Auditor's Annual Report 2023/24

Whittington Health NHS Trust

Contents

KEY CONTACTS

Dean Gibbs

Director

Dean.Gibbs@kpmg.co.uk

Mohini Katoch

Manager

Mohini.Katoch2@kpmg.co.uk

Judy Njoroge

Assistant Manager

Judy.Njoroge@kpmg.co.uk

This report is addressed to Whittington Health 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 Whittington Health 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 page 6.
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 identified a significant risk relating to financial sustainability of the Trust. We have set out on the following page the work performed in response to this risk and a summary of our findings. We also recognised a significant risk relating to the governance domain relating to how risks are escalated within the Trust. We did not identify a significant weakness in these arrangements
Other reporting	We did not consider it necessary to issue any other reports in the public interest.

02
Audit of the Financial Statements

Audit of the financial statements

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

- Give a true and fair view of the state of the Trust's affairs as at 31 March 2024 and of its income and expenditure for the year then ended;
- Have been properly prepared in accordance with the accounting policies directed by the Secretary of State for Health and Social Care with the consent of HM Treasury as being relevant to NHS Trusts in England and included in the Department of Health and Social Care Group Accounting Manual 2023/24; and
- Have been prepared in accordance with the requirements of the National Health Service Act 2006 (as amended).

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

Audit opinion on the financial statements

We have issued an unqualified opinion on the Trust's financial statements on 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
Valuation of land and buildings The Trust is required to record land and buildings in their accounts at fair value. The valuation of hospital buildings is complex because they are required to be valued on the basis of the cost to replace them with a 'modern equivalent asset'. The valuation includes judgmental assumptions regarding the size and location of the modern equivalent asset. Additionally, due to a fire the Bounds Green Health Centre had remained closed however has since partially reopened and therefore required an impairment assessment for the year end. The Trust also changed their external valuers in the year and undertook a full revaluation of its land and buildings as at 31 March 2024.	We have performed the following procedures in order to respond to the significant risk identified: • We critically assessed the independence, objectivity and expertise of Gerald Eve, 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; • We utilised our own valuation specialists to review the valuation report prepared by the Trust's valuers to confirm the appropriateness of the methodology utilised; and • Disclosures: We considered the adequacy of the disclosures concerning the key judgements and degree of estimation involved in arriving at the valuation.	We did not identify any material misstatements relating to this risk. We found the valuation of land and buildings to be balanced.

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
Fraudulent expenditure recognition Auditing standards suggest for public sector entities a rebuttable assumption that there is a risk expenditure is recognised inappropriately. This risk was identified in relation to the completeness of non-pay NHS and non-NHS accrued expenses; focusing on manual, non-PO accruals; and the accuracy of annual leave accruals.	We have performed the following procedures in order to respond to the significant risk identified: • We evaluated the design and implementation of controls for developing manual expenditure accruals at the end of the year to verify that they exist and are valid; • We inspected a sample of 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 have selected a sample of year end accruals and inspected evidence of the actual amount paid after year end and other supporting information in order to assess whether the accrual exists and has been accurately recorded. • We have inspected journals posted as part of the year end close procedures that reduced the level of expenditure recorded in order to critically assess whether there was an appropriate basis for posting the journal and the value can be agreed to supporting evidence; • We performed a year on year comparison of the accruals in the prior year and current year and challenged management where the movement was not in line with our understanding of the entity.	We did not identify any material misstatements relating to this risk. We raised two control recommendations relating to the preparation of Goods Received Not Invoiced and annual leave accruals.

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
Valuation of the legal provision relating to the former PFI scheme There is an ongoing dispute with WFL the firm with which the Trust had a PFI contract arrangement that was terminated in 2020. Legal proceedings are expected to take place in order to reach a settlement. The Trust is required to assess whether a provision is required within the accounts in relation to the legal case and assess the most likely value of any liability associated with the case.	We performed the following procedures in order to respond to the significant risk identified: • Discussed with senior management and inspected the latest correspondence, including legal advice obtained by the Trust, including any estimates for the likely outcome of any settlements and /or legal actions; • Made inquiries of the Trust's legal advisors as to their assessment of the current legal position of the dispute; • Challenged senior management on the amounts included in the provision made by the Trust, including likelihood of various outcomes and the assumptions around the cost of the work that would be required to remedy the defects in the site; • Challenged management's judgement on the calculations and assumptions behind amounts included in the financial statements in respect of the provision; • Reviewed up-to-date reporting from McBains produced up to the date of signing the accounts, around the defects and potential rectifications relating to fire safety; • Reviewed the spend incurred to date in relation to work on fire safety and associated legal and professional advice and compared it to the level of spend that had been assumed for equivalent work; • Reviewed the accounting treatment for the amount outstanding in relation to the PFI scheme and ensured appropriate disclosures have been made by the Trust in the financial statements, including any contingent assets and/or liabilities.	We considered the approach taken by the Trust to be prudent but reasonable based on the information available at the balance sheet date. No material misstatement has been identified.

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
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.	We have performed the following procedures in order to respond to the significant risk identified: • Assessed accounting estimates for biases by evaluating whether judgements and decisions in making accounting estimates, even if individually reasonable, indicate 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 have analysed all journals through the year and focused our testing on those with a higher risk, such as journals impacting expenditure recognition posted during the final close down.	We did not identify any instances of management override of controls as a result of the procedures undertaken.

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	14-15	16-17	18-19
Identified risks of significant weakness?	Yes	Yes	No
Actual significant weakness identified?	Yes	No	No
2022-23 Findings	Significant weakness in arrangements identified	No significant weakness identified	No significant weakness identified
Direction of travel	⇩	⇔	⇔

Where significant weakness identified – The significant weakness identified related to financial sustainability of the Trust, and the identification of CIP schemes for 2023/24 that will reduce the Trust deficit.

The Trust delivered a balanced financial position for 2023-24, returning a surplus against control total of £0.6m for the 12 months to 31st March 2024. This was achieved in a year which was challenging for the Trust.

We have provided further details on page 14-15.

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

Whittington Health NHS Trust is an NHS trust in London, England, that manages the Whittington Hospital. It primarily serves the London boroughs of Islington and Haringey, but also provides some services to the London boroughs of Barnet, Camden, Enfield and Hackney.

Their priority is to provide the right care, at the right time and in the right place for their patients. They provide a large range of services from the hospital, including accident and emergency (A&E), maternity, diagnostic, therapy and elderly care. They also run services from 30 community locations in Islington and Haringey. Over the past year they have reviewed and developed services to make them stronger and better support the needs of patients.

As an integrated care organisation they bring high quality services closer to home and speed up communication between community and hospital services, improving their patients' experience. Key to their approach is partnering with patients, carers, GPs, social care, mental health and other healthcare providers.

The Trust forms part of the North Central London Integrated Care System, which is a partnership of healthcare commissioners and providers within North Central London that is required to collaborate to progress the local healthcare strategy and ensure there is financial balance within the area.

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

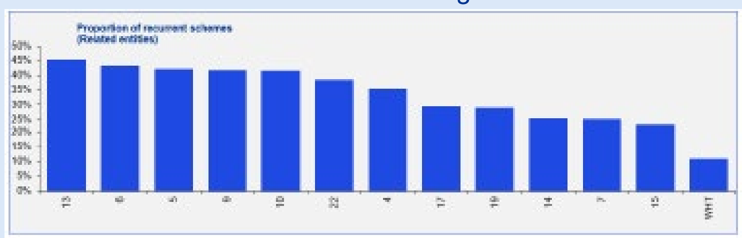
2023-24 financial performance

The Trust initially submitted a breakeven plan for 2023-24. Following the requirement for North Central London Integrated Care System (NCL ICS) to submit a balanced plan, Whittington Health was asked to submit a surplus plan of £2m for 2023-24 and this was agreed in May 2023.
In 2023-24 the Trust has reported adjusted financial performance against its control total of a surplus of £0.6m. The total CIP delivered in 2023-24 was £6m with £2m of CIP delivered on recurrent basis against a target of £18m and in 2022-23 the trust delivered £3.6m of recurrent CIP against a target of £13.8m. Historically, the Trust has not met its CIP plans through recurrent means, with 2023-24 being particularly challenging with the industrial action.

Although the Trust has delivered a balanced financial position for 2023-24 this has been achieved through the use of significant non-recurrent savings, including a £10m release from provisions. A significant proportion of the Trust's efficiencies delivered in year were non-recurrent and therefore the underlying financial position moving into 2024-25 is a deficit due to the need to catch up the non-recurrent savings delivered during 2023-24 and develop plans to achieve the 2024-25 savings need.

The Trust submitted a draft deficit plan for 2024-25 of £15.25m in March 2024. Following publication of the planning guidance there was a further submission in May 2024. The Trust submitted a deficit plan of £10.8m for 2024-25; an from the initial position, however continuing to be a material deficit. The Trust has performed modelling of its opening underlying position going into 2024-25, which has been determined by the Trust as a £28.9m deficit, the main drivers of which are non-delivery of historic CIP.

The chart below shows how the Trust's proportion of recurrent CIP delivery compares to peer acute NHS trusts that KPMG audit based on the 2023-24 PFR returns that were submitted for audit. While the delivery of recurrent savings was challenging for all acute providers in 2023-24 the Trust had the lowest proportion of recurrent savings of all acutes we benchmarked the Trust against.



Financial Sustainability

2024-25 financial planning

Trust submitted a deficit plan of £15.25m in March. Following publication of the planning guidance there was a further submission in May 2024. The Trust submitted a final deficit plan of £10.8m for 2024-25; an improvement of £2m from the initial plan. The 2024-25 opening underlying position is £28.9m the main drivers of which are non delivery of CIP in 2023-24 and use of Balance Sheet support to deliver a surplus plan.

The financial plan includes CIP target of £16.6m which is 4% efficiency for 2024-25. Historically, the Trust has experienced a challenge to deliver CIP above £5m. The 2024-25 CIP target allocated was about £3.2m against a target of £17m. Any non-recurrent mitigation to offset slippage on CIP will also have an adverse impact on cash and underlying financial performance. At the end of August 2024, the trust have identified £11.4m of efficiencies against a target of £16.6m for the 2024-25 year.

Our review of the draft 2024/25 Financial Efficiency Plan noted that £4.9m across 27 schemes has been identified for recurrent savings with £2.3m across 6 schemes for non–recurrent savings. We note that Trust has recorded progress in 2024-25 on elective income delivery.

We also note that the Trust has commenced introducing significant changes to the governance and oversight processes in place for delivering efficiencies in 2024-25. A 'star chamber' process was used for the initial identification of opportunities for 2024-25, which identified £30m of potential opportunities to be explored for the financial year. A Financial Improvement Programme Board has been established to improve the oversight and challenge to the financial efficiency requirements and their delivery however we note that the board has not regularly met in 2023-24 with the first meeting occurring towards the end of the financial year. There is however a plan for the Board to meet monthly chaired by the CEO and Fortnightly Financial Improvement Programme Group meetings chaired by CFO to monitor progress for 2024-25.

We can therefore see that improvements are being introduced that should make improvements to the Trust's ability to deliver the efficiency requirements on a recurrent basis. As these were not yet sufficiently embedded as at 31 March 2024 we have been unable to confirm that they have been effective we have concluded that there is a significant weakness relating to the arrangements that were in place during 2023-24, however note the positive progress that is being made to seek to resolve this for 2024-25.

We have made an improvement recommendation regarding further development of the 2024-25 CIP plan and an improvement recommendation for the Trust to develop a medium term financial plan – detailed on page 19.

Key financial and performance metrics:	2023-24	2022-23
Planned surplus/(deficit)	£2m	Breakeven
Actual surplus/(deficit)	(£8.7m)	£4.9m
Adjusted financial performance surplus/(deficit)	£0.6m	£6.6m
Planned CIP - Recurrent - Non-recurrent	£17.9m - £4.6m - £13.3m	£13.8m -£7.7m -£6.1m
Actual CIP delivered	£2m	£3.6m
Year-end cash position	£68.5m	£72.9m

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 an established framework to manage its strategic and corporate risks which is supported by an effective Internal Audit and LCFS function. While risk management and control processes are in place there was evidence that improvements are needed to ensure they are working effectively and aligned to integrated improvement plans and changes to governance structures, in particular with regard to financial sustainability risks and their alignment to the newly created Financial Improvement Group.

The Trust's Risk Management Strategy sets out their approach to risk identification, toleration, mitigation and scoring, in line with the risk scoring matrix for NHS bodies. Risks to the delivery of the Trust's financial plans are discussed at each Board meeting and also by the Finance and Business Development Committee and the Trust's Management Group, during discussion of Finance reports at each meeting. The Trust manages strategic risk through its Board Assurance Framework (BAF). This is a live document that articulates the Trust's strategic risks, links them to the strategic goals, identifies risk scores, gaps in assurance, score movement, actions and owner commentary. It also assigns an Executive owner and a responsible committee.

Our review of the February 2024 risk register noted that there were three risks that had outdated review dates allocated and had not been reviewed in the current financial year. The review of the Q4 BAF identified a number of risks that were scored 20 and had a target score of 4 which appeared to fall outside the Board's risk appetite range as set out in the risk management framework. We have made improvement observations to management to support improvement in these processes.

We identified a significant risk of weakness in the risk escalation processes in place at the Trust following two serious incidents that occurred during the year. We assessed the extent to which known risks had been adequately recorded within local risk registers and escalated through the Trust's risk management framework.

We confirmed that the risk associated with the issues had been appropriately recorded within the directorate's risk register and that required mitigating actions had been identified. We were able to observe that the risk had been regularly escalated to an appropriate estates management group in line with the risk management policy where the mitigations to be implemented had been discussed and monitored. There was recording of the discussions and regular updating of the risk throughout the year.

Governance

We noted that the risk management framework required the reporting of risks scored 15 and above to the Board on a quarterly basis, however this was not in place during 2023-24. We were satisfied that alternative reporting mechanisms were put in place to enable scrutiny of operational risks and that there was evidence of them being reported to sub-committees of the Board and therefore did not consider this to be a significant weakness.

We also confirmed that the serious incident framework had been followed in response to the incidents and reviewed the reports that had been produced as a result. The reports were commissioned from independent sources to the Trust and identified that there had been comprehensive risk assessments undertaken, though noted delays in the implementation of required estate improvements.

Bounds Green Health Centre fire

Following a fire on 28 August 2023, the Bounds Green Health Centre was closed for an extended period. The fire appears to have been caused by an electrical fault and no one was injured. Extensive damage was caused and the building was out of operation for an extended period. Teams from across the trust took immediate action to secure the building, re-provide services and contact patients to rebook scheduled appointments. Teams had responded quickly and effectively and alternative accommodation had been secured for all services and teams for the short to medium term.

Fire remediation and Private finance initiative building

The Trust entered into a 30 year Private Finance Initiative (PFI) arrangement in 2003 with construction firm Whittington Facilities Ltd. (WFL) to build and maintain Block A of the main hospital. On the 28 July 2020 WFL filed for administration. The collapse of WFL means the building has been transferred back into the ownership of the Trust, which is now responsible for maintaining it. The Trust has received a claim from the administrators of WFL relating to the unpaid costs for the remaining life of the original contract. As a result, the Trust has recognised provisions future costs in its accounts and 2024-25 Financial plan.

	2024	2023
Control deficiencies reported in the Annual Governance Statement	There were no significant control deficiencies identified in the governance statement.	There were no significant control deficiencies identified in the governance statement.
Head of Internal Audit Opinion	Unqualified	Unqualified
Oversight Framework segmentation	Segment 2	Segment 2

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.

Working within the Integrated Care System

A monthly paper is presented to the Finance & Business Development Committee in order to report on financial performance, allowing the Trust to assess the level of value for money being achieved. Management also maintain and monitor costs by reviewing the information received from the Model Hospital. This benchmarking data is used for financial planning and contracting rounds to shape efficiency plans.
Performance against efficiency requirements are monitored and reported at the 'Better Never Stops' programme board. This is also reviewed at the Finance Committee and Trust management Group (TMG). The Trust also participates in the ICB run productivity pillar work stream.

There is also a mutual aid agreement with UCLH for bowel cancer screening. There are regular partnership forum meetings held between UCLH and Whittington Health where partnership working are discussed and resources agreed. Joint meetings with CFOs hosted by the ICB is another forum where plans are developed in partnership with other providers.

The Trust actively participates and leads in the various workstreams and through regular finance and operational meetings. Feedback and discussion from national and regional meetings is shared at both finance and operational group meetings. The Trust also participates in both national and regional calls to discuss new guidance and changes to funding regimes.

There is evidence of collaborative and constructive working across the ICS. The Trust participates in and leads on some of the workstreams and participates in regular finance and operational meetings. The ICS CFO meetings take place every two weeks and report on and monitor financial performance and operational performance is monitored through the NCL Integrated Care Board (ICB).

Planning is performed at an ICS level as well as considering the individual entities that make up the ICS, with the aim of achieving financial sustainability at a system level rather than a traditional focus on individual control totals. We understand there is currently a significant combined underlying ICS deficit (or system “gap”) for NCL ICS and from review of Board papers and Board Assurance Framework, we note Trust recognise being part of an ICS in deficit, with significant CIP savings required by each ICS member to achieve the 2024-25 approved plan.

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.

Working within the Integrated Care System

The reports provided to the Board and FPC as part of the 2024-25 planning process clearly set out the risks associated with the plan, required efficiencies and clearly noted target areas for improvement across the system to reduce the deficit, with the requirement next steps for the Trust.

The Trust acknowledge the need for a longer term approach to CIP savings and transformation to facilitate these, with further work expected across the ICS over the next six months. Financial performance is reported and monitored through the fortnightly ICS CFO calls. Operational performance is monitored through OIG within NCL. Working within an ICS, the interaction between providers and other stakeholders is essential to ensure the appropriate operational and clinical flows across the system.

The trust have recently set up the Financial Improvement Programme Board to provide oversight and challenge to the financial efficiency agenda. This board will receive a standard monthly update report from the Financial Improvement Programme Group that outlines progress against delivery of the annual financial efficiency target and including. In-year and forecast financial efficiency savings performance and Position on maturity of scheme development.

Recommendations

We raised the following recommendations in response to significant weaknesses identified in our value for money procedures.

#	Recommendation	Management Response
1	**Medium term/Long term financial plan** The Trust's draft financial statements indicate that it delivered a £0.6m surplus against control total performance in 2023-24 but has a c.£28.9m underlying deficit. Whilst the plans for 2024-25 have been agreed and risks are well-understood, the Trust currently does not have an up to date medium/long term financial plan to get back to a recurrent breakeven position. We recommend a medium term financial plan is produced to provide assurance that the Trust can achieve underlying financial sustainability in the next 3 years. The plan should: - be updated with the latest 2024-25 financial plan and assumptions - set out a clear understanding and agreement of the underlying financial position, and the causes of the underlying position across the Trust and the system.	The Trust currently in the process of producing a 'drivers of deficit'. This document will form the basis of underlying financial recovery.
2	**CIP targets and efficiency monitoring** The Trust has agreed a deficit plan for 2024-25. We note that it is predicated on a number of assumptions and carries a significant level of risk, including deliveries of a £17m CIP programme - a number in excess of what the Trust had been able to achieve in the last few years. As the Trust is going through the development its CIP programme, it should continue to reassess the level of risk contained in it, how this risk can be mitigated, and communicate with the ICS if there is going to be a likely impact on its ability to deliver the overall financial plan for 2024-25. The programme, once fully developed should be underpinned by robust assumptions, validated by staff delivering the CIPs and triangulated with other supporting plans, for example workforce and activity plans, as well as with system plans. Continued close monitoring of CIPs delivery including reporting to Finance & Business Development committee and Board will be critical with effective corrective action necessary if slippage occurs to ensure financial targets continue to be achieved.	The Trust has a significantly strengthened governance structure to support CIP delivery for 2024-25. Establishment of Financial improvement Board (chaired by the CEO) and fortnightly Financial improvement group (Chaired by the CFO) have accelerated CIP identification for 2024-24. Financial performance is also monitored through Finance Committee, Trust management Group and Trust Board.

kpmg.com/uk