

Meeting Title	Mid and South Essex Acute Trusts Joint Working Board (meeting in public)		
Meeting Date	7 th March 2018	Agenda No	10
Report Title	Future Organisational Form – Progress Update		
Lead Executive Director	Clare Panniker, Chief Executive		
Report Author	Danny Hariram, Group Director of People Strategy and Organisational Development Andrew Stride, Corporate Secretary (BTUH)		
Action Required	Decision <input type="checkbox"/> Discussion <input checked="" type="checkbox"/> Monitoring <input checked="" type="checkbox"/>		
Executive Summary	<p>Members will recall that the extraordinary meetings in common of the three Trust Boards on 10th January 2018 approved the direction of travel towards a proposed merger of the three organisations, with a target date of 1st April 2019. The Boards also approved the programme governance and leadership structure for the future organisational form (FOF) project.</p> <p>The 7th February 2018 meeting of the JWB received a progress update relating to the first month of the project. This paper summarises key aspects of progress during the latter three weeks of February.</p> <p>The project plan remains on target with respect to all of the component workstreams. Significant work is currently taking place to achieve the first milestone of presenting the first draft of the Strategic Case to JWB on 4th April 2018.</p>		
Timescale for Benefits to be Realised	A detailed timeline and project plan leading up to the target date of 1 st April 2019 has been developed. This timeline forms Appendix 1 and is under continual review by the Programme Board on behalf of the JWB.		
Assessment of Implications			
Financial	<p>Does this proposal have <u>revenue</u> (recurrent or non-recurrent) implications for the Trusts? Yes</p> <p>Does this proposal have <u>capital</u> (recurrent or non-recurrent) implications for the Trusts? Yes</p> <p>If yes, can these implications be <u>fully</u> covered by existing budgets? Yes/No (if no, explain)</p> <p>This financial assessment has been discussed and endorsed by the Chief Financial Officer on 1st March 2018 (as part of the Programme Board)</p>		

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Risk	Regulator monitoring of progress of the future organisational form project mitigates the risk of slippage of the timescale and or strategic drift.
Equality and Diversity	This proposal has been subject to an equality analysis and there are no implications for groups with protected characteristics
Freedom of Information	<i>No exemptions apply (i.e., information is in the public domain)</i>
Other Implications Identified (including patient safety and quality, legal and regulatory compliance)	The project leaders are liaising regularly with regulators as the project progresses. Key developments in this dialogue will be reported to JWB and to the Programme Board as part of this standing item.
Recommendation	The Success Regime Committees which comprise the Joint Working Board are invited to: <i>Note the update on the future organisational form project, providing assurance on progress during February 2018.</i>
Appendices	1 – Project Timeline 2 – Governor Project Plan

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Future Organisational Form – Progress Update

1. Background

Members will recall that the extraordinary meetings in common of the three Trust Boards on 10th January 2018 approved the direction of travel towards a proposed merger of the three organisations, with a target date of 1st April 2019. The Boards also approved the programme governance and leadership structure for the future organisational form (FOF) project.

The 7th February 2018 meeting of the JWB received a progress update relating to the first month of the project. This paper summarises key aspects of progress during the latter three weeks of February.

2. Programme Governance and Risk Management

The project is benefitting from the work invested in establishing a robust governance and leadership structure. The Delivery Group continues to meet weekly on a Thursday morning with monthly Programme Board meetings.

At each Delivery Group meeting, leads are challenged as to their progress, with a particular focus upon the identified milestones and the risks to their achievement. The programme risk register is also systematically reviewed at each meeting.

Links are being established between the FOF programme risk register and the Board Assurance Framework and Corporate Risk Registers managed at JWB and individual Trust level, to promote an integrated approach to risk management.

The most highly rated risks (following mitigation) identified by the Delivery Group at present are as follows:

- Capacity within the improvement team, analytics and finance teams;
- Lack of experience and expertise within the team of writing a patient benefits case previously;
- Availability and time of clinical leads to work on detailed pathways.

The Project Director is working closely with the Workstream Leads and the Joint Executive Group to further mitigate these risks.

3. Learning From Others

The Project Director and Workstream Leads have been in contact with senior officers of a number of NHS organisations who have, or are currently going through transactions in order to learn from their experiences. The project has also benefitted from learning identified by our advisers who have been involved in transactions across the country. The outcomes of these discussions is shaping the individual workstream plans. Organisations consulted to date include:

- Essex Partnership University NHS Foundation Trust (from two mental health and community services Foundation Trusts);
- North West Anglia NHS Foundation Trust (bringing together one acute NHS Trust and one acute NHS Foundation Trust);
- Colchester University Hospitals NHS Foundation Trust and Ipswich Hospital NHS Trust (bringing together one acute NHS Trust and one acute NHS Foundation Trust);

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- Central Manchester University Hospitals NHS Foundation Trust and University Hospital of South Manchester NHS Foundation Trust (two acute Foundation Trusts);
- Burton Hospitals NHS Foundation Trust and Derby Teaching Hospitals NHS Foundation Trust (two acute Foundation Trusts)

4. Workstream Highlights

Governance and Legal Workstream

- Initial discussions with Southend and Basildon Governors about the key design principles for the Council of Governors of the proposed new NHS Foundation Trust;
- Three options for the shape of the new Council of Governors have been drafted;
- Innovative approach to building the membership base in Mid Essex being implemented by the MEHT Trust Secretary and Interim Chair;
- A process has been agreed for developing a draft Constitution for the proposed organisation (including the composition of the Council of Governors) by the end of April 2018, involving key representatives from the executive team, non-executive directors and Governors (and equivalent from Mid Essex) – this project plan will be presented to the Programme Board as a distinct agenda item;
- Corporate and clinical governance structure for the proposed Trust has been drafted for consultation with Chief Executive and Chief Nursing Officer on 2nd March 2018 prior to presentation to the JWB;
- Early discussions have taken place to ensure that the corporate and clinical governance structures are supported by fit or purpose performance and analytics;
- Clarity obtained from legal advisers and NHSI that the most likely legal mechanism for the transaction will be an acquisition by one of the existing NHS Foundation Trusts of the other Foundation Trust and the NHS Trust – primarily a legal technicality but clarity of message will be needed across all three organisations. The Programme Board have requested a paper setting out the relative merits of an acquisition or a merger for their next meeting. In light of this paper, workshops will be arranged to engage on this matter with NEDs and Governors

Clinical Strategy

- The patient benefits section of the Strategic Case is being developed. The following case studies will be covered:
 - Cardiovascular;
 - Cancer;
 - Trauma and Orthopaedics;
 - Hospital at Home;
 - Urology

Performance and Analytics

- Links are being made to the governance workstream and IT workstreams

Finance Planning and Working Capital

- The financial bridge from 2018/19 and 2020/21 has been drafted and presented to the Delivery Group for scrutiny. A session with JEG to discuss the long term financial model and confirmation of future savings is being organised.

Communications and Staff Engagement

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- Briefings on the future organisational form project have been provided to staff on all sites;
- A communications and engagement plan for the project has been developed;
- Interim Director of Communications will attend as many key meetings or engagement events as possible, such as those involving governors;
- A stakeholder engagement mapping exercise has been completed – this will be presented to the Programme Board as a distinct agenda item.

5. Strategic Case

The Delivery Group are focussing heavily on drafting their sections of the Strategic Case, with support from peers within the Group and from our advisors, KPMG and Addleshaw & Goddard. KPMG have provided a template Strategic Case with guidance to assist section authors. An internal deadline of 2nd March 2018 has been agreed for section authors to submit their first draft content. This will enable detailed review by the Delivery Group and our advisors to ensure that a good quality draft can be presented to JWB at its April meeting. We remain on target for presentation of the final draft to the three Trust Boards in early May 2018, prior to submission to NHSI.

Work stream leads will be attending a workshop session on 8th March to go through their section.

6. Immediate Deliverables (before the next Programme Board on 20th March 2018)

- Workshops with Governors on the future form of the Council of Governors and membership base;
- Governor and membership engagement and recruitment plan;
- Governor project plan to form part of overall programme plan
- Paper to be developed evaluating the relative merits of a merger or acquisition legal vehicle for bringing the proposed transaction;
- Draft Strategic Case to be peer-reviewed by the Delivery Group on 8th March 2018;
- Case studies for the Patient Benefits Case to be drafted in detail;
- Programme Director to discuss with Programme Board Chair and NEDs on briefings for all NEDs
- Progress update on Capital and options of mitigating current risks regarding timescales

7. Appendices

Appendix 1 – Project timeline

Appendix 2 – Governors Workstream Project Plan

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Project Plan for Establishing a Council of Governors for the new Foundation Trust

Andrew Stride, Corporate Secretary (BTUH) and Governance Workstream Lead

Key design principles

- One Foundation Trust – One Council of Governors (COG), One Board;
- Equality between the three hospitals, their staff and the populations they serve;
- Involvement of governors at their local hospital as well the corporate business of the formal Trust-wide COG, based on skills and special interests (e.g., patient experience work, PLACE audits);
- Opportunity to improve engagement with staff and appointed governors;
- The new COG cannot be three times the size of each current COG.

Engagement so far and dates in the diary

- Initial briefing to BTUH Governors on the future organisational form project – 31st January 2018;
- Initial briefing to SUHT Governors on the future organisational form project – 17th January 2018;
- Initial meeting with MEHT Patient Council Chair – 6th March 2018;
- More detailed discussion with MEHT Patient Council – date to be confirmed;
- More detailed discussion with SUHT Governors on the key principles of COG design (as outlined above) – 6th March 2018;
- More detailed discussion with BTUH Governors on the key principles of COG design (as outlined above) – to be arranged for mid-March 2018

Process going forward

- Governor workshops

Both BTUH and SUHT Governors have requested a workshop, undertaken with each set of Governors on their own, where the various options for constituting the membership base, constituencies and in turn the Council of Governors can be debated.

The SUHT workshop will take place on 6th March 2018. The BTUH date will be arranged within the following two weeks. Each workshop will be led by the Chair of that Trust, with input from the Governance Workstream Lead and the Project Director, in order to facilitate a consensus solution and to ensure that issues raised by each COG are communicated to the other and reflected in the agreed solution.

The outcome of these workshops will be a recommendation from each existing COG as to the preferred model.

- Constitution task and finish group

Following the workshops, a task and finish group will be set up to develop the draft Constitution for the proposed new organisation. The group will meet on two or three occasions over a two-month

period, producing a draft Constitution by the end of May 2018 for endorsement by the Programme Board, the Joint Working Board and the two Councils of Governors during early Summer 2018.

It is proposed that the group comprises the following:

- Chairs of each of the three trusts;
- Lead Governor (or equivalent) and one other governor (preferably a staff governor) from each of the three trusts;
- Company Secretary from each trust;
- Group Director of People and OD;
- Chief Executive or Deputy Chief Executive;
- Chief Commercial Officer (when in post)

The Constitution will include key governance matters including but not restricted to the membership base and the Council of Governors. For example, the proposed composition of the new Trust Board (executive and non-executive director roles – at least in terms of numbers), the governance and committee structure and key points about how the Trust Board will operate, the appointment process for non-executive and executive directors, and the terms of office for non-executive directors and governors. The Constitution will be based on the NHS Foundation Trust Model Constitution published by NHSI.

- Building the membership base

BTUH currently has 14,600 active public members and around 5,000 staff members of the Trust.

SUHT has 16,617 active public members and around 4,500 staff members of the Trust.

Whilst MEHT does not have a “membership” in the same sense as the Foundation Trusts, there is a database of around 4,500 people who showed an interest in joining when MEHT was in the process of applying for Foundation status.

All three trusts have confirmed that their membership records are regularly cleansed and new members added. There is therefore already a valuable resource of around 35,000 public members which could form the basis for the membership of the new organisation.

Extensive efforts will be made from Spring 2018 onwards to recruit new members. This will be a co-ordinated workstream across the three trusts fully linked in to the wider communications and engagement strategy for the future organisational form project. A multi-faceted approach will be taken, utilising opportunities and mechanisms already in place across the trusts (such as summer public events in the localities and meetings of local groups) as well as social media and focussed engagement with particular organisations and groups (such as the innovative approach being taken in Mid Essex with the parish councils).

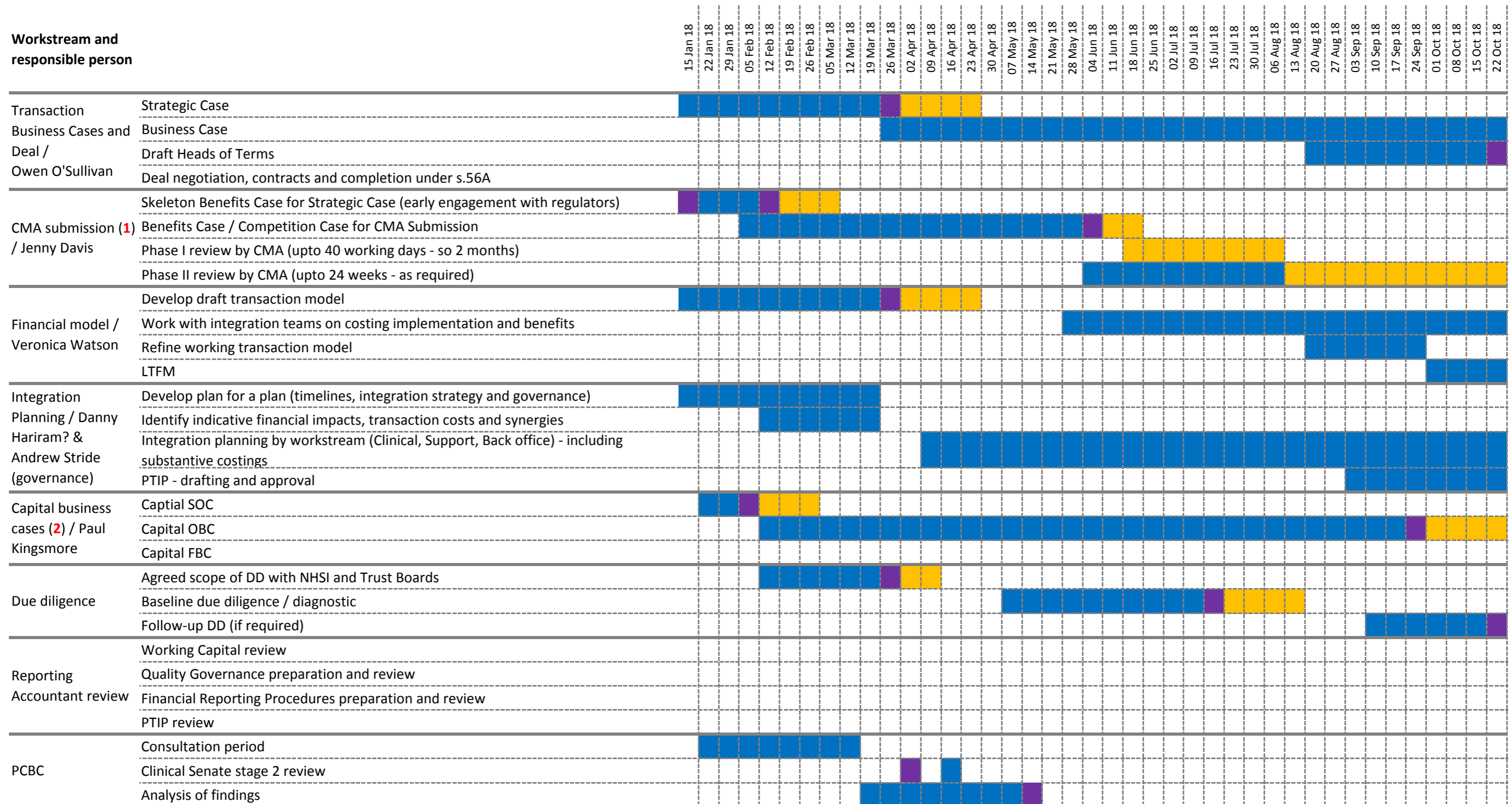
In terms of branding and public messaging, it will be clear that we are seeking to recruit members to the existing trusts, accompanied by a clear standard narrative about the proposed creation of a new Foundation Trust. The fact that the creation of the new organisation is subject to regulatory approval will be very clearly set out.

The detailed plan for membership recruitment and engagement will be drawn up during March 2018 and agreed with the communications lead, company secretaries, chairs and governors of each trust.

Headline Timetable for Governor Project Plan

Step	Proposed Timescale
Initial engagement with governors	January 2018
Workshops for governors on COG design	March 2018
Constitution review group established and produces draft Constitution	April and May 2018
Constitution reviewed and endorsed by Programme Board, JWB, existing COGs	June/July 2018
Membership recruitment drive	April 2019 onwards
Elections to the COG	Autumn 2018
CMA Phase One Clearance target date	December 2018
Governors to appoint non-executive directors	January to March 2019
New Trust legally established	1 st April 2019

All above subject to ongoing discussion with NHSI and CMA.



Key risks and dependencies

- 1 CMA submission** The timeline is dependent on:
- Engaging external support and beginning work at the start of February
 - Broad agreement across the trusts on the key planned changes to clinical services and enablers (eg IT and estates)

Key

- Work / development
- Deliverable reviewed by Board
- Review and challenge by regulators

29 Oct 18	05 Nov 18	12 Nov 18	19 Nov 18	26 Nov 18	03 Dec 18	10 Dec 18	17 Dec 18	24 Dec 18	31 Dec 18	07 Jan 19	14 Jan 19	21 Jan 19	28 Jan 19	04 Feb 19	11 Feb 19	18 Feb 19	25 Feb 19	04 Mar 19	11 Mar 19	18 Mar 19	25 Mar 19	01 Apr 19	Develop (weeks)	Board review (weeks)	Regulator review (weeks)	Develop (Months)	Regulator review (months)
																							10	1	4	2.3	0.9
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																							16	0	3	3.7	0.7
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																							10	1	4	2.3	0.9
																							22	0	0	5.1	0
																							6	0	0	1.4	0
																							7	1	11	1.6	2.5
																							10	0	0	2.3	0
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																							28	1	12	6.5	2.8
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																							3	1	12	0.7	2.8
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