

Cathaoirleach, Deputy Sean Crowe
Joint Oireachtas Committee on Health
Leinster House
Dublin 2
D02 XR20

30th September 2022

Re: Opening Statement from the National Paediatric Hospital Development Board Invitation to the Joint Oireachtas Committee on Health

Introduction & Project Overview

Cathaoirleach, Deputies & Senators,

Thank you for inviting the National Paediatric Hospital Development Board (NPHDB) to share an update with you on the progress of the build of the new children's hospital. My name is David Gunning and I am Chief Officer at the NPHDB. I am joined this morning by Phelim Devine (Project Director) and Dr Emma Curtis (Medical Director).

Firstly, I would like to convey my thanks to the Committee members for taking the time to visit and see the progress that has been made. The new children's hospital project is the most significant capital investment project to have been undertaken in healthcare in Ireland. It will bring together the services currently provided at the three children's hospitals into a modern, custom-designed and digital hospital, to deliver the best care and treatments for Ireland's sickest children and young people. The new children's hospital will be the primary centre for paediatric education, training, and research in Ireland. It will be a child-centred, world-class facility that will support innovation and excellence in paediatric healthcare, and create an environment that is supportive of children, young people, their families, and the staff in Children's Health Ireland.

We are delighted that the first two parts of this project, the Outpatient & Urgent Care Centre, CHI at Connolly and the Paediatric Outpatient and Emergency Care Unit at CHI at Tallaght have both opened successfully and are supporting the provision of care for children and adolescents.

Board Members:

- Ms Fiona Ross (Chair)
- Mr Tim Bouchier-Hayes
- Ms Anne Butler
- Mr Karl Kent
- Mr John McGowan
- Mr Alan Seabourne
- Mr Alex White
- Mr John Cole
- Mr Liam Woods
- Mr Michael Shelly
- Mr Michael Barry
- Mr Brian Keogh
- Mr Derek Moran

Construction Progress on the new children's hospital

Progress on the construction of the new children's hospital has advanced significantly since our appearance before this Committee in July 2021, and indeed many of the Committee members witnessed the progress for themselves when they visited over the summer.

The advanced progress means that the layout of the hospital is clear and visible to all those who walk through the various departments that are reaching completion stage. You will see from the images that accompany this opening statement, that the Ward Block façade, which is the oval shaped area of the building, is now complete and weather proofed. The façade to the four storey South and North Fingers, which encompass outpatients, day wards, and education, are also complete. The glass Biome that envelopes the panoramic lifts is now fully glazed and awaits the installation of the automatic opening panels which provide ventilation. The most advanced areas within the building have floors, walls, ceilings and joinery installed. The Intensive Care pendants and bathroom fittings are being installed, as are the sliding doors. There are 22 Operating Theatres on the 2nd floor of the building where medical equipment installation, ceilings, walls and floor fit out is well underway. Other areas such as the Emergency Department, Imaging, Critical Care and Therapy areas are progressing at pace.

We are making excellent progress on the procurement of the equipment for the hospital. We completed the procurement of all the imaging equipment including for example, Bi-Plane imaging for theatres. Bi-Plane imaging is one of the most advanced interventional medical imaging technologies available as it uses two rotating cameras, one on each side of the patient, to take simultaneous images. 3 MRI's have been procured. We have also completed the purchase of the Cath Lab, the Paediatric Intervention Radiotherapy equipment, the Computed Tomography scanners, the dental equipment and the Central Decontamination Unit (CDU). The CDU cleans and sterilises the surgical equipment and has been procured with the automated guided vehicles that operate 24 hours a day to deliver and collect various medical materials and products vital to deliver hospital services.

As we move closer to substantial completion we will be focussing on the finishes within the individual rooms. It is expected that the first rooms will be completed in October this year and will be ready for system commissioning. The other 4,600 clinical rooms will follow in a planned sequence. It is worth remembering that at the heart of this infrastructure project is the policy commitment to co-locate the children's hospital with an acute adult hospital, and in time, tri-location with a maternity hospital. Critical pieces of infrastructure linking these facilities are being built now. These include the shared logistics and service yard, the facilities management tunnel

which links with St. James's adult hospital and the site set aside for the future maternity hospital, and the shared helipad which will optimise access for patients, staff and services.

Expenditure to date

The Government approved a capital investment of €1.433bn for the new children's hospital project in 2018. This included the capital costs for the main hospital on the campus shared with St James's Hospital including an embedded school and third level facilities, the two satellite centres in Tallaght and at Connolly Hospital in Blanchardstown, equipment for the three sites, and the construction of the carpark and retail spaces. Expenditure to date on the project to the end of August 2022 was €1,130,409,151.

There were a number of cost elements that were identified at the outset as being additional and outside of the approved investment. These include Inflation, Healthcare Policy and Technology Change as well as the Sectoral Employment Order. Since the project commenced, other cost items that were outside of the contract have arisen. These include Claims Defence, implementation of the PWC Recommendations, and costs related to Covid and Brexit.

There is ongoing engagement taking place with all stakeholders on the project to determine the implication of all contributing factors to the costs and we continue to engage with the contractor. Definitive updates on costs cannot be provided at this time because this is a live contract and any speculation on costs will be detrimental to the NPHDB's commercial engagements and ability to negotiate on behalf of the State. The NPHDB and stakeholders will continue to work together to ensure that any additional funding that is required and requested is appropriate and justified. The NPHDB will also continue to vigorously review any claims for additional monies and only those that are contractually determined as valid will be paid.

Wider Construction Sector Challenges

It is widely acknowledged that the global construction sector continues to face challenges related to supply of market essentials due to widespread turbulence in the industry caused by Brexit, Covid, and the War in Ukraine. These issues have led to production disruption, import delays and constraints, inventory depletion resulting in shortages in the market and, more recently, escalating energy and transport costs. These are global challenges and are not unique to the construction sector but are having – and will continue to have impacts on the project. This environment also brings uncertainty. The contractor continues to work through these challenges with the support of the NPHDB and we are seeking mitigation strategies from the contractor to ensure that the impact on cost and timeline as a result of the combination of these factors is minimised as much as possible.

Claims Management & Dispute Resolution

Claims and disputes are an inevitable part of construction projects of this scale. They arise for a myriad of reasons. Given the large amounts of public money involved, it is imperative that the NPHDB evaluates each claim and robustly defends those that we consider to not be justified. The NPHDB has a comprehensive process in place for the assessment of claims submitted by the contractor. Robustly defending claims is both time consuming and costly, however these processes ultimately help to manage and defend costs so that the project can reach the best possible outcome.

Construction Project Timeline

The contractor is currently reporting that it will reach substantial completion in March 2024, with the hospital then being handed over to CHI for a period of commissioning. There are, however, a number of factors which continue to put pressure on this forecasted timeframe, and we will continue to work with the contractor to understand what implications these factors may have on the programme. As a result, the contractor's programme is under constant review and evaluation. Delays have an implication on the cost of the project.

Conclusion

Progress on the construction of the new children's hospital has been significant in the last 12 months, despite the challenges I have outlined. Through the established and agreed governance structures the executive of the NPHDB continues to keep the HSE Lead Director and the National Oversight Group fully briefed on all aspects of the project.

We are fully engaged with the contractor, constantly assessing the potential implications of the wider construction sector challenges so that they can be mitigated where possible. The project has encountered delays – some of which are not uncommon for major infrastructure developments of this scale, others are unprecedented as outlined above. However, all parties remain committed to delivering substantial completion of the new children's hospital within the shortest possible timeframe.

I would like to end by once again thanking those of you who were able to take the time from your busy schedules to visit the hospital. All of you are very welcome to visit or re-visit at any time to view the continued progress of this state-of-the-art facility that will serve children and their families for generations to come.

Thank you

A handwritten signature in black ink that reads "David Gunning". The signature is written in a cursive style with a large, sweeping flourish at the end.

David Gunning,

Chief Officer,

National Paediatric Hospital, Development Board