

# Jersey Future Hospital Project

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## Outline Business Case

### Appendix 13 – Revenue cost estimating methodology

**Document Control**

<b>Version</b>	<b>Date Issued</b>	<b>Summary of Changes</b>	<b>Author</b>
V1	25.9.2017	Compilation of documents	T Nicholls
V2	11.10.2017	Appendix updated and renamed	T Nicholls
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V4	24.10.2017	Template updated	T Nicholls
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## **Generic Economic Model (GEM) Model**

### **Methodology**

#### **NHS Guidance**

NHS economic appraisals are often represented by Discounted Cash Flow (DCF) analysis, a technique used to assess the relative economic costs of investment options to the public sector **as a whole** (that is, not to individual NHS organisations). It is a means of expressing within a single criterion (for example, Net Present Costs or Equivalent Annual Costs) the total cost implications of developments when summed over a given appraisal period (typically 60 years operation plus the construction period for build) and discounted to reflect the public sector time preference. By applying a discount rate (currently 3.5% real for the first 30 years of an appraisal and 3% real for years 31-75) to anticipated future cash flows, the “present cost” of investment can be assessed and compared with alternative uses of public money.

Using this technique, the **full economic** costs of NHS investments can be assessed and aggregated to reflect:

- The total expected property, capital and revenue cost of each investment option
- The total opportunity costs of resources already owned and used for the delivery of healthcare
- The total cost implications for all public sector parties (for example, other NHS Trusts, social services, service users, etc.) that arise as a consequence of the investment.

**Discounting** future costs and economic benefits also allows:

- Property, capital and revenue costs to be combined in a single indicator of cost
- Comparison of options with different expected lives.

Within NHS appraisals undertaken at OBC, Net Present Costs (NPC) are calculated for options that have the same appraisal period. The discount rate should be applied uniformly to all cost elements.

#### **The Generic Economic Model (GEM)**

The GEM OBC Model calculates NPVs for two different periods as selected by the user. The “base case” represents the longer appraisal period (typically the implementation period and a 60 year life) and the “variant” a shorter option life and/or appraisal period.

The Model facilitates economic analyses by prompting users for the appropriate information needed in each aspect of the economic Model, by undertaking the appropriate calculation of NPCs on behalf of the users, and by facilitating sensitivity testing around key assumptions. It also provides ready presentations that can be used directly in OBC submissions.

#### **States of Jersey context**

In order to be consistent with UK Green Book guidance and UK Department of Health guidance, the States of Jersey have used a GEM Model to assess the cost and economic impact of the proposed new hospital options during the OBC development. This is consistent with the approach taken to Site Options Appraisal analysis.

In the OBC context, the GEM Model has captured the total costs and economic options of the four options presented in this business case. The following general assumptions have been made:

- The standard States of Jersey discount rate of 3.0% has been used for discounting purposes as directed by SoJ Treasury.
- All costs are presented in real terms (i.e. without inflation) with the exception of costs which deviate (over or under) from the standard States of Jersey inflation rate of 3.0%.

#### Assumptions log

Assumption	Detail	Source
<b>Capital Costs</b>		
Capital & on costs	<p>Costs as set out in Capital GEM Feed.</p> <p>Cost is presented in real terms in the GEM with capital inflation applied in a separate line. Differential inflation of 3.0% is then removed from the inflated cost for the purpose of the NPV calculation.</p>	GMS
Fees	<p>Costs as set out in Capital GEM Feed.</p> <p>Cost is presented in real terms in the GEM with capital inflation applied in a separate line. Differential inflation of 3.0% is then removed from the inflated cost for the purpose of the NPV calculation.</p>	GMS
Land and fees	<p>Costs as set out in Capital GEM Feed.</p> <p>Cost is presented in real terms in the GEM with capital inflation applied in a separate line. Differential inflation of 3.0% is then removed from the inflated cost for the purpose of the NPV calculation.</p>	GMS
Non works costs	<p>Costs as set out in Capital GEM Feed.</p> <p>Cost is presented in real terms in the GEM with capital inflation applied in a separate line. Differential inflation of 3.0% is then removed from the inflated cost for the purpose of the NPV calculation.</p>	GMS
Equipment	Costs as set out in Capital GEM Feed.	GMS

	Cost is presented in real terms in the GEM with capital inflation applied in a separate line. Differential inflation of 3.0% is then removed from the inflated cost for the purpose of the NPV calculation.	
Contingency	Costs as set out in Capital GEM Feed.	GMS
Optimism Bias	Costs as set out in Capital GEM Feed.  Cost is presented in real terms in the GEM with capital inflation applied in a separate line. Differential inflation of 3.0% is then removed from the inflated cost for the purpose of the NPV calculation.	GMS
Decant and Migration	Costs as set out in Capital GEM Feed.  Cost is presented in real terms in the GEM with capital inflation applied in a separate line. Differential inflation of 3.0% is then removed from the inflated cost for the purpose of the NPV calculation.	GMS
Capital inflation	Costs as set out in Capital GEM Feed.	GMS
<b>Enabling schemes</b>		
ES-1 Creation of Catering CPU	Costs as set out in Capital GEM Feed.  Cost is presented in real terms in the GEM with capital inflation applied in a separate line. Differential inflation of 3.0% is then removed from the inflated cost for the purpose of the NPV calculation.	GMS
ES-2 Relocation of medical secretaries / consultants	Costs as set out in Capital GEM Feed.  Cost is presented in real terms in the GEM with capital inflation applied in a separate line. Differential inflation of 3.0% is then removed from the inflated cost for the purpose of the NPV calculation.	GMS
ES-3 Transfer of Clinics 1 - vacated catering dept.	Costs as set out in Capital GEM Feed.	GMS
ES-4 Construction of temporary Clinic Block	Costs as set out in Capital GEM Feed.  Cost is presented in real terms in the GEM with capital inflation applied in a separate line. Differential inflation of 3.0% is then	GMS

	removed from the inflated cost for the purpose of the NPV calculation.	
ES-5 Med recs and car park	Costs as set out in Capital GEM Feed. Cost is presented in real terms in the GEM with capital inflation applied in a separate line. Differential inflation of 3.0% is then removed from the inflated cost for the purpose of the NPV calculation.	GMS
ES-6 Relocation of corporate functions	Costs as set out in Capital GEM Feed. Cost is presented in real terms in the GEM with capital inflation applied in a separate line. Differential inflation of 3.0% is then removed from the inflated cost for the purpose of the NPV calculation.	GMS
ES-7 Transfer of Clinics 1 - remodelling of Westaway Court	Costs as set out in Capital GEM Feed. Cost is presented in real terms in the GEM with capital inflation applied in a separate line. Differential inflation of 3.0% is then removed from the inflated cost for the purpose of the NPV calculation.	GMS
ES-8 Remodel - First Floor parade, Granite and 1960 wings	Costs as set out in Capital GEM Feed. Cost is presented in real terms in the GEM with capital inflation applied in a separate line. Differential inflation of 3.0% is then removed from the inflated cost for the purpose of the NPV calculation.	GMS
ES-9 Re-siting of critical plant and systems	Costs as set out in Capital GEM Feed. Cost is presented in real terms in the GEM with capital inflation applied in a separate line. Differential inflation of 3.0% is then removed from the inflated cost for the purpose of the NPV calculation.	GMS
ES-10 Transfer of Staff accommodation	Costs as set out in Capital GEM Feed.	GMS
<b>Additional works</b>		
Add two decks to Patriotic Street Car park	Costs as set out in Capital GEM Feed. Cost is presented in real terms in the GEM with capital inflation applied in a separate line. Differential inflation of 3.0% is then	GMS

	removed from the inflated cost for the purpose of the NPV calculation.	
Post occupation Granite Block refurbishment	Costs as set out in Capital GEM Feed.  Cost is presented in real terms in the GEM with capital inflation applied in a separate line. Differential inflation of 3.0% is then removed from the inflated cost for the purpose of the NPV calculation.	GMS
Capital inflation on ES Schemes & additional works	Costs as set out in Capital GEM Feed.	GMS
<b>Lifecycle Costs</b>		
LCR1 -New build areas (not discounted or inflated)	Lifecycle for the new build areas of JFH. Costs as set out in Capital GEM Feed.  Cost is presented in real terms.	GMS
LCR2 - Refurbished areas - (not discounted or inflated)	Lifecycle for the refurbishment areas of JFH. Costs as set out in Capital GEM Feed.  Cost is presented in real terms.	GMS
Equipment Replacement costs per annum	HSSD based annual equipment replacement costs budget. This is assumed to roll forward at existing level.  Cost is presented in real terms.	HSSD Finance
MRI Scanner 1	HSSD budget for 7 year MRI scanner replacement budget. This is assumed to roll forward at existing level with a new scanner purchased every seven years.  Cost is presented in real terms.	HSSD Finance
MRI Scanner 2	Option 3 and 4 result in a second MRI scanner for JFH.  The replacement cost of the second MRI scanner is assumed to roll forward in line with MRI scanner 1 with new scanner purchased every seven years.	HSSD Finance

	Cost is presented in real terms.	
CT Scanner 2	Option 3 and 4 result in a second CT scanner for JFH. The replacement cost of the second CT scanner is assumed to roll forward in line with CT scanner 1 (included within the Equipment replacement cost budget) with new scanner purchased every seven years. Cost is presented in real terms.	HSSD Finance
RIS/PACS	HSSD budget for 10 year RIS/PACS replacement budget. This is assumed to roll forward at existing level with a full replacement every ten years with an update every five years. Cost is presented in real terms.	HSSD Finance
ES01	Costs as set out in Capital GEM Feed. Cost is presented in real terms.	GMS
ES04	Costs as set out in Capital GEM Feed Cost is presented in real terms.	GMS
ES05	Costs as set out in Capital GEM Feed. Cost is presented in real terms.	GMS
ES06	Costs as set out in Capital GEM Feed. Cost is presented in real terms.	GMS
ES07 New Build	Costs as set out in Capital GEM Feed. Cost is presented in real terms.	GMS
ES08	Costs as set out in Capital GEM Feed. Cost is presented in real terms.	GMS
<b>Transition Period Costs</b>		
Non Spatial refurbishment works	Costs as set out in Capital GEM Feed. Cost is presented in real terms.	GMS
Statutory Compliance / H&S/ Essential replacement	Costs as set out in Capital GEM Feed. Cost is presented in real terms.	GMS



<b>Operating Costs</b>		
Hospital Estates Cost	The current hospital estates costs taken from the Jersey General Hospital ledger. This has been uplifted in line with the increased JFH footprint following the opening of the new hospital in 2024.	HSSD Finance
Hospital Housekeeping costs	The current hospital housekeeping costs taken from the Jersey General Hospital ledger. This has been uplifted in line with the increased JFH footprint following the opening of the new hospital in 2024.	HSSD Finance
Energy and Utilities	The current hospital Energy & Utilities costs taken from the Jersey General Hospital ledger. This has been uplifted in line with the increased JFH footprint following the opening of the new hospital in 2024.	HSSD Finance
<b>Revenue consequences of new hospital</b>		
Post Project evaluation Provision	£100k cost in FY25 for post project evaluation.	GMS
Old Hospital management (5 year post occupation)	£250k charge for the mothballing and maintenance of the 1960s and 1980s blocks of the current hospital. Charge is incurred for five years from FY24 – FY28. It is assumed that a decision on the long term future of the buildings will be made during this period.	GMS
ES01 Relocation Of Catering Unit	Ongoing lease costs associated with the relocation of the catering unit.	HSSD Finance
ES03 Kitchen Clinics	No ongoing revenue consequences.	HSSD Finance
ES04 Modular Outpatient Clinic	No ongoing revenue consequences.	HSSD Finance
ES05-1 Medical Records to Overdale	Ongoing lease costs associated with the relocation of medical records to Overdale.	HSSD Finance
ES05-2 Car & Bike parking to Patriotic Street Carpark	No ongoing revenue consequences.	HSSD Finance
ES06 Relocation Corporate and Training	ES06 relocation of corporate services reflects the additional revenue costs until	HSSD Finance

	the granite block is available for use in 2026. A further decision will be needed at that time regarding the final location of corporate services and the related revenue consequences.	
ES08 First Floor works - Maternity and Surgical services	Hospital Financial Models reflects changes to model of care and financial impact. This impact is not shown separately on the face of the GEM.	HSSD Finance
ES09 Critical Plant & Systems Works	No ongoing revenue consequences.	HSSD Finance
ES10 Staff accommodation relocated from Westaway Court	Ongoing lease costs associated with the relocation of staff accommodation away from Westaway Court.	HSSD Finance
<b>Financing Costs</b>		
Bond issue fee	The transaction cost of raising the bond in 2018.	SoJ Treasury
<b>Clinical Costs</b>		
Civil Servants Pay		HSSD Finance
Medical Pay		HSSD Finance
Nursing Pay		HSSD Finance
Manual Pay		HSSD Finance
Other Staff Pay		HSSD Finance
Drugs		HSSD Finance
Medical Supplies		HSSD Finance
Purchase of Healthcare		HSSD Finance
Other Non Staff - Semi Fixed		HSSD Finance
Other Non Staff – Fixed		HSSD Finance
Other non staff - Variable		HSSD Finance
Overheads		HSSD Finance

Income		HSSD Finance
<b>Inflation assumptions</b>		
General inflation	FY17 – 2.8% FY18 – 2.4% FY19-FY84 – 3.0%	HSSD Finance / SoJ Treasury
Drug Inflation	FY17-FY84 – 7.0%	HSSD Finance / SoJ Treasury
Pay inflation	FY17 – 1.0% FY18 – 1.0% FY19-FY84 – 3.0%	HSSD Finance / SoJ Treasury
<b>Demographic growth</b>	Demographic growth rates based on +700 inward migration rate applied on an annual basis as provided SoJ Economic Statistic Unit from 2017 – 2065. No demographic growth assumptions are applied to financial projections beyond 2065 due to the difficulty to estimate a period so far into the future.	[SoJ Economic Statistics Unit]
<b>Sensitivity Tests</b>		
+325 inward migration growth	Switching the assumed inward migration growth assumption from +700 per annum to +325 per annum. Applied to all options.	[SoJ Economic Statistics Unit]
+1,000 inward migration growth	Switching the assumed inward migration growth assumption from +700 per annum to +1,000 per annum. Applied to all options.	[SoJ Economic Statistics Unit]
+1,500 inward migration growth	Switching the assumed inward migration growth assumption from +700 per annum to +1,500 per annum. Applied to all options.	[SoJ Economic Statistics Unit]
10% capital cost increase – main hospital	10% capital cost increase applied to the total capital cost of the new hospital.	GMS

	Applied to all options.	
10% capital cost increase – ES schemes	10% capital cost increase applied to the total capital cost of the Enabling Schemes. Applied to all options.	GMS
1 year delay	The additional inflation effect of a one year delay to the main hospital scheme. Applied to options 3 and 4 only.	GMS
2 year delay	The additional inflation effect of a two year delay to the main hospital scheme. Applied to options 3 and 4 only.	GMS
2 year delay	The additional inflation effect of a two year delay to the main hospital scheme and enabling schemes. Applied to option 4 only.	GMS
Worst case scenario	The worst case scenario for each option based on above sensitivity tests.	Calculated based on assumptions listed above.

## Financial Case Model

### Methodology

The Financial Case Model has been produced for the preferred option (Option 4) and for a baseline comparator option (Option 1 – do nothing).

The Financial Model represents all of the costs as set out in the GEM Model with the exception of Capital Build costs which are replaced with the funding and financing implications of each option.

All costs are presented in real (i.e. without inflation) and nominal (i.e. with inflation) terms.

All assumptions set out in the GEM Model assumptions log are still applicable to the Financial Case Model in relation to Option 1 and 4 only. The assumptions log below therefore only presents new assumptions which were not presented in the GEM assumptions log.

### Assumptions log

Assumption	Detail	Source
<b>Financing Assumptions</b>		
Borrowing	The capital costs are proposed to be funded via a mix off: <ul style="list-style-type: none"><li>• Consolidated Fund</li><li>• Bond</li><li>• Strategic Reserve</li></ul>	SoJ Treasury
<b>Bond Assumptions</b>		
Term	40 years	SoJ Treasury
Financing Charge	2.50%	SoJ Treasury
Repayment	Bullet at the end of term.	SoJ Treasury
Interest earned on bond following drawdown	1.0% during period bond remain unspent	SoJ Treasury
Bond fee	£2.5m for Options 3 and 4 £0.7m for Options 1 and 2	SoJ Treasury
Bond drawdown	A £275m Bond will be issued but only £265m cash will be realised. This is due to difference between the Bond's offer price and actual cash received.	SoJ Treasury

<b>General assumptions</b>		
Opportunity Cost on Strategic reserve	5.00%	SoJ Treasury
Opportunity Cost on consolidated fund	0.00%	SoJ Treasury
Drawdown schedule	<ol style="list-style-type: none"> <li>1. Consolidated fund</li> <li>2. Bond</li> <li>3. Strategic reserve</li> </ol>	SoJ Treasury
Weighted Average Cost of Capital ("WACC")	<p>3.31%</p> <p>This rate is applied to all forms of borrowing over the life of the bond.</p>	SoJ Treasury



## Appendix 13 - Financial Case Models Cashflows (2016 – 2030)

### Option 1 – Lifecycle, Transition Period and Current Hospital Operating Costs

Option 1		2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Rebuild Option		0	1	2	3	4	5	6	7	8	9	10	11	12	13	14
Expenditure		£M	£M	£M	£M	£M	£M	£M	£M	£M	£M	£M	£M	£M	£M	£M
		MTFP 2				MTFP 3				MTFP 4						
<b>Section 1 - Lifecycle</b>																
LCR1 - New build areas (not discounted or inflated)	451.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.2	1.3	1.4	1.7	2.0	2.4
LCR2 - Refurbished areas - (not discounted or inflated)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Equipment Replacement costs per annum	730.7	2.5	3.1	3.0	3.5	3.4	3.5	3.6	3.7	3.9	4.0	4.1	4.2	4.4	4.5	4.7
MRI Scanner 1	90.9	0.0	2.8	0.0	0.0	0.0	0.0	0.0	0.0	3.5	0.0	0.0	0.0	0.0	0.0	0.0
Spare	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Spare	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
RIS/PACS	59.3	0.0	0.0	0.0	1.9	0.0	0.0	0.0	0.0	0.8	0.0	0.0	0.0	0.0	2.6	0.0
ES01	14.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.1	0.0	0.3	0.0	0.1	0.0
ES04	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
ES05	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
ES06	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
ES07 Refurb	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
ES08	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Granite Block	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Total - Lifecycle</b>	<b>1,346.4</b>	<b>2.5</b>	<b>5.9</b>	<b>3.0</b>	<b>5.4</b>	<b>3.4</b>	<b>3.5</b>	<b>3.6</b>	<b>3.8</b>	<b>8.2</b>	<b>5.3</b>	<b>5.4</b>	<b>5.9</b>	<b>6.2</b>	<b>9.3</b>	<b>7.2</b>
<b>Section 2 - Hospital Operating Costs</b>																
Civil Servants Pay	3,539.8	12.7	13.3	13.9	14.4	15.0	15.8	16.5	17.0	17.6	18.2	18.9	19.5	20.2	20.9	21.7
Medical Pay	5,956.6	18.4	20.5	22.1	23.0	24.4	26.3	27.4	28.4	29.4	30.4	31.3	32.5	33.7	34.9	36.2
Nursing Pay	8,636.0	31.9	34.3	35.8	35.3	36.8	38.1	41.3	42.4	43.7	45.2	46.8	48.1	49.5	50.9	52.4
Manual Pay	133.9	0.6	0.9	0.6	0.2	0.3	0.3	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.0	1.0
Other Staff Pay	987.0	4.3	4.4	4.5	4.5	4.9	5.1	5.3	5.5	5.6	5.8	6.0	6.1	6.3	6.5	6.7
Drugs	25,678.1	11.9	13.4	14.4	15.3	16.5	17.9	19.7	21.3	23.0	24.8	26.7	28.8	31.1	33.5	36.1
Medical Supplies	2,540.1	7.6	8.4	9.1	9.4	9.8	10.2	10.8	11.2	11.6	12.1	12.6	13.1	13.5	14.1	14.6
Purchase of Healthcare	20,590.5	10.2	10.6	12.6	16.3	18.1	19.3	14.4	15.2	16.0	16.4	16.9	24.4	32.3	40.7	49.6
Other Non Staff - Semi Fixed	61.9	0.2	0.2	0.2	0.2	0.2	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.4
Other Non Staff - Fixed	142.9	0.6	0.7	0.7	0.7	0.7	0.7	0.8	0.8	0.8	0.8	0.9	0.9	0.9	0.9	1.0
Other non staff - Variable	1,005.3	3.6	3.7	4.0	4.2	4.5	4.8	5.0	5.2	5.3	5.5	5.7	5.9	6.1	6.3	6.5
Overheads	3,278.2	14.8	15.2	15.6	16.1	16.6	17.0	17.6	18.1	18.6	19.2	19.8	20.4	21.0	21.6	22.2
Income	-2,331.9	-7.5	-7.9	-8.6	-9.0	-9.3	-9.7	-10.0	-10.4	-10.8	-11.2	-11.7	-12.1	-12.6	-13.0	-13.5
Current Hospital Estates cost	1,621.9	7.3	7.5	7.7	8.0	8.2	8.4	8.7	8.9	9.2	9.5	9.8	10.1	10.4	10.7	11.0
Current Hospital Houskeeping cost	678.02	3.1	3.2	3.2	3.3	3.4	3.5	3.6	3.7	3.9	4.0	4.1	4.2	4.3	4.5	4.6
Energy & Utilities - current spend	327.33	1.5	1.5	1.6	1.6	1.7	1.7	1.8	1.8	1.9	1.9	2.0	2.0	2.1	2.2	2.2
Spare	0.0															
Spare	0.0															
<b>Total - Hospital Operating Costs</b>	<b>72,845.6</b>	<b>121.3</b>	<b>129.9</b>	<b>137.5</b>	<b>143.4</b>	<b>151.8</b>	<b>160.0</b>	<b>164.1</b>	<b>170.5</b>	<b>177.2</b>	<b>183.9</b>	<b>191.0</b>	<b>205.2</b>	<b>220.2</b>	<b>235.9</b>	<b>252.5</b>



## Option 1 – Revenue Consequences of JFH and Financing Costs

Option 1	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	
Rebuild Option	0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	
Expenditure	£M	£M	£M	£M	£M	£M	£M	£M	£M	£M	£M	£M	£M	£M	£M	
	MTFP 2				MTFP 3				MTFP 4							
<b>Section 3 - Revenue consequences of JFH</b>																
Estates - proportional based on Area	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Housekeeping -proportional based on area	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Energy & Utilities - new hospital step-up	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Post Project evaluation Provision	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Old Hospital management [5 year post occupation]	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
ES01 Relocation Of Catering Unit	33.0	0.0	0.0	0.1	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
ES03 Kitchen Clinics	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
ES04 Modular Outpatient Clinic	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
ES05-1 Medical Records to Overdale	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
ES05-2 Car & Bike parking to Patriotic Street Carpar	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
ES06 Relocation Corporate and Training	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
ES08 First Floor works - Maternity and Surgical ser	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
ES09 Critical Plant & Systems Works	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
ES10 Staff accommodation relocated from Westaw	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Statutory Compliance / H&S/ Essential replacemen	5.8	2.9	2.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Spare	0.0															
Spare	0.0															
Spare	0.0															
<b>Total - Revenue consequences of JFH</b>	<b>38.8</b>	<b>2.9</b>	<b>2.9</b>	<b>0.1</b>	<b>0.2</b>	<b>0.2</b>	<b>0.2</b>	<b>0.2</b>	<b>0.2</b>	<b>0.2</b>	<b>0.2</b>	<b>0.2</b>	<b>0.2</b>	<b>0.2</b>	<b>0.2</b>	<b>0.2</b>
<b>Section 4 - Capital Funding Financing Costs</b>																
Consolidated Fund drawdown	23.6	0.0	0.0	23.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Strategic Reserve drawdown	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Bond drawdown charge	0.7	0.0	0.0	0.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Bond bullet repayment	84.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Interest earned on bond during construction	-1.8	0.0	0.0	-0.4	-0.3	-0.3	-0.2	-0.2	-0.2	-0.1	-0.1	0.0	0.0	0.0	0.0	0.0
Cost of borrowing	84.1	0.0	0.0	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1
<b>Total - Financing costs</b>	<b>190.8</b>	<b>0.0</b>	<b>0.0</b>	<b>26.0</b>	<b>1.8</b>	<b>1.8</b>	<b>1.9</b>	<b>1.9</b>	<b>1.9</b>	<b>2.0</b>	<b>2.0</b>	<b>2.1</b>	<b>2.1</b>	<b>2.1</b>	<b>2.1</b>	<b>2.1</b>
<b>Total - Expenditure</b>	<b>74,421.6</b>	<b>126.7</b>	<b>138.7</b>	<b>166.6</b>	<b>150.8</b>	<b>157.2</b>	<b>165.6</b>	<b>169.8</b>	<b>176.4</b>	<b>187.6</b>	<b>191.4</b>	<b>198.7</b>	<b>213.4</b>	<b>228.7</b>	<b>247.5</b>	<b>262.0</b>

## Option 4 - Lifecycle, Transition Period and Current Hospital Operating Costs

Option 4	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	
Rebuild Option	0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	
Expenditure	£M	£M	£M	£M	£M	£M	£M	£M	£M	£M	£M	£M	£M	£M	£M	£M	
	MTFP 2			MTFP 3				MTFP 4				MTFP 5					
<b>Section 1 - Lifecycle</b>																	
LCR1 - New build areas (not discounted or inflated)	455.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.3	0.6	2.5	2.1
LCR2 - Refurbished areas - (not discounted or inflated)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Equipment Replacement costs per annum	722.7	2.5	3.1	3.0	3.5	3.4	3.5	3.6	3.7	1.0	2.0	2.1	3.2	4.4	4.5	4.7	4.8
MRI Scanner 1	90.9	0.0	2.8	0.0	0.0	0.0	0.0	0.0	0.0	3.5	0.0	0.0	0.0	0.0	0.0	0.0	4.3
MRI Scanner 2	84.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	4.3
CT Scanner 2	74.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	3.8
RIS/PACS	59.3	0.0	0.0	0.0	1.9	0.0	0.0	0.0	0.0	0.8	0.0	0.0	0.0	0.0	2.6	0.0	0.0
ES01	15.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.1	0.0	0.3	0.0	0.1	0.1
ES04	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
ES05	5.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.1	0.1
ES06	1.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0
ES07 New Build	55.9	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.1	0.1	0.5	0.2	0.3	0.2	1.2	0.2	0.6
ES08	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Granite Block	15.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
<b>Total - Lifecycle</b>	<b>1,580.3</b>	<b>2.5</b>	<b>5.9</b>	<b>3.0</b>	<b>5.4</b>	<b>3.5</b>	<b>3.6</b>	<b>3.7</b>	<b>3.8</b>	<b>5.4</b>	<b>3.9</b>	<b>2.4</b>	<b>3.7</b>	<b>5.1</b>	<b>9.4</b>	<b>7.6</b>	<b>20.2</b>
<b>Section 2 - Hospital Operating Costs</b>																	
Civil Servants Pay	3,412.9	12.7	13.3	13.8	14.3	14.9	15.7	16.2	16.7	17.2	17.8	18.3	18.9	19.6	20.3	21.0	21.7
Medical Pay	5,849.0	18.4	20.5	22.0	22.9	24.1	26.0	26.8	27.7	28.5	29.3	30.0	31.1	32.3	33.5	34.7	36.0
Nursing Pay	9,419.3	31.9	34.3	35.8	36.5	37.7	38.7	39.8	40.9	42.0	43.1	44.1	46.0	48.0	50.1	52.2	54.4
Manual Pay	560.6	0.6	0.9	0.9	0.9	0.9	0.9	0.8	0.8	0.6	0.4	0.1	0.3	0.5	0.7	1.0	1.2
Other Staff Pay	987.0	4.3	4.4	4.5	4.5	4.9	5.1	5.3	5.5	5.6	5.8	6.0	6.1	6.3	6.5	6.7	6.9
Drugs	26,026.9	11.9	13.4	14.5	15.6	16.8	18.1	19.4	21.0	22.6	24.2	26.0	28.2	30.5	33.0	35.7	38.7
Medical Supplies	2,455.8	7.6	8.4	9.0	9.4	9.6	9.9	10.3	10.6	11.0	11.4	11.8	12.3	12.8	13.3	13.9	14.5
Purchase of Healthcare	3,928.9	10.2	10.6	11.0	11.4	11.8	12.3	12.8	13.2	13.8	14.3	14.9	15.4	16.0	16.6	17.3	17.9
Other Non Staff - Semi Fixed	61.9	0.2	0.2	0.2	0.2	0.2	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.4	0.4
Other Non Staff - Fixed	142.9	0.6	0.7	0.7	0.7	0.7	0.7	0.8	0.8	0.8	0.8	0.9	0.9	0.9	0.9	1.0	1.0
Other non staff - Variable	1,005.3	3.6	3.7	4.0	4.2	4.5	4.8	5.0	5.2	5.3	5.5	5.7	5.9	6.1	6.3	6.5	6.7
Overheads	3,278.2	14.8	15.2	15.6	16.1	16.6	17.0	17.6	18.1	18.6	19.2	19.8	20.4	21.0	21.6	22.2	22.9
Income	-2,331.9	-7.5	-7.9	-8.6	-9.0	-9.3	-9.7	-10.0	-10.4	-10.8	-11.2	-11.7	-12.1	-12.6	-13.0	-13.5	-14.0
Current Hospital Estates cost	64.80	7.3	7.5	7.7	8.0	8.2	8.4	8.7	8.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Current Hospital Houskeeping cost	27.09	3.1	3.2	3.2	3.3	3.4	3.5	3.6	3.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Energy & Utilities - current spend	327.33	1.5	1.5	1.6	1.6	1.7	1.7	1.8	1.8	1.9	1.9	2.0	2.0	2.1	2.2	2.2	2.3
Spare	0.0																
Spare	0.0																
<b>Total - Hospital Operating Costs</b>	<b>55,216.1</b>	<b>121.3</b>	<b>129.9</b>	<b>135.9</b>	<b>140.5</b>	<b>146.7</b>	<b>153.5</b>	<b>159.0</b>	<b>164.7</b>	<b>157.5</b>	<b>162.8</b>	<b>168.1</b>	<b>175.8</b>	<b>183.8</b>	<b>192.3</b>	<b>201.1</b>	<b>210.4</b>

## Option 4 - Revenue Consequences of JFH and Financing Costs

Option 4		2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Rebuild Option		0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Expenditure		£M	£M	£M	£M	£M	£M	£M	£M	£M	£M	£M	£M	£M	£M	£M	£M
		MTFP 2				MTFP 3				MTFP 4				MTFP 5			
<b>Section 3 - Revenue consequences of JFH</b>																	
Estates - proportional based on Area	2,012.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	11.9	12.3	12.6	13.0	13.4	13.8	14.2	14.7
Housekeeping -proportional based on area	841.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	5.0	5.1	5.3	5.4	5.6	5.8	5.9	6.1
Energy & Utilities - new hospital step-up	173.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.0	1.1	1.1	1.1	1.2	1.2	1.2	1.3
Post Project evaluation Provision	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0
Old Hospital management [5 year post occupati	1.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.3	0.3	0.3	0.3	0.4	0.0	0.0	0.0
ES01 Relocation Of Catering Unit	33.0	0.0	0.0	0.1	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
ES03 Kitchen Clinics	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
ES04 Modular Outpatient Clinic	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
ES05-1 Medical Records to Overdale	40.2	0.0	0.0	0.0	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.3	0.3	0.3	0.3	0.3
ES05-2 Car & Bike parking to Patriotic Street Car	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
ES06 Relocation Corporate and Training	1.5	0.0	0.0	0.1	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.0	0.0	0.0	0.0	0.0	0.0
ES08 First Floor works - Maternity and Surgical	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
ES09 Critical Plant & Systems Works	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
ES10 Staff accommodation relocated from West	145.2	0.0	0.0	0.1	0.7	0.7	0.8	0.8	0.8	0.8	0.9	0.9	0.9	0.9	1.0	1.0	1.0
Statutory Compliance / H&S/ Essential replacen	19.4	2.9	2.9	3.0	3.1	2.2	2.3	2.4	0.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Spare	0.0																
Spare	0.0																
Spare	0.0																
<b>Total - Revenue consequences of JFH</b>	<b>3,268.4</b>	<b>2.9</b>	<b>2.9</b>	<b>3.3</b>	<b>4.4</b>	<b>3.5</b>	<b>3.6</b>	<b>3.7</b>	<b>2.0</b>	<b>19.7</b>	<b>20.4</b>	<b>20.7</b>	<b>21.3</b>	<b>21.9</b>	<b>22.2</b>	<b>22.9</b>	<b>23.6</b>
<b>Section 4 - Capital Funding Financing costs</b>																	
Consolidated reserve drawdown	23.6	2.4	12.1	9.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Strategic reserve drawdown	177.3	0.0	0.0	0.0	0.0	0.0	6.3	125.2	37.3	6.8	1.7	0.0	0.0	0.0	0.0	0.0	0.0
Bond drawdown charge	2.5	0.0	0.0	2.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Bond bullet repayment	275.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Interest earned on bond during construction	-4.7	0.0	0.0	-1.9	-1.7	-1.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Cost of borrowing	605.0	0.1	0.5	9.9	9.9	9.9	10.1	14.2	15.5	15.7	15.7	15.7	15.7	15.7	15.7	15.7	15.7
<b>Total - Capital Funding Financing costs</b>	<b>1,078.7</b>	<b>2.5</b>	<b>12.6</b>	<b>19.6</b>	<b>8.1</b>	<b>8.9</b>	<b>16.4</b>	<b>139.4</b>	<b>52.8</b>	<b>22.5</b>	<b>17.4</b>	<b>15.7</b>	<b>15.7</b>	<b>15.7</b>	<b>15.7</b>	<b>15.7</b>	<b>15.7</b>
<b>Total - Expenditure (nominal)</b>	<b>61,143.4</b>	<b>129.2</b>	<b>151.3</b>	<b>161.9</b>	<b>158.3</b>	<b>162.6</b>	<b>177.2</b>	<b>305.9</b>	<b>223.3</b>	<b>205.0</b>	<b>204.6</b>	<b>206.9</b>	<b>216.5</b>	<b>226.6</b>	<b>239.6</b>	<b>247.4</b>	<b>270.0</b>