

Proposed acquisition of West Middlesex University Hospital NHS Trust by Chelsea and Westminster Hospital NHS FT

In Summary

- The key principle of the proposal is to:
 - Support care closer to home
 - Retain local A&E, maternity and core acute services on both sites
- In the Summer of 2012, West Middlesex University Hospital NHS Trust invited expressions of interest from potential NHS partners to work together to achieve foundation trust status
- Following a robust appraisal process West Middlesex selected Chelsea and Westminster Hospital NHS Foundation Trust as its partner in April 2013
- Although formally Chelsea and Westminster are the acquiring organisation, the decision represents the best option for securing the future of both organisations as major acute hospitals
- Both Trusts are facing the following challenges: sustainability due to size; financial challenge given a future NHS flat budget; increasing demand and acuity leading to operational pressures; higher quality expectations; rising patient expectations and an evolving shift to integrated care and new provider models
- By combining into a single, unified trust it will provide scale and catchment population to support other strategic and clinical partnerships; provides high-volume, high-quality local secondary services and underpin ongoing provision of tertiary services
- The two trusts share similar values and joining forces will increase the number of referrals and the population covered – bringing benefits for both patients and staff

Patient, Clinical and Research Benefits of the Acquisition

Patient and Population Benefits

- Support the ongoing clinical and financial sustainability of services on both sites, enabling patients and their families to continue accessing a wide range of acute, secondary and tertiary services locally
- New models of care will lead to tailored, patient-centric care pathways. The patient journey will be seamless and integrated, resulting in the best possible experience for patients and their families
- The integration will support the sharing of best practices across sites, building on CWFT's track-record, including the sharing of best practices on improving experience for patients and their families
- Acquisition will create a combined entity servicing eight local CCGs and a population of c.1.1 million, and will bring the benefits of the FT membership and governance model to this wider catchment.

Clinical Benefits

- Greater clinical size of the organisation will support a larger workforce and enable the implementation of safer, consultant-led care 7/7, in line with the latest clinical guidelines
- Greater clinical size in key service lines, such as orthopaedics, will enable improved clinical outcomes
- New services, such as access to a cardiac catheter lab, will enable inpatients who experience acute cardiac events (non ST-elevation myocardial infarction) to receive attention directly, without delays or transfer elsewhere, thus meeting key guidelines on intervention within 24 hours

Research Benefits

- Wider catchment area will increase patient access to research programmes, driving innovation and improved quality of care
- The greater size of the new organisation should boost patient volumes and thus the organisation's ability to participate in leading, cutting-edge trials

Regulatory Process Update

- The Competition and Markets Authority (CMA) gave clearance in December 2014 for the acquisition. The assessment process examined whether the integration of the two trusts would lead to a 'significant lessening of competition' or a reduction in access or choice of services for local people. The CMA contacted a range of organisations and individuals as part of their analysis.
- Acquisition presentations and background material have been provided to CCGs: Hammersmith & Fulham, Central London, Ealing, Wandsworth, Richmond, Hounslow, West London, Hillingdon and Harrow. Representatives from the Trusts have visited senior teams to address questions and concerns. Communications and engagement has also been undertaken with local Healthwatch groups, GPs and other stakeholders.
- Monitor, the Foundation Trust regulator, commenced their review of the proposals in February 2015, and this will conclude imminently. They will issue a risk rating which will be considered by the CWFT, who will make the formal decision to proceed.
- The formal sign-off process involves local clinical commissioning groups, Monitor, the NHS Trust Development Authority, the two trusts – including the Board of Directors and Council of Governors at Chelsea & Westminster Hospital NHS Foundation Trust
- Thereafter the application will be made to the Secretary of State for the transaction to take place on 1 September 2015.

Monitor Regulatory Framework – Four domains used by the regulator to assess the transaction



Domain 1: Strategy - Is there a clear strategic rationale for the transaction?

Rationale for the acquisition

- Provision of high quality services developed and maintained at both sites
- Alignment with commissioner strategies for sustainable services
- Capital development of the estate and service developments
- Funding of an Electronic Patient Record (EPR) system to drive integration and provide assurance on safety, quality and consistency of patient service
- Greater assurance on the financial sustainability of the Trust

Risks to the Trust if the acquisition is not approved

- Current service portfolio is not financially sustainable, with a number of sub-scale specialities and an over-dependence on specialities that contribute a surplus
- A standalone Trust is less resilient to changes in tariff, and has less opportunities for standardisation and cost efficiencies
- The Trust has a legacy Electronic Patient Records IT system which needs to be refreshed and improved in the next 3 years. Without this transaction, this would not be affordable

Key transaction risks and mitigations

- Financial settlement has been negotiated to support the new organisation to address key risks identified in the due diligence e.g. WMUH PFI, historic deficit and risk to CIPs
- Board has overseen development of Post Transaction Integration Plan to deliver integration. The first phase (pre-integration to day 100) has been successfully tested for clinical and cultural risks through the TDA Clinical Quality and Oversight Groups (CQoG) risk assessment process

Domain 2: Transaction Execution - Does the trust have the capability and plans in place to execute the transaction successfully?

Capability and Capacity

- Trust has identified a need to review the capacity of its Executive and senior management structures to address the increase and in size and scale of operations
- Over the last two years, all Board appointments have been made with the acquisition in mind e.g. the interim CEO and Chief People Officer, both of whom have a strong background in M&A within the NHS and wider public sector (N.B. The new Chief Executive scheduled to start on Sept 15th also has direct experience of successful NHS mergers)
- Indeed a new management structure is designed to increase the profile of key areas within the post-acquisition organisation, e.g. IM&T, Governance, Risk Management.

Delivery of the Transaction

- Phase 1: Safe Landing – Focused on a Safe Services Review: A ‘Safe Services Review’ will establish a safe and effective organisation to maintain high quality of care. The process will include a template to collate intelligence about individual services and discussions between clinicians on challenges and opportunities*
- Phase 2: First 100 Days – Focused on Stabilisation: Major changes to the clinical service lines will be kept to a minimum. Governance processes will be scaled across the new Trust, including Board / Committee structures and reporting mechanisms. Tracking mechanisms will be established and critical quality processes aligned
- Phase 3: Beyond 100 Days – Focused on Service Standardisation & Development: Initial integration of all service lines will take place during year one, including key policies, protocols and processes (with day 1 critical policies in place at launch), as well as best-

practice sharing, rota optimisation, and standardised operating procedures / clinical protocols

*TDA have led an assessment process to assure our approach to clinical risk and patient safety and this resulted in a green rating

Domain 2: Lessons learned from other Trusts which has shaped the Chelsea and Westminster approach to the Transaction

- Main lesson learnt from other transactions is the need to address clinical cultural buy-in:
 - Due diligence has shown that CWFT and WMUH are very similar culturally and have been involved in a lengthy acquisition process
 - Since the CMA decision there has been significantly closer working relationships and a shadow structure developed at WMUH
 - There have been 5 clinical summits to date (500+ clinicians attending) and an independent survey shows clinical engagement at both Trusts is in the top 20% nationally
- CWFT has invested significant time and effort reviewing lessons learned from other recent acquisitions (see below)

Lesson Learned	CWFT Response
Trust staff on acquired site sooner	CWFT have seconded 3 staff to WMUH: <ul style="list-style-type: none"> • Medical Director (September) • Operations Director (March) • Director of Nursing (May)
Bring clinicians together as early as possible	<ol style="list-style-type: none"> 1. CWFT has instituted DIGs to bring together the Divisional leadership and wider service teams in each Division across each site to co-develop 2. Clinical Summits
Clinical due diligence and clear line of sight at detailed service level	Safe Handover Template replicated from RFH and DIGs used to ensure robust completion of templates
Real integration is a long-term project and will take years, therefore need to ensure the right structures are in place	<ol style="list-style-type: none"> 1. Local site leadership in place 2. Flat structure proposed 3. Additional governance support identified
Single Medical Director provides non-viable span of control	Office of the Medical Director proposed including a Deputy MD at WMUH and associate MDs with designated portfolios
3 separate PAS systems	CWFT has rooted its negotiation strategy and clinical transformation around EPR and system and service standardisation

Domain 3: Quality – How is quality maintained or improved as a result of the transaction?

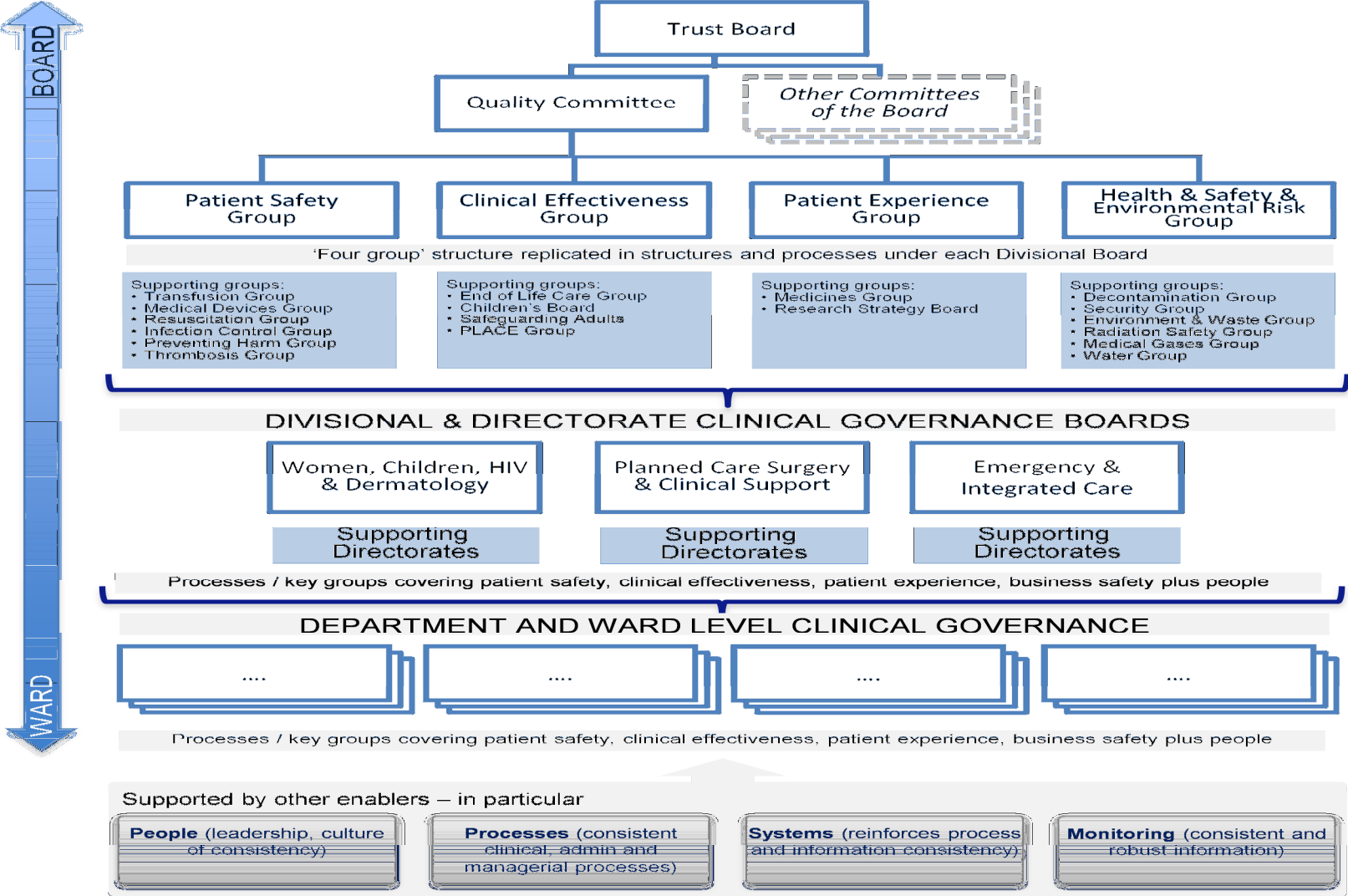
Delivery of the Trust's Quality Strategy is supported through:

- Robust and consistent quality and clinical governance processes
- Strong multi-disciplinary working between all staff, supported by the Clinical Governance Team
- Clarity of purpose for all staff on their roles and responsibilities for improving quality

Key actions are in place in relation to governance

- A common framework has been introduced to Corporate and Divisional Boards to support effective quality management, providing assurances to the Trust Board
- Applied best practice recommendations to develop an aligned and relevant set of metrics
- Identified relevant and reliable management information to continually assess and mitigate quality risks
- Ensured that quality is embraced as a responsibility of every staff member
- Ensured clear roles and accountabilities in relation to governance and quality
- Continued to improve awareness and information for staff
- Involved and engaged patients, staff and other key stakeholders

Domain 3: Quality – Proposed Governance Framework



Domain 4: Finance - Does the transaction result in an entity that is financially viable?

CWFT (Combined organisation)
Surplus Bridge 2014/15 to 2019/20



Concerns for Chelsea and Westminster NHS FT if the acquisition does not proceed

Clinical Quality <ul style="list-style-type: none">• Difficulty in maintaining breadth of commissioner requirements with potential loss of services• CW remains smaller player in population health which impacts upon focus upon integrated care developments, research and education• Reduced scope to put in place sustainable quality improvement strategies with likely impact on CQC standards• Steady decline in clinical outcomes and patient experience as investment in staff, estate and transformation reduces	Strategy <ul style="list-style-type: none">• <u>SaHF</u> drives 'hotter site' and non profitable services with reduced opportunity to develop specialist and other services• Unlikely to be another acquisition opportunity that meets CMA tests (for C&W or for WM)• Issues of sub scale clinical services not addressed• History of good performance at WMUH struggling due to lack of scale
People <ul style="list-style-type: none">• No indication that current trend on retention of staff can be improved without step change in approach• Failure to offer career development/sub speciality opportunities commensurate with London teaching hospital competitors• Motivational impact on clinical (and other) staff engaged in integration plans	Finance <ul style="list-style-type: none">• S/ALTFM does not reach <u>CoSR 3</u> and does not generate sufficient productivity opportunity• Both CW & WMH unable to fully address deficit run rate (synergies and scale are key remedial measures)• Loss of significant DH acquisition investment funding• No bring forward of EPR implementation• Adverse impact on liquidity (re-structure of loans contingent on transaction)

Timetable for Acquisition

Chelsea and Westminster FT acquisition of WMUH Trust – Summary Timetable

