

# BFW Management Ltd

Fully Managed Healthcare Facilities Services Provider

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# 1 INTRODUCTION

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## 1.1 STRATEGIC AIMS

In the current political and financial climate, when the health economy has significant financial pressures, it is important that alternative ways to deliver the property function is considered, and opportunities to make savings and income generation are explored.

Over the last few years savings within property have been achieved mainly through traditional means of cost reduction rather than transformational change. If this situation continues, it will result in the service being unable to effectively deliver, with the obvious health and safety risks, costs increases and core service failures.

It is therefore essential to consider how we can work with our partners, businesses and residents to challenge the way we currently deliver the property functions, being proactive in transforming the way we operate. This will also support integrated front line healthcare delivery with partners and support the wider healthcare strategy in the region.

## 1.2 DEVELOPMENTS

The Trust has evaluated the opportunities to transform the delivery of its property function and at the Board meeting of the 30th November the Board approved the creation of an alternative delivery model (ADM), a wholly owned subsidiary company limited by shares, for the Property and Estates Services of the Trust.

The new company has been registered as a limited company and the name which has been registered is BFW Management Ltd. A programme plan for the implementation of the new company is being progressed to have the new entity in place by the end of March 2017.

## 1.3 BACKGROUND INFORMATION

### 1.3.1 Profile of the sites

The Trust occupies 42 key sites, which are as follows:-

- A general Acute Hospital site (Victoria Hospital)
- A Community Hospital (with inpatient beds)
- 22 x Non inpatient Facilities (including but not limited to Health Centres, Clinics, Ambulatory Diagnostic Centres, Mobile units and Treatment Centres providing day-case services only.
- Also includes Community Hospitals where there are no inpatient facilities.

- 7 x Sites that are administrative or support service sites. Including non-hospital site where patients are not treated or accommodated.
- 11 other sites less than 200m<sup>2</sup>.

## 2 CASE FOR CHANGE

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### 2.1 NATIONAL CONTEXT

In recent years public sector organisations have invested time and energy in making better use of their assets in response to a challenging economic climate, and significantly reduced resources available to them. Due to CIP (Cost Improvement Programme) savings required in the health economy, it has been necessary to explore alternative ways of delivering the property function and consider ways of both making savings and generating income.

#### 2.1.1 The Government's Estates Strategy

In June 2013, the Government published its first Estate Strategy, the vision for which was “to create an efficient, fit for purpose and sustainable estate that delivers value for money and facilitates flexible working.” This was further developed with a more ambitious, modern and comprehensive strategy, aspiring to “deliver better integrated public services as an enabler for growth.” The document highlighted a “smarter working revolution” to reflect much of what the private sector had already begun to achieve, which aims to contribute to wider objectives such as localism and sustainability.

This alternative delivery model will support the Government Property Unit (GPU) ‘One Public Estate’ programme, delivered in partnership with the Local Government Association, which is “designed to facilitate and enable the public sector to work successfully with central government and local partners on public property and land issues through sharing and collaboration.” The programme has four main objectives:

- Create economic growth
- Deliver more integrated and customer focused public sector services
- Generate capital receipts
- Reduce running costs

#### 2.1.2 Carter review

The Carter Review of hospital efficiency was published in February 2016. The report identified a significant variation in costs and practice across the sector which, if addressed, could save the NHS £5bn. Based on the assessment of 22 Trusts, the report suggests that savings would be achieved through improvements to operational productivity, delivered in part by “better estates management and optimisation”. To achieve this, one of the eight recommended actions is: - “In estates, (to) develop a package of support to help providers improve their efficiency to at least the average of their peers.”

One of the key points highlighted is, “The need for genuine local and national collaboration and coordination. Trusts recognise the efficiency opportunities if they could change the way their clinical services were delivered or could share some supporting services.” In terms of savings, the report indicates £1bn for estates and facilities management improvements, including cleaning, energy savings and food services. To realise these savings, the recommendation is for all Trusts to produce a strategic estates and facilities management plan, and “a plan to operate with a maximum of 35% of non-clinical floor space and 2.5% of unoccupied or under-used space by April 2017.”

The establishment of BFW Management Ltd delivering the Property and Estates Services function would contribute to this agenda and generate significant savings that the Carter report states need to be achieved.

## 2.2 SUPPORTS THE TRUST STRATEGY

*The Trust vision:-*

*‘As a high performing Trust, operating as part of an integrated care system, we will provide high quality, safe and effective care. This will be achieved in a financially sustainable way, through our skilled and motivated workforce’*

An important part of providing a ‘*high quality and safe and effective care*’ is the physical environment in which the healthcare service is delivered. This alternative delivery model fully supports and enhances the ability of the Trust to provide a well maintained and safe property portfolio, to deliver the core healthcare services.

BFW Management Ltd will be committed to optimising the Trust’s asset portfolio, to deliver a portfolio which will be effective in use, ensuring *we get the most value from* the land and property resource.

Another important driver is the ability to do things differently, driving transformational change in the way the Trust delivers its property function. This will achieve the desired ‘quality’ outcomes, and provide a new property service model *to support high quality care to our patients*.

The model is underpinned by the commitment to work in ‘partnership’ with our healthcare partners to improve standards in all areas of the business. This will fit into our ambitions to work *as part of the local health economy* in partnership within the region.

BFW Management Ltd is therefore an important ‘enabler’ to ensure that the Trust continues to make *good use of the Estate*, with the drive towards better customer care and improved delivery of our property function.

## 2.3 INTEGRATED FRONT LINE HEALTHCARE SERVICES

By reviewing the Public Sector Estate from the wider perspective, it will ensure we make the best use of the property portfolio, driving efficient use of space, and encouraging healthcare service integration.

As part of the continued development of Public Sector integration, this proposal offers the opportunity to develop in partnership the property estate of a number of the healthcare and social care partners, increasing the benefits from economies of scale.

## 2.4 FINANCIAL BENEFITS

Specialist finance and legal advice has been commissioned in connection with evaluating the efficiencies which can be achieved, and following a detailed financial modelling exercise the financial efficiencies have been established and it is expected that a change to an alternative delivery model will realise significant savings via the following:-

- **Service delivery improvements:** It is anticipated that this will be delivered through a mix of procurement efficiencies, contract management, economies of scale, partnership working and business process improvements.
- **Efficiencies and flexibility:** This will allow BFW Management Ltd to develop its services on the same footing as other commercial providers.
- **Grant funding:** Grants and Government funding is more readily available with a company structure and through a separate corporate structure.
- **Generate income from trading opportunities:** There is an opportunity to have the flexibility to trade and generate income.
- **It will allow innovation:** This will give the Trust flexibility and the opportunity to do things differently, providing future opportunities for partnership working, innovative delivery and outside investment.
- **A commercial advantage:** BFW Management Ltd will have greater freedom to operate and will have the advantage of being outside some public sector restrictions.

The new arrangements will drive transformational change and continuous improvement in the property portfolio, achieving efficiencies and savings in the way the healthcare property facilities are delivered in the Blackpool Teaching Hospitals NHS Foundation Trust premises.

## 3 IMPLEMENTATION

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The Trust is progressing with the establishment of an Alternative Delivery Model (ADM) to deliver fully managed healthcare facilities to the Trust commencing in March 2017 and BFW Management Ltd has been registered as a limited company. The necessary work stream and programme plans are in place in connection with the work which is required to be undertaken to implement this initiative by March.

### 3.1 PROPERTY AND ESTATES SERVICE

The proposed structure for BFW Management Ltd is to be based on the current arrangements and will ensure that the new service provides a resilient fully managed healthcare facilities service, with highly skilled and trained teams delivering the Property and Estates Service. It also enables greater flexibility and allows a holistic view across the property and estate service.

BFW Management Ltd will be responsible for delivering a high performing property portfolio and will ensure that the portfolio is safe, secure and appropriately maintained, having a minimal impact on the environment during its life, ensuring that the buildings and land remain suitable and sufficient for the delivery of the core services.

### 3.2 STAFF TRANSFER ARRANGEMENTS

In connection with the establishment of the new company the appropriate HR requirements are being progressed for the relevant staff that will be transferring into BFW Management Ltd. With a robust communications strategy in place, we will ensure a consistent approach to communications with staff.

The initial meeting with the unions was held on 13th December 2016 with regular 2 weekly meetings established to progress the necessary staff consultation and engagement. The communication with staff and stakeholders will continue to ensure consistent and accurate messages, and the aim and objectives are:-

- To formalise and build upon communication about the project to date.
- To progress the appropriate consultation with the relevant staff.
- To engage with our internal and external audiences in order to make them feel well informed and involved throughout the process.
- To prevent myths and rumors being generated through a lack of communication.
- To communicate the aims and objectives of BFW Management Ltd and associated programme of change.
- To address fear of change / uncertainty as a major barrier to change.



- To engage staff and stakeholders early in the process to identify shared values and benefits.

### 3.3 THE KEY RISKS

Management of the risks is a key part of the successful delivery of this initiative, it is therefore essential that all the elements that can become a barrier to success during and after the implementation of BFW Management Ltd are known and addressed.

A workshop with key work stream leads and staff was arranged to conduct a SWOT Analysis (Strengths, Weaknesses, Opportunities and Threats) of BFW Management Ltd to identify risks and mitigations

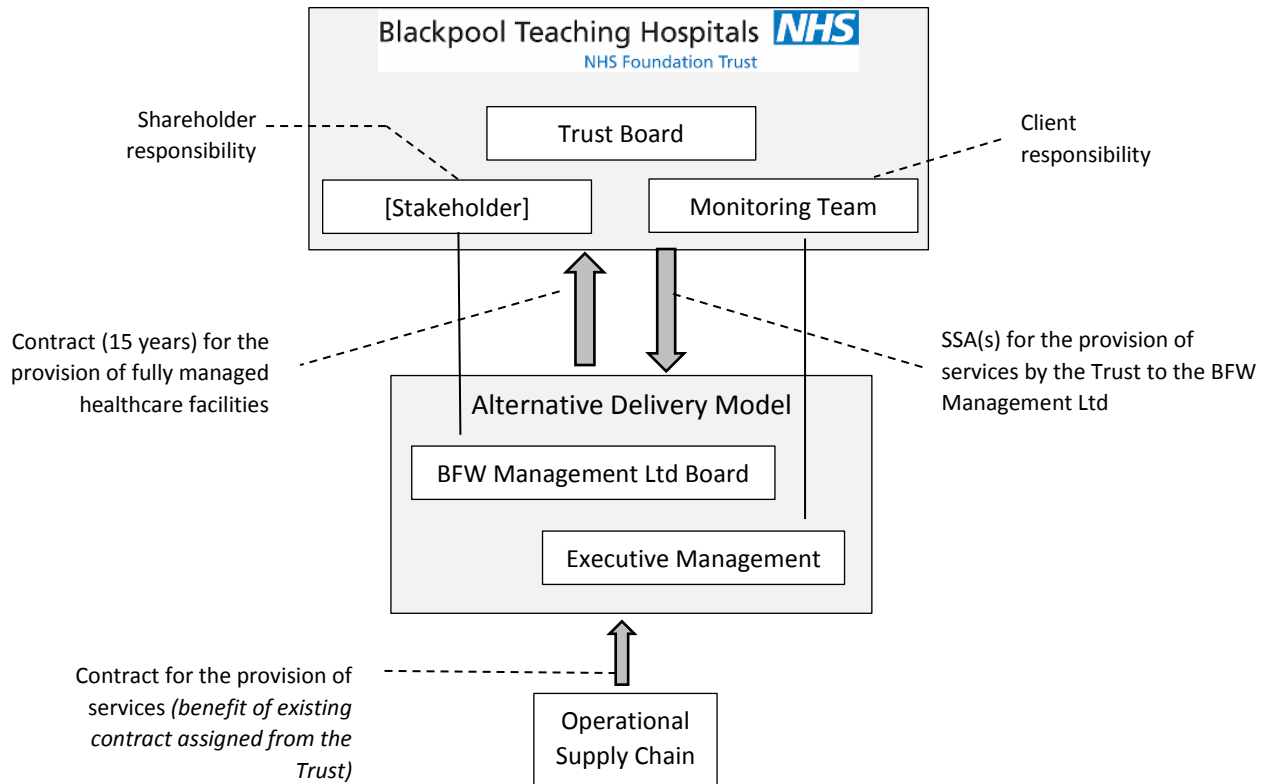
From an initial analysis of the issues, it is considered that some of the key risk areas are:-

- **Customer Service satisfaction:** *Delivering* excellent Customer Service and meeting the Trust's needs has been identified as a high priority and is seen as critical to its success.
- **Change Management:** In order to drive the necessary change strong leadership skills will be in place, supported by robust project management processes.
- **Process and procedures:** It will be necessary to implement new procedures and processes to support BFW Management Ltd.
- **Cultural Change:** This proposal is a major change in the way the property functions are currently delivered at the Trust, and it is essential that the people side of change is managed.
- **ICT infrastructure:** The ICT systems and processes will need to be able to support BFW Management Ltd.

A risk register has been developed for this project, which identifies both strategic and operational risks at the implementation and operational phase of the new arrangements. The risk register will be monitored through a robust governance process as detailed in the next section of this document.

## 4 THE GOVERNANCE STRUCTURE

### 4.1 THE STRUCTURE FOR BFW MANAGEMENT LTD.



### 4.2 BLACKPOOL TEACHING HOSPITALS (OWNER)

The Trust Board will retain full control of the BFW Management Ltd and the BFW Management Ltd Board will remain directly accountable to the Trust for customer satisfaction, strategic direction, performance and delivery of the services against the requirements of the Service Contract. The BFW Management Ltd Board will provide an annual account of delivery against the business plan, to ensure that the Trust is satisfied that the services are being delivered in accordance with the Service Contract.

### 4.3 THE BFW MANAGEMENT LTD

The BFW Management Ltd Board will direct and lead BFW Management Ltd and will provide the vision, strategic direction for the Property Service function, and whose primary responsibility will be to ensure delivery of the Business Plan and monitor performance.

The main duties required of the BFW Management Ltd Board are:-

- Provide leadership and liaison.
- Oversee resources and progress against plans.
- Agree the performance management and improvement framework.
- Assist in trouble-shooting and issue resolution.
- Set strategic direction
- Management team disciplinary issues

#### 4.4 THE BOARD MEMBERSHIP

To ensure the Trust provides BFW Management Ltd with sufficient autonomy and independence, to enable it to operate efficiently and fulfil the objective of improving service provision, individuals' independent of the Trust should play a significant role in the management of BFW Management Ltd. Similarly, the Trust must ensure it has sufficient representation within the BFW Management Ltd Board.

The Board is as follows:-

- **Board Chairperson**
- **Trust Stakeholder Director**
- **2 x Director** – Independent (Non-Executive)

#### 4.5 PROPERTY OWNERSHIP

The property assets will remain within the control and ownership of the Trust. The Trust is to grant a non-exclusive licence which will enable BFW Management Ltd to utilise the estates in order to provide fully managed healthcare facilities.

#### 4.6 CORPORATE CLIENT RESPONSIBILITIES

The Trust will need to perform a 'corporate client' role, to monitor and engage with BFW Management Ltd in order to ensure that services are provided as agreed. This will ensure that service variances can be highlighted and corrective action undertaken.

It is important that there is a clear client/contractual arrangement in place between BFW Management Ltd and the Trust, which is robust to ensure a suitable commercially based relationship can be best met.

The client function will be undertaken by an individual working for the Trust, this will monitor the contract and the performance of the BFW Management Ltd (i.e. an informed buyer to monitor the performance of the BFW Management Ltd).

#### 4.7 PERFORMANCE MANAGEMENT AND MONITORING

The performance of the BFW Management Ltd is an essential element to its success and we are committed to improving the Performance Management framework for the service and the Property estate to ensure effectiveness and efficiencies of the assets.

BFW Management Ltd will be contractually committed to deliver to an agreed standard over a 15 year contract and the key performance indicators will be used to ensure delivery against the targets.

As part of the performance management framework, an annual customer satisfaction survey will be undertaken to understand how well the service is performing and areas for improvement. This will be a requirement of the Output Specification.

## 5 CONCLUSION

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The Trust is progressing with the establishment of an Alternative Delivery Model (ADM) to deliver fully managed healthcare facilities services to the Trust commencing in March 2017 and BFW Management Ltd has been registered as a limited company.

BFW Management Ltd will be governed by its own Board, which will be directly accountable to the Trust Board (as shareholder) for performance and service delivery. For BFW Management Ltd to be successful, staff will be at the heart of the service delivery and will be fully engaged in consultation and development of BFW Management Ltd.

BFW Management Ltd is underpinned by the commitment to work in 'partnership' with our healthcare partners to improve standards in all areas of the business. This proposal fits into our ambitions to work as part of the local health economy in partnership 'to develop new integrated models of care' within the region.

BFW Management Ltd is therefore an important 'enabler' to ensure that the Trust continues to make good use of the Estate, with the drive towards better customer care and improved delivery of our healthcare facilities. The future development of this delivery model for property is seen as an opportunity to support collaboration with the Lancashire-wide redesign team, with a quality property estates function, which will have a major role to play in assisting with 'developing new models of care'.