

Establishment of the Facilities Management Partnership

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Trust Board paper I

Executive Summary

Context

Following the Trust Board decision at a special Public Board meeting to establish the wholly owned subsidiary and the subsequent formation of the Leicester, Leicestershire & Rutland Healthcare Facilities Management Services LLP (FMP); this paper highlights the progress being made towards the FMP being operational from 1 October 2018.

Questions

1. Is the FMP on track to go operational in October 2018?

Conclusion

1. Progress has been made in establishing the key building blocks to enable the FMP to go operational. There are a number of key areas that need urgent attention to ensure the operational date of 1 October 2018 is still deliverable.
2. On that basis it is requested that the Full Business Case is brought to the September 2018 Trust Board for approval.

Input Sought

The Board is asked to note the content of this report and agree the timing of the consideration of the FBC at the September 2018 Board Meeting.

For Reference

Edit as appropriate:

1. The following [objectives](#) were considered when preparing this report:

Safe, high quality, patient centred healthcare	[Yes / No / Not applicable]
Effective, integrated emergency care	[Yes / No / Not applicable]
Consistently meeting national access standards	[Yes / No / Not applicable]
Integrated care in partnership with others	[Yes / No / Not applicable]
Enhanced delivery in research, innovation & education	[Yes / No / Not applicable]
A caring, professional, engaged workforce	[Yes / No / Not applicable]
Clinically sustainable services with excellent facilities	[Yes / No / Not applicable]
Financially sustainable NHS organisation	[Yes / No / Not applicable]
Enabled by excellent IM&T	[Yes / No / Not applicable]

2. This matter relates to the following [governance](#) initiatives:

Organisational Risk Register	[Yes / No / Not applicable]
Board Assurance Framework	[Yes / No / Not applicable]

3. Related [Patient and Public Involvement](#) actions taken, or to be taken: N/A

4. Results of any [Equality Impact Assessment](#), relating to this matter: N/A

5. Scheduled date for the [next paper](#) on this topic: 6 December 2016

6. Executive Summaries should not exceed [1page](#). [My paper does comply]

7. Papers should not exceed [7 pages](#). [My paper does comply]

1. Introduction

- 1.1. In March 2018 the Trust Board took the decision to establish a wholly owned subsidiary company in the form of a Limited Liability Partnership. The Leicester, Leicestershire and Rutland Healthcare Facilities Management Services Limited Liability Partnership (the FMP) was subsequently registered as a company on 27 March 2018.
- 1.2. In anticipation of the approval of the Full Business Case, a Programme was established to mobilise and transition services into the partnership with the target effective go-live date of 1st October 2018.
- 1.3. This report provides an update to the Trust Board on progress with this Programme and related matters to the establishment of the FMP.

2. Programme Governance

- 2.1. To ensure the appropriate level of governance of this project a Programme Board has been established led by the CFO comprising the key Executives/Directors involved in the delivery of the programme and a non-Executive Trust Board Member. This structure reports directly to the Trust Board and has established an agreed Terms of Reference and Project Initiation Document summarising its role and responsibilities. This Board has met monthly, to date, but is now to meet fortnightly as the programme progresses to conclusion.
- 2.2. The Project Team is led by the overall Programme Manager and comprises all Workstream leads responsible for the delivery of the project plan. This team meets on a fortnightly basis to review progress, identify and resolve risks and issues and report in summary to the Programme Board.
- 2.3. The overall project plan currently consists of over 800 lines, so a summary version has been produced in order to report consolidated progress to the Programme Board. In addition a further tracking document has been developed that highlights the Key Business Critical Deliverables. This is reflective of the overall approach with this project where although all elements of the plan are aimed to deliver a go-live date of 1 October 2018, it is recognised that some of this work, although essential, is not critically tied to go-live and can be completed once the FMP is operational. The Critical Business Deliverables and their current status are discussed below.

3. Progress

- 3.1. In line with the project plan, work is in progress across a range of workstreams to enable the operational go-live of the FMP by 1 October 2018. The following gives an overview of the purpose and progress of each.
- 3.2. Services/Technical/Operational
 - 3.2.1. The purpose of this workstream is to produce a specification of the services to be provided by the FMP. This is essentially an output specification that will form part of the contract between the Trust and the Partnership. The current plan is that this is completed and signed off for all services by week commencing 20 August 2018. Overall current progress is on target.

3.3. Structures

3.3.1. The work to create the operational management structure for the FMP is at an early stage and is impacted by the situation with Leicester Partnership Trust (LPT) and their delayed decision on their future intentions. At this stage an in principle decision has been made to design a flexible structure that will be workable however LPT decide to proceed. It is accepted that this may not be the most efficient structure, however cost implications will need to be discussed with LPT and a future restructuring is always a potential option. In terms of overall impact on the plan the delay here does not constitute a critical issue.

3.4. Commercial

3.4.1. Within the contract there are a number of key commercial considerations that need to be reflected in the contract where there is a clear demonstration of separation and risk transfer to the FMP from the Trust. A meeting between the Trust and its advisers have been arranged for 3 July to agree the appropriate contractual drafting to address this. This workstream has experienced some delay due to the limited availability of our external advisers; however at this stage the timetable remains deliverable. A section of the Full Business Case will set out how the risk pooling and nature and implications of the risk transfer will operate with prior debate and approval in principle having taken place at the Programme Board.

3.5. Equipment and Assets

3.5.1. It is necessary within the contract to be clear on equipment and assets that are transferring to the new Partnership. Also it is necessary that the (infrastructure) assets remaining in the ownership of the Trust are detailed so that the FMP risk and responsibilities regarding these is explicit. This work is in progress but needs to be accelerated to stay on plan. Resources are being deployed to achieve this.

3.6. Procurement Contracts and Supplies

3.6.1. All relationships with suppliers need to be transferred or novated in the case of contracts to the new organisation to enable it to perform the purchasing role on behalf of the Trust. This area of work is on track.

3.7. Information Technology

3.7.1. Whilst the systems operated within the Estates and Facilities function are externally hosted and provided, the issue of transfer to FMP is primarily a contractual one rather than a (IT) technical one. The key areas that require consideration here relate to continued access to these systems via Trust network facilities and licenses and access to systems such as financial platforms to enable business transactions and reporting to operate. At this stage a lead individual for IT has been assigned to the project. Work is programmed to define the future relationship between the FMP and the Trust IM&T Directorate. Strategically at a future stage there is the option to bring the Trust IT service and contract under the portfolio of the FMP. This is currently in the early stages of discussion.

3.8. Finance

3.8.1. Key workstreams have been to review the processes involved in managing invoicing, ordering and setting up a chart of accounts for the FMP. Key issues will be setting up a bank account and registering for VAT. The bank account application has been submitted, the VAT registration application has been drafted and has taken longer than expected due to the involvement of third parties in the Trust's estate (University of Leicester) but was signed off by the SRO on 29 June 2018.

3.9. Legal (Service Contract)

3.9.1. The drafting of the service contract between the FMP and the Trust is progressing well and is currently slightly ahead of schedule. The first draft of the main contract is complete with a tracker of outstanding points that are being resolved in line with the remaining plan. The aim is to bring a summary paper to Trust Board in September 2018 for final sign off of the contract structure and key legal elements.

3.10. Legal (LLP Governance)

3.10.1. This workstream is delivering the legal documentation (Articles of Association and Reserved Matters) which define the relationship between the Trust as the parent and FMP as the subsidiary. Our advisers, following some delay, have provided a plan for this area that is currently being worked in to the overall plan document. This will dictate the timetable for the setting up of the FMP Board and key appointments and define matters which are delegated to the FMP and those reserved by the Trust. This will form the subject of a report to the Trust Board anticipated in September 2018.

3.11. Support Service Arrangements to FMP

3.11.1. The working assumption here is that the FMP will continue to rely on services provided by UHL in respect of HR, Finance and IT support in the same way as TrustMed currently enjoys. This is proposed to continue for an initial period of 18 months at which point the FMP will have the option to make its own arrangements for these services. In line with the requirement for a robust commercial arrangement the FMP will pay the Trust for these services at a 'going rate' in exchange for a defined level of service outline in a Service Level Agreement. The work to generate this SLA is programmed for August 2018 in the current plan.

3.12. HR Workstream

3.12.1. Key elements of the HR workstream are ensuring the payroll data for future FMP employees has been reviewed for accuracy, and the application for NHS Pension Scheme membership. The Trust is looking for a letter of comfort from NHSPS in respect of membership before staff transfer to ensure NHS Pension scheme rights are protected.

4. Critical Deliverables

4.1. The Critical Deliverables tracker summarises the elements of the project plan that must be in place for go-live to take place. The elements come under four headings:

- Continuity of front line services
- Financial/Commercial
- HR/Staffing
- Legal/Governance

4.2. The majority of the tasks on this tracker are 'green' as they are in progress and on plan or not yet started but planned in.

4.3. The items that are a cause for concern relate to the setting up of a bank account (this has now been applied for and is anticipated to be set up in time) and setting up a working payroll process and associated data where intervention has now resulted in the appropriate direction of resources to achieve this.

4.4. This document is reviewed and update for each Project Team and Programme Board meeting.

5. Risks and Issues

5.1. In line with expected project management principles a Risk Register and Issues log have been created to track risks and issues. This is scrutinised and updated at both Project Team and Programme Board levels.

6. National Trade Union Agenda

6.1. The Programme Board is aware of the increasing interest nationally around the issue of NHS Trusts creating wholly owned subsidiaries. The Trade Unions (principally Unison and Unite) are mounting a national campaign as outlined in the Unison Leicestershire Healthcare Branch Newsletter. This publication specifically covers the UHL intention to transfer staff to its LLP. The programme Board is currently reviewing the Newsletter and will respond appropriately.

7. Commitments

7.1. At the extraordinary Public Trust Board meeting on 22 March 2018 the TB were asked to support the establishment of the FMP. In agreeing to its establishment the Trust Board recognised that the FMP is about:

- Owned by the Trust – remaining within the control of the NHS team;
- Investing in estates & facilities and procurement and supplies;
- Strengthening the financial position of E&F and the Trust, reinvesting in the service and therefore patient care;
- Transferring all existing staff into the FMP on existing terms and conditions but offering our staff currently paid below Agenda for Change (AfC) the opportunity to move onto AfC Band 1 upon operationalization of the FMP;
- Offering new terms and conditions for new employees that are exactly the same as AfC;

- Applying to the NHS Business Services Authority for the FMP to be a NHS Pension Scheme Independent Provider Employing Authority;
- Building a better E&F service which we are all proud of and supports recruitment and retention;
- Creating a responsive team, better-placed to drive improvement;
- Delivering an enhanced environment which contributes to better outcomes for patients;
- Adopting a proven model which will deliver financial gains.

8. Full Business Case

8.1. The Programme Board has considered the timing of the FBC and, in order to ensure the FBC is fully developed and addresses all issues, it proposes that it should be considered at the September Trust Board. Included in the FBC will be a state of readiness checklist which will need to be fully green before the FMP becomes operational.

9. Recommendation

9.1. The Trust Board is asked to note the contents of this report.

9.2. The Trust Board is asked to agree to consider the FBC be put back to September 2018.