

Appendix 3: Acquisition of Barnet and Chase Farm by the Royal Free update

1. Introduction

This report provides an update from the NHS Barnet Clinical Commissioning Group Board on the current progress being jointly made between commissioners, Barnet & Chase Farm Hospital and the Royal Free NHS FT in respect of the proposed acquisition by the Royal Free NHS FT of Barnet and Chase Farm Hospital.

In July 2012 the Barnet and Chase Farm Board concluded that it was not likely to become a foundation trust alone and invited competitive proposals from potential partners to create a larger foundation trust. The Royal Free NHS FT was subsequently formally accepted as its preferred partner. Subsequently, discussions have been ongoing since last autumn between Barnet and Chase Farm Hospitals NHS Trust (BCF) and Royal Free London NHS FT about the potential for the Royal Free FT to manage the three hospitals as a single organisation.

The Royal Free NHS FT approved a Strategic Outline Business case (SOC) in February 2012 and is now planning to consider the Outline Business case (OBC) in July 2012. In doing so they will require beforehand the joint support of local commissioners. If approved the NTDA will then undertake due diligence on the OBC before it being considered by Monitor and CCP.

This paper summarises the progress made to date and outstanding requirements in respect of: clinical provision and pathway redesign, finance and activity input to the OBC, governance, decision making and communications & engagement.

2. Key Merger Principles

The following 'key parameters' for the merger have been developed jointly by the Royal Free NHS FT and local CCG representatives and have been signed off by the commissioner acquisition steering group.

1. *Maximum demand management, top decile efficiency in hospitals, all resulting in commissioner savings enabling CCGs to achieve their financial duties*

- a) Standardisation of clinical thresholds across integrated primary, community and secondary care services ; all GP referrals through choose + Book
- b) Emphasis on evidence based medicine
- c) Increased management of long term conditions in primary care within the current primary care strategy
- d) Integration of community providers' services across primary and secondary care
- e) Investment in appropriate integrated assistance technology across providers as an alternative to face-to-face consultations
- f) Work with Local Authorities to support integrated care models including physical and mental health integration
- g) Locally-delivered high quality and integrated models of care are the services of choice for patients
- h) Consultant delivered effective triage

2. *Structural change, all enabling reduction in CCGs' outgoings*

- a) New models of planned care delivery allow fixed and variable costs within the hospital to be reduced
- b) Appropriate use of community-based resources/locations for eg community hubs

- c) An appropriate estates footprint to match the clinical model – all services
- d) Shared patient/client records across the health and social care system within appropriate information governance arrangements in place

3. *Incentivisation, all linking the parties together to act in concert towards achieving sustainable future*

- a) Commissioning for outcomes
- b) Delivering a payment and reward transaction system to support the clinical role
- c) Ensure stability of the Healthcare economy during transition
- d) To have completely delivered by April 2019

3. Clinical Provision and Pathway Transformation

3.1 A joint clinical vision is being developed based upon the current relevant CCG commissioning strategies together with a narrative about the benefits for patients from a merged organisation. The main focus will be on implementing local integrated care strategies and specifically for both Barnet and Enfield CCGs ensuring that these are closely aligned to their financial recovery plans.

3.2 This work will need to build on the positive outcomes and energy generated at the clinical pathway workshops held in late early May between primary and secondary care clinicians in the CCGs, Royal Free and Chase Farm Hospitals. These workshops developed the first tranche of proposed new pathways which now need to be worked up in more detail and proceed to redesign and implementation at pace.

The proposed lead CCGs for developing the new pathways are as follows:

- Barnet CCG – Cardiology, Respiratory and Gynaecology
- Enfield CCG (with East & North Herts & Herts Valleys CCGs) – MSK/Pain/Rheumatology
- Camden CCG - Colorectal/GI/Hepatology

3.3 By definition this will require cross organisational collaboration and alignment of clinical and managerial effort. In order to facilitate this pathway development work, a clinical transformation group of lead primary and secondary care clinicians is proposed to be established, to be chaired by Dr Sue Sumners, CCG Chair, Barnet CCG.

4. Finance activity OBC requirements

4.1 The current timeline is for the OBC for the proposed acquisition to be considered by the Royal Free Board at the end of July 2013 and therefore a joint signed letter of support from commissioners has been requested by 18th July.

4.2 The OBC needs to include a detailed 10 year (first 5 years developed in detail, with assumptions rolled forward to year 10) activity and financial model for the proposed new merged trust which is 100% aligned with existing commissioner plans and also demonstrates a balanced financial position for the merged Trust within an agreed time-frame (likely to be c.5 years).

4.3 Commissioners with an interest include: NHS England, Barnet, Enfield, Camden, East and North Herts, Herts Valleys CCGs and to a lesser degree Islington & Haringey CCGs.

4.4 All CCGs are planning for significant reductions in secondary care spend – in line with integrated care/out of hospital strategies. The planned activity reductions are greatest in Barnet and Enfield which are reflective of CCG deficit positions and current high levels of acute activity and historic imbalance within the health economy.

5. Finance activity modelling

5.1 As a key part of the finance activity modelling NHS E and CCG CFOs have been asked to quantify target top level required commissioner activity & finance reductions (ie: future income vs. current income)

5.2 Detailed planning now needs to progress regarding how and where these activity reductions will be delivered ie: POD/site specific, as well as the impact of integrated care and clinical pathway redesign proposals. The Royal Free NHS FT is leading this work and CCGs via their CSDs have been asked to provide briefing materials to support this modelling work. In addition, bilateral meetings are being arranged and it is proposed to hold a workshop event on 26th June to review this work and ensure that the Royal Free OBC modelling work aligns with CCG commissioning assumptions.

5.3 In respect of provider economics, the Royal Free NHS FT is developing plans to reduce expenditure in line with reduced income through back office and operational clinical service delivery redesign. It is proposed that they will provide a progress report at the 26th June workshop referred to above.

5.4 Transitional support is likely to be required by the new merged organisation in order to address historic deficits at BCF and while it still works to deliver the cost savings required in response to commissioner activity plans. The OBC will seek to quantify the level of transitional support required and identify the timeline for the new organisation to achieve financial balance.

6. Governance and decision making

6.1 An informal discussion was held with both the NHS England & the TDA leads for North London on 29th May to discuss respective organisational roles and responsibilities going forward, the decision making process and mechanism in respect of transitional support. A follow up meeting on the latter is being organised as a priority as this is likely to be a key issue and will need absolute alignment on the position between CCGs and NHS England on level and source of transition funding required.

6.2 Commissioner sign off of the OBC will be required in order to:

- confirm support for clinical vision and expected clinical benefits for patients
- sign off activity and financial assumptions – ie: confirm alignment with commissioning activity plans and agree provider assumptions re: delivering balanced provider I&E position, including indicative transitional support requirements.

6.3 The expectation is that CCGs will sign a joint letter of support confirming the above by mid July to support RF Board decision making process scheduled for the end of July and TDA assurance processes scheduled for August.

7. Communications and engagement

7.1 The Royal Free NHS FT and CCG`s are currently developing a communications and engagement strategy and key messages for internal and external stakeholders. These are now being finalised and an action plan developed in order to ensure key priorities and an overall approach for June/July (ie: OBC stage) is achieved.

7.2 A regular communications workstream with representatives from the Royal Free NHS FT, Jonathan Street and CSU (on behalf of CCGs) is being established.

7.3 A more comprehensive engagement phase is being planned for the autumn and FBC development stage.