


Agenda Item: 10.0

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| <p>Governing Body <i>held in public</i></p> | <p>Report</p> <p>Date of Meeting: 1 March 2018</p> |
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| Report Title | CCG Assessment Outcome: Proposed Bedford Hospital and Luton & Dunstable Hospital Merger | | |
| Report Author | Presented By | Responsible Director | |
| Tara Dear Head of Planned Care | Caroline Kurzeja, Director of Commissioning, Strategy and Transformation | Caroline Kurzeja, Director of Commissioning, Strategy and Transformation Signature:  | |
| Purpose for presenting report | To review the outcome and recommendation following assessment of the Bedford Hospital and Luton & Dunstable Hospital Merger Business Case | | |
| Action Required: | Agreement of the recommendation to support the merger | | |
| Approval Route: | Directors Meeting on 12/02/2018 BLMK Committee in Common on 21/02/2018 Governing Body Part Two – Private on 01/03/2018 | | |
| Further Assurance: | None | | |
| Which Strategic Objectives does this report provide evidence for? | | | Please Tick ✓ |
| We will commission high quality, safe and sustainable models of care that deliver effective clinical outcomes and patient experience using evidence based decisions and best practice | | | ✓ |
| We will ensure that there is a financially sustainable and affordable healthcare system in Bedfordshire. | | | ✓ |
| We will lead, engage and operate as an effective place based and STP wide system partner to achieve greater integration of care delivery. | | | ✓ |
| We will support local people and stakeholders to have an influence on services we commission to ensure our decisions are informed and shaped by local views and insights. | | | ✓ |
| We will operate and manage our Governing Body to the highest standards of accountability and transparency. | | | ✓ |
| Implications/Assessments | Yes | No | N/A |
| Have any financial implications been signed off by the Chief Finance Officer? | ✓ | | |
| Have any quality implications been signed off by the Director of Nursing & Quality? | ✓ | | |
| Have any privacy implications been signed off by the Head of Information Governance? | | | ✓ |

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| Have any conflicts of interest implications been signed off by the Corporate Office? | | | ✓ |
| Have any public engagement implications been signed off by the Head of Communications & Engagement? | ✓ | | |
| Has an Equality Impact Assessment been carried out? | | | ✓ |
| Key Risks | <p>The risks are described in the paper across the following domains:</p> <ul style="list-style-type: none"> - Service Delivery - Planning - Financial Plan - Leadership | | |
| Executive Summary | <p>The purpose of this paper is to provide a recommendation of the proposed merger of Bedford Hospital NHS Trust and Luton & Dunstable Hospital NHS Trust following assessment of the Merger Business Case by Bedfordshire CCG Lead Clinicians and Directors.</p> <p>The Business Case sets out a clear vision for the proposed merger to a single organisation and articulates many opportunities for working across a wider footprint to achieve sound financial sustainability and economies of scale. There are clear opportunities for improving service delivery and system innovation.</p> <p>The merger provides good strategic fit with Bedfordshire CCG, BLMK STP priorities and the proposed Integrated Care System. Section three sets out opportunities for further strengthening and will shape the relationships and work programme to come.</p> <p>The Business Case assessment has identified financial and contractual risks for Bedfordshire CCG and the requirement to agree and maintain a single control total across the STP footprint. However, these risks can be mitigated through ongoing discussions on a contractual level and BLMK strategic level.</p> <p>It is recommended that Bedford Hospital leadership is included in the composition of the new Trust going forward so that the voice of Bedford Hospital clinical and non-clinical staff contribute to cultural change.</p> <p>In summary, we are recommending to Bedfordshire CCG Governing Body that the proposed merger is supported and seeking approval for this position to be shared with NHS Improvement as part of their full assessment and decision making process.</p> | | |

CCG Assessment Outcome: Proposed Bedford Hospital and Luton & Dunstable Hospital Merger

The purpose of this paper is to provide a recommendation of the proposed merger of Bedford Hospital NHS Trust and Luton & Dunstable Hospital NHS Trust following assessment of the Merger Business Case by Bedfordshire CCG Lead Clinicians and Directors.

The assessment criteria was supported by Governing Body on 25th January 2018 and has been used as the framework for assessment.

1. Overview

Bedford Hospital and Luton & Dunstable Hospital announced their intended merger in September 2017 with a Full Business Case submitted to NHS Improvement in December 2017.

As main associates to both hospital contracts, commissioners are required to assess the proposed Business Case and provide feedback to NHS Improvement in order to determine the merger impact to patient safety, quality of services and financial efficiency.

2. Assessment Criteria

The Full Business Case was shared with the CCGs on 27th December 2017, following submission to NHS Improvement.

An assessment criteria, attached at Appendix 1, was developed by Bedfordshire CCG in November 2017 and has been shared with the Chief Executives across BLMK STP and Herts Valley CCG. The criteria was also shared with Bedford Hospital and Luton & Dunstable Hospital in advance of the Business Case being submitted to NHS Improvement, to allow for the assessment criteria to be taken into account.

The criteria sets out key requirements of the Full Business Case and proposed merger in order to assure commissioners that the intended merger will not have negative impact to patient care, service efficiency and financial efficiency.

A lead Director and Clinical Lead was allocated to the key domains set out in the assessment criteria and was responsible for reviewing the Full Business Case to determine if the criteria has been met. The allocated leads are:

| Assessment Domain | Director Lead | Clinical Lead |
|-------------------|------------------|--------------------|
| Service Delivery | Caroline Kurzeja | David Howard |
| Planning | Alan Streets | Chris Marshall |
| Financial Plan | Alan Streets | N/A |
| Leadership | Sarah Thompson | Alvin Low |
| Engagement | Jane Meggitt | Sanjay Sharma |
| Minimum Standards | Anne Murray | William Hollington |

3. Assessment Outcome and Recommendation

The Business Case sets out a clear vision for the proposed merger to a single organisation and articulates many opportunities for working across a wider footprint to achieve sound financial sustainability and economies of scale. There are clear opportunities for improving service delivery and system innovation.

The merger provides good strategic fit with Bedfordshire CCG, BLMK STP priorities and the proposed Integrated Care System and sets out opportunities for further strengthening and will shape the relationships and work programme to come.

The Business Case assessment has identified financial and contractual risks for Bedfordshire CCG and the requirement to agree and maintain a single control total across the STP footprint. However, these risks can be mitigated through ongoing discussions on a contractual level and BLMK strategic level.

It is recommended that Bedford Hospital leadership is included in the composition of the new Trust going forward so that the voice of Bedford Hospital clinical and non-clinical staff contribute to cultural change.

In summary, we are recommending to Bedfordshire CCG Governing Body that the proposed merger is supported and seeking approval for this position to be shared with NHS Improvement as part of their full assessment and decision making process.

Strategic Criteria for BHT/L&D Merger

The purpose of this document is to set out the essential criteria to be met by the proposed merger of Bedford Hospital NHS Hospital Trust and Luton &

| Category | Criteria | Evidence |
|-------------------|--|--|
| Service Delivery | Location of essential services to be maintained on both sites (A&E, Maternity and Paediatrics) | Business Case / Outline Service Plan |
| | Commitment to delivery of Out of Hospital Strategies | Business Case / Outline Service Plan |
| | Commitment to delivery of exemplar clinical pathways across both sites and BLMK CCGs - improving pathway efficiency and reducing variation (RightCare / GIRFT). Suggested pathways - Stroke, Gastro, MSK, Ophthalmology and OOH/Frail Elderly | Business Case / Outline Service Plan |
| | Impact to existing sub-contractor arrangements i.e. Moorfields, Circle MSK clearly identified | Business Case / Outline Service Plan / Quality Impact Assessment |
| Planning | Commitment to Accountable Care Organisation and expectations as set out in the Memorandum of Understanding | Business Case |
| | Commitment to working on system-wide solutions including alternative contracting models | Business Case |
| | Clear expectations and timescales for a single contractual model | Business Case |
| | Merger of back office functions to be detailed with evidence of risk assessment | Business Case / Risk Assessment |
| | Estates utilisation plan to be detailed | Business Case / Quality and Equality Impact Assessments |
| Financial Plan | Digitisation plan to be detailed with evidence of risk assessment | Business Case / Risk Assessment |
| | Financial model is within the existing resources available to both provider organisations | Business Case / Financial Plan |
| | Evidence of non-reliance on STP Transformation Funds | Business Case / Financial Plan |
| Leadership | Commitment to alignment of STP QIPP and CIP Plans and establishment of Joint Transformation Board | Business Case |
| | Trust Board to include representation from both acute sites | Business Case |
| Engagement | Senior Manager and Lead Consultant to be identified at specialty level enabling single point of contact for service transformation across both acute sites. | Business Case |
| | Name and branding to reference Bedford | Business Case / Engagement Plan |
| | Evidence of engagement and support from patients/public | Business Case / Engagement Plan |
| Minimum Standards | Evidence of engagement and support from Local Authorities / Counsellors | Business Case / Engagement Plan |
| | Commitment to delivery of constitutional standards as per NHS Constitution and National Standard Contract terms | Business Case / Recovery Action Plans (RAP) where applicable / Quality Impact Assessment |
| | Evidence of CQC engagement and clarity on the merger of existing CQC ratings, one rated "good" and the other "needs improvement" | Business Case / CQC engagement |
| | Evidence of formal engagement with the Competition and Markets Authority (CMA): Phase 1 - substantial lessening of competition (SLC) assessment (40 day process) Phase 2 - in-depth investigation of SLC and remedial action requirement (24 week process if required) | Business Case / CMA Merger Notice / CMA Phase 1 Outcome |
| | Impact to patient choice has been quantified and mitigation actions to be specified within the mobilisation plan | Business Case / Quality and Equality Impact Assessments |

Key Reference Documents

NHS Improvement - Supporting NHS providers: guidance on merger benefits

https://improvement.nhs.uk/uploads/documents/Monitor_mergerbenefits_guidance_8NohSvz.pdf

CMA guidance on the review of NHS mergers

<https://www.gov.uk/government/publications/review-of-nhs-mergers-cma29>