



HSE Board Briefing

Subject: National Maternity Hospital at St. Vincent's University Hospital (NMH at SVUH) – Proposed Programme Governance Arrangements
Submitted for meeting on: 21 November (EMT), 17 November (ARC), 24 November 2023 (Board)
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Why is this information being brought to the Boards attention? To seek feedback and approval from the Board to the proposed programme governance arrangements and next steps outlined in this briefing.
Is there an action by the Board required, if so please provide detail? The support and approval of the Board is sought for the proposed programme governance arrangements. If the Board is in agreement with the proposal, there will be further engagement with DoH, and thereafter with the NMH and SVUH, with a view to finalising the proposed arrangements and then proceeding with their implementation.
Please indicate which of the Board's objectives this relates to; <ul style="list-style-type: none">▪ The development and implementing of an effective Corporate Governance Framework, incorporating clinical governance and a performance management and accountability system. X
Brief summary of link to Board objectives. This paper summarises the proposed governance arrangements for the NMH at SVUH programme to ensure that effective and clear governance arrangements are in place to deliver the Programme in line with the various stages of the approvals process. The paper reflects advices provided by the ARC at their meeting on 17 November 2023.

1. Background

1.1 Draft final business case

Approval of the draft final business case (FBC) for the co-location of the new National Maternity Hospital (NMH) at St. Vincent's University Hospital (SVUH) campus at Elm Park was granted by Government on 11 July 2023.

This approval enables the HSE to commence the main construction works at Elm Park. The associated Legal Framework, designed to protect the State's interest in respect of the investment being made in the project, was previously approved by the HSE Board, the DOH and Government. Both the draft FBC and associated Legal Framework ensure that the objectives of the HSE Board are met with regard to the investment in the project (both capital and revenue).

1.2 Programme governance

The original proposed governance arrangements for the Programme, referred to as **Option 1 [NMH and SVUH primary role in delivery]** in this paper have been considered with the Department of Health. This included a number of workshops to consider the lessons learned from the development of the National Children's Hospital [NCH].

Following these discussions, two further programme governance options described in this paper as **Option 2 [HSE primary role in delivery]** and **Option 3 [establishment of a Special Purpose Vehicle - SPV]** were assessed, with Option 2 emerging as the preferred option.

The assessment of the three options was considered by the ARC on the 15 September 2023 and the EMT on the 19 September 2023. Having endorsed Option 2 as the preferred option, the EMT and ARC supported the submission of the proposed arrangements to the Board for its consideration and approval.

The Department of Health (DOH) has also reviewed the proposed governance arrangements set out in this paper and have also endorsed the selection of Option 2 as the preferred option.

Following consideration by the Board, further discussions will be held with the NMH and SVUH as the arrangements are finalised in coming months.

2. Highlight any implications that the Board should be made aware of in its consideration

2.1 How governance proposals have evolved and been appraised

The Programme Team has over a number of months carried out research, a detailed assessment, and consultation to develop and propose governance arrangements that are best positioned to deliver this programme successfully.

To guide the development of these arrangements, an initial set of design principles were established earlier this year based on experience from other programmes of this scale and nature. In summary, these principles require that the proposed arrangements should:

1. Reflect the HSE's 'four levels of defence' framework, with multiple lines of corporate and clinical defence. This includes having appropriate capital controls expertise at each governance level for a project of this scale and complexity, to manage, guide, and assure the programme, and to protect the State's significant investment.
2. Have a clear separation between delivery and assurance responsibilities.
3. Be designed to be in line with the future NMH Designated Activities Company [DAC] responsibilities and membership, to facilitate a seamless transition to the DAC once established.

2.2 High-Level Options Assessment

The governance options described in this paper were assessed against the three principles set out above.

In addition, the assessment considered the following issues in relation to how each option would work in practice, specifically who will be the Party responsible for:

1. Signing the building contract?
2. Addressing / approving material changes (i.e. to scope, design, timelines, costs)?
3. Addressing poor performance?
4. Addressing issues where high a risk event materialises?
5. Responsible for appointing the key roles?

It should be noted that irrespective of which option is adopted, there are a number of critical enablers that need to be in place to support the programme of work:

- A 'way of working' must be agreed and established to ensure that NMH and SVUH are appropriately involved in and take ownership of relevant programme decisions and activities.
- There must be a single integrated programme across all work-streams (i.e. Capital and Equipping, ICT, Operational Readiness) that are required to build, commission and bring the new hospital into operation.
- A considerable number of personnel with the required skills and expertise to manage and deliver a development programme of this scale will need to be assigned or recruited to the Programme.

2.3 Summary of governance options considered

2.3.1 Option 1: Original proposal [NMH and SVUH primary role in delivery]

Based on the above design principles, initial draft governance arrangements were developed in February/March 2023 and used as the basis for consultation. This initial proposal, Option 1, outlined the responsibilities of the NMH, SVUH and HSE as follows:

- The NMH and SVUH would have a primary role in project delivery (aligned to the principles of the DAC). In this regard, the hospitals would have key management, delivery and financial responsibilities, and accountability for the programme of work to deliver, commission and open the NMH at Elm Park.
- The HSE, as Sponsoring Agency, Contracting Authority, and funder of the programme, would have a Programme Assurance role to ensure the programme is delivered in line with approvals.

The initial draft proposal was reviewed and discussed with EMT and the ARC in March 2023 and detailed feedback received. Subsequently, the programme team also consulted with officers from the National Paediatric Hospital Development Board (NPHDB). The key considerations for the HSE arising from these consultations included the need to:

1. Further enhance the proposed arrangements so that the HSE, as the Contracting Authority, would have a primary role in project delivery.
2. Ensure the governance arrangements allow for a direct reporting line from the main contractor to the HSE as the Contracting Authority, as in reality the main contractor may seek to bypass any alternative arrangements.

Under this option, the Programme Board would have delegated authority to govern and manage the programme within agreed Terms of Reference aligned to approvals (e.g. the final business case).

Option 1 satisfied the Governance design principles, created a clear separation between the primary delivery entities [NMH and SVUH] and the assurance entity [HSE], and also ensured those responsible for the ongoing management and operation of the hospital have the lead role in its design. It also could in theory deliver the programme successfully. However, a key challenge with this option is the capacity of the NMH and SVUH to manage a programme of this scale, given their primary focus in managing the operations of the existing hospitals.

A further potential risk with this option is as stated above that the main contractor may still bypass the programme board structure and look to create a direct reporting line to the Contracting Authority (i.e. the HSE). This could negate the intent, purpose and authority of the Programme Board to deliver its mandate. Given these challenges and risks, **it is not recommended to progress Option 1 further.**

Following these considerations, the programme team developed two further options, described below.

2.3.2 Option 2: Enhanced role for the HSE [Preferred option]

Option 2 would enhance the role of the HSE. In summary this would mean the HSE would be responsible:

- As the Contracting Authority, with the main contractor appointed by, and reporting to, the HSE.
- For delivery and commissioning.
- For Programme assurance. This should be an independent and separate team to the Delivery team with no conflict in reporting lines.

In relation to the Programme structures, under this option:

Programme Board

- The HSE would be responsible for identifying/ appointing the Chair of the Programme Board. It is recommended that the Chair of the Programme Board should be a full-time (or at least substantially full-time) role, reporting to an HSE lead director nominated by the CEO.
- Membership of the Programme Board will include representatives from both the NMH and SVUH who have delegated authority on behalf of those organisations to make decisions related to the Programme.
- Membership of the Board will be supplemented by resources with the appropriate skills and expertise

in delivering large, complex healthcare developments. Membership will be reviewed and evolve to reflect the stage of the programme delivery lifecycle.

Programme Director

- The full-time Programme Director to be HSE identified/appointed. This role will report to the Chair of the Programme Board. The Project Teams to deliver the integrated programme (i.e. Capital, ICT and Operational Readiness) to be established by the HSE, with key resourcing inputs provided by NMH and SVUH.

Programme Management Office

- The Programme Board will also be supported by a HSE appointed Programme Management Office (PMO). The PMO will have appropriate expertise in Capital Builds and Programme Controls for programmes of this scale and complexity in healthcare environments.

In appointing resources to these key roles (e.g. Chair of the Programme Board and Programme Director), the HSE will need to ensure the appropriate leadership capacity is in place to protect programme delivery and oversight responsibilities from wider day-to-day operational demands.

To ensure independence between its delivery and assurance responsibilities, the HSE will also need to ensure there is a clear separation between the Assurance team and Delivery team, with no conflict between normal lines of reporting and programme responsibilities.

At each level of the programme (i.e. Programme Board, Programme Director, Project Delivery Teams, Project Assurance Teams), the HSE will need to ensure resources with the appropriate capital controls expertise for a project of this scale and complexity are dedicated to the programme.

This Option has been tested and challenged against the key risks that may materialise. Once it is staffed with the appropriate team and leadership, is supported by relevant large capital projects expertise, and is given the mandate and capacity to deliver the programme, it is considered to be the best arrangement for delivering the programme successfully.

Following in depth assessment and consideration, the programme team are **recommending Option 2 for approval as the most appropriate governance framework to deliver the programme of work.**

2.3.3 Option 3: Establish a new Special Purpose Vehicle (SPV)

The third option is that a Special Purpose Vehicle, similar to that in place for the development of the National Children's Hospital would be established, with legal accountability to deliver and commission the full programme of work. Under this option the SPV would be the Contracting Authority and the HSE would have responsibility for providing assurance for the overall Programme.

2.3.4 Other options

Note: The NMH at Elm Park DAC was not assessed further as an option given its constitution as agreed and the related legal framework does not envisage the DAC taking a lead role in the design / build. Furthermore, while the Children's Health Act 2018 allows for the NPHDB "to plan design build furnish & equip a maternity hospital", this potential option was not assessed further at this point for various reasons including in particular the NPHDB's ongoing commitments in the development of the children's hospital.

2.3.5 Comparing relative advantages of Options 2 and 3

Both Option 2 with the HSE as the Contracting Authority and primary delivery entity and Option 3 with an SPV as the Contracting Authority and primary delivery entity can potentially satisfy the governance design principles. They also address the potential risk with Option 1, with the Contracting Authority having primary delivery responsibility, and therefore a direct reporting line with the main contractor.

Considering the relative advantages of Option 2 over Option 3:

- Option 2 is in line with the draft business case, as approved by the Board and supported by Government as the basis for proceeding to tender.

- An SPV was not envisaged in draft final business case. To establish such an entity could incur a time delay to the project.
- Option 2 creates the opportunity for the HSE to build and strengthen the internal capability to support delivery of the major capital projects and programmes under its remit.

Considering the relative advantages of Option 3 over Option 2:

- The establishment of an SPV may allow the programme to make decisions faster, with autonomy for critical decisions resting with the SPV. For example, an SPV may have greater flexibility in the remuneration it can offer to the senior experienced resources required to deliver a programme of this scale.
- An SPV will have a single purpose and focus with no role in day-to-day HSE operations.
- An SPV is unlikely to be established other than by the HSE, therefore accountability for programme success will still rest with the HSE.

3. Conclusion, recommendation and next steps

Given the work undertaken to further develop the programme governance options, the view that the original option is no longer the preferred Option and the strong relative advantages of Option 2 over Option 3. **It is acknowledged that none of the options are without risk. There will be a need to strengthen risk management and mitigation processes, this will be an ongoing consideration for the delivery team.**

Option 2 is now recommended as the most appropriate Programme governance approach to progress the significant programme of work to deliver the new National Maternity Hospital.

If the approval of the Board to Option 2 is given, the next steps in the process will be to:

1. Complete final engagement with the management teams of the NMH and SVUH EMT and their respective Boards on the Option 2 governance arrangement.
2. **Further develop the assurance model and plan in line with ARC recommendations.**
3. Translate the high-level governance arrangements into a detailed governance plan. This will include detail relating to roles and responsibilities, terms of reference, membership, and decision-making thresholds for each governance entity and forum; drafting a proposed candidate profile and role description for the key roles of Chair of the Programme Board, and Programme Director.
4. Progress the mobilisation of the Programme Management Office to support the delivery of the programme and Governance structures.
5. **Put in place significant specialist resources with the required skills and expertise to manage and deliver a development programme of this scale and complexity, as outlined in the Business Case.**
6. Identify and appoint the Chair of the Programme Board, Board members and Programme Director.
7. Once the Chair and Board members are in place, the current Project Board and programme responsibilities will transfer to new Programme Board. The new Programme Board will then assume responsibility for mobilising these governance arrangements and Programme.

[NOTE: These new governance arrangements will remain in place until the establishment of the NMH at Elm Park DAC. Once the DAC is established, the Governance Structure will stand down, with responsibilities transferred to the newly formed DAC. It is expected that some of the key personnel and roles will also transfer from this structure to the DAC, to ensure continuity in terms of managing and delivering the overall programme].