



Feidhmeannacht na Seirbhíse Sláinte
Health Service Executive



National Development
Finance Agency

**Primary Care Centre Public Private Partnership Project
Market Launch Day**

4 December 2013

Primary Care Centre Public Private Partnership Project



Welcome & Overview of Day

Mr. John Hennessy

National Director of Primary Care

Health Service Executive (HSE)

Primary Care Centre Public Private Partnership Project

➤ Overview of the Day

- Alex White T.D., Minister for Primary Care - **Keynote Address**
- Tony O'Brien, Director General, HSE – **Primary Care Services**
- Jim Curran, Head of Estates, HSE - **Primary Care Centre PPP Project**
- Steven Burgess, Head of Project Management, NDFA - **Overview of indicative Procurement Procedure & Requirements**
- Questions & Answers - Panel

Primary Care Centre Public Private Partnership Project



Keynote Address

Alex White T. D.

Minister for Primary Care

Primary Care Centre Public Private Partnership Project



Primary Care

Tony O'Brien

Director General

Health Service Executive

Primary Care Centre Public Private Partnership Project

Vision

- The vision for primary care which the Government is committing to implementing is one where:
 - no one must pay fees for GP care;
 - GPs work in teams with other primary care professionals;
 - the focus is on the prevention of illness and structured care for people with chronic conditions;
 - primary care teams work from dedicated facilities; and
 - staffing and resourcing of primary care is allocated rationally to meet regularly assessed needs.



Primary Care Centre Public Private Partnership Project

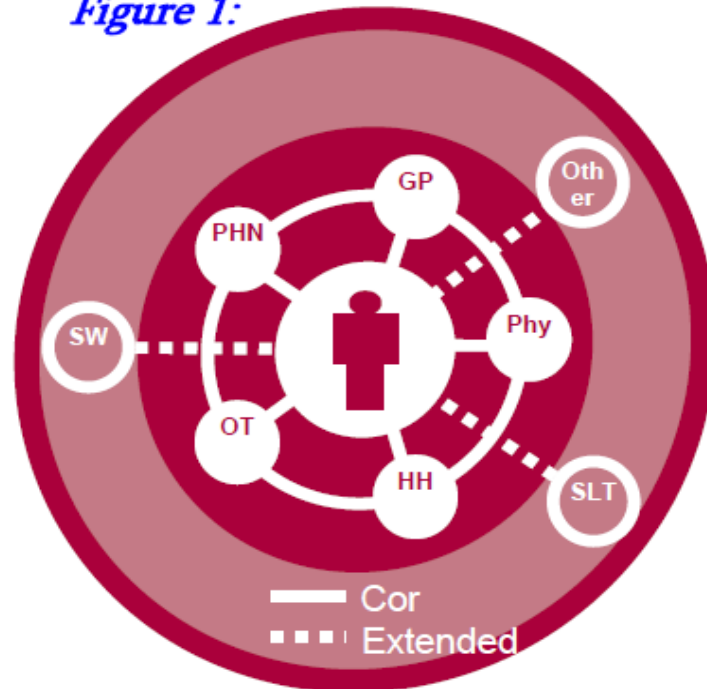
Steps to implement the Primary Care Vision include:

- Establishment of new Primary Care Directorate in 2013 to lead the implementation of primary care reform.
- International evidence supports that 90-95% of health services should be delivered in a primary care setting - 484 Primary Care Teams (PCTs) in place by end of 2013.
- Providing an integrated approach to ensure patients get the most appropriate care at the lowest level of complexity that they need as close to their home as possible.
- Development of high quality primary care centres (PCCs) to support the work of PCTs.

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Primary Care Team (PCT)

Figure 1:



- The PCT provide a wide range of services using a multidisciplinary team approach which include: GP services, public health nursing, physiotherapy, occupational therapy, social work, counselling, speech and language therapy, home help etc.
- The PCT is a central point for service delivery which actively engages to address the medical and social needs for a defined population.

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Strategy to Deliver Primary Care Centres (PCCs)

- The HSE recognises that the Government's health reform programme places a new emphasis on developing the role of primary care within a universal healthcare system and as a consequence progress in delivering the necessary infrastructure is a priority.
- In February 2012, the HSE submitted to the Department its report on the *Accommodation Needs Assessment for Primary Care Teams*.
- The development of PCCs will be through a combination of public and private investment.
- The HSE is currently using 3 delivery methods to provide PCC infrastructure:
 1. **HSE Direct Build;**
 2. **Operational Lease; and**
 3. **Public Private Partnership (PPP).**

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Primary Care Centre PPP Project

Jim Curran

Head of Estates

Health Service Executive

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PCC-PPP Project Overview

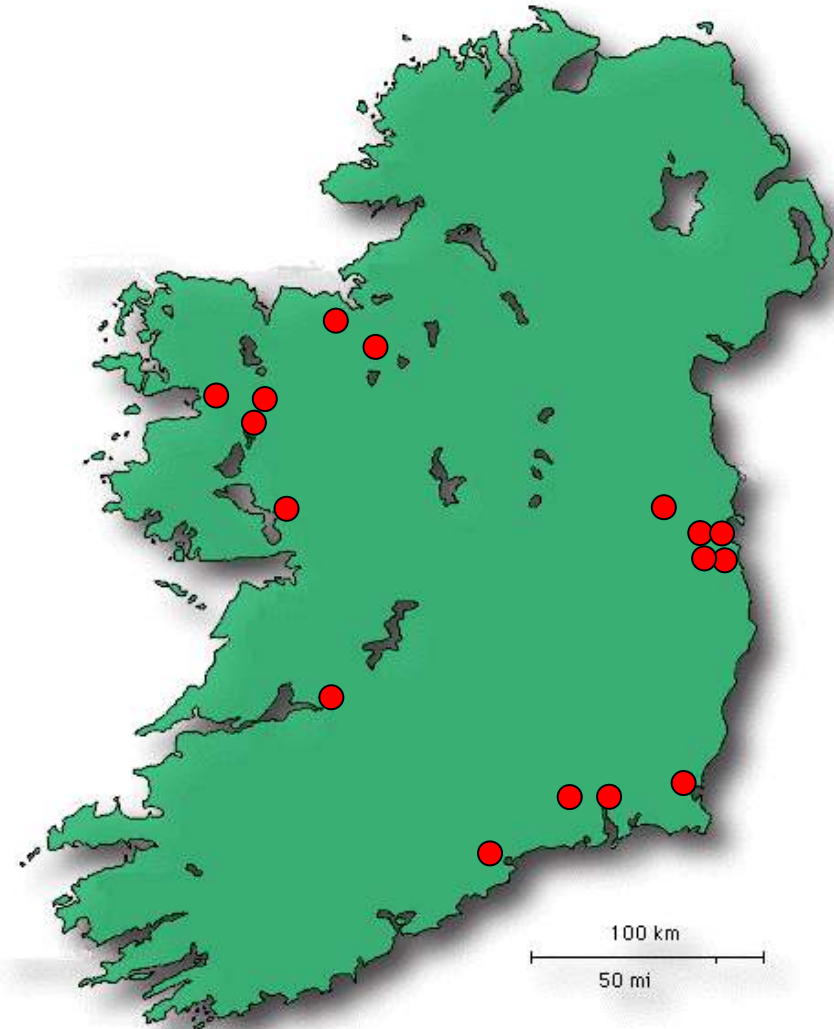
- €2.25 billion Infrastructure Stimulus Package - 17 July 2012.
- Up to 20 Primary Care Centres (PCCs) to be developed by Public Private Partnership.
- Budget announced €115 million.
- HSE appointed Design Teams to bring 16 sites through planning process.
- Single bundle expected between 10-14 sites with planning permissions in place.
- Indicative number 12 based on affordability.
- Sites geographically spread across 4 HSE regions.

Primary Care Centre Public Private Partnership Project

Sites by HSE Region

- | | | |
|-----|-------|-----------------------|
| 1. | West | Ballymote |
| 2. | West | Boyle |
| 3. | West | Westport |
| 4. | West | Claremorris |
| 5. | West | Ballinrobe |
| 6. | West | Tuam |
| 7. | West | Limerick City |
| 8. | South | Dungarvan |
| 9. | South | Carrick on Suir |
| 10. | South | Waterford City (East) |
| 11. | South | Wexford Town |
| 12. | DML | Crumlin/Drimnagh |
| 13. | DML | Kilcock |
| 14. | DML | Knocklyon/Rathfarnham |
| 15. | DNE | Dublin - Summerhill |
| 16. | DNE | Coolock/Darndale* |

* Progressing as 1 site



Primary Care Centre Public Private Partnership Project

Status of Planning Applications

Location	Planning Submission	Observations Deadline	Planning Due Date	Planning Granted
HSE West				
Ballymote	15/11/2013	16/12/2013	20/01/2014	
Boyle	03/10/2013	Observation made by NRA	RFI issued 22.11.2013	
Claremorris	04/10/2013	No Observations	RFI issued 29.11.2013	
Westport	18/11/2013	23/12/2013	20/01/2014	
Tuam	03/10/2013	No Observations		26/11/2013
Ballinrobe	TBC		TBC	
Limerick	TBC		TBC	
HSE South				
Dungarvan	15/10/2013	22/11/2013	12/12/2013	
Carrick-on-suir	18/10/2013	26/11/2013	16/12/2013	
Waterford City (East)	11/11/2013	16/12/2013	13/01/2013	
Wexford Town	18/10/2013	No Observations		22/11/2013
HSE Dublin Mid-Leinter				
Crumlin/Drimnagh	19/11/2013	24/12/2013	21/01/2014	
Kilcock	25/10/2013	29/11/2013	20/12/2013	
Knocklyon/Rathfarham	08/11/2013	13/12/2013	10/01/2014	
HSE Dublin North East				
Summerhill	11/10/2013	15/11/2013	06/12/2013	
Coolock/Darndale	14/11/2013	19/12/2013	16/01/2014	

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Patient/Client Services in Project PCCs

- 1 or more Primary Care Teams (PCTs) will be based in each Project locations. PCTs provide a wide range of services which include:
 - GP services, physiotherapy, occupational therapy, public health nursing, social work, home help coordinator, area medical officer, dietician.
- Other services provided in some Project Locations include
 - Mental Health Day Hospital, Community Mental Health Services, Dental Service, Early Intervention Team, Addiction Services, Audiology, Ambulance Base
- PCCs will range in size based on local service requirements
1,500m² - 5,000m²

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Patient/Client Services in Project PCCs

Location	m2	Size	No. of Primary Care Teams	Dental	Mental Health	Ambulance Base	Child Adolescent & Mental Health	Early Intervention Team	Alzheimers Day Centre & Mother McCauley
HSE West									
Ballymote	2,558	Medium	1	✓	✓	✓			
Boyle	1,590	Small	1	✓					
Claremorris	2,069	Medium	1	✓		✓			
Westport	2,434	Medium	1	✓	✓	✓			
Tuam	2,585	Medium	1	✓	✓				
Ballinrobe	1,580	Small	1			✓			
Limerick	1,734	Small	1						
HSE South									
Dungarvan	3,803	Large	2	✓	✓				
Carrick-on-suir	2,558	Medium	1	✓	✓	✓			
Waterford City (East)	4,679	Large	4	✓	✓				
Wexford Town	3,625	Large	4	✓	✓		✓	✓	
HSE Dublin Mid-Leinter									
Crumlin/Drimnagh	3,980	Large	1	✓		✓			✓
Kilcock	2,335	Medium	1	✓	✓				
Knocklyon/Rathfarham	3,841	Large	4	✓	✓	✓			
HSE Dublin North East									
Summerhill	4,325	Large	2	✓	✓	✓	✓	✓	
Coolock/Darndale	4,265	Large	2	✓	✓	✓	✓	✓	

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Claremorris Primary Care Centre – Co. Mayo



Gross Area: 2,069m²



Primary Care Centre Public Private Partnership Project

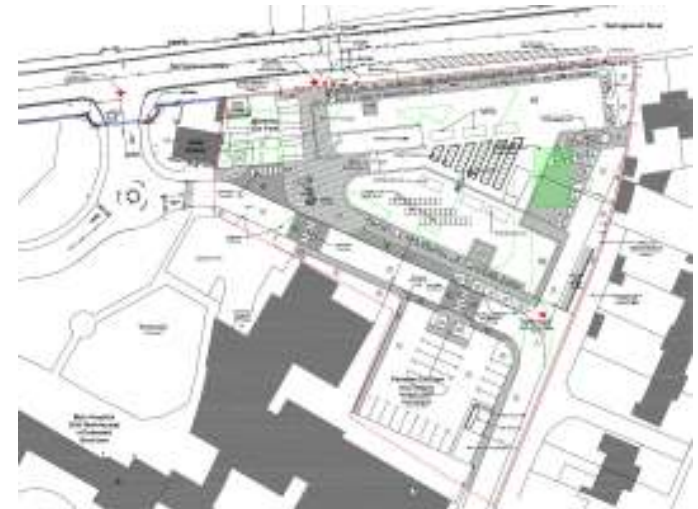
Carrick on Suir Primary Care Centre – Co. Tipperary



Gross Area: 2,558m²

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Crumlin/Drimmagh Primary Care Centre – Co. Dublin



Gross Area: 3,980m²

Primary Care Centre Public Private Partnership Project

Summerhill Primary Care Centre – Co. Dublin



Gross Area: 4,325m²

Primary Care Centre Public Private Partnership Project

Scope of Primary Care Centre PPP Contract

- Design, Build, Finance and Maintain PPP Contract
- Range of Facilities Management services to be included:
 - Contract Management
 - Building Management & Maintenance
 - Grounds Maintenance
 - Security
 - Helpdesk
 - Pest Control
 - Cleaning
 - Porters

Primary Care Centre Public Private Partnership Project

Pre Procurement Tasks

- Business case completed – positive case for developing primary care centres.
- Stakeholder consultations with range of groups including GPs, HSE Staff, local communities, planning authorities.
- PPP and non PPP scope defined – output specifications and project costs well developed.
- Key policy issues related to procurement approach, GPs, planning resolved.
- Project to be handed over to NDFA early in 2014.



PRIMARY CARE PPP PROGRAMME

Overview of indicative Procurement Procedure and Requirements



€1.4 billion Stimulus PPP Programme

- **Education**
 - ▶ 2 groups of 6 schools
 - ▶ Grangegorman DIT - Central and East Quads
- **Health**
 - ▶ 10-14 Primary care centres
- **Justice**
 - ▶ 3 Garda regional HQs
 - ▶ 7 Courthouse developments
- **Transport**
 - ▶ Inter-urban roads programme: 3 projects (by NRA)



Role of the NDFA

- ***NDFA Act 2002 and Amendment Act 2007***
 - ▶ Acts as the State's Financial Adviser for all public investment projects greater than €20 million in value (PPP & Non PPP)
 - ▶ Acts as procurement & delivery authority for PPP Projects, excluding local authority and transport PPPs
 - ▶ May deliver exchequer-funded developments for Minister for Education
- Delivery agent for the accommodation PPPs within the ***Government's €1.4 billion Stimulus PPP Programme*** with projects in education, justice and health sectors.
- Delivering 15 exchequer-funded school developments in 2014
- NDFA manages the procurement process and construction stage through to Service Commencement (“turnkey”)



Expected Parties to the PPP Contract

<i>Contracting Authority:</i>	Minister for Health
<i>Sanctioning Authority:</i>	Department of Health
<i>Sponsoring Authority:</i>	Health Service Executive

NDFFA, as agent of the Minister, will manage the tender process and will be the Contracting Authority during the construction stage.

- Third Parties to the Agreement will include the GP practices present on the sites who will be operating under agreement to the HSE.



Overview of expected deal structure

- 25 year Design Build Finance & Maintain PPP Contract
 - ▶ Standard risk allocation; largely SoPC4
- PPP Co remunerated by a monthly Unitary Charge paid by the Department of Health
- Construction contract value estimated at Ex VAT €115 million
- Construction and Availability risk passed to PPP Co.
 - ▶ No payment of unitary charge until construction is completed and services commence
 - ▶ Availability Based deductions
 - ▶ Service Performance deductions
 - ▶ “Off-Balance sheet” structure required (Eurostat/CSO)
- Utility consumption risk passed to PPP Co
- Change in Law and insurance gain share mechanics to reflect “PF2”



Project Development Overview

- ***Outline Business Case developed and completed***
- ***Project Development Stage substantially completed***
 - ▶ Technical Advisors appointed by HSE Q2 2013 to grouped site locations
 - ▶ Coordinating Technical Advisor appointed Q2 2013
 - ▶ Specimen designs prepared and planning applications submitted
 - Good engagement with relevant Planning Authorities
 - Submissions made for 15 of 16 sites
 - Coordinated technical development to provide consistency/commonality
 - ▶ Site acquisition (where required) is advanced
 - ▶ Geotechnical, topographical and other relevant surveys completed



Project Development Overview

- ***PPP Project Development Stage substantially completed***
 - ▶ PPP Suitability report
 - ▶ GP participation at project sites will NOT form part of the PPP Project
 - ▶ Project definition established (works, services)
 - Contract will be for a defined list of sites published in OJEU Contract Notice
 - ▶ Programme affordability established and approved
 - ▶ Output Specification preparations well advanced
- ▶ Tender and contract documentation preparations also well advanced





FM Services a key component

- 25 year service period, expected to include all aspects of:
 - ▶ Caretaking & Porterage (probable combined service)
 - ▶ Cleaning
 - ▶ Building maintenance
 - ▶ Equipment maintenance
 - ▶ Waste Management (non-clinical waste only)
 - ▶ Pest Control
 - ▶ Security
 - ▶ Energy management (consumption risk)
 - ▶ Life cycle replacement (Fixtures, Fittings, Building)
 - ▶ Limited ground maintenance requirements



Procurement Process - outline

- Procurement in accordance with Directive 2004/18/EC
- A **single PPP contract** is planned
- Project is characterised as a **Services Contract**
- Continue use of the negotiated procedure
- Some new features at selection stage...
 - ▶ Ability of Candidate to manage multi-site delivery will be a key focus
 - Programme/project management capability
 - Ability to assemble and manage “Key Supply Chain Members”
 - ▶ No requirement to necessarily identify contractors at PQQ stage
 - ▶ Confirmation of construction delivery team at interim tender stage



Anticipated process



Key Supply Chain Members

Essential delivery roles based on experience, competency, expertise

- **Lead Design/Build Contractor(s)**

- ▶ Experience of project scale, complexity, integration
- ▶ Minimum requirements on turnover/net assets expected (“bankability”)
- ▶ To be tested for compliance, financial robustness at interim tender stage prior to tender submission, ie., NOT at pre-qualification stage
- ▶ Confirmation of availability - non-exclusive basis permissible at PQQ
- ▶ Equity participation: NOT required; will bring no relative advantage
- ▶ Joint Venturing: NOT required; will bring no relative advantage

- **Principal subcontractors** (design, construction, supply, FM services)

- ▶ Design, FM experience of project scale, complexity, integration
- ▶ Minimum Turnover test only expected for FM Services Provider

- **“Reliance on Resources” at PQQ stage**

- ▶ Expected to be present at tender submission stage



Indicative financial requirements

	Minimum Turnover (annual, averaged over 2 years)	Net Assets
Equity Provider		
Total (Aggregate)	n/a	[€100m]
Construction Contractor		
Total (Aggregate)	[€120m]	[€40m]
Individual	[€40m]	n/a
FM Services Provider		
Total (Aggregate)	[€10m]	n/a

IMPORTANT: All values shown are indicative only at this stage. Actual minimum requirements will be as set out in the Project Information Memorandum accompanying the OJEU Contract Notice



Opportunities in the supply chain: SMEs



- ***“Meet the Contractor”***

- ▶ To be held in conjunction with Enterprise Ireland
- ▶ Opportunity for the prospective supply chain to meet with 3 shortlisted tenderers during tender preparation stage
- ▶ Further opportunity to meet Preferred Tenderer pre-contract award

- ▶ 2 events already held during 2013 in relation to Devolved Schools Programme

- NDFA tracking supply chain engagement within contracts



Other initiatives: Jobs activation

- ***Job creation and activation measures***
 - ▶ Social clause on participation of the long-term unemployed
 - ▶ 10% construction jobs to come from Live Register (> 1 year)
- ***Job-matching: “Intreo”***
 - ▶ single point of contact
 - ▶ offers practical, tailored employment services for employers
- ***JobsPlus*** initiative
 - ▶ Regular cash payments to qualifying employers to offset wage costs where they employ eligible jobseekers
 - ▶ Either €7,500 or €10,000 pa per employee



Bid costs – reduction and compensation

- Specimen designs for all site locations prepared by Authority
- Full Planning Permission and DACs secured by Authority
- Reduce tender timelines by ~6 months
- Policy decision agreed by Government in December 2012 on bid compensation regime

Typical Accommodation Project with capital value €100 million or greater

Unsuccessful Tenderer payment: each Tenderer	€300,000
Authority decision not to award during Tender period: all Tenderers	€300,000*
Authority decision not to award during PT period: Preferred Tenderer (“PT”) payment	€900,000* + disbursed costs for any statutory payments incurred

* Indicative maximum payment shown is the maximum available under the proposed compensation regime, being applicable to projects with an indicative capital value of €100 million or more. A minimum payment will apply for each stage. A scale may be used to apportion the payment depending on the point in the programme at which the decision not to proceed to the award stage is made. Details will be published in the OJEU Notice and Tender documents. Minimum payment to PT in the scenario shown would be €300,000 (decision not to proceed to the award stage is made at PT appointment).



Funding

- ***Authority Term Sheet*** envisaged at Tender stage
 - ▶ Authority retains risk of movement in reference interest rate and interest rate margin (subject to benchmarking)
 - ▶ Preferred Tenderer retains risk of security package costs
 - ▶ Preferred Tenderer retains risk of increased costs arising from any non-standard PPP capital structure to those included in ATS (eg., risk of increased gearing, cover ratios, reserve accounts, etc., from funders)
- ***Debt funding to be finalised in Preferred Tender stage***
 - ▶ Defined, time-limited period for securing funding once Preferred Tenderer is appointed
 - ▶ 6 months currently anticipated; any extension at Authority's discretion



Funding (continued)

- Open to bank debt and institutional funding solutions
- EIB funding – *in discussion*
- Deliverability and value for money key considerations

Under consideration

- Extension of Relief Events to include substitution or replacement of a defaulting Sub-Contractor within Works Co.
 - ▶ Relief will available for one substitution/replacement only

Not Under consideration

- Government equity participation



Closing comments

- Single 25-year availability-based PPP contract
 - ▶ multi-site locations
 - ▶ PCCs are generally modest in scale and complexity
- Specimen designs and full planning permission provided
 - ▶ Planning submissions already made at 15 of 16 potential sites
- GP practices do not form part of the PPP contract
- Selection of candidates will include:
 - ▶ Programme/project management and
 - ▶ supply chain management
- Construction delivery team confirmed at interim tender stage
- Social clauses will be included



Status of PPP Stimulus Programmes

Project	PIN	OJEU	ITN
N17/N18 Gort Tuam	Funding selection underway		
N25 New Ross Bypass	Shortlisting complete		Q4 2014
Schools PPP SB4	Shortlisting complete		Issued
Schools PPP SB5	Shortlisting complete		Q2 2014
M11 Gorey/Enniscorthy	-	29.7.13	H1 2014
GDA-DIT PPP	29.8.13	31.10.13	Q1 2014
Primary Care PPP	15.11.13	Dec 13	Q2 2014
Courts PPP	Expected Q4 2013	Q1 2014	Q2 2014
Garda PPP	Q1 2014	Q2 2014	Q3 2014



Primary Care Centre Public Private Partnership Project

Questions & Answers

Panel

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- Tony O'Brien, Director General, HSE
- John Hennessy, National Director of Primary Care, HSE
- Jim Curran, Head of Estates, HSE
- Steven Burgess, Head of Project Management, NDFA