

TRUST BOARD

Date of Meeting: 08/11/2011	Agenda Item No: 5.1	Enclosure: 3
Intended Outcome:		
For noting ✓	For information ✓	For decision
Title of Report: Progress Report for the Acquisition of North Cumbria University Hospitals		
Aims: To inform and update the Trust Board on the acquisition process for Phase One (option appraisal) and the development of Phase Two (formal invitation to tender).		
Executive Summary		
<ul style="list-style-type: none"> • The Phase 1 milestones have been met. • The Deloitte report will be presented to section 2 of the Trust Board meeting in November. • FT interest in the acquisition continues, however University Hospitals of Morecambe Bay NHS Foundation Trust has withdrawn from the process due to the issues relating to maternity services identified by the CQC in September. • The Stakeholder Event was held on 12 October and a briefing document for FTs and delegates was provided in advance of the meeting. • Stakeholder views were summarised in a briefing for the Trust Board in preparation for the 1 November Trust Board meetings with the Foundation Trusts. The final report will be submitted to section 2 of the Trust Board. • The Trust Board met with the Foundation Trust Boards on 1 November. The question and answer session in the meeting was based on Stakeholder feedback. • Preparation for the formal Invitation to Tender is almost complete. 		
Project Plan and Timescales		
The project plan for Phase 1 was revised following the July External Stakeholder Group meeting as follows:-		
PHASE 1 TASKS		TIMESCALE
Evaluation requirements and questions to ask FT bidders		Complete
FTs Providing Information (financial & non-financial)		Complete
Evaluation of FT responses		Complete
Clarification		Complete
Moderation and finalised analysis		Complete
FTs Meeting with External Stakeholder Group		Complete
Trust and PCT/GP Commissioner meeting with Board representatives		Complete
Trust Board meeting with FTs		Complete
Trust Board Decision		8 November

The process was extended by one month from October to November to allow for a Stakeholder Event in October where all FTs presented their proposal/submission to a wide range of internal and external stakeholders.

Stakeholder Event 12 October 2011

The Trust organised a Stakeholder Event for the acquisition on the 12 October at the Rheged Centre, Penrith. The event was supported by the External Reference Group for the Acquisition in terms of the format, delegates and briefing material.

The purpose of the Stakeholder Event was described as follows:

- To enable the participating Foundation Trusts to present their proposals to representatives from a range of internal Trust and external stakeholders including representatives of the External Stakeholder Group.
- To enable stakeholders, having heard Foundation Trust presentations, the opportunity to put questions to the Foundation Trust representatives about their proposals.
- To enable stakeholders to submit views to the Trust Board following the Stakeholder Event. This will not be part of the assessment process undertaken in Phase 1 and as such will not be formally scored.

All delegates and the Foundation Trusts received a briefing document 2 days before the event. The briefing document contained comprehensive information on the format of the event, summaries of Foundation Trust responses to the non-financial criteria and details of the Stakeholder Groups which would be represented.

Two Foundation Trusts attended the event (Northumbria Healthcare and the alliance between Cumbria Partnership and Newcastle), University Hospitals of Morecambe Bay having withdrawn from the process on 12 October.

Each Foundation Trust was invited to make a 20 minute presentation to the stakeholders and this was followed by a question and answer session lasting 1hr 25 min. Questions were taken in turn from all stakeholder groups giving each equal opportunity to ask questions.

There was a 95% uptake of invitations and where people were unable to attend they chose a representative. 92 Stakeholders actually attended the meeting. Local MPs were also invited and one MP sent a researcher to attend the event on his behalf.

Stakeholders were asked to provide feedback on the event and 18 formal submissions made on behalf of 55 delegates. This represents a 59% response rate from Stakeholders.

Stakeholder feedback will help inform the Trust Board meetings with the Foundation Trusts scheduled for 1 November and the Trust Board consideration on 8 November of which Foundation Trust(s) should proceed to Phase 2.

A summary of the question and answer session was transcribed by the Trust and this will be made available through the Trust web site.

Delegates were invited from the following Stakeholder organisations:

- Trust clinical representatives across a wide range of professions and specialties
- Local Government including County and District Councils
- MP representative
- Representatives of the Clinical Commissioning Group for Cumbria
- Trust Medical managers
- Trust Partnership Forum
- Cumbria Cluster (NHS Cumbria)
- Patient panel
- Health and Wellbeing including Age UK, Age Concern, Self Injury Support, Cumbria Action for Health, Howgill Trust and AWAZ
- Cumbria LINK including Eden and West Cumbria Cancer Patient and Carer Advisory Panel and Save our Services
- Operational and corporate managers

Delegates were allocated to tables representing their interest group in order to ensure equal opportunity for asking questions was afforded to each group.

Stakeholder Feedback

18 submissions of Stakeholder feedback have been received by the Trust to which 55 delegates have been joint signatories. This represents a 59% response rate.

In general respondents commented on the following:-

- The content and delivery of the presentations
- The Foundation Trust teams and leadership
- The extent to which the FTs addressed the 8 strategic aims with particular emphasis on providing acute multi site services to remote populations
- Previous experience and relevant examples provided
- Clinical leadership and engagement
- Approach to consultation and engagement
- Commitment to the closer to home strategy in Cumbria
- Commitment to the redevelopment of West Cumberland Hospital
- Service models and integration
- Approach to repatriation and achieving financial sustainability

Of the 18 submissions a preference was expressed in 12 submissions and 6 did not express a preference. The feedback has been summarised in a report for the Trust

Board Meeting on 8 November. Based on the stakeholder feedback the Trust Board will need to consider the following:-

- The extent to which stakeholders expressed a preference and the rationale for the preference.
- There were some significant aspects to the presentations and responses to questions which provided stakeholders with greater confidence and assurance based on previous experience and approach to delivering rural acute healthcare
- Clarity about the legally binding nature of the partnership between Cumbria Partnership and Newcastle Hospitals needs to be addressed in order to assess the roles and contribution of each organisation and how this would benefit local service delivery.
- The views of clinicians about the alignment of each option with clinical models and patient pathways.
- How integrated service models will be developed with community services in north Cumbria.
- Medical requests for a rapid decision to allow urgent clinical networking and planning of services to be undertaken with the successful bidder. In particular concerns are about impact of any delays on recruitment and retention and clinical risks if a single bidder is not identified for Phase 2.

Trust Board Meetings with Foundation Trusts 1 November

The Trust Board met the Cumbria Partnership NHS Foundation Trust and Newcastle upon Tyne NHS Foundation Trust Boards (referred to as the alliance) and the Northumbria Healthcare NHS Foundation Trust Board on 1 November. Briefing information was provided in advance for all participants on the format of the meeting. Each meeting lasted one hour.

The Chairman summarised the purpose of the Board meeting in the context of the acquisition. He invited the Foundation Trusts to present a brief introduction on why they would like to acquire North Cumbria University Hospitals NHS Trust and the benefits of their proposal. This was followed by specific questions led by the non-Executive Directors of the Trust. The questions were based on the outputs and feedback from the Stakeholder event held on 12 October. The questions are shown in Appendix A.

The meetings concluded with a formal thank you from the Trust Chairman to the Foundation Trust Boards. The outputs of this meeting will be considered further in Part 2 of this Trust Board Meeting.

Phase 2 Formal Invitation to Tender

The NCUH process is essentially divided into two phases, which are similar to a PQQ phase followed by an ITT phase. Phase 1 will culminate in November with the Trust Board's decision on which bidder(s) will go forward to Phase 2 (ITT) stage.

Task	Start Date	Completion Date
Collate Trust Due Diligence Information	September	Early November
Develop tender documentation (ITT)	September	October
ITT issued and bidder briefing	15 November	18 November
Bidder visits to NCUH and meetings	27 November	2 December
Bidders develop ITT responses	16 November	16 December
ITT responses received	16 December	16 December
Bidder interviews	W/C 2 January	9 January 2012
Finalise evaluation and publish evaluation report	19 December	13 January 2012
Recommendations to Trust Board on preferred acquirer	7 February 2012	7 February 2012
Inform bidders of outcome	February 2012	Early February 2012
Deliver bidder feedback	Mid February 2012	Mid February 2012
Agreement of transitional financials followed by recommended bidder appointment	6 March 2012	20 March 2012

The bidder appointment will be followed by Monitor and CCP assessment, which usually takes some months. In the meantime the successful FT would be offered a management contract to run the Trust, accountable to the current board, which would remain in place pending final approval for the acquisition from Monitor, CCP and Secretary of State.

FT Pipeline Monitoring by Department of Health (September)

The Trust is required to submit a monthly performance report to the SHA linked to the Tripartite Agreement includes achievement of key milestones for the acquisition, Monitor's Compliance Framework, a financial risk rating and a range of covenant tests relating to the redevelopment of West Cumberland Hospital and financial turnaround.

The Trust was assessed as Amber/Green by the DH in August however this has been reassessed as Amber/Red in September due to concerns about the delivery of the internal Turnaround Programme.

<p>Next stages and key Issues for the Board to consider</p> <p>Detailed planning is in progress for the following key events:</p> <ul style="list-style-type: none"> • Issuing the formal invitation to tender for phase 2 	
<p>Specific implications and links to the Trust's Strategic Aims:</p>	
<p>Ensure we provide high quality, safe and effective care for all our patients including meeting essential standards of safety and quality as set out by the CQC</p>	
<p>Develop a viable integrated clinical strategy for secondary care services which is sustainable and affordable</p>	
<p>Develop a new healthcare facility in West Cumbria that is fit for the 21st century</p>	
<p>Achieve sustainable financial balance through the delivery of the Trust's internal Cost Improvement Programme, securing a viable contract income from our GP commissioners and contributing to the system wide cost reductions</p>	
<p>To develop and implement a successful merger or acquisition plan that enables the Trust to become part of an existing NHS Foundation Trust</p>	✓
<p>Recommendations: That the Trust Board:</p> <ol style="list-style-type: none"> Notes the key milestones in Phase 1 and Phase 2 Notes the continued market response for Phase 1 Notes the Stakeholder Event held on 12 October 2011 Notes the Stakeholder feedback Notes the Trust Board meeting with FTs on 1 November 2011 	
<p>Prepared by: Caroline Griffiths, Director of Acquisition and Strategic Planning</p>	<p>Presented by: Dr Neil Goodwin, Interim Chief Executive</p>

**Acquisition of North Cumbria University Hospitals Trust
Board Meeting 1 November 2001**

Questions for both organisations

1. What would patients and families in North Cumbria gain from your trust becoming the acquiring trust? what differences would they see? what would be your central message to our patients as reassurance and about change?
2. How would you assess the position of the NCUH's hospitals in terms of strengths, weaknesses, opportunities and threats?
3. What is your understanding of the size and drivers of NCUH's financial deficit? How would you address it? How would it affect your current financial position?

Questions for the "Alliance"

1a. What is the nature of NuTH's commitment to the Alliance? What incentive is there for NuTH to support CPT if it were to acquire the North Cumbria hospitals: in particular, how will NuTH be incentivised to repatriate work to Cumbria or to invest in skills transfer?
1b. How will a Board and leadership team be provided that has experience of running acute hospitals?
2. If you were to be unsuccessful in acquiring the acute hospitals, how would you propose to work with the acquiring Trust in developing integrated clinical pathways?
3. One can see how the addition of CIC provides extra capability and capacity to the existing hospitals. What are the implications for WCH?

Questions for Northumbria

1. The business model for your current hospitals is partly based on the operation of clinical pathways across community hospitals and general hospitals. How would you address this in North Cumbria, were you to acquire the acute hospitals, where the community hospitals are run by CPT?
2. How would the acquisition of North Cumbria affect and be affected by the £75m investment in a Specialist Emergency Care Hospital in the East and by the further proposed £125m investment in other Northumbrian hospitals?
3. One can see how the addition of CIC provides extra capability and capacity to the existing Northumbrian hospitals. What are the implications for WCH?