

Auditor's Annual Report
West Midlands Ambulance Service University
NHS Foundation Trust

For the year ended 31 March 2024



Ref: WMAS AAR 23-24
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PRIVATE & CONFIDENTIAL

The Board of Trustees
West Midlands Ambulance University NHS Foundation Trust
Millennium Point
Waterfront Business Park
Waterfront
West Midlands
DY5 1LX

Dear Sirs and Madams

West Midlands Ambulance Service University NHS Foundation Trust – Auditor’s Annual Report

We are pleased to attach our Auditor’s Annual Report. This report summarises our audit conclusions and highlights the key findings arising from our value for money work.

We have initially discussed the contents of our report with management and have incorporated their comments where relevant.

This report is intended to be solely for the information and use of the Directors and those charged with governance of the Trust and should not be shared with anyone beyond the Trust without our prior approval.

We would like to take this opportunity to thank the Trust’s officers for the co-operation and assistance afforded to us during the course of the audit.

Kind regards

Yours faithfully

A handwritten signature in black ink that reads "Bishop Fleming LLP." The signature is written in a cursive, slightly slanted style.

BISHOP FLEMING LLP

Contents

1. Introduction	2
2. Executive summary.....	3
3. Audit of the financial statements.....	4
4. Value for Money.....	5
5. Financial sustainability	6
6. Governance	9
7. Improving efficiency, economy and effectiveness.....	12
8. Recommendations.....	15

1. Introduction

Our Auditor's Annual Report (AAR) summarises the work that we completed for West Midlands Ambulance University NHS Foundation Trust (the Trust) for the year ended 31 March 2024.

The Trust is responsible for keeping proper accounts and proper records in relation to the accounts and for maintaining an appropriate system of internal control. The Trust is responsible for the preparation of annual accounts for each financial year. Such accounts must present a true and fair view and comply with the requirements of enactments that apply to them.

The Trust is also responsible putting in place appropriate arrangements to secure the economy, efficiency and effectiveness in its use of resources and to maintain an effective system of internal control that supports the achievement of their policies, aims and objectives whilst safeguarding and securing value for money from the public funds at their disposal.

The scope of our work is set in accordance with the National Audit Office's Code of Audit Practice (The Code) and the International Standards on Auditing (ISAs) (UK). Our work is planned to provide a focused and robust audit. We are responsible for and are required to provide an independent opinion as to whether the financial statements:

- give a true and fair view of the financial position of the Trust at the year end and of the Trust's expenditure and income for the year then ended;
- have been properly prepared in accordance with international accounting standards as interpreted and adapted by the Department of Health and Social Care's Group Accounting Manual; and
- have been prepared in accordance with the requirements of the National Health Service Act 2006.

We are also responsible for:

- reviewing the Annual Governance Statement to ensure it complies with the guidance issued;
- ensuring the parts of the Remuneration and Staff Report to be audited have been properly prepared; and
- reviewing the Trust's arrangements in place to secure economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice requires us to report on the Trust's arrangements under three specified reporting criteria:
 1. Financial sustainability – how the Trust plans and manages its resources to ensure it can continue to deliver its services;
 2. Governance – how the Trust ensures it makes informed decisions and properly manages its risks; and
 3. 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 carried out our work in accordance with our External Audit Plan which we issued to the Trust on 6 March 2024.

2. Executive summary

Results from the audit of the financial statements

We completed our audit of the financial statements and issued our unmodified audit opinion on 27 June 2024. See section 3 for more details.

We also completed component auditor procedures, in line with the National Audit Office group auditor instructions. We had no matters to report from this work.




Results on our work on other matters and the Annual Governance Statement

We completed our review of other matters and the Annual Governance Statement in line with our issuing of the audit opinion on 27 June.




Results from our work on VFM arrangements

Under the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to consider whether the Trust has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2024.

Our conclusions are summarised below. See sections 4-8 for more details.

Financial sustainability		We did not identify any significant weakness in the Trust's financial sustainability arrangements. We have identified a recommendation, where we consider arrangements in place could be improved. See section 8 for details.
Governance		We did not identify any significant weaknesses in the Trust's governance arrangements. We have also not made any recommendations.
Improving economy, efficiency and effectiveness		We did not identify any significant weaknesses in the Trust's governance arrangements. We have also not made any recommendations.

Key:

	No significant weaknesses in arrangements identified and no recommendations made
	No significant weaknesses in arrangements identified but recommendations made
	Significant weaknesses in arrangements identified and recommendations made

3. Audit of the financial statements

Audit opinion on the financial statements

The scope of our work is set in accordance with the National Audit Office's Code of Audit Practice (The Code) and the International Standards on Auditing (ISAs) (UK). We are required to provide an independent opinion as to whether the financial statements:

- give a true and fair view of the financial position of the Trust at the year end and of the Trust's expenditure and income for the year then ended;
- have been properly prepared in accordance with international accounting standards as interpreted and adapted by the Department of Health and Social Care's Group Accounting Manual; and
- have been prepared in accordance with the requirements of the National Health Service Act 2006.

We gave an unmodified opinion on the Trust's financial statements on 27 June 2024.

Other matters

We are required to give an opinion on whether the other information published in the Annual Report is materially inconsistent with the financial statements or the knowledge obtained by us in the course of our audit.

We are required to consider whether the Annual Governance Statement does not comply with the guidance issued by NHS England or is misleading or inconsistent with the information of which we are aware from our audit.

We have nothing to report in this regard.

We are required to give our opinion on whether the parts of the Remuneration Report and the Staff Report to be audited have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Accounts Directions issued under Schedule 7 of the National Health Service Act 2006.

We issued an unmodified opinion in this regard.

4. Value for Money

Under the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to consider whether the Trust has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2024.

The Code requires us to report our commentary on the Trust's arrangements under three specified reporting criteria:

- Financial sustainability – how the Trust plans and manages its resources to ensure it can continue to deliver its services;
- Governance – how the Trust ensures it makes informed decisions and properly manages its risks; and
- 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.

The NAO has issued guidance for auditors to report against each of the three specified reporting criteria. The guidance also includes a number of further areas for review within each criteria for the auditor to assess those arrangements.

Our risk assessment, which was updated following receipt of the Care Quality Commission's (CQC) report in February 2024, identified a potential risk of significant weakness surrounding the Trust's performance against national ambulance response rates and the financial implications of addressing the CQC report. As a result of this we undertook specific additional work in this area to ascertain what arrangements the Trust had in place during 2023/24 to:

- identify non-compliance with Category 2 ambulance response rates;
- consider any actions to address this non-compliance;
- formally respond to the CQC report; and
- quantify the financial impacts of addressing performance rates.

We asked management to complete an evidenced self-assessment of the Trust's arrangements. We then reviewed the evidence provided and carried out follow up work as appropriate to consider whether there are any significant weaknesses in the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources.

Our commentary on the Trust's arrangements in each of these three areas is set out in sections 5, 6 and 7 of the report. Our recommendations for improvement are included in section 8.

5. Financial sustainability

We considered how the Trust plans and manages its resources to ensure it can continue to deliver its services, including 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;
- plans to bridge its funding gaps and identifies achievable savings;
- plans finances to support the sustainable delivery of services in accordance with strategic and statutory priorities;
- 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
- identifies and manages risks to financial resilience, e.g. unplanned changes in demand, including challenge of the assumptions underlying its plans.

Overview and 2023/24 outturn

The Trust's financial statements for 2023/24 show a surplus of £2,068k against a planned break-even position, compared with a surplus of £24k in the 2022/23 year. The improvement in financial performance is partially attributed to a reduction in salary costs, resulting from a concerted effort by the Trust to control overtime-related expenses. Additionally, an increase in interest income from bank accounts contributed to this positive outcome.

The Trust's total income for patient care activities in 2023/24 was £401.2m. Over 80% of this income is secured for the provision of Emergency and Urgent (E&U) services, commissioned by six Integrated Care Systems (ICSs), that is, from Birmingham, Black Country, Staffordshire, Coventry & Warwickshire, Shropshire, and Hereford and Worcester.

Financial planning and monitoring

The Trust has appropriate financial planning and monitoring arrangements in place. Finance reports are regularly presented to the Trust Board throughout the year. In addition, the Trust also submits monthly monitoring reports to NHS England (NHSE) in accordance with established guidelines and requirements. The forecast is regularly updated to reflect any evolving circumstances.

At the start of the 2023/24 financial year, both a budgeting report and workforce planning reports were presented to the Trust's Executive Management Board (EMB) as integral components of the planning and budget-setting process. Finance and workforce work together to produce these documents to ensure consistency across the Trust. In 2023/2024, there have been monthly informal discussions to assess the current E&U workforce status and anticipate future recruitment trends, ensuring their accurate integration into the financial projection. Additionally, joint meetings have been established between finance, workforce and the ICB and NHSE each month to further support this arrangement.

The Board Assurance Framework (BAF) (which we discuss further in the Governance section of this report) includes appropriate financial risks and metrics. Financial planning and monthly reporting documents highlight risks. The Trust's risk register and BAF offer a formalised process for risk reporting and management, encompassing the identification of principal financial risks and their mitigation measures.

We reviewed the assumptions underpinning the 2023/24 financial plan, the reports prepared for the Board, and the minutes of relevant meetings where the financial plan was considered. In our view the assumptions made by management appeared reasonable, the reports were clear and concise, and the Board's scrutiny was evident and appropriate. The risks associated with the plan, including those related to the Cost Improvement Programme (CIP – that is the Trust's savings plan), were clearly articulated. As mentioned above, the Trust performed better than its financial target for the 2023/24 financial year over-achieving its approved breakeven financial plan. This is further evidence of the Trust's effective management arrangements of its finances.

Achieving efficiency savings

Initially the Trust set a savings target of £9.3m for 2023/24. This target was later revised to £12.7m in June 2023. The revised plan consisted of £6.7m in relation to eight non-recurrent areas with the majority allocated to reductions in overtime costs amounting to £5.8m. The remaining £6m was in relation to some 18 other identified recurrent areas.

Through effective management and strategic initiatives, the Trust successfully realised financial efficiencies totalling £17.2m; of which £8.8m of savings were achieved non-recurrently.

The remaining £8.4m savings achieved related to recurrent areas. The additional recurrent areas which were not planned but achieved included bank interest received of £1.3m. As a result, the Trust's overall performance on achieving savings exceeded the initial target by £4.5 million.

2024/25 financial planning

The Trust's financial planning arrangements for 2024/25 are consistent with those of 2023/24. The Trust was required to provide a financial plan to the Black Country ICS (its lead commissioner) aimed at contributing to the ICS's breakeven position for the year. Our assessment of documents submitted for the 2024/25 process illustrates the Trust's involvement in the planning process at both the system and local levels.

For 2024/25, all the trusts within the healthcare system including West Midlands Ambulance Service NHS FT, submitted their initial financial plan in February 2024. This initial submission identified a system-level deficit of £184 million. To achieve the target deficit of £120.2 million, the system identified several adjustments totalling £63.8 million, including an additional CIP savings plan of £21 million. The Trust submitted a revised 2024/25 Financial Plan in April 2024 in line with the NHSE planning guidance. The plan shows a deficit of £1.4m for the Trust.

Trusts within the Black Country ICS have been tasked with delivering a 4% CIP in 2024/25. This level of saving is a component of the system's financial recovery plan, with a similar target expected in subsequent years. The 4% target translates to £15.4m for West Midlands Ambulance. In the 'Achieving efficiency savings' section we noted that the Trust's CIP target for 2023/24 was £12.7m, of which £8.4m had been achieved recurrently, leaving a residual balance of £4.3m to be identified and delivered in 2024/25. Thus, the total CIP target for 2024/25 is actually £19.7m (being £15.4 million plus £4.3 million) encompassing the residual balance from the previous year and the new target.

Furthermore, the trusts in the Black Country ICS had to apply strict 'grip & control' measures in 2023/24 continuing them in 2024/25. This included tight controls on hiring to keep costs from rising except for essential positions. In 2023/24, the Trust froze hiring for non-essential roles, saving about £8.1m from unfilled positions. To keep spending at the same level as 2023/24, the Trust needs to maintain these vacancies and achieve the same £8.1 million in savings again in 2024/25. The total savings goal for 2024/25 therefore rises from £19.7m to £27.6m after including the aforementioned savings of £8.1m.

Whilst the Trust has identified some of these savings, at the time of writing this, the Trust was reporting unidentified efficiencies amounting to £14.5m.

This presents a significant risk to the Trust's resource planning and management for 2024/25, potentially impacting its ability to sustain service delivery.

From our review of the April 2024 (Month 1 2024/25) Board financial report, it appears that the Trust is forecasting a potential shortfall of £13.1m in relation to planned savings further evidencing the size of the challenge faced by the Trust in 2024/25.

Care Quality Commission (CQC) inspection

The Care Quality Commission (CQC) carried out an inspection of the Trust in August 2023 and October 2023 publishing its findings on 23 February 2024. We discuss this report in more detail in the 'Improving efficiency, economy and effectiveness' section of this report. Although the CQC assessed the Trust as 'good' overall, it did highlight concerns around response rates for Category 2 patients and as a result imposed a Regulation 12(1)(2): Safe care and treatment on the Trust. This stated 'The Trust must ensure that national response time targets are met with a focus on the risks posed by the Category 2 calls.'

As part of its response to this 'must do' recommendation, Trust management presented five options to the Trust Board in February 2024 and recommended an option requiring approximately £20 million to recruit and train 336 paramedics and 20 additional emergency ambulances to achieve the performance targets. As a result of this, the Board was informed of a draft deficit plan amounting to £24m.

As mentioned on Page 5, our initial risk assessment as to whether the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources identified a risk of significant weakness concerning financial sustainability stemming from the CQC 's inspection. This issue has subsequently impacted the financial planning of the Trust from 2024/25 onwards with it facing a significant challenge to address the deficit plan referred to in the previous paragraph along with the level of CIP savings required as mentioned on the previous page. Given the Trust's arrangements surrounding finances in the year of audit (2023/24) and the fact that the financial sustainability issues faced by the Trust can only be addressed through NHS system-wide measures, we have concluded that there is not a significant weakness for 2023/24.

Based on the work carried out, we are satisfied that there are no significant weaknesses in the Trust's financial sustainability arrangements. However, we have identified a recommendation where we consider arrangements in place could be improved. Refer to section 8 for details.

6. Governance

We considered how the Trust ensures that it makes informed decisions and properly manages its risks, including 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;
- approaches and carries out its annual budget setting process;
- 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;
- ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency. This includes arrangements for effective challenge from those charged with governance/audit committee; and
- monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements and standards in terms of officer or member behaviour (such as gifts and hospitality or declarations/conflicts of interests), and for example where it procures or commissions services.

Risk management

Risk management arrangements are in place at the Trust. As stated earlier, there is a Board Assurance Framework (BAF) in place that covers relevant strategic risks which are linked to strategic objectives. The BAF summarises strategic objectives, the risks to achieving those objectives, controls in place to minimise the likelihood and magnitude of the crystallisation of those risks and details assurances that the controls are operating effectively.

Each risk identified is also linked to a corporate objective and assigned to a senior officer at the Trust. The BAF details each risk's RAG rating, the progression of the risk score, current challenges, gaps in control/assurance, future opportunities and details of how the challenges are being managed.

The Audit Committee receives the BAF at every meeting (held quarterly). The BAF is reported to the Trust Board bi-monthly as part of the Chief Executive's report. All risks including strategic risks scoring 12 and above are also reported to Sub Committees.

Risk review is a standing agenda item for the Trust Board, Performance Committee, Quality Governance Committee and the Audit Committee. In particular, the Audit Committee holds specific meetings to focus solely on risk. During these meetings a live risk register is presented along with local risk logs for more detailed consideration.

The Trust's Governance Structure is made up of the Trust Board and six sub-committees alongside various sub-groups, each of which is chaired by a Non-Executive Director (NED). This allows for reliable and direct channels of communication between the sub-committees and the Board in order to report any risks.

The Trust maintains a NED skills matrix which is updated annually in order to ensure that the make-up of the Board is complete and appropriate in terms of undertaking the stewardship of the Trust.

The detailed risk register sits below the BAF and details how risks outside of the Trust's risk appetite will be escalated, ensuring that the Board is able to focus on the key risks.

Internal Audit's "BAF and Risk Management" report issued in May 2024 rated the Trust's arrangements in this area as having "Significant assurance with minor improvement opportunities".

Internal control

At the start of 2023/24, the Trust's Internal Audit function was provided internally but has recently been outsourced to KPMG for part of the financial year, who provided a "step in" arrangement for 2023/24 before conducting a full programme from 2024/25 onwards. It has a representative at each of the Audit Committee meetings to present any findings. The Audit Committee approves the Annual Internal Audit Plan and is provided with a progress report against the plan at each meeting.

The 2023/24 Head of Internal Audit opinion issued in June 2024 stated that ‘Significant assurance with minor improvement opportunities’ can be given on the overall adequacy and effectiveness of the organisation’s framework of governance, risk management and control.’

Through our review of the Internal Audit reports, along with review of the Audit Committee minutes and supporting documents, we have not identified any significant gaps in the assurance the Trust receives over matters in the work programme.

The Local Counter Fraud Service (LCFS) is provided internal. An annual plan for LCFS work is produced and approved by the Audit Committee. There is a named Counter-Fraud lead for the Trust who reports progress against the plan to the Audit Committee and who attends all Audit Committee meetings. A weekly LCFS newsletter is published to the wider Trust which ensures that counter-fraud is something practiced by the whole organisation.

The Audit Committee has a key role to play in ensuring the overall effectiveness of internal controls. The Committee discharges this function appropriately by adhering to its terms of reference and challenging officers in relation to internal and external audit findings.

Budget setting and budgetary control

Financial budgets within the Trust are developed at the cost centre level and undergo a thorough review by both budget and finance managers before receiving Board approval. Central NHS assumptions, including those related to staff costs, are integrated during the budget development process. Upon completion, budget holders sign off on their respective budgets at the cost centre level.

Heads of Directorate/Division (HODs) assume ownership of their area budgets for ongoing reporting and monitoring purposes. Budget holders have online access to financial reporting data, ensuring they remain engaged and can inform, discuss, and challenge throughout the process. HODs are also required to sign off on their budgets. Draft budgets are initially presented to the Executive Management Board (EMB). Following this review, the final budget is submitted to the Trust Board for approval.

A review of meeting minutes has provided sufficient evidence to assure that budget setting and monitoring processes are reported frequently throughout the year. Our examination of the integrated reporting back to the Trust Board confirms the inclusion of relevant non-financial information, which supports the explanation of significant variances reported.

Decision making

All Board and Committee reports have a mandatory cover schedule setting out the purpose of the paper, recommendations and actions required. They also include a summary of the key elements including the relevant strategic objectives. This is in line with best practice.

We are satisfied that appropriate arrangements are in place to ensure that all relevant information is provided to decision makers before major decisions are made, and that there are arrangements for challenge of such decisions before they are made.

Attendance at Audit Committee has confirmed that the Audit Committee holds officers to account and provides effective challenge.

Ensuring appropriate standards

We have been informed that there have been no instances of any non-compliance in relation to Trust’s standards and policies in place during the year. Throughout our work, we have not identified anything that has contradicted this. The Trust’s Quality Governance Committee (QGC) monitor issues that may have an impact on non-compliance throughout the Trust.

The most recent CQC inspection (August – October 2023), was published in February 2024 and rated the Trust overall as “Good”. All categories (Safe, Effective, Caring, Responsive, and Well-led) were rated at least Good, with the Caring category being rated as Outstanding. However, there was a ‘must do’ recommendation raised in the findings as detailed in next section of this report.

The Trust has other appropriate policies and procedures in place to ensure appropriate standards are maintained. These include the Counter fraud, corruption and bribery policy and Gifts and Hospitality policy.

Declarations of interests are completed on an annual basis by the Board, with the Register of Interests being on the Trust’s website. Arrangements for making a declaration of interest are in place at the beginning of all Board and Committee meetings.

We are satisfied that the Trust has appropriate arrangements in place to monitor compliance with legislation and regulatory requirements

Based on the work carried out, we are satisfied that there are no significant weaknesses in the Trust's governance arrangements.

7. Improving efficiency, economy and effectiveness

We considered how the Trust uses information about its costs and performance to improve the way it manages and delivers its services, including:

- 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.

Assessing performance and evaluating service delivery

The Trust reports its performance against its objectives to the EMB and the Board through a monthly report. The report provides a detailed assessment of performance against key indicators linked to the Trust's objectives and includes financial and performance information. The report monitors the reasons for movements to identify areas for improvement. The reporting covers the Integrated Care System (ICS) areas that the Trust works across.

The Trust's clinical performance report gives comparisons to national standards, which gives the Trust opportunities to see areas of improvement. From this, the Trust identifies key areas of focus within each of their local health and care systems and how these can be implemented in order to improve the services that are offered. The Trust's Operational Plan demonstrates in further detail how the Trust plan to achieve these priorities and objectives. There is clear collaboration across all six health economies and how they support each other in order to improve overall performance.

The Well Led Improvement Plan sets out actions which are set against the Key Lines of Enquiry from the Well Led Framework. This provides details for areas of improvement and guidance on the approach to be taken. Our review identified a number of actions that have been completed since the Plan was developed. This demonstrates that the Trust is identifying services to improve, actions to improve them and evidencing that these are being implemented.

When identifying efficiencies, the Trust has a CIP policy that details how reviews are conducted and the processes that follow a decision being made. Larger value or transformational savings/efficiencies have a Quality Impact Assessment to consider the overall impact of proceeding.

Care Quality Commission (CQC) inspection

The Care Quality Commission (CQC) conducted a series of inspections of the Trust in August 2023 and October 2023, with the findings published on 23 February 2024. These inspections were part of the CQC's ongoing commitment to ensuring that healthcare providers deliver safe and effective care to patients. The inspections focused on various aspects of the Trust's operations, with particular attention given to emergency response times and the quality of care provided.

The CQC's report highlighted several areas of concern, leading to the imposition of a Regulation 12(1)(2): Safe care and treatment. This regulation mandates that the Trust must ensure national response time targets are met, with a specific emphasis on addressing the risks associated with Category 2 calls. These calls typically involve serious medical emergencies, and the requirement aims to mitigate the risks posed by potential delays in response times. The findings and subsequent regulation underscore the importance of adhering to established response benchmarks to enhance patient safety and care quality. The following sections of the Auditor's Annual Report will delve into the implications of these findings and assess the Trust's efforts to comply with the CQC's directives.

To address this requirement, the Trust has established the Operational Oversight Delivery Programme Board. The purpose of this board is to provide focused oversight on the operational performance of the Trust, specifically aiming to improve response times for Category 2 calls, thereby enhancing the safety and quality of service provided to patients and the public.

This programme board operates as a Task and Finish Group, under the Performance Committee, tasked with specific objectives until the defined goals are met or a longer-term structural adjustment is identified.

The programme board's outcomes and progress are reported to the Performance Committee, with the Executive Management Board overseeing the delivery of its objectives. The programme board is charged with implementing and achieving specific goals that align with the Trust's broader strategic aims.

The objectives of the Operational Oversight Delivery Programme Board include:

- Identifying and prioritizing actions to achieve operational performance improvements.
- Providing operational leadership and guidance within the Trust.
- Ensuring all stakeholders, including the Integrated Care Board (ICB), NHS England, and Trust staff, are informed of progress.
- Assuring the Board of Directors and its Committees that the Trust is meeting its legislative and regulatory obligations related to operational performance standards.

These efforts support the Trust's strategic objectives of ensuring safety, quality, and excellence; creating a great workplace; effective planning and resource use; fostering innovation and transformation; and promoting collaboration and engagement.

As referenced within the Governance section of this report, the Trust has a BAF in place which includes a strategic risk for Hospital Handover Delays. This risk (along with Call Stacking) is the most significant risk facing the Trust and as such is 'red' rated. Whilst the Trust has a number of controls in place to monitor their performance against the national targets and mitigate the risk, it does not have the control over the activities of the wider healthcare system including NHS acute trusts which directly impact on the delays. These delays are starkly illustrated in the Trust's Board papers. For example, in the May 2024 CQC performance improvement action plan update, the Trust noted that "on average 20,403 hours a month are lost to hospital delays."

Through our work, we have considered the implementation of the Operational Oversight Delivery Programme Board, the Trust's Action Planning in relation to the CQC report and the reporting to the Trust's Board.

At both the March and May 2024 Trust Board meetings following the Extraordinary Board Meeting in February 2024, the Chief Executive Officer presented their update reports on the Trust's response to the CQC Regulation 12 Notice and the Action Plan set out by the Director of Performance and Improvement in relation to the specific 'must do' requirement surrounding the Notice.

At the May 2024 Trust Board meeting, the year-to-date Category 2 mean performance was reported at 28:22 minutes. This is reduced from the level at the time of the CQC report which was 48:12 minutes.

We have discussed with key officers at the Trust the progress made to date surrounding the Regulation 12 Notice and action planning. The May 2024 Board meeting received the updated Operational Oversight Delivery Programme Board action plan, which noted that of the 19 identified actions to address the 'must do' recommendations, 16 had been completed. We are therefore satisfied that the Trust's arrangements to address the actions within the CQC report are appropriate.

Partnership working

Partnership working arrangements are appropriate. Due to the nature of the services it provides, six ICBs are covered by the Trust. There is a lead commissioner for all six who co-ordinates service commissioning. The Trust's lead commissioner is Black Country Integrated Care System.

The Trust has established collaborative arrangements monitored through the Board and have established governance structures, with an example being the Black Country ICB. There is evidence of clear communication between the Board and its partnerships. The Trust has Board level representation on Black Country ICB.

Activities within the local ICS areas are reported and monitored by the Board via the Integrated Governance Report. There is good evidence which supports that the Trust works closely with its key stakeholders across the ICS areas in which it operates.

Commissioning and procuring services

The Trust has a procurement strategy that was updated in January 2022.

The Trust's Standing Financial Instructions include operating guidelines regarding quotations, tendering and requisitions. They also include limits at which tenders or quotes are required and delegated levels of authorisation. They also set out details regarding selection of suppliers, providers and approved contractors. There is no evidence that suggests the Trust is failing to operate a fair procurement exercise for significant contracts.

The Trust monitors the performance of service providers and takes action to resolve issues when they arise.

The financial dashboards in the reports from the Director of Finance reported to each Clinical Operational Board and the Trust Board reviews financial performance, quality of services offered, any issues that are faced and how any negative issues can be managed with actions to be implemented. The Trust is thereby able to review the financial effectiveness of ongoing services.

Based on the work carried out, we are satisfied that there are no significant weaknesses in the Trust's arrangements to secure efficiency, economy and effectiveness.

8. Recommendations

KEY:



Recommendations that refer to issues that have resulted in a significant weakness in the Trust's arrangements



Recommendations that should improve the arrangements in place at the Trust but are not as a result of identifying a significant weakness.

Current Year Issues

<p>Unidentified savings</p> <p>The Trust is facing significant challenges in relation to meeting its financial targets for 2024/25 in part due to the imposition of Regulation 12(1)(2): Safe Care and Treatment by the CQC.</p> <p>In addition, in order to meet its approved financial position for the 2024/25 financial year, the Trust must implement a CIP savings plan totalling £19.7m. As of April 2024, £13.1m of this efficiency target remains unidentified.</p>	<p><u>Recommendation</u></p> <p>Working with the wider NHS healthcare system, the Trust should conduct a thorough financial impact assessment to identify opportunities for cost optimisation and ways of making further savings.</p> <p><u>Management comment</u></p> <p>Achieving the required CIP is intrinsically linked to additional costs of lost hours incurred due to the hospital handover delays. There is work taking place across the 6 West Midlands ICBs and with NHS England to recognise and work on solutions regarding meeting these additional costs and reducing the lost hours. There is work ongoing in the Trust, across all areas, to reduce costs, realise efficiencies and review ways of working to meet the CIP target.</p>



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