

Auditor's Annual Report

East Lancashire Hospitals NHS Trust –
year ended 31 March 2022

June 2022



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This document is to be regarded as confidential to East Lancashire Hospitals NHS Trust. It has been prepared for the sole use of the Audit Committee as the appropriate sub-committee charged with governance by the Board of Directors. No responsibility is accepted to any other person in respect of the whole or part of its contents. Our written consent must first be obtained before this document, or any part of it, is disclosed to a third party.

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Section 01: **Introduction**

1. Introduction

Purpose of the Auditor's Annual Report

Our Auditor's Annual Report (AAR) summarises the work we have undertaken as the auditor for East Lancashire Hospitals NHS Trust ('the Trust') for the year ended for the year ended 31 March 2022. 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 Local Audit and Accountability Act 2014 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 17 June 2022. Our opinion on the financial statements was unqualified.



Wider reporting responsibilities

In line with group audit instructions issued by the NAO, on 17 June 2022 we reported that the Trust's consolidation schedules were consistent with the audited financial statements.



Value for Money arrangements

In our audit report issued we reported that we had completed our work on the Trust's arrangements to secure economy, efficiency and effectiveness in its use of resources and had issued a recommendation in relation to the identified significant weaknesses in those arrangements. Section 3 provides our commentary on the Trust's arrangements and our recommendation in respect of financial sustainability.

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Section 02:

Audit of the financial statements

2. Audit of the financial statements

The scope of our audit and the results of our opinion

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 2022 and of its financial performance for the year then ended.

Our audit report, issued on 17 June 2022 gave an unqualified opinion on the financial statements for the year ended 31 March 2022.

Qualitative aspects of the Trust's accounting practices

We have reviewed the Trust's accounting policies and disclosures and concluded they comply with Department of Health and Social Care Group Accounting Manual 2021/22, appropriately tailored to the Trust's circumstances.

Draft accounts were received from the Trust on 26 April 2022 in line with the DHSC timetable. The quality of the initial draft accounts was good, and our initial review comments did not identify any material omissions or corrections that were required. The Trust prepared and shared good quality, timely, supporting working papers and evidence through the audit.

Significant difficulties during the audit

During the course of the audit we did not encounter any significant difficulties and we have had the full co-operation and support of management through the audit.

We are pleased to report that our audit progressed very smoothly. We have continued to develop good professional relationships with the Trust's finance team, and the challenges of completing the first year audit have not been replicated in this , our second year.

2. Audit of the financial statements

Internal control recommendations

As part of our audit we considered the internal controls in place that are relevant to the preparation of the financial statements. We did this to design audit procedures that allow us to express our opinion on the financial statements, but this did not extend to us expressing an opinion on the effectiveness of internal controls.

The internal control recommendations we made have been accepted by management who have identified relevant actions to address our recommendations. None of our recommendations were reported as being high risk or high priority for the Trust.

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Section 03:

**Our work on Value for Money
arrangements**

3. VFM arrangements

Overall Summary



3. 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

Risk assessment and programme of work

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. Where we identify significant risks, we design a programme of work (risk-based procedures) to enable us to decide whether there is a significant weakness in arrangements. 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. We outline the risk that we have identified and the work we have done to address the risk on page 13.

Recommendations

Where our risk-based procedures identify actual significant weaknesses in arrangements, we are required to report these and make recommendations for improvement. We outline the identified significant weaknesses and our associated recommendations on page 22.

We also follow up the Trust progress against previously issued recommendations in relation to significant weaknesses identified, and determine whether those weaknesses continued to apply in the 2021/22 year.

We may also make recommendations where 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. We call these recommendations 'other recommendations'.

The table below summarises the outcomes of our work against each reporting criteria. On the following pages we outline further detail of the work we have undertaken against each reporting criteria, including the judgements we have applied.

Reporting criteria	Commentary page reference	Identified risks of significant weakness?	Actual significant weaknesses identified?	Other recommendations made?
Financial sustainability	12-15	Yes – see page 13	Yes – see recommendation on page 22	No
Governance	16-18	No	No	No
Improving economy, efficiency and effectiveness	19-20	No	No	No

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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 of 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 outline the risks that we have identified and the work we have done to address those risks on page 13.

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's 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.

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3. VFM arrangements

Financial Sustainability

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



3. VFM arrangements – Financial Sustainability

Risk of significant weakness in arrangements in relation to Financial Sustainability

We have outlined below the risks of significant weaknesses in arrangements that we have identified as part of our continuous planning procedures, and the work undertaken to respond to each of those risks.

Risk of significant weakness in arrangements	Work undertaken and the results of our work
<p>1 Financial plans for 2022/23 The Trust’s latest financial plan submitted in April 2022 for 2022/23 is for a £17.5m ‘allowable’ deficit. The ‘allowable’ deficit is on two items: additional inflationary costs and Covid-19 spend in quarter 1. The plan is after allowing for a Waste Reduction Programme of £28.8m reflecting 5% of expenditure. The Trust identified a number of significant risks to achieving that plan including £16.4m related to increasing elective activity, and £10.9m of ICS level ‘system’ risks.</p>	<p>Work undertaken We reviewed</p> <ul style="list-style-type: none"> • The financial planning submissions and underlying assumptions. • The Trust’s arrangements to deliver its waste reduction programme savings. • The formal reporting of the Trust’s planning work to the Board and other committees. <p>Results of our work The detailed commentary on the financial sustainability arrangements are on pages 14-15. In respect of the specific significant risk identified, in our view the Trust’s plan to deliver a £17.5m deficit with a £28.8m Waste Reduction Programme in 2022/23 is evidence of a significant weakness to deliver financial sustainability.</p>

3. VFM arrangements – Financial Sustainability

Overall commentary on the Financial Sustainability reporting criteria

Background to the NHS financing regime in 2021/22

Following the onset of the Covid-19 pandemic in March 2020, the original NHS Planning Guidance 2020/21 was suspended and a new financial regime was implemented. For the second half of the 2020/21 year (October 2020 to March 2021) there was a move to “system envelopes”, with funding allocations covering most NHS activity made at the system level, including resources to meet the additional costs of the Covid-19 pandemic. The 2021/22 financial year was also split into two halves (“H1” and “H2”), with a different funding regime in each. However, the regimes were largely a continuation of those introduced in 2020/21 in response to COVID-19, where system envelopes and block payment arrangements remained in place.

The 2021/22 H1 (April 2021 to September 2021) envelopes comprised of adjusted CCG allocations, system top-up and COVID-19 fixed allocation, based on the H2 2020/21 envelopes, adjusted for known pressures and policy priorities. The 2021/22 H1 NHS guidance also confirmed that block payment arrangements would remain in place for relationships between NHS commissioners and NHS providers. The guidance for H2 (October 2021 to March 2022) confirmed that the arrangements would stay broadly consistent with a continuation of the H1 framework. The 2021/22 H2 “system envelopes” contained adjusted CCG allocations, system top-up and COVID-19 fixed allocation, based on the H1 2021/22 envelopes adjusted for additional known pressures, such as the impact of pay awards, and increased efficiency requirements.

Over the course of 2021/22 and into 2022/23, the focus of the funding regime has shifted from responding to the immediate challenges caused by COVID-19 to supporting recovery in the healthcare system. This has facilitated the need for collaborative working between commissioners and providers, as local systems were expected to work together to deliver a balanced position in 2021/22, with additional funding available for those systems exceeding target activity levels through the Elective Recovery Fund. The planning guidance for 2022/23 supports the transition back to local agreement of contracts, and requires systems to achieve a break even position each year. This necessitates strong collaboration through the planning process, as individual organisations work together to achieve system-level outcomes.

The Trust’s financial planning and monitoring arrangements

In response to the finance regime in 2021/22 the Trust approved and submitted a financial plan in line with the NHS requirements. The Trust undertook its planning exercise for 2021/22 within the Lancashire and South Cumbria (L&SC) ‘system’ and following the planning discussions the Trust submitted a break-even financial

plan having received £72m of funding from the L&CS system. The break-even plan included a Waste Reduction Programme (WRP) savings target of £17.2m. We reviewed the assumptions underpinning the plan, the reports prepared for the Board and the minutes of relevant meetings where the revised financial plan was considered. We confirmed the assumptions made by management appeared reasonable, the reports were clear and concise and adequate scrutiny by the Board was evident from their meetings. The Trust reported an adjusted outturn position at 31 March 2022 of a £18k surplus, in line with its submitted plan. During the year the Trust reported its financial position to the Finance & Performance Committee and then subsequently to the Board. We reviewed a sample of reports, which contained evidence of a clear summary of the Trust’s performance, detailed variances and provided adequate explanation of the causes. The reports provided an updated forecast to the end of the financial year.

The Trust’s arrangements and approach to 2022/23 financial planning

As detailed in the opening paragraphs of this section, the financial planning arrangements have changed for 2022/23 with the Trust needing to submit a financial plan to the L&SC Integrated Care System (ICS) that contributes to a break even position for the ICS for the year. The Trust co-ordinate the annual planning process – drawing on input from clinical, operational and support functions across the Trust – with Executive oversight. The Trust has actively engaged with the ICS partners on the key aspects of local & ICS system financial and operational planning. The annual planning and budget setting exercise includes the identification and quantification of financial and operational risks. Financial plans are considered by the Finance & Performance Committee – and receive Board approval.

The Trust’s latest submission to the ICS in April 2022 was for a £17.5m ‘allowable’ deficit for 2022/23 after allowing for a £28.8m Waste Reduction Programme (WRP). The Trust’s ‘allowable’ deficit was focused on two items: additional inflation pressures and increased planned Covid-19 spend in quarter 1 of 2022/23. In addition the Trust has identified significant risks to achieving the plan including £16.4m of income related to increasing elective activity compared with 2019/20, and £10.9m of ICS ‘system’ risks. In addition the Trust continues to be subject to significant inflationary pressures in the year which place further risks on the achievement of the plan. This Trust planned deficit fed into the L&SC ICS which showed a £81m deficit overall, after allowing for the impact of the additional national funding for increasing inflationary costs. The Trust continues to devote significant resources to deliver financial sustainability alongside its ICS partners but the challenge and risks to non-delivery in 2022/23 are significant.

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3. VFM arrangements – Financial Sustainability

Overall commentary on the Financial Sustainability reporting criteria - continued

The Trust’s arrangements and approach to 2022/23 financial planning (continued)

We understand that NHSE/I have asked all ICSs to resubmit ‘break-even’ financial plans for the year in June 2022. The Trust is working on its resubmission alongside ICS partners and reports that it intends to submit a break even plan. It is clear that there are significant long term financial challenges to address once the NHS returns to pre-pandemic financial planning arrangements. The Trust will need to work collaboratively with its ICS partners and NHSE/I in order to determine a solution that helps the Trust deliver financial sustainability.

The Trust’s arrangements for the identification, management and monitoring of funding gaps and savings

The Trust has developed a Waste Reduction Programme (WRP) which aims to deliver efficiencies and savings whilst driving service improvements across the Trust. Waste Reduction Programme targets are built into the Trust’s annual financial planning across divisions. The Trust maintains a WRP Tracker which is a live document demonstrating the position of the efficiency schemes for the current year and an Ideas Hopper which includes schemes being developed for the future. The Tracker is populated by the Divisional Accountants and all budget holders have access to the central tracker. The Trust has a Financial Assurance Board (FAB) which approves WRP submissions and receives regular monitoring reports. WRP delivered by operational divisions is monitored through Divisional Improvement Boards. The Trust reported achieving £15.2m of WRP savings in 2021/22, against a target of £17.2m to deliver in the year.

For 2022/23 the Trust’s latest financial plan submission includes a WRP target of £28.8m, representing 5% of its expenditure. The Trust is clear in its internal reporting that achieving the 5% WRP represents a significant challenge and is much higher than the level achieved in recent years. While the Trust has identified a number of schemes to contribute to the savings, at the end of April 2022, £5.3m of WRP is being reported as ‘unidentified’. The Trust has a good recent track record in delivering savings, but the level of WRP required in 2022/23 is significantly higher than that achieved in previous years. In its April financial plan submission the Trust reported that £24m was categorised as high risk. The Trust continues to refine its plans to deliver the WRP and reports that it aims to achieve the full savings in the year.

Based on the work completed, we consider that there is a significant weakness in the Trust’s arrangements in relation to financial sustainability.

3. VFM arrangements

Governance

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



3. VFM arrangements – Governance

Overall commentary on the Governance reporting criteria

The Trust’s risk management and monitoring arrangements

The Trust has a comprehensive risk management system in place which is embedded into the governance structure of the organisation. The processes are supported by the Trust-wide Risk Management Strategy and the Trust leadership plays a key role in implementing and monitoring the risk management process.

All risks, externally and internally generated including financial, are managed and monitored through the Trust’s risk management software programme, Datix. Risk owners are responsible for maintaining the progress of their risks routinely and risks are added and deleted from the system on a regular basis.

The Trust Board is responsible for the overall management of the Trust’s risks, and the Board sub committees monitor the risks in their relevant areas. The Trust’s Risk Assurance Meeting scrutinises all risks scoring 15 or above and recommends risks for inclusion on the Trust’s Corporate Risk Register. The roles and responsibilities of the Board, sub committees, key directors and senior managers are set out in the Trust’s Risk Management Framework.

We have reviewed the Corporate Risk Register. The risks are linked to the Trust’s strategic aims and are cross-referred to the Board Assurance Framework, providing a thread from operational to strategic risk management. The minutes of discussions detail the challenge and discussion around the risks.

In order to provide assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud, the Trust has appointed internal auditors and local counter fraud specialists. Work plans are agreed with management at the start of the financial year and reviewed by Audit Committee prior to final approval.

We have reviewed the Internal Audit Plans for 2021/22 and 2022/23. Progress reports are presented to each Audit Committee meeting including follow up reporting of recommendations not fully implemented by agreed due dates. This allows the Committee to effectively hold management to account on behalf of the Board. Our attendance at Audit Committees throughout the period confirms the significance placed on internal audit findings. Members of the committee actively request management attendance at committees to discuss findings from internal audit reports.

The Trust’s arrangements for budget setting and budgetary control

The Trust’s budget process is informed by the annual planning process. The annual planning process is led by the Trust finance team and is designed to be delivered in compliance with the NHS national requirements and timetable. For 2021/22 the process was been different to the usual process as a result of the impact of Covid-19. However, the Trust produced, approved and submitted its financial plans and has continued to monitor the delivery of the budget.

The Trust develops its detailed budget based on forecast outturn from the previous year and known planning guidelines for the following year. Known pressures and increases are incorporated alongside the impact of any business cases, inflation and adjustments for non-recurrent items. Review meetings take place prior to final approval in order to agree the final financial plan.

Budget information is held within the Trust’s general ledger system and reconciled to the approved annual plan and control totals. The Trust’s finance team operates on a prompt closedown timetable, meaning budget statements are provided to budget holders promptly after the end of month allowing for timely review and scrutiny. We have reviewed an example budget report and confirmed it contains a detailed variance analysis which is linked to the Trust’s general ledger. This allows the budget holder to drill down to transactional level for detailed review.

The financial position is reported to the Finance & Performance Committee and Trust Board each month and includes sufficient detail to allow for effective review and challenge at the senior leadership level.

3. VFM arrangements – Governance

Overall commentary on the Governance reporting criteria continued

The Trust’s decision making arrangements and control framework

The Trust has an established governance structure in place which is set out within its Annual Governance Statement. This is supported by the Trust’s Constitution and scheme of delegation. Executive Directors have clear responsibilities linked to their roles and the Board Sub-Committee structure in place at the Trust allows for effective oversight of the Trust’s operations and activity.

At the start of the COVID-19 pandemic the Trust acted swiftly to implement revised financial governance arrangements which would allow the Trust to maintain appropriate governance whilst expediting necessary operational actions. Our attendance at Audit Committee confirmed these revised arrangements were reviewed by those charged with governance at the start of the pandemic and subsequently reviewed on a regular basis by Trust management thereafter.

The Trust has a full suite of governance arrangements in place. 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. This includes arrangements such as registers of interests being maintained and published.

Based on the above considerations we are satisfied there is not a significant weakness in the Trust’s arrangements in relation to governance.

3. 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



3. VFM arrangements – Improving Economy, Efficiency and Effectiveness

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

The Trust’s arrangements for assessing performance and evaluating service delivery

The Trust uses benchmarking information such as Model Hospital and Patient Level Information and Costing System along with other information sources. Key performance indicators are incorporated into the Trust’s Integrated Performance Report which follows the NHS Single Oversight Framework. A range of other operational indicators are produced which measure performance and identify opportunities for improvement, e.g. A&E indicators, Referral to Treatments, Cancer Care Delayed Transfer of Care, infection control and workforce Indicators. The Integrated Performance Report provides a summary of performance for each performance indicator outlining the actual performance in the month, whether performance is improving or deteriorating, and whether the performance will meet the target in each case. The report also incorporates substantial detailed information on each indicator including performance trends over time for each indicator and narrative contextual and explanatory commentary. Where improvements are required these are highlighted in the report, enabling the Trust to take appropriate actions on a timely basis.

The Trust’s formal Performance Management Framework oversees performance across all Clinical Directorates and informs the formal reporting to the Board each month. Performance information is presented to the Board of Directors on a regular basis. In 2021/22 the Board has received a wide range of performance related reports in addition to the monthly, Integrated Performance Report. The Board has paid particular focus to the impact of the COVID-19 pandemic on performance. We have reviewed the performance information provided to the Board and this demonstrates that the Board effectively holds managers to account where performance improvements are required.

The latest CQC inspection of the Trust was undertaken in 2018 and reported in early 2019, and the Trust was rated as good overall.

The Trust’s arrangements for effective partnership working

The Trust is a key member of the Lancashire and South Cumbria Integrated Care System. The ICS partnership, includes the NHS providers and commissioners along with the local authorities, and works closely with the voluntary sector and university partners.

The financial regime since September 2020 has focused on the ICS level and this has enabled the ICS partnership to strengthen through 2020/21 and 2021/22. The Trust has played an active role in establishing the

new system and senior management are active members of the meetings and groups within the ICS. Strong relationships with the partners have given the opportunity for the Trust and the partners to tackle the wider implications of the pandemic’s impact on the region, and work collaboratively on a number of programmes across service areas.

The Trust’s arrangements for commissioning services

The Trust has a professionally qualified procurement and commercial resources team with appropriate and up to date procurement policies and processes overseen by these professionals.

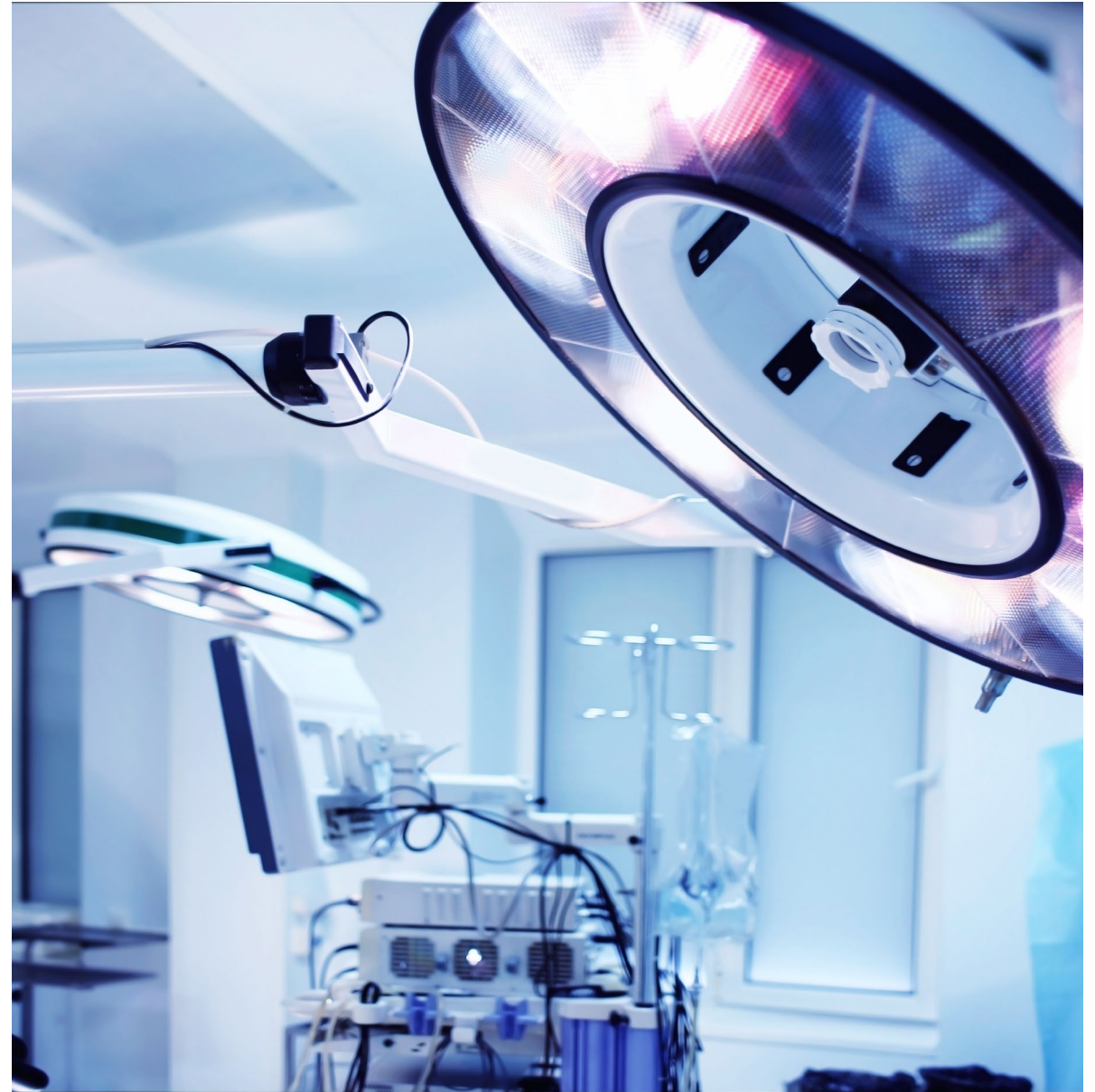
There is a robust specification process to ensure that the selected option and supplier gives best value for money. Use of legally compliant Framework Agreements with agreed discounts to purchase goods and services are in place. The Scheme of Delegation sets out the various levels for approval of expenditure. There is a lead manager who is responsible for ensuring that the procured service is received and is to the required standard. Post project evaluations are undertaken across a range of projects / services.

The Trust has a procurement policy which has been agreed at ICS level to ensure that all organisations across the ICS adopt robust, legally compliant, and efficient procurement practices to ensure that procurement contributes to the Trust’s waste reduction programme.

Based on the above considerations we are satisfied there is not a significant weakness in the Trust’s arrangements in relation to improving economy, efficiency and effectiveness.

3. VFM arrangements

Identified significant weaknesses in arrangements and our recommendations



3. VFM arrangements - Identified significant weaknesses and our recommendations

Identified significant weaknesses in arrangements and recommendations for improvement

As a result of our work we have identified a significant weakness in the Trust’s arrangements to secure economy, efficiency and effectiveness in its use of resources. This identified weakness has been outlined in the table below.

Identified significant weakness in arrangements	Financial sustainability	Governance	Improving the 3Es	Recommendation for improvement	Our views on the actions taken to date
<p>1 Financial plans for 2022/23</p> <p>The Trust’s latest submission for the 2022/23 financial plan is a £17.5m agreed deficit. This deficit position assumes a £28.8m waste reduction programme of savings to be achieved in 2022/23, which represents 5% of the Trust’s annual income. This planned deficit is in addition to the Trust’s cumulative deficit position of £111m as at 31/3/2022. The Trust has delivered a financially balanced position over the past two years but this has largely been achieved through receipt of significant additional ‘system’ funding through the Covid-19 pandemic. There are no current plans for this additional system funding to be provided at the same level in 2022/23.</p> <p>In our view the Trust’s deficit plan and reliance on identifying high levels of savings from its waste reduction programme is evidence of weaknesses in the arrangements to deliver financial sustainability.</p>				<p>The Trust should continue to work collaboratively with its Lancashire & South Cumbria ICS partners and NHS England & Improvement I to explore and agree sustainable, long-term plans to bridge its funding gaps and identify achievable savings.</p>	<p>We are aware the Trust has been actively working to address its underlying financial pressures for a number of years. This weakness and recommendation is current and there are no further actions taken to assess.</p>

04

Section 04:

**Other reporting responsibilities and
our fees**

4. Other reporting responsibilities and our fees

Matters we report by exception

The Local Audit and Accountability Act 2014 provides auditors with specific powers where matters come to our attention that, in their judgement, require specific reporting action to be taken. Auditors have the power to:

- issue a report in the public interest;
- make a referral to the Secretary of State; and
- make a written recommendation to the Trust which must be responded to publicly.

We have not exercised any of these statutory reporting powers.

We are also required to report if, in our opinion, the governance statement does not comply with relevant guidance or is inconsistent with our knowledge and understanding of the Trust. We did not identify any matters to report in this regard.

Reporting to the NAO in respect of consolidation data

The 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. We have concluded and reported that the consolidation data is consistent with the audited financial statements.

4. Other reporting responsibilities and our fees

Fees for 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 Committee in January 2022. Having completed our work for the 2021/22 financial year, we can confirm that our fees are as follows:.

Area of work	2021/22 fees
Planned fee in respect of our work under the Code of Audit Practice	£74,500
Additional fees	£0
Total fees	£74,500

Fees for other work

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

Mazars

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*where permitted under applicable country laws.