

Joint capital resource use plan – 2023/24

REGION	London
ICB / SYSTEM	North Central London

Introduction

Guidance:

Please provide some high level commentary about the joint capital plan which should be developed between the ICB and partner NHS Trust and foundation trusts – key strategic priorities, key schemes throughout the year, background to what happened last year, overview funding sources etc.

A joint capital plan has been developed through collaborative working across Provider organisations, Primary Care and the ICB change and strategic commissioning functions to reflect the ambition to deliver on the ICB population health improvement strategy which informs the joint forward plan. This reflects the need for transformation of the delivery of health and care services to increase diagnostic capacity, reduce waiting lists whilst addressing the equity of access to these services but also developing greater maturity across our system infrastructure aligned with national ambition.

Strategic Priorities

The key strategic priorities for NCL in 2023/24 are to continue delivering on elective recovery by maximising the productivity of our resource to reduce patient waiting lists while also treating emergency demand as quickly and effectively as possible. This requires significant transformation of key estate to enable the reconfiguration of acute, community and mental health service provision as well as modernising primary care services to best suit the needs of our population.

The key schemes are the continued progress of the Oriel (Moorfields relocation) and St Pancras (multi-organisational reconfiguration) developments which includes a state-of-the-art specialist hospital, the provision of more effective emergency mental health capacity as well as more integrated community service offerings across numerous providers.

The delivery of these programmes commenced in 2022/23 as did the launch of two Community Diagnostic Centres (CDC) in NCL providing MRI, CT, X-Ray, Phlebotomy, Ophthalmology and Cardiac services from a high-performing clinical facility and an award-winning new facility located in a shopping centre in a highly deprived community to bring access closer to home.

In primary care work has commenced on the significant redevelopment of a GP facility (Welbourne) to bring physically and digitally integrated services provided across several organisations under one roof, located in the heart of a highly deprived community.

Funding Sources

Planned funding to support the work in 2022/23 was drawn from a number of national programmes including c. £72m from the New Hospitals programme (NHP) to deliver significant reconfiguration of existing services and a paperless specialist hospital, c. £39m from a combination of Targeted Investment Fund (TIF)/Elective Recovery as a national

accelerator system, the CDC programme as an early adopter system and also the work to deliver three Electronic Patient Record (EPR) system business cases from the Frontline Digitisation (FD) programme.

Assumed Sources of Funding for 2023/24

Guidance:

Please provide detailed of the overall funding envelopes to which the system will be working to.

Explain any assumptions (and related risks) associated with the assumed sources and quantum's of funding for the ICB and Partner Trusts

Draft table inserted which can be expanded upon.

NCL has been allocated £178m of CDEL in 2023/24. Following the national guidance, the system has agreed to over-programme by 5% to allow for in-year slippage of plans (£9m) and receives a non-recurrent prior-year revenue performance benefit of £8m. At the beginning of the year the system is therefore planning to a total value of £196m. NCL's core allocation of £178m represents a 15% reduction against 2022/23 (£211m), increasing pressure to fund key priorities across ten provider organisations and Primary Care. See 'Annex A' for detailed allocations.

In addition, we anticipate c. £72m for existing investments resulting from NHP funding, £39m from national programmes including Elective Recovery (TIF), FD and Digital Diagnostics, plus £17m support for the impact of IFRS16 and £5m for PFI.

SOURCE OF CAPITAL	23/24 (£m)
System CDEL	£178
Over-Programming	£9
PY Performance	£8
NCL CDEL	£196
Upgrade & NHP	£72
National Programmes	£39
IFRS 16 Support	£17
Technical Incl. PFI	£5
NATIONAL PDC	£133
TOTAL CDEL	£329

NCL is working proactively with councils to access S106 and CIL funding through the planning application system to support project delivery. Whilst also working with arms-length body landlords to recycle capital from disposals of NHS Property Services (NHSPS) and variation capital through Community Health Partners (CHP). Our Infrastructure strategy encompasses that of our Estates and Digital functions to deliver effective and integrated services enabled through capital investment.

Funding Allocation

Allocation of the NCL system CDEL, net of the system reserve, to provider organisations mirrors the national methodology to retain a consistent and transparent approach. Access to the system reserve and/or national funding is considered independent of this approach, however this may be considered when informing a multi-year view of equitable access to system CDEL – see 'Capital Planning & Prioritisation' section below.

Effective Resource Use

In 2022/23 NCL introduced a M6 deep-dive and Q3 light-touch review to proactively identify slippage to reprioritise investment in priority schemes. This enabled NCL to re-allocate c. £5m to fund transformation of primary care estate to co-locate GP, community, and mental health services (Welbourne) in an area of significant deprivation reducing dependency on local acute non-elective services. This process will continue in 2023/24 with greater focus on capital forecasting accuracy earlier in the financial year.

In addition, the system has provisionally agreed to create a strategic priorities reserve allocating 10% of net CDEL allocation (c. £18m) to fund priority schemes which will include an allocation to primary care. This will allow NCL to fund multi-organisational or transformative programmes to deliver on ICB strategic objectives e.g. an opportunity to deliver an integrated health hub housing primary care, acute, community and mental health services across three providers and a local authority is progressing.

External Funding

In 2022/23 NCL successfully accessed national funding to develop greater resilience and productivity in how we support elective recovery (TIF), transform our clinical footprint to enable state-of-the-art healthcare delivery (NHP), develop diagnostic interoperability to optimise clinical diagnostic resource (Digital Diagnostics), increase our system diagnostic capacity (CDC) and improve digital maturity (FD), all of which continues with delivery of significant milestones in 2023/24.

The significant site developments of Oriel (Moorfields) and St Pancras (multi-organisational) as well as the development of three EPR full business cases (FBC) represent material multi-year investment in NCL infrastructure in 2023/24 and beyond. Further to this, investment in further elective capacity in theatre (inpatient and day case), critical care and outpatient transformation continues to increase system elective activity.

Risk

There is a risk that a revision to the current level of national multi-year programme budgets and/or funding policies will reduce the level of capital and revenue support available to systems creating local pressures or reducing the ability to make significant investment e.g. Frontline Digitisation or CDC programmes.

The current configuration of the revenue funding mechanism presents a potential affordability risk for elective/non-elective funding that could impact the value for money of planned capital investment in elective capacity e.g. Grafton Way Building.

External risks include continued supply chain constraints and extended lead times e.g. diagnostic scanners, excess inflationary costs in market prices particularly in build works and potential supplier availability in digital. This could present a greater risk of slippage towards year-end and potential loss of non-recurrent capital funding.

NCL plans are based on accessing the level of programme funding as currently communicated. Revenue reductions, as seen in 2022/23 for national transformational programmes will increase the level of risk and system affordability for capital investment programmes. Similarly, any unintended revenue affordability consequences that IFRS16 may result in, could consume greater levels of CDEL and/or delay continuation of significant multi-year schemes, increasing total cost and challenging value for money.

Overview of Ongoing Scheme Progression

Guidance:

Please provide an overview of scheme progression. Probably should only be schemes above a certain level

St Pancras Redevelopment (C&I)

Phase 1 – Highgate East. New inpatient mental health facility under construction, expected to complete in November 2023 with go-live in January 2024.

Phase 2 – Lowther Road. Integrated community mental health centre in Islington under construction expected to complete January 2024.

Phase 3 – sale & redevelopment of St Pancras site at business case stage. New C&I Trust facility will be built to accommodate existing HQ and some services based at St Pancras.

Phase 4 – Greenland Road. Full business case (FBC) will be developed after phase 3 for an integrated community mental health centre in Camden.

Phase 5 – North & South Wings of St Pancras at business case stage to relocate services currently operating from the St Pancras site. Required to give vacant possession for phase 3 above.

MHCAS relocation - refurbishment of an existing building in Highgate West expected to complete by March 2024.

Oriel (Moorfields)

The FBC has been approved by NHSE, NHP & HM Treasury with all conditions satisfied. The main construction contract and joint venture agreement has been signed, land transfer approved, and land sale executed. Demolition of existing buildings on site has completed and the next phase of work has started. Breaking ground ceremony to be held in mid-July 2023.

Elective Recovery

The planned delivery of enhanced elective capacity to support waiting list reductions will include a dedicated day surgery unit and recovery capacity both of which will aid efficiency and productivity, four new theatres for high and medium complexity orthopaedic surgery and a short stay neurosciences unit to support the stroke pathway,

Digital Maturity

There are three organisations in NCL evaluated to be a level 0 or 1 in terms of digital maturity in the provision of an EPR. Consequently, the preparation of the associated business cases is underway with all three organisations presenting their OBC to their Board for approval ahead of national programme review. It is anticipated, that subject to NHSE approval and ICB assurance, all three will move to FBC in the summer and commence procurement in 2023/24. Provider organisations have invested in project teams to develop OBCs and committed funding in-year to progress to FBC.

Further work has also commenced on the strategic approach to broader EPR convergence across provider organisations in the provision of acute, community and mental health services considering the opportunities to reduce the provision of multiple systems across acute providers but also vertical integration to support integrated service delivery across different care settings. A pipeline of prospective EPR OBCs is under development.

Risks and Contingencies

Guidance:

Insert any notable risks and/or contingencies associated with the capital plan. Consider RAG rating risks also.

The most significant risks will typically reside with the largest schemes and the ability to complete works in-year and avoid loss of non-recurrent funding. Proactive monitoring of slippage through forecasting and periodical review will a) identify risk early and inform decision-making e.g. acceleration/pause and b) allow reprioritisation of resource to the most urgent priorities.

Build Cost Inflation

An industry wide issue particularly impacting where delivery timetables slip due to external factors. Mitigated appropriately through appropriate levels of build contingency in plans.

Supply Chain Constraints

linked to the above, global constraints exist in key building materials such as steel, lifts, AHUs and building management systems. We seek partners to pre-procure key items to manage both supply and risk. Not all risks can be so mitigated this way and we rely on strong relationships between suppliers and the NHS to prioritise NCL projects.

Advisory Fees

With greater focus across the NHSE to optimise estate the required advisory skills are in high demand resulting in increased fees. Mitigated in-part through project consolidation and buying resource at scale.

Strategic Partnerships

NCL are actively working to secure value-for-money (VfM) projects across wider housing projects with counterparties including local authorities and the private sector. The downturn in the residential market, caused partly by increased interest rates, result in partner expectations on delivery timetables slipping, impacting on NHS delivery.

Contingency/Mitigation

The NCL plan includes the permissible 5% over-programming tolerance to encompass known areas of risk and develop contingent plans to be refined in Q1 with an expectation that prioritisation and slippage will return spend to within the system envelope.

Constraint of related revenue funding i.e. depreciation and capital charges may impact affordability and the ability to deliver on break-even plans and consequently temper the ambition of capital plans.

Business Cases in 2023/24

Guidance:

Please insert detail of some of the key business cases in the ICB that are likely to be submitted in 2023/24.

Digital Maturity

As referenced above, there is a minimum of three EPR business cases that we anticipate will go to FBC and final approval in 2023/24 funded in-part via the FD programme with local match-funding. Whilst not in-scope for FD programme funding, two further EPR

business cases are under development as part of the NCL digital strategy with a view to achieving integration, convergence and value-for-money for NCL.

Estate Redevelopment & Optimisation

See update for phases 4 & 5 against St Pancras redevelopment in 'Overview of Ongoing Scheme Progression' section above.

Integrated Models of Care

A proposal for a multi-year investment for the provision of an integrated health hub (IHH) is being developed which will release sub-optimal primary care estate to relocate GP services alongside community, mental health, debt and social prescribing services in a single location adjacent to an existing CDC site. This may not exceed the NHSE approval threshold but is of significance to the provision of integrated care for the NCL population.

Diagnostic Capacity

Submissions for the continued revenue funding of the two CDC sites will be submitted in-year for 2024/25 funding. Bids for revenue funding for 2023/24 are currently with the national CDC programme team. Work on the potential for a third CDC location is underway which will inform the requirement for any further capital bids from NCL.

Cross System Working

Guidance:

If applicable, can you detail how your system capital plan is coordinated with other systems or providers located in other systems.

Currently there are no significant inter-ICS capital dependencies in existing plans, however as NCL has a large provider footprint (ten acute, community and mental health providers) there are numerous examples of inter-organisational dependencies in capital programmes. The most material are referenced above and include the St Pancras redevelopment, digital diagnostics (both below), Welbourne and the proposed IHH. The ability to optimise use of programme capital funding can be enhanced through greater flexibility to move CDEL between organisations within an ICS.

The St Pancras redevelopment programme encompasses providers of community services located outside NCL (CNWL and CLCH). The capital and associated revenue requirements encompass the implications of these organisations despite not being part of NCL, however these are not significant.

The development of the digital diagnostics programme is driven largely by clinical networks that are configured differently to ICB footprints. There are on-going discussions with neighbouring systems to ensure that alignment of digital solutions compliment that of networks and specialist pathways. The scale of this however, is not significant for the NCL capital plan.

Capital Planning & Prioritisation

Guidance:

Please detail how your system is prioritising available resources for investments which contribute to the wider local strategic priorities of the ICS, and maximise efficiencies within an affordable envelopes as well as how this aligns with and supports the ICS' wider infrastructure strategy - in particular, priorities and plans for future use and development of its estate and assets.

The NCL capital plan is developed from a 10yr capital pipeline prepared by provider organisations and on behalf of primary care, encompassing business as usual requirements as well as strategic schemes. Currently, organisations are given an allocation of the ICS CDEL and asked to prioritise within this envelope.

NCL intends to use this view for a number of purposes;

System Objectives & Risk

This view enables the ICB to assess delivery of system objectives through optimal use of capital resource. The pipeline highlights multi-year and multi-organisational dependencies but also items that relate to local risk registers (including risk scoring) to inform system prioritisation.

Aggregate Capital Resource

The pipeline will contain proposals that are unaffordable within traditional in-year allocations e.g. EPR investment, estate redevelopment etc. thus reliant on incremental funding. This view enables early sight of investments that align to national programmes to access available funding to support delivery. This presents the opportunity to recycle/re-prioritise allocations in-year where external funds can be accessed. It also offers the ability to profile provider allocations across a number of years based on need with the aim of net-neutrality over a short/medium term horizon.

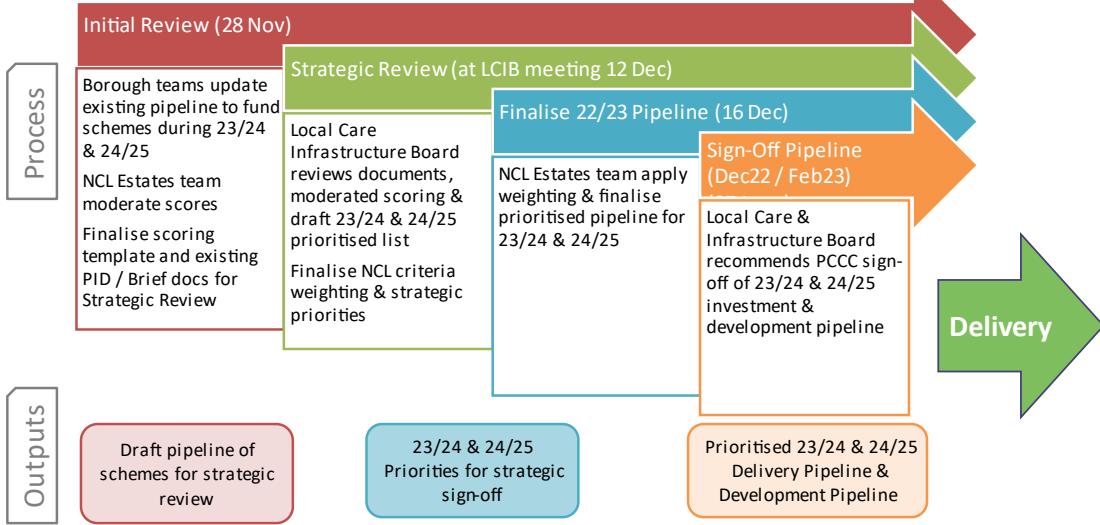
Strategic collaboration

The aggregate view creates the opportunity to identify common priorities for joint-procurement but also cross-system prioritisation where appropriate representing greater value-for-money e.g. system diagnostic asset refresh, PAS/RIS/VNA collaborative.

Process & Governance (Estates)

Across Estates, NCL has adopted a process to assess, challenge and prioritise projects across boroughs to deliver a 1/5/10 year capital programme that is both deliverable and affordable (outlined below) that has received strong LEDU support in its implementation. The process has been undertaken during 2022/23. The output being an agreed 2023/24 capital pipeline for NCL spend into primary and community care.

Process to date



Annex A – NORTH CENTRAL LONDON ICB 2023/24 CAPITAL PLAN

Organisation	CDEL	NCL ICB £'000	BEH £'000	C&I £'000	GOSH £'000	MEH £'000	NMUH £'000	RFL £'000	RNOH £'000	T&P £'000	UCLH £'000	WH £'000	Full Year Plan £'000	Narrative on the main categories of expenditure
Provider	Operational Capital		£10,377	£7,644	£33,569	£10,549	£10,962	£48,124	£8,978	£2,440	£34,809	£12,212	£179,664	Site Developments; St Annes & MEH (Oriol), EPR, Diagnostics Capacity, Estate Backlog Maintenance, Clinical equipment, IM&T
ICB	Operational Capital	£16,032											£16,032	ICS System Reserve to support strategic projects.
	Total Op Cap	£16,032	£10,377	£7,644	£33,569	£10,549	£10,962	£48,124	£8,978	£2,440	£34,809	£12,212	£195,696	
Provider	Impact of IFRS 16		£0	£0	£3,833	£0	£0	£3,496	£0	£0	£10,088	£0	£17,417	Lease arrangements including CDC (2 sites)
ICB	Impact of IFRS 16	£0											£0	
Provider	Upgrades and NHP Programmes		£0	£38,063	£0	£33,879	£0	£0	£0	£0	£0	£0	£71,942	St Pancras & Oriol programmes (MEH, BEH, C&I)
Provider	National Programmes (Diagnostics, FD, MH, TIF)		£0	£60	£327	£6,759	£600	£961	£12,641	£0	£5,341	£12,727	£39,416	EPR (FD), Digital Diagnostics, Elective Capacity (TIF), Theatres & ICU
Provider	Other (technical accounting)		£0	£0	£0	£0	£2,000	£0	£0	£0	£2,522	£0	£4,522	PFI Capital Charges
	Total system CDEL	£16,032	£10,377	£45,767	£37,729	£51,187	£13,562	£52,581	£21,619	£2,440	£52,760	£24,939	£328,993	