

Capex Variation Request – Building for the Future: Programme seed funding

Purpose

This paper is to request approval to consolidate any unallocated Building for the Future (BFTF) Tranche 1 seed funds into the Programme seed funding. This will allow for the development of other Tranche/project business cases within the programme, prioritised in the short-term due to critical capacity pressures, and maintaining programme office management and control. The Programme seed funding was approved by the Te Toka Tumai (Auckland DHB) Board in August 2018. Seed funding of \$1.475M was approved, to be financed from the 18/19 Capital Plan and \$100K from 17/18 capital contingency. The project end date is 30 September 2022.

Project Overview

Project Code AK-18-S-4308127A01 – Programme seed funding:

The Building for the Future Programme (BFTF) will manage the delivery of sufficient capacity to ensure sustainable patient delivery over the next 10 years. The purpose of the seed funding is to develop the programme business case to deliver the additional capacity Te Toka Tumai needs to ensure sustainable ongoing delivery.

Project Code AK-19-S-4308127B01 – BFTF Tranche 1 seed funding:

This project is the business case development phase for Tranche 1 of the Building for the Future Programme. The primary objective of this tranche is to deliver additional operating room and related supplementary capacity to address the challenge and pressure that increased demand is placing on existing operating room resources. Seed funding of \$1.398M was approved by the Board in April 2019, to be financed from the 18/19 Capital Plan via substitution. The current project end date is 30 September 2021 and that same month, subject to Board approval, is expected to be extended to 30 September 2022 in support of the Building for the Future Tōtara Haumaru Additional Capacity business case.

Variations, Reason for Variations and Impact of Variations

Cost: It is proposed that the programme seed funding is increased by an estimated \$886K of unallocated Tranche 1 seed funds that will no longer be required for Tranche 1 given the recommended Tōtara Haumaru solution. Rather it is recommended that, the unallocated funds that were for designing and planning the Greenlane Clinical Centre additional capacity, are transferred to the programme seed funding. The reasons for the budget transfer are as follows:

1. To support the process to incorporate the programme into the short and longer term planning for the region and into the structure and delivery of the NZ Health reforms.
2. To support the various business cases through the approval process.
3. Allow for development of other Tranche/project business cases within the programme, specifically those prioritised to progress within the short-term due to critical capacity pressures. This includes Infusion Suite - part of the original Tranche 1 case, Tranche 2 and 3.
4. Maintain the programme office management and control.

There may be impacts on programme costs given the extension of time and the on-going use of resources to support the input into the short and longer term planning for the region, that was not originally budgeted for. At the moment, however no additional funding is being requested rather a consolidation of existing funding for flexibility and to reduce the likelihood of requiring additional funding for input into the regional planning underway.

The Programme seed funding financial summary as of July-21 is included in Appendix A.

The BFTF Programme Board:

- **Received** the Building for the Future Tranche 1 seed funding financial summary (as of July-21 – Appendix B).
- **Noted** that a provision has been made for \$88K of Design & QS fees for Tōtara Haumaru (as approved by the Board in and the BFTF Programme Managers support of finalising the case and approvals for the balance of the year).
- **Noted** that a provision has been made for \$91K of costs incurred to date on other Tranche 1 solutions to be written off subject to approval.
- **Approved** inclusion of \$422K (exclude \$91k of other cost as above) of ADHB seed funding against the joint Te Toka Tumai (Auckland DHB) and Waitemata DHB Building for the Future Tōtara Haumaru Additional Capacity business case.

It was also recommended that the remaining funds of \$886k are re-allocated against the programme seed funding resulting in this variation.

Actions taken to mitigate further variations

The revised budget and pending extended timeline allows for the development of the northern region capital roadmap (June 2021-May 2022) to inform plans under Health NZ. It also mitigates the likelihood of requiring additional funding for i) input into the regional planning underway or ii) to progress the development of other prioritised Tranche/project business cases within the programme, specifically those needed within the short-term due to critical capacity pressures.

Recommendation

It is recommended that the following variation be approved:

- Consolidation of an estimated \$886K of unallocated Tranche 1 seed funding into the Programme seed funding.

Approved

Position	Name	Signature	Date
Programme Manager	Lenore Roberts		
Finance Manager	Shirley Chan		
Programme Lead	Alex Pimm		
Senior Responsible Officer	Michael Shepherd		
Asset Planning Manager	Janet Latimer		
Chief Financial Officer	Justine White		
Chief Executive Officer	Ailsa Claire		
Board Chair	Pat Snedden		

Capex Variation Request – Building for the Future:

Programme seed funding

Appendix A

Building for the Future Programme seed funding financial summary as of Jul-21.

<i>Description</i>	<i>Original Budget</i>	<i>Budget Transfer</i>	<i>Revised Budget</i>	<i>Life to Date Actual</i>	<i>Life to Date Commitments</i>	<i>Life to Date Actual + Commitments</i>	<i>Remaining Budget</i>	<i>Cost to Complete</i>
<i>BFTF - Programme Seed Funding</i>	<i>\$1.475m</i>	<i>\$0</i>	<i>\$1.475m</i>	<i>\$0.733m</i>	<i>\$0.312m</i>	<i>\$1.044m</i>	<i>\$0.431m</i>	<i>\$0.742m</i>

Appendix B

Building for the Future Tranche 1 seed funding financial summary as of Jul-21.

Project Number	Project Name	Task Name & Number	Oracle Budget Approved (a)	Sum of Spend to Date Actual (b)	Commitments (c)	Total Project Committed Spend (d) = (b + c)	Total Project Budget Remaining (a - d)	Proposed to be Written Off (e)	Forecast Commitments (f)	Total Forecast Committed Spend (g) = (b + e + f)	Total Forecast Budget Remaining (a - b - f)
AK-19-S-4308127B01	BFTF - Tranche 1 Seed Funding	1 - Programme Mgmt	136,850	60,907	0	60,907	75,943	-1,136	27,000	86,771	48,943
		2a - BBC Consultant	11,100	5,761	0	5,761	5,339	0	0	5,761	5,339
		2b - Workforce Planner	22,500	0	0	0	22,500	0	0	0	22,500
		2c - General Consultancy	40,000	1,900	0	1,900	38,100	-1,900	0	0	38,100
		3a - Project Management	127,000	72,522	0	72,522	54,478	0	0	72,522	54,478
		3b - Health Planner	125,000	70,888	0	70,888	54,112	-70,660	0	228	54,112
		3c - Design and Planning	803,000	212,515	0	212,515	590,485	-17,495	61,000	256,020	529,485
		4a - Travel	5,000	0	0	0	5,000	0	0	0	5,000
		4b - Equipment	5,000	228	0	228	4,772	0	0	228	4,772
		5 - Contingency	123,045	0	0	0	123,045	0	0	0	123,045
BFTF - Tranche 1 Seed Funding Total			1,398,495	424,721	0	424,721	973,774	-91,191	88,000	421,530	885,774

Note - Under '3c' - \$31k commitments (c) should be cancelled, to be replaced with new commitments (f) \$61k.

The revised budget remaining for '3c' should now be \$590,485.

Adding new commitments (f) of \$61k, the final budget remaining for '3c' (design and planning) is \$529,485.

Total project budget remaining \$973,774, reduces by total forecast commitments (f) \$88k = \$885,774 proposed to transfer to Programme Seed Funding project.