

# North Bristol NHS Trust

Auditor's Annual Report for the  
year ended 31 March 2024

10 June 2024



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We are required under Section 21(2A)(c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the National Audit Office (NAO) requires us to report to you our commentary relating to proper arrangements.

We report if significant matters have come to our attention. We are not required to consider, nor have we considered, whether all aspects of the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.



The contents of this report relate only to those matters which came to our attention during the conduct of our normal audit procedures which are designed for the purpose of completing our work under the NAO Code and related guidance. Our audit is not designed to test all arrangements in respect of value for money. However, where, as part of our testing, we identify significant weaknesses, we will report these to you. In consequence, our work cannot be relied upon to disclose all irregularities, or to include all possible improvements in arrangements that a more extensive special examination might identify. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting, on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

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# Introduction



## Purpose of the Auditor's Annual Report

This report brings together a summary of all the work we have undertaken for North Bristol NHS Trust (the Trust) during 2023/24 as the appointed external auditor. The core element of **this** report is the commentary on the value for money (VfM) arrangements. This report draws the reader's attention to relevant issues, recommendations arising from our work and how the Trust has responded to recommendations made in previous years. The responsibilities of the Trust are set out in Appendix A.

## Responsibilities of the appointed auditor

### Opinion on the financial statements

Auditors provide an opinion on the financial statements which confirms whether they:

- give a true and fair view of the financial position of the Trust as at 31 March 2024 and of its 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 Group Accounting Manual 2023/24, and
- have been prepared in accordance with the requirements of the National Health Service Act 2006

We also consider the Annual Governance Statement, the relevant disclosures within the Annual Report including the remuneration report and undertake work relating to the Whole of Government consolidation exercise.

### Value for money

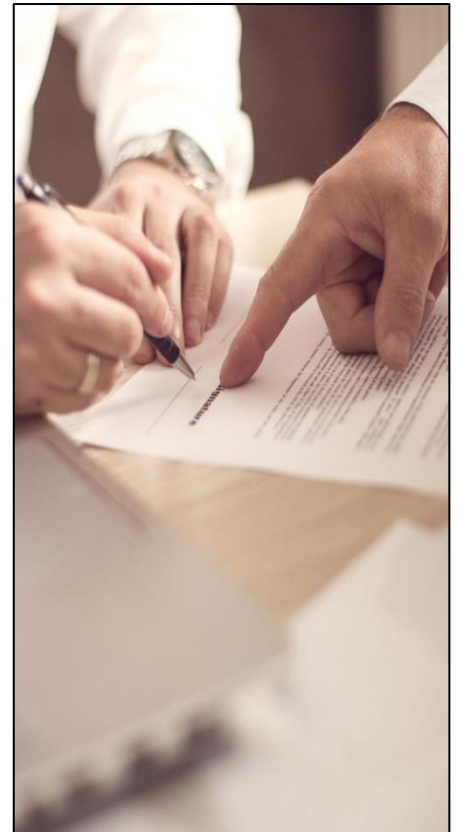
We report our judgements on whether the Trust has proper arrangements in place regarding arrangements under the three specified criteria:

- financial sustainability
- governance
- Improving economy, efficiency and effectiveness

### Other powers

Under Section 30 of the Local Audit and Accountability Act 2014, the auditor of an NHS body has a duty to consider whether there are any issues arising during their work that indicate possible or actual unlawful expenditure or action leading to a possible or actual loss or deficiency that should be referred to the Secretary of State. They may also issue:

- Statutory written recommendations to the Trust Board which they must consider publicly
- A Public Interest Report (PIR)



The Value for Money Auditor responsibilities are set out in Appendix B.

# Executive summary



# Executive summary

Under the Local Audit and Accountability Act 2014, we are required to be satisfied whether the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources (referred to as Value for Money). The National Audit Office (NAO) Code of Audit Practice ('the Code'), requires us to assess arrangements under three areas as set out below.



## Financial sustainability

Through non-recurrent funding the Trust achieved a breakeven position for 2023/24, despite under delivery of its efficiency target of £24.2m by £6.2m. Industrial Action had a significant impact on delivery of the efficiency plan which, until that time, was broadly on track. Our review of your arrangements indicates that there are strong arrangements in place for ensuring financial sustainability with the Trust working well with system partners to deliver its financial targets.

The Trust has appropriate arrangements in place to ensure that financial pressures are built into its financial planning and has submitted a balanced financial plan for 2024/25. However, the May submission to NHSE England (NHSE) requires £23.1m of recurrent efficiencies to be achieved and nearly 50% of this was described as "High Risk" in early May, with only £1.1m "Fully Developed". The Trust is now aiming for £28.7m recurrent savings in 2024/25. The Trust had an underlying deficit of £33.1m at the start of the year, but the system-wide Medium Term Financial Plan shows this being reduced to £4.5m by the end of 2027/28. At year end the underlying deficit was £47.9m.

Our work has not identified evidence of significant weaknesses within the arrangements; however, we have made two financial sustainability improvement recommendations.



## Governance

The Trust appropriate arrangements in place with regard to risk management, budget setting and monitoring, effective decision making and ensure appropriate standards are maintained. Our work has not identified evidence of significant weaknesses within the arrangements. However, we have identified areas where the Trust could improve arrangements and have raised two improvement recommendations.

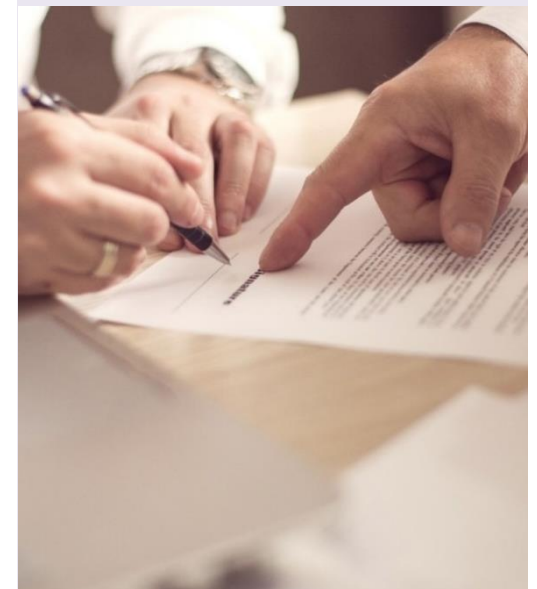


## Improving economy, efficiency and effectiveness

The Trust makes effective use of Integrated Performance Reports, incorporating risk ratings for key metrics. The Care Quality Commission assessed Maternity Services in November 2023, awarding "Good" for "Safety" and "Outstanding" for "Leadership". The Trust works very well within the wider system, in particular with the ICB and University Hospital Bristol and Weston. There is scope to further develop contract managements processes, including assessing benefits realised. To support this we have raised one improvement recommendation.



We have completed our audit of your financial statements and plan to issue an unqualified audit opinion following the Audit and Risk Committee meeting on 20 June 2024. Our findings are set out in further detail on pages 8 to 9.



# Executive summary (continued)



## Overall summary of our Value for Money assessment of the Trust's arrangements

Criteria	2023/24 Risk assessment	2023/24 Auditor judgement on arrangements	2022/23 Auditor judgement on arrangements
Financial sustainability	For 2023/24 the Trust had a Cost Improvement Programme (CIP) target of £24.2m, but was expecting to deliver £18.0m (74%) – due in part to the impact of industrial action. In 2022/23 the Trust delivered only 42% of its CIP plan. Throughout 2023/24 schemes were in varying stages of development. We also note that the Trust had an opening underlying deficit of £33m, with a system-wide financial plan to breakeven by 2026/27.	A No significant weaknesses in arrangements identified, but two improvement recommendations have been made relating to ensuring that efficiency opportunities are fully developed early in the financial year and further enhancing public financial planning reports by more clearly linking them to the Trust's priorities and improvement priorities.  Both prior year improvement recommendations have been addressed.	A No significant weaknesses in arrangements identified, but two improvement recommendations made relating to deliverability of the proposed 2023/24 CIP programme and ensuring there are plans in place to achieve financial sustainability.
Governance	No risks of significant weakness identified	A No significant weaknesses in arrangements identified, but two improvement recommendations have been made to strengthen arrangements in terms of reporting on the People and Quality Triangulation Group and reporting of tender waivers.  One prior year recommendation, relating to the backlog of policy reviews, has been partly addressed, and is carried forward.	A No significant weaknesses in arrangements identified, but three improvement recommendations made in relation to streamlining the Trust Level Risks reviewed by the Committees, timely review of policy documentation and improving reporting to enable decision making.
Improving economy, efficiency and effectiveness	No risks of significant weakness identified	A No significant weaknesses in arrangements identified, but one improvement recommendation has been made to strengthen arrangements in terms of contract management  The prior year improvement recommendation has been addressed.	A No significant weaknesses in arrangements identified, but one improvement recommendation made on monitoring operational pressures and ensuring sustained improvement is delivered in relation to cancer waits and elective recovery.

**G** No significant weaknesses in arrangements identified or improvement recommendation made.

**A** No significant weaknesses in arrangements identified, but improvement recommendations made.

**R** Significant weaknesses in arrangements identified and key recommendations made.

# **Opinion on the financial statements and use of auditor's powers**



# Opinion on the financial statements



## Audit opinion on the financial statements

Our opinion work is substantively complete, and we anticipate issuing an unqualified opinion on the Trust's financial statements in late June 2024.

### Grant Thornton provides an independent opinion on whether the Trust's financial statements:

- give a true and fair view of the financial position of the Trust as at 31 March 2023 and of its 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 Group Accounting Manual 2022-23, and
- have been prepared in accordance with the requirements of the National Health Service Act 2006

We conducted our audit in accordance with:

- International Standards on Auditing (UK)
- the Code of Audit Practice (2020) published by the National Audit Office, and
- applicable law

We are independent of the Trust in accordance with applicable ethical requirements, including the Financial Reporting Council's Ethical Standard.

## Findings from the audit of the financial statements

The Trust provided draft accounts in line with the national deadline.

Draft financial statements were of a good standard, supported by detailed working papers and we had prompt responses to our audit queries.

## Audit Findings Report

We report the detailed findings from our audit in our Audit Findings Report. A final version of our report will be presented to the Trust's Audit and Risk Committee on 20 June 2024. Requests for this Audit Findings Report should be directed to the Trust.





# Other reporting requirements and use of auditor's powers



## Remuneration and Staff Report

Under the Code of Audit Practice (2020) published by the National Audit Office, we are required to audit specified parts of the Remuneration and Staff Report included in the Trust's Annual Report for 2023/24. These specified parts of the Remuneration and Staff Report have been properly prepared in accordance with the requirements of the Department of Health and Social Care Group Accounting Manual 2023/24.

## Annual Governance Statement

Under the Code of Audit Practice (2020) published by the National Audit Office, we are required to consider whether the Annual Governance Statement included in the Trust's Annual Report for 2023/24 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.

## Annual Report

Under the Code of Audit Practice (2020) published by the National Audit Office, we are required to consider whether, based on the work undertaken in the course of the audit of the Trust's financial statements for 2023/24, the other information published together with the financial statements in the Trust's Annual Report for 2023/24 is consistent with the financial statements. We have nothing to report in this regard.

## Whole of Government Accounts

To support the audit of Consolidated NHS Provider Accounts, the Department of Health and Social Care group accounts, and the Whole of Government Accounts, we are required to examine and report on the consistency of the Trust's consolidation schedules with their audited financial statements. This work includes performing specified procedures under group audit instructions issued by the National Audit Office. Our work did not identify any significant issues.

## We bring the following matters to your attention:

### Referrals to the Secretary of State

Despite income exceeding expenditure over the previous five-year period, the Trust is reporting a cumulative deficit of £87.75 million at 31 March 2024 and remains in technical breach of its breakeven duty as detailed in the guidance. The Trust therefore continues to take a course of action that is unlawful and has caused a loss which gives rise to a duty on us to report to you under section 30(b) of the Local Audit and Accountability Act 2014 in respect of the five-year period ending 31 March 2024. On 15 May 2023 we therefore issued a Section 30 referral to the Secretary of State covering the financial years ending 31 March 2023 and 2024.

### Statutory recommendations

Under Schedule 7 of the Local Audit and Accountability Act 2014, auditors can make written recommendations to the audited body.

We did not issue any statutory recommendations to the Trust in 2023/24.

### Public Interest Report

Under Schedule 7 of the Local Audit and Accountability Act 2014, auditors have the power to make a report if they consider a matter is sufficiently important to be brought to the attention of the audited body or the public as a matter of urgency, including matters which may already be known to the public, but where it is in the public interest for the auditor to publish their independent view.

We did not issue a report in the Public Interest with regard to arrangements at North Bristol Trust for 2023/24.

# **Value for Money Commentary on arrangements**



# The current NHS landscape



## National context

In 2023/24, the NHS has continued to show commitment to patient care and service delivery. Advancements in digital health technologies including virtual wards have the potential to support service redesign, reduce waiting times, and improve patient outcomes. Data published by NHS England in April 2024 indicates that performance against key metrics for elective waiting times, diagnostic tests access, and A&E 4 hour waits all improved year on year, though performance is still some way from target. These achievements demonstrate the resilience and adaptability of NHS staff amidst ongoing pressures.

Integrated Care Systems, established on 1<sup>st</sup> July 2022, remain at varying stages of maturity. Some systems have developed changes to patient pathways designed to improve outcomes, create efficiencies, tailor services to the needs of their local population and address local health inequalities. Most systems continue to face significant challenges, including workforce shortages, rising demand for healthcare services, and efficient resource management, all resulting in financial sustainability uncertainties.

Pay and productivity remain key challenges nationally. Staffing numbers have increased significantly since 2019/20 with staff costs now exceeding the funding available in many systems, exacerbated by industrial action costs. At the same time, activity growth has not kept pace, leaving a “productivity gap” that is not yet fully understood. This is further hampered by staff absences and pressures in social care staffing. NHS England has requested that all systems formally review the workforce increases seen over recent years. Many NHS bodies are already recognising an urgent need to manage down their temporary and agency staff costs, and recruit and retain the substantive staff they need to deliver services. There also needs to be a continued focus on quality and ensuring system governance is sound. Learning from public inquiry reports and maintaining high standards of behaviour is key to improving patient safety and building public trust.

These challenges are likely to make 2024/25 another challenging year for all local health services. However, the NHS is focusing on the recovery of core services through continuous improvement in access, quality, and productivity whilst transforming the way care is delivered and creating stronger foundations for the future.

## Local context

The Trust sits within the Bristol, North Somerset and South Gloucestershire Integrated Care System (ICS) which is home to about 1.1 million people and the diverse population has varied health needs. The numbers of people aged between 15 and 24 years old and people over the age of 60 years are growing, and the population predicted to increase most significantly over the next 25 years is those aged 85 and over. The population is ethnically diverse, with Bristol having the greatest proportion of Black and Minority Ethnic (BME) people (16%) compared to South Gloucestershire (5%) and North Somerset (2.7%). There are significant pockets of deprivation across Bristol, North Somerset and South Gloucestershire, with around one in ten people living in a deprived area. Average life expectancy varies between those living in the most and least deprived areas by around six years, with some places seeing a 15-year difference.

The system financial deficit at the start of 2023/24 was £112.3 million, with a plan to reduce this to £98 million at year end. Use of non-recurrent items to achieve breakeven across the system and each NHS body, plus additional cost in some areas, meant that the deficit increased to £140.2 million. The system-wide Medium Term Financial Plan envisages the deficit being eliminated by 2027/28.

It is within this context that we set out our commentary on the Trust’s value for money arrangements in 2023/24 and make recommendations where any significant weaknesses or improvement opportunities in arrangements have been identified to support management in 2024/25.

# Financial sustainability – commentary on arrangements



We considered how the Trust:	Commentary on arrangements	Assessment
identifies all the significant financial pressures that are relevant to its short and medium-term plans and builds these into them	The Trust ensures that significant financial pressures are built into its financial planning. This is underpinned by the Medium Term Financial Plan, refreshed in September 2023, which then informs the annual budget. Financial plans include assumptions around activity (compared to National targets), income from different patient streams, workforce, inflation and cost pressures. In 2023/24 the Trust measured the impact of industrial action in terms of increased cost and lost income and was able to ensure that it was compensated appropriately. Through non-recurrent funding the Trust achieved a breakeven position, despite under delivery of its efficiency target of £24.2 million by £6.2 million. The Trust has submitted a balanced financial plan for 2024/25.	G
plans to bridge its funding gaps and identify achievable savings	The Trust has appropriate arrangements in place to identify realistic savings. The Trust only measures and reports recurrent efficiencies, which is unusual and represents good practice. However, there is scope to further improve arrangements by ensuring that schemes are fully developed early in the financial year and are realistic - for example, workforce efficiencies. The final 2024/25 financial plan to NHSE shows £23.1 million of recurrent efficiencies and £5.6 million non-recurrent. £11.7 million is "High" risk; £9 million "Medium" and £8 million "Low". Only £1.1 million is "Fully Developed" with £5.0 million "Unidentified". The Trust is now aiming to deliver the full £28.7m efficiencies recurrently. The level of "high" risk and "unidentified" schemes represents a risk to delivery. We have therefore made an improvement recommendation.	A
plans finances to support the sustainable delivery of services in accordance with strategic and statutory priorities	The Trust has appropriate arrangements in place to ensure that financial planning supports the achievement of its priorities This includes understanding cost drivers and taking steps to reduce them and increase efficiency. However, there is scope to more clearly link public financial planning reports to the priorities set out in the Joint Forward Plan and the Trust's three objectives and five improvement priorities. For example, the contribution that the Southmead Elective Care Centre is expected to have, especially given the significant capital cost. This is an area for improvement and we have made a recommendation.	A
ensures 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	The Trust has appropriate arrangements in place to ensure that financial planning is consistent with other plans, including workforce and estates. The Trust works across the system to ensure that plans are aligned and that assumptions are reasonable. Where the Trust is engaging in significant system redesign, for example, the new Elective Care Centre which is shared with UHBW, the impact of this is set out in financial plans.	G
identifies and manages risk to financial resilience, e.g. unplanned changes in demand, including challenge of the assumptions in underlying plans	The Trust has appropriate arrangements in place to identify and manage risks to financial resilience, including finance reports (as part of the Integrated Performance Report) presented to the Board, an Audit and Risk Upward Report delivered by the Audit and Risk Committee (ARC) which includes the BAF, and a Risk Management Report presented to ARC to provide an update on the BAF risks decided at the start of the financial year. Financial risks and mitigations are clearly set out.	G

**G** No significant weaknesses in arrangements identified or improvement recommendation made.

**A** No significant weaknesses in arrangements identified, but improvement recommendations made.

**R** Significant weaknesses in arrangements identified and key recommendations made.

# Financial sustainability – continued



## Areas for improvement

The Trust has appropriate arrangements in place to identify potential CIP schemes and a good practice approach to monitoring delivery through an online app. However, not all of the CIP schemes in 2023/24 were sufficiently developed early enough in the year and the workforce efficiency target of £3.1m saw an adverse delivery of over £7m. Whilst non-recurrent items can be used to offset these challenges, the Trust needs to ensure that CIP schemes are fully developed, robust and realistic at an early stage in the financial year to maximise the likelihood of delivery. The Trust had a recurrent underlying deficit of £33.1m at the start of the year, which increased to £47.9m at year end. The system-wide Medium Term Financial Plan (MTFP) showed the deficit reducing to £29.3m at year end, but additional costs and the need to use non-recurrent items to achieve breakeven meant that the deficit increased. The MTFP envisages the recurrent underlying deficit reducing to £4.5m at the end of 2027/28. But this will require full recurrent delivery of CIP schemes and other cost reductions or income generation.

**Improvement opportunity 1** – In order to increase the percentage of efficiencies delivered, the Trust should ensure that CIP schemes are fully developed early in the financial year and are realistic and achievable.

Financial Planning reports show which of the Trust's five improvement priorities the report relates to. However, there is scope within the reports to expand this. For example, one of the key objectives across the ICS is to reduce health inequalities. The Joint Forward Plan indicates that one of the ways this will be achieved is through providing additional elective activity. This will include the Southmead Elective Centre. However, financial planning reports for 2024/2025 do not make this link.

**Improvement opportunity 2** – The Trust should further enhance financial planning reporting by making it clearer how revenue and capital investments and any efficiencies or savings will support delivery of its objectives and priorities.



## Cost Improvement Plans

- CIPs are individual trusts' efficiency targets, which are reported to NHS England and aggregated up to give a national figure
- The efficiency targets are set at the beginning of the financial year based upon the expected costs set against the projected income for each trust
- CIPs can be delivered from reducing costs or improving productivity
- CIPs can also be recurrent (delivered every year going forward), or non-recurrent (made in one year but incurred in the following year)
- They can also be cash releasing or non-cash releasing
- Over the past decade, Trusts have never delivered more than 5% on average
- The danger of a national efficiency assumption historically is that it has been treated as the 'balancing item' against the overall financial allocation for the service

# Governance – commentary on arrangements



## We considered how the Trust:

## Commentary on arrangements

## Assessment

<p>monitors and assesses risk and how the Trust gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud</p>	<p>The Trust has a robust Board Assurance Framework (BAF) aligned with strategic objectives that serves in managing risk and ensuring accountability. This framework is bolstered by an adequate Risk Management Strategy and Policy, which incorporates incident investigations and audits. Assurance of internal controls and recommendations for mitigation, when necessary, are provided by the Internal Audit function. Oversight of Internal Audit and Counter-fraud activities is provided by the Audit and Risk Committee. However, there is a lack of visibility in Board documents regarding the activities of the People and Quality Triangulation Group, highlighting an area for improvement. Enhancing reporting mechanisms to include detailed updates from this group will strengthen governance and ensure effective risk management.</p>	<p><b>A</b></p>
<p>approaches and carries out its annual budget setting process</p>	<p>The Trust has appropriate budget setting arrangements in place, including aligning with financial plans, ensuring budget holder and divisional involvement through an iterative process of Trust and ICS-wide planning meetings involving internal and external stakeholders, and reporting to Finance and Performance Committee and Trust Board.</p>	<p><b>G</b></p>
<p>ensures effective processes and systems are in place to ensure budgetary control; to communicate relevant, accurate and timely management information; supports its statutory financial reporting; and ensures corrective action is taken where needed, including in relation to significant partnerships</p>	<p>Budget monitoring reports provide a clear understanding of the financial position to the Board. Sufficient evidence is provided to support the conclusions made on the financial position and key variances are explained. Non financial information is also included in Integrated Performance Reports to Board, for example around workforce metrics and patient experience.</p>	<p><b>G</b></p>
<p>ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency, including from audit committee</p>	<p>There are sufficient arrangements to support effective challenge and decision-making at the Board level. Detailed papers underpin key decisions, ensuring transparency and accountability. Regular reports from Board committees deliver concise summaries of issues, actions, and risks, keeping the Board informed. These mechanisms enable informed decisions and constructive challenge. There are no signs of an inappropriate tone from the top in Board and operational meetings. One prior year recommendation relating to the backlog of policy reviews has not been fully implemented and is carried forward. This criterion is therefore assessed as “Amber”.</p>	<p><b>A</b></p>
<p>monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements and standards in terms of staff and board member behaviour</p>	<p>The Trust has established processes to ensure compliance with appropriate standards, including legislative and regulatory requirements. Policies and procedures are in place to uphold these standards, such as the annual declaration of interests and management of gifts and hospitality to prevent conflicts of interest. Additionally, procurement and commissioning activities are governed by procedures designed to meet legislative and regulatory standards. However, a gap exists in the reporting of waivers for formal tendering procedures to the Audit and Risk Committee, compromising oversight in procurement activities. This is an improvement opportunity.</p>	<p><b>A</b></p>

**G** No significant weaknesses in arrangements identified or improvement recommendation made.

**A** No significant weaknesses in arrangements identified, but improvement recommendations made.

**R** Significant weaknesses in arrangements identified and key recommendations made.

# Governance – continued



## Areas for improvement

Board papers indicate that the establishment of the People and Quality Triangulation Group was intended to enhance the integration of various data sources and address systemic issues across the Trust. However, there is no specific mention of the outcomes or actions taken by this group in the reports presented to the Board.

**Improvement opportunity 3** – The Trust should enhance reporting mechanisms to include specific outcomes and actions from the People and Quality Triangulation Group in the upward reports to the Board, ensuring transparency and oversight of its contributions to the Trust's strategic objectives.

The Trust's Standing Financial Instructions mandate that all instances where competitive tendering requirements are waived be reported to the Audit and Risk Committee to ensure oversight of compliance with internal control requirements for procurement activities. Although a Single Tender Action (STA) register report is provided, it lacks sufficient detail for thorough scrutiny. The report includes the total number and value of waivers granted since the previous report and lists the top three suppliers receiving contracts without competitive tender. However, it omits information such as details of individual waivers, their contract values, the purpose of the contracts, and reasons for bypassing competitive tendering. Additionally, recording the sequential waiver or STA number is standard practice to maintain continuous reporting. The current omissions could compromise the transparency and oversight of procurement waivers, risking non-compliance with the Standing Financial Instructions.

**Improvement opportunity 4** – The Trust should ensure that the Audit and Risk Committee receives a detailed report of the Single Tender Action (STA) or waiver register. This report should include each instance where competitive tendering procedures were waived. This will enhance transparency and oversight, ensuring compliance with regulatory requirements in procurement activities and the Trust's Standing Financial Instructions.

## Ongoing Prior Year Improvement Recommendation

In our prior year report we made an improvement recommendation that the Trust should continue to clear its backlog of policy reviews. This work is ongoing, so our recommendation is carried forward. Please see Appendix C for further details.



# Improving economy, efficiency and effectiveness – commentary on arrangements



We considered how the Trust:	Commentary on arrangements	Assessment
uses financial and performance information to assess performance to identify areas for improvement	The Trust effectively uses Integrated Performance Reports (IPRs) to assess performance across various areas, including Urgent Care, Elective Care, Diagnostics, Cancer Wait Times, Quality, Workforce, and Finance. These reports incorporate risk ratings for a wide range of metrics, providing a visual record of performance against national standards and documenting actions to address any identified improvement areas. The Trust also makes appropriate use of inspections, national reports and benchmarking to support its improvement.	G
evaluates the services it provides to assess performance and identify areas for improvement	In November 2023, the Trust underwent a Care Quality Commission (CQC) inspection, focusing on safety and leadership in Maternity Services, resulting in a "Good" safety rating and an "Outstanding" leadership rating. According to the NHS Oversight Framework Provider Segmentation List of March 28, 2024, the Trust is currently in segment 2, indicating areas for improvement but not requiring intensive support.	G
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	The Trust, in collaboration with stakeholders, sets strategic priorities based on NBT Cares Values and the Positive Behaviours Framework. Partnership working within the Integrated Care System (ICS) is evident, with structured mechanisms ensuring regular feedback. The Trust's engagement in Emergency Preparedness, Resilience, and Response (EPRR) demonstrates effective system working within the ICS. Engagement in the Integrated Care Partnership (ICP) and Integrated Care Board (ICB) Leadership Forums further demonstrates the Trust's role within partnership.	G
commissions or procures services, assessing whether it is realising the expected benefits	<p>There are improvement opportunities in the Trust's contract management and procurement processes. Key issues include a paused contracts register, insufficient active management, and inadequate performance tracking and review mechanisms, potentially impeding the Trust's ability to assess and realise expected benefits from commissioned services. Proposed Bristol and Weston NHS Purchasing Consortium (BWPC) restructuring to integrate contract management by end of 2024, if properly supported, alongside ongoing procurement efficiency programs, presents viable solutions to bridge these gaps and enhance contract benefit realisation.</p> <p>The Trust is actively pursuing procurement efficiencies through an organisation-wide programme and collaboration with University Hospitals Bristol and Weston (UHBW). The programme is structured with clear financial targets and spans multiple organisational divisions, incorporating systemwide initiatives like digital transformations and NHS supply chain engagements to maximise procurement opportunities and achieve cost savings.</p>	A

**G** No significant weaknesses in arrangements identified or improvement recommendation made.

**A** No significant weaknesses in arrangements identified, but improvement recommendations made.

**R** Significant weaknesses in arrangements identified and key recommendations made.



# Improving economy, efficiency and effectiveness– continued

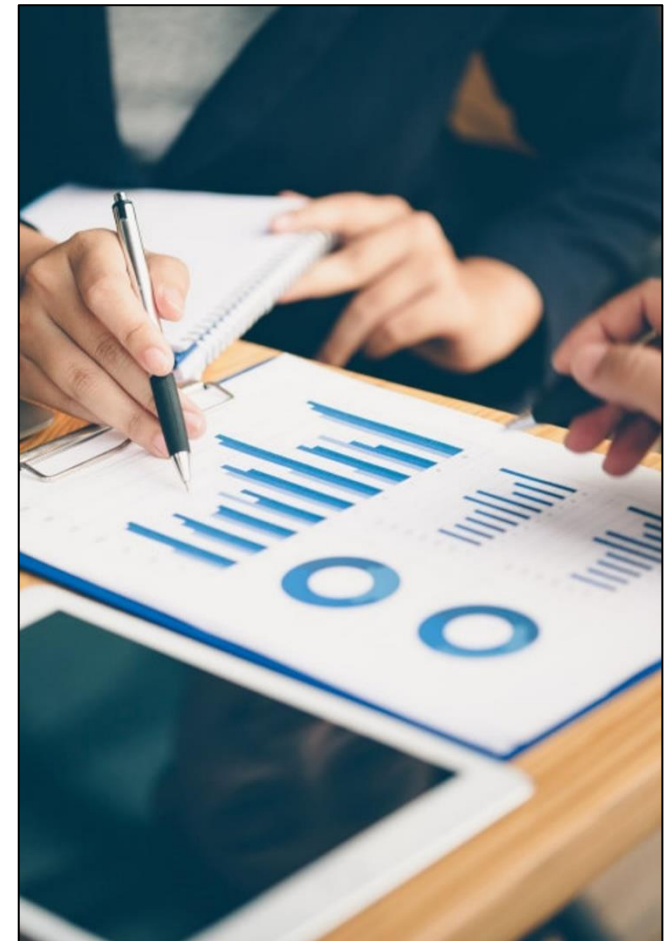


## Areas for improvement

The Trust currently faces challenges in effectively managing and overseeing contracts due to limitations in its existing contract management system. Recognising these gaps, Bristol and Weston NHS Purchasing Consortium (BWPC) plans a restructuring of its contract management framework. The Trust is advised to support these changes and take the necessary action for them to be in place and embedded during 2024/25. The aims and objectives of the restructuring should include the introduction of dedicated roles tailored for continuous monitoring, performance management, and oversight. A strategic aim of the restructuring should be to enable systematic performance monitoring of key commissioned services. Escalation protocols should be developed where the expected benefits of these contracts are not fully realised.

**Improvement opportunity 5** – The Trust should expedite the restructuring of Bristol and Weston NHS Purchasing Consortium (BWPC's) contract management framework, ensuring operational embeddedness by Quarter 4 2024. This should include establishing dedicated roles for continuous monitoring, performance management, and oversight, with explicit emphasis on realising benefits from key commissioned services.

The Trust should also ensure that the restructuring objectives incorporate systematic performance monitoring and robust escalation protocols for contracts not meeting expected benefits.



**Value for Money  
Recommendations raised in  
2023/24**



# Recommendations raised in 2023/24

Recommendation	Type of recommendation *	Criteria impacted	Evidence	Impact or possible future impact	Actions agreed by Management
1 In order to increase the percentage of efficiencies delivered, the Trust should ensure that CIP schemes are fully developed early in the financial year and are realistic and achievable.	Improvement	Financial sustainability	Financial monitoring reports, 2024/25 financial plan to NHS England.	Ensuring that efficiency schemes come on stream early in the financial year maximises the benefit from them and can help to offset unexpected challenges and schemes which do not deliver as planned.	<p><b>Action:</b> The Trust will focus on the identification and delivery of recurrent savings in the first six months of the year, and monitor through Financial Sustainability Board and Executive Divisional Reviews.</p> <p><b>Responsible Officer:</b> Director of Operational Finance</p> <p><b>Executive Lead:</b> Chief Finance Officer</p> <p><b>Date:</b> 01/10/24</p>
2 The Trust should further enhance financial planning reporting by making it clearer how revenue and capital investments and any efficiencies or savings will support delivery of its objectives and priorities.	Improvement	Financial sustainability	Trust Strategy, Trust objectives, Medium Term Financial Plan, Joint Forward Plan, Financial planning reports to Board.	Better linking financial planning to the Trust's objectives will increase the likelihood of those objectives being delivered by enhancing focus on them and ensuring that scarce resources are clearly targeted.	<p><b>Action:</b> The Trust will further incorporate references to objectives and priorities in its business case templates and then develop into templates for 2025/26 planning.</p> <p><b>Responsible Officer:</b> Director of Operational Finance</p> <p><b>Executive Lead:</b> Chief Finance Officer</p> <p><b>Date:</b> 01/09/24</p>

- Explanations of the different types of recommendations which can be made are summarised in Appendix B.
- We have followed up prior year recommendations in Appendix C.

# Recommendations raised in 2023/24

Recommendation	Type of recommendation *	Criteria impacted	Evidence	Impact or possible future impact	Actions agreed by Management
3 The Trust should enhance reporting mechanisms to include specific outcomes and actions from the People and Quality Triangulation Group in the upward reports to the Board, ensuring transparency and oversight of its contributions to the Trust's strategic objectives.	Improvement	Governance	Review of Board papers.	Increasing visibility in Board papers regarding the activities of the People and Quality Triangulation Group, by enhancing reporting mechanisms to include detailed updates from this group, will strengthen governance and ensure effective risk management.	<p><b>Action:</b> The People &amp; Quality Triangulation Group reports to the Executive-led People Oversight Group (POG). The outcomes, conclusions, and actions arising from the People &amp; Quality Oversight Group will be included within the POG report to the Board's People &amp; EDI Committee, which will in turn provide assurance on the triangulation of this data to the Trust Board via its upward reports. Any matters that relate specifically to Quality/Clinical matters will be referred to the Quality Committee as appropriate. In addition to this reporting route, the bi-annual Freedom to Speak Up report directly to Trust Board will include relevant triangulation information from the People &amp; Quality Triangulation group.</p> <p><b>Responsible Officer:</b> Deputy Chief People Officer (report to POG/People &amp; EDI Committee), Trust Secretary (FTSU Report)</p> <p><b>Executive Lead:</b> Glyn Howells, Chief Finance Officer</p> <p><b>Due Date:</b> 30 September 2024</p>

- Explanations of the different types of recommendations which can be made are summarised in Appendix B.
- We have followed up prior year recommendations in Appendix C.

# Recommendations raised in 2023/24

Recommendation	Type of recommendation *	Criteria impacted	Evidence	Impact or possible future impact	Actions agreed by Management
<p>4 The Trust should ensure that the Audit and Risk Committee receives a detailed report of the Single Tender Action (STA) or waiver register. This report should include each instance where competitive tendering procedures were waived. This will enhance transparency and oversight, ensuring compliance with regulatory requirements in procurement activities and the Trust's Standing Financial Instructions.</p>	Improvement	Governance	Review of waiver reporting.	The absence of a detailed waiver register report in the Audit and Risk Committee papers could compromise the transparency and oversight of procurement waivers, potentially leading to non-compliance with procurement regulations.	<p><b>Action:</b> Bristol and Weston NHS Purchasing Consortium (BWPC) to provide full register of STAs to Audit and Risk Committee on a 1/4ly basis and provide full access to STA documents for processes which have had the compliant processes waived.</p> <p><b>Responsible Officer:</b> Phil Lewis, Interim Director of Procurement</p> <p><b>Executive Lead:</b> Glyn Howells, Chief Finance Officer</p> <p><b>Due Date:</b> 8/8/24 (next Audit and Risk Committee).</p>
<p>5 The Trust should expedite the restructuring of Bristol and Weston NHS Purchasing Consortium (BWPC's) contract management framework, ensuring operational embeddedness by Quarter 4 2024. This should include establishing dedicated roles for continuous monitoring, performance management, and oversight, with explicit emphasis on realising benefits from key commissioned services.</p> <p>The Trust should also ensure that the restructuring objectives incorporate systematic performance monitoring and robust escalation protocols for contracts not meeting expected benefits.</p>	Improvement	Improving economy, efficiency and effectiveness	Discussions with Officers.	A paused contracts register, insufficient active management, and inadequate performance tracking and review mechanisms all potentially impede the Trust's ability to assess and realise expected benefits from commissioned services.	<p><b>Action:</b> BWPC to submit full business case detailing re-structure of the team to establish a formal contract management function.</p> <p><b>Responsible Officer:</b> Phil Lewis, Interim Director of Procurement</p> <p><b>Executive Lead:</b> Glyn Howells, Chief Finance Officer</p> <p><b>Due Date:</b> 1/11/24 – subject to approval and consultation processes.</p>

- Explanations of the different types of recommendations which can be made are summarised in Appendix B.
- We have followed up prior year recommendations in Appendix C.

# Appendices

# Appendix A: Responsibilities of the NHS Trust

Public bodies spending taxpayers' money are accountable for their stewardship of the resources entrusted to them. They should account properly for their use of resources and manage themselves well so that the public can be confident.

Financial statements are the main way in which local public bodies account for how they use their resources. Local public bodies are required to prepare and publish financial statements setting out their financial performance for the year. To do this, bodies need to maintain proper accounting records and ensure they have effective systems of internal control.

All local public bodies are responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness from their resources. This includes taking properly informed decisions and managing key operational and financial risks so that they can deliver their objectives and safeguard public money. Local public bodies report on their arrangements, and the effectiveness with which the arrangements are operating, as part of their annual governance statement.

The directors of the Trust are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The directors are required to comply with the Department of Health & Social Care Group Accounting Manual and prepare the financial statements on a going concern basis, unless the Trust is informed of the intention for dissolution without transfer of services or function to another entity. An organisation prepares accounts as a 'going concern' when it can reasonably expect to continue to function for the foreseeable future, usually regarded as at least the next 12 months.

The Trust is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.



# Appendix B: Value for Money Auditor responsibilities



## Value for Money arrangements work

All NHS Trusts are responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness from their resources. This includes taking properly informed decisions and managing key operational and financial risks so that they can deliver their objectives and safeguard public money. The Trust's responsibilities are set out in Appendix A.

NHS Trusts report on their arrangements, and the effectiveness of these arrangements as part of their annual governance statement.

Under the Local Audit and Accountability Act 2014, we are required to be satisfied whether the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The National Audit Office (NAO) Code of Audit Practice ('the Code'), requires us to assess arrangements under three areas:

### Financial Sustainability

Arrangements for ensuring the Trust can continue to deliver services. This includes planning resources to ensure adequate finances and maintain sustainable levels of spending over the medium term (3-5 years).

### Governance

Arrangements for ensuring that the Trust makes appropriate decisions in the right way. This includes arrangements for budget setting and management, risk management, and ensuring the Trust makes decisions based on appropriate information.

### Improving economy, efficiency and effectiveness

Arrangements for improving the way the Trust delivers its services. This includes arrangements for understanding costs and delivering efficiencies and improving outcomes for service users.

2023/24 is the fourth year that we have reported our findings in this way. We undertake and report the work in three phases as set out in the Code.

## Phase 1 – Planning and initial risk assessment

As part of our planning we assess our knowledge of the Trust's arrangements and whether we consider there are any indications of risks of significant weakness. This is done against each of the reporting criteria and continues throughout the reporting period.

Information which informs our risk assessment	
Cumulative knowledge of arrangements from the prior year	Key performance and risk management information reported to the Board
Interviews and discussions with key officers	NHS Oversight Framework (NOF) rating
Progress with implementing recommendations	Care Quality Commission (CQC) reporting
Findings from our opinion audit	Annual Governance Statement including the Head of Internal Audit annual opinion

## Phase 2 – Additional risk-based procedures and evaluation

Where we identify risks of significant weakness in arrangements we will undertake further work to understand whether there are significant weaknesses. We use auditor's professional judgement in assessing whether there is a significant weakness in arrangements and ensure that we consider any further guidance issued by the NAO.

## Phase 3 – Reporting our commentary and recommendations

The Code requires us to provide a commentary on your arrangements which is detailed within this report. Where we identify weaknesses in arrangements we raise recommendations. A range of different recommendations can be raised by the Trust's auditors as follows:

- **Key recommendations** – the actions which should be taken by the Trust where significant weaknesses are identified within arrangements.
- **Improvement recommendations** – actions which should improve arrangements in place but are not a result of identifying significant weaknesses in the Trust's arrangements.
- **Statutory recommendations** – written recommendations to the Trust under Section 24 (Schedule 7) of the Local Audit and Accountability Act 2014.



# Appendix C: Follow-up of previous recommendations

Recommendation	Type of recommendation *	Date raised	Progress to date	Addressed?	Further action?
<p>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:</p> <ul style="list-style-type: none"> <li>be updated with the latest 2023/24 financial plan and assumptions</li> <li>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</li> <li>be aligned with other Trust plans (for example workforce, operational plans and estates) and be aligned with the system medium term financial plan and assumptions</li> <li>be underpinned by a detailed pipeline of financial opportunities over the 3-5 year period.</li> </ul>	Improvement	June 2023	<p>The Trust worked alongside the ICB and other system partners in the development of a Medium Term Financial Plan with a set of aligned assumptions, based on known aspects of the financial framework in future years.</p> <p>This plan shows a route to the overall system being breakeven by 2026/27, with a set of realistic and achievable assumptions around savings delivery. The BNSSG Medium Term Financial Plan outlines the savings opportunities and work undertaken to ensure that wider operational and capital aspects are considered.</p> <p>In addition, the Trust has undertaken a review of the drivers of the financial position and updated the underlying position of the Trust. This will be incorporated into any future iteration of the Medium Term Financial plan.</p>	Yes	No.

\* Explanations of the different types of recommendations which can be made are summarised in Appendix B.

# Appendix C:

## Follow-up of previous recommendations

Recommendation	Type of recommendation *	Date raised	Progress to date	Addressed?	Further action?
<p>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 2023/24.</p> <p>2 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 FPC and Board will be critical with effective corrective action necessary if slippage occurs to ensure financial targets continue to be achieved.</p>	Improvement	June 2023	<p>A robust governance process was implemented for 2023/24 to ensure that transparency of planned/ delivered figures could be escalated from divisions through to FPC/Board and ICS colleagues.</p> <p>The overall savings position is reported monthly to the ICB through the sharing of NHSE monthly returns and incorporated in the ICB Finance paper.</p>	Yes	We have raised a new recommendation this year, relating to identifying and working up efficiency opportunities earlier.
<p>3 The Trust should undertake further review of how it applies its risk appetite, and the frequency of Board and Committee review. Given the current number of TLRs assigned to Board or Committees a more in-depth focus on the key risks may be appropriate at regular intervals. This should result in greater focus on those that present the greatest risk to the delivery of the Trust's objectives.</p>	Improvement	June 2023	<p>The Trust Board undertook its annual risk appetite seminar in May 2023 and set the organisational risk appetite and risk tolerance thresholds. This has subsequently been communicated to the organisation via Divisional Risk Management Workshops, Risk Management Group, and updates to the Risk Management Strategy and Policy document.</p> <p>Board Committees continue to receive targeted risk reports, and a number of risk “deep dives” have been carried out at Committee level.</p>	Yes	No.

# Appendix C: Follow-up of previous recommendations

Recommendation	Type of recommendation *	Date raised	Progress to date	Addressed?	Further action?
4 Our recommendation remains consistent with prior year. We recommend that the Trust continues to clear the backlog of policy reviews, prioritising those that are most high-risk and the areas that are most affected, such as HR, Facilities, H & S and Finance.	Improvement	June 2023	The Trust has continued its focus on clearing the backlog of trust-wide policies which are past their due date. There has been improvement in-year, acknowledging that this is a "moving target". There has been a net 7.78% reduction in policies past their review date between March 2023 and March 2024, with particular improvements in HR, Finance, and Health & Safety.	In part	Yes – the Trust needs to continue to focus on this area.
5 .We recommend the Trust seeks Board member feedback during the course of 2023/24 on effectiveness of the new reporting arrangements to consider whether any further changes should be made and whether the arrangements could be further strengthened	Improvement	June 2023	The Trust has continued with its annual committee self-review process. New reporting templates have been implemented and appear to have landed well. Some additional findings within the Developmental Well-Led report (2023) have resulted in an action to develop some further changes to committee upward reports. This has been incorporated into the Trust's Well-Led action plan.	Yes	No.
6 The Trust should continue enhanced oversight of the areas highlighted by the system and through its own performance monitoring arrangements until sustained improvement of performance is achieved. Effectiveness of arrangements put in place should be considered on an ongoing basis, and if these are not deemed to be improving performance, they should be revisited.	Improvement	June 2023	The Trust uses performance reporting effectively and is aware of areas where it needs to improve further. Plans to address this are included in the planning reports to Board. The Trust is working with partners (notably UHBW) to improve performance through a new elective centre.	Yes	No.

