

## ***Full Business Case – Executive Summary***

### ***Merger between Luton & Dunstable University Hospital NHS Foundation Trust and Bedford Hospital NHS Trust***

***To attract the best people, value our staff and  
develop high performing teams that deliver  
outstanding care to our patients***

## Contents

1	Introduction.....	3
1.1	Making the Business Case.....	4
2	Strategic Context and the Case for Change.....	6
2.1	Background .....	6
2.2	Strategic context .....	8
2.3	Case for change .....	8
2.4	The specific case for L&D and BHT merging.....	9
2.5	Merger as the preferred option.....	16
2.6	Making it Happen.....	17
3	Delivering Clinical Services.....	19
3.1	Clinical vision.....	19
4	The financial benefits.....	23
5	A workforce for the future.....	25
5.1	Implementation of change.....	26
6	Operational Support.....	28
6.1	Information Management & Technology.....	28
6.2	Estates, Facilities and Capital.....	29
6.3	Benefits to be delivered through the Capital Plan.....	29
7	Corporate Support .....	32
7.1	Integrated Governance .....	32
7.2	Communications and engagement.....	33
8	Integration Plan (PTIP) .....	34
8.1	Post Transaction Implementation Plan (PTIP).....	34
9	External support.....	35
10	Securing approvals .....	36
10.1	The approvals process.....	36
10.2	The path to transaction .....	36
10.3	Next steps.....	37

This document is a summary of the Full Business Case (FBC), which is a **commercial in confidence** document. It provides a comprehensive summary for local stakeholders, outlines the strategic case for change, summarises each chapter in the FBC and lays out the next steps.

# 1 Introduction

The proposal to merge Luton and Dunstable University Hospital NHS Foundation Trust (L&D) and Bedford Hospital NHS Trust (BHT) is not new. A strong collaboration has existed between the two organisations for many years with both Trusts also having links with Milton Keynes University Hospital Trust. What is new, however, is the greater understanding of the benefits that such a merger can bring for patients and staff and for the longer term sustainability of clinical services to enable delivery of responsive and effective care for a growing and ageing population.

The merger, which will be executed as an acquisition by L&D, represents an exciting proposition for both Trusts. The Trusts have recognised the need to consolidate their current strengths and to play a fuller role in supporting the delivery of the wider STP plans, enhancing their influence in the system. A merger will provide a platform from a place of strength that secures sustainable services at both hospitals, recognising that Bedford Hospital faces more imminent challenges. Delivering the clinical and financial benefits will both improve patient experience and create the stability to continue to develop services within a challenging NHS environment.

This merger will also start to address the long standing financial challenges at Bedford Hospital, through the delivery of over £13m of recurrent benefits and eliminating the financial support that would otherwise be required over the next 5 years.

In order to build the strong foundations to unlock this value, a number of components are required; strong leadership, investment in organisational development and an upgrade to the existing IM&T infrastructure. However it is the current quality of the estate that is now preventing further progress. As a result the base and merger cases assume that capital funding is in place to support the investment requirements of the enlarged Trust. Whilst it is recognised that the capital cases will need to be reviewed independently through a separate NHSI process, the benefits identified in this merger case can only be fully accessed if the funding is secured. The Trusts cannot therefore view these cases in isolation and future planning for the merger will be closely linked to the approval of the capital investment.

The “Lessons Learned” as presented in the NHSI<sup>1</sup> guidance are reflected in the Trusts’ planning, recognising the important balance of the strategic rationale with the day to day planning and execution of the change. This merger brings together the recognised strength of leadership and performance across the organisations creating the confidence that the transaction will deliver these benefits. In order to ensure the opportunities are not lost, the Trusts require integration support to build capacity to ensure safe integration and to realise benefits within the planned timescales.

A clear vision and articulation of the benefits, together with the plans as to how they will be realised, forms a strong platform for engaging both staff and key stakeholders as the Trust embarks on this transition. The Trusts are aware of the challenges of merging but have concluded that the sustainability requirements ahead are so significant that they can only be addressed by the change in organisational form, in order to continue to deliver high quality and effective hospital services. Attempts at change without merging have been made before but the pace is not fast enough and the benefits are not significant enough. In the knowledge that merger is challenging, demanding and intense, the business case presents a compelling case for change, detailed descriptions of how clinical and corporate services will be

---

<sup>1</sup> NHS Improvement is responsible for overseeing foundation trusts and NHS trusts, as well as independent providers that provide NHS-funded care

improved as a result. The production of a Post Transaction Integration Plan (PTIP)<sup>2</sup> and Due Diligence<sup>3</sup> arrangements, will ensure clear oversight of how the transaction will be managed, leading teams through a period of integration into a consolidated and sustainable position.

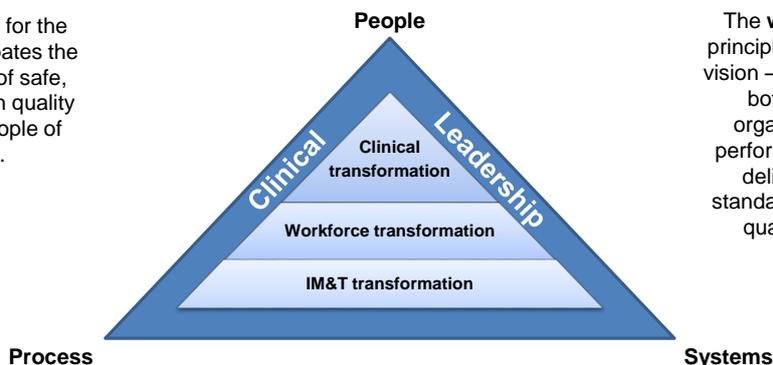
## 1.1 Making the Business Case

The Trusts submitted a Strategic Outline Case (SOC) to NHSI in September 2017 and in parallel capital cases are being reviewed by NHSI. Following the submission of the FBC to NHSI, there will be a period of engagement prior to the transaction for review of substantive issues.

The FBC was developed in a dynamic and inclusive way with executive leads for each area and overall oversight from the Trust CEOs. This has allowed the senior teams to build strong relationships, a good understanding of business risks and a cohesive picture of the change. There was extensive clinical engagement which is particularly represented in the 'Delivering Clinical Services' section.

After outlining the case for change, this document describes the strategic proposals for the delivery of clinical services, the development of operational support that is built around clinical services and the corporate governance and communications to enable and support the changes of the new organisation. Particular focus is on the clinical transformation identifying the key support areas of workforce transformation and IM&T enablement to make this happen. The development of a clinical leadership model underpins the approach to sustainability of high quality clinical services, as depicted in the diagram below:

The **clinical vision** for the merged Trust anticipates the continued delivery of safe, sustainable and high quality services for the people of Bedfordshire.



The **workforce and OD** principles mirror the clinical vision – taking the best from both to build a new organisation with high performing teams that will deliver best-in-class standards of performance, quality services and innovation.

**Investment in technology and digitisation** is key to driving clinical standardisation and more efficient working. Significant investment via the GDE programme will enable the trusts to continue and accelerate the transformational role of digitisation, not only within the Trust but with direct impacts on partners across the local STP.

In addition, recent changes in NHSI guidance have identified 4 key domains that the case must cover:

<sup>2</sup> The PTIP presents the process and detailed plans to take L&D and BHT from their current states to a merged and integrated entity, managing any risks identified through the due diligence process. It is a 'live' document which will be used by the implementation team to monitor the progress of the merger.

<sup>3</sup> The Trusts procured external support to undertake services to provide assurance over the design and delivery of the internal due diligence process being undertaken and highlight improvements to the Joint Integration Board and the Board of each organisation.

- **Strategic rationale** – The case must make clear that there is a clear strategic rationale for the transaction and that the Board has the capability, capacity and experience to deliver the strategy
- **Transaction execution** – The case must make clear that the Trust has the ability to execute the transaction successfully, minimising execution risks.
- **Finance** – confirming that the merger results in an entity that is financially viable and outlines financial assumptions, including transaction costs, synergies and funding sources. The merger Long Term Financial Model (LTFM) with supporting papers forms part of the submission
- **Quality** – confirming whether quality is maintained or improved as a result of this merger

These four domains are core to the document. There are specific chapters on strategy and the case for change, on the transaction (also to be covered in the PTIP) and on finance. The quality narrative is embedded in each chapter as everything in the Trusts' ambition is part of the aspiration to maintain and improve high quality services for patients. Each section describes how the change will enhance quality either directly or as an enabler.

## 2 Strategic Context and the Case for Change

### 2.1 Background

L&D provides acute and specialist healthcare services for over 300,000 people in Luton, South Bedfordshire and incorporating other parts of Bedfordshire and Hertfordshire. The Trust employs over 4,000<sup>4</sup> people and as such, is the second largest employer in the Luton area and has a turnover of over £300m<sup>5</sup>. The Trust consistently delivers all key performance targets.

BHT is a district general hospital (DGH), serving a population of approximately 270,000 across Bedfordshire and the surrounding areas (with a 900,000 catchment for vascular services). Its core local authority populations are Bedford Borough (160,000) and Central Bedfordshire (260,000). The Trust employs over 2500 members of staff, making it the largest local employer in Bedford, with a current turnover of approximately £190m.

Both are successful DGHs with strong support and regard from their local communities and reputations for delivering excellent services. The two organisations already share some clinical services, for example vascular surgery; head and neck cancer services; cervical cancer screening services, neonatal intensive care, stroke services; and also share many of the same key partners e.g. ambulance, CCG, community services provider. They believe that this proposal to bring both Trusts together as a single organisation is the best way of ensuring sustainable and viable hospital services for the future. L&D is already a high-performing Trust and consider that a merger would allow it to maintain its system influence and leadership.

The two hospitals have a long track record of working together and in partnership with their respective host clinical commissioning groups, Luton CCG and Bedfordshire CCG. The hospitals between them provide 94% of Luton CCG's emergency work, and 78% of Bedfordshire CCGs emergency work.

BHT has also earned a reputation for the high quality of its services and this is reflected in improvements in patient survey results. The Trust has been named as one of the "top 40" hospitals for eight successive years by the independent data analyst CHKS, based upon a peer comparison of its performance across a number of outcome and productivity measures.

There is a pressing need to address the compelling workforce challenges necessary to deliver high quality services seven days a week in an increasingly competitive market for many staff groups. Both Trusts deliver financially efficient services; despite this BHT is facing difficult financial position, as a result of the small size of the organisation and its inability to deliver services at scale. Continuing to deliver services to the standard demanded by patients against this background has led both organisations to conclude that, whilst continued collaboration was beneficial, a formal union would better maximise the opportunities for both, creating the economies of scale necessary to deliver high quality healthcare.

---

<sup>4</sup> [L&D Annual Report 2016/17](#)

<sup>5</sup> [L&D Annual Report 2016/17](#)

	L&D	BHT
Catchment population	320,000	270,000
Acute and critical care beds	724	427
A&E attendances during 2016/17	144,045 <i>(101,059 A&amp;E; 42,986 UGP- led)</i>	73,082
Emergency Admissions during 2016/17	37,947	26,743
Births (deliveries attended by hospital doctors or midwives) in 2016/17	5,278	2,861
Total staff employed average 2016/17	4,145	2,672
Staff Survey score on recommending hospital as a place to work (compared to national average score 3.76)	3.88	3.82
Turnover £m	308.8	192.5
Carter productivity cost per WAU (position in national quartiles)	Top 25%	Top 25-50%
NHSI Single Oversight Framework performance segment (1 is maximum autonomy, 4 is special measures)	Segment 1	Segment 2

There is good connectivity between the two hospitals; they are just under 19 miles apart by the shortest main road driving route, and both hospitals have good road links to the M1 motorway.

In October 2016 The Bedfordshire, Luton and Milton Keynes (BLMK) Sustainability and Transformation Plan (STP) set out the ambition for a more integrated approach to health and social care, including collaboration between the three acute trusts within the footprint: BHT, Milton Keynes University Hospital (MKUH) NHS Foundation Trust and L&D. BLMK's combined population is circa 985,000 and, in the next 15 years, is expected to increase by 160,000 people (17%), which is almost double the national average. This means there will be some 1.1 million people living in BLMK by 2032. The growth in Bedfordshire CCG is at the highest rate but is particularly stark in the over 85yrs population seeing 97% increase from 2017 to 2032, from 10,000 to 19,700.

In addition to the high level of growth in the population, it is notable that Bedfordshire and Luton have extremely diverse populations, with the populations of Luton and Bedford Borough having very urban characteristics with high levels of deprivation and ethnic diversity. Central Bedfordshire conversely is rural with the associated challenges of transport, and is much less diverse. There are significant pockets of rapid population growth in Central Bedfordshire associated with large scale housing developments which are particularly attractive to young families.

## 2.2 Strategic context

The proposal to merge was announced in September 2017 with an expectation that the transaction will be executed in April 2018. The merger is complementary to the strategic position identified in the BLMK STP, recognising that this provides the best opportunity to manage scarce resources, reduce duplication and continue to provide high quality care to patients.

This is proposed as a merger of two strong organisations, fully supported by both Trust Boards. As the L&D is a Foundation Trust and BHT is not, the process will follow the NHS transaction process which will integrate Bedford Hospital into the existing Foundation Trust, with a new name created for the umbrella Trust, with each hospital retaining its site name. Both Trust Boards believe that after the years of uncertainty it is in the best interests of staff and the public to proceed as quickly as possible, within the constraints of the legal and regulatory requirements, and are aiming to establish a new Trust Board by April 2018. In the meantime, each Trust will work together to continue to implement their operational and strategic plans. There are significant developments underway in both hospitals such as improvements to IT systems, a new MRI scanner, a new theatre and enhancements to primary care on site. These and other projects will continue.

Both Trusts are successful hospitals and it is therefore crucial to understand that whilst this will be an important contributor to future success, in itself, it is not sufficient to secure a sustainable future. Both Trusts, in line with the national picture are facing increased demands; however there are particular challenges around a growing population, an ageing population and local communities of above-average deprivation scores.

Despite these challenges, the commitment and expertise of staff at both Trusts is evident in terms of patient outcomes and experience, and across a wide range of performance and quality measures. Whilst both organisations have continued to provide high standards of care, the impact of national staff shortages in key areas has adversely affected vacancy rates, leading to a growing requirement for premium cost temporary staff.

Both Trusts have highly skilled and committed staff and at the centre of the vision for an integrated organisation is a shared commitment to nurture talent including:

- to invest in development and support of clinical leaders so they can have freedom and accountability for their services
- to introduce creative and innovative career pathways
- to attract increasing numbers of the best clinical trainees by providing an exemplar learning environment, and
- to create new clinical roles designed to close known skill and capacity gaps (e.g. including nurse associates and advanced practitioners).

## 2.3 Case for change

There are 5 clear identified reasons for change:

- **The needs of the population are changing** and services need to be more responsive to long-term conditions as well as the necessary acute interventions.
- **The population is ageing and growing** and inevitably adding pressure to all local services, but particularly local hospitals and emergency services. In particular the

STP estimates that the health requirements of the area will grow at 3% per annum, almost twice the national average. It is this that reinforces the need for a merger and the need for capital investment to support this initiative.

- **Recruiting and retaining staff is challenging in a competitive market.** Being able to find and keep the best staff will be supported by better patient flows and more flexible ways of working.
- **Services need to run 7 days a week and care needs to be delivered consistently each day.** This means that more staff are required who will need to work more flexibly.
- **We must maintain our performance and high quality of care.** Both Trusts have a reputation for high quality care and are successful organisations. The merger will maintain this as the environment becomes ever more challenging.

## 2.4 The specific case for L&D and BHT merging

This proposed merger will:

- Build on the strong existing synergies between the two hospitals
- Improve delivery of clinical services
- Implement different models of care supported by the BLMK STP Accountable Care System<sup>6</sup> ambitions
- Improve the efficiency of professional support services and the hospital infrastructure
- Deliver clinical support services at scale and the options for innovation this provides
- Gain from standardising the current examples of excellence at both Trusts across the larger organisation
- Make the best use of existing estate.

The proposal has the benefit of being more easily deliverable in the short term than a more complex three-way merger with Milton Keynes Hospital which was considered by BLMK. This proposal is deliverable while still retaining strong alignment with the Accountable Care System model that is currently envisaged for BLMK.

In describing the clinical service model, it is clear that A&E, obstetric led maternity and paediatric services will all be retained at BHT, with support from the L&D and with clinical services working as single teams across the whole Bedfordshire catchment.

### 2.4.1 Build on the strong existing synergies between the two hospitals

L&D and BHT have a number of shared stakeholder relationships. This is important because it makes collaboration and change easier to effect, for example the shared Deanery facilitates rotation of the training workforce and creation of new and innovative posts, and a

---

<sup>6</sup> Bedfordshire Luton and Milton Keynes Sustainability and Transformation Plan (BLMK STP) Accountable Care System (ACS) model will see local health and care organisations supported by NHS England and NHS Improvement, working more closely together to provide joined up, better coordinated care.

single ambulance service that supports the delivery of a real-time capacity model and pathway changes to achieve patient benefits.

*Examples of shared stakeholder relationships between the two Bedfordshire hospitals*

Main Partners	Bedford Hospital	Both	L&D Hospital
<b>Commissioners</b>	Bedfordshire CCG		Luton CCG
<b>Councils</b>	Bedford Borough Council	Central Beds Council	Luton Borough Council
<b>Ambulance Provider</b>	East of England Ambulance Service EEASt		
<b>Trauma network</b>	East of England Trauma Network		
<b>Neonatal Intensive Care</b>	East of England (EOE) Neonatal Operational Delivery Network (ODN)		
<b>Critical Care</b>	East of England Critical Care Operational Delivery Network		
<b>Education &amp; Training</b>	Health Education East		
<b>Workforce Partnership</b>	BLMK Local Workforce Action Board		
<b>Community Provider</b>	Essex Partnership University NHS Foundation Trust (EPUT). (*ELFT from 1.4.18)		Cambridgeshire Community Services
<b>Mental Health Provider</b>	East London Foundation Trust (ELFT)		

The two hospitals already successfully share a number of clinical services which gives rise to the opportunity to extend to new areas, offering further improvements in the quality and efficiency of care offered to the joint patient population. Some examples are:

- Vascular surgery with inpatient elective and emergency services provided at Bedford Hospital (designated arterial intervention centre), and outpatient, day case and inpatient referral services provided at the L&D.
- Head and neck cancer with inpatient services at the L&D and outpatient services provided at Bedford Hospital.
- Neonatal Intensive Care Unit at the L&D providing services to the most premature and critically ill new-born babies across the whole of Bedfordshire and Hertfordshire.
- Ear Nose and Throat (ENT), where the two Trusts share an emergency rota.
- Intensive Therapy Unit (ITU) where the two Trusts closely collaborate on clinical work including patient transfers as needed.
- Stroke services where workforce challenges have led to hyper acute services being based at L&D with patient transfer back to Bedford for post-acute care.
- Screening services: bowel, breast, cervical and retinal.
- Nursing education shared between the teams.
- Shared Hospital at Home and Integrated Discharge models.

The size of the two organisations is also an important consideration. L&D provides extended district general hospital services and has invested significantly in workforce over recent years to ensure resilience of services and increasingly standardised clinical workforce profile across 7 days. Bedford Hospital has worked hard to adapt safe clinical models 24-7 and ensure senior clinical support, but growth in demand means that in some areas such as emergency care and diagnostics, the trust is nearing tipping point for step change investment. By working together the two hospitals can cross cover and support, and minimise the cost of servicing growth in demand from an increasingly elderly, rapidly expanding population.

## 2.4.2 Improve delivery of clinical services

A number of attempts have been made to understand the possible models of delivery for acute hospital services, along with the minimum requirements across the system. Most recently Healthier Together and the Bedfordshire and Milton Keynes Healthcare Review have sought to explore the options for hospital services. However within the context of rapidly growing demand, the emerging importance of local integration of GPs, hospital services and community teams in support of complex and frail elderly patients, and the limited availability of capital to support radical and far-reaching service changes, a more moderated approach of integrating and building shared services across the two sites is likely to yield the optimal clinical configuration for Bedfordshire.

In bringing together L&D and BHT as a single organisation, there are some critical principles which will need to form the basis of clinical service models:

Movement of inpatients between sites needs to be avoided wherever possible on the basis that it increases cost and length of stay and offers poor patient experience.

Outpatients are best managed locally.

Single advice and guidance services and single on-calls to avoid duplication of processes and capacity.

A real-time capacity model, which reflected the ability of either site to receive and manage a particular patient at that time should be used to signpost to units with capacity.

Clinical teams should operate as a single service delivered over two sites in the best interests of the users of that service.

On this basis, it is possible to achieve an optimised clinical model between the two sites:

- **All services become single clinical teams.** Where appropriate, specialist clinicians rotate between sites as far as practical in order to bring services to patients rather than patients travelling, especially for chronic conditions and frail, elderly patients;
- **Professional and clinical support services become fully integrated** and support the delivery of boundary-free clinical care across the two hospital sites;
- **A&E services are provided both at L&D and BHT**, with the potential for the highest risk emergency activity out of hours being supported by the L&D site;
- **Specialist emergency inpatient services** such as respiratory, stroke and gastroenterology **would be cross supported by clinical teams** offering input and expertise across the whole of Bedfordshire;

- **Both sites could become the specialist centre** for different areas of elective work;
- **Bedford Hospital would retain maternity services and paediatrics**, but care of high dependency emergency paediatric patients would be supported by the L&D site;
- For **agreed pathways, ambulances would convey critical patients on the basis of a real-time capacity model**, which reflected the ability of either site to receive and manage that patient at that time.
- **By working together as a single organisation and increasing the scale and resilience of clinical services, the range and quality of services provided to the population of Bedfordshire will further improve.** This is an excellent opportunity to ensure that waiting times can be minimised, a broader range of specialist services can be offered and multidisciplinary and integrated working improved, both within the hospital services and with consistent and improved relationships with community and mental health providers.
- One of the most important aspects of work for the coming months will be the bringing together of key clinical teams to identify the areas of greatest synergy between services and establish a shared vision for a single clinical service and the delivery plan that underpins such a move.

### 2.4.3 Implement different models of care supported by the STP Accountable Care System ambitions

The direction of travel towards an Accountable Care System (ACS)<sup>7</sup> yields opportunities for different types of clinical service change. In addition to the improvements in existing services, new services may be delivered locally and novel models of working with community partners are easier to implement if unified across a geographical area with a single catchment.

- The opportunity for hospital services integrating with primary care and community services (often called 'vertical integration') is improved by a larger provider entity working with a unified commissioning structure across Bedfordshire
- Repatriation of work from 'any qualified provider' tenders will improve acute hospital service resilience and clinical standards
- The larger scale of a single provider organisation means that delivery of services currently provided outside the STP footprint is more easily achieved as a result of serving a larger population and co-ordination between the BHT and L&D sites.

Working together, the two hospitals are able to make changes which have a positive impact both on the services provided to patients, but also to the sustainability of the hospitals in the context of rapid population growth. These are set out in table 3.

---

<sup>7</sup> In an Accountable Care System (ACS) several healthcare organisations agree to provide all health and social care for a given population. Please see <https://www.kingsfund.org.uk/publications/accountable-care-organisations-explained>

Opportunity	Impact On Patient	Impact on Sustainability
<b>Create single specialist services across the two hospitals e.g. gastro, elective orthopaedics and gynaecology</b>	Improved specialisation improving clinical outcomes and best access to 7 day specialist input	Improved resilience of specialist services  Optimal use of the hospital estate  Achievement of critical mass  Reduced on-call costs
<b>Bring services back into Bedfordshire currently delivered elsewhere e.g. plastic surgery, specialist cardiac imaging</b>	Prevents need for travel out of county  Supports improved quality of local services	Improved utilisation of existing facilities and skill sets  Helps with recruitment and retention
<b>Shared capacity for planned care and diagnostics</b>	Single booking process for patients supports choice of location of care	Reduces waiting times  Supports management of surges in referrals  Best use of capacity
<b>Changes in service model e.g. a real-time capacity model, which reflected the ability of either site to receive and manage that patient at that time</b>	For critically unwell patients, Ambulance team liaises with the Emergency team at the closest site and takes patient to hospital with best access at that time	Reduces risk of either site being overwhelmed  Responsive and resilient to emergency pressures in the system at any one time  Best use of clinical staff
<b>Integration with community services</b>	Care jointly delivered between hospital and community teams avoids 'handovers' and ensures best outcomes and minimal admissions	Manages rapid growth in ageing population without same rate of growth in inpatient beds  Allows development of skill sets better suited to complex patient needs

#### 2.4.4 Improve the efficiency of professional support services and the hospital infrastructure

There is significant opportunity for the two teams working as a single organisation to rapidly combine professional service teams and integrate key infrastructure services (non-clinical) to improve efficiency and combine and learn from the examples of excellence in practice at both Trusts.

Although both hospitals perform better than the national average when considering the model hospital “weighted activity unit”<sup>8</sup> cost comparison, there are opportunities that can be effectively rolled out across the two organisations as part of these efficiency gains.

#### **2.4.5 Deliver clinical support services at scale and the options for innovation this provides**

One of the key opportunity areas for financial sustainability highlighted by the Lord Carter Review<sup>9</sup> is within clinical support services such as imaging and pathology. The two hospitals are well placed to combine existing services due to strong individual services and synergies of clinical pathways, and to explore the opportunity to join with other partners to ensure optimisation of scale and delivery.

Work carried out with clinicians as part of the STP identified opportunities such as:

- Integration of microbiology;
- moving to single radiologist on-call and home reporting;
- leveraging the greater purchasing power to re-procure externally sourced services to achieve better rates.

Significant benefits could be realised in the short term by collaboration between BHT and L&D alone. However, it is likely that these opportunities are best delivered cross-STP to have maximum impact, and so will be progressed in partnership with MK Hospital.

#### **2.4.6 Gain from standardising the current examples of excellence at both Trusts across the larger organisation – the “best of both”**

Both hospitals have examples of excellence in their delivery of care or professional support, whether in the skills of a team delivering a service, strength of leadership in a department, facilities and accommodation for a particular group of service users, or track record in delivery and performance. One of the greatest benefits of bringing the two hospitals together is to *take the best of both* and maximise the impact of each hospital's examples of excellence.

- There is a good working relationship between the senior teams at the two hospitals which will enable strong and consistent leadership of staff and a unified vision;
- Bringing together clinical services and clinical and professional support services enables the Trusts to optimise the impact of their best clinical and managerial leaders at department and service level, as well as delivering a £2m financial saving to the health economy;
- “Global Digital Excellence”<sup>10</sup> and “Fast Followers”<sup>11</sup>, is a combined programme of £15m (plus matched funding) which will enable both hospitals to reach a level of

---

<sup>8</sup> One WAU is the equivalent of an elective inpatient admission, based on the cost of providing that treatment. The type of treatments provided by acute trusts differ, therefore cost-weighting is used to adjust for differences in case mix between trusts.

<sup>9</sup> “Operational productivity and performance in English NHS acute hospitals: Unwarranted variations” Department of Health, June 2015

<sup>10</sup> A Global Digital Exemplar is an internationally recognised NHS provider delivering exceptional care, efficiently, through the use of world-class digital technology and information. Exemplars will share their learning and experiences to enable other trusts to follow in their footsteps as quickly and effectively as possible. See <https://www.england.nhs.uk/digitaltechnology/info-revolution/exemplars/>

digital maturity (HIMMS level 5) which will be vital to the success of a single organisation and to be a national leader in hospital IT systems. Confirmation of the £5m “Fast Follower” element has not yet received and it should be noted that the Trust cannot proceed at risk indefinitely. In addition the Trusts have identified the need for an additional £6m to fund the IM&T transition;

- Where either hospital currently has highly specialist skills or equipment, these will be used to the benefit of the whole population of Bedfordshire and the wider STP;

Local innovation will be shared across both sites, with continuous improvement in quality and standards of service.

## 2.5 Merger as the preferred option

Both Trusts have a history of collaboration both prior to the STP and as a key partner as the STP advances. This has included a working relationship with MKUH. However this is not sufficient given the clinical and financial pressure the Trusts and the system are under. Merging with L&D will enable BHT to move away from its historic deficit (accumulated position) and will not require further financial support into the future.

Through merger the new Trust will be in a position to retain the high performance status of the existing Trusts, in advance of the full impact of demand growth and demographic change that the system is already starting to experience.

**The merged Trust will create a balanced organisation with strong clinical leadership, building confidence in the system to address wider sector problems, financial challenges, capacity and quality. This merger offers a realistic opportunity to create a sustainable future.**

---

<sup>11</sup> Fast followers are supported by NHS England funding, matched locally, and will enable Global Digital Exemplars to establish proven models that can be rolled out across the NHS more broadly. In some cases, this will be sharing software or a common IT team. Others will adopt standard methodologies and processes.

### **Why this is good for the Luton & Dunstable Hospital, Bedford Hospital and their stakeholders?**

- Working as a more integrated, larger organisation will help services become more sustainable and support a move to 7 day working
- This will build and strengthen an existing and successful partnership
- It will improve patient care and experience by offering better access to specialist care
- Enables sharing of specialist skills and expertise, encouraging excellence and innovation
- Reduces the cost of support services to ensure as much money as possible is available for quality patient care
- Provides reassurance and stability for staff and the local population in uncertain and challenging times
- Ensures core services such as A&E, maternity and paediatrics will remain at Bedford Hospital

### **Why this is good for patients and the local community?**

- The merger will address some of the current challenges facing both hospitals including workforce shortages and financial pressures
- Enhances services for the population of Bedfordshire and beyond
- Better access to specialist care 24/7 across the whole of Bedfordshire
- Access to the best each hospital has to offer – people, technology and innovation

### **Why this is good for hospital staff?**

- Creates more opportunities for staff by expanding and improving the range and quality of services available
- Reduces the pressure on small, specialist teams by working together as a single clinical team
- Encourages specialist skills development through sharing best practice
- A larger organisation is more likely to attract and retain staff.

## **2.6 Making it Happen**

This change will be delivered under the leadership of the CEO for the merged organisation who will build a new team from the existing teams who are already engaged and committed to this process. The appointment of an Integration Director will be a critical appointment to increase the capacity and capability of the new organisation, ensuring that the integration

activities are given sufficient focus alongside the demanding day to day agenda at both hospitals.

The Trusts are now engaged in a review process and continue to plan for 1 April 2018. This means that the preparation phase is now underway to ensure that a full 'Safe for Day One' plan is tested and the transaction moves ahead with the full confidence of patients and staff.

The benefits realisation will be a key element of the work of the Integration Director. Mergers are demanding and the improvement narrative is key to success both for outputs and for staff remaining engaged and committed. Ownership of the clinical and financial benefits will be driven by the CEO and the executive team and confirming new roles will be an imperative. This will ensure that those planning for the merger are able to see beyond Day One and maintain momentum as the organisation transitions.

Both Trusts have a track record of delivering national targets, CIPs and service developments and this must transfer into the new organisation. L&D in particular has been recognised for its ability to consistently deliver performance outcomes exceeding other NHS providers. It is recognised that building a cohesive senior team who can effectively support and challenge one another, can make difficult decisions and can live by the vision and values with authenticity will be the cornerstone to success and enable the clinical leadership model to develop with trust and confidence.

## 3 Delivering Clinical Services

### 3.1 Clinical vision

#### Key messages

- The clinical vision for the merged Trust anticipates the continued delivery of safe, sustainable and high quality services for the people of Bedfordshire and beyond.
- There will be no significant clinical service changes on Day One of the merger. Clinical service redesign will initially focus on a number of strategically important services and will be clinically led. These services will be: Cardiology, Radiology, Rheumatology, Endoscopy, Orthopaedics and Pathology services.
- The merged Trust has also committed to maintaining A&E, maternity and paediatric services at both sites.
- Through the integration of clinical services and teams across the sites, it is anticipated that the merged Trust will deliver high standards of inpatient care that is safe, timely, effective, efficient and patient focused, and can be used to drive a system-wide approach to the delivery of streamlined integrated care.

The clinical vision for the new organisation is to invest in strong clinical leadership and integrated services. Success in terms of quality outcomes, performance and financial delivery will be determined from the combined position of the service across all sites. On Day One clinical services will be the same but it will be necessary to ensure that operational processes maintain patient safety.

The clinical vision for the merged Trust anticipates the continued delivery of safe, sustainable and high quality services for the population it serves and developing the services so that they are all either “Good” or “Outstanding”. Whilst there will be no significant changes to clinical services on Day One, in expectation of the merger work is underway to improve services through the collaborative arrangements that are in place.

Clinical service redesign will initially focus on a number of strategically important services namely, cardiology, radiology, rheumatology, endoscopy, orthopaedics and pathology services. Whilst both Trusts have heavily emphasised the “minimal change on Day One” message it is apparent that the clinically led service redesign proposals will support the ambition to provide modern medicine across the sites, ensuring the acutely ill can access emergency care with appropriate chronic disease management interfacing and integrating with community and primary care as necessary. The merged Trust will maintain A &E, obstetric led maternity and paediatric services on both sites.

The vision for the newly merger organisation provides the opportunity to improve services through service development initiatives. Balancing pace with planning and consultation will be critical to the success of these initiatives. Consequently, it is likely that any service changes will take place from Year 2 onwards and co-designed proposals which have been identified through clinical integration planning as bringing significant clinical benefit will be subject to the usual engagement/ consultation processes and implemented as quickly as practical.

Both L&D and BHT have independently identified that a strategy for growth is critical to succeeding in an increasingly challenging healthcare environment.

The main drivers of the **quality** requirements are:

- Priority to deliver high quality, sustainable, core and specialist consultant-led services, 7 days a week
- A competitive market for many staff groups
- The need to move away from single-handed specialists to provide more resilient, networked cover
- The need for increasingly specialist and resilient clinical support services to underpin delivery of the best clinical care
- Capital investment priorities in IT and critical clinical infrastructure. These are subject to the separate investment cases but are clearly essential to the quality demands faced
- The need to accommodate growth pressures on services due to rising demand from a growing and increasingly elderly population with greater complexity of health and social care needs.

Continuing to deliver services to the standard demanded by patients against this background has led both organisations to conclude that whilst continued collaboration was beneficial, bringing both Trusts together as a single organisation is the best way of ensuring sustainable and viable hospital services for the future.

The joint clinical vision is for:

- A full range of outstanding DGH services to be provided to the people of Bedfordshire and surrounding counties. The flagship planned and emergency specialist and tertiary services will be provided to the widest possible populations
- Excellent clinical services that take the best from each hospital and by integration will deliver consistently high quality standards and aspire to be rated 'outstanding'
- The highest standards of clinical leadership and innovation duly enabled by agile and efficient support functions
- Integration of care with GP partners will underpin service strategies and specialist teams will work with primary care team to support and develop out of hospital care
- The Trusts will work towards repatriation of specialist activities from out of county, that can be delivered safely and effectively within Bedfordshire
- Practices and processes will continue to be focussed on delivering harm-free care to patients
- Care will be standardised within a service, reducing unwarranted variation wherever possible, in order to embrace best-practice and evidence based approaches and innovations
- Clinical services will be supported by technology and information to optimise the experience of patients and clinicians through standardisation of services and supporting Junior Doctors
- Teaching, training and research activities will support continuous service improvement and recruitment of the highest quality staff.

The principles by which clinical services will be delivered are as follows:

- High volume and first point of contact services to be delivered on both hospital sites; outpatients and core diagnostics are best managed locally
- Movement of inpatients between sites needs to be avoided wherever possible on the basis that it increases cost and length of stay and offers poor patient experience
- Movement towards single advice and guidance services and single on-calls to avoid duplication of processes and capacity wherever practically possible
- Working with emergency services to adopt principles of “Intelligent Conveyancing” for emergency pathways to enable signposting to units with capacity
- Clinical teams should operate as a single service delivered over two (or more) sites, with unified clinical leadership in the best interests of the users of that service
- The performance and quality of clinical services will be measured as the combined outcomes of the service across all sites
- Services will be clinically led, with clinical staff sharing accountability for strategy, quality standards, performance and patient and staff experience
- Establishing an integrated approach across primary, community and secondary care services in order to meet the needs of an increasingly growing and complex population
- Teaching, training and research activities will deliver the best possible benefits to patients and staff.

For the integration of clinical services to be genuinely clinically led, it is important that clinical leaders are provided with the support and autonomy necessary so that they can determine how best to do this at a service level. In line with this principle, the Trust anticipates that services will achieve full integration at varying paces, depending on the current level of cooperation and synergy. The optimal end state will be delivered by individual specialties who will be supported in the development of their own integration plans.

While opportunities for service improvements in some specialty areas are being considered post-integration, work has already started to identify challenges and opportunities arising from the integration of the following key services:

- Emergency Department
- Maternity Services
- Paediatrics
- Frailty and Complex Care
- Emergency Surgery

## 4 The financial benefits

### Key messages

- In the 'do nothing' case, BHT is forecasting an annual deficit of £9.0m -11.0m for each of the five years through to 2023/24. In this standalone scenario and in keeping with recent and historical practice, it can be reasonably expected that BHT would continue to request funding from NHSI to the order of this annual deficit, in order to manage its liquidity position.
- The forecast for the same period in the merger case, shows an annual surplus for the combined Trust of £9.9m by 2023/24, which should negate the need for BHT to seek liquidity funding from NHSI. This would represent a system 'saving' of £63.7m through to 2023/24.
- The synergies arising from the merger have been identified through a bottom up approach and will be drawn across a range of areas and interventions across the sites, resulting in a recurrent financial benefit (post-contingency) of £13.4m per year by 2023/24 (£11.4m of merger synergies and £2.0m of 7 Day Working cost avoidance).
- £2.5m of transitional funding will be required in order to allow these synergies to be realised, alongside capital support for the implementation of both Trust's capital plans across the hospital sites.

This section builds the understanding around the current pressures on the Trusts and describes how the merger will counter-act the "do nothing" scenario where BHT is currently forecasting an annual deficit of between £9.0-11.0m through to 2023/24. In this standalone scenario and in keeping with recent historical practice, it is not unreasonable to assume that BHT would need to continue to request funding from NHSI to the order of the annual deficit, in order to manage its liquidity position. The forecast for the same period in the merger case, shows an annual surplus for the combined Trust of £9.9m by 2023/24 which should negate the need for the Trust to seek liquidity funding from NHSI. This can be seen as a potential "saving" of £63.7m through to 2023/24, in line with BHT's forecast cash requirement. This financial stability is key to providing safe clinical services and gives the Trust the ability to better manage risk as well as invest in service improvement.

Capital investment of up to £150m is under discussion between both Trusts and NHSI. Whilst the capital regime is recognised as separate to the mechanism for approving the FBC, it is clear that there are financial dependencies between the two processes. Most significantly, not undertaking the merger will not negate the need for further capital investment to deliver safety quality benefits. But equally the Trusts could not forecast these levels of savings without the confidence of capital support. It will also mean that BHT will continue to require significant cash support and the opportunity to create a single acute organisation with a strong balance sheet for the system is lost.

The synergies described have been created through a bottom up approach resulting a recurrent financial benefit of £13.4m per annum by 2023/24. These are expected to deliver £11.4m of recurrent savings by 2022/23 and additional £2.0m of '7 Day Working' cost avoidance, totalling £13.4m per annum.

A summary of the financial impact of these synergies is outlined in the table below:

£m	2018/19 Forecast saving	2019/20 Forecast saving	2020/21 Forecast saving	2021/22 Forecast saving	2022/23 Forecast saving	2023/24 Forecast saving
Corporate efficiencies	2.8	4.7	6.1	6.5	6.6	6.6
Clinical support savings		1.7	2.5	3.3	3.3	3.3
Clinical efficiencies		0.8	1.2	1.2	1.5	1.5
Repatriation		0.6	0.6	0.6	0.6	0.6
Private income	0.1	0.2	0.3	0.4	0.4	0.4
Enhanced merger CIPs		0.4	0.7	1.2	1.7	1.7
Less: Optimism Bias	(0.4)	(2.9)	(3.9)	(3.9)	(2.7)	(2.7)
<b>Total</b>	<b>2.6</b>	<b>5.5</b>	<b>7.4</b>	<b>9.3</b>	<b>11.4</b>	<b>11.4</b>

The additional £2.0m of '7 Day Working' cost avoidance, is the avoided costs of bringing together single clinical teams and the associated investments which would be required to continue to operate at the existing scale across the sites.

£2.5m of transitional funding will be required for the implementation of the merger. The first contribution to this sum is £0.75m, provided from the STP. An additional £1.75m will therefore need to be provided from NHSI (and/or the STP).

Support to the newly-merged Trust with regards to BHT's historical debt of £43m is also necessary to ensure delivery of the integration and a stable financial footing for the new organisation. Discussions with NHSI in relation to this are ongoing. In addition it is clear that the merged Trust needs to be supported by a revised control total agreement to meet the financial forecasts presented.

## 5 A workforce for the future

### Key messages:

- The publication of the “Facing the Facts, Shaping the Future - a draft health and care workforce strategy for England to 2027” (Dec. 2017) is timely as the new organisation will be defined by its approach to supporting and enabling clinical and corporate leaders to drive and deliver service transformation
- The vision for the new FT ensures that leadership is a priority and a key part of the Trust strategy.
- Workforce principles mirror the clinical vision – taking the “best of both” to build a new organisation with high performing teams that will deliver best-in-class standards of performance, quality services and innovation
- The focus of the workforce plan is to ensure safe staff transfer, positive staff engagement, and visionary transformation
- The workforce plan provides the foundation for setting the cultural tone, aligning staff capacity and capability with organisational needs, and ensuring effective support from agile, expert HR and OD services to ensure benefits are delivered.
- The learning portfolio for the new organisation will be focussed on developing clinical leaders, non-clinical leaders working across both sites and developing new roles and creating innovative career pathways to support recruitment and ensure retention of valued staff.

Fundamental to achieving the benefits of the merger is the ability of the new Trust to retain its current workforce and recruit the best staff. The recent publication of the consultation document issued by Public Health England on 13<sup>th</sup> December 2017 ‘Facing the Facts, Shaping the Future’ articulates the challenges being faced by NHS organisations across the country. The Trusts have detailed activities specifically designed to use the levers and available support and expertise to address these challenges - supporting delivery of the emerging organisational vision and enabling realisation of the benefits outlined in this business case.

The following principles underpin the approach to workforce transformation:

- Training, developing and investing in staff to support their long term development to ensure that the Trusts have a pipeline of talent with the flexibility to maximise local services to the benefit of future patients
- Securing the supply of the best staff to deliver outstanding health services in the future
- Creating new and innovative clinical roles designed to address known skill and capacity gaps (for example including nurse associates and advanced practitioners)
- Providing a range of career pathways for front line staff to enable them to, earn more money as they expand their skills and experience
- Being a model employer with flexible working patterns, career structure and rewards

- Having an effective workforce plan that is fully aligned with service and financial plans and enables the Trust to work with universities to ensure the right workforce for the future.

## 5.1 Implementation of change

People and culture will be key to delivering a successful merger. In recognising the importance of staff and in placing them at the centre of the vision, the workforce transformation is a major aspiration of this merger. Through strong visible leadership, the Trust will engage its workforce to build the necessary stability for the future. Through transforming the workforce, the new organisation will build its reputation and attract and keep the staff needed to deliver high quality services.

Workforce principles have been developed to mirror the clinical vision – taking the ‘best from both’ to build a new organisation with high performing teams that will deliver best-in-class standards of performance, quality services and innovation.

The focus of the workforce plan is to ensure safe staff transfer, positive staff engagement, and visionary transformation. It provides the foundation for setting the cultural tone, aligning staff capacity and capability with organisational needs, and ensuring effective support from expert HR and OD services.

The learning portfolio for the new organisation will be focussed on developing clinical leaders, supporting Junior Doctors, developing new roles and creating innovative career pathways to support recruitment and ensure retention of valued staff.

Key individual, team and organisational benefits from the proposed workforce activities are summarised in the table below:

BENEFIT	DETAILS	SUCCESS MEASURES
<b>Enhanced service resilience 24/7, 365 days a year</b>	Wider pools of expert clinicians within integrated clinically led specialties will enable services to be planned, year round, to the benefit and, where appropriate, convenience of patients	<ul style="list-style-type: none"> <li>• Improved RTT (referral to treatment) performance</li> <li>• Improved patient experience</li> <li>• Improved patient outcomes</li> </ul>
<b>Improvement in regulatory performance (CQC)</b>	Emphasis on cultural factors and support and development of clinical leaders will enable organisation to aspire to higher overall performance against the caring and well led CQC domains	<ul style="list-style-type: none"> <li>• Improved Trust wide performance against CQC indicators</li> <li>• Improved performance against key National Staff Survey indicators</li> </ul>
<b>Effective and efficient supporting and enabling services</b>	Functional integration of corporate functions will enable focus on streamlining of transactional activities, best use of systems and provision of value adding professional expertise to increasingly autonomous clinical units. Increased use of technology as enabler, and for pro-active monitoring and reporting	<ul style="list-style-type: none"> <li>• Delivery of Long Term Financial Model corporate efficiency and productivity assumptions</li> <li>• Scale benefits for system procurement, licensing and maintenance</li> <li>• Savings for process efficiencies (e.g. time to recruit / reduced use of temporary backfill)</li> <li>• Improved compliance rates (e.g. appraisal / mandatory training)</li> </ul>

<b>Enhanced educational experience for clinical trainees</b>	Innovative clinical service provision across sites provides opportunities for enhanced rotational experience and exposure to wider team of expert supervisors	<ul style="list-style-type: none"> <li>Improved roster cover due to availability of junior doctors and other clinicians in training</li> </ul>
<b>Career development opportunities</b>	Development of new clinical pathways and increasing emphasis on value adding corporate functions will provide opportunity for new roles and for individuals to gain new skills	<ul style="list-style-type: none"> <li>Improved staff retention</li> </ul>

## 6 Operational Support

### 6.1 Information Management & Technology (IM&T)

**The IM&T vision for the transition is:**

- To ensure services are safe and effective on day-one as a new organisation.
- To enable the integration of the two organisations, at all management and operational levels, in a way that balances the need for rapid merger into a single organisation with cost effective and secure investment in the IM&T changes needed.

**The IM&T vision for the new organisation is:**

- To provide an IM&T experience for staff which is seamless; where access to information and use of systems is uniform and of high quality across the new organisation, regardless of role, location or site, and service or department.
- To provide IM&T that enables an experience for patients which reflects a single seamless organisation – which provides clear, prompt and effective communications, services able to be delivered flexibly to meet patient needs and preferences, and which provides patients with ‘user-friendly’ access to their health records and information about their care.
- To achieve digital excellence across the new organisation, with all the benefits implied for patients, staff and services.
- To support the ongoing STP and ACS developments and to continue to play a leading part in the transformation of the wider health and social care economy.

Investment in technology and digitisation is key to driving clinical standardisation and more efficient working within the new Trust and across the health and social care economy with partners. This commitment is in accord with the commitment to transform clinical services and create new roles enabling staff to focus on patients efficiently with sufficient knowledge to deliver safe care. Information systems are vital to transform services and enable flexible working and this is central to implementation planning. Significant investment is required in the short to medium terms and the GDE programme will enable the Trusts to continue and accelerate the transformational role of digitisation, not only within the Trust but with direct impacts on partners across the local STP.

Both Trusts recognise the significance of the arrangements for IM&T in the operational security of the organisations from Day One and for the dependency in delivering efficient clinical services for patients. A failure to fully grasp the importance of information management and the technical requirements associated will lead to chaos and disruption as witnessed in other Trusts. The leadership team recognise the risks and are planning accordingly.

## 6.2 Estates, Facilities and Capital

### Key messages

- Both the current L&D and BHT hospital sites require considerable investment in order to improve the sustainability of the sites and future safety of services over the long term, in line with increasing patient demand and need. Capital investment across both sites is therefore essential in order to make the merger a success.
- L&D's capital plan proposes the development of an Acute Services 'Hot Block', which will introduce an essential new Delivery Suite, Neonatal Unit, Critical Care Unit and Theatre facilities at the hospital. An OBC is currently being produced for this capital development.
- BHT's capital will see a relocation and redevelopment of the hospital's A&E department, alongside investments to replace the current modular theatres with new facilities, as well as the development of a new Multi Storey Car Park. Feasibility studies and business cases have been produced for the A&E and theatre upgrades.
- There is extensive backlog maintenance on both sites that would be significantly reduced by the capital critical renewal and redevelopment plan.
- Without these developments, the new Trust will be unable to secure the full benefits of the merger.

There are pressing requirements in the short term to continue to deliver high quality and effective clinical services. Both sites require investment to make the sites fit for delivering 21st century medicine safely and to support improved patient flow, efficiency and flexible working. The estate must be supported by efficient hard and soft facilities management to maintain the building fabric and to enhance the 'useful life' of the buildings. The case describes the early integration of the teams recognising the opportunities created in the longer term with flexible teams to support this.

The major capital programmes for both hospitals have been reviewed in light of the proposed merger and the total capital requirement for the project is £150m. The Trusts are in discussions with NHSI to secure capital as a separate and parallel process to the submission of this case. However, the inter-dependencies are recognised given the fragility of aspects of the estate which has the potential to undermine the Trusts' ambition for high quality and safe care if not addressed in a timely way. A failure to secure the capital will have a significant impact on the ability of the merged Trust to realise the benefits of the merger.

## 6.3 Benefits to be delivered through the Capital Plan

Implementing the capital developments on the L&D and BHT sites will result in an overall improvement in the condition, quality and functional suitability of the merged Trust's Estate.

### L&D

This includes the development of a new 5 storey Acute Services ('Hot Block') building on the L&D site. The scope of the "Building the New L&D" programme, through which the 'Hot Block' will be introduced, is detailed below.

Functional Content of New Building	Capacity
<b>Maternity Delivery Suite</b>	<ul style="list-style-type: none"> <li>• 12 high risk delivery rooms (10 obstetric led), including 2 bereavement rooms</li> <li>• 6 low risk delivery rooms (midwifery led)</li> <li>• 3 obstetric theatres with a recovery bay</li> <li>• 6 bedded triage area</li> </ul>
<b>Neonatal Unit</b>	<ul style="list-style-type: none"> <li>• 46 cot spaces which will allow flexing between HDU and ITU capacity requirements</li> <li>• 8 bedded transitional care and rooming in beds</li> <li>• 5 parental accommodation rooms</li> </ul>
<b>Critical Care</b>	<ul style="list-style-type: none"> <li>• 30 beds that will flex (ITU, HDU, Level 2 Coronary Care and Respiratory)</li> </ul>
<b>Theatres</b>	<ul style="list-style-type: none"> <li>• 9 operating theatres, adjoined to the retained operating theatres in the current L&amp;D surgical block</li> <li>• 1<sup>st</sup> stage recovery</li> </ul>
<b>Theatre Support</b>	<ul style="list-style-type: none"> <li>• Surgical arrivals</li> <li>• Second stage recovery (56 recliners)</li> <li>• 3 clean rooms for minor procedures</li> <li>• Discharge lounge</li> </ul>

To enable this scheme, the following is also planned:

- The creation of a new office block to allow the transfer of staff from Trust HQ, and ultimately the demolition of Trust HQ, in order to make way for the construction of the Hot Block.
- **Fast link corridor:** Creation of a corridor between the Emergency Department and the Hot Block for rapid patient transfers
- **Energy Centre:** Development of an energy centre in order to operate the highly specified Hot Block. This may become a site wide Energy Centre, subject to a separate business case and funding stream.

## BHT

BHT has proposed a new model of care for Emergency Department services, which has been developed through consultation with clinical staff and Trust senior management.

In order to support the implementation of the new model of care BHT intends to relocate the Emergency Department to the Kempston Road side of the hospital, through a combination of new build and refurbishment of the current site. The proposed development will provide, in line with the new model of care:

- **Adult emergency care:** Provision of Majors, Resus and Minors clinical care (including supporting services)
- **Paediatric emergency care:** Provision of Majors, Resus and Minors clinical care (including supporting services)

In order to overcome the current issues with Theatres 7&8 it is proposed that these theatres are replaced with three new theatres which will be co-located with the main theatre suite.

The Trust, along with Bedford Borough, is undertaking a Staff Travel Survey in order to identify anticipated travel arrangements and produce a joint Travel Plan, with the expectation that sustainable forms of travel will become the priority for staff and visitors. Despite this, there will be a retained need for parking facilities at the BHT site. Early plans for the development of an appropriately sized Multi Storey Car Park are therefore currently underway.

A summary of the benefits which will be achieved through the delivery of the capital plan is as follows:

Benefit Criteria	Description/Definition
<b>Safe environment enabling high quality clinical care</b>	<ul style="list-style-type: none"> <li>• Delivers clinical effectiveness</li> <li>• Facilitates high quality clinical outcomes</li> <li>• Delivers statutory compliant services</li> <li>• Provides appropriately co-located services</li> <li>• Creates a resilient infrastructure able to handle increased activity levels</li> <li>• Supports efficient models of care that can optimise physical and financial resources</li> </ul>
<b>Delivering a flexible solution to enable's the merged Trust to adapt to changing environment</b>	<ul style="list-style-type: none"> <li>• Provides a flexible and adaptable estate</li> <li>• Provides a robust plan that can accommodate future change</li> <li>• Promotes focused services delivering Commissioners' requirements and public health forecasts</li> <li>• Allows an effective use of all resources</li> <li>• Improvement of staff morale and reduction in staff turnover</li> </ul>
<b>Opportunity to achieve future efficiencies</b>	<ul style="list-style-type: none"> <li>• Backlog maintenance reduced to long term</li> <li>• High risk areas eliminated</li> <li>• Non-clinical service costs minimised</li> <li>• Sustainability targets achieved</li> </ul>
<b>Management of Risk – delivery of statutory standards and reduce liability</b>	<ul style="list-style-type: none"> <li>• Reduction in risk within estate in provision of clinically safe services</li> <li>• Compliance with NHS clinical standards</li> <li>• Maintaining availability of critical areas to support service delivery</li> </ul>

## 7 Corporate Support

### 7.1 Integrated Governance

**Key messages:**

- The Governance arrangements in place enable the Trust to ensure that high quality care is delivered and that there is a sufficient line of sight from “board to ward”. The details in this section are described to support the clinical and financial and operational running of the hospital and to ensure that quality is maintained and improved (“levelled up”)
- The governance of the organisation will be in transition for a period of 6-12 months before new arrangements are consolidated and there will be changes as new structures are implemented.

The new organisation will be supported by a new governance and reporting structure that will take the best from both organisations in terms of assurance, accountability and allowing delegated clinical leadership to be both effective and meaningful. The new Trust will be bound by certain statutory requirements around the constitution of a new Foundation Trust. This includes the appointment of the new Trust Board and the Governors as well as the implementation of statutory reporting arrangements.

The governance arrangements described will support the Trust through the transition and into the new organisation and are designed to allow the Board to be given the assurance required to comply with quality, financial and operational requirements of a hospital Trust.

The Trusts have identified the need for an Integration Director to drive the change at the executive level and to oversee the benefits realisation arrangements in the first two years.

These arrangements ensure that the right people occupy the right roles and that reporting arrangements ensure that the right information is reviewed to ask the right questions and are essential in terms of delivering high quality clinical services within the financial envelope under which the new Trust is required to operate. Policies and procedures are an important part of this but are only as effective as the framework in which they are applied. There is an important opportunity to recognise that how these governance arrangements are implemented will drive a culture which seeks to be open and transparent, encouraging people to speak up and report concerns and is line with the cultural aspirations described in the workforce chapter.

A plan is in place to review the number of Governors to members at year 1 and year 2. This will also address the balance of the Governors to ensure that it represents the public and the membership:

The merged Trust proposals increase the number of Governors to 48 which compared to other Foundation Trust's is a very large group. The plan for the future is to reduce the Governors to 22 (as it was originally). This process is planned to occur over a two year period to reduce the Governors on natural attrition and terms ending but to also allow an annual election. Ambitious plans for the Bedfordshire membership over the next year are in place as there is a lot of support for Bedford Hospital. However, this may impact on the membership of Central Bedfordshire and the surrounding areas which at this stage remains largely unknown.

## 7.2 Communications and engagement

The communications workstream has been led by the Trusts' CEOs which signals the importance of strong and effective communications and engagement for success of the business case and the overall merger transaction.

The communications and engagement strategy aimed to raise awareness, and encourage involvement, support and feedback for the merger proposal. It was guided by a number of principles, including the need to reassure staff, public and stakeholders of the rationale and benefits of the merger and provide clear, factual information in a timely and transparent way. It is based on a partnership approach, delivering the right message at the right time, maximising existing relationships, using current examples of partnership working and encouraging staff and stakeholders to have their say. It also considers risks and mitigations.

Stakeholder groups were identified using previous stakeholder lists from both Trusts, the BLMK STP work and other wider healthcare communications. This was then shared and added to by the wider project team. A phased programme of communications and engagement was undertaken as part of the development of the FBC, starting with the announcement of the proposed merger. Communications (via established print, electronic and face-to-face channels) has been tailored for key audiences: staff; public; stakeholders; and widely shared. This has been supplemented by engagement events for public and staff.

*This table outlines key staff communications and engagement activity:*

Clinical workshops	3 events pre FBC submission: 14 & 29 Nov; 5 Dec
All staff briefings sessions	Monthly from September 2017
Management/ leadership meetings	Monthly from September 2017
Department/ Divisional meetings	Ongoing since September 2017
Merger update emails	Weekly from September 2017
Staff Briefing Notes	Monthly from September 2017
Dedicated Merger pages on intranet and website	From September 2017- ongoing
Printed materials- generic merger leaflet, posters	From September 2017-ongoing

*This table outlines key stakeholder and public communications and engagement activity:*

Stakeholder meetings	STP Partners, Councils, CCGs, Unions, L&D Governors, Volunteers, GPs, MPs, Hospital Charities
Stakeholder briefing email	monthly update from both CEOs
Public events	3 events in November 2017 – Luton (23 <sup>rd</sup> ) Bedford (24 <sup>th</sup> ) Central Bedfordshire (29 <sup>th</sup> )
Press release	at key news opportunities
Trust websites	Regular updates on merger plans
Social media: Twitter/ Facebook	Supporting events/campaigns e.g. Public events; FT membership
Briefings (reports and verbal updates)	Council meetings e.g. Overview and Scrutiny Committees; Health and Social Care Review Group; Health & Wellbeing Board

Various engagement activities (over recent years and leading up to the submission of the FBC) have given an oversight of the wider population's views about local healthcare provision. This highlights that the priority for local residents is to have core services provided locally. However, they may be prepared to travel a little further for specialist services. The merger proposal addresses these concerns and ensures that decision making has remained patient-focussed. Communications and engagement activity will continue to the merger transaction and beyond. For the most up to date information about the proposed merger, visit the Trusts' websites: [www.ldh.nhs.uk](http://www.ldh.nhs.uk) and [www.bedfordhospital.nhs.uk](http://www.bedfordhospital.nhs.uk)

## 8 Integration Plan (PTIP)

### 8.1 Post Transaction Implementation Plan (PTIP)

A detailed PTIP is submitted as part of the approval process to the Trust Boards and NHSI. The PTIP presents the process and detailed plans to take L&D and BHT from their current states to a merged and integrated entity, managing any risks identified through the due diligence process. It is a 'live' document which will be used by the implementation team to monitor the progress of the merger. In turn this will provide assurance to the new Trust Board, Councils of Governors, Regulators and other stakeholders that:

- There is a robust and comprehensive plan for the safe integration of the two Trusts;
- All material risks have been identified and are being appropriately mitigated, with any emerging risks mitigated through a rigorous risk management process;
- Benefits of the merger have been identified and will be realised; and
- The integration process is well resourced and there are robust governance arrangements in place to ensure its delivery.

#### 8.1.1 Structure of the PTIP

The PTIP contains five chapters:

- Governance of the New Trust
- Implementation Plans
- Post-Transaction Management and Governance
- Benefits Realisation
- Post-Transaction Risk Management

#### 8.1.2 Integration plans and delivery

The Integration planning and Implementation will be led by the Integration Director accountable to the CEO. Whilst not a formal member of the Trust Executive or Trust Board, this role must be filled by an individual with executive authority, able to operate at Board level with influence and credibility. The Integration Director with supporting team will create additional capacity, ensuring that Trust Executive leaders remain visibly identified with the integration by creating a programme delivery structure to support this. The partnership nature of these arrangements is critical to enable the ongoing delivery of the day to day requirements and the merger at the same time. Potential candidates are currently being identified.

The merger will be delivered by taking a formal project management approach, ensuring that the objectives of the merger and its operational delivery are managed through a dedicated Project Management Office (PMO). A detailed project plan has been established for the first six months post transaction – this 100 Day plan takes Bedfordshire Hospitals NHS FT to the end of June 2018, culminating in the first planned benefits realisation review.

## 9 External support

The transaction will require the support of NHSI, the STP partners as well as that of the local community. NHSI and BLMK STP have already provided significant support and advice to the two Trusts in the formative stages of this proposal, which has been instrumental in facilitating the progress that has been made so far.

In particular, the proposal requires support for converting BHT's current short term working capital loan to a more sustainable form of funding. In addition, support for capital borrowing of £150m is required to implement capital schemes for critical renewal and re-development on both sites. The Trusts have identified the short term costs of integration at £2.5m.

## 10 Securing approvals

### 10.1 The approvals process

Whilst the two Trusts are working in a spirit of merger and collaboration, it is recognised that the application to NHSI is for an acquisition of BHT by L&D in order to create a single merged Trust with the proposed name of Bedfordshire Hospitals NHS Foundation Trust. This transaction is being processed as a Section 56A acquisition of BHT by L&D. A major benefit of this proposal, compared with other previously considered options for acute collaboration, is the expectation that it is achievable and will gain local support.

In support of the transaction, the Trusts will submit this Full Business Case to NHSI on 22<sup>nd</sup> December 2017 describing the rationale for the merger and supporting clinical and operational integration plans in order to safely execute the transaction.

This is supported by the **Long Term Financial Model (LTFM)** detailing the financial impact of the transaction for the merged entity, with a summary of the outputs of this model included within the business case. This was submitted to NHSI as agreed on 12<sup>th</sup> December 2017.

In addition the Trusts have developed a **Post-Transaction Integration Plan (PTIP)**, presenting the process and detailed plans to take L&D and BHT from their current states to a merged and integrated entity, managing any risks identified through the due diligence process. This document will continue to evolve in the period up to the transaction date.

In parallel further discussions will take place on the capital investment cases with a decision expected by the end of January 2018.

### 10.2 The path to transaction

The Boards unanimously approved the FBC for merger implementation on 1 April 2018. In recommending this case to NHSI the Trusts recognise the challenges of the current PTIP and the work associated with this. The Boards understand the details of the Due Diligence and the current risks to be mitigated. Due Diligence work will continue whilst NHSI consider the case.

The table below will help clarify the approvals process for an acquisition under section 56A of the Act. The formal approvals process starts at the end of the NHSI review of the business case when NHSI issues its transaction risk rating and finishes when the grant of acquisition is issued.

	Party	Action	Good practice timescale
1	NHS Improvement	Issue transaction risk rating Apply to the Secretary of State for support for the acquisition (where the parties include an NHS trust)	Within a few weeks of the board-to-board meeting
2	Both trust boards	Confirm that acquisition is to proceed	Following the acquiring foundation trust's receipt of NHSI's transaction risk rating
3	Acquiring foundation trust's council of governors (and target)	Vote to approve the acquisition application	Following boards' confirmation of decision to proceed

Party	Action	Good practice timescale
trust's if a foundation trust)		
4 Both trusts (signed on behalf of both boards)	Make joint statutory application to NHS Improvement	Following governors' vote and support from the Secretary of State
5 NHS Improvement	Grant the statutory application, provided the Trusts are satisfied that the necessary steps have been completed	Acquisition will be completed on the date stipulated in the grant document to be issued by NHS Improvement (completion date to be agreed with the trusts)
6 Enlarged foundation trust	Take steps to populate any new constituencies created as a result of the acquisition, as per the new constitution Hold elections to fill any new governor posts Appoint any new NEDs and executive directors	Within five months of acquisition

### 10.3 Next steps

Both Trusts will continue their preparations for merger while the business case is under review and consideration by NHSI. The overarching focus is ensuring patient safety is not compromised at any time while planning that the benefits detailed in this business case are achievable as soon as possible.

Milestone	Proposed date
<b>Planning for Merger post submission of FBC</b>	• January to March 2018
<b>Submission of L&amp;D and BHT Capital business cases</b>	• January 2018
<b>Receipt of NHSI risk rating</b>	• February 2018
<b>Formal agreement by L&amp;D and BHT to merge post receipt of the NHSI risk rating</b>	• March 2018
<b>Merger transaction date</b>	• 1 April 2018
<b>First 100 days</b>	• April – July 2018