

Proposed merger of Barts and The London, Whipps Cross and Newham hospitals

Tower Hamlets Overview and Scrutiny Committee
18 October 2011



Purpose

- To update what has happened in the last few months and provide an overview of our planning process
- To highlight key areas emerging from our FBC development
- To ensure common understanding of the challenges and risks
- To outline the journey ahead

Progress to date

- 29 July Whipps Cross Board approved the Outline Business Case (OBC)
- 4 August NHS London Capital Investment Committee agreed that we could continue to develop our integration plans and to produce a Full Business Case (FBC)
- The FBC needs to build on the OBC and include the following:
 - Background and case for change
 - Vision and strategy
 - Long term financial planning detail
 - How we will want the organisation to work with local health and social care partners
 - Organisational design
 - Full integration plans and how these will be achieved
 - Developed risk and assurance processes
 - Transition timetable details

Key developments to September 2011

Significant progress in developing the FBC

- Benefits case in five exemplar areas developed
- Corporate governance arrangements agreed, including principle committee structure
- Organisational structures for both corporate and operational areas currently being considered
- Integration parameters and merger transitional arrangements agreed
- Ambition for day one agreed
- Performance management framework developed
- Significant work on cost improvement plans for the first years of operation

Key area: financial planning



Monitor (FT regulator): measures of financial viability

- A financial risk rating (FRR) of at least three every year for the first five years following authorisation as a foundation trust. This requires:
 - A rating of three or more on a scale of one to five. This must be achieved for at least four out of five metrics, which are:
 - Achievement of plan
 - Underlying performance
 - Financial efficiency: return on capital
 - Financial efficiency: income and expenditure surplus margin
 - Liquidity
 - To be no lower than a two on any individual metric
 - To be within a tier two Prudential Borrowing Limit, which assesses a trust's ability to cover interest, loan repayments and working capital facilities.
 - Enhanced scrutiny for cost improvement plans (CIP) targets in excess of 7% in a year

Summary

- The three individual trusts need to have cost improvement plans which equate to £237.6m over the next five years.
 - Barts and the London, £159.1M
 - Newham, £29.9
 - Whipps Cross, £48.6
- The historic deficits will also still need to be addressed, however some of this funding has been identified (Challenge Trust Board – if Whipps Cross changes organisational form) and we are discussing the balance with NHS London and the Department of Health
- As single organisations it is likely that two if not three of the trusts would enter the Department of Health failure regime and the future for our hospitals will be taken away from the local health and social care economy
- Merger would bring forward the necessary investment in the Whipps Cross estate by seizing the opportunities for capital investment that a larger organisation could offer

Merging closes the gap

- Merge benefits will reduce this gap through:
 - Corporate management pay savings; one executive management team and board
 - Back office staffing synergies; initial modeling suggests a conservative £26m in savings
 - Estates, procurement and IT non-pay savings; termination of property leases that will no longer be required
 - Surgical repatriation; BLT and WXHUT currently send patients to other parts of London, these services could be provided from the Surgical Gateway Centre at NUHT
 - Consolidation of, and improved productivity in, diagnostic and clinical support services; this is only behind the scenes support
 - Improved clinical productivity; standardising best practice through clinical service group working arrangements
- Analysis indicates with synergy benefits and conservative productivity benefits the residual CIP gap is reduced to less than 5% per year

Key area: clinical integration



BELH is a platform for the future

The Vision

To offer acute, specialist and community services that are tailored to meet the needs of its local communities

To be recognised locally, nationally and internationally for outstanding clinical services, research and education

Identifying and sharing best practice across the trusts

- Standardise services to best practice – reducing length of stay

Realising any efficiencies and economies of scale

- Combining the clinical workforce to raise quality of care in paediatrics
- Change the way we deliver pathology services to capture economies of scale

Developing clear clinical pathways to enable rapid access to the right care

- Integrate acute patient pathways in cancer care
- Integrate specialist, secondary and community patient pathways for diabetic patients

Financially resilient trust with no organisational barriers, a single clinical vision and accountability that is capable of becoming a foundation trust

A focus on medicine

- Take advantage of **new developments in healthcare and technology** e.g.
 - Providing locally-led services supported by better use of IT
 - Consolidating specialist services (as agreed for vascular surgery)*
 - Separating urgent and planned care*
 - Ensuring senior doctors are on site for longer. In England more people die because of short staffing in the evenings and at weekends than die in road accidents. By sharing rotas we could develop a truly 24/7 service
 - Pooling resources to make more impact e.g. the small c campaign
- **Invest** in technology, research and specialist services that would otherwise be uneconomic for one trust
- Remove organisational barriers:
 - bringing local **services closer to people's homes** e.g. we could make better use of the Gateway Surgical Centre. Each year 1,600 patients would be operated on closer to home and the trust would save £3.5m
 - bringing **specialist services closer to people's homes** e.g. the Barts chemotherapy service could be offered at Whipps Cross

*N.B. Some changes would require further public consultation but a merger would allow the Trusts to better understand the problems, quickly come up with solutions and work with councils, overview and scrutiny committees, patients and the public to agree a way forward in a collaborative way

A focus on science

- There is clear international evidence that local patients benefit from local research
- By merging we could be more competitive when bidding for **research funding**
 - Charities/ governments want the best value for money. Funds are directed to organisations around the world with the brightest minds and the best facilities.
- Joining forces with other partners in an Academic Health Science Centre would mean that senior doctors would be better able to secure funds and find colleagues that could pool their talents to **develop new technology, techniques and treatments**



A focus on care

- We have taken great strides recently in **patient experience** and by joining together we can make further advances more quickly.
 - Whipps Cross patient experience revolution
 - East London Partnership for Compassionate care
- Patients would have **greater access to specialist nursing and allied health professionals** e.g. consultant HIV nurses.
- **Integrated patient safety programmes** would lead to improved patient outcomes and lower mortality as we standardise to the level of the best in trust.
- Standardisation to the best in trust would also see a reduction in **hospital acquired infections.**



A focus on care

- There is clear evidence that patient experience and outcomes are enhanced when staff see better opportunities for career development
 - there would be greater opportunity for career progression – we could **retain good staff** who would otherwise leave to gain promotion. We could also attract staff to posts which are **traditionally difficult to recruit** too.
 - becoming world-class would enable us to recruit some of the best doctors and researchers in the world – who could **share their knowledge and experience**.
 - We can build **stronger relationship with the community health** and social care colleagues by learning from the integration of Tower Hamlets services.
 - success breeds success. An organisation that is recognised as a world-leader will make it **easier to recruit more junior staff**, meaning we could reduce the number of persistent vacancies

Key area: risk management



Risk v opportunity

- Merger projects can be difficult and we are ensuring that we maintain operational performance in the current year whilst this is being considered
- Should the merger proceed we are alert to the challenge of delivering cost improvement plans whilst integrating organisations
- Risk is being mitigated by:
 - Reducing the CIP burden in the early years
 - Ensuring clinical leadership and accountability is at the heart of CIP delivery via the Clinical Service Group structure
- We don't believe that the scale of productivity improvements required at each of the organisations can be delivered without organisational change

The scale of the challenge and key risks assuming approval of FBC

Based on others experience we are clear that the scale of the challenge and risks are of significant scale.

Key issues are:

- Financial and performance legacy 2011/12
- Business as usual agenda
- Leadership capacity and capability
- Timetable to achieve FT



The journey ahead



Building on engagement to date

- **26,000 copies** of our prospectus have been distributed throughout our hospitals, to community groups, libraries, trust membership lists and to local authority and commissioning colleagues. The prospectus is also available in a variety of languages and alternative formats including Easy Read & audio.
- A series of **roadshows for staff, patients and the public** have commenced throughout the three hospital trusts.
- Attendance by clinicians and senior managers at **local meetings** throughout north east London including overview and scrutiny, local involvement networks and clinical commissioning groups
- The merger is a regular feature in **local community publications** and features on the **hospital trust and partner websites** and intranets for staff.
- All the views expressed are being collated and provided to the appropriate workstreams for consideration in our integration planning and will be shared as part of our full business case development and decision making.



Event: finance

The aim of this session will be to:

- To outline the national and local financial context for the NHS;
- To outline the current financial position of the three trusts;
- To describe the financial benefits of the three trusts merging together; and
- To raise any concerns and queries directly with the finance workstream leads.

Date: **Thursday 20 October 2011**

Time: **12.30pm – 3.00pm** (registrations and light lunch from 12.00pm)

Venue: **West Ham United Football Club**

Nearest tube: **Upton Park**

You can register your attendance by emailing merger@elca.nhs.uk or phone: 020 7092 5287. When registering, please state any special requirements you may have.

Event: workstream review

The aim of this session will be to:

- To meet, debate and inform our integration plans with colleagues from the CASG and corporate workstreams:

Date: **Thursday 3 November 2011**

Time for session with corporate workstreams: **2.30pm – 4.30pm** (registrations from 2.00pm)

Time for session with CASGs: **5.30pm – 7.30pm** (registrations from 5.00pm)

Venue: **West Ham United Football Club**

Nearest tube: **Upton Park**

Register your attendance by emailing merger@elca.nhs.uk or phone:

020 7092 5287. When registering, please state which session(s) you would like to attend and any special requirements you may have.

The merger journey...

- Cooperation and Competition Panel assessment is underway and due to report in November
- Full Business Case (FBC) submission and decision making: November/December 2011
- Submission to NHS transaction board/Secretary of State: January 2012
- Proposed merger date: 1 April 2012
- Foundation trust application: 2013
- Foundation trust authorisation: 2014

We would like to hear from you

As we prepare the full business case we would like to hear your views...by the end of October

- Write: Aneurin Bevan House, 81 Commercial Rd, London E1 1RD
- Phone: 020 7092 5398
- Email: merger@elca.nhs.uk
- Ask: for further presentations/information

