

## Opening Statement to the Committee of Public Accounts

19<sup>th</sup> October 2023

### Introduction & Project Overview

Chair and Deputies,

Thank you for inviting the National Paediatric Hospital Development Board (NPHDB) today to assist the committee in its examination of the NPHDB Financial Statements 2021.

My name is David Gunning and I am the Chief Officer at the NPHDB. I am joined this morning by Phelim Devine (Project Director) and Dr. Emma Curtis (Medical Director).

The National Paediatric Hospital Development Board was appointed by the Minister for Health in 2013 to design, build and equip the new children's hospital (NCH) on a campus shared with St. James's Hospital in Dublin 8, a Paediatric Outpatient and Urgent Care Centre, at Connolly Hospital, and a Paediatric Outpatient and Emergency Care Centre, at Tallaght University Hospital. Both Centres have been handed over to Children's Health Ireland in 2019 and 2021 respectively and are fully operational.

### 2021 Financial Accounts

The NPHDB's 2021 accounts have been audited and approved by the Comptroller and Auditor General. The expenditure as at 31 December 2021 for that year on the design and build of the hospital was €302,820,000.

The C&AG is due to complete their audit on the NPHDB's 2022 accounts in the coming weeks with the majority of the fieldwork having been completed in March 2023.

Description	(€k)						Year to date September	Cumulative September
	Year 2020 (Note 1)	Year 2021 (Note 1)	Cumulative 2021 (Note 1)	Year 2022 (Note 2)	Cumulative 2022 (Note 2)	2023 (Note 3)		
Construction Management Services	4,834	5,572	22,286	6,166	28,452	4,737	33,189	
Design Team	8,986	11,379	92,888	13,738	106,628	10,841	117,469	
Site Development & Clearance	63	31	31,142	18	31,160	4	31,164	
Construction	136,073	258,825	694,040	238,147	932,187	95,919	1,028,106	
Equipment	235	1,464	3,723	787	4,509	2,080	6,589	
Admin Costs	9,556	7,608	58,216	6,350	64,566	7,417	71,983	
Inflation	1,468	17,941	21,177	50,856	72,032	1,169	73,201	
<b>Total:</b>	<b>161,215</b>	<b>302,820</b>	<b>923,472</b>	<b>316,062</b>	<b>1,239,533</b>	<b>122,167</b>	<b>1,361,700</b>	
Note 1: The 2020 & 2021 Statutory Accounts have been audited by the C&AG.								
Note 2: The 2022 Statutory Accounts are unaudited and are to be audited by the C&AG in Q3 2023.								
Note 3: The 2023 period is unaudited and is to be audited by the C&AG in 2024.								

In December 2018, the Government approved an investment decision of €1.433BN for the design, build and equipping of the new children's hospital and the two Outpatient and Urgent/Emergency Care Centres at Tallaght and Connolly Hospitals.

There are a number of contract provisions that were not included as part of the capital approval. These include construction inflation in excess of 4%, any changes in scope resulting from healthcare policy changes; statutory changes; Covid-19, implementing PwC recommendations, claims defence and the Sectoral Employment Order. These items have added cost to the Project.

To date, the total amount spent by the NPHDB (as of 30 September 2023) is €1,361,703,344 including accruals and VAT. This leaves €71 million remaining in the current overall capital budget of €1.433BN.

Work on the hospital is 92% complete (as at the end of September 2023). It is now possible to walk through the operating theatres, the single occupancy bedrooms with ensuite bathrooms, the Critical Care Units, the 3<sup>rd</sup> level education and hospital school and see firsthand what this state-of-the-art hospital will be like. This space will ensure that the children and young people of Ireland will get the facility that they badly need and deserve.

The vision of having a world class healthcare facility for children and young people is being realised.

### **Progress to date**

I would like to provide a general overview of the progress that has been made on the hospital. We have provided an image presentation to accompany this progress update. Despite challenges, construction on the hospital has advanced significantly since we last updated the Committee in June 2022.

- The external façade including glazing is complete and the last Tower Crane will be removed from site at the end of this month – at one stage we had 9 on the site.
- The 380 individual inpatient rooms are taking shape with fit out of fixtures, ensuites, sliding doors, joinery and medical equipment progressing.
- The school area of the new children's hospital for primary and secondary education has floors and ceilings, and joinery has commenced.
- The third level education centre that comprises lecture theatres, seminar rooms, collaboration spaces and a library for up to 2,500 under and postgraduates is also well underway.
- The specialist equipment that will be built into the hospital prior to substantial completion has been procured, some is currently being manufactured and some is on site ready for installation. This includes the MRIs, CTs, X-Rays, theatre imaging equipment, Central Decontamination Unit washers and sterilisers, automated guided vehicles amongst others.
- The commissioning of the heating in the building is due to commence.
- The cooling system to be fully operational by December 2023.
- The gardens and courtyards are well advanced with play equipment being installed.

The NPHDB is fully engaged with CHI on the Operational Commissioning Phase of the hospital to ensure there is a seamless handover at substantial completion. The key workstreams are equipping, technical commissioning and ICT systems.

### **Programme Timeline**

The building is well advanced but there is still some way to go to substantial completion. Typically, in a building of this size and scale, the last 10% is the slowest to complete as it incorporates all the finishes and system integration and commissioning to ensure the room finishes are to the highest clinical standards. The contract with BAM states that substantial completion as August 2022. Some additional time was awarded to BAM by the Employer's Representative which extends the contractual substantial completion date to November 2022.

Clearly, this date has been missed. Over the course of the past two years, we have received a number of revised Programmes from BAM, with changing substantial completion dates.

We said at the Joint Oireachtas Committee on Health in July 2023 that BAM had committed to delivering an updated Programme. This Programme was delivered in mid July 2023. The NPHDB highlighted concerns with this programme and this resulted in BAM providing a new programme at the end of September 2023. This programme is currently being evaluated by the Employer's Representative.

The stated substantial completion date in this latest programme is 29<sup>th</sup> October 2024.

We are in constant engagement with BAM to ensure that the October 2024 Substantial Completion is achieved. All our efforts are focused on getting certainty on this date.

### **Costs**

The NPHDB has kept the HSE and Department of Health informed of the potential cost implications of the extended timeline through monthly reporting and governance structures. The Capital Request was submitted to the HSE Lead Director on the 31<sup>st</sup> May 2023. This request is being considered by our stakeholders and as such I am precluded from discussing the details of those figures. As we are in constant engagement with BAM, it may also be the case that to divulge detailed information on costs publicly at this time would be disadvantageous to the State's position.

### **Claims, Moratorium & High Court Proceedings**

The NPHDB has provided the Committee with an overview of claims to the end of September 2023 and I am happy to answer any questions you may have on these. BAM continues to submit large volumes of claims. 2,379 claims have been raised up to the end of September 2023. The substantiated value as claimed by BAM is €769m. The Employer's Representative has determined 1,610 claims of €16.75m and a further €2.1m has been agreed through the dispute management process. This additional €18.85m is circa 2% of the overall contract value.

There are currently two proceedings before the High Court Phase B instruction and the Frame Claim. The Phase B Proceedings were put on hold in May 2021 when the parties entered the moratorium on disputes. In June 2023, BAM issued a motion for the Phase B proceedings to be re-entered to the commercial list of the High Court. This motion was granted by the Court and an Order made to that effect on 17th July 2023. The discovery motion for this case is before the High Court today (19th October) for a decision regarding the time period that will apply for the discovery of documentation.

BAM initiated the Frame Claim Proceedings in April 2021 and there is no further update or action on these proceedings at this time.

### **Conclusion**

The NPHDB is fully committed to delivering the new children's hospital in as timely a manner as possible, at the best possible value to the State and to a standard and quality that the children of Ireland deserve and staff of CHI are proud to work in.

We have worked and will continue to work with BAM to do all that we can to ensure certainty on the completion date.

I am acutely conscious of the need for certainty required by my colleagues in Children's Health Ireland. The substantial completion date of the building phase becomes the start date of the operational commissioning phase. I want to assure them – and all of you – that we remain focused and committed to deliver this project.

Thank you,

David Gunning