

North East London Capital Plan 2022-23

Overview

North East London (NEL) invests each year to update, maintain and refresh existing estate, facilities, equipment and IT. Over a number of years, the available resources haven't been sufficient to maintain and update existing assets and invest fully in new technologies, in particular IM&T.

The source of this funding in 2022/23 takes a number of forms including:

- An allocation to the NEL system by NHSE based on a national formula driven by a number of criteria including historic depreciation, gross asset values, backlog maintenance and historic surpluses. This approach unfortunately deals with PFI assets in a way that reduces the value allocated to NEL by c.£30m per annum.
- Targeted investment funds (TIF) to support elective recovery. These were bid for specific schemes and approved nationally
- IFRS16 funding to cover the capital costs of what had previously been revenue funded lease arrangements
- An allowance for the technical accounting impact of PFI assets
- National programs covering mental health, frontline digitisation and diagnostics. Each of these required bids to meet specific project criteria
- New Hospital Programme (NHP) representing the replacement of the existing Whipps Cross hospital.

The system has been allocated and approved a total of £163.6m:

	CDEL	Total Full Year Plan £'000
Provider	Operational Capital - Core	87,275
	Operational Capital - 5% additional for planning purposes	3,538
ICB	Operational Capital - Core	3,956
	Operational Capital - 5% additional for planning purposes	198
	Total Op Cap	94,967
Provider	Impact of IFRS 16	11,409
ICB	Impact of IFRS 16	0
Provider	Upgrades & NHP Programmes	8,978
Provider	National Programmes (diagnostics, Front line digitisation, Mental Health, TIF)	30,032
Provider	Other (technical accounting)- PFI	18,265
	Total system CDEL	163,651

The distribution of these funds by provider / ICB and the larger schemes agreed within the system are shown below. The operating capital in the plan has been inflated over the core allocation by 5% to reflect a planning assumption, should funds be available later in the year. The scheme's assigned to be funded by this additional 5% were required to be able to be stood down should funding subsequently not be availed.

The impact of relative underfunding is felt in the plan, with significant (£12.9m) for urgent fire remediation works at Barts' Newham site, a programme due to be completed in 2024/25. NEL has a requirement not to exceed the available funds, which will prove a challenge for 2022/23.

	CDEL	ICB	BHRUT RF4	Bart's R1H	ELFT RWK	HUH RQX	NELFT RAT	Total Full Year Plan £'000	Narrative on the main categories of expenditure
Provider	Operational Capital		15,586	41,981	10,021	19,835	3,390	90,813	The main programmes at each provider: ELFT £2.3m IT & cyber security, £2m critical backlog maintenance and £3.7m new CAMHHS Tier IV unit HUH ITU redevelopment 1st year construction £5.4m, Pathology ESL £2.5m, backlog & reactive maintenance £2.3m, clinical engineering routine maintenance £2m Bart's: PFI RMES/MES £4.9m, completion of prior year initiated projects £2m, Newham fire remediation work (ongoing) £12.9m, 2nd CT at Newham £3.4m, backlog fire work £1.9m, imaging equipment £1.4m, backlog: IT £2m medical equipment £1.8m and estates £2.6m NELFT: includes anticipated sales proceeds £9.5m from Thorpe Coombe land, St Georges wellbeing hub (ICS funded £5.3m, IT £2.3m, Patient safety £1.3m, backlog works £1.9m and service needs £1m) BHRUT: clinical equipment replacement & MES enabling £3.2m, prior year slippage into 22/23 £2.8m, KGH power upgrade £2.2m & IM&T infrastructure and EUC refresh £6.2m
ICB	Operational Capital	4,154						4,154	GPIT & GP improvement grants
	Total Op Cap	4,154	15,586	41,981	10,021	19,835	3,390	94,967	
Provider	Impact of IFRS 16			8,412	2,997			11,409	Bart's include £3.8m NEPTS vehicles, POCT crystal contract £0.6m & £4m new building leases (Kenworthy Road, Hainault health centre and Brompton bikes) and new leases at ELFT
ICB	Impact of IFRS 16							0	
Provider	Upgrades & NHP Programmes			8,978				8,978	Whipps Cross enabling works as part of the new hospital program
Provider	National Programmes (diagnostics, Front line digitisation, Mental Health, TIF)		81	20,819		3,194	5,938	30,032	NELFT: STP Wave 4b £5.9m St Georges wellbeing hub, HUH year 1 TIF elective centre construction £3.1m Bart's year 1 TIF funded expansion of: ITU SBH £ 0.5m, Newham modular ward build £14.9mand return to use of mothballed theatres £5.2m
Provider	Other (technical accounting)		4,477	13,325	463			18,265	Relates to PFI accounting treatment
	Total system CDEL	4,154	20,144	93,515	13,481	23,029	9,328	163,651	