

Update on the implementation of previous recommendations made by the Committee of Public Accounts to the National Paediatric Hospital Development Board following the Committee's engagements of 9 February and 13 July 2021

- [Examination of the National Paediatric Hospital Development Board 2019 Financial Statements - March 2022](#)
- [Minute of the Minister for Public Expenditure and Reform, April 2022](#)

	Recommendations from the Committee of Public Accounts	Minute of the Minister for Public Expenditure and Reform	Update on progress of implementing the Committee's recommendations
1.	The Committee recommends that a detailed report outlining the timeline and estimated costs for the completion of the National Paediatric Hospital is published as a matter of urgency.	<p>The Minister for Public Expenditure and Reform is informed by the Department of Health that it notes the recommendation of the Committee, but that it is not possible for the Department to publish the analysis at this time, on the basis that its contents are commercially sensitive and must remain confidential at this time, so as to ensure that the NPHDB's ability to enforce the contract is not prejudiced, and ultimately the project is not adversely affected.</p> <p>The Minister is further informed by that Department that:</p> <ul style="list-style-type: none"> • The National Paediatric Hospital Development Board (NPHDB) undertook an analysis of the new children's hospital capital project to determine the implications of any delay(s) and to determine the most effective pathway to ensure the timely completion of this critical project. • The NPHDB's analysis was submitted to the Department of Health at the end of January 2021 and was subsequently assessed by the National Development 	The position in relation to the confidential and commercially sensitive nature of this information remains unchanged.

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		<p>Finance Agency (NDFA).</p> <ul style="list-style-type: none"> • The Department of Health sought the assistance of the NDFA to offer an independent analysis and scrutiny of this work. Further analysis was then required so as to provide the appropriate assurances and validation to Government, and other stakeholders, that there has been a robust analysis of the way forward. • This is not a retrospective piece of work about what has happened but rather an analysis of the way(s) forward. • Since this analysis relates to the best way forward on a project that is subject to a live contract, it is commercially sensitive and must remain confidential to ensure that the contractual relationships, and ultimately the project, are not adversely affected. • The Department of Health, the HSE and the NPHDB have collective statutory responsibilities to ensure the cost effective and timely delivery of the NCH project and programme and have a duty of care to ensure that its actions and undertakings are made in the best interests of the project and the public interest in equal measure, to ensure value for money and optimal outturn 	

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		<p>on investment and ultimately the delivery of health services for the children of Ireland.</p> <ul style="list-style-type: none"> • There is a legitimate concern over the commercial sensitivity of this analysis and discussions on cost, hypothetical or otherwise at this time, may prejudice enforcement of the existing contract, and very likely negatively impact or jeopardise the Development Board in its ongoing engagement with the main contractor, and the Board's responsibilities for the timely completion of this critical project. • It would also very likely jeopardise the NPHDB's ability to undertake its statutory responsibilities for the timely completion of the project and undermine the ability of the NPHDB to react to future challenges that arise arising out of the externalities to the construction industry at present, including but not limited to the pandemic, global supply chain risks, and Brexit. • It is worth keeping in sight that the project will deliver world class facilities that will improve and prioritise medical outcomes for the nation's sickest children, while bringing about transformational change to the delivery of healthcare for children of Ireland for 	

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		<p>generations to come.</p> <ul style="list-style-type: none"> There is a live contract in place and the NPHDB is enforcing that contract and robustly defending inappropriate claims to prevent cost escalation. 	
2.	<p>The Committee recommends that the NPHDB:</p> <ul style="list-style-type: none"> i. includes a note in its financial statements that details the additional costs paid to date that are not included in the approved budget of €1.4 billion, ii. includes a note to the accounts that indicates the overall claims received by the Employer Representative and the current stage that they are at in the dispute management processes, iii. attaches a monetary value to resolved claims to show any impact they may have on the overall cost, and iv. provides a quarterly report to the Committee on the number of claims by place in the dispute process, and the potential cost by category, for both settled and open claims. 	<ul style="list-style-type: none"> i. The Minister for Public Expenditure and Reform is informed by the Department of Health that the National Paediatric Hospital Development Board (NPHDB) accepts the recommendation and will implement it within the 2021 Financial Statements. ii. The Minister for Public Expenditure and Reform is informed by the Department of Health that the NPHDB accepts the recommendation and will provide the information in line with reporting/accounting standards; and will implement it within the 2021 Financial Statements. iii. The Minister for Public Expenditure and Reform is informed by the Department of Health that the NPHDB accepts the recommendation and will implement it within the 2021 Financial Statements. iv. The Minister for Public Expenditure and Reform is informed by the Department of Health that the NPHDB accepts the recommendation and will provide the report to the Committee. 	<ul style="list-style-type: none"> i. The NPHBD will implement the recommendation within its 2021 Financial Statements. It is expected that the C&AG will commence an audit of the 2021 Accounts in Quarter 3 2022. ii. The NPHBD will implement the recommendation within its 2021 Financial Statements. iii. The NPHBD will implement the recommendation within its 2021 Financial Statements. iv. Quarterly update provided to the Committee of Public Accounts on 14th June 2022 as per the information request template provided to the NPHDB on 30th May 2022.

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3. (i)	The Committee recommends that future capital projects of this scale - where the primary aim is functionality – should prioritise value for money for the taxpayer.	<p>The Minister for Public Expenditure & Reform is informed by the Department of Health that it notes and accepts the Committee's recommendations.</p> <p>The Minister is further informed by that Department that:</p> <ul style="list-style-type: none"> • All Irish public bodies are obliged to treat public funds with care, and to ensure that the best possible value-for-money is obtained whenever public money is being spent or invested. The Public Spending Code is the set of rules and procedures that apply to ensure that these standards are upheld across the Irish public service. • The Department of Health is committed to the ongoing investment in health infrastructure with a focus on improving the delivery of such projects to ensure speed of delivery and value for money. • In response to the Recommendations of the 2019 PWC Independent Review of Escalation in National Children's Hospital Costs and the updated Public Spending Code (PSC) obligations, the Department of Health has implemented new structures to review proposed infrastructural investments over €100m, in line with the updated PSC. All new and existing proposals are subject to these requirements and 	The NPHDB is advised by the Department of Health that all actions pertaining to this recommendation have been actioned.

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		<p>internal challenge on behalf of the accounting officer.</p> <ul style="list-style-type: none"> • The PSC is designed to ensure that investment decisions are underpinned by a clear policy rationale and that costs are well understood. In 2019, the PSC was updated and introduced a new project lifecycle, tightening the arrangements for project decision-making, and clarifying the roles of the parties involved, including the responsibilities for Sponsoring Agencies and Approving Authorities. • All capital development proposals must progress through several approval stages, in line with the new lifecycle approach of the updated PSC, including detailed appraisal, planning, design and procurement before a firm timeline or funding requirement can be established. • Approval must be received for each individual stage to ensure that the proposal delivers value for money and remains affordable, and that sufficient funding is available to fund the project to completion, including equipping and commissioning costs. • The delivery of capital projects is a dynamic process and is subject to a number of key considerations, including service prioritisation, 	

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		<p>clarification of scope, determination of affordability, as well as the successful completion of the various capital project approval gates under the Public Spending Code, which can impact on the timeline for delivery.</p> <ul style="list-style-type: none"> • For current capital investment proposals in excess of €100m, the Department of Health is implementing and utilising the new External Assurance Process for major capital investment projects, recently established by D/PER, to achieve better value for money by provision of external expert insight relating to project risks, delivery feasibility and the robustness of costings, governance, and procurement. • In addition to the value for money framework, there are general functionality design principles that do and will apply to current and future capital infrastructure projects. Projects, such as the NCH, are to be designed to be as adaptable and flexible in design as possible to accommodate medium- and long-term future change and diversification in treatments, technologies and management practices. 	

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3. (ii)	The Committee also recommends that a comprehensive review is carried out following completion of this project to ensure lessons are learned for future capital projects.	<p>The Minister for Public Expenditure & Reform is informed by the Department of Health that it accepts the Committee's recommendations.</p> <p>The Minister is further informed by that Department that:</p> <ul style="list-style-type: none"> • In line with the updated Public Spending Code, and following completion of the project, there will be a review stage process and ex-post evaluation process. • The Review Stage will consider if, <ul style="list-style-type: none"> ◦ The basis on which the project was undertaken proved correct. ◦ The business case and management procedures were satisfactory. ◦ The operational performance and initial benefits have been realised. ◦ The conclusions that can be drawn which are applicable to other projects, to the ongoing use of the asset, or to associated projects. • The Ex-Post Evaluation will assess the effectiveness of the project through a framework similar to that used at the Final Business Case Stage. It will evaluate and set out: 	This recommendation pertains to future actions, in line with the public spending code, that are not yet due for actioning.

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		<ul style="list-style-type: none"> ○ The expected benefits and outcomes materialised including operational performance. ○ The planned outcomes were the appropriate responses to actual public needs; and ○ The conclusions that can be drawn which are applicable to other projects, to the ongoing use of the asset, or to associated projects. • Any further reviews or evaluations other than the ones outlined in the Public Spending Code would be subject to Government approval. 	