

Serco Australia

Submission to the Education and Health Standing Committee on Fiona Stanley Hospital

June 2015

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1 Executive summary

Serco Australia (Serco) is contracted to the Western Australian Department of Health (WA Health) to provide non-clinical services at Fiona Stanley Hospital (FSH). Since August 2011, Serco has undertaken pre-operations and initial operations.

The nature of the contract, and Serco's own experience as an experienced provider of services to Government, ensures Serco is subject to rigorous standards and performance monitoring which provides an environment that promotes transparency and accountability.

This submission details the considerable work undertaken to successfully commission Western Australia's leading tertiary public hospital in line with the WA Health timeframe.

It addresses the Committee's terms of reference and, in particular, identifies the significant management of risks in each of the phases and the quality of delivery, including value-for-money, governance and transparency of the contract and associated work.

Serco is able to clearly demonstrate how it developed safe and effective services through the implementation of a complex pre-operational program of work, including the development and testing of services, delivery of significant infrastructure and procurement of everything required to open and run the hospital.

These have been done in close consultation with WA Health, both from a contract position and with its clinical teams.

Working with WA Health, risks to patients and staff have been successfully managed and mitigated due to extensive planning and testing, the implementation of robust performance management systems and demonstrated through the achievement of external accreditation.

1.1 Snapshot of Serco's non-clinical services at FSH

- The FSH Helpdesk answers in excess of 5000 calls each day (2 million a year.) 95% of external calls must be answered within 15 seconds and 99% of external calls must be answered within 30 seconds.
- Internal logistics undertakes more than 1000 movements of patients and equipment each day. In May, internal logistics had a pass rate of more than 90% for its attendance key performance indicators and the average attendance time for an urgent job was 10 minutes, against a target set by WA Health of 20 minutes.
- The hospital's cleaning team cleans around 40,000 rooms and areas each month. A 100% microfibre solution is used at FSH, reflecting world's best practice.
- Meals are cooked fresh on site by patient catering from fresh, mainly local ingredients. Menus are developed in consultation with Department of Health dietitians. Each day, patient catering produces up to 2,200 freshly cooked meals and 200 snack boxes. Between October 2014 and May 2015, 283,400 plated meals were produced.
- The hospital has more than 700 bedside entertainment systems providing access to television, movies on demand, internet, patient information, meal ordering, telephone, music and more.

- The hospital has a highly enabled environment, with Serco-maintained audio visual equipment in more than 350 rooms, including teaching and learning spaces, clinical spaces, observation rooms and meeting rooms.
- There are approximately 400,000 electronic monitoring points across the hospital, all of which are monitored and maintained by Serco. Alarms from the monitoring points automatically create work orders in the facilities management system - work orders automatically select the closest available person with the skills required to service the alarm.
- The safety and incident management service provides a safe and secure environment for all users of the hospital, with more than 30 members of the team managing all areas of safety and security, from managing the emergency operations centre during an incident to responding to duress alarms, fire alarms and managing parking.
- FSH has the first managed equipment service in Australia, delivered by Siemens in partnership with Serco. This advanced model provides for an ongoing system of maintenance and management.
- The hospital's has a highly enabled ICT environment with wireless infrastructure internal and external to the hospital and site-wide mobile computing. Real time location systems are in place for staff, equipment and patients. The unified communications system allows voice, text and video messaging between fixed and mobile devices across the site.
- Each item of linen in the hospital is tagged with a location tag which ensures that the lifecycle of the linen is more efficiently managed because the system knows how many times it has been washed and when linen has gone missing.
- Customer focused reception services are in place across the four main buildings to support the estimated 300,000 visitors to the hospital each year.
- The HR managed service manages HR enquiries for the FSH health workforce of approximately 5000 individuals. The service partners with WA Health to minimise occupational health and safety risks via injury prevention strategies and facilitate a return to work for injured health employees. As part of the workforce mobilisation strategy, the HR managed service has coordinated and provided non-clinical induction to over 7000 hospital employees.

2 Inquiry overview

On 22 April, the WA Parliament received notice that its Education and Health Standing Committee would inquire into and report on the risks to patients and staff, and the financial implications to WA Health arising from the:

- Transition and operation of clinical services to Fiona Stanley Hospital by WA Health; and
- Management by Serco of the services it is contracted to deliver at Fiona Stanley Hospital.

Serco Australia has reviewed the terms of reference and is providing information on its management of services in pre-operations and initial operations.

In this submission, Serco has provided concise information on its contract and dependencies with WA Health as the contractor.

The inquiry specifically refers to risks to patients and staff, and the financial implications to WA Health.

Serco has identified and outlined in this document how it has managed and continues to manage and mitigate risks associated with the transition and commencement of operational activity at the hospital, taking steps to ensure that services are safe and effective for patients. These need to be considered in the wider management of the hospital and clinical services.

As a service provider, Serco is required to submit a detailed report to WA Health by the 10th day of each month on its performance against all of its contractual obligations, including performance against key performance measures. Serco is subject to financial penalties (abatements) when these key performance measures are not reached. This provides complete transparency and insight to WA Health on service performance and ultimately delivers measureable value to WA Health.

3 Background

3.1 Serco Australia

Serco is an Australian proprietary limited company.

Serco provides services on behalf of a range of Australian governments and in the private sector in the portfolios of defence, health, transport, justice, immigration and citizen services. These services include:

- Delivery of non-clinical services at Fiona Stanley Hospital
- Management of the Australian Defence Force medical equipment fleet repair, maintenance and calibration, as well as the pharmaceuticals and medical consumables supply chain
- Management and rehabilitation of offenders in prisons
- Road safety in Victoria through its traffic camera services
- Public transport advice for travellers in Perth, Brisbane and New South Wales
- Maintenance of Melbourne's parks and gardens.

Serco is owned and operated by Serco Group plc (Serco Group), a company incorporated in the United Kingdom and listed on the London Stock Exchange. Serco Group provides services throughout Europe, North America, Africa and Asia.

Serco Group partners with governments, agencies and companies seeking operational, management and consulting expertise in the health, aviation, business process outsourcing, defence, education, environmental services, facilities management, home affairs, information and communications technology, knowledge services, local government, science and nuclear, transport and welfare to work sectors.

As is the case for Serco Australia, Serco Group's primary business is service provision to government and the management of critical national infrastructure, particularly in the operation of hospitals, correctional facilities, detention centres, transport services, and defence facilities.

3.2 Serco in Western Australia

Serco has been operating in Western Australia for 20 years, successfully delivering essential public services. Currently, Serco provides services in the areas of transport, maritime, justice, immigration, health and defence support. These services include:

- Facilities management and support services for Fiona Stanley Hospital
- Transport information and ticketing for Transperth since 1995
- Support to the Navy at HMAS Stirling and elsewhere along the WA coast through Serco Defence Services
- Management of Acacia Prison. This is Australia's largest prison and was recently expanded to include 1395 beds in an infrastructure program that meant building a new prison inside an existing facility. Acacia is identified by the Western Australian Inspector of Custodial Services as delivering services at around half the cost to the State

- Court Security and Custodial Services in WA. Under this contract, Serco is delivering inter-prison transfers, court security services, and the operation of court custody centres
- Wandoo Reintegration Facility. This is a unique prison for 18-28 year olds and Wandoo's programs deliver community integration such that reoffending rates are a quarter of the prison population on release.

Serco also delivers services on behalf of the Department of Immigration and Border Protection in Western Australian locations, and other sites across Australia.

Serco currently employs almost 3000 staff in WA. The company has a corporate office in the Perth Central Business District as well as project offices for the above sites.

3.3 Experience in delivery of services to the health sector

Serco has significant experience in the delivery of services in health. In the United Kingdom, Serco provides services in partnership with the National Health Service (NHS) and other health and social care organisations.

Non-clinical services are delivered by Serco for public hospitals and health organisations in the UK, including five tertiary hospitals. This includes the following services:

- Clinical support services, including pathology
- Patient logistics
- Hotel services
- Estates and asset services
- Care coordination centres
- In-hospital patient administration
- Finance and accounting
- IT services
- Procurement

Serco provides services at the following National Health Service (NHS) organisations in the UK:

- Forth Valley Royal Hospital (860 beds)
- Norfolk and Norwich University Hospital (1000 beds)
- Wishaw General Hospital (626 beds)
- Derriford Hospital, Plymouth
- Middlesbrough, Redcar and Cleveland Community Services
- Hertfordshire Social Care
- Suffolk Community Health Care
- East Kent Hospitals University NHS Foundation
- Viapath pathology services

Serco's non-clinical services in the UK have been consistently recognised through audits and awards as providing safe, effective, innovative and high quality services. For example, At Forth

Valley Hospital in Scotland, Serco and its NHS partners have won a number of awards, including the 'FM Excellence in a Major Project' Award¹ from the prestigious British Institute of Facilities Management.

Serco also provides cleaning and transportation services at six hospitals in Hong Kong, including the tertiary Prince of Wales Hospital and the 1513-bed Queen Mary Hospital. This includes cleaning services across all indoor and outdoor areas, movement of patients, medical records and other medical supplies, transportation of food trolleys and central sterile supplies.

In Western Australia, Serco provides holistic primary healthcare, allied and non-clinical services to prisoners at Acacia Prison, WA Health's first prison to achieve an Australian General Practitioners' Accreditation Licence.

For the past 10 years, Serco has managed the Australian Defence Force medical equipment fleet repair, maintenance and calibration, as well as the pharmaceuticals and medical consumables supply chain. Serco supports all major Australian Defence Force hospitals, larger area health facilities and Royal Australian Navy ships. This involves ensuring the Defence units receive all necessary medical, dental supplies and equipment. It often calls for critically short response times, as was the case responding to the Bali Bombings, Asian Tsunami, and the 2009 Victorian Bushfires.

3.4 Applying Serco's health experience at Fiona Stanley Hospital

Serco brings global expertise in providing quality, non-clinical health services at major hospitals serving millions of people, to its delivery at FSH.

Serco works with specialist service delivery partners, including BT and Siemens, to draw on the world's best practice and knowledge. BT is a global leader in the provision of ICT services in health and Siemens Managed Equipment Service is a proven deliverer of value for money in the procurement and maintenance of high end clinical equipment across the world.

Serco has applied knowledge gained all over the world to enable patients to benefit from the best possible environment and support clinical staff to provide the best possible care. This includes actively seeking out and deploying technologies that improve the quality, efficiency and safety of service operations.

A number of Serco's UK health resources were used in the service design and service readiness process, including targeted experienced resources from Serco's hospital contracts in the UK. Not only did Serco use expertise and experience developed in a number of UK hospitals, Serco's team also visited and learned from other leading hospitals in the UK, Scandinavia, the USA and Asia in developing its service design at FSH.

3.5 FSH Facilities Management and Support Services Contract

In 2011, Serco was selected by the Western Australian Government to deliver the Fiona Stanley Hospital Facilities Management and Support Services Contract. The contract was executed by

¹ British Institute of Facilities Management 2011 Awards, 10 October 2011, <http://www.bifm.org.uk/bifm/events/awards/BIFMAwards2011>

Serco and WA Health on 30 July 2011. The effective date was 8 August 2011 when identified conditions precedent were met.

The contract term is ten years, with two five year extension options, exercisable by the WA Government. The initial ten year contract was structured into three phases: a pre-operational phase, a transitional phase and an operations phase.

A delay in the proposed opening date of the hospital and a phased opening, determined by WA Health, consequently led to revised dates being set for pre-operations and the phased commissioning of the hospital.

The pre-operational phase was a significant and complex phase that involved:

- Designing and developing 27 services that would operate within the hospital in conjunction with WA Health
- Delivering complex ICT infrastructure on which WA Health's clinical systems operate. This included setting up all computer and communications infrastructure across the site
- Developing a range of non-clinical ICT solutions including systems to be used by Serco in providing its services
- Procuring all of the hospital's equipment including complex clinical equipment, furniture, fixtures and fittings, ICT equipment
- Recruiting approximately 1000 staff required to deliver non-clinical services
- Providing the induction and non-clinical training for 5000 staff (clinical and non-clinical) that were recruited to work at the hospital.

As WA Health viewed the provision of the following two services as being closer to the provision of clinical services than non-clinical services, and these two services not having been contractually finalised, it made a decision in early 2014 to operate these services themselves rather than have Serco operate them:

- Health records management and clinical coding service
- Scheduling and billing service

Serco now delivers 25 non-clinical services at the hospital (outlined in Appendix A) which include audio visual, estate management, patient catering, ICT, HR managed service, internal logistics, cleaning, supplies and reception services.

4 Delivering safe and effective services

Serco is a proven deliverer of high quality hospital services and is experienced in managing risk in a healthcare setting.

Serco's approach to risk management and the delivery of safe and effective services globally is to:

- Use its significant global health expertise and experience
- Employ detailed and specific service design methodology
- Undertake rigorous testing regimes
- Achieve external accreditations
- Have formalised performance monitoring and management systems to provide real time information on standards of performance
- Invest in continuous improvement and a culture of innovation

This combination of experience, culture of transparent reporting and monitoring and detailed approach to planning and executing services is a key reason why Serco was appointed to run non-clinical services at Fiona Stanley Hospital.

Serco has achieved ISO9001 certification for its non-clinical services at Fiona Stanley Hospital, following a quality audit carried out in February 2015. Serco's non-clinical services are the first hospital non-clinical services in Australia to receive certification against six standards recognised by Standards Australia and the International Standards Organisation for non-clinical services. These are:

- ISO9001: Quality Management System
- AS/NZS4801: Occupational Health and Safety Management System
- ISO14001: Environmental Management System
- ISO31000: Risk Management System
- ISO22301: Business Continuity Management System
- HACCP : Hazard Analysis and Critical Control Points - Food Safety

Serco continues to maintain these management systems and certifications to support excellence in service delivery.

The hospital has also achieved interim accreditation against the National Safety and Quality Health Service Standards from the Australian Council of Healthcare Standards, which Serco's services are a part of. The hospital satisfactorily met the 10 core standards for interim accreditation. The summation was very positive and made particular mention of the hospital's proud staff, leadership, teamwork and a focus on safe, quality care.

From time to time, issues do arise but the strong mitigations that have been put in place around planning and effective real time reporting, mean that issues can be responded to in a more timely and effective manner.

4.1 Pre-operational program of work

Serco began the pre-operations program of the hospital on 8 August 2011 and on 6 December 2013 it took over the management of the site from the builder. Preparation for the opening of the hospital continued until 3 October 2014 – with the first day of the phased hospital opening occurring on 4 October 2014.

The timeframe to deliver some pre-operational services was revised to assist in the management of the phased commissioning process, as determined by WA Health.

In the three and a half year pre-commissioning period, Serco:

- Planned, designed, developed and delivered the hospital's non-clinical services:
 - ICT services, HR, recruitment support, training and education
 - Procurement, management and maintenance of all hospital assets, including major medical equipment
 - Soft facilities management services, including catering, cleaning and linen
 - Hard facilities management services, including energy and utilities, estates and pest control
- Specified, tendered and procured all of the equipment required by the hospital – worth in the region of \$350 million
- Designed, procured and installed all of the hospital's high specification ICT infrastructure and non-clinical ICT solutions
- Recruited and trained the hospital's 1000 strong non-clinical workforce and provided non-clinical training and induction to more than 5000 WA Health staff, including infection prevention and management, hand hygiene, aggression prevention and intervention.

Serco's program of works used the best services and technology from around the world, and was undertaken in close consultation with WA Health to ensure maximum integration and a patient centred approach. This included:

- Collaboration on some areas of infrastructure development with the builder and WA Health, working together to plan space, make adjustments to the facility and find solutions to design for practical use. As an example, Serco worked with the builder and WA Health in the design and fit out of the kitchen.
- The specification and selection of the hospital's medical and other equipment working with WA Health representatives and Serco's key partner Siemens Managed Equipment Service.
- Developing services that make the best use of the facility for the long term.

Significant value for money has been achieved for WA Health through Serco's expert procurement service. For instance, Serco's procurement team was able to generate significant savings for WA Health in the procurement of the hospital's ICT requirements, while creating one of the most advanced global ICT infrastructures.

4.2 Well documented and transparent services based on WA Health requirements

Service specifications were developed by WA Health and published through the tender for the Facilities Management and Support Services Contract. It is these detailed specifications against which the contract for non-clinical services is delivered and services were developed.

Service specifications form the basis for more than 450 key performance indicators (KPIs) in the contract that Serco's delivery of services is measured against. Serco's service delivery has been established to ensure that high quality outcomes can be delivered to patients. Serco responds and reports on these KPIs on a daily basis.

Serco maintains a comprehensive suite of documentation in response to the requirements of the Facilities Management and Support Services Contract and the specific service specifications. Each Serco service has a service plan which describes at a high level the service delivery obligations of that non-clinical service, and each service plan contains a compliance matrix to demonstrate to WA Health where the service specification is met in the plan.

Additionally, Serco's services document the detailed requirements of service delivery in policies, procedures and work instructions which are stored and updated on WA Health's document management system. Management plans, which are specified in Schedule 1 of the Facilities Management and Support Services Contract, describe site-wide facilities management functions such as site access, contract management and quality assurance.

Through meticulous process design and development, Serco's documentation set for Fiona Stanley Hospital is now in excess of 1500 documents.

Service plans were initially developed as part of the contract bid and then further developed through 2012-2015. All plans are reviewed and signed off by WA Health.

The timeline for the submission of documentation is described here:

- August 2011 to December 2012 – Ongoing day-to-day consultation and approval on the development of services and service documentation with WA Health subject matter experts
- December 2012 – Service plans, management plans, procedures and policies were submitted to the WA Health team at Fiona Stanley Hospital.
- March 2013 – Department of Health feedback on service plans and management plans was provided to Serco
- June 2014 – Service plans and management plans were updated and resubmitted
- January 2015 – Department of Health feedback on service plans was provided to Serco
- January to March 2015 – Serco resubmitted drafts of service plans in response to detailed feedback
- June 2015 – Service and management plans will be submitted as part of the regular annual submission.

Service plans are reviewed and amended each year and submitted to WA Health for review and approval. Each year, applicable from the first anniversary of operations commencement, Serco demonstrates how its services will apply innovation and continuous improvement in the coming year.

4.3 A rigorous testing program

To enable the hospital to successfully open in October 2014, Serco was required to undergo a rigorous program of testing to demonstrate the safety and effectiveness of services to WA Health. The testing process was considered by both WA Health and Serco to be robust and thorough.

Serco's team developed a complete methodology to provide assurance to WA Health that non-clinical services at Fiona Stanley Hospital were operationally sound, fully integrated and ready to deliver the best hospital environment to patients.

As part of the testing, Serco worked with WA Health to write and run 427 service test scripts and more than 5000 ICT test scripts. This included a number of internal tests, WA Health witnessed tests and final approval by WA Health. WA Health established a steering committee that determined that the information contained in the test scripts and all testing met the requirements set out by WA Health.

Volume and performance stress testing was undertaken to ensure that the hospital could cope with short term fluctuations in service demand based on the volumetrics of a fully operational hospital. These tests, and further joint tests with WA Health's Health Information Network, conducted in July and August 2014, further validated the performance.

Further requirements around testing were requested by WA Health in April 2014, which resulted in additional test events, including volumetric testing for some services, and simulation, or 'day in the life,' testing to demonstrate key operational services operating in a live environment. Multiple services were tested concurrently in the 'day in the life' testing, to prove that they could operate seamlessly at the same time as clinical services, with clinical leads validating process interactions. Day in the life testing was witnessed by WA Health staff and was particularly undertaken to provide confidence to the newly appointed clinical leads at the hospital.

In addition, WA Health also required Serco to participate in clinical scenario testing as a separate programme to demonstrate integration of services and the ability of the hospital to provide cohesive care to patients.

4.4 Clinical consultation and integration

Significant consultation was undertaken with WA Health clinicians where relevant to the development of services or setting up the hospital ready for operations. Consultation was undertaken throughout the development of the hospital, from 2011, and is ongoing to ensure that non-clinical services remain complementary to the delivery of clinical services to patients.

Clinical consultation was undertaken in particular relation to:

- Procurement of medical equipment through the managed equipment service
- Procurement of other items for the hospital
- Transition and readiness of spaces
- Alignment of non-clinical and clinical services

4.4.1 Integration of clinical and non-clinical services

During service development, Serco developed patient journeys for every major functional clinical area in order to assure alignment between non-clinical and clinical services and provide

the most cohesive services for patients. To achieve this, Serco met and worked with clinicians across all specialties as well as the WA Health project team managing the development of clinical departmental service plans. Throughout this process, oversight and approvals were provided by the WA Health-led governance committee, the Facilities Integration Governance Group.

During this phase, Serco employed a team dedicated to working with clinical teams to manage the transition of non-clinical services into operation in each specific area and to manage the readiness of wards and other spaces to the satisfaction of lead clinicians in each area.

Serco is currently employing a clinical integration team as part of its management of the integration of services in day-to-day operations. All members of the team have significant experience in healthcare. The use of this team and a clinical integration framework enables Serco to monitor points at which clinical and non-clinical services interact with each other and supports services to be as efficient and effective as possible, contributing to the overall success of the hospital.

4.4.2 Procurement of clinical equipment

Serco and Siemens are leading the first managed equipment service in Australia at FSH. This service includes the full alignment to clinical requirements, managed stability for equipment performance and replacement, and the latest technology fitted and maintained with product lifecycle in mind. This is supporting clinicians in delivering superior clinical services to patients.

Through the project phase, Serco, Siemens and WA Health closely consulted with WA's most experienced clinicians to specify and procure this world-class equipment, ensuring that patients would have access to superior diagnostic and clinical services.

Between November 2011 and 2015, Serco undertook around 450 meetings with clinicians to consult on the procurement of clinical equipment, including 143 scoping meetings, 115 clinical furniture, fittings and equipment meetings, 116 'non-architecturally significant' equipment meetings and 76 managed equipment service 'architecturally significant' equipment meetings.

All procurement of clinical equipment has been reviewed and approved by the Clinical Products Review Committee, chaired by WA Health. The Clinical Products Review Committee provides WA Health with recommendations on the selection, procurement and replacement of managed equipment service equipment and other clinical and non-clinical equipment. This clinical consultation process is ongoing as new items are procured on behalf of the hospital.

While the level of clinical engagement through relevant service development, such as with the managed equipment service, has been very positive, some challenges have existed for the development of these services due to the fact that many of the clinical staff involved in the early pre-operational phases, were not the lead clinical staff who now run services in the operational hospital.

4.5 Pre-operational achievements for the benefit of patients

As a result of Serco's successful project management of the Fiona Stanley Hospital non-clinical services, the hospital has introduced innovative improvements to Australian healthcare.

This is further evidenced by WA Health adopting some of the FSH non-clinical innovations to other health sites, including the roll out of Agility, an application for the management of non-clinical jobs and performance monitoring; a review of hospital catering services at other WA hospitals; and implementation of the latest microfibre cleaning methods.

Some of the world's most advanced technologies, systems, techniques and business processes have been introduced in non-clinical services at FSH, including:

- Patient entertainment systems – Every patient room has a swing-arm patient entertainment system with 17 inch screen. These systems provide touch screen technology to patients and clinical staff. Using secure access, the patient entertainment systems can be used for clinical updates where clinicians can access patient health records at the bedside and can show patients results and other information, improving safety, security and efficiency of record management.
- Mobile communications – Site-wide capability for mobile communication or computing devices, such as phones and tablets, and wireless patient monitoring in some clinical areas.
- Video-conferencing – Site-wide video conferencing (telehealth) capability has been installed. Telehealth is available throughout the hospital, including through mobile computing devices.
- Cleaning – The most modern cleaning methods have been designed to deliver the highest standard of cleaning. Modern microfibre cleaning tools are used, minimising the use of chemicals and excess water. Cleaning supervisors use hand-held electronic devices to record cleaning standards during regular auditing.
- Health and safety – Serco uses automatic guided vehicles in non-public areas at Fiona Stanley Hospital to help staff with routine and heavy lifting tasks such as the movement of linen, waste and meals. These 18 vehicles facilitate a higher level of support for manual handling.
- Helpdesk – A centralised Helpdesk provides a single point of contact for the queries of all staff and managing the performance of non-clinical services in real time.
- Retail – The development and establishment of an outstanding suite of retail outlets for the benefit of patients and staff.
- Real time location systems – Equipment is tagged with real time location systems so that staff don't waste time looking for equipment and the hospital benefits from the economies of a central equipment library. The mobile duress alarms have also been provided to staff in high risk areas and this enables Serco's Safety and Incident Management Service to locate a member of staff using this technology in an emergency situation.

Serco's pre-operational achievements at FSH have been recognised in a number of national awards. In 2014, Serco won the Australian Business Award for Project Management; it was awarded 'highly commended' in the Service Science Society's 2014 Innovation awards; and in 2013, Serco won the Infrastructure Partnerships Australia award for Government Partnership Excellence.

4.6 Dependencies on WA Health

There have been significant dependencies between Serco and WA Health in relation to hospital commissioning. These dependencies have required constant communication and collaboration to successfully deliver the services in partnership and meet the needs of the hospital.

Serco has had key dependencies on WA Health across a range of areas, including:

- Provision of detailed service specifications for every service
- Reviewing and signing off service and management plans

- Annual updates of service plans, management plans, procedures etc, which are approved by WA Health
- Rigorous process for procuring all equipment and other items procured by Serco on behalf of WA Health
- Reviewing and approving all test plans to be undertaken to demonstrate compliance with the service specifications
- Witnessing and approving the tests when run for service line and ICT acceptance testing
- Submission of an annual service plan that outlines Serco's obligations for the coming year
- All variations to service provision, which have to undergo a rigorous process before approval.

This collaborative relationship has been an important element in the success of the pre-operational phase and continues into operations, with non-clinical services all delivered with the knowledge and understanding of WA Health.

5 Delivering value for money for WA Health

As a provider of public services worldwide, Serco is able to offer value in a variety of ways, including through deployment of technologies which represent global best practice; integrating operational services to eliminate wasteful duplications and overlaps; and promoting a 'one team' operational culture which enhances the quality of service to patients and clinical staff.

In combination, these approaches to integrated service delivery allow Serco to fulfil and exceed contractual obligations at the same time as providing non-clinical staff with fulfilling roles to which they are committed and enthusiastic.

Serco is able to draw on technologies representing best practice from its existing contracts in healthcare in the UK and in other public services contracts in other parts of the world. Serco actively seeks out and deploys technologies that improve the efficiency and safety of service operations.

For example, the Fiona Stanley Hospital Helpdesk is used to support a whole range of service requests and ensure high quality service response. In many hospitals, there are multiple helpdesk environments, which are less efficient and offer a more fragmented service to patients and clinical staff.

In 2009, the West Australian Government determined that the development of Fiona Stanley Hospital on a Greenfield site was the perfect platform to implement new and innovative processes for the delivery of facilities management and support services.

In 2010, the WA Government undertook a public sector comparator (PSC) exercise and determined that engaging a facilities manager to run non-clinical services at Fiona Stanley Hospital would save the WA taxpayer more than \$500 million over 20 years.

In evidence provided to a Public Accounts Committee Hearing in November 2011 by the then Under Treasurer, Tim Marney, Mr Marney stated:

"The PSC assumptions detailed in the model were based on comparable activities at Sir Charles Gairdner Hospital (SCGH) and Royal Perth Hospital (RPH) and these were then compared against the cost of the Serco bid for the services proposed to be contracted... The analysis undertaken by Treasury is set out in the advice provided to the Economic and Expenditure Reform Committee (EERC). The EERC paper is the key document underpinning the EERC and the Cabinet's decision to award the contract. Treasury did inform the EERC that it is confident that the assumptions and costings in the model are reasonable and that the contract with Serco represents value for money."

5.1 Performance management

Serco believes that clear and strong accountability is a critical element in successful project and service delivery – whether it is public or private. Clear accountability promotes a professional standard of service, helping to drive innovation and value for money for tax-payers.

Serco has been required to meet a large number of project milestones since 2011. These have been delivered and assessed by WA Health.

The Facilities Management and Support Services Contract contains a significant performance management regime, primarily from the operational phase. The level of service in operations is actively monitored in real time through Serco's key performance indicators, surveys and continuous improvement indicators.

The Fiona Stanley Hospital contract incorporates more than 450 individual key performance indicators with which it must comply and includes financial and reputational sanctions for failure

to meet service levels. This is supported by on-going inspections, audits and government monitoring.

A contract of this nature, specifically constructed through key performance indicators, with the requirement for continuous improvement has never before been used in a Western Australian public hospital.

The Serco contract provides for a much higher degree of monitoring and accountability than is available in other WA hospitals, setting standards typically well in excess of what is being achieved elsewhere in the health system.

The facilities management model at Fiona Stanley Hospital also includes a management and integration service, which is responsible for the intensive measurement and monitoring regime of the contract.

Performance is constantly monitored and reported internally on a daily basis. Analysis of the data provides trending that assists the business in focusing resources on any key areas of concern. A monthly reporting cycle to WA Health ensures transparency and accountability. A centralised performance management system ensures that Serco and WA Health have access to real time information about the performance of the services.

Accountability and monitoring technology extensively applied across all of FSH's non-clinical service lines enables:

- Online meal ordering through the hospital's advanced patient entertainment system improves the patient experience and enables the hospital to track what the patients have eaten
- The hospital's catering team use monitored re-therm trolleys to safely deliver the hospital's cooked fresh food, continuously monitoring temperatures as the food travels to the wards and is distributed
- Thousands of assets within the hospital are tagged using a real time location system. This increases efficiency and utilisation rates, and reduces loss of hospital property
- The linen service uses a tagging system, which sees every item of linen tagged. This innovative system is intended to reduce theft, assist with the monitoring of the linen's lifecycle and ensure an appropriate imprest stock at all times
- The integration of the building systems with the facilities management support systems provides the ability to automate the process of dispatching suitably qualified individuals to attend to building and equipment faults detected by the building management system sensors. This means that FSH has a responsive facilities management service, providing the right person, responding promptly through automatic notification.

5.2 Innovation and continuous improvement

It is the aim of Serco at FSH to support WA Health in the delivery of the best possible services to patients. While there have been many achievements in the delivery of non-clinical services so far, the contract encourages the creation of a culture which enables the non-clinical services to keep improving. This was WA Health's intent when it established the contract in 2011.

Innovation is a key priority for Serco at FSH and an integral part of the contract. Serco's baseline solution at FSH brings significant innovation into the healthcare sector in WA; a number of examples have already been highlighted in this submission, along with real time

monitoring of Serco's key performance indicators, providing transparency and accountability to the WA Health team.

Through a culture of continuous service improvement and innovation, Serco makes sure that all non-clinical services play a role in achieving success and undertake initiatives to improve services and technology, to achieve cost efficiencies and service efficiencies without a decrease in volume or the quality of services delivered.

Serco is committed to achieving high standards of customer satisfaction and incorporates patient feedback mechanisms across all services through satisfaction surveys, complaints management, compliments and feedback management. Analysis of survey results, complaints and relevant feedback are provided to WA Health on an ongoing basis.

5.3 Reporting and governance

Under the Facilities Management and Support Services Contract, there is a robust governance model in place to oversee the compliance with the contract, operational service delivery and to provide clinical oversight.

5.3.1 Governance meetings

The governance model includes contract level and service specific meetings to ensure that the services are accountable to the highest level. Consultation between Serco and WA Health takes place formally through the Facilities Management Advisory Group, which is chaired by the Chief Executive of South Metropolitan Health Service.

There are a range of other governance committees that ensure that there are clear goals and expectations for the delivery of non-clinical services at FSH. This includes specialist service groups (SSGs) which are held monthly to continuously review and assist in the development of non-clinical services and systems. SSGs are chaired by WA Health.

In addition, Serco's FSH Contract Director attends the Hospital Executive Committee (WA Health meeting) to represent non-clinical services. Gaining input from and working closely with the hospital's senior team promotes continuous improvement and effective strategic planning.

5.3.2 Reporting and planning

Each month, Serco provides WA Health with a Facilities Manager Monthly Services Report, which provides a high degree of detail on the performance of services against the contract.

Each year, Serco provides an Annual Service Plan, which plans for the operational services in the coming financial year. The Annual Service Plan advises WA Health on the likely costs for variable services, such as patient catering, in the coming year, as well as advising them of anticipated additional works to the hospital.

Serco maintains a computer model that reflects the provision of services, including estimates of service delivery requirements, process capacity, costs to be incurred by WA Health and planned maintenance of and replacement of equipment. The model is able to use data based on actual performance by Serco, actual and forecast activity levels of clinical services and the condition of the hospital and all equipment and facilities. The model is used to support annual service planning, forecasting and invoice estimates.

Serco has been recognised previously for its comprehensive reporting and project management, including through the pre-operational phase by the Education and Health Standing Committee:

“Of all the differing types of project reporting generated prior to September 2012, the POTS (*pre-operational and transitional service*) reporting from Serco was the closest to what we would have expected for an undertaking of the scale and cost of the commissioning project. These reports included clear detail about actions either undertaken that month or to be carried out in the following month, issues impacting on Serco’s program, including identifying the length and cause of delay, and a rigorous and detailed risk register.”²

“Serco’s reporting on the status of its Pre-operational and Transitional Services obligations was consistent and integrated, and easily interpretable.”³

²

[http://www.parliament.wa.gov.au/Parliament/commit.nsf/\(Report+Lookup+by+Com+ID\)/E994CCC08CB1A1A748257CB6000591E4/\\$file/140408%20EHSC%20Report%202%20FINALv2.pdf](http://www.parliament.wa.gov.au/Parliament/commit.nsf/(Report+Lookup+by+Com+ID)/E994CCC08CB1A1A748257CB6000591E4/$file/140408%20EHSC%20Report%202%20FINALv2.pdf), page 34

³ Ibid, p35

6 Issues for consideration

In the following section, we reflect on areas where there has been a public commentary on Serco's services at FSH.

Detailed planning and testing to design and develop world-class non-clinical services for Fiona Stanley Hospital undoubtedly limits risk but it is acknowledged that problems sometimes occur.

Throughout the commissioning of FSH, Serco has demonstrated its ability to respond proactively and positively to issues arising.

While there have been day-to-day challenges in bedding down non-clinical services at Fiona Stanley Hospital, Serco's team has made good progress and is confident of delivering ongoing high quality services on behalf of the Government.

6.1 Sterilisation

WA Health assumed responsibility for sterilisation services at Fiona Stanley Hospital on 26 May 2015. The handover went smoothly, with the majority of Serco employees responsible for sterilisation transferring to the employment of WA Health.

The decision to assume responsibility was undertaken by WA Health. Prior to this, Serco received breach notices relating to the Fiona Stanley Hospital sterilisation service, in December 2014 and in March 2015.

The sterilisation service was awarded to Serco as part of the facilities management contract in 2011. The service was developed in line with the sterilisation service specifications established by WA Health.

Serco's sterilisation service plan was approved by WA Health in March 2013 and its service accredited by the WA Health-led Acceptance Testing Steering Committee in August 2014. This committee was accountable to the Chief Executive of FSH Commissioning.

There were a number of challenges that impacted on the timely delivery of the sterilisation service between February and April 2015. Some of these can be attributed to factors under the control of Serco but others are due to external factors, including late finalisation of instrument procurement and requirements including tray recipes and surgeon's preferences, addition of a significant amount of legacy equipment, and greater than expected ramp in theatre activity.

Many of the key challenges of the service were addressed and significant improvements made between February and April 2015. After the initial breach notice, Serco delivered a detailed service improvement plan to WA Health, which was being successfully implemented to ensure the delivery of a high quality service.

WA Health's message to patients in April 2015 clearly articulated that patients were not at risk as a result of sterilisation practices at Fiona Stanley Hospital. They confirmed that the hospital uses extensive methods, processes and equipment to clean, disinfect and sterilise surgical equipment in line with the Australian Standard.

While Serco was only contracted to provide a service that runs 7.00am to 11.00pm, it implemented 24 hour shifts to ensure that an improved and appropriate service was provided to theatres and other areas of the hospital.

Although the sterilisation service is now delivered by WA Health, Serco continues to deliver a sterilisation support service which includes the management of consumables to the department,

procurement, replacement and repair of instruments, and management of the medical device database. Services also continue to be provided to the department by Estates, Cleaning and Internal Logistics.

6.2 Portering

It is acknowledged that there were challenges with the internal logistics service in the few weeks immediately after the opening of the emergency department in February 2015. These challenges largely related to the volumes of patients being higher than anticipated and the establishment of specific departmental requirements over and above the levels anticipated in the service plan.

However, this service is a good example of Serco's ability to respond quickly and proactively to issues, recruiting 57 new staff within two weeks to respond to issues arising. The team rapidly refined processes and worked closely with clinical stakeholders to improve the interface between clinical and non-clinical staff. A number of clinical integration enhancements were implemented and working together, processes such as mortuary management, peak times in emergency and medical imaging turnaround times are now meeting and exceeding contractual requirements.

In May 2015, the average time for a porter to respond to an urgent job was 10 minutes, against a target set by WA Health of 20 minutes. The porters also respond to emergency jobs, for which the response time is five minutes.

In May, Internal Logistics had an average attendance key performance indicator pass rate of more than 90%, an average attendance time of 10 minutes and average completion time of 21 minutes. This has been attributed to stabilising and refining the dedicated porter model in areas such as the Cancer Centre, Intensive Care, the Acute Medical Unit, Medical Imaging and Emergency.

In May, Internal Logistics exceeded 1000 work orders logged in one day which is the highest number to date. On an average weekday, work order volumes are approximately 850 to 900. These results do not include "taps on the shoulder" requests, and the team is working towards getting those jobs logged so that more complete metrics are captured. Currently the "tap on the shoulder" volumes are approximately 300 jobs per weekday.

Positive feedback is being received on a daily basis from WA Health employees, particularly in the high patient volume areas. Serco is unable to compare the performance of portering services at FSH with other WA sites as there are no similar metrics captured. However, based on its global experience, the FSH performance is of a very high standard.

6.3 Health records management and patient administration services

When WA Health entered into contract with Serco in 2011, the model of delivery for health records management and patient administration services was not finalised. The contract provided for continued service solution development and resolution once WA Health had made the necessary interfacing ICT strategy decisions.

During 2013, the proposed technology solutions were finalised for these services and mainly consisted of using existing WA Health systems. In late 2013 and early 2014 Serco worked with WA Health to finalise the service scope and put forward a fully costed proposal. This was delivered to WA Health in February 2014. The cost was affected by both the lack of new technology deployed and by the significant increase in scope by the addition of the general patient administration elements.

These services had always been dealt with differently from Serco's other services in the FSH contract because, while the services were in scope for Serco, neither the costs, technology, or delivery solution were agreed prior to contract signing and so they required detailed discussions and agreement, particularly around technology solutions and service design.

The decision for WA Health to continue providing these services at FSH was based on the best clinical outcome operationally.

The decision taken by WA Health was not a reflection of the quality of work that had been undertaken, or the commitment of the team. The detailed service design work and overall solution proposed for these services were original and innovative and a real advanced framework for future service delivery in the areas involved. WA Health benefitted from the detailed collateral and artefacts developed.

6.4 Phased commissioning

In June 2013, WA Health announced that the opening of FSH would be undertaken in a phased program, commencing in October 2014.

Between June and December 2013, Serco worked closely with WA Health to flexibly reduce costs to enable a safe start to operational services. The contract value was significantly reduced in 2014 recognising the reduced services required. Only necessary work was undertaken by Serco between site handover in December 2013 and hospital opening in October 2014 to maintain the site and its equipment and support WA Health in its commissioning process.

All cost details were submitted to WA Health and after review and discussion, were agreed. A fully transparent cost model was provided to WA Health. Serco only charged for essential service delivery costs during this period primarily in relation to the care and maintenance of the FSH buildings, site and equipment already installed as well as completion of pre-operational activities leading up to the phased opening. Serco reduced its charges by almost \$70 million, or by over 50% against the original plan for the same period.

Significant service delivery was required prior to operations, which was always anticipated as part of Serco's pre-operational services. No matter who was employed to manage the FSH site between handover by the builder and operational commencement, services would have still had to be provided to properly maintain the site, at similar or greater cost to the Government.

Following building handover but prior to the first patients in the hospital, Serco provided estates management, safety and incident management, grounds maintenance, pest control and energy and utilities management, as well as a range of other partly operational services necessary to support the effective operation of the site following handover from the builder.

Other work completed during this time included alignment of non-clinical services with clinical services to ensure that the patient was central to the delivery of all services across the hospital; end-to-end scenario testing for all services prior to each commissioning phase; extensive testing of all equipment and systems on site, including the site ICT infrastructure and integration with WA Health ICT systems; deployment of large volumes of clinical equipment furniture, fittings and equipment required across the 9,000 rooms on site, including specialised clinical equipment; and recruitment, training and familiarisation for all of the hospital's 5000 team members.

Appendix A. Summary of services delivered at FSH

Serco is responsible for the provision of facilities management and support services at Fiona Stanley Hospital.

The following services are provided by Serco at Fiona Stanley Hospital:

1. **Audio visual** – includes deployment, maintenance, training and security of audio visual equipment and all telehealth requirements.
2. **Cleaning** – includes all clinical and non-clinical cleaning throughout the hospital.
3. **Electronic records management** – includes mail room, scanning, filing, storage, security and management for all non-patient records.
4. **Energy and utilities** – includes central plant operation/ maintenance, mechanical, electrical and hydraulic services.
5. **Estates** – includes fire systems, lifts, security systems, nurse call systems, first response team for immediate faults, repairs and minor works.
6. **External transport** – includes transport of patients and equipment between Perth hospitals and to the community.
7. **Fleet management** – includes efficient and effective management of fleet vehicles for hospital staff.
8. **Grounds maintenance** – includes gardens maintenance for the entire site.
9. **Helpdesk and Communications** – provides a single point of contact for non-clinical service requests, switchboard functions and responses to patient enquiries.
10. **Human resource (HR) management** – selected HR services for WA Health employees and volunteers, including non-clinical training and induction, occupational safety and health, and workers compensation.
11. **Information communications technology (ICT)** – includes provision of significant enabling technology that will establish Fiona Stanley Hospital as a digital hospital and support and complement WA Health systems.
12. **Internal logistics** – encompasses most functions performed in other hospitals by orderlies and patient care assistants and includes movement of patients, specimens, samples and pathology, and furniture.
13. **Linen** – includes maintaining adequate linen stock levels at all times.
14. **Managed equipment service** – includes the procurement, installation and maintenance of all medical equipment, including supply and accessories, upgrades and training.
15. **Management and integration** – overarching management ensuring services are integrated, with transparent performance reporting.
16. **Patient catering** – features provision of cooked-fresh meals.
17. **Patient entertainment** – features patient access to TV, radio, movies, internet and meal ordering at the bedside through a swing-arm flat-screen system.

18. **Pest control** – includes pest control for the entire site.
19. **Property management** – providing a full service for all leasable spaces including retail catering.
20. **Reception** – includes staffed information service points at the main hospital, rehabilitation building and education building.
21. **Safety and incident management** – includes maintaining and promoting the safety and security of all individuals, equipment and the hospital site.
22. **Sterilisation support** – includes the management of consumables to the Sterilisation department, procurement, replacement and repair of instruments, and management of the medical device database.
23. **Supplies management** – includes management of a complete supplies solution to achieve best value-for-money outcomes, including delivery.
24. **Vehicle and traffic management** – includes all traffic flows, incidents, parking on site, staff permits, infringements and fines.
25. **Waste management** – including waste segregation, storage and disposal.