

National Paediatric Hospital Development Board

**Financial Statements
for the year ended 31 December 2023**

National Paediatric Hospital Development Board

for the year ended 31 December 2023

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**National Paediatric Hospital Development Board
For the year ended 31 December 2023**

Statement on Internal Control

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 the Department of Public Expenditure, National Development Plan Delivery and Reform has been in place in the NPHDB for the year ended 31 December 2023 and up to the date of approval of the financial statements.

Capacity to Handle Risk

The NPHDB has a Finance, Audit & Risk Sub-Committee (FARSC) comprising two Board members and one external FARSC member. The FARSC has the necessary, financial and audit expertise, one of whom is the FARSC Chair. The FARSC met 5 times in 2023.

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 2023.

The FARSC has a Risk Management Statement including a risk management framework and policy which sets out the NPHDB's risk appetite, the risk management processes and details the roles and responsibilities of NPHDB personnel in relation to risk. The policy and procedure has been made available to all NPHDB personnel who are required to work within these. NPHDB personnel are also responsible for alerting management on any emerging risks and control weaknesses they become aware of, and have responsibility for risks and controls within their own area of work.

Risk and Control Framework

The NPHDB has implemented a risk management system which identifies and reports key risks along with the management actions being taken to address and, to the extent possible, to mitigate those risks. A key objective of the risk management process is to plan and allocate resources to ensure risks are managed and mitigated to an acceptable level.

A risk register is in place which identifies the key risks the National Children's Hospital (NCH) project faces across various workstreams, and these risks have been evaluated and rated according to their probability and likely impact. The project risk register was reviewed by the FARSC in June 2023 and also reviewed by the Board at their respective meetings in 2023.

The risk register details the controls and actions needed to mitigate and/or minimise the impact of risk and responsibility for operation of controls is assigned to specific NPHDB project personnel. The NPHDB 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 the Executive;
- there are systems in place aimed at ensuring the security of the information and documentation generated on the project; and
- there are systems in place to safeguard the assets.

Ongoing Monitoring and Review

Formal procedures have been established for monitoring control processes and if any control deficiencies arise, these are communicated to those responsible to take corrective action and reported to the Executive 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 the Executive of periodic and annual performance and financial reports which indicate performance against budgets/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 2023 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 Executive within the NPHDB responsible for the development and maintenance of the internal control framework.

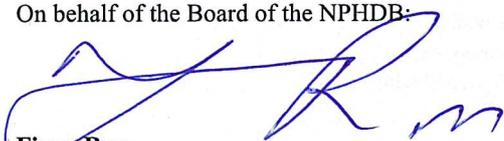
To provide the Executive and the Board with accurate up to date information on the status of each project workstreams, an integrated reporting system has been put in place with defined key performance indicators (KPIs) for the workstreams. The system is actively used by the NPHDB as part of day-to-day project controls arrangements.

We confirm that the Board conducted an annual review of the effectiveness of the internal controls on 12th June 2024.

During 2023 significant progress was made in developing and implementing controls, performance management and the mitigation of risk for the NCH (New Children's Hospital) construction contract including other project workstreams.

The NPHDB (along with Children's Health Ireland (CHI)) provides detailed risk, cost and programme monthly updates to the Children's Hospital Programme & Project Steering Group and quarterly updates to the Children's Hospital Programme & Project Board. The Executive provides monthly updates to the NPHDB Board on risk, detailed project costs, programme timelines and the overall project performance.

On behalf of the Board of the NPHDB:



Fiona Ross
Chairperson

National Paediatric Hospital
Development Board



Michael Barry
Board Member and Finance, Audit &
Risk Sub-Committee Chairperson

National Paediatric Hospital
Development Board

Date: 11th December 2024

**National Paediatric Hospital Development Board
For the year ended 31 December 2023**

Governance Statement and Board Members' Report

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 Chief Officer (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 Out Patient & Urgent Care Centres in accordance with the high-level framework brief which was commissioned by the Health Service Executive (HSE).

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 Out Patient & Urgent Care Centres.

Functions of the NPHDB

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

- To plan, design, build, furnish, and equip a National Paediatric Hospital 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 prior consent of the Minister; and
- Do any other thing as is necessary for the performance of its functions.

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;
- financial reports;
- 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 for Health with consent of the Minister for Public Expenditure, National Development Plan Delivery 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, 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 14th February 2024.

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 31 December 2023.

The Children's Health Act 2018 (part 9) has included the following sections relating to the Board.

- Section 62 and Section 63;
- 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. All sections of Part 9 of the Act have been commenced, except for Section 61(b)(i)(I) and section 67.

Board Structure

The Board consists of a Chairperson and up to twelve ordinary members, all of whom are appointed by the Minister for Health and meet on a monthly basis. The table on page 8 details the appointment period for the members at 31st December 2023:

Board Member	Role	Date Appointed	Date of Reappointment	Appointment confirmed to
Ms Fiona Ross	Chairperson	16 September 2021	31 July 2023	30 July 2024
Mr Tim Bouchier-Hayes	Deputy Chairperson	02 August 2013	31 July 2023	30 July 2028
Mr John Cole	Ordinary Member	02 August 2013	31 July 2023	30 July 2028
Mr Michael Shelly	Ordinary Member	20 February 2020		19 February 2025
Mr John McGowan	Ordinary Member	20 February 2020		19 February 2025
Mr Michael Barry	Ordinary Member	23 February 2021		22 February 2026
Mr Brian Keogh	Ordinary Member	23 February 2021		22 February 2026
Mr Alan Seabourne	Ordinary Member	12 July 2022		11 July 2027
Mr Alex White	Ordinary Member	12 July 2022		11 July 2027
Mr Derek Moran	Ordinary Member	12 July 2022		11 July 2027
Ms Susan Bryson	Ordinary Member	31 July 2023		30 July 2028
Mr Alan Moore	Ordinary Member	31 July 2023		30 July 2028

Fiona Ross, Tim Bouchier Hayes and John Cole were re-appointed as Board Members of the NPHDB as of 31st July 2023. Karl Kent and Anne Butler stepped down as Board Members of the NPHDB as of 30th July 2023. Liam Woods resigned his position as Board Member of the NPHDB as of 12th April 2023. Susan Bryson and Alan Moore were appointed as Board Members as of 31st July 2023.

The Board completed a Self-Assessment and Evaluation review for 2023 which was undertaken during November 2023 in accordance with the requirements of the Corporate Governance Code. The Board Self-Evaluation was reviewed at the February 2024 Board meeting. The updated Code of Governance manual was also reviewed by the Board at the June 2023 Board Meeting and again at the November 2023 meeting to approve non-material updates.

The Board has adopted the Code of Practice for the Governance of State Bodies 2009, which was replaced on 1 September 2016 by the Code of Governance for State Bodies 2016 (the State Code) and supplemented in September 2020 with additional requirements in respect of diversity and inclusion, and continues to review and implement the provisions of the State Code. The Board is committed to maintaining the highest standards of corporate governance, and to monitoring compliance on an on-going basis. The gender balance of the Board is 83% male and 17% female.

In 2023 the Board was supported by four Sub-Committees as follows:

- 1. The Finance, Audit and Risk Sub-Committee (FARSC)** comprised two NPHDB Board members and one independent member. 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 NPHDB Board members of the FARSC as at 31st December 2023 were Michael Barry (Chair) and Fiona Ross. Denise Cronin was an independent member of the committee throughout 2023. There were 5 meetings of the FARSC in 2023.

- 2. The Design Sub-Committee (DSC)** comprised two NPHDB Board members and two independent members. 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 NPHDB Board members of the DSC were John Cole (Chair) and Karl Kent. Eilish Hardiman (CEO, CHI), and Damien Clarke (Estate Manager, HBS Estates) are the independent members. There was 1 meeting of the DSC in 2023.

- 3. The Disputes Resolution Sub-Committee (DRSC)** comprised five NPHDB Board members. 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 NPHDB Board members of the DRSC are Michael Shelly (Chair), Tim Bouchier-Hayes, Brian Keogh, Karl Kent (Resigned 30th July 2023) and Susan Bryson (Appointed 31st July 2023). There were 10 meetings of the DRSC in 2023.

- 4. The Commissioning, Qualification and Validation Sub-Committee (CQVSC)** comprised five NPHDB Board members and two independent members. The role of the committee is to review, monitor and consider the Technical Commissioning Strategy and Plan for the NCH and liaise with and report to the Board.

The NPHDB Board members of the CQVSC are John Cole (Chair), John McGowan, Michael Shelly, Brian Keogh and Alan Seabourne. Damien Clarke and Julia Lewis (Director, CHI) are the independent members. There were 8 meetings of the CQVSC in 2023.

Schedule of Attendance, Fees and Expenses

A schedule of attendance at the Board and Committee meetings for 2023 is set out on the following page including the fees and expenses received by each member:

There was one Board member, Liam Woods who did not receive a Board fee under the One Person One Salary (OPOS) principle.

Key Personnel Changes

Ms Fiona Ross was re-appointed to the Board on 31st July 2023.

Mr Tim Bouchier-Hayes was re-appointed to the Board on 31st July 2023.

Mr John Cole was re-appointed to the Board on 31st July 2023.

Mr Karl Kent resigned from the Board on 30th July 2023.

Ms Anne Butler resigned from the Board on 30th July 2023.

Mr Liam Woods resigned from the Board on 12th April 2023.

Ms Susan Bryson was appointed to the Board on 31st July 2023.

Mr Alan Moore was appointed to the Board on 31st July 2023.

Schedule of Attendance, Fees and Expenses

	Board	FARSC	DSC	DRSC	CQVSC	Fees Expenses	
						2023	2023
No of meetings	13	5	1	10	8	€'000	€'000
Ms. Fiona Ross	13 (13)	4 (5)				38	
Mr. Tim Bouchier-Hayes	13 (13)			9 (10)		12	
Mr. Karl Kent	7 (7)		1 (1)	5 (6)		7	
Mr. John Cole	13 (13)		1 (1)		7 (8)	12	
Ms. Anne Butler	7 (7)					7	
Mr. Liam Woods	- (2)	- (1)				-	
Mr. John McGowan	12 (13)				8 (8)	12	
Mr. Michael Shelly	11 (13)			9 (10)	6 (8)	12	
Mr. Michael Barry	12 (13)	5 (5)				12	
Mr. Brian Keogh	13 (13)			10 (10)	8 (8)	12	
Mr. Alan Seabourne	12 (13)				8 (8)	12	1
Mr. Alex White	12 (13)					12	
Mr. Derek Moran	12 (13)					12	
Mr. Alan Moore	4 (6)					5	
Ms. Susan Bryson	5 (6)			3 (3)		5	
Ms. Denise Cronin		4 (5)				1	
						171	1

The first number indicates the number of meetings a Board / Committee member attended in the year

The bracket number indicates the maximum number of meetings that a Board / Committee member could attend in the year

Claims Management

A contract was entered into by the National Paediatric Hospital Development Board (“NPHDB”) and BAM Ireland Limited (“Contractor”) for the construction and part design of the New Children’s Hospital (the “Contract”).

The Contract sets out a requirement that, where the Contractor considers that there is an entitlement to an adjustment to the Adjusted Contract Sum and/or the date for Substantial Completion (as defined in the Contract), it shall serve notice of its claim and information supporting the claim on the Employer’s Representative (“ER”), who has been appointed pursuant to the Contract, within specified notice periods pursuant to the requirements of Clause 10.3 of the Contract.

The Contract provides that for adjustments, claims shall be considered and determined initially by the ER. In the event of the ER’s Determination being disputed by a party to the Contract, the Dispute may be referred, in accordance with the Dispute Resolution Procedures set out in the Contract, to the Project Board and, if required, thereafter to Conciliation. Claims not resolved at Conciliation may potentially proceed to court proceedings, as provided for in the Contract.

As of the date of 30 June 2024, the ER had been notified, by the Contractor, of 3,505 claims for adjustment. Subsequently, the Contractor withdrew 604 of the previously notified claims. This results in a net quantity of 2,901 Contractor claims. Of the total notices of claims, submitted by the Contractor, supporting information has been provided by the Contractor to the ER in respect of 2,311 claims (including 3 inflation claims). The amount claimed by the Contractor at the time of submission to the ER for determination in respect of these claims is €793,033,650. The difference of 590 claims are claims that have been the subject of initial notifications submitted by the Contractor, but supporting information had not been provided as of the date of this report. 28 of these 2,311 claims, which were referred to dispute, under the Dispute Management Procedure, in accordance with the Contract, have been resolved between the parties. 1,648 claims for adjustment were referred to dispute in accordance with the Contract by the Parties. 9 of these have been resolved at adjudication and therefore 1,639 remain in dispute.

The NPHDB disputes the validity of a large number of the Contractor’s claims, and specifically, where the adjustment sought is greater than the amount and/or extension of time, as determined by the ER. In such circumstances, it would not be appropriate to make an estimate of any liability arising from a decision, ultimately to be made by the High Court.

The NPHDB is committed to seeking a fair and equitable resolution of all disputed claims, in order to minimise Project risk and to achieve Project completion on a timely basis. Notwithstanding this, the Board recognises that there are, in some instances, very substantial differences of:

- (a) Positions as between the ER’s assessments and determinations of the Contractor’s claims and the adjustments sought by the Contractor;
- (b) Positions as between the NPHDB’s own assessments and determinations of the Contractor’s claims, and the adjustments sought by the Contractor.

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, National Development Plan Delivery and Reform 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	2023	2022
€60,000 -	€69,999	1	1
€70,000 -	€79,999	-	-
€80,000 -	€89,999	-	2
€90,000 -	€99,999	2	1
€100,000 -	€109,999	-	-
€110,000 -	€119,999	-	-
€120,000 -	€129,999	-	-
€130,000 -	€139,999	-	-
€140,000 -	€149,999	-	-
€150,000 -	€159,999	-	-
€160,000 -	€169,999	-	-
€170,000 -	€179,999	-	-
€180,000 -	€189,999	-	-
€190,000 -	€199,999	1	1
€200,000 -	€209,999	-	-
€210,000 -	€219,999	1	1
€220,000 +		-	-

Consultancy Costs

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

Legal Costs and Settlements

In 2023 the legal fees relating to the O'Reilly Avenue injunction proceedings amounted to €30k. The legal fees and related costs are being claimed under the insurance cover that is in place.

The total legal fee expenditure in 2023 amounted to €224k and the Litigation & Claims Defence expenditure in 2023 amounted to €1,810k as per note 2 (vi).

Travel and Subsistence Expenditure

Travel and subsistence expenditure is categorised as follows:

	2023	2022
	€'000	€'000
Domestic		
- Board	-	-
- Employees	-	1
International		
- Board	1	1
- Employees	-	3
Total	1	5

Hospitality Expenditure

There was no Hospitality Expenditure incurred in 2023.

Board Diversity

As at 31 December 2023, the diversity breakdown of the 12 Board members was 10 male and 2 female.

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 2023.

On behalf of the Board of the NPHDB:

Fiona Ross
Chairperson

National Paediatric Hospital
Development Board

Michael Barry
**Board Member and Finance, Audit &
Risk Sub-Committee Chairperson**

National Paediatric Hospital
Development Board

Date: 11th December 2024



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 2023 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 2023 and of its income and expenditure for 2023 in accordance with Financial Reporting Standard (FRS) 102.

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 2023 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.

Dispute regarding claim in respect of critical delay events

Note 13 to the financial statements discloses that on 29 May 2024, the standing conciliator issued a recommendation that the National Paediatric Hospital Development Board pay €107.6 million (excluding VAT) to the main contractor in respect of critical delay events on the construction project from December 2019 to February 2024. The Board subsequently issued a 'notice of dissatisfaction' with the conciliator's recommendation. The main contractor initiated court proceedings in respect of the claim, and provided a bond. The Board was required to pay the recommended amount to the contractor, with the bond providing security for the payment until the dispute is resolved in the courts.

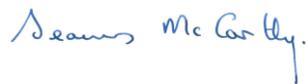
The payment to the contractor (made in July 2024) is not included in the value of capital commitments contracted for as at 31 December 2023 shown in note 8.1 to the financial statements.

My opinion is not qualified in this regard.

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 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 December 2024

Appendix to the report

Responsibilities of the Board members

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

- the preparation of annual financial statements in the form prescribed under article 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.

I 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.

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.

National Paediatric Hospital Development Board

**Statement of Income and Expenditure and Retained Revenue Reserves
for the year ended 31 December 2023**

	Note	2023 €'000	2022 €'000
Income			
Oireachtas grants	9	<u>156,016</u>	<u>316,077</u>
Total Income		<u>156,016</u>	<u>316,077</u>
Expenditure			
Administration & Operations	2	<u>156,016</u>	<u>316,077</u>
Total Expenditure		<u>156,016</u>	<u>316,077</u>
Surplus / (Deficit) for the Year before Appropriations		-	-
Transfer from/(to) the Capital Account	7	(156,016)	(316,077)
Transfer to construction work in progress	2	<u>156,016</u>	<u>316,077</u>
		-	-
Surplus / (Deficit) for the Year after Appropriations		-	-
Balance Brought Forward at 01 January		<u>-</u>	<u>-</u>
Surplus / (Deficit) for the Year at 31 December		<u>-</u>	<u>-</u>

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 14 form part of these financial statements.

On behalf of the Board of the NPHDB:

Fiona Ross
Chairperson

National Paediatric Hospital
Development Board

Michael Barry
Board Member and Finance, Audit &
Risk Sub-Committee Chairperson

National Paediatric Hospital
Development Board

Date: 11th December 2024

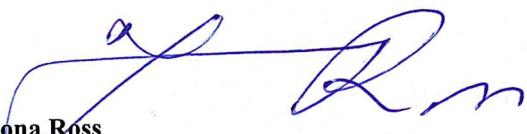
National Paediatric Hospital Development Board

**Statement of Financial Position
for the year ended 31 December 2023**

	Notes	2023 €'000	2022 €'000
Fixed Assets			
Construction work in progress	2	<u>1,309,029</u>	<u>1,153,013</u>
Total Fixed Assets		<u><u>1,309,029</u></u>	<u><u>1,153,013</u></u>
Current Assets			
Receivables	3	38,270	26,613
Cash and cash equivalents	4	<u>20,927</u>	<u>27,465</u>
		59,197	54,078
Current Liabilities (amounts falling due within one year)			
Payables	6	(59,197)	(54,078)
Net Current Assets		<u>-</u>	<u>-</u>
Total Net Assets		<u><u>1,309,029</u></u>	<u><u>1,153,013</u></u>
Represented by:			
Capital account	7	<u>1,309,029</u>	<u>1,153,013</u>
		<u><u>1,309,029</u></u>	<u><u>1,153,013</u></u>

The Statement of Cash Flows and notes 1 to 14 form part of these financial statements.

On behalf of the Board of the NPHDB:


Fiona Ross
Chairperson

National Paediatric Hospital
Development


Michael Barry
Board Member and Finance, Audit &
Risk Sub-Committee Chairperson
National Paediatric Hospital
Development Board

Date: 11th December 2024

National Paediatric Hospital Development Board

**Statement of Cash Flows
for the year ended 31 December 2023**

	2023	2022
	€'000	€'000
Net Cash Flow from Operating Activities		
Excess Income over Expenditure	-	-
(Increase) / Decrease in Receivables	(11,657)	24,204
Increase / (Decrease) in Payables	5,119	(8,261)
Bank interest received	-	-
Net Cash Inflow from Operating Activities	<u>(6,538)</u>	<u>15,943</u>
 Cash Flows from Financing Activities		
Bank Interest Received	<u>-</u>	<u>-</u>
Net Cash Flows from Financing Activities	<u>-</u>	<u>-</u>
 Net Increase / (Decrease) in Cash and Cash Equivalents	(6,538)	15,943
 Cash and cash equivalents at 01 January	<u>27,466</u>	<u>11,523</u>
Cash and cash equivalents at 31 December	<u><u>20,928</u></u>	<u><u>27,466</u></u>

National Paediatric Hospital Development Board
Notes to the Financial Statements
for the year ended 31 December 2023

1. Accounting Policies

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.

a) Statement of Compliance

The financial statements of the NPHDB for the year ended 31 December 2023 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) in the UK.

b) 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 (c to m) 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.

c) 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.

d) 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.

e) 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.

f) 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.

g) 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.

h) Capital Account

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

i) 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 three employees and two former employees of the NPHDB that are members of the Single Scheme.

In accordance with direction from the Minister for 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 six staff seconded to the Board during 2023, remains the responsibility of the respective employer body and not the NPHDB.

j) 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.

k) 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.

l) 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 2023.

m) 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 2023, the NPHDB paid salary costs on behalf of the CBOG. The CBOG was also funded by the BAM Building 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:

- (1) NPHDB's financial statements recognise funding provided to the group as an administrative cost.
- (2) 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 5.

2. Administration & Operations / Construction work in progress

Total costs incurred to date amount to €1,395,565k with costs of €156,016k incurred in 2023. The table below shows the total cost incurred by cost category.

	2023 Total Cost €'000	2022 Total Cost €'000
(i) BST / CMS *	6,409	6,166
(ii) Design Team	15,125	13,738
(iii) Site development	4	18
(iv) Construction	81,183	271,306
(v) Equipment	11,019	793
(vi) Admin Costs	8,513	6,355
(viii) Inflation	33,763	17,701
S/Total	<u>156,016</u>	<u>316,077</u>
Less Connolly & Tallaght Transfers:		
(a) Building costs to the HSE	-	-
(b) Building & Equipment to the CHI	-	(285)
Total Transfers	<u>-</u>	<u>(285)</u>
Net Cost	<u>156,016</u>	<u>315,792</u>

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

	Cumulative to 31 December 2023	Cumulative to 31 December 2022
	Total Cost €'000	Total Cost €'000
(i) BST / CMS *	34,861	28,452
(ii) Design Team	121,751	106,626
(iii) Site development	31,164	31,160
(iv) Construction	1,064,464	983,281
(v) Equipment	15,535	4,516
(vi) Admin Costs	73,084	64,571
(vii) Inflation	54,706	20,943
	<u>1,395,565</u>	<u>1,239,549</u>
Less Connolly & Tallaght Transfers:		
(a) Building costs to the HSE	(34,944)	(34,944)
(b) Building & Equipment to the CHI	<u>(51,592)</u>	<u>(51,592)</u>
Total Transfers	<u>(86,536)</u>	<u>(86,536)</u>
Net Cost	<u>1,309,029</u>	<u>1,153,013</u>

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

(a) The building cost was transferred to the HSE, including all rights and interests, for the CHI Out Patient & Urgent Care Centre at Connolly Hospital Blanchardstown to the value of €34,944k (this includes an allocation of the estimated overheads incurred) on practical completion in May 2019.

(b) The building cost was transferred to CHI, including all rights and interests, for CHI Out Patient & Urgent Care Centre at Tallaght Hospital to the value of €49,282k on practical completion in September 2021. An additional transfer for the building cost was made in December 2022 with a value of €285k. This amount includes a contingency amount of €61.5k relating to the prolonged Defects & Liability period for the Construction work at Tallaght as well as an issue with the Building Management System. Once these issues are resolved the final building cost will be transferred to CHI.

The Health Technology Equipment cost of €2,025k was transferred to CHI by transfer agreement, where the NPHDB transferred the Health Technology Equipment cost, including all its rights, title and interest to CHI.

2 (vi) Administration Costs:		2023	2022
	Note	Total Cost €'000	Total Cost €'000
Office Expenses			
- Remuneration and other pay costs	2 (a)	1,279	1,380
- ICT		477	425
- Office expenses		282	107
- Rent & Service Fee		136	141
- Office fit out		25	1
- Office Insurance		48	45
- Travel & Subsistence		24	15
- Bank Charges		29	32
- Training Costs		35	67
		<u>2,335</u>	<u>2,213</u>
Professional Fees			
- Legal expenses		224	584
- Litigation & Claims Defence		1,810	547
- Site Monitoring & Progress Reporting		2,891	1,852
- Community, Internal & External Stakeholder Engagement & Media Relations Communications Services		327	340
- C&AG Audit Fees		35	31
- Internal Audit Fees		85	13
- Other Professional Fees		549	306
- Recruitment Expenses		-	-
- Expert 3rd Party Reviews		-	-
- Independent Adjudicator & Standing Conciliator		241	35
- Equipment Consultant		-	-
		<u>6,162</u>	<u>3,718</u>
Project Costs			
- Business Case Development		-	60
- Owner Controlled Insurance		3	355
		<u>3</u>	<u>415</u>
Contributions			
- Planning Application Costs		2	-
- Capital Contribution (ESB Connection)		13	9
		<u>15</u>	<u>9</u>
		<u>8,515</u>	<u>6,355</u>

Remuneration

2 (a) Remuneration and Other Pay Costs

	2023	2022
	€'000	€'000
Staff salaries	673	769
Seconded salaries	361	393
Employer's contribution to social welfare	74	78
Board members' emoluments	171	132
Retirement benefit costs	-	8
	<u>1,279</u>	<u>1,380</u>

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

2 (b) Aggregate Employee Benefits

	2023	2022
	€'000	€'000
Basic Pay	1,034	1,162
Employer's contribution to social welfare	74	78
	<u>1,108</u>	<u>1,240</u>

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

	2023	2022
Executive & Staff	6.0	7.6
Seconded Staff	3.3	3.6
Total	<u>9.3</u>	<u>11.2</u>

The total number of staff employed (FTE) at year ended was 9.0 (2022: 10.5)

2 (c) Key Management Personnel

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

	2023	2022
	€'000	€'000
Salary	567	606
Retirement Benefit Costs	-	8
	<u>567</u>	<u>614</u>

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. The remaining key management personnel are seconded staff. The amounts disclosed above do not include Employer's PRSI or the value of retirement benefits earned in the period.

2 (d) Chief Officer Salary and Benefits

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

	2023	2022
	€'000	€'000
Basic Pay	<u>200</u>	<u>193</u>
Reimbursable Travel & Subsistence Expenses	<u>-</u>	<u>3</u>
	<u>200</u>	<u>196</u>

The amounts disclosed above do not include Employer's PRSI charged in the period.

3. Receivables

	2023	2022
	€'000	€'000
HSE Grants due	-	6,713
Other Debtors and Prepayments	19,258	878
HSE Frame Claim	19,012	19,012
Taxation Debtors:		
VAT	-	10
	<u>38,270</u>	<u>26,613</u>

4. Cash & Cash Equivalents

	2023	2022
	€'000	€'000
NPHDB Bank balance	20,790	27,328
Community Benefit Oversight Group bank balance	137	137
	<u>20,927</u>	<u>27,465</u>

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

As outlined in Accounting Policy 1, 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 2023 are set out below.

CBOG Bank Account:	2023	2022
	€'000	€'000
Balance on deposit account on 01 January	<u>137</u>	<u>81</u>
Receipts:	-	-
Linesight	-	-
Bam Building	<u>-</u>	<u>82</u>
	<u>-</u>	<u>82</u>
Payments:		
Chairperson's Fees	-	7
Consultant Fees	-	1
Grant Allocation	-	12
Administration expenses	<u>-</u>	<u>6</u>
	<u>-</u>	<u>26</u>
Balance on deposit account on 31 December	<u><u>137</u></u>	<u><u>137</u></u>

6. Payables

Amounts falling due within one year:		2023	2022
	Note	€'000	€'000
Trade Creditors		<u>15,150</u>	<u>26,522</u>
Other Creditors		116	121
HSE Grants due	9	14,829	-
Frame Claim Bond (See 6.1 Below)	9	19,012	19,012
Accruals		9,581	7,934
Taxation Creditors:			
- PAYE / PRSI		48	43
- PSWT		<u>461</u>	<u>447</u>
		<u><u>59,197</u></u>	<u><u>54,079</u></u>

6.1: This amount relates to the payment of the bond in place by BAM in accordance with Clause 13.2.12 (1) which was activated upon the initiation of court proceedings by BAM in relation to Claim 04, hereto referred to as the 'Frame Claim'. The NPHDB were contractually required to make payment on foot of this bond which resulted in the NPHDB submitting a claim to the HSE for the amount of €19.01m which was duly processed and paid by the HSE. Upon receipt of the funds, the NPHDB made full payment in relation to the bond amount along with the payment of the VAT liability that was then due to the Revenue Commissioners in relation to this payment to the contractor.

The expense relating to this payment has been treated as Payable rather than an Expense item as it is not a certified payment against the contract and so is not considered a legitimate project expense. In light of this, the amount relating to the bond is carried as a balance due to the HSE as in the event that this payment is not certified against the contract this amount will be repayable to the HSE.

7. Capital Account

	2023 €'000	2022 €'000
Opening balance	1,153,013	837,221
Capital expenditure	156,016	316,077
Balance	1,309,029	1,153,298
Transfer to: HSE	-	-
CHI	-	(285)
Closing Balance	<u>1,309,029</u>	<u>1,153,013</u>

8. Commitments**8.1: Capital Commitments (excluding Lease Commitments):**

At 31 December 2023, the Board had the following capital commitments:

	2023 €'000	2022 €'000
Contracted for but not provided in the financial statements		
Within 1 year	211,176	176,149
Between 1 and 2 years	24,062	41,488
Between 3 and 5 years	-	-
Total (including VAT)	<u>235,238</u>	<u>217,637</u>

The year-on-year net changes of €17.6m reflects the Capital Commitments met in 2023, additional commitments made in 2023, and an estimate for future inflation allowable under the contract.

8.2: Lease Commitments:

The NPHDB is located at Block A, Herberton, St. James's Walk, Rialto, Dublin 8 D08 HP97. The annual rental cost under the original lease agreement was €236k, with this office lease expiring 24 June 2024. An amended lease agreement has subsequently been entered into with an annual rental cost of €280k, with this office lease expiring 31 December 2026. CHI sub-let offices at Herberton from the NPHDB at a charge of 50% of the annual rental cost.

	2023 €'000	2022 €'000
Contracted for but not provided in the financial statements		
Within 1 year	259	236
Between 1 and 2 years	280	118
Between 3 and 5 years	280	-
Total (including VAT)	<u>819</u>	<u>355</u>

8.3: Total Commitments:

	2023 €'000	2022 €'000
Contracted for but not provided in the financial statements		
Within 1 year	211,435	176,385
Between 1 and 2 years	24,342	41,606
Between 3 and 5 years	280	-
Total (including VAT)	<u>236,057</u>	<u>217,991</u>

9. 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 2023 were:

	Note	2023 €'000	2022 €'000
Total capital grants notified by the HSE for the year		<u>177,559</u>	<u>340,275</u>
Opening balance due from HSE at 01 Jan		6,713	30,911
Capital expenditure incurred in the year		156,016	316,077
Less: Remittances from the HSE in the year		(177,559)	(340,275)
Less: Remittances relating to Frame Claim Bond		-	(19,012)
HSE Frame Claim Creditor	6	-	19,012
Balance due (to)/from the HSE at 31 Dec	3	<u>(14,830)</u>	<u>6,713</u>

10. Related Party Disclosures

Please refer to Note 2 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, National Development Plan Delivery 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 of all Conflicts of Interest Disclosures

As per the Conflict of Interest Log, there were 0 conflicts of interest recorded in 2023.

11. Spending Not Included in the Approved Budget

The following spending was not included in the budget of €1,433m:

	2023 Total Cost €'000	2022 Total Cost €'000	Cumulative to 31 December 2023 Total Cost
Inflation	33,763	17,701	54,706
Claims Payments made re Increases in GMP	15,228	9,265	37,294
Total	<u>48,991</u>	<u>26,966</u>	<u>92,000</u>

The above amounts which are included in the spending were not included in the approved budget of €1,433m.

12. Contingent Liabilities

The NPHDB is currently, and may be, from time to time, involved in a number of claims by the Contractor for adjustments (compensation and delay) pursuant to the provisions of the Contract for the construction and completion of the New Children's Hospital (the "Contract"). The Contract provides that such claims shall be considered and determined initially by the Employer's Representative. In the event of the Employer's Representative's Determination being disputed by a party, the dispute may be referred in accordance with the Dispute Resolution procedures set out in the Contract to the Project Board and, if required, thereafter to Conciliation. Claims not settled at Conciliation may potentially proceed to court proceedings as provided for in the Contract.

The Board has been notified, by the Contractor, of a large number of contractual claims for adjustment. The NPHDB has, in the vast majority of cases, accepted the Employer's Representative's Determinations and has made payments to the Contractor as required in accordance with the terms of the Contract. A number of the Employer's Representative's Determinations have been referred to Conciliation and to date a number of Recommendations have been made by the Standing Conciliator providing for adjustments pursuant to the Contract. The NPHDB has complied with all of its payment obligations as determined pursuant to the provisions of the Contract.

In addition, there are a small number of court actions in relation to claims both by the Employer and the Contractor. These proceedings have not concluded at this date.

The NPHDB disputes the validity of a large number of the Contractor's claims, and specifically, where the adjustment sought is greater than the amount, and/or extension of time, as determined by the Employer's Representative. In such circumstances it would not be appropriate to make an estimate of any potential liability arising from a decision ultimately to be made by a Court.

13. Events after the Reporting Date

As at the reporting date, 31st December 2023, the Board had been notified, by the Contractor, of 3,060 contractual claims for adjustment. As at the date of these Financial Statements being approved, 28 of these claims have been settled. In the period following this reporting date and prior to the signing of these Financial Statements, up to 30th June 2024, an additional 445 claims have been notified by the Contractor. As at 30th June 2024, 604 claims had been withdrawn by the Contractor.

As at the reporting date, 31st December 2023, work completed for a value of €54,684,956 had been certified and paid by the Board relating to contractual claims notified by the Contractor. In the period following this reporting date and prior to the signing of these Financial Statements, up to 30th June 2024, an additional €14,372,823 has been certified and paid by the Board.

The NPHDB disputes the validity of a large number of the Contractor's claims, and specifically, where the adjustment sought is greater than the amount and/or extension of time, as determined by the ER. In such circumstances, it would not be appropriate to make an estimate of any liability arising from a decision, ultimately to be made by the High Court.

In accordance with Sub-clause 13.1.3 of the Contract, a dispute can be referred to the Project Board at any time without having to be submitted to the Employer's Representative as a claim. A dispute regarding 'Critical Delay from 11 December 2019 to 26 February 2023' was referred to Conciliation by the agreement of both parties at a Project Board meeting on 14 June 2023. This dispute had not been referred to the Employer's Representative as under sub-clause 13.1.3 this is not required. On 29 May 2024, the Standing Conciliator issued conciliation recommendation No. 25 regarding critical delay from 11 December 2019 to 26 February 2024 and made a recommendation for a value of €107,637,334 to be paid by the NPHDB to the Contractor (the NPHDB pay the additional VAT liability to the Revenue Commissioners). The NPHDB issued a 'notice of dissatisfaction' for this recommendation on 14 June 2024. In accordance with sub-clause 13.2.12 of the Contract, BAM initiated court proceedings in relation to this claim on 24 June 2024 and provided a Bond dated 21 June 2024 for the amount payable in relation to this claim. The NPHDB was contractually required to make a payment on foot of this Bond and the initiation of court proceedings, which resulted in the NPHDB making the payment of €108m to the Contractor on 05 July 2024. The dispute will now be resolved in the courts. The Bond is a requirement of the Contract because when the dispute is finally resolved in the courts, if it is found that BAM is not entitled to some or all of the amount paid, then BAM shall repay the amount it was paid and found not to be entitled to, together with interest, to the NPHDB. The Bond provides 100% security for the payment until the dispute is resolved in the courts.

Since late 2019, the NPHDB has been reporting to our key Stakeholders through the established governance structures, which has members from the Department of Health, the Health Service Executive, and Children's Health Ireland, that the project is behind schedule. Updates on these timeline challenges and the associated impact on cost have been shared with all key stakeholders. In February 2024, the Government approved enhanced capital and current budget sanctions for the New Children's Hospital (NCH) project, bringing the total approved budget to €2.24 billion. Included in this are the design, build and equipping costs (including the Satellite Centres at Tallaght and Connolly) of €1.88 billion, and a separate €360 million for the integration and transition of services to the NCH, including commissioning, ICT and the Electronic Health Records.

14. Approval of the Financial Statements

The Financial Statements were approved by the Board of the NPHDB on 11th December 2024.