Classification: Official

## Joint capital resource use plan 2024/25 template

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| **Region** | North East and Yorkshire |
| **ICB / System** | Humber and North Yorkshire ICB |
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| **Introduction** |
| Humber and North Yorkshire Integrated Commissioning System (ICS) covers 1,500 square miles and serves a population of 1.7 million. This includes the cities of York and Hull and the large rural and coastal areas across East Yorkshire, North Yorkshire, and North Lincolnshire  The ICB’s vision is for everyone in Humber and North Yorkshire to have equal chances to live long, happy, and healthy lives, by narrowing the gap in healthy life expectancy between the highest and lowest levels in our communities by 2030 and increasing healthy life expectancy by five years by 2035.  .  The Integrated Commissioning Board employs c800 people. Across the ICS c55,000 people are employed in healthcare, this figure rises to over 200,000 including the health and social care system.  From an organisation perspective the system comprises: -   * 6 defined places aligned to our 6 local authorities. * 4 acute Trusts (operating across 9 sites) (Hull University Hospitals NHS Trust, HUTH, Northern Lincolnshire and Goole NHS Foundation Trust (NLaG), York and Scarborough Foundation Trust (YSFT), Harrogate and Rural Districts NHS Foundation Trust (HARD) * 1 mental health Trust * 42 Primary Care Networks (181 GP practices) * 2 ambulance Trusts * 10 hospices * c550 care homes * 1000s' of voluntary and community sector organisations * Plus other NHS Trusts and community interest companies' that provide services within our geography such as S Tees Hospitals NHS Trust and NAVIGO.   The ICS is developing its ten-year Infrastructure Strategy which will be published this summer. Our infrastructure vision is: -  "*To enable delivery of great health and social care, in the right place (home, community or hospital), and fit for purpose – supporting communities and partners to reduce health inequalities and enhance quality of life."*  The ICB has re-established a Strategic Capital and Estates Group for 2024 which will have oversight of the capital programme for the system alongside the Director of Finance Meeting where the capital prioritisation for the next three-year capital allocation (2025/26-27/28) will be reviewed and agreed.  2024/25 will be a busy year of investment in our infrastructure. The key themes focus on investment to drive our elective recovery programme, significant investment in community diagnostic centres and spending on asset replacement and backlog maintenance, which are known challenges for our system. Digital transformation remains a key focus for 2024/25 as does responding to the challenge of reinforced autoclaved aerated concrete (RAAC), and prioritising some of our investment in primary care through for example the Catterick Integrated Care Campus, a UK first joint development with the Ministry of Defence integrating NHS and Ministry of Defence health services in a new campus. |

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| **2024/25 CDEL allocations and sources of funding** |
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The ICS overall capital envelope for 2024/25 is £178.2m. This comprises operational capital (CDEL), funding for RAAC and national capital approved business cases such as community diagnostic centres. Any disposals, where owned by NHS providers, the capital receipts are also available for reinvestment.

The CDEL limit has been set at £69.1m with an additional £10.3m for the management of RAAC issues. £2.2m of additional funding has been awarded to the system for delivering its financial plan during 2023/24, plus a further £8.6m for capital associated with surplus funding.

In terms of primary care, £3.1m of capital is also available and the ICS has prioritised further investment in primary care by transferring £2.5m of the £69.1m CDEL envelope for primary care investment.

In total £93.3m of operational capital is available.

The accounting treatment for leases within the NHS adheres to IFRS16, an International Financial Reporting Standard (IFRS). As a system the current 2024/25 plan is £22.2m, which remains subject to approval by NHS England.

Significant national capital programmes have been confirmed at plan stage for the ICB, totalling £62.3m. This includes £27.9m for diagnostics, £20.7m for front line digitisation and over £9m for elective recovery such as the building of new theatres in Harrogate. It is likely this funding will increase as the year progresses.

Capital disposals by providers can also be reinvested into new capital spend.

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| **Capital prioritisation** |
| The capital prioritisation process agreed within the ICS is focused on the strategic priorities of the system; namely recovering from covid, tackling significant backlog maintenance and replacement of aged assets alongside agreement to key strategic priorities for the system, such as Catterick Integrated Campus and the Vascular Intervention Unit in York.  As the system was notified of a three-year allocation (2022/23-2024/25 with specific values for each year) this has enabled planning and system prioritisation across this longer period, although the challenge of delivering spend in each annual envelope does remain.  The system has effectively managed capital between organisations throughout the three-year capital programme with organisations bringing forward future year plans to mitigate slippages in other schemes, enabling the system to ensure it has fully committed its capital year on year. The prioritisation framework agreed across the system in 2022/23 is detailed below: -   * A draft 3-year capital plan is required from each partner organisation covering 2022/23 to 2024/25 * As it was assumed there was no separate emergency capital process outside of the envelope, emergency/essential capital investments had to be a top priority. These will need to be clearly set out in the organisation’s plan with a clear rationale to enable a peer review and agreement by the Partnership. * Investments that support the maintenance/replacement of existing assets will form the bulk of commitments against the ICS CDEL envelope (Depreciation) * ICS strategic priorities identified and agreed by the partnership *(eg Vascular Intervention Unit for 22/23-25/26 & Catterick Integrated Campus agreed 23/24 & 24/25.* * Completion of partially completed schemes need to be recognised, *such as the Vascular Intervention Unit* * Management of capital across multiple years to reflect individual organisation capital needs to complete specific schemes. *For example Catterick has deferred from 23/24-25/26 to 24/25-25/26 and will be a first call on the next three-year capital allocation. 23/24 slippage at NLaG was mitigated through Hull bringing forward some 24/25 schemes. This is being unwound in 24/25 with NLaG receiving a larger share of the envelope and Hull's falling*. * Where the total cost of planned capital investments in these categories exceeded the confirmed CDEL envelope, then pro rata percentage reduction to each organisation to balance to the envelope of funding available would have been required. *For 24/25 this has not been necessary. Major schemes have been funded through nationally awarded capital focused primarily on community diagnostic centres, elective recovery, digital transformation, and urgent and emergency care.*   The accounting treatment of IFRS16 remains a key uncertainty at this stage of the year for the system, with the assumption this will be managed across the NHS.  With the organisation envelopes agreed at a system level, each provider undertakes an internal prioritisation process to manage within their agreed envelope of funding and are endorsed by Trust Boards.   * Across the Hospital Group in Hull and NLAG, a monthly capital committee focusses on drafting the priorities based on the risk register, planned replacement and maintenance programmes and strategic priorities. These are then endorsed by the Trust’s Capital & Major Projects Committee and the Trust Board. * The York internal prioritisation process is led by the Care Groups Chief Operating Officers where each scheme is ranked and aligned against the Trust's Right Sizing strategy to focus on the high scoring schemes. A review is undertaken for those that are not affordable in year to re-evaluate to confirm if the scheme needs to be higher prioritised in year. * Harrogate prioritisation focuses on utilising the backlog survey and risk registers to prioritise the capital work at the Environmental Board, which is agreed at executive committee and board. * Humber internal governance focuses on a bidding process on an annual basis which are reviewed and recommended through their Capital Group, executive and board.   A few schemes have not been able to commence during 2024/25. Most notable, the scale of outstanding backlog maintenance across the system remains high whilst digital solutions remain constrained by the availability of capital. This is managed by each organisation using their internal prioritisation process. |

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| **Capital planning** |
| Capital planning happens across the ICS as a system, at place and at within individual organisations. Planning has undertaken across providers whether that be by sector or geography and plans focus around delivering the objectives of the system.  Appendix one details by provider the types of capital available between operational, IFRS16 (leases) and major national capital programmes. Appendix two details the operational capital by expenditure type, broken down by backlog maintenance, equipment purchases, major new builds, and IT. |

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| **Overview of ongoing scheme progression** |
| Many programmes operate across multiple years. The major items which span multiple years which are being delivered during 2024/25 are:   * Community diagnostic programme is a multi year major programme delivering diagnostic capacity across the geography of the ICS. This programme will aid elective recovery, speeding up the time to diagnostic access. * Elective recovery programme. In particular, the Harrogate programme has moved from 23/24 to 24/25 * York Vascular Intervention and elective recovery programmes have been brought together to deliver as one programme cross cutting several years. This continues in to 24/25. |

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| **Risks and contingencies** |
| The following details the key risks to the programme: -   * Backlog and replacement shortfalls mitigated through prioritisation process in each Trust. * Approach to lease accounting (IFRS16) remains uncertain. * Timing and profiling of multi year capital schemes within the 24/25 envelope. * Digital (eg Electronic patient record) where capital is available but the spend will be across multiple future years. The risk is the phasing of spend is in line with when the capital allocation is available. Mitigated through bringing forward/deferring future years operational capital to manage the digital allocation over the medium term. * Lead in times for supplier and lease equipment * Late in year additional allocations of additional capital, leading to challenges around lead in times for delivery of such schemes. * Tendering for capital schemes for 24/25 are being undertaken so there is a risk the outcome is not within the envelope of our capital. * Inflationary pressures continue to be a major challenge for our system (as with other systems) and delivering schemes on budget remains challenging; this has been mitigated each year through value re-engineering and management of spend in year. * Unknown in year challenges requiring capital. In 23/24 RAAC was identified in several sites. So far this has been mitigated partially through national capital but remains a risk to be managed in year. |

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| **Business cases in 2024/25** |
| The business cases focus on delivering the overall objectives of the ICB, reducing elective backlogs, and focusing on reducing health inequalities across our system.  Primary Care Integrated Care Campus. £24m Catterick Integrated Care Campus with the Ministry of Defence commenced the build phase in 2023/24 and continues during 2024/25.  Elective Recovery - Completion of the Day Surgery Unit at Castle Hill Hospital. This is a £27m scheme commenced in 23/24 and will complete this year. Completion of the new Digestive Diseases Unit providing additional endoscopy capacity.  In Harrogate, a £9.2m elective recovery scheme deferred from 2023/24 to 2024/25. This will bring two additional theatres that will primarily be used for day cases and a ring fenced fourteen bedded (23 hour) unit and two treatment rooms. Work will commence September to October this year.  Electronic Patient Record (EPR) Outline Business Case and Full Business Case expected to be submitted this financial year – this is being developed in partnership across the acute system with a joint business case between HUTH with NLaG. York Trust is also developing a business case in collaboration with Harrogate Trust.  Community Diagnostics Programme - Completion of the Hull CDC scheme in partnership with Hull City Council is expected to be complete by March 25. The Scarborough CDC hub is expected to be delivered this autumn.  RAAC, £10.3m confirmed for Harrogate hospital with further areas identified in York and Hull. This involves services relocating with demolition due to commence in June and the rebuild commencing in the autumn. Further RAAC schemes expected to be approved in year. |

* references to how the schemes are contributing to the delivery of the overarching ICB aims and objectives.
* details of any bids for national programmes, planned funding assumptions and both the CDEL cover and any cash funding support where applicable.

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| **Cross-system and collaborative working** |
| There is significant cross working across the system starting with the approach to allocating capital. Through collaborative working, the system is working together on significant strategic schemes for the system, for example the collaboration around developing new Electronic Patient Record systems.  The community diagnostic centre development is being managed as a single programme across the ICB and in Hull is being developed in collaboration with the council.  In year management of capital spend and slippage is well established with partners, enabling Humber and North Yorkshire ICB to maximise its capital envelope. The system has a successful track record of working together to manage in year build programs enabling the system to maximise the capital for the system through managing the profile of schemes and bringing forward schemes to mitigate in year slippage. |

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| **Net zero carbon strategy** |
| Net Zero is a key objective for the ICS. Vital investment has been secured through the SALIX loan scheme over several years to focus on net zero. The types of schemes this has funded are LED lighting, deep bore hole drilling and decarbonation schemes such as boiler replacement. The digital investment in online appointments across the system also contributes to the net zero ambition, reducing the cost and carbon emissions of our patients. |

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| **System CDEL** |
| The detail of our system capital plan and spend is provided in appendix one and two. |

Appendix 1



**Appendix 2 - Breakdown of Provider ICS Total Operating Capital by Type**

