UNIVERSITY HOSPITALS BIRMINGHAM NHS FOUNDATION TRUST
REPORT TO THE BOARD OF DIRECTORS
THURSDAY 29 JANUARY 2015

Title:	**FINANCE AND ACTIVITY REPORT FOR THE PERIOD ENDING 31 DECEMBER 2014**
Responsible Director:	Mike Sexton, Chief Financial Officer
Contact:	Julian Miller, Director of Finance, ext. 53074

Purpose:	To update the Board of Directors on the financial and activity performance of the Trust
Confidentiality Level & Reason:	N/A
Annual Plan Ref:	3.4 – Ensure the Trust maintains financial health
Key Issues Summary:	The Trust has recorded a surplus of £0.301m during December which is £0.101m above the £0.200m planned surplus for the month. The cumulative surplus at the end of Quarter 3 is £1.589m which is (£0.911m) lower than the planned surplus of £2.500m year to date. A surplus of around £1.700m is forecast for the year prior to accounting gains. This is below the plan surplus of £3.000m but should be sufficient to maintain a COSRR of 2*.
Recommendations:	The Board of Directors is asked to: • Receive the contents of this report. • Approve the revised capital expenditure plan for 2014/15. • Agree that the in year governance statement for Q3 should be submitted to Monitor with a negative finance declaration and confirming that three subsidiary companies have been consolidated into the financial return.

Signed: Mike Sexton	**Date:** 19 January 2015

UNIVERSITY HOSPITALS BIRMINGHAM NHS FOUNDATION TRUST
BOARD OF DIRECTORS

THURSDAY 29 JANUARY 2015

FINANCE AND ACTIVITY REPORT FOR THE PERIOD ENDING 31 DECEMBER 2014

PRESENTED BY THE CHIEF FINANCIAL OFFICER

1. Introduction

This report covers the first nine months of the 2014/15 financial year (1 April 2014 to 31 December 2014). The report summarises the Trust's year to date financial performance and includes information on healthcare activity, key expenditure variances and CIP delivery. This report also includes an Appendix which provides the quarterly update on the capital programme and requests approval for an increase to the capital budget for 2014/15. This replaces the separate capital report previously provided to Board.

The 2014/15 Financial Plan has budgeted for an annual surplus of £3.000m. For the year to 31 December 2014 an actual surplus of £1.589m has been recorded which is (£0.911m) below the £2.500m surplus planned for the period. A surplus of £0.301m was delivered in December, compared to the planned surplus of £0.200m, representing a positive variance of £0.101m in the month.

The reported position for the year to date includes a combined overspend of (£20.511m) across Operational Divisions. Key pressures include:

- Activity and capacity related cost pressures including unfunded beds, waiting list initiative payments and private sector capacity. Significant additional expenditure continues to be incurred to maintain elective waiting times in the face of rising emergency demand, some of which is reimbursed at a marginal rate.
- Deliverability of cost improvements. A gap remains between the levels of planned efficiency savings against the actual delivered year to date.
- Workforce issues - continued use of agency nurses and locum doctors to cover recruitment gaps in areas of skills shortage.

Year to date, the operational overspend has been balanced by underspends within corporate budgets and through the use of Trust Specific Reserves.

The Trust has received a Continuity of Services Risk Rating (COSRR) of 2* from Monitor based on the Operational Plan for 2014/15 and published results for quarter 2. Self assessment of current financial performance indicates that this rating has been maintained during quarter 3.

2. Income & Expenditure Position

2.1 Year to Date Summary

Table 1 below shows the year to date actual income and expenditure surplus of £1.6m compared to plan of £2.5m.

Table 1 – I&E Surplus vs. Plan 2014/15

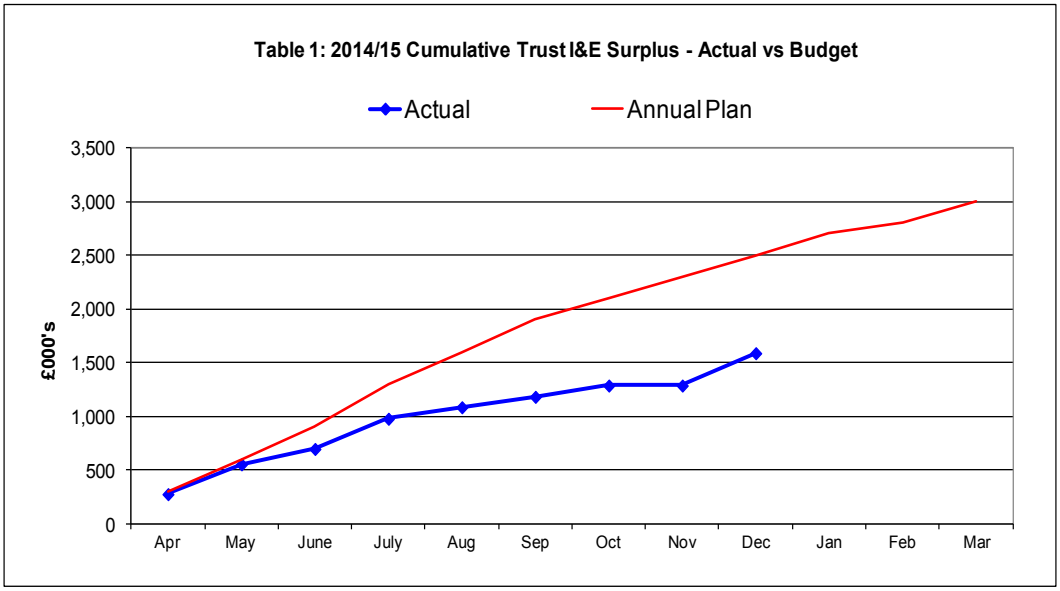


Table 2 below summarises the Trust's income & expenditure position at the end of quarter 3 (April-December). Analysis of income is included in section 2.2 and the operating expenditure variances are detailed in section 2.4 below.

Table 2 – YTD Income and Expenditure Budget vs. Actual

	Budget Dec £m	Actual Dec £m	Variance £m
Revenue	516.6	537.7	21.1
Operating Expenses	(482.8)	(504.6)	(21.8)
EBITDA	**33.8**	**33.1**	**(0.7)**
Depreciation	(15.1)	(15.2)	(0.1)
Donated Asset Revenue	0.1	0.5	0.4
Interest Receivable	0.4	0.2	(0.2)
Interest Payable	(12.7)	(12.8)	(0.1)
Contingent Rental	(4.0)	(4.2)	(0.2)
Corporation Tax	0.0	0.0	0.0
PDC Dividend	0.0	0.0	0.0
Surplus before impairments	**2.5**	**1.6**	**(0.9)**
Impairments on Property	0.0	0.0	0.0
Total Surplus / (Deficit)	**2.5**	**1.6**	**(0.9)**

Note - may include rounding differences

2.2 Forecast Outturn

At the end of Month 9 the Trust is forecasting an annual surplus of £1.7m prior to the impact of accounting gains. This is below the annual plan figure of £3.0m and reflects the impact of the ongoing operational pressures on the bottom line finances.

Should the Trust complete the disposal of the Selly Oak site by 31 March 2015 it is expected to recognise a profit on the sale of assets of £5.3m. This will be taken to the income and expenditure account and therefore the overall year end surplus would be around £7.0m.

There will be a further accounting adjustment resulting from the annual revaluation of the Trust's assets. At the time of writing the Trust has not received the interim valuation report but it is likely that there will be a further small increase in the valuation of the QEHB. This would be accounted for as an impairment reversal and therefore would increase the reported surplus. If the Trust has exchanged contracts for the sale of Selly Oak but not completed the transaction by 31 March, the land will need to be revalued as an asset held for sale. In this scenario any valuation gain would be taken to the revaluation reserve and would not affect income and expenditure in 2014/15.

2.3 Income Analysis

Total operating income is £21.1m above plan as at the end of Month 9, as shown in table 3 below.

Table 3 – Income against plan

	Budget Dec £m	Actual Dec £m	Variance £m
Clinical - NHS	420.7	442.1	21.4
Clinical - Non NHS	14.9	13.1	(1.8)
Other	81.0	82.5	1.5
TOTAL	**516.6**	**537.7**	**21.1**

Note - may include rounding differences

NHS Clinical revenues are £21.4m above plan at the end of December. Around £17m relates to high cost drugs and devices which are excluded from national tariffs and reimbursed on a cost per case basis. The balance includes Seasonal Resilience funding and other in year contract variations. Non NHS clinical revenues are (£1.8m) below plan year to date, this includes a (£0.6m) shortfall against private patient income targets. The balance largely relates to MoD contracted income which is lower than planned due to reduced aero medical activity and changes to commissioning responsibilities with NHS commissioners now funding some MoD services. Other income is £1.5m above plan year to date due to increased commercial and SLA revenue.

2.4 NHS Clinical Income / Activity

Table 4.1 below compares monthly Admitted Patient Care (APC) activity against target for the first eight months (April-November) of 2014/15. Both

Spells (within Tariff) and FCE's (Local Prices) were below plan during November but remain above plan year to date. Within this elective activity is 2% below plan year to date whilst emergency activity is 6% above plan.

Table 4.1 – Trust Inpatient Activity

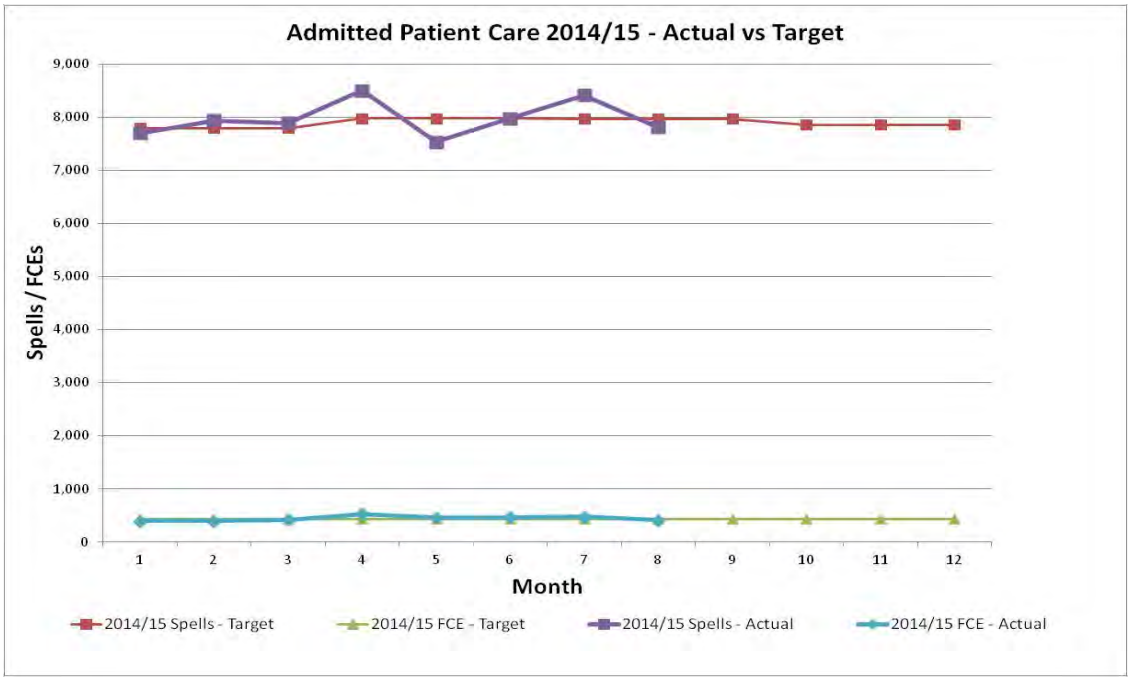


Table 4.2 shows outpatient activity against target for the first eight months of 2014/15. Combined Outpatient activity was broadly in line with plan during November and remains above plan year to date.

Table 4.2 – Trust Outpatient Activity

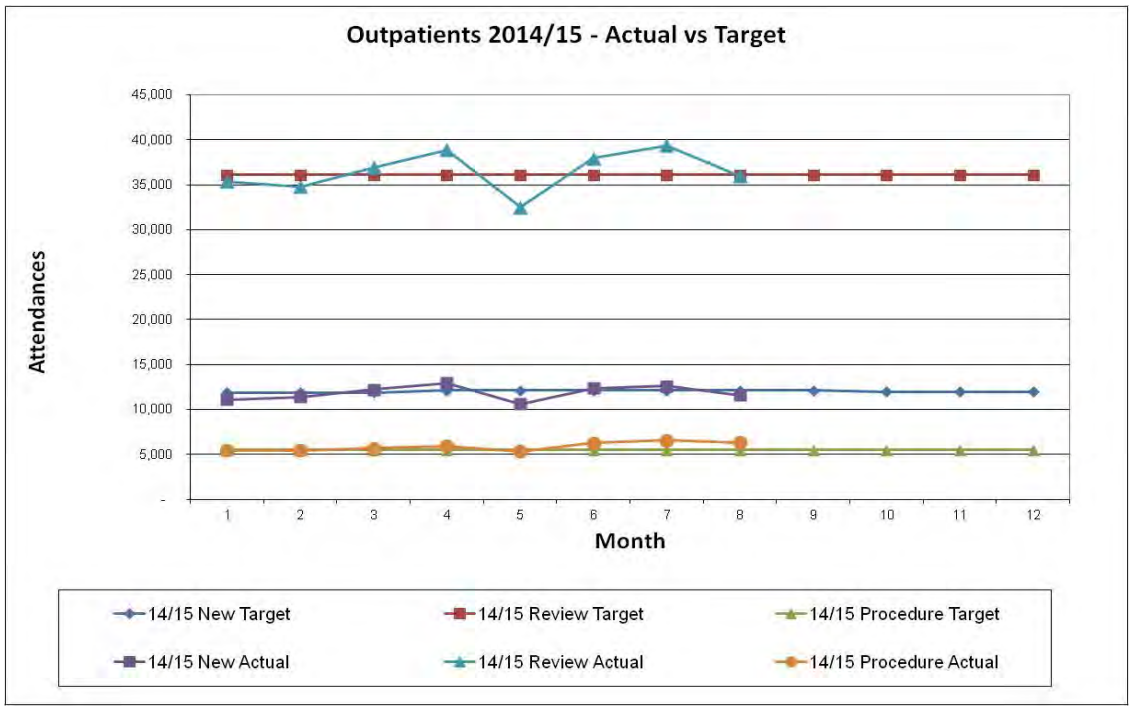


Table 5 below shows the year to date income variances by Division and Point of Delivery against 2014/15 healthcare income targets included in the financial plan. For the period (April to November) healthcare income (excluding cost per case activity) is in line with plan. This position

excludes adjustments for the Marginal Rate Emergency Threshold and other potential contract penalties which continue to be monitored monthly.

Table 5 – Summary Healthcare Income Performance by Division by Point of Delivery

	YTD Variance against Divisional Baselines (£000)				
	Div A	Div B	Div C	Div D	**Total**
Inpatient	12	(2,329)	364	1,950	**(4)**
Outpatient	(63)	333	215	840	**1,325**
Other	(1,290)	215	586	(869)	**(1,358)**
Total	**(1,342)**	**(1,781)**	**1,165**	**1,921**	**(37)**

Note - may include rounding differences

2.5 Expenditure Analysis

The Trust wide subjective expenditure analysis in Table 6 shows actual expenditure being (£21.8m) above the budgeted expenditure of £482.8m for the year to date.

Table 6 – Expenditure against plan

	Budget Dec £m	**Actual Dec £m**	**Variance £m**
PAY			
Medical Staff	81.9	88.5	(6.6)
Nursing	93.5	100.0	(6.5)
Scientific & Technical	33.5	33.9	(0.4)
SMP / A&C	41.8	41.7	0.1
Other / Pay Reserves	16.1	10.9	5.2
Total Pay	**266.8**	**275.0**	**(8.2)**
NON PAY			
Drugs	69.6	77.8	(8.2)
Clinical Supplies & Services	66.0	68.4	(2.4)
Other / Non-Pay Reserves	80.4	83.4	(3.0)
Total Non Pay	**216.0**	**229.6**	**(13.6)**
GRAND TOTAL	**482.8**	**504.6**	**(21.8)**

Note - may include rounding differences

3. Cost Improvement Programme

The Trust's 2014/15 Financial Plan includes a total efficiency savings target of £18.9m. As at the end of Q3 schemes totalling £14.9m have been identified leaving a shortfall of £4.0m (down from £4.6m at Q2). There is reduced scope to deliver cost improvements at the level required, as commissioners are now taking savings directly in areas where providers have previously made gains such as pharmaceutical procurement.

Actual CIP delivery at the end of Q3 was £14.6m (77% of target), resulting in an adverse variance of (£4.3m) year to date, as shown in Table 7. Reasons for the variance include:

- (£3.0m) due to the unidentified CIP gap as described above and
- (£1.3m) relating to slippage against approved schemes due to both the prudent phasing with targets profiled in twelfths (although some schemes will only start to deliver in the final quarter) and a cautious assessment of activity related schemes.

Work will continue over the remaining months to deliver additional savings, the current forecasts indicate that total CIP delivery for 2014/15 at around 77% of the annual target by 31 March. A further CIP update will be provided to Board at the end of Q4.

Table 7 – Delivery of Cost Improvements

	Cumulative variance against plan (£000)				
	Q1	**Q2**	**Q3**	**Q4**	**Y/E Forecast**
Division A	(394)	(420)	(707)		(420)
Division B	(607)	(1,193)	(1,607)		(1,875)
Division C	(416)	(527)	(415)		(229)
Division D	(854)	(1,658)	(1,735)		(1,993)
Corp/ NHP/ Central Ops	3	0	205		273
Total	**(2,268)**	**(3,798)**	**(4,260)**		**(4,874)**
% Achieved	52%	60%	77%		77%

4. Divisional Analysis

A total adverse variance of (£20.511m) has been recorded against operational budgets in the first nine months of 2014/15. This has been offset by a combination of the Trust's Specific and General Contingency Reserves and underspends across other Corporate Budgets.

Table 8 – Analysis of year to date variances by Division

	Income £'000	Expenditure £'000	**Total** **£'000**
Division A	1,065	(5,997)	**(4,932)**
Division B	1,717	(5,856)	**(4,139)**
Division C	(227)	(4,451)	**(4,678)**
Division D	(8)	(8,448)	**(8,456)**
Division E	14,585	(12,891)	**1,694**
Sub - Total	**17,132**	**(37,643)**	**(20,511)**
Healthcare Income	0	0	**0**
TOTAL	**17,132**	**(37,643)**	**(20,511)**

Memo General Contingency Reserve		*1,403*

Note - may include rounding differences

The aggregate operational overspend in December was (£2.363m). Of this (£884,000) relates to medical staffing over spends including (£470,000) attributable to senior medical staff. This includes locum cover for vacancies and sickness, unfunded consultant posts and payments for additional sessions and waiting list initiatives. Significant specialty overspends in November included Neurosciences (£107,000), Anaesthetics (£72,000), Liver services (£60,000), Ophthalmology (£45,000) and Max Fax (£45,000). The balance of the medical overspend (£413,000) relates to expenditure on junior and middle grade doctors including usage of agency, locums and unfunded posts including within ED (£66,000), Anaesthetics (£55,000), Cardiac Surgery / Cardiology (£45,000), Oncology (£29,000) and Neurosciences (£25,000).

There was a (£501,000) adverse variance across nursing expenditure (including Theatre ODPs) in December. Specific departmental overspends included Critical Care (£190,000), due to high agency usage, Theatres (£54,000) due to increased long term sickness, maternity leave and a high number of new starters currently on induction, ED (£27,000) and CDU (£21,000). The balance of the nursing over spend is across ward areas reflecting sickness and annual leave cover and nursing input to specific patients ('specials'). Also unfunded beds and posts across the wards in the QEHB and retained estate contributed to the nursing adverse variance.

Other expenditure pressures in December included the slippage against CIP targets, expenditure incurred to deliver activity in the private sector and activity driven cost increases across theatres and imaging. Non pay costs were high across all areas (including wards, theatres, ED, CDU, laboratories and imaging) which appears in part to be additional stock and consumables delivered prior to Christmas and New Year. The divisional position in month has benefited from £263,000 of additional income within cardiac surgery for VAD and transplant activity and £124,000 of SLA over performance income within Imaging. These gains were partially offset by a continuing shortfall of private patient income across Divisions B and D.

5. Statement of Financial Position

The Statement of Financial Position (Balance Sheet) shows the value of the Trust's assets and liabilities. The upper part of the statement shows net assets after deducting short and long term liabilities with the lower part identifying sources of finance. Table 9 summarises the Trust's Statement of Financial Position at 31 December 2014.

Table 9 – Statement of Financial Position

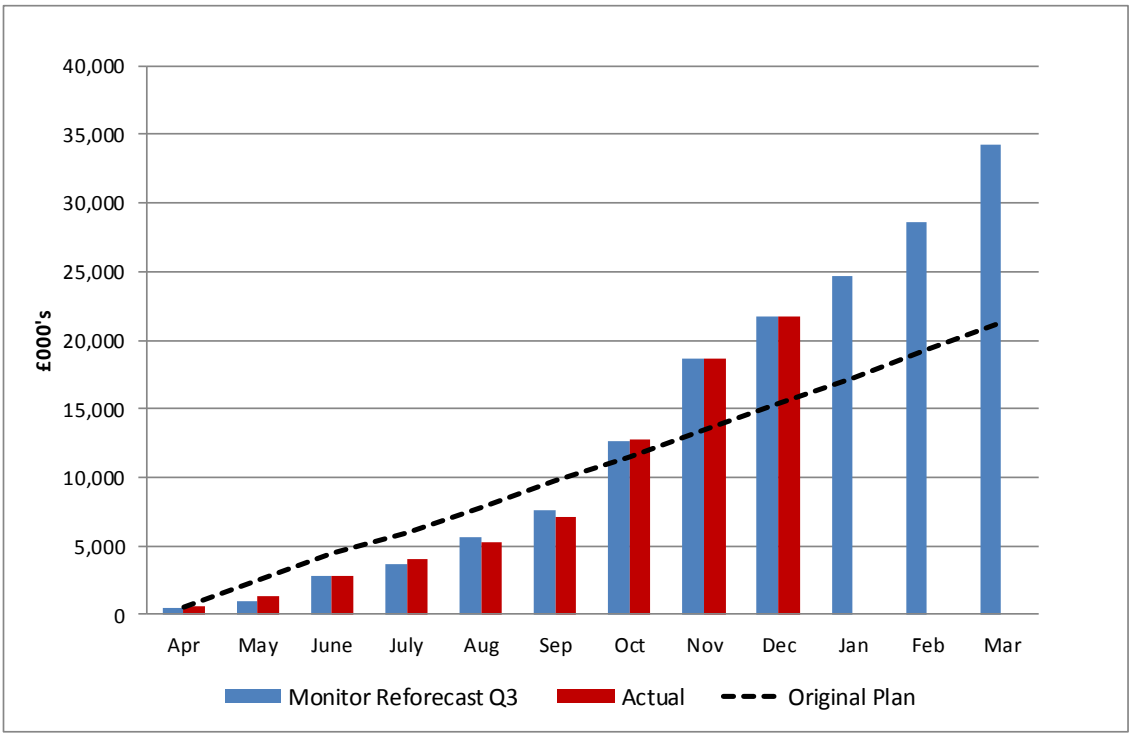
		Audited Mar 2014 £m	Actual Dec £m	YTD Plan Dec £m
Non Current Assets:				
	Property, Plant and Equipment	518.2	524.6	519.3
	Intangible Assets	0.5	0.7	0.3
	Trade and Other Receivables	3.1	3.3	2.6
	Other Assets	0.0	0.0	0.0
	Total Non Current Assets	**521.8**	**528.6**	**522.2**
Current Assets:				
	Inventories	15.2	17.0	14.4
	Trade and Other Receivables	46.4	29.9	36.7
	Other Financial Assets	0.6	3.6	0.3
	Other Current Assets	8.8	13.3	10.0
	Cash	63.1	53.1	54.1
	Total Current Assets	**134.1**	**116.9**	**115.5**
Current Liabilities:				
	Trade and Other Payables	106.7	96.4	99.3
	Borrowings	12.1	12.4	12.5
	Provisions	1.2	1.0	1.6
	Tax Payable	7.5	7.2	6.9
	Other Liabilities	17.0	20.9	14.8
	Total Current Liabilities	**144.5**	**137.9**	**135.1**
Non Current Liabilities:				
	Borrowings	522.2	512.8	512.4
	Provisions	1.9	1.9	1.7
	Other Liabilities	17.8	12.6	16.9
	Total Non Current Liabilities	**541.9**	**527.3**	**531.0**
TOTAL ASSETS EMPLOYED		**(30.5)**	**(19.7)**	**(28.4)**
Financed by:				
	Public Dividend Capital	171.0	180.2	171.0
	Income & Expenditure Reserve	(315.0)	(313.4)	(314.1)
	Donated Asset Reserve	0.0	0.0	0.0
	Revaluation Reserve	113.5	113.5	113.1
	Merger Reserve	0.0	0.0	1.6
TOTAL TAXPAYERS EQUITY		**(30.5)**	**(19.7)**	**(28.4)**

Note - may include rounding differences

6. Capital Expenditure (Non Current Assets)

The original capital programme for 2014/15 and the reforecast submitted to Monitor at Q1 both had a total value of £21.3m. Following the approval of additional capital projects during the financial year (notably the office accommodation purchase and refurbishment), capital expenditure is now above the annual plan at £21.7m for the nine months to 31 December. This has triggered the requirement for a further reforecast as part of the Q3 financial submission to Monitor and a revised plan has been developed for approval by the Board. Expenditure against the proposed reforecast is shown in the graph below along with the original plan and further details are set out in Appendix A which replaces the previous separate quarterly Capital Programme Update to the Board.

Table 10 – Capital Expenditure against Original Plan and Q3 Reforecast



7. Current Assets

The total value of the Trust's inventory (stock) was £17.0m at the end of December, this is £2.6m above plan due to increases across pharmacy, warehouse and divisional stock holdings. The Trust's total current assets, excluding cash and inventories, amount to £46.8m at 31 December.

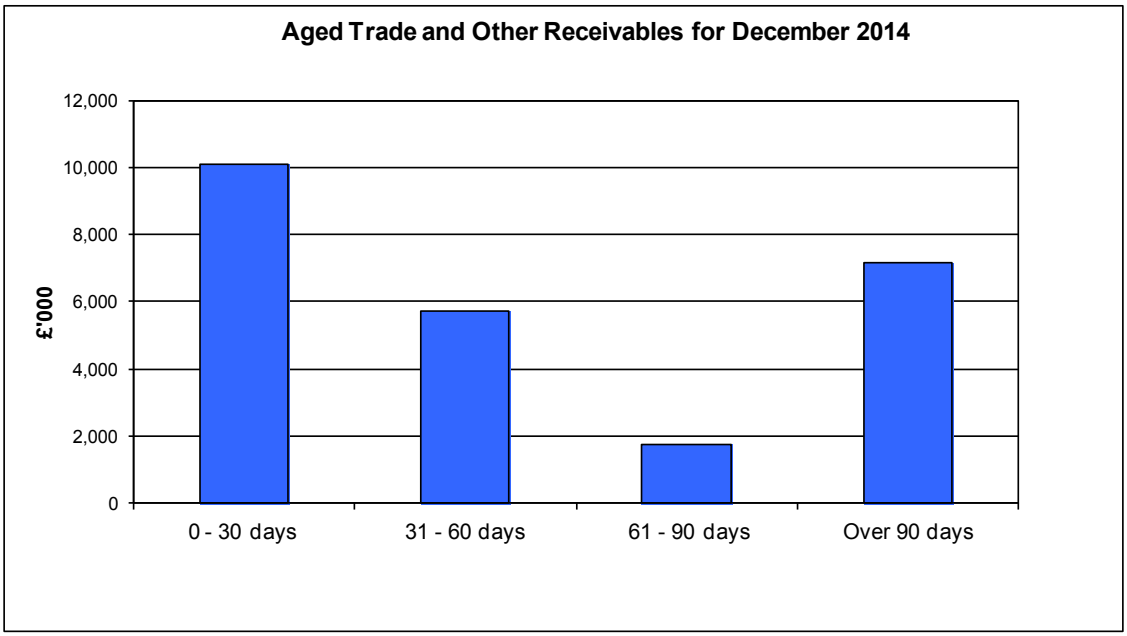
Table 11 – Analysis of Current Assets (excluding Inventories and Cash)

	Actual Dec 2014 £m	Forecast Dec 2014 £m
Trade Receivables	24.6	30.9
Bad Debt Provision	-1.9	-1.5
Other Receivables	7.2	7.3
Trade and Other Receivables	**29.9**	**36.7**
Accrued Income	3.6	0.3
Other Financial Assets	**3.6**	**0.3**
Prepayments	13.3	10.0
Deferred Asset	0.0	0.0
Other Current Assets	**13.3**	**10.0**
TOTAL	**46.8**	**47.0**

Analysis of the age profile of Trade Receivables (unpaid invoices issued by the Trust) is summarised in Table 12 below. As at 31 December 2014 the over 90 day debt stood at £7.1m. This includes £3.4m outstanding from NHS commissioning organisations including NHS England (£1.3m), Welsh Specialised Services (£1.2m) and other activity invoices outstanding from CCG's (£0.9m). The balance (£3.7m) includes invoices to other NHS providers including Birmingham Women's Hospital (£0.8m), Birmingham Children's

Hospital (£0.7m), Sandwell & West Birmingham (£0.3m), Heart of England (£0.3m) and Worcester Acute Hospitals (£0.3m).

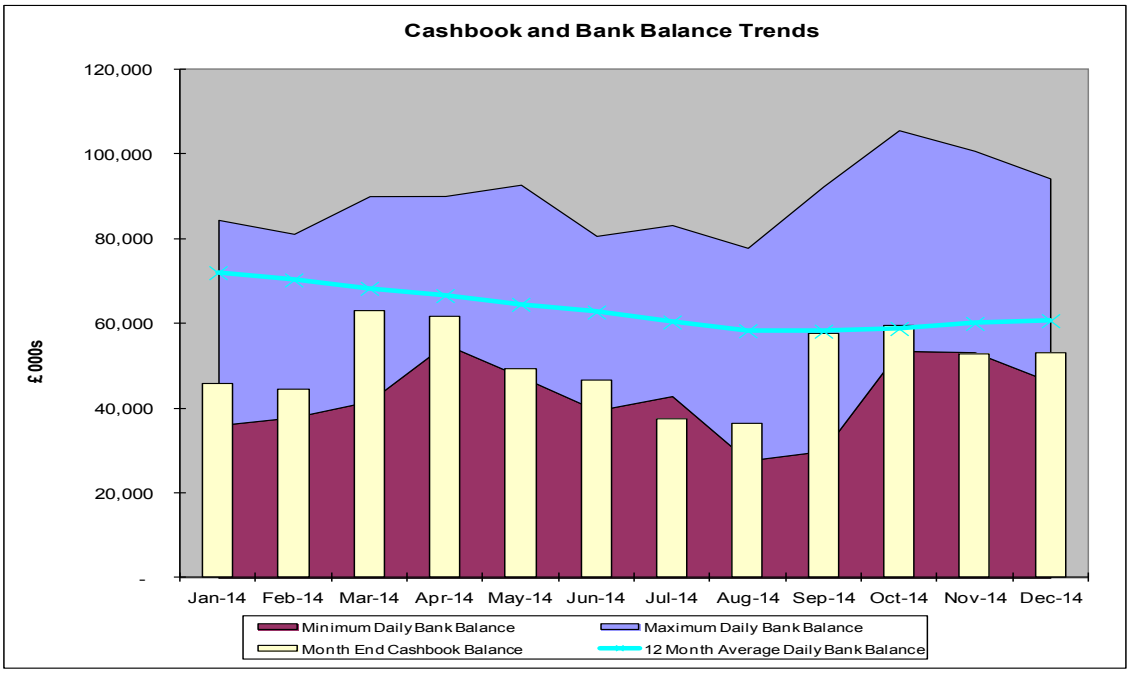
Table 12 – Aged Debt Analysis



8. Cash Flow

Table 13 shows the month end cashbook balance, the minimum and maximum daily bank balance in the month and a twelve month rolling average daily bank balance. The Trust's cashbook balance at the 31 December 2014 was £53.1m, which was (£1.0m) below plan.

Table 13 – Cash Flow



9. Monitor Submission

The Trust has received a Continuity of Services Risk Rating (COSRR) of 2* in each quarter since the new risk rating regime was introduced in October 2013. This means that the Trust is classified by Monitor as "material (financial) risk but stable" but importantly ensures that the organisation is not subject to monthly monitoring or potential regulatory action in the same way that FT's rated as 1 or 2 can be. It is difficult for the Trust to achieve a better rating due to the significant adverse impact of the PFI scheme on the metrics.

Self assessment of Quarter 3 financial performance indicates that the rating of 2* should be maintained for the 3 months to December 2014. On this basis, the Trust is required to submit a negative finance declaration as part of the quarterly monitoring return certifying that "the Board cannot confirm that a COSRR of 3 or better is anticipated for the next 12 months".

In 2014/15 Monitor added a further section to the governance statement requesting that Trusts confirm the number of subsidiaries which have been consolidated in the finance return. At the end of December 2014, the Trust had three subsidiaries trading; Pharmacy@QEHB, UHB Facilities and Assure (Satellite Dialysis).

10. Conclusion

The Trust has reported a £1.589m surplus for the first nine months of the 2014/15 financial year. This represents an adverse variance of (£0.911m) against the planned surplus of £2.500m for the year to date. This reported position includes an aggregate overspend of (£20.511m) across operational divisions. This has been offset on a year to date basis by underspends across corporate budgets and by use of the Trust's Specific Reserves. The Trust remains on track to deliver a surplus in 2014/15 but this is now likely to be only around £1.700m before accounting gains. This is lower than the £3.000m planned, reflecting the continuing pressures across operational divisions.

11. Recommendations

The Board of Directors is asked to:

- Receive the contents of this report.
- Approve the revised capital expenditure plan for 2014/15.
- Agree that the in year governance statement for Q3 should be submitted to Monitor with a negative finance declaration and confirming that three subsidiary companies have been consolidated into the financial return.

Mike Sexton
Chief Financial Officer
19 January 2015

Appendix A

University Hospitals Birmingham NHS Foundation Trust

Capital Expenditure Update Q3 2014/15

1. Purpose

This appendix sets out a revised 2014/15 capital programme budget for approval along with:

- A summary of the capital project expenditure between April and December of the 2014/15 financial year.
- An progress update on major capital projects
- An overview of capital investments impact on Trust's cash balance.

2. 2014/15 Expenditure Summary

Actual capital expenditure at the end of quarter 3 was £21.72m, as shown below, against the original £21.30m capital budget approved in April 2014.

Table 1: Summary 2014/15 Capital Programme

Project Description	Annual Budget £m	Year To Date Expenditure £m
Brought Forward Schemes	0.00	0.24
Estates - ITM Project	8.80	6.52
Estates - QE Site Building Refurbishment	2.40	0.63
Estates – New Office Facilities	0.00	5.78
Estates - New Hospital Works & Lifecycle	0.93	0.47
Estates - Renal Facility Project	0.75	0.46
Equipment - Rolling Replacement	2.21	3.24
Equipment - Major Equipment Replacement	3.61	1.57
Equipment – Other inc. COO Discretionary	1.25	1.05
IMT Replacement & specific projects	1.15	1.30
External Funding: Donated Assets	0.20	0.45
TOTAL	**21.30**	**21.72**

3. Key Programme Update

- Institute for Translational Medicine (ITM): £6.52m has been incurred on the refurbishment of buildings to create the ITM. Several issues have arisen during the main refurbishment phase, but the main contractors (Vinci Construction) are on track to complete works in May enabling a June 2015 opening as planned.
- QE site works: To date £0.63m has been incurred on various small projects including refurbishment in the Oncology wards and within radiotherapy room 7 to prepare for a new linear accelerator. A further £0.47m relates to new hospital lifecycle and variation works during the period.

- New offices: To date £5.78m has been incurred to purchase the two new office facilities. Further expenditure is planned to complete the refurbishment and fit out between January and April.
- Renal dialysis community facility: Expenditure of £0.46m has been incurred by the facilities subsidiary relating to the fit out of the Rabone Lane renal facility. Refurbishment works are ongoing by the specialist construction firm.
- Equipment rolling replacement: £3.24m has been invested in the replacement of existing medical equipment across the Trust. Recent deliveries include new defibrillators neurophysiology equipment, and operating microscopes.
- Major medical equipment: £1.57m has been spent year to date, primarily on a replacement Linear Accelerator (£1.55m) which was delivered in October 2014. Other approved replacements planned in 2014/15 include a new cardiac catheter room, MRI scanner and several items of mobile imaging equipment.
- Other equipment purchases: These total £1.05m and include a new mass spectrometer and several laboratory microscopes.
- IT projects: To date £1.30m has been incurred on replacement servers and data storage capacity. This includes all the planned 2014/15 IT investment plus some additional HED server purchases which will be funded from specific HED income.

4. Refreshed 2014/15 Capital Programme

Monitor requires Trusts to resubmit capital expenditure forecasts if the actual expenditure varies by more than 15% (above or below plan) at each quarter end. The additional capital investments approved during the year (such as the new offices purchase and refurbishment) has resulted in the total capital expenditure at the end of Q3 being more than 15% above the year to date plan. Therefore a revised capital plan must be submitted to Monitor as part of the Q3 financial return. The refreshed capital budget to be submitted to Monitor is proposed to be £34.30m for the year, split as follows:

Table 2: 2014/15 Revised Capital Expenditure Budget

Project Description	Original Budget £ m	Refreshed Budget £ m	Movement £m
Brought Forward Schemes	0.00	0.00	0.00
Estates - ITM Project	8.80	11.00	2.20
Estates - QE Site Building Refurbishment	2.40	1.40	-1.00
Estates – New Office Facilities	0.00	8.75	8.75
Estates - New Hospital Works & Lifecycle	0.93	0.93	0.00
Estates - Renal Facility Project	0.75	1.75	1.00
Equipment - Rolling Replacement	2.21	3.16	0.95
Equipment - Major Equipment Replacement	3.61	3.61	0.00
Equipment – Other inc. COO Discretionary	1.25	1.80	0.55
IMT Replacement & specific projects	1.15	1.30	0.15
External Funding: Donated Assets	0.20	0.60	0.40
TOTAL	**21.30**	**34.30**	**13.00**

This refreshed capital programme includes an additional capital investment of £13.00m in 2014/15. The funding for the majority (£10.70m) of this additional investment comes from external sources;

- £8.50m Additional Public Dividend Capital from DH
- £1.80m Dept. of Business, Innovation & Skills (ITM Grant)
- £0.40m donated income (QEHB charity approved purchases)

The balance (£2.30m) will be funded from internally generated cash. This largely relates to additional equipment investments approved in the year (liver and urology initiatives, radiotherapy systems, renal dialysis machines and faster than expected refurbishment of the community dialysis facility).

5. Capitalised Payments and Sources of Funding

In addition to the capital project expenditure outlined above, the Trust incurs two further capital payments relating to the New Hospital, these are the capital repayment of the finance lease and a new hospital lifecycle payment. In 2014/15 these are expected to be £14.44m as follows:

- £12.10m for the repayment of the finance lease creditor i.e. the annual repayment of the capital element of the PFI lease and
- £2.34m for new hospital lifecycle payments.

Table 3 below shows the revised capital budget and sources of funding;

Table 3: 2014/15 Capital Expenditure & Sources of Funding

Capital Funding & Expenditure	2014/15 Revised Plan £m	YTD Actual £m
Capital Programme Expenditure	(34.30)	(21.72)
New Hospital Capital Payments	(14.44)	(10.75)
Sub Total Capital Expenditure	**(48.74)**	**(32.47)**
External Funding: QEHB Charity	0.60	0.45
External Funding: Central Govt Grant (ITM)	10.60	5.60
External Funding: Public Dividend Capital	9.20	8.50
Trust Funding: 2014/15 Depreciation	20.20	15.20
Trust Funding: 2014/15 FOT Surplus [1]	1.10	1.14
Net Capital Funding	**41.70**	**30.89**
Net Cash Increase / (Decrease)	**(7.04)**	**(1.58)**

1. The surplus figures exclude donated income already shown in the external funding line in this table.

To maintain the Trust's overall cash balances, capital expenditure needs to broadly balance the sources of capital funding. Table 3 above shows the revised total planned capital investment for 2014/15 at £48.74m. This compares to £41.70m of funding (external and internally generated) resulting in a planned overall cash decrease of (£7.04m) during 2014/15.

At the end of quarter 3, the overall capital funding position was a (£1.58m) cash decrease.