

# South East London Integrated Care System Joint Capital Resource Use Plan – 2022/23

<b>REGION</b>	<b>London</b>
<b>ICB / SYSTEM</b>	<b>South East London</b>

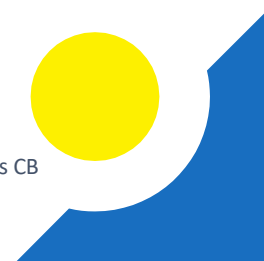
This report outlines the South East London Integrated Care System (SEL ICS) Joint Capital Resource Use Plan for financial year 2022/23.

South East London Integrated Care Board (SEL ICB) and the five partner NHS trusts and foundation trusts in the SEL Integrated Care System (ICS) have collaboratively developed the Joint Capital Resource Use Plan for 2022/23. The plan sets out how the SEL system capital allocation is to be used, together with other capital assumptions and in year adjustments to plans for providers. The Health and Care Act 2022 established ICBs with effect from 1 July 2022. The plan was initially agreed for the 12 months 1 April 2022 to 31 March 2023 by SEL Clinical Commissioning Group (CCG) and the SEL provider trusts, prior to the establishment of SEL ICB. For ease of clarity this report covers the full 12 months, April to 2022 to March 2023, including the 3-month period before the establishment of the ICB.

The joint capital plan draws on multiple funding sources:

- system capital allocation, as notified by NHS England (NHSE)
- capital provided by NHSE to implement national priority programmes.
- capital support to the private finance initiative (PFI) arrangements at Queen Elizabeth Hospital (QEH) and Princess Royal University Hospital (PRUH)
- capital provided for immediate priorities such as elective recovery programmes.
- capital provided in relation to technical accounting changes as a result of the adoption of IFRS 16 (accounting for leases)

The NHS system capital allocation is not intended to enable building large new estate such as hospitals. Its origins are in maintaining existing operational capability. SEL system is seeking to balance organisational operational priorities with system strategic priorities. SEL has identified 10% of its system capital allocation for system strategic priorities with 90% directed to trust specific priorities in 2022/23 and 2023/24. This will increase to 15% in 2024/25.



SEL ICS is required to operate within the total delegated Capital Departmental Expenditure Limit (CDEL). This comprises the system capital allocation, specific additional allocations, for example for national priorities such as community diagnostics and urgent and emergency care capacity, charitable donations, disposals and new public dividend capital (PDC).

Key strategic priorities for SEL, that our joint capital resource use plan supports, includes:

- ensuring capacity in theatres and diagnostic services to support our elective recovery targets.
- expanding and maintaining capacity in urgent and emergency care services to support new pathways of care, admission avoidance and shorter lengths of stay.
- generating and maintaining elective capacity
- developing our digital maturity in clinical settings, for example implementing and developing electronic health record systems and the capability for records to be shared across SE London care providers.
- Continuing, to completion, those longer-term capital programmes that have already started in previous years, such as the building of the Evelina London Children's Hospital by Guy's and St. Thomas' NHS Foundation Trust (GSTT), redevelopment of Douglas Bennett House for modern adult inpatient, eating disorder and neuropsychiatry facilities and the development of the Pears Maudsley Centre for Children and Young People by South London and Maudsley NHS Foundation Trust (SL&M).

We anticipated, and experienced, significant risk in year due to:

- Rising inflationary costs experienced since the Covid pandemic and the war in Ukraine.
- Related delays to building completion and the supply chain for materials and components.
- Securing additional funding from NHSE for the QEH critical infrastructure programme.

We managed these risks through a combination of

- Overplanning by 5% – At the start of the year trust plans included schemes that could be commenced if capital funding became available in year, through for example new capital or slippage in the expenditure against planned schemes.
- Seeking to bring forward schemes from future year plans.

Annex A summarises the 2022/23 Joint Capital Resource Use Plan for South East London ICS.



**Annex A –2022/23 CAPITAL PLAN**

	CDEL	Plan Month 1-12 £'000	Expenditure Months 1-3 £'000	Budget Month 4-12 £'000	Narrative on the main categories of expenditure
Provider	Operational Capital	240,113	51,135	188,978	<p>Funding is assumed within the system capital allocation. Main schemes include:</p> <ul style="list-style-type: none"> <li>- New build: The Evelina Children’s Hospital / Triangle site, wards, and critical care capacity remodelling (GSTT).</li> <li>- Haematology reconfiguration, expanding endoscopy capacity and the modernising medicine programme at Denmark Hill (KCH).</li> <li>- Support to the QEH major critical infrastructure improvement programme, for which additional capital from NHSE is assumed.</li> <li>- Backlog maintenance to improve critical infrastructure across all NHS trusts and foundation trusts</li> <li>- major re-procurement of clinical IT system software and hardware e.g. electronic health record.</li> <li>- long term development of elective services on QMS site (Oxleas)</li> <li>- Redevelopment of Douglas Bennett House and the Pears Maudsley Centre for children and young people project (new build and redevelopment – SL&amp;M)</li> </ul>
ICB	Operational Capital	3,253	0	3,253	<p>This was notified to the ICB at the start of the year as an addition to the system capital allocation for primary care. The budget has been spent on SEL primary care IT and</p>

	CDEL	Plan Month 1-12 £'000	Expenditure Months 1-3 £'000	Budget Month 4-12 £'000	Narrative on the main categories of expenditure
					minor premises improvements in 2022/23, although the delegation of the management of the allocation did not take place. Expenditure was consequently reported by NHSE.
<b>Sub total</b>	<b>Operational Capital</b>	<b>243,366</b>	<b>51,135</b>	<b>192,231</b>	
Provider	Impact of IFRS 16	127,106		127,106	During the year NHSE provided capital cover for the accounting impact of the introduction of IFRS16 (accounting for leases). Significant SEL leases include: <ul style="list-style-type: none"> <li>• Property - Valmar Road, outpatient modular builds and Ophthalmology service buildings (KCH).</li> <li>• Digital – Clinical IT systems</li> <li>• Equipment -</li> </ul>
ICB	Impact of IFRS 16	0	0	0	
Provider	Upgrades & NHP Programmes	3,500		3,500	STP Wave 4 funding for supply chain upgrades.
Provider	National Programmes (diagnostics, Front line digitisation, Mental Health, TIF)	92,103	8,523	83,580	Anticipated funding for the roll out of community diagnostic centres in SEL, tackling critical infrastructure maintenance and levelling up digital maturity across NHS trusts, with a priority on electronic patient record system functionality and capability (e.g., GSTT and KCH). New capital was provided by NHSE to support elective activity recovery (TIF 2), the most significant SEL schemes being expansion of operating theatre capacity (all acutes) and the day surgery and education centre programme (GSTT) and commissioning of critical care beds (KCH).
Provider	Other (technical accounting)	5,442	1,362	4,080	PFI capital charges (e.g., residual interest)
<b>Total</b>	<b>System CDEL</b>	<b>471,517</b>	<b>61,020</b>	<b>410,497</b>	