ASHFORD AND ST PETER'S/ROYAL SURREY COUNTY MERGER INQUIRY

Summary of hearing with Frimley Health NHS Foundation Trust on 1 May 2015

Background

1. Frimley Health NHS Foundation Trust (Frimley Health) told us that it provided NHS hospital services for 900,000 people across Berkshire, Hampshire Surrey and South Buckinghamshire. It had come into being on 1 October 2014 following the amalgamation of two neighbouring trusts. Services were delivered from three main hospital sites at Frimley Park, near Camberley, Heatherwood at Ascot, and Wexham Park, Slough, along with a number of satellite centres. As well as delivering district general hospital services to its population the trust had specialist heart attack, vascular, stroke, spinal, cystic fibrosis and plastic surgery services across a wide catchment.

Reflections on the Frimley merger experience

2. Frimley Health said that the immediate benefits of its own merger were staff morale. The senior management team were matched together very well trying to involve parties from both trusts (management and clinicians). This would not have made a difference for patients on day one and would take some time to take effect, but what was important was the change in mind set, practices and the organisation's financial standing.

3. It would be a deficit organisation for some time, but the merger did solve some immediate financial problems; Wexham Park was not a going concern. Wexham Park had been posting financial deficits on a recurrent basis and getting itself into evermore financial trouble. The merger solved that problem in the short term because there was a positive cash balance at Frimley Park prior to the merger. [✂]

4. There were areas of focus for developing the trust infrastructure that came out of this merger. First, the re-development of A&E infrastructure on the Wexham Park site. Having a new and fit-for-purpose A&E would be of substantial benefit to the local population and newer, better quality services would make the service easier to deliver and easier to run.

5. Second, another area of focus was that there would be some development into its maternity services, [✂].

6. Third, it was going to put in a business case internally to re-build Heatherwood Hospital and it did not believe that that would have been possible without the coming together of the two entities under the acquisition.

7. In short, the benefits of an outstanding trust taking over a failing trust were that firstly the failing elements of the new trust got headroom from the problems that were causing it to get into a catch 22 cycle of failure, and secondly, Frimley Park brought some items to the merger regarding quality that were rather important and it could now develop the north to come up to the level of the south.

Geography and demography

8. Its geographical area was now divided into what it termed the 'north' and the 'south'. In the north there was a large population densely packed into a number of towns with lots of countryside around it and with pockets with significant levels of economic deprivation. If one was to look up a set of health indicators, the parts of the north would be in the top 10 in the country for tuberculosis, substance abuse, and high up in a number of other indicators that suggested some of the population were neither wealthy or in good health. There were also quite a lot of young people or people at the age where they were going to be expanding their families who needed a good, solid maternity service.

Commissioning

9. In the north there were four applicable Clinical Commissioning Groups (CCGs). This included the three CCGs of Slough, Windsor, Ascot and Maidenhead, and Bracknell and Ascot, together referred to as Berkshire East. They accounted for the majority of the purchasing power of the commissioners in the north. Another important element would be Chiltern CCG, which covered Buckinghamshire. There was also NHS England Specialist Commissioning, dental and screening.

10. In the south, there were at least two large major purchasers, including North East Hampshire and Farnham CCG and Surrey Heath CCG, with considerable buying power in the order of (£112 million and £50 million respectively) and a combined total purchasing in excess of the three CCGs in the north. In addition, the south had some links to the military. They were material but not as significant and worth about £8 million. NHS England

Specialist Commissioning was a very large customer in the south of around £38 million.

11. Ultimately it would have three contracts: one for the north CCGs, one for the south CCGs and one for NHS England. Its contracts for this year would be in the order of over £500 million.

Remuneration

12. Frimley Health had a Payment by Results (PbR) arrangement with most of its CCGs. However, there were modifications of some sort to each arrangement. All four of the CCGs in the north had purchased from Frimley Health on the basis of activity times price using PbR where appropriate. The vast majority of activity was purchased on the basis of national tariff. However, for example, Berkshire East had a quantum of activity where either there was no national price or, for various reasons, it did not use national price. In a contract with a value of around £155 million, a small amount might be on a block basis, either with no backing information or with activity and price information behind it but not used to inform a financial decision.

13. Cap and collar contractual arrangements were not being applied in the north. In the south, everything was priced and recorded under PbR or on the basis of activity times price, where there was no national tariff. [✂]

14. For NHS England, most of its services for specialist commissioning would be on an activity times price basis using national tariff or local prices where appropriate. Not everything had a national tariff. For things like screening, there were no national tariffs, so NHS England would use a per capita or whatever payment basis was appropriate for the area of care that it was commissioning.

15. Frimley Health summarised that the majority of its income was on the basis of activity times price.

Commissioning for quality

16. If Frimley Health's CCGs were not happy with its performance, they would use each performance management lever that they felt appropriate. It referred to the NHS standard contract as having a number of levers for CCGs.

17. Frimley Health gave the example of stroke care and said that if CCGs were not happy with the provision of stroke care they had a number of options available to them. They would begin by engaging around trying to find out what was going on, they would do their investigation, whilst having monthly

quality meetings. If the CCG did not feel Frimley Health was meeting its requirements for the provision of stroke care and it was not satisfied with the discussions it had had with Frimley Health's senior management team and clinicians, they would probably move to serving a contract query notice or providing a formal notice to Frimley Health to say they might start withholding money.

18. Frimley Health said that the contract had quite a strong and well-written process for how quality issues were handled with requirements for improvement, remedial action plans and then sanctions if a trust did not meet those required remedial points.

19. Commonly the sort of (performance of) services that CCGs were not happy with were A&E waiting times, but that it was difficult for them to say they were moving patients to another A&E, because any other local A&E was likely to be under the same sort of pressure in terms of its performance against A&E targets. On a different level, it gave the example of waiting times for direct access physiotherapy in the north as not being acceptable to CCGs. As the situation was sustained for a period of time, the CCG decommissioned this service and then re-commissioned it from an alternative provider.

20. The contractual process of using regular engagement with clinicians and monthly governance meetings to discuss finance, quality and service delivery, would act as levers to enable CCGs to make any concerns and requirements known. These levers were effective where there was the means in the local healthcare economy to effect change.

Monitoring referral

21. Frimley Health was able to monitor actual activity through Dr Foster type data. Outpatient first appointments were usually used as a proxy for referrals. The various different data supplied were all using the same original core Hospital Episode Statistics data. It did monitor referrals but it only had access to its own data. Packages like Dr Foster allowed for a more complete market assessment.

22. It would identify an area of interest and would monitor the performance there but referrals did not necessarily equate one to one to actual activity. A general practice (GP) might make a referral that was inappropriate, in the sense of wrong place, or that did not result in activity.

23. The award of 'outstanding' by the Care Quality Commission was likely to have led to an increase in referrals particularly in the south. The south was over-subscribed with year on year up on activity and referrals.

24. GPs tended to take years to change their referral practice. It was interested to know if the day it took over Wexham Park, whether that had brought positive benefits to its reputation and re-invigorated referrals in the north of the patch. It could see that in the south where it was significantly over-subscribed and that referrals were increasing. Being over-subscribed meant there was increasing demand and an increasing waiting list for outpatient attendances.

25. In the north, there were the beginnings of information showing a change. Healthcare professionals would know that the merger had happened and that most key stakeholders would understand the benefits of that but not necessarily all of the potential patients.

Transition

26. In the south Frimley Health would carry on with its consolidation and continued good provision of care to the population it served and try to rebalance the over performance. The over performance was across its services but particularly in areas of 18-week referral pathways, such as endoscopy.

27. In the north it had an unbalanced business in that it was popular for emergencies but not enough people wished to come to it electively. It had highlighted to Chiltern and Berkshire CCGs that the current position in the north was not a sustainable business model and that it needed an equal amount of elective work to its emergency work.

Marketing

28. Frimley Health said that there were limited benefits to carrying out marketing activities direct to patients. For example, if a service was unknown to the people of Bracknell, then the GPs were quite efficient at choosing for a patient or helping them in their choice. It would be worth building a relationship with the Bracknell GPs to help them manage their referrals and achieve some of their objectives; by building a relationship they might feel more likely to refer to Frimley Health.

29. However, it was difficult to prove a correlation between sending a consultant to talk to a GP and an improvement in referrals. It was less resource intensive to work on keeping a GP happy which usually referred to Frimley Health than getting a GP to refer to it that did not usually.

Seven day working

30. Frimley Health had implemented some seven day rotas post-merger and said that there had been some challenges with it, that it was a change to individuals' working practice and there was a financial consideration.

31. It already had a seven day service in A&E at Frimley Park and it was extending that to, for example, cardiology at Wexham Park and other relevant areas. It was perhaps easier for it to implement as a vast number of things were changing within the trust anyway, as oppose to somewhere that had had a very solid, consistent model of delivery for many years.

32. Obstetrics might need to be reconfigured for the rotas to work. Obstetrics was an area of importance and a high input was required. Each unit needed a certain level of staffing up to about 5,000 deliveries per year for one rotation of staff. It was running two teams at the single level to deal with up to 5,000 deliveries (more in the north and less in the south). If it ever tried to match that together it would require quite some reconfiguration.

33. Without its deficit it might be able to implement seven day rotas more quickly but it was at the beginning of that journey. It had achieved it in some limited areas and was working with its CCGs to decide what services were to be provided over seven days and when it was appropriate to get that done.

Vascular services

34. Frimley Health was commissioned by NHS England for the provision of vascular services that had been deemed specialist. Prior to the merger neither Heatherwood nor Wexham Park were designated providers of vascular services. It provided the services at the former Frimley Park site and could now deliver that service for the totality of its population. It did this by having a number of vascular surgeons on a rotation supported by interventional radiologists for some of the more high-tech work.

35. Frimley Health had a good quantum of both vascular surgeons and interventional radiologists. In the north, previously it had had some support from Oxford and, in the south, it had had support from Ashford and St Peter's Hospitals NHS Foundation Trust (ASP). In order to be a specialised provider you needed a population of around 700,000 and probably 60 relevant procedural interventions each year, and more for the stenting procedures. To get those numbers, activity and/or staff needed to be shared between a geographical areas to meet all the requirements of the CCG.

36. When Wexham Park had been de-listed (being non-compliant for vascular services in the past), its patients and vascular trained staff had gone to Oxford for inpatient activity, while the outpatient service had remained at King Edward VII and Wexham Park Hospital. That arrangement changed when Frimley Health came into existence and the patients now received care closer to home under its banner.

Community services

37. Frimley Health took part in tenders to provide community services. There was a recent muscular-skeletal tender for community services in ASP's local area but that Frimley Health did not bid for it. It did bid for a muscular-skeletal tender recently that was closer to Frimley Park. It would usually expect CCGs to enter into a dialogue with it if they were tending for a service in its community, to explain their rationale, discuss the preferred future model of care, and to allow Frimley Health to prepare a case to provide that service.

38. As it only merged in October 2014 it was still setting its clinical strategy and its focus, at the moment, was to rebuild the northern end of its core business.

Views on the merger between ASP and RSC

39. Frimley Health said that whether the merger between ASP and Royal Surrey County Hospital NHS Foundation Trust (RSC) went ahead or not it did not see that it would affect its funding flows. There would be no impact of the merger on the north of its area, which was its focus; rebalancing its elective work to make up for the significant volume of loss-making emergencies. Its aim in the north was to come into financial balance and to get its service delivery to the standard that the public deserved and it wished to deliver. Its acquisition agreement considered that its own transition would take three to five years.

40. Heatherwood and Wexham Park and Frimley Park were sub-scale before they merged. Now that they had merged, they were probably big enough, given a fair hand and the right funding, to survive well into the future. Previously neither of Frimley or Heatherwood and Wexam Park had a significant area of specialism (ie teaching, cancer, transplants etc). Where a provider had a specialism, such as RSC with its cancer centre, it could protect them in the future. RSC was likely to be able to draw patients from afar, but said that ASP would likely need a merger to bring them up to a bigger scale. The benefit of scale was about driving efficiencies and economies of scale.

41. ASP/RSC patients were probably not going to notice a great deal of difference either way after the merger unless the merger meant that they changed the point of delivery for services, which patients would definitely notice.

Special areas

42. Frimley Health was also involved in medical research (currently up to 200 research projects).

43. It also worked with the Ministry of Defence in the south. If a person from the Ministry of Defence had a medical complaint, they would go to their medical centre (GP equivalent), which would refer them on for treatment. It had a number of Ministry of Defence doctors and nurses in its hospital and a large contract for the treatment of military personnel.