

Trust Headquarters
Cobbett House
Manchester Royal Infirmary
Oxford Road
Manchester
M13 9WL

Nick Warren
Inquiry Director
Co-operation and Competition Panel
Room GC10
1 Horse Guards Road
London
SW14 2HQ

3 November 2011

Dear Nick

Acquisition of Trafford Healthcare NHS Trust

Further to our meeting on 5 October 2011 and subsequent e-mails and telephone conversations, I am now able to provide you with the initial documentation to commence the CCP assessment of the proposed acquisition of Trafford Healthcare NHS Trust (THT) by Central Manchester University Hospitals NHS Foundation Trust (CMFT).

I will provide a short chronology of events to date:

- 26 November 2010 – THT Board confirms that the Trust will not be able to achieve Foundation Trust status as a standalone organisation, and agrees to pursue acquisition by an existing FT.
- March 2011 – Tripartite Formal Agreement (TFA) agreed between THT, NHS North West (SHA) and DH Provider Development Agency
- 4 April 2011 – Acquisition prospectus launched. CMFT invited to express an interest along with University Hospitals of South Manchester FT (UHSM) and Salford Royal Hospitals FT (SRFT)
- 10 June 2011 – Bid proposals submitted by CMFT and UHSM
- June/July 2011 – THT undertakes comprehensive evaluation of bids received, in collaboration with key stakeholders and expert advisers
- 26 July 2011 – CMFT selected as Preferred Acquirer by THT



Awarded for excellence



INVESTOR IN PEOPLE
Incorporating:-

Royal Manchester Children's Hospital ♦ Manchester Royal infirmary ♦ Manchester Royal Eye Hospital
♦ Saint Mary's Hospital ♦ University Dental Hospital of Manchester



- 13 Sept 2011 – MoU agreed between CMFT and THT, confirming CMFT as Preferred Acquirer
- 24 Oct 2011 – commercial terms agreed between CMFT, Greater Manchester PCT Cluster (the NHS Commissioner), Trafford Primary Care Trust, and NHS North West, in signed Heads of Terms document

Key future dates are as follows:

- 31 Dec 2011 – agreement of form of Business Transfer Agreement
- 31 March 2012 – transfer of assets, resources and staffing to CMFT and Dissolution of THT

I can confirm that the acquisition is on an “as is” basis. The changes that will be implemented on acquisition will be limited to those relating to corporate leadership and back office (non-clinical) services.

The 2011/12 financial plans for THT identify an income level of £95.7m. However, this position is supported by additional funding (over PbR tariff payments) from the Commissioner and the SHA that will amount to £14.4m during 2011/12. This is in addition to historic debt carried forward from previous years. CMFT’s planned income for 2011/12 is £719.7m, and the Trust has an FRR of 3.

Both organisations have unconditional CQC Registration. CMFT has a Monitor Governance Risk Rating of Amber/Green. THT has CNST Level 2 accreditation for General and Acute services. CMFT has CNST Level 2 accreditation for General and Acute services, and CNST Level 3 accreditation for Maternity services.

The proposal is for a horizontal merger of two Trust providing acute hospital services in Greater Manchester. THT is a small District General Hospital providing a range of secondary acute care services, almost exclusively for the population of the borough of Trafford, and has no specialist or tertiary services. CMFT is a large tertiary and specialist Teaching Hospital providing a broad range of specialist and tertiary services for catchment populations spanning all of Greater Manchester and across the North West, as well as providing secondary acute care services for the central Manchester locality. Specifically, the existing CMFT service portfolio includes all of the range of services currently provided by THT.

The acquisition would reduce the number of acute NHS provider organisations in Greater Manchester from ten to nine. THT is (by some margin) the smallest acute provider in Greater Manchester, accounting for only 2.7% of all admissions, and 3.7% of elective admissions across the conurbation. CMFT has an existing market share of 16.5% of all admissions, and 18.1% of elective admissions. The combined entity would account for 21.8% of all admissions and 19.2% of elective admissions.

Even within the area of Trafford, THT is only the second biggest acute provider, accounting for 32.4% of all admissions for the Trafford PCT population. The relative market shares of the main acute providers for Trafford PCT are given in table 1 below.



INVESTOR IN PEOPLE
Incorporating:-

Royal Manchester Children’s Hospital ♦ Manchester Royal infirmary ♦ Manchester Royal Eye Hospital
♦ Saint Mary’s Hospital ♦ University Dental Hospital of Manchester

Table 1: Market share of Trafford PCT population activity for main NHS acute service providers – 2010/11

Provider	Percentage of all admissions	Percentage of elective admissions
UHSM	38.2%	32.5%
THT	32.4%	37.3%
CMFT	18.0%	17.5%
SRFT	4.5%	5.4%
Others	6.9%	7.3%
Total	100.0%	100.0%

It can be seen from this table that the Trafford population enjoys a greater diversity of acute service provision than many areas, even in the urban context.

In addition to this, the Greater Manchester Clinical Assessment and Treatment Service (GM CATS – a “Tier 2” service commissioned by PCTs in Greater Manchester and providing an alternative to hospital services) operates from a site within Trafford (Stretford) as one of its core service offer locations across the conurbation.

The existing services of THT are provided from three sites (Trafford General Hospital, Altrincham General Hospital, and Stretford Memorial Hospital), all of which are located in the borough of Trafford. The changes that will be implemented on acquisition will not have any impact on the range of services provided in Trafford, or the locations these are provided from.

There are a number of acute hospital service providers outside the borough that are accessible to the population of Trafford, as shown in table 2 below.

Table 2: Drive times to acute hospital service providers from Trafford General Hospital

Hospital/Service	Travel time
Trafford General Hospital (THT)	
Greater Manchester CATS (Stretford site)	13 mins
Hope Hospital (SRFT)	13 mins
Withington Community Hospital (Manchester PCT)	18 mins
Wythenshawe Hospital (UHSM)	20 mins
Royal Bolton Hospital (Royal Bolton Hospital FT)	20 mins
Manchester Royal Infirmary and associated hospitals (CMFT)	21 mins
North Manchester General Hospital (Pennine Acute Hospitals NHS Trust)	25 mins
Stepping Hill Hospital (Stockport FT)	26 mins
Warrington Hospital (Warrington and Halton Hospitals FT)	32 mins
Royal Albert Edward Infirmary (Wrightington, Wigan and Leigh FT)	32 mins
St Helens Hospital (St Helens and Knowsley NHS Trust)	32 mins
Whiston Hospital (St Helens and Knowsley NHS Trust)	32 mins



INVESTOR IN PEOPLE
Incorporating:-

Royal Manchester Children’s Hospital ♦ Manchester Royal infirmary ♦ Manchester Royal Eye Hospital
♦ Saint Mary’s Hospital ♦ University Dental Hospital of Manchester

In summary, there are four separate providers of comprehensive District General Hospital services available within 21 minutes drive time of Trafford General Hospital and a further six such providers within 35 minutes drive time.

It should also be noted that the proposed acquisition will have no impact whatsoever on arrangements for the provision of specialist, mental health, community or primary healthcare services.

It is expected that, following the acquisition, the Commissioners in conjunction with CMFT will pursue some reconfiguration of services. The intentions of this reconfiguration would be:

- To ensure that the services provided are safe and clinically sustainable
- To ensure that the services provided are financially viable

Many of the services currently provided by THT are comparatively small, and it is likely that for some of these it would be difficult to maintain a safe and effective clinical service across all current sites in the longer term. For these clinical teams the acquisition will provide the potential for integration into a larger service, and this should offer the potential to ensure the provision of safe and sustainable clinical care in the longer term, accessible in as many locations as possible.

Any reconfiguration of services is likely to require public consultation, and it is probable that this will be commenced in summer 2012. Confirmed plans arising out of consultation will then be implemented during 2013. The intention would be that any reconfiguration of services eventually implemented would secure a long term, safe and sustainable basis of clinical service provision, and also facilitate the complete withdrawal of any additional financial support from Commissioners. This intention underpins the commercial terms defined in the Heads of Terms agreement. Clearly, a reconfiguration programme of this sort would need to be the subject of a further assessment by the Co-operation and Competition Panel.

In support of the position described above, I am attaching the following documents:

- The THT Acquisition Bidder Instructions and Bid Prospectus (including NHS Trafford's Commissioning Intentions)
- The THT Board papers that reported on the outcome of the bid evaluation process (including the bid summary)
- The Memorandum of Understanding between THT and CMFT
- The Heads of Terms agreement between CMFT, NHS Manchester, Trafford PCT and NHS North West

The relevant contact arrangements at the two Trusts are as follows:

Central Manchester University Hospitals NHS Foundation Trust (acquiring organisation)
Oxford Road
Manchester
M13 9WL

Stephen Gardner, Project Director – THT Acquisition



Awarded for excellence



INVESTOR IN PEOPLE
Incorporating:-

Royal Manchester Children's Hospital ♦ Manchester Royal infirmary ♦ Manchester Royal Eye Hospital
♦ Saint Mary's Hospital ♦ University Dental Hospital of Manchester



Trafford Healthcare NHS Trust (organisation to be acquired)
Moorside Road
Davyhulme
Manchester
M41 5SL

Jessica Bradshaw, Project Director – THT Procurement

I hope this information provides a satisfactory starting point for the Co-operation and Competition Panel's assessment process. Please let me know as and when you identify further information requirements to support the assessment.

Yours sincerely

Stephen Gardner
THT Acquisition Project Director

Cc Jessica Bradshaw



Awarded for excellence



INVESTOR IN PEOPLE
Incorporating:-

Royal Manchester Children's Hospital ♦ Manchester Royal infirmary ♦ Manchester Royal Eye Hospital
♦ Saint Mary's Hospital ♦ University Dental Hospital of Manchester

