

BRIEFING FROM WALSALL HEALTHCARE NHS TRUST

Walsall Healthcare NHS Trust entered into a Private Finance Initiative (PFI) in November 2007 with the Walsall Hospital Company Plc to build a new hospital complex within Walsall, the Trust occupying the New Hospital in September 2010. The Trust agreed an annual payment of £12.2m for the next 35 years, with the annual premium subject to an annual increase for inflation.

The annual payment represents 6.4% of the Trust's income of £220m for the 2011/12 financial year, which is relatively low in comparison with other NHS Trusts who have a PFI and is significantly below the recommended maximum of 15% of turnover suggested by the Department of Health and Private Finance Unit.

The annual payment includes £4m for Facilities Management (costs the Trust would have incurred to maintain buildings irrespective of PFI).

The Trust has completed a Long Term Financial Model (LTFM) that incorporates the above payments and demonstrates the Trust is able to attain Foundation Trust (FT) Status, with PFI not being a barrier to FT for Walsall Healthcare NHS Trust.

The Department of Health have commissioned McKinsey to review all aspirant foundation trusts with PFIs to ascertain whether the PFI is a barrier to gaining FT status. The McKinsey report has confirmed our position that the PFI payments are not deemed to be financially material, that the PFI contract is well managed and that it does not preclude us from achieving Foundation Trust status.

The new buildings continue to provide fantastic facilities for the local population of Walsall and its surrounding areas.

We do of course continue to face some significant financial challenges but these are due to the impact on the trust of the wider pressures on public finances and are facing all NHS Trusts and Foundation Trusts.

Shahana Khan
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