

Joint capital resource use plan 2024/25

Region	North West
System	Cheshire & Merseyside Integrated Care System

Introduction

Cheshire and Merseyside is one of the largest Integrated Care Systems (ICS) in England, with a large number of stakeholders working together to improve the health and care of our population. Figure One shows how we are configured at a Cheshire and Merseyside level.

Figure One



Some of the ways we come together in the Cheshire and Merseyside system to inform infrastructure planning and agree key aims and objectives covering key estate or capital priorities includes:

- the Cheshire and Merseyside Health and Care Partnership (HCP). This is a statutory joint committee between NHS Cheshire and Merseyside Integrated Care Board and our nine local authorities which also includes a wide range of partners from across the health and care system. This Board works together to support partnership working and is responsible for producing our Health and Care Partnership Strategy

- the NHS Cheshire and Merseyside Integrated Care Board. This is a statutory NHS organisation responsible for managing the NHS budget and arranging for the provision of health services whilst supporting the integration of NHS services with our partners.
- our nine Place Based Partnerships. These work locally to support the integration of health and care services in support of local Joint Health and Wellbeing Strategies
- NHS Cheshire and Merseyside Finance and Resources Committee. A sub committee of the Board which duties includes supporting delivery and oversight of financial delivery and development of financial strategy including making recommendations within the ICS covering capital, investment and digital investment priorities. This committee is also supported by the Strategic Estates Board with a focus developing the ICS Infrastructure Strategy and Place Estates Plans.

They key priorities for 2024/25 are to enable secondary care and primary care and GP Practices to maintain their equipment and premises safe, whilst also investing in a number of key strategic objectives. The completion of Community Diagnostic Centres and elective recovery centres is a key priority as well as the eradication of Reinforced Autoclaved Aerated Concrete (RAAC) from Trust premises (Countess of Chester, Aintree Hospitals and Mid Cheshire Hospital).

Further investment in electronic patient records at Warrington & Halton Hospital, Southport and Ormskirk and Liverpool University Teaching Hospitals remains a key objective). **See Annex A for detail.**

2024/25 CDEL allocations and sources of funding

As shown in Annex B, the total capital programme for 2024/25 is £431.1m. Excluding the impact of IFRS16 operating leases, the plan is £389.1m with the funding for this being as follows:

- Trust own resources £180.6m
- Primary Care £4.7m
- Public Dividend Capital (PDC) £212.8m

This is considered to be low risk as all the funding has been confirmed, with PDC subject to business case approval from NHSE.

The 2024/25 plan has been overprogrammed by c£12.0m (4.6%) against the core notified capital allocation. NHSE planning guidance allows a 5% overprogramming tolerance at plan stage against allocations. Mitigations are being developed with providers in year to ensure the system lives within its notified allocations.

Capital prioritisation

National strategic capital investment, such as Community Diagnostic Centres, Elective Recovery and Frontline Digitisation were administered by the national team with support from the system's project teams to reflect a prioritisation conducted for each programme. The frontline digitisation EPR funding has been directed towards those organisations with the lowest digital maturity.

The System's allocation of Capital funding was allocated using a combination methodology. All providers have been allocated a base capital allowance, based on their need to replace existing assets by using depreciation as a proxy. Additional allocations have been made to

reflect local system priorities such as UEC upgrades, eradication of mental health dormitories, neonatal development and mental health urgent resource centres, as well as targeted investment in backlog maintenance at Southport and Ormskirk NHS Hospital Trust and Wirral University Teaching Hospital Foundation Trust.

Capital planning

Table One sets out the areas and types of expenditure in the 2024/25 that the c£424m capital plan is addressing across backlog maintenance, critical infrastructure risk, equipment replacement and new build schemes.

It should be noted that within both £219m 'new build' schemes and £52m of significant/sigh risk backlog maintenance includes £96m of spend addressing sites with RAAC (Reinforced autoclaved aerated concrete).

Table One

Capital Plan – by expenditure type	ICB £,000	Providers £,000	Total £,000
Backlog maintenance – significant and high risk (CIR)		52,348	
Backlog maintenance – moderate and low risk		10,151	
Routine maintenance – Land, Buildings and dwellings		19,345	
Clinical equipment		44,874	
Non-Clinical Equipment		1,237	
IT – Clinical systems		44,839	
IT – Cyber		5,731	
IT – hardware		6,050	
IT – Other		4,430	
New build schemes		219,473	
Other		15,808	
ICB Lease agreements	2,161		
GPIT	2,400		
GMS Premises Improvement Grants	2,298		
	6,859	424,286	
Total (ICS system)			431,145

Overview of ongoing scheme progression

In 2024/25 several large schemes which started in previous years will continue. The main ones are set out below with the values representing the in year planned capital expenditure:

- Eradication of RAAC (Countess of Chester, Liverpool University Hospitals and Mid Cheshire Hospitals) - £95m
- New Hospitals Programme (Liverpool University Hospitals) - £21m
- Community Diagnostic Centres (Warrington & Halton Hospitals and East Cheshire Hospitals) - £8m
- Elective Recovery (Liverpool Women's, Mid Cheshire, Mersey & West Lancashire and Warrington & Halton Hospital) - £15m
- EPR development (Mid & East Cheshire, Liverpool University Hospitals, Mersey & West Lancashire and Warrington and Halton Hospitals) - £32m
- Eradication of Mental Health Dormitories (Mersey Care) - £53m
- Emergency Care Upgrades (Wirral University Hospitals) - £9m.

Risks and contingencies

The main risks to capital plans in 2024/25 are:

- risk of inflation creating an in-year pressure on budgets against allocations. The risk will be managed through tight monitoring of spend in-year.
- providers and the ICB managing levels of backlog maintenance and critical infrastructure risks within a limited resource limit. This continues to be reported and managed through individual organisations boards.
- the C&M ICS plan has been set with a c£12m overprogramming element and therefore a risk that the ICS may not delivery a compliant capital envelope during 24/25. This will be managed in year through the appropriate ICS and provider committees.

Business cases in 2024/25

The main business cases expected to be submitted in 2023/24 are

- new EPR systems at Liverpool University Teaching Hospitals NHS Trust, Warrington & Halton Teaching Hospital Foundation Trust and Mersey and West Lancashire Teaching Hospital NHS Trust.
- Strategic Outline Case for the new Leighton Hospital campus at Mid Cheshire Hospitals NHS Foundation Trust as part of the New Hospital Programme.
- work will continue with the completion of the new Royal as part of the NHP programme.

Cross-system and collaborative working

The capital allocation for Northwest Ambulance Service NHS Trust (NWAS) is held by NHS Lancashire and South Cumbria ICB. NWAS operates across all ICBs in the Northwest region and as such the capital expenditure incurred by them directly impacts all three systems.

The ICB works closely with NHS Lancashire and South Cumbria ICB on capital plans for Southport and Ormskirk Hospital sites as part Mersey & West Lancashire Teaching Hospitals NHS Trust.

Annex A – Cheshire and Merseyside ICS 2024/25 - Capital Plan – Total CDEL

	CDEL	ICB	Provider 1	Provider 2	Provider 3	Provider 4	Provider 5	Provider 6	Provider 7	Provider 8	Provider 9	Provider 10	Provider 11	Provider 12	Provider 13	Provider 14	Provider 15	Provider 16	Total Full Year Plan
		£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000
Provider	Operational capital		16,923	2,100	6,790	77,600	4,287	7,461	45,653	5,035	32,341	9,623	24,051	9,013	4,390	7,632	4,684	12,870	270,453
ICB	Operational capital	4,698																	4,698
	Total system operational capacity	4,698	16,923	2,100	6,790	77,600	4,287	7,461	45,653	5,035	32,341	9,623	24,051	9,013	4,390	7,632	4,684	12,870	275,151
Provider	Impact of IFRS 16		-	2,367	1,076	150	1,935	350	13,745	-	3,913	3,930	4,205	2,097	2,500	1,838	1,769	-	39,875
ICB	Impact of IFRS 16	2,161																	2,161
Provider	New Hospital programme		-	-	-	-	-	-	21,121	-	-	5,400	-	-	-	-	-	-	26,521
Provider	Other national programmes (please list separately as required)																		-
	Diagnostics		55	-	-	35	3,100	-	2,892	56	-	-	59	34	-	4,985	-	64	11,280
	Front line digitisation		-	-	-	-	2,660	-	13,024	-	-	2,100	7,100	-	-	7,236	-	-	32,120
	Mental Health		609	-	1,300	-	-	-	-	-	22,873	-	-	-	-	-	-	-	24,782
	Elective Recovery		-	-	-	-	-	-	-	4,751	-	5,582	1,851	-	-	3,217	-	-	15,401
	Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Provider	Other (technical accounting)		12	-	-	14	1-	-	426	-	333	-	3,069	-	-	-	-	-	3,854
	Total System CDEL	6,859	17,599	4,467	9,166	77,799	11,982	7,811	96,861	9,842	59,460	26,635	40,335	11,144	6,890	24,908	6,453	12,934	431,145