

Wirral Community Health and Care NHS Foundation Trust

Auditor's Annual Report for the
year ended 31 March 2024

July 2024



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We are required under Schedule 10 paragraph 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 (NAO) requires us to report to you our commentary relating to proper arrangements.

We report 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 for securing economy, efficiency and effectiveness in its use of resources are operating effectively.



The contents of this report relate only to those matters which came to our attention during the conduct of our normal audit procedures which are designed for the purpose of completing our work under the NAO Code and related guidance. Our audit is not designed to test all arrangements in respect of value for money. However, where, as part of our testing, we identify significant weaknesses, we will report these to you. In consequence, our work cannot be relied upon to disclose all irregularities, or to include all possible improvements in arrangements that a more extensive special examination might identify. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting, on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

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Introduction



Purpose of the Auditor's Annual Report

This report brings together a summary of all the work we have undertaken for Wirral Community Health and Care NHS Foundation Trust during 2023/24 as the appointed external auditor. The core element of the report is the commentary on the value for money (VfM) arrangements. Here we draw the reader's attention to relevant issues, recommendations arising from our work and how the Trust has responded to recommendations made in previous years. The responsibilities of the Trust are set out in Appendix A.

Responsibilities of the appointed auditor

Opinion on the financial statements

Auditors provide an opinion on the financial statements which confirms whether they:

- 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 requirements of the National Health Service Act 2006.

We also consider the Annual Governance Statement, the relevant disclosures within the Annual Report including the remuneration report and undertake work relating to the Whole of Government consolidation exercise.

Value for money

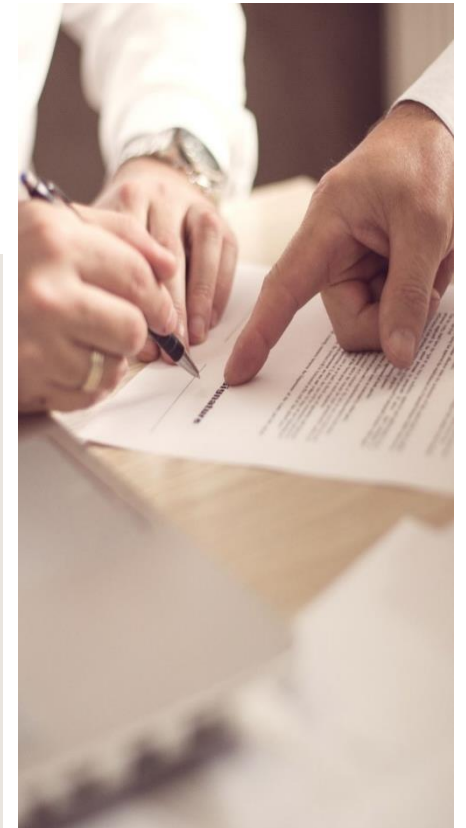
We report our judgements on whether the Trust has proper arrangements in place regarding arrangements under the three specified criteria:

- financial sustainability
- governance
- improving economy, efficiency and effectiveness

Other powers

Auditors of a Foundation Trust have a duty to consider whether there are any issues arising during their work that indicate possible or actual unlawful expenditure or action leading to a possible or actual loss or deficiency that should be referred to the relevant NHS regulatory body.

Auditors of Foundation Trusts also have the duty to consider whether to issue a report in the public interest (PIR), where it is appropriate to do so



The Value for Money Auditor responsibilities are set out in Appendix B.

Executive summary



Executive summary

Under Schedule 10 paragraph 1(d) of the National Health Service Act 2006, we are required to be satisfied whether the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources (referred to as Value for Money). The National Audit Office (NAO) Code of Audit Practice ('the Code'), requires us to assess arrangements under three areas as set out below.



Financial sustainability

We have not identified any significant weaknesses with regard to financial planning or delivering efficiencies. The Trust submitted a £0.2m surplus plan for 2023/24 and delivered an £0.9m surplus. As of 2 May 2024, a £1.5m surplus plan has been submitted for 2024/25 but a further financial planning submission will likely be required due to the combined financial position of the health system. The Trust undertook financial modelling during 2023/24 with system partners and also maintains its own 3-year financial model. We have raised an improvement recommendation that now relationships are beginning to mature within the system, all partners should work together to develop a multi-year financial plan which delivers financial balance in the medium term.

There are arrangements in place to identify and deliver cost improvement savings. The Trust delivered the £5.3m efficiency target in 2023/24, but within this net position there was a £3.2m shortfall in recurrent savings. The financial plan 2024/25 includes an ambitious £6.3m recurrent savings target which is a £4.5m (250%) increase compared to recurrent delivery in 2023/24. We have raised an improvement recommendation that the Trust should focus on identifying and delivering recurrent savings. This should include identifying strategic service transformation with system partners in addition to internal efficiency programmes.



Governance

The Trust has appropriate arrangements in place to monitor and assess risks and gain assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud. The Trust's annual budgeting process and financial monitoring arrangements are adequate. There is evidence of an appropriate "tone from the top" in respect of decision making, and the Trust has arrangements in place to ensure the Board's Committees effectively support the Board. Arrangements are in place to ensure the application of appropriate standards and that regulatory requirements are met, for example when procuring services.

The financial statements were not received for audit by the statutory deadline, and they contained a number of errors. We have raised a recommendation in the Audit Findings Report that financial statements should be submitted for audit by the prescribed deadline and should be reviewed to ensure accuracy and completeness.

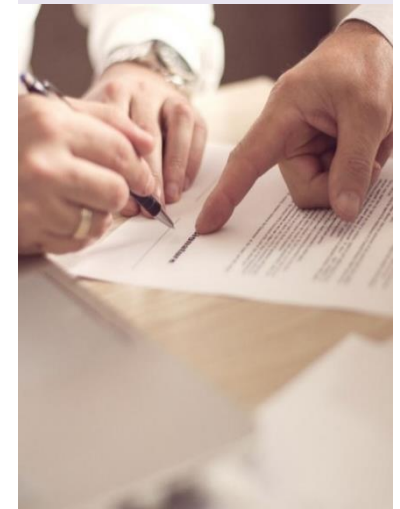


Improving economy, efficiency and effectiveness

The Trust has adequate arrangements in place to assess performance. Comprehensive performance information is provided to the Trust Board through the Trust Information Gateway that enables monitoring of performance and identification of areas for improvement. The Trust actively engages in significant partnerships within the health system to deliver strategic objectives, including the Homes First Team and the Mental Health, Learning Disabilities and Community Provider Collaborative. Collaborative procurement arrangements are in place to deliver efficiencies through partnership forums such as the Procurement Steering Group. Our work has not identified any evidence which leads us to conclude that there are weaknesses present which require recommendations to be raised.



We hope to complete our audit of your financial statements and issue an unqualified audit opinion on 31 July 2024, following the Board of Directors meeting on 24 July 2024. Our findings are set out in further detail on page 8.



Executive summary (continued)



Overall summary of our Value for Money assessment of the Trust's arrangements

Criteria	2023/24 Risk assessment	2023/24 Auditor judgement on arrangements	2022/23 Auditor judgement on arrangements
Financial sustainability	No risks of significant weakness identified	<p>A</p> <p>No significant weaknesses have been identified with regard to financial sustainability.</p> <p>We have identified two improvement recommendations to further strengthen arrangements, relating to developing the medium-term financial plan and focusing on delivering recurrent efficiencies.</p> <p>More detail regarding these recommendations can be found on pages 13 and 14.</p>	<p>A</p> <p>No significant weakness in arrangements identified. One improvement recommendation raised for the Trust to work with system partners to develop a medium-term financial plan to address the system's underlying deficit.</p>
Governance	No risks of significant weakness identified	<p>A</p> <p>No significant weaknesses have been identified with regard to governance arrangements.</p> <p>The financial statements were not received for audit by the statutory deadline, and they contained a number of errors. We have raised a recommendation in the Audit Findings Report that financial statements should be submitted for audit by the prescribed deadline and should be reviewed to ensure accuracy and completeness. We have not replicated the recommendation in this Auditor's Annual Report but have provided an amber RAG rated assessment to reflect this recommendation.</p>	<p>G</p> <p>Our work did not identify any areas where we considered that key or improvement recommendations were required.</p>
Improving economy, efficiency and effectiveness	No risks of significant weakness identified	<p>G</p> <p>Our work did not identify any areas where we considered that key or improvement recommendations were required.</p>	<p>A</p> <p>No significant weakness in arrangements identified. Two improvement recommendations raised relating to publishing the Integrated Performance Report and developing a Data Quality Policy.</p>

G	No significant weaknesses in arrangements identified or improvement recommendation made.
A	No significant weaknesses in arrangements identified, but improvement recommendations made.
R	Significant weaknesses in arrangements identified and key recommendations made.

Opinion on the financial statements and use of auditor's powers



Opinion on the financial statements



Audit opinion on the financial statements

We intend issue an unqualified opinion on the Trust's financial statements on 31 July 2024, following the Board of Directors meeting on 24 July 2024.

The full opinion is included in the Trust's Annual Report for 2023/24, which can be obtained from the Trust's website.

Grant Thornton provides 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 requirements of the National Health Service Act 2006

We conducted our audit in accordance with:

- International Standards on Auditing (UK)
- the Code of Audit Practice (2020) published by the National Audit Office, and
- applicable law.

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

Findings from the audit of the financial statements

Although the Trust provided TAC forms in line with the national deadline, the financial statements were received on the 7 May 2024. This was due to staff changes and sickness.

The statements themselves included variances from the trial balance and there was a delay in receiving detailed working papers required for the audit. The leases working papers was also recalculated.

- Although the finance team have responded to our queries and provided the information we required we have noted the pressures they are under.
- Due to the amendments and recalculations required the financial statement have missed the national deadline of the 28 June 2024.

We have raised three medium risk recommendations in the Audit Findings Report:

- The financial statements along with the working papers to be provided by the national deadline.
- The annual report should also be prepared and submitted in line with the national deadline.
- A reconciliation should be completed between the fixed asset register, ledger and subsequently the account as part of the close down process.

Audit Findings Report

We report the detailed findings from our audit in our Audit Findings Report. A final version of our report will be presented to the Trust's Board Meeting on the 24 July 2024. Requests for this Audit Findings Report should be directed to the Trust.



Other reporting requirements and use of auditor's powers



Remuneration and Staff Report

Under the Code of Audit Practice (2020) published by the National Audit Office, we are required to audit specified parts of the Remuneration and Staff Report included in the Trust's Annual Report for 2023/24. These specified parts of the Remuneration and Staff Report have been properly prepared in accordance with the requirements of the Department of Health and Social Care Group Accounting Manual 2023/24. Our audit has identified amendments which have been made, therefore the auditor's report remains unmodified.

Annual Governance Statement

Under the Code of Audit Practice (2020) published by the National Audit Office, we are required to consider whether the Annual Governance Statement included in the Trust's Annual Report for 2023/24 does not comply with the guidance issued by NHS England, or is misleading or inconsistent with the information of which we are aware from our audit. We have nothing to report in this regard.

Annual Report

Under the Code of Audit Practice (2020) published by the National Audit Office, we are required to consider whether, based on the work undertaken in the course of the audit of the Trust's financial statements for 2023/24, the other information published together with the financial statements in the Trust's Annual Report for 2023/24 is consistent with the financial statements. We have nothing to report in this regard.

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, we are required to examine and report on the consistency of the Trust's consolidation schedules with their audited financial statements. This work includes performing specified procedures under group audit instructions issued by the National Audit Office. This work will be completed when revised consolidated accounts are provided.

We bring the following matters to your attention:

Referrals to the relevant regulatory body

We did not make a referral under Schedule 10 paragraph 6 of the National Health Service Act 2006. We do not consider that any unlawful expenditure has been made or planned for.

Public Interest Report

Under Schedule 10 paragraph 3 National Health Service Act 2006, auditors have the power to make a report if they consider a matter is sufficiently important to be brought to the attention of the audited body or the public as a matter of urgency, including matters which may already be known to the public, but where it is in the public interest for the auditor to publish their independent view.

We did not issue a report in the Public Interest with regard to arrangements at Wirral Community Health and Care NHS Foundation Trust for 2023/24.

Value for Money Commentary on arrangements



The current NHS landscape



National context

In 2023/24, the NHS has continued to show commitment to patient care and service delivery. Advancements in digital health technologies including virtual wards have the potential to support service redesign, reduce waiting times, and improve patient outcomes. Data published by NHS England in April 2024 indicates that performance against key metrics for elective waiting times, diagnostic tests access, and A&E 4 hour waits all improved year on year, though performance is still some way from target. These achievements demonstrate the resilience and adaptability of NHS staff amidst ongoing pressures.

Integrated Care Systems, established on 1st July 2022, remain at varying stages of maturity. Some systems have developed changes to patient pathways designed to improve outcomes, create efficiencies, tailor services to the needs of their local population and address local health inequalities. Most systems continue to face significant challenges, including workforce shortages, rising demand for healthcare services, and efficient resource management, all resulting in financial sustainability uncertainties.

Pay and productivity remain key challenges nationally. Staffing numbers have increased significantly since 2019/20 with staff costs now exceeding the funding available in many systems, exacerbated by industrial action costs. At the same time, activity growth has not kept pace, leaving a “productivity gap” that is not yet fully understood. This is further hampered by staff absences and pressures in social care staffing. NHS England has requested that all systems formally review the workforce increases seen over recent years. Many NHS bodies are already recognising an urgent need to manage down their temporary and agency staff costs, and recruit and retain the substantive staff they need to deliver services. There also needs to be a continued focus on quality and ensuring system governance is sound. Learning from public inquiry reports and maintaining high standards of behaviour is key to improving patient safety and building public trust.

These challenges are likely to make 2024/25 another challenging year for all local health services. However, the NHS is focusing on the recovery of core services through continuous improvement in access, quality, and productivity whilst transforming the way care is delivered and creating stronger foundations for the future.

Local context

Wirral Community Health and Care NHS Foundation Trust delivers a wide range of community health and care services for all ages, including planned, urgent, and intermediate care as well as public health. Up until June 2023 the Trust also delivered Adult Social Care Services on behalf of Wirral Council. The Trust worked closely with Wirral Council to transfer the adult social care services back to the Council in June 2023, following a recommendation from the Adult Social Care and Public Health Committee in October 2022. This was not due to concerns with the Trust’s performance but was a decision by Councillors to bring the services back in-house.

The Trust is part of the Cheshire and Merseyside Integrated Care System, which is one of the largest health systems in England, with a population of 2.7m people and which brings together 14 NHS Foundation Trusts, 3 NHS Trusts, 9 Local Authorities, 349 GP Practices and 559 pharmacies. The Cheshire and Merseyside care system faces significant financial challenges, delivering a £98.7m combined financial deficit in 2023/24 and submitting a £215.8m deficit financial plan for 2024/25 on 2 May 2024. Further financial plan submissions are likely to be required from providers and the Integrated Care Board at the request of the regulator, in order to improve the system’s planned position for 2024/25.

It is within this context that we set out our commentary on the Trust’s value for money arrangements in 2023/24 and make recommendations where any significant weaknesses or improvement opportunities in arrangements have been identified to support management in 2024/25.

Financial sustainability - commentary on arrangements



We considered how the Trust:

Commentary on arrangements

Assessment

<p>identifies all the significant financial pressures that are relevant to its short and medium-term plans and builds these into them</p>	<p>We have not identified any significant weaknesses with regard to financial planning. The Trust submitted a £0.2m surplus plan for 2023/24 and delivered an £0.9m surplus. The Trust submitted a £1.5m surplus plan for 2024/25 on 2 May 2024, demonstrating an improving financial trajectory. We have found no evidence that financial planning assumptions are unreasonable. During 2023/24 the Trust engaged with the ICB to undertake system-wide modelling of the 3-year financial position and the Trust also maintains its own financial model. The underlying deficit position for the Trust is estimated at approximately £2.5m. We have raised an improvement recommendation that now relationships are beginning to mature within the system, all partners should work together to develop a multi-year financial plan which delivers financial balance in the medium term.</p>	<p>A</p>
<p>plans to bridge its funding gaps and identify achievable savings</p>	<p>We have not identified any significant weaknesses with regard to delivering efficiencies. The Trust has arrangements in place to identify and deliver cost improvement programme (CIP) savings. However, while the Trust delivered its total efficiency target for 2023/24, there was a shortfall of £3.2m against planned recurrent delivery. The 2024/25 planning submission includes an efficiency target of £6.3m and is based on delivering all CIP recurrently, a 250% increase in the recurrent target. We consider the under delivery of recurrent savings in 2023/24 and the ambitious increase to the recurrent savings target in 2024/25 represent risks to the delivery of the financial plan and future financial sustainability. We do not judge this a significant weakness in arrangements in the context of the overall surplus delivered by the Trust in 2023/24 and the increased surplus planned for 2024/25. We have therefore raised an improvement recommendation that the Trust should focus on identifying and delivering recurrent savings.</p>	<p>A</p>
<p>plans finances to support the sustainable delivery of services in accordance with strategic and statutory priorities</p>	<p>The Trust can demonstrate that strategic objectives are reflected in financial plans. The Trust's Strategy 2022-27 outlines Trust priorities and vision and is underpinned by objectives relating to populations, people, and place. Place objective goals include the efficient use of resources to ensure value for money. Financial reports are aligned to this strategic objective. The Capital Investment Principles Policy sets out the capital budget scheme identification and approval process, including the capital bid process.</p>	<p>G</p>
<p>ensures its financial plan is consistent with other plans such as workforce, capital, investment and other operational planning which may include working with other local public bodies as part of a wider system</p>	<p>The Trust can demonstrate that financial plans are consistent with other plans. During the planning process the finance and workforce teams work together to ensure that workforce and financial plans and assumptions are consistent and there is a process in place to triangulate these plans. The implications of the Trust's Green Plan are reflected in the Estates team budgets and capital programme. The capital programme includes strategic schemes such as the Urgent Emergency Care Upgrade Programme as well as schemes that support digital priorities and the estates strategy.</p>	<p>G</p>
<p>identifies and manages risk to financial resilience, e.g. unplanned changes in demand, including challenge of the assumptions in underlying plans</p>	<p>The Trust can demonstrate that it identifies and manages financial risks, and these risks are adequately reported to the Board and to the Finance and Performance Committee. The Board Assurance Framework includes strategic financial risk and risk templates identify the consequences, assurance gaps and mitigations in place relating to risks. Monthly Finance Reports identify key risks and pressures that could impact on the delivery of the financial plan. Financial planning reports also identify the risks within the 2024/25 plan, including cost pressures and income risk, with mitigations identified to calculate net provider risk within the plan.</p>	<p>G</p>

G	No significant weaknesses in arrangements identified or improvement recommendation made.
A	No significant weaknesses in arrangements identified, but improvement recommendations made.
R	Significant weaknesses in arrangements identified and key recommendations made.

Financial sustainability (continued)



Areas for improvement

Medium term financial plan

The Trust submitted a £0.2m surplus plan for 2023/24, increasing the forecast surplus to £0.7m in November 2023 when budgets were reassessed to reflect the impact of industrial action and related funding and as providers were asked by the Integrated Care Board (ICB) to improve their financial position in order to support the wider system.

The Trust delivered an £0.9m surplus against the £0.2m plan, a favourable variance of £0.7m and in excess of the revised November position.

The Trust submitted a £1.5m surplus plan for 2024/25 on 2 May 2024, demonstrating an improving financial trajectory from 2023/24. There is likely to be a further submission as the regulator has indicated the combined Cheshire and Merseyside health system financial plan deficit of £215.8m is not acceptable.

Planning guidance for 2024/25 was not formally issued until the end of March 2024. The Trust used interim planning assumptions that were agreed across the system with the ICB and other providers, and we have found no evidence that financial planning assumptions are unreasonable. Financial planning was an iterative process for 2024/25 as planning guidance was issued and assumptions updated.

We note that the improved financial plan position for 2024/25 includes a £1.5m reduction in the accrual relating to NHS Property Services that the ICB requested following a review of the balance sheet. The Trust recognises that this adjustment creates an element of risk within the financial plan, but this has been clearly communicated to the Board through financial planning update reports, with mitigation noted as cover from the ICB to support the release.

We raised an improvement recommendation in 2022/23 that close work should continue with Cheshire and Merseyside system partners and the ICB to develop a medium-term financial plan (MTFP).

During 2023/24 the Trust engaged with the ICB to undertake system-wide modelling of the

3-year financial position. This work paused as focus was shifted to delivering the 2023/24 financial plan and developing the plan for 2024/25, and more work is required to ensure consistent assumptions have been used across the system's providers and the ICB.

The Trust maintains its own financial model which is kept updated for key changes in assumptions. The model has been updated for the 2024/25 financial plan and forecasts costs and income forward to 2026/27. The current forecast is that the surplus will increase to £3.5m in 2025/26 but is based on delivery of recurrent savings with more work required to calculate the exit run rate. The Trust estimates it would have an underlying deficit position of approximately £2.5m if non-recurrent income streams were to be made recurrent allocations.

We recognise that the Trust is not in a financial deficit position in relation to its annual planning, and that the Trust maintains its own 3-year financial model. We are raising an improvement recommendation that now relationships are beginning to mature within the system all partners should work together to develop a multi-year financial plan which delivers financial balance in the medium term.

Improvement opportunity 1 – Now that relationships are beginning to mature within the system, all partners should work together to develop a multi-year financial plan which delivers financial balance in the medium term and is based upon realistic assumptions that are supported by all partners.

Financial sustainability (continued)



Areas for improvement

Efficiency delivery

The Trust had a Cost Improvement Programme (CIP) target of £5.3m for 2023/24, of which £5.0m was planned to be delivered recurrently. The Trust delivered £5.3m of CIP, achieving the overall target. However, recurrent delivery was £1.8m (34%) against the plan to deliver 94% of CIP recurrently, a shortfall of £3.2m.

The 2024/25 planning submission includes a CIP target of £6.3m, an increase of £1m (19%) from 2023/24 and represents 5.3% of expenditure. The plan again is to deliver all CIP recurrently in 2024/25, and this is a £4.5m increase in recurrent delivery (250%) compared to the previous year. This is an ambitious target when compared to previous recurrent delivery and presents a risk to future financial sustainability if not delivered.

The Trust has arrangements in place to identify and deliver cost improvement programme savings. We note that internal audit has reviewed the CIP systems and processes in place, providing substantial assurance to the Audit Committee in February 2024.

The Programme Management Office is working up a pipeline of CIP projects and associated project initiation documents (PID), and these are progressing through the Trust's governance arrangements. Progress towards scheme identification is managed through the Productivity and Efficiency Group and reported to the Programme Oversight Group, to ensure oversight of the progress towards targets, the approval of PIDs and an overview of programme delivery. Updates on the development of CIP schemes are provided to the Executive Leadership Team and the Finance and Performance Committee.

We note that when the financial plan was submitted on 2 May 2024, no schemes were rated as high risk or had a status of unidentified, although 42% were still classed as opportunities at this point.

We acknowledge the processes in place at the Trust to identify and deliver efficiency schemes. However, we consider the under delivery of recurrent savings in 2023/24 and the

ambitious £6.3m recurrent CIP target for 2024/25, which is a 250% increase from previous year recurrent delivery, represents a risk to the delivery of the financial plan and future financial sustainability.

We do not judge this a significant weakness in arrangements in the context of the overall surplus delivered by the Trust in 2023/24 and the increased surplus planned for 2024/25. The Trust also has arrangements in place to identify and deliver CIP projects.

We have therefore raised an improvement recommendation that the Trust should focus on identifying and delivering recurrent savings in order to deliver the 2024/25 financial plan and help deliver financial sustainability in the future. This should include identifying strategic service transformation with system partners in addition to internal efficiency programmes.

Improvement opportunity 2 – The Trust should focus on identifying and delivering recurrent savings in order to deliver the 2024/25 financial plan and help deliver financial sustainability in the future. This should include identifying strategic service transformation with system partners in addition to internal efficiency programmes.

Governance – commentary on arrangements



We considered how the Trust:

Commentary on arrangements

Assessment

monitors and assesses risk and how the Trust gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud	The Trust has robust arrangements in place to monitor and assess risk and gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud. The Trust's internal auditors have confirmed there is a good system of internal control in place in relation to the risk management process. The internal audit and local counter fraud services (LCFS) provider ensures assurance is provided to the Audit Committee and the internal audit and LCFS plans provide appropriate coverage in core areas. The Head of Internal Audit provided a substantial assurance opinion for the system of internal control.	G
approaches and carries out its annual budget setting process	The Trust has a robust annual budget setting process. Budget Setting Guidance is issued to budget managers and includes their responsibility for agreeing, reviewing and monitoring their allocated budgets. The budget process comprises calculating the recurrent budget position and adjusting this for agreed financial planning assumptions, with pay budgets based on the finance establishment database. The process includes sign off from budget holders to ensure transparency.	G
ensures effective processes and systems are in place to ensure budgetary control; to communicate relevant, accurate and timely management information; supports its statutory financial reporting; and ensures corrective action is taken where needed, including in relation to significant partnerships	Budget monitoring and outturn reporting provides a clear understanding of the Trust's financial position. The Finance and Performance Committee receives monthly Finance Reports that include the financial position against the plan for year-to-date and year-end forecasts for revenue and capital budgets. Key variances are identified, and further financial information is provided for the cash position, agency spend and efficiency programme. Financial Performance is reported to the Board, Finance Resource Group and Integrated Performance Board through the live Trust Information Gateway during meetings. The financial statements were not received for audit by the statutory deadline, and they contained a number of errors. We have raised a recommendation in the Audit Findings Report that financial statements should be submitted for audit by the prescribed deadline and should be reviewed to ensure accuracy and completeness. We have not replicated the recommendation in this Auditor's Annual Report but have provided an amber RAG rated assessment to reflect this recommendation.	A
ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency, including from audit committee	The Trust has arrangements to ensure the Board's Committees effectively support the Board. Our review identified appropriate arrangements for escalating issues and decisions to the Board. Regular summary reports to the Board are prepared by Committee Chairs and Non-Executive Director membership across multiple Committees supports these arrangements. Our review has not identified any weaknesses with regard to arrangements for making informed decisions or "tone from the top".	G
monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements and standards in terms of staff and board member behaviour	The Trust has sufficient arrangements in place to monitor its compliance with appropriate standards such as meeting relevant guidance and legislation, along with preventing and responding to potential data breaches. There were no serious information governance incidents which required action from the Information Commissioner's Office within the year. Records of interests and gifts/hospitality are kept and updated regularly. A log of approved waivers is kept and presented to the Audit Committee to provide appropriate oversight and scrutiny.	G

Improving economy, efficiency and effectiveness – commentary on arrangements



We considered how the Trust:

Commentary on arrangements

Assessment

uses financial and performance information to assess performance to identify areas for improvement	The Trust has adequate arrangements in place to monitor and report performance to the Board and Committee. Comprehensive performance information is provided live from the integrated performance dashboard through the Trust's Information Gateway. This provides a summary of performance across operational, quality, workforce and financial metrics and facilitates drill down into key performance indicators (KPIs) during the meeting. Trust Board minutes provide evidence of detailed review of KPIs through the Trust Information Gateway. The Trust plans to publish Integrated Performance Report information on the Trust's website from June 2024. The Trust undertakes annual Audit Quality and Improvement Programmes aimed at improving the quality of care and patient safety with oversight provided by the Quality and Safety Committee. The Quality and Safety Committee receives a range of regular reports to provide assurance regarding performance and service quality, including the Mortality Review, Infection Prevention and Safeguarding reports.	G
evaluates the services it provides to assess performance and identify areas for improvement	There are adequate procedures in place to assess performance and identify areas for improvement. The Trust received a Care Quality Commission (CQC) inspection in 2023 and were provided an overall quality rating of good with the individual criteria of safe, effective, caring, responsive and well led all rated as good. As a result of the 2023 CQC inspection, one "Must Do" and six "Should Do" actions were identified and a Medicines Optimisation Action Plan has been developed to take forward the medicines actions with oversight provided by the Quality and Safety Committee (QSC). Other actions relating to equality, diversity and engagement will be taken forward through the People and Culture Committee. The QSC receives progress reports against the Quality Strategy Delivery Plan and quality goals relating to safe care. The QSC also receives bi-annual Freedom to Speak Up Reports to provide assurance regarding Freedom to Speak Up activity and learning.	G
ensures it delivers its role within significant partnerships and engages with stakeholders it has identified, in order to assess whether it is meeting its objectives	The Trust can demonstrate adequate engagement with stakeholders when developing and reviewing strategic priorities. The Quality and Safety Committee receives regular updates on the progress made implementing the Quality Strategy Delivery Plan, including progress with the actions relating to community partner engagement and the Your Voice and Involve public and patient participation group and through the Inclusion and Partnership Forum. The Trust has a Quality Goal that a minimum of four care pathways will be co-designed with people and community partners. The Trust actively engages with partners to achieve strategic priorities and tackle common challenges. Examples of partnership working include the Home First Team and the Mental Health, Learning Disabilities and Community Provider Collaborative.	G
commissions or procures services, assessing whether it is realising the expected benefits	Adequate arrangements are in place to manage significant contracts. A Standard Operating Procedure for Contract Management is in place which sets out the procedures for contract development, management and governance. Contracts are categorised as gold, silver and bronze based on contract value and impact of failure to determine contract management arrangements relative to risk. The Trust works collaboratively with system partners to deliver procurement savings and is a member of the Cheshire and Merseyside Procurement Steering Group who identify and validate procurement efficiencies as part of the Efficiency at Scale Programme.	G

G

No significant weaknesses in arrangements identified or improvement recommendation made.

A

No significant weaknesses in arrangements identified, but improvement recommendations made.

R

Significant weaknesses in arrangements identified and key recommendations made.

**Value for Money
Recommendations raised in
2023/24**



Recommendations raised in 2023/24

Recommendation	Type of recommendation *	Criteria impacted	Evidence	Impact or possible future impact	Actions agreed by Management
1 Now that relationships are beginning to mature within the system, all partners should work together to develop a multi-year financial plan which delivers financial balance in the medium term and is based upon realistic assumptions that are supported by all partners.	Improvement	Financial sustainability	During 2023/24 the Trust engaged with the ICB to undertake system-wide modelling of the 3-year financial position. This work has paused as focus was shifted to delivering the 2023/24 financial plan and developing the plan for 2024/25, and more work is required to ensure consistent assumptions have been used across the system's providers and the ICB. The Trust maintains its own financial model which is kept updated for key changes in assumptions. The Trust estimates it would have an underlying deficit position of approximately £2.5m if non-recurrent income streams were to be made recurrent allocations.	We recognise that the Trust is not in a financial deficit position in relation to its annual planning, and that the Trust maintains its own 3-year financial model. The Trust should continue to develop the medium-term financial plan with system partners in order to set out a detailed and quantified plan to deliver financial sustainability over the medium term for the Trust and also to support the wider system position.	Actions: The Trust is engaging proactively with ICB colleagues and system partners to support on-going financial improvement at Place. This work is underway with WUTH and a joint improvement board to identify and monitor efficiency opportunities and programmes of work is being developed. The ICB does not have medium-term financial plan which we need in order to achieve this recommendation. Responsible officer: Interim Deputy CFO Executive Lead: Interim CFO Due Date: December 2024
2 The Trust should focus on identifying and delivering recurrent savings in order to deliver the 2024/25 financial plan and help deliver financial sustainability in the future. This should include identifying strategic service transformation with system partners in addition to internal efficiency programmes.	Improvement	Financial sustainability	The Trust has arrangements in place to identify and deliver cost improvement programme savings. However, while the Trust delivered its total efficiency target for 2023/24, there was a shortfall of £3.2m against planned recurrent delivery. The 2024/25 planning submission includes a CIP target of £6.3m and is based on delivering all CIP recurrently. This is a £4.5m increase in recurrent delivery (250%) compared to the previous year.	We consider the under delivery of recurrent savings in 2023/24 and the ambitious increase to the recurrent savings target in 2024/25 represent risks to the delivery of the financial plan and future financial sustainability.	Actions: The Trust has identified CIP savings by Director portfolio with oversight through the governance structure. The Programme Oversight Group will continue to monitor CIP delivery as well as transformational/ developmental programmes of work. The actions to be taken to address this recommendation also relate to the actions described above and system working and collaboration. Responsible Officer: Head of Finance / Deputy Director of Strategy Executive Lead: Chief Strategy Officer Due Date: March 2025

* Explanations of the different types of recommendations which can be made are summarised in Appendix B.

Appendices

Appendix A: Responsibilities of the NHS Trust

Public bodies spending taxpayers' money are accountable for their stewardship of the resources entrusted to them. They should account properly for their use of resources and manage themselves well so that the public can be confident.

Financial statements are the main way in which local public bodies account for how they use their resources. Local public bodies are required to prepare and publish financial statements setting out their financial performance for the year. To do this, bodies need to maintain proper accounting records and ensure they have effective systems of internal control.

All local public bodies are responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness from their resources. This includes taking properly informed decisions and managing key operational and financial risks so that they can deliver their objectives and safeguard public money. Local public bodies report on their arrangements, and the effectiveness with which the arrangements are operating, as part of their annual governance statement.

The directors of the Trust are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The directors are required to comply with the Department of Health & Social Care Group Accounting Manual and prepare the financial statements on a going concern basis, unless the Trust is informed of the intention for dissolution without transfer of services or function to another entity. An organisation prepares accounts as a 'going concern' when it can reasonably expect to continue to function for the foreseeable future, usually regarded as at least the next 12 months.

The Trust is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.



Appendix B: Value for Money Auditor responsibilities



Value for Money arrangements work

All NHS Trusts are responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness from their resources. This includes taking properly informed decisions and managing key operational and financial risks so that they can deliver their objectives and safeguard public money. The Trust’s responsibilities are set out in Appendix A.

NHS Trusts report on their arrangements, and the effectiveness of these arrangements as part of their annual governance statement.

Under Schedule 10 paragraph 1(d) National Health Service Act 2006, we are required to be satisfied whether the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The National Audit Office (NAO) Code of Audit Practice (‘the Code’), requires us to assess arrangements under three areas:

Financial Sustainability

Arrangements for ensuring the Trust can continue to deliver services. This includes planning resources to ensure adequate finances and maintain sustainable levels of spending over the medium term (3-5 years).

Governance

Arrangements for ensuring that the Trust makes appropriate decisions in the right way. This includes arrangements for budget setting and management, risk management, and ensuring the Trust makes decisions based on appropriate information.

Improving economy, efficiency and effectiveness

Arrangements for improving the way the Trust delivers its services. This includes arrangements for understanding costs and delivering efficiencies and improving outcomes for service users.

2023/24 is the fourth year that we have reported our findings in this way. We undertake and report the work in three phases as set out in the Code.

Phase 1 – Planning and initial risk assessment

As part of our planning we assess our knowledge of the Trust’s arrangements and whether we consider there are any indications of risks of significant weakness. This is done against each of the reporting criteria and continues throughout the reporting period.

Information which informs our risk assessment	
Cumulative knowledge of arrangements from the prior year	Key performance and risk management information reported to the Board
Interviews and discussions with key officers	NHS Oversight Framework (NOF) rating
Progress with implementing recommendations	Care Quality Commission (CQC) reporting
Findings from our opinion audit	Annual Governance Statement including the Head of Internal Audit annual opinion

Phase 2 – Additional risk-based procedures and evaluation

Where we identify risks of significant weakness in arrangements we will undertake further work to understand whether there are significant weaknesses. We use auditor’s professional judgement in assessing whether there is a significant weakness in arrangements and ensure that we consider any further guidance issued by the NAO.

Phase 3 – Reporting our commentary and recommendations

The Code requires us to provide a commentary on your arrangements which is detailed within this report. Where we identify weaknesses in arrangements we raise recommendations. A range of different recommendations can be raised by the Trust’s auditors as follows:

- **Key recommendations** – the actions which should be taken by the Trust where significant weaknesses are identified within arrangements.
- **Improvement recommendations** – actions which should improve arrangements in place but are not a result of identifying significant weaknesses in the Trust’s arrangements.

Appendix C: Follow-up of previous recommendations

Recommendation	Type of recommendation *	Date raised	Progress to date	Addressed?	Further action?
1 Close work should continue with Cheshire and Merseyside system partners and the Integrated Care Board to develop a medium-term financial plan.	Improvement	June 2023	During 2023/24 the Trust engaged with the ICB to undertake system-wide modelling of the 3-year financial position. This work has paused as focus was shifted to delivering the 2023/24 financial plan and developing the plan for 2024/25, and more work is required to ensure consistent assumptions have been used across the system's providers and the ICB. The Trust maintains its own financial model which is kept updated for key changes in assumptions. The Trust estimates it would have an underlying deficit position of approximately £2.5m if non-recurrent income streams were to be made recurrent allocations	In progress	We have raised an improvement recommendation that now relationships are beginning to mature within the system, all partners should work together to develop a multi-year financial plan which delivers financial balance in the medium term and is based upon realistic assumptions that are supported by all partners.
2 The Trust should consider publishing its Integrated Performance Report on its website.	Improvement	June 2023	We understand that the Trust plans to publish Integrated Performance Report information on the Trust's website from June 2024.	No	We have not raised a further recommendation but will review the published performance information as part of our 2024/25 value for money work.
3 The Trust should introduce a Data Quality Policy and Standard Operating Procedure.	Improvement	June 2023	The draft Data Quality Policy has been prepared and is going through the approval process in June 2024. The draft Policy will be considered by the Information Governance Data Security Group and then the Finance and Performance Committee.	in progress	We will review the Data Quality Policy as part of our 2024/25 value for money work.

* Explanations of the different types of recommendations which can be made are summarised in Appendix B.

