



HSE Board Briefing Template

Subject: Freehold [REDACTED]

[REDACTED] PRG Ref: W/L/0621/2557

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Why is this information being brought to the Boards Attention?

Approval of HSE Board members is required as the value of this transaction is above €2m. [REDACTED]

(Note: members may recall a previous proposal from the executive to rent this building. This proposal was reconsidered following concerns expressed re the significant cost to the HSE of fitting out a rented building. The proposal is now to purchase the building outright.)

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

This transaction was approved by EMT and ARC, it is recommended that the HSE Board approve the purchase of [REDACTED]

The purchase price of the building is [REDACTED]

This is the most favourable option in terms of cost (Capital & Revenue) & Service delivery timeframe (2-year approximately) when compared with the alternative which is a new build on the HSE owned hospital campus at Merlin Park, Galway.

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.

See above

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

Government policy on healthcare reform as outlined in Sláintecare sets out the need to develop community services using evidence based clinical care models and ensuring integration of services across acute and community settings.

The Enhanced Community Care Strategy was introduced by the HSE in 2020 to increase community capacity, reorganise care to focus on older people and chronic diseases and to enhance community networks to move care provision away from acute settings.

Recruitment and appointment of staff for this element of the Enhanced Community Care Service has already commenced with over 55% of the staff in place.

The Standard National Brief and Schedule of Accommodation recommend that the new ECC specialist teams be accommodated in, or adjacent to, Primary Care Centres.

CHO West urgently required a facility in the Galway city area for the ECC specialist teams to include the Integrated Care Programme team for Chronic Diseases, the Integrated Older Persons team as well as two Primary Care Network teams.

With the existing situation of significant deficit in primary care team accommodation there is currently no option to expand a Primary Care Centre in the area, in a timely manner for co-location

In view of the urgency to delivery accommodation to support the clinical staff recruitment process, which is under way, careful and rigorous consideration by HSE Service and Estates, was undertaken. Initially in HSE owned and leased properties in the Galway City environs and which could be freed up based on availability, location, access and suitability of space for use. This was followed by consideration of suitable, single and multi-site property options, available to let or purchase in the marketplace. The building in Knocknacarra offers the ideal solution to facilitate the accommodation required for the ECC specialist team and Primary Care Teams.

In relation to the choice of location, it is important that the Primary Care Teams are located in the area that they are serving. As outlined above, there is a deficit in primary care accommodation in the Galway City area and in particular, on the west side of the city.

Salthill covers 4 District Electoral Divisions (DED) areas with a population of 10,186 persons with a population increase of 9% in the 2016 census. The Salthill PCT is a more established area, with a mix of older and child health populations which includes a direct provision service

The Knocknacarra PCT covers one large DED with a population of 15,185 with an increase of 18.8% in population in 2016 census. The Knocknacarra area is an area of within Galway City reflected in the number of families and high child health population, which requires support from the local PCT in terms of Public Health Nursing, Speech Therapy and schools services.

The building will accommodate the following services and staff complement:

Service Requirement – Galway City Hub	WTE's
Appointed Integrated Care Programme for Older Persons – ICPOP	12
Integrated Care Programme Chronic Disease Management – ICPCDM	34.2
Community Health Networks x 2	34.4
Primary Care Teams x 2 (Salthill & Knocknacarra)	23.86
Total	104.96

Accommodation Options Considered

Following review of the existing HSE Portfolio & general market options, the following list of long-term options emerged:

Option 1	
Option 2	

Option 3	[REDACTED]
Option 4	[REDACTED]
Option 5	[REDACTED]
Option 6	[REDACTED]
Option 7	[REDACTED]
Option 8	[REDACTED]
Option 9	[REDACTED]

The following outlines the reasons for not shortlisting the above delivery options:

	Option	Reason for not Short Listing
Option 1	Do Nothing	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 3	[REDACTED]	There are two developments sites under construction in Galway City with at least one that could accommodate the overall requirement in a single building [REDACTED]. The buildings would be handed over at a 'Cat A/Landlord' standard i.e. white box with ceilings and floors and would require a significant capital investment in the region [REDACTED]. These locations are City Centre based with little or no set down areas and limited parking.
Option 4	[REDACTED]	This option was proposed at previous EMT and ARC Meetings. However, concerns were raised about this Option given the fit-out cost that the HSE were required to invest in the building and no asset being acquired at the end of the lease term and the transaction was not approved. [REDACTED] based on the initial annual rent. The location matches the Services requirement for a community based multi-disciplinary approach to healthcare.
Option 5	[REDACTED]	Due to the severe shortage of suitably available properties in Galway City, splitting the Ambulatory Hub including ECC & PCT's x 2 was considered. A larger overall footprint would be required, arising from lose of synergies that come with collocation. From a Service perspective a multi-site solution is not acceptable for the long-term. The location of multidisciplinary teams in various location would be inefficient and less patient centred.
Option 6	[REDACTED]	This is an option aligned to the 'Guiding Principles' however given the challenges to date progress the proposed Galway City West PCC, any further additional to the scheme at this point

		would risk over intensification of the site. Adding further accommodation would also put pressure on access and parking.
Option 7		The identification of suitable sites for PCC's in Galway City has been particularly challenging. The immediate lack of available sites has led to delays in delivery of the West City PCC. The estimated programme for this requirement if an additional site was to be pursued for an Operational Lease method would be 5-10 years.
Option 9		Following a search of the Galway City Commercial property market,

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

Option 2: [REDACTED]

[REDACTED] Acquisition of Block A, Galway West Business Park, Knocknacarra, Galway

Summary of findings is listed below:

Option No.	Proposal Considered	Appraisal	Cost	Option Ranking
Option 8	[REDACTED]	[REDACTED]	[REDACTED]	1
Option 2	[REDACTED]	[REDACTED]	[REDACTED]	2

In conjunction with the Service, it is our opinion that Option 8 represents the best option in terms of location, speed of delivery, value for money and potential for the Enhanced Primary Care Centre to be in a single, community based location.

[REDACTED]

The open market value of the building, as per the independent [REDACTED] This is the premium required by an unwilling seller and reflects the value of the HSE as a long-term tenant and the rent payable over the term of the lease. [REDACTED]

[REDACTED]

[REDACTED]

If the HSE purchase the building, there is no risk around increased rent at reviews or dilapidations on yield up if this were a leased building. The asset will become a long-term HSE facility in the Salthill/Knocknacarra area. The HSE will be required to achieve planning permission for a change of use, post contract and the advice is this is a low risk consideration given its existing use and established healthcare use in the vicinity.

The fit-out cost estimated have been revised from [REDACTED] to reflect inflation and significant upgrades to the external facades of the building to meet the HSE's obligation under the Governments Climate Action Plan for a 50% overall reduction in carbon emissions and phasing out of fossil fuels by 2030. The capital cost of the fit-out of this building has been included in the overall ECC capital programme.

The current building is open plan and the proposed fit-out will include the partitioning of the existing open plan areas in cellular spaces for clinic rooms, treatment rooms, diagnostics, physiotherapy, occupational therapy and podiatry. The fit-out will also include the required building services (electrical, water, heating and ventilation, and IT cabling) to the rooms.

[REDACTED]

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

- **Current status**
Awaiting HSE Board approval
- **Budget**
[REDACTED]
Revenue funding will be required to cover the costs of annual Services Charge: [REDACTED]
- **Source of Funding**
The capital funding required for the purchase and fit-out will be provided in the HSE Capital Plan in 2022, 2023 and 2024.
Revenue funding for service charge and other operational costs for the building will be provided in future National Service Plans when the building becomes operational. This is currently anticipated to be Q2 2024.
- **Resources**
Recruitment of Additional Staff in line with the implementation of the ECC Programme and Sláintecare Implementation Strategy 2018 are being recruited with 57 staff (55%) already in post.
- **Impact to delivery of services**
There will be significant enhancement of community based Services in Galway city, the environs and Connemara with the rolled out of the ECC programme, in CHO 2 and integrated service delivery and co-location of the Primary Care Teams.
Hospital avoidance/ alleviation benefits for University Hospital Galway, the only model 4 hospital in the Saolta group, which experience significant and sustained demand across the range of services it provides.
- **Corporate Plan**
The proposal aligns with:
 - The National ECC Programme
 - Sláintecare Report 2017 & Sláintecare Implementation Strategy 2018
 - Healthy Ireland Framework
- **Sláintecare**
The Strategic Framework for Delivery of Service Continuity in a COVID environment, has a focus on restoring our services in a prioritised manner with investments targeted at rebuilding services guided by the principles and priorities of Sláintecare. A Community First approach to the delivery of care is central to delivering safe, efficient and effective services through winter and beyond.
- **Social factors** (e.g., impact on specific area such as the elderly, disabilities)

In line with Primary Care Strategy.

- **Technological factors**

Current technologies and digital health service solutions will form part of the delivery from the building particularly, for services to remoter parts of the catchment of Connemara & it's coastal islands.

- **Legal factors**

Not applicable

Sustainability

The upgrade and fit-out of the building will be in line with the HSE specification for the deep retrofit of buildings to meet the HSE's obligations under climate action. The upgrade and fit-out budget [REDACTED] to reflect the cost of this work.

Value for Money

The preferred option has [REDACTED]

[REDACTED] However, the proposed purchase price is less than the total lease cost for the 25-year term of the lease [REDACTED] The earlier delivery of the facility will enable the staff to deliver a more efficient and effective service.

Conclusion

Not applicable

Recommendation

It is recommended that the HSE Board approve the transaction as outlined above.