

Evaluation of the Framework Conditions for the Quality Fund Hospital Projects in Denmark

Report prepared for the Ministry of the Interior and Health, June 2024

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Authors behind the evaluation



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(lead author)

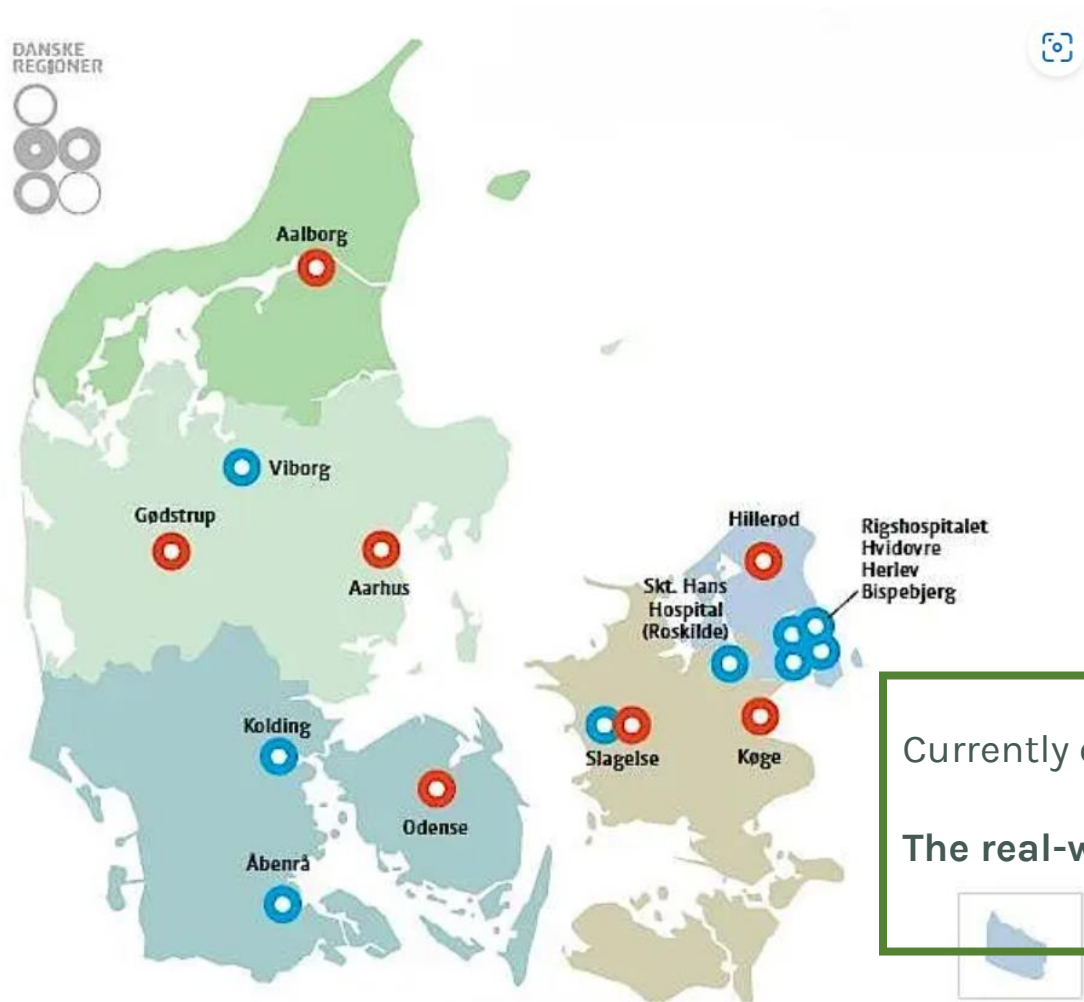


Christian Thuesen – DTU
(co-author)

I only have 15 min...



Before we start — a brief status on the hospitals today



11 have been commissioned; the following 5 are still under construction:

- New Aalborg University Hospital (NAU) — 2026
- New Odense University Hospital (OUH) — 2027
- New University Hospital Køge — 2027
- New Hospital Zealand (Hillerød) — 2027
- New Hospital Bispebjerg — 2030/2032

Currently overrun by approx. DKK 12 billion and delayed 3-10 years (estimate)

The real-world consequences are much greater!

Why did we launch the hospital construction programme? **VTM**^{GROUP}

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1. The 2007 structural reform — moved from **counties** to **regions**
2. **Expert committee** (Erik Juhl) **phase 1 (2008)** and **phase 2 (2010)** approved and recommended the projects
3. Approx. DKK 41 billion allocated in a **Quality Fund** for a total of **16 hospitals** (6 Super Hospitals) + regional funds = approx. **DKK 70–80 billion** in total
4. **Consolidation of specialties**, fewer sites, shorter treatment times, etc.
5. **General efficiency** gains across the healthcare system
6. The expectation was that all projects would be completed within **5–10 years**, and some within **10–15 years**.

Background and process for the evaluation report

1. **Criticism from the National Audit Office** and **recommendation from the State Auditors** to the Ministry of the Interior and Health (MIH).
2. MIH wished to initiate an **evaluation** of the **framework conditions** for the Quality Fund projects, even though **not all are finished**.
3. **Task defined** in collaboration with MIH.
4. MIH expanded the task to also include any **recommendations and/or adjustments** to the framework conditions.
5. Initial **reflections, conclusions and hypotheses** by the authors.
6. **Workshop** with current and former **Project directors** on the hospital projects.
7. **Anonymous dialogues/interviews** with key people.
8. Ongoing **dialogue** and **discussion** with MIH.
9. Collection of data/material. We had access to everything – a **massive and very extensive corpus!**
10. Analysis and report **writing**.
11. **Report delivered June 2024.**

What is meant by framework conditions?

1. **Framework conditions** are the projects' “**corner flags**” that define “the field we play on.”
2. Since the Quality Fund projects began in 2010, **four central framework** conditions were defined by the Ministry of the Interior and Health.
3. The framework conditions applied to **all projects** regardless of function, size (m²), timing, finances and complexity, and were a **premise that the regions had to follow** regardless of project type.



Four centrally defined framework conditions

1. **Approval (grant) process**, including;
 - a) establishment of an **independent expert panel** by agreement with Danish Regions and
 - b) an application process with **preliminary and final approvals**, and early determination of budget caps, including area standards, square-metre prices, etc.

2. **Purpose of the investment/grant**: “within each project’s total budget, **a modern and fully functional hospital** must be established that can accommodate the capacity assumptions set out in the approval.
 - a) Supplementary requirements regarding **flexibility, utilisation rates, area standards**, etc.

Four centrally defined framework conditions

3. **Other centrally defined framework conditions** as set out in the final approvals and administrative basis, including:
 - a) a clear chain of governance with division of labour between the **regions** (**responsible for execution** and for realising the purpose of the investment) and the **state** (**responsible for oversight** of the regions).
 - b) Requirement to ensure **financial robustness** with contingency **reserves, savings catalogues, risk management**, etc.
 - c) **Fixed** overall **budget** for each project.
 - d) Requirement to realise **efficiency gains**, including ongoing reporting.
4. **Oversight regime** with a prioritised focus (cf. the final approvals) on bullet b) and c) above.
 - a) Requirement **for quarterly reporting** to ensure transparency.
 - b) Requirement for an **independent control body** – e.g., DTØ (“The Third Eye”).

Three exogenous (missing) framework conditions

1. No **cross-cutting standards/models** for design principles, and only high-level common standards for organisation/governance models and project management (KPMG's five main principles).
2. The balance between **supply and demand** for construction-sector competencies among owners, consultants and contractors
3. Models for **procurement and collaboration**, including;
 - a) formal and informal frameworks for **collaboration and incentive models** (or the lack of them) in public construction
 - b) **the legal framework** for tenders and contracts
 - c) the formal and informal frameworks for **decision-making in public capital projects**.

How the framework conditions were assessed

Perspectives:

1. **Administrative** perspective
2. **Project-management** perspective
3. **Construction/engineering** perspective
4. **Benefits realisation** perspective.

Scale:

1. **Very appropriate**
2. **Appropriate**
3. **Partially appropriate**
4. **Inappropriate**

Assessed from both a **backward-looking** and **forward-looking** perspective on the **premises of the time**.

Overview of the evaluation

Rammevilkår	Perspektiv			
	Forvaltning	Projektledelse	Byggefagligt	Gevinstrealisering
Tilsagnsproces	Delvist hensigtsmæssigt	Uhensigtsmæssigt	Uhensigtsmæssigt	Delvist hensigtsmæssigt
Formål med investering	Meget hensigtsmæssigt	Delvist hensigtsmæssigt	Delvist hensigtsmæssigt	Meget hensigtsmæssigt
Øvrige				
Styringskæde	Hensigtsmæssigt	<i>Ikke relevant</i>	<i>Ikke relevant</i>	<i>Ikke relevant</i>
Robusthed	Meget hensigtsmæssigt	Hensigtsmæssigt	Hensigtsmæssigt	<i>Ikke relevant</i>
Totalramme	Meget hensigtsmæssigt	Hensigtsmæssigt	Hensigtsmæssigt	<i>Ikke relevant</i>
Effektiviserings-gevinster	<i>Ikke relevant</i>	<i>Ikke relevant</i>	<i>Ikke relevant</i>	Hensigtsmæssigt
Tilsynsregime	Særdeles hensigtsmæssigt	Delvist hensigtsmæssigt	Delvist hensigtsmæssigt	Hensigtsmæssigt
Eksogene				
Ingen standarder	uhensigtsmæssigt	<i>Ikke relevant</i>	<i>Ikke relevant</i>	<i>Ikke relevant</i>
Udbud og efterspørgsel	<i>Ikke relevant</i>	Uhensigtsmæssigt	Uhensigtsmæssigt	<i>Ikke relevant</i>
Modeller for udbud og samarbejde	<i>Ikke relevant</i>	Hensigtsmæssigt	<i>Ikke relevant</i>	<i>Ikke relevant</i>

Key conclusions of the evaluation report (summary)



Evaluering af rammevilkår for kvalitetsfondsprojekterne

Bestiller: Indenrigs- og Sundhedsministeriet
Dato: juni 2024
Udarbejdet af: Martin Kjær & Christian Thuesen
Revision: Endelig version

1. Overall – on the premises of the time – the centrally established framework conditions were **partially appropriate**.
2. Some projects have **gone very well** – others have been (and still are) in **serious difficulty**, especially the largest projects – the Super Hospitals.
3. The central framework conditions **did not prevent** the projects from being or **becoming successful**.
4. Conversely, they also **did not prevent** several projects from running into **massive difficulties**.

Key conclusions of the evaluation report (details)



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1. The expert committee (Erik Juhl) **did not** include construction expertise.
2. The projects were launched **all at once**, without sufficient knowledge-sharing, standardisation and learning across projects.
3. Several owners (counties/regions) were on a rather **steep learning curve**.
4. The construction industry was resource-constrained in the **necessary expertise**.
5. Conscious strategic **“misrepresentation”** (in reporting).
6. Failures in **“independent”** oversight by DTØ and in MIH’s **“tightened”** supervision.
7. Too little involvement of **operations organisations** – too much focus on **architecture**.
8. **No standard project model** for hospital construction
9. Several projects did not merely go wrong later – **they started out wrong from the beginning**.



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Short term:

1. Strengthen the tightened oversight (**a national Task Force**) for the remaining hospitals
2. Develop a **standard project model** for hospital construction and make sure it is followed

Long term;

1. Develop a **central governance model** for new hospital investments.
2. A governance model with a **project focus** rather than a **programme focus**

Notat til Statsrevisorerne i
tilrettelæggelsen af en stor
undersøgelse af regionernes
sygehusbyggeri

Rigs regi syge

En undersøgelse
foreslår rigsre

Steffen Bang Nie

Væsentlig risiko

Ifølge Rigsrevisionen er der "væsentlig
dyrere end forudset.

En vigtig årsag er, at Danske Regioner i
og anvendelse, end det særlige eksper
op til.

- Det er min opfattelse, at uenigheden i
beregningsforudsætningerne for syge
for, at sygehusbyggerierne ikke gennemføres i forhold til den forventede tid, økonomi
og/eller kvalitet, lyder den klokkeklare advarsel fra rigsrevisor Henrik Otbo.

Nyheder

Supersygehuse vil give skandaler



Byggeplads med kran Foto: Scanpix

9. feb 2009 kl. 07.54
Af nabr

Regeringens højtprofilerede satsning på at sikre syge danskere behandling
i verdensklasse på topmoderne sygehuse vil føre til en stribe
byggeskandaler på linje med dem, der tidligere er set omkring DR Byen og
Metroen, skriver Berlingske Tidende.

t styre

use ikke kan holde,

undet med
yre så store og
vad de fremtidige
t Danske Regioner
unkt for beregninger

The Media's Reaction to the Report

VTM GROUP

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DAGENS BYGGERI Byggeri og anlæg Arkitektur Grønnere byggeri Renovering Energi og klima Erhverv

☰ 🔍 BØRSEN ⌚ SENESTE NYT KURSER

Pol
steo

Sygehu
Berling



Formand
været fo
Foto: Ida

AF RITZA

LEDERE

Berlingske mener: Regionerne fortjener ikke at overleve skandalen med supersygehusene

Skandalen med supersygehusene skyldes inkompetence i regionerne og i Sundhedsministeriet, viser ny evaluering. Det er nødvendigt med en radikal reorganisering af hospitalsvæsenet.



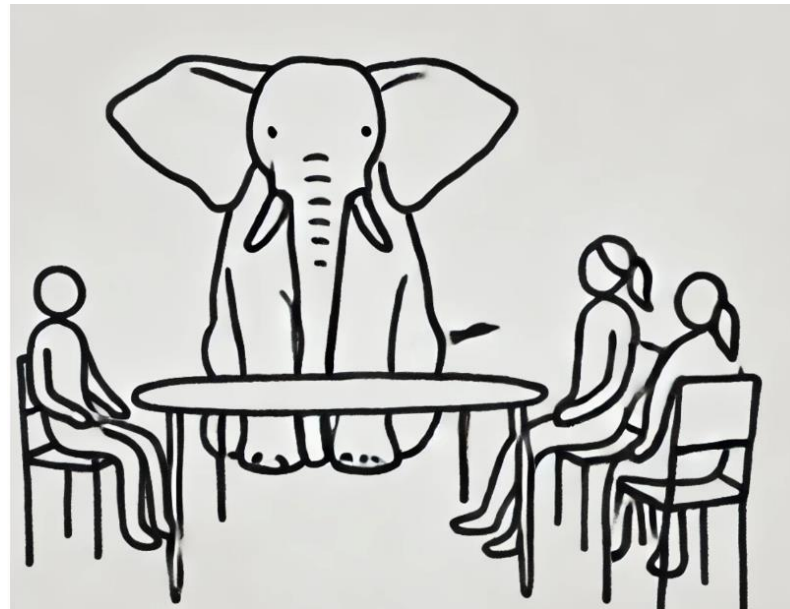
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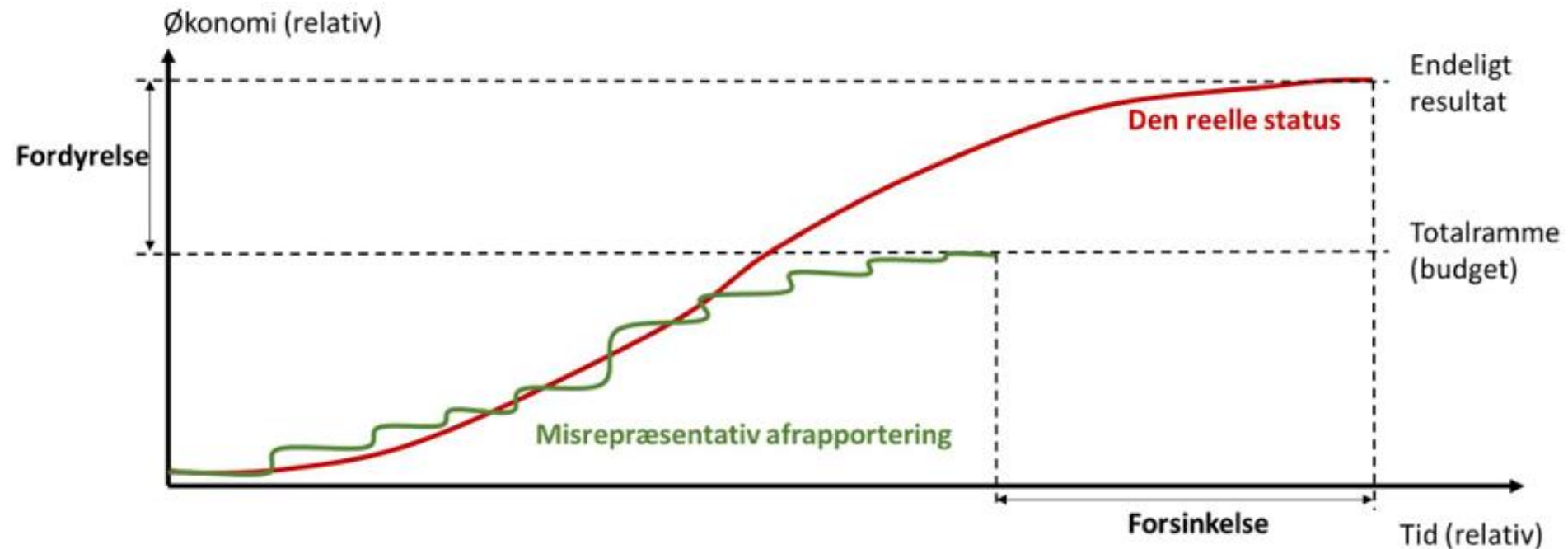
The elephant in the room



"If we are to learn anything from this, we need to tackle the difficult and the unpopular."

“Misrepresentative” reporting

Figur 6 6: Visualisering af et udfordret kvalitetsfondsprojekt



“Biggest personal shock” – could that happen in the private sector?
The consequences are enormous!

My own experience with public construction projects

1. **Politics/politicians** and **mega-projects** should be **separated** as much as possible
2. **Unnecessary bureaucracy** can be avoided – if there is the will.
3. Who actually has the **responsibility** AND the **authority**?
4. “One”, the region, the project department, the political system, the ministry – never Martin, Ulla, Poul, Lene.
5. No “**culture of consequences**” – it drowns in politics and reports and **becomes opaque** – so it continues.
6. Work with **truly independent** oversight – where the professional **competence is present** (even if people do not like the truth).
7. Move from **recommendations** and assessments to concrete and **measurable actions** – with continuous follow-up.

A couple of quotes

” Well begun is half done”

“A big project is the kind of thing that is not suited for fast thinking,” he says. “The fact that it is big means that it has big consequences... you actually need to think slow to be successful.”

Quote: Bent Flyvbjerg

” Several hospital construction projects did not go wrong – they started out wrong..”

Quote: Martin Kjær (but remember, quite a few have actually gone very well!)

Turning a Supertanker vs. a Superhospital

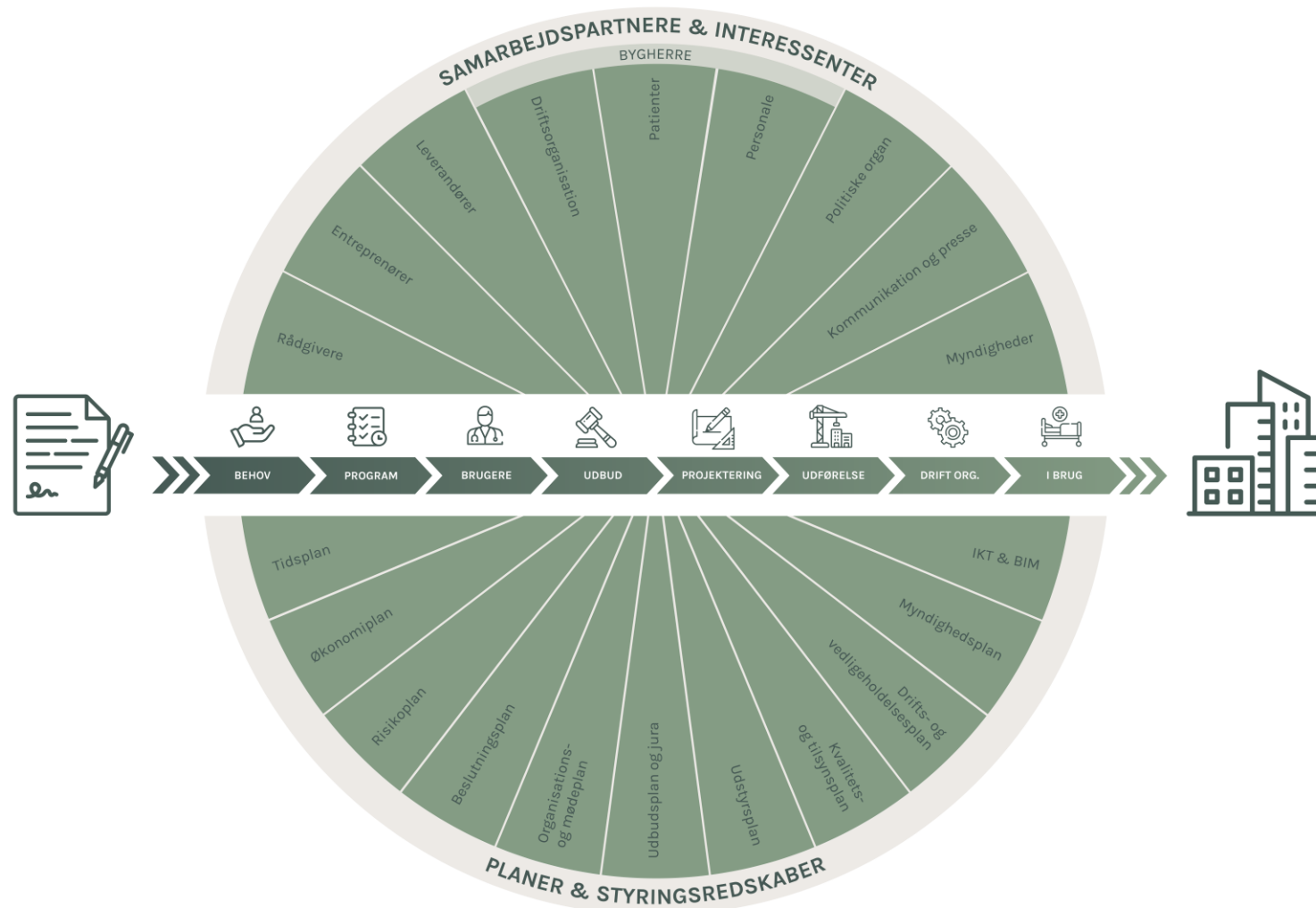


- It takes courage to recognise and acknowledge that the course is wrong.
- You must act quickly; it requires difficult and courageous decisions.
- It takes a lot of effort!
- It takes a long time = a lot of money = major consequences (beyond time and money).
- Therefore we must be **very thorough** when setting the course... **and change it if necessary!**

Why a Standard Project Model?

1. “Think slow — act fast.” A Standard Project Model = a guideline for what **must be** considered thoroughly every time!
2. Virtually all projects under the Quality Fund **started in very different ways**.
3. **It is in demand** across the regions and in the sector in general.
4. The **bigger** and **more complex** a project is, the more relevant it is to have a **fixed structure and process**.
5. There is **no project model that fits everything** — everything must be adapted to the given project and continuously revised to suit the situation.
6. My proposal for a **Standard Project Model** is based on, among others: OUH, NAU, Gødstrup, Horsens Hospital, PPP Skejby, etc., plus a wide range of mega-projects in Denmark and abroad.

Standard projektmodel - Superhospitals



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Questions?

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