

Due Diligence procedure for new prospects/services

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Due Diligence procedure for new prospects/services

1. Introduction

The Trust recognises the importance of ensuring that all potential new commercial ventures that are of interest to the Trust are capable of being fulfilled to a high standard if the tender is awarded and that all significant risks are identified and addressed.

The process for evaluating whether a tender is to be pursued must ensure that all subject matter experts are consulted at each stage, and their views and recommendations considered and forwarded to the respective decision making committee so that a decision can be taken in the best knowledge available at that time, or where knowledge is absent or limited, that a decision to proceed is taken with any inherent risk understood.

The procedure sets out the stages of bid development, and steps and stakeholders involved.

2. Purpose

This procedure aims to:

- Outline the types of decision considered during the three stages of pursuing new prospects
- Describe how the Trust obtains all the necessary information to assess risks and identify mitigations in order to inform whether or not to pursue a prospect and to inform implementation
- Give assurance as to how due diligence is captured at each stage of the development of a prospect

3. Scope

The procedure is to be followed for all new prospects; the approach to which a prospect is scrutinised is commensurate with the financial and non-financial risks identified by the Trust's subject matter experts.

4. Definitions

A **business prospect** is an opportunity to deliver a quality service in return for net income (including a surplus) to the Trust over the long term

Types of Business Prospects



- Any business idea from any of the sources described above

5. Duties and responsibilities in relation to new prospects

5.1 Board of Directors

The Board of Directors will decide whether major prospects will be pursued based on the thresholds set out in Standing Financial Instructions (SFIs). This will include taking account of the results of the due diligence process.

5.2 Chief Executive

The CEO has ultimate responsibility for ensuring that appropriate due diligence takes place. This is delegated to the Deputy Chief Executive and Commercial Director for those prospects below the Board of Director's thresholds as set out in SFIs.

5.3 Commercial Director

The Commercial Director is responsible for ensuring that all prospects are identified, evaluated, that finances are prepared, risks and mitigations are identified, by working closely with clinical leads and engaging directors as early as possible.

5.3 Directors

Directors are responsible for the provision of subject matter expertise relating to new prospects to indicate feasibility of taking a prospect forward, in particular, risks and mitigations. The commercial team will incorporate these opinions specialist knowledge from core directorates when making reports to the respective committee.

5.4 Health and Safety Managers

The Governance and Risk Adviser will support the risk assessment of prospects.

5.5 The Director of Finance

The Finance Director is responsible for proving an opinion on whether the prospect is likely to yield net income (including a surplus) to the Trust over the long term.

5.6 The Council of Governors

The Council of Governors must be consulted about significant transactions (see Standing Financial Instructions).

6. Procedure and its application in practice

There are three distinct stages in the development and subsequent implementation of new prospects: prospect development; contract mobilisation; and service implementation.

The processes and controls in place for each stage are described below.

6.1 Prospect development

The prospect development stage begins after an initial viability check is completed by the Commercial Team.

If a prospect is considered to be, in principle, viable, it is sent by the Commercial Team to the relevant director or associate dean for authorisation to prospect development stage.

The types of prospects considered are:

- Invitations to tender –formal competitive bids for services
- Trust innovations
- Commissioner requests (typically extensions of existing services)
- Requests from partner organisations.

The primary task of the prospect development stage is to develop and submit a high quality proposal that is in line with the Trust's clinical, commercial and strategic aims. As part of the prospect development, the Trust will consider, at a minimum, the following areas:

- Clinical practice
- Estates and facilities
- HR
- Finance
- IT and informatics
- Information governance
- Clinical governance

and the risks relating to each of the above.

The commercial team has responsibility for ensuring that all documentation and intelligence on the bid is provided to the subject matter experts within the Trust for each of these areas, so as to ensure that their judgements are made based on the best available information.

Subject matter experts will be asked to make an assessment of:-

- the current position of each of these areas (if the service is already being provided);
- the changes we would wish to make; the feasibility and timescales for achieving

- these changes;
- risks along with any mitigation plans and the degree of risk the Trust could tolerate.

The Commercial Team have responsibility for collating the information provided by the subject matter experts, and will make a recommendation to the relevant director or associate dean.

For bids below the Board of Directors' threshold, a decision to proceed or not to proceed will be made jointly by the Commercial Director and relevant director or associate dean.

6.2 Contract mobilisation

Contract mobilisation refers to the period between notification of award of a contract and service go-live.

- The primary purpose of the contract mobilisation stage is to gain assurance that the prospect described in the commissioner's offer documentation is confirmed with by the Trust's subject matter experts, in particular:-
 - any financial assumptions made during the prospect development stage are clarified and confirmed and that financial viability is assured
 - any gaps in knowledge identified by subject matter experts are addressed
 - all risk assessment are reviewed and updated
 - the terms of any contractual agreements (including leasehold agreements and SLAs) are reviewed and re-negotiated as necessary
 - timelines for service implementation are reviewed and re-negotiated as necessary
 - that an implementation plan has been agreed with the respective directors

If assurance on these matters is forthcoming, then a recommendation will be made by the Commercial Director to the Chief Executive to sign the contract. For large value contracts, a recommendation will be made by the Commercial Director to the Management Team for the Chief Executive to sign the contract. Where any gaps are apparent, these must be highlighted as risks to and decision made to continue is made on the basis of fact.

6.3 Service implementation

"Implementation" refers to the Trust's approach to the project management of the setting-up of newly commissioned services, and / or expansion of existing services.

For newly commissioned services, implementation covers the period from notification of award to approximately 3 – 6 months after service go-live, and will often run alongside the contract mobilisation stage. The actual length of this time will be determined on a project specific basis during the scoping phase.

Service go-live refers to the contractual start date of the service, and the implementation completion date is the point at which the service is fully operational and able to deliver to the service specification. If these two dates differ day 1 and month 1 plans will be developed to

support preparations. At a minimum this will include the details of the interim governance, reporting and staffing arrangements which will be in place at day 1, and then month 1, of service delivery.

The plans will be developed by the core project team (work stream leads; project manager and project director). They will be made negotiated with, and agreed by the service lead (if different from the project director); executive lead; and lead commissioner.

The project manager will develop a project pack, tailored to the specific requirement, but at a minimum containing:

- Overview of project work streams and key aims
- Detailed project plan, including breakdown of actions and milestones
- Project group including project roles, responsibilities and reporting lines
- Reporting framework
- Risk log

The Trust's model of implementation is structured around the following set of principles:

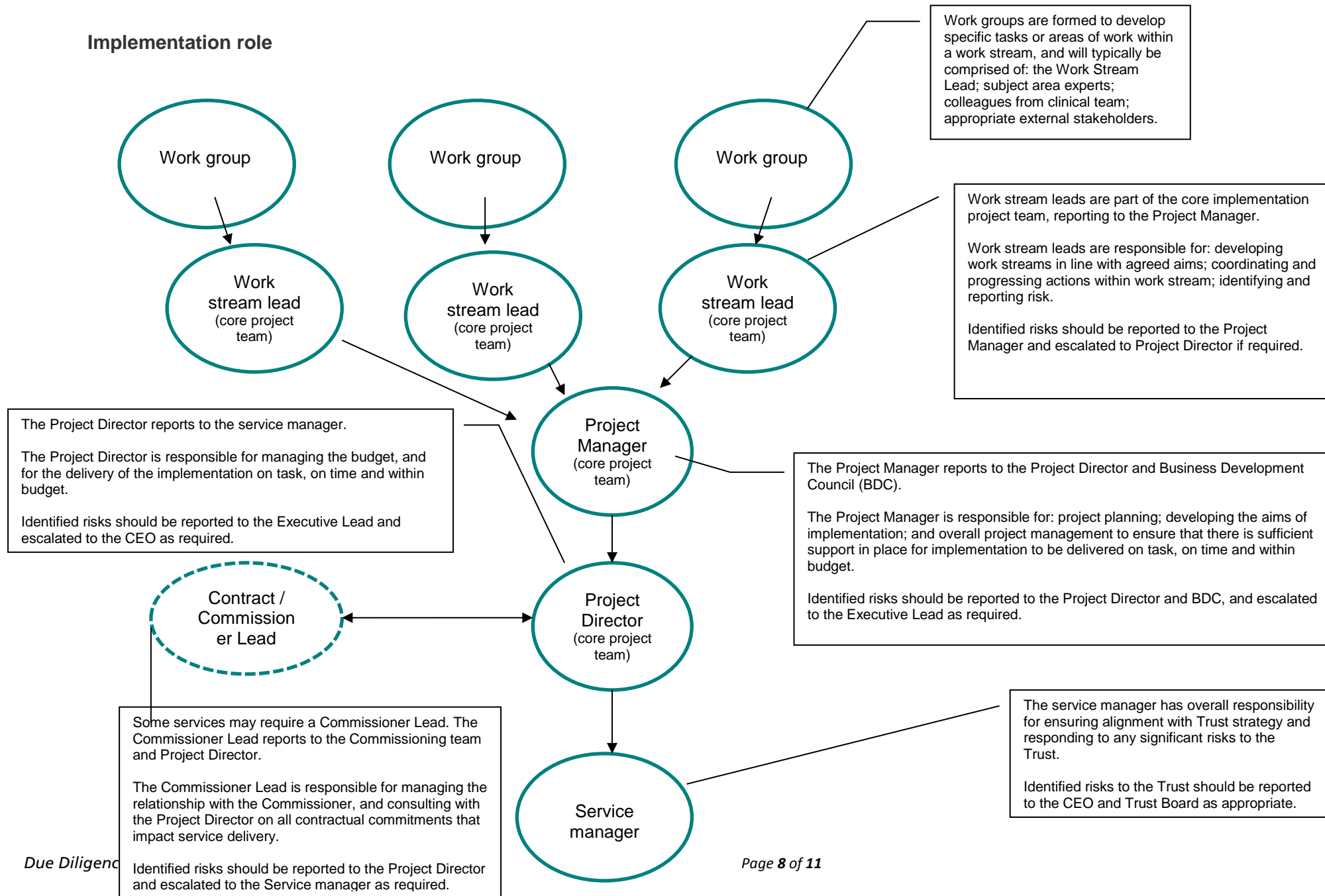
- Phased approach
- Areas of work clustered into identified work streams
- Tailored to specific requirements
- Clinically led, supported by a named project manager or project support officer
- Clinically owned with a director or associate clinical director identified as the service lead

Each phase has specific aims and timescales that are designed to anticipate and respond to potential risks or threats to service delivery, and form the building blocks for the next phase.

On completion of implementation, the named project manager will provide a formal handover to the on-going service delivery team.

	Phase 0: Scoping Phase lead: project manager	Phase 1: Planning Phase lead: project manager	Phase 2: "go-live" Phase lead: project director	Phase 3: Monitoring Phase lead: project director	Phase 4: Completion Phase lead: project manager
Phase activities	<ul style="list-style-type: none"> - detailed review of service specification and commissioner clarifications - assess resource implications - develop broad aims of implementation - Identify project group 	<ul style="list-style-type: none"> - finalise implementation resource (staff time & costs) - agree roles & reporting lines - develop detailed project plan (actions & timelines) - develop project reporting framework - develop risk log 	<ul style="list-style-type: none"> - prepare for service go-live as set out in project plan - operationalise service - develop "day 1" and "month 1" plans if appropriate 	<ul style="list-style-type: none"> - review progress - begin hand over process - pick up outstanding areas of implementation - monitor recording and reporting templates - establish confidence in systems implemented 	<ul style="list-style-type: none"> - complete a full operational, financial and contractual handover with the relevant on-going leads in each of these areas.
Reports to be	<p>Initial risk assessment → BDC / Mgmt Cttee</p> <p>Project overview → commissioner</p>	<p>Roles, budget, timelines → BDC</p> <p>Risk log → Service lead/ BDC</p> <p>Project plan → Service lead/ BDC</p>	<p>Progress report → Commissioner & BDC</p> <p>Risk log → Service lead/ BDC</p>	<p>Contract reporting → Commissioner</p> <p>Progress report → BDC</p>	<p>Contract reporting → Commissioner</p> <p>Lessons learned → BDC</p>
Implementation stage requirements	<p>To ensure:</p> <ul style="list-style-type: none"> - implications of service specification are fully understood - appropriate expertise from across Trust identified - organisational and service risks are identified, documented and mitigated 	<p>To ensure:</p> <ul style="list-style-type: none"> - full scope of project is understood, documented and planned for - each work stream is developed in collaboration with relevant Trust lead/expert - appropriate resources allocated - organisational and service risks are identified, documented and mitigated 	<p>To ensure:</p> <ul style="list-style-type: none"> - project is delivered on time and on budget - patient and staff safety on service go-live - organisational and service risks are identified, documented and mitigated 	<p>To ensure:</p> <ul style="list-style-type: none"> - structures and process implemented are fit for purpose - organisational and service risks are identified, documented and mitigated 	<p>To ensure:</p> <ul style="list-style-type: none"> - service is well embedded in existing organisational structures - organisational and service risks are identified, documented and mitigated

Implementation role



7. Process for monitoring compliance with this procedure

Phase	Task	Evidence required	Who	Process for monitoring compliance
Prospect development	To decide whether a prospect is an opportunity to deliver a quality service in return for net income (including a surplus) to the Trust over the long term	<p>Is there sufficient information available to make a bid / no bid decision?</p> <p>And</p> <p>Are all risks identified; understood; mitigated/ tolerable?</p>	<p>director or associate dean & Commercial Director</p> <p>Or</p> <p>Strategic and Commercial Programme Board</p>	<p>Email authorisation saved in prospect folder in Business Development drive</p> <p>Or</p> <p>Minutes of Business Development Council</p> <p>Or</p> <p>Minutes of Strategic and Commercial Programme Board</p>
Contract mobilisation	To confirm that the prospect is as described in the commissioner's offer and that a contract can be signed by the Chief Executive	<p>Confirmation of financial viability, no gaps in knowledge, risk assessments and mitigation indicate no unmitigated concerns, specifications are updated and that the contract document is fit for purpose.</p> <p>If not, are they still acceptable or</p>	Commercial Director	Minutes of commissioner contract mobilisation meetings

		<p>can they be renegotiated?</p> <p>And,</p> <p>Are all risks identified; understood; mitigated / tolerable?</p>		
Service implementation	To ensure that the Trust is ready to deliver the service and that the service will meet the Trust's quality standards	<p>Is there sufficient resource and planning in place to support implementation?</p> <p>And</p> <p>Are the project team roles agreed and understood?</p> <p>And</p> <p>Are all risks identified; understood; mitigated/ tolerable?</p>	Service lead(likely to be director or associate dean)	<p>Project plan</p> <p>And</p> <p>Project reports</p>

8. Associated documents

Current Annual Strategic Plan

Risk Strategy and Policy

Risk Assessment Procedure

Information Governance Framework

Information Asset Registration Procedure

Privacy Impact Assessment Procedure

Business Development and Investment Committee Terms of Reference

Pricing Guideline

Standing Financial Instructions