

BARNET AND CHASE FARM HOSPITALS NHS TRUST

Created in 1999 following a merger of the former Chase Farm Hospitals and Wellhouse NHS Trusts, the Barnet and Chase Farm Hospitals NHS Trust (BCF) provides services at its two general hospitals in Barnet and Enfield, and at four community hospitals in Barnet and Hertfordshire managed by other NHS bodies.

The BCF board concluded in July 2012 that for financial reasons it was not likely to become a foundation trust alone. At the end of November the then London Strategic Health Authority approved the recommendation of the strategic outline case submitted by BCF that the Royal Free should be asked to “proceed to develop an outline business case” for the acquisition.

The Royal Free has been working with our and BCF’s main commissioners and the regulators to explore the viability of such a transaction. The following are important elements of that question of viability.

a/ In its role as vendor on behalf of the secretary of state for health the NHS Trust Development Authority (TDA) would need to be satisfied that this were the best organisational future for the services presently managed by BCF.

b/ The competition regulator would have to be satisfied that such an acquisition did not substantially lessen competition, or, if it did, that that was outweighed by patient benefits.

c/ The solution would need to be affordable for commissioners and the wider NHS, by whom it would have to be supported.

d/ The Royal Free should not be damaged by the acquisition, such that it could no longer provide high quality of services or were caused recurrent financial problems.

Regarding b/ in August the competition regulator concluded that “the merged organisation would continue to face a range of competitors for its services, and therefore the merger was unlikely to give rise to significant costs to patients or taxpayers as a result of a loss of choice or competition”.

Naturally the Royal Free board is taking the lead throughout this process regarding d/, but that perspective will also be examined in detail by Monitor, the regulator of NHS foundation trusts.

Governance of the process is enabled by a vendor's and by an acquirer's programme board, each with much common membership.

Because of the recent reorganisation in the NHS and the vendor having modified its processes, the Royal Free has not yet submitted a business case to the vendor. Subject to continuing due diligence and a series of service level discussions between GPs and clinicians of the two trusts, that stage is approaching. If the TDA were to accept the business case, the next formal stage would be examination by Monitor. Assuming that all went well, the transaction could take place in the coming spring.

Royal Free
20 September 2013