



Feidhmeannacht na Seirbhíse Sláinte
Health Service Executive

HSE Board Briefing Template

Subject: Contract Award 50-bed Residential Care Centre at St Vincent's Community Nursing Unit (CNU), Ballycullenbeg, Mountmellick Co Laois. Ref. IO. 61000230

Submitted for meeting on: 10 December (EMT by email), 13 December (ARC), 17 December 2021 (Board)

Name & title of author: Dean Sullivan, Chief Strategy Officer

Why is this information being brought to the Boards attention?

Approval of the HSE Board members is required as the contract is valued above €10m.

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

The HSE Board at its meeting 29 October 2021, approved the contract award for 50-bed Residential care centre at St. Vincent's Community Nursing Unit (CNU) Ballycullenbeg, Mountmellick. Co. Laois (**decision no. 291021/41**). Previous Board paper attached at Appendix 1.

The successful contractor on receipt of the HSE letter of Acceptance of his tender, advised the HSE that he was no longer in a position to stand over his tender and requested additional compensation for price increases. Under procurement rules the HSE is not permitted to negotiate on price. In these circumstances the HSE engaged with the second ranked tenderer.

It is therefore recommended, that ARC and thereafter the HSE Board approve the contract award, for the construction of a 50-bed (Phase One) Residential Care Centre and associated site works at Ballycullenbeg, Mountmellick Co Laois to [REDACTED] who are the second ranked tenderer.

The cost of the contract is [REDACTED] (excl. VAT). The initial successful contractor's bid was [REDACTED] (excl. VAT).

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.

The cost of the contract is [REDACTED] (excl. VAT). Approval of HSE Board members is required as the contract is valued above €10m.

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

The proposed new 50-bed Residential Care Centre is to replace existing beds in an older facility that does not meet current HIQA standards.

The details of the project are as described in the previous Board paper (Appendix 1).

It should be noted that An Bord Pleanála has not yet issued their decision on our appeal on some of the conditions included in the fire safety certificate granted for the project. Following frequent enquires in relation to the date of issue of their decision our fire safety consultant has been informed that the decision is imminent.

Tender Process

The project is being procured under EU restricted tender process and the tendering procedure employed for this project was a restricted process in accordance with the Capital Works Management Framework whereby Contractors were selected following a separate prequalification process.

An advertisement seeking expressions of interest from suitable contractors was placed on eTenders on 20 October 2020 (RFT Reference 178634) with a return date of 4 December 2020. Twelve expressions of interest were returned at the time, which were short listed to eight in accordance with the award criteria following a detailed assessment process. A Prequalification Evaluation Report to this effect was issued on 21 December 2020

The following tenders were received by HSE DML Midlands Capital & Estates via eTenders on 16 June 2021 and the Tender Box was opened by HSE on the same day.

Ranking	Contractor	Amount of Tender (excl VAT)
1	[REDACTED]	[REDACTED]
2	[REDACTED]	[REDACTED]
3	[REDACTED]	[REDACTED]

Following receipt and analysis of returned tenders, [REDACTED] was determined the preferred contractor. The HSE appointed design team have carried out their due diligence and recommend acceptance of the tender for [REDACTED] (excl. VAT). Further to issue of letter of Intent to [REDACTED] (lowest tenderer) confirmed they would not stand over the tender price and requested additional compensation for construction inflation. Under procurement rules the HSE are not permitted to negotiate on price and advised [REDACTED] accordingly. In these circumstances [REDACTED] withdrew from the tender competition.

The HSE subsequently engaged with [REDACTED] who scored second in the competition, who now are the Most Economically Advantageous Tender (MEAT) for the project. [REDACTED] have confirmed they will stand over their tender price [REDACTED] the price difference is [REDACTED]

The alternative approach available to the HSE is to retender the project. This is unlikely to achieve a lower tender price given the current inflationary pressure in the construction sector (SCSI Tender Price Index increased by 7% for the period Jan 2021 to June 2021). Also the project would be delayed by 6 months.

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

- **Current status**
Awaiting Board Approval
- **Budget**
The funding for this project has been included in the HSE Capital Plan 2021. The total project cost is

██████████ (excl. VAT) for design, equipping, contingency and other costs associated with the project. This excludes the estimated ██████ (excl. VAT) for the potential Fire Safety works outlined above which will be required should ABP reject our appeal.

- **Source of Funding**

The capital funding for project is included in the HSE Capital Plan 2022.

- **Programme**

The programme for the construction works if approved will commence in February 2022 and will be completed in Q4 2024.

- **Resources**

The new unit will be staffed from within existing WTE numbers.

- **Impact to delivery of services**

This proposed redevelopment is required to meet the (HIQA) National Quality Standards for Residential Care Settings for Older People and to comply with the Health Act 2007.

- **Corporate Plan**

Aligned with HSE Corporate Plan & Service Plan.

- **Sláintecare**

Aligned with Sláintecare on delivery of services.

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

The long stay residents will be cared for by the staff they are familiar with. The new unit is located in the same locality and community. There will be significant improvements for residents in the enhanced environment.

- **Technological factors**

Not applicable.

- **Legal factors**

The standard Public Works Contract for Building Works designed by the Employer (PW-CF1) is being used.

Conclusion

Not applicable.

Recommendation

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



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Health Service Executive

HSE Board Briefing Template

Subject: Contract Award 50-bed Residential Care Centre at St Vincent's Community Nursing Unit (CNU), Ballycullenbeg, Mountmellick Co Laois. Ref. IO. 61000230

Submitted for meeting on: 8 October (ARC), 12 October (EMT), 29 October (Board) 2021

Name & title of author: Dean Sullivan, Chief Strategy Officer

Why is this information being brought to the Boards attention?

Approval of the HSE Board members is required as the contract is valued above €10m.

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

This transaction has been approved by ARC and EMT and it is recommended that the HSE Board approve the contract award, for the construction of a 50-bed (Phase One) Residential Care Centre and associated site works at Ballycullenbeg, Mountmellick Co Laois to [REDACTED]

The cost of the contract is [REDACTED] (excl. VAT)

Please indicate which of the Board 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.

The cost of the contract is [REDACTED] (excl. VAT). Approval of HSE Board members is required as the contract is valued above €10m.

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

The proposed new 50-bed Residential Care Centre is to replace existing beds in an older facility that does not meet current HIQA standards.

St. Vincent's CNU, Mountmellick is a medium-sized community nursing unit. The unit provides long-stay, respite, rehab and special care room for hospice residents and is currently registered with HIQA as a Designated Centre for Residential Care of the Elderly. The CNU is currently HIQA registered for 72 patients. The catchment area includes Co. Laois as well as Co. Offaly. The facility also provides a meals-on-wheels service to the community.

The overall long term proposal for St Vincent's CNU is to provide a facility that will cater for 130-beds delivered over three phases as follows:

Phase One: New build 50-bed development to the front North East section of the site which will be connected back to the existing CNU building. This phase will not impact on current accommodation and service operations

Phase Two: Proposed new 60-bed development to the front North West section of the site incorporating 10-bed dementia unit to replace the existing eight-bed dementia unit. Where this impacts on existing occupancy, residents will be re-accommodated in the new phase one building for the duration of the construction works

Phase Three: Proposed refurbishment of first floor of existing building to provide 20 ensuite single bedrooms

This proposed contract relates to Phase One above and will consist of a new two storey 50-bed Community Nursing Unit, adjacent and linked to existing facility for the replacement of existing beds including support services, associated site works, reconfiguration/upgrade landscaping works and associated minor works. The works comprise demolition of existing structures and diversion of existing site services to clear the proposed new build site area, construction of the new 50 bed CNU, refurbishment of the existing building where the new and existing buildings connect, reconfiguration of entrance and roadway, all associated drainage and site services, This will include underground services diversions, some minor demolitions both temporary and permanent relocation of existing campus facilities such as central plant, laundry, ESB substation , reconfiguration of car parking plus new landscaping.

The provision of this new build with single en-suite room accommodation will provide much needed modern facility for those in need of residential care.

Appeal to An Bord Pleanala (ABP)

The building has been designed in compliance with Part B of the Building Regulations. Three of the conditions imposed by Laois County Council were deemed by the project team to be in excess of the recommendations of Technical Guidance Document B 2006 (relevant guidance document for this building purpose group). The three conditions are as follows;

1. Requirement for sprinkler system
2. Separation of evacuation lifts
3. Provision of signs indicating maximum occupancy limit within a room

On a number of occasions in recent times (St Finbarr's in Cork which is part of the CNU PPP Programme is a recent example), sprinkler conditions imposed by different local authorities on Nursing Home designs similar to St Vincent's in Mountmellick have been appealed to An Bord Pleanala (ABP) and in all cases the Bord inspectors concluded that the requirement for sprinkler systems was excessive and not justified.

Taking the above into account, the decision was taken by the HSE to appeal the conditions on St Vincent's as the collective view of the project team is that the sprinkler system is not a statutory or regulatory requirement for this type of building. As precedence has been set, we are confident that An Bord Pleanala are likely to issue a determination on this appeal in our favour.

However, in the event that the appeal is unsuccessful, we will accept the decision and comply with the conditions as required. We have been advised by ABP that a decision is imminent and will be made in October 2021.

Below are estimated costs as advised by the Quantity Surveyor in relation to the three conditions of the Granted Fire Safety Certificate which were appealed to ABP. These are in addition to the [REDACTED] (excl. VAT) contract amount noted above

1. Separation of evacuation lifts – estimated cost of [REDACTED] (excl. VAT) for this potential work
2. Provision of signs indicating maximum occupancy limit within a room – estimated cost of [REDACTED] (excl. VAT) for this potential work
3. Requirement for sprinklers – estimated cost of [REDACTED] (excl. VAT) for this potential element of work.

Tender Process

1. The project is being procured under EU restricted tender process and the tendering procedure employed for this project was a restricted process in accordance with the Capital Works Management Framework whereby Contractors were selected following a separate prequalification process.

An advertisement seeking expressions of interest from suitable contractors was placed on eTenders on 20 October 2020 (RFT Reference 178634) with a return date of 4 December 2020. Twelve expressions of interest were returned at the time, which were short listed to eight in accordance with the award criteria following a detailed assessment process. A Prequalification Evaluation Report to this effect was issued on 21 December 2020

The following tenders were received by HSE DML Midlands Capital & Estates via eTenders on 16 June 2021 and the Tender Box was opened by HSE on the same day.

Ranking	Contractor	Amount of Tender (excl VAT)
1	[REDACTED]	[REDACTED]
2	[REDACTED]	[REDACTED]
3	[REDACTED]	[REDACTED]

Following receipt and analysis of returned tenders, [REDACTED] was determined the preferred contractor. The HSE appointed design team have carried out their due diligence and recommend acceptance of the tender for [REDACTED] (excl. VAT).

The validity period for the acceptance of the [REDACTED] Tender outlined above will expire in early December. In the event of not accepting the tender within that period it will be necessary to re-tender the project which will incur additional cost and time.

The programme for the works if approved will commence in November 2021 and will be completed in Q3 2023.

Highlight any implications that the Audit & Risk Committee should be made aware of in its consideration such as;

- **Current status**
Awaiting Board Approval
- **Budget**
The funding for this project has been included in the HSE Capital Plan 2021. The total project cost is

██████ (excl. VAT) and ██████ (excl. VAT) for design, equipping, contingency and other costs associated with the project. This excludes the estimated ██████ (excl. VAT) for the potential Fire Safety works outlined above which will be required should ABP reject our appeal.

▪ **Resources**

The new unit will be staffed from within existing WTE numbers.

▪ **Impact to delivery of services**

This proposed redevelopment is required to meet the (HIQA) National Quality Standards for Residential Care Settings for Older People and to comply with the Health Act 2007.

▪ **Corporate Plan**

Aligned with HSE Corporate Plan & Service Plan

▪ **Sláintecare**

Aligned with Sláintecare on delivery of services.

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

The long stay residents will be cared for by the staff they are familiar with. The new unit is located in the same locality and community. There will be significant improvements for residents in the enhanced environment.

▪ **Technological factors**

Not applicable.

▪ **Legal factors**

As outlined above.

Conclusion

- Not applicable.

Recommendation

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