



Feidhmeannacht na Seirbhíse Sláinte
Health Service Executive

HSE Board Briefing Template

Subject: Proposed lease of accommodation space at Houston Hall for UL Hospitals Group as follows;

- 1) [REDACTED] Limerick (PRG Ref: MW/L/0222/2649)
- 2) [REDACTED] Limerick (PRG Ref: MW/L/0222/2531)

Submitted for meeting on: 8 March (EMT), 10 March (ARC), 25 March 2022 (Board)

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Why is this information being brought to the Boards attention?

Approval of the HSE Board members is required as the property transaction is valued above €2m

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 this proposal for the [REDACTED] Limerick from [REDACTED] The proposed approach by Capital & Estates is to proceed based on [REDACTED] in order to provide greater flexibility for UHL.

The total lease cost [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; **X**
- Developing a plan for building public trust and confidence in the HSE and the wider health service; **X**
- 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; **X**
- 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. **X**

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 Board for their consideration and approval as it is a reserved function of the Board to approval property transactions totalling over €2m in value.

The overall [REDACTED]

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

UL Hospitals Group currently has a significant deficit of workspaces within the University Hospital Limerick

campus at Dooradoyle. A large number of Clinical Staff have no available workspaces. The Executive Management Team have identified the provision of workspaces for clinicians as an urgent priority. A proposal has been developed for the relocation of non-clinical staff from the hospital to a nearby location within the Raheen / Dooradoyle area (within close proximity to the Hospital) to free up space to create much needed workspaces for Clinical Staff through the provision of hot desks etc. The existing campus is very congested and priority has been given in the development control plan for the relocation of the maternity hospital to the campus and the development of a multi-storey block for acute services including inpatient ward space.

In order to address the relocation of non-clinical staff, space on both [REDACTED] Limerick has been identified as a suitable option available in the area. Such space is generally not available on the market in the area with most space being held under various tenancies. However there is now an opportunity to secure long term lease arrangements for the HSE before the space goes on the market due to our knowledge of a current lease terminating or being surrendered by the existing occupiers.

The following is a synopsis of the two proposed leases as negotiated with the owner's subject to Board Approval:

LEASE A								
Floor	Area (sq.ft.)	Condition	Current Use	Works required	Lease Term	Rent (excl. VAT)	HSE Capital	Estimated Staff No's
[REDACTED]	4232	Shell Condition	[REDACTED] Legals for Surrender of Lease underway with the Landlord	Full Fit Out works to be undertaken by the Landlord (<u>Landlord Works</u>) in accordance with HSE Fit Out Spec requirements as part of the Rent Agreed	[REDACTED]	[REDACTED] [REDACTED] on landlord undertaking full fit out works in accordance with HSE requirements	[REDACTED]	27 no. Healthcare Records Staff*
	6197	Fully Fitted Out as offices to include large open plan area, store room, canteen and toilets	[REDACTED] Legals for Surrender of Lease underway with the Landlord	Various works will need to be undertaken by HSE to include refurbishment of existing fit out, creating a new canteen and toilet block.		[REDACTED] based on HSE undertaking various Refurbishment Works	[REDACTED]	28 no. HIPE Staff & 21 no. of Quality & Risk Staff**
Total	10,429					[REDACTED]	[REDACTED]	76 staff

The approach by Capital & Estates to proceed based on two separate long term leases is to provide greater flexibility for UHL in the future should they wish to exit one of the two floors during the Lease Term by operating break options which have been negotiated as part of the terms.

***Healthcare Records**

The UHL Medical Records Library operates 6 days per week (8.00am to 9.00pm and is located on the 1st floor of the Main UHL Building and comprises 3164 sq.ft). There are significant operational challenges with the location of this Department within the Hospital with access through Patient wards.

In addition, the existing layout is not conducive to a good working environment for staff as the Department has outgrown the space over the years. There are approx. 40 staff occupying the overall space.

This option is considered the most suitable option available with external access for transport vehicles via a Courtyard for delivery and dispatching records to and from the Hospital. The number of charts that can be held in accordance with the floor layout plan and file storage system as designed for [REDACTED] This will result in cost savings for the Medical Records Department in terms of current external Storage Costs given the increased capacity for holding charts for UHL.

It is proposed that the existing Medical Records Department at UHL will be vacated and used as bookable Hot Desks for 30 no. of Consultants / Clinicians going forward who currently do not have any workspaces.

****HIPE (28 staff) & Quality and Risk (21 Staff)**

HIPE (Hospital Inpatient Enquiry) and Quality & Risk work closely with Healthcare Records dealing with Patient Charts and on this basis have been identified for this floor also.

LEASE B								
Floor	Area (sq.ft.)	Condition	Current Use	Works required	Lease Term	Rent (excl. VAT)	HSE Capital	Estimated Staff No's
[REDACTED]	6386	Fully Fitted Out as offices to include large open plan area, training room, canteen, comms room and toilets	[REDACTED] (due to expire May / June 2022 when HSE relocate to 3 rd Floor)	Various <u>HSE Works</u> (to be procured by UL Hospital Group) required to be undertaken to include general refurbishment works and to extend the toilet block, create new meeting rooms, cleaners room etc.	[REDACTED]	[REDACTED] on HSE undertaking various Refurbishment Works	[REDACTED]	38 no. Finance Staff*
	3103	Partially Fitted Out to include raised access floors and suspended ceiling		Full Fit Out works to be undertaken by the Landlord (<u>Landlord Works</u>) in accordance with HSE Fit Out Spec		[REDACTED] based on landlord undertaking full fit out works in accordance with HSE requirements	N/A	60 no. of Central Referrals, Comms / IGO, Scheduled Care and Quality & Risk Staff*

				requirements as part of the Rent Agreed				
Total	9489							98 staff

* Staff to be relocated from various locations within University Hospital Limerick. Offices to be vacated will provide Hot Desks going forward for Clinicians.

Option Appraisal & Market Commentary

Capital & Estates considered all HSE owned and leased properties however there is no suitable option currently available. In addition, there is little or no supply of vacant office space in the Raheen / Dooradoyle Area to let / for sale and no availability on the State Property Register.

Overall there is very limited supply of office accommodate available in the Dooradoyle / Raheen area. A current review of availability in the area identified one first floor office available at Carrig House in Raheen Business Park comprising c. 2863 sq. ft. This accommodation is fitted out as offices but limited in size and in need of refurbishment works.

Based on the foregoing, it is clear that the accommodation which has been identified in [REDACTED]
[REDACTED]

The Landlord is also agreeable to undertaking fit outs of the unfitted space within the floors as identified above which has been factored into the rents agreed. Therefore the Landlord has taken on the risks associated with rising fit out costs as part of the negotiations which is very welcome in the current climate.

From our assessment of the marketplace there is no availability of offices in Limerick City and Suburbs in excess of 4,000 sq.ft. currently available to let in the marketplace. There are also no office developments available for sale throughout the City & Suburbs.

We have reviewed comparable transactions as part of our assessment of the rents as negotiated [REDACTED] and are fully satisfied that the rents being achieved are very competitive in the marketplace taking into account the fit out works to be undertaken by the Landlord. We are strongly of the opinion that given that there is no availability of office accommodation to let in Raheen Business Park and Limerick City & suburbs that should this accommodation be placed on the market to let that it would be leased within a very short timeframe for similar rents as agreed herein for the property "as is". Also that there would be no requirement for the Landlord to undertake a fit out on behalf of the tenant i.e. less risk in the current market albeit HSE Lease Covenants would be considered more long term with less risk by the Landlord.

We hereby recommend approval of this transaction at the earliest opportunity to secure a lease in respect of part of the ground floor and second floor of this Property.

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

- **Current Status**
Awaiting Board Approval
- **Budget**
[REDACTED]
The total cost of rent for full term for both leases if the break options are not exercised is [REDACTED]. The variation in rates from [REDACTED] based on the landlord doing the fit out works in accordance with HSE requirements in the areas where the higher rates apply. The current estimate for capital works to be carried out by the HSE in the currently fitted out parts of both floors is [REDACTED] (both figures

excluding VAT) whilst there is also a capital funding requirement estimated at [REDACTED]

include a new canteen and toilet block, with installation of partitions etc. The second floor works estimated to [REDACTED] works to refurbish and extend the toilet block and provide new meeting rooms, cleaners room etc.

- **Source of Funding**

The capital funding required for works and equipment would be provided in the HSE Capital Plan 2022. Revenue funding for the rent and other operational costs would be provided from the UL Hospitals Group revenue budget.

- **Programme**

Subject to HSE Board approval for the transaction the developer intends to commence fit out works without delay with a view to having all the works and legal agreements completed within the next 12 months. [REDACTED]

- **Resources**

Existing staff will transfer off site from University Hospital Limerick when the accommodation is ready for occupation by HSE

- **Impact to delivery of services**

The new space will provide an appropriate accommodation space for the departments and staff being relocated whilst freeing up office space for use by clinical staff at the hospital. The space on the UHL campus will be backfilled by various existing and newly recruited staff including 23 new Consultant posts, 12 Pharmacy staff and 20 new Scheduled Care posts.

- **Corporate Plan**

Aligned with HSE Corporate Plan & Service Plan.

- **Sláintecare**

In line with Sláintecare Report 2017 & Sláintecare Implementation Strategy 2018.

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

This project will support the enhanced delivery of clinical services at UHL by freeing up space for use as office workspaces / hot desks by clinicians.

- **Technological Factors**

None

- **Legal Factors**

The HSE will enter into the appropriate legal agreements for the lease of each of the part floor areas.

Sustainability

The project includes for the upgrade of the shell spaces to an A3 BER rating by the landlord as part of his fit out works.

Value for Money

The procurement of the proposed accommodation space at Houston Hall, based on the lease terms agreed, provides the HSE value for money.

Conclusion

Not Applicable

Recommendation

It is recommended that the HSE Board approve the lease transactions outlined above namely:

- 1) [REDACTED] Limerick for Healthcare Records, HIPE & Quality & Risk
- 2) [REDACTED] Limerick for Finance, Central Referrals, Comms / IGO, Scheduled Care & Quality & Risk.

