

**NATIONAL PAEDIATRIC HOSPITAL DEVELOPMENT BOARD  
("NPHDB" or the "Board")**

**Minutes of the NPHDB Board Meeting held on Wednesday, 9 January 2019  
from 16.00 to 18.20  
Herberton Boardroom, St. James Walk, Rialto, Dublin 8**

**Attendance (Board)**

Tim Bouchier-Hayes (Chairman)  
Tom Costello\*  
John Cole  
John Martin  
Karl Kent  
Brian Fitzgerald  
Marguerite Sayers  
Anne Butler  
Jonathan Hourihane  
Liam Woods\*  
Lorcan Birthistle

**Attendance (Other)**

John Pollock, Project Director  
Phelim Devine, Design Director  
Jim Farragher, Finance Officer  
Norman Craig, Commercial Advisor  
Richard Fitzpatrick, Director Project Controls  
Pat Molloy, Construction Director  
Declan Holmes, Commercial Director  
Dr Emma Curtis, Medical Director  
Neil Vaughan, Project Controls  
Bridget Gallagher, On behalf of HMP  
Secretarial Limited – Board Secretary  
James McGlone, On behalf of HMP Secretarial  
Limited – Board Secretary

**Apologies**

Paul Quinn

*\*By Telephone*

	<p><b>Quorum &amp; Chairman</b></p> <p>The Chairman noted that a quorum, being five Board Members, was present and the meeting proceeded to business.</p>
1.	<p><b>Declarations of Interest or Conflicts of Interest</b></p> <p>Following enquiry, <b>IT WAS NOTED THAT</b> there were no new declarations of interest or conflicts of interest to be declared.</p>
2.	<p><b>Previous Minutes</b></p> <p>2.1</p> <p>The Board reviewed Minutes of the Board Meetings held on 5 December 2018 and 19 December 2018 (together, "the December Board Meeting Minutes").</p> <p>It was noted that the "Construction Update" section of the 5 December 2018 Minutes stated that "BAM were written to" and it was clarified that BAM had been written to previously. The Board requested that it receive confirmation of the dates/frequency of letters issued to BAM and <b>IT WAS AGREED THAT</b> such confirmation would be provided at its next Board Meeting <b>(AP94)</b>.</p> <p>It was also noted that the Board had requested a meeting with the Design Team Principals and <b>IT WAS AGREED THAT</b> arrangements would be made to have them attend with the Board on Wednesday, 6 February 2019, at 3.30pm <b>(AP95)</b>.</p> <p>Subject to the foregoing comments, <b>IT WAS RESOLVED THAT</b> the December Board Meeting Minutes were approved by the Board and the Chairman was authorised to sign same.</p> <p>2.2</p> <p><b>Action Items arising from Minutes</b></p> <p>The Board reviewed the current actions on the Action List and the following updates were provided:-</p> <p>(i) <u>Action 60:</u> The Board was advised that the new Board Secretary, HMP Secretarial Limited, would finalise the format/date for the Board Skills Review and Self-Evaluation Survey.</p> <p>(ii) <u>Action 60a</u> It was noted that the Mazars external review on NPH Team, Structures, Governance (the "Mazars' Review") report issued 20 December 2018, which was being presented to the Executive in January 2019 and then to the Audit and Risk Committee. It was noted that once feedback on the Mazars' Review was provided by the Executive, this, along with the Mazars' Review, would be presented to the Board, possibly in February 2019.</p>

The Board noted the scope of Mazars' Review and that a separate review of Sub-Committee structures would also be undertaken which would see some Sub-Committees condensed in order to avoid duplication of efforts and to ease the burden of the Executive.

(iii) Action 66:

It was noted that a programme in relation to Fire Certificates would be tabled at the February 2019 board meeting.

(iv) Action 81:

The Board noted that this action was closed where work in relation to a strategy paper being brought to the Department of Health ("DoH"), the Health Service Executive ("HSE") and the Department of an Taoiseach was completed.

(v) Action 82:

It was noted that this action was closed where the Guaranteed Maximum Price ("GMP") process with determination, and completeness of packages, had concluded.

(vi) Action 83:

It was noted that the HSE would be undertaking an independent review of the GMP Process.

It was noted that Mazars had completed Phase 1 of their review in relation to the construction capital cost escalation on the NCH, which the Board had sight of, and that a determination would need to be made if Mazars proceeding with Phase 2 of their review may be an unnecessary duplication of the review due to be performed by the HSE. It was noted that this matter had been discussed at the Finance Sub-Committee convened earlier that day.

(vii) Action 88:

It was indicated that the action to consider Design Team fees and advise the Design Team accordingly had been closed, as had been agreed with the Board.

(viii) Action 90:

It was noted that KPIs were expected be agreed that month and the matter expected to be closed out by the February 2019 board meeting.

(ix) Action 91:

The Board noted the final letter from MKM Dispute Resolution to the Design Director dated 19 December 2018, which closed out the action requesting clarity on certain items therein.

(x) Action 92 and Action 93:

The Board noted that the actions relating to a review of the draft Letter of Commitment, and the issuing of a Letter to the Design Team on the Board's

position on the payment of fees, had been closed.

The Design Director referred the Board's attention to three fully executed Letters of Commitment contained in the board papers.

**IT WAS NOTED THAT** receipt of a signed Letter of Commitment from Linesight was expected by that Friday.

The Secretary undertook to update the Action List to reflect the updates provided at the meeting.

3. **S.I. Remit**

3.1 **Project Update**

(i) **Phase B Construction Approvals**

**IT WAS NOTED THAT** on 18 December 2018, the Government had approved the construction investment required to enable the Board instruct BAM for Phase B of the works to complete the build of the hospital.

**IT WAS FURTHER NOTED THAT** this had resulted in an overall adjusted sum of EUR€890 million, excluding VAT.

**IT WAS NOTED THAT** the HSE had indicated, in approving the increase in public capital expenditure, it was essential the project was delivered within budget and on timescale.

**IT WAS FURTHER NOTED THAT** there was no possibility of seeking further additional capital funding over the lifetime of the project, save in relation to the likely costs arising from certain risks identified by the HSE.

**IT WAS NOTED THAT** as an alternative to Ronald McDonald House Charity ("RMHC") raising the full funds to cover the capital and running costs of the Family Accommodation Unit, RMHC had proposed to offer a EUR€10 million charitable donation towards the capital development, with the balance of the funding required to possibly be provided by the HSE who would then hold project funding risk and own the facility on completion.

**IT WAS NOTED THAT** the balance of funding required from the HSE was estimated to be circa EUR€10 million, excluding VAT, and that in view of the costs escalation, it may be necessary for the HSE to explore de-scoping the Family Accommodation Unit, or delay its construction, and continue to use the existing facilities as a cost limitation exercise.

**IT WAS NOTED THAT** the Children's Research and Innovation Centre did not form part of the contract entered into with BAM and that the intention was to have this funded by Philanthropic donations.

**IT WAS NOTED THAT** the HSE was making arrangements to conduct a deeper independent review of the contributory factors and associated responsibilities with the escalation in cost of the GMP and that this was expected to commence in January 2019 with a completion timeframe of eight weeks.

**IT WAS ALSO NOTED THAT** a review of the existing oversight arrangements between the DoH, the HSE and the Board would be undertaken in order to assess the adequacy of existing management and governance in place to ensure completion of the project.

The Commercial Director presented the Board with a Finance Sub-Committee and Board Presentation.

**IT WAS NOTED THAT** BAM had been instructed to proceed with Phase B construction works on 8 January 2019.

**IT WAS NOTED THAT** the approved overall budget was EUR€1.433 billion; that EUR€1.254 billion had been committed to date, including Phase B, and that EUR€244 million had been spent to date. Factors contributing to residual risk were noted.

**IT WAS NOTED THAT** a BAM Collaboration Workshop, facilitated by Grid International Ltd, was taking place on 17 January 2019 and 18 January 2019 and the intended objectives arising therefrom were noted.

The Board were provided with an overview of the agenda items to be covered at the two day workshop being held with Blackrock on 14 February 2019 and 15 February 2019. It was confirmed that the Executive and Design Team were attending and a number of Board members indicated they also wished to attend this workshop.

The Commercial Director reported projected cashflow figures to the Board. **IT WAS NOTED THAT** an early warning had been detected in respect of GMP cashflow in December 2018 where a Contractor had provided an updated 2020 cashflow reflecting an increase of approximately EUR€80 million for 2020 figures. It was noted that Linesight were investigating the position and the Board requested it be provided with an update and updated figures at the next Board meeting **(AP96)**.

**IT WAS NOTED THAT**, to date, approximately EUR€5 million of potential savings/opportunities had been identified for possible use as a contingency. It was noted that, if validated, these would be brought to the Executive, then to the Finance Sub-Committee as a Change Order and then to the Board for approval. It was noted that it was intended for such Change Orders to build a buffer and that any additional costs to the project would need to have a corresponding saving before an ICA package was released.

**(ii) Design Update including Fees**

The Board noted the update provided earlier in the meeting in relation to the Letters of Commitment.

An update was provided in relation to the restructuring of the Design Team and the increased number of meetings that were taking place in the form of quarterly reviews and individual meetings with Design Team Principals regarding their performance.

The Board emphasised the importance of having the Design Team Principals attend with them in February 2019 in order to reinforce the message regarding the need to protect the GMP.

It was advised that GMP restraints were delaying the production of a mock-up single room unit. It was subsequently noted that its GMP had included the highest quality products and that there were opportunities to make savings as a result. It was requested that this be progressed and a report on the status be provided at the next board meeting **(AP97)**.

**(iii) Construction Update**

The Board were provided with a "Construction Dash Board Report" dated December 2018 which included various KPIs.

It was noted that there were no issues to report with respect to Health and Safety.

An update in respect of the satellite centres at Connolly and Tallaght was provided. It was noted that Tusla had visited the crèche at the Tallaght centre on 8 January 2019 and there were a number of minor items to be resolved before the facility moved in. In respect of the Connolly centre, it was advised that external works were progressing well and that the target completion date for handover to the client team was the first week of April 2019.

A detailed update in respect of the main construction works of the North and South was presented.

**IT WAS NOTED THAT** there had been a reduction in excavation during December 2018 as a result of disposal site access having been restricted due to weather conditions and holidays.

**IT WAS FURTHER NOTED THAT** work with the lower ground first slab on the South side of the construction was behind schedule by approximately one month and that BAM were working to have this back on schedule. It was requested that it be strongly communicated to BAM that timelines set out in their contract required to be adhered to **(AP98)**.

It was requested that the Board be provided with a table of Key Project Milestones for 2019 (AP99).

**(iv) Equipping/Managed Equipment Service ("MES") Approvals**

It was noted that a Business Case and Cost Benefit Analysis of the sourcing strategy to be used to procure Healthcare Technology had been submitted to the Department of Public Expenditure & Reform ("DPER").

It was further noted that the DPER had responded advising that the recommendation to source Healthcare Technologies for the hospital through a MES with provider financing was not adequately supported by the financial and economic appraisal supplied.

The Board discussed the challenges encountered with and time taken to progress the MES proposal to that point and considered whether, in light of the limited timeframe available, it continued to be a viable option.

The timeframe involved with traditional procurement was also noted and it was agreed that, irrespective of the option being used to source Healthcare Technologies, a decision would require to be taken to progress the matter.

**IT WAS AGREED THAT** clarification regarding the exact requirements of DPER would inform the feasibility of proceeding with this option, within the timeframe available, and that engagement in that regard should take place.

**IT WAS NOTED THAT** a meeting with the DoH and the HSE was scheduled for the following Monday to discuss the next steps. **IT WAS CONFIRMED THAT** the Children's Hospital Group was being represented at that meeting in order to highlight broader issues not currently captured in the DPER response.

**IT WAS RESOLVED THAT** in light of the limited timeframe available, where it was not feasible to meet the requirements to be clarified by DPER with respect to use of MES with provider financing, traditional procurement would be used to source Healthcare Technologies and a final decision would be made at the next Board meeting.

The Board referred to the status of the acute Electronic Healthcare Record ("EHR") and ICT solutions and it was requested that Mr Frank McGuinness present a paper to the Board in relation to the EHR programme, its backstop and milestones at its next Board Meeting (AP100).

3.2

**Finance**

**(i) Finance Results November 2018**

A report of the financial results for November 2018 was presented to the Meeting,

copies of which had been circulated to the Board in advance.

It was reported that actual costs for November 2018 were EUR€2.8 million under plan, which was mainly attributable to the timing of expenditure and programme execution for construction costs and VAT (under plan) and owner controlled insurance, Design Team fees – NCH, Internal Audit Fees regarding reviews and Design Team Fees – Satellites (over plan).

It was further reported that payments for November 2018 totalled EUR€15.1 million.

The Board noted all Purchase Orders raised during November 2018 as contained within the report.

The Board was informed that the November 2018 YTD HSE funding received was EUR€89,813,092.

**(ii) Finance Sub-Committee Update**

The Board noted the Minutes of the Finance Sub- Committee dated 5 December 2018.

**IT WAS NOTED THAT** the following meetings were taking place during January 2019:-

- Joint Oireachtas Committee meeting on 16 January 2019;
- DoH meeting on 23 January 2019 with Joint Oireachtas Committee;
- The Committee of Public Accounts (“PAC”) meeting on 31 January 2019.

It was noted that the Board would receive a copy of the statement being made in respect of the NPHDB attendance at the Joint Oireachtas Committee meeting on 16 January 2019 and PAC meeting on 31 January 2019 **(AP101)**.

**4. Correspondence**

The following correspondence was noted by the Board:-

- (i) Letter from the HSE to Mr Tom Costello dated 24 December 2018 regarding approval to progress the New Children’s Hospital Project to Phase B Construction, together with Appendices thereto, and enclosing a copy of a letter from the HSE to Mr Tom Costello dated 3 May 2017 regarding a Final Project Brief and definitive Business Case for the New Children’s Hospital, enclosing a copy of a letter from the Minister for Health to the HSE, dated 27 April 2017 regarding consent to Final Project Brief for the New Children’s Hospital, together with an Appendix thereto.



5.	<p><b>Any Other Business</b></p>
	<p>(i) <b>Appointment of HMP Secretarial Limited as Secretary</b></p> <p><b>IT WAS NOTED THAT</b> McCann Fitzgerald’s corporate secretarial vehicle, HMP Secretarial Limited, had been appointed Secretary to the Board with effect from 2 January 2019.</p> <p>The Board was advised that work was on-going with respect to finalising the Board’s Self-Assessment Evaluation Questionnaire (the “Questionnaire”) for circulation to the Board, completion of which was an annual requirement under the Corporate Governance Code.</p> <p><b>IT WAS NOTED THAT</b> the Questionnaire would be circulated to the Board for its completion before January 2019 month end and that, where responses were provided by the directors within a two week period, it was intended to have the findings reported at the March 2019 board meeting.</p>
6.	<p><b>Board Supporting Documentation</b></p>
	<p>The following documentation was noted by the Board:-</p> <ol style="list-style-type: none"> <li>1. Draft Minutes of Board Meetings, 5 December 2018 and 19 December 2018;</li> <li>2. List of Action Items;</li> <li>3. Project Update, December 2018;</li> <li>4. NCH Design Team Fees: Outcome from Conciliation Process for Stages 2C/3 and Stages 4/5;</li> <li>5. Outcome from Conciliation Process for Stages 2C/3 and Stages 4/5;</li> <li>6. MKM Dispute Resolution Letter– Design Team Fees, 19 December 2018;</li> <li>7. BDP Commitment and Acceptance Letter, 19 December 2018;</li> <li>8. OCSC Commitment and Acceptance Letter, 21 December 2018;</li> <li>9. Arup Commitment and Acceptance Letter, 21 December 2018;</li> <li>10. Financial Results, November 2018;</li> <li>11. Draft Minutes of a Finance Sub-Committee Meeting, 5 December 2018;</li> <li>12. Draft Minutes of a Construction Sub-Committee meeting, 28 November 2018;</li> </ol>

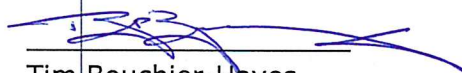
13. Draft Construction Principals Meeting Notes, 19 December 2018;
14. Minutes of a Children's Hospital Project & Programme ("CHP&P") Steering Group Meeting (Number 14) and Action Log, 10 December 2018;
15. CHP&P Steering Group High Level Plan;
16. Technical Appraisal Review – Cost Benefit Analysis of the Sourcing Strategy to be used to Procure Healthcare Technology in the New Children's Hospital;
17. Briefing Paper on the status of the Acute EHR and ICT solutions for the New Children's Hospital and Paediatric Outpatients and Urgent Care Centres, 9 January 2019;
18. Correspondence: letter to TC regarding approval to progress Phase B, 24 December 2018.

**List of Supporting Documentation Available at Board Meeting**

1. Construction Dashboard, December 2018;
2. Media Coverage NCH;
3. Engage Newsletter, December 2018;
4. Finance Subcommittee and Board Presentation, 9 January 2019.

**Next Meeting:**

**6 February 2019 in the Boardroom, Herberton, St. James Walk, Rialto, Dublin 8 at 16.00hrs.**



Tim Bouchier-Hayes  
Chair