



# Auditor's Annual Report 2022/23

Countess of Chester Hospital NHS Foundation Trust

5 July 2023

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This report is addressed to Countess of Chester Hospital NHS Foundation Trust (the Trust) and has been prepared for the sole use of the Trust. We take no responsibility to any member of staff acting in their individual capacities, or to third parties.

External auditors do not act as a substitute for the audited body's own responsibility for putting in place proper arrangements to ensure that public business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.

# Summary

## Introduction

This Auditor’s Annual Report provides a summary of the findings and key issues arising from our 2022-23 audit of Countess of Chester Hospital NHS Foundation Trust (the ‘Trust’). This report has been prepared in line with the requirements set out in the Code of Audit Practice published by the National Audit Office and is required to be published by the Trust alongside the annual report and accounts.

## Our responsibilities

The statutory responsibilities and powers of appointed auditors are set out in the Local Audit and Accountability Act 2014. In line with this we provide conclusions on the following matters:

**Accounts** - We provide an opinion as to whether the accounts give a true and fair view of the financial position of the Trust and of its income and expenditure during the year. We confirm whether the accounts have been prepared in line with the Group Accounting Manual prepared by the Department of Health and Social Care (DHSC).

**Annual report** - We assess whether the annual report is consistent with our knowledge of the Trust. We perform testing of certain figures labelled in the remuneration report.

**Value for money** - We assess the arrangements in place for securing economy, efficiency and effectiveness (value for money) in the Trust’s use of resources and provide a summary of our findings in the commentary in this report. We are required to report if we have identified any significant weaknesses as a result of this work.

**Other reporting** - We may issue other reports where we determine that this is necessary in the public interest under the Local Audit and Accountability Act.

## Findings

We have set out below a summary of the conclusions that we provided in respect of our responsibilities:

<b>Accounts</b>	<p>We issued an unqualified opinion on the Trust’s accounts on 5 July 2023. This means that we believe the accounts give a true and fair view of the financial performance and position of the Trust.</p> <p>We have provided further details of the key risks we identified and our response on page 4.</p>
<b>Annual report</b>	<p>We did not identify any significant inconsistencies between the content of the annual report and our knowledge of the Trust.</p> <p>We confirmed that the Governance Statement had been prepared in line with the DHSC requirements.</p>
<b>Value for money</b>	<p>We are required to report if we identify any significant weaknesses in the arrangements the Trust has in place to achieve value for money.</p> <p>We have followed up on the significant weaknesses in the prior year on page 6 and have not identified any new significant weaknesses in current financial year.</p>
<b>Other reporting</b>	<p>We did not consider it necessary to issue any reports in the public interest.</p>

# Accounts Audit

The table below summarises the key risks that we identified to our audit opinion as part of our risk assessment and how we responded to these through our audit.

Risk	Findings
<p><b>Valuation of Property, Plant and Equipment</b> Land and buildings are required to be held at fair value. As hospital buildings are specialised assets and there is not an active market for them they are usually valued on the basis of the cost to replace them with a 'modern equivalent asset'. Given the estimation uncertainty associated with any valuation this creates a significant risk for our audit.</p>	<p>We did not identify any material misstatements relating to this risk.</p> <p>We considered the estimate to be balanced based on the procedures performed.</p>
<p><b>Existence of Property, Plant and Equipment</b> In 2020-21 and 2021-22, management inappropriately recognised an asset under construction (AUC) in relation to the SDEC building, when there was no identifiable asset at the reporting date. In 2022-23, the Trust faces the same situation where they will be inappropriately recognising a proportion of the funding for the Women's and Children Building as an asset under construction.</p>	<p>We identified a misstatement relating to £5.9m of prepaid capital expenditure inappropriately recognised as AUC. This has not been corrected by management.</p> <p>Updating this would lead to a reclassification on the balance sheet between AUC and Prepayments, however we did not consider this material. There would be no impact on the Statement of Comprehensive Income or the reported deficit.</p>
<p><b>Fraudulent expenditure recognition - completeness</b> Auditing standards suggest for public sector entities, a rebuttable assumption that there is a risk expenditure is recognised inappropriately. We consider this would be most likely to occur through understating manual accruals, for example, by pushing back expenditure to 2023-24 to mitigate financial pressures in the current financial year. This translates to a risk over completeness of the accruals balance.</p>	<p>We did not identify any material misstatements relating to this risk.</p>
<p><b>Management override of controls</b> We are required by auditing standards to recognise the risk that management may use their authority to override the usual control environment.</p>	<p>We did not identify any material misstatements relating to this risk.</p> <p>We raised a recommendation relating to the adequacy of journal controls.</p>

# Value for money

## Introduction

We consider whether there are sufficient arrangements in place for the Trust for each of the elements that make up value for money. Value for money relates to ensuring that resources are used efficiently in order to maximise the outcomes that can be achieved.

We undertake risk assessment procedures in order to assess whether there are any risks that value for money is not being achieved. This is prepared by considering the findings from other regulators and auditors, records from the organisation and performing procedures to assess the design of key systems at the organisation that give assurance over value for money.

Where a significant risk is identified we perform further procedures in order to consider whether there are significant weaknesses in the processes in place to achieve value for money.

Further details of our value for money responsibilities can be found in the Audit Code of Practice at Code of Audit Practice ([nao.org.uk](http://nao.org.uk)).

## Matters that informed our risk assessment

The table below provides a summary of the external sources of evidence that were utilised in forming our risk assessment as to whether there were significant risks that value for money was not being achieved:

Source	Detail
Care Quality Commission rating	Requires Improvement (June 2022)
Single Oversight Framework rating	3 – Mandated support
Governance statement	The AGS reflects on the need for stronger controls in place to manage the financial deficit and responding to the Well Led recommendations in the CQC review.
Head of Internal Audit opinion	Internal audit have issued a Limited assurance opinion for 2022/23.

## Commentary on arrangements

We have set out on the following pages commentary on how the arrangements in place at the Trust compared to the expected systems that would be in place in the sector.

## Significant weaknesses followed up from the prior year

Paragraph 42 of AGN03 confirms significant weaknesses that have already been identified and reported by the auditor in previous periods do not need to be repeated, unless the auditor has identified a significant weakness in the body's arrangements for responding

On page 15 we have set out commentary on the significant weaknesses identified in the prior year and whether the recommendations to address the weaknesses have been satisfactorily implemented.

## Summary of findings

We have set out in the table below the outcomes from our procedures against each of the domains of value for money:

Domain	Risk assessment	Summary of arrangements
Financial sustainability	Follow up of significant weakness	No new significant weakness identified
Governance	Follow up of significant weakness	No new significant weakness identified
Improving economy, efficiency and effectiveness	Follow up of significant weakness	No new significant weakness identified

No new significant weaknesses were identified.

# Value for money

Financial sustainability	
Description	Commentary on arrangements
<p>This relates to ensuring that the Trust has sufficient arrangements in place to be able to continue to provide its services within the resources available to it.</p> <p>We considered the following areas as part of assessing whether sufficient arrangements were in place:</p> <ul style="list-style-type: none"> <li>How the Trust sets its financial plans to ensure services can continue to be delivered;</li> <li>How financial performance is monitored and actions identified where it is behind plan; and</li> <li>How financial risks are identified and actions to manage risks implemented.</li> </ul>	<p>Contractual arrangements between the CCG and the providers resumed in 2022/23. The contracts were transferred to the Integrated Care Board (ICBs) on the same terms on 1 July 2022, following the abolishment of the CCGs.</p> <p>The final draft budget for 22-23 was submitted in May 2022, including workforce, activity and finance plans that were approved at the Finance and Performance Committee on the 18<sup>th</sup> May 2022. The Trust submitted a £19.4m deficit plan, with £13.4m of efficiency savings (CIP) to the Integrated Care System (ICS). Risks and mitigations were included in the Trust plan and financial risks were triangulated with workforce and operational risks. At this point, financial plans submitted by the Cheshire and Merseyside region were not accepted nationally as they did not reflect a balanced position.</p> <p>The Trust's final outturn for 22-23 was a £25.7m deficit position, which was £22.6 million off plan. Alongside this, the Trust achieved £15.4m of cost improvement savings, but only £5.3m (32%) of this was recurrent.</p> <p>Whilst we have seen regular monitoring of financial performance during the year through reporting to Board and Finance and Performance Committee (FPC) with financial performance being challenged, risks highlighted and mitigations identified, we understand, through our inquiries with management, that standard 'grip and control' measures have not been in place throughout the financial year. However, we did note the Transformation and Vacancy Panel was reintroduced in February 2023 and meets on a weekly basis to approve and monitor new posts.</p> <p><i>Financial plan 2023-24</i></p> <p>Formal planning guidance for 2023-24 was released in December 2022. Financial plans have been formulated in conjunction with NHS planning guidance and reviewed by the FPC and the Board of Directors. (continued overleaf).</p> <p>Capital &amp; revenue plans are reviewed for alignment to the Trusts Clinical, Estates and Corporate Strategies and Exec leads and Divisional Directors are involved in the development and sign off prior to presentation to the Board. Similarly, budget holders sign off their individual budgets on an annual basis</p> <p>The Trust submitted a final plan to ICS at the end of March of £35m deficit, which included £17.8m of assumed CIP. Following review by NHSE, the system plans submitted by the three North West ICSs for 2023/24 were not accepted.</p>

# Value for money

Financial sustainability	
Description	Commentary on arrangements
<p>This relates to ensuring that the Trust has sufficient arrangements in place to be able to continue to provide its services within the resources available to it.</p> <p>We considered the following areas as part of assessing whether sufficient arrangements were in place:</p> <ul style="list-style-type: none"> <li>How the Trust sets its financial plans to ensure services can continue to be delivered;</li> <li>How financial performance is monitored and actions identified where it is behind plan; and</li> <li>How financial risks are identified and actions to manage risks implemented.</li> </ul>	<p>Following escalation meetings held with each of the systems, the Trust was asked to prepare a presentation outlining the submitted plans for further scrutiny by a NHSE panel on 17th April 2023.</p> <p>The outcome of this meeting was that the Trust has been put in national Tier 2 oversight (i.e. managed at a Regional level). A number of further actions were agreed in this meeting which resulted in a number of improvements to the 2023/24 plan of £1m.</p> <p>Subsequent to this meeting a number of other improvements were made to the financial plan, following further discussions with the ICB. Adjustments included a targeted release of balance sheet provisions (£4.8m), allocation of additional urgent and emergency care income (£3.4m) and other adjustments amounting to £1.6m. These changes resulted in a 2023/24 financial deficit plan of £25.194m being submitted in early May 2023, which includes £20.8m of CIP savings.</p> <p>Of the £20.8m annual savings required, £12.5m has been identified recurrently, with £8.3m remaining unidentified. However within those schemes identified, £7.1m are classed as high risk and require further work to ensure that they do deliver the savings. The month 1 CIP requirement is £1.7m of which £0.4m has been delivered, leaving £1.4m of undelivered CIP.</p> <p><b>Conclusion</b></p> <p>We note that the financial planning position has been communicated transparently to FPC &amp; Board throughout the year. For 2023/24, progress has been made to identify recurrent CIP savings, however £8.3m are unidentified and £7.8m are considered high risk.</p> <p>Management are in a better position in terms of CIP planning than in May 2022 and are in the process of developing a financial transformation plan (part of wider five-year financial strategy) that plans to return the Trust to breakeven, following what will be two successive years of significant deficits.</p> <p>Consequently our judgement is that, during the course of 2022/23, we have not identified any new significant weaknesses in relation to the arrangements in place around financial sustainability, but recognise there is still significant work to be done by the Trust to identify savings and manage funding gaps that could substantially threaten the delivery of the financial plan.</p>

# Value for money

Governance	
Description	Commentary on arrangements
<p>This relates to the arrangements in place for overseeing the Trust's performance, identifying risks to achievement of its objectives and taking key decisions.</p> <p>We considered the following areas as part of assessing whether sufficient arrangements were in place:</p> <ul style="list-style-type: none"> <li>Processes for the identification and management of strategic risks;</li> <li>Decision making framework for assessing strategic decisions;</li> <li>Processes for ensuring compliance with laws and regulations;</li> <li>How controls in key areas are monitored to ensure they are working effectively.</li> </ul>	<p>During their inspection in February and March 2022, the CQC found that the trust was not safely and effectively managing the risk to some service users. Examples included staff not being able to use the EPR system effectively, concerns regarding incident reporting and management, and action plans not being effectively monitored.</p> <p>The central tool used in the management of risk is the Board Assurance Framework (BAF). Each department has an individual risk register which forms part of the action log in meeting agendas (risks, when mitigated are closed as actions; when in progress of being mitigated, updates are given; and when proposed to be mitigated, risks are added to the register). Strategic risks are recorded in the departmental risk registers and consolidated into the BAF for reporting to the Trust Board.</p> <p>In response to some of the CQC findings, the Trust introduced a refreshed Risk Management Policy and Procedure and Risk Management Strategy in September 2022. Work has been in progress during 2022-23 to strengthen compliance against the Policy and Strategy, supported by dedicated resources from Midlands &amp; Lancashire Commissioning Support Unit (MLCSU).</p> <p>The Trust has an overarching Anti-Fraud, Corruption and Bribery Policy and Response Plan in place, produced by the Local Counter Fraud Specialist (LCFS). The Director of Finance is the Executive lead responsible for the monitoring of this Plan via the Audit and Risk Committee.</p> <p>Our commentary on the review and approval of the 2022-23 financial plan is included on page 4. In respect of the process for monitoring against budgets, financial forecasts are based on the run rate plus known impacts as discussed in budget holder meetings. Budget monitoring takes place throughout the year between senior finance managers and budget holders, in order to understand and address variances.</p> <p>CQC standards are overseen by the Quality &amp; Safety Committee (QSC) where updates are provided on progress with recommendations and action plans. However, we understand that there are a number of 'Must Do' and 'Should Do' actions still outstanding and whilst appropriate governance arrangements have been introduced to oversee the implementation there is long journey ahead.</p> <p>Compliance with regulations and standards is reported in the Annual Report and Annual Governance Statement (presented to Board and Audit committee) (continued overleaf).</p>



# Value for money

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# Value for money

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# Value for money

## Improving economy, efficiency and effectiveness

Description	Commentary on arrangements
<p>This relates to how the Trust seeks to improve its systems so that it can deliver more for the resources that are available to it.</p> <p>We considered the following areas as part of assessing whether sufficient arrangements were in place:</p> <ul style="list-style-type: none"> <li>▪ The planning and delivery of efficiency plans to achieve savings in how services are delivered;</li> <li>▪ The use of benchmarking information to identify areas where services could be delivered more effectively;</li> <li>▪ Monitoring of non-financial performance to assess whether objectives are being achieved; and</li> <li>▪ Management of partners and subcontractors.</li> </ul>	<p>The Trust takes part in the annual reference costs exercise which is shared throughout the organisation and used as a benchmarking tool to identify potential areas of in-efficiency. Model Hospital Data and Get it right first time (GIRFT) is used as part of the annual Cost improvement planning cycle. The Trust also takes part in the national corporate services benchmarking submission and a paper was presented to the FPC in March 2023 outlining the findings. This is used to identify areas for efficiency improvements at the Trust.</p> <p>We have reviewed the process in place for major decisions and business cases. Decisions are taken through Directorate Boards in the first instance and subsequently submitted to the Executive Leadership Group for agreement before submission to the Senior Leadership Group (disbanded in February 2023 and replaced by the Operational Management Board) for approval and sign off. We note, at the current time, that any new investments have been paused and previously approved business cases are now being challenged to assess whether they should continue to be approved.</p> <p>The Trust has arrangements in place to monitor non-financial performance, for example national quality indicators, with monthly performance reporting to Board. Non-financial performance is monitored by both FPC and QSC through the integrated performance reports (IPR). In each report, key metrics are presented using statistical process control charts split by the CQC domains (Safe, Effective, Responsive &amp; Well Led). Performance is reported in comparison to nationally determined targets/ locally agreed targets.</p> <p>Assurance over the accuracy of non-financial performance data is controlled by the Business Intelligence team who produce the data which is incorporated into the IPR. The team performs data quality checks as part of its standard process.</p> <p><i>EPR</i></p> <p>Having identified in the prior year the Trust Board had not effectively managed the implementation and transition to the new EPR system, we note there has been good progress in stabilisation during the course of the year. The EPR Programme Board manages all risks associated with EPR stabilisation and data quality and there have been regular updates on EPR progress to the Finance and Performance Committee and Trust Board.</p> <p>The CQC revisit report also acknowledged risks relating to medicines management through the EPR system, which were identified during the February 2022 inspection, had been addressed by the Trust, we noted that the system had been amended to ensure only those staff who were suitably qualified could prescribe and dispense medications (continued overleaf).</p>

# Value for money

## Improving economy, efficiency and effectiveness

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# Value for money

## Improving economy, efficiency and effectiveness

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<p>This relates to how the Trust seeks to improve its systems so that it can deliver more for the resources that are available to it.</p> <p>We considered the following areas as part of assessing whether sufficient arrangements were in place:</p> <ul style="list-style-type: none"> <li>▪ The planning and delivery of efficiency plans to achieve savings in how services are delivered;</li> <li>▪ The use of benchmarking information to identify areas where services could be delivered more effectively;</li> <li>▪ Monitoring of non-financial performance to assess whether objectives are being achieved; and</li> <li>▪ Management of partners and subcontractors.</li> </ul>	<p>The Acting Chief Executive attends the Cheshire and Merseyside Acute and Specialist Trusts (CMAST) meeting alongside other Chief Executive Officers across the ICS and the Cheshire West Health and Care Partnership Committee which contains more local representation from the ICB and local government.</p> <p>There are no material outsourced services at the Trust.</p> <p><b>Conclusion</b></p> <p>Reflecting on the progress made in both these areas during the year and achievement of clear milestones, we are satisfied the Trust has demonstrated appropriate arrangements in place to manage the risks associated with EPR stabilisation and elective recovery and taken appropriate action or secure improvement in areas where the body has identified weaknesses in terms of service performance.</p> <p>The EPR Stabilisation/Optimisation risk does remain on the Board Assurance Framework and is rated at 16, reflecting some of the issues identified with staff training, the remaining technical fixes, maternity services and data quality and reporting.</p> <p>With respect of other areas of Improving Economy, Efficiency and Effectiveness, we have not identified any further areas of significant risk that could constitute a significant weakness.</p>

# Recommendations follow up

We raised the following recommendations in response to significant weaknesses identified in our value for money procedures in 2021-22. Our follow up of these recommendations is captured in the commentary in this report

#	Issue, Impact and Recommendation	Management Response	Status (June 23)
1	<p><b>Delivery of the financial plan</b></p> <p>In the prior year, in the context of operating the organisation in a pandemic, we considered it reasonable that no significant cost improvement planning or execution was carried out. This was supported by guidance from the regulator, local consideration of corporate service savings through effective procurement and the emergency funding arrangements in place which ensured that the absence of formal CIP monitoring did not create a risk of significant financial loss. We raised recommendations to management to improve financial governance around CIP and financial risk monitoring but did not believe that this constituted a significant weakness in the prior period of audit.</p> <p>The Trust has identified a significant savings plan for 2022/23 with a large proportion of savings yet to be identified. This coupled with a number of other assumptions, such as the realisation of income in relation to the Elective Recovery Fund, and possible investments required in relation to the recent CQC Inspection report, could substantially threaten the Trust's ability to deliver the plan.</p> <p>We note that the financial planning position has been communicated transparently to the Board throughout the year.</p> <p>Consequently our judgement is that, during the course of the 2021/22, the Trust had significant weaknesses in relation to the arrangements in place to enable the Trust to deliver their financial plan, specifically in relation to the arrangements to identify savings.</p> <p><b>Recommendation</b></p> <p>The Board should ensure that appropriate arrangements are implemented to identify and deliver the Trust identified savings in order to meet the financial plan for 2022/23 and future years.</p>	<p>The Trust agrees with the recommendation. Plans are in place to identify, monitor, risk rate and review progress of the Value Improvement Programme and will be reporting monthly to Finance and Performance Committee and through to the Trust Board.</p> <p>Delivery of the financial plan will also need to recognise the challenges the Trust faces to recover the elective programme, embed the implementation of the new Electronic Patient Record and respond to the requirements of the recent CQC inspection. In addition, the historical and structural financial position will need to be considered, particularly given that Model Hospital data indicates that the Trust is under-resourced comparatively. It should also be recognised that additional pressures may result from the fact that some elements of funding (such as Elective Recovery) may be clawed back.</p> <p><b>Management update (June 2023)</b></p> <p>The increased focus has continued, with the establishment of a Program Management Office, supported by dedicated resources. This has already led to improved monitoring &amp; oversight of the program, with work cutting across both Operations &amp; Finance.</p> <p>An External Report has also been commissioned to review the Trust's Financial Position, and to make targeted recommendations of possible remedial measures.</p> <p>The Trusts is also working with the Integrated Care Board on a Cheshire &amp; Mersey Financial 5 Year Strategy.</p>	<p><b>Partially Implemented</b></p> <p>We note that the financial planning position has been communicated transparently to FPC &amp; Board throughout the year. For 2023/24, progress has been made to identify recurrent CIP savings, however £8.3m are unidentified and £7.8m are considered high risk. Management are in a better position in terms of CIP planning than in May 2022 and are in the process of developing a financial transformation plan (part of a wider five-year financial strategy) that will return the Trust to breakeven following what will be two successive years of significant deficits.</p>

# Recommendations follow up

#	Issue, Impact and Recommendation	Management Response	Status (June 23)
2	<p><b>CQC Inspection</b></p> <p>Following the recent CQC Inspection, the Trust has retained its rating of Requires Improvement from the previous CQC Inspection that took place in December 2019. The Trust has also received a rating of inadequate in relation to 'Are services well-led?' and some aspects of maternity services.</p> <p>The CQC Inspection report states that 'during the inspection of the trust's leadership and governance in December 2019, the CQC asked the Trust to ensure that action was taken to improve the quality and safety of care patients were receiving on the inpatient wards. The return visit found that the Trust had not made significant improvement in some of the areas of concern identified in the 2019 inspection which resulted in continued breaches of several regulations.'</p> <p>Consequently our judgement is that during the course of the 2021/22, the Trust had significant weaknesses in relation to:</p> <ul style="list-style-type: none"> <li>the failure to implement or achieve progress on recommendations previously raised by CQC; and</li> <li>governance arrangements in place which have led to an inadequate rating for 'Are services well-led?' and some aspects of maternity services.</li> </ul> <p><b>Recommendation</b></p> <p>The Board must ensure that significant improvement is made in the areas of concern not yet addressed from December 2019. Further the Board must manage the implementation of the improvement plan produced as a result of the published CQC report in June 2022. Progress should be monitored and scrutinised by the appropriate project groups and the Trust's Board to ensure the actions taken to address the issues raised are effective.</p>	<p>The Trust agrees with the recommendation. The Trust has included the recommendations not addressed from the 2019 inspection in the Trust wide action plan for the 2022 inspection recommendations and this will be consistently monitored via the Trust Quality Governance Group and, by exception, to the Quality and Safety Committee and to the Trust Board.</p> <p>In addition, the Trust Improvement Programme will monitor progress against the regulated activity recommendations and associated actions identified in the CQC reports 2019 and 2022 and, as set out above, will be monitored via the governance reporting structure.</p> <p><b>Management update (June 2023)</b></p> <p>An updated CQC Action Plan has recently been completed, and adopted by the Trust Board, to ensure full oversight &amp; monitoring of the outstanding actions.</p> <p>This improved reporting is being closely monitored by both the Trust Board and the System Improvement Board.</p> <p>Improvements in performance are evident, and demonstrable.</p> <p>A Well Led Review has also been commissioned to further validate the actions in place.</p>	<p><b>Partially Implemented</b></p> <p>An established governance reporting structure is in place to monitor progress against the regulated activity recommendations from the CQC review with appropriate external oversight by the SIB.</p> <p>Progress is evident based on the what we have reviewed and through our discussions with members of the Executive team. However, we recognise there is still significant work to be done to return the Trust to Segment 2 of the NHS Single Oversight Framework and return to a 'Good' CQC rating on its journey to 'Outstanding'.</p>



# Recommendations follow up

#	Issue, Impact and Recommendation	Management Response	Status (June 2023)
3	<p><b>Failure to take appropriate action or secure improvement in areas where the body has identified weaknesses in terms of service performance</b></p> <p>There has been a lack of oversight in relation to risk management, decision making and the ability to implement effective recovery plans where things haven't gone to plan. Specifically in relation the implementation of the EPR system and an effective recovery plan for planned care and treatment. This has impacted upon the quality and effectiveness of the delivery of patient care.</p> <p>Consequently our judgement is that during the course of the 2021/22, the Trust had a significant weakness in relation to the failure to take appropriate action or secure improvement in areas where the body has identified weaknesses in terms of service performance. There has been a lack of oversight in relation to risk management and decision making in relation the implementation of the EPR system and elective recovery. This has impacted upon the quality and effectiveness of the delivery of patient care.</p> <p><b>Recommendation</b></p> <p>The Board should review their risk processes to ensure that they are able to identify areas that could impact on their ability to deliver services effectively and efficiently. Where risks are identified, these should be managed appropriately with decisions made on a timely basis to address areas of concern.</p>	<p>The Trust agrees with the recommendation. The Trust's Risk Management Strategy and Policy is currently being reviewed and updated and will be presented to Trust Board in September 2022. This will incorporate lessons learned from all major change activity, including Electronic Patient Record (EPR) implementation. This will also introduce an organisational risk management framework which will be applied consistently throughout the Trust.</p> <p>In terms of the specific risks highlighted:</p> <p><b>Elective Recovery.</b> In March 2022 the Trust launched an Elective Recovery Programme that encompasses a full governance and reporting structure, with the Chief Executive Officer as Senior Responsible Officer. All risks are reviewed initially through Task and Finish groups and escalated through the governance structure to the bi-weekly Recovery Steering Group. Updates on Elective Recovery are given to the Finance and Performance Committee and to Trust Board.</p> <p><b>EPR.</b> Issues that arose during the implementation of EPR, together with reviews undertaken by Mersey Internal Audit Agency, St Vincent's and NHS Digital/Trust System Support Model, have all informed the current governance arrangements and approach to risk management.</p> <p>From the EPR go-live, the Trust has maintained a robust governance infrastructure, overseen by the EPR Programme Board which is chaired by the Chief Executive. The EPR Programme Board manages all risk associated with EPR stabilisation and data quality. Updates on EPR progress through the stabilisation period is reported into the Finance and Performance Committee and to Trust Board. The strategic risks for EPR Stabilisation and Data Quality are managed at Board-level through the Board Assurance Framework. The governance framework for EPR implementation was revised to support EPR stabilisation post go-live and has been used to manage the risks associated with technical and data quality.</p> <p><b>Management update (June 2023)</b></p> <p>Elective Recovery is now being monitored much more closely. This is reflective of the strengthening of the Operational Management function, &amp; performance is reported regularly, with all Waiting List targets achieved.</p> <p>The operation of the Electronic Patient Record has also greatly improved., although a further review is currently ongoing to identify areas for further improvement. The system has stabilised, and reporting substantially improved (including a demonstrable change in maternity reporting requirements).</p>	<p><b>Partially Implemented</b></p> <p>Reflecting on the progress made in both these areas during the year and achievement of clear milestones, we are satisfied the Trust has demonstrated appropriate arrangements in place to manage the risks associated with EPR stabilisation and elective recovery and taken appropriate action or secure improvement in areas where the body has identified weaknesses in terms of service performance.</p> <p>The EPR stabilisation/optimisation programme is still ongoing so this recommendation remains in progress.</p>



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