



Auditor's Annual Report  
Cambridgeshire Community Services NHS Trust  
("The Trust")

For the year ended 31 March 2023



Ref: PLCA109194/CS/MB  
Date: 29 June 2023

**PRIVATE & CONFIDENTIAL**

The Board of Directors  
Cambridgeshire Community Services NHS Trust  
Unit 7/8  
Meadow Lane  
St Ives  
Cambridgeshire  
PE27 4LG

Dear Sirs and Madams

**Cambridgeshire Community Services NHS Trust – Auditor’s Annual Report**

We are pleased to attach our draft Auditor’s Annual Report. This report, which is designed to be the basis of discussion when we meet, 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 sincerely

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

**BISHOP FLEMING LLP**

# Contents

1. Introduction .....	2
2. Executive summary .....	3
3. Audit of the financial statements .....	4
4. Value for Money .....	6
5. Financial sustainability.....	7
6. Governance .....	9
7. Improving efficiency, economy and effectiveness .....	12
8. Recommendations.....	14

# 1. Introduction

Our Auditor's Annual Report (AAR) summarises the work that we completed for Cambridgeshire Community Service NHS Trust for the year ended 31 March 2023.

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 that we issued to the Trust in March 2023.

## 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 xx June 2023. 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 29 June 2023. There were a number of areas that required updating and amending in the financial statements, which have been completed by management. See section 3 for more details.




### 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 2023.

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

<b>Financial sustainability</b>		We did not identify any significant weaknesses in the Trust's arrangements for financial sustainability.  We have also not made any recommendations.
<b>Governance</b>		We did not identify any significant weaknesses in the Trust's governance arrangements.  We have identified four recommendations, where we consider arrangements in place could be improved. See section 8 for details.
<b>Improving economy, efficiency and effectiveness</b>		We did not identify any significant weaknesses in the Trust's arrangements for improving efficiency, economy and effectiveness.  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 unqualified opinion on the Trust's financial statements on 29 June 2023.

### 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. The following issues were identified and amended by management:

- The Statement of chief executive's responsibilities as the accountable officer of the trust and the Statement of directors' responsibilities in respect of the accounts included in the draft Annual Report were not consistent with the Statements issued by the Department for Health and Social Care (DHSC).
- Some minor inconsistencies were noted between the figures in the draft Annual Report and the financial statements.

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 on 29 June 2023 however, amendments were required to the Remuneration Report to comply with the requirements of the Group Accounting Manual. The following issues were identified:

- Additional disclosure was required in the Salary Table in respect of the Chief Executive's secondment and bonus arrangements.
- The table required for exit packages was not included in the draft Annual Report.
- The calculation of the highest paid director for the fair pay disclosures identified the wrong individual as it included remuneration in respect of another role. The fair pay ratios and average salary calculations had to be restated for the prior year as a result of this issue.
- The fair pay ratios and the average salary calculations had to be restated to include the impact of agency staff and reflect the Agenda for Change pay award.
- The average staff numbers table included in the Staff report incorrectly included non-executive directors and excluded temporary staff.
- The analysis of staff numbers and cost needed to be updated to reflect the £1.7m adjustment in respect of the historical understatement of salaries and wages due to the apprenticeship levy error.

## Key issues arising

- Our work on IFRS16 Leases identified that the Trust's largest lease had been misstated by £3.9m due to the wrong annual payment amount being used to calculate the IFSR 16 value. We also identified other differences between the details used to calculate the lease values and the lease agreements.
- Our work identified two capital payables with a value of £7.6m that were incorrectly recognised as Assets Under Construction. The evidence provided supported that they were capital commitments rather than capital expenditure in the year and should be accounted for a prepayments.

The Trust amended the financial statements for both of these issues.

More detailed findings can be found in our Audit Completion Report which was reported to the Audit Committee on 19 June 2023.

## 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 2023.

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 did not identify any potential risks of significant weakness.

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 risks of significant weakness 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 2022/23 outturn

2022/23 saw the NHS funding arrangements move back towards pre-Covid arrangements using the aligned contract methodology. As such financial sustainability is once again a priority for the sector after two years of additional Covid funding being available.

The Trust achieved a small surplus of £120k in 2022/23, thereby achieving its breakeven duty in the year. While there is no evidence of the Trust being over reliant on support from the centre to achieve financial balance, the Trust did utilise £1.5m of additional funding from NHSE, via Cambridge and Peterborough ICB, in order to break-even in 2022/23. This was due to an error in accounting for the Apprenticeship Levy going back to 2017/18, that was only identified in March 2023. This was a one-off error and there is no evidence of systematic support to the achievement of the breakeven target.

### Financial planning and monitoring

The Trust keeps its financial forecast position under review throughout the year, submitting monthly monitoring reports to NHSE in line with guidance and requirements. The forecast is updated to reflect changing circumstances throughout the year.

The Trust's Operational Plan for 2023/24 sets out the details of the Trust's plans for the year, with links to their strategic objectives and ambitions. It includes the financial data, which agrees back to the financial plan submitted to NHSE, and includes actions plans for the year. The Trust's strategic objectives and ambitions are also set out in their 'Three-year strategic framework 2023-2026'.

The Trust has a capital plan in place. The projects have been progressed following agreement of their alignment with the Trust's, and wider system's, priorities. We noted that the capital plan position, that gets reported to the Board, excludes the Community Diagnostic Centre spend, with it being specifically removed. This means that the capital expenditure reported to the Board does not agree with the capital amounts in the Trust's financial statements.

The financial reporting to the Board is within the Integrated Governance Report (IGR). Individual Clinical Operational Boards consider the detailed financial position for their areas.

## Achieving efficiency savings

The IGR reported to the May 2023 Board meeting reported that at month 12 the Trust had achieved its full £2.7m of savings, with each department delivering in line with its plan. The report states that they were achieved through a combination of planned and unplanned delivery of recurrent and non-recurrent schemes. However, it does not give any further details of the proportion of savings that were planned and delivered recurrently. The detailed summary of the delivery of CIP for 2022/23 shows that of the £2.7m achieved, £2.6 of this was non recurrent (95%), with £2.46m of this being due to Trust-wide or directorate underspends. This reflects that the Trust was still getting back into the "business as usual" of identifying and delivering specific CIPS schemes following the suspension of this activity during COVID. However, we consider that the reporting to the Board could have been more transparent about how the savings had been delivered and have raised a recommendation in respect of financial reporting to the Board.

The Trust's 2023/24 plan shows a breakeven position, but also requires the Trust to deliver efficiencies of £5.1m, with £4.1m of these being recurrent. Given the level of savings achieved in 2022/23, with those savings almost entirely being non-recurrent, this will represent a significant challenge to the Trust. The Trust are currently working on the detailed plans for the 2023/24 CIP savings and have not been able to provide details of the current status of these plans (e.g. RAG rating for Plans in place, ideas being worked up, unidentified).

The Trust has a policy in place for CIP schemes, with a Quality Impact Assessment (QIA) being a requirement for larger schemes. QIAs have to be completed with a group of stakeholders to ensure a wide range of opinions have been considered, and this is then reviewed by the Chief Nurse before going to a Quality Impact Review Panel for approval. These schemes will ultimately be subject to a Post Implementation Review.

As savings have been primarily delivered via underspends in the first year after the suspension of the normal efficiency savings arrangements, there are recent PIRs for us to consider as evidence. However, there is no evidence of weaknesses in the Trust's CIP arrangements.

## 2023/24 financial planning

The Trust submitted a 2023/24 Financial Planning Return (FPR) on 27 March 2023 in line with the NHSE planning guidance. The plan shows a surplus of £140k, effectively a breakeven position, for the Trust. All financial planning is done on a system wide basis, with the Trust's planning assumptions feeding into the overall system Integrated Planning Return (IPR for Cambridge and Peterborough ICB) which was submitted on 30 March 2023. The Trust are the only one of the five providers in the ICB area that did not set a deficit budget for 2023/24.

The Trust has a multi-year workforce plan in place. Workforce plans for all bodies within the Cambridge and Peterborough system are triangulated as part of the Integrated Plan submission.

The Board Assurance Framework (BAF) and IGRs include appropriate financial risks and metrics. These risks are monitored and updated throughout the period. Risks are appropriately captured within the financial planning process. The Trust and the system financial plans factor in risks to the delivery of the plans, setting out the mitigations that have been identified. Block contracts being in place reduce the potential level of risk that the Trust could be facing.

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

## 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

The Risk and Issue Management Policy clearly defines how risks are reported through to the Board and is reviewed annually by the Audit Committee.

There is a BAF in place that covers relevant strategic risks detailing the executive lead, the lead committee and the appropriate corporate objective. For each risk identified, the BAF details the 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 all sub-committees. The IGR, which is reported through every public board, focusses on all strategic risks and operational risks scoring 15 and above.

The Trust's Governance Structure is made up of the Trust Board and ten sub-committees, 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 main board in order to report any risks.

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 are able to focus on the key risks.

Due to the nature of the Trust, there is a broad coverage of services provided across a number of large geographical regions. Because of this, the Trust is able to identify trends in the health system as a whole and consider the level of risk.

Internal Audit's Risk Management report gave a Substantial Assurance rating on the Trust's arrangements.

### Internal control

The Trust's Internal Audit is provided by RSM, who have 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.

Through our review of the Internal Audit reports, along with review 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.

Internal Audit completed their work for the 2022/23 financial year and the Head of Internal Audit opinion stated that the Trust has an adequate and effective framework for risk management, governance and internal control. It

also reports that their work has identified further enhancements are required to ensure it remains adequate and effective.

The Local Counter Fraud Service (LCFS) is also provided by RSM. 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.

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**

Budgets are developed at a service level throughout the Trust and reviewed by senior managers before approved by the Board. When developing the budgets, central NHS assumptions including those around staff costs will be included. Due to the nature of the Trust and the operations, there are a number of contracts in place with commissioners. The income is agreed based on the service model in place with each commissioner.

The Trust's 2023/24 Financial Plan shows a surplus of £140k, effectively a breakeven position, for the Trust.

The Clinical Operational Boards (COB) have ownership of the budgets for their areas for ongoing reporting and monitoring and budget holders have online access to financial reporting data.

Sufficient evidence has been seen through review of minutes to provide assurance that the budget setting and monitoring processes are reported frequently throughout the year. Our review of the IGR confirms that there is relevant non-financial information included, which helps to support the significant variances that are reported. This is not only supported by the financial reporting but also the three other core areas of the IGR.

As referenced in the Financial Sustainability work, the financial reporting to the Board is summarised at a high level compared to other NHS bodies. The COBs receive detailed financial information, but this does not consider the overall Trust position. We would normally expect detailed financial reporting at the Trust level to be reported to a Finance Committee. However, the Trust do not have a Finance Committee and as a result the IGR to the Board contains high level summarised financial data. We identified some examples of where the summarised nature of the financial information has led to a lack of transparency in the reporting:

- We identified variances in the capital reporting between the IGR and the financial statements. The IGR reported to the May Board has detailed a capital spend of £4.1m, however, there are capital additions of £14m in the draft financial statements. This is due to the Trust not including the capital spend relating to the Community Diagnostic Centre at Ely. The rationale for this is that the money is only going through the Trust's accounts as they are the freeholder of the site and are therefore only hosting the scheme. This results in the reporting to Board not being consistent with the Trust's financial statements. This also raises the question over where the governance and oversight of this project sits if it is not being reported to the Board.
- CIP savings were reported in the May IGR to have been achieved in line with the target set by "a combination of planned and unplanned delivery of recurrent and non-recurrent schemes". In fact, 95% of the savings were delivered non-recurrently with most of this being via underspends rather than planned schemes.
- The May IGR also reported that the Trust achieved its breakeven position. However, there is no reference to the Apprenticeship Levy historical error identified in March 2023 (£1.7m). This would have led to the Trust not breaking even if an additional £1.5m of income had not been received from NHSE via the ICB.

We have raised recommendations regarding the level of detail and transparency of reporting to the Board, and also in respect of the consistency of reporting.

### **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, whether the item links to issues on the BAF and/or risk register and any previous papers on the same topic. 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.

In line with the Trust's Terms of Reference for the Board of Directors, papers should be circulated to members and attendees at least five working days prior to each meeting. However, in the Standing Orders, it details that the agenda should be circulated six days before the meeting and the papers, should accompany the agenda where possible, but will be circulated no later than three days prior to the meeting.

Our review of minutes has evidenced that there is a consistent level of clinical involvement in all levels. From our review of the Well Led programme, there is clear progress, demonstrating that leaders are making a concerted effort to implement and maintain an appropriate culture within the Trust.

Due to the nature and operations of the Trust, partnership working throughout the local health economies is well established and it is evident from minute reviews that appropriate governance arrangements are embedded in the Trust to review the range of local health economies covered.

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

### **Ensuring appropriate standards**

We have been informed that there have been no instances of significant non-compliance within the year. Throughout our review, we have not identified anything that has contradicted this. The Trust's Quality Improvement and Safety Committee (QISCOM) monitor issues that may have an impact on non-compliance throughout the Trust.

The Trusts Standing Orders are updated as required for changes in legislation and also subject to a 3-year cycle of review. The Standing Financial Instructions are available to staff on the Intranet.

There are several roles within the Trust with responsibility for ensuring compliance including the Director of Finance, Director of Corporate Governance and the Trust Secretary. Collectively, they ensure that the Trust's Standing Orders are updated to ensure the correct operating procedures are updated and available to staff to ensure they are aware of what is expected of them.

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. We have made recommendations for areas of improvement at section 8.***

## 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 Board in its bi-monthly IGR. The IGR provides the Board with 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 Three-Year Strategic Framework 2023-26 incorporates national strategies which have been introduced to improve the healthcare system. 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 three 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.

There is good evidence of the Trust implementing internal and external audit recommendations.

### Partnership working

The Trust has established collaborative arrangements monitored through the Board and have established governance structures, with an example being the Bedfordshire Community Health Services Partnership Board. There is evidence of clear communication between the Board and its partnerships.

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

### Commissioning and procuring services

The Trust does not have a procurement strategy. However, the Trust is part of the East of England NHS collaborative procurement hub to assist with their procurement.

The Trust's Standing Financial Instructions includes operating guidelines regarding of quotations, tendering and requisitions. It also includes limits at which tenders or quotes are required and delegated levels of authorisation.

It also sets 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 issue when they arise.

Throughout the year, the Trust have identified a number of issues and errors with regard to their payroll provider, NHS Shared Business Services. The evidence demonstrates the communications with NHS SBS over the issue, proposed remedial actions and ongoing actions to resolve the issue.

The financial dashboards in the IGR 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 for improving economy, efficiency 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**

Financial reporting to the Board	
 <p>The financial reporting to the Board in the Integrated Governance Report (IGR) is at a summarised high level. A detailed Trust wide position is not being considered at any other Committee, as the Trust do not have a Finance Committee.</p> <p>CIP savings were reported in the May IGR to have been achieved in line with the target set by "a combination of planned and unplanned delivery of recurrent and non-recurrent schemes". In fact, 95% of the savings were delivered non-recurrently with most of this being via underspends rather than planned schemes.</p> <p>The May IGR also reported that the Trust achieved its breakeven position. However, there is no reference to the Apprenticeship Levy historical error identified in March 2023 (£1.7m). This would have led to the Trust not breaking even if an additional £1.5m of income had not been received from NHSE via the ICB.</p>	<p><b><u>Recommendation</u></b></p> <p>The financial reporting to the Board should include more detail and ensure that there is increased transparency over areas of challenge - such as the apprenticeship levy issue/additional £1.5m income and the delivery of CIP savings (recurrent/non-recurrent, planned/unplanned).</p> <p><b><u>Management comment</u></b></p> <p>Management had been in agreement with the Board that the content of the Sustainability Section of the Trust's Integrated Governance Report, should be extended with greater detail of Trust wide financial performance and issues / forecast challenges for the Trusts finances, but also to include reference to the finances of the systems the Trust provides services and supports.</p>



Reporting of capital expenditure	
	
<p>We identified variances in the capital reporting in the IGR and the financial statements.</p> <p>The IGR reported to the May Board has detailed capital spend of £4.1m, however there are capital additions of £14m in the draft financial statements. This is due to the Trust not including the capital costs relating to the Community Diagnostic Centre at Ely.</p> <p>This results in the reporting to Board not being consistent with the Trust's financial statements. This also raises the question over where the governance and oversight of this project sits if it is not being reported to the Board.</p>	<p><b><u>Recommendation</u></b></p> <p>The financial reporting to the Board should include all of the capital expenditure being accounted for by the Trust, so that the Board reporting agrees with the financial statements.</p> <p><b><u>Management comment</u></b></p> <p>Specifically in reference to the improvements being made to the Sustainability Report, this will also be extended to Trust hosted system capital allocations and plans for the future.</p>

Circulation of agenda papers	
	
<p>Whilst reviewing the Trust Board's Terms of Reference (ToR) and Standing Orders, we identified a discrepancy in the timings in which information should be circulated prior to a meeting.</p> <p>The ToR states that papers should be circulated to at least five working days prior to each meeting. However, the Standing Orders detail that the agenda should be circulated six days before the meeting and the papers, should accompany the agenda where possible, but will be circulated no later than three days prior to the meeting.</p>	<p><b><u>Recommendation</u></b></p> <p>The Trust should review both documents to ensure that they are consistent.</p> <p><b><u>Management comment</u></b></p> <p>Management will ensure the ToR's and SFI's are aligned.</p>

This document is confidential to: Cambridgeshire Community Services NHS Trust



**ICAEW**  
CHARTERED  
ACCOUNTANTS



© Bishop Fleming 2023. All rights reserved.

Bishop Fleming is a trading name of Bishop Fleming LLP, a limited liability partnership registered in England and Wales No. OC391282, and Bishop Fleming Bath Limited, a limited company registered in England and Wales No. 07869428. Registered offices: Stratus House, Emperor Way, Exeter Business Park, Exeter, Devon, EX1 3QS. A list of members' names for the LLP is available at the above address.

**[bishopfleming.co.uk](http://bishopfleming.co.uk)**