

**Essex County Council Health Overview & Scrutiny Committee  
Wednesday 08 February 2017**

**Update Report on Proposed Merger of NEP and SEPT**

This report updates the Essex County Council Health Overview & Scrutiny Committee (Essex HOSC) with the progress of the proposed merger between North Essex Partnership University NHSFT (NEP) and South Essex Partnership NHSFT (SEPT). This paper builds upon the report given at the meeting of 15 September 2016, in which the HOSC noted the progress with the proposed merger and agreed to invite the Trusts to provide a further update early in 2017.

**Summary**

The Trusts first approached the idea of a formal merger in September 2015, in response to regional plans for the future. The strategic rationale for a proposed merger remains strong with the publication of the four Sustainability and Transformation Plans (STPs) which affect the proposed new Trust and the Essex Mental Health Strategy.

The Outline Business Case, competition reviews and the due diligence exercise confirmed that a proposed merger is a feasible and deliverable proposition. The Full Business Case (FBC) defines and describes the benefits of the proposed merger and details how it will be implemented fully. This was agreed by both Trust Boards in November 2016 and submitted to NHS Improvement (NHSI), our regulator, in early December 2016 – as advised by CEO letter to HOSC Chair that same month.

Engagement with a range of stakeholders, specifically staff at both Trusts and service users and carers via a proposed merger stakeholder reference group, has continued throughout the process.

**Current merger status**

The Trust Boards received and approved a Full Business Case for the merger at their meetings on 30<sup>th</sup> November 2016. Following some final comments and additions this was submitted to NHSI on 5<sup>th</sup> December 2016.

This triggered the NHSI assessment process. Following authorisation from the Trust Boards of both NEP and SEPT in November 2016 the draft Full Business Case and draft Post Transaction Integration Plan was submitted to NHS Improvement's Provider Assessment team.

The assessment process is fully described in the Transactions Guidance at pp35 to 57 available at

[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/417799/Transactions\\_guidance\\_2015\\_FINAL.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/417799/Transactions_guidance_2015_FINAL.pdf) .

In summary, the process focuses on four areas:

- **Strategy:** Is there a clear strategic rationale for the transaction and does the board have the capability, capacity and experience to deliver the strategy?
- **Finance:** Does the transaction result in an entity that is financially viable?
- **Quality:** Is quality maintained or improved as a result of the transaction?
- **Transaction execution:** Does the trust have the ability to execute the transaction successfully?

The assessment takes the form of a review of various background evidence used to write the business case and integration plans; meetings with Interim Executive Directors and other staff members to understand, assess and challenge the assumptions used in the business case; and finally a meeting with the Interim Board and NHSI Executives to summarise the findings of the assessment and challenge any outstanding areas of concern. This final meeting is scheduled for the week commencing 20<sup>th</sup> February 2017.

In parallel, Grant Thornton (NEP's current external auditors and appointed as Reporting Accountants for the merger by both Boards) have begun their assessment of the transaction to allow them to provide each Board with an independent expert opinion regarding:

- proposed financial reporting procedures
- proposed quality governance procedures
- integration planning

The opinion is given on a Board Memorandum that covers each of the topics above that is to be presented to the NEP and SEPT Boards at the end of February.

The formal audit opinion of Grant Thornton is shared with NHSI and NHSI's Provider Assessment Committee give the overall transaction a risk rating. This is expected the week ending 17<sup>th</sup> March 2017. This allows both Trust Boards to then re-affirm their commitment to the merger and ask their respective Council of Governors to vote that the transaction has been carried out properly.

Once the vote is confirmed the Trusts sign a legally binding merger agreement and formally apply for a merger to NHSI. In turn NHSI agree a Grant of Merger that will dissolve NEP and SEPT on 31<sup>st</sup> March 2017 and create Essex Partnership University NHS Foundation Trust on 1<sup>st</sup> April 2017. All the assets and liabilities of NEP and SEPT legally transfer to EPUT at the stroke of midnight 31<sup>st</sup> March 2017.

**Planned engagement with stakeholders.**

The Trusts have established a Stakeholder Reference Group of service users, carers and Healthwatch Mental Health Ambassadors. This group is chaired by a service user. It is an active and engaging group. Members are keen to develop it themselves and, at the next meeting, will be debating draft Terms of Reference developed by a member. The group is being engaged by the Trusts' clinical leaders on the emerging clinical model from the design stage onwards. Anyone interested in the proposed clinical model is invited, via Trusts' websites and public meetings, to join the group.

A major public meeting was held at the end of January 2017 in Brentwood. Attendees were able to meet the Interim Board of the proposed new Trust and ask questions related to the merger plans and the proposed new organisation. It was a lively and very well attended meeting. People who were unable to attend had the opportunity to send in questions in advance. These were read out and answered on the night. All the questions and answers from the event are being published on both Trusts' websites. In addition, both Trusts have held or are holding public meetings in their localities for people to ask questions directly about the merger proposals.

In the summer, many staff took part in focus groups to discuss the Trusts' current cultures. Following on from these, joint workshops for staff were run, along with surveys for staff and service users and carers, to engage everyone in co-producing the proposed new organisation's vision and values. The outcomes were that the vision 'Working to improve lives' and the values 'Open, Compassionate and Empowering' were agreed. These are values that staff in the proposed new organisation, including the Interim Trust Board, will be expected by colleagues and people who use the proposed new Trust's services to demonstrate in every contact they make at work. Also, they will be part of the proposed new Trust's processes such as recruitment, supervision and appraisal of staff.

The Consultants and other clinical and social care leaders from both current Trusts have been meeting together to help shape the proposed future Trust. Their discussions have included the principles for the emerging proposed new Essex-wide integrated health and social care model for mental health services for adults and older people. The proposed model is being co-produced with a range of stakeholders including staff, commissioners, service users and carers. Progress to date is being shared with the East of England Clinical Senate in February 2017.

The CEOs of both Trusts have provided other key stakeholders with written updates at key points in the merger process, including MPs, Local Authorities, NHS partners, Healthwatches and HOSCs. The Trusts have attended HOSC meetings in Essex, Thurrock and Southend to present to members on the merger proposals and have provided detailed merger progress updates which have been published on Council websites. A merger update is discussed at every public meeting of each Trust Board and published on the Trusts' websites. A "Proposed Trust Prospectus" has been published on both Trusts' websites and made available at public meetings.



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### **Provisional timetable**

Since September 2016, the key dates for the proposed merger have not changed very much and the merger remains in line for completion by 31<sup>st</sup> March 2017. The main milestones since submission of the FBC are shown below. It is recognised that the deadlines remain subject to change as the process is not entirely within the Trusts' control.

### **Planned Timetable for Merger**

<b>Action</b>	<b>Planned Date</b>	<b>Responsible Body</b>
Engagement with stakeholders (staff, service users, commissioners) to develop FBC	Ongoing	Merger Project Team
Appointment of Interim Board for the merged organisation	10 Nov 2016 Completed	SEPT Board NEP Board
FBC for merger received by Trust Boards for approval to submit to NHSI	30 Nov 2016	SEPT Trust Board NEP Trust Board
Appointment of Grant Thornton as external advisors to provide an independent audit opinion to both Boards on the merger transaction; their audit opinion is shared with NHSI	30 Nov 2016 to 24 Feb 2017	SEPT Trust Board NEP Trust Board
NHSI reviews FBC, tests assumptions with external advisors, meets the Interim Board for a challenge session, gives the merger transaction a risk rating	5 Dec 2016 to 16 March 2017	NHSI
Membership of NEP and SEPT invited to be members of new Trust. This is an "opt out" process with membership continuing to EPUT unless indicated otherwise.	w/c 13 Feb 2017	SEPT Council of Governors NEP Council of Governors
NHSI Provider Assessment Committee considers the merger transaction and offers the Trust Boards a risk rating (red/amber/green)	16 March 2017	NHSI
Trust Boards consider risk rating and re-affirms commitment to merger and approves amended FBC	w/c 20 March 2017	SEPT Trust Board NEP Trust Board
Council of Governors approve transaction amended in light of NHSI risk rating. Councils are voting to confirm that the Boards of Directors have: <ul style="list-style-type: none"> <li>• been thorough and comprehensive in reaching its proposal (that is, has undertaken proper due diligence)</li> </ul>	w/c 20 March 2017	SEPT Council of Governors NEP Council of Governors



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<ul style="list-style-type: none"> <li>obtained and considered the interests of trust members and the public as part of the decision-making process</li> </ul>		
NHSI complete Transfer Order and approve application for authorisation of new merged Trust – Essex Partnership University NHSFT (EPUT)	30 March 2017	NHSI
EPUT comes into being and all assets are transferred	1 April 2017	Interim Board of Directors
New Council of Governors elected from membership and appointed, new Chair and Non-Executive Directors appointed, confirmation of CEO and Executive Directors posts and formal creation of substantive Board of Directors	Sept 2017	Board of Directors of EPUT
Benefits review to ensure early merger benefits have been realised/are on plan to be realised and move to “business as usual” for the new Trust	Oct 2017	Board of Directors and Council of Governors of EPUT

**What actions are you taking before and during the merger process to ensure that service performance is protected and that patient experience is not sacrificed?**

Both Trusts have undertaken a comprehensive due diligence process to understand each other's' operations and clinical strengths and weaknesses. We used our CQC inspection information, reports and action plans to inform this due diligence. We used our own staff to make the assessment but asked PricewaterhouseCoopers (PwC) to provide an external quality assurance report to both Trust Boards that the process had been thorough and comprehensive. Their report was submitted to Trust Boards in July, with follow up recommendations in October and the Trusts confirmed in November that all recommendations had been completed. PwC confirmed that the process undertaken “has been robust” and in line with guidance issued by NHSI.

The due diligence has helped us to populate a risk register that ensures that the most significant operational risks are managed transparently across both Trusts. Although the formal process of due diligence has now concluded, the Trusts' teams at all levels continue to work on integration plans and share information and risks with each other.

One of our key risks, identified early, was that the uncertainty of the merger may cause some staff to leave, or to make filling posts generally difficult. The two Trusts have made arrangements to share staff to provide cover for vacant posts. At the moment, Andy Brogan, SEPT's Executive Director of Nursing and Deputy Chief Executive, is covering the NEP Director of Operations post; SEPT's Chief

Pharmacist is covering the NEP position following the departure of NEP's postholder; SEPT's Director of IT is covering the NEP Head of IT post after the Interim NEP contract holder finished their assignment and several members of the SEPT IT Team are supporting the NEP IT team in general. Not only does this help set up the merged teams in EPUT, it also ensures operational continuity.

As we get closer to the actual date of the proposed merger – from about mid-March – and for a month afterwards, we will use a system of daily “sitreps” from the clinical and operational areas to ensure we identify any issues early. A “sitrep” is short for Situation Report and is a rapid assessment submitted each day to the Executive Management Team. The report covers, for example, staffing levels, bed capacity, caseloads for community teams, reported incidents and near-misses. This is routine management information for managing operational risk, but it will be submitted directly to Executive Directors on a daily basis to allow them to assess whether any issues are directly related to merger, or whether they are the normal operational issues that arise every day.

Finally, the changes for the proposed merger must be set in context of the overall transaction. There will be no significant changes to the clinical services brought about by the merger until the new clinical model is agreed with commissioners, service users and other stakeholders. This is scheduled for Quarter 3 of 2017/18 – from about October 2017. Until we have agreement on the new service model and any changes to service configuration – which will mean seeking the support of all three HOSCs, Essex Healthwatch, service users and the public in general including, potentially, formal consultation – the services continue to be commissioned and delivered much as they are now. In the first year, changes will be incremental and have been agreed as part of our contracts with commissioners for 2017/18.

The first year changes are in corporate services – creating a single Board, ensuring that corporate support services such as IT and estates are working together as a single team, reducing our overall corporate costs by approximately 15%. This allows a solid foundation for EPUT to work with commissioners and stakeholders to plan and deliver truly transformational clinical change from 2018/19 and beyond.

**Please outline actions you are taking to improve patient access to services after the merger is in place.**

As explained above, the common service offer is really defined in the proposed new integrated health and social care clinical model that is being co-produced with commissioners, service users and stakeholders at present. We are asking the East of England Clinical Senate for a review of the proposed model on 6<sup>th</sup> February as part of our process of ensuring that the model delivers best practice in clinical and social care. Once we have broad agreement from the commissioners and stakeholders helping us create this model we would expect to, around October 2017, launch an engagement exercise to explain the new service model and what this would mean for service users and the public in general.





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We anticipate that there will be significant service changes – both in the way a service is delivered and, in some cases, from where it is delivered. We anticipate we will need to undertake a formal public consultation exercise and we have scheduled for the time period of October 2017 to March 2018. Having heard the views of the public and stakeholders, and after making any necessary adjustments to our plans, we will be in a position to start to implement a new model from April 2018.

It is important though to recognise that the proposed new Trust is only one half of the equation. A common service offer depends as much on those commissioning services as it does on those delivering the service. An Essex-wide mental health strategy, reflected in the three STP footprints covering Essex, is essential to ensure there is a common service for the population of Essex, whether they are based in Essex County Council areas or Thurrock or Southend on Sea local authorities' areas. We would expect that commissioners will define some services, for example in patient services, at an Essex county level and would want and expect the same service everywhere. However, we know that the needs of the population we serve is not the same across the whole county and so we also expect some local variations to services.

**Will differences in service quality and access across the county be 'ironed-out' post-merger i.e. a common service offer? If so, how?**

Differences in access will be answered largely by the commissioning process outlined above. If commissioners specify local variations for a service there will potentially be differences in access. We would highlight commissioned differences and their consequence to commissioners and stakeholders prior to agreeing to deliver the revised clinical model.

Quality, however, is a different issue. It is absolutely our aim to ensure that service quality is uniformly excellent throughout all the services that EPUT offers in all locations.

We have a three-tiered approach to addressing quality issues. Firstly, we must ensure that legacy quality issues are fully resolved. Both NEP and SEPT had a CQC inspection in autumn 2015 and both Trusts have been working through their agreed action plans with the CQC to address any issues that were found.

SEPT's management reported to its Board in October 2016 that all actions had now been completed and implemented a two stage test of assurance and audit to confirm that all actions, as recommended by and agreed with the CQC, had now been completed.

NEP's action plan was more far reaching and the NEP management team continues to report the progress of the recommended action plan to its Board each month. As part of the agreement between the two Trusts to merge, as well as its commitment to the CQC and NHSI, NEP will complete its action plan by 31<sup>st</sup> March 2017.

Our second approach is to ensure that the processes and policies that govern quality within EPUT are established and in place from Day 1. Clear plans are in place to establish harmonised processes that are most crucial; for example, adverse and serious incident reporting; complaints handling and safe staffing management. We will run other processes in parallel until full harmonisation has taken place in a managed and safe way during the first 12 months post transaction.

A policies workstream for the merger is in place and has established a clear plan and schedule for policy / procedure harmonisation and communication of these to staff. This approach will provide a robust framework within which staff will operate within the new organisation from day 1 onwards, as well as appropriate controls in terms of policy development and implementation. These plans and this approach form a key part of the assessment by both NHSI and Grant Thornton as to whether the transaction is being managed well. All staff will be communicated with in the middle of March to provide them effectively with a “New Trust Guide”, giving them clear notification on what will change on Day 1 and what remains the same.

Of course policies and procedures are only as good as the people who implement them. The third important part of our approach to ensuring quality is improved under EPUT is a comprehensive organisational development programme. This has begun pre-merger and includes engagement with staff and stakeholders regarding the new Trust’s agreed objectives and key performance indicators and continues with a £500k investment in a full organisational development programme in the first year of the Trust to invest in the culture, training and development of all staff.

**How will you ensure good social care is also offered for MH patients after the merger, particularly bearing in mind the different staff structures at NEPFT and SEPT at the moment?**

Both Trusts have well-established partnership relationships with Essex County Council and it is anticipated that the proposed merged Trust will continue to build on the strengths of these partnerships. The two existing 5 year Section 75 Partnership Agreements for the two separate geographical areas will continue to be in place on 1<sup>st</sup> April 2017 and, therefore, also the current employment arrangements for social care staff. Going forward (2017/18), the new merged Trust will be working with Essex County Council on a review of Social Care and the Section 75 Partnership Agreements. This is in line with social care commissioning timelines.

It is expected that on day 1 of the new organisation it will be ‘business as usual’ for front-line social care delivery and that, for example, a service user in Harlow will continue to have the same access to a personal budget as a service user in Basildon.

As Partnership Trusts, we recognise the need for strong and consistent social care leadership within the new merged organisation to ensure the continued delivery of the Section 75 KPIs and the development of a service model that embraces recovery



and social inclusion. We will continue to provide this leadership through a structure that recognises and reflects the significance and voice of our Local Authority partners, while also meeting the requirements of operational management.

The NEP and SEPT social care leadership teams started to meet jointly from January 2017 to share learning and identify areas of strengths, as well as potential 'gaps' within social care service delivery. The social care leadership teams are committed to the further development of social work in the merged organisation using a strengths-based approach that focuses on creating sustainable models of service user-centred care, placing the service user at the heart of service delivery.

In addition to the good structural and professional synergy that already exists, the benefits of shared expertise and management across a new merged organisation aims to improve the access to specialist and, in some cases, award-winning services such as the Essex-wide Employment Services, Family Group Conference Adult Mental Health Service, Open Arts, and Your Health, Your Life carers' courses.

Some changes have already been implemented, and these have been driven by ECC mental health commissioners. The Trusts' Associate Directors for Social Care have been working with ECC mental health commissioners on the establishment and pathways to the new Mental Health Care and Assessment Team (MHCAT). This ECC-managed service was launched in mid-Essex on 25/01/2017 and is planned to be rolled out across Essex. This MHCAT supports the merged Trust's emerging integrated clinical model and will be providing social care services for people with mental health needs whose health needs are managed within primary care.

The AMHP service will continue to be operationally managed by the two existing AMHP Hubs – one in the south, based at Basildon Mental Health Unit and one for the North, based in mid-Essex. The AMHP forums across the whole of Essex will be joined up to maximise on professional expertise and support. During 2017/18, the merged organisation will work with ECC commissioners on the development of a centralised AMHP service.

### **Please indicate how you are implementing NICE Guidance on Self-Harm.**

SEPT undertake baseline compliance reviews on all NICE guidance as it is published and have policies on suicide prevention and self-harm aligned to the NICE guidance. As part of their Sign up to Safety programme, SEPT has a suicide prevention workstream which identifies audits to be undertaken within their clinical audit programme covering risk management and care plans after an incident of self-harm. During 2017, re-audits will be carried out to ensure that any learning and the new suicide prevention training has been embedded and, therefore, shown a continual improvement.

Nice Guidelines gap analysis is a process NEP undertakes to measure the quality of the care the Trust offers and to assess whether it is line with current NICE guidance as evidence based. It allows the Trust to compare its performance against a standard to see how it is doing and identify opportunities for improvement. Changes can then be made, followed by further audits to see if these changes have been successful. NEP also has a suicide prevention workstream as part of their Sign Up to Safety Programme.

SEPT are rolling out further specialist suicide prevention training from Connecting with People. Connecting with People is accredited by the Royal College of Psychiatrists. They have a variety of modules available of which the Trust has purchased three; Suicide Awareness, Suicide Response Part 1 and Suicide Response Part 2. The training is based on evidence from people who have survived serious suicide attempts and now work in the field of prevention. It comes from the premises that people at the point of taking their lives are ambivalent and, actually, do not want to die. They do, however, want their distress to end.

NEP runs a two day Storm training. This is a package designed to help clinicians build on existing skills and to develop more comprehensive and robust risk assessment and risk management strategies, with the aim of minimising the risk of suicide and self-harm for service users. The course covers the following:

- Understanding self-harm and suicide
- Assessment of risk
- Immediate safety planning
- Problem solving
- Future safety planning
- Self-injury mitigation

EPUT will continue to review all NICE guidance and compliance to the guidance. EPUT will continue to roll out staff training, take the Sign Up to Safety workstream forward and undertake further clinical audits to monitor the effectiveness of the proposed new Trust's approach.

### **Acronyms used in report:**

AMHP	Approved Mental Health Professional
CEO	Chief Executive Officer
CQC	Care Quality Commission
ECC	Essex County Council
EPUT	Essex Partnership University NHS Foundation Trust ( <i>proposed new Trust</i> )
FBC	Full Business Case
HOSC	Health Overview and Scrutiny Committee
IT	Information Technology
KPIs	Key Performance Indicators
MH	Mental health
MHCAT	Mental Health Care and Assessment Team
MPs	Members of Parliament
NEP	North Essex Partnership University NHS Foundation Trust
NHS	National Health Service
NHSFT	NHS Foundation Trust
NHSI	NHS Improvement
NICE	National Institute of Clinical Excellence
PwC	PricewaterhouseCoopers
SEPT	South Essex Partnership University NHS Foundation Trust
STPs	Sustainability & Transformation Plans

### **Further reading**

NHSI have published a literature review of how mergers can be made to work better for patients. This has helped inform the two Trust Boards in terms of planning for the merger and is helpful background reading for anyone interested in the merger transaction. It can be accessed at <https://improvement.nhs.uk/resources/how-make-nhs-mergers-work-better-patients/>

### **Report prepared on behalf of:**

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