



National Paediatric Hospital Development Board Briefing note for the Public Accounts Committee

1. Introduction

The new children's hospital will be co-located with St James's Hospital on its campus. It will bring together the three existing Dublin paediatric hospitals (Our Lady's Children's Hospital, Crumlin, Children's University Hospital Temple Street and the National Children's Hospital, part of Tallaght Hospital) into one entity. This single hospital will provide tertiary and quaternary care for children throughout Ireland. In conjunction with two satellite centres, it will also provide secondary (or less complex) care for children from the Greater Dublin Area. The satellite centres will be located on the campuses of Tallaght and Connolly Hospital.

This note sets out expenditure to date, and in this context outlines the history of the project. An overview of the progress of the project is provided as additional information.

2. History of the project

2.1 Decision to establish a new single hospital

In 2005, McKinsey and Co. were engaged by the Health Service Executive (HSE) to advise on the provision of tertiary paediatric care nationally and the provision of secondary care for the Dublin area. Their report *Children's Health First* in 2006 recommended a single tertiary centre, which would also provide care for all the secondary needs of the Dublin area. The Government accepted the recommendations of the McKinsey Report in 2006.

To determine the optimum location for the new single hospital, a joint HSE/Department of Health and Children Task Group was established. The Task Group recommended that the new hospital should be built on the Mater campus, and this recommendation was endorsed by Government on 8 June 2006. The Government also mandated the HSE to move forward with the development of the new national paediatric hospital.

RKW, an established healthcare planning consultancy, was engaged by the HSE to prepare the high level framework brief for the new hospital. RWK reviewed demand and capacity requirements, appropriate space standards for a world-class tertiary hospital (including research and education), and the preferred physical configuration of services on the Mater campus site.

2.2 Establishment of the National Paediatric Hospital Development Board

The Government established the National Paediatric Hospital Development Board (NPHDB) in 2007 to deliver the project, under the *National Paediatric Hospital Development Board (Establishment) Order 2007* (SI No 246 of. 2007).

The RWK report was presented to the newly established NPHDB. The RWK report provided the framework for the preparation of a detailed design brief in 2009. A Business Services Team, Project Management Team and an Integrated Design Team was appointed by the NPHDB.

2.3 Independent Review, 2011

The Minister for Health commissioned an Independent Review in May 2011 around a number of issues relating to the location of the new hospital on the Mater Campus. The independent experts who formed the Review Team, having examined all the issues in accordance with the Terms of Reference set by the Minister, strongly endorsed tri-location with adult and maternity services and made a unanimous and unequivocal recommendation that the development of the new hospital should proceed on the Mater Campus. The Minister confirmed the Government's acceptance of the recommendation of the Review Team and requested the NPHDB to proceed with a planning application to An Bord Pleanála. The application was lodged in July 2011. Planning permission for the new children's hospital on the Eccles Street site was refused in February 2012.

2.4 Establishment of the Dolphin Group

Following the refusal of planning permission, a Review Group, chaired by Dr Frank Dolphin, was established by the Minister for Health to consider the issues in accordance with Terms of Reference agreed by Government. The Group reported in June. The Minister brought a recommendation to Cabinet based on the Dolphin report, and supplementary analysis on planning and costs prepared by members of the Dolphin Group with the necessary technical expertise. The Government decided on 6 November 2012 that the hospital should be co-located with St James's Hospital on its campus.

3. 2013 appointments to the National Paediatric Hospital Development Board and Children's Hospital Group Board

3.1 National Paediatric Hospital Development Board

The terms of appointment of members of the previous Board having expired in December 2012, the Minister for Health appointed a number of officials of the Department of Health and the HSE to the National Paediatric Hospital Development Board on 24 January 2013. This was an interim measure aimed at ensuring effective governance and decision-making for the project at this important initial stage, to ensure this priority project continued without delay during that transitional phase. The appointments were for a period of months, while consideration was given to appointing Board members with appropriate professional membership and the necessary skills, experience and expertise in complex healthcare capital projects.

On 31 July 2013, the Minister for Health appointed Mr Tom Costello as Chair of the National Paediatric Hospital Development Board. A further 11 members were also appointed to the Board, with competency in areas of architecture, planning, procurement, engineering, law, finance and service delivery. Since its appointment, the Board has focused on building the project team, agreeing a decant strategy for the site, planning considerations, site appraisal, design team procurement/ appointment, and development/ agreement of the project brief for the new site.

In January 2014, Mr John Pollock took up post as Project Director of the National Paediatric Hospital Development Board.

3.2 Children's Hospital Group Board

In July 2013, the Minister for Health also appointed membership to the Children's Hospital Group Board. The Children's Hospital Group Board is one of the seven hospital groups

established as part of the acute health sector reform programme. It will oversee the integration of the three children's hospitals in advance of the move to the new children's hospital. It is chaired by Dr Jim Browne and led by CEO Eilish Hardiman. The Children's Hospital Group Board is the client for the new children's hospital. It will have a key role in ensuring that the hospital is designed to enable future paediatric services to be delivered as efficiently and effectively as possible.

4. Expenditure on the project at the Mater site

4.1 Accounts of the NPHDB for 2012

The 2012 accounts of the Board show cumulative expenditure on the project of €39,984,260 (inc VAT) up to the end of December 2012, ie relating to the project at its previous location on the Mater campus (noting that no decision to change the location from the Mater campus was taken until 6 November 2012).

As set out in a note to the accounts (page 14), construction work-in-progress assets of €39,984,260 represent the accumulated balance of capital expenditure incurred by the Board up until 31 December 2012. As noted in the accounts, the Board is of the opinion that arising from the Government decision to change the location of the hospital to the St James's campus, certain elements of the business/project management services and design works are unlikely to retain their value as assets for the future hospital. The Board noted its intention to complete a process to review the matter, with a view to determining the extent to which amortisation / impairment was required.

The Comptroller and Auditor General in his report on the accounts referred to the possible effects of the uncertainty around the value of the asset.

4.2. Review of expenditure relating to the Mater site

Following its appointment in July 2013, the Board initiated a process of reviewing the value of construction work-in-progress assets and this has now been completed. The Board developed a process to review and analyse the asset impairment, and invited Pricewaterhouse Coopers to review the process. The process was reviewed and approved by the Audit Sub-Committee of the Board. In establishing potential reusable value, the Board has

- reviewed the expenditure
- identified the deliverables which were supported by the expenditure
- set out the sections of the deliverables which can be utilised on the St. James's campus
- attained agreement using detailed analysis on the value of the sections of work which can be utilised or modified to give future value

The process took into account expenditure up to 31 July 2013, when the current Board was appointed. Having regard to the fact that the location decision was announced on 6 November 2012, expenditure from November 2012 has been allocated as appropriate to Mater-site related expenditure or St James's-site related expenditure. Expenditure was classified into a number of different workstreams, and the analysis of these indicates that the continued value for the project from this expenditure relates in particular to architect planning and layout and healthcare planning.

The Board is cognisant of the importance of public accountability in relation this matter and of the need for compliance with Public Financial Procedures. The process undertaken by the Board and its outcome have been considered by the Comptroller and Auditor General who has indicated no issues. The Board wrote to the Department of Health on 16 October last, detailing the process and its outcome, and understands that the Department will engage with the HSE and with the Department of Public Expenditure and Reform in its consideration of the matter.

5. Capital costs and funding

Funding for the new children's hospital is provided in the Vote of the HSE, as part of its Capital Programme. €450m was indented in the Capital Programme to meet the cost of the new hospital. In 2013, the Minister for Public Expenditure and Reform announced that a further €200m would be made available for the project from the proceeds of the sale of the National Lottery. Current estimates are that the core hospital, including both satellite centres, will be delivered within this envelope. Philanthropic and commercial funding streams will be targeted as appropriate for supporting elements of the project to include car parking, academic and research facilities, and estimates will be reviewed and refined at each stage of the project.

6. Current expenditure position

In 2013, the Board recorded expenditure of the order of €1.7m including payroll and related costs of €0.45m and non-payroll costs of €1.25m. Non-pay expenditure included significant amounts (over €100,000) in relation to

- Health planning support, relating to the review of the previous plans for an ambulatory and urgent care centre, and updating of the overall design brief
- Design fees, relating to examination of preliminary options for the configuration of the new hospital and the proposed maternity hospital on the new site
- Site clearance
- Legal and professional fees

In 2014 to date, the Board has recorded expenditure of the order of €1.76m, including €0.86m in payroll costs and €0.90m in non-payroll costs. Significant non-pay expenditure (over €100,000) relates to:

- Health planning support
- Site investigations, surveys and analysis
- Professional fees

The detailed spending for 2013 and the year to date spending for 2014 is set out in note 4 to the additional information.

ADDITIONAL INFORMATION

1. Current stage of the project

The National Paediatric Hospital Development Board (NPHDB) submitted a Project Brief for the hospital at its new location to the Department of Health in May 2014 for the Minister's consent and separately to the HSE for approval, in line with the approval process set out in

the Board's Establishment Order (SI 246 of 2007). Minister Reilly informed the Government on 1 July of his consent and HSE approval.

Following approval of the Project Brief, the design team was appointed and design development is now underway. International architects BDP have been appointed to design the new children's hospital. In addition to the architects, there are seven other disciplines on the design team, all of which have been or are being procured in separate processes. These include quantity surveying, mechanical and electrical engineering, civil and structural engineering, project supervisor design process, planning, traffic consultancy and fire safety. Seven of the eight design team members are now in place (fire safety consultants are not yet procured).

2. Accommodation and projected activity

The design brief is a key element of the overall Project Brief and sets out the accommodation to be provided in the new hospital. Work undertaken for the project on the Mater site, in particular development of activity projections and capacity requirements, development of functional requirements and decisions on workflow, adjacency planning and logistics, has been built on in developing a new design brief for the hospital in its new location.

It is projected that the new hospital will deal with over 27,000 in-patient discharges every year; over 29,000 daycases; more than 220,000 outpatient visits across the main hospital and satellite centres; over 120,000 ED/ urgent care attendances across the main hospital and satellite centres.

Accommodation will include 469 beds, including 85 day care beds and 384 in-patient beds; 100% single en-suite rooms for children and young people, with appropriate in-patient parent accommodation, resulting in reduction of risk associated with hospital acquired infections and increased privacy and improved hospital experience for children, young people and their families; advanced medical technology and equipment to support highly complex diagnostic, interventional and treatment procedures; 14 theatres in total, including three hybrid theatres, which will integrate imaging with the theatre suite to facilitate access to imaging during surgery.

The hospital will have family accommodation near the neonatal and paediatric intensive care units, as well as the in-room parent accommodation and separate family accommodation adjacent to the hospital (planned to be provided on a philanthropic basis by a charitable agency). The design brief also includes play areas, external gardens and courtyards, a specialist therapy area with hydro-pool and gym and a family resource and information centre. The hospital will include some patient-proximate clinical research facilities and some clinical education facilities. In addition, it is intended to develop a separate Research and Education Block (drawing on philanthropic funding).

Satellite centres on the campuses of Tallaght and Connolly Hospitals will support the children's hospital in the provision of secondary paediatric care for the region and enhance the interface with primary care by local access to emergency and local access to OPD general paediatric services, including rapid access clinics, for local children and young people. Design of the satellite centres will be undertaken separately to and in parallel with the design of the main hospital, and will form part of the overall Strategic Infrastructure Development planning submission to An Bord Pleanála.

3. Programme timeline

As part of its brief, the design team on appointment undertook a review and validation of the outline programme. The validated programme sets a target for planning application submission in June 2015. This remains a demanding schedule. The programme will continue to be reviewed and validated at every stage of the project. Key milestones are as follows:

Appointment of Design Team	August 2014
Planning submission	June 2015
Planning approval	December 2015
Start construction, all locations	January 2016
Transition of services to satellite centres	June 2017
Transition of services main hospital	April 2019

4. NPHDB Expenditure Details

Category	Financial Accounts Cum to: 31.12.12		Financial Accounts Y/E: 2013		YTD: Aug.2014	
	€	€	€	€	€	€
Business Services Team Total		24,503.0		-		-
Project Management - Related to the Mater site		3,180.2		-		-
Design Team Total		6,106.2		255.1		29.6
Administration / Other Costs						
Payroll Costs	1,750.0		445.0		862.1	
Board Members Fees	131.8		19.4		57.1	
IT Consultants Report	386.6		40.7		56.8	
Legal Expenses	878.1		133.2		87.8	
Professional Fees	425.4		113.1		283.9	
Office Expenses	418.7		7.8		13.6	
Communications	200.9		79.3		51.2	
Stakeholders Consultation (incl in healthcare planning)	109.5		-		-	
Travel Expenses	43.6		1.9		5.5	
Audit Fee	39.5		11.2		19.6	
Insurance	49.2		14.2		11.2	
Planning Expenses	1,594.3		4.9		-	
Financial Support	-		103.1		49.7	
Health Planning	-		202.8		143.8	
Site Clearance Costs	-		261.0		77.8	
Other Administration expenses	167.4	6,194.9	13.6	1,451.1	14.7	1,734.6
		39,984.3		1,706.2		1,764.3