

Trust Board meeting: Wednesday, 9 January 2013
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Title	Integration with NOC: Benefits Realisation
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Status	Paper for information.
History	6 Month Post-Integration Update on Benefits Realisation 3 May 2012

Board Lead	Andrew Stevens, Director of Planning and Information			
Key purpose	Strategy	Assurance	Policy	Performance

Summary

1	Oxford Radcliffe Hospitals NHS Trust (ORH) and the Nuffield Orthopaedic Centre NHS Trust (NOC) merged on 1 November 2011 with the aim of creating synergies and service enhancements based on complementary sets of services.
2	The integration to create Oxford University Hospitals NHS Trust proceeded smoothly without disruptions to services.
3	Progress has been made on delivering the benefits for patients that were recognised by the Cooperation and Competition Panel, through developing fully integrated services and more consistent pathways across service boundaries.
4	Progress has also been made on putting in place consistent processes, policies and corporate services across the unified organisation while a common ethos and culture has been enhanced by the Trust's 'Delivering Compassionate Excellence' work.
5	Corporate financial savings have been delivered to the level planned.
6	The Trust is preparing to make use of the opportunities offered by its combined estate to improve the environment for care, provide greater operational flexibility and where possible, to generate further efficiencies.
7	The Trust Board is asked to note this paper.

Integration Benefits Realisation

Introduction

1. Oxford University Hospitals NHS Trust was formed on 1 November 2011 from the integration of Oxford Radcliffe Hospitals NHS Trust (ORH) and the Nuffield Orthopaedic Centre NHS Trust (NOC) with the aim of creating synergies and service enhancements based on two complementary and interconnecting sets of services.
2. One year on from the integration, this paper revisits the initial vision for it and highlights the progress made in achieving what was envisaged. It outlines the process of the integration itself and identifies significant improvements so far, as well as those areas where it is anticipated that the integration provides a foundation for further developments.

Vision for the integration

3. The integration of the ORH and the NOC brought together two organisations where there were already significant clinical linkages that suggested opportunities for streamlined pathways of care but where there was very little actual overlap in provision.
4. The merger was coordinated with a Joint Working Agreement with the University of Oxford, the first time that such a formal arrangement had been put in place, providing a platform for the two organisations to revitalise their partnership in support of the delivery of high quality patient care, research and education.
5. It was anticipated that the merger of the NOC and ORH would create a strengthened acute Trust delivering local and specialist services for the residents of Oxfordshire and beyond. The intention was that integration would allow the constituent trusts to make a step change in quality, cost effectiveness and academic-clinical integration.
6. The merger would allow OUH to bring together the best policy, practice and culture from each trust and deliver financial efficiencies. Better integrated care pathways would be developed in specialties where the predecessor trusts operated linked services and the merger would allow the Trust to make more effective use of its total estate, moving services from poorer quality buildings and improving productivity.

Integration process

7. The integration process was led by a joint Integration Steering Group which reported to both Trusts' boards. External corporate and financial due diligence along with comprehensive risk analysis was undertaken, with mitigating actions developed to minimise disruption.
8. The overall process of transition was smooth and no significant issues arose. This was facilitated by having shadow arrangements in place in advance of the formal merger date with new structures introduced on a transitional basis. This was supported by careful planning within the individual departments most affected to ensure that, for example, IT systems remained undisrupted by the changes.

9. 1 November 2011 saw OUH inaugurated as a new organisation, with new signage in place and the occasion marked with events on each of the new Trust's sites.
10. Media coverage at the time emphasised the size of the new organisation, indicated that it should lead to improved care for patients and accurately reported that the merger was not primarily driven by financial considerations. The new relationship with the University of Oxford received considerable attention, suggesting the opportunity for the Trust's patients to benefit from the innovation of "university-led medical breakthroughs... more speedily."¹

Lessons from the integration process

11. Some challenges were encountered during the approval process before integration, particularly during assessment via the Cooperation and Competition Panel. The Panel's ultimate support was based on the clear benefits demonstrated for current and future patients of the integrated trust.
12. The value of specialist expertise was recognised in ensuring that the rationale for integration could be expressed in appropriate economic terms with respect to an alternative counterfactual scenario. It ultimately proved beneficial to focus on a smaller number of clearly-focussed but significant benefits deriving from the merger rather than including those which were less well-defined or measurable.
13. As noted above, transitional arrangements were significant in easing the merger process, as was clear accountability for specific elements of change. It was also useful to draw upon considerable expertise in managing organisational change.
14. Some issues did exhibit unexpected complexity, an example being the large number of information systems with the potential to be affected by the removal of the NOC's organisational code determined by the Department of Health. However, with clear plans and expert advice these risks were managed effectively.

Benefits of integration

15. One year after integration, Oxford University Hospitals is achieving its key performance and financial duties and is on track with its application to become a foundation trust.
16. Former NOC services have been incorporated into the organisation as the Musculoskeletal and Rehabilitation Services (MARS) Division, operating under the unified performance management regime that applies across the organisation.
17. Inevitably the level of cultural change felt most significantly was experienced by staff at the NOC in adjusting to becoming part of a much larger organisation.
18. However, the level of autonomy associated with the clinically-led structure has reduced the delays that might otherwise have been associated with this. In addition the wider organisation has benefitted significantly from the incorporation of skilled and experienced personnel from the NOC into a number of senior roles in OUH.
19. The integration has been a major milestone in the move towards foundation trust status, providing a basis on which OUH can build a far stronger submission than either of the other two trusts were in a position to do previously. The integration business

¹ *Oxford Mail*, 1 November 2011

case highlighted achievement of foundation trust status as an objective leading on from the merger and the organisation has subsequently succeeded in making progress towards authorisation in line with its agreed timetable.

Clinical Synergies

20. A key element of the original business case was the significant opportunities that integration provided to make use of the linkages and mutual support that are possible between services but which were unlikely to be fully realised across Trust boundaries.
21. There are relatively few examples where the same types of service were present in both predecessor trusts. However, operational management of radiology and histopathology services has transferred from the MARS Division to the CCTD&P Division and of a number of paediatric services to the Women's and Children's Division as outlined below.
22. These transfers are intended to improve patient safety, quality of care and governance arrangements and it is expected that some economies of scale will be realised by the Divisions involved.
23. Opportunities for support include greater input from podiatry into rehabilitation services which is under discussion as well as the opportunity for MARS clinicians to undertake more complex surgery or to operate on patients with more serious comorbidities given access to the critical care facilities on the John Radcliffe site.
24. Examples of other services where integration is bringing specific benefits are outlined below.

Integrated Spinal Pathway

25. Prior to integration there existed entirely separate spinal services within Neurosurgery at the ORH and Orthopaedics at the NOC. It was recognised that there was a significant opportunity to benefit patients as part of the merger through better coordinating the activities of the two disciplines and establishing a simplified pathway that avoided unnecessary complexity and duplication and gave all patients access to the most appropriate treatment for their condition.
26. The business case for the integration suggested that it would enable the delivery of a single point of entry via central triage and integrated service provision. The former is now in place with some progress towards the latter.
27. Arrangements have now been made for all Oxfordshire spinal referrals to be triaged through the existing musculoskeletal hub, offering a single point of access to the spinal service. All such referrals are therefore assessed consistently and directed to the most appropriate clinical team.
28. A business case for the development of the spinal service has also been approved. This expands the service's capacity through a new consultant post and the conversion of a locum role into a substantive position. Recruitment is under way.
29. The MARS division will also be responsible for an additional all-day theatre list at the John Radcliffe Hospital from early in 2013 following renovations to air handling units in the operating theatres. This will enhance the ability of orthopaedic spinal surgeons to undertake urgent and complex surgical treatment requiring backup such as critical care facilities which are available at the John Radcliffe.

Paediatric Pathways

30. The integration also incorporated the transfer of the remaining paediatric services from the MARS Division to the Children's and Women's Division, bringing expertise together. Paediatric Orthopaedic Outpatients, Paediatric Musculoskeletal Physiotherapy and Paediatric Rheumatology were moved to the Children's & Women's Division with the transfer of staffing and budgets occurring smoothly and completed on 1 June 2012.
31. The original business case highlighted an opportunity to develop an ambulatory paediatric service for rheumatology. Integration within one Division with a specific paediatric focus has presented opportunities to drive the development of the service and improvements have been pursued in a number of areas.
32. Accommodation arrangements have been made to allow an ambulatory rheumatology service to support a national catchment on a day case basis without the costs associated with the need to occupy expensive inpatient beds unnecessarily.
33. It has also been possible to put additional resource into increasing therapy provision to the service.
34. A business case is also being developed for an additional consultant to support a South of England outreach model for the service, generating income through supporting partner organisations in delivering a local paediatric rheumatology service for their patients.

Service Reconfiguration and Estate Rationalisation

35. The integration business case emphasised opportunities that would exist to reconfigure services with the combination of the NOC and ORH sites, optimising the use of estate to improve accommodation quality whilst improving the utilisation of PFI estate and generating savings. A number of specific cases exemplify the ways in which these opportunities are being pursued.
36. Economies of scale exist within a larger infrastructure which generate useful operational flexibility. An example is a proposal to use NOC theatre capacity to maintain operating capability during the required refurbishment of theatres on the John Radcliffe Hospital site.
37. Space within the NOC also provides one option for moving services from the poor quality accommodation that exists at the Churchill Hospital site in particular. One example is the Clinical Genetics service at the Churchill site, for which plans have been drawn up for a move into reconfigured ward space at the NOC.
38. Capacity on the NOC site can also be used to generate estates savings in the longer term. Plans are in development to move the Finance Department into accommodation on the NOC site, allowing space to rehouse the IT Department at the John Radcliffe, in turn enabling temporary accommodation there to be taken out of use and commensurate savings made.

Unified Clinical Trials Unit

39. A number of Clinical Trial Units previously associated with ORH (e.g. the Oncology Clinical Trials Office (OCTO), the gastro-intestinal CTU and the Surgical CTU) have

been brought together with the existing NOC clinical trials unit and the Centre for Statistics in Medicine to form the Oxford Clinical Trials Research Unit, to be based in a new building on the NOC site.

40. CRC-accredited units are now badged together under the 'Oxford Clinical Trials' consortium banner in order to improve the external perception of clinical trials in Oxford. This has included the development of a new website and marketing materials.
41. Oxford is also a member of the NIHR Translational Research Partnerships, a vehicle for attracting industry to work with a national consortium of leading academic clinical centres in early exploratory trials. The creation of OUH brings together the two TRP's in Oxford (for Inflammatory Joint and Respiratory Disease) and allows for some joint activities to support both TRP teams (e.g. the development of cellular assays for experimental medicine studies) and to improve the offering to potential industry partners.
42. The integration business case highlighted opportunities for the Trust to further develop and capitalise on a strong global brand and this represents an area in which these opportunities have been taken. It also begins to meet the need for a clear offering and commercial outlook in the management of research.

Consistent and Improved Policies and Services

43. A range of key services and policies have been made consistent across the new organisation so as to benefit from and build on existing best practice. Examples include electronic risk management where the previous ORH contract was extended to the whole Trust from 1 May 2012. The NOC has provided a model for the wider Trust in how to implement earned autonomy for divisions. The Trust has also adopted the NOC practice of an annual 'Celebrating Success' event to recognise achievements during the year.
44. E-rostering was a programme highlighted to be delivered in a consistent fashion across the organisation under combined project management. Following a tendering process for a joint payroll provider, United Hospitals Birmingham NHS FT was selected and the ESR will be merged in March 2013, including the migration of MARS Division data to the OUH ESR. Following this it will be possible to merge the Trust's e-rostering systems if it is agreed that this is desirable.
45. The Trust's information team now also have a consolidated base located on the NOC site.
46. Recruitment integration is complete with a single recruitment process for all staff. A single induction programme is run to engender a sense of Trust identity and provide assurance that all new staff receive standard information. The shared sense of identity builds on a set of Trust values which were shaped and developed across the new OUH.
47. The business case emphasised the need to improve staff engagement and increase awareness of Trust vision and values. The values of 'Delivering Compassionate Excellence' have been adopted by OUH as the basis of a consistent ethos underpinning the organisation's service delivery and business plan and work is taking place to apply and demonstrate the use of the values in action.

Financial Implications

48. As part of integration, OUH established merged ledger and financial systems and unified departments for finance and procurement. The opportunity was also taken to review and strengthen the finance team structure.
49. In its first year of operation following integration, OUH generated a net surplus of £7.2 million. The Trust has significantly improved its underlying financial position, moving from an underlying deficit of £15.5 million in 2009/10 to an underlying surplus of £3.5 million in 2011/12.
50. Following integration, OUH inherited the equity position of the former NOC Trust, resulting in a combined balance sheet. The NOC Trust had a stable history of smaller but recurrent surpluses which contributed to the strengthening of the equity section of the OUH balance sheet.
51. The integration business case identified potential for savings of between £1.6 million and £1.9 million through corporate synergies.
52. An analysis of corporate expenditure suggests a reduction of some £1.7 million in the 2012/13 budget compared to 2011/12 outturn. With the outturn position for 2011/12 having already included some savings, it can reasonably be concluded that the savings achieved from integration in corporate services were above £1.7 million.

Conclusions

53. The integration of the NOC and ORH Trusts to create OUH proceeded smoothly without disruptions to services. This is to the credit of staff and departments across both predecessor organisations in planning effectively for the transition.
54. Progress has been made on delivering the benefits for patients which were recognised by the Cooperation and Competition Panel, through developing fully integrated services and more consistent pathways across the boundary between musculoskeletal and other services.
55. Progress has also been made on putting in place consistent processes, policies and corporate services across the unified organisation. The sense of a common ethos and culture has been enhanced by the Trust's 'Delivering Compassionate Excellence' work. Corporate financial savings have been delivered to the level planned and strengthened arrangements for clinical trials are in place.
56. The Trust is also preparing to make use of the opportunities offered by its combined estate to improve the environment for care, provide greater operational flexibility and where possible, to generate further efficiencies.

Recommendation

57. The Board is asked to **note** the progress made.

Andrew Stevens, Director of Planning and Information

Neil Scotchmer, Programme Manager

19 December, 2012