Joint capital resource use plan – 2025/26

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 developed an updated Infrastructure Strategy in the summer of 2024 that forms the basis of 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 (£4.9bn). This is £189.5m for NENC in 2025/26 and includes £6.9m of capital for investment in GP primary care, covering both estates and information technology. For the first time, this allocation also includes provision for international financial reporting standard (IFRS) 16. This means that systems have a single allocation within which to manage and prioritise operational capital.

- Nationally allocated funds – to cover national strategic projects already announced from the previous spending review period (£1.1bn). 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 (£4.1bn) – These encompass key national priorities, including enhancing performance in elective recovery, diagnostics, urgent and emergency care (UEC), estates safety, advancing technology initiatives, supporting primary care, and driving progress towards net zero commitments. 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 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 NENC allocations for national schemes such as £48.7m for Return to Constitutional Standards across UEC, Elective and Diagnostics, and £33.3m for Estates Safety schemes.

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 infrastructure strategy for NENC include:

- Critical Infrastructure Risks – without investment the value and risk to patient safety will continue to grow and require additional management.
- Backlog Maintenance – without investment the value and risk to patient safety will continue to grow.
- Net Zero – our target is to be the Greenest region by 2030 and without investment we will not fulfil this ambition and our progress towards the NHS 2040 target for carbon net zero will be limited.
- Health and Care Service Transformation – we need to invest in our infrastructure to support the transformation of health and care services and to address our evolving health and care needs . Without investment, our infrastructure will struggle to support future service demand and respond to changing models of care.
- Digital Transformation – we need to invest in our digital infrastructure to enable a joined up response to our digital healthcare strategy and enhance patient care and operational efficiency. Without this investment, our infrastructure will not support the changing models of care and citizen expectations.
- Aging Infrastructure - nearly 14% of our health buildings pre-date the NHS, increasing to 51% of the Gateshead Health estate. We require investment to bring our stock consistently up to current standard and support our changing service needs.

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 2025/26 all Trusts identified their urgent priorities for development in the current year. As previously noted, the longer-term investment plan is generated from the Infrastructure Strategy. 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 shown in Annex A.

Annex A – North East and North Cumbria ICB 2025/26 CAPITAL PLAN

Joint Capital Resource Use Plan 25/26	NENC ICB	COUNTY DURHAM AND DARLINGTON NHS FOUNDATION TRUST	CUMBRIA, NORTHUMBERLAND, TYNE AND WEAR NHS FOUNDATION TRUST	GATESHEAD HEALTH NHS FOUNDATION TRUST	NORTH CUMBRIA INTEGRATED CARE NHS FOUNDATION TRUST	NORTH EAST AMBULANCE SERVICE NHS FOUNDATION TRUST	NORTH TEES AND HARTLEPOOL NHS FOUNDATION TRUST	NORTHUMBRIA HEALTHCARE NHS FOUNDATION TRUST	SOUTH TEES HOSPITALS NHS FOUNDATION TRUST	SOUTH TYNESIDE AND SUNDERLAND NHS FOUNDATION TRUST	TEES, ESK AND WEAR VALLEYS NHS FOUNDATION TRUST	THE NEWCASTLE UPON TYNE HOSPITALS NHS FOUNDATION TRUST	SYSTEM TOTAL
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Operational Capital - ICB	6,924												**6,924**
Operational Capital - Provider		10,678	10,893	7,604	15,868	7,594	10,031	57,651	12,894	12,468	13,800	21,883	**181,364**
System Balance to be confirmed in-year	526											685	**1,211**
Total System Operational Capital	**7,450**	**10,678**	**10,893**	**7,604**	**15,868**	**7,594**	**10,031**	**57,651**	**12,894**	**12,468**	**13,800**	**22,568**	**189,499**
Provider National Programme Spend:													
2025/26 Cancer LINAC Replacement		0	0	0	0	0	0	0	2,354	0	0	2,616	**4,970**
2025/26 Estates Safety		1,949	479	5,000	0	210	5,209	0	0	9,230	0	11,184	**33,261**
Diagnostics		0	0	5,575	0	0	1,531	0	286	0	0	2,038	**9,430**
Elective Recovery/Targeted Investment Fund		1,044	0	50	470	0	2,300	0	0	2,229	0	300	**6,393**
2025/26 Mental Health: Reducing Out of Area Placements		0	131	0	0	0	0	0	0	0	0	0	**131**
Net Zero (GB Energy Solar)		0	0	0	0	26	0	0	0	0	1,214	673	**1,913**
New Hospitals Programme		2,458	402	0	0	0	0	0	0	0	0	0	**2,860**
RAAC		0	0	0	0	0	1,300	0	2,900	0	0	0	**4,200**
Technology Schemes		0	0	0	14,085	0	0	0	0	0	0	0	**14,085**
UEC Capacity		0	0	1,847	10,800	3,152	2,700	3,698	2,915	0	0	7,777	**32,889**
Other (Technical Accounting)		5,718	1,927	0	3,801	0	0	699	7,908	0	342	5,208	**25,603**
Return to Constitutional Standards: Diagnostics		0	0	5,575	0	0	1,531	0	286	0	0	2,038	**9,430**
Return to Constitutional Standards: Elective Recovery		1,044	0	50	470	0	2,300	0	0	2,229	0	300	**6,393**
Return to Constitutional Standards: UEC		0	0	1,847	10,800	3,152	2,700	3,698	2,915	0	0	7,777	**32,889**
Primary Care Utilisation Fund	5,789												**5,789**
TOTAL SYSTEM CAPITAL	**13,239**	**22,891**	**13,832**	**27,548**	**56,294**	**14,134**	**29,602**	**65,746**	**32,458**	**26,156**	**15,356**	**62,479**	**379,735**