
Meeting	Health and Well-Being Board
Date	19 th September 2013
Subject	Barnet CCG Update: Potential Acquisition of Barnet and Chase Farm Hospitals Trust by the Royal Free London NHS Foundation Trust
Report of	Barnet CCG Chief Officer
Summary of item and decision being sought	This paper updates the Health and Well-Being Board on the potential acquisition of Barnet and Chase Farm (B&CF) Hospital Trust by the Royal Free Hospital (RF) NHS Foundation Trust
Officer Contributors	John Morton, Barnet CCG Chief Officer
Reason for Report	To update the Board on the potential acquisition of Barnet and Chase Farm (B&CF) Hospital Trust by the Royal Free Hospital (RF) NHS Foundation Trust.
Partnership flexibility being exercised	N/A
Wards Affected	All
Contact for further information	John Morton, Barnet CCG Chief Officer john.morton@barnetccg.nhs.uk , 0203 688 1793

1. RECOMMENDATION

- 1.1 That the Health and Well-Being Board notes the proposed acquisition of Barnet and Chase Farm (B&CF) Hospital Trust by the Royal Free (RF) NHS Foundation Trust, and the Barnet CCG engagement exercise on changes to the local health economy referred to in paragraph 8.1.

2. RELEVANT PREVIOUS DISCUSSIONS AND WHERE HELD

- 2.1 The acquisition process has a full governance structure which includes the Royal Free acquisitions board, a NHS Trust Development Agency acquisitions board and a commissioner steering group. These have been meeting monthly for the last 12 months, and the relevant Overview and Scrutiny Committees have been kept informed of progress.

3. LINK AND IMPLICATIONS FOR STRATEGIC PARTNERSHIP-WIDE GOALS (SUSTAINABLE COMMUNITY STRATEGY; HEALTH AND WELL-BEING STRATEGY STRATEGY; COMMISSIONING STRATEGIES)

- 3.1 The CCG's commissioning strategic plan and the CCG's recovery plan are superseded by the proposed acquisitions.

4. NEEDS ASSESSMENT AND EQUALITIES IMPLICATIONS

- 4.1 The Joint Strategic Needs Assessment will inform the CCG's commissioning decisions. Proposals will be assessed for their impact on equality and diversity in line with the CCG's Equality Delivery System.

5. RISK MANAGEMENT

- 5.1 The CCG's management team will review the development and contents of the acquisition at regular intervals, identifying potential risks and mitigations. The CCG has recently reviewed its approach to programme management, and the concepts will be applied to the development of commissioning plans.
- 5.2 Key risks include capacity within the CCG and the availability of financial resources to commission services.

6. LEGAL POWERS AND IMPLICATIONS

- 6.1 The decision-making process on establishing a new NHS Foundation Trust is a strategic process with Monitor advising the Secretary of State for Health.

7. USE OF RESOURCES IMPLICATIONS- FINANCE, STAFFING, IT ETC

- 7.1 The CCG's commissioning strategic plan and the CCG's recovery plan see over the CCG's resourcing plans. These will be supported by the proposed acquisition.

8. COMMUNICATION AND ENGAGEMENT WITH USERS AND STAKEHOLDERS

- 8.1 Barnet CCG is planning an engagement exercise during late September and October 2013 to inform local people about changes to the health economy, set in the context of the CCG's recovery plan and NHS England's *A Call to Action*. As a key enabler for these

changes to the health economy, the potential acquisition will be included as part of the engagement.

- 8.2 The engagement exercise will include publication of an overview leaflet, two public events, media, online information and stakeholder briefings. Outcomes of the engagement will feed into the CCG's commissioning intentions.

9. ENGAGEMENT AND INVOLVEMENT WITH PROVIDERS

- 9.1 The Governance structures established to support the merger ensure the full engagement and involvement with providers, commissioners, NHS England and the NHS Trust Development Agency.

10. DETAILS

10.1 About the proposal

10.1.1 As part of the Government's healthcare reforms, all NHS Trusts are required to become Foundation Trusts by April 2014. In July 2012, following an independent financial review, the Barnet and Chase Farm Hospitals NHS Trust board concluded that it could not become a Foundation Trust alone and it invited proposals from potential partners. The Royal Free was chosen as its preferred partner.

10.1.2 Under the proposal, Barnet and Chase Farm hospitals would become part of the Royal Free London NHS Foundation Trust. This larger Foundation Trust would manage the three main hospitals (Royal Free, Barnet and Chase Farm hospitals), as well as a number of outpatient services and specialist clinics at other hospitals.

10.2 Potential benefits

10.2.1 Clinicians and managers from both trusts have been looking together at how services could be provided more efficiently and effectively as one organisation. Early feedback suggests that a larger trust could provide improved quality and outcomes through co-ordinated and consistent care, develop as a centre of excellence and address the future financial challenges faced by the NHS.

10.2.2 Co-ordinated and consistent care

A larger pool of clinicians would be able to deliver better quality care and make sure patients are always treated in the right place at the right time by the right people. The new trust could also deliver a better experience for patients as there would be less administrative 'red tape' between services. For example providing seven day and 24 hour services will be more achievable across a larger organisation.

10.2.3 A centre of excellence

A much larger patient population would have greater ability to attract research funding. Wider training and career opportunities and the chance to work for a leading provider of healthcare, research and education would also help attract and retain the best staff.

10.2.4 Addressing financial challenges

Significant efficiencies could be made quickly such as improving or reducing the duplication of 'back office' functions. This would put money where it is needed – in delivering high quality frontline services. A larger trust would be more resilient to the changing NHS landscape of moving services closer to people's homes.

10.3 Impact on local services

- 10.3.1 The NHS is faced with the major challenges of using resources more efficiently and meeting the needs of an ageing population. In order to meet these challenges, we need to focus on preventing ill-health and providing more care closer to home so people do not have to visit hospital so often.
- 10.3.2 A single organisation would be better placed to adapt to this change and take advantage of the opportunities to provide better quality, modern day hospital care. Clinicians from both trusts are working with local commissioners to identify ways that services could be reshaped to better meet patients' needs and deliver a more financially sustainable model of care.
- 10.3.3 Alongside this, the Barnet Enfield and Haringey (BEH) Clinical Strategy will see obstetrics, paediatrics and emergency care concentrated at Barnet Hospital and North Middlesex Hospital; with Chase Farm Hospital developed as a specialist centre for elective care, outpatient, urgent care and diagnostics centre providing services from an improved estate.
- 10.3.4 Other than these planned changes, there are no major changes to the configuration of hospital services proposed as part of the acquisition. If any changes are identified in the future then the NHS would undertake engagement and consultation in line with statutory requirements.

10.4 Funding

- 10.4.1 Both trusts believe that additional funding would be needed in the short term to ensure that any new single organisation starts on a strong financial footing. The 2013/14 budget for Barnet and Chase Farm Hospitals NHS Trust shows a planned deficit of £16.4m. The trust will also receive significantly less income in future years as the CCG implements plans to provide more care outside hospitals and work with local authorities to integrate health and care services.
- 10.4.2 The Royal Free will seek transitional funding to help with the costs of the acquisition and to cover the shortfall in running costs until such a time as the new organisation can deliver a financially balanced position.

10.5 Engagement

- 10.5.1 Barnet CCG is planning an engagement exercise during late September and October 2013 to inform local people about changes to the health economy, set in the context of the CCG's recovery plan and NHS England's *A Call to Action*. As a key enabler for these changes to the health economy, the potential acquisition will be included as part of the engagement.
- 10.5.2 The engagement exercise will include publication of an overview leaflet, two public events, media, online information and stakeholder briefings. Outcomes of the engagement will feed into the CCG's 2013/14 commissioning intentions.

10.6 Next steps

- 10.6.1 The NHS Trust Development Authority is responsible for the assurance process, which involves four sequential Gateways. Each Gateway requires NHS Trust Development Agency approval and endorsement from the CCG's and the NHS Commissioning Board.

10.6.2 Business plans and financial models are currently being developed as part of the Gateway 3 documentation. The Royal Free board expects to submit its Gateway 3 documentation in autumn 2013.

10.6.3 Monitor will also undertake an external review to ensure the acquisition is in the best interests of patients and taxpayers. If the acquisition goes ahead a new Foundation Trust is expected to be created in spring 2014.

11 BACKGROUND PAPERS

11.1 None