

Meeting Title	Mid and South Essex Acute Trusts Joint Working Board (meeting in public)		
Meeting Date	5 th September 2018	Agenda No	10
Report Title	Future Organisational Form – Progress Update		
Lead Executive Director	Clare Panniker, Chief Executive		
Report Author	Jonathan Dunk, Chief Commercial Officer Andrew Stride, Corporate Secretary (BTUH)		
Action Required	Decision <input type="checkbox"/> Discussion <input type="checkbox"/> Monitoring <input checked="" type="checkbox"/>		
Strategic Objective	Delivery of the Merger		
Background / 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 project since the previous meeting of the Boards in Common on 4th July 2018.</p>		
Review of the Strategic Case by NHS Improvement	<p>Members will recall that the Strategic Case for the proposed merger was submitted to NHSI in late May 2018. Following a number of “check and challenge” sessions between Trust Executives and Chairs and the NHSI Team, we received a letter of support in late June 2018 confirming support for the proposal, subject to a number of risks being addressed. We are in continual liaison with NHSI about plans to mitigate those risks during the period leading up to and beyond the proposed merger.</p>		
Constitution	<p>Significant work has taken place to produce a set of proposals covering key aspects of the Constitution of the new Trust. A special task and finish group, comprising the Trust Chairs, Lead Governors and the MEHT Patient Council Chair, the Company Secretaries and members of the joint executive group, met on 2nd August 2018 to evaluate various options and form recommendations. These proposals will be taken through the Boards and Councils of Governors in the near future. The task and finish group will continue to meet on a quarterly basis up until the transaction date.</p>		
Due Diligence	<p>At their July meeting, the Boards in Common approved a process to ensure that the three Trusts conduct due diligence in a way that was proportionate to the risks involved, the legal form of the transaction and that would enable the members of the individual Boards to divest their legal duties as directors.</p> <p>Some aspects of the trusts’ business is subject to internal due diligence, conducted using internal executive leads and subject matter experts whilst other aspects are being undertaken directly by the external advisers. The outcome of the due diligence process will be brought together in a single report co-ordinated by the external advisers. This is considered to be a</p>		

	<p>proportionate approach of providing the individual Boards with the independent assurance that they require.</p> <p>The collection of reports and data required to facilitate evaluation of risks to be identified in Due Diligence is now largely completed. This evaluation and risk identification stage is now underway, with the intention to bring a single consolidated report covering all three Trusts to relevant Boards in the Autumn.</p>
Integration Planning	<p>A great deal of progress has been made in planning the integration of the trusts' functions on a service-by-service basis. Further integration planning will continue over the coming months and will be compiled into a post transaction implementation plan (PTIP) submitted in due course to NHSI as part of the transaction approval process.</p> <p>Key focus has been on ensuring that any integration planning intended is consistent with both the CCG Decision Making Business Case on service reconfiguration (as approved in July 2018) and the requirements of the Competition and Markets Authority.</p>
Project Timescales	<p>The current timeline for the merger completion date is mid-2019. The Future Organisational Form Programme Board are managing a significant element of risk associated with this timeline, most notably regards:</p> <ul style="list-style-type: none"> - The formal approvals process to secure Capital funding from NHSI and Treasury. - Ensuring required operational and financial performance across the Trusts whilst the merger transaction is completed.
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? No</p> <p>Successful delivery of the merger transaction is integral to financial sustainability of the MSB Trusts.</p>
Risk	<p>The implications of failure to deliver the merger are reflected in the new strategic Board Assurance Framework</p>
Equality and Diversity	<p>This proposal has been subject to an equality analysis and there are no implications for groups with protected characteristics</p>
Freedom of Information	<p><i>No exemptions apply (i.e., information is in the public domain)</i></p>

Recommendation	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