

STH CAPITAL PLAN – ADDITIONAL FINANCING OPTIONS

APPENDIX D

Option	Potential Value	Capital Funding Consequences	Revenue Consequences (Financing)	Working Capital Consequences	Comments
1. I&E Surpluses	An I&E surplus of £7m per annum would deliver £35m of capital funding over the 5 years.	None	None	None	The ideal solution but deliverability is a major issue in the current political and NHS financial environment.
2. Use of STH Cash Balances	Maximum £40m.	None	Yes - Loss of interest/PDC reduction to a combined level of 3.75%.	Deterioration (by the level of cash used for the capital investment).	Easy to deliver but consequences in terms of lost interest/PDC reduction, working capital resilience and NHSI Financial Sustainability Risk Rating.
3. FT Financing Facility Loan(s)	Potentially unlimited subject to the quality of the business case and the level of funding made available nationally.	Annual loan repayments reduce the future funding available for capital investment.	Yes – At National Loans Fund Rates (currently 2.33% for a 25 year loan).	None (assuming loan repayments are from resources otherwise available for capital investment).	National funding is likely to be constrained in the current political and NHS financial environment. Business cases will be required. Relatively cheap financing cost but repayments reduce future capital investment.
4. PDC Funding	Likely to be very limited availability. Possibly some IT funding.	None	Yes – PDC at 3.5%.	None	A relatively good option but in the current financial environment is very unlikely to provide any significant additional funding.
5. Donations	Relatively small values	None	None	None	A good solution but unlikely to provide any significant additional funding.
6. Other External Finance, e.g. PFI, Leases, etc.	Unlikely to be schemes suitable for PFI. Possible options on leasing large items of medical equipment <u>if</u> it is value for money.	In most cases the identified element of the Unitary Charge/Lease Payment which is the equivalent of a loan repayment will reduce the funding available for future capital investment.	Yes – financing charges at commercial rates.	None	Likely to be an expensive and relatively complicated option. Likely to only be possible in discreet areas.