

Meeting Title	Trust Boards in Common (Public Session)		
Meeting Date	4th July 2018	Agenda No	10
Report Title	Future Organisational Form – Progress Update		
Lead Executive Director	Jonathan Dunk, Chief Commercial Officer		
Report Author	Andrew Stride, Corporate Secretary (BTUH) Jonathan Dunk, Chief Commercial Officer		
Action Required	Decision <input checked="" type="checkbox"/> Discussion <input type="checkbox"/> Monitoring <input type="checkbox"/>		
Strategic Objective(s)	Delivery of the Merger		
Background and Context	<p>Members will be aware of the extensive work that has been ongoing since January 2018 to plan and deliver the proposed merger of the three acute trusts in the Mid and South Essex Sustainability and Transformation Partnership (STP). This paper provides an update on key aspects of the future organisational form project since the previous meeting of the Joint Working Board on 6th June 2018.</p>		
Review of the Strategic Case by NHS Improvement	<p>Members will recall that the Strategic Case for the proposed merger has been submitted to NHSI. A number of “check and challenge” sessions have subsequently taken place between Trust Executives and Chairs and the NHSI team to discuss particularly key aspects of the Strategic Case. The formal feedback from NHSI on the Strategic Case is expected very shortly. Informal indications are broadly positive in terms of the assurance provided by the Strategic Case.</p>		
Legal Form	<p>The Trust Boards in Common previously decided, during their meeting in public, that merger via acquisition was the preferable legal route for creating the new organisation, as it would enable the substantive Council of Governors, Trust Board and governance structure to be in place from the establishment date. Work has been taking place during May and June 2018 to develop criteria for determining which of the two current Foundation Trusts (BTUH or SUHT) should be the technical acquiring organisation. This work is reaching its conclusion and a decision will be made imminently.</p> <p>Members are reminded that the transaction will be undertaken as a merger of three equal partners into a new organisation, irrespective of which Trust is selected as the acquirer. The decision will have no impact upon the ultimate form, function or composition of the new organisation.</p>		
Appointment of External Advisers	<p>A procurement process to appoint specialist project consultancy and legal advisers to support the next stage of the future organisational form project is near to completion.</p>		

Business Case and Post Transaction Implementation Plan (PTIP)	The Future Organisational Form Delivery Group, with oversight from the Programme Board are actively working on the next stages of the project, particularly the Business Case and the Post Transaction Implementation Plan (PTIP).
Due Diligence	<p>The NHSI Transactions Guidance (November 2017) sets out detailed requirements for due diligence. This process is essential in identifying key risks and opportunities associated with the merger, as well as forming the optimal basis for robust business and operational planning. Areas of focus include finance, clinical and operational matters, legal, estates and commercial factors.</p> <p>The due diligence work which has recently commenced will take a proportionate approach to assessing the risks and opportunities as they apply to the three trusts individually and as a whole.</p> <p>Due diligence is expected to be completed in September 2018.</p>
Project Timescales	The 1 st April 2019 remains the formally planned establishment date for the new organisation. However there remains a significant element of risk associated with the timeline for submitting and gaining approval for the capital case from NHSI.
Timescale for Benefits to be Realised	As noted above, all of the project workstreams continue to progress on the basis of a target date of 1 st April 2019 for the new organisation to be established, although there are risks to the achievement of this date.
Assessment of Implications	
Financial	<p>Does this proposal have <u>revenue</u> (recurrent or non-recurrent) implications for the Trust? Yes</p> <p>Does this proposal have <u>capital</u> (recurrent or non-recurrent) implications for the Trust? Yes</p> <p>If yes, can these implications be <u>fully</u> covered by existing budgets? No</p> <p>Whilst some resources have been identified within the financial envelopes of the three trusts, significant transformational investment will be required in order to deliver the anticipated benefits to patients arising from the merger.</p>
Risk	The implications of failure to deliver the merger will be included in the new strategic Group Board Assurance Framework to be presented to the Boards in Common on 4 th July 2018.
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	No exemptions apply to this paper (i.e., it is in the public domain)
Other Implications Identified	None of note

Recommendations	The Board of Directors of BTUH, the Board of Directors of SUHT and the Board of Directors of MEHT are invited to note the update on the future organisational form project and to request clarity on any areas where additional assurance is required.
Appendices	N/A