Trust Board Meeting: Wednesday 13 May 2015
TB2015.62

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<th>Title</th>
<th>Update on actions from Historical Due Diligence (HDD) assessment</th>
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<td>Status</td>
<td>To note progress and action.</td>
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<td>History</td>
<td>This links with the Foundation Trust update.</td>
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<td>Board Lead(s)</td>
<td>Mark Mansfield, Director of Finance and Procurement</td>
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Executive Summary

1. This paper provides an update on the Trust’s progress in implementing actions identified in Historical Due Diligence (HDD) assessments undertaken by Deloitte LLP in 2012.

2. As a result of these assessments the Trust developed an action plan to address all the recommendations raised, with progress reported to the FT Programme Board.

3. As the Trust enters the final stage of assessment by Monitor, it is appropriate to review progress against this action plan.

4. Five actions are regarded as ongoing, and an update is provided on each.

Recommendations

5. The Board is asked to note progress
HDD 2 update

1. Purpose

1.1. This paper provides an update on the progress made with implementing agreed actions arising from the HDD stage 1 assessment in July 2012 and the HDD stage 2 assessment in November 2012.

2. Background

2.1. As part of the FT application process, Deloitte LLP were commissioned by agreement between Monitor and the then South Central Strategic Health Authority to undertake the required external assessment of the Trust’s FT application. This engagement has been split over three phases, with a separate report produced for each phase.

2.2. The first phase was entitled “Preliminary Review and Financial reporting procedures” and the Deloitte report was produced in August 2012. This is known as the HDD 1 report.

2.3. The second phase was entitled “Final Historic due diligence” and this was completed in October 2012. This is known as the HDD 2 report.

2.4. The Third phase entitled “Working capital and financial reporting procedures” is expected to begin in May 2015.

2.5. The HDD 1 and the HDD 2 reports made a number of recommendations and an action plan was formulated and pursued to implement them.

2.6. Progress has been monitored by the FT Programme Board and the majority of the recommendations have been addressed. The latest position is set out in the appendix to this report.

3. Position as at May 2015

3.1. Work continues on five recommendations.

3.2. Two recommendations (H1.3.1 and H10.1.2) relate to cash and working capital, and arrangements for an envisaged working capital loan. This has formed part of the Trust’s FT application for some time, being included in the LTFM / IBP which were approved by the NHS Trust Development Authority in September 2014. It continues to be included in the most recent update of the LTFM / IBP and it is envisaged that, if required by Monitor, the Trust will draw down this loan in July 2015.

3.3. A third (H3.3.3) relates to the ongoing development of “mainstream” service line reporting. This was always seen as an area for long term development and significant progress has been made. An Internal Audit report from KPMG dated September 2014 concluded that:

“The Trust has in place a good structure to support the use of Service Line Reporting, including a dedicated Clinical Costing Team, and reporting system. Service Line Reports are produced on a quarterly basis to challenge the top ten loss making Service Lines and develop action plans to turn these around.”
On the basis of this review, we have made an assessment of significant assurance.”

3.4. The Trust is a founder member of the HFMA Healthcare Costing for Value Institute and participates in Monitor’s collection of patient level costing (PLICs) data as part of the reference costs exercise. Development of Service Line Reporting continues, led by the Clinical Costing Development Group.

3.5. The final two recommendations (H2.4.1 & H2.4.2) relate to keeping key executive roles and responsibilities and support arrangements under review. The portfolios of the Medical Director and Chief Nurse were reviewed with the appointment to both Executive Director roles in 2014 and support has been provided to the Director of Clinical Services during 2015.

4. Recommendations

4.1. The Board is asked to note progress.

Mark Mansfield
Director of Finance and Procurement

Report prepared by:

Richard Gardner

May 2015