

# 2019

Annual Report



NATIONAL  
PAEDIATRIC  
HOSPITAL  
DEVELOPMENT  
BOARD

**DESIGN  
BUILD  
EQUIP**

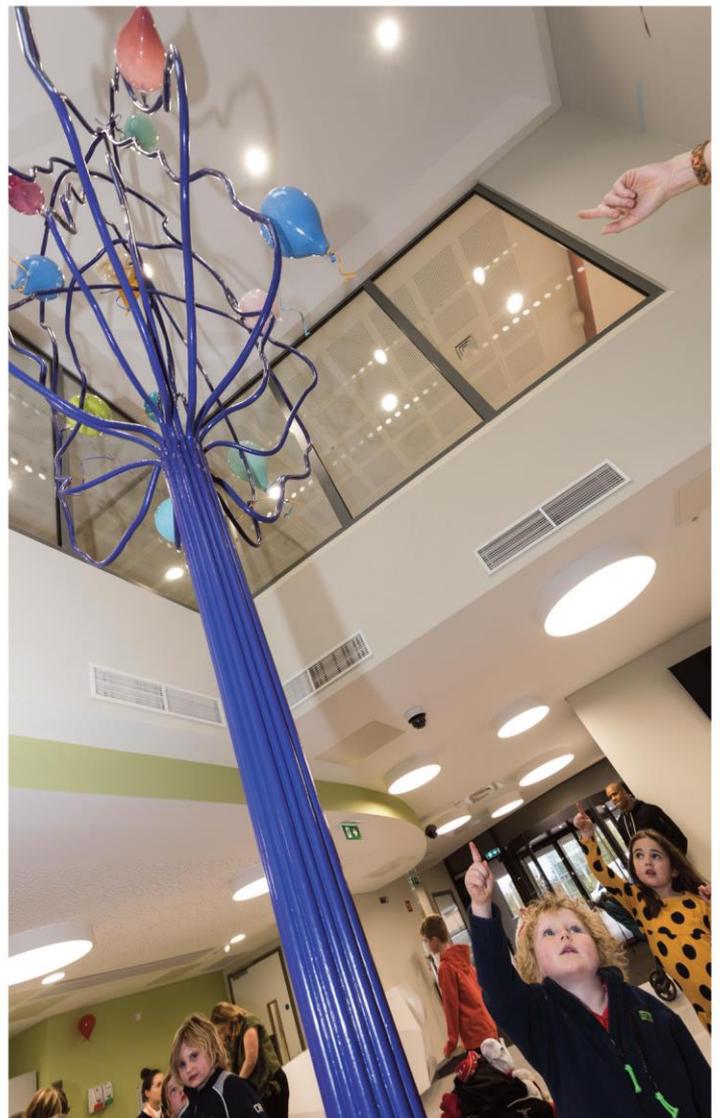
**National Paediatric Hospital Development Board**  
Planning, designing, building, equipping and  
furnishing the new children's hospital



▲ HEALTH IN A BOX - AN EDUCATIONAL INITIATIVE DEVELOPED BY STEAM TO ENCOURAGE YOUNG PEOPLE'S INTEREST IN HEALTH AND SCIENCE SUBJECTS



▲ CREATING EMPLOYMENT OPPORTUNITIES FOR NEIGHBOURING RESIDENTS WITH THE CONSTRUCTION OF THE NEW CHILDREN'S HOSPITAL



▲ THE 'BALLOON TREE' BY RENOWNED IRISH GLASS ARTIST RÓISÍN DE BUILÉAR WAS FABRICATED AND INSTALLED INTO THE NEW PAEDIATRIC OUTPATIENT AND URGENT CARE CENTRE AT CONNOLLY HOSPITAL BLANCHARDSTOWN

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## General Information

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### *National Paediatric Hospital Development Board*

<b>Project Office</b>	<b>Block A, Herberton, St. James’s Walk, Rialto, Dublin 8.</b>
<b>Bank</b>	<b>Ulster Bank 2-4 Lower O’Connell Street Dublin 1</b>
<b>Auditor</b>	<b>Comptroller and Auditor General 3A Mayor Street Upper Dublin 1</b>
<b>Solicitors</b>	<b>McCann FitzGerald Riverside One Sir John Rogerson’s Quay Dublin 2</b>



# Chairperson's Statement

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The highlight of 2019 for the NPHDB was undoubtedly the handing over of the new paediatric Outpatient and Urgent Care Centre (OP & UCC) at Connolly Hospital Blanchardstown to our colleagues in Children's Health Ireland (CHI). It is the first physical manifestation of the vision for the transformation of acute paediatric healthcare in Ireland coming to life, and it was heartening that this centre had an immediate positive impact on children's healthcare.

Throughout the year, construction of the main hospital at the St. James's site continued, as did construction of a further paediatric OP & UCC on the site of Tallaght University Hospital. The scale of the main hospital is becoming apparent to the public as the frame rises above the building hoarding. I would like to take this opportunity to thank my fellow Board members, our management and staff, the Design Teams and other consultants and service providers, suppliers and builders – indeed, all involved in the building and equipping activities.

The forecast capital cost of the project has been a contentious matter as the Guaranteed Maximum Price (GMP), agreed towards the end of 2018 for the building works, was well in excess of the original tender prices for those works. PwC were commissioned to review the circumstances that led to the growth in the overall cost of the project, and they helpfully made a number of recommendations following their review of governance, processes and procedures. The NPHDB has implemented these recommendations in so far as they apply to us. Unfortunately, there have been claims from the Main Contractor throughout 2019 for very considerable increases in the GMP, and indeed the validity of the instruction to proceed with the main buildings work is being contested by the Main Contractor. Given the importance of the works, the cost and the date for completion of the new children's hospital (the NCH) we have issued High Court Proceedings, it is essential that we have clarity on this fundamental contractual issue and therefore this matter needs to be definitively resolved.

David Gunning joined us during 2019 as our Chief Officer (CO), and Phelim Devine was promoted to the Project Director position. I would like to congratulate both on their appointments and would also like to thank the previous Project Director, John Pollock, for his many years of commitment and service.

We had a considerable number of changes on the Board in 2019. My predecessor as Chairman, Tom Costello, resigned, as did Board members Brian Fitzgerald, John Martin, Paul Quinn, Marguerite Sayers and Jonathan Hourihane. I would like to acknowledge and thank them all for their dedicated service over many years in overseeing the project. I would also like to welcome newly appointed Board members, John McGowan and Michael Shelly, who were appointed earlier this year.

The Covid-19 public health emergency struck in Ireland earlier this year. It is too early as yet to say what the impact will be on the construction of the hospital.

On behalf of the Board, I would like to thank our colleagues in CHI for their guidance and assistance, and we look forward to working with them over the coming years to ensure we deliver the hospital that we can all be proud of. We would like to thank the Board and Management Teams at St. James's Hospital, Tallaght University Hospital and Connolly Hospital in Blanchardstown, for their support in assisting our Project Teams with progressing the construction.

We would like to thank the Department of Health (DoH) and the Health Service Executive (HSE) for the invaluable advice and guidance that we have received to date. I would also like to thank the now former Minister for Health, Simon Harris T.D. This is a challenging and complex project and his support was unwavering throughout.



**Fred Barry**  
*Chairperson*

National Paediatric Hospital Development Board  
15 June 2020

# Chief Officer's Report

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## **Background**

The National Paediatric Hospital Development Board (NPHDB) was appointed by Government in 2013 to design, build and equip the new children's hospital. Since that time, it has overseen an immense programme of work on the planning and design and tendering for works at this state-of-the-art children's hospital and the two associated paediatric OP & UCCs at Tallaght University Hospital and Connolly Hospital Blanchardstown. This work has been carried out on behalf of CHI whose staff including clinicians and executive team as well as its current and former patients and their families, have helped to inform all aspects of the design of the new children's hospital. This collaborative approach will ensure that it meets the current and future needs of Ireland's sickest children and young people and the local needs of the greater Dublin area.

## **Strengthening the NPHDB for the Future**

In December 2018, the Government approved an investment decision of €1.433 billion to design, build and equip the new children's hospital and the two paediatric OP & UCCs at Tallaght University Hospital and Connolly Hospital Blanchardstown. This was an investment of €450m more than had been previously approved. The increase in cost for the design, build and equipping of the hospital led to the commissioning of a series of reviews seeking to identify the contributory factors for the increase – the principal of which was the PwC Report '*Independent Review on Escalation of Costs*' which was published in April 2019.

One of the recommendations made in the PwC report advocated the strengthening of the Executive Management team of the NPHDB. Following a competitive process overseen by the Public Appointments Service, I was appointed to the newly created role of CO in September 2019 and Phelim Devine was appointed as Project Director in October 2019. In addition, a number of other capabilities were added to the Project Team to strengthen expertise in a range of areas including Legal Services, Procurement and Quantity Surveying.

Since assuming the role of CO, I have invested my time in putting in place a new organisational structure that I believe best positions the team to effectively and efficiently oversee the Contractor on this complex and challenging project. Working closely with the Board, we have introduced processes and mechanisms that have sought to manage the cost while also seeking to secure delivery of the Programme within the timeframe contracted. I have carefully reviewed the recommendations within the PwC report, and we have now fully implemented all recommendations that are applicable to the NPHDB.

We report to the Children's Hospital Project & Programme (CHP&P) Oversight Group on a monthly basis and to the CHP&P Board quarterly providing comprehensive updates on all aspects of the project. I have also reviewed the lessons from the past number of years and have sought to apply them to ongoing situations as they arise with the contractor and other stakeholders.

The NPHDB is acutely aware of how badly this hospital is needed by the children and young people in the care of CHI and is committed to delivering it as soon as is possible.

The investment decision of €1.433bn remains the approved budget and we continue to operate within that budget. The investment decision approved was exclusive of residual risks as was communicated when the approval was announced. There are a number of exceptions that have always been outside of this process and for which there cannot be price certainty. These include, for example, national construction inflation, any changes in scope resulting from healthcare policy change, statutory changes and the Sectoral Employment Order.

With regard to Construction Inflation, the construction contract contains exclusions relating to an inflation recovery clause above 4% dated which came into effect from August 2019. The SCSJ projected inflation index for 2019 is 7%. Therefore, if the 7% becomes the final figure for 2019, the inflation payment dated from August to December 2019 against the certified payments to the contractor is estimated to be €2,281,694 which includes VAT, to be paid in 2020.

The NPHDB is addressing potential costs presented by additional claims that have been made by the contractor. The level of claims that has been forthcoming is totally unanticipated and we believe unwarranted, however, we will obviously continue to follow due process on adjudication and conciliation as set out in the Contract.

Under the contract the new children's hospital is scheduled to be completed by the end of 2022 and handed over to CHI to open in 2023 after a period of commissioning. It was stated by the NPHDB

at the Public Accounts Committee meetings in 2019 that the main contractor was behind schedule on the construction works but the NPHDB was of the view that it was possible for the contractor to make up that time. However, since then the Main Contractor has failed to demonstrate any effort to do so and the project continues to be behind schedule. The focus for the NPHDB has been to seek to understand the reasons for the delays and to secure agreement and commitment from the Contractor. To facilitate these efforts, an updated Programme for the Works has been requested many times but has not yet been forthcoming. We will continue to use all the contractual mechanisms available to us to secure the programme within the contracted timeframe.

Significant construction works have progressed in 2019. Across the 12-acre site of the new children's hospital, the excavation, piling, and the structural frame to the underground basement for campus wide facilities management, energy centre, and the one thousand space underground car park are complete. To the southwest of the site, opposite the South Circular Road, the frame of the finger blocks containing the outpatient departments, cardiology wards, therapy and play areas are completed and a number of windows have been installed. To the southwest the structural frame containing outpatients, Clinical Decision Unit, Radiology, Critical Care and Theatres is nearing completion. The frame supporting the fourth-floor garden to the south of the building is partially complete and sections of the ward block from level 4 to 6 have commenced. The mechanical and electrical fit out of the basement and plant areas has commenced with the fit out of the outpatient departments to commence shortly. The north side of the site is reaching ground level with the north fingers containing the public restaurant, outpatients, parent's overnight accommodation and the school currently at level one. The main campus access road has been diverted into its permanent position to the perimeter of the site. To date €459,438,178 has been invested in this project.

The construction of the paediatric OP & UCC on the Campus of Connolly Hospital in Blanchardstown is now complete, and the building was handed over to CHI in May 2019 and successfully opened in July 2019.

Decant works at Tallaght University Hospital to accommodate the paediatric OP & UCC are completed and the new creche, changing facility and offices have opened. Construction work on the 4,600m<sup>2</sup> paediatric OP & UCC commenced in February 2019.

At the time of writing this report, construction related work on the site of the new children's hospital at St. James's Hospital and the paediatric OP & UCC at Tallaght University Hospital ceased as a result of the Covid-19 crisis. The staff of the NPHDB, Contractors and the Design Team are continuing to work remotely on all construction elements of the project in the interim, in line with Government guidance. It is too early at this point to fully assess what impact Covid-19 might have on the new children's hospital project.

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Separate to the matters highlighted above on potential claims and programme timeline, there is a further issue regarding the Main Contractor disputing the validity of the contract instruction.

To try and resolve this matter both parties entered into the agreed dispute management resolution process which has now been exhausted without agreement from the Contractor. Given the importance of the works, the cost and the date for completion of the new children's hospital the NPHDB issued High Court proceedings in April 2020. Operating with contractual certainty is an imperative for the NPHDB. For this reason, the matter has been referred to the Commercial Court and will be heard in the second half of 2020.

I would like to thank the Board members of the NPHDB for their invaluable guidance, direction and support to the Executive team in 2019. I would also like to thank the NPHDB team members and the Design Teams for their commitment, dedication and assistance throughout the year. I am grateful for the support of the now former Minister for Health, Mr Simon Harris TD and his Department officials, and for the guidance provided by several Departments of the HSE, the Director General's Office, HSE Estates and Finance Office.

I wish to extend my thanks to the management and staff at Connolly Hospital Blanchardstown, Tallaght University Hospital, St. James's Hospital and CHI, to the children and young people, parents, public servants, community representatives, residents and the many other individuals and organisations who have engaged and supported the project throughout 2019. The NPHDB believe in this project and subscribe to the vision for the new children's hospital – 'to create one of the finest children's hospitals in the world'.



**Chief Officer**

National Paediatric Hospital Development Board

15 June 2020

# The National Paediatric Hospital Development Board

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## ***About the National Paediatric Hospital Development Board***

The NPHDB was established by the Minister for Health & Children by Statutory Instrument (S.I.) 246 of 2007 on 23rd May 2007.

The NPHDB is responsible for planning, designing, building, equipping and furnishing a new children's hospital in accordance with the high-level framework brief which was commissioned by the HSE. The brief includes advice on the preferred national network of paediatric care, on the core services to be delivered at the NCH, and on the additional range of services to be provided outside of the main hospital. This includes an assessment of the range of services to be provided through the paediatric OP & UCCs, and the preferred location(s) for these services, taking account of international best practice in the planning of children's hospital services.

## ***Board Membership***

Under the terms of the Statutory Instrument, the Minister for Health may appoint thirteen members to the Board – a Chairperson and twelve ordinary members. Details are set out in the Governance Statement and Board Members Report on Page 17. Currently there are eight ordinary board members and one chair. There are a further four board membership vacancies which were advertised via the Public Appointment service in October 2019, a shortlist of candidates is currently being reviewed by the Minister for Health. An announcement on the new members will follow in due course. A schedule of attendance at the Board and Committee meetings for 2019 is outlined within this report on Page 22.

## ***Functions of the NPHDB***

The functions of the NPHDB, as outlined in S.I. 246 of 2007, and as amended by the Children's Health Act 2018, are:

- to plan, design, build, furnish and equip a national paediatric hospital ('the NCH in accordance with a brief approved by the HSE with the prior consent of the Minister, and subject to any subsequent variations to this brief as may be determined by the HSE in consultation with the NPHDB, and with the prior consent of the Minister; and
- do any other thing as is necessary for the performance of its functions.

The 'other' functions of the NPHDB are currently undertaken by CHI. Responsibility for the 'other' functions passed to Children's Hospital Group (CHG)/CHI on the 13th September 2013, as set out in an operational agreement between the NPHDB, the CHI and the HSE and approved by the DoH.

On the 1st January 2019 the CHG was replaced under legislation by CHI. CHI is now the entity that governs and delivers acute paediatric services currently at Crumlin, Temple Street and Tallaght.

## ***NPHDB Executive Team***

The work and responsibilities of the NPHDB continue to be discharged by the NPHDB Executive. In 2019 there were a number of changes in leadership and following a competitive process overseen by the Public Appointments Service, David Gunning was appointed as CO in September 2019 and Phelim Devine was appointed Project Director in October 2019.

# Children's Health Ireland

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On the 1st January 2019 the CHG was replaced under legislation by the CHI. CHI is an academic healthcare organisation that is leading on the clinical and operational transformation of acute paediatric healthcare. The three children's hospitals at Crumlin, Temple Street and Tallaght and the Children's Hospital Group transitioned from four separate, independently governed entities into one new single organisation effective on 1st January 2019 to govern and operate local paediatric services in Dublin and all national paediatric services, some of which are on an all-island basis.

CHI operates as a single service across the existing locations of Crumlin, Temple Street, Tallaght. The first of two paediatric OP & UCCs opened on 31 July 2019, CHI at Connolly on the grounds of Connolly Hospital in Blanchardstown, which will be followed by the second facility at Tallaght Hospital which is planned to open in 2020 and the new children's hospital on the campus shared with St James's Hospital in 2023.

## Project Overview

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The NCH, co-located with St James's Hospital (SJH) in Dublin 8, will be a world-class, child-focused facility, supported by the two new paediatric OP & UCCs at Tallaght University Hospital and Connolly Hospital Blanchardstown, delivering optimum healthcare to Ireland's children, equal to the highest international standards. The NCH will:

- Provide national tertiary paediatric care for Ireland's children and young people; combining onto one site the clinical services currently being provided at Our Lady's Children's Hospital, Crumlin; the Children's University Hospital, Temple Street and the National Children's Hospital, Tallaght;
- Treat children up to the eve of their 16th birthday, with children in the system treated up to eve of their 18th birthday. Programmes for transition of children to adult services will commence early and be completed by their 18th birthday unless in specific circumstances where clinical outcomes are proven better under paediatric services;
- Expand the role of the paediatric OP & UCCs at the NCH and at Tallaght University Hospital and Connolly Hospital Blanchardstown and reduce reliance on inpatient treatment, in line with international trends and best practice;
- Deal with higher levels of acuity among inpatients;
- Support and enable the transformation of paediatric healthcare services in Ireland through working closely with the National Paediatric Programme in its implementation of the new national model of care;
- Be the driving force behind a move towards home-based care, wherever clinically appropriate;
- Support efficiencies through innovative campus-wide sharing and use of clinical and non-clinical services as appropriate at both the NCH and the paediatric OP & UCCs at Tallaght University Hospital and Connolly Hospital Blanchardstown; and
- Be the primary centre for paediatric research, education and training in Ireland.

## Project Vision

**'To deliver one of the finest Children's Hospitals in the world'** And specifically, to deliver:

- A hospital for children, that provides a truly supportive and therapeutic environment for children and their families. All bedrooms are single bed en-suite with bed space for parent/guardian. Access is provided to extensive outdoor gardens and internal recreation spaces;
- A hospital with a layout, detailed design and construction quality that will facilitate the optimum delivery of all aspects of leading current and developing clinical practice. The NCH is designed to be a fully digital hospital with necessary ICT and Building Management Systems (BMS) infrastructure;
- A hospital that provides a safe and stimulating work environment for all staff. The design recognises the importance of staff wellness with a focus on excellent daylight, air quality and access to outdoor gardens and high-quality recreation and break out spaces;
- Lifecycle costings are included in the selection criteria for building systems and materials. All works are competitively bid in line with EU procurement rules;

- Ensure sustainable solutions are integrated into all stages of project life cycle. The NCH is designed to BREEAM (Building Research Establishment Environmental Assessment Method) 'Excellent' standard and BER (Building Energy Rating) A3 including the installation of the most efficient energy systems delivering 60-70% reduction in energy running costs when compared to the existing children's hospitals, and well in excess of the Government commitment to improve energy efficiency by 33% by 2020;
- A children's hospital which is successfully integrated with St. James Hospital (SJH) and in time with the new Maternity Hospital, including efficient approach to Shared Services; getting vacant possession of the site required decanting of 20,000sq.m of existing buildings and efficiently providing replacement accommodation on and off site; and delivering an integrated solution for access/traffic, logistics management and shared services for overall campus; and
- A hospital design which is sensitive to and positively enhances its urban setting and the quality of life of the local population. The hospital concourse will be one of the finest public spaces in Dublin. Significant improvements are included to access roads with public access to campus parks. From early 2014 the NPHDB had a comprehensive, meaningful and effective engagement programme with all stakeholders, particularly residents and community groups and, where possible, changes to the design of the hospital have been accommodated. The Community Benefit programme includes commitment to generate new entrant work opportunities including apprenticeships for the local community and raising aspirations through engagement with local schools.

## Hospital Design

The National Paediatric Hospital Project represents a 'once-in-a-lifetime opportunity' for all those involved in its design and implementation. Encompassing two new paediatric OP & UCCs at Tallaght University Hospital and Connolly Hospital Blanchardstown as well as the NCH at SJH, it is the most significant capital investment project ever undertaken in healthcare in Ireland and is a core part of our transition to a new model of care for paediatric services.

To achieve this, the NPHDB set the vision to create "one of the finest children's hospitals in the world" – an aspiration which recognises the importance that the building itself can play in supporting the work of clinicians and creating an environment that is welcoming to children and their families and makes a real long-term impact on health outcomes.

The design concept gives the new hospital a strong identity that is unlike any other hospital. Deliberately so, as the intention is to break with the institutional mould of traditional hospital designs and create an innovative environment – one that not only meets the highest clinical standards but is also uplifting, engaging and child and family-centred.

The design, now completed in detail and under construction, has evolved out of extensive dialogue with many stakeholders over the last number of years, including staff from the three children's hospitals, with families, young people and children who are former or current users of the service, and with local residents and businesses. This process, which also fostered integration and alignment of new ways of providing clinical care, has led to the development of a world class building, expressly designed for staff to deliver the best possible clinical care for children and young people.

The design also maximises the therapeutic benefits of outdoor space, daylight, natural ventilation, and break-out spaces for patients, families and staff that offer opportunities for learning, play and distraction as well as respite from the clinical environment. The entrances lead directly into the hospital from the LUAS, the South Circular Road and the underground car park will make access as convenient as possible for patients, visitors and staff.

The NCH is part of a coordinated masterplan for the SJH campus, aimed at integrating NCH with the existing adult and future maternity hospitals. This 'tri-location' represents the optimum clinical model, that will enable significant operational synergies between all three services. The project's scale and national importance is being harnessed as a catalyst for regeneration of surrounding neighbourhoods and businesses. Significant high-quality improvements to the surrounding transportation network and also to the public realm on and adjacent to the campus have been developed with local stakeholders as part of this long-term vision.

The following hospital facilities are required to deliver high quality, child-centred and family-focused services:

- The NCH will be tri-located with adult and maternity hospitals on a shared campus. As set out in the National Maternity Strategy it envisaged that the Coombe Women and Infants University Hospital will also relocate to the same campus;

- The NCH will be 7 storeys at its highest, comprising of approx. 160,000m<sup>2</sup> of accommodation including the 1,000-space car park;
- Approximately 6,000 rooms in total in the NCH and the two paediatric OP & UCCs;
- 380 individual inpatient rooms, each with an en-suite and bed for a parent/guardian to sleep near their child;
- 93-day beds;
- 22 operating theatres and procedure rooms;
- 1,000 underground car parking spaces (675 of these for families which can be pre-booked and 31 emergency spaces outside the Emergency Department supported by a concierge);
- A Helipad;
- 4 acres of outdoor areas & gardens; and
- 14 gardens and internal courtyards – including the Rainbow Garden which is the length of Croke Park.

Also included in the project are the following

- 2 new paediatric OP & UCCs at Tallaght University Hospital and Connolly Hospital Blanchardstown;
- A new Children's Research and Innovation Centre; and
- A 53-Unit family accommodation unit.



▲ CONCEPT IMAGE OF SINGLE BEDROOM



▲ CONCEPT IMAGE OF ROOFTOP GARDEN



▲ AERIAL VIEW OF THE NEW CHILDREN'S HOSPITAL, ST. JAMES'S CAMPUS

## The Design Teams

In a strong blend of Irish and international expertise, the Design Teams hold significant experience in healthcare, child-friendly design and sustainable solutions. Team experience includes the Convention Centre Dublin, Bord Gáis Energy Theatre and work across most of Ireland's leading hospitals, including St. James's Hospital, Cork University Hospital, St Vincent's Hospital and Midland Regional Hospital Tullamore, as well as work on children's hospitals in Alder Hey in Liverpool, Great Ormond Street in London and the Royal Alexandra Children's Hospital in Brighton.

- BDP in association with O'Connell Mahon are the Lead Architects on the NCH. BDP are a major international practice of architects, designers, engineers and urbanists who create outstanding places for people, they have a proven track record in hospital design. They have a strong track record in healthcare

and also a unique understanding of child-centred design, with Alder Hey Children's Hospital Liverpool, Great Ormond Street in London and the Royal Alexandra Children's Hospital in Brighton as just three recent examples of their leadership in children's hospital architecture. <http://www.bdp.com/>;

- O'Connell Mahon Architects has evolved from one of Ireland's long-established architectural practices;
- HLM in association with Coady Partnership Architects on the delivery of the two paediatric OP & UCC's at Tallaght University Hospital and Connolly Hospital Blanchardstown and have combined to create a strong and locally based Architectural Team. HLM is a leading international design practice, delivering a rare combination of design skills including architecture, landscape and urban design, interior design, environmental design and master planning from eight offices across the UK, South Africa and the United Arab Emirates;
- Arup are an international engineering group are providing expertise on Mechanical and Electrical services & Traffic;
- Turner Townsend – Project Supervisor Design Process (PSDP) services for the NCH and Quantity Surveyors for the paediatric OP & UCCs;
- Linesight are the Quantity Surveyors for the NCH and provide PSDP services for the paediatric OP & UCCs;
- O'Connor Sutton Cronin are the Civil and Structural Engineers for the NCH;
- Roughan O'Donovan are the Civil and Structural Engineers for the paediatric OP & UCC's;
- Avison Young (formerly GVA Planning & Regeneration Ltd.) are market leaders in Property Consultancy Services in Ireland and the UK and provide Planning services for the NCH and the two paediatric OP & UCCs;
- MSA and FCC provide Fire Consultancy services for the NCH and the two paediatric OP & UCCs; MSA are the largest Fire Safety Engineering Services company in Ireland, they have significant experience in the Healthcare sector including St. Vincent's Hospital, Dublin, the Mater Hospital Dublin and Temple St. Children's Hospital, Dublin; FCC Fire Cert Ltd. are a well-established Irish firm with specific experience in the Healthcare sector including working with Our Lady's Children's Hospital Crumlin and the Coombe Women & Infants University Hospital.
- Ethos Engineering provides mechanical and electrical consultancy services at the two paediatric OP & UCCs.

## ***Engagement with Children, Young People and their Families***

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The views of children, young people and their families were of paramount importance in planning the development and operation of the NCH. During the planning and design phase of the project the team worked with a panel of young people called the Youth Advisory Council (YAC) who are aged between 14 and 18 to engage their thinking. The YAC are current and former users of hospital services, they spent many hours talking to and workshopping with members of the NCH Design Team. The YAC continue to be involved in the project to ensure that children, young people and their families solicit their inputs. Similarly, a Family Forum of Parents and Advocacy groups was set up at the early stages of the project. The latest Family Forum hosted by CHI was held in October 2019, this Family Forum focussed on an update on the overall project and outlined work underway to design a framework that will involve parents and children using the services in the future. CHI will continue to engage and hold workshops with members of the Family Forum.

## ***Engagement with Hospital Staff***

The delivery of a high performing children's hospital of international renown will be an achievement of the staff in the hospital. The role of the NPHDB is to develop a built environment and hospital to enable the attainment of this goal. From an early stage of this project the NPHDB has continued an extensive programme of engagement which is guided by senior management and clinicians across all CHI site. The CHI Executive team and the NPHDB Design Team meet regularly to ensure the vision of the hospital is realised by providing the optimum delivery of all aspects of leading current and developing clinical practice and provides a safe and stimulating work environment for all staff. The design recognises the importance of staff wellness with a focus on excellent daylight, air quality and access to outdoor gardens and high-quality recreation and break out spaces. Extensive and wide-ranging consultation will continue to be integral to the development and success of the project.



## Sustainability

Sustainability is embedded in the design of the new children’s hospital, which is targeting a BREEAM Excellent rating. BREEAM is the world’s leading sustainability assessment method for master planning projects, infrastructure and buildings. The NCH is also designed to meet the Building Energy Rating A3’ standard including the installation of the most efficient energy systems delivering 60-70% reduction in energy running costs when compared to the existing children’s hospitals, and well in excess of the Government’s commitment to improve energy efficiency by 33% by 2020.

## Campus Shared Infrastructure and Associated Services (CSIAS) – Sharing and Benefits

Progress with the shared services initiative on the SJH campus continues and is managed by the CSIAS Steering Group chaired by CEO of SJH. The CSIAS Steering Group generally met monthly where the focus was on progressing Facilities Management and Logistics/Finance activities including the management of CSIAS risks.

**NCH**  
new children's hospital

# The Digital Hospital Concept...

A **digital hospital** aims to be **'paperlite'**, utilising technology systems to streamline and automate processes.

**Physical design** of the building is based on it being a **digital hospital**. Our 'digital first' and mobile strategies will be supported by **wireless technologies** throughout the hospital.

Your child's **key information** (allergies, current medications, etc.) will be captured once and available to you and all clinical staff through the **Electronic Healthcare Record (EHR)**.

We know that finding your way around a hospital can be stressful. Using **smartphone apps and interactive screens, wayfinding** will help guide you to your destination.

Your hospital check-in will be **quick and easy** through the use of **Self-Service kiosks**.

The new hospital will be a **centre of excellence** for training healthcare professionals. To enhance learning, we will **stream live video** from operating theatres to the 3 lecture theatres in the hospital.

While your child is an inpatient, the **Patient Edu-tainment system** will provide you and your child with **health information** about your child's condition, **entertainment, food ordering** and **school education**.

Hospitals operate 24/7 with a constant movement of goods and supplies. This will be supported by **Automated Guided Vehicles (AGVs) or robots**.

## Digital Hospital

Being the first smart digital public hospital in Ireland requires a capital investment in ICT data infrastructure that is world class. Healthcare innovation is evolving at a rapid rate and it is essential that the hospital is future proofed now to facilitate the optimum delivery of all aspects of current and developing clinical best practice. The supporting infrastructure is designed to optimise the integration of clinical equipment with an Electronic Health Records (EHR) system supported by a clinical command centre.

## Equipping

2019 was an exciting year for the equipping team as the planning and consultation undertaken in 2018 with our CHI colleagues came to life with the opening of the new paediatric OP & UCC at Connolly.

The 215 rooms and spaces in the building were equipped with more than 2,146 items procured and placed. These items ranged from digital X-Ray Rooms to thermometers, bespoke child friendly furniture to microwaves. Items were procured using a combination of National Frameworks (Health Business Services/ Office of

Government Procurement), or directly procured by NPHDB or supplied to CHI as part of an annual consumable contract.

Irrespective of the route for procurement, each item was specified and selected with the CHI and delivery and installation scheduled for procurement and commissioning. In total, 175 different types of equipment from 110 different manufacturers were procured.

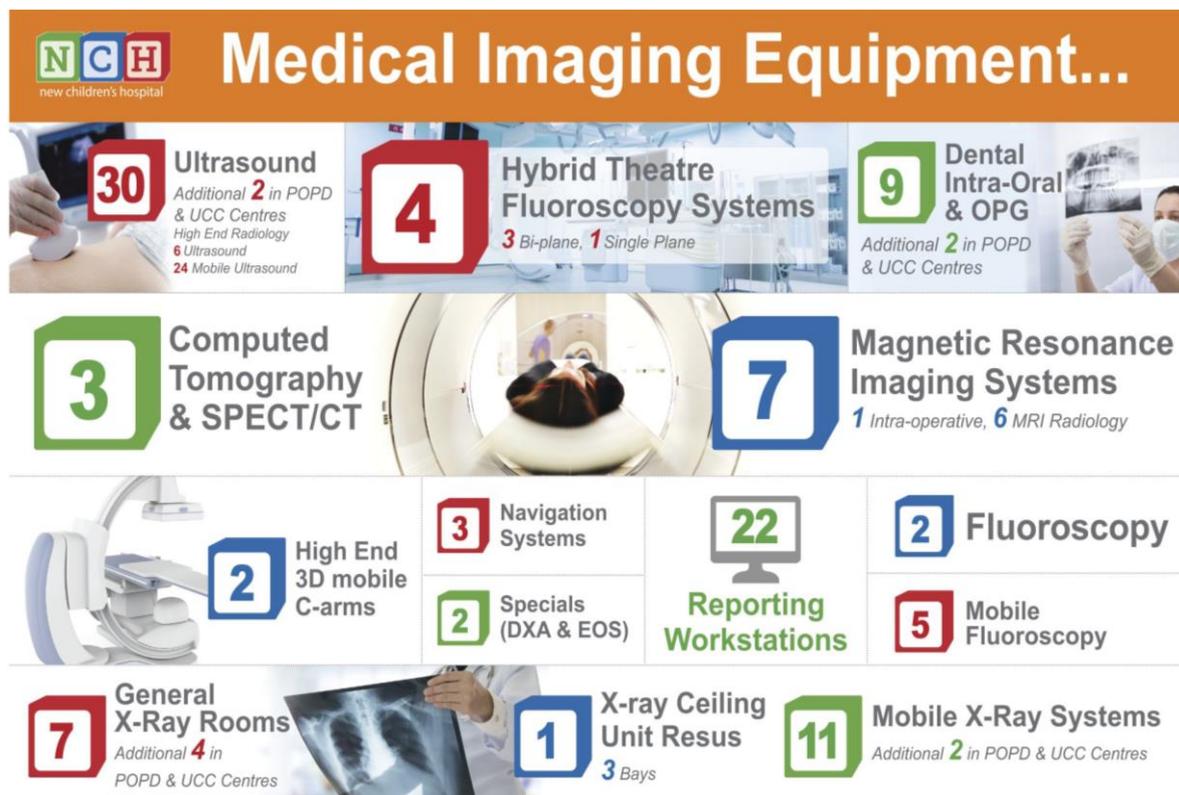
The equipment was placed and commissioned in partnership with the Clinical Engineering, Medical Physics, ICT and Facilities Management teams from the CHI.

All the medical equipment installed was Radio Frequency Identification (RFID) tagged. This is the first facility in the country to be tagged in accordance with the HSE protocol for RFID. The equipping project for Connolly was delivered to meet the client's scope, on time and under budget.

Equipping project was complete once all the items accepted by NPH were legally transferred to CHI with the electronic commissioning data, RFID asset tagging.

Central to the effective management of the equipping and commissioning process was the HTO bespoke database which provided a single source of information from initial CHI user requirements (Equipment Decision Groups) through to the compilation of equipment lists for each room and the transfer of commissioning data electronically to CHI.

In February 2019, NPHDB made the decision to adopt a traditional capital funded approach to procure the equipment for the main site. The estimate of the capital cost for equipment for the main site is €84m. In 2019, the methodology describing how CHI and NPHDB will work together to define the equipping needs for the main site and the procurement and commissioning approach was defined, adhering to the Equipment Decision Group approach which was developed and implemented successfully for the CHI paediatric OP & UCCs at Tallaght University Hospital and Connolly Hospital Blanchardstown.



### Information and Communications Technology (ICT)

The implementation of ICT in the NCH and the two paediatric OP & UCCs at Tallaght University Hospital and Connolly Hospital Blanchardstown is within the

remit of CHI and it proposes to implement an Electronic Medical Record (EMR) and an Enterprise Resource Planning (ERP) system.

ICT is a critical enabler in achieving this and will be embedded in all aspects of care delivery, service delivery and business management. The NCH and paediatric OP & UCCs have been designed with supporting building infrastructure so that ICT and automation can be deployed to all areas for use by staff, patients, parents and non-clinical services. In effect, the supporting building infrastructure has been designed to support CHI in the delivery of a digital hospital.

## **Public Art Programme**

In 2017, CHI held an open competition seeking proposals for innovative artworks for the public spaces at the paediatric OP & UCCs at Tallaght University Hospital and Connolly Hospital Blanchardstown, and in the public spaces of the NCH including the waiting areas. This was a highly competitive process and seven contracts were awarded to eight leading artists to develop artworks for the entrances and concourse areas, including the parking areas and the 'frieze' of the NCH. The successful artists were Róisín de Buitléar, Jason Bruges Studio, Remco DeFouw, Vera Klute, Rhona Byrne, Ian Wilson, Gareth Kennedy and Martin Healy.

Throughout 2019 and working in collaboration with the NPHDB Design Team and CHI, CHI Arts is nearing completion of the design development of this ambitious public art programme. Each of the commissioned artists have been working with the CHI Arts Curator and the Design Teams on the integration of these works into the new sites, ensuring that once installed each artwork will reflect the aspiration of CHI for world class facilities providing the highest quality experience for patients and their families.

In July, the first of these innovative artworks 'The Balloon Tree' by renowned Irish glass artist Róisín de Buitléar was fabricated and installed into the new paediatric OP & UCC at Connolly Hospital Blanchardstown. The Balloon Tree welcomes children, young people, staff and families to the new centre, brings colour and light into the building and sparks the imagination. Róisín de Buitléar has brought 35 years of experience to the design and fabrication of this unique sculpture, which was inspired by her conversations with members of the CHI Youth Advisory Council.

In November, CHI celebrated the installation of the Balloon Tree in the paediatric OP & UCC at Connolly with a wonderful storytelling workshop. Over 40 children aged from two to six years old gathered under the tree with storyteller Fiona Dowling and danced, drew and dreamed about all the places you might go if you were a lost balloon! A sister tree will be installed into the Paediatric Urgent Care and Outpatient Centre at Tallaght University Hospital next year. The Balloon Tree would not have been possible without the generous support of the National Children's Hospital Foundation, Tallaght. All of the artworks are conceived with a view to creating a child-friendly environment in the paediatric OP & UCCs and the NCH and were inspired by the hospital design, including the many gardens.

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## **Community Benefit**

The Community Benefit Programme continued to build on its track record of achievements during 2019 and early 2020. By March 2020, the amount of new entrant employment delivered due to the Community Benefit clause contained in the construction contracts, stood at 2,515 weeks (21% of the agreed target). New entrants are workers who have been previously long term unemployed, early school leavers, school-leavers, graduates or individuals new to construction, specifically recruited via the Department of Employment Affairs and Social Protection's Intreo offices, the Local Employment Service and community partners. In addition, 3,611 weeks of work has been delivered by people living within the hospital's catchment area.

Our third innovative use of "Reserved Contract" for social enterprises saw an interesting collaboration between "We Make Good" and Cairdre Enterprises, Limerick in order to design and make bespoke frames. The finished frames are now installed on the walls of the newly opened CHI paediatric OP & UCC at Connolly Hospital Blanchardstown displaying children's artwork. In September 2019, the Community Benefit Programme Manager was invited to speak at Dublin City Council's 2109 Social Enterprise Summit to talk about the social value objectives of the development of the new children's hospital and she highlighted public procurement challenges and opportunities for the sector.

One of main aims of the programme centres around raising educational aspirations and early 2020 saw our third successful "Building the new children's hospital" construction careers day. BAM, Mercury, Jones, Linesight, Arup, Ethos Engineering, O'Connell Sutton Cronin, BDP & O'Connor Mahon, Turner Townsend, Roughan O'Donovan, along with our hospital clinical engineers and Technological University Dublin made huge efforts to make it a very educational, participative and engaging event.

The contractors also continued to deliver school career talks and participated in several information events including an Apprenticeship Fair for students and young people from the area. CHI and NPH staff delivered the second phase of our pilot “Healthcare Science in a Box” education programme with primary pupils in nearby Canalway Educate Together with extremely positive feedback.

To date over 1,000 children and young people have engaged within the different activities and events organised by the Community Benefit Programme. Finally, 2019 saw a significant milestone with the establishment of the BAM’s Community Benefit Fund for the NCH. The fund is an entirely voluntary corporate social responsibility contribution made in BAM’s tender bid and is completely additional to the requirements of the Community Benefit Clause. BAM’s committed Fund of €500,000 will be dispersed over the years 2020, 2021 and 2022.

The strategic direction of the Fund has been developed in a partnership between BAM and the Community Benefit Oversight Group and has been designed to complement the overall Community Benefit Programme. Key thematic actions include the establishment of a Community Grants Scheme, Educational Bursaries for aspiring students of construction and healthcare living in the area, the development of an Apprenticeship Support initiative and a Cultural, Arts and Sports Programme and will also support some actions related to the Community Benefit Programme.

The establishment of the Fund was formally launched in January 2020 where calls for the Community Grants Scheme and Education Bursaries were announced. Details of the Apprenticeship Support Initiative and the Cultural, Arts and Sports Programme will be developed and launched later in 2020.

## ***Communication and Resident Engagement***

The NCH project has long been talked about and long debated. The NCH is the most complex construction project underway in Ireland. Communicating with all stakeholders throughout the planning and now the construction phase is essential. The work of the NPHDB, in partnership with CHI and on behalf of the Government, is involved in a capital project which will have immeasurable impacts on how acute paediatric healthcare is delivered for generations to come. It is vital that all audiences – families, children, young people, staff, residents, the Oireachtas and other elected officials, the local business community and all people in Ireland know about all aspects of the project and understand its significance and importance.



▲ CHILDREN FROM THE ST. JAMES'S PRIMARY SCHOOL AT THE LAUNCH OF THE BAM COMMUNITY BENEFIT FUND FOR THE NEW CHILDREN'S HOSPITAL

Communication about the project is conducted through media relations and social media as well as with events, newsletters, meetings, and drop in days, amongst many other initiatives which are central to this project. On an ongoing basis there is engagement with local and national representatives, DoH and HSE staff, residents, local community organisations and businesses, and CHI staff, amongst other stakeholders. Other activities carried out by the NPHDB include the organisation of public information events; including shopping centre information days; drop in centre days for members of the Dublin 8 community; careers days for children in local primary and secondary schools; the production of project updates for dissemination to staff of the 3 children's hospitals and SJH; the writing and production of a regular newsletter for 4,000 residents in the areas close to the construction site; co-ordination, organising and hosting monthly Resident Project Monitoring Committee with local Councillors and residents; traditional and digital media management including content creation and platform management.



The NCH Resident Project Monitoring Committee was established in late 2016 to develop a process for communication and dialogue and to manage and address residents' concerns and issues during the construction phase of the project and work as a collaborative group to mitigate and resolve these issues. This committee has provided a valuable communication vehicle between the Residents and the Project Team and met on 8 occasions during 2019 to share progress and work on any issues. All minutes of meetings are published on the [www.newchildrenshospital.ie](http://www.newchildrenshospital.ie) website.

## Legal Issues/Actions

The NPHDB filed a High Court plenary summons against the Main Contractor. The proceedings issued on 1 April 2020 under High Court Record No. 2020/2502P. The legal issue is in relation to the instruction for the Phase B construction works which was issued to BAM by the NPHDB on 8 January 2019 and the Phase B works commenced at that time and have been ongoing since. Despite this, the Main Contractor had made a claim disputing the validity of that instruction. The NPHDB rejects this claim. The agreed dispute management process has been exhausted with respect to this specific claim, without agreement from the Contractor. Given the importance of the works, the cost and the date for completion of this critically needed new children's hospital, it is essential that this fundamental contractual issue is definitively resolved. In order to rigorously defend the public purse, the NPHDB has been left with no option but to bring the matter to the High Court. We do not expect court proceedings to commence in any meaningful way until Q1 of 2021 and we expect that the case will take several months.

In July 2017 a number of residents at O'Reilly Avenue lodged High Court proceedings against the NPHDB and the Main Contractor alleging structural damage to their houses. An Agreement was reached between the plaintiffs and the NPHDB on 28th July 2017, the legal action was adjourned with leave to re-enter. Engineers acting on behalf of the NPHDB have carried out surveys and ground investigation to propose and agree a technical solution to strengthen or rebuild the alleged damaged properties. The NPHDB and our technical advisors are engaging with the NPH insurance brokers, project insurers and loss adjusters to agree the works and the associated costs. Agreements with the residents and their technical /legal advisors are continuing. It is not possible to anticipate when the legal proceedings will be concluded.

# Governance Statement and Board Members' Report

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## Governance

The Board of the NPHDB was established under Statutory Instrument (S.I.) No.246 of 2007 and amended by the Children's Health Act 2018. The functions of the Board are set out in section 5 of the S.I. and section 61 of the Children's Health Act 2018. The Board is accountable to the Minister for Health and is responsible for ensuring good governance and performs this task by setting strategic objectives and targets and taking strategic decisions on all key project issues. The regular day-to-day management, control and direction of the NPHDB are the responsibility of the CO and the senior management team. The CO and the senior management team must follow the broad strategic direction set by the Board and must ensure that all Board members have a clear understanding of the key activities and decisions related to the entity, and of any significant tasks likely to arise. The CO acts as a direct liaison between the Board and the management of the NPHDB.

The NPHDB is responsible for planning, designing, building, equipping and furnishing an NCH and two paediatric OP & UCCs in accordance with the high-level framework brief which was commissioned by the HSE.

The CHI is the client for the project and provides ongoing advice and support in relation to the design and equipping requirements of the NCH and paediatric OP & UCCs.

## Functions of the NPHDB

The functions of the NPHDB are detailed on Page 7, information on the Board.

## Board Responsibilities

The work and responsibilities of the Board are set out in the NPHDB Code of Governance manual, which also contain the matters specifically reserved for Board decision. Standing items considered by the Board include:

- declaration of interests;
- review and approval of minutes and action items;
- reports from committees;
- performance reports; and
- reserved matters.

Section 14 of the Statutory Instrument (S.I.) No.246 of 2007 requires the Board of the NPHDB to keep, in such form as may be approved by the Minister of Health with consent of the Minister for Public Expenditure and Reform, all proper and usual accounts of money received and expended by it.

In preparing these financial statements, the Board of the NPHDB is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that it will continue in existence; and
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in financial statements.

The Board is responsible for keeping adequate accounting records which disclose, with reasonable accuracy at any time, its financial position and enables it to ensure that the financial statements comply with Section 14 of the S.I. No.246 of 2007. The maintenance and integrity of the corporate and financial information on the NPHDB's website, [www.newchildrenshospital.ie](http://www.newchildrenshospital.ie), is the responsibility of the Board.

The Board is responsible for approving the annual plan and budget. An evaluation of the performance of the NPHDB by reference to the annual plan and budget is carried out on a monthly basis at the Board meeting. An evaluation of the yearly performance of the NPHDB by reference to the annual plan and budget was carried out at the Board meeting of 08 April 2020.

The Board is also responsible for safeguarding its assets and hence for taking reasonable steps for the prevention and the detection of fraud and other irregularities.

The Board considers that the financial statements of the NPHDB give a true and fair view of the financial performance and the financial position of the NPHDB at 31st December 2018.

The Children's Health Act 2018 has included the following sections relating to the Board:

- Section 62: Transfer of certain property, rights, and liabilities of the Board to Children's Health Ireland;
- Section 63: Dissolution of the Board;
- Section 64: Liability for loss occurring before dissolution day;
- Section 65: Provisions consequent upon transfer of functions, property, rights and liabilities to Executive;
- Section 66: Final accounts and final annual report to the Board; and
- Section 67: Cessation of membership of the Board.

The Children's Health Act 2018 was passed by Dáil Éireann on 07 November 2018. However, Part 9 of the Act has not yet been enacted by the Minister.

## Board Structure

The Board consists of a Chairperson and up to twelve ordinary members, all of whom are appointed by the Minister of Health and meet on a monthly basis. The table below details the appointment period for current members:

Board Member	Role	Date Appointed	Date Resigned
Mr Fred Barry	Chairperson	06 February 2019	
Mr Tom Costello	Chairperson	02 August 2013	02 February 2019
Mr Tim Bouchier-Hayes	Deputy Chairperson	02 August 2013	
Mr John Cole	Ordinary Member	02 August 2013	
Mr Brian Fitzgerald	Ordinary Member	02 August 2013	13 November 2019
Mr Karl Kent	Ordinary Member	02 August 2013	
Mr John Martin	Ordinary Member	02 August 2013	27 May 2019
Mr Paul Quinn	Ordinary Member	02 August 2013	19 July 2019
Ms Anne Butler	Ordinary Member	02 August 2013	
Ms Marguerite Sayers	Ordinary Member	02 August 2013	31 May 2019
Mr Liam Woods	Ordinary Member	04 March 2015	
Mr Lorcan Birthistle	Ordinary Member	02 February 2016	
Mr Jonathan Hourihane	Ordinary Member	03 October 2018	03 September 2019

All Board members appointments are for a period to 30 July 2023.

The Board completed a Self-Assessment and Evaluation review for 2019 which was undertaken during the period March 2019 to May 2019 in accordance with the requirements of the Corporate Governance Code. The Board Self-Evaluation was reviewed at the August 2019 Board meeting. The updated Code of Governance manual was also reviewed by the Board at the August 2019 Board Meeting.

In 2019 the Board was initially supported by seven Sub-Committees of which five Sub-Committees ceased meeting in 2019 and three new Sub-Committees were formed, one of which ceased meeting in 2019, as follows:

1. **The Finance, Audit and Risk Sub-Committee (FARSC)** comprises three Board members and the NPHDB Executive. The role of the committee is to monitor and review the integrity of the financial statements, the management accounts and make recommendations to the Board; monitor and review the internal controls; review arrangements for Protected Disclosures; monitor and review the Internal Audit function, external auditors, risk management and governance, to review and recommend the annual financial plan to the Board; monitor progress against project schedule and cash-flow/funding to

complete the project on plan and update the Board; support evaluation of specific SAQ/tenders and report to the Board; and review and recommend change orders for approval to the Board.

The Board members of the ARSC were Brian Fitzgerald (Chair) (Resigned 13 November 2019), Marguerite Sayers (Resigned 31 May 2019) and Tim Bouchier-Hayes. The Finance Sub-Committee and the ARSC were merged to form the FARSC on 13 November 2019. The Board members of the FARSC are Tim Bouchier-Hayes, Fred Barry (Appointed 13 November 2019) and Liam Woods (Chair) (Appointed 13 November 19). There were 3 meetings of the ARSC and 1 meeting of the FARSC in 2019.

2. **The Finance Sub-Committee (FSC) (ceased)** comprised three Board members, one independent member and the NPHDB Executive. The role of the committee was to review and recommend the annual financial plan to the Board; monitor progress against project schedule and cash-flow/funding to complete the project on plan and update the Board; support evaluation of specific SAQ/tenders and report to the Board; and review and recommend change orders for approval to the Board.

The Board members of the FSC were Paul Quinn (Chair) (Resigned 19 July 2019), Brian Fitzgerald (Resigned 13 November 2019), Tim Bouchier-Hayes (Chair) and Tom Costello (Resigned 02 February 2019). Jim Curran (Head of Estates, HSE) was the independent member. There were eight meetings of the FSC in 2019. The FSC held its final meeting on 07 October 2019, after which it was merged with the ARSC in to the FARSC.

3. **The Procurement Sub-Committee (PSC) (ceased)** comprised three Board members, two independent members and the NPHDB Executive. The role of the committee was the identification and dissemination of best procurement practices; liaise as appropriate with other key stakeholders; and review the outcome from tender competitions and accept, approve or reject the outcome, ensuring best value for money from the procurement policies is delivered to the Board.

The Board members of the PSC were Tim Bouchier-Hayes (Chair), Paul Quinn (Resigned 19 July 2019) and Tom Costello (Resigned 02 February 2019). Jim Curran and Paul de Freine (Chief Architectural Advisor, HSE Estates) were the independent members. There were two meetings of the PSC in 2019. The final meeting of the PSC was held on 29 April 2019 after which the sub-committee ceased meeting and its duties were transferred to the NPHDB Executive.

4. **The Healthcare Technology Sub-Committee (HTSC) (ceased)** comprised two Board members, four independent members and the NPHDB Executive. The role of the committee was to ensure that timely procurement delivers the optimum equipping solution for the NCH to allow world-class care to be delivered at best value.

The Board members of the HTSC were Marguerite Sayers (Chair) (Resigned 31 May 2019) and Tom Costello (Resigned 02 February 2019). Dr. Aisling Snow (Clinical Lead Radiology, CHI), Paul de Freine, Deirdre Hegarty (Chief Commissioning Officer (CCO), CHI), Ronnie McDermott (Medical Equipment Management Lead, HBS) and Patrick Moore (General Manager, Finance, CHI) were the independent members. There were two meetings of the HTSC in 2019. The final meeting of the HTEG was held on 20 May 2019 after which the Sub-Committee ceased meeting and its duties were transferred to the NPHDB Executive.

5. **The Planning and Access Sub-Committee (PASC) (ceased)** comprised three Board members, two independent members and the NPHDB Executive. The role of the committee was to monitor progress regarding planning, design, construction, access, risk and mobility management; report significant issues to the Board; identify risks and ensure they are communicated to the Board and adequately addressed by the Design Team, liaise with St. James's Hospital (SJH) and oversee ongoing engagement with the relevant county and city councils and An Bord Pleanála.

The Board members of the PASC were Karl Kent (Chair), John Martin (Resigned 27 May 2019) and Anne Butler. Paul de Freine and Niall McElwee (Director of Capital Projects, SJH) were the independent members. There was 1 meeting of the PASC in 2019 which was held on 06 February 2019 after which the Sub-Committee ceased meeting and its duties were transferred to the NPHDB Executive.

6. **The Design Sub-Committee (DSC)** comprises four Board members, five independent members and the NPHDB Executive. The role of the committee is to champion the pursuit of design excellence throughout the project; quality assure the procurement process, participate in regular reviews of the design development and make recommendations to the Board, liaise as appropriate with other key stakeholders and oversee the coordinated integration of a programme of art into the project design.

The Board members of the DSC are John Cole (Chair), Tom Costello (Resigned 02 February 2019), John Martin (Resigned 27 May 2019) and Karl Kent. Eilish Hardiman (CEO, CHI), Deirdre Hegarty, Paul de Freine, Charlie Dolan (Architectural Advisor, HSE Estates) and Damian Clarke (Estate Manager, HBS Estates) are the independent members. There were 6 meetings of the DSC in 2019.

7. **The Joint Construction & Finance Sub-Committee (JCFSC) (ceased)** merged the Construction Sub-Committee (CSC) and Finance Sub-Committee (FSC) and comprised four Board members, two independent members and the NPHDB Executive. The role of the committee was to deliver the project within budget and on schedule, engage with management and the project teams to oversee the progress and issues relating to the construction of the NCH, the two OP& UCC's and to liaise, recommend and report to the Board; and to advise as to construction progress and financial status of the project in comparison to budget; and to examine the impact of changes or potential changes to the budget and consider actions or proposals to enable savings to the budget to be achieved.

The Board members of the JCFSC were Tim Bouchier-Hayes (Chair), Tom Costello (Resigned 02 February 2019), Paul Quinn (Resigned 19 July 2019) and Brian Fitzgerald (Resigned 13 November 2019). Jim Curran and Paul de Freine were the independent members. There were five meetings of the JCFSC in 2019. The CSC met twice in 2019 prior its merge in to the JCFSC, its final meeting was held on 27 February 2019. The final meeting of the JCFSC was held on 03 July 2019 after which the Sub-Committee ceased meeting and its duties were transferred to the NPHDB Executive.

8. **PwC Report Implementation Sub-Committee (PwCSC) (ceased)** was formed on 07 May 2019 and comprises four Board members and the NPHDB Executive. The role of the committee is to; oversee and review and report on the implementation of the recommendations as set out in the PwC Report within the NPHDB and within the NPH project; recruit a new CO; and oversee the strengthening of the Executive team.

The Board members of the PwCSC were Fred Barry (Chair), Tim Bouchier-Hayes, Anne Butler and Brian Fitzgerald (Resigned 13 November 2019). There were 4 meetings of the PwCSC in 2019. The final meeting of the PwCSC was held on 17 September 2019 after which the Sub-Committee ceased meeting and its duties were transferred to the NPHDB Executive.

9. **Disputes Resolution Sub-Committee (DRSC)** was formed on 07 August 2019 and comprises three Board members and the NPHDB Executive. The role of the committee is to review, monitor and consider actions required in relation to the Main Contractor claims; and liaise with the Board in relation to progressing any such claims and any proposals or recommendations to address or resolve these claims.

The Board members of the DRSC were Tim Bouchier-Hayes (Chair), Fred Barry and Karl Kent. There were 3 meetings of the DRSC in 2019.

10. **Commissioning, Qualification and Validation Sub-Committee (CQVSC)** was formed on 09 October 2019 and comprises two members of the Board and the NPHDB Executive. The role of the committee is to review, monitor and consider the Technical Commissioning Strategy and Plan for the NCH and Tallaght paediatric OP & UCC and liaise with, and report to, the Board.

The Board members of the CQVSC are John Cole (Chair) and Fred Barry. There were no meetings of the CQVSC in 2019.

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The cessations of all the Sub-Committees, bar the PwCSC, noted above were approved by the Board at their meeting of 05 June 2019. The PwCSC cessation noted above was approved by the Board at their meeting of 09 October 2019.

## ***Schedule of Attendance, Fees and Expenses***

A schedule of attendance at the Board and Committee meetings for 2019 is set out on the following page 22 including the fees and expenses received by each member:

There were five Board members, Paul Quinn, Marguerite Sayers, Liam Woods, Lorcan Birthistle and Jonathan Hourihane, who did not receive a Board fee under the One Person One Salary (OPOS) principle. There was one Board member, Tim Bouchier-Hayes, who provided his services to the Board pro-bono for the first six months of the year.

## ***Key Personnel Changes***

Mr Tom Costello tendered his resignation and left the Board on 02 February 2019.

Mr Fred Barry was appointed as Chair of the Board on 09 April 2019.

Mr John Martin tendered his resignation and left the Board on 27 May 2019.

Ms Marguerite Sayers tendered her resignation and left the Board on 31 May 2019.

An Interim Project Director, Mr. Phelim Devine was appointed on 10 June 2019.

Mr John Pollock tendered his resignation and left the NPHDB on 14 June 2019.

An Interim CO, Mr. Jack Golden was appointed from 07 June 2019 to 04 October 2019.

Mr Paul Quinn tendered his resignation and left the Board on 19 July 2019.

Mr Jonathan Hourihane tendered his resignation and left the Board on 03 September 2019.

Mr David Gunning was appointed as CO on 16 September 2019.

Mr Phelim Devine was appointed as Project Director on 23 October 2019.

Mr Brian Fitzgerald tendered his resignation and left the Board on 13 November 2019.

	Board	FARSC	ARSC	FSC	JCFSC	PSC	HTSC	PASc	DSC	CSC	PWCCSC	DRSC	Fees Expenses	
													2019	2019
													€	€
No of meetings	14	1	3	8	5	2	2	1	6	2	4	3		
Mr Fred Barry	10	1										3	13,110	
Mr Tom Costello	1													
Mr Tim Bouchier-Hayes	13	1	3	3	5	2				2	4	3	4,916	
Mr John Cole	13				2				6				8,764	2,974
Mr Brian Fitzgerald	11		3	8	3						4			
Mr Karl Kent	12							1	5			3	8,764	
Mr John Martin	6							1	4				3,206	
Mr Paul Quinn	7			5	3	2								
Ms Anne Butler	11										4		8,764	
Ms Marguerite Sayers	6		2				2							
Mr Liam Woods	9	1												
Mr Lorcan Birthistle	10													
Mr Jonathan Hourihane	9													1,479
Mr Jim Curran				6	4					2				
Mr Paul de Freine					5	1		1	5	2				
Mr Charlie Dolan									6					
Mr Damian Clarke									4					
Ms Aisling Snow							2							
Mr Niall McElwee								1						
Mr Ronnie McDermott							1							
Mr Patrick Moore							1							
Ms Eilish Hardiman									5					
Ms Deirdre Hegarty							2		5					
													47,524	4,453

## Disclosures Required by Code of Practice for the Governance of State Bodies (2016)

The Board is responsible for ensuring that the NPHDB has complied with the requirements of the Code of Practice for the Governance of State Bodies ("the Code"), as published by the Department of Public Expenditure and Reform (DPER) in August 2016. The following disclosures are required by the Code.

### Employee Short-Term Benefits Breakdown

Employees' short-term benefits in excess of €60,000 are categorised into the following bands:

Range		Number of employees	
From	To	2019	2018
€60,000 -	€69,999	1	2
€70,000 -	€79,999	4	4
€80,000 -	€89,999	4	1
€90,000 -	€99,999	1	1
€100,000 -	€109,999	0	1
€110,000 -	€119,999	1	1
€120,000 -	€129,999	0	0
€130,000 -	€139,999	0	0
€140,000 -	€149,999	0	1
€150,000 -	€159,999	0	1
€160,000 -	€169,999	1	0

The Employee Annual Short-Term Benefit of the newly appointed CO (appointed September 2019) and the Project Director (appointed October 2019) will be in excess of the range noted above.

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### Consultancy Costs

Consultancy costs are all outsourced "Business-as-usual" functions.

### Legal Costs and Settlements

In 2019 the legal fees relating to the O'Reilly Avenue injunction proceedings amounted to €48,062.99. The legal fees and related costs are being claimed under the insurance cover that is in place.

The total legal fee expenditure in 2019 amounted to €565,242.59 (net of vat) as per note 1 (vi) of the Financial Statements.

## Travel and Subsistence Expenditure

Travel and Subsistence Expenditure		
Travel and subsistence expenditure is categorised as follows:		
	2019	2018
	€	€
Domestic		
- Board	1,479	891
- Employees	3,319	4,202
- Committee	269	-
International		
- Board	2,974	3,499
- Employees	3,020	9,037
<b>Total</b>	<b>11,061</b>	<b>17,629</b>

## Hospitality Expenditure

There was no Hospitality Expenditure incurred in 2019

## Statement of Compliance

The Board has adopted the Code of Practice for the Governance of State Bodies (2016) and has put procedures in place to ensure compliance with the Code. The NPHDB was in full compliance with the Code of Practice for the Governance of State Bodies for 2019.

On behalf of the Board of the NPHDB:



**Fred Barry**  
*Chairperson*

National Paediatric Hospital  
Development Board  
Date: 11 June 2020



**Liam Woods**  
*Board Member & Finance, Audit and  
Risk Sub-Committee Chairperson*

National Paediatric Hospital  
Development Board

# Report of the Comptroller & Auditor General



## Ard Reachtaire Cuntas agus Ciste Comptroller and Auditor General

### Report for presentation to the Houses of the Oireachtas

#### The National Paediatric Hospital Development Board

##### Qualified opinion on the financial statements

I have audited the financial statements of the National Paediatric Hospital Development Board for the year ended 31 December 2019 as required under the provisions of Section 5 of the Comptroller and Auditor General Amendment Act 1993. The financial statements have been prepared in accordance with Financial Reporting Standard (FRS) 102 — *The Financial Reporting Standard applicable in the UK and the Republic of Ireland* and comprise

- the statement of income and expenditure and retained revenue reserves
- the statement of financial position
- the statement of cash flows and
- the related notes, including a summary of significant accounting policies.

In my opinion, except for the non-compliance with the requirements of FRS102 in relation to retirement benefit entitlements referred to below, the financial statements give a true and fair view of the assets, liabilities and financial position of the National Paediatric Hospital Development Board at 31 December 2019 and of its income and expenditure for 2019 in accordance with Financial Reporting Standard (FRS) 102 — *The Financial Reporting Standard applicable in the UK and the Republic of Ireland*.

##### *Basis for qualified opinion on the financial statements*

In compliance with the directions of the Minister for Health, the National Paediatric Hospital Development Board accounts for the costs of retirement benefit entitlements only as they become payable. This does not comply with FRS 102 which requires that the financial statements recognise the full cost of retirement benefit entitlements earned in the period and the accrued liability at the reporting date. The effect of the non-compliance on the Board's financial statements for 2019 has not been quantified.

I conducted my audit of the financial statements in accordance with the International Standards on Auditing (ISAs) as promulgated by the International Organisation of Supreme Audit Institutions. My responsibilities under those standards are described in the appendix to this report. I am independent of the National Paediatric Hospital Development Board and have fulfilled my other ethical responsibilities in accordance with the standards.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

##### Report on information other than the financial statements, and on other matters

The National Paediatric Hospital Development Board has presented certain other information together with the financial statements. This comprises the annual report, the governance statement and Board members' report and the statement on internal control. My responsibilities to report in relation to such information, and on certain other matters upon which I report by exception, are described in the appendix to this report.

I have nothing to report in that regard.

Seamus McCarthy  
Comptroller and Auditor General  
17 June 2020

## Appendix to the report

### Responsibilities of Board members

As detailed in the governance statement and Board members' report, the Board members are responsible for

- the preparation of financial statements in the form prescribed under section 14 of the National Paediatric Hospital Development Board (Establishment) Order 2007 (SI 246/2007)
- ensuring that the financial statements give a true and fair view in accordance with FRS102
- ensuring the regularity of transactions
- assessing whether the use of the going concern basis of accounting is appropriate, and
- such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### Responsibilities of the Comptroller and Auditor General

I am required under Section 5 of the Comptroller and Auditor General Amendment Act 1993 to audit the financial statements of the National Paediatric Hospital Development Board and to report thereon to the Houses of the Oireachtas.

My objective in carrying out the audit is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement due to fraud or error. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the ISAs, I exercise professional judgment and maintain professional scepticism throughout the audit. In doing so,

- I identify and assess the risks of material misstatement of the financial statements whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- I obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls.
- I evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures.
- I conclude on the appropriateness of the use of the going concern basis of accounting and, based on the audit evidence obtained, on whether a material uncertainty exists related to events or conditions that may cast significant doubt on the National Paediatric Hospital Development Board's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my report to the related disclosures in the financial statements or, if such disclosures are inadequate,

to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my report. However, future events or conditions may cause the National Paediatric Hospital Development Board to cease to continue as a going concern.

- I evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

### Information other than the financial statements

My opinion on the financial statements does not cover the other information presented with those statements, and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, I am required under the ISAs to read the other information presented and, in doing so, consider whether the other information is materially inconsistent with the financial statements or with knowledge obtained during the audit, or if it otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

### Reporting on other matters

My audit is conducted by reference to the special considerations which attach to State bodies in relation to their management and operation. I report if I identify material matters relating to the manner in which public business has been conducted.

I seek to obtain evidence about the regularity of financial transactions in the course of audit. I report if I identify any material instance where public money has not been applied for the purposes intended or where transactions did not conform to the authorities governing them.

I also report by exception if, in my opinion,

- I have not received all the information and explanations I required for my audit, or
- the accounting records were not sufficient to permit the financial statements to be readily and properly audited, or
- the financial statements are not in agreement with the accounting records.

# Certification of Chief Officer and Chairperson

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## ***For the year ended 31st December 2019***

We certify that the financial statements of the National Paediatric Hospital Development Board for the year ended 31st December 2019 as set out herein are in agreement with the books of account and have been drawn up in accordance with the accounting standards laid down by the Minister for Health.

The financial statements, which comprise of pages 32 to 42 and the statement of accounting policies on pages 30 and 31, give a true and fair view of the state of affairs of the Board at 31st December 2019 and of its income and expenditure for the year then ended.



**David Gunning**  
*Chief Officer*

National Paediatric Hospital Development Board  
Date: 11 June 2020



**Fred Barry**  
*Chairperson*

National Paediatric Hospital Development Board

# Statement on Internal Control

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## ***Scope of Responsibility***

On behalf of the National Paediatric Hospital Development Board (NPHDB), we acknowledge the Board's responsibility for ensuring that an effective system of internal control is maintained and operated. This responsibility takes account of the requirements of the Code of Practice for the Governance of State Bodies (2016).

## ***Purpose of the System of Internal Control***

The system of internal control is designed to manage risk to a tolerable level rather than to eliminate it. The system can therefore only provide reasonable and not absolute assurance that assets are safeguarded, transactions authorised and properly recorded, and that material errors or irregularities are either prevented or detected in a timely way.

The system of internal control, which accords with guidance issued by DPER has been in place in the NPHDB for the year ended 31st December 2019 and up to the date of approval of the financial statements.

## ***Capacity to Handle Risk***

The NPHDB has a FARSC comprising three Board members and five executive members, with financial and audit expertise, one of whom is the Chair. The FARSC/ARSC met four times in 2019.

The NPHDB has also established an internal audit function which is adequately resourced and conducts a programme of work agreed with the FARSC. The internal audit function is externally sourced and covered the annual internal controls review in 2019.

The FARSC has developed a risk management policy which sets out its risk appetite, the risk management processes in place and details the roles and responsibilities of staff in relation to risk. The policy has been made available to all staff who are expected to work within the NPHDB's risk management policies, and who are made responsible for alerting management on emerging risks and control weaknesses and assume responsibility for risks and controls within their own area of work.

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## ***Risk and Control Framework***

The NPHDB has implemented a risk management system which identifies and reports key risks and the management actions being taken to address and, to the extent possible, to mitigate those risks.

A risk register is in place which identifies the key risks facing the NPHDB and these have been identified, evaluated and graded according to their significance. The register is reviewed and updated by the FARSC on a quarterly basis. The outcome of these assessments is used to plan and allocate resources to ensure risks are managed to an acceptable level.

The risk register details the controls and actions needed to mitigate risks and responsibility for operation of controls assigned to specific staff. We confirm that a control environment containing the following elements is in place:

- procedures for all key business processes have been documented;
- financial responsibilities have been assigned at Executive level with corresponding accountability;
- there is an appropriate budgeting system with an annual budget which is kept under review by senior management;
- there are systems aimed at ensuring the security of the information and communication technology systems; and
- there are systems in place to safeguard the assets.

## Ongoing Monitoring and Review

Formal procedures have been established for monitoring control processes and control deficiencies are communicated to those responsible for taking corrective action and to management and the Board, where relevant, in a timely way. We confirm that the following ongoing monitoring systems are in place:

- key risks and related controls have been identified and processes have been put in place to monitor the operation of those key controls and report any identified deficiencies;
- reporting arrangements have been established at all levels where responsibility for financial management has been assigned, and
- there are regular reviews by senior management of periodic and annual performance and financial reports which indicate performance against budgets and forecasts.

## Procurement

We confirm that the NPHDB has a policy and procedures in place to ensure compliance with current procurement rules and guidelines and that during 2018 the NPHDB complied with those procedures.

## Review of Effectiveness

We confirm that the NPHDB has procedures to monitor the effectiveness of its risk management and control procedures. The NPHDB's monitoring and review of the effectiveness of the system of internal controls is informed by the work of the internal and external auditors, the FARSC which oversees their work, and the senior management within the NPHDB responsible for the development and maintenance of the internal control framework.

We confirm that the Board conducted an annual review of the effectiveness of the internal controls on 08 April 2020.

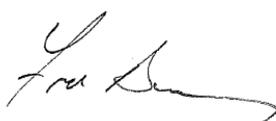
## Internal Controls

During 2019 significant progress was made in developing and implementing controls, performance management and mitigation of residual risk for Phase B of the contract.

The Board set up a Committee to consider and address the recommendations of the HSE commissioned PwC report on the final GMP to develop the NCH and the paediatric OP & UCCs. The Committee progressed the recommendations of the PwC report covering project control environment, performance monitoring and mitigation of residual risk for Phase B of the contract. This Committee completed its work in September 2019, and this was confirmed at the October 2019 Board Meeting.

The leadership and governance of the NCH project has been reviewed and the new position of the CO was appointed in September 2019 with the Project Director role being filled in October 2019.

On behalf of the Board of the NPHDB:



**Fred Barry**  
*Chairperson*

National Paediatric Hospital  
Development Board  
Date: 11 June 2020



**Liam Woods**  
*Board Member & Finance, Audit and  
Risk Sub-Committee Chairperson*

National Paediatric Hospital  
Development Board

# Statement of Accounting Policies

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The basis of accounting and significant accounting policies adopted by the NPHDB are set out below. They have all been applied consistently throughout the year and for the preceding year.

## 1. Statement of Compliance

The financial statements of the NPHDB for the year ended 31 December 2019 have been prepared in accordance with FRS 102, the financial reporting standard applicable in the UK and Ireland issued by the Financial Reporting Council (FRC), as promulgated by Chartered Accountants Ireland.

## 2. Basis of Preparation

The financial statements have been prepared:

- i) under the historical cost convention, except for certain assets and liabilities that are measured at fair values as explained in the accounting policies below. The financial statements are in the form approved by the Minister for Health with the concurrence of the Minister for Finance under the S.I. No.246 of 2007. The following accounting policies (3 to 13) have been applied consistently in dealing with items which are considered material in relation to the NPHDB's financial statements; and
- ii) on a going concern basis. While legislation has been drafted for the dissolution of the Board the legislation provides for the transfer of all assets and liabilities to the Health Service Executive. Accordingly, no adjustments to the carrying value of asset or liabilities were required.

## 3. Revenue

### *Oireachtas Grants*

Grant income comprises grants receivable from the HSE towards the planning, design, construction, and commissioning of a national paediatric hospital. Grants are recognised as income in line with expenditure.

## 4. Expenditure

All expenditure, including administrative costs, incurred by the Board are recognised on an accruals basis and capitalised and transferred to construction work in progress and are not depreciated. All expenditure incurred is classified by cost type. As VAT is irrecoverable it is charged against the category for which it is incurred.

In 2019 the NPHDB realigned some administration costs general ledger account codes under different headings in the 2019 Financial Statements to give a more accurate alignment of the costs. We also realigned the comparative figures in the 2018 costs. There was no change to the overall administration costs in 2018 and 2019 with the realignment.

## 5. Fixed assets - construction work in progress

All fixed asset acquisitions, regardless of the source of funds, are capitalised as construction work in progress and are not depreciated.

If there is objective evidence of impairment of the value of an asset, an impairment loss is recognised in the Statement of Income and Expenditure and Retained Revenue reserves in the year.

## 6. Operating Leases

Rental expenditure under operating leases is recognised in the Statement of Income and Expenditure and Retained Revenue Reserves over the life of the lease. Expenditure is recognised on a straight-line basis over the lease period.

## 7. Payables

Payables are initially recognised at fair value. Payables are classified as current if payable within one year or less. If not, they are presented as non-current liabilities.

## **8. Capital Account**

The capital account represents the unamortised value of funding applied for the purchase of fixed assets - Construction work in progress.

## **9. Retirement Benefits**

The Public Service (Single Scheme and Other Provisions) Act 2012 became law on 28 July 2012 and introduced the new Single Public Service Pension Scheme ("Single Scheme") which commenced with effect from 01 January 2013. There are four employees and one former employee of the NPHDB that are members of the Single Scheme.

In accordance with direction from the Minister of Health, pensions are accounted for on a pay as you go basis. The provisions of FRS 102 'Section 28: Employee Benefits' are not applied and the liability for the future pension benefits accrued in the year has not been recognised in the financial statements.

The provision of the superannuation liability for the twelve staff seconded to the Board during 2019, remains the responsibility of the respective employer body and not the NPHDB.

Other contributions are made to a PRSA pension contract. These contributions are funded out of capital income of the Board and are charged to the Statement of Income and Expenditure and Retained Revenue Reserves in the year in which they become payable.

## **10. Receivables**

The balance due from the HSE represents expenditure accrued by the Board for which funding has not yet been drawn down from the HSE. All other receivables are recognised at fair value.

## **11. Short-term Employee Benefits**

Short-term benefits such as holiday pay are recognised as an expense in the year, and benefits that are accrued at year-end are included in the Payables figure in the Statement of Financial Position.

## **12. Critical Accounting Judgement and Estimates**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that effect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

There were no judgements required that had a significant effect on amounts recognised in the financial statements for 2019.

## **13. Community Benefit Oversight Group (CBOG)**

In early 2015, a CBOG was established by the NPHDB and CHI to promote active engagement between community interests and the hospital project. In 2019, the NPHDB paid salary costs on behalf of the CBOG. The CBOG was also funded by the HSE, Dublin City Council (DCC) and CHI. Funding received by the CBOG is lodged to a separate bank account administered by the NPHDB and monies are transferred from the CBOG bank account to reimburse the NPHDB for expenses incurred by it on behalf of the CBOG.

While the NPHDB provides administrative support, the CBOG has established a governance and reporting structure and internal control processes for the CBOG. As a result, the transactions related to the operation of the CBOG are treated as follows in the NPHDB's financial statements:

- NPHDB's financial statements recognise funding provided to the group as an administrative cost.
- The CBOG's bank balance is recognised in the NPHDB's financial statements. The related debtor and creditors are also included. The CBOG's income and expenditure is disclosed only by way of a Note to the NPHDB's financial statements. See Note 4.

# Statement of Income and Expenditure and Retained Revenue Reserves

For the year ended 31st December 2019

		2019	2018
	Note	€	€
<b>Income</b>			
Oireachtas grants	8	199,622,610	127,603,801
<b>Total Income</b>		<b>199,622,610</b>	<b>127,603,801</b>
<b>Expenditure</b>			
Administration & Operations	1	199,622,610	127,603,801
<b>Total Expenditure</b>		<b>199,622,610</b>	<b>127,603,801</b>
<b>Surplus / (Deficit) for the Year before Appropriations</b>		<b>-</b>	<b>-</b>
Transfer from/(to) the Capital Account	6	(199,622,610)	(127,603,801)
Transfer to construction work in progress	1	199,622,610	127,603,801
		-	-
<b>Surplus / (Deficit) for the Year after Appropriations</b>		<b>-</b>	<b>-</b>
Balance Brought Forward at 01 January		-	-
<b>Surplus / (Deficit) for the Year at 31 December</b>		<b>-</b>	<b>-</b>

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All income and expenditure for the year relates to continuing activities at the balance sheet date.

The Statement of Income & Expenditure and Retained Revenue Reserves includes all gains and losses recognised in the year.

The Statement of Cash Flows and notes 1 to 12 form part of these financial statements.

On behalf of the Board of the NPHDB:



**Fred Barry**  
*Chairperson*

National Paediatric Hospital  
Development Board  
Date: 11 June 2020



**Liam Woods**  
*Board Member & Finance, Audit and Risk Sub-Committee Chairperson*

National Paediatric Hospital  
Development Board

# Statement of Financial Position

As of 31st December 2019

		2019	2018
	Notes	€	€
<b>Fixed Assets</b>			
Construction work in progress	1	459,438,178	259,815,568
Less: Transfer to HSE	1	(34,946,270)	
Less: Transfer to CHI	1	(2,023,634)	
<b>Total Fixed Assets</b>		<b>422,468,274</b>	<b>259,815,568</b>
<b>Current Assets</b>			
Receivables	2	18,775,220	20,282,337
<b>Cash and cash equivalents</b>	3	<b>3,745,029</b>	<b>3,693,297</b>
		<b>22,520,249</b>	<b>23,975,634</b>
<b>Current Liabilities (amounts falling due within one year)</b>			
<b>Payables</b>	5	<b>(22,520,249)</b>	<b>(20,285,634)</b>
<b>Net Current Assets</b>		<b>-</b>	<b>3,690,000</b>
<b>Long Term Liabilities (amounts falling due after one year)</b>			
<b>Payables</b>	5	<b>-</b>	<b>(3,690,000)</b>
<b>Total Net Assets</b>		<b>422,468,274</b>	<b>259,815,568</b>
<b>Represented by:</b>			
Capital account	6	422,468,274	259,815,568
		<b>422,468,274</b>	<b>259,815,568</b>

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The Statement of Cash Flows and notes 1 to 12 form part of these financial statements.

On behalf of the Board of the NPHDB:



**Fred Barry**  
*Chairperson*

National Paediatric Hospital  
Development Board  
Date: 11 June 2020



**Liam Woods**  
*Board Member & Finance, Audit and  
Risk Sub-Committee Chairperson*

National Paediatric Hospital  
Development Board

# Statement of Cash Flows

*For the year ended 31st December 2019*

	2019	2018
	€	€
<b>Net Cash Flow from Operating Activities</b>		
Excess Income over Expenditure	-	-
(Increase) / Decrease in Receivables	1,507,117	(11,110,262)
Increase / (Decrease) in Payables	(1,455,385)	13,806,258
Bank interest received	-	-
<b>Net Cash Inflow from Operating Activities</b>	<b>51,732</b>	<b>2,695,996</b>
<b>Cash Flows from Financing Activities</b>		
Bank Interest received	-	-
<b>Net Cash Flows from Financing Activities</b>	<b>-</b>	<b>-</b>
<b>Net Increase / (Decrease) in Cash and Cash Equivalents</b>	<b>51,732</b>	<b>2,695,996</b>
Cash and cash equivalents at 01 January	3,693,297	997,301
<b>Cash and cash equivalents at 31 December</b>	<b>3,745,029</b>	<b>3,693,297</b>

# Notes to Financial Statements

## For the year ended 31st December 2019

### 1. Administration & Operations / Construction work in progress

Total costs incurred to date amount to €459.0m with costs of €199.2m incurred in 2019. The table below shows the total cost incurred by cost category. As outlined in the accounting policy, VAT incurred in relation to expenditure incurred by the NPHDB is not recoverable. The table includes the amounts relating to irrecoverable VAT for information purposes.

	2019			Cumulative to 31 December 2019		
	Excl.	Irrecoverable	Total	Excl.	Irrecoverable	Total
	VAT	VAT	Cost	VAT	VAT	Cost
	€	€	€	€	€	€
(i) BST / CMS *	2,794,151	641,086	3,435,237	9,649,103	2,231,177	11,880,280
(ii) Design Team	11,521,970	2,644,316	14,166,286	58,951,465	13,571,016	72,522,481
(iii) Site development and clearance	21,085	4,567	25,652	27,064,456	3,984,562	31,049,018
(iv) Construction	150,880,178	20,372,791	171,252,969	265,276,227	35,633,808	300,910,035
(v) Equipment	1,641,583	377,565	2,019,148	1,645,230	378,404	2,023,634
(vi) Admin Costs	7,814,910	908,408	8,723,318	37,921,596	3,131,134	41,052,730
<b>S/Total</b>	<b>174,673,877</b>	<b>24,948,733</b>	<b>199,622,610</b>	<b>400,508,077</b>	<b>58,930,101</b>	<b>459,438,178</b>
Less Connolly Transfers:						
(a) Building costs to the HSE	(30,691,864)	(4,254,406)	(34,946,270)	(30,691,864)	(4,254,406)	(34,946,270)
(b) Equipment costs to the CHI	(1,645,230)	(378,404)	(2,023,634)	(1,645,230)	(378,404)	(2,023,634)
<b>Total Transfers</b>	<b>(32,337,094)</b>	<b>(4,632,810)</b>	<b>(36,969,904)</b>	<b>(32,337,094)</b>	<b>(4,632,810)</b>	<b>(36,969,904)</b>
<b>Net Cost</b>	<b>142,336,783</b>	<b>20,315,923</b>	<b>162,652,706</b>	<b>368,170,983</b>	<b>54,297,291</b>	<b>422,468,274</b>
	2018			Cumulative to 31 December 2018		
	Excl.	Irrecoverable	Total	Excl.	Irrecoverable	Total
	VAT	VAT	Cost	VAT	VAT	Cost
	€	€	€	€	€	€
(i) BST / CMS *	2,381,724	547,826	2,929,550	6,854,952	1,590,091	8,445,043
(ii) Design Team	15,520,673	3,569,796	19,090,469	47,429,495	10,926,700	58,356,195
(iii) Site development and clearance	262,199	42,822	305,021	27,043,371	3,979,995	31,023,366
(iv) Construction	88,648,063	11,966,828	100,614,891	114,396,049	15,261,017	129,657,066
(v) Equipment	3,647	839	4,486	3,647	839	4,486
(vi) Admin Costs	4,214,436	444,948	4,659,384	30,106,686	2,222,726	32,329,412
	<b>111,030,742</b>	<b>16,573,059</b>	<b>127,603,801</b>	<b>225,834,200</b>	<b>33,981,368</b>	<b>259,815,568</b>

\* BST / CMS is Business Services Team / Construction Management Services

The building cost was transferred to the HSE, including all rights and interests, for the CHI OP & UCC at Connolly Hospital Blanchardstown to the value of €34,946,270 (this includes an allocation of the estimated overheads incurred) on practical completion in May 2019. The final account for the building cost transferred has yet to be finalised.

A number of Main Contractor claims under the Contract, relating to the overall cost of the Project, have been referred to conciliation by the Main Contractor and a Recommendation has been issued by the Standing Conciliator in relation to those claims. The NPHDB has issued a Notice of Dissatisfaction in respect of the Conciliator's Recommendation and, as such, the final cost insofar as Connolly is concerned remains in dispute.

The Health Technology Equipment cost of €2,023,634 was transferred to the CHI by transfer agreement, where the NPHDB transferred the Health Technology Equipment cost, including all its rights, title and interest to the CHI.

	2019			2018		
	Excl. Vat	Irrecoverable Vat	Total Cost	Excl. Vat	Irrecoverable Vat	Total Cost
	€	€	€	€	€	€
1 (vi) Administration Costs:						
Office Expenses						
Remuneration and other pay costs	1,708,939	19,361	1,728,300	1,785,629	47,493	1,833,122
ICT	148,187	40,864	189,051	157,808	36,236	194,044
Office expenses	123,564	21,335	144,899	125,502	19,823	145,325
Rent & Service Fee	88,788	12,186	100,974	15,897	20,605	36,502
Office fit out	390	90	480	118,329	19,810	138,139
Office Insurance	76,985	-	76,985	273	-	273
Travel & Subsistence	11,061	-	11,061	17,629	-	17,629
Bank Charges	514	-	514	464	-	464
Training Costs	15,183	1,133	16,316	15,390	392	15,782
	2,173,611	94,969	2,268,580	2,236,921	144,359	2,381,280
Professional Fees						
Legal expenses	565,243	126,469	691,712	104,181	23,961	128,142
Communications & Community Engagement	279,631	58,414	338,045	279,755	58,696	338,451
C&AG audit fees	27,000	-	27,000	27,000	-	27,000
Internal audit fees	-	-	-	147,768	33,987	181,755
Other Professional Fees	959,323	214,850	1,174,173	302,345	62,538	364,883
Recruitment Expenses	21,793	1,783	23,576	3,600	828	4,428
Expert 3rd Party Reviews	99,106	22,794	121,900	138,780	17,895	156,675
Site master planning	-	-	-	10,000	2,300	12,300
Independent Adjudicator & Standing Conciliator	107,179	24,651	131,830	221,311	47,869	269,180
Equipment Consultant	20,425	4,698	25,123	26,410	2,266	28,676
Art Advisor's	-	-	-	100,001	8,026	108,027
	2,079,700	453,659	2,533,359	1,361,151	258,366	1,619,517
Project Costs						
Business case development	33,210	7,638	40,848	38,798	8,924	47,722
Health planning	-	-	-	41,493	8,005	49,498
Owner Controlled Insurance	880,035	-	880,035	328,143	-	328,143
	913,245	7,638	920,883	408,434	16,929	425,363
Contributions						
Planning application costs	58,214	1,257	59,471	2,120	-	2,120
Capital Contribution (ESB Connection)	2,590,140	350,885	2,941,025	205,810	25,294	231,104
	2,648,354	352,142	3,000,496	207,930	25,294	233,224
	7,814,910	908,408	8,723,318	4,214,436	444,948	4,659,384

Note 1 (vi) (a)

The 2019 Internal Audit costs were covered by an over accrual of Internal Audit costs in 2018 released in 2019 with a balance of €8,450.

## Remuneration

### 1 (a) Remuneration and Other Pay Costs

	2019	2018
	€	€
Staff salaries	882,910	829,835
Seconded salaries	685,388	818,810
Employer's contribution to social welfare	84,644	82,587
Board members' emoluments	47,356	44,625
Retirement benefit costs	8,641	9,772
	1,708,939	1,785,629

The seconded salaries include costs associated with backfilling the seconded posts and locum fees.

### 1 (b) Aggregate Employee Benefits

	2019	2018
	€	€
Basic Pay	1,568,298	1,648,645
Employer's contribution to social welfare	84,644	82,587
	1,652,942	1,731,232

The average number of employees (full time equivalents) during the year as follows:

	2019	2018
Executive & Staff	10.6	11.1
Seconded Staff	5.3	6.2
Total	15.9	17.3

The total number of staff employed (FTE) at year ended was 14.9 (2018: 15.5)

### 1 (c) Key Management Personnel

Key management personnel in the NPHDB consists of the members of the Board, the Chief Officer, the Project Director, the Medical Director and the Finance Officer. The total value of employee benefits for key management personnel is set out below:

	2019	2018
	€	€
Salary	597,142	673,483
Retirement Benefit Costs	8,641	9,772
	605,783	683,255

The Chief Officer and the Project Director's pension entitlements do not extend beyond the standard entitlements in the model single public service pension scheme and a PRSA contract is in place for the Finance Officer. The remaining key management personnel are seconded staff. The amounts disclosed above do not include the value of retirement benefits earned in the period. The Project Director resigned in June 2019 and his salary to the date of resignation was €67,741 (2018: €143,303) and the Project Directors position was replaced in October 2019.

#### 1 (d) Chief Officer Salary and Benefits

The Chief Officer role was approved and appointed in June 2019.

The Chief Officers remuneration package for the financial period was as a follows:

	2019	2018
	€	€
Interim Chief Officer	56,364	-
Chief Officer	52,938	-
Basic Pay	<u>109,302</u>	<u>-</u>

The 2019 remuneration package includes the salary for the Chief Officer from 16 September 2019 to 31 December 2019, and prior to the Chief Officers appointment, an Interim Chief Officer held the role from 07 June 2019 to 30 September 2019.

#### 2. Receivables

		2019	2018
	Note	€	€
HSE grants due	8	18,487,029	19,907,848
Other debtors and prepayments		288,191	374,489
		<u>18,775,220</u>	<u>20,282,337</u>

#### 3. Cash & Cash Equivalents

		2019	2018
	Note	€	€
NPHDB bank balance		3,691,990	3,649,367
Community Benefit Oversight Group bank balance	4	53,039	43,930
		<u>3,745,029</u>	<u>3,693,297</u>

#### 4. Cash & Cash Equivalents concerning Community Benefit Oversight Group (CBOG) Funding

As outlined in Accounting Policy I, NPHDB's financial statements includes a bank balance, debtors and creditors relating to the community benefit oversight group. The related figures together with the income and expenditure for the group for 2019 are set out below.

CBOG Bank Account:	2019	2018
	€	€
Balance on deposit account on 01 January	43,930	11
Receipts:		
Dublin City Council	-	30,000
Health Service Executive	20,000	20,000
CHI	-	30,000
Interest	3	2
	<u>20,003</u>	<u>80,002</u>
Payments:		
Salaries	(4,781)	(28,020)
Consultant fees	(5,000)	(4,999)
Administration expenses	(1,113)	(3,064)
	<u>(10,894)</u>	<u>(36,083)</u>
Balance on deposit account on 31 December	<u>53,039</u>	<u>43,930</u>

#### 5. Payables

Amounts falling due within one year:

	Note	2019	2018
		€	€
Trade creditors		3,634,656	3,470,473
Other creditors		63,257	49,723
Accruals		18,323,237	16,016,904
Taxation creditors:			
- PAYE / PRSI		39,886	31,665
- PSWT		459,213	716,869
		<u>22,520,249</u>	<u>20,285,634</u>

Amounts falling due after more than one year:

	Note	2019	2018
		€	€
Trade creditors	5.1	-	<u>3,690,000</u>

5.1: The trade creditors falling due after one year relates to the outstanding Dublin City Council Contribution as per condition 16 of the planning permission requirements. The final instalment was paid December 2019.

The accruals includes €408,831 which relates to the additional estimated cost to the building.

6. Capital Account		
	2019	2018
	€	€
Opening balance	259,815,568	132,211,767
Transfer to Income and Expenditure		
- Capital expenditure	199,622,610	127,603,801
Balance	459,438,178	259,815,568
Transfer to: HSE	(34,946,270)	
CHI	(2,023,634)	
Closing Balance	<u>422,468,274</u>	<u>259,815,568</u>

## 7. Capital Commitments

### 7.1: Capital Commitments (excluding Lease Commitments):

At 31 December 2019, the Board had the following capital commitments:

	2019	2018
	€	€
Contracted for but not provided in the financial statements		
Within 1 year	263,816,408	264,957,338
Between 1 and 2 years	553,707,505	653,024,342
Between 3 and 5 years	1,596,469	78,668,186
Total (including VAT)	<u>819,120,382</u>	<u>996,649,866</u>

The year on year changes reflects the Capital Commitments met in, and those made in 2019.

### 7.2: Lease Commitments:

The NPHDB is located at Block A, Herberton, St. James's Walk, Rialto, Dublin 8 D08 HP97 at an annual rental cost of €215,902, with the office lease expiring 29 June 2019. In 2019, the lease was extended until a new lease was signed. The new fixed lease was extended to 24 June 2024 for an annual rent of €235,053 which is an increase of 8.9%. The CHI sub-let offices at Herberton from the NPHDB at a charge of 50% of the annual rental cost.

	2019	2018
	€	€
Contracted for but not provided in the financial statements		
Within 1 year	235,053	88,315
Between 1 and 2 years	470,106	-
Between 3 and 5 years	352,580	-
Total (including VAT)	<u>1,057,739</u>	<u>88,315</u>

### 7.3: Total Capital Commitments:

	2019	2018
	€	€
Contracted for but not provided in the financial statements		
Within 1 year	264,051,461	265,045,653
Between 1 and 2 years	554,177,611	653,024,342
Between 3 and 5 years	1,949,049	78,668,186
Total (including VAT)	<u>820,178,121</u>	<u>996,738,181</u>

## 8. Funding from the Health Service Executive

Advances and balances due from the Health Service Executive (HSE), which were all capital related, at the 31 December 2019 were:

		2019	2018
	Note	€	€
Total capital grants notified by the HSE for the year		250,000,000	120,000,000
Opening balance due from HSE at 1 Jan		19,907,848	150,418
Capital expenditure incurred in the year		199,622,610	127,603,801
Less: Remittances from the HSE in the year		(201,043,429)	(107,846,371)
Balance due from the HSE at 31 Dec	2	18,487,029	19,907,848

## 9. Related Party Disclosures

Please refer to Note 1 for a breakdown of the remuneration and benefits paid to key management.

The NPHDB adopts procedures in accordance with the guidelines issued by the Department of Public Expenditure and Reform covering the personal interests of Board members. In the normal course of business, the NPHDB may enter into contractual arrangements with entities in which the NPHDB Board members are employed or are otherwise interested.

In cases of potential conflict of interest, Board members do not receive Board documentation or otherwise participate in or attend discussions regarding these transactions. A register is maintained and available on request of all such instances.

### List all party related disclosures

As per the Conflict of Interest Log, there were three conflicts of interest recorded in 2019. These conflicts related to a discussion on philanthropic funding and discussions on the choice of electrical suppliers. The conflicted Board Members absented themselves from the room for the discussions relating to their conflicts.

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## 10. Contingent Liabilities

The NPHDB are currently, and may be from time to time, involved in a number of Main Contractor related claims, which may be settled through the Employer's Representative's determination and these may also be referred to the Project Board Under Dispute Resolution procedures. If not settled by the Project Board, claims will proceed to conciliation and potentially proceed to court proceedings as set out in the contract.

The Board has been notified of a number of contractual claims by the Main Contractor for the development of the NCH. These claims have been referred to the Employer Representative and/or to Conciliation. The Board disputes the validity of such claims and is not in a position to estimate any potential liability arising from a possible adverse decision.

In August 2019 Revenue initiated a review of the NPHDB overall tax structure in place regarding buildings works and detailed tax returns. As part of this review, it was noted that NPHDB was not initially registered for RCT payments until August 18. There was no overall underpayment to Revenue in respect to this matter. The NPHDB is in correspondence with Revenue on this matter and does not anticipate any liability arising from this review.

## 11. Events after the reporting date

In February 2020 the Minister for Health, Mr. Simon Harris T.D., appointed two new Board Members to the NPHDB:

- 1) Mr. John McGowan
- 2) Mr. Michael Shelly

In March 2020 the Covid-19 pandemic struck and the Main Contractor appointed to build the NCH, temporarily closed the OP & UCC construction site in Tallaght on 27 March 2019 and the NCH construction site on 31 March 2019. This will impact the 2020 budget expenditure, cashflow and project timelines.

The Contract for the NCH is broken up into two phases, Phase A and Phase B. The Phase B Instruction was issued to the Main Contractor on 8 January 2019. The Main Contractor subsequently disputed the validity of the Phase B Instruction and, after exhausting all dispute resolution procedures under the Contract, the NPHDB was left with no other option but to issue High Court Proceedings against the Main Contractor seeking declaratory relief from the High Court in relation to the validity of the Phase B Instruction. High Court Proceedings (Record No. 2020/2502P) issued on 1 April 2020. The proceedings were admitted to the Commercial List of the High Court on 21 April 2020 and the proceedings remain ongoing with a mention date before the Court set for 30 July 2020.

## 12. Approval of the financial statements

The financial statements were approved by the Board of the NPHDB on 11 June 2020.



▼ CONCEPT IMAGE OF NEW CHILDREN'S HOSPITAL



▲ WOMEN WORKING ON THE NEW CHILDREN'S HOSPITAL PROJECT GATHERED AT THE 12 ACRE CONSTRUCTION SITE OF THE HOSPITAL IN DUBLIN TODAY TO MARK INTERNATIONAL WOMEN'S DAY 2020.