



Conflict: Ex-Minister Harney clashed with hospital board

SPECIAL INVESTIGATION



by Karen Rice

HEALTH bosses have agreed to pay €45million to various consultants working on the new children's hospital even though it may never be built.

The Irish Daily Mail can reveal how startlingly large sums have already been handed to lawyers, architects, public relations companies and business, management and healthcare consultants in connection with the development of the new National Paediatric Hospital (NPH) which is now under review by the Government.

A business services and legal team signed a fixed rate contract worth €29.7million in 2008. A project management team signed a fixed rate contract worth €7.8million in 2009. And architects were given a fixed rate contract worth €7.9million in 2009.

According to the project's annual reports, the teams - whose combined contracts are worth €45.4million - are to provide services for the 'duration of the procurement life-cycle of the proposed new children's hospital'.

'I won't speculate on what might happen'

It was due to be completed this year but now it won't be finished before 2015.

Since April 2007, a total of €29.3million has been paid out. But, this week, a spokesman for the project refused to say what would happen to these contracts if the Government decides to stop the project once its cost-effectiveness review is complete in two weeks' time. 'I'm not going to speculate on what might happen in respect of, or after, the review,' the spokesman said.

When the new Government was elected earlier this year, it revealed the project was costing €550,000-€650,000 a month. Now, according to the project spokesman, they are working to reduce the current €330,000 monthly outlay and, because the project is being delayed by the review, 'contract payments have been reduced and slowed down'.

The fixed rate contract for the business services team is worth €29.7million, of which €15million has been paid out to date. The team is a consortium of companies led by Project Management Ltd, the company behind the Aviva Stadium, and Beauchamps Solicitors.

They, in turn, have subcontract arrangements in place with consultancy firms BDO and the Health Partnership Ltd, which works in alliance with the Hospital for Sick Children in Toronto, Canada. The team provides 'project execution, project administration, and project control services in support of the executive team'. Other services include procurement and legal services.

However, a project source told the Mail that they are also paying for a second set of legal advice. 'The board has had to get additional, independent legal advice on top of the advice they get from the business service team,' the source said. 'You ask why. Because the business services team aren't doing all this work, and the executive say there was additional work involved that wasn't included in their contract.'

Indeed, figures show that, in 2009, €39,000 was spent on additional legal

€45m and not a single brick laid

Consultants on children's hospital drain public funds



Model project? Outgoing chief Eilish Hardiman with architect Sean Mahon

TWO CHAIRMEN GONE... WILL THEIR SUCCESSOR SURVIVE?



PHILIP Lynch, who was appointed in 2007 to oversee the development of the new hospital on the Mater site in Dublin, resigned as chairman of its board in December last year. Mr Lynch quit after he and the then health minister Mary Harney outlined their 'fundamental differences' in a series of letters.



JOHN Gallagher succeeded Mr Lynch but resigned shortly after in March. At the time, he said he no longer felt that he had the mandate to continue with his original remit to build the children's hospital at the Mater site. He said the Government and the new health minister were not in a position to grant such a mandate.



DEVELOPER Harry Crosbie has been appointed as interim chairman. He is best known as an entrepreneur and part-owner of the 02 arena. The self-styled 'man of the people' counts Bertie Ahern as a confidant and built up his current business after inheriting the family transport firm.

fees. And, although the annual report for last year has not yet been published, the Mail has confirmed that €94,600 went on legal fees.

According to the spokesman for the board, this was due to 'the generally greater level of activity that there is as the project gets more complex and has more contributors, contracts etc...there wasn't any work on the site involved'.

The fixed rate contract for the project management services team is worth €7.8million. The lucrative contract to 'design, build, equip and commission the new children's hospital' was won by Project Management Ltd, supported by The Health Partnership. So far, since its appointment in February 2009, it has been paid €3.5million, although not a single brick has been laid.

In 2009, a team of architects known as the Integrated Design Team signed a contract worth €7.9million, of which it has been paid €2.1million to date. They produced a model of

the hospital which was put on display for the media in October 2010.

In 2009, the project spent around €30,000 to employ public relations firm Fleishman-Hillard. At the end of 2010, Drury Communications replaced Fleishman-Hillard at a cost of €50,000 for a year. Those responsible for controlling the massive spend are the NPH development board,

'Cavalier waste of public money'

which was appointed by former health minister Mary Harney in 2007. The board is made up of a chairman and 12 non-executive members who meet at least six times a year.

Two chairmen have resigned - Philip Lynch in October last year, after a clash with Minister Harney over the unsuitability of the site and a shortfall in funding, and John Gal-

lagher, who succeeded him but quit in March. The interim chairman is now developer Harry Crosbie.

Current members include former HSE chief executive Professor Brendan Drumm, Irish Tatler publisher Norah Casey and, among others, medical representatives from Temple Street, Crumlin, Tallaght and Cavan General hospitals.

According to the 2009 annual report, remuneration expenses for the board in 2008 were €26,833.

Also responsible for spending are the project's executive team appointed by the board in 2008. This consists of chief executive officer Eilish Hardiman - who tendered her resignation earlier this month but remains in her role until August - medical director Emma Curtis and chief financial officer Jim Farragher.

Emma Curtis is employed on a part-time, five-year contract. A paediatrician who works at The Adelaide and Meath Hospital in Tallaght, she is seconded to work on the children's

hospital for what is believed to be three days a week. The project has refused to say how much the executive is being paid, but according to the 2008 annual report, two employees shared a salary of €191,839.

This week, a member of the project complained to the Mail about a lack of transparency on spending. 'There's a serious lack of expertise in a project that involves so much money. It is very hard to find out what's going on.'

Independent Senator and oncologist John Crown agreed that spending was a concern. 'It would be regrettable if money were being spent inefficiently on administrative overheads,' he said. 'My own belief is that all PR contracts everywhere in the public service should be cancelled.'

Independent Senator Shane Ross added: 'It's typical of the cavalier way public money has been wasted and treated in the years of the Celtic Tiger.'

karen.rice@dailymail.ie