

2026/27 SWL NHS Capital Resource Use Plans



Introduction

Capital expenditure generally relates to long-term investments in building and maintaining NHS land and facilities, IT and medical equipment such as MRI or CT scanners. The funding arrangements for such capital expenditure in the NHS are changing. System capital budgets that were allocated to integrated care boards (ICBs) to distribute based on system priorities have been removed. Instead, trusts will receive individual provider capital allocations. NHS England (NHSE) will continue to hold ringfenced primary care capital allocations for ICBs and national capital funds for specific Government priorities.

Under the Health and Care Act 2022, ICBs and their partner NHS trusts are required to produce and publish annual NHS joint capital resource use plans on direction from the Secretary of State. The plans are intended to ensure there is transparency for local residents, patients, NHS health workers and other NHS stakeholders on how NHS capital funding provided to ICBs is being prioritised and spent to achieve the ICB's strategic aims.

This document sets out NHS capital plans for 2026/27 across NHS South West London and SWL NHS trusts in line with the commitment to provide stakeholders with this transparency. The ICB and its partner NHS trusts are responsible for reporting on NHS capital budgets throughout the year, ensuring stakeholders and the wider public have continued visibility of plans, including any key revisions that are made during the year due to timing of funding, approvals and any new national initiatives. Stakeholders can access a full year view via organisational annual reports at the end of the financial year.

Context and scope: NHS capital funding sources and alternative sources

HM Treasury (HMT) sets the Department of Health and Social Care (DHSC) a limit for how much capital investment it can make. The department and the NHS are legally obliged not to spend above this limit. This obligation is passed down to ICBs and trusts who have a financial duty to ensure that allocated NHS capital budgets are not overspent.

There are five key routes for ICBs and trusts to access NHS capital, which are covered in this publication:

1. **NHS capital budgets for trusts.** The use of these allocations is determined by the recipient trusts. Trust allocations are calculated by NHSE using a standard formula and NHS trust data, which is largely based on the depreciation of NHS trust assets. As a result, the use of the capital budget mostly focuses on the replacement and maintenance of NHS trust assets with some flexibility to target additional investment.
2. **An annual budget ringfenced for the ICB by NHSE for primary care.** This budget is held and managed centrally by NHSE, and the system and its partners submit applications to access these funds which, if successful, can only be used for these specific projects. The budget may be spent on estates works which are eligible under the Act and replacement IT for general practices.
3. **An annual budget ringfenced for the ICB by NHSE for strategic investment.** This is a new budget this financial year and is held centrally by NHSE until the ICB determines its use. It will be subsequently managed accordingly in line with capital rules for trusts and primary care.
4. **Further capital allocations from centrally held programme budgets by NHSE.** Sometimes, opportunities arise for trusts and primary care to access further capital funding within the financial year (in addition to the allocated NHS trust and primary care budgets), which allows it to spend more on its infrastructure and equipment. Such budgets are held centrally by NHSE for national priorities. This funding may not be known when NHS capital plans are formed at the beginning of the year, but organisations will ensure that significant in-year revisions to plans are transparent.
5. **Capital receipts generated by NHS trusts through asset disposals.** NHS trusts can generate cash income but also additional NHS capital budgets via asset sales, for example selling disused land for residential development. These capital receipts can currently be reinvested in improving healthcare facilities for the population in the year that they arise or a future year with NHSE's agreement.

Some property developments relating to community and primary care facilities are outside of this plan as the capital is made and owned by other parts of the NHS (e.g. NHS Property Services) or because third party developers provide the upfront investment and then are reimbursed through rent charged over the subsequent lease term.

The ICB and its partner NHS trusts can also seek access to external capital funding via charitable sources, capital grants from outside the DHSC and local authorities (section 106 funding and community infrastructure levy support). We are very grateful for this additional support to enable the NHS to improve its facilities and support its local populations.

2026/27 Capital Plan

The table below sets out 2026/27 capital plans across the ICB and its partner NHS trusts and reflects the planned capital expenditure across the SWL NHS system.

Organisation type	Plan component	ICB £'000	Croydon Health Services £'000	Epsom and St Helier Hospitals £'000	Kingston and Richmond £'000	St George's Hospital £'000	SWL & St George's Mental Health £'000	The Royal Marsden £'000	TOTAL 2026/27 Plan £'000
Provider	Capital budget for NHS trusts		20,489	28,052	18,275	37,192	56,685	29,864	190,557
	Subtotal NHS capital budget for trusts	-	20,489	28,052	18,275	37,192	56,685	29,864	190,557
ICB	Capital budget for primary care maintenance and IT	3,125							3,125
ICB	Capital budget for ICB strategic investment	4,995							4,995
	Subtotal SWL system capital envelopes	8,120	20,489	28,052	18,275	37,192	56,685	29,864	198,677
Provider	National programme funding: Estates Safety, Upgrades, New Hospitals Programme	0	2,120	3,700	12,900	225	0	18,638	37,583
Provider	National programme funding: Constitutional Standards (UEC, Diagnostics, MHLDA, Community, Primary Care)	1,934	3,730	19,527	8,209	11,450	5,311	0	50,161
	Total NHS capital budgets	10,054	26,339	51,279	39,384	48,867	61,996	48,502	286,421

Plans are aligned to ICB priorities in that they support continuity of service and the improvement in the quality of service. Planned investment enables:

- day-to-day operations to continue through the investment by trusts in the backlog maintenance of their buildings and in the replacement of ageing equipment, ensuring that patients are kept safe
- modernisation of the mental health estate, ensuring that mental health services are delivered from within fit-for-purpose facilities
- improvements in IT infrastructure and cyber security
- financial recovery of the system partners
- the replacement IT and improvement of GP practices
- progress against sustainability and net zero targets.

The components of these plans are set out in the sections below.

Capital budget for NHS trusts

The 2026/27 plan for NHS trusts is indicatively £190.6m. Trusts will manage to this budget for the year, in line with their financial duty to ensure that the NHS capital budget is not overspent.

The budget includes capital receipts of £55.4m generated from asset sales in prior years to reinvest in the modernisation of the mental health estate at the Tolworth Hospital site. The timing of these receipts was earlier than the planned expenditure so in line with NHS guidance and with Government approval the budget was transferred to 2026/27 to ensure it is available to fund the new build.

SWL NHS trusts, like all trusts, have backlog maintenance to tackle alongside operational pressures to ensure buildings and services remain safe. Therefore, the majority of the capital budget (70%) for NHS trusts relates to backlog maintenance and other critical investment in estates, IT and medical equipment (including leases) and supports operational delivery. The remaining 30% largely relates to strategic investment in the multi-year programmes which also address maintenance and replacement of assets but on a larger, more strategic scale.

Larger-scale schemes progressing in 2026/27:

- Redevelopment of the Tolworth and Barnes Hospital sites, which are part of Phase II of the modernisation of the mental health estate programme in SWL; this is a multi-year programme that is expected to complete by 2027/28.

Capital budget for primary care maintenance and IT

This budget is set by NHSE and is for the investment in primary care for replacement IT and minor estates works in GP practices. The 2026/27 capital budget for primary care provided by NHSE is £3.1m.

The ICB has worked with primary care partners to ensure that investment is targeted in the appropriate areas. The NHS Premises Costs Directions 2024 under the Act provide for a range of eligible circumstances where a general practice contractor may seek non-recurrent financial assistance for works. NHSE has also opened the application process for ICBs to submit their general practice IT proposals (on behalf of primary care) to replace IT equipment and network

infrastructure. The ICB will work closely with NHSE to complete its review processes for such costs as soon as possible in 2026/27.

The buildings and the structures that support primary care health services in our local communities need to be safe, modern and fit for the purpose of caring for patients. Recognising the complex ownership model in primary care, and that the capital budget allocated to primary care nationally is comparatively small and the ability to meet the requirements of commercial developers is currently limited, the ICB is giving focus to priorities and how transformational investment can be targeted in line with the SWL NHS Infrastructure Strategy.

ICB Strategic Capital

This budget is set by NHSE and is for strategic investment directed by the ICB. It is subject to the NHS capital investment rules for primary care and trusts. Plans for the use of this fund are in development in light of the changing ICB model and focus, and are expected to be determined by Q2 to enable in-year delivery.

National programme funding: Upgrades and New Hospitals Programme

The plan relates to estates safety works across Trust sites, proposed by SWL NHS trusts and awaiting NHSE decision. Funding, if secured, will support the acceleration of investment in fire safety works, asbestos removal, decarbonisation, cladding upgrades and power supply upgrades. Confirmation of funding is subject to NHSE approval and business case processes.

In prior years, this element of the plan included expenditure towards a brand new Specialist Emergency Care Hospital (SECH) in Sutton and redevelopment of the existing hospitals on the Epsom and St Helier sites under the New Hospitals Programme. The Government announced in January 2025 that the scheme was part of Wave 2 of the New Hospitals Programme, whereby construction would not start until 2032 to 2034 and as such, no plans are included in 2026/27 for the new hospital.

National programme funding: Constitutional Standards

The plan relates to constitutional standards schemes, proposed by SWL NHS trusts and awaiting NHSE decision. Funding, if secured, will support:

- improvements in diagnostic activity through equipment replacements and upgrades
- upgrades to improve the efficiency of urgent and emergency care estate
- seed funding to further develop mental health service provision in the community

- improvement in the utilisation and modernisation of the primary care estate.

Confirmation of funding is subject to NHSE approval and business case processes.

Risks

The ICB and its partner NHS trusts follow risk-based approaches to prioritise expenditure within available capital budgets. Organisations have limited budgets in which to ensure that services and environments are safe and fit-for-purpose for patients, staff and the public, so careful consideration is given to where the need for investment is. This might include balancing investment, for instance, between backlog maintenance, replacing old and ageing medical scanners, investment in cyber security and major estates developments.

The key risks for SWL NHS organisations to monitor and manage throughout 2026/27 are expected to include:

- Not being able to deliver to the timelines built into the plan, for instance, due to underestimating the timelines required for business case approval processes. If these processes take longer than anticipated, this can impact the phasing of expenditure and estimated prices and the ICB and trusts may need to reprioritise the schemes in their plans.
- If approval processes do not lead to anticipated outcomes, the ICB and trusts may need to reprioritise the schemes in plans.
- If the planned asset sales are held up and the assumed funding level generated from them is lower than planned there is a risk that plans would need to be reprofiled until the capital receipts are confirmed.
- If funding levels from NHSE for primary care and neighbourhoods are insufficient, our ambitions to increase levels of care in the community away from an acute setting and improve access for patients may not be deliverable.
- Rising inflation has been a significant risk that has materially changed estimated costs and there is risk that the ICB and trusts will no longer be able to afford all of the schemes it previously anticipated.

- The system infrastructure includes estate which is managed by PFI providers; there are risks that changes to the buildings or in the PFI contract arrangements are not affordable for the health system.

The ICB and SWL NHS trusts will continue to carefully monitor these risks throughout the year and regular reports will be taken to relevant Committee and Board meetings. The ICB and SWL NHS trusts have close working relationships with NHSE and DHSC colleagues and will continue to keep an open dialogue with colleagues as they progress through 2026/27 to gain support and approval for planned schemes.