

Joint capital resource use plan – 2023/24

REGION	Midlands
ICB / SYSTEM	Nottingham & Nottinghamshire 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 ICS has been working within a system-wide capital envelope since 2020/21. Each year since that point the ICS is provided with a capital resource envelope for use across the 3 provider organisations (Nottingham University Hospitals, Sherwood Forest Hospitals and Nottinghamshire Healthcare), and is expected to plan and deliver capital expenditure within available resources.

The Nottinghamshire estate contains a mixture of older poor condition building and newer estate. The older estate, notably at Queens Medical Centre, Nottingham City Hospital and Rampton Hospital, requires extensive maintenance and as such, the system is recognised as having one of the highest backlog maintenance requirements in the country.

Coupled with capital required to support service continuity pressures and strategic priorities the requirements for capital funds across our provider organisations are significantly higher than funding available.

In recent years the capital envelope has been mainly used to address operational priorities on an annual basis such as equipment replacement, IT upgrades and backlog maintenance priorities. The envelope is also supported where possible by the disposal of assets. Larger strategic priorities have tended to be funded by targeted national funding as it becomes available.

In 2020/21 a system capital database was developed to give a granular understanding of capital plans and expenditure that would support proactive management of the capital programme and forward planning.

The following broad approach to the allocation and prioritisation of funds has been agreed within the system for planning: -

- Agree prior year precommitments are the first call on the capital envelope. This includes any slippage or unexpected cost increases.
- Approximately 50% of capital envelope to be used to address operational priorities using an agreed assessment of need across the provider organisations.
- National funding to be used to support strategic priorities where possible.
- Remaining funding to be used to address larger strategic schemes – prioritised at a system level.

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.

The table below shows the expected sources of capital income for NHS partners in 2023/24. This includes a 5% over-plan value within the system envelope, which will be managed collectively throughout the year.

CDEL - sources of income for 2023/24 plans	Full Year Plan £'ms
System Envelope - Operational Capital Providers	86.0
Maternity & Neonatal Redesign Programme	10.0
From 22/23 performance	4.6
Allowable 5% planning assumption (Operational Capital Providers)	5.0
ICB Operational Capital	2.0
Total Operational Capital	107.7
Mental Health Dormitories	4.5
City Hospital Theatres & Elective Ward (Targeted Investment Fund)	5.6
Community Diagnostics Hubs	13.4
Mandate transfer - national (Geriatric Assessment Unit)	9.9
National Rehabilitation Centre (national element)	51.9
Impact of International Financial Reporting Standard (IFRS16)	12.9
Residential Interest	4.2
Electronic Patient Records/front line digitisation	12.4
Total system CDEL	222.5

Overview of Ongoing Scheme Progression

Guidance:

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

Nottingham University Hospitals

The Trust has significant ring fenced PDC spend relating to NRC, and completion of the PSDS scheme, along with a smaller element relating to EPR and progression of the TNUH case.

Ongoing BAU spend has been restricted to £20m on estates, medical equipment and ICT to facilitate the extent of Pre-commitments going in to 2023/24. These include TIF project £22.1m, £8.2m on Mechanical Thrombectomy, with electrical infrastructure support at City campus the primary pre-commitments.

Sherwood Forest Hospitals

Significant schemes in the 2023/24 plan include:

- The creation of a Community Diagnostic Hub (CDH) in Mansfield. This is a Nationally approved scheme to be completed in 24/25 with funding of £13.36m in 23/24. The Nottingham and Nottinghamshire ICS programme seeks to reduce health inequalities as evidence has shown that residents who live in high areas of deprivation are more likely to experience poorer health outcomes. Total scheme costs £19.76m.
- Implementation of an Electronic Patient record system, £10.03m as part of the NHS Frontline Digitisation programme. This will be a key enabler of the ambition to develop the single summary health and care record across the Integrated Care System (ICS) and will be a core data source for the development of the Population Health Management capability.
- Business as usual replacement of aged medical and I.T equipment to ensure continuity of service provision £6.14m
- Business as usual Estates work £3.25m
- New car parking facilities at Newark Hospital on a long terms lease £1.80m.
- Continued review of MRI facilities and options for new build to locate MRI equipment purchased 2022/23.

Nottinghamshire Healthcare

The NHT capital programme is split into 3 main categories, namely major capital projects, health and safety and digital. The major capital projects for 2023/24 consists of two schemes relating to the Millbrook eradication of dormitories and Tall Trees. Overall programme management is underway in relation to these schemes.

Risks and Contingencies

Guidance:

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

Given current economic and supply chain issues, increased costs for planned schemes are a significant risk to in-year delivery. To address this system partners have instigated enhanced business case scrutiny, tight management of scheme specifications and firm cost control as schemes progress.

In addition, the following organisation specific risks have been recognised within the plan

Nottingham University Hospitals

- The Trust has £407m of critical infrastructure back log maintenance.
- The Board has committed to spending £10m over the next 3 years to address our fire related risks.
- The Trust has nearly £30m of red rated medical equipment replacement requirements.
- The two main campuses, QMC and City, are capacity constrained from an electricity perspective which may lead to a critical infrastructure failure.
- The Trust has two Cath Labs which are past end of life and, if unaddressed, would prevent the Trust from being able to deliver electro physiology.
- The Trust is having to review its commitment to previously approved multi-year schemes that support rolling replacement of clinical need as a result of insufficient funding availability.

Sherwood Forest Hospitals

- Specific risks exist in relation to Community Diagnostic Hub, in relation to recruitment of staff to ensure operational deliverability on completion in 24/25, and in relation to national building and engineering price inflation, which needs to be managed within the overall quantum of capital costs as the build progresses.
- EPR case is subject to formal approval of the 23/24 capital, following a formal tender exercise for the preferred supplier.

Nottinghamshire Healthcare

- Specific risks exist in relation to the seclusion suites at Arnold Lodge and Block A and B at Rampton Hospital which were not possible to address within the current ICS allocation.
- Availability of capital to address additional safety issues at NHT secure hospitals.

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.

A system business case is under development for Electronic Patient Records across all 3 providers. This will enable record sharing within and across providers and is a key element of our frontline digitisation strategy.

The system also continues to develop the business case for Tomorrow's NUH as part of the New Hospitals Programme. This will see the reconfiguration of approximately one third of the QMC campus providing modernised acute services to our community.

The CDH at Mansfield Community Hospital has been approved with and is under implementation. However, a CDH solution in the South of the county continues to be sought with potential options in retail facilities in Nottingham City Centre.

The system has had a particular focus on eradication of mental health dormitories. This has 3 elements locally:

- Sherwood oaks has been completed and is operational
- Millbrook business case has been approved and is under implementation.
- Cherry Ward is the final phase with a business case planned to be submitted in 2023/24.

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.

As described above, the capital funding provided to the Nottingham & Nottinghamshire system is for use by the 3 provider organisations that form part of the ICS. However, East Midlands Ambulance Service and Doncaster and Bassetlaw Hospitals are key service providers within the system and require capital resources to support service pressures and operational priorities. The capital funds for these providers are routed through other ICBs. However, through system forums the N&N ICB is party to decision making for capital funds. This is particularly true for capital required to support emergency care capacity and elective/diagnostic recovery.

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.

In prioritising operational capital the system needs to consider:

- Addressing operational risk such as estates infrastructure risk, equipment replacement requirements and IT upgrades/replacement.
- Supporting national programme capital using local funds.
- Capital requirements to support larger strategic priorities.

System partners have agreed that approximately half of the operational capital envelope (£49m in 22/23) is directly allocated to organisations to support operational risk. This is allocated based on need with larger amounts going to NUH given the extent of backlog maintenance requirements.

The remaining funds are expected to be used to support system strategic priorities. In recent years, local operational capital has been required to support national programme schemes. The system has been successful in bidding for capital monies in some areas but often due to timing of available funds, inflation or changes in scope, local capital funding has been required to supplement capital funds provided.

This is true in 2023/24 where £43m of the capital envelope is used to support national programme schemes – notably eradication of mental health dormitories and targeted investment funding supporting elective recovery.

£17m has been used to drive larger strategic priorities including the development of mechanical thrombectomy, linear accelerator replacement programme (both at NUH) and corporate/outpatient estate development at Nottinghamshire Healthcare.

The system has developed a long list of strategic priorities that it is looking to drive forward as part of its wider strategy. This strategy will look to ensure best value from existing assets, which may lead to disposals in some areas (notably corporate estate). To ensure plans are in place from 2024/25 the system is developing a 3-year rolling capital programme with prioritised developments from this long list.



Annex A – Nottingham & Nottinghamshire ICS 2023/24 CAPITAL PLAN

2023/24	CDEL	ICB	NUH	SFH	NHT	Total FY Plan £'000	Narrative on the main categories of expenditure
Provider	Operational Capital		67.9	9.7	28.1	105.6	This includes a planning assumption of 5% over the capital envelope and a £10m allocation for MNR. This funding (supported by the release of monies relating disposal of assets) is to support business as usual e.g. backlog maintenance and supports a number of other large & national schemes i.e. Digital, Targeted Investment Fund, National Rehabilitation Fund, Mental Health including Dormitories, Linear Accelerator & Radiotherapy Replacement Programme.
ICB	Operational Capital	2.0				2.0	The ICB capital plans relate to GP IT £0.9m, primary care premises developments/improvements £1.0m & ICB IT £0.1m.
	Total Operational Capital	2.0	67.9	9.7	28.1	107.7	
Provider	Impact of IFRS 16		1.2	1.8	9.9	12.9	These plans relate to premises leases and car lease schemes.
Provider	Upgrades & New Hospital Programmes		51.9	0.0	0.0	51.9	These plans relate to the National Rehabilitation Centre development.
Provider	National Programmes (diagnostics, Front line digitisation, Mental Health, Targeted Investment Fund)		17.8	23.4	4.5	45.7	<ul style="list-style-type: none"> • Eradication of Mental Health Dormitories £4.5m, • Targeted Investment Fund to support Elective Recovery £5.6m, • Community Diagnostic Hub at Mansfield Community Hospital £13.3m, • Geriatric Assessment Unit £9.9m, • Electronic Patient Record/Frontline digitisation £12.4m
Provider	Other (technical accounting)		0.0	3.7	0.6	4.2	This relates to the technical adjustment relating to residual interest.
	Total system CDEL	2.0	138.9	38.6	43.0	222.5	