

“RIGHT TO REQUEST” PROPOSAL FROM  
JOHN TAYLOR HOSPICE TO BECOME A  
COMMUNITY INTEREST COMPANY  
AS A SOCIAL ENTERPRISE

**1.0 Purpose**

- To set out recommendations in relation to John Taylor Hospice (JTH) and its application to set up a Community Interest Company (CIC) as a Social Enterprise
- To detail the outcome of the due diligence process
- To outline the outstanding issues and the proposed timelines for completion of the outstanding work

**2.0 Introduction / Background**

The Transforming Community Services (TCS) policy required Primary Care Trusts (PCT's) to divest itself of all provider functions by the 31<sup>st</sup> March 2011. NHS Birmingham East and North (NHS BEN) has been working with its community health services for sometime 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.

The PCT has continued to maintain a watching brief on the work and has on a number of occasions met with staff and the JTH management team to discuss

the Social Enterprise as well as the alternative approach to JTH provision if a social enterprise was not seen as a viable option.

The PCT is now at the point where it is in receipt of the IBP and has been undertaking its due diligence process in line with the advice from the PCT's legal advisors.

This report is therefore the PCT's assessment of the JTH IBP which covers:-

- 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 identifying further work that is required by JTH prior to final sign off of their proposal.

<b>Due Diligence</b>	<b>RAG Rating</b>
Governance	R
Compliance	R
Funding	R
Insurance	G
Liabilities	R
Assets	R
People	G
Technology	G
Operations	G

### **3.2 Staff Ballot**

As part of the "right to request" process there is a requirement to ensure that staff support the move to a social enterprise model. The PCT on behalf of JTH have conducted an independent ballot. The ballot was administered independently by the Young Foundation. All JTH employed staff were given

the opportunity to vote either electronically or by submitting a written preference. Employees were asked whether they supported the development of a social enterprise or wished the PCT to undertake a procurement process where JTH would be acquired by a third party. The result of the ballot is detailed below:-

	<b>Number</b>	<b>Percentage</b>
Total employees entitled to vote	110	100
Total votes cast	88	80
Votes for Social Enterprise	84	76
Votes for procurement option	3	3
Spoilt papers	1	1

NB. 16 employees voted by post. These papers were with Human Resources before the closure date of 22 September 2010. They may not have been included in the above. A further update will be given at the Board.

As can be seen there was a high turnout with a substantial percentage in favour of JTH becoming a Social Enterprise.

The ballot gives further weight to the proposal for JTH to become a Social Enterprise.

### **3.3 Other points to note**

Support for the proposal has also been confirmed by the local councillors within the Erdington Constituency.

Concerns have been raised by other local hospices in relation to competition for charitable funds should JTH become a stand alone social enterprise.

Other commissioners are also supportive of the development of JTH.

## **4.0 Conclusion**

A significant amount of work has been undertaken in the last six months by JTH to set out its proposal to become a social enterprise. This work has been supported by KPMG, TPP Law and the Department of Health. There is significant support for the proposal and the IBP gives the PCT a level of assurance that many of the concerns and issues for such a transfer have been addressed. Clearly there are a number of outstanding issues that needed to be addressed in the next few weeks. It is the PCT's views that these outstanding matters should not become significant barriers to JTH proceeding to become a CIC as a social enterprise.

The proposed timescales (subject to Board approval) is the JTH would become a CIC on the 1<sup>st</sup> January 2011. If the outstanding issues are not resolved in the next few weeks then this timescale will need to be revised. The PCT has up to the 31<sup>st</sup> March 2011 to complete the transfer all community services.

## **5.0 Recommendations**

- That the Primary Care Trust Board note the report
- That the Primary Care Trust Board agree that JTH can continue the work to become a stand alone organisation as a social enterprise (subject to all matters in section 3 being completed to the PCT's satisfaction)
- That the Primary Care Trust Board request a further update report in November 2010