

Queen Victoria Hospital NHS Foundation Trust

Auditor's Annual Report

Year ended 31 March 2024

July 2024



We are required to satisfy ourselves under Schedule 10 (1)(d) of the National Health Service Act 2006 that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We report to you if significant matters have come to our attention. We are not required to consider, nor have we considered, whether all aspects of the Trust's arrangements are operating effectively.

Contents

Key messages	3
Financial statements	6
Value for money arrangements:	12

Detailed findings from our audit of the financial statements are communicated in the following reports:

- audit opinion on the financial statements for the year ended 31 March 2024
- audit findings (ISA 260) report to Those Charged with Governance

We performed our audit in accordance with International Standards on Auditing (UK). This report has been prepared in line with the National Audit Office's Code of Audit Practice (the "Code") and is required to be published by the Trust alongside the annual report and accounts. Our reports are prepared in accordance with ISAs (UK), the Code, all associated Audit Guidance Notes issued by the National Audit Office and relevant requirements of the NHS Act 2006.

Key messages

The purpose of the Auditor's Annual report is to bring together all of the auditor's work over the year. A core element of the report is the commentary on value for money (VFM) arrangements, which aims to draw to the attention of the Board and the wider public relevant issues, recommendations arising from the auditor's work and the auditor's view on whether previous recommendations have been implemented satisfactorily.

We have undertaken our work in accordance with the Audit Plan issued earlier in the year and reported to Those Charged with Governance. We have complied with the National Audit Office (NAO) Code of Audit Practice, other guidance issued by the NAO and International Standards on Auditing (UK).

Area of work	Our responsibilities	Conclusions
Financial statements	<p>We are required to audit the financial statements of the Trust (and group) under the National Health Service Act 2006. We express an opinion as to whether:</p> <ul style="list-style-type: none">the accounts give a true and fair view of the financial position of the Trust (and group) and of the expenditure and income for the year; andthe accounts have been prepared in accordance with proper practices and the requirements of the National Health Service Act 2006. <p>We confirm whether the financial statements have been prepared in line with the Group Accounting Manual prepared by the Department of Health and Social Care (DHSC).</p> <p>We are required to give a separate audit opinion on the Trust accounts' consolidation schedules (TACs) and to carry out specified procedures under group audit instructions.</p>	<p>We issued our unqualified audit opinion on the Trust' (and group)s financial statements on 28 June 2024. This means that we consider the financial statements give a true and fair view of the financial performance and position of the Trust (and group).</p> <p>In the group audit instructions the Trust was selected for limited scope audit procedures. There were no unadjusted inconsistencies identified between the financial statements and the TACs which we were required to report in our independent auditor's statement on the Trust's consolidation schedules.</p>

continued.....

Key messages

Area of work	Our responsibilities	Conclusions
<p>Annual report, annual governance statement and other information published with the financial statements</p>	<p>We assess whether the annual report is consistent with our knowledge of the Trust. We perform testing of certain figures subject to audit (labelled in the remuneration report and the staff report) as prescribed by the Foundation Trust Annual Reporting Manual (the 'ARM'),</p> <p>We consider whether the Annual Governance Statement does not comply with the disclosure requirements set out in the ARM or is misleading or inconsistent with information of which we are aware from our audit. We are not required to consider whether the Annual Governance Statement addresses all risks and controls or that risks are satisfactorily addressed by internal controls.</p>	<ul style="list-style-type: none"> • We did not identify any significant inconsistencies between the information presented in the annual report and our knowledge of the Trust. • Our audit opinion on the audited sections of the remuneration report and the staff report was unqualified. • We confirmed that the Governance Statement had been prepared in line with the requirements set out in the ARM..
<p>Value for money</p>	<p>We are required under Schedule 10 (1)(d) of the National Health Service Act 2006 to satisfy ourselves that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the National Audit Office requires us to report to you our commentary relating to proper arrangements.</p> <p>We assess the arrangements in place for securing economy, efficiency and effectiveness in the Trust's use of resources and provide a summary of our findings in the commentary in this report. We are required to report if we have identified any significant weaknesses as a result of this work.</p> <p>We are required to report our commentary under specified criteria: Financial sustainability, Governance and Improving economy, efficiency and effectiveness.</p>	<ul style="list-style-type: none"> • We have not identified any significant weaknesses in the arrangements for securing economy, efficiency and effectiveness in the use of resources at the Trust.

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Key messages

Area of work	Our responsibilities	Conclusions
Public interest report	Under Schedule 10 (3) of the National Health Service Act 2006 the auditor of a foundation trust must consider whether to make a report in the public interest if they consider a matter is sufficiently important to be brought to the attention of the audited body or the public.	<ul style="list-style-type: none"> We did not identify any matters for which we considered a public interest report to be required as part of our external audit for 2023/24.
Referral to NHS England	Under Schedule 10 (6) of the National Health Service Act 2006 the auditor of a foundation trust must consider whether to make a referral to a foundation trust's regulatory body (NHS England) if the auditor has reason to believe that the trust, or a director or officer of the trust is about to make, or has made, a decision which involves or would involve the incurring of expenditure which is unlawful, or is about to take, or has taken, a course of action which, if pursued to its conclusion, would be unlawful and likely to cause a loss or deficiency.	<ul style="list-style-type: none"> We did not identify any matters for which we considered a referral to be required as part of our external audit for 2023/24.
Key recommendations	The NAO Code of Audit Practice requires that where auditors identify significant weaknesses as part of their arrangements to secure value for money, they should make recommendations setting out the actions that should be taken by the Trust. We consider these to be key, or essential, recommendations.	<ul style="list-style-type: none"> We did not identify any key recommendations.
Other recommendations	We raise "other recommendations" in areas where we believe the weaknesses identified are not significant, or where arrangements are generally satisfactory but further improvement could be achieved.	<ul style="list-style-type: none"> We have not raised any "other recommendations."

Financial statements

The annual report and financial statements are an important tool for the Trust to show how it has used public money and how it can demonstrate its financial health.

We provide an independent opinion on whether the Trust's financial statements:

- *give a true and fair view of the financial position of the Trust as at 31 March 2024 and of its expenditure and income for the year then ended;*
- *have been properly prepared in accordance with international accounting standards as interpreted and adapted by the Department of Health and Social Care Group Accounting Manual 2023/24; and*
- *have been prepared in accordance with the National Health Service Act 2006.*

We are independent of the Trust in accordance with applicable ethical requirements, including the Financial Reporting Council's Ethical Standard.

Area of work	Conclusions
Audit opinion on the financial statements	We gave an unqualified opinion on the Trust's financial statements on 28 June 2024.
Audit Findings (ISA260) report	More details can be found in our ISA260 report, which was reported to the Trust's Audit & Risk Committee on 18 June 2024.
Whole of Government accounts	To support the audit of consolidated NHS Provider accounts, the Department of Health and Social care group accounts and the Whole of Government Accounts (WGA), we are required to examine and report on the consistency of the Trust's consolidation schedules with its audited financial statements. This includes performing specified procedures under group audit instructions issued by the National Audit Office. Our work found that the WGA consolidation pack was consistent with the Trust's financial statements.
Preparation of the accounts	The Trust provided draft accounts in line with the national deadline. The quality of the draft financial statements and supporting working papers was generally good and we had no significant issues or concerns which we reported to management or the Audit Committee.

Financial statements

Significant risks

Detailed findings from the audit of the 2023/24 financial statements are set out in our Audit Findings (ISA260) report, reported to the Trust's Audit & Risk Committee in June 2024. Requests for this report should be directed to the Trust. This report set out the significant risks identified for the 2023/24 financial statements audit along with the procedures performed to address each risk and the conclusions reached following the performance of those procedures.

One material adjustment was made to the draft financial statements which related to accounting for the valuation of surplus land held at 31 March 2024 for which a sale price had been agreed post year end. The draft accounts were adjusted to bring in a valuation of £2.25m for this asset, having previously shown a nil valuation.

No significant recommendations have been made as a result of the financial statements audit.

We set out on the following pages the significant risks identified as part of our audit and the conclusions from our work.

Financial statements

Significant risks at the financial statement level

The below table summarises conclusions in relation to significant risks of material misstatement identified at the financial statement level. These risks are considered to have a pervasive impact on the financial statements as a whole and potentially affect many assertions for classes of transaction, account balances and disclosures.

Significant risks	Audit approach	Audit findings and conclusion
<p>Management override of controls</p> <p>Auditing Standards require auditors to treat management override of controls as a significant risk on all audits. This is because management is in a unique position to perpetrate fraud by manipulating accounting records and overriding controls that otherwise appear to be operating effectively.</p> <p>Although the level of risk of management override of controls will vary from entity to entity, the risk is nevertheless present in all entities.</p> <p>Specific areas of potential risk include manual journals, management estimates and judgements and one-off transactions outside the ordinary course of the business.</p>	<ul style="list-style-type: none">• Documented our understanding of the journals posting process and evaluating the design effectiveness of management controls over journals;• Analysed the journals listing and determining the criteria for selecting high risk and/or unusual journals;• Tested high risk and/or unusual journals posted during the year and after the draft accounts stage back to supporting documentation for appropriateness, corroboration and to ensure approval has been undertaken in line with the Trust's journals policy;• Gained an understanding of the key accounting estimates and critical judgements made by management. We will challenge assumptions and review for reasonableness and indicators of bias which could result in material misstatement due to fraud; and• Evaluated the rationale for any changes in accounting policies, estimate or significant unusual transactions.	<p>Our audit work did not identify any significant issues in respect of this risk.</p>

Key audit findings: significant risks

Significant risks at the assertion level for classes of transaction, account balances and disclosures

The tables below summarise conclusions in relation to significant risks of material misstatement at the assertion level for classes of transaction, account balances and disclosures

Significant risks	Audit approach	Audit findings and conclusion
<p>Fraud in revenue recognition</p> <p>Material misstatement due to fraudulent financial reporting relating to revenue recognition is a rebuttable presumed risk in ISA (UK) 240.</p> <p>Having considered the nature of the revenue streams at the Trust, we consider that the risk of fraud in revenue recognition can be rebutted on fixed price patient care income that is based on block contract payments agreed in advance but cannot be rebutted on all other income streams due to these income streams being variable in nature and linked to the delivery of specific performance outcomes.</p> <p>This can be more complex when linked with activity. We have also identified significant risk in the existence of the associated receivables.</p>	<ul style="list-style-type: none">• Documented our understanding of the Trust's systems for income to identify significant classes of transactions, account balances and disclosures with a risk of material misstatement.• Evaluated the design of the controls in the key accounting systems, where a risk of material misstatement was identified, by performing a walkthrough of the systems;• Evaluated the Trust's accounting policies for recognition of income and compliance with the GAM.• Performed substantive testing of income and the associated receivables using tests of detail by ensuring they can be traced to appropriate supporting evidence; and• Ensured that any revenue and receivables mismatches over £300k NAO threshold can be supported and agree with the Trust's entries in the WGA Agreement of Balances exercise.	<p>Our audit work did not identify any significant issues in respect of this risk.</p>

Key audit findings: significant risks

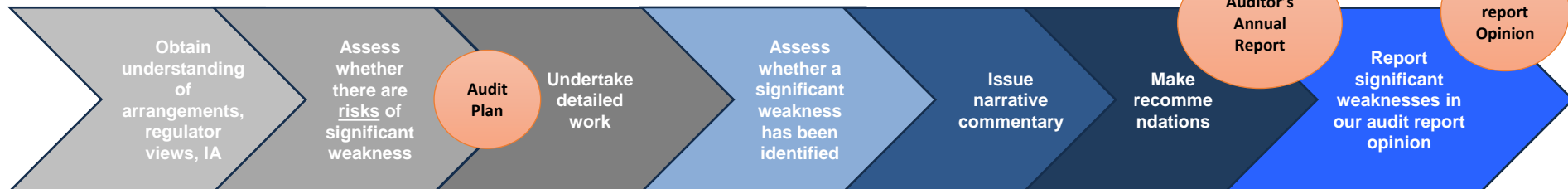
Significant risks	Audit approach	Audit findings and conclusion
<p>Fraud in expenditure recognition</p> <p>We have considered Practice Note 10, which comments that for certain public bodies, the risk of manipulating expenditure could exceed the risk of manipulating revenue. We have therefore also considered the risk of fraud in expenditure at the Trust.</p> <p>We consider that the risk can be rebutted on payroll expenditure, depreciation, amortisation and interest payable, but cannot be rebutted on other operating expenditure for the reasons set out above. We have also identified a significant risk in the valuation and existence of accruals liabilities</p>	<ul style="list-style-type: none">• Documented our understanding of the Trust's systems for expenditure to identify significant classes of transactions, account balances and disclosures with a risk of material misstatement.• Evaluated the design of the controls in the key accounting systems where a risk of material misstatement was identified, by performing a walkthrough of the systems;• Evaluated the Trust's accounting policies for recognition of expenditure and compliance with the GAM.• Substantively tested material expenditure streams using tests of detail (in the riskier areas); and• On a sample basis, performed substantive testing for accruals, agreeing to supporting evidence to gain assurance over the existence and valuation of the year-end accruals.	<p>Our audit work did not identify any significant issues in respect of this risk.</p>

Key audit findings: significant risks

Significant risks	Audit approach	Audit findings and conclusion
<p>Valuation of land and buildings</p> <p>The Trust undertakes a full revaluation of its land and buildings on a five-year rolling basis, to ensure that the carrying value is not materially different from the fair value.</p> <p>Management engage the services of a qualified valuer, who is a Regulated Member of the Royal Institute of Chartered Surveyors (RICS) to undertake these valuations as of 31 March 2024.</p> <p>The valuations involve a wide range of assumptions and source data and are therefore sensitive to changes in market conditions. ISAs (UK) 500 and 540 require us to undertake audit procedures on the use of external expert valuers and the methods, assumptions and source data underlying the fair value estimates.</p> <p>This represents a key accounting estimate made by management within the financial statements due to the size of the values involved, the subjectivity of the measurement and the sensitive nature of the estimate to changes in key assumptions. We have therefore identified the valuation of land and buildings as a significant risk.</p>	<ul style="list-style-type: none">• Evaluated management processes and assumptions for the calculation of the estimate, the instructions issued to the valuation experts and the scope of their work;• Evaluated the competence, capabilities and objectivity of the valuation expert;• Considered the basis on which the valuations are carried out and challenging the key assumptions applied;• Evaluated the reasonableness of the valuation movements for assets revalued during the year, with reference to market data;• For unusual or unexpected valuation movements, tested the information used by the valuer to ensure it is complete and consistent with our understanding;• Ensured revaluations made during the year have been input correctly to the fixed asset register and the accounting treatment within the financial statements is correct.	<p>Our audit work did not identify any significant issues in respect of this risk.</p>

Value for money

We are required to consider whether the Trust has established proper arrangements to secure economy, efficiency and effectiveness in its use of resources, as set out in the NAO Code of Practice and the requirements of Auditor Guidance Note 3 ('AGN 03').



In undertaking our work we have not identified any significant weaknesses in arrangements. Our detailed commentary is set out on the following pages.

Reporting criteria	Planning – risk of significant weakness identified?	Final – significant weakness identified?	Key recommendations made?	Other recommendations made?
Financial sustainability How the body plans and manages its resources to ensure it can continue to deliver its services	No	No	No	No
Governance How the body ensures it makes informed decisions and properly manages risk	No	No	No	No
Improving economy, efficiency and effectiveness How the body uses information about its costs and performance to improve the way it manages and delivers its services	No	No	No	No

Value for money

In addition to our financial statements work we performed a range of procedures to inform our value for money commentary, including:

- Meeting with management and regular meetings with senior officers
- Interviews as appropriate with other Board members and management
- Review of Board and committee reports and attendance at audit committee meetings
- Reviewing reports from third parties, including the Care Quality Commission (CQC)
- Considering the findings from our audit work on the financial statements
- Review of the Trust's annual governance statement and annual report and other publications
- Considering the work of internal audit and the counter fraud function
- Consideration of other sources of external evidence, such as the NHS National Staff survey.

Foundation Trusts are responsible for putting in place proper arrangements for securing economy, efficiency and effectiveness in their use of resources. This includes managing key operational and financial risks and taking properly informed decisions so that they can deliver their objectives and safeguard public money.

As auditors, we are required to consider whether the Trust has established proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

We performed risk assessment procedures at the audit planning stage to identify any potential areas of significant weakness which could result in value for money not being achieved. This included considering the findings from other regulators and internal auditors, reviewing records at the Trust and performing procedures to obtain a knowledge of the high-level arrangements in place. The resulting risk areas were set out in our audit plan.

For each identified risk area, we performed further procedures during our audit to consider whether there were significant weaknesses in the processes in place to achieve value for money.

The NAO Code of Audit Practice requires us to structure our commentary on VFM arrangements under three reporting criteria: financial sustainability, governance and improving economy, efficiency and effectiveness.

We have set out on the following pages our commentary and findings on the arrangements at the Trust in each area.

Summary of findings

Based on the audit work performed, we have not identified any significant weaknesses in the Trust's arrangements for achieving value for money and have therefore not raised any key recommendations.

Financial sustainability

This relates to how the Trust plans and manages its resources to ensure it can continue to deliver its services.

We considered the following areas:

- how the Trust identifies all the significant financial pressures that are relevant to its short and medium-term plans and builds these into the plans;
- how the Trust plans to bridge its funding gaps and identifies achievable savings;
- how the Trust plans finances to support the sustainable delivery of services in accordance with strategic and statutory priorities;
- how the Trust ensures that its financial plan is consistent with workforce, capital, investment, and other operational plans, which may include working with other local public bodies as part of a wider system; and
- how the Trust identifies and manages risks to financial resilience, such as unplanned changes in demand and assumptions underlying its plans.

2023/24 budget and performance

The Trust set a break-even plan for 2023/24 and delivered against this, achieving a small surplus on its adjusted financial performance (control total basis) for 2023/24.

Performance in 2023/24 included delivery of £5m of planned savings, primarily through establishment reviews and savings through vacancies. Financial performance was reported to and monitored through the Finance and Performance Committee and Board throughout 2023/24.

For 2023/24 specific saving schemes were not identified, with savings instead being achieved through central reduction in directorate budgets. This made identification and monitoring of specific savings initiatives difficult and in practice most savings were delivered through reductions in staff costs through holding vacancies.

2024/25 budget

Changes to the funding regime post covid and the conversion of previous non recurrent funding to recurrent means that the Trust is now in a more stable financial position and has been able to plan its medium to long term position with more confidence.

The Trust submitted a break-even budget for 2024/25 to NHSE in May 2024 which included the requirement for delivery of £5.3m of savings, which is a similar level to those achieved in 2023/24. In June 2024 the Trust agreed a revision to this plan which increased the savings requirement in year by a further £1.2m

For 2024/25 the Trust is changing its approach for identification and delivery of savings, to allow for clearer identification of specific savings schemes and initiatives and for monitoring of delivery against these schemes. The detailed arrangements for monitoring performance in this area were still under development at the time of this assessment.

Financial sustainability

This relates to how the Trust plans and manages its resources to ensure it can continue to deliver its services.

We considered the following areas:

- how the Trust identifies all the significant financial pressures that are relevant to its short and medium-term plans and builds these into the plans;
- how the Trust plans to bridge its funding gaps and identifies achievable savings;
- how the Trust plans finances to support the sustainable delivery of services in accordance with strategic and statutory priorities;
- how the Trust ensures that its financial plan is consistent with workforce, capital, investment, and other operational plans, which may include working with other local public bodies as part of a wider system; and
- how the Trust identifies and manages risks to financial resilience, such as unplanned changes in demand and assumptions underlying its plans.

The majority of planned savings in 2024/25 will come from centrally driven initiatives such as through generation of additional income and savings from the operation of the new Local Anaesthetic Unit.

The trust is developing arrangements to allow for further development of savings schemes at a directorate level. This is planned to include provision of detailed monitoring information to the Finance & Performance Committee and Board on savings delivery to allow for effective monitoring of achievement of the required savings.

At the time of our assessment, the Trust had plans in place to deliver £5.3m of efficiencies but had still to develop detailed plans for the further £1.2m savings requirement agreed in June 2024. It has plans to improve arrangements for monitoring of delivery of these savings through the Finance and Performance Committee and Board throughout 2024/25, with improved clarity around what specific plans are in place and progress against these plans.

Based on the review undertaken we are satisfied that the Trust

- applied appropriate scrutiny and review of the financial position throughout 2023/24 through the Finance and Performance Committee and Board
- had effective arrangements for delivery of savings in 2023/24
- Is taking appropriate action to further develop arrangements for identification and delivery of savings scheme for 2024/25.

Governance

This relates to the arrangements in place for overseeing the Trust's performance, identifying risks to achievement of its objectives and taking key decisions.

We considered the following areas as part of assessing whether sufficient arrangements were in place:

- how the Trust monitors and assesses risk and gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud;
- how the Trust approaches and carries out its annual budget setting process;
- how the Trust ensures effective processes and systems are in place to ensure budgetary control; to communicate relevant, accurate and timely management information (including non-financial information where appropriate); supports its statutory financial reporting requirements; and ensures corrective action is taken where needed, including in relation to significant partnerships;
- how the Trust ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency. This includes arrangements for effective challenge from those charged with governance/audit committee; and
- how the Trust monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements and standards in terms of officer or member behaviour (such as gifts and hospitality or declarations/conflicts of interests).

NHSE Additional License Conditions

As reported in previous Value for Money assessments, the Trust received a notice of imposition of additional license conditions from NHS Improvement under section 111 of the Health and Social Care Act on 20 October 2021. This notice was issued following a referral made by the Trust to NHS Improvement. NHSI subsequently concluded that the Trust would breach license conditions relating to the need for the Council of Governors to implement arrangements to work effectively with the Board and to ensure that the Trust has sufficient and effective Board leadership, capacity and capability.

KPMG, as the Trust's previous external auditors, reported a significant weakness in the Trust's governance arrangements in 2021/22 relating to the Council of Governors not having undertaken their full range of responsibilities during the year and due to the ineffective working relationship between the Board and the Council of Governors.

In 2022/23 KPMG concluded that there was sufficient evidence of progress in this area to remove the need for the reporting of a significant weakness.

The trust are still operating under the additional license conditions imposed in 2021 and the Council of Governors and the Trust Board have been clear that they will only seek the lifting of these conditions when they are satisfied that they can demonstrate to NHS England that effective working relationships are in place.

Based on our assessment in 2023/24 it is evident that the Trust has made significant progress in the development of effective working relationships between the Council of Governors, the Trust Board and with management and wider staff groups, including clinicians.

Governance

This relates to the arrangements in place for overseeing the Trust's performance, identifying risks to achievement of its objectives and taking key decisions.

We considered the following areas as part of assessing whether sufficient arrangements were in place:

- how the Trust monitors and assesses risk and gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud;
- how the Trust approaches and carries out its annual budget setting process;
- how the Trust ensures effective processes and systems are in place to ensure budgetary control; to communicate relevant, accurate and timely management information (including non-financial information where appropriate); supports its statutory financial reporting requirements; and ensures corrective action is taken where needed, including in relation to significant partnerships;
- how the Trust ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency. This includes arrangements for effective challenge from those charged with governance/audit committee; and
- how the Trust monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements and standards in terms of officer or member behaviour (such as gifts and hospitality or declarations/conflicts of interests).

This progress has been a result of close working between the Council of Governors and the Trust Board and a commitment to improving the relationship in the light of issues highlighted in the past, and an ambition shared with clinicians to develop a long term vision and strategy for the Trust given it's improved financial position post covid and the resolution of previous proposals regarding a potential merger.

Development of arrangements in other areas

The Trust has undertaken considerable work in 2023/24 to develop and strengthen governance arrangements, including

- A review and streamlining of operational governance structures from Trust Board, through to subcommittee and supporting management structures in November 2023
- A redesign of service governance structures to ensure that all services are operating within a clear consistent framework of clinical directorates and business units with a clinical lead, a nursing lead and a management lead for each service area

- A refresh of the Trust's Board Assurance Framework
- A review of the Trust's risk management framework and risk management strategy

The work during 2023/24 to develop the above arrangements has meant that for periods of the financial year, full effective governance arrangements were not in place – in particular, the Trust Board did not receive detailed risk management updates between around July 2023 and December 2023. However, these arrangements were in place and operational by 31 March 2024.

To further enhance governance arrangements the Trust commenced work on the development of an integrated performance framework which, while not fully operational and embedded at 31 March 2024, will be used as a key part of the arrangements to manage all areas of activity within the Trust moving in to 2024/25.

Governance

This relates to the arrangements in place for overseeing the Trust's performance, identifying risks to achievement of its objectives and taking key decisions.

We considered the following areas as part of assessing whether sufficient arrangements were in place:

- how the Trust monitors and assesses risk and gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud;
- how the Trust approaches and carries out its annual budget setting process;
- how the Trust ensures effective processes and systems are in place to ensure budgetary control; to communicate relevant, accurate and timely management information (including non-financial information where appropriate); supports its statutory financial reporting requirements; and ensures corrective action is taken where needed, including in relation to significant partnerships;
- how the Trust ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency. This includes arrangements for effective challenge from those charged with governance/audit committee; and
- how the Trust monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements and standards in terms of officer or member behaviour (such as gifts and hospitality or declarations/conflicts of interests).

A key factor in the development of governance arrangements during 2023/24 has been the establishment of a stable board of permanent Director appointments, something which has not been in place over recent years. With this now established the Trust is in a position to take forward the further development of its governance arrangements.

Based on our review we are satisfied that the Trust

- has adequate and effective governance arrangements in place, and
- is take appropriate action to further develop these arrangements in a range of areas.

Improving economy, efficiency and effectiveness

This relates to how the Trust seeks to improve its systems so that it can deliver more for the resources that are available to it.

We considered the following areas as part of assessing whether sufficient arrangements were in place:

- how financial and performance information has been used to assess performance and identify areas for improvement;
- how the Trust evaluates service quality to assess performance and identify areas for improvement;
- how the Trust ensures it delivers its role within significant partnerships, engages with stakeholders it has identified, monitors performance against expectations, and ensures action is taken where necessary to improve; and
- where the Trust commissions or procures services, how it ensures that this is done in accordance with relevant legislation, professional standards and internal policies, and how it assesses whether it is realising the expected benefits.

Trust Strategy

The Trust have put in considerable work in the last 12 months to develop a clear Trust strategy which is now likely to be ratified by the Board in November 2024, supported by other enabling strategies.

The development of this strategy has been a key focus for the Trust following the decision not to proceed with merger in 2022, and a need for the Trust to set out a clear strategy for the future which has support of all relevant stakeholders.

The strategy has been developed by the Trust Board in close consultation with the Council of Governors and the Trust's clinicians, and has involved input from the Trust's ICB commissioners and other stakeholders. The process involved development of a communications and engagement strategy in May 2023 and has worked through a comprehensive range of engagement activity, including independent verification of the activities undertaken and the findings arising from these activities, and has been overseen by a Strategic Development Committee reporting to directly to the Trust Board.

The process of development of the strategy has also involved extensive work to understand the current services provided, including use of benchmarking data on service costs, efficiency, outcomes and staff feedback.

The finalisation of the Trust strategy in November 2024 will represent a significant step for the Trust in articulating its long term strategy and vision and demonstrating a unity of this vision across the Council of Governors, the Trust Board and Trust clinicians.

Procurement

The Trust does have a procurement policy in place which was dated January 2022. The Trust has a new head of procurement from March 2024 who is taking this area forward, but for much of the 2023/24 the Trust did not have a Head of Procurement in post. As a result there are a number of areas of procurement processes which require update and review, which the Head of Procurement has recognised.

Based on our review we are satisfied that the Trust has adequate and effective arrangements for securing economy, efficient and effectiveness.



We are an accounting, tax, audit, advisory and business services group that delivers a personal experience both digitally and at your door.

Accounting | Tax | Audit | Advisory | Technology

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