Auditor's Annual Report

Derbyshire Healthcare NHS Foundation Trust – year ended 31 March 2025

June 2025

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Introduction

Introduction

Purpose of the Auditor’s Annual Report

Our Auditor’s Annual Report (AAR) summarises the work we have undertaken as the auditor for Derbyshire Healthcare NHS Foundation Trust (‘the Trust’) for the year ended 31 March 2025. Although this report is addressed to the Trust, it is designed to be read by a wider audience including members of the public and other external stakeholders.

Our responsibilities are defined by the National Health Service Act 2006 and the Code of Audit Practice (‘the Code’) issued by the National Audit Office (‘the NAO’).The remaining sections of the AAR outline how we have discharged these responsibilities and the findings from our work. These are summarised below.

Opinion on the financial statements
We issued our audit report on 25th June 2025. Our opinion on the financial statements was unqualified.

Value for Money arrangements
We did not identify any significant weaknesses in the Trust’s arrangements to secure economy, efficiency and effectiveness in its use of resources. Section 3 provides our commentary on the Trust’s arrangements.

Reporting to the group auditor
In line with group audit instructions issued by the NAO, on 25th June 2025, we reported that the Trust’s consolidation schedules were consistent with the audited financial statements.

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Audit of the financial statements

Audit of the financial statements

Our audit of the financial statements

Our audit was conducted in accordance with the requirements of the Code, and International Standards on Auditing (ISAs). The purpose of our audit is to provide reasonable assurance to users that the financial statements are free from material error. We do this by expressing an opinion on whether the statements are prepared, in all material respects, in line with the financial reporting framework applicable to the Trust and whether they give a true and fair view of the Trust's financial position as at 31 March 2025 and of its financial performance for the year then ended. Our audit report, issued on 25th June 2025, gave an unqualified opinion on the financial statements for the year ended 31 March 2025.

A summary of the significant risks we identified when undertaking our audit of the financial statements and the conclusions we reached on each of these is outlined in Appendix A. In this appendix we also outline the uncorrected misstatements we identified and any internal control recommendations we made.

Other reporting responsibilities

Reporting responsibility	Outcome
Annual Report	We did not identify any material misstatements or significant inconsistencies between the content of the annual report, the financial statements and our knowledge of the Trust.
Annual Governance Statement	We did not identify any matters where, in our opinion, the Governance Statement did not comply with the NHS Foundation Trust Annual Reporting Manual 2024/25. We also did not identify any matters where, in our opinion, the Governance Statement is misleading or is not consistent with our knowledge of the Trust and other information of which we are aware from our audit of the financial statements.
Remuneration and Staff Report	We report that the parts of the Remuneration and Staff Report subject to audit have, following some disclosure amendments identified through the audit, been properly prepared in accordance with the National Health Service Act 2006.

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Our work on Value for Money arrangements

VFM arrangements

Overall Summary

VFM arrangements – Overall summary

Approach to Value for Money arrangements work

We are required to consider whether the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The NAO issues guidance to auditors that underpins the work we are required to carry out and sets out the reporting criteria that we are required to consider. The reporting criteria are:

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

Governance - How the Trust ensures that it makes informed decisions and properly manages its risks.

Improving economy, efficiency and effectiveness - How the Trust uses information about its costs and performance to improve the way it manages and delivers its services.

Our work is carried out in three main phases.

Phase 1 - Planning and risk assessment

At the planning stage of the audit, we undertake work so we can understand the arrangements that the Trust has in place under each of the reporting criteria; as part of this work we may identify risks of significant weaknesses in those arrangements.

We obtain our understanding or arrangements for each of the specified reporting criteria using a variety of information sources which may include:

- NAO guidance and supporting information
- Information from internal and external sources including regulators
- Knowledge from previous audits and other audit work undertaken in the year
- Interviews and discussions with staff and directors

Although we describe this work as planning work, we keep our understanding of arrangements under review and update our risk assessment throughout the audit to reflect emerging issues that may suggest there are further risks of significant weaknesses.

Phase 2 - Additional risk-based procedures and evaluation

Where we identify risks of significant weaknesses in arrangements, we design a programme of work to enable us to decide whether there are actual significant weaknesses in arrangements. We use our professional judgement and have regard to guidance issued by the NAO in determining the extent to which an identified weakness is significant.

We have not identified any risks of significant weakness.

Phase 3 - Reporting the outcomes of our work and our recommendations

We are required to provide a summary of the work we have undertaken and the judgments we have reached against each of the specified reporting criteria in this Auditor's Annual Report. We do this as part of our Commentary on VFM arrangements which we set out for each criteria later in this section.

We also make recommendations where we identify weaknesses in arrangements or other matters that require attention from the Trust. We refer to two distinct types of recommendation through the remainder of this report:

- **Recommendations arising from significant weaknesses in arrangements -** We make these recommendations for improvement where we have identified a significant weakness in the Trust arrangements for securing economy, efficiency and effectiveness in its use of resources. Where such significant weaknesses in arrangements are identified, we report these (and our associated recommendations) at any point during the course of the audit.
- **Other recommendations -** We make other recommendations when we identify areas for potential improvement or weaknesses in arrangements which we do not consider to be significant but which still require action to be taken.

The table on the following page summarises the outcomes of our work against each reporting criteria, including whether we have identified any significant weaknesses in arrangements or made other recommendations.

VFM arrangements – Overall summary

Overall summary by reporting criteria

Reporting criteria	Commentary page reference	Identified risks of significant weakness?	Actual significant weaknesses identified?	Other recommendations made?
Financial sustainability	11	No	No	No
Governance	19	No	No	No
Improving economy, efficiency and effectiveness	22	No	No	No

VFM arrangements

Financial Sustainability

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

Significant weakness in 2023/24	Nil.
Significant weaknesses in 2024/25	Nil.

VFM arrangements – Financial Sustainability

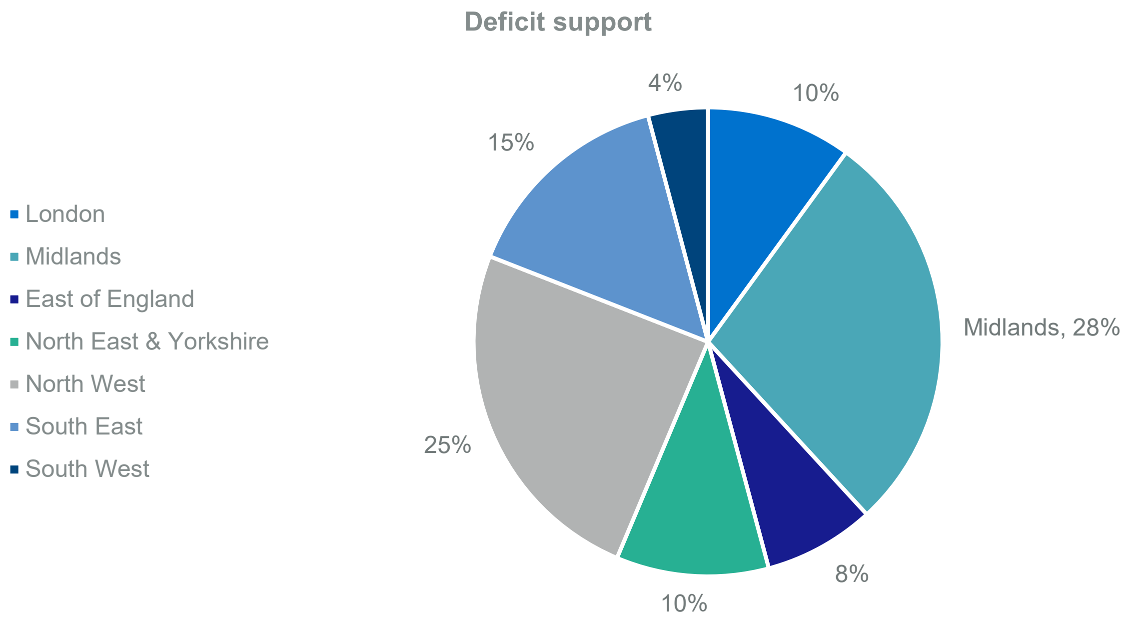
Overall commentary on Financial Sustainability

Context to NHS spending

The calendar year 2025 has seen some significant developments across the NHS, starting in January 2025, when the Government issued its policy paper "Road to recovery: the government's 2025 mandate to NHS England", setting out three priorities:

- cut waiting times
- improve access to primary care
- improve urgent and emergency care.

Subsequently, in March 2025, the Government announced its decision to abolish NHS England in a process expected to take place over a two-year timeframe. Alongside this is the expectation of Integrated Care Boards to reduce running costs by 50% and increased expectation of organisational reform between 2026 to 2027.



NHS finances remain in a highly challenged position. NHS England's review of Month 11 financial performance (March 2025) provided some context on the financial challenges in 2024/25, where "systems planned to deliver the most significant efficiency savings that have ever been delivered totalling £9.3bn (equivalent to 6.1% of their total allocation)" and that at the forecast was to deliver slightly below that target at £8.7bn.

NHS systems have a collective requirement to seek to achieve system financial balance, as well as a duty to seek to comply with system resource use limits set by NHS England, after the inclusion of any non-recurrent support funding revenue allocation where this is applicable. In April 2025, the Interim Chief Executive of NHS England wrote to all ICBs and NHS trusts to provide detail on the Government's reform agenda for the NHS. This includes[1] an overview of the financial position on 2025/26, which we have summarised in the charts opposite, which shows that the financial plans submitted for 2025/26 would have been a gross deficit of £2,516m had deficit support funding of £2,204m had not been available.

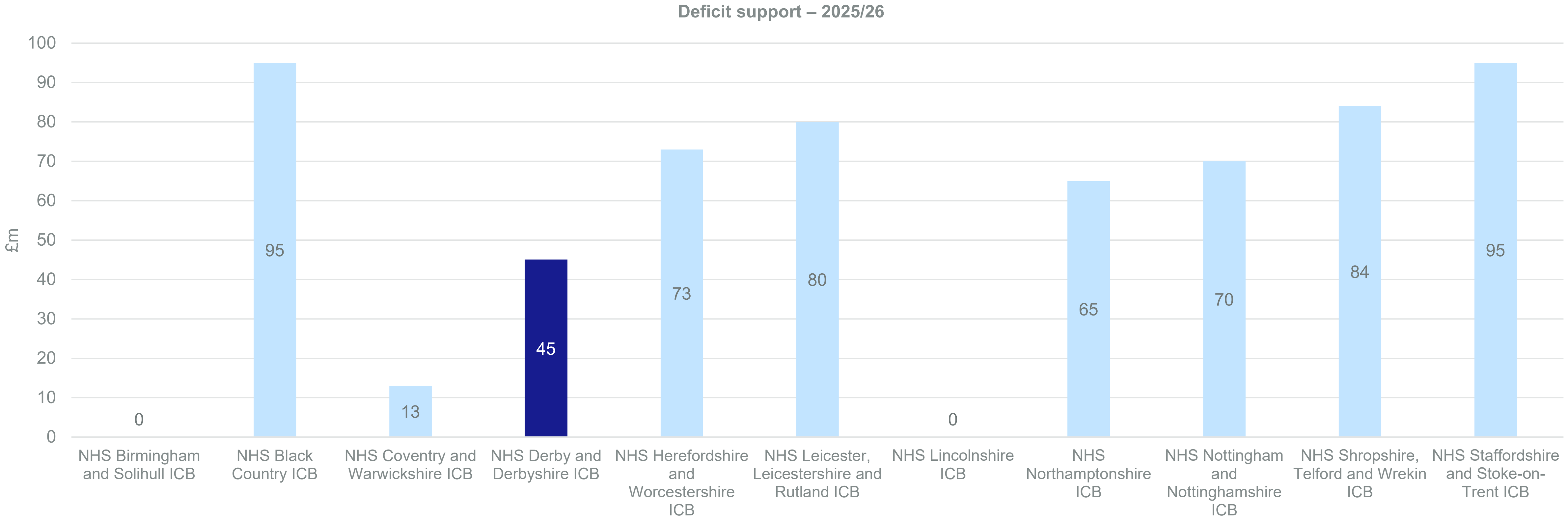
Region	Gross position (£m)	Deficit support (£m)	27 March Plan (£m)
London	(284)	221	(63)
Midlands	(620)	620	0
East of England	(169)	169	0
North East & Yorkshire	(232)	232	0
North West	(714)	542	(172)
South East	(368)	329	(39)
South West	(129)	91	(38)
Grand Total	**(2,516)**	**2,204**	**(312)**

1. *Source: www.england.nhs.uk/long-read/working-together-in-2025-26-to-lay-the-foundations-for-reform/#appendix-1-2025-26-financial-plan-summary-as-at-31-march-2025*

VFM arrangements – Financial Sustainability

Overall commentary on Financial Sustainability

At a regional level, the Midlands submitted an overall breakeven financial plan, with deficit funding split by care system as set out in the table below. Only Lincolnshire and Birmingham & Solihull were able to submit a breakeven position without deficit support.



VFM arrangements – Financial Sustainability

Overall commentary on Financial Sustainability

Overall responsibilities for financial governance

We have reviewed the Trust's overall governance framework, including Board and Committee reports, the Annual Governance Statement, and Annual Report and Accounts for 2024/25. These confirm the Trust Board undertook its responsibility to define the strategic aims and objectives, approve budgets and monitor financial performance against budgets and plans to best meet the needs of the Trust's service users. We have reviewed reports and minutes of the Board to confirm there are financial governance arrangements in place.

The Trust's Finance and Performance Committee has met regularly through the year and reported through to the Board. Within the Committee's remit includes oversight of:

- Financial performance and plans;
- Operational Performance;
- Continuous improvement and transformational change programmes;
- Estates strategy and delivery, including the Making Room for Dignity Programme;
- Information technology and systems strategy and execution;
- Contract delivery and system working (including collaborations and partnerships); and
- Oversight of key risks relating to the above.

In our view, the function and remit is as we would expect for a Trust of this size and complexity and evidence of adequate arrangements in place for financial governance.

The Trust's financial planning and monitoring arrangements

Through the year we have met regularly with management and reviewed relevant board and committee reports and minutes, including the Integrated Performance Report presented to the March 2025 Board.

Through our review of board and committee reports, meetings with management and relevant work performed on the financial statements, we are satisfied that the Trust's arrangements for budget monitoring remain appropriate, and these include:

- Standing Financial Instructions with relevant provisions for budgetary control and reporting;
- Oversight from the Trust Board and its Committees, through an Integrated Performance Report and detailed reports on finance including outturn and financial planning;
- The Trust has well established arrangements for year-end financial reporting, despite increasing challenges placed on the finance team with concurrent financial reporting and 2024/25 financial planning deadlines.

These findings provide assurance that the Trust continues to operate effective financial monitoring and reporting mechanisms in line with good governance practices and we have not identified any significant inconsistencies between budgetary information and the financial position as reflected in the financial statements.

VFM arrangements – Financial Sustainability

Overall commentary on Financial Sustainability

2024/25 financial outturn

Financial performance is regularly reported and scrutinised by the Finance and Performance Committee alongside Audit and Risk Committee. There is regular integrated reporting of financial and performance information to the Board.

We considered the Trust's financial outturn as presented in the 2024/25 financial statements and underlying TAC returns for the Whole of Government Accounts, which shows:

- An Operating deficit from continuing operations of **£18.6m deficit** (Prior Year = £1.9m deficit);
- An Overall deficit for the year of **£25.3m deficit** (Prior Year = £9.9m deficit), against gross expenditure of £279m (Prior Year = £231m);
- As shown in the Cashflow statement, the Trust generated £13m positive cash inflow from operating activities (Prior Year = £8m) and ended the year with cash and cash equivalents of £19m (Prior Year = £34m); and
- As shown in the Balance Sheet, the Trust's Income & Expenditure Reserve is a deficit of £32m (Prior Year = £6m deficit).

	2023/24 Outturn (£'000)	2024/25 Plan (£'000)	2024/25 Outturn (£'000)	2025/26 Plan (£'000)
Operating surplus / (deficit)	(1,855)	(35,734)	(18,599)	2,330
Adjusted financial performance surplus / (deficit)	(4,588)	(6,384)	1	0
Recurrent efficiency savings	2,124	8,917	6,366	12,111
Non-recurrent efficiency savings	6,646	3,623	6,174	2,674

Capital expenditure

As set out in Note 14 of the financial statements, the Trust spent £13.8m on capital additions in 2024/25. Our testing of capital expenditure and capital additions and payables in the 2024/25 financial statements did not identify any significant errors.

Pay costs

Employee costs for 2024/25 are set out in note 8 of the financial statements, showing £134.1m spent on salaries and wages and £5.1m on temporary staffing Our testing on pay and pay related costs did not highlight any concerns.

The table below also summarises our calculation of temporary costs as a percentage of Trust expenditure on salaries, wages, social security and pension costs as shown in Note 8 of the draft financial statements. It shows that temporary staff costs has reduced by over 2.7% from prior year. This evidence of the reduced reliance on temporary staff, which has been a key driver of overspend in recent years.

Staff Costs	2023/24	2024/25
Temporary staff	8,825	5,089
Salaries, wages, social security and pension costs	156,803	175,274
Temporary staff costs as a % of employee benefits expenses	5.6 %	2.9%

Our work on the financial statements has not identified any significant errors and we are satisfied the financial performance for 2024/25 is not indicative of a risk of significant weakness in financial sustainability arrangements.

VFM arrangements – Financial Sustainability

Arrangements to bridge funding gaps and identify achievable savings: efficiencies delivered 2024/25 and planned for 2025/26

The Trust is required to make financial efficiency savings through schemes known as Cost Improvement Programmes (CIPs). The Trust assesses CIP savings regularly and includes this assessment in the Board Integrated Performance Report allowing for review and challenge by Board members.

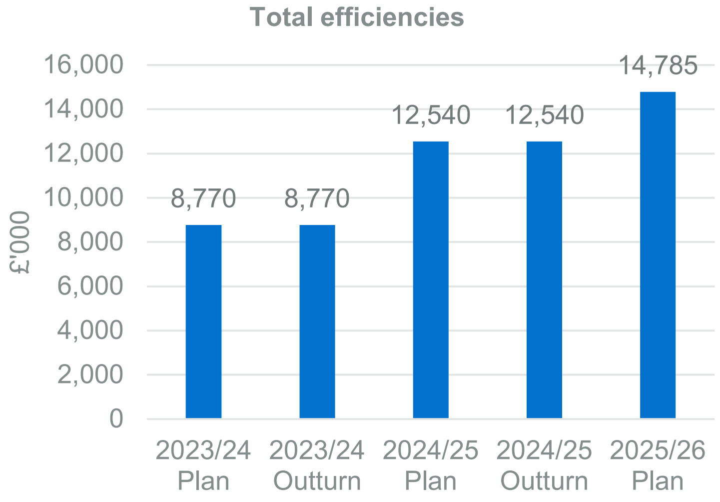
We have reviewed the Trust's financial plans for 2023/24, 2024/25 and 2025/26 as well as the outturn position. From our discussions with management and review of documents, we noted:

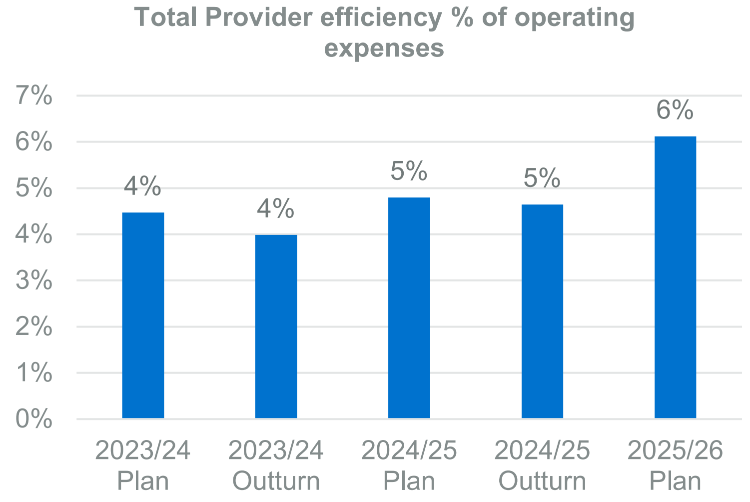
- Derbyshire Healthcare overachieved against their plan for 2024/25, delivering an adjusted surplus of £1k compared to a planned £6.4m deficit, which was achieved without any non-recurrent deficit funding.
- The Trust delivered their planned £12.5m efficiency savings, however only 50.8% of these were recurrent, compared to the planned 71.1%

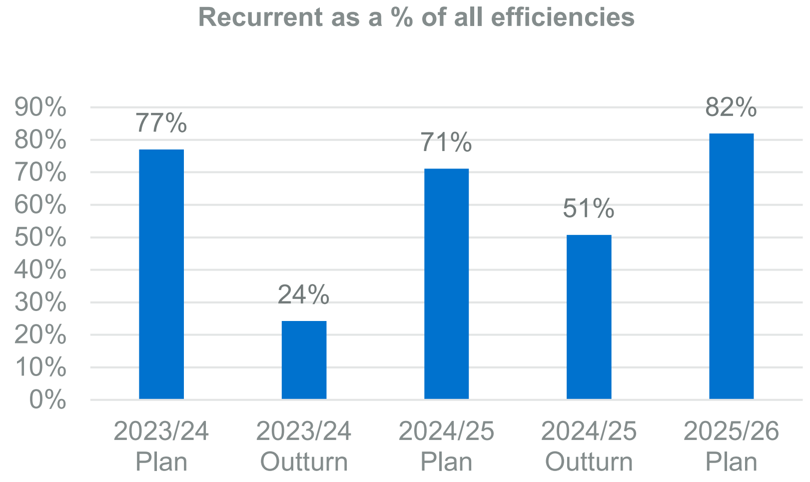
We have also considered the Trust's efficiency saving programme both historically and as planned for 2025/26.

The Trust has successfully delivered their planned efficiencies for both 2023/24 and 2024/25. The Trust has set a CIP target of £14.8m for 2025/26, which is 5.8% of planned operating expenditure, up from 4.6% in 2024/25.

The Trust has also made a significant move to reduce reliance on non-recurrent savings, with a plan to deliver 81.2% of savings recurrently in 2025/26. This could present a challenge for the Trust, having under delivered on their recurrent savings targets in both 2023/24 and 2024/25. However, given the fact it has delivered its overall savings target, and overachieved on the overall planned position without the use of non-recurrent deficit funding, we are satisfied that this does not indicate a significant weakness in arrangements for 2024/25.





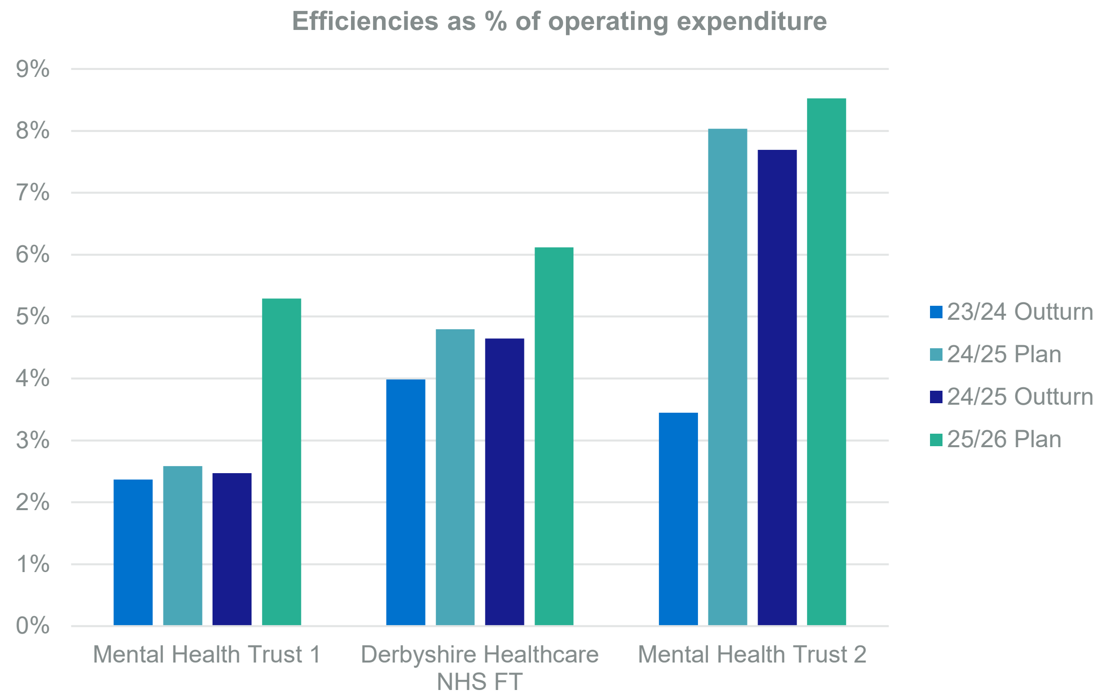


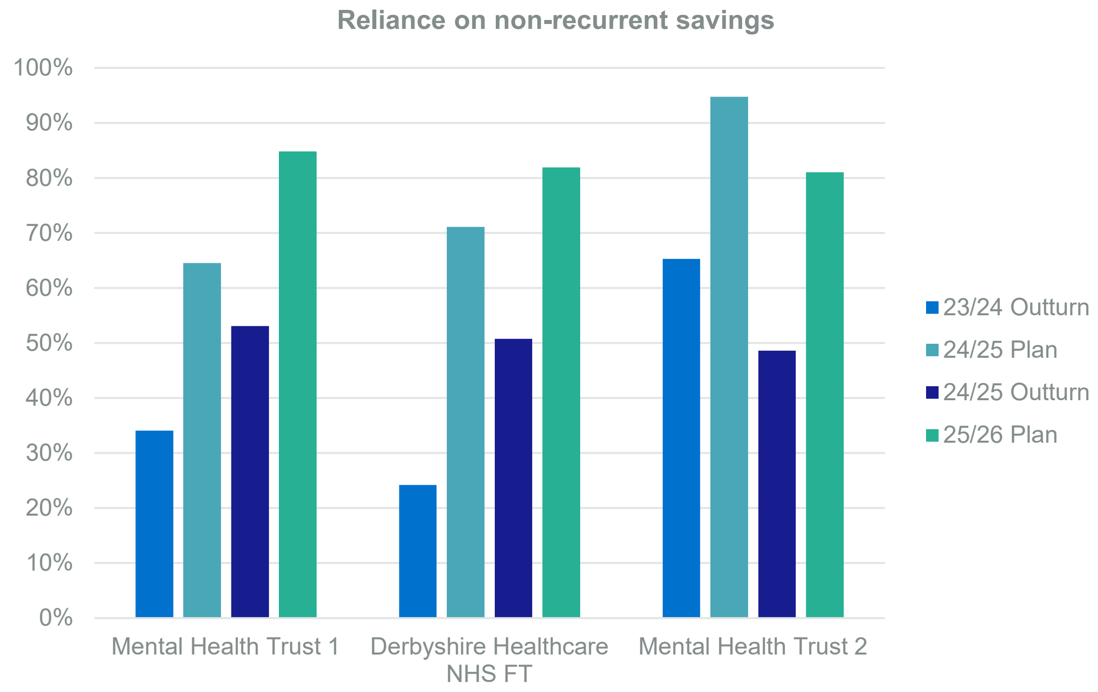
VFM arrangements – Financial Sustainability

Arrangements to bridge funding gaps and identify achievable savings: efficiencies delivered 2024/25 and planned for 2025/26

We have also considered the Trust's efficiency saving programme by benchmarking against our other Mental Health audit clients

The Trust's increased CIP target as a percentage of operating expenditure is consistent with the benchmarked Mental Health trusts, which are also facing a comparatively steep increase in savings needs between 2024/25 and 2025/26.





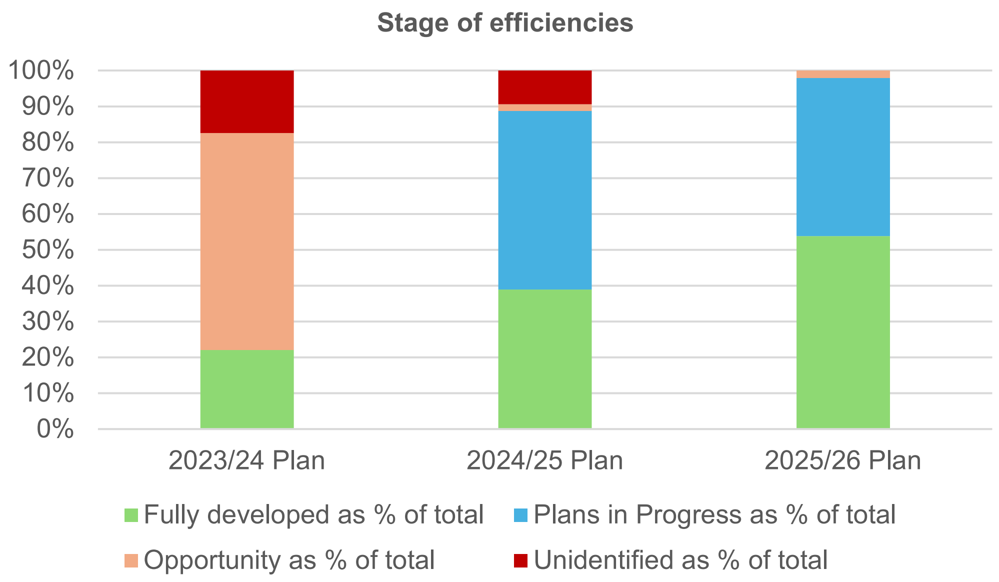
VFM arrangements – Financial Sustainability

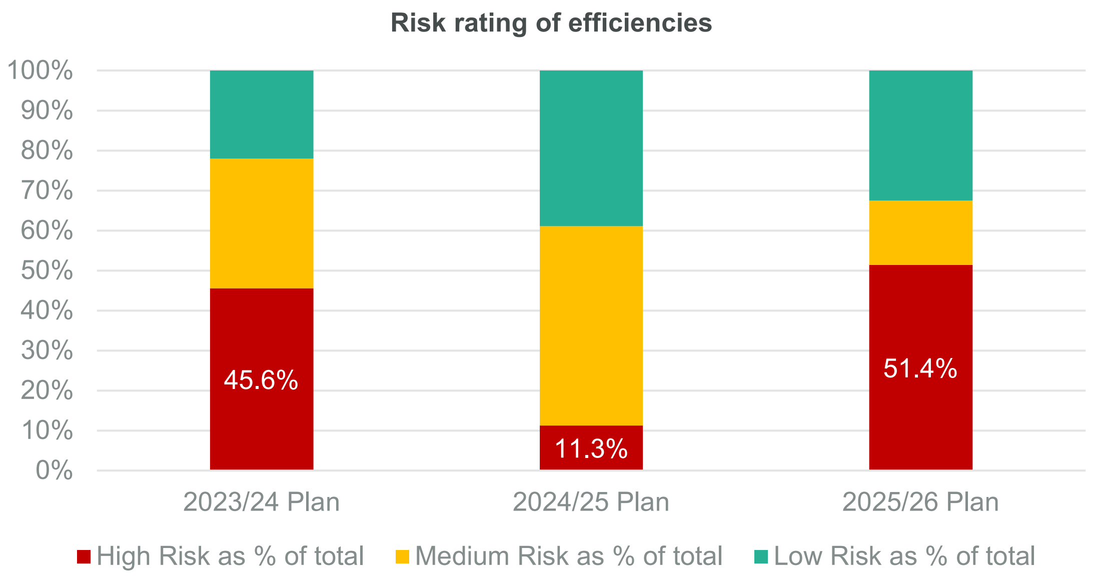
Arrangements to bridge funding gaps and identify achievable savings: efficiencies delivered 2024/25 and planned for 2025/26

As shown in the charts below, we reviewed the Trust's assessment of risk in CIPs, including:

- The proportion of the Trust's efficiency programme which remained unidentified, or opportunities in the submitted plan. This shows a significant reduction since 2023/24, with 98% of the Trust's planned efficiencies for 2025/26 being wither fully developed, or in progress.
- The proportion of efficiencies classified as high risk, which has increased significantly in the 2025/26 plan when compared to 2024/25.

Whilst our review has not highlighted a risk of significant weakness in arrangements for 2025-26, as shown in the context page, the extent of financial challenge across the NHS is significant, with £2.2bn of deficit funding required to create an overall plan of a £312m deficit. Whilst Derbyshire Healthcare is not in receipt of deficit funding in 2025/26, the Trust is facing an increased challenge to ensure that its financial strategies are robust and sustainable.





VFM arrangements

Governance

How the body ensures that it makes informed decisions and properly manages its risks

Significant weakness in 2023/24	Nil.
Significant weaknesses in 2024/25	Nil.

VFM arrangements – Governance

Overall commentary on Governance

Position brought forward from 2023/24

There are no indications of a significant weakness in the Trust's arrangements brought forward from 2023/24.

Overall arrangements for governance

The Trust has a full suite of governance arrangements in place, supported by the Trust's Constitution and Scheme of delegation . These are set out in the Trust's Annual Report and Annual Governance Statement. We reviewed these documents as part of our audit and confirmed they were consistent with our understanding of the Trust's arrangements in place.

Our review of the Trust's governance framework confirms arrangements are in place, with the Trust Board being overall responsible for the performance of the Trust and having a clear set of strategic and supervisory roles. The Trust has established Committees to support these roles, with the following Committees in place:

- Audit and Risk Committee;
- Finance and Performance Committee;
- Mental Health Act Committee;
- People and Culture Committee;
- Quality and Safeguarding Committee; and
- Remuneration and Appointments Committee

We consider the committee structure of the Trust is sufficient to provide assurance that decision making, risk and performance management is subject to appropriate levels of oversight and challenge.

Our review of Board and committee papers confirms that a template covering report is used for all Board reports, ensuring the purpose, strategic context, governance issues, and recommendations are clear. Minutes are published and reviewed by the Board to evidence the matters discussed, challenge and decisions made.

Monitoring and assessing risk

The Trust records strategic risks in the Board Assurance Framework and our review confirms it is sufficiently detailed to manage the Trust's key risks, identify controls, gaps in controls and obtain the assurance required to work towards a targeted risk score. Our review of reports as well as attendance at Audit and Risk Committee meetings confirms the Board Assurance Framework is regularly updated and in sufficient detail to allow for adequate review. Deep dives for BAF risks allow additional scrutiny and challenge.

The Audit and Risk Committee considers the Board Assurance Framework, Annual Report and Accounts, and Annual Governance Statement and monitors progress against internal and external audit plans. We have attended Committee meetings and reviewed supporting documents and are satisfied that the programme of work is appropriate for the Trust's requirements. Our attendance at Audit and Risk Committee has confirmed there continues to be an appropriate level of effective challenge.

Internal controls

To provide assurance over the effective operation of internal controls, including arrangements to protect and detect fraud, The Trust has appointed independent third parties as internal auditors. Work plans are agreed with management at the start of the financial year and reviewed by the Audit and Risk Committee prior to approval.

We have read Internal Audit's Annual Plan and Annual Report and confirmed the Head of Internal Audit Opinion is reflected in the Annual Governance Statement. From our attendance at Audit and Risk Committee and review of supporting reports and minutes, Internal Audit has not identified any significant weaknesses in the governance, risk and the control environment in the 2024/25 Head of Internal Audit annual opinion.

Our audit of the financial statements did not identify any significant weakness in internal controls.

VFM arrangements – Governance

Overall commentary on Governance continued

Well led review

The Care Quality Commission (CQC) defines an organisation that is "Well-Led" as one where the leadership, management and governance of the organisation assures the delivery of high-quality and person-centred care, supports learning and innovation, and promotes an open and fair culture.

During 2023/24, the Trust Board received regular updates to prepare for the CQC inspection. The review was carried out by the Office of Modern Governance and the final report which includes the recommendations was issued and discussed by Board in November 2023. The agreed recommendations have been built into an action plan that will be reported to and monitored by the Audit and Risk Committee. We reviewed the report and are satisfied it provides corroborative assurance over arrangements for governance and improving economy, efficiency and effectiveness, with no indication a significant weakness in arrangements, in particular noting the following statements:

- "There is a strong and embedded governance framework in place that facilitates Board oversight of good quality service provision and the execution of the Trust Strategy. It compares well with other mental health foundation trusts."
- "Board, operational and clinical assurance systems are comprehensive enabling performance issues to be escalated appropriately."

We have reviewed the well led action plan updates that have been reported to Audit and Risk Committee during 2024/25. The report to the January 2025 showed progress had been made and there were only two actions outstanding.

We say more on CQC and regulatory reporting under the criteria for Improving Economy, Efficiency and Effectiveness in the next section of our report.

Budgetary control and financial reporting

The Trust has well established arrangements for financial reporting, with no significant matters arising from our work on the financial statements or in our detailed Audit Completion Report, issued to the Audit and Risk Committee in June 2025. As set out under our commentary for financial sustainability, the Trust did better than the planned deficit position for 2024/25, delivering a breakeven adjusted financial performance.

2025/26 budget setting

Our review of the Trust's 2025/26 financial plan did not identify any evidence of deviation from national planning guidance. For 2025/26 budget setting is based on a set of agreed principles. Inflationary rates are applied in line with national tariff guidance and the Executive Leadership Team discuss any new cost pressures and risks and there is no evidence to suggest that financial planning is not aligned with other key internal plans (e.g. workforce, capital).

We reviewed reports from 2024/25 Board meetings of Derbyshire Integrated Care Board (ICB) and confirmed the Trust developed its 2025/26 operating and financial plan alongside system partners. In addition, we have discussed financial performance with management and reviewed the position at Month 1 as reported to the Executive Leadership Team in May 2025, which showed the Trust's financial performance was in line with plan and was playing an active role in the local health system (Joined up Care Derbyshire).

VFM arrangements

Improving Economy, Efficiency and Effectiveness

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

Significant weakness in 2023/24	Nil.
Significant weaknesses in 2024/25	Nil.

VFM arrangements – Improving Economy, Efficiency and Effectiveness

Overall commentary on Improving Economy, Efficiency and Effectiveness

Overall arrangements

We have reviewed key reports issued by the Board and confirmed the Trust reports its performance in several different ways:

- an Integrated Performance Report to each Board meeting
- the publication of the Quality Report, Annual Report and Accounts, and Annual Governance Statement, which are reviewed by the Audit and Risk Committee before adoption by the Board.

Our review of Trust Board and committee reports and minutes confirms that regular Integrated Performance Reports have been received. Performance is summarised in format which shows performance against target and over time. Board members are also able to triangulate information from this report with the assurance summaries from supporting committees, where committee chairs draw attention to assurances provided or matters escalated for the full Board's attention.

Our review confirms the reports provide sufficient detail to understand performance and published minutes demonstrate sufficient challenge from non-executive directors on the Trust's costs, performance and service delivery. In our view, the Trust's reports are adequately laid out and sufficiently detailed to monitor performance and take corrective action where required, which may include updating the Board Assurance Framework.

Procurement

There are established procurement Strategy procedures in place with a requirement to procure via open competition, framework agreements or to seek prior approval via a waiver. Waiver requests are reviewed before approval and are reported to Audit and Risk Committee. The Trust's Standing Financial Instructions set out the procedures, controls and the authorisation sign offs that are required for the commissioning or procurement of services. There is a professional procurement team in place, operated in collaboration with a neighbouring Trust. There are processes in place to ensure that the selected option and supplier gives best value for money. Legally compliant Framework Agreements are used where appropriate and there are instructions in place regarding the levels for delegated approval of expenditure. The Trust has policies in place regarding expected standards of business conduct, and gifts and hospitality, to mitigate the risk of conflicts of interests arising.

Partnerships

Our review of Board minutes and discussions with management confirms the Trust continues to work in close partnership with other health and social care organisations in the area. This is evidenced through the agreement of the 2024/25 outturn position and the 2025/26 plan with partners in the Integrated Care System.

VFM arrangements – Improving Economy, Efficiency and Effectiveness

Overall commentary on the Improving Economy, Efficiency and Effectiveness reporting criteria - continued

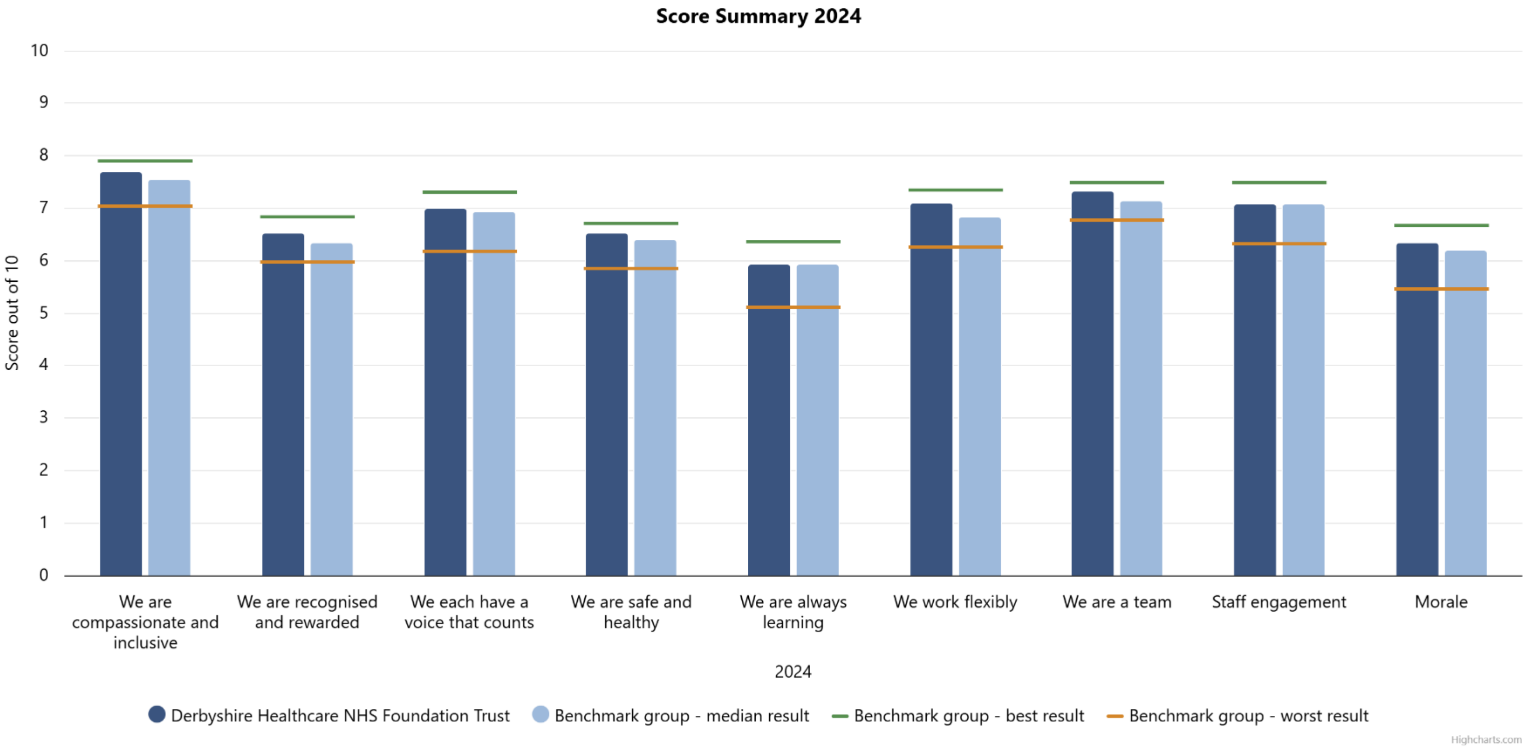
The National NHS Staff Survey 2024 was conducted between September and November 2024. We obtained the 2024 NHS Staff Survey published in March 2025 and confirmed the survey results have been received by the Board in March 2025. In our view, the survey offers insights into how staff perceive their working environment nine core themes.

Derbyshire Healthcare's engagement with the 2024 NHS Staff Survey was 64%, slightly above the median response rate of 54% for Mental Health Trusts. When benchmarked nationally, Derbyshire Healthcare's scores were generally slightly above the median. The Trust scored highest in "We are compassionate and inclusive" (7.69) and "We are a team" (7.32), while "We are always learning" (5.93) was the lowest scoring theme.

The survey highlighted some areas of improvement compared to previous years. Notably, there were positive trends in appraisals, and line management. The Trust maintained strong scores in compassionate leadership, diversity and equality, and inclusion, indicating a continued emphasis on supportive management and collaboration. The Trust was also above the median with regards to support for work-life balance, flexible working and burnout, demonstrating that the Trust has prioritised staff wellbeing.

However, the results also identified areas requiring continued focus. There was a slight decline in "compassionate culture", although the score remains above median. Within the theme of staff engagement, motivation; involvement; and advocacy have all seen decline, although the overall theme is in line with the median.

Whilst the Trust's overall scores in each theme had either remained the same are worsened since the prior year, when compared to the median scores the Trust results were better in eight out of the nine themes, with "We are always learning" being the same as the median. We found there are no individual promises where the Trust scored significantly below the median. We did not find any indication of a significant weakness in arrangements



[Local results for every organisation | NHS Staff Survey]

VFM arrangements – Improving Economy, Efficiency and Effectiveness

Overall commentary on Improving Economy, Efficiency and Effectiveness

Consideration of regulatory oversight

NHS England: Single oversight framework

NHS England applies a framework to allocate trusts into one of four segments depending on its view of the level and nature of support required, ranging from no specific support needs (segment 1) to a requirement for mandated intensive support (segment 4).

Effective from 1 April 2024, NHS England placed the Trust into NOF Segment 3 'mandated support'. This was based on the Integrated Care Board's (ICB) assessment of the Trust's delivery against the performance measures set out in the NOF, driven by:

- Clinical Quality and Safety - significant and immediate safety concerns identified by the CQC from their inspection of the Trust's acute adult inpatient wards in April 2024. The acute adult service was rated as 'Requires Improvement' and regulator-imposed restrictions were put in place.
- Financial Performance – the Trust has experienced a challenging financial position and is one of a few mental health trusts in the country with a financial deficit.
- Operational Performance – continued concerns relating to inpatient flow impacting on achievement of Out of Area Placement performance, and the lack of sustained improvement in this area.

The most recent update was published on 3rd June 2025, confirming the Trust remains in segment 3. The Trust are engaging in regular oversight meetings with the ICB and NHSE.

The exit criteria from Segment 3 has been agreed and from our review of board reports we are aware that the Trust has improvement plans against the areas flagged around quality, operational and financial performance. The CQC quality and safety concerns have been addressed through the CQC re-inspection findings (see below) where the service has now been rated as "good" and all restrictions have been lifted. With regards to financial performance, the Trust ultimately delivered an adjusted breakeven position and we have considered this further in the financial sustainability section of this report.

Care Quality Commission (CQC)

We have reviewed board reports and minutes during the year, including those to the Council of Governors, Trust Board and held meetings with management. We examined the CQC's website, where the Trust's overall rating is "good", with "requires improvement" over the safe domain.

During September 2023, CQC had carried out an unannounced inspection of ward 35 at the Radbourne Unit, to see if the Trust had met the requirements of the previous inspection which rated the service as requires improvement. A number of concerns were raised, and CQC used their powers under Section 31 of the Health and Social Care Act to request assurances from the Trust to ensure the ward was safe, patients received the right care and treatment and appropriate measures were in place to monitor these changes. The Trust responded immediately and put appropriate measures in place with a detailed action plan.

In April 2024, the CQC commenced a further unannounced inspection of the Trust's acute mental health services, and the Trust was required to take urgent action. CQC imposed conditions on the Trust's registration at the Radbourne unit.

Subsequently, in December 2024, a further inspection showed improvements and CQC rated all domains as good, with a good overall rating. The CQC noted the service had made significant improvements and is no longer in breach of regulations.

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Other reporting responsibilities and our fees

Other reporting responsibilities and our fees

Wider reporting responsibilities

Public interest reports

Auditors have the power to make a report if they consider a matter is sufficiently important to be brought to 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 make a report in the public interest during 2024/25.

Schedule 10 referrals

Under Schedule 10 of the National Health Service Act 2006, auditors of a Foundation Trust have 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 reported to the relevant NHS regulatory body.

We have not reported any such matters because no unlawful expenditure or actions were identified.

Reporting to the group auditor

Whole of Government Accounts (WGA)

The Trust is consolidated into Consolidated NHS Provider Account which is then consolidated into the Department of Health and Social Care (DHSC) group. The National Audit Office (NAO), as group auditor, requires us to report to them whether consolidation data that the Trust has submitted is consistent with the audited financial statements. The NAO did not at this stage include the Trust in its sample of component bodies for the purpose of its audit of the DHSC group. However, a national issue has arisen regarding the National Audit Office's approach to providing instructions to NHS auditors in relation to the Whole of Government Accounts. The implications is that, whilst we expect to be able to issue our audit report and VFM commentary, we do not expect to be able to issue the audit certificate confirming that we have completed all work necessary under the Code of Audit Practice. An amendment to the Foundation Trust Annual Reporting Manual and the NHS Group Accounting Manual is expected that will allow Trust's to publish their Annual Report and Accounts without the audit certificate.

Fees for our work as the Trust's auditor

We reported our proposed fees for the delivery of our work under the Code of Audit Practice in our Audit Strategy Memorandum presented to the Audit and Risk Committee in April 2025. Having completed our work for the 2024/25 financial year, we can confirm that our fees are as follows:

Area of work	2024/25 fees	2023/24 fees
Planned fee in respect of our work under the Code of Audit Practice	£84,460	£82,000
Total fees	**£84,460**	**£82,000**

Fees for other work

We confirm that we have not undertaken any non-audit services for the Trust in the year.

forv/s mazars

Appendices

A - Further information on our audit of the financial statements

Appendix A: Further information on our audit of the financial statements

Significant risks and audit findings

Our audit approach is risk-based and primarily driven by the issues that we consider lead to a higher risk of material misstatement of the accounts. Once we have completed our risk assessment, we develop our audit strategy and design audit procedures in response to this assessment. We report the audit strategy and overall findings to the Audit Committee, and a summary of the work performed against the risks relevant to the audit of financial statements and conclusions reached are set out below

Audit area	Level of audit risk	How we addressed the risk	Audit conclusions
Management override of controls This is a mandatory significant risk on all audits due to the unpredictable way in which such override could occur.	**Significant risk**	We addressed the risk through performing work over accounting estimates, journal entries and considering whether there were any significant transactions outside the normal course of business or otherwise unusual. In addition, we made enquiries of management and used our data analytics and interrogation software to extract accounting journals for detailed testing on specific risk characteristics.	No issues to report.
Valuation of land, buildings and dwellings The valuation of these properties is complex and is subject to a number of management assumptions, judgements and a high degree of estimation uncertainty.	**Significant risk**	Our procedures to address this risk included, but was not limited to: • liaising with management to update our understanding of the approach taken by the Trust in its valuation of land, buildings and dwellings. This included understanding how capital additions and backlog maintenance is considered; • reviewing the work of management’s valuation expert and how these have been incorporated into the financial statements; • testing a sample of valuations, reviewing the valuation methodology used and the underlying data and assumptions.	Our work in this area is ongoing. No issues have been identified from the work performed to date.

Appendix A: Further information on our audit of the financial statements

Significant risks and audit findings

Audit area	Level of audit risk	How we addressed the risk	Audit conclusions
Risk of fraud in revenue recognition The risk of fraud in revenue recognition is presumed to be a significant risk on all audits due to the potential to inappropriately shift the timing and basis of revenue recognition as well as the potential to record fictitious revenues or fail to record actual revenues. In 2024/25, we saw the basis of risk being in the overstatement of revenue through: • Revenue cut-off (i.e. recording revenue in 2024/25 that should be in 2025/26) • Existence of receivables (overstatement of year end receivables)	**Significant risk**	We evaluated the design and implementation of any controls the Trust has in place which mitigate the risk of income being recognised in the wrong year. In addition we undertook a range of substantive procedures including: • testing of year end income to ensure it relates to 2024/25; • testing receipts in the pre and post year end period to ensure they have been recognised in the right year; • testing year end receivables to confirm they exist; and • reviewing intra-NHS reconciliations and data matches provided by the Department of Health.	No issues to report.
Expenditure recognition Given the financial pressures facing the NHS, we determined that there was a risk of understatement of non-pay expenditure in 2024/25, which would arise through: • Non-pay expenditure cut off (i.e. recording expenditure in 2025/26 that should be in 2024/25).	**Enhanced risk**	We evaluated the design and implementation of any controls the Trust has in place which mitigate the risk of expenditure being recognised in the wrong year. In addition we undertook a range of substantive procedures including: • testing of non-pay expenditure in the immediate pre-year end period to ensure it relates to 2024/25; • testing of non-pay expenditure in the immediate post-yearend period to ensure it relates to 2025/26; • Searching for unrecorded liabilities through cash/bank payments made in the immediate post-yearend period to ensure the associated transaction has been recognised in the right year.	No issues to report.

Contact

Forvis Mazars

Mark Surridge
Partner
Tel: 07875 974 291
Mark.Surridge@mazars.co.uk

Bethan Vance
Manager
Tel: 07581 020 016
Bethan.Vance@mazars.co.uk