

Report title: Norfolk & Waveney NHS System Capital Distribution for 2023/2024

Date of meeting: 08 March 2023 (*updated to reflect final figures 4th May submission*)

Sponsor

(ICP member): Tracey Bleakley, Chief Executive, Norfolk & Waveney Integrated Care Board (ICB)

Reason for the Report

The purpose of this report is to inform the Integrated Care Partnership (ICP) of the NHS Norfolk and Waveney System Capital Departmental Expenditure Limit (CDEL) proposal to distribute the system resource to the Norfolk and Waveney organisation for capital infrastructure investment.

Report summary

The report highlights the process and progress made by the NHS in distribution the £42m of available capital resource for 2023/24. Current proposals show the resource distributed to Norfolk and Waveney NHS organisations in the following way based on the prioritisation of proposals:

- **James Paget University Hospital - £7.0m**
- **Norfolk and Norwich University Hospital - £14.6m**
- **Queen Elizabeth Hospital - £6.7m**
- **Norfolk and Suffolk Foundation Trust - £12.6m**
This includes £7.8m CDEL allocation with an additional £4.8m for Hellesdon Hospital.
- **Norfolk Community Health and Care - £4.8m**

The system is proposing to distribute £45.7m, £3.7m more than the £42m available resource limit. This is possible due to the NHS “over-programming” option as per the NHS planning guidance.

Recommendations

The ICP is asked to:

- a) Receive and endorse the proposed NHS distribution of the NHS capital system Capital Departmental Expenditure Limit resource to deliver organisational and system capital plans.

1. Background

1.1 The National Health Service Act 2006, as amended by the Health and Care Act 2022 (the amended 2006 Act) sets out that an Integrated Care Board (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 and Wellbeing Board 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.

1.2 To support ICBs in meeting these requirements of the amended 2006 Act, ICB joint capital resource use plan templates will be issued to systems via the Public Financial Management System (PFMS) ICB portal inboxes.

2. The Norfolk and Waveney 2023/24 Distribution of Capital Resource for Capital Infrastructure

- 2.1 As per the above, the NHS is required to present its 2023/24 capital plan to the ICP. This report will only consider the system CDEL allocation that is available for system discretion as to its allocation. A number of other capital allocations are available to provider organisations from central NHS funds and charitable sources which are specific to organisations and specific national programmes.
- 2.2 Norfolk and Waveney NHS Provider organisations are all members of the Norfolk and Waveney Strategic Capital Board (SCB). This sub-committee of the NHS ICS Board is where the prioritisation of capital proposals are considered, prioritisations are agreed and capital resource is proposed for distribution to enable the organisational delivery of capital schemes.
- 2.3 The available capital resources for the Norfolk and Waveney NHS ICS system as per the NHS planning financial settlements is as follows: the funding envelope for our Norfolk and Waveney system CDEL (allocation) for 2023/24 is £41,991m. In 2022/23 it was £52,107m and for 2024/25 is proposed at £41,991m.
- 2.4 For 2023/24 the SCB received the prioritised programmes from each NHS organisation. The prioritised requests from Norfolk and Waveney organisations equalled £73.6m against the available resource of £42m, an over subscription of 57%. The prioritised requests from each organisation included:
- James Paget University Hospital (JPUH) - £28.5m
 - Norfolk and Norwich University Hospital (NNUH) - £14.8m
 - Queen Elizabeth Hospital (QEH) - £10.1m
 - Norfolk and Suffolk Foundation Trust (NSFT) - £9m
 - Norfolk Community Health and Care (NCHC) - £11.2m
 - Total Proposals - £73.6m.
- 2.5 As per the agreed process of the SCB, for the above requests each organisation prioritised their proposals in the categories of:
- 1) Prior Commitment/already agreed and commenced.
 - 2) Legal/statutory compliance requirements.
 - 3) Care Quality Commission (CQC) compliance "Must Do", where not already identified as a legal/statutory issue.
 - 4) System wide strategic priority schemes.
 - 5) Other "local" schemes.
- 2.6 Items specifically identified in 1, 2 and 3 are prioritised as first call on the CDEL resource. Items categorised in 4 or 5 are individually assessed and given a score of one to ten (ten high) on three categories with a weighting as per the below:
- 2.7 **Patient and public safety – 60% Weighting**
- Addressing current high risks relating to one or more of the following areas, which cannot be mitigated through alternative routes at lower cost e.g.
 - Clinical safety (not clinical quality), i.e. where there is high risk of patient harm.
 - Health and safety of patients, staff and/or visitors.
 - Fire safety.
 - Cyber security.
 - Regulatory instruction in relation to safe patient care, e.g. CQC 'must do'.

2.8 Maintaining an acceptable level of service quality – 30% Weighting

- Addressing current high risks, for existing services, relating to one or more of the following areas, which cannot be mitigated through alternative routes at lower cost.
- Clinical quality which adversely impact patient experience but do not carry high risk of patient harm.
- Service continuity.
- Regulatory instruction in relation to quality of patient care, e.g. CQC ‘should do’.

2.9 Business case (strategic and financial case) – 10% Weighting

- A sound case for investment based on strategic fit and financial case.

2.10 Utilising this process all capital scheme proposals are able to be ranked, prioritised and assessed for capital resource funding. The table below shows how organisational proposals were prioritised:

Norfolk and Waveney Capital Plan prioritisation	JPUH	NNUH	QEH	NSFT	NCHC	Total Spend
System CDEL committed	£0.0	£0.0	£0.0	£2.2m	£1.6m	£3.9m
Uncommitted: Legal/Statutory compliance schemes & CQC compliance “must do”	£2.8m	£3.0m	£5.8m	£2.5m	£1.4m	£15.5m
Sub total cost for highest priority schemes	£2.8m	£3.0m	£5.8m	£4.7m	£3.0m	£19.3m

2.11 The table below shows the total cost for the highest priority schemes in addition to how the weighted scoring was applied across the organisational proposals:

System CDEL Schemes weighted scores	JPUH	NNUH	QEH	NSFT	NCHC	Total Spend
<i>Subtotal cost for highest priority schemes</i>	<i>£2.8m</i>	<i>£3.0m</i>	<i>£5.8m</i>	<i>£4.7m</i>	<i>£3.0m</i>	<i>£19.3m</i>
Weighted score of 10	£10.6m	£9.2m	£2.8m	£1.5m	£0.9m	£25.0m
Weighted score, greater than 9, less than 10	£2.1m	£2.5m	£1.5m	£2.5m	£7.1m	£15.8m
Weighted score, greater than 8, less than 9	£8.1m	£0.0m	£0.0m	£0.2m	£0.0m	£8.4m
Weighted score, greater than 7, less than 8	£1.4m	£0.0m	£0.0m	£0.0m	£0.2m	£1.6m
Weighted score less than 7.	£3.5m	£0.0m	£0.0m	£0.0m	£0.0m	£3.5m
Total schemes in draft programme to be considered against system CDEL	£28.5m	£14.8m	£10.1m	£9.0m	£11.2m	£73.6m

2.12 Due to the limitations of the resource availability a number of iterations were undertaken by the SCB, reviewing and challenging the prioritisations. To further complicate the decision making, during the process the system was asked to support the national capital programme scheme of the development at Hellesdon Hospital. The impact of this was to create a “top slice” £4.8m which needed to be directly assigned to NSFT, leaving a balance of system CDEL of £37.2m.

2.13 To enable the alignment of CDEL to organisational cash balances that enable the purchase of capital assets and infrastructure, the resource also needs to be considered against the proportional %s of organisational depreciation charges. The 2022/2023 proportions of depreciation charges for each organisation are as follows: JPUH 19%, NNUH 28%, QEH 19%, NSFT 21% and NCHC 13%.

2.14 The final distribution for each organisation for 2023/2024 is:

- **James Paget University Hospital - £7.0m**
- **Norfolk and Norwich University Hospital - £14.6m**
- **Queen Elizabeth Hospital - £6.7m**
- **Norfolk and Suffolk Foundation Trust - £12.6m**
This includes £7.8m CDEL allocation with an additional £4.8m for Hellesdon Hospital.
- **Norfolk Community Health and Care - £4.8m**

2.15 As can be seen from the listing above, the system has distributed £45.7m, £3.7m more than the £42m available resource limit. This is possible due to the NHS “over-programming” option as per the NHS planning guidance. Guidance states this is possible on the basis of:

“so long as this is based on a clear plan that allows elements to be scaled back or deferred if necessary.” [to then deliver the system CDEL limit by 31 March 2024].

3. New Hospitals Building Programme

3.1 In addition to the capital funding outlined in this report, it is also worth highlighting that as a system we are working hard to ascertain significant capital funding via other routes. The most notable is via the New Hospitals Building Programme. The James Paget Hospital was included in the second stage of the Government’s programme and the plan is for the new hospital to be built by 2030. Three options have been drawn up for a new look site.

3.2 At the time of writing, we are still awaiting an announcement about the Queen Elizabeth Hospital’s application. This follows the two Expressions of Interest the Trust submitted to the Department of Health and Social Care in September 2021. However, as an announcement is awaited, work has continued to ensure the Trust is as prepared as it can be and is ‘investment ready’. For example a Strategic Outline Case was completed in June 2022 with unanimous support from local partners. The Trust’s plans for a new multi-storey car park will also not only help to address the short-term challenges the hospital faces with parking, but is also a key enabling scheme for the new hospital to liberate the space on which the proposed new hospital would be built, and so further help to secure the £862m of Government funding needed for a new hospital.

4. Summary

4.1 The ICP is asked to endorse the distribution of NHS system CDEL resource to NHS provider organisations on the basis as outlined in this report.

Officer Contact

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