April 2011

Merger between Barts and the London, Whipps Cross and Newham NHS Hospital Trusts

Submission to the CCP pursuant to the Principles and Rules for Cooperation and Competition

Barts and The London NHS
NHS Trust

Newham University Hospital NHS
NHS Trust

Whipps Cross University Hospital NHS
NHS Trust

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1 Summary

This submission concerns a proposed merger between Whipps Cross University Hospital NHS Trust (**WXUHT**), Newham University Hospital NHS Trust (**NUHT**) and Barts and the London NHS Trust (**BLT**). The new merged organisation will be a single entity called the Barts and East London Health Care Trust (**BELH**). BELH will provide a full range of clinical services to North East (NE) London including enhanced local acute services, streamlined elective care services and highly developed tertiary services. The result will be a clinical centre of excellence for health care, teaching and research that can compete with similar Academic Health Science Centres both in London and elsewhere.

This proposal responds to a potential threat. As a consequence of their historical financial challenges and the current economic climate, it is not considered feasible for either Newham or Whipps Cross to continue as independent hospitals. Both hospitals are finding it increasingly difficult to maintain services within the tariff at the appropriate quality (particularly in core services such as maternity and children's care) and are at risk of being placed in the failure regime. BLT also has considerable financial challenges that would be mediated through the merger. The merger proposal represents a locally driven and clinically supported solution to the issues faced by each trust.

The BELH merger is part of the three trusts' response to the challenges set out in the Healthcare for NE London (H4NEL) programme and the wider changes set out in *Healthcare for London: A Framework for Action (HfL).* However, the ambition goes far beyond simply bringing the three hospitals under one management. By creating a new organisation centred on the needs of patients, irrespective of the traditional divisions between tertiary, acute and community services, the creation of BELH would not simply be a response to financial or organisational challenges. It will both offer an innovative means to deliver high quality and accessible healthcare services to the uniquely diverse local population and deliver new services that will improve patient choice and competition in NE London. This vision is strongly supported by the clinical teams at each trust who are acutely aware that effective clinical leadership is essential to generating the benefits that this merger could deliver.

The trusts are submitting this merger for review by the Cooperation and Competition Panel (CCP) as it comprises a relevant merger situation as defined by section 4.2 of the CCP's merger guidelines. The three-way merger of BLT, Newham and Whipps Cross will create an organisation with a single management structure and a turnover just above £1 billion in 2011-12, comprising:

- BLT: £666m;
- Newham £161m; and
- Whipps Cross £223m.

This is above the £70 million threshold set by the CCP's merger guidelines for acute trusts.

2 The local health economy

North East (NE) London is facing a significant health challenge - key health indicators are poor; the local population has a lower life expectancy, higher rates of infant death and mortality rates from cancer and cardiovascular disease are higher than other London sector. NE London also has some of the largest population growth projections of any health economy in England.

NE London currently underperforms against some key national targets and there is significant variation between NHS organisations. Some local health services are not performing consistently as well as we should expect in terms of quality or productivity, with significant variation in terms of access, clinical quality and user experience.

The coupling of high incidence of health need and a fast growing population means demand for health services is set to increase in volume and complexity. The high incidence of illness and below-average health indicators in NE London means that continuing unchanged is not the answer and if left unchanged, the health economy would be unaffordable for commissioners as early as 2011/12.

In the future, there are likely to be significant financial challenges facing NHS trusts in NE London. Hospital costs are increasing faster than tariff prices meaning that the future financial situation will require whole system changes to be implemented to ensure NE London has viable acute providers, who by working with commissioners, ensure both productivity and quality gains are achieved to deliver patients a sustainable local health care service, with improved clinical outcomes and one which local people feel is responsive to their needs.

Existing commissioners in Outer North East London (ONEL) and Inner North East London (INEL) have been involved during the development of the merger proposals. Work with the new commissioners via Clinical Commissioning Groups is currently being undertaken. The BELH three-way merger is seen as the preferred solution to the issues facing commissioners and trusts in North East London, on the grounds of the proposed clinical strategy and vision, leadership arrangements and revised governance arrangements.

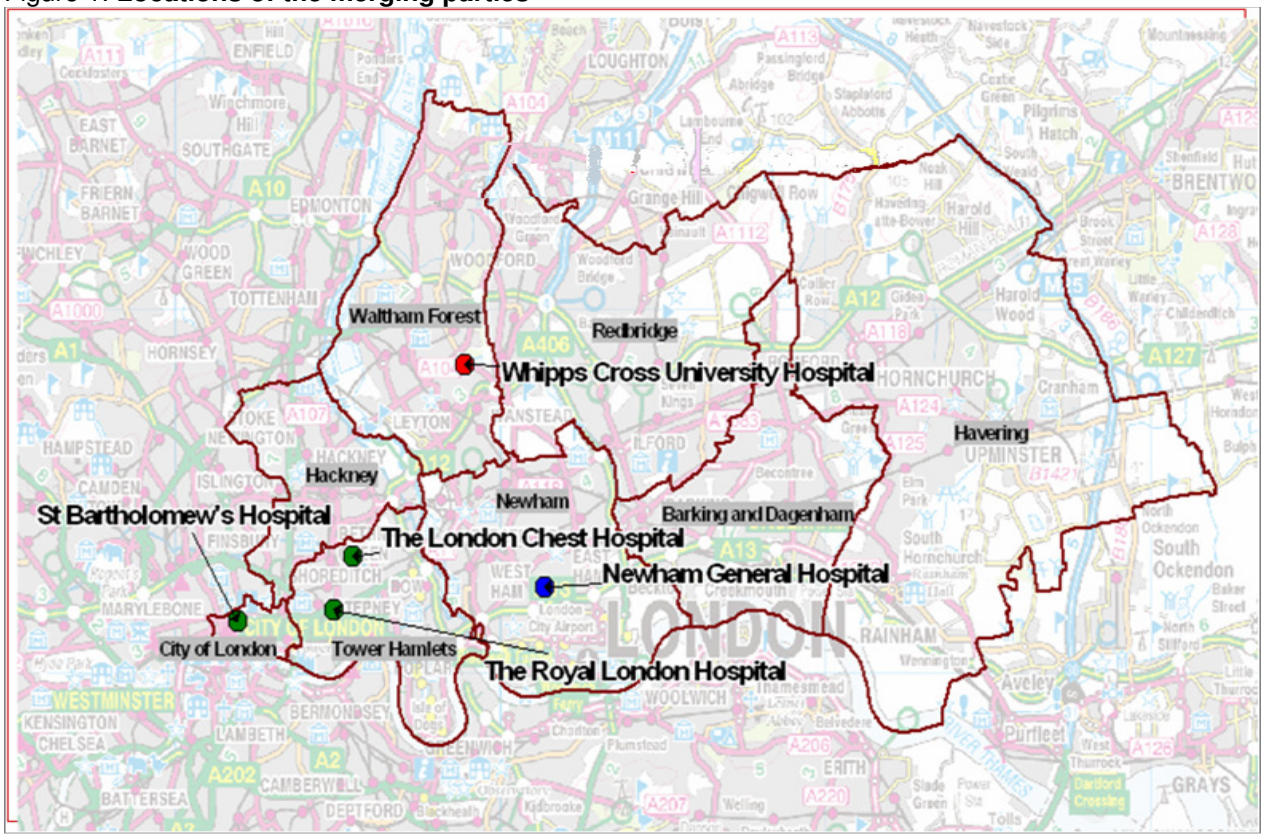
3 The parties to the transaction

There are three NHS trusts involved in the transaction:

- Barts and the London NHS Trust (BLT);
- Whipps Cross University Hospital NHS Trust (WXUHT); and
- Newham University Hospital NHS Trust (NUHT).

All the trusts are located in North East London. **Figure 1** below shows the location of each of the trust's sites.

Figure 1. **Locations of the merging parties**



Each of these trusts operates as a general secondary acute hospital, however BLT is also a major centre for tertiary care and WXUHT provides a small amount of tertiary care, particularly in vascular surgery. A full list of the services provided at each trust is shown in the Annexe; however, **Table** 1 shows the main service groupings that are provided at each hospital.

Table 1. **Services provided at BLT, NUHT and WXUHT**

Service grouping	BLT	WXUHT	NUHT
Emergency care	✓	✓	✓
Surgery	✓	✓	✓
Children's health	✓	✓	✓
Women's health and maternity	✓	✓	✓
Specialist Medicine	✓	✓	✓
Tertiary care	✓	✓	✗
Tertiary care: cancer	✓	✗	✗
Tertiary care: cardiac and vascular	✓	✓	✗
Tertiary care: head and neck	✓	✗	✗
Tertiary care: renal	✓	✗	✗
Long-term care	✓	✓	✓
Diagnostics and support	✓	✓	✓
Community services	✓[1]	✗	✗

Source: NHS Choices, trust information

This rest of this section provides a summary description of each trusts involved in the transaction. More detailed information on the trusts is presented in the annexe to this document.

3.1 Barts and the London NHS Trust

Barts and the London NHS Trust is a large teaching NHS Trust providing services from three hospital sites:

- The Royal London Hospital – Whitechapel Road, London, E1 1BB;
- St Bartholomews – West Smithfield, London, EC1A 7BE; and
- The London Chest Hospital – Bonner Road, London, E2 9JX.

[1] BLT is in the process of taking over Tower Hamlets PCT's community health services. This takeover will be complete before the proposed merger date.

Commissioners and local population

The Trust provides local acute hospital services to the 220,000 residents of Tower Hamlets, specialist and tertiary services for the population of 1.6 million in north east London and, with the BLT School of Medicine and Dentistry and other academic partners, has a significant role in education and research. The proposals for acute services agreed as part of 'Health for North East London' confirmed the Trust's role as one of two major acute providers in NE London.

The Trust's major commissioner is NHS East London & City (NHS ELC). This comprises Tower Hamlets, City & Hackney and Newham PCTs who represent 48% of the Trust's patient service income. North East London PCTs as a whole represent 66% of the Trust's clinical income, with the remainder from a large number of commissioners across London, East of England and beyond.

Services

The Royal London Hospital is the main acute site, providing A&E services, maternity, adult and children's acute and specialist services. It is the largest of London's four Major Trauma Centres and is the Inner North East London's hyper-acute stroke centre.

St Bartholomew's focuses on specialist cancer and cardiac services while the London Chest Hospital also provides cardiothoracic services and houses the North East London Heart Attack Centre. BLT is also home to London's air ambulance service and operates a successful fertility centre.

Table 2 below shows estimated service volumes for BLT in 2009-10, taken from the Department of Health's Hospital Episode Statistics data.

Table 2. **Estimated service volumes for BLT, 2009-10**

	Volumes
Outpatient attendances	509,000
A&E attendances	131,000
Total inpatient admissions	95,000
Day case admissions	26,000
Emergency admissions	37,000
Deliveries	4,500
Number of beds	1,150
Staff numbers	8,520

Source: HES, Trust information

In addition to its acute services, BLT was selected as preferred provider for Tower Hamlets Community Health Services in November 2010. The integration programme is in progress with a target transfer date of 1 July 2011. This will add around £60 million to the Trust's turnover and more than 1,200 FTE additional staff to the payroll.

Quality

BLT is fully registered with the CQC with no conditions. In terms of the NHS litigation authority risk management standards, it meets the following criteria:

- Trust-wide (acute) – Level 3 (Nov 2010)
- Maternity – Level 1 (Jun 2007)

This suggests that the quality of clinical governance and risk management systems within acute care at BLT is particularly strong.

The Trust Board regards maintaining and improving the safety and quality of patient care as its top priority. To achieve this, the Board has agreed a five-year Quality Improvement Strategy which is being implemented through the delivery of annual Quality Development Plans, with explicit quality objectives focused on patient safety, clinical outcomes and patient experience. A committee of the Trust Board, the Quality Assurance Committee which is chaired by a Non Executive Director, monitors, reviews and reports to the Trust Board on the quality of services provided by the Trust.

Financial information

BLT is currently facing significant financial pressures. The combination of commissioning changes (including care closer to home and decommissioning), efficiency requirements, the unitary payment for the new assets and unavoidable cost pressures results in the need to deliver £41m savings in 2011-12. The Trust's vehicle for delivering this is the Performing for Excellence Programme which has reviewed all aspects of expenditure and initiated workforce changes, productivity improvements and non-pay reductions to achieve higher quality care at lower cost. In addition, BLT must also address transitional and double-running costs related to its PFI scheme.

Table 3 shows the forecast financial position for BLT between 2010-11 and 2012-13. The Trust has significant efficiency targets over the next two to three years with £51.9m of new savings in FY11-12 and a further £64.8m of new savings in FY12-13. Non-delivery of the efficiency target could materially impact the achievement of the projected surplus.

Table 3. **Forecast financial position for BLT 2010-11 to 2012-13**

£m	2010-11 forecast	2011-12 forecast	2012-13 forecast
Total Income	679.6	666.1	655.4
Surplus/(Deficit)	2.5	(230.0)	10.6
Adjustments (net)	0.0	0.6	(0.3)
Adjusted Surplus	2.5	(229.4)	10.3
Impairments	3.5	236.0	(4.6)
Excluding Impairments	6.0	6.6	5.7

Source: Trust forecasts, as estimated in Dec 2010. These forecasts may be subject to change.

Estates

The Trust is mid-way through a £1.15 billion PFI redevelopment of its estate that will establish Barts as a major cancer and cardiac centre (bringing together cardiac services from the two current sites) and redevelop the Royal London as inner north east London's major trauma, acute and specialist teaching hospital. The first phase of the BLT redevelopment (the cancer centre) opened in March 2010 and will be followed by the new Cardiac centre in 2014. The new Royal London Hospital will open in early 2012.

Beyond these new assets, the Trust is developing a number of other property issues through its estates strategy. These include the commercial development of surplus land at both the Royal London and the Barts sites, including a potential joint venture at Barts with the independent sector, and the future use of the London Chest Hospital when services transfer to Barts in 2014.

3.2 Whipps Cross University Hospital NHS Trust

Whipps Cross University Hospital NHS Trust is a medium sized hospital, with 3,400 staff and a turnover of about £233m. It is situated on a site of 44 acres close to the end of the M11 and the intersection with the A12 and North Circular Road (Whipps Cross road, London, E11 1NR). WXUHT sits in the heart of the local communities of Leytonstone and Walthamstow. The buildings are a mix of Victorian, Edwardian and modern.

WXUHT also operates a medical centre "Silverthorn Medical" which was previously Chingford Hospital (2 Friars Close, Larkshall Road, London, E4 6UN).

Commissioners and local population

WXUHT serves a diverse local population of more than 350,000 people from Waltham Forest, Redbridge, and Epping Forest and further afield. The trust's main commissioners are:

- NHS Outer north east London (NHS ONEL) – covering approximately 80% of the SLA income;

- West Essex PCT; and
- Newham PCT.

NHS ONEL consists of Waltham Forest, Redbridge, Barking & Dagenham and Havering PCTs.

Services

Whipps Cross provides a range of general acute hospital services for emergency, elective and outpatients. The Emergency and Urgent Care department is one of the busiest single site services in London. The Trust has a large maternity unit, and rehabilitation and palliative care services. Renal dialysis services are also provided on-site by BLT.

A full list of the services that Whipps Cross provides is set out in the Annexe, however **Table 4** below provides information on the total service volumes for different types of services at Whipps Cross in 2009-10.

Table 4. **Estimated service volumes for WXUHT, 2009-10**

	Volumes
Outpatient attendances	317,000
A&E attendances	93,000
Inpatient admissions	81,000
Day case admissions	33,000
Emergency admissions	30,000
Deliveries	5,400
Number of beds	626
Staff numbers	3,400

Source: HES, Trust information

The Trust also provides undergraduate medical education to about 60 students per annum and postgraduate teaching. Similarly, the hospital provides placements for nursing and midwifery undergraduate students. A clinical research unit has been in place for several years and supports a growing range of commercial and non-commercial research trials and development projects.

Quality

Whipps Cross is fully registered with the CQC with no conditions. In terms of the NHS litigation authority risk management standards, it meets the following criteria:

- Trust-wide (acute) – Level 1 (Feb 2010)
- Maternity – Level 2 (Dec 2007)

WXUHT currently has two main strategies to improve quality of service: the Patient Experience Revolution and the Patient Safety Strategy. The Board tracks progress through a number of methods, including the monthly Quality Accounts Dashboard, which incorporates patient experience and patient safety metrics; Board Patient Safety Walk Rounds; and each alternate Board now opens with a Patient Story from either a patient or carer who has used services at the hospital.

Financial information

Whipps Cross is a financially challenged trust. It overspent by £26.7m in aggregate in 2005-06 and 2006-07, receiving a working capital loan amounting to £26.3m from the Department of Health (DH) in March 2007 to cover this deficit. Since 2006-07, however, the trust has delivered annual cost improvement programmes, leading to small surpluses in the years to 2009-10.

Further cost improvements also need to be delivered over the next two years, and the trust forecasts that this will result in a breakeven position in 2010-11 and deficits in 2011-12 and 2012-13 (see **Table** 5). However, some adjustments must be made to this forecast that will mean the trust may make significant deficits between 2010-11 and 2012-13. These adjustments are income over performance and expenditure increases to deliver over performance plus unidentified efficiency savings.

Table 5. **Forecast financial position for WXUHT 2010-11 to 2012-13**

£m	2010-11 forecast	2011-12 forecast	2012-13 forecast
Total Income	220.6	223.2	222.8
Surplus/(Deficit)	0.0	(0.8)	(2.7)
Adjustments (net)	(5.2)	(4.6)	(4.6)
Adjusted Surplus	**(5.2)**	**(5.4)**	**(7.3)**
Impairments	-	1.5	3.2
Excluding Impairments	(5.2)	(3.9)	(4.1)

Source: Trust forecasts, as estimated in Dec 2010. These forecasts may be subject to change.

The trust's finances are such that they have only been able to make repayments to the DH loan by delaying paying creditors and using capital funding. This is unsustainable and, following an exceptional norovirus outbreak in early 2010, the Trust agreed to default on the March repayment. WXUHT has made an application to the Challenged Trust Board (CTB) for £28m to write-off the historical debt and to improve liquidity. The current status is that this commitment will be approved only subject to a merger proceeding, as the CTB do not believe WXUHT is financially viable as a stand-alone institution.

Estates developments

The trust also has requirements for further capital investment to maintain the quality of care it can offer. This is being met in part through a £23m A&E and co-located emergency assessment bed development. Work on this has already started and is due to complete in the summer of 2013. However, further capital investment is required to improve the building

stock in respect of elimination of nightingale ward style and mixed-sex accommodation and right-size the maternity unit. In particular, the maternity unit was originally built for a 2,500 birth capacity, but as **Table 4** shows, this unit currently sees over twice that number of deliveries annually. Furthermore, predictions for North East London show an estimated 5% annual growth in the birth rate to 2016-17, making this a key issue for the hospital.

3.3 Newham University Hospital NHS Trust

Newham University Hospital Trust (NUHT) is a small/medium sized hospital with just over 2,000 staff and a turnover of £161m. It is situated just off the A13 on Prince Regent Lane in Plaistow (Glen Road, London, E13 8SL). The trust serves a population in excess of 240,000 mainly from the local borough of Newham and also with Barking & Dagenham Waltham Forest and Redbridge.

Commissioners and local population

The population of Newham is among the most diverse, fastest growing and also one of the youngest in the country. The Trust's major commissioner is NHS East London & City (comprising Tower Hamlets, City & Hackney and Newham PCTs). NHS ELC represents 87% of the Trust's patient service income. North East London PCTs as a whole represent 92% of the Trust's clinical income, with the remainder from Non-contractual PCTs and specialist commissioners across London and East of England.

Services

NUHT provides a range of general acute hospital services for emergency, elective and outpatients. It does not provide tertiary services, however it has a research and development department with strong links with BLT. The trust also has relationships with BLT through the provision of facilities for Renal, Dermatology and Rheumatology services and also with Whipps Cross for ENT/Audiology. Agreements are currently in place to work in partnership with GPs/consortia to provide a seamless service to patients through a variety of settings across the site and indeed across the borough.

The trust provides academic facilities to undergraduate medical students and also postgraduate teaching. A significant student placement service is offered to Nursing and in particular midwifery students.

Table 6. **Estimated service volumes for NUHT, 2009-10**

	Volumes
Outpatient attendances	227,000
A&E attendances	95,000
Inpatient admissions	61,000
Day case admissions	11,000
Emergency admissions	24,000
Deliveries	5,200
Number of beds	375
Staff numbers	2,000

Source: HES, Trust information

Quality

NUHT is fully registered with the CQC with no conditions. In terms of the NHS litigation authority risk management standards, it meets the following criteria:

- Trust-wide (acute) – Level 1 (Jun 2010)
- Maternity – Level 1 (Jan 2010)

This indicates that there is potential for clinical governance and risk management systems to benefit from the merger through transferring systems, processes and experience from BLT and WXUHT. The Trust Board regards maintaining and improving the safety and quality of patient care as its top priority. The Trust has been successful in making improvements in this area across the board, most notably, significant improvements on Privacy and Dignity issues for their patients as an output from much improved compliance in relation to single sex accommodation following toilet and en suite shower room facility enhancement. HMSR rates have also improved between 2009 and 2010, as a result of a Trust wide initiative to reduce this as a major component of Patient Safety Board activity.

Furthermore, maternity services at Newham are currently undergoing a redevelopment in three phases, the last of which is in train. These will provide an environment that is fit for purpose and will significantly improve the experience for women and their families. The service has seen a reduction in its vacancy factor for midwives of 20% improving quality and safety for women as a result of a reduction in the need for temporary staff in the service.

Financial information

The trust has had a small surplus for 2 years running supported by extensive savings programmes. This year has been extremely challenging with the late development and delayed implementation of savings resulting in a forecast deficit of £7.3m excluding

impairments. Whilst the full year effect of these savings are realised from the 1st April there remains a further £7m savings requirement for 11/12 pending SLA negotiations.

The Trust is financially challenged particularly with regards to cash. An extended agreement was reached to clear the historic debt by 31st March 2011. However, this has not been achieved as a result of the delay of the significant Savings and Transformation programme. The trust has experienced significant cash pressure as a result. In 2010-11 a working capital loan of £5m was obtained in (repayable over 5 years) as a result of the trust's inability to generate enough cash to cover commitments. Furthermore, there is increasing pressure on NUHT to deliver efficiency improvements that the trust believes will be difficult to achieve as a standalone institution.

Table 7 shows NUHT's financial forecasts between 2010-11 and 2012-13. This shows that while the trust should move into a small surplus by 2011-12 before adjustments, once adjustments are taken into account, this results in a deficit of £2.1m in 2011-12 and £1.5m in 2012-13.

Table 7. **Forecast financial position for NUHT 2010-11 to 2012-13**

£m	2010-11 forecast	2011-12 forecast	2012-13 forecast
Total Income	162.8	161.2	161.6
Surplus/(Deficit)	(5.7)	1.6	1.6
Adjustments (net)	(1.9)	(3.7)	(3.1)
Adjusted Surplus	(7.5)	(2.1)	(1.5)
Impairments	-	-	-
Excluding Impairments	(7.5)	(2.1)	(1.5)

Source: Trust forecasts, as estimated in Dec 2010. These forecasts may be subject to change.

As a result of NUHT's financial situation, the Challenged Trust Board has indicated that it believes the trust is unlikely to be financially sustainable in the medium to longer term. The CTB has therefore encouraged the trust to consider other organisational options to secure the future of its services.

Estates development

The hospital was built in 1987 and has been continually updated to provide quality care in a quality environment with the development of the Gateway Surgical Centre for Elective care, a PFI build to accommodate outpatients and Rehabilitation patients and more recently a superb maternity suite to accommodate the predicted birth rate in the area over the next few years. The trust is currently submitting a joint bid for the development of the Emergency Department/Urgent Care to be completed in advance of the Olympics.

The Trust extended its operational facilities with a £30m PFI contract build in 2004. Two new blocks opened in 2006, allowing for the closure of St Andrews Hospital. The contract runs for 35 years in total with the PFI partner providing soft FM services representing 3% of turnover.

However, approval of the maternity development business case in 2009/10 identified funding requirements of £6.5m PDC and a £9.25m capital investment loan. £8m of this capital investment loan was drawn down in 2010-11 with the remaining £1.25million planned for 2011-12. The repayment of the loan has been agreed over 10 years. A further capital investment loan of £2m was approved in 2009/10 to support the capital programme, repayable over 5 years. The Trust is currently in discussion with its commissioners to finalise the details of the UCC/ED build. The source of funding has yet to be confirmed, it is recognised that NUHT is currently up to its T2 borrowing limit.

4 The transaction

This section sets out a brief description of the transaction and how it is a relevant merger situation for the CCP.

4.1 Transaction description

The parties propose to fully merge their organisational structures to create a single NHS Trusts Barts and East London Healthcare Trust (BELH). This three-way merger of BLT, Newham and Whipps Cross will create an organisation employing over 13,000 staff with a turnover just above £1 billion in 2011-12, comprising:

- BLT: £666m;
- Newham £161m; and
- Whipps Cross £223m.

This transaction is viewed by the respective executive teams, clinicians and commissioners as the best way to create a Trust in London able to service the needs of the local population and to establish an entity with leading-edge clinical facilities.

The merger would combine three acute sites, two tertiary and one community hospital, delivering a wide range of secondary and tertiary care. A key feature of the proposal is the case made for a clinically-led transformation of service delivery, which retains an emphasis on quality. As a result, levels of clinical engagement in relation to this proposal (crucial to delivering any merger benefits) have been high. All three Medical Directors have committed to a vision for the new Trust to provide care pathways for the local population across primary, community, secondary and tertiary care. The Medical Directors believe that the merger of BLT, Newham and Whipps Cross will support:

- a renewed role in closing the particular gaps in health, wellbeing and life expectancy of the local population;
- further integration of secondary and tertiary care in a leading research-driven teaching hospital to deliver the best care for patients at the right time, in the right place and with the right team;
- easier access for patients, pursing the provision of treatment and care closer to home offering patients a single entry point to one of the widest ranges of services in the country; and
- the creation of a world-class healthcare organisation recognised internationally with excellence in specialist treatment, education, research and innovation and service delivery.

The merger proposal, as it currently stands, does not assume changes to service access, including to A&E and maternity. The respective leadership teams acknowledge that some form of service reconfiguration is likely to be required, in order to realise the efficiencies promised by a larger organisation. However, the trusts will work closely with commissioners and patient groups to develop these scenarios.

Through organisational restructuring, this merger has the potential to deliver significant cost savings. These savings would arise from consolidation of back office functions, reduction in corporate overhead, including board costs, estate optimisation and rationalisation of clinical resources. The operational requirements and financial impacts of realising these benefits and establishing the new Trust will be set out in detail during the next stage of the merger.

4.2 The merger situation

The transaction will be a relevant merger situation for the purposes of the Competition and Cooperation Panel since:

- the parties will cease to be distinct organisations; and
- the merger will create a combined organisation with estimated annual revenues of £1.06 billion, which exceeds the £70 million threshold for mergers of acute services as set out in the CCP's merger guidelines.

5 Annexe – detailed description of the parties

5.1 Barts and the London NHS Trust

Overview

Barts and the London NHS Trust is a large teaching Trust providing services from three hospital sites – the Royal London Hospital in Whitechapel, St Bartholomew's in the City of London and the London Chest Hospital in Bethnal Green. Together the three hospitals employ around 7,800 staff, including some of Britain's leading specialists.

The Trust has a number of roles – it provides local acute hospital services to the 220,000 residents of Tower Hamlets, specialist and tertiary services to the 1.6 million population in north east London and, with the Barts and The London School of Medicine and Dentistry and other academic partners, has a significant role in education and research. The proposals for acute services agreed as part of 'Health for North East London' confirmed the Trust's role as one of two major acute providers in NE London.

The Royal London Hospital is the main acute site, providing A&E services, maternity, adult and paediatric acute and specialist services. It is the largest of London's four Major Trauma Centres and is the Inner North East London's hyper-acute stroke centre. The Royal London is taking a leading role in establishing the London Trauma Network and is effectively becoming the hub for the largest network of trauma hospitals in the UK.

St Bartholomew's focuses on specialist cancer and cardiac services. It is a leading provider of tertiary care in the country. In March 2010 the Barts Cancer Centre treated its first patients. This is set to continue the trust's tradition of making the most advanced treatments available to patients from across the UK. The hospital offers the latest surgical techniques, gene therapy and cancer drugs as well as state of the art radiotherapy and radio surgery imaging technology.

The London Chest hospital provides cardiothoracic services and houses the North East London Heart Attack Centre. The hospital has state of the art imaging technology allowing the early detection of heart problems.

A detailed summary of the services provided at each of the three sites is shown in the table below.

Table 8. **Barts and the London NHS Trust full list of services**

Services	St Bartholomew's Hospital	The Royal London Hospital	The London Chest Hospital
Accident and emergency	✘	✓	✘
Breast surgery	✓	✓	✘
Children's and	✘	✓	✘
Cancer services	✘	✓	✘
Cardiology services	✓	✓	✓
Diabetic medicine	✓	✓	✘
Dermatology services	✘	✓	✘
Endocrinology and	✓	✓	✘

Ear, Nose and Throat	✓	✗	✗
Gastroenterology and	✓	✓	✗
Gynaecology services	✓	✓	✗
General surgery	✓	✓	✗
Geriatric medicine	✗	✗	✗
Haematology services	✓	✓	✗
Maternity services	✗	✓	✗
Neurology services	✓	✓	✗
Oral and maxillo-facial	✓	✓	✗
Ophthalmology services	✓	✓	✗
Orthopaedics services	✓	✓	✗
Plastic surgery	✗	✓	✗
Pain management	✓	✗	✗
Physiotherapy services	✗	✓	✗
Podiatry services	✗	✗	✗
Respiratory medicine	✗	✓	✓
Renal services	✗	✓	✗
Rheumatology services	✗	✓	✗
Sleep medicine services	✗	✗	✓
Urology services	✓	✓	✗
Vascular surgery	✓	✓	✗

Source: NHS Choices. The Trust will also provide community services through Tower Hamlets community care by the time the merger is completed.

Quality of service

The hospitals in Barts and the London NHS Trust have very good quality of service indicators. The sites rank among the best in the country for survival rates as confirmed by the published Hospital Standardised Mortality Ratios. The Trust's performance in 2009-10 was 24.7% better than expected, given the nature and complexity of the cases treated. BLT has maintained one of the best survival rate record in the country since these were first published in 2002.

The Trust's stroke service achieves significantly lower mortality rates than the national average- 12% compared with 20% nationally. In addition, the proportion of patients with stroke requiring institutionalisation is only 3% compared with 11% nationally. In April 2009, the NHS Litigation Authority (NHSLA) assessed Barts and the London NHS Trust with a 96% compliance score for minimising the risk that patients will suffer harm during their NHS care, ranking the trust in the top quarter of all NHS trusts. Hospital acquired infections in the trust have been falling, with MRSA cases down by 29% in 2009-10 relative to the previous year and C.diff cases falling further by 44% during the same time period.

Three year standardised mortality ratios are below than the national average and so too are mortality rates in high risk conditions, but stroke mortality rates are above the national average.

An outpatient survey undertaken in the summer of 2009 showed that 90% of patients treated in the trust were treated with dignity and respect during their appointment.

Most indicators show that the quality of service delivered by the Trust is of the highest quality. However, there are also areas which could be improved. For example, according to the Care Quality Commission, the trust performed relatively poorly in terms of meeting its waiting times targets in 2008-09. Since then significant progress has been made towards meeting access, waiting and choice targets.

Table 9. **Key quality indicators for Barts and the London**

		BLT score	National Average
Patient safety	MRSA bacteraemias – year to date (2010/11 threshold in brackets)	11 (9)	N/A
	MRSA bacteraemias per 100,000 bed days (2009/10)	5.7	5
	C. difficile cases – year to date (2010/11 threshold in brackets)	99(180)	N/A
	C. difficile cases per 10,000 bed days	3.5	9
	Adverse Event Rate per 1,000 bed days (Global Trigger Tool)		N/A
	Falls per 1,000 occupied bed days (Apr-Sep 10)	3.1	4.8
Patient experience	PEAT 2010 (Environment / Food / Privacy and Dignity)	Acceptable /Good/Good	

Clinical outcomes	Hospital Standardised Mortality Ratio (HSMR), 2009/10 (Dr Foster)	88.54	100
	HSMR, 3 year to March 2010 (Dr Foster)	88.89	100
	Mortality High Risk Conditions	97.36	100
	In-hospital stroke mortality	108.21	100

Source: Barts and the London, Dr Foster

Key financial indicators

Barts and the London is in a good financial position. The trust has achieved a financial surplus for the fifth year running and a breakeven position for the ninth year running. This comes despite significant investment in infrastructure – the trust has a £1bn new hospitals programme aiming to create landmark new hospitals at both the Royal London and Barts. In March 2010 the first phase of the programme was completed resulting in the launch of Barts Cancer Centre. The new Royal London Hospital is expected to open in early 2012 followed by the new Cardiac Centre in 2014.

In 2009-10, Barts and the London generated total revenue of £707m, up 15% on the previous year. Revenue in 2009-10 was higher than anticipated due to an increase in activity over and above the plan. This resulted in income approximately £20m higher than planned but also required additional expenditure and delay of planned savings. Activity and hence revenue are expected to level off in 2010-11 according to latest Trust forecasts.

The Trust recorded a surplus on its income and expenditure of £11.42m, excluding IFRS and impairments. As previously discussed this surplus was achieved against a backdrop of higher than planned activity resulting in higher income but also requiring higher expenditure and delayed savings. Going forward, the Trust expects to continue to realise a surplus. However, it acknowledges that it will be more reliant on the achievement of planned efficiencies and savings to realise that.

The Care Quality Commission ranked the Trust's financial management quality as 'Fair'.

5.2 Whipps Cross University Hospital NHS Trust

Overview of sites and services

Whipps Cross University Hospital NHS Trust is a medium sized hospital, with 3,400 staff and a turnover of about £233m. It is situated on a site of 44 acres close to the end of the M11 and the intersection with the A12 and North Circular Road. It sits in the heart of the local communities of Leytonstone and Walthamstow. The buildings are a mix of Victorian, Edwardian and modern.

The Trust serves a diverse local population of more than 350,000 people from Waltham Forest, Redbridge, and Epping Forest and further afield. The area has a wide variation in levels of deprivation and health needs. It serves both the 5 percent most deprived and the most affluent 30 percent of electoral wards in England. The trust provides a range of general acute hospital services for emergency, elective and outpatients. The Emergency and Urgent Care department is one of the busiest, single site services in London. The Trust has a large maternity unit, and rehabilitation and palliative care services. Renal dialysis services are also provided on-site by BLT. A list of all services delivered by the Trust is available on the next page.

The Trust provides undergraduate medical education to about 60 students per annum and also postgraduate teaching. Similarly placements for nursing and midwifery undergraduate students are also provided – Whipps Cross provides placements for nursing and midwifery undergraduate students from the health and social care schools at London South Bank University, Middlesex University and overseas medical schools. During 2009-10 the Trust supported 466 undergraduate nursing students and 90 midwifery students and 589 post registration students.

A clinical research unit has been in place for several years and supports a growing range of commercial and non-commercial research trials and development projects.

The Trust has begun a £23m new A&E and co-located emergency assessment bed development, which is due to complete in the summer of 2013.

The Trust has a very busy maternity service which delivered 5,400 babies in 2009-10. However, further capital investment is required to improve the building stock in respect of elimination of nightingale ward style accommodation and right-size the maternity unit, originally built for a 2,500 birth capacity, for the deliveries currently taking place and the 5% annual growth predictions in birth rate through to 1016/17. This is a key issue for the hospital.

In July 2009, the Trust was designated as an Acute Stroke Unit (ASU) for the local area under NHS London's plans for stroke and trauma services. This means that local patients who are initially cared for in the Royal London Hospital are directly transferred to the ASU at Whipps Cross as soon as their condition is stable enough. Currently, the Trust is not achieving its target of 90% of stroke patients being admitted directly into ASU upon arrival at the hospital.

Whipps Cross University Hospital is one of four London hospitals selected to take part in a pilot aimed at reducing turnaround times in Histopathology. The latest data indicates that the hospital has made good progress towards meeting its targets.

Table 10. **Whipps Cross University Hospital NHS Trust full list of services**

Services	Whipps Cross University Hospital	Whipps Cross At Silverthorn Medical
Accident and emergency	✓	✗
Breast surgery	✓	✗
Children's and adolescent	✓	✗
Cancer services	✓	✗
Cardiology services	✓	✗
Diabetic medicine services	✓	✗
Dermatology services	✓	✓
Endocrinology and metabolic	✓	✗
Ear, Nose and Throat services	✓	✗
Gastroenterology and	✓	✗
Gynaecology services	✓	✗
General surgery	✓	✗
Geriatric medicine services	✗	✓
Haematology services	✓	✗
Maternity services	✓	✗
Neurology services	✓	✗
Oral and maxillo-facial services	✓	✗
Ophthalmology services	✓	✗
Orthopaedics services	✓	✓
Plastic surgery	✓	✗
Pain management services	✓	✗
Physiotherapy services	✓	✓
Podiatry services	✗	✗
Respiratory medicine services	✓	✗
Renal services	✓	✗
Rheumatology services	✓	✓
Sleep medicine services	✓	✗
Urology services	✓	✓
Vascular surgery	✓	✗
Clinical support services	✓	✗

Source: NHS Choices

Quality of service

Whipps Cross has maintained a good record of performance in preventing and controlling healthcare acquired infections. In 2009-10 it was among the best performing acute Trust in London for MRSA with only 2 cases, compared with an upper limit target by the Department of Health of 19.In comparison, the number of cases in 2008-09 was 12. Improvement was also recorded in C.diff cases- 55 patients contracted the virus in 2009-10 compared with 66 the year before. The Trust faced a very large outbreak of Norovirus in January 2010 which resulted in the closure of several wards to new admissions. For a short time the hospital also closed to all emergency admissions and visitor restrictions were put in place. Thanks to these measures the outbreak was kept under control.

Three year standardised mortality ratios are below the national average and so are stroke mortality rates. However, high risk conditions mortality rates are slightly above the national average.

The Trust was awarded a 'good' rating for quality of service by the Care Quality Commission for 2009-10 including:

- Almost met for Meeting Core Standards
- Fully met for Existing commitments
- Fully met for National priorities

Table 11. **Key quality indicators for Whipps Cross**

		WXUHT score	National Average
Patient safety	MRSA bacteraemias – year to date (2010/11 threshold in brackets)	0 (last MRSA Jun 2009)	N/A
	MRSA bacteraemias per 100,000 bed days (2009/10)	0.4	5
	C. difficile cases – year to date (2010/11 threshold in brackets)	31	N/A
	C. difficile cases per 10,000 bed days	2.9	9
	Adverse Event Rate per 1,000 bed days (Global Trigger Tool)		N/A
	Falls per 1,000 occupied bed days (Apr-Sep 10)		4.8
Patient experience	PEAT 2010 (Environment / Food / Privacy and Dignity)	Good/Good/ Good	
Clinical	Hospital Standardised Mortality Ratio	99.54	100

outcomes	(HSMR), 2009/10 (Dr Foster)		
	HSMR, 3 year to March 2010 (Dr Foster)	98.69	100
	Mortality High Risk Conditions	100.98	100
	In-hospital stroke mortality	84.52	100

Source: Whipps Cross, Dr Foster

Key financial indicators

In 2009-10 the trust had an income of £232.7m, an increase of £21.1m (10%) on the year before. Excluding impairments, the trust generated a small surplus of £0.23m excluding impairments. Better financial performance might have been achieved had it not been for a serious outbreak of Norovirus in early 2010 which resulted in Whipps Cross Hospital missing the opportunity to generate £5m of income through planned activity and incurring exceptional expenditure of £1m.

However, the trust currently has a significant outstanding loan of £22m in relation to the Department of Health. It is participating in the 'Challenged Trust Board' programme which may help address the Trust's historical deficit and provide support to repay the current loan.

The rating awarded to the Trust by the Care Quality Commission for Financial management in 2009-10 was 'Weak'. The forecasts for the next three years show that Whipps Cross is likely to run a deficit of £5.2m in 2010-11 rising to £7.3m in 2012-13.

5.3 Newham University Hospital NHS Trust

Overview

Newham University Hospital Trust (NUHT) is a small/medium sized hospital with just over 2,000 staff and a turnover of £161m. It is situated just off the A13 on Prince Regent Lane in Plaistow. The trust serves a population in excess of 240,000 mainly from the local borough of Newham and also with Barking & Dagenham Waltham Forest and Redbridge. The population of Newham is among the most diverse, fastest growing and also one of the youngest in the country. The Trust has recently invested in some major developments around its Estate to improve patient, staff and visitors' environment and safety. The key projects include:

- New Access Road – improving access to the estate
- Same Sex Accommodation –eliminating mixed sex accommodation on its site, improving the privacy and dignity of patients
- Maternity and Newborn Unit – increasing the capacity of deliveries with the provision of two dedicated Maternity Theatres

The hospital was built in 1987 and has been continually updated to provide quality care in a quality environment with the development of the Gateway Surgical Centre for Elective care, a PFI build to accommodate outpatients and Rehabilitation patients and more recently a new maternity suite to accommodate the predicted birth rate in the area over the next few years. The £17.5m expansion of the Trust's Maternity and Newborn services will ensure the provision of first-class services to the ever increasing number of women and babies. The new Maternity Unit can accommodate up to 6,500 births per year, 1,000 more than currently. It is vitally needed as birth rates in Newham have been the highest in the country for a number of years – on average 430 babies are born at the Trust per month and in some months the number can be as high as 470. The new development ensures there is sufficient capacity in place, but also allows for future growth too with an option to extend to 7,500 or even 9,000 births in future.

The trust engages well with its commissioners and is currently submitting a joint bid for the development of the Emergency Department/Urgent Care to be completed in advance of the Olympics. Newham University Hospital trust currently has relationships with BLT through the provision of facilities for Renal, Dermatology and Rheumatology services and also with Whipps Cross for ENT/Audiology. Agreements are currently in place to work in partnership with GPs/consortia to provide a seamless service to our patients through a variety of settings across the site and indeed across the borough.

The trust has an integrated stroke service which ensures that once a patient leaves the hospital, there are specialist community and day services to support their recovery and help reduce the risk of another stroke. The Trust was designated a Transient Ischemic Attack (TIA) service, providing care for patients suffering a mini stroke. Newham works with the inner North East London stroke cluster group of Homerton, Whipps Cross and the Royal London Hospitals.

The trust provides Academic facilities to undergraduate medical students and also Postgraduate teaching. A significant student placement service is offered to Nursing and in particular midwifery students. The trust has a thriving research and development department with strong links with BLT.

The trust has had a small surplus for 2 years running supported by extensive savings programmes. This year has been extremely challenging with the late development and delayed implementation of savings resulting in a forecast deficit of £7.3m excluding impairments. Whilst the full year effect of these savings are realised from the 1st April there remains a further £7m savings requirement for 11/12 pending Sla negotiations.

Table 12. **Newham University Hospital NHS Trust full list of services**

Services	Newham General Hospital
Accident and emergency services	✓
Breast surgery	✓
Children's and adolescent services	✓
Cancer services	✓
Cardiology services	✓
Diabetic medicine services	✗
Dermatology services	✗
Endocrinology and metabolic medicine services	✓
Ear, Nose and Throat services	✓
Gastroenterology and hepatology services	✓
Gynaecology services	✓
General surgery	✓
Geriatric medicine services	✓
Haematology services	✓
Maternity services	✓
Neurology services	✓
Oral and maxillo-facial services	✗
Ophthalmology services	✓
Orthopaedics services	✓
Plastic surgery	✗
Pain management services	✗
Physiotherapy services	✗
Podiatry services	✓
Respiratory medicine services	✗
Renal services	✗
Rheumatology services	✗
Sleep medicine services	✗
Urology services	✓
Vascular surgery	✓
Clinical support services	✓

Source: NHS Choices

Quality of service

The Trust has a dedicated Infection Control Team overseeing cleanliness and infection control at the Trust. Newham has continued to improve in the prevention of infections in hospital. In 2009-10 there were 10 cases of patients contracting MRSA against a maximum target of 12. The same year saw 49 cases of Clostridium Difficile which was significantly lower than the maximum limit of 138.

Three year standardised mortality ratios are higher than the national average. Mortality rates in high risk conditions are below the average, but stroke mortality rates are above the national average.

The Trust delivered all of the established National Targets.

Table 13. **Key quality indicators for Newham**

		NUHT score	National Average
Patient safety	MRSA bacteraemias – year to date (2010/11 threshold in brackets)	1 (3)	N/A
	MRSA bacteraemias per 100,000 bed days (2009/10)	3.1	5
	C. difficile cases – year to date (2010/11 threshold in brackets)	11(51)	N/A
	C. difficile cases per 10,000 bed days	4.4	9
	Adverse Event Rate per 1,000 bed days (Global Trigger Tool)		N/A
	Falls per 1,000 occupied bed days (Apr-Sep 10)	8.9	4.8
Patient experience	PEAT 2010 (Environment / Food / Privacy and Dignity)	Good/Good/ Good	
Clinical outcomes	Hospital Standardised Mortality Ratio (HSMR), 2009/10 (Dr Foster)	90.87	100
	HSMR, 3 year to March 2010 (Dr Foster)	103.45	100
	Mortality High Risk Conditions	83.73	100
	In-hospital stroke mortality	108.21	100

Source: NUHT, Dr Foster

Key financial indicators

The Trust's turnover has grown by 6%, from £160.5m in 2008-09 to £169.9 in 2009-10. The Trust has reported a marginal surplus for the second year running of £58,000 excluding impairments. This falls short of the £500,000 which was targeted at the outset of 2009-10.

Cash flow in 2009-10 was negative to the tune of £11.4m. This was funded from a number of sources including reducing the cash book balance, PDC funding from the DH of £6.5m and a capital investment loan of £2m.

As a result of the significant capital investment planned ahead of the Maternity and Newborn project, a £2m loan was taken out in 2009-10 of which £0.2m was repaid in the same year leaving an outstanding balance of £1.8m. Forecasts for the next three years show that the Trust is likely to run a deficit in each year starting from £7.5m in 2010-11, falling to £1.5m in 2012-13.