11 February 2019

Mr Kieran Lenihan
Committee Secretariat
Committee of Public Accounts
Houses of the Oireachtas
Leinster House
Dublin 2

Dear Mr Lenihan

I refer to correspondence from the Committee of Public Accounts dated 5 February 2019 referring to the Committee meeting on Thursday 31 January 2019 and the appearance before that Committee of officials from the Department of Health, as well as representatives of the National Paediatric Hospital Development Board and the HSE.

In your letter, you set out the information to be supplied on foot of that meeting. As this Department is most anxious to ensure that the requests for information and documentation by Members of the Committee are addressed in full, Department officials also carefully reviewed the transcript of the meeting and have identified further information as also requiring to be provided by the Department as per below.

Information requested as per your letter of 5 February 2019

1. A breakdown of the schedule of costs showing the increase from €1.433b to €1.7b. Please see table discussed by the Committee at the afternoon session on the 31st January 2019, at Appendix 1. If further information is required, please do not hesitate to ask.

2. Detailed note on options facing the Department prior to the commencement of Phase B, in terms of approving BAM for Phase B, the possibility of retendering for Phase B separately to Phase A, or the possibility to redesign/descope the planned build

Please see note at Appendix 2.
3. A copy of the project review carried out by the Department in respect of the failure of the site at the Mater Hospital

Referenced at Appendix 3, but attached separately, are the Report for Public Accounts Committee of the Review of the new children’s hospital project at the Mater Hospital campus, Eccles Street, Dublin 1, which was submitted to the Committee in March 2017, and copy of the letter of 13 March 2017 from Secretary General addressed to the Clerk of the Committee submitting the above-mentioned Report.

4. A breakdown of the operating costs of the hospital over the first ten years

Please see table relating to 2023 operating costs attached at Appendix 4. Operation costs for years beyond 2023 will be dealt with through the normal annual estimate process and will be affected by pay and non-pay inflation and normal service developments.

Additional information to be provided by the Department on foot of a review of the transcript of the meeting on 31 January

Current budgets of the three constituent hospitals and development budget put aside for 2019 for the Connolly satellite.

The full year budget for 2018 for the Children’s Hospital Group was of the order of €309m.

The HSE National Service Plan for 2019 identifies as a priority the need to oversee the children’s hospital development and development of paediatric services. This includes opening the new Paediatric Outpatient and Urgent Care Centre at Connolly Hospital in 2019, including the recruitment of the relevant staff to support the expansion of a consultant-delivered workforce and increased capacity through additional outpatient clinics. As set out in the 2019 HSE National Service Plan Service, development funding of €6.7m has been provided for a number of specific paediatric service initiatives, of this €2.6m is intended to be used for the further recruitment of the workforce for Connolly OPD and Urgent Care Centre. It is also envisaged that further funding will be provided in 2020 and subsequent years for the full cost of the OPD and Urgent Care Centres and the introduction of additional staffing and clinical services prior to the opening of the new hospital.

You have received the minutes of the CHP&P Steering Group by email on 7 February 2019. Copies of the minutes of the meetings of the Children’s Hospital Programme and Project (CHP&P) Board have been provided on 8 February 2019.

Information already provided to the Committee

Please find at Appendix 5 a list of the material which has been provided to the Committee to date by this Department. Also listed are those documents which we understand have been sent to you by the NPHDB and the HSE.
To note, the terms of reference of the PwC review submitted by the HSE by email were subsequently revised. These revised terms of reference were issued to the Committee on 7 February.

I am also advised by the NPHDB that it is making arrangements to supply the Committee with copies of Board meetings and meetings of Board Committees by close of business today.

Yours sincerely

Jim Breslin
Secretary General
Appendix 1

Item No 1 requested by PAC in letter of 5 February 2019
A breakdown of the schedule of costs showing the increase from €1.433b to €1.7b.

New Children’s Hospital Construction and Non-construction Costs

- 2017 costs as per Government approval of €983m following receipt of tenders
- 2018 costs following completion of GMP process in November 2018

<table>
<thead>
<tr>
<th>Item</th>
<th>2017 Costs</th>
<th>2018 Costs</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>€m</td>
<td>€m</td>
</tr>
<tr>
<td>Decant</td>
<td>16</td>
<td>14.5</td>
</tr>
<tr>
<td>Aspergillus</td>
<td>6.8</td>
<td>5.8</td>
</tr>
<tr>
<td>Main NCH</td>
<td>637</td>
<td>890</td>
</tr>
<tr>
<td>Less VE</td>
<td>-66</td>
<td></td>
</tr>
<tr>
<td>Net Main NCH Construction</td>
<td>571</td>
<td>890</td>
</tr>
<tr>
<td>Outpatient and Urgent Care Centres</td>
<td>38</td>
<td>53.4</td>
</tr>
<tr>
<td><strong>Sub Total</strong></td>
<td><strong>631.8</strong></td>
<td><strong>963.7</strong></td>
</tr>
<tr>
<td>VAT</td>
<td>85.3</td>
<td>130.1</td>
</tr>
<tr>
<td><strong>Gross Construction Costs</strong></td>
<td><strong>717.1</strong></td>
<td><strong>1093.8</strong></td>
</tr>
<tr>
<td>Equipping</td>
<td>71.6</td>
<td>87.9</td>
</tr>
<tr>
<td>Planning</td>
<td>14.9</td>
<td>13.6</td>
</tr>
<tr>
<td>Design Team fees</td>
<td>43.7</td>
<td>71.3</td>
</tr>
<tr>
<td>Risk/Contingency</td>
<td>39</td>
<td>51.3</td>
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<tr>
<td>NPH Project Costs</td>
<td>52</td>
<td>66.04</td>
</tr>
<tr>
<td><strong>Other Costs Sub Total</strong></td>
<td><strong>221.1</strong></td>
<td><strong>290.1</strong></td>
</tr>
<tr>
<td>VAT (excluding Construction)</td>
<td>44.7</td>
<td>49</td>
</tr>
<tr>
<td>Sub Total Gross Other Costs</td>
<td>265.9</td>
<td>339.1</td>
</tr>
<tr>
<td><strong>Capital Build Sub Total</strong></td>
<td><strong>983</strong></td>
<td><strong>1.433bn</strong></td>
</tr>
<tr>
<td>Children’s Research and Innovation Centre</td>
<td>18</td>
<td>18</td>
</tr>
<tr>
<td>ICT</td>
<td>88</td>
<td>97</td>
</tr>
<tr>
<td>Children’s Hospital Integration Programme</td>
<td>86</td>
<td>86</td>
</tr>
<tr>
<td>Electronic Healthcare Record</td>
<td>52</td>
<td>52</td>
</tr>
<tr>
<td>Mater Campus</td>
<td>40</td>
<td>40</td>
</tr>
<tr>
<td><strong>Sub Total</strong></td>
<td><strong>284</strong></td>
<td><strong>293</strong></td>
</tr>
<tr>
<td><strong>Grand Total</strong></td>
<td><strong>1.26bn</strong></td>
<td><strong>1.7bn</strong></td>
</tr>
</tbody>
</table>
Appendix 2

Item No 2 requested by PAC in letter of 5 February 2019
(Detailed note on the different options facing the Department prior to the commencement of Phase B, in terms of approving BAM for Phase B, the possibility of retendering for Phase B separately to Phase A, or the possibility to redesign/descope the planned build)

Review of options for completing the project

The NPHDB assessed alternate strategies in the event of a decision being made not to proceed with the issue of an instruction to proceed with Phase B with BAM. After a wide-ranging review of alternate procurement strategies, it considered three options to be worthy of a more detailed assessment. The options were as follows:

- **Option 1**: Complete the GMP process, i.e. accept the GMP adjustments and instruct BAM to proceed with the Phase B works by end December 2018;
- **Option 2**: Retender Phase B works to the market, to secure a fixed Price lump sum based on finalised design;
- **Option 3**: Procure Phase B works on the basis of a Management Contracting Procurement Model.

Option 1, i.e. accept the GMP adjustments and approve Phase B, had the benefit of keeping momentum in the Project; producing a GMP based on a completed design and an aligned 56.75 month programme; a 2 Stage Tender Process approved by all stakeholders; and provide a seamless single point of responsibility between Phase A and Phase B.

Option 2, i.e. retender Phase B works to the market, to secure a fixed Price lump sum based on finalised design, would require the creation of new tender documents and the re-tender the Main and M&E contracts. As the building design is now finalised, it would allow for a Fixed Price Lump Sum. However, it would extend the timeline by up to 1.5 years; a highly competitive market could drive a higher tender price than GMP; it would create a break between responsibility for Phase A and Phase B; and would not result in a GMP with prices based on 2016 costs. Furthermore, there is a risk of lack of market interest.

Option 3, i.e. procure Phase B works on the basis of a Management Contracting Procurement Model, would involve tendering the Phase B works as a management contract, breaking the design into packages to be procured by the Management Contractor. While possibly more attractive to contractors from risk perspective, it would extend the timelines by 12 months, with no cost certainty; provide public procurement challenges. It would also obviously require a level of cooperation from BAM.
On the basis of the three options set out above, the NPHDB at its November Board meeting recommended that the Phase B Construction Works be awarded to BAM based on the determined GMP value. Option 1, the existing 2 stage procurement with a GMP, delivers value for money with a significantly shorter programme than Option 2 or 3.

Descoping or redesign options

The Department requested the NPHDB and the Children’s Hospital Group (CHG, now CHI) to consider how much of the budget overrun could be addressed if space within the new children’s hospital could be deferred or descoped. The NPHDB and CHG produced a joint report which set out possible areas for consideration, and the resulting capital savings and residual impact on the delivery of clinical services if such a decision were taken.

Summary of findings

The appraisal by the NPDHB and CHG on descoping options concluded that possible capital cost savings of €79m associated with descoping of Works is possible but the impact on the delivery of services is significant requiring one of the existing hospitals to remain in operation with an estimated operational cost of €169m based on current expenditure. Many of the descoped areas would have a corresponding negative impact on operational costs. It is expected that when the resulting operational costs are assessed in detail that the overall cost saving to the exchequer may be significantly reduced. The capital cost savings also do not include for any reconfiguration/refurbishment of existing services that may well be required. The cost of retrofitting the spaces in the future would also come at a premium at circa €118m-€123m, and while feasible; would have an impact on the operations of the future hospital.

Background to the design

It is important to note that the building is planned as an integrated piece, each part adding seamlessly to the complex and multiple needs of the children patient population. The design is based on extensive consultation with clinicians, children and families over a three-year period, to enable the delivery of the highest quality, safe and reliable patient care. The proposed activity and capacity planning have been examined and validated by independent healthcare planners prior to submission of the Final Project Brief.

Descoping options considered

The descoping exercise undertaken by the NPHDB and CHG yielded an estimated maximum of €79m realisable savings with a retrofit estimated at up to €126m. The descoping options for consideration would result in the shelling out of significant areas including but not limited to: four 24-bed generic wards containing 96 beds; 10 Theatres including two Endoscopy Suites; 18 Critical Care Beds; 50% of the Audiology OPD Department; part of the Outpatient Department; Private Clinic; part of the ED and Radiology Departments and education spaces for patients and third level; and the 24-bed Child and Adolescent Mental Health Unit.

The descoping options at St James’s would involve deferring the helipad (a facility to be shared with St James’s Hospital), requiring critically ill or injured children to be transferred by road, and deferring all soft landscaping. The deferral of the OPD Urgent Care Centre at Tallaght would be required, with potential implications for adult services at Tallaght. Other items for consideration include outsourcing the main production kitchen and central decontamination unit and part of the pathology Department.
These descoping options would result in one of the existing children's hospitals having to remain in operation in order to deliver services now not possible to be delivered in the new hospital, with duplication of laboratory, imaging and pharmacy being required on both sites, and of course duplication and bi-location of staff. This has operational, patient safety, and financial implications. Outsourcing services could defer some element of the capital cost but would also give rise to increased operational costs.

**Impact of proposed descoping on services or redesign**
The building will not work as planned, as efficiently or cost effectively if the elements described above are removed. The most significant impact will be on children and their families, with changes resulting in delayed access to care, impacting on waiting times and lists.

External advice received by the HSE also examined descoping options and concluded that as the new hospital design solution is an integrated facility, developing the build on a modular basis has the potential to be very difficult, and would require a significant redesign and revised planning submission.

**Effects of descoping on planning permission/design changes**
To reduce the GMP price of €890m by descoping, the contract must be awarded for the €890m which would then be followed by a Change Order or instruction not to undertake part of the internal work, such as fitting out wards.

**Background to the design**
The new children's hospital has been designed as three separate buildings integrated within a single planning permission. Material changes where they have an impact on the external envelope of the building must be validated through submission to An Bord Pleanála and there would be a time delay with this process.

Any change as a result of descoping would require to be instructed through the Design Team as additional work for the Design Team for which they would be entitled to compensation under their contract.

**Minister's conclusion as conveyed to Government**
The Minister’s conclusion was that, given the nature of the design solutions, descoping options that would have a significant short-term capital reduction appear very limited, particularly when the impact on the delivery of clinical services and the contractual delays/complications considered are examined.

ENDS.
Appendix 3

Item No 3 requested by PAC in letter of 5 February 2019

Attached separately:

(1) Report for Public Accounts Committee of the Review of the new children's hospital project at the Mater Hospital campus, Eccles Street, Dublin 1. (March 2017)

(2) PDF of letter of 13 March 2017 from Secretary General addressed to the Clerk of the Committee submitting the above-mentioned Report for the attention of the Public Accounts Committee.
Appendix 4

Item No 4 requested by PAC in letter of 5 February 2019

Estimated Operating Costs 2023

Operating expenditure forecast for the new children’s hospital and urgent care centres when open are estimated at €366m for 2023 (including MES, ICT operational costs, increased activity and the new hospital operating model). These costings are subject to revision in the light of nationally agreed pay increases, non-pay inflation and other external factors arising in the interim.

<table>
<thead>
<tr>
<th>Estimated Operating Costs 2023</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating costs 2023</td>
<td>€m</td>
</tr>
<tr>
<td>Payroll</td>
<td>279.6</td>
</tr>
<tr>
<td>Equipment Op Costs</td>
<td>15</td>
</tr>
<tr>
<td>ICT Op Costs</td>
<td>8.5</td>
</tr>
<tr>
<td>Other non-payroll costs</td>
<td>108.7</td>
</tr>
<tr>
<td>Total non-payroll</td>
<td>132.2</td>
</tr>
<tr>
<td>Revenue</td>
<td>44.9</td>
</tr>
<tr>
<td>Total</td>
<td>366.9</td>
</tr>
</tbody>
</table>

Operation costs for years beyond 2023 will be dealt with through the normal annual estimate process and will be affected by pay and non-pay inflation and normal service developments.
Material already supplied to the PAC prior to, during, and following the meeting of 31 January 2019, re new children’s hospital

PRIOR

The Department of Health submitted the following documentation:
- Opening statement
- Briefing note for PAC (same as briefing note provided to Joint Oireachtas Committee on Health for meeting on 29 January 2019)

The HSE submitted the following documentation:
- Terms of reference for PwC review into new children’s hospital cost escalation (revised terms of reference were emailed to you by this Department on 7 February 2019)

The NPHDB submitted the following documentation by email dated 29 January 2019:
- Opening statement by John Pollock, Executive Director
  3. An update on the financial position since the last set of accounts - Document Attached (file name: NPHDB Financial Position Update)
  4. A note on the current position on the National Paediatric Hospital project – Included within NPHDB Briefing Paper Presentation, Slide No. 15
  5. A note on the basis used to establish the costs of the project and the comparisons used - Included within NPHDB Briefing Paper Presentation, Slide No. 10
  6. A list of any independent or internal corporate reports relating to reviews, examinations or audits in relation to corporate governance or internal financial controls. The list should include the subject of the report, the report author(s) and the date of sign-off, completion or publication. – Document attached (file name: List of Independent and Internal Corporate Reports for PAC)
  7. Information on the role of the National Development Finance Agency and the Office of Government Procurement in the procurement arrangements for the National Paediatric Hospital. – Document attached (file name: Role of GCC, NDFA and OGP on NCH Project)
8. Copy of the review conducted by DSSR in 2018 examining the mechanical and electrical systems for the National Paediatric Hospital – Document attached (file name: MEP DSSR Review Report).

DURING the meeting
Information requested by PAC in the morning session at the PAC and prepared and submitted to members for the PAC afternoon session on 31 January is as follows:

- NPHDB Listing of independent and internal corporate reports relating to reviews, examinations or audits in relation to corporate governance or internal financial controls – 2017 to 2018
- Table showing breakdown of construction and non-construction costs.

SUBSEQUENT to the meeting
Email on 7 February 2019

- correspondence up to mid-November 20128 on NCH capital cost between the Department of Health and the Department of Public Expenditure and Reform, and the Department of an Taoiseach.

- summary timeline of escalation of emerging GMP cost issues document and five attachments (memos to Minister for Health).

- Copies of the minutes of the meetings of the Children’s Hospital Programme and Project (CHP&P) Steering Group

Email on 8 February 2019

- Copies of the minutes of the meetings of the Children’s Hospital Programme and Project (CHP&P) Board
March 2017

Mr. Kieran Lenihan
Clerk to the Committee
Committee of Public Accounts
Leinster House
Kildare Street
Dublin 2

Review of the new children’s hospital project at the Mater Campus

Dear Mr Lenihan,

At its meeting on 8 October 2015, the Public Accounts Committee examined the 2012 accounts of the National Paediatric Hospital Development Board. The Committee recommended that a number of issues raised at that meeting should be reviewed.

It recommended that the Department of Health undertake a review of the project to build the hospital at the Mater site. The Committee advised that the review include an examination of:-

1. the adequacy of the risk analysis in respect of the entire project, with particular reference to
   a. The location
   b. The planning laws;

2. the adequacy of contingency planning;

3. the extent to which the delivery model for the project was appropriate; and

4. the management of the entire project from site selection to delivery.

This Report has been prepared by the Department of Health in accordance with terms of reference agreed with the Department of Public Expenditure and Reform (DPER) and is now submitted for the attention of the Public Accounts Committee.

Yours sincerely

Jim Breslin
Secretary General
Department of Health
Report for Public Accounts Committee

Review of the new children’s hospital project
at the Mater Hospital campus, Eccles Street, Dublin 1
March 2017
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In late 2005, the Health Service Executive (HSE) undertook a national review of tertiary paediatric services, with the objective of providing an evidence-base to facilitate the development of paediatric services in the best interests of children. McKinsey & Company was engaged by the HSE to advise on the future strategic organisation of tertiary paediatric services. The resulting 2006 Report “Children’s Health First” outlined that there was compelling evidence for one national tertiary paediatric centre based in Dublin, to be co-located with a leading adult academic hospital.

The Government accepted these recommendations in 2006. A Joint HSE/Department of Health Task Group was established to advise on the suitable site for the hospital, and advised that it be built on the site of the Mater Hospital. The National Paediatric Hospital Development Board [NPHDB] was established in 2007 to oversee the development of a children’s hospital at the site of the Mater Hospital. Between 2007 and December 2013, the NPHDB incurred costs of just under €42 million. Funding for the project was provided by the HSE. All the expenditure incurred by the NPHDB was capitalised as an asset in its balance sheet.

In January 2012, An Bord Pleanála refused the planning application for the hospital on the site of the Mater Hospital. Following this refusal decision in November 2012, the Government decided that the hospital should be located on the campus of St James’s Hospital in Dublin 8. While a portion of the assets had a reusable value, the financial statements of the NPHDB for 2012 reflect the writing down of €35.5 million of accumulated expenditure.

At its meeting on 8 October 2015, the Public Accounts Committee examined the 2012 accounts of the NPHDB. In its report on the review of costs associated with undelivered capital projects (December 2015), the Public Accounts Committee concluded that

‘the project to deliver the proposed children’s hospital on the grounds of the Mater Hospital in Dublin 7 ultimately failed because the proposals were totally at odds with the planning provisions of the city and the local area. When the initial proposal, which had taken five years to prepare failed, there was no plan B’.

The Committee recommended that a number of issues raised at that meeting should be reviewed before the write-off of €35.5 million was fully accounted for. It recommended that the Department of Health undertake a review of the project to build the hospital at the Mater site in accordance with the provisions of the Public Spending Code in consultation with the Department of Public Expenditure and Reform.

The Committee advised that the review include an examination of:-

1. the adequacy of the risk analysis in respect of the entire project, with particular reference to
   a. The location
   b. The planning laws;
2. the adequacy of contingency planning;
3. the extent to which the delivery model for the project was appropriate; and
4. the management of the entire project from site selection to delivery.

Terms of Reference for the Review
The following terms of reference for the Review were agreed between the Department of Health and the Department of Public Expenditure and Reform (DPER):

To carry out a review of the undelivered project to develop a new children’s hospital co-located with the Mater Hospital at Eccles Street in accordance with the Public Spending Code having regard to:

a) The policy context underpinning the decision to develop the new children’s hospital
b) The decision-making process that determined the site selection for the hospital
c) The governance arrangements in place to manage the project from site selection to delivery
d) The identification and management of project risk and contingency planning with reference to location planning laws
e) The development process that led to the submission of a planning application and
f) To identify lessons to be learned for future public capital projects, particularly in health policy.

This Report has been prepared by the Department of Health in accordance with those terms of reference.

In late 2005, the HSE, in line with a commitment given by the Tánaiste and Minister for Health and Children, Mary Harney, TD, undertook a national review of tertiary paediatric services. Following a procurement process, the HSE commissioned McKinsey & Company to prepare a report advising on the ‘strategic organisation of tertiary paediatric services for Ireland’ that would be ‘in the best interests of children’, and that would be used to inform HSE future decisions on paediatric care.

The terms of reference specified that the report and its recommendations should be evidentially based, fully documented and be informed by, inter alia, international best practice, current and projected demographics in Ireland and developments in paediatric services. Specifically, the report was required to identify:

- whether tertiary paediatric services should in future be provided at one or more locations;
- facilities required to meet tertiary paediatric needs;
- facilities required to meet secondary paediatric service needs in Dublin.

The resulting 2006 report, “Children’s Health First” international best practice in tertiary paediatric services: implications for the strategic organisation of tertiary paediatric services in Ireland was based on established research and included the examination of 17 international centres of paediatric excellence (representing a range of healthcare models). It found that tertiary centres virtually always (1) service a large enough population to support a full complement of paediatric sub-specialists, and (2) co-locate with an adult teaching hospital to access specialties that generally split between adult and paediatric patients, such as neurosurgery, transplant and increasingly cystic fibrosis and cardiac services, to facilitate clinical and academic “cross-fertilisation” and to attract the top staff. The Report declared the evidence for one national tertiary paediatric centre based in Dublin to be compelling.

1.2. “Children’s Health First” – Recommendations

The Report includes a number of key recommendations, namely:

- Population and projected demands of Ireland can support only one world class tertiary centre;

- The centre should be in Dublin and should
  - ideally be co-located with a leading adult academic hospital (to capture sub-specialist and academic linkages)
  - have space for further expansion (including education and research facilities)
  - be easily accessible through public transport and the road network.

- The centre should be at the nexus of an integrated paediatric service also comprising:
Important outreach capabilities at key non-Dublin hospitals
Adequate geographic spread of A&E-type facilities or treatment at ‘urgent care’ centres. These centres would be either stand alone or attached to an adult facility with no inpatient children’s beds.

- The centre should also provide care for all the secondary needs of Greater Dublin.

The Report proposed assessment criteria to be used in determining the optimum location for the centre. These formed the basis of the criteria adopted for the selection of the site, as explained in Section 2 of this Report.

1.3. Tri-location
In 2007, KPMG was commissioned by the HSE to undertake an independent review of maternity and gynaecology services in the Greater Dublin Area. The resulting 2008 final report recommended that:

- Maternity services should be co-located with both adult acute services (to allow the mother access to a full range of medical and support services should the need arise) and paediatric services (when foetal or neonatal surgery or other interventions are required), i.e. tri-location of maternity, paediatric and adult services.
- Three new facilities should be developed in Dublin to deliver maternity and gynaecology services. Two of these facilities should be co-located with an adult hospital (Tallaght and St. Vincent’s Hospitals) and one tri-located with the proposed National Paediatric Hospital on the Mater campus at Eccles Street.

1.4. Joint HSE/Department of Health and Children Task Group on the Location of the children’s hospital
The Government accepted the recommendations of the McKinsey report and, in February 2006, a Joint HSE / Department of Health and Children (DoHC) Task Group, which also included representation from the Office of Public Works, was established to advise on the optimum location in Dublin of the children’s hospital. Although, at that stage, the outcome of the KPMG review was not known, the Task Group decided that potential sites needed to demonstrate the capacity to accommodate a maternity hospital on site, as well as being co-located with an adult teaching hospital. The Task Group reported in May 2006.
SECTION 2
The decision-making process that determined the site selection for the hospital

2.1. Decision-making methodology

The Report of the Joint HSE/Department of Health and Children Task Group to advise on the optimum location of the new national paediatric hospital, finalised in mid 2006, explains how potential sites were identified and selected, and the mechanism adopted for assessing these sites. The overall approach taken by the Task Group included:

(1) Agreement of assessment criteria (see para 2.2)

The Task Group developed a set of criteria for assessment of the potential sites, based on the recommendations of *Children’s Health First*, based on co-location benefits; breadth and depth of services, planning and development considerations, and access.

(2) Identification and consultation on potential site options (see para 2.3)

The Task Group identified and consulted with six adult academic teaching hospitals in Dublin, as well as consulted with other interested parties, and international experts.

(3) Assessment of potential site locations against the agreed criteria. (see para 2.4)

The Task Group adopted a multi-stage approach to the consideration of site options, resulting in assessing location options against the criteria set out in (1) above.

2.2. Agreement of assessment criteria

Of particular interest to the Review being undertaken for the PAC are the planning and development assessment criteria and considerations. The main objective of the Task Group in this regard was to assess the capacity of potential locations to accommodate the new hospital and a full maternity hospital, construction and enabling works, and further expansion capacity, as well as site constraints such as planning issues, likely height and density of development.

2.3. Identification and consultation on potential site options

2.3.1 Submissions from the Dublin Academic Teaching Hospitals

In view of the *Children’s Health First* recommendation that the new hospital be ideally co-located with an adult academic teaching hospital in Dublin, the Task Group wrote to the hospitals listed below which were considered to fulfil the criteria for co-location:

- AMNCH, Tallaght
- Beaumont Hospital
- Connolly Hospital, Blanchardstown
- Mater Misericordiae Hospital
- St James’s Hospital
- St Vincent’s University Hospital.
The Task Group asked each hospital to establish (a) whether it was interested in being considered as the co-location site, and (b) if so, to demonstrate its approach to meeting the recommendations of “Children’s Health First”.

2.3.2 Submissions from other sources

Information on possible sites was also gathered from other sources, including as follows:

- The HSE was requested to provide information in relation to any potentially suitable land banks/sites within the current HSE property portfolio.
- The OPW was requested to identify sites within the current OPW property profile, or potentially available to it, which could be considered as potential locations for the new hospital. The OPW was also asked to provide any advice in relation to privately owned “brownfield” sites adjacent to any of the six identified adult academic teaching hospitals in Dublin which it could consider as potential locations.
- Information was requested from the local authorities in Dublin - Dublin City Council, Fingal County Council, Dun Laoghaire / Rathdown County Council and South Dublin County Council – in relation to land adjacent to the adult academic teaching hospitals in Dublin in their ownership, which might be available to be considered as a potential location. The Councils were also offered the opportunity to express any views which might inform the work of the Joint Task Group in relation to the location of the new paediatric hospital, in particular the implications for the social infrastructure of the city.
- Proposals were received from five private organisations, ranging from offers to sell land to proposals to build a paediatric hospital.

The Task Group also consulted with the following groups to elicit information and views in relation to the location of the hospital:

- Patient advocacy / representative groups, and representatives from the Council for Children’s Hospitals Care and the Children’s Research Centre.
- The current paediatric hospital providers in Dublin – Our Lady’s Hospital for Sick Children (OLHSC), Crumlin; the Children’s University Hospital, Temple Street; the National Children’s Hospital, Tallaght.
- The three Dublin maternity hospitals in relation to their views on the appropriate model, scope and scale for a maternity/neonatal service that could be accommodated as part of the new paediatric hospital and the consequential implications for maternity services in the city.
- A number of the leading international hospitals identified in “Children Health First”, in relation to the clinical aspects of the assessment. Advice was also sought from clinicians in other countries on specific issues.
- Information available within the HSE regarding current adult and paediatric care linkages and acute paediatric activity across the Dublin hospitals was also analysed.
- Given the importance of access as a consideration in the process, the Small Area Health Research Unit (SAHRU) in Trinity College Dublin was commissioned to undertake a study to identify travel times by public and private transport means, for both the national and local catchment populations, to a number of locations.
• The HSE Ambulance Services and the Pre Hospital Emergency Care Council in relation to ambulance access to hospital sites in the Dublin area.

2.4. **Assessment of potential site locations against the agreed criteria**

The key criteria against which potential sites were assessed were:

- Co-location benefits
  - Breadth and depth of services
  - Teaching and research
- Planning and development considerations
- Access.

2.4.1 **Co-location benefit assessment**

In order to assess potential sites on their clinical co-location benefits as identified in “Children’s Health First”, the Joint Task Group analysed:

- selected literature/reports on the benefits of co-location
- information received from the existing adult academic teaching hospitals with respect to clinical co-location benefits
- the official HSE consultant staffing statistics in the relevant hospitals and their linkage with paediatric hospitals and academic centres
- the Hospital Inpatient Enquiry (HIPE) data to ascertain the level of existing paediatric work carried out in the adult hospitals
- the depth of the existing specialties within each hospital and the added value that each hospital would bring to a paediatric hospital, over and above any other adult hospital
- the relative strengths of each of the six Dublin academic teaching hospitals in the area of teaching and research.

The Group also carried out interviews with a number of international experts from the United States, Canada, Australia and the United Kingdom:

1. Professor Sir Alan Craft, Professor of Paediatrics University of Newcastle and President of the Royal College of Paediatrics; Dr Mike Berman, Paediatric Cardiologist and former COO of New York Presbyterian Hospital (NYP); Dr Tony Cull, CEO The Royal Children’s Hospital, Melbourne, Australia; Professor Les White, CEO Sydney Children’s Hospital, Sydney Australia; Dr Tony Penna, CEO Westmead Children’s Hospital, Sydney Australia; Dr Steven Altschuker CEO Children’s Hospital of Philadelphia; Prof Andrew Calder, Chair of Advisory Group, New Children’s Hospital, Glasgow

On the basis of the co-location assessment criteria, the Joint Task Group concluded that Beaumont, St James’s and the Mater Misericordiae hospitals had a clear advantage over the other proposed hospitals.

2.4.2 **Planning and development considerations**

The main objective of the Joint Task Group was to assess the capacity of potential locations to accommodate the new paediatric hospital and a full maternity hospital alongside other site...
development proposals, and to have further expansion capacity as well as space to facilitate construction and enabling works.

In assessing these criteria, the Group took into account other key considerations, including the

- Impact on Development Control Plan (DCP), including traffic management
- Site constraints, including planning issues
- Infrastructural/utilities capacity
- Helipad
- Scope of site to deliver suitable quality of environment
- Likely height and density of development
- Conditions in adult hospital during development phase
- Car parking capacity
- Car parking location
- Impact of development on existing hospital
- Programme for development - phasing & sequence
- Specific/abnormal costs arising
- Site ownership – timing and cost factors

2.4.2.1 New children’s hospital context

The six hospitals under initial consideration supplied information on site issues which was of a standard appropriate to the context and purpose of the exercise. The information provided by the hospitals was viewed as illustrative of siting potential rather than in terms of any competitive exercise in relation to design approach or particular development arrangements. The nature of solutions envisaged and illustrated by the hospitals varied in accordance with the characteristics of the sites concerned.

There were significant differences and advantages/disadvantages amongst the six sites studied, particularly in relation to the following:

1. Site context
2. Overall site area
3. Land available for development
4. Extent, configuration and condition of existing facilities
5. Development constraints

Beaumont Hospital

There were no significant site issues which would constrain the creation of the proposed new paediatric hospital and maternity hospital at this location. The hospital offered assurance that existing contractual arrangements would not hinder the relocation of the existing multi storey car park to facilitate the children’s hospital development. It was accepted that removal or relocation of this structure would create a development site of significant capacity and character.
Connolly Hospital, Blanchardstown
The question of road access was the only significant issue arising in relation to this large, unencumbered site, which has particularly good landscaping and orientation characteristics. Clarification from the hospital described a comprehensively costed and timetabled plan to provide the necessary access to the site by way of a new bridge from the N3.

Mater Misericordiae Hospital
The Mater Misericordiae Hospital presented a very detailed proposal which showed clearly that a paediatric hospital of the size required could be incorporated with a new adult hospital on the Eccles Street site. The capacity to include a maternity hospital was also demonstrated.

The hospital confirmed that the proposed Metro station could be incorporated into the overall development scheme without any effect on timeframe for development of the proposed Children’s Hospital.

St. James’s Hospital
The site solution initially proposed contained a degree of planning and land acquisition risk. Clarifications offered by St. James’s Hospital described an alternative site solution which essentially mitigated those risks.

It was confirmed that the site could demonstrate adequate on-site parking capacity to fulfil the requirement of the outline brief without a need for off-site capacity, although such off-site arrangements continue to be proposed and would add benefit.

St. Vincent’s University Hospital
Initially there was a level of concern about the extent to which enabling and decant work issues would impact on the ability of the site to accommodate both the new paediatric hospital and other planned facilities expansion while maintaining existing services. Subsequent clarification and site inspection fully allayed those concerns.

The hospital confirmed that the proposed Children’s Hospital could be accommodated and linked to the existing adult hospital without the need for construction of their entire proposed Phase 2 adult hospital development save for link communication via shared services facilities at basement and ground floor levels.

AMNCH, Tallaght
The initially proposed site solution appeared to contain a degree of land acquisition risk associated with the proposed relocation of traveller housing to free up part of the site.

Subsequent clarification around this issue confirmed that the land in question was not in fact required for the proposed paediatric hospital, and that all enabling aspects may be satisfactorily accommodated within the existing hospital site, though the hospital proposed that this additional land would offer a better overall site solution.
2.4.3 Access

Adequate access to the paediatric hospital was also considered to be an essential requirement. The criteria used were based on ease of transport to and from the site location for patients and families including:

- Distance and time for travel of patients requiring tertiary care by both public and private transport means
- Distance and time for travel of patients requiring secondary care in the catchment area by both public and private transport means
- Potential / likely impact of planned infrastructural developments
- Accessibility for air and land emergency services

The Joint Task Group concluded that it was not possible to make any significant distinction in terms of land / air emergency service access to the proposed sites.

The Joint Task Group commissioned the Small Area Health Research Unit (SAHRU) in Trinity College Dublin to undertake a study to identify travel times by public and private transport means, for both the national and local catchment populations. This report was used to facilitate assessment of the relative ease of access to the six co-located sites.

The report provided detailed analysis by distance and time to travel by both public and private transport projections for secondary and tertiary catchment population including projections for 2016.

Following analysis of the report, it was agreed that the assessment would focus on examination of:

- the cumulative percentage of the population within 60 minutes travel time by mixed public/private transport for the secondary catchment
- the cumulative percentage of the population within 4 hours travel time by mixed public/private transport for the tertiary catchment

Based on the findings of the SAHRU Report, the Joint Task Group concluded that access concerns would be a significant decision making factor for Beaumont Hospital, particularly for the secondary catchment population.

2.5. Planning and development considerations - St. James’s and Mater Misericordiae hospital sites

Having considered the narrowing of options under the headlines of “Co-location benefits” and “Access” as noted above, it was concluded by the Joint Task Group that further detailed assessment from a planning and development perspective should concentrate on the two hospital sites that offered greatest advantages, namely the Mater Misericordiae Hospital and St. James’s Hospital.

Both of these sites shared a number of critical characteristics, particularly their:

- Urban location
- Intensity of current use
- Varied building stock in terms of age, condition and function
- Issues of site access during construction
• Issues of maintaining acceptable clinical conditions during construction
• Potential for community gain and urban regeneration

Since the size, complexity, direct costs and programme for the construction phase of the Children’s Hospital project would be essentially the same for these two urban locations, the assessment focused on areas where differences were most apparent.

The key relative advantages and disadvantages of the Mater Misericordiae Hospital and St. James’s Hospital, from a planning and development perspective only, identified by the Task Group are summarised below:

2.5.1 **The Mater Misericordiae Hospital:**
Advantages:
• Relatively clear site
• Substantial portion of the enabling works required have already been completed
• Demonstrable planning clarity, and ‘back to back’ synergy of concurrent adult and children’s development
• The future availability of the adjacent Temple Street Hospital

Disadvantages:
• Smaller site (6.15 hectares on main hospital campus plus buildings along Eccles St. and Nelson St.)
• Less capacity to accommodate further developments
• More sensitive planning and development context

2.5.2 **St. James’s Hospital:**
Advantages:
• Greater site area and capacity (24.3 hectares)
• Clearer ability to accommodate further developments

Disadvantages:
• Greater need for ‘enabling’ works
• Greater future costs associated with site preparation
• Potentially longer programme to delivery

From a planning and development perspective, both the Mater Misericordiae and St. James’s hospitals demonstrated capacity to accommodate a paediatric hospital of up to 585 beds with ensuing research capacity and a full maternity hospital of the order of 25,000m² albeit with a differing capacity for further expansion.

2.6. **Conclusions and Recommendations from the Joint HSE/ Department of Health and Children Task Group Report 2006**

Having assessed all the potential locations against the assessment criteria, the Joint Task Group concluded that there were two hospitals that offered the greatest advantages, namely the Mater
Misericordiae Hospital and St. James’s Hospital. Both hospitals demonstrated their ability to meet all of the assessment criteria set by the Joint Task Group. The strengths of these hospitals in terms of the assessment criteria are summarised below.

2.6.1 Co-location
In considering the clinical and academic strengths both the Mater Misericordiae Hospital and St James’s Hospital offered very strong clinical and research environments in which to develop the children’s hospital. Both would add value in terms of research strength, educational capacity and clinical synergy. The paediatric shared appointments demonstrate the important relationship between the adult services at the Mater Misericordiae Hospital and the Children’s University Hospital, Temple Street / OLHSC, Crumlin and between St James’s Hospital and OLHSC, Crumlin.

In terms of the breadth of consultant staffing, and therefore the ability to add value across a maximum number of clinical areas, particularly in regard of transitional care, St James’ Hospital had the greatest number of current consultant appointments. The haematology, burns, pathology units and the cancer programmes in St James’s Hospital were identified as important. The Mater Misericordiae Hospital’s cardiothoracic programme, lung transplant, child psychiatry and spinal injuries unit were identified as important for the paediatric hospital.

In the absence of a detailed evidence base that gives greater value to one specialty over another, and in light of the existing configuration of existing specialties between the hospitals under consideration, it was not possible, utilising the clinical co-location benefits to further separate the hospitals concerned.

2.6.2 Planning and development considerations
From a planning and development perspective, both the Mater Misericordiae Hospital and St. James’s hospitals demonstrated capacity to accommodate a 380-585 bed paediatric hospital and a full maternity hospital of the order of 25,000m² albeit with a differing capacity for further expansion. It was noted that St. James’s Hospital is a bigger site (24.3 hectares v 6.15 hectares) and because of its size may have greater potential to accommodate further expansion needs.

2.6.3 Access
Following detailed assessment of the adult hospital sites in relation to access undertaken by the Small Area Health Research Unit (SAHRU), Trinity College, Dublin, it was considered that both St. James’s Hospital and the Mater Misericordiae Hospital offered advantages over other locations in terms of ease of access by public and private transport means for both the secondary and tertiary catchment populations. There was no significant difference between the two hospitals in terms of ease of access.

2.6.4 Other considerations
A point that was consistently and emphatically made to the Joint Task Group in the course of its work was the deficiencies in the existing children’s hospitals infrastructure and the critical need for capital investment in paediatric services. The urgency of this requirement was emphasised by every stakeholder group with which the Joint Task Group met.
In this context, the Joint Task Group considered that it was critical that the assessment process resulted in a clear recommendation to build on the momentum and goodwill displayed by all parties following the publication of “Children’s Health First” and to deliver a world class facility for children in the shortest time possible. In this regard two further issues were considered by the Joint Task Group.

2.6.5  **Speed of Project Delivery**

The Joint Task Group was mindful of the need to consider timescale associated with building the paediatric hospital. The Group considered that the project would be delivered more quickly on the site of the Mater Misericordiae Hospital. In particular, the Group noted that significant enabling and decanting works had already been carried out on the Mater Misericordiae Hospital site.

2.6.6  **Maximising paediatric access to relevant off site adult sub-specialties**

Because of the historic development of adult specialties in Dublin, neither hospital had the full range of adult sub-specialties that ideally would be available in the co-located hospital. Thus the selected location, which would have all paediatric subspecialties (including clinical capacity in neurosurgery, cardio-thoracic and burns management), would have to develop clear cross-site, team-working arrangements with the corresponding adult specialist teams where these were based at other off-site adult hospitals.

In the context of the current configuration of adult specialties, the Mater Misericordiae Hospital was in a better geographical position to facilitate a clinical network of critical adult and paediatric specialties, particularly in acute services such as neurosurgery and in terms of the neuroscience services available across the Mater Misericordiae Hospital and Beaumont Hospital. Siting the paediatric hospital at the Mater Misericordiae Hospital site would place it between the neurosurgical and transplant teams in Beaumont Hospital and the haematology/radiotherapy and burns staff in St James’s Hospital thereby maximising access to the relevant off site expertise.

2.7.  **Recommendations of the Joint Task Group**

After consideration of all of these factors, the Joint Task Group report recommended that the new national tertiary paediatric hospital should be built on the site of the Mater Misericordiae Hospital. This recommendation was endorsed by the Board of the HSE and by Government.

RKW, an established healthcare planning consultancy, was engaged by the HSE in January 2007 to develop a high level framework brief for the new hospital on the Eccles site. Its terms of reference included an examination of, inter alia,

- Demand and capacity requirements
- Appropriate space standards for a world class tertiary hospital
- NPH size, including Education and Research and future flexibility
- The preferred physical configuration of services on the Mater Hospital site.
RKW 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 Eccles Street site. The RKW analysis as reported in June 2007 indicated that a building of the requisite scale could be accommodated on the site in line with urban developments elsewhere on the assumption that a cleared site would be available.

The RKW report was presented to the newly established National Paediatric Hospital Development Board in 2007. It provided the framework for the preparation of a detailed design brief in 2009.

2.8. Independent Review in support for the Mater Site selection

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 including concerns which have been raised about the additional costs of city centre development. The Review was carried out under the joint auspices of the National Association of Children’s Hospitals and Related Institutions and the European Health Property Network. 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.

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<td><strong>PART ONE: Financial Analysis</strong></td>
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<td><strong>Conclusion:</strong> A change of site will not significantly reduce the development costs of the National Paediatric Hospital. If the non-recoverable costs and the lost opportunity of revenue savings are taken into account there is very little difference between the costs of developing Eccles Street and the comparator sites and therefore no reason to incur the risk of delaying the project for two and a half years.</td>
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| **PART TWO: Clinical Analysis**                               |
| **Conclusion:** The clinical review group unanimously and unequivocally recommends the immediate implementation of plans to consolidate the current Dublin inpatient acute care paediatric units into a single National Paediatric Hospital on the Mater site. |

In July 2011 the Minister confirmed the Government’s acceptance of the recommendation of the Review Team and requested the National Paediatric Hospital Development Board to proceed with a planning application to An Bord Pleanála.

The Minister noted the Report’s view that no site provides the perfect solution and the comment of the Review Team that “the enemy of excellence is perfection”.

The Minister said: “It is time for everyone to come together and deliver this children’s hospital in the shortest possible time. The creation of a world class tertiary hospital will need the commitment of everyone, including all those involved in the delivery of health services to children and in our wider society.”
3.1 Project Management Structures

3.1.1 The National Paediatric Hospital Development Board (NPHDB) – the Contracting Authority

The NPHDB was established by the Minister for Health and Children under the National Paediatric Hospital Development Board (Establishment) Order 2007 (SI 246 of 2007) on May 23, 2007 to deliver the project. Reflecting the provisions of the Capital Works Management Framework, the NPHDB fulfilled the role of the Contracting Authority.

The functions of the Development Board outlined in the SI included:
- to plan, design, build, furnish and equip a National Paediatric Hospital ('the hospital') in accordance with a brief approved by the Health Services Executive (“the Executive”) with the prior consent of the Minister, and subject to any subsequent variations to this brief as may be determined by the Executive in consultation with the Development Board, and with the prior consent of the Minister;

SI 246 of 2007 provides for a Board membership of thirteen persons - the Chairperson, and twelve ordinary members. The ordinary membership of the Board was to be appointed as follows:
- three nominated by the Minister to represent the interests of the general public;
- three nominated by the chairperson;
- two nominated by the HSE;
- one nominated by Our Lady’s Children’s Hospital, Crumlin;
- one nominated by the Children’s University Hospital, Temple Street;
- one nominated by the National Children’s Hospital at Tallaght; and
- one nominated by the Faculty of Paediatrics, Royal College of Physicians of Ireland.

Consistent with good corporate governance, the NPHDB established a number of committees of the Board to focus on key aspects of the project, such as Audit, Finance, Philanthropy, ICT, Model of Care and HR. The NPHDB put a process of internal controls in place whereby all matters taken to the Board for review and approval were adequately reviewed prior to being presented to the Board by the supporting committees of the board as well as professional and expert advice which was available to the executive of the board.

Note: Following the NPHDB attendance at the Public Accounts Committee meeting on 8th October 2015, the Board provided copies of the minutes of the Board's meetings regarding the recommendation to lodge planning applications to An Bord Pleanála in respect of the Mater site as requested by the Committee (covering the period August 2010 to January 2011).

3.1.2 The HSE – the Sanctioning Authority

The HSE, as the agency with responsibility for the health vote at the time, was the Sanctioning Authority with responsibility for approving in principle the capital project to be funded with public assistance, for deciding the conditions under which a project may proceed through the stages of development and ultimately for ensuring the project’s delivery as approved.
3.1.3 **Steering Group**
In line with Department of Finance capital appraisal guidelines, a Steering Group was established with membership from the HSE, Department of Health and Children, and the National Development Finance Agency (NDFA). This group was the forum through which the CEO of the Development Board received all approvals and sanctions required under the Statutory Instrument and liaised with the Department of Health and Children, HSE and NDFA on a continuous basis with regard to the project.

3.1.4 **Project Team**

**NPHDB Executive**
The Board appointed an executive management team to manage and execute the project on its behalf. The NPHDB Executive consisted of a Chief Executive Officer, a Chief Financial Officer and a Medical Director.

*The Chief Executive Officer (CEO)/Project Director*
The CEO was responsible to the Board for the overall management of the Project team and for the delivery of the Board strategy. To that end the CEO was to work closely with the Chief Financial Officer and the Medical Director and with those external contractors and consultants engaged by the Board.

*The Chief Financial Officer (CFO)*
The CFO was responsible for the financial management and control of the Board and its activities and the provision of advice and support to the Project Director (CEO), Chairperson, and the Board and Committees of the Board. The key areas of responsibility were as follows:

- Planning - being a key contributor to the planning process – development, execution and monitoring of plans.
- Financial Management and Control - The design of appropriate financial controls, structures, budgets, cash flows and the provision of accurate financial information in a timely manner.
- Compliance with Reporting and Regulatory Requirements - Ensure establishment and maintenance of an accounting and financial control system which would enable the Board to meet its governance and reporting obligations and in particular in respect of the audit requirements under Section 5 of the Comptroller and Auditor General (Amendment) Act, 1993.
- Relationships with External Consultants and Contractors appointed by the Board - Ensuring establishment of appropriate structures for monitoring and controlling all financial aspects of activities undertaken on behalf of the Board by external consultants and contractors.
- Supporting Project Director (CEO), Chairperson, the Board and Board Committees - Ensuring requirements of Chief Officers, Chairperson, the Board and Board Committees were identified, understood and addressed on a periodic basis as appropriate.

*The Medical Director*
The Medical Director was accountable to the Development Board, with key functions including the following:

- Advise the Board and the HSE on all medical and clinical issues relating to the development of the Children’s Hospital
- Provide medical input into the long-term vision for the Children’s Hospital
• Provide effective leadership in the planning, development and delivery of clinical services in the Children’s Hospital
• Interact internally with senior level management and provide the medical input required for the development of design brief for the new hospital
• Provide all medical input required with respect to commissioning of the Children’s Hospital (equipping, staffing, operational policies etc.) and participate as a key member of the Commissioning Team.

The Board discharged its functions through its Executive management team, which was supported by a project team, i.e. Business Services, Project Management Services and Integrated Design teams.

*Business Services Team (BST)*
In July 2008, the Business Services Team (BST), which consisted of a consortium of companies, was appointed, through a public competitive tendering process, to support the Board and Executive. The role of the BST was to provide an extensive range of services including: programme management, business planning, programme planning & reporting, legal services, healthcare planning, policy and procedures development, quality management, philanthropic organisation support, organisational planning, financing advice, administration services, change management, budget & fiscal control, stakeholder engagement management, risk management, procurement services, accounts & audit services, and cost and value management. As the Executive representative team, project deliverables were first reviewed by the BST and recommended for approval to the Executive, who submitted them to the Board for consideration and approval.

*Project Management Services Team*
In 2009, the Project Management Services Team was appointed, through a public competitive tendering process, to manage the design, construction, equipping and commissioning of the new hospital, and the planned ambulatory and urgent care centre. The services provided included: project planning and management, design quality management, procurement management (design and construction related contracts), capital cost and value management, Integrated Design Team coordination, design and construction planning, shared infrastructure planning, design & construction risk management, equipment planning, monitoring of overall construction phase, health & safety planning, and building commissioning.

*Integrated Design Team*
In 2009, the Integrated Design Team, which was a consortium of companies, was appointed, through a public competitive tendering process, to develop the Exemplar Design for the new hospital and the ambulatory and urgent care centre. The services provided by the Integrated Design Team included: architectural design, environmental engineering, healthcare architecture, quantity surveying, civil and structural engineering, planning process management, mechanical and electrical engineering, and mobility management planning.

*Note:* An update on current governance arrangements for the project is set out in Section 6 of this report.
SECTION 4
Identification and management of project risk and contingency planning with references to location and planning laws

4.1 Risk management approach employed by the NPHDB

The NPHDB established a risk management process to support decision-making, with the objectives of continuously identifying and assessing risks throughout the project; developing plans to mitigate those risks where possible; and identifying whether transferring the risk would be an appropriate response.

The NPHDB undertook a structured approach to risk management across the various elements of the project, in line with the Department of Finance Capital Appraisal Guidelines and Capital Works Management Framework (CMWF) as set out in its Business Case for the Children’s Hospital of Ireland.

This structured risk management process is described in the NPHDB Business Case, and incorporated:

- Routinely identifying, assessing and prioritising risks at all project levels
- Applying appropriate risk mitigation and reduction strategies
- Managing residual risk so as to minimise exposure to the project
- Identifying cost ranges and contingencies for risks that cannot be mitigated, using analytical evaluation

The NPHDB recognised that some decisions might impact on project costs, and could arise due to site specific or environmental factors. These project parameters were explored in detail and incorporated into the risk management process, and referenced the Joint Task Group site selection process in this context.

The NPHDB maintained a risk register for the project, which described the risks, categorised them, established risk mitigation strategies and allocated responsibility for managing them. Its Business Case stated that residual risks should be managed in a manner to reduce exposure to the project, and that measures should be put in place to minimise or where appropriate to transfer the risk.

Quarterly risk review workshops were held by the Business Services Team, and were attended by the National Development Finance Agency (NDFA), HSE Estates, the NPHDB Executive and the Project Team principals.

The capital cost estimate set out by the NPHDB included a contingency of €37m for construction related activities. This covered a number of broad areas, including design development during the design stage; equipment development during the procurement stage; design development during construction stage; and completion of works during the commissioning stage. The contingency funding was not intended to cover external risks which were not within the project’s control. The Business Case as submitted set out the identified project risks as at September 2011, which included,
in relation to the planning submission that the mitigating action was to determine the approach to addressing any conditions on conclusion of the planning process.

4.2 Risk and contingency with reference to location and planning laws

4.2.1 Pre-application planning consultation with Dublin City Council

In 2009 and 2010, the NPHDB operated on the basis that an application for planning permission would be lodged in the normal manner with Dublin City Council, in accordance with the provisions of the Planning and Development Acts at the time.

The NPHDB undertook pre-application consultations with Dublin City Council up to 2010 in relation to the project. The NPHDB attended a number of pre-planning meetings with planners from Dublin City Council (DCC). These included the Dublin City Planning Officer; Senior Planning Officer; and Senior Executive Planner.

The NPHDB also met with the City Architect; City Conservation Officer; the Senior Engineer of the Roads and Traffic Department; and the Senior Executive Engineer of the Water Services Division. The NPHDB also consulted with the elected Local Area Councillors and made a detailed presentation of the proposals to the City Councillors at a meeting in City Hall in May 2011 prior to the lodging of the planning application.

DCC supported the proposal both at consultation stage, and subsequently through the Oral Hearing stage by way of a formal submission to An Bord Pleanála.

4.2.2 Dublin City Development Plan 2011 to 2017

The development site at the Mater campus was located within the administrative area of Dublin City Council. The relevant Development Plan for the area was the Dublin City Development Plan 2011-2017, which came into effect on 22nd December 2010. The site was zoned Z15 in the City Development Plan. The objective attached to this land use zone was “To provide for institutional, educational, recreational, community, green infrastructure, and health uses”. The planning proposal was therefore in accordance with the Development Plan zoning recommendations.

The Development Plan incorporated specific planning policies for the Mater site through the 2008 Phibsborough / Mountjoy Local Area Plan (LAP), which was incorporated in its entirety into the 2010 City Development Plan. As set out on the DCC’s website, the function of a Local Area Plan is to take a detailed look at a specific area, identifying and analysing the various issues of relevance, before establishing and setting out principles for the future development of the area. It is a legal document and as such, the Planning Authority and An Bord Pleanála must take account of the provisions of the LAP when considering an application for planning permission for a development located within the area defined by the plan.

The LAP provided planning policy support for the development of the children’s hospital at the Mater site through the following specific provisions in the Plan:

- The LAP supported major redevelopment and consolidation of the site as a medical facility of national and international significance following the Government decision to locate the new National Paediatric Hospital at the Mater Hospital.
• The LAP noted that while the quantum of floorspace proposed had not been finalised at that time, the hospital would require the development potential of the site to be maximised in order to deliver a world class medical facility, serviced by an underground metro station.

• The LAP specifically noted that because of the significant quantum of floorspace required, it would be flexible with regard to the urban form and density of development including building height.

• The LAP states that Dublin City Council recognised that the requirement to deliver a world class medical facility on the site will result in a significant intensification of use and density, with considerable height increases.

• The LAP set aside the standard maximum plot ratio or quantum of development on the Mater site, and noted that these would be compatible with the overall height objectives of this LAP. It did, however note the optimum form of the development would take due regard to the established historic character of the adjoining buildings and the plan together with the effect of development proposals on the local microclimate, views and the skyline of the city. This was addressed in detail in the application submitted.

• The LAP directed that every effort must be made to ensure that increases in height would not have any negative overshadowing effects on adjoining properties or impact negatively on the settings of the protected structures both on the site and its periphery. This was also addressed in detail in the application submitted.

The Development Plan’s LAP document indicated that the development site could contain buildings of 6 to 12 storeys and 12+ storeys.

In discussions with Dublin City Council, the authors of the LAP, it was agreed at a very early stage that 12+ storeys could allow up to sixteen storeys of development and the hospital design was developed on this basis through to the application for permission.

It was also agreed with Dublin City Council that while the LAP allowed a building of up to 12 storeys to be developed along the Eccles Street frontage, the NPHDB proposal for a graduated height, beginning with a lower frontage on the street and stepping back to 16 storeys at the back, was a preferable approach having regard to the historic character of the adjoining buildings on Eccles street. This approach was incorporated into the design for the hospital.

The LAP further sought to facilitate the optimum development of the Children’s Hospital on the Mater site in accordance with 15 key site objectives set out in the LAP.

These objectives covered a wide range of issues such as providing a Masterplan for the site; promoting a design-led approach; contributing to streetscape and public realm improvements and preserving of the amenity of adjoining residences, business, and conservation buildings. Each of the 15 key site objectives was addressed in detail by the NPHDB in the application documentation submitted to An Bord Pleanála.
Section 5
The development process that led to the submission of a planning application

5.1 Background
In line with Government policy that the new hospital should be located on a site at the Mater campus, Rawlinson Kelly & Whittlestone Ltd (RKW) developed a High Level Framework Brief for the National Paediatric Hospital in October 2007. This set out the broad parameters for the new children’s hospital at Eccles Street, with Ambulatory and Urgent Care Centres to be established elsewhere in the greater Dublin area.

In November 2007, the RKW Framework Brief was endorsed by the HSE Board and passed to the NPHDB to progress the development of the new children’s hospital based at Eccles Street and an Ambulatory and Urgent Care Centre at Tallaght.

The NPHDB put in place Executive and Project Teams to deliver the project, as described more fully in Section 3. The overall team working on the project included the NPHDB Executive, the Business Services Team (BST), the Project Management Services Team (PMST), the Integrated Design Team (IDT) and other service providers, including professional services.

5.2 Development of the Design Brief
The NPHDB completed the Design Brief prior to the appointment of the Design Team in October 2009. The purpose of the Design Brief was to describe the scope and scale of the proposed new children’s hospital and its Ambulatory and Urgent Care Centre, and to outline the services, projected activity and capacity that both facilities were intended to provide.

It covered the proposed organisational structure and physical accommodation needed to deliver high quality healthcare for the children and young people of Ireland over forthcoming decades. It built on and validated the recommendations made in the High Level Framework Brief by RKW in 2007. The specific functions of the Design Brief were to:

- inform the Design Team of the functional requirements of the building;
- describe the nature and context of the site selected for the facility;
- act as a record of intent for the building;
- define the design principles to be used and the design quality to be achieved by the Design Team;
- define the spaces and areas to be provided which support the services to be executed, and
- describe future-proofing requirements for the operational facility.

During the design development stage, a wide range of work was undertaken by the NPHDB including:

- Activity and capacity requirements, which had been projected by work originally undertaken by RKW in 2007, were refined by the NPHDB in 2009. Activity and capacity requirements were modelled on 2009 paediatric activity data. The activity requirements also incorporated paediatric activity currently performed at hospitals other than paediatric centres (including
Beaumont Hospital, for example). As part of the modelling, the project team recognised imminent changes in care delivery systems based on best international practice, including advances in medical technology and increased emphasis on short-stay, ambulatory and home-based care. The team examined and included assumptions regarding population growth for those aged 0 to the eve of their 16th birthday.

- Establishment of dedicated sub-committees for both research and education which developed the vision for both research and education. These were seen as integral elements of the project.
- Development of service models for the hospital across both sites, i.e. at the Mater campus (Eccles Street) and at Tallaght. These detailed how the clinical services would be provided, the activity levels expected, and the key adjacencies required to ensure optimal service delivery.
- Establishment of a Shared Service Advisory Group to adopt a campus-wide approach to shared services, to agree which services should be shared, and to detail how they should be provided and the structures required to deliver them. A Shared Infrastructure Group was also put in place to work on delivering shared capital elements on the Mater campus.
- Extensive workforce requirements were undertaken as part of the development of the business case for the project brief. That process included an intensive engagement programme with the existing hospitals.
- Establishment of an Equipment Steering Group, to develop the equipping inventory that reflected the requirements of all departments, and to define the strategic direction of equipment procurement including developing a strategy and equipping plan, and determining the equipping schedule.
- An extensive consultation programme with a wide range of stakeholders, including children and young people; family and illness support groups; hospital managers, staff and clinicians; local residents, councillors and politicians; and international paediatric healthcare experts.

The Design Brief was issued to the Integrated Design Team (IDT) in November 2009 so that it could commence design activities and engage in further user consultation. Based on the Design Brief, the Integrated Design Team began the Concept Design phase in November 2009. This phase involved laying out the broad principles as to how the areas and functions described in the Design Brief could best be arranged and accommodated on the given sites. The Concept Design also took into account the special design requirements of individual hospital departments and the need to establish optimal functional relationships between the departments, both within the children’s hospital and Ambulatory and Urgent Care Centre, and across the wider campus.

The Concept Design for the new children’s hospital was prepared. The IDT also worked closely with the Development Board, the three children’s hospitals, a Youth Advisory Panel and a Family Forum as part of the design development process.

5.3 Pre-application public consultations
A process of stakeholder consultation continued throughout the design development phase. This involved engagement with a wide range of people and bodies such as children, parents, clinicians, support staff, fund-raisers, other hospitals, local residents, HSE, Department of Health and Children and the Office of the Minister for Children and Youth Affairs.
In addition to consultation during the design phase prior to the lodgement of the planning application the NPHDB engaged with various stakeholders, including:

- user groups of the new hospital, especially children, families and healthcare personnel;
- representatives of the adjoining hospitals (MCHD Ltd. on behalf of the Mater Misericordiae University Hospital, and the Mater Private Hospital);
- the Railway Procurement Agency; and
- Dublin City Council.
- The NPHDB also consulted with local residents groups such as the BLEND Residents’ Association and the Berkely Environmental Awareness Group, as well as individual residents of Leo Street, and Nelson Street.

The NPHDB retained a Community Advocate to canvas the local residents on the main issues of concern for them. The Community Advocate Report documented residents’ concerns relating to traffic impact (during construction), noise pollution, landscaping, working hours, building height, overlooking, overshadowing and impacts on protected structures.

The project design team consulted with the Department of Environment, Heritage and Local Government; the Heritage Council; An Taisce; the Railway Procurement Agency; the National Transport Authority; the National Roads Authority; the Irish Aviation Authority; the Dublin Airport Authority and the HSE and gave detailed presentations of the proposals to each group prior to the making of the application to the Board. The Project’s Integrated Design Team had regard to these consultations in the hospital design and Environmental Impact Assessment process.

5.4 Amendment of the Planning and Development Acts in 2010

As outlined in at section 4.2, the NPHDB operated in 2009 and 2010 on the basis that an application for planning permission would be lodged in the normal manner with Dublin City Council, in accordance with the provisions of the Planning and Development Acts at the time. In 2010, the Planning and Development Acts were amended by Section 78 of the Planning and Development (Amendment) Act 2010 to provide that certain health care facilities providing in-patient services were to be considered a Strategic Infrastructure Development. The Act came into effect on 5 October 2010, at a point when the planning application for the children’s hospital was ready to be lodged with Dublin City Council.

Under the provisions of the (Amendment) Act 2010, a prospective applicant was obliged to enter into a pre-application consultation process with An Bord Pleanála, in order for An Bord Pleanála to establish whether the proposed development was regarded to be a Strategic Infrastructure Development (SID), i.e. a development of strategic importance to the State. SID projects would be obliged to apply for permission or approval directly to An Bord Pleanála and not to the Local Authority; in other words, if the children’s hospital was deemed to be a SID, the NPHDB would be required to apply for planning permission direct to An Bord Pleanála rather than to Dublin City Council, with which it had been conducting pre-application discussions up to that point.

Following the amendment to the legislation, the NPHDB held a special board meeting on 10th October 2010 to discuss its implications and agreed to begin engagement with An Bord Pleanála. The
NPHDB wrote to An Bord Pleanála twice before the first pre-consultation meeting between the applicants and An Bord Pleanála took place in November 2010.

5.5 Pre-application consultations with An Bord Pleanála
The NPHDB undertook comprehensive pre-application consultations with An Bord Pleanála on 5 November 2010, 2 December 2010, and 1 March 2011 as was required by Section 37B of the Planning and Development Act 2000-2010. This consultation was for the purpose of establishing that the project was a Strategic Infrastructure Development under the Planning Act.  

An Bord Pleanála advised NPHDB on procedural matters in connection with the application and the documentation it required to be completed with the application. However having regard to the position of An Bord Pleanála under the Planning Acts, An Bord Pleanála was of the view that it could not offer any material advice to the NPHDB on the proposed application prior to the submission of the application.

The NPHDB planning and design team gave detailed presentations of the proposed design to An Bord Pleanála at the pre-application consultations and emphasised that the Dublin City Development Plan and the Local Area plan endorsed the establishment of a paediatric facility. An Bord Pleanála strongly advises prospective applicants to directly and comprehensively engage with the local authority in whose area the site is situated, and with relevant bodies and the public, at the earliest stage in the formulation of their proposals - action which was taken by the NPHDB. Separately Dublin City Council met with An Bord Pleanála on the project.

5.6. Determination of the project as a Strategic Infrastructure Project.
As noted in the NPHDB Board minutes of the January 2011 meeting, at that stage there was a preliminary indication from An Bord Pleanála that the project would be determined as a strategic infrastructure development (SID). Throughout this period the Board of the NPHDB met regularly and continued to develop the planning application. In March 2011 the pre-consultation phase was completed successfully and An Bord Pleanála invited the NPHDB to submit a formal request for a determination as to whether the project constituted a SID. In April 2011, the NPHDB was formally advised by An Bord Pleanála that it was of the opinion that the proposed development constituted a SID under the Act and therefore a planning application would be required to be submitted to An Bord Pleanála rather than to Dublin City Council. This project was the first health infrastructure development to be submitted to An Bord Pleanála, and considered as a SID.

5.7 Independent Review in support for the Mater Site selection
As noted in section 2.8, following the general election in early 2011, the new Minister for Health announced an Independent Review in May 2011 around a number of issues relating to the location of the new hospital on the Mater Campus. While this caused some uncertainty for the Board it continued with its mandate while the review was on-going. The Review comprised (1) a financial analysis carried out under the auspices of the European Health Property Network to examine and independently verify the estimated cost differentials in building, equipping and running the hospital on the Mater site and on notional alternative sites and then based on the financial analysis findings

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2 http://www.pleanala.ie/sid/sidapp.htm#q2
(2) a clinical review by an independent panel of experts from the US, Australia and the UK, under the auspices of the National Association of Children’s Hospitals, as to whether the clinical benefits, if any, of locating on the Mater site outweigh any cost differentials and any design issues, including access, to the hospital.

The outcome of phase one, as set out in part 1 of the 2011 report, was that the cost of developing the National Paediatric Hospital on the Mater hospital site was similar to those costs which would be incurred if the project was developed on any of the notional alternative sites. If non-recoverable costs and potential revenue savings were considered, the report found that there was little financial advantage to selecting any of the comparator sites. 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. In July 2011 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.

5.8 An Bord Pleanála – application and decision

In July 2011, the application documentation was finalised and on 20th July the planning application was lodged by the NPHDB with An Bord Pleanála. Notice of the proposed planning application was published in the following newspapers:
- Irish Independent – 19th July 2011
- Irish Times – 19th July 2011

In October 2011 and November 2011 over the course of 10 days An Bord Pleanála held an oral hearing into the planning application. The NPHDB, Dublin City Council and the HSE spoke in support of the planning application. An Bord Pleanála made two site visits in late 2011 and another in January 2012 and were expected to announce their decision in January 2012 but due to the complexity of the project this was deferred until February 2012.

Note: Following the NPHDB attendance at the Public Accounts Committee meeting on 8th October 2015, the Board provided a copy to the PAC of the submissions made to An Bord Pleanála as well as An Bord Pleanála’s inspector’s report in respect of the planning application for the Mater site.

In February 2012, An Bord Pleanála refused planning permission for the new children’s hospital on the Eccles Street site, citing the following reasons:

“The proposed Children’s Hospital of Ireland, by its nature, requires a substantial floor area, in excess of 100,000 square metres, to accommodate the operational needs of the hospital. However, the footprint afforded to the proposed development on the Mater Campus, (circa 2 hectares), has resulted in a proposal for a very significant building in terms of bulk and height, including a 164 metre long ward block, rising to 74 metres above ground. Notwithstanding the general acceptability of the proposal in terms of medical co-location on this inner city hospital site, it is considered that the proposed development, by reason of its height, scale, form and mass, located on this elevated site, would result in a dominant, visually incongruous structure and would have a profound negative impact on the appearance and visual amenity of the city skyline. The proposed development would contravene policy SC18 of the Dublin City
Development Plan, 2011-2017, which seeks to protect and enhance the skyline of the inner city and to ensure that all proposals for mid-rise and taller buildings make a positive contribution to the urban character of the city.

Furthermore, the development as proposed, notwithstanding the quality of the design, would be inconsistent with, and adversely affect, the existing scale and character of the historic city and the established character of the local area and would seriously detract from the setting and character of protected structures, streetscapes and areas of conservation value and, in particular, the vistas of O’Connell Street and North Great George’s Street.

Having regard to the site masterplan for the Mater Campus submitted with this application, it is also considered that the proposed development, as configured, would constitute overdevelopment of the site.

The proposed development would, therefore, be contrary to the proper planning and sustainable development of the area.”

In summary An Bord Pleanála was of the view that the proposal represented overdevelopment of the site and consequently the impact on the area and city was too high and the site was too small for the children’s hospital and the future maternity hospital.

5.9 Contingency
The NPHDB was charged with the development of the children’s hospital at a site on the Mater campus, in line with the Government decision and policy to locate the hospital on that site. It was not within its remit to consider alternative sites for the project.

From establishment the Board focused on planning for a new hospital on the Mater site. For the period up until the change in planning legislation which introduced the SID process, the NPBDB had engaged extensively with Dublin City Council as the relevant planning authority. This period covered the development of the design and preparation of the planning application. Dublin City Council supported the project both at consultation stage, and subsequently through the Oral Hearing stage by way of a formal submission to An Bord Pleanála when it became the relevant planning authority for the project. While the NPHDB’s risk register had recognised that there might be cost implications arising from conditions that might be attached to a planning permission, it did not anticipate the outright refusal of the planning application.

In terms of contingency, in the event of a planning refusal, the two possible alternatives were, firstly, modification of the design for the Mater site and, secondly, determination of an alternative location.

5.10 Modification of the design
Following the refusal of permission for the project at the Mater campus, given that at that point it remained Government policy to locate the hospital at the Mater site, the NPHDB undertook a revised proposal which included a reduction in the height of the proposed building. It wrote to An Bord Pleanála in regard to this and asked it to comment, without prejudice, on whether the revised
design approach could appropriately address the issues that had been set out by An Bord Pleanála in its planning refusal decision of February 2012.

The 15 May 2012 response of An Bord Pleanála noted that it could not prejudge its decision in respect of the merits of any future application, while highlighting a number of considerations in terms of functionality and heritage which would need to be addressed and resolved in any new planning application.

5.11 Selection of an alternative location

In March 2012, the then Minister for Health, James Reilly, established a review group to advise on the options for the new children’s hospital, following the refusal of planning permission for the hospital on the Mater site. The terms of reference of the group were as follows:

To inform itself about the planning considerations and processes affecting this project.
To consider the different options which now exist for progressing the construction of a national children’s hospital having regard to –
- Government policy on the delivery of health services, including accessibility and paediatric services in particular and best clinical practice considerations,
- the cost and value for money considerations of the different options,
- the likely timelines associated with the different options,
- the implementation risks associated with the different options.
To advise the Minister, in the light of these considerations, on the appropriate next steps to take with a view to ensuring that a national paediatric hospital can be constructed with minimal delay.

The Review Group was to report within 56 days which was extended by a further 14 days given the workload of the Group and the number of submissions received. The Group received over 30 site offers and met with 21 groups and representative and professional bodies. The Chair presented a report for the Minister in June 2012, known as ‘the Dolphin Report’.

In the supplementary planning analysis which was carried out by members of the Dolphin Group with professional planning qualifications and experience, consideration was given to evaluating the planning risks associated with certain sites, including the Mater. This Report was presented to the Minister for Health and Children in October 2012. Noting that they had benefited from being able to consider An Bord Pleanála’s decision on the previous application, together with revised proposals prepared by the design team to overcome the reasons for refusal of permission, the authors of the report concluded that the Mater site would still carry significant planning risk. The report concluded that the likelihood of securing planning permission for a paediatric and a maternity hospital on the net area of the Mater campus allocated was not high, and this was due to required significant over-development of a compact site to its full capacity in the first wave of development, leaving no room for amenity, urban infrastructure improvement, or capacity for future strategic development.

Following completion of that review, and subsequent analysis carried out by some members of the Dolphin Group with relevant expertise, Government made the decision in November 2012 to develop the project at an alternative location - the St James’s Hospital Campus. This decision ended the period of uncertainty around the project in the wake of the rejection by An Bord Pleanála of plans to develop the hospital on the site of the Mater Hospital in Dublin.
6.1 NHDB Impairment Analysis

The NHDB 2013 balance sheet included assets valued at €39.98m at the beginning of the 2013 in relation to the planning and development work for the children’s hospital planned for the Mater Hospital campus (decision to change the location from the Mater campus was not taken until 6 November 2012). This value relates to accumulated expenditure in the period 2007 to 2012.

Arising from the Government decision to change the location of the new children hospital to the St James’s hospital site, the NHDB conducted a detailed review to ascertain potential reusable value of the accumulated expenditure.

The review was carried out based on guidelines in Financial Reporting Standards (FRS11) ensuring any impairment or loss was measured and recognised. The Board:

- reviewed all CIP expenditure
- identified the deliverables which were supported by the CIP expenditure
- set out the sections of the deliverables that could be utilised on the St. James’s to provide future value.

The impairment analysis comprised detailed analysis of all expenditure, divided into separate distinct components being examined by the staff of the Board who had project knowledge of the individual components involved. The review involved detailed analysis of the costs up to November 2012 (the date of the decision to move to the St. James’s campus) and the costs in 2013 that relate to the Mater site project. The staff members then reviewed the data to assess what portion of each individual component could be re-utilised on the St. James’s site. The review was completed in September 2014.

The review resulted in impairment of €35,501,611, which was specific to the activities and services supporting the Mater site and cannot be utilised or transferred to the project on the St. James’s site.

The impairment of €35,501,611 was incurred during the development of the design and the associated planning application, and was, to a large extent, an unavoidable expenditure. The scale of the expenditure is associated with the wide range of activities that needed to be undertaken to get the project brief to the planning application stage. These activities included the following:

- Production of a High Level Framework Brief for the National Paediatric Hospital (October 2007).
- Recruitment by NHDB of Executive and Project Teams to deliver the project.
- Preparation by NHDB of the Design Brief, which involved;
  - Assessment of Activity and capacity requirements
  - Establishment of dedicated sub-committees for both research and education which developed the vision for both research and education.
  - Development of service models for the hospital across both sites, i.e. at the Mater campus (Eccles Street) and at Tallaght.
Establishment of a Shared Service Advisory Group to adopt a campus-wide approach to shared services, to agree which services should be shared, and to detail how they should be provided and the structures required to deliver them.

A Shared Infrastructure Group was also put in place to work on delivering shared capital elements on the Mater campus.

Extensive workforce requirements planning and modelling as part of the development of the business case for the project brief.

Establishment of an Equipment Steering Group, to develop the equipping inventory reflecting the requirements of all departments, and to define the strategic direction of equipment procurement including development a strategy and equipping plan, and determining the equipping schedule.

An extensive consultation programme with a wide range of stakeholders, including children and young people; family and illness support groups; hospital managers, staff and clinicians; local residents, councillors and politicians; and international paediatric healthcare experts.

- Recruitment of Integrated Design Team (IDT) in (November 2009).
- A process of stakeholder engagement with a wide range of people and bodies such as children, parents, clinicians, support staff, fund-raisers, other hospitals, local residents, HSE, Department of Health and Children and the Office of the Minister for Children and Youth Affairs was ongoing throughout the design development phase.

### 6.2 Write-down in the NPHDB 2013 account

The details of the impairment were reviewed by the Comptroller and Auditor General as part of the audit process and the details of the impairment were also reviewed with the HSE and the Department of Health. The Department of Public Expenditure and Reform was informed of the impairment. PWC reviewed and confirmed that the process was in compliance with GAAP (Generally Accepted Accounting Principles).

The Comptroller and Auditor General, Department of Public Expenditure and Reform and the HSE (as funder) were in agreement with the approach taken by the NPHDB, and the Department of Health confirmed to the NPHDB that it had no objection to the write-down in the NPHDB 2013 account. Based on this confirmation, the Board of the NPHDB approved the impairment to the 2013 accounts.

### 6.3 Public Accounts Committee Report December 2015 – Report on the review of costs associated with undelivered capital projects

As noted in the Public Accounts Committee Report December 2015 – Report on the review of costs associated with undelivered capital projects, Chapter 4:

‘The Committee was informed that the proposed impairment was subjected to a review by the Audit Committee of the Board, the HSE, the Department of Health and the Department of Public Expenditure. An independent review also confirmed that the process used by the Board in determining the impairment was in accordance with the GAAP accounting principles. The Committee is satisfied that a thorough review was undertaken to determine those costs that were salvageable and transferrable to the St. James site. The outcome of the impairment review, as reported in the financial statements of the Board, also assists in ensuring enhanced scrutiny and accountability.’
The details of the impairment are as follows:

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<td>137.7</td>
<td>425.4</td>
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<td>117.7</td>
<td>308.7</td>
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<td>280.2</td>
<td>81.2</td>
<td>199.0</td>
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<td>Stakeholders Consultation (included in healthcare planning)</td>
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<td>109.5</td>
<td>-</td>
<td>109.5</td>
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<td>45.5</td>
<td>1.9</td>
<td>43.6</td>
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<td>50.7</td>
<td>11.2</td>
<td>39.5</td>
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<td>Health Planning</td>
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<td>-</td>
<td></td>
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<tr>
<td>Site Clearance Costs</td>
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<td>-</td>
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<tr>
<td>Other Administration expenses</td>
<td>167.4</td>
<td>180.9</td>
<td>32.3</td>
<td>148.6</td>
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<tr>
<td>Administration / Other Costs Total</td>
<td>6,194.9</td>
<td>7,670.5</td>
<td>2,118.5</td>
<td>5,552.1</td>
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<tr>
<td>Percentage</td>
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</tr>
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</table>

| Total                                          | 39,984.3                         | 41,690.4                         | 6,188.8                     | 35,501.6               |

| Percentage                                    | 14.8%                            | 85.2%                            |                             |                        |
SECTION 7
Identification of lessons learned for future public capital projects, particularly for the health services

7.1 Lessons learned
The context of this Review was the concerns expressed by the Public Accounts Committee in relation to the writedown of €35.5 million of the accumulated expenditure in the 2013 accounts of the NPHDB, and the reason for the loss associated with this project as a consequence of the refusal of planning permission for the project at the Mater campus. Hence the lessons emerging from the project relate to

- Consideration of planning and feasibility issues in site selection
- Management of planning process
- Governance arrangements

This Review has set out the context for this project, and the process that led to the submission of a planning application to An Bord Pleanála. It describes the site selection process that led to the decision to develop the children’s hospital at a site on the Mater campus, including the criteria that were applied and the rationale underpinning the selection. It also describes how a 2011 independent review re-affirmed the Mater campus as the best location for the hospital.

This Review also sets out the governance structures that were in place for the delivery of the project, the structures and contracts put in place to deliver the project, the development process and the procurement process. It describes the engagement with the relevant planning authorities, including engagement with Dublin City Council up to the introduction of legislative changes to the Planning and Development Acts in 2010, and with An Bord Pleanála thereafter.

7.2 Consideration of planning and feasibility issues in site selection
It is recognised that a planning application of this scale and complexity could not be made without significant development costs being incurred. In that context, a key lesson emerging from the project relates to consideration of planning and feasibility issues as far as possible in advance of site selection and submission of a planning application and the need for particular attention to such issues in the context of very large-scale projects.

The decision to establish the new children’s hospital on the Mater site as a single new tertiary facility which would integrate three existing hospitals into one was led primarily by clinical considerations. In addition, key criteria identified for assessment of the potential sites back in 2006 included planning and development considerations. It should be noted that in assessing the capacity of potential locations to accommodate the new paediatric hospital and a full maternity hospital alongside other site development potentials the 2006 Task Group took into account key considerations, including the:

- Impact on Development Control Plan (DCP), including traffic management
- Site constraints, including planning issues
- Infrastructural/utilities capacity
Notwithstanding this consideration, and the extensive engagement that the NPHDB had with the planning authorities it was not possible to predict what An Bord Pleanála, as an independent statutory planning body, would decide and planning permission was ultimately refused.

Planning permission for the new children’s hospital on the Eccles Street site was refused by An Bord Pleanála in February 2012 because it considered that:

- the proposed development, by reason of its height, scale, form and mass, located on this elevated site, would result in a dominant, visually incongruous structure and would have a profound negative impact on the appearance and visual amenity of the city skyline.
- the development as proposed, notwithstanding the quality of the design, would be inconsistent with, and adversely affect, the existing scale and character of the historic city and the established character of the local area and would seriously detract from the setting and character of protected structures, streetscapes and areas of conservation value and, in particular, the vistas of O’Connell Street and North Great George’s Street.
- the proposed development, as configured, would constitute overdevelopment of the site.

A significant body of work was carried out in order to finalise the design of the children’s hospital to be developed on the site of the Mater Hospital. However, on the basis of a review of the work undertaken in this regard, the focus of attention of this work was more on the specifics of the design as opposed to on a consideration of planning and feasibility issues that might be attached to that design.

The recognition of the need for extensive consideration of potential planning and implementation issues as a factor in determining site location was applied in the subsequent process from March 2012 to identify next steps for the development of the hospital and to determine its future location. An investigation of planning issues and processes affecting the project were key considerations for the 2012 Dolphin Group Review Group referred to in Section 5.11. The decision to change the location from the Mater site to the St James’s Hospital campus followed a review of the issues by the Dolphin Group.

The terms of reference of the Dolphin Group reflected the recognition that implementation and planning issues were an important factor in the context of any next steps in the project. This was also recognised in the make-up of the Group which included clinical, management and
planning/architectural expertise which facilitated it in assessing a number of possible locations against both technical and clinical criteria.

In line with its terms of reference the Dolphin Group informed itself about the planning considerations and processes affecting the project, and considered the different options including the implementation risks associated with them. The report of the Dolphin Group was provided to the Minister for Health in June 2012. It addressed children’s healthcare issues; research and education issues; access, planning and design; cost and value for money; and project timelines. It set out guiding principles, and assessed a number of possible locations against both technical and clinical criteria.

In addition to the consideration of planning and other issues contained in the Dolphin Report, the then Minister for Health decided that a detailed planning assessment of each of the possible sites was required in view of the critical importance of minimising the risk of another planning refusal, and to support the Government in making its decision on a location. Accordingly, subsequent to the completion of the Dolphin report, supplementary detailed planning analysis was sought from members of the Dolphin Group with the relevant technical expertise. Their report, “Further assessment of planning issues in relation to proposed sites” was presented to the Minister in October 2012, noting that its assessment could only be of a preliminary nature given that it is not possible to state categorically what An Bord Pleanála, as an independent statutory planning body, would decide in any given situation.

The report examined a number of the possible locations (the Connolly campus, the Coombe campus, the Mater campus and the St James’s campus) and assessed the level of planning risk associated with these and how such risks might be mitigated. In the case of the St James’s campus, the mitigation included increasing the size of the site to be made available on the campus for the children’s hospital. The attention to site area and footprint had been reflected in the report of the Dolphin Group and was consistent with the realisation that both the density of development on the Mater campus and the footprint for the hospital were key factors in the planning refusal.

It can be concluded, therefore, that a key lesson to be learned for future public capital projects, particularly in health policy, is the need to better consider planning and implementation issues at both site selection and project design stage.

7.3 Management of planning process
As set out at section 4.2 of this report, at the outset of the project, Dublin City Council was the planning authority, and the NPHDB engaged with them as the design development progressed. In discussions with Dublin City Council, the authors of the Phibsborough / Mountjoy Local Area Plan (LAP), it was agreed at a very early stage that 12+ storeys could allow up to sixteen storeys of development and the hospital design was developed on this basis.

The NPHDB operated on the premise that an application for planning permission would be lodged in the normal manner with Dublin City Council, in accordance with the provisions of the then prevailing legislation. A key challenge for the project in managing planning issues was the amendment of the Planning and Development Acts in October 2010 at such a late stage in the development of a
planning application. As is clear from this Review, the NPHDB had good and consistent engagement with the planning authorities and issues were addressed as they arose. The change in planning legislation at such a critical late stage when the planning application for this complex capital project was almost finalised, changed the nature of the engagement between the NPHDB as applicant and the planning authorities. The review does not indicate a failure on the part of the NPHDB in terms of the management of planning issues. Nevertheless, the experience at the Mater campus influenced the level of importance that was subsequently ascribed to ensuring that expertise in relation to planning and construction matters was directly available to the project.

It is clear that the change in planning legislation at a late stage in the development of a planning application presented a significant challenge for this project. The opportunity for pre consultation engagement with An Bord Pleanala was limited, as by the time the new legislation was commenced, the application was all but finalised after extensive consultation with Dublin City Council. It is also noted that the project was the first health project to be submitted as a SID, and it was the first time that An Bord Pleanála examined a complex health project.

Now there is experience within the system of the SID process as it relates to proposed health infrastructure, and it is clear at the outset that there is a potential for healthcare capital projects to be considered a SID. In that context, the lesson learned is for the need for more robust pre planning consultation with An Bord Pleanala. While obviously such consultations are not designed to conclude on the merits of a proposed project, the process is valuable to get information from the Bord in relation to the considerations which may have a bearing on its decision. It is worth noting that in relation to the subsequent successful planning application for the new children’s hospital on the St James’s campus the Design Team had the opportunity to liaise with An Bord Pleanála in relation to pre-application consultation from early 2014. Also in terms of the proposed development of the new National Maternity Hospital at the Elm Park campus, that Design Team has engaged in pre planning consultation with An Bord Pleanala over the period December 2014 to January 2017.

7.4 Governance arrangements
The Government decision to co-locate the new children’s hospital with St James’s was announced on 6 November 2012. In early 2013 the then Minister for Health, James Reilly T.D., reviewed the governance structures for the project. Detailed consideration was given to putting in place effective project structures and governance arrangements to enable the new hospital to be built as quickly as possible, while delivering optimal design effectiveness and value for money.

It was determined that the NPHDB should focus primarily on the capital project allowing the paediatric hospitals working together to focus on the other functions previously held by the NPHDB, i.e. planning the transfer of services, workforce planning and philanthropic fundraising. This proposal was welcomed by the three children’s hospitals.

In August 2013, the Minister announced appointments to the National Paediatric Hospital Development Board to replace the transitional Board which had been in place since January of that year. The appointments brought architectural, planning, procurement, engineering and construction expertise to the project. The governance structure now in place for the children’s hospital project incorporates a specific focus on the competencies relating to delivery of this complex capital project.
An internationally recognised design team supported by an experienced NPH Board and Project Team are in place, have followed best international design, planning and procurement process at each stage of the project.

The Children’s Hospital Group Board has been established on a non-statutory or administrative basis, in the context of the overall policy on Hospital Groups. In August 2013 the Minister also announced the appointment of nine members to the Children’s Hospital Group Board, overseeing the operational integration of the three hospitals in advance of the move to the new children’s hospital. As client for the building project, the Board also plays a key role in ensuring the new hospital is optimally designed and completed as swiftly as possible. This is a key difference with the previous project governance arrangements.

A General Scheme of a Bill is at an advanced stage to merge the three existing children’s hospitals into a single hospital body in advance of the move to the new facilities, which will plan for the transition of services, integrate the existing services, and in due course run the new unified hospital.

The Department of Health developed a Roles and Responsibilities document setting out the roles of the key stakeholders (Department of Health, National Paediatric Hospital Development Board, Children’s Hospital Group Board, HSE, and St James’s Hospital) in relation to delivery of this project.

In addition to the internal structures in place within the NPHDB and CHGB, the HSE has established a Children’s Hospital Programme Sponsorship Committee to ensure alignment between the Business Case and the wider HSE and public health objectives and strategy.

As set out in the 2017 the Definitive Business Case for the hospital a risk management framework is in place that encompasses the objectives, processes and responsibilities for risk management on the programme to ensure that risks are identified, assessed and managed so that the programme can deliver the outcomes targeted. The framework necessarily covers the separate work streams involved in the new children’s hospital and satellite centres programme and underpins the identification of strategic risks, programme risks and delivery risks.

A Steering Group, chaired by the Department of Health, with representation from each of the stakeholders, is in place to oversee the programme of work underway to ensure that the project is delivered in accordance with national policy, on schedule, to optimal design and value for money.

Comprehensive governance structures are in place for the project.

7.5 Project Update - February 2017.
Since the decision to locate the hospital at the St. James's campus, the NPHDB’s initial focus was on decant planning; site surveys and investigations; design team procurement; and review and update of the Project Brief to take account of the new site. The revised Project Brief also took account of the outcome of a review of the location, model and number of urgent care centres which was undertaken in 2013. Following that review, which involved significant consultation with the relevant stakeholders, it was decided that satellite centres, which will share governance and staffing with the new children’s hospital, will be built on the campuses of Tallaght and Connolly Hospitals.
The Board submitted the Project Brief 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 2014 of his consent and HSE approval. The Project Brief sets out details of the specialties to be provided and the planned accommodation. The design team was appointed in August 2014 and commenced work on the detailed design development.

The design process involved extensive consultation with staff of the existing hospitals, with clinical leads, with families, young people and children who are former or current users of the service, and with local residents. This process has led to the development of a world-class building which has been designed to enable staff to deliver the best possible clinical care for children and young people, while also seeking to provide a pleasant environment for staff and families.

On 10 August 2015 the NPHDB submitted a planning application for the new hospital and satellite centres to An Bord Pleanála. In submitting its planning application for the children’s hospital at the St James’s campus, the National Paediatric Hospital Development Board as a matter of good planning practice provided full information on all known future developments for the St James’s campus, including the intention to develop a maternity hospital in due course.

The oral hearing process began on 30 November 2015 and heard submissions from key stakeholders and interested parties before concluding on 15 December. The decision of An Bord Pleanála on April 28 2016 to grant planning permission for the hospital, together with two Paediatric Outpatients and Urgent Care centres at Tallaght Hospital and Connolly Hospital was a huge milestone for the project. The first phase of construction (site clearing works) on the site of the new children’s hospital began in August 2016 and will be substantially completed in Q1 2017.

The tender process for the main construction works for the new children’s hospital, and for the satellite centres has recently concluded and a preferred bidder - the most competitive - has been selected. Local and international companies participated in the highly competitive tender process. The costs put forward in the preferred tenders have been incorporated into the definitive business case, which was submitted to the HSE for final review and is under consideration. Following this, the Minister for Health intends to bring the definitive business case to Government in Q1 2017.

The NPHDB and the Children’s Hospital Group Board continue to work closely with the HSE and the Department of Health to complete this project.
Appendix 1: List of meetings held by Joint HSE/Department of Health and Children Task Group

Date Description
13.02.2006 Meeting of Joint Task Group
15.02.2006 Meeting of Joint Task Group
15.02.2006 Meeting with Council for Children’s Hospitals’ Care
15.02.2006 Meeting with Small Area Health Research Unit (SAHRU) TCD
17.02.2006 Meeting with Heart Children Ireland
17.02.2006 Meeting with Children in Hospital Ireland and New Crumlin Hospital Action Group
17.02.2006 Meeting with Mr Gay Mitchell, MEP
23.02.2006 Meeting of Joint Task Group
24.02.2006 Meeting with Cystic Fibrosis Ireland
06.03.2006 Meeting of Joint Task Group
06.03.2006 Meeting with Dublin Inner City Partnership
08.03.2006 Meeting of Joint Task Group
13.03.2006 Meeting of Joint Task Group
22.03.2006 Meeting of Joint Task Group
22.03.2006 Site visits undertaken by Joint Task Group
23.03.2006 Site visits undertaken by Joint Task Group
23.03.2006 Meeting of Joint Task Group
24.03.2006 Clarification meetings with each of the six adult academic teaching hospitals
27.03.2006 Meeting of Joint Task Group
29.03.2006 Meeting of Joint Task Group
29.03.2006 Meeting with Crumlin Children’s Research Centre and Children’s Research Foundation
31.03.2006 Meeting of Joint Task Group
03.04.2006 Meeting of Joint Task Group
06.04.2006 Meeting of Joint Task Group
19.04.2006 Meeting of Joint Task Group
02.05.2006 Meeting with the Coombe Women’s Hospital
02.05.2006 Meeting with the Rotunda Hospital
02.05.2006 Meeting of Joint Task Group
04.05.2006 Meeting with Alburn Developments
04.05.2006 Meeting with Harlequin Healthcare
04.05.2006 Meeting with Beacon Medical Group
04.05.2006 Meeting with Abbeyrock Companies
05.05.2006 Meeting with Irish Patients Association
05.05.2006 Meeting of Joint Task Group
10.05.2006 Meeting with Forrest Little Golf Club
10.05.2006 Meeting with National Maternity Hospital, Holles Street
10.05.2006 Meeting of Joint Task Group
15.05.2006 Meeting of Joint Task Group
15.05.2006 Further clarification meeting with St. James’s Hospital
23.05.2006 Meeting of Joint Task Group
23.05.2006 Meeting with OLCHC
23.05.2006 Meeting with the Children’s University Hospital, Temple Street
23.05.2006 Meeting with the National Children’s Hospital, Tallaght
24.05.2006 Meeting of Joint Task Group
29.05.2006 Meeting of Joint Task Group
Appendix 2: Reports/Documents cited in this Review


2. Joint HSE / Department of Health and Children Task Group, (May 2006), *Report to advise on the optimum location of the new national paediatric hospital*

3. RKW (October 2007) *High Level Framework Brief for the National Paediatric Hospital*

4. KPMG (August 2008), *Independent Review of Maternity and Gynaecology Services in the Greater Dublin area*

5. European Health Property Network, (July 2011) *National Paediatric Hospital Independent Review*

6. Review Group on the National Children’s Hospital (June 2012), Report to the Minister (Dolphin Report)

7. Review Group on the National Children’s Hospital sub-group, Simon Clear and John Martin, (October 2012) *New Children’s Hospital: Further assessment of planning issues in relation to proposed sites*, Report submitted to Dr James Reilly, TD, Minister for Health

8. Phibsborough/Mountjoy Local Area Plan 2008, Dublin City Council website


10. NPHD Board Meeting Minutes 2010/2011

11. Roles and Responsibilities Document - (Department of Health, National Paediatric Hospital Development Board, Children’s Hospital Group Board, HSE, St James’s Hospital).