



Auditor's Annual Report 2023/24

Wrightington, Wigan and Leigh Teaching Hospitals NHS Foundation Trust

27 June 2024

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This report is addressed to Wrightington, Wigan and Leigh Teaching Hospitals NHS Foundation Trust (the 'Trust'). We take no responsibility to any member of staff acting in their individual capacities, or to third parties.

External auditors do not act as a substitute for the audited body's own responsibility for putting in place proper arrangements to ensure that public business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.



01 Executive Summary

Executive Summary

Purpose of the Auditor’s Annual Report

This Auditor’s Annual Report provides a summary of the findings and key issues arising from our 2023-24 audit of Wrightington, Wigan and Leigh Teaching Hospitals NHS Foundation Trust (the ‘Trust’). This report has been prepared in line with the requirements set out in the Code of Audit Practice published by the National Audit Office and is required to be published by the Trust alongside the annual report and accounts.

Our responsibilities

The statutory responsibilities and powers of appointed auditors are set out in the Local Audit and Accountability Act 2014. In line with this we provide conclusions on the following matters:



Accounts - We provide an opinion as to whether the accounts give a true and fair view of the financial position of the Trust and of its income and expenditure during the year. We confirm whether the accounts have been prepared in line with the Group Accounting Manual prepared by the Department of Health and Social Care (DHSC).



Annual report - We assess whether the annual report is consistent with our knowledge of the Trust. We perform testing of certain figures labelled in the remuneration report.



Value for money - We assess the arrangements in place for securing economy, efficiency and effectiveness (value for money) 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.



Other reporting - We may issue other reports where we determine that this is necessary in the public interest under the Local Audit and Accountability Act.

Findings

We have set out below a summary of the conclusions that we provided in respect of our responsibilities:

Accounts	We issued an unqualified opinion on the Trust’s accounts on 27 June 2024. This means that we believe the accounts give a true and fair view of the financial performance and position of the Trust. We have provided further details of the key risks we identified and our response on pages 7-8.
Annual report	We did not identify any significant inconsistencies between the content of the annual report and our knowledge of the Trust. We confirmed that the Governance Statement had been prepared in line with the Department of Health and Social Care requirements.
Value for money	We are required to report if we identify any matters that indicate the Trust does not have sufficient arrangements to achieve value for money. We have nothing to report in this regard.
Other reporting	We did not consider it necessary to issue any other reports in the public interest.



02 Audit of the Financial Statements

Audit of the financial statements

KPMG provides an independent opinion on whether the Trust's financial statements:

- Give a true and fair view of the state of the Trust's affairs as at 31 March 2024 and of its income and expenditure for the year then ended;
- Have been properly prepared in accordance with the accounting policies directed by NHS England with the consent of the Secretary of State in February 2024 as being relevant to NHS Foundation Trusts and included in 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 (as amended).

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. We have fulfilled our ethical responsibilities under, and are independent of the Trust in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Audit opinion on the financial statements

We have issued an unqualified opinion on the Trust's financial statements on 27 June 2024.

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

Further information on our audit of the financial statements is set out overleaf.

Audit of the financial statements

The table below summarises the key risks that we identified to our audit opinion as part of our risk assessment and how we responded to these through our audit.

Risk	Procedures undertaken	Findings
<p>Valuation of land and buildings Land and buildings are required to be held at fair value. As hospital buildings are specialised assets and there is not an active market for them, they are usually valued on the basis of the cost to replace them with a 'modern equivalent asset'. There is a risk the assumptions used to determine the valuation are not accurate.</p>	<ul style="list-style-type: none"> • We critically assessed the independence, objectivity and expertise of Cushman and Wakefield, the valuers used in developing the valuation of the Trust's properties at 31 March 2024; • We inspected the instructions issued to the valuers for the valuation of land and buildings to verify they are appropriate to produce a valuation consistent with the requirements of the Group Accounting Manual; • We compared the accuracy of the data provided to the valuers for the development of the valuation to underlying information, such as floor plans, and to previous valuations, challenging management where variances are identified; • We evaluated the design and implementation of controls in place for management to review the valuation and the appropriateness of assumptions used; • We challenged the appropriateness of the valuation of land and buildings; including any material movements from the previous revaluations. We challenged key assumptions within the valuation, including the use of relevant indices and assumptions of how a modern equivalent asset would be developed, as part of our judgement; • We performed inquiries of the valuers in order to verify the methodology that was used in preparing the valuation and whether it was consistent with the requirements of the RICS Red Book and the GAM; • We agreed the calculations performed of the movements in value of land and buildings and verified that these have been accurately accounted for in line with the requirements of the GAM; and • Disclosures: We considered the adequacy of the disclosures concerning the key judgements and degree of estimation involved in arriving at the valuation. 	<p>The Trust identified a misstatement totalling £2.5m relating to the omission of an asset in the initial recognition of the revaluation which has been corrected by management.</p> <p>We raised a recommendation relating to the formal documentation of the management review control over the assumptions used in the valuation.</p> <p>We considered the estimate to be balanced based on the procedures performed.</p>

Audit of the financial statements

Risk	Procedures undertaken	Findings
<p><i>Fraudulent expenditure recognition</i> Auditing standards suggest for public sector entities a rebuttable assumption that there is a risk expenditure is recognised inappropriately. We recognised this risk over year end manual accruals.</p>	<ul style="list-style-type: none"> • We evaluated the design and implementation of controls for reviewing manual expenditure accruals at the end of the year to verify that they have been completely recorded; • We inspected a sample of expenditure invoices, in the period after 31 March 2024, to determine whether expenditure has been recognised in the correct accounting period and whether accruals are complete; • We inspected a sample of expenditure invoices and payments made, in the period after 31 March 2024, to test for unrecorded liabilities. This was supplemented by a review of relevant minutes and inquires of management; • We inspected journals posted as part of the year end close procedures that decrease the level of expenditure recorded in order to critically assess whether there was an appropriate basis for posting the journal and the value can be agreed to supporting evidence; and • We performed a year on year comparison of a sample of accruals made in the prior year and current year and challenged management where the movement is not in line with our understanding of the entity. 	<p>We did not identify any material misstatements relating to this risk.</p>
<p><i>Management override of controls</i> We are required by auditing standards to recognise the risk that management may use their authority to override the usual control environment.</p>	<ul style="list-style-type: none"> • We evaluated the design and implementation of controls over journal entries and post closing adjustments; • Assessed the appropriateness of changes compared to the prior year to the methods and underlying assumptions used to prepare accounting estimates; • Assessed accounting estimates for biases by evaluating whether judgements and decisions in making accounting estimates, even if individually reasonable, indicate a possible bias; • Assessed the business rationale and the appropriateness of the accounting for significant transactions that are outside the Trust's normal course of business, or are otherwise unusual; and • We have analysed all journals through the year and focused our testing on those with a higher risk, such as journals impacting expenditure recognition posted during the final close down and those with unusual account combinations. 	<p>We did not identify any material misstatements relating to this risk.</p> <p>We raised a recommendation relating to the formal documentation of the management review control over manual journals.</p>



03 Value for Money

Value for Money

Introduction

We are required to consider whether the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources or 'value for money'. We consider whether there are sufficient arrangements in place for the Trust for the following criteria, as defined by the National Audit Office (NAO) in their Code of Audit Practice:



Financial sustainability: How the Trust plans and manages its resources to ensure it can continue to deliver its services.



Governance: How the Trust ensures that it makes informed decisions and properly manages its risks.



Improving economy, efficiency and effectiveness: How the Trust uses information about its costs and performance to improve the way it manages and delivers its services

Approach

We undertake risk assessment procedures in order to assess whether there are any risks that value for money is not being achieved. This is prepared by considering the findings from other regulators and auditors, records from the organisation and performing procedures to assess the design of key systems at the organisation that give assurance over value for money.

Where a significant risk is identified we perform further procedures in order to consider whether there are significant weaknesses in the processes in place to achieve value for money.

We are required to report a summary of the work undertaken and the conclusions reached against each of the aforementioned reporting criteria in this Auditor's Annual Report. We do this as part of our commentary on VFM arrangements over the following pages.

We also make recommendations where we identify weaknesses in arrangements or other matters that require attention from the Trust. We have not raised any recommendations in relation to the Trust's arrangements.

Summary of findings

	Financial sustainability	Governance	Improving economy, efficiency and effectiveness
Commentary page reference	12-15	16-18	19-20
Identified risks of significant weakness?	No	No	No
Actual significant weakness identified?	No	No	No
2022-23 Findings	No significant weakness identified	No significant weakness identified	No significant weakness identified
Direction of travel			

Value for Money

NATIONAL CONTEXT

Financial performance

The 2023-24 financial year saw a significant increase in the level of financial pressures facing the NHS sector. This followed the end of Covid-19 related financing arrangements. The sector has faced cost pressures from a range of factors, most significantly the impacts of inflation felt during the year and the costs of industrial action.

At the end of January 2024 NHS England forecast that the NHS would record an overspend of £1.1bn against its agreed budgets. This came after additional funding had been made available earlier in the year to support with the costs of industrial action.

Operational performance

In January 2023 the Government announced five pledges for 2023, including reducing NHS waiting lists and the time people wait for procedures. Waiting lists had grown significantly during the Covid-19 pandemic as elective activity was postponed in order to prioritise the treatment of Covid patients and ensure safe working.

According to the Health Foundation the NHS waiting list had grown from 6.2 million patients at the beginning of 2022 to 7.2 million in January 2023. There had also been a significant increase in the number of patients with long waits. At the end of 2023 there remained 355,000 patients that had been waiting over a year for treatment. Income arrangements for the acute sector were revised in year to reimburse providers for elective activity based on the actual number of patients treated.

System working

The Health and Care Act 2022 formally established integrated care systems (ICSs), 42 partnerships within local geographies to promote closer working between the organisations responsible for healthcare delivery. Integrated Care Boards were formed on 1 July 2022, taking over commissioning responsibility from Clinical Commissioning Groups.

In their first full year of operation, ICSs have continued to work to develop and embed governance arrangements both within the ICBs themselves and as systems.

LOCAL CONTEXT

Wrightington, Wigan and Leigh Teaching Hospitals NHS FT is an acute foundation trust in the North West of England and provides services across its five main sites: Royal Albert Edward Infirmary, Wrightington Hospital, Leigh Infirmary, Thomas Linacre Centre and Boston House.

For 2023/24, the Trust had a deficit plan of £6.5m which contributed to a wider system planned deficit across Greater Manchester of £180.0m. At the year end, the Trust reported an adjusted financial performance deficit of £10.4m, which is £3.9m adverse to plan. The system overall delivered their budgeted £180.0m deficit position.

During the year, the Trust was set an elective activity target based on the number of patients treated. There was therefore an element of variable income incorporated in to the Trust's income arrangements for the year which varies based on under or over performance against these targets.

The Trust had a planned capital spend of £31.2m for 2023/24 and received an additional increase in its Capital Departmental Expenditure Limit (CDEL) allocation of £2.2m in March 2024 to support system balance. The Trust delivered a total capital spend of £35.2m for the year.

Each year the Board of Directors agrees a number of corporate objectives, which set out in more detail what they plan to achieve in that year towards the delivery of the Trust's Strategy 2030. In 2023/24, 17 corporate objectives were agreed across each of the four strategic priorities (Patients, People, Performance and Partnerships). A 5-year capital plan is also in place which appropriately aligns to Strategy 2030.

The Trust are currently reporting a planned deficit for 2024/25 of £14.2m, which includes a cost improvement target of £27.3m. The Capital Plan for 2024/25 is currently set at £20.2m.

Financial Sustainability

How the Trust plans and manages its resources to ensure it can continue to deliver its services.

We have considered the following in our work:

- How the Trust ensures that it identifies all the significant financial pressures that are relevant to its short and medium-term plans and builds these into them;
- 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 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; and
- How the Trust identifies and manages risks to financial resilience, e.g. unplanned changes in demand, including challenge of the assumptions underlying its plans

Commentary on arrangements

Financial Planning

- Financial planning is carried out in collaboration with the Greater Manchester Integrated Care System (GM ICS) and financial plans are submitted at a system level. All budgets and financial plans are produced in line with any technical guidance provided by NHSE. We have evidenced that these budgets and financial plans are presented to the relevant committees for review and approval in a timely manner, with appropriate challenge and scrutiny being applied.
- The draft financial plan for 2023/24 submitted to NHSE in March 2023 included a significant planned deficit totalling £37.1m, as part of a GM ICS deficit of £240m. This deficit required the Trust to deliver cost reductions of £17.5m (3.5% of expenditure) during the financial year in order to achieve this position.
- The GM plan was not accepted by NHSE and instigated a series of scrutiny meetings both with the Greater Manchester Integrated Care Board (GM ICB) and subsequently with individual providers. The Trust's plan was therefore subsequently revised to report a planned deficit to £6.5m as a result of locality support, an increase in the Cost Improvement Programme (CIP) target from £17.5m to £24.4m (4.9% of expenditure), and accepting a higher level of risk within the plan. The planned deficit was also reduced for GM ICB to a £180.0m deficit.
- Risks in achieving the planned outturn were clearly communicated within the financial plan to ensure decision makers have the appropriate information to challenge and approve the plan. These risks to achieving the financial plan were also communicated to the Finance and Performance Committee (F&P) and Board through the bi-monthly finance reports presented.
- The Trust recognised a deficit for the year of £15.8m. When adjusted for I&E impairments and capital donations, this results in an overall adjusted financial performance deficit of £10.4m against the planned deficit of £6.5m. The majority of this variance to budget is a result of a reduction in council income compared to budget and underperformance on the delivery of the elective activity plan.
- As part of the GM financial recovery, a forensic review of the 2023/24 forecast has been undertaken by PWC to test the robustness of key assumptions. They were commissioned by GM ICB to test numerous hypotheses that are understood to be typical drivers of operational and financial challenge and produced a report which grouped the hypotheses into thematic drivers and estimated associated cost pressures. A summary of the report findings was presented to F&P and outlines the key highlights and potential opportunities for cost saving. These identified opportunities have therefore been incorporated in to applicable transformational CIP schemes during 2023/24 and have been factored in to 2024/25 planning considerations.

Financial Sustainability

How the Trust plans and manages its resources to ensure it can continue to deliver its services.

We have considered the following in our work:

- How the Trust ensures that it identifies all the significant financial pressures that are relevant to its short and medium-term plans and builds these into them;
- 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 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; and
- How the Trust identifies and manages risks to financial resilience, e.g. unplanned changes in demand, including challenge of the assumptions underlying its plans

- The draft financial plan for 2024/25 currently proposes a planned deficit of £14.2m. The current plan includes a CIP target totalling £27.3m (£19.1m recurrent, £8.2m non-recurrent) to contribute towards system level support for 2024/25 to reduce the planned system deficit of £175m. This system position is still in discussion and awaiting NHSE approval. Given that the Trust has already identified schemes totalling £17.4m to deliver these targets, although challenging, these are deemed to be achievable. Key risks within the plan are clearly documented to ensure F&P and Board are well informed of the challenges to be faced in achieving the 2024/25 financial plan.

Budget Monitoring

- We found that the budget monitoring and control processes were able to identify and incorporate significant pressures into the financial plan to ensure it was achievable and realistic. The budget for 2023/24 was constructed based on appropriate local and national planning assumptions and we saw evidence of appropriate review and sign off.
- The Trust has an online application called Devolved Finance Management (DFM) that is used by budget holders to review and manage their budgets. The budget statement viewable by budget holders includes details of the annual budget allocated and the current month and year to date (YTD) budget compared to current month and YTD actuals for each subjective code to identify specific areas where cost improvement needs to be reviewed.
- Where financial performance raises concerns, the division is escalated to the RAPID (Recovery, Action, Planning, Implementation and Delivery) process for increased support. The five main divisions within the Trust (Estates and Facilities, Community Services, Medicine, Specialist Services and Surgery) are measured against a series of metrics each month which can trigger the RAPID intervention. This instigates an expanded section within the monthly divisional assurance meeting which is dedicated to finance.
- The financial performance for the month is presented and discussed at each bi-monthly F&P meeting. The monthly Finance Reports include a RAG rated executive summary to provide an overview of Financial Performance, as well as a more detailed review of specific areas such as GM ICS Financial Position, Income, CIPs, Divisional Financial Performance and the newly implemented RAPID Triggers. A more concise version of this report is presented to the Board to provide an overview of the current position, enabling the Board to have oversight of current performance and provide challenge where necessary.

Financial Sustainability

How the Trust plans and manages its resources to ensure it can continue to deliver its services.

We have considered the following in our work:

- How the Trust ensures that it identifies all the significant financial pressures that are relevant to its short and medium-term plans and builds these into them;
- 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 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; and
- How the Trust identifies and manages risks to financial resilience, e.g. unplanned changes in demand, including challenge of the assumptions underlying its plans

- The Trust's cash position is also monitored on a regular basis and a report is provided on current position to each F&P committee meeting. Throughout the year, F&P have been made aware of the challenging cash position and the potential risk that revenue cash support may be required towards the end of the financial year, or into the early periods of 2024/25. The Trust ended the financial year with a cash balance of £24.9m compared to a budget of £30.4m and opening cash position of £43.1m. Reasons for the deteriorating cash balance have been communicated throughout the year and include factors such as a reduction in funding support from Wigan Council compared to budget, the delivery of non-cash releasing CIPs and the underperformance against Aligned Payment and Incentive (API) contracts. The Cash Position paper presented to F&P in January 2024 and Board in February 2024 outlines the significant depletion of cash during the year to date and the forecast requirement to obtain revenue cash support from NHSE by May 2024. Support from NHSE is a quarterly process with a cut off date ahead of each quarter for formally requesting this and requires formal sign off from F&P and Board by this deadline. Revenue support takes the form of public dividend capital (PDC) which attracts a dividend payable at 3.5%. An application to NHSE for cash support was submitted in March 2024 for a total of £6.5m. It is likely that the Trust will continue to require cash support until the financial sustainability plan supports the return to a breakeven position.

Cost Improvement Programmes

- In 2023/24, the GM system wide process continued whereby organisations continued to refine their financial plans to ensure that the GM plan would be approved. The final agreed CIP target for 2023/24 was divided between a divisional recurrent target of £12.0m, a divisional non-recurrent stretch target of £4.7m and a centralised recurrent target of £7.7m, totalling an overall CIP target of £24.4m.
- The Trust delivered efficiencies of £24.4m in year, with £13.2m being achieved recurrently.
- We have confirmed that the Trust carries out Quality Impact Assessments for all service changes, including cost improvement programmes, to ensure that schemes put forward do not have an impact on patient safety or care.
- Cost improvement schemes are monitored using a CIP online application where the plan, forecast and actual figures for each scheme and division are updated on a monthly basis. A financial summary is reported monthly to the Executive Team and bi-monthly to F&P and Board. We have evidence that CIPs are reported on at both a F&P and Board level with appropriate challenge and scrutiny applied. A more detailed overview of progress on efficiencies is also presented to each of the Divisional Assurance Meetings chaired by the Chief Operating Officer on a monthly basis. Additional specific CIP updates are also provided to F&P on a bi-monthly basis through a separate CIP report. The report includes an overview of financial performance per division, including surplus/deficit, additional costs and CIPs for the given month. The report is clear and informative and provides management with sufficient information to make informed decisions.

Financial Sustainability

How the Trust plans and manages its resources to ensure it can continue to deliver its services.

We have considered the following in our work:

- How the Trust ensures that it identifies all the significant financial pressures that are relevant to its short and medium-term plans and builds these into them;
- 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 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; and
- How the Trust identifies and manages risks to financial resilience, e.g. unplanned changes in demand, including challenge of the assumptions underlying its plans

- At the year end, the efficiency target for 2024/25 has been set at £27.3m. This is divided between a recurrent target of £19.1m and a non-recurrent target of £8.2m. Of this target, £17.4m has already been identified in schemes, of which £9.2m are recurrent in nature.

Conclusion

Based on the risk assessment procedures performed we have not identified a significant weakness in relation to financial sustainability arrangements in place to oversee and monitor value for money achievement.

Key financial and performance metrics:	2023-24	2022-23
Planned surplus/(deficit)	(£6.5m)	(£8.4m)
Actual surplus/(deficit)	(£15.8m)	(£6.5m)
Adjusted surplus/(deficit)	(£10.4m)	(£2.9m)
Planned CIP as a % of spend	£24.4m (4.6%)	£23.9m (4.9%)
- Recurrent	- £19.7m	- £14.3m
- Non-recurrent	- £4.7m	- £9.6m
Actual CIP as a % of spend	£24.4m (4.5%)	£25.8m (4.8%)
- Recurrent	- £13.2m	- £3.5m
- Non-recurrent	- £11.2m	- £22.3m
Year-end cash position	£24.9m	£43.1m

Governance

How the Trust ensures that it makes informed decisions and properly manages its risks.

We have considered the following in our work:

- how the Trust monitors and assesses risk and how the body 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; and
- how the body monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements and standards in terms of management or Board members' behaviour

Commentary on arrangements

Risk Management

- The Trust operates a risk monitoring and reporting system to ensure that there is clear ownership of risk at the appropriate hierarchical levels and robust scrutiny and oversight of how risks are managed. Reporting on the Board Assurance Framework (BAF) and Risk Register has continued throughout the year, with issues being escalated as necessary and appropriate detail included to outline the risk, allocation across one of the four strategic priorities (patients, people, performance or partnerships) and controls in place that mitigate the risks, as well as any identified gaps in control.
- The Trust's risk assessment criteria is outlined in the Risk Management Framework and is used to assess all risks to ensure a consistent methodology is used. The BAF shows that the Trust has carefully considered the consequence and likelihood of each risk with sufficient and appropriate rationale and how the Trust intends to reduce each risk to an achievable target risk score. Our review has demonstrated that these documents included sufficient detail and display strong and robust arrangements in place to help identify, assess and monitor financial risk.
- Risk identification activities provide an integrated and holistic view of risks, organised into categories relating to the four principal objectives: patients, people, performance and partnerships. The BAF is divided into 4 dashboards to reflect these objectives, of which three of these dashboards are allocated to an assurance committee (Patients - Quality and Safety Committee (Q&S); People - People Committee; Performance - Finance and Performance Committee (F&P)) and the Board maintains oversight of the partnership objectives.

Decision Making

- We have reviewed relevant committee and Board minutes as well as the attached papers throughout the financial year. We are satisfied that there is sufficient ability for committee and Board members to take informed decisions based upon the detail provided in the papers presented. These papers also demonstrate that with regard to financial risks reported and recommendations made, there are detailed discussions occurring to challenge and analyse the information.
- There is an overarching committee structure in place which is part of the internal governance arrangements, in which policies and procedures are continually validated and ratified. All relevant policies and procedures are communicated and made available to staff via the intranet. The Trust has a Code of Conduct Policy for the Trust Board and staff, in addition to the Standing Financial Instructions (SFIs) which include the Scheme of Delegation. The SFIs outline both financial limits in place for various processes within the Trust, as well as operational delegations to ensure both financial and non-financial authorisations and reviews are escalated appropriately.

Governance

How the Trust ensures that it makes informed decisions and properly manages its risks.

We have considered the following in our work:

- how the Trust monitors and assesses risk and how the body 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; and
- how the body monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements and standards in terms of management or Board members' behaviour

- The Trust has a comprehensive business case process to make informed decisions. All proposals begin with an Outline Business Case (OBC) and are reviewed and approved at the Executive Team Meeting. Depending on the financial impact of the proposal decisions the business case would follow the Trust's committee structure ending with the Board. F&P is required to approve any investments over £0.5m and the Board need to approve any investments over £1.0m.
- The business case process is supported by templates and guidance for the OBC. For each business case, the preparer of the template must outline their proposed business case and how it links to the Trust's strategy, any operational changes that would be required and the opportunities/mitigations the proposal offers. The business case must also include details of the proposed financial impacts and the split between capital and revenue. Business cases which require NHSE approval are completed on the appropriate NHSE template and are required to follow the same internal governance.

Performance Monitoring

- Through our review of relevant committee and Board minutes, we are satisfied that the regular presentation of Finance Reports, Performance Reports and Balanced Scorecards enables the Trust to undertake appropriate monitoring of its financial and non-financial performance, with reporting occurring on Quality and Safety, People, Performance and Finance metrics, which is accompanied by member challenge. The Trust governance structure has each of these areas set up as a separate board sub-committee to ensure the consideration of value for money and key strategic decisions.
- The Board and F&P have been kept informed of the funding arrangements in place for 2023/24 and the monthly finance reports provide commentary on risks and uncertainties that may exist.

Compliance with Laws and Regulations

- Through our review of the Standing Financial Instructions (SFIs) we are satisfied that these detail the roles, responsibilities and delegation of the various committees, and that this gives an appropriate escalation framework for making key decisions.
- Management have established financial controls to prevent and detect fraud –this includes segregation of duties across core systems and approval and authorisation limits linked to purchases and payments.
- Committee (Q&S). Q&S is responsible for monitoring all legal, regulatory and other obligations of the Trust. The Trust is currently rated as 'Good' across all categories by the CQC following the most recent report in February 2020.

Governance

How the Trust ensures that it makes informed decisions and properly manages its risks.

We have considered the following in our work:

- how the Trust monitors and assesses risk and how the body 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; and
- how the body monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements and standards in terms of management or Board members' behaviour

- The Trust were also subject to a CQC review of their maternity services in May 2023 of which the review only looked into whether services were safe and well-led. The report concluded that well-led services were rated 'Good', with safe services being rated 'Requires Improvement'. No significant VFM risks have been identified as a result of this review, however a number of recommendations / improvements were noted. Whilst these are labelled recommendations by the Trust, they are really priorities for improvement rather than addressing significant deficiencies in current arrangements. An action plan has been prepared and approved by the Board in order to address these recommendations, with 18 out of 31 of these actions already completed by September 2023.

Conclusion

Based on the risk assessment procedures performed we have not identified a significant weakness in relation to governance arrangements in place to oversee and monitor value for money achievement.

	2024	2023
Control deficiencies reported in the Annual Governance Statement	There were no significant control deficiencies identified in the governance statement.	There were no significant control deficiencies identified in the governance statement.
Head of Internal Audit Opinion	Substantial Assurance	Substantial Assurance
Oversight Framework segmentation	Segment 2 (Targeted Support)	Segment 2 (Targeted Support)
Care Quality Commission rating	Good (February 2020)	Good (February 2020)

Improving economy, efficiency and effectiveness

How the Trust uses information about its costs and performance to improve the way it manages and delivers its services

We have considered the following in our work:

- how financial and performance information has been used to assess performance to identify areas for improvement;
- how the Trust evaluates the services it provides to assess performance and identify areas for improvement;
- how the Trust 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; and
- where the Trust commissions or procures services, how it assesses whether it is realising the expected benefits.

Commentary on arrangements

Identification of Cost Savings

- The Trust uses a wide range of different benchmarking tools to monitor and improve its cost performance, such as data from internal service line reporting, Model Hospital and National Cost Collection. The information is used to review the Trust's cost base and is compared to previous reporting periods to ascertain improvements or deteriorations that need to be investigated. We have viewed examples of reports across a variety of areas which demonstrates that the Trust is appropriately benchmarking performance against national averages.
- Areas of high cost are regularly reported to the Finance and Performance Committee (F&P) as part of the monthly Finance Report. The Devolved Finance Management System (DFM) allows managers to review costs by month for the current and prior years to allow budget holders to make decisions on areas where cost savings could be delivered.

Non-Financial Performance Monitoring

- Most non-financial key performance indicators (KPIs) are monitored through the performance dashboard which allows the data to be drilled down to more granular levels. These dashboards are accessible to all relevant users and are used from Ward to Board to ensure the organisation has a 'Single Version of the Truth'.
- Balanced Scorecards are presented at each Board meeting and include an overview of performance of the wider strategic areas: Quality and Safety, People, Performance and Finance. The Trust governance structure has each of these areas set up as a separate board sub-committee with NEDs chairing the groups and reporting into the Board. Within the performance scorecard, a number of KPIs are identified, such as Cancer waits over 62 days and ambulance handovers, with an outline of in month actual vs target and year to date (YTD) figures. There is also an 'On Target' indicator in which KPIs are coloured red if off target and green if on target. Commentary is also provided to explain any significant variances.
- The Trust uses a number of benchmarking tools such as Model Hospital, Get It Right First Time (GIRFT) and GM and National Tableau to assess where the Trust is an outlier and restorative action would be required and provide assurance to committee members on the performance of the Trust against its peers and identify areas for improvement. A monthly Model Hospital benchmarking report is also taken to the Executive Team Meeting (ETM) which outlines performance against certain indicators in the period compared to the Trust target and allocated a ranking for WWL against other Trusts in GM and its peers.

Improving economy, efficiency and effectiveness

How the Trust uses information about its costs and performance to improve the way it manages and delivers its services

We have considered the following in our work:

- how financial and performance information has been used to assess performance to identify areas for improvement;
- how the Trust evaluates the services it provides to assess performance and identify areas for improvement;
- how the Trust 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; and
- where the Trust commissions or procures services, how it assesses whether it is realising the expected benefits.

Commentary on arrangements

Partnership Working

- The Board has agreed a corporate objective on partnership working, which includes local ICB relationships. Risks on this are reported as part of the BAF each Board meeting and an update is provided against the corporate objective at least twice a year. ICS activities are also regularly reported to and discussed with Board members through individual Directors' briefings, Board papers and through dedicated agenda items at Board workshops.
- A number of the Executive Team have key roles within the GM Trust Provider Collaborative, including the Director of Strategy and Planning chairing the GM Directors of Strategy group, which help to shape the system response to challenges and develop future plans. The Trust is also an active participant in the GM planning group which convenes to oversee the development of the system operational plan.

Monitoring of Sub-Contractors

- The Trust has contracts in place with a number of organisations. Sub-contractors are monitored through regular meetings and report against pre-determined KPIs written into the relevant contracts.
- The review meetings and agendas include the key headlines including contract performance and cost performance with KPI cards included that detail year on year performance and areas of focus going forward.

Conclusion

Based on the risk assessment procedures performed we have not identified a significant weakness in relation to arrangements in place for improving economy, efficiency and effectiveness to oversee and monitor value for money achievement.



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