

# Update on proposed merger pause

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May 2016



Working together to put **patients first**

# Overview

- Our journey so far
- The decision to pause
- What happens next?

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# The journey so far

The demands on the NHS are changing and standing still is not an option



- People are living longer, often with multiple and complex health conditions
- Hospitals are also continually improving standards, responding to the national quality agenda - this includes increasing access to 7-day consultant cover in key specialties and more nurses on our wards looking after patients
- We're investing in the latest technology, both clinical equipment and electronic patient records systems which can improve the experience patients have and the outcomes we achieve
- But all this is expensive and the money hospitals are given to provide care is getting less, while our costs are going up
- In addition, the shortage of nurses and doctors has meant a reliance on expensive agency staff, new technology is expensive and the pressure on our NHS is becoming increasingly difficult





# The journey so far

Recruitment and retention is probably the biggest challenge we face



- Both organisations face real challenges in recruiting and retaining staff, particularly clinical staff
- Since the Francis review in 2013 staffing establishments have increased to meet higher quality and safer staffing standards
- With national staff shortages in many areas, both organisations are facing increasing vacancy and turnover rates, which is a growing challenge
- Leading to increasingly creative recruitment solutions including recruiting from abroad
- And high levels of agency spend despite the new agency cap

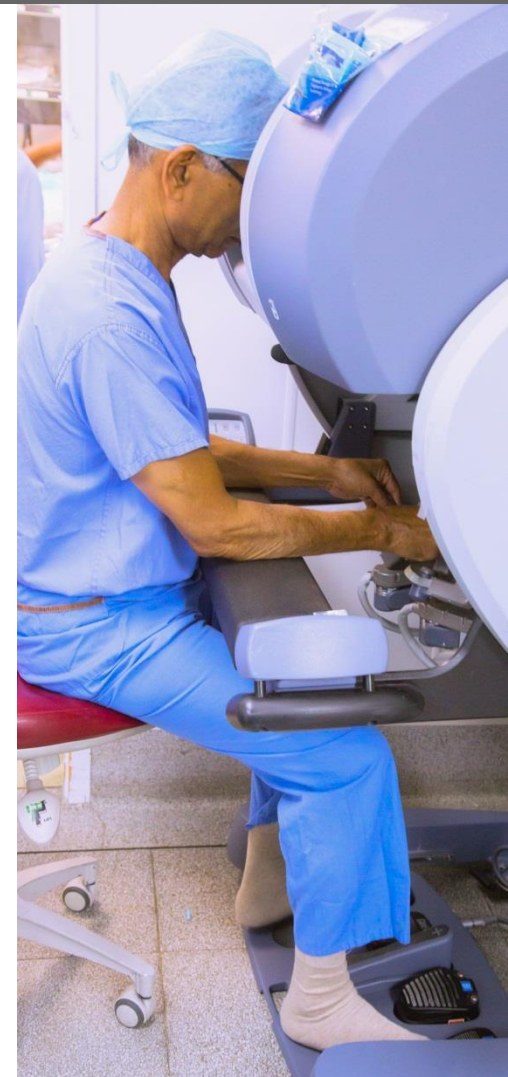
# The journey so far

Recruitment and retention is probably the biggest challenge we face

		2014	2015	2016
<b>Ashford &amp; St. Peter's Hospitals</b>	Establishment increase	+4%	+7%	+3.5%
	Vacancy rates	8.3%	8.8%	11%
	Turnover rates	14.6%	14.4%	16.7%
<b>Royal Surrey County Hospital</b>	Establishment increase	+0.5%	+4.5%	+5%
	Vacancy rates	9%	9%	8%
	Turnover rates	12%	16%	14%

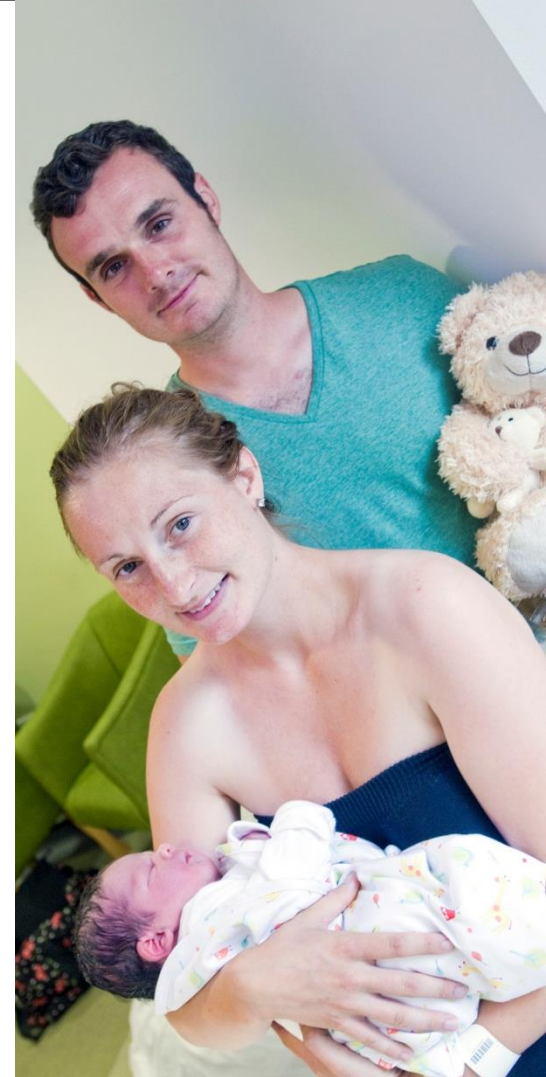
# Royal Surrey – recent investment in services

- Continued investment in cancer services including:
  - Radiotherapy machine replacement programme
  - New cutting-edge equipment including a stereotactic radiotherapy machine, two da Vinci Si Robots and a Tomosynthesis machine (to improve breast cancer detection)
  - New radiotherapy unit at East Surrey Hospital
- A new eye clinic which has significantly improved patient experience following a rapid growth in demand
- Improving emergency care by redeveloping the emergency assessment unit and resus ward and a new intensive care extension
- New maternity delivery suite including facilities for high risk water births and a 'home away from home' high dependency unit
- New operating theatre and recovery area
- Major refurbishment of our wards and service areas, including pharmacy and a new Musculoskeletal hub and new endoscopy suite
- Expansion of car parking facilities
- Redeveloped front hall and restaurant



# Ashford & St Peter's – recent investment in services

- Complete redevelopment of outpatients department at Ashford Hospital
- New hybrid vascular theatre at St Peter's allowing more complex, less invasive procedures
- New admissions lounge at St Peter's Hospital
- Brand new state-of-the-art Abbey Birth Centre which is midwife-led
- Managed equipment service to replace and upgrade all imaging equipment and patient areas across the Trust
- Recent installation of new MRI scanner at Ashford Hospital
- New chemotherapy service at Ashford Hospital
- New dedicated cardiac unit at St Peter's Hospital
- Ongoing development of our Electronic Medical Record
- New Urgent Care Centre at St Peter's Hospital
- Continued developments in car parking facilities





# Two historically well performing foundation trusts



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- Both Trusts have a good track record, particularly on quality, with both rated as **good** by the Care Quality Commission
- They both also continue to achieve low mortality rates and hospital acquired infections
- This is recognised externally as both Trusts are named as CHKS Top 40 Hospitals, while Ashford & St. Peter's won the 2015 CHKS national Quality of Care Award and are also shortlisted for the 2016 award
- Royal Surrey won the 2014 CHKS national Patient Safety Award and is shortlisted for 2016 Patient Safety and Quality Improvement awards
- Yet each Trust is now facing considerable challenges, as are many other Trusts across the country



# The journey so far

To keep delivering excellent care across Surrey we need to create scale



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- To ensure we meet rising quality standards and have the necessary expertise for our more specialist services, it's critical to have access to a larger population
- Scale gives us the opportunity to secure and enhance specialist services, such as specialist cancer and cardiovascular care and treatments
- Ashford & St Peter's and Royal Surrey already provide a complementary range of specialist services suggesting a good fit for merger
- Combining rotas for consultants in certain specialties would mean we could provide consultant review seven days a week
- A merger could also mean significant savings of around £10m every year

# How we got to where we are

- In May 2014 both Boards closely scrutinised a very detailed business case looking at options to work in partnership, not to do anything or to merge our two Trusts
- They agreed that merging our two trusts gave us the greatest opportunity for long-term sustainability and driving tangible patient benefits and delivering the national quality improvement agenda
- We went through a long and rigorous analysis by the Competition Markets Authority who finally cleared our proposed merger plans in September 2015
- Our Boards then approved a revised business case in January 2016, agreeing to proceed towards a proposed merger



# The decision to pause

- By March, our organisations were facing growing challenges that both Boards agreed needed to be addressed prior to proceeding with the proposed merger
- In particular, the deteriorating financial position at Royal Surrey meant the proposed new organisation was now unlikely to realise the anticipated benefits that merging would deliver
- From an initial deficit forecast of £2m at the beginning of the year, Royal Surrey's deficit increased rapidly in quarter four
- Therefore in March 2016, both Boards made the difficult decision to pause the proposed merger planning to allow more time to focus on securing a stable financial base
- This was not a decision either Board took lightly, given the work and costs put into the merger planning, but both were clear that resolving the immediate financial difficulties was the priority
- It also allows Ashford & St. Peter's time to focus on their emergency pathway, which is struggling to cope with an ever increasing demand



# Royal Surrey's action plan to get back on track

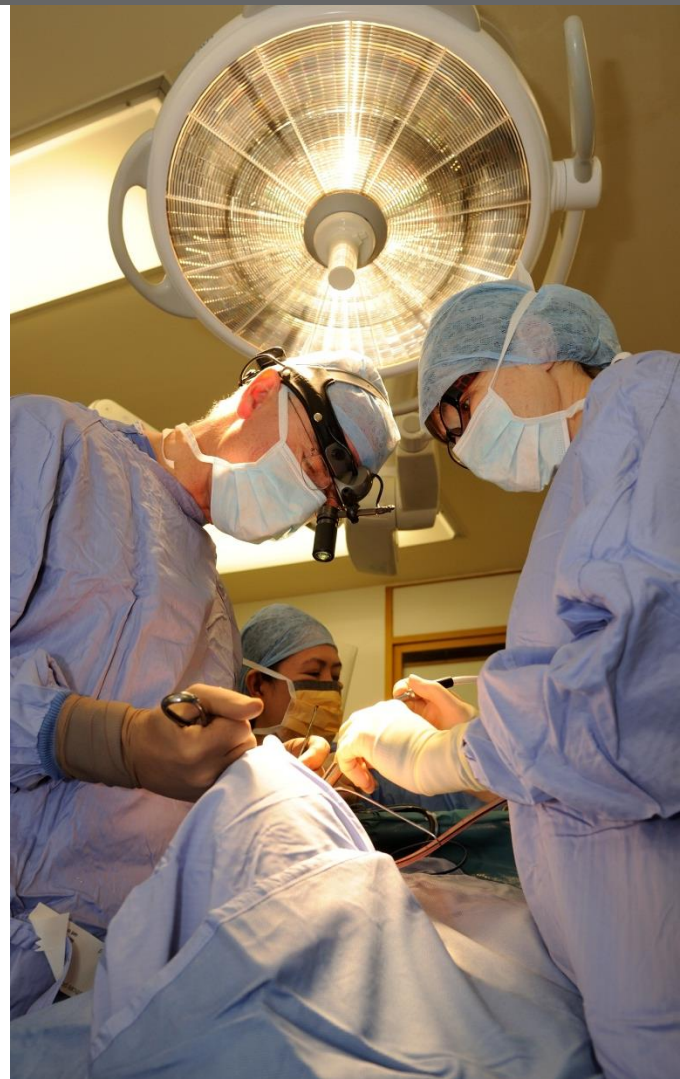


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- The Royal Surrey executive team needs time to focus completely on addressing this concern, away from the diversion of the proposed merger
- In April the Trust appointed a specialist Turnaround Director whose role is to deliver efficiencies and cost savings which will restore financial stability
- He will also advise the Board on how to improve the financial performance of the Trust to enable it to meet financial and nationally set waiting time and performance targets

# Royal Surrey's action plan to get back on track

- The Trust has welcomed an investigation by NHS Improvement and looks forward to its recommendations and support
- The Board knows that some very difficult decisions will need to be made for the Trust to regain its financial stability and to achieve nationally set waiting time and performance targets
- The turnaround of the Trust will not happen overnight and the recommendations of both the Turnaround Director and NHS Improvement will be implemented as part of the 2016/17 strategic, operational and financial plan
- As a result Royal Surrey will be more efficient and better able to provide sustainable high quality healthcare into the future



# What happens next



- Once NHS Improvement has concluded its investigation at Royal Surrey its Board will consider and implement their recommendations for the Trust
- We are all clear that the original rationale for the proposed merger remains – to create the necessary scale which will enable us to develop sustainable healthcare services for the future, clinically and financially
- However, we will need to wait until the conclusion of this current investigation to decide on specific next steps
- In the meantime, both hospital Trusts continue to work together on a number of joint projects where that will benefit patients



# New strategic opportunities



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- Both Trusts are now part of the Surrey Heartlands Partnership – the new Sustainability and Transformation Plan ‘footprint’ for wider strategic planning, part of the response to the NHS Five Year Forward View
- Surrey Heartlands includes commissioners and providers from the Surrey Downs, Guildford & Waverley and North West Surrey CCG areas and importantly includes Royal Surrey, Ashford and St Peter’s and Epsom hospitals. It also includes Surrey CC and community providers as well as primary care representatives and is actively engaging with voluntary sector organisations in Surrey

# New strategic opportunities

- There is no doubt that creating scale is the only way to ensure a sustainable future for local healthcare services and this new planning footprint will incorporate much of the clinical work we have already been doing as part of the merger planning
- Both Trusts are already working together on a new stroke pathway in response to the commissioner-led Surrey Stroke Review – an example of collaborative working that has not been lost due to the merger pause
- We also know that the outcomes of the recent Carter Review into delivering efficiencies presents further opportunity to build on work we have already started



# Next steps



- The Surrey Heartlands Partnership offers an opportunity for closer collaboration across the system and will be able to build on the joint work we have done so far
- In the meantime, while we await the outcome of the investigation by NHS Improvement we can be reassured that taking a collective approach across the system will help secure a more positive future for local health services in Surrey



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