

Warwickshire Health & Well-being Board

22 May 2011

George Eliot Hospital NHS Trust – Securing a Sustainable Future

1.0 Executive Summary

- 1.1 This is the second update report to the Warwickshire Health & Well-being Board about the Trust's project to identify a strategic partner.
- 1.2 George Eliot Hospital NHS Trust has concluded that it is not able to take forward an application to the Department of Health (DH) to become a stand-alone foundation trust. Consequently, it has entered into a Tri-partite Formal Agreement with the DH and the Strategic Health Authority (SHA), supported by the Arden Cluster (covering Warwickshire and Coventry PCTs) to identify a strategic partner that would enable it to become part of a foundation trust or to create some other organisational model.
- 1.3 A project has been established – Securing a Sustainable Future – to achieve this aim. The trust is leading this project which puts the retention of local services for local people, within an organisational model that is clinically and financially sustainable, at the forefront of its objectives.
- 1.4 Since the last report, we have been involved in market engagement in order to establish our preferred way forward. Three NHS organisations and three non-NHS organisations responded to an invitation to participate in this part of the process with us. It is important to stress that this was not a formal competitive process and formal proposals were either requested or received. These organisations have met with key staff and a wider range of stakeholders from which we gained valuable information about the options available.
- 1.5 The Trust has appointed professional legal and financial advisors (Addleshaw Goddard and pwc) and is being supported by the Strategic Projects Team from the Midlands & East SHA. Together with the Trust, this team has developed the draft Outline Business Case that will recommend the preferred way forward.
- 1.6 The OBC will set out the evidence on which the recommendation is based. It will also explain the procurement options and the reason for selecting the approach that will be taken.
- 1.7 At the present time, the project is running to its planned timetable and the Trust Board will consider the Outline Business Case at its meeting on 30th

May. It will also require approval by the Midlands & East SHA and the Department of Health. It will be published on the Trust's website.

- 1.8 The Health & Wellbeing Board can be assured that this project will be conducted in an open and transparent way, subject to the restrictions of commercial confidentiality, and that the trust intends to engage local stakeholders and staff in the process.

2.0 Contents of the Report

1. Summary of the Tri-partite Formal Agreement
2. Summary of the Strategic Outline Case
3. Developing the Outline Business Case

3. Summary of the Tri-partite Formal Agreement

- 3.1 All NHS trusts are required to achieve foundation trust status. All non-NHS trusts were required to agree a Tri-partite Formal Agreement (TFA) with the Department of Health by the end of September. This TFA confirms the commitments being made by the NHS Trust, its Strategic Health Authority and the Department of Health that will enable achievement of NHS Foundation Trust status before April 2014.

- 3.2 The key milestones agreed in the TFA are:

Date	Milestone
Nov 11	Complete Strategic Outline Case
May 12	Complete Outline Business Case
June 12/Nov 12	Procurement/negotiation
Nov 12	Complete Full Business Case
Dec 12	Complete approvals
Jan 13/ March 13	Mobilisation/implementation
Apr 13	Project completion

- 3.3 We summarised the TFA in our previous report. The project is running to its planned timetable and the trust Board will consider the OBC at its meeting on 30th May 2012.

- 3.4 The TFA is accessible on the trust's website at:

<http://www.geh.nhs.uk/about-us/key-publications/tripartite-formal-agreement/>

4.0 Summary of the Strategic Outline Case

- 4.1 We summarised the SOC in our previous report. Various options for a strategic partnership were considered within the SOC, and it also provided an

introduction to the emerging themes falling out of early work undertaken to assess these options.

4.2 The SOC identified a short list of options:

- Equal merger
- Merger unequal
- Merger – specialist hospital
- Vertical integration
- Super chain
- NHS / Independent sector partnership

4.3 Further work was required to refine the suitability of these options. This has been completed as part of the Outline Business Case

4.4 The SOC is published on the trust's website at:

<http://www.geh.nhs.uk/files/media/SOC%20GEH%20v1%201a-clean-25-11-11x.pdf>

5.0 Developing the Outline Business Case

5.1 As set out in the SOC, the strategy for developing detailed proposals for the future of GEH has been to ensure that:

- It can respond appropriately to commissioning plans and the health needs of local people.
- In partnership with commissioners, the services respond to health inequalities that exist across Warwickshire.
- The proposals recognise a significant change in organisational form is required to meet future expectations of GEH and mirror the four tests set out by the Secretary of State in respect of service configurations. These are:
 - Clinical evidence base underpinning the proposals.
 - GP commissioner support.
 - Promoting patient choice.
 - Patient / public involvement.
- Service quality is maintained or improved and meets national standards at all times.
- Long term financial viability is achieved.
- The engagement process will ensure that all stakeholders are identified, involved, and actively engaged in selecting the preferred option.
- The adopted approach is both widely accepted and supported.
- Benefits expected are clearly and fully articulated at an early stage, leading to definition of critical success factors.
- A high level of transparency and robust governance is maintained at all times.
- The recommended solution must be acceptable to key stakeholders and they will be involved at every step of the project.

- 5.2 The development of the OBC has involved further testing the assumptions made within the SOC to ensure all project related proposals are feasible, viable and will contribute to achieving the identified critical success factors. The OBC's economic case works through a methodical approach responding to six key questions in arriving at a preferred way forward.
- 5.3 These six key questions are:
- Is the 'do nothing' option viable?
 - Is there an obvious single partner?
 - Is a competitive process viable?
 - Would a closed competitive process be viable?
 - Should there be an open competitive procurement process?
 - What should be the scope of the competitive procurement process?
- 5.4 There has been a lot of speculation locally about the conclusions of the OBC. Clearly, we are unable to report the outcome until the board meeting on 30th May. At this stage, however, it is worth stressing a number of key points that will be reflected in the OBC.
- There is no specific option that suggests that we should not undertake a competitive process. This has been supported from feedback from the stakeholder engagement that has been undertaken so far. There is overall agreement that until real proposals are received, a preferred partner cannot be selected.
 - The selected solution will be one that encourages participation from local providers as well and those further afield and from both the public, private and third sectors.
 - The Trust Board will make the decision on the best way forward, and on the preferred partner, based on what provides the best outcomes for patients and citizens in its catchment area.
- 5.5 The OBC will set out the evidence on which the six key questions have been addressed. It will also explain the procurement options and the reason for selecting the approach that will be taken. The OBC requires the approval of Midlands & East SHA and the Department of Health in due course. It will be published on the Trust's web site.
- 5.6 The OBC stage of the project is will be completed by the end of May 2012 in line with the TFA timetable.
- 5.7 Communication is a key part of the project and there will be regular updates to staff and other stakeholders. The trust board receives a monthly progress report on the project in its public meeting and that will also inform the Health & Wellbeing Board of progress.
- 5.8 We would be pleased to present the outcome of the Outline Business Case to the Health & Wellbeing Board in due course.