

## **CVHT Income and Expenditure: 2002 to 2019**

CVHT have produced a summary matrix showing the overall series of principal income and expenditure during the 18-year period of CVHT's existence since 2002. The matrix also provides the context and timescales in which costs arose.

To aid understanding, the income and expenditure has been allocated to one of four defined phases, each reflecting different circumstances in terms of NHS policy and project delivery experienced by CVHT.

For example, in 2006 Cranleigh Medical Practice decided to pursue the contribution of their own building, after which the NHS decided not to fund other services in Cranleigh in addition to those already provided at Cranleigh Village Hospital. This decision by the NHS resulted in adjustments to CVHT's original aspirations, and also had a profound impact on the community's perceptions of CVHT's goals.

The financial matrix demonstrates net fundraising income (including bank interest) of £1,788,000 during the 18-years of CVHT. There is a cost associated with raising these funds, effectively reducing the net amount raised to £1,153,000.

This net fundraising income was spent on a series of essential project-related tasks, including technical and legal advice, and formal planning costs. CVHT also incurred costs associated with governance of the trust.

Across the four distinct time phases, cash held by CVHT reduced from £774,000 in 2006 to the current balance of £258,000.

This cash balance figure does not include the significant value of the gifted Knowle Lane site. The site is currently valued on CVHT's books at £2.4m, due to the previous planning consents granted.

This valuation figure does not fully reflect the 'potential functional value' of the Knowle Lane site, which is estimated to be £5.3m (around triple CVHT's total fundraising since 2002) because of two factors. The value will rise to this level once planning consent for the current proposals is granted and the contract is entered into with HC-One, the operator.

The potential land asset value is indicated because CVHT's development partner, HC-One will, without cost to CVHT, build a 20-bed fully-integrated wing as part of their care home, at a construction cost of around £3.3m. This cost includes shared/support facilities on a prorata basis.

HC-One will also give £1m in cash to CVHT, which combined with a pledged donation from a local benefactor, will be used to construct the proposal staff accommodation block with a value of around £2m. No debt will be required to build this staff accommodation.

These factors will place CVHT on a solid financial footing, enabling the delivery of community beds and staff accommodation that are complementary to the services already provided at Cranleigh Village Hospital and Cranleigh Medical Practice, and by the Community Nursing Service.

The figures highlight the benefit of the land exchange made between a local benefactor and Cranleigh Parish Council, which resulted in the Knowle Lane site becoming available to CVHT in 2010. It is important to emphasise that the standalone '20-bed care facility' would not be supported by the NHS, on either clinical governance or financial sustainability grounds. Therefore, the monies raised by CVHT during the 18-year period were never enough to deliver such a standalone unit, and the NHS will not support the costs of running beds on this basis.

In contrast, the current proposal of a joint venue with HC-One, a well-respected care home operator, not only provides sufficient funds for the proposed scheme, but also the nursing care on a 24-hour basis, that the NHS cannot provide within a small-scale 20-bed unit.

## Project phases

To aid understanding of the income and expenditure during the 18-year history of CVHT, these figures have been allocated to four distinct project phases. These phases capture in general terms the significant variations in changing fundraising activities and external factors, including the creation of the local Healthcare Stakeholders Discussion Group, and ultimately the selection of HC-One as CVHT's partner in the delivery of the current proposals.

Between 2002 and 2006, this phase focuses on CVHT's pursuit of their key goal at the time, 'saving the Cranleigh Village Hospital Beds'. This phase also reflects a time when the majority of funds were raised by a wide range of local community organisations and individuals, and when significant legacies were received.

A detailed planning application was submitted in January 2006 and, subject to certain conditions, planning approval was granted in March 2006.

The end of this first phase was effectively determined by the decision by Cranleigh Medical Practice to construct a replacement building on their site, and of the Primary Care Trust (PCT) to close the beds in Cranleigh Village Hospital, and not support their re-provision unless paid for by CVHT.

The second phase, between 2007 and 2010, saw the reorganisation and merger of five PCTs in Surrey, as well as government initiatives to save money. These steps hampered our progress in gaining permission from the PCT to move ahead with the development of the originally envisaged hospital.

During this second phase, discussions were held with several medical property companies and care home providers, as CVHT pursued alternatives to the provision of hospital beds,

Active fundraising events were significantly reduced during this period, to continued uncertainty. Planning permission was granted in 2010 for the construction of a care home with ancillary services.

Phase three was between 2011 and 2015, when in essence a new project was created. Following the conclusion of a complex Mediation Agreement with the PCT, constructive discussions were held with prospective partners, as it became clear CVHT could not design and operate a 'bed-replacement' facility without third-party assistance.

In 2015, a valuable group of local health-related bodies was formed (term 'key stakeholders'), that would have an active interest in the use of the Knowle Lane site and Cranleigh Village Hospital. These stakeholders include Royal Surrey County Hospital, Guildford and Waverley

Clinical Commissioning Group, Surrey County Council, Virgin Care, Phyllis Tuckwell Hospice, and Cranleigh Village Hospital League of Friends.

Representatives from these key stakeholders were invited by CVHT to participate in regular discussions and formal meetings, with a focus on the creation and management (as well as the provision of necessary operational funding) of a practical number of community beds on the Knowle Lane site.

The fourth and current phase, from 2016 to date, centered on the development of the relationships with Royal Surrey County Hospital and Surrey County Council, to ensure suitable compatibility and integration of the CVHT scheme with their objectives.

These discussions led to the appointment of HC-One as CVHT's preferred partner in 2016, with heads of terms signed in 2017. HC-One was selected following a robust recommendation by Royal Surrey County Hospital and extensive due diligence by CVHT.

Not only is HC-One a leading UK care home provider, they also have considerable experience with the delivery of NHS and local authority funded care. This partnership enabled CVHT to create the comprehensive set of proposals submitted to Waverley Borough Council in late 2018.

## Key Revenue/Expenditure

Each of the four phases presents summary aggregate values for the following simplified generic financial categories;

- ***Fundraising***: Two groups of figures are presented with respect to:
  - (i) principal revenues (net of costs) relating to events, donations, legacies, shop income (net) and bank interest; and
  - (ii) other costs directly related to the generation of such income (e.g. sponsorship of the Red Arrows at Dunsfold for marketing purposes), shop/office costs, and associated staffing.

As the Matrix shows, the overall net revenue over 18 years from fundraising is approximately £1,153,000.

- ***Project & Trust Expenditure***: These costs relate to a broad series of actions by the Trust which related to, for example:
  - (i) funding the '*Keep Cranleigh Beds Open*' campaign in 2006/7 (alongside *League of Friends*), pursuit of the Judicial Review and Mediation exercises regarding CVHT's rights to continue to pursue their primary health-care objectives;
  - (ii) preparation and submission of Planning Applications (January 2006 and 2010); associated architect and engineering design fees, as well as related legal and accounting matters;
  - (iii) investing in 'community benefit features' such as the new road table at the head of Knowle Lane; engineering groundworks, and related actions, associated with the creation of a functional Bruce McKenzie Memorial Field (on Knowle Lane), which project lay at the heart of the 'land swap' deal with Cranleigh Parish Council (CPC); and
  - (iv) funding a feasibility study related to the potential updating of buildings on the CVH site so as to accommodate state-of-the-art diagnostic facilities;
  - (v) development of Heads of Terms Agreements, Memorandum of Understanding, Lease Agreements, and similar legal tasks associated with the effective creation of a robust sustainable partnership with HC One, as well as similar costs associated with earlier planned partnerships; and
  - (vi) essential legal and accounting aspects relevant to maintaining the Trust's responsibilities

In aggregate, these costs amounted to about £895,000 over 18 years, resulting in a current liquid asset of about £258,000.