

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

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

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.

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 Airedales 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

Position	Number of staff required for service	Number of permanent staff currently employed	Number of staff on fixed term contract currently employed	Reduction from current service
	wte	wte	Wte	wte
Current	32.5	28.86	3.64	n/a
On site Airedale option	24.5			8.0
Partial outsource option	9.5 (including 2 wte relief posts)			23.0

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

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

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 CFPP01-04¹ and EN 14065².

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.

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.

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

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

Top – Level Criterion		Weight %
A	Cost (commercial)	40
B	Quality of Linen Product	20
C	Assurance regarding Collection, Reprocessing and Delivery of Linen to meet the Trust Clinical requirements for providing a 5 day 24 Hour Service.	16
D	Customer Service.	12
E	Presentation	4
F	Environmental Impact	8
Total		100

COMMERCIAL METHOD

Criterion		Weight
A	Cost (commercial)	40%
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

Top-Level Criteria		Weight
B to F	Various as below	total 60%
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

Criterion		Weight
B	Quality of Linen Product	20%
C3	Infection Control Compliance /Disinfection of Linen	3
C4	Standards of Finish	3
C5	Standards of Linen Fabric	3
D1	Linen Hire product evaluation (see separate details below)	3

D1 Detail of Linen Hire product evaluation (5%)		Weight
	Appearance	2
	Presentation / Finishing	3
	Quality of Fabric	2
	Compliance to infection control standard	3
	Compliance to other standards	3
	User feedback	2

Criterion		Weight
C	Assurance regarding Collection, Reprocessing and Delivery of Linen to meet the Trust Clinical requirements for providing a 5 day 24 Hour Service.	16%
B1	Collection and Delivery of Trust Laundry	3
C1	Transport and Handling	2
C2	Processing of Articles	3
A4	Extraneous Articles	3
A5	Service Requirement Linen Hire	3
A6	Service Requirement for Return to Sender Uniforms	3
A7	Service Requirement for Return to Sender Linen	3
H1	Service Innovation / Development	3
F1	Contract / Service Monitoring	3
F2	Contingency Planning Framework Confirmation	Pass/fail
F3	Contingency (stock levels)	3
I1	Approach to TUPE issues	3

Criterion		Weight
D	Customer Service.	12%
A8	Contract Management / Customer Support	3
A8	Complaints Procedure	3

Criterion		Weight
E	Presentation	4%
a	Overview of service provision / capacity	1
b	Compliance with standards	2
c	Transportation	3
d	Customer Service / mgt info	3
e	Business continuity	3
f	Implementation / transition	1
g	Confidence in organisation	2

Criterion		Weight
F	Environmental Impact	8%
G1	Environmental impact in terms of collection, reprocessing and delivery.	3
G2	Innovative approaches to reduce utility and energy consumption.	2
G3	Evidence of innovative process design contributing to carbon reduction and environmental impact.	2