

July 2021

## SBAR– Church Village Laundry Transfer

### Situation

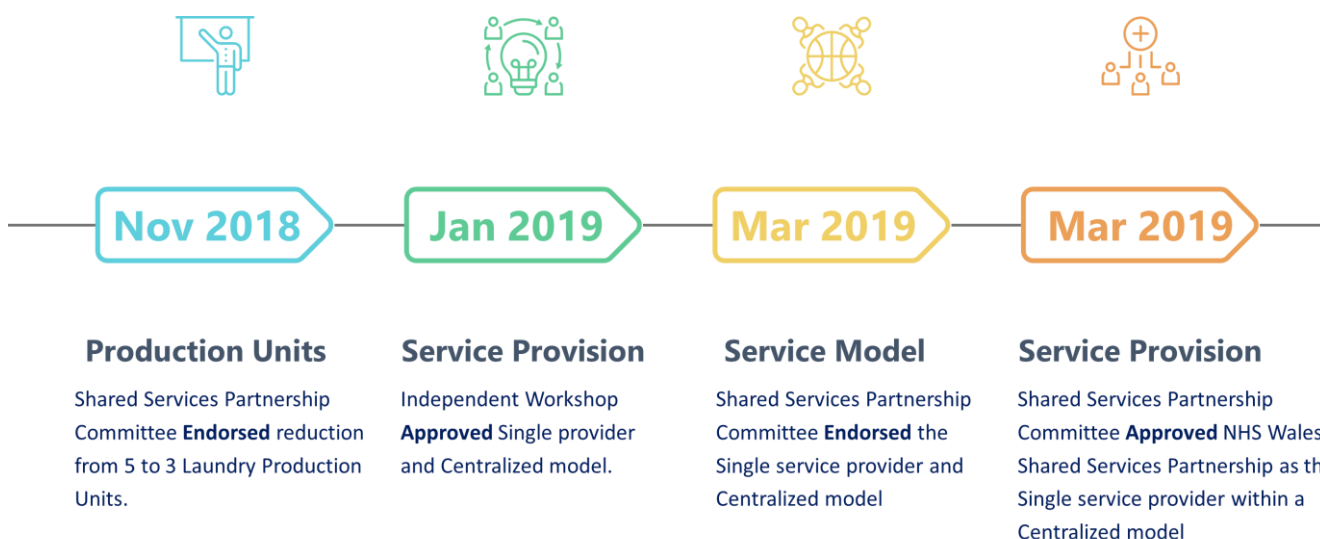
This document outlines the guiding principles and critical success factors against which the agreed transfer of the All Wales Laundry Service will be completed.

### Background

The All Wales Laundry Review formally commenced in May 2016, with the NHS Wales Shared Services Partnership Committee (SSPC) approving the programme initiation and subsequent review of the Laundry production units within NHS Wales.

Throughout the last four years, a number of significant milestones have been achieved and a number of key decisions have been made to support the continual development of the All Wales Laundry Programme Business case.

The key milestones and decision points already approved include decisions by the Shared Services Partnership Committee, whereby approval or endorsement was given to the following:



It is **important** to note throughout the process items that have been previously approved or Endorsed remain unchanged:

- The **preferred option** - Three LPUs (Laundry Production Units) to provide the future service, **endorsed** by SSPC Nov 2018.
- A Single Service Provider, **endorsed** by SSPC March 2019
- Centralised and Single Management of the Service, **approved** by the SSPC in March 2019 as the NHS Wales Shared Services Partnership Committee.

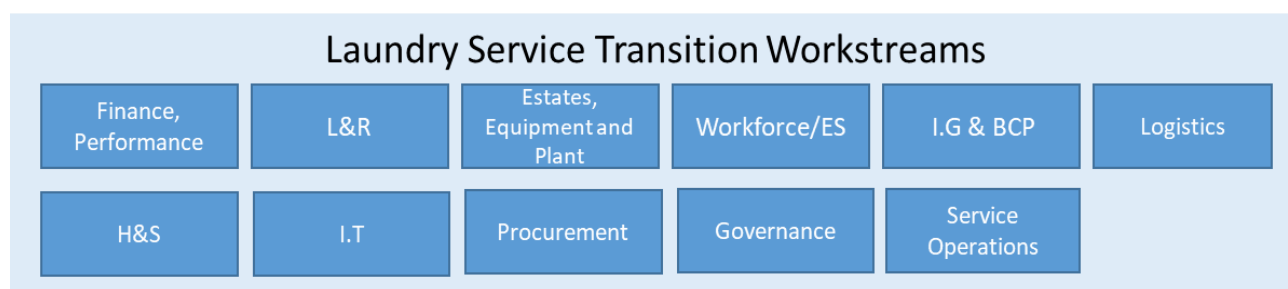
These decisions act as the basis for the next planned steps, which the Laundry Transfer Project running in parallel to the ongoing programme business case development will seek to execute to conclude the transfer to NWSSP (NHS Wales Shared Services Partnership) of the existing Laundry Production Units into NWSSP by April 2021.

Originally, the intention was to complete the transfer in October 2020 but due to the pandemic and winter pressures, this was delayed until April 2021. To support this transfer the establishment of a project board is taking place with focus on drafting a set of guiding principles and a number of supporting workstreams.

The **guiding principles** seek to propose high-level objectives across:

- Land & buildings
- Equipment & plant
- Finance (Transfer of expenditure to provide service, based on costs **baseline** April 19 - March 20)
- Transport and logistics (Drivers & fleet)
- Products & equipment to provide the service (cages, linen & detergents etc)
- Workforce/resource to manage, operate, maintain and deliver the service<sup>1</sup>
- Continuation of existing service provision processes, procedures and contracts

**Workstreams** to support this activity:



### **Critical Success Factors:**

The elements identified as critical to enable the transfer are

- **Finance** – Identification and agreement of a baseline covering both pay and non-pay expenditure within an agreed timeframe that excludes the pandemic influence or variation. This is key to ensuring NWSSP is able to maintain service provision and cover all expected costs based on agreed time range in scope for the baseline currently set at 2019/20.
- **Workforce** – as per the workforce principles agreed with WODs, it is proposed that the laundry unit staff will remain employees of the health board whereby they would be governed under a Service Level Agreement by NWSSP management –to work with Shared Services for the duration of the period until the decommissioning occurs. During the decommissioning period the Health Board will actively seek redeployment opportunities for the staff concerned. At the conclusion of this period the Health Board will afford the identified staff with prior consideration for HB vacancies. This will allow the ability to consider the wishes of individuals, taking into consideration their geographical and personal preferences and constraints, and entering into a dialogue over their preferred options.

<sup>1</sup> Within known existing demarcation points in line with the scope of the laundry project i.e. excluding linen rooms for example.

- **Customers** - Existing customers identified to enable continuation of existing arrangements and appropriate communication in relation to the change of ownership and management.
- **Transport** – Ensuring existing fleet operations remain intact to allow continued transport of linen to existing drop/collection points
- **Product & stock** – Ensuring the availability of existing stock/linen and products required to continue the service operation, product and delivery of linen.
- **Support Services** – Continuation of externally provided support services for the laundry such as engineering, maintenance, or other critical services deemed essential to support day to day laundry operation
- **Health & Safety** – Evaluation and development of a special programme of Health & Safety improvements post April.

## **Assessment**

In relation to **Church Village Laundry**, the objective is to maintain the provision of laundry services “as is” but to complete a number of actions to allow the seamless transfer and ongoing provision of services to existing customers.

The intention remains to maintain the service within its **current model**, with anticipated variation in terms **not** anticipated until the commissioning of the new Laundry Production Unit as stipulated by the ongoing All Wales Laundry Programme Business Case currently estimated in 2024.<sup>2</sup>

It is proposed that all applicable assets and liabilities will transfer from CTM to NWSSP (NHS Wales Shared Services) with effect from the October 1<sup>st</sup> 2021. It is not envisaged that land and buildings will transfer.

## **Land & Buildings on/in which house the Laundry**

Property Location: Church Village

### **Transfer objective**

- It is envisaged that CTM will retain ownership of buildings and Land

### **Constraints &/or Dependencies**

- None Noted – No Transfer

## **Transport**

- NWSSP HCS provide the laundry transport

### **Transfer objective**

- HCS continue to provide the transport service

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<sup>2</sup> Estimated and subject to change based on the business case process

## Constraints &/or Dependencies

- Assessment of current arrangements and review of resource, fleet, and licensing requirements.
- Continuation of agency driver resources when required.
- Finance captured within the finance pay & non-pay baseline.

## Finance to provide the service

With the support of health board finance colleagues, the Laundry costs established are based on a review of the pre COVID baseline year of 2019/20 and these costs will be discussed with the Director of Finance and the costs would be subject to a final review by the Health Board before sign off.

## Overriding Principles

- There should be no detrimental financial impact on the health board and/or NWSSP as a result of the transfer.
- The 2019/20 pre Covid actual non pay costs will be used as the financial baseline for 2021/22 once adjusted for inflation.
- Any unexpected significant costs or liabilities that come to light post transfer including Covid impact will be subject to further discussion.

The process under which NWSSP will charge for Laundry Services will be quarterly in advance.

<b>Cwm Taf laundry</b>	<b>£</b>
Pay	943,290
Non Pay	<u>1,086,763</u>
Total costs	2,030,053
Income	<u>(42,298)</u>
<b>Net annual costs</b>	<u><u>1,987,755</u></u>

## Key Assumptions

### Staff costs

- Staff costs will transfer to NWSSP with their full budget including on costs as from key milestone date, October 1<sup>st</sup> 2021.
- Cwm Taf will recharge NWSSP for the actual payroll costs incurred and the funding will be revised as required.
- Budgets for any vacancies will be fully funded.
- 0.2 WTE Band 6 Finance and 0.2 WTE Band 6 workforce support included

## **Non pay costs**

- Laundry operating cost budget will transfer to NWSSP based on 2019/20 actual costs (Pre Covid) baseline adjusted for inflation.
- Operating costs will be compared to prior years and if significant variances exist individual line adjustments will be made on an exception basis, based on a monthly report supplied by CTM Laundry Management.

## **Income**

- Laundry income will be baselined against the 2019/20 actuals.
- The proposed net cost of the service to the existing laundry providers will be based on the total operating costs less the anticipated invoiced income.
- Invoices to other laundry customers will be raised using the existing methods followed by the individual laundry units.

## **Overheads**

- Where relevant Health Boards will not charge NWSSP for occupying and using the laundry sites unless the budget has been transferred.
- Where relevant Laundry staff will continue to have access to their existing mobile phones, laptops, PCs and peripherals and the use of photocopiers/printers and IT etc.
- Where relevant, if support is currently provided by the health board for the laundry but not included in the budget transferred to NWSSP that service will continue on an "as is" basis.

## **Workforce within the Laundry**

The Church Village Laundry workforce in scope are those that support the laundry production including support roles such as maintenance engineering.

## **Constraints &/or Dependencies**

- Workforce scope remains those within the LPU<sup>3</sup> Production environment
- Identification of required budgets within the finance workstream

## **Plant & Machinery to provide the service**

The Laundry exists with full end-to-end equipment and machinery to enable the production of Linen for the health board and its customers.

## **Transfer Objective**

Transfer ownership of the existing plant and machinery used to provide end-to-end linen service for the Church Village LPU, novating any lease/rental agreements as necessary.

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<sup>3</sup> LPU – Laundry Production Unit

### **Constraints &/or Dependencies**

- Provision of an asset register and subsequent agreement (5k plus Value)
- Provision of the inventory (Sub 5k value)
- Completion of an inspection report for forward risk and management purposes

### **Products & Equipment to provide the service**

The Laundry consumes and utilise a range of products to enable day-to-day operation.

#### **Transfer Objective**

Transfer ownership of the existing linen products and consumables such as detergent and Linen stock to continue the provision of end-to-end linen services from the Church Village LPU and its existing customers.

### **Constraints &/or Dependencies**

- Annual Stock take required.
- Procurement adjustments, novation's and cessations.
- Budget identified for stock and product purchasing.

### **Existing Service provision processes, procedures and contracts**

To support and underpin day-to-day operations, a number of contractual arrangements exist to ensure the laundry can operate. Procurement teams are working through the respective detail to ensure continuation of all required contracts and process are managed to support the transfer of service.

#### **Transfer Objective**

Transfer (novate) ownership of the existing, appropriate, agreements and contracts to provide end-to-end linen services for the Church Village LPU.

Continuation of LPU specific processes e.g. Business Continuity Planning where support external to the LPU is required.

### **Constraints &/or Dependencies**

- Dependant procurement contract novation
- Engagement with Laundry colleagues
- Dependency on Procurement teams
- Provision and Confirmation of existing agreements
- Transport evaluation
- Continuation of any externally <sup>4</sup>provided maintenance or support

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<sup>4</sup> Externally – External to the workforce and operation within the LPU, for example HB Estates Support, Facilities support or 3<sup>rd</sup> party contractors

## **Service Level Agreements & Performance Data**

The Laundry currently provides services to a range of customers including:

- Welsh Ambulance Services NHS Trust (WAST)

### **Transfer Objective**

A generic Service Level Agreement (SLA) and appropriate schedules will be formulated on behalf of NWSSP to form the initial basis of the continuation of existing arrangements at the same cost to the health board and any existing customers and will be approved by the SSPC (Shared Services Partnership Committee).

This has been developed using data identified through due diligence, engagement with LPU management and where possible utilising limited existing documentation. It is important to note this will be further developed at timely intervals as the service evolves.

The SLA will be based on a fixed price for agreed linen volumes.

Should linen volumes fluctuate outside the agreed +/- tolerances they will be subject to regular reviews and appropriate annual adjustments for the agreed variable cost/saving. The SLA is in the process of being finalised with CT Teams.

In further support, Quarterly Service Reviews will be established to consider all aspects of the service from both a supplier and customer perspective in relation to how the partnership is working for both parties and any reflection on the SLA and Schedules, quality of service provided.

### **Constraints &/or Dependencies**

- Identification/Use of existing SLAs between the HB and its customers
- Data to provide a baseline for NWSSP to develop a Service Level Agreement (SLA) which continues the existing services provided

## **IT and Technology**

The laundry staff currently use IT equipment, systems and hardware as required by their role. This ranges from minimal electronic staff record (ESR) usage to use of MS365 applications and relevant hardware.

Laundry plant and Equipment also can potentially utilise network and other IT infrastructure as part of the day-to-day operation.

### **Transfer Objective**

To support the transfer is it requested continuation of existing I.T. support arrangements continue until such a time whereby transfer, replacement or migration of assets can be undertaken in a safe and consistent manner.

## **Constraints &/or Dependencies**

- Dependant on MS365 and SharePoint developments to enable migration activity into NWSSP.
- Identification of Assets.
- IT survey of laundry<sup>5</sup>

## **High Level Timeline of Planned Events**

### **Transfer Stage 1**

- Workforce – managed under an agreed SLA
- Finance
- Fleet – already provided by NWSSP
- Critical Procurement

### **Transfer Stage 2**

- Continuation of Procurement activity

To further support the establishment of regular service and finance reviews will ensure adequate budget and workforce has been transferred in line with expectations set against the baseline period of 19/20 and to allow review of any other matters that emerge post transfer and also focusing on maintaining a continuation of quality and continuity of service.

To support the continuation of the services as currently provided from the Laundry to its customers, it is also requested that underpinning support services continue to be provided until suitable transfer, novation, migration activities be scheduled as listed above and appropriate projects and schemes are initiated to execute the required activity.

These services would typically include:

- Continuation of Health board provided services
- IT Support and continued system & hardware access
- Health board provided Facilities and maintenance externally provided from the Laundry own engineering or CTM HB support teams.

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<sup>5</sup> Post Pandemic Restrictions



## **Recommendations**

### **The Health Board is asked to:**

- **Approve** the transfer of all agreed constituent parts to allow NWSSP to continue the running of the Church Village laundry until the conclusion of the All Wales Laundry Programme and transformation towards the new facility as outlined within the Programme Business Case.
- **Endorse** the continuation of the underpinning support services such as IT, externally provided maintenance, or any other service provided to the Laundry by the Health board or 3<sup>rd</sup> party until suitable transfer, novation, migration activities be scheduled as listed above.
- **Note** that further transformation activity will be scheduled.
- **Note** that that the staged transfer will allow NWSSP to run the service from October 1<sup>st</sup> with a further stage to address elements in relation to asset transfers and other more complex elements

## Appendix 1 Cwm Taf laundry

Non Pay	2019/20	net adj	Final
30210 M&SE : Disposable	153		153
32040 Hardware & Crockery	200		200
32400 Staff Uniforms & Clothing	136,363	- 136,363	0
32410 Protective Clothing	7,646	- 7,646 -	0
32420 PATIENTS CLOTHING	35		35
32510 Cleaning Materials	543		543
32520 Laundry Equipment	1,524		1,524
32530 Laundry Materials	57,525		57,525
32540 Laundry Maintenance	107,285		107,285
32710 B&L : Non-Disposable	223,315		223,315
32810 Other General Supplies & Services	482		482
33000 Printing Costs	31		31
33010 Stationery	159		159
33200 Postage & Carriage	848		848
33320 Telephone Call Charges	72		72
33610 Travel & Subsistence	905		905
33800 Leased Cars : Contract	9,159		9,159
35000 Electricity	91,573		91,573
35010 Gas	242,188	6,402	248,590
35020 Water	66,674		66,674
35030 Sewerage	34,913		34,913
35200 Rates		42,000	42,000
35820 Materials - Electrical	54		54
37640 Recharge : Minor Works	6,080		6,080
38110 WAS : Van Service	152,442		152,442
	<b>1,140,170</b>		<b>1,044,563</b>
Inflation uplift for 2020/21			20,891
Inflation uplift for 2021/22			21,309
<b>Total non pay costs after adjustments</b>			<b>1,086,763</b>
Pay	2019/20	net adj	Final
20681 Senior Manager Band 8A	64,589		64,589
2K121 Admin & Clerical Band 2	13,894		13,894
2K131 Admin & Clerical Band 3	30,161		30,161
2K141 Admin & Clerical Band 4	32,882		32,882
2K151 Admin & Clerical Band 5	43,895		43,895
2K161 Admin & Clerical Band 6	47,701		47,701
2M521 Domestic Band 2	4,103		4,103
2M821 Linen Services Band 2	599,281		599,281
2M831 Linen Services Band 3	52,853		52,853
	<b>889,359</b>		<b>889,359</b>
0.2 WTE Band 6 HR and 0.2 WTE Finance support			18,000
Inflation uplift for 2020/21			17,787
Inflation uplift for 2021/22			18,143
<b>Total pay costs after adjustments</b>			<b>943,290</b>
<b>Total costs pa</b>			<b>2,030,052</b>
Income	2019/20	net adj	Final
00924 Swansea Bay University LHB	(8,194)	8,194	(0)
01620 Welsh Ambulance NHS Trust Income	(2,983)	2,983	0
06700 Laundry Income	(12,490)		(12,490)
08100 Leased Car : Private Deductions Income	(2,245)		(2,245)
09400 VAT Recovered Income	-		
09440 Other Income	(25,920)		(25,920)
	<b>(51,833)</b>		<b>(40,656)</b>
Inflation uplift for 2020/21			(813)
Inflation uplift for 2021/22			(829)
<b>Total income after adjustments</b>			<b>(42,298)</b>
<b>Total costs less total income pa</b>			<b>1,987,755</b>