

Shropshire Community Health NHS Trust

Auditor's Annual Report for the
year ended 31 March 2023

[Insert date report finalised](#)



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

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



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

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Executive summary



Value for money arrangements and key recommendation(s)

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.

Auditors are required to report their commentary on the Trust's arrangements under specified criteria and 2022/23 is the third year that we have reported our findings in this way. As part of our work, we considered whether there were any risks of significant weakness in the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources. Where we identify significant weaknesses in arrangements, we are required to make recommendations so that the Trust may set out actions to make improvements. Our conclusions are summarised in the table below.

Criteria	2022/23 Risk assessment	2022/23 Auditor judgement on arrangements	2021/22 Auditor judgement on arrangements	Direction of travel
Financial sustainability	No risks of significant weakness identified	A No significant weaknesses in arrangements identified, but three improvement recommendations were made.	A No significant weaknesses in arrangements identified, but one improvement recommendation was made.	↔
Governance	No risks of significant weakness identified	A No significant weaknesses in arrangements identified, but two improvement recommendations were made.	A No significant weaknesses in arrangements identified, but three improvement recommendations were made.	↔
Improving economy, efficiency and effectiveness	No risks of significant weakness identified	A No significant weaknesses in arrangements identified, but one improvement recommendation was made.	A No significant weaknesses in arrangements identified, but four improvement recommendations were made.	↔

- G** No significant weaknesses in arrangements identified or improvement recommendation made.
- A** No significant weaknesses in arrangements identified, but improvement recommendations made.
- R** Significant weaknesses in arrangements identified and key recommendations made.

Executive summary (continued)



Financial sustainability

The Trust has a history of achieving key financial performance measures. 2022/23 financial performance continues to support this. In 2022/22 the Trust forecast a deficit of (£1.35 million) and achieved an outturn surplus of £1.09 million, a favourable variance of £2.4 million.

The Trust has established an ambitious cost savings target of £4.108 million for 2023/24 and whilst it has a well-established process for monitoring and managing savings, this is an increase from the £1.58 million delivered in 2022/23.

We have not identified any significant weaknesses in the arrangements at the Trust, but have raised three improvement recommendations to support the Trust going forward. These have been accepted by management and are set out on pages 14 to 16.



Governance

Overall, we found no evidence of any significant weaknesses in the Trust's arrangements for ensuring that it makes informed decisions and properly manages its risks. The Trust and its system partners should foster an environment of collaboration, challenge, and accountability and continue to monitor this going forward. The Trust should carry out a full review of all policies and procedures to ensure all policies out of date are reviewed, updated or superseded.

We have identified where the Trust could improve arrangements and as such, have raised 2 improvement recommendations for the Trust to consider. See pages 23 & 24 for more detail.



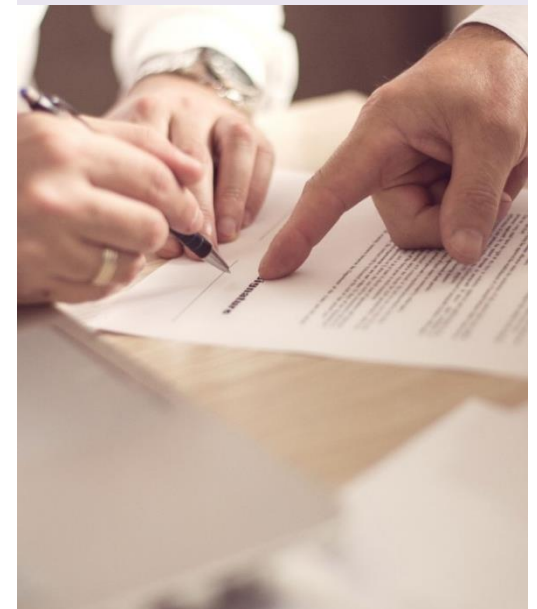
Improving economy, efficiency and effectiveness

Overall, we did not identify evidence of significant weaknesses within the arrangements in place. However, we have identified where the Trust could improve arrangements. The Trust's well led action plan deliverables should continue to be monitored. To ensure the well led action plan actions are completed and embedded and the Trust should review the underlying cause of the spike for incidents resulting in severe harm, to ensure data collected is robust and review the need for an improvement plan if required. We have raised 1 improvement recommendations for the Trust to consider. See page 34 for more detail.



Financial Statements opinion

We have completed our audit of your financial statements and issued an unqualified audit opinion on 29 June 2023, following the Audit Committee meeting on 19 June 2023. Our findings are set out in further detail on pages 39 to 40.



Securing economy, efficiency and effectiveness in the Trust's use of resources

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

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

Under the Local Audit and Accountability Act 2014, we are required to be satisfied whether the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

The National Audit Office's Auditor Guidance Note (AGN) 03, requires us to assess arrangements under three areas:



Financial Sustainability

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



Governance

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



Improving economy, efficiency and effectiveness

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

In addition to our financial statements audit work, we perform a range of procedures to inform our value for money commentary:

- Review of Board and committee reports
- Regular meetings with Senior officers
- Interviews with other Board members and management
- Attendance at Audit Committee
- Considering the work of Internal Audit
- Reviewing reports from third parties including the Care Quality Commission and correspondence with NHS England
- Consideration of other sources of external evidence such as the NHS National Staff Survey, Healthwatch reports etc
- Reviewing the Trust's Annual Governance Statement and other publications



Our commentary on the Trust's arrangements in each of these three areas, is set out on pages 8 to 23.

The current NHS landscape



National context

As we emerge from the worst of the COVID-19 pandemic, the health and care sector continues to face extreme challenges. The backlog of postponed procedures and operations makes elective recovery a priority. Waiting lists are higher than they have been for a decade and those waiting the longest are often those with additional complexities. There are numerous workforce pressures including retention, recruitment, reducing reliance upon bank and agency staff and having staff with the right skills delivering the right services. These aspects impact patient flow which is key for every NHS body. The introduction of Integrated Care Systems has changed the NHS Landscape and encouraged greater partnership working not only with other health organisations, but also social care and Local Authority bodies. Shifting from the Commissioner / Provider model to system working will take time and relies upon the creation of strong and trusted relationships at both a senior and middle management level.

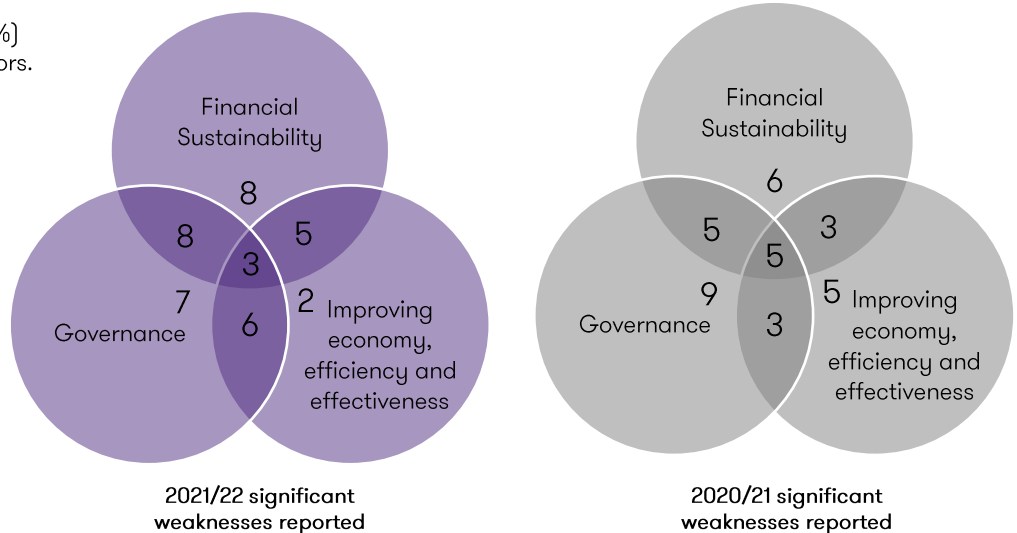
The changes in government leadership, coupled with the cost of living pressures, has meant that 2022/23 is seeing attention returning for grip and control over finances. The block funding seen during the pandemic is shifting to activity based and the regulators are expecting high clinical standards and improvements through savings or productivity to be delivered. Cash balances remained high during the pandemic which have initially allowed non-cash savings to be realised. However, cost savings or productivity improvements will now be required which necessitate wholesale redesign of services and the delivery of savings at a scale not seen for some years. Funding has increased from 2019 levels and yet productivity has not. The scale of transformation required to deliver more for less will take time to deliver.

In 2021/22, the NAO published the Auditor’s Annual Reports for 204 NHS Trusts. Of these, 39 (19%) reported significant weaknesses in their value for money arrangements identified by their auditors. Of these:

- 3 Trusts had weaknesses identified in each of the three Code criteria areas compared with 5 in 2020/21
- 19 Trusts reported two significant weaknesses compared with 11 in 2020/21
- Financial Sustainability and Governance were the two Code criteria with the greatest number of significant weaknesses identified (24 each across a total of 37 Trusts). In 2020/21 Governance was the Code criteria with the greatest number

Overall, more Trusts had significant weaknesses reported in their Auditor’s Annual Report. (36 in 2020/21). Whilst Improving economy, efficiency and effectiveness and Governance received a comparable number of reported significant weaknesses, there was an increase in the number of Trusts with significant weaknesses reported for their Financial Sustainability arrangements.

Due to the financial pressures being experienced by the NHS in 2022/23 and the greater focus from Government and Regulators, it is highly likely that this trend will continue.



The current NHS landscape (continued)



Local context

Shropshire Community Health NHS Trust (the Trust) is part of the NHS Shropshire, Telford & Wrekin Integrated Care System (ICS). The Integrated Care Board (ICB), also within the system, is responsible for allocating the NHS budget and commissions services, working with the other local NHS providers, Robert Jones and Agnes Hunt Orthopaedic Hospital NHS Foundation Trust and Shrewsbury and Telford Hospital NHS Trust.

The Trust provides community services across the County, presenting some challenges due to the geographical spread of the population which is primarily centred around five key towns. Bordering Wales to the west, the County has large areas of rurality which include less populated Market Towns and Areas of Outstanding Natural Beauty (AONB). Road systems are more developed to travel from east to west, meaning access to some patients, particularly in the south of the area can take time.

The population in Shropshire is not expanding as fast as the England average. The population grew by 5.7% compared with 6.6% in England. That said, the population is ageing, with an increase of 29.5% in people aged 65 and over.

The Trust is engaging with the ICB which is co-ordinating partnership working across the County. This includes the hospitals, the voluntary and community sector, 51 GP practices and the two local authorities in a bid to plan and deliver joined up health and social care services.

The Shropshire, Telford & Wrekin Long Term Plan brings together the aspirations of all eight partner organisations into one joined up approach to health and care for the next five years. It aims to allow the delivery of the vision for innovative, safe and high-quality services, to support people in their communities, drive forward efficiency and deliver environmentally friendly services that make the best use of resources.

The plan sets out what local health and care organisations plan to deliver over the next five years. It includes a description of local needs and a summary of:

- the local population
- what service changes will be taken forward and how
- the development of the local workforce,
- digital innovations and aspirations
- how services will restructure across the County.

Importantly, the local Long Term Plan sets out this will be achieved this against a backdrop of a tough financial climate and how the ICB has and will continue to work alongside local people, including seldom heard groups, staff, the two Healthwatch organisations, the voluntary and community sector and local politicians in defining how services need to be reshaped over the coming years.



Financial sustainability



We considered how the Trust:

- identifies all the significant financial pressures that are relevant to its short and medium-term plans and builds them into its plans
- plans to bridge its funding gaps and identify achievable savings
- plans its finances to support the sustainable delivery of services in accordance with strategic and statutory priorities
- ensures its financial plan is consistent with other plans such as workforce, capital, investment and other operational planning which may include working with other local public bodies as part of a wider system
- identifies and manages risk to financial resilience, such as unplanned changes in demand and assumptions underlying its plans

National context

In 2010/11, just 5 per cent of NHS trusts and foundation trusts in England overspent their annual budgets. By 2015/16, two-thirds of trusts (66 per cent) were in deficit. The latest NHS deficit position within the 2023/24 financial planning submissions was reported to be £3 billion.

Systems are expected to work together to find sufficient savings to deliver balanced budgets. But savings on the scale required are very challenging. They require system transformation and strong partnership working with Local Government and the voluntary sector. Savings need to be recurrent and focus on patient pathways redesign. This is hampered by the annual financial planning requirements and short term funding allocations.

We analysed what Trusts outlined in their financial reporting to board and found that the majority (69%) cited under-delivery against their cost improvement plans (CIP) as the key factor for deficits. Other factors included

- COVID-19 spend being higher than planned
- cost inflation being higher than funding
- higher temporary staffing (bank and agency) costs due to substantive staff shortages and staff absences, and
- under delivery against the elective recovery fund (ERF)

2021/22 financial plans were based upon inaccurate historical activity, inaccurate financial baselines and included operational assumptions which have not been achievable. Nearly half (47%) of Trusts cited unplanned operational pressures impacting their financial performance. Given the ongoing operational pressures and the competing demands for resources between elective recovery and urgent care, it seems reasonable to assume that the national financial position will not be recovered for some time.

Short and medium-term financial planning

Shropshire Community Health NHS Trust's financial plans are cognisant of the broader national and regional challenges. While the Trust has managed to structure their financial planning effectively it is important to acknowledge system-wide financial challenges present in the Shropshire, Telford, and Wrekin Integrated Care System (ICS) for the financial year 2023/24. There is a circa £60 million deficit forecasted for the ICS with an underlying recurrent deficit of £83.1 million. The Trust's financial planning is mindful of various factors such as efficiency plans, elective recovery plans, and agency expenditure. The magnitude of these systemic pressures in the Integrated Care System (ICS) could potentially impact the Shropshire Community Health NHS Trust in several ways, even though the Trust itself is achieved in 2022/23 a surplus and hit its Cost Improvement Program (CIP) targets.

Shropshire Community Health NHS Trust, in anticipation of the financial challenges for the year 2023/24, submitted a draft financial planning return to the NHS England on 23rd February 2023. Acknowledging the impact of several outstanding items at the system level on the future financial performance, a hybrid income allocation model was agreed upon by system partners. This model is based on the current Intelligent Fixed Payment rules, combining a variable element for elective activity and a fixed element. Ongoing discussions and recognition among system partners emphasise the necessity to develop a more suitable system for income allocation in the future, indicating the need for improved arrangements to ensure financial stability and efficiency. This is an area of potential risk given the wider Integrated Care System (ICS) context, where the Trust must navigate its financial performance within a system carrying a significant deficit.

Financial sustainability (continued)

2022/23 Financial performance

For the financial year 2022/23, Shropshire Community Health NHS Trust demonstrated a strong financial performance. Despite initial projections forecasting a deficit of £1.3 million, the Trust managed to adjust its financial stance to a surplus position of £1.092 million by the year-end. This represented a favourable variance of £2.4 million compared with the original plan, demonstrating a robust turnaround in financial operations. This performance was realised amidst a challenging financial environment, marked by significant deficits in the broader regional system. It's worth noting, however, that in the early phase of the new financial year, the system reported a £4 million adverse variance, mainly attributed to overspends at other system partners, indicating the importance of sustained focus on operational efficiency and cost management.

Financial challenges 2023/24

The Trust has a substantial Cost Improvement Plan (CIP) challenge for the year 2023/24. It is tasked with reaching a CIP target of £4.108 million, which is more than 2½ times that delivered in 2022/23. Nearly 50% of the CIP target is currently classified as high risk or unidentified, compounding financial uncertainty. The additional stretch target agreed upon in late April submission has added to this uncertainty, although efforts are underway to develop strategic schemes to manage this challenge effectively.

As reported to the June 2023 Trust Board, the Trust's current year-to-date adjusted financial position shows a surplus of £25k, falling £20k short of the planned surplus of £45k, resulting in an adverse variance. Despite several measures in place, agency costs continue to exceed the financial plan. This trend, coupled with a steady growth in the substantive workforce, presents further financial pressure.

	2022/23	2021/22
Planned surplus/(deficit)	(£1.3m)	£1.351m
Actual surplus/(deficit)	£0.833m	£2.389m
Adjusted surplus/(deficit)	£1.092m	£2.761m
Planned capital spend	£2.5m	£5.26m
Actual capital spend	£3.036m (which includes the impact of IFRS 16 which was not considered an overspend against plan)	£4.36m
Planned CIP (recurrent/non-recurrent)	£1.565m £0.782m recurrent (50%) / £0.783m non-recurrent (50%)	£1.677m £1.311m recurrent (78%) / £0.366m non-recurrent (22%)
Actual CIP (recurrent/non-recurrent)	£1.578m £0.0689m recurrent (44%) / £0.877m non-recurrent (56%)	£1.777m £1.332m recurrent (75%) / £0.445m Non-recurrent (25%)
Year-end cash position	£18.58m	£18.664m
System Oversight Framework segmentation	2	2

Financial sustainability (continued)



Cost Improvement Plans

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

Identifying savings

As part of its ongoing financial management, the Trust establishes an annual Cost Improvement Plan (CIP), a critical component of the Trust's Operational Plan, designed to ensure financial stability. This plan focuses on identifying and implementing cost-saving schemes. All CIP schemes undergo a quality impact assessment (QIA) and must meet the Trust's approval standards, ensuring that cost reductions do not compromise service quality.

Performance and delivery of each CIP scheme are monitored by the CIP oversight group. They provide critical analysis and raise any queries or concerns for resolution. Regular updates on the progress of these schemes are presented at Resource & Performance committee meetings, ensuring continual scrutiny and challenge to the ongoing savings schemes.

In 2022/23, the Trust set a CIP target £1.565million, split into £0.782 million (50%) recurrent savings and £0.783 million (50%) non-recurrent savings. Successfully meeting this target indicates the Trust's balanced approach to cost-saving, avoiding excessive reliance on non-recurrent measures.

For 2023/24, the Trust has set a more ambitious CIP target of £4.108 million. This target comprises £2.386 million (58%) in recurrent savings and £1.722 million (42%) in non-recurrent savings, including a 'stretch target' of £1.072 million agreed upon in late April for the system financial plan with Shropshire, Telford & Wrekin Integrated Care System (ICS) partners.

Approximately 50% of this target is currently classified as high-risk or unidentified. As the year progresses and further cost-saving opportunities are identified and implemented, this risk is expected to decrease.

To keep key stakeholders informed of its CIP progress, the Trust shares performance reports on its website as part of the Board report packs. Furthermore, the Trust's CIP oversight group actively monitors each CIP scheme, providing essential scrutiny.

The challenging CIP target for 2023/24 requires careful monitoring and management, particularly given the reliance on non-recurrent measures to achieve the 'stretch target.' Maintaining a focus on these CIP schemes will be essential for the Trust to continue delivering high-quality health services within its financial envelope. We have raised an improvement recommendation to this effect.



Financial sustainability (continued)

Financial planning and strategic priorities

The Trust's financial planning, strategic priorities, and savings identification are central to their fiscal management. The 2022/23 finance plan identifies a low cash flow risk, forecasting a lowest balance of £11.846 million, while maintaining a surplus of £1.1 million (£2.4 million favourable to the original plan). This strong performance contributes to the wider system's financial stability.

In shaping its budget, the Trust adheres to NHS England guidelines, factoring in a variety of income and expenditure elements. However, the question of the Trust's grasp of its cost base requires further clarity. Though review of period 9 and 11 financial reports submitted to the Trust Board revealed evidence of service level reporting, it is still unclear whether the Trust fully utilises tools such as Service Level Reporting (SLR) or Patient Level Information and Costing Systems (PLICS). Understanding the Trust's cost base can be a start point for identifying opportunities for improved cost-effectiveness.

Although financial updates presented to the Board underscore expenditure variances, without benchmarking against other NHS organisations, the capacity to recognise cost-efficiency prospects or validate higher costs, such as clinical safety, is restricted.

The 2023/24 planning update provided in June 2023 does break down costs associated with various aspects like workforce plans, Virtual Wards, Integrated Discharge Team, and Community Equipment Stores. However, this doesn't conclusively demonstrate that the Trust comprehends the finer details of its cost base. A deeper understanding of these intricacies is paramount to achieving financial efficiency and transparency. We have raised an improvement recommendation to strengthen this area.

Shropshire Community Health NHS Trust demonstrates a comprehensive understanding of the links between corporate strategic plans and long-term financial planning. This coherence is vital, especially in light of service redesign and the necessity for financial sustainability.

The Trust successfully operates within its financial envelope, effectively managing spending priorities in line with its available resources. An expenditure table, published in the 2022/23 Month 9 Trust Board Finance report, illustrates processes to match current expenditure to budget, highlight any variances, and effectively track the Trust's financial operations.

These spending priorities are aligned with the financial and operational planning guidance set out by NHS England. The Trust collaborates with partners within the Shropshire, Telford and Wrekin Integrated Care System (ICS) as part of its commitment to the Joint Forward Plan. This collaborative effort helps the Trust continuously develop and review system priorities, considering the needs of all partners and the overall system challenges.



Financial impact from workforce planning

- The Government has committed to publishing an NHS workforce plan, for the staff numbers needed to maintain the workforce over the next five to fifteen years
- It has also commissioned Health Education England to review trends in the health and regulated social care workforce
- There is a target for 50,000 more nurses by the end of March 2024 but think tanks have expressed concern that demand for nurses is increasing faster than supply
- The goal of 26,000 more primary care professionals appears on track, but the number of GPs has decreased
- NHS figures indicate more people are joining than leaving the NHS. However, vacancies have increased in recent years. September 2022 had 133,450 vacancies recorded across the NHS with 47,500 of these for nurses
- The NHS uses internal 'banks' of staff and external agencies to fill vacancies. Staff supplied by agencies cost on average 20% more than NHS bank staff. The NHS England spend on agency staff was £2.44 billion in 2020/21

Financial sustainability (continued)

Financial planning and strategic priorities (continued)

A review of the 2022/23 and 2023/24 budget setting documents shows a robust connection between capital and revenue planning and the strategic planning at both the Trust and ICS levels. For example, the 2023/24 budget detailed significant investments amounting to £8.343 million. These investments were directed towards various critical initiatives such as:

- Virtual Wards (£3.105 million),
- Integrated Discharge Team (IDT) (£1.21 million),
- Musculoskeletal (MSK) Transformation (£0.473 million),
- Modular Ward (a non-recurring prior year effect - £3.255 million), and
- Community Equipment Stores (CES) (£0.3 million).

In conclusion, the Trust has demonstrated the capability to formulate and execute financial plans that are strategically aligned with their objectives, effectively maintaining financial stability while investing in essential health services.

Alignment of financial, workforce, estate, and clinical plans

In the budget planning for the fiscal year 2023/24, the Trust's workforce plan envisages an across-the-board increase in staff numbers. This increase is primarily intended to back the development of new services as noted above.

The alignment of the financial plan with the workforce plan is ensured through ongoing and effective communication between the finance team and divisional contacts within the Trust. This collaborative mechanism allows for the prompt identification of performance issues, activity-related concerns, and HR issues. Accordingly, corrective measures can be formulated and implemented.

Furthermore, to enhance controls over agency staffing, the Trust initiated a 'triple lock' process in January 2023. This process stipulates internal approval for a business case for all non-clinical agency needs. Following this internal approval, the cases are then subjected to approvals from the Integrated Care Board (ICB) and the NHS England.

Although the Trust has demonstrated a systematic approach in its workforce and financial planning, there is a room for improvement in integrating these plans with the estate and clinical plans. Currently, the documentation does not sufficiently demonstrate a forward-looking perspective for the 2023/24 fiscal year. **It is crucial for the Trust to show the linkages between the estates plan, clinical plan, and the financial plans, which would illustrate how these plans influence each other and contribute to the overall strategic planning. We have raised an improvement recommendation to support this.**

Integration of capital and revenue budgets

The Trust has a well-structured approach to capital planning that aligns with expected arrangements. Its 5-Year Capital Plan, revised in January 2023, has outlined a capital expenditure of £16.894m spanning five years, matching the forecasted capital funding, thus maintaining financial equilibrium.

For the 2022/23 financial year, capital expenditure of £2.5 million was budgeted, with approval from the Integrated Care System (ICS) and incorporated into the Trust's financial plan submitted to NHS England. As of the current status, the Trust recorded capital expenditure of £1.329 million, falling short by £0.264 million from the Capital Resource Limit (CRL) set at £1.593 million.

In an effort to optimise the CRL utilisation of £2.5 million by the year-end, the Trust secured approval for three additional capital bids in February, aggregating to £0.115 million. These encompass IT back-up infrastructure upgrades, refurbishment of Whitchurch Pharmacy, and replacement of dishwashing facilities at Whitchurch Hospital. All these projects are anticipated to complete within the financial year.

The Trust's future vision is also clear, with capital budgeting for the financial years 2023/24, 2025/26, and 2026/27 laid out at £4.6 million, £2.84 million, and £2.84 million respectively. These are distributed across 27 unique capital schemes, demonstrating the Trust's commitment to strategic capital spending.

While the Trust's documentation does not explicitly state the ongoing and future revenue costs associated with these investments, the systematic approach to capital planning suggests these costs are implicitly considered in the financial planning. This demonstrates the Trust's adherence to the expected arrangements of incorporating the revenue costs of major capital investments into its financial plans.

Financial Governance

Annual budget setting

The 2022/23 budget was set on the following basis:

- The pay budgets for funded establishments were costed based on the staff in post in December 2021 at the 2021/22 pay rates.
- The pay inflation for 2022/23 is calculated at 3% of recurrent budgets set aside in a specific centrally held budget. This reflected current planning assumptions.
- Pay increases associated with historical incremental changes have been funded.
- Vacancies have been funded at the mid-point of scale.
- Apart from adjustments for volume changes, non-pay budgets are largely unadjusted unless specific cost pressures have been identified for example depreciation charges and dividend payments (PDC).
- The non-pay inflation uplift of 2.7%.
- In line with system planning assumptions there was no contingency reserve.
- The CIP target of £1.565 million was a result of the in-year requirement of 1.1% based on the national tariff and an additional 0.5% due to the system planned deficit.

The Trust's 2022/23 financial plan as per the NHS England submission 28 April 2022 was to deliver a deficit position of £1.3 million. This was agreed with Shropshire, Telford & Wrekin ICB as part of the system position, with the system deficit being shared based on the ICB guidance.

Board Finance paper for month 12 (March 2023) highlighted the adjusted financial position for the year to date is a surplus of £1.1 million compared with the previously planned deficit of £1.342 million which is a favourable variance of £2.4 million. The adjustment has been made following discussion with NHS England and the wider system. All system partners have signed up to the system budget.

As at 31 March 2023 the Trust held a favourable cash position of £18.58 million. This remains a significant level of cash balance for the Trust. This puts them in a strong position to manage any non-cash backed items in the coming year.

Risk identification and mitigation for financial resilience

The Trust's Finance and Resource Committee monitors and mitigates identified risks effectively, particularly those linked to workforce, agency spend, and energy costs. For the 2023/24 year, the committee has already recognised potential risks including cost pressures from inflationary uplifts and depreciation, and public dividend capital adjustments, totalling £2.028 million.

As a small Trust that delivers community services, it faces a different risk profile compared to larger, acute trusts. This unique position allows the Trust to manage its financial risks more readily, for instance, by having more control over demand management and less likelihood of high financial impacts from Care Quality Commission (CQC) requirements.

The Trust's strategic risk management approach and active mitigation measures demonstrate its commitment to maintaining financial stability and aligning its financial plans with broader system-wide considerations.

Conclusion

Overall, we consider that the Trust had effective arrangements in place during 2022/23 for managing financial sustainability, budget setting and budgetary control. We make three Improvement Recommendations on Pages 14 to 16 of this report.

	2023/24
Planned surplus/(deficit)	Break-even
Planned surplus/(deficit) as a % of income	N/A
Planned CIP	£4.108m
Planned CIP as a % of income	3.8%
Planned CIP (recurrent/non-recurrent)	£2.386 recurrent £1.722 non-recurrent
Planned CIP schemes rated amber/green	£0.719m (17.5%) – green £1.378m (33.5%) – amber

Improvement recommendation

Recommendation 1

The Trust should enhance its management and monitoring processes for the Cost Improvement Plan (CIP) to successfully meet its ambitious target for 2023/24. This could involve developing a more granular risk assessment for CIP schemes and implementing additional strategies to reduce the reliance on high-risk and non-recurrent measures.

Improvement opportunity identified

Further strengthening the CIP oversight group's role and increasing transparency around the process of identifying and implementing cost-saving schemes. In addition, developing a more comprehensive risk assessment and mitigation plan for the CIP could be beneficial.

Summary findings

The Trust has established an ambitious CIP target of £4.108 million for 2023/24. At the time of our review, due to the late agreement with system partners on the level of system 'stretch efficiency target', there was a higher than usual reliance upon non-recurrent measures and high-risk or unidentified cost-saving opportunities. Although the Trust has a well-established process for monitoring and managing the CIP, the increased target and risk associated with unidentified cost-saving schemes going into the financial year require heightened attention and improved mitigation strategies. This increased target, coupled with the risks associated with a significant proportion of the cost-saving schemes, make it essential for the Trust to enhance its CIP management and monitoring processes to continue delivering quality health services within its financial envelope.

Criteria impacted



Financial Sustainability



Governance



Improving economy, efficiency and effectiveness

Auditor judgement

Our work has enabled us to identify a weakness in arrangements which we do not consider to be significant but have raised a recommendation to support management in making appropriate improvements.

Management comments

The Trust has enhanced its management and monitoring processes in relation to CIP. The Terms of Reference of the CIP Working Group have been reviewed and amended and a weekly Financial Recovery Group has been established, chaired by the CEO, and a key focus for this Group is efficiency development and delivery, including development of a 3 year rolling CIP programme.

Progressing the actions management has identified to address the recommendations made will support the Trust in addressing the improvements identified from our work. We consider that the timescales provided by management are appropriate and encourage the Audit Committee to monitor progress of implementation to gain assurance over the arrangements in place. The range of recommendations that external auditors can make is explained in Appendix B.

Improvement recommendation

Recommendation 2

The Trust should invest in developing a more comprehensive understanding of its cost base. This can be achieved through the full utilisation of tools such as Service Level Reporting (SLR) and Patient Level Information and Costing Systems (PLICS). Understanding the Trust's cost base will provide a more detailed perspective on cost efficiency opportunities and enable the validation of higher costs, thereby enhancing financial efficiency and transparency. This work should already build on the current understanding which has already identified Outpatients as an area for initial focus.

Improvement opportunity identified

Increased utilisation of cost base understanding tools and benchmarking resources for improved financial efficiency. Enhanced financial reporting to include detailed insights into expenditure variances and cost base composition, with comparisons to other NHS organisations.

Summary findings

While the Trust's financial planning and strategic priorities have demonstrated strong fiscal performance, there's room for further improvement in understanding its cost base. The Trust has shown evidence of service level reporting, but full utilisation of tools such as SLR and PLICS remains unclear. Similarly, the application of benchmarking resources is uncertain. Without these measures, identifying opportunities for cost-effectiveness and validating higher costs is limited. Although the 2023/24 planning update includes a breakdown of costs, it does not conclusively show that the Trust fully comprehends the finer details of its cost base. Thus, the need for more detailed financial reporting and deeper understanding of cost bases is crucial for maintaining and improving financial efficiency and transparency.

Criteria impacted



Financial Sustainability



Governance



Improving economy, efficiency and effectiveness

Auditor judgement

Our work has enabled us to identify a weakness in arrangements which we do not consider to be significant but have raised a recommendation to support management in making appropriate improvements.

Management comments

The Trust will continue to enhance its use of cost and benchmarking data and intends to establish a Productivity Improvement Group to review relevant information and consider any relevant actions as a result of this.

Progressing the actions management has identified to address the recommendations made will support the Trust in addressing the improvements identified from our work. We consider that the timescales provided by management are appropriate and encourage the Audit Committee to monitor progress of implementation to gain assurance over the arrangements in place. The range of recommendations that external auditors can make is explained in Appendix B.

Improvement recommendation

Recommendation 3

For a comprehensive and robust strategic plan, the Trust should work towards integrating its workforce and financial planning with its estate and clinical plans. Creating a linkage among these plans will ensure a holistic approach that considers how changes in one area will impact the others. This will not only provide a forward-looking perspective for the fiscal year 2023/24 but will also enhance overall strategic planning, ensuring all areas are harmonised and mutually supportive.

Improvement opportunity identified

Strengthening the integration of workforce, financial, estate, and clinical planning. Emphasising on documenting and communicating the interplay and impacts between these different areas.

Summary findings

The Trust's workforce plan for the fiscal year 2023/24 envisages an increase in staff numbers, backed by effective communication between finance and divisional teams, and reinforced by a 'triple lock' process for agency staffing. However, the integration of this workforce plan with the estate and clinical plans is currently not sufficiently demonstrated. The Trust should work towards better illustrating how these plans influence each other and contribute to the overall strategic planning for a well-rounded, forward-looking approach.

Criteria impacted



Financial Sustainability



Governance



Improving economy, efficiency and effectiveness

Auditor judgement

Our work has enabled us to identify a weakness in arrangements which we do not consider to be significant but have raised a recommendation to support management in making appropriate improvements.

Management comments

The Trust will continue to utilise its multidisciplinary Internal Planning Group to better demonstrate the interplay between clinical and estates plans with finance and workforce.

Progressing the actions management has identified to address the recommendations made will support the Trust in addressing the improvements identified from our work. We consider that the timescales provided by management are appropriate and encourage the Audit Committee to monitor progress of implementation to gain assurance over the arrangements in place. The range of recommendations that external auditors can make is explained in Appendix B.

Governance



We considered how the Trust:

- monitors and assesses risk and 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; communicate relevant, accurate and timely management information (including non-financial information); supports its statutory financial reporting; 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
- monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements and standards in terms of staff and board member behaviour

National context

With the impending introduction of Integrated Care Systems in 2022 and following on from the pandemic which saw governance stripped back to basics, it is not surprising that the greatest number of significant weaknesses reported in 2021/22 related to governance.

Common themes seen across provider Trusts included:

- Strategic risks not being appropriately mitigated
- Risk management arrangements not being robust throughout the organisation
- CQC required improvements not be progressed at an appropriate pace, particularly for Emergency services and Maternity

We are seeing more higher profile cases of Leadership over-ride within the press which is an indication of poor governance and Trusts should ensure that they are maintaining high standards in all their arrangements.

Risk management and internal controls

The Trust employs a comprehensive approach to identify and manage strategic risks. This is facilitated by the Trust's Risk Management Policy, approved by the Audit Committee in June 2020, with a review due in June 2023. This policy outlines the processes and responsibilities for managing risk within the Trust.

The risk management framework is structured at four levels:

- Board Assurance Framework (BAF)
- Trust Risk Register
- Directorate Risk Registers
- Team Risk Registers

These risk registers are housed on the Ulysses risk management system, enhancing clarity and enabling efficient monitoring and reporting of risks, as well as evidence of risk mitigation.



The Board Assurance Framework (BAF)

- The BAF brings together in one place all of the relevant information on the risks to the board's strategic objectives
- They should remain a live document and drive strategic risk management across the Trust and in Board agendas
- Assurances in place and gaps in controls should be mapped to each risk, drawing on many sources of information including internal audit and external regulators
- Using a scoring matrix, risks can be assessed to allow greater scrutiny of those most significant
- We have assessed that with too many strategic objectives or too many risks, it is difficult to maintain a meaningful BAF

Governance (continued)

Board Assurance Framework

The Board Assurance Framework (BAF) serves as a key tool for the Board of Directors, providing an overview of the strategic risks facing the Trust and outlining the corresponding assurances and mitigation plans. The BAF enables the identification and management of key risks that could hinder the achievement of the Trust's objectives, while simultaneously detailing the effectiveness of the Trust's internal control systems.

Each risk within the BAF is managed by a specific sub-committee of the Board, enhancing accountability and effectiveness in risk management. These sub-committees regularly review the associated risks, work on strengthening control measures, and ensure the successful operation of mitigation plans.

Key risks are analysed on a quarterly basis alongside the Trust's principal objectives. This examination includes comprehensive narratives detailing the established control measures and their respective progress trajectories. Moreover, an action plan is presented to the Board to address any identified control gaps.

The BAF also plays a crucial role in linking risks to the Trust's strategic objectives. This link ensures that all potential risks are considered in the broader context of the Trust's overall strategic aims and allows for more informed decision-making at the Board level.

The BAF updates and regular assurance reports were presented to the Board multiple times throughout 2022 and early 2023. This consistent updating and reviewing process confirms that risks are being effectively identified and appropriately managed within the Trust.

In addition to managing risks, the BAF also helps in identifying opportunities that could enhance the Trust's performance and objective attainment. These opportunities are evaluated against the strategic objectives of the Trust, and plans are put in place to leverage them, further demonstrating the comprehensive nature of the BAF.

The BAF process, as described, has been confirmed by the Internal Audit team to be effective in linking risks to strategic objectives, thereby affirming the BAF's crucial role within the Trust's risk management and internal control system.



Governance (continued)

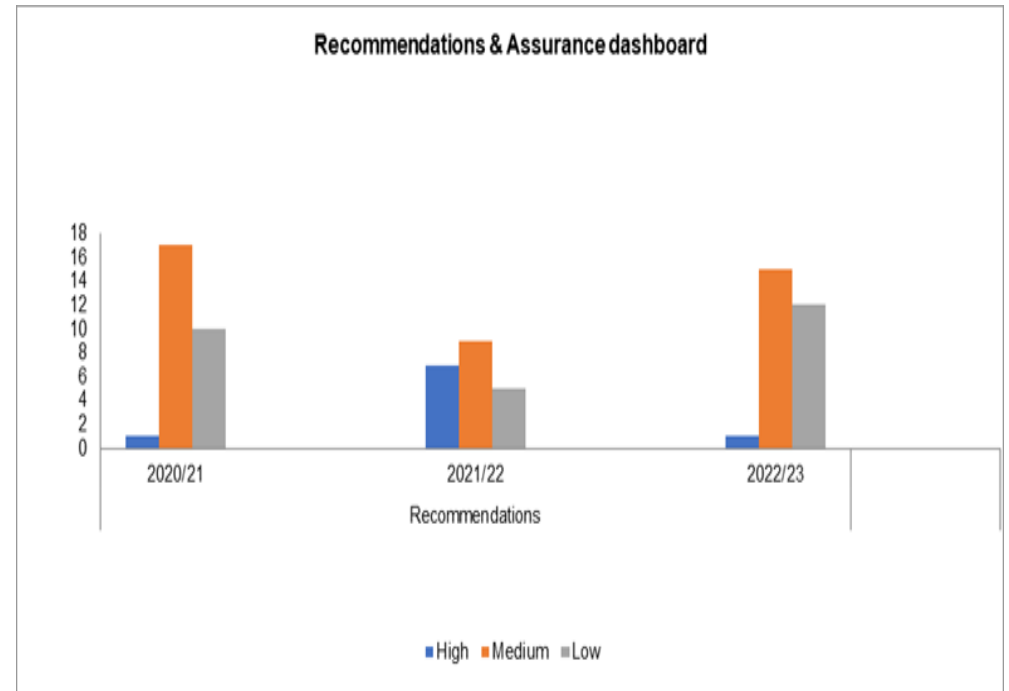
Risk management processes and Internal Auditing

Internal Audit is a vital function that supports the Audit Committee. It contributes independent and objective assessments of risk management, control, and governance processes. At each quarterly meeting, the Audit Committee receives an Internal Audit progress report.

The 2022/23 Internal Audit Plan areas of focus align with the Trust's strategic objectives, as outlined in the Board Assurance Framework (BAF). The Head of Internal Audit (HOIA) provides an overall opinion on the internal control system's assurance level. According to the most recent annual report, the HOIA provided a 'Moderate Assurance' opinion. This typically means that, based on the audit work performed, the internal controls and risk management processes of the organisation are reasonably designed and operating effectively in most areas. However, there may be some limitations or deficiencies identified. The report does also reveal an increase in medium and high-risk recommendations as a percentage of total recommendations year on year. Of the nine audit areas reviewed by Internal Audit in 2022/23, none had 'limited' or 'no' assurance ratings.

The Trust maintains stringent policies against fraud, corruption, and bribery, reinforcing its commitment to transparency and accountability. Regular progress updates from the local counter fraud initiative are delivered to the Audit Committee.

The Audit Committee benefits from the skillset and experience of its members. There is no evidence suggesting a lack of efficacy in the committee's role to challenge and hold the Trust officers and the Board accountable. Their work, complemented by independent and objective insights from Internal Audit, helps improve risk management, control, and governance.



	2022/23	2021/22
Head of Internal Audit opinion	Moderate	Moderate
System Oversight Framework segmentation	2	2
Care Quality Commission rating	Good (2019)	Good (2019)

The Trust's performance against key governance metrics is set out in the table above. The Trust's performance against key financial and performance metrics is set out in this table.

Governance (continued)

Quality controls

Quality control within the Trust is an essential aspect that safeguards patient safety and ensures the delivery of quality services. To facilitate this process, the Trust implements a variety of strategies, such as regular patient stories to Board and clinical audits.

A standing item on the Trust's Board Agenda, the 'patient story,' offers an invaluable perspective on patient experiences. These real-life examples serve to measure the effectiveness of care and identify potential areas of improvement. Paired with the Quality and Safety metrics, these stories form the basis for important discussions with the Integrated Care Board (ICB) about key issues and the next steps for action.

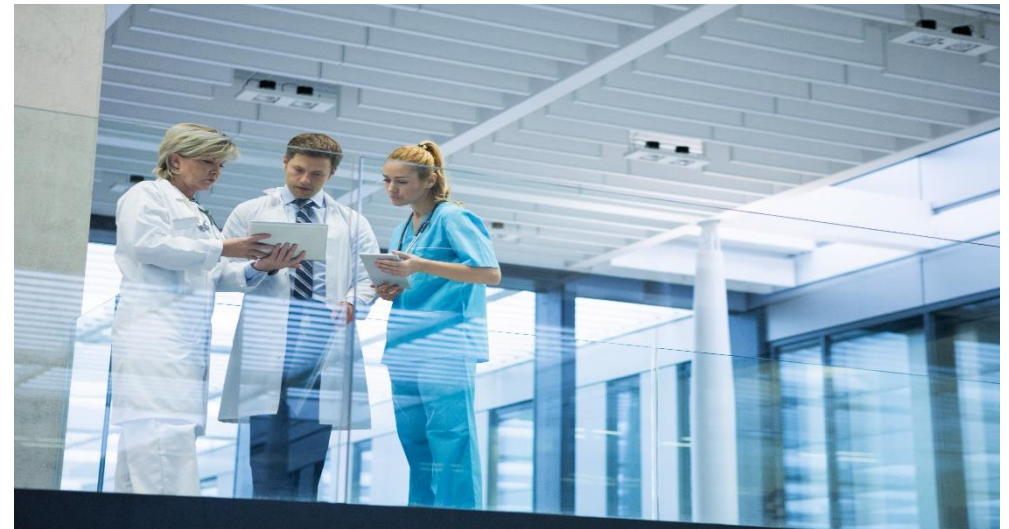
To further enhance transparency and responsiveness, the Chair of the Quality & Safety Committee delivers an Assurance Report to the Board. This report outlines areas where the ICB's support has returned positive outcomes and pinpoints those areas that require further attention. It provides a robust mechanism to ensure that quality of care issues are promptly addressed.

The Trust also places a high value on self-evaluation. This is evidenced by the annual production of a Quality Account, which provides a comprehensive overview of the clinical audits conducted throughout the year. Participation in national clinical audits remained a priority, with the Trust engaging in four National audits during 2022/23. These included the National Asthma and Chronic Obstructive Pulmonary Disease Audit Programme, National Audit of Care at the End of Life, National Diabetes Foot Audit, and National Audit of Inpatient Falls. The results from these audits have informed the Trust's approach in various areas, highlighting strengths, and identifying areas for improvement.

The Quality Account also documents efforts in patient safety and harm reduction. The Trust has implemented measures to improve the reporting and investigation of patient safety incidents. Outpatient appointment waiting lists have been reduced by 58%, with the Trust committing to further improvements in 2023/24.

In light of the challenging environment of the previous year, the Trust has outlined four key priorities for 2023/24 in its Quality Account. These focus on 1) looking after staff, 2) improving patient engagement and experience, 3) enhancing digital capabilities, and 4) strengthening patient safety.

The Quality Account is shared with the ICB, offering them an opportunity to give feedback on the Trust's Quality Priorities before it's presented to the Trust Board for approval and public release. The ICB's feedback on the Trust's 2022/23 Quality Account has been positive, endorsing the identified priority areas for 2023/24. These priorities, including workforce investment, strengthening patient engagement, optimising digital innovations, and the introduction of a new patient safety strategy, signal the Trust's commitment to continuous improvement. The ICB has expressed its anticipation to witness how these aims will be effectuated across the Trust, thereby reinforcing the crucial role of these quality control measures in ensuring patient safety and service delivery.



Governance (continued)



System Oversight Framework

In the March 2023 NHS System Oversight Framework (SOF) ratings, the Trust has been placed in Segment 2. By default, all NHS bodies are allocated to Segment 2 unless they meet the criteria for moving into another segment. Approximately 58% of national providers are in Segment 2 or higher.

Within the Integrated Care System (ICS), the Robert Jones and Agnes Hunt Orthopaedic Hospital NHS Foundation Trust is rated as SOF 3, while both the Shrewsbury and Telford Hospital NHS Trust and the Shropshire, Telford, and Wrekin ICB are rated as SOF 4. (See the information to the right to explain the ratings).

The system is dealing with substantial, complex issues, placing it in the bottom 10% (4 out of 42) of systems and is rated as SOF 4. The system, therefore, benefits from additional support provided by NHS England's Recovery Support Programme. This programme focuses on offering a comprehensive, ICB-centric strategy to help trusts and ICBs facing the greatest challenges. The system struggles with various operational difficulties and is not financially balanced. Despite its relatively smaller size within the system, Shropshire Community NHS Trust plays a critical role in supporting the delivery of system objectives and collaborating with other entities. There is evidence of system working through the Integrate Discharge Team and Rapid Response team which is covered later in this report.

Given these circumstances, it would be beneficial for Shropshire Community NHS Trust to take an active role in any detailed plan to achieve system objectives and move away from SOF 4. Key areas of focus should include enhancing financial stability, jointly addressing operational issues, and fostering collaborative patient care initiatives. By undertaking this crucial step, the Trust will be able to effectively showcase its proactive role and valuable contributions to the overall system. We have raised an improvement recommendation to support this.



The System Oversight Framework

- Introduced in July 2021
- All bodies receive a rating
- The framework is built around five national themes that reflect the ambitions of the NHS Long Term Plan:
 - quality of care, access and outcomes
 - preventing ill health and reducing inequalities
 - people
 - finance and use of resources
 - leadership and capability

Every NHS body receives a rating of 1–4:

1. Consistently high performing
2. Plans that have the support of system partners in place to address areas of challenge
3. Significant support needs against one or more of the five national oversight themes
4. Very serious, complex issues manifesting as critical quality and/or finance concerns that require intensive support

Governance (continued)



NHS Leadership

- Leadership plays a key role in shaping the culture of an NHS organisation
- NHS leaders are facing considerable challenges, including significant financial and operational pressures and high levels of regulation
- This is reflected in high vacancy rates and short tenures among senior leaders that risk undermining organisational culture and performance
- Many of the recent NHS failures have come from poor leadership. This may be a focus on one aspect of delivery at the expense of another, e.g., prioritising financial performance over clinical care
- Senior leadership should welcome honesty in their assurances, creating an environment where staff can be open and flag risks
- Boards should remain alert to the question, “could we have a problem and how do we know we don’t”?

Policies, Procedures and Decision-making

The Trust’s overarching documents, namely its Standing Orders, Standing Financial Instructions, Scheme of Reservation and Scheme of Delegation are up to date.

The Trust has a standard of business conduct policy. This policy describes the broad framework of arrangements for the management of standards of business conduct and outlines the conduct expected of all Trust employees.

There is also a declaration of interest policy which requires that all formal meetings including the board and its committees must have a standing agenda item at the beginning of each meeting to determine whether anyone has any conflict of interest to declare in relation to the business to be transacted at the meeting. The gifts and hospitality policy is in place and results in entries from gifts and hospitality Trust-wide register being submitted to the Audit Committee each year.

A number of other policies are available on the Trust’s website. We have noted that there are several policies and Standard Operating Procedures which have exceeded their review date. Compared with other Trusts, there are a higher number of policies and procedures and there should be consideration as to whether they could be refined, consolidated and made more meaningful to aid in decision-making. We have raised an improvement recommendation on page 24.

Standards and behaviours

There is an appropriate tone from the top in respect of decision making. We have seen this in board papers and minutes of discussions, senior officers and board members are open and transparent on debates in meetings and other discussions.

Conclusion

Overall, we found no evidence of any significant weaknesses in the Trust’s arrangements for ensuring that it makes informed decisions and properly manages its risks. We have however raised 2 improvement recommendations for the Trust to address.



Improvement recommendation

Recommendation 4

Shropshire Community NHS Trust should take an active role in supporting any detailed collaboration plans to improve the system rating. This plan should outline the strategies to actively collaborate with stakeholders, with a focus on improving financial stability, addressing operational issues, and fostering patient care initiatives. The implementation of such a plan would effectively underscore the Trust's proactive role and valuable contributions to the healthcare system, and its commitment to achieving system objectives.

Improvement opportunity identified

By developing a detailed plan that delineates clear roles, actions, and objectives for all participants, the Trust can augment its collaboration efforts, thus contributing more efficiently towards achieving system objectives.

Summary findings

The Trust has recognised the importance of active collaboration with stakeholders for achieving system objectives and enhancing financial stability, addressing operational issues, and fostering patient care initiatives. However, there is a need to move beyond broad-based collaboration efforts to more detailed, strategic planning that clearly outlines the roles, responsibilities, and actions required for effective collaboration. The Trust is advised to work on this aspect to better highlight its proactive role and contributions in the healthcare system it operates within.

Criteria impacted



Financial Sustainability



Governance



Improving economy, efficiency and effectiveness

Auditor judgement

Our work has enabled us to identify a weakness in arrangements which we do not consider to be significant but have raised a recommendation to support management in making appropriate improvements.

Management comments

A detailed plan to improve the system's oversight rating is already in place and includes contributions from all partners. Shropcom plays a proactive role in this regard.

Progressing the actions management has identified to address the recommendations made will support the Trust in addressing the improvements identified from our work. We consider that the timescales provided by management are appropriate and encourage the Audit Committee to monitor progress of implementation to gain assurance over the arrangements in place. The range of recommendations that external auditors can make is explained in Appendix B.

Improvement recommendation

Recommendation 5

The Trust should consider implementing a comprehensive review and consolidation process for its current policies and Standard Operating Procedures (SOPs). By doing so, the Trust could identify opportunities for refinement, consolidation, and simplification of its guidelines. This process would not only make policies and SOPs more meaningful and user-friendly but also more efficient for decision making.

Improvement opportunity identified

Updating and consolidating existing policies and SOPs. Several policies and SOPs have exceeded their review date and compared to other Trusts, there is a higher number. By implementing a systematic review, the Trust could potentially streamline its documents, reduce redundancies, and ensure all guidelines are up-to-date and effective.

Summary findings

The Trust has a robust set of overarching documents in place, such as its Standing Orders, Standing Financial Instructions, Scheme of Reservation, and Scheme of Delegation, including a standard of business conduct policy and a declaration of interest policy. However, several policies and Standard Operating Procedures available on the Trust's website have exceeded their review date. Compared with other Trusts, there is an excess number of policies and procedures, suggesting a potential need for refinement, consolidation, and simplification to aid in decision-making.

Criteria impacted



Financial Sustainability



Governance



Improving economy, efficiency and effectiveness

Auditor judgement

Our work has enabled us to identify a weakness in arrangements which we do not consider to be significant but have raised a recommendation to support management in making appropriate improvements.

Management comments

A full review of the Trust's policies and procedures is underway to ensure that they are up to date and fit for purpose. The Committee workplans will incorporate the policies that are coming up for review to ensure that this is done in a timely manner.

Progressing the actions management has identified to address the recommendations made will support the Trust in addressing the improvements identified from our work. We consider that the timescales provided by management are appropriate and encourage the Audit Committee to monitor progress of implementation to gain assurance over the arrangements in place. The range of recommendations that external auditors can make is explained in Appendix B.

Improving economy, efficiency and effectiveness



We considered how the NHS Trust:

- uses financial and performance information to assess performance to identify areas for improvement
- evaluates the services it provides to assess performance and identify areas for improvement
- 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
- where it commissions or procures services assesses whether it is realising the expected benefits

Financial and performance information to assess performance

The Trust has successfully employed both financial and performance metrics to assess its operations and identify areas of improvement. The Trust uses Statistical Process Control (SPC) which is an analytical technique that plots data over time, helping the Trust to understand variation and identify where action is required. SPC is widely used in the NHS to understand whether change results in improvement. This tool provides an easy way for the Board to track the impact of improvement projects.

The Resource & Performance Committee has confirmed that colleagues from both corporate and operational areas of the Trust meet regularly to review the SPC charts and formulate a revised approach to recovery planning. Working groups have been established to review and improve key areas of performance.

The Trust's implementation of working groups to address variations in performance data indicates a proactive approach towards continuous improvement. By utilising performance dashboards and agile methodologies, the Trust is actively identifying and addressing areas of concern.

The Trust's engagement with the Care Quality Commission (CQC) also demonstrates the use of external performance evaluations to drive improvements. The Trust's progression from a 'Requires Improvement' rating in 2016 to a 'Good' rating in 2019 indicates successful engagement with these external assessments.

There is also evidence of the Trust working within the system and focusing on areas which support known pressure points for patient flow. We will cover this on the following pages as part of our commentary.

In the following section of this report, we provide a comparative analysis of your Trust's performance against other healthcare organisations. The scorecard highlights the Trust's operational and clinical performance data with attention given to indicators that our tool and analysis have identified as requiring further scrutiny. This benchmarking analysis and its outcomes are pertinent to the Trust as they provide an external perspective on performance and potential improvement areas.



Improving economy, efficiency and effectiveness (continued)

Assessing performance and identifying improvement

Using our bespoke Grant Thornton benchmarking tool, we have used NHS performance data to provide a comparison for your Trust against other organisations as well as assessing trend analysis across historic data.

Below is a scorecard for the Trust operational and clinical performance data highlighting indicators which require further review. Our benchmarking indicates that the two areas where performance has deteriorated are Admitted patients waiting 18 weeks or less from referral to treatment (RTT) and the Friends and Family test (FFT) with low performance on those likely to recommend community services. The Trust is aware of these issues and is actively taking steps to improve performance.

	Indicator*	Average	Current period	RAG	Previous	Period
Operational	Admitted patients waited 18 weeks or less from referral to treatment	41.00%	45.16%	●	↓	202302
	Non-Admitted patients waited 18 weeks or less from referral to treatment	63.00%	64.04%	●	↑	202302
	Percentage of patients waiting 13+ weeks for diagnostic tests	11.00%	0.00%	●	—	202302
	Percentage of patients waiting 6+ weeks for diagnostic tests	22.00%	0.00%	●	↓	202302
	Staff sickness absence rate	5.00%	4.73%	●	↓	202302
	Staff turnover stability index	84.00%	84.46%	●	↑	202302
Clinical	FFT: Percentage of respondents likely to recommend - Community	77.00%	77.88%	●	↓	202302
	Incidents resulting in severe harm or death	1.00%	1.55%	●	↓	202302

Legend

- Poorest performing 25% of organisations
- Middle performing 50% of organisations
- Best performing 25% of organisations
- ↓ Performance deteriorated (higher better)
- ↑ Performance deteriorated (lower better)
- ↑ Performance improved (higher better)
- ↓ Performance improved (lower better)
- Performance stayed the same

Improving economy, efficiency and effectiveness (continued)

Performance analysis and improvement

Working groups are being set up to review and improve 4 of the trust-wide KPIs which include:

- Proportion of patients waiting 18 weeks or less for referral to treatment (RTT)
- New Birth Visits (NBV)
- Sickness rate
- Agency spend

These are areas of performance where the Trust has identified that performance is not meeting national standards and has put arrangements in place to look at processes and see where additional actions could be taken to strengthen arrangements and improve performance.

Proportion of patients waiting 18 weeks or less for referral to treatment (RTT)

Our benchmarking also identified the Referral to Treatment (RTT) target as an area requiring significant improvement to meet national standards. Whilst the Trust's compliance is slightly above the national average at 45% (admitted) and 64% (non-admitted), it falls considerably short of the statutory target of 92% for both admitted and non-admitted patients.

The Trust continues to experience challenges with meeting referral to treatment targets. This has been seen particularly in services where patients require diagnostic investigations or Orthopaedic consultant support.

These challenges are not exclusive to the Trust, as national diagnostic pressure is rising due to shortages of Radiologists and increasing demand for imaging. This national context underscores

the challenge of the NHS backlog, which is likely to be an area of public focus and scrutiny.

The Trust is

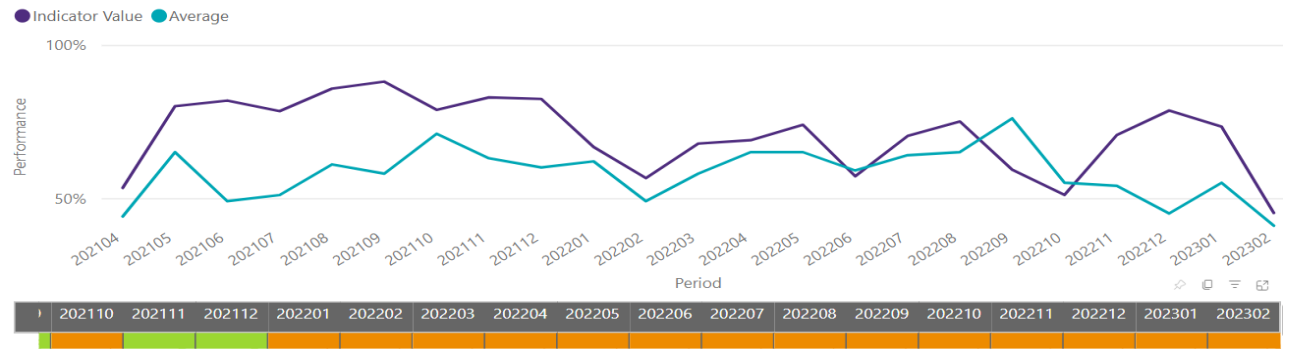
- prioritising the longest-waiting patients
- prioritising those where clinical need is greatest
- sourcing additional capacity from the independent sector
- increasing clinical outpatient capacity to further support recovery

These actions have resulted in a positive reduction in waiting times throughout 2022 for the majority of diagnostics with Ultrasound remaining the exception. The same approach is also being used for non-RTT planned services, managing waiting lists and backlog based on clinical priority.



Trend analysis and RAG rating over time

Admitted patients waited 18 weeks or less from referral to treatment



Improving economy, efficiency and effectiveness (continued)

Performance analysis and improvement (continued)

New Birth Visits (NBV)

The national standard requires 95% of New Birth Visits to be completed within 14 days of birth. There has been national scrutiny on maternity services within the County and ensuring Community Trust support for families post birth is important.

The performance in March 2023 against the 95% target was 85.63%, which was marginally lower than the performance in February 2023 of 90.63%. This metric is composed of the performance of two teams.

- The Telford team achieved 92.75% target during March, lower than the normal 95% that this team consistently achieves. Visits outside the timescales are all due to circumstances outside the control of the Health Visiting Team.
- The Shropshire Team continue to work towards recovery of the NBV target but faced challenges during March and their achievement dropped to 80.42% compared with their February performance at 90%. 37 visits were delivered out of timescales within Shropshire during March. Whilst some were outside the control of the Health Visiting Teams, the main reason was lack of workforce capacity. The rurality of the county also has the potential to further impact this service.

There has been scrutiny over performance and the reasons for non-achievement of the target. The Trust has confirmed that **100% of all birth visits were undertaken and no harm detected due to any delays in visit. 97.6% of visits take place within 21 days. No complaints (formal or informal) were reported when a visit was completed out of national timescales.**

On-going actions being taken by the Trust to further improve performance in this area include:

- an agreed workforce plan in place and running to schedule
- support from other Health Visiting Teams and bank staff being accessed
- human Resources support to manage long term sickness
- lessons learnt following successful weekend working over Easter informed working plans for future bank holidays

The recruitment and retention of Health Visitors to support New Birth Visits, as well as the wider community team, is critical to maintaining an appropriate workforce. Having a substantive workforce in place reduces the need for bank staff to be used, which in turn reduces costs and risks. Substantive staff members are familiar with caseloads and have better knowledge of other team members.

The Trust is securing funding from Health Education England to continue training the workforce for the future and to build and strengthen teams for delivering the entire Healthy Child Programme. Working closely with the Associate Director of Workforce, Clinical Education & Professional Standards, as well as the Recruitment Team, there is a plan to recruit 5 new Health Visitor Students who will begin their training contracts with the Trust in September 2023.

Overall, the actions put in place by the Trust, coupled with the overall scrutiny from the working group, has provided assurance that the arrangements in place to improve performance against this metric are appropriate and we have not raised any improvement recommendations.



Challenges for rural healthcare

Rural populations are often:

- more dispersed with hospitals located over a wider geographical spread making networking for services harder
- older and frailer with greater comorbidities
- less connected with poor road networks resulting in longer ambulance waits and access problems for patients via public transport

Rural trusts often:

- struggle to attract staff both nationally and internationally
- have fewer benefits from the provider collaborative model than in areas where hospitals are in closer proximity

Maximising opportunities from virtual wards where possible and initiating patient-initiated pathways where clinically safe should be high on a rural acute Trust's agenda.

All rural providers should ensure their partnership working, particularly at a system level, which includes the local authority and 3rd sector, is as strong as possible.

Improving economy, efficiency and effectiveness (continued)

Performance analysis and improvement (continued)

Workforce – sickness rates

The national average for staff sickness across Community Trusts is 5%. The Trust aims to support staff attendance at work and has set a target of losing less than 4.5% of staff available time to absence at any given time. The current performance in March 2023 was 5.17%.

Staff sickness rates and retention data have been instrumental in assessing employee satisfaction and overall wellbeing within the Trust. Low sickness rates coupled with high retention rates suggest a positive work environment, contributing to the performance of the Trust.

The Trust has put a number of initiatives in place to support the achievement of this target:

- Managers continue to be supported by the People Team to help staff with long term absence return to work with HR staff supporting a planned way forward
- Health and Wellbeing strategies continue to try to prevent sickness absence
- Monthly ‘Managing Attendance and Professional Standards’ meetings have been implemented with Service Delivery Group Managers to discuss and review absences within their Directorate
- Monthly meetings with Operational Managers are in place providing assurance that the appropriate support is in place for both long and short term absences.

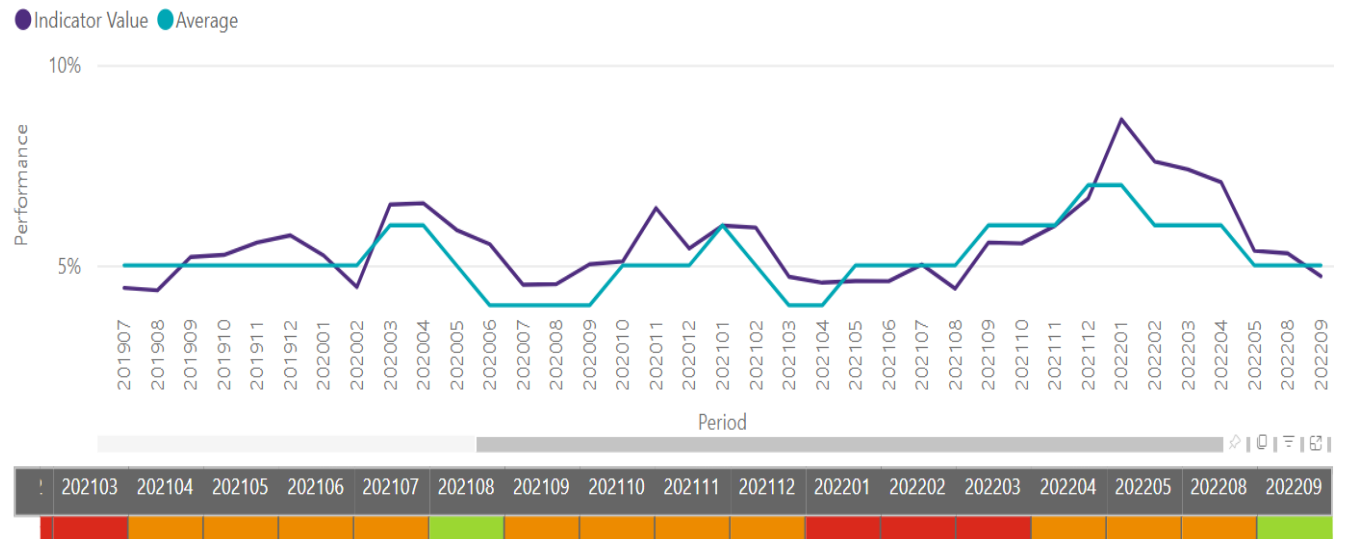
- Monthly meetings between HR and Occupational Health are in place to discuss absence management and appropriate support and to monitor the time from referral to triage to appointment.
- Short term absence reports are discussed with Line Managers on a monthly basis to provide them with an overview of absence and individuals requiring support.

Further scrutiny and analysis of absences is monitored through the People Committee. The Occupational Health Team is launching a monthly newsletter which will highlight areas of support along with wellbeing tips. The Occupational Health team are also undertaking clinics at each Community Hospital on a monthly basis.

Overall, we have evidenced actions to improve performance against this metric. This provides assurance over arrangements. We have not raised any improvement recommendations.

Trend analysis and RAG rating over time

Staff sickness absence rate



Improving economy, efficiency and effectiveness (continued)



Workforce pressures

There are significant workforce challenges across all roles and all regions. Many bodies are reporting that the recruitment and retention of skilled and experienced staff is their greatest risk.

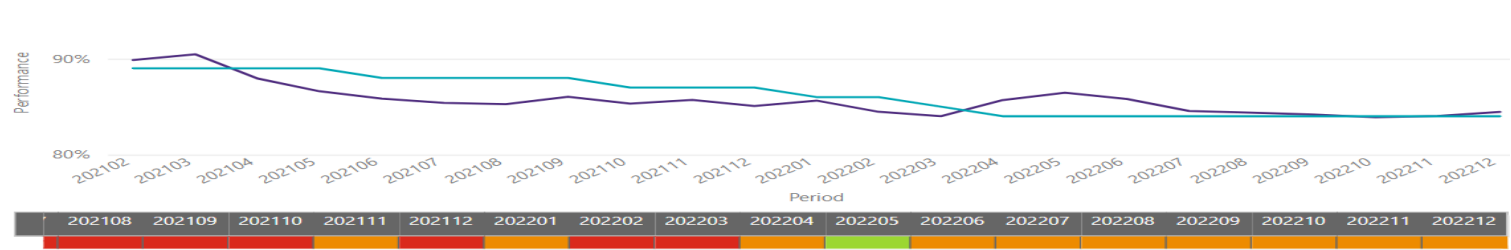
How the NHS found itself in this position is a complex picture; a perfect storm.

- **Historic understaffing:** inadequate workforce planning with insufficient funding and infrastructure
- **Declining wellbeing:** delivering care amid persistent staff shortages with agency staff and normalised increased workloads
- **Early retirements:** staff choosing to retire earlier than planned has reduced both capacity and experience
- **Poor retention:** greater workloads and stressful working conditions have increased attrition
- **Pay pressures:** recent strike action has highlighted the level of feeling from NHS workers

Trend analysis and RAG rating over time

Staff turnover stability index

● Indicator Value ● Average



Performance analysis and improvement (continued)

Workforce – agency spend

Agency spend is a national issue with most Trusts exceeding the limit imposed for expenditure, known as the ‘agency cap’. Focusing on improving staff retention, better and sustained recruitment and reduced sickness, reduces the requirement for agency or bank staff to fill gaps or provide additional capacity.

The Trust has identified that this is an area they wanted to improve and established a working group. To improve performance against this metric, agency approval processes are being designed and implemented across the Trust to provide a robust control mechanism to monitor and provide further oversight.

The Trust also monitors its vacancy rates. These have been higher in 2022/23 reflecting the Trust investment received for expansion in Local Care services, for example, virtual wards, expansion in Rapid response, and the Integrated Discharge Team (IDT).

This expansion increased the requirement for staff (head count or establishment) but it has taken time to recruit to these positions. That said, the Trust has seen a positive response to recruitment to these new posts, which reflects the fact that they offer real opportunities for skill expansion and cross sector working. The Trust is keen to expand and rotate staff across these areas to build meaningful career pathways for staff which also offers the greatest opportunities to local people and communities.

The chart above shows the Trust’s staff turnover, confirming that whilst it was above the national average for Community Trusts at the start of 2022/23, it has now reduced and is broadly tracking the average.

The actions taken by the Trust to stabilise its workforce and thus reduce reliance upon agency spend appear to be effective with the data confirming stability in performance for this metric.

Overall, there is evidence that Shropshire Community Health NHS Trust has robust performance evaluation mechanisms in place and has demonstrated commitment to continuous improvement and identified areas for improvement. As a result of this we have concluded that appropriate arrangements are in place for analysing performance and driving improvement.

Improving economy, efficiency and effectiveness (continued)

Performance analysis and improvement (continued)

Incidents resulting in severe harm or death

Incidents resulting in severe harm or death, although previously not a focus, present a major concern. Our benchmarking identified that performance is below average, but improving. A spike in such incidents in December 2022 placed the Trust in the bottom 25% nationally, resulting in a detailed investigation into the underlying causes. No systemic failures were identified.

The Trust has also identified that harm could be caused when patients have been waiting over 52 weeks for treatment. Harm Proformas were completed for all new patients seen over 52 weeks and for follow up patients if the clinician deemed necessary. **No incidents of severe harm were identified.** From the proformas completed in 2022/23, 68% indicated no harm and 32% indicated low harm which could be treated and resolved. The vast majority of cases with harm were rheumatology patients. By March 2022, all 52-week breaches in rheumatology had been seen.

The Trust's use of performance data to highlight and acknowledge this issue demonstrates an active engagement with performance information, even when it reveals areas for improvement.

Other metrics

Review of other performance indicators shows that the Trust is below the national average for its National Cost Collection Index (NCCI). This is calculated as the actual cost of delivering the Trust's casemix, against the average cost of delivering the same casemix. The Trust is delivering services 7% below the national average, indicating that it is efficient in how it spends its income to provide services.

The Trust's utilisation of both financial and performance information to assess its overall operations and identify areas of improvement is good. **The Trust has shown effectiveness in maintaining service standards in core service areas.** There is no evidence to suggest repeated or historic failure to achieve improvements in efficiency and productivity.

As demonstrated by various reports, such as the CQC's Good rating and the Grant Thornton VFM Benchmarking Report. The majority of the Trust's targets are rated Amber or Green, indicating good to moderate performance. While incidents resulting in harm and death have been a point of concern, the Trust's continued monitoring and efforts, such as reporting no serious incidents in consecutive months, suggest active measures are being taken to address this.

Regarding strategic priorities and cost-effectiveness, the Trust's approach appears to cover a broad definition of value, including financial, social, climate, health inequalities, and digital aspects. Their Annual Report and Accounts 2021/22 showcase a strong commitment to improving the quality of services, developing new care models, and investing in workforce well-being. This is further underlined by their strategic initiatives to build community care capacity and reduce health disparities.

In terms of digital transformation and climate considerations, the Trust's commitment to managing finances efficiently and maximising the potential of digital technologies also aligns with the broader definition of value.

By developing integrated patient records, enhancing digital interfaces, and implementing robust cyber security measures, the Trust aims to improve patient outcomes and experiences while utilising resources effectively. Additionally, the Trust's focus on digitising systems and processes, as well as reviewing internal processes, demonstrates their commitment to cost-effectiveness and optimising service delivery.

Overall, Shropshire Community Health NHS Trust has robust performance evaluation mechanisms and has demonstrated commitment to continuous improvement and identifying areas for improvement.



Improving economy, efficiency and effectiveness (continued)

Stakeholder engagement and partnership working

Shropshire Community Health NHS Trust has established a robust structure to engage with significant partnerships and stakeholders in fulfilling its role and meeting its strategic objectives. By forming key partnerships with organisations such as local GP practices, NHS Trusts, Clinical Commissioning Groups (now ICBs), and local councils, the body has demonstrated its commitment to collaborative work aimed at delivering measurable outcomes and improving service delivery.

The Trust has initiated purposeful and well-governed partnerships, as evidenced by its collaboration with Oakengates Medical Practice and Telford & Wrekin Social Services to pilot a care model. The creation of a Patient Experience Group highlights its engagement with patients and willingness to receive feedback and enhance services. Moreover, the combined service delivery efforts with the Council teams represents a concerted response to unique community needs.

There is evidence of active stakeholder engagement with the Trust enhancing patient and public engagement, as indicated by initiatives under the Integrated Care System (ICS). The Healthwatch Shropshire report demonstrates engagement with broader healthcare system stakeholders. However, concerns were raised in the August 2022 Board papers regarding the lack of emphasis on public engagement in the context of substantial changes expected in community-based services. Specifically, the absence of information regarding self-care, virtual wards, and the development of a future bed model was highlighted.

Considering this, the Trust was requested to outline their plans for public and patient consultation regarding these significant service changes. The Trust responded, affirming their intention to involve residents and the workforce in the design of services, with a specific focus on early intervention and prevention. The Trust has reported that the Integrated Care System (ICS) has developed a comprehensive plan for engagement. As a member of the ICS, alongside partners in acute care, the local authority (LA), and other commissioning bodies, Shropshire Community Health NHS Trust confirms their involvement in the system engagement plan. **However, it is not entirely clear whether the engagement plan has been fully implemented or if it is still in the development stage. Transparent communication and regular updates are recommended to build trust and effectively incorporate patient and public voices. An improvement recommendation has been raised to strengthen this area.**

The Trust has exhibited active participation and contribution to local Integrated Care System plans. Reports detailing the body's activities, including updates on decisions that impact its ways of working and clinical pathways, are regularly presented to the Board.

Overall, the Trust has demonstrated a capacity to engage with key partners and stakeholders effectively, using these relationships to foster service improvement and meet objectives. However, to maintain trust and ensure efficient service delivery, the body should address concerns about public engagement and provide clear, transparent updates about the comprehensive engagement plan's status and implementation.



Improving economy, efficiency and effectiveness (continued)

Procurement benefit realisation

The Trust's Procurement Strategy prioritises transparency, cost-effectiveness, and timeliness, procuring goods and services in line with best practices. A central goal is to acquire best value and quality, accomplished through market testing for competitive prices and establishing legally enforceable contracts to secure the Trust's interests.

The Trust engages Shropshire Healthcare Procurement Services (SHPS) for procurement, which also provides services to Shrewsbury & Telford Hospitals NHS Trust and Robert Jones & Agnes Hunt Orthopaedic Hospital NHS Foundation Trust. This arrangement allows for potential economies of scale and improved efficiency in procurement processes.

SHPS benchmarks prices and collaborates with organisations like Health Trust Europe and NHS Supply Chain, ensuring the realisation of expected benefits. Going forward the Trust could also benefit from exploring NHS England's Central Commercial Function.

An accomplishment is the reduction of procurement waivers from 16 in 2021/22 to 6 in 2022/23, highlighting improved procurement efficiency. Furthermore, the Trust's environmental commitment is exemplified by its pursuit of locally sourced goods, reducing its carbon footprint.

The Trust's Scheme of Delegation allows small waivers without authorisation, but large purchases require Audit Committee reviews, promoting financial accountability. Two single-source waivers were also noted, justified by time constraints and continuity needs.

Overall, our analysis of the Trust's procurement strategy and its implementation shows an effective realisation of benefits through a balanced focus on value, compliance, and financial accountability.

Conclusion

Overall, we found no evidence of any significant weaknesses in the Trust's arrangements for ensuring that it makes informed decisions and properly manages its risks.



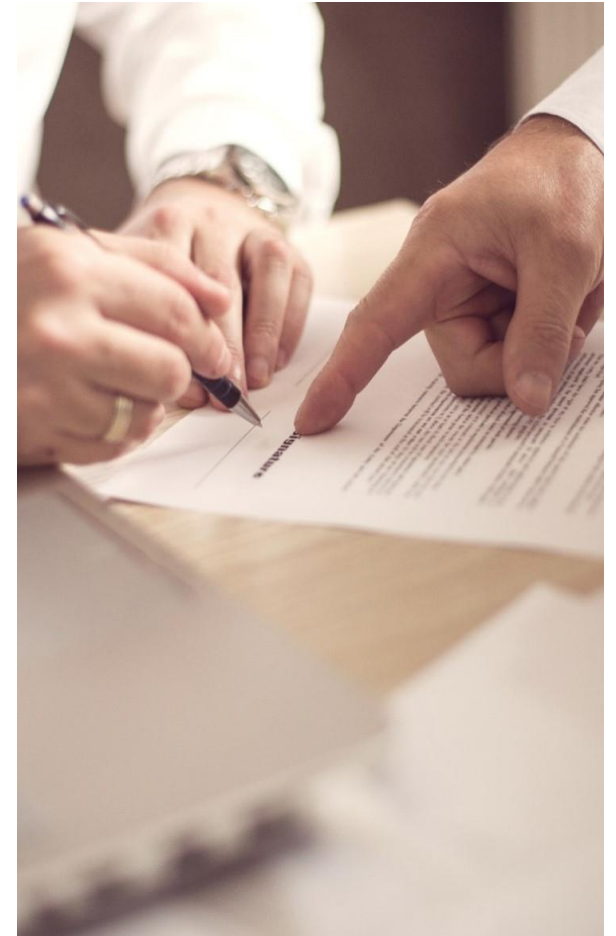
Central Commercial Function (CCF)

Launched in July 2022, the CCF aims to build a world class commercial community in the NHS, which will help unlock significant commercial opportunities for the NHS (including leveraging NHS buying power where appropriate), deliver value for money for the taxpayer, ensure clinicians have the right products and services they need, and tackle some of NHS England's commercial challenges such as supplier resilience.

The purpose of the CCF is to bring together and engage with 42 Directors at an Integrated Care Service level representing all Integrated Care Boards and Acute, Community and Mental Health Trust Providers.

The vision is to reduce the number and complexities of the current nation framework agreement processes and having single procurement functions at individual ICS level.

Some ICS have already adopted this method of delivery.



Improvement recommendation

Recommendation 6

The Trust should communicate transparently with stakeholders, including patients, service users, residents, and its workforce, the status and implementation of the comprehensive engagement plan. Regular updates and opportunities for feedback can help build trust and ensure that patient and public voices are effectively incorporated.

Improvement opportunity identified

By establishing a comprehensive communication strategy, which includes detailed plans for regular updates, feedback mechanisms, and clear timelines for the implementation of the comprehensive engagement plan, the Trust can strengthen its relationship with stakeholders. This will not only foster transparency but also ensure that patients, service users, residents, and the workforce are adequately informed and actively participating in service enhancements.

Summary findings

The Shropshire Community Health NHS Trust has shown dedication to forming partnerships and collaborations to improve service delivery and meet its strategic objectives. These collaborations, combined with the Trust's commitment to stakeholder engagement, highlight its focus on shared responsibility and collective input in healthcare provision. However, concerns were raised in a Trust Board paper regarding the clarity of information and frequency of updates provided to the public about major service changes and the status of the comprehensive engagement plan. The lack of transparency in communication may result in potential gaps in understanding and trust among stakeholders, indicating a need for improvement in this area.

Criteria impacted



Financial Sustainability



Governance



Improving economy, efficiency and effectiveness

Auditor judgement

Our work has enabled us to identify a weakness in arrangements which we do not consider to be significant but have raised a recommendation to support management in making appropriate improvements.

Management comments

The Trust will put in place an engagement strategy which will include a process to ensure that consideration is given to the requirement for a communications plan for any service changes being proposed.

Progressing the actions management has identified to address the recommendations made will support the Trust in addressing the improvements identified from our work. We consider that the timescales provided by management are appropriate and encourage the Audit Committee to monitor progress of implementation to gain assurance over the arrangements in place. The range of recommendations that external auditors can make is explained in Appendix B.

Follow-up of previous recommendations

Recommendation	Type of recommendation	Date raised	Progress to date	Addressed?	Further action?
1 The Trust needs to fully identify and develop cost improvement plans for 2022/23 and across the medium term to address the Cost Improvement Programme (CIP) requirement.	Improvement	Sept. 2022	CIP plan and possible additions with lead names identified is complete for 23/24. Ops team members assigned to each CIP recommendation and working closely with Finance colleagues. Further work up under development and additional QEIA meetings added to March and April to ensure full oversight and sign off. Currently on track and being led by the Deputy COO with oversight from Clair Hobbs, Director of Nursing and Workforce. A programme to consider the CIP rolling programme for 24/25 and beyond will be introduced once the 23/24 plan is fully identified and delivering.	Yes	No
2 The Trust should monitor the effectiveness of its newly implemented governance arrangements, ensure they remain fit for purpose and enable the Trust to respond to the challenges of working within a complex ICS environment. This will ensure the Trust Board are appropriately focussed on key strategic issues facing the Trust and are supported by high quality and effective reporting mechanisms.	Improvement	Sept. 2022	Governance Framework is now embedded along with Chair's Reports consistently being provided both to Assurance Committees and the Board. Report writing training has been rolled out with two sessions run by NHS Providers held. The workplans and terms of reference have been consistently reviewed throughout 22-23 by each of the Committees and a Committee Effectiveness Survey will be issued at the end of the financial year for each Committee with a full report of the results to be presented to each Committee and the subsequent Audit Committee for oversight.	Yes	No
3 The Trust should carry out a full review of its policies and procedures to ensure all policies out of date are reviewed, updated or superseded where appropriate to do so.	Improvement	Sept. 2022	The Trust has reviewed the policy tracker and has worked to update its overdue policies, taking a risk-based approach. There are still policies overdue for review and a new Corporate Governance post has been put in place for 23-24 and policy management will form part of this role to ensure there is additional resource and focus.	Work in progress	Yes, we have added an updated improvement recommendation for this year's report.

Follow-up of previous recommendations – cont.

Recommendation	Type of recommendation	Date raised	Progress to date	Addressed?	Further action?
4 The Trust should reduce its dependence on the use of procurement waivers where suppliers outside of the Trust's procurement framework are used.	Improvement	Sept. 2022	The Trust has actively reduced procurement waivers in 2022/23. This can be seen from the reduction in both number and value. In 2022/23 7 waivers were logged for a total spend of £167,891.39, in 2021/22 20 waivers were logged for a total value of £718,309.24.	Yes	No
5 The Trust should review areas where benchmarking could be a beneficial source of information and explore how to develop and embed this within the Trust. This may be for example to develop insight into potential new ways of working or identifying key differences to peers, whether positive or negative.	Improvement	Sept. 2022	Benchmarking update reports have been presented to RPC and gained support in relation to next steps. MCAP data discussed, and areas of opportunity identified. To also explore Benson model for community teams which is being discussed and promoted nationally both by QNI and NHSEI. Currently being led by Bethan Emberton with oversight from Gemma McIver.	Yes	No
3 The Trust should engage with staff to understand the root cause of this reduction across the Staff Survey theme of 'staff morale'.	Improvement	Sept. 2022	The Trust's 2022 Staff Survey results have been received under embargo. Action planning has commenced to cascade results and engage with staff about what they mean and to identify staff experience improvements. Engagement events will continue throughout 2023/24. Additionally, work continues for the staff experience, wellbeing, retention, EDI and culture programmes, all of which contribute to improved staff morale and experience.	Yes	No

Follow-up of previous recommendations cont.

Recommendation	Type of recommendation	Date raised	Progress to date	Addressed?	Further action?
7 The Trust should continue its work to reduce its reliance on agency staff and develop a sustainable strategy to recruit and retain the right people to deliver its services.	Improvement	Sept. 2022	The Trust is introducing an applicant management tracking system to support more efficient recruitment processes, and a Digital Marketing platform to promote SCHAT and advertise vacancies through social media. Circa 20 Trainee Nursing Associate posts have commenced as well as 12 International Nurses. A further bid has been submitted for International Nurses. There is a trial for enhanced bank rates currently underway. The Healthroster business case has been approved and recruitment to roles is underway to deliver the project. The Trust is also introducing a Direct Engagement Model for Non-Nursing Agency bookings.	Yes	No
8 The Trust should review and update the Well-led improvement plan following the 2019 CQC visit but also consider whether there have been further practices/incidents identified which could lead to CQC challenge or have a negative impact within the CQC inspection process.	Improvement	Sept 2022	The Trust's well led review was completed and presented to the Board along with a full action plan that has been presented back to the Board for progress updates. The Board will continue to receive the well led action plan until all actions are completed and embedded.	Yes	Yes, we have added an updated improvement recommendation for this year's report

Opinion on the financial statements



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

- give a true and fair view of the financial position of the Trust as at 31 March 2023 and of its expenditure and income for the year then ended
- have been properly prepared in accordance with international accounting standards as interpreted and adapted by the Department of Health and Social Care Group Accounting Manual 2022-23, and
- have been prepared in accordance with the requirements of the National Health Service Act 2006

We conducted our audit in accordance with:

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

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

Audit opinion on the financial statements

We issued an unqualified opinion on the Trust's financial statements on 29 June 2023.

The full opinion is included in the Trust's Annual Report for 2022/23, which can be obtained from the Trust's website.

Further information on our audit of the financial statements is set out overleaf.



Opinion on the financial statements

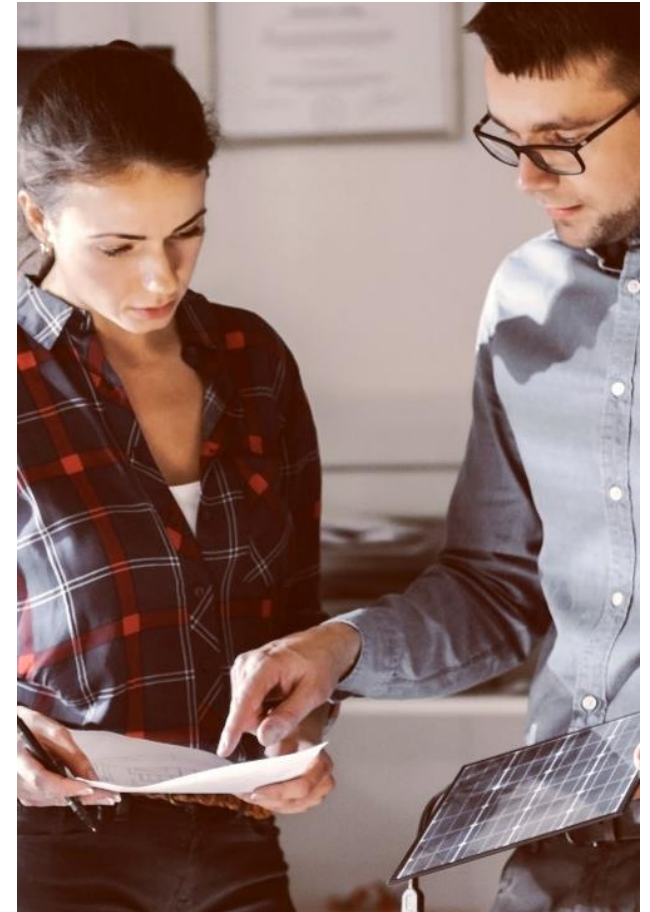


Timescale for the audit of the financial statements

- The Audit Plan was issued and it was presented to, audit committee on the 20 April 2023.
- The audit took place between March and June 2023.
- The Trust provided draft financial statements in line with the national timetable
- An unqualified opinion on the financial statements was issued on 29 June 2023 and this was in line with the national timetable

Findings from the audit of the financial statements

More detailed findings are set out in our Audit Findings Report, which was presented to the Trust's Audit Committee on 19 June 2023. Requests for this Audit Findings Report should be directed to the Trust.



Other reporting requirements



Remuneration and Staff Report

Under the Code of Audit Practice (2020) published by the National Audit Office, we are required to audit specified parts of the Remuneration and Staff Report included in the Trust's Annual Report for 2022/23. These specified parts of the Remuneration and Staff Report have been properly prepared in accordance with the requirements of the Department of Health and Social Care Group Accounting Manual 2022-23.

Annual Governance Statement

Under the Code of Audit Practice (2020) published by the National Audit Office, we are required to consider whether the Annual Governance Statement included in the Trust's Annual Report for 2022/23 does not comply with the guidance issued by NHS England, or is misleading or inconsistent with the information of which we are aware from our audit. We have nothing to report in this regard.

Annual Report

Under the Code of Audit Practice (2020) published by the National Audit Office, we are required to consider whether, based on the work undertaken in the course of the audit of the Trust's financial statements for 2022/23, the other information published together with the financial statements in the Trust's Annual Report for 2022/23 is consistent with the financial statements. We have nothing to report in this regard.

Whole of Government Accounts

To support the audit of Consolidated NHS Provider Accounts, the Department of Health and Social Care group accounts, and the Whole of Government Accounts, we are required to examine and report on the consistency of the Trust's consolidation schedules with their audited financial statements. This work includes performing specified procedures under group audit instructions issued by the National Audit Office. We have nothing to report.



The use of auditor's powers

We bring the following matters to your attention:

Statutory recommendations

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

We did not issue any statutory recommendations to the Trust in 2022/23.

Section 30 referral

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

We did not issue a section 30 referral to the Secretary of State for Health and Social Care regarding the Trust's break even duty. We do not consider that any unlawful expenditure has been made or planned for.

Public Interest Report

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

We did not issue a report in the Public Interest with regard to arrangements at Shropshire Community Health Trust for 2022/23.

Appendices

Appendix A: Responsibilities of the NHS Trust

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

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

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

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

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

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



Appendix B:

An explanatory note on recommendations

A range of different recommendations can be raised by the Trust's auditors as follows:

Type of recommendation	Background	Raised within this report	Page reference(s)
Statutory	Written recommendations to the Trust under Section 24 (Schedule 7) of the Local Audit and Accountability Act 2014.	No	
Key	The NAO Code of Audit Practice requires that where auditors identify significant weaknesses as part of their arrangements to secure value for money they should make recommendations setting out the actions that should be taken by the Trust. We have defined these recommendations as 'key recommendations'.	No	
Improvement	These recommendations, if implemented should improve the arrangements in place at the Trust, but are not a result of identifying significant weaknesses in the Trust's arrangements.	Yes	18,19,24 & 25



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