

Supporting Information: Finance

This document outlines the financial information to support the understanding of the options considered.

1. Capital Costs

Capital expenditure is for things that are fixed that will last a long time, such as buildings and equipment.

Health and Wellbeing Centre

- Costs for developing a Health and Wellbeing Centre on the preferred site at Brunswick Street to include two GP practices, the health and wellbeing team, Volunteering in Health, community clinics and potentially pharmacy are **£8.35million**.

The financial model has been developed and approved by Torbay and South Devon Foundation NHS Trust (TSDFT) Finance Committee on the grounds that TSDFT would be able to contribute £1.4million capital from the sale of community sites and the GPs £1million, secured from NHS England/Improvement primary care estates funding. TSDFT's joint venture partner will work to secure a developer/funder to support the remainder of the build costs. The purchase of the land was approved by Teignbridge District Council at its full committee meeting on 29 July 2019. This high-level funding model and consequential revenue commitment is supported by the CCG, GPs and other stakeholders and is affordable. It delivers an NHS-owned asset at the end of the 30-year lease period.

- Costs for developing a Health and Wellbeing Centre on the preferred site at Brunswick Street including two GP practices, the health and wellbeing team, Volunteering in Health, a pharmacy **but not** community clinics are **£7.81m**. The financial model for this has not been approved.

Community Clinics

- Basing community clinics within the health and wellbeing centre is included in the Health and Wellbeing Centre costs outlined above.

- Basing the community clinics (alongside day case procedures and specialist outpatient clinics) in the existing Teignmouth Community Hospital would involve a capital spend of approximately **£604,400** (inclusive of VAT). This would need to be spent to bring the building up to required standards in the short term and an additional **£960,000** (inclusive of VAT) would be needed between now and 2022 to address building issues. The Trust's strategy is to provide a quality environment and future-proofed accommodation. The existing hospital is 60 years old and not functionally suitable for the new model of care. Therefore, TSDFT would not invest in the existing hospital and would have to consider alternative options that would still require capital investment.
- Basing the community clinics in a new build on the Teignmouth Community Hospital site encompassing community clinics, specialist outpatient clinics and day case procedures would cost **£2.53m**.

Specialist Outpatient Clinics and Day Case Procedures

- Basing the specialist outpatient clinics and day case procedures at Dawlish Community Hospital would require a capital investment of **£359,383**.
- Basing the day case procedures and specialist outpatient clinics (alongside community clinics) in the existing Teignmouth Community Hospital would involve a capital spend of approximately **£604,400** (inclusive of VAT). This would need to be spent to bring the building up to required standards in the short term and an additional **£960,000** inclusive of VAT would be needed between now and 2022 to address building issues. The Trust's strategy is to provide a quality environment and future-proofed accommodation. The existing hospital is 60 years old and not functionally suitable for the new model of care. Therefore, TSDFT would not invest in the existing hospital and would have to consider alternative options that would still require capital investment.
- Basing the specialist outpatient clinics and day case procedures in a new build on the Teignmouth Community Hospital site encompassing community clinics, specialist outpatient clinics and day case procedures would cost **£2.53m**.

Rehabilitation Beds

- Reopening the rehabilitation beds (alongside day case procedures, specialist outpatient clinics and community clinics) in the existing Teignmouth Community Hospital would involve a capital spend of approximately **£604,400** (inclusive of VAT). This would need to be spent to bring the building up to required standards in the short term and an additional **£960,000** inclusive of VAT would be needed between now and 2022 to address building issues. However, **further capital**

investment would be required as the ward area, kitchen etc has been closed for three years. The Trust's strategy is to provide a quality environment and future-proofed accommodation. The existing hospital is 60 years old and not functionally suitable for the new model of care. Therefore, TSDFT would not invest in the existing hospital and would have to consider alternative options that would still require capital investment.

- Basing the rehabilitation beds in a new build on the Teignmouth Hospital site encompassing community clinics, specialist outpatient clinics and day case procedures would cost **£4.57million**.

2. Revenue Costs

Revenue costs are those that occur on a regular basis, such as rent or other service fees. The revenue costs per annum of leasing the Health and Wellbeing Centre will be met by the rent charged. The rental costs charged will be less than market rates which are between £160 and £190 per metre².

Occupier	Metre ²	Cost per m ²	Lease Income	Lease Expenditure
Trust/Voluntary sector	953	£146	139,519	
Primary care	1421	£146	208,034	
Pharmacy	120	£250	30,000	
Building owner				347,553
Teignbridge District Council				30,000
Total			377,553	377,553

The revenue costs of running the Health and Wellbeing Centre building would be covered by the income generated through a service charge (see below).

	Brunswick Street Development			GIFA	2,494	m2
				External	-	m2
Item	Description	Measure	Unit	Rate	Total	Comments
1.0	FIXED CHARGES					
1	EFM Costs					
1.1	Cleaning	90	hr	11.54	54,156	6 days
1.2	Consumables	5	%	-	2,708	
1.3	Property Maintenance		E	-	10,000	
1.4	Fire, Health & Safety Support		E		1,800	
1.5	Pest Control		E	-	500	
1.6	Security		E	-	1,300	
1.7	Grounds & Gardens				500	
	SUB-TOTAL				70,964	
2.0	VARIABLE CHARGES					
2	EFM Costs					
2.1	Telecommunications		E	-	10,200	
2.2	Utilities		E	-	36,000	
2.3	Water and Sewage Rates		E	-	1,864	
2.4	Waste Disposal		E	-	3,000	
2.5	Linen & Laundry		E		2,500	inc disposables
2.6	Car Parking				-	Staff to pay per Trust Policy
	Other Costs					
2.7	Postroom & Courier Services		E		2,036	
2.8	EBME		A	-	2,000	
	SUB-TOTAL				57,600	
3.0	INFLATION					
	Inflation Allowance	2%	%		1,152.00	
	TOTAL REVENUE COSTS				129,716	
4.0	PROPORTION OF COSTS	M2	%			
4.1	Pharmacy	120	4.80		6,226	
4.2	Trust/Voluntary Sector	953	38.20		49,551	
4.2	GP	1421	57.00		73,938	
	TOTAL SERVICE CHARGE				129,716	

The rental and premises running costs to TSDFT and Devon CCG for the current Teignmouth Community Hospital and GP premises are **£411,390 a year**. This does not include the premises running costs incurred by the GP practices.

The rental and premises running costs for the Health and Wellbeing Centre for the CCG and TSDFT would be **£396,553 per annum** with 319 additional m² for the GP premises. This does not include the premises running costs incurred by the GP practices.

The table below sets out the current and future rental and premises running costs for the services, identifying a £14,837 annual saving to the wider health system. This results from a £90,931 premises cost saving for the TSDFT's community services, and an investment of £76,094 in primary care.

SUMMARY OF COST CHANGE						
				Current	To Be	Savings
				Cost £	Cost £	(Cost) £
	Torbay Community Teams			279,450	188,519	-90,931
	GP Premises			131,940	208,034	76,094
				411,390	396,553	-14,837
	Funder					
	Trust					-90,931
	CCG / Primary Care					76,094
						-14,837

The table below sets out the current rental and premises running costs and the rental costs of the other options considered.

	Space m2	Rental Cost	Other revenue cost pa
Current GP premises	1,102	£131,940 (£120 per m2)	-
Current Teignmouth Community Hospital - TSDFT	-	-	£279,450
New Health and Wellbeing Centre – GP	1421	£208,034 (£146 per m2)	£73,938
New Health and Wellbeing Centre - TSDFT	953	£139,519 (£146 per m2)	£49,000
New Health and Wellbeing Centre (no community clinics) TSDFT and GPs	2160	£332,606 (£154 per m2)	N/A
New build on Teignmouth Hospital site for clinics and day case procedures	766	£116,738 (152 per m2)	N/A
New build on Teignmouth Hospital site for clinics, day case procedures plus rehab beds	1266	£211,169 (£166 per m2)	N/A

- The rental costs of the Health and Wellbeing Centre as proposed for the CCG and TSDFT would be **£347,553pa**

- The rental cost of the new Health and Wellbeing Centre without community clinics for the CCG and TSDFT would be £332,606pa plus the cost of retaining Teignmouth Community Hospital would cost TSDFT £279,450pa = **£612,056pa**
- The rental cost of the new Health and Wellbeing Centre without community clinics for the CCG and TSDFT would be £332,606pa plus the rental cost of a new build on the Teignmouth Community Hospital site for community clinics, specialist outpatients and day case procedures would cost TSDFT £116,738 = **£449,344pa**
- The rental cost of the new Health and Wellbeing Centre without community clinics for the CCG and TSDFT would be £332,606pa plus the rental cost of a new build on the Teignmouth Community Hospital for community clinics, specialist outpatient clinics, day case procedures and rehabilitation beds would cost TSDFT £211,169pa = **£543,775pa**

3. Financial cost/savings and capacity - rehabilitation beds v enhanced intermediate care

The total cost of running the Enhanced Intermediate Care team and purchasing beds as required from the independent sector is £665,000 a year. This team has cared for 881 people (both in care homes and in their own home) in the year and purchased 1,430 bed days for 85 people. The 12 bedded rehabilitation ward would cost £627,000 making available 3,942 bed days a year and would be able to care for approximately 232 people in a year.

Cost of Enhanced Intermediate Care 2017/18

Cost of Intermediate Care Team (staffing)	£540,000
Number of Intermediate Care (IC) referrals	881
Cost per referral/client	£613
Cost of IC beds (purchase in the independent sector)	£125,000
Number of IC Bed days (purchase in the independent sector)	1,430
Average weekly rate per bed (independent sector)	£615
Cost per bed per day	£87
Number of clients (independent sector bed)	85
Length of stay (days)	17

Cost of 12 bedded rehabilitation ward

Cost of ward staff	£558,605
Non pay costs	£68,000
Total Costs	£626,605

Number of bed days available (assuming 90% occupancy)	3,942
Average weekly rate per bed	£1,001
Cost per bed per day	£143
Number of clients able to be cared for assuming 90% occupancy and 17-day length of stay	232