

Agenda Item:

**“RIGHT TO REQUEST” PROPOSAL FROM
JOHN TAYLOR HOSPICE TO BECOME A
SOCIAL ENTERPRISE**

1.0 Purpose

- To set out recommendations in relation to John Taylor Hospice (JTH) and its application to set up a Social Enterprise
- To detail the outcome of the due diligence process

2.0 Introduction / Background

The Transforming Community Services (TCS) policy required Primary Care Trusts (PCT's) to divest themselves of all provider functions by 31st March 2011. NHS Birmingham East and North (NHS BEN) has been working with its community health services for some time to identify through a detailed market analysis the most appropriate destination for these services.

In March 2010 the PCT Board formally approved the proposals for its community services which included the transfer of JTH to the third sector, although at this stage the future model was still to be agreed.

Initial work suggested that JTH would be most appropriately transferred to an existing organisation in the hospice sector under some form of special purpose vehicle which aligned JTH with other organisations. This was in the absence of any other formal proposals on other options. Subsequent to Board approval of the approach to be taken to all CHS services, JTH submitted a “right to request” to become a stand alone social enterprise as part of the second wave Department of Health programme. Although at this stage little was known about the JTH proposals, the PCT Board agreed to allow JTH to proceed with their “right to request” which then enabled them to access appropriate support.

Since May 2010 the JTH management team have been developing with its workforce the proposal that has now been submitted as part of the Integrated Business Plan (IBP) to become a Social Enterprise.

In September 2010 JTH presented their first draft Integrated Business Plan. The PCT Board identified a number of concerns with the plan and agreed that JTH should undertake further work with the support of a PCT Non-Executive Director and a senior Finance Officer from the PCT.

The PCT met with the JTH team during October 2010 to clarify a number of issues.

The PCT is now at the point where it is in receipt of the final Integrated Business Plan (IBP), which was subject to a detailed Due Diligence Review in November 2010.

This report is therefore the PCT's assessment of the JTH IBP based on the Due Diligence and assurance meeting:

- Governance
- Compliance
- Funding
- Insurance
- Liabilities
- Assets
- People
- Technology
- Operations

3.0 Due Diligence

Each of the above has been assessed and been given a RAG rating and where appropriate, identifying further work that is required by JTH prior to final sign off of their proposal.

Due Diligence	RAG Rating	Comments
Governance	G	None
Compliance	G	None
Funding	G	None
Insurance	G	None
Liabilities	G	None
Assets	A	Work to be undertaken to agree cost reductions
People	G	None
Technology	G	None
Operations	G	None

3.1 Support for the application

Staff have overwhelmingly supported the development. There is strong local support, through Councillors, the local community and the Erdington constituency. There is also support from the Local Member of Parliament.

4.0 Conclusion

A significant amount of work has been undertaken in the last two months by JTH to set out its proposal to become a Social Enterprise. This work has been supported by KPMG, TPP Law, the Department of Health and the PCT. There is significant support for the proposal and the updated IBP gives the PCT assurance that the concerns and issues raised during September have been addressed. There are outstanding issues that need to be addressed in the negotiation of the Transfer Agreement. It is the PCT's view that these outstanding matters are not significant barriers to JTH proceeding to become a Social Enterprise.

The proposed timescale (subject to Board approval) is that JTH would develop its transition to a Social Enterprise as soon as practicable, and no later than 31 March 2011.

5.0 Recommendations

- That the Primary Care Trust Board note the report
- That the Primary Care Trust Board approves the application by John Taylor Hospice to become a Social Enterprise.