



HSE Board Briefing Template

Subject: Approval for the re-allocation of funding in Capital Plan 2023

Submitted for meeting on: 18 July (EMT), 14 July (ARC), 28 July 2023 (Board)

Name & title of author: Dean Sullivan, Chief Strategy Officer

Why is this information being brought to the Board's attention?

In order to ensure appropriate budgetary management and utilise the full 2023 Capital Plan allocation, it is proposed to re-assign funding across several categories within the Plan. The Quarter 2 analysis of the Capital Plan spend profile has identified slippage in the Capital Plan. Approval is sought to re-allocate [REDACTED] to address the slippage to date and projected to year end. The majority of this slippage to date and slippage projected is accounted for by the National Children's Hospital project.

Is there an action by the Board required, if so please provide detail?

It is recommended that EMT, and thereafter ARC and the HSE Board approve the proposal to re-allocate this funding. It is proposed to re-allocate funding under the following categories within the Capital Plan: Recent Government and HSE priorities such as Surgical Hubs and 1500 beds (additional capacity), Wexford University Hospital Fire Restoration, Minor Capital; New Priority Projects, Equipment Replacement Programme; Ambulance Replacement Programme; Infrastructural Risk; and Strategic Property Acquisitions as outlined below. This proposed re-allocation follows the process adopted in 2022.

Please indicate which of the Board's objectives this relates to;

- The development and implementing of an effective Corporate Governance Framework, incorporating clinical governance and a performance management and accountability system; **X**
- Developing a plan for building public trust and confidence in the HSE and the wider health service;
- Ensuring the HSE's full support for and implementation of the Government's programme of health reform as set out in the Sláintecare Implementation Strategy;
- Exercising effective budgetary management, including improving the value achieved with existing resources and securing target saving, with the objective of delivering the National Service Plan within Budget. **X**

Brief summary of link to Board objectives.

As part of effective governance and control this paper is presented to EMT, ARC and the Board as appropriate, for their consideration and approval in order to obtain best value from the 2023 capital allocation.

Background - provide context in order to ensure that the Board fully understand the issue.

The total capital allocation in 2023 amounts to **€1.027bn**. Total expenditure to end May, 2022 amounts to [REDACTED] This is [REDACTED] is accounted for by the National Children's Hospital project.

The recently completed Quarter 2 review of all major projects and programmes involved an analysis of progress, expenditure to date and projected expenditure across each project against allocation in the 2023 Capital Plan. This analysis has identified a likely overall slippage [REDACTED] for the New Children's Hospital. There is a risk that if action is not now taken, the 2023 capital allocation will not be fully spent.

The following factors have been identified as the main reasons for delays and underspend encountered to date:

- Slow progress with the New Children's Hospital;
- Current market conditions (inflation and supply chain) resulting in reduced profits with knock on delays in existing contracts and a reluctance in the market to commit to new starts;
- Availability of resources, labour and materials in the construction sector, including that caused by the continuing effect of COVID-19;

- Competing work priorities within Capital and Estates and the ability to deliver on all of these within available resources.

It is important to note that there is little prospect in recovering slippage to date or preventing further slippage to year end, given the market conditions that currently prevail.

It is now proposed to increase existing allocations across the categories within the 2023 Capital Plan as listed in **Table 1** below, as well as making provision for a number of strategic property purchases (subject to separate approvals in accordance with the HSE Property Protocol).

Table 1: Categories of funding re-allocation in Capital Plan following Q2 Review

Category	2023 Proposed Additional Allocation €m
Surgical Hubs – Government & HSE priority (not included in Capital Plan 2023)	[REDACTED]
Additional Bed Capacity (1500 beds) - Government & HSE priority (not included in Capital Plan 2023)	[REDACTED]
Wexford University Hospital Fire Restoration - additional to insurance funding (not included in Capital Plan 2023)	[REDACTED]
Minor Capital, Acute and Non Acute – additional to provision included in 2023 Capital Plan	[REDACTED]
Infrastructural Risk Projects (Electrical & Mechanical, Fire, M&E, Structural)	[REDACTED]
Initiation of new priority projects	[REDACTED]
Equipment Replacement Programme	[REDACTED]
Ambulance Replacement Programme	[REDACTED]
Strategic Property Acquisitions (subject to separate approvals)	[REDACTED]
Total	[REDACTED]

The following risks have been identified in the management of Capital Plan 2023:

- Time is a significant constraint, therefore prompt approval for this proposal is requested. Specifically, the ability to progress strategic property acquisitions will be challenging;

[REDACTED]

- Global market issues are having a significant impact on commencement of new construction projects and causing delays to project completions;
- Competing priorities and resourcing challenges within Capital and Estates are a challenge.
- Potential impact on contractual commitment carryover into 2024 and beyond. This will be addressed by the careful management of all new contractual commitments through the project stage approval process.

Highlight any implications that the Board should be made aware of in its consideration such as;

- **Current status**
Awaiting approval.
- **Budget**
There is a risk that if action is not taken to address underspend, the 2023 full capital allocation will not be utilised.

[REDACTED]

Consideration will be given however to using capital to support the funding of any minor works projects currently progressing and funded through 2023 revenue subject to affordability and compliance with capital protocols.



- **Resources**

Not applicable.

- **Impact to delivery of services**

Refer to section on Background.

- **Corporate Plan**

The proposal continues to align with the HSE Corporate and Service Plans.

- **Sláintecare**

The proposal supports ongoing delivery of Sláintecare.

- **Social factors (e.g., impact on specific area such as the older person, disabilities)**

This proposal will support the ongoing management of infrastructural risk across all care groups.

- **Technological factors**

Not applicable.

- **Legal factors**

Not applicable.

Conclusion

Refer to section on Background

Recommendation

It is recommended that proposal as outlined above is approved by EMT, ARC and the HSE Board.
