

**FAO:**

NHS Trust and Foundation Trust Chief Executives  
STP and ICS Leaders  
NHS Trust and Foundation Trust Financial Directors

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Dear Colleagues,

**Additional NHS capital funding in 2019/20**

Earlier this month the Prime Minister announced a substantial increase in capital investment into the NHS. This is a significant start to addressing the critical infrastructure and maintenance issues across the NHS, and I am writing to set out the practical next steps. I should express at the outset my gratitude for the way in which you engaged with the request to set prioritised and constrained capital plans.

For 2019/20, the Government has agreed a £1.0 billion increase in the Department of Health and Social Care (DHSC) baseline capital expenditure limit.

This means that you can now revert to your original capital plans where these are funded by your trust's own income and reserves or where DHSC has already approved the business case or funding for programmes.

Trusts with existing emergency capital financing requirements that were included within the prioritised July plans should work with their regional team to progress an application for funding that can be submitted to DHSC. Subject to due process we do not anticipate additional delays in releasing these funds, so that we can proceed quickly to address critical maintenance issues. The ability of DHSC to approve any further emergency capital applications beyond this level will depend upon the national CDEL position, although we remain open to working with systems or regions who collectively wish to continue to agree prioritisation of capital spend at system level.

My request is that we collectively improve our capital forecasts and provide a taut and realistic view of the forecast outturn for your organisations in September. We will then be able to judge whether there is headroom to go further on tackling critical maintenance backlogs this year. In agreeing the level of funding that is available for emergency loans we have already assumed that there is around 10% slippage against original plans based on past behaviour.

The Government has also announced that it will provide £850 million to fund twenty new high value schemes through the Sustainability and Transformation Programme.



Trusts and systems that have had schemes approved as part of this have received confirmation from your NHS England & Improvement regional team and DHSC. Trusts will be able to access funding in the usual way through DHSC, with more details on the business case approval process to follow in due course. We will continue to develop this programme with the whole system through the Spending Review and Long Term Plan process.

This significant increase in investment and further steps that we are continuing to argue for through the Spending Review needs to be accompanied by a new capital regime. That regime needs to secure:

- clearer prioritisation at local and national level of investment;
- a stronger link to delivering increased productivity, financial efficiency;
- better use of our asset base, better patient care and delivery of the Long Term Plan goals; and
- greater strategic oversight over capital spending through the new health infrastructure plan, as set out by the Secretary of State.

Once more, I am grateful for all the work to set prioritised and constrained capital plans for 2019/20. It was an important step in demonstrating to Government the NHS ability to deliver financial control.

Yours sincerely



Julian Kelly

Chief Financial Officer

NHS England and NHS Improvement

CC

Dido Harding, Chair of NHS Improvement

David Prior Chair of NHS England

NHS England and NHS Improvement National Directors

NHS England and Improvement Regional Directors

NHS England and Improvement Financial Directors

