

Joint capital resource use plan – 2023/24

REGION	North East & Yorkshire
ICB / SYSTEM	North East and North Cumbria ICB

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 have developed an NENC Estates Strategy and capital scheme prioritisation framework to ensure that Capital allocations are deployed appropriately.

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

- a) A system-level allocation (£4.1bn) – to cover day-to-day operational capital spend. This is £187m for NENC in 2023/24. From 2022/23 onwards this also includes £0.1bn of capital for investment in primary care BAU and GP IT.
- b) Nationally allocated funds (£1.2bn) – to cover national strategic projects already announced. The NENC allocation will be dependent on national agreements for funding on a case-by-case basis
- c) 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

In addition, £300m will be allocated to systems based on 'prior year revenue performance, with funding based on three scenarios:

- d) For all systems that deliver a surplus or breakeven revenue position in 2022/23, the 2023/24 ICB capital allocations will be uplifted by 100% of their fair share of £300m.
- e) For all systems that hit a nationally set and agreed deficit target in 2022/23, the 2023/24 ICB capital allocations will be uplifted by 75% of their fair share of £300m.

- f) For all systems that do not hit breakeven or a nationally agreed deficit target in 2022/23, the 2023/24 ICB capital allocation will remain as the baseline capital allocation previously communicated.

For NENC the expectation is that Scenario (a) above will apply, and as such an additional allocation will be made. The value of this is £17.1m for NENC.

Assumed Sources of Funding for 2023/24

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.

The total Operational Capital assumed in plans encompasses both the system level allocation and prior year revenue performance linked allocation, but also an assumed 5% over-programming allowance as per national capital planning guidance.

In addition to the Operational capital national programmes have been included on the schedule for diagnostics, front line digitisation, Mental Health and Targeted Investment Funding (TIF).

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 wider estates strategy are:

- Infrastructure – lack of investment could disrupt services
- Property Services – 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.

Estates Directors have identified 500 schemes to progress across our collective Trust Estate. To support prioritisation of Estates schemes all Trusts identified their top priorities for development – which suggests that there is currently c £2bn of unfunded priority capital investment required in the remainder of this decade.

The way in which schemes were prioritised was therefore considered and revised for 23/24 to provide a better sense of relative priority between schemes. The suggested methodology scores both

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

Scores for nine individual criteria were weighted to reflect the greater importance of some criteria, as per below:

CRITERIA	DESCRIPTION	WEIGHT
<i>Clinical Quality</i>	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%
<i>Rightsizing</i>	The extent to which schemes deliver optimum capacity and provide resilience, adaptability and future proofing.	17.5%
<i>Health Gain and Policy Imperatives</i>	The extent to which schemes deliver optimum configuration of services, foster models of care and implement clinical pathways etc	12.5%
<i>Statutory Standards</i>	To meet standards laid down in legislation and/or clinical standards and/or enforceable by outside agencies.	12.5%
<i>Staffing</i>	Does the scheme improve the deployment, recruitment, retention, cost and critical mass of all necessary staff for patient treatment	10%
<i>Physical Condition of Buildings</i>	Eradication of sub-standard accommodation, bringing the physical condition of health care buildings up to at least condition B	10%
<i>Teaching & Research</i>	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%
<i>Deliverability</i>	A judgement concerning the complexity of the capital scheme and the challenge which it will present in being brought to fruition	6.25%
<i>Environment</i>	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.



Annex A – North East and North Cumbria ICB 2023/24 CAPITAL PLAN

CDEL	ICB	COUNTY DURHAM AND DARLINGTON NHS FOUNDATION TRUST	CUMBRIA, NORTHUMBRIA, 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	Total Full Year Plan £'000	Narrative on the main categories of expenditure
Operational Capital		15,373	8,778	9,469	12,148	10,599	17,315	52,640	11,907	18,878	13,868	37,417	208,392	Self Financed Depreciation /other internal capital cash
Operational Capital	5,458												5,458	GPIT and Primary Care Estates
Total Op Cap	5,458	15,373	8,778	9,469	12,148	10,599	17,315	52,640	11,907	18,878	13,868	37,417	213,850	
Impact of IFRS 16		4,938	1,684		926	1,400	688			7,268		9,000	25,904	
Impact of IFRS 16													-	
Upgrades & NHP Programmes		25,689	6,700										32,389	
National Programmes (diagnostics, Front line digitisation, Mental Health, TIF)			4,981	16,876	32,073		23,151	4,000	15,029		1,736		97,846	
Other (technical accounting)		5,332	1,860		3,516			651	7,370		330	4,147	23,206	PFI Capital Charges
Total system CDEL	5,458	51,332	24,003	26,345	48,663	11,999	41,154	57,291	34,306	26,146	15,934	50,564	393,195	