

North Bristol NHS Trust

Auditor's Annual Report for the
year ended 31 March 2023

29 June 2023



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We are required under Section 21(2A)(c) of the Local Audit and Accountability Act 2014 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.



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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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Executive summary



Value for money arrangements

Under the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to consider whether the Trust has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Auditors are required to report their commentary on the Trust's arrangements under specified criteria and 2022/23 is the third year that we have reported our findings in this way. As part of our work, we considered whether there were any risks of significant weakness in the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources. Our conclusions are summarised in the table below.

Criteria	Risk assessment	2022/23 Auditor judgement on arrangements	
Financial sustainability	No risks of significant weakness identified	A	No significant weaknesses in arrangements identified, but two improvement recommendations made relating to deliverability of the proposed 2023/24 CIP programme, and ensuring there are plans in place achieve longer-term financial sustainability.
Governance	No risks of significant weakness identified	A	No significant weaknesses in arrangements identified, but three improvement recommendations made in relation to streamlining the Trust Level Risks reviewed by the Committees, timely review of policy documentation and improving reporting to enable decision-making.
Improving economy, efficiency and effectiveness	The Trust's arrangements to manage pressure and poor performance in relation to waiting times, elective recovery and capacity within the medical workforce.	A	No significant weaknesses in arrangements identified, but improvement recommendation made on monitoring operational pressures and ensuring sustained improvement is delivered in relation to cancer waits and elective recovery.

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

Executive summary (continued)

Financial sustainability



The Trust has delivered a breakeven position in 2022/23. This was in line with its plan as resubmitted in June 2022, superseding the original plan forecasting a £14m deficit. Achievement of breakeven position relied on non-recurrent income to offset underperformance in other areas, including under delivery of recurrent CIPs (£6.5m delivered versus a £15.6m target).

For 2023/24, the Trust and the Integrated Care System (ICS) have set breakeven plans. The Trust's original submission was a £14m deficit; however, this was revisited following discussions with the ICS. This position is predicated on the Trust delivering circa £24m CIP programme (circa 2.9% expressed as % of 2022/23 turnover). The Trust has strengthened its CIP governance for 2023/24 and is committed to only recognising recurrent schemes in reporting against its CIP target. Although the CIP ask is lower than many other Trusts (as a % of turnover), at this stage schemes are in varying stages of development, and NBT was only able to deliver circa 42% of its CIP plan in 2022/23. These financial challenges are also set in the context of the Trust's £33m underlying deficit, which it does not yet have a medium- or a long-term financial plan to address. Whilst we have assessed arrangements in the area of financial sustainability to be satisfactory, the Trust will need to continue to closely monitor delivery of its 2023/24 budget, with a particular focus on CIPs delivery, to ensure financial targets continue to be achieved. As such, we have raised two improvement recommendations to strengthen arrangements in these area, which have been accepted by Management. See pages 13-14 for more detail

Governance



The Trust has well-established and well-functioning governance arrangements. It can evidence how it monitors and assesses risk, and it is clear that risk management processes are evolving on an ongoing basis to ensure these remain fit for purpose. Our work did not identify any failures to adhere to appropriate standards, or instances of non-compliance with the Trust's Constitution. NBT's corporate reporting is functional, but it is acknowledged by the Board this could be further improved to enable better decision-making, and we concur with that assessment.

Our work has not identified evidence of significant weaknesses within the arrangements in place. However, we have identified several areas where the Trust could improve arrangements. These are in relation to corporate reporting, management of its Trustwide risk register and addressing the policy backlog. As such, have raised one new improvement recommendation, and carried forward two improvement recommendations from 2021/22, which have been accepted by Management. See pages 18-19 for more detail.

Improving economy, efficiency and effectiveness



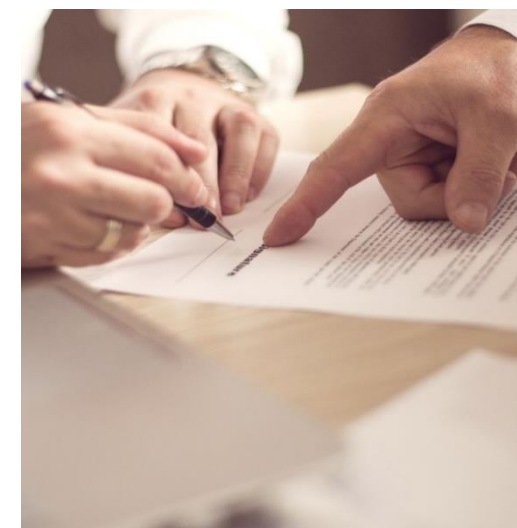
Like many acute hospitals, the Trust has experienced ongoing operational challenges, with significant pressures on its Accident and Emergency Department, cancer services and elective care. Some of these challenges are attributable to workforce constraints, which reflect national picture. Appropriate arrangements are in place to ensure the Trust continues to focus on areas of underperformance, which includes working with system partners. Whilst some sustained improvement could be evidenced in A&E – particularly in relation to 4-hour standard performance - cancer and elective care remain a challenge for the Trust and therefore should be monitored closely.

Our work has not identified evidence of significant weaknesses within the arrangements in place. However, we have identified an area where the Trust could improve arrangements and as such, have raised an improvement recommendation which has been accepted by Management. See page 24 for more detail.



Financial Statements opinion

We issued an unqualified opinion on the Trust's financial statements on 29 June 2023. Our findings are set out in further detail on pages 26 to 28.



Value for money arrangements and key recommendations



Securing economy, efficiency and effectiveness in the Trust's use of resources

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 the Local Audit and Accountability Act 2014, 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's Auditor Guidance Note (AGN) 03, 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.

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

- Review of Board and committee reports
- Regular meetings with Senior officers
- Interviews with other Board members and management
- Attendance at Audit and Risk Committee
- Considering the work of Internal Audit
- Reviewing reports from third parties including the Care Quality Commission and correspondence with NHS England
- Consideration of other sources of external evidence such as the NHS National Staff Survey, Healthwatch reports etc
- Reviewing the Trust's Annual Governance Statement and other publications



Our commentary on the Trust's arrangements in each of these three areas, is set out on pages 9 to 24.

The current NHS landscape



National context

As we emerge from the worst of the COVID-19 pandemic, the health and care sector continues to face extreme challenges. The backlog of postponed procedures and operations makes elective recovery a priority. Waiting lists are higher than they have been for a decade and those waiting the longest are often those with additional complexities. There are numerous workforce pressures including retention, recruitment, reducing reliance upon bank and agency staff and having staff with the right skills delivering the right services. The introduction of Integrated Care Systems has changed the NHS Landscape and encouraged greater partnership working not only with other health organisations, but also social care and Local Authority bodies. Shifting from the Commissioner / Provider model to system working will take time and relies upon the creation of strong and trusted relationships at both a senior and middle management level.

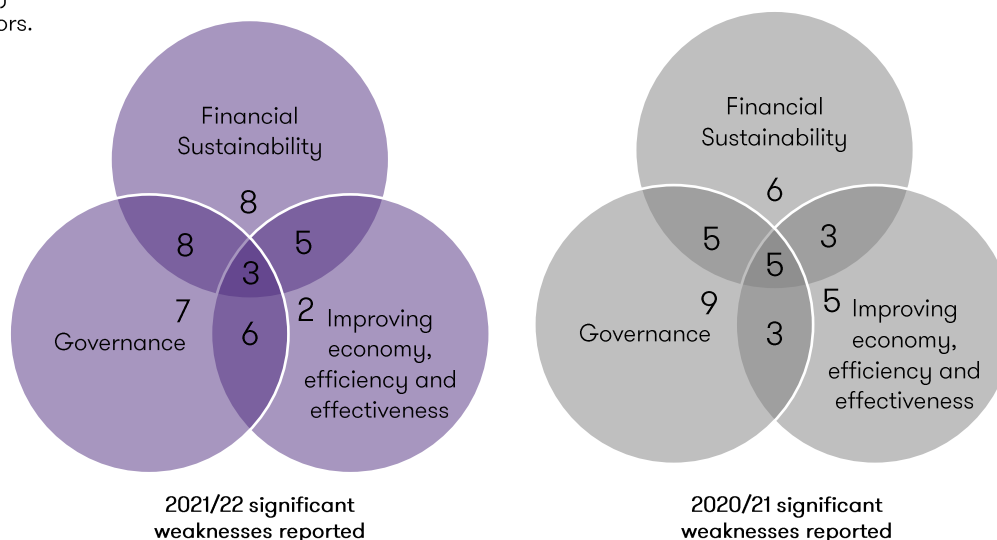
The changes in government leadership, coupled with the cost of living pressures, has meant that 2022/23 has seen attention return for grip and control over finances. The block funding seen during the pandemic is shifting to activity based and the regulators are expecting high clinical standards and improvements through savings or productivity to be delivered. Cash balances remained high during the pandemic which have initially allowed non-cash savings to be realised. However, cost savings or productivity improvements will now be required which necessitate wholesale redesign of services and the delivery of savings at a scale not seen for some years. Funding has increased from 2019 levels and yet productivity has not. The scale of transformation required to deliver more for less will take time to deliver.

In 2021/22, the NAO published the Auditor's Annual Report for 204 NHS Trusts. Of these, 39 (19%) reported significant weaknesses in their value for money arrangements identified by their auditors. Of these:

- 3 Trusts had weaknesses identified in each of the three Code criteria areas compared with 5 in 2020/21
- 19 Trusts reported two significant weaknesses compared with 11 in 2020/21
- Financial Sustainability and Governance were the two Code criteria with the greatest number of significant weaknesses identified (24 each across a total of 37 Trusts). In 2020/21 Governance was the Code criteria with the greatest number

Overall, more Trusts had significant weaknesses reported in their Auditor's Annual Report. (36 in 2020/21). Whilst Improving economy, efficiency and effectiveness and Governance received a comparable number of reported significant weaknesses, there was an increase in the number of Trusts with significant weaknesses reported for their Financial Sustainability arrangements.

Due to the financial pressures being experienced by the NHS in 2022/23 and the greater focus from Government and Regulators, it is highly likely that this trend will continue.



The current NHS landscape (continued)



Local context

Overview of the Trust

North Bristol NHS Trust (the Trust, NBT) is a provider of hospital and some community healthcare services to the residents of Bristol, South Gloucestershire and North Somerset, from its sites at Southmead Hospital, Cossham Hospital, Frenchay Hosptal, South Bristol Dialysis Unit and the Bristol Centre for Enablement. Alongside this, the Trust is a regional centre for neurosciences, plastics, burns, orthopaedics and renal.

Like most NHS organisation nationwide, the Trust has experienced both financial and operational challenges in 2022/23. Whilst it has been able to achieve a breakeven position in year, continuing to meet financial plans as agreed with the ICS will require significant focus on transformation and cost improvement.

Operationally, the pressures on its urgent and emergency, cancer and elective care services continue to be high. This has been exacerbated by ongoing challenges with workforce recruitment and retention.

The Trust has been working to address these challenges both on its own, and through partnerships with other organisations locally. NBT works closely with the University Hospitals Bristol and Weston (UHBW). The two organisations work jointly as part of an Acute Provider Collaborative, to develop joint strategies, improve pathways and deliver better, more efficient care to the local population.

Overview of the system

The Trust is part of the Bristol, North Somerset and South Gloucestershire Integrated Care System (BNSSG ICS).

Each ICS has a statutory NHS Integrated Care Board (ICB) and a wider Statutory Integrated Care Partnership (ICP). The ICB is responsible for the day-to-day running of the NHS in the region. The ICP, meanwhile, brings together a wider range of health and social care partner organisations, including local authorities, and wider public sector and community organisations, to improve the health and wellbeing of the population of Bristol, North Somerset and South Gloucestershire.

The ICS is a large and complex healthcare system, with a varied population make up. Some areas of BNSSG rank amongst the most deprived 10% in the country, but the system also has areas in the least deprived decile. There are significant disparities in health outcomes between different population groups, including ethnic minority groups and different socio-economic groups. BNSSG also has a higher prevalence of preventable risk factors, such as smoking and obesity. There is an acknowledgement that a collaborative and coordinated approach amongst system partners is required to address these challenges.

It is within this context that we set out our findings on the Trust's value for money arrangements in 2022/23 and make recommendations to support improvements in its management of value for money in 2023/24.

Financial sustainability and governance



We considered how the Trust:

- identifies all the significant financial pressures that are relevant to its short and medium-term plans and builds them into its plans
- plans to bridge its funding gaps and identify achievable savings
- plans its finances to support the sustainable delivery of services in accordance with strategic and statutory priorities
- 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
- identifies and manages risk to financial resilience, such as unplanned changes in demand and assumptions underlying its plans
- approaches and carries out its annual budget setting process
- ensures effective processes and systems are in place to ensure budgetary control; communicate relevant, accurate and timely management information (including non-financial information); supports its statutory financial reporting; and ensures corrective action is taken where needed, including in relation to significant partnerships

Overview

We reviewed the Trust's financial sustainability and financial governance arrangements and have concluded that:

- The Trust has well-documented, and well embedded processes for budget-setting and in-year management of budgets. The Trust's workforce, capital and operational plans are developed alongside the financial plan to ensure key assumptions are consistent.
- Financial reporting arrangements, which include reporting on productivity, are appropriate at both Board/Committee level and budget holder level, and these ensure staff and management have access to data for decision-making.
- The Trust's draft financial statements indicate that it has delivered a £0.3m surplus in 2022/23 on a control total basis, against a breakeven plan following the June 2022 financial plan resubmission, as part of a system breakeven plan. The Trust was only able to deliver £6.5m recurrent savings in-year against a target of £15.6m, and breakeven position was achieved through non-recurrent income support and balance sheet adjustments.
- As part of 2023/24 planning process, both the Trust and the ICS submitted breakeven plans. Delivery of a breakeven position is predicated on achieving a savings target of £24.2m. This represents approximately 2.7% of turnover, which is at the lower end of acute Trust CIP targets but is £17.7m higher than the programme delivered in 2022/23. Each Division is 2% recurrent cost saving. Divisional targets are supported by a number of Central and cross-cutting initiatives, such as procurement and pharmacy savings.
- At the time of our work, the Trust indicatively identified £24.5m of potential schemes, of which £15m were Divisional schemes. Approximately half of Divisional schemes identified were still in the pipeline and therefore will require further development.
- The underlying position of the Trust coming out of 2022/23 is a circa £33m deficit. Initial planning work has been undertaken in 2022/23 across the BNSSG system to understand the longer term financial framework and assumptions required for the system to get back to a underlying recurrent breakeven position. Whilst the Trust is aware of its underlying deficit, NBT does not currently have an up-to-date medium- to long-term financial plan to get back to a breakeven position. We understand that medium term financial plans are to be developed in August 2023 in accordance with the regional NHSE timetable.

Whilst we have assessed arrangements in the area of financial sustainability to be satisfactory, the Trust will need to continue to closely monitor delivery of its 2023/24 budget, with a particular focus on CIPs delivery, to ensure financial targets continue to be achieved.

We did not identify any significant weaknesses in relation to the Trust's financial reporting and financial governance arrangements. We made two improvement recommendations in relation to deliverability of the proposed 2023/24 CIP programme, and ensuring there are plans in place achieve longer-term financial sustainability.

Financial sustainability and governance (continued)

Financial outturn 2022/23

In April 2022, the Trust submitted a £14.1m deficit plan, consolidated into an overall system £38.1m deficit plan. Subsequently, the ICS received feedback that the plans were not compliant with the national guidance, and therefore had to be revised. Both the Trust and the system subsequently revised the plans to a breakeven position in June 2022.

For 2022/23, the draft financial statements indicate that it the Trust delivered a £0.3m surplus against the breakeven plan, in line with its resubmission. The BNSSG system was also able to achieve a breakeven position in line with the system plan. Achievement of the breakeven position was in part supported by recognition of circa £17.5m Elective Service Recovery Fund income in-year, which helped offset underperformance in other areas, such as non-delivery of CIP. CIP is discussed further in subsequent sections.

Financial planning

2023/24 financial plan

For 2023/24, both the Trust and the system have agreed breakeven plans. This was following a plan resubmission, as the Trust's initial £14m deficit plan was not deemed compliant. Delivery of breakeven position is predicated on the Trust being able to deliver a £24.2m Cost Improvement Programme, which equates to approximately 2.7% of its turnover.

In addition to the £24.2m CIP programme, the 2023/24 plan has been developed based on a number of income and cost assumptions that appear reasonable, although across the sector there is uncertainty about the extent of inflationary cost pressures in 2023/24.

We are satisfied that both the assumptions and the risks have been set out in planning papers and updates presented to the Finance and Performance Committee (FPC) and the Trust Board, and received an appropriate level of challenge from the Trust's senior leadership.

The underlying position of the Trust coming out of 2022/23 is a circa £33m deficit. Whilst in-year non-recurrent income and costs enable to the Trust to achieve a breakeven position, there isn't yet a medium-term financial plan to reduce the underlying deficit to an agreed operational level with the system or remove it recurrently. We understand initial planning work has been undertaken in 2022/23 across the BNSSG system to understand the longer term financial framework and assumptions required for the system to get back to a underlying recurrent breakeven position. We understand that medium term financial plans are to be developed in August 2023 in accordance with the regional NHSE timetable, and have raised an improvement recommendation for the Trust to develop a medium term financial plan.

Manging risks to financial resilience

The Trust's financial planning documentation demonstrates awareness of key risks to achieving its plans.

As part of the reporting on 2023/24 plan, the key financial, operational, capital and working capital risks are detailed with mitigations suggested. These have been appropriately communicated to the FPC.

Key risks the Trust has raised include:

- CIP delivery – the Trust is intending to deliver its CIP target using recurrent savings only. If Divisions fail to achieve their targets, non-recurrent support will be required.
- Elective activity - Additional pressures include the re-introduction of tariff-based activity for Elective activity, where under-delivery will result in funding being withdrawn.
- Staffing – which includes increased use of agency and locums to deliver the necessary activity.

Annual savings

2022/23 Performance

In 2022/23, the Trust delivered £6.5m of recurrent cost improvement initiatives versus the planned programme of circa £15.6m. The under-delivery in 2022/23 was reported across all divisional and corporate areas., but we note that the Trust is committed to only recognising recurrent schemes against its CIP target.

2023/24 CIP programme

Acknowledging the CIP target for 2023/24 and historical challenges in delivering its CIPs, the Trust has strengthened its governance and monitoring arrangements.

A CIP Board has been set up to provide assurance to the Executives on the delivery of the target. This is supported by a Financial Sustainability and Delivery group, which meets monthly and provides Trust-wide support to the delivery of CIP both in-year and beyond, including supporting development of new ideas.

Financial sustainability and governance (continued)

The plan is to deliver £24.2m of recurrent schemes. Divisions are targeting schemes totalling 2% of their costs, excluding high-cost drugs and devices and CNST. Additionally, there are plans to focus on wider transformation and Trustwide initiatives, such as Procurement, Workforce and Pharmacy, which should result in cost efficiencies.

As of June 2023, the Trust has identified a pipeline of £24.5m potential schemes against the £24.2m target, including £15m of divisional schemes. The Trust is forecasting to deliver £12.2m of savings in the first half of 2023/24, with £13.5m of schemes assessed as confirmed or in the planning stage, and £10.9m of schemes in the pipeline are currently assigned a red RAG deliverability risk rating by the Trust.

Although we acknowledge that the Trust has put stronger governance arrangements in place to enable management of CIP delivery, and the % CIP target is low compared to other acute Trusts, continued closely monitor delivery of the 2023/24 budget, with a particular focus on CIPs delivery will be critical to ensure financial targets continue to be achieved.

We have made an improvement recommendation regarding further development of the 2023/24 CIP plan.

Stakeholder engagement

The Trust could evidence appropriate levels of stakeholder engagement and consultation in development of its CIP programme. The Financial Sustainability and Delivery group was in place to assist clinical divisions and corporate directorates in developing initiatives, including provision of benchmarking information to help identify opportunities.

An established EQIA process was in place to ensure the impact of initiatives on quality and safety.

Alignment to wider plans

The Trust has appropriate arrangements in place to align internal financial planning assumptions to other key internal and external plans.

The Trust's workforce, capital and operational plans are developed alongside the financial plan to ensure consistency of key assumptions. All assumptions (activity, finance and workforce) are clearly outlined in Board papers and reconciled back to national, ICS and local guidance.

The workforce, operational and financial plans (revenue and capital) are reconciled to ensure consistency, with the digital and environmental sustainability plans feed into the capital planning process.

For its 2023/24 capital plan, the Trust is working to £46.2m as a level of overprogramming against a potential total available funding envelope of £31m. The cost of capital investments are appropriately reflected in the revenue budget.

External plans

Financial planning was undertaken in collaborative manner with partners across the system, in particular with University Hospitals Bristol and Weston NHS FT as one of the Trust's key strategic partners.

Methodologies were shared amongst partners to ensure risks and opportunities were understood and assumptions were transparent.

Budget setting and budgetary control

The Trust has well-established processes and procedures for annual budget setting and in-year budgetary control.

Business planning and budget setting

The Trust's budget-setting processes are broadly consistent with prior year.

The 2023/24 budget has been developed iteratively through a series of Trust and ICS-wide planning meetings involving internal and external stakeholders. This included Executive meetings, Strategic Leadership Group, FPC and Trust Board.

There is discussion and challenge of plans and delivery of these at monthly Divisional Performance Meetings. Budget holders have been engaged in developing and agreeing key supporting assumptions, such as efficiency plan values, workforce numbers, investments and capital plans.

In-year budgetary control and financial reporting

The Trust has well-embedded budgetary control and financial reporting processes.

Budget reports are provided to all budget holders on a monthly basis, which include budget statements, detailed pay reports and in-month ledger transactions. In addition, the Trust has developed monthly productivity reporting packs that enable Divisions to compare current performance against the 2019/20 pre-Covid benchmark.

Trust-wide, finance reporting is provided to the Trust Board and the FPC.

Financial sustainability and governance (continued)

In-year budgetary control and financial reporting (continued)

The report is tailored to each meeting but will always contain a summary of key messages, I&E position, update on the efficiency programme and activity information, as well as any other relevant information – for example, balance sheet, cashflow information, detailed analysis on areas of focus and others.

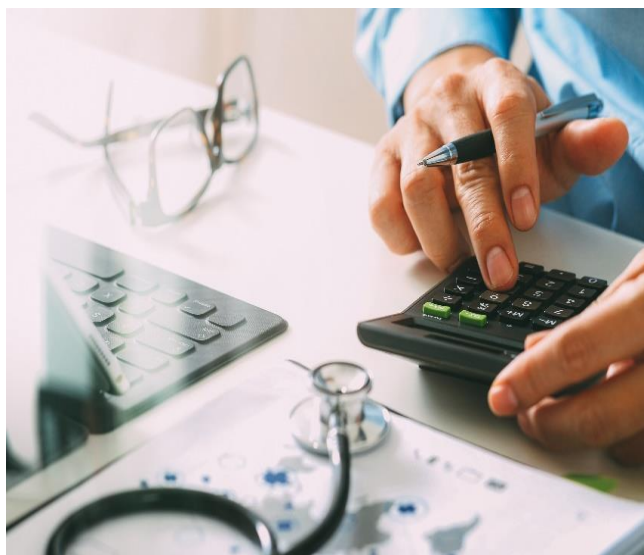
The Trust also shares with the Board a separate report on ICS-wide financial performance, so it is possible to gauge how the Trust is performing in the system context.

Follow-up of previous recommendations


In 2021/22 we raised three improvement recommendations in relation to the Trust's financial sustainability and governance arrangements:

- Recommendation A in relation to review of the monthly finance pack and its content;
- Recommendation B in relation to development of individual scheme level CIPs for the 2022/23 plan;
- Recommendation C in relation to prioritising medium-term financial planning to achieve a road to financial recovery.

We are satisfied that recommendation A has been actioned by management and has therefore been closed. Recommendations B and C have been superseded by improvement recommendations raised and detailed overleaf.



Improvement recommendation – financial sustainability


Criteria impacted	 Financial Sustainability
Auditor judgement	We have identified a weakness in arrangements which we do not consider to be significant but have raised a recommendation to support management in making appropriate improvements.
Improvement opportunity identified	<p>The Trust's draft financial statements indicate that it delivered a £0.3m surplus in 2022/23 but has a c.£33m underlying deficit.</p> <p>Whilst the plans for 2023/24 have been agreed and risks are well-understood, the Trust currently does not have an up to date medium/long term financial plan to get back to a recurrent breakeven position.</p>
Recommendation 1	<p>We recommend a medium term financial plan is produced to provide assurance that the Trust can achieve underlying financial sustainability in the next 3 years. The plan should:</p> <ul style="list-style-type: none"> - be updated with the latest 2023/24 financial plan and assumptions - set out a clear understanding and agreement of the underlying financial position, and the causes of the underlying position across the Trust and the system - be aligned with other Trust plans (for example workforce, operational plans and estates) and be aligned with the system medium term financial plan and assumptions; - be underpinned by a detailed pipeline of financial opportunities over the 3-5 year period.
Management comments	Recommendation accepted. Within the last year the Trust has made progress in understanding the underlying financial position at a detailed level. The System is producing a medium-term financial plan in 23/24 that will demonstrate how it will deliver a breakeven position in the next 3 years. The Trust will feed into this through production of a Trustwide medium term plan. We will ensure that the Trust plans are aligned with the System through this work.

Progressing the actions management has identified to address the recommendations made will support the Trust in addressing the weaknesses identified from our work. We consider that the timescales provided by management are appropriate and encourage the Audit and Risk Committee to monitor progress of implementation to gain assurance over the arrangements in place.

The range of recommendations that external auditors can make is explained in Appendix B.



Improvement recommendation – financial sustainability (continued)

Criteria impacted	 Financial Sustainability
Auditor judgement	We have identified a weakness in arrangements which we do not consider to be significant but have raised a recommendation to support management in making appropriate improvements.
Improvement opportunity identified	<p>The Trust has agreed a breakeven plan for 2023/24. We note that it is predicated on a number of assumptions and carries a significant level of risk, including delivery of a £24.2m CIP programme – a number in excess of what the Trust had been able to achieve in the last three years.</p> <p>As of June 2023, we also note that £10.9m of schemes in the pipeline are currently assigned a red RAG deliverability risk rating by the Trust. Whilst the Trust CIP is low as % of operating costs compared to other acute Trusts and a pipeline of £24.5m of schemes has been identified, there is risk to delivery given the number of red RAG rated schemes.</p>
Recommendation 2	<p>As the Trust is going through the development its CIP programme, it should continue to reassess the level of risk contained in it, how this risk can be mitigated, and communicate with the ICS if there is going to be a likely impact on its ability to deliver the overall financial plan for 2023/24.</p> <p>The programme, once fully developed should be underpinned by robust assumptions, validated by staff delivering the CIPs and triangulated with other supporting plans, for example workforce and activity plans, as well as with system plans. Continued close monitoring of CIPs delivery including reporting to FPC and Board will be critical with effective corrective action necessary if slippage occurs to ensure financial targets continue to be achieved.</p>
Management comments	Recommendation accepted: All divisions are required to show how they are planning to deliver all elements of their CIP plans through the Patient First programme. The Patient First improvement priorities include sustainability, for which the breakthrough objective is to deliver the planned level of savings in 2023/24. The Trust continues to further embed processes put in place in the later part of 2022/23 such as the financial sustainability group and the CIP board.

Governance



We considered how the Trust:

- monitors and assesses risk and gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud
- ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency
- monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements and standards in terms of staff and board member behaviour

Overview

We reviewed the Trust's governance arrangements and have concluded that:

- The Trust can evidence how it monitors and assesses risk – this includes both strategic risks and corporate / operational risks.
- Its reporting to decision-makers is appropriate, but could be further improved by better exception reporting, more frequent options appraisals and introduction of SMART actions.
- Our work did not identify failures to adhere to relevant professional or regulatory standards or instances of non-compliance with the Trust's constitution.

We did not identify any significant weaknesses in relation to the Trust's governance arrangements.

We have carried forward two improvement recommendations in relation to the number of risks on the Trust Risk Register, as well as ongoing review of Trust policies. We have also raised one new improvement recommendation in relation to structures in place to support effective decision-making.

Risk management and internal controls

The Trust has appropriate arrangements in place to manage its strategic and corporate risks. This is supported by an effective Internal Audit and LCFS function.

Strategic and corporate risk management

In 2022, the Trust set up a Risk Management Group (RMG) to more proactively manage organisational risks and assist the Board and Committees in discharging their responsibilities

Strategic risk is managed through the Trust's Board Assurance Framework (BAF). Whilst the RMG is the primary forum for management of escalation and de-escalation of risks, the BAF itself is reviewed by the Trust Board in an ongoing quarterly cycle, with key changes and updates highlighted.



The Board Assurance Framework (BAF)

- The BAF brings together in one place all of the relevant information on the risks to the board's strategic objectives
- They should remain a live document and drive strategic risk management across the Trust and in Board agendas
- Assurances in place and gaps in controls should be mapped to each risk, drawing on many sources of information including internal audit and external regulators
- Using a scoring matrix, risks can be assessed to allow greater scrutiny to those most significant
- We have assessed that with too many strategic objectives or too many risks, it is difficult to maintain a meaningful BAF

Governance (continued)

Strategic and corporate risk management (continued)

Alongside the BAF, the Trust maintains a Trust Level Risk register. Risks on the TLR are scored, monitored, and, if they exceed the Trust risk appetite, escalated appropriately. The RMG has also taken on the role of challenging risk to ensure only appropriate risks are placed on the TLR or escalated.

From our review, we deem the risk management processes effective overall. We note, however, that the number of risks on the TLR remains significant, which may dilute Board and Committee focus, and was a recommendation in prior year work. We have re-raised an improvement recommendation as a result.

Internal controls

The Trust's Internal Audit and Local Counter Fraud Specialist (LCFS) function is delivered by KPMG. The Trust's IA programme delivers a programme encompassing both clinical and non-clinical audit, and reports to the Audit and Risk Committee on a regular basis. The LCFS undertakes a mix of proactive reactive activity, similarly reporting to the Audit and Risk Committee as a standing agenda item at every meeting.

Internal Audit have completed their work for the 2022/23 financial year, and the Head of Internal Audit (HOIA) opinion was one of 'significant assurance with minor improvements required', confirming that there is generally a sound system of internal control.

Informed decision making including the Audit and Risk Committee

Our work did not identify any evidence of unlawful decision-making or concerns regarding the 'tone from the top' from Trust leadership. The Trust Board has identified areas where further improvement could be made in relation to clarity of corporate reporting and how it helps with informed decision-making. We concur with that assessment.

Leadership of Those Charged with Governance

The Trust's last comprehensive inspection was undertaken in 2019. The report published by CQC rated the Well-Led domain as 'Outstanding', commending the Trust for clear structures for overseeing performance, quality and risk, good working relationships between clinical leads and leadership teams, and the skills and knowledge of its Board.

Corporate governance and decision-making

The Trust has processes and procedures in place to ensure information is available to the key decision-makers, including the Committees and the Board. This covers reporting on ICS activities, as well as joint initiatives with University Hospitals Bristol and Weston as one of the Trust's key partners.

As part of its annual self-assessment, the Trust Board members were asked to comment on whether information was available in the right form to enable sound decisions, and whether it was of appropriate quality.

Although the responses were generally positive, it indicated that some improvements could be made to streamline and facilitate this process – for example, through more concise papers, more frequent use of options appraisals where a decision is requested, and use of SMART actions. Refresh to the reporting format has been introduced during the year as a result.

We have therefore raised an improvement recommendation regarding embeddedness of new reporting arrangements and how this enables decision-making.

Standards and behaviours

The Trust has appropriate frameworks in place to ensure compliance with relevant regulatory, legislative and professional standards. Our VFM work this year did not identify any instances of non-compliance that would suggest these arrangements are not effective.

Frameworks to ensure compliance with standards

The Trust's Standing Financial Instructions include a Scheme of Delegation, which forms part of its Standing Orders. This provides control to mitigate the risk of fraud or inappropriate decision-making.

The Trust has a range of policies in place to ensure compliance with appropriate standards, which are available to all staff. These include a Declaration of Interest Policy and a Fit and Proper Person's Policy.

The Board secretary and the Chief People Officer oversee the FPPR process and maintain records of FPPR checks. All Trust directors complete an annual self-certification to confirm they are a 'fit and proper person'. In addition, full range of FPPR checks are conducted for any new appointments throughout the year.

We note that the Trust is continuing its activities to address the policy review backlog, which was highlighted as an improvement recommendation in our VFM work last year. Whilst some progress has been made, this continues to be an area of challenge and progress towards reviewing the backlog is reported to the Board's Committees.

Data and cyber security

There is no evidence of a significant cyber attack in year. The Trust is alert to cyber risks to NHS IT infrastructure.

The Trust self-reported 23 data security breaches in year, seven of which required referral to the Information Commissioner's Office. The ICO took no action against the Trust in any of the breaches identified. The Trust's Information Governance arrangements are appropriate and help successfully identify and escalate breaches.

Governance (continued)



NHS Leadership

- Leadership plays a key role in shaping the culture of an NHS organisation
- NHS leaders are facing considerable challenges, including significant financial and operational pressures and high levels of regulation
- This is reflected in high vacancy rates and short tenures among senior leaders that risk undermining organisational culture and performance
- Many of the recent NHS failures have come from poor leadership. This may be a focus on one aspect of delivery at the expense of another, e.g. prioritising financial performance over clinical care
- Senior leadership should welcome honesty in their assurances, creating an environment where staff can be open and flag risks
- Boards should remain alert to the question, “could we have a problem and how do we know we don’t”?

Follow up of previous recommendations


In 2021/22 we raised three improvement recommendations in relation to the Trust’s governance (D, E, F as per the 2021/22 report):

- Recommendation D in relation to review of lead owners, responsible Committees and planned actions on the BAF;
- Recommendation E in relation to review of risk appetite and tolerances and streamlining of Trust-Level Risks;
- Recommendation F in relation to backlog of policy reviews.

We are satisfied that recommendation D has been actioned by management and has therefore been closed. Recommendations E and F have been partially implemented, and follow-up recommendations have been raised overleaf.





Improvement recommendations - Governance

Criteria impacted	 Governance
Auditor judgement	We have identified a weakness in arrangements which we do not consider to be significant but have raised a recommendation to support management in making appropriate improvements.
Improvement opportunity identified	<p>Through 2021/22 Value for Money work, we raised a recommendation in relation to review of risk appetite and tolerances and streamlining of Trust-Level Risks. Our review of the TLRs as part of 2022/23 highlights scope for the Trust to review the number of Trust Level Risks, with a view to consistently applying risk appetite scores to ensure that the Board and Committees focus on a small number of key risks.</p> <p>Therefore we suggest further work can be done to better embed and streamline approach to corporate risk management.</p>
Recommendation 3	The Trust should undertake further review of how it applies its risk appetite, and the frequency of Board and Committee review. Given the current number of TLRs assigned to Board or Committees a more in-depth focus on the key risks may be appropriate at regular intervals. This should result in greater focus on those that present the greatest risk to the delivery of the Trust's objectives.
Management comments	Recommendation accepted. The Board undertook its annual risk appetite seminar in May 2023, and the outputs of this seminar will be taken into the Risk Management Group, and help inform additional training and support around risk identification and scoring, with the aim of streamlining Trust Level Risks. We will also ensure that Trust Level Risks are discussed in more detail at Committee meetings through the use of targeted deep-dives, focusing on those that present the greatest risk to the delivery of the Trust's objectives.

Progressing the actions management has identified to address the recommendations made will support the Trust in addressing the improvements identified from our work. We consider that the timescales provided by management are appropriate and encourage the Audit and Risk Committee to monitor progress of implementation to gain assurance over the arrangements in place. The range of recommendations that external auditors can make is explained in Appendix B.

Improvement recommendations - Governance

Criteria impacted	 Governance
Auditor judgement	We have identified a weakness in arrangements which we do not consider to be significant but have raised a recommendation to support management in making appropriate improvements.
Improvement opportunity identified	Through 2021/22 Value for Money work, we raised a recommendation in relation to backlog of policy reviews post-COVID. Whilst we acknowledge significant improvements have been made in addressing the backlog, our review identified further policies that were out of date. As such, we have chosen to maintain the recommendation for 2022/23 Value for Money audit.
Recommendation 4	Our recommendation remains consistent with prior year. We recommend that the Trust continues to clear the backlog of policy reviews, prioritising those that are most high-risk and the areas that are most affected, such as HR, Facilities, H&S and Finance.
Management comments	Recommendation accepted. We are continuing to focus on clearing the backlog of policy review, ensuring the use of a risk assessed approach.
Criteria impacted	 Governance
Auditor judgement	We have identified a weakness in arrangements which we do not consider to be significant but have raised a recommendation to support management in making appropriate improvements.
Improvement opportunity identified	<p>The Trust Board undertook a self-assessment which considered whether the information was available to the Board members in the right form to enable sound decision-making, and whether this was of right quality. Responses from the Board indicate that although the Trust was generally able to make informed decisions, there are improvements that could still be made – for example, more concise papers focussing on exception reporting, more frequent use of options appraisals and SMART actions. We concur with this view.</p> <p>Initial refresh of report templates was issued in 2023, and this is currently embedding. This will be supplemented by the findings from the external Well-Led review currently being undertaken, which may result in further changes.</p>
Recommendation 5	We recommend the Trust seeks Board member feedback during the course of 2023/24 on effectiveness of the new reporting arrangements to consider whether any further changes should be made and whether the arrangements could be further strengthened.
Management comments	Recommendation accepted. The Trust will refresh its Board effectiveness review following the developmental well-led review taking place over the summer of 2023, and this will include consideration of revised templates and report writing guidance, and whether further work is required in this area.

Improving economy, efficiency and effectiveness



We considered how the NHS Trust:

- uses financial and performance information to assess performance to identify areas for improvement
- evaluates the services it provides to assess performance and identify areas for improvement
- 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
- where it commissions or procures services assesses whether it is realising the expected benefits

Overview

We reviewed the Trust's economy, efficiency and effectiveness arrangements and have concluded that:

- The Trust has arrangements in place to monitor and report on its performance through the layers of the organisation, from service to Board;
- The Trust has experienced significant challenges in relation to its performance against Cancer targets, at one point ranking bottom in the country, and Elective Recovery
- Based on our discussions and review of documents, we are satisfied that the Trust has put plans and arrangements in place to understand the causes of underperformance and to address them
- The Trust engages proactively and regularly in key partnerships, such as the Integrated Care System and the Acute Provider Collaborative, and contributes to local ICS plans.
- There are processes in place to ensure the Trust is monitoring performance of its key service providers, subcontractors and major projects.

Assessing performance and identifying improvement

Performance reporting

The Board regularly receives an integrated performance report (IPR) which includes a summary dashboard and supporting narrative, focusing on exception reporting. Additional information and analysis is provided on key areas of challenge.

The Trust reports its operational performance to the Board via an IPR. The IPR includes a balanced scorecard summary and key metrics against domains of responsiveness, safety and effectiveness, patient experience, Well-Led, finance and regulatory view. It sets out main risks impacting performance and actions taking to improve.



Improving economy, efficiency and effectiveness (continued)

Assessing performance and identifying improvement (continued)

Data quality

The Trust has arrangements in place to ensure the data it reports on is of adequate quality – this involves validation and scrutiny of data.

Some of the key initiatives include:

- Use of an internal data quality tracker available to all staff, focussing on 50 key KPIs;
- Tailored data quality plans issued to all Divisions;
- Internal Audit activity to provide independent assurance in relation to data quality.

Operational and quality performance

The Trust has experienced pressures and poor performance in relation to Elective Recovery and Cancer waiting times, partially driven by workforce challenges. This has been highlighted as a risk of significant weakness during Value for Money planning process.

The Trust has not had a CQC reinspection, and therefore overall position is in line with 2021/22. The Trust is fully compliant with the registration requirements of the CQC and maintains an active dialogue with the local inspection team to address any specific issues raised during the year and to facilitate in year 'monitoring' visits.

Review of the Trust's internal performance reporting and our own benchmarking data have identified UEC, Elective Recovery and Cancer waits as three key areas of challenge for the Trust.

We reviewed arrangements in place for monitoring and improving performance within these services and noted that:

- In relation to UEC performance, a UEC plan has been introduced across the organisation. The plan sets out key changes to the service, such as implementing a revised SDEC service, mapping patient flow and implementing good practice in relation to discharge processes.
- Patients with No Criteria to Reside (i.e. individuals who no longer meet the criteria for being an inpatient, but whom the Trust is unable to discharge) have been identified as a significant factor affecting UEC performance – the Trust has been working with UHBW through the APC to identify potential mitigations.
- Overall, UEC performance has demonstrated sustained improvement over the course of the year; as such, we are satisfied appropriate arrangements have been put in place.
- In relation to Cancer waits, the Trust has identified workforce constraints and pressures in Urology, where the Trust is the regional treatment centre.
- The Trust has sought to address these issues through recruitment, introduction of activity-based payments for consultants and increased governance around performance, including a Cancer Board with Executive sponsorship, reporting into the Operational Management Board.
- In relation to Elective Recovery, workforce constraints have once again been highlighted as one of the key drivers behind underperformance.
- The Trust is working on developing and extending existing nursing roles to cover the shortfall. Again, governance arrangements have been strengthened with a weekly Planned Care meeting taking place to discuss performance, identify pinch points and find solutions where possible.

Indicator	Target	Avg. 2022/23	M12 2022/23
A&E waiting times less than 4 hours	>95%	62.4%	78.4%
Ambulance handover <30mins	>95%	55.4%	70.6%
RTT – patients waiting over 104 weeks	0	28	7
RTT – patients waiting over 78 weeks	0	345	69
RTT – patients waiting over 52 weeks	N/A	2799	2567
Cancer – 2ww, all urgent	>93%	46.7%	63.5%
Cancer – 62 day GP referral to treatment	>85%	51.5%	57.8%

Source: Trust IPR, 2022/23 M12

Improving economy, efficiency and effectiveness (continued)



Workforce pressures

There are significant workforce challenges across all roles and all regions. Many bodies are reporting that the recruitment and retention of skilled and experienced staff is their greatest risk.

How the NHS found itself in this position is a complex picture; a perfect storm.

- **Historic understaffing:** inadequate workforce planning with insufficient funding and infrastructure
- **Declining wellbeing:** delivering care amid persistent staff shortages with agency staff and normalised increased workloads
- **Early retirements:** staff choosing to retire earlier than planned has reduced both capacity and experience
- **Poor retention:** greater workloads and stressful working conditions have increased attrition
- **Pay pressures:** recent strike action has highlighted the level of feeling from NHS workers

Operational and quality performance (continued)

Whilst we are satisfied that the Trust has put appropriate arrangements in place in order to monitor areas of quality and operational underperformance, and work towards delivering sustained improvement, we note that Cancer and Elective Recovery performance continue to be a challenge.

As such, we raised an improvement recommendation around operational performance and achieving sustained improvement.

Partnership working

The Trust is a key player in the local ICS and has a lead role in the Acute Provider Collaborative to improve care pathways.

The Trust are very active participants within the local system. The most regular updates to Board in relation to the ICS are carried out through the CEO's Report.

The Trust is part of an Acute Provider Collaborative with University Hospitals Bristol and Weston. The two Trusts have a longstanding collaboration arrangement and an number of joint initiatives is in train to improve care pathways. This includes development of joint clinical and digital strategies, preparation for winter pressures and strategic capital planning.

Commissioning and procurement

Procurement arrangements

Procurement function is delivered through Bristol and Weston Purchasing Consortium (BWPC), hosted by NBT and delivered on behalf of NBT and UHBW. The Trust has been implementing some improvement activity in relation to its procurement and contract management practices.

As part of its arrangement with UHBW, the Trust is working to deliver procurement efficiencies between two Trusts and there are plans in place to eventually have a single procurement framework for the whole ICS.

The Trust has undertaken some improvement activity in the BWPC's arrangements following recommendations from a LCFS review and the prior year VFM work, which included development of a procurement policy that should help ensure best procurement practice is adhered to.

A procurement update containing waiver reports is presented to the Audit and Risk Committee on a quarterly basis.

We note that the Trust has focussed on addressing its non-PO spend, as well as reducing the number of single tender waivers by comparison to prior years. Some positive movement has already been achieved, but both initiatives remain ongoing.



Improving economy, efficiency and effectiveness (continued)

Commissioning and procurement

Monitoring of projects and programmes

The Capital Planning Group reviews the plan quarterly for the first six months of the year, and monthly until year end. The agenda of the CPG covers spend to date against plan, revised forecast outturn noting plans, risks and mitigations for each project.

It is our understanding that large overspends are rare, but if there is an overspend in excess of working level the project is managed at, a further business case would be required. Monthly finance report to the Board and the Finance reports at FPC include capital position.

The Trust does not have any longer-term projects, and very few projects span more than one financial year. The Trust is however developing an FBC for an Elective Hub, which is due to begin construction in Autumn 2023/24 and expected to deliver in 2024/25. We understand inflationary pressures have been appropriately budgeted for, but this should be considered further as part of 2023/24 VFM audit.

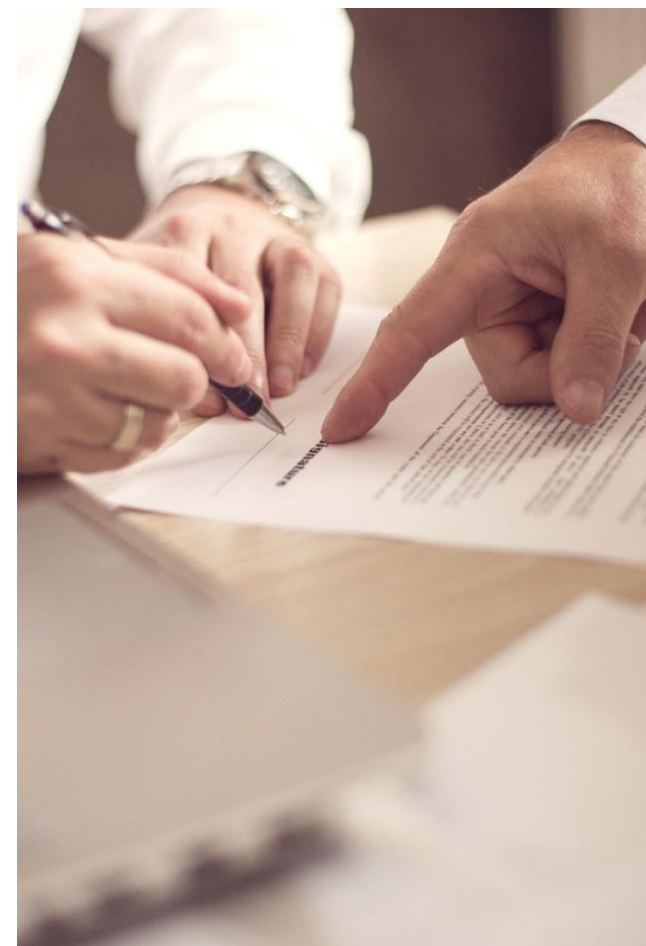
Follow up to previous recommendations

In 2021/22 we raised six improvement recommendations in relation to the Trust's economy, efficiency and effectiveness arrangements [G, H, I, J, K, L as per the 2021/22 report]:


- Recommendation G in relation to modelling and reporting progress on delivering against its NC2R plans;
- Recommendation H in relation to regular and recurrent flow information between ICS decision-making forums and the Trust's Board and Committees;

- Recommendation I in relation to working with system partners to develop service plans to deliver against population needs;
- Recommendation J in relation to rollout of the new Market Strategy Report;
- Recommendation K in relation to greater analysis of non-PO spend;
- Recommendation L in relation to progressing actions arising from the LCFS procurement and contract management review.

We are satisfied that all recommendations have been actioned by management and are therefore closed.



Improvement recommendations – economy, efficiency and effectiveness

Criteria impacted	 Economy, efficiency and effectiveness
Auditor judgement	We have identified a weakness in arrangements which we do not consider to be significant but have raised a recommendation to support management in making appropriate improvements.
Improvement opportunity identified	<p>NBT has had historical difficulties with performance in a number of areas, which include UEC, Elective Recovery and Cancer. In relation to Cancer waits in particular, the Trust has on several occasions been in the bottom 25% of Trusts nationally.</p> <p>We discussed the governance and performance monitoring arrangements that the Trust has put in place to improve performance and are satisfied that these are appropriate. UEC / A&E performance in particular has already demonstrated some sustained improvement. However, as of May 2023 cancer performance was still below national targets, and there were ongoing challenges in relation to Elective Recovery.</p>
Recommendation 6	The Trust should continue enhanced oversight of the areas highlighted by the system and through its own performance monitoring arrangements until sustained improvement of performance is achieved. Effectiveness of arrangements put in place should be considered on an ongoing basis, and if these are not deemed to be improving performance, they should be revisited.
Management comments	<p>Accepted. Performance arrangements remain in place as noted in the recommendation, in parallel with a number of workstreams progressing as part of NBT's Reset and Recovery portfolio encompassing UEC, Outpatient Recovery & Transformation, Elective Care (incl. Diagnostics) and Cancer. To support Elective Recovery, NBT continues to reset and increase its elective bed base as this has been one of the constraints to recovery; progress work to ensure it improves use of existing resources e.g. rollout of text reminders to reduce Did Not Attends (DNAs); theatres utilisation; and outpatient room utilisation; and securing additional capacity e.g. waiting list initiative staffing arrangements and insourcing models. In addition, to support sustainable recovery,</p> <p>NBT is leading on a system wide project to secure additional funding to increase theatre and bed capacity through a new Elective Centre on Southmead Hospital Site. The Trust has made some progressing in cancer, having been recently de-escalated from NHSE's Tier 1 performance oversight but recognises it has more work to do. Focus tumour site areas include breast, skin and urology. Performance initially may worsen before it improves as a key component of the approach is the reduction and clearance of the backlog to ensure the Trust can deliver and then sustain compliance with the Faster Diagnosis Standard.</p>

Progressing the actions management has identified to address the recommendations made will support the Trust in addressing the improvements identified from our work. We consider that the timescales provided by management are appropriate and encourage the Audit and Risk Committee to monitor progress of implementation to gain assurance over the arrangements in place. The range of recommendations that external auditors can make is explained in Appendix B.

Opinion on financial statements



Opinion on the financial statements



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 2023 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 2022-23, 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.

Audit opinion on the financial statements

We issued an unqualified opinion on the Trust's financial statements on 29 June 2023.

The full opinion will be included in the Trust's Annual Report for 2022/23, which can be obtained from the Trust's website.

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



Opinion on the financial statements



Timescale for the audit of the financial statements

- Our Audit Plan was issued and presented to the Audit and Risk Committee in March 2023 following our planning and interim visit.
- The Trust provided draft financial statements in line with the national timetable of 27 April 2023.
- We issued an unqualified opinion on the Trust's financial statements on 29 June 2023.

Findings from the audit of the financial statements

Those risks requiring special audit consideration and procedures to address the likelihood of a material financial statement error have been identified as:

- Management override of controls
- Valuation of land and buildings
- Fraud in Revenue Recognition

We communicated significant findings on these areas as well as any other significant matters arising from the audit to you in our Audit Findings (ISA 260) Report which was reported to the Trust's Audit and Risk Committee on 22 June 2023. A final updated report was published alongside our Auditor's Report at the conclusion of the audit. Requests for this Audit Findings Report should be directed to the Trust.



Other reporting requirements



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 2022/23. We have audited the elements of the Remuneration Report and Staff Report, including the new Fair Pay Multiple Disclosures, as required by the Code. A number of issues have been identified that require amendment, none of which are deemed significant but have been corrected in the final version of the statements due to the sensitivity of these disclosures. More detail can be found in our Audit Findings Report.

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 2022/23 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 2022/23, the other information published together with the financial statements in the Trust's Annual Report for 2022/23 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. No issues have been identified from our work.



The use of auditor's powers

We bring the following matters to your attention:

Section 30 referral

Under Section 30 of the Local Audit and Accountability Act 2014, the auditor of an NHS body has 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 Secretary of State, and/or relevant NHS regulatory body as appropriate

Despite income exceeding expenditure over the previous five-year period, the Trust is reporting a cumulative deficit of £89.869 million at 31 March 2023 and remains in technical breach of its breakeven duty as detailed in the guidance. The Trust therefore continues to take a course of action that is unlawful and has caused a loss which gives rise to a duty on us to report to you under section 30(b) of the Local Audit and Accountability Act 2014 in respect of the five-year period ending 31 March 2023. On 15 May 2022 we therefore issued a Section 30 referral to the Secretary of State covering the financial years ending 31 March 2023 and 2024.

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:

An explanatory note on recommendations

A range of different recommendations can be raised by the Trust's auditors as follows:

Type of recommendation	Background	Raised within this report	Page reference(s)
Statutory	Written recommendations to the Trust under Section 24 (Schedule 7) of the Local Audit and Accountability Act 2014.	No	N/A
Key	The NAO Code of Audit Practice requires that where auditors identify significant weaknesses as part of their arrangements to secure value for money they should make recommendations setting out the actions that should be taken by the Trust. We have defined these recommendations as 'key recommendations'.	No	N/A
Improvement	These recommendations, if implemented should improve the arrangements in place at the Trust, but are not a result of identifying significant weaknesses in the Trust's arrangements.	Yes	13,14,18,19 & 24

