

**Southend on Sea Borough Council Members & People Scrutiny
Committee Briefing
Monday 3rd April 2017**

**Update Report on the Merger of NEP and SEPT to create
Essex Partnership University NHSFT (EPUT)**

This report updates the wider Councillor membership of Southend on Sea Borough Council and the People Scrutiny Committee with the merger between North Essex Partnership University NHSFT (NEP) and South Essex Partnership NHSFT (SEPT) to create Essex Partnership University NHSFT (EPUT).

This paper builds upon the report given on 3rd October 2016, in which it was noted that the Trusts were in the process of finalising the Full Business Case for the merger for submission to their regulator NHS Improvement. This case was submitted on 5th December 2016.

It was also noted that an Interim Board would be in place for 1st November 2016 and this was achieved. The Board is chaired by Janet Wood until a substantive Chair is sought in the summer of 2017 and the executive team is led by Sally Morris as Chief Executive Officer.

This report will update members on the key aspects of the assessment process from NHSI and the integration plans for the first year of EPUT's operation.

Summary

The Trust first approached the idea of a formal merger in September 2015, in response to regional plans for the future. The strategic rationale for a proposed merger remains strong with the publication of the four Sustainability and Transformation Plans (STPs) which affect the proposed new Trust and the Essex Mental Health Strategy.

The Outline Business Case, competition reviews and the due diligence exercise confirmed that a proposed merger is a feasible and deliverable proposition. The Full Business Case (FBC) defines and describes the benefits of the proposed merger and details how it will be implemented fully. This was agreed by both Trust Boards in November 2016 and submitted to NHS Improvement (NHSI), our regulator, in early December 2016 – as advised by CEO letter to HOSC Chair that same month.

Engagement with a range of stakeholders, specifically staff at both Trusts and service users and carers via a proposed merger stakeholder reference group, has continued throughout the process.

Current merger status

The Trust Boards received and approved a Full Business Case for the merger at their meetings on 30th November 2016. Following some final comments and additions this was submitted to NHSI on 5th December 2016 for their review.

This triggered the NHSI assessment process. Following authorisation from the Trust Boards of both NEP and SEPT in November 2016 the draft Full Business Case and draft Post Transaction Integration Plan was submitted to NHS Improvement's Provider Assessment team.

The assessment process is fully described in the Transactions Guidance at pp35 to 57 available at https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/417799/Transactions_guidance_2015_FINAL.pdf.

In summary the process focuses on four areas:

- strategy: Is there a clear strategic rationale for the transaction and does the board have the capability, capacity and experience to deliver the strategy?
- finance: Does the transaction result in an entity that is financially viable?
- quality: Is quality maintained or improved as a result of the transaction?
- transaction execution: Does the trust have the ability to execute the transaction successfully?

The assessment takes the form of a review of various background evidence used to write the business case and integration plans; meetings with Interim Executive Directors and other staff members to understand, assess and challenge the assumptions used in the business case; and finally a meeting with the Interim Board and NHSI Executives to summarise the findings of the assessment and challenge any outstanding areas of concern.

NHSI confirmed in its letter of 20th March 2017 that it had given the transaction a "green" rating meaning that they had no material concerns.

In parallel, Grant Thornton (NEP's current external auditors and appointed as Reporting Accountants for the merger by both Boards) completed their assessment

of the transaction to allow them to provide each Board with an independent expert opinion regarding:

- proposed financial reporting procedures
- proposed quality governance procedures
- integration planning

The opinion was given on a Board Memorandum that covers each of the topics above and presented to the NEP and SEPT Boards at the end of February. The formal audit opinion of Grant Thornton and the green risk rating letter from NHSI was shared with both Trusts' Councils of Governors who were asked to vote to confirm that the Boards of Directors had approved the merger after undertaking all due diligence and had sought and gained the views of the Trusts' membership.

Both Councils and the Trusts then signed a legally binding merger agreement. This allowed NHSI to agree a Grant of Merger that dissolves NEP and SEPT on 31st March 2017 and creates Essex Partnership University NHS Foundation Trust on 1st April 2017. All the assets and liabilities of NEP and SEPT legally transferred to EPUT at the stroke of midnight 31st March 2017.

Planned engagement with stakeholders.

The Trusts have established a Stakeholder Reference Group of service users, carers and Healthwatch Mental Health Ambassadors. This group is chaired by a service user. It is an active and engaging group. Members are keen to develop it themselves and, at the next meeting, will be debating draft Terms of Reference developed by a member. The group is being engaged by the Trusts' clinical leaders on the emerging clinical model from the design stage onwards. Anyone with an interest in the proposed model can join the group. It is advertised widely on both Trusts' websites and at public meetings.

A major public meeting was held at the end of January 2017 in Brentwood. Attendees were able to meet the Interim Board of the proposed new Trust and ask questions related to the merger plans and the proposed new organisation. It was a lively and very well attended meeting. People who were unable to attend had the opportunity to send in questions in advance. These were read out and answered on the night. In addition, both Trusts have held or are holding public meetings in their localities for people to ask questions directly about the merger proposals.

In the summer, many staff took part in focus groups to discuss the Trusts' current cultures. Following on from these, joint workshops for staff were run, along with surveys for staff and service users and carers, to engage everyone in co-producing the proposed new organisation's vision and values. The outcomes were that the vision 'Working to improve lives' and the values 'Open, Compassionate and Empowering' were agreed. These are values that staff in the proposed new



Update report on the merger of North Essex Partnership University NHSFT (NEP) & South Essex Partnership University NHSFT (SEPT)



organisation, including the Interim Trust Board, will be expected by colleagues and people who use the proposed new Trust's services to demonstrate in every contact they make at work. Also, they will be part of the proposed new Trust's processes such as recruitment, supervision and appraisal of staff.

The Consultants and other clinical and social care leaders from both current Trusts have been meeting together to help shape the proposed future Trust. Their discussions have included the principles for the emerging proposed new Essex-wide integrated health and social care model for mental health services for adults and older people. The proposed model is being co-produced with a range of stakeholders including staff, commissioners, service users and carers. Progress to date was shared with the East of England Clinical Senate in February 2017 and we are awaiting their formal feedback.

The CEOs of both Trusts have provided other key stakeholders with written updates at key points in the merger process, including MPs, Local Authorities, NHS partners, Healthwatches and HOSCs. The Trusts have attended HOSC meetings in Essex, Thurrock and Southend to present to members on the merger proposals and have provided detailed merger progress updates which have been published on Council websites. A merger update is discussed at every public meeting of each Trust Board and published on the Trusts' websites.

The FBC document contains much information that is commercially sensitive to the Trust and its partners and so will not be made available publicly. A "Proposed Trust Prospectus" has been published on both Trusts' websites and made available at public meetings.

Planned Timetable for Merger

The merger will legally take effect at one minute past midnight on Saturday 1st April 2017 when all operational services are transferred to Essex Partnership University NHSFT.

There will be no significant changes to the clinical services brought about by the merger until the new clinical model is agreed with commissioners, service users and other stakeholders. This is scheduled for Quarter 3 of 2017/18 – from about October 2017. Until we have agreement on the new service model and any changes to service configuration – which will mean, potentially, formal consultation – the services continue to be commissioned and delivered much as they are now. In the first year, changes will be incremental and have been agreed as part of our contracts with commissioners for 2017/18.

The first year changes are in corporate services – creating a single Board, ensuring that corporate support services such as IT and estates are working together as a single team, to reduce our overall corporate costs. This allows a solid foundation for

EPUT to work with commissioners and stakeholders to plan and deliver truly transformational clinical change from 2018/19 and beyond.

What are the main benefits of merger?

The Trusts believe that by merging they will be 'stronger together'. They will be better able to co-produce the transformed mental health and social care services required by changing commissioning intentions and to meet patients/service users' needs. They will also be able to deliver the additional savings required which would assist the local health and social care system to come back into financial balance.

The main benefits of merger are set out in the merger prospectus published on the Trusts' websites and include:

- Protecting and improving front line services by using the economies of scale and resources released by the merger to deliver significantly improved care for local people and to protect NHS frontline services from increasing financial pressures.
- Fewer patients needing to use beds outside of Essex.
- Better ability to recruit and retain doctors, nurses and therapists with greater opportunities for career development, rotation between different units and research and education programmes at two universities instead of one each
- We will be better able to make best use of bank staff as both current banks would be shared. This could help reduce use of agency staff.
- Better access to more specialist expertise as service users would have access to staff from both Trusts.
- The merged Trust's new clinical model for Essex-wide mental health services supports the locally-agreed principles of transforming a whole system of integrated care for people with mental health needs. It fits well with the co-produced Essex-wide mental health strategy. A merged Trust can do this better than two Trusts working separately in different parts of the county.
- Better consistency of care as more standardised training of staff would lead to higher quality and less variation in the standards of clinical care and better outcomes for service users. Each Trust has different areas where excellent care is provided and different areas where there are improvements to be made. They are both aiming to improve clinical standards to offer excellent services. They are starting from different points, but aiming for the same goal and will be more likely to achieve this by pooling their expertise as a one organisation.
- More efficient use of our facilities to release money for front line services.
- Integrating our community health and mental health teams to provide more rounded care for people with physical and mental health needs.
- Wrapping our services around local primary care services in a new clinical model for adults and older people's mental health services would mean more people could be assessed and treated in their GP surgery or clinic and more people could be cared for at home.



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The merger will also bring a more secure and stable financial future. Not merging the Trusts would, we calculate, cost taxpayers around £16 million more over five years.

What commissioner preparations and support has there been for the merger?

A key driver of the merger has been to respond to the Essex Review of Mental Health Services and the Greater Essex Mental Health Strategy that came from the review. The Trusts played an active role in the review and helping commissioners to develop the subsequent strategy.

Commissioner representatives from all CCGs and local authorities have formed part of the working groups that developed our initial clinical model for mental health and were also interviewed by NHSI as part of their assessment for our plans for integration. The Accountable Officer for the lead CCG for mental health commissioning across the county of Essex – Sam Hepplewhite from North East Essex CCG – has been invited to all meetings of the Merger Project Board and Interim Board as we moved through the business case process.

We will have the final version of the revised clinical model, that meets the expectations of commissioners in their new mental health strategy, ready for stakeholder review by the beginning of October 2017. At this point we will engage with wider stakeholders and undertake any formal process of consultation that is required to be ready to implement the new model from April 2018.

Acronyms used in update report:

CCG	Clinical Commissioning Group
CEO	Chief Executive Officer
CQC	Care Quality Commission
EPUT	Essex Partnership University NHS Foundation Trust (<i>proposed new Trust</i>)
FBC	Full Business Case
HOSC	Health Overview and Scrutiny Committee
IT	Information Technology
MPs	Members of Parliament
NEP	North Essex Partnership University NHS Foundation Trust
NHS	National Health Service
NHSFT	NHS Foundation Trust
NHSI	NHS Improvement
SEPT	South Essex Partnership University NHS Foundation Trust
STPs	Sustainability & Transformation Plans