

Joint capital resource use plan – 2024/25

REGION	North East & Yorkshire
ICB / SYSTEM	North East and North Cumbria Integrated Care System (ICS)

Introduction

Guidance:

Please provide some high level commentary about the joint capital plan which should be developed between the ICB and partner NHS Trust and foundation trusts – key strategic priorities, key schemes throughout the year, background to what happened last year, overview funding sources etc.

The North East and North Cumbria (NENC) ICB has agreed that responsibility to plan and actively manage the NENC ICS FT Core Capital Allocation (CDEL) will be delegated to the NENC Foundation Trust Provider Collaborative. As such the Provider Collaborative has developed a capital scheme prioritisation framework to ensure that Capital Allocations are deployed appropriately as described later in this report. It is noteworthy that the NENC ICS is developing an updated Infrastructure Strategy due for completion in the summer of 2024 and that will be used to refresh the long-term capital plan.

In total, capital allocations are consistent with those announced for the previous financial year and cover the following elements:

- A system-level allocation – to cover day-to-day operational capital spend. This is £213m for NENC in 2024/25 and includes £5.5m of capital for investment in GP primary care, covering both estates and information technology.
- Nationally allocated funds– to cover national strategic projects already announced. The NENC allocation will be dependent on national agreements with NHS England (NHSE) for funding on a case-by-case basis.
- Other national capital programme investments (£2.4bn) – includes national programmes such as elective recovery, diagnostics, national technology funding and mental health dormitory eradication. Again, the NENC allocation will depend on individual funding approvals made by NHSE. This also includes funding allocations to cover the capital impact of some technical accounting changes (e.g. lease accounting).

This plan is consistent with the overall planning submission made by NENC and will potentially be varied in year should further central capital allocations be confirmed.

Assumed Sources of Funding for 2024/25

Guidance:

Please provide detailed of the overall funding envelopes to which the system will be working to.

Explain any assumptions (and related risks) associated with the assumed sources and quantum's of funding for the ICB and Partner Trusts

Draft table inserted which can be expanded upon.

Detailed capital allocations at organisation level can be found in Annex A, based upon the prioritisation process set out in this report.

The total Operational Capital assumed in plans encompasses both the system level allocation (including 5% over-programming in line with national guidance, equating to circa £9.4 million) and confirmed funding from national programmes covering developments for new diagnostic facilities, front line digitisation, and the New Hospital Programme (NHP).

The plan also includes £65million to address the capital impact of changes in accounting requirements, including changes to lease accounting that requires a significant increase in the asset values carried on the balance sheet of NHS organisations.

Risks and Contingencies

Guidance:

Insert any notable risks and/or contingencies associated with the capital plan. Consider RAG rating risks also.

Key Risks identified within the previous wider estates strategy are being assessed as part of the work to develop an infrastructure strategy for NENC, and include:

- Infrastructure – lack of investment could disrupt services, and the infrastructure needs of future clinical strategies and associated changes in clinical pathways and patient flows, taking into account both opportunities and constraints (e.g. workforce, finance, etc)
- How digitisation can support services and improve quality and productivity
- The need to address sustainability in line with NHS plan and the impact on infrastructure (e.g. vehicle electrification)
- Property Services and void accommodation – significant costs diverted to NHS PS
- PFI – expiring contracts and associated implications
- 6-facet surveys – out of sync/impact on backlog maintenance
- New Hospitals Programme (NHP) – Expression of Interest outcome currently unknown
- Alternative sources of capital finance – NHP seen as the main source of 'strategic' capital for major new build schemes - if unsuccessful and other opportunities for funding limited – impact on how quickly schemes can be progressed.

Capital Planning & Prioritisation

Guidance:

Please detail how your system is prioritising available resources for investments which contribute to the wider local strategic priorities of the ICS, and maximise efficiencies within an affordable envelopes as well as how this aligns with and supports the ICS' wider infrastructure strategy - in particular, priorities and plans for future use and development of its estate and assets.

To support capital planning for 2024/25 all Trusts identified their urgent priorities for development in the current year. As previously noted, the longer-term investment plan will be generated from the Infrastructure Strategy currently in development. The process by which schemes are prioritised was therefore considered to provide a better sense of relative priority between schemes. The suggested methodology considers both issues below based upon scoring against the weighted criteria in the table below:

- (a) the current service configuration and
- (b) the position after the proposed capital investment to get a sense of its 'value added'.

CRITERIA	DESCRIPTION	WEIGHT
Clinical Quality	Avoidance of risk to patients by removing hazardous functional relationship or infrastructure problems and the further development of standards of excellence in clinical outcomes.	20%
Rightsizing	The extent to which schemes deliver optimum capacity and provide resilience, adaptability and future proofing.	17.5%
Health Gain and Policy Imperatives	The extent to which schemes deliver optimum configuration of services, foster models of care and implement clinical pathways etc	12.5%
Statutory Standards	To meet standards laid down in legislation and/or clinical standards and/or enforceable by outside agencies.	12.5%
Staffing	Does the scheme improve the deployment, recruitment, retention, cost and critical mass of all necessary staff for patient treatment	10%
Physical Condition of Buildings	Eradication of sub-standard accommodation, bringing the physical condition of health care buildings up to at least condition B	10%
Teaching & Research	The need to meet requirements for teaching and research - recognising its long term impact on quality but not predominating over criteria which have immediate impact on patient treatments.	6.25%
Deliverability	A judgement concerning the complexity of the capital scheme and the challenge which it will present in being brought to fruition	6.25%
Environment	Appropriateness and attractiveness of the physical environment and the personal safety of patients, visitors and staff.	5%

Finally, the scheme's 'value added' score is then adjusted for:

- (a) the size of population that would benefit from the capital investment and
- (b) the degree of betterment achieved by the capital investment to give greater weight to 'transformational' schemes.

The outcome of this process is shown in the allocation to each organisation (£222m in total inclusive of the 5% over-programming assumption) shown in Annex A, and collectively the plan covers the following categories:

Category	%
Physical Estate	67%
Equipment	24%
Transport	2%
IT	7%
Total	100%

Annex A – North East and North Cumbria ICB 2024/25 CAPITAL PLAN

CDEL Category	NCIC	NHCFT	NuTH	GHFT	CNTW	NEAS	STSFT	CDDFT	NTHFT	STHFT	TEVV	ICB	System
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Operational Capital	12,270	70,176	32,769	9,816	6,095	7,695	17,322	14,006	17,681	14,989	8,509	10,910	222,238
Total System Operational Capital	12,270	70,176	32,769	9,816	6,095	7,695	17,322	14,006	17,681	14,989	8,509	10,910	222,238
National Programmes:													
Community Diagnostic Centres	11,200	0	0	6,737	0	0	0	0	7,200	0	0		25,137
Diagnostic Digital Capability Programme	536	0	0	0	0	0	72	0	0	0	0		608
Diagnostic Imaging Capacity	1,659	0	0	0	0	0	0	0	78	0	0		1,737
Elective Recovery/Targeted Investment Fund	0	0	0	0	0	0	0	0	0	15,840	0		15,840
Endoscopy - Increasing Capacity	9,563	0	0	0	0	0	0	0	0	0	0		9,563
Front Line Digitisation	3,745	2,350	0	0	925	0	0	0	0	667	1,667		9,354
Mental Health	0	0	0	0	0	0	0	0	0	0	160		160
NHP	0	0	0	0	7,400	0	0	4,959	0	0	0		12,359
Other (Technical Accounting)	5,486	2,051	6,795	12,600	3,724	1,450	6,471	11,219	4,116	8,650	2,965		65,527
Total System CDEL	44,459	74,577	39,564	29,153	18,144	9,145	23,865	30,184	29,075	40,146	13,301	10,910	362,523