

## Appendix 3

### Options appraisal for block beds

- 1 The 2023/24 approved savings proposals for Community Wellbeing are £6.105m
- 2 Included within the £6.105m savings is a 'block bed' savings proposal of £300k. This saving will need to be met non-recurrently in 2023/24 and then c/fwd to 2024/25 to be met recurrently from April 2024 in line with the commissioning of this block contract.
- 3 Option 2 is recommended so greater efficiencies can be achieved to meet the target over 5 years.

Option	Intention	5 year Value of contracts	Annual efficiency savings	5 year block bed savings	Total savings incl brokerage costs
Option 1	Commission up to 20 beds for an initial 3 years with an option to extend for 1+ 1 years	£4.55m	In the region of £104k per annum	Based upon the 5 year contract, the block bed savings will be circa £700k	<b>The final savings anticipated is circa £521k</b> once all brokerage costs have been factored in.
Option 2	Commission up to 30 beds for an initial 3 years with an option to extend for 1+ 1 years.  This will be undertaken utilising a phased approach	£6.82m	In the region of £174k per annum	Based upon the 5 year contract, the block bed savings will be circa £1.049m	<b>The final savings anticipated is circa £870k</b> once all brokerage costs have been factored in.

- **Option One** - The total savings if 20 block beds are purchased for 5 years is approximately £700k. There are additional costs £178,750 required to fund an additional brokerage role for the 5 years. The anticipated savings less these costs are in the region of £521,250 for the length of the 5 year contract. This equates to circa £104k saving per year.
- **Option Two** – The anticipated savings of 30 block beds for 5 years is approximately £1,049m for the length of the 5 year contract. Less the £178,750 for the brokerage role and the anticipated saving is expected to be in the region of £870,250 for the length of the 5 year contract. This equates to circa £171k saving per year.
- The brokerage costs (based upon mid-point of £35,750 with on costs per annum)