

NHS North East London

Joint capital resource use plan – 2023/24

Overview

The National Health Service Act 2006, as amended by the [Health and Care Act 2022](#) (the amended 2006 Act) sets out that an ICB and its partner NHS trusts and foundation trusts:

- must before the start of each financial year, prepare a plan setting out their planned capital resource use
- must publish that plan and give a copy to their integrated care partnership, Health & Well-being Boards and NHS England
- may revise the published plan - but if they consider the changes significant, they must re-publish the whole plan; if the changes are not significant, they must publish a document setting out the changes.

In line with the amended 2006 Act, ICBs are required to publish these plans before or soon after the start of the financial year and report against them within their annual report.

The relevant section of the Health and Care Act 2022 can be found via the following [Health and Care Act 2022 \(legislation.gov.uk\)](#) and reference should be made to sections **14Z56 and 14Z57**.

Guidance & requirements

Overview

To support ICBs in meeting these requirements of the amended 2006 Act, an ICB joint capital resource use plan this template has been devised and issued to systems via the PFMS organisation ICB portal inboxes.

Joint Plan requirements

The joint planning template covers the following key elements:

- the overall funding envelopes the system is assumed to be working to, with an explanation of assumptions (and related risks) associated with the assumed source and quantum of funding for the ICB and its partner trusts

- a description of how the system prioritises available resource for investments that contribute to the wider local strategic priorities of the ICS, and maximises efficiencies within an affordable envelope
- a description of notable risks and/or contingencies associated with the capital plan, alongside any proposed mitigations
- detail of how ICB plans that support cross-system working.

ICBs and the partner Trusts should complete this template and provide the information as requested in each of the sections, including a high level summary of the total CDEL impact of system plans for the forthcoming financial year as set out in Annex A.

The figures included in Annex 1, should be based upon the total ICB spend, and the sum of total Provider CDEL from all providers in the system. The figures reported must be consistent with the final system and Provider financial plan submissions.

Annex A should also include a narrative on the main CDEL categories of expenditure. This narrative should include;

- An outline of key schemes planned for the year, including funding assumptions
- An outline of the types of schemes, e.g. new buildings and developments, backlog maintenance or other types of expenditure;
- any other relevant information not included in other sections which provides additional supporting information as to how capital is prioritised and spent within the system to support its strategic objectives and ultimately deliver benefits to patients.

Overall any information reflected in the published plan produced by the start of the financial year must be consistent with

- information provided in the template submission.
- information contained within the final System and Provider financial plan submissions.

Submission

The completed 23/24 template should be submitted via the PFMS portal alongside the finance system and provider planning templates by the final plan submission date of **30th March 2023**.

ICBs should follow instructions in the portal submission guide on the steps to be followed to submit documents on the PFMS portal.

Timescales

ICBs and their partner organisations, should prepare their joint capital plans in line with the requirements as set out in the templates and then submit the completed templates and plans to NHS England in line with the following timescales.

	Deadline
Submission of completed Joint plan templates	By 30 th March 2023
Submission of published Joint plans to NHS England	By 21 st April 2023

For 2023/24 the requirement is to share this completed template with NHS England **by 30th March 2023**, which is in line with the final financial plan submission deadline.

The 2023/24 template should be submitted via the PFMS portal alongside the finance system and provider planning templates, by the final plan submission date.

Note this template is a guide as to the type of information the plans should cover and sets out the minimum requirements. ICBs can provide more and in a format of their design when publishing their final plan. In addition, this template does not reflect the final format and it is not the intention this template reflects the final published plan document.

Therefore, to avoid any additional burden and duplication, where systems have produced final capital plans ready for publication by 30th March 2023, this plan can be submitted in lieu of this template. **However, as a minimum the final published plan must still meet the requirements as set out in this template.**

Publication

Once finalised, systems are required to ensure publication of the joint resource plan by the date set out above, and also share with

- (a) the integrated care partnership for the board's area,
- (b) each relevant Health and Wellbeing Board, and
- (c) NHS England.

A copy of the published plan, or link to the website must be shared with NHS England in line with the dates set out above by emailing england.capitalcashqueries@nhs.net.

Revised plans

The Act also sets out the requirements should an ICB significantly revise their capital plans as submitted by 30 March.

In this scenario, the revised plan must be published and a copy of the plan shared with the bodies outlined above as soon as reasonably possible, which is deemed to be within one month.

While revised plans may be published and shared, any financial planning information as submitted in the final system and provider financial planning submissions will not be updated. Instead, any revisions to Joint capital plans should be treated as a revised forecast. The exception to this where a formal capital plan resubmission process is required.

Annual report

In addition, the Act requires an annual report on how an ICB has discharged its functions in the previous financial year. This includes a requirement to review the extent to which the board has exercised its functions in accordance with the plans published under section 14Z56 (capital resource use plan).

Questions

Any further queries should be directed to england.capitalcashqueries@nhs.net

REGION	London
ICB / SYSTEM	North East London Integrated Care System (NEL 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.

NEL has an indicative capital budget of £252.7m in 2023/24 to meet all objectives that require capital investment.

The plan source of funding breaks down by:

- provider capital allocation- £79.1m
- provider 5% additional planning assumptions - £4.4m
- ICB capital allocation - £3.6m
- ICB 5% additional planning assumptions - £0.2m
- IFRS16 - £34.2m
- National Hospital program funds - £13.7m
- National programs - £90.5m
- PFI technical accounting - £18.9m

This compares 2022/23 plan of £163.6m, the difference between the years relating mainly to IFRS16 assumptions, phasing of national funds for TIF (targeted investment fund) for elective recovery and STP wave 4b (St George's Wellbeing Hub) funds and national programmes arising in 2022/23 such as CDC (community diagnostic centres)

NEL strategic priorities requiring capital investment compete with 'routine' investment requirements (backlog maintenance, replacement of equipment, upkeep of building etc.) for limited resources. Given the limited resource available to NEL, national funds are sought and bid for to help make new developments or enhance capabilities where the system resource is directed to maintain and replace existing assets and functionality.

The NEL ICS believes that the provider capital allocation is understated with the current iteration of the national funding formula, largely due to the impact on treatment of PFI, of which NEL has two of the largest in the country. This impact is estimated to be of the order of c.£30m per annum which has a material impact within the year and a cumulative impact that has exacerbated the systems ability to fund in a timely manner repairs and replacements.

The system will be making a request for both a number of changes to account for the PFI impact to national and additional funding in year and has sought the support of London.

In 2023/24 key schemes include;

- Completion of phase 3 fire remediation work at Barts Newham site and design and initiation of phase 4
- Completion of St Georges wellbeing hub,
- Completion of community diagnostics centres at Barts and BHRUT
- Completion of ITU expansion at HUH
- Enabling works for Barts' Whipps Cross redevelopment as part of new hospital program
- Completion of TIF funded BHRUT King George Hospital (KGH) elective hub
- complete bulk of works for TIF funded HUH elective centre, Barts Newham critical care and modular ward and Barts Royal London ITU expansion
- further work on implementation of new EPR at BHRUT

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.

NEL ICS system capital plan for 2023/24 totals £252.7m

Capital allocations included in the plan totals £95.3m and is the indicative envelope covering all the provider and ICB capital requirements.

There is a core element which consists of £79.1m providers and £3.6m for the ICB.

Certain elements of this envelope are indicative, through meeting agreed revenue targets in 2023/23 is an additional reward for the provider part of the system of £8.1m – this is assumed to be dependent on there being no post audit changes affecting the system financial position.

In addition, each ICS was allowed for planning purposes to submit a plan 5% over the core allocation – an additional £4.4m for providers and £0.2m for the ICB. This is at risk since national funds would have to be available at year end from delays and slippages on national projects. For context these funds were not available in 2022/23 and the system will need to look to manage within the lower limit.

IFRS16 impact has been assessed at £34.2m relating to various property leases – both new and renewed and equipment. There is a risk that the final IFRS16 funding envelope, which has yet to be confirmed does not allow the full program to be enacted. This could potentially cause significant issues.

National Hospital program for the development of Whipps Cross Hospital is expected at £13.7m.

National funded schemes, largely for projects in various degrees of completion are expected at the notified rate, however, mindful of potential reductions if national funding is overcommitted; £90.5m

- diagnostic digital capability £2.5m
- UEC £3.0m
- Frontline digitisation £12.1m
- Community Diagnostic Centres (CDC) £15.1m
- STP Wave 4b St Georges wellbeing hub £17m
- TIF £40.8m

Final allocation for technical accounting related to existing PFI schemes £18.9m

	CDEL	Total Full Year Plan £'000
Provider	Operational Capital - Core	79,104
	Operational Capital - additional allocation for meeting 2022/23 financial target	8,054
	Operational Capital - 5% additional for planning purposes	4,358
ICB	Operational Capital - Core	3,619
	Operational Capital - 5% additional for planning purposes	181
	Total Op Cap	95,316
Provider	Impact of IFRS 16	33,543
ICB	Impact of IFRS 16	693
Provider	Upgrades & NHP Programmes	13,691
Provider	National Programmes (diagnostics, Front line digitisation, Mental Health, TIF)	90,541
Provider	Other (technical accounting)- PFI	18,900
	Total system CDEL	252,684

Overview of Ongoing Scheme Progression

Guidance:

Please provide an overview of scheme progression. Probably should only be schemes above a certain level

NEL system capital allocations £91.5m, specific large schemes include

- HUH completion of ITU expansion £7.5m
- NELFT completion of St Georges wellbeing hub – system funding of cost increases above national funding £6.3m
- Barts completion of phase 3 fire remediation works and design phase 4 £6.9m phase 4 estimated at c.£20m
- Barts RMES/MES PFI contract for ongoing medical equipment replacement £6m
- Barts TIF schemes requiring additional local funding to complete £16.4m:
 - cancer assessment unit completion £2.4m
 - Newham modular unit fit out £6.7m
 - Newham mothballed theatres reopened £7.3m

TIF £40.8m

- complete BHRUT King George Hospital (KGH) elective hub £10m
- complete bulk of works HUH elective centre £13.4m, Barts Newham critical care and modular ward £16.3m and Barts Royal London ITU expansion £11m

National hospital programme at Barts – Whipps Cross enabling works £13.7m

Frontline digitisation at BHRUT EPR replacement £16.5m - £12m national funds with match funding in year £4.5m, expected completion 2025.

CDC £15.1m

- Barts Mile End site £8.3m
- BHRUT £6.8m completion of project started 2022/23

STP Wave 4b £17m: St George's Wellbeing Hub due for completion 2024

Risks and Contingencies

Guidance:

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

Risks

- Persistent high inflation continues to reduce system purchasing power reducing the overall quantity of capital development able to delivered. This is manifesting in tenders and quotes considerably higher than anticipated.
- Extended lead times of certain materials and equipment which exacerbates risks around delivery of certain projects in 2023/24
- The ICS holds no financial (CDEL) contingency should essential equipment fail or regulatory issues be discovered (e.g. fire remediations).
- Continued delays in national hospital program risk having to increase essential maintenance to maintain the existing buildings integrity and delivery of services from these facilities
- NEL has allocated the capital allocation to the top operational and regulatory priorities and legal commitments, however the list of priorities that need to be funded in 2023/24 is well in excess and presents a risk to meeting the system CDEL limit

Mitigation

- Seek a review and amendment to the allocation framework with additional financial assistance in 2023/24
- Delay essential works to 2024/25
- Ensure strict cost control of all tender and bid processes
- Slow progress on in year projects to defer completion / expenditure into 2024/25

Business Cases in 2023/24

Guidance:

Please insert detail of some of the key business cases in the ICB that are likely to be submitted in 2023/24.

NEL will request a review of capital funding mechanism which is can be demonstrated to disadvantage NEL through a number of mechanisms including treatment of large PFIs (NEL has 2 representing over half the London value).

Specific business cases

- Barts - Whipps Cross development part of the new hospital program (waiting sign off of SOC and then progress to OBC)
- BHRUT – EPR implementation through Frontline Digitisation program (FBC)

Cross System Working

Guidance:

If applicable, can you detail how your system capital plan is coordinated with other systems or providers located in other systems.

There was no coordination of NEL capital allocation with other neighbouring ICSs in 2023/24.

However, both ELFT and NELFT provide extensive out of area services and hold assets outside of NEL (BLMK, Essex and Kent). The capital resource allocations to ICSs are based on the providers full asset base, so an element of the NEL capital allocation relates to these out of area services. A proportional share of the NELFT and ELFT element of the capital allocation is used to manage their out of area priorities.

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.

The ICS provider capital allocation at £91.5m is materially lower than the value of schemes identified by providers as relating to legally committed, effect of deferrals and delays in 2022/23 in an attempt to balance capital, regulatory compliance issues completion of schemes started in prior years and local costs associated with completion of national programs (TIF, frontline digital, CDC).

There is no scope to hold capital back for contingency nor to top slice and apply to system priorities for new developments.

The ICS applied a set of criteria which ranked all proposed schemes and funded the those ranked from 1 in descending order till the system funds were fully allocated. This created a list of programs which are still critical but the system cannot afford to progress in 2023/24. This ranked list will be used to support

request for additional funds in 2023/24 and will be the first call if additional funding becomes available.

There are risks that if buildings and /or equipment on the unfunded list deteriorates further that buildings and services may have to be closed or curtailed.

The prioritisation process followed:

- All bids for five year period starting 2023/24 submitted by providers (and ICB) on common assessment forms with local scoring against criteria
- Bids assessed and moderated by group drawn from all providers covering experts from IT, estates, finance and operations
- Final assessment made by senior clinical representatives from each provider, ICB estates and IT directors.

The criteria each bid was marked against is shown below:

Finance (Capital Technical Group)	Is this scheme a critical risk on the Trust Board Assurance Framework (Trust Risk Register)?
Clinical CAG	Does this have a significant impact on patient outcomes/experience?
Placed Based Partnerships	Is the project having an impact on the the wider social value benefits (for example, relating to community development, environment, employment)
Clinical CAG	Is the project addressing one of the NEL ICS 4 clinical priorities areas? Babies, children and young people Workforce and employment Long term condition Mental health
NEL Planned Care Lead	Does this project tackle a critical performance issue .ex.ED, Elective Recovery?
Placed Based Partnerships	How does the project supports the North East London Health and Care Partnership to reduce health inequalities? NEL system priorities: to work with and for all the people of north east London to create meaningful improvements in health, wellbeing and equity; Building on the measures outlined in the NHS Long Term Plan the five key priorities, as set out in the operational planning guidance of 2021/2022: Priority 1: Restoring NHS services inclusively Priority 2: Mitigating against 'digital exclusion' Priority 3: Ensuring datasets are complete and timely Priority 4: Accelerating preventative programmes Priority 5: Strengthening leadership and accountability
NEL Sustainability Lead	Does the project meet and support the NEL ICS Green Plan? How is the projects supporting the four core carbon reduction targets to reach net zero?
Finance (Capital Technical Group)	Rate of return on investment within : less than 3 years = 10, less than 4 years = 9, less than 6 years = 8, <8 = 7, <10 =6, <12 = 5, <14 =4, <16 = 3, <18 =2, <20 =1, >20 = 0.
BCAG (Business Case Assurance Group)	Does the project have a BC in place (SOC/OBC or FBC?) and approved/endorsed internally?
BCAG (Business Case Assurance Group)	Detailed plan with clear key achievable milestones that meet deadline for delivery

Annex A –North East London 2023/24 capital plan

	CDEL	ICB	BHRUT RF4	Barts R1H	ELFT RWK	HUH RQX	NELFT RAT	Total Full Year Plan £'000	Narrative on the main categories of expenditure
Provider	Operational Capital		15,300	41,192	9,842	12,022	13,160	91,516	£36.3m new build works (40% of program) including £14m of fitting out of Barts Newham TIF works £14m, completion of HUH ITU development and local top up funding of St Georges wellbeing hub @ NELFT £6.3m. £18.8m IT (21%) including £11m infrastructure and cybersecurity across NEL and £4.5m local funding of EPR program at BHRUT. Maintenance £14.8m (16%) including £4m related to remedial fire works at Newham. replacement equipment £10.6m (12%) includes Barts £6m PFI related MES. Balance £10.8m (12%) plant and machinery
ICB	Operational Capital	3,800						3,800	GPIT £1.9m & £1.9m GP improvement grants
	Total Op Cap	3,800	15,300	41,192	9,842	12,022	13,160	95,316	
Provider	Impact of IFRS 16			23,043	4,000		6,500	33,543	Henry Brierley House, Hubert Ashton House and Kent House new leases £10.9m, £5m equipment & £6.4m renewals and other @ Barts. Ilford Exchange new lease£6.5m NELFT and new leases at ELFT £4m
ICB	Impact of IFRS 16	693						693	Impact of rent review on Unex Tower
Provider	Upgrades & NHP Programmes			13,691				13,691	Whipps Cross enabling works as part of the new hospital program
Provider	National Programmes (diagnostics, Front line digitisation, Mental Health, TIF)		34,283	25,768	0	13,490	17,000	90,541	Digital diagnostic capability program £16.8m, CDC £8.3m, UEC £3m & frontline digitisation £2m BHRUT, TIF £40.8m (KGH elective hub BHRUT £10m, Newham critical care & modular ward Barts £6.3m, Royal London ITU expansion Barts £11.1m and new elective centre HUH £13.4m) & NELFT STP wave 4b - St Georges wellbeing hub £17m
Provider	Other (technical accounting)		4,636	13,800	463		1	18,900	Relates to PFI costs.
	Total system CDEL	4,493	54,219	117,494	14,305	25,512	36,661	252,684	