

Meeting Title	Mid and South Essex Acute Trusts Boards Meeting in Common		
Meeting Date	11 th September 2019	Agenda No	15
Report Title	Future Organisational Form – Progress Update		
Lead Executive Director	Jonathan Dunk, Chief Commercial Officer		
Report Author	Andrew Stride, Group Director – Corporate Governance Integration		
Action Required	Decision <input type="checkbox"/> Discussion <input type="checkbox"/> Monitoring X		
Background / Context	<p>Members and stakeholders will be aware of the extensive work that has been ongoing 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 programme since the previous Boards in Common meeting in public on 12th June 2019.</p>		
Timeline	<p>The Group continues to engage regularly with senior leaders of NHSI to assess progress, address concerns, and to ensure that our plans having the ongoing support of our main regulator. NHSI remain supportive of the target for merger of 1st April 2020 and all workstreams remain on track to enable the delivery of that date.</p> <p>Following the resolution by the Secretary of State of the referrals made by the Health Overview and Scrutiny Committees (HOSCs) of Southend Borough Council and of Thurrock Borough Council earlier this month, a significant risk to achieving the April 2020 merger date has been removed. Nonetheless there remain other risks which are being proactively managed by the Merger Team and the wider Executive Team.</p>		
Capital Business Case	<p>The Strategic Outline Case (SOC) for the £118m of national capital, required to enable clinical reconfiguration, was submitted to NHSI in late 2018. Following resolution of the HOSC referrals NHSI are now in a position to approve this document and this is anticipated to happen over forthcoming weeks.</p> <p>The Capital Outline Business Case (OBC), which will follow the SOC, has been fully drafted, this contains detailed estate designs and financial requirements that are consistent with the SOC. This will be shared for Board approvals, and onward NHSI submission, immediately following SOC approvals, pending any changes that are</p>		

	required as a result of SOC approval feedback.
Long Term Financial Model	<p>The Long Term Financial Model (LTFM), which will underpin the merger business case, has now progressed significantly. It has been developed in conjunction with the wider STP Long Term Plan and, as such, assumptions regards future period patient activity, especially demographic growth and demand management, are fully aligned with commissioning partners.</p> <p>The model remains in draft form but shows a demonstrable differential benefit between the merger progressing or not.</p>
Post Transaction Integration Plan	<p>The current draft of the Clinical Integration chapter of the Post Transaction Implementation Plan (PTIP) is now complete and all the key operating models and integration plans have been validated by clinical teams.</p> <p>More broadly the PTIP document is now fully drafted, with integration plans for all services produced. This will continue to be evolved over forthcoming months, with formalised governance oversight of delivery of these integration plans in place.</p>
Governor Engagement and Corporate Governance Integration	<p>A Governor Conference (technically a meeting in common of the two Councils of Governors) took place in June 2019. The following key aspects of the Constitution of the merged trust were approved at this event:</p> <ul style="list-style-type: none"> • Public membership constituencies; • Number of positions on the Council of Governors for public, staff and appointed governors; • Terms of office for Governors; • Number of non-executive director positions on the Board of Directors and their terms of office; • Headline appointment process for the Chair and NED positions <p>The Conference also included the following:</p> <ul style="list-style-type: none"> • A general update on the merger programme; • A focus on due diligence and the responsibilities of Governors in ultimately approving the proposed merger; • Starting the process for a development plan for current and incoming Governors for the new Trust <p>The recruitment process for the Chair of the new Trust will commence in September 2019. This process was agreed following an initial informal session in August 2019 involving the Governors of BTUH and SUHT and the MEHT Patient Council. Approval of the role description,</p>

	<p>person specification and remuneration was then formalised by the SUHT Search and Appointments Committee on 3rd September 2019.</p> <p>The NED appointment process will follow, once the new Chair has been appointed. All parties are clear that these positions are designate roles only. Appointees will only take up these roles in the event that the merger is ultimately approved and on the merger date itself. It is anticipated that the appointees will act in an informal advisory capacity in the final quarter of the operation of the existing trusts. Until the transaction is complete, the current Boards and Councils of Governors retain their full suite of statutory and governance responsibilities.</p> <p>A second Governor Conference is planned for October 2019 which will focus on Governor responsibilities associated with due diligence, deciding whether to approve the merger and how to gain assurance that the Boards have acted reasonably and with due care and attention when making decisions associated with the merger, as well as providing an opportunity to enhance communication and engagement between the existing Governors and the Management Team. Briefing on other key aspects of the merger documentation will also take place. There will be further events of this nature in the coming months.</p>
<p>Due Diligence</p>	<p>The due diligence workstream is coming to a close on schedule in early September 2019. The consolidated due diligence report was presented to non-executive directors of all three Trusts alongside Governors at a special session on 28th August 2019, with a follow up session taking place on 6th September. It is anticipated that final approval of the due diligence reports will be given by the separate Trust Boards and at Boards in Common today.</p> <p>The focus is now shifting towards management of the risks identified. An extensive mapping exercise has been undertaken to ensure that all of the risks contained within the due diligence reports are being demonstrably managed as part of the integration planning running up to and beyond the merger date.</p>
<p>Reporting Accountant</p>	<p>The Group will be going to market during September 2019 for an external provider of the Reporting Accountant function, which is a key part of the merger process. The Reporting Accountant provides assurance on four key aspects of the proposed merged trust. These are:</p> <ul style="list-style-type: none"> • Working Capital; • Financial Reporting; • Quality Governance;

	<ul style="list-style-type: none"> Integration Planning <p>Fieldwork is expected to commence in December 2019.</p>
Timescale for Benefits to be Realised	Ongoing to the anticipated merger transaction date of 1 st April 2020 and beyond in terms of post transaction implementation planning.
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 – see the Capital OBC section</p> <p>If yes, can these implications be <u>fully</u> covered by existing budgets? No – hence the need for Capital Business Case approval</p>
Risk	Risks associated with failure to deliver the merger are reflected in the Group Board Assurance Framework.
Equality and Diversity	This proposal has been subject to an equality analysis and there are no implications for groups with protected characteristics OR
Freedom of Information	<i>No exemptions apply (i.e., information is in the public domain)</i>
Other Implications Identified	None of note
Recommendation	<p>The Trust Boards of BTUH, SUHT and MEHT are invited to:</p> <p>Note recent progress in the future organisational form programme.</p>