

## Joint Capital Resource Use Plan 2023/24

|                     |                              |
|---------------------|------------------------------|
| <b>REGION</b>       | East of England              |
| <b>ICB / SYSTEM</b> | Hertfordshire and West Essex |

### Introduction

The joint capital plan has been agreed at a system level, taking account of capital priorities across the system. This is in line with the process followed during 2022/23. The HWE system includes two hospitals awaiting agreement to move forward within the new hospital programme. As a result, whilst investment needs to be managed and minimal within these older sites, the required maintenance is significant and is needed to maintain patient and staff safety and clinical facilities for patients.

The system works to maximise the use of the capital it has available, with organisations working together to optimise this – for example, where potentially one Trust may have unforeseen delays, another will be able to make use of this unexpected underspend.

Within the HWE ICB we have an operational capital allocation to maintain GPIT within the Primary Care estate. This capital is used to maintain a rolling replacement programme across Practices within our geography.

Additionally, within the 2023/24 ICB operational capital allocation, we are holding £4.2m which will be transferred to Trusts during the year to support the development of our Elective Hub (£2.9m) and other local priorities.

### Assumed Sources of Funding for 2023/24

Trusts will fund their system backlog programmes (£61.9m) from depreciation. The National Hospitals Programme (NHP) and other national schemes have agreements with NHSE in place and where required, Public Dividend Capital (PDC) may be available. This holds some risk in acquiring PDC in sufficient time to deliver the investment programme, however it is not unusual, and Trusts are familiar with this requirement.

IFRS16 funding is currently awaiting decision within NHSE and therefore does hold risk, as Trusts are not yet clear how this will be funded. This may delay them initiating leases as they will be going at risk.

## Overview of Ongoing Scheme Progression

All investments are monitored on a monthly basis via both the HWE System and NHSE, through formal reporting submissions.

The first 2023/24 report will be due during June.

Trusts will be beginning to implement their plans to secure completion before the end of the year.

The System Finance Director forum is used to ensure continued implementation, progress and assess any arising risks to delivery.

The Capital and Estates Forum includes operational updates from all organisations.

## Risks and Contingencies

Risks around the supply chain were notable during 2022/23 and are on-going into the current year although should be somewhat diminishing.

Inflation has and will continue to impact the cost of investments widely and business cases have become out of date (in terms of cost), where delays in agreement have occurred.

System capital can be used to mitigate against this, but impacts/reduces the provision of backlog maintenance projects, causing further delay to Trust programmes.

## Business Cases in 2023/24

Business cases are currently being considered by NHSE in relation to Community Diagnostic Centre (CDC) MRI and Ophthalmology investment. Additionally, a business case for endoscopy is currently awaiting feed-back from NHSE.

A further business case for phase 2 of the CDC plan is being developed within West Essex.

Work around the Elective Hub business case is on-going.

The system is considering development of a business case to support the green agenda.

## Cross System Working

The system will work to maximise investment and value for money for its population and the population it provides services to. Where this requires investment outside of the HWE geography, discussions take place to ensure services are prioritised appropriately for investment and to agree how investment will be made to maintain such services.

## Capital Planning & Prioritisation

The ICB holds a regular Capital and Estates forum which is attended by all system partners. This ensures a balanced and continuing dialogue across all parties.

All investment and prioritisation decisions will be based on meeting the ICB strategy and achieving value for money, amongst other things. These include balancing health inequalities, deliverability, number of patients impacted, supply chain issues, maintaining safe services and achieving performance requirements.

We hold a pipeline of future investments that will likely feature in future joint capital plans but could be brought forward if additional in-year capital became available. This pipeline process is on-going and subject to prioritisation.

## Annex A – HWE 2023/24 CAPITAL PLAN

|          | Capital Resource   | ICB   | ENHT   | HCT   | HPFT   | PAH    | WHTH   | Total Full Year Plan<br>£'000 | Narrative on the main categories of expenditure     |
|----------|--|-------|--------|-------|--------|--------|--------|-------------------------------|---|
| Provider | Operational Capital  | -     | 18,389 | 4,556 | 8,980  | 14,297 | 18,753 | 64,975                        |   |
| ICB      | Operational Capital  | 6,670 | -      | -     | -      |        |        | 6,670                         |   |
|          | Total Op Cap   | 6,670 | 18,389 | 4,556 | 8,980  | 14,297 | 18,753 | 71,645                        |   |
| Provider | Impact of IFRS 16  | -     | 24,310 | 371   | 7,183  | -      | -      | 31,864                        |   |
| ICB      | Impact of IFRS 16  | 2,100 | -      | -     | -      | -      | -      | 2,100                         |   |
| Provider | Upgrades & NHP Programmes  | -     |        | -     | -      | -      | 26,360 | 26,360                        | NHP   |
| Provider | National Programmes (diagnostics, Front line digitisation, Mental Health, TIF) | -     |        | -     | 1,942  | 14,895 | 37,580 | 54,417                        | Community Diagnostic Centre, Frontline Digitisation |
| Provider | Other (technical accounting)   | -     | 144    | -     | -      | -      | -      | 144                           |   |
|          | Total  | 8,770 | 42,843 | 4,927 | 18,105 | 29,192 | 82,693 | 186,530                       |   |