	ASSIGNMENTS AND TRANSFERS	23
20.	ROLE OF THE LENDER	24
21.	PAYMENT MECHANICS.....	25
22.	SET-OFF.....	26
23.	NOTICES.....	26
24.	CALCULATIONS AND CERTIFICATES	27
25.	PARTIAL INVALIDITY	28
26.	REMEDIES AND WAIVERS.....	28
27.	AMENDMENTS AND WAIVERS	28
28.	COUNTERPARTS	28
29.	GOVERNING LAW.....	28
30.	DISPUTE RESOLUTION.....	28
	SCHEDULE 1: CONDITIONS PRECEDENT	29
	SCHEDULE 2: UTILISATION REQUEST.....	30
	SCHEDULE 3: DEFINED FACILITY LIMITS	31
	SCHEDULE 4: ANTICIPATED DRAWDOWN SCHEDULE	32
	SCHEDULE 5: DISPUTE RESOLUTION	33
	SCHEDULE 6: REPAYMENT SCHEDULE.....	36
	SCHEDULE 7: PERMITTED SECURITY – EXISTING SECURITY	37
	SCHEDULE 8: ADDITIONAL TERMS AND CONDITIONS.....	38

THIS AGREEMENT is dated 2015 and made between:

- (1) **UNIVERSITY HOSPITALS OF LEICESTER NHS TRUST** of, **Headquarters, Level 3, Balmoral Building, Leicester Royal Infirmary, Infirmary Square, Leicester, Leicestershire , LE1 5WW**, (the "**Borrower**" which expression shall include any successors in title or permitted transferees or assignees); and
- (2) **THE SECRETARY OF STATE FOR HEALTH** as lender (the "**Lender**" which expression shall include any successors in title or permitted transferees or assignees).

IT IS AGREED as follows:

1. DEFINITIONS AND INTERPRETATION

1.1 Definitions

In this Agreement:

"**Account**" means the Borrower's account held with the Government Banking Service.

"**Act**" means the National Health Service Act 2006 as amended from time to time.

"**Additional Terms and Conditions**" means the terms and conditions set out in Schedule 8.

"**Agreed Purpose**" means working capital expenditure for use only if it has insufficient working capital available as set out under the Terms of this Agreement, to maintain the provision of the Borrower's services in its capacity as an NHS Body.

"**Authorisation**" means an authorisation, consent, approval, resolution, licence, exemption, filing, notarisation or registration.

"**Available Facility**" means the Facility Amount less:

- (A) all outstanding Loans; and
- (B) in relation to any proposed Utilisation, the amount of any Loan that is due to be made on or before the proposed Utilisation Date.

"**Availability Period**" means two years from and including the date of this Agreement. The Availability Period may be extended, at the Borrower's option, subject to no outstanding Event of Default. Any extension can be for a period of up to twelve months, subject to the Availability Period expiring no later than the Final Repayment Date.

"**Business Day**" means a day (other than a Saturday or Sunday) on which banks are open for general banking business in London.

"**Cash Balance**" means the Borrower's available cash balances, whether held within the Government Banking Service or otherwise, for a period from the Utilisation Date to the Monday preceding the 18th day of the following Month.

"**Cashflow Forecast**" means the Borrower's current rolling 13 week cashflow forecast in a form to be agreed with the Lender from time to time (and as prepared on behalf of the Borrower's Board). The forecast must include all utilisations and proposed utilisations under any agreement with the Lender for the relevant period.

"**Compliance Framework**" means the relevant Supervisory Body's frameworks and/or any replacement to such frameworks for monitoring and assessing NHS Bodies and their compliance with any consents, permissions and approvals.

"Dangerous Substance" means any natural or artificial substance (whether in a solid or liquid form or in the form of a gas or vapour and whether alone or in combination with any such other substance) capable of causing harm to the Environment or damaging the Environment or public health or welfare including any noxious, hazardous, toxic, dangerous, special or controlled waste or other polluting substance or matter.

"Default" means an Event of Default or any event or circumstance specified in Clause 18 (*Events of Default*) which would (with the expiry of a grace period, the giving of notice, the making of any determination under the Finance Documents or any combination of any of the foregoing) be an Event of Default.

"Default Rate" means the official bank rate (also called the Bank of England base rate or BOEBR) plus 300 basis points per annum.

"Environment" means the natural and man-made environment and all or any of the following media namely air (including air within buildings and air within other natural or man-made structures above or below ground), water (including water under or within land or in drains or sewers and inland waters), land and any living organisms (including humans) or systems supported by those media.

"Environmental Claim" means any claim alleging liability whether civil or criminal and whether actual or potential arising out of or resulting from the presence at on or under property owned or occupied by the Borrower or presence in or escape or release into the environment of any Dangerous Substance from any such property or in circumstances attributable to the operation of the Borrower's activities or any breach of any applicable Environmental Law or any applicable Environmental Licence.

"Environmental Law" means all statutes, instruments, regulations, orders and ordinances (including European Union legislation, regulations, directives, decisions and judgements applicable to the United Kingdom) being in force from time to time and directly enforceable in the United Kingdom relating to pollution, prevention thereof or protection of human health or the conditions of the Environment or the use, disposal, generation, storage, transportation, treatment, dumping, release, deposit, burial, emission or disposal of any Dangerous Substance.

"Environmental Licence" shall mean any permit, licence, authorisation, consent or other approval required by any Environmental Law or the Planning (Hazardous Substances) Act 1990.

"Event of Default" means any event or circumstance specified as such in Clause 18 (*Events of Default*).

"Facility" means the working capital facility made available under this Agreement as described in Clause 2 (*The Facility*).

"Facility Amount" means the amount set out in Schedule 3 as may be amended from time to time.

"Final Repayment Date" means 13 April 2020

"Finance Documents" means:

- (A) this Agreement; and
- (B) any other document designated as such by the Lender and the Borrower.

"Financial Indebtedness" means any indebtedness for or in respect of:

- (A) moneys borrowed;

- (B) any amount raised by acceptance under any acceptance credit facility;
- (C) any amount raised pursuant to any note purchase facility or the issue of bonds, notes, debentures, loan stock or any similar instrument;
- (D) the amount of any liability in respect of any lease or hire purchase contract which would, in accordance with any applicable Audit Code for NHS Bodies, any applicable Manual for Accounts for NHS Bodies and Annual Report Guidance for NHS Bodies, be treated as a finance or capital lease;
- (E) receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis);
- (F) any amount raised under any other transaction (including any forward sale or purchase agreement) having the commercial effect of a borrowing;
- (G) any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price (and, when calculating the value of any derivative transaction, only the marked to market value shall be taken into account);
- (H) any counter-indemnity obligation in respect of a guarantee, indemnity, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution; and
- (I) the amount of any liability in respect of any guarantee or indemnity for any of the items referred to in paragraphs (A) to (H) above.

“Government Banking Service” means the body established in April 2008 being the banking shared service provider to government and the wider public sector incorporating the Office of HM Paymaster General (OPG).

"Interest Payment Date" means the last day of an Interest Period.

"Interest Period" means, in relation to a Loan, the period determined in accordance with Clause 9 (*Interest Periods*) and, in relation to an Unpaid Sum, each period determined in accordance with Clause 8.3 (*Default interest*).

"Interest Rate" means 3.5% per annum.

“Licence” means the licence issued by Monitor to any person who provides a health care service for the purposes of the NHS.

"Loan" means a loan made or to be made under the Facility or the principal amount outstanding for the time being of that loan.

"Material Adverse Effect" means a material adverse effect on:

- (A) the business or financial condition of the Borrower;
- (B) the ability of the Borrower to perform any of its material obligations under any Finance Document;
- (C) the validity or enforceability of any Finance Document; or
- (D) any right or remedy of the Lender in respect of a Finance Document.

“Maximum Cash Balance” shall be the amount defined in Schedule 3

“Minimum Cash Balance” shall be the amount defined in Schedule 3

“Monitor” means the sector regulator for health care services in England or any successor body to that organisation

"Month" means a period starting on one day in a calendar month and ending on the numerically corresponding day in the next calendar month, except that:

- (A) (subject to paragraph (C) below) if the numerically corresponding day is not a Business Day, that period shall end on the next Business Day in that calendar month in which that period is to end if there is one, or if there is not, on the immediately preceding Business Day;
- (B) if there is no numerically corresponding day in the calendar month in which that period is to end, that period shall end on the last Business Day in that calendar month; and
- (C) if a period begins on the last Business Day of a calendar month, that period shall end on the last Business Day in the calendar month in which that period is to end,

provided that the above rules will only apply to the last Month of any period.

“NHS Body” means either an NHS Trust or an NHS Foundation Trust , or any successor body to that organisation.

“NHS Trust Development Authority” means the body responsible for monitoring the performance of NHS Trusts and providing assurance of clinical quality, governance and risk in NHS Trusts, or any successor body to that organisation;

"Original Financial Statements" means a certified copy of the audited financial statements of the Borrower for the financial year ended 31 March 2014.

"Participating Member State" means any member state of the European Communities that adopts or has adopted the euro as its lawful currency in accordance with legislation of the European Community relating to Economic and Monetary Union.

"Party" means a party to this Agreement.

"Permitted Security" means:

- (A) normal title retention arrangements arising in favour of suppliers of goods acquired by the Borrower in the ordinary course of its business or arising under conditional sale or hiring agreements in respect of goods acquired by the Borrower in the ordinary course of its business;
- (B) liens arising by way of operation of law in the ordinary course of business so long as the amounts in respect of which such liens arise are not overdue for payment;
- (C) any existing Security listed in Schedule 7;
- (D) any Security created or outstanding with the prior written consent of the Lender; and
- (E) any other Security securing in aggregate not more than £150,000 at any time.

"Relevant Consents" means any authorisation, consent, approval, resolution, licence, exemption, filing, notarisation or registration of whatsoever nature necessary or appropriate to be obtained for the purpose of entering into and performing the Borrower's obligations under the Finance Documents.

"Relevant Percentage" means in respect of each Repayment Date, the percentage figure set opposite such Repayment Date in the Repayment Schedule.

"Repayment Date" means the repayment date set out in Schedule 6 (*Repayment Schedule*).

"Repayment Instalment" means each instalment for the repayment of the Loan referred to in Clause 6.2.

"Repayment Schedule" means the repayment schedule set out in Schedule 6 (*Repayment Schedule*).

"Repeating Representations" means each of the representations set out in Clause 14 (*Representations*) other than those under Clauses 14.9, 14.10, 14.12.2 and 14.16.2.

"Security" means a mortgage, charge, pledge, lien or other security interest securing any obligation of any person or any other agreement or arrangement having a similar effect.

"Supervisory Body" means either the NHS Trust Development Authority and/or Monitor.

"Tax" means any tax, levy, impost, duty or other charge or withholding of a similar nature (including any penalty or interest payable in connection with any failure to pay or any delay in paying any of the same).

"Tax Deduction" means a deduction or withholding for or on account of Tax from a payment under a Finance Document.

"Test Date" means the Utilisation Date and each Interest Payment Date.

"Unpaid Sum" means any sum due and payable but unpaid by the Borrower under the Finance Documents.

"Utilisation" means a utilisation of the Facility.

"Utilisation Date" means the date of a Utilisation, on which a drawing is to be made under the Facility, such date to be the Monday preceding the 18th day of any month.

"Utilisation Request" means a notice substantially in the form set out in Schedule 2 (*Utilisation Request*).

"VAT" means value added tax as provided for in the Value Added Tax Act 1994 and other tax of a similar nature, whether imposed in the UK or elsewhere.

1.2 Construction

1.2.1 Unless a contrary indication appears, any reference in any Finance Document to:

- (A) the **"Lender"**, the **"Borrower"** the **"Supervisory Body"** or any **"Party"** shall be construed so as to include its successors in title, permitted assigns and permitted transferees;
- (B) **"assets"** includes present and future properties, revenues and rights of every description;
- (C) a **"Finance Document"** or any other agreement or instrument is a reference to that Finance Document or other agreement or instrument as amended or novated;
- (D) **"indebtedness"** shall be construed so as to include any obligation (whether incurred as principal or as surety) for the payment or repayment of money, whether present or future, actual or contingent;

- (E) a **"person"** includes any person, firm, company, corporation, government, state or agency of a state or any association, trust or partnership (whether or not having separate legal personality) or two or more of the foregoing;
- (F) a **"regulation"** includes any regulation, rule, official directive, request or guideline (whether or not having the force of law) of any governmental, intergovernmental or supranational body, agency, department or regulatory, self-regulatory or other authority or organisation;
- (G) **"repay"** (or any derivative form thereof) shall, subject to any contrary indication, be construed to include **"prepay"** (or, as the case may be, the corresponding derivative form thereof);
- (H) a provision of law is a reference to that provision as amended or re-enacted;
- (I) a time of day is a reference to London time; and
- (J) the word **"including"** is without limitation.

1.2.2 Section, Clause and Schedule headings are for ease of reference only.

1.2.3 Unless a contrary indication appears, a term used in any other Finance Document or in any notice given under or in connection with any Finance Document has the same meaning in that Finance Document or notice as in this Agreement.

1.2.4 A Default (other than an Event of Default) is **"continuing"** if it has not been remedied or waived and an Event of Default is **"continuing"** if it has not been waived or remedied to the satisfaction of the Lender.

1.3 **Third party rights**

1.3.1 Except as provided in a Finance Document, the terms of a Finance Document may be enforced only by a party to it and the operation of the Contracts (Rights of Third Parties) Act 1999 is excluded.

1.3.2 Notwithstanding any provision of any Finance Document, the Parties to a Finance Document do not require the consent of any third party to rescind or vary any Finance Document at any time.

2. **THE FACILITY**

2.1 Subject to the terms of this Agreement, the Lender makes available to the Borrower a sterling revolving working capital facility in an aggregate amount equal to the Facility Amount.

2.2 The Facility shall be utilised by the Borrower for the purposes of and/or in connection with its functions as an NHS Body.

3. PURPOSE

3.1 Purpose

The Borrower shall apply all Loans towards financing or refinancing the Agreed Purpose.

3.2 Pending application

Without prejudice to Clause 3.1 (*Purpose*), pending application of the proceeds of any Loan towards financing or refinancing the Agreed Purpose, the Borrower may deposit such proceeds in the Account.

3.3 Monitoring

The Lender is not bound to monitor or verify the application of any amount borrowed pursuant to this Agreement.

4. CONDITIONS OF UTILISATION

4.1 Initial conditions precedent

The Borrower may not deliver the first Utilisation Request unless the Lender has received all of the documents and other evidence listed in Schedule 1 (*Conditions precedent*) in form and substance satisfactory to the Lender or to the extent it has not received the same, it has waived receipt of the same. The Lender shall notify the Borrower promptly upon being so satisfied.

4.2 Further conditions precedent

The Lender will only be obliged to comply with a Utilisation Request if on the date of the Utilisation Request and on the proposed Utilisation Date:

- 4.2.1 No Event of Default might reasonably be expected to result from the making of an Utilisation other than those of which the Lender and Borrower are aware;
- 4.2.2 the Repeating Representations to be made by the Borrower with reference to the facts and circumstances then subsisting are true in all material respects; and,
- 4.2.3 the Borrower has provided to the Lender its most recent 13 week cash flow forecast, together with any other information that may from time to time be required.

5. UTILISATION

5.1 Utilisation

5.1.1 The Borrower may take Loans from time to time hereunder, subject to receipt by the Lender from the Borrower, of a Utilisation Request in accordance with this Agreement and an appropriate Cashflow Forecast.

5.1.2 The Utilisation Request must be for an amount not greater than the amount specified under Clause 5.4.2.

5.2 Delivery of a Utilisation Request

The Borrower may utilise the Facility by delivery to the Lender of a duly completed Utilisation Request not later than 11.00 a.m. five Business Days before the proposed Utilisation Date unless otherwise agreed.

5.2.1 The Borrower may only issue one Utilisation Request per Month unless otherwise agreed.

5.3 **Completion of a Utilisation Request**

The Utilisation Request is irrevocable and will not be regarded as having been duly completed unless:

- (A) the proposed Utilisation Date is a Business Day within the Availability Period; and
- (B) the currency and amount of the Utilisation comply with Clause 5.4 (*Currency and amount*).

5.4 **Currency and amount**

5.4.1 The currency specified in the Utilisation Request must be sterling.

5.4.2 The amount of each proposed Loan must be an amount which is not more than the amount required to maintain a Cash Balance equivalent to the Minimum Cash Balance for a period from the Utilisation Date to the Monday preceding the 18th day of the following Month

5.4.3 The amount of each proposed Loan must be an amount which is not more than the Available Facility and which is a minimum of £150,000 or, if less, the Available Facility.

5.5 **Payment to the Account**

The Lender shall pay each Loan:

5.5.1 by way of credit to the Account and so that, unless and until the Lender shall notify the Borrower to the contrary, the Lender hereby consents to the withdrawal by the Borrower from the Account of any amount equal to the relevant Loan provided that any sums so withdrawn are applied by the Borrower for the purposes for which the relevant Loan was made;

5.5.2 if the Lender so agrees or requires, on behalf of the Borrower directly to the person to whom the relevant payment is due as specified in the relevant Utilisation Request; or

5.5.3 in such other manner as shall be agreed between the Lender and the Borrower.

6. **PAYMENTS AND REPAYMENT**

6.1 **Payments**

6.1.1 The Borrower shall make all payments payable under the Finance Documents without any Tax Deductions, unless a Tax Deduction is required by law.

6.1.2 The Borrower shall promptly upon becoming aware that it must make a Tax Deduction (or that there is any change in the rate or the basis of a Tax Deduction) notify the Lender accordingly.

6.1.3 If a Tax Deduction is required by law to be made by the Borrower, the amount of the payment due from the Borrower shall be increased to an amount which (after making any Tax Deduction) leaves an amount equal to the payment which would have been due if no Tax Deduction had been required.

6.1.4 If the Borrower is required to make a Tax Deduction, the Borrower shall make that Tax Deduction and any payment required in connection with that Tax Deduction within the time allowed and in the minimum amount required by law.

- 6.1.5 Within thirty days of making either a Tax Deduction or any payment required in connection with that Tax Deduction, the Borrower shall deliver to the Lender evidence reasonably satisfactory to the Lender that the Tax Deduction has been made or (as applicable) any appropriate payment paid to the relevant taxing authority.

6.2 **Repayment**

- 6.2.1 The Borrower shall repay each Loan and all other amounts outstanding under the Finance Documents in full on the Repayment Date; and
- 6.2.2 Where the available Cash Balance is greater than the Maximum Cash Balance for the period from the Monday preceding the 18th day of any Month to the Monday preceding the 18th day of the following month, the borrower shall additionally repay the lesser of the minimum amount by which the Cash Balance exceeds the Maximum Cash Balance during this period or, the aggregate of each Loan and all other amounts outstanding under the Finance Documents.

6.3 **Re-borrowing**

The Borrower may re-borrow any part of the Facility which is repaid or prepaid.

7. **PREPAYMENT AND CANCELLATION**

7.1 **Illegality**

If it becomes unlawful in any applicable jurisdiction for the Lender to perform any of its obligations as contemplated by this Agreement or to fund or maintain all or any part of the Loans:

- 7.1.1 the Lender shall promptly notify the Borrower upon becoming aware of that event;
- 7.1.2 upon the Lender notifying the Borrower, the Available Facility will be immediately cancelled; and
- 7.1.3 the Borrower shall repay such Loans on the last day of the Interest Period for Loans occurring after the Lender has notified the Borrower or, if earlier, the date specified by the Lender in the notice delivered to the Borrower (being no earlier than the last day of any applicable grace period permitted by law).

7.2 **Voluntary cancellation**

The Borrower may, if it gives the Lender not less than seven days' (or such shorter period as the Lender may agree) and not more than fourteen days' prior notice, cancel the whole or any part (being a minimum amount of £100,000) of the Facility Amount.

7.3 **Voluntary prepayment of Loans**

The Borrower may, if it gives the Lender not less than seven days' (or such shorter period as the Lender may agree) and not more than thirty days' prior notice, prepay the whole or any part of any Loan (but, if in part, being an amount that reduces the amount of the Loan by a minimum amount of £250,000).

7.4 **Restrictions**

- 7.4.1 Any notice of cancellation or prepayment given by any Party under this Clause 7 shall be irrevocable and, unless a contrary indication appears in this Agreement, shall specify the date or dates upon which the relevant cancellation or prepayment is to be made and the amount of that cancellation or prepayment.

7.4.2 Any prepayment under this Agreement shall be made together with accrued interest on the amount prepaid without premium or penalty.

7.4.3 The Borrower shall not repay or prepay all or any part of the Loan or cancel all or any part of the Available Facility except at the times and in the manner expressly provided for in this Agreement.

7.4.4 No amount of the Available Facility cancelled under this Agreement may be subsequently reinstated.

7.5 Automatic Cancellation

At the end of the Availability Period the undrawn part of the Available Facility will be cancelled.

8. INTEREST

8.1 Calculation of interest

The rate of interest on each Loan for each Interest Period is the Interest Rate.

8.2 Payment of interest

The Borrower shall pay accrued interest on each Loan on the last day of each Interest Period.

8.3 Default interest

8.3.1 If the Borrower fails to pay any amount payable by it under a Finance Document on its due date, interest shall accrue on Unpaid Sums from the due date up to the date of actual payment (both before and after judgment) at the Default Rate. Any interest accruing under this Clause 8.3 shall be immediately payable by the Borrower on demand by the Lender.

8.3.2 Default interest (if unpaid) arising on an overdue amount will be compounded with the overdue amount at the end of each Interest Period applicable to that overdue amount but will remain immediately due and payable.

9. INTEREST PERIODS

9.1 Interest Payment Dates

The Interest Period for each Loan shall be six Months, provided that any Interest Period which begins during another Interest Period shall end at the same time as that other Interest Period (and, where two or more such Interest Periods expire on the same day, the Loans to which those Interest Periods relate shall thereafter constitute and be referred to as one Loan).

9.2 Shortening Interest Periods

If an Interest Period would otherwise overrun the relevant Repayment Date, it shall be shortened so that it ends on the relevant Repayment Date.

9.2A Payment Start Date

Each Interest Period for a Loan shall start on the Utilisation Date or (if already made) on the last day of its preceding Interest Period.

9.3 **Non-Business Days**

If an Interest Period would otherwise end on a day which is not a Business Day, that Interest Period will instead end on the next Business Day in that calendar month (if there is one) or the preceding Business Day (if there is not).

9.4 **Consolidation of Loans**

If two or more Interest Periods end on the same date, those Loans will be consolidated into and be treated as a single Loan on the last day of the Interest Period.

10. **NOT USED**

11. **INDEMNITIES**

11.1 **Currency indemnity**

11.1.1 If any sum due from the Borrower under the Finance Documents (a "**Sum**"), or any order, judgment or award given or made in relation to a Sum, has to be converted from the currency (the "**First Currency**") in which that Sum is payable into another currency (the "**Second Currency**") for the purpose of:

- (A) making or filing a claim or proof against the Borrower;
- (B) obtaining or enforcing an order, judgment or award in relation to any litigation or arbitration proceedings,

the Borrower shall as an independent obligation, within five Business Days of demand, indemnify the Lender against any cost, loss or liability arising out of or as a result of the conversion including any discrepancy between (A) the rate of exchange used to convert that Sum from the First Currency into the Second Currency and (B) the rate or rates of exchange available to that person at the time of its receipt of that Sum.

11.1.2 The Borrower waives any right it may have in any jurisdiction to pay any amount under the Finance Documents in a currency or currency unit other than that in which it is expressed to be payable.

11.2 **Other indemnities**

The Borrower shall, within five Business Days of demand, indemnify the Lender against any cost, loss or liability incurred by the Lender as a result of:

- 11.2.1 the occurrence of any Event of Default;
- 11.2.2 a failure by the Borrower to pay any amount due under a Finance Document on its due date;
- 11.2.3 funding, or making arrangements to fund, all or any part of the Loans requested by the Borrower in a Utilisation Request but not made by reason of the operation of any one or more of the provisions of this Agreement (other than by reason of default or negligence by the Lender alone); or
- 11.2.4 the Loans (or part of the Loans) not being prepaid in accordance with a notice of prepayment given by the Borrower.

11.3 **Indemnity to the Lender**

The Borrower shall promptly indemnify the Lender against any cost, loss or liability incurred by the Lender (acting reasonably) as a result of:

- 11.3.1 investigating any event which it reasonably believes is a Default; or
- 11.3.2 acting or relying on any notice, request or instruction which it reasonably believes to be genuine, correct and appropriately authorised.

11.4 **Environmental indemnity**

The Borrower shall promptly indemnify the Lender within five Business Days of demand in respect of any judgments, liabilities, claims, fees, costs and expenses (including fees and disbursements of any legal, environmental consultants or other professional advisers) suffered or incurred by the Lender as a consequence of the breach of or any liability imposed under any Environmental Law with respect to the Borrower or its property (including the occupation or use of such property).

12. **MITIGATION BY THE LENDER**

12.1 **Mitigation**

12.1.1 The Lender shall, in consultation with the Borrower, take all reasonable steps to mitigate any circumstances which arise and which would result in any amount becoming payable under or pursuant to, or cancelled pursuant to Clause 7.1 (Illegality) including transferring its rights and obligations under the Finance Documents to another entity owned or supported by the Lender.

12.1.2 Clause 12.1.1 does not in any way limit the obligations of the Borrower under the Finance Documents.

12.2 **Limitation of liability**

12.2.1 The Borrower shall indemnify the Lender for all costs and expenses reasonably incurred by the Lender as a result of steps taken by it under Clause 12.1 (Mitigation).

12.2.2 The Lender is not obliged to take any steps under Clause 12.1 (Mitigation) if, in its opinion (acting reasonably), to do so might be prejudicial to it.

13. **COSTS AND EXPENSES**

13.1 **Enforcement costs**

The Borrower shall, within three Business Days of demand, pay to the Lender the amount of all costs and expenses (including legal fees) incurred by the Lender in connection with the enforcement of, or the preservation of any rights under, any Finance Document.

14. **REPRESENTATIONS**

The Borrower makes the representations and warranties set out in this Clause 14 to the Lender on the date of this Agreement.

14.1 **Status**

14.1.1 It is an NHS Body in accordance with the provisions of the Act.

14.1.2 It has the power to own its assets and carry on its business as it is being conducted.

14.2 **Binding obligations**

The obligations expressed to be assumed by it in each Finance Document are legal, valid, binding and enforceable obligations.

14.3 Non-conflict with other obligations

The entry into and performance by it of, and the transactions contemplated by, the Finance Documents to which it is party do not and will not conflict with:

14.3.1 any law or regulation applicable to it;

14.3.2 its constitutional documents; or

14.3.3 any agreement or instrument binding upon it or any of its assets.

14.4 Power and authority

It has the power to enter into, exercise its rights under, perform and deliver, and has taken all necessary action to authorise its entry into, performance and delivery of, the Finance Documents to which it is a party and the transactions contemplated by those Finance Documents.

14.5 Validity and admissibility in evidence

All Authorisations required:

14.5.1 to enable it lawfully to enter into, exercise its rights and comply with its obligations in the Finance Documents to which it is a party; and

14.5.2 to make the Finance Documents to which it is a party admissible in evidence in its jurisdiction of incorporation,

have been obtained or effected and are in full force and effect.

14.6 Relevant Consents

14.6.1 All Relevant Consents which it is necessary or appropriate for the Borrower to hold have been obtained and effected and are in full force and effect.

14.6.2 There exists no reason known to it, having made all reasonable enquiries, why any Relevant Consent might be withdrawn, suspended, cancelled, varied, surrendered or revoked.

14.6.3 All Relevant Consents and other consents, permissions and approvals have been or are being complied with.

14.7 Governing law and enforcement

14.7.1 The choice of English law as the governing law of the Finance Documents will be recognised and enforced by the courts of England and Wales.

14.7.2 Any judgment obtained in England in relation to a Finance Document will be recognised and enforced by the courts of England and Wales.

14.8 Deduction of Tax

It is not required to make any deduction for or on account of Tax from any payment it may make under any Finance Document.

14.9 No filing or stamp taxes

It is not necessary that the Finance Documents be filed, recorded or enrolled with any court or other authority in any jurisdiction or that any stamp, registration or similar tax be paid on or in

relation to the Finance Documents or the transactions contemplated by the Finance Documents.

14.10 No default

14.10.1 No Event of Default might reasonably be expected to result from the making of an Utilisation other than those of which the Lender and Borrower are aware.

14.10.2 No other event which constitutes a default under any other agreement or instrument which is binding on it or to which its assets are subject which might have a Material Adverse Effect might reasonably be expected to result from the making of an Utilisation other than those of which the Lender and Borrower are aware.

14.11 No misleading information

14.11.1 All factual information provided by or on behalf of the Borrower in connection with the Borrower or any Finance Document was true and accurate in all material respects as at the date it was provided or as at the date (if any) at which it is stated.

14.11.2 Any financial projections provided to the Lender by or on behalf of the Borrower have been prepared on the basis of recent historical information and on the basis of reasonable assumptions.

14.11.3 Nothing has occurred or been omitted and no information has been given or withheld that results in the information referred to in Clause 14.12.1 being untrue or misleading in any material respect.

14.12 Financial statements

14.12.1 Its financial statements most recently delivered to the Lender (being on the date of this Agreement, the Original Financial Statements) were prepared in accordance with any applicable Audit Code for NHS Bodies, any applicable Manual for Accounts for NHS Bodies and Annual Report Guidance for NHS Bodies and/or any other guidance with which NHS Bodies are (or in the case of the Original Financial Statements were) required to comply.

14.12.2 Its financial statements most recently delivered to the Lender (being on the date of this Agreement, the Original Financial Statements) fairly represent its financial condition and operations during the relevant financial year.

14.12.3 There has been no material adverse change in the business or financial condition of the Borrower since the date to which its financial statements most recently delivered to the Lender were made up.

14.13 Ranking

Its payment obligations under the Finance Documents rank at least pari passu with the claims of all its other unsecured and unsubordinated creditors, except for obligations mandatorily preferred by law.

14.14 No proceedings pending or threatened

No litigation, arbitration or administrative proceedings of or before any court, arbitral body or agency which, if adversely determined, might reasonably be expected to have a Material Adverse Effect have (to the best of its knowledge and belief) been started or threatened against it.

14.15 **Environmental Matters**

14.15.1 It is and has been in full compliance with all applicable Environmental Laws and there are, to the best of its knowledge and belief after reasonable enquiry, no circumstances that may prevent or interfere with such full compliance in the future, in each case to the extent necessary to avoid a Material Adverse Effect and the Borrower has not other than in the ordinary course of its activities placed or allowed to be placed on any part of its property any Dangerous Substance and where such Dangerous Substance has been so placed, it is kept, stored, handled, treated and transported safely and prudently so as not to pose a risk of harm to the Environment.

14.15.2 It is and has been, in compliance in all material respects with the terms of all Environmental Licences necessary for the ownership and operation of its activities as presently owned and operated and as presently proposed to be owned and operated.

14.15.3 It is not aware, having made reasonable enquiries, of any Environmental Claim.

14.16 **Repetition**

The Repeating Representations are deemed to be made by the Borrower by reference to the facts and circumstances then existing on the date of each Utilisation Request and on the first day of each Interest Period.

15. **INFORMATION UNDERTAKINGS**

The undertakings in this Clause 15 remain in force from the date of this Agreement for so long as any amount is outstanding under the Finance Documents or any part of the Facility is available for utilisation.

15.1 **Cashflow Forecast**

The Borrower shall supply to the Lender a Cashflow Forecast for each month that Loans remain outstanding, on dates which will be advised by the Lender from time to time.

15.2 **Financial statements**

The Borrower shall supply to the Lender its audited financial statements for each financial year and its financial statements for each financial half year (including any monitoring returns sent to the appropriate Supervisory Body), in each case when such statements are provided to the appropriate Supervisory Body.

15.3 **Requirements as to financial statements**

15.3.1 Each set of financial statements delivered by the Borrower pursuant to Clause 15.1 (Financial statements) shall be certified by a director of the Borrower, acting on the instructions of the board of directors of the Borrower, as fairly representing its financial condition as at the date as at which those financial statements were drawn up.

15.3.2 The Borrower shall procure that each set of financial statements delivered pursuant to Clause 15.1 (Financial statements) is prepared in accordance with any applicable Audit Code for NHS Bodies and any applicable Manual for Accounts for NHS Bodies and Annual Report Guidance for NHS Bodies or in the case of the Original Financial Statements in accordance with such guidelines with which NHS Bodies are required to comply.

15.4 **Information: miscellaneous**

The Borrower shall supply to the Lender:

- 15.4.1 copies or details of all material communications between the Borrower and the relevant Supervisory Body, including all relevant official notices received by the Borrower promptly after the same are made or received and, upon the Lender's request, any other relevant documents, information and returns sent by it to the appropriate Supervisory Body;
- 15.4.2 copies or details of all material communications between the Borrower and its members or its creditors (or in each case any class thereof), including all official notices received by the Borrower promptly after the same are made or received and upon the Lender's request any and all other documents dispatched by it to its members or its creditors (or in each case any class thereof), promptly after they are sent to such members or creditors;
- 15.4.3 details of any breaches by the Borrower of the Compliance Framework;
- 15.4.4 details of any breaches by the Borrower of the Licence or the terms of their Licence;
- 15.4.5 details of any other financial assistance or guarantee requested or received from the Secretary of State for Health other than in the ordinary course of business promptly after the same are requested or received;
- 15.4.6 upon the Lender's request, information regarding the application of the proceeds of the Facility;
- 15.4.7 promptly upon becoming aware of them, the details of any litigation, arbitration and/or administrative proceedings which are current, threatened or pending against the Borrower which would reasonably be expected to have a Material Adverse Effect;
- 15.4.8 promptly, such further information regarding the financial condition, business and operations of the Borrower as the Lender may reasonably request to the extent the same are relevant to the Borrower's obligations under this Agreement or otherwise significant in the assessment of the Borrower's financial performance and further to the extent that the disclosure of information will not cause the Borrower to be in breach of any obligation of confidence owed to any third party or any relevant data protection legislation; and
- 15.4.9 any change in the status of the Borrower after the date of this Agreement

15.5 **Notification of default**

- 15.5.1 The Borrower shall notify the Lender of any Default (and the steps being taken to remedy it) promptly upon becoming aware of its occurrence.
- 15.5.2 Promptly upon a request by the Lender, the Borrower shall supply a certificate signed by two of its directors (acting on the instructions of the board of directors of the Borrower) on its behalf certifying that no Default is continuing (or if a Default is continuing, specifying the Default and the steps, if any, being taken to remedy it).

15.6 **Other information**

The Borrower shall promptly upon request by the Lender supply, or procure the supply of, such documentation and other evidence as is reasonably requested by the Lender (for itself or on behalf of a prospective transferee) in order for the Lender (or such prospective transferee) to carry out and be satisfied with the results of all necessary money laundering and identification checks in relation to any person that it is required to carry out pursuant to the transactions contemplated by the Finance Documents.

16. **GENERAL UNDERTAKINGS**

The undertakings in this Clause 16 remain in force from the date of this Agreement for so long as any amount is outstanding under the Finance Documents or any part of the Facility is available for utilisation.

16.1 Authorisations

The Borrower shall promptly:

- 16.1.1 obtain, comply with and do all that is necessary to maintain in full force and effect; and
- 16.1.2 supply certified copies to the Lender of any Authorisation required under any law or regulation of its jurisdiction of incorporation to enable it to perform its obligations under the Finance Documents and to ensure the legality, validity, enforceability or admissibility in evidence in England of any Finance Document.

16.2 Compliance with laws

The Borrower shall comply in all respects with all laws to which it may be subject, if failure so to comply would materially impair its ability to perform its obligations under the Finance Documents and shall exercise its powers and perform its functions in accordance with its constitutional documents.

16.3 Negative pledge

16.3.1 The Borrower shall not without the prior written consent of the Lender (such consent not to be unreasonably withheld or delayed) create or permit to subsist any Security over any of its assets save for any Permitted Security.

16.3.2 The Borrower shall not:

- (A) sell, transfer or otherwise dispose of any of its assets on terms whereby they are or may be leased to or re-acquired by it;
- (B) sell, transfer or otherwise dispose of any of its receivables on recourse terms;
- (C) enter into any arrangement under which money or the benefit of a bank or other account may be applied, set-off or made subject to a combination of accounts; or
- (D) enter into any other preferential arrangement having a similar effect,

in circumstances where the arrangement or transaction is entered into primarily as a method of raising Financial Indebtedness or of financing the acquisition of an asset.

16.4 Disposals

16.4.1 The Borrower shall not in a single transaction or a series of transactions (whether related or not) and whether voluntary or involuntary sell, lease, transfer or otherwise dispose of any material asset without the prior written consent of the Lender.

16.4.2 Clause 16.4.1 does not apply to any sale, lease, transfer or other disposal where the higher of the market value or consideration receivable does not (in aggregate) in any financial year exceed 10% of the total net assets of the Borrower as at the end of the most recent financial year end for which audited financial statements have been published.

16.5 Merger

Without prejudice to Clause 16.4 (disposals) the Borrower shall not, without the prior written consent of the Lender, enter into nor apply to the relevant Supervisory Body (including pursuant to Section 56 of the Act) to enter into any amalgamation, demerger, merger or corporate reconstruction.

16.6 Guarantees

The Borrower will not, without the prior written consent of the Lender, give or permit to exist any guarantee or indemnity by it of any obligation of any person, nor permit or suffer any person to give any security for or guarantee or indemnity of any of its obligations except for guarantees and indemnities:

16.6.1 made in the ordinary course of the Borrower's business as an NHS Body ; and

16.6.2 which when aggregated with any loans, credit or financial accommodation made pursuant to Clause 16.7 (*Loans*) do not exceed £1,000,000 (or its equivalent in any other currency or currencies) in aggregate in any financial year.

16.7 Loans

The Borrower will not make any investment in nor make any loan or provide any other form of credit or financial accommodation to, any person except for investments, loans, credit or financial accommodation:

16.7.1 made in the ordinary course of the Borrower's business as an NHS Body ;

16.7.2 made in accordance with any investment policy or guidance issued by the relevant Supervisory Body; and

16.7.3 which when aggregated with any guarantees or indemnities given or existing under Clause 16.6 (*Guarantees*) do not exceed £1,000,000 (or its equivalent in any other currency or currencies) in aggregate in any financial year.

16.8 Consents

The Borrower must ensure that all Relevant Consents and all statutory requirements, as are necessary to enable it to perform its obligations under the Finance Documents to which it is a party, are duly obtained and maintained in full force and effect or, as the case may be, complied with.

16.9 Activities

The Borrower will not engage in any activities other than activities which enable it to carry on its principal purpose better, if to do so may, in the Lender's opinion, have a Material Adverse Effect.

16.10 Environmental

The Borrower shall:

16.10.1 obtain, maintain and comply in all material respects with all necessary Environmental Licences in relation to its activities and its property and comply with all Environmental Laws to the extent necessary to avoid a Material Adverse Effect;

16.10.2 promptly upon becoming aware notify the Lender of:

(A) any Environmental Claim current or to its knowledge threatened;

- (B) any circumstances likely to result in an Environmental Claim; or
- (C) any suspension, revocation or notification of any Environmental Licence;

16.10.3 indemnify the Lender against any loss or liability which:

- (A) the Lender incurs as a result of any actual or alleged breach of any Environmental Law by any person; and
- (B) which would not have arisen if a Finance Document had not been entered into; and

16.10.4 take all reasonable steps to ensure that all occupiers of the Borrower's property carry on their activities on the property in a prudent manner and keep them secure so as not to cause or knowingly permit material harm or damage to the Environment (including nuisance or pollution) or the significant risk thereof.

16.11 **Constitution**

The Borrower will not amend or seek to amend the terms of its authorisation as an NHS Body or the terms of its constitution without the prior written consent of the Lender, in each case if to do so would be reasonably likely to have a Material Adverse Effect.

16.12 **The relevant Supervisory Body**

The Borrower will comply promptly with all directions and notices received from the relevant Supervisory Body to the extent failure to do so might have a Material Adverse Effect and will, upon the Lender's request, provide reasonable evidence that it has so complied.

16.13 **Additional Terms and Conditions**

The Borrower will comply promptly with the Additional Terms and Conditions.

17. **COMPLIANCE FRAMEWORK**

17.1 **Compliance**

The Borrower shall ensure at all times that it complies with its Licence and/or any other terms and conditions set by the Relevant Supervisory Body.

17.2 **Advance Notification**

Without prejudice to the Borrower's obligations under Clause 17.1 (*Compliance*), if the Borrower becomes aware at any time after the date of signing of the Agreement that it is or is likely to breach any of the terms referred to in Clause 17.1 and/or a material failure under the requirements of the Compliance Framework is likely, it shall immediately notify the Lender of the details of the impending breach.

18. **EVENTS OF DEFAULT**

Each of the events or circumstances set out in this Clause 18 is an Event of Default.

18.1 **Non-payment**

The Borrower does not pay on the due date any amount payable pursuant to a Finance Document at the place at and in the currency in which it is expressed to be payable unless:

18.1.1 its failure to pay is caused by administrative or technical error; and

18.1.2 payment is made within two Business Days of its due date.

18.2 **Compliance Framework and Negative Pledge**

Any requirement of Clause 17 (*COMPLIANCE FRAMEWORK*) or Clause 16.3 (*Negative Pledge*) is not satisfied.

18.3 **Other obligations**

18.3.1 The Borrower does not comply with any term of:

(A) Clause 15.5 (*Notification of default*); or

(B) Clause 16 (*General Undertakings*).

18.3.2 The Borrower does not comply with any term of any Finance Document (other than those referred to in Clause 18.1 (*Non-payment*), Clause 18.2 (*Compliance Framework and Negative Pledge*) and Clause 18.3.1 (*Other obligations*) unless the failure to comply is capable of remedy and is remedied within ten Business Days of the earlier of the Lender giving notice or the Borrower becoming aware of the failure to comply.

18.4 **Misrepresentation**

Any representation or statement made or deemed to be made by the Borrower in any Finance Document or any other document delivered by or on behalf of the Borrower under or in connection with any Finance Document is or proves to have been incorrect or misleading in any material respect when made or deemed to be made.

18.5 **Cross default**

18.5.1 Any Financial Indebtedness of the Borrower is not paid when due nor within any originally applicable grace period.

18.5.2 Any Financial Indebtedness of the Borrower is declared to be or otherwise becomes due and payable prior to its specified maturity as a result of an event of default (however described).

18.5.3 Any commitment for any Financial Indebtedness of the Borrower is cancelled or suspended by a creditor of the Borrower as a result of an event of default (however described).

18.5.4 Any creditor of the Borrower becomes entitled to declare any Financial Indebtedness of the Borrower due and payable prior to its specified maturity as a result of an event of default (however described).

18.5.5 No Event of Default will occur under this Clause 18.5 if the aggregate amount of Financial Indebtedness or commitment for Financial Indebtedness falling within Clauses 18.5.1 to 18.5.4 is less than £250,000 (or its equivalent in any other currency or currencies).

except that for as long as the Secretary of State for Health remains the Lender, the provisions of Clause 18.5 relate to Financial Indebtedness owed to any party but do not apply to amounts owed to other NHS bodies in the normal course of business where a claim has arisen which is being disputed in good faith or where the Borrower has a valid and contractual right of setoff.

18.6 **Insolvency**

18.6.1 The Borrower is unable or admits inability to pay its debts as they fall due, suspends making payments on any of its debts or, by reason of actual or anticipated financial difficulties, commences negotiations with one or more of its creditors with a view to rescheduling any of its indebtedness.

18.6.2 A moratorium is declared in respect of any indebtedness of the Borrower.

18.7 Insolvency proceedings

Any corporate action, legal proceedings or other procedure or step is taken:

18.7.1 in relation to a composition, assignment or arrangement with any creditor of the Borrower; or

18.7.2 in relation to the appointment of a liquidator, receiver, administrator, administrative receiver, compulsory manager or other similar officer in respect of the Borrower or any of its assets; or

18.7.3 in relation to the enforcement of any Security over any assets of the Borrower, or any analogous action, proceedings, procedure or step is taken in any jurisdiction.

18.8 Appointment of a Trust Special Administrator

An order, made as required under The Act for the appointment of a Trust Special Administrator.

18.9 Creditors' process

Any expropriation, attachment, sequestration, distress or execution affects any asset or assets of the Borrower having an aggregate value of £250,000 and is not discharged within ten Business Days.

18.10 Repudiation

The Borrower or any other party to a Finance Document repudiates any of the Finance Documents or does or causes to be done any act or thing evidencing an intention to repudiate any Finance Document.

18.11 Cessation of Business

Other than with the prior written approval of the Lender, the Borrower ceases, or threatens to cease, to carry on all or a substantial part of its business or operations.

18.12 Unlawfulness

It is or becomes unlawful for the Borrower or any other party to a Finance Document to perform any of its obligations under any Finance Document.

18.13 Material adverse change

Any event or circumstance or series of events or circumstances occurs which, in the reasonable opinion of the Lender, has or is reasonably likely to have a Material Adverse Effect.

18.14 Additional Terms and Conditions

In the reasonable opinion of the Lender, the Borrower fails to make reasonable efforts to comply with the Additional Terms and Conditions.

18.15 Acceleration

On and at any time after the occurrence of an Event of Default which is continuing the Lender may by notice to the Borrower:

18.15.1 cancel the Facility whereupon it shall immediately be cancelled; and/or

18.15.2 declare that all or part of the Loans, together with accrued interest, and all other amounts accrued or outstanding under the Finance Documents be immediately due and payable, whereupon they shall become immediately due and payable; and/or

18.15.3 declare that all or part of the Loans be payable on demand, whereupon they shall immediately become payable on demand by the Lender.

19. ASSIGNMENTS AND TRANSFERS

19.1 Assignments and transfers by the Lender

Subject to this Clause 19, the Lender may:

19.1.1 assign any of its rights; or

19.1.2 transfer by novation any of its rights and obligations,

to another entity owned or supported by the Lender or to a bank or a financial institution or to a trust, fund or other entity which is regularly engaged in or established for the purpose of making, purchasing or investing in loans, securities or other financial assets (the "**New Lender**").

19.2 Conditions of assignment or transfer

19.2.1 The consent of the Borrower is required for an assignment or transfer by the Lender, unless:

(A) the assignment or transfer is to an entity owned or supported by the Lender; or

(B) a Default is continuing.

19.2.2 The consent of the Borrower to an assignment or transfer must not be unreasonably withheld or delayed. The Borrower will be deemed to have given its consent twenty Business Days after the Lender has requested it unless consent is expressly refused (and reasons for such refusal are given) by the Borrower within that time.

provided that nothing in this Clause shall restrict the rights of the Secretary of State for Health to effect a statutory transfer.

19.3 Disclosure of information

The Lender may disclose to any person:

19.3.1 to (or through) whom the Lender assigns or transfers (or may potentially assign or transfer) all or any of its rights and obligations under the Finance Documents;

19.3.2 with (or through) whom the Lender enters into (or may potentially enter into) any transaction under which payments are to be made by reference to, any Finance Document or the Borrower;

19.3.3 to whom, and to the extent that, information is required to be disclosed by any applicable law or regulation;

19.3.4 which are investors or potential investors in any of its rights and obligations under the Finance Documents and only to the extent required in relation to such rights and obligations;

19.3.5 which is a governmental, banking, taxation or other regulatory authority and only to the extent information is required to be disclosed to such authority,

any information about the Borrower and/or the Finance Documents as the Lender shall consider appropriate if, in relation to Clauses 19.3.1, 19.3.2 and 19.3.4 the person to whom the information is to be given has agreed to keep such information confidential on terms of this Clause 19.3 provided always that the Lender shall comply with any relevant data protection legislation.

19.4 Assignment and transfer by the Borrower

The Borrower may not assign any of its rights or transfer any of its rights or obligations under the Finance Documents.

20. ROLE OF THE LENDER

20.1 Rights and discretions of the Lender

20.1.1 The Lender may rely on:

- (A) any representation, notice or document believed by it to be genuine, correct and appropriately authorised; and
- (B) any statement made by a director, authorised signatory or authorised employee of any person regarding any matters which may reasonably be assumed to be within his knowledge or within his power to verify.

20.1.2 The Lender may engage, pay for and rely on the advice or services of any lawyers, accountants, surveyors or other experts.

20.1.3 The Lender may act in relation to the Finance Documents through its personnel and agents.

20.1.4 Notwithstanding any other provision of any Finance Document to the contrary, the Lender is not obliged to do or omit to do anything if it would or might in its reasonable opinion constitute a breach of any law or a breach of a fiduciary duty or duty of confidentiality.

20.2 Exclusion of liability

20.2.1 Without limiting Clause 20.2.2, the Lender will not be liable for any omission or any act taken by it under or in connection with any Finance Document, unless directly caused by its gross negligence or wilful misconduct.

20.2.2 The Borrower may not take any proceedings against any officer, employee or agent of the Lender in respect of any claim it might have against the Lender or in respect of any act or omission of any kind by that officer, employee or agent in relation to any Finance Document and any officer, employee or agent of the Lender may rely on this Clause. Any third party referred to in this Clause 20.2.2 may enjoy the benefit of or enforce the terms of this Clause in accordance with the provisions of the Contracts (Rights of Third Parties) Act 1999.

20.2.3 The Lender will not be liable for any delay (or any related consequences) in crediting an account with an amount required under the Finance Documents to be paid by the Lender if the Lender has taken all necessary steps as soon as reasonably practicable to comply with the regulations or operating procedures of any recognised clearing or settlement system used by the Lender for that purpose.

20.2.4 The Lender shall not be liable:

- (A) for any failure by the Borrower to give notice to any third party or to register, file or record (or any defect in such registration, filing or recording) any Finance Document; or
- (B) for any failure by the Borrower to obtain any licence, consent or other authority required in connection with any of the Finance Documents; or
- (C) For any other omission or action taken by it in connection with any Finance Document unless directly caused by its gross negligence or wilful misconduct.

21. PAYMENT MECHANICS

21.1 Payments

21.1.1 The Borrower shall receive notification 10 working days prior to each payment required under a Finance Document, the Borrower shall make the same available to the Lender (unless a contrary indication appears in a Finance Document) for value on the due date at the time and in such funds specified by the Lender as being customary at the time for settlement of transactions in the relevant currency in the place of payment.

21.1.2 Payment shall be collected through Direct Debit from a Borrower's account with the Government Banking Service.

21.2 Distributions to the Borrower

The Lender may (with the consent of the Borrower or in accordance with Clause 22 (*Set-off*)) apply any amount received by it for the Borrower in or towards payment (on the date and in the currency and funds of receipt) of any amount due from the Borrower under the Finance Documents or in or towards purchase of any amount of any currency to be so applied.

21.3 Partial payments

If the Lender receives a payment that is insufficient to discharge all the amounts then due and payable by the Borrower under the Finance Documents, the Lender shall apply that payment towards the obligations of the Borrower in such order and in such manner as the Lender may at its discretion decide.

21.4 No set-off

All payments to be made by the Borrower under the Finance Documents shall be calculated and be made without (and free and clear of any deduction for) set-off or counterclaim.

21.5 Business Days

21.5.1 Any payment which is due to be made on a day that is not a Business Day shall be made on the next Business Day in the same calendar month (if there is one) or the preceding Business Day (if there is not).

21.5.2 During any extension of the due date for payment of any principal or Unpaid Sum under this Agreement, interest is payable on the principal or Unpaid Sum at the rate payable on the original due date.

21.6 Currency of account

21.6.1 Subject to Clauses 21.6.2 to 21.6.5, sterling is the currency of account and payment for any sum due from the Borrower under any Finance Document.

- 21.6.2 A repayment of the Loan or Unpaid Sum or a part of the Loan or Unpaid Sum shall be made in the currency in which the Loan or Unpaid Sum is denominated on its due date.
- 21.6.3 Each payment of interest shall be made in the currency in which the sum in respect of which the interest is payable was denominated when that interest accrued.
- 21.6.4 Each payment in respect of costs, expenses or Taxes shall be made in the currency in which the costs, expenses or Taxes are incurred.
- 21.6.5 Any amount expressed to be payable in a currency other than sterling shall be paid in that other currency.

21.7 **Change of currency**

- 21.7.1 Unless otherwise prohibited by law, if more than one currency or currency unit are at the same time recognised by the central bank of any country as the lawful currency of that country, then:
- (A) any reference in the Finance Documents to, and any obligations arising under the Finance Documents in, the currency of that country shall be translated into, or paid in, the currency or currency unit of that country designated by the Lender (after consultation with the Borrower); and
 - (B) any translation from one currency or currency unit to another shall be at the official rate of exchange recognised by the central bank for the conversion of that currency or currency unit into the other, rounded up or down by the Lender (acting reasonably).
- 21.7.2 If a change in any currency of a country occurs, this Agreement will, to the extent the Lender (acting reasonably and after consultation with the Borrower) specifies to be necessary, be amended to comply with any generally accepted conventions and market practice in the London interbank market and otherwise to reflect the change in currency.

22. **SET-OFF**

The Lender may set off any matured obligation due from the Borrower under the Finance Documents against any matured obligation owed by the Lender to the Borrower, regardless of the place of payment, booking branch or currency of either obligation. If the obligations are in different currencies, the Lender may convert either obligation at a market rate of exchange in its usual course of business for the purpose of the set-off.

23. **NOTICES**

23.1 **Communications in writing**

Any communication to be made under or in connection with the Finance Documents shall be made in writing and, unless otherwise stated, may be given in person, by post, fax or by electronic communication.

23.2 **Addresses**

The address and fax number (and the department or officer, if any, for whose attention the communication is to be made) of each Party for any communication or document to be made or delivered under or in connection with the Finance Documents is:

- 23.2.1 in the case of the Borrower, that identified with its name below; and

23.2.2 in the case of the Lender, that identified with its name below,
or any substitute address, email address, fax number or department or officer as the Borrower may notify to the Lender by not less than five Business Days' written notice.

23.3 **Delivery**

23.3.1 Any communication or document made or delivered by one person to another under or in connection with the Finance Documents will only be effective:

- (A) if by way of fax, when received in legible form; or
- (B) if by way of letter, when it has been left at the relevant address or five Business Days after being deposited in the post postage prepaid in an envelope addressed to it at that address,

and, if a particular department or officer is specified as part of its address details provided under Clause 23.2 (*Addresses*), if addressed to that department or officer.

23.3.2 Any communication or document to be made or delivered to the Lender will be effective only when actually received by the Lender and then only if it is expressly marked for the attention of the department or officer identified with the Lender's signature below (or any substitute department or officer as the Lender shall specify for this purpose).

23.4 **Electronic communication**

23.4.1 Any communication to be made between the Borrower and the Lender under or in connection with this Agreement and any other Finance Document may be made by electronic mail or other electronic means, if the Borrower and the Lender:

- (A) agree that, unless and until notified to the contrary, this is to be an accepted form of communication;
- (B) notify each other in writing of their electronic mail address and/or any other information required to enable the sending and receipt of information by that means; and
- (C) notify each other of any change to their address or any other such information supplied by them.

23.4.2 Any electronic communication made between the Borrower and the Lender will be effective only when actually received in readable form and only if it is addressed in such a manner as the Borrower and the Lender, as the case may be, specify for this purpose.

24. **CALCULATIONS AND CERTIFICATES**

24.1 **Accounts**

In any litigation or arbitration proceedings arising out of or in connection with a Finance Document, the entries made in the accounts maintained by the Lender are *prima facie* evidence of the matters to which they relate.

24.2 **Certificates and Determinations**

Any certification or determination by the Lender of a rate or amount under any Finance Document is, in the absence of manifest error, conclusive evidence of the matters to which it relates.

24.3 Day count convention

Any interest, commission or fee accruing under a Finance Document will accrue from day to day and is calculated on the basis of the actual number of days elapsed and a year of 365 days or, in any case where the practice in the London interbank market differs, in accordance with that market practice.

25. PARTIAL INVALIDITY

If, at any time, any provision of the Finance Documents is or becomes illegal, invalid or unenforceable in any respect under any law of any jurisdiction, neither the legality, validity or enforceability of the remaining provisions nor the legality, validity or enforceability of such provision under the law of any other jurisdiction will in any way be affected or impaired.

26. REMEDIES AND WAIVERS

No failure to exercise, nor any delay in exercising, on the part of the Lender, any right or remedy under the Finance Documents shall operate as a waiver, nor shall any single or partial exercise of any right or remedy prevent any further or other exercise or the exercise of any other right or remedy. The rights and remedies provided in this Agreement are cumulative and not exclusive of any rights or remedies provided by law.

27. AMENDMENTS AND WAIVERS

Any term of the Finance Documents may only be amended or waived in writing.

28. COUNTERPARTS

Each Finance Document may be executed in any number of counterparts, and this has the same effect as if the signatures on the counterparts were on a single copy of the Finance Document.

29. GOVERNING LAW

This Agreement shall be governed by and construed in accordance with English law.

30. DISPUTE RESOLUTION

The Parties agree that all disputes arising out of or in connection with this Agreement will be settled in accordance with the terms of Schedule 5.

This Agreement has been entered into on the date stated at the beginning of this Agreement.

SCHEDULE 1: CONDITIONS PRECEDENT

1. Authorisations

- 1.1 A copy of a resolution of the board of directors of the Borrower:
- (A) approving the terms of, and the transactions contemplated by, the Finance Documents to which it is a party and resolving that it execute the Finance Documents to which it is a party;
 - (B) authorising a specified person or persons to execute the Finance Documents to which it is a party on its behalf; and
 - (C) authorising a specified person or persons, on its behalf, to sign and/or despatch all documents and notices (including, if relevant, any Utilisation Request and) to be signed and/or despatched by it under or in connection with the Finance Documents to which it is a party.
 - (D) Confirming the Borrower's undertaking to comply with the Additional Terms and Conditions
- 1.2 A certificate of an authorised signatory of the Borrower certifying that each copy document relating to it specified in this Schedule 1 and provided to the Lender is correct, complete and in full force and effect as at a date no earlier than the date of this Agreement.

2. Financial Information

Updated financial statements of the Borrower unless otherwise available.

3. Finance Documents

- 3.1 This Agreement (original).
- 3.2 The original or certified copy (as the Lender shall require) of any Finance Document not listed above.

4. General

- 4.1 A copy of any other Authorisation or other document, opinion or assurance which the Lender considers to be necessary or desirable in connection with the entry into and performance of the transactions contemplated by any Finance Document or for the validity and enforceability of any Finance Document.
- 4.2 Evidence that the fees, costs and expenses then due from the Borrower pursuant to Clause 13 (*Costs and expenses*) have been paid or will be paid by the first Utilisation Date.

SCHEDULE 2: UTILISATION REQUEST

From:[]

To: The Secretary of State for Health

Dated:

Dear Sirs

**University Hospitals Of Leicester NHS Trust – £
dated [] (the "Agreement")**

1. We refer to the Agreement. This is a Utilisation Request. Terms defined in the Agreement have the same meaning in this Utilisation Request unless given a different meaning in this Utilisation Request.

2. We wish to borrow a Loan on the following terms:

Proposed Utilisation Date: [] (or, if that is not a Business Day, the next Business Day)

Amount: [] or, if less, the Available Facility

Payment Instructions: [*Relevant account to be specified here*]

3. We confirm that each condition specified in Clause 4.2 (Further conditions precedent) is satisfied on the date of this Utilisation Request.

4. We represent and warrant that the Loan will be applied solely towards working capital requirements of the Borrower in its requirement as an NHS Trust/NHS Foundation Trust.

5. This Utilisation Request is irrevocable.

Yours faithfully

.....
authorised signatory for and on behalf of the Board of Directors
University Hospitals Of Leicester NHS Trust

SCHEDULE 3: DEFINED FACILITY LIMITS

Defined Term	Amount £'000
Facility Amount	21,900
Minimum Cash Balance	3,000
Maximum Cash Balance	21,900

SCHEDULE 4: ANTICIPATED DRAWDOWN SCHEDULE

NOT USED

SCHEDULE 5: DISPUTE RESOLUTION

1. NEGOTIATION

If any claim, dispute or difference of whatsoever nature arising out of or in connection with this Agreement ("**Dispute(s)**") arises, the Parties will attempt in good faith to settle it by negotiation. Each Party will nominate at least one management representative ("**Authorised Representative**") who shall attend and participate in the negotiation with authority to negotiate a solution on behalf of the Party so represented.

2. MEDIATION

It shall be a condition precedent to the commencement of reference to arbitration that the Parties have sought to have the dispute resolved amicably by mediation as provided by this paragraph 2.

2.1 Initiation of Mediation Proceeding

- (A) If the Parties are unable to settle the Dispute(s) by negotiation in accordance with paragraph 1 within 15 days, either Party may by written notice upon the other initiate mediation under this paragraph 2. The notice initiating mediation shall describe generally the nature of the Dispute.
- (B) Each Party's Authorised Representative nominated in accordance with paragraph 1 shall attend and participate in the mediation with authority to negotiate a settlement on behalf of the Party so represented.

2.2 Appointment of Mediator

- (A) The Parties shall appoint, by agreement, a neutral third person to act as a mediator (the "Mediator") to assist them in resolving the Dispute. If the Parties are unable to agree on the identity of the Mediator within 10 days after notice initiating mediation either party may request the Centre for Effective Dispute Resolution ("CEDR Solve") to appoint a Mediator.
- (B) The Parties will agree the terms of appointment of the Mediator and such appointment shall be subject to the Parties entering into a formal written agreement with the Mediator regulating all the terms and conditions including payment of fees in respect of the appointment. If the Parties are unable to agree the terms of appointment of the Mediator within 10 days after notice initiating mediation either Party may request CEDR Solve to decide the terms of appointment of the Mediator
- (C) If the appointed Mediator is or becomes unable or unwilling to act, either Party may within 10 days of the Mediator being or becoming unable or unwilling to act follow the process at paragraph 2.3 to appoint a replacement Mediator and paragraph 2.4 to settle the terms of the appointment of the replacement Mediator.

2.3 Determination of Procedure

The Parties shall, with the assistance of the Mediator, seek to agree the mediation procedure. In default of such agreement, the Mediator shall act in accordance with CEDR Solve's Model Mediation Procedure and Agreement. The Parties shall within 10 days of the appointment of the Mediator, meet (or talk to) the Mediator in order to agree a programme for the exchange of any relevant information and the structure to be adopted for the mediation.

2.4 Without Prejudice/Confidentiality

All rights of the Parties in respect of the Dispute(s) are and shall remain fully reserved and the entire mediation including all documents produced or to which reference is made, discussions and oral presentations shall be strictly confidential to the Parties and shall be conducted on the same basis as "without prejudice" negotiations, privileged, inadmissible, not subject to disclosure in any other proceedings whatever and shall not constitute any waiver of privilege whether between the Parties or between either of them and a third party. Nothing in this paragraph 2.4 shall make any document privileged, inadmissible or not subject to disclosure which would have been discloseable in any reference to arbitration commenced pursuant to paragraph 3.

2.5 Resolution of Dispute

If any settlement agreement is reached with the assistance of the Mediator which resolves the Dispute, such agreement shall be set out in a written settlement agreement and executed by both parties' Authorised Representatives and shall not be legally binding unless and until both parties have observed and complied with the requirements of this paragraph 2.5. Once the settlement agreement is legally binding, it may be enforced by either party taking action in the High Court.

2.6 Failure to Resolve Dispute

In the event that the Dispute(s) has not been resolved to the satisfaction of either Party within 30 days after the appointment of the Mediator either party may refer the Dispute to arbitration in accordance with paragraph 3.

2.7 Costs

Unless the Parties otherwise agree, the fees and expenses of the Mediator and all other costs of the mediation shall be borne equally by the Parties and each Party shall bear their own respective costs incurred in the mediation regardless of the outcome of the mediation.

3. ARBITRATION

3.1 If the Parties are unable to settle the Dispute(s) by mediation in accordance with paragraph 2 within 30 days, the Dispute(s) shall be referred to and finally determined by arbitration before an Arbitral Tribunal composed of a single Arbitrator.

3.2 Any reference of a Dispute to arbitration shall be determined in accordance with the provisions of the Arbitration Act 1996 and in accordance with such arbitration rules as the Parties may agree within 20 days after notice initiating arbitration or, in default of agreement, in accordance with the Rules of the London Court of International Arbitration which Rules are deemed to be incorporated by reference into this clause.

3.3 London shall be the seat of the arbitration.

3.4 Reference of a Dispute to arbitration shall be commenced by notice in writing from one Party to the other Party served in accordance with the provisions of Clause 23 (Notices).

3.5 The Arbitral Tribunal shall be appointed as follows.

(A) Within 14 days of receipt of any notice referring a Dispute to arbitration the Parties shall agree the identity of the person to act as Arbitrator. In default of agreement or in the event the person so identified is unable or unwilling to act, either party shall be entitled to request the President for the time being of the Chartered Institute of

Arbitrators to appoint an Arbitrator for the Dispute and the parties shall accept the person so appointed.

- (B) If the Arbitrator becomes unwilling or unable to act, the procedure for the appointment of a replacement Arbitrator shall be in accordance with the provisions of paragraph 3.5(A).

3.6 The language of the arbitration shall be English.

SCHEDULE 6: REPAYMENT SCHEDULE

Repayment Date	Relevant Percentage
13 April 2020	100%

SCHEDULE 7: PERMITTED SECURITY – EXISTING SECURITY

NONE

SCHEDULE 8: ADDITIONAL TERMS AND CONDITIONS

SIGNATORIES

Borrower

For and on behalf of University Hospitals Of Leicester NHS Trust

By:

Name:

Position:

Address: Headquarters, Level 3, Balmoral Building, Leicester Royal Infirmary, Infirmary Square, Leicester, Leicestershire , LE1 5WW,

Email: paul.traynor@uhl-tr.nhs.uk

Attention: Paul Traynor

Lender

The Secretary of State for Health

By:

Name:

Address: Department of Health,
4th Floor,
Skipton House,
80 London Road,
London SE1 6LH

Email: dhloanscentralinbox@dh.gsi.gov.uk