



HSE Board Briefing Template

Subject: Update on strategic Assessment & Preliminary Business Case for the proposed New Emergency Department and Women's & Children's Development Block at University Hospital Galway (UHG).
Submitted for meeting on: 31 October (EMT), 17 November (ARC), 24 November 2023 (Board)
Name & title of author: Dean Sullivan, Chief Strategy Officer
Why is this information being brought to the attention of the Board? <p>A Strategic Assessment Report (SAR) and, separately, a Preliminary Business Case (PBC) for this project were presented to EMT, ARC and the Board in Q2 2022. Since then changes have been made to the Public Spending Code (PSC) in respect of the documentation requirements for such major projects as this proposed development at UHG.</p> <p>Feedback has also been received from the Department of Health following their review of the original SAR document.</p> <p>In light of the above, a combined Strategic Assessment & Preliminary Business Case (SA&PBC) document has been prepared, in line with current PSC requirements, and updated to take account of DoH feedback received to date. This paper also reflects advices provided by the ARC at their meeting on 17 November 2023.</p>
Is there an action by the Board required, if so please provide detail? <p>To note the updated development proposal as set out in this paper and in the combined and updated Strategic Assessment & Preliminary Business Case (SA&PBC) report (attached at Annex1), in respect of the proposed new Emergency Department and Women's & Children's development on the UHG Campus, for onward submission to the Department of Health for technical evaluation.</p>
Please indicate which of the Board 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; ✓▪ 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.
Brief summary of link to Board objectives. <p>This project is proposed to support the implementation of Government health policy in the West of Ireland. The objective is to provide appropriate infrastructure to support and enable the required level of service provision at UHG in respect of Emergency, Maternity and Paediatric services. The HSE as Sponsoring Agency will have primary responsibility for evaluating, planning and managing this public investment project within the parameters of the Public Spending Code.</p>

The latest Public Spending Code (as updated in March 2023 – circular 06/2023) sets out the current process for the delivery of such major public investment projects. It sets out the roles and responsibilities for both Sponsoring Agencies and Approving Authorities in respect of public investment projects and provides detail on the requirements at each stage of the project lifecycle. There are now three stage approvals processes prior to implementation (previously five stages), which includes Decision Gates by the Approving Authority at:

1. Preliminary Business Case (PBC) – Current Stage
 - Approval in Principle – DoH Approval, EAP Process, MPAG Review, Government Approval
2. Pre-Tender Stage
 - Pre-tender Approval
3. Final Business Case (FBC), including design, procurement strategy and tendering
 - Approval to Proceed (Contract Award) – Government Approval
4. Implementation
5. Post completion review and benefits realisation

As noted above, a Strategic Assessment Report (SAR) and, separately, a Preliminary Business Case (PBC) for this project were presented to EMT, ARC and the Board in Q2 2022

The attached SA & PBC has been updated to reflect new PSC requirements, together with feedback received from the Department of Health. The project scope has not materially changed.

The amended Public Spending Code requires that Capital Projects with an estimated capital cost in excess of €200m obtain Government approval at Preliminary Business Case stage (i.e. at Decision Gate 1). As the projected capital cost of this project exceeds this threshold, this update is provided prior to submission to the Department of Health for further evaluation.

As the project progresses through the project lifecycle it will also be referred to the Board again at two further stages, for endorsement of Final Business Case, comprising two approval gates, i.e. (Gate 2) i.e. Pre-tender Approval and Final Business Case (Gate 3) i.e. Contract Award.

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

This paper relates to the updated Strategic Assessment & Preliminary Business Case (SA&PBC) which has been prepared to help progress the project to Decision Gate 1, i.e. Approval in Principal. The SA&PBC attached at Annexe 1 has been updated and completed by EY in accordance with the revised Public Spending Code requirements for such reports. Feedback received from the Department of Health has also been incorporated as noted below:

The feedback highlighted certain areas to be updated or strengthened as per the following summary:

Objectives and Demand Analysis –

- CSO figures – updated to reflect 2023 data.
- Current demand and projected demand for ED, Maternity and Paediatric services to be clearly detailed, including impacts of other proposed interventions in healthcare with supporting references to Strategy and Policy documents.
- Objectives outlined are updated to ‘SMART’

The updated and revised position is reflected in the Executive Summary of the combined Strategic Assessment & Preliminary Business Case document, and in Chapter 1, “Project Overview”, and Section 2.2, ‘Public Spending Code review process’.

As noted above, the project scope has not materially changed.

Long List of Options -

- Updated narrative to include key factors, presenting a long list of options, also clearly highlighting the significant constraints of particular options, with emphasis on adjacencies to such critical support services as are necessary for all elements of the development.
- The MCA was reassessed by a broad range panel of experts including experts not associated with the proposed project.

Costs & Risks –

- Detailed costs updated to reflect an indicative Programme for the 'Do Project' option and other costs such as staffing/payroll
- Delivery Risk and Risk Mitigation strategy updated

The revised SA&PBC submitted with this paper presents the case for the proposed New Emergency Department and Women's & Children's Block at University Hospital Galway (UHG). It develops further the strategic case for the project, considers in more detail the range of options available leading to a clear articulation of the preferred option, assesses risk, and sets out the proposed implementation strategy for the investment proposal.

An indicative project programme is included setting out a potential timeline for project delivery over several years with construction of the block potentially commencing in 2028 for hand over in mid-2030. The PBC concludes that the significant investment required to deliver the proposed project is necessary and if delivered will enable better healthcare service delivery in line with Government policy.

There has been ongoing engagement in recent times with the Department of Health on the development of an overall capital investment plan for Galway University Hospitals (GUH). Officials from the Department of Health visited Galway on 28 August 2023 and meet with both Saolta Hospital Group and HSE Capital & Estates personnel. A GUH Capital Programme Oversight Board has now been established with an initial focus on developing an integrated strategic masterplan from which individual proposals can flow and be developed in line with the requirements of the Public Spending Code. In this context discussions on the SA &PBC for the proposed New Emergency Department and Women's & Children's Block at University Hospital Galway (UHG) are ongoing. The Department of Health is anticipating receipt of the document shortly for the purposes of technical review.

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

- **Current status**

An updated SA&PBC has been prepared in line with the latest Public Spending Code (2023) requirements.

- **Budget**

The updated total estimated project capital cost to allow for anticipated inflation cost increases is in the region of [REDACTED]. This project cost would include construction cost, design fees, equipping, contingency and other costs associated with the project including VAT. The project cost is subject to project delivery timelines, inflation and market conditions at time of tender. The proposed project also involves additional estimated operational expenditure of approximately [REDACTED].

- **Source of Funding**

Capital funding will be required over several years from the HSE Capital Plan with the bulk of the expenditure arising in 2028, 2029 and 2030. Additional revenue funding will also be required.

- **Programme**

A project indicative programme is included in the PBC setting out a potential timeline for project delivery over several years with construction of the block commencing in 2028 and the new building being handed over in mid-2030.

- **Resources**

Additional WTE staffing will be required to open the new facilities.

- **Impact to delivery of services**

The SA&PBC concludes that the investment required to support the proposed project is necessary and if delivered will enable better healthcare service delivery in line with government policy

- **Corporate Plan**

Aligned with HSE Corporate Plan & Service Plan

- **Sláintecare**

Aligned with Sláintecare on delivery of services.

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

The provision of the new facilities all designed to modern standards along with the increased capacity will significantly improve the quality of care for many patients.

- **Technological factors**

Not applicable.

- **Legal factors**

All relevant Legal factors will be considered in more detail throughout the project lifecycle should the project be approved to progress.

Sustainability

The new Emergency Department and Women's & Children's Development Block will be designed to the required standards and this matter will be considered in more detail at the relevant stages throughout the project lifecycle should the project be approved to progress.

Value for Money

The proposed works will be competitively tendered and this matter will be considered in more detail at the relevant stages throughout the project lifecycle should the project be approved to progress. The cost increase since last submitted relate inflation arising from programme to delay to the start and conclusion of the works project.

Conclusion

As described above.

Recommendation

EMT, and thereafter ARC and the Board are asked to note the position described above.