



HSE Board Briefing Template

Subject: Acquisition of [REDACTED] Galway.

PRG ref: **Ref: W/A/0922/2729**

Submitted for meeting on: 21 March (EMT), 24 March (ARC), 31 March 2023 (Board).

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Why is this information being brought to the Boards attention?

As the transaction is in excess of €2m, approval of the HSE Board is required.

Is there an action by the Board required, if so please provide detail?

This transaction was approved at EMT and ARC, it is recommended that the HSE Board approve the proposal for the acquisition and fit-out of [REDACTED] Galway, from [REDACTED]

[REDACTED] This accommodation is required for clinical office administration staff from SAOLTA.

The purchase price of the building is [REDACTED] and has been valued by Bannon Property Consultants. The Capital Works fit-out is estimated to be [REDACTED]

Please indicate which of the Board's objectives this relates to;

- The development and implementing of an effective Corporate Governance Framework, incorporating clinical governance and a performance management and accountability system;
- Developing a plan for building public trust and confidence in the HSE and the wider health service;
- Ensuring the HSE's full support for and implementation of the Government's programme of health reform as set out in the Sláintecare Implementation Strategy;
- Exercising effective budgetary management, including improving the value achieved with existing resources and securing target saving, with the objective of delivering the National Service Plan within Budget.

Brief summary of link to Board objectives.

As part of effective governance and control in line with the HSE Property Protocol, this paper is presented to the EMT and thereafter ARC and the Board, for their consideration and approval as it remains a reserved function of the Board to approve transaction values in excess of €2m.

Background - provide context in order to ensure that the Board fully understand the issue.

SAOLTA Management and HSE Estates have reviewed the various accommodation needs of the SAOLTA group, including new national service requirements for the region. A clinical admin office accommodation solution is considered of high priority for SAOLTA to alleviate pressures at UHG and to enable their staff to function. There has been a renewed focus on freeing up existing healthcare accommodation and relocating support services off the busy sites of both Galway City hospitals. The freeing up of existing office accommodation at both University Hospital Galway (UHG) and Merlin Park University Hospital (MPUH) will provide options for SAOLTA to repurpose key hospital accommodation for use as clinical

space which is urgently needed. SAOLTA currently does not have any available office accommodation for recently recruited and additional staff employed to support clinical services.

There is currently a significant shortage of existing commercial accommodation to either lease or purchase in Galway City and surrounds. This presents a major challenge. New opportunities are slow in coming to the market. Commercial properties in industrial zones are not readily available to acquire for the provision of public access healthcare facilities however office accommodation solutions are more readily available although size, location and parking present ongoing challenges in this regard. There is little opportunity in Galway to secure stand-alone buildings with floorplates of circa 20,000 sq. ft. & dedicated parking. The acquisition of office accommodation via purchase / lease is considered to be a viable option and is of high priority.

It is intended that the offsite office accommodation solution will provide suitable workspace for both existing staff and new recruits. SAOLTA Management have carried out an office accommodation review exercise and have identified their WTE need for this building as circa 150 including:

- Urgent accommodation requirement for 107 clinical office administration for new staff that SAOLTA have recently recruited or plan to recruit within the coming months for known approved positions and where there is no current accommodation space available on either GUH sites.
- Relocating 42 non-essential administrative staff from GUH campuses to help create space for staff that need to be located on campus and to assist with essential decongesting moves in UHG for repurposing space / future developments.
- Accommodation provision for additional clinical office administration posts for future new staff based on layout configuration (*expansion provision*).
- Relocating 42 non-essential administrative staff from GUH campuses to help create space for staff that need to be located on campus and to assist with essential decongesting moves in UHG for repurposing space / future developments.

Accommodation Options Considered

Following extensive engagement with SAOLTA on their various accommodation needs, offsite office accommodation within proximity to UHG and MPUH was identified as a key priority to help elevate current and incoming pressures for essential clinical administration support resources.

The Options considered as part of the Option Appraisal include:

Options	<i>Do Nothing.</i>
	<i>Do Minimum</i>
	<i>Lease a Standalone Building (circa 27,000 sq. ft) - [REDACTED]</i>
	<i>Acquisition purchase of a Standalone Building currently on the Open Market (20,894 sq. ft.) – [REDACTED] BMR House, Parkmore West Business Park, Parkmore, Galway</i>
	<i>Build a new facility on HSE owned lands at Merlin Park University Hospital.</i>

The following outlines the appraisal of options:

Option No.	Proposal Considered	Reason for not Short Listing
Option 1	<i>Do Nothing</i>	The “Do Nothing” option (i.e. retain existing staff as is and accommodate new staff in existing facilities) is not a feasible or viable option as there is no available existing space to facilitate

		the requirement. Staff Recruitment is ongoing as funded in the HSE Service Plan.
Option 2	<i>Do Minimum</i>	The "Do Minimum" option is not a feasible or viable option as there is no available existing space in UGH or MPUH to facilitate the requirement. Staff Recruitment is ongoing as funded in the HSE Service Plan.

Following consideration of all of the above the following Options were shortlisted:

- i. Lease of Standalone Building, [REDACTED]
- ii. [REDACTED] Galway
- iii. New build on the grounds of Merlin Park University Hospital

Summary of findings is listed below:

Option No.	Proposal Considered	Appraisal	Cost	Option Ranking
Option 3	Enter into New Lease on a Standalone Building (<i>circa 27,000 sq. ft</i>) at [REDACTED]	Enter into a lease arrangement on a standalone building at [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] The project programme delivery would be approximately 18 / 24 months.	Rent: [REDACTED] Fit-out: [REDACTED] Total: [REDACTED]	3
Option 4	Purchase a building on open market and retrofit	Following negotiations, [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] The project programme delivery would be approximately 18 months.	Purchase: [REDACTED] Fit-out: [REDACTED] Total: [REDACTED]	1
Option 5	New Build on the grounds of Merlin Park University Hospital (MPUH).	The project programme is 3 - 5 years but likely longer given other new build priorities for MPUH to include Acute OPD Clinical, Phase 1 & 2 and the potential elective hospital, among others. There is uncertainty around increased in construction costs over a longer programme would make the delivery on budget less certain. Interim rental over 5 years is provided for while awaiting design and construction.	Build: [REDACTED] Interim Rental: [REDACTED] Total: [REDACTED]	2

		This option is, however, the second ranked preferred option if option No. 1 above is not approved to proceed.		
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In conjunction with SAOLTA, it is recommended that Option 4 represents the best option in terms of location, speed of delivery, value for money and potential for SAOLTA for an off-site office accommodation facility within close proximity to UHG and MPUH, Galway. From the feasibility / assessments carried out to date, it is anticipated that this office facility will accommodate up to circa 160 - 180 staff depending on the configuration of office and meeting room requirements.

with room to extend parking by circa 30% - 40%. The property acquisition is on a long leasehold (999 year lease from 1st July 1997), effectively Freehold, with guide price of [REDACTED]. This represents the best option in terms of location, speed of delivery, and value for money. The purchase price negotiated by HSE of [REDACTED] with the Receiver/Agent is the best available and this view is supported by the independent red book valuation report obtained from Bannon Property Consultants who advise that the market value of the building is [REDACTED]. The combined value of the purchase and fit-out of [REDACTED] as opposed to the option of a new build in MPUH (Option 2) which is [REDACTED].

The asset will become a long-term HSE facility in Galway City East area. The advice is this is a low risk consideration as there is an expired planning approval previously granted for additional parking. [REDACTED]

SAOLTA need appropriate off-site office facilities for their staff in order to deliver the full range of health care services from UHG & MPUH including the new national services. The acquisition of BMR House is considered a key and integral part of their overall accommodation solution to help address and resolve current and incoming pressures for essential clinical administration office space and support accommodation.

Source of Funding:

HSE Capital Funding will be required for the purchase and refurbishment of [REDACTED]

Programme:

The project programme delivery would be approximately 18 months.

Highlight any implications that the Board should be made aware of in its consideration such as;

- **Current status**
Price negotiated to purchase the property. To conclude transaction, Board approval is awaited.
- **Budget**
[REDACTED]
[REDACTED] The building also requires HSE Capital for acquisition and refurbishment/construction works. The fit-out costs estimated [REDACTED] are in line with a detailed Quantity Surveyor cost estimate prepared on behalf of HSE.
- **Resources**
This office accommodation solution is intended to support existing, planned and newly recruited clinical office administration resources – capacity approx. 150, with possibility for additionality depending on final layout configuration.
- **Impact to delivery of services**
SAOLTA urgently need to acquire new office accommodation solutions to help address and resolve current and incoming pressures for essential clinical administration office space and support accommodation.
107 out of the 161 WTE's (*office administration resources*) identified for this office scheme who have either been recruited recently or where recruitment is planned within coming months, will have no office accommodation available to them from existing HSE / SAOLTA office facilities.

▪ **Corporate Plan**

The proposal aligns with HSE Corporate Plan, Healthy Ireland Framework & Sláintecare Report & Implementation Strategy & Action Plan 2021 - 2023.

▪ **Sláintecare**

Aligned with Sláintecare Report 2017 & Sláintecare Implementation Strategy & Action Plan 2021 – 2023 by investing in staffing and infrastructure to enhance the permanent capacity of our health services and expand the scale and range of services to be provided.

▪ **Social factors** (e.g., impact on specific area such as the elderly, disabilities)

Acquisition of this Lease and the provision of further office accommodation is considered a high priority for SAOLTA to alleviate pressures at UGH and to enable staff to function. This will also help delivery of some of the new national clinical services identified for the region. This facility will also help free up some valuable space at GUH campus's that can be repurposed to deliver healthcare clinical services.

▪ **Technological factors**

Current technologies and digital health service solutions will support the functionality of an offsite/off campus office solution to link with GUH hospitals, other SAOLTA hospitals, national programmes / RHA services.

▪ **Legal factors**

[REDACTED]

Sustainability

The building currently achieves a **C2** BER Rating. The building upon completion of refurbishment works will achieve a minimum of an A2 BER Rating.

Value for Money

The selection of the proposed building [REDACTED] is in line with the available detailed HSE option appraisal. The building has been competitively sourced. Option 4 of the option appraisal recommends the purchase of the existing building for HSE to fit-out. This option represents best value for money for the HSE. The purposed purchase price of [REDACTED] is recommended by an independent valuer appointed by the HSE to provide a commercial appraisal of the building market value.

Conclusion

N/A

Recommendation

It is recommended that the HSE Board approve the transaction proposed above.