

<b>Reporting to:</b>	<b>Trust Board – 2 February 2017</b>
<b>Title</b>	Fertility Services Accommodation and Service Development
<b>Sponsoring Director</b>	Neil Nisbet, Finance Director
<b>Author(s)</b>	Jason Kasraie, Tina Kirby, Tricia Finch and Alison Jones
<b>Previously considered by</b>	Capital Planning Group (Approved 6.12.16), Sustainability Committee (Approved 31.1.17)
<b>Executive Summary</b>	<p>The current Fertility department accommodation is not fit for purpose and poses significant risk with regard to:</p> <ul style="list-style-type: none"> <li>• Clinical risks arising from restrictions in accommodation</li> <li>• quality and outcomes</li> <li>• health and safety of staff and patients</li> <li>• loss of business and reputation</li> <li>• Maintaining clinical outcomes is increasingly difficult in the current facility, improving them is not possible – An estimate of future costs of staying within this facility, is outlined in section 4.3.4</li> <li>• Maintaining the existing service and quality standards is becoming increasingly difficult in the absence of investment.</li> <li>• Privacy and dignity issues impact on patients' experience</li> <li>• The current facilities are unable to support an increase in workload which would generate additional income</li> <li>• The current service is unable to maximise benefits associated with new technology and the Trust is falling behind other organisations in this regard</li> <li>• An opportunity exists now to identify a solution associated with the wider reconfiguration of services. A similar opportunity is unlikely to present again in the short to medium term.</li> <li>• The proposal is in line with and will deliver both Trust Wide Strategic Priorities and Care Group Key Priorities.</li> </ul> <p>This paper has been developed and expanded at the request of the Trust Board following a 'deep dive' presentation in October 2015. Identifying an accommodation solution would enable the control of all of the major clinical risks and privacy and dignity issues in the department whilst also allowing growth and service development which will in turn provide significant benefits for patients, staff employed within the Centre and the Trust as a whole. Increasing market share and improving patient access would generate significant contributions to enable the Trust to invest in quality, delivery and sustainability in the future.</p> <p>This options appraisal and case for change has been developed by a multi-disciplinary team representing the department, including consultants (medical and scientific), nursing and administrative staff. In addition an independent feasibility study (Appendix 5) was commissioned with BNP paribas.</p> <p>The current issues and inherent risks have been reviewed and are recorded on the Care Group Risk Register with a risk score of 16: Likelihood of existing controls failing 4 (Likely), consequence 4 (Major).</p>

	<p>Based on consideration of outcomes required and value for money the Team are recommending:</p> <ul style="list-style-type: none"> <li>• Option 2- Transfer the service off-site</li> </ul> <p>This case received the support of the Capital Planning Group on 06.12.16 and the Sustainability Committee on 31.01.17.</p> <p>Additional information available within the supplementary Information Pack.</p>
<p><b>Strategic Priorities</b></p> <p>1. Quality and Safety</p> <p>2. People</p>	<ul style="list-style-type: none"> <li>✓ Reduce harm, deliver best clinical outcomes and improve patient experience.</li> <li><input type="checkbox"/> Address the existing capacity shortfall and process issues to consistently deliver national healthcare standards</li> <li>✓ Develop a clinical strategy that ensures the safety and short term sustainability of our clinical services pending the outcome of the Future Fit Programme</li> <li>✓ To undertake a review of all current services at specialty level to inform future service and business decisions</li> <li><input type="checkbox"/> Develop a sustainable long term clinical services strategy for the Trust to deliver our vision of future healthcare services through our Future Fit Programme</li> <li>✓ Through our People Strategy develop, support and engage with our workforce to make our organisation a great place to work</li> </ul>
<p>3. Innovation</p> <p>4. Community and Partnership</p> <p>5. Financial Strength: Sustainable Future</p>	<ul style="list-style-type: none"> <li>✓ Support service transformation and increased productivity through technology and continuous improvement strategies</li> <li><input type="checkbox"/> Develop the principle of 'agency' in our community to support a prevention agenda and improve the health and well-being of the population</li> <li><input type="checkbox"/> Embed a customer focussed approach and improve relationships through our stakeholder engagement strategies</li> <li><input type="checkbox"/> Develop a transition plan that ensures financial sustainability and addresses liquidity issues pending the outcome of the Future Fit Programme</li> </ul>
<p><b>Board Assurance Framework (BAF) Risks</b></p>	<ul style="list-style-type: none"> <li>✓ If we do not deliver <b>safe care</b> then patients may suffer avoidable harm and poor clinical outcomes and experience</li> <li><input type="checkbox"/> If we do not work with our partners to reduce the number of patients on the <b>Delayed Transfer of Care (DTC)</b> lists, and streamline our internal processes we will not improve our 'simple' discharges.</li> <li>✓ Risk to <b>sustainability</b> of clinical services due to potential shortages of key clinical staff</li> <li><input type="checkbox"/> If we do not achieve safe and efficient <b>patient flow</b> and improve our processes and capacity and demand planning then we will fail the national quality and performance standards</li> <li>✓ If we do not get good levels of <b>staff engagement</b> to get a culture of continuous improvement then staff morale and patient outcomes may not improve</li> <li>✓ If we do not have a clear <b>clinical service vision</b> then we may not deliver the best services to patients</li> <li>✓ If we are unable to resolve our (historic) shortfall in <b>liquidity</b> and the structural imbalance in the Trust's <b>Income &amp; Expenditure</b> position then we will not be able to fulfil our financial duties and address the modernisation of our ageing estate and equipment</li> </ul>
<p><b>Care Quality Commission (CQC) Domains</b></p>	<ul style="list-style-type: none"> <li>✓ Safe</li> <li>✓ Effective</li> <li>✓ Caring</li> <li>✓ Responsive</li> <li>✓ Well led</li> </ul>
<p><input type="checkbox"/> Receive    <input type="checkbox"/> Review</p> <p><input type="checkbox"/> Note        <input type="checkbox"/> Approve</p>	<p><b>Recommendation</b></p> <p>The Trust Board is asked to APPROVE the plan to move the Fertility service into new premises in the Severnfields Health Village.</p>

# **Business Case: Fertility Services Accommodation and Service Development**

**Care Group: Women and Children's**  
**Authors: Jason Kasraie, Tina Kirby, Tricia Finch and Alison Jones**  
**Date: 20/1/17**

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## Document Control

### Version History

Version	Date	Author	Brief Summary of Change
1	29-07-13	Jason Kasraie / Maureen O'Neill	Review and update of work progressed within previous business case
2	27-08-13	Jason Kasraie / Tricia Finch	Completion of Trust template
3	06-12-13	Tricia Finch	Refresh to take account of alternative options and latest strategic developments
4	08-12-13	Jason Kasraie	Review of Version 3 and addition of 5 <sup>th</sup> option (EPAS and GATU)
5	09-12-13	Jason Kasraie / Tricia Finch	Review of options scoring and summary of non financial appraisal summary.
6	11-04-14		Reviewed and refreshed to reflect latest options associated with GATU
11.2	15-05-15	Tina Kirby	
12.1	23-02-16	Jason Kasraie / Alison Jones / Tina Kirby	Complete review in light of option appraisal from BNP Paribas
13	28-03-16	Jason Kasraie	General review. Addition of appendices and costs of services for option 6
14	18-10-16	Jason Kasraie	General review and update to include 15-16 actuals
15	25-11-2016	Tina Kirby	Final version
16	28-11-2016	Jason Kasraie	Minor amendments to option appraisal and general review
17	20-01-17	Jason Kasraie	Addition of section 6.2.1 detailing information requested by capital planning meeting

### Document reviewed by

Version	Date	Reviewer	Brief Summary of Change

### Document Approved by

Version	Date	Approved Name / Body	Approver Role
			e.g. Project Board
			e.g. Executive Sponsor

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## 1. Executive Summary

The current Fertility department accommodation is not fit for purpose and poses significant risk with regard to:

- Clinical risks arising from restrictions in accommodation
  - quality and outcomes
  - health and safety of staff and patients
  - loss of business and reputation
- 
- Maintaining clinical outcomes is increasingly difficult in the current facility, improving them is not possible – An estimate of future costs of staying within this facility, is outlined in section 4.3.4
  - Maintaining the existing service and quality standards is becoming increasingly difficult in the absence of investment.
  - Privacy and dignity issues impact on patients' experience
  - The current facilities are unable to support an increase in workload which would generate additional income
  - The current service is unable to maximise benefits associated with new technology and the Trust is falling behind other organisations in this regard
  - An opportunity exists now to identify a solution associated with the wider reconfiguration of services. A similar opportunity is unlikely to present again in the short to medium term.
  - The proposal is in line with and will deliver both Trust Wide Strategic Priorities and Care Group Key Priorities.

This paper has been developed and expanded at the request of the Trust board following a 'deep dive' presentation in October 2015. Identifying an accommodation solution would enable the control of all of the major clinical risks and privacy and dignity issues in the department whilst also allowing growth and service development which will in turn provide significant benefits for patients, staff employed within the Centre and the Trust as a whole. Increasing market share and improving patient access would generate significant contributions to enable the Trust to invest in quality, delivery and sustainability in the future.

This options appraisal and case for change has been developed by a multi disciplinary team representing the department including consultants (medical and scientific), nursing and administrative staff. In addition an independent feasibility study (see appendix 5) was commissioned with BNP paribas.

The current issues and inherent risks have been reviewed and are now recorded on the Care Group Risk Register with a risk score of 16: Likelihood of existing controls failing 4 (Likely), consequence 4 (Major).

Based on consideration of outcomes required and value for money the Team are recommending:

- Option 2- Transfer the service off site

## 2. Document Purpose

The primary purpose of the Business Case is to seek a decision to provide a solution for the existing issues within Fertility Services.

This document has been produced to describe the current accommodation issues that are impacting on both the delivery of the existing service and also impact on the future shape of the services.

The case identifies possible solutions that will address both of the above and provides an appraisal of each option with associated recommendations.

### **3. Current Service Profile**

#### **3.1 Background**

The Shropshire & Mid-Wales Fertility Service (the Centre) began offering IVF treatments on-site at the Royal Shrewsbury Hospital in 2002. Over the last 14 years workload has increased steadily as have the regulatory and governance requirements from the Human Fertilisation and Embryology Authority (HFEA).

The rapid pace of change in the field of fertility services results in the continuing introduction of new procedures and improved methods are being developed all the time. Private and NHS units are responding to clinical and technological advances, however the Trust is now struggling to maintain pace.

The issues relating to Fertility Services accommodation have been known and recognised for some time however to date, for a variety of reasons, the Trust has not been able to identify a viable solution.

Following visits from members of the Trust Board and the on-going progression of the reconfiguration of Women and Children's services, work has begun again to identify accommodation solutions to improve and enhance the existing service and at the same time support the wider Trust reconfiguration programme.

#### **3.2 Current Service Profile and Operational Challenges**

In relation to treatment success The Shropshire & Mid-Wales Fertility Service is a centre of excellence and is currently one of the most successful NHS IVF service in the country. The Centre is licensed by the Human Fertilisation & Embryology Authority (HFEA) to perform all forms of assisted conception treatment.

The Centre currently occupies approximately 350 square metres of space at the Royal Shrewsbury Hospital site, adjacent to the Children's Assessment Unit.

Clinical space is severely limited, both the laboratories and the treatment room are too small to accommodate patient throughput, and bottlenecks exist within the recovery area, as only 3 patients can be recovered at a time.

There are significant issues around dignity and privacy for patients, with no suitable changing facilities and two patients routinely recovering in a room suitable for one.

Following previous inspection by the HFEA in 2015, the centre received investment for a new cryostorage room, but the space within this is still limited and physical storage space will run out in two years' time as the number of frozen embryos and gametes continues to grow. Consumables and patients notes are now also being stored outside of the department in the hydrotherapy pool area adjacent to the centre.

These accommodation issues are all logged on the Care Groups Risk Register with a residual score of 16.

As a result of the space limitations the HFEA has enforced an activity cap on the service, severely limiting income generation opportunities. A full inspection of the facility is due in 2017, but an unannounced inspection could occur at any time. It is highly likely that the service will fail the inspection due to the inadequacies associated with the laboratories, treatment room and recovery area. This failure will have a significant negative financial impact on the organisation.

## 4. Drivers For Change

The case for change is summarised below against 4 broad headings: risk, service delivery, financial opportunities and strategic fit;

### 4.1 Risk

The current accommodation poses significant risks including;

#### 4.1.1. Quality and Clinical Outcomes

- HFEA standards are not being met and the centre is at high risk of closure
- Deterioration in clinical quality and a subsequent reduction in success rates, patient throughput and income.
- Equipment failure and obsolescence
- Limited access to optimal embryo care resulting in differential service for patients
- Inability to maintain pace with technological developments.

#### 4.1.2. Health and Safety

- Health and Safety risks associated with cramped laboratory working conditions and lack of 'clean air' systems in the laboratory
- Health and Safety risks associated with cramped treatment room, particularly relating to an inability to access the patient for resus if necessary and lack of clean air systems to allow for some minor procedures
- Health and Safety risks associated with lack of recovery space

#### 4.1.3. Workforce

- Recruitment – unattractive to new staff
- Retention – low staff morale

#### 4.1.4. Business and Reputation

- Poor facilities will not attract new activity or support growth
- Activity will reduce as patients choose alternative providers who offer enhanced techniques and additional services
- Loss of 'status' and reputation of the service as a centre of excellence

The current issues and inherent risks have recently been reviewed and are now recorded on the Care Group Risk Register with a risk score of 16: Likelihood of existing controls failing 4 (Likely), consequence 4 (Major).

### 4.2 Service Delivery

Meeting the demand for services within the HFEA defined standards and maintaining the current high quality of care is extremely difficult within the existing premises and the lack of both space and facilities has resulted in significant operational issues for the Centre.

Patient experience within this specialty is often reflective of the clinical outcome as opposed to the delivery of the service however any assessment of both privacy and dignity and health and safety would highlight significant concerns for both patients and staff.

New procedures and methods are continuing to improve. These developments not only offer better care but also enhance both patient outcomes and the reputation of the Centre. The Trust is now unable to maintain pace and offer the benefits associated with these developments as the current facilities are not able to support expansion.

Morale is currently quite low within the department, whilst this is not affecting patient care it is having a detrimental effect on the working lives of the existing staff and could result in current staff seeking alternative employment in the future or extended periods of sickness.



### 4.3.1 Financial Opportunities – Income Generation

#### Activity trends

Fertility services activity has increased steadily for the last 11 years and is projected to potentially increase by 5% per year going forward so long as the service has sufficient space to expand and introduce new technologies. A slight down-turn in private income in FY 14-15 can be attributed to poor facilities and lack of investment in new technology which has led patients to seek specialist treatment elsewhere.

The Centre has over-performed against the Welsh contract for the last 3 years. It has been recognised that this reflects the volume of referrals and that this is unlikely to reduce in the future. The Welsh Health Specialist Services Committee have commissioned 30 additional cycles of treatment in FY 15-16 and look likely to commission a further 50 in year.

Figure 1 (below) demonstrates treatment numbers over the last 5 years for the service.

**Figure 1. Treatment numbers for last 5 financial years**

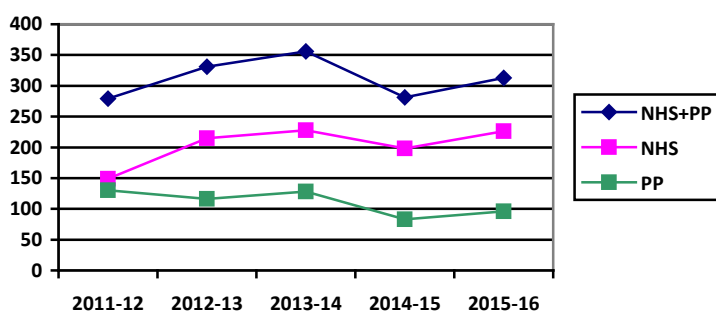


Table 1. Growth in treatment numbers, financial years 11-12 to 15-16 (actuals)

ALL IVF & ICSI CYCLES			
	NHS+PP	NHS	PRIVATE
2011/12	279	149	130
2012/13	331	215	116
2013/14	356	228	128
2014/15	281	198	83
2015/16	313	226	96

Table 2. Growth in treatment number by commissioner (actuals)

IVF & ICSI by CCG					
	SC CCG	T&W CCG	WALES	Private	Other
2011/12	45	20	84	130	
2012/13	68	56	91	116	
2013/14	69	46	109	128	4
2014/15	55	42	94	83	7
2015/16	53	36	128	96	9

Growth in NHS contracted work from 11/12 to 15/16 was 34%. Private treatments dropped during this period. There are additional funding streams from other CCGs and the new 'Armed Forces policy' for assisted conception. A recent drop in Telford and Wrekin and Shropshire activity was due to a change in access policy. This reduction has been largely offset by increases to the Welsh contract.

There are also opportunities to expand services further both in Wales and within neighbouring counties in England. Specialist services operate in a larger geographical area than more general services and with the outcome results that the Centre has achieved the service is in an ideal position to promote and attract new business once capacity is increased.

Current NICE Guidelines recommend 3 cycles of treatment per couple however as NHS commissioners respond to significant financial pressures NHS funding for non emergency treatments could be affected. For some specialities this results in a significant risk when considering expansion however within Fertility Services reduced investment by commissioners, if it were to occur, is likely to increase the demand for private patient services.

IVF and fertility treatment generally remain high on the public agenda and within this area the demand for private treatment, NHS 'top-ups' and fee paying services, is a growing opportunity. The ability to expand the service (volume) and enhance the service (techniques) provides an ideal opportunity to increase the level of income with minimal additional revenue costs. An increase in activity of 5% per annum can be assumed from 2015/16 levels. If realised 5% increase income equates to approx. £100,000 per year.

#### 4.3.2 – TOP up fees

New, highly advanced technologies could be developed within expanded facilities. Investment in the building and equipment will provide the opportunity to generate significant income whilst allowing the service to remain clinically competitive.

A 'top-up' is a specialised procedure that is not currently available on the NHS that is offered to NHS patients so that they can 'top-up' to a more effective treatment that is not currently funded by the relevant CCG or funding authority.

It is estimated that "top ups" for new technologies that could be implemented if the department receives more space will generate a significant annual income (see Appendix 1)

NHS commissioners may wish to adsorb this extra cost into a revised tariff payment for all NHS patients.

#### 4.3.3 – Additional income from the Welsh Health Specialist Services Committee (WHSSC)

There is a significant waiting list for Welsh treatments. The WHSSC treatment policy states that patients should wait a year for their first cycle of treatment and no more than 6 months for their second cycle of treatment. Current demand requires £1,156,871 per annum in funding in order to meet the criteria set by WHSSC. The department is currently funded £667,000 per annum.

WHSSC have identified the funding gap £410,859 (100 additional cycles of IVF) as a priority for funding in financial year '17-'18.

#### 4.3.4 – Cost Avoidance

There are significant potential costs that could be avoided through new accommodation. A recent Human Fertilisation and Embryology Authority interim inspection (12/05/15) highlighted risks associated with the embryo storage room that cost a significant sum to rectify. As the HFEA have now taken responsibility for all aspects of inspection of Fertility centres (previously shared with CQC) it is likely that additional improvements to the current facility will be necessary just to maintain its short term viability.

A full HFEA inspection of the facility is due in spring 2017 and at this time it is highly likely that issues around air handling facilities within the laboratories and treatment room will be highlighted.

In addition issues relating to lack of space for safe recovery and resuscitation will be highlighted. The HFEA retain the right to inspect at any time.

The current Embryology laboratories, Treatment room and recovery area are unlikely to pass future inspection as they are not up to current standards. They are a 'pinch point' for the service as they limit capacity and cannot be relocated within the current facility.

Despite continued high success rates, it is clear from FY 14-15 that patients have begun to seek specialist treatment elsewhere. There is a significant and real risk of continued loss of private income to other providers. Current private patient income to the department is approximately £650,000 per annum.

#### 4.4 Strategic Fit

This paper has been requested as a result of the 'deep dive' process and following on from a presentation to the board in October 2015. The Fertility Service is driven by the underlying principle of 'Putting Patients First' ensuring that the interests of our patients, and providing the best possible care to them, is at the heart of everything we do. The development of services will support the Trust to deliver the following Strategic Priorities as described in the Trust's Two Year Operating Plan;

- Reduce harm, deliver best clinical outcomes and improve patient experience
- Undertake a review of all current services at speciality level to inform future service and business decisions.
- Complete and embed the successful reconfiguration of Women and Children's services).
- Embed a customer focussed approach
- Develop a robust Investment Strategy to modernise our equipment and estate to support service transformation and increase productivity through the use of technology.

This case for expansion is in line with the Trust's Operational Objectives:

- To undertake a review of all current services at specialty level to inform future service and business decisions. 2015/16
- Agree and implement the model for the Women and Children's services remaining at Royal Shrewsbury Hospital

and is identified within the Care Group Key Priorities:

- Reduce waiting time to first appointment within Gynaecology and Fertility Services.
- Development of Fertility Services, to include accommodation.
- Develop a culture of continuous improvement and lean process redesign.

#### 4.5 Summary of the Case for Change

- The current accommodation is not fit for purpose and poses significant risk with regard to:
  - clinical risks arising from restrictions in accommodation
  - quality and outcomes
  - health and safety of staff and patients
  - loss of business and reputation
- Maintaining clinical outcomes is increasingly difficult in the current facility, improving them is not possible.
- Maintaining the existing service and quality standards is becoming increasingly difficult in the absence of investment.
- Privacy and dignity issues impact on patients' experience
- The current facilities are unable to support an increase in workload which would generate additional income

- The current service is unable to maximise benefits associated with new technology and the Trust is falling behind other organisations in this regard
- An opportunity exists now to identify a solution associated with the wider reconfiguration of services. A similar opportunity is unlikely to present again in the short to medium term.
- The proposal is in line with and will deliver both Trust Wide Strategic Priorities and Care Group Key Priorities

Identifying an accommodation solution would enable the control of all of the major clinical risks and privacy and dignity issues in the department whilst also allowing growth and service development which will in turn provide significant benefits for patients, staff employed within the Centre and the Trust as a whole. Increasing market share and improving patient access would generate significant contributions to enable the Trust to invest in quality, delivery and sustainability in the future.

## 5. Options

In order to identify potential solutions an assessment was undertaken by BNP Paribas Real Estate for the Fertility Services Team to establish what options exist, and their report was published in January 2016.

The following options have been identified for consideration:

1. Do nothing: continue to provide services from the existing location.
2. Reconfigure the existing facility.
3. Expand into Ward 31 to create additional space.
4. Transfer the existing facility into the Ward 20 area.
5. Develop the flat piece of land adjacent to Ward 18 and 20 of the former maternity building.
6. Transfer the service off site.

A SWOT analysis has been included for each of the options and is detailed in the section below.

### 5.1 Do nothing: continue to provide clinical services from existing location

This option would result in the services remaining in their current location on the RSH site. Patients would be seen in the existing dedicated facility where possible and, when necessary, patients recovering after IV sedation would continue to be transferred to the nearest department with recovery facilities. Issues associated with privacy and dignity for patients and health and wellbeing for staff will remain unresolved.

Samples and processing would continue from the existing laboratory facility within the Department. Consumables and patient's notes would still be stored in the hydrotherapy pool area. This is still only an interim storage area pending the decision with regard to that space. At that point further discussions will take place. Each proposal would require a full assessment of adjacencies to the department, security and HFEA regulations.

It is important to note that 'do nothing' is likely to lead to significant additional expense for the Trust after HFEA inspections as problems are identified for immediate rectification. This is likely to lead to several hundred thousand pounds of additional expenditure over the next five years as the organisation attempts to fix problems on an 'ad-hoc' basis in a space that is already far too small. In the medium term the 'do nothing' option is unlikely to be any cheaper than the other options detailed below.

## SWOT Analysis

Strengths	<ul style="list-style-type: none"> <li>◆ This option is likely to require the least capital investment.</li> </ul>
Weaknesses	<ul style="list-style-type: none"> <li>◆ Does not address any of the significant clinical risks that exist within the department.</li> <li>◆ Patient services are provided in an inappropriate environment.</li> <li>◆ Existing layout is too cramped and non-compliant with current guidelines.</li> <li>◆ Privacy and dignity issues will not be addressed.</li> <li>◆ Limited flexibility to schedule patient treatments.</li> <li>◆ The ability to manage both the environment and air contamination are limited and this remains a significant risk for both service continuity and patient outcomes.</li> <li>◆ Laboratory equipment and space remains a restricting factor but is critical to successful clinical outcomes.</li> <li>◆ 'Other' clinical equipment requires replacing and the risk of breakdown continues to increase.</li> <li>◆ The current activity cap imposed by the HFEA would remain in place thus preventing any opportunities to increase the volume of referrals or extend the range of services offered.</li> <li>◆ Access to superior techniques e.g. optimal embryo care would be restricted.</li> <li>◆ Lost opportunity to increase market share out of county.</li> <li>◆ Staff would continue to work in the existing open plan office which is cramped and offers no privacy when liaising with patients by telephone.</li> <li>◆ Staff morale is likely to remain low within the department which is having a detrimental effect on the working lives of the existing staff.</li> <li>◆ Impact on the reputation of the Trust and department</li> <li>◆ Likely significant additional expenditure over the next 5 years to maintain treatment licence.</li> </ul>
Opportunities	<ul style="list-style-type: none"> <li>◆ None</li> </ul>
Threats	<ul style="list-style-type: none"> <li>◆ Failures associated with the environment and air contamination could have a significant impact on success rates and or could result in a closure of the service.</li> <li>◆ Further restrictions may be enforced by the HFEA if facilities remain below expected standards.</li> <li>◆ The external body (HFEA) is likely to close down the facility as the laboratories, treatment room and recovery area do not meet current standards.</li> <li>◆ Where scheduling exceeds more than 3 collections per day patients are put at a higher risk of ovarian hyperstimulation.</li> <li>◆ Staff may leave the Trust as opportunities are limited and facilities remain sub standard. This will disrupt the team and also result in a loss of expertise.</li> <li>◆ Loss of business impacting on financial viability in the future as units within the West Midlands continue to develop their services.</li> <li>◆ Likely significant additional expenditure over the next 5 years to maintain treatment licence.</li> </ul>

### 5.2 Reconfigure the existing facility

This option requires the diversion from the long and narrow layout of the existing facility to develop a layout with square proportions concentrating around a central hub and spokes that feed off it. To this end, option 2 encroaches into space currently occupied by DAART. All of the accommodation within Ward 32 and the CAU is unaffected.

It would be necessary to relocate DAART where potentially the best option for this would be within the former maternity building as the service does not need to be at the heart of the complex.

The capital cost of this option is £1,570,900

#### SWOT Analysis

Strengths	<ul style="list-style-type: none"> <li>• The most economical capital option.</li> <li>• Provides a solution in accordance with current guidelines.</li> <li>• Additional space would be created.</li> </ul>
Weaknesses	<ul style="list-style-type: none"> <li>• It requires the relocation of another facility, DAART.</li> <li>• The cost of expanding Fertility services into the courtyard is deemed prohibitive as all the works will need to be carried out by crane, and with the significant reduction of natural light within the vicinity, is deemed unsustainable.</li> <li>• The connecting corridor from the main hospital street to Ward 31 effectively creates a dirty area straight through the centre of Fertility Services.</li> <li>• The layout will impact on the target of reaching 1000 cycles per annum.</li> <li>• This scheme will be difficult to manage due to the necessity of keeping parts of the facility operational and therefore temporary facilities/phasing are reflected in the costs, it is likely the service will have to close for IVF during the works.</li> </ul>
Opportunities	<ul style="list-style-type: none"> <li>• Facilitates development of new technologies to improve outcomes and generate additional income</li> <li>• Enable growth from the NHS market in both the local and the larger catchment area</li> <li>• Develop and expand private patient services</li> <li>• Develop a 'self-funding' service for patients</li> <li>• Increase variety of treatments offered, thereby maximising income</li> <li>• Build and strengthen the 'brand' of the Centre</li> <li>• Raise the profile of the Trust as a provider of a Centre of Excellence</li> </ul>
Threats	<ul style="list-style-type: none"> <li>• The Centre would have to close down to IVF for a large proportion of the works and this would negatively affect income</li> <li>• Risk of drop in funded NHS work (inherent to any NHS contract)</li> <li>• Risk of less 'top-up' income than estimated</li> <li>• The HFEA may not be willing to license a new facility with a 'dirty' corridor leading to other departments running through it</li> </ul>

#### 5.3 Expand into Ward 31 (CAU) to create additional space

This option seeks to expand into Ward 31 (currently CAU) to create additional space and thus the corridor bisecting Fertility would be treated as 'clean' and would not lead to any other departments. DAART can remain in its current location but Ward 31 would need to relocate, potentially to the former maternity building. This is reflected in the associated costs.

The gross floor area associated with option 3 amounts to 730 square metres.

The capital cost of this option is £1,925,650

## SWOT Analysis

<u>Strengths</u>	<ul style="list-style-type: none"> <li>• Additional space would be created.</li> <li>• The corridor would be 'clean' and would not be shared with any other services.</li> <li>• Provides a better layout in terms of functionality.</li> <li>• DAART can remain in situ.</li> <li>• This layout will assist Fertility in reaching 1000 cycles per annum and thus increasing revenue.</li> </ul>
<u>Weaknesses</u>	<ul style="list-style-type: none"> <li>• Higher capital cost.</li> <li>• Ward 32 would need to relocate.</li> <li>• Impact on surrounding departments.</li> </ul>
<u>Opportunities</u>	<ul style="list-style-type: none"> <li>• Develop and expand services in the larger space available.</li> <li>• Increases in efficiency will lead to greater productivity and higher revenue.</li> </ul>
<u>Threats</u>	<ul style="list-style-type: none"> <li>• The Centre would have to close down to IVF for a large proportion of the works and this would negatively affect income</li> <li>• Risk of drop in funded NHS work (inherent to any NHS contract)</li> <li>• Risk of less 'top-up' income than estimated</li> </ul>

### 5.4 Transfer the existing facility into the Ward 20 area.

This option seeks to transfer the existing facility, thus leaving the space available to SaTH to either expand surrounding services or relocate another service into the area.

This option concentrates on moving into the Ward 20 area which is the old Consultants' Ward forming part of the former maternity building. This is generally self-contained and of good proportions. Primary access can be made via the main entrance but there is also potential to utilise the ground floor entrance opposite the pathology building into the lobby and then access the first floor via the lift/staircase.

The associated costs include replacing the lift car, asbestos removal and gutting the facility back to shell condition and starting again, including new flat roof coverings with thermal insulation and replacement windows.

The gross floor area associated with option 4 amounts to 760 square metres.

The capital cost of this option is £1,818,300

## SWOT Analysis

<u>Strengths</u>	<ul style="list-style-type: none"> <li>• Well-proportioned and self-contained space available which is currently vacant.</li> <li>• Easy access.</li> <li>• No other department will be disturbed.</li> <li>• The existing service can function as normal and simply migrate on completion of the works.</li> <li>• The layout will assist Fertility in reaching 1000 cycles per annum, thus increasing revenue.</li> <li>• Facilitates development of new technologies to improve outcomes and generate additional income</li> <li>• Enable growth from the NHS market in both the local and the larger</li> </ul>
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	catchment area <ul style="list-style-type: none"> <li>• Develop and expand private patient services</li> <li>• Develop a 'self-funding' service for patients</li> <li>• Increase variety of treatments offered, thereby maximising income</li> <li>• Build and strengthen the 'brand' of the Centre</li> <li>• Raise the profile of the Trust as a provider of a Centre of Excellence</li> </ul>
<u>Weaknesses</u>	<ul style="list-style-type: none"> <li>• Associated higher costs due to the poor condition of the maternity building.</li> <li>• Impact on surrounding departments.</li> <li>• Higher capital cost.</li> </ul>
<u>Opportunities</u>	<ul style="list-style-type: none"> <li>• SaTH can reuse the space vacated for other services.</li> </ul>
<u>Threats</u>	<ul style="list-style-type: none"> <li>• Risk of drop in funded NHS work (inherent to any NHS contract)</li> <li>• Risk of less 'top-up' income than estimated</li> </ul>

### 5.5 Develop the flat piece of land adjacent to Ward 18 and 20 of the former maternity building.

This option looks at developing a piece of land currently unutilised. The site has some challenges in that the below ground drains crossing the site are very shallow and will need to be diverted and a potential pumping station introduced.

The gross area associated with option 4 amounts to 760 square metres.

The capital cost of this option is £1,972,780

#### SWOT Analysis

<u>Strengths</u>	<ul style="list-style-type: none"> <li>• New build offering the potential to influence the layout to best advantage.</li> <li>• Does not impact on any other department.</li> <li>• The existing service can function as normal and simply migrate on completion of the works.</li> <li>• The layout will assist Fertility in reaching 1000 cycles per annum, thus increasing revenue.</li> </ul>
<u>Weaknesses</u>	<ul style="list-style-type: none"> <li>• Considered prime development space for other services.</li> <li>• Site has some building challenges (i.e. re-siting drains).</li> <li>• The costs are higher due to being a new build option with potential abnormal ground conditions.</li> </ul>
<u>Opportunities</u>	<ul style="list-style-type: none"> <li>• SaTH can reuse the space vacated for other services.</li> <li>• Increases in efficiency will lead to greater productivity and higher revenue.</li> </ul>
<u>Threats</u>	<ul style="list-style-type: none"> <li>• Risk of drop in funded NHS work (inherent to any NHS contract)</li> <li>• Risk of less 'top-up' income than estimated</li> </ul>

### 5.6 Transfer the service off site to the Severn Fields Health Village

An expansion of accommodation into space in to the Severn Fields Health Village would allow:

- Adequate patient recovery
- Increased patient clinical space including male masturbatorium
- Increased storage including cryogenic store in a ventilated area
- Improved Nursing and clinical office space
- Improved Embryology laboratory space



- Movement of the current diagnostic Andrology laboratory, addressing requirements for future mandatory CPA accreditation

This is a rental option costing £181,440 including VAT per annum over 10 years

Strengths	<ul style="list-style-type: none"> <li>◆ No capital investment required (if lease option pursued)</li> <li>◆ Costs are spread over a 25 year period</li> <li>◆ Addresses areas on the risk register – patient embryology lab, recovery, cryogenic store, reducing risk ratings.</li> <li>◆ Allows space to introduce new technologies which will generate increased income and improve success rates</li> <li>◆ Further improve patient experience as services are provided from a welcoming and appealing environment</li> <li>◆ Demonstrate Trust's commitment to service development to external bodies and regulatory authorities</li> <li>◆ Significantly improve the facilities for clinical and non-clinical staff</li> <li>◆ Further improve staff morale as recognition of issues is finally recognised</li> <li>◆ Provide a better staff environment to support recruitment of new staff and retention of existing staff</li> <li>◆ Improve treatment success rates</li> <li>◆ Services contained in one self-contained unit on the ground floor and would be designed to SaTH's specific requirements</li> </ul>
Weaknesses	<ul style="list-style-type: none"> <li>◆ Takes the service away from the acute Trust</li> <li>◆ Ties the Trust in to a long term commitment with Matrix medical (the owners of Severn Fields Health Village</li> <li>◆ It is the more expensive option due to a heavy service charge from the landlord for routine repair and maintenance.</li> </ul>
Opportunities	<ul style="list-style-type: none"> <li>◆ Facilitates development of new technologies to improve outcomes and generate additional income</li> <li>◆ Enable growth from the NHS market in both the local and the larger catchment area</li> <li>◆ Develop and expand private patient services</li> <li>◆ Develop a 'self-funding' service for patients</li> <li>◆ Increase variety of treatments offered, thereby maximising income</li> <li>◆ Build and strengthen the 'brand' of the Centre</li> <li>◆ Raise the profile of the Trust as a provider of a Centre of Excellence</li> <li>◆ Support future marketing opportunities (renewed facility is appealing)</li> <li>◆ Increase clinical success rates</li> </ul>
Threats	<ul style="list-style-type: none"> <li>◆ Risk of drop in funded NHS work (inherent to any NHS contract)</li> <li>◆ Risk of less 'top-up' income than estimated</li> </ul>

## 6. Options Appraisal

### 6.1 Non Financial

The above options have been considered and assessed against a set of key outcome indicators, the result of this assessment are shown below;

1. Do nothing: continue to provide services from the existing location.
2. Reconfigure the existing facility.
3. Expand into Ward 31 to create additional space.
4. Transfer the existing facility into the Ward 20 area.
5. Develop the flat piece of land adjacent to Ward 18 and 20 of the former maternity building.
6. Transfer the existing service off site to the Severn Fields Health Village.

Desired Outcome	Outcome achieved Y/N					
	Option 1	Option 2	Option 3	Option 4	Option 5	Option 6
Does this option reduce or eliminate existing risks?	N	Y	Y	Y	Y	Y
Does this option ensure compliance with regulatory quality standards?	N	Y	Y	Y	Y	Y
Will this option improve quality and clinical outcomes?	N	N	Y	Y	Y	Y
Will this option improve the environment and patient experience?	N	N	Y	Y	Y	Y
Will this option ensure long-term viability and sustainability of clinical services including future developments?	N	N	Y	Y	Y	Y
Will this option improve staff health and wellbeing, recruitment and retention?	N	N	N	N	N	Y
<b>Number of outcomes achieved</b>	0	2	5	5	5	6

The non-financial option appraisal demonstrates that Option 1, Do Nothing, will not deliver any of the desired outcomes.

Option 2 will only deliver 2 of the desired options.

**Options 3, 4 and 5 will deliver the majority of the desired outcomes**, thus ensuring our patients receive the best care that is underpinned by quality, clinical effectiveness and safety and by enabling the development of what is already an extremely successful service.

**Option 6 will deliver all of the desired outcomes**

### Workforce

This options appraisal and case for change has been developed by a multi disciplinary team representing the department including consultants (medical and scientific), nursing and administrative staff.

Staff morale is currently quite low within the department and staff are concerned about the current accommodation and the impact on both patient experience and staff satisfaction. The uncertainty regarding the location of the future service and the implications of not relocating continue to cause anxieties within the Team.

Centres who demonstrate a commitment to staff both personally and professionally are usually more successful at recruiting and retaining staff. The threat associated with staff retention is likely to increase as staff do not feel valued and do not see any opportunities to improve or develop the service.

Other Centres that are developing their services will become more and more attractive for those staff who wish to continue their professional development. In addition to this the Centres' reputation for quality and the calibre of staff employed is appealing for other Centres who are expanding and actively recruiting additional staff.

As the highly specialised workforce matures the need for success in planning increases, within this field of expertise there are few opportunities to recruit fully qualified and experienced staff.

During the last few years the Centre has developed an approach to 'grow their own' workforce recruiting newly qualified staff and providing professional vocational training in partnership with professional bodies, higher education institutes and Health Education West Midlands.. Attracting these staff will be more difficult in the current environment in which we would be expecting them to practice.

Staff are committed to maintaining quality standards and take pride in the services that are currently provided. To support this service improvement the staff have committed to contribute to the relocation through out of hours working and during the holiday period.

Section 6.2 describes costs and opportunities available to fund Option 6.

#### 6.2 Financial options appraisal - Option 6 costs

Costs for option 6 are appended at appendix 2, 3 & 4.

Over a 10 year lease these are £181,440 per year for the building and 40 car parking spaces. This figure includes a 12% contingency, annual service charges, utilities and VAT.

There may be options to 'step' the rent and start low.

A 5 year break clause would incur a penalty charge of £695,000.

#### Summary of income streams to cover option 6 costs

The fertility department has shown its ability to generate additional income year on year.

While additional income for future years is not yet guaranteed we have summarised below additional income in 2017/18 that is highly likely to be secured and further additional income that may be secured in 2017/18 or in the following year.

This gives likely additional income available in 2017/18 to fund rental costs of £ 134,750

With further possible available income to cover rental costs of £ 97,000

SOURCE	2017/18 likely additional income			2017/18 further potential additional income		
	Total income	Costs	Available income	Total income	Costs	Available income
Welsh contract	£154,000	£84,000	£70,000	£256,000	£159,000	£97,000
Embryoscope ( NHS and private)	£89,500	£24,750	£64,750			
<b>TOTAL</b>	<b>£259,500</b>	<b>£108,750</b>	<b>£134,750</b>	<b>£256,000</b>	<b>£159,000</b>	<b>£97,000</b>

#### 6.2.1 Finance update – January 2017

The previously presented draft Heads of Terms provided by Matrix Medical (the developer) has been further challenged as requested following presentation of the business case to the Trust Capital Planning Group.

Greater clarity has been sought from the developer with regards to inclusions / exclusions with particular regard to the service charges. It would appear that any identified omissions are adequately covered within the current business case calculations and allowances.

The latest revision of the 'heads of terms' is principally unchanged from earlier versions and is typically in keeping with terms to be expected for a development agreement and lease of this type. The developer will fit out the premises in line with agreed healthcare standards and seek to recover the capital costs throughout the lease term.

It should be noted that whilst the initial draft document included both 5 and 10 year fixed break options (at the Trust's request), together with the full 20 year term, the shorter duration of the 5 and 10 year terms are less attractive to the developer. The 5 year term is the highest risk option for the developer from a capital recovery perspective and hence this carries a £695k ex vat break payment to be paid by the Trust should it exercise this option. The 10 year break option negates this payment and quarterly initial rent is £135k ex vat annually to enable this.

The initial proposal offered 3 yearly rent reviews to 2.75% compounded, for all potential lease terms. The Trust has challenged this on the basis that the developer cannot reasonably expect the Trust to assist with capital recovery costs for the shortest lease term but offer no incentive for the Trust should it occupy for the full term.

The developer has reconsidered their offer and has now agreed to reduce the rent review uplifts should the 10 year break option not be exercised to 2.25%. This has been modelled and would save the Trust approximately £45k in rent from the original proposal.

## **7. Recommendation**

Based on consideration of outcomes required and value for money the Team are recommending:

Option 6: Transfer the service off site to the "Sundorne Health Village"

## **Paper 14 - Appendices**

- Revenue generation and savings through fertility expansion
- Offsite option offer letter
- Annual service charges and utility costs for option 6
- Option appraisal from BNP Paribas
- Finance summary

**APPENDIX 1**

### **Revenue generation and savings through Fertility expansion**

#### **1) Embryoscope**

A system enabling both private and NHS patients to 'top-up' their treatment plans. The procedure uses a new technology introduced this year.

##### **Embryoscope NHS 'top-ups'**

Patients will be able to pay to utilise this technology which results in a 25-30% relative increase in pregnancy rates.

Individual charge- £750

Other departments report 50% uptake when offering this technology, with current NHS throughput this would equate to 100 treatments per annum. In order to provide a margin for error in the prediction, the case detailed below (table 1) is based on 50 cycles of treatment.

Other units have been benchmarked as charging £400- 775 for this procedure.

This would generate an additional £37,500 per annum towards the plan

##### **Embryoscope - Private patient fees**

Private patient embryoscope work has increased rapidly since its introduction in July 2016. 27 private patients accessed this new service from July to October 2016. The annual private patient embryoscope work is expected to reach 90 patients / year in 2017/18 generating an additional £52,000 above current activity.

This document does not include income from growth in cycle numbers or other treatments or procedures that may be offered in the future. Nor does it include any possible income from 'fee paying', whereby all private income would come to the Trust.

Jason, Derek,

Thanks for your emails.

The GP and pharmacy leases expire in 2037 so, to be coterminous with those, the maximum lease length we could offer is 21 years (assuming a Q4 2016 completion).

On that basis (and assuming the same terms as set out in my previous email), the rent could be discounted to £122,250 + VAT p.a.

As an alternative model, if it would help to have a 'soft landing' in the initial years (to give additional breathing space to build up income generation for private work while you establish yourselves at Severn Fields), we could offer the following low-start rental profile:-

- Year 1: £75,000 + VAT
- Year 2: £100,000 + VAT
- Year 3: £125,000 + VAT
- 3-yearly reviews thereafter at 2.75% p.a.c.

Hope that helps. Let us know if you need anything further.

Kind regards,

Ashley

Ashley Seymour MRICS  
Development Director  
**Matrix Medical**

Derek,

Further to our meeting on Thursday, I have reviewed the project with our funders and design team.

### **Financial**

As discussed, having built the expansion space at Severn Fields three years ago, we are fortunate to be in a unique position where we are able to take a view and 'write off' some of the original construction costs and pass these savings on to SATH. We are therefore able to offer a rent which is substantially below the Market Rent for SATH's specialist accommodation.

The figures put forward in my email below already reflect this discount. However, with a view to reaching agreement on the rent, I can confirm that we can reduce this further to £118,000 + VAT p.a. This is on the same terms as previously set out (21-year lease coterminous with the GPs and pharmacy) and is inclusive of 40 dedicated car parking spaces.

## Timetable

Please also find attached an outline programme which, based on a board approval at the beginning of April, shows that we can complete the works and handover to SATH in January 2017.

I believe it would be possible to reduce this timescale if required (e.g. I have allowed 3 months for plans and tender pack being finalised; 2 months for legals; c. 8 months from tender to completion etc. – all of which can be tightened up). Something we can discuss, fine-tune and tailor to SATH's needs.

I look forward to hearing from you further.

Kind regards,

Ashley

Ashley Seymour MRICS  
Development Director  
**Matrix Medical**

Hi Jason,

Further to our telephone conversation today, I've looked back at the previous correspondence and can confirm that we did put a 10-year lease proposal to you/Derek in February based on a starting rent of £135k + VAT p.a. (please see attached). I can confirm that we are willing to stand by this.

On the basis of that proposal, a 10-year break clause would obviously not be needed and there would be zero cost of exiting at the end of the 10 years.

If SATH required a break clause at 5 years, this would be achievable but it would incur a break penalty to reflect the lost rent and the initial investment by the landlord in fitting out the space (the development costs alone will run in to 7 figures). This penalty would be £695,000. The break itself would need to be on a fixed date at the end of the fifth year and time would need to be of the essence, with 6 months' prior notice given.

I am happy to update the heads of terms with the above but just wanted to give you an early 'heads-up' for your meeting tomorrow and check what you would like to do.

I look forward to hearing from you.

Kind regards,

Ashley

Ashley Seymour MRICS  
Development Director  
**Matrix Medical**

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**SEVERN FIELDS HEALTH VILLAGE, SHREWSBURY**  
**ANNUAL SERVICE CHARGE & UTILITY COSTS BUDGET ESTIMATE FOR SATH**

**SUMMARY**

<b><u>REF:</u></b>	<b><u>ITEM</u></b>	<b><u>BUDGET ESTIMATE</u></b>
1	External Structure & External Fabric of the Landlord's Estate	£803
2	Internal Services Common to GP Practice and SATH Only	£2,035
3	Internal Services and Areas Common To All Users	£649
4	Utility Costs (gas, electrics, water – running costs)	£10,900
	<b>TOTAL</b>	<b><u>£14,387</u></b>

ALL COSTS ARE SUBJECT TO VAT



## **BREAKDOWN**

### **1. EXTERNAL STRUCTURE AND FABRIC OF THE LANDLORD'S ESTATE**

SATH will be responsible for approximately 10% of all expenditure incurred, based on a floor area of 654 square metres as a proportion of 6,750 square metres

<b><u>ITEM</u></b>	<b><u>BUDGET ESTIMATE</u></b>
Annual Health and Safety Audit	£45
External Landscaping	£180
Winter Maintenance (Gritting)	£150
Petrol Interceptor (Planned Preventative Maintenance)	£65
Foul and Storm Water Pumping Stations (Planned Preventative Maintenance)	£35
Lightning Protection Installation (Planned Preventative Maintenance)	£15
Mansafe Fall Arrest System (Planned Preventative Maintenance)	£40
CCTV (Planned Preventative Maintenance)	£25
Entrance Doors (Planned Preventative Maintenance)	£25
Contingency for repairs and unplanned maintenance	£150
<b>SUB TOTAL</b>	<b>£730</b>
<b>LANDLORD MANAGEMENT FEE (10%)</b>	<b>£73</b>
<b>TOTAL</b>	<b>£803</b>

### **2. INTERNAL SERVICES COMMON TO GP PRACTICE AND SATH ONLY**

It is assumed that the existing services covering the medical centre will be extended into the premises. SATH will be responsible for approximately 17% of all expenditure incurred, based on a floor area of 654 square metres as a proportion of 3,722 square metres

<b><u>ITEM</u></b>	<b><u>BUDGET ESTIMATE</u></b>
Heating and Ventilation System (Planned Preventative Maintenance)	£850
Compliance with ACOP L8 (Legionella)	£340
Fire Alarm (Planned Preventative Maintenance)	£255
Security Alarm (Planned Preventative Maintenance)	£125
Emergency Lighting (Annual 3 Hour Discharge)	£80 (SEE NOTE)
Contingency for repairs and unplanned maintenance	£200
<b>SUB TOTAL</b>	<b>£1,850</b>
<b>LANDLORD MANAGEMENT FEE (10%)</b>	<b>£185</b>
<b>TOTAL</b>	<b>£2,035</b>

#### **NOTE**

Whilst the Landlord will undertake the annual 3 hour discharge of the emergency lighting in the accommodation occupied by SATH, it is assumed that SATH will undertake the monthly testing. Should SATH prefer for the Landlord to undertake this, there would be an additional cost.

### **3. INTERNAL SERVICES AND AREAS COMMON TO ALL OCCUPIERS**

SATH will be responsible for approximately 10% of all expenditure incurred, based on a floor area of 654 sq m as a proportion of 6,750 sq m.

Passenger Lifts (Planned Preventative Maintenance)	£160
Passenger Lifts (Engineering Insurance )	£80
Cleaning of common areas	£300
Contingency for repairs and unplanned maintenance	£50
<b>SUB TOTAL</b>	<b>£590</b>
<b>LANDLORD MANAGEMENT FEE (10%)</b>	<b>£59</b>

<b>TOTAL</b>	<b>£649</b>
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#### **4. UTILITY COSTS**

Based on current electricity and gas tariffs, it is estimated that the cost of gas and electricity will equate to approximately £6 and £9 per square metre respectively. SATH will occupy 654 sq m of accommodation and will also be responsible for a proportion (10%) of the common areas within the building.

It is assumed that sub meters will be installed for water and electricity with the charges levied based on actual readings in respect of the accommodation occupied by SATH. Gas charges will be calculated on a floor area apportionment. Charges for the common areas (for all utility costs) will be based on a floor area apportionment.

With regard to water, actual usage is difficult to calculate, as this will vary dependant on the nature of use of the premises. The estimate below of £600 includes surface water drainage charges of approximately £270.

<b><u>ITEM</u></b>	<b><u>BUDGET ESTIMATE</u></b>
Gas	£4,100 (£6 per sq.m)
Electricity	£6,200 (£9 per sq.m)
Water	£600
<b>TOTAL</b>	<b>£10,900</b>

#### **ADDITIONAL COSTS**

Under the terms of the lease, SATH will be responsible for procuring and meeting the cost of the following:

- Domestic cleaning of its premises
- Cleaning of the exterior of the windows in its premises

The accommodation occupied by SATH will also be subject to a business rates liability.

**Date: 4 March 2016**

**BNP Paribas option appraisal and associated documents**



Fertility - Feasibility  
Report (Rev C).pdf



Appendix A (1) -  
Option 2 Plan.pdf



Appendix A (2)-  
Option 3 Plan.pdf



Appendix A (3) -  
Option 4 Plan.pdf



Appendix A (4) -  
Option 5 Plan.pdf



Appendix A (5) -  
Option 6 Plan.pdf

**Finance department summary and sensitivity analysis**



Fertility Business  
Case Finance 25-11-1