



CO·OPERATION & COMPETITION PANEL
FOR NHS-FUNDED SERVICES

Cooperation and Competition Panel

**Merger transactions between University Hospitals Bristol NHS Foundation
Trust and North Bristol NHS Trust**

9 April 2013

Decision to Proceed to Phase II

Merger transactions between University Hospitals Bristol NHS Foundation Trust and North Bristol NHS Trust

1. University Hospitals Bristol NHS Foundation Trust (University Hospitals Bristol) and North Bristol NHS Trust (North Bristol Trust) informed the Cooperation and Competition Panel (CCP) in December 2012 of their intention to merge certain parts of their organisations, namely those parts providing head and neck and ear, nose and throat (ENT) services; symptomatic breast care services; and urology services (collectively, the “relevant services”). The merger transactions take the form of transfers of the relevant services between the two trusts and variation of the trusts’ contracts with commissioners.
2. The CCP accepted the merger transactions for review on 8 February 2013.¹ Notwithstanding the CCP’s review, the trusts completed the mergers on 25 March 2013.

PARTIES

University Hospitals Bristol

3. University Hospitals Bristol provides hospital-based elective and non-elective services (including accident and emergency services) from a number of locations in Bristol. Its city-centre campus has 11 hospital sites. In addition to general acute hospital services, University Hospitals Bristol also provides specialist services to patients resident throughout the south-west of England, and outpatient and community-based services. In the year 2011/ 2012 the trust received income of approximately £534 million.

North Bristol Trust

4. North Bristol Trust also provides hospital-based elective and non-elective services (including accident and emergency services), outpatient, child and adolescent mental health, and community-based services. It is a regional and specialist centre for services including neuroscience, orthopaedics, pathology, plastic surgery, paediatric burns, renal services and urology, which it provides for patients in the Greater Bristol area, Somerset, Gloucestershire and Wiltshire. North Bristol Trust provides inpatient services from Frenchay and Southmead hospitals. The trust also provides outpatient services from Cossham hospital in Kingswood, and community services from a variety of settings operated by South Gloucestershire Community Health Services.² In 2011/12 the trust received income of approximately £520 million.

ISSUES

5. The merger transactions bring together, under common management and control, parts of organisations that were previously operated independently by University Hospitals Bristol and North Bristol Trust. The head and neck and ENT services currently provided by North Bristol Trust will come under the management and control of University Hospitals Bristol, from which

¹ The Notice of Acceptance is available at www.ccp-panel.org.uk.

² North Bristol Trust became responsible for SGCHS in April 2011.

they were previously independent. The symptomatic breast care services and urology services currently provided by University Hospitals Bristol will come under the management and control of North Bristol Trust, from which they were previously independent.

6. The CCP assesses mergers pursuant to Principle 10 of the Principles and Rules for Cooperation and Competition (Principles and Rules).³ Where a merger does not materially reduce the competitive pressure upon the merged organisation (because there remains sufficient competitive constraint from other effective competitors) then the merger is unlikely to have a material adverse effect on patients and taxpayers.
7. In Phase I, the CCP assessed the effect that the removal of a competitor in Bristol and the surrounding area may have on choice and competition for each of the relevant services. This assessment covered hospital-based standard elective services; non-elective services; specialist/ tertiary services; outpatient services and community services.
8. We decided that there is a realistic prospect that the merger transactions materially reduce competitive pressure in respect of standard elective care for each of the relevant services by removing a close competitor for the services. We also decided that there is a realistic prospect that the merger transactions may lead to a material reduction of competitive pressure in respect of non-elective care for each of the relevant services, because of the reduction in commissioner choice of provider of these services.

INTENTION TO PROCEED TO PHASE II

9. As set out in the CCP's Merger Guidelines⁴, at the end of its initial Phase I review the CCP will proceed to a further, Phase II assessment if it considers there is a realistic prospect that the merger transaction will result in material adverse effects on patients and taxpayers as a result of a reduction in patient choice and competition. In the case of the merger transactions between University Hospitals Bristol and North Bristol Trust, the Panel concluded that this threshold has been met. The investigation will therefore now proceed to Phase II.
10. Phase II of the investigation will be undertaken by Monitor, whose Co-operation and Competition Directorate is taking over the day-to-day functions of the Co-operation and Competition Panel. Monitor will gather further information and carry out further analysis, to decide whether or not the merger transactions are likely to have a material adverse effect on patients and taxpayers. Monitor will consider in detail the extent to which other providers of standard elective and non-elective care in respect of the relevant services would place a competitive constraint on the merged services provided by University Hospitals Bristol or North Bristol Trust. Monitor will also assess further whether the merger parties overlap in the provision of specialist/ tertiary services and, if so, Monitor will analyse the effect of removing a competitor for these services.

³ Principle 10 provides: 'Mergers, including vertical integration, between providers are permissible when there remains sufficient choice and competition or where they are otherwise in patients' and taxpayers' interests, for example because they will deliver significant improvements in the quality of care.'

⁴ http://www.ccp-panel.org.uk/content/Merger_Guidelines.pdf

11. Monitor will also evaluate the arguments and evidence submitted by the parties in relation to any benefits to patients and taxpayers that may arise from the merger transactions. The deadline for completion of Phase II is 1 August 2013.

Cooperation and Competition Panel, 9 April 2013