## Joint capital resource use plan 2024/25

|  |  |
| --- | --- |
| **Region** | Midlands |
| **ICB / System** | NHS Derby and Derbyshire Integrated Care Board (ICB) |
| **Date published** | 17th September 2024 |
| **Version** |  |

|  |
| --- |
| **Introduction** |
| The Derby and Derbyshire Integrated Care Board (ICB) was established on 1 July 2022 under the Government’s Health and Care Act 2022. It is one of 42 ICBs in the country and replaced the eight clinical commissioning groups (or CCGs) that previously existed across the region. The ICB has since taken on responsibility for planning and buying NHS services for the 1.06million people living in Derby and Derbyshire.  The NHS Trusts and NHS Foundation Trusts that form part of the ICB are as follows:   * Chesterfield Royal NHS Foundation Trust; * Derbyshire Community Health Services NHS Foundation Trust; * Derbyshire HealthCare NHS Foundation Trust; * East Midlands Ambulance Service NHS Trust ( hosted by the ICB on behalf of the Midlands region) * University Hospitals of Derby and Burton NHS Foundation Trust;   The Derby and Derbyshire ICS has developed a system-wide Infrastructure Strategy 2024 – 2040 that sets out the longer-term vision of the infrastructure / estate.  The Infrastructure Strategy provides an overview of our current estate and infrastructure, considers the changing demographics of our population and highlights some of the steps we can take to help meet our strategic aims of prioritising prevention, reducing inequalities, developing personalised care and improving connectivity.  As a system, we will continue to face many challenges which will require increasing levels of integration and partnership working. Some areas are expected to experience significant population and housing growth, and our elderly population will continue to grow at an increasing rate.  These changes will place new and increasing demands on our healthcare services and providers, and our ability to transform our estate and infrastructure will be key in meeting our system aims and ambitions and needs of our population.  To provide the required levels of integrated care, we will need to ensure the availability of modern and flexible estate which is digitally enabled to allow multi-disciplinary teams to work together to provide personalised care, most notably in our neighbourhoods. There will be a growing emphasis on working holistically within each of our 8 Places, sharing knowledge and expertise to address key challenges and share opportunities.  The system has an identified Senior Responsible Officer who is an Executive Director for one of the partner organisations, who alongside our Strategic Estates Group provides the necessary leadership and oversight of system estates matters and the Infrastructure Strategy, working alongside our Local Estates Forum.  It must also be noted that financial parameters will have an impact upon our ability to deliver transformational projects, and that capital will need to be prioritised effectively in order to address the areas of greatest need. |

|  |
| --- |
| **2024/25 CDEL allocations and sources of funding** |
| The total system capital investment plans for 2024/25 total £165.766m. Excluding the impact of IFRS 16 of £24.461m and national allocations of £87.332m , the operational allocation is £53.973m with the funding for this being split as follows:   * Operational capital £53.973m * Provider operational capital £52.173m * ICB operational capital £1.8m   Provider plans include a 5% planning variance which equates to £1.265m. This planned over-commitment is to mitigate against the impact of slippage on schemes in year and to ensure that the system is able to utilise the full allocation available to it in any given year on schemes that have been identified as the highest priority in terms of managing risk and or delivery of the priorities of the ICS. This over-commitment will be managed in year as part of the overall delivery of the system's capital plan within the resources allocated to it.  In addition to the operational capital allocation, the system will receive funding to support the impact of IFRS16 on capital expenditure. The IFRS16 allocation is to cover the charge against capital expenditure when new leases are taken on by system partners and are required to be recognised as " right to use " assets on the balance sheet which is considered as capital expenditure. The allocation that the system has received is less than the level of expenditure planned and therefore the system will need to reassess it’s lease liabilities in year to mitigate or offset the increased costs against the operational capital allocation.  In 2024/25 the system submitted plans to the value of £87.332m which will be funded from separate national funding outside of the business as usual, operational capital allocation. This funding is to support specific schemes which are been subject to business case approval or are part of national initiatives.  The operational capital allocation is funded by providers by using the cash generated through depreciation charges, drawing on cash reserves being held or via support from system partners.  Funding for national programmes and or significant business cases which have been approved for separate funding are funded through the allocation of cash backed Public Dividend Capital to the relevant Trust. |

|  |
| --- |
| **Capital prioritisation** |
| We have followed a risk-based approach to prioritise expenditure within the capital budget for NHS trusts. The system needs to live within a finite budget in which we need to ensure that our services and environments are safe and fit-for-purpose, so we have to consider where the most pressing need for investment is. This might include balancing investment, for instance, between backlog maintenance, replacing service critical equipment and investment in digital capability or major capital schemes.  We have adopted an approach to prioritisation which is based on scoring each bid against eight key criteria which are given a weighting which reflects the relative importance of that criteria to the effective management of material risks and or the delivery of key system priorities.  The agreed criteria are:  Clinical Safety  Stay in Business  Statutory Compliance  Physical condition of the estate  Operational efficiency / financial sustainability  Health gain / transformation  Environmental  Ease of implementation  Following the development of the system's Infrastructure Strategy and the production of an initial medium term capital plan for the system, the methodology is being reviewed to ensure the framework applied going forwards aligns to the objectives and priorities detailed in the strategy. The process will remain dynamic to respond to the system's changing needs and priorities over time. |

|  |
| --- |
| **Capital planning** |
| The main areas of provider operational capital spend within the plan for 2024/25 are as follows:   * New build £24.798m * Equipment £4.065m * Backlog Maintenance £4.961m * Routine maintenance £1.697m * IT £9.624m * Ambulance Fleet £4.682m * Other £2.346m   Our current backlog maintenance across our three Acute sites is approximately £32.5m of which £10m is classified as high risk. Across our eight Community Hospital sites the level of backlog maintenance is estimated to be £20m. |

|  |
| --- |
| **Overview of ongoing scheme progression** |
| The system's investment plans include the continuation of some significant schemes including:-   * New health developments in Bakewell and Belper - These schemes are funded by a combination of national and local funding and address key issues of backlog maintenance by replacing 19th century estates with modern fit for purpose facilities which are more cost effective and providing high quality services closer to communities. * Mental Health Dormitory eradication across Derby and Derbyshire - The "Making Room fir Dignity" programme is a major investment into mental health inpatient facilities in Derbyshire and forms part of the national eradication of dormitory programme.   - Redesign of acute front door services at Derby Royal, this will facilitate the delivery of  comprehensive patient assessment and on-going quality urgent care to the residents of  South Derbyshire.   * Implementation of the Electronic Patient Record at our two acute trusts * Outwoods Scheme - Construction of a Primary Care Centre and additional space for UHDB use |

|  |
| --- |
| **Risks and contingencies** |
| The most significant risks to the delivery of the system's capital plans have been identified as :-   * Increasing Inflation pressures above those planned for * Impact of IFRS16 in excess of funding allocated * Risk of overspend on major capital scheme within Derbyshire Healthcare NHS Foundation Trust linked to the eradication of dormitories * 5% planning over-commitment * Unavoidable slippage on major schemes in year * PFI risk?   The system's capital planning and prioritisation group is responsible for overseeing the delivery of the capital programme, effectively identifying and managing in year risks and ensuring that the programme is delivered within the resources available to the system.  The system will continue to carefully monitor these risks throughout the year and regular reports will be taken to the Finance, Estates and Digital Committee as well as to sovereign Boards.. |

|  |
| --- |
| **Business cases in 2024/25** |
| We are working with Staffordshire on a business case to support the expansion of Minor Injury Unit capacity at Burton Hospital to reduce demand on the A&E department. |

|  |
| --- |
| **Cross-system and collaborative working** |
| The Outwoods scheme is an example of collaborative working across the Derbyshire and Staffordshire systems to deliver a new primary care centre for local GPs and to provide additional estate capacity for acute sector use. |

|  |
| --- |
| **Net zero carbon strategy** |
| With our plan to transform health provision, we need to consider whether the estate  and the wider infrastructure which supports it is fit for purpose and appropriate for the direction in which we, as a system, seek to change how we deliver services. Whilst capital and revenue issues exist, we still need to ensure that our infrastructure is; compliant,  safe, sustainable, accessible and efficient. Furthermore, we need to meet our Net Zero Carbon ambitions and ensure we make the most of digital advancements to provide a more accessible and efficient service.  We have ambitious local targets and timelines to reduce carbon emissions, air pollution  and waste within our system which will seek to make our system Carbon Zero by 2040 |

**Annex A – Derby and Derbyshire ICB 2024/25 Capital Plan**

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | CDEL | **Derby and Debryshire ICB £000** | **Chesterfield Royal NHS Foundation Trust £000** | **Derbyshire Community Health Services NHS Foundation Trust**  **£000** | **Derbyshire Healthcare NHS Foundation Trust**  **£000** | **East Midlands Ambulance NHS Trust**  **£000** | **University Hospitals of Derby and Burton NHS Foundation Trust**  **£000** | **Total**  **Full Year Plan**  **£000** |
| Provider | Operational Capital |  | 7,102 | 10,667 | 2,605 | 7,890 | 23,909 | 52,173 |
| ICB | Operational Capital | 1,800 |  |  |  |  |  | 1,800 |
|  | Unallocated Capital |  |  |  |  |  |  |  |
|  | Total Op Cap | 1,800 | 7,102 | 10,667 | 2,605 | 7,890 | 23,909 | 53,973 |
| Provider | Impact of IFRS 16 |  | 250 | 3,398 | 693 | 12,300 | 7,820 | 24,461 |
| ICB | Impact of IFRS 16 |  |  |  |  |  |  |  |
| Provider | Upgrades & NHP Programmes PDC |  |  |  |  |  |  |  |
| Provider | National Programmes (diagnostics, Front line digitisation, Mental Health, TIF) PDC |  |  | 4,900 | 5,080 | 1,800 | 75,552 | 87,332 |
| Provider | Other (technical accounting) |  |  |  |  |  |  |  |
|  | Total system CDEL | 1,800 | 7,352 | 18,965 | 8,378 | 21,990 | 107,281 | 165,766 |