



Decision to Proceed to Phase II

Merger of Ealing Hospital NHS Trust and North West London Hospitals NHS Trust

1. North West London Hospitals NHS Trust (North West London Trust) and Ealing Hospital NHS Trust (Ealing Trust) are proposing to merge. The Cooperation and Competition Panel (CCP) accepted the transaction for review on 16 December 2011.¹

PARTIES

North West London Trust

2. North West London Trust provides hospital-based routine elective and non-elective services (including accident and emergency services) from two hospital sites in north-west London: Northwick Park (including St Mark's hospital) in Harrow; and Central Middlesex Hospital in Park Royal. North West London Trust also provides a range of specialist services from its Northwick Park site (including stroke care, vascular surgery and colorectal and intestinal medicine) and some community-based services in the Brent and Harrow areas of north-west London. North West London Trust received income of approximately £370 million for the financial year 2010/11.

Ealing Trust

3. Ealing Trust provides hospital-based routine elective and non-elective services (including accident and emergency services) from Ealing hospital in north-west London. Ealing Trust received income of approximately £133 million for the financial year 2010/11. Since 1 April 2011, Ealing Trust has also provided the majority of community healthcare services across the Brent, Harrow and Ealing PCT areas of north-west London and expects to receive approximately £96m from these services over the financial year 2011/12 (in total, Ealing Trust is expected to have an income of approximately £221 million for the financial year 2011/12).

ISSUES

4. The merger brings together two previously independent organisations (North West London Trust and Ealing Trust) that each provide a range of hospital-based routine elective and non-elective services and community health services in north-west London. The merger may remove a competitor to each of the merger parties for these services.
5. The CCP assesses mergers pursuant to Principle 10 of the Principles and Rules for Cooperation and Competition (Principles and Rules).² Where a merger does not materially reduce the competitive pressure upon the merged organisation (because there remains sufficient

¹ The Notice of Acceptance is available at www.ccp-panel.org.uk.

² Principle 10 provides: 'Mergers, including vertical integration, between providers are permissible when there remains sufficient choice and competition or where they are otherwise in patients' and taxpayers' interests, for example because they will deliver significant improvements in the quality of care.'

competitive constraint from other effective competitors) then the loss of a competitor is unlikely to have a material adverse effect on patients and taxpayers.

6. In Phase I the CCP considered the effect that the removal of a competitor in hospital-based routine elective, non-elective and community health services in north-west London may have on choice and competition.
7. The CCP has also considered whether the merger may create the ability and incentive for the merged organisation to refer patients to its own healthcare services rather than give patients, and their GPs, the opportunity to consider other potential providers. This ability and incentive may reduce patient choice and may also reduce the extent of competition between providers.

INTENTION TO PROCEED TO PHASE II

8. The Panel has concluded that there is a realistic prospect that the merger between North West London Trust and Ealing Trust may result in a material adverse effect on patients and taxpayers. The CCP considers that further analysis is necessary and will now proceed to Phase II.
9. In Phase II the CCP will consider in detail the extent to which other providers of hospital-based routine elective, non-elective and community health services would provide a competitive constraint on the merged organisation. The CCP will also consider the extent to which the merger may change existing referral flows between providers and the impact of any change on patient choice and competition.
10. During Phase II the CCP will gather further information and carry out further analysis, to decide whether or not the merger is likely to have a material adverse effect on patients and taxpayers. The CCP will also evaluate the arguments and evidence submitted by the parties in relation to any benefits to patients and taxpayers that may arise from the merger. The deadline for completion of Phase II is 13 June 2012.

Cooperation and Competition Panel
15 February 2012