

Ms Sarah Cremin  
Committee Secretariat  
Committee of Public Accounts

By email: [PAC@oireachtas.ie](mailto:PAC@oireachtas.ie)

09 February 2023

Ref: S1160 PAC33

Dear Ms Cremin,

I refer to your letter of 12 January requesting an information note in respect of the new National Maternity Hospital (NMH) following the Committee's receipt of correspondence from the Department of Public Expenditure and Reform.

The main information sought includes:

- details of shortcomings that were identified during the external assurance process undertaken by PwC- please see Appendix 1 (enclosed)
- Regular updates regarding developments in relation to the various stages of the project

The Department would be happy to follow up with the Committee with regular updates on developments as the project progresses through the various stages of the Public Spending Code and beyond.

Yours sincerely,



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*Robert Watt*  
Secretary General

## Appendix 1

### External Assurance Process and Status of the NMH Review

The Public Spending Code (PSC) is designed to ensure that capital investment decisions are underpinned by a clear policy rationale, and that costs are well understood. In 2019, the PSC was updated and introduced a new project lifecycle, tightening the arrangements for project decision-making, and clarifying the roles of the parties involved including the responsibilities for Sponsoring Agencies and Approving Authorities. The PSC also provides detail on the business case requirements at each stage of the new project lifecycle.

All capital development proposals must progress through several approval stages, in line with the new lifecycle approach of the updated PSC, including detailed appraisal, planning, design and procurement before a firm timeline or funding requirement can be established. This includes investment proposals that were in train prior to the introduction of the new requirements.

The specific requirements that must be included in a business case at the various stages of the PSC, are detailed at <https://www.gov.ie/en/publication/public-spending-code/>

In December 2021, the Minister for Public Expenditure and Reform announced the introduction of the new External Assurance Process (EAP) for major capital investment projects. This new process provides for independent external experts reviewing and scrutinising infrastructural investment projects greater than €100m.

To support the EAP, as noted in the correspondence from the Department of Public Expenditure and Reform in its correspondence to the Committee of 6 December 2022, the Major Projects Advisory Group (MPAG) has been established to further strengthen project management and to assist the Department of Public Expenditure and Reform (D/PER) in its project assurance role. As a prerequisite to seeking Government approval for projects at the relevant decision gates, project proposals and external reviews will be scrutinised by the MPAG in advance of any Government decision to proceed.

The National Maternity Hospital (NMH) relocation to Elm Park project was initiated prior to the publication of the updated PSC, and therefore the NMH Project Board undertook additional work on the suite of business case documentation to ensure full compliance with the new PSC requirements.

A pre-tender final business case for the relocation of the NMH has been submitted to the Department of Health by the NMH Project Board for review at Gate 2 of the PSC. The business case has been subject to internal review and the EAP is ongoing and is expected to be completed shortly.

The independent, expert scrutiny processes for major capital projects at Decision Gates 1 and 2 of the PSC have been established to assure appropriate project preparation, to further strengthen project management, achieve better value for money, identification and mitigating actions for project risks, delivery feasibility, the robustness of costings, governance, procurement, and ultimately improve project outcomes.

For the External Assurance Process, D/PER established a single lot, multi-supplier framework from which funding Departments can source the independent reviewers to conduct the reviews. A Supplementary Request for Tenders from this established framework to conduct the EAP review on the business case documentation for the relocation of the NMH was published on eTenders. Following a tender evaluation process, PricewaterhouseCoopers (PwC) was engaged by the Department of Health, as it was determined that it submitted the Most Economically Advantageous Tender to perform the EAP review.

As the EAP has not been completed and finalised the Department is not in a position to share the output of that review at this point in time.

The EAP process and the underpinning goal of the independent review is to strengthen the robustness of business cases and to provide a level of assurance of the proposals. As such it would be expected that there will be a level of iteration of business cases after both the EAP and MPAG reviews as new insight and information becomes available and better informs the key decisions to be made at various points of the project lifecycle.

However, the Department considers that it would not be appropriate to categorise these as 'shortcomings' for any business case and since the EAP review for the NMH project is not complete cannot comment further on the nature of those relating to the NMH business case.

It is expected that the EAP review can be concluded in the coming weeks. Once the EAP review is completed it will be submitted to D/PER and the MPAG.

Pending favourable review under the Public Spending Code requirements, a Memorandum for Government will then be brought forward to progress the programme for the relocation of the NMH. If approval to proceed is granted by Government, the project can move to deployment of a tendering strategy.

In the interim, the Project Board has been asked to identify opportunities to accelerate or parallel certain activities related to the development of the project that can be undertaken without presupposing the outcome of the Government decision on the pre-tender final business case. The Project Board is taking steps to ensure that is ready to deploy a procurement strategy and that it can act quickly to progress the project through the next stages, should approval to proceed be granted by Government.