



Auditor's Annual Report 2023/24

Norfolk and Suffolk NHS Foundation Trust

—

26 June 2024

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This report is addressed to Norfolk and Suffolk 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 Norfolk and Suffolk 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 26 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.</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 26 June 2024 as being relevant to NHS Foundation Trusts and included in the Department of Health and Social Care Group Accounting Manual 2023/24; and
- Have been prepared in accordance with the requirements of the National Health Service Act 2006 (as amended).

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

Audit opinion on the financial statements

We have issued an unqualified opinion on the Trust's financial statements 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</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 non payroll, non depreciation expenditure.</p>	<ul style="list-style-type: none"> • We assessed the design and implementation of process level controls including management’s control over a review of the year end accruals and provisions balance to support our significant risk. • We inspected a sample of invoices of expenditure, in the period around 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 accrual exists and has been accurately recorded. • We selected a sample of year end provisions and inspected evidence to determine whether the provisions have been appropriately recognised in line with IAS 37 criteria; • We inspected journals posted as part of the year end close procedures that decreased the level of expenditure recorded in order to critically assess whether there was an appropriate basis for posting the journal and the value could be agreed to supporting evidence. • We performed a retrospective review of prior year accruals in order to assess the existence and accuracy with which accruals had been recorded at 31 March 2023 and consider the impact on our assessment of the accruals at 31 March 2024. We also compared the items that were accrued at 31 March 2023 to those accrued at 31 March 2024 in order to assess whether any items of expenditure accrued for the first time have been done so appropriately. 	<p>We did not identify any material misstatements relating to this risk.</p> <p>We raised a recommendation relating to the authorisation and approval of journals including accruals.</p> <p>We raised a recommendation in relation to the review of provisions against the relevant accounting criteria (IAS 37).</p>

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>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"> • We evaluated the design and implementation of controls over journal entries and post-closing adjustments. • We assessed the appropriateness of changes compared to the prior year to the methods and underlying assumptions used to prepare accounting estimates. • We assessed the appropriateness of the accounting for significant transactions that are outside the Trust's normal course of business, or are otherwise unusual • We assessed the full population of relevant journal entries to identify journals displaying high risk characteristics. We followed up each of these journals in order to assess the appropriateness and accuracy of the transaction posted. • We assessed the controls in place for the identification of related party relationships and tested the completeness of the related parties identified. We verified that these have been appropriately disclosed within the financial statements. 	<p>We did not identify any material misstatements relating to this risk</p> <p>We raised a recommendation relating to the authorisation of journals.</p>

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 Buildings There is a risk that the carrying amount of revalued Buildings differs materially from the fair value</p> <p>There is a plan in place for the Trust to dispose of the upper plateau of the Hellesdon Hospital site which has been in place since 2018. There is considered to be a significant assumption around the Useful Economic Life of this site. It is expected that the disposal will take place in 2024/25.</p>	<ul style="list-style-type: none"> We critically assessed the independence, objectivity and expertise of Montagu Evans, 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 NHS Group Accounting Manual (GAM); 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. A specific area of focus in our testing will be understanding and challenging the plans for Hellesdon and specifically the Useful Economic Lives applied during this process; 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 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 raised a recommendation relating to the management review of the expert valuation report.</p> <p>We raised a recommendation relating to reclassification of revaluation reserves in the FAR (Fixed Asset Register).</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	13 - 16	17 - 19	20 - 21
Identified risks of significant weakness?	Yes	Yes	No
Actual significant weakness identified?	No	Yes	No
2023-24 Findings	Risk to significant weakness noted but did not materialise into significant weakness	Significant weakness in arrangements 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 Norfolk and Suffolk NHS Foundation Trust (NSFT) is the specialist mental health provider within the Norfolk and Waveney ICS. It operates across a number of sites across the counties of Norfolk and Suffolk, with the main hospital site being the site at Hellesdon Hospital the outskirts of Norwich.

During the year the Trust and System were able to achieve their break even obligations. However this was the result of a number of non-recurrent items with the Trust closing the year with an underlying deficit of £12.3m and the system as a whole £228.4m.

The ICS, and the Trust, have been set a clear expectation from NHSE to achieve a compliant breakeven plan for FY24-25. The ICS Executive Group, including Finance Directors reviewed this deficit position in March 24 and prepared revised plans with all organisations improving to at least a 5% efficiency requirement. This change to the plan has resulted in total recurrent savings of £176m across the system. Through both submissions, NSFT have forecast a breakeven plan.

As a specialist provider, the ask of NSFT within the System is different than for Acute Trusts. When developing the financial plan, the ICS have considered a number of non-financial performance metrics, most significantly the 65+ week waitlists and the bed occupancy percentages. The ICS has a plan to eliminate waits over 65 weeks for elective care by September 2024 at the latest and to achieve 92% bed occupancy rates.

For NSFT however their contribution to System improvements is measured through delivery against other key inefficiencies, namely improvements in Care services, which were operating in 2023/24 at a deficit of £10.5m. This position was primarily driven by Out of Trust placements and Delayed Transfers of Care.

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

Annual budget setting process for 2023-24

We have reviewed the Trust's processes around budget setting and monitoring and have found that the control processes in place were able to identify and incorporate sufficient pressures into the financial plan to ensure that it is both realistic and achievable. The initial draft budgets were constructed based on appropriate local and national planning assumptions and we saw evidence of appropriate review and sign off by the relevant budget holders and Board on 6th April 2023.

Budget setting takes place in the Autumn, and a timetable is agreed along with relevant assumptions with the management accounts team, which is shared with the Executive team. All budget holders are involved in the process, as are service directors and exec directors. Operational budgets are discussed and signed off by relevant budget holders and the annual financial plan is shared with FPC, with final sign off going to Board.

The budget includes inflationary pressures and staff pay rises built in as well as removing covid funding and costs to represent a base budget. The required use of agency staff remains a challenge for the Trust in terms of addressing the safe staffing level concerns raised by the CQC.

Throughout the year the Trust perform regular reviews of financial performance against budget. Where significant variances are identified, a detailed review is performed. As at month 9 (December 2023) the key areas causing concern for the Trust were temporary staffing and out of area placements which both come at an enhanced cost to the Trust.

Cost pressures continued through to year end, which is noted on the next page in regard to the impact on the recurrent CIP. The Trust was able to meet these pressures through non-recurrent CIP, utilising the planned non-recurrent mitigations of £3.1m relating to the profile of delivery of the inpatient recovery plan and other non-operational funds.

In month 12, operational performance was £1.3m adverse but was mitigated in month by £2.5m worth of savings from non-operational funds to deliver the £1.2m surplus position. Overall, the full year position has seen £6.8m of balance sheet utilisation and £6m of unallocated central budgets utilised to mitigate the overall performance.

Financial Sustainability

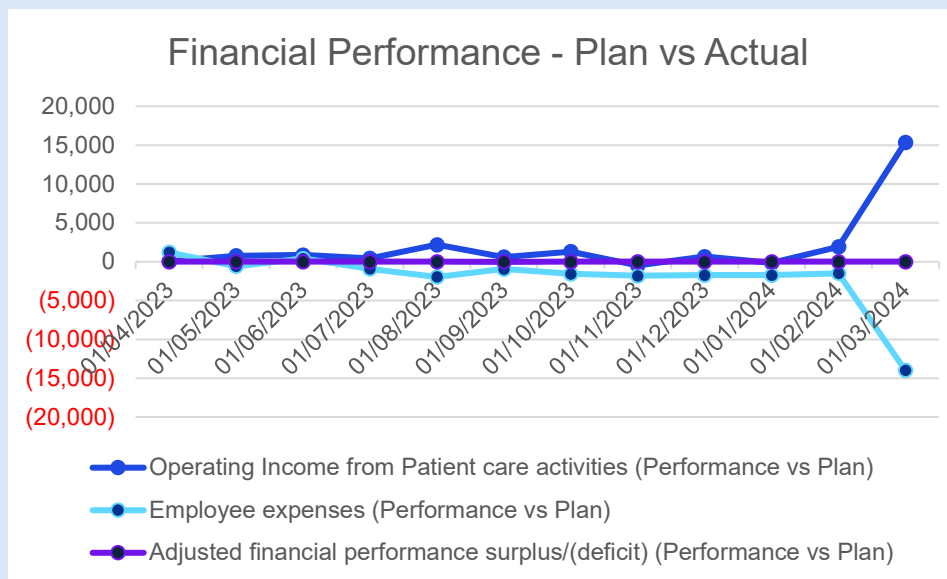
How the Trust plans and manages its resources to ensure it can continue to deliver its services.

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

Budgeted performance vs. actual

As part of the 2023-24 financial planning process the Trust developed a breakeven financial plan at both the Trust and as part of the wider Norfolk and Waveney ICS plan. On an adjusted performance basis, the Trust delivered a break even position, in line with plan. When reviewed on a monthly basis, the Trust performance was regularly reported as in line with plan, there was a large divergence in the final month of reporting and some divergences throughout the period due to overspend on staff expenditure linked to industrial action. The main driver of the variance in M12 is the accounting treatment of 6.3% worth of centrally funded pension contributions amounting to £10.4m, which is therefore noted as not relating to any operating performance issues. Additionally although there is additional patient care income in M12, there was also a balancing adjustment within other income, which accounted for the additional uplift but is not captured in the below data.



Financial Sustainability

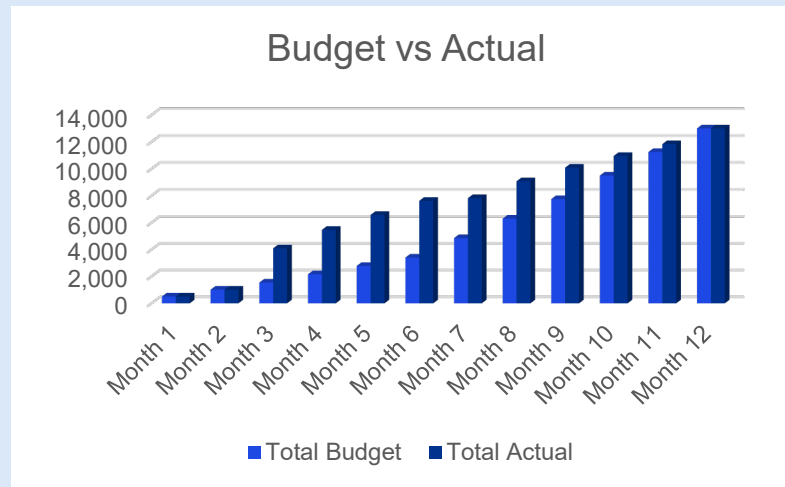
How the Trust plans and manages its resources to ensure it can continue to deliver its services.

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

• Cost Improvement Plan (CIP) performance

For the year ended 31 March 2024, the Trust delivered CIP of £13.0 million, in line with their target for the year. It is noted however that the Trust achieved this largely through non-recurrent CIP of £10.5 million (against a target of £4.0m) rather than recurrent CIP (which at year end stood at £2.5m against a target of £9.0m). The Trust has achieved a break even position, as per plan, on an adjusted basis.



Financial Sustainability

• **Planning to date for future periods**

Following the three planning cycles within the System, the Trust Board has approved a breakeven plan for FY 2024-25. In order to achieve a compliant breakeven plan the Trust has set an efficiency target of 5.0% (against a national average of 4.8%). This includes a more ambitious CIP target of £17.4m, with a recurrent target £10.0m and non-recurrent of £7.4m.

As at May 2024 there remained a gap of £2.7m recurrent CIP to be identified. On this basis, and the performance in recurrent CIP for 2023/24, we have raised control finding to management, as noted in our conclusion below.

Conclusion

Based on the procedures performed we have not identified a significant weakness associated with financial sustainability:

Based on our risk assessment of CIP delivery we raised a significant risk in regard to Financial Sustainability. As at year end we note that the Trust has delivered a break even position (on adjusted performance), and that the CIP target has been met, albeit through non-recurrent means. We have not raised a significant weakness. In regards to financial sustainability, however we have raised a control finding to management regarding the identification of recurrent CIP given the in-year delivery and acknowledging the challenges of achieving the 2024/25 budgeted position.

Key financial and performance metrics:	2023-24	2022-23
Planned surplus (adjusted performance basis)	£-	£-
Actual surplus (adjusted performance basis)	£-	£47k
Planned CIP as a % of spend		
- Recurrent	2.7%	1.5%
- Non-recurrent	1.2%	1.4%
Actual CIP as a % of spend		
- Recurrent	0.7%	1.1%
- Non-recurrent	2.9%	1.5%
Year-end cash position	£42.7m	£39.6m

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

• ***Risk management***

The Trust has an appropriate risk management framework and are identified and managed in accordance with the Trust's Risk Management Strategy. Our review of the risk register and committee meeting minutes found reporting was sufficiently detailed and balanced to enable management to make informed decisions. The Trust utilises a 5x5 risk scoring matrix for its risks and the BAF and CRR are reviewed on a monthly basis with actions against actions to reduce the risk to the desired level.

We observed that the Trust's budget process followed the appropriate governance process with oversight from the various sub-committees and sign off from the Board. Review of the Board minutes demonstrate robust challenge of Management, and we have observed that the progress against CIP and the delivery of the financial outturn are reported frequently and openly to the Finance and Performance Committee and through to Board, and that an appropriate risk is held against CIP delivery, rated at 16 in May 2024 in regard to the 2024-25 CIP gap, and 12 as at year end in regard to the final CIP position.

We further note that there is a process for holding regular discussions with Budget holders to ensure that variances to budget are adequately discussed and actions taken as required.

• ***Governance Structures***

We have reviewed the governance structure across the Trust and note that each sub-committees has a clear Terms of Reference, summary reports from each sub-committee are reported up to the Board to allow for Board oversight of decisions across the Trust. We note there has been a relatively low level of senior and nonexecutive turnover in the year.

• ***Procurement***

The Trust has a sufficient approach to procurement. Public Contract Regulations are built into the Standing Financial Instructions and use of the Trust's tender procurement process is required for spend over £25,000, which is below the mandatory approval by NHS England for consultancy of anything over £50,000 is built into the Trust's financial procures. We reviewed the Single Tender Waiver register, which is presented to each Audit Committee meeting, and did not identify any waivers which were indicative of a weakness in procurement regulations.

Governance

- **CQC Inspections**

We have reviewed the latest (March 2024) Improvement Plan update to the Finance and Performance Committee alongside the May 2024 update on CQC “must-do” and “should-do” actions to the Executive Team. We have also reviewed the NHSI (NHS Improvement) Discontinuation of Undertakings in regard to the section 29A notice, and the Trust draft annual report in assessing the Trust CQC position.

During the year to March 2022 the Trust was subject to a full CQC inspection, with the report published in April 2022. The CQC rated the Trust as “inadequate” and section 29A warning notice under the Health and Social Care Act 2008 was issued. The Safe, Effective and Well-led domains all received an individual “inadequate” rating.

In response to the CQC report and warning notice the Trust developed a two-phase improvement plan. The first phase of the plan was developed to initially respond to the CQC “must-do” actions with phase two designed to deliver more transformational change across the Trust.

The CQC carried out a follow-up inspection during September and November 2022, with the report published in February 2023. This resulted in an improvement to the overall rating to “requires improvement” in acknowledgement of the progress the Trust had made in implementing the “must-do” actions and the improvements seen in a number of areas across the Trust. There was a significant reduction in the number of “must-do” actions from 108 to 30 as a result of this inspection.

Our review of the improvement plan in 2022/23 noted that, whilst significant progress had been made, many of the remedial actions were not in place for the whole financial year and that, due to the timing of the publication of the CQC follow-up report the 30 “must-do” actions identified by the CQC had not been implemented as at 31 March 2023.

We have further reviewed the progress made by the Trust in implementing the improvement plan in the year ended 31 March 2024 and note that, whilst progress has been made against the plan, nine “must-do” action points remained open at 31 March 2024.

Conclusion

Based on the procedures performed we have identified a significant weakness associated with governance. The Trust should continue to monitor and measure the implementation of the actions included in the improvement plan to address the CQC’s recommendations. Progress against the plan should be reported regularly to the Trust’s Improvement Board, to provide the Board with assurance on the on-going effectiveness of the plan in delivering the required service improvements across the Trust.

Governance

	2024	2023
Control deficiencies reported in the Annual Governance Statement	1	8
Head of Internal Audit Opinion	“My overall opinion is that Reasonable assurance can be given that there is a generally sound system of internal control, designed to meet the organisation’s objectives, and that controls are generally being applied consistently. However, some weakness in the design and/or inconsistent application of controls, put the achievement of particular objectives at risk.	My overall opinion is that reasonable assurance can be given that there is a generally sound system of internal control, designed to meet the organisation’s objectives, and that controls are generally being applied consistently. However, some weakness in the design and/or inconsistent application of controls put the achievement of particular objectives at risk.
Oversight Framework segmentation	4	4
Care Quality Commission rating	Requires Improvement	Requires Improvement

Improving economy, efficiency and effectiveness

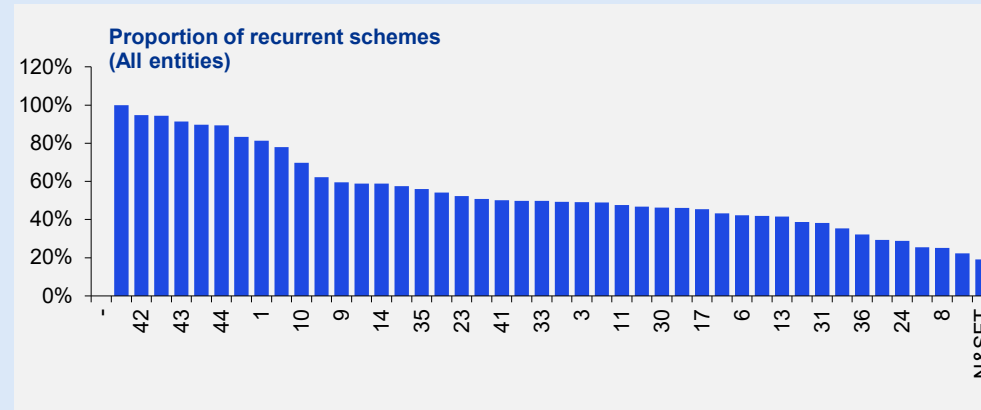
How the Trust uses information about its costs and performance to improve the way it manages and delivers its services

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.

Performance in delivering efficiency programme

As noted on page 15, for the year ended 31 March 2024, the Trust delivered CIP of £13.0 million, in line with the target for the year. We note that this was driven through non-recurrent CIP of £10.5 million plus recurrent CIP of £2.5 million, rather than the planned non-recurrent CIP of £4 million and recurrent of £9.0 million. The key drivers for the under-delivery on recurrent CIP are the inefficiencies in Care services, which were operating in 2023/24 at a deficit of £10.5m. This position was primarily driven by Out of Trust (OOT) placements (£3.1m) and Delayed Transfers of Care (£3.2m). The impact of the CIP mix is shown in the below graph, where the Trust is at the lower end of benchmarking against other Trusts.



Operational performance

The Trust provides a detailed annual operation performance review as well as regular updates on performance to date to both the Board of Directors and the PFC (Performance and Finance Committee). Included within the report is the following considerations:

- Community Performance - Wait to Assessment Metric: 4 hours, and 28 days
- Local Commissioner Specific Metrics
- Psychiatric Liaison (PL) Emergency Wait to Assessment
- Physical Health Checks Suffolk

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.

• ***Operational performance (continued)***

The aforementioned metrics are key to performance measurement within the Trust. The Trust benchmarks its performance against its target requirements on each of the domains and for areas where these are not at the target level identify the potential causes and mitigating actions to be implemented to help the Trust in the achievement of these operational performance requirements. It is considered that the Trust monitors and reports these areas effectively.

• ***Working with partnerships and stakeholders***

We note the Trust is actively engaged with the other members of the ICS, being involved in the virtual ward arrangement hosting a Shared Care Service Record, and taking part in the Norfolk & Waveney System Financial Overview Meeting in January 2024 which outlined the financial performance of the various Trusts in the systems to date. They have also worked closely with the ICS in the current year to develop a forward plan that aims to address the underlying system deficit.

• ***Procurement***

We noted on review that there was a significant decrease in the number of tender waivers applied against the prior year position, which is a significant improvement in financial control. We have also noted that there is an increased capital spend in the year, driven by the submitted Business Case for the development of the Hellesdon Hospital site - 'The River Centre'. The total expected cost for this project is circa £50 million, for which £25.8m of funding has been secured.

Conclusion

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

Prior year findings

Significant weaknesses followed up from the prior year

In our annual auditor’s report for the financial year 2022-23 we reported that the Trust had a significant weakness in arrangements over governance surrounding the implementation of the CQC “must do” actions per the Improvement Plan. As required by the Code of Audit Practice we have revisited this issue and set out in the table below an update in regards to the arrangements in this area.

#	Recommendation	Management Response	Current status
1	<p>Issue/Impact:</p> <p>Significant weakness – Governance During the year to March 2022 the Trust was subject to a full CQC inspection, with the report published in April 2022. The CQC rated the Trust as “inadequate” and a 29A warning notice under the Health and Social Care Act 2008 was issued. The Safe, Effective and well-led domains all received an individual “inadequate” rating.</p> <p>In response to the CQC report and warning notices the Trust developed its two-phase “improvement plan” in response to the findings from the inspection. The plan was developed to initially respond to the CQC “must-do” actions with phase two ensuring a more transformational change within the Trust.</p> <p>Due to the timing of the issuing of previous CQC report in April 2022, our review of the “improvement plan”, noted that whilst significant progress has been made, many of the remedial actions have not been in place for the whole financial year.</p> <p>Subsequent to receiving the “inadequate” rating, the Trust received a follow up inspection during September and November 2022 resulting in an improvement to the overall rating to “requires improvement” in acknowledgement of the progress against the must-do actions and the improvement seen in a number of areas across the Trust. It is noted that there has been a significant reduction in the number of must do actions from 108 to 30 in the latest inspection however their remains actions for the Trust to fully implement and embed across the Trust to become business as usual</p> <p>Recommendation:</p> <p>We recommend that the Trust should continue to monitor and measure the implementation of the actions included in the improvement plan to address the CQC’s recommendations. Progress against the plan should be reported regularly to the Trust’s Improvement Board, to provide the Board with assurance on the on-going effectiveness of the plan in delivering the required service improvements across the Trust.</p>	<p>The latest CQC report February 2023 noted strengthened governance structures (P16) and an improvement of well-led from Inadequate to RI. Work continues to improve local governance, as part of the Quality & Safety pillar phase 2 improvement programme The Quality Assurance Committee receives regular reports on addressing CQC Must do actions, following scrutiny by the Evidence Assurance Group. A formal response to CQC was submitted.</p>	<p>Must do actions reduced from 30 to 9 as at year end. We have noted that as they are not fully implemented the significant weakness remains open.</p>



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