

<b>Meeting title</b>	Trust Board	<b>Date:</b> 2 November 2016
<b>Report title:</b>	Application for extension of Working Capital Revenue Facility	<b>Agenda item:</b> 4.2.4
<b>Lead director</b>	Damian Reid	Director of Finance
<b>Report author</b>	Ian James	Financial Controller

<b>Report summary</b>				
<b>Purpose</b> <i>(tick one box only)</i>	<b>Information</b> <input type="checkbox"/>	<b>Approval</b> <input checked="" type="checkbox"/>	<b>To note</b> <input type="checkbox"/>	<b>Decision</b> <input type="checkbox"/>
<b>Recommendation</b>	.The Board is asked to pass the resolution set out below			

<b>Strategic objectives links</b>	Financial sustainability
<b>Board Assurance Framework links</b>	As above
<b>CQC outcome/ regulation links</b>	Well Led
<b>Identified risks and risk management actions</b>	If cash not obtained, the Trust will not meet its financial targets.
<b>Resource implications</b>	Ongoing repayment of capital and interest
<b>Legal implications including equality and diversity assessment</b>	Passing the resolution is a condition precedent on being able to draw down the loan.

### Background

The trust identified at the beginning of the year that working capital support would be needed because of a planned deficit in order to continue to pay suppliers. The Interim Working Capital Revenue Facility that is currently in place is for £13.5m. However, because of the timings of cash flow in respect of some contracts and contract over-performances by 20 September 2016 the trust only had an available remaining capacity of £485k. In order to meet October creditor payments that facility will need to be increased to £15.3m in October 2016. DH has not clarified whether they are expecting trusts to make a loan application to cover further Interim Working Capital Revenue Facility to March 2017 in October; or if it intends to increase the facility on a monthly basis only from October 2016.

The trust is expecting that when it receives payment from commissioners for over-performances and on slow paying contracts it will be able to reimburse excess cash to DH previously drawn to support cash flow.

The amended Schedule 3 "Defined facility limit" to increase the Working Capital Revenue facility is attached. Historically, in accordance with DH practice these have been signed off by the Director of Finance on behalf of the trust board. No additional terms have been imposed over and above those terms imposed on the £13.5m facility.

The loan agreement previously approved by the trust board as conditions precedent required the Trust Board to:

1. approve the terms of, and the transactions contemplated by, the Finance Documents to which it is a party and resolve that it execute the Finance Documents to which it is a party;
2. authorise a specified person or persons to execute the Finance Documents to which it is a party on its behalf; and
3. authorise a specified person or persons, on its behalf, to sign and/or despatch all documents and notices (including, if relevant, any Utilisation Request) to be signed and/or despatched by it under or in connection with the Finance Documents to which it is a party.
4. Confirm the Borrower's undertaking to comply with the Additional Terms and Conditions. These are mainly for the completion of cash flow forecasts.

### **Recommendation**

The Board is asked to resolve

1. that it approves extending the Working Capital Revenue Facilities to £15.3m
2. to authorise the Director of Finance or Chief Executive to execute the Finance Documents to which it is a party on its behalf;
3. to authorise any two of the Chief Executive, Director of Finance, the Deputy DoF, Head of Financial Management and Financial Controller to sign and/or despatch all documents and notices (including, if relevant, any Utilisation Request) to be signed and/or despatched by it under or in connection with the Finance Documents to which it is a party.

Authorised in advance of the Trust Board meeting on behalf of the Trust under S 5.2 of the Standing Orders, Standing Financial Instructions and Scheme of Delegation – Emergency powers and urgent decisions.

Signed: Gordon Johns, Chairman  
11 October 2016

4. Further recommendation not already authorized in advance:

That the board delegates to the Chair, authority to request an additional £1.7m to a maximum of £17m in the period November and December. The Board expects that improving invoicing arrangements for overperformance will result in a maximum year end position of £15.3m.