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Cornwall and Isles of Scilly

Joint Capital Resource Use Plan – 2025/26

June 2025

Updated for 30 April 2025 Plan submission and progress on additional national bids.
ICB Finance, Performance and Commissioning Committee: 20 June 2025
ICB Board : 26 June 2025

Overarching Messages

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Cornwall and
Isles of Scilly

Introduction

The National Health Service Act 2006, as amended by the Health and Care Act 2022 requires the Integrated Care Board (ICB) and its partner NHS trusts and foundation trusts to prepare a plan setting out the planned capital resource use.

The ICB is normally required to publish an annual NHS Joint Capital Resource Use Plan before the start of each financial year, and share it with the Integrated Care Partnership, Health & Wellbeing Board and NHS England (NHSE). The scope of the publication includes use of the system capital envelope, the nationally-held primary care allocation and know or planned national funds (including coverage for IFRS16 lease accounting).

Final NHS system operational plans for 2025/26 were submitted to NHSE on 30 April 2025 (in line with the national planning timetable). These included the aligned capital plans for each organisation. To enable consistency with these plans, the deadline for the publication of the Joint Capital Resource Use Plan has been extended from 31 March 2025 to 30 June 2025, (or within 6 weeks of the final financial plans being submitted to NHS England, whichever is the later date).

System plan - Headline messages

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Summary context

- The system joint capital resource use plan is 'compliant' with the 2025/26 national requirements.
- The 2025/26 agreed operational capital plan of £43.0m sits within our notified core system capital allocation (and *includes c£16.3m of additional capital funding, based upon achieving 2024/25 breakeven revenue performance and delivery of the current 2025/26 breakeven revenue Plan)*.
- The plan includes all confirmed national programme funding (consistent with NHS England Southwest (NHS E SW) issued schedules).
- Capital cover for all known International Financial Reporting Standards (IFRS) 16 financial impact leases that require capital cover is assumed in the plans.
- Regular review meetings have been in place within the System to develop these plans to submit a compliant capital plan aligned with the NHS E requirements (enabling access to the additional c£16.3m capital funding).
- The content of this plan responds to the national guidance requirements and addresses the feedback from initial NHS England plan reviews.
- The overall Joint plan meets the obligations of the amended 2006 Act and the ICB's financial duty (as required in Lord Markham's letter to ICBs and notified NHS E guidance).
- The most significant capital developments, are as follows: -
  - National Hospital Programme: Women and Children's Hospital at Treliske (Royal Cornwall Hospitals Trust (RCHT))
  - STP upgrades programme: Health and Social Care Integrated Isles of Scilly Hospital upgrade (CFT)
  - National Programmes: Electronic Patient Record (EPR)
  - New System National Programme funding schemes: Primary Care, Estates Safety and Operational Delivery (i.e. Constitutional Standards and Mental Health)
- From an operational perspective, there remains an underlying risk that some future schemes may not be affordable. This is due to a combination of the costs of replacement items being much higher than the original purchase price, inflation on goods and services and building regulations resulting in the need to reconfigure rooms when high value equipment is replaced. Trusts and systems have significant financial challenges in 2025/26, but there remains a need for major operational and strategic capital investment across the system to both maintain and transform care.

Assumed Sources of Funding 2025/26

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Summary context

- The strategic plan is to develop a robust financial strategy and capital plan that underpins the system strategy and leads to financial sustainability across Cornwall and Isles of Scilly. The 2025/26 capital plan has been developed between the ICB and partner trusts.
- The Cornwall and Isles of Scilly (CIOS) capital plan for 2025/26 is funded from a combination of internally generated resources, national programmes, and regionally funded capital.
- The anticipated Capital Departmental Expenditure Limit (CDEL) allocation to the CIOS system is £83.512m, made up of Operational Capital £42.999m (£1.292m ICB/Primary Care and £41.707m provider), NHS national Upgrades capital funding £40.098m (New Hospital Programme £9.426m, STP upgrades programme £2.557m, other national programmes funding £28.115m) plus assumed additional technical funding of £0.415m (PFI-related).
- The National capital funding expected in 2025/26 in relation to significant capital schemes is:
  - National Hospital Programme: Royal Cornwall Hospitals NHS Trust (RCHT) Women and Children's Hospital at Treliske (£9.4m)
  - STP upgrades programme: Integrated health and care facility on the Isles of Scilly completion (£2.6m)
  - National Programmes: Electronic Patient Record [EPR] (£8.3m)
  - National capital schemes (2025/26 'new schemes'): c£16.0m, subject to business case submissions and national approvals.
- The system has planned flexibly against its CDEL limit to cover the potential risk of slippage on projected schemes in-year.

Overview of Planned Schemes 2025/26

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Cornwall and
Isles of Scilly

- For the provider trusts' operational core plans, the fundable priorities are established using prioritisation approaches, to achieve a best possible balance of the available capital allocation against competing operational demands. The capped allocation only covers: -
  - a selection of highest risk patient safety and Care Quality Commission (CQC) issues
  - backlog maintenance
  - replacement of critical medical equipment
  - minimum information management and technology (IMT) investment (e.g. the most critical technical refresh issues, cybersecurity etc)
- The small ICB capital allocation must fund General Practitioners' (GP) IMT requirements and any operational requirements. Additionally, for 2025/26, the ICB has received specific primary care 'utilisation and modernisation funding' against projects agreed by NHS England.
- The system plans to spend approximately 28% (£20.4m) of its provider capital on backlog maintenance: this includes electrical infrastructure, fire safety and water compliance.
- 13% (£9.2m) is planned to be spent on equipment, with high value medical equipment replacements accounting for £6.0m of this, including Cancer Linear accelerator replacement and other replacements.
- 36% (£26.1m) will be spent on diagnostics, elective care, urgent and emergency care developments (including new hospital developments).
- A further 23% (£16.3m) will be spent on information management and technology (IMT): this includes clinical systems, cybersecurity, hardware and software.
- Proposals relating to nationally funded significant developments, New Hospital Programme and National Programme schemes are dependent upon dedicated sources of funding, separately identified and ring-fenced for the agreed schemes.

Risks and Contingencies

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Key risks

- The key risk to the Cornwall and Isles of Scilly (CIOS) system is that the capped system capital allocation is a limited resource and the whole capital programme requires continuous prioritisation, review and a reasonable level of mitigations to achieve a deliverable, safe plan to operate within the issued system allocation.
- There are also risks over the deliverability and availability of resources and materials through procurement and supply chains, with more limited access to market and contractors in the far Southwest of England. This increases the risks of actual costs being higher than planned.
- Capital impacts of community estate: because much of the community estate is leased, accounting rules now generate a 'capital' impact that needs funding. For 2025/26, this must be funded from core operational capital rather than being funded separately.
- Local capital funding beyond 2025/26 has not yet been confirmed. Short-term funding confirmation is sub-optimal for longer-term capital planning, due to lead-in times re: procurement, construction etc.

Risk management

- The system partners have an excellent track record of maximising the use of capital resources, with detailed monthly monitoring of the capital programme during the year.
- There are regular review meetings with system partners including programme boards, and meetings with NHS England regional colleagues, to monitor overall progress, report risks and assure process consistent with the financial duties and system oversight requirements.

System Planning and Prioritisation

NHS Cornwall and Isles of Scilly

Cross System Working

- The CIOS system borders the Devon NHS system, with significant patient flows going to University Hospitals Plymouth (UHP), as well as lower numbers to other Devon acute sites (from North and East Cornwall). UHP is also participating in the New Hospitals Programme, and we continue to work with them to ensure this aligns with our strategic direction.
- Additionally, where we are developing schemes in the eastern/mid part of the county, including around the Bodmin/St Austell area, we link with the Devon NHS system to plan service provision and pathways for services to be delivered in those locations.

Capital Planning and Prioritisation

- The ICB will ensure capital spending within the system stays within budget. The ICB Board has overall responsibility for determining the strategy for capital investment, the prioritisation of elements within the joint forward plans (including capital programme), the resources allocated for capital investment within individual years, and the overall composition of annual capital programmes.
- The ICB approach to capital funding includes clarity and confidence on the level of capital resource available, support for system working and capital priorities discussions, and enabling appropriate access to national capital funding for critical safety issues.
- It is important to ensure effective management of the timing of major business cases for NHS England approvals, as the minimum time for a Business Case review is three (3) months (and if it requires development through various stages then it needs one (1) to two (2) years factored in for approvals).

CIOS High-level summary of 2025/26
Joint capital resource use plan (Core Plan)

NHS
Cornwall and Isles of Scilly

	CDEL	ICB £'000	Cornwall Partnership NHS Foundation Trust £'000	Royal Cornwall Hospitals NHS Trust £'000	Total 25-26 Full Year Plan £'000	Narrative on the main categories of expenditure
Provider	Operational Capital	0	2,900	23,947	**26,847**	The 25/26 operational capital programme comprising of essential estates backlog maintenance, fire safety, compliance, medical equipment and information management and technology (IMT)
ICB	Operational Capital (inc impact of IFRS16)	1,292	0	0	**1,292**	Investment into primary care (e.g. General Practitioners' (GP) and ICB IMT renewal/replacement schemes Plus Expenditure capitalised to IFRS 16
Provider	Impact of IFRS 16	0	6,823	300	**7,123**	Expenditure capitalised only due to the implementation of IFRS 16
ICS	Incentive system allocations (held @ ICB)	7,737	0	0	**7,737**	Incentive system allocations (held @ ICB)
	Total Operational Capital	**9,029**	**9,723**	**24,247**	**42,999**	25/26 System Capital Allocation (Provider operational allocation £41.707m plus Primary Care BAU capital £1.292m)
Provider	New Hospital Programme	0	0	9,426	**9,426**	New Hospital Programme - Women and Children's Hospital 'Project fees / Enabling schemes'
Provider	STP Upgrades Programmme	0	2,557	0	**2,557**	IoS STP Wave 4b (25/26 MOU variation)
Provider	Front line digitisation (EPR)	0	1,254	7,018	**8,272**	Electronic Patient Record (EPR) / e-Care / Frontline Digitisation (25/26 MOU variation)
Provider	Cancer LINAC Replacement	0	0	2,616	**2,616**	25/26 Cancer LINAC Replacement
Provider	Net Zero (GB Energy Solar)	0	2,171	0	**2,171**	25/26 Net Zero allocation / expenditure
Provider	Other (technical accounting)	0	415	0	**415**	PFI capital charges (residual interest)
	Total System CDEL ***(prior to 'new cases approval')***	**9,029**	**16,120**	**43,307**	**68,456**	**Total 25/26 Core capital programme (excluded new capital, subject to cases approved)**

CIOS High-level summary of 2025/26
Joint capital resource use plan(including 'new bids')

NHS Cornwall and Isles of Scilly

	CDEL	ICB £'000	Cornwall Partnership NHS Foundation Trust £'000	Royal Cornwall Hospitals NHS Trust £'000	Total 25-26 Full Year Plan £'000	Narrative on the main categories of expenditure
c/fwd	**Total System CDEL** ***(prior to 'new cases approval')***	**9,029**	**16,120**	**43,307**	**68,456**	**Total 25/26 Core capital programme**
System	Return to Constitutional Standards	0	1,625	3,131	**4,756**	Includes sub-programmes : Diagnostics, Elective Recovery and UEC schemes.
System	Estates Safety	0	3,899	4,379	**8,278**	Includes critical infrastructure risk (CIR), incidents and returns to the recent maternity estates survey.
System	Mental Health - Reducing OAPs	942	0	0	**942**	To assist systems and NHS-led Provider Collaboratives (PCs) in reducing OAPs in Acute Care or Psychiatric Intensive Care Units (PICUs)
System	RAAC	0	0	0	**0**	To support RAAC schemes – n/a
System	Primary Care Utilisation and Modernisation Fund	1,080	0	0	**1,080**	To support local ICS Infrastructure Strategies, PCN Estates Needs Toolkit and prioritise high-quality, fit-for-purpose estate (Wave 1 of multi-scheme to support improvements in primary care estate across NHS systems).
	Total 25/26 Capital Schemes	**11,051**	**21,644**	**50,817**	**83,512**	**Total 25/26 Capital programme**

Summary of 2025/26 Capital Funding

(*excluding technical accounting items*)

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Cornwall and Isles of Scilly

CIoS System Capital Funding 2025/26
Updated 20th May, 2025

Provider Capital Self-Funded
(e.g. Depreciation / Cash Reserves)

System Capital Envelope

2025/26 - £34.0m
(+ICB £1.3m)

2026/27 - £27.2m
(+ICB £0.9m)

National PDC Capital Programmes

New Hospital Programme
2025/26 - £9.4m
2026/27 - TBC
2027/28 - TBC
2028/29 – TBC
2029/2030 + - TBC

Sustainability and Transformation Plans Capital (allocated for existing STP schemes, excluding NHP)
2025/26 - £2.6m

Primary Care
(Including GP IT/ MIGs)
2025/26 - £1.3m
2026/27 - £0.9m

Note: National PDC Programmes do not score against System Capital Envelopes

South-West Capital National Programme Funding

Estates Safety
2025/26 - £8.3m

Primary Care Utilisation/Modernisation funding
2025/26 - £1.1m

Frontline Digitisation (Including EPR)
2025/26 - £8.3m

Mental Health
2025/26 - £1.0m

Constitutional Standards
2025/26 - £4.8m

Other national programmes
2025/26 - £4.8m

Note: Figures are Subject to Business Case Approval and may Change

This slide summarises CIoS capital programme funding sources for 2025/26. The 2026/27 forward funding for System Capital (i.e. Primary Care and provider core) is based on an assumption of national advice of 80% of baseline 25/26 funding into the future. Funding for most areas beyond 2025/26 will be confirmed after future Spending Review agreements.

These allocations support a **total capital spend of £83.0m identified for 2025/26** (*excluding technical accounting items*). Specific capital for major schemes is dependent upon securing necessary business case approvals as they progress.

The **largest Capital Funding source in the CIoS system is the national New Hospitals Programme (*subject to Full Business Case approval*)**, which will fund the new Royal Cornwall Hospital Women and Children's Hospital.

National funding supports the CIoS clinical objectives to improve Primary and Community Care, Mental Health Care, and Digital Capacity. The local system works closely with NHS England to ensure all available capital is used effectively, and contributes towards both local and national aims.

This system position reflects 30 April 25 plan as submitted to NHS England, which includes recent notification of additional capital allocations relating to reward/incentive funding of £16.3m reflecting regional schedules within 30 June 25 Final plans.