

## **Harrow Partnership Board, December 2011**

### **'STRONGER together' the Outline Business Case for the proposed merger of Ealing Hospital NHS Trust and The North West London Hospitals NHS Trust**

#### 1. Overview

Following the publication of Commissioning Intentions by NHS North West London in the autumn of 2010, an Options Appraisal took place into the future organisational arrangements best placed to deliver the changes signalled. The conclusion reached through this appraisal was that a merger between Ealing Hospital NHS Trust (EHT) and The North West London Hospitals NHS Trust (NWLHT), combined with the integration of the community services of Ealing, Brent and Harrow, offered the potential to deliver an organisational solution to carry forward the commissioning agenda and to deliver FT viability. Chapter 5 of the Outline Business Case (OBC) describes the decision-making process, taking account of a review of the local healthcare provision and goes on to describe how this led to the identification of the merger as the preferred organisational solution.

Since then the two Trusts have developed a Strategic Outline Case that was approved by the respective Trust Boards in May 2011 and have now produced the more detailed Outline Business Case STRONGER Together. The OBC makes the case for the merger ("organisational change") to create a single Integrated Care Organisation (ICO) from July 2012.

The OBC argues that the two trusts are complimentary; NWLHT provides limited services in the community and lacks the current capacity to provide more services in or near patients homes; EHT in the future will be too small to have the required breadth and depth within each of its clinical services to sustain the full range and depth of specialist hospital care 24/7. The OBC describes the current NHS context and a strategy for the new organisation, based on greater specialisation of hospital services and more integrated delivery of care in the community. The OBC demonstrates the potential of the merged Trust to become financially sustainable based on maintaining current service provision and delivery of a radical efficiency programme. The OBC acknowledges the potential for wider service changes being required in the future and that NHS North West London plan to consult on future options during 2012 (See NHS NW London November 2011 Board Papers). The financial analysis in the OBC includes some modelling of hypothetical scenarios and provides some assurance that the merged trust would remain viable under a wide range of potential future planning scenarios.

The OBC does not make the case for any major service change (although it does model potential responses of a merged Trust to changes in future commissioner plans).

Attached at Appendix One is a summary document of the OBC which outlines the rationale and benefits of the merger and is now available on the websites of both Trusts.

#### 2. The Outline Business Case

The OBC is structured around 11 Chapters with supporting Appendices. The case for the organisational merger centres around 4 of these Chapters:

##### Chapter 3-Commissioning Strategy in NW London

The chapter gives an overview of the health needs of the 3 boroughs served by the Trusts, what the priorities of Commissioners are, the significant financial challenges (rising demand and standards, increasingly elderly population and reduced levels of funding resulting in a potential resource gap of £1 billion in NW London) they face and therefore what the likely impact will be for services. This results in an expectation of commissioning for rising standards and specialisation of acute services, shifting of activity from hospital sites to the community and greater integration of services to support an out of hospital commissioning strategy focussed on prevention, management of long term conditions and clinical pathways.

#### Chapter 4- Implications for EHT-ICO and The NWLHT

The chapter outlines the vision and aspirations of both Trusts to deliver the “highest possible quality of care” in the context of the Commissioning plans and examines latest guidance and standards for service delivery from Royal Colleges, National Institute for Clinical Excellence (NICE), Care Quality Commission (CQC) etc as well as the London experience of concentrating specialist services ie for stroke and trauma. The Chapter concludes that there are compelling reasons why a merger would be beneficial to patients by offering the potential for; integrated community and acute services co-terminus with social care and increased critical mass and scale of acute services allowing for sub-specialisation, availability of appropriate staff and services 24/7 and capacity to support community developments.

#### Chapter 6 Clinical Vision for a combined organisation

The OBC sets out a clear and compelling clinical argument for the merger based around the potential benefits of an Integrated Care Organisation serving Ealing, Brent and Harrow, together with benefits to patients of organising acute services around larger clinical teams. Chapter 6 of the OBC provides the clinical vision for the merged Trust and what needs to change to fully deliver the benefits of a truly integrated healthcare delivery organisation working in partnership with GP's, Social Care and other sectors. The chapter cites example case studies of how things are and what they could become both for community and acute services. The vignettes provide an illustration of the innovation that may be possible through the merger and are a reflection of the clinical involvement and thinking that has already taken place to develop the OBC and will continue in conjunction with GP's (as commissioners and partners in the provision of healthcare) as we develop the Full Business Case (FBC). Appendix B goes on to outline the process whereby senior clinicians within the trusts and GP's have been engaged in the merged Trusts scenario planning potential responses to future commissioner plans for services.

The chapter concludes the merger

- “is a unique opportunity to create one NHS organisation managing hospital and community services across Brent, Harrow and Ealing. This will help to remove organisational barriers and provide more integrated care for local people. For patients this will mean fewer hospital visits, shorter stays in hospital and care closer to home.”

-“will create larger clinical teams to meet the rising clinical standards in the future, give patients the opportunity to be treated by specialists in their condition no matter what time of the day or week.”

-“make the most of the expertise it has” ie to meet EWTB requirements at same time as staffing rotas fully.

#### Chapter 7 Financial evaluation

The chapter sets of the historical performance of both Trusts, the financial challenges ahead, the impact of merger and the potential savings arising from the organisational merger (£7m). It then goes on to examine the potential for the merged Trust to achieve FT

status and its ability to be resilient to changes in income levels and fluctuations in cost levels.

A response to the financial challenge has been developed through a Finance Working Group (includes representatives from NWL Cluster/PCT's and NHS London as well as the Trusts). A LTFM has been developed for the Base Case, using NHS London agreed assumptions on productivity (5.4%), and reflecting the current Commissioning Intentions (produced December 2010). This shows that without major service change, the new Trust could achieve close to break-even by 2015/16 (£2.3m deficit).

Working in parallel to this process, NHS NW London is developing a pre-consultation business case, setting out the case for service change. It is too early in the process to base the financial analysis for the merger on this emerging thinking, however the OBC has modelled a number of hypothetical scenarios (Described in Appendix B), broadly consistent with the direction of travel set out in the earlier Commissioning Intentions. Under all of these scenarios, modelling suggests that the merged Trust will achieve surpluses ranging from £5.2m to £24.5m, strengthening the case for financial sustainability arising from the merger.

Further financial analysis has tested a down-side financial scenario, using the Monitor FT parameters and anticipating the worsening financial forecasts by PCTs in the North West London. Even with these downside financial scenarios, the merger proposal continues to achieve the required financial sustainability against at least two of the hypothetical service change scenarios.

### 3. Approvals Process

North West London Hospitals and Ealing Hospital Trust Boards considered and supported the OBC at their meetings on 2<sup>nd</sup> and 4<sup>th</sup> November, respectively and agreed to proceed to develop the Full Business Case.

NHS North West London considered the OBC at its Board meeting on 9 November and the CEO has now written to both Trusts confirming the Boards support for the Merger. The final approval process for the OBC is consideration by NHS London's Capital Investment Committee (CIC- a formal sub-committee of its Board) on the 17<sup>th</sup> November.

Following NHS London CIC approval of the OBC, the key approval processes and dates are as below:

- FBC Approval by Trust Boards – March 2012
- FBC approval by NHSL – April 2012
- FBC approved by DH Transactions Board – May 2012
- Merger implemented – July 2012

### 4. Consultation Issues

Consultation on merger-there is no formal requirement for public consultation on organisational merger although the Trusts are required to consult with the local and relevant LINKs (Ealing, Harrow and Brent)-all 3 are represented on the Organisational Futures

Programme Board and are in the process of organising local events to seek the views of their membership.

Consultation on service change- Commissioners (legally the PCT's) are responsible for leading and consulting upon major service change and have to follow the NHS London service re-configuration guide in doing so. This requires a pre-consultation process resulting in a case for change that has to be agreed by NHS London before formal public consultation can take place (refer to NHS NW London November Board papers for detail of process).

**Simon Crawford**

Senior Responsible Officer

Organisational Futures of Ealing Hospital NHS Trust and The North West London Hospitals NHS Trust

November 2011