



Health Partnerships Overview and Scrutiny Committee 29th November 2011

Report from the Director of Strategy, Partnerships and Improvement

For Action

Wards Affected:
ALL

Plans for the future of North West London NHS Hospitals Trust and Ealing Hospital Trust

1.0 Summary

1.1 The North West London NHS Hospitals Trust and Ealing Hospital Trust have approved an outline business case for merger. Members will be aware that the two trusts have been in discussions for some time on this subject and that work has been taking place to prepare the OBC setting out the merger proposals. A summary of the Outline Business Case and a report from the Hospital Trusts are included as appendices to this report.

1.2 The Outline Business Case sets out the reasons why the trusts are considering a merger at the current time. These can be summarised by looking at the commissioning landscape, the clinical vision and the financial drivers for the merger.

1.3 Commissioning

1.4 The commissioning landscape is changing in North West London. As the OBC points out, services will only be commissioned from organisations that meet or exceed increasingly tough quality standards. Both EHT and NWLH will struggle to meet those standards if they continue as standalone organisations. There is also a move to commission services that are deployed in community settings – moving care out of hospitals.

1.5 NWLH is facing issues around clinical deliverability of services because of its financial challenges. EHT has teams that are too small to deliver the quality of care expected now and in the future. It does not have the “critical mass” in some specialities to meet quality standards (i.e. it doesn’t perform enough procedures). It is recognised that achieving excellent clinical outcomes for patients requires greater access to specialised services, technology and senior staff 24 hours a day. This is a driver towards consolidation of acute services into larger more specialised groupings.

1.6 Clinical Vision

1.7 Both trusts have a vision for the future of a healthcare system less dependent on hospital based care. Specialist advice and diagnostic services should be available

outside hospital and care for people with long term conditions delivered from community settings where possible. Critical mass is crucial – clinicians need to see enough patients to maintain their skills which will be achieved through serving larger populations.

1.8 **Financial case for change**

1.9 The financial case for change, although not the main reason for seeking to merge, is compelling. Modelling the trusts as standalone entities up to 2015/16 will actually see EHT deliver a surplus in that period, but NWLH will incur a recurrent deficit. Although EHT is more stable financially, it does not have the critical mass required to deliver services safely and to the required quality.

1.10 A merged trust, with reconfigured services delivers a range of financial outcomes from a net surplus of £5.2m up to a surplus of £24.5m, depending on the option selected. Financial balance is crucial if the new organisation is to achieve Foundation Trust status.

1.11 **Risks**

1.12 The OBC acknowledges that if the merger doesn't go ahead there are risks associated with this. They are:

- Both Trusts will remain financially and/or clinically challenged.
- They will face reducing levels of activity and income
- They may be subject to independent take-over or fragmentation.
- Service quality is likely to fall below expected standards.

1.13 **Timetable**

1.14 The timetable for the merger is as follows:

- Outline Business Case signed off by NHS London - November 2011
- Full Business Case approved by the Trust Boards and NHS London - March/April 2012
- Submission for approval to Department of Health Transaction Board - May 2012
- Merger - July 2012

1.15 It is not clear whether there will be any public consultation on the merger, apart from with the Brent, Harrow and Ealing LINKs. The committee should clarify what this will entail and whether there will be any formal process for members to contribute to the consultation.

1.16 **Service changes**

1.17 The OBC states that if a merger is agreed, there will be no immediate changes to clinical services as a result of the organisational merger. However, as part of the merger process clinicians are looking at how any future organisation might deliver the highest quality of care in response to the development of new commissioning intentions from GPs. Four high level options are included in the OBC setting out possible service reconfigurations. Scenarios 1 to 4 have significant implications for Central Middlesex Hospital, which under these proposals would become an elective care centre, with outpatient and urgent care services. Scenarios 2 to 4 would have varying implications for Northwick Park and Ealing Hospital.

- 1.18 Although no decisions have been made in relation to service changes, any changes would be subject to a separate formal consultation process led by commissioners (primary care trusts and groups of local GPs) which the Health Partnerships Overview and Scrutiny Committee should respond to, possibly through a JOsc with Harrow and Ealing OSCs.

2.0 Recommendations

- 2.1 The Health Partnerships Overview and Scrutiny Committee is recommended to consider the reports on the proposed merger between North West London Hospitals NHS Trust and Ealing Hospital Trust and question officers on the process from this point, particularly in relation to consultation with stakeholders.

Background Papers:

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