

# Innovative Finance Solutions

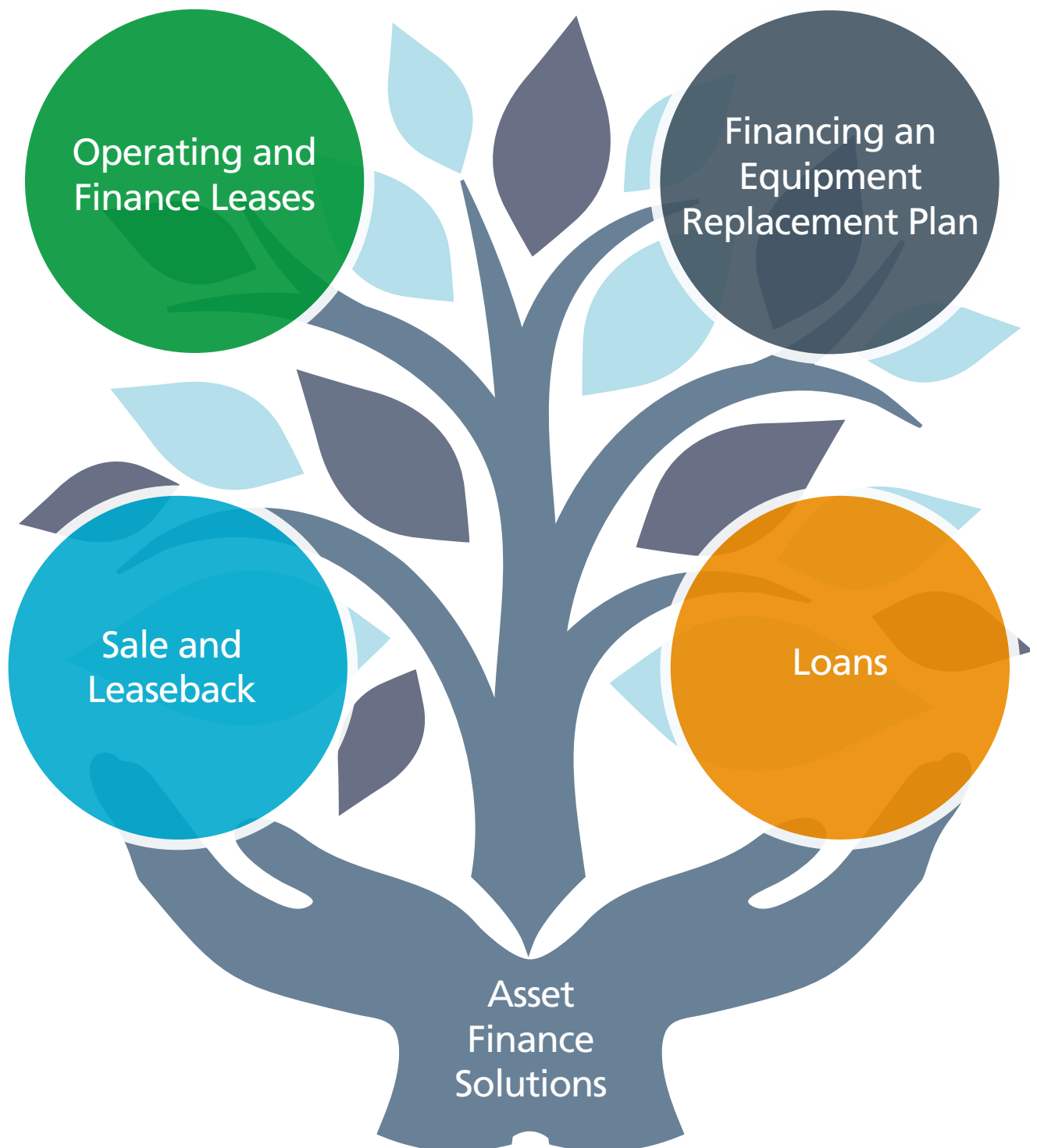
Whether you're looking to procure individual assets, multi-year replacement plans, or building works, we have a range of innovative financing options available to suit your needs.



# What do we offer?

Having access to finance is critical to ensure that you are able to plan and procure the right equipment for your short and long term clinical needs.

Our national framework provides a wide range of innovative asset finance solutions.



# Operating and Finance Leases

Our framework provides both operating and finance leases.  
The key differences between these two options are outlined below:

## Operating Lease

Off balance sheet lending\*

Financed through the revenue budget\*

The trust pays a rental and does not own the equipment

Lessor pays for the equipment in full and has a 'Residual Value' invested

The trust can extend or alternatively return the asset at lease end without having paid for all of it

The lease period must be less than the economic life of the equipment

No option to purchase included in the lease

## Finance Lease

On balance sheet lending

Financed through the capital budget

Lessors takes equipment title but risk and reward of ownership sits with the trust

As a minimum, the term of the finance lease must cover the economic life of the equipment

The trust can continue to use the equipment after the lease period for a 'peppercorn rental'

On disposal the trust can take the majority of the sale value (normally 95%-99%)

\*Subject to change once new accounting standards (IFRS-16) are implemented in April 2022

# Sale and Leaseback

## Unlock and release capital funds

There is the option to sell existing equipment to the lessor and then lease it back. This is known as Sale and Leaseback. It provides a way of unlocking and releasing capital funds. If the equipment is less than three months old most lessors will pay your trust the full original cost. Lessors will consider Sale and Leaseback on assets that are several years old.

# Financing an

# Equipment Replacement Plan (ERP)

Our ERP solution combines multi-year asset financing with hands on support to help you establish, finance and manage your Equipment Replacement Plan. This will provide you with greater certainty that your equipment will be replaced on time, alongside enhanced financial forecasting through a predictable repayment schedule.

## Key features

## Explanation

Lease financing

You can include finance and operating leases

Clinical choice and greater certainty that assets will be replaced

You will be able to select the right equipment for your clinical needs in line with your Equipment Replacement Plan

Hands on support to help you establish and manage the end to end replacement plan

You will have access to our Strategic Investment Planning service which is a data driven approach to establish credible long term replacement plans and financing strategies

Ability to adapt the ERP if the circumstances change

You have the ability to adapt the Equipment Replacement Plan within pre-determined tolerances

Predictable repayments

Repayments will be determined upfront providing you with predictability and transparency

The ability to benchmark lenders

Ensure best value by continually testing the market throughout the duration of the ERP and draw down financing in tranches

Reduce costs and maximise savings

Financing a multi-year plan will attract competitive lease rates and enable you to maximise equipment savings through aggregation

No hidden costs or change control fees

Adapting the Equipment Replacement Plan will not incur any penalty charges or change control costs

# Loans

Through our framework we are able to offer commercial loan financing. This can be beneficial in the following circumstances:

- Spread the costs of financing building works associated with the installation of large medical equipment (such as diagnostic imaging).
- Fund multi-year maintenance services where significant savings can be made by committing upfront.

## How the process works in practice

We provide a simple and easy to use service to help you select and procure the right financing option to suit your needs.

1

We support you to define your financing and equipment requirements

2

We offer opportunities to lenders through our framework

3

We present the finance bids back to you in a simple and clear format

4

You select your preferred lender and we support you to draw down the finance and manage your portfolio

# Key benefits of our solutions

- Provides a compliant route to operating and finance leases as well as financial loans.
- Finance a range of assets, not limited to, medical equipment, an Equipment Replacement Plan, IT and building works.

## Comprehensive range of flexible finance solutions

## Compliance with EU Public Procurement regulations and procurement support

- No need to undertake your own OJEU tender and contract processes; saving you time and money.
- Full support is provided through the quotation and award process.
- Freedom to access the framework with no contractual commitment.

- Free of charge support throughout the process from business case, to contract signature, and beyond.
- Lease portfolio support to track leases and expiry dates.
- Payment profiling to fit the trust's needs.
- Competitive framework quotation process.

## Support to help you select and procure suitable financing for your needs at the right cost

## Unlock investment in medical equipment

- An alternative to capital funding.
- Finance solutions to help you keep up to date with the latest technology.
- Hands on support with our Strategic Investment Planning service to help you establish, finance and procure a multi-year Equipment Replacement Plan.
- Finance building works associated with the installation of medical equipment.

### Further information

If you would like to know more about the financing options available, please email: [Leasing@supplychain.nhs.uk](mailto:Leasing@supplychain.nhs.uk)