Ms. Eilis Fallon
Committee Secretariat
Committee of Public Accounts
Leinster House
Dublin 2

Ref: PAC32-I-1576

Dear Ms. Fallon,

I refer to your correspondence ref PAC32-I-1576 regarding ‘a further update on project costs in relation to the development of the new children’s hospital on a campus shared with St. James’s Hospital, since the last update provided to the committee’.

In January 2019, the National Paediatric Development Board (NPHDB) provided the Public Accounts Committee with a breakdown of costs approved by Government for the design, build & equipping of the new children’s hospital. This approved budget has not changed. At the NPHDB’s last appearance before the Public Accounts Committee in May 2019 it reported that project costs incurred to the end of March 2019 including construction costs were €314 million. The project costs accrued to the end of August 2019 including construction costs were €397 million inclusive of VAT. These costs are within the budget approved by Government in December 2018.

As reported to the Public Accounts Committee in January 2019 and in May 2019, there are a number of exceptions that have always been outside of the approved budget, and for which there cannot be price certainty at this point, or for the duration of the project.

The NPHDB is also reviewing significant potential costs as additional claims are presented from the contractor. The NPHDB is diligent in its examination of these claims and is providing a robust defence in relation to these in line with the PwC recommendations that the Board has implemented. In addition, and in accordance with the Construction Contract, there is a dispute management process in place to deal with these claims through the appointment of a standing conciliator.
Trusting the above is to your satisfaction and should you have any further questions on this matter, or any other aspect of the new children’s hospital project please do not hesitate to contact me.

Yours sincerely

[Signature]

David Gunning

Chief Officer

National Paediatric Hospital Development Board