



Opening Statement to the Joint Oireachtas Committee on Health

Wednesday 12th July 2023

Introduction

Good morning,

Thank you for inviting the National Paediatric Hospital Development Board (NPHDB) to;

- 1) Provide an update on the progress being made in relation to the development of the new national children's hospital;
- 2) Provide an update on expenditure issues and trends in relation to the development.

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).

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 Hospital. Both Satellite Centres have been handed over to Children's Health Ireland in 2020 and 2022 respectively and are fully operational.

In December 2018, the Government approved an investment decision of €1.433 billion 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. To date just over €1.325bn of the €1.433bn budget has been expended. There are a number of contract provisions that were not included as part of the capital approval, these included 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.

Work on the NCH site is 89% complete (as at the end of June 2023). This progress gives us an insight into this state-of-the-art hospital that will be available to children, young people, their families, and staff once complete. We can see the vision of a world class facility being realised in some of the rooms.

Progress to date

I would like to provide a general overview of the progress being made on the NCH. We have provided an image presentation to accompany this progress update and I want to thank members of the committee for visiting the site.

Despite the challenges construction on the NCH has advanced significantly since we last updated the Committee in October 2022;

- The external scaffolding surrounding the new children's hospital has been removed and the external façade including glazing is complete.
- The most advanced areas in the building have finished floors, walls, ceilings, doors, nurses' stations and built-in medical equipment installed.
- The 380 individual inpatient rooms are taking shape with fit out of fixtures, ensuite, sliding doors, joinery and medical equipment progressing.

- The school area of the new children's hospital for pre/post primary and secondary education is also taking shape and now 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 students is also well underway.
- The glass biome which encapsulates the lifts and stairs that provide access to all areas is almost complete.
- The specialist equipment that will be built into the hospital prior to substantial completion has been procured, some is in manufacture and some is on site ready for installation. This includes the MRIs, CTs, X-Rays, theatre imaging equipment, CDU washers and sterilisers etc. The remaining medical and non-medical equipment will be procured in 2023 for installation after substantial completion.
- The process of procuring a concessionaire for the car park is underway.
- There is a public tender in progress for the Construction of the Family Accommodation Unit.

Challenges we face

It will not come as a surprise to members when I say that we face a number of challenges before the hospital can open its doors to children. I would like to share some of those challenges with you this morning.

BAM has not issued a Contract compliant Programme. This is unacceptable.

The most recent progress report received from BAM - in April 2023 for Works up to February 2023- stated the substantial completion date would be May 2024 which is 21 months beyond the original contracted completion date of August

2022 and 18 months beyond the contractual substantial completion date of November 2022.

Progress reports for March, April, May & June 2023 have not been provided by BAM.

BAM had previously confirmed in writing that an updated programme would be submitted by the 7th July 2023, we are still awaiting this Programme. While I understand how frustrating this is for the members, it is very difficult to provide a firm answer on the completion date in the absence of a compliant contract programme. What this project needs more than anything is certainty on the programme, which under the contract BAM is required to provide.

The NPHDB has applied all the levers available within the public works contract to get BAM to deliver on its obligations. The continued failure to deliver a compliant programme and progress reports mean that BAM is not meeting its contractual obligations.

For this reason, the NPHDB has advised BAM that it has issued an Employer Claim to withhold 15% of the payments for works completed due to BAM. This measure will come into effect for payments due to BAM for work completed in April, May and June 2023.

Low Productivity

There are issues around insufficient productive resources allocated to site and the resulting poor productivity of BAM in meeting its Programme. In accordance with the contract, BAM is required to “proceed with the works regularly and diligently” and it is obliged to resource the project at a level that will deliver substantial completion of the hospital at the earliest possible date.

BAM is not providing sufficient resources to deliver the hospital. This continued lack of resourcing together with poor project execution may lead to further slippage of the substantial completion date if this continues.

To illustrate this point, BAM achieved 67% of its planned output in the last 12 months – this output level fell as low as 34% at certain times during this period.

To further illustrate this point, BAMs monthly billing currently should approximate to €15m however, in the last number of months, they are below €10m.

What this looks like from an actual output perspective is illustrated by examining BAMs progress with room completions. Based on BAM's commitments, 3000 rooms should have been completed by now. To date, 27 rooms have been deemed complete.

Furthermore, upon inspection these 27 rooms presented a large number of snags. The NPHDB has worked closely with BAM and the Design Team to eliminate these issues. This has been a time-consuming exercise.

BAM is expected under the contract to focus on completing rooms to the specification required as well as on completing all other activities for which it is responsible. The children of Ireland need this hospital as soon as possible.

Operating Theatres

The operating theatres in this hospital will be completed to the highest clinical standards.

An independent report commissioned by Children's Health Ireland (CHI) highlights potential issues relating to the position of four ventilation grilles in 11 of the 22 Operating Theatres. This issue is currently being reviewed by two expert teams and we await the output of their analysis and expert reviews.

Claims

This brings me to the topic of claims, (please see claims table in your briefing materials).

BAM continues to submit large volumes of claims. In fact, 2,175 claims have been raised up to the end of June 2023. The substantiated value as claimed by BAM is €756m. The Employer's Representative has determined 1,487 claims at a value of c. €14m, less than 2% of the overall contract value.

Costs

Based on the delay by BAM to deliver the substantial completion date as per their contractual arrangements, the NPHDB has submitted a capital request to the HSE in line with our governance arrangements to ensure that there is sufficient funds to bring the Project to substantial completion.

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.

The biggest driver of additional cost is delay. As I have outlined above, the Project is beset with delays and unless the behaviour of BAM is to change, we may suffer further delays into the period ahead.

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. It is our job to ensure that the quality is the best it can possibly be and meets the stated specifications and works requirements.

We know from what it has stated that BAM does not want the children and young people of Ireland to have to wait for the hospital for longer than is necessary. I would urge BAM to consider its behaviour and overall approach to delivering this project.

The kind of behaviour that has been experienced simply can't continue.

We have worked, and will continue to work with BAM, to drive the activity at the site, and push towards as rapid and as cost-effective an opening as possible.

We are fully aware that issues of cost and delay are frustrating in the extreme. We share that frustration.

But we will prevail. We are nearly there. And the hospital will be a wonderful, welcoming, environment for children, young people, their families, students, and the heroic staff who will work there.

Thank you.