

Chase Hospital Option Appraisal								
Summary Option Appraisal								
Options	Revenue Costs Impact FYE	Non Recurring Revenue costs	One off costs Capital Excl VAT	Net Cash Flow 25 years	Net Present Value	Benefits Score	Cost per Benefit point	Rank
	£'000	£'000	£'000	£'000	£'000	No *10	£'000	
Option 1 - Redesign hospital and provide new model of inpatients care	353,950	325,000	2,322,543	11,850,237	8,778,625	36	245,625	1
Option 2 - 24 step up/ step down beds, co-locate MH services and community services	1,063,042	-	322,715	27,961,807	18,906,299	14	1,342,777	2
Option 3 - 12 Step up/step down beds plus 12 end of life beds	1,245,512	-	1,379,501	33,762,813	23,118,562	13	1,783,840	3

Chase Hospital Option Appraisal												
Option 1 - Redesign hospital and provide new model of inpatients care												
Fin Year	Year	Revenue Costs Impact FYE	Non Recurring Revenue costs	One off costs Capital Excl VAT	Net Cash Flow 25 years	NPV Factor	NPV	NPV %	Option 1 - Redesign hospital and provide new model of inpatients care			
		£		£	£		£	£	Assumptions			
2013-14	0	353,950	325,000	696,763	1,375,713	1.0000	1,375,713	3.5%	Expense	Revenue	Capital	
2014-15	1	353,950		1,579,329	1,933,279	0.9662	1,867,902		Pay			
2015-16	2	353,950		46,451	400,401	0.9335	373,778		Non Pay			
2016-17	3	353,950		-	353,950	0.9019	319,242		Overheads			
2017-18	4	353,950			353,950	0.8714	308,447		Subtotal estates cost impact	- 85,500		
2018-19	5	353,950			353,950	0.8420	298,016		Opportunity cost: saving E Dikken Ctr			
2019-20	6	353,950			353,950	0.8135	287,938		Estates & FM costs; Assume no change			
2020-21	7	353,950			353,950	0.7860	278,201		Spot Purchase Nursing Home Beds	250,930		
2021-22	8	353,950			353,950	0.7594	268,794		Minor injuries LES	15,000		
2022-23	9	353,950			353,950	0.7337	259,704		Southern nursing in residential homes	64,020		
2023-24	10	353,950			353,950	0.7089	250,922		Community Nurse Training		125,000	
2024-25	11	353,950			353,950	0.6849	242,436		Negative Equity reimbursement		200,000	
2025-26	12	353,950			353,950	0.6618	234,238		Legal fees and removals incl capital			
2026-27	13	353,950			353,950	0.6394	226,317		Capital fit out costs: less VAT		2,322,543	
2027-28	14	353,950			353,950	0.6178	218,664		Transport costs	9,500		
2028-29	15	353,950			353,950	0.5969	211,269		Adult Services support	100,000		
2029-30	16	353,950			353,950	0.5767	204,125					
2030-31	17	353,950			353,950	0.5572	197,222					
2031-32	18	353,950			353,950	0.5384	190,553					
2032-33	19	353,950			353,950	0.5202	184,109					
2033-34	20	353,950			353,950	0.5026	177,883					
2034-35	21	353,950			353,950	0.4856	171,868					
2035-36	22	353,950			353,950	0.4692	166,056					
2036-37	23	353,950			353,950	0.4533	160,440					
2037-38	24	353,950			353,950	0.4380	155,015					
2038-39	25	353,950			353,950	0.4231	149,773					
	<b>Total</b>	<b>9,202,693.70</b>	<b>325,000.00</b>	<b>2,322,543.00</b>	<b>11,850,236.70</b>	<b>17.48</b>	<b>8,778,825.10</b>					
Av		1,840,539		2,647,543	Equivalent Annual Cost	EAC	502,166			353,950	2,647,543	

Chase Hospital Option Appraisal												
Option 2 - 24 step up/ step down beds, co-locate MH services and community services												
Fin Year	Year	Revenue Costs Impact FYE	Non Recurring Revenue costs	One off costs Capital	Net Cash Flow 25 years	NPV Factor	NPV	NPV %	Option 2 - 24 step up/ step down beds, co-locate MH services and community services			
		£		£	£		£	£	Assumptions			
2013-14	0	1,063,042	-	322,715	1,385,757	1.0000	1,385,757	3.5%	Expense	Revenue	Capital	
2014-15	1	1,063,042			1,063,042	0.9662	1,027,094		Pay: additional 12 beds	391,633		
2015-16	2	1,063,042			1,063,042	0.9335	992,361		Opportunity cost Existing pay saving	600,000		
2016-17	3	1,063,042			1,063,042	0.9019	958,803	1.04	Overheads			
2017-18	4	1,063,042			1,063,042	0.8714	926,380		Fit out allowance: MH and community		322,715	
2018-19	5	1,063,042			1,063,042	0.8420	895,053		Opportunity cost: saving E Dikken Ctr	71,409		
2019-20	6	1,063,042			1,063,042	0.8135	864,785		Estates & FM costs; Assume no change			
2020-21	7	1,063,042			1,063,042	0.7860	835,541		Legal fees and removals incl capital			
2021-22	8	1,063,042			1,063,042	0.7594	807,286		Social Services Care			
2022-23	9	1,063,042			1,063,042	0.7337	779,987					
2023-24	10	1,063,042			1,063,042	0.7089	753,610					
2024-25	11	1,063,042			1,063,042	0.6849	728,126					
2025-26	12	1,063,042			1,063,042	0.6618	703,503					
2026-27	13	1,063,042			1,063,042	0.6394	679,713					
2027-28	14	1,063,042			1,063,042	0.6178	656,728					
2028-29	15	1,063,042			1,063,042	0.5969	634,520					
2029-30	16	1,063,042			1,063,042	0.5767	613,063					
2030-31	17	1,063,042			1,063,042	0.5572	592,331					
2031-32	18	1,063,042			1,063,042	0.5384	572,301					
2032-33	19	1,063,042			1,063,042	0.5202	552,947					
2033-34	20	1,063,042			1,063,042	0.5026	534,249					
2034-35	21	1,063,042			1,063,042	0.4856	516,182					
2035-36	22	1,063,042			1,063,042	0.4692	498,727					
2036-37	23	1,063,042			1,063,042	0.4533	481,862					
2037-38	24	1,063,042			1,063,042	0.4380	465,567					
2038-39	25	1,063,042			1,063,042	0.4231	449,823					
	<b>Total</b>	<b>27,639,092.00</b>	<b>0.00</b>	<b>322,714.70</b>	<b>27,961,806.70</b>	<b>17.48</b>	<b>18,906,298.93</b>					
Av		5,527,818		322,715	Equivalent Annual Cost	EAC	1,081,502			1,063,042	322,715	

Chase Hospital Option Appraisal												
Option 3 - 12 Step up/step down beds plus 12 end of life beds												
Fin Year	Year	Revenue Costs Impact FYE	Non Recurring Revenue costs	One off costs Capital	Net Cash Flow 25 years	NPV Factor	NPV	NPV %	Option 3 - 12 Step up/step down beds plus 12 end of life beds			
		£		£	£		£	£	Assumptions			
2013-14	0	1,245,512	-	362,950	1,608,462	1.0000	1,608,462	3.5%	Expense	Revenue	Capital	
2014-15	1	1,245,512		1,016,551	2,262,063	0.9662	2,185,568		Pay Additional 12 EoL Beds	480,133		
2015-16	2	1,245,512			1,245,512	0.9335	1,162,699		Opportunity cost Existing pay saving	600,000		
2016-17	3	1,245,512			1,245,512	0.9019	1,123,380	1.04				
2017-18	4	1,245,512			1,245,512	0.8714	1,085,392		Opportunity cost: saving E Dikken Ctr	71,409		
2018-19	5	1,245,512			1,245,512	0.8420	1,048,688		Estates & FM costs; Assume no change			
2019-20	6	1,245,512			1,245,512	0.8135	1,013,225		Fit out allowance: MH and Physio		1,129,501	
2020-21	7	1,245,512			1,245,512	0.7860	978,961					
2021-22	8	1,245,512			1,245,512	0.7594	945,856		388m2 @ £15 per ft2 + 50% utilities,	93,970		
2022-23	9	1,245,512			1,245,512	0.7337	913,871		Legal fees and removals incl capital			
2023-24	10	1,245,512			1,245,512	0.7089	882,967		Fit out costs Rental accommodation		250,000	
2024-25	11	1,245,512			1,245,512	0.6849	853,108					
2025-26	12	1,245,512			1,245,512	0.6618	824,259					
2026-27	13	1,245,512			1,245,512	0.6394	796,386					
2027-28	14	1,245,512			1,245,512	0.6178	769,455					
2028-29	15	1,245,512			1,245,512	0.5969	743,434					
2029-30	16	1,245,512			1,245,512	0.5767	718,294					
2030-31	17	1,245,512			1,245,512	0.5572	694,004					
2031-32	18	1,245,512			1,245,512	0.5384	670,535					
2032-33	19	1,245,512			1,245,512	0.5202	647,860					
2033-34	20	1,245,512			1,245,512	0.5026	625,952					
2034-35	21	1,245,512			1,245,512	0.4856	604,784					
2035-36	22	1,245,512			1,245,512	0.4692	584,333					
2036-37	23	1,245,512			1,245,512	0.4533	564,573					
2037-38	24	1,245,512			1,245,512	0.4380	545,481					
2038-39	25	1,245,512			1,245,512	0.4231	527,035					
	<b>Total</b>	<b>32,383,312.00</b>	<b>0.00</b>	<b>1,379,501.45</b>	<b>33,762,813.45</b>	<b>17.48</b>	<b>23,118,561.52</b>					
Av		6,476,662		1,379,501.45	Equivalent Annual Cost	EAC	1,322,458			1,245,512	1,379,501	

<b>Capex costs of Development: Chase Hospital</b>							
<b>Affordability: Includes Planning contingenct, VAT and Inflation</b>				<b>Approval: Appraisal less Planning contingency, VAT and Inflation</b>			
	Option 1	Option 2	Option 3		Option 1	Option 2	Option 3
<b>Capital Costs</b>				<b>Capital Costs</b>			
Department construction costs	1,546,897	214,940	752,289	Department construction costs	1,546,897	214,940	752,289
Fees	273,000	37,933	132,766	Fees	273,000	37,933	132,766
On costs	100,329	13,941	48,792	On costs	100,329	13,941	48,792
Works cost total	1,920,226	266,813	933,846	Works cost total	1,920,226	266,813	933,846
Equipment costs	90,000	12,505	43,769	Equipment costs	90,000	12,505	43,769
Planning Contingency	140,716	19,552	68,433	Planning Contingency			
Total	2,150,942	298,871	1,046,048	Total	2,010,226	279,319	977,615
Optimism bias	312,317	43,396	151,886	Optimism bias	312,317	43,396	151,886
Inflation	56,954	7,914	27,698	Inflation			
Sub total	2,520,213	350,181	1,225,633	Sub total	2,322,543	322,715	1,129,501
VAT	448,180	62,274	217,959	VAT			
VAT Recovery	- 89,636	- 12,455	- 43,592	VAT Recovery			
Forecast outturn	2,878,757	400,000	1,400,000	Forecast outturn	2,322,543	322,715	1,129,501
<b>Non Recurring revenue costs</b>				<b>Non Recurring revenue costs</b>			
Training and Negative Equity costs	370,000	25,000	25,000	Training and Negative Equity costs	370,000	25,000	25,000
Investment for Appraisal Purposes	3,248,757	425,000	1,425,000	Investment for Approval Purposes	2,692,543	347,715	1,154,501
Return savings	197,818						
Return on investment Economic	6%						

<b>Chase Community Hospital Business Case Finance Tables Appendix 7</b>	
<b>Recurrent FYE impact - from 14/15 onwards. PYE for 13/14 TBC for FBC</b>	
<b>Summary financial impact</b>	<b>Health System £000's</b>
Capital Costs: as per Cost Advisor OB forms Appendix 8	2,879
Assumed Impairment 50%	1,267
Impairments funding	- 1,267
<b>Total Capital Impact</b>	<b>-</b>
<b>Recurring cost implications</b>	
Increase in Depreciation	53
Increase in Capital Charges	43
Increase in IT costs	23
<b>Subtotal estates cost impact: Additional capital charges &amp; IT</b>	<b>120</b>
<b>Premises costs Impact</b>	
Increased recovery from Southern	- 31
Increased payment by Southern	31
Rental income from GP's	- 119
Other income from GP's	- 58
Reduced recovery from Other	91
<b>Subtotal impact on income: net savings from relocation</b>	<b>- 85</b>
<b>Premises costs: savings from Elizabeth Dibben Closure</b>	<b>- 71</b>
<b>Total impact on premises costs</b>	<b>- 37</b>
<b>Savings from Closure of Inpatients Beds Chase: staff costs for reinvestment</b>	<b>- 600</b>
<b>Additional Recurring Costs Revised model of care</b>	
Spot Purchase Nursing Home Beds	251
Minor Injuries LES: Assume commissioned from local GP Practice	15
Additional Support for primary, community & social care partners	100
Southern Community Nursing : virtual ward, home care, support residential homes	64
Transport to nursing home	10
<b>Subtotal Additional Costs of Revised model of care</b>	<b>439</b>
<b>Total Impact of Bed Modelling</b>	<b>- 161</b>
<b>Total recurrent impact</b>	<b>- 198</b>
Non recurrent costs - training - virtual wards	125
Non recurrent costs - GP negative equity	200
<b>Total Non Recurrent Impact</b>	<b>325</b>