



Health Scrutiny Committee
24 January 2013

Review of merger between Epsom Hospital and Ashford & St Peter's Hospitals

Purpose of the report: Scrutiny of Services

The Committee will scrutinise the failed merger between Epsom Hospital and Ashford & St Peter's Hospitals.

Introduction:

1. In December 2010, Epsom and St Helier University Hospitals NHS Trust (ESHH) made a decision that it was unable to achieve Foundation Trust status in its current state. It therefore asked the London Strategic Health Authority, NHS London, to begin a transaction process to de-merge Epsom Hospital and St Helier Hospital. Bids were invited from other hospitals to merge with the individual hospitals.
2. The presentation at **Annex 1** that will be given on the day outlines key events and information about the transaction process. Below is a brief summary of the chronology of the transaction process.

Chronology

3. Epsom Hospital had a bid from Ashford and St Peter's Hospital (ASPH) in Surrey while St George's Hospital in London had bid for St Helier Hospital. St George's subsequently pulled out of the negotiations due to the ongoing Better Services Better Value review taking place in southwest London. On 1 June 2012 ASPH was announced as the preferred bidder for Epsom Hospital.
4. ESHH has had a long-standing debt, dating from when the two were merged in 1999. As part of the transaction process, independent firm Deloitte undertook work to determine the site split of budget and deficit attributable to each hospital.

5. At the same time, the Better Services Better Value programme in southwest London announced its preferred options for consultation. The option was for St Helier to lose its A&E and maternity services while turning it into a planned care centre for the whole of southwest London. This potentially included repatriating work to St Helier from the South West London Elective Orthopaedic Centre (SWLEOC) that is based at Epsom Hospital.
6. ASPH's plans for Epsom Hospital were dependent upon achieving a break-even status in five years and on receiving transitional funding from the South of England Strategic Health Authority, NHS South of England. Following the Deloitte work, it was determined that it would not be possible to meet this challenge.
7. As a consequence, on 22 October 2012, the Epsom Transaction Board recommended to NHS London that the transaction should be placed on hold. On 25 October 2012, NHS London's Board agreed this and announced that the proposed merger of Epsom Hospital and Ashford & St Peter's Hospitals should be halted.
8. Epsom Hospital has now been subsumed into the Better Services Better Value review programme taking place in southwest London. This programme is lead by NHS South West London, which is the Strategic Health Authority covering Wandsworth, Richmond upon Thames, Kingston upon Thames, Merton, Croydon and Sutton.

Recommendations:

9. The Committee is requested to scrutinise the merger process.

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Sources/background papers:

Transaction presentation