

Appendix 3

Revolving Credit Facility

This paper describes the requirement for an increase of the Revolving Working Capital Facility from £29.9m to £35.4m to provide the working capital support for the revenue control total deficit of £15.6m agreed with NHSI for 16-17.

The Committee is asked to recommend to the Board to approve the increase in the Revolving Working Capital Facility.

The Trust's working capital requirements are funded by an Interim Revenue Support Loan of £17.9m and a Revolving Working Capital Facility of £29.9m. The Revolving Working Capital Facility was a new facility introduced by the Department of Health in 2015-16 for Trust's requiring working capital support.

The Planned Deficit for the year agreed with NHSI is £15.6m. At the beginning of the year the Trust had utilised £19.8m of the Revolving Working Capital Facility. A further £10.2m has been utilised in year increasing the facility to the maximum of £29.9m. NHSI has agreed that the Trust can increase the facility by £5.5m so that the total drawdown in year matches the planned revenue deficit of £15.6m.

The cash forecast position relies on drawing down £3.2m in July and the balance of £2.3m in August. This continues to be a bridging facility pending a longer term solution to liquidity.

The movements are shown below:

Type	31 Mar 16 £'000	30 Jun 16 £'000	30 Jul 16 £'000	31 Mar 17 £'000
Interim Revenue Support Loan	17,924			17,924
Revolving Working Capital Facility	19,761	10,139	5,461	35,361

The Board is asked to approve the increase to this revolving credit facility to £35,361 and to make the following resolution. The Finance Documents are the loan agreement and there are no Additional Terms and Conditions. The wording of the resolution is taken from the loan agreement.

The Board of Directors approves to increase the agreement to a £35,361k revolving credit facility with the Secretary of State for Health and in doing so

- (A) approves the terms of, and the transactions contemplated by, the Finance Documents to which it is a party and resolves that it execute the Finance Documents to which it is a party;
- (B) Authorises the Chief Financial Officer to execute the Finance Documents to which it is a party on its behalf; and
- (C) Authorises the Chief Financial Officer, or persons nominated by the Chief Financial Officer, 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.

(D) Confirms the undertaking to comply with the Additional Terms and Conditions.

Bill Stronach
Deputy Chief Financial Officer
June 2016