



Combining NHS bodies

A practical checklist for mergers and acquisitions



Introduction

It is not uncommon for NHS bodies to reorganise as a result of regulatory action or to develop service provision. The reasons for the reorganisation and the process followed to reach the final decision will be different in each case.

Whatever the reasons for it, any reorganisation will always require effort and hard work from all affected staff to make it a success. There will be lots of changes in working practices required, from appointing members of the governing body to designing staff uniforms.

From experience, we know that there is a huge impact on the finance team. This guidance, which takes the form of a downloadable checklist, has been developed with NHS colleagues who have first-hand experience of a reorganisation.

The purpose of the checklist is to support the chief financial officer¹ and the finance team to develop a detailed work plan to allow them to put in place a finance function that will meet the requirements of the new bodies and the objectives of the reorganisation.

¹ In this checklist, we refer to the chief financial officer but that individual may also be called the director of finance (DoF) or finance director (FD). That individual may have responsibilities outside of finance, for example, for information technology, and this checklist does not cover those specific responsibilities in detail.

The checklist sets out the detailed actions that the chief financial officer and the finance team should take as a result of the decision to reorganise. The actions included in the checklist range from opening and closing bank accounts to revising the VAT partial exemption calculation.

The guidance does not cover the decision-making process, consultations or regulatory requirements that have to be met before the decision to reorganise is finalised.

The checklist is intended to be used once the decision has been made that a reorganisation will occur, even if the finer details such as the date of reorganisation are yet to be determined.

Types of reorganisation

There are many different ways that a reorganisation can happen and they are usually labelled as mergers or acquisitions. Outside of the NHS it is usually important to identify whether a reorganisation is a merger or an acquisition to determine the appropriate accounting treatment for the transaction.

However, in the NHS, the accounting is determined by the relevant accounting guidance² and the distinction between merger and acquisition is much less important. In this document we will refer to reorganisations or restructuring rather than mergers or acquisitions.

In the NHS, the most common reorganisations occur when:

- two or more NHS trusts/ NHS foundation trusts cease to exist and a new NHS trust/ NHS foundation trust is established which combines all of the bodies involved into a single new NHS trust
- two or more CCGs cease to exist and a new, larger CCG, or two or more CCGs, with different boundaries is established
- an NHS trust or NHS foundation trust is subsumed into an existing NHS foundation trust
- an NHS trust or NHS foundation trust ceases to exist and its assets and liabilities as well as the services they provide are split between one or more existing NHS trust or NHS foundation trust.

The NHS is always changing and other methods of reorganisation/ restructuring are occurring. For example, when this guide was first written, the management of Hinchingsbrooke Health Care NHS Trust has just been franchised the Dalton review³ had just been published. Since then, new models of care⁴ have been developed along with sustainability and transformation plans/ partnerships (STPs). Whilst the driver for change and the form that the change takes will vary the principles outlined in this checklist will remain relevant.

This checklist is not intended to specifically deal with any particular type of reorganisation. Its aim is to be a useful starting point when considering what work will need to be done to make the new arrangements work. It does not replace the need for good communication with staff affected by the changes that take place.

Whilst the checklist has been written with a formal reorganisation in mind, it could be used by NHS bodies who are seeking work more closely together, for example, as part of an STP. It would need adaptation but would be a useful starting point when considering what changes may be needed to streamline working practices.

² HM Treasury FReM (www.gov.uk/government/collections/government-financial-reporting-manual-frem) and the Department of Health's group accounting manual (www.gov.uk/government/collections/department-of-health-group-accounting-guidance)

³ www.gov.uk/government/publications/dalton-review-options-for-providers-of-nhs-care

⁴ www.england.nhs.uk/ourwork/new-care-models/

The legal mechanism by which a reorganisation will occur will be different depending on the bodies involved but the practical issues will be very similar in all cases.

This checklist starts at the point at which the decision has been taken that the legal structure of one or more NHS bodies will change. Therefore, it does not consider the:

- pros and cons of reorganisation or any alternatives
- consultation process that must be followed
- regulatory framework for the process
- role of the regulators – NHS Improvement, NHS England, the Care Quality Commission (CQC) or the Department of Health
- specific guidance issued by regulators that should be followed⁵
- impact of competition law or other legal requirements.

There is a lengthy process of discussion, consultation and negotiation before NHS bodies can be reorganised but there will be a date at which the reorganisation occurs - the vesting date.

This can be at the start of a financial year, 1 April, or at any other point in the year, although it will usually be on the first day of a month. Bodies that are dissolved as part of the reorganisation will cease to exist on the preceding day.

In some cases, services transfer from one body to another over a period of time running up to the vesting date when the legal change in entities occurs. More often, services transfer on the vesting date.

Purpose of this checklist

This checklist focuses on what the chief financial officer and his or her team should do as a result of the decision to reorganise. During this time, normal financial management and control will need to be maintained and the 'day job' should not be affected. This checklist does not specifically cover those actions which constitute business as usual.

During periods of major change resources tend to be diverted to cope with those tasks that need to be carried out to achieve the project plan or implementation timetable. As a result, it is all too easy to concentrate on the new agenda at the expense of maintaining in-year financial control. Chief financial officers must ensure that this does not happen – a balance must be maintained between development and maintenance tasks and all staff must be clear about their responsibilities in relation to both.

It is intended that this checklist covers only the activities relating to the finance team. However, as the finance team does not work in a vacuum and supports other teams within the body, some activities may in reality occur outside of the finance team.

It is important that the work that the finance team undertakes meets the overall objective of the restructuring and works towards securing the expected benefits of the reorganisation. A key role of the chief financial officer will be to ensure that the finance team understands those objectives and expected benefits. The chief financial officer of the new NHS body may or may not be working for one of the demising bodies, so it will be important to identify who will need to be involved in the transition arrangements at an early stage.

Most of the activities in the checklist will have to be undertaken after the decision has been made to reorganise. However, once it is understood that some form of reorganisation is likely to occur it is worth reviewing this checklist to see which activities can or should be undertaken prior to the formal

⁵ Guidance issued by NHS for CCGs is available here www.england.nhs.uk/wp-content/uploads/2016/11/guidance-constitution-mergers-dissolution-nov16.pdf

decision taking effect. These are likely to be the activities which could be loosely called 'housekeeping' activities.

The actual vesting date may not be determined until relatively late in the process, so the chief financial officer and the governing body will need to determine a point at which it is highly likely that the reorganisation will happen even if the exact date is unknown. It is at this point that the project management for the reorganisation should start.

Although there are different ways that the restructuring can occur, one or more body will cease to exist and its assets, liabilities, staff and services will be transferred to one or more other bodies. The bodies involved will therefore fall into one of the following categories:

- an acquiring body which will take on another body in its entirety – a one-to-one transfer
- several bodies will combine to form a new, larger body – a many-to-one transfer
- a body which will cease to exist and the services that it has previously provided will be split and be provided in the future by more than one existing or new organisations – a one to many transfer. This is likely to be the most complex reorganisation. It will be particularly important that all assets and liabilities of the old body transfer to a new body, even if a service will no longer be provided at all.

The checklist identifies where certain actions will only be applicable to specific categories of bodies. However, the checklist must be tailored to the specific circumstances of the bodies involved and each action should be reviewed for its applicability in each situation.

At the end of each table rows are left blank to be completed by each organisation. The column headings should be amended as required.

We suggest that, as well as identifying the body to which the action relates, you also consider whether an activity/ task must be completed:

- before the vesting date - in other words tasks that are essential to the setting up and operational viability of the new NHS body, such as housekeeping activities in relation to the accounts
- after the vesting date – tasks that can be completed only once the new NHS body becomes operational, such as for example, formal adoption of standing orders and standing financial instructions.

Given the range and number of tasks that must be completed during a reorganisation, it is perhaps surprising how few fall definitively on either side of the vesting day.

Ideally, most tasks should be completed prior to the vesting day. However, where time and resources do not permit this it is vital to prioritise and have an agreed implementation plan and timetable showing when outstanding tasks will be completed.

Unless it is critical, the checklist does not specify whether actions should be taken before or after the reorganisation as this will be for local determination.

It is also important that the risks and benefits of all decisions are considered. For example, it may be agreed that the charts of accounts of the old bodies will simply be merged together rather than creating a new chart of accounts and re-coding all transferring balances.

Merging the charts means that there is no risk of the errors which can occur during re-coding and all accounts are carried forward appropriately. However, this may result in an unwieldy and illogical chart of accounts which includes numerous unused or redundant codes which still need to be maintained.

There is no right or wrong approach but decisions such as these should be made based on an assessment of the risks and benefits involved.

While most activities identified in the checklists will be completed by chief financial officers and their staff, some depend on the appointment of the chief executive/ chief officer and agreement on the new management structure.

Using the checklist

The checklist is written in a generic style so it can be of practical use to all NHS bodies facing reorganisation. Not all sections will be relevant to everyone. The checklist is deliberately detailed and includes 'obvious' tasks so it will need to be tailored to reflect each body's own circumstances and needs.

It is important to bear in mind that the checklist is not exhaustive as each reorganisation will be unique. It is designed to be amended and added to as circumstances dictate.

During periods of major change, resources tend to be diverted to cope with tasks that need to be carried out to achieve the project plan or implementation timetable. As a result, it is all too easy to concentrate on the new agenda at the expense of maintaining in-year financial control. Chief financial officers must ensure this does not happen. A balance must be maintained between development and maintenance tasks and all staff must be clear about their responsibilities in relation to both.

It is important that financial metrics are monitored during the run up to the vesting date. For example, progress against cost improvement plans (CIPs) as well as current year budgets should continue to be monitored up to and after the vesting date as the achievement of those plans/ budgets will benefit the financial position of the new body/ bodies.

Chief financial officers need to ensure that the checklist is amended to take account of any additional guidance which is issued by relevant regulatory bodies.

In particular, the Department's group accounting manual sets out the accounting treatment to be followed for reorganisations. This checklist does not provide any detail on the appropriate accounting treatment.

Project planning

Any restructuring will require project management. A dedicated team of people are likely to be responsible for the successful reorganisation and an NHS body wide project plan will be put in place.

This checklist is intended to be part of the detailed project plan for the finance team and will be one element of the overarching plan.

The important stages in project management are:

- identify the parts of the body's project plan which are the responsibility of the chief financial officer (the finance and financial governance functions in particular, although, depending on the chief financial officer's portfolio, other areas may be included)
- coordinate the development of the finance team's plan with the overall, organisation wide plan
- identify an overall project manager for the finance and financial governance work streams who reports directly to the chief financial officer
- develop reporting arrangements for the finance and financial governance work streams into the body wide project management
- establish a reporting framework for keeping the chief financial officer and other finance staff updated on progress
- clearly identify responsibilities for planning and implementation of the finance and financial governance work streams

- identify a project team within the finance team to oversee implementation of the finance and financial governance work streams
- identify project lead for each sub-area, for example, the financial statements, charitable funds, non-current assets
- produce a project plan which identifies:
 - the tasks to be carried out – this checklist is intended to be a starting point for developing that list
 - who is responsible for undertaking each task
 - the date by which each task must be completed
 - key milestones and tasks that are critical to the overall implementation of the plan
 - interrelationships between different checklist areas to ensure that timescales are compatible
 - risks and how they should be managed
- establish those tasks which require joint-working with other disciplines within the NHS body or with other NHS bodies (if they are occurring prior to the vesting date)
- confirm how the finance and governance project reports/ links into the overall reorganisation project plan
- monitor the implementation of the project plan. This will include the identification of slippage and where necessary the drawing up of contingency plans to ensure services can be delivered from the reorganisation date
- undertake a post-implementation review.

Implementation

Chief financial officer and senior finance team

The chief financial officer and the senior finance team must understand in detail the process for the reorganisation. Whilst some elements of the process will be set out in guidance from regulators, there will be some elements which will be unique to each project. The chief financial officer and senior finance team will have to remain flexible.

The chief financial officer is a member of the governing body and is also likely to have contact with the audit committee. It is important that the expectations of the non-executive/ lay members of the governing body and the audit committee are well managed. They may have commercial experience of company mergers and acquisitions and will expect that the process in the NHS to be similar and this is not always the case.

The chief financial officer will have to guide them through the process and explain why the process is as it is. Regular updates will be necessary particularly at year-end.

As part of understanding the overall process, the governing body will need to be familiar with the requirements of the regulatory bodies involved. They need to determine the reporting requirements to those regulators both during the reorganisation and after it. For example - whilst NHS Improvement are aligning the reporting requirements for trusts and foundation trusts, there are still some differences. Foundation trusts have different governance arrangements so changes will need to be made if a trust becomes a foundation trust or part of a foundation trust.

The chief financial officer must understand in detail the contents of the transaction agreement – this sets out the assets and liabilities that will transfer to each new body. It will also set out any funding that will be made available to finance the costs of the reorganisation.

The chief financial officer needs to understand the source of that funding and have a good working relationship with the body which will provide it to ensure that it will be received and that any conditions attached to the funding are met.

As well as understanding the funding arrangements, the chief financial officer must review the cash flows of both the old and new bodies to ensure that funds are available when needed.

People

The chief financial officer will need to recognise that NHS bodies have different cultures, values and approaches and that bringing these together effectively is not always easy.

Any change, inevitably results in anxiety and concern amongst staff and one of the key tasks for senior management, including the chief financial officer is to make sure staff are kept on board and that they feel that they are listened to and treated fairly.

If it is clear that certain individuals are going to be critical to the success of the reorganisation, if at all possible, the chief financial officer should try to make those staff feel secure so that they can work to the best of their abilities.

Throughout the implementation process, emphasis must be placed on good communications both within the finance team and throughout the NHS body. If there is an information vacuum, it will be filled with gossip and hearsay. It is far more sensible to get your message across and keep everyone affected up to date with developments so that they feel part of the process.

Where the type of business combination results in a new body, a good way of keeping staff on board is to take the opportunity to review working practices in all NHS bodies and identify best practice that can be carried forward to the new body to support the delivery of its objectives.

If the best practice of all NHS bodies involved is recognised and built upon, the sense of commitment will be greater. This management task should be at the top of the chief financial officer's agenda since failure to harness the energy and commitment of staff will compromise the effectiveness of the reorganisation.

It is also important to have contingency plans in place for the loss of key staff and, with them, corporate memory.

This may not be possible in an acquisition scenario but senior management should remain open to suggestions for improvements from all members of staff. In an acquisition, those staff from the acquired body should be made to feel part of the team from the outset.

If possible, arrange for staff who will be working together after the vesting date to work together before that date. This may be difficult where a body is being split into several parts.

Open and honest communication should help alleviate the worst fears of staff. There should be clear channels of communication and these should be updated frequently. These communications should be made available to all staff and the consequences of the reorganisation should also be clear whether they work for one of the bodies which are going to merge, the acquiring body or the acquired body. This is particularly the case where there is the possibility of redundancies.

It is also important to continue to monitor staff's progress against their objectives during the time of change. Staff appraisals and objective setting should not be neglected during this period. It may be that long-term objectives cannot be set or the objectives may be subject to change but the process should continue throughout the period of change. After the vesting date, some thought should be given to the need for team building activities and/or networking opportunities.

While there is the need to be sensitive to those members of staff whose job may not be continuing in the medium to long term, it is important that the members of the new team are given the opportunity to develop as a team. Service organisations like NHS bodies are reliant on committed and enthusiastic staff members.

It is also important to allow for networking opportunities so staff members can meet and start to develop the informal channels of communication to support day to day working.

It should also be recognised that no team-building events can, in itself, create a new and dynamic team. The tone for the new body has to be set by the governing body and, in the finance team, by the chief financial officer and other senior managers.

Use of consultants/contractors

It is inevitable that a reorganisation will cause additional work. The day-to-day business of the NHS body must continue and patients must be treated. It is likely that, in the short term, additional staff will be required.

As this requirement is short term, the resources are usually found from outside of the organisation either through the use of consultancy firms or by hiring staff on short term contracts.

Careful consideration should be given to the work that these staff are asked to perform. As the reorganisation is a relatively short term project, it may seem logical to give the tasks in this checklist to the consultants or contractors.

However, it is important to consider the information and knowledge that the new body/ bodies will need after the vesting date. If the work undertaken during the reorganisation is creating new corporate memories then it should be undertaken by someone who is likely to continue to be employed by the organisation.

It also should be recognised that while the consultant/ contractor can perhaps be objective about the reorganisation as they are not personally affected by it, they may not necessarily have any loyalty to the bodies involved. Sometimes, it is important to have a vested interest in the results of your work.

Again, there is no right or wrong approach but it is important to consider the impact of whatever decision is made.

Where consultants/contractors are employed, the terms of their employment must be clearly understood so that the contract can be appropriately managed. Where possible, use them for targeted pieces of work so that their progress can be monitored.

The NHS body must retain ownership of the reorganisation and its consequences. All consultants and contractors will walk away once they have fulfilled their contract. It is the NHS body's employees who will have to work through the reorganisation to make the new bodies successful.

Corporate memory/documentation

It is vitally important, at a time of additional workload and other pressures, that all of the affected bodies ensure that they are not relying on key individuals in the organisation knowing why certain decisions were made or where key evidence and documentation is held.

Whilst there may be key staff which the chief finance officer or the governing body would expect to continue working throughout and beyond the reorganisation, this assumption cannot be relied upon.

Therefore, time must be spent documenting procedures and decisions as well as setting up central information repositories. Staff should be reminded to store key documentation on shared drives rather on their computer's hard drive.

Timetable

It is important that the time required to implement the project plan is not underestimated, particularly where tendering for services is planned. If timescales are tight, then the possibility of 'rolling over' systems for a specified period should be considered to avoid problems that may arise from a poorly specified service.

Any such decision should be subject to thorough review and the risks associated with it should be clearly understood.

It is also essential that the project plan for integrating finance systems and staffing is compatible with the overall corporate plan for reorganisation. Other departments will have their own list of tasks that will affect finance systems and procedures.

The main piece of advice that those who have been through a reorganisation give to those about to embark on it is – start everything as early as possible.

Try not to leave anything to the last minute and use all of the resources at your disposal to start work on this project as soon as possible.

Clear as many issues as possible before the vesting date because otherwise these issues will add work at a time when the actual reorganisation is causing an increase in workload.

Post implementation review

Once the reorganisation has taken place and any old systems and accounts have been closed, the new systems and procedures must be reviewed, amended and developed in the light of experience. It is unlikely that everything will run smoothly from the word go – this is not a sign of failure but simply a fact of life that needs to be recognised and addressed. The objective should be to review and improve.

For the reorganisation to be considered a success there needs to be real integration between the organisations affected. It is unlikely that an organisation in which staff still consider themselves to be members of the old bodies and which operate as separate organisations is going to maximise the benefits of the reorganisation.

Contents of the checklist

The checklist is organised into 9 functional areas (set out in the table below) The first part of the checklists constitutes a high-level list of information that the chief financial officer may find helpful throughout the whole reorganisation process.

	Chief financial officer's checklist	<ul style="list-style-type: none">• Understanding the details of the transactions• Information to be collated
A	Corporate governance	<ul style="list-style-type: none">• Corporate governance and committees• Body-level guidance• Detailed due diligence
B	Internal control	<ul style="list-style-type: none">• Risk management• Internal audit (including counter fraud and security management)• External audit
C	Financial services	<ul style="list-style-type: none">• Banking and cash management• Payroll• Expenses• Payables• Receivables• Value added tax• Insurance and claims• Non-current assets• Current assets and liabilities• Annual report and accounts• Financial ledger

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| D | Charitable funds | <ul style="list-style-type: none"> • Structure of charitable funds • Transfer of charitable funds |
| E | Financial management | <ul style="list-style-type: none"> • Financial planning • Budgeting • Commissioning/ contracting • Financial monitoring • Costing and reference costs |
| F | Finance structures and staffing | |
| G | Information and communications | <ul style="list-style-type: none"> • Information technology systems • Communication and information flows |
| H | Tendering for services | |
| I | Business combination specific costs | |

Conclusion and acknowledgements

The checklist is commended to chief financial officers as a means of managing organisational change and ensuring their teams meet the challenges associated with restructuring NHS bodies.

The 2015 checklist was based on the practical checklist included in the HFMA publication “Hitting the Fast Lane Driving long-term integration in NHS mergers” published in 2011.

The HFMA is grateful to all of those who contributed to the original checklist and this update. Particular thanks are due to Samantha Simpson, Sabina Balcerska, Stephen Downs, Sue Lorimer, David Robertson, Colin Forsyth, Ian Ratcliffe and Steve Hubbard.

While every care had been taken in the preparation of this guidance, the HFMA cannot in any circumstances accept responsibility for errors or omissions, and are nor responsible for any loss occasioned to any person or organisation acting or refraining from action as a result of any material in it.

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A practical checklist for mergers and acquisitions

List of key issues for the chief financial officer

	Place where documentation is held
Understand the process for the reorganisation. This will be different from reorganisation to reorganisation	
Understand, document and agree the funding arrangements for any financing required for the reorganisation. This will include: <ul style="list-style-type: none"> the form of any funding, e.g. public dividend capital, loans or other cash injections the timing of its receipt any conditions attached to it 	
Obtain copies of the documentation which set out the legalities of the transaction – these may include transfer orders, dissolution orders, transaction agreements, grants of acquisition, or authorisation of merger. The actual documentation may have different names and may be issued by different regulatory bodies All of this documentation should be held centrally and made available to the finance team	
Obtain copies of the latest ISA 260 reports and any other reports from auditors for all of the organisations involved in the reorganisation	
Obtain copies of the latest internal audit reports relating to all of the organisations. Identify outstanding recommendations and consider whether they remain applicable	
Identify channels of communication, ensure that they are open to all staff and are kept up to date	
Obtain copies of all sustainability and transformation plans/ partnership arrangements the old bodies were involved with. Ensure that the reorganisation and its impact has been raised and discussed with the appropriate STP	
Ensure that representation on appropriate STP/ health economy committees is retained	

	Place where documentation is held
Consider whether STP governance arrangements need to be revised to reflect the new structure	

SECTION A: CORPORATE GOVERNANCE

Corporate governance and committees	Deadline	Responsible individual
<p>Agree the strategic objectives and business plan for the new NHS body and assess the financial impact of those plans and objectives</p> <p>Where the reorganisation occurs part way through a financial year, agree and submit part-year plans to the appropriate regulator as well as plans for the next full financial year</p> <p>Consider the arrangements necessary to prepare and submit financial reports for the old bodies up to the vesting date and for the final period of operation</p> <p>Ensure that financial and other returns are made to regulatory bodies both before and after the vesting date</p> <p>(Before vesting) Agree how all of the governing bodies involved will be informed of progress against the project plan so they can act in an integrated way. This may be through a committee structure or an individual post (for example, the chair, governing body secretary or company secretary). Ensure the process is transparent</p> <p>(After vesting) Agree how the governing body will be informed of progress against the project plan. This may be through a committee structure or an individual post (for example, the Chair, governing body secretary or company secretary). Ensure the process is transparent</p> <p>Identify all standing committees and review their purpose and terms of reference</p> <p>Agree the new committee structure⁶ and develop terms of reference, as necessary, to include:</p> <ul style="list-style-type: none"> • remuneration committee • audit committee • (provider bodies) clinical governance committee • (CCGs) quality committee 		

⁶ All NHS bodies are required to have a remuneration committee and an audit committee. It is for the body to decide what other sub-committees, if any, are required.

Corporate governance and committees	Deadline	Responsible individual
<p>Consider other committees that are an integral part of the governance structure or that are required due to the nature of the NHS body. Agree their purpose, terms of reference and appropriate duration. For example, should they be:</p> <ul style="list-style-type: none"> • permanent • time limited – for example, to put in place arrangements that the governing body will govern in the long term or to act as a project oversight committee <p>Other committees may include:</p> <ul style="list-style-type: none"> • finance • risk management • charitable funds <p>Establish transparent arrangements for declarations, including:</p> <ul style="list-style-type: none"> • register of directors' interests • register of gifts and hospitality <p>Production of the annual report and accounts, including all of the signed statements</p> <p>Ensure standing orders, schemes of reservation and delegation and standing financial instructions are reviewed, revised and approved by the governing body and that they are made available to all existing and new staff</p> <p>Agree and implement robust assurance arrangements including:</p> <ul style="list-style-type: none"> • internal and external audit plans • mechanisms for learning from other inspectorate/ review bodies such as the CQC, counter fraud specialists and the Health and Safety Executive <p>Establish a process for the governing body to share knowledge with – and learn from – partners, service users, staff and stakeholders</p> <p>Establish a system for the creation and maintenance of a financial procedures manual including losses and compensations register</p> <p>Ensure that a robust and auditable process exists to report all financial matters transparently to the audit committee and the governing body</p> <p>(Provider bodies) Ensure that arrangements for assurance over the quality of healthcare services continue to the point of demise of the old bodies and from the vesting date of the new.</p> <p>(Provider bodies) Put in place arrangements for the governing body to get assurance over service quality for the whole financial year as part-year quality accounts may not be</p>		

Corporate governance and committees	Deadline	Responsible individual
prepared by old bodies but the quality account covers a full year.		

Body-level guidance	Deadline	Responsible individual
Review existing financial procedures and working practice guidance in all bodies. Consider whether they are fit for purpose for the new body (it may be the new body is sufficiently different to the old bodies that it needs new procedures and no procedures can be rolled over). Write and issue revised financial procedure notes		
Find out whether the new body needs a new NHS body code from NHS Digital ⁷ . If a new code is required, ensure that a new code is obtained		

Detailed due diligence⁸	Deadline	Responsible individual
<p>Ensure comprehensive assessment of the costs of change/ merger is made (including any asset write downs and staff redundancy costs)</p> <p>Obtain the most recent set of accounts for each of the bodies involved in the reorganisation</p> <p>Undertake a detailed review of the accounts and raise questions with the teams that prepared them. In particular review:</p> <ul style="list-style-type: none"> • accruals • prepayments • deferred income (particularly research or R&D grants carried forward) • provisions 		

⁷ <https://digital.nhs.uk/organisation-data-service>

⁸ Before the decision to reorganise is made there will be a due diligence process. However, experience shows that once the decision is made the finance departments need to undertake a detailed, line by line due diligence on all affected bodies' accounts. This will be particularly important where an NHS body is being split between continuing bodies as it will be vital that the accounts can be split appropriately. The advice is to start this work as soon as possible, before the vesting date. The work should be done by finance staff in all of the bodies affected by the reorganisation working in a coordinated manner.

Detailed due diligence ⁸	Deadline	Responsible individual
<p>All of these items involve an element of judgement. Ensure that the supporting documentation is sufficiently detailed to allow all such balances to be followed up</p> <p>Where balances are to be carried forward from the old bodies to the new, determine how they will be cleared by the new body and what documentation/ information/ action will be required to allow them to be cleared</p> <p>For accruals, ensure that a full list of accruals carried forward from the old bodies has been documented and that all accruals are matched to the new body's payment system so they can be written off as they are paid</p> <p>Ensure that all issues identified in the old bodies' accounts are acted upon prior to the vesting date</p> <p>Compare accounting policies to identify any differences</p> <p>Ask teams to review their own accounts and identify any items which have been rolled forward year on year (these include any items which have been done that way for years without anyone really remembering why)</p> <p>Obtain the most recent asset valuation reports. Consider whether the methodologies used are consistent and whether any amendments will be required to reach consistency. Also consider how impairments have been accounted for to ensure consistency</p> <p>Where one or more of the old bodies have been in financial difficulties, determine the actual financial position of the legacy bodies including the level of indebtedness. Ensure that this level of indebtedness has been taken into account as part of the agreement and is covered by any funding agreement</p> <p>Undertake analysis to determine the level of legacy financial difficulties which are recurring. Develop a plan to manage these recurring costs</p> <p>Using the financial information available, prepare forecasts of key metrics for the new bodies. Develop the necessary plans to improve or maintain these metrics</p> <p>Identify all subsidiary bodies and joint ventures. Ensure that any share capital is transferred to the new body and that Companies House is appropriately informed. Consider whether the new body will need to prepare consolidated accounts</p> <p>Identify all joint working arrangements. Ensure that they have been appropriately accounted for. If the joint arrangement was between bodies which are involved in the reorganisation, consider what the new arrangement will be and how it should be accounted for</p>		

Detailed due diligence⁸	Deadline	Responsible individual
Review the losses and special payments schedule in detail. Try to identify any transactions which could result in a loss or special payment at an early stage		

SECTION B: INTERNAL CONTROL

Risk management	Deadline	Responsible individual
<p>Review, revise and agree a risk management strategy, policy and procedures. This must include an approach to setting an agreed risk appetite and identifying, evaluating and managing risks to continuing NHS bodies, staff, service users, partners and stakeholders</p> <p>Review risks of all affected NHS bodies and record them in a risk register. Include the risks associated with the reorganisation and reputation risks that could threaten public confidence and perception of the NHS body</p> <p>Ensure that the risk register remains a 'living' process and reflects all current and newly emerging risks, both potential and residual</p> <p>Ensure action plans are in place for all risks that the governing body has deemed unacceptable and that these plans are reviewed to ensure that actions have been taken</p> <p>Ensure that there is a process to check that actions taken have reduced or managed the associated risk (i.e. that there is a feedback loop) and that if this is not the case, further action is taken to redress this</p>		

Internal audit	Deadline	Responsible individual
<p>Consider internal audit work both before and after the reorganisation in the light of the risks that it poses and adjust the nature and timing of work accordingly</p> <p>Review and integrate arrangements</p> <p>Select service provider</p>		

Internal audit	Deadline	Responsible individual
<p>Establish audit working protocols (for example, reporting, service standards)</p> <p>Establish working relationships – consider the benefit of a joint audit committee meeting pre-transfer</p> <p>Make arrangements for a head of internal audit opinion to be signed in relation to all closing accounts (including, as necessary, any part-year accounts)</p> <p>Ensure that the service meets minimum standards regarding coverage and planning for the whole financial year</p> <p>Ensure that reports from the head of internal audit will be available at the end of the financial period covering all systems and bodies in existence during the year (this will be particularly important if the reorganisation occurs part way through the financial year)</p> <p>Review the recommendations register from the merging bodies and carry forward or clear those recommendations</p> <p>Review outstanding actions and ensure that responsibility for their completion is transferred to the new NHS body</p> <p>Ensure that audit is involved in reviewing proposed new systems prior to implementation</p> <p>Ensure that there is audit review of new systems once implemented</p> <p>Ensure that there is a Local Counter Fraud Specialist (LCFS) and an agreed plan in place</p> <p>Ensure that there is an agreed plan in place in relation to security and potential loss of assets (this is a major risk on reorganisation)</p> <p>Ensure that LCFS and senior management work plans cover the increased risk of fraud and asset loss during times of change</p> <p>Ensure that the LCFS is involved in fraud and risk assessment for the new body</p>		

External audit	Deadline	Responsible individual
<p>Discuss the reorganisation with external auditors prior to the reorganisation to ensure that they have completed the work necessary at the old bodies prior to the reorganisation</p>		

External audit	Deadline	Responsible individual
<p>Discuss with the external auditors what evidence they require from both the old and the new bodies⁹</p> <p>Consider what arrangements are necessary to ensure that there is an external auditor appointed at all times</p> <p>Consider whether external auditor contracts can and/ or should be rolled over or whether the contract should be subject to tender</p> <p>Where an external audit contract is to be rolled over for the new body, determine that the external auditor remains independent (the external audit firm may have undertaken non-audit work for one of the old bodies which could compromise their independence of the new body)</p> <p>Consider what, if any, safeguards the audit committee need to put in place to ensure that the external auditor remains independent</p> <p>Agree handover arrangements between the outgoing auditors and the new auditors (re pre-reorganisation accounts/ opening balances)</p> <p>Establish audit protocols</p> <p>Agree an audit plan</p> <p>Arrange for the audit of any part-year annual report and accounts to be completed on a timely basis</p> <p>Review outstanding actions and ensure that responsibility to complete them is transferred to the new body</p> <p>Ensure that links exist and work between external and internal audit</p> <p>Ensure that appropriate external assurances (for example the service auditor report on SBS, ESR and local shared service providers) are received for any systems used prior to the reorganisation by any of the bodies involved even if the system is not used by the new body/bodies</p> <p>Ensure that any necessary information is obtained to prepare final accounts (for example, information relating to pensions for the remuneration report). In particular, consider whether appropriate information is available relating to demising bodies and the members of their governing bodies</p>		

⁹ Read the findings of the Quality Assurance Department reviews of 2014-15 audits of NHS foundation trusts in relation to part year accounts - <https://improvement.nhs.uk/resources/review-audits-nhs-foundation-trusts/>

SECTION C: FINANCIAL SERVICES

Banking and cash management	Deadline	Responsible individual
<p>Appoint one cash manager with responsibility for overseeing cash management and establish systems to monitor implementation of cash action plan</p> <p>Identify all bank accounts maintained by each of the merging NHS bodies</p> <p>Determine new NHS body's banking requirements including clearing banks, government banking service (GBS), staff banking facilities on site</p> <p>Consider the need to undertake tender exercise for banking</p> <p>Rationalise bank accounts ahead of the vesting date as much as possible</p> <p>Determine interim arrangements if no time is available to rationalise before the vesting date</p> <p>Close redundant accounts</p> <p>Open new accounts</p> <p>Ensure continuity of security for cash collection locations</p> <p>Ensure stationery (especially payable orders (POs) and cheques) is ordered and received with name of new merged body (if applicable) or ensure stocks of stationery are distributed across the new body</p> <p>Arrange for closure of accounts, transfer of balances and ensure redirection instructions are in place</p> <p>Agree treatment of outstanding cheques/ POs and bank charges</p> <p>Inform suppliers of change in organisational structure and new payment arrangements (experience shows that this process should be started early and at least two letters should be sent). Inform suppliers that any debts will be pursued by the new organisations and balances will be paid by the new organisation</p> <p>Agree a final date for paying invoices from the 'old' bank accounts</p> <p>Inform suppliers of the final date for sending invoices to the demising body</p> <p>(NHS trusts/CCGs) Liaise across pre- and post-vesting dates to ensure existing EFL/ CRL targets are achieved and to manage cash at the vesting date</p> <p>(NHS trusts) Ensure that arrangements have been made for the new body to have access to appropriate pigeonholes. In</p>		

Banking and cash management	Deadline	Responsible individual
<p>particular, a new cash pigeonhole will be required if there is a new organisational code</p> <p>Identify the new NHS body's likely cash position post reorganisation and prepare forecast</p> <p>Arrange working capital facility if appropriate</p> <p>(Foundation trusts) Prepare investment/ treasury management policy</p> <p>Determine authorisation levels/controls over major cash transactions including short-term borrowing</p> <p>Agree final reconciliation of bank accounts</p> <p>Complete new mandate and forward to banker(s)</p> <p>Set up a GBS account for the new NHS body and inform all NHS bodies of new details</p> <p>Inform any non-NHS bodies which pay electronically of the new bank details</p> <p>(CCGs only) Notify the NHS England cash funding team of the chief financial officer's name, the NHS body's address and the GBS account number</p> <p>Arrange with banker and BACS to ensure continuity of existing BACS and transition to new BACS arrangements</p> <p>Change bank account references on stationery (for example, receivable accounts)</p> <p>Destroy old stationery including cheques/ POs. Evidence for audit purposes</p> <p>Ensure that all patients' monies and valuables are accounted for correctly and that relevant staff know how to deal with them consistently across whole body¹⁰</p> <p>Ensure petty cash facilities are appropriate to needs and that processes for reimbursement are amended as required</p> <p>Review franking machine requirements and ensure facilities are in place</p> <p>Review financial procedure notes from all bodies involved in the reorganisation. Consider whether they are fit for purpose for the new body (it may be the new body is sufficiently different to the old bodies that it needs new procedures and no procedures can be rolled over). Write and issue revised financial procedure notes</p>		

¹⁰ For detailed guidance on patients' monies, see Practical guide - patients' monies and belongings, HFMA, 2017

Banking and cash management	Deadline	Responsible individual
Arrange training for staff (including hospital cashiers, ward and finance staff) so that they can implement revised procedures		

Payroll¹¹	Deadline	Responsible individual
<p>Specify payroll service requirements and determine if time constraints will force a period of dual running after the vesting date</p> <p>Where payroll service is not provided by a common provider for each NHS body, determine the service provider for the merged body</p> <p>If applicable, discuss new arrangements with ESR and determine their information requirements and timescales</p> <p>If applicable, discuss new arrangements with SBS and determine their information requirements and timescales</p> <p>Continue to liaise with external providers throughout the transfer</p> <p>Inform HMRC and NHS Business Services Authority (for NHS Pensions) of proposed changes</p> <p>Ensure that payroll dates are understood and aligned (ensure staff are consulted where required)</p> <p>Determine arrangements for payment of statutory deductions and pension contributions and other payroll deductions</p> <p>Identify whether any staff belong to any other pension schemes. Contact those pension schemes and inform them of the proposed changes</p> <p>Identify any staff who retired before 1995 for which payments are being made on an annual or monthly basis. Review the list of payments to ensure that it is valid and take into account when setting budgets</p> <p>Arrange to have the new NHS body's name added to payslips</p> <p>Ensure arrangements are in place with the human resources team for input and maintenance of payroll details</p>		

¹¹ The human resources team should be closely involved in all stages of the process when establishing payroll arrangements for the new NHS body. Indeed it may be that the human resources director has responsibility for payroll, in which case the finance team needs to be closely involved with him or her.

Payroll ¹¹	Deadline	Responsible individual
<p>Ensure arrangements are in place for completing final returns for predecessor NHS bodies for tax, national insurance and superannuation</p> <p>Review and standardise notification systems – for example, starter, changes, termination, sickness, holidays</p> <p>Liaise with human resources team regarding consultation with staff representatives where there are any changes in existing terms and conditions of service (for example, pay date, payment for overtime etc.)</p> <p>Inform all staff of new pay arrangements</p> <p>Ensure payroll system/ledger, personnel system interfaces are in place and operational</p> <p>Inform staff of any change of tax office as a result of reorganisation</p> <p>Agree arrangements for accounting/clearance of pre-vesting date payroll receivables/payables including national insurance, tax, superannuation</p> <p>Convert payroll expenditure coding to any revised chart of accounts coding</p> <p>Select service provider (for example, in-house, contracted out, shared services agency)</p> <p>Ensure any new system is properly tested prior to going live</p> <p>Ensure there is adequate liaison between the existing and new provider for handover of records to ensure a seamless transfer</p> <p>Review approach to archiving and retention of old body records</p> <p>Review payroll procedure notes from all bodies involved in the reorganisation. Consider whether they are fit for purpose for the new body (it may be the new body is sufficiently different to the old bodies that it needs new procedures and no procedures can be rolled over). Write and issue revised payroll procedure notes</p> <p>Arrange staff training – including new starter/ leaver processes (to ensure salary overpayments avoided)</p> <p>Notify the Department of Education of the reorganisation to ensure that the apprenticeship levy digital account is transferred and accessible</p> <p>Liaise with the human resources team to ensure that any accreditation as a training provider is rolled over to the new organisation so the apprenticeship levy can still be accessed</p>		

Payroll¹¹	Deadline	Responsible individual

Expenses	Deadline	Responsible individual
<p>Specify requirements for system for payment of staff expenses</p> <p>Review existing arrangements for calculating and paying staff expenses</p> <p>Decide on method of payment (i.e. payroll or standalone system)</p> <p>Identify differences in systems, develop unified procedures and policy to ensure common treatment of:</p> <ul style="list-style-type: none"> • travel expenses • training expenses • relocation • excess travel • lease cars • telephones (including mobiles) • long service awards <p>Liaise with human resources team regarding consultation with staff representatives where there are any changes in existing terms and conditions of service</p> <p>Review and (if necessary) redesign stationery</p> <p>Produce and distribute new stationery</p> <p>Destroy old stationery. Evidence for audit purposes</p> <p>Agree officers who will be responsible for authorising claims (refer to schemes of delegation)</p> <p>Select service provider (for example, in-house, contracted out, shared services agency)</p> <p>Inform all staff of revised arrangements, procedures and claim submission dates</p> <p>Ensure arrangements are in place to:</p> <ul style="list-style-type: none"> • produce and submit end of year taxation returns (P11D and P60) • transfer lease car contracts to the new trust • continue lease car insurance <p>Review approach to archiving</p>		

Expenses	Deadline	Responsible individual
<p>Review financial procedure notes from all bodies involved in the reorganisation. Consider whether they are fit for purpose for the new body (it may be the new body is sufficiently different to the old bodies that it needs new procedures and no procedures can be rolled over). Write and issue revised financial procedure notes</p> <p>Review procedures for entering into off-payroll arrangements and consider whether they are fit for purpose for the new body</p> <p>Ensure that documentation (for example, copies of the HMRC checklist) relating to off-payroll arrangements is archived and available in case of an HMRC visit</p> <p>Arrange staff training</p>		

Payables (creditors)	Deadline	Responsible individual
<p>Review services provided and see if there are consolidation opportunities. Ensure that processes for tender/quotation for services are followed (combined services may change the required procedure under SFIs). Agree/ confirm combined body new tender/ quotes limits</p> <p>Specify requirements for payments and determine if time constraints will force a period of dual running after the vesting date</p> <p>Ensure compatibility with ordering and goods received systems</p> <p>Review contracts in place and negotiate with suppliers so the new body is able to buy at the best price given to the old bodies</p> <p>Ensure arrangements are in place to submit purchasing information to NHS Improvement for model hospital metrics</p> <p>Identify key purchasing staff and ensure that they can continue to order supplies during the transition period</p> <p>Clear all goods received not invoiced balances (GRNI) as soon as the invoice is paid. Investigate any outstanding balances</p> <p>Identify payables between merged bodies for internal cancellation with equivalent internal receivable. Ensure that all balances between bodies are the same on both sides (e.g. if body A says it owes body B £500, check that body B has a receivable for £500 not £550), if there is a difference resolve it prior to the vesting date. It is likely that the annual agreement</p>		

Payables (creditors)	Deadline	Responsible individual
<p>of balances of exercise will take place during the period leading up to the vesting date which should allow special attention to be paid to these balances</p> <p>Identify ongoing service contracts (small contracts such as milk delivery, window cleaning as well as the more obvious such as servicing of medical equipment) and decide whether these contracts need to be terminated</p> <p>Identify any service level agreements (SLAs) with other NHS bodies to determine whether those agreements should continue</p> <p>Identify any penalty clauses in contracts for early termination of contracts</p> <p>Review supplies team processes and ensure they are amended as required</p> <p>Establish service provider (for example, in-house, contracted out, shared services agency)</p> <p>Ensure payables payment system interfaces with ledger accounting</p> <p>Ensure processes are in place to monitor and report on performance against the Better Payment Practice Code</p> <p>Review and (if necessary) redesign stationery</p> <p>Produce and distribute new stationery</p> <p>Destroy old stationery. Evidence for audit purposes</p> <p>Inform suppliers and users of address for invoices/queries</p> <p>Determine frequency of payments and establish timetable to operate from vesting date. Harmonise payment dates if operating with two or more systems</p> <p>Determine arrangements for new corporate payments, for example, PDC dividends, repayments of loans from the Department of Health</p> <p>Review payables, decide on reference methodology and eliminate redundant/duplicated references</p> <p>Identify common payables of merged NHS bodies and determine if payments can be consolidated</p> <p>Ensure bank details are obtained and reviewed for payables paid by BACS</p> <p>Determine authorisation limits and identify staff that can authorise payments. Consider whether the authorisation limits are still applicable or whether they should be changed. Obtain governing body approval of the new list</p>		

Payables (creditors)	Deadline	Responsible individual
<p>Seek to clear up all outstanding payable queries and paying as many invoices as possible prior to closure of accounts</p> <p>Ensure that any balances which are carried forward to the new organisation are fully documented (assume that all of the knowledge of the history of the balance will be lost on the vesting date)</p> <p>Ensure all carry forward balances are reconciled and intra-NHS body balances cleared (this is particularly important if the vesting date is not at the year end. It will be important at the year end to identify which balances relate to which NHS body)</p> <p>Determine how any payables carried forward from old bodies are going to be cleared in the new body's accounts</p> <p>Review all provisions/accruals carried forward and understand the basis on which they were made. Put in place arrangements to monitor developments so the provision can be released when necessary and accruals are appropriately written off as payments are made</p> <p>Review approach to archiving</p> <p>Inform all users of payment systems and procedures</p> <p>Review financial procedure notes from all bodies involved in the reorganisation. Consider whether they are fit for purpose for the new body (it may be the new body is sufficiently different to the old bodies that it needs new procedures and no procedures can be rolled over).</p> <p>Write and issue revised financial procedure notes</p> <p>Arrange staff training</p>		

Receivables (debtors)	Deadline	Responsible individual
<p>Specify requirements for receivables system and determine if time constraints will force a period of dual running after the reorganisation date</p> <p>Evaluate and compare existing systems against new NHS body requirements. Compare to other systems if appropriate</p> <p>Prepare new receivables policy for credit terms, recovery, legal action, write-off, de minimis levels etc</p> <p>Identify receivables between merged bodies for internal cancellation with equivalent internal payable. Ensure that all balances between bodies are the same on both sides (e.g. if</p>		

Receivables (debtors)	Deadline	Responsible individual
<p>body A says it owes body B £500, check that body B has a receivable for £500 not £550). It is likely that the annual agreement of balances of exercise will take place during the period leading up to the vesting date which should allow special attention to be paid to these balances</p> <p>Review arrangements where payments are made by instalment and amend as required</p> <p>Ensure all outstanding debts are paid prior to vesting date wherever possible</p> <p>Review all receivables carried forward into the new body prior to the vesting date to ensure that:</p> <p>Where the reorganisation is one to many, the appropriate new body is identified</p> <p>All necessary evidence is available so that the receivable can be chased and recovered</p> <p>Decide a final date for payments to be made into the 'old' bank accounts</p> <p>Decide how historic debts from the predecessor NHS bodies will be recognised on the new ledger systems</p> <p>Ensure staff are aware of new policies</p> <p>Agree post-reorganisation debt recovery service if via more than one external supplier</p> <p>Review NHS bodies' receivables' registers eliminating duplications and redundant receivables</p> <p>Review and, where appropriate, write off irrecoverable debts in the books of predecessor NHS bodies (i.e. include in pre-vesting date accounts). This should be done in detail on a balance by balance basis. If the debt cannot be written off, consider whether any impairment is necessary</p> <p>Inform the Compensation Recovery Unit of the reorganisation and provide them with the appropriate contact details¹²</p> <p>Review and redesign stationery – to include new VAT number and GBS/ bank account details</p> <p>Destroy old stationery</p> <p>Ensure all carry forward balances are reconciled and intra-NHS body balances cleared (this is particularly important if the vesting date is not at the year end. It will be important at the year end to identify which balances relate to which NHS body)</p>		

¹² www.gov.uk/government/publications/nhs-injury-cost-recovery-scheme

Receivables (debtors)	Deadline	Responsible individual
<p>Review all prepayments and ensure that the good/service which has already been paid for is received in the future</p> <p>Review approach to archiving</p> <p>Review financial procedure notes from all bodies involved in the reorganisation. Consider whether they are fit for purpose for the new body (it may be the new body is sufficiently different to the old bodies that it needs new procedures and no procedures can be rolled over).</p> <p>Write and issue revised financial procedure notes</p> <p>Arrange staff training</p>		

Value added tax	Deadline	Responsible individual
<p>Inform HMRC of reorganisation</p> <p>If necessary, obtain new VAT registration and VAT number</p> <p>Arrange submission of pre-reorganisation VAT returns</p> <p>Recalculate partial exemption</p> <p>Review operations and activities of the new NHS body making best use of existing recovery arrangements</p> <p>Consider the adequacy of in-house expertise and whether or not external consultancy services are required</p> <p>Where old bodies have used more than one consultancy service, consider the need to tender for the new service</p> <p>Ensure the correct VAT number appears on all relevant stationery</p> <p>Train staff and provide guidance in identification and recovery</p> <p>Review financial procedure notes from all bodies involved in the reorganisation. Consider whether they are fit for purpose for the new body (it may be the new body is sufficiently different to the old bodies that it needs new procedures and no procedures can be rolled over). Write and issue revised financial procedure notes</p>		

Insurance and claims	Deadline	Responsible individual
<p>Contact NHS Protect to inform them of NHS bodies affected by reorganisation so that all insurance cover and claims can be amalgamated and new reference numbers allocated</p> <p>Contact all other insurers to inform them of the NHS bodies affected by the reorganisation so that cover can be continued and claims continue to be dealt with</p> <p>Determine insurance requirements for the new NHS body and ensure portfolio of required cover is in place by the vesting date – liaise with NHS Protect in relation to clinical cover</p> <p>Consider the need to go out to tender for insurance cover</p> <p>Secure agreement from NHS Protect that ongoing clinical negligence claims under the CNST scheme will be honoured and ongoing cover provided</p> <p>Ensure that the new body has access to all of the old body's claims history on the NHS Protect's extranet</p> <p>Arrange insurance of any charitable fund property (including arrangements for acquisition and disposal)</p> <p>Rationalise arrangements for claims management</p> <p>Write and issue revised procedure notes</p> <p>Arrange staff training</p>		

Non-current assets	Deadline	Responsible individual
<p>Ensure that the appropriate dissolution, establishment and transfer orders or contractual agreements have been issued transferring the assets and liabilities (note that this applies to current assets and liabilities, not just non-current) to the new NHS body. In some cases, there will be a change to the establishment order rather than a dissolution order. Ensure that these have been appropriately filed and are available to all relevant staff</p> <p>(Provider bodies) Agree approach to financial restructuring with finance leads at NHS Improvement in relation to both:</p> <ul style="list-style-type: none"> • managing the transfer of PDC balances • any additional funding for the reorganisation <p>Identify all property, plant and equipment in existence before the vesting date and confirm ownership</p>		

Non-current assets	Deadline	Responsible individual
<p>Ensure that all documentation relating to property is transferred and properly archived</p> <p>Inform the Land Registry of changes of ownership</p> <p>(Foundation trusts) Ensure that the register of assets used for providing Commissioner Requested Services is updated as required by NHS Improvement's licence</p> <p>Determine whether there are any legal charges¹³ on any property. Ensure that the body that holds the legal charge is informed of the reorganisation and given new contact details</p> <p>Where possible, physically verify all property, plant and equipment. Where this is not possible, consider whether write-offs are required</p> <p>Agree property, plant and equipment to be retained, disposed of and transferred</p> <p>If different asset registers are maintained, agree a date when they will be merged onto one system</p> <p>Review valuation methodologies and ensure that they are consistent. Consider whether a new valuation¹⁴ is required to ensure consistency of valuation</p> <p>Review capitalisation policies, particularly around IT equipment and staff costs, and determine a single approach</p> <p>Where there is a change in valuation methodology or capitalisation policy, agree necessary amendments and prior period adjustments with the external auditor</p> <p>Ensure that the revaluation reserve is mapped/ linked to non-current assets. Where assets are disposed of, make sure that the revaluation reserve is also written out of the accounts</p> <p>Determine which equipment is under warranty or has a service contract and ensure that the necessary documentation is identified and appropriately filed or archived</p> <p>Review useful asset lives in the light of the merged body's operational plan</p> <p>Review values and accuracy of equipment register and write off any errors as appropriate</p> <p>Review adequacy of existing asset register(s) and develop/revise/amend as necessary</p>		

¹³ A legal charge will often arise when a third party provides finance to purchase a property. That third party will be entitled to some of the sale proceeds in the event that the property is sold.

¹⁴ There is no automatic requirement for a revaluation of non-current assets as a result of a reorganisation. However, if valuation methodologies are different or the reorganisation causes changes to useful economic lives then a revaluation may be required.

Non-current assets	Deadline	Responsible individual
<p>Ensure system(s) can fulfil capital accounting requirements</p> <p>Ensure that there is an effective policy and procedure notes for managing assets</p> <p>Ensure that if the asset register is not integrated, it interfaces with the ledger system</p> <p>Check inventory of all assets including those 'non accountable' assets below the capitalisation threshold</p> <p>Identify any property income and arrange for collection of rentals</p> <p>Review all existing leases and terminate/ renegotiate as necessary</p> <p>Ensure that all lease documentation is properly filed and archived</p> <p>Identify any leases which are held at a peppercorn rent</p> <p>Identify all contracts with NHS Property Services Ltd and Community Health Partnerships. Inform them of the reorganisation</p> <p>Inform lessors of equipment of the transfer to new NHS body</p> <p>Ensure that partner NHS bodies involved in LIFT and/or PFI arrangements are informed of reorganisation plans and progress</p> <p>Ensure that any capital schemes and PFI/ LIFT projects are identified and agreements/paperwork etc. retained</p> <p>Review financial procedure notes from all bodies involved in the reorganisation. Consider whether they are fit for purpose for the new body (it may be the new body is sufficiently different to the old bodies that it needs new procedures and no procedures can be rolled over). Write and issue revised financial procedure notes</p> <p>Arrange staff training</p>		

Current assets and liabilities	Deadline	Responsible individual
<p>Map the statement of financial position for all bodies to identify any intra-body balances and eliminate them</p>		

Current assets and liabilities	Deadline	Responsible individual
<p>Review all payable/ receivable balances. Make sure that outstanding/ disputed balances are recorded along with supporting information</p> <p>Write off debts, write back payables to pre-reorganisation period where appropriate</p> <p>Verify and agree accounting treatment of pre-vesting date balances including carry forward</p> <p>Identify any assets/ liabilities that have a significant impact on post-vesting date cash – for example, early retirements, redundancies. Agree accounting treatment</p> <p>Ensure all control account reconciliations have been completed. Document any reconciling balances in full so that they can be followed up</p> <p>Reconcile opening balances to pre-vesting date accounts of predecessor NHS bodies in both the published accounts and any submission schedules</p> <p>Identify all inventory held by all bodies (including ward stocks which may have been expensed)</p> <p>Review stocktake procedures in the affected bodies. Ensure that the final stocktakes are undertaken on a consistent basis</p> <p>Verify inventory balances/ values on transfer</p> <p>Review financial procedure notes from all bodies involved in the reorganisation. Consider whether they are fit for purpose for the new body (it may be the new body is sufficiently different to the old bodies that it needs new procedures and no procedures can be rolled over). Write and issue revised financial procedure notes</p> <p>Arrange staff training</p>		

Annual report and accounts¹⁵	Deadline	Responsible individual
<p>Maintain systems to enable the parallel preparation of pre-reorganisation annual report and accounts for all predecessor NHS bodies</p>		

¹⁵ Consult the latest guidance on the Department of Health’s website (www.gov.uk/government/collections/department-of-health-group-accounting-guidance) for detailed advice on accounting issues.

Annual report and accounts ¹⁵	Deadline	Responsible individual
<p>Review guidance from all appropriate regulatory bodies to ensure that all of the necessary documents are produced in the correct format. This includes:</p> <ul style="list-style-type: none"> • the governance statement • the remuneration report • staff report • quality report¹⁶ <p>An 'annual' report and accounts must be produced for each NHS body up until the date of dissolution. Where a reorganisation occurs part way through a financial year, ensure that part-year accounts are prepared</p> <p>Ensure that governance statements are prepared which cover all of the financial year. These will include head of internal audit opinions for the whole of the financial year (several statements and opinions may be required to cover the whole of the financial year)</p> <p>Where part-year accounts are prepared ensure that all intra-NHS balances are agreed with counter parties (this may be difficult if the period end does not coincide with a national agreement date but it is worth doing at the time to make the year end process smoother)</p> <p>Review all reserves in old bodies' accounts to determine whether they will be carried forward to the new body. Where they are carried forward ensure that there is sufficient documentation of the basis for the establishment of the reserve</p> <p>Produce and agree a timetable for completing all sets of annual report and accounts. This timetable should cover the whole of the process including the agreement of balances exercise, the annual report, governance statement, accountable/ accounting officers' statements and audit as well as the preparation of the accounts</p> <p>Identify key staff and their responsibilities</p> <p>Plan for absence of key staff and consider the need to use temporary staff</p> <p>Obtain commitment from all merging/demising NHS bodies to completion of accounts</p> <p>Determine what assurances the continuing bodies governing bodies will want from the demising bodies' governing bodies and put in place arrangements to receive those assurances</p>		

¹⁶ This list is not exhaustive. It should be noted that some of these reports, for example the quality report, cover a full year so arrangements need to be put in place to ensure that the necessary information and assurance is available for the full year

Annual report and accounts ¹⁵	Deadline	Responsible individual
<p>Brief the relevant governing bodies and audit committees on their responsibilities in relation to the demising bodies' annual accounts (the continuing bodies' committees will have to sign off the demised bodies' annual report and accounts)</p> <p>Ensure that the continuing body signs off the accounts of all demised NHS bodies</p> <p>Ensure that there are clear arrangements for producing the annual report and accounts and holding the AGM for all bodies (including those which have demised during the year), where necessary</p> <p>Agree an audit schedule and timetable for working papers production with the external auditors (the auditors of the demised bodies will audit the final annual report and accounts for that body)</p> <p>Where there are several auditors involved, co-ordinate the audit schedules and timetables with the different auditors</p> <p>Identify all bodies that provide information which is required in the annual report and accounts (this will include shared service providers as well as organisations such as the NHS Business Services Authority)</p> <p>Arrange for the receipt of the necessary assurances, usually in accordance with the International Standard on Assurance Engagements number 3402 (ISAE 3402), in relation to key systems</p> <p>Review the assurances to identify any weaknesses which may impact on the audit report</p> <p>Discuss with all auditors what third-party assurances they will require and arrange for those to be provided by the appropriate auditor</p> <p>Review and address any inconsistencies in accounting policies or estimation techniques between NHS bodies</p> <p>Review accounts preparation processes at each of the old bodies and identify inconsistencies. Particularly consider the use of journals at the period or year end, for example, whether permanent or reversing are used. Ensure that the appropriate action is taken to roll balances forwards once and only one. Do not assume that all bodies involved in the reorganisation take the same approach to period and year end journals</p> <p>Ensure that all closing balances are appropriately rolled forward. Undertake a reconciliation between closing and opening balances to ensure that no balances are 'lost' in the reorganisation</p>		

Annual report and accounts ¹⁵	Deadline	Responsible individual

Financial ledger	Deadline	Responsible individual
<p>Establish the requirements of the new NHS body for a single ledger system</p> <p>Ensure all staff have appropriate access to both the old body's ledgers and the new</p> <p>Ensure access is properly transferred and working practices are communicated</p> <p>(CCGs) Ensure that the necessary arrangements for access to ISFE have been made (access will be required to old body as well as new body ledgers)</p> <p>Determine whether any decision about the future ledger forms part of a broader strategy for integrated financial systems</p> <p>Undertake a detailed review of suspense codes and clear them as necessary</p> <p>Undertake a detailed review of control codes and delete them as necessary</p> <p>Determine whether time constraints will force a period of dual running after the vesting date</p> <p>Review existing ledger systems and charts of accounts to establish commonality, functionality and scope for integration</p> <p>Evaluate the current chart of accounts against statutory annual accounting guidance and management reporting requirements, including reporting to the governing body and regulators</p> <p>Where possible, provide integrated financial reports to the governing body before the vesting date or move all bodies towards the use of the same reporting template ahead of vesting date</p> <p>Identify archive requirements and ensure that data/information is extracted and stored in an easy to access format. This also applies to all feeder systems to the ledger</p> <p>Evaluate options to meet needs (for example, procure new, migrate to single existing system)</p> <p>Select suitable system</p> <p>Ensure superseded system(s) are maintained to enable the production of annual accounts for the accounting period prior to reorganisation</p>		

Financial ledger	Deadline	Responsible individual
<p>Evaluate ability to interface with other potential systems (for example, payroll, payables, receivables, personnel, BACS, contracting, supplies, capital systems)</p> <p>Design a revised chart of accounts, test and install</p> <p>Consider whether a completely revised chart of accounts is required for the new body or whether the old bodies' charts can be merged. Understand the advantages and disadvantages of each approach</p> <p>Establish control procedures (for example, passwords, journal input etc)</p> <p>Define and set up standard reports for budgetary, statutory and management reporting</p> <p>Ensure applicable coding structure is notified to all users</p> <p>Ensure all required interfaces are in operation</p> <p>Ensure arrangements are in place for the transfer of closing balances from the old to the new system</p> <p>Produce a timetable for ledger close-down</p> <p>Ensure full testing and parallel running if possible</p> <p>Have a contingency plan prepared and ready for implementation</p> <p>Ensure proper and effective communication/controls are in place between multi-site/location finance teams</p> <p>Review financial procedure notes from all bodies involved in the reorganisation. Consider whether they are fit for purpose for the new body (it may be the new body is sufficiently different to the old bodies that it needs new procedures and no procedures can be rolled over). Write and issue revised financial procedure notes</p> <p>Arrange staff training</p>		

SECTION D: CHARITABLE FUNDS¹⁷

¹⁷ This checklist assumes that there is a corporate trustee arrangement. Where there are independent trustees consult the Charity Commission

Charitable funds ¹⁸	Deadline	Responsible individual
<p>Ensure the appropriate transfer order/ Statutory Instruments enabling transfers has been secured¹⁹</p> <p>Determine how the charitable funds of the old body are being transferred to the new and determine the appropriate accounting treatment depending on the substance of the transaction</p> <p>Obtain full details of all funds (i.e. their purpose)</p> <p>Consider trustee arrangements for the charitable funds (remain a corporate trustee arrangement or move to an independent charitable fund)</p> <p>Check registration requirements with the Charity Commission and comply with them</p> <p>Ensure that all documentation has the correct Charity Commission registration number on it</p> <p>Where there is a corporate trustee, consider whether the merger has an impact on the materiality of the charity in relation to the NHS body. Determine whether the charitable funds need to be consolidated or not</p> <p>Where there has been a change in consolidation arrangements²⁰, discuss the impact with NHS Improvement</p> <p>Ensure the structure of investments accords with charities investments legislation</p> <p>Rationalise bank account arrangements</p> <p>Close as many bank accounts as soon as possible</p> <p>Ensure arrangements are in place to complete pre-vesting date accounts</p> <p>Arrange transfer of stock certificates to new charity name, including any held by a nominee service²¹</p> <p>Agree arrangements for obtaining investment advice including an appropriate committee to monitor and report to the NHS charity's trustees</p> <p>Ensure arrangements are in place for managing investments – for example, establish a pooled investment vehicle, tender</p>		

¹⁸ For more details about charitable funds see NHS Charitable Funds: a Practical Guide, HFMA, 2015.

¹⁹ It is unlikely that a transfer order or Statutory Instrument will be required – see section 3 of the Department of Health's guidance on NHS funds held on trust

www.gov.uk/government/uploads/system/uploads/attachment_data/file/640425/NHS_Funds_held_on_Trust_FINAL.pdf

²⁰ This may be due to a change in materiality levels or may be due to different trustee arrangements between the NHS bodies involved in the reorganisation, for example, one of the NHS bodies may be a corporate trustee while the other has an independent charity (previously a special trustee or s151 trustee arrangement)

²¹ There is no requirement to sell all of a charity's investments prior to transfer but it may be considered as a simpler approach to transferring stocks and shares

Charitable funds¹⁸	Deadline	Responsible individual
<p>for investment advisers or appoint a firm for a period, say two years, then subject to tender</p> <p>Where needed, identify fund advisers to manage funds</p> <p>Determine an investment policy – for example, restrictions on investments to tobacco firms</p> <p>Advise those involved of their responsibilities as trustees</p> <p>Determine expenditure limits, authorising officers and uses of funds</p> <p>Determine reporting requirements</p> <p>Review financial procedure notes from all bodies involved in the reorganisation. Consider whether they are fit for purpose for the new body (it may be the new body is sufficiently different to the old bodies that it needs new procedures and no procedures can be rolled over). Write and issue revised financial procedure notes</p> <p>Arrange staff training</p>		

SECTION E: FINANCIAL MANAGEMENT

Financial planning	Deadline	Responsible individual
<p>Establish financial outturn for all NHS bodies prior to the vesting date</p> <p>Consult with NHS Improvement/ NHS England to:</p> <ul style="list-style-type: none"> • agree new control totals for new bodies • determine performance against previously agreed control totals • agree whether a new annual plan is required <p>(Providers bodies) determine how much of the sustainability and transformation fund (STF) is available to the new body and the financial and performance conditions attached to it</p> <p>Review the cost improvement programmes (CIPs) of all of the affected NHS bodies and determine a new programme for the new body</p> <p>Identify existing financial commitments of all NHS bodies</p> <p>Identify and remove any inter-NHS body trading, receivables and payables</p>		

Financial planning	Deadline	Responsible individual
<p>Formulate a financial plan in line with current best practice and submit to the governing body</p> <p>Develop new financial reporting arrangements for the merged body. Where possible, move towards a common reporting approach prior to the vesting date</p>		

Budgeting	Deadline	Responsible individual
<p>Agree process and timetable for establishing base budgets (both revenue and capital)</p> <p>Ensure that budgets are set taking into account the new body's aims, objectives and business plans</p> <p>Review budgeting assumptions and consider if they are still valid following the reorganisation</p> <p>Identify and appoint budget managers/holders</p> <p>Prepare base budgets</p> <p>Discuss and agree provisional base budgets with budget holders</p> <p>Amend budgets to reflect any changes in activity and resources resulting from discussions with commissioners/providers</p> <p>Discuss and agree any changes to proposed base budgets with budget holders</p> <p>Obtain approval of base budgets from the governing body</p> <p>Notify budget holders of approved base budgets and activity levels</p> <p>Review and update the budget manual and budgetary control policy and procedures</p> <p>Agree format and content of budget holder reports</p> <p>Ensure that budget holders are aware of their budget responsibilities and arrange training as necessary</p>		

Commissioning/ contracting	Deadline	Responsible individual
<p>Examine the existing approach to contracting (for example, coverage of national tariff, contract types)</p> <p>Identify all contractual commitments (with commissioners/providers, leases, PFI schemes) at the vesting date and determine whether the new body is required to honour those commitments</p> <p>Establish an approach to contract negotiation and monitoring for the new NHS body</p> <p>Establish a lead for the agreement and management of contracts for the new merged NHS body and agree with purchasers the arrangements for negotiation</p> <p>(Providers only) Apply to the NHS Improvement pricing team for calculation of a new MFF value for the new trust, in accordance with the latest guidance²²</p> <p>Ensure that there are rigorous contract monitoring and management arrangements for the merging NHS bodies in the pre-reorganisation period</p> <p>Ensure that all contractual disputes are documented and have appropriate ownership prior to the reorganisation</p> <p>Determine the arrangements in the new body for resolving all disputes, including those carried forward from the old bodies</p> <p>Identify all risk share/ gain share arrangements which are in place prior to the reorganisation to ensure that they are either terminated or continued after the reorganisation</p> <p>Identify all of the pooled budget arrangements (s75 agreements) that the old bodies are party to and ensure that they are either terminated or the agreements are revised to allow them to be continued by the new body</p> <p>Model purchase activity profiles against existing information</p> <p>Model the financial impact of the anticipated contracts on each commissioner (CCGs and NHS England) and review the financial constraints, risks and performance incentives/disincentives which may arise</p> <p>Hold discussions with providers/commissioners</p> <p>Assess income levels expected under national tariff (including the revised MFF) as well as other contracts and the impact on budget setting</p>		

²² See https://improvement.nhs.uk/uploads/documents/Guidance_on_the_market_forces_factor_caqqjle.pdf t

Financial monitoring	Deadline	Responsible individual
<p>Review existing arrangements for reporting on finances during the year in all NHS bodies – select best aspects from all reports to board</p> <p>Identify appropriate interim reporting arrangements to ensure that financial control remains a priority</p> <p>Establish governing body reporting requirements and timescales</p> <p>Establish a system to deliver appropriate financial reports in support of the revised management arrangements</p> <p>Develop relevant pro formas</p> <p>Ensure that arrangements are in place for submitting monitoring returns for the new NHS body</p> <p>Complete monthly monitoring returns for the new NHS body</p> <p>Complete outturn reports for continuing NHS bodies and reconcile with annual accounts</p> <p>Input financial element into continuing NHS bodies' annual reports</p>		

Costing and reference costs	Deadline	Responsible individual
<p>Review existing costing systems, data feeds and national data collection return arrangements and determine best practice going forward</p> <p>Review existing costing procedures and working practice guidance in all bodies. Consider whether they are fit for purpose for the new body and meet the requirements of the NHS Improvement costing standards²³ for England. Identify any inconsistencies between approaches and determine the most appropriate approach for the new body</p> <p>Write and issue revised costing procedure notes</p> <p>Collate all national cost collection returns (reference costs and/ or PLICs) for the old bodies and any reports (external and internal) on the costing systems to undertake due diligence on the arrangements²⁴</p>		

²³ <https://improvement.nhs.uk/resources/approved-costing-guidance/>

²⁴ See the findings from NHS Improvement's *Reference cost assurance programme 2015/16*
https://improvement.nhs.uk/uploads/documents/NHSI_RCA_Sector_Report_-_final.pdf

Costing and reference costs	Deadline	Responsible individual
<p>Identify appropriate interim reporting arrangements to ensure that costing and national cost collection returns remain a priority</p> <p>Establish governing body reporting requirements and timescales</p> <p>Establish a system to deliver appropriate financial reports in support of the revised management arrangements</p> <p>Develop relevant pro formas</p> <p>Ensure that arrangements are in place for submitting national cost collection returns for the new NHS body</p> <p>Complete necessary returns for the new NHS body</p>		

SECTION F: FINANCE STRUCTURES AND STAFFING

The finance team will have a more general input into NHS body and management structures as well as costing those revised staffing structures. If possible, and both chief financial officers agree, it is useful to swap staff between the old NHS bodies before the vesting date. This will help with integration and understanding of the differences in systems, controls and approaches. It is also a good way of identifying good practice that can be carried forward to the new NHS body. In the period prior to reorganisation the use of temporary contracts/ agency staff should be considered. This is often essential as the uncertainty that accompanies reorganisations tends to lead to a loss of staff.

Finance structures and staffing	Deadline	Responsible individual
<p>Appoint a chief financial officer</p> <p>Identify interim management arrangements where required. This will depend on the time available prior to the vesting date</p> <p>Determine the role and responsibilities of the finance function within the new management structure</p> <p>Develop the structure of the new finance function based on its new role and responsibilities (do not assume that the new finance function will require the same people with the same skill sets as the old and do not do this with particular members of staff in mind. Assume that staff will leave as a result of the reorganisation)</p> <p>Produce a finance team structure to meet its identified role within agreed management cost envelope, including CIPs requirements</p>		

Finance structures and staffing	Deadline	Responsible individual
<p>Agree how functions should be provided – for example, in-house, contracted out, shared services agency</p> <p>Compare proposed staff numbers/costs with existing establishment against any targets set</p> <p>Discuss the proposed structure with staff</p> <p>Obtain the approval of the chief executive and governing body to new structure</p> <p>Prepare job descriptions, Knowledge Skills Framework (KSF) and arrange for grading under Agenda for Change</p> <p>Liaise with the human resources team over implementing changes and consultation with staff representatives in line with agreed organisational change policies</p> <p>Check that the organisation’s management of change policy is up to date and the proposed changes comply with it</p> <p>Liaise with the human resources team over any redundancy or early retirement programmes to ensure that they have been appropriately costed and provided for</p> <p>Appraise existing staff and match to structure</p> <p>Identify ‘at risk’ staff in all bodies and arrange one to one discussions</p> <p>Identify all staff on inward or outward secondment and determine whether that arrangement should continue or be terminated</p> <p>Arrange outplacement counselling, CV refresher courses and Employee Assistance Programmes for staff</p> <p>Identify and address any salary differences, including part time proposals</p> <p>Appoint staff</p> <p>Issue new contracts of employment</p> <p>Agree objectives with staff</p> <p>Review agency and off-payroll arrangements to ensure that they are consistent</p> <p>Review existing systems, data feeds and national data collection return arrangements in relation to agency and consultancy staff costs and determine best practice going forward</p> <p>Identify training needs arising from the reorganisation</p> <p>Agree revised personal development plans, induction programmes and KSFs as necessary</p>		

Finance structures and staffing	Deadline	Responsible individual
<p>Arrange a programme of training to meet identified needs</p> <p>Agree timings and organise hand-over of work based on the new staffing structure</p> <p>Inform all internal and external contacts of revised structure and responsibilities of individuals</p>		

SECTION G: INFORMATION AND COMMUNICATIONS

Information technology systems	Deadline	Responsible individual
<p>Identify and standardise software needs – for example, adopt common spreadsheet/ word processing applications</p> <p>Identify all software licences held, identify any early termination penalty clauses, rationalise licences</p> <p>Identify hardware needs, standardise and purchase new equipment</p> <p>Identify and dispose of surplus equipment securely (risk of old IT kit not being wiped properly/ ending up on eBay!)</p> <p>Ensure that security access issues are resolved</p> <p>Ensure back-up arrangements are in place</p> <p>Review any bureau arrangements, place on service level agreement basis</p> <p>Check that all finance/external system interfaces are operational (for example, BACS, payroll)</p> <p>Develop a policy on use of work computers and communicate the new policy to employees</p>		

Communication and information flows	Deadline	Responsible individual
<p>Ensure communication links and networks are in place and working – for example, email, links with other bodies</p> <p>Compile and circulate finance staff directory, mailing and distribution lists to all users</p> <p>Review and harmonise all standard documents and stationery</p>		

Communication and information flows	Deadline	Responsible individual
<p>Ensure staff are fully informed of all changes</p> <p>Ensure that other NHS bodies are informed of all changes – for example, agreement of balances contacts are updated</p> <p>Notify all regulatory bodies of changes to email contacts – for both the old and the new bodies (both will need to be contacted in relation to the closedown of the accounts of the old bodies as well as the accounts of the new)</p> <p>Create common filing systems and agree standard office systems</p> <p>Establish routine briefing and other departmental meeting arrangements</p> <p>Update finance team business plan and circulate</p>		

Non-financial information²⁵	Deadline	Responsible individual
<p>Identify all systems for collecting non-financial information. For example, the quality metrics reported in the quality account/ quality report, data collected for national returns such as the ERIC returns, data required for model hospital metrics or RightCare data packs</p> <p>Specify requirements for each material system and determine if time constraints will force a period of dual running after the reorganisation date</p> <p>Ensure that arrangements are in place to avoid any data being lost when systems are changed</p> <p>Review existing systems, data feeds and national data collection return arrangements</p> <p>Evaluate and compare existing systems against new NHS body requirements. Compare to other systems if appropriate</p> <p>Review existing procedures and working practice guidance in all bodies. Consider whether they are fit for purpose for the new body and meet the requirements of any external bodies such as NHS Improvement, NHS England and NHS Digital. Identify any inconsistencies between approaches and determine the most appropriate approach for the new body</p> <p>Write and issue revised procedure notes</p>		

²⁵ Non-financial systems may not be within the remit of the finance department, it will depend on whether the director of finance also has IT responsibilities.

Non-financial information²⁵	Deadline	Responsible individual
Ensure staff are fully informed of all changes		

SECTION H: TENDERING FOR SERVICES

Tendering for services	Deadline	Responsible individual
<p>Consider the impact of the EU procurement directives on the new body (if it is a larger body than its predecessors, its contracts may be of a higher value so the EU procurement directive thresholds may be breached for the first time)</p> <p>Prepare service specifications</p> <p>Prepare draft tender and contract documents</p> <p>Identify potential service providers</p> <p>Establish tender evaluation criteria and procedures</p> <p>Invite tenders</p> <p>Undertake initial tender evaluation</p> <p>Arrange interviews and presentations</p> <p>Appoint service provider</p> <p>Agree implementation timetable</p> <p>Arrange post-implementation review</p>		

SECTION I: BUSINESS COMBINATION SPECIFIC COSTS

Business combination specific costs	Deadline	Responsible individual
<p>Identify those costs which will be incurred directly as a result of the reorganisation, such as:</p> <p>Training and new organisational induction</p> <ul style="list-style-type: none"> • branding • signage • uniforms • contract termination costs • website costs • rewriting and reprinting corporate publications 		

Business combination specific costs	Deadline	Responsible individual
<p>Ensure that the relevant costs are included in the new body's budget</p> <p>Where necessary, tender for contracts</p> <p>Identify appropriate budget managers and ensure that they understand their responsibilities</p> <p>Identify the indirect costs of the reorganisation – for example, managers' time in integration meetings. Assess this cost and determine whether additional resource is required to ensure that the day to day work is not neglected</p> <p>Identify the day to day work which does not need to be done as a result of the reorganisation (for example, staff working at a demising body do not need to prepare financial plans as this will be done by the new body) and ensure that this time is being used productively</p>		