

Joint capital resource use plan 2025/26

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Introduction

Hertfordshire and West Essex Integrated Care Board (HWE ICB) became a statutory body on 1 July 2022 and employs 758 staff, including 120 staff in the hosted ICT Service, HBLICT. HBLICT provides chargeable services to multiple organisations across the HWE ICS and also to Bedfordshire, Luton, and Milton Keynes ICB.

HWE ICB is the NHS commissioner responsible for delivering health and related care including Emergency and Urgent care, General Medical Services, Pharmacy, Optometry and Dentist Services, Community Nursing, Mental Health Support, Rehabilitative Care, most Planned Hospital Care and Continuing Healthcare for adults and children with long-term complex physical or mental health needs to the 1.6 million people living in Hertfordshire and west Essex. The ICS has two new hospitals planned in Harlow and Watford under the New Hospital Programme, which will commence in 2032.

In 2025/2026, the capital funding allocated to the HWE ICS was £150m, and there is a system plan to spend all within the financial year. Estates and Capital come under the Chief Finance Officer, with a Director of Capital and Estates leading. The system brings together a wide range of organisations, committed to a shared vision of working together to improve the health and wellbeing of the people who live in our

area. There are four Health Care Partnerships (HCP) with the following system partners:

- East and North Hertfordshire NHS Trust (ENHT)
- West Hertfordshire Teaching Hospitals NHS Trust (WHTH)
- Princess Alexandra Hospital NHS Trust (PAH)
- Hertfordshire Partnership University NHS Foundation Trust (HPFT)
- Hertfordshire Community NHS Trust (HCT)
- Central London Community Healthcare NHS Trust (CLCH)
- Essex Partnership University NHS Foundation Trust (EPUT)
- 135 General Medical Services Practices within 35 Primary Care Networks (GMS and PCN)
- 278 Pharmacies
- 184 Optometrists
- 228 Dentists
- Hertfordshire County Council
- Essex County Council
- 13 District or Borough Authorities with Hertfordshire and Essex
- voluntary sector organisations
- NHS Property Services

In common with other areas of England, HWE ICS faces significant challenges and opportunities. A high proportion of our residents are in good health, with life expectancy for both men and women higher than the national average. However, the system has the challenge of an ageing population, with people who live longer often having a greater need for health and care. In addition, the health and care system is under immense strain, with increased demand for mental health services, the elective care backlog, access to primary care, and long waiting times for urgent care among many pressing issues.

Although the health and well-being of our population is similar or better than in England as a whole, there is variation within our Integrated Care System, and there are some areas that experience poorer outcomes, including areas in Harlow, Stevenage, Broxbourne, Watford and Welwyn Hatfield districts.

The new Standard Housing Methodology in the National Planning Policy Framework (NPPF) consultation will have health service implications for the 13 Hertfordshire and West Essex local planning authorities. The new mandatory housing target for Hertfordshire under the new NPPF has risen to 10,096 homes per year. By comparison, the county built 5,387 homes in 2023/24. In Essex, local authorities have been given a target to build 14,088 homes a year under the new mandatory method of calculating local housing numbers. This is a 37% increase on the previous target of 10,316 a year. Associated health infrastructure will be required to support the health needs of these new residents/patients.

Our system priorities are to: give every child the best start in life, support our communities and places to be healthy and sustainable, support our residents to maintain healthy lifestyles, enable our residents to age well and support people living with dementia, improve support to people and families living with life-long conditions, long term health conditions and physical disabilities, and improve our residents' mental health and outcomes for those with learning disabilities and autism. You can read more about our plans in our approved Integrated Care Strategy.

The secondary healthcare estate within the ICB comprises 123 assets with a Gross Internal Area of 404,000 square meters, an annual running cost of c£198m and backlog maintenance totalling £123m.

The Primary Care Estate within the ICB comprises 200 (Main and Branch) General Medical Services Premises with a Net Internal Area of 80,000 square meters and an annual running cost to the HWE ICB for rent and rate reimbursement of £20m.

The table below shows the CQC's status for each of the 5 Trusts. All Trusts prioritise available capital allocations to keep the sites operational and safe, as this paper sets out. Noting that CQC covers much more than the built environment, the consensus is that it is increasingly more challenging to maintain and improve the environment.

TRUSTS' CQC STATUS						
TRUST	Date of last Inspection	Safe	Effective	Caring	Responsive	Well-Led
The Princess Alexandra Hospital	March 2023	Requires Improvement	Requires Improvement	Requires Improvement	Requires Improvement	Requires Improvement
Hertfordshire Community Trust	March 2020	Requires Improvement	Good	Good	Good	Good
Hertfordshire Partnership Foundation Trust	March 2019	Good	Good	Outstanding	Good	Outstanding
East and North Hertfordshire NHS Trust	June 2023 and August 2023	Requires Improvement	Good	Good	Requires Improvement	Requires Improvement
West Hertfordshire Teaching Hospitals NHS Trust	March 2020	Requires Improvement	Good	Good	Requires Improvement	Good

Within General Medical Services, there are 125 practices, and below is the CQC categorisation. Primary Care and the Nursing and Quality Team support all practices throughout the process.

- Rated Outstanding- 2
- Rated Good- 115
- Requires improvement- 7
- Inadequate- 1

2025/26 CDEL allocations and sources of funding

Programme	Allocation Description	Allocation -ICB	Allocation- Providers	Allocation Value
		£000's	£000's	£000's
Operational Capital- System	System CDEL including IFRS 16		81,348	81,348
Operational Capital -ICB	GP IT	2,952	-	2,952
Operational UEC Performance - WHTH		3,000		3,000
National Programme	Primary Care Utilisation Fund	2,295	-	2,295
National Programme	Estates Safety	-	8,046	8,046
National Programme	Return to Constitutional Standards	-	35,255	35,255
National Programme	NHP		14,330	14,330
National programme	Net Zero (Solar)		2,171	2,171
National Funding	PFI Charge		144	144
Total Capital Allocations		8,247	141,294	149,541

Note that 5 Trusts within HWE ICS receive capital allocations from the HWE ICS System, Central London Community NHS Trust, and Essex Partnership NHS Trust have their capital allocations from neighbouring ICBs.

Capital prioritisation

The ICB holds a regular Estates and Capital Group chaired by the Chief Financial Officer of HWE ICB, deputised by HWE ICB's Director of Estates and Capital, and which is attended by all system partners. Capital Projects and expenditure are also reported to the HWE ICB Strategic Finance and Commissioning Committee, as well as System Finance Groups. This ensures a balanced and continuing inclusive dialogue across all parties. When considering capital allocations and distribution, the HWE ICS uses and refers to the System Estates Infrastructure Strategy, which was drafted in September 2024.

The ICS had a mixture of approaches to allocating capital. Previous commitments made by NHSE have been honoured. Some capital sources were for specified purposes, and bids were invited against these and prioritised based on those best able to meet the criteria. General operational system capital was allocated broadly similarly to 24/25, but with an individual assessment made of the schemes identified to ensure maximum benefit from what is still limited capital funding. Some projects have not progressed due to limited funding, such as HPFT's impatient project in Stevenage. Whilst the two new hospitals at Harlow and Watford remain within the new hospital programme, the commencement date is delayed to 2032 due to limited funding.

Capital planning

As explained earlier, the capital allocations are insufficient to meet the current demands on Critical Infrastructure and Back Log Maintenance, with the Back Log Maintenance being reported as £123m, as stated earlier in this paper. Nevertheless, each Trust carefully balances available allocations within the system total and prioritises spending on projects and works that, at best, keep assets safe and operational. In late February 2025, and later than usual, NHSE confirmed the system allocation for 2025/2026 along with other funding categories. Below is an overview of each Trust's planned spend, whether that be from the non-central programme i.e., System Operational Capital allocations, or specific national funded streams such as: The Estates Safety Fund, diagnostics for equipment for Psychological Science, diagnostic for replacement imaging, UEC schemes or Mental Health Out of Area Placements.

East and North Hertfordshire NHS Trust. In addition to planning spend on routine maintenance from BAU allocations, the Trust submitted plans for MRI acceleration, audiology refurbishment and expansion from the Psychological Science Fund, an Urgent Emergency Care bid, and two bids under the Estates Safety Fund for replacement windows and Air handling reconfiguration. System Operational Capital funded projects were generally works and projects relating to paediatric services, planned Picture Archiving and Communication System hardware, the Home Therapies Renal Unit, Cath Lab 2 replacement, other air handling reconfiguration, replacement, and installation, fire safety, and medical equipment.

Hertfordshire Community NHS Trust. In addition to planning spend on routine maintenance from System Operational Capital allocations, the Trust submitted two

plans under the Estates Safety Fund for fire alarm replacements, fire compartmentation, emergency lighting replacement, and audiology diagnostic equipment under the Psychological Science Fund. BAU funded projects were generally backlog maintenance and small estate schemes, fire safety, medical devices, works to dental wards, sustainability, IT replacement programme, and robotic process automation.

Hertfordshire Partnership University Foundation NHS Trust. In addition to planning spend on routine maintenance from System Operational Capital allocations, the Trust in concert with Hertfordshire County Council submitted plans for phase 1 of an acute bed reconfiguration under the Mental Health Reducing Out of Area Placement Fund which was regrettably rejected by NHSE. Note that Essex Partnership NHS Trust also submitted a bid in conjunction with Essex County Council and Mid and South Essex ICB. The Trust submitted two projects for anti-ligature doors and emergency lighting replacement from the Estates Safety Fund. System Operational Capital funded projects were generally backlog maintenance, medical devices, fire compliance, and phased works across the portfolio towards bathroom, bedroom, WCs, gardens, and car parks upgrades. The Trust will also develop its feasibility study on the East Herts Hub.

Princess Alexandra Hospital NHS Trust. In addition to planning spend on routine maintenance from BAU allocations, the Trust submitted three projects under the Estates Safety Fund for works relating to fire compartmentation and electrical Critical Infrastructure Isolated Power Supply/Uninterruptible Power Supply (CIR IPS/UPS) Distribution. Similar to the planned spend under the BAU allocation by other Trusts, works on electrical and fire protection were allocated. The Trust has also planned to spend on addressing risks to domestic water, steam heating, the upgrade of three lifts, flooring to mitigate slips and falls, and site-wide security fencing. BAU allocation will also be directed to phase 2 of the Electronic Health Record (EHR) pathways and the Community Diagnostic Centre.

West Hertfordshire Teaching Hospital NHS Trust. In addition to planning spend on routine maintenance from System Operations Capital allocations, the Trust submitted two projects under the Estates Safety Fund for the provision of resilient HV power to the PMOK building at its Watford site and increased and resilient power works to its St Albans site. A replacement scanner and some community diagnostic works were sought from the Community Diagnostic Centre Fund. Again, in keeping with other Trusts, this Trust also identified works such as backlog maintenance, equipment, both new and replacement, and IT development from its System Operations Capital allocation.

System Capital Plan in DHSC Spend by Category

DHSC Spend Category	Category Value
	£000's
New Build - Diagnostics	35,950
Backlog Maintenance - Significant and high risk (CIR)	23,860
Routine maintenance (non-backlog) - Land, Buildings, and dwellings	19,229
New Build - Land, buildings, and dwellings	13,544
New Build - Multiple areas/ Other	12,890
Equipment - clinical Other	9,221
New Build - Theatres & critical care	6,050
Equipment - clinical diagnostics	5,262

Other - including investment property	4,747
New-Build -A&E/AAU	3,980
IT - Hardware	3,600
Utilisation of capitalised dilapidation provisions	2,983
GPIT	2,952
Primary Care Estates	2,295
Fire Safety	1,919
IT - Other Software	912
IT - Other	787
New Build - Wards	700
Equipment - non-clinical	323
Plant and machinery	250
PFI capital charges on a UK GAAP basis (e.g., residual interest)	144
Fleet, Vehicles & Transport	121
PFI capital (IFRIC12)	- 401
Donation	- 504
Property, land, and buildings Sale	- 1,274
Grand Total	149,540

Overview of ongoing scheme progression

In January 2025, the Chancellor of the Exchequer confirmed that both Princess Alexandra Hospital and West Hertfordshire Teaching Hospital NHS Trusts remain in the National New Hospital Programme with their respective projects and set new dates of 2035 and 2032 at the earliest date to commence works. However, West Hertfordshire Teaching Hospital NHS Trust was told that they could proceed with enabling works and retain their project team; they will progress, taking any opportunity for earlier delivery if permitted.

In late 2024, East and North Hertfordshire NHS Trust completed the development of a hybrid theatre for vascular surgery, providing crucial extra vascular capacity for the ICS and improving elective recovery capacity at WHTH and PAH.

Princess Alexandra NHS Trust entered into a lease with NHS Property Services and a building contract to deliver the community diagnostic centre on St Margaret's Hospital in Epping, which is programmed to be completed and operational by December 2026.

West Hertfordshire University Hospital continues with its elective surgical theatre at St Albans, which is scheduled to be completed late in 2025 and open early in 2026. This will improve recovery capacity.

West Hertfordshire University Hospital has an Endoscopy Project at St Alban's City Hospital, which will provide 4 new endoscopy suites with a project value of £25m. The project will commence in the summer of 2025 with completion in 2026.

Business cases in 2025/26

As mentioned earlier, two of the hospital trusts within the ICS are in the National New Hospital Programme for the delivery of two new hospitals.

Each Trust completed a Short Form Business Case, i.e., less than £1m to NHSE for their projects under the Estates Safety Fund. The HWE ICS allocation was £7.797m. and the system submission consisted of 11 projects to the total allocation on projects that addressed fire safety by either improving on fire compartmentation, upgrading or replacing fire doors, upgrading fire alarm equipment, works to electrical and power units, improvements to emergency lighting and one project at The Lister Hospital to replace windows in its Tower Block.

Cross-system and collaborative working

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.

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.

In Watford, Borehamwood, Hemel Hempstead, Stevenage, Baldock, and Harlow, NHS partners and Local Authorities are working collaboratively on regeneration and new garden town projects, which demonstrates system planning. Specific examples are:

1. Dacorum Borough Council, the HWE ICB and WHTH, plus other providers, are working in co-operation on a Strategic Outline Case that will be completed by December 2025, which considers a new town centre Health Campus and the redevelopment of the existing hospital site.
2. Watford Borough Council, the HWE ICB, and other partners are working in co-operation on a Project Initiation Document on the site known as The Watford Town Hall Quarter, which will accommodate primary and secondary care services in a mixed-use development.
3. In Borehamwood, Hertfordshire County Council, the HWE ICB and an NHS secondary healthcare provider have started planning the possible relocation of the fire station and a mixed-use scheme of residential and health care on the retained land.

4. Harlow Garden Community and Hemel Garden Community are major strategic sites with a housing quantum of unprecedented growth, and the NHS is a key partner of both. In each, there are multiple landowners and multiple housing organisations that will deliver the housing spanning to circa 2040.

Net-zero carbon strategy

Following on from the Health & Care Act 2022, the HWE ICS developed a Green Plan, incorporating and informing the Green Plans of its partner Trusts and considering the opportunities for joint working. This is the foundation stone for the strategic developments of the initial programme towards the formative target for an 80% reduction by 2032 on the 2019 baseline of 534,000 tonnes of carbon down to 107,000 tonnes.

The Green Plan will be refreshed by July 2025, reflecting on achievements and progress to date, together with building substantially on the current cooperative working so as to achieve greater system-wide outputs in the second period of the NHS drive to Net Carbon Zero – 2025-2028. The plan also covers areas such as Medicines and Procurement, which are already being reviewed system-wide, and adaptations that need to be in place to ensure climate-related resilience.

A HWE ICS Transport and Travel Plan will be delivered by the beginning of 2026 to reduce the carbon footprint now and beyond 2040. Working towards the Net Carbon Zero agenda the HWE ICS, South and Northeast Essex ICS and Mid and South Essex ICS have been working together with Essex County Council on the delivery of Electric Vehicle chargers specifically in Essex but intending to apply lessons learned to cover the broader HWE ICS, especially when considering the needs for blue light services.

The HWE ICS has seen System Sustainable Leads deliver around £2m worth of NHS Energy Efficiency Fund funded NCZ improvements in this financial year, significant LED lighting projects, Building Management Systems (BMS), and sub-metering projects, as well as solar panelling, EV chargers and air source heat pumps across the estate. Work is ongoing to remove or cap off all internal gas supplies, only using cannisters where it is clinically justified, but the system no longer purchases specified volatile anaesthetic gases.

Discussions are ongoing to take forward the NCZ work in the primary care estate with NHS Property Services as a reflection of their green plan, looking at the funding and delivery of their responsibilities. Also, the delivery of new infrastructure projects is required to deliver effective, sustainable NHS estate provision.

Joint Capital Resource Use Plan - 2025/26 Annex B

System CDEL Plan		ENHT	HCT	HPFT	PAH	WHTH	CLCH/ HUC	ICB	HWEICS
Provider	Operational Capital including IFRS 16	£000's 21,495	£000's 7,962	£000's 12,547	£000's 18,117	£000's 21,226		£000's	£000's 81,347
Provider	Operational UEC Performance					3,000			3,000
ICB	Operational Capital (GPIT)							2,952	2,952
	Total Operational Capital	21,495	7,962	12,547	18,117	24,226		2,952	87,299
ICB	National Programmes (GP Premises)							2,295	2,295
Provider	National Programme : Estate Safety	2,019	919	1,225	2,583	1,300			8,046
	National Programme- NHP				2,470	11,860			14,330
	National Programme- Net Zero (Solar)	2,171							2,171
	Other (Technical Accounting)	144							144
	Total System Capital	25,829	8,881	13,772	23,170	37,386		5,247	114,285
	<u>Return to Constitutional Standards</u>								
	Diagnostics	1,238	62		3,000	16,700			21,000
	Elective Recovery					3,000			3,000
	Urgent Emergency Care	2,600	500	2,430	3,750	1,808	167		11,255
	Total Return to Constitutional Standards	3,838	562	2,430	6,750	21,508	167	-	35,255
	Total Capital Plan	29,667	9,443	16,202	29,920	58,894	167	5,247	149,540