# NHS England

## Capital Investment, Property, Equipment & Digital Technology proposals

### NHS England Project Appraisal Unit
### Project Initiation Document - Type 5
### Digital Technology Capital

Sponsors and authors of documents seeking appropriate authority to fund or proceed with a scheme or project must consider whether the content or strategy to which the document applies <u>at this stage</u> is sensitive or may have commercial implications.  If it is considered necessary, the document should be headed and watermarked appropriately.

| Document version control (for use by PID sponsors) Add rows as required. Last entry should read: 'Final for signatures' | Version No. | Status | Issue date | Notes |
|---|---|---|---|---|
| | 2.0 | Final for signatures | 17.07.17 | Reflects feedback from David Scannell |
| | 3.0 | Final for signatures | 27.07.17 | Reflects feedback from David Scannell |
| | | | | |

| 1. TITLE OF SCHEME | Bi-directional EDT Hub | |
|---|---|---|
| Scheme reference number and source of number (organisation). *Please ensure the relevant unique reference (for all Schemes) is used in all correspondence and reporting using an appropriate format: e.g. XXX – YY - XXX (Org Code – 17 – 001) as used in NHS England South Region* | Reference No. | 12F-17-10277 |
| | Confirm the Organisation issuing the reference number. | NHS England |

| 2. DATE OF FORMAL PID SUBMISSION | Date | 17th July 2017 |
|---|---|---|

| 3. IS THIS A RESUBMISSION OF AN EARLIER PID? If so, provide details and reference no. | Reference number | No |
|---|---|---|
| **IF YES: Will this resubmission result OR potentially result in a duplicate funding application already covered by another PID, etc.?** Is any element of this PID actually, or potentially funded through any other previous (already approved), parallel (current) or planned (future) application for funds? | Please provide details | Not applicable |

| 4. NHS ENGLAND FUNDING STREAM | If applicable, funding initiative name | Bi-directional Hub | |
|---|---|---|---|
| Please confirm the NHS England capital funding stream relevant to this investment e.g. BAU, etc. *(Use standard NHS finance codes) Where capital funding is from a special initiative e.g. ETTF, please use the first two rows opposite to denote initiative name and scheme reference number* | Scheme reference No. | 12F-17-10277 | |
| | Funding stream | ETTF | |
| | Cost Centre | | |
| | Subjective Code | | |

| 5. NHS ENGLAND REGION/LOCAL DIRECTOR OF COMMISSIONING OPERATIONS (DCO) OFFICE | Region | North |
|---|---|---|
| | DCO | Cheshire & Merseyside |

| 6. SPONSORING ORGANISATION MAKING THE APPLICATION | Organisation Name | NHS Wirral CCG | |
|---|---|---|---|
| | Registered Address | Old Market House | |
| | | Hamilton Street | |
| | | Birkenhead | |
| | | Wirral | |
| | | CH41 5AL | |

| 7. LEAD CONTACT | Title | Assistant Director of Primary Care & Partnerships | |
|---|---|---|---|
| Please include a named lead contact for this application from the organisation who can answer any queries relating to this PID | Name | Iain Stewart | |
| | Organisation | NHS Wirral CCG | |
| | Office tel. | 0151 651 0011 | |
| | Mobile tel. | 07887 503 262 | |
| | e-mail | iainstewart@nhs.net | |

| 8. DIGITAL TECHNOLOGY SCHEME DESCRIPTION | Please include description of: |
|---|---|
| Please specify what equipment is being purchased and for what site(s). Include a description of the scheme, which should include, but need not be limited to: <ul><li>scope and content</li><li>objectives and benefits – these may be financial and/or non-financial</li><li>location and distribution (where appropriate)</li><li>wider stakeholders and their interest e.g. potential users of the technology</li><li>indicative scheme value for approval purposes</li></ul> | (a) Pan Wirral, covering all GP practices, Community and Acute Healthcare settings <br> (b) Referral documents, requests, repeat requests, clarifications can be sent using the existing EDT hub. Presently the hub is a uni-directional system where by practices receive discharge summaries, letters from various services but mainly A&E, outpatients and inpatients, and Out of Hours GP Service <br> (c) The main objective is to make Primary Care 'Paper Light' and where possible within a practice administrative section 'Paperless'. With the removal of fax machines across primary are a safer more robust method of transmitting documents is required that also integrates with the soon to be single clinical system across the Wirral for primary care EMIS Web. Some benefits include automated population of referral templates, required demographics or patient care record information being placed on the referral form and near real-time referral in to a service. Reduction of staff time within the practice working on referrals which will be spent on other tasks such as streamlining patient flow through the practice, digitising patient notes, reviewing practice performance data to provide additional benefits to the health economy. <br> (d) In order for this solution to be fully maximised the following organisations would need to be on-boarded for Go Live; Wirral Community NHS Foundation Trust and Wirral University Teaching Hospital. For future enhancements EDT Hub can be joined together; therefore if The |

Countess of Chester Hospital NHS Foundation Trust purchased a Hub GP practices on the Wirral peninsular would be able to refere in to their services electronically without the need for printing, signing, scanning fax or emailing. Clatterbridge Cancer Care is a potential user of the an EDT Hub which would allow for referrals to be placed in to the system well within the 2 week rule.

## 9. STRATEGIC NEED

Please describe the need for capital investment and what measurable benefits the capital investment will provide.

Confirm the strategic drivers and justification for the scheme. Please describe how the investment links in and aligns with the Local Digital Road Map (LDR), STP, national priorities and other strategies as appropriate

Please identify any other possible sources of funding that have been considered.

For the more complex and substantial schemes, please provide any contextual information which if missing can delay the approval process while additional information is sought.

- Reduce the percentage of 'lost' referrals
- Reduce the percentage of requests for additional information due to incomplete or incorrect referrals
- Use standardised templates in the referral process where correct, consistent and required fields are populated
- Make the patient flow through Health Care services more efficient
- Reduce overheads within Primary Care
- Solution needed to meet the national requirement for the removal of fax as a method of document transmission

## 10. CONSISTENCY WITH SUSTAINABILITY AND TRANSFORMATION PLANS (STP), COMMISSIONING AND ESTATES PLANS

- confirm alignment with the NHS England Five Year Forward View, GPFV and related implementation plans.
- confirm that the proposed scheme is consistent with the relevant STP, commissioning, clinical and (where appropriate) estates and or digital technology strategies.
- confirm that any proposed digital technology development will be compliant with appropriate and relevant NHS guidance.
- As part of the STP, show alignment and then align to the Operating plan metrics to allow for measurable outcomes.
- confirm alignment with Target Architecture being developed by the National team

The Wirral Local Digital Roadmap describes the economy's position of strength in terms of the ability to exploit informatics solutions in health and social care, based upon:

- long-term investment across all health sectors
- excellent cross-working and shared systems between organisations
- long-term culture and expectation from clinical staff
- significantly less complex geography and health care system than most
- integrated organisation-wide enterprise grade informatics solutions deployed at scale within our organisations

The Wirral health economy has many years of award winning informatics implementations and a well-developed informatics workforce and capability with reputation spreading beyond the NHS in hosting/attending conferences to discuss local successes and plans in Europe and the USA.

The vision for the **Wirral Digital Roadmap** covers prevention; self-care, integrated delivery and high quality information leading to improved outcomes for patients. The detail for "high quality information" extends to;

- single point of access to health and social care services
- care portal to enable people to manage their health and social care
- integrated record of care enables joined up care planning and promotes the delivery of evidence-based care across organisational boundaries
- information systems to enable optimisation of

population health management and population risk stratification

This proposed digital development will be compliant with all appropriate and relevant NHS guidance.

The **NHS Operational Planning & Contracting Guidance 2017-2019** determines "9 must do's", which for Primary Care requires;

- Ensure the sustainability of general practice in your area by **implementing the General Practice Forward View,** including the plans for Practice Transformational Support, and the ten high impact changes.
- Ensure local investment meets or exceeds minimum required levels.
- Tackle workforce and workload issues, including interim milestones that contribute towards increasing the number of doctors working in general practice by 5,000 in 2020, co-funding an extra 1,500 pharmacists to work in general practice by 2020, the expansion of Improving Access to Psychological Therapies (IAPT) in general practice with 3,000 more therapists in primary care, and investment in training practice staff and stimulating **the use of online consultation systems.**
- By no later than March 2019, **extend and improve access** in line with requirements for new national funding.

- **Support general practice at scale**, the expansion of MCPs or PACS, and enable and fund primary care to play its part in fully implementing the forthcoming framework for improving health in care homes.

The Government's **Mandate to NHS England 2020 Goals** describes the Technology requirements as;
- Support delivery of the National Information Board Framework 'Personalised Health and Care 2020' including **local digital roadmaps**, leading to measurable improvement on the new digital maturity index and achievement of an NHS which is **paper-free at the point of care**.
- 95% of GP patients to be offered **e-consultation** and other digital services; and 95% of **tests to be digitally transferred** between organisations

The **Cheshire & Merseyside STP** contains twenty distinct, but inter-related programmes of work, each developed with clear objectives and eight supporting clinical programmes – there are five programmes that support and enable these programmes including "**Technology, including Digital**".

The digital enabler programmes include;
- Operational control centre for risk stratified population
- Shared care records (Wirral Care Record)

- Enhanced technology supporting care through strategic alliances and relationships with subject matter experts (e.g clinical registries)
- Teletracking
- Real time data

At **Cheshire & Wirral LDS** level, the enhancement of primary care is critical to new models of care development including improvement of infrastructure (estates, IT). The LDS describes joint level digital ambitions for the future:

- **Digitally empowered individuals** (e.g. access to online services)
- **Connected Health & Social Care economies** (e.g. professionals accessing appropriate information when needed; in near real time; wherever it is held)
- **Exploiting the digital revolution** (e.g intelligence-led services; population health capabilities)

To deliver these ambitions the following themes demonstrate how they will be be achieved (with some cross-cutting areas):

- A set of digital principles
- Information sharing/governance framework
- Digital maturity of all providers (inc primary care)
- Rationalisation of systems in and out of hospital
- Interoperability between systems
- Upscaling of assistive technology
- Advanced analytics/population health
- Consolidated infrastructure at LDR level and connectivity between LDRs where clinical services overlap

This development proposal aligns with Target Architecture being developed by the national team.

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**11. ESTATES IMPACT**

Confirmation that any estates issues have been addressed (such as adequate ventilation, cooling, server room space, where appropriate, cabling for power or data, any room space considerations for new equipment, any docking, charging, storage or security considerations, cost of decommissioning existing services where relevant, etc.) and that funding is in place to cover this. Please confirm the source of any such funding and its current approval status.

CCG Estates strategy supports the Five Year Forward view for transformation of primary care premises from traditional converted buildings to purpose-built, multi-service provision. Conditions surveys and utilisation studies on the remaining converted buildings have been completed.

Reasonable adjustments required to be made to primary care premises to enable this proposed development to be implemented, will be met by CCG Business As Usual GPIT contingency funding – where improved premises or new builds offer the opportunity to incorporate the estates requirements within overall costs, this will be pursued as part of those due processes.

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**12. CAPITAL COST ESTIMATES**

(including VAT)

Using the appropriate tables please detail the capital requirements to deliver this scheme in the relevant financial year.

**Capital Summary**
*Add extra rows if required.*

| Table 1. Total Capital requirement inc. VAT for current and future years | | | | | |
|---|---|---|---|---|---|
| Summary Description | £ Current year | £ Second year | £ PID total Years 1 & 2 | £ 20[../..] Indicative | £ Total |

Please also indicate, if applicable, and provide details of any further capital spend that may be required to support or develop this scheme in future years(s).

If the PID covers a number of organisations, please provide an appropriately detailed separate cost breakdown by organisation in the space provided below.

Please ensure that all proposed expenditure set out in these tables is for capitalisable digital technology items in accordance with the guidance at Appendix A

*Please insert the relevant dates in the [square brackets]*

| | (year 1) 20[../..] | (year 2) 20[../..] | | only | |
|---|---|---|---|---|---|
| DocMan Hub Licensing | £33,120 | 0 | | | 33,120 |
| | | | | | |
| | | | | | |
| **Total in Programme** | £33,120.00 | | | | **33,120** |

## Capital breakdown by individual year
*The costs for each main item/class of item, as well as the project management costs, should be separately identified. Add extra rows if required.*

| Table 2. Capital requirement current year (year 1) 20[../..] £ | | | | | |
|---|---|---|---|---|---|
| **Item/Type** | **Quantity** | **Unit cost** | **Total** | **Vat** | **Total (inc Vat)** |
| DocMan Bi-Directional Hub Licensing | 2 | £12,000 | £24,000 | £4,800 | £28,800 |
| Document Capture License & Support for endpoints (per CCG) | 2 | £1,800 | £3,600 | £720 | £4,320 |
| **Total in programme** | | | £27,600 | £5,520 | **£33,120** |

*If this is part a multi-year project please provide details by subsequent year in the following tables of the **total** estimated value of the project by type per year. Add extra rows if required.*

| Table 3. Capital requirement second year (year 2) 20[../..] £ | | | | | |
|---|---|---|---|---|---|
| **Item/Type** | **Quantity** | **Unit cost** | **Total** | **Vat** | **Total (inc Vat)** |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| **Total** | | | | | |

| Table 4. **Indicative** only - Capital requirement third year 20[../..] £ Any approval of this PID will **not** include funding for a third year | | | | | |
|---|---|---|---|---|---|
| **Item/Type** | **Quantity** | **Unit cost** | **Total** | **Vat** | **Total (inc Vat)** |
| | | | | | |
| | | | | | |
| | | | | | |

| | | | | | | |
|---|---|---|---|---|---|---|
| | **Total in programme** | | | | | |

If the PID covers a number of organisations, please provide an appropriately detailed separate cost breakdown by organisation below.

| **CCG cost breakdown and / or relevant notes** Which organisation will own the digital technology asset/s and on which balance sheet will it be recorded. | **State name of organisation that will own the assets and cover depreciation costs.** The capitalised assets would be owned by NHSE. |
|---|---|
| | **Please confirm that depreciation costs will be met by the asset owner.** Capital depreciation costs will be met by NHSE |

| **For multi year schemes please confirm extent of any dependency on future years' funding.** (i.e. if capital could be provided for the current and or 2nd year only, would the goods and services secured deliver benefits and value for money without the proposed future years' investment). What mitigation/contingency arrangements ae in place to manage associated risks. | All capital funding would be required in the first year to enable to implementation of the scheme. |
|---|---|

| **13. REVENUE IMPACT** Please specify what the revenue impact will be (separately itemising and profiling costs and any savings) and when it will be expected. | **Table 2. Revenue requirement current year (year 1)  20[17/18 £** | | | | | |
|---|---|---|---|---|---|---|
| | **Item/Type** | **Quantity** | **Unit cost** | **Total** | **Vat** | **Total (inc Vat)** |
| | DocMan Deployment Service  - Hub | 1 | £1,800 | £1,800 | £360 | £2,160 |
| | Docman onsite GP Practice deployment & Training | 53 | £250 | £13,250 | £2,650 | £15,900 |
| | CSU resource costs Band 6 at LPF Day Rate | 26 | £315.88 | £8,213 | | £8,213 |

| | Total in programme | | | £23,263 | £3,010 | | | **£26,273** |
|---|---|---|---|---|---|---|---|---|

**The revenue costs above are requested of NHS England via the ETTF as a non-recurrent investment sum for 2017/18**

**Table 5.  Net revenue impact (by financial year)**

| | 20[17/18.] Current financial year | 20[18/19] | 2019/20 | 20[20/21] | 2021/22 | 2022/23 | 20[../..] | Total |
|---|---|---|---|---|---|---|---|---|
| Costs £ | 30,000 | 15,000 | £15,000 | £15,000 | £15,000 | | | £90,000 |
| Savings £ | | | | | | | | |
| **Net revenue impact £** | 30,000 | 15,000 | 15,000 | 15,000 | 15,000 | | | **£90,000** |

*total revenue request via the ETTF to support the reasonable implementation, roll out and training connected to the scheme is £26,273.  This is in addition to the capital requested of £33,120 detailed in section 12.  This gives a total ETTF investment cap + rev request of £59,393 in 2017/18FY'*

| **14.  REVENUE FUNDING** Please confirm which organisation has committed to meeting the revenue costs | 2017/18 revenue costs are requested to be met by NHSE via ETTF Bid<br><br>Subsequent revenue costs are to be met by NHS Wirral CCG |
|---|---|

**15. DEPRECIATION** Please specify what the depreciation impact will be.

**Depreciation (by financial year) £**

| | 20[../..] Current financial year | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 | 20[../..] | Total |
|---|---|---|---|---|---|---|---|---|
| **Total** | 0 | 6,624 | 6,624 | 6,624 | 6,624 | 6,624 | | **33,120** |

| **16.  VFM** Please explain how VFM is being determined. e.g. through comparison with region wide benchmark costs<br><br>Outline how this capital investment will deliver VfM, summarise the benefits:-<br>• Financial (cash and non-cash releasing); and<br>• Qualitative<br><br>Describe how the realisation of benefits will be tracked and the | **Non-cash releasing**<br><br>Reduction in postage costs as documents are sent electronically.<br><br>**Qualitative**<br><br>The bi-directional Hub functionality can be used to allow the sending of documents between any sender and recipient; for example, it is being used within Wigan Borough CCG for the sending of referrals and discharges between GPs working together to deliver specialist services as part of a federation.<br><br>The Relaying process allows the ongoing management of the GP Endpoints to be shared between the local providers and means the GP has less direct EDT Scheduler collections to manage. |
|---|---|

| | |
|---|---|
| plan for Post Project Evaluation. | Multiple feeds of data can be taken from an organisation.<br><br>Seamlessly delivers to General Practice regardless of clinical system being used.<br><br>Process also improves the GP experience and the view of the hospital provider.<br><br>Total transparency and ability to monitor activity of any documents at any time. Provides a safer method for the transfer of patient data<br><br>**Measurement**<br><br>Quality:<br>clinical benefits and benefits to the patient of receiving documents in a shorter timescale, auditability, ability to easily manage the referrals using electronic processes<br><br>Access:<br>Patient care is improved as documents are easily traceable<br><br>Capability:<br><br>The solution extends this functionality to allow for two way document transfer between organisations, for example GP practices sending electronic documents to hospitals<br><br>**Timings**<br><br>Funding confirmed July-August 2017<br><br>Agreed Phase 1 Implementation Plan assessment shared with NHS England Head of Digital Technology/Capital Programme Lead – end September 2017<br><br>Procurement Phase (8 weeks) completed by January 2018<br><br>**Post-Project evaluation**<br><br>CCG Primary Medical Co-Commissioning Committee (PMCCC) will receive regular updates via the CCG Primary Care Operations Group (PCOG) and provide progress reports to CCG Governing Body<br><br>PCOG already includes formal updates from CSU on digital work programme for primary care<br><br>Updates provided to PMCCC will include NHS England Head of Digital Technology/Capital Programme Lead on circulation<br><br>NHS England Primary Care Leads meetings will receive summary updates on project implementation from CCG representative<br><br>CCG GP Members Council monthly meetings will be used for capturing feedback from practices on digital solution effectiveness |

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| **17. PROPOSED PROCUREMENT STRATEGY**<br><br>Please describe the procurement strategy, who will be leading, and when it is anticipated to complete and capital spend will be incurred. | **Market Assessment**<br>This is an enhancement to current clinical correspondence solution that was procured following market engagement and procurement exercise<br><br>**Procuring Organisation**<br>NHS Wirral CCG |

| Please outline:- | |
|---|---|
| • Market assessment and plan for market engagement<br>• Procuring organisation<br>• Procurement Lead (collaborative procurement hub, health informatics service, etc.), if applicable<br>• Procurement route (e.g. direct award, competition, framework, EU procurement procedure)<br>• Procurement plan (key tasks, milestones and timescales) – ensure this is aligned with the planned investment profile<br>• Key commercial considerations (e.g. Term & Expiry, Service Levels & Standards, Quality Assurance And Performance Monitoring, Business Continuity, Exit Management) | **Procurement Lead**<br>    Procurement Manager – Tracey Yates Head of IT Procurement and Assets Management at MLCSU IT<br><br>**Procurement Route**<br>Direct Award as this is an enhancement to existing clinical correspondence solution; based upon previous procurement award using VFM criteria.<br><br>Order will be in line with CCG SFIs as appropriate.<br><br>**Procurement Plan**<br><br>Week 1 Request formal quote<br>Week 3 review quotations and implementation timescales<br>Week 4 obtain financial approval<br>Week 6 award contract and place order.<br>Week 8 Initial Project kick off meeting with supplier and CCG to agree scope, responsibilities and task allocations<br><br>**Key Commercial Considerations**<br>• Agree terms and expiry in line with original procurement of EDT Hub<br>• Agree service levels and maintenance agreements<br>• Quarterly supplier meetings to review performance |

| **18. KEY RISKS**<br>Please provide adequate information to enable reviewers to understand the level and likelihood of risk and how it is to be mitigated.<br><br>Please list any risks to delivery, for example if the spend is dependent on organisational merger, or estates investment, etc. | **Risk** | **Mitigation** |
|---|---|---|
| | Non-agreement from providers who do not use EDT to receive documents via the Hub | STP objectives/use of LDS Digital leads Group to pursue |
| | Non-agreement from practices who do not wish to use the solution | Use of GP members meetings to improve knowledge and understanding of solution |
| | A greater requirement for CSU resources | Service Level Agreement negotiation on LPF days |
| | | |
| | | |

## 19. SCHEME OR PROJECT ENDORSED (AS APPROPRIATE) BY:

| **ORGANISATION CHIEF FINANCIAL OFFICER** | Statement | I hereby confirm that I am satisfied the payment of Digital Technology capital as set out in this PID is necessary expenditure and offers value for money. I also confirm that any commitments made in this PID to the covering of revenue and depreciation costs will be honoured by the organisation and/or its relevant stakeholders. I am satisfied that the capital funding requirement set out in this PID is not replicated in any other NHS capital funding request, e.g. under other parallel capital investment initiatives |
|---|---|---|
| | **Delete as appropriate** | Year 1 proposal |
| | Organisation | NHS Wirral CCG |
| | Name | Mike Treharne |

| | | |
|---|---|---|
| | Signature | |
| | Date | 3<sup>rd</sup> July 2017 |
| **NHS ENGLAND DCO HEAD OF DIGITAL (OR EQUIVALENT)** | Statement | I hereby confirm that I am satisfied the payment of Digital Technology capital as set out in this PID is necessary expenditure, offers value for money and conforms with relevant policy. |
| | **Delete as appropriate** | Year 1 proposal |
| | DCO | Cheshire & Merseyside |
| | Position | Head of Digital Technology/Capital Programmes Lead |
| | Name | David Scannell |
| | Signature | |
| | Date | |
| **NHS ENGLAND DCO DIRECTOR OF FINANCE** | Statement | I hereby confirm that I am satisfied the payment of Digital Technology capital as set out in this PID is necessary expenditure and offers value for money. I also confirm that I am satisfied with the commitments made by the sponsoring organisation in this PID to the covering of revenue and depreciation costs. I confirm that all items to be procured are capitalisable in accordance with the NHS England Capital Accounting Guidance at Appendix A |
| | **Delete as appropriate** | Year 1 proposal |
| | DCO | Cheshire & Merseyside |
| | Name | Phil Wadeson |
| | Signature | |
| | Date | |
| **NHS ENGLAND REGIONAL ICT LEAD** | Statement | I hereby confirm that I am satisfied the payment of Digital Technology capital as set out in this PID is necessary expenditure, offers value for money and conforms with relevant policy. |
| | **Delete as appropriate** | Year 1 proposal |
| | Region | North |
| | Position | Regional Head of Information & Transparency / Regional Head of Digital Technology |
| | Name | Janet King |

| | Signature | |
|---|---|---|
| | Date | |
| **NHS ENGLAND REGIONAL DIRECTOR OF FINANCE** | Statement | I hereby confirm that I am satisfied the payment of Digital Technology capital as set out in this PID is necessary expenditure and offers value for money. I also confirm that I am satisfied with the assurance provided by the relevant local DCO office Director of Finance in this PID in relation to the covering of revenue and depreciation costs and the capitalisation of assets. I confirm that this capital expenditure is funded within the Regional capital budget for the relevant year(s) as outlined in this PID. I am assured that there is a credible plan in place to order, receive and account for the capital assets in the appropriate financial year in accordance with NHS England Standard Accounting Practice.<br>I recommend that the NHS England Chief Financial Officer approves the proposed investment of Digital Technology capital set out in this Project Initiation Document. |
| | **Delete as appropriate** | Year 1 proposal |
| | Region | |
| | Name | |
| | Signature | |
| | Date | |
| **PRIORITISATION**<br>(For regional use only where required) | | |
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| **Appendix A:** |
| **Capital accounting** |

| **1.   NHS England Capital Accounting Guidance** |

The NHS England Capital Accounting Guidance in outlined in the Publications Gateway document (Gateway reference 00984: document available on request from england.capital@nhs.net) explains the NHS capital rules. Key points relating to Digital Technology capital use are:

In accordance with NHS England accounting policies, property, plant and equipment is capitalised if:
- It is held for use in delivering services or for administrative purposes;
- It is probable that future economic benefits will flow to, or service potential will be supplied to, NHS England/CCGs;
- It is expected to be used for more than one financial year;
- Individually to have cost equal to or greater than £5k; or
- Collectively have cost at least £5k and an individual cost of more than £250, where the assets are functionally interdependent, they have broadly simultaneous purchase dates, are anticipated to have simultaneous disposal dates and are under single managerial control; or
- Form part of the initial setting-up cost of new building, irrespective of their individual of collective cost.

Given this capital accounting policy, to ensure expenditure meets the requirements for capitalisation, all items have to cost in excess of £250. Any item below that should be charged to revenue. Further, all aggregated expenditure total in excess of £5k with all items being worth in excess of £250. Application of this is essential to meet the capitalisation policy and ensure accurate maintenance of the fixed asset register implemented in April 2015.

Software Licenses can be capitalised if they are for 2 years or more. If they are for a year or less, then they should be revenue expensed as by default they are used in year and do not provide an asset to the organisation.

| **2.   National Systems roll-out/meeting costs of delivering mandated priority programmes** |

For NHS England to capitalise expenditure in relation to national system roll-out, a tangible or intangible asset would have to be bought or created and maintained on the Fixed Asset Register. These assets would be accounted for in NHS England financial accounts. If the national system is owned by another organisation (e.g. NHS Digital), and is not an asset of NHS England, then any cost incurred by NHS England in terms of initial set-up and including roll-out of national systems, would be created as revenue costs and expenses in year.