



Gloucestershire Hospitals
NHS Foundation Trust

SubCo Consultation Document

4 December 2017

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1. Background

During recent years the Trust's financial position has deteriorated significantly and it is now living beyond its means. The Trust is in special measures, which means that it is required to focus on improving its clinical efficiency and financial sustainability whilst maintaining or improving quality.

Opportunities for efficiencies through innovative routes such as the wholly owned Subsidiary Company (SubCo) model are being developed and these proposals have been through various forums for discussion; the Trust Board, Council of Governors, Joint Staff Consultative Committee. In addition, a series of staff engagement and listening events have been held for staff to attend.

Following approval from the Trust Board on the 8th November to proceed with planning and developing the proposals further, the Trust is now in a position to formally consult with staff.

The formal consultation period will commence on the 4th December 2017 and close on the 5th February 2018. Following the consultation period there will be a thorough review of the feedback pending the Board final approval process in February 2018. If the Board decision supports the implementation of SubCo, the anticipated transfer date is on or around the 5th March.

2. The proposed model and potential benefits

SubCo will be a dedicated entity responsible for providing a 'fully managed healthcare facility', set up to deliver estates and facilities, sterile services and materials management services to the Trust.

The benefit of SubCo will be its ability to concentrate time on improving services and gaining efficiencies, which creates opportunities to support and encourage improved customer service and streamline decision making. SubCo will be better able to identify and respond to future opportunities and effectively manage future projects. Estates and Facilities has a number of challenges to address over the coming years including working to improve the backlog condition of the estate, attracting and retaining the future workforce and developing service solutions that are competitive and meet the needs of the Trust.

Implementation of a SubCo will enable opportunities for innovation in service efficiency and effectiveness, improve staff engagement and development and will have potential financial benefits. These are summarised below:

Innovation in service efficiency and effectiveness

- The quality of the service offered back to GHNHSFT is greatly enhanced. By developing a different model (SubCo) with the sole focus on delivering high quality support services enhances responsiveness, improves productivity and gives better efficiencies.
- Improved customer service and transparency.
- A more commercial approach to service delay.

Staff engagement and development

- Staff working for other such organisations report higher levels of staff satisfaction. Empowered staff is an effective ingredient in delivering high quality care. SubCo can focus on its recruitment markets for its core business.
- Meet the challenge of developing a future workforce.
- More flexible offer of employment to attract new recruits. The SubCo would be able to design an offer of employment which is more reflective of the market conditions in Gloucestershire thus enable the organisation to attract new recruits from the private sector (particularly the services industry). This is important as it will allow the SubCo to better manage its workforce in a more dynamic way.

Potential financial benefits

- Offers better value for money and is a more efficient use of public resources. The evidence shows that such a model is a more efficient way of delivering services.
- Offers an opportunity to reinvest profits into the NHS from other customers.
- Improves productivity.
- Has the potential to reduce subcontracting thereby retaining income.
- Creates ability to in source.
- May enable some taxation gains.

3. Employees affected by the transfer

The transfer will affect:

- All staff within Estates and Facilities Division
- All staff within Sterile Services Department [Surgery Division]
- All staff within Materials Management team [Procurement - Shared Services]

The Trust has identified the employees who are proposed to transfer and has written to all affected employees to outline the proposals and the arrangements for the consultation period.

4. Transfer of Undertakings (Protection of Employment) Regulations 2006 (TUPE)

TUPE Regulations protect the rights of employees and workers when a business or service transfers to a new organisation. If TUPE applies it means that if the service that an employee is assigned to (i.e. works in) transfers to a new organisation, the employee's employment transfers to that new organisation, on their current terms and conditions. This includes salary, pension arrangements, holiday and sick pay entitlement. The employee's continuity of service is also preserved.

Under TUPE, the Trust has a responsibility to provide certain information about the proposed transfer to the representatives (i.e. the recognised Unions in this situation) of the employees who may be affected by the transfer and confirm any proposed changes planned in connection with the transfer. If either the Trust or SubCo intend to take any "measures" (proposed changes) in relation to the transfer then there would also be a duty to undertake consultation with the representatives of the affected employees. It is not envisaged that either the Trust or SubCo will be taking any measures that affect employees.

The Trust can confirm that there are no proposed changes to Terms and Conditions for any affected Trust staff upon their transfer to SubCo and that, all Trust staff will transfer on their existing Terms and Conditions in accordance with TUPE legislation.

In addition to this statutory protection, the Trust has already committed to maintain Agenda for Change Terms and Conditions for staff who transfer to SubCo for the lifetime of their employment either with the Trust, or SubCo. This means that all your terms and conditions as provided for under Agenda for Change (AFC) will continue unchanged. As you will appreciate, AFC Terms and Conditions may change in the future and in those circumstances you would be affected in the same way as any Trust employee.

Further information is provided in Appendix 1 and 2.

5. Governance arrangements and Programme Board Structure

The Trust will own and control SubCo. SubCo will have its own Board but there are certain decisions that will only be able to be taken by the main Trust Board:

- SubCo Board formation and committee structures.
- Board and senior manager pay and remuneration.
- Starting financial position and future funding or borrowing to finance SubCo.
- Key aspects of the employment offer for new SubCo staff.
- Trust board retains control of staff terms and conditions for transferring staff to ensure SubCo continues to comply with Agenda for Change (AFC) requirements for the duration of each staff member's employment with SubCo.

A Programme Board is responsible for the design of SubCo and how it will work with operational and clinical teams. Staff Side, Staff Governors and Non-Executive Directors will be represented on the Programme Board. Sub groups will work on the detail to support the programme implementation and report to the Programme Board. The Programme Board will report into the Trust Board regularly to ensure the Board has enough information to make a final go/no go decision in February.

The Governance Structure for SubCo and the Programme Board structure is attached at Appendix 3.

6. Consultation process and timescales

The Trust has informed all recognised Trade Unions regarding the proposed transfer and will work closely with Staff Side Chairs and representatives throughout the Consultation process and Programme implementation.

This consultation documentation has been shared with representatives from Unite and Unison and the full JSCC (Joint Staff Consultation Committee). Staff Side will be represented on the Programme Board and invited to the consultation meetings.

The consultation period is the opportunity to submit comments, questions and feedback on the proposed transfer or to make alternative suggestions to the proposals, either individually or collectively through staff representatives.

The consultation period commences on the 4th December and will close on 5th February 2018. There will be a series of staff consultation meetings arranged between the 4th December and 20th December which will be attended by Managers and Human Resources. Staff Side representatives will also be invited to attend.

All details of times and dates for these meetings will be updated on the SubCo Trust intranet page and printed for distribution and displayed in departments and work areas. Managers will ensure staff are notified of these dates and have the opportunity to attend.

In addition, HR surgeries will be held from the 18th December – 24th January to allow individuals or small groups to raise concerns or questions with a member of the HR team. Union members may request to be accompanied by a Union representative.

It may be necessary to extend the period or number of HR surgeries depending on demand. This will be assessed regularly throughout the consultation period and staff will be notified of any changes.

As the consultation progresses, regular updates will be provided on the Trust intranet SubCo pages and will be printed and distributed via line management.

Feedback will be collated and presented to the Board and responses given to individual staff or Union representatives at the end of the consultation period.

Key Stages	Dates 2017-2018
Formal Consultation Period	4 th December – 5 th February
Consultation launch meetings/events	4 th December – 20 th December
HR clinics/surgeries	18 th December – 24 th January
Review number of staff who have attended consultation meetings/HR clinics weekly	21 st December – 25 th January
Assessment of Consultation period/issues/risk/alternative proposals – review if any action required i.e. extension of Consultation period	By the 30 th January
Consultation ends	5 th February
Formal Consultation Review	6-12 th February
Board Seminar – present Consultation review	20 th February
Council of Governors – update	21 st February
February Board Decision	TBC - late February
Agree Transfer date/Implementation plan/Communication to affected staff [subject to Board approval]	Anticipated transfer date - 5 th March 2018

7. How to submit feedback or ask for further information

Please submit feedback or questions to the following email:

Ghn-tr.subcoandme-hr@nhs.net

Alternatively, write to us with feedback/ questions and send to the HR Department, 2nd floor, Beacon House or to book into the HR surgeries, please email:

Ghn-tr.subcoandme-hr@nhs.net

Alternatively contact 0300422 5360 [HR Service Centre] to arrange an appointment.

Please ensure that any feedback or questions are raised during the consultation period and submitted no later than midnight on the 5th February 2018.

SubCo Q&A: Seven key questions

1. Q) What is a SubCo?

A) A wholly owned subsidiary company or SubCo is a company that is completely owned by another company (or organisation). In our case, Gloucestershire Hospitals NHS Foundation Trust (GHNHSFT), the parent company, would become the sole shareholder of the SubCo owning 100% of shares of the company and as such have control over all major aspects of the way it is run and the decisions it takes. SubCo would provide services back to GHNHSFT. In establishing SubCo in this way it would ensure that all staff remain part of the NHS family.

2. Q) Why do we want to establish a SubCo at GHNHSFT?

A) Many other public sector organisations including other NHS Trusts have set up wholly owned subsidiary companies. The evidence from these organisations clearly demonstrates that the workforce benefits are wide ranging. These are summarised as follows:

Innovation in service efficiency and effectiveness

- The quality of the service offered back to GHNHSFT is greatly enhanced. By developing a different model (SubCo) with the sole focus on delivering high quality support services enhances responsiveness, improves productivity and gives better efficiencies.
- Improved customer service and transparency.
- A more commercial approach to service design.

Staff engagement and development

- Staff working for other such organisations report higher levels of staff satisfaction. Empowered staff is an effective ingredient in delivering high quality care. SubCo can focus on its recruitment markets for its core business.
- Meet the challenge of developing a future workforce.
- More flexible offer of employment to attract new recruits. The SubCo would be able to design an offer of employment which is more reflective of the market conditions in Gloucestershire thus enable the organisation to attract new recruits from the private sector (particularly the services industry). This is important as it will allow the SubCo to better manage its workforce in a more dynamic way.

Potential financial benefits

- Offers better value for money and is a more efficient use of public resources. The evidence shows that such a model is a more efficient way of delivering services.
- Offers an opportunity to reinvest profits into the NHS from other customers.
- Improves productivity.
- Has the potential to reduce subcontracting thereby retaining income.
- Creates an ability to in source more.
- May enable some taxation gains.

3. Q) Who would be affected?

- A)** Under the proposal, staff from the Estates and Soft Facilities Management Department, Sterile Services and Materials Management, PFI contract management and Dispatch would be housed in the new SubCo.

4. Q) Will I be made redundant as part of this process?

- A)** No. There are no plans to make any redundancies as part of establishing the SubCo.

5. Q) What would happen to my Terms and Conditions (T&Cs) of employment?

- A)** All existing staff would be transferred into the new organisation under TUPE regulations meaning that they would continue to keep their terms and conditions including pay and pension as linked to Agenda for Change.

6. Q) Will I no longer be part of the NHS?

- A)** Staff who transfer into SubCo would continue to remain an important part of the NHS family. This is because GHNHSFT would become the sole shareholder of the SubCo and would own 100% of the shares of the company and as such have control over all major aspects of the way it is run and the decisions it takes. SubCo would provide services back to GHNHSFT. In establishing SubCo in this way it would ensure that all staff remain part of the NHS family.

7. Q) When might I transfer?

- A)** The Board will make a final decision based on progress made by the Programme Board and staff consultation. This meeting will take place end of February. If SubCo is approved we anticipate a transfer of staff and services on 5th March 2018.

This is an extract from the full SubCo Q&A's published on the Trust intranet page. Alternatively you can collect a copy from your manager or the HR Department.

TUPE – What does this mean for me?

TUPE is the Transfer of Undertakings (Protection of Employment) Regulations 2006, and its purpose is to preserve workers' terms and conditions of service, following their transfer from one organisation to another. The Trust has launched a consultation for all those employees affected by the proposed transfer.

Do I have to do anything?

If the Trust proceed and the relevant services transfer to SubCo then as an affected employee within one of these services, your employment will automatically transfer to SubCo without the need for you to do anything. If the transfer goes ahead, you will receive a letter confirming your transfer of employment to SubCo.

Will I have a new contract?

No, you are not required to sign a new contract as your employment will automatically transfer on your existing terms and conditions if the transfer is confirmed.

What will happen to my terms and conditions of service after the transfer date?

Your Agenda for Change Terms and Conditions will remain unchanged following your transfer to the new company.

How long will my rights under TUPE be preserved?

TUPE provides statutory protection for you, meaning that terms and conditions of employment cannot be changed post transfer unless the reason for the change is unconnected to the transfer or there is an "economical technical or organisational reason" which entails changes in the workforce.

In addition to the statutory protection that TUPE provides, the Trust has committed to protecting your Agenda for Change Terms and Conditions of employment for the duration of your employment with the SubCo; so that you can be assured that your contractual Agenda for Change Terms and Conditions will not change over time. This means that your current arrangements, as laid out in the Agenda for Change: NHS Terms and Conditions Handbook will continue and will only be changed if Agenda for Change Terms and Conditions change.

What will happen to my Agenda for Change rates of pay?

Like all your other Agenda for Change terms and conditions of employment your existing rate of pay will be protected.

Will I be able to stay in the NHS Pensions scheme?

Yes, if you are already a member of the scheme this will not change if you transfer to SubCo.

Would there be a break in service when transferring to SubCo?

No, your continuous NHS service transfers with you.

If you want to access more information, please visit www.gov.uk/search?q=TUPE or www.acas.org.uk/tupe.

Appendix 3

Governance Structure and Programme Management Structure

