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York Hospitals NHS
NHS Foundation Trust

Council of Governors – 21 April 2010

Corporate Financial Plan 2010/11 (and 2011/13)

Summary of Paper

Over recent months work has been ongoing to develop the Financial Plan for 2010/11 and beyond through a process of consultation and discussion with Directorates, the Executive Board, the Board of Directors and the Council of Governors.

Recommendation: The Council of Governors is asked to note this report and the Appendices, and to support the Financial Plan for 2010/11.

Assurance and related objective	Assurance on the Trust's financial planning.
Governance	Council of Governors
Owner	Andrew Bertram, Finance Director
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York Hospitals NHS Foundation Trust

Council of Governors Meeting – 21 April 2010

F2

Financial Plan 2010/11 (and 2011/13)

1. Introduction

Over recent months work has been ongoing to develop the Financial Plan for 2010/11 and beyond through a process of consultation and discussion with Directorates, the Executive Board, the Board of Directors and the Council of Governors. The Board of Directors have received regular updates on this process and on the emerging plans.

The plan will be underpinned by a contract with the Trust's main commissioning Primary Care Trusts (PCTs) and the activity underpinning this is the 2009/10 forecast outturn, adjusted for anticipated activity changes.

Contracts are not yet agreed with PCTs and work continues in this regard with a view to signing contracts as soon as practical. The main obstacle to contract agreement at this stage is simply the PCT proposed financial envelope (and activity levels).

The current contract runs to the 31 March 2010 and is the Standard NHS Contract for Acute Services published two years ago. The Department of Health has produced an update to the contract and the Trust and PCTs will be moving to the updated contract from 1 April 2010.

The contract has extended the range of financial penalties for failure to meet certain targets. Whereas penalties for failure to meet Clostridium Difficile and achieve 18 week targets remain, to these are added penalties for failure to meet targets in A&E, cancer, same sex accommodation requirements, and for a range of nationally specified 'never' events.

This plan will form the basis of the Annual Plan submission to Monitor at the end May, adjusted for the final contract settlement with NYY PCT.

2. Payment by Results

For 2010/11 the national PbR system continues to be applied in full within the NHS for elective and non-elective admitted patient care, Outpatient services and Accident and Emergency services. The tariff for 2010/11 continues to be based on HRG version 4, but with some refinements and structural changes. Key among these changes is the merging of the inpatient elective and planned same day tariffs, the introduction of 4 best practice tariffs, the extension of outpatient procedures (to cover 49 procedures), and the reintroduction of a threshold for non-elective activity whereby a marginal rate of 30% will apply for all activity variations from a baseline set on 2008/09 outturn activity.

As part of the new tariff calculation for 2010/11 a sum equivalent to 1.5% has been withdrawn and this will be paid to providers on the provision of evidenced quality improvements (CQUIN). The percentage has been split 0.3% for national initiatives; 0.5% for regional initiatives, with the balance of 0.7% for local determination. Whereas national and regional schemes have been confirmed, discussions are continuing with local commissioners and are expected to be finalised soon. The income plan assumes that the 1.5% is received in full and participation in the scheme is mandatory to secure the income. Although the Department of Health has indicated through the Operating Framework its intention to increase the level of CQUIN held over time up to 10%, years 2 and 3 of the plan assume 1.5% will continue to be held for the present. Clearly going forward assumptions in this regard can be remodelled as clarity emerges.

The PbR national tariff for 2010/11 is based on 2007/08 reference costs and includes the following assumptions for 2010/11 which have a direct impact on the Trust's overall level of income:

- Pay, prices and reform uplift in excess of 5%.
- A Department of Health imposed efficiency requirement of 3.5%.
- Zero percentage uplift to tariff to cover pay, prices and reform for PbR and non-PbR services.
- 1.5% has been top sliced relating to the continued delivery of the quality reform agenda and targets.
- A non-elective threshold has been reintroduced on activity over 2008/09 outturn levels for which marginal income at only 30% of tariff will apply.

Expectations on commissioners and providers continue to be as set out in respect of behaviour under the PbR system in the Code of Conduct, which was adopted by the Board at the February 2006 meeting. The code sets out principles to be observed and states that losses and gains should be taken overall, and cherry picking of tariff 'gainers' or 'losers' should not take place.

3. Income and Expenditure Plans

The income and expenditure plans are based on the Directorate assessments of activity requirements to meet forecast demand.

In summary the Income & Expenditure plan for 2010/11 is presented at **Appendix A**. This shows income growth from commissioners and other sources of £10.1m compared with the 2009/10 baseline plan. The income plan is based broadly on the outturn activity for 2009/10 together with Directorate assessments of growth to sustain cancer and 18 week access targets, and underlying growth in non-elective demand, plus service developments and transfers agreed with commissioners. The detailed activity plans associated with the income plan are shown in **Appendix B**.

In terms of expenditure, a net increase in expenditure of £17.6m is assumed in 2010/11 including pay and inflationary pressures of £5.9m, and £11.7m of investment in largely pre-committed service developments.

The plan provides for £0.5m exceptional costs in 2010/11 and in following years, related to the writing down of fixed assets following the completion of refurbishment capital schemes. These costs, known as impairments, have a negative technical impact on the Income and Expenditure position of the Trust. However it should be noted that for the purposes of calculating financial risk ratings, Monitor disregards these losses from the calculations as they appear below the EBITDA line.

After planned CIPs of £12.2m, which incorporate £2.9m of unachieved recurring CIPs brought forward from 2009/10, a surplus of £1.0m, including the impact of the £0.5m technical impairment loss, is projected.

4. Financial Risk

A number of significant risks and assumptions to achieving the Income and Expenditure position summarised above are included in the plans, and these are set out below.

- NYY PCT affordability of anticipated demand levels presents a significant risk to this plan. Extensive discussions continue to bring this matter to a resolution.
- The Trust's activity plan and therefore income plan is based on Directorate assessments of the forecast non-elective demand, and referrals into services generating additional activity necessary to sustain the cancer and 18 week access targets.
- The expenditure plans assume that in year overspending on operational budgets can be managed by Directorates.
- Further investment in NICE recommendations outside of the PbR tariff is subject to securing specific agreement and income from commissioning PCTs. The plans assume that no unplanned investment will take place unless specific income is secured.
- The plans assume a significant and challenging corporate CIP target of 5.5% (£12.2m), which must be delivered.

- The plans assumes that £1.5m planned slippage of proposed developments is achieved.
- The plan assumes full payment of the 1.5% for the CQUIN quality improvement scheme.

It is essential during 2010/11 that Directorates manage non-activity related expenditure within budget, including any unforeseen pressures if the overall plan is to be achieved. In addition the achievement of agreed cost improvements and the generation of additional income during the year are essential to delivery of the plan and will require strong leadership and commitment at all levels in the organisation.

5. Investment in Prior Commitments

5.1 Pay and Inflationary Pressures (£5.9m)

Based on supporting information for calculation of the 2009/10 PbR tariff, an average provision is made for Pay & Price inflation of 1.6%.

Provision is also made for other pay pressures linked to Agenda for Change, the Consultant Contract including providing for Clinical Excellence awards, and as a result of changes to Junior Doctors pay funding and arrangements.

Provision is also made for a notified and further significant increase in CNST premiums during 2010/11.

5.2 Investment in Activity Related Developments (£5.4m)

Significant resources are required to meet the full year cost of commitments, which commenced during or prior to 2009/10, and new service developments and other costs necessary to ensure that projected activity can be delivered and access targets sustained.

(i) Consultant Appointments in:

- Histopathology (FYE)
- Breast Surgery (FYE)
- Gynaecology
- Respiratory Medicine
- Paediatrics
- Gastroenterology
- Acute Physicians
- Emergency department
- Cardiology

- Anaesthetics

(ii) Other Specific Service Developments

- Paediatric Ophthalmology
- Bowel Cancer Screening
- Additional MRI Scanning Capacity
- Expansion of Renal Capacity at Easingwold

(iii) General Activity Growth: 2009/10 Plan to 2010/11 Plan.

- A provision of £4.2m to meet growth experienced during 2009/10 and further anticipated growth during 2010/11, including a figure of £0.5m relating to anticipated growth in drugs and devices that are excluded from PbR and for which additional income from commissioners to match cost is assumed in the plan.

- Included within this provision, due primarily to the growth in activity and current capacity constraints are additional resources to bring extra contractual activity reserves to a total planned level of £4.6m in 2010/11. This is £0.8m less than the projected 2009/10 outturn actual spend but represents Directorate best estimates of additional capacity requirements.

5.3 Quality & Risk Management Investments (£3.4m)

A number of potential risk areas exist in the delivery of qualitative and quantitive targets and requirements, service improvement, and in ensuring basic infrastructure essential to the safe delivery of services is in place. The provision is intended to cover the following risk areas:

- High priority clinical infrastructure particularly around managing winter pressures.
- The enhancement of infection control through the introduction of improved cleaning regimes and mattress replacement programmes.
- Meeting qualitative and other non-activity related cost pressures identified by Directorates arising in 2010/11.
- The cost of service level agreements with NYY PCT regarding the provision of Mental Health, Psychology, and Palliative Care services to the Trust.
- Other investments to improve safety and risk management processes.

5.4 Investment in Other Costs (£1.2m)

Provision to cover the Trust's CQC registration, safeguarding children and vulnerable adults, new capital (other than depreciation and PDC dividend) and leasing investment, partially offset by reducing costs associated with electronic rostering.

5.5 New Business (£1.5m)

Provision associated with the full year impact of new business commencing in 2009/10 for the Chlamydia Screening service expansion, North Yorkshire Breast Screening Age Expansion, and the transfer of the Scarborough GUM service. In addition, provision is made for the planned transfer from Leeds of Gynaecology Oncology and Cardiology (PCI) services.

5.6 Depreciation, Dividend, and Interest Payable

At the end of 2009/10, the Trust's fixed assets have been revalued, in line with IFRS, to reflect the downward movement of building costs. The estimated consequences of a small increase in Depreciation and a significant reduction in PDC dividend have been included. A provision for increased interest payable on loans is made relating to the proposed car park construction scheme.

6. Operational Budget Setting

Operational budget-setting discussions with Directorates and departments have focussed on an analysis of the service pressures incurred during the last financial year (2009/10) and those that are anticipated this year, together with assessments of the means and cost of delivering planned activity in 2009/10. An overall net additional provision of £1.3m has been assessed in the overall strategy to supplement qualitative, risk, and general service pressures. Directorates have assessed the additional cost of activity over the 2009/10 plan and this is reflected and discussed in section 5 above. This is still subject to further challenge and refinement as final contracts are agreed.

7. Cost Improvement Targets

Delivery of the financial plans for 2010/11 and later years is reliant on the achievement of significant cost savings, and improvements in efficiency. The Government has announced through the Operating Framework a requirement for the NHS to deliver 3.5% efficiency improvements in 2010/11, with an expectation that the efficiency requirement will increase over the following three years.

In planning CIPs for the Trust, a target above that required by the Department of Health has been set at 5.5%, mainly to reflect the high level of financial pressure on the Trust. For 2011/12 and 2012/13 provisional targets of 4.5% have been set in each year. The 5.5% target in 2010/11 equates to £12.2m, and of this £1.7m has been identified in the plans as arising from increased net contribution (revenue over expenditure) in delivering increased activity levels. The focus on the balance of the target (£10.6m) is on cost improvement not directly linked to opening activity/income assumptions.

Work to develop and implement initiatives to the efficiency target is well underway. Directorates have been set challenging local CIP targets and numerous meetings have been held with each in developing their local programmes.

To mitigate against non-delivery the Board may need to exercise delay and deferral of any and all new investment.

Moving into years 2 and 3 of this plan the likely imposed efficiency requirement will place an increasing burden on the organisation. The development of ‘big ticket’ corporate themes will be essential but the Board should also seek to minimise 2010/11 investments with a full year effect into 2011/12. The level of pre-commitments for 2010/11 and 2011/12, if not carefully managed, could destabilise the Trust in moving forward.

8. Non Recurrent Expenditure Programme

The non-recurrent expenditure and leasing programme of £4.1m is held centrally to support equipment leasing programmes, non-recurrent revenue costs associated with capital schemes, minor works schemes and other significant non-recurrent costs including expensive equipment repairs. Centralising these budgets provides flexibility to cover expenditure that can vary significantly from year to year. The Programme mainly covers existing commitments, but also allows for the continued phased replacement of all hospital beds with electric profiling beds; covers the lease cost of additional equipment to support the capital equipment replacement programme, and the planned replacement of ward based medical equipment, and surgical instruments.

9. Capital Programme Expenditure

The planned Capital Programme resource for 2010/11 is currently estimated at £9.5m, including £3.5m loan funding related to the multi storey car park construction scheme. With additional funding from lease finance for replacement equipment, the total equivalent funding available to support the planned programme is £14.6m.

10. Balance Sheet

Fixed asset balances are expected to reduce by around £10m due to the change of valuation basis. For planning purposes, current assets other than cash are expected to remain at constant levels throughout 2010/11 and the following two years. The impact of loan finance from the FT Financing Unit, to fund the Multi Storey Car Park is included. The forecast balance sheet as at the end of March 2011 and the following two years is attached at **Appendix C.**

11. Cash Flow Forecast

Cash levels are expected to return to more normal levels in 2010/11, and then gradually increase over the three year period, due to the impact of accumulated surpluses. However, the cash position will be managed closely through the year to ensure protection from any payment difficulties by the NYY PCT.

The forecast cash flow for 2010/11, 2011/12 and 2012/13 is attached at **Appendix D.**

12. Financial Risk Rating

An assessment has been made using Monitor's 'Financial Risk Rating' methodology to establish the likely rating for the Trust's financial plans. The results are attached at **Appendix E**.

In summary, the Trust should achieve a risk rating of 3 for each of the 3 financial years, assuming full delivery of all aspects of the financial plan.

Recommendation:

The Council of Governors is asked to note this report and the Appendices, and to support the Financial Plan for 2010/11.

Author: **Graham Lamb**
Deputy Finance Director

Owner: **Andrew Bertram**
Finance Director

Date: **April 2010**

APPENDIX A

YORK HOSPITALS NHS FOUNDATION TRUST
SUMMARY INCOME & EXPENDITURE POSITION
2010/11 to 2012/13

	2010/11	2011/12	2012/13
	£m	£m	£m
INCOME			
NHS Clinical Income			
Elective	18.263	18.816	19.366
Plann Tariff income	21.131	21.881	22.631
Non-E Non-tariff income	63.303	63.903	64.503
Outpatients	39.356	39.856	40.356
A&E Tariff income	6.293	6.343	6.393
Other Non-tariff income	53.803	54.080	54.680
	202.149	204.879	207.929
MFF Tariff income	6.231	6.334	6.436
CQUI Non-tariff income	3.126	3.168	3.215
	211.506	**214.381**	**217.581**
Non-NHS Clinical Income			
Private Patient Income	0.754	0.754	0.754
Other Non-protected Clinical Income	1.119	1.119	1.119
	1.873	**1.873**	**1.873**
Other Income			
Research & Development	6.674	6.674	6.674
Education & Training	8.665	8.665	8.665
Other Income	15.190	15.635	15.612
	30.529	**30.974**	**30.951**
Total Income	**243.908**	**247.228**	**250.405**
EXPENDITURE			
Pay costs	-157.797	-159.317	-160.769
Drug costs	-21.499	-22.525	-23.723
Clinical Supplies & Services	-21.465	-21.396	-21.918
Other costs (excluding Depreciation)	-31.935	-31.729	-30.899
Total Expenditure	**-232.696**	**-234.967**	**-237.309**
EBITDA (see note)	**11.212**	**12.261**	**13.096**
Profit/ Loss on Asset Disposals	0.000	0.000	0.000
Exceptional Income/ Costs	-0.500	-0.500	-0.500
Depreciation	-6.000	-6.400	-6.800
Interest Receivable	0.050	0.050	0.050
Interest Payable on Loans & Leases	-0.060	-0.230	-0.220
PDC Dividend	-3.700	-4.200	-4.400
Taxation Payable	0.000	0.000	0.000
NET SURPLUS/ DEFICIT	**1.002**	**0.981**	**1.226**

Note: EBITDA - earnings before interest, taxes, depreciation and amortisation.

MONITOR RISK RATINGS:	MONITOR Rating Catagories		
EBITDA Margin % (note 2)	**4.6%**	**5.0%**	**5.2%**
MONITOR Rating	2	2	3
EBITDA % Achieved (note 3)	**100.0%**	**100.0%**	**100.0%**
MONITOR Rating	5	5	5
I&E Surplus Margin % (note 4)	**0.6%**	**0.6%**	**0.7%**
MONITOR Rating	2	2	2

Note
1. EBITDA - earnings before interest, taxes, depreciation and amortisation.
2. Sum of 'EBITDA/ Total Income (before interest receivable)'
3. Sum of 'Actual EBITDA/Planned EBITDA'
4. Sum of '(Net Surplus/ Deficit, less Fixed Asset Impairments)/ Total Income (before interest receivable)'

APPENDIX B

YORK HOSPITALS NHS FOUNDATION TRUST
DIRECTORATE ACTIVITY PLANS 2010/11
BASED ON DIRECTORATE ASSESSMENTS

Specialty	Elective	Elective	Elective	Non Elective	Non Elective	Outpatients	Outpatients
	Inpatients FCEs	Day cases FCEs	Regular Attenders	Long Stay FCEs	Short Stay FCEs	1st Att	Follow up
General Surgery	2,450	4,032	0	3,079	1,590	9,582	13,916
Urology	1,314	4,378	0	584	681	3,310	6,792
Trauma & Orthopaedics	1,014	1,277	0	1,434	1,048	9,421	17,341
ENT	850	572	0	426	402	7,738	12,084
Ophthalmology	286	3,396	0	33	101	11,403	40,784
Maxillo-Facial Surgery	477	1,240	0	168	268	4,892	7,331
Orthodontics	0	0	0	0	0	1,004	5,776
Neuro Surgery	4	0	0	0	4	138	10
Plastic Surgery	0	0	0	0	0	194	232
Accident & Emergency	0	0	0	339	2,408	347	48
Anaesthetics	26	207	0	0	26	1,580	3,594
General Medicine	1,051	7,440	75	8,606	6,269	17,232	41,051
Haematology	70	1,695	0	180	184	1,553	7,015
Dermatology	8	118	0	8	6	4,788	16,166
Genito-urinary Medicine	0	0	0	0	0	10064	4220
Medical Oncology	29	1,020	0	170	183	891	9,515
Neurology	105	264	0	88	34	2,311	7,050
Rheumatology	7	1,192	0	36	56	1,454	9,061
Paediatrics	46	316	0	1,071	2,876	3,093	8,167
Elderly Medicine	56	60	0	9,199	2,378	2,346	2,730
Obstetrics & GP Maternity	0	0	0	6,852	0	4,385	16,526
Gynaecology	588	1,536	0	386	1,056	6,278	6,478
Chemical Pathology	2	552	0	0	4	128	474
TOTAL	8,383	29,295	75	32,659	19,574	104,132	236,361

APPENDIX C

YORK HOSPITALS NHS FOUNDATION TRUST
BALANCE SHEET
FOR THE YEAR ENDING

	31 March 2011	31 March 2012	31 March 2013
	£m	£m	£m
FIXED ASSETS			
Tangible & Intangible Assets	102.540	103.700	103.200
PFI Residual Interest	0.000	0.000	0.000
PFI Deferred Assets	0.000	0.000	0.000
Total Fixed Assets	**102.540**	**103.700**	**103.200**
CURRENT ASSETS			
Stocks & Work in Progress	3.000	3.000	3.000
NHS Trade Debtors	8.000	8.000	8.000
Non NHS Trade Debtors	0.900	0.900	0.900
Other Debtors	1.400	1.400	1.400
Accrued Income	0.500	0.500	0.500
Prepayments	1.000	1.000	1.000
Cash at Bank and in Hand	7.502	8.783	10.049
Total Current Assets	22.302	23.583	24.849
CURRENT LIABILITIES (amounts due in less than one year)			
Bank Overdraft	0.000	0.000	0.000
Drawdown in Committed Facility	0.000	0.000	0.000
Trade Creditors	-3.600	-3.600	-3.600
Other Creditors	-8.500	-8.500	-8.500
PDC Dividend Creditor	0.000	0.000	0.000
Capital Creditors	-1.100	-1.100	-1.100
Interest Payable Creditor	0.060	0.000	0.000
Payments on Account	0.000	0.000	0.000
Accruals	-4.200	-4.200	-4.200
Deferred Income	0.000	0.000	0.000
Total Current Liabilities	-17.340	-17.400	-17.400
NET CURRENT ASSETS (LIABILITIES)	**4.962**	**6.183**	**7.449**
Long Term Debtors	0.700	0.700	0.700
TOTAL ASSETS LESS CURRENT LIABILITIES	**108.202**	**110.583**	**111.349**
Creditors: amounts falling due after more than one year	-0.100	-0.100	-0.100
Finance Leases	0.000	0.000	0.000
Provisions for Liabilities and Charges	-0.800	-0.800	-0.800
TOTAL ASSETS EMPLOYED	**107.302**	**109.683**	**110.449**
LOANS			
Total Loans	-5.300	-6.700	-6.240
Total Loans	-5.300	-6.700	-6.240
TOTAL ASSETS EMPLOYED	**102.002**	**102.983**	**104.209**
TAXPAYERS' EQUITY			
Public Dividend Capital	65.300	65.300	65.300
Income and Expenditure reserve	16.602	17.583	18.809
Revaluation Reserve	19.700	19.700	19.700
Donated Asset Reserve	0.400	0.400	0.400
Other Reserves (Government Grant Reserve, etc)	0.000	0.000	0.000
Total Taxpayers Equity	102.002	102.983	104.209
TOTAL ASSETS EMPLOYED	**102.002**	**102.983**	**104.209**

MONITOR RISK RATINGS:

MONITOR Rating Catagories

Liquid Ratio (Days Cover) (note 1)	**30.1**	**31.7**	**33.3**
MONITOR Rating	4	4	4
Return on Assets (note 2)	**5%**	**5%**	**6%**
MONITOR Rating	4	4	4

Note

1. Represents the number of days 'liquidity' cover, and is the sum of 'short Term Debtors, Cash in Bank, Short Term Creditors, and Working Capital Facility dividend by Average Days Cost in the Period'.
2. Sum of 'I&E Margin net of Dividend and Fixed Asset Impairments, divided by the average Total Assets Employed over the period.

APPENDIX D

YORK HOSPITALS NHS FOUNDATION TRUST
CASH FLOW
FOR THE YEAR ENDING

	31 March 2011	31 March 2012	31 March 2013
	£m	£m	£m
EBITDA	11.212	12.262	13.096
Excluding Non-cash I&E Items	0.140		
Movement in Working Capital:			
Stocks & Work in Progress	0.000	0.000	0.000
NHS Trade Debtors	0.000	0.000	0.000
Non NHS Trade Debtors	0.000	0.000	0.000
Other Debtors	0.000	0.000	0.000
Accrued Income	0.000	0.000	0.000
Prepayments	0.000	0.000	0.000
Trade Creditors	0.000	0.000	0.000
Other Creditors	0.000	0.000	0.000
Payments on Account	0.000	0.000	0.000
Accruals	0.000	0.000	0.000
Deferred Income	0.000	0.000	0.000
Provisions & Liabilities	0.000	0.000	0.000
Cash Flow from Operations	**11.352**	**12.262**	**13.096**
Maintenance Capital Spend	-6.000	-6.400	-6.800
Non-maintenance Capital Spend	-3.700	-1.600	0.000
Cash Exceptional Items	4.000	0.000	0.000
Cash Receipt from Asset Sales	0.000	0.000	0.000
Taxation Paid	0.000	0.000	0.000
Cash Flow before Financing	**5.652**	**4.262**	**6.296**
Movement in Long Term Debtors	0.000	0.000	0.000
Movement in Long Term Creditors	0.000	0.000	0.000
Interest (paid) on Loans and Leases	0.000	-0.230	-0.220
Interest (Paid)/ Received on Cash Balance	0.050	0.050	0.050
Drawdown of Loans and Leases	3.500	1.600	0.000
Repayment of Loans and Leases	0.000	-0.200	-0.460
Public Dividend Capital Received	0.000	0.000	0.000
Public Dividend Capital Repaid	0.000	0.000	0.000
Movement in Other Grants/Capital Received	0.000	0.000	0.000
Dividends Paid	-3.700	-4.200	-4.400
Net Cash Outflow/ Inflow	**5.502**	**1.282**	**1.266**
Opening Cash Balance	2.000	7.502	8.783
Net Cash Outflow/ Inflow	5.502	1.282	1.266
Closing Cash Balance	**7.502**	**8.783**	**10.049**

YORK HOSPITALS NHS FOUNDATION TRUST
FINANCIAL RISK RATING

	2010/11 MONITOR Plan		2011/12 MONITOR Plan		2012/13 MONITOR Plan	
Financial Risk Rating						
Metric						
EBITDA margin	4.6%	2	5.0%	2	5.2%	3
EBITDA, % achieved	100.0%	5	100.0%	5	100.0%	5
ROA	5.0%	4	5.2%	4	5.6%	4
I&E surplus margin	0.6%	2	0.6%	2	0.7%	2
Liquid ratio	30.1	4	31.7	4	33.3	4
Weighted Average		3.2		3.2		3.5
Financial Criteria						
Underlying Performance		2		2		3
Achievment of Plan		5		5		5
Financial Efficiency		3		3		3
Liquidity		4		4		4
Overriding rules						
Lowest ranked metric a '1'?	NO		NO		NO	
One financial criteria '1' or '2'	YES	3	YES	3	NO	
Two financial criteria '1' or '2'	NO		NO		NO	
Two financial criteria at '1'	NO		NO		NO	
PBC breached	1.0		1.0		1.0	
Less than 1 year as an Foundation Trust	NO		NO		NO	
Overriding rules rating		**3**		**3**		**0**
Overall Rating		**3**		**3**		**3**
Risk Rating to calculate maximum debt to assets ratio		**3**		**3**		**3**
Maximum Debt/ Assets Ratio		15%		15%		15%

APPENDIX E