

Appendix F

Proposed organisational arrangements following dissolution of South London Healthcare NHS Trust



**Securing
sustainable
NHS services**

Introduction

1. This appendix to the final report of the Trust Special Administrator (TSA) appointed to South London Healthcare NHS Trust relates to chapters 4, 5 and particularly 6 of the report. These chapters describe the full set of recommendations being made in relation to South London Healthcare NHS Trust and, as necessary to secure sustainable services, the consequences on the wider health economy. The focus of this appendix is on the conclusion that South London Healthcare NHS Trust should be dissolved and that new organisational solutions should be sought to drive up the capability to execute the complex and extremely challenging set of recommendations laid out in the final report. When we refer to organisational solutions or to the organisational future of South London Healthcare NHS Trust, we mean the organisations which may provide the services currently provided by South London Healthcare NHS Trust.
2. Following an extensive assessment of South London Healthcare NHS Trust (see chapter 4 of the report) it has been concluded that South London Healthcare NHS Trust cannot be made financially viable in the current service and organisational arrangements. This appendix sets out the work that has been undertaken by the TSA to determine recommendations relating to the organisational arrangements. It describes: the process undertaken, including market engagement, to assess options for the organisational future of the Trust and the outcome of that assessment; the recommendations included in the draft report issued on 29 October 2012; the key messages received during consultation; a summary of the work done during and after consultation; and the final recommendations.
3. Various options were considered by this process including: statutory merger and/or acquisition, joint venture, franchise, management of healthcare services, management of support services and/or delivery of clinical services and the creation of stand alone NHS trusts covering parts of South London Healthcare NHS Trust as it exists today. On the initiation of this work the retention of South London Healthcare NHS Trust was also an option to be reviewed. However, as the work of the TSA progressed this option was excluded as not being feasible because firstly, a broader change in service configuration is necessary to deliver long term clinical and financial viability and secondly, the TSA decided that the organisational capacity and capability necessary to deliver the recommended operational efficiencies (see

recommendation 1 in the final report) is not present in South London Healthcare NHS Trust.

4. The potential pace of change has been a critical factor in the assessment process. It is recommended that all of the TSA's proposals are implemented over the three financial years 2013/14, 2014/15 and 2015/16. Delivering improvements in a three-year period is critical to the overall success of the recommendations as it will enable organisations in south east London to respond to the further financial constraint expected in the public sector. Meeting this challenging timetable will require appropriate leadership capability and engaged staff. Eliminating organisational uncertainty as quickly as possible and ensuring clear lines of accountability is therefore essential to success. As a result, the pace of change and the speed of implementation have been a central theme of the work. The proposed date for dissolution of South London Healthcare NHS Trust and the establishment of new or enlarged organisations is recommended to be 1 June 2013. This will maintain this pace but also ensure that all the necessary work required ahead of dissolution can be completed to time.

Approach

5. The approach taken to assess the most appropriate organisational arrangements for South London Healthcare NHS Trust had five stages:
 - understand the overarching options and legal constraints;
 - determine evaluation criteria;
 - gauge market interest;
 - engage in dialogue with interested parties; and
 - assess options and draw conclusions.
6. The detail of the process followed for each of these stages is described below. Given the commercially sensitive and confidential information considered as part of this work, some information gathered as part of the market engagement process is confidential and therefore not included in this report.

Overarching options and legal constraints

7. Six overarching options were identified as potential alternatives to the retention of South London Healthcare NHS Trust. These were: statutory merger and/or acquisition; joint venture; franchise; management of healthcare

services; management of support services and delivery of clinical services; and creating new NHS trusts covering parts of South London Healthcare NHS Trust.

8. Certain options could involve either NHS or non-NHS organisations, or groups of organisations, as providers or managers of some, or all, of the services currently provided by South London Healthcare NHS Trust.
9. For each option, the mechanics of the transaction and the associated risks and issues were assessed. These issues varied depending on the functions or services that could potentially be transferred; the proposed treatment of land and assets; the ability to involve (and provide a level playing field between) NHS or non-NHS providers; and the proposals for single providers or groups of providers.
10. Although EU and UK procurement law does not apply to NHS statutory mergers and acquisitions, the TSA has considered the need for equal treatment, transparency and non-discrimination in the selection of an NHS partner. This included the need to make information available on an even and transparent basis.
11. Consideration was given to whether it was necessary to name particular providers in order to make recommendations in respect of South London Healthcare NHS Trust achievable. In particular, it was necessary to consider whether any option may affect other providers in the wider south east London health economy and the need for services to be delivered in a clinically and financially sustainable manner.

Determination of evaluation criteria

12. To ensure only workable, clinically and financially viable organisational arrangements were considered, hurdle criteria were developed with input from the patient and public advisory group, the clinical advisory group and the TSA advisory group. The criteria are outlined in figure 1. The first criteria was to require any provider to be financially sustainable. The second criteria was to require providers to be able to deliver acute clinical care or care to the local population. The third criteria, “Is there market interest?”, recognises that the majority of the overarching options open to the TSA are only workable if there is interest from another provider, either NHS or non-NHS, to operate one or more of the sites that make up South London Healthcare NHS Trust.

Figure 1: Hurdle criteria to assess responses to market engagement.

Hurdle criteria	Criteria	Description
	<ul style="list-style-type: none"> Viability, clinical synergy and market interest 	<ul style="list-style-type: none"> Are providers financially sustainable? Can providers demonstrate an ability to deliver acute clinical care <i>or</i> clinical care to the local population? Is there market interest?

13. Working with all the advisory groups, an organisational solutions working group (as described in appendix C) developed a set of criteria for evaluating options that met the hurdle criteria, these are outlined in figure 2.

Figure 2. Evaluation criteria for organisational options.

Evaluation criteria	Criteria	Description
	<ul style="list-style-type: none"> Quality of acute care 	<ul style="list-style-type: none"> To what extent does the option meet the quality envisioned in the site strategy or offer enhanced quality?
	<ul style="list-style-type: none"> Productivity 	<ul style="list-style-type: none"> To what extent does the option deliver or exceed the required productivity gains?
	<ul style="list-style-type: none"> Integrated care 	<ul style="list-style-type: none"> To what extent does the option enable better integration between primary, community, acute and social care?
	<ul style="list-style-type: none"> Deliverability 	<ul style="list-style-type: none"> Over what time frame will benefits be realised?
	<ul style="list-style-type: none"> Choice and competition 	<ul style="list-style-type: none"> What impact will the option have on patient choice, access and competition?
	<ul style="list-style-type: none"> Stakeholder alignment 	<ul style="list-style-type: none"> How aligned are stakeholders (potential partners, patients, public, staff) behind the option?

Market interest

14. The TSA undertook a market engagement exercise that ran from 23 August to 14 September 2012. This was to judge the feasibility of some of the overarching options and assess the level of interest from NHS and non-NHS providers in operating the services currently delivered by South London Healthcare NHS Trust. This was important because it would be impractical for the TSA to recommend actions that were not workable due to a lack of interest from the market. This process also provided an opportunity for additional proposals for achieving sustainability at South London Healthcare NHS Trust to come forward. This opportunity was particularly relevant to the emerging recommendations relating to operational efficiencies and service change. For the latter, it also presented the opportunity to explore whether a provider could take the financial risk associated with the operating losses at South London Healthcare NHS Trust (or part of it) and thus reduce or negate the need for recommendations relating to the wider health economy.

15. On 23 August 2012 a request was issued to all acute, mental health, ambulance and community NHS Trusts, NHS Foundation Trusts and non-NHS healthcare providers in England. Organisations were asked to respond if they were interested in being involved in part of one or more of the organisational options.
16. The documentation confirmed that the TSA was looking to understand interest from parties that met the following criteria:
 - Ability to deliver acute clinical care; or
 - Ability to deliver clinical care to the local population; and
 - Financial sustainability.
17. The documentation set out that the market engagement exercise was not to be regarded as a commitment or a representation to enter into a procurement exercise or any contractual arrangement (on the part of commissioners or the TSA). The purpose of the engagement was to test the appetite of the market in order to develop the organisational arrangements to be included in the draft report and to be consulted on. The market engagement exercise served the purpose of:
 - Assessing the level of interest for services and sites;
 - Establishing if there was no interest in certain services or sites;
 - Enabling the TSA to understand a view on the requirements of the market so that time or cost was not wasted tendering a contract for which there was no interest; and
 - Presenting an opportunity to identify alternative options.
18. Each interested party was asked to provide:
 - An overview of the party;
 - Information on clinical care provision over the last five years, including provision of acute care.
 - Audited financial statements for the last five years and evidence of ability to access capital.
 - A description of options of interest to the party.
19. The organisational solutions working group assessed the responses received against the hurdle criteria to identify with which parties the TSA should re-engage.

Dialogue with interested parties

20. Letters were sent to all respondents. Organisations identified to be re-engaged were requested to sign a non-disclosure agreement and were furnished with additional relevant information regarding South London Healthcare NHS Trust in advance of meeting with the TSA. Information included financial data on the Trust, emerging analysis undertaken by the TSA team including the operational efficiency assessment, a description of the service configuration recommendations under consideration, with the impact on the Trust and high level assumptions for future activity. Additional information was provided at request and, therefore, tailored according to the respondent's area of expressed interest.
21. This approach did not rule out other interested parties from competing for any services currently provided by South London Healthcare NHS Trust that commissioners or the Secretary of State may decide should be put out for competitive tender at a later time.
22. Meetings took place between September and October 2012. The broad purpose of all meetings held was to ensure that any recommended option would be capable of delivery by the relevant party and that any recommendation to be included in the draft report could be implemented successfully within the required timeline. At the meetings, emerging service configuration options for South London Healthcare NHS Trust and south east London were discussed (see chapters 4 and 5 of the final report and appendices N and E) to enable providers to understand the services that they may be required to provide if service changes were to be proposed and accepted.

Assessment of options

23. Consideration of the market engagement responses and the subsequent meetings with interested parties enabled the creation of a short list of options for organisational recommendations. These options were bespoke by site. The short listed options were then evaluated by the Organisational Solutions Working Group against the evaluation criteria (see figure 2).
24. This evaluation resulted in a preferred organisational solution and alternate providers for each of the three main sites that make up South London Healthcare NHS Trust. These conclusions were outlined in the draft report of the TSA, which was published on 29 October 2012, and consulted on for 30 working days. Alongside the consultation process further work was completed

on the preferred options to further test their potential for supporting the resolution of the issues at South London Healthcare NHS Trust as part of the overall set of recommendations.

Outcomes of the market engagement process

25. In response to the market engagement exercise, the TSA received 39 responses. Seven of these were from NHS providers and 32 from the independent or voluntary sector.
26. Among the responses received, there was a high level of interest in integrated models and community care. Approaches to proposed delivery varied, but no new models were identified that challenged the emerging service configuration options being developed by the clinical advisory group and the community based care working group.
27. Application of the hurdle criteria identified nine parties (four of which were NHS providers) with whom the TSA would re-engage. The other 30 responses were assessed as follows:
 - Response did not provide the requested information to enable an assessment against the hurdle criteria;
 - Response did not meet the hurdle criteria “ability to deliver acute clinical care”;
 - Response was regarding provision of a single service at the Trust. These respondents may be suitable for consideration in the future should a procurement process be considered appropriate by commissioners or providers however they did not represent viable alternatives to South London Healthcare NHS Trust and its wide ranging service provision;
 - Response proposed integrated models of care, but did not present organisational options that would resolve the challenge the TSA has been tasked with addressing.
28. Three of the nine organisations to pass the hurdle criteria indicated they would consider providing all of South London Healthcare NHS Trust’s current services within the funding available, thereby taking on the considerable financial challenges of South London Healthcare NHS Trust and avoiding the need for service change.
29. The TSA further engaged with these three organisations to understand if this was a viable option to recommend due to the importance that such an option

could have as set out in paragraph 14 in this appendix. Following the signing of non-disclosure agreements and the subsequent release of further information to the three parties all organisations confirmed that they considered the size of the financial challenge insurmountable with the current configuration of services. Consequently the option of appointing an alternative provider to deliver improvements at the sites that make up South London Healthcare NHS Trust without associated service reconfiguration was ruled out.

30. Further dialogue with all nine parties who were interested in discussing potential solutions for individual component sites of South London Healthcare NHS Trust, as part of an overall package of recommendations to include service change, was then undertaken. Following these discussions, the organisational solutions working group generated a short list of options for new organisational arrangements (for example, creation of a standalone NHS trusts, merger or procurement of clinical or franchising services) for each site which were then evaluated against the set of criteria. The short list was as follows:

Queen Elizabeth Hospital

- Queen Elizabeth Hospital as a standalone NHS trust with no external management support
- Queen Elizabeth Hospital either:
 - as a standalone NHS trust with management support provided under a franchise arrangement following a procurement exercise; or
 - with clinical services provided following a procurement exercise (with the site retained by a NHS body)
- Queen Elizabeth Hospital merged with or acquired by another NHS provider (by the statutory transfer of relevant assets and liabilities relating to that site), with Lewisham Healthcare NHS Trust being the only NHS provider to express an interest in this site.

Princess Royal University Hospital

- Princess Royal University Hospital as a standalone NHS Trust with no external management support
- Princess Royal University Hospital either:
 - as a standalone NHS trust with management support provided under a franchise arrangement following a procurement exercise; or
 - with clinical services provided following a procurement exercise (with the site retained by a NHS body).

- Princess Royal University Hospital merged with or acquired by another NHS provider (by the statutory transfer of relevant assets and liabilities relating to that site), with King's College Hospital NHS Foundation Trust being the only NHS provider to express an interest in this site.

Queen Mary's Hospital

- Transfer of Queen Mary's Hospital land and buildings to another NHS organisation and services (relating only to those currently being provided by South London Healthcare NHS Trust) being transferred to appropriate NHS providers for an interim period, with services tendered by local commissioners after this interim period.

Assessment of options

31. The evaluation of the short listed options for each of the three sites, and the preferred organisational option recommended by the organisational solutions working group and included in the draft report, are summarised below. Figures 3, 4 and 5 include the broad arguments discussed by the organisational solutions working group in relation to the evaluation criteria.

Queen Elizabeth Hospital

Figure 3: Assessment of short listed options for Queen Elizabeth Hospital

Option	Advantages	Disadvantages
Queen Elizabeth Hospital as a standalone NHS trust with no external management support and an NHS management team.	<ul style="list-style-type: none"> • Current provision of good quality of care where it exists would likely continue • No reduction in patient choice • Could be delivered quickly. 	<ul style="list-style-type: none"> • Reliance on service reconfiguration to achieve financial viability, reducing likelihood of being viable as standalone trust • there are no additional integrated care synergies from being a standalone trust • assembling a NHS management team capable of delivering the required operational improvements in the available time frame would be difficult. • Less potential for improving clinical services due to continuation of existing systems and processes
Queen Elizabeth Hospital either: (1) as a standalone NHS trust with management support provided under a franchise arrangement following a procurement exercise; or (2) with clinical services provided following a	<ul style="list-style-type: none"> • Current provision of good quality of care where it exists would likely continue • No reduction in patient choice - additional competition compared to a merger • Under option (2) a new provider (selected following the competitive tension in a procurement exercise) could drive additional productivity improvement. 	<ul style="list-style-type: none"> • The market engagement process provided no interest in the delivery of the complete bundle of acute services through a competitive procurement process • Only Lewisham Healthcare NHS Trust expressed an interest in providing or managing the services to be delivered from the Queen Elizabeth Hospital site, suggesting the franchise option is unlikely to be delivered within the timeframes required • There are no additional integrated care synergies from being a standalone trust.

procurement exercise (with the site retained by a NHS body).		
Queen Elizabeth Hospital coming together with Lewisham Healthcare NHS Trust.	<ul style="list-style-type: none"> • The new organisation would facilitate the implementation of the service change recommendation (5) • With the new service configurations both hospitals within the new organisation would be financially viable • Lewisham Healthcare NHS Trust has a record of delivering acute clinical services in financial balance in recent years • Lewisham Healthcare NHS Trust has issues with its sustainability being part of a bigger Trust would help enable the viability of both elements • Lewisham Healthcare NHS Trust currently provides community services, thus there are potential opportunities for improving the integration of services • The transaction could be completed quickly due to the involvement of another NHS trust. 	<ul style="list-style-type: none"> • Merger of two NHS trusts does not always bring the required benefits (Lewisham Healthcare NHS Trust is a relatively small Trust and the addition of Queen Elizabeth Hospital would be a significant increase in the scale of the organisation, with associated risks to delivery of benefits) • Lewisham Healthcare NHS Trust does not have a track record of delivering operational efficiencies at the scale and pace necessary at Queen Elizabeth Hospital • Patient choice could be reduced by merging the Queen Elizabeth Hospital with an existing south east London provider – although this could be mitigated by including recommendations in relation to the protection of patient choice.

32. The TSA must ensure that recommendations in respect of South London Healthcare NHS Trust are viable, workable and clinically and financially sustainable. In this context, alongside the qualitative analysis of these options the TSA considered the financial viability of each option in more detail, taking into consideration the impact of the wider set of draft recommendations to ensure the draft recommendations were viable.

33. Financial analysis of the Queen Elizabeth Hospital site suggests that it is not viable in the long term as a stand-alone organisation without recommendation 5. Additionally, implementation of recommendation 5 would destabilise Lewisham Healthcare NHS Trust as it is currently organised and would render it unable to achieve foundation trust status in its current form. Through the

market engagement exercise, however, Lewisham Healthcare NHS Trust brought forward a single expression of interest to merge with Queen Elizabeth Hospital. This configuration, supported by the implementation of recommendations 1 to 5 will ensure the long-term viability of the merged organisation and will be conducive to a future foundation trust application.

34. Given the need to ensure that Lewisham Healthcare NHS Trust is part of a viable organisation, coupled with the limited market interest in Queen Elizabeth Hospital from acute providers (and the lack of other capable providers), the option to run a competitive process to select a NHS partner was considered to be impractical and disproportionate.

35. Following this assessment, the preferred option in relation to Queen Elizabeth Hospital of creating a new NHS Trust by coming together with Lewisham Healthcare NHS Trust was included as the recommendation in the draft report.

Princess Royal University Hospital

Figure 4: Assessment of short listed options for Princess Royal University Hospital

Option	Advantages	Disadvantages
The Princess Royal University Hospital as a standalone NHS trust with no external management support.	<ul style="list-style-type: none"> • Current provision of good quality of care where it exists would continue • No reduction in patient choice • Could be delivered quickly. 	<ul style="list-style-type: none"> • Assembling a NHS management team capable of delivering the required operational improvements in the available time frame would be difficult. • There were no integrated care synergies realised through being a standalone site. • Less potential for improving clinical services due to continuation of existing systems and processes
The Princess Royal University Hospital either: (1) as a standalone NHS Trust with management support provided under a franchise arrangement	<ul style="list-style-type: none"> • Market testing suggested that there was sufficient –albeit limited – interest in the hospital (both NHS and via third party providers) in either procurement option • A competitive process should be able to identify the organisation best placed to deliver safe and effective services from that site efficiently. • A competitive process could 	<ul style="list-style-type: none"> • The procurement exercise could be accelerated, however it would still take a minimum of 9 to 12 months although a longer period is more realistic • During the procurement the Trust would need to be run by an interim management team. The risk of operational and financial deterioration during that period was thought to be high. • There are no integrated care

<p>following a procurement exercise; or (2) with clinical services provided following a procurement exercise (with the site retained by a NHS body)</p>	<p>minimise the need for financial support</p> <ul style="list-style-type: none"> The procurement would likely add additional competition and choice within the health economy. 	<p>synergies emerging from this option.</p> <ul style="list-style-type: none"> The degree of competition in any procurement might be limited and the chances of either failure (no plausible bidder emerging) or a very small number of bidders and consequently limited negotiating power on the part of the NHS and ability to capture benefits could be high.
<p>The Princess Royal University Hospital being acquired by King's College Hospital NHS Foundation Trust.</p>	<ul style="list-style-type: none"> King's College Hospital NHS Foundation Trust has a strong record of delivery of acute services and a respected management team. Trust performance over the last three years has been excellent, with a financial risk rating of 3 and between 95 – 100 per cent governance compliance rating with Monitor. King's College Hospital NHS Foundation Trust could further develop services (eg. the hyper acute stroke unit) at the site and enhance clinical synergies King's College Hospital NHS Foundation Trust also has a very strong record in productivity, evidenced by asset utilisation. For example: acute medicine length of stay has fallen from 8 days to 4 days over the last 3 years, with admission avoidance rates of 20 per cent and the Trust has a theatre utilisation rate of 85 per cent. Initial indications suggested that with an accelerated timetable, the transaction could clear NHS regulatory requirements by the end of February 2012, and be completed within a 4 to 5 month time period thereby addressing the key issue of progressing at pace. Stakeholders working closely with South London Healthcare 	<ul style="list-style-type: none"> King's College Hospital NHS Foundation Trust has commenced work on a merger with the NHS organisations that make up King's Health Partners: Guy's and St Thomas' NHS Foundation Trust and South London and the Maudsley NHS Foundation Trust as well as with Kings College London. The complexity of managing multiple transactions raises the risk of failing to deliver on the required operational improvements. King's College Hospital NHS Foundation Trust had not, prior to the draft report, made a full commitment to the acquisition in the near term. The acquisition would be subject to Monitor's Compliance Framework and there was, prior to the draft report, no certainty that the risk rating would remain at least at 3 which is the minimum acceptable to King's College Hospital NHS Foundation Trust. The proposed King's Health Partners merger and Princess Royal University Hospital acquisition may impinge on the ability of commissioners to offer choice to their patients.

	<p>NHS Trust and Kings College Hospital NHS Foundation Trust appear supportive of the transaction.</p>	
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36. The financial modelling for these options suggested that, without service reconfiguration, the Princess Royal University Hospital could not achieve financial viability as a standalone entity. However, post-reconfiguration the site could achieve financial viability if it can fully capture the operational efficiency opportunities outlined in recommendation 1. The working group concluded that delivering the required improvements in the available time frame would be difficult for the Princess Royal University Hospital operating as a standalone NHS trust given the challenge around recruiting the leadership capacity and capability and changing the organisational culture that would be required.
37. Recognising this, responses to the market engagement were considered. A number of parties were interested in taking the hospital as a whole entity – including a number of private sector providers and a single NHS provider, King’s Colleges Hospital NHS Foundation Trust.
38. Having assessed these options the organisational solutions working group recommended the there are two viable options for the Princess Royal University Hospital. The first, and preferred option, is an acquisition by King’s College Hospital NHS Foundation Trust which can happen at pace. It would enable the delivery of service change, enhance the services offered at the site and strengthen the capacity of the site to deliver the necessary operational improvements. The alternative option is to run a procurement process that would allow any provider from the NHS or independent sector to bid to run the bundle of services on the site. This could offer benefits around operational improvements and competition, but potentially less opportunity around service change and integration and would take significantly longer to implement.

Queen Mary’s Hospital

39. A single option was identified for Queen Mary’s Hospital (see figure 5). This solution was identified based on previous work discussed and agreed by the Queen Mary’s Hospital Campus Steering Group that has proposed Oxleas NHS Foundation Trust take over the site. Oxleas NHS Foundation Trust already provide a range of community and mental health services on Queen

Mary’s Hospital, and the proposal for them to take over the site has received support from local stakeholders including Bexley CCG, the London Borough of Bromley, Oxleas NHS Foundation Trust and South London Healthcare NHS Trust. In addition to this, Oxleas NHS Foundation Trust were the only organisation, of those that put themselves forward through the market engagement process, that are in a position to provide the necessary investment to ensure the hospital is fit for purpose in line with the commissioner’s vision for its future use (see chapter 4 of the final report and appendix N for details of the vision).

Figure 5: Assessment of options for Queen Mary’s Hospital

Option	Advantages	Disadvantages
<p>Transfer Queen Mary’s Hospital land and buildings to Oxleas NHS Foundation Trust, with South London Healthcare NHS Trust services being transferred to appropriate NHS providers for an interim period, with a re-tender of services by local commissioners after a transitional period</p>	<ul style="list-style-type: none"> • Keeping the ownership of the land at Queen Mary’s Hospital within the NHS, and ensuring that the hospital will continue to be a centre for local health and social care provision in Bexley; • Investment (from Oxleas NHS Foundation Trust) in the hospital to ensure that all buildings and equipment are fit for purpose and can continue to provide services for the local population • Maintaining many of the current South London Healthcare NHS Trust services on the site, including day case elective surgery to support local patient choice • Interim provision by an NHS provider will support continuity of care and patient safety as the wider TSA recommendations are implemented, providing staff at South London Healthcare NHS Trust with some continuity during transition and allowing commissioners to develop their capacity and capability to complete a full procurement of services • The procurement of a longer-term provider after a period of transition will ensure that there is clarity on the services being commissioned from the hospital in the future and allow commissioners to identify the organisation best placed to deliver safe and effective services from that site safely and 	<ul style="list-style-type: none"> • An increased level of complexity during transition as multiple transactions are completed for the transfer of land and services • Interim provision, followed by a subsequent procurement and potential change of provider, may cause further disruption staff which may impact on the operation of services • Risk of service fragmentation with multiple providers on site • Risk of challenge around the award of any interim contracts.

	efficiently. It would also mitigate the concerns of any adverse impact on choice and competition.	
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40. Through the market engagement exercise a number of organisations expressed an interest in providing individual South London Healthcare NHS Trust services on the Queen Mary’s Hospital site. Given the wide reaching impact of the TSA recommendations, it was agreed that separating out services for individual procurements would not be effective at this time and may put the continued provision of quality care at risk.
41. With this in mind, the work for the draft report focused on the services to be provided on the Queen Mary’s Hospital site, in particular day case and endoscopy services. In relation to these day case and endoscopy services, of the organisations that passed the hurdle criteria (described in section 2) the only one that demonstrated an interest in providing the South London Healthcare NHS Trust services on the hospital site was Dartford and Gravesham NHS Trust. Dartford and Gravesham NHS Trust already provides care to many Bexley residents, including emergency and maternity services, and therefore has an existing relationship with Bexley CCG and can offer synergy benefits and continuity for many local patients. In addition, they will not be distracted by the other TSA recommendations during transition to the same extent as other south east London providers and are supportive of the need to complete a procurement of these services in the longer term.
42. The draft report therefore recommended that the core elements of the Queen Mary’s Hospital site required to deliver the NHS services outlined by commissioners should be transferred to Oxleas NHS Foundation Trust, and that the day case services provided on the site should be provided by Dartford and Gravesham NHS Trust for an interim period, with commissioners completing a procurement exercise to determine the longer term provider of these services.
43. There are a number of services currently provided at Queen Mary’s Hospital, which commissioners have outlined as part of their vision of the future, that Dartford and Gravesham do not currently provide or are highly specialised services. These include specialist outpatient and day case services for oral surgery, ophthalmology and chemotherapy. Following discussions with local clinical and operational experts King’s College Hospital NHS Foundation Trust are being recommended as the provider for oral surgery and ophthalmology. King’s College Hospital NHS Foundation Trust already provide the clinical staff to deliver South London Healthcare’s oral surgery services and are the

other prime provider of ophthalmology services in south east London so can offer synergies to these services across south east London, especially if they are the provider running the Princess Royal University Hospital in Bromley. It is also recommended that the chemotherapy service currently provided by South London Healthcare NHS Trust should be provided by Guy's and St Thomas' Trust NHS Foundation Trust in the future, as they are looking to provide satellite radiotherapy service on the site which would allow integrated provision of cancer service on the site. It is also being recommended that Oxleas NHS Foundation Trust provide the Children's Development Centre and the Children's and Young Person's Assessment Unit as they already provide a range of community paediatric services so can improve the integration of the services on offer.

Developing the final organisational solutions recommendations

44. Since the publication of the draft report further work has been undertaken to test the benefits and risks of each of the preferred organisational solution options. Having recognised through the draft report that South London Healthcare NHS Trust should be dissolved work progressed on considering the best approach to delivering that and establishing new arrangements as quickly as possible.
45. In recognition of the volume of work required a working group was established for each of the transactions related to the future of each South London Healthcare NHS Trust hospital and one to consider the activities required to dissolve the Trust itself. A working group to focus on the human resources (HR) requirements for these proposals was also established and has agreed a framework for implementation going forward if the recommendations are accepted by the Secretary of State or he provides an alternative approach.
46. Further work has been done to consider the financial impact of each of the proposals in more detail, including the requirements for any interim transitional support whilst the other recommendations are implemented. Alongside this an independent due diligence exercise to support consideration of the proposal that a new organisation is created which brings together Queen Elizabeth Hospital with Lewisham Healthcare NHS Trust was commissioned. King's College Hospital NHS Foundation Trust has developed its Outline Business Case for the transaction and is in the process of completing its own independently commissioned due diligence exercise.

47. Further work has also been completed to expand the proposals relating to the future providers of services at Queen Mary's Hospital and potential service offerings for the future. Information on this work is provided in appendix N.

Consultation responses

48. Consideration has also been given to the feedback from the TSA consultation, summarised in figure 6 (further information on this can be found in the Mori Report in appendix I), and to the outcome of the Health and Equalities Impact Assessment (HEIA). The HEIA has not identified any specific impacts on patients and the public based on the organisational changes proposed in the draft report. However, there are potential impacts on staff, which have been considered in developing the final recommendations (the full HEIA can be found at appendix L).

49. Staff could be affected by potential reductions in staffing due to operational efficiencies, movements in activity (meaning services are now delivered at other sites) and from altered rotas needed to deliver more expert care 24/7. These changes could impact on staff training, travel and morale. 80% of South London Healthcare NHS Trust non-medical staff are women, and 35% are from ethnic minority groups which will require a review of HR policies and procedures to ensure these groups of staff currently working at South London Healthcare NHS Trust, do not suffer and are not disadvantaged.

50. Feedback from the consultation has been focused around the five key areas of organisational change proposed by the TSA:

- The dissolution of South London Healthcare NHS Trust;
- The merger between Queen Elizabeth Hospital and Lewisham Healthcare NHS Trust;
- The acquisition of the Princess Royal University Hospital by King's College Hospital NHS Foundation Trust;
- The transfer of Queen Mary Hospital to Oxleas NHS Foundation Trust
- The write-off of the debt accumulated by South London Healthcare NHS Trust by the Department of Health.

Figure 6: Consultation feedback in relation to organisational solutions

Consultation feedback in relation to the dissolution of South London Healthcare NHS Trust
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The majority of responses (65%) from individuals indicated opposition to the
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dissolution of South London Healthcare NHS Trust. There was significant variation of opinion depending on the borough where the respondent resided (e.g. 41% of Bexley respondents were supportive compared with 9% in Lewisham) and the occupation of the respondent (32% of respondents who were NHS workers were supportive of the proposal compared with 11% of those who had never worked in healthcare).

Organisations and groups were generally more positive with 34% supporting the proposal to dissolve South London Healthcare NHS Trust but with 42% against. Feedback noted from organisations and groups included:

- **From commissioners:**
 - There was very limited response from commissioners on the proposed dissolution. Bexley CCG did note the TSA draft recommendations on organisational change and considered that they are consistent with their requirements; and
 - NHS South East London PCT Cluster confirmed the organisational changes recommendation should be implemented as quickly as possible to achieve efficiency and quality improvements.
- **From providers:**
 - King's Health Partners support this recommendation; and
 - Oxleas NHS Foundation Trust noted the impact of the dissolution of South London Healthcare NHS Trust may have on Oxleas in respect of the current provision of Greenwich Community Services.
- **From other health bodies:**
 - NHS London support the proposal.
- **From local authorities and other public representative groups:**
 - The London Borough of Bexley support the proposed breakup of South London Healthcare NHS Trust and the move to new organisational configurations;
 - The London Borough of Bromley notes that they see no future for South London Healthcare NHS Trust as a result of the reconfiguration proposed;
 - Lewisham Council believe that given the merger of three trusts to form South London Healthcare NHS Trust did not succeed in creating a sustainable NHS trust, the TSA's draft recommendations fail to outline why de-merging and subsequently re-merging in different configurations is likely to succeed;
 - Mid Surrey LINK were strongly in support of the dissolution, Bexley LINK had broad support, although raised concerns about ensuring that suitable management was put in place to avoid a repeat of the situation and Southwark LINK were unsure due to possible greater pressure on A&E and maternity services at King's College Hospital; and
 - Bromley LINK, Greenwich LINK, Lambeth LINK, Lewisham LINK and Kent LINK did not comment on this proposal.
- **From workforce and staff representative groups**
 - Unison support the proposal for the dissolution of South London

Healthcare NHS Trust as long as services continue to be managed and delivered by NHS organisations;

- Unite and SLHT Staff-side disagreed with the proposal to dissolving South London Healthcare NHS Trust; and
- The South London Local Education and Training Board noted that they will be involved at an early stage to support any reorganisation by ensuring the design and development of the workforce is underpinned by high quality education.

Key themes from this feedback:

- Belief that the Trust could be rescued with better management, without the need for major reorganisation and a belief that poor management at South London Healthcare NHS Trust had led to many of the problems;
- Concern about the level of disruption that dissolution would cause; and
- If the dissolution of South London Healthcare NHS Trust goes ahead, suitable management and processes should be put in place to prevent this from happening again.

In response to these key themes:

- The Regime for Unsustainable Providers was enacted at South London Healthcare NHS Trust after a series of other initiatives, including turnaround measures and system wide reconfiguration, have already been tried and failed to resolve the underlying issues. Throughout the TSA programme, consideration has been given to the best available expert guidance on the deliverability of proposed changes;
- As outlined in chapter 4 of the final report, after extensive analysis and detailed internal review, it has been concluded that it is not possible to make the sites that exist as South London Healthcare NHS Trust financially viable in the current service and organisational arrangements; and
- The HEIA does not list any specific impacts relating to the organisational changes. Mergers and the acquisition of NHS Trusts are complex but are not uncommon. Significant best practice guidance and expertise is available to ensure that quality of care is, at the very least, maintained throughout this process. An implementation/transition team with the capability to manage the changes will be put in place to ensure quality is maintained.

Consultation feedback in relation to the merger between Queen Elizabeth Hospital and Lewisham Healthcare NHS Trust

The majority (71%) of individual respondents were opposed to the proposed merger of Queen Elizabeth Hospital with Lewisham Healthcare NHS Trust. There were variations depending on the location of the respondent, with only 8% of those living close to University Hospital Lewisham being supportive of the proposals but 28% of those living close to Queen Elizabeth Hospital being supportive. Residents in Bexley and Bromley were more supportive than those living in Lewisham.

Around 10% of individual respondents and 27% of group or organisational responses were in support of the merger. Feedback noted from organisations and groups included:

- **From commissioners:**
 - Lewisham CCG (covering the borough of Lewisham where Lewisham Healthcare NHS Trust is located) noted the proposed organisational changes and consider that they are consistent with their requirements; and
 - Greenwich CCG (covering the borough of Greenwich where Queen Elizabeth Hospital is located) did not comment on this proposal.
- **From providers:**
 - Lewisham Healthcare NHS Trust has restated their desire to merge with Queen Elizabeth Hospital. It also expressed the desire to plan the details of the service changes itself.
- **From other health bodies:**
 - NHS London support the proposal;
 - The Royal College of Midwives and Royal College of Nursing were supportive of the proposal for the creation of a new organisation;
 - No other comments from Royal Colleges were received on this recommendation.
- **From local authorities and other public representative groups**
 - The Royal Borough of Greenwich (where Queen Elizabeth Hospital is located) welcomed the decision to commence early work on the arrangements for the proposed merged Trust. It noted that the required transformation will be particularly challenging if solutions are being imposed and not owned by managers and staff;
 - Bexley LINK broadly supported the merger, although were concerned that there was no proof that the new organisations (potentially private) will be able to deliver services. Mid Surrey LINK and Southwark LINK also gave support. Greenwich LINK were concerned that the merger was 'penalising' Lewisham Healthcare NHS Trust; and
 - Bromley LINK, Lambeth LINK, Lewisham LINK and Kent LINK did not comment on this proposal.
- **From workforce and staff representative groups**
 - Unison support the proposal for Queen Elizabeth Hospital and Lewisham Healthcare NHS Trust to come together in principle.

Key themes from this feedback:

- Failure of previous mergers;
- Perceived risk to Lewisham Healthcare NHS Trust of taking on a 'failing hospital' and concern around the potential impact on services provided at University Hospital Lewisham; and
- Some concern around detailed planning for implementation.

In response to these key themes:

- The TSA report itself is clear that proposed benefits from merging NHS

Trusts have historically not been fully realised. There are, therefore relatively, limited financial benefits assumed to be realised from the mergers. The mergers do however, support the delivery of some of the other recommendations, particularly recommendation 1 and recommendation 5, whilst ensuring there is sufficient leadership capacity and capability in the system to provide oversight and direction throughout transition;

- Lewisham Healthcare NHS Trust is a relatively small Trust. There are concerns around the ability of Trust's current leadership to manage the new, significantly larger, organisation. Recommendations 1 and 4, including the recommendation that new organisations are not faced with any repayment requirements relating to historic debts will ensure that the new Trust will be in a good starting position, but there are still risks, which must be mitigated through the HR elements of the transition process, ensuring that all senior leaders in the new organisation have the skills and experience to be successful in their new roles;
- If Lewisham CCG and Lewisham Healthcare NHS Trust were to pursue plans to determine their local configuration of services, the TSA believes that the processes and timescales involved are not suitable to address the issues that have led to the placing of South London Healthcare NHS Trust into the Unsustainable Provider Regime. During the time taken to follow a more 'traditional' reconfiguration programme it is likely that the financial and clinical challenges would be exacerbated and that it is essential that TSA proposals include the service changes necessary to ensure financial as well as clinical sustainability;
- Additional work to assess the financial viability of the new organisation, including an independent due diligence exercise, has been undertaken, demonstrating financial viability as defined by the TSA. This work has confirmed that the new organisation will face a number of operational finance risks that are consistent with those being faced by many other NHS trusts; and
- The TSA recommends that NHS Trust Development Authority provides support and close oversight during the creation of the new organisation.

Consultation feedback in relation to the acquisition of the Princess Royal University Hospital by King's College Hospital NHS Foundation Trust

37% of individuals were in support of the acquisition of the Princess Royal University Hospital by King's College Hospital NHS Foundation Trust. 31% of individual respondents did not support either proposal. There was very little support for the option to run a procurement process with only 5% of individuals in favour of this.

The views of groups and organisations were similar to individuals, with 41% in favour of the acquisition by King's College Hospital NHS Foundation Trust. 27% did not support either option. Feedback noted from organisations and groups

included:

- **From commissioners:**
 - Southwark CCG (covering the borough of Southwark where King's College Hospital NHS Foundation Trust is located) wishes to understand in greater detail the impact of the proposed acquisition of the Princess Royal University Hospital by King's College Hospital NHS Foundation Trust upon the quality of care and outcomes and in particular the impact of this proposal upon the delivery of services at the Denmark Hill site with assurance that the potential acquisition would not negatively impact on King's College Hospital NHS Foundation Trust's ability to deliver high quality services from the Denmark Hill site or on their underlying financial viability; and
 - Bromley CCG (covering the borough of Bromley where the Princess Royal University Hospital is located) supports the preferred option of King's College Hospital NHS Foundation Trust acquiring the Princess Royal University Hospital, subject to clarity from the TSA about the impact of the Market Forces Factor on Payment By Results prices at the Princess Royal University Hospital, in the event that it is acquired by King's College Hospital NHS Foundation Trust.
- **From providers:**
 - King's Health Partners stated their support for King's College Hospital NHS Foundation Trust to acquire the Princess Royal University Hospital; and
 - King's College Hospital NHS Foundation Trust reiterated their desire and commitment to acquiring the Princess Royal University Hospital (letter dated 20 December 2012, received outside of the formal consultation process but alongside their work to progress the development of their Outline Business Case).
- **From other health bodies:**
 - NHS London support the option for King's College Hospital NHS Foundation Trust to acquire the Princess Royal University Hospital; and
 - The Royal College of Midwives and the Royal College of Nursing were in broad agreement with the acquisition of the Princess Royal University Hospital by King's College Hospital NHS Foundation Trust and disagree with a tendering process for independent sector provision. No further comment was received from other Royal Colleges.
- **From local authorities and other public representative groups**
 - The London Borough of Bromley noted the market testing process but also the sense of urgency and understood why the TSA would look to King's College Hospital NHS Foundation Trust to integrate provision with the Princess Royal University Hospital. The London Borough of Bromley noted that it wants a sustainable solution, not a quick fix and needs assurance of King's College Hospital NHS Foundation Trust leadership capacity and capability to secure the very rapid improvements needed;

- Both Lambeth and Southwark Overview and Scrutiny Committees strongly supported the proposal for the acquisition of the Princess Royal University Hospital by King's College Hospital NHS Foundation Trust and did not support the option of a procurement exercise to be undertaken;
- Bromley LINK (which represents Bromley residents where the Princess Royal University Hospital is located) strongly supported the option for King's College Hospital NHS Foundation Trust to acquire the Princess Royal University Hospital, however also noted they would want assurance of the capacity and ability of leadership to secure the improvements needed. Southwark LINK (which represents Southwark residents where King's College Hospital NHS Foundation Trust is located) also fully agreed with the proposed acquisition, with questions around staff travel time and travel arrangements for visiting Southwark residents who were admitted to the Princess Royal University Hospital. Bexley LINK had a majority in agreement, as per their views on the organisational changes proposed for Queen Elizabeth Hospital. Mid Surrey LINK also agreed with the proposal, saying that a procurement process would be too lengthy and costly; and
- Greenwich LINK, Lambeth LINK, Lewisham LINK and Kent LINK did not comment on this proposal.
- **From workforce and staff representative groups**
 - South London Healthcare NHS Trust Staffside are opposed to the acquisition of the Princess Royal University Hospital by King's College Hospital NHS Foundation Trust due to part of King's College Hospital NHS Foundation Trust being run by private enterprise

Key themes from this feedback:

- The majority of respondents were opposed to a procurement exercise for the Princess Royal University Hospital;
- Assurance is required to give confidence of the capacity and capability of leadership at King's College Hospital NHS Foundation Trust to deliver the service improvements needed; and
- Significant opposition to the possibility that some NHS services may be provided by private organisations and that in particular by following a procurement exercise this might be the outcome.

In response to these key themes:

- King's College Hospital NHS Foundation Trust are preparing an Outline Business Case and Finance Business Case (including detailed implementation plans) for the acquisition. They are also undertaking other work that they will need to do to meet the Monitor requirements and to discuss the transitional requirements with the Department of Health.

Consultation feedback in relation to the sale / transfer of land and buildings required for Bexley Health Campus (Queen Mary's Hospital) to Oxleas NHS

Foundation Trust

Almost half of individual responses (45%) were opposed to this proposal with 15% in support. Residents in Bexley were most supportive of the proposal

In contrast 38% of groups and organisations supported this proposal. Feedback noted from organisations and groups included:

- **From commissioners:**
 - Bexley CCG (which covers the borough of Bexley where Queen Mary's Hospital is located) support Oxleas NHS Foundation Trust taking on the site and are already working with Dartford and Gravesham NHS Trust and Oxleas NHS Foundation Trust to ensure Queen Mary's Hospital continues to offer affordable services and patient choice.
- **From providers:**
 - Oxleas NHS Foundation Trust reiterated they welcome the opportunity to take ownership of Queen Mary's Hospital to create a Bexley Health Campus that better meets the needs of local people.
- **From other health bodies:**
 - NHS London strongly supported the proposal for the land and buildings at Queen Mary's Hospital be transferred to Oxleas NHS Foundation Trust;
 - The Royal College of Midwives agrees with this recommendation, with clarification required as to which organisation would be the provider of antenatal and postnatal services from the site;
 - The Royal College of Nursing supports this recommendation; and
 - No other comments from Royal Colleges were received on this recommendation.
- **From local authorities and other public representative groups**
 - The London Borough of Bexley (where Queen Mary's Hospital is located) has welcomed the TSA's recommendation to transfer the core land to Oxleas NHS Foundation Trust, who will provide investment in the site and they have supported the arrangement for delivery of day case elective services by Dartford and Gravesham NHS Trust;
 - The MP for Orpington supports the recommendation that Queen Mary's Hospital be developed under the governance of Oxleas NHS Foundation Trust;
 - Bexley LINK (which represents Bexley residents where Queen Mary's Hospital is located) had a majority in support of the proposal with questions around the funding of the site and whether Oxleas would take on PFI debt. Mid Surrey LINK gave this proposal strong support; and
 - There was little feedback or no comment from Bromley LINK, Greenwich LINK, Lambeth LINK, Lewisham LINK, Southwark LINK and Kent LINK.
- **From workforce and staff representative groups**

- The trade union, GMB, believe the proposal to transfer the site to Oxleas NHS Foundation Trust would suggest that Queen Mary's Hospital will not become a centre for elective surgery (as envisaged under A Picture of Health) therefore creating significant problems for the residents of areas such as Bexley, Erith and Thamesmead and would see choice severely restricted. GMB also comments that staff working at Queen Mary's Hospital have concern after having gone through previous transfers that have been lengthy and unsettling.

Key themes from this feedback:

- Concern that the proposal would lead to the privatisation of healthcare services;
- Concern about what services would actually be provided on the site and that what was needed was 'a hospital'; and
- The name 'Queen Mary's Hospital' should be retained.

In response to some of the specific feedback:

- The TSA team have been working with CCGs to better understand what services they wish to commission for their local populations (this information can be found in appendix N. The term 'Bexley Health Campus' has been used by local commissioners and the London Borough of Bexley to express their mutual desire for a thriving and innovative centre of excellence. Consultation feedback has been clear however that this name is confusing and open to misinterpretation, the TSA has therefore recommended that the site continues to be known as Queen Mary's Hospital.

Consultation feedback in relation to the Department of Health to write-off debt accumulated by South London Healthcare NHS Trust

There was strong support from both individual respondents and groups and organisations to the proposal for the Department of Health to write-off debt accumulated by South London Healthcare NHS Trust, with 77% and 81% in support, respectively. Feedback noted from organisations and groups included:

- **From commissioners:**
 - All CCGs in south east London support the proposal for the Department of Health to write-off debt accumulated by South London Healthcare NHS Trust.
- **From providers:**
 - King's College Hospital NHS Foundation Trust believe this recommendation is vital to ensure financially sustainable organisations and local health economy in future.
- **From other health bodies:**
 - NHS London strongly agreed with the recommendation to write-off historic debt. They stated that this should be a pre-condition to making the service changes to meet the agreed clinical quality

standards, no matter the organisational solutions finally agreed.

- The Royal College of Nursing supports this recommendation; and
- No other comments from Royal Colleges were received on this recommendation.
- **From local authorities and other public representative groups**
 - There was broad support from local authorities and other public representative groups (including LINKs) to support the write-off of debt.
- **From workforce and staff representative groups**
 - Unison welcomed the recommendation to write-off historic debt for South London Healthcare NHS Trust.

Key themes from this feedback:

- The impact of PFI on the debt accumulated by South London Healthcare NHS Trust;
- Some action should be taken to ensure that the same issues do not arise again;
- The need for more effective management in the future; and
- Whether organisational change and / or changes to services would be required if the debt was written-off.

In response to some of the specific feedback:

- It is clear that the financial issues of South London Healthcare NHS Trust should not be allowed to reoccur in the future, however the challenges faced by the Trust are complex and wide ranging. Effective management is part of, but not the entire solution, this is reflected in the suite of recommendations required to resolve the Trust's issues; and
- South London Healthcare NHS Trust's deficit is certainly significant, however, the write-off is a one-off occurrence, and it alone will do nothing to improve the underlying financial position of the Trust. Without significant change, as described in the report, the Trust will simply continue to be in deficit and accumulate debt. It is the other recommendations, particularly around operational efficiency and service change that will ensure that in the future the new organisations remain clinically and financially sustainable.

Co-operation and Competition Panel

51. A response was also received from the Co-operation and Competition Panel (CCP). Their response noted the following for each of the three recommendations:

- The recommendation that the Queen Elizabeth Hospital, currently operated by South London Healthcare NHS Trust, comes together with Lewisham Healthcare NHS Trust could give rise to adverse effects on patients and taxpayers in respect of elective and non-elective services under Principle 10 of the Principles and Rules of Co-operation and Competition. The CCP has further noted that this will not be the case if there are sufficient countervailing benefits to offset the likely reduction in patient choice and competition that they have identified. The CCP has also recommended if the TSA considers that there are insufficient countervailing benefits then safeguards be included in the recommendations, which include the requirement for commissioners to specify and monitor detailed service indicators to preserve or enhance the level of quality that would have existed in the absence of this merger. The TSA considers that sufficient countervailing benefits do arise but concurs that it is helpful to include safeguards, as outlined above, in the recommendations.
- The recommendation that the acquisition by King's College Hospital NHS Foundation Trust of the site and services currently provided by South London Healthcare NHS Trust at the Princess Royal University Hospital is likely to be consistent with the merger provisions of the Principles and Rules.
- The acquisition by Oxleas NHS Foundation Trust of land and certain unspecified community services that are currently provided at the Queen Mary's hospital by South London Healthcare NHS Trust is likely to be consistent with the merger provisions of the Principles and Rules;
- The recommendation for Dartford and Gravesham NHS Trust to take over, on an interim basis, the management and provision of the elective day case surgery and endoscopy services that are currently provided at the Queen Mary's Hospital site by South London Healthcare NHS Trust could raise concerns in relation to patient choice or competition under Principle 10 of the Principles and Rules of Co-operation and Competition. The CCP further noted that this would not be the case if there are sufficient countervailing benefits to offset the likely reduction in patient choice and competition that they have identified. They have also recommended that in order to remove or mitigate this risk a formal procurement process to appoint a provider of day case elective and endoscopy services at Queen Mary's Hospital should be carried out in the near future.

Education and training

52. Throughout the TSA process there has been engagement with staff as described in chapter 3 of the final report. This should continue throughout the transition period to ensure staff are fully apprised of any changes. The broader NHS is also currently undergoing a transition process. In order to ensure that learning and experience from this programme can be brought to bear on any future changes a transition working group has been established, chaired by the individual responsible for the wider London NHS transition programme.
53. There have also been concerns regarding training and education raised during the consultation. In order to better understand and mitigate against any negative impacts on staff training, and to enhance positive impacts, the TSA team has been in regular contact with NHS London's People and Organisation Development Directorate, the London Deanery and the South London Local Education and Training Board (LETB).
54. The LETB are supportive of the TSA recommendations and have offered further support to ensure the subsequent design and development of the workforce is underpinned with high quality education.
55. These actions, taken together with a well managed transition, should ensure that there is unlikely to be a significant negative impact on staff from any organisational changes.

Final recommendations

56. Taking into consideration the feedback from the consultation process and the work completed in the second phase of the TSA programme the final recommendations relating to the future of South London Healthcare NHS Trust are for:
 - Queen Elizabeth Hospital to be merged (by acquisition) with Lewisham Healthcare NHS Trust;
 - Princess Royal University Hospital to be acquired by King's College Hospital NHS Foundation Trust; and
 - The core estate at Queen Mary's Hospital to be transferred to Oxleas NHS Foundation Trust, and for the services currently provided by South London Healthcare NHS Trust to transfer to a range of local providers for an interim period of 22 months ahead of a commissioner led procurement process.

57. The pace of implementing these new organisational arrangements will be critical to the overall delivery recommendations set out in the final report. Delivering the recommendations in a three-year period is essential to ensuring organisations in south east London are able to respond to further financial constraints in the public sector. Meeting the challenging timetable will require appropriate leadership capability and engaged staff. Eliminating organisational uncertainty as quickly as possible and ensuring clear lines of accountability is therefore critical to success. As a result, the potential speed of being able to implement a set of new organisational arrangements has been a core consideration. Based on the assessment of what is required to do this, it is proposed that if the recommendation is supported by the Secretary of State, transactions should be completed by 1 June 2013.
58. Effective commissioning of these organisations will be essential to ensuring the quality of services. Revised joint commissioning arrangements should be put in place by local CCGs to reflect these new organisational arrangements. In so doing commissioners should take full consideration of the recommendations laid out in the CCP report.
59. For these organisations to operate effectively they will need a level of financial support during the first three years. This support to Oxleas NHS Foundation Trust, the new organisation combining Lewisham Healthcare NHS Trust and Queen Elizabeth Hospital, and King's College Hospital NHS Foundation Trust, will need to be agreed with the Department of Health and should be made conditional on the delivery of the planned operational improvements and the engagement of the new organisations as active partners in the delivery of the necessary service change.