



Aintree, Broadgreen and
Royal Liverpool hospitals
coming together for patients



Outline Business Case

Executive Summary

December 2017



Foreword

People in Liverpool experience amongst the highest levels of poor health outcomes and health inequalities, both within the city, and compared to the rest of the country¹. Modern medicine has changed; increasing specialisation has improved care and outcomes but this means that care for an individual patient is often multi-disciplinary and needs to be delivered by several specialist teams working together.

The configuration of hospital services across Liverpool is highly fragmented with multiple providers, meaning that care is also fragmented and variable. This prevents care being provided in a multi-disciplinary joined up way, resulting in the sub-optimal outcomes and inequalities experienced by the North Mersey population. The fragmented hospital landscape also increases cost and inefficiencies, due to duplication and overlaps in services.

Care is compromised, expense is increased, efficiency is reduced, and delays result

Meanwhile, there is a huge academic opportunity that is being missed. A united and coordinated major university hospital working together with the University of Liverpool would have a much greater opportunity to fulfil research potential for the benefit of our patients.

Liverpool has a clinically driven plan to address the issues around delivering our services. Three years ago over 200 senior doctors from Aintree University Hospital NHS Foundation Trust (AUHFT) and the Royal Liverpool and Broadgreen University Hospitals NHS Trust (RLBUHT), the two largest hospitals in the city, with a combined turnover in excess of £850 million, made the clinical case for the merger of the two organisations. Since then, this clinically led vision to deliver better quality and more cost effective care, has been developed with Clinical Commissioning Groups (CCGs), the University of Liverpool, the two Trust Boards and our other partners.

We will do this in partnership with:

- The University of Liverpool and the City Council, as we develop the Knowledge Quarter; over a £1 billion development plan, including expansion of the Liverpool School of Tropical Medicine, the Accelerator and the Royal College of Physicians Northern Centre of Excellence
- The CCGs, as we implement Healthy Liverpool, the strategy for 'single service, city wide delivery' of hospital healthcare to improve health outcomes
- Other hospitals and partners in Cheshire and Merseyside, as we provide coordinated specialist care for the region and beyond

We will deliver:

- Improved, joined up and patient centred healthcare – centralised where necessary, local where possible
- Better access for patients to aim to consistently deliver key standards of care, such as: 18 week waiting times for planned surgery; making sure cancer patients are seen and treated as quickly as possible, and ensuring 95% of patients are in A&E for less than four hours before being treated or discharged
- Increased clinical trial recruitment and increased research which benefits patients
- Improved productivity and more cost effective healthcare
- A sustainable city-wide healthcare service

¹Healthy Liverpool: The Blueprint. Liverpool Clinical Commissioning Group. November 2015.

We will deliver 'quick wins' with large improvements in care and efficiency in:

- Orthopaedics (bones)
- Emergency general surgery
- Hepato-biliary (digestive) surgery
- Oesophago-gastric (gullet and stomach) surgery
- Caring for people who have had severe strokes.

We will build on the new estate within the city:

- The new Royal Liverpool University Hospital (RLUH) (£400 million)
- The new Clatterbridge Cancer Centre on the RLUH site (£120 million)
- Investment in the Knowledge Quarter (over £1 billion).

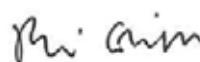
We will attract:

- Significantly increased research investment
- Staff to work in our hospitals, because of our plans to create an environment in which healthcare professionals can thrive while providing the best possible care for our patients.

We will do this because:

- It is the right thing to do for our city that has some of the worst health outcomes in the UK
- Neither hospital can achieve these goals alone

The proposed merger of AUHFT and RLBHHT has widespread support from consultants, the Trust Boards, the CCGs, the University of Liverpool, the City Councils and NHS Cheshire and Merseyside.



Bill Griffiths
Chair, RLBHHT



Neil Goodwin
Chair, AUHFT



Dr Peter Williams
Programme Director



Aidan Kehoe
CEO, RLBHHT



Steve Warburton
CEO, AUHFT



Angie Smithson
Integration Director



Contents of Executive Summary

	Page
1. Introduction and strategic context	5
2. Patient benefits	6
3. Finances	8
4. Workforce	8
5. Proposed organisation	8
6. Next steps	9
7. Public and staff engagement	9
8. Risks	9
9. Conclusion	9

1. Introduction and strategic context

The outline business case (OBC) sets out the case for the merger between Aintree University Hospital NHS Foundation Trust (AUHFT) and the Royal Liverpool and Broadgreen University Hospitals NHS Trust (RLBUHT), which aims to improve health outcomes for North Mersey patients through the delivery of sustainable acute health services.

The vision for clinical services, as identified in the Healthy Liverpool Blueprint, is one of a single service, city wide delivery in a number of key areas. These include urgent and emergency care, cardiology, stroke and haemato-oncology. The vision brings together health and academia to improve patient care and outcomes and to maximise research and development capability, attracting and retaining staff.

The OBC sets out the strategic context and service realignment, which aims to improve outcomes for the North Mersey population. This will be to the benefit of the local economy, bringing together health and academia to improve patient care and outcomes.

Liverpool is an area of high social deprivation and health inequalities, with 45% of Liverpool neighbourhoods being in the most deprived 10 per cent of neighbourhoods nationally on the Index of Multiple Deprivation 2015². 30% of people in Liverpool are living with one or more long term condition³. Almost 26,000 older people have a long-term illness that limits their day to day activities, with life expectancy across Liverpool remaining below the national average for men and women. This presents increasing challenges to the delivery of healthcare in North Mersey as the population lives and survives illness longer.

Liverpool has multiple specialist providers of care in the city, which is unusual.

Currently, AUHFT and RLBUHT duplicate over 20 clinical services on two sites just four miles apart, which is unsustainable and expensive, particularly at nights and weekends.

The fragmented configuration of hospital services means that patient care is also fragmented and variable. This in turn prevents care being provided by a range of different professionals in a coordinated way resulting in the poorer outcomes and inequalities.

In common with other acute Trusts, both AUHFT

and RLBUHT were unable to meet the four hour emergency care standard, which states that patients should be discharged or have started treatment within four hours of arrival, or the 18 week GP referral to treatment standard for planned care in 2016/17.

Both organisations have experienced a decline in their financial positions, with significant recurrent structural deficits at the start of 2017/18. For AUHFT this is £14.6 million and for RLBUHT, £24.9 million. Neither organisation can bridge the gap through their internal Quality, Efficiency and Productivity programmes, which aim to improve the efficiency of our hospitals and reduce unnecessary costs.

Meanwhile, there is a huge academic opportunity being missed. Neither AUHFT nor RLBUHT fulfils its research potential to both develop new treatments and technology for the future population and to attract and retain people to work in the city.

RLBUHT and AUHFT, together with Liverpool Women's Hospital NHS Foundation Trust (LWHFT) have joined forces to buy a £35 million Electronic Patient Record (EPR) system, which will support changes in how care is delivered. RLBUHT is also one of 16 Global Digital Exemplar acute trusts, but there is more to be done. This is at a time when, over the last five years, Liverpool has received significant investment including the development of a £1 billion Knowledge Quarter, attracting science, technology, education and health innovators into the city, including the Royal College of Physicians and Liverpool International College, hosting over 45,000 students.

When viewed in the national context of improving clinical and financial sustainability for a changing population and in addressing clinical variation it is clear that the presence of two competing university hospitals is not helping the transformational process that is required at this time. When viewed in the context of excellence in research and development, digital technology and in education and training, the lack of a single university hospital trust is impairing the ability of Liverpool to fulfil its potential in these areas.

The options for delivering the transformation required was evaluated in the Strategic Outline Case by senior clinical staff in 2016, which ranked consolidation (merger) as a new single Trust significantly ahead of the other options. The appraisal found that, although some benefits could be delivered through collaboration short of merger, it would not create the organisational alignment needed to deliver the Healthy Liverpool hospital-based care agenda as a whole.

²The English Indices of Deprivation 2015. Department for Communities and Local Government. 2015.

³Evidence for Supported Self Care at Scale. Liverpool Clinical Commissioning Group. 2016.

2. Patient benefits

The Patient Benefits Case provides examples from ten clinical areas: trauma and orthopaedics, general surgery including emergency surgery, upper GI surgery, hepatobiliary and pancreatic Surgery and colorectal surgery; nephrology; Ear, Nose and Throat (ENT); cardiology; acute frailty and elderly care; stroke services; radiology; rheumatology and haematology of new models of service delivery, which would be provided by a merged organisation and achieved through four recurrent themes:

- i) Service delivery via a shared workforce
- ii) Service delivery via best practice pathways with single infrastructure
- iii) Service delivery by a single integrated team
- iv) Creating a service of scale.

These models will provide better patient outcomes and patient experience, improved workforce sustainability and increase operational performance. Importantly, improved outcomes include a reduction in mortality.

Examples of service redesign to deliver improvements are set out in the OBC in the following eight areas:

- Improving mortality and morbidity
- Improving efficiencies in services through reducing duplication
- Providing equality of access for the combined population
- Improving integration with primary care and community services
- Improving patient care by significantly increasing access to research funding and clinical trials
- Improving patient care by delivering leading edge education and development to attract and retain staff
- Improving patient care by maximising the benefits of digital technology and innovation
- Improving patient care by maximising the use of the hospital estate.

The consolidation of services to improve outcomes and access for patients will include (subject to public consultation) reconfiguration of trauma and orthopaedics, ENT, urology, clinical haematology and nephrology in the first year with general surgery, stroke services, dermatology and other service changes in years two to five

The Digital Liverpool Strategy at RLBUHT will be adopted across the merged Trust, with this strategy being aligned to regional digital plans. RLBUHT has achieved paper-free medical records, with some systems being cited as outstanding by the Care Quality Commission. The shared learning and resource in a merged organisation would enable the roll out of these systems more rapidly.

Competing for research grants and contracts at scale as a merged organisation represents a commercial advantage for the city of Liverpool. High quality biomedical research today can only be delivered from organisations able to access a comprehensive range of patients and that possess appropriate technology and high level research expertise. Over recent years the Government has restructured its funding of medical research and development, effectively concentrating medical research and the development of new treatments in a few academic centres. The merged organisation would be in a stronger position than the current stand-alone Trusts in this field.

A single organisation will provide more flexibility for deploying junior medical staff to ensure exceptional training, whilst simultaneously delivering excellent patient care. The placement of medical trainees by Health Education England is increasingly linked to the quality of medical education and training. Excellent training will ensure that the numbers of trainees are maintained or increased and delivers the consultants of the future.



3. Finances

The Trusts are committed to improving services for patients and within this, achieving the most efficient use of resources to improve their financial position. A key outcome of the merger would be the delivery of an improved financial position and substantially reduce the aggregated deficit of the two organisations, which would exist for the standalone entities.

The new organisational form will unlock benefits that would not be released at the same scale under the current organisational structures. Over the last few years increased collaboration across clinical specialties has delivered positive results in improving the quality of care and patient outcomes, however the scale and pace of the change has not generated any significant savings so far. Greater service collaboration through a merger is essential to deliver single city wide services to avoid duplication and save money.

These synergies cover the broad themes of:

- Clinical service reconfiguration - delivering both quality and financial/efficiency benefits through consolidation and reconfiguration of services across all sites, creating a more joined up and efficient service model by standardising practices and removing variation of costs
- Corporate and management pay savings – reducing the cost base by more effective management systems, and avoiding duplication of costs
- Corporate service synergies - combining corporate service functions (HR, Finance, Procurement, IM&T), centralising processes and removing duplication.
- Increased research and development income
- Additional savings from reconfiguration of the combined estate.

4. Workforce

There is no doubt that the change proposed will be one of the most significant changes experienced by the majority of staff across the existing organisations. Careful planning and an effective management programme will be very important in making sure that staff are supported during these changes. The ambition is to develop a culture for the merged organisation built on shared values and behaviours, to help integrate and motivate teams to deliver high quality healthcare for the people of North Mersey.

This will be achieved through the development of a workforce and leadership strategy to support the design, structure and culture of a single organisation based on delivering patient centred, sustainable healthcare.

There will be benefits across staff groups. The biggest impact will be on developing clinically and financially sustainable rotas across the merged organisations medical and multi professional workforce.

The key areas of workforce efficiencies are:

- Reduced reliance on agency staff, medical and nursing through improved recruitment and retention
- Standardisation of clinical pathways, reducing duplication, removing variation and reducing length stay (LOS)
- Reduction of premium rate payment (such as waiting list initiative)
- Consolidation of medical rotas for consultants and other medical staff
- Enhancement of the multi-disciplinary workforce
- Reviewing the skills required to ensure we can provide the best possible care for our patients

5. Proposed organisation

The two organisations would undertake a merger to consolidate the two separate trusts into one enlarged organisation. This will involve the preparation of a new constitution and preparation of a legally binding Heads of Terms and Transaction Agreement. The collaboration will be approached as a merger between two equal partners, effectively forming a new organisation as a result. The Trusts are committed to pursuing a partnership of equals between the two organisations.

In accordance with NHS Improvement guidance, an Interim Board should be in place at, or soon after, the submission of the Full Business Case (FBC). That Board will be required to meet with NHS Improvement (NHSI) for a Board to Board meeting following Competition and Markets Authority (CMA) approval. The process for appointing to the Interim Board will aim to start in early 2018, with a view to the process being completed by summer 2018.

A new organisational and operating structure will be developed as part of the FBC through a wide engagement process to aim to ensure delivery of quality, safety, financial and performance standards for all services in the new organisation. It is proposed that the principle of clinical leadership will be maintained. The new operational arrangements will seek to maximise the integration of both clinical and shared services across the new organisation.

6. Next steps

The next phase of planning for the transaction programme includes the production of the Patient Benefits Case and the FBC. It is proposed that an application is made to the CMA for a stage one review, which is the shorter process possible. AUHFT and RLBUHT aim to achieve an authorisation date for the newly merged organisation on 1 April 2019.

This depends on the regulatory approval process both by NHSI and the CMA, so could change. AUHFT and RLBUHT are both committed to progressing as quickly as possible, so that patients benefit quickly.

7. Public and staff engagement

A staff and public engagement programme will be undertaken through the development of the Patient Benefits Case and the Full Business Case to ensure that we can consider the viewpoints of a wide range of people in shaping our new hospital trust.

8. Risks

The risks and mitigations associated with not proceeding with a merger, proceeding with a merger and the risks to delivery of the programme to achieve merger have been identified and addressed.

The key risks associated with not proceeding with a merger include the inability to materially improve service quality, patient experience, research potential or clinical and financial sustainability, adversely impacting on population health, including mortality. Mitigating actions include ensuring sufficient accurate detail is provided to outline the benefits of a merger, including clinical and financial benefits. The key risk of proceeding with a merger relate to failure to deliver on key operational performance standards during the work to creating and establishing the new organisation. Mitigating actions should ensure governance arrangements for the merged organisation are flexible and responsive.

The key risks associated with mobilisation are related to having the commitment of senior leaders and organisational capacity to deliver the programme. Mitigating actions include the development and implementation of an organisational development programme to support large scale change and the development of an effective programme management office to provide support to clinical and operational staff for their input into development of the Patient Benefit Case, Full Business Case and the post transaction implementation plan.

9. Conclusion

The OBC has developed the patient benefits identified by the proposed merger of the two Trusts. The new organisation will minimise variations in the quality of services, which arise from the current duplication across AUHFT and RLBUHT, to deliver high quality and efficient emergency and planned care.

The vision for healthcare is part of a greater vision for the city based upon the Knowledge Quarter, an innovation and business area with £1 billion worth of developments underway and another £1 billion planned. The developments will attract clinicians, scientists and entrepreneurs to the city, generate wealth and increase employment opportunities. Liverpool and its surrounding areas has great need for this investment as it has been shown that the health of a population is strongly associated with the wealth of that population.

The OBC also demonstrates an improved financial position for the merged organisation, compared to the standalone positions, recognising that in the current NHS climate the merged organisation will not achieve financial balance. However, few NHS organisations across the UK are in financial balance, and establishing a merged Trust will make it easier to address duplication and inefficiencies.

There are significant risks associated with not proceeding with a merger, which are similar for both organisations. These risks have an impact on the long term clinical and financial sustainability and ongoing viability of the Trusts, adversely impacting on population health, including mortality and health inequalities.

The proposed merger is key to delivering the benefits outlined as neither Trust can individually deliver them alone. The merger will remove the organisational barriers to service improvement which will benefit healthcare for people living across North Mersey and beyond.



