

Integrated Care Board

Date of meeting	17 July 2024
Title of paper	Joint Capital Resource Use Plan 2024/25
Presented by	Katherine Disley, Director of Operational Finance
Authors	Gareth Jones, Deputy Director of Strategic Finance Alistair Rose, Director of Strategic Estates, Infrastructure and Sustainability
Agenda item	10
Confidential	No

Executive summary

In line with the amended 2006 Act, ICBs are required to publish the joint capital resource use plan before or soon after the start of the financial year and report against them within their annual report.

This paper describes the background to the Joint Capital Resource Use Plan 2024/25 and provides a copy of the plan itself.

Recommendations

The Lancashire and South Cumbria ICB is asked to **approve** the report.

Which Strategic Objective/s does the report relate to:

Tick

SO1	Improve quality, including safety, clinical outcomes, and patient experience	
SO2	To equalise opportunities and clinical outcomes across the area	
SO3	Make working in Lancashire and South Cumbria an attractive and desirable option for existing and potential employees	
SO4	Meet financial targets and deliver improved productivity	✓
SO5	Meet national and locally determined performance standards and targets	
SO6	To develop and implement ambitious, deliverable strategies	

Implications

	Yes	No	N/A	Comments
There is a risk of over spend against the IFRS16 allocation				<i>This is being discussed with NHSE</i>
Are associated risks detailed on the ICB Risk Register?	✓			SO4 – meet financial targets
Financial Implications			✓	

Where paper has been discussed (list other committees/forums that have discussed this paper)

Meeting	Date	Outcomes
N/A	N/A	N/A

Conflicts of interest associated with this report				
not applicable				
Impact assessments				
	Yes	No	N/A	Comments
Quality impact assessment completed			n/a	
Equality impact assessment completed			n/a	
Data privacy impact assessment completed			n/a	

Report authorised by:	Sam Proffitt, Deputy Chief Executive and Chief Finance Officer
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Integrated Care Board – 17 July 2024

Joint Capital Resource Use Plan 2024/25

1. Introduction

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 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 & Well-being Boards and NHS England (NHSE).
- 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 In line with the amended 2006 Act, ICBs are required to publish these plans before or soon after the start of the financial year and report against them within their annual report.

1.3 Due to the timing of the General Election, the deadline for publication has been moved to 31 July 2024.

1.4 A copy of the Joint Capital Resource Use Plan is attached as Appendix 1.

2. Recommendations

2.1 The Lancashire and South Cumbria ICB is asked to approve the report and the Joint Capital Resource Use Plan 2024-25.

Gareth Jones

25th June 2024

Appendix 1

Joint capital resource use plan 2024/25

Region	Northwest
ICB / System	NHS Lancashire and South Cumbria Integrated Care Board (ICB)
Date published	31 July 2024
Version	Final

Introduction

The Lancashire and South Cumbria 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 1.8million people living in Lancashire and South Cumbria.

The NHS Trusts and NHS Foundation Trusts that form part of the ICB are as follows:

- Blackpool Teaching Hospitals NHS Foundation Trust;
- East Lancashire Hospitals NHS Trust;
- Lancashire and South Cumbria NHS Foundation Trust;
- Lancashire Teaching Hospitals NHS Foundation Trust;
- North West Ambulance Service NHS Trust, and
- University Hospitals of Morecambe Bay NHS Foundation Trust.

Lancashire and South Cumbria ICB has an ICS-wide Infrastructure Strategy 2024 – 2040 that sets out the longer-term vision of the infrastructure / estate. It was endorsed by the ICB Board in January 2024. [LSC Integrated Care Board :: Infrastructure Strategy 2024-2040 \(icb.nhs.uk\)](https://www.icb.nhs.uk/infrastructure-strategy-2024-2040)

The key strategic priorities for 2024/25 are the new learning disability and autism facility lead by Lancashire and South Cumbria Foundation Trust as well as the completion of the elective recovery and Community Diagnostic Centre schemes started in 2023/24. Further priorities are the implementation of electronic patient record systems where these are not currently present or fit for purpose as well as reducing backlog maintenance in Trust estates. Funding is also anticipated for the continued development of the business case to replace The Royal Preston and Lancaster Royal Infirmary sites as part of the New Hospital Program.

The strategic estates role in the ICB sits with the Director of Strategic Estates, Infrastructure and Sustainability. There is a small Strategic Estates Team supporting this function which also includes



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some staff who have a specific role supporting the estates planning function for Primary Care. The Strategic Estates function is supporting the re-establishment of Strategic Infrastructure Groups at PLACE and working with the PLACE agenda for planning and overseeing the infrastructure elements for service planning and transformation.

The Infrastructure Strategy sets out some of the longer-term plans across the system and associated investment required to deliver these. The availability of capital and investment and the timing of that availability will determine the progress / speed of transformation and service change. Capital Planning at System considers organisation pressures, Trust wants and needs, backlog / Critical Infrastructure Risk / infrastructure risk reduction amongst a number of measures.

2024/25 CDEL allocations and sources of funding

The ICB has been allocated the following operational capital allocations for 2024/25 by NHS England (NHSE). Public Dividend Capital (PDC) funded schemes sit outside of the operational capital envelope:

- Provider allocation £92.8m
- ICB allocation £3.1m
- Total allocation £95.9m

The allocation above includes a £10m reduction in the operational capital envelope because of the system having a planned revenue deficit in 2024/25.

The final allocation for International Financial Reporting Standard 16 (IFRS16 - lease expenditure) is still to be confirmed by NHSE.

As shown in Annex A, the total capital programme for 2024/25 is £214m. Excluding the impact of IFRS 16 of £61m, the plan is £153.1m with the funding for this being as follows:

- Operational capital £95.9m
 - Provider operational capital (net of capital loan repayments) £85.7m
 - ICB operational capital (including £6.9m strategic capital reserve (SCR)) £10m
 - Unallocated capital £0.2m (to be added to the SCR)
- PDC / other technical £57.2m

The plans are, therefore, within the allocations set by NHSE.

Within the £92.9m of operational capital, £7.1m has been set aside to create a strategic capital reserve (SCR). The ICB and Provider Collaborative Board (PCB) will jointly decide how this funding is directed in year. For planning purposes, the £7.1m SCR is being held by the ICB.

Capital prioritisation

The system operational capital budget is allocated to each provider using the methodology set by NHS England. Each provider then determines how it deploys the capital available based on local priorities, such as equipment replacement programmes and backlog maintenance.

Access to the strategic capital reserve will be via a bidding process in year. The details and criteria for this are being worked up.

The principles for identification of and disposal of surplus assets follow “Estates Code” HBN 00-08 [NHS England » Health Building Note 00-08: Strategic framework for the efficient management of healthcare estates and facilities](#) and are established in the Infrastructure Strategy. A programme of Space Utilisation across Lancashire and South Cumbria is being established during 24/25. This programme will determine efficiencies and occupation of existing estate and will be supported by the reviews about which estate is Core, Flex, and Tail. A process to confirm the Tail estate and reduce this will be agreed.

A space utilisation plan was developed for one of the Local Improvement Finance Trust (LIFT) buildings (Alfred Barrow in Barrow in Furness) but not progressed due to a lack of availability of capital between DH and CHP. The ICB do not have any financial interest in the LIFT estate and currently have no mechanism to introduce ICB capital into the estate owned by Community Health Partnerships (CHP). There are a number of primary care service development and efficiency developments which are currently paused on grounds of affordability (the difference between the rent the building owners would seek for a development vs. the comparable costs that the District Valuer is prepared to endorse. This is a national issue that has been reported in the press – i.e is not L&SC specific. There is a long-term and general shortage of investment into the Primary Care estate.

All future investments into the ICB infrastructure need to be considered against the context set out in the Infrastructure Strategy, which in turn supports future service strategy and planning. outline of how schemes contribute to the ICB’s vision, aims and objectives, The recently completed Primary Care Network (PCN) Toolkit also is consistent with the ICB Infrastructure Strategy and the specific PCN Estates Plans are currently being reviewed for fit and prioritization. PCNs have recently submitted some of their aspirations for future investment and these are being evaluated by the Primary Care team.

Capital planning

The main areas of spend within the plan are as follows:

- New build £69.3m
- Equipment £22.3m
- Routine maintenance £23.7m
- IT £23.3m
- Ambulance fleet £6.6m
- Backlog maintenance £5.9m

The total capital requirement to remove Backlog and Critical Infrastructure Risk in the Trusts in Lancashire and South Cumbria is £190m (2022/2023 ERIC figures).

Overview of ongoing scheme progression

2024/25 capital plans include the continuation and, in most cases, the completion of a number of schemes that commenced in previous years. All of these are funded by PDC and are as follows:

- Targeted Investment Fund (elective capacity) - £6m to be spent to complete schemes at Lancashire Teaching Hospitals NHS Foundation Trust (LTHT), Blackpool Teaching Hospitals NHS Foundation Trust (BTH) and East Lancashire Hospitals NHS Trust (ELHT).
- Community Diagnostic Centres - £5.4m to be spent to complete schemes at BTH, ELHT, LTHT and UHMB.
- Learning Disabilities and Autism facility - £29.9m to be spent to complete the scheme at Lancashire and South Cumbria NHS Foundation Trust (LSCFT).
- Electronic Patient Records - £7.9m to be spend in 2024/25 and £7.6m in 2025/26 at BTH.
- New Hospital Programme – further £2.7m to be spent in 2024/25 to progress the business case.

Risks and contingencies

The main risk to capital plans in 2024/25 is the risk of inflation creating an in-year pressure on budgets. The risk will be managed through tight monitoring of spend in-year. Given the ICB and provider track records of spending within capital allocations the risk is considered as low risk.

The other risk relates to IFRS16 (lease) spend where planned expenditure is currently £61m against an indicative allocation of £34.7m. This will be managed as in 2023/24 with regular dialogue with NHS England and providers.

Business cases in 2024/25

The main business cases linked to the 2024/25 capital plan are:

- Learning Disabilities and Autism. The OBC was approved by NHSE in 2023/24 and the FBC is expected to be approved early in the summer of 2024/25 with £32m spent in total with completing expected by 31st March 2025.
- EPR business cases at BTH and UHMB are in the process of being agreed with NHSE.
- The business case for a system-wide pathology shared service continues to be developed.
- Investment and Capital Plans for providers in Lancashire and South Cumbria will be assessed with consideration to the Infrastructure Strategy. Trusts will also be developing their own Trust-specific infrastructure / estates strategies which will be picking up the key requirements from the Lancashire and South Cumbria strategy. Specific Business Cases will be making reference to the Trust and ICB infrastructure strategies.
- Two of the Trusts in Lancashire and South Cumbria (University Hospitals Morecambe Bay and Lancashire Teaching Hospitals) have been successful in being accepted onto the New Hospital Programme for the provision of new hospitals on new sites. These will replace the existing hospitals on the Lancaster and Preston sites. This investment has a planned delivery date of 2035 reflecting the long-term nature of larger investments into the NHS.
- Lancashire and South Cumbria have also been successful in obtaining some grant funding towards delivering investments into two of the CHP-owned LIFT buildings in East Lancashire. This investment requires match funding by CHP/DH and where available the LIFT Cos. There isn't currently a funding source between Department for Health and Social Care (DHSC) and CHP for Net Zero upgrades to their estate. These upgrades will need to have been completed by 2040. The ICB continue to work with CHP and LIFT Cos to gain support of these longer-term plans.

Cross-system and collaborative working

Northwest Ambulance Service NHS Trust (NWAS) operates across all ICBs in the Northwest region and as such the capital expenditure incurred by them directly impacts these systems.

The ICB works closely with Cheshire and Merseyside ICB on capital plans for Southport and Ormskirk Hospitals NHS Trust.

Net zero carbon strategy

The ICB has a board endorse Green Plan [Greener NHS :: Green Plan \(icb.nhs.uk\)](https://www.icb.nhs.uk/greener-nhs-green-plan) and the Infrastructure Strategy also makes reference to the Green Agenda and the requirements to achieve carbon neutrality. It also highlights the respective timescales to achieve 80%, Net Zero (2040) and Net Zero + (2045).

The ICB has worked with the Trusts and identified the work required on a hospital site by hospital site basis to achieve Net Zero Carbon. This work is being developed to identify specific costs and the first of three hospitals are currently undergoing this more detailed review. There is a need to complete this work in a consistent way across all the hospitals across Lancashire and South Cumbria.

Circa £1M funding was provided by the NHS Energy Efficiency Fund in 23/24 for LED lightning at Blackpool, Lancashire Teaching and East Lancashire Trusts.

The ICB and its partners continue to seek and apply for funding where available to reduce its carbon footprint. Some of these grants require differing levels of match funding which need to be assessed at the time against competing capital pressures. Some of the match funding requires contribution by partner organisations or national bodies (eg CHP/DHSC).



Annex A – NHS Lancashire and South Cumbria ICB 2024/25 Capital Plan

	CDEL	Lancashire and South Cumbria ICB £000	Blackpool Teaching Hospitals NHS Foundation Trust £000	East Lancashire Hospitals NHS Trust £000	Lancashire and South Cumbria NHS Foundation Trust £000	Lancashire Teaching Hospitals NHS Foundation Trust £000	Northwest Ambulance Service NHS Trust £000	University Hospitals of Morecambe Bay NHS Foundation Trust £000	Total Full Year Plan £000
Provider	Operational Capital		14,939	7,443	10,584	17,908	19,707	15,144	85,725
ICB	Operational Capital	9,976							9,976
	Unallocated Capital	199							199
	Total Op Cap	10,175	14,939	7,443	10,584	17,908	19,707	15,144	95,900
Provider	Impact of IFRS 16		2,831	20,084	0	14,925	22,913	200	60,953
ICB	Impact of IFRS 16	0							0

Provider	Upgrades & NHP Programmes PDC		0	0	0	1,550	0	1,100	2,650
Provider	National Programmes (diagnostics, Front line digitisation, Mental Health, TIF) PDC		11,376	2,470	30,774	3,630	216	3,598	52,064
Provider	Other (technical accounting)		0	2,460	0	0	0	0	2,460
	Total system CDEL	10,175	29,146	32,457	41,358	38,013	42,836	20,042	214,027