

Publication of Capital Plan 2019

2nd September 2019

Q and A

Q: Why has it taken so long to agree a plan this year?

A: The Health capital allocation in 2019 is now €642m for the construction and equipping of health facilities. We have been working with the Health Service Executive and the Department of Public Expenditure and Reform to develop a multi annual capital plan for the health services in the context of the increased costs of the New Children's Hospital project in 2019 and beyond.

The Government provided additional capital funding in 2019 (€75m) and has committed to provide the additional capital funding required in 2020 to cover the increased capital expenditure for the new Children's Hospital in 2020.

This allowed us to finalise a multi-annual Capital Plan.

Q: When was the last HSE Capital Plan approved/published?

A: The Health Service Executive's Capital Plan 2016 was formally approved.

In 2017, the Department and the HSE prepared a draft capital plan in the context of the mid-term review of the Capital Plan.

Similarly, in 2018 a draft capital plan was prepared by the HSE in the context of the Department's contribution to the National Development Plan 2018-2027 which sets out the capital investment priorities that will underpin the implementation of Project Ireland 2040.

There was a balanced capital spend in both years.

The Department and the Health Service Executive maintain close contact regarding the capital funds available each year and the progress of major capital projects and programmes.

Q: How has the need for additional funding for the new Children's Hospital affected the projects in the Plan?

A: The increased capital funding provided by the Government in 2019 has enabled the HSE to plan and fund progress in respect of the projects that were included in previous plans and to progress additional evaluated and prioritised projects in 2019 including Government priority programmes and major capital projects.

In terms of the financing of the children's hospital project for 2019, €150m had already been included in capital profiles for the project in 2019. The Government provided an additional €75m capital funding in 2019 towards the increased costs of the new Children's Hospital. The Summer Economic Statement provides an expenditure reserve of up to €200m in 2020 to accommodate funding requirements for the new Children's Hospital and the National Broadband Plan. This will be considered further as part of the Budget 2020 estimates process reflecting the most up to date position on capital spending in respect of the new Children's Hospital at that time.

Q: How much is being spent on the new Children's Hospital?

A: In December 2018, the Government approved the overall investment of €1,433m for the construction of the new Children's Hospital and two outpatients and urgent care centres. The expenditure up to the end of 2018 was €238m. The Capital Plan provides for funding of €881m for the new children's hospital over the three-year period 2019-2021. The profiling of this funding is being reviewed on an ongoing basis and the latest estimated expenditure in 2019 is €230m, with the resulting cashflow saving of €20m being carried forward to 2020, where expenditure of €316m is expected, with €335m profiled in 2021. The Government will consider the provision of additional funding as part of the Budget 2020 Estimates process reflecting the most up to date position relating to capital spending at that time.

Q: What projects have been cancelled as a result of the NCH cost increase?

A: No projects have been cancelled as a result of the increased cost projections of the NCH. The Government has provided additional funding towards the NCH in order to enable the HSE to continue its capital programme.

Q: What's being done to ensure the new Children's Hospital situation does not happen again?

A: The Government has learnt from the experience of the new Children's Hospital and is committed to guarding against this happening again. We are working on implementing a suite of reforms to avoid major cost overrun on key national priority projects.

These include

- how we treat risk and uncertainty in project planning,
- how we approach the procurement process
- how we evaluate major projects
- and how we ensure that we have the right skills and experience to deliver Project Ireland 2040.

Risks always remain, not least of which is the nature of the UK's exit from the European Union. It is vital that we build up our fiscal defences.

Q: What is the position of projects not included in the Plan this year?

A: The Plan outlines a selection of projects which will progress over the period.

It is important to note, however, that all proposals must progress through a number of assessment and approval stages, in line with the Public Spending Code.

The HSE actively manages the capital programme in order to ensure it has flexibility to progress as many projects as possible within the available funding, particularly in the event of any project not progressing as anticipated.

Q: Why has the Health sector entered into a contract with Western Building Systems?

A: The contract for the 60-Bed Ward Block at University Hospital Limerick was formally awarded to Western Building Systems in May 2019.

The HSE followed strict EU public procurement guidelines in this process. The successful bidder was entitled to bid for the contract and met all the contract criteria.

The 60-bed Ward Block at University Hospital Limerick will be fully compliant with the building regulations. The HSE have appointed a technical advisor team who are supervising the contractor's design and construction works and who ensure compliance with the contract requirements. In addition, the local HSE Estates staff, including engineers and clerk of works, will oversee and monitor the construction project.

This is an important project for the people of Limerick and the MidWest and will go some way towards addressing the acknowledged lack of bed capacity in the region. The 60-bed ward block comprises four stories, with three wards of 20 en-suite single rooms.

Q: What is the status of the programme for community nursing units?

A: Community Nursing Units are an essential part of our national infrastructure. However, many public units are housed in buildings that are less than ideal in the modern context. In 2016, the Government announced a capital investment programme totalling €535m to provide the framework to allow for an enhanced programme to replace, upgrade and refurbish up to 90 centres across the country to ensure compliance with National Quality Standards.

The programme provides for a phased approach, with new builds and larger projects sequenced towards the end of the six-year period. Most of the funding comes from the Exchequer Capital Plan, with €150m to be sourced through Public Private Partnerships.

The HSE have prudently indicated to the Department of Health two and a half years in advance of the December 2021 regulatory deadline that it expects that not all CNU's will be redeveloped/completed by that time. It is important to note that the vast majority of them will be substantially complete.

In considering the phasing of the projects over the 6 years, the HSE has had regard to the Capital funding available each year. The programme of works prioritises the completion of smaller projects in the earlier years of the Plan with larger projects, including those to be developed under the PPP model, to be commenced later.

The 2019 Capital Plan provides €220m capital funding to the CNU programme over the period 2019 to 2021 and also sets out the current status of projects within the programme.