

Directorate of Estates, ICT & Healthcare Records
James Cook University Hospital
Marton Road
Middlesbrough
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James Cook University Hospital – Carillion

Background

South Tees NHSFT has a PFI contract with a special purpose company: Endeavour SCH Plc. The Service contract runs from 2003 to 2033 (30 years) and as part of this arrangement Endeavour provide facilities management (FM) services such as building and engineering maintenance (hard FM) and cleaning, catering, laundry, portering and security (soft FM) via Carillion FM. The Trust has no direct contractual link to Carillion FM.

The NHS has been developing and testing business continuity plans for many weeks after announcements to the City of profit warnings by Carillion PLC. The continuity plans were based upon the contractual requirement for Endeavour to 'step-in' in the event of a failure by their FM sub-contractor and it is Endeavour who are responsible for replacing, in this case, an insolvent FM company.

In the event of Endeavour failing to 'step-in' and maintain FM services the contract then allows the NHS to 'step-in' and put arrangements in place to maintain services with all costs for Trust 'step-in' to be paid by Endeavour.

Carillion Liquidation

On Monday 15th January it was announced that Carillion PLC were being placed in to liquidation and the Government had placed the company in to the hands of the Official Receiver (OR) who in turn had appointed PwC as the Special Manager (SM); to effectively run the business. The OR was required by Government to maintain services on all 'Public' contracts until alternative arrangements could be put in place. All of Carillion's staff (900) are now being managed by PwC and guarantees have been given to all staff that they will be continued to be paid. Endeavour have also underwritten salaries of all staff and as a further back-up the Trust has arrangements in hand to offer contracts should PwC or Endeavour fail to maintain business as usual.

Endeavour formally declared that it would 'step-in' to maintain FM services but nevertheless the Trust declared the event as a Major Incident and appointed an Incident Director, Kevin Oxley the Director of Estates and IT. The Trust and Endeavour have met daily to review the impact of this matter and are pleased to report that all Carillion staff continued to come to work and no hospital services have been affected.

Carillion had planned to sell its Health FM business to Serco and a Business Purchase Agreement (BPA) had been signed. However as a result of the liquidation it is believed that BPA is no longer legally valid and Serco, along with other FM companies are now in dialogue with PwC to bid for the contract at James Cook Hospital.

Next Steps

The Trust will continue to monitor services at James Cook closely and will meet regularly with our PFI Company, Endeavour. They in turn are now in direct dialogue with PwC and have committed to keeping the Trust informed of developments to find a replacement company. It is assumed that all current Carillion staff at James Cook will transfer in to the new service provider once appointed. It is anticipated that this could take at least 6 months. The Trust continues to pay Endeavour for FM services (approximately £24m per annum) and will ensure that all services are appropriately provided

Kevin Oxley (Incident Director)
Director of Estates, ICT and Healthcare Records