REPORT ON THE FUTURE PROVISION OF THE LAUNDRY SERVICES AT AIREDALE NHS FOUNDATION TRUST

Executive Summary

At the May meeting, the Board agreed to progress to a full business case an Airedale on site option for the full laundry service (excluding the large external contracts) and at the same time to commence a tendering process (via the national NHS laundry framework agreement) for a partial outsourced linen hire option for the washing, drying and ironing element (excluding receipt and distribution which would remain on site) for Airedale Hospital and the community sites. This was prompted by the requirement to invest significantly in the current laundry service to ensure sustainability of service provision to the Trust and compliance with NHS infection prevention requirements.

The Board has received detailed information on the evaluation scores and costs which are commercial and in confidence.

The purpose of this paper is to provide a briefing to the Trust Board following a best value comparison between the preferred bidder for the partial outsourced linen hire option and the Airedale on site option (for the washing, drying and ironing element of the service) and to recommend the partial outsourced linen hire option.

The reasons for the recommendation to approve the partial outsource option and award the contract to Company C are as follows:

- in terms of the three companies that submitted bids on the external laundry framework, Company C was evaluated as highest-scoring overall according to the pre-determined evaluation criteria and protocol;
- it represented the highest technical (quality) score, was the lowest priced offer and therefore best value for money; and
- was technically of a standard acceptable to the evaluation panel.

In terms of the comparison between Company C and the Airedale on site option, as detailed in Appendix A, the Company C bid offers:

- innovative ways of delivering the laundry service in the future and has the benefit of maximising the expertise in this business to ensure full compliance to the legislative and quality requirements.
- the lowest Net Present Value (NPV)
- the lowest revenue costs over the period of time, therefore, is the most affordable
- a reduced capital investment requirement - £367,000 compared to £1.2 million required to support the in house option
- the opportunity for use of at least £833,000 capital to support and expand the future provision of clinical services within the hospital to produce additional income for the Foundation Trust, generate additional employment opportunities to support new service developments and support the long term sustainability of the Foundation Trust

The number of staff required to provide the partial outsource option is 9.5 wte (whole time equivalent) staff which includes 2 wte relief posts, therefore the number of staff potentially affected who are currently employed in the laundry equates to 23 wte (whole time equivalent) staff. The Foundation Trust is committed to doing everything it can to ensure those staff affected will either be redeployed over a reasonable timeframe, or, for those laundry staff who have not been able to secure a suitable post, a voluntary redundancy scheme will be in place. The Foundation Trust will
Airedale NHS Foundation Trust
Trust Board 20 December 2012
Title: Report on the Future Provision of Laundry Services
Author: Wendy Firth, Head of Facilities
Executive Director: Christine Miles, Director of Operations

support the staff through the Human Resources Plan identified in this report to minimise the impact on the staff.

A response has been received to the Board report from the Trade Unions and permission has been obtained from the Unions to attach these responses to this report which are included in the appendices. The Trust has responded and this response is also included as an appendix.

Recommendation

The Board is asked to:

- **Receive** and **note** the briefing on the best value comparison between the preferred bidder proposal and the Airedale on site option
- **Approve** the recommendation to partially outsource the supply of linen and laundry services to Company C

The full report is detailed in *Appendix A*
Appendix A

REPORT ON THE PROPOSED FUTURE PROVISION OF THE LAUNDRY SERVICE AT AIREDALE NHS FOUNDATION TRUST

1 BACKGROUND: STRATEGIC CONTEXT

Airedale’s overall purpose is summed up in the words ‘Airedale Hospital – here to care’. We want to be the hospital of choice, trusted by our local community to care for them and their families with compassion and always treat them with dignity and respect. We must never be complacent and know we must continue to innovate and play our part in improving our patients’ experiences whilst delivering efficiencies and best value.

Models of care are being transformed with procedures and treatments that once required a long stay in hospital now being carried out routinely in patients own homes, in the community, in GP practices, as outpatient procedures and increasingly as day case procedures. Pathways of care, and public expectations, are changing requiring similar transformation in the essential support services and back office functions which all have their part to play in contributing to an excellent patient experience.

The NHS, like all public sector organisations, is facing unprecedented efficiency and productivity challenges as it grapples with increasing demand (growing and ageing populations), rising public expectations (24/7 society), reduced budgets and ageing estates with mounting backlog maintenance requirements, to meet stringent NHS quality, safety and legal requirements.

The proposal to consider the future of the Foundation Trust’s laundry service provision, including exploring whether to outsource one element of the service, needs to be considered in light of this changing context. A decision to make a significant investment in the laundry needs to be judged against best value criteria and set against the potential to use that funding to develop other core patient services which could have greater patient and local community benefit. A decision to outsource part of the service also needs to be considered in light of the impact on quality, tested for value for money and taken in the knowledge of the impact on the staff affected and the potential knock on effect on the local economy.

As well as describing proposals and rationale for the future laundry service provision, this paper sets out a genuine commitment to support the staff affected. As a community based hospital, we understand our responsibility to the local community, both as a healthcare provider and also as a responsible employer. We want to make sure the impact of this decision on staff is understood, so the staff affected have support to secure positions under the new laundry provision arrangements, explore alternative employment opportunities here at the Foundation Trust or in one of our neighbouring providers, or pursue voluntary redundancy as appropriate. It is our intention to avoid compulsory redundancies wherever possible.
2 INTRODUCTION AND PURPOSE OF PAPER

At the May meeting, the Board agreed to progress to a full business case an Airedale on site option for the full laundry service (excluding the large external contracts) and at the same time to commence a tendering process (via the national NHS laundry framework agreement) for a partial outsourced linen hire option for the washing, drying and ironing element (excluding receipt and distribution which would remain on site) for Airedale Hospital and the community sites. This was prompted by the requirement to invest significantly in the current laundry service to ensure sustainability of service provision to the Trust and compliance with NHS infection prevention requirements.

The Board has received detailed information on the evaluation scores and costs which are commercial and in confidence.

The purpose of this paper is to provide a briefing to the Trust Board following a best value comparison between the preferred bidder for the partial outsourced linen hire option and the Airedale on site option (for the washing, drying and ironing element of the service) and to recommend the partial outsourced linen hire option.

A response has been received to the Board report from the Trade Unions and permission has been obtained from the Unions to attach these responses to this report which are included at Appendices 2, 3 and 4. The Trust has responded and this is also included in Appendix 5.

3 LAUNDRY OPTIONS

The descriptions of the two options approved by the Board to progress a best value comparison are detailed here;

3.1 Airedale On Site Option

The Airedale on site laundry option will provide a service, as detailed below, to the Foundation Trust sites, and in addition, to some of the small local community sites currently provided for on a linen rental basis:

- Washing, drying, ironing and packing of linen
- Delivering all linen and nightwear to the wards and departments
- Manufacturing and adapting garments for prosthesis patients
- Purchasing, fitting and badging of uniforms including the return to sender uniform system (this is currently being reviewed and benchmarked with other Trusts)
- Manufacturing and repairing curtains and other linen
- Processing the microfibre mops and cloths for the Foundation Trust cleaning system
- The transportation of linen to the Foundation Trust premises off site and small community sites i.e. Castleberg and Skipton Hospitals

In this option, dirty linen will continue to be collected by the Foundation Trust’s portering staff from wards and departments and stored on the specified central laundry area ready for processing.
3.2 Partial outsource of the service - Linen Hire Option

Under the partial outsourced linen hire option, an external provider will collect, process, and return linen to one specified delivery area within the Airedale site and provide the linen requirements for the Foundation Trust, mainly on a hire basis. In addition, the linen required for some of the small local community sites currently provided for from this site on a linen hire basis, will be collected, processed and returned to this site by the external provider, and then sorted by Foundation Trust staff. In this option the Foundation Trust will employ receipt and distribution staff to check deliveries and sort and distribute clean linen to all wards/departments on the Airedale site. The dirty linen will continue to be collected by the Foundation Trust’s portering staff from wards and departments and stored on the specified central laundry area ready for collection by the external provider. The transportation of linen to the small community premises off site, e.g. Castleberg and Skipton Hospitals, will be provided by the Foundation Trust. In this partial outsource option, the Foundation Trust will outsource the linen washing, drying and ironing element but retain the processing of microfibre cloths, mops and patient clothing and also the sewing room facility for repairs, labelling of uniforms and other linen and manufacturing and adapting garments for prosthesis patients.

4 TENDERING

The process adopted was as follows:

4.1 Tender Process

- Following the identification of need, and approval of process, the Foundation Trust elected to utilise the Government Procurement Service (GPS) pre-tendered framework contract (reference RM849) for the provision of linen services by means of a full and transparent further competition against Airedale’s specific requirements.

- A preliminary ‘Capability Assessment’ exercise was undertaken amongst the 12 pre-appointed framework service providers, resulting in 4 organisations expressing an interest in bidding for the Foundation Trust’s laundry service, on the understanding that no award of business was guaranteed.

- Invitations to offer were issued to the 4 responding organisations on 23 July 2012 for reply by 28 August 2012 on a specification reflecting Airedale’s requirements, utilising the GPS framework template, and in association with an external consultant, in keeping with current legislative requirements and standards.

- Following 1 withdrawal, offers were received from 3 bidders.

- As part of the evaluation process sample linen from all bidders was trialled according to a standard set protocol on 14 August 2012 in Ward 7.

- Presentations were made by all bidders, on 14 September 2012 and a panel visited the specific sites from which the Airedale service would be provided if it decided to implement the partial outsourcing option, all within October 2012.

- Two of the companies provided variant bids which complied fully with the specification and included added value initiatives.
• References are scrutinised for all companies prior to acceptance onto the national framework agreement. References for the shortlisted bidders were also sought by the Foundation Trust and supported the evaluation process to preferred bidder stage.

• Legal advice was sought, through the Foundation Trust’s solicitors regarding the process. The Foundation Trust reserved the right to make no award, award in part, or to discontinue the procurement at any stage. In this event, the Foundation Trust would not be liable for any costs resulting from this process or any other costs incurred by those bidding for the contract.

4.2 Evaluation Criteria

The evaluation criteria used in the tendering process was developed specifically to provide the Trust Board with assurance that quality attracted a sufficient weighting. The evaluation criterion was approved by the Trust Board at the July Board meeting prior to the tendering process commencing.

The criteria weightings were split 60% technical (quality, infection control, process and delivery) and 40% commercial (cost). Details of the criteria and weightings are set out in Appendix 1.

5 BUSINESS CASE AIREDALE ON SITE OPTION

A business case for the Airedale on site option was developed to meet the requirements detailed in the specification and provides for service requirements detailed in paragraph 3.1 of this report. Although the quality of linen provided by the laundry meets the quality and infection prevention standards as required by HSG (96) 18 guidance, there is currently no external quality accreditation of the Airedale laundry service.

Some of the small external community sites which are supplied on a linen hire basis currently remain included in the scope of the contract; all others will be given notice, as required.

5.1 Financial Information

5.1.1 Staffing Costs

Allowance has been made for a reduction in redundancy costs for the washing, drying and ironing element of the service. These are based on up to 60% of the staff displaced by the recommended laundry option will be able to be redeployed over a reasonable timeframe of 3-6 months.

The redundancy costs and retained staff costs are based on an approximation as it will not be known until the business case is implemented what the exact costs are going to be.

5.1.2 Non pay costs including transport, maintenance, energy and utilities

An assumption has been made that all non pay costs will reduce in line with the reduction in production, which is currently estimated to be 34% of total current production.
5.1.3 Capital Equipment

The capital equipment has a life between 10 and 25 years and there will be a residual value which is subjective, so an assumption has been made of 25% of purchase price.

6 EVALUATION OF PREFERRED BIDDER

Offers were evaluated by technical and commercial panels and a Non Executive Director was in attendance to oversee the evaluation process.

Following the detailed Technical and Commercial evaluation, it was recommended that Company C be selected as preferred bidder on the basis of their variant bid, for the purpose of financial benchmarking against the Airedale on site business case.

6.1 Reasons for Recommendation

- The recommended offer was evaluated as highest-scoring overall according to the pre-determined evaluation criteria and protocol (see paragraph 4.3)
- The recommendation represents the lowest-priced offer
- The recommended offer represents the highest technical (quality) score
- The recommended offer is technically of a standard acceptable to the evaluation panel

7 EVALUATION OF PREFERRED BIDDER COMPARISON TO AIREDALE ON SITE BUSINESS CASE

7.1 Full Laundry Service Provision

7.1.1 Downsizing of Production

The Trust Board supported the recommendation at the Board meeting in May 2012 to discount the option of retaining the large external contracts currently provided for by the laundry and downsize the laundry operation by an estimated 34% in terms of production. The reason the Board discounted this option was because the cost per piece was greater than the other two options and due to the unacceptable and significant risk of reliance on external contracts, particularly the main contract. In the May Board report the capital costs for the equipment and infrastructure were considered together with the cost per piece for linen.

The implications of the reduction in production processed through the laundry, will affect the 7.5 wte (whole time equivalent) staff currently providing this service. The staffing requirements are as detailed in Table 1 and cost in terms of possible voluntary redundancy payments have been included in the financial evaluation

7.1.2 Receipt and Distribution

The Trust Board supported the recommendation at the Board meeting in May 2012 that two options would be taken forward, as detailed in paragraph 3.1, that is to progress to full business case the Airedale on site option and the commencement of
a tendering process for the partial out sourced linen hire option, and to establish accurate costs for these two options.

Both options identified that the receipt and distribution of linen, the processing of microfibre cloths, mops and patient clothing, and the sewing room facility for repairs, labeling of linen, manufacturing and adapting garments for prosthesis patients would remain on the Airedale site provided by Foundation Trust staff. The staffing requirement for this provision is estimated at 9.5 wte (whole time equivalent) staff which includes 2 wte relief posts as detailed in Table 1. The Foundation Trust will be working with the preferred bidder to establish the most effective on site provision for this service. A revenue budget will therefore be required for this provision and a capital investment. These costs have been included in the financial evaluation.

The Trust Board supported the recommendation at the Board meeting in May 2012 that two options would be taken forward because the net present value (NPV) showed the Airedale on site option and the partial out sourced linen hire option were financially the most cost effective options. Progressing these two options enabled the Foundation Trust to consider the consequences of investing almost £1m capital funding compared with other priorities. Through this market testing process the Foundation Trust was able to determine the true cost of outsourcing. The full linen management option was discounted due to the cost and the risks associated with a full outsource model as detailed in the May Board report.

7.1.3 **Financial evaluation of preferred bidder comparison to Airedale on site business case of the washing, drying and ironing element of the laundry provision**

The evaluation panel and on site team undertook a best value comparison of the Airedale on site Business Case with the preferred bidder. The two options considered relate to the washing, drying and ironing element of the laundry process, for the Airedale on site and partial outsource options.

**Staffing**
The staffing required for this process is estimated at 15 wte (whole time equivalent) staff. The staffing requirements are detailed in Table 1, and there has been an allowance made for a reduction in the costs of voluntary redundancy for this element of the service. These are based on up to 60% of staff displaced by the recommended laundry option being redeployed over a reasonable timeframe of 3-6 months.

**Table 1: Staffing Implications of future laundry provision**

<table>
<thead>
<tr>
<th>Position</th>
<th>Number of staff required for service</th>
<th>Number of permanent staff currently employed</th>
<th>Number of staff on fixed term contract currently employed</th>
<th>Reduction from current service</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>wte</td>
<td>wte</td>
<td>Wte</td>
<td>wte</td>
</tr>
<tr>
<td>Current</td>
<td>32.5</td>
<td>28.86</td>
<td>3.64</td>
<td>n/a</td>
</tr>
<tr>
<td>On site Airedale option</td>
<td>24.5</td>
<td></td>
<td></td>
<td>8.0</td>
</tr>
<tr>
<td>Partial outsource option</td>
<td>9.5 (including 2 wte relief posts)</td>
<td></td>
<td></td>
<td>23.0</td>
</tr>
</tbody>
</table>
The requirement for a reduction of 23 wte (whole time equivalent) staff is as the result of the recommendation and also the Board decision in May to discount the current on site service including all large external contracts. The Foundation Trust is committed to doing everything it can to ensure staff affected by changes in the laundry service will either secure a post under the new laundry model, be redeployed at Airedale into suitable alternative posts over a reasonable timeframe or be part of a voluntary redundancy scheme. The Trust will provide support to staff throughout this process. Section 9 sets out further details of the human resources plan to support this service change.

The net present value (NPV), affordability, revenue costs and capital investment for the preferred bidder and the Airedale on site business case were considered

**Net Present Value (NPV)**
The net present value (NPV) for the preferred bidder and the Airedale on site business case were considered over 5 and 25 years and the comparison demonstrated the following:

- Over 5 years the NPV for the partial outsource option is 13.17% more favourable compared to the Airedale on site option with a difference of £409,000
- Over 25 years is 5.41% more favourable compared to the Airedale on site option with a difference of £562,000

The NPV is the net present value which is an assessment method to evaluate the return on investment over a period of time.

It has been difficult to get an assessment of what the residual value of the initial capital investment would be after 5 years and so the NPV models have been extrapolated over the maximum life and take into account likely replenishment of equipment over that time period.

In order to provide a fair comparison between the internal and external providers the NPV has been calculated over 25 years.

If the Trust is to continue with a laundry service then it will need to invest in capital (both building and equipment) which will have a life in some cases of up to 25 years.

**Affordability**
The affordability of the preferred bidder and the Airedale on site business case were considered and the comparison demonstrated the following:

- The affordability of the partial outsource option is 1.10% more favourable compared to the Airedale on site option with a difference of £33,000

The affordability is the assessment of the revenue costs over a period of time.

**7.1.4. Capital**

Regardless of which option is chosen the Foundation Trust will still have to consider a level of capital investment to provide some processing, drying sorting and distribution facilities as detailed in the table below.
7.1.5 Equipment and Infrastructure

The investment required for infrastructure and decommissioning costs for these options is based on bringing the laundry infrastructure up to a standard to ensure it is functionally suitable and provides an appropriate safe working environment to meet the specific requirements of each option.

The costs for the equipment and infrastructure for each option are detailed in Table 2 below. The equipment costs exclude VAT. Infrastructure costs include VAT.

Table 2: Investment costs for equipment and infrastructure

<table>
<thead>
<tr>
<th></th>
<th>Equipment £</th>
<th>Infrastructure/Decommission £</th>
<th>Total Cost £</th>
</tr>
</thead>
<tbody>
<tr>
<td>Airedale On Site Service</td>
<td>823,050 (excl vat)</td>
<td>42,313 (incl vat)</td>
<td>865,363</td>
</tr>
<tr>
<td>Receipt and distribution</td>
<td>171,218 (excl vat)</td>
<td>196,137 (incl vat)</td>
<td>367,355</td>
</tr>
<tr>
<td>Total</td>
<td>994,268 (excl vat)</td>
<td>238,450 (incl vat)</td>
<td>1,232,718</td>
</tr>
<tr>
<td>Preferred Bidder Company C</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>variant bid</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Receipt and distribution</td>
<td>171,218 (excl vat)</td>
<td>196,137 (incl vat)</td>
<td>367,355</td>
</tr>
<tr>
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<td>171,218 (excl vat)</td>
<td>196,137 (incl vat)</td>
<td>367,355</td>
</tr>
</tbody>
</table>

7.1.6 Capital investment

The opportunity for the cost of capital was considered together with the strategic fit for the organisation. The Foundation Trust capital programme is oversubscribed each year due to the significant investment required for the planned clinical schemes for example for this year the Endoscopy scheme. The use of capital to support and expand the future provision of clinical services within the hospital would therefore support the long term sustainability of the Foundation Trust.

The alternative use of £830k capital could be to build an additional theatre. This would generate a gross contribution of approximately £900k and generate an additional 17.44 wte (whole time equivalent) staffing posts in the Foundation Trust.

An alternative use of the surplus space in the laundry would be to relocate the blood sciences department into the area. This additional space could be utilised to increase the capacity of the department beyond that already planned. If a neighbouring Foundation Trust decided to outsource its pathology services, this additional space could ensure that Airedale Foundation Trust has the capacity to bid for that service. This new work has the potential to generate a gross contribution of £2m, and create an additional 70 wte (whole time equivalent) posts (likely to be TUPE) in the Foundation Trust. Alternatively some of the increased capacity could be used to grow direct access work further which could generate a gross contribution of £625k and an additional 12 wte (whole time equivalent) posts.

The reduction in the carbon footprint of the Foundation Trust by outsourcing the washing, drying and ironing element of the service and subsequent reduction in
carbon tax is estimated to be valued at £7-8k. This has been included within the financial model.

Other cost benefits for outsourcing provision not identified within the cost model relate to the following;

- Resale of equipment costs not identified
- Resale of linen costs not identified
- Theatre saving cost of scrubs as cost included in outsourced costs

7.1.7 Innovation

The outsourcing to an external provider for the provision of the washing, drying and ironing element of the laundry process, which has the most significant requirements in relation to compliance with stringent NHS infection prevention controls, has the benefit of maximising expertise to ensure full compliance with CFPP01-04\(^1\) and EN 14065\(^2\).

Laundry providers have the ability and resources to invest significantly in their premises to provide high tech facilities which can meet these standards currently and in the future, due to the volumes of production processed at these sites. The Foundation Trust would benefit from this knowledge and provision on a long term basis.

8 INTERNAL AUDIT REVIEW

A detailed review of the evaluation and tendering process was carried out by Mersey Internal Audit Agency who concluded the Foundation Trust has followed a logical and transparent methodology in the evaluation of internal provision compared with an external supplier and the reports to the Trust Board were a further demonstration of this. The report has been provided to the Trust Board.

9 HUMAN RESOURCES PLAN

The Foundation Trust is committed to enhancing patient experience and improving staff engagement. We recognise that our staff are our most valuable resource. Laundry staff have delivered a good service, and shown real commitment over many years, so when considering the future of laundry provision it is important that emphasis is placed on ensuring staff in the laundry are treated well. With this in mind the Foundation Trust is committed to doing everything it can to ensure staff affected by changes in laundry services will either secure a post under the new laundry model, be redeployed at Airedale into suitable posts over a reasonable timeframe or be part of a voluntary redundancy scheme. The Trust will provide support to staff throughout this process.

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\(^1\) CFPP01-04 is the latest guidelines for the decontamination of linen for health and social care from the Department of Health which promotes best practice and allows for continuous improvements within the processing and distribution of linen for healthcare use.

\(^2\) EN14065 is the European Standard which describes a management system for assuring the microbiological quality of processed linen used in specifically defined sectors, such as healthcare, in which it is necessary to control microbiological contamination. It describes a Risk Analysis and Bio-contamination Control (RABC) system designed to enable linen processors to continuously assure the microbiological quality of the processed linen. The system is externally monitored and can be quite costly to achieve.
On the basis that it does not appear that there is an organised grouping of employees assigned to the Airedale washing, drying and ironing services, our legal advice is that they do not consider that there is a TUPE transfer and therefore the employees are unlikely to transfer under TUPE.

Staff will be worried and concerned about the implications of the proposed changes. It is therefore important that there is a clear plan in place for handling the human resources issues sensitively and at pace. It is proposed that there are 5 strands to the Human Resources plan, namely:

**9.1 Consultation**

The formal consultation process regarding the future laundry provision began in April 2012 with collective and individual consultation with staff and their trade union representatives. Consultation on the HR implications of the Board’s decision will continue in line with Trust policies and statutory requirements. Consultation has been handled and will continue to be handled through the regular laundry staff meetings; the fortnightly consultation meetings with staff side and individual meetings between staff, Human Resources and the Head of Facilities.

**9.2 Post Filling**

There will be a need to fill posts that remain at Airedale NHS Foundation Trust. This will be done in accordance with the Foundation Trust’s agreed Restructuring and Reorganisation Framework. This is likely to involve a limited amount of slotting in (i.e. where posts remain unchanged and there is currently only one person doing the work) and competition for remaining posts. Subject to consultation with staff and their representatives it is proposed that post filling should be completed before the launch of a voluntary redundancy scheme.

**9.3 Redeployment**

Based on an assessment of vacancies over the last year and a recent vacancy sample, it is anticipated that up to 60% of staff displaced by the recommended service option will be redeployed within a reasonable timeframe (3-6 months). All laundry staff will be given priority status for vacancies in the Foundation Trust from 30 November, so they can apply for and be matched to suitable jobs that arise. This will also give them access to vacancies in neighbouring Trusts advertised through the established regional clearing house system.

**9.4 Voluntary Redundancy**

The Foundation Trust has a commitment to do everything it can to avoid the need for compulsory redundancies. It is not anticipated that the Foundation Trust will be able to redeploy all the displaced staff, so it is proposed that the Foundation Trust should open a voluntary redundancy scheme to those laundry staff whose preference would be to leave the Trust if they have not been able to secure a post through the post filling exercise. The scheme will be run along the same lines as previous schemes agreed with staff side representatives with payments made in accordance with Agenda for Change terms and conditions.
9.5 Staff Support

This will be a worrying time for laundry staff and their families. The Foundation Trust therefore proposes supplementing the support available through the Employee Assistance Programme and employee health, by providing access to advice, guidance and training through Jobcentre plus, exploring the option of apprenticeships for staff taking up different posts in the Foundation Trust; and running job search workshops covering letter and CV writing and interview skills.

9.6 Timeline

Subject to the Board approving the partial outsourcing recommendation, it is proposed that:

- the consultation continues in line with Trust policies and statutory requirements on the areas in the HR Plan
- post filling will be completed by the end of January 2013
- the voluntary redundancy scheme will run from 1 January until mid-Feb 2013 with staff affected leaving the Foundation Trust from April 2013

10 CONCLUSION

The Foundation Trust has explored the options available for the future provision of laundry services, prompted by the requirement to invest significantly in the current laundry service to ensure sustainability of service provision to the Foundation Trust and its external customers and to ensure compliance with NHS infection prevention requirements.

This identified a significant requirement for investment in capital equipment to retain the current service, including the provision for the external customers. This prompted the Board to review the service that should be provided and identify options including an on site Airedale option and partial outsource option, which would not require the same level of capital investment and risk of loss of external contracts. These would also differ in the level of required revenue budget for future years.

A comprehensive tender evaluation of the external tender bids was undertaken to establish a preferred bidder. The preferred bidder proposal was then evaluated and compared with the Airedale on site option for best value, assuming that the requirements of the specification have been met in the detailed business case in relation to, for example, service delivery, infection prevention and quality.

The purpose of this paper is to provide a detailed briefing to the Trust Board following a best value comparison between the preferred bidder and the Airedale on site option (for the washing, drying and ironing element of the service) and to recommend to outsource the laundry service for the model of service detailed in the report for the partial outsource, linen hire option.

The reasons for the recommendation to approve the partial outsource option and award the contract to Company C are as follows:

- in terms of the three companies that submitted bids on the external laundry framework, Company C was evaluated as highest-scoring overall according to the pre-determined evaluation criteria and protocol;
• it represented the highest technical (quality) score, was the lowest priced offer and therefore best value for money; and
• was technically of a standard acceptable to the evaluation panel.

The length of the contract is 5 years with an optional extension for a further 2 x 12 months.

In terms of the comparison between Company C and the Airedale on site option, as detailed in Appendix A, the Company C bid offers;

• innovative ways of delivering the laundry service in the future and has the benefit of maximising the expertise in this business to ensure full compliance to the legislative and quality requirements.
• the lowest Net Present Value (NPV)
• the lowest revenue costs over the period of time, therefore, is the most affordable
• a reduced capital investment requirement - £367,000 compared to £1.2 million required to support the in house option
• the opportunity for use of over £830,000 capital to support and expand the future provision of clinical services within the hospital to produce additional income for the Foundation Trust, generate additional employment opportunities to support new service developments and support the long term sustainability of the Trust

The number of staff required to provide the partial outsource option is 9.5 wte (whole time equivalent) staff which includes 2 wte relief posts, therefore the number of staff potentially affected who are currently employed in the laundry equates to 23 wte (whole time equivalent) staff. The Foundation Trust is committed to doing everything it can to ensure those staff affected will either be redeployed over a reasonable timeframe, or, for those laundry staff who have not been able to secure a suitable post, a voluntary redundancy scheme will be in place. The Foundation Trust will support the staff through the Human Resources Plan identified in this report to minimise the impact on the staff.

11 RECOMMENDATION

The Board is asked to:

• Receive and note the briefing on the best value comparison between the preferred bidder proposal and the Airedale on site option
• Approve the recommendation to partially outsource the supply of linen and laundry services to Company C
### Appendix 1  Laundry Tendering Evaluation Criteria

<table>
<thead>
<tr>
<th>Top – Level Criterion</th>
<th>Weight %</th>
</tr>
</thead>
<tbody>
<tr>
<td>A Cost (commercial)</td>
<td>40</td>
</tr>
<tr>
<td>B Quality of Linen Product</td>
<td>20</td>
</tr>
<tr>
<td>C Assurance regarding Collection, Reprocessing and Delivery of Linen to meet the Trust Clinical requirements for providing a 5 day 24 Hour Service.</td>
<td>16</td>
</tr>
<tr>
<td>D Customer Service.</td>
<td>12</td>
</tr>
<tr>
<td>E Presentation</td>
<td>4</td>
</tr>
<tr>
<td>F Environmental Impact</td>
<td>8</td>
</tr>
<tr>
<td>Total</td>
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**COMMERICAL METHOD**

<table>
<thead>
<tr>
<th>Criterion</th>
<th>Weight</th>
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<tbody>
<tr>
<td>A Cost (commercial)</td>
<td>40%</td>
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All offers were compared on the basis of 5 - year whole-life costs assuming static workload, and 2% inflation, with lowest cost scoring 40, and more expensive offers scoring proportionately less.

**NON-COMMERCIAL METHOD**

<table>
<thead>
<tr>
<th>Top-Level Criteria</th>
<th>Weight</th>
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<tbody>
<tr>
<td>B to F Various as below</td>
<td>total 60%</td>
</tr>
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</table>

All lines scored on the basis of 0-4 x High/Med/Low (3,2,1) weighting factors, to give total weighted scores. These were then expressed as a % of maximum possible, and factored down according to the relevant % weighting to determine their contribution to the overall total.

**NON-COMMERCIAL SUB-CRITERIA**

<table>
<thead>
<tr>
<th>Criterion</th>
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</thead>
<tbody>
<tr>
<td>C Quality of Linen Product</td>
<td>20%</td>
</tr>
<tr>
<td>C3 Infection Control Compliance /Disinfection of Linen</td>
<td>3</td>
</tr>
<tr>
<td>C4 Standards of Finish</td>
<td>3</td>
</tr>
<tr>
<td>C5 Standards of Linen Fabric</td>
<td>3</td>
</tr>
<tr>
<td>D1 Linen Hire product evaluation (see separate details below)</td>
<td>3</td>
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</table>

<table>
<thead>
<tr>
<th>D1 Detail of Linen Hire product evaluation (5%)</th>
<th>Weight</th>
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</thead>
<tbody>
<tr>
<td>Appearance</td>
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</tr>
<tr>
<td>Presentation / Finishing</td>
<td>3</td>
</tr>
<tr>
<td>Quality of Fabric</td>
<td>2</td>
</tr>
<tr>
<td>Compliance to infection control standard</td>
<td>3</td>
</tr>
<tr>
<td>Compliance to other standards</td>
<td>3</td>
</tr>
<tr>
<td>User feedback</td>
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## Appendix 1  Laundry Tendering Evaluation Criteria

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<tr>
<td>B1</td>
<td>Collection and Delivery of Trust Laundry</td>
</tr>
<tr>
<td>C1</td>
<td>Transport and Handling</td>
</tr>
<tr>
<td>C2</td>
<td>Processing of Articles</td>
</tr>
<tr>
<td>A4</td>
<td>Extraneous Articles</td>
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<tr>
<td>A5</td>
<td>Service Requirement Linen Hire</td>
</tr>
<tr>
<td>A6</td>
<td>Service Requirement for Return to Sender Uniforms</td>
</tr>
<tr>
<td>A7</td>
<td>Service Requirement for Return to Sender Linen</td>
</tr>
<tr>
<td>H1</td>
<td>Service Innovation / Development</td>
</tr>
<tr>
<td>F1</td>
<td>Contract / Service Monitoring</td>
</tr>
<tr>
<td>F2</td>
<td>Contingency Planning Framework Confirmation</td>
</tr>
<tr>
<td>F3</td>
<td>Contingency (stock levels)</td>
</tr>
<tr>
<td>I1</td>
<td>Approach to TUPE issues</td>
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<table>
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<tr>
<th>Criterion</th>
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<tbody>
<tr>
<td><strong>D</strong></td>
<td>Customer Service.</td>
</tr>
<tr>
<td>A8</td>
<td>Contract Management / Customer Support</td>
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<td>A8</td>
<td>Complaints Procedure</td>
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<td>Presentation</td>
</tr>
<tr>
<td>a</td>
<td>Overview of service provision / capacity</td>
</tr>
<tr>
<td>b</td>
<td>Compliance with standards</td>
</tr>
<tr>
<td>c</td>
<td>Transportation</td>
</tr>
<tr>
<td>d</td>
<td>Customer Service / mgt info</td>
</tr>
<tr>
<td>e</td>
<td>Business continuity</td>
</tr>
<tr>
<td>f</td>
<td>Implementation / transition</td>
</tr>
<tr>
<td>g</td>
<td>Confidence in organisation</td>
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<table>
<thead>
<tr>
<th>Criterion</th>
<th>Weight</th>
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</thead>
<tbody>
<tr>
<td><strong>F</strong></td>
<td>Environmental Impact</td>
</tr>
<tr>
<td>G1</td>
<td>Environmental impact in terms of collection, reprocessing and delivery.</td>
</tr>
<tr>
<td>G2</td>
<td>Innovative approaches to reduce utility and energy consumption.</td>
</tr>
<tr>
<td>G3</td>
<td>Evidence of innovative process design contributing to carbon reduction and environmental impact.</td>
</tr>
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</table>
Dear Nick

Response to the Report on the future provision of Laundry services
Airedale NHS Foundation Trust
PRESENTATION TO THE TRUST BOARD AND SUBMISSION OF A PETITION

Our members were of the opinion that after the Option Appraisal Report that was presented to the staffside that a level and fair process of two options would be put to the Board and that the workforce and impact of closure would be clearly taken into consideration.

We have difficulty in disputing the figures within the report or looking at the practicalities of delivering the service from an outside provider as we have not seen the tender documents or been privy to the bids.

We have to take on trust that the information within this recommendation is correct and that outsourcing was not the only option all along, as we now have a witness ie the former MP, Ann Cryer, who contends that this was to be the preferred option from the last CEO. It is my understanding that a letter has been sent to the Trust from Ann expressing her concerns and views regarding this matter. Other MP’s have also expressed concern regarding the privatisation of the laundry service to an outside contractor and the impact that the closure will have on our members and local communities.

The staff wish to make it clear that they feel totally let down, many of them having worked to a high standard over many years in very difficult circumstances, and almost always meeting deadlines and ensuring quality service is delivered. It is still the opinion that the laundry service has been perilously run down and the maintenance has been done on a shoestring, leading to basics not being met and frequent equipment breakdowns.
We also feel that, should the investment be put in place over a number of years, that the scope would be there to increase capacity, firm up existing contracts and take local contracts from the communities to give a viable future for the staff and service and become an income generator that would contribute directly to patient care.

There does not appear to be any detail within the document with regard to the environmental impact, but the fact is that heavy vehicles will be more prevalent on the local roads and we have no firm confirmation of how far the vehicles will have to travel to and from the outsourced contractor. Many of our members are on a sole income and will be affected if the service is privatised; many have dependents and have to organise working for the Trust around these arrangements. If suitable redeployment is not found for them it will condemn the majority to unemployment as the Aire Valley district is bearing the brunt of the economic down-turn. Jobs are scarce and the salary scale of our members will mean they cannot relocate or easily travel outside the local area.

It appears that a proposal is in place to introduce a new Pathology Department on the existing laundry site which is something that was never on the agenda until now, the Trust having denied all rumours in relation to this. It is probably an ideal site due to the current infrastructure, but on further discussion with the Chair and the CEO no firm options are in place.

Obviously we would welcome an increase in jobs and services for the local area and the expansion of the Trust services, but we have concerns that this is included in the document, as our understanding is that, in reality, no firm, viable, plans are in existence.

We also believe that the existing laundry service would be able to meet the new standards as referred to in CFPP01 and EN14065 if investment and support for the in-house bid were retained.

Equally, the additional theatre, with the increase in staff numbers, has no supporting documentation or evaluation that has been shared with staffside and we have concerns that these tenuous options are used to sway the decision of the Trust Board.

We welcome any improvements to service and patient care, but the Trust also has responsibilities to our members and the local community as one of its largest employers. The Trust also need to recognise the impact on the local economy and the potential long term effects on unemployment.

We also ask the Trust Board to take into account the petition which we submitted from members of the Trust staff and the general public with over 3000 signatures opposing the closure of the laundry service. We would ask that full consideration be given to keeping this laundry service and that, before the final decision is made, further research is independently undertaken on the experience of outsourcing in other NHS Trusts.

Once the service is dismantled it will be impossible to rebuild as the infrastructure and local staff will be gone forever.
You can follow the link below to find an informative BBC radio program on Colchester NHS Trust as there is some interesting analysis of outsourcing in Colchester Hospital with Carillon, including discussion on laundry contracting.

Public, Private, Profitable? Radio 4 programme

I am enclosing some comments made by our partner unions, Unite and GMB.

I look forward to your response.

Yours sincerely

[Signature]

Robert Demaine
Regional Organiser UNISON
on behalf of staff side and the union members within the laundry

Encs
UNITE RESPONSE TO THE REPORT ON THE FUTURE PROVISION OF LAUNDRY SERVICES AT AIREDALE
NHS FOUNDATION TRUST

In April 2012 an option appraisal report for the future of laundry services at Airedale was presented to staff side trade union representatives for consultation. In this document, staff side were told that following a tendering process, a recommended option would go before the Airedale Trust Board for approval in September 2012.

In this option appraisal report also, very detailed financial figures and information were given for all the options, but with the recommendation to the Trust Board that the 'in-house' Airedale only option and the partial outsourced linen hire option go forward, to progress to full business appraisal.

Since that time no further reports or updated information has been presented to staff side, until now with this final report and recommendation to the Trust Board by the Executive Team, that the partial outsource option be approved.

This report was initially presented to staff side representatives and laundry staff on 26 November 2012, just 3 days before the Trust Board were due to make a decision on the preferred option. However, after representations by staff side regarding the unacceptable timescale in which to make a properly considered response, staff side representatives were granted a further period of 3 weeks in order to study the report and make a response on behalf of the laundry staff.

While the extended period of time was welcome, Unite believes after studying the report, that further time still was needed to ask questions and make representations. However, this response forms an initial assessment of the document as presented.

This report has changed significantly from the earlier report in April and, although recommending the partial outsource option to the Trust Board, it sets out to compare both the Airedale only option and the partial outsource option in detail. However, much of this detail is given over to the positive advantages of the partial outsource option, with little if any advantages mentioned for the Airedale only option – which seems a very unbalanced analysis.

Under Section 7.1.3 on 'staffing' the report says 'there has been an allowance made for a reduction in the costs of voluntary redundancy.....These are based on up to 60% of staff displaced by the recommended laundry option being redeployed over a reasonable timeframe of 3-6 months.'
I'm not sure where this figure of 60% of displaced staff being successfully redeployed comes from, but it is assuming many things here – not least that staff would be found suitable alternative positions.

Under Capital Investment in Section 7.1.6, more than half a page is devoted to what alternative uses for the bulk of capital investment, which was supposedly earmarked for the Airedale only option, could be used for within the Trust. Mention is made of an additional operating theatre could be built, with figures given for a gross contribution of £900k and an extra 17.44 WTE staff posts – yet, there’s no mention of how much these extra posts would cost the Trust!

Mention is made of how the ‘surplus space’ in the Laundry could be used to relocate the Pathology Department’s blood sciences into the area. Bizarrely, the report then purports to pose a ‘hypothetical’ scenario of ‘a neighbouring Foundation Trust’ possibly ‘outsourcing its pathology services’ which, with the surplus laundry space available, ‘could ensure that Airedale Foundation Trust has the capacity to bid for that service.’ It then mentions some figures in relation to this ‘hypothetical scenario’ where this new work ‘has the potential to generate a gross contribution of £2m and create an additional 70 WTE posts (likely to be TUPE) in the Foundation Trust’. Again, no mention is made of the costs to the Trust for these posts. There are a number of questions arising from this section of the report.

If this is a ‘hypothetical’ case, where have the figures quoted come from? Indeed, if detailed figures like this are given, this begs the question, ‘Is this neighbouring Foundation Trust’ known? If so, which Trust is it and how were the figures given arrived at? Also, how long have these ideas for potential alternative use of the laundry space been known and speculated on? Because, given the way this alternative use is speculated about, including detailed figures for potential growth, it could be argued that any decision about which option to choose for the laundry service, might be seen as being pre-determined or, at the very least, the ‘Airedale only’ option being severely undermined. In addition, not one word is devoted to how the use of capital investment might be used in the laundry department – which seems a very unbalanced analysis.

The report makes reference to the Net Present Value (NPV) and a comparison made between the partial outsource option and the Airedale only option, over periods of both 5 and 25 years, with the partial outsource option comparing more favourable. However, in the previous report presented to staff side, the NPV was compared over a period of 10 years – as this was the period on which the audit, partly carried out by Estates, of machinery in the laundry was based. Why has this timescale altered? How can this be a fair comparison, when the capital investment being proposed for laundry equipment in the Airedale only option, was projected over a 10 year timeframe? Surely a ‘like for like’ timescale should be used for the investment put in and the NPV? This looks very much like the ‘goalposts’ being moved, especially, as in the previous report in April, the figures then showed a reversal to this present report, where whichever comparison was made, the ‘Airedale only’ option had the better NPV and other financial figures.
Again in the financial evaluation comparison between the two options, the report makes mention of ‘Affordability’. The report says the ‘partial outsource’ option again was more favourable than the ‘Airedale only’ option by 1.1% - with a difference of £33,000.

The report says the affordability ‘is the assessment of the revenue costs over a period of time’ – yet, the report makes no mention of what this time period is. Despite this the difference is just £33,000 – less than the costs of one Band 6 post!

In Section 9 of the report, under the Human Resources Plan, it states that:

On the basis that it does not appear that there is an organised grouping of employees assigned to the Airedale washing, drying and ironing services, our legal advice is that they do not consider that there is a TUPE transfer and therefore the employees are unlikely to transfer under TUPE.

Unite does not agree with this statement and believes that TUPE could apply in this case. From the Government’s own BIS Departmental document on Employment Rights with regard to TUPE (2009) it states,

‘The Regulations apply only to those changes in service provision which involve ‘an organised grouping of employees....which has as its principal purpose the carrying out of the activities concerned on behalf of the client’. This is intended to confine the Regulations’ coverage to cases where the old service provider (i.e. the transferor) has in place a team of employees to carry out the service activities, and that team is essentially dedicated to carrying out the activities that are to transfer (though they do not need to work exclusively on those activities).’

Unite believes the staff in the Laundry Department are an organised group of Airedale Trust employee dedicated to the cleaning of linen for the Trust and other contracts. Therefore, this statement in the report requires further discussion and investigation.

Also, in Section 9.2 with regard to ‘post filling’ the report states,

‘Subject to consultation with staff and their representatives it is proposed that post filling should be completed before the launch of a voluntary redundancy scheme.’

Unite believes that a voluntary redundancy scheme should be the first step in the process, whichever option is decided on, before any restructuring / post filling is begun. This is what occurred within the Trust in 2011, and should be what occurs in this situation.

Finally, does the Trust realise what they have in the Laundry Department? With the very dedicated staff involved, this is a wonderful asset producing a top quality product – which, given the right investment, could equally generate income for the Trust. The Trust has a responsibility to its staff and the wider community, but with the possibility of several staff leaving due to redundancy, what about the impact
this could have on the staff concerned, their families and the communities in which they live? Has the
Trust considered this? On that basis, Unite believes that a decision to choose the 'partial outsource'
option would be the wrong decision.

Ralph Quigley
Unite Workplace Representative
Estates Maintenance Department
Airedale NHS Foundation Trust
Dear Nick,

Response to report on the future provision of Laundry Service for presentation to the Trust Board:

GMB members are extremely dismayed and saddened that the Trust is considering possible closure or partial outsourcing of the laundry department. Your staff are hardworking, conscientious and dedicated members of the trust's team. They constantly produce a high quality laundry service in extremely difficult circumstances, and their dedication to the trust should not be repaid by the loss of their jobs. Some staff have worked there for many years and all staff have continued to show their loyalty during this period of uncertainty about their futures.

The employment situation is a very harsh one and in reality many of your staff will find it difficult to find employment, which in turn would create extreme financial hardship. Your staff may have to choose between paying their mortgage, their utility bills and in some cases being able to buy food. This is the harsh reality that many unemployed workers face on a weekly basis. I would ask you all would you like to be in their shoes?

You have a choice whether to continue providing reasonably paid work or condemning your loyal workers to a life of uncertainty and struggle.

Airedale NHS Foundation Trust is held close to the hearts of the people in the area. The laundry service should be kept within in the Trust – an investment should be made to avoid the dismantling of services provided at Airedale and to also secure continued employment prospects for people of the area. I do not believe your decision will go down well with the people who use your services on a daily basis. You should be brave and invest. I could talk about the lack of investment over many years and the perception that the laundry doesn’t matter, however, the reality is you still have an option to invest in the excellent work and quality laundry your staff provide.
I fully support my colleagues from Unite and Unison with regards to the financial and technical information that they have provided you with.

In life we have an obligation to look after others, to help and support them and to ensure that they can enjoy being able to fully participate in society, a right that we all have. The NHS was built around helping others in their time of need, one of those needs is being able to work and so in taking away their employment you are taking away that right which may cause many psychological problems, such problems which the NHS treat and support on a daily basis.

I would ask you all to think deeply about the decision you are about to make as whichever way you decide to go will have a huge impact not only on your workers but their families and the wider community. I do hope you will make the right decision.

Yours sincerely

Gary Baker

Regional Organiser, GMB.
RESPONSE FROM THE TRUST TO TRADE UNION LETTERS SENT IN RESPONSE TO THE TRUST BOARD PAPER ON THE FUTURE PROVISION OF THE LAUNDRY SERVICES AT AIREDALE NHS FOUNDATION TRUST

Thank you for your response to the ‘Report on the Future Provision of Laundry Services.  As agreed we are circulating the responses from Unison, Unite and the GMB, along with this note to the Board, so they can take account of staff side and Trade Union views when considering the report and making a decision on 20 December 2012.

Each of the points raised in the correspondence from the trade unions is addressed in turn and the headings summarise the points raised by the trade unions.

UNISON

‘Why couldn’t the tender documents be released?’
The tender documents cannot be disclosed as their content is commercially sensitive in nature. This is standard procedure when dealing with tenders. However the costs detailed in the report reflect those within the preferred bid which was evaluated by the evaluation team on a like for like basis with the business case for the Airedale on site option.

‘External correspondence and assumption out sourcing was the only option’
The report considered at the May Trust Board meeting identified several options for the future provision of laundry services. These included the outsourcing options (partial and full), detailing the advantages and disadvantages of each option and these options were also evaluated financially. The recommendation approved by the Trust Board was to progress to full business case the on site for Airedale option and to commence a tendering process for the partial out sourced linen hire option, to establish accurate costs for these two options. A letter was received from Ann Cryer JP to the Chief Executive, Bridget Fletcher and also a letter from a Bradford MP, Gerry Sutcliffe. Responses from the Chief Executive to both these letters were sent.. The response to Ann Cryer’s letter detailed the constraints that we have on availability of capital, the value of the current backlog maintenance and the demands for clinical developments and upgrade of clinical areas.

‘Laundry staff feel let down’
The Foundation Trust recognises the hard work and commitment of the laundry staff to deliver a high standard of service to the hospital and its external customers over many years and there is a genuine commitment to support the staff affected. The Foundation Trust is committed to doing everything it can to ensure staff affected by changes in laundry services will either secure a post under the new laundry model, be redeployed at Airedale into suitable posts over a reasonable timeframe or be part of a voluntary redundancy scheme. The Foundation Trust will provide support to staff throughout this process. The Human Resources Plan detailed within the Board report provides the options for staff and the period over which the Foundation Trust expects to demonstrate its commitment to staff to ensure, wherever possible, compulsory redundancies are avoided.

‘Laundry run down and lack of maintenance’
In relation to the maintenance of equipment within the laundry, the Foundation Trust's Estates department continue to support the operation of the laundry by maintaining the equipment, through the planned preventative maintenance programme and by responding to call outs for breakdown of equipment as is the case throughout other departments within the organisation. Over the last 12 – 18 months, there has been significant investment in the laundry in response to the breakdown of critical equipment such as the larger ironer which was refurbished in 2011/12. It must be recognised that there is a requirement to invest significantly in the current laundry service to ensure sustainability of service provision and the condition of this equipment is deteriorating due to age and not due to the lack of maintenance provided.
'Retain Laundry to generate business and income'
There are several providers on the NHS Laundry Framework Agreement, and there is spare capacity available within these large external providers which, due to the size of their operations, have all the economies of scale required to significantly impact on reducing the cost per piece of linen processing. Airedale are not on the laundry framework and could not compete with these large suppliers due to the relatively small size of the operation and the significant investment, on a regular basis, required in the equipment and infrastructure. There is also an unacceptable and significant risk of reliance on external contracts which cannot be guaranteed. Even if investment was made to the laundry, the price to external customers would be more than that which they could get on the framework. The financial analysis of the laundry options including investment in the current service is detailed in the report considered by the Board at the May meeting this year.

'Lack of detail on the environmental impact of outsourcing'
In relation to the environmental impact of the partial outsource option; the tender documents required the bidders to demonstrate their commitment to reduce the environmental impact in terms of collection, reprocessing and delivery, to demonstrate innovative approaches to reduce utility and energy consumption and to produce evidence of innovative process design contributing to carbon reduction and environmental impact. This element was included in the evaluation criteria against which the tenders were evaluated. The use of a large vehicle delivering linen on a daily basis to the Airedale site for the partial outsource option and the significant reduction of production on this site and the reduction in the deliveries and collections by ceasing provision to the large external contracts with the Foundation Trust e.g. Dewsbury, which negates the need to use the laundry 7.5 tonne vehicle, were considered against the carbon footprint of a fully operational laundry as required within the Airedale on site option.

'The existing laundry would be able to meet the new standards'
The existing laundry service would be able to meet the new standards relating to the handling of dirty linen and the categorisation and segregation of linen with significant investment and redesign. However this would increase the cost and therefore impact adversely on the financial evaluation against the preferred bidder as detailed in the Trust Board report which would not be the case for the preferred bidder who would be expected to bear the cost through the agreed contract price.

'Plans for expansion of Pathology and new theatre are not in place'
The reference to Pathology and Theatres in the report was only an illustration to demonstrate how the use of capital can support and expand the future provision of clinical services within the hospital to support the long term sustainability of the Foundation Trust. During this year, business cases supporting improvements to clinical facilities to benefit patient care have been made. These include ophthalmology Macular clinic, urology Laser, new endoscopy unit and laminar flow theatre. However there is over £20m of backlog maintenance to do and wards, A&E and the maternity unit all require substantial upgrading.

'Interesting analysis from Colchester regarding laundry contracting'
In relation to Colchester NHS Trust, this was a Private Finance Initiative (PFI) with Carillon. The letter from the union refers to Colchester withdrawing from a laundry contract. On further examination of the news article, the Trust withdrew from Carillon's cleaning, and portering services, but it's specialist support services such as laundry were left with the specialist sub contractors. The Trust did not bring the laundry back in house.

For Airedale independent expert laundry advice was sought throughout the process to ensure comprehensive consideration was given to all laundry options and a comprehensive tendering process was followed. The whole process was scrutinized by the internal auditors to ensure due process was followed throughout. References were sought by the Foundation Trust for all bidders from current NHS Trusts using these external laundry companies to provide assurance of quality and service provision.
Appendix 5

UNITE

‘No reports have been presented to staff side since the May Board report’
Since the report to the Board in May 2012, the business case for the Airedale on site option was produced and the tendering process was undertaken. The draft tendering specification and tendering evaluation criteria were provided to the staff side representatives and laundry staff on 20 June 2012, with relevant correspondence, in advance of the tendering process. There have been regular meetings held throughout the process with laundry staff which have been attended by staff side representatives and also separate meetings with staff side representatives providing updated information.

‘The advantages of the outsource option emphasised over on site option’
The advantages and disadvantages of each laundry option were comprehensively detailed in the report considered at the May Board meeting. In relation to advantages of the Airedale on site option detailed in the report, the retention of the processing of microfibre and the provision of the sewing room facility on site for the partial outsource option, has supported the following advantages identified; the fitting, alteration and badging of individual uniforms, more control over the efficacy of the microfibre cloths and mops which would support the infection prevention standards and the manufacture and adaptation of garments for prosthesis patients. The other advantages identified in relation to retaining current contracts and securing more business have had more consideration and found subsequently not to be viable.

‘Where does 60% of staff will be redeployed come from?’
There was an assumption made that a percentage of staff would redeployed, and this was based on an assessment over the past 12 months of “suitable” vacant posts being available in the Trust.

‘Use of capital for expansion of clinical services’
Response to this question has been provided under the UNISON response

‘Should the Voluntary Redundancy scheme be the first step in the HR process before post filling?’
The Trust is willing to consider this with staff side in order to reconcile this feedback with the feedback from staff in their one to one meetings where they have indicated that they would prefer post filling to occur first.

‘NPV calculated over 10 years in previous report, why has this changed?’
The Net Present Value (NPV) in the latest report to the Board was calculated for 5 years and 25 years. The external tender bids were required to illustrate their costs over a 5 year period, therefore, in order to evaluate the costs of both options on a like for like basis the same period was used for the Airedale on site option. When a comprehensive review of the fixed assets was undertaken the lifespan of some of the equipment was 25 years, hence the comparison over 5 years and 25 years.

‘What period of time is the affordability assessed over?’
In relation to affordability, the assessment of the revenue costs was over a period of 5 years in order to evaluate the costs effectively.

‘Why does TUPE not apply?’
The Trust has sought legal advice on the issue of whether TUPE applies. The legal advice received, on the basis that there does not appear to be an organised grouping of employees assigned to the Airedale washing, drying and ironing services, is that they do not consider that there is a TUPE transfer and therefore the employees are unlikely to transfer under TUPE. This is because staff in the laundry work on both the wash, dry and iron services and the distribution services and provide these services across a number of contracts, including what is described in the report as the Airedale only option, as well as contracts for Dewsbury and the Yorkshire Clinic. HR will discuss the issue of TUPE further with the Trade Unions with the aim of developing an agreed position.
Appendix 5

GMB

GMB are concerned that the Trust is not taking into account the loyal service of its laundry staff and will be making them unemployed which will impact on their livelihoods. Do not think that a decision to outsource will go down well in the community. Why not invest in the laundry and save jobs?

As stated earlier we fully recognise the loyal service of our laundry staff and appreciate that this is a worrying time for them. We are committed to do everything we can to avoid the need for compulsory redundancies whatever the decision of the Board. We hope that staff side will continue to work with the Trust to secure alternative employment for any staff displaced as a result of changes in the future provision of laundry services.

We have considered all the questions received in the trade union response to the report in depth and believe we have responded comprehensively to all the points raised. However, we still consider that the recommendation in the public Board report still stands.