King’s College Hospital


The performances of the service provider

Advisory about the opportunities that King’s College Hospital can take to improve the performances of the hard FM service provider regarding the PFI contract

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May 2010

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Author abstracting

Research about the performances of the service suppliers regarding the **PFI** Contract. The thesis is about the opportunities **King's College Hospital** in London can take to control the **performances** of the service providers of the **hard FM, Sodexo,** regarding the PFI contract and make sure the data in the monthly performance reports are accurate. The important conclusions are that there is no function that **monitors** the performances of Sodexo and the data in the monthly reports are not completed. To achieve the goals it is important to create a function to monitor the performances of Sodexo, raise a **variation notice** to specify the lifts as a service indicator in the Project Agreement and/or build a **partnership** with HpC and Sodexo.

In the appendix: interviews, organisation chart, performance monitoring report, skills PFI contract management, questionnaire results.

Auteursreferaat

Onderzoek naar de prestaties van de dienstverleners met betrekking tot het **PFI** contract. De onderzoeksvraag gaat over mogelijkheden voor **King's College Hospital** in Londen om de **prestaties** van de **hard FM** dienstverlener, **Sodexo**, met betrekking tot het PFI contract, te beheersen en ervoor zorgen dat de gegevens in de maandelijkse prestatie monitor rapporten correct zijn. De belangrijkste conclusies zijn dat er geen functie is die de prestaties van Sodexo **monitoort** en dat de gegevens in de maandelijkse rapporten niet compleet zijn. Om de doelen te behalen is het belangrijk om een functie te creeeren die de prestaties van Sodexo monitoort, het opwerpen van een variation notice om de liften te specificeren als een service indicator in de Project Agreement en/of **partnership** aan te gaan met HpC en Sodexo.

In de bijlagen: interviews, organogram, prestaties monitor rapport, vaardigheden PFI contract management, enquete resultaten.

Abstracting index

Thesis, PFI, service provider, healthcare, hospital, hard FM, partnership, performance, monthly performance reports, monitor, facilities officer, variation notice

MANAGEMENT SUMMARY

PFI provides a way of funding major capital investments, without immediate recourse to the public purse. Private consortia, usually involving large construction firms, are contracted to design, build, and in some cases manage new projects. Contracts generally last for thirty years, during that time the building is leased by a public authority.

KCH has concluded a Private Finance Initiative (PFI) contract in 1999 with the Hospital Partnership Consortium (HpC) to design, build, finance, operate and maintain a new building; The Golden Jubilee Wing. HpC manage the hard FM in the Golden Jubilee Wing and the soft FM in the whole hospital regarding the PFI contract. The service provider for the hard FM is Sodexo, the service provider for the soft FM is Medirest. For the soft FM there are two facilities officers at the Capital, Estates & Facilities (CEF) who monitor and control the performances of Medirest. For the hard FM there is no function at CEF who monitors the performances of Sodexo. It is a self monitoring contract what means that Sodexo monitor the performances their selves. Sodexo have to provide every month a performance monitoring report to HpC and KCH.

KCH is not satisfied with the performances of Sodexo, while the monitoring reports are every month 100%. The main problems for KCH are the response times of failures of the lifts and the day to day maintenance. The PFI costs at KCH are per month £ 2.435.505, 24 and per year £ 29.226.062, 88. The research was to find out what KCH can do about the poor performances of Sodexo.

The following thesis was set up for the research:
How can King's College Hospital control the performances of the service provider of the hard FM with a PFI contract and make sure the data in the monthly service and performance reports are accurate?

There are two main rules for PFI contracts:
- Projects must represent value for money. A PFI project should ensure that the taxpayer gets a service that is better in overall cost than any realistic alternative.
- Risk must be transferred. Private Capital is only welcome to the public sector if it represents money at risk, giving the private sector a stake in the success of the venture. When insufficient risk is transferred, a project will not represent value for money and for that reason will not be pursued under PFI.

The different parties have different goals regarding the PFI contract; the goal of KCH is a good maintained building and the goal for Sodexo is to make money out of the contract.

If KCH have a monitor function the hospital is able to give Sodexo penalties when Sodexo is not meeting the agreed performances. The maximum penalties are 15% of the contract price which is £ 14.192,02 a month and £ 170.304,24 a year. KCH will have evidence of the performances that are not met the performances in the Project Agreement. This is because the facilities officer for the hard FM will join the site tours and control the System Check, Helpdesk Complaints and Helpdesk Statistics.

To improve the maintenance of the lifts, KCH can raise a variation notice to specify the lifts as a Service Indicator in the Project Agreement. When the maintenance of the lifts is specified KCH can monitor the performances and give penalties to Sodexo when the performances of the Project Agreement are not met.

KCH can also try to build a partnership with HpC and Sodexo to improve the relationship, create a shared goal and work together to achieve the goals.

MANAGEMENTSAMENVATTING

PFI verstrekt een manier om belangrijke kapitaalinvesteringen, zonder directe toevlucht tot de publieke portemonnee. De privé consortiums die, gewoonlijk grote bouwfirma's impliceren, worden aangegaan om, in sommige gevallen nieuwe projecten te ontwerpen te bouwen en te beheren. De contractduur is over het algemeen dertig jaar, tijdens die tijd wordt het gebouw geleased door een overheidinstantie.

KCH heeft in 1999 een Private Finance Initiative (PFI) contract afgesloten met Hospital Partnership Consortium (HPC) om een nieuw gebouw te ontwerpen, te bouwen, te financieren, in werking te stellen en te onderhouden; de Golden Jubilee Wing. HPC manage de hard FM in de Golden Jubilee Wing en soft FM in het gehele ziekenhuis met betrekking tot het PFI contract. De dienstverlener voor de hard FM is Sodexo, de dienstverlener voor de soft FM is Medirest. Voor de soft FM zijn er twee facilities officers in Capital, Estates & Facilities (CEF) die de prestaties van Medirest monitoren en controleren. Voor hard FM is er geen functie bij CEF die de prestaties van Sodexo controleert. Het is een zelfmonitor contract wat betekent dat Sodexo de prestaties zelf monitors. Sodexo moet elke maand een prestaties controle rapport aan HPC en KCH verstrekken.

KCH is niet tevreden met de prestaties van Sodexo, terwijl de controlerapporten elke maand 100% zijn. De belangrijkste problemen voor KCH zijn de reactietijden van storingen van de liften en het dagelijkse onderhoud. De kosten van PFI bij KCH zijn per maand £ 2.435.505, 24 en per jaar £ 29.226.062, 88. Het onderzoek is gedaan om uit te zoeken wat KCH kan doen aan de slechte prestaties van Sodexo.

De volgende probleemstelling is opgezet voor het onderzoek:
Hoe kan het King's College Hospital de prestaties van de dienstverlener van de hard FM met betrekking tot het PFI contract controleren en zorgen dat de gegevens in de maandelijkse rapporten correct zijn?

Er zijn twee belangrijke regels voor PFI contracten:
- De projecten moeten prijs-kwaliteitverhouding vertegenwoordigen. Een PFI project zou moeten garanderen dat de belastingbetaler de dienst krijgt die beter is in algemene kosten dan welk realistisch alternatief ook.
- Het risico moet worden overgebracht. Het privé Kapitaal is slechts welkom aan de openbare sector als het geld op risico vertegenwoordigt, dat de particuliere sector een aandeel in het succes van de onderneming geeft. Wanneer ontoereikend risico wordt overgebracht, zal een project geen prijs-kwaliteitverhouding vertegenwoordigen en om die reden niet zal worde nagestreefd onder PFI.

De verschillende partijen hebben verschillende doelen betreffende het PFI contract; het doel van KCH is een goed onderhouden gebouw en het doel van Sodexo is geld uit het contract te verdienen.

Als KCH een monitor functie heeft kunnen zij sancties geven aan Sodexo wanneer Sodexo de afgesproken prestaties niet nakomt. De maximale sancties zijn 15% van de contractprijs, wat £ 14.192,02 per maand is en £ 170.304,24 per jaar. KCH zal de prestaties die niet goed zijn kunnen bewijzen, omdat de facilities officer mee zal lopen met de site tours en de System Checks, Klachten via de Helpdesk en Statistieken van de Helpdesk zal controleren.

Om het onderhoud van de liften te verbeteren, KCH kan een variation procedure opwerpen om the liften te specificeren als een Service Indicator in de Project Agreement. Als het onderhoud van de liften gespecificeerd is kan KCH de prestaties monitoren en kan KCH sancties aan Sodexo geven en de prestaties in de Project Agreement niet nakomen.

KCH kan ook proberen om een partnership met HpC en Sodexo aan te gaan om te relatie te verbeteren, een gezamelijk doel te creeeren en samenwerken om de doelen te bereiken.

PREFACE

It started with a city trip to London, my best friend moving to London and the visits to her, following the international semester in the third year; the dream of working in the 'big city' for a couple of months was there! Therefore I was so enthusiastic when Jorge Sousa gave me the opportunity to complete the graduation assignment at King's College Hospital in London, and here I am!

I would like to thank the following people:

First of all I would like to thank Jorge Sousa to give me the opportunity to complete the graduation assignment at King's College Hospital and for his time to guide me. Thanks to Cristina Romao for helping me with the assignment and being there when I needed her. Hans de Bruijn for his guidance during the graduation process, reacting so fast on my emails, the critical constructive comments and helping me through it, thank you. For his tips, comments and time to look through my thesis I would like to thank Nam Chun Melis.

I also would like to thanks the interviewees for being able to make some time for me and inform me about the aspects of PFI and the tips they given to me. Special thanks to the New Hospital Programme Team at Barts and the London for their time to welcome me, the information and the tour at both sites.

Last I would like to thank my family and friends for their support, encouragements and the motivation they have given me.

Charmaine Hoog
London, 2010

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INTRODUCTION

This report is written with reference to the graduation assignment in the fourth year of the academy Facility Management at The Hague University. The goal of this assignment is to do research on a strategic problem of an organization. The assignment is completed at King's College Hospital (KCH) in London at the Capital, Estate and Facilities Directorate (CEF).

KCH has concluded a Private Finance Initiative contract in 1999 with the Hospital Partnership Consortium (HpC) to design, build, finance, operate and maintain a new building; The Golden Jubilee Wing. This wing came into service on 6 October 2002 and was officially opened on 25 July 2003.

HpC manage the hard FM in the Golden Jubilee Wing and the soft FM in the whole hospital regarding the PFI contract. The service provider for the hard FM is Sodexo, Sodexo is also a shareholder of HpC. The service provider for the soft FM is Medirest. For the soft FM there are two facilities officers at the CEF who monitor the performances of Medirest. For the hard FM there is no function at CEF to monitor the performances of Sodexo. It is a self monitoring contract what means that Sodexo monitor the performances their selves. Sodexo have to provide every month a performance monitoring report to HpC and KCH. KCH is paying every month the full amount, round ninety-two thousand pounds, of service fee for the services of Sodexo. When there is a monitor function from KCH, KCH can give penalties when Sodexo does not perform well. The minimum amount of a penalty of a service indicator is £ 99, 83 and the maximum amount is £ 366, 04 of a service indicator.

KCH is not satisfied with the performances of Sodexo, while the monitoring reports are every month 100%. The main problems for KCH are the response time of failures of the lifts and the day to day maintenance. The research was to find out what KCH can do about the performances of Sodexo. The research is urgent for the hospital because the primary process of the Golden Jubilee Wing is disturbed by the lack of maintenance. It takes more time to transport the patients to the different floors or wings when the lifts do not work. The following thesis was set up for this research:

How can King's College Hospital control the performances of the service provider of the hard FM with a PFI contract and make sure the data in the monthly service and performance reports are accurate?

In order to get a clear answer to the thesis the following sub theses are set up:

- What are PFI contracts?
- Why does King's College Hospital have a PFI contract?
- Why they cooperate with these partners (HpC and Sodexo)?
- What are the agreed performances in the contract?
- What performances King's College Hospital is dissatisfied about?
- How does Sodexo measure the performances?
- What opportunities are there to improve the current situation?

By reading this report the PFI structure will get clear and a solution of the problem will be given for KCH. The result of the research can also be relevant for other public organizations which have a PFI contract and find problems with the service provider(s).

In chapter 1 the research justification is covered. Chapter 2 is the organizational analysis where there is information about the healthcare in the United Kingdom, King's College Hospital and the department Capital, Estates and Facilities. Followed by chapter 3 about PFI to inform about the PFI contract, what it means, the benefits and disadvantages, etc; to give a clear view about the PFI contract and make it understandable. Chapter 4 is about the PFI in practice, how does PFI

works once decided to close a PFI contract and which organizations are involved with PFI in the healthcare. Chapter 5 is about the management of the PFI contract followed by chapter 6 about PFI in KCH. Here is information about the PFI structure in KCH, how it is organized, the performances and the monitoring of the performances and the financial set up. Then the conclusion will be given about the research followed by the recommendations and implementation.

1. RESEARCH JUSTIFICATION

In this chapter the accountability of the research will be justified by explaining the research methods and analysis.

1.1 Research demarcation

In this chapter the demarcation of the research will be describes. This to give a clear view why choices in the research are been made.

1.1.1 PPP and PFI

There is a difference between Public Private Partnership (PPP) and Private Finance Initiative (PFI). PPP is the umbrella name for different initiatives which involve the private sector in the operation of public services. The PFI is the most used initiative. [1]

PPP's vary from short-term to long-term contracts with or without investment requirements unlike the PFI's which are always long-time contracts with investment requirements. In the PFI model, asset ownership at the end of the contract period may or may not be transferred to the public sector. [2]

This report will only be about the PFI. The reason why the study is about the PFI is because KCH has a PFI contract and KCH experience problems with the service provider of the hard FM regarding the PFI contract.

1.1.2 Hard and soft FM

First the definitions of hard FM and soft FM will be given from the view of Sodexo: [3]

Hard FM

Hard FM includes the management of all physical assets of the clients' businesses. Sodexo provides asset maintenance, interior and exterior building services, estates management, catering equipment support and grounds and landscaping services.

Soft FM

Soft services are value-added services that are not necessarily core to the clients' businesses, but vital to the effective day-to-day operations. Sodexo provides a whole range of services from pest control and mailroom services to refuse collection and portering.

In this report only the performances of the service providers of the hard FM will be discussed, the soft FM will not be discussed. The study is only about the hard FM because the hospital is not satisfied with the performances of the service provider of the hard FM. KCH was not satisfied with the performances of the service provider of the soft FM either, but KCH recently changed the service provider of the soft FM. This was possible because there is a review of the soft FM every five years. The new service provider Medirest had to operate two weeks after signing the contract. Because Medirest had to adjust very quickly KCH agreed not to monitor the first four months of the contract. The monitoring started in April this year (2010).

1.2 Research method

To give an answer to the thesis a theoretic research and an empirical research is used. The theoretic research is used to create the theoretic framework. The empirical research is used to test the theoretic framework, because there is so much information about PFI on the internet like articles and reports, that interviews with experts in PFI are interviewed to test the theory. Interviews also been held to find out the opinions of the people who work with PFI.

[1] http://www.unison.org.uk/pfi/ (21 April 2010)
[2] http://assamppp.gov.in/pppmodels.pdf (28 April 2010)
[3] http://uk.sodexo.com/uken/services/facilities-management/facilities-management.asp (12 mei 2010)

1.2.1 Desk Research

In order to understand and develop knowledge about PFI, information is gained from articles on the internet. This information is used for the theoretic framework. The articles that are been used can be found in the bibliography.

1.2.2 Interviews

Oral and written interviews were held with people who have the experience and knowledge about PFI. This means people who work with PFI, like managers of PFI organizations, managers of service providers and advisors of PFI projects. These interviews were helpful for the theoretic framework and to find out how the performances of service providers in other PFI organizations are and how the performances are monitored.

Internal interview:

- Mr. Toumadj — Director Capital, Estates & Facilities Directorate

External interviews:

- Ms. Stowell — ISS UK
- Ms. Boulton — Camden Government
- Mr. Goddard — Highlands Schools
- Mr. Rashbrooke — Partnerships Bulletin
- Mr. Saunders — Department of Health

This report is written from the view of KCH because unfortunately it was not possible to interview the Project Company HpC and the service provider of the hard FM Sodexo to ask what their experience is, what they think about the PFI contract and the way it is organized at KCH. The information I needed for the research like the financial set-up I gained during an interview with the director of Capital, Estates and Facilities.

There is also information received from Mr. William Hardwick of HM Treasury by email and there was information gained during informal conversations with the facilities officer and during meetings with the Head of Facilities.

1.2.3 Documents Sodexo

There are documents obtained from Sodexo. The information from the documents are also been used in the report. To find out if Sodexo had the documents which are named in the contract and if Sodexo is meeting the response time information was requested. Sodexo could not supply the Helpdesk complaints and statistics data, which were requested, because they did not have them. In order to get the information needed for the research a questionnaire under building users was being held.

1.2.4 Questionnaire

A questionnaire is held under the managers who are working in the Golden Jubilee Wing to find out what the building users think about the performances of the service provider and if the outcomes are equal to the experiences of the Director of CEF and the Head of Facilities. There is chosen to hold a questionnaire because it a quick way to collect information and the responses are objective. [4]

[4] http://www.icbl.hw.ac.uk/ltdi/cookbook/info_questionnaires/index.html (20 April 2010)

2. THE ORGANIZATIONAL ANALYSIS

In this chapter the healthcare in England will be described first because it is a different system than it is in the Netherlands. After the healthcare is described a description of King's College Hospital will be given followed by a description of the department Capital Estates & Facilities where the research was conducted. The McKinsey 7S framework will be used to describe the department Capital Estates & Facilities.

2.1 Healthcare in the United Kingdom

The healthcare in the United Kingdom (UK) is free to all citizens, registered long-term residents and members of the armed services who are serving abroad. The UK is one of the few countries, which provides a free walk in system of healthcare with very few supplementary charges.[5] Addition to the NHS the UK have also a private healthcare sector.

2.1.1 The National Health Service (NHS)

The NHS is a publicly funded health service which was launched in 1948. Nowadays the NHS employs more than 1.7 million people. The NHS has a 90 billion budget what consist 60% of salaries, 20% of drugs and other supplies and the other 20% divided in buildings, equipment, training costs and medical equipment, catering, cleaning.

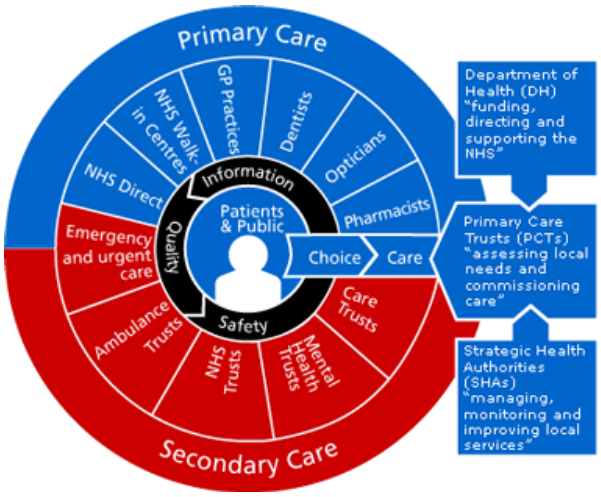
The NHS services in England, Northern Ireland, Scotland and Wales are managed separately. The services covers antenatal screening and routine treatments for coughs and colds to open heart surgery, accident and emergency treatment and end-of-life care, except charges from some prescriptions, optical and dental services.[6]

The goal of the NHS is to give free healthcare to all citizens, registered long-term residents and members of the armed services who are serving abroad.

The NHS will respect the confidentiality of individual patients and provide open access to information about services, treatment and performance. [7]

Structure NHS

The health services in England are divided in primary and secondary health services and are provided by local NHS organisations called trusts. The trusts are directly accountable to the strategic health authorities. The primary care covers the everyday health services, like General Practitioners (GP's), surgeries, dentists and opticians. These health services are delivered by primary care trusts. The secondary care refers to specialised services like hospitals, ambulances and mental health provision and these are delivered by a range of other NHS trusts. [8]



[5] http://www.europe-cities.com/en/633/uk_england/health/ (4 March 2010)
[6] http://www.nhs.uk/NHSEngland/thenhs/about/Pages/overview.aspx (23 March 2010)
[7] http://www.nhs.uk/NHSEngland/thenhs/about/Pages/nhscoreprinciples.aspx (15 February 2010)
[8] http://www.bbc.co.uk/dna/h2g2/A2454978 (11 March 2010)

2.1.2 Private healthcare

The private healthcare sector is largely funded by private insurance contributions. It is only used by a limited percentage of people, often as an extra service to the basic state healthcare. The private hospitals are owned by private companies. There are cases that private patients are treated in the NHS hospitals because the private hospital does not have the specialist equipment. The private patients in a NHS hospital are treated before NHS patients, but emergency patients are treated before NHS and private patients.[9]

2.1.3 Department of Health

The goal of the Department of Health (DH) is to improve the health and wellbeing of people in England. The DH does this by:

- Setting direction
- Supporting delivery
- Supporting DH staff to succeed
- Leading health and well being for government
- Accounting to Parliament and the Public [10]

The DH controls the NHS. The secretary of state for health is the head of the DH and reports to the prime minister. The DH controls the ten Strategic Health Authorities (SHA's) of England which oversee all the NHS activities in England. In turn, each SHA supervises all the NHS Trusts in its area. [11] SHA's were created by the Government in 2002 to manage the local NHS on behalf of the secretary of state. There were originally twenty eight SHA's, in July 2006 this number was reduced to ten. SHA's are responsible for:

- Developing plans for improving health services in their local area
- Making sure local health services are of a high quality and are performing well
- Increasing the capacity of local health services so they can provide more services
- Making sure national priorities (for example, programmes for improving cancer services) are integrated into local health service plans

SHA's manage the NHS locally and provide an important link between the DH and the NHS. [12]

2.1.4 KCH & NHS

The NHS is the umbrella organisation for the healthcare in the UK. KCH is a Foundation Trust which means that the hospital does not have to report to the Department of Health via the SHA's anymore but directly to Monitor which in turn report straight to the Parliament. [13]

Monitor is the independent regulator of NHS foundation trusts. Monitor was established in January 2004 to authorise and regulate NHS foundation trusts. Monitor is independent of central government and directly accountable to Parliament. [14]

2.2 King's College Hospital

King's College Hospital (KCH) is one of the largest and busiest teaching hospitals in London. A teaching hospital is a hospital that closely associates with a medical school and serving as a practical educational site for medical students, interns and residents. [15] KCH provides specialist services to patients and is recognised nationally and internationally for the work in liver disease and transplantation, neurosciences, cardiac and haemato-oncology. The hospital plays a key role in the training and education of medical, nursing and dental students. [16] This year KCH has

[9] http://www.europe-cities.com/en/633/uk_england/health/ (4 March 2010)
[10] http://www.dh.gov.uk/en/Aboutus/HowDHworks/DH_4106148 (23 March 2010)
[11] http://www.nhs.uk/NHSEngland/thenhs/about/Pages/overview.aspx (26 April 2010)
[12] http://www.nhs.uk/NHSEngland/thenhs/about/Pages/authoritiesandtrusts.aspx (26 April 2010)
[13] See interview Mr. Ahmad Toumadj, appendix 2 for review
[14] http://www.monitor-nhsft.gov.uk/home/about-monitor/what-we-do (26 April 2010)
[15] http://www.answers.com/topic/teaching-hospital (12 May 2010)
[16] http://www.kch.nhs.uk/about/foundation-trust/who-we-are/ (1 March 2010)

become one of the three major trauma centres for London. KCH provides world-class trauma care; specialist care and treatment for life threatening injuries, for people throughout London. [17]

The KCH is operating since 1840 close to Lincoln's Inn Fields. This area was one of the poorest and densely populated in London. By the start of the 20th Century, one third of the patients were residents of Brixton, Camberwell and Lambeth. That is the reason KCH decided to move the hospital across the river. In 1913 the hospital moved to Denmark Hill.

In 1948 the National Health Service (NHS) was created to give free health care to everyone. Between 1948 and 1966 KCH became responsible for the non-teaching hospitals in the Camberwell Group. In 1966 the management of all the hospitals combined. KCH became a teaching group of five hospitals.[18]

The KCH became a NHS Foundation Trust in December 2006. This legal status has given the hospital a greater freedom running the affairs and formal links with local patients and staff communities. The hospital is accountable to these groups through an elected and appointed Board of Governors.[19] Foundation trusts are a new type of NHS hospital run by local managers, staff and members of the public. The hospitals are tailored to the needs of the local population. Foundation trusts have been given much more financial and operational freedom than other NHS trusts and represent the government's de-centralization of public services. These trusts remain within the NHS and its performance inspection system. The trusts were first introduced in April 2004, and there are now 122 foundation trusts in England. [20]

Below is a description of the strategic objectives and visions of KCH. [21]

2.1.1 Strategic objectives

- KCH will establish King's Health Partners, investing to develop world-class services at KCH, ensuring the benefits of clinical academic integration are delivered through effective Clinical Academic Groups
- KCH will lead trauma and stroke locally, and establish key roles in other clinical networks. KCH will work closely with LSL Alliance to ensure that in partnership KCH deliver a more efficient, and patient responsive, health system locally
- KCH will make significant improvements in efficiency and productivity to support the national focus on quality to provide the best patient experience and ensure the best clinical outcomes are delivered. We will also work towards world-class workforce & facilities at King's

2.1.2 Visions

- The ambition of KCH is to be a world-class healthcare provider, giving outstanding quality of care to our local population and providing innovative specialist care to a wider geographical area
- KCH will be leaders in efficient delivery, to resource continual innovation, as well as top performers in terms of patient experience, safety and clinical outcomes. KCH will train and support the staff to provide exemplary care.
- KCH will work with the local partners to drive improved health outcomes, in parallel to enhancing the international reputation. KCH will lead networks of care to improve patient pathways across regional boundaries.

2.1.3 Facts and figures

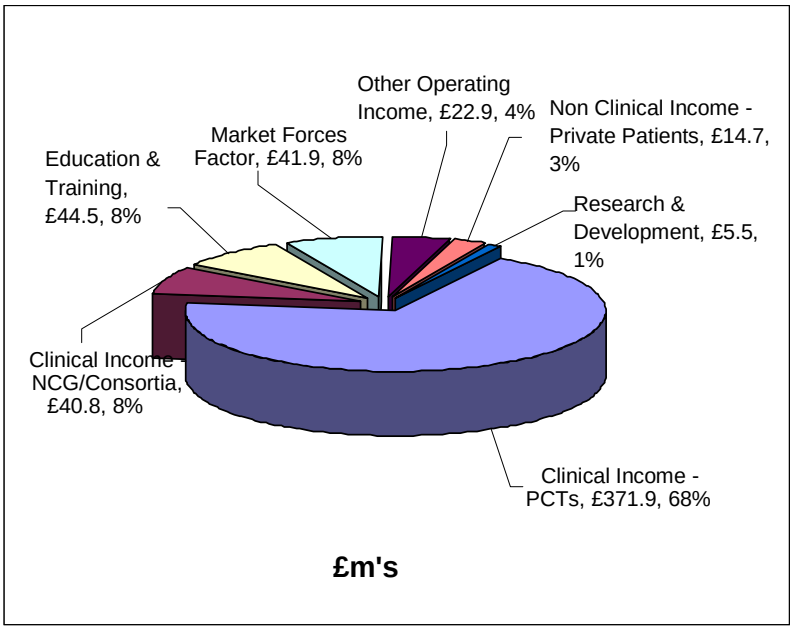
In this paragraph are overviews of the important facts and figures of KCH. [22]

[17] Intranet KCH (7 April 2010)
[18] http://www.kch.nhs.uk/about/history/ (1 March 2010)
[19] http://www.kch.nhs.uk/about/foundation-trust/ (1 March 2010)
[20] http://www.nhs.uk/NHSEngland/thenhs/about/Pages/authoritiesandtrusts.aspx (26 April 2010)
[21] Annual Plan 2009-2010
[22] Annual plan 2009-2010 (16 April 2010)

Targets	
Referral to treatment	18 weeks
Waiting time Accident & Emergency	4 hours
Finance	
Risk rating	Maximum score 5
Surplus	15.6 million (3 million above plan)
Improvement programme	97% expenditure cost
Year end cash balance	£ 33.9 million
Staff	
Amount staff	Over 6.000
Training and development	Scored particularly well
Quality of work, patient care they deliver and team working	High proportion of staff feel satisfied
Recommend KCH as a place to work	High proportion of staff
Pilot	National e-learning management system
Implement	Various training initiatives for medical/dental staff and the management development programme
Patients	
Amount patient contacts	700.000
Golden Jubilee Wing	
Square meters	20.000
Amount of rooms	750

The next diagrams will give an overview of the income and expenses of KCH. Especially the PFI expense is interesting according to this report. As shown in the diagram the expense of PFI is three percent of the total expenses. The three percent is only for the service payments of the PFI contract, the monthly payments for the building are not included. This is because the payments for the building are off balance sheet.

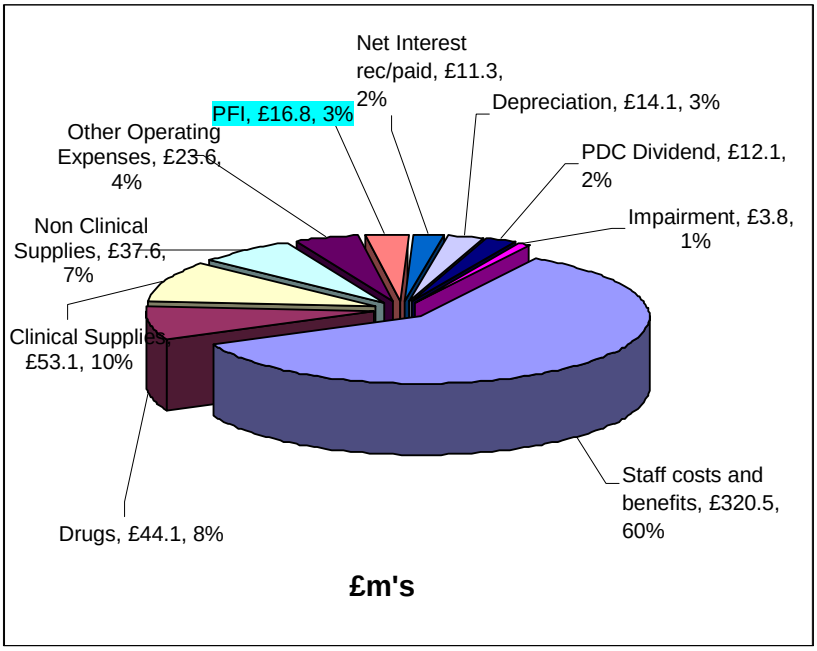
Income received from:



Income based on:

- Income target is based on last years outturn and new service developments
- PCT contracts were uplifted by 1.7% for price inflation and 0.5% for meeting quality targets.
- PCT contracts included £3.2m of growth activity for Renal, achieving 18 weeks targets, the use of Lucentis.
- New PBR drugs and devices income of £3.2m
- Demand management of £3.2m within London

Expenses from:



Expenses based on:

- Last years outturn plus pay inflation of 2.2% and non-pay inflation of 2.5%.
- The use of the Lewisham hospital site
- New service developments at KCH site
- Expansion of Research and development

2.3 Capital Estates Facilities

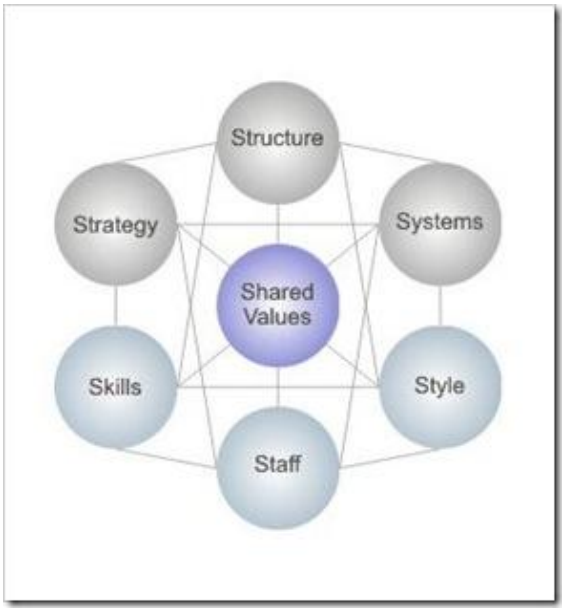
The department Capital, Estates & Facilities (CEF) is divided in, as the name already tells, different teams; Capital, Estates and Facilities. The assignment is carried out for the Facilities team.

The budget for CEF is £ 17.4 million and the budget for PFI is £ 28.8 million. The FTE for CEF is 87, 5, that is only for the employees working for KCH, not for the outsourced services.

To describe the CEF department the McKinsey 7S framework will be used. [23] Below each element describes the regarding information about CEF.

2.3.1 Strategy

CEF will ensure for appropriate buildings in the right conditions. The hospital has to be available for 24/7, which means to make sure the buildings are maintained, there is electricity and all the life supporting facilities are available and working.



The department intend to achieve the objectives by maintaining the building, plants and equipment, communication and evaluations.

The changes of customer demands are being discussed, and then there will be looked at the possibilities and how to deal with it. An example is the meals, before there was a limited choice, now there are meals for the different cultures, like spicy meals. KCH recently introduced steamplicity food; it is a

[23] http://www.mindtools.com/pages/article/newsSTR_91.htm (27 April 2010)

fast solution to serve meals which keep the vitamins and nutrients.

2.3.2 Structure

The organisation chart of CEF can be found in the appendix. The department is divided in three different teams; Capital, Estates and Facilities. Each team has a team manager who reports to the Director of CEF. Every team manager has managers underneath them who manage the operational employees; the drivers, the workers, the helpdesk employees, etc.

Every week the team managers have a meeting with the director of CEF, there is also a meeting every week with the team managers and the managers. Once in a month there is a meeting with the managers and the operational workers.

Every employee in CEF has their tasks and goals their working on. There is an informal culture and the employees can talk to the managers whenever they need it.

The decision making is a combination of centralized and decentralized. The director of CEF gives directions to the team managers and in turn the team managers report back to the director.

2.3.3 Systems

CEF works with different systems to run the department. The systems CEF works with are:

- Key Performance Indicators
  The department set up the Key Performance Indicators (KPI's) like response time to achieve the goals. The indicators will be compared with the achieved performances and will be showed in the scorecards.

- Scorecard
  With the Scorecard CEF measure the performances of the department. Every month the data like helpdesk calls, closed calls, completed Planned Preventive Maintenance (PPM), etc. With these data the department has a clear view of the performances, how the department is performing, whether improvements are needed, etc. The department obtains the information from the information system which the helpdesk uses to enter data.

- Planet FM
  Planet FM is an information system CEF uses to enter data in order to obtain management information. The information will be used in the scorecards. Planet FM is a system to compare the KPI's with the actual scores.

- Procurement systems
  There is a procurement department which procures all services and products for the hospital. CEF can buy, for example office supplies, with a procurement system. The procurement department has an approved supplier list where the department has to buy from, on this way there is no deception of maverick buying. If the department does buy something with another supplier, there is a change the supplier will not get paid. The department can buy products via the system under the amount of twenty thousand pounds, above this amount the department have to do a tender through the procurement department. If CEF wants to buy something with an amount higher than £ 100.000, - there have to be a European procurement through the procurement department.

- Monitoring reports
  The service providers Medirest and Sodexo provide monitoring reports to the department. With these report CEF can see how the service providers perform and if the agreed performances are achieved.

The communication of the department is by meetings, email, telephone and helpdesk. The helpdesk communicates also via walkie talkie with the workers. Every office employee has

their own account where documents can be saved. There is a drive for the shared documents where the employees of CEF have access to.

2.3.4 Shared Values

KCH have values which apply for every department in the hospital, so also for the department CEF. The values are:

- Understanding you
- Inspiring confidence in our care
- Working together
- Always aiming higher
- Making a difference in our community

KCH does a lot to make the employees and the patients aware of the values; there is a page on King's Web with the values and the possibility for the employers to share their feelings. Posters with the values are in the hospital. To formulate the values the hospital spoke to employees in group discussions and interviews, after the employees the patients joined the conversation by talking about their personal experiences with staff in one-to-one listening workshops. These values are strong, because they are not only for the employees but also for the patients.

The culture of the department is open and informal; anybody can ask anyone if they need something, doors are always open.

2.3.5 Style

To determine the participative leadership style of CEF the following table will be used. [24]

< Not participative				**Highly participative >**
Autocratic decision by leader	Leader proposes decision, listens to feedback, then decides	Team proposes decision, leader has final decision	Joint decision with team as equals	Full delegation of decision to team

Following the table, the participative leadership style of CEF is "Joint decision with team as equals". This leadership is effective because the employees feeling valued and involved in the organisation. The team members are working cooperative. Each team needs each other and working together for that reason.

2.3.6 Staff

In the department of CEF are senior managers, managers, team members and the operational workers. At the moment all positions are filled.

2.3.7 Skills

The whole department has different skills because the functions differ from team manager to office employee to operational worker. The team managers need to have a Bachelor or Master degree and experience, the managers need experiences, it is not necessary to have a degree. The specialist workers, for example the electricians, need a that specialist education.

The employees have the ability to do the job. Working at CEF requires a flexible attitude. If there is a skill gap the department tries to be flexible or outsource the job if it is necessary. There was a skill gap for a while because the Asset manager retired and was not replaced. Recently the function is fulfilled. At this moment there is no function to monitor the performances of Sodexo, which is the only skill gap at the department.

[24] http://changingminds.org/disciplines/leadership/styles/participative_leadership.htm (26 April 2010)

Every year the team manager has appraisals with the employees. When there are skill gaps the senior manager tries to find out what it is and what skills are missing and send the employee to a training, intern or extern.

In the hospital the department is most known for the negative experiences. When something does not work or is not good, the other departments know who to call. Other departments take CEF for granted, for them it is normal the lights are on, that there is water, and that the workplace is clean.

2.3.8 Conclusion 7S model

As is clearly from the 7S model, the department CEF has a lot of different functions which means different skills. The only skill gap at the department is the function which monitors the performances of Sodexo. All the other elements of the 7S model are good fulfilled; there are no gaps in the processes and systems.

CEF has also different systems to run the department. The processes are organized and everybody is aware of the work of the different teams at CEF.

3. PRIVATE FINANCE INITIATIVE

Public private partnerships (PPPs) are arrangements typified by joint working between the public and private sector. In the broadest sense, PPPs can cover all types of collaboration between the public and private sectors to deliver policies, services and infrastructure. Where delivery of public services involves private sector investment in infrastructure, the most common form of PPP is the Private finance initiative (PFI). [25]

PFI provides a way of funding major capital investments, without immediate recourse to the public purse. Private consortia, usually involving large construction firms, are contracted to design, build, and in some cases manage new projects. Contracts generally last for thirty years, during that time the building is leased by a public authority. [26]

There are two main rules for PFI contracts:

- Projects must represent value for money. A PFI project should ensure that the taxpayer gets a service that is better in overall cost than any realistic alternative.
- Risk must be transferred. Private Capital is only welcome to the public sector if it represents money at risk, giving the private sector a stake in the success of the venture. When insufficient risk is transferred, a project will not represent value for money and for that reason will not be pursued under PFI. [27]

3.1 Before PFI

Before the government worked with PFI contracts the public procurement were directly funded by the public sector; the traditional procurement. Once the completed project was handed over to the public sector client, the private contractor's involvement ceased. The traditional procurement was not very efficient because the costs overrun and the projects were delayed according to some witnesses. Mr. Steve Allen of Transport for London said that one of the causes of the costs overruns is that the procuring authority keeps changing the specification. Witnesses also say that with the traditional procurement there is under-maintenance and lack of investment. This is because of not properly budgeting for maintenance of the asset over its life. [28]

3.2 Beginning of PFI

Ryrie Rules governed from 1981 the private investment in public projects, noted that any privately-financed solution must be shown to be more cost-effective than a publicly-financed alternative.

In 1990 the restrictions were largely removed. Norman Lamont MP, the Chancellor of the Exchequer at that time, introduces the PFI in the Autumn Statement of 1992. Norman Lamont MP stated that "the Government will actively encourage joint ventures with the private sector, where these involve a sensible transfer of risk to the private sector" and "public organisations will be able to enter into operating lease agreements with only the lease payments counting as expenditure and without their capital budgets being cut". The scope of private finance to increase investment in public infrastructure was recognised.

The Government explicitly acknowledged in 1994 that the private sector's contribution is additional to public provision. The Chancellor stated that the private sector finance would be the main source of growth in the public investment.

[25] http://webarchive.nationalarchives.gov.uk/+/http:/www.hm-treasury.gov.uk/documents/public_private_partnerships/ppp_index.cfm (23 March 2010)
[26] http://www.dh.gov.uk/en/Aboutus/Procurementandproposals/Publicprivatepartnership/Privatefinanceinitiative/index.htm (7 April 2010)
[27] http://archive.treasury.gov.uk/pub/html/econbf/eb09/2pfi.html (05 May 2010)
[28] Houdse of Lords: Private Finance Projects and off-balance sheet debt, Volume 1: Report (07 April 2010)

In the PFI's building contractors, facilities managers and service providers typically form a consortium and take shares in a Special Purpose Vehicle (SPV) which signs the contract with the public authority. A consortium is a short-term arrangement in which several firms pool their financial and human resources to undertake a large project that benefits all members of the group. [29] Usually the SPV manage the construction with the maintenance and soft FM over a long period, general thirty years, whole life, in return for fixed annual payments which start when the construction is complete. The SPV, which retains ownership of the building, finances its construction by borrowing (usually 85-90%) and owners' equity (10-15%).

Before 1997 a few PFI were implemented, after 1997 the Labour Government accepted that private finance should continue to play a role in the provision of public infrastructure and set up a Treasury task force to encourage the PFI. The number of PFI deals increased with the Government support. There are now about 800 PFI deals in the United Kingdom with a capital value of £ 64 billion. [30]

The rapid growth of private finance projects over the past decade or so is striking and has played a significant role in the expansion and renewal of the nation's infrastructure. [31]

3.5 Benefits and disadvantages

There are different opinions about the PFI contracts. According to the government it is a good way to finance the public sector and transfer the risk. There are a lot of articles against PFI and there are managers in the public sector who work with PFI who are not satisfied with the PFI contract. For the private sector on the other hand, PFI is a way to have certainty for these contract years and a possibility to raise profile on the market. Below a review of the benefits and disadvantages of PFI contracts of the public and the private sector.

3.5.1 Public sector

In this sub paragraph benefits and disadvantages of PFI for the public sector will be given.

Benefits

- The risks involved the design, building, financing and operation of the asset are at the private sector. This is why the projects are delivered on time and within budget.
- Off sheet balance for the government, the annual payments for the building are off sheet, this is not showed in the annual plan.
- The public sector will pay on a performance-related basis for the use of the asset and for its continuing management. This way the private sector builds the asset to a high standard and maintains it in a good condition.
- Modernisation, the PFI buildings have a modern design and modern facilities.
- More innovations because of the different parties involved in construction with knowledge and creativity.

Disadvantages

- Higher interest rates than borrowing on the open market, because the public sector does not borrow the money but the private sector does. The private sector has higher interest rates.
- It is hard to get a partnership between the public and private sector because both sectors have different objectives. The public sector wants a good maintained building and the private sector wants to make money.
- The manager of the public was supposed to keep the focus on the primary tasks, but instead the managers are busy with monitoring and chasing the service providers to get things done
- It is difficult to get things done, for example hang up a notice board. This because different parties are involved, the designer, the Project Company and the service supplier.

[29] http://www.businessdictionary.com/definition/consortium.html (19 May 2010)
[30] House of Lords : Private Finance Projects and off-balance sheet debt, volume 1: Report
[31] Technical Note No. 6: How to Manage the Delivery of Long Term PFI Contracts, Treasury Taskforce (04 May 2010)

- Schedule of rates, private sector pays more than before (choosing the supplier). The service supplier make a schedule of rates which tells how much work is what it not in the contract. These costs are generally higher than other suppliers.
- Change of people in the organisations, people who were at the negotiations might not be there anymore when the contract gets operational
- Because in some schemes all the risk is transferred to the private consortiums, new ideas are not tried.
- Changes in the contract incur legal and operational costs
- Open opportunity for misinterpretation. The different parties read the contract with their own goals in mind.

3.5.2 Private sector/sub contractors

In this sub paragraph benefits and disadvantages of PFI for the private sector and the sub contractors will be given.

Benefits

- Long term contract, security for a long period.
- Growing of the business, in the PFI contract more people are involved, managers as operational employees. Some soft service providers expend the business with also hard services so that the service providers can bid for soft and hard services in PFI contracts.
- Strategic involved, from the beginning by designing the building.
- Raise profile on the market, when organisations are involved in PFI contract(s) and doing a good job, the public sector will share it.

Disadvantages

- High cost biddings, it takes a long time before the preferred bidder will be chosen and the contract will be signed. When the public sector is bidding it is not sure who will sign the contract.
- Long negotiations about the contract, the specification in it.
- Different relationship with the client (because of the Project Company), all the communication goes through the Project Company.
- Change of people in the organisations, people who were at the negotiations might not be there anymore when the contract gets operational.
- Open opportunity for misinterpretation. The different parties read the contract with their own goals in mind.

3.6 Disputes

PFI contracts are an open opportunity for misinterpretations. [32] This is because the specifications in the contract can be interpreting and understood differently by the different parties. Every party have a different views and goals on the contract. The government wants a condition B (paragraph 3.12 describes condition B) maintained building and the private sector wants to make money. For example the chairs in the restaurant have a life cycle of 10 years, because the risk is with the private sector, the private sector can decide to replace the chairs every 15 years so the chairs are being replaced twice during the PFI contract instead of three times. If in the contract is that the chairs have to be in a good quality, the private sector is operating according the contract, only the public sector wants to replace the chairs every 10 years. This can lead to a dispute.

3.7 Partnership

PFI is a part of PPP, which mean that it is a partnership between the public and private sector. A definition for partnership:

"Partnership is a collaborative relationship between two or more parties based on trust, equality and mutual understanding for the achievement of a specified goal. Partnerships involve risks as well as benefits, making shared accountability critical." [33]

[32] Interview Rachel Boulton, Camden Government , 8 April 2010
[33] http://www.who.int/patientsafety/implementation/apps/definition/en/index.html (28 April 2010)

The best way to make the most out of the PFI contract is to entering a partnership. PFI is already a partnership between the public and the private sector. Because the different parties have different goals, it is important to know each other goals and create a shared goal so the parties are willing to work with each other and also can help each other reaching the goals.

A good partnership relationship is one where the different parties are open, share information fully and work together to solve problems. [34]

3.8 Financial set-up

Most of the finances for PFI come from non-recourse debt supplied by banks or bond investors. Non-recourse debt is debt for which the borrower is not personally liable. If the borrower defaults, the lender can take the property used to secure the loan, but no other property of the borrower. [35] The equity element is raised from the project sponsors or third party equity funds. [36]

Below is a figure with the typical financing structure of PFI.

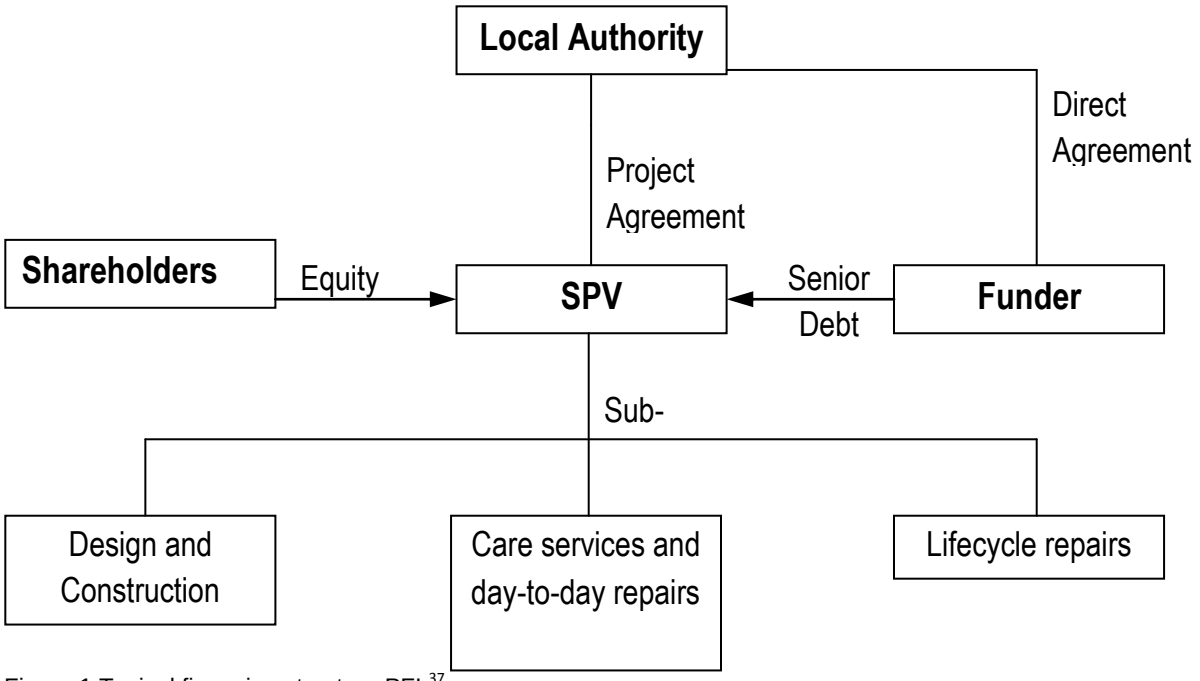


Figure 1 Typical financing structure PFI [37]

The private sector pays monthly amounts for the services of the hard and soft FM, the services of the Project Company and the building costs.

3.9 Refinancing

When the PFI contract is first signed, the building has to be build and the operation is untested. This time is the greatest risk, for that reason the investors will expect a higher risk premium to compensate. When the construction is complete, the operation will take place and the contract is operating smoothly, the risks are reduced. At this time the investors wants a lower risk premium. Therefore projects are refinanced after the construction phase. Banks are usually prepared to lend on finer margins for longer periods.

[34] National Audit Office: Managing the relationship to secure a successful partnership in PFI projects.
[35] http://financial-dictionary.thefreedictionary.com/Non-recourse+debt (21 May 2010)
[36] Corporate Finance Faculty: Guideline PFI
[37] Dexia: Presentations Funding pps Slide 4

In June 2000 the National Audit Office (NAO) produced a report into the refinancing of Fazakerlev Prison which concluded that the public sector must ensure it is not exposed to increase risk through the refinancing. This can happen if the public sector is left with higher termination liabilities in a project that now has more debt in it.

A Refinancing Code produced by the Office of Government Commerce (OGC) has become accepted industry practice. Refinancing profits are now shared between the public and private sector. [38]

3.10 Transfer risk

A key benefit to the PFI contract is that risk is transferred from the public sector to the private sector. PFI aims to allocate risks to the parties best able to manage it. This should lead to better management of risk overall which should be more cost efficient. But not all risks can or should be transferred to the private sector.

The private sector is usually best placed to manage construction risk—such as building on time and on-budget—and the risk of providing maintenance over the asset's lifetime. Private contractors have a greater incentive to build a project on-time and on-budget as they only start receiving payments once construction is complete. Making the private sector responsible for maintenance aims to encourage the contractor to build a high quality asset that will require little maintenance over the course of the contract.

With private finance projects so far, the public sector usually retains risks related to demand. So if the local population falls so much that a PFI-built school or hospital needs to close then the public sector bears the costs of closing it before the private finance contract expires. Construction and maintenance risks are usually seen as suitable for transfer to the private sector; whereas activities over which the private contractor is seen as having little or no influence have not been transferred. [39]

3.11 Value for money

With traditional procurement the cost are less than the costs with PFI, this because the government can borrow at a lower rate than the private sector. This is why the PFI projects must rest on achieving better value for money. [40]

Value for money defines the relationship between economy, efficiency and effectiveness: [41]

- Economy is the price paid for what goes into providing a service – for example, the cost per hour of care workers; the rent per square metre of accommodation.
- Efficiency is a measure of productivity – how much you get out in relation to what is put in. For example, the number of people visited per home care worker per week; kilometres of road maintained per £1,000 spent.
- Effectiveness is a measure of the impact achieved and can be quantitative or qualitative. For example, how many people were prevented by home care services from needing residential care (quantitative); satisfaction levels among different sections of the community with tenant participation arrangements (qualitative). Outcomes should be equitable across communities, so effectiveness measures should include aspects of equity.

[38] Corporate Finance Faculty: Guideline PFI, blz. 18
[39] http://www.publications.parliament.uk/pa/ld200910/ldselect/ldeconaf/63/6307.htm (11 May 2010)
[40] House of Lords: Private Finance Projects and off-balance sheet debt, Volume 1: Report (23 March 2010)
[41] Use of Resources Guidance – 2006 assessment (UoRguidanceforCouncils19006.doc). The Audit Commission. May 2006.

3.12 Variation Process

The private sector can raise a variation notice describing the service requirement and any KPI's, etc. if changes to the contract need to be made. The private sector and the service provider will advice the public sector about the associated costs. [42]

3.13 Condition buildings

In a PFI funded solution the project company is required to maintain all buildings at condition B state of repair throughout the concession period. Buildings are handed back in this condition at the end of the concession. The Trust will therefore have access to high standard of quality buildings for at least 40 years. [43]

The Project Agreement describes Condition B as follow:

"Condition B means such state and condition as would qualify for a "B" marking under and in accordance with Part 5 of the Department of Health Advisory Group on Estate Management, Guidance on Property Appraisals February 1993 as in force on the date of this Agreement."

3.14 Future of PFI

The interviewees have a different opinion about the future of PFI. One says that PFI do not have a future, this is because between now and a few years the main project are being build and are in operation. The government won't have the money to close more PFI contracts. Another one says it depends on the coming elections in May. If the Labour Party wins PFI will probably stay for a while, but when the Conservative Party wins they probably change it. All the interviewees think there will be a similar contract but with some changes and another name and PFI will stay until the government finds another way to finance.

[42] Wendy Stowell, ISS
[43] http://www.derbyhospitals.nhs.uk/attachments/626_appendix11.pdf (26 April 2010)

4. PFI IN PRACTICE

This chapter will describe what the stages of the PFI contracts are when the process of the contract will start. The organizations who are involved in the PFI contracts in the healthcare will be described.

4.1 Stages PFI contract

There are generally three stages in PFI contract management. The activities in the next paragraphs will vary considerably in terms of their resource consequences. Not all the activities will be relevant for all projects. Some activities will only occur on infrequent occasions while others will be continuous. Following the stage of the PFI contract management:

- The procurement stage
- The development stage
- The delivery stage

4.1.1 The procurement stage

Preparations for the long term management of the contract need to be started at the beginning of the overall project. This is to ensure that delivery of the service specification is capable of proper monitoring over the life of the contract.

Contract management and monitoring is the last stage of the process, it is critical as it is concerned with the delivery of the contract over time. It must be thought about at the outset and incorporate into the development of the project and the negotiations of the contract how it is to be carried out effectively. This way it will help to ensure that service levels and value for money targets continue to be met over the life of the contract.

In this stage it is essential to appoint a contract manager in the project team of the public sector who will monitor the performance of the service provider. The contract manager should be close to the public sectors' negotiators to provide practical help in developing how the specifics of the service to be delivered and the monitoring system are reflected in the contract.

The public sector must be able to monitor the performances against the output specified under the Project Agreement as the payment of the full unitary charge is conditional upon the quality of the performance of the service. A failure to match the contractual outputs will affect the payments. Monitoring requirements must therefore include in the service output specifications.

The monitoring requirements should be based on objective and, where possible, quantifiable data with a clear connection between the data collected, the achievement of the specification and the financial implications of poor performance. The most important rule is to concentrate on critical services, although the contract needs to protect the client against long-term performance that remains sub-standard.

The requirements, and monitoring and auditing processes to be set out in the contract, should be described in outline in the Invitation to Tender and should directly support the principles underlying the unitary charge. The public sector should encourage bidders to propose innovative solutions to these monitoring requirements which can be shared by both parties. It will be important to ensure that the private sector accepts and are fully committed to these monitoring requirements.

4.1.2 The development stage

The role of the contract manager in this stage is to monitor the private sectors' progress towards meeting the service commencement date.

As soon as the contract is awarded, the contract manager should start to establish close working relationships with the private sector at all levels. The public sector should be an active and intelligent customer.

During the development stage the contract manager, on behalf of the public sector, should aim to do no more than monitor the private sectors' implementation procedures to ensure it will be able to deliver the services on time. This may involve inspecting and commenting on plans, having access to the site, confirming compliance with procedures and agreeing with the private sector that it is able to commence service delivery. However, there must be a clear limit to the extent of public sector responsibilities as involvement to a greater extent than is appropriate for monitoring purposes may lead to the public sector taking back risk it is paying the private sector to accept.

The contract manager should only require sufficient management information from the private sector to retain confidence in the delivery timetable and to ensure compliance with any residual safety issues remaining with the public sector.

The contract manager should be in a position to assess whether the private sector will achieve the commencement date or might be able to commence the service earlier if the public sector wishes and can afford the payments. The contract manager will also need to confirm that the private sector will deliver the specified outputs and continue to meet construction programme and safety requirements.

The contract manager will need to be aware of any project related risks retained by the public sector. Responsibility for monitoring and managing these risks may, where appropriate, be assigned to the contract manger.

4.1.3 The delivery stage

For the delivery stage the public sector may wish to review its contract management and performance monitoring arrangements to deal more effectively with the new circumstances arising in monitoring service delivery; not least different specialisms may be required.

The contract manager should continue to avoid excessive monitoring which interferes with the private sectors' flexibility to resolve operating problems as they arise (within the terms of the contract). [44]

4.2 Involved organizations Healthcare

Different organizations are involved by closing the PFI contract, especially in the public sector. The following public organizations are involved by closing a PFI contract in the healthcare:

- Department of Health
- Monitor
- HM Treasury
- The Infrastructure Finance Unit
- Project Review Group
- Shared Health Authorities
- Partnership UK

[44] Technical Note No. 6: How to Manage the Delivery of Long Term PFI Contracts, Treasury Taskforce (04 May 2010)

4.2.1 Department of Health

The goal of the Department of Health (DH) is to improve the health and wellbeing of people in England. DH does this by:

- Setting direction
- Supporting delivery
- Supporting DH staff to succeed
- Leading health and well being for government
- Accounting to Parliament and the Public[45]

In the PFI structure the DH report directly to the Parliament. The Shared Health Authorities report to the DH.

4.2.2 Monitor

Monitor is the independent regulator of NHS foundation trusts. Monitor was established in January 2004 to authorise and regulate NHS foundation trusts. Monitor is independent of central government and directly accountable to Parliament.

Monitor has three goals:

- determining whether NHS trusts are ready to become NHS foundation trusts;
- ensuring that NHS foundation trusts comply with the conditions they signed up to – that they are well-led and financially robust; and
- supporting NHS foundation trust development. [46]

4.2.3 HM Treasury

The treasury is the economics and finance ministry of the United Kingdom. It is responsible for formulating and implementing the Government's financial and economic policy. Its aim is to raise the rate of sustainable growth, and achieve rising prosperity and a better quality of life with economic and employment opportunities for all. [47]

For the period 2008-2011 the treasury set up two Departmental Strategic Objectives (DSOs):

- Maintaining sound public finances
- Ensuring high and sustainable levels of economic growth, well being and prosperity for all

These DSOs are linked to each other. Each of these DSOs is underpinned by a series of outcomes.

The outcomes of the DSO "maintaining public finances" are:

- Meeting the obligations of the Fiscal Responsibility Bill
- Ensuring that the tax yield is sustainable and risks managed
- Managing public spending
- Professionalizing and modernising the finance and the procurement functions in government
- Managing government cash, debt, and reserves efficiently and effectively

The outcomes of the DSO "Ensuring high and sustainable levels of economic growth, well being and prosperity for all" are:

- Supporting low inflation
- Promoting the efficiency and fairness of the tax system
- Improving the incentives and means to work; supporting children and pensioners and helping people plan and save for the future
- Improving the quality and value for money of public services
- Supporting fair, stable and efficient financial markets

[45] http://www.dh.gov.uk/en/Aboutus/HowDHworks/DH_4106148 (23 March 2010)
[46] http://www.monitor-nhsft.gov.uk/home/about-monitor/what-we-do (26 April 2010)
[47] http://www.hm-treasury.gov.uk/about_index.htm (4 March 2010)

- Raising productivity with sustainable improvements in the economic performance of all English Regions including narrowing the gap in growth rates between the best and worst performing regions
- Protecting the environment in an economically efficient and sustainable way
- Pursuing increased productivity and efficiency in the EU, international financial stability and increased global prosperity[48]

4.2.4 The Infrastructure Finance Unit

In March 2009 the Chief Secretary introduced a way to ensure vital PFI projects go forward as planned despite the current financial market conditions.

The Treasury builds a professional lending capability to lend to PFI projects that cannot raise sufficient debt finance on acceptable terms, lending alongside commercial lenders and the European Investment Bank. It also, where necessary, provides the full amount of senior debt required by a project. Treasury lending is intended to be a temporary and reversible intervention. The Treasury might sell the loans it makes prior to their maturity when favourable market conditions return.

The Treasury has established the Infrastructure Finance Unit (TIFU) to consider applications for loans to PFI projects, negotiate the terms of any such loans and monitor and manage loans once made. TIFU will operate at arm's length from procuring authorities and its staff will include a number of project finance professionals.

TIFU completed its first loan facility on 8 April 2009, providing a £120 million loan for the Greater Manchester Waste Disposal Authority's PFI project alongside the European Investment Bank and a syndicate of commercial banks.[49]

4.2.5 Project Review Group

The Project Review Group (PRG) is an inter-departmental group chaired and administered by the Corporate and Private Finance Unit within HM Treasury. This has representatives from Communities and Local Government and other government departments who manage local government PFI programmes.

The role of the PRG is to give overall approval for local authority PFI projects that receive Government support. It is the gatekeeper for the delivery of PFI credit funding to local authorities. No PFI credit funding can be given to a local authority without prior PRG. In carrying out assessments of projects submitted by Departments, PRG focuses on the commercial deliverability of the project through the PFI route.

The PRG also has 3 additional functions. These are to provide:

- Early assurance to Local Authorities of the availability of funding, and the conditions attached to such funding, before they commit to the major expense of taking schemes through a PFI procurement;
- A clear indication to the private sector of the projects which will attract funding from Central Government, enabling them to focus on projects that have a good prospect of success;
- An ability to spread information about Local Authority projects in other departments so that lessons can be used to inform the development of new projects. [50]

4.2.6 Shared Health Authorities

The DH controls England's ten Strategic Authorities (SHA's) which oversee all the NHS activities in England. In turn, each SHA supervises all the NHS Trusts in its area. [51] SHA's

[48] HM Treasury: HM Treasury group departmental strategic objectives – 2008-2011 (4 March 2010)
[49] http://www.hm-treasury.gov.uk/ppp_tifu_index.htm (23 March 2010)
[50] http://www.communities.gov.uk/fire/runningfire/privatefinanceinitiative/214774/projectreview/ (05 May 2010)
[51] http://www.nhs.uk/NHSEngland/thenhs/about/Pages/overview.aspx (26 April 2010)

were created by the Government in 2002 to manage the local NHS on behalf of the secretary of state. There were originally twenty eight SHA's, in July 2006 this number was reduced to ten. SHA's are responsible for:

- Developing plans for improving health services in their local area
- Making sure local health services are of a high quality and are performing well
- Increasing the capacity of local health services so they can provide more services
- Making sure national priorities (for example, programmes for improving cancer services) are integrated into local health service plans

SHA's manage the NHS locally and provide an important link between the DH and the NHS. [52]

4.2.7 Partnership UK

Partnerships UK (PUK) is a public private partnership which has a unique public sector mission: to support and accelerate the delivery of infrastructure renewal, high quality public services and the efficient use of public assets through better and stronger partnerships between the public and private sectors. [53]

PUK works with the public sector in five main areas:

- Supporting complex procurement projects
- Developing procurement and investment policies
- Supporting individual infrastructure projects
- Developing public service commissioning models
- Investing in projects and companies [54]

[52] http://www.nhs.uk/NHSEngland/thenhs/about/Pages/authoritiesandtrusts.aspx (26 April 2010)
[53] http://www.partnershipsuk.org.uk/index.aspx (20 April 2010)
[54] http://www.partnershipsuk.org.uk/What-PUK-Do.aspx (20 April 2010)

5. MANAGE PFI CONTRACTS

Because PFI is a long term contract it is important to manage and monitor the contract. The contract management team will change during the years because of staff turnover. That is why it is important that all the monitoring procedures are documented, including any advice on conducting the relationship.

5.1 Documents

The public sector should consider providing reference guides to all the project documents and a checklist of key stages and issues that will require action during the life of the project.

Also a succession plan for personnel should be constructed to ensure personnel do not change at the same time and the contract team will always include new and old team members. Also the personnel of the private sector will change over the contract period and this can affect the relationship.

5.2 Contact point

It is important that there will be a single formal point of contact for contract management and performance monitoring purposes between the public and the private sector. Even when in practice there will be different contacts for both purposes. This because all the information will be collected at one point and miscommunication will be avoided. The contact point for the public sector will usually be the contract manager. The contract manager will have the responsibility of protecting the agreed contractual position of the public sector and ensure that the agreed allocation of risk is maintained and that value for money is achieved throughout the life of the contract.

5.3 Early termination

Early termination is an option in cases of poor performance of the service providers. Obviously this will be an unsatisfactory solution for the different parties. An early termination for the contractor default will reflect a major failure of all the systems put in place to ensure satisfactory service delivery. It will present the public sector a major problem of how to ensure the continuation of those services to the public. That is the reason why the different parties should establish a relationship, to be open, share information fully and work together to solve problems. It is important to keep in mind that the private sector will also monitor the loyalty of the public sectors to the contract.

5.4 Management processes

The private sector has an ownership of the asset and the complex risk allocation between the parties. The management processes of the public sector will be performed differently under a PFI contract as in a traditional procurement; the activity of the public sector management may be less than under a PFI contract. That is why the public sector has to recognize the long term partnership and avoid taking action that could result in risk being transferred back to the public sector.

The public sector should not engage in detailed management activities. However it should ensure during the procurement process that the chosen consortium will have acceptable performance monitoring, quality management and management information systems, and cash flows during the development and delivery stage. The public sector should audit these systems with planned and random spot checks to satisfy itself that performance is being measured and reported reliably, accurately and comprehensively.

The public sector will also require financial information to reassure itself about the continuing financial viability of the consortium where this is dependent on revenue from third parties, where the costs of the private sectors are higher than it had anticipated or where the consortium finances the project from internal resources.

5.5 Relation

Whilst the public sector should not interfere in relations between the consortium and its sub-contractors, it must guard against problems arising from the consortium not having proper control of the project. There may also be a need to manage the relationship between the consortium and other suppliers who work for the public sector outside the contract but who have an impact on it.

Incentives and remedies must be in place to ensure that the consortium provides accurate and timely data to assure the public sector that the contracted service will continue to be provided to the required standard. The right approach depends on the project but will always call for a constructive partnership with the contract manager of the public sector who is playing a key role in the relationship.

5.6 Disputes

An important role for the contract manager is to try to ensure that by preventative action formal disputes do not arise. The procedures for liaising with the Contractor and the maintenance of agreed records of performance can help to resolve problems before they escalate. However these may not always be successful.

As going through the courts may not be appropriate for the disputes that can arise under a PFI contract, an alternative formal dispute resolution procedure may offer a more efficient and cost-effective method of resolving them. The contract will specify the procedure for handling disputes and *Standardisation of PFI Contracts* deals with this issue in detail. The contract manager will have an important role to play in this procedure.

In the appendix lists of skills and competencies, abilities of the contract management team and the individual qualities can be found. [55]

[55] The whole chapter: Treasury Taskforce: How to manage the delivery of long term PFI contracts

6. PFI IN KING'S COLLEGE HOSPITAL

To understand the PFI situation in KCH with reference to the PFI contract conversations with the Director of CEF, Head of Facilities and the Facilities Officer were being held.

6.1 PFI contract

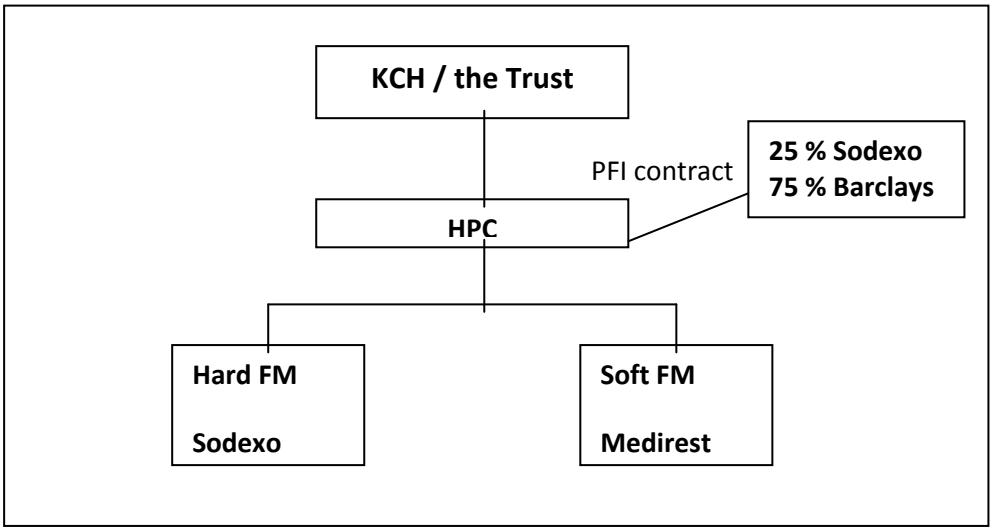
The hospital needed extra capacity for beds and there was need for a flexible building. This means that the wards in the buildings can be changed. To realize this, a new building was needed. In order to get the new building financed, KCH decided to close a PFI contract because the hospital did not have the financial resources for building a new building. There was a European tender for building the Golden Jubilee Wing. Hospital Partnership Consortium (HpC) won the European procurement and closed the PFI contract with KCH in 1999. Building the Golden Jubilee Wing started in 1999. The facilities regarding the PFI contract at KCH are divided in soft FM and hard FM. The hard FM is only about the maintenance in de Golden Jubilee Wing while the soft FM is about the cleaning and pest control, portering and waste and laundry and linen in the whole hospital. The Project Company HpC manages both of these services.

The goal of building the Golden Jubilee Wing is realized; it is a spacious, flexible building with more beds and capacity. The building looks modern and has modern facilities; like air-conditioning in the whole building, good lighting, bigger rooms and more space. The Golden Jubilee Wing came in to service on 6 October 2002 and was officially opened on the 25 July 2003. The Golden Jubilee Wing covers 20.000 square meters, it has 750 rooms and 3.000 data points. [56]

6.2 PFI structure

As mentioned before KCH has a PFI contract with HpC. When the PFI contract was signed the shareholders of HpC were Constain, Skanska, Sodexo and Noble PFI Fund. In 2008 Barclays bought the shares of Costain, Skanska and Noble PFI Fund. It is a Design, Build, Finance, Operate, Manage (DBFOM) contract based on output specifications. HpC is basically the building owner, HpC manage the hard FM in the Golden Jubilee Wing and the soft FM in the whole hospital. Sodexo is the service provider of the hard FM and Medirest is the service provider of the soft FM. Sodexo is also one of the shareholders of HpC.

Below is a schematic view of the PFI organisation at KCH.



[56] http://www.kch.nhs.uk/patients/getting-here/way-around/golden-jubilee-wing/?locale=en (1 March 2010)

6.3 PFI organization

The Head of Facilities manage the PFI contract and the two Facilities Officers monitor the day to day performances of the service provider of the soft FM Medirest by walking site tours, look at the helpdesk statistics and complaints; making sure Medirest meet the agreed performances. There is no function which monitors the performances of the service provider of the hard FM Sodexo. The Facilities Officers only check the lifts in the Golden Jubilee Wing every day because the lifts are an important aspect for the primary process, to transfer patients to the different floors of the building.

6.4 Performances

The contract between KCH and HpC is a self monitoring contract, which means that Sodexo have to monitor their performances themself and have to provide montly a performance monitoring report in accordance with the Service Specifications to the HpC and the Head of Facilities. Original HpC have to provide the report, but a change in the contract was made, with the approval of KCH, so that Sodexo is able to provide the reports themselves. According to the reports, the performances of Sodexo are 100%. But despite these reports CEF is dissatisfied about the performances. CEF is in general dissatisfied about Sodexo because CEF finds Sodexo more reactive then proactive. Performances of Sodexo where CEF is dissatisfied about are for example the conditions of the lifts, it occurs that one of the lifts break down and it take a while to get the problem fixed. Not only CEF is dissatisfied about it, also the building users find serious problems with it. KCH is also not satisfied with the conditions of the doors, magnets that does not work. As known the PFI contract is a long term contract, KCH have a thirtyfive years contract with HpC.

6.5 Monitoring / controlling performances

Sodexo has to provide every month a performance monitoring report. The results of the monitoring that particular month are shown in these reports. [57] There are four service elements in the reports; system checks, helpdesk complaints, helpdesk statistics and site tours. Every service element is divided in service indicators. The most important thing for KCH is the lifts in the Golden Jubilee Wing. The service indicators are general and not specific on the different plants. The lifts are not specified under a service indicator what cause disputes between KCH and Sodexo.

In the reports are the performance standards shown which are agreed on in the contract. The Ceiling Performances are not 100%, but 98%, which count for 100%. If Sodexo do not meet the Ceiling Performance, KCH will give a penalty. This means that there will be a deduction of the amount KCH has to pay. When Sodexo over perform, thus have a performance higher than 98%, the possible penalties of other service indicators will be offset.

KCH does not monitor the performances of Sodexo because there is no function available to do that, thus there is no control from KCH that Sodexo is meeting the conditions in the contract. HpC walks the site tours with Sodexo. HpC have to recheck and control the performances of Sodexo. It is important that the person who monitors Sodexo has technical knowledge. This because the hard FM is all about the maintenance of the building; plants, lifts, etc. The facilities officers who monitors do the day to day monitoring of the soft FM, what means that the monitors walk the site tours with Medirest and HpC, check the data in the monitoring reports. There are also monthly meetings with all the parties to discuss the provision of each of the services.

The Project Agreement says that KCH, acting reasonable and at its own costs, may carry out audits of the Project Company's quality system (including all Quality Manuals and any quality procedures) at approximate intervals of six months and may carry out other periodic monitoring, spot checks and auditing of the same at any time or frequency provided this has no material adverse effect on the Works, Variations or the provision of the Services. [58]

[57] See appendix 4 for an example of a performance monitoring report
[58] Project Agreement, clause 10.5

6.6 Financial set up

Below the monthly and yearly payments for 2010 - 2011 of KCH to HpC regarding the PFI contract will be given.

Service fee Sodexo
£ 94.613, 45 service fee per month
£ 94.613, 45 X 12 = £ 1.135.361, 40 per year

Service fee Medirest
£ 1.486.504, 83 service fee per month
£ 1.486.504, 83 X 12 = £ 17.838.057, 96 per year

Support services HpC
£ 61.773, 51 per month
£ 61.773, 51 X 12 = £ 741.282,12 per year

Building fee
£ 792.613, 45 per month
£ 792.613, 45 X 12 = £ 9.511.361, 40 per year

Total PFI costs per month
94.613, 45 + 1.486.504, 83 + 61.773, 51 + 792.613, 45 = £ 2.435.505, 24

Total PFI costs per year
£ 2.435.505, 24 X 12 = £ 29.226.062, 88

For the soft FM there are two monitors working for KCH. Because of the monitoring penalties are given to Medirest when the performance is not accordance the contract, what means that KCH does not have to pay the full amount. The amount of the deduction varies every month because of the service indicators that are checked the certain month. The service indicators can have different tolerances. Also the areas in KCH are divided per risk. This also have influence on the penalties. The penalties can incur to 15 % of the contract price a month, the penalties cannot get higher than the 15 %.

6.7 Condition B survey

Every three year a condition B survey is being held. The goal of the survey is to make sure the building stays in condition B. The last survey that is being held did not meet the performances in the Project Agreement. Sodexo got one year to improve the performances and make sure the failures in the Condition B survey are met. The survey shall be carried out by an independent, reputable firm of surveyors and/or other experts (including mechanical and electrical engineers), with appropriate knowledge of hospitals and as proposed by the KCH and approved by the Project Company. [59] The independent organisation that does the survey does not control the performances after that year. Because there is no monitor function for the hard FM, KCH does not control it as well.

6.8 Conclusion

The goal of the Golden Jubilee Wing was realized, the Golden Jubilee Wing is a flexible building with more capacity and beds. Beside that it is important to maintain the building in order to get a condition building at the end of the contract. Sodexo is the service provider in charge of the maintenance of the Golden Jubilee Wing. To control the performances of Sodexo there need to be a monitoring function from KCH. The employee who will monitor have to have technical knowledge in order to monitor Sodexo. With the monitoring function KCH can give Sodexo penalties when Sodexo is not meeting the agreed performances.

[59] Project Agreement Clausal 58

CONCLUSION

In this chapter an answer to the following thesis which was set-up in the introduction will be given: *How can King's College Hospital control the performances of the service provider of the hard FM with a PFI contract and make sure the data in the monthly service and performance reports are accurate?*

By closing a PFI contract KCH achieved the goal of more capacity and a flexible building. Without the PFI contract KCH could not have a building like modern as the Golden Jubilee Wing and with all the modern facilities.

The difficult thing about the PFI in KCH, and other public organizations with a PFI contract, is managing the performances of the service providers. At KCH the problems are with the service provider of the hard FM; Sodexo. KCH wants that the building is handed over in a condition B building after the contract period, for that reason it is important that Sodexo maintain the building at a high level. It is hard to make sure Sodexo does this because Sodexo has another goal than KCH; the goal for Sodexo is to make money out of the contract. One of the ways Sodexo can make money is to extend the life cycle, for example, of the lifts. When the lifts have a life cycle of 15 years, the private company can take the risk to wait 5 years with replacing the lifts so that they only have to replace it one time during the contract and save the money of the second replacement.

One of the problems is that there is no facilities officer in KCH who monitors the performances of Sodexo. Because of that there is no control, the monthly report is being read but KCH does not undertake action because there is nobody to do that. The Head of Facilities manage the PFI contract, but because the Head of Facilities also have to manage other facilities it is impossible to keep all the needed focus on the PFI contract. From the theory and the interviews shows that a monitoring function is necessary to manage the PFI contract and control Sodexo. If KCH have a facilities officer, the hospital is able to give Sodexo penalties when Sodexo is not meeting the agreed performances. It is an advantage for the function to have technical knowledge. This because the hard FM is all about the maintenance of the building; plants, lifts, etc.

The following calculation shows what the costs are for KCH if the hospital has a facilities officer and what the minimum and maximum amount of the penalties per service indicator can be:

The average salary of the facilities officer is £ 40.000, - a year (gross), per month £ 3.333,33 (gross).

The minimal amount of a service indicator for a penalty for Sodexo will be £ 99, 83 and the maximum penalty per service indicator will be £ 366, 04.

In order to save money, KCH has to give a minimal amount of £ 4.000, - penalties per month to Sodexo. The maximum penalty is 15% of the contract price per month, which is £ 14.192,02 (15% of £ 94.613, 45) a month and £ 170.304,24 a year.

Every month Sodexo have to provide a monitoring report to HpC and KCH. The monitoring is divided in four Service Elements; System Check, Helpdesk Complaint, Helpdesk Statistics and Site Tour. For every Service Element there are Service Indicators that have been agreed on in the contract. In the monitoring reports twenty Service Indicators are missing which are agreed in the Project Agreement. Also the measurements for the Service Element 'System Check' which are shown per Service Indicator in the reports are not accurate. At some Service Indicators there is no measurement but still a score of 100%.

The lifts, which are important for the primary process of KCH, are not specified under a service indicator. The different parties can interpreted the general service indicators differently what leads

to disputes. The lifts are an important issue for KCH because the primary process of KCH is being disturbed when the lifts are not working.

According to KCH the Golden Jubilee Wing is not maintained well. The main question in the research was if the KCH is right about the poor maintenance of the Golden Jubilee Wing or that the demands of KCH are too high.

To find out what the building users think about the maintenance of the Golden Jubilee Wing a questionnaire was being held. The outcome of the questionnaire is that the opinions of the building users about the performances of Sodexo are divided. 57 % thinks the Golden Jubilee Wing is maintained well and also 57 % is satisfied with the overall service of Sodexo. 43 % of the building users contact the helpdesk of Sodexo once a week with a request and 29 % contact the helpdesk of Sodexo every day (under “other”) with a request. 86 % of the building users have contacted Sodexo with a complaint. An overview of the outcomes of the questionnaire can be found in the appendix 7.

The results of the questionnaire show that KCH is partial right about the performances of Sodexo. Obviously the data in the performance monitoring reports is not accurate, Sodexo says that there are no complaints and request, while the questionnaire shows that there are complaints and request, but Sodexo does not processes the data in the performance monitoring reports.

The different parties do not work together and for that reason do not have a partnership. This is because both parties have different goals in the contract. Both HpC and Sodexo did not want to cooperate on this research by making time for an interview. This indicates that both parties are not very interested in a partnership with KCH and do not want to put effort in it.

In the next chapter the recommendations and the implementation to control the performances of Sodexo will be given.

RECOMMENDATIONS

In this chapter the actions that CEF of KCH can take to control the performances of Sodexo and make sure the data in the monthly monitoring reports is accurate and how to get there will be given.

- For KCH it is important to manage the PFI contract and create a function which will monitor the performances of Sodexo which are agreed in the Project Agreement. The facilities officer for the hard FM needs to have technical knowledge.

  After the facilities officer has been adopted, it is important that the facilities officer is being informed about the PFI contract, the problems with Sodexo and the tasks that need to be done. A tour in the Golden Jubilee Wing is necessary to know where all the plants are and how everything works. The two facilities officers who monitor the performances of the soft FM can show what the tasks are, how the systems works and how KCH is dealing with monitoring the soft FM. The facilities officer needs to have access to the monitoring system of Sodexo. On this way the facilities officer can look in the system and check the performances.

  The tasks for the facilities officer of the hard FM are to join the site tours with HpC and Sodexo and control the System Checks, Helpdesk Complaints and Helpdesk Statistics. With the information KCH will have prove if the performances are not met and is able to give Sodexo penalties.

- The data in the monitoring reports are not accurate. The missing service indicators and the percentage of the service indicators with no measurement need to be discussed with HpC. HpC has to make sure the data in the following monthly performance monitoring reports are accurate and complete. This has to be controlled by KCH.

- KCH needs to collect more evident of the complaints and request by talking to the building users. Ask the building users to note for a month when the helpdesk of Sodexo is contacted and when the complaints/requests are resolved. With this information KCH can confront Sodexo with the data and can give Sodexo penalties when Sodexo is not meeting the agreed performances in the contract.

- The lifts are not specified under a service indicator in the Project Agreement. Because the lifts are an important factor for the primary process of KCH, KCH need to renegotiate this with HpC and make sure the maintenance of the lifts in the Golden Jubilee Wing are added as service indicators. KCH can do this to raise a variation notice to HpC and describe what the requirements and KPI's for the lifts. HpC and Sodexo will advise KCH about the associated costs.

- To achieve the goals and make sure Sodexo meets the performances agreed in the Project Agreement, it is also important for KCH to work together with HpC and Sodexo; build a partnership. The theory shows that all the parties have to be open to each other and share the information fully. To start build a relationship all the parties have to share the goals. For a working partnership it is important to create a shared goal. If all the parties want a partnership, the parties can ask a consultancy organization like BSRIA for help to create the partnership. During a meeting the activities that are needed to build the partnership can be determined. What needs to be done is one or more facilitated partnering workshop(s). The workshop requires input from all the parties at an appropriate level to work through how the agreement can be moved from the point where the parties are at the moment to the point where the parties would want to be. The costs are £ 784, - (incl. VAT) per person of BSRIA per day. BSRIA advise two consultants, so the costs per day would be £ 1.568,-. If all the parties want to work on the partnership it will probably take two days. That makes the total costs of the consultancy round £ 3.000,-.

- When the problems with Sodexo remains and the maintenance stays poor, KCH can ask the Department of Health (DH) for help. The DH can mediate between KCH and HpC and Sodexo. The DH will do this by talking to the different parties to find out what the real problem is. During this research there has been contract with Brian Saunders of the DH. Brian Saunders can be contracted if KCH needs further help by resolving the problems.

All the recommendations do not have direct consequences for the department CEF. There will be a new function what need to be added to the organization structure. Especially in the beginning the facilities officers of the soft FM have to make time to show the facilities officer of the hard FM what the tasks are and make sure all the information that is needed will be given.

The best thing for KCH to do is to build a partnership with HpC and Sodexo. If KCH will try to do it on the own strength or when that does not work with help of DH, KCH does not have extra costs. KCH has to motivate HpC and Sodexo to work together to get the best out of the contract for all the parties. When KCH tried this and it does not work, then KCH can try another option. It is also necessary to negotiate with HpC the maintenance of the lifts because that is an important factor for the hospital. Because is it a long term contract it is important to invest in a good relationship with the different parties involved.

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APPENDIX

Appendix 1: Abbreviations
Appendix 2: Interviews
Appendix 3: Organisation chart
Appendix 4: Performance monitoring report
Appendix 5: Skills PFI contract management
Appendix 6: Questionnaire
Appendix 7: Questionnaire results

APPENDIX 1: ABBREVIATIONS

CEF	Capital, Estates & Facilities
DBFOM	Design, Build, Finance, Operate, Manage
DH	Department of Health
DSO's	Departmental Strategic Objectives
FM	Facilities Management
GP	General Practitioner
HpC	Hospital Partnership Consortium
KCH	King's College Hospital
KPI	Key Performance indicator
NAO	National Audit Office
NHS	National Health Service
PFI	Private Finance Initiative
PPP	Public Private Partnership
PRG	Project Review Group
SHA's	Strategic Health Authorities
SPC	Special Purpose Company
TIFU	The Infrastructure Finance Unit

APPENDIX 2: INTERVIEWS

On the next pages are the detailed interviews which were held during the research. The interviews are in order of date.

Interview 31 March 2010, 12pm

Highlands School
Head teacher Mr. Goddard
148 Worlds End Lane
London, N21 1QQ
Tel: 020 8370 1100

1. What do you think of PFI contracts in general?
   There is a fundamental conflict between the public en the private sector.

2. How is the PFI organized at the Highlands School? (Project Company, service providers)
   The Local Authority manage the PFI contract, John Laing is the Project company, they also do the soft FM en hard FM. There are sub contractors for the catering and cleaning.

3. Were you involved in the whole PFI project? (from the start)
   No, I work here since 3,5 years. Before I worked at a non PFI school for 6 years.

4. What are the main differences between before (PFI) and now (with PFI)?
   It takes time to get things done. Before if I want a shelf, I contacted the nearest handyman and they did it. Now it goes through all the organisations involved, it has to be done by a contracted supplier of the Project Company, they can't use the local handymen. It takes a lot of time now and the school have to pay a 10% management on top. If something has to be cleaned it takes to long to get it done because too many organisations/persons have to be contacted (example vomit in a classroom).

5. What do you think are the benefits of PFI?
   The quality of the building and there are better facilities for the students.

6. What do you think are the disadvantages of PFI?
   The main benefit for the head teacher supposed to be that he didn't was involved with the building. But he is now busier with the building then he was without a PFI contract. He has to chase the project company for getting things done.

7. How is the relationship with the project company and the service providers?
   On the ground, between the staff the relationship is good. But the relationship with the higher management isn't good. They don't want a partnership with the school; they invited the school for an environmental presentation to safe money. They wanted that the lights switched off at the end of the day. The school want to cooperate with it, but they want 50% of the savings they made. The project company didn't want to do that. They also are focussing on short term plans to safe money. Example, they placed some toilet roll holders with low quality just to save money. Now they have to repair and replace them a lot because they get broke.

8. Are there some things changed in the contract during the years?
   Yes

9. If yes, what has changed?
   The school wanted CCTV and barriers at the entrance so not everybody can go into the school building. The project company didn't want to pay for it. The school had to pay for it and have to maintain it themselves. If the school needs something new what has to do with technology, the school has to pay for it.

10. Do you monitor the performances of the service providers?
    The performances are monitored ad hoc by the Local Authority. The school don't have to money to create a function to monitor the performances daily.

11. If yes, how do you do that?
    Na

12. Are you satisfied with the performances of the service providers?
    No, it takes too long to get things done. (The bins aren't always emptied)

13. How is the financial part of the performances arranged? (penalties, rewards)
    The performance level is high, and because the school don't have someone to monitor, it is difficult to do that. But they will give some high penalties when something happened to the building. One day the school didn't have water so the head teacher had to close the school for that day. Because of this the Project Company got a high penalty.

14. Do you think PFI contract cost more than borrow directly from the bank?
    Yes, a lot more.

15. Do you have a review of the soft FM after a certain period? (5 years)
    Yes, but the school don't do that. The Local Authority has the contract with the Project Company. They just changed the catering company; they didn't involve the school in the process.

16. Do you have a review of the hard FM after a certain period?
    No, that is the 25 years contract. The banks are involved in the PFI project and contact the school once in a while to ask if they are satisfied with the building, the maintenance.

17. If Q16 is no: do you think that is necessary?
    Na

18. Do you think PFI will remain in the future?
    Yes, there is no other way to finance new buildings by the government. The government want to rebuild a lot of school the coming years, which is only possible with PFI contract.

    Other comments:
    - *I want to see that the school have a function to monitor the performances instead of the Local Authority who does it now once in a while*
    - *If the school have to make any savings they can't do it by the building (for example don't paint the walls for two years), now they have to make the savings by staff.*
    - *There are head teachers who don't want to work in a PFI school. That is a loss for the schools; they will lose the good people on the top.*

Interview 6 April 2010, 1pm

Partnerships Bulletin
Max Rashbrooke
20a Hillgate Place
18-20 Balham Hill
London SW12 9ER UK
Tel: 020 8675 8202

1. What is your function?
   I am a journalist for the Partnerships Bulletin and work as freelancer for the Guardian.

2. What do you think of PFI contracts in general?
   I don't think it is the best way to finance the public sector, the costs are higher and it is inflexible.

3. How are the PFI contracts general organised? (Client, Funders, Project Company, Service Providers)

4. What is the general financial set up with PFI contracts?
   The investor invests 10% equity and borrows the other 90% of the bank.

5. Do you think the partnership between the public and private sector works?
   Both parties have different goals; they look different at some points.

6. How do you think the relationship between the public and the private sector can be optimal?

7. What do you think are the benefits of the PFI contract?
   The building and the off sheet balance.

8. What do you think are the disadvantages of PFI contracts?
   It is inflexible, the costs are higher

9. In articles you can read that PFI is good for the private sector but not so good for the public sector, what do you think about that?
   It goes two ways, the public sector

10. Are there things changed in the contracts during the years? (for example monitor performances)
    Yes, things like the risk, look at SOPC4.

11. For the soft FM there is a 5 years review, do you think they should do that with the hard FM as well, but then every 10 years?
    That is hard because that is what the PFI contract is about.

12. How are the performances of the service providers in general?
    There were held surveys and the outcome were good. It is difficult to say because you can't compare the situation.

13. Who of the parties do you think have to monitor the performances of the services providers and why?

14. Do you think it is good to give penalties when the performances aren't good and reward them when they are doing well?

15. Do you think there is another way to finance the public sector without the PFI?
There are other ways, the government can borrow money from the bank, the government can invest the other 90% instead of let the investor borrow it from the bank.

16. Do you think PFI have a future?
Yes, it depends also on the election, if the Labour Party stays PFI will continue, if the Conservative Party wins, they might change the name and a little aspects about it.

Other comments:
Names you can contact:
- *Mark Hallowell, University of Edinburgh*
- *Margie Jaffe, Unison*

Interview 8 April 2010

Camden, Swiss Cottage
PFI Project Manager Rachel Boulton
020 7974 6715

1. What do you think of PFI contracts in general?
   They are a means to acquiring funding which local authorities are in dire need of in order to maintain their stock. Budget cuts by central government mean local authorities have no choice but to grab any source of funding offered. PFI is an option to access funding. The Chalcots Estate benefited from the PFI partnering arrangement.

2. How is the PFI organized at the Swiss Cottages? (Project Company, service providers)
   Consortium made up of Partners for Improvement in Camden (United House Limited and Rydon Construction). Rydon Construction provided three and a half year refurbishment (capital works); Rydon Maintenance provide 11 and a half year maintenance facility; United House heating provide heating services.

3. Were you involved in the PFI project? (from the start)
   Yes

4. What are the main differences between before (PFI) and now (with PFI)?

5. What do you think are the benefits of PFI?
   1. *Access to funding.*
   2. *Transfer of risk to the private contractor*
   3. *Fixed agreement over the duration of the scheme meaning their are no cost and programme variations and standard is maintained in line with legislative requirements for the period.*

6. What do you think are the disadvantages of PFI?
   More expensive than traditional forms of procurement.
   Contract agreements are fixed for a long period and changes incur legal and operational costs.
   Contract terms are expressed in legal jargon as with other forms of contract and open opportunity for misinterpretation.

7. How is the relationship with the project company and the service providers?
   PFIC and LBC have from the inception of the project had a real working partnering rapport which has been key to its success.

8. Are there some things changed in the contract during the years?
   There have been no changes to the contract.

9. If yes, what has changed?
   Na

10. Do you monitor the performances of the service providers?
    Yes

11. If yes, how do you do that?
    The PFI framework mandates the development of performance monitoring and reporting requirements. These regimes monitor the contractors performance against set targets and pays the contractor according to its performance.

12. Are you satisfied with the performances of the service providers?

PFIC have been achieving their targets in all areas and the LBC is satisfied with the level and quality of their performance of the refurbishment works. While there were some areas where mistakes were made, they rectified these without dispute to meet the standard expected. They are now in the second phase, maintenance and in this aspect are meeting the requirements of the performance regime.

13. How is the financial part of the performances arranged? (penalties, rewards)
    The performance regime sets the standards via KPI's to which the contractor is to achieve. The payment mechanism (the mechanism for calculating the contractors payment) considers whether the contractor has met the standards set and deducts appropriately where these have not been met. We tried to do away with traditional practices of penalising and incentivising. The contract agreement was developed so as to discourage hostile disputes and encourage an open book partnership.

14. Do you think PFI contract cost more than borrow directly from the bank?
    The PFI contractor takes the risk of borrowing. The local autority doesn't.

15. Do you have a review of the soft FM after a certain period? (5 years)

16. Do you have a review of the hard FM after a certain period?
    The Chalcots PFI is for the modernisation of the physical regeneration of the Estate and not for the environmental. Service level agreements pertaining to service provisions for the maintenance aspect of the contract is reviewed anually.

17. If Q16 is no: do you think that is necessary?

18. Do you think there is another way to finance the public sector?
    Direct injection of funding from central government rather than the tedious, complex and expensive forms of grants and funding currently being offered.

19. Do you think PFI will remain in the future?
    Depends which party wins the election.

Interview 9 April 2010, 11pm

ISS
Commercial Director PPP/PFI Wendy Stowell
Genesis Business Park
Albert Drive
Woking, Surrey GU21 5RW
07771 928 180

1. What do you think of PFI contracts in general?

2. In how many PFI contract is ISS involved?
   ISS is involved in 16 PFI contracts (13 hospitals, 3 schools)

3. With how many PFI contracts are you involved?
   With 12 PFI contracts

4. Were you involved in one of the PFI projects from the start?
   Yes, I am working in the main board. I am working for 12 years now for ISS

5. With reference to the PFI contracts, do you deliver soft and hard FM?
   We deliver soft and hard FM. We have 4 hard FM contracts, where we provide the hard FM we also provide the soft FM.

6. What are the main differences for ISS between a regular contract or a PFI contract?
   With the PFI contracts you need a higher levelled management. The relationship with the client is via the Project Company while in a regular contract there is direct contact with the client. If the client wants something in a regular contract, we do it and look later at the costs, with PFI the Project Company is involved, there has to be looked at the specifications/costs, etc. Generally the relationship with the client is different with PFI contracts.

7. What do you think are the benefits of PFI?
   - *Long term contract*
   - *Growing business*
   - *Raise profile on the market*
   - *Strategic involved*

8. What do you think are the disadvantages of PFI?
   - *Long negotiations*
   - *High costs biddings*
   - *Manager is more commercial oriented then service oriented*

9. How is the relationship with the clients?
   General the relationship is good, but we have to work hard on the relationship

10. Does ISS ever have a dispute with a client?
    Yes, most of them are about misinterpretations. We always try to resolve the problems.

11. Are there some things changed in the contracts during the years?
    Yes there are some changes made in contracts.
    (Variation procedure, agenda for change → costs PFI, cleaning standard)

12. If yes, what has changed?
    There are some services added to the contract or some are taken back in house.

13. Who monitor the performances of ISS regarding the PFI contract?

All our contracts are self monitoring contracts.

14. How is the monitoring done? (service elements/service indicators)
    The same as KCH

15. How is the financial part of the performances arranged? (penalties, rewards)
    We get penalties if the service is not good, we don't get rewards.

16. Do you think PFI will remain in the future? (elections)
    No, maybe in a different form/something similar.

17. Are there important things I have to keep in mind?
    - *Change of people who are involved by signing the contract*
    - *Output specifications, no input*
    - *Type of specifications (6 lifts working/80%)*
    - *Life cycle*
    - *Schedule of rates*

Interview 26 April 2010, 11.30pm

King's College Hospital
Director of Capital, Estates & Facilities
Mr. Ahmad Toumadj
Extension 5656
ahmad.toumadj@kch.nhs.uk

1. What is the strategy of Capital, Estates and Facilities?
   Make sure the hospital have appropriate buildings in the right conditions in order to treat the patients well. The hospital needs to be available 24/7, this means to make the buildings are maintained, there is electricity and all the life supporting facilities are available and working.

2. What is the core value of CEF?
   Patient care, everything the department does is for the patients care.

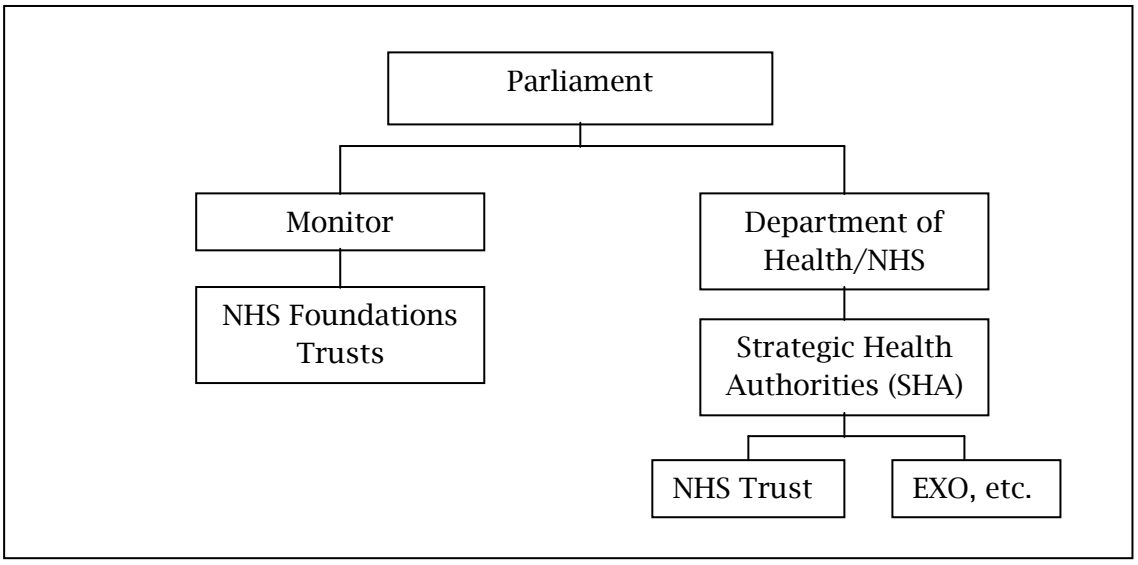
3. The decision making of CEF, is that centralized or decentralized?
   It is a combination of both; I make the directions and the managers following it by making their decisions.

4. Are there systems that run CEF? If yes, what kind of systems?
   Yes, we use KPI's. That is a tool to manage, with the KPI's we stay hold and know when there are failures.

5. What is the position of KCH in the market? Relative to the competitors and the society.
   KCH is a foundation trust, 60 of the 400 hospitals are foundation trusts, this means the hospital don't have to report anymore to the Department of Health, but to the Monitor. KCH is one of the premium hospitals in London and one of the eight largest hospitals in the UK. KCH have a 600m budget a year.

6. What social developments affect KCH?
   One of the social developments is the lack of time in the social services. This leads to longer stays in the hospital for some patients. The social service can't cope to take them out the hospital while they don't longer need to be there. Another development is the ethnic, language and culture barrier of the inhabitants of the part of London the hospital is located.

7. What is the relation/structure with the NHS?



8. What was the reason to build the Golden Jubilee Wing?
   The main goal for building the Golden Jubilee Wing was to create extra capacity.

9. Who decided to close the PFI contract, KCH or NHS?
   The KCH decided to close the PFI contract, this because the hospital needed a new building and there were to financial resources to finance it.

10. What was the main goal for you by closing the PFI contract?
    Better facilities for patient care and expanding the facilities.

11. How is the PFI structure?
    Bonds → banks
    Investors 

12. Why is chosen for HpC as Project Company?
    HpC attended the European competition and they came out the best.

13. What is the reason to choose for Sodexo as shareholder?
    This is because Sodexo is a part of HpC.

14. Is the PFI contract a DBFOM (Design, Build, Finance, Operate, Manage) contract?
    Yes

15. How was the building financed?
    At the beginning there were 3 shareholders. Two of them invested 33%, Sodexo 25% and the Barclays bank invested the rest. Now the bank shares 75% and Sodexo still 25%. The shareholders formed HpC.

16. What is the financial set-up of the PFI contract, how are the finances run? (Payments)
    KCH pays two amounts, one are the monthly payment and the interest and the other one are the services. KCH pays to HpC and they pay the service providers Sodexo and Medirest and the bank.

17. What are the tasks of HpC?
    The tasks are to manage the contract and report to KCH about the performances of the service suppliers.

18. Is there urgency about research the performances of Sodexo?
    Yes, we as a hospital want to have a safe and good conditioned building for the patients care.

19. How was the old building being maintained? Were you satisfied about the maintenance?
    It was maintained by the hospital itself, just like the other buildings of KCH.

20. Does effectively managing the contract contribute the strategic objectives of KCH? If yes, how?
    Yes, because the building will be maintained well, the employees do not have to worry about lifts that do not work so patients will be on time for the appointments, etc.

21. What is the optimal relationship with HpC?
    To buy HpC out, we as a hospital wants a well maintained building, HpC is only here to collect money.

APPENDIX 3: ORGANISATION CHART

On the next pages the organisation chart of King's College Hospital and the department of Capital, Estates & Facilities Directorate are showed.

King's

Who's who at King's

King's College Hospital NHS
NHS Foundation Trust

February 2010

CHIEF EXECUTIVE

Tim Smart

NON EXECUTIVE DIRECTORS

Michael Parker
Chair

Robert Foster
Vice Chair

Professor
Alan McGregor

Maxine James

Vacancy

Martin West

Sir Jonathan Michael

EXECUTIVE DIRECTORS

Simon Taylor
Chief Financial Officer

Finance
Payroll
Procurement
ICT

Angela Huxham
Executive Director of Workforce Development

Human Resources
Employee Relations
Workforce Planning
Education, Development & Training
Occupational Health & Safety
PGMDE

Roland Sinker
Executive Director of Operations

All Clinical Divisions
Emergency Preparedness
Site Management
Patient Records

Dr Geraldine Walters
Executive Director of Nursing and Midwifery Director of Infection Prevention and Control

Corporate Nursing
Practice Development

Mr Mike Marrinan
Executive Medical Director

Clinical Lead
Risk and Governance
Research and Development

NON-VOTING DIRECTORS

Jane Walters
Director of Corporate Affairs & Trust Secretary

Corporate & Clinical Governance
Risk, Legal, Comms & Marketing
Clinical Effectiveness & Audit
PPI & Patient Support Services

Ahmad Toumadj
Director of Capital, Estates & Facilities

Capital Developments
Fire, Security & Parking
Maintenance
Hotel Services
PFI contract

Jacob West
Director of Strategy

Trust Strategy
Research & Development Office
Change Leaders Team
Fundraising
Primary Care Liaison

CLINICAL DIVISIONS

Cardiac & Neurosciences

Divisional Manager
Ann Wood
Clinical Director - Cardiac
Mr Olaf Wendler
Clinical Director - Neurosciences
Dr Jozef Jarosz
Head of Nursing - Cardiac
Glain Jones
Head of Nursing - Neurosciences
Morag Ainge
Business Manager
Rob Durant

Cardiac Surgery
Cardiology/Non-invasive Cardiology
Thoracic Surgery
Neurosurgery
Neurology
Neuroimaging
Neurophysiology
Neuropathology
Neuropsychology

Clinical, Scientific & Diagnostic Services | Critical Care & Surgery

Divisional Manager
John Watson

Acting Divisional Manager
Kathryn Dean
Clinical Director - Radiology
Dr John Karani
Clinical Director - Pathology
Professor Ghulam Mufti
Director of Nutrition & Dietetics
Rick Wilson
Director of Pharmacy
Chris Barrass
Director of Medical Engineering & Physics
Dr Neil Lewis
Senior Nurse
Donna Cregan
Business Manager
Julia Finn

Clinical Director - Critical Care
Dr Simon Cottam
Clinical Director - Surgery
Mr Joydeep Sinha
Head of Nursing
Zebina Ratansi
Business Manager
Titus Burwell

Audiology / ENT
Critical Care / ITU / HDU
Anaesthetics
Urology
Vascular
Colorectal
Trauma & Orthopaedics
General Surgery
Ophthalmology
Day Surgery

Nutrition & Dietetics
Medical Engineering & Physics
Nuclear Medicine
Pathology
Pharmacy
Radiology
Phlebotomy
Breast Screening
Breast Care

Dental

Divisional Manager
Ian Jackson
Clinical Director
Professor Phil Rood
Dean & Head of Dental Institute
Professor Nairn Wilson
Head of Nursing
Lesley Davies
Assistant Divisional Manager
Davisha Humzah

Acute Dental Care
Primary Dental Care
Paediatric Dentistry
Restorative Dentistry
Community Special Care Dentistry
Orthodontics
Oral Medicine & Surgery
Maxillofacial Surgery
Dental & Maxillofacial Radiology

General & Emergency Medicine

Divisional Manager
Sue Bowler
Clinical Director
Dr Ed Glucksman
Head of Nursing - Medicine/Assistant Divisional Manager
Selina Trueman
Joint Heads of Nursing - Emergency Medicine
Lynne Watkins
Tricia Fitzgerald
Director of Therapy Services
Maggie Boase
Assistant Divisional Manager
Briony Sloper
Business Manager
Lynne McGrane

Acute Medicine
Emergency Medicine
Clinical Gerontology
Stroke Medicine
Diabetes
Endocrinology
Respiratory Medicine
Adult Cystic Fibrosis
Gastroenterology
Rheumatology
Allergy & Immunology
Rehabilitation Medicine
Therapy Services

Liver & Renal

Divisional Manager
Anna Clough
Clinical Director - Liver
Professor Nigel Heaton
Clinical Director - Renal
Dr Paul Donohoe
Head of Nursing
Sarah Dunton
Operations Manager
Jenny Bairstow

Liver Services
Liver Transplantation
Renal Services
Renal Dialysis
Endoscopy
Hepato-biliary-pancreatic Services

Specialist Medicine

Divisional Manager
Elaine McDonald
Clinical Director
Dr Tony Pagliuca
Head of Nursing
Rob Dennis
Head of Nursing - Cancer, Palliative Care & Medical Oncology
Kara Blackwell
Assistant Divisional Manager
Samantha Williams

Haematology
Haemato-oncology
Bone Marrow Transplantation
Dermatology
Sexual Health & HIV
Reproductive Health
Oncology
Palliative Care
Cancer Services

Women's & Children's

Divisional Manager
Sarah Dawson
Clinical Director - Women's
Mr Mike Savvas
Clinical Director - Child Health
Dr David McCormick
Head of Nursing - Women's
Debbie Hutchinson
Head of Nursing - Child Health
Jackie Spier
Head of Midwifery
Katie Yiannouzis
Assistant Divisional Manager
Louisa Stockman-Vine

Gynaecology
EPAGSU
Obstetrics
Fetal Medicine
Variety Club Children's Hospital

International & Private Patients

Operational Services Manager
Brian Chaber
Senior Nurse
Romi Appanah
Business Manager
Sandra Mills-Lanquaye

OTHER KEY DEPARTMENTS

Workforce Development

Reward & Policy Development Manager
Marion Lorman
HR Planning Manager
Mary Currie
Employee Relations Manager
Keith Loveridge
Head of Training & Development
Sarah James
Director of Medical Education
Dr Tj Lasoye
Director of Occupational Health & Safety
Professor Kevin Holland-Elliott

Finance & Information Services

Director of Finance
Simon Dixon
Associate Director of Procurement
Richard Miller
Director of ICT
Colin Sweeney
Counter Fraud Manager
Lynda May

Medical Director's Office

Director of R&D
Dr Julia Wendon
Deputy Director of R&D
Professor Tim Newton
Deputy Director of R&D
Professor Anil Dhawan
Clinical Director for ICT
Dr Jack Barker
Trauma Director
Mr Robert Bentley

Corporate Affairs

Associate Director of Communications & Marketing
Sally Lingard
Assistant Director of Governance
Judith Seddon
Head of PPI
Jessica Bush

Nursing

Deputy Director of Nursing
Paula Townsend
Assistant Director of Nursing
Dr Angela Grainger

Capital, Estates & Facilities

Head of Facilities
Jorge Sousa
Property Manager
Robin Freestone
Estates Maintenance Manager
Tony Dolding
Head of Security, Fire & Car Parking
Ian Taylor
Senior Project Manager
Peter Kelly
Environment and Logistics Manager
Tania Palk
Accommodation Manager
Russell Stansil

Operations

Head of Site Management & Emergency Planning
Liz Wells
Assistant Director of Quality Improvement
Jenny Yao
Head of Capacity Planning & Service Development
Sue Field
General Manager, Operations
Fiona Nicholls

Strategy

Deputy Director of Strategy
Zoe Lelliott
Head of Primary / Secondary Care Interface
Jill Solly
Head of Change Leaders Team
David Dawson
Head of Service Development
Tony Johnston
Director of Fundraising
Jane Ferguson

Performance & Contracts

Assistant Director of Performance and Contracts
Peter Fry
Head of Contracts
Sallie Cross
Information & Performance Manager
Steve Coakley
Head of Patient Records
Chris White

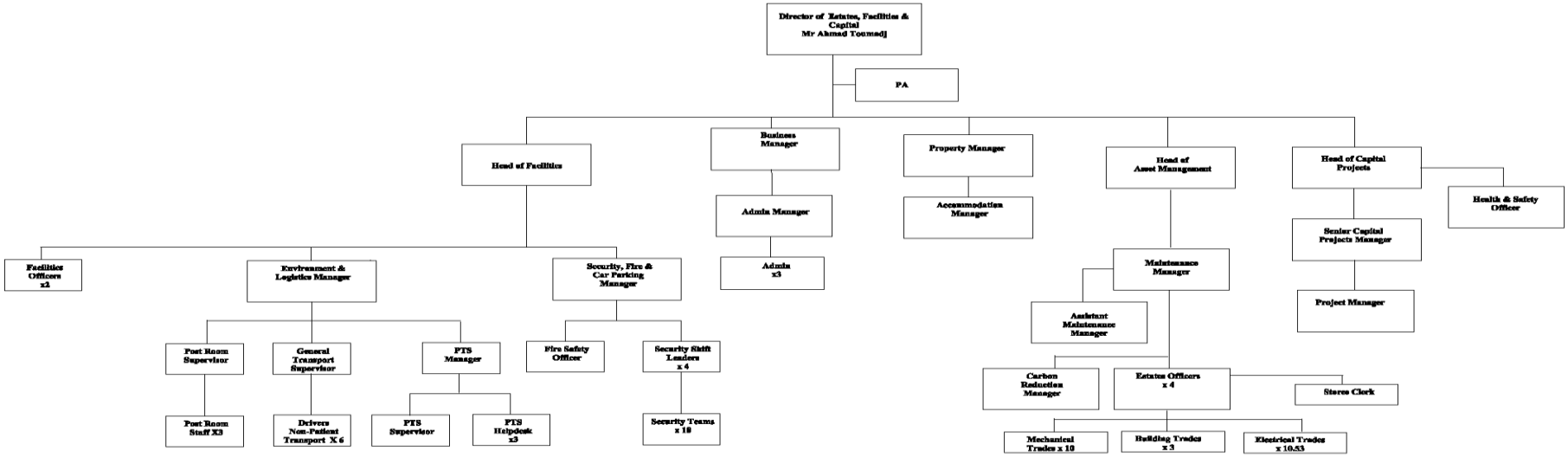
Infection Control

Lead Infection Control Consultant
Dr Amanda Fife
Deputy Director of Infection Prevention and Control
Erika Grobler
Head of Infection Control Surveillance
Nergish Desai

Find out more about King's by visiting **kingsweb** or **www.kch.nhs.uk**

King's College Hospital NHS
NHS Foundation Trust

Capital, Estates & Facilities Directorate



APPENDIX 4: PERFORMANCE MONITORING REPORT

31/03/2010

Kings College Hospital
Performance Monitoring Report

sodexo

Reporting Month/Year: March 2010

Monthly Service Fee :£92,435.75

Service Element A : System Check — **Service Element Fee :** £ 18,487.15

SI	Description	Available Score	Debit per failure	Tolerance	No measured	No of failures	Failure debits	Score
ES1.02	Sodexho shall ensure that the Estates Service Provider uses Specialist Contractors selected from the Specialist Contractors List.	100	10	2	0	0	0	100
ES10.01	Sodexho will supply to the Trust an Energy Audit report every three years within 10 working days of the completion of the report.	100	15	0	1	0	0	100
ES10.02	Sodexho will measure and record energy consumption as set out in paragraph 11.4.	100	15	0	4	0	0	100
ES10.04	Sodexho will maintain the boilers in the New Build to achieve and efficiency target of 82.	100	15	0	1	0	0	100
ES11.01	Integrity and availability of systems will be maintained at all times in accordance with the Fire Certificate and Trust's Fire Policy and Manual.	100	20	0	4	0	0	100
ES11.02	Appropriate records of location/type of equipment, testing and recharging to be maintained up to date and available for inspection at all times.	100	20	0	10	0	0	100
ES11.04	Fire Safety Inspections and Fire Safety Audits shall be completed (including production of reports to the Trust within 4 weeks of close of every Contract Year).	100	25	0	1	0	0	100
ES12.01	All estates data requirements will be recorded and maintained on a regular basis.	100	10	2	4	0	0	100
ES12.02	All drawings will be updated and distributed to reflect changes within 10 working days of completion of work/charges, including Programmed Maintenance, Unprogrammed Maintenance, Repair and Replacement, Minor Improvements.	100	10	1	0	0	0	100
ES13.01	Sodexho Health and Safety Policy shall address, but not be limited to those issues identified in paragraph 14.2.	100	15	0	3	0	0	100
ES13.02	Action required of Sodexho in response to Hazard and Safety Action Notices (or other safety notices distributed by the NHS) shall be taken within the timescales specified in the relevant notice.	100	20	1	1	0	0	100
ES13.03	Risk assessments shall be undertaken at least annually (or more frequently) if required by regulations within plus or minus 4 weeks of the previous annual assessment or commencement of the Services.	100	15	1	15	0	0	100
ES13.13	Permit to Work systems must be applied to Hazardous environments e.g.. Hot Work, High Voltage Systems, Low Voltage Systems, Piped Medical Gas Systems, Enclosed Spaces, Boiler House Systems, Pressure systems etc.	100	25	0	0	0	0	100
ES13.15	A current water treatment regime must be in place and records of such a regime must be maintained and available at all times.	100	20	1	1	0	0	100
ES13.16	Temperature checks of each system at the source (monthly) and furthest outlet (annually) must be taken and recorded.	100	20	0	2	0	0	100
ES13.18	All appropriate Estates and Maintenance Service Policies must be available for review by the Trust.	100	10	1	0	0	0	100
ES13.19	COSHH information will be available for all relevant processes and products.	100	15	0	4	0	0	100
ES13.20	All areas of service activity must be recorded and available for audit, including statutory records.	100	15	1	1	1	0	100
ES14.01	Staff will be presentable in uniform (where appropriate) at all times and display a Trust ID badge. A uniform policy covering all staff will be agreed with the Trust. Protective clothing and footwear shall be worn as appropriate for the type of work being undertaken.	100	15	1	3	0	0	100
ES15.01	New staff will be supervised until they have reached the required minimum competency level.	100	20	1	0	0	0	100
ES2.01	Programmed Maintenance programme shall be provided to the Trust in accordance with clause 35 of the Project Agreement.	100	25	0	0	0	0	100
ES2.02	Records of work and tests undertaken pursuant to Maintenance Plans shall be complete and up to date and available for inspection by the Trust.	100	15	1	5	0	0	100
ES2.03	Sodexho shall ensure that Programmed Maintenance is carried out in accordance with Good Industry Practise, NHS requirements and taking account of manufacturers instructions or guidelines.	100	10	1	3	0	0	100
ES3.03	Corrective Maintenance must be carried out in accordance with Estates Service Delivery Plan and records of work and tests undertaken shall be complete and up to date and available for inspection by the Trust.	100	10	1	1	0	0	100
ES4.01	All staff must be aware of Emergency Procedures.	100	25	0	2	0	0	100
ES5.01	Emergency power and lighting shall be available at all times and shall be available for testing and inspection by the Trust.	100	25	0	1	0	0	100
ES7.01	Wall washing shall be conducted in accordance with the Trust Control of Infection Policy and carried out in accordance with the frequencies set out in 9.3	100	10	0	1	0	0	100

31/03/2010

Kings College Hospital
Performance Monitoring Report

sodexo

Reporting Month/Year: March 2010

Monthly Service Fee :£92,435.75

ES9.02	Monthly reports on work requested or undertaken as part of the Minor Improvements Service shall include all items identified in paragraph 10.7.	100	10	0	5	0	0	100
		2800				**1**		**2800**

% Compliance : 100.00 **Deduction £ :** £ 0.00
Deduction % : 0.00 **SE Payment £ :** £ 18,487.15

Service Element B : Helpdesk Complaints

Service Element Fee : £18,487.15

SI	Description	Available Score	Debit per failure	Tolerance	No of complaints	Failure debits	Score
ES1.01	All Estates and Maintenance Services shall be provided at times agreed with the Trust staff in accordance with the Estates Service Delivery Plans.	100	25	2	0	0	100
ES1.03	Contractors will be supervised and controlled whilst at Hospital.	100	15	0	0	0	100
ES1.04	Contractor access will be restricted to agreed work areas and public areas.	100	15	2	0	0	100
ES14.04	Complaints will be handled in accordance with the Trust's Complaints Procedure. Copies of any correspondence and replies will be sent to the Trust Nominated Officer. Verbal complaints will be recorded together with action taken in register.	100	15	1	0	0	100
ES3.05	Breakdown Maintenance Requisition Systems must be available 24 hours/day 365 days/year via the Help Desk.	100	25	0	0	0	100
ES6.02	Replaced items and rubbish shall be removed immediately on completion of work undertaken in response to call-outs or pursuant to the Maintenance Plan.	100	5	2	0	0	100
ES9.01	Sodexho shall ensure that the Minor Improvements service is carried out in accordance with Good Industry Practise, NHS Requirements and taking account of manufacturer's instructions or guidelines.	100	15	2	0	0	100
		700			**0**		**700**

% Compliance : 100.00 **Deduction £ :** £0.00
Deduction % : 0.00 **SE Payment £ :** £18,487.15

Service Element C : Helpdesk Statistics

Service Element Fee : £27,730.73

SI	Description	Weighting	Target Performance	Actual Performance	Ceiling Performance	Adjusted Performance	Target Score	Actual Score
ES3.06	Breakdown Emergency response time must be 20 minutes.	5	95.00	100.00	98.00	98.00	475.00	490.00
ES3.07	Urgent response time must be 60 minutes.	5	95.00	95.00	98.00	95.00	475.00	475.00
ES3.08	Important (I) response time must be 4 hours.	4	95.00	100.00	98.00	98.00	380.00	392.00
ES3.09	Important (II) response time must be 24 hours.	4	95.00	100.00	98.00	98.00	380.00	392.00
ES3.10	Routine Request response time must be 120 hours.	3	95.00	100.00	98.00	98.00	285.00	294.00
ES7.04	Emergency Requests for Wall Washing shall be responded tc within 1 hour of the request to the Helpdesk.	5	95.00	95.00	98.00	95.00	475.00	475.00
ES7.05	Urgent Requests for Wall Washing shall be responded to within 4 hours of the request to the Helpdesk.	4	95.00	95.00	98.00	95.00	380.00	380.00
							2,850.(	**2,898.(**

% Compliance : 101.68 **Deduction £ :** £-467.04
Deduction % : -1.68 **SE Payment £ :** £28,197.77

Service Element D : Site Tour

Service Element Fee : £27,730.73

SI	Description	Weighting	Target Performance	Actual Performance	Ceiling Performance	Adjusted Performance	Target Score	Actual Score
ES13.04	All statutory notices will be displayed in offices, workshops, plant rooms and access routes. These will be legible, clean and in good order.	3	95.00	100.00	98.00	98.00	285.00	294.00
ES13.05	System drawings and schematics will be displayed in all plant rooms. These will be current, legible, clean and in good order.	4	95.00	95.00	98.00	95.00	380.00	380.00
ES13.06	Local procedures will be clearly displayed or available at all times. These will be current, legible, clean and in good order.	5	95.00	100.00	98.00	98.00	475.00	490.00
ES13.07	Working sites will be checked and cleared of any hazards at the end of each day and left in a safe condition.	2	95.00	95.00	98.00	95.00	190.00	190.00
ES13.1	All Works areas and access routes will be clear, illuminated, clean and tidy.	2	95.00	95.00	98.00	95.00	190.00	190.00
ES13.11	All Works areas will be suitable secured. Access to all areas will be controlled.	5	95.00	100.00	98.00	98.00	475.00	490.00
ES13.12	Clearly identified storage areas and gangways will be marked. Gangways will be kept clear.	2	95.00	95.00	98.00	95.00	190.00	190.00
ES3.11	Any failure or want of repair must be made safe until such time as a permanent repair is made which shall be as soon as reasonably practicable.	5	95.00	100.00	98.00	98.00	475.00	490.00
ES4.02	All fire fighting equipment shall be operational and available for use at all times.	2	95.00	100.00	98.00	98.00	190.00	196.00

31/03/2010

Kings College Hospital
Performance Monitoring Report

sodexo

Reporting Month/Year: March 2010

Monthly Service Fee :£92,435.75

ES6.01	Repair and replacement will be carried out in accordance with Good Industry Practise, NHS Requirements and taking account of manufacturers instructions and guidance and to avoid repeated failures or wants of repair.	4	95.00	95.00	98.00	95.00	380.00	380.00
ES7.02	All surfaces after wall washing including but not limited to those items listed in 9.2.1 shall be free from all removable marks, spoilage, grease, dust, stains and smears.	5	95.00	75.00	98.00	75.00	475.00	375.00
ES8.01	All equipment used by Sodexho in the performance of the Services shall be safely used and appropriate for use.	2	95.00	95.00	98.00	95.00	190.00	190.00
ES8.02	All necessary safety equipment will be used as required.	2	95.00	95.00	98.00	95.00	190.00	190.00
							4,085.(	**4,045.0(**

% Compliance : 99.02 **Deduction £ :** £271.54
Deduction % : 0.98 **SE Payment £ :** £27,459.19

Core Service Failure Events

Type	Request ID	Description	Penalty
			0.00

Service Deduction Amount : £-195.51

Service Payment Amount : £92,435.75

Action Plan Required? : FALSE

Service Performance Leve 100.21 **Core Service Failure Event Deduction:** £0.00

Service Deduction Percentage -0.21

Capped Service Deduction Percentage -0.21

APPENDIX 5: SKILLS PFI CONTRACT MANAGEMENT

The contract management team may require full or part time staff, advice from other departments or external assistance.

The team should have the knowledge about:

- The types of contract and contract law
- The procurement process including specifications and contract management needs
- The supply conditions and developments in relevant markets
- Pricing mechanism
- Risk management techniques and contingency planning
- The terms and conditions of individual contracts
- The roles and responsibilities of the contract manager, users and suppliers
- The need to seek and achieve continuous improvement
- Benchmarking techniques and their application
- Performance management techniques
- Quality assurance techniques
- The need to forecast future demand
- The principles underpinning government accounting and financial management
- Relationship management

The abilities the team should have:

- To define the business needs and develop a contracting strategy
- To identify the principal demand and cost drivers for each service
- To produce and implement plans for managing relationship with suppliers
- To complete an analysis of risks associated with each contract
- To analyse the contract management environment and adopt the appropriate management style
- To apply contract management procedures and techniques
- To negotiate successfully
- To control expenditure
- To manage users and users' demands
- To manage relationship successfully

The individual Qualities:

- The ability to work effectively as a member of a team
- Effective negotiating and influencing skills
- Effective interpersonal skills
- Well developed analytical skills
- A forward looking and pro-active approach
- The ability to exercise sound judgement
- A positive and practical attitude to change and innovation
- The ability to work reliably under pressure and prioritise competing demands

APPENDIX 6: QUESTIONNAIRE

This questionnaire is being held to find out what the building users think of the Golden Jubilee Wing and the maintenance of the wing. It would be very useful if you could take some time to fill in this questionnaire.

Many thanks!

Charmaine Hoog
Capital, Estates & Facilities Directorate

Name : _____
Department : _____
Gender : Male / Female
Age : _____

1. What do you think of the architecture/appearance of the Golden Jubilee Wing?

2. Do you think there is a difference working in the new building or in the other buildings of King's College Hospital?

☐ Yes
☐ No

3. If yes, what is the main difference?

4. Do you think the Golden Jubilee Wing is being maintained well?

☐ Yes
☐ No

5. If no, please comment?

6. How often do you contact the helpdesk of the maintenance provider?

☐ Once a week
☐ Once a month
☐ Once in a while
☐ Never
☐ Other _____

7. Have you ever contacted the maintenance provider with a request?

☐ Yes
☐ No

8. If yes, were you satisfied with the response time?

☐ Yes
☐ No

9. Have you ever contacted the maintenance provider with a complaint?

☐ Yes
☐ No

10. If yes, were you satisfied with the way they handled the complaint?

☐ Yes
☐ No

11. Are you satisfied with the overall service of Sodexo?

☐ Yes
☐ No

12. Space for suggestions and comments

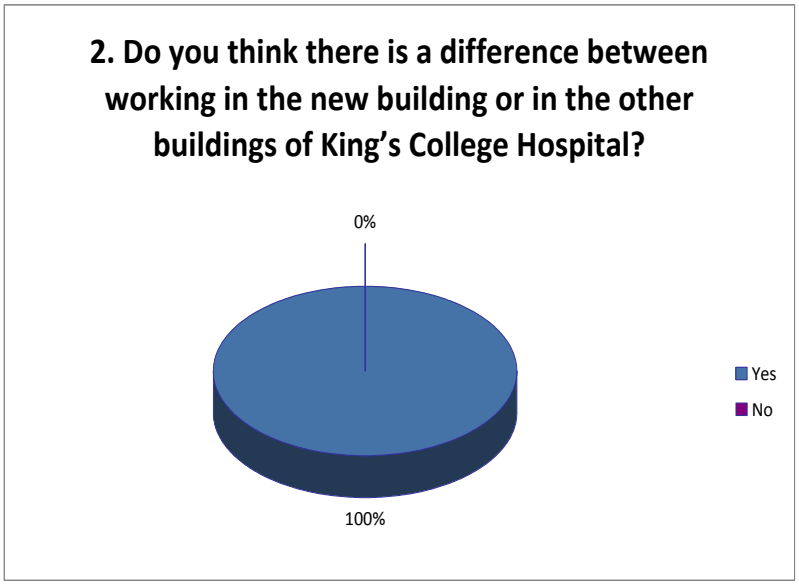
THANK YOU FOR COMPLETING THE QUESTIONNAIRE!

Charmaine Hoog
Capital, Estates & Facilities Directorate

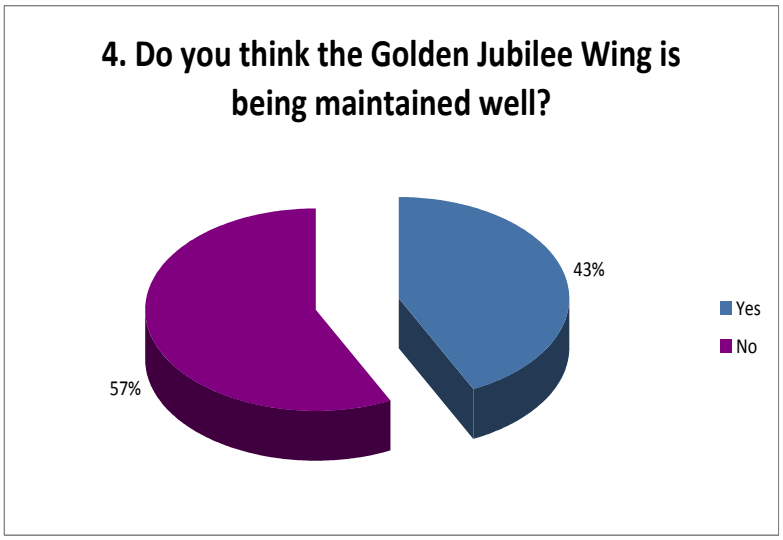
APPENDIX 7: QUESTIONNAIRE RESULTS

Here are the results of the questionnaire under the building users, the ward managers, are shown.

1. What do you think of the architecture/appearance of the Golden Jubilee Wing?
The building users think it is a nice, modern, well designed, spacious and light building. One comment that the directions and signs are confusing inside the building.

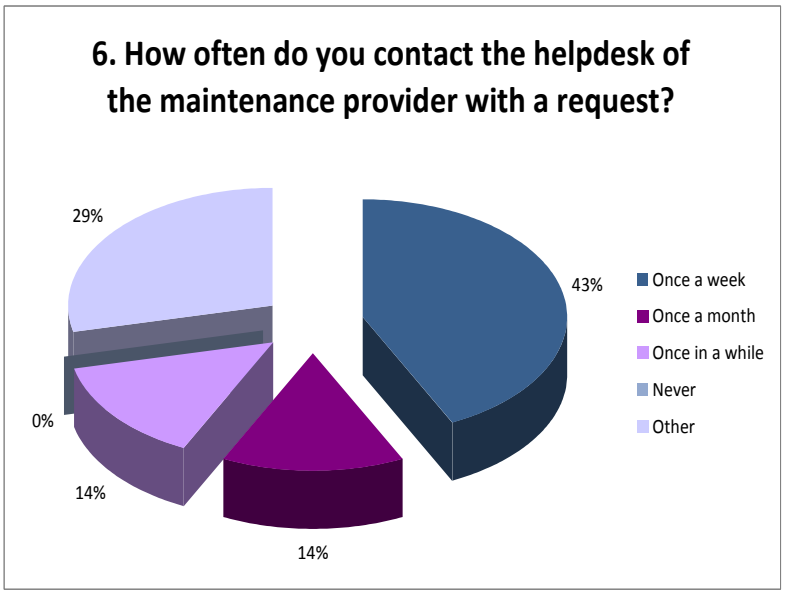


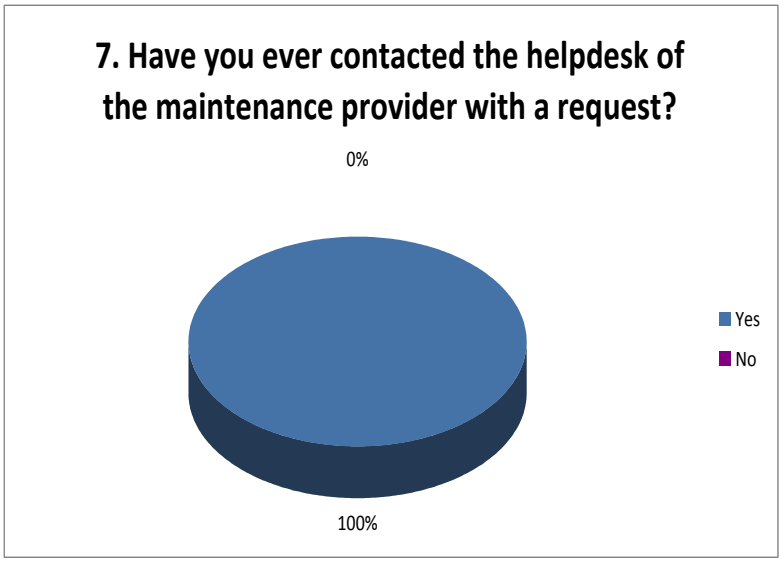
3. If yes, what is the main difference?
The building users think that the main difference of working in the Golden Jubilee Wing than in one of the other buildings of KCH is the new facilities, the builder seems cleaner, the whole building has air-conditioning, good lighting, bigger rooms and more space.

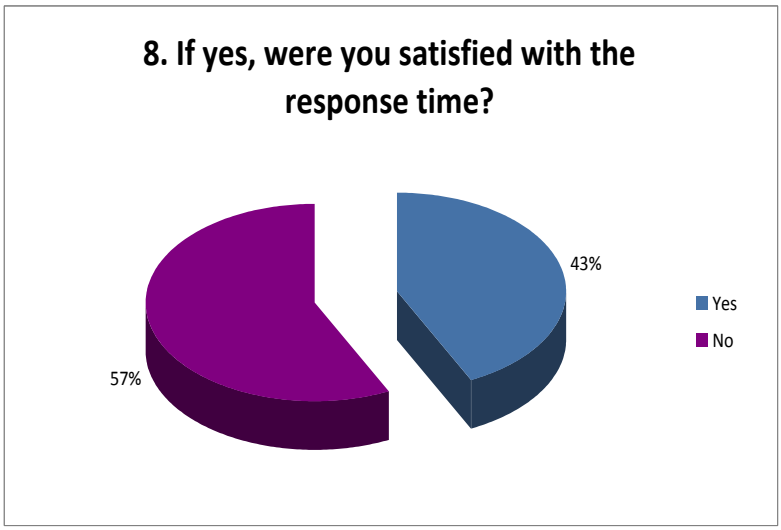


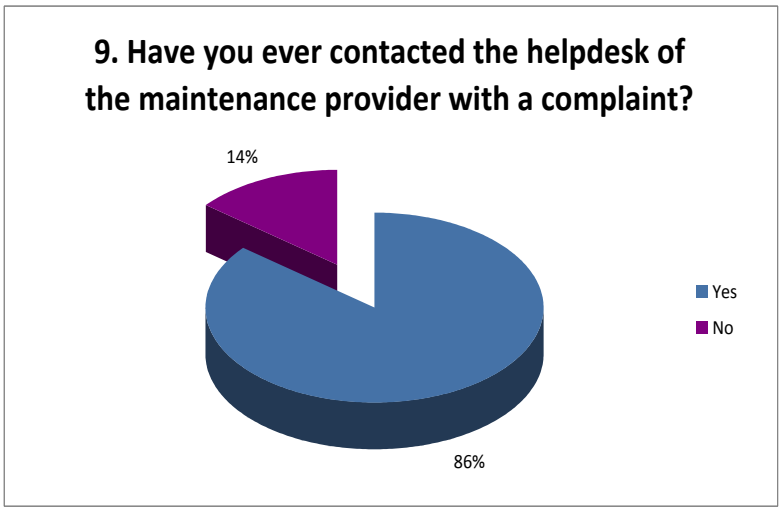
5. If no, please comment?

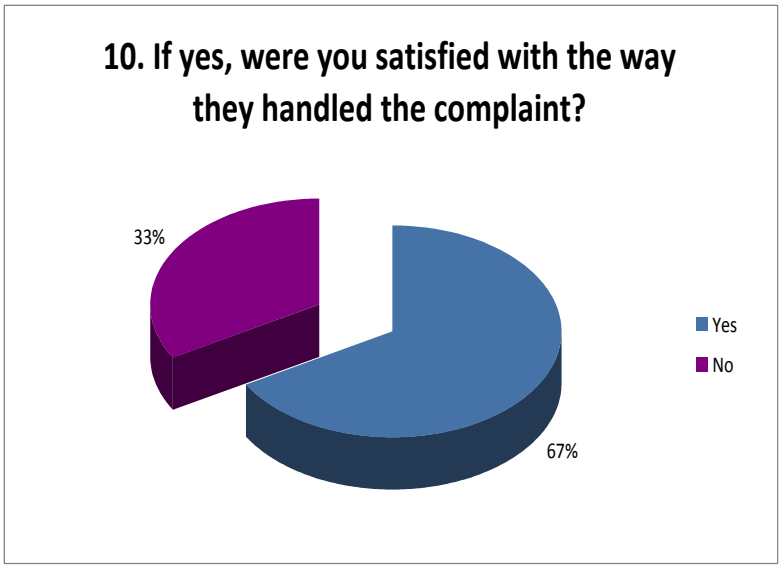
The main comments on the maintenance of the Golden Jubilee Wing are that the walls, doors, bathrooms, toilets, lifts are not maintained well, electric sockets that break constantly and do not work and the lifts that are broken weekly.

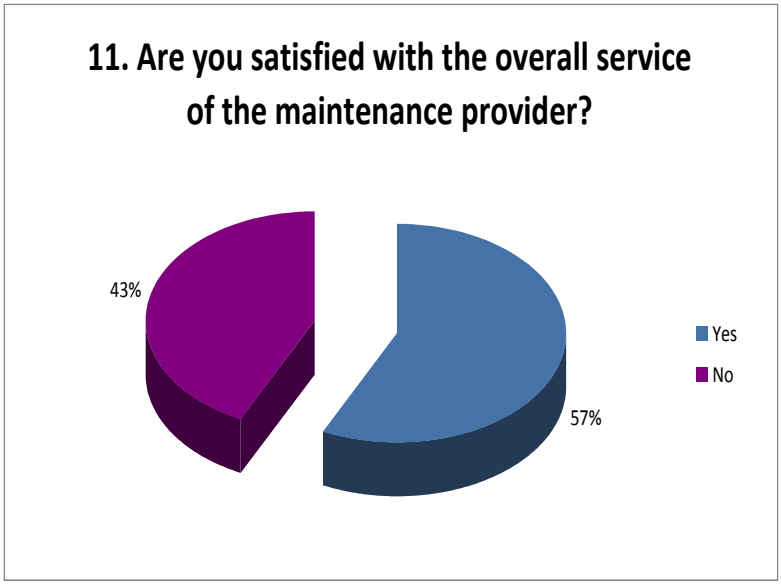





8. If yes, were you satisfied with the response time?
43%
57%
Yes
No


9. Have you ever contacted the helpdesk of the maintenance provider with a complaint?
14%
86%
Yes
No


10. If yes, were you satisfied with the way they handled the complaint?
33%
67%
Yes
No



12. Space for suggestions and comments

The main suggestions and comments are that the air-conditioning and heating never are quite right, to inform the wards when work is going to take place and when the work is done, it is difficult to get thing done and all the maintenance staff is friendly, polite and helpful.