



Auditor's Annual Report 2023/24

Mid Cheshire Hospitals NHS Foundation Trust

—

27 June 2024

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This report is addressed to Mid Cheshire Hospitals NHS Foundation Trust (the Trust). We take no responsibility to any member of staff acting in their individual capacities, or to third parties.

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



01 Executive Summary

Executive Summary

Purpose of the Auditor’s Annual Report

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

Our responsibilities

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



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



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



Value for money - We assess the arrangements in place for securing economy, efficiency and effectiveness (value for money) in the Trust’s use of resources and provide a summary of our findings in the commentary in this report. We are required to report if we have identified any significant weaknesses as a result of this work.



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

Findings

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

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

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

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

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

Audit of the financial statements

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

Risk	Procedures undertaken	Findings
<p>Valuation of land and buildings Land and buildings are required to be held at fair value. As hospital buildings are specialised assets and there is not an active market for them they are usually valued on the basis of the cost to replace them with a 'modern equivalent asset'. There is a risk the assumptions used to determine the valuation are not accurate.</p>	<ul style="list-style-type: none"> – We critically assessed the independence, objectivity and expertise of the District Valuer, 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 evaluated the design and implementation of controls in place for management to review the valuation and the appropriateness of assumptions used; – We challenged key assumptions within the valuation; – 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> <p>We reported one ongoing control deficiency in relation to management's review of the revaluation.</p> <p>We considered the estimate to be balanced based on the procedures performed.</p>

Audit of the financial statements

Risk	Procedures undertaken	Findings
<p><i>Fraudulent expenditure recognition</i> Auditing standards suggest for public sector entities a rebuttable assumption that there is a risk expenditure is recognised inappropriately. We recognised this risk over year end accruals.</p>	<ul style="list-style-type: none"> – We evaluated the design and implementation of controls for developing and identifying manual non-NHS accruals at the end of the financial year to verify that they have been completely and accurately recorded; – We inspected a sample of non-NHS invoices of expenditure and payments made, in the period after 31 March 2024, to determine whether expenditure has been recognised in the correct accounting period; – We selected a sample of year end accruals and inspected evidence of the actual amount paid after year end in order to assess whether the accruals have been accurately recorded. – We inspected journals posted as part of the year end closedown procedures that reduce expenditure via the non-NHS accruals General Ledger codes in order to critically assess whether there is an appropriate basis for posting the journals and that the values can be agreed to supporting evidence; and – We compared the items that were accrued at 31 March 2023 to those accrued at 31 March 2024 in order to assess whether any significant items of expenditure, accrued for in 2022-23 that we would expect to re-occur in 2023-24, have been excluded from the 2023-24 financial statements. 	<p>We did not identify any material misstatements relating to this risk.</p> <p>We reported one ongoing control deficiency in relation to management’s review of journal entries.</p> <p>We raised one new control deficiency relating to management’s review of year end accruals.</p>

Audit of the financial statements

Risk	Procedures undertaken	Findings
<p>Management override of controls We are required by auditing standards to recognise the risk that management may use their authority to override the usual control environment.</p>	<ul style="list-style-type: none"> – In line with our methodology, evaluated the design and implementation of controls over journal entries and post closing adjustments; – Assessed accounting estimates for bias by evaluating whether judgements and decisions in making accounting estimates, even if individually reasonable, indicate a possible bias; – 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 to identify journals displaying high risk characteristics. We will follow-up each of these journals in order to assess the appropriateness and accuracy of the transactions posted; and – We tested the completeness of the related parties identified and assess whether relevant transactions have been appropriately disclosed within the financial statements. 	<p>We did not identify any material misstatements relating to this risk.</p> <p>We reported one ongoing control deficiency in relation to management’s review of journal entries.</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
Commentary page reference	12-15	16-17	18
Identified risks of significant weakness?	No	No	No
Actual significant weakness identified?	No	No	No
2022-23 Findings	No significant weakness identified	No significant weakness identified	No significant weakness identified
Direction of travel			

Value for Money

NATIONAL CONTEXT

Financial performance

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

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

Operational performance

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

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

System working

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

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

LOCAL CONTEXT

- The Trust manages Leighton Hospital in Crewe and Victoria Infirmary in Northwich. The Trust employs around 5,500 members of staff and has 540 beds with a range of services including accident and emergency, maternity, outpatients, therapies and children's health.
- In 2023/24, the Trust recorded an adjusted deficit of £26.1m, compared to an initial plan deficit of £18.91m. This position worsened from the previous year, when the Trust recorded an adjusted deficit of £17.0m.
- The Trust delivered on its 2023/24 efficiency plans, achieving total savings of £21.2m. Actual savings comprised of £8.6m non-recurrent and £12.6m recurrent efficiencies against a plan of fully non-recurrent schemes.
- During 2023/24, the Trust was placed in segment 2 of the NHS Oversight Framework, as a result of its underlying financial position. In 2023/24, the Trust developed a three year financial recovery plan to demonstrate how the Trust can breakeven by March 2026.
- The Trust has identified £22.7m of opportunities for savings over the next 2 financial years (2024/25 and 2025/26). These opportunities are those that are in the Trusts' ability to control and deliver.
- The Trust has spent significant sums of money in the past few years on managing the risks associated with Reinforced Autoclaved Aerated Concrete (RAAC) planks.
- The Trust is in the process of developing a new Digital Clinical System (DCS) which will go live in the 2024/25 financial year.
- During 2023/24, the Trust was announced as a member of the national New Hospital Programme (NHP). The new Leighton campus is expected to be delivered by 2030.
- The Trust has submitted an initial 2024/25 plan, which contains a forecast adjusted deficit for 2024/25 of £35.6m, assuming delivery of efficiency and productivity savings of £22.2m (5.2% of expenditure).

Financial Sustainability

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

We have considered the following in our work:

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

- The Trust's 2023/24 financial plan was developed, approved and submitted in line with national planning guidelines, assumptions and expectations. The Trust's financial planning process involved key stakeholders throughout the process, with the Trust's baseline budget being developed by divisional and corporate areas, with consideration then given to specific in year cost pressures, as well as Integrated Care System (ICS) principles. The Trust's financial plan has undergone sufficient and appropriate challenge and monitoring, via the Trust's governance process, to ensure it has been based on realistic and reliable information and assumptions.
- The original financial plan for 2023/24 was a deficit budget of £18.91m. This deficit budget fits within the context of the wider Cheshire and Merseyside Integrated Care Board (C&M ICB) which submitted a deficit plan of £51m. This original plan was submitted in November 2023. The Trust reported an adjusted deficit of £26.1m. The adverse variance is mainly attributable to the underlying growth through the urgent care pathway.
- In addition to this, C&M ICB was required to submit a three-year recovery plan for the ICS by the end of Quarter 2. To support in the development of this plan, all provider trusts in deficit were requested to provide a three-year recovery plan to show how a breakeven position can be achieved by March 2026.
- The Trust modelled their Financial Recovery Plan (FRP) on the basis of an underlying exit run rate of £37.2m deficit at the end of 2023/24 and an assessment of the pressures for the next two years based upon the 2024/25 planning assumptions from NHSE. For 2024/25, net recurrent pressures of £13.7m have been identified and a further £7.7m recurrent pressures have been identified for 2025/26. This takes the total savings requirement to achieve breakeven by the end of March 2026 to £58.6m.
- The Trust has identified £22.7m of opportunities for savings over the next 2 financial years (2024/25 and 2025/26). These opportunities are those that are in the Trusts' ability to control and deliver. It should be noted that whilst the Trust has identified a series of opportunities for reducing the operational deficit, this needs to be caveated with the significant structural issue that the Trust currently faces. This is the continued requirement for a reinforced autoclaved aerated concrete (RAAC) mitigation work programme until a new hospital is built as part of the New Hospital Programme (NHP).
- The Trust is operating in a challenging environment, generating an underlying recurrent deficit. During the year, it was announced that the Trust will be part of the New Hospital Programme. Management believe this rebuild will help alleviate some of the considerable structural financial pressures. The Trust completed the land purchase for the new site in March to a value of £6m.

(Continued overleaf)

Financial Sustainability

(Cont.)

- The cash balance at year end was £16.5m. However this includes capital cash. Capital cash cannot be used to support the revenue cash position. The Trust has received £31m of Revenue Support Public Dividend Capital (PDC) in the financial year.
- Financial performance is reported and discussed at each monthly Performance and Finance (PAF) meeting. At these meetings, performance is monitored against both the annual plan and the FRP. The reports include a detailed review of income, pay, non-pay, efficiencies, capital and cash. A Senior Responsible Officer (SRO) is assigned to each of the FRP mitigation actions and performance against each action is RAG rated.
- The Trust's 2023/24 financial plan relied on delivery of £21.2m efficiencies. The efficiency target represents 5.5% of expenditure. All the efficiency plans identified are cash releasing and result in a budget reduction. The target for 2023/24 was that all schemes are to be recurrent. The Trust achieved £12.6m of recurrent schemes and the remaining £8.6m was delivered non-recurrently.
- As above, progress against delivery of these efficiencies has been tracked and monitored at Executive Finance Performance Group (EFPG) and PAF before being reported to the Trust Board as part of the Integrated Performance Report (IPR).
- In year, the Trust has identified that they need to strengthen the planning and accountability for the delivery of savings and has undertaken a review of the efficiency programme in order to align it to the Transformation and Improvement methodologies, with the aim of having one single process. This review was undertaken by Executives, senior managers and the Improvement/Transformation team.
- Within the Trust, financial risks have been considered and incorporated into the Trust's annual plan and the financial recovery plan, throughout the financial planning process, via direct involvement, including discussions and challenge, of and with key stakeholders, including divisions, PAF and Board. Furthermore, financial risks have been identified, assessed, managed, challenged and monitored via the Trust's risk registers, including the Trust's Board Assurance Framework, in accordance with the Trust's Risk Management Policy, which is reviewed at Audit Committee and Trust Board on regular and timely basis.

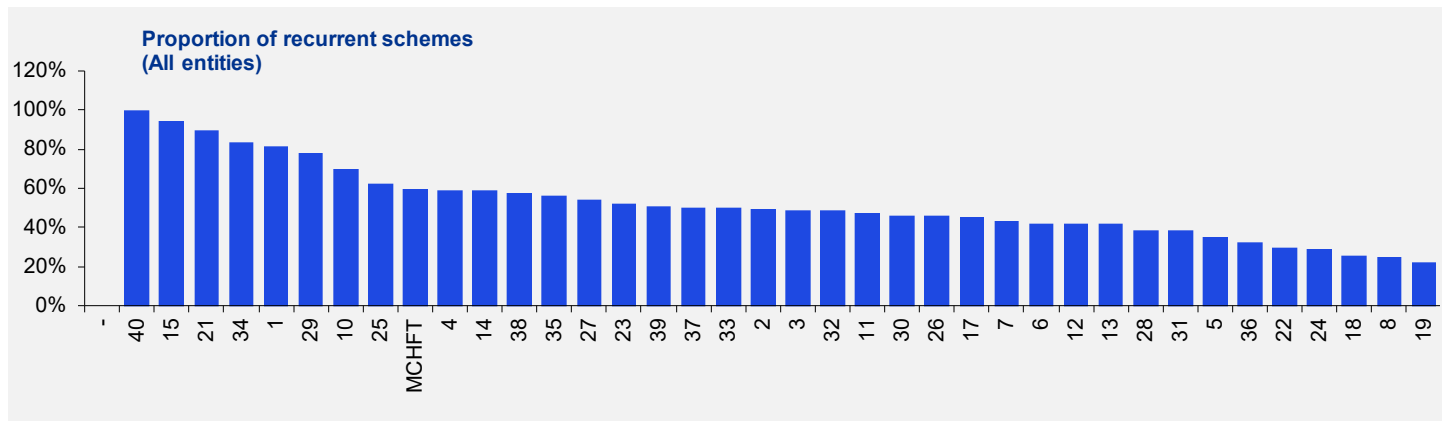
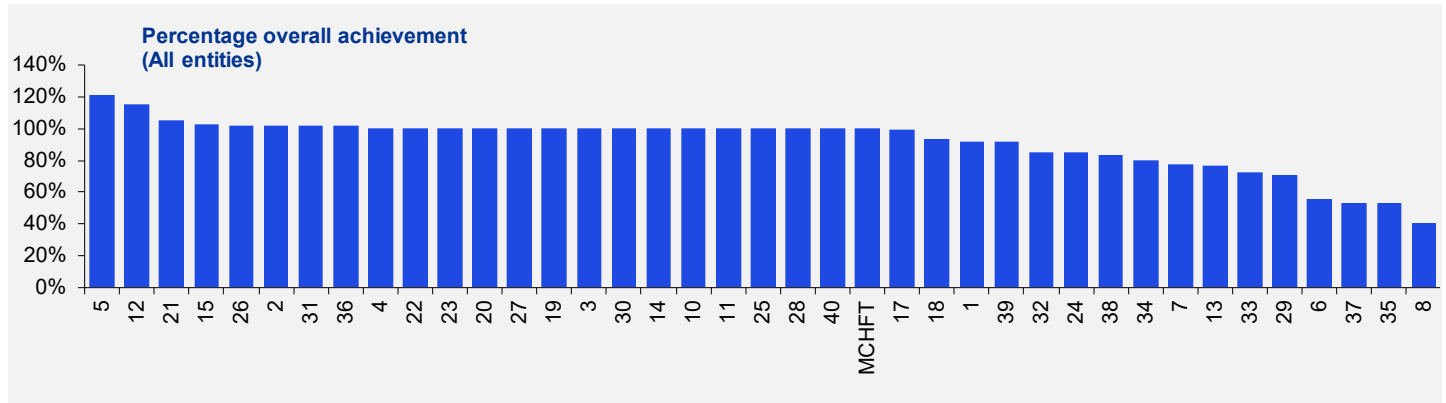
Key financial and performance metrics:	2023-24	2022-23
Planned adjusted surplus/(deficit)	(£18.9m)	(£10.4m)
Actual adjusted surplus/(deficit)	(£26.0m)	(£17.0m)
Planned CIP	£21.2m	£16.8m
- Recurrent	- £21.2m	- £7.1m
- Non-recurrent	- £0m	- £9.7m
Actual CIP	£21.2m	£16.3m
- Recurrent	- £12.6m	- £6.1m
- Non-recurrent	- £8.6m	- £10.2m
Year-end cash position	£16.5m	£8.6m

Financial Sustainability

Efficiency schemes benchmarking

We have benchmarked the Trust's efficiency schemes performance in 2023/24 against KPMG's other NHS provider audited entities.

- Most of the Trusts in our sample achieved or exceeded their scheme in full.
- The second graph demonstrates, however, that the Trust was in the upper half of the provider comparator group in terms of the percentage of savings delivered recurrently.



Financial Sustainability

2024/25 financial planning and longer-term financial sustainability

The Trust originally agreed to a deficit of £46m (approved at Board on 28th March 2024) as an interim position. At this point the wider ICB was aiming to move the local deficit from £334m deficit to a target £190m submission.

The plan includes efficiency targets which will require greater focus on CIP during the 24/25 year. It was noted that the 24/25 interim budget does flag significant risks across revenue, efficiency, strategic capital, core capital and cash. The top risks identified are around efficiency deliverability given the current low level of worked up schemes. Other risks include the DCS and RAAC disruption and delay, linked to operational performance requirements, managing run rate challenges in urgent care and Estates and Facilities. Uncontrollable costs related to contracts including pathology, cash headroom, capital over subscription, additional increases to expenditure and coverage for further industrial action.

Further to this the draft financial plan was updated on the 30th April 2024 and presented to the ICB that same day and to NHS England on the 2nd May 2024. This was submitted to the Board for their approval retrospectively on the 23rd May 2024 with the acknowledgement that the ICB has not met its required financial performance target and ongoing work would be necessary. The deficit had reduced to £37.42 million.

Then on the 30th May a revised plan was presented to Board. This presents a deficit of £35.6m. The improvement of £1.8m on the previous plan relates to a stretch on non-clinical head count reduction and agency spend, plus a technical adjustment relating to cash loan financing. The report to Board sets out the communications from the ICB advising the Trust of how the stretch deficit improvement will assist in closing the ICB system affordability gap and therefore allow the aggregated ICB annual plan (£150m deficit) to be considered for approval by NHS England. This also requires the Trust to increase CIP further to £22.4m (5.2% of operating expenditure). Given the additional stretch required the Trust held an extraordinary senior leaders away day on the 15 May attended by 50 senior leaders including clinical colleagues to share and communicate the key message and need for change. There are a number of interventions that have been put in place following this session to be embedded by the end of Q1 to drive delivery.

Risk assessment conclusion

Based on the procedures performed we have not identified a significant risk or significant weakness associated with the Trust's arrangements in respect of financial sustainability.

Governance

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

We have considered the following in our work:

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

- The Trust has well-documented and effective processes in place to identify, monitor and manage risk. This is underpinned by the Trust's Risk Policy. In year, strategic risks have been appropriately recorded and identified using the Board Assurance Framework (BAF) and have been appropriately considered through the Trust's governance processes.
- There is an overarching committee structure in place which is part of the internal governance arrangements, in which policies and procedures are continually validated and ratified. All relevant policies and procedures are communicated and made available to staff via the intranet.
- Compliance with laws and regulations has been appropriately monitored in year via the Trust's management structure and governance structures including through meetings of the Trust's Audit Committee and Board meetings. We also note that the Trust documents its Code of Conduct for the Board and staff within its Corporate Governance Framework and has up to date policies in place including a Fit and Proper Persons Policy, Conflicts of Interest Policy, Freedom to Speak Up Policy and Anti-Fraud, Bribery and Corruption Policy.
- In order to prevent and detect fraud, the Trust has appropriate internal controls and policies in place. Management have established financial including segregation of duties across core systems and approval and authorisation limits linked to purchases and payments.
- In addition, the Trust engages an Anti-Fraud Specialist (AFS) who, as well as providing training to staff and raising fraud awareness throughout the organisation, provides regular reports that are presented and discussed at the Trust's Audit Committee meetings.
- Compliance with the Care Quality Commission (CQC) standards of Quality and Safety are monitored through the Quality & Safety Committee (QSC). QSC is responsible for monitoring all legal, regulatory and other obligations of the Trust. The Trust is currently rated as 'Good' across all categories by the CQC following the most recent report in February 2020.
- During the year, a formal inspection of Maternity Services at Leighton Hospital took place in September 2023. The two domains inspected were Safe and Well Led. As a result of the review, services were rated as 'Requires Improvement', a reduction from the previous 'Good' rating. The impact of this means that the overall rating for Leighton Hospital has also moved to 'Requires Improvement' from 'Good'. The Trust's overall rating of 'Good', however, remains the same.
- The BAF shows that the Trust has carefully considered the impact and likelihood of each risk with sufficient and appropriate rationale and how the Trust intends to reduce each risk to an achievable target risk score. Our review has demonstrated that these documents included sufficient detail and display strong and robust arrangements in place to help identify, assess and monitor financial risk.

(Continued overleaf)

Governance

(Cont.)

- As detailed as part of our 'Financial Sustainability' section, financial risks have been considered and communicated in sufficient and appropriate detail at each stage of the financial planning process, have been incorporated into the Trust's approved financial plan as part of the approved financial plan and continue to be monitoring via their Board Assurance Framework on an ongoing basis.
- The Trust has a comprehensive business case process to make informed decisions. All proposals begin with a business case template. Business Cases are developed and then reviewed by Divisional boards prior to submission for approval at a monthly Executive-Led Business Case meeting. Depending on the financial impact of the proposal the business case would follow the Trust's committee structure ending with the Board.
- The Business Case template document ensures sufficient details are included to enable appropriate decision making and ensures all relevant signatories are captured within one document.
- It was announced in year that the Trust would be joining the New Hospital Programme (NHP) and the Leighton site will be rebuilt to eradicate the risks the hospital faces from the structural weaknesses associated with RAAC. As a result it is estimated that the Trust will spend in excess of £900m over the course of the next 6 years. This means there will a considerable number of financial transactions with significant values over this period. The Trust has therefore amended its scheme and schedule of delegation within the Standing Financial Instructions (SFIs) to incorporate additional authorisation limits for the NHP, in order to ensure the programme can progress at pace whilst ensuring that appropriate scrutiny is maintained. This is in line with other NHP organisations.

Risk assessment conclusion

Based on the procedures performed we have not identified a significant risk or significant weakness associated with the Trust's governance arrangements.

	2024	2023
Control deficiencies reported in the Annual Governance Statement	None	None
Head of Internal Audit Opinion	Substantial Assurance	Substantial Assurance
Oversight Framework segmentation	Segment 2	Segment 2
Care Quality Commission rating	Good	Good

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.

- We found appropriate processes in place to ensure the Trust uses information about costs and performance to improve the way they manage and deliver services, with a focus on the level of value for money being achieved. The Trust has utilised external benchmarking to inform their annual plan and their FRP.
- Through the Financial Conformance Reports presented to the Audit Committee at each meeting, the Committee have appropriate review and oversight of all tenders awarded in the quarter and are required to approve any single tender waivers over £25k. These tenders are outlined within the report with a reason as to why multiple tenders have not been obtained for these purchases.
- The Trust uses an Integrated Performance Report (IPR) to monitor and report operational performance across People, Quality, Safety and Patient Experience, Performance, Finance, Workforce and Central Cheshire Integrated Care Partnership (CCICP), through its governance structure, on an ongoing basis.. This report highlights key issues and improvement areas, allowing the Trust to effectively monitor and challenge the performance of its services.
- Throughout our work and discussions with the Trust, we have seen evidence of engagement with the ICS and partners. The Trust is the host of the Cheshire East Integrated Care Partnership (CEICP) and also an active member of the Integrated Care System in Cheshire and Merseyside and Central Cheshire Integrated Partnership (CCICP). The Trust is represented at a senior level at Cheshire East and Cheshire West Place Partnership Boards and on the two provider collaboratives, C&M Acute & Specialist Trusts (CMAST) and Mental Health, Learning Disabilities & Community (MHLDC). Partnership work is fed back to the Board through updates and briefings from the various partnership groups.
- There is a partnership risk included in the Board Assurance Framework which specifically focuses on collaboration across systems to enable optimal health outcomes and efficiency gains. This risk is a Board monitored risk. This ensures the Board have oversight on any current challenges and pressures in this area.
- Updates on the Contracts Management process are provided to PAF on a quarterly basis.
- The monitoring of outsourced services has been carried out through regular contract review meetings with subcontractors.

Risk assessment conclusion

Based on the procedures performed we have not identified a significant risk or significant weakness associated with Improving economy, efficiency and effectiveness.



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