



Rialtas na hÉireann
Government of Ireland

Spending Review 2021 – Healthcare Capital Investment in Ireland

*Dealing with Uncertainty and Risk: The application of Reference Class
Forecasting*

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December 2021

Spending Review 2021 – Overview, Aims & Objectives



Overview

- This paper is the third in the series “Health Capital Investment in Ireland”.
- The paper examines the challenge identified in that literature of frequent cost underestimation and benefits shortfalls, which occurs internationally and across multiple sectors.
- The paper identifies cost containment strategies for large capital projects.

Aims and Objectives

- The paper develops the first Reference Class Forecasting model for Health.
- The paper identifies cost mitigation strategies for large capital projects including Standardisation, Governance, and Fixed Deadlines.
- The paper facilitates the development of a Strategic Investment Framework for Health by providing further clarity on the challenge of cost variance.

Spending Review 2021 – Key Findings



Key Policy Relevant Findings

- Preliminary use of the reference class forecasting technique, as recommended by the Public Spending Code, raises questions around the deliverability and affordability of the portfolio.
- It is possible that the costs contained in the current NDP portfolio, may be underestimated. Therefore, fewer projects will likely be delivered than is planned, for a similar level of expenditure.
- This highlights the need for competitive internal prioritisation of healthcare investment projects, facilitated by a Strategic Investment Framework.
- Proven cost mitigation strategies identified in the literature should be employed to ensure efficient delivery of the portfolio. These include Standardisation, Fixed Deadlines and, robust business case evaluation in line with the Public Spending Code.