

## Joint capital resource use plan 2024/25

Systems can use this non-mandated template to present their information in their published plans.

|                       |                                  |
|-----------------------|----------------------------------|
| <b>Region</b>         | <b>East of England</b>           |
| <b>ICB / System</b>   | <b>Mid &amp; South Essex</b>     |
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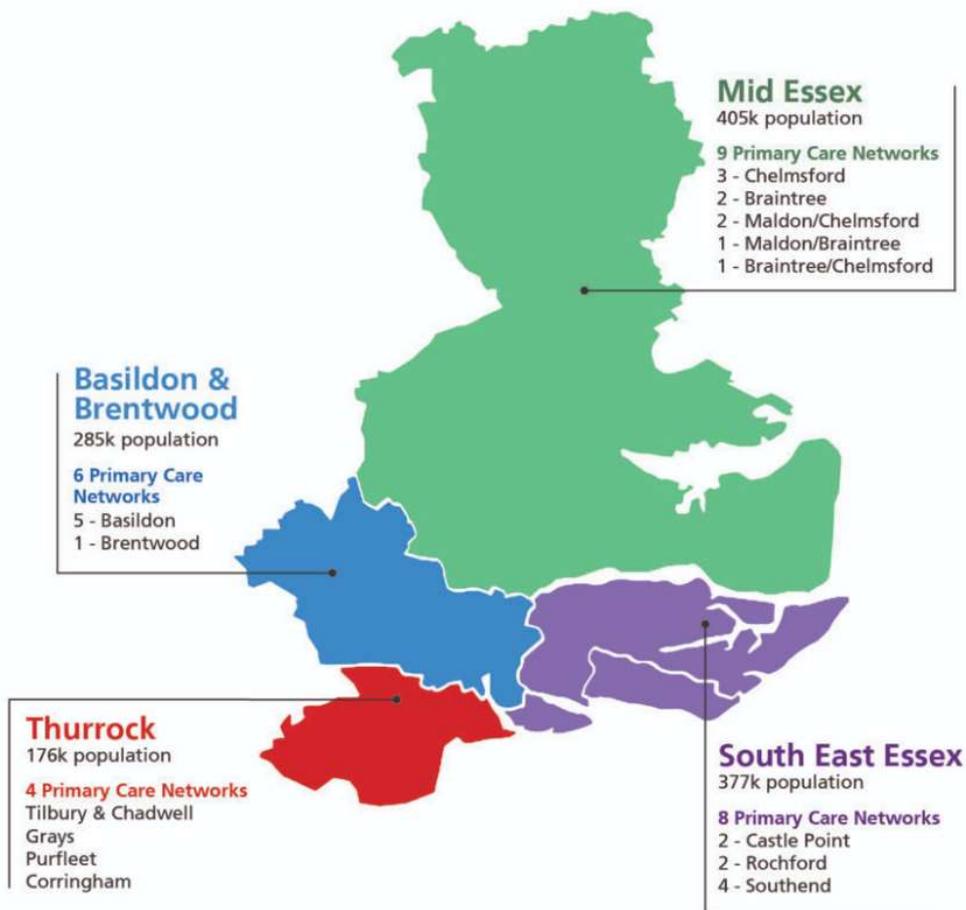
### Introduction

The Mid and South Integrated Care System serves a population of 1.2million people, living across Braintree, Maldon, Chelmsford, Castle Point, Rochford, Southend, Thurrock, Basildon and Brentwood.

The ICS includes over 149 GP practices, operating over 200 sites, as well as lead commissioner of two provider Trusts, Mid and South Essex NHS Foundation Trust (MSE FT) and Essex Partnership University NHS Foundation Trust (EPUT).

MSE FT is a single Trust with three main hospital sites in Southend, Basildon and Chelmsford and a further four locality sites.

EPUT provides community health, mental health, learning disability and social care services to around 3.2m people in Bedfordshire, Luton, Essex, Southend, Thurrock and Suffolk. The Trust's total estate comprises 200 properties (including two PFI schemes) with services being delivered on more than 141 sites.



This ICS ambition for capital is to enable high quality, facilities and equipment to deliver digitally enabled services in an efficient and effective way. We want to plan and prioritise all developments for the system to enable us to deliver a pipeline of improvements within the financial challenges we face as we recognise the ability of long-term investments to drive wellbeing of staff and residents as well as efficiencies for our population.

The capital plan includes spend on the procurement and development of a Unified Electronic Patient Record (UEPR), this will support the integration of services and the deliver efficiencies for our patient population and clinical workforce.

Backlog maintenance, ward refurbishments and equipment replacement make up the majority of the rest of the programme.

We have prioritised our primary care developments within the capital and revenue funding we have and we continue progress all opportunities to work across system partners to improve and realise estate where possible.

The ICB operates a number of joint forums for Estates, Sustainability, as well as the System Investment Group for Capital.

The ICB is currently developing a System Infrastructure Strategy, alongside the development of the two provider trust estates strategies, will enable an increasingly aligned and risk stratified approach to capital planning for 2025/26 and beyond.

## 2024/25 CDEL allocations and sources of funding

The ICB is in the third year of an agreed three-year capital funding envelope.

The two provider Trusts had an original agreed envelope of £54.1m, this was apportioned between the two organisations in line with the earlier planning agreement. However, for the 12<sup>th</sup> June planning submission the system was notified that due to the system revenue deficit there was a capital penalty of £5.406m to be taken from Providers. The capital reduction was apportioned across the systems on the basis of the deficit with £0.6m to EPUT and £4.8m to MSE FT. The total provider capital allocation is therefore, £48.7m and the ICB has an agreed allocation of £2m for 2024/25.

In addition to the above funding, both provider Trusts have identified further sources of external funding totalling £76.5m in respect of the development of:

- Electronic Patient Record (circa £17.2m across both Trusts)\*,
- MH UEC Funding at EPUT (£0.2m)
- Community Diagnostic Centres at MSEFT (£31.2m),
- 23 hour surgical hub at MSEFT (£10.6m),
- STP Capital funding at MSEFT totalling (£13.2m)
- RAAC at MSEFT (£4m)\*

\*Funding values remain subject to approval of Full Business Cases.

IFRS 16 funding requirements total £31m, this is made up of a Provider Trusts requirement of £11m against an indicative provider funding allocation is £13.3m. ICB have a requirement of £20m for two new leases.

Although the ICB has submitted a capital expenditure plan in line with funding, the system as a whole remains overcommitted in excess of £85m. Where possible, the system is seeking additional funding through allocations, and individual organisations are looking at potential estate disposals with a view to increasing the level of capital investment to be made.

## Capital prioritisation

The system has continued to allocate Provider capital in line with the original assumptions in the Provider plan, of which 2024/25 is the third and final year.

A Joint Capital Plan working group was organised fortnightly between the two provider organisations and the ICB. Each organisation developed and shared their long list for capital priorities, and their individual Trust working assumptions. With varying methodologies each of the Provider organisation undertook a risk assessed approach to the capital longlist, within the agreed framework of:

- contractual commitment,
- replacement / end of life,
- health and safety / quality / patient safety
- productivity / efficiency.

Within each Trust the capital plan for 2024/25 has been approved by their Board.

Individual Trusts have undertaken an individual assessment of their lease re-measurement requirements for Right of Use assets, and new lease requirements, this has been incorporated into the planning figures.

The Joint Capital Plan has then been recommended for approval to the System Investment Group (SIG), where there is representation from both Providers and the ICB. SIG has been in place and chaired by EPUT since October 2021. This forum is utilised as a peer review forum on capital plans/forecasts and major investment cases, before submission for approvals at the ICB Finance Investment Committee and Board. The SIG also oversees all new lease commitments against a pre-agreed prioritisation criteria.

Within the EPUT Capital prioritisation for 2024/25 there were several major high priority capital schemes and ward refurbishments, as well as a number of medium-high priority medical equipment replacements and IT developments that were unaffordable within the capital envelope. The Trust is currently in the process of finalising its Estates strategy and will be looking for opportunities to attract further NHS and commercial funding streams to further develop the Estate. There may be further requirements for additional capital funding for EPUT as a result of the Inquiry and associated findings.

MSEFT has been successful in attracting a number of external funding bids including funding for Community Diagnostics Centres, 23 hour Day Unit, and is currently in the process of developing a programme of business cases in relation to their STP capital funding bid from 2019. Whilst external funding supports some significant developments, the Trust continues to have significant risks around levels of backlog maintenance, equipment replacement, and investment in digital infrastructure. The Trust will continue to work to seek additional funding and commercial opportunities and to reprioritise the programme locally to mitigate risks.

The ICB capital is very constrained for a significant primary care estate and associated digital agenda's. The ICB has submitted a significant IFRS 16 requirement relating to renewal of two building leases, these to date have not been funded in the IFRS 16 envelope, but there is ongoing dialogue with NHSE on this requirement.

## Capital planning

The Capital Plan for the two provider organisations seeks to address the following areas:

- Digital Critical Infrastructure – Wi-Fi/obsolete software and other essential infrastructure
- Digital Equipment Refresh – outside of useful life hardware replacement
- Medical Equipment Replacement – high risk only
- Estates Backlog Maintenance – high & significant classification only
- Estates Environmental Upgrade – meeting the requirements of CQC actions
- Estates Strategic Clinical and Operational Transformation
- Strategic ICT developments such as Shared Care Record, UEPR and EPMA

The Capital Plan for the local allocation has been summarised into the following key areas:

|  | 2024/25       |              |                           |                         |                         |
|--|---------------|--------------|---------------------------|-------------------------|-------------------------|
|  | MSEFT<br>£k's | EPUT<br>£k's | Provider<br>Total<br>£k's | Primary<br>Care<br>£k's | System<br>Total<br>£k's |
| 24/25 Carry Forward Commitments                | 4,226         | 1,100        | 5,326                     | 0                       | 5,326                   |
| BAU Digital                                    | 7,978         | 1,050        | 9,028                     | 1,255                   | 10,283                  |
| BAU MEMS                                       | 3,000         | 704          | 3,704                     | 0                       | 3,704                   |
| Estates Backlog                                | 3,000         | 1,701        | 4,701                     | 0                       | 4,701                   |
| Estates Other                                  | 13,240        | 2,262        | 15,502                    | 733                     | 16,235                  |
| Strategic ICT                                  | 7,289         | 2,321        | 9,610                     | 0                       | 9,610                   |
| Other Including Contingency                    | 0             | 780          | 780                       | 0                       | 780                     |
| <b>Total Charge Against Capital Allocation</b> | <b>38,733</b> | <b>9,918</b> | <b>48,651</b>             | <b>1,988</b>            | <b>50,639</b>           |

The full System CDEL is included on page 9 of this plan.

## Overview of ongoing scheme progression

The two provider Trusts have a total carried forward local scheme requirement of £5.3m. This is representative of local multiyear programmes which carry forward into the 2024/25 programme.

MSE FT have a number of multi-year externally funded schemes which carry into 2024/25, including Community Diagnostic Centres in Pitsea, Thurrock and Braintree, a 23 hour Day Unit facility and early enabling and design funding for the STP capital programme.

Both Trusts have just complete a procurement for Unified Electronic Patient Record (UEPR) system, which is a multi-year programme. The Full Business Case is currently in the process for national approval, with the implementation of the system commencing in 2026/27. External funding values for the UEPR are indicative and will be formalised as part of the UEPR business case.

## Risks and contingencies

The capital plans include the following significant risks:

- Across the ICB there are inherent risks in the capital programme given the scale of the aging clinical and digital equipment and the level of high and significant backlog. Ongoing capital reductions due to the system revenue deficit position will increase this risk in future years. This has been mitigated where possible through the prioritisation of the capital programme, however, both the provider Trusts and the ICB have significant unfunded schemes in excess of £85m.
- The Trusts plans include external funding for the Unified Electronic Patient Record Business case, which is currently subject to national approvals. The Business Case has requires a commitment from local CDEL funding to support affordability.
- MSE FT is currently in the process of developing a series of Short Form Business Cases for schemes that were approved in the Programme Outline Business Case (POBC) in 2019 prior to the three hospital merger. The capital investment is an enabler to support reconfiguration of clinical services, and delivery of a number of clinical and financial benefits associated with merger. A number of schemes will not start until April 2025, therefore there is a risk they will not be approved due to this falling into the next funding review period.
- MSE FT has a large number of major capital projects, which risk of being over budget and slippage on delivery times. Programmes are monitored for progress within the local Trust, and with further assurance through the System Investment Group.
- EPUT is likely to be a core participant in the Lampard Inquiry, the Terms of Reference for this, inquiry have now been extended. The Trust may be required to make further urgent capital investments subject to any findings to improve environment, and patient safety. There has been significant investment in recent years in the environment, to reduce risk to patients, to mitigate this risk, and further investment built into the capital plan within equipment replacement, environmental upgrade and backlog maintenance, however, there is still more improvements to be undertaken in some areas of aging estate.
- EPUT and MSEFT contingency funds for 2024/25 have now been fully eroded with the reduction of the capital plan as notified in month 2. Both Trusts will be working to manage programme slippage to ensure that they do not overspend on allocation. As noted above both Trusts have a significant unmet capital need identified in the planning process.
- EPUT carries a significant risk with regard to IFRS 16 re-measurement costs, due to currently having a high number of property leases 39 leases for with NHSPS and a further 13 private leased properties. The Trust is looking to review current lease arrangements as part of its Estates Strategy.
- The ICB has included an IFRS 16 requirement of £20m, in relation to the renewal of two leases. This is yet to be agreed for funding.
- The system may be subject to further capital penalties in future financial years, if the system remains in a planned revenue deficit. This puts further pressure on the aging infrastructure of the Provider and ICB estate, and limits digitisation of clinical services and delivery of the associated benefits. Work is ongoing on the ICB infrastructure to support the best use of resources across the system. Capital prioritisation will

continue to be monitored by the System Investment Group and reported to the ICB Finance Committee on a quarterly basis.

- The Primary Care Estate development pipeline has been reviewed and prioritised within the available envelope, however the allocation is a significant constraint to enabling us to deliver the breadth of improvements required to improve quality as well as capacity and access in Primary Care. All other routes are being explored but there is a significant risk to being able to fulfil Primary requirements within existing envelopes.

All risks to the System Capital Programme are reported and managed locally, but are overseen in the System Investment Group.

## Business cases in 2024/25

The ICB has a number of Business Cases in progress or already approved for 2024/25:

- Community Diagnostic Centres – Thurrock, Braintree, and Pitsea – Business Cases Approved
- MSE FT 23 Hour Day Unit (£25m) - Business Case Approved
- EPUT – SNEE UEC scheme (0.2m) – Business Case Approved – Phase two to be completed in 2024/25
- MSE FT – STP Capital Programme (£118m) – Enabling & Design Fee Approved – Programme of 7 Business cases for development and approval in 2024/25
- MSE FT – RAAC (£4m) – approved
- Unified Electronic Patient Record (UEPR) – FBC developed – awaiting approval in 2024/25. The UEPR business is partly funded through Frontline Digitisation Funding, but assumes match funding from the local CDEL. The implementation of the system will be in 2026/27.

In 2024 the ICB undertook a Public Consultation on the future of community hospital services, which could impact the future use of St Peter's Community Hospital in Maldon.

## Cross-system and collaborative working

MSE FT works predominantly in the MSE ICB footprint. The Trust leads the Community Diagnostic Programme on behalf of the ICB.

The MSE ICB work closely with the three local authorities Thurrock, Southend and Essex, through regular finance and estate networks to explore collaboration opportunities, and sharing plans.

EPUT is the lead provider for the MSE Community Collaborative supporting community and mental health services across mid & south Essex, alongside North East London Foundation Trust (NELFT) and Provide (CIC). EPUT is working with partners to explore opportunities for estate rationalisation and capital planning alignment from 2024/25, these capital plans will be co-ordinated through EPUT.

The ICB, EPUT and MSEFT are all working together alongside MSE Community Collaborative Partners, EPUT, NELFT and Provide on the future of community hospital

services in MSE. As part of this a Public Consultation on potential changes to community hospital services, including intermediate care and stroke rehabilitation services, the permanent location of the midwifery-led birthing unit and the possible relocation of other services from St Peter's Hospital, Maldon took place between January and April 2024.

EPUT delivers services across four ICBs (MSE, SNEE, HWE, and BLMK) and shares information about the capital plan and initiatives through finance and estates networks. EPUT has utilised external funding sources via SNEE in 2023/24 to improve Urgent Care Facilities for Mental Health. A second phase of works is being undertaken in 2024/25.

## Net zero carbon strategy

MSE ICS are committed to delivering on the Greener NHS Programme, with the aim of being net carbon zero for scopes 1 and 2 (direct and indirect emissions) by 2040 and scope 3 (supply chain) by 2045.

These include:

- an increased use of digital technology,
- green prescribing,
- changing our purchasing habits to focus on local and suppliers with a commitment to achieving net zero,
- enabling employees to have a more flexible approach to work.

This is a long-term commitment and will involve regular progress updates and assurances.

MSE ICB established a new Greener NHS Programme Board in May 2024, bringing together the Executive SROs from each partner organisation to oversee progress and share opportunities to spread good practice in reducing emissions across MSE.

The MSE ICS Sustainability Group, supported by MSE FT, invites all those working to support the Greener NHS and broader sustainability agenda together to support shared learning and collaborative working across all partner organisations in the ICS.

EPUT and MSEFT continue to pursue improved sustainability across their estate through the capital programme, initiatives include:

- Switching to electric fleet vehicles
- Electric Charging Networks
- LED lighting
- Building Management Systems
- Estate rationalisation

Both Trusts continue to explore options for funding estate and infrastructure improvements that support the Greener NHS agenda, including research funding and Salix grants. Net Zero forms part of our social value assessment for all procurements.

System CDEL

The 24/25 System CDEL is shown below including a breakdown by Provider and a narrative of the main categories of expenditure

|                 | CDEL  | Mid & South Essex ICB | Mid & South Essex Foundation Trust (MSE FT) | Essex Partnership Trust (EPUT) | Total Full Year Plan | Narrative on main categories of expenditure  |
|-----------------|---|-----------------------|---|--------------------------------|----------------------|--|
|                 |   | £'000s                | £'000s                                      | £'000s                         | £'000s               |  |
| Provider        | Operational capital   | -                     | 38,733                                      | 9,918                          | 48,651               | The Operational Capital of the two provider organisations is mainly focused on the following areas:<br>Backlog Maintenance<br>Digital Refresh<br>ICT Infrastructure & EPR Preparedness<br>Estates Environmental Improvements & Patient Safety Programmes<br>Medical Equipment Refresh<br>Strategic Estates Initiatives |
| ICB             | Operational capital   | 1,988                 | -   | -                              | 1,988                | ICB Capital is being spent across Digital Infrastructure, and Estate maintenance   |
| <b>Subtotal</b> | <b>Total system operational capital</b>                                 | <b>1,988</b>          | <b>38,733</b>                               | <b>9,918</b>                   | <b>50,639</b>        | Total system operational capital was reduced by £5.406m due to the System Revenue deficit.   |
| Provider        | Impact of IFRS 16   | -                     | 4,764                                       | 6,779                          | 11,543               | Includes new leases, lease remeasurement and fleet replacement   |
| ICB             | Impact of IFRS 16   | 20,000                | -   | -                              | 20,000               | Potential IFRS 16 requirement for new leases included in the Plan  |
| Provider        | Sustainability and Transformation Partnership (STP)/ Upgrades Programme | -                     | 13,230                                      | -                              | 13,230               | STP wave 2 capital monies total programme circa £118m, to support the clinical reconfiguration of the acute hospitals following the merger in 2020.  |
| Provider        | Diagnostics   | -                     | 31,227                                      | -                              | 31,227               | Community Diagnostic Funding - Braintree, Thurrock and Pitsea CDCs   |
| Provider        | Front line Digitisation   | -                     | 9,853                                       | 7,389                          | 17,242               | Indicative figures for the Joint Unified Electronic Patient Record (UEPR), the Full Business Case is currently in the approval process. Funding will be aligned to the business case once approved   |
| Provider        | Mental Health   | -                     | -   | 167                            | 167                  | Mental Health Urgent Care monies for the upgrade of facilities in Colchester   |
| Provider        | Targeted Investment Funding (TIF)                                       | -                     | 10,624                                      | -                              | 10,624               | TIF funding for the development of a 23 hour day surgery unit at the Southend Hospital Site.   |
| Provider        | RAAC  | -                     | 4,000                                       | -                              | 4,000                | Funding to support RAAC works at the Broomfield Hospital Site.   |
| Provider        | PFI Residual Interest   | -                     | 3,147                                       | 121                            | 3,268                | PFI Residual Interest  |
| <b>Total</b>    | <b>Total system CDEL</b>  | <b>21,988</b>         | <b>115,578</b>                              | <b>24,374</b>                  | <b>161,940</b>       |  |