



# ICS stories: Capital prioritisation in Nottingham and Nottinghamshire ICS

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# ICS Stories

## Capital Prioritisation in Nottingham and Nottinghamshire

Marcus Pratt & Dominic Thornton

# Context – Nottinghamshire Integrated Care System

**Serving a population of 1.2m**  
**CCG Allocation approx. £1.6 billion p.a.**  
**Net ICS Turnover approx. £3 billion p.a.**



**Bassetlaw will become a formal part of the ICB from April 2022**

|   |   |  |  |
|---|---|--|--|
| Nottingham and Nottinghamshire ICS                              |   |  |  |
| Nottingham City ICP<br>396,000 population                       | South Nottinghamshire ICP<br>378,000 population | Mid Nottinghamshire ICP<br>334,000 population                        | Bassetlaw Place<br>118,000 population        |
| 8 PCNs  | 6 PCNs  | 6 PCNs   | 3 PCNs                                       |
| Nottingham and Nottinghamshire CCG                              |   |  | Bassetlaw CCG                                |
| Nottingham University Hospitals NHS Trust                       |   | Sherwood Forest NHS Foundation Trust                                 | Doncaster and Bassetlaw NHS Foundation Trust |
| Nottinghamshire Healthcare NHS Foundation Trust (mental health) |   |  |  |
| Nottingham CityCare Partnership (community provider)            |   | Nottinghamshire Healthcare NHS Foundation Trust (community provider) |  |
| East Midlands Ambulance NHS Trust                               |   |  |  |
| Nottinghamshire County Council                                  |   |  |  |
| Nottingham City Council (Unitary)                               | Broxtowe Borough Council                        | Gedling Borough Council  | Rushcliffe Borough Council                   |
|   | Ashfield District Council                       | Mansfield District Council   | Newark and Sherwood District Council         |
|   |   |  | Bassetlaw District Council                   |
| Voluntary and Community Sector input                            | Voluntary and Community Sector input            | Voluntary and Community Sector input                                 | Voluntary and Community Sector input         |

# Context – Nottinghamshire Capital & Estate

## Estates Strategy

- Rated as good following checkpoint review process in 2019
- In a nutshell strategy is to:
  - Fully utilise good ‘fixed point’ estate.
  - Rationalise poor quality surplus estate
  - Invest in additional capacity where required to improve service provision

## Sherwood Forest Hospitals

- Medium sized DGH with 3 hospitals across Mid-Nottinghamshire.
- Largest PFI in the country as a proportion of trust turnover
- PFI has significant adverse impact on capital resource available under current funding formula
- Relatively high proportion of older retained estate requiring significant maintenance and upgrade.
- Deficit organisation (partly due to PFI) meaning no access to cash reserves.

## Nottinghamshire Healthcare

- Large community and mental health foundation trust with responsibility for forensic services at Rampton Hospital.
- Large estate portfolio across Nottinghamshire
- Mix of newer LIFT buildings, NHSPS estate and internal freehold/leasehold including some PFI
- New mental health facility purchased in 20/21 through system envelope, planned to be opened this year.

## Nottingham University Hospitals

- Large acute trust with 2 of its 3 hospitals in significant state of disrepair.
- See next slide for further detail.

Context – Nottinghamshire estate: Nottingham University Hospitals NHS Trust (NUH)

- NUH is a large teaching hospital providing local services for Nottingham and surrounding area and specialist services for up to 4 million people across the region. The Trust employs nearly 17,000 staff working at the Queens Medical Centre (QMC), Nottingham City Hospital and Ropewalk House.
- The QMC is where the Emergency Department (ED), Major Trauma Centre, hyper acute stroke unit, Nottingham Treatment Centre and the Nottingham Children’s Hospital are based. It is also home to the University of Nottingham’s School of Nursing and Medical School.
- Nottingham City Hospital is where the cancer centre and heart centre are based. Ropewalk House is where the trust provides a range of outpatient services, including hearing services
- The trust has 90 wards, with around 1,700 beds and an annual budget of £1.4bn.



## Context – NUH estate: Three sites

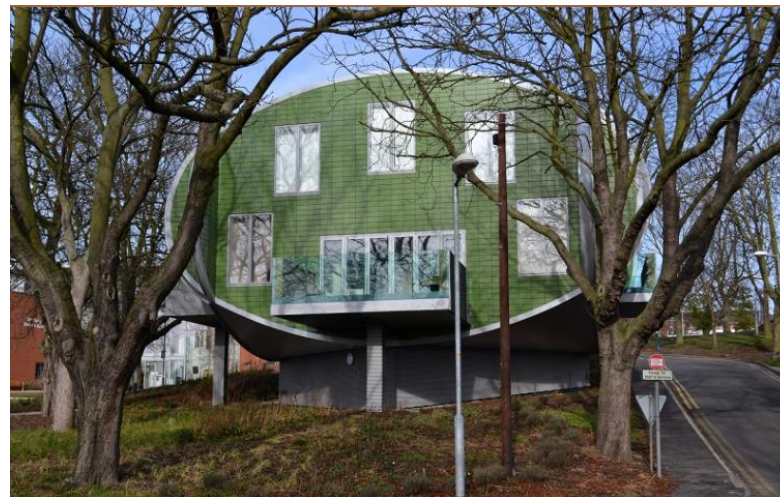
- Queen’s Medical Centre – “hot site” adjacent to the University of Nottingham with an A&E designed for 500 attendances per day maximum that sees up to 800 attendances per day.
- Opened in 1977 it has been added to organically over the years (including a very small PFI) but is ageing at the same rate.
- The Nottingham Treatment Centre was built in the 2000s as an ISTC but was recently transferred to NUH operation.
- The Trust has its own tram stop, but hasn’t been able to accommodate a heli-pad has reached the limits on its electrical capacity and has been renting a mobile MRI for years.





## Context – NUH estate: Three sites

- City Campus – Large campus to the north of the city
- Made up of an eclectic mixture of estate from its history as Bagthorpe Workhouse and Infirmary through to modern purpose built facilities like the cystic fibrosis unit and the Trent Cardiac Centre
- The site has some very poor quality estate especially on its South Corridor (asbestos, poor fire access etc).
- Focuses include cancer, elective surgery, respiratory wards and its own maternity and NICU.



## Context – Nottinghamshire estate: NUH

- The condition of the estate has impacted on the trust's ability to deliver high quality care; the buildings were designed at a different time to care for fewer patients with different needs than those of today.
- Through Tomorrow's NUH the trust has recognised an opportunity to address those issues. Part of the national HIP 2 process a potential c. £1bn should enable proper implementation of hot and cold site split and focus on clinical adjacencies. Can't solve all issues and realistically 5 to ten years away at least.
- Meanwhile, a condition survey conducted in late 2020 demonstrated a deterioration in the trust estates backlog from the last survey conducted in 2016. As of July 2021, the backlog sat at £406m.



# National Distribution of Funds

£97.9m received in 20/21 including £18m of Critical Infrastructure Risk Funds.

**£82.6m BAU envelope issued in 21/22.** National distribution as follows:

- Depreciation (less PFI) - £44.7m. Only £0.7m to SFH due to PFI impact.
- Gross Asset Value - £17.9m
- Historic Surplus Distribution - £3.8m. All due to NHT
- Backlog Maintenance - £9.9m. £8.3m due to NUH.
- Diagnostics - £1.3m
- Neonatal Service at NUH (ring-fenced) - £5.0m
- Indicative cash split issued within envelope of £56.8m self-financed and £25.8m PDC cash support – *cash availability was a significant limiting factor in 20/21*

| Funding Methodology £'000                     | NUH    | SFH   | NHT    | ICS    |
|---|--------|-------|--------|--------|
| Depreciation less PFI/Finance lease repayment | 34,287 | 652   | 9,721  | 44,660 |
| Gross asset value distribution                | 4,540  | 441   | 3,330  | 8,311  |
| Historical Surplus distribution               | 0      | 0     | 3,800  | 3,800  |
| Emergency PDC - gross asset                   | 5,244  | 510   | 3,846  | 9,599  |
| Emergency PDC - BLM                           | 8,347  | 1,016 | 512    | 9,876  |
| Diagnostics                                   | 727    | 71    | 533    | 1,331  |
| Neonatal Service Scheme                       | 5,000  | 0     | 0      | 5,000  |
|   | 58,145 | 2,689 | 21,742 | 82,577 |

## Principles for distribution of ICS Capital Envelope

- Capital resources are required to address on-going BAU priorities at an organisational level. Funds to be **allocated** to support this.
- Capital resources should be used to address national priorities as per the issued guidance.
- Where funds are provided for an explicit purpose they should be allocated and used to support that programme.
- Capital resources should be used to address ICS strategic priorities. Funds will be distributed based on a **system-level prioritisation**.
- Actively seek external funding sources to maximise capital resources available to the system.

## Process

1. Allocation – CDEL allocated to organisations based on self-funded depreciation values.
2. Allocation – CDEL allocated based on specific guidance issued (e.g. diagnostics, neonates)
3. Allocation – consideration of amounts from remaining resources to be allocated against further BAU priorities and value to be prioritised against larger schemes (step 4). Note in particular SFH capital shortfall and addressing CIR.
4. Prioritisation – Remaining resource to be reserved for prioritising large transformational capital schemes.

Organisations to produce plans within allocated resources available

Develop options for SFH allocation – e.g. depreciation value prior to PFI adjustment. Consider resources (if any) to address further BAU requirements.

Organisations to prioritise large schemes internally to feed into system process. Development of CSF and criteria to support system level prioritisation.

# Internal ICS Allocation Process

- Organisations developed and put forward £152m of schemes against the £82.6m envelope
- As per the agreed principles and process, £61m directly allocated to organisations
- Further £7.7m to SFH based on agreed allocation basis
- £4.5m to support equipping of Sherwood Oaks – match funded
- **£9.4m funds remaining for prioritisation at a system level**

| Funding Methodology £'m                       | NUH         | SFH        | NHT         | ICS         |
|---|-------------|------------|-------------|-------------|
| Depreciation less PFI/Finance lease repayment | 34.3        | 0.7        | 9.7         | 44.7        |
| Gross asset value distribution                | 4.5         | 0.4        | 3.3         | 8.3         |
| Historical Surplus distribution               | 0.0         | 0.0        | 3.8         | 3.8         |
| Emergency PDC - gross asset                   | 5.2         | 0.5        | 3.8         | 9.6         |
| Emergency PDC - BLM                           | 8.3         | 1.0        | 0.5         | 9.9         |
| Diagnostics                                   | 0.7         | 0.1        | 0.5         | 1.3         |
| Neonatal Service Scheme                       | 5.0         | 0.0        | 0.0         | 5.0         |
| <b>TOTAL NOTTS ICS</b>                        | <b>58.1</b> | <b>2.7</b> | <b>21.7</b> | <b>82.6</b> |

| Proposed Allocation of Capital Resources - Prioritisation Group | NUH £'m     | SFH £'m     | NHT £'m     | ICS £'m     |
|---|-------------|-------------|-------------|-------------|
| Depreciation less PFI repayments                                | 34.3        | 0.7         | 9.7         | 44.7        |
| SFH allocation based on 3 years BAU spend                       | 0.0         | 7.7         | 0.0         | 7.7         |
| Sherwood Oaks - MH Dorms matched funding                        | 0.0         | 0.0         | 4.5         | 4.5         |
| Backlog Maintenance - as per funding method                     | 8.3         | 1.0         | 0.5         | 9.9         |
| Diagnostics - will require matched funding                      | 0.5         | 0.8         | 0.0         | 1.3         |
| Neonatal Service Scheme   | 5.0         | 0.0         | 0.0         | 5.0         |
| <b>Total Allocated Funds</b>                                    | <b>48.1</b> | <b>10.2</b> | <b>14.8</b> | <b>73.2</b> |

## Prioritisation of the remaining funds

- Following allocation process, £80m of original schemes put forward remain unfunded
  - £32m BAU schemes addressing operational risk
  - £48m larger strategic priorities
- Organisations asked to further refine plans to take forwards into a system prioritisation process.
- 13 priority schemes (or areas) identified totaling £26.1m
- Plans on a page developed for Chief Executive led review process with following critical success factors:
  - **Strategic Fit**
  - **Patient/Staff Safety Quality & Experience**
  - **Value for Money**
  - **Deliverability**

| Capital Plans for prioritisation (£'m)                       | 21/22       | 22/23       | 23/24       |
|--|-------------|-------------|-------------|
| New shared care record and eco-systems platform              | 1.0         | 1.6         | 0.8         |
| <b>Sub Total System Wide DAIT Schemes</b>                    | <b>1.0</b>  | <b>1.6</b>  | <b>0.8</b>  |
| Theatres & Critical Care Unit Redevelopment                  | 0.8         | 23.7        | 25.2        |
| CSSD Service Provision                                       | 2.9         | 2.9         | 0.0         |
| MRI scanner purchase and new build                           | 3.2         | 0.0         | 0.0         |
| <b>Sub Total SFH</b>   | <b>6.9</b>  | <b>26.6</b> | <b>25.2</b> |
| Addressing critical infrastructure estates risk              | 8.8         | 0.0         | 0.0         |
| Mechanical Thrombectomy - NUH                                | 0.5         | 6.0         | 0.0         |
| Non Invasive Ventilation Capacity and Oxygen Capacity at QMC | 5.0         | 0.0         | 0.0         |
| Post-Anaesthesia Care Unit (PACU)                            | 1.5         | 0.0         | 0.0         |
| Leengate – Phase 1   | 4.0         | 0.0         | 0.0         |
| <b>Sub Total NUH</b>   | <b>19.8</b> | <b>6.0</b>  | <b>0.0</b>  |
| Patient Care and Environment Improvements                    | 0.8         | 0.0         | 0.0         |
| Health & Safety of Patients, Staff, Visitors and Carers      | 1.2         | 0.0         | 0.0         |
| Support Service Development                                  | 0.1         | 0.0         | 0.0         |
| Information Technology                                       | 0.8         | 0.0         | 0.0         |
| <b>Sub Total NHT</b>   | <b>2.9</b>  | <b>0.0</b>  | <b>0.0</b>  |
| <b>TOTAL Schemes</b>   | <b>30.6</b> | <b>34.2</b> | <b>26.1</b> |



## NUH – Internal Prioritisation Processes

- The Trust faces a number of challenges in its internal prioritisation process.
- Balancing urgent need against strategic direction.
- Prioritisation of schemes versus execution risk of delivery.
- Maximising use of available resources in the light of late confirmation of availability of funds
- Key area of focus is bridging from annual plan to Tomorrow's NUH. Move to a three to five year approach.
- £83.3m confirmed or approved capital funding in 2021/22 of which £56m is from the ICS, £5.4m externally funded and £20m is a grant for a Carbon energy project
- Future commitment linked to ongoing schemes and proposed schemes could be up to £54m in 2022/23 and £26m in 2023/24

## NUH – Internal Prioritisation Processes

- Good news: NUH annual capital programme increased from c. £35m per year five years ago to nearly c. £90m for the last two years.
- Challenge: Includes larger projects with complicated design and implementation periods. Extra strain on internal resources and supply chain.
- Resource management of Tomorrow's NUH and NRC programmes in addition.
- Prioritisation managed through the Trust's Investment Governance Committee and its sub committees – ICT, Estates and Medical Equipment.
- The Trust has a number of rolling programmes of replacement including its 6 Linacs, MRIs and CTs etc.
- The Trust is also managing large scale schemes such as replacing boilers and energy at the City Campus, developing a maternity and neo nates solution at QMC.
- In addition the Trust is dealing with addressing its immediate reconfiguration challenges such as paediatric ED, lack of ward space at QMC as well as emerging requirements such as the need to expand critical care capacity.

## What really happened? How did we get this across the line

- Prioritisation panel never happened!
- Allocation methodology stood as described. Remaining funds allocated through FD consensus with System Executive Group sign-off.
- Remaining £9.4m allocated as follows:
- **£7.8m prioritised for NUH** to address critical infrastructure risks addressing patient/staff safety and loss of capacity due to business interruptions and for addressing the current risk on our respiratory services.
- **£0.7m for further prioritisation at SFH**. SFH have a number of priority programmes they are looking to take forward including larger schemes such as a new MRI scanner and new build to house CSSD. SFH have planned a further prioritisation of these alongside the BAU requirements. The proposed £0.7m gives SFH a total of £10.7M in 2021/22 to take this forward.
- **£0.9m at NHT**. These will focus on estates related schemes to address health and safety of patients, staff, visitors and carers and improvements to patient care environments.
- Shared Care Record remains unfunded in the plan. In-year solution required to take forward this system priority.

| Proposed Allocation of Capital Resources | NUH  | SFH  | NHT  | ICS  |
|--|------|------|------|------|
| 2021/22 Total Allocated Funds (£'m)      | 56.1 | 10.7 | 15.7 | 82.6 |
| 2021/22 Proportion of ICS Envelope (%)   | 68%  | 13%  | 19%  | 100% |
| 2020/21 Proportion of ICS Envelope (%)   | 66%  | 12%  | 22%  | 100% |

## Outstanding Issues and Challenges – Next Steps in developing our Approach

### Challenges

- Whole programme system-level *prioritisation* is an impossible ask.
- Multi-year settlement.
- No identifiable funding route for medium to large schemes.
- Need to move from fire-fighting to actively improving estate.
- Delivery risk – in-year slippage exacerbated by material and labour shortages.
- Link to estate strategy.

### Next Steps to address challenges

- Clear and transparent reporting of capital expenditure
- Agile approach to capital management
- Agree large-scale capital priorities
- Pursue external capital funds where available
- Develop 3-5 year capital plans
- Wider understanding of ICS capital and estates plans