Royal Devon and Exeter NHS Foundation Trust

Northern Devon Healthcare NHS Trust

A summary of the Strategic Case for the integration of Northern Devon Healthcare NHS Trust and Royal Devon & Exeter NHS Foundation Trust

1. Introduction

The following summary is an extract of the Strategic Case detailing the Trusts' intentions to join together (through a legal transaction). This was approved by NHS England and Improvement (NHSEI) in December and the Trusts have now started the more detailed planning of how to ensure our integration plans benefit our patients, staff and the community.

2. The context and background

Over the last decade, meeting the health needs of the population in Eastern and Northern Devon has become increasingly challenging and complex. In both areas, health and care services are faced with a context of demographically-led rising demand, significant financial challenges, national workforce shortages and a model of care that needs to mitigate rurality whilst at the same time modernising to meet the health and care needs of the population.

Devon faces a number of issues which impact on the health and wellbeing of the population. It has a growing older population and is one of the most sparsely populated counties in England. As a county it has significant inequalities in regards health outcomes and life expectancy and there are some areas of significant deprivation. There is, for example, a 15 years difference in life expectancy between the most and least deprived wards in Eastern and Northern Devon. In addition many residents in Northern Devon cannot access acute care within 30 minutes and many have to travel further afield for planned care.

As the most remote Trust in mainland England, NDHT is at the sharp end of these challenges and has faced continuing unsustainable pressures due to its remoteness and size. It is widely recognised that coastal, small and remote hospitals like NDHT face the most significant challenges as a result of the global and national health care skills crisis. NDHT competes against larger teaching hospitals for the same skilled workforce. Whilst the strong sense of community and natural beauty makes Northern Devon a very attractive place to live and work, potential candidates are put off by services which are small, reliant on a locum workforce, have onerous on-call rotas to ensure 24/7 service delivery and present limited opportunities for progression or research.

At the same time it is apparent that the RD&E is facing many of the same challenges relating to workforce, rising demand and a changing, more complex and elderly patient cohort. Whilst, the RD&E may not yet be facing the same extent of the workforce crises as NDHT, the forward projections suggest that it will only be a matter of time before it faces many of the same pressures.

By 2017/18, it had become clear that despite best efforts, NDHT could not address the challenges in performance and quality on its own. The Care Quality Commission inspections in 2017 raised significant quality concerns and NDHT was issued two warning notices – in maternity services – with a 'requires improvement' rating for the whole Trust. The NDHT Board signalled to regulators that it needed external support to meet statutory performance targets: patient experience and outcomes were suffering due to long waits and the Trust was also planning to deliver its largest ever financial deficit in 2018/19, due to the non-recurrent nature of previous years' financial delivery and the need to reverse years of under investment to address some of the significant capacity and quality issues being faced.

3. A new partnership

In response, and in close liaison with the regulators, a new partnership between NDHT and the RD&E was formed, underpinned by a Collaborative Agreement. The aim of the agreement was to help stabilise acute services and consider the most appropriate organisational form to support sustainable clinical services.

Two years on, it is clear that the Collaborative Agreement has been successful in ensuring a significant improvement in the leadership, clinical engagement, quality and performance at NDHT. It is also clear that it has benefited the RD&E through learning from NDHT's agility and innovation. The Collaborative Agreement between the Trusts has given both Boards a sense of confidence about the benefits more co-operation, integration and resilience can achieve for patients across Northern and Eastern Devon.

The CQC recognised that the Trust had made significant positive changes compared to its previous full inspection in October 2017. Inspectors commented that they found "an exceptionally strong patient-centred culture with staff putting patients first to keep them safe and involving them in decisions which affected their treatment and care." The CQC referenced the stabilising impact of the RD&E's leadership on the Trust and the positive impact of the review and strengthening of governance arrangements.

As part of the Collaborative Agreement, NDHT initiated a comprehensive Review of Hospital Services in Northern Devon which concluded the barriers to further clinical and financial sustainability, service resilience and quality in Northern Devon arose from the poor quality of NDHT's estate, lack of a functioning digital system, lack of recognition of the need for a rural subsidy to mitigate diseconomies of scale and the informality of the ongoing relationship between NDHT and RD&E. In November 2019 the Boards received the outcome of the Review which recommended that pursuing a single organisational form was the preferred route to achieving sustainable services. The Review was supported by an inclusive and targeted engagement exercise, during which the Trust heard from around 2000 patients and members of the public and more than 200 members of staff. From this engagement the community expressed their views that the following aspects of their local NHS were the most important: access, workforce availability, infrastructure, and partnership-working, equal outcomes, patient-focused, future-proof and alignment to a system strategy.

To build on the success of the first agreement and to ensure ongoing stability, a second Collaborative Agreement was established in 2020. However, the Boards at both Trusts agreed that while the Collaborative Agreement was beneficial for both orgnaisations, it was not enough to fully address the barriers to full collaboration, co-operation and synergy between the Trusts. While the initial leadership inputs to NDHT were successful, additional clinical leadership resource and a streamlined governance framework will be required to ensure the sustainability of the leadership arrangements across both Trusts.

Having considered a number of options, the Boards jointly agreed that they would explore a mutually beneficial legal route to the eventual single organisational form, within a timescale which allowed the Boards to consider how to ensure the patients, staff, communities and stakeholders of Eastern and Northern Devon would benefit from these plans.

The Strategic Case sets out the mutual ambitions of both Trusts to expedite the stabilisation and sustainability of Northern Devon's acute services. However, while both Boards acknowledged that the financial and clinical challenges caused by remoteness, workforce and diseconomies of scale at NDHT would be best tackled through closer integration and combining resources, this alone would not in itself overcome the issues faced without further change.

4. Our approach to the proposed integration

The starting point for the Trusts has been the view that a joined organisation must be able to demonstrate clear benefits to the populations of both Eastern and Northern Devon, it must enhance resilience, provide mutual support in meeting key challenges and vulnerabilities and address some of the structural issues that have resulted in some of the issues faced by NDHT. It is also apparent that without action a further deterioration in the NDHT position could negatively impact on the RD&E and there is therefore a need to take action now.

The Strategic Case identifies that integrating provides some clear opportunities across both the acute and community portfolio to improve and integrate all aspects of the patient journey, as well as supporting the emerging primary care networks to share best practice and experience. Through integrating we will be able to develop a common clinical and operating model across Northern and Eastern Devon that builds on the best of both organisations and that includes making significant strides together on:

- Person-centred care
- Integrated pathways and shared clinical leadership
- Reduction in bed-based care and a focus on prevention
- Digitally-enabled delivery of care
- Shared and single clinical support services
- Reduced health inequalities
- Improved estate and infrastructure
- Enabling a just values-based culture across a single organisation with a clear focus on organisational development

The emphasis of our proposed integration is on realising the benefits of a partnership approach, as this will encourage clinicians to take the time and space to innovate, promote and share the 'best of both' acute models and work together in addressing future challenges. The priority will be to support the 24/7 undifferentiated urgent services surrounding NDHT's Emergency Department (general medicine, stroke and maternity). This will involve the development of joint acute models and leadership. The leverage of organisational form and establishment of joint clinical leads will generate energy amongst the clinicians to collaborate to resolve challenges as a whole Northern and Eastern team. Once this approach is seen to deliver benefits to both site-teams, we will then adopt the same approach to tackle the next highest priority and risk areas, i.e. oncology, cardiology and orthopaedics. An expected by-product of this strategy will be the development of a strong multi-professional tier of AHP, nurse and pharmacy ACPs, working at the top of their licence, to enable resilience and attractive career development in both Trusts – i.e. oncology or pathways for long term conditions.

In addition, the Boards have identified that a new single organisation must focus greater attention on health inequalities and population health needs and how it can, as an anchor institution, positively impact on the determinants of ill health.

5. Delivering the transaction

Both Boards have agreed that, taking into consideration other possible options on how best to benefit the local populations, the preferred legal route is merger by acquisition, with RD&E acquiring NDHT. The reason for selecting this route is that it is the most common legal mechanism of joining NHS organisations and as a result is more straight forward and cost effective to deliver the desired outcome. Furthermore it allows the joined organisation to be a Foundation Trust. It is important to recognise that the relationship between RD&E and NDHT is a partnership, and will continue to be as we integrate irrespective of the legal form of the transaction. It is planned that the organisations will become a single entity by March 2022 subject to the necessary approvals. The integrated Trust will have a new name to underline that it will be operating as a single organisation, with site specific management teams in Barnstaple and Exeter.

As a result of our collaborative working, the two Trust Boards already have an understanding of each other's culture, approach, portfolio, strengths and weaknesses. At executive level this knowledge is detailed, since every member of the joint executive team has full access to the systems and records of both Trusts within their functional responsibility. For this reason, the Trusts will undertake most of the compilation of the due diligence using internal professional leads.

The Trusts will establish a Transaction Board to monitor the development of the Transaction Business Case, the development of the integration and benefits realisation programmes for the Trusts, and the transaction risk register. The Board will oversee the workstreams established to enable the transaction. The Board will be chaired by Non-Executive Directors (NEDs) from both Trusts and minutes of these regular meetings will be shared with both Trust Boards.

A benefits realisation plan will be created and, at the point of transaction, the progress against our plan will be reported to Board at agreed regular intervals to provide assurance that the delivery of benefits is on track, and any risks to delivery are being successfully managed. The Trust Board will provide final sign-off and agreement once identified integration benefits have been met or exceeded.

At the transaction stage the merged Trust will have a reconstituted Board with Non-Executive Directors drawn from both legacy Trusts. We also plan to hold elections to the Council of Governors (COG) to ensure that the Council is fully constituted from 1 April 2022 and individual terms will commence from the date of the transaction implementation. We will also create a joint governors and NEDs working group to formulate a new revised constitution for the joined Trust. The two Trusts already share a number of Executive posts in common and this will continue in the new integrated organisation.

Both Trusts are committed to ensuring accountability and representation of the local community and that local communities feel represented within the governance of the new Trust. This is particularly important to the community of Northern Devon, who may fear their influence on local healthcare issues is diminished by being integrated with a larger organisation, but it is also important to ensure that the community in Eastern Devon is kept informed.

6. Enablers to the Strategic Case

The Trusts have identified some key enablers that will help facilitate the integration:

- **A shared digital platform**: Our future care model will be transformed, enabled and influenced by the application of digital. The experience of our patients, public and staff will be improved. Traditional boundaries between organisations will be removed leading to patients and their families having to tell their story only once, experiencing joined up and consistent care, and having greater ownership of their healthcare. The creation of a shared digital platform between the Trusts (£29m investment within the digital full business case) describes how a digitally-enabled model of care is essential to successfully delivering a clinical strategy of seamless patient pathways and enabling virtual clinical input and clinician-sharing across Northern and Eastern Devon.
- **Health Infrastructure Programme**: NDHT is in the second wave of the Health Infrastructure Programme, which aims to create a digital and estate infrastructure capable of supporting the clinical strategy.
- **Rural subsidy**: Formal recognition within the acute contract in Northern Devon of the rural subsidy required to support 24/7 services such as A&E, ICU, maternity, emergency surgery, trauma and acute medicine in Northern Devon (which will be quantified as part of the due diligence and development of the Long Term Financial Model (LTFM)).

7. A new integrated Trust

The new Trust will have a combined budget of £800m and will employ around 14,000 staff, providing core acute and community services to a population of around 600,000 and specialist services to an additional 165,000 with a combined budget of over £800m. The main district community hospitals are in Exeter and Barnstaple with 17 community hospitals across the geography. The scale of the new organisation and its combined resources would provide a number of significant benefits for patients, public and staff.

- **Benefits to patients**

The over-riding aim of joining together is to support resilient, high quality, accessible and sustainable healthcare services across Northern and Eastern Devon. The model of care will involve digital-first, personalised, more efficient and safer services and it must assure communities served by both organisations that they will be able to access acute services in a timely way when required. The intention is that all of the communities served by both Trusts would see a levelling up of acute and community services.

- **Benefits to staff**

The integration anticipates a wide range of benefits for our workforce, through offering varied career options and the opportunity to gain additional experience, accessing a digital patient record system that will create more time for direct patient care, enhanced morale, a reduction in pressures on services and a culture of positive collaboration and shared problem solving.

- **Benefits to the Trusts**

As one organisation, we will enhance co-operation, collaboration and synergy in our strategic direction and operational delivery. Bringing the organisations together within the SEND acute care network presents opportunities to improve resilience and local access across Northern and Eastern Devon.

The RD&E is motivated to support NDHT from a desire to play a full system role in supporting improved experiences of care and performance across the Devon system and proactively preventing provider or service failure which would have a negative impact on the RD&E. In addition, it is clear that NDHT has developed a culture of innovation and agility that would benefit the RD&E.

NDHT enters into this integration process in the knowledge that it needs the support of a larger neighbouring and supportive partnering Trust to support some of the clinical and financial vulnerabilities of delivering acute care from the most remote hospital in mainland England.

- **Benefits to the system**

The proposed integration has the potential to be the most successful effort to date to support clinically sustainable acute services in Northern Devon. It will secure the future of NDHT as well as enabling the Trusts to collaborate on the provision of modern, resilient and sustainable services to our shared rural catchment.

8. Financial case

There have been significant financial challenges and underlying deficits at NDHT for many years, and the 2018/19 financial year ended with a £16.6m deficit. Over the years a 'subsidy' for remoteness has been awarded to NDHT to ensure ongoing sustainability but this has reduced by £7m over the three years from 2017/18.

The RD&E financial strategy has been to build on the flexibilities of Foundation Trust status, enabling a surplus to be generated and reinvested in services. The Trust has delivered surpluses since 2017/18 and has a planned deficit position in 2020 due to the MYCARE implementation. The surpluses have, however, been delivered significantly through non-recurrent means. More recently, the RD&E's growth strategy has refocussed into clinical productivity and efficiency to align with the STP strategies to contain demand and mitigate growth through transformation. It is clear that, over coming years, the RD&E will face a deteriorating financial position and will not remain in a position where it is posting surpluses.

Whilst the proposal to join is driven by clinical need rather than the financial case, it is recognised that savings are likely to accrue as a result of the integration.'

9. Conclusion

Joining NDHT and RD&E offers the most sustainable and achievable way forward that benefits the populations served by both organisations.

There is a clear recognition that we are setting out on this journey of integrating our corporate and clinical functions with the explicit understanding that we will not seek to impose the culture of one organisation on the other. Each Trust occupies an important place within their respective communities and the approach will seek to enable local teams to deliver, based on local cultures and team structures.

Both Boards are committed to levelling up the resilience of care provision in Northern and Eastern Devon for the benefit of all residents in the area and can see that the integration will be a springboard to achieving greater levels of transformation and collaboration across the system. Nevertheless, the benefits of integration can only be achieved on the basis of all the following factors being in place:

- Formal recognition within the acute contract in Northern Devon of the rural subsidy required to support 24/7 services such as A&E, ICU, maternity, emergency surgery, trauma and acute medicine in Northern Devon (which will be quantified as part of the due diligence and development of the Long Term Financial Model (LTFM)).

- The creation of a single digital platform between the Trusts which will support the clinical strategy across SEND, creating seamless care and mitigating barriers to accessing care.

- The progression of the NDHT health infrastructure programme (Our Future Hospital Northern Devon) to create a digital and estate infrastructure in Northern Devon capable of supporting the clinical strategy across SEND, with modern models and acute networks of healthcare.

The clinical and financial sustainability challenges have been present in Northern Devon in one form or another for decades and will continue to affect system performance and local health inequalities if this integration opportunity is not grasped and the supporting enablers are not put in place in order to benefit patients and staff across Northern and Eastern Devon.

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