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Capital investment programme for the DHSSPS

Introduction

Expenditure plans for all government departments are set at three year intervals and based on the HM Treasury Comprehensive Spending Review (CSR). The CSR process allows for the planning and prioritising of funds and results in Public Service Agreements (PSA's) as part of the Programme for Government (PfG). The PSAs detail the targets or outcomes which it aims to achieve. This paper will present details of the current capital investment programme with the Department for Health, Social Services and Public safety (DHSSPS); in doing so this paper will look at:

- The Departments capital budget over the current CSR;
- The projects currently underway and their cost;
- The budget allocation in the investment strategy for Northern Ireland (ISNI) and the role of the Strategic Investment Board (SIB);
- The role of Private Financial Investment (PFI) and Public Private Partnership (PPP) arrangements in delivering projects within the DHSSPS; and
- Details on the future of the DHSSPS budget.

The current CSR covers the period 2008/09 to 2010/11. In the resulting programme for government which runs over the same period there were 23 Public Service Agreements. The PSA which relates to capital investment by the DHSSPS is PSA 16: Investing in Health and Education Estates; its aim is to: *“Take forward a programme of investment to provide a modern fit-for-purpose health and education estate in line with best practice and ensuring value for money”*¹. In terms of capital investment in the Health Estate specifically, PSA 16 planned to create an “NI-wide network of modern, fit-for-purpose hospital facilities”²; an NI-wide network of primary care facilities; and improved emergency service (fire and ambulance) response times through capital investment in equipment³. Table 1 provides details of the objectives, actions, and targets related to PSA 16.

Table 1: PSA 16 – Objectives 1 – 3 (out of 5)

Objectives	Actions	Target
1. To secure better clinical outcomes and safe, high quality treatment and care, by means of a reformed and modernised hospital infrastructure based on an integrated configuration of acute and local hospitals	Take forward a programme of capital investment designed to deliver a more efficient, responsive and accessible NI-wide network of modern, fit-for-purpose hospital facilities	By 2009 , Downpatrick Enhanced Local Hospital due to be completed By 2010 , Ulster Hospital Phase A due to be completed By 2011 , first stage of Altnagelvin Phase 3 due to be completed By 2011 , Royal Phase 2 B due to be completed
2. To achieve improved levels of morbidity, access and services responsiveness and less need for hospitalization, by means of a wider range of integrated health and care services in the community, closer to where people live and work and supporting more prompt and effective management of chronic disease	Deliver a NI-wide Primary and Community Care Investment (PCCI) programme, establishing a new network of health and care centres, learning disability and mental health facilities, children’s residential homes, adult centres etc	By 2008 , Craigavon Crisis Resource Centre due to be completed By 2009 , Castlereagh Community Treatment and Care Centre due to be completed By 2010 , Portadown Health & Care Centre due to be completed By 2010 , Gransha Mental Health Crisis Centre due to be completed By 2010 , Regional Adolescent Psychiatric Unit & Child and Family Centre due to be completed By 2011 , Health & Wellbeing Centres Phase 2 due to be completed
3. Support better clinical care and treatment and improved patient and user experience and health outcomes, through more extensive and effective use of health technology and ICT, and the provision of modern and effective emergency services.	Implement strategic capital development programmes for the NI Ambulance (NIAS) and Fire & Rescue Services (FRS) including, by 2009: delivery of Mobile Data and Automatic Vehicle Location systems to help ensure achievement of national targets for response times and enhanced delivery of effective emergency services. Install a Picture Archiving & Communications System (PACS) – a computerised system for storing and sharing diagnostic imaging.	By 2011 , NIAS to respond to 75% of life-threatening calls within eight minutes By 2011 , reduce by 5% the number of accidental fires in dwellings By 2011 , delivery of PACS to be completed

Source: PFG 2008

¹ (NIE) Northern Ireland Executive (2008) “Programme for Government 2008-2011”. NIE: Belfast

² Ibid (page 24)

³ Ibid

Budget

The CSR allowed for the allocation of capital funds for 2008 – 2011 in the PfG budget. The total budgeted for capital investment within the DHSSPS over this period was £728.5 million (see table 2).

Table 1: Gross Capital Investment Budget for DHSSPS 2008 - 2011⁴

	2008/09	2009/10	2010/11	TOTAL
Investment	£261.6 million	£223.7 million	£243.2 million	£728.5 million

Source: NI Executive - Budget 2008-2011

The Northern Ireland Executives Investment Strategy for Northern Ireland 2008-2018 (ISNI) included this provision and provided details of how this would be divided across the three main areas, as identified in PSA 16. Furthermore, the ISNI provided indicative spending levels for the period of 2011-2018, bringing the total capital budget for the DHSSPS to over £3.6 billion⁵ (see table 2) over the period, 2008-2018.

Table 2: Amount to be invested 2008 – 2011 and indicative spending 2011 – 2018

Pillar and Sub Pillar	£m (Current prices)				Total
	Budget period: 2008 - 2011		Indicative for the period: 2011/12 - 2017/18		
	NI Executive Funds	Additional Funds	NI Executive Funds	Additional Funds ⁶	
Primary Care	152.6		354	355	862
Public Safety and Technology	163.8		408		572
Hospitals Modernisation	412.1		11,813		2,225
HEALTH	728.5		2,575	355	3,659

Source: SIB (2008)⁷

Revised budget

In light of significant changes to the public expenditure environment since the Budget 2008-11⁸ there have been a series of cuts to the previously agreed budget. In a statement to the Assembly (01/10/2009) the Minister of Health, Social Services and

⁴ (NIE) Northern Ireland Executive (2008) "Budget 2008-2011" [online] accessed 11/05/10 available from: <http://www.pfgbudgetni.gov.uk/finalbudgetdocument.pdf>

⁵ the total allocation of funding from Executive funds is £3.3 billion, see footnote 6

⁶ Additional funds relates to anticipated contributory funding from third party sources (e.g. there is a planned contribution of £400m for Roads development from the Irish Government). These funds are indicative and are outside public expenditure with

⁷ (SIB) Strategic Investment Board (2008) "Investment Strategy for Northern Ireland 2008 – 2018" [online] accessed: 11/05/2010 available from: http://www.sibni.org/investment_strategy_for_northern_ireland_2008-2018.pdf

⁸ (NIE) Northern Ireland Executive (2010) "Revised 2010-11 Spending Plans for NI Departments" NI Executive: Belfast (P. 1)

Public Safety (the Minister) stated that although £3.3 billion had been allocated [2008-2018] that this was against an estimated need of more than £7.8 billion. In addition the Minister stated:

“In the current CSR [2008-2011] I have received just over £700 million against a bid of £1 billion. £95 million of this was dependent on the sale of surplus assets, however, the economic downturn has rendered this sales target unachievable and my CSR budget has effectively been reduced by more than £50 million”⁹

The Minister went on to explain that further constraints had been placed on the department’s resources due to the swine flu outbreak, which left him *“struggling to maintain the capital development programme”*¹⁰. These struggles are reflected in the department’s revised budgets; in 09/10 the allocated capital budget was £184 million,¹¹ almost 40 million less than the figure set out in the original budget.

Projects which the Minister stated would be completed, despite the constraints were:

- The enhanced local hospital in Downpatrick, costing £64 million;
- The first phase of the Ulster hospital, costing £100 million;
- The regional adolescent psychiatric unit and family centre at forest green Hospital, costing £14 million;
- Health and care facilities in Castlereagh, Shankill Road, Beech Hall and Portadown; and
- The progression of the new critical-care building at the Royal Victoria Hospital¹²

The Minister in a written statement to the Assembly (19/02/2009) provided a comprehensive list of all the approved projects which the department was committed to in 2008-09 and 2009-10; this can be viewed in [annex 1](#).

The NI Executive eventually published its revised spending plans for 2010-11 in April 2010. The net capital investment budget for DHSSPS has been reduced by 2.1% which represents £16.5 million¹³. In terms of savings, DHSSPS has the lowest percentage of all the Departments *“reflecting the priority afforded to health and social care services”*.¹⁴

⁹ Northern Ireland Assembly, Oral Question to Minister of HSSPS 10th November 2009. AQO 198/10

¹⁰ Ibid

¹¹ Northern Ireland Assembly, Written Question to Minister of HSSPS 22nd February 2010. AQW 5021/10

¹² Northern Ireland Assembly, Oral Question to Minister of HSSPS 30th March 2009. AQO 2407/09

¹³ NI Executive (2010) “Revised 2010-11 Spending Plans for NI Departments” [online] accessed 13/05/2010 available from: http://www.pfgbudgetni.gov.uk/revised_2010-11_spending_plans_final_document-2.pdf

¹⁴ Ibid (page 28)

Strategic Investment Board (SIB)

The Investment Strategy for Northern Ireland (ISNI) is managed by the Strategic Investment Board (SIB) in conjunction with OFMDFM¹⁵. This provides an indicative 10-year funding envelope for DHSSPS (see table 2) and indeed, all other departments. All the departments have had the opportunity to contribute to the development of the ISNI, and the role of the SIB is to support them in delivering on it. The SIB is tasked by Ministers with three main roles:¹⁶

- to **prepare and oversee the Investment Strategy for Northern Ireland (ISNI)**, the Executive's 10-year plan for infrastructure investment across the region, and advise Ministers on effective implementation;
- to **support the procurement and delivery of major projects and programmes** at the request of sponsoring departments in order to help accelerate delivery timetables and obtain better value for the taxpayer; and
- to **foster reform** in systems and processes across the public sector through investment in better infrastructure.

Public Private Partnerships and Private Finance Initiatives

Public private partnerships (PPPs) are arrangements typified by joint working between the public and private sector.¹⁷ The rationale for the use of PPP is that it can attract investment which can support the delivery policies, service and infrastructure, ultimately providing Value for Money (VFM)¹⁸. According to Partnerships UK¹⁹ there are currently 35 projects in Northern Ireland which involve either PPP or PFI; 12 of these projects, with a value of £127.69 million, are within the remit of the DHSSPS. A list of the current capital investment projects within the DHSSPS which use PPP or Private Finance Initiatives (PFI), which is the most widely used variant of PPP is provided in [annex 2](#).

¹⁵ The SIB is fully owned by and accountable to the Office of the First Minister and deputy First Minister (OFMDFM).

¹⁶ See. www.sibni.org/

¹⁷ HM Treasury (2010) "Public private partnerships" [online] accessed 10/05/2010 available from:

http://webarchive.nationalarchives.gov.uk/20100407010852/http://www.hm-treasury.gov.uk/ppp_index.htm

¹⁸ (DFP) Department of Finance and Personnel (2010) "Public Private Partnership (PPP) Policy Framework and Guidance" [online] accessed 11/05/2010 available from: http://www.dfpi.gov.uk/index/finance/eag/eag-ppp/eag_ppp_policy_framework.htm

¹⁹ PUK is a public private partnership (PPP); it has operational independence, with 51% private equity ownership. The remainder of the operation owned by HM Treasury and the Scottish Executive. PUK has a close working relationship with the Strategic Investment Board (SIB), which oversees PPP/PFI implementation in Northern Ireland as well as building a long term investment strategy for the country, see: <http://www.partnershipsuk.org.uk/index.aspx>

Annex 1

The approved capital budgets for 2008/09 and 2009/10, including assumed income from asset sales, are £204m and £211m respectively. Within these amounts there are annual allocations for NIFRS, NIAS, ICT, Trust General Capital and UK-wide initiatives such as pandemic flu. In 2008/09 these allocations total approximately £70 million, which, when added to the projects detailed in the table below, show that the capital budget was fully committed in 2008/09.

Given that business cases for a number of planned schemes had not yet been approved, the table below includes only projects that are contractually committed in 2009/10²⁰.

Trust	Project	2008-09	2009-10	
Belfast	Shankill Health & Well Being Centre	£1,019,000	£5,221,000	
	Forest Lodge	£211,000	£0	
	CONICAR at Iveagh	£858,000	£2,674,000	
	Foster Green Regional Adolescent Psych Unit	£3,018,000	£4,857,000	
	Belfast Foster Green Regional Children's Psych Unit	£1,115,000	£5,049,000	
	Enler	£988,000	£1,012,000	
	Royal - Victoria Pharmaceuticals	£4,113,000	£3,464,000	
	RVH Energy Centre	£1,000,000	£270,000	
	Royal - Maternity Interim Scheme (MES)	£2,400,000	£476,190	
	Beechall Health & Care Centre	£1,348,000	£5,030,000	
	Musgrave Park Neurology Ward	£500,000	£1,450,000	
	QUB Medical School	£2,600,000	£388,143	
	Mater Fairview Extension	£27,000	£0	
	RVH -Critical Care Block	£15,100,000	£24,930,000	
	Posijet	£0	£118,000	
	RVH - Phase 2 IT	£500,000	£1,000,000	
	Grove Health and Wellbeing Centre	£721,000	£0	
	Lucentis Ophthalmology	£33,000	£442,000	
	Castlereagh CTCC	£3,305,000	£142,857	
	Muckamore Abbey Phase 1	£0	£200,000	
	Muckamore Abbey Phase 2	£810,000	£470,000	
	Muckamore Abbey Phase 3	£2,140,000	£60,000	
	Muckamore Abbey Phase 4	£470,000	£1,150,000	
	Somerton Road Children's Home	£15,000	£0	
	Northern	Inver House	£53,000	£0
		Data Comms	£250,000	£0
		Day Procedures/ Risk Assessment Unit	£10,000	£0
South Eastern	Carnview Children's Home	£866,000	£100,000	
	Lisburn Assessment and Resource Centre	£1,500,000	£1,500,000	
	Downe Hospital ICT Infrastructure	£1,741,287	£658,557	
	Ulster Hospital Phase A & Care of the Elderly	£18,814,000	£21,310,000	
	Downe Hospital Main Development	£23,886,000	£5,270,000	
	Bangor & Ards ISUs	£1,179,000	£22,000	
	Bayview	£1,106,000	£56,190	
	Specialist Breast & Endocrine Outpatient Unit - UCH	£425,000	£425,000	
	Downpatrick Children's Home	£15,000	£0	
Southern	Urology	£42,000	£0	
	Newry SEC	£600,000	£2,188,000	
	Newry Children's Home	£600,000	£1,660,000	
	Decontamination /scopes	£834,000	£0	
	Theatre 5 Replacement	£1,901,000	£60,000	
	Daisy Hill Car Park	£220,000	£0	
	Car Park at CAH	£400,000	£0	

²⁰ Northern Ireland Assembly, Written Question to Minister of HSSPS 19th February 2010. AQW 5489/09

	Catheterisation Laboratory	£62,000	£0
	T&O Facility - Phases A&B	£2,682,000	£7,902,000
	Portadown Health & Care Centre	£5,062,000	£10,159,000
	Crisis Resource Centre (Blue Stone Centre)	£1,003,000	£0
	Daisy Hill Renal	£1,210,000	£38,095
	Learning Disability Respite Unit Dungannon	£150,000	£0
Western	Gransha Mental Health Crisis Centre	£590,000	£221,905
	Omagh Centre	£356,000	£0
	Omagh Local Hospital Enabling Works	£3,900,000	£3,462,000
	Omagh Local Hospital – Programme Mgt. & Design	£1,201,000	£1,402,000
	PCCI Programme Management Costs	£150,000	£0
	SW Hospital, Enabling Works	£1,644,000	£0
	SW Hospital Programme Management & Design	£1,750,000	£1,288,000
	Altnagelvin Phase 3.2A South Block	£11,370,000	£897,000
	Altnagelvin Phase 3.2B South Block Phase 2	£4,191,000	£8,377,000
	Hine Review Decontamination	£581,000	£0
NIFRS	Central Energy	£26,000	£0
NIAS	Ministerial Commitment - 2 Ambulances for Western Trust	£220,000	£0
Belfast	Central Energy	£0	£0
Northern	Central Energy	£32,000	£0
South Eastern	Central Energy	£211,000	£0
Southern	Central Energy	£474,000	£0
GALA	Case Management Solution	£30,000	£30,000
CSA	Server hardware replacement	£15,000	£0
NISCC	Telecoms system	£20,000	£0
NIBTSA	Storage Facility Extension	£185,000	£0
	TOTALS	£133,848,287	£125,430,938

Annex 2

Programme funding - PPP/PFI

Project	Category	Sector	Region	Capital Value £'m
Altnagelvin Hospital - Cardiac Catheterisation Equipment - (leased)	PFI	Hospitals	L/Derry	0.60
Altnagelvin Hospital Labs and Pharmacy Centre	PFI	Hospitals	L/Derry	15.20
Antrim Hospital - New Renal Unit	PFI	Hospitals	L/Derry	2.70
Belfast City Hospital - New Renal Dialysis Facilities.	PFI	Hospitals	Belfast	3.30
Causeway Hospital - Clinic Monitoring System	PFI	Hospitals	Coleraine	0.44
Causeway Hospital - X-Ray Equipment Lease Contract	PFI	Hospitals	Coleraine	1.15
Craigavon Area Hospitals HSS Trust Contract energy services	PFI	Hospitals	Craigavon	0.50
Holywell Hospital Contract energy services	PFI	Hospitals	Antrim	0.20
Northern Ireland Department of Health, Social Services & Public Safety - Northern Ireland Picture Archiving & Communications System & Radiology Information System Project (NIPACS)	PPP	IT Infrastructure	Belfast	0.00
Royal Group of Hospitals - Car parking facilities	PFI	Hospitals	Belfast	2.00
Royal Group of Hospitals HSS Trust - Fractures/A&E Centralisation	PFI	Hospitals	Belfast	1.50
Royal Group of Hospitals HSS Trust - Managed Equipment Service (MES) / ATICS	PFI	Hospitals	Belfast	98.00
Royal Group of Hospitals HSS Trust - Redevelopment Scheme	PFI	Hospitals	Belfast	2.10
			TOTAL	127.69

Source: Partnership UK