



Auditor's Annual Report 2023/24

The Shrewsbury and Telford Hospital NHS Trust

—

August 2024

Contents

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	Page
01 Executive Summary	3
02 Audit of the Financial Statements	5
03 Value of Money	9
a) Financial Sustainability	
b) Governance	
c) Improving economy, efficiency and effectiveness	

This report is addressed to The Shrewsbury and Telford Hospital NHS 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 The Shrewsbury and Telford Hospital NHS 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 28 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 have made a section 30 referral to the Secretary of State given that the Trust breached its breakeven duty for 2023/24. 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 2023/24 statements** before 28 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><i>Fraudulent expenditure recognition - completeness</i></p> <p>Auditing standards suggest for public sector entities a rebuttable assumption that there is a risk expenditure is recognised inappropriately. We recognised this risk over non-pay expenditure, excluding depreciation.</p>	<p>We performed the following procedures in order to respond to the significant risk identified:</p> <ul style="list-style-type: none"> – We evaluated the design and implementation of controls for developing manual expenditure accruals at the end of the year to verify that they have been completely recorded; – We inspected a sample of expenditure invoices posted 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 payments in April and May 2024 and traced the associated expenditure to the ledger to ensure they were accrued in the appropriate financial year; – We compared the items that were accrued at 31 March 2023 to those accrued at 31 March 2024 in order to identify and investigate any potentially understated accruals; – We inspected journals posted as part of the year end close procedures that decrease the level of expenditure recorded in 2023-24 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 retrospective review of prior year accruals in order to assess the completeness of recording of accruals at 31 March 2023 and consider the impact on our assessment of accruals at 31 March 2024. 	<p>We did not identify any material misstatements relating to this risk.</p>
<p><i>Management override of controls</i></p> <p>We are required by auditing standards to recognise the risk that management may use their authority to override the usual control environment.</p>	<p>Our audit methodology incorporates the risk of management override as a default significant risk. We carried out the following procedures:</p> <ul style="list-style-type: none"> • Assessed accounting estimates for bias by evaluating whether judgements and decisions in making accounting estimates, even if individually reasonable, indicated a possible bias. • In line with our methodology, 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 the business rationale and the appropriateness of the accounting for significant transactions that are outside the component's normal course of business, or are otherwise unusual. • We analysed all journals through the year using data and analytics and focused our testing on those with a higher risk, such as journals impacting expenditure recognition posted during the final close down. 	<p>We did not identify any material misstatements relating to this risk.</p>

Audit of the financial statements


Risk	Procedures undertaken	Findings
<p>Valuation of land and buildings</p> <p>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'.</p> <p>The Trust engaged a valuer to undertake a desktop valuation for the year ended 31 March 2024. The assessment of the fair value of the assets is a key estimate in the financial statements.</p>	<p>We performed the following procedures in order to respond to the significant risk identified:</p> <ul style="list-style-type: none"> – We critically assessed the independence, objectivity and expertise of Cushman & 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>We did not identify any material misstatements relating to this risk.</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.

Summary of findings

	Financial sustainability	Governance	Improving economy, efficiency and effectiveness
2023/24 Commentary page reference	12-16	17-19	20-22
2023/24 Identified risks of significant weakness?	<div></div> Yes	<div></div> No	<div></div> No
2023/24 Actual significant weakness identified?	<div></div> No	<div></div> No	<div></div> No
2022-23 Findings	No significant weakness identified	No significant weakness identified	No significant weakness identified
Direction of travel	<div></div>	<div></div>	<div></div>

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 £1.1 billion 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

The Shrewsbury and Telford Hospital NHS Trust is the main provider of acute hospital services for around half a million people in Shropshire, Telford & Wrekin and mid-Wales. It comprises two main hospital sites, Royal Shrewsbury Hospital (RSH) and the Princess Royal Hospital (PRH) in Telford.

The Trust employs nearly 8,000 staff. It reports through the Shropshire, Telford & Wrekin ICS.

The Trust has recently commenced a major transformation programme with the expansion of facilities at RSH to enable that to become the Trust's sole emergency centre with PRH to focus on planned care activity.

Financial performance

The Trust has continued to operate in a challenging financial environment with significant deficit outturns over recent years. This has necessitated a strong focus on cost savings and efficiency of delivery as well as strong collaboration with partners. Since November 2022, the Trust has been in receipt of provider revenue support from NHSE to support its ongoing cash requirements.

As noted later in this report, the 2024/25 financial plan is again challenging, being underpinned by an efficiency requirement which represents a significant step-up in delivery compared to previous years.

System working

Being the largest (and only acute) provider within the Shropshire, Telford & Wrekin ICS, the Trust is a key partner within the system. We have seen evidence of regular cross-system working through a wide range of financial and operational system committees and working groups. This will need to continue and further develop in the context of the continuing challenging environment within the NHS, both locally and nationally.

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.

Summary of arrangements

We have not identified any significant weaknesses in the Trust's arrangements in relation to financial sustainability.

Delivery against 2023/24 financial plan

The original Trust financial plan for 2023/24 was a deficit of £45.5m, which formed part of a wider ICS budget of a £60m deficit. The budgets were prepared based on appropriate local and national planning assumptions and were approved at both a Trust and ICS level prior to submission.

In February 2024, the Trust was notified by NHSE that £45.5m set aside at the beginning of the year to offset the planned deficit was now being made available to the Trust, effectively resetting its budget to breakeven.

The final reported outturn was a deficit of £54.6m (and therefore £54.6m adverse to budget). The majority of the variance was considered by the Trust to be outside its direct control, the key items being escalation costs above those planned, the costs of covering industrial action and associated lost income and the costs associated with activity levels exceeding the operational plan.

For the items considered to be within the Trust's control, these have been taken into account in the 2024/25 planning process.

Planning process for 2024/25

The Trust commenced its planning process in Autumn 2023 and given the significant financial challenge within both the Trust and system, there was a heightened scrutiny both internally, within the system and by NHSE. Significant time and effort was put into producing several versions of the plan over a number of months with the final plan submission being made on 12 June 2024 in line with the NHSE deadline.

The Trust's final submission was a £44.3m deficit as part of an agreed overall System deficit limit of £90m as communicated to the ICB by the NHSE Regional Director.

The bridge over the page sets out the movements between the Trust's 2023/24 final underlying outturn of a £95.5m deficit (which excludes the deficit funding of £45.5m received from NHSE noted above) and the final 2024/25 plan submission.

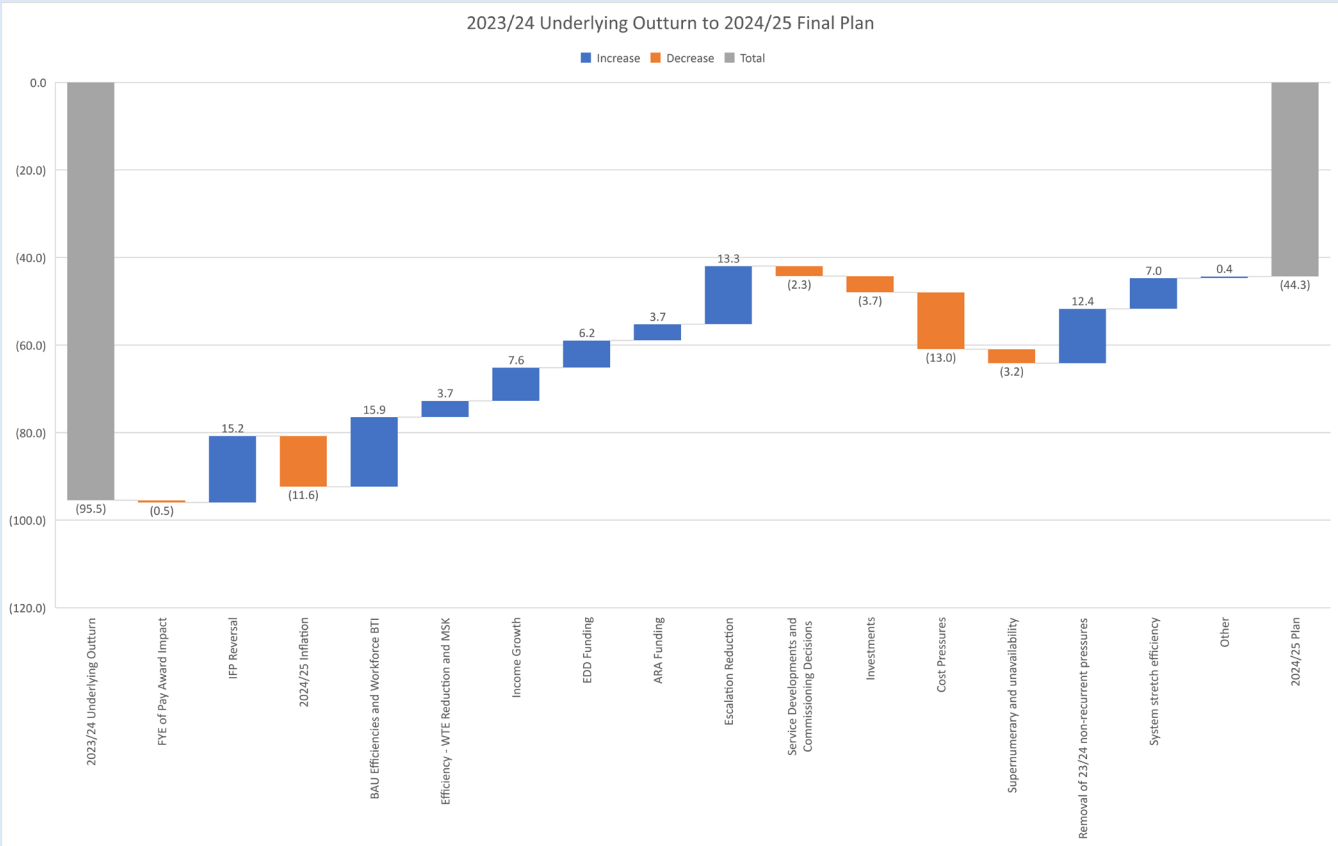
Financial Sustainability

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.

Planning process for 2024/25 (cont'd)



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.

Planning process for 2024/25 (cont'd)

The Trust has identified the plan submission carries a number of risks to delivery totalling c. £50m. This is split broadly one third income and one third expenditure, with the key expenditure items being the £10.8m escalation CIP and £7m “system stretch” efficiency as well as inflation risk across pay and non-pay areas amounting to £4.6m. Should these risks materialise, the Trust will need to ensure it has a clear plan in place to mitigate them to deliver the planned outturn, which will inevitably require the support of System partners.

We have reviewed the Trust’s Board and Committee papers covering presentation and discussion of the evolving plan submission at various intervals since the end of March 2024. These demonstrate a clear and consistent portrayal of the Trust’s position, identification and documentation of underlying risks and related challenges. The associated minutes evidence the Board’s awareness of the risks and highlight appropriate levels of challenge throughout.

In the context of it being a key driver in the delivery of the 2024/25 plan, we have commented further below on the Trust’s efficiency programme.

Efficiency programme and performance

The Trust is required to report its performance against CIP targets to NHSE monthly through the Provider Finance Return. Individual efficiency schemes are developed by scheme leads in conjunction with the Project Management Office and require appropriate Project Initiation Documents and Quality / Equality Impact Assessments.

The table below summarises the Trust’s performance against plan for 2023/24 and the 2024/25 efficiency requirement based on the final June 2024 plan submission:

	2023/24 plan (£m)	% of total	2023/24 act. (£m)	% of plan delivered	2024/25 plan (£m)	% of total
Recurrent	17.1	48%	14.5	85%	25.6	57%
Non-recurrent	2.6	7%	2.6	100%	1.3	3%
Escalation efficiency	10.5	30%	0	0%	10.8	24%
System stretch	5.3	15%	1.7	32%	7	16%
TOTAL	35.5	100%	18.8	53%	44.7	100%

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.

Efficiency programme and performance (cont'd)

The table highlights the Trust fell significantly short of its 2023/24 Financial Plan, with the majority of the shortfall relating to the non-delivery of the escalation efficiency, albeit this element cannot be delivered by the Trust in isolation and requires wider System input. The 2024/25 target overall is some £26m higher than that actually delivered for 2023/24, with £11m of this representing an increase in recurrent savings, and as such the Trust recognises will be extremely challenging.

We note the £10.8m escalation efficiency includes £5.8m which relates to system escalation and whilst reflected in the Trust's plan, is a system-wide target to deliver.

The Trust is developing its cost improvement programme for 2024/25 and reporting this through the Financial Governance Group (FGG), who have the primary responsibility for the tracking of efficiency schemes and reviewing risks to delivery, and has a reporting line through to the Trust Executive team, with a comprehensive monthly summary provided to the Board.

We reviewed the Trust's cost improvement programme report taken to FGG dated 20 May 2024. Our review indicated the papers are appropriately detailed and receive a sufficient level of scrutiny and challenge. We note that identified plans at that date totalled £37.7m, which had been RAG rated £22.4m green, £7.2m amber and £8.1m red (being considered low, medium and high risk of delivery), leaving £7m unidentified at that time.

The report highlighted that £17.2m of the identified schemes had been fully documented. At the equivalent stage in 2023/24, £9.3m of schemes had been documented, and whilst at high level this would appear to represent a positive indicator in the Trust's ambition to meet a much higher target, it is critical that the programme continues to move forward at pace both in terms of delivery of identified schemes and identification of further schemes at both Trust-wide and divisional level.

Financial Sustainability

Key financial and performance metrics:	2023/24	2022/23
Planned deficit (adjusted financial performance)	Breakeven	£19.1 million
Actual deficit (adjusted financial performance)	£54.6 million	£47.2 million
Planned CIP as a % of spend	5.9%	2.0%
- Recurrent	- £17.1 million recurrent (48%)	- £10.7 million recurrent (100%)
- Non-recurrent	- £18.4 million non-recurrent (52%)	- £nil non-recurrent (0%)
Actual CIP as a % of spend	2.8%	1.4%
- Recurrent	- £10.5 million recurrent (56%)	- £4.0 million recurrent (49%)
- Non-recurrent	- £8.3 million non-recurrent (44%)	- £4.2 million non-recurrent (51%)
Year-end cash position	£54.7 million	£3.3 million

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.

Summary of arrangements

We have not identified any significant weaknesses in the Trust's arrangements in relation to governance.

Risk Management Process

We consider the Trust to have effective processes in place to assess, manage and monitor risk. Management of risk 'on the ground' continues to be overseen at divisional level through the divisional governance meetings, where risks are subject to review on a periodic basis, the frequency of which depends on their assessed risk level, ranging from monthly for 'extreme' risks to quarterly for 'low' risks. These meetings feed the monthly Risk Management Committee (RMC), chaired by the Director of Governance. The RMC has clear terms of reference which have been reviewed and updated during the year.

The monthly operational risk report continues to be produced as the primary output from the RMC, and in March 2024, the Trust introduced a new quarterly risk management report for both ARAC and Board the purpose of which is to provide a summary of activities since the last report, an overview of the operational/divisional and corporate risk positions and future plans. This will feed an annual risk management report based on activities to 31 March 2024.

The Board Assurance Framework (BAF) is updated and presented quarterly to FPAC, ARAC, Quality & Safety Assurance Committee and onwards to Board. The BAF report highlights the significant changes since the previous quarter, the Trust's top scoring risks and associated mitigations. The most recent Q3 update went to Board in March 2024. The Board undertakes an annual review of its risk appetite statement.

Internal Audit and Counter Fraud

Both the Internal Audit service and the Local Counter Fraud Service (LCFS) are provided by MIAA. They have agreed work plans and report progress to each meeting of ARAC, with a Head of Internal Audit opinion provided at the end of the financial year. We understand no significant issues have been raised in 2023/24.

Budget setting and monitoring

The 2023/24 financial plan was developed through activity meetings and associated submissions at specialty level within the Trust with a triangulation of workforce, activity and financial elements together with identification of cost pressures and potential service developments. To enable prioritisation, the plans were discussed in detail at various levels within the Trust, including reviews undertaken by Finance Business Partners and the Deputy Director of Finance, reviews of service investments at the Innovation and Investment Committee (IIC) and divisional confirm and challenge sessions with the Director of Finance and Chief Operating Officer. Alongside this, the plan was subject to further scrutiny and refinement through both the STW system and the regional NHSE team in the context of the wider system performance target, prior to approval by Finance and Performance Assurance Committee (FPAC) and Board, before submission to NHSE in early May 2023.

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.

Budget setting and monitoring (cont'd)

Monthly Finance Reports are provided on a regular and timely basis to the Trust's FPAC covering amongst other things, performance to date and associated variance analysis, efficiency delivery versus plan and updates on capital programmes and cashflow. Onward reporting to the Board is provided by via a one page "Key Issues Report" which summarises the agenda of the FPAC meeting and any matters for the attention of the Board, including any required mitigating actions as necessary, assurances and any emerging risks.

Laws, regulations and policies

Overall compliance with legislation, laws & regulations is overseen by the Trust Board and relevant assurance committees. Changes to regulatory requirements are identified through legal and health & safety functions. The Trust engages Hill Dickinson for legal advice as required.

The Trust has policies in place to guard against fraud including an Anti-Bribery and Fraud Policy and a freedom to Speak Up: Raising Concerns (Whistleblowing) Policy which have both been updated in the last 12 months. There are codes of conduct for both Board members and staff, which are published on the staff intranet site.

The Managing Conflicts of Interests policy incorporates the policies around gifts and hospitality and is supplemented by standard declaration pro-formas. The policy was recently updated and was approved by the Board in October 2023. From May 2023, the Trust incorporated declaration of interests into the Electronic Staff Record (ESR), which has supported compliance through the generation of reminders to staff as well as improving the efficiency of reporting. Declarations of interest is a standing agenda item at each meeting of the Trust Board and its sub-committees.

Key decisions

Key strategic decisions are made via the Trust's governance process with a scheme of delegation in place setting out where different decisions / approvals should take place. The Trust has a Business Case Review Group (BCRG), the purpose of which is to support the Trust's revenue investment decisions ensuring that the limited funding available is directed in the most efficient way to achieve maximum benefits.

The BCRG will support the development of business cases, make recommendations to the Trust Board sub-committees around investment decisions and report on the benefits and delivery of previously approved investments. The BCRG forms an integral part of the operational planning cycle to ensure cases are properly prioritised, and reports monthly to the IIC via a standard report. IIC are able to approve business cases of up to £100k with up to £500k going to OPOG and above that level to full Board.

Governance

	2024	2023
Control deficiencies reported in the Annual Governance Statement	None	<i>None</i>
Head of Internal Audit Opinion	Substantial Assurance	<i>Substantial Assurance</i>
Oversight Framework segmentation	Segment 4 (Mandated Intensive Support)	<i>Segment 4 (Mandated Intensive Support)</i>
Care Quality Commission rating	Requires Improvement (2023)	<i>Inadequate (2021)</i>

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.

Summary of arrangements

We have not identified any significant weaknesses in the Trust's arrangements in relation to economy, efficiency and effectiveness.

Performance monitoring

The provision of performance information is led by the Associate Director of Performance and Business Intelligence, supported by the Head of Business Intelligence, the Head of Performance and Deputy Head of Performance and Business Intelligence. A Performance and BI Strategy has been developed to detail the governance arrangements in place for the flow of performance information and the associated monitoring arrangements.

The IPR is taken to the Trust Board monthly and continues to present a suite of information covering the domains of quality, operational, workforce and finance, and provides a mechanism for escalating issues along with mitigating action plans. Its format has been revised this year to provide more clarity over the key performance indicators applicable to each area and also includes more structure in the narrative to include recovery actions and dependencies. To ensure further alignment to the overarching Trust aims, the IPR also includes a monthly review of all Trust objectives and enablers to track progress across these areas. The IPR is informed by more detailed reports considered at monthly Performance Review meetings where Divisions are subject to scrutiny and challenge over performance in their areas. A Data Quality Workgroup continues to take place within the Trust, which focusses on data accuracy and resolutions for any areas that need improvement. A Data Quality dashboard is currently in development, which will form the basis of discussions and actions for the workgroup and will also feed into the developing Data Quality Strategy.

Performance information is compared to local and national targets and standards, both within the reporting to Board and also within the sub-committees (where relevant) and internally on a weekly basis for the main performance areas. Benchmarking tools such as Model Hospital and Healthcare Evaluation Data are used routinely to review the Trust's performance against peers. The Trust has now transitioned to Microsoft Power BI and various reports have been developed to enable staff to access key data on a self-serve basis via apps.

Outsourced services

Outsourced services are typically performance managed by a combination of the relevant Contracts and Performance Manager, a representative from the Specialty, the Procurement Manager and other stakeholders as relevant. For major contracts there are regular performance meetings in which agreed KPIs are monitored, the frequency differing depending on the contract, however we are informed that the Trust intends to formalise this through the introduction of a new Supplier Relationship Management process. We understand no remedial actions or contract performance notices have been issued in the past 12 months.

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.

Partnership working

We consider there are effective arrangements in place to facilitate partnership engagement with the Director of Strategy and Partnerships leading this area for both the Trust and part-time in the equivalent role for the ICB. The Trust has representation across the various ICS operational committees and STW Place partnership boards. The Trust's approach to partnerships at a strategic level is set out as a core section within the integrated annual plan which covers both system and wider partnership arrangements.

Key developments in 2023/24 have included the development of the collaborative of the four NHS Trusts within the STW region, the purpose of which is to work in partnership to deliver the key objectives within the STW ICS long term plan. This currently has Committees in Common in shadow form and will be underpinned by shared terms of reference and a Memorandum of Understanding. The Trust is also working closely with University Hospitals of North Midlands NHS Trust through a partnership board on areas of mutual benefit in terms of expertise and resources.

Overall transformational change at a system level is being driven through a five year Joint Forward Plan to 2028 which represents a commitment by all system partners to work together at pace with the plan's key priorities complementing and supporting SATH's own improvement work. Partnership activity at both system level and more widely is routinely reported to the Board.

Maternity Services and Ockenden

During 2023/24, the Trust continued to progress its response to both the initial and final Ockenden Reports of December 2020 and March 2022 respectively, utilising a similar reporting methodology, oversight and monitoring arrangements as that in 2022/23, the details of which are summarised below.

The Maternity Transformation Programme comprises 7 separately led work streams which report into the weekly Maternity Transformation Programme Group (MTPG) and onwards to the monthly Maternity Transformation Assurance Committee (MTAC) and the bi-monthly Ockenden Report Assurance Committee (ORAC). MTAC is chaired by the Director of Nursing and plays a key role in reviewing the evidence base for completion and embeddedness of actions and recommending these (or otherwise) to ORAC. The latter is a sub-committee of the main Board which provides assurance on Ockenden completion. It is externally-facing with an independent co-chair, representation from a range of partner organisations including the ICB and is live streamed to the public.

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:

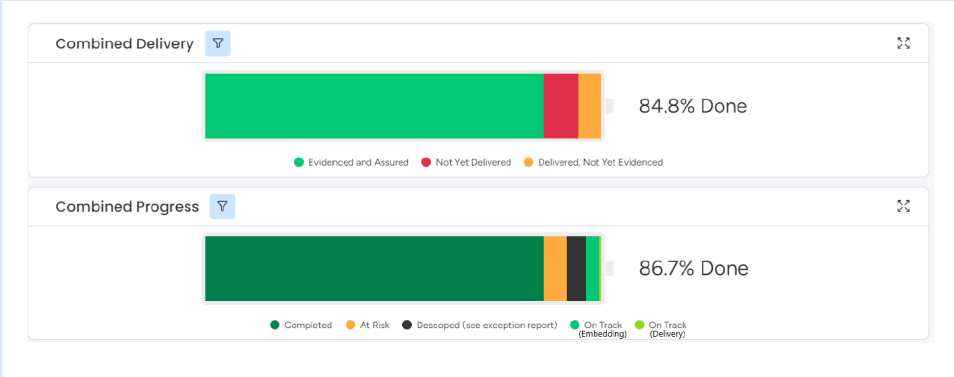
- how financial and performance information has been used to assess performance to identify areas for improvement;
- how the Trust evaluates the services it provides to assess performance and identify areas for improvement;
- how the Trust ensures it delivers its role within significant partnerships 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.

Maternity Services and Ockenden (cont'd)

The Trust has continued to utilise a bespoke version of the cloud-based programme management software, “*monday.com*”. This has enabled clear tracking of progress against the Ockenden actions, storage of associated evidence as well as an audit trail of reporting provided to MTAC.

In October 2023, the Trust updated its board reporting with the introduction of a monthly Integrated Maternity Report (IMR), the purpose of which is to consolidate all maternity-related reporting in once place to include Ockenden and CQC progress, as well as the wider MTP and updates on (for example) compliance with Clinical Negligence Scheme for Trusts safety standards.

The “battery” charts below show both the “delivery” status and “progress” status of the 210 actions, as recorded in the ORAP, across the two Ockenden reports at March 2024:



Of the 32 out of 210 actions across the two reports “*not yet delivered*” at March 2024, the majority had either been descoped (i.e. have external dependencies and as such their delivery was outside of the Trust’s direct control) or were identified as “at Risk” in that they were awaiting additional, recurrent investment in order to deliver and sustain them. For the actions not completed, where possible, mitigations are in place to minimise the impact on service delivery, and these are reported to Board through the IMR.

The Trust is in the process of introducing a bespoke audit tool, the Maternity Transformation Assurance Tool (MTAT), with a view to ensuring sustainability over the embeddedness of its response to the Ockenden recommendations.



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