

Joint capital resource use plan 2024/25 template

Region	Midlands
ICB / System	Staffordshire and Stoke-on-Trent ICB
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Version	Final

Introduction

This resource plan provides transparency for local residents, patients, NHS health workers and other NHS stakeholders on the prioritisation and expenditure of capital funding within the NHS bodies in Staffordshire and Stoke on Trent to achieve their strategic aims. This aligns with ICBs' financial duty to not overspend their allocated capital and to report annually on their use of resources.

As set out in our Integrated Care Partnership (ICP) Strategy and [Joint Forward Plan \(JFP\)](#) our [strategic Integrated Care System](#) (ICS) ambitions and priorities have been informed by understanding the needs of our population identified in existing Joint Strategic Needs Assessments and engaging with our local people and communities to identify where there are existing shared priorities. We are currently in the process of developing our Infrastructure Strategy for publication in Autumn 2024 which will respond to the changing needs of our population and our broader transformation programme.

The system has a mixed estate, with a mix of PFI provided, NHS owned and leased estate. We know that there is limited opportunity for further expansion on our existing sites and that there are significant constraints both operationally and financially to the continued expansion of estate.

Recognising the ICS priorities and challenges, this strategy is shaped by six core objectives. These are to:

1. High quality estate which will support the delivery of operational service developments and ongoing transformation projects which are critical to the system
2. Have an affordable, well utilised and fit for purpose estate; by establishing new investment principles supported by clinically driven investment and collaboration with our

communities. This includes consideration for our estate backlog maintenance and reducing our statutory compliance risks.

3. Maximise our digital opportunities to free up estate where possible; we will have a digitally mature ICS supported by a smarter network of intelligent and connected buildings to digitise, connect and transform.
4. Improve our energy efficiency and deliver estate which meets the NHS Green principles.
5. Create a culture of shared estate whereby all organisations can use appropriate space irrespective of the legal ownership. This will be particularly important as we seek to minimise the use of estate for non-clinical purposes and reduce non-essential staff travel.
6. Production of a local estates and facilities workforce plan to respond to the aging workforce profile and recruitment and retention issues that exist in this specialist area.

These priorities feed through the governance process of a system System Transformation Group, the Strategic Estates Group with representation from estates leaders and sustainability leads and our System Capital Group chaired by a Chief Finance Officer with system wide representation from senior finance, estates, digital and strategy leads through monthly meetings feeding into System Finance and Performance Committee.

2024/25 CDEL allocations and sources of funding

The system has an operational capital allocation of £40.5m and IFRS16 allocation of £13.0m plus additional capital granted by NHS England for specific schemes and priorities funded through public dividend capital (PDC). The government can issue new PDC as a way of giving finance to NHS trusts with repayment through provider dividend based on net assets. Capital to support primary care is in addition to this capital and retained at a national level.

The System capital programme is funded as follows:

Funding Sources	UHNM	MPFT	NSCHT
Self Financed - Depreciation less PFI/Finance Lease payments	10,907	8,143	608
Self Financed - other internal capital cash	7,671	552	2,059
Capital loan repayments		1,332	
Lease liability	9,848	7,000	370
PFI capital charges (e.g. residual interest)	2,970	636	3,487
PDC	40,292	16,183	498
Total	71,688	30,078	5,806

Capital prioritisation

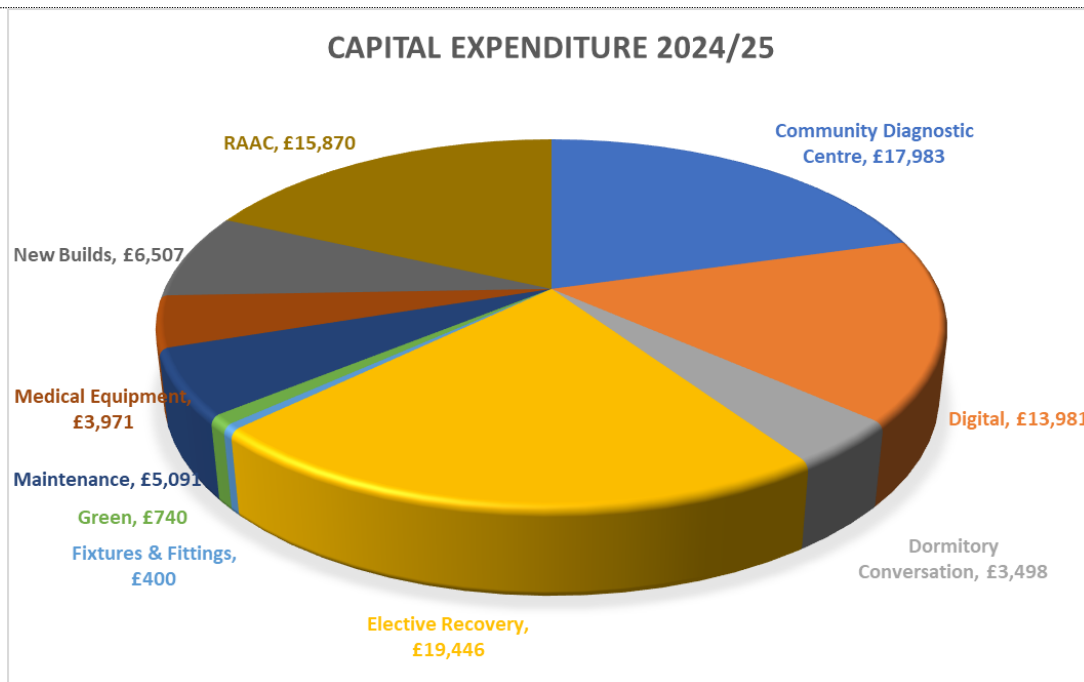
We have established a system-wide capital group including capital leads, finance leads and subject matter experts. All system partners are represented on the Group. The Group's terms of reference are included as Appendix C and this meets in place to collate and discuss the system capital position on a monthly basis. The aim of this group is to ensure a collaborative approach to capital and to ensure capital investment is prioritised and used effectively.

The Capital Investment Group is a sub-group of the System's Finance and Performance Committee and consider in two distinct categories of spend:

- Funded by provider's annual depreciation charges – No system level capital prioritisation required, and backlog maintenance is also to be included in this category.
- Capital funded from other sources – System capital prioritisation to be completed for consideration by the Capital Prioritisation Group and CFOs. This will then be considered by the System Performance Group and if approved it will be used for the system capital planning submissions; and a "reserve" list maintained to respond to in year opportunities.

Capital planning

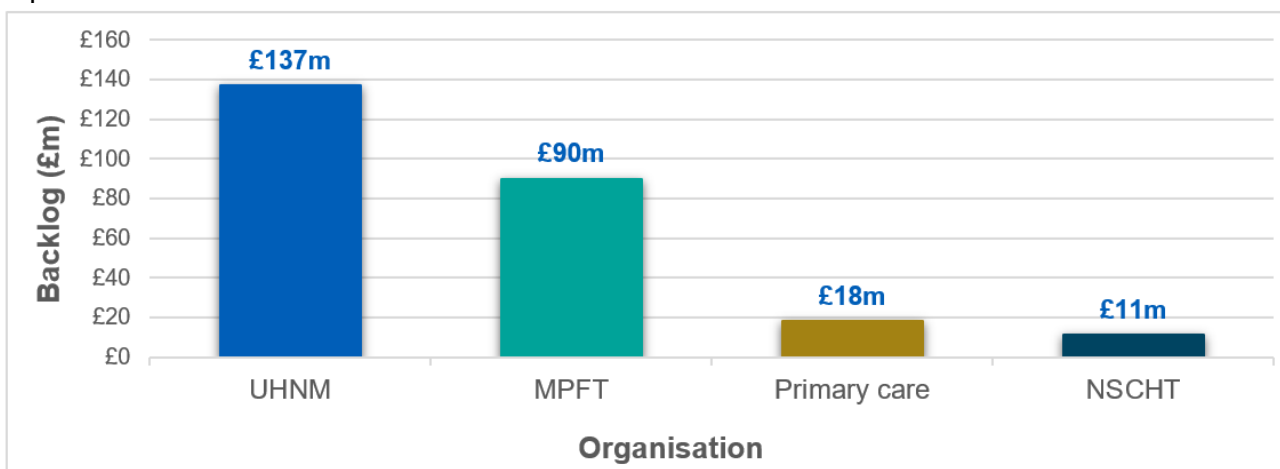
The system capital expenditure is seeking to address both immediate pressures and backlog requirements through operational capital while new innovations will be bid for from national monies. An overall outline of the areas and types of expenditure the capital plan:



This expenditure is supported by a range of strategic objectives which will now form within the infrastructure strategy. For 2024/25 the providers capital planning is largely managed by finance and the technical sub groups (Estates, ICT and Medical Equipment) to ensure those areas most in need of investment are prioritised.

All capital plans are ratified within governance structure comprising of Capital Investment Group reporting upwards through the Executive Infrastructure Group, Performance and Finance Committee and Trust Board. All capital expenditure is managed by controls as set out in the Standing Financial Instructions.

Significant backlog maintenance has been identified across key sites. The condition of our estate is mixed, with significant tracts of aged estate carrying the higher risk backlog maintenance requirement.



- Primary Care data is based upon recent surveys that have been challenged in terms of their reliability and understated costs

Overview of ongoing scheme progression

Updates on the key schemes included within the capital plan:

Project Star (UHNM Staff car-park) – Project Star is the project to build a multi-story car park at UHNM to provide staff with parking. The project is complete from a build perspective, work continues on future receipts for the car park solution optimising bringing forward sales balanced against compromising the value achievable due to sale without planning permissions.

Mental Health Wards (Dorms scheme) – There is a national priority to eradicate dormitory accommodation in mental health facilities to improve safety, privacy and dignity of patients experiencing mental illness. The system has received a fair share allocation however, the funding for this issue is short of the funding required for the proposed solution by £1.5m. This scheme remains a high priority for 2024/25 and is reflected in the plan. NSCHT are funding this shortfall from their 'business as usual' capital allocation but remain hopeful following NHSE visits to the new dormitories that if future PDC national support funding became available the Trust would be considered.

Reinforced Autoclaved Aerated Concrete (RAAC) – MPFT have submitted a business case in relation to the issue of potential collapsed ceilings in the future at Haywood Hospital. The internal source of funding has been partly reprofiled into future years. The business case and supporting evidence has been reviewed by NHSE and we have been notified of approval however this scheme is being supported by internal business as usual capital and the System will continue to aid support from regional team for any further support if there is slippage in other Systems RAAC programmes.

Targeted Investment Funds (TIF) – To support schemes that promote recovery from the Covid-19 pandemic. Over the next 3 years our system has been allocated £27.6m of this funding for developments at the County site with the main expenditure (£19m) during 24/25. Works include Breast care unit, day case unit and CTS. Elements of reprofiling have been agreed with NHSE and are being managed through internal rephasing within the Trust. Work is on track to deliver within the revised timescales.

Community Diagnostic Hubs (CDH) – In line with national planning requirements, every ICS are required to have in place one large CDC, the Stoke on Trent City community diagnostic centre which we have now had a Business Case approved to the value of £42m which went through system F&PC in August 2023 and was supported on the basis revenue element is cost neutral. Due to issues on the site, construction timescales are delayed and following extensive discussions between the Trust, ICB, NHSE regional team and NHSE national team,

NHSE have confirmed support the request for re-profiling into 2025/26 and therefore the lease for the building was signed in May.

Risks and contingencies

2024/25 is year 3 of a 3-year allocation which results in a lack of clarity for future allocations in 2025/26 and beyond to aid longer term strategy capital planning. The commitments and pressures for 2025/26 already exceed the likely capital resource, so we need to urgently engage in a strategic conversation with regulators about the options.

The system has materially altered the capital plan in order to submit a balanced operational capital plan and had to do the same for IFRS16 after reviewing commitments and valuations of leases. IFRS16 is a technical accounting change that previously feel outside of the capital envelope.

With pressure across both operational capital and IFRS16, we now face some very significant risks and a major concern about the current year. These risks are contained in the system risk register reviewed monthly at the System Capital meeting including RAG rating and mitigations.

Business cases in 2024/25

During 2024/25 the system is progressing key business cases that will require submissions to NHS England for approval and potential funding support, these are:

Frontline Digitisation – As highlighted in March's F&PC, nationally there is support to substantially improve Electronic Patient Record (EPR) systems which will further improve integrated care and future operating security. The business case to consolidate our EPRs across the ICS is being led by an ICS Working Group (with representatives from the ICB and our care providers) supported by Deloitte with the aim of producing an outline Business Case before the end of the calendar year with pre-market engagement complete and market engagement with suppliers during July. Funding is additional to the delegated capital limit for the system.

Community Hubs in the North – An outline business case for the Community Hubs in the North has progressed through MPFT's and System finance committees. The outline business

case is now with NHSE as part of the national process, a funding source is yet to be confirmed.

Cross-system and collaborative working

System collaboration is key to ensure capital expenditure is maximised to provide the optimum outcome for the patients we serve. This includes any schemes funded or managed by other systems or local authorities. This section provides evidence of the strong partnership working within schemes and across the wider system.

The Outwoods scheme is a long-standing priority for UHDB and will provide accommodation for two GP practices (Carlton Street and Gordon Street) as well as other facilities for the Trust. Due to the timescales for construction, the System previously working collaboratively to agree to take brokerage to facilitate the management of the capital programme. However, the key risk to the System is the provision of fit for purpose primary care accommodation should the business case not be approved.

Urgent treatment centres – In October 2023 NHSE published the Principles and Standards for Urgent Treatment Centres. System colleagues have undertaken an assessment of all urgent and emergency portals to identify sites which would be designated as stand-alone or co-located UTCs. System working is required to work through and resolve potential issues with capital, revenue and workforce constraints. Current provision will be maintained at these sites until the NHSE Assurance process has been completed and approval is received to designate a site as a UTC.

We have commenced work in building strong foundations with local authority partners to understand local growth aspirations (housing and employment) and the associated trajectories for delivery. In developing these working relationships with the 9 local planning authorities across Staffordshire and Stoke-on-Trent we have started to secure inward investment through Community Infrastructure Levy (CIL) and Section 106 mechanisms to secure additional capital to support the transformation and resilience of our estate.

We have established a system wide capital group which comprises capital leads, finance leads and subject matter experts. All system partners are represented on the Group. The aim of this group is to ensure a collaborative approach to capital and to ensure capital investment is prioritised and used effectively.

Net zero carbon strategy

Delivering a “Net Zero” National Health Service’ (2020) plots an ambitious yet feasible set of actions to respond to climate change with clear targets for achieving a net zero health service for direct emissions by 2040 and indirect emissions by 2045.

- For the emissions the healthcare sector control directly (the NHS Carbon Footprint): net zero by 2040, with an ambition to reach an 80% reduction by 2028 to 2032.
- For the emissions the healthcare sector can influence (our NHS Carbon Footprint Plus), net zero by 2045, with an ambition to reach an 80% reduction by 2036 to 2039.

NHS estate and facilities has a critical role to play in achieving this ambition. System partners continue to work with their estates teams to identify investment required to support Heat decarbonisation plans, freehold estate decarbonisation plans and infrastructure upgrades.

UHNM have an element of subgroup expenditure set aside for investment in net zero carbon schemes. This is managed and prioritised by a specialist team who ensure that investment is added to existing schemes to improve their sustainability or is used for standalone net zero carbon schemes. UHNM is hoping to fund significant investment in LED lighting over the next 5 years and is installing air heat boilers using PSDS funding.

Appendix B - System CDEL template for joint capital resource use plan 2024/25

The financial information from the systems ICB and provider planning submission showing the breakdown of planned expenditure by the source of capital.

CDEL		ICB £000	UHNM £000	MPFT £000	NSCHT £000	Total £000
Provider	Operational capital		18,578	6,259	1,451	26,288
ICB	Operational capital	1,917				1,917
Total system operational capital		1,917	18,578	6,259	1,451	28,205
Provider	Impact of IFRS 16		9,848	7,000	370	17,218
ICB	Impact of IFRS 16	150				150
Provider	New Hospital Programme					-
Provider	Sustainability and Transformation Partnership (STP)/ Upgrades Programme					-
Provider	National programmes					-
	• Diagnostics		17,983			17,983
	• Front line digitisation		3,500	1,883	1,000	6,383
	• Other Tech funding					-
	• Mental Health				2,487	2,487
	• Elective Recovery		19,446			19,446
	• RAAC			14,300		14,300
Provider	Other (technical accounting)		2,970	636	498	4,104
Total system CDEL		2,067	72,325	30,078	5,806	110,276

Appendix C – Terms of Reference

Staffordshire and Stoke-on-Trent ICB

Terms of reference – Capital Investment Group

Purpose of the Group

- To formulate the system's annual and medium term NHS capital programme, for all aspects of capital investment, in the context of the available capital resources:
 - Agree a system-wide prioritisation policy
 - Be sighted on all the various sources of capital and how these are being accessed by the system
- To work collectively to maximise available resources from NHS CDEL, other NHS sources and external options such as working with Local Authority partners.
- To utilise available capital resources effectively, efficiently and economically by ensuring that there is not an unplanned impact upon the system's revenue I&E account.
- To monitor in year delivery, review risks and mitigations and revisit the capital programme on a regular basis in order to reprioritise/rephase as necessary to ensure maximum use of the available resources.
- To ensure that capital business case and procurement processes are fit for purpose and in line with best practice.
- To assure and (if appropriate) approve capital business cases as required by the powers delegated to ICSs from NHSE&I
- To provide the basis for capital reports to the ICS Board.
- To receive (or possibly commission?) appropriate Post Implementation Reviews and disseminate any lessons learnt from them appropriately.

Membership

Chair – ICB CFO

- Directors of Finance or representatives
- System Estates lead – representing the System Estates Forum
- Chief Digital Officer
- System Planning and Development Lead
- Medical Equipment Lead
- Primary Care Estates and Digital Lead
- Capital Finance lead (to be nominated from the system financial controllers)
- System lead for sustainability
- Head of System Finance

Reporting Line

Working group reporting to the System Finance Committee.