



Bradford Teaching Hospitals NHS Foundation Trust

25th June 2019

Our ref: JH/hlh

John Holden
Acting Chief Executive
Trust Headquarters
Chestnut House
Bradford Royal Infirmary
Duckworth Lane
Bradford BD9 6RJ

Tel: 01274 382043

Appendix 5b

Dear Colleagues,

Creating a wholly owned subsidiary company at Bradford Teaching Hospitals NHS Foundation Trust

As you may know, the Trust is setting up a wholly owned subsidiary company (WOS) for our Estates, Facilities and Clinical Engineering services, which will be entirely owned by Bradford Teaching Hospitals. The new company, Bradford Healthcare Facilities Management Ltd (BHFML), will operate from 1st October 2019.

I am writing now to explain why we are doing this, and to address some of the questions you may have. I would be very happy to follow these up with you in person if that would be helpful.

What is the immediate issue?

There has been some recent media coverage, as UNISON has balloted its members in the Estates and Facilities team, and has this week informed us of its intention to take industrial action from 8th to 15th July 2019.

We are putting in place robust arrangements to ensure that patient safety and levels of patient care are not compromised. Realistically, we may have to consider reducing the amount of planned ('elective') activity on days when industrial action takes place, however at this stage we cannot say with certainty if this measure will be necessary.

Why are we setting up a company?

Every year the Trust has to deliver efficiency savings – about 4% of turnover (roughly £16m) in the current year. The Trust must take all steps to protect frontline services and provide safe and effective patient care.

If we do nothing it will be increasingly difficult for our support services to continue as they are now, which will likely impact directly on patient care. Rather than wait for the inevitable contraction and decline, we want to use our scale and expertise to build up the business and win additional work to reinforce the core NHS support service.

John Holden
Acting Chief Executive

Dr Maxwell Mclean
Chairman

As BHFML grows, and makes an increasing profit, the level of reinvestment will also increase, which will further improve its operational and financial strength, and help ensure sustainability for these services. BHFML will be able to seek new business opportunities on a level playing field with other commercial companies, as its tax arrangements will be the same. Cash released from tax efficiencies will allow us to reinvest in patient care, the hospital estate and BHFML staff development.

In the first five years of operation, we expect BHFML to make a total of £28m in savings and additional income, with £15m relating to growth and operational efficiencies. In addition, the tax rules applicable to private companies can also be applied to BHFML, and these equate to £13m.

As there is no external shareholder in the new company – because it is 100% owned by the NHS – this £28m will ensure the sustainability of the company, strengthen services and provide investment into improved patient care.

The creation of a WOS company is not privatisation. The Trust Board has explicitly decided against outsourcing our Estates, Facilities and Clinical Engineering services because we believe we would not be able to retain the same level of influence over the quality of the service, or guarantee protection for staff terms and conditions in the long-term. We want these services to continue to work to the core Trust values and be part of the NHS family.

Once we set the company up, staff will keep their NHS identity, and be employed directly by an NHS-owned company – BHFML. The Trust Board is clear that setting up the new company is the only model which allows us to protect around 600 members of staff and protect patient care.

What will happen to staff terms and conditions, and the NHS identity?

Following a period of engagement with staff and trade unions, we are now in the TUPE (Transfer of Undertakings – Protection of Employment) consultation phase ahead of the transfer of staff to BHFML on 1st October 2019.

As part of TUPE legislation, all affected staff will have their terms and conditions protected. In addition, the Trust's Board has guaranteed to protect their terms and conditions for as long as the new company has the contract with the Trust, which is 25 years.

Staff will remain members of the NHS Pension Scheme, and we will protect terms and conditions if staff get promoted, or increase or reduce their hours, and we will look to match the annual NHS pay awards.

We have listened to concerns from staff and union colleagues, and agree that we should not have a two-tier workforce. That is why we have also taken an additional step, going above and beyond what any subsidiary company in the region is doing, by offering terms and conditions for new starters that are comparable to the Agenda for Change ones that existing staff will transfer on.

And in the highly unlikely situation that BHFML fails or the contract is ended sooner than the 25 year period, all services will transfer back to the Trust; and this will be built into the legal contract documents between the Trust and BHFML.

As an NHS-owned company, BHFML will retain use of the NHS logo; this will be displayed on ID badges and uniforms. Email addresses for BHFML will include the familiar 'nhs.uk' and staff will have access to all the training and support services they do now.

Our people, our future

Within Estates, Facilities and Clinical Engineering services we have a highly skilled, knowledgeable and motivated team of staff who do an excellent job.

Over the years they have innovated, adapted to new demands and kept delivering high quality services, but with increasing financial challenges in the NHS it is getting harder to maximise quality and value for money without significant change.

The Trust will hand over decision-making to the new company so it can decide how to develop its staff, and have a commercial strategy to focus on growing the business, such as in GP practices and local schools, in addition to its main NHS contract. However, the Trust's Board will be able to 'reserve' some decision-making rights so that the company must always seek its agreement on these matters.

BHFML will be better placed to work with small and medium-sized businesses locally, which are not usually able to work with the NHS due to their size. By growing the business, it will also mean we can provide additional employment, training and development for local people.

We have every confidence that BHFML will be a successful organisation that values its staff, and supports both patient care and our local economy.

Please feel free to contact me via my office, as above, if you have any queries or concerns, and in the meantime, I will keep you updated on progress.

Yours sincerely

A handwritten signature in black ink, appearing to read 'John Holden', with a stylized, cursive script.

John Holden
Acting Chief Executive