

## CHAPTER 8 - AFFORDABILITY

### 8.1 Introduction

This chapter details the revenue costs of the preferred option and the impact on local health service funding.

### 8.2 Financial Appraisal

Details of the revenue costs for the preferred option are provided in Appendix H with a summary outlined below:

<b>Additional Costs</b>	£'000s
Capital Charges	£ 1,706
Facilities Costs	£ 140
<b>Total</b>	£ 1,846
Current Cost Base	£ 5,370
<b>New Cost Base</b>	£ 7,216

The additional revenue costs of the project have been apportioned to the main commissioners based on the baseline expenditure on mental health services in the locality with the Trust. The table below outlines the impact on the commissioning Primary Care Trusts of this project.

PCT Revenue Impact	Greater Peterborough Primary Care Trusts	East Cambs & Fenland Primary Care Trust	Other	Total
	£'000s	£'000s	£'000s	£'000s
Percentage Share	85.4%	9.8%	4.8%	100%
Baseline 2002-03	£ 4,584	£ 527	£ 259	£ 5,370
Additional Costs	£ 1,576	£ 181	£ 89	£ 1,846
Revised Baseline	£ 6,160	£ 708	£ 348	£ 7,216

### 8.3 Impact on the Trust's Balance Sheet

The new capital assets created under this scheme will be placed on the balance sheet of the Cambridgeshire and Peterborough Mental Health Partnership NHS Trust at cost. The cash flow for the capital expenditure on the development of the preferred option, and the additional revenue flow

as a result of the development, is outlined in the table below. This assumes a start date of 1<sup>st</sup> January 2005 and a completion date of March 2007.

	2004-05 £'000s	2005-06 £'000s	2006-07 £'000s	2007-08 £'000s
Capital Costs	£ 2,970	£ 11,880	£ 8,435	£ 475
Capital Receipts	-	-	-	£ 2,759
Additional Revenue Costs	-	-	£ 35	£ 1,846
Transitional Costs	-	-	£ 34	£ 8

## 8.4 Key Assumptions and Methodology

The key assumptions on which the forecast of revenue costs of the scheme are based are outlined in Appendix H.

## 8.5 Additional Funding

The Outline Business Case and the assessment of affordability exclude income from the sale of residual estate or income from new income generation schemes. As a result of the proposals under this scheme, the preferred option will result in surplus land and buildings becoming available at the Gables, the Pines and the Gloucester Centre sites.

## 8.6 Primary Care Trust Support

The OBC has been presented to the key PCT's who have approved the:

- Objectives of the OBC.
- The assumptions for estimating bed numbers.
- The service models.
- The formulation and analysis of the options.
- The cost estimates for the building works and the new service models.
- The choice of the preferred option.

The boards have confirmed the preferred option is affordable within their estimated income growth and other planned commitments.