

Tuesday 13 November 2012

## **Update on the merger of Ealing Hospital NHS Trust and The North West London Hospitals NHS Trust for Brent Health Partnership Overview and Scrutiny Committee**

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This report provides an update on the proposed merger of Ealing Hospital NHS Trust (EHT) and The North West London Hospitals NHS Trust (NWLH).

### **1. The Full Business Case (FBC)**

The Committee will be aware that the planned public Board meetings to formally approve the full business case for merger in October were cancelled. This was a consequence of feedback from NHS London requesting more time to consider the overall financial challenge for the new Trust before formally considering the FBC for submission to the Department of Health.

The Trust Boards and NHS London supported the final draft of the FBC in June 2012. NHS London formally requested that the Trusts undertake further work on the financial planning in support of the QIPP (quality, innovation, productivity and prevention) programme, which underpins savings in the long-term financial model for the new organisation. This work was completed over the summer and has been subject to a refreshed due diligence assessment by KPMG and NHS London.

The FBC and associated assurance processes are now complete and we are at the point at which NHS London would like further discussion/assurance about the scale of the challenge and deliverability of the plans.

#### **Next steps**

Both Trusts are now continuing their discussions with NHS London on what is required, to what timescale, before the FBC is formally considered. It is however worth emphasising that all parties, including NHS London, have confirmed their support and commitment to the merger of the two Trusts.

As part of our discussions we will be working through what this means for the timeline for the formal consideration of the FBC but the merger date of 1 April 2012 will now not be achieved.

In the meantime we are continuing with our integration planning and are developing opportunities with our clinical and support services for as much joint working as is possible and sensible to do so ahead of the merger. The types of initiatives we are considering include; shared IT systems and processes, joint procurement and shared rotas within some clinical areas. We have already established a shadow executive team and there are two joint executive appointments across both Trusts (covering estates and information communication technology) although the two existing Boards will remain in place and be accountable for the quality of services and operational performance of the two Trusts.

A joint programme management office has been established to help facilitate the delivery of QIPP\* programmes for both Trusts ensuring there are robust milestones, timescales, accountability and governance across the two organisations.

## 2. Finances

The Committee requested an update on how the Trust would achieve over £70m of savings over two years as described within the draft Full Business Case.

The FBC identified a requirement for £73.2m of savings over the two year period which is analysed as follows:

- 2012/13 savings of £30.0m
- 2013/14 savings of £43.3m (including £13.0m attributed to the merger)

In terms of this financial year (2012/13), the level of savings would have been required regardless of the merger and equate to £30m across both Trusts (c£16m NWLHT and £14m EHT). This is in-line with what was agreed as part of their financial plans back in March 2012 and is broadly consistent with the level of savings and efficiency that have been delivered in the past and as required by other NHS providers.

For 2013/14, the FBC describes how the new Trust would deliver £30.3m of efficiency savings as well as achieve c£13.0m of savings which directly relate to the financial benefits of merging the two Trusts. For example, integration of corporate services such as IT and Finance, reduction of number of Board level posts (only one Trust Board not two) and savings on non-pay expenditure as a result of larger and better procurement. Given the delay to the merger the level of savings for next year will now need to be reviewed.

The level of savings described above, are based on the financial and contracting assumptions as known to the Trusts at the time of producing the FBC. The overall level of savings year-on-year will continue to be refined as part of the outcome from the normal contracting and business planning which takes place with commissioners each year.

To support the delivery of these savings, the Trusts have established a joint programme management office (PMO) working for both Trusts as part of our QIPP programme. The key areas for reducing costs include; bank and agency spend reductions, more effective job planning and rostering of staff, further initiatives to deliver procurement savings, better use of IT and increases in non-nhs income.

To the end of September, the Trusts have achieved £9.8m of savings against a plan to date of £11.0m and are continuing to work hard to deliver the remainder whilst ensuring high quality care is maintained.

**Simon Crawford, Senior Responsible Officer  
Ealing and North West London Organisational Futures Programme**

\*The quality, innovation, productivity and prevention programme (QIPP) is a national Department of Health initiative to improve the quality and delivery of NHS care while reducing costs