

## 6 Finance

	Current		Options								Notes
			Option A (i)		Option A (ii)		Option B		Option C		
	WTE	£'000	WTE	£'000	WTE	£'000	WTE	£'000	WTE	£'000	
Capital Costs				930		1,923		2,300		1,480	1
<i>List elements of expected capital spend required</i>											
Equipment (incl Ward Trolleys)				430		844		1,072		593	
Infrastructure (work to Kitchen Area incl. Decant)				500		858		858		644	
Decant Costs						60		180		120	
Professional Fees						161		190		124	
<b>Income</b>											
<b>Total Income</b>		0		0		0		0		0	
<b>Pay</b>											
<b>Kitchen Staffing Costs</b>											
A&C Band 4	1.00	30	1.00	30	1.00	30					
A&C Band 5	2.00	58	2.00	58							
A&C Band 6	1.00	44	1.00	44	1.00	39	1.00	39	1.00	39	
Kitchen Worker Band 1	18.16	375	18.16	375	16.85	418	13.60	304	9.20	208	
Kitchen Worker Band 3	6.44	169	6.44	169	5.00	147					
Kitchen Worker Band 4	2.00	63	2.00	63	3.00	92	2.40	78	1.40	49	
<b>Kitchen Staff Costs (Sub Total)</b>	<b>30.60</b>	<b>739</b>	<b>30.60</b>	<b>739</b>	<b>26.85</b>	<b>727</b>	<b>17.00</b>	<b>421</b>	<b>11.60</b>	<b>296</b>	2
Portering		170		170		170		170		170	3
<b>Sub Total Pay</b>	<b>30.60</b>	<b>909</b>	<b>30.60</b>	<b>909</b>	<b>26.85</b>	<b>897</b>	<b>17.00</b>	<b>591</b>	<b>11.60</b>	<b>466</b>	
<b>Non Pay</b>											
Provisions		739		739		723		683		820	4
Utilities		17		17		17		22		12	5
Maintenance		62		62		40		40		10	6
<b>Sub Total Non Pay</b>		<b>818</b>		<b>818</b>		<b>780</b>		<b>745</b>		<b>842</b>	
<b>Total Expenditure</b>	<b>30.60</b>	<b>1,727</b>	<b>31</b>	<b>1,727</b>	<b>27</b>	<b>1,677</b>	<b>17</b>	<b>1,336</b>		<b>1,308</b>	
<b>EBITDA</b>		<b>(1,727)</b>		<b>(1,727)</b>		<b>(1,677)</b>		<b>(1,336)</b>		<b>(1,308)</b>	
Depreciation				93		192		230		148	7
PDC dividend				31		64		76		49	
Trust Overheads											
<b>Surplus / (Deficit)</b>		<b>-1,727</b>		<b>-1,850</b>		<b>-1,933</b>		<b>-1,642</b>		<b>-1,505</b>	
Improvement from Current Revenue Position				(124)		(206)		84		221	8
Return on Investment				-13%		-11%		4%		15%	9
Payback Period (Years)				(7.5)		(9.3)		27.3		6.7	10

### Notes to Finance Table:

1. Capital Costs – fully inclusive costs for each option. VAT advice taken and factored in where appropriate. A further detailed VAT appraisal will be undertaken once a final option is agreed.
2. Kitchen Staffing Costs – all options inclusive of on costs based upon expected rota for each.
3. Portering – cost for delivery of trollies to wards. Included as consistent across all options to reflect full cost, this paper does not propose any changes to this delivery.
4. Provisions – these are the non pay costs of delivery of patient food.
5. Utilities – inclusive of Gas, Water and Electricity. Options A include no change, Option B assumes utility usage will increase by 50% per square meter and Option C assumes

utility usage will drop by 31% due to a smaller floor space being occupied.

6. Maintenance – reflects expected saving against current costs of maintaining equipment. Assumed will fall significantly in Option C.
7. Capital Charges - calculated assuming a 10 year useful life and a 3.5% PDC Contribution.
8. Improvement from Current Revenue Position – this shows the annual revenue cost impact of each option compared to the current revenue position, inclusive of capital charges.
9. Return on Investment – calculated by taking revenue saving of each option and dividing by Capital Investment.
10. Payback period – calculated by taking Capital Investment and dividing by revenue saving to show the period before capital costs are re-paid through revenue reduction.

- **Option A(i) -Do Nothing**
- **Option A(ii) - Retain the Traditional Hot Line Meal Service System in a Refurbished Facility**
- **Option B – A Cook Chill Central Production Unit (CPU)**
- **Option C - Externally Purchased Cook Chill or Cook Freeze Bulk Product with Ward Level Regeneration**