

HEALTH AND WELLBEING BOARD		AGENDA ITEM No. 7(c)
27 MARCH 2014		PUBLIC REPORT
Contact Officer(s):	Ann McHugh, Communications Specialist, Peterborough and Stamford Hospitals NHS Foundation Trust	

PROCUREMENT TO OPTIMISE USE OF PETERBOROUGH AND STAMFORD HOSPITALS NHS FOUNDATION TRUST'S ESTATE AND TO MINIMISE ITS LONG TERM DEFICIT

RECOMMENDATIONS	
FROM : Dr Peter Reading, Interim Chief Executive, Peterborough and Stamford Hospitals NHS Foundation Trust	Deadline date : 27 March 2014
<p>The Contingency Planning Team (CPT) appointed by the Regulator of Foundation Trusts, Monitor, published an Options Report in September 2013 which made recommendations to find a system-wide solution to the Trust's financial difficulties. The report concluded that the Trust is clinically and operationally sustainable, but not financially sustainable in its current form.</p> <p>The CPT recommended four courses of action which together could deliver a sustainable solution for local patients. The subsequent enforcement (The Monitor Enforcement Undertaking of 27 September 2013, amended February 2014) requires a tender process to be undertaken 'aimed at securing the maximum value for patients and taxpayers from the utilisation of the Licensee's assets.' The Enforcement Undertakings are under section 105 of the Health and Social Care Act (2012) and are offered by the Trust and accepted by Monitor.</p> <p>The Trust wishes to obtain the Committee's views on its Tender Plan. The Tender Plan is the work undertaken so far by the Trust to identify the preferred approach to and scope of the procurement transaction (tender). The Committee is asked to provide feedback at the meeting or directly to the Trust on tenderprocess@pbh-tr.nhs.uk.</p>	

1. ORIGIN OF REPORT

- 1.1 This report is submitted to Board following a request from Peterborough and Stamford Hospitals NHS Foundation Trust.
- 1.2 The Scrutiny Commission for Health Issues is also receiving a briefing on 18 March 2014.

2. PURPOSE AND REASON FOR REPORT

- 2.1 The purpose of this report is to present emerging thinking and to obtain the Committee's views on the Tender Plan. The Tender Plan is the work undertaken so

far by the Trust to identify the preferred approach to and scope of the transaction (tender).

2.2 This report is for Board to consider under its Terms of Reference No. 2.1 To bring together the leaders of health and social care commissioners to develop common and shared approaches to improving the health and wellbeing of the community.

3. MAIN BODY OF REPORT

3.1 As you will be aware, the Contingency Planning Team (CPT) appointed by the Regulator of Foundation Trusts, Monitor, published an Options Report last September which made recommendations to find a system-wide solution to Peterborough and Stamford Hospitals' financial difficulties.

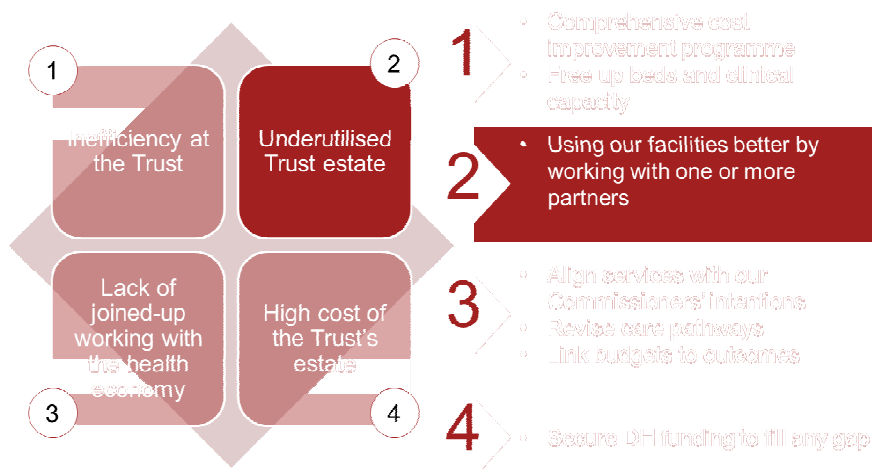
3.2 The report concluded that the Trust is clinically and operationally sustainable, but not financially sustainable in its current form. The CPT recommended four courses of action which together could deliver a sustainable solution for local patients.

3.3 The CPT recommended:

1. Tackling the inefficiency at the Trust - implementing a comprehensive cost improvement programme within the Trust and the local health economy.
2. Making better use of the Trust's estate – launching a competitive tender designed to test whether the Trust's assets can be used in ways which would further reduce its deficit.
3. Rapidly progressing joined-up working across the local health economy - driving cross-health economy working on revised pathways of care.
4. Seeking support from the Department of Health to bridge any residual deficit.

Monitor has asked the Trust's Board of Directors to implement the CPT recommendations.

3.4 With respect to Recommendation 2, the Board has started to undertake an open, fair and transparent competitive tender exercise and we are currently preparing a Tender Plan to explain how we intend to achieve this.



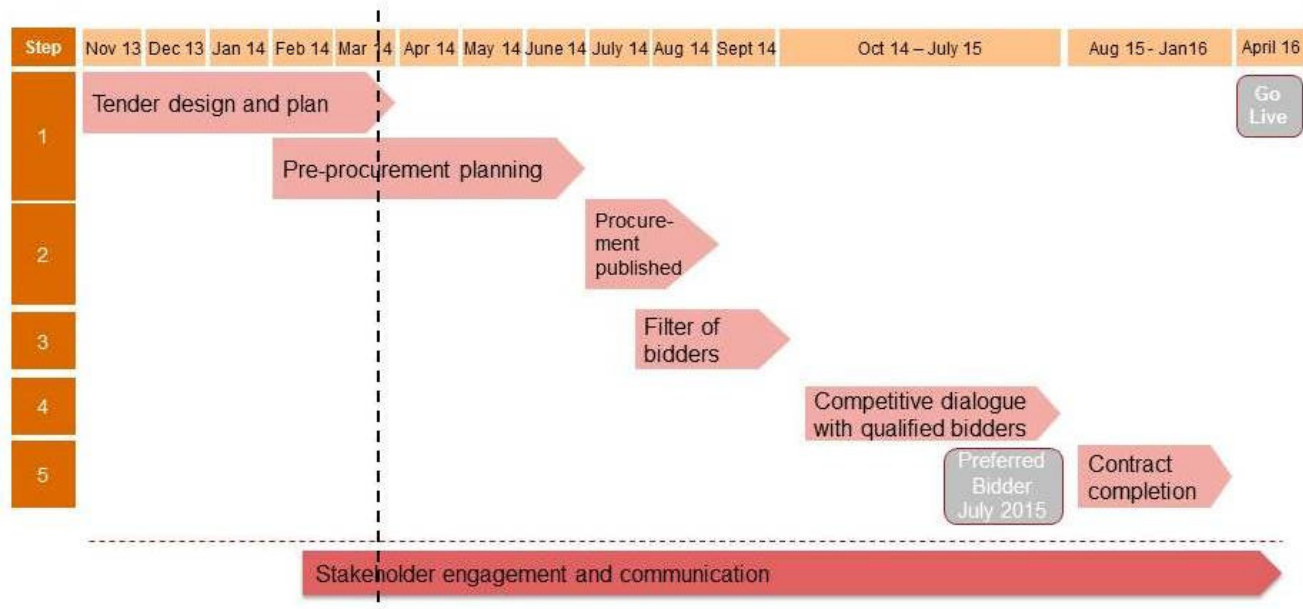
4. CONSULTATION

- 4.1 At this stage we do not know the outcome of the tender, which is likely to evolve during the competitive dialogue phase – see outline timeline on the next page.
- 4.2 From the perspective of the Trust there are currently no changes to the services proposed on which to consult. We are however committed to continuing our engagement with the public, patients and other stakeholders, and we will continue to seek their views.

Stakeholder engagement

- 4.3 We are actively engaging our stakeholders about the evaluation of the tender at this stage. We plan to report back at key stages, where we are able to do so. As we progress through the tender process and during the competitive dialogue phase (expected to start in autumn 2014), our ability to maintain fully open engagement is likely to become increasingly limited by the need to preserve commercial confidentiality.

Competitive tender outline timeline



5. ANTICIPATED OUTCOMES

- 5.1 The options being considered for the Tender Plan are being developed from the [CPT report](#), which was adopted by the Trust in September 2013. The Tender Plan options are:
1. One or more new providers delivering services from the estate
 2. An integrated, joint venture for example, secondary and primary care
 3. A merger between acute hospitals (including acquisition)
 4. A new operator running the Trust's services (franchise model).
- 5.2 Whatever the outcome, services would continue to be run from Peterborough City Hospital and Stamford Hospital sites.

- 5.3 The outcome must be in the context of the Trust maintaining and improving the quality of both clinical outcomes and patient experience – thereby maintaining or improving quality for patients, including the benefit from access to high quality local health services.

6. REASONS FOR RECOMMENDATIONS

- 6.1 The Monitor Enforcement Undertaking of 27 September 2013 (amended February 2014) requires a tender process to be undertaken ‘aimed at securing the maximum value for patients and taxpayers from the utilisation of the Licensee’s assets.’ The Enforcement Undertakings are under section 105 of the Health and Social Care Act (2012) and are offered by the Trust and accepted by Monitor.

7. ALTERNATIVE OPTIONS CONSIDERED

- 7.1 The options are being developed from the [CPT report](#), which was adopted by the Trust in September 2013. The report forms part of our obligations to Monitor, and has been approved by Monitor and is therefore not open to change.
- 7.2 However, we are able to take your comments on the Tender Plan and its options, in particular any advantages or concerns that strike you in relation to these options.

8. IMPLICATIONS

- 8.1 The draft objectives of the Tender are framed within the context of the Trust’s overall vision of ‘Delivering excellence in care; in the most efficient way; in hospitals where it’s great to work’. The draft tender objectives are:
1. Maintain or improve quality for patients
 2. Maintain or improve clinical and operational sustainability of the hospitals
 3. Contribute to the financial sustainability of the hospitals and minimises Department of Health support
 4. Deliver value for money such that the contribution to future financial sustainability exceeds what could be delivered by the Trust acting alone and significantly exceeds the costs of the tender exercise
 5. Contribute to the development of health and social care service delivery and the long term financial sustainability of the local health economy
 6. Maximise the use of the hospitals’ estate
 7. Deliver a solution that has the flexibility to facilitate the future development of health and social care services in the health economy and allow it to respond effectively to future service and financial challenges
 8. Ensure the Trust is able to retain and recruit staff of the necessary calibre to deliver quality services

9. BACKGROUND DOCUMENTS

- 9.1 The options are being developed from the [CPT report](#), which was adopted by the Trust in September 2013.