

**UNIVERSITY HOSPITALS BIRMINGHAM NHS FOUNDATION TRUST**  
**REPORT TO THE BOARD OF DIRECTORS**  
**THURSDAY 28 APRIL 2016**

<b>Title:</b>	<b>FINANCE AND ACTIVITY REPORT FOR THE PERIOD ENDING 31 MARCH 2016</b>
<b>Responsible Director:</b>	Mike Sexton, Chief Financial Officer
<b>Contact:</b>	Steve Clarke, Acting Deputy Director of Finance, ext. 17374

<b>Purpose:</b>	To update the Board of Directors on the financial and activity performance of the Trust.	
<b>Confidentiality Level &amp; Reason:</b>	N/A	
<b>Annual Plan Ref:</b>	3.4 – Ensure the Trust maintains financial health	
<b>Key Issues Summary:</b>	<p>The Trust has recorded a deficit of (£4.650m) before adjustments for revaluations and impairments for the 2015/16 financial year; this is £1.950m better than the planned annual deficit of (£6.600m). This favourable variance is due to healthcare and other income gains along with a benefit from Commissioners not levying certain fines and sanctions in Quarter 4.</p> <p>This excludes the impact of the annual revaluation and impairment of the Trust's assets, once these are taken into account, the overall Trust reported deficit is (£19.725m) for 2015/16. These figures are subject to the completion of the audit of the annual accounts.</p>	
<b>Recommendations:</b>	<p>The Board of Directors is requested to;</p> <ul style="list-style-type: none"> <li>• Receive the contents of this report and</li> <li>• Approve the submission of the Quarter 4 governance statement to NHS Improvement with the finance declarations contained in this report.</li> </ul>	
<b>Approved by:</b>	Mike Sexton	19 April 2016

# UNIVERSITY HOSPITALS BIRMINGHAM NHS FOUNDATION TRUST

## BOARD OF DIRECTORS THURSDAY 28 APRIL 2016

### FINANCE AND ACTIVITY REPORT FOR THE PERIOD ENDING 31 MARCH 2016

#### PRESENTED BY THE CHIEF FINANCIAL OFFICER

#### 1. Introduction

This report covers the 2015/16 financial year (1 April 2015 to 31 March 2016). The report summarises the Trust's year to date financial performance and includes information on healthcare activity, expenditure variances and CIP delivery.

For the 2015/16 financial year, the Trust is reporting a deficit of (£4.650m); this is a favourable variance of £1.950m compared to the planned deficit of (£6.600m). The Trust recorded a surplus of £0.201m in March which is £1.001m better than the planned deficit of (£0.800m). This includes additional healthcare and other income received in Month 12 along with a gain from commissioners not levying certain fines and penalties in Quarter 4.

The Trust's 2015/16 planned deficit was (£6.600m), which included £14.900m of one-off grant and donated income linked to the opening of the Institute of Translational Medicine (ITM). The underlying position excluding the ITM grants and donations is a deficit of (£19.550m).

The figures above exclude the impact of the annual land and building asset revaluation. The March 2016 external revaluation has had the following impact;

- (£17.143m) impairment of the QEHB building, with a lower building value due to Trust now excluding the cost of VAT (detailed in section 10).
- (£1.001m) impairment of Regent and Yardley Court office buildings (the cost of building purchase, refurbishment and ICT works being higher than the latest external valuation).
- £3.069m increase in Heritage building asset valuation to reflect the opening of the ITM facility in year. This gain is shown as a reversal to the original impairment completed when the building was written off following the move into QEHB.

The combined impact of these changes is a (£15.075m) impact on the Trusts reported financial position. Including these accounting adjustments the Trust is reporting an overall deficit of (£19.725m) for the 2015/16 financial year, subject to the completion of the audit of the annual accounts. The impact of the impairment and revaluation is excluded from the key ratios used by NHS Improvement to measure the Trusts financial performance.

The Trusts overall financial position includes a (£25.373m) year to date overspend across Operational Divisions. The main pressures have been reviewed in detail previously and include;

- Workforce issues: continuing high levels of locum and agency medical staff and nurse agency expenditure.
- Activity and capacity cost pressures including unfunded beds, waiting list initiative payments, additional sessions and use of private sector capacity in a few remaining specialties.
- Cost improvement programme (CIP): 2015/16 CIP delivery remains strong at around 90%, there is an adverse variance caused by under delivery against historic CIP targets.

## 2. Income & Expenditure Position

### 2.1 Year to Date Summary

Table 1 below shows the underlying deficit (before impairments) of (£19.550m) compared to the reforecast underlying plan.

**Table 1 – Underlying I&E: Actual vs. Original and Reforecast Plan**

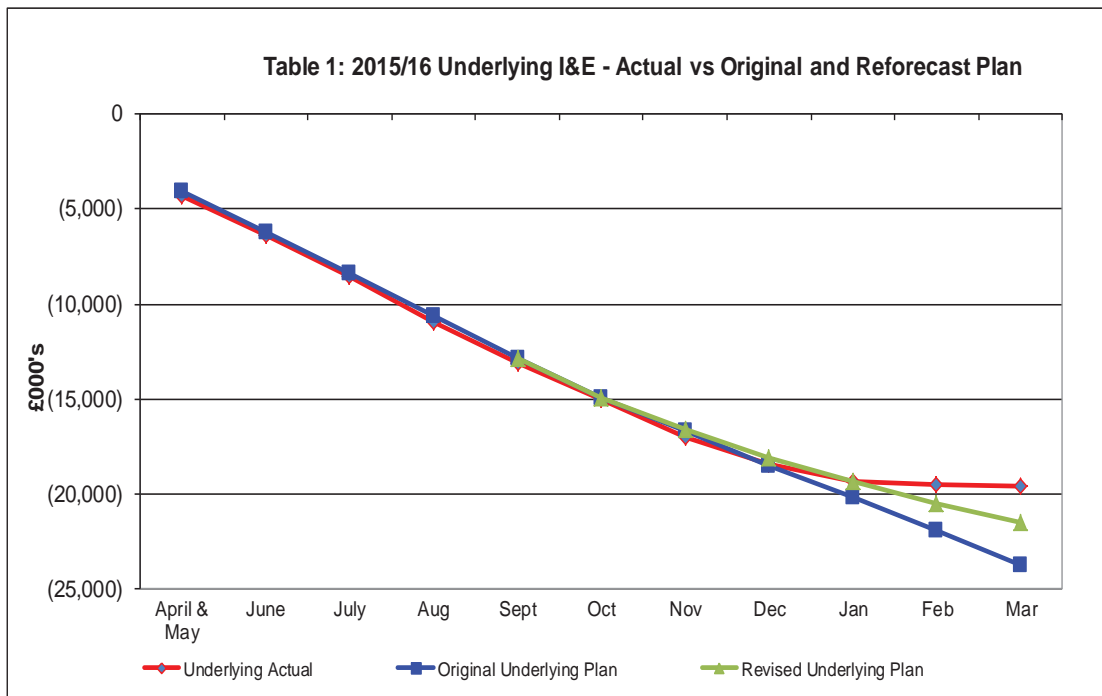


Table 2 below summarises the Trust's reported income & expenditure position at the end of March (including the impact of impairments). Analysis of income is included in section 2.2 and operating expenditure variances are detailed in section 2.4 below.

**Table 2 – YTD Income and Expenditure Budget vs. Actual**

	<b>Budget Mar £m</b>	<b>Actual Mar £m</b>	<b>Variance  £m</b>
Operating Revenue	729.2	743.1	13.9
Operating Expenses	(707.7)	(719.7)	(12.0)
<b>EBITDA</b>	<b>21.5</b>	<b>23.4</b>	<b>1.9</b>
Depreciation	(21.1)	(21.3)	(0.2)
Interest Receivable	0.3	0.3	0.0
Interest Payable	(16.7)	(16.6)	0.1
Contingent Rental	(5.6)	(5.6)	0.0
Corporation Tax	0.0	(0.1)	(0.1)
PDC Dividend	0.0	0.0	0.0
<b>Normalised Surplus / (Deficit)</b>	<b>(21.6)</b>	<b>(19.9)</b>	<b>1.7</b>
Donated Asset Revenue	14.3	14.7	0.4
Profit / (Loss) on Asset Disposal	0.7	0.6	(0.1)
<b>Total Surplus / (Deficit)</b>	<b>(6.6)</b>	<b>(4.6)</b>	<b>2.0</b>
Reversal of Impairments	0.0	3.1	3.1
Impairments on Property	0.0	(18.1)	(18.1)
<b>Retained (Deficit) / Surplus</b>	<b>(6.6)</b>	<b>(19.6)</b>	<b>(13.0)</b>

Note - may include rounding differences

## 2.2 Income Analysis

Total operating income is £14.0m above plan at the end of Month 12, as shown in table 3 below.

**Table 3 – Income against Plan**

	<b>Budget Mar £m</b>	<b>Actual Mar £m</b>	<b>Variance  £m</b>
Clinical - NHS	592.2	605.2	13.0
Clinical - Non NHS	27.0	23.9	(3.1)
Other	110.1	114.2	4.1
<b>TOTAL</b>	<b>729.3</b>	<b>743.3</b>	<b>14.0</b>

Note - may include rounding differences

NHS clinical revenues are £13.0m above plan year to date which primarily reflects additional income for high cost drugs and devices excluded from tariff along with specific cost per case treatments such as Bone Marrow Transplant & Renal Dialysis. Non NHS clinical revenues are (£3.1m) below plan which includes under recovery of private patient income. Other income is £4.1m above plan year to date due to additional education, research and service level agreement income received in year.

## 2.3 NHS Clinical Income / Activity

Table 4.1 below compares monthly admitted patient care (APC) spells against target for the first eleven months of 2015/16. Both elective and non-elective inpatient activity in February was above plan and continues above plan year to date.

**Table 4.1 – Trust Inpatient Activity**

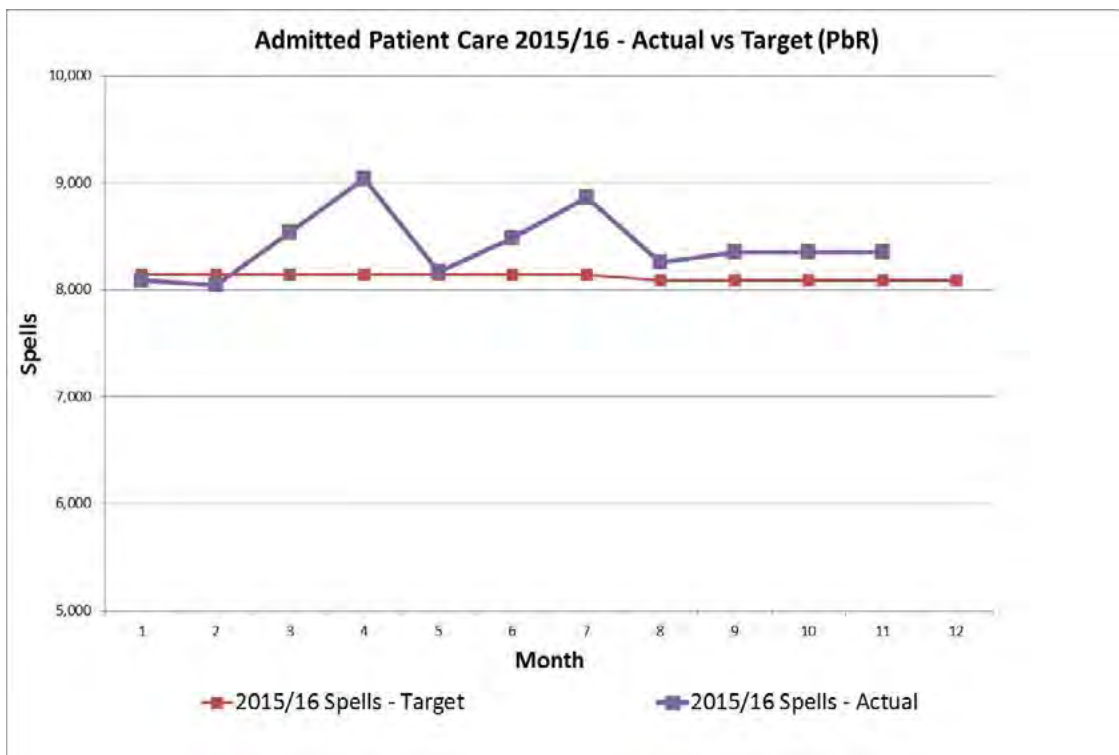


Table 4.2 shows the combined outpatient activity continuing to be above plan for the first eleven months of 2015/16 (April – February). Follow up and outpatients with procedure are above plan with new appointments in line with plan.

**Table 4.2 – Trust Outpatient Activity**

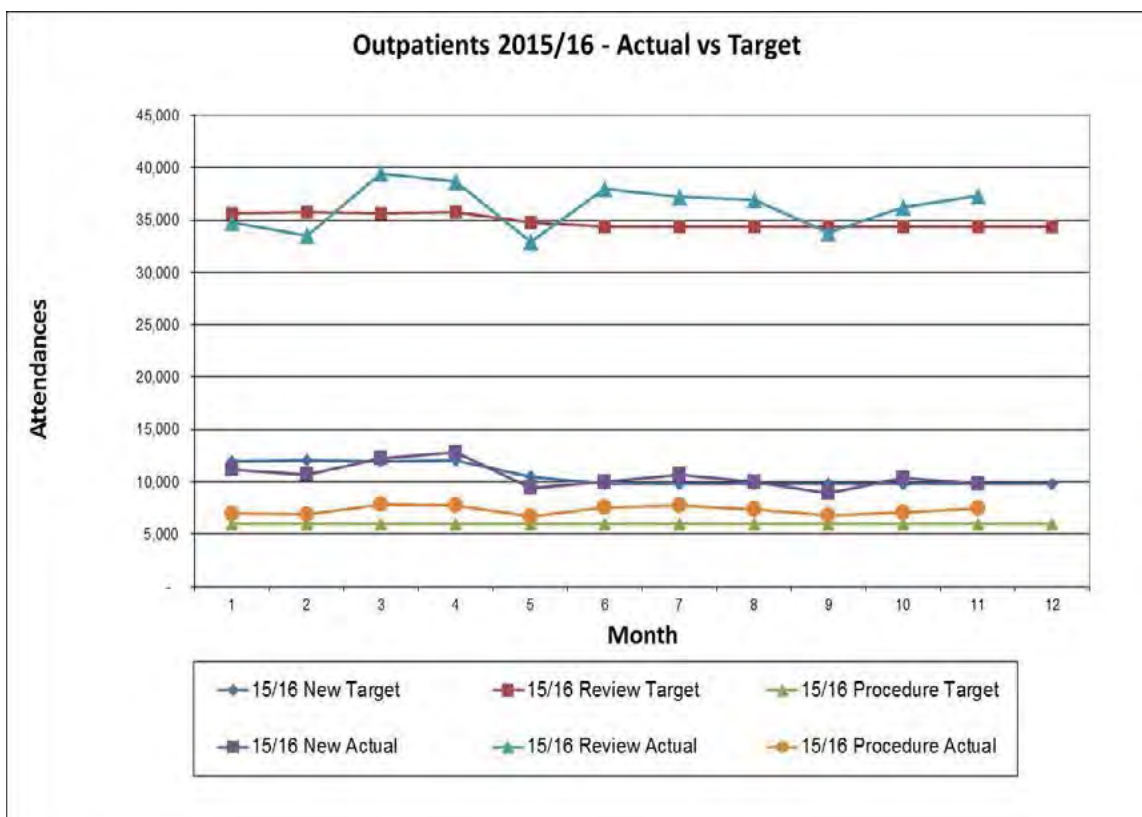


Table 5 below shows the income variance by division and point of delivery at the end of Month 11 (April-February). Year to date healthcare income (excluding cost per case) is below plan at the end of Month 11. As in previous years, this is not reflected in the Trust wide financial position, with the forecast

full year healthcare income position used as the basis for the Trust annual accounts.

**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	149	630	2,750	-1,903	<b>1,626</b>
Outpatient	135	-223	1,380	1,740	<b>3,032</b>
Other	-2,744	-3,900	368	-961	<b>-7,236</b>
<b>Total</b>	<b>-2,460</b>	<b>-3,493</b>	<b>4,498</b>	<b>-1,124</b>	<b>-2,578</b>

Note - may include rounding differences

## 2.4 Expenditure Analysis

The Trust wide subjective expenditure analysis in Table 6 shows actual expenditure being (£11.9m) above the budgeted expenditure of £707.7m for the year to date.

**Table 6 – Year to Date Expenditure against Plan**

	Budget Mar £m	Actual Mar £m	Variance £m
<b>PAY</b>			
Medical Staff	113.4	124.9	(11.5)
Nursing	131.0	142.0	(11.0)
Scientific & Technical	48.8	49.0	(0.2)
SMP / A&C	61.8	62.5	(0.7)
Other	14.4	14.7	(0.3)
Pay Reserves	14.7	0.0	14.7
<b>Total Pay</b>	<b>384.1</b>	<b>393.1</b>	<b>(9.0)</b>
<b>NON PAY</b>			
Drugs	114.6	115.9	(1.3)
Clinical Supplies & Services	92.3	95.3	(3.0)
Other / Non-Pay Reserves	116.7	115.3	1.4
<b>Total Non Pay</b>	<b>323.6</b>	<b>326.5</b>	<b>(2.9)</b>
<b>GRAND TOTAL</b>	<b>707.7</b>	<b>719.6</b>	<b>(11.9)</b>

Note this may include rounding difference

## 3. Cost Improvement Programme

The Trust's 2015/16 Financial Plan included a total efficiency savings target of £17.8m. At the end of quarter 4, efficiency savings of £16.1m had been delivered which is equivalent to 90% of the annual target. Whilst this leaves CIP slippage of £1.7m to be carried forward, 90% delivery is creditable given the

operational pressures and increasing difficulty in the identification of savings opportunities.

These figures reflect recurring savings delivered and the part year effect of some savings schemes, the Divisional CIP tracker will continue to be updated to reflect additional savings schemes developed to deliver the full CIP target.

**Table 7 – Delivery of Cost Improvements**

	<b>Cumulative variance against plan (£000)</b>			
	<b>Q1</b>	<b>Q2</b>	<b>Q3</b>	<b>Q4</b>
Division A	(271)	(401)	(199)	(55)
Division B	(373)	(651)	(622)	(543)
Division C	(411)	(757)	(485)	(485)
Division D	(63)	(512)	(397)	(630)
Corp/ NHP/ Central Ops	(33)	(5)	(132)	(2)
<b>Total</b>	<b>(1,151)</b>	<b>(2,325)</b>	<b>(1,835)</b>	<b>(1,714)</b>
% Achieved	74%	74%	86%	90%

The following factors are contributing to the CIP shortfall;

- Timing or phasing issues where CIP saving schemes have been implemented during the year but only realised part year savings during 2015/16 with more to follow in 2016/17.
- A gap between the total CIP target and the value of approved schemes.
- Delays in delivery of some savings due to operational or procurement reasons.
- Operational pressures in year diverting resources away from CIP delivery.

#### **4. Divisional Analysis**

An adverse variance of (£25.373m) has been recorded across operational divisions during 2015/16, this equates to a monthly average “run rate” of (£2.114m).

**Table 8 – Analysis of year to date variances by Division**

	Income	Expenditure	Total
	£'000	£'000	£'000
Division A	1,847	(7,790)	<b>(5,943)</b>
Division B	5,172	(9,577)	<b>(4,405)</b>
Division C	443	(7,723)	<b>(7,280)</b>
Division D	111	(10,330)	<b>(10,219)</b>
Division E	6,077	(2,880)	<b>3,197</b>
<b>Sub - Total</b>	<b>13,650</b>	<b>(38,300)</b>	<b>(24,650)</b>
Healthcare Income	(723)	0	<b>(723)</b>
<b>TOTAL</b>	<b>12,927</b>	<b>(38,300)</b>	<b>(25,373)</b>

Note - may include rounding differences

The aggregate divisional overspend in March was (£0.576m); a significant improvement compared to the historic run rate. This was due in part to income gains including cardiac services activity of £0.489m, £0.348m of NEQAS funding in division A and the release of £0.535m funding for Liver transplant over performance delivered in year.

Adverse variances in March included (£1.117m) attributable to Medical staffing. Senior medical staff (consultants) accounted for (£0.659m) of the monthly variance, this included locum cover for vacancies and sickness, unfunded consultant posts, payments for additional sessions and waiting list initiatives. Significant specialty overspends in March included Imaging (£0.135m), Neurosciences (£0.093m) Burns & Plastics (£0.084m), Trauma (£0.074m), Renal (£0.053m) and A&E (£0.050m). A further overspend of (£0.458m) relates to expenditure on junior and middle grade doctors including usage of agency, locums and unfunded posts. The largest over spends in month were within A&E (£0.145m), Trauma (£0.087m), Critical Care (£0.069m), Cardiac Services (£0.064m) and Neurosciences (£0.059m).

The monthly nursing (including Theatre ODPs) adverse variance reduced to (£0.299m) in March. Specific departmental overspends included Critical Care (£0.208m) Theatres (£0.111m) and A&E (£0.074m) and Imaging (£0.000m) all of which included significant external agency expenditure.

## 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 March 2016.

**Table 9 – Statement of Financial Position**



		Audited Mar 2015 £m	Actual Mar 2016 £m	YTD Plan Mar 2016 £m
<b>Non Current Assets:</b>				
	Property, Plant and Equipment	508.4	503.3	505.0
	Intangible Assets	0.7	0.7	0.7
	Trade and Other Receivables	21.6	11.1	9.3
	Other Assets	0.0	0.0	0.0
	<b>Total Non Current Assets</b>	<b>530.7</b>	<b>515.1</b>	<b>515.0</b>
<b>Current Assets:</b>				
	Inventories	15.4	15.7	15.4
	Trade and Other Receivables	69.6	34.7	57.4
	Other Financial Assets	0.2	0.2	0.2
	Other Current Assets	10.5	10.2	10.8
	Cash	51.3	59.2	40.1
	<b>Total Current Assets</b>	<b>147.0</b>	<b>120.0</b>	<b>123.9</b>
<b>Current Liabilities:</b>				
	Trade and Other Payables	105.8	97.2	104.2
	Borrowings	12.6	12.8	12.8
	Provisions	0.8	0.8	0.8
	Tax Payable	7.6	7.3	7.5
	Other Liabilities	30.9	16.6	15.5
	<b>Total Current Liabilities</b>	<b>157.7</b>	<b>134.7</b>	<b>140.8</b>
<b>Non Current Liabilities:</b>				
	Borrowings	509.6	496.7	496.8
	Provisions	2.5	2.4	2.5
	Tax Payable	0.0	0.1	0.0
	Other Liabilities	10.8	7.4	6.8
	<b>Total Non Current Liabilities</b>	<b>522.9</b>	<b>506.6</b>	<b>506.1</b>
<b>TOTAL ASSETS EMPLOYED</b>		<b>(2.9)</b>	<b>(6.2)</b>	<b>(8.0)</b>
<b>Financed by:</b>				
	Public Dividend Capital	180.7	183.0	182.1
	Income & Expenditure Reserve	(278.7)	(297.4)	(285.1)
	Donated Asset Reserve	0.0	0.0	0.0
	Revaluation Reserve	95.1	108.2	95.0
	Merger Reserve	0.0	0.0	0.0
<b>TOTAL TAXPAYERS EQUITY</b>		<b>(2.9)</b>	<b>(6.2)</b>	<b>(8.0)</b>

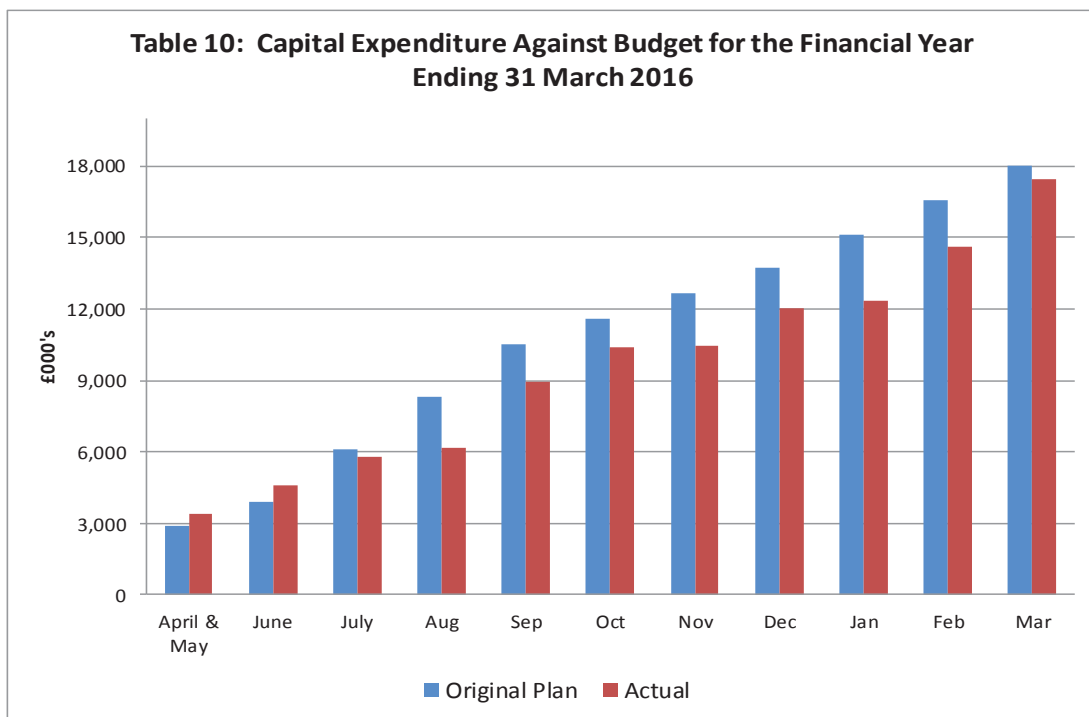
Note - may include rounding differences

## 6. Capital Expenditure (Non-Current Assets)

The approved capital programme budget for 2015/16 was £18.0m; at the end of March 2016 actual capital expenditure was £17.4m.

Capital expenditure in March totalled £2.8m, this included £1.9m of estates costs including PFI lifecycle payments (£1.3m), PET scanner works (£0.2m) and other projects (£0.5m). A further £0.7m of medical equipment was purchased in month which included ventilators, patient monitors, defibrillators, tissue processors and TEG 6 machines required in critical care. More detail on capital projects, funding and expenditure is attached as **Appendix 1**.

Table 10 – Capital Expenditure against Plan



## 7. Asset Revaluations

As summarised above, the annual external revaluation was undertaken by the Valuation Office in February 2016 with a report submitted to the Trust in March to ensure the valuations included in the 2015/16 annual accounts are current. The outcome of this exercise resulted in an increase to the value of Trusts buildings to reflect changes in national and local building indices.

At the same time, and in line with a change being implemented by a number of other Trusts with PFI schemes, the Trust in conjunction with Monitor and external audit has adjusted the methodology used to value the PFI asset (QEHB). Historically, the replacement cost for the PFI building included VAT, in reality, should a significant event occur which requires the building to be replaced; it would be replaced by the PFI operator via insurance with the PFI operator able to reclaim VAT. Therefore the Trust is now showing the carrying value of the PFI building excluding VAT. This has the impact of reducing the asset value, leading to an impairment of (£17.1m) shown in the Trust financial position. The removal of the VAT cost does not apply to the remaining estate (non PFI buildings) as the Trust would incur VAT in the replacement of these buildings.

A further (£1m) of impairment is included within the position for Regent & Yardley Court, offset by £3m reversal of impairment against the ITM building. Overall, the combined impact of the impairments and revaluations is (£15.075m) which is included within the Trusts year end position.

## 8. Current Assets

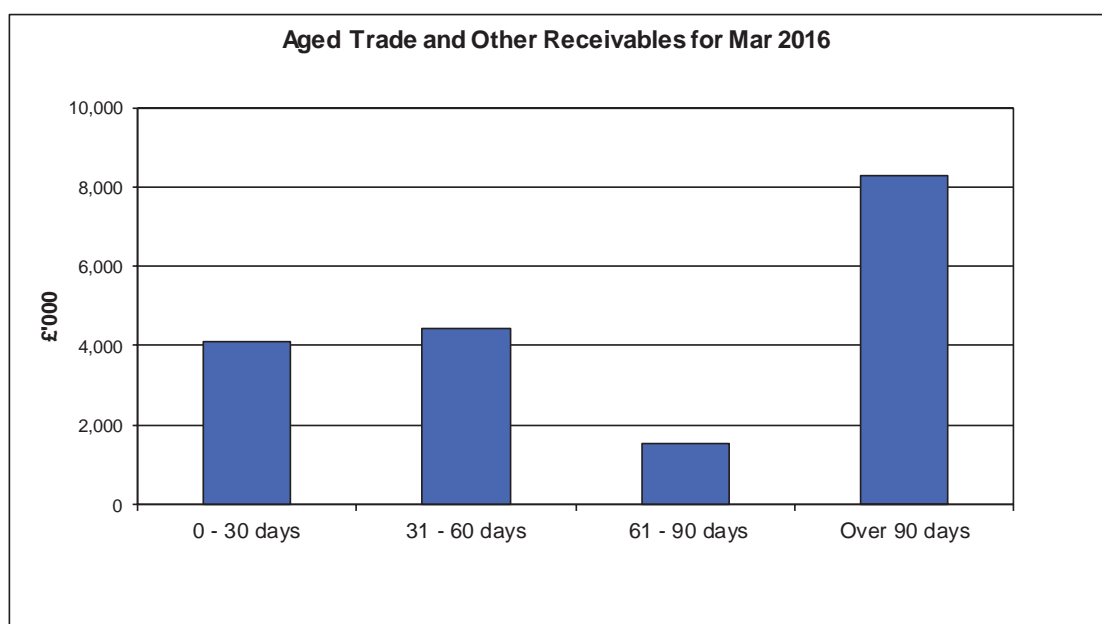
The Trust's total current assets (excluding cash and inventories) amounted to £45.1m as at 31 March 2016.

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

	<b>Actual Mar 2016 £m</b>	<b>Forecast Mar 2016 £m</b>
Trade Receivables	18.3	41.5
Bad Debt Provision	-2.6	-3.4
Other Receivables	19.0	19.3
<b>Trade and Other Receivables</b>	<b>34.7</b>	<b>57.4</b>
Accrued Income	0.2	0.2
<b>Other Financial Assets</b>	<b>0.2</b>	<b>0.2</b>
Prepayments	10.2	10.8
<b>Other Current Assets</b>	<b>10.2</b>	<b>10.8</b>
<b>TOTAL</b>	<b>45.1</b>	<b>68.4</b>

Analysis of the age profile of Trade Receivables (unpaid invoices issued by the Trust) is summarised in Table 12 below. As at 31 March, the over 90 day debt was £8.2m, a £0.3m reduction from the previous month. The outstanding balance includes £2.0m due from NHS commissioning organisations including £1.5m outstanding from NHS England. A further £2.8m relates to unpaid invoices for Service Level Agreements for services provided to other NHS providers. This includes Birmingham Women's Hospital (£0.7m), Birmingham Children's Hospital (£0.6m), Heart of England (£0.5m) and Walsall NHS Trust (£0.4m). The £3.5m balance includes income owed to the Trust by non-NHS debtors including local authorities, universities, private sector organisations and individuals (e.g. overseas and private patients).

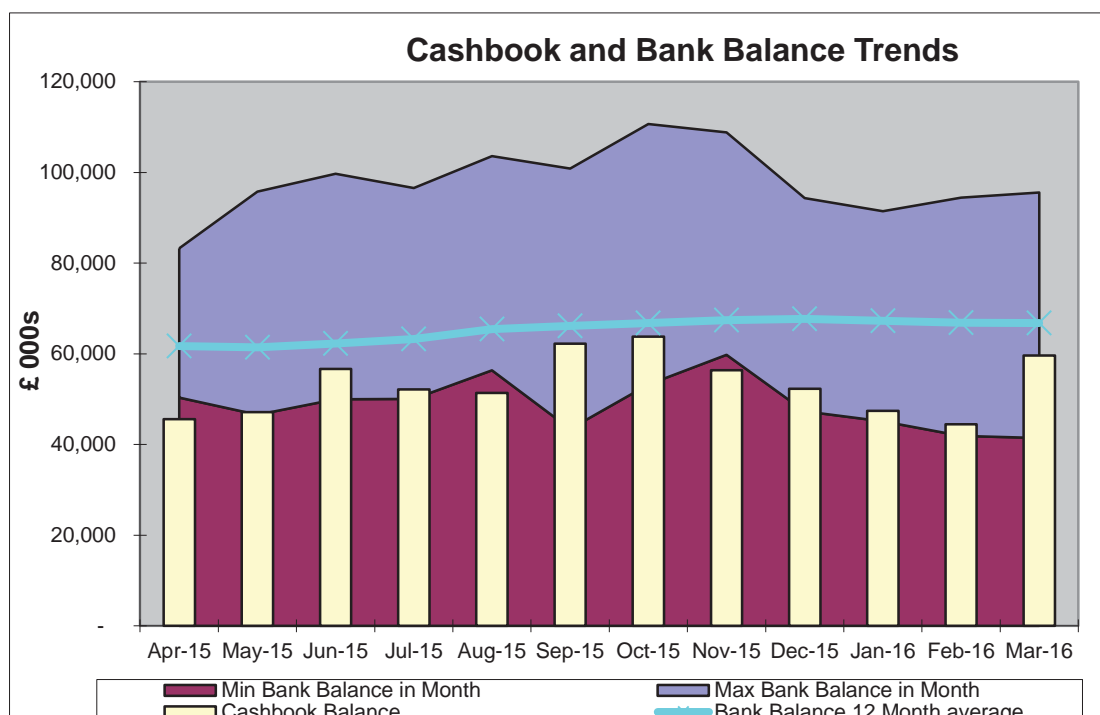
**Table 12 – Aged Debt Analysis**



## 9. 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 31 March 2016 was £59.2m which is £19.1m above plan. Cash increased significantly in Month 12 due to the receipt of the latest payment for the Selly Oak site (£6.0m) along with receipt of quarterly education funding and settlement of invoices by commissioners.

Table 13 – Cash Flow



## 10. NHS Improvement Quarter 4 Return

As previously reported, NHS Improvement implemented the new Financial Sustainability Risk Rating (FSRR) in August 2015. The FSRR ranges from 1 (highest risk) to 4 (lowest risk), based on the 2015/16 financial plan and the financial performance delivered to date, the Trust has an FSRR of 2 (“material level of financial risk”).

At the end of each quarter, Foundation Trusts are required to submit a Governance Statement to Monitor. The current statement requires the Board of Directors to complete five declarations including three financial declarations, based on the information in this report and the 2016/17 annual plan; the recommended responses for the financial declarations are:

1. The Trust will maintain a Financial Sustainability Risk Rating of at least 3 over the next 12 months – **Not Confirmed**
2. The Trusts capital expenditure for the remainder of the financial year will not materially differ from the amended forecast in this financial return – **Confirmed**
3. Number of subsidiaries included in the finances of this return - **Three**

The financial performance of the Trust’s three trading subsidiaries, Pharmacy@QEHB Ltd, UHB Facilities Ltd and Assure Dialysis Services, has been consolidated into the figures contained in this report and the quarterly return to NHS Improvement.

## 11. Conclusion & Recommendations

The Trust has recorded a deficit of (£4.650m) for the financial year which is £1.950m better than plan. The improved financial performance reflects over

performance in healthcare and other income along with gains from commissioners not levying certain fines in Quarter 4.

The total reported financial position for 2015/16 (subject to the completion of the audit of the annual accounts) is a deficit of (£19.725m), which includes grant and donated income as well as the impact of the annual revaluation of the Trust's estate.

The Board of Directors is requested to;

- Receive the contents of this report and
- Approve the submission of the Quarter 4 governance statement to NHS Improvement with the finance declarations contained in this report.

Mike Sexton  
Chief Financial Officer  
19 April 2016

## Appendix A – 2015/16 Capital Expenditure Update

### 1. Purpose

This appendix provides a summary of capital expenditure in the 2015/16 financial year along with a short progress update for the various major approved capital projects. An overview of the 2015/16 total capital investment, sources of financing and the impact of the Trust's cash balance is provided at the end of this document.

### 2. 2015/16 Capital Funding Summary

Actual capital expenditure at the end of quarter 4 was £17.41m as shown below compared to the approved £18.0m capital budget for the year:

**Table 1: Summary 2015/16 Capital Programme**

Project Description	2015/16 Budget £m	2015/16 Actual Expenditure £m
Brought forward schemes	0.00	0.91
Estates - ITM project	2.20	2.12
Estates - QE heritage & offsite buildings	0.85	1.17
Estates – QEHB works & lifecycle	3.05	3.51
Estates - Renal facility works & equipping	1.30	1.96
Equipment - Rolling replacement	2.70	2.64
Equipment - Major equipment replacement	3.20	2.27
Equipment - Other inc. COO discretionary	1.45	1.08
IT Replacement & specific projects	1.40	0.79
GMC Tech Fund project	1.46	0.30
External funded donated assets	0.40	0.66
<b>TOTAL</b>	<b>18.01</b>	<b>17.41</b>

Note - may contain rounding differences.

### 3. Capital Programme Update

- Institute for Translational Medicine (ITM): £2.12m has been incurred in 2015/16 on the building refurbishment and equipping at the start of the financial year. The facility opened in June 2015 and major works have been completed.
- QE Heritage building & offsite building refurbishment: £1.17m incurred which has included the following projects; PET scanner works £0.54m, Radiotherapy works £0.36m, Wellcome Theatre £0.09m and clock Tower tanks re-lining £0.08m.
- QEHB works and lifecycle: £3.51m has been incurred for lifecycle replacement and variation works undertaken in the QEHB by the PFI operator. This includes a number of approved variation works (inc. room conversions & ICT infrastructure) along with lifecycle

refurbishment across the building undertaken as part of the PFI contract.

- Renal dialysis community facility: Expenditure of £1.96m was incurred in 2015/16 to complete the Rabone Lane community renal facility. Final payments for works and equipment have been completed and the facility is now fully operational and managed by the Trust subsidiary, Assure Dialysis.
- Equipment rolling replacement: A budget of £2.70m exists for the replacement of existing medical equipment across the Trust. Items prioritised for replacement by the medical engineering team include patient monitors, anaesthetic machines, defibrillators, ITU ventilators, diathermy equipment and patient hoists. The procurement and delivery of these items has taken place on a phased basis throughout the financial year, with a total expenditure of £2.64m
- Major medical equipment: £2.27m has been incurred in year, in relation to the purchase of a new PET CT scanner £1.70m and the £0.56m refurbishment of an MRI scanner.
- Other equipment purchases: Expenditure of £1.08m has been incurred this financial year; this includes £0.26m for a replacement laboratory mass spectrometer £0.44m on replacement endoscopes and replacement lung function equipment £0.23m.
- IT projects And GMC Tech Fund: £0.79m has been incurred on replacement servers, IT hardware and purchases as prioritised by the Trusts IT department. A further £0.30m has been incurred on the externally funded 100,000 genomics project.
- Donated Equipment: £0.66m of equipment and hardware was awarded to the Trust following successful bids to the QEHB charity during the year.

#### **4. Capitalised Payments and Sources of Funding**

In addition to the capital project expenditure outlined above, the Trust incurs two further capital payments which relate to the New Hospital. These are the capital repayment of the finance lease and the new hospital lifecycle payment. In 2015/16 these items total £12.93m as follows:

- £12.59 for the repayment of the finance lease creditor i.e. the annual repayment of the capital element of the PFI lease and
- £0.34m for new hospital lifecycle prepayments.

When added to the normal capital programme expenditure above, the Trusts total planned capital investment for 2015/16 was £30.9m as shown below;

**Table 2: 2015/16 Capital Expenditure & Sources of Funding**

<b>Capital Funding &amp; Expenditure</b>	<b>2015/16 Plan £m</b>	<b>Actual £m</b>
Capital Programme Expenditure	(18.0)	(17.4)
New Hospital Capital Payments	(12.9)	(12.9)
<b>Sub Total Capital Expenditure</b>	<b>(30.9)</b>	<b>(30.3)</b>

Note - may contain rounding differences.

This capital investment has been funded from the following sources;

- £21.30m Trust depreciation
- £0.66m External funding (QEHB Charity)
- £2.31m Public Dividend Capital (GMC Tech Fund and others)
- £2.00m ITM Contributions (UoB and others)

The balance (£4.1m) has been funded from the £9.0m capital disposal proceeds from the latest payment for the disposal of the Selly Oak Hospital site. To maintain the Trust's overall cash balances, capital investment should be broadly balanced by the sources of funding. In 2015/16, total capital investments were supported in part by the site disposal receipts which are effectively being reinvested by the Trust into new / replacement assets.