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“They [NHS Improvement] have the skills to do that internally. They don’t need to commission it externally.”

In line with findings in the original review, some respondents agreed that the increase in CCGs hindered the successful delivery of integration plans, because of conflicting requirements. Other interviewees, however, felt the increase in commissioning stakeholders increased their influence as an organisation and the potential to standardise care pathways across a larger catchment area in collaboration with commissioners. Interviewees’ opinions were based on their experience with specific commissioners so our recommendation below was reconfirmed. However, based on somewhat similar situations in other regulated industries, it is likely that where commissioner demands are better aligned, the merger is more likely to succeed in delivering standardised pathways and benefits to patients.

Some respondents recommended a more joined-up approach between the NHS Trust Development Authority (TDA) and Monitor during mergers in line with our previous findings. Although this had not happened at the time of most of these mergers, the process is much more streamlined now that NHS TDA and Monitor operate jointly as NHS Improvement.

### **Recommendations for regulators and commissioners**

Consider allowing a longer performance holiday on a case-by-case basis or for specific areas and ensure this is respected by all regulators and commissioners involved.

Streamline the regulatory process to reduce the timeframe needed for approvals. **[Reconfirmed in 2017 update]**

Where multiple commissioners have conflicting views, NHS Improvement should work to support aligned commissioning. **[Reconfirmed in 2017 update]**

Increase close working among regulators to reduce the number of approvals required. **[Reconfirmed in 2017 update but an improvement was reported]**

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# Annex 1: Summary of recommendations for NHS trust boards (excludes recommendations for regulators and commissioners)

STRATEGIC RATIONALE	PRE-DEAL PERIOD	DUE DILIGENCE	NEGOTIATION	INTEGRATION PLANNING	INTEGRATION GOVERNANCE	EXECUTION	BENEFITS REALISATION	LEADERSHIP	CULTURE
<p>1) Make sure the aims of the merger are well understood at the outset by all parties involved, including non-clinical and clinical benefits.</p> <p>2) Make sure care quality benefits are articulated and funded as well as integral to the investment.</p> <p>3) Build all integration plan and be very clear about the specific changes needed to realise these benefits.</p> <p>4) The strategic aims of mergers should take into consideration the strategic aims of the wider health economy.</p>	<p>5) Get your own people working inside the target as early in the process as possible (in the remit of what is possible) to ensure you have a good understanding of what you can and cannot do. Secondments of members of the leadership team or management contracts have been useful in this regard and shadowing of less senior clinical managers.</p> <p>6) Ensure due diligence process covers all compliance issues including fire safety, equipment maintenance, IT, IT security, IT skills and other relevant areas.</p> <p>7) Deliver a detailed clinical due diligence process to the target. Do not cause behind headline figures and 'obscure' key issues relevant to the specific transaction.</p> <p>8) Merging parties should draw on the experience of other trusts to make sure clinical due diligence is thorough to reveal the process and issues behind waiting times and infection control figures.</p> <p>9) Merging parties should jointly commission due diligence for all parties, transparently, with the aim of securing a transaction deal that is the best value for the local NHS health economy as a whole.</p> <p>10) Identify preferred providers to deliver legal and other due diligence through the NHS procurement framework to ensure good value for money.</p> <p>11) Use the pre-deal period to deliver more due diligence to inform integration planning.</p>	<p>12) Be disciplined in assessing transaction funding requirements as well as in spending post-transaction.</p>	<p>13) Assess the readiness and ease of integrating each function and clinical specialty.</p> <p>14) Factor the likely post-deal dip in productivity into the integration plans.</p> <p>15) Include clinical staff in integration planning to keep plans realistic and engage staff with the change.</p> <p>16) Develop comprehensive integration plans detailing the level of integration for each function and specialty, such as IT. Detailed plans should be in place for the entire integration plan not just the first 100 days.</p> <p>17) Use a benefits realisation methodology to deliver post-merger integration, articulating clearly the benefits of integration or clinical transformation plans.</p> <p>18) Make sure plans detail how non-financial benefits will be realised.</p>	<p>19) Use internal staff where possible but bring in external mergers and acquisitions expertise if it is missing.</p> <p>20) Ensure that some of the people who develop the integration plan also implement it.</p> <p>21) Backfill internal staff delivering the integration plans to maintain business as usual during integration.</p>	<p>22) Do not underestimate the implications of running a merger or acquisition. Run an 'integration' management plan. Consider the distance between sites when deciding on the levels of integration among specialties at different sites.</p> <p>24) Get a grip on quickly as possible and starting levels across the two organisations in the transaction. Consider all relevant approvals have been obtained.</p> <p>25) Consult and get in writing the agreement of all relevant parties. Do not make assumptions about the standardisation of care when other stakeholders' approval is required for implementation.</p> <p>26) Develop and implement a strong Day 1 plan to enhance staff confidence in the new leadership and cultural integration.</p>	<p>27) Be realistic (conservative) when planning particularly clinical synergies.</p> <p>28) Create dedicated teams focused on realising all benefits and rigorously manage these teams.</p> <p>29) Understand and include the cost of aligning pay and starting levels across the two organisations in the transaction. Consider all relevant approvals have been obtained.</p> <p>30) Negotiate a realistic performance holiday of at least 12 months from both regulators and commissioners.</p> <p>31) Compare projections for both trusts with and without the merger, considering whether a merger should go ahead or not.</p>	<p>29) Tap into the experience brought by non-executive board members and other executives.</p> <p>33) Seek peer support from other NHS trusts who have recent mergers and acquisitions experience.</p> <p>34) Ensure that the integration team and operational integration leads are adequately resourced to deliver integration, while also ensuring a strong continuing focus on business as usual.</p> <p>35) Consider the synergy between planning the new organisational structure.</p>	<p>36) Do not underestimate the challenges of cultural integration. Develop and carry out a consistent and comprehensive programme.</p> <p>37) Ensure that the culture programme is 'deep' and includes cultural training and development workshops.</p> <p>38) Carry out cultural due diligence to understand differences in culture.</p> <ul style="list-style-type: none"> <li>Identify the desired cultural end-state and manage culture actively to achieve it.</li> </ul> <p>39) Provide the opportunity for clinicians to work with their colleagues within specialties across sites.</p> <p>39) Be honest from the start if it is an acquisition and not a merger of equals.</p>	

- 2015 recommendation
- Added 2016 update
- Reconfirmed 2016 update
- Reworded 2016 update



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