3.4. Drivers of the deficit

50. The trust started to hold 'Understanding the Deficit' meetings in 2015, which later evolved into the Recovery and Carter Group (RAC). From our review of papers, it appears that RAC was a more formal and structured meeting, for example having an action log. These two groups produced a number of documents setting out what the trust perceived as the key drivers of its deficit. There is a reasonable level of analysis supporting this information, and some figures are supported by external reviews, for example on prices and coding.

51. It is not clear how the Board is assured that this analysis shows the complete picture of the trust's deficit. We note that there is a lot of focus on external factors, but less, for example, on changing the way services are run and the associated staffing models (although we do recognise that such work has been undertaken in some areas).

52. Board members interviewed could not recall a document going to the Board setting out the drivers in one place, but spoke instead of ad hoc pieces of work being discussed by the Board. The documents we saw set out the issues relatively clearly, but did not always contain detailed actions to address those issues, and did not result in an overarching strategy to address the drivers. We do acknowledge that some important workstreams have arisen from this analysis, for example on under-compensation by commissioners. However, our view is that RAC should have overseen a defined programme of work leading to the formulation and implementation of an overarching recovery strategy.

53. Only recently has the trust started to develop a more strategic and systematic approach to linking the identified drivers of the deficit to workstreams to recover the position in the medium term. We understand this work will be reported to the Board later in 2017. This is an important step to responding systematically to the identified drivers, and will need to be progressed further to ensure that detailed workstreams underpin each driver to demonstrate how it will be addressed. We would expect clear accountabilities for delivery to be assigned to the executives, and for the Board and its committees to provide oversight of this work.

3.5. Wider financial governance

54. EY's financial governance report in May 2017 identified a number of areas for improvement, with a particular focus on NED scrutiny and challenge and CIP governance. The high risk areas of the report were presented to both FIC and an extraordinary private session of the Board at the end of May 2017, which was an appropriate response. The minutes of these meetings do not provide significant insight into the discussion of the report, but a number of interviewees noted challenge back to EY regarding its assessment of the level of NED scrutiny. Nevertheless, the report was accepted by the Board.