



Feidhmeannacht na Seirbhíse Sláinte
Health Service Executive

Oifig Cheannasaí na nEastát
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Ms. Bríd Smith, TD,
Dail Eireann,
Leinster House,
Kildare Street
Dublin 2

14th February 2019

PQ 4789/19 * To ask the Minister for Health if the practice of agreeing large infrastructural projects such as the national children's hospital without a fixed price is standard; and if other large health projects are conducted in a similar manner - Bríd Smith

Dear Deputy Smith,

The Health Service Executive has been requested to reply directly to you in the context of the above Parliamentary Question which you submitted to the Minister for Health for response.

The HSE in all cases complies with the prescribed procurement processes and procedures defined by directives under EU legislation and the relevant regulations.

Department of Public Expenditure & Reform provides guidance on the Procurement of Works Contractors in relation to all publicly funded projects, including Healthcare projects.

Formulating a procurement strategy and approach for each Healthcare project is based on a number of factors including Scale, Complexity, and Risk along with the construction market conditions prevailing at the time.

In most cases a traditional procurement route is taken based on fully completed tender documents and specifications. The tender documents issued to the contractors are based on the most complete design information available at the time of tendering.

Following the completion of the Tender Evaluation process, a Most Economically Advantageous Tender is identified and the Contract is awarded on the basis of a Fixed Price contract.

The Contract Sum awarded is not a Guaranteed Maximum Price or a Lump Sum Contract. The standard Public Works Contract provides for adjustments to the Contract sum for any increases in scope or project programme introduced after contract award. The contract also sets out a schedule of compensations events which include an adjustment based on variance between the design documents and specifications and the Bill of Quantities. If the Contract programme exceeds a period of 30 months the contract also provides an entitlement for the increased cost of labour and materials beyond 30 months.

Yours sincerely,

Jim Curran
Head of Estates