

Report title: Norfolk & Waveney NHS System Capital Distribution for 2024/2025

Date of meeting: 06 March 2024

Sponsor

(ICP member): Tracey Bleakley, Chief Executive, NHS 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 distributing £77.9m of available capital resource (CDEL) for 2024/25. Current proposals for the resource distributed to Norfolk and Waveney NHS organisations based on existing agreements and business cases (e.g. Diagnostic Assessment Centre (DAC), Hellesdon Redevelopment & RAAC remedial works). The proposed distribution of the CDEL resource by organisation is:

- James Paget University Hospital - £14.7m
- Norfolk and Norwich University Hospital - £14.8m
- Queen Elizabeth Hospital - £33.1m
- Norfolk and Suffolk Foundation Trust - £9.1m
- Norfolk Community Health and Care - £4.2m
- Norfolk and Waveney Integrated Care Board - £2.0m
- Total draft distribution of resource - £77.9m

The system has also been provided £10.6m for IFRS 16 (lease accounting standard adoption). This is still subject to discussion as to distribution between organisations.

In addition to system CDEL, system partners have a number of schemes and programmes funded from central NHS programmes. These programmes are agreed at national level and are for specific nationally support infrastructure developments. Once these programmes are approved, N&W ICB has no discretion or ability to redistribute these resources as these are managed at a national level. The “central programme” capital funds for the N&W ICB by programme for 2024/25 are as follows:

- National Hospitals Programme - £13.9m
- Diagnostic Assessment Centres - £35.4m
- Community Diagnostic Centres - £6.8m
- Diagnostic Imaging Capacity - £0.2m
- Elective Recovery/Targeted Investment Fund (TIF) - £5.5m
- Front Line Digitisation - £35.4m
- Urgent & Emergency Care (UEC) Capacity - £0.4m
- Total central programme costs - £99m

The total resource for the N&W ICB for 2024/25 is £187.5m (CDEL of £77.9m, IFRS16 CDEL of £10.6m & Central Programmes of £99m).

Recommendations

The ICP is asked to:

- a) Receive and endorse the proposed NHS distribution of the NHS system Capital Departmental Expenditure Limit resource to deliver organisational and system capital plans.
- b) Receive and note the sums assigned to the central NHS programmes for 2024/25.

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 2024/25 Distribution of Capital Resource for Capital Infrastructure

- 2.1 As per the above, the NHS is required to present its 2024/25 capital plan to the ICP. With regard to the identification, prioritisation and distribution process for investment, this report will only consider the system CDEL allocation. This is because it is only these sums that are for system discretion as to allocation. For central programme funded schemes, once approved N&W ICB has no discretion or ability to redistribute these resources as these are managed at a national level.
- 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 distribution, as per the NHS planning financial settlements (draft) is £88.5m, £32.2m is specifically identified for the RAAC remedial works at JPUH & QEH, £10.5m is for IFRS 16 and £2m is ringfenced for the ICB re: Primary Care, this leaves £43.7m for SCB to consider for distribution.
- 2.4 Due to central programme funding constraints, N&W SCB has agreed to contribute system CDEL to two central programmes, these are:
 - Hellesdon redevelopment with £3.8m
 - The Diagnostic Assessment Centre (DAC) programme with £10.8m.
- 2.5 The consequence of these agreements mean that only £29.1m of the £43.7m is available for the remaining capital priorities across N&W organisations.

- 2.6 For 2024/25 the SCB received the prioritised programmes from each NHS organisation. 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.
- 2.7 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:
- 2.8 **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'.
- 2.9 **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'.
- 2.10 **Business case (strategic and financial case) – 10% Weighting**
- A sound case for investment based on strategic fit and financial case.
- 2.11 Utilising this process all capital scheme proposals are able to be ranked, prioritised and assessed for capital resource funding.
- 2.12 Due to the limitations of the resource availability a number of iterations were undertaken by the SCB, reviewing and challenging the prioritisations. Also to enable the alignment of CDEL to organisational cash balances that enable the purchase of capital assets and infrastructure, the resource needs to be considered against the proportional %s of organisational depreciation charges. The 2023/2024 proportions of depreciation charges for each organisation are as follows: JPUH 18%, NNUH 30%, QEH 20%, NSFT 18% and NCHC 14%.

2.13 The proposed distribution for each organisation for 2024/25 is shown in the table:

Norfolk and Waveney Capital Plan prioritisation	JPUH	NNUH	QEH	NSFT	NCHC	ICB	Total Funds
System CDEL	£5.2m	£8.7m	£5.7m	£5.3m	£4.2m	£0.0	£29.1m
Diagnostic Assessment Centre (DAC)	£2.3m	£6.1m	£2.4m	£0.0	£0.0	£0.0	£10.8m
Hellesdon	£0.0	£0.0	£0.0	£3.8m	£0.0	£0.0	£3.8m
System CDEL Sub total	£7.5m	£14.8m	£8.1m	£9.1m	£4.2m	£0.0	£43.7m
RAAC remedial works	£7.2m	£0.0	£25m	£0.0	£0.0	£0.0	£32.2m
ICB	£0.0	£0.0	£0.0	£0.0	£0.0	£2m	£2.0
Total cost	£14.7m	£14.8m	£33.1m	£9.1m	£4.2m	£2m	£77.9m

3. 2024/25 Central Programme Funding

3.1 In addition to system CDEL, system partners are able to bid and obtain funding for specific infrastructure funding from “central programmes”. These programmes are agreed at national level and are for specific nationally supported infrastructure developments. The table below shows these central programme capital funds by organisation for 2024/25.

Central Programme Title	JPUH	NNUH	QEH	NSFT	Total Funds
National Hospitals Programme	£12.1	£0.0	£1.8m	£0.0	£13.9m
Diagnostic Assessment Centres	£3.5m	£28.4m	£3.5m	£0.0	£35.4m
Community Diagnostic Centres	£6.8m	£0.0	£0.0	£0.0	£6.8m
Diagnostic Digital Capability Programme	£0.1m	£0.0	£0.1m	£0.0	£0.2m
Diagnostic Imaging Capacity	£0.0	£1.4m	£0.0	£0.0	£1.4m
Elective Recovery/Targeted Investment Fund	£5.5m	£0.0	£0.0	£0.0	£5.5m
Front Line Digitalisation	£7.2m	£18.5m	£9.0m	£0.7m	£35.4m
UEC Capacity	£0.0	£0.0	£0.0	£0.4m	£0.4m
Central Programme Total					£99m

3.2 Once agreed between organisations and the specific national programme team N&W ICB supports the delivery but doesn't have any ability to redistribute funding to other priorities. The review and monitoring of these programmes at system level is undertaken at the SCB.

3.3 The highest profile of these central programmes is the New Hospitals Building Programme. The James Paget Hospital & Queen Elizabeth Hospitals have been included in the Government's programme and the plan is for the new hospitals to be built by 2030.

3.4 The Diagnostic Assessment Centre (DAC) is also a significant development in N&W which will increase diagnostic facilities across Norfolk & Waveney. The programme creates three separate centres, adjacent to each of the acute hospital sites. JPUH also has funding to create a Community Diagnostic Centre which is scheduled for completion in 2024/25 and is co-located with the JPUH DAC.

3.5 The Front-Line Digitisation funding across the three acute hospitals is primarily associated with the acute Electronic Programme Record (EPR), which has been developed across acute organisations as an integrated patient records solution. EPR will enhance patient care by empowering clinicians, providing them with the right information at the right time. It will enable integration of acute services across the three trusts and improve the recruitment and retention of skilled healthcare professionals. The scheme spans several years and is expected to be majority funded via the digital national programme funding.

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