Agenda item no.

Report to: Executive Management Team

From: I/S / Judith Woolley

Subject: Medicines Management Business case

Date: 17th December 2009

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1) EMT action required

- To fund the clinical pharmacy support which is required now, and will be needed whichever future option we choose
- To decide on the recommended in-house pharmacy having considering other options: partial outsourcing for supply by one provider, or continuation of the current partial schedules of service
- To agree to the exploration of the long-term business opportunities or partnerships that a robust pharmacy service could provide, and the potential advantages to the trust

2) Purpose of this report

This business plan is to provide an update from the strategic plan presented on September 17th, with revised timescales and costings to enable the executive team to make an informed decision about the future of medicines management for the Trust.

The papers for the previous meetings may be found on the corporate information drive in the medicines management folder.

3) Additional information attached

Business case for the provision of medicines management and pharmacy services 2009-2013

NORTH ESSEX PARTNERSHIP NHS FOUNDATION TRUST

BUSINESS CASE FOR PROVISION OF MEDICINES MANAGEMENT AND PHARMACY SERVICES

2009 - 2013

Contents

1. Introduction

EMT is asked to approve the recommended option of developing an in-house pharmacy service. The proposal requires increased revenue funding for 2010 - 2013 with revenue savings thereafter as drug costs can be reduced, as well as a capital outlay. The proposed service provides real potential for income from external business.

The schedule of annual revenue and capital costs is (in brief) at section 3.6 and in full in appendices 3 and 4. It is envisaged that savings on supply and transport costs will offset the investment required by 2012 / 2013.

This is an important development which will improve the ability of our Trust to deliver a fundamental aspect of care to our patients. This proposal will provide an adequate standard that will enable us to provide a better quality and safer service. Without it medicines remain a high risk, and we will struggle to meet the standards required by the CQC and NHSLA, and requested by our commissioners. It is very likely that the CQC will include this in future ratings for the Trust.

EMT is also asked to approve the exploration of the long-term business opportunities or partnerships that a robust pharmacy service could provide, and the potential advantages to the Trust

The other options considered were partial outsourcing for supply by one provider, and continuation of the current partial schedules of service.

A short-term business case was approved on October 16th 2008 for funding for one pharmacist and one pharmacy technician, and adequate funding to meet the costs of the schedules of service with the three acute Trusts for non-specialist supply and support.

2. Strategic content

During the last year a number of additional national guidance documents have been issued, including NICE PSG01 Medicines Reconciliation (which is mandatory), NICE CG Schizophrenia, NICE CG Medicines Adherence, and the NPSA's Safety in Doses. These make additional specifications for improved medicines management and safety.

The Trust is in a good position to plan for the development of a clinical pharmacy team that will meet the needs of the Trust's clinical services and the requirements of national bodies and commissioners. We can plan a pharmacy supply service which will provide consistent, reliable, good quality and bespoke care for our service users at best value across the Trust. In addition, we will be able to develop the business potential for supplying pharmacy services and advice to other NHS and non-NHS organisations.

Improvement of the use of medicines is a specific goal for this year's Quality Account Report. Medicines have the potential to harm patients and reduce their quality of life if they are not prescribed and reviewed with care. They remain one of the highest risks in our organisation.

Medicines management was given a rating of "substantial assurance" by Deloitte this year on the basis that there were plans in place, that funding would be available, and that the conditions of the HCC document "Talking about Medicines" were met.

The staffing recommendation of the HCC in "Talking about Medicines" applied to this Trust would be 18 pharmacists and 15 technicians (specialists in mental health). Several other local Trusts have increased their clinical staff: Suffolk 2 extra pharmacists this year and SEPT will have 23 pharmacists and technicians by April 2010.

3. Case for change

3.1 Current position

The current budget of £844,490 provides one Associate Director for Pharmacy, two Pharmacists, one technician, 0.4 wte clerical support and three schedules of service (pharmacy services provided by the three acute Trusts in north Essex).

The schedules of service have been agreed, valued and signed for North East Essex and Mid Essex. The schedule of service for West Essex has been agreed with the chief pharmacist, but the value has not been agreed and remains part of a large SLA with PAH, with a cost to the pharmacy budget of £206,421. This is not devolved from PAH to their pharmacy department.

The services continue to be disparate and unpredictable across the Trust because of variations in the level of services each Trust is prepared to offer, pressures at acute Trusts which take input away from NEPFT services, and variable levels of clinical input and ward level support.

A detailed breakdown of the main difficulties experienced is at Appendix 1.

3.2 Business objectives and benefits

The Trust's objectives in securing a modern pharmacy service should be to:

1. avoid risk
    - increase safety, decrease the risk of inaccurate dispensing, poor reconciliation and inaccurate administration
    - provide continuity of supply and cost
    - be able to meet national and local standards
    - employ competent staff – provide training, support and confidence about medicines
    - improve consistency across NEPFT
    - address uncertainty about the quality and cost of the current providers
2. improve quality of care
    - improve the quality of medicines management for service users
    - provide better support to clinical staff
    - benefit from a more reliable and responsive service
    - improve informed choice and concordance
    - ensure timely supply
3. increase efficiency
    - achieve more efficient use of medicines and reduce cost of wastage
    - tailor supply to needs, capabilities and risk
4. develop the business opportunity
    - exploit the potential for developing a pharmacy supply and training business using in-house expertise and facilities.

In summary:

- Patient risk and quality of care with medicines must be addressed while we are still able to do so.
- Plans for revenue savings will be even more important after 2011
- Opportunities for external business will strengthen our position as a Trust within the local economy.

3.3 Options

The options considered were:

1. Continued provision of pharmacy services by the three acute Trusts through schedules of service with limited in-house clinical support (do nothing).
2. Continued provision of pharmacy services by the three acute Trusts through schedules of service with adequate in-house clinical support.
3. Establishment of partial in-house pharmacy provision by NEPFT in collaboration with either a commercial pharmacy or one or more acute Trusts.
4. Establishment of full in-house pharmacy provision by NEPFT.

Additionally, in all the options, there is a need to improve patient safety and quality of service in our own units. The clinical pharmacy team would be expanded to provide adequate support on the wards and units, including training and staff competency, and to monitor and address drug errors and interventions.

3.4 Non-financial options appraisal

1.Continued provision of pharmacy services by the three acute Trusts through schedules of service with limited in-house clinical support (do nothing)
This was not a viable option for the reasons stated in sections 2 and 3.1 (detailed in appendix 1).

2. Continued provision of pharmacy services by the three acute Trusts through schedules of service with adequate in-house clinical support
The issues outlined in the July 2008 report will remain a barrier to good quality care. In addition, the cost of the service has risen rapidly, from an estimated £230,000 in 2006 / 7 to £599,516 in 2009 / 2010 . The acute Trusts have implemented further technological and procedural developments in their pharmacies which are applicable to their own units, but detrimental to the service they provide to us. The new Mid Essex pharmacy (due to open in October 2010) will make their provision of external services very difficult. More clinical staff will be needed to meet standards, so if the contract values do not change the total service cost should be £30,127 over budget this year and £277,359 over budget in 2010 / 2011 (annual total 2010 / 2011 = £1,121,849).

3. Establishment of partial in-house pharmacy provision by NEPFT in collaboration with either a commercial pharmacy or one or more acute Trusts
Lloyds or an external tender was considered to be a viable option in July 2008: however, since then SEPT has been through the tendering process and the cost and conditions they have been offered by this route have been considered unacceptable. There were only two viable expressions of interest. SEPT are now planning an in-house pharmacy with 23 pharmacy staff, to be in place by April 2010.

An external contract would severely limit bespoke dispensing and flexibility; it would rule out electronic prescribing, ordering or discharge for the foreseeable future; and the cost could be dictated by the supplier. A specific estimate of cost would not be available until the 2nd or 3rd stage of the tender procedure. The in-house staffing costs, once the contract was in place, would be £518,330.

4. Establishment of full in-house pharmacy provision by NEPFT
This would involve establishing one pharmacy in a central location (which could be off-site) with pharmacy staff embedded in the multi-disciplinary teams on wards and units to support medicines management and supply. This would

- Give better value for money, with a reduced revenue cost for supply compared to external contracts.
- Provide an integrated service which is dedicated to the needs of our patients
- Improve supply to inpatient and community units
- Enable the Trust to plan for electronic prescribing, electronic stock control and supply
- Reduce waste
- Unify the systems throughout the Trust
- Be more responsive and flexible in medicines provision
- Provide a business opportunity for supplying pharmacy services to other organisations.

In addition, the Trust has been approached by NHS Mid-Essex to manage pharmacy services at HMP Chelmsford on an interim basis, with a view to a long-term contract from 2010 (subject to a tender process). The current in-house prison pharmacy is difficult to staff. Integration with the pharmacy service of a Trust such as ours is seen as a way of improving service delivery for both this Trust and HMP Chelmsford. It is estimated that this will double the workload for our in-house pharmacy service and will be an important source of revenue for the Trust.

We will be unable to deliver this contract in the long-term without a full in-house pharmacy service.

Option 4 is therefore the preferred option.

3.5 Risks of the preferred option

The following risks are identified:

Risks arising from central siting:

- There may be delays in obtaining medication because the pharmacy is sited centrally
- The pharmacy may be off-site so not available to many outpatients

Risks arising from lacking economies of scale:

- Procurement costs may be higher
- The staffing levels for such a small pharmacy may not cope with sickness and holidays.
- On call may be difficult to manage
- We may lack the expertise to meet the legal requirements of our own pharmacy
- We may not be able to recruit the quantity and calibre of staff required
- Younger pharmacists may find it difficult to get wider training and experience once we separate mental health from acute pharmacies
- We may lose experience and expertise about physical illness.

Wider politico-social risks:

- Change of government may well bring cuts to NHS budgets.

Business risks:

- We may not attract any business.

A table of mitigations for these risks is at section 5.5.

3.6 Financial & economic appraisal

The revenue and capital costs of providing a full in-house pharmacy service (option 4) are summarised as:

Item	2009 / 2010	2010 / 2011	2011 / 2012	2012 / 2013
Revenue	**(£)**	**(£)**	**(£)**	**(£)**
SLAs	599,516	500,826	0	0
In-house spend	280,281	629,192	913,569	956,634
Total	879,797	1,130,018	913,569	956,634
2009 /10 budget	844,490	844,490	844,490	844,490
Additional required	**35,307**	**285,528**	**69,079**	**112,144**
Capital		**(£)**		
Building and equipment		**220,000 - 693,000** (1)		

Capital costs, and the wide range of possible capital expenditure, are described at section 4.4.

For comparison, the revenue costs for option 2 would be:

Item	2009 / 2010	2010 / 2011	2011 / 2012	2012 / 2013
Revenue	**(£)**	**(£)**	**(£)**	**(£)**
SLAs	603,519	603,519	603,519	603,519
In-house spend	271,098	518,330	539,001	554,774
Total	874,617	1,121,849	1,142,520	1,158,293
2009 /10 budget	844,490	844,490	844,490	844,490
Additional required	**30,127**	**277,359**	**298,030**	**313,803**

From this, it can be seen that the revenue commitment for the chosen option is lower than for the next-best alternative, without any of the business development opportunities and other offsetting of cost.

4. Delivery structure, funding & affordability

4.1 Preferred option - delivery

Implementation of the preferred option would adhere to the following broad plan:

- December 2009 — Agreement by board
- December 2009 — Planning and staff recruitment commence
- January 2010 onwards — Select site, planning permission, design, build/refurbish, fitting out
- December 2010 — Open for Mid Essex
- February 2011 — Add North East Essex
- April 2011 — Add West Essex

Staff will be 9.5 wte pharmacists, including the AD, plus 8 wte pharmacy technicians and 5 wte others (admin and support), totalling 22.5 wte by mid-2012. This excludes pre-registration pharmacists.

A fuller plan is to be found at Appendix 2.

4.2 Future development

The Trust should be looking to develop the business potential of its in-house pharmacy as soon as it is established and working smoothly. Services to be marketed are:

- Pharmacy supply and dispensing for community services, private mental health care, elderly units, forensic services
- Medicines usage review for GPs and care homes
- Training for care staff, voluntary groups, charities, healthcare professionals
- Advice on policies, procedures, formulary
- Monitoring and external assessment and advice
- Information and prescribing guidance.

4.3 Revenue funding and affordability

The requirement for substantial extra revenue to fund what are effectively double-running costs during the set-up period in 2010 / 2012 is limited to that short period (see section 3.6).

This would be more than offset by drug cost savings from using an in-house pharmacy with clinical services, which would flow from

- Better control of prescribing and supply
- Better use of patient's own medicines during the inpatient stay and at discharge
- Improved procurement
- Better stock control, both at ward and pharmacy level
- Reduction in wastage of medicines
- Advice and training on the best use of medicines, available on the ward or unit
- Referral to GPs for prescribing where appropriate
- Possible VAT saving for community supply.

The current annual drug costs are just over £1,800,000 (a reduction from over £2,000,000 in 2004 / 2005). It is estimated that the above measures, not including the VAT saving, could save 25-30%, or approximately £450,000. By 2012 / 2013, the £126,867 extra cost of the service over the 2009 / 2010 budget of £844,490 will be more than covered by this saving.

4.4 Capital funding

The Estates and Facilities Directorate has looked at potential building options and provided capital costs for the provision of a pharmacy service located centrally of the NEPFT area and likely to be in, or around, the Chelmsford area. The original assumption for the space requirement of a dispensing pharmacy was approximately 150 sq.m. However consideration was given to the provision of transport arrangements for the dispensing of pharmacy items to all NEPFT sites. The space required for a pharmacy and transport service would equate to approximately 200-220 sq.m.

The building options considered were:

- Option 1 - Temporary accommodation (Portakabin) located on an existing NEPFT site.
- Option 2 - Modular or traditional construction located on an existing NEPFT site.
- Option 3 - Leased accommodation in an industrial unit somewhere in the Chelmsford/Witham area.
- Option 4 – Refurbishment of a property owned by the Trust

Option 3, is the lease of an industrial unit in the Chelmsford area. In the current market this would appear to be an appropriate time to acquire a small industrial unit as the current lease values would be favourable. Option 4: The first floor of C&E will be vacant from October 2010. There will be no ongoing lease cost, and the location is excellent. From the Trust's point of view this site may be better utilised for services with patient contact (for example, the Drug and Alcohol team)

The Six Facet Survey has highlighted some dilapidations and shortcomings in the existing property portfolio, and so this would be a relevant time to look at packaging some other services into the same building. Therefore consideration should be given to the co-location of some non- clinical and other support services along side the new pharmacy dispensing unit in one industrial unit to achieve economies of scale and efficiency within operations.

Costed examples are:

1 - The approximate capital costs for the refurbishment of an industrial unit of 250 sq. m (8 Buckingham Court) for a pharmacy:
Refurbishment (build) costs @ £600 / sq.m = £150,000
Professional / legal / planning fees (@15%) = £22,500
Contingency = £20,000
Total cost = £192,500 (excluding VAT, IM&T costs etc.)
Annual lease £19,500

2 - The approximate capital costs for the refurbishment of the ground floor of C&E, New London Road, Chelmsford for a pharmacy
Refurbishment of upstairs for CMHTs £60,000
Refurbishment of downstairs for a pharmacy £120,000
Professional fees etc. £20,000
Total cost = £200,000 (excluding VAT, IM&T costs etc.)

While unit-dose robotic dispensing would be extremely useful for CRHT, long stay units, some elderly units and the prison, it would be less useful for acute inpatients because it does not empower self-administration for discharge. It will not be cost-effective unless we gain the contract for HMP Chelmsford and it will therefore be considered under a separate business case. Current capital cost to purchase a robot is £121,000, with a further £22,000 needed for a deblisterer and interface.

5. Management arrangements

5.1 Service management

The current AD for pharmacy will manage the service as it develops.

5.2 Project management

The current AD for pharmacy, will require short-term dedicated project-management support as well as support by the Trust's estates, support and development functions, will manage the project to establish the in-house pharmacy service. She will work on business opportunities with the Trust's Director of Business Development.

5.3 Business continuity

The double-running arrangement of maintaining current SLAs until the in-house service is ready to provide a full and enhanced service to clinical areas will ensure that threats to business continuity are minimised.

5.4 Benefits realisation

The "ownership" of both the service and the project by the AD for pharmacy will ensure that the full range of benefits envisaged from this development will continue to be derived by the Trust, in terms of improving quality, reducing risk, increasing efficiency and developing business opportunities.

5.5 Risk management / mitigation

The risks listed in section 3.5 will be mitigated as follows:

Risk	Action
There may be delays in treatment because the pharmacy is so far away	Two deliveries a day to acute units. Pharmacy staff in the teams on the units, anticipating need and ensuring prompt supply One-stop, emergency cupboards, better stock control
The pharmacy may be off-site so not available to outpatients	Use FP10s. This will mean we will not get the hospital discounts, we will pay dispensing fees per item, and we will not have close control, but we will save 17.5% VAT. For further savings we could consider reducing FP10 supply to 14 days instead of 1 month where practicable
We will not have economies of scale for procurement so drug costs may be higher	There are regional and national PASA contracts for many items. The Oxford Store, some companies and wholesalers offer discounts not related to bulk buying. Experience at Cambridge Mental Health showed that their smaller unit was able to buy more economically than Addenbrooke's as it focussed on drugs for mental health, not just the very expensive oncology and X-ray items, and was more flexible
The staffing levels for such a small pharmacy will not cope with sickness and holidays.	This is a risk for all pharmacies and is built in to the staffing plans. For long-term sickness we would have to consider temporary staff, as the acute Trusts do. Holiday periods need to be planned for. Automation which would reduce acute need will be built into the pharmacy plans
On call difficult to manage	Pharmacists and technicians will need to be on an on-call rota. Its use should be minimised by forward planning, the use of emergency cupboards at key sites, use of patients own drugs, clear procedures for staff, and encouragement to use internet information sites. At Oxford Mental Health there is NO on-call supply, only information. South Essex plan a 1 in4 pharmacist only on-call, one week each.
Do we have the expertise to meet the legal requirements of our own pharmacy?	We need to register with the Pharmaceutical Society, who will ensure we meet their requirements before registration. The DoH provides advice. We need to recruit the expertise for SOPs and the attention to detail at an early stage so no crucial aspects are missed in the planning.
We may not be able to recruit the quantity and calibre of staff required	A number of able appropriate staff have approached us, but we have lost them because we have no posts available. We need to be able to headhunt as soon as possible, and appoint, so the finance needs to be available to ensure we do not lose opportunities It takes up to 5 months from advertising to the person taking up the post so we need to be able to plan early. Part time and flexible hours will be considered. We need to have a good induction plan, management and SOPs so staff will stay.

	We need to involve staff in the development of the service (encourage ownership)
If we separate Mental Health from acute pharmacies how will younger pharmacists get wider training and experience?	Maintain links with the three acute trusts Make the time spent in mental health interesting and varied and useful so they want to come back Ensure pre-registration pharmacist rotation into NEPFT with the acute hospitals and retail Ensure well-planned postgraduate rotation into NEPFT with the acute Trusts Employ a student technician and encourage ATO staff to do the technician course.
If we have an in-house pharmacy we will lose experience and expertise about other physical illnesses	Maintain good links with acute Trusts. Include joint posts / rotating posts Ensure CPD includes other aspects of medicine Link the Medicines Information departments
Change of government – NHS cuts	The in-house option is the most cost-effective and appropriate pharmacy service for the Trust on the evidence available, with potential for income. If there were a closer relationship with SEPT it would be best placed to provide an Essex-wide service.
We will not attract any business opportunities	We have already had strong expressions of interest from the prison, and the PCT. There is a nationally identified need for training and education for medicines in care homes.

5.6 Service evaluation & audit

The project plan for the establishment of an in-house pharmacy will include a service evaluation after a set period. Ongoing audit of medicines use and service performance will be part of the Trust's formal audit programme.

Appendix 1

Main difficulties experienced with current pharmacy supply provision

Issue	Action required
Evidence from the partial pharmacy reconciliation over the last 6 months which shows a very high risk, both for patients and for our position with the NHS-LA. because the recommendations of the NICE guidance have not been addressed. At least 46% patients with a pharmacy reconciliation had unexplained discrepancies in their prescribing on admission, and this only covered one-third of our inpatients.	Reconciliation by pharmacy staff throughout the Trust Training for medics and nurses Clarity of Trust policies Implementation of Trust policies
Our medicines errors and interventions have been very under-reported.	Recognition of errors by all staff Pharmacy staff to intervene
The data we are now beginning to capture provides information about serious issues and risks which demand attention.	Systems to process and address issues. Raising the profile of medicines as part of patient care
There have been a number of serious untoward incidents involving medicines.	Address action plans from reports. Improve pharmacy input to avoid future events
Lack of concordance and understanding of medicines leading to readmissions and continued ill-health.	Empowering all staff and patients with information and choice about medication.
The limited Deloitte assurance was conditional on the approval and implementation of the strategic plan.	Strategic plan
The commissioners have requested evidence of proposed action for medicines management.	Action plans and monitoring to be agreed and met.

Appendix 2

Project plan: Service level and staffing

Milestones	**by 01.04.2010**	**by 01.11.2010**	**by 01.04.2011**	**by 01.10.2011**
Service				
In-house pharmacy	Staff recruitment from 11.09.	Open for Mid-Essex 1.12.10	Open for Mid- and North-East Essex 1.2.11	Open for West Essex 1.4.11
Business development				Commence
SLAs				
Number of SLAs	3	3	0	0
Staffing (wte)				
AD for pharmacy	1	1	1	1
Pharmacists	3	5	5	5
Pharmacy technicians	3	6	6	6
Clerical support	0.6	1	1	1
IT / procurement technician	1	1	1	1
Dispensary manager		1	1	1
Rotational basic grade		1	2	3
ATO		2	2	2
Student technician			1	1
Information pharmacist			0.5	0.5
Pre-registration pharmacist				1
Total staff	10.6	18	20.5	22.5

Appendix 3

Revenue costs April 2009 to March 2013

Financial year		2009-2010		2010-2011		2011-2012		2012-2013
Cost item	**AfC band**	**April 2009 Actual**	**Jan 2010**	**Apr-10**	**Nov-10**	**Apr-11**	**Sep-11**	
AD for pharmacy	**8d**	78,904		81,217		84,686		88,925
Lead pharmacist West	**8b**	67,412		68,926		68,926		68,926
Lead pharmacist Mid	**8a**	49,765		51,770		54,083		54,083
Lead tech Mid and East	**6**	39,511		40,609		40,609		40,609
Clerical support	**4**	9,379	1,172	17,320		23,447		24,195
Lead pharmacist East	**8a**		12,441	49,765		51,770		54,083
Specialist tech East	**6**		8,748	34,922		36,119		37,317
Specialist tech West	**5**		6,946	28,187		29,009		30,016
Specialist pharmacist West	**7**			43,347		44,693		46,189
Specialist pharmacist East	**7**			41,808		43,155		44,650
IT/procurement senior tech	**6**			34,922		36,119		37,317
Specialist tech East	**5**				11,577	28,187		29,009
Dispensary manager	**7**				16,920	41,808		43,155
Technician	**4**				9,427	23,447		24,195
Technician	**4**				9,427	23,447		24,195
Dispensary support (ATO)	**3**				8,148	20,004		20,603
Dispensary support (ATO)	**3**				8,148	20,004		20,603
Rotational basic grade	**6**				14,052	34,992		36,119
Rotational basic grade	**6**					34,992		36,119
Student technician	**3**	Reg.fund				13,004		15,966
Information pharmacist	**7**					25,182		26,011
Rotational basic grade	**6**						17,461	36,119
Pre-registration pharmacist	**5**	Reg.fund					0	0
Total number of staff		*5*	*7.6*	*11*	*18*	*20.5*	*22.5*	*22.5*
TOTAL SALARIES		244,971	274,278		570,492		789,569	832,634
Mid Essex SLA		199,058		132,705		0		
East Essex SLA		194,040		161,700		0		
West Essex SLA		206,421		206,421		0		
TOTAL SLAs		599,516		500,826		0		
Training budget				10,000		15,000		15,000
Premises and IT					25,000	50,000		50,000
Transport					13,700	41,000		41,000
Staff travel			4,000	8,000		16,000		16,000
Office supplies			2,000	2,000		2,000		2,000
TOTAL		**844,490**	**879,797**		**1,130,018**		**913,569**	**956,634**
Budget available		844,490		844,490		844,490		844,490
Additional resource required			**35,307**		**285,528**		**69,079**	**112,144**

NOTES

1. On-cost and weighting included

2. Salaries increased for incremental points
3. Pay and non-pay costs are at 2009-10 prices
4. Additional resource in 2010/ 2011 is funding for parallel running of services for one year
5. Regional funding currently available for student technicians is £7,000 1st year and £4,637 2nd year, and for pre-registration pharmacists full salary and on-cost.
6. The west Essex SLA is a risk because it is part of the PAH bulk contract

Appendix 4

Capital cost estimates

Item/description	**Modular build £3,000 / sq.m (£)**	**Traditional build £2,300 / sq.m (£)**	**Refit of leasehold premises £600 / sq.m (£)**	**Refit of ground floor C&E £600 / sq.m (£)**
Dispensary for up to 12 people 90 sq.m	450,000	345,000	170,000	120,000 plus 60,000 to move CMHTs
Procurement office 10 sq.m				
Clinical Office 20 sq m				
Vestibule for transport collection and delivery, outside main burglar alarm system 6-9 sq m				
Two toilets + sink (cloakroom) 6 sq m				
Patient / staff waiting area 15 sq m				
Professional costs/legal/planning fees	67,500	52,000	22,500	20,000
VAT @17.5%	90,562	69,475	33,687	35,000
Phones, air con, burglar alarm etc.	17,400	17,400	17,400	17,400
Mobile Phones	600	600	600	600
Fittings and equipment	21,000	21,000	21,000	21,000
IT/pharmacy computer	120,000	120,000	120,000	120,000
Satellite units at ward bases, emergency cupboards etc	30,000	30,000	30,000	30,000
TOTAL	**797,062**	**655,475**	**415,187**	**424,000**

- The cost of leasing a building will be approximately £20,000 per annum

See provision document of 23rd Sept 2008 for a cost based on refit of premises, which includes more facilities than just pharmacy.