

Serco Australia

SUBMISSION TO THE LEGISLATIVE ASSEMBLY PUBLIC ACCOUNTS COMMITTEE (WA)

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1. Executive summary

- 1.1 Serco Australia Pty Limited (**Serco**) welcomes the opportunity to provide a submission to the Legislative Assembly's Public Accounts Committee (**the Committee**) in relation to this inquiry into the WA Government's decision to award Serco the contract to provide non-clinical services at the new Fiona Stanley Hospital (**FSH**).
- 1.2 Serco's submission will address only those aspects of the Terms of Reference on which Serco believes it is in a position to assist the Committee.
- 1.3 The terms of reference 1 – 4 examine the process undertaken by the Government and its relevant departments in the awarding of the contract. Serco was an initial tenderer. It was bound by the tender process, accepted the process and maintained good faith through negotiation to final contract signing.
- 1.4 Serco does not make any specific submissions in relation to terms 1 – 4 which can only be dealt with by the Government and relevant departments. Term 5 provides for a wider remit of information regarding the service quality and value for money, recognising that the contract is in its infancy.
- 1.5 Serco appreciates the importance of FSH in the provision of world-class health care in Western Australia and in entering into the contract is fully committed to its role. When FSH is fully operational, Serco will directly employ over 1000 people providing extensive and integrated non-clinical support services including: technical and systems support for telemedicine, teaching and training; internal and external transport, patient record management, management of site utility and energy supplies; catering; cleaning of clinical and non-clinical facilities and medical equipment; and environmental and recycling services. Serco employs locally wherever possible and will continue to do so.
- 1.6 At FSH, Serco will apply 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.

FSH will introduce groundbreaking improvements to Australian healthcare and Serco will be at the forefront of delivering a responsive and integrated service framework. FSH will deploy some of the world's most advanced technologies, systems, techniques and business processes.

- 1.7 In summary:
 - Serco brings global expertise in providing quality, non-clinical health services at major hospitals serving millions of people. Serco has brought together expertise from around the globe, both from within its own organisation and that of its service delivery partners.
 - Serco has a strong track record around the world and is a trusted long-term partner of governments, clients and suppliers. We bring significant skill managing extensive contracts and building effective partnerships.
 - Serco believes that clear and strong accountability is a critical element in successful 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 is subject to significant accountability measures. The FSH contract alone incorporates more than 400 individual key performance

indicators with which we 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.

- Our team has a shared vision and is creating a pathway towards an experience for patients, visitors and staff of FSH that will be characterised by compassion, care, empathy, wellbeing, efficiency, quality and sustainability.

2. Serco Australia

2.1 Serco is an Australian proprietary limited company.

2.2 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 infrastructure. These services include:

- support for the Australian Defence Force through the provision of garrison and port services;
- rehabilitation of offenders in prisons;
- road safety in Victoria through our traffic camera services;
- public transport advice for travellers in Perth, Brisbane and New South Wales; and
- greening Melbourne's parks and gardens.

2.3 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.

More information on Serco's experience in the health sector is in section 5.

3. FSH Contract

3.1 Serco has contracted with the WA Department of Health to deliver non-clinical services for Fiona Stanley Hospital. The contract was executed by Serco and the WA Department of Health on 30 July 2011. Its effective date of 8 August 2011 came into being upon identified conditions precedent being met.

3.2 The contract term is ten years, with two five year extension options, exercisable by the WA Government. The initial ten year contract has been broken down into three phases, to include a pre-operational phase, a transition phase and an operations phase.

- 3.3 The contract value to Serco is \$1.3 billion revenue over the term of the 10 year contract. The State describes a \$4.3 billion value, which is based on a potential 20 year contract, includes other related expenditures, and is indexed.
- 3.4 Serco is partnering with two major subcontractors to provide high quality non-clinical services at Fiona Stanley Hospital. BT Australasia Pty Ltd will design, integrate, implement and commission the platforms and networks to deliver all core information and communications technology (ICT) services. Siemens Ltd will deliver a managed equipment service, supporting the procurement of all major medical equipment, and maintaining and replacing the equipment over the life of the contract.

4. Serco in WA

- 4.1 Serco has been operating in Western Australia for 16 years, successfully delivering essential public services. Currently we provide services in the areas of transport, justice, immigration, health and defence support. These services include:
- Transport information and ticketing for Transperth since 1995.
 - Support to the Navy at HMAS Stirling and elsewhere along the WA coast through our DMS Maritime joint venture.
 - Great Southern Rail, a fully owned subsidiary of Serco, which operates the iconic Indian Pacific trans-continental train that travels to and from Perth twice a week.
 - Lead services integrator providing facilities management and support services for Western Australia's new Fiona Stanley Hospital, which will open in 2014.
 - Acacia Prison, which the Western Australian Inspector of Custodial Services has just described as "without doubt one of the best performing prisons in Western Australia, if not the best", while recognising that it "is also providing a financial saving to the State."
 - Court Security and Custodial Services in WA, delivering inter-prison transfers, court security services, and the operation of court custody centres.
 - Serco also delivers services on behalf of the Department of Immigration and Citizenship (DIAC) on Christmas Island and other Western Australian locations, and other sites across Australia.
- 4.2 Serco currently employs 1400 staff in WA. The company has a corporate office in the Perth Central Business District as well as project offices for the above sites.

5. Serco's health experience

- 5.1 Serco has significant experience in the delivery of health services. In the United Kingdom, Serco provides services in partnership with the National Health Service (NHS) and other health and social care organisations. More than two million people in a range of primary and community settings receive health delivery from Serco.

- 5.2 Non-clinical services are delivered for five public hospitals in the UK: Forth Valley Royal Hospital, Norfolk and Norwich Hospital, Wishaw General Hospital, Leicester Royal Infirmary and Plymouth Hospital. At Forth Valley Hospital in Scotland, Serco and our NHS partners have just won the 'FM Excellence in a Major Project' Award¹ from the prestigious British Institute of Facilities Management.
- 5.3 Serco provides General Practitioner services outside of normal surgery opening hours on behalf of NHS Cornwall and Isles of Scilly, and has done since 2006. The out-of-hours service provides for over half a million people living in the county, as well as millions of tourists who visit the popular UK holiday destination each year. Serco currently operates with more than 180 doctors, 50 other clinicians and around 140 support staff. The service receives more than 145,000 calls each year.
- 5.4 This GP service was ranked in the top 25 per cent in the UK in the last two annual surveys carried out by the Primary Care Foundation on behalf of the UK Department of Health. This national benchmarking exercise analyses a range of performance indicators, including cost, quality, productivity, outcomes and patient experience.
- 5.5 In the UK, Serco is consistently ranked in the top quartile for cleanliness, safety and hygiene at the hospitals we clean. In October 2011, the Healthcare Environment Inspectorate released a report into Forth Valley Hospital following an unannounced inspection². The report found that overall the hospital is meeting national standards to protect patients, staff and visitors from the risk of acquiring an infection.
- Other significant achievements in health include:
 - Leading and directing changes in waste segregation at Norfolk & Norwich University Hospital, increasing recycling tonnage by over 30% in a 3 month period.
 - Winning 8 consecutive gold awards for safety at Wishaw General Hospital, the last 3 years being also awarded the prestigious gold medal from NHS.
 - Developing the 'e-porter programme', enabling hospitals to actively and efficiently manage bed occupancy and patient flow.
- 5.6 In Western Australia, Serco provides holistic primary healthcare, allied and non-clinical services to prisoners at Acacia Prison, the State's first prison to achieve an Australian General Practitioners' Accreditation Licence. A recent report³ by the Office of the Inspector of Custodial Services concluded that Acacia presented the best prison health service in Western Australia.
- 5.7 For the last 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

¹ British Institute of Facilities Management 2011 Awards, 10 October 2011, <http://www.bifm.org.uk/bifm/events/awards/BIFMawards2011>

² Forth Valley Royal Hospital unannounced inspection report, Healthcare Improvement Inspectorate, Scotland, September 2011, http://www.healthcareimprovementscotland.org/programmes/inspecting_and_regulating_care/hei_forth_valley_reports/forth_valley_september_11.aspx

³ Report of an Announced Inspection of Acacia Prison, Office of the Inspector of Custodial Services, May 2011, <http://www.custodialinspector.wa.gov.au/go/inspection-reports-and-thematic-reviews>

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.

6. Service quality and benefits

6.1 Serco has been contracted to provide 30 non-clinical service lines at Fiona Stanley Hospital.

1. audio visual
2. cleaning
3. electronic records management
4. energy and utilities
5. estate
6. external transport
7. grounds maintenance
8. health records management and clinical coding
9. help desk and communications
10. human resource management
11. information communications technology (ICT)
12. internal logistics
13. linen
14. managed equipment service
15. management and integration
16. patient catering
17. patient entertainment
18. pest control
19. pre-operational – includes all planning and procurement to establish the services prior to practical completion of the hospital
20. property management
21. reception
22. safety and incident management
23. scheduling and billing
24. sterilisation
25. supplies management
26. transitional
27. vehicle and traffic management
28. waste management

6.2 In addition to the above service lines, childcare and fleet management remain under development. Business cases for each of these service lines are currently being developed and will be submitted to the WA Department of Health for consideration in February and March 2012 respectively.

6.3 One of the primary deliverables of the contract will be the integration Serco brings to non-clinical services to ensure the smooth and efficient running of the whole hospital. Our management systems will help to provide patients with a world-class experience by making optimum use of resources and time, and significantly improving efficiency and reliability. For example, the process of receiving and discharging patients will be significantly simplified and improved.

6.4 While Serco is not directly responsible for patient care, the integration of the contracted services allows for a much improved patient experience that includes

greater convenience and access to cutting-edge technology than experienced before in Western Australia.

- 6.5 Serco's single facilities management, from design through implementation to ongoing administration, will deliver greater patient options and convenience.
- 6.6 Serco will deliver a better environment and experience for patients by providing a well supported team of high quality individuals who are empowered and trained to be welcoming, professional and caring.
- 6.7 Patients at Fiona Stanley Hospital will have a greater choice than ever before. This will include choices in the dates and times they come in for appointments, choices around how the hospital communicates with them and choices over their freshly cooked meals.
- 6.8 Every patient room will have a swing-arm patient entertainment system with 17 inch screen. These systems will provide touch screen technology to the patient and clinical staff. Using secure access, the patient entertainment systems will be used for clinical updates where clinicians will access patient health records at the bedside and can show patients results and other information, including x-rays, pain management, discharge administration and medication management.
- 6.9 The technology will allow a single patient record that will improve safety, security and efficiency of record management. Digital health records will significantly reduce the need for paper records. Paper-based health records for patients transferred from another health facility will be scanned.
- 6.10 Other technological solutions will include site-wide capability for mobile communication or computing devices, such as phones and tablets, and wireless patient monitoring in some clinical areas (for example for infusion pumps and cardiac monitors).
- 6.11 An important outcome of this new technology will be site-wide video conferencing (telehealth) with internal or external people. Telehealth will be available throughout the hospital, including through mobile computing devices. Technological solutions will complement professional and caring staff and allow clinical staff more time to spend with patients.
- 6.12 Secure telehealth facilities will allow patients in rural and remote locations to receive information and advice, consult with clinical specialists based at Fiona Stanley Hospital and other State hospitals, as well as being used for teaching and research.
- 6.13 Serco will provide the most modern cleaning methods available to deliver the highest standard of cleaning. Modern microfibre cleaning tools will be used, minimising the use of chemicals and excess water. Cleaning supervisors will use hand-held electronic devices to record cleaning standards during regular auditing.
- 6.14 Serco will use automatic guided vehicles in non-public areas at FSH. These vehicles facilitate a higher level of occupational health for staff and improved efficiency. Automatic guided vehicles are already used in hospitals in Australia and all around the world to help staff with routine and heavy lifting tasks such as the movement of linen, waste and medical supplies.

6.15 Other services delivered as part of Serco's overall management program at the hospital will include:

- A central helpdesk providing a single point of contact for the queries of all staff, from those needing isolation cleaning, to those requesting a conference room.
- Goods and materials will be automatically stock controlled contributing to timely and appropriate care.
- Equipment will be 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 ward housekeeper will provide a face to face point of contact on the ward, not only for patients but also for other staff back of house requirements.
- Food cooked from scratch on site to provide the highest nutritional levels and flavours.

Putting patients first is the most important principle in the design of all services in the new hospital.

6.16 Serco's service and quality is based on our four governing principles guide our actions, decision-making and culture:

- **Foster and entrepreneurial culture**
We're passionate about building innovative and successful Serco businesses. We succeed by encouraging and generating new ideas. We trust our people to deliver. We embrace change and, by taking measured risks, encourage creative thinking.
- **Enable our people to excel**
Our success comes from our commitment and energy to go the extra mile. We are responsible to each other and can expect support when we need it most. We expect our people to achieve more by recognising and harnessing the power of individuals. We value people for their knowledge, ideas and potential to contribute.
- **Deliver our promises**
We only promise what we can deliver. If we make mistakes we put them right. We are clear about what we need to achieve and we expect to make a fair profit.
- **Build trust and respect**
We build respect by operating in a safe, socially responsible, consistent and honest way. We never compromise on safety and we always operate in an ethical and responsible manner. We listen and we learn. In doing so, we treat others as we would wish to be treated ourselves and challenge things that don't seem right. We integrate with our communities.

6.17 Serco maintains ASPAC Training, a nationally accredited registered training organisation that designs and delivers industry best practice training and learning solutions in partnership with contracts for our Serco ASPAC employees. At Fiona Stanley Hospital, Serco employees will have access to ASPAC Training and with industry and educational partnerships offers access to qualifications, skills training and professional development opportunities for our people.

7. Performance management

- 7.1 Serco will be subjected to significant performance management at Fiona Stanley Hospital. More than 400 key performance indicators will be constantly monitored and reported against. The Department of Health has the ability to request visibility of performance against targets at any time outside of normal reporting cycles.
- 7.2 A robust management system will be in place. Serco welcomes these measures and will work closely with the Department of Health to ensure they are met.
- 7.3 The contract gives the WA Department of Health the ability to hold Serco to account. If Serco fails to meet its obligations under the contract, the State has the ability to claim financial remedy from Serco and, in the event of repeated transgressions, to terminate the contract.
- 7.4 Key performance indicators will be under constant assessment. Serco will deliver value for money and has consistently demonstrated that it offers high quality services in healthcare environments while providing financial savings in output based contracts.
- 7.5 Serco operates on similar platforms around the world and is confident we have the skill, passion and ability to deliver an excellent value for money service to the people of Western Australia, where patient experience is maximised and clinicians have an environment in which to excel, as we do for millions of people around the world.