

Save South Tyneside Hospital Campaign Response to the Announced Merger Between South Tyneside NHS Foundation Trust and City Hospitals Sunderland NHS Foundation Trust

September 24 2018

The Executive Boards of South Tyneside and City Hospitals Sunderland NHS Foundations Trusts on July 30, 2018 “agreed to explore a merger with a start of nine weeks of engagement with all stakeholders as both Trusts progress plans are to come together as one.” The announcement indicated that this “engagement” with “stakeholders” would last until September 28, 2018.

At the same time they launched “their ‘*Stronger Together*’ shared strategic ambition”, outlined in the following words:

- “expand and develop services to benefit more people across South Tyneside and Sunderland by delivering excellent patient care”
- “remove unnecessary organisational boundaries and create a joined-up ‘system’ for patients so that they experience more seamless care”
- “transform the use of digital technology by joining up IT systems to improve patient care and experience”
- “make initial savings of £8 million by 2023 by streamlining processes and reducing duplication”
- “attract and retain more highly skilled staff by building a bigger Trust and a more resilient organisation that is fit for the future”
- “improve capacity for clinical trials, innovation and research and ability to attract more investment into the local NHS”
- “attract more new graduates and junior doctor trainees into South Tyneside and Sunderland by building on both Trusts’ strong reputations for high quality education and training.”

Summary of the Save South Tyneside Hospital Campaign Response

- The Trusts are avoiding their responsibility to properly consult (staff, citizens / patients, governors, local authority). Underpinning this is their assertion that the merger will have no impact upon clinical services.
- The timing of the merger is not a coincidence. It will facilitate the 'Path to Excellence', the downgrading and closure of services at South Tyneside Hospital, by removing structures in South Tyneside such as governors and union representation that serve to protect staff and services, and that give the people of South Tyneside a louder voice. The Trusts refer to this as "removing unnecessary organisational boundaries".
- This is also a precursor for staff transfers into the Sunderland-based arms-length private company 'Choices'. Unison has properly surveyed its members at South Tyneside District Hospital and the vast majority reject the merger and all have major concerns.
- This is not a merger but a takeover. It is the government policy implemented by NHS England and NHS Health Improvement of having imposed the incoherence of market takeovers on the NHS and replaced public authorities. This is now going full circle from public health authorities to the take over of “Sustainability and Transformation Plans” and American style “Accountable Care Organisations” to manage this incoherent health market. This whole direction for the NHS means that health staff and the communities are further locked out of any say, whilst the commercial interests rather than clinical needs hold sway by this system which includes these increasing “mergers” in the NHS.

- The misleading concept behind this takeover is that of the Trusts being 'stronger together'. A new direction would not be based on mergers that claim “stronger together”, but a direction where the vital health services we need are stronger and accessible to all. It would not be based on this merger to remove what safeguards we have, which give some input into the decisions on our health services, but a new direction where the vital health services we need are stronger because we as people are that new authority together fighting for those services based on what health services in a modern society should be like now. A Health service where we have the access in South Tyneside, like every other borough and city, to these vital acute & emergency, community and mental health services at our hospitals now and in the future.

Avoiding their responsibility to properly consult.

What was not mentioned was the reason for the timing of this announcement. Why now? The merger comes right in the middle of the clinical review undertaken by the CCGs called the “path to excellence”.

At subsequent stakeholder meetings it is being claimed by Trust Executives that the merger is “separate from the review of clinical services” which has lead so far to the proposed downgrading of acute services at South Tyneside Hospital. This is emphasised by the Trust Executives because it is claimed that if the merger has nothing to do with the clinical changes then there is no obligation on the part of the two Trusts to do a full consultation with the people of South Tyneside and Sunderland on the merger yet they are going this “extra mile” with stakeholder events even though they don't have to – so the people of South of Tyneside and Sunderland should be grateful to them! In fact Ken Bremner the CEO of both Trusts made this point to the Health and Well-being Board at its last meeting.

We know the merge will facilitate the clinical services review, which will see services removed from South Tyneside to Sunderland. They can say as much as they like about it is two separate processes - it is a twin track approach. Recently South Tyneside College and Tyne Met College did a full public consultation on merging college services even though they would still be delivering courses at both sites, the only direct change was becoming one body - if they can do it for a college why not for something so vital as health care and people lives.

This state of affairs is completely unsatisfactory, because in other words the aim is to do as least as possible by pretending that the merger has nothing to do with the downgrading of services at South Tyneside Hospital. And what about the 2,500 people employed at South Tyneside Hospital and community services. According to the National Health Service Act, 2006 it states on mergers paragraph 56 that:

- (7) The applicants must consult about the application in accordance with regulations.
- (8) In the course of the consultation the applicants must seek the views of—
 - F2(a).
 - (b) the staff employed by the applicants,
 - (c) individuals who live in any area specified in the proposed constitution as the area for a public constituency,
 - (d) any local authority that would be authorised by the proposed constitution to appoint a member of the board of governors,
 - (e) if the proposed constitution provides for a patients' constituency, individuals who would

be able to apply to become members of that constituency,

(f)any prescribed persons.

So, firstly consultation is mentioned by the Act on merger in relation to the staff employed by the applicant, individuals who live in any area specified in the proposed constitution as the area of public constituency and any local authority who has appointed members as governors which ours do. Whether this has been interpreted by the Trust as legally not consultation under the Act is not the point. It is unacceptable. What is more, has it been explained to the staff who are receiving surveys that the Trusts “must seek their views” under the act? We think it has not. All they have organised is a tick box survey exercise to back up their claim that they “have sort the views of the staff.” But is clearly not aimed at empowering the staff on deciding the matter of the merger. Nothing of the problems concerning travel for staff, or parking is clear within the statement. On recruitment, which they say the merger will solve, it is claimed that the changes in the clinical services is because of staff shortages. Yet, we know staff have already jumped ship to other hospitals, i.e. Gateshead and Newcastle rather than go to Sunderland. Also, Unison has conducted a proper survey of its members in South Tyneside District Hospital and according to their representative: “UNISON received over 400 completed surveys’ back. The majority **do not** want to merge. The few that say ‘yes’ to the merge still have major concerns. The staff has made it loud and clear they don’t want to work in Sunderland. UNISON will be submitting a response to the merger.”

Looking at their headline arguments for the merger, “Stronger Together”.

Who will be stronger? Firstly, will the merger “expand and develop services to benefit more people across South Tyneside and Sunderland by delivering excellent patient care”. There is no expansion about the present Alliance plans for services with consultant led 24/7 Children's A&E, Consultant led maternity and stroke all under threat at South Tyneside Hospital. Those services will only be available in full at Sunderland Royal and other Hospitals in the region.

It seems to us that the merger is aimed at facilitating the contraction of services when they state it is to “remove unnecessary organisational boundaries”. Is having a South Tyneside elected Board of governors, a South Tyneside Staff-side and trade unions and staff employed in South Tyneside an “unnecessary organisational boundary”? We think not this “boundary” is a good thing that ensures at least that South Tyneside Health Care Trust answers in some way to the people of South Tyneside. Certainly, it presents an obstacle to commissioning and so-called Health improvement bodies increasingly driven by a corporate agenda that cuts publicly provided services to create scarcity for a profitable health market.

Secondly, SSTHC, also believes that the timing of this merger is aimed at removing these “unnecessary organisational” boundaries to facilitate the path of transferring some clinical staff to City Hospitals Sunderland and all non-clinical staff to their private subsidiary company *Choices*. At the moment most staff are employed by South Tyneside Health Care Trust on an in-house South Tyneside Foundation Trust contract with NHS terms and conditions and pensions. The merger is likely to be used to further undermine job security and terms of conditions of staff.

Thirdly, is this a merger? This is a very important question. It is well known that in particular Stephen Hepburn MP has rightly described the alliance and the present merger as a “takeover and not a merger.” In fact, the official FAQ on the merger rather guiltily says in its first question. “Is this a genuine merger or a takeover?” Then it answers itself; “It is a merger. We would like to formally merge our two Trusts and work together as ‘one’ to provide long term operational and financial sustainability and maximise the benefits of becoming one bigger, stronger NHS organisation for the future.” The Oxford dictionary says a *merger* is; “a combination of two things, especially companies, into one.” It also defines a *takeover* as; “an act of assuming control

of something, especially the buying out of one company by another.”

So the issue is that it is the combination of two Foundation Trusts into one. But it is also an act of City Hospitals Sunderland “assuming control” of South Tyneside Foundation Trust. So it is both a combination of the two Trusts and one Trust assuming control of the other. Therefore it is both a *merger* and a *takeover*. The more important point though is that most mergers and takeovers fail to produce the savings claimed. KPMG conducted research into mergers and takeovers show that up to 90% fail. Yet, KPMG is being paid an undisclosed sum to advise on the merger of CHS and STFT! Even though in the NHS we are forced to rely on an in-house assessment of previous “mergers” and not KPMG!

The second edition of the joint publication of NHS Improvement with Cass Business School in their document *Mergers in the NHS: lessons learnt and recommendations*¹ it firstly becomes clear that it is indeed NHS Trusts that “acquired” another NHS Trust – i.e. takeovers. In all the mergers and takeovers they examined and approved amount to 7 between 2010 and 2016. It also becomes clear that they recommend takeovers are best pre-determined by a shadow management structure within the target organisations. “There were benefits to early access to the target organisation in introducing a new management and governance culture before full management control was enforced.”² CHS did not have to establish a shadow management structure as they actually took over the Executive Board of the STFT in 2016!

So, South Tyneside NHS Trust according to the NHS Health Improvement is the “target Trust”. Of course, they lump all of the target Trusts in the “failing” group category which many like STFT were not in fact at the time of the establishment of the joint Executive Board. STFT was in a better financial position than CHS.

NHS improvement admits the predatory interests of the takeover NHS Trusts as; “acquiring organisations who quoted the acquirers financial interest as a key reason for merging also reported that, to date, the transaction had been successful in reducing (or delaying) projected financial deficits.”

This is certainly true of CHS. The 2015/2016 independent auditors report³ for City Hospitals Sunderland pointed out:

“The Trust expects to have sufficient cash for at least 12 months from the date of our report (31 March 2016) to meet its liabilities as they fall due, but this is contingent upon the achievement of a Cost Improvement Plan (CIP) target of £14.0m (of which £4.9m is yet to be identified) and receipt of additional Sustainability and Transformation Funding (STF) of £10.6m. This STF is contingent upon the achievement of a number of conditions. There is no certainty over the achievement of the 2016/17 CIP nor the conditions attached to the STF, either of which could have a significant adverse impact on the financial performance and cash flows of the Trust in 2016/17 to continue as a going concern.”

SSTHC highlighted the worse financial position of City Hospitals Sunderland relative to South Tyneside Foundation Trust prior to the alliance as we suspected that this was one of the main reasons for their enthusiasm to downgrade South Tyneside Hospital and take over the “financial interest” of South Tyneside acute services. At the same time, we targeted the government's deliberate underfunding of both our hospitals as the reason behind this scramble for health contracts at the expense of accessible health care for all.

At the recent 2018 AGM of STFT it was revealed that far from the alliance having a beneficial

1 https://improvement.nhs.uk/documents/1985/Mergers_in_the_NHS_update_2017.pdf

2 Ibid. Page 12

3 Independent Auditors' report to the Council of Governors of City Hospitals Sunderland NHS Foundation Trust – March 31 2016

effect on the finances of both Trusts now STFT auditors reported “material uncertainty” of STFT “as a going concern.”⁴

In other words, the whole advice, plans and approval put forward by NHS Improvement on “mergers” show that this NHS “authority” encourages predatory takeovers of NHS Trusts and non-Trust NHS bodies based on financial considerations is one of the main factors that is driving these Trusts and the NHS into further financial uncertainty. It could be further said that the whole notion of Public Authority planning and providing health care has disappeared from the NHS through the Health and Social Care Act, 2012, the National Commissioner “NHS England” and NHS Improvement.

In this way the government policy implemented by NHS England and NHS Health Improvement having imposed the incoherence of the market takeovers on the NHS now in the updated 2017 version of document *Mergers in the NHS: lessons learnt and recommendations* recommends the “strategic aims of mergers should take into consideration the strategic aims of the wider health economy.”⁵ This full circle from public health authorities to the take over of “Sustainability and Transformation Plans” and American style “Accountable Care Organisations” to manage this incoherent health market. This whole direction for the NHS means that health staff and the communities are further locked out of any say, whilst the commercial interests rather than clinical needs hold sway by this system which includes these increasing “mergers” in the NHS.

Conclusion

The misleading concept behind this takeover is that of the Trusts being 'stronger together'. A new direction would not be based on mergers that claim “stronger together”, but a direction where the vital health services we need are stronger and accessible to all. It would not be based on this merger to remove what safeguards we have, which give some input into the decisions on our health services, but a new direction where the vital health services we need are stronger because we as people are that new authority together fighting for those services based on what health services in a modern society should be like now. A Health service where we have the access in South Tyneside, like every other borough, to these vital acute & emergency, community and mental health services at our hospitals now and in the future.

4 Annual Report and Accounts 2017/2018

5 *Mergers in the NHS: lessons learnt and recommendations* Page 10