

# The Christie NHS Foundation Trust

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

24 October 2023



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We are required under Schedule 10 paragraph 1(d) of the National Health Service Act 2006, 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 Foundation Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.



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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
Financial sustainability	No risks of significant weakness identified	<b>A</b> No significant weaknesses in arrangements identified. One improvement recommendation made to support the Trust in embedding its best financial management practices to make financial planning as efficient as possible, in the context of it setting an £8 million deficit plan for 2023/24.
Governance	No risks of significant weakness identified	<b>R</b> A significant weakness has been identified in relation to compliance with Managing Public Money requirements for charity gifts and key recommendation reported on page 5.
Improving economy, efficiency and effectiveness	No risks of significant weakness identified	<b>A</b> No significant weaknesses in arrangements identified. Three improvement recommendation made to support the Trust in improving arrangements for data quality assurance, waiver reporting and partnership governance.

- 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

Despite the Trust setting a £8 million deficit plan for 2023/24, we did not identify significant weaknesses in the Trust's arrangements to secure financial sustainability. The Trust delivered a small surplus of £1.4 million taking into account the performance of its wider group entities and has a substantial cash balance of £143 million at the start of 2023/24. The Trust has clear arrangements for developing and overseeing efficiency programmes, led by the Chief Operating Officer, though, like many other Trusts, it will need to improve its performance in delivering recurrent efficiencies to maintain its financial position. We raise an improvement recommendation to support the Trust in embedding its best financial management practices to make system financial planning as efficient as possible.



## Governance

Our work has not identified any evidence which leads us to conclude that there are significant weaknesses in the Trust's core controls over risk management, the function of the Audit Committee or ethical behaviour. A recent Care Quality Commission (CQC) report re-rated the Trust from "outstanding" to "good", with "requires improvement" in "safe" and "well-led". The Trust has put in place appropriate arrangements to progress and track implementation of actions to address the issues CQC raised in its report. We raise an improvement recommendation to support the Trust in monitoring progress over the coming year.

During the year, the Trust transacted a gift to the value of £5.8m to The Christie Charity. The Department of Health and Social Care Group Accounting Manual and HM Treasury's Managing Public Money require gifts in excess of £0.3 million to be reported to NHS England and be approved by HM Treasury. The Trust did not seek approval or consult with NHS England in advance of the transaction and this is evidence of a significant weakness in arrangements for decision making. We have raised a key recommendation regarding this matter.



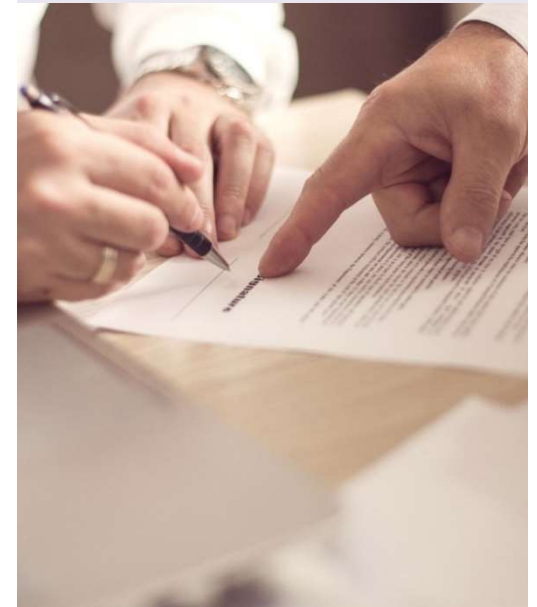
## Improving economy, efficiency and effectiveness

The Trust performs well against most clinical and operational indicators, reflecting CQC's positive comments about the standard of clinical leadership. The Trust also has broadly effective performance reporting, meaning the Board is well-sighted on performance, as well as financial issues. There is evidence of senior-level review of performance trends, but the Trust has not recently assessed the quality of data or data systems underpinning key performance indicators reported to the Board. We have raised improvement recommendations to support the Trust in enhancing the level of positive assurance it has over the quality of quality, partnerships governance and waiver reporting.



## Financial Statements opinion

We have completed our audit of your financial statements and issued an unqualified audit opinion on 24 October 2023, following the Audit Committee meeting on 19 October 2023. Our findings are set out in further detail on pages 25 to 26.





# Key recommendations

## Recommendation

We recommended that the Trust puts arrangements in place to demonstrate and ensure compliance with Managing Public Money guidance including consultation with NHS England and HM Treasury to obtain appropriate approval in advance of making charitable gifts or other transactions requiring approval.

## Identified significant weakness in arrangements

The Trust has transacted a gift to the value of £5.8m to The Christie Charity without consulting in advance with NHS England or obtaining approval for the transaction from HM Treasury as required under guidance within the Department of Health and Social Care Group Accounting Manual and HM Treasury's Managing Public Money. The absence of consultation and approval for the transaction is evidence of a significant weakness in arrangements for decision making in respect of such transactions. We consider that the lack of consultation and approval from HM Treasury in advance of making the charitable gift is a significant departure from the principles of Managing Public Money and demonstrates a failure to comply with procedures designed to secure value for money in the use of public resources.

## Criteria impacted by the significant weakness



Governance

## Auditor judgement

Based on the work undertaken, we are not satisfied that the Trust has proper governance arrangements in place to ensure compliance with the principles of Managing Public Money in relation to charitable gifts or other transactions requiring approval by HM Treasury. The Trust has discussed this matter with NHS England and requested approval retrospectively. At the date of our report, a response is still awaited.

The deficiencies limit the Trust's ability to demonstrate good value for money. We have therefore identified a significant weakness in arrangements.

## Management comments

Agreed

Progressing the actions management has identified to address the recommendations made will support the Trust in addressing the weaknesses 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.

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

All Foundation 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.

Foundation 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 9 to 22.

# 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. 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.

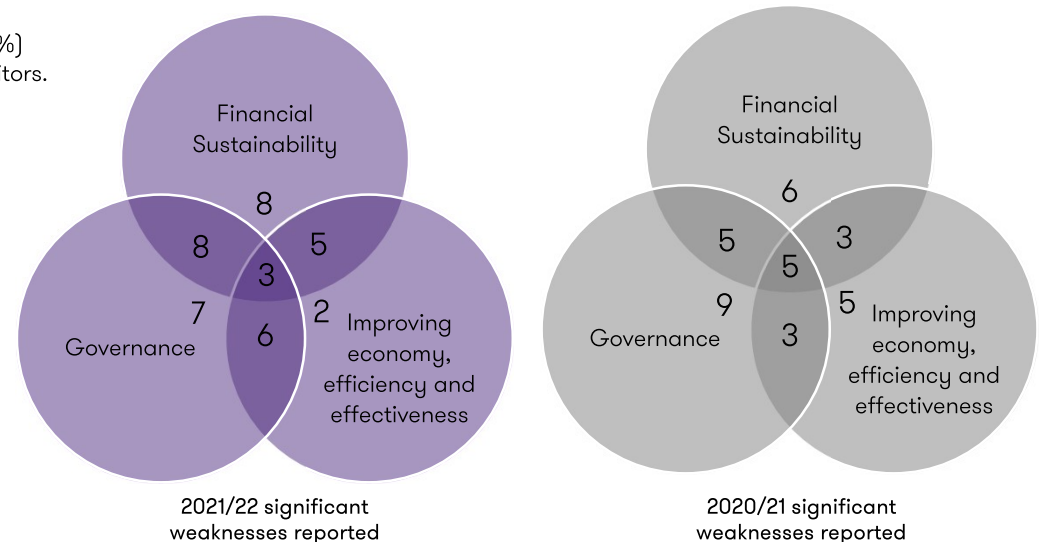
The changes in government leadership, coupled with the cost of living pressures, has meant that 2022/23 is seeing attention returning for grip and control over finances. The block funding seen during the pandemic is shifting to activity based and the regulators are expecting high clinical standards and 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 Report 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

The Christie NHS Foundation Trust (The Trust) is a specialist cancer trust that provides highly specialised treatment such as radiotherapy, proton beam therapy, chemotherapy and surgery for complex and rare cancers. It is also a nationally-significant centre for specialist research and operates a range of partnerships and joint ventures, including a private clinic and a pharmacy company. It also delivers services in partnership as part of the Greater-Manchester Cancer Alliance, which brings together clinical and managerial leaders from hospital trusts and other health and social care organisations from across the region

Like many other Trusts within the region and nationally, the Trust is operating in an increasingly challenging operational and financial environment. Although its services are provided regionally and nationally, as well as locally, the Trust is now part of the wider Greater Manchester (GM) Integrated Care System (ICS) for financial planning purposes.

Each ICS has a statutory NHS Integrated Care Board (ICB) and a wider Statutory Integrated Care Partnership (ICP). NHS GM, The ICB, is responsible for making decisions about health services across its ten constituent boroughs and cities. The ICP, meanwhile, brings together a wider range of health and social care partner organisations, including local authorities, and wider public sector and community organisations, to improve the health and wellbeing of the population of Greater Manchester.

The Greater Manchester health and social care system is complex and, like many other ICSs, faces significant financial and non-financial challenges.

The health of the population of Greater Manchester is worse, on average, than England as a whole, with significant inequalities between different groups. There is also evidence that the people seeking NHS care have more complex than average needs. The ICB, ICP and NHS providers are developing their longer-term plan to address these challenges.

On behalf of the wider ICS, the ICB has - as of 4 May 2023 - submitted a “breakeven” financial plan for 2023/24 to NHS England. The ICS-wide plan included, however, a ‘system efficiency’ target of around £130 million which was, at that point, unmitigated and which is additional to the £400 million cumulative efficiency targets set by NHS providers within the system.

NHS providers within the system, including the Trust, recognise a collective responsibility to deliver these additional savings but acknowledge that doing so will be challenging.

It is within this context that we set out our findings on the Trust’s value for money arrangements in 2022/23 and make recommendations to support improvements in its management of value for money in 2023/24.

# Financial sustainability



## We considered how the Foundation 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 on 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

### 2022/23 financial performance

The Trust reported a year-end surplus position for the Group of £1.4 million (including The Christie NHS Foundation Trust and its subsidiary, The Christie Private Clinic), compared to a breakeven plan. The year-end income and expenditure deficit was £8.9 million, prior to technical adjustments such as donated depreciation, charitably-funded capital donations, donated grant income and impairments. The Trust maintained a significant cash balance of £143 million at year-end.

Capital performance for the year was £3.3 million below the plan submitted to NHS England (NHSE). In particular, “The Paterson” capital build scheme was £2.3m behind plan, whilst the building was substantively completed, some residual post-completion ‘snagging’ works will need to be undertaken in 2023-24. We cover the Trust’s budget monitoring in detail on page 13. The Trust secured additional capital funding in-year of £4.9 million and spent an additional £5.2m that was not assumed in the plan on two new surgical robots and a CT scanner.

### 2023/24 financial planning

The Christie’s 2023/24 financial plan is for an £8 million deficit, which is created through a combination of activity in excess of contracted activity, and the impact of cost inflation in excess of that funded in tariff. The Trust set its plan based on activity of 115% of 2019/20 levels; specialist commissioners fund on basis of 112% and the Trust has not assumed this will be funding but has included the costs in its plan. Should the Trust agree funding for the excess its position may improve. Otherwise, improving on this position would mean it had to identify and deliver further cost improvements (more than the CIP already included in the plan – see page 11) or generate additional funding for activity delivered to close the gap. The Trust’s board has been made aware of the implications of submitting a deficit plan.



# Financial sustainability (continued)

## Short and medium-term financial planning (continued)

The Trust is not alone in facing a more challenging financial context in 2023/24 and delivering ICS-level revenue plan is a significant challenge. While the additional unmitigated system risk which remains formally in the ICB plan and has not been allocated to individual providers, delivering it is a collective responsibility for system partners.

The Christie's financial plan, as at the end of April 2023, followed several iterations as part of a Greater Manchester-wide development process. The initial system plan submitted to NHSE in February 2023 was for a £693 million deficit. As part of this, the Christie submitted a draft plan of a £40.5 million deficit. Later plans progressively reduced the deficit through a mixture of additional income being included in the plans (such as interest received on cash reserves in bank; additional specialist commissioning income), and allocations from the wider system as well as more stringent challenge by Trust leadership of division-level plans - particularly on recruitment plans.

Capital planning is a further challenge across the Greater Manchester system and the Trust is particularly aware of this given its need to maintain and invest in specialist equipment and facilities. The revenue cost of capital has been clearly identified as a revenue budget driver in financial plans for 2023/24 (around £1 million of the Trust's planned £15.6 million deficit before final adjustments were made to reach the £8 million deficit position). We understand system capital allocations are still subject to finalisation but at this stage the indication is that the Trust's allocation will be around 10% below its depreciation forecast of £21.3 million. Our discussions with the Trust and review of Board papers indicates that the Trust has appropriate processes to prioritise the capital resources it has, and it is aware of the long-term risk to value for money presented by any shortage of capital. Unlike other Trusts, the Christie can attempt to raise capital funds from its Charity, but this relies on specific fundraising activities and cannot be relied upon.

	2022/23	2021/22
Planned surplus/(deficit)	£0	£0.2m
Group (adjusted) surplus/(deficit)	£1.4m	£0.2m
Planned capital spend	£78.8 (+£4.9 applied for in-year)	£91.8m
Actual capital spend	£75.5 (+£5.2 additional to plan spent in year)	£101.5m
Planned CIP (recurrent)	£7.3m	Not monitored in same format
Actual CIP (recurrent)	£4.2m	£0
Year-end cash position	£143m	£151m
System Oversight Framework segmentation	1	1



## 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

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

## Identifying and delivering savings

The Trust's clinical divisions are involved in developing and delivering savings plans. For the 2022/23 financial year, divisions were asked to submit ideas in February 2022 and included both clinical and non-clinical measures, along with associated values along with associated values and recurrent/nonrecurrent split.

The Trust's monitoring arrangements provide effective senior-executive review of the efficiency programme. It is notable that the Trust's Chief Operating Officer (rather than the finance function) leads for the CIP Programme, which is tracked and reported at the Trust-wide Operations Group (TOG), and reported to Management Board and the Board of Directors. The Chief Executive chairs monthly divisional service reviews where financial performance and CIP delivery are reviewed and challenged. The values of each scheme and monthly movement by RAG rating is presented and tracked at divisional level.

An appropriate CIP tracker is maintained by the finance team. All entries to the Tracker are made by divisions' finance business partner so there is active gatekeeping of the data in the tracker. The Tracker data provides the basis of summary slides presented to the TOG and Board. CIP performance is also covered in some detail in the Trust's integrated performance and quality Board report. When a scheme can demonstrate it is delivering, the RAG rating is be turned to blue and a profiled budget transaction processed in the ledger accordingly. Variance against budgets is monitored so if a completed scheme should begin to fail it should be picked up via monitoring budget variances.

Despite the strengths of its monitoring arrangements, the Trust struggled to deliver its recurrent efficiency target for 2022/23. The Trust had a recurrent CIP target in 2022/23 of £7.3 million.

Outturn recurrent at year end, reported to the Board in May 2023 was £4.2m – around 60% of the target. The majority of the underdelivered £3 million was marked as 'unidentified', which indicates that the Trust was unable to develop sufficient, tangible schemes to deliver the initial target it set.

The Trust's reporting process for 2022/23 focused more on the recurrent element of the scheme; non-recurrent schemes were seen as a balancing figure (as long as the Trust was on-plan overall). For 2023-24, non-recurrent schemes form a larger proportion of the total and, as such, the Trust plans to focus more on reporting progress across the programme a whole, which is appropriate given the more challenging financial context and the contribution required from the efficiency programme as a whole.

For 2023/24 the Trust has a challenging target of £12.5 million which is 4% of influenceable spend (excluding pass through costs for drugs, and Proton Beam costs, for example). This is broken down into £4.9 million recurrent (£3.7 million pay £1.3 million non-pay) and £7.6 million non-recurrent (£3 million pay, £2 million non-pay and £2.6 million income).

In the challenging national and system context it is important that the Trust is clear and realistic in its assessment of the level of CIP that is deliverable - we address this within our financial improvement recommendation (see page 14).

# Financial sustainability (continued)

## Financial planning and financial risk

Workforce and activity growth planning and assumptions are an integral part of the process by which the Trust develops its financial plans. Workforce numbers are triangulated and consistent with activity and finance data and are built into financial plans shared at the system level.

The Trust was clear in developing its plans for 2023/24 that meeting its financial targets depend partly on improving recruitment and retention. Our benchmarking data shows that the Trust's sickness absence rate (as at September 2022) was 4.3%, placing the Trust in the best-performing quartile of acute Trusts. However, it had a lower than average "stability index"\* of 85 (compared to an average of 87), placing it in the lowest-performing quartile of acute trusts on this measure. This indicates that there may be scope to address staff turnover that is not related to sickness and the Trust may wish to investigate this further as it progresses its workforce and culture plans (see page 16). The Trust also considers that it will also need to deliver workforce transformation and explore new roles to mitigate workforce supply pressures such as Medical Support Workers, Advanced Clinical Practitioners and Physicians Associates.

The Trust's financial plans also rely to a greater extent than other, non-specialist Trusts on income from sources other than NHS patient care sources, from its wider Group entities and joint ventures. For 2023/24, its plans include £62 million of "other operating income", including £28 million from Research and Development activity and £5 million of charitable contributions. These assumptions are clear in its financial plan. Not all of these costs represent pure financial risk, however, as they are in effect projections of turnover, and any shortfall in income would in practice net off against reduced expenditure (this is the case for research and development, for example). Its plans also include £6 million of income from its joint ventures including the Christie Private Clinic.

We note that the timings of accounts preparation for key partner bodies are factored into the Trust's own timetable for accounts preparation, and in-year income and expenditure from non-patient care sources (including variances from plan) are reported in the detailed finance reports to management board. The Trust may wish to ensure, however, that financial forecasts income from revenue and capital sources that are not guaranteed are brought together and presented as simply and clearly and simply as possible in summary financial reporting to the Board.

\*The stability index is a proxy for staff "churn" – a Trust that had 100 nurses in post in July 2021 and 90 of the same nurses in post a year later would have a stability index of 90.



## 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 Governance

## Annual budget setting

Budget setting involves a good level of external and internal engagement and the Trust's financial planning for the 2023/24 has been carried out in a system context from the outset.

The Trust participated in "confirm and challenge" sessions within the ICS, which involved structured bilateral conversations between Trusts within the ICB based on a framework of suggested questions provided by the ICB, further evidenced on both sides by the inclusion of a system planning position in the Trust's "check and challenge" templates, and within core submissions to Board, which was kept well-informed throughout the budget setting process for the 2023/24 financial year.

The Trust also has processes to challenge divisions internally within the development process. Ahead of the 2023/24 financial plan being finalised, these challenge sessions supported an overall reduction in the forecast deficit from £40.5 million to £15 million.

Given the number of iterations involved in developing the system plan, and the Trust's forecast deficit position, it is more important than ever that plans are – and are seen to be – as realistic and as lean as possible from the outset. We recommend that the Trust build these "reality checks" into its planning templates from the outset, so that its initial plan is set as tightly as possible, reducing the degree of change from the initial plan to the final submission as far as possible.

## Budgetary control

The Trust's budget monitoring arrangements are clear.

- Financial performance is reported and monitored at the Trust Operational Group, headed by the COO and made up of all division directors and budget holders.
- The Trust's management board (private board) also receives an appropriately detailed monthly finance report. This finance report provides a clear summary of the in-year position including the monthly performance and the cumulative position for the year. A clear forecast for year-end is also provided.
- The Board of Directors receives clear summary financial updates via the integrated finance, performance and quality report which brings together financial and non-financial information. The report summarises income and expenditure, risk-rated progress with the CIP, and progress with the capital plan.

As noted on page 9, capital plan performance for the year was £3.3 million below the plan submitted to NHSE&I. In particular, The Paterson scheme was behind plan by £2.3m - whilst the building is substantively complete, some 'snagging works' will be undertaken in 2023-24. This was an improvement on the £9.4 million underspend in the prior month's management board report but we note the Trust expecting the work to be fully on plan and in retrospect this assessment may have included a degree of optimism bias, and the Trust may wish to double check its capital forecasts are based on realistic forecasts particularly towards the year end.

	2023/24
Planned surplus/(deficit)	(£ 8 million)
Planned surplus/(deficit) as a % of income	c2%
Planned CIP	£12.5m
Planned CIP as a % influenceable spend	c4%
Planned CIP (recurrent/non-recurrent)	£4.9m/7.6m (40%/60%)
Planned CIP schemes rated amber/green	48%

# Improvement recommendations

## Recommendation 1

- The Trust should build on its established arrangements to ensure that its financial plans are as tight as possible, by
- including the “reality checks” from its divisional challenge process into its planning template; and
  - embedding similar reality checks an efficiency targets to ensure they as realistic as possible, as early as possible.

## Improvement opportunity identified

Earlier sight of the most realistic financial planning position would improve the accuracy of financial forecasting and make financial planning more efficient.

## Summary findings

The Trust under-delivered around 40% of its recurrent CIP with the majority of this being unidentified savings plans. Draft Financial plans for 2023/24 were made significantly leaner after challenge of divisional plans to drive realism into key assumptions.

## 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 already started detailed planning activities for the 24/25 financial year. The level of efficiency demanded by the GM ICS is significantly in excess of that which has historically been delivered or deemed deliverable in the NHS but is required in order to plan for a breakeven scenario. The Trust is working on transformational efficiency programmes for the next financial year which are planned to deliver recurrent, system-wide savings.

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 Foundation 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

**The Trust maintained appropriate and effective risk management processes during 2022/23.** Risk reporting continues to be carried to the Board and Risk and Quality Governance Committee A “key risk” report is also taken to the Risk and Quality Committee at each meeting. The report shows a summary, top trust-wide and divisional risks, changes risk scores. The risk report gives the title of the risk, the risk owner, previous score, current score, description of the risk, mitigating actions and review date. The report summary shows there were 5 Trust-wide “15+” (a score out of 25 based on likelihood \* impact) in April 2023. A Quarterly Corporate Risk Register Report is also taken to the Risk and Quality Committee. The Care Quality Commission also found in its report of May 2023 that the Trust’s risk management processes were broadly effective. A 2022/23 Internal Audit review concluded that the Trust has a Risk Management Strategy in place, which is sufficiently detailed and has been subject to recent review and approval. There was however no clear link between this Risk Appetite and the corporate risk register, operational risks and Board Assurance Framework.

**The Board Assurance Framework (BAF) focuses appropriately the key risks against achievement of the corporate objectives.** The BAF is a ‘live’ document which is continuously reviewed and updated and by the Company Secretary. The BAF for 2022/23 currently identifies 8 corporate objectives are highlights the principal risk, executive lead, likelihood and impact, key controls, gaps in controls, risk score, assurance, gaps in assurance, risk appetite, responsible committee, assurance level achieved, opening position, quarterly position, target risk score and target date for completion.



## 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 to 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)

## Internal audit

Internal Audit services are provided by Mersey Internal Audit Agency (MIAA) who have a contract that expires in 2024.

Internal Audit work is completed in accordance with Public Sector Internal Audit Standards. The 2022/23 Internal Audit Plan was presented to the Audit committee in April 2022. Internal Audit progress reports are presented to the Audit committee at each meeting and these highlight progress against the Annual Internal Audit Internal Audit managed to align internal audit work with the Trusts strategic objectives and came up with a 3-year Strategic Internal Audit Plan.

Internal Audit work for 2022/23 and covers a good spread of the Trusts key operations. Reviews carried out in the following areas procurement, risk management, theatre utilisation, key financial systems, learning from deaths, and data security. We note that data quality and key performance indicators were not covered by internal audit work and raise an improvement recommendation in this area (see page 23).

## Internal control

The Head of Internal Audit's draft annual opinion for the 2022/23 financial year is of Substantial Assurance. This means that in their opinion there is a good system of internal control designed to meet the organisation's objectives, and that controls are generally being applied consistently. The performance of the internal auditors is reviewed annually by the Audit Committee. Our attendance at Audit Committee throughout the year also indicates that the Committee provides an appropriate level of challenge of the Trust's governance and performance.

The Trust obtained Fit and Proper persons tests for Board members covering the 2022/23 financial year, but we note that, on detailed review of 10 underlying files, CQC found gaps in assurance and a lack of a robust process on some files. In particular, it found incomplete declarations in some instances and missing documentation such as DBS checks in others. The Trust has since implemented improvements to this process.

Leaders mostly operated consistent, effective governance processes and they were clear about their roles. CQC's report of May 2023 found that there were policies that had passed their review date, including the national early warning score policy and the consent policy. Eight policies had had been due for review in 2020. This meant staff did not always have the most up to date policy or guidance to follow. We spoke with leaders about this and they told us there was a period of time between a policy being reviewed, approved and republished as an updated policy.

The Trust established a dedicated workforce board assurance committee during 2022/23. The purpose of this committee was to ensure adequate coverage of workforce issues at board assurance committee level, taking into account the workload of the extant committees. It is too early to judge the effectiveness of this committee but it is likely to have a role to plan in implementing the people and cultures aspects of CQC's report (see page 17).

	2022/23	2021/22
Annual Governance Statement (control deficiencies)	None	None
Head of Internal Audit opinion	Substantial assurance	Substantial assurance
System Oversight Framework segmentation	1	1
Care Quality Commission rating	Good	Outstanding

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. The Christie NHS Foundation Trust is currently rated 1 (the highest rating).

# 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”?

## Standards and behaviours and learning from feedback

Our review of the Trust’s board papers shows appropriate collaboration at a challenge between clinical and non-clinical executive leaders. the Chief Executive Officer (CEO) updates each Board on strategic issues and each meeting starts with a clinical presentation key issues to the board. The Executive Medical Director and the Executive Chief Nurse sit on the Board.

A CQC inspection report, published in May 2023, led to re-rating of the Trust’s overall rating, from “Outstanding”, to “Good”, with a rating of “Requires Improvement” in relation to “Safe” and “Well-led”.

Although media reporting of this report focused on specific adverse findings around inclusive leadership we note that the wider report also praised several aspects of the Trust’s management and governance. In particular the report highlights Trust’s clinical leadership and commitment of its staff to delivering quality services. It also found that that leaders had the skills and abilities to run the medical service and understood and managed the priorities and issues the service faced. As noted above, the CQC also found that for the most part leaders operated effective governance processes.

The CQC report also stated, however, that the Trust was not ensuring all staff felt included and valued. While most staff reported that the culture was positive, describing a culture of honesty, openness and transparency, this did not extend to all staff. CQC also reported that they found very senior executives’ investment in the promotion and protection of the trust’s reputation impacted negatively on some staff.

As the National Audit Office has reported, concerns raised by staff can be an important source of information on which to base improvements. However, to raise concerns or ‘blow the whistle’ can make people vulnerable, so alongside clear, comprehensive and accessible policies to support and reassure staff at what is likely to be a stressful time, these policies must be backed up by a culture of transparency and openness, so that employees feel enabled to raise concerns.

We note that the Trust has launched a review of culture publicly on its website, which is a positive step given the need to address staff concerns in an open way. For that reason it is appropriate that the Trust has decided that the Board will monitor implementation of its CQC action plan recommendations directly and has arranged special meetings to allow sufficient time for review and scrutiny of progress.

We are aware from our discussions with Trust leaders that while the Trust considers a rating of Good a significant achievement in the context of the pandemic and other operational factors, it is also disappointed to have lost its “Outstanding” rating and keen to regain it at the earliest opportunity.

We raise a related improvement recommendation (see page 19) and will consider the Trust’s implementation of CQC’s recommendations in our review or its’ 2023/24 VFM arrangements.

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# Governance (continued)

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## Governance arrangements for charitable gifts

In our draft Audit Findings Report (issued 22 June 2023) we reported our findings from the financial statement audit. We examined the Trust's governance arrangements for a payment of £5.8 million to the Christie Charitable Fund during the year ending 31 March 2023.

The Trust receives a distribution of profits from its joint venture, the Christie Clinic LLP, which provides private cancer treatment and care. In 2022-23, the Trust elected to transfer this additional surplus revenue to its charity as a charitable gift.

The Trust obtained legal advice which confirmed that it has the legal powers to make the transaction with the charity. The Trust enacted the payment through a Deed of Gift with the subsidiary charity. The funds were gifted with no conditions or restrictions and can be used at the charity's discretion.

The Christie Charitable Fund's objects are restricted to any charitable purpose related to the Christie Trust. The charity supports the Trust with direct grant funding for revenue expenditure and capital projects. During 2022-23, the Trust received £7.1 million from the charity to fund revenue expenditure and in 2021-22, the charity contributed £9.6 million of funding for capital projects.

Managing Public Money (MPM) sets out the principles for managing resources in public sector bodies. MPM distinguishes a gift as something voluntarily donated with no preconditions and no expectation of return.

We are satisfied this transaction represents a gift and as this is an unusual transaction, MPM prescribes the process that should be followed. HM Treasury approval is required for all gifts over £0.3 million and any gifts not covered by the Trust's delegated authority.

The Department of Health & Social Care (DHSC) Group Accounting Manual states that bodies are not expected to make gifts in the normal course of business and that the entity must contact the department or sponsor division in such instances.

The Trust has discussed this matter with NHS England and requested approval retrospectively. At the date of our report, a response is still awaited.

The Trust had not sought or obtained approval to make the gift in advance of doing so. **We conclude that there is a significant weakness in the Trust's governance arrangements relating to decision making for transactions of this nature and for ensuring compliance with Managing Public Money. We have raised a key recommendation for this matter.**

# Improvement recommendation

<b>Recommendation 2</b>	The Trust should closely monitor the implementation of the CQC's recommendations.
<b>Improvement opportunity identified</b>	The Trust is committed to regaining its CQC Outstanding rating. To do so, it will need to address the issue identified by CQC in its report.
<b>Summary findings</b>	The CQC, in its May 2023 report, re-rated the Trust from "Outstanding" to "Good", with "Requires Improvement" in "Safe" and "Well-led".
<b>Auditor judgement</b>	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.
<b>Management comments</b>	The Trust has compiled and agreed an action plan which is being delivered in line with the deadlines.

The range of recommendations that external auditors can make is explained in Appendix B.



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 Foundation 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

## Use of financial and performance information

Key performance indicators are presented clearly to the Board of Directors in an Integrated Performance, Quality and Finance report. This report is a standing agenda item. There is clear evidence within Board minutes that that information within the report is discussed and questions raised and answered. The report provides a red-amber-green (RAG) dashboard of monthly position (as a percentage) against set thresholds. The report also details in-depth detail of activity across the 5 CQC domains. The report is very large and detailed, with relatively little narrative to summarise status, position and performance. The associated commentary tends to focus on description rather than highlighting the implications of the performance level or trend.

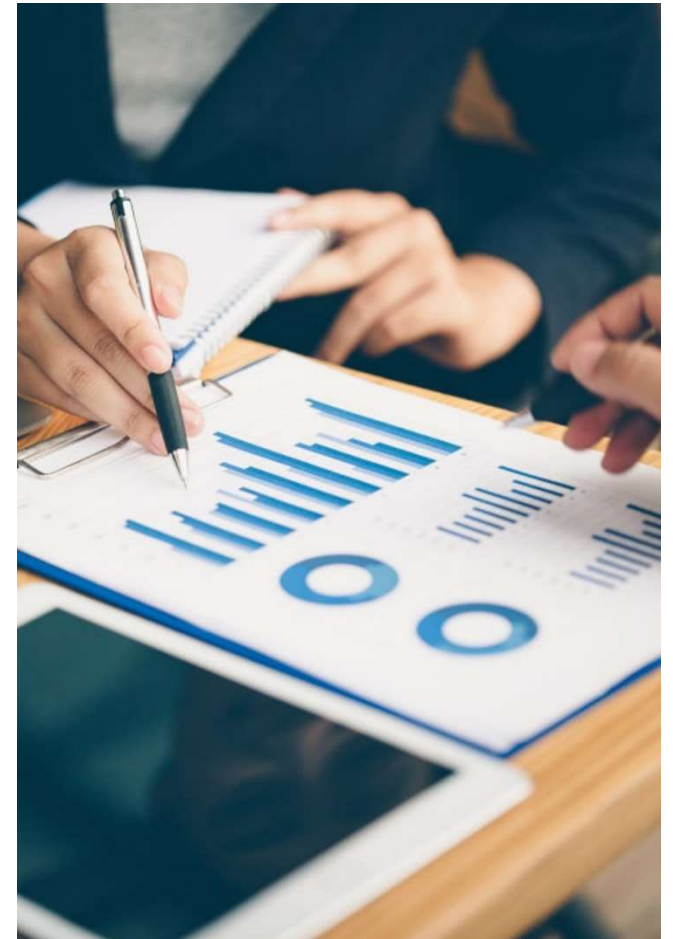
The CEO's report to the Board brings together the key issues relating to performance and other items such as the system landscape. The only performance issue raised by the CEO at March 2023 Board was the 62-day referral-to-treatment standard.

## Data quality

The Chief Operating Officer has oversight of all data reported in the Integrated Performance Report, as well as data shared externally. The Trust explained to us that there are data quality roles within the Performance Team.

However, we were unable to determine what formal assurances the Board has relating to the accuracy of data inputted or held within systems and any potential risks with the use of data systems. Data Quality was identified as a risk by Internal Audit during their annual assessment, though we note it has not been prioritised for inclusion on the internal audit plan for 2023-24.

Although our work did not identify any specific issues with the quality of data or data systems underpinning Board-level performance reporting, we recommend the Trust enhance the level of positive assurance it has over the data and systems underpinning key performance indicators, drawing on established data quality and data systems quality frameworks.



# 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 your operational and clinical performance data highlighting indicators which may benefit from further review.

	Indicator*	Average	Current period	RAG	Previous	Period
<b>Financial</b>	National Cost Collection Index (NCCI)	100.82	109.00	●	↑	202204
<b>Operational</b>	Admitted patients waited 18 weeks or less from referral to treatment	57.00%	89.52%	●	↓	202302
	Non-Admitted patients waited 18 weeks or less from referral to treatment	66.00%	96.72%	●	↑	202302
	Percentage of patients waiting 13+ weeks for diagnostic tests	12.00%	0.00%	●	—	202302
	Percentage of patients waiting 6+ weeks for diagnostic tests	26.00%	0.69%	●	↑	202302
	Percentage of patients with two-week cancer treatment wait (all cancers)	79.00%	96.63%	●	↑	202302
	Staff sickness absence rate	5.00%	4.28%	●	↓	202302
	Staff turnover stability index	87.00%	84.63%	●	↑	202302
<b>Clinical</b>	FFT: Percentage of respondents likely to recommend - Inpatients	94.00%	96.31%	●	↓	202302
	FFT: percentage of respondents likely to recommend - Outpatients	94.00%	94.60%	●	↑	202302
	Incidents resulting in severe harm or death	0.00%	0.21%	●	↑	202302

The Trust performs highly on most of the operational and clinical indicators contained within our dataset. Its referral to treatment times and diagnostic and cancer waits are all minimal, partly reflecting its role as a specialist provider – which may also explain the relatively high cost of its services. As noted above, CQC noted the quality of the Trust’s clinical leadership.

The Trust manages to consistently maintain its high clinical and operational performance despite apparent high turnover which, as we set out on page 12, the Trust may wish to investigate further particularly given the fact that while staff sickness rate is relatively low, the stability index (a proxy for turnover) is relatively high, when it might be expected that these indicators would be more correlated.

**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



## 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

# Improving economy, efficiency and effectiveness (continued)

## Partnership working

As we set out in 2021/22, the Trust has numerous partnerships and joint ventures, which add significant financial and non-financial value to the Trust. CQC in its May 2023 inspection report noted outstanding practice with regard to the Trusts' pharmacy partnership and that executive leaders were involved or led on regional system work around cancer services. For example, the CEO chaired the Greater Manchester cancer alliance and the Greater Manchester clinical research network and was also a member of the Manchester cancer research centre steering board. Meanwhile the Chief Nurse had developed the Christie clinical academic group and was deputy chair of supportive and palliative care at the University of Manchester.

The Trust engages with stakeholders whilst determining strategic priorities. The Trust's new strategy for 2023-28 was based on extensive engagement with staff, governors, board and wider NHS, as well as patients and the public. The Trust also participates actively in developing system plans. This was particularly evident in relation to developing the GM ICS system financial plan, and we are aware the Trust also participated in system-wide reviews of the financial and performance position, and of leadership and governance.

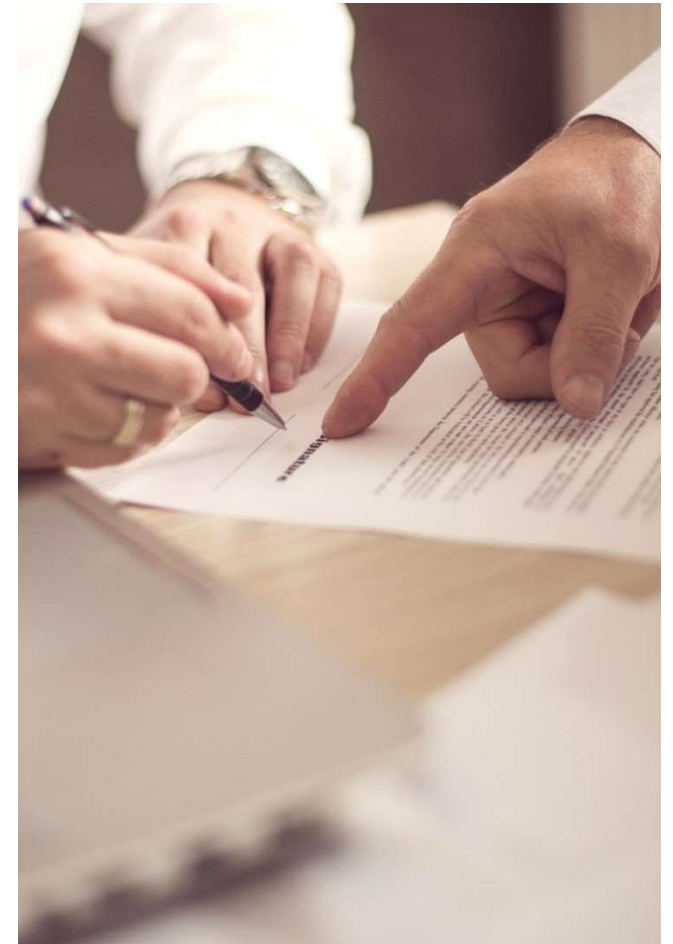
We understand that generally, issues with the performance of partnerships are managed via the relevant Division and the reporting of some aspects of performance are driven by the nature of the body rather than strategic importance. A 6-monthly report to the Board on the performance of partnerships could be expanded to include a broader range of partnership activity and its contribution to the Trust's strategic objective to provide leadership within the local network of cancer care.

We recommend that the Trust considers expanding its periodic update to the Board covering the costs, benefits and risks of involvement in partnerships to cover a wider range of its partnership activity.

## Commissioning and procurement

Procurement waiver dashboards are presented to the Audit Committee and detail the number, value and reason for a waiver covering a 12-month rolling period. In mid-2022, the Committee requested that future reports provided more detail to support the reasoning for formal waivers.

The Trust has a Procurement Strategy which captures the National agenda, the need to work within the ICS and alongside other Trusts. We note that the Trust is involved in several procurement collaborations across the Greater Manchester and Cheshire and Mersey ICS areas. Savings generated through these collaborations can, in some circumstances, count toward the Trust's efficiency programme targets.



# Improvement recommendations

## Recommendation 3

We recommend the Trust enhance the level of reporting and level of positive assurance over data quality assurance, particularly on data underpinning board-level Key Performance Indicators.

## Improvement opportunity identified

Data quality assurance provides additional information to help the Board interpret data and trends and identify and rectify any issues with data systems underpinning key indicators, which supports accurate performance reporting. In other Trusts we have seen a review of data underpinning KPIs as part of the Internal Audit programme and/or data quality assurance indicators included within the Integrated Performance Report.

## Summary findings

We were unable to determine what assurances the Board has relating to the accuracy of data inputted or held within systems and any potential risks with the use of data systems.

## 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 commissioned the Good Governance Institute to review the assurance mechanisms throughout the Trust which will include the recommendation raised above. The results of this review will be reported to the Trust Board with any resulting actions monitored accordingly.

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 recommendations

<b>Recommendation 4</b>	We recommend that the Trust considers expanding its periodic update to the Board covering the costs, benefits and risks of involvement in partnerships to cover a wider range of its partnership activity.
<b>Improvement opportunity identified</b>	Portfolio review of partnership activity can help identify whether the Trust is prioritising those activities that contribute most to its and the wider system's strategic financial and non-financial objectives
<b>Summary findings</b>	We understand that issues with the performance of partnerships are managed via the relevant Division and the reporting of some aspects of performance are driven by the nature of the body rather than its strategic importance.
<b>Auditor judgement</b>	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.
<b>Management comments</b>	The Trust's six monthly Partnership Report will be enhanced to include detail on costs, benefits, risks and opportunities of the Partnerships.

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.



# 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

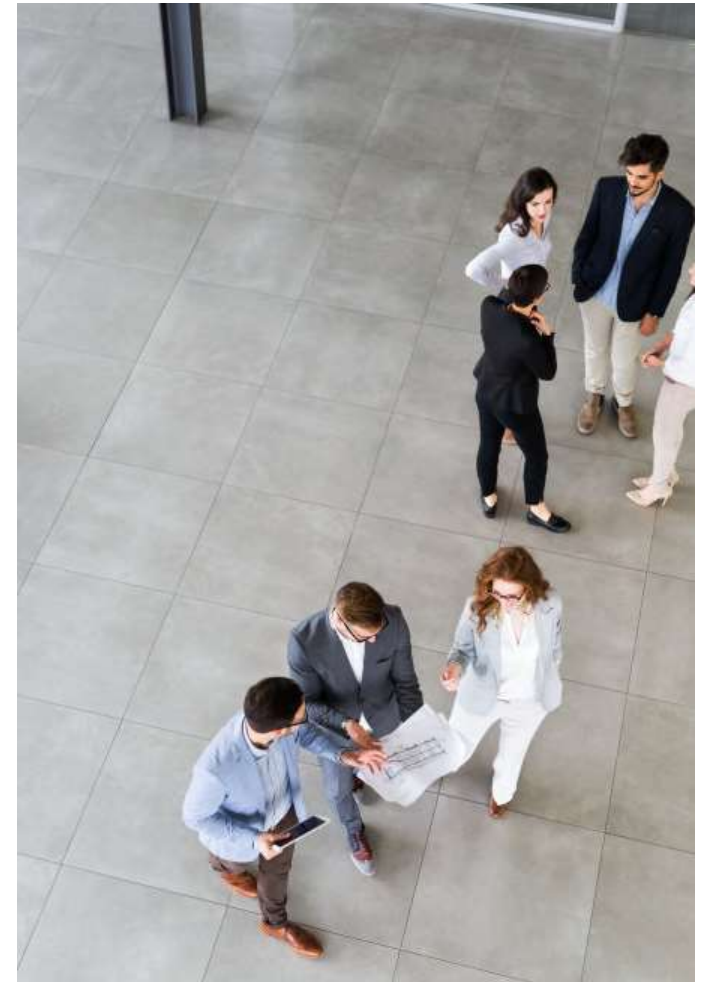
We are independent of the Trust in accordance with applicable ethical requirements, including the Financial Reporting Council's Ethical Standard.

## Audit opinion on the financial statements

We issued an unqualified opinion on the Trust's financial statements on 24 October 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 25 April 2023 and presented to the Audit Committee in April 2023
- The final audit fieldwork commenced on 28 April 2023
- The Trust provided draft financial statements in line with the national timetable
- The completion of the audit was delayed whilst retrospective approval was requested for the Trust's charitable gift made to the Christie Charity on 31 March 2023.
- The opinion on the financial statements was issued 24 October 2023 which was after 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 in draft on 22 June 2023. An updated report was issued on 19 October 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

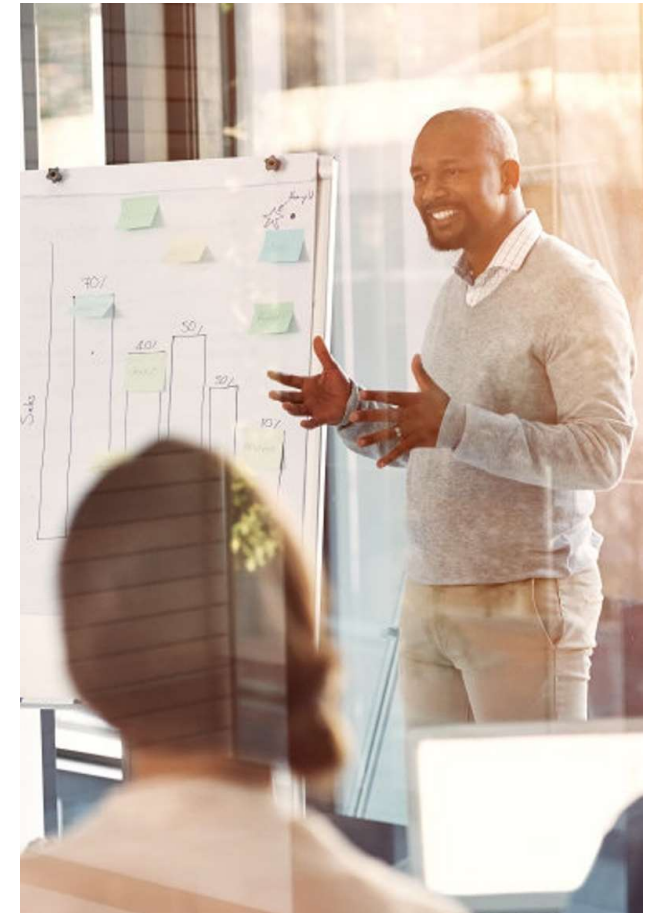
Under the Code of Audit Practice (2020) published by the National Audit Office, we are required to consider whether the Annual Governance Statement included in the Trust's Annual Report for 2022/23 does not comply with the guidance issued by NHS England, or is misleading or inconsistent with the information 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.



# The use of auditor's powers

We bring the following matters to your attention:

## Referral to the regulator

Under Schedule 10 paragraph 6 of the National Health Service Act 2006, auditors can report to the relevant regulatory body if they have reason to believe that the audited body is:

- About to make, or has made, a decision which would involve unlawful expenditure
- About to take, or has taken, a course of action which, if pursued to its conclusion, would be unlawful and likely to cause a loss or deficiency.

We did not make any referral to the regulator in 2023/24

## Public Interest Report

Under Schedule 10 paragraph 3 of the National Health Service Act 2006, 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 The Christie NHS Foundation Trust for 2022/23.

# Appendices



# Appendix A: Responsibilities of the Foundation 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'.	Yes	5
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	14,19, 23 and 24

