

# Gloucestershire Integrated Care System

## Joint capital resource use plan 2024/25

### Introduction

Parliament and Treasury set the Department of Health and Social Care (DHSC) a limit for how much capital it can spend. Capital spending covers long-term spend such as new buildings, equipment and technology. It doesn't include spending such as staff costs or medicines (which is classed as revenue).

This budget limit, called the capital departmental expenditure limit (CDEL), covers all capital spending by the Department and the NHS. The Department and the NHS are legally obliged not to spend above this limit. A major part of the NHS capital is allocated to Integrated Care Systems and Systems prioritise this capital to develop a System plan with the majority going towards NHS Foundation Trusts and a small amount for General Practice requirements (covering information technology and minor improvement grants). Planning takes into account the need to upgrade estates, replace medical equipment and information technology equipment plus the strategic objectives for the System.

The Gloucestershire Integrated Care System is one of the smaller and less complex ICSs in the country. We are coterminous with our Local Authority: Gloucestershire County Council, have one Acute Hospital, Gloucestershire Hospitals' Foundation Trust (operating across two sites in Gloucester City and Cheltenham), one Community and Mental Health services provider, Gloucestershire Health & Care Foundation Trust (GHC).

This lays a foundation for close collaborative working to serve the Gloucestershire population of over 680,000 people expected to rise to 715,095 by 2030. Like many systems we have a number of demographic challenges.

### About health and care services in Gloucestershire

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|---|---|
| <ul style="list-style-type: none"><li>- Serving 682,262 people, projected to rise to 715,095 people by 2030.</li><li>- +28,000 staff working in health &amp; social care.</li><li>- The combined workforce includes over 10,000 staff providing direct care and over 8,000 professionally qualified staff (nurses, medics and Allied Health Professionals)</li><li>- 1 Integrated Care Board</li><li>- 1 Acute Hospital Trust (2 sites)</li></ul> | <ul style="list-style-type: none"><li>- 1 Mental Health and Community Trust</li><li>- 6 Integrated Locality Partnerships</li><li>- 15 Primary Care Networks</li><li>- 65 GP Practices</li><li>- 62 Dental &amp; 7 Orthodontist practices</li><li>- 1 County Council with responsibility for education, public health, adult social care and children's social care</li><li>- Over 5,500 independent social care providers</li></ul> |
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The proportion of the population aged 75-84 are expected to increase by 41.7% from 2018 to 2028, whilst from 2028 to 2043, the increase will be greatest in the age group 85 or over (an increase of 60%). These changes mean that by 2043, the proportion of people in the county who are aged 85 or over will have risen from 2.8% to 5.0%. Gloucestershire has a lower proportion of 0-19 year olds and 20-64 year olds and a higher proportion of people aged 65+. The county experiences a net movement of over 400 people aged between 18-30 leaving the county each year. Average life expectancy at birth is 80 years for males and 84 years for females which is above the England average. On average people in Gloucestershire enjoy 67 years in good health.

While Gloucestershire has good outcomes compared with the rest of the country, we know that there are unfair differences in outcomes and wellbeing for different people. Our Integrated Care Strategy describes the disparity between those living in the wealthiest areas of the county and the least wealthy areas of the county, amounting to an average difference of 11 years of 'healthy life'. We want people to get the same good care and good outcomes no matter who they are or where they live.

58,707 (8.2%) of the population in Gloucestershire live in the 20% of most deprived areas in England. These are mainly within Gloucester and Cheltenham but also includes parts of the Forest of Dean and Tewkesbury. We have set out a commitment within this plan to improving health equity as we know good health outcomes can be lower amongst people living within these communities.

The provision of high quality care in the most appropriate settings is a fundamental strategic aim for the system. This includes the provision of buildings, equipment, and digital technology to ensure this care can be delivered on an ongoing basis.

Gloucestershire has two acute hospital sites, one in Gloucester and one in Cheltenham. Gloucestershire Health & Care NHS Foundation Trust operates six community hospitals, a learning disability unit and four mental health in patient units along with a number of smaller sites across the county. GP practices operate out of 83 buildings across the county of which 52 sites are owned by GPs, 20 sites are leasehold, 7 sites are owned by NHS Property services and 4 sites where the head lease is held by NHS property services.

The County is predominantly rural with an area of 1,220 sq miles, there are urban centres such as Gloucester City and Cheltenham but also large rural areas with smaller towns and villages.

### Governance

The allocation of System capital funding for Gloucestershire was determined through a process of organisational prioritisation, via organisational committees, and then System

assessment of the proposed programme to assess against System priorities and known risks. System Governance is through the System Resources Committee. A key focus for this year has been on reducing risk relating to backlog maintenance and compliance risks plus completing developments that support our strategic plan such as the Forest of Dean Hospital and the Image Guided Interventional Surgery (IGIS) development within GHFT as part of the Fit for the Future Programme. In addition ensuring ongoing investment in equipment and digital.

Reporting on the capital programme takes place monthly and is reported to the ICS Resources Committee and ICB Board bi monthly.

NHS Gloucestershire Integrated Care Board (ICB) is a core member of the One Gloucestershire Health and Wellbeing Partnership alongside NHS providers, primary care, local councils, health, and care providers and voluntary, community and social enterprise (VCSE) organisations. The partnership strategic priorities are:

- **Making Gloucestershire a better place for the future** - improving the health, wellbeing and care of our citizens - focus on early prevention and the wider impacts on health
- **Transforming what we do** - locality integrated working that supports the needs of the local population, achieving equity - reducing unfair and avoidable differences in health, developing our workforce, improving quality and outcomes across the whole person journey and making the most of digital technology to support care
- **Improving health and care services today** - improving access to care, reducing waiting times, supporting improvements in urgent and emergency care and improving mental health support.

The Integrated Care System has a Joint Forward Plan [One Gloucestershire Joint Forward Plan](#) (JFP) describes how we will deliver and improve the health and care elements of the [integrated care strategy](#). The Joint Forward Plan is currently being refreshed.

Healthcare infrastructure is critical to the delivery of safe, high-quality clinical services and a key enabler for transformational change and quality improvement. A fit for purpose estate means that we can deliver the kind of modern, digitally enabled patient care pathways that we know result in significant improvements for patients, staff and anyone involved with the NHS. The ICS is developing an infrastructure plan to respond to the needs for the system in the future and help prioritise constrained resources.

Abbreviations used within this document:

Gloucestershire Hospitals NHSFT: GHFT

Gloucestershire Health & Care NHSFT: GHC

Gloucestershire Integrated Care Board: GICB

Gloucestershire County Council: GCC

## 2024/25 CDEL allocations and sources of funding

The main source of funding for the System capital programme is the System operational capital resource limit (resources through internally generated funding, cash and depreciation within organisations), other sources include disposals, national programme funding for specific schemes, capital grants and national funding for new leases under IFRS 16. The total programme funding is shown below.

|  | 2024/25 Capital Plan |               |                          |              |                |
|--|----------------------|---------------|--------------------------|--------------|----------------|
|  | GHFT<br>£000's       | GHC<br>£'000  | Primary<br>Care<br>£'000 | ICB<br>£'000 | Total<br>£'000 |
| Disposals  | 0                    | 4,000         | 0                        | 0            | 4,000          |
| National Programme – community digital diagnostic capability | 2,167                | 0             | 0                        | 0            | 2,167          |
| IFRIC12-GHFT   | 599                  | 0             | 0                        | 0            | 599            |
| Donation Charitable  | 500                  | 0             | 0                        | 0            | 500            |
| Grant  | 999                  | 0             | 0                        | 0            | 999            |
| National Funding for new IFRS 16 leases (to be confirmed)    | 7,412                | 1,215         | 0                        | 0            | 8,627          |
| <b>Total Other Funding Sources</b>                           | <b>11,177</b>        | <b>5,215</b>  | <b>0</b>                 | <b>0</b>     | <b>16,892</b>  |
| <b>System CDEL</b>   |                      |               |                          |              |                |
| Notified System CDEL   | 30,502               | 4,011         |                          | 28           | 34,541         |
| CDEL Bonus (Impact of ICS 2023/24 breakeven)                 | 1,341                | 227           |                          |              | 1,568          |
| CDEL Bonus 2024/25   | 4,209                | 3251          |                          |              | 7,460          |
| Primary care capital allocation                              |                      |               | 1,114                    |              | 1,114          |
| <b>System CDEL</b>   | <b>36,052</b>        | <b>7,489</b>  | <b>1,114</b>             | <b>28</b>    | <b>44,683</b>  |
| <b>Total Funding</b>   | <b>47,229</b>        | <b>12,704</b> | <b>1,114</b>             | <b>28</b>    | <b>61,575</b>  |

\*\* technical adjustment, not true funding

Organisations, in line with their strategies, have a number of disposals planned in this and future years. These disposals form part of the overall capital planning and provide an

additional source of capital funding. It is anticipated that as part of the infrastructure strategy currently in development, other opportunities to dispose of land and buildings may be identified and built into capital planning for future years.

## Capital prioritisation

The allocation of System capital funding for Gloucestershire was determined through a process of prioritisation via organisational committees followed by System review to assess against priorities and known risks. Existing programmes of work contractually committed were a first call against the capital programme. Reviews took into account the differing funding sources, priorities, risks and issues across the system and resulted in a balanced capital plan for 2024/25. The agreed focus for includes several key strategic programmes started in previous years which should all complete in 2024/25:

- The new Forest of Dean Hospital
- Image Guided Interventional Surgery (IGIS), this final phase of the project will see the establishment of two interventional radiology labs, a third cath lab and the creation of a shared recovery ward. This scheme is due to be completed in December 2024.
- Diagnostic digital capability programme to support the new Community Diagnostic Centre which opened in 2023/24.

And to ensure that the following areas were prioritised for the remaining funding available:

- Backlog maintenance (critical and high risk areas)
- Any fire, electrical and water infrastructure
- Replacement programmes for medical and digital equipment and vehicles
- Theatre refurbishment requirements
- Replacement IT

Net zero is a part of the criteria against which within business cases are reviewed.

The prioritisation of the capital programme has been undertaken in the context of five year planning, as such there are a number of areas where programmes will take place over several years such as a planned theatre replacements at GHFT.

| Programme Area                    | 24/25 Capital Plan |               |                          |              |                |
|-----------------------------------|--------------------|---------------|--------------------------|--------------|----------------|
|                                   | GHFT<br>£000's     | GHC<br>£'000  | Primary<br>Care<br>£'000 | ICB<br>£'000 | Total<br>£'000 |
| Digital                           | 8,687              | 3,515         | 964                      | 0            | 13,166         |
| Medical Equipment                 | 9,477              | 903           | 0                        | 0            | 10,380         |
| Building / Medical equipment      | 7,412              | 976           | 0                        | 0            | 8,388          |
| PFI Lifecycle & Residual Interest | 599                | 0             | 0                        | 0            | 599            |
| Vehicles                          | 0                  | 239           | 0                        | 0            | 239            |
| Net Zero                          | 0                  | 645           | 0                        | 0            | 645            |
| Estates                           | 21,554             | 4,426         | 150                      | 28           | 26,158         |
| <b>Total Expenditure Plans</b>    | <b>47,229</b>      | <b>10,704</b> | <b>1,114</b>             | <b>28</b>    | <b>59,575</b>  |
| <b>Funding</b>                    |                    |               |                          |              | <b>61,575</b>  |
| <b>Planned underspend</b>         |                    |               |                          |              | <b>2,000</b>   |

The plan for the year results in an underspend of £2m, this planned underspend from a disposal will be carried forward to 2025/26.

The majority of expenditure for vehicles, digital and medical equipment is part of the replacement and upgrade programme for equipment and digital systems rather than new developments, within this programme there is

- a planned replacement of a linear accelerator which is end of life (£2.1m).
- MRI scanner replacement which is end of life (£1.5m)
- Radiotherapy Treatment Planning System Replacement (£1.3m); this scheme will run into future years to enable dual running period

The key exceptions to this being the diagnostic digital capability programme which is funded from national programme funding and the GHC digital transforming clinical care programme (£1.6m).

Expenditure on land and buildings is primarily addressing backlog maintenance and other remedial works, with the exception of the IGIS programme which supports the Fit for the Future programme of work. Backlog maintenance within the system is high and reducing high risk backlog maintenance is a key priority for the system to enable a safer environment for patients and staff over the coming years.

Backlog maintenance (based on 22/23 ERIC submission)

| <b>Backlog Maintenance</b> | <b>GHC<br/>£'m</b> | <b>GHFT<br/>£'m</b> |
|----------------------------|--------------------|---------------------|
| Sig & High risk            | 6.10               | 55.81               |
| Medium & low risk          | 8.30               | 24.42               |
| <b>Total</b>               | <b>14.40</b>       | <b>80.23</b>        |

### National Programme Bids

GHFT have been successful in receiving £0.5m of national programme seed funding to design the Gloucestershire Cancer Institute scheme taking it through to full business case. The scheme is included within future capital years plans with the majority of the funding planned to be raised through charitable donations.

There are a couple of other smaller approved amounts of national programme capital for digital projects (iRefer and Image Sharing) These are from the Diagnostic Digital Capability Programme.

### **In Year Capital Management**

The capital programme will be managed by organisations during the year. Where risks relating to either reductions in funding (eg, slippage in a disposal, reduced

IFRS16 allocation) or unexpected increases in costs, organisations take steps to manage this within their existing capital allocation, where this is not possible, then the system will look at steps that can be taken across organisations to managed the overall capital position.

## Risks and contingencies

The System has taken a risk-based approach to prioritise expenditure within the capital budget for NHS trusts. The capital budget is limited and we need to ensure that our services and environments are safe and fit-for-purpose for patients, staff and the public, balancing investment between backlog maintenance, replacing old and ageing medical scanners, investment in cyber security and major estates developments.

Key risks to monitor and manage throughout 2024/25 include:

- Not being able to deliver to the timelines built into the plan, for instance, due to underestimating the timelines required for business case approval processes. If these processes take longer than we anticipate, this can impact the phasing of expenditure and estimated prices, should this occur we will reprioritise the schemes in the plan.
- There are three asset sales totalling £4m planned for 2024/25, if these do not progress within the financial year, leading to a lower than planned funding level for 2024/25. In this situation, smaller schemes would be slowed to ensure that the system capital budget remained at breakeven
- Rising inflation is a significant risk that could materially change estimated costs in the plan and that the system will no longer be able to afford all of the schemes planned. Contingencies are included in plans to offset this but inflation may exceed these in the current financial climate. If this takes place then schemes will be re prioritised
- Lease liabilities can vary during the year leading to additional costs. Systems are in place to manage variation as far as possible, however, if this occurs then the programme will be reassessed to ensure there is no overspend.
- Cash: As described above, operational capital is funded through a combination of depreciation and cash. There is a risk that some organisations may not have sufficient cash to support capital investment in 2024/25 due to challenging revenue plan positions.
- Specific Risks There are further specific risks from Trusts which are highlighted on their published risk registers.

Gloucestershire will continue to monitor these risks throughout the year and regular reports are taken to organisational Boards and the System Resources Committee.



## Net zero carbon strategy

The ICS developed a green plan in 2022 and each provider organisation has a more specific green plan to support the overall move to net zero for the NHS. The NHS net zero delivery plan for Estates sets out the approach for decarbonising our hospital buildings.

### GHC

Existing hospital buildings will be decarbonised through the implementation of retro-fit projects in order to reduce energy demand and carbon emissions. Retro-fit projects within Gloucestershire Health & Care NHSFT have included LED lighting upgrades which are 69% more energy efficient and installing roof mounted solar-pv to provide between 21-25% self-generation of power to the hospital campus. The next phase of the decarbonisation plan will be making the gas boilers at Charlton lane redundant, and installing new air-source heat pumps which will be powered by renewable energy from the grid. At Charlton Lane, the proposed switch from the gas boiler to a Heat Pump for the space heating will save a predicted 86.6 tonnes CO2 per annum. representing a 81.5% improvement compared to the existing emissions.

Scoping of net zero schemes for 2024-25: Roof mounted solar PV in a number of community hospitals and LED lighting schemes in three centres

### GHFT

The Trust's current focus around delivering a net zero NHS is to complete the final phases of the Salix programme of works. The works within this programme include a new insulated façade for the Tower Block, replacement of all Tower Block windows, ward level heating zone controls, replacement and insulation of the catering building roof and a new air source heat pump to serve the Pathology building.

## System CDEL

|          |  | GHFT<br>£'000 | GHC<br>£'000  | Primary<br>Care<br>£'000 | ICB<br>£'000 | Total<br>£'000 |
|----------|--|---------------|---------------|--------------------------|--------------|----------------|
| Provider | Operational capital  | 36,052        | 8,844         |                          |              | 44,896         |
| ICB      | Operational capital  |               |               | 1,114                    | 28           | 1,142          |
|          | <b>Total system operational capital</b>                    | <b>36,052</b> | <b>8,844</b>  | <b>1,114</b>             | <b>28</b>    | <b>46,038</b>  |
| Provider | Impact of IFRS 16  | 7,412         | 1,215         |                          |              | 8,627          |
| ICB      | Impact of IFRS 16  |               |               |                          | 0            | 0              |
| Provider | Grants & donations   | 500           |               |                          |              | 500            |
| Provider | National programmes - net zero                             | 999           | 645           |                          |              | 1,644          |
|          | National Programme-diagnostic digital capability programme | 1,667         |               |                          |              | 1,667          |
|          | National Programme-Gloucestershire Cancer Centre           | 500           |               |                          |              | 500            |
| Provider | Other (technical accounting)                               | 599           |               |                          |              | 599            |
|          | <b>Total System CDEL</b>                                   | <b>47,729</b> | <b>10,704</b> | <b>1,114</b>             | <b>28</b>    | <b>59,575</b>  |