Mergers in the NHS: summary of recommendations for trust boards 2017

1) Make sure the aims of the merger are well understood at the outset by all parties involved, including both financial and clinical benefits.

2) Make sure care quality benefits are articulated and funded as well as financial ones and include the investment required to increase clinical quality in a failing trust (a key reason for most NHS acquisitions).

3) Build all expected benefits into the integration plan and be very clear about the specific changes needed to realise these benefits.

4) The strategic aims of mergers should take into consideration the strategic aims of the wider health economy.

5) Get your own people working inside the target as early in the process as possible (in line with what is permissible under the competition rules). Once you have CMA approval there are fewer restrictions on 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.

6) Ensure due diligence process covers all compliance issues including fire safety, equipment maintenance, adherence to minimum staffing levels and any other relevant areas.

7) Deliver a detailed clinical due diligence process to understand the root cause behind headline figures and ‘diagnose’ key issues relevant to the specific transaction.

8) Merging parties should draw on the experience of other trusts to make sure clinical due diligence is sufficiently thorough to reveal the process and issues behind waiting times and infection control figures.

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.

10) Identify preferred providers to deliver legal and other due diligence through the NHS procurement framework to ensure good value for money.

11) Use the pre-deal period to deliver more detailed due diligence to inform integration.

12) Be disciplined in assessing transaction funding requirements as well as in spending decisions post transaction.

13) Assess the readiness and ease of integrating each function and clinical specialty.

14) Factor the likely post-deal dip in productivity into the integration plans.

15) Include clinical staff in integration planning to keep plans realistic and engage staff with the change.

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.

17) Use a benefits realisation methodology to deliver post-merger integration, articulating clearly the benefits for patients of clinical integration and transformation plans.

18) Make sure plans detail how non-financial benefits will be realised.

19) Use internal staff where possible but bring in external mergers and acquisitions expertise if it is missing.

20) Ensure that some of the people who develop the integration plan also implement it.

21) Backfill internal staff delivering the integration plans to maintain business as usual during integration.

22) Do not underestimate the difficulties of implementing change due to the human factors of change management.

23) Consider the distance between sites when deciding on the levels of integration among specialties at different sites.

24) Get a grip on the cost of aligning pay and staffing levels across the two organisations in the transaction costs.

25) Ensure that due diligence process ensures all necessary approvals have been obtained.

26) Consult and get in writing the agreement of stakeholders to integration plans. Do not make assumptions about the standardisation of care when other stakeholders’ approval is required for implementation.

27) Be realistic (conservative) when planning synergies, particularly clinical synergies.

28) Create dedicated teams focused on realising all benefits and rigorously performance manage these teams.

29) Understand and include the cost of aligning pay and staffing levels across the two organisations in the transaction costs.

30) Negotiate a realistic performance holiday of at least 12 months from both regulators and commissioners.

31) Compare projections for both trusts with and without the merger is when considering whether a merger should go ahead or not.

32) Tap into the mergers and acquisitions experience brought by non-executive board members and other executives.

33) Seek peer support from executives in other NHS trusts who have recent mergers and acquisitions experience.

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.

35) Consider distance between sites when planning the new organisational structure.

36) Do not underestimate the challenges of cultural integration. Develop and carry out a consistent and comprehensive culture programme.

37) Ensure that the culture programme is ‘deep’ and includes cultural learning and clarification workshops.

38) Carry out cultural due diligence to understand differences in culture.

39) Be honest from the start if it is an acquisition and not a merger of equals.