

STRONGER *together*

Briefing on the Ealing Hospital NHS Trust – The North West London Hospitals NHS Trust merger transaction

1. Document purpose

To provide Harrow Health and Social Care Scrutiny Panel members with an update on the transaction to merge Ealing Hospital NHS Trust (EHT) and North West London NHS Hospitals Trust (NWLHT). The following are covered:

- a brief review of significant milestones reached since the programme to merge the Trusts began in Autumn 2010, and the underlying rationale for change;
- a summary of the changes resulting from the 2013 NHS reforms, an outline of the main stages in and requirements of the transaction approval process introduced recently by the NHS Trust Development Authority (TDA);
- some comments on the governance arrangements that have been put in place to ensure that the views of stakeholders are heard;
- a brief summary of the governance arrangements and resources that have been put in place to deliver the transaction; and
- an indication of steps being taken to encourage joint-working.

2. Background

In January 2011, the Boards of EHT and NWLHT independently made the decision to commence a merger Transaction. This was the preferred option emerging from an options appraisal carried out by independent advisors BCG Partners from October to December 2010, which had been commissioned jointly by the Trusts and the local PCTs. NHS London endorsed the decision to develop the case for merger in line with Department of Health (DH) and NHS London transactions guidance.

The Outline Business Case (OBC) for a merger was approved by the Trust Boards, NHS North West London and NHS London in October 2011. The two Trust Boards approved a full business case (FBC) in March 2012. However, further work on the financial case was requested by NHS London and revised FBCs were duly submitted to NHS London in June 2012 and September 2012.

Consideration of the third iteration of the FBC was deferred by NHS London as a result of on-going concern around the scale of financial challenge and the added potential financial risk pending the outcome of public consultation on Shaping a Healthy Future. Subsequently in January 2013, agreement was reached with NHS London, its successor the NHS Trust Development Authority (TDA) and the local clinical commissioning groups (CCGs) that a revised business case for merger should be prepared for submission in Autumn 2013 for an intended merger date of 1 April 2014. Over the past six months, the programme has been remobilising and work is progressing at pace to complete the business case, update the financial modelling and to complete detailed plans to prepare for day one and for post-merger integration.

The rationale for the merger remains compelling and has, if anything, been strengthened by the increasingly challenging environment that the health and social care sectors are expecting over the medium to long term. Nevertheless, as part of the resubmission both organisations are in the process of conducting a fundamental review of the clinical strategy for the future, which will be completed at the end of July 2013. This will inform the business case and provide a clear framework spelling out the benefits that a merger

will bring to the quality and range of clinical services available to patients and the local population:

- providing sufficient critical mass to deliver consistent high quality care;
- developing integrated patient pathways that enable more services to be provided in the community;
- delivering integrated acute community and social care, in particular for the local populations of the three boroughs (and their CCGs) ; and
- enhancing career opportunities, training and support available to staff.

3. Assurance process, requirements and timeline

Implementation of the reforms to the health and care system in 2013 has placed CCGs at the heart of decision-making over the shape of local services. Following the abolition of the Strategic Health Authority, NHS London, responsibility for overseeing NHS Trusts and ensuring that they are able to provide safe, sustainable and high quality services has passed to the TDA.

The joint Boards recently submitted a review of the actions completed and milestones achieved over the 2½-year history of the merger to the TDA. The TDA has confirmed that the process leading to the conclusion that the merger of EHT and NWLHT was the best option was robust and meets its own, recently published guidance on transactions. On this basis, the TDA has confirmed its earlier support for the Trusts to proceed to complete the business case for merger for submission in October 2013. The intention is for this to be considered for approval by the TDA Board at the end of November 2013.

Once approved, the final stage of the transaction will commence in December 2013. This phase focuses on the completion of in-depth independent due diligence of the clinical, legal and financial aspects of the merger and a review by the Competition Directorate of health regulator Monitor. Subject to these and further assurance by the TDA, the intention is for the transaction to be referred to the Secretary of State for Health in the spring of 2014 for approval to dissolve both organisations and establish a new integrated care organisation in north west London into which all services offered by EHT and NWLHT will transfer.

The requirements of the business case to be submitted in October 2013 will follow closely the format of the FBC produced in September 2012. However, it is expected to differ in two important ways from previous work:

- the business case will set out plans for its services based on the Trusts' view of the potential pace and scale for service change "as they could be" in line with the ambitions commissioners articulated in Shaping a Healthier Future; and
- the business case must respond to the recommendations of the Frances report on the public enquiry into Mid-Staffordshire, by placing improvements to the quality of services for patients at the heart of the benefits case.

Ultimately, the approval for the merger relies on being able to produce a compelling case for change, underpinned by a prudent long-term view of the evolution of the wider health and social care economy, and supported by credible integration plans. For this reason on-going engagement with CCGs, Healthwatch partners and Scrutiny Panels is crucial to local engagement as is close dialogue with NHS England and the TDA. To ensure that the Trusts are able to secure their commitment to the merger, based on a clear understanding of its importance to enable us to maintain and improve the clinical services for the patients and communities that we serve.

4. Governance arrangements

A formal governance body overseeing the merger will be put in place in July. The EHT-NWLHT Merger Transactions Board will be a sub-committee of each Trust Board, but will include voting members representing the key stakeholders responsible for authorising the transaction. In addition to the Trusts and the TDA, commissioners will be represented by Brent CCG, Ealing CCG, Harrow CCG and NHS England. There will also be strong clinical representation on the Transactions Board through the two Trust medical directors, the deputy CEO of EHT, and the GP chairs of Brent, Ealing and Harrow CCGs.

The Transactions Board has delegated authority:

- to oversee the production, submission and approval of the business case and long term financial model for the merger of EHT and NWLHT;
- to oversee the production of the strategic vision for the proposed merged Trust;
- to facilitate effective joint working of the two Trusts and other key stakeholders;
- to hold the Transaction Director, Senior Responsible Officer and Transaction Programme to account for delivery.

The Transactions Board will be chaired by the designate chair of the new Trust (and current NWLHT chair), Peter Worthington.

Day to day delivery of the programme is devolved to a series of workstreams, each of which is led by an executive director or senior clinician. Overall direction for the programme is provided by the transaction Senior Responsible Officer. A small, dedicated project management office co-ordinates a diverse and multi-disciplinary team of clinical and non-clinical staff drawn from both Trusts. These are supported, where necessary, by external subject matter experts and, where necessary, independent advisors.

The internal experience built up over the life of the programme has enabled the remobilisation to be internally led, without the need for significant management consultancy input.

5. Next steps including early integration

In addition to planning for merger and meeting the assurance requirements of the TDA, both Trusts recognise that the formal commitment they have made to collaborate provides immediate opportunities to improve services. Concrete steps taken to strengthen co-operation and bring the benefits of joint-working to the Trusts in advance of the merger include:

- joint appointment of executive directors, including the chief executive officer, director of nursing, director of estates and facilities and director of IT;
- actively pursuing shared work to reduce waste in back-office and support functions; and
- a programme of clinical integration, currently underway across 12 service areas, encouraging collaboration between doctors and nurses from both Trusts to improve services and benefit patients, for example by increasing the availability of clinicians out of hours and providing access to specialist expertise that would not otherwise be available.

Critically, all of these changes are driving improvements without the need to restructure clinical services.

Simon Crawford, Senior Responsible Officer
28 June 13