Dartford and Gravesham NHS
NHS Trust

Medway NHS
NHS Foundation Trust

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29 February 2012

Dear Nick,

**Re: Health Overview and Scrutiny Committee Meeting – 9th March 2012**

Further to your invitation for us to attend the above meeting, please find the answers to your questions below.

1. **Can you provide information on what progress has been made on the proposed merger since the HOSC meeting of 25 November, and what the next steps are, along with an updated timeline?**

   Since the HOSC meeting of 25 November, an outline business case (OBC) has been produced (attached at appendix 1). The OBC contains plans for clinical specialties including their planned year of implementation. Commercially sensitive information has been removed from the document. The OBC has been through an internal approvals process with final sign off by DGT Trust Board on 23 February 2012. The OBC has been shared with GP commissioners, the primary care cluster and will be considered by NHS South of England Board in March 2012.

   The OBC forms the basis of the full business case and integrated business plan and these will be submitted to approving bodies in September 2012. It is proposed that the timeline will be revised and that the Trust's will not formally become 1 organisation until 1st April 2013 but this has not been formally agreed by the Integration Programme Board. It is due to be considered in detail on the 7th March 2012. We will provide you a full update on the timeline changes in the

meeting. A chronology of the approvals process can be found at appendix 2.

The Trusts made a submission to the cooperation and competition panel (CCP) in October 2011. This is the first formal stage in the approvals process. Their role is to consider whether the benefits of the integration will outweigh the potential costs of reducing competition between local healthcare providers. Due to the numbers of current cases in the NHS, the CCP were unable to start to look at this case until 15th February 2012 and the first stage will complete on 13th April 2012. It is possible for the CCP to make a final recommendation to the Department of Health and Monitor on this date. However, if further information is required, the Trusts will move into CCP phase 2. This process takes 80 working days and will conclude in September 2012. For more information about the CCP process, please visit their website: www.ccpanel.org.uk

There has been an announcement by the government that Trusts that are unable to demonstrate long term financial sustainability due to the structure of a PFI contract will receive funding support if they can meet 4 key tests. Dartford and Gravesham NHS Trust has been identified as a recipient of such financial support. Further information can be found at appendix 3.

**2. On public and stakeholder engagement, what findings can you share arising from Phase 1 of your engagement plan and what Phase 2 will involve?**

The extended timeline has allowed us to extend the public engagement exercise until 27 April 2012 and this has been welcomed by Trust Governors and community groups and it allows the Trusts time to gain further feedback from our communities.

Key themes arising from public engagement to date include:

- Transport, travel and car parking concerns
- Maintaining clinical quality during the transition
- The degree of changes to services and how they can be accessed
- The effect of integration on relationships with other health and social care providers
- The cost of potential redundancies
- The financial position of each Trust
- The PFI contract in place at Dartford and Gravesham NHS Trust
- The importance of excellent IT systems

Further information on the current position of each of these themes can be found in appendix 3. Over 800 members of the public have participated in engagement events, from large participative events to small and informal briefings, following the format that we presented to you in our submission

dated 16th November 2011. A large number of frequently asked questions have now been compiled and our responses to them can be found on both Trust websites. We keep the integration web pages, on both Trust websites, up to date and have had over 5,600 hits on them. We also keep our members, numbering over 15,000 between the two trusts, up to date via our regular members' newsletters.

Following the completion of phase 1, an engagement analysis document will be compiled, focusing on each of the themes and will be circulated to both the Medway and Kent Overview and Scrutiny Committees.

We are pleased to report a close working relationship with LINks and will continue to work closely with them in the second phase of our engagement plans. This will commence after plans have been submitted to key official bodies. This is likely to be in September 2012. Phase 2 will focus on the practicalities of implementation planning at a specialty and departmental level. It will be more specific and stakeholders, including local community groups, members but particularly governors will be invited to participate in planning and developing services.

3. **What guarantees can you give about the continuity and improvement of services currently provided at both sites?**

Core services that you would expect to see in a district general hospital will continue to be offered at both hospitals. Our densely populated local community require a 24/7 accident and emergency department led by senior doctors at both hospital sites. This automatically protects all services that underpin the effective running of an excellent emergency department, for example a 24 hour medical facilities, 24 hour trauma services, theatres, diagnostic and hot laboratory facilities. As one of the fastest growing populations, with increasing birthing numbers in the country, there is a full commitment to provide maternity and children's services on both hospital sites. Local people voiced concerns very early on in the process about having to travel further for treatment. We have committed to full outpatient facilities at both hospitals.

We are deeply committed to not only maintaining but improving the range and quality of services that will be provided. The sharing of best practice between sites and learning from national and international innovations is being built into our plans, as you would expect. This process is being led by senior doctors who are working together in a way that has set firm foundations for a successful integration.

Careful planning is crucial. There will be no large scale, 'big bang' approach. Changes and developments will be carefully phased. Many organisations experience an 'operational dip' as a consequence of integration, but by keeping clinical leaders in place at both hospitals for the year following integration we are planning a smooth, phased transition that will ensure continuing improvements.

4. **What commitment can you give about public and stakeholder engagement concerning any future service changes?**

NHS healthcare providers have a legal obligation to hold a formal consultation with stakeholders and members of the public when service reconfiguration resulting in a change of access is involved. Should service change become necessary in the future, formal consultation will be required.

**5. Can you provide a summary of benefits and drawbacks of the merger?**

The key benefits of the integration can be found in section 6 of the OBC attached at appendix 1, they have been summarised into clinical and non-clinical benefits:

Clinical Benefits:

- Ensuring clinical sustainability and the provision of clinical services that improve outcomes
- Improving quality and achieving excellent health outcomes for the local population.
- Becoming top performing
- Improving access to patients through repatriation
- The opportunity to develop specialised services

Non Clinical Benefits:

- Workforce opportunities including the ability to remove duplication
- Estates synergy
- Financial investment for modernisation

The key challenges and risks to the integration can be found in tabulated format in chapter 9 of the OBC. They have been divided into pre and post transaction risks. We will be pleased to take further questions on the identified risk during the meeting.

**6. What are the major challenges to a successful merger that still need to be addressed?**

There are a series of challenges to the success of this integration and these are well documented in chapter 9 of the OBC alongside a summary of the proposed mitigations. We believe that we have made excellent progress towards significantly mitigating some of the biggest risks:

- There is significant engagement with senior doctors who are driving forward their clinical visions. Decisions are being made by those closest to patients and this reduces any risk of lack of clinical ownership or lack of collective focus on developing and delivering the vision and strategic aims for the new organisation.

- We have separated operational day to day running of the hospital from the work on integration so that we can be confident that the risk of any dip in performance will be minimised. This will be further helped by careful planning and phasing of the key changes that need to be made.

- Much academic research has focused on the impact of cultural differences of the entities to be merged. A detailed cultural audit has highlighted the key differences and strategies are being developed to overcome those differences, something which is often ignored by senior executives.

- One of the biggest criticisms of published research to date is that the described benefits of mergers rarely materialise. The Trusts are taking a meticulous approach to benefits realisation. The post transaction implementation plan is being developed in full consultation with clinicians and managers within specialties and departments to ensure that behind each and every financial benefit, there is a comprehensive plan. The transition team are making the most of the time available pre-integration to ensure that these plans are robust and deliverable.

- We are continually learning lessons from both NHS organisations and in the wider commercial sector, this includes accessing the relevant expertise through external advisors and developing relationships with other organisations who have already integrated and learning lessons from them.

**7. What lessons have been learnt from mergers elsewhere and from reports such as last year's King's Fund report on reconfiguring services in South East London and the recent report on mergers from the Centre for Market and Public Organisation?**

The pre and post transaction risks outlined in chapter 9 of the OBC reflect our learning from both academic research and experiences of other organisations who have merged.

It should be noted that the approvals process for mergers and acquisitions is technically very different today when compared to the M&As considered by both the Kings Fund and CMPO. Monitor and the cooperation and competition panel apply significant rigour and scrutiny to plans in a way that did not apply to South London NHS Trust or to any merger which took place between 1997 – 2006.

We believe that the approach taken to this integration will mitigate the risks identified in the academic research to date and we will be content to answer further questions during the meeting.

**8. What are the implications of the merger on providing integrated care services working with other NHS providers, social services and others?**

We do not envisage that the integration will place working relationships with our commissioners or providers at a disadvantage. Both trusts already work closely with a range of other organisations to provide integrated care pathways for our patients and we believe that there are opportunities to

strengthen and consolidate practice so that there is consistency across North Kent.

We are working closely with commissioners and clinical commissioning groups to develop these plans and both Trusts participate in a number of regional networks including the Comprehensive Learning and Research Network and Cancer Network. Our close working relationships with other NHS and social care providers is set to continue.

9. **What work is underway to address concerns around transportation to/between the sites and car parking?**

   We know that transport issues are a real concern for local communities. The vast majority of patients will continue to access their usual services at their local hospital and so we do not anticipate a significant increase in patients needing to move between the hospitals. Bus companies are aware of the proposed integration. Should there become a need; we will discuss this further with them. There will be a requirement for staff to travel between sites and it is anticipated that a shuttle bus service will be put into place.

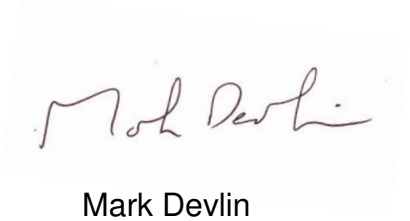
   Car parking is an existing concern of patients. Regardless of our plans to integrate, both Trusts continue to deal with the on-going challenges of the demand for car-parking facilities. Dartford and Gravesham NHS Trust is in the process of creating a number of additional spaces and the changes will result in a separate car park for blue badge holders. Medway NHS Foundation Trust is currently considering options for additional car parking facilities.

10. **Is there a 'Plan B' should the merger not proceed?**

    The status quo is not a viable option for either trust on clinical or financial grounds. Neither Trust have developed a plan B at this stage but it is recognised that DGT needs a route to Foundation Trust status.

We look forward to attending the HOSC meeting on the 9th March. Should members have any questions in the meantime, do not hesitate to contact us.

Yours sincerely



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