



HSE Board Briefing Template

Subject: Proposed lease of Unit [REDACTED], Kilkenny, for Finance Shared Services - National Finance Division.
[REDACTED]

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

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Why is this information being brought to the Board's attention?

Approval of HSE Board members is required as the transaction is over €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 the proposal to lease a three floor office suite at Unit [REDACTED] Kilkenny from [REDACTED]

The total rental cost of the lease is [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; **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.

The cost of the lease over the [REDACTED] for fit for purpose office accommodation for Finance Shared Services at [REDACTED]

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

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

Finance Shared Services (FSS) are a key enabler of service delivery and integral to the achievement of service strategic objectives. These support functions and their associated resources have undergone and continue to undergo significant change, expansion and development. The absence of appropriate accommodation to facilitate the required additional staff will negatively affect the ability of FSS to deliver the Integrated Finance and Procurement Management system (IFMS) and National Integrated Staff Records and Pay Programme (NiSRP) projects.

In the context of the IFMS and NiSRP projects and the associated allocation of resources and service developments, the matter has become critical and current accommodation configuration is not fit for purpose. FSS propose to lease 15,000ft² of office accommodation over [REDACTED]

- Address business support accommodation for current requirements as well as for these projects,

- Provide fit for purpose infrastructure with associated designated parking to allow for expansion and future proofing,
- Consolidate business support functions allowing for optimal working arrangements for current and future staff,
- Be strategically located, close to public transport corridors for regional and national access.

Following the implementation of both the IFMS and NiSRP projects and the development of other service initiatives, FSS project accommodation requirements as being a total of 156 WTEs by 2025 (working on a hybrid model requiring 109 desks) and a total of 216 WTEs by 2028 (working on a hybrid model requiring 151 desks). Currently FSS have 71 WTE occupying offices in St Canice's Hospital and HSE Lacken, Kilkenny and FSS will be retaining these offices in order to provide sufficient accommodation for the approved WTE number of 216 (by 2028). The existing offices and the proposed lease building will ensure sufficient accommodation for those charged with the implementation of the IFMS and NiSRP projects.

To address the shortfall in accommodation anticipated, an option appraisal was developed in consultation with National Finance Division. Following a short listing and appraisal exercise the property at Unit [REDACTED] Kilkenny was identified as the best available matched to need. A HSE "own build" was included in this appraisal however following both qualitative & quantitative review the leasehold option proved the most suitable for service delivery in the short to medium term. Other lease options were looked at but were discounted in favour of the proposed building [REDACTED]. The other options did not have the advantages in terms of being available fitted out (others were shell and core), and did not having as good an energy rating nor sufficient floor area.

The transaction can be summarised as:

- **Term** – [REDACTED] (with potential to extend)
- **Area** – 15,000ft² Gross Internal Area (GIA) over three floors
- **Rent** - [REDACTED]
- **Current condition** – open plan office accommodation
- **Energy Efficiency** – BER B3
- **Capital cost** – it is proposed to occupy the property in its current configuration. Additional furniture and fit out will be funded by FSS Revenue budget.

A Buy-Out option was explored but the landlord has confirmed that they are not in a position to sell the property to the HSE.

The current condition of the office space is good and appropriate for proposed use. It is fully fitted with open plan desks, individual offices, meeting room space and canteen/staff break out areas on each floor. There is scope for reconfiguring the space to address additional desk space and offices if /when the Service requires same in the future. The acquisition of [REDACTED] in its existing fitted format will allow FSS to implement the required initial staff transitions during 2022/2023 therefore utilising the building immediately.

It is proposed to finalise lease agreement in Q2 2023 to facilitate the establishment of the new IFMS and NiSRP projects and to provide offices accommodation for existing staff transferring as well as those appointed through the current recruitment campaign.

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

- **Current status**
Awaiting Board approval
- **Budget**
The proposed area for this office accommodation is 15,000ft² Gross Internal Area (GIA) over three floors. The rental rate of [REDACTED]
[REDACTED] It is proposed to occupy the property in its current configuration. Additional furniture and fit out will be funded by Finance Shared Service Revenue budget.
- **Source of Funding**

Revenue funding for the rent, service charge and other operational costs associated with this building will be provided in future National Service Plans when the building becomes operational. This is currently anticipated to be mid-2023.

Programme

Subject to HSE Board approval for the transaction it is anticipated that the lease agreement will be concluded in Q2 2023 and the building will be ready for occupancy shortly thereafter.

▪ **Resources**

The accommodation will allow for expansion/future proofing of Finance Shared Services. The WTE number above is approved, and recruitment is underway (completed in some instances)

▪ **Impact to delivery of services**

Finance Shared Services functions are a key enabler of service delivery and integral to achievement of service strategic objectives. The overall environment will support the development of the Services to ensure effective delivery.

▪ **Corporate Plan**

Aligned with HSE Corporate Plan & Service Plan

▪ **Sláintecare**

Aligned with Sláintecare Report 2017 & Sláintecare Implementation Strategy

▪ **Social factors**

The facility will provide a modern, energy efficient and accessible environment for the staff and service users alike. It will support flexibility in service delivery, ease of access (secure adjacent car parking), contribute to attainment and maintenance of best practice in all aspects of the services to be provided.

▪ **Technological factors**

Not applicable.

▪ **Legal factors**

The HSE will enter into a Lease Agreement.

Sustainability

The building as it stands is rated BER B3 and no other premises of this size and condition was available in Kilkenny to comply with the Climate Action Plan 2021 (BER A3 rating) at the time of negotiation. On execution of the lease the landlord has agreed to upgrade the lighting to LED fittings up to a value of [REDACTED] in an effort to improve the BER rating of the premises.

Value for Money

HSE Capital & Estates have negotiated this transaction to bring the transaction to the best and final form, with reference to the comparable evidence available. In view of the rate per sq. ft. negotiated and the current condition of the unit to include a substantial amount of fixed and loose furniture, we confirm that the transaction presents value for money to the organisation.

Conclusion

Not Applicable

Recommendation

It is recommended that the HSE Board approves the transaction outlined above.