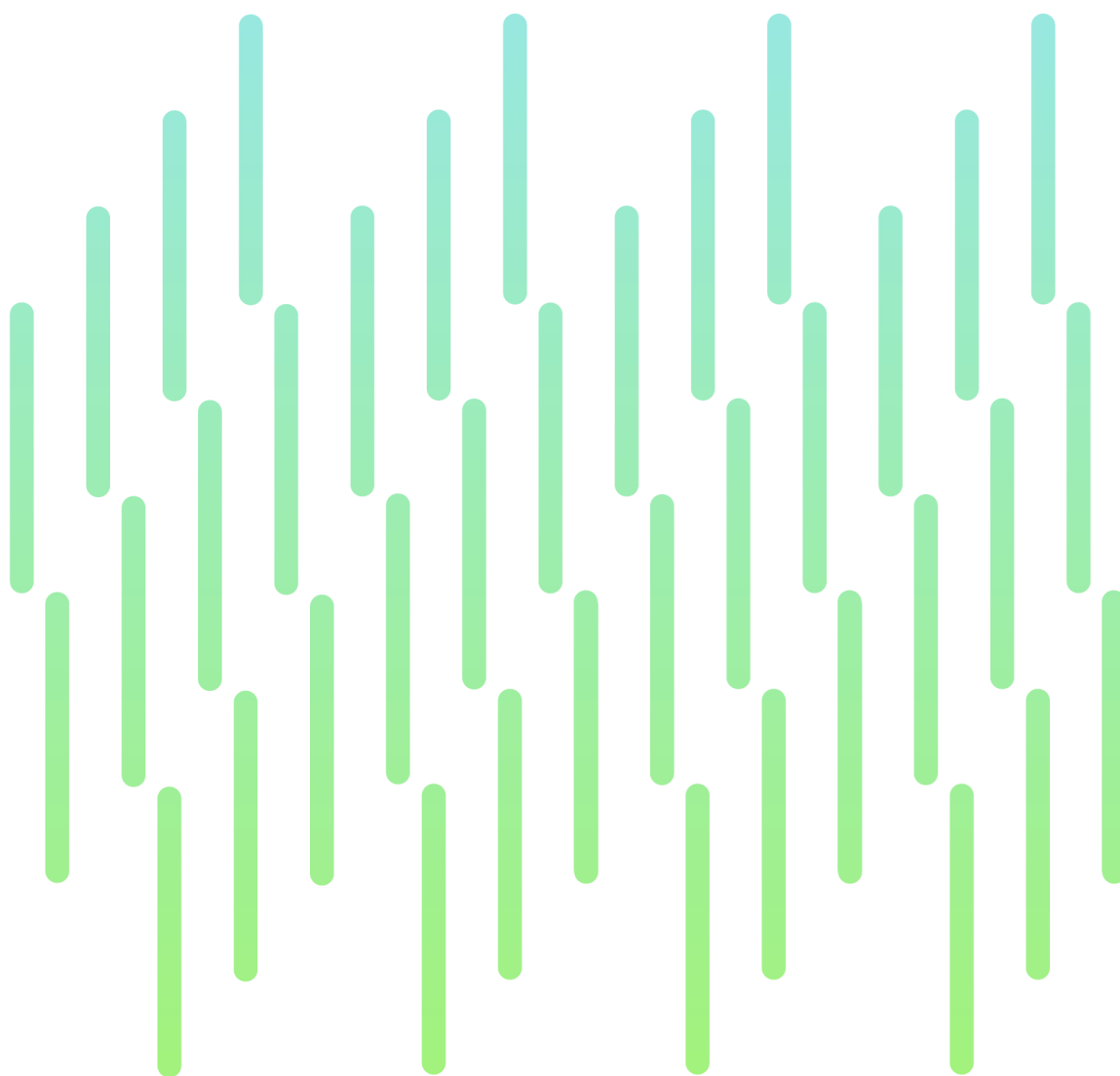




Council of Governors Meeting

20 SEPTEMBER 2023

Agenda and papers



Council of Governors

Agenda

Meeting on Wednesday, 20 September 2023, 14:00 – 16:35

Hyde Park Room, Lanesborough Wing, St George's Hospital, Tooting SW17 0QT and MS Teams

Introductory items						
Time	Item	Title	Presenter	Purpose	Format	
14:00	1.1	Welcome and Apologies	Chairman	Note	Verbal	
	1.2	Declarations of Interest	All	Note	Verbal	
	1.3	Minutes of previous meeting	All	Note	Verbal	
	1.4	Action Log and Matters Arising	All	Note	Verbal	
14:10	1.5	Chief Executive Officer's Report	GCEO	Update	Report	

Accountability						
Time	Item	Title	Presenter	Purpose	Format	
14:30	2.1	Questions to Non-Executive Directors	NEDs	Assure	Verbal	

Quality, Performance and Finance						
Time	Item	Title	Presenter	Purpose	Format	
14:55	3.1	Maternity Services Update	GCNO	Update	Report	
15:25	3.2	Raising Concerns Update	GCCAO	Update	Report	
15:45	3.3	Financial Performance Update	GCFO	Update	Report	
16:00	3.4	External Audit Report 2022/23	External Auditors	Review	Report	

Council of Governors - Governance						
Time	Item	Title	Presenter	Purpose	Format	
16:15	4.1	Annual Members' Meeting 2023	GCCEO	Review	Report	
16:25	4.2	Elections to Council of Governors 2023/24	GCCAO	Note	Report	

Closing items						
Time	Item	Title	Presenter	Purpose	Format	
16:30	5.1	Any Other Business	All	Note	Verbal	
16:35	-	CLOSE	-	-	-	

Council of Governors Purpose	The general duty of the Council of Governors and of each Governor individually, is to act with a view to promoting the success of the Trust so as to maximise the benefits for the members of the Trust as a whole and for the public.
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Membership and Attendees		
Members	Designation	Abbreviation
Gillian Norton	Trust Chairman	Chairman
Nasir Akhtar	Public Governor, Merton	NA
Adil Akram	Public Governor, Wandsworth	AA1
Afzal Ashraf	Public Governor, Wandsworth	AA2
Padraig Belton	Public Governor, Rest of England	PB1
Alfredo Benedicto	Appointed Governor, Merton Healthwatch	AB
Patrick Burns	Public Governor, Merton	PB2
Derek Cattrall	Public Governor, Rest of England	DC
Kathy Curtis	Appointed Governor, Kingston University	KC
Sandhya Drew	Public Governor, Rest of England	SD
Sarah Forester	Appointed Governor, Healthwatch Wandsworth	SF
John Hallmark	Public Governor, Wandsworth	JH
Hilary Harland	Public Governor, Merton	HH
Marlene Johnson	Staff Governor, Nursing & Midwifery	MJ
Shalu Kanal	Public Governor, Wandsworth	SK
Julian Ma	St George's University of London	MA
Lucy Mowatt	Public Governor, Wandsworth	LM
Richard Mycroft	Public Governor, South West Lambeth	RM
Tunde Odutoye	Staff Governor, Medical and Dental	TO
Alex Quayle	Staff Governor, Allied Health Professionals	AQ
Khaled Simmons	Public Governor, Merton	KS
Huon Snelgrove	Staff Governor, Non-Clinical	HS
Ataul Qadir Tahir	Public Governor, Wandsworth	AQT
Stephen Worrall	Appointed Governor, Wandsworth Council	SW
In Attendance		
Ann Beasley	Non-Executive Director, Vice Chair	AB
Stephen Collier	Non-Executive Director, Senior Independent Director	SC
Andrew Murray	Non-Executive Director	AM
Tim Wright	Non-Executive Director	TW
Jacqueline Totterdell	Group Chief Executive Officer	GCEO
Paul Da Gama	Group Chief People Officer	GCPO
Andrew Grimshaw	Group Chief Finance Officer	GCFO
Richard Jennings	Group Chief Medical Officer	GCMO
Stephen Jones	Group Chief Corporate Affairs Officer	GCCAO
James Marsh	Group Deputy Chief Executive Officer	GDCEO
Paul Cuttle	External Audit Partner, Grant Thornton (<i>item 3.4 only</i>)	PC
Muna Ahmed	Senior Corporate Governance Manager (Minutes)	SCGM
Apologies		
Peter Kane	Non-Executive Director	PK
Jenny Higham	Non-Executive Director	JH
Yin Jones	Associate Non-Executive Director	YJ

Minutes of the Meeting of the Council of Governors (In Public)
26 July 2023, 15:00 – 18:00
Hyde Park Room, Lanesborough Wing, St George's Hospital
and via Microsoft Teams

Name	Title	Initials
Members:		
Gillian Norton	Chairman	Chairman
Michael Amherst*	Public Governor, Rest of England	MA
Afzal Ashraf	Public Governor, Wandsworth	AAAs
Patrick Burns*	Public Governor, Merton	PBU
Kathy Curtis	Appointed Governor, Kingston University	KC
Sandhya Drew	Public Governor, Rest of England	SD
John Hallmark	Public Governor, Wandsworth	JHa
Hilary Harland	Public Governor, Merton	HH
Lucy Mowatt	Public Governor, Wandsworth	LM
Richard Mycroft*	Public Governor, South West Lambeth (Lead Governor)	RM
Khaled Simmons	Public Governor, Merton	KS
Huon Snelgrove	Staff Governor, Non-Clinical	HS
Ataul Qadir Tahir*	Public Governor, Wandsworth	AQT
Stephen Worrall	Appointed Governor, Wandsworth	SW
In Attendance:		
Stephen Collier*	Non-Executive Director	SC
Andrew Grimshaw*	Group Chief Finance Officer	GCFO
Stephen Jones	Group Chief Corporate Affairs Officer	GCCAO
Peter Kane*	Non-Executive Director	PK
James Marsh	Group Deputy Chief Executive Officer	GDCEO
Andrew Murray*	Non-Executive Director	AM
Kate Slemeck	Managing Director	MD
Jacqueline Totterdell	Group Chief Executive Officer	GCEO
Arlene Wellman	Group Chief Nursing Officer	GCNO
Secretariat		
Muna Ahmed	Interim Senior Corporate Governance Manager (Minutes)	SCGM
Apologies:		
Nasir Akhtar	Public Governor, Merton	NA
Adil Akram	Public Governor, Wandsworth	AAk
Ann Beasley	Non-Executive Director, Vice Chair	ABea
Alfredo Benedicto	Appointed Governor, Merton Healthwatch	ABen
Padraig Belton	Public Governor, Rest of England	PBe
Derek Cattrall	Public Governor, Rest of England	DC
Sarah Forester	Appointed Governor, Healthwatch Wandsworth	SF
Jenny Higham	Non-Executive Director	JHi
Marlene Johnson	Staff Governor, Nursing & Midwifery	MJ
Yin Jones	Associate Non-Executive Director	YJ
Shalu Kanal	Public Governor, Wandsworth	SK
Julian Ma	St George's University of London	JM
Tunde Odutoye	Staff Governor, Medical and Dental	TO
Sangeeta Patel	Appointed Governor, Merton & Wandsworth CCG	SP
Alex Quayle	Staff Governor, Allied Health Professionals	AQ
Tim Wright	Non-Executive Director	TW

* *Joined the meeting via MS Teams*

1.0	OPENING ADMINISTRATION	Action
1.1	<p>Welcome and Apologies</p> <p>The Chairman welcomed everyone to the meeting, both those attending in person and those joining remotely via videoconference.</p> <p>The Council of Governors noted the apologies as set out above.</p>	
1.2	<p>Declarations of Interest</p> <p>There were no new declarations of interest.</p>	
1.3	<p>Minutes of the Public meeting held on 18 May 2023</p> <p>The minutes of the meeting held on 18 May 2023 were approved as a true and accurate record.</p>	
1.4	<p>Action Log and Matters Arising</p> <p>The Council of Governors reviewed the action log and noted the following updates:</p> <ul style="list-style-type: none"> • COG.220922.2 South West London Financial Sustainability Review: The Council was informed that review commissioned by the South West London (SWL) Acute Provider Collaborative (APC) had now concluded and the Finance Committee and Board were reviewing the key outputs. The action was closed. • COG.180523.1 Board Assurance Framework: A note from Stephen Collier setting out a detailed explanation for the calibration of the risk score and assurance rating for Strategic Risk 8 (culture) on the Board Assurance Framework had been circulated to all members of the Council of Governors on 19 June 2023. The action was closed. 	
2.0	QUALITY, FINANCE & PERFORMANCE	
2.1	<p>Group Chief Executive Officer's Report</p> <p>The Group Deputy Chief Executive explained that the GCEO would be joining the meeting later and provided the following updates:</p> <ul style="list-style-type: none"> • <u>Major incident on 6 July:</u> A major incident had been declared following a serious collision at a local primary school in Wimbledon which tragically claimed the lives of two young children. Clinicians at the Trust had cared for the injured and had supported the families affected. The Trust received messages of thanks from the families and patients for the support and care provided. • <u>Industrial action:</u> Industrial action by staff continued in July with further action taken by junior doctors between 13 and 18 July, consultants between 20 and 21 July, and by radiographers between 25 and 27 July. Another five days of industrial action was planned junior doctors in the coming weeks and a further two days of action by consultants at the end of August. The Trust's focus continued to be on keeping patients and staff safe and significant planning and preparation had been undertaken. However, large numbers of patients scheduled for elective care had needed to be rebooked and were, therefore, waiting longer for treatment, which was a source of concern. 	

	<ul style="list-style-type: none"> • <u>NHS 75th Anniversary celebrations</u>: The Trust had marked the 75th anniversary of the NHS on 5 July with a number of events, as set out in the paper. The GCEO had also attended the service at Westminster Abbey at which one of the Trust's clinicians, Lead Nurse Specialist Charmaine Angela Case, had won a prestigious lifetime achievement award at the NHS Parliamentary Awards, and the work of the Trust's Emergency Department and Homelessness Service were shortlisted for an award. <p>The Chairman invited questions and comments from Governors. The following points were raised and noted in discussion:</p> <ul style="list-style-type: none"> • Sandhya Drew (SD) asked about the steps being taken by the Trust to encourage collective bargaining to help resolve the industrial action. The GDCEO emphasised that the dispute was with the Government rather than the Trust and the Trust's scope to encourage resolution of the dispute was relatively limited. It sought to use its voice as part of NHS Providers, the wider collective voice of NHS trusts. Opportunities had also been taken by the Trust when meeting with the South West London (SWL) Integrated Care Board (ICB) and the NHS England London regional team to emphasise the impact of industrial action on staff, services and the wider community and to encourage appropriate dialogue and resolution of the dispute. There were frequent ongoing meetings with the regional and national team to emphasise the importance of reaching a resolution. The GDCEO reiterated that the Trust was acutely aware of the direct and indirect impact of the industrial action on patients and staff. Delivering urgent and emergency services during periods of strike action took considerable planning and the action had a significant impact on elective activity, with large numbers of outpatient appointments and procedures needing to be re-scheduled. The Chairman added that regular information on the impact of the industrial action on patients, staff and services was submitted to NHS England (NHSE), which was working closely with the Government on the issue. • Huon Snelgrove (HS) queried how appointments cancelled due to industrial action were prioritised when re-booked. The GDCEO explained that patients on the waiting list were prioritised based on clinical need. Those awaiting surgery were categorised into 4 levels, from P1 to P4, with P1 being the most urgent. Where waiting times risked being unacceptably long, the Trust worked with other Trusts in SWL to provide mutual aid where possible. • Kathy Curtis (KC) welcomed efforts to promote collaboration across the acute and community settings to help manage patients with mental health issues in the emergency department (ED). KC queried when collective solutions would be seen and how these would be implemented. The MD-SGUH stated that the Trust was working with South West London and St George's Mental Health NHS Trust to ensure patients with mental health needs received treatment in right setting. A number of workstreams were underway to address the challenges in the dramatic increase in the numbers of mental health patients in ED, one of which was to consider the establishment of a dedicated mental health ED. • John Hallmark (JH) asked about the respective impact of industrial action by junior doctors, consultants and radiographers and which had had the worst impact. The GDCEO explained that all had had a detrimental impact, particularly in terms of delayed elective activity. Strike action by radiographers was having a particular impact on diagnostic pathways and cancer waiting times, despite significant forward planning by the Trust. Strike action by anaesthetic staff impacted upon the running of operating theatres while junior doctor strike action required specialist nurses, pharmacists, consultants and 	
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	<p>physician associates to work together to cover workforce gaps. Overall, the emergency pathways had worked well during period of industrial action by junior doctors but had a knock-on impact on work otherwise performed by consultants. It was noted that industrial action also had a wider impact on staff morale and teams were fatigued.</p> <ul style="list-style-type: none"> • Afzal Ashraf (AAs) queried whether it would be helpful for Governors to write to their MPs to highlight concerns around the impact of the industrial action which could have an impact on the quality of services. The Chairman thanked AAs for the offer and recognised that Governors could do so if they wished, but also assured AAs that the mechanisms available to the Trust – in South West London, regionally through NHS England, and nationally through NHS Providers – were being utilised to feed the information on the impact of the industrial action up the chain to Government. • Khaled Simmons (KS) commented that the communications that went out from the Trust following the major incident at the school in Wimbledon had emphasised support for staff affected by the events, and queried whether this had stuck the right note. There was a discussion about getting the balance right in communications between support for patients and support for staff, and a recognition that both were important in situations such as this which had a profound effect on the whole community. The MD-SGUH and GDCEO explained that the pandemic had demonstrated the impact of moral injury and stress experienced by staff and significant work had been undertaken to support staff who often worked under extreme pressure with their health and wellbeing. An on-site support team reached out to ED and trauma teams as well as to the wards to provide support. The families of those impacted by the incident were most profoundly and directly impacted, and the Trust had provided support to those families. It was also important to support the staff who cared for those injured. <p>The Council noted the GCEO report.</p>	
<p>2.2</p>	<p>External Audit Tender</p> <p>The GCFO informed the Council of Governors that the contract for external audit at SGUH had reached its end with no further options under the current contract for extension. The Trust would need to return to the market to tender for the appointment of a new contract for external audit services for the next 3-5 years. Given that the contract for external audit at Epsom and St Helier NHS Trust had also reached an end, the proposal to the Council of Governors was to use this tender exercise to appoint a common external auditor across the St George's, Epsom and St Helier University Hospitals and Health Group. There were advantages in procuring a common external auditor, particularly as this facilitated comparison across the Group and between the audit findings. However, two separate audits would still need to be undertaken given the two trusts remained separate legal entities. In an NHS foundation trust, Governors had the role of appointing the external auditors. At ESTH, by contrast, appointment was the responsibility of the Board's Audit Committee. To facilitate the joint tender, the establishment of an External Audit Working Group with representatives from the SGUH Council of Governors together with members of the ESTH Audit Committee was proposed to lead a tender process and identify a new common external auditor. It would be for the full Council of Governors at SGUH to decide on the appointment, based on the recommendation of the Working Group. In terms of its composition, it was proposed that three Governors join the Working Group to help undertake the review and selection process. It was agreed that the GCCAO would write out to Governors following the meeting to seek expressions of interest.</p> <p>The following points were raised and noted in discussion:</p>	<p>GCCAO</p>


	<ul style="list-style-type: none"> • Peter Kane (PK), Chair of the SGUH and ESTH Audit Committees, explained that sufficient time had been built into the process for selecting a new external auditor because the market for external auditors was challenging. There could be difficulties in completing the tender as some key players in the external audit market had withdrawn entirely from NHS external audit, and the NHS has been seen as a 'low margin' activity for audit firms. • KS expressed his interest in participating in the External Audit Working Group and commented that it would be helpful for Governors to receive training in the appointment of external auditors to help them fulfil their responsibilities. The GCCAO agreed to explore with NHS Providers the training provided in this area and added that a guide on the appointment of external auditors and the Governors' role would be circulated following the meeting. In-house training from the finance team could also be explored, particularly if NHS Providers was unable to provide bespoke training in this area. • The Chairman informed the Council that consideration had been given to the issue of involving other acute Trusts in South West London in a system-wide tender, but commented that the added complexities of securing agreement on a common provider across multiple trusts could pose challenges given the need to make an appointment in a timely way. <p>Following discussion, the Council of Governors:</p> <ul style="list-style-type: none"> • Agreed the proposal to develop a joint tender with ESTH; • Agreed that the GCCAO would write out to Governors for any expressions of interest, for the selection of 2-3 Governors to join the External Audit Working Group; • Noted that training would be explored to assist Governors in undertaking their role in appointing an external auditor; and • Noted the timetable outlined. 	<p>GCCAO</p>
<p>2.3</p>	<p>Update on the Trust's Annual Accounts 2022/23</p> <p>The GCFO provided an update to Governors on the outcome of the annual external audit, noting that the external auditors would, as usual, present their findings to the Governors at the Council meeting in September. The GCFO reported that although the external audit had been challenging with auditors requesting more samples than in previous years the audit was successfully completed on time. Grant Thornton had completed its audit of the 2022/23 accounts in June and submitted their audit findings report to the Audit Committee. The GCFO provide an overview of the key findings of the audit. The auditors had found that the Trust's financial statements gave a true and fair view of the financial position. Two recommendations were made which related to capital creditors and aged NHS debt balances. Management had accepted both recommendations. There were a small number of misclassification and disclosure changes agreed as part of the audit process. The Value for Money audit had also been completed and this had identified one significant weakness in arrangements relating to financial sustainability and the deliverability of Cost Improvement Plan (CIP) targets in 2023/24. The Trust had agreed with this assessment given the scale and challenge associated with the agreed financial plan in 2023/24. PK, Chair of the Audit Committee, added that the issue was around the scale of the deficit, rather than the governance arrangements in place. The Trust Board had reviewed and approved the accounts at an extraordinary meeting on 27 June to allow submission to NHSE by the deadline of 30 June 2023.</p> <p>The Council noted the updated and looked forward to receiving the auditor's report formally at its meeting in September.</p>	

<p>2.4</p>	<p>Finance Report Month 2</p> <p>The GCFO presented the M2 finance report and highlighted the following points:</p> <ul style="list-style-type: none"> • The Trust had recorded a deficit of £12.2m at the end of May 2023, which was £1.8m adverse to plan. The shortfall was mainly due to the Elective Recovery Fund (ERF) shortfall and impact of industrial action. This would be termed as an ‘allowable miss’ by NHS England and, as a result, the Trust was in effect on plan at this point in the year. • There would be a significant challenge with the delivery of CIP from month 4 onwards when the value of CIP to be realised stepped up. There was considerable focus on delivering the full value of the CIP plan, and the Finance Committee and Board was carefully scrutinising this. <p>In response to a question, the GCFO elaborated on ERF and explained that the Trust earned additional income by achieving a percentage of recovery activity volumes of 2019/20. The industrial action had resulted in the Trust undertaking less planned activity due to cancellations of elective procedures.</p> <p>The Council noted the M2 finance report.</p>
<p>2.5</p>	<p>Integrated Quality and Performance Report (IQPR highlights)</p> <p>The MD-SGUH provided an overview of key points within the Integrated Quality and Performance Report. In relation to quality, she highlighted that there had been an improvement in the number of falls for the fourth consecutive month. A total of 5 category 3 and category 4 Pressure Ulcers (PUs) had been reported in May, which was an improvement compared with both April (8 PUs reported) and March (13 PUs reported). The Hospital Standardised Mortality Ratio (HSMR) showed lower mortality than expected. There remained challenges in infection control particularly in relation to <i>C.difficile</i>, with seven <i>C.difficile</i> infections in May, two in April and four in March. An action plan to address this was in place. There had been two never events in May, both in theatres for wrong site surgery and wrong side block. Learning was being worked through. In terms of wider operational performance, the MD-SGUH highlighted the impact the industrial action had had on elective performance. A major area of focus was on reducing long waiters. The overall Patient Tracking List (PTL) had increased due to loss of activity, and this was attributable to the industrial action. Diagnostic performance had improved. In regard to achieving the cancer faster diagnosis standard (FDS), the 14-day standard was improving but was not yet meeting the standard. The 62-day performance was just below 70% against a target of 85%, though the Trust was performing better against this metric than a lot of other trusts. ED performance was exceeding the 4-hour operating standard at 81.7%, against a target of 76%. There continued to be challenges with flow, but the Trust had implemented a new method (the Bristol model) to help address this. There had also been improvement in ambulance handover times.</p> <p>The Chairman invited comments and questions from Governors and the following points were raised and noted in discussion:</p> <ul style="list-style-type: none"> • HS asked what the plans were to disseminate the learning from never events. The GCNO explained that a rapid response review highlighted specific actions to be taken in how the World Health Organisation (WHO) checklist was applied. Initial learning had already been applied, communications had been sent out to all clinical staff at SGUH and across the Group, and a deep dive would be undertaken into all recent never events. The new Patient Safety Incident Response Framework (PSIRF) methodology would be used which would pick up themes for learning. Human factors training would also be provided to staff. The GDCEO added that it had been acknowledged that

	<p>wrong site surgery was increasing across SWL and there was an opportunity to share further best practice.</p> <ul style="list-style-type: none"> • JH suggested that that the Trust stop comparing itself with other trusts as it provided a false sense of security. The MD-SGUH clarified that benchmarking was important in order to learn from other trusts. However, the Trust recognised the importance of focusing on its own performance and taking steps to ensure that there were no never events. • KS commented that there were still a lot of ‘TBCs’ against some of the targets and queried whether NEDs were assured that the interpretation of the metrics presented an accurate picture of the Trust. The Chairman explained that there was still a lot of work to do on performance and that, given the scale of the operational challenges, the Board had taken a decision to create more protected time for analysing operational performance in detail at the Finance Committee by establishing a new Infrastructure Committee which would take on responsibility for oversight of estates, facilities, health and safety and information technology, thereby giving the Finance Committee greater scope to scrutinise operational performance. The Chairman acknowledged that there were some areas where NEDs had made clear to the Executive that they were not assured, such as theatre utilisation and productivity. A deep dive on theatre utilisation would be presented to the Finance Committee shortly. It was agreed that an item on theatre utilisation would be added to the Council of Governors agenda in November. • Andrew Murray (AM), Chair of the Quality Committee, reported that the Quality Committee was carefully scrutinising the quality data and was seeking assurance around the action plans in place to address challenges in terms of never events and infection prevention and control. AM added that in reviewing metrics it was important to measure and focus on the right things. • Lucy Mowatt (LM) queried what was driving the surge in mental health patients presenting in ED. The MD-SGUH explained that there had been a significant increase in demand from patients with mental health issues in both adults and children. A detailed paper analysing these increases was scheduled for discussion at the Quality Committee the following day, and this would be an area of ongoing focus. • Hilary Harland (HH) asked where the Trust would be with the ERF if the industrial action had not taken place. The MD-SGUH explained that this analysis had been undertaken. The Trust would have been on target with ERF and the elective plan in the absence of industrial action at this point in the year. It was noted that this was why NHSE had categorised the Trust’s current position as an ‘allowable miss’. <p>The Council noted the IQPR quality and performance highlights.</p>	
3.0	QUESTIONS TO NON-EXECUTIVE DIRECTORS	
3.1	<p>Questions to Non-Executive Directors</p> <p>The Chairman invited questions to Non-Executive Directors (NEDs):</p> <ul style="list-style-type: none"> • KS queried which NED(s) held particular responsibility for the green strategy / sustainability issues following the departure of Parveen Kumar earlier in the year. The Chairman confirmed it Peter Kane and Tim Wright were the lead NEDs on these issues, though the Board collectively oversaw and was committed to the delivery of the Trust’s green plan. 	

	<ul style="list-style-type: none"> • SD requested Governor site visits be re-instated. HH requested that the times and days were varied and asked whether a night shift could be accommodated within the plans. The GCCAO explained that an active programme of visits had been introduced by his team in August 2021 and this had continued on a monthly basis. Recently, a number of visits had needed to be cancelled as these had coincided with periods of industrial action. However, work was underway to reintroduce the visits and the plan would seek to incorporate visits on different days of the week and the option of a night shift would be explored, as requested. • SD suggested shadowing NEDs on their visits across the Trust. The Chairman explained that it was important that Governors undertook site visits, but queried whether these should be undertaken jointly with the NEDs. It was important Governors undertook their own visits to help them develop their own understanding of the Trust. Moreover, it was important in governance terms not to conflate the roles of NEDs and Governors for staff and NEDs needed to be able to undertake visits independently to hear from staff. Observing NEDs at Board Committees already provided an opportunity for Governors to see NEDs in action. A list of Committee dates would be sent out to Governors to seek expressions of interest from Governors who wished to observe Board Committees. • HH highlighted that the feedback on provided by NEDs at public Board meetings was always positive and queried why more critical feedback was not offered. The Chairman suggested that in her experience feedback from NEDs was more balanced and that critical observations were offered as well as the positive. However, she acknowledged that if the feedback from Committees came across as overly positive, NEDs would pay particular attention to this, though the intention was at all times to be fair and balanced. 	<p style="text-align: center;">GCCAO</p> <p style="text-align: center;">GCCAO</p>
4.0	CLOSING ADMINISTRATION	
4.1	<p>Any other business</p> <p>RM asked that papers on the forthcoming Annual Members' meeting and elections to the Council of Governors be brought to the next meeting of the Council of Governors in September. The GCCAO explained that both of these items were already scheduled on the September agenda.</p>	
4.2	<p>Reflections on meeting</p> <p>AAs suggested that there should be more time to allow for conversations and any clarifications.</p> <p>The GCCAO encouraged Governors to use the Governors email address to contact the Corporate Governance team for support with any queries.</p>	

Date of next Meeting
Wednesday 20 September 2023, 14:00

Council of Governors - 20 September 2023							 St George's University Hospitals <small>NHS Foundation Trust</small>
Action Log							
Action Ref	Section	Action	Due	Lead	Commentary	Status	
COG.260723.1	External Audit Tender	Governor representation on the External Audit Working Group: A new External Audit Working Group was being established to oversee the process for the tendering of a contract for the appointment of a common external audit provider across the hospital Group. It was agreed that the GCCAO would write out to Governors for any expressions of interest, with the aim of ensuring between two and three Governors were represented on the Working Group.	20/09/2023	GCCAO	The GCCAO sent an email on 31 July 2023 for expressions of interest. The 3 Governors who put themselves forward for the working group were: - John Hallmark - Richard Mycroft - Khaled Simmons	PROPOSED FOR CLOSURE	
COG.260723.2	External Audit Tender	Guidance on appointment of external auditors: GCCAO agreed to circulate a guide from NHS Providers on the Governors' role in appointing external auditors.	20/09/2023	GCCAO	A GovernWell guide for Governors appointing the external auditor was sent to Governors on 31 July 2023.	PROPOSED FOR CLOSURE	
COG.260723.5	Questions to Non-Executive Directors	Governors observing Board and Committees: A list of Board Committee dates would be sent out for Governors to register expressions of interest in observing these meetings.	20/09/2023	GCCAO	Board and Committee dates were recirculated to Governors on 4 September 2023 further to the original circulation of forthcoming Board and Committee dates which was provided in March and April 2023.	PROPOSED FOR CLOSURE	
COG.260723.4	Questions to Non-Executive Directors	Governor visits: Following the disruption to the Governor visits caused by the industrial action, it was agreed that the visit programme be reinstated and the programme would seek to provide visits on different days and incorporate some night shifts.	20/09/2023	GCCAO	Details of Governor visits programme for the coming year is scheduled for circulation on 18 September.	PROPOSED FOR CLOSURE	
COG.260723.3	Integrated Quality and Performance Report (IQPR highlights)	Theatre utilisation: It was agreed that an item on theatre utilisation would be added to the Council of Governors agenda for its meeting in November 2023.	22/11/2023	GCCAO / MD-SGUH	Added to Council of Governors forward plan.	NOT YET DUE	

Council of Governors

Meeting in Public on Wednesday, 20 September 2023

Agenda Item	1.5	
Report Title	Chief Executive Officer's Update	
Executive Lead(s)	Jacqueline Totterdell, Group Chief Executive Officer	
Report Author(s)	Jacqueline Totterdell, Group Chief Executive Officer	
Previously considered by	-	-
Purpose	For Noting	

Executive Summary

This report to the Council of Governors provides an update on key events and strategic and operational activity at St George's since the last Council meeting in late July 2023, including:

- Reflections on the Lucy Letby trial and verdict;
- An update on NHS England's implementation of the new Patient Incident Safety Response Framework;
- An update on NHS England's call to trusts to ensure systems and processes to support staff to speak up are in place and robust;
- An update on operational challenges, including industrial action and finances;
- An update on the PTC for Paediatric Cancer;
- An update on the Trust's position in relation to Reinforced Aerated Autoclaved Concrete (RAAC) and NHS England's new requirements for Boards to seek additional assurance; and
- Staff Events and Awards.

Action required by Council of Governors

The Council of Governors is asked to note the update from the Chief Executive.

Appendices				
Appendix No.	Appendix Name			
Appendix 1	N/A			
Implications				
Group Strategic Objectives				
<input checked="" type="checkbox"/> Collaboration & Partnerships		<input checked="" type="checkbox"/> Right care, right place, right time		
<input checked="" type="checkbox"/> Affordable Services, fit for the future		<input checked="" type="checkbox"/> Empowered, engaged staff		
Risks				
As set out in report.				
CQC Theme				
<input checked="" type="checkbox"/> Safe	<input checked="" type="checkbox"/> Effective	<input checked="" type="checkbox"/> Caring	<input checked="" type="checkbox"/> Responsive	<input checked="" type="checkbox"/> Well Led
NHS system oversight framework				
<input checked="" type="checkbox"/> Quality of care, access and outcomes		<input checked="" type="checkbox"/> People		
<input checked="" type="checkbox"/> Preventing ill health and reducing inequalities		<input checked="" type="checkbox"/> Leadership and capability		
<input checked="" type="checkbox"/> Finance and use of resources		<input checked="" type="checkbox"/> Local strategic priorities		
Financial implications				
As set out in report.				
Legal and / or Regulatory implications				
N/A				
Equality, diversity and inclusion implications				
N/A				
Environmental sustainability implications				
N/A				

Chief Executive Officer's Update

Council of Governors, 20 September 2023

1.0 Purpose of paper

- 1.1 This paper provides an update to the Council of Governors update on key events and strategic and operational activity at St George's since the last Council meeting in late July 2023.

2.0 Background

- 2.1 This is a regular update provided to each meeting of the Council of Governors.

3.0 Reflections on recent events

- 3.1 The past two months have brought challenging times for our organisation, and for the NHS more widely. I want to start by thanking our staff for all their enduring hard work under difficult circumstances and in a continued challenging operational environment. We continue to strive to meet all of our patient's needs, support each other as colleagues, and provide the best possible care in the best possible way.
- 3.2 The crimes perpetrated at the Countess of Chester Hospital will undoubtedly have a profound impact on the NHS now, and for years to come. We are all shocked by these horrific criminal acts, which were an appalling betrayal of the trust that is placed in our institution. My thoughts go out to all families affected.
- 3.3 Going forward, we welcome the public inquiry, and will support all our NHS colleagues in learning every possible lesson from this terrible case. We will work proactively to ensure that all appropriate mechanisms are put in place to ensure the highest levels of safety and security throughout our operations.

4.0 NHS England's New Patient Safety Incident Response Framework

- 4.1 We will be implementing NHS England's new Patient Safety Incident Response Framework (PSIRF) in September. This new framework seeks to increase opportunities to learn and improve, and will underpin a culture of continuous improvement.
- 4.2 The PSIRF represents a new approach to patient safety and is being rolled out across the NHS this autumn. The PSIRF puts all those involved in the patient safety incident at the heart of the evaluation. By involving all participants and reviewing all contributing factors, it supports the development and maintenance of an effective patient safety incident response system. The PSIRF integrates four key aims:
- Compassionate engagement and involvement of those affected by patient safety incidents
 - Application of a range of system-based approaches to learning from patient safety incidents
 - Considered and proportionate responses to patient safety incidents
 - Supportive oversight focused on strengthening response system functioning and improvement

- 4.3 PSIRF will strengthen our responses to patient safety incidents and provide a framework for us to continue to foster continuous improvement throughout our organisation.
- 4.4 A key aspect of PSIRF, and our new Group strategy, is establishing a patient safety culture and an environment in which staff feel psychologically safe and supported to raise concerns. We are absolutely committed to supporting our staff to speak up. As an Executive team, and as a Board, we are committed to supporting our staff to feel confident in speaking up, really listening to those concerns, and taking action to respond to them in the right way – and making this a central part of how we work and support each other. Staff can raise concerns through a number of different routes, including to their line managers and lead directors. Staff can also raise concerns with our Freedom to Speak Up (FTSU) Guardians, who play a key role in supporting staff and contributing the development of a strong safety and learning culture. But we know we have more to do which is why we are taking steps to further strengthen our approach to raising and responding to concerns. A robust system for raising concerns is critical to supporting continuous improvement.
- 4.5 Both the Chairman and I have sent out communications to all staff recently on the importance of speaking up, the systems that are in place to support those raising concerns, and our commitment to listening and responding in the right way to concerns.
- 4.6 Leading and nurturing a culture of openness, continuous learning, and improvement has always been a critical part of the NHS, and it will be a priority for all NHS organisations in the light of the events at the Countess of Chester Hospital.
- 4.7 NHS England has written to all Trusts to ensure that the following systems and mechanisms are in place with appropriate oversight:
- All staff have easy access to information on how to speak up.
 - Relevant departments, such as Human Resources, and Freedom to Speak Up Guardians are aware of the national Speaking Up Support Scheme and actively refer individuals to the scheme.
 - Approaches or mechanisms are put in place to support those members of staff who may have cultural barriers to speaking up or who are in lower paid roles and may be less confident to do so, and also those who work unsociable hours and may not always be aware of or have access to the policy or processes supporting speaking up. Methods for communicating with staff to build healthy and supporting cultures where everyone feels safe to speak up should also be put in place.
 - Boards seek assurance that staff can speak up with confidence and those raising concerns are treated well.
 - Boards are regularly reporting, reviewing and acting upon available data.

5.0 Regulatory Update: CQC Maternity Services Report

- 5.1 As you know, as part of the Quality Commission (CQC) National Maternity Review programme, the CQC is inspecting all NHS acute hospital maternity services they have not inspected and rated since April 2021.
- 5.2 As part of the focused inspections, St George's maternity services were inspected against the domains of well-led and safe in March this year.
- 5.3 In August, we received a CQC report based on the inspection. Disappointingly, the CQC assigned an overall rating of "inadequate" for the maternity service, based on a number of

- factors identified, including safe staffing, triage processes, the estate and quality governance processes.
- 5.4 Needless to say, this was a difficult report for us all to receive, and we have conducted a number of focused, and all-staff, briefing sessions in order to speak with our staff and discuss what this means for us. We take this report with the utmost seriousness.
- 5.5 I would also like to reiterate my assurance that the maternity unit continues to be a safe and positive environment to give birth in, which has been recognised by the CQC national patient experience maternity survey, which rated St George's as receiving the fourth highest patient satisfaction levels nationally in 2022 as well as being rated in the top three performing Trusts in London for antenatal care.
- 5.6 That said, it is evident that although progress has been made, there is much more to do. This is a report that is relevant to all of us, as we all share the responsibility to continuously improve our services – not only in maternity but across our entire organisation.
- 5.7 Since receiving the report from the CQC, our teams have worked immensely hard to address all immediate concerns. We also have a longer-term, comprehensive action plan to address the factors that have contributed to this rating. We will all – as a leadership team and as the service – together, work to improve our performance. I know how hard our midwives and obstetricians work, and I want to thank them for all their passion and dedication to the women and birthing individuals who come to St George's.
- 5.8 The Council of Governors has an item on maternity services at St George's later in the agenda for this meeting, and this will provide an opportunity for a discussion about the actions already taken and the further steps we are taking to address the CQC's concerns.

6.0 Operational Update: Finances & Industrial Action

- 6.1 My Executive Team and I continue to balance the key goals of the Trust. The broader financial context for the NHS continues to be highly challenging and we remain focused on tackling our budget deficit through a number of mechanisms to drive forward efficiency. The Council of Governors has a separate item on financial performance later on the agenda and will have an opportunity discuss this in detail. As ever, we work as an Executive Team to continually balance finance, quality, performance and people.
- 6.2 Industrial action continues across the Trust and we work hard to ensure patient safety is protected despite operational challenges. In the coming weeks, we will face continued industrial action, including junior doctors strikes on 20-22nd September; consultant strikes on 19-20 September, and joint industrial action from both junior doctors and consultants on 2-5 October. Preparing for, and mitigating the risks of, these events is at the forefront of my team's mind and planning is underway at Group- and Site-level.

7.0 Consultation for the Principal Treatment Centre for Paediatric Cancer

- 7.1 As the Council of Governors is aware from previous meetings, the future of children's cancer services is changing as NHS England is deciding where a Principal Treatment Centre for children's cancer services should be located. This follows a national service specification in 2021, which sets out how children's cancer services should be on the same site as a Paediatric Intensive Care Unit (PICU) and other specialised children's services.

- 7.2 St George's has been part of the current Principal Treatment Centre, alongside the Royal Marsden Hospital, for more than 25 years and our children's services are rated Outstanding by the CQC. We already provide most of the specialist paediatric services that really matter for children with cancer, including paediatric intensive care, neurosurgery and much more. We will be sharing details of the NHS England consultation on our website and other channels and encouraging as many people as possible to have their say. The consultation is expected to launch on 21 September 2023.
- 7.3 Having a child who is ill with cancer is of course an extremely difficult and stressful time for parents and families. Families want to be reassured that their child is receiving the best possible care in the best way. We believe that St George's offers the best option for a future Principal Treatment Centre on one site. We are ready and looking forward to implementing our vision for a new state-of-the-art children's cancer centre that delivers cutting edge treatments and therapies at St George's.

8.0 Media Reports of St George's Chaplain

- 8.1 The Council of Governors will have seen media reports of a Chaplain at St George's, Suliman Gani, visiting Afghanistan and meeting with Taliban officials while on annual leave. The Trust has taken all action available in response to this situation. We wholeheartedly condemn the actions and human rights abuses perpetrated by the Taliban, and their treatment of women is abhorrent.
- 8.2 As soon as we became aware of Mr Gani's visit - and some of his reported views - we took immediate action and also sought advice from the police, Prevent and relevant local authorities.
- 8.3 We met with Mr Gani on his return to the UK who said his visit was part of a charity delegation to deliver humanitarian aid. At this meeting we reinforced our expectations that our patients and staff must be treated in line with the Trust's values. Disciplinary action can only be considered if personal or political views impact upon conduct in the workplace or if any policies are breached.
- 8.4 Should any breach of our Trust policies take place, appropriate action will be taken.

9.0 Reinforced Aerated Autoclaved Concrete

- 9.1 The Council of Governors will have seen media coverage regarding the use of Reinforced Aerated Autoclaved Concrete (RAAC) and guidance published recently by the Department of Education regarding the approach to the presence of RAAC in the school estate. This has generated heightened public interest in the presence of RAAC in the NHS estate.
- 9.2 On 5 September 2023, NHS England wrote to all NHS trust chairs, chief executives and estates directors regarding the identification, monitoring and remediation of RAAC across the NHS estate. As the letter explains, following an alert issued by the Standing Committee on Structural Safety in 2019, the NHS in England put in place a programme to identify RAAC, support providers to put in place appropriate mitigations, and plan for eradication.
- 9.3 All trusts were asked to assess their estate to identify the presence of RAAC. Across all sites in our hospital group, at both St George's University Hospitals and Epsom and St Helier University Hospitals, a number of surveys have been undertaken and we have established

that there is no RAAC present anywhere on our estate. However, further checks will be carried out.

- 9.4 The NHS England letter of 5 September 2023 asks the Boards of NHS trusts are asked to review the returns that have been provided to assure themselves that the assessments made were sufficiently thorough and covered all buildings and areas on their estates.

10.0 Staff Awards

- 10.1 We are very proud to update you that there have been a number of awards and accolades in the last two months.
- 10.2 **Anthony Nolan Supporter Awards:** In July Dr Jenna Love, Anthony Nolan Clinical Psychologist within the St George's Cancer Psychological Support (CaPS team), made the final shortlist in the Anthony Nolan Supporter Awards. Dr Love was nominated in the 'Clinical Supporter of the Year' category. Jenna was recruited into post two years ago to support patients undergoing stem cell transplants at St George's (both cancerous and non-cancerous conditions), and has already made an enormous difference to patients, carers and the wider stem cell transplant Multi-disciplinary team here.
- 10.3 **Chief Allied Health Professions Officer (CAHPO) Awards:** Congratulations to Ben Wanless, Consultant MSK Physiotherapist at St George's, who was shortlisted for a Chief Allied Health Professions Officer (CAHPO) Award. Ben was shortlisted for the AHP Digital Practice Award, awarded by NHS England. This category recognises Allied Health Professionals who have led the way in digital developments. Ben's submission revolved around a digital self-management technology for all common musculoskeletal injuries and conditions across an entire Integrated Care System.
- 10.4 **WellChild Doctor Award:** Congratulations to Dr Richard Chavasse, Paediatric Respiratory Consultant at St George's, who has won a prestigious WellChild Doctor Award. Colleagues and families of children in his care jumped at the chance to nominate him, describing him as an outstanding doctor who works relentlessly to provide the best possible care for children needing long-term ventilation and support with respiratory problems. WellChild Nurse Alex McClements who works with Richard, said: "He is truly an inspiration to work with. His passion for the service is apparent in all his work."

11.0 Events

- 11.1 We have held some wonderful events recently, below are a few examples.
- 11.2 **NHS 75:** On 5 July we celebrated 75 years of the NHS across the Trust. There was a huge amount going on throughout the day, including staff and visitors signing a giant birthday card, a film of 75 members of staff describing the NHS in 75 words, and the executive team getting out and about to deliver cupcakes to wards. BBC London was on site at St George's to film some of the celebrations, and MP for Tooting Rosena Allin-Khan joined in the fun at our Big Tea Party. It was a really special day, topped off by our staff choir performing a song written especially for the occasion.
- 11.3 **London Pride:** Fifty members of the St George's LGBTQ+ Staff Network joined the Pride in London parade on 1 July. They represented St George's as being a proud provider of healthcare for all.

- 11.4 **National Medical Examiner:** At the start of July, Dr Alan Fletcher, National Medical Examiner, visited the Wandsworth and Merton Medical Examiner Service which is hosted by St George's. He congratulated the team on the successful implementation of the service locally and reflected on exceptional feedback from doctors and families.
- 11.5 **Civility and Psychological Safety:** This has been the current 'Big 5' theme from our staff survey at the Group across the summer, with many activities taking place, including the second of two well-attended virtual event on 11 July. On a lighter but no less important tack, August was Kindness Month at gesh, with many initiatives including an online Kindness Wall, where staff could recognise each other's daily acts of kindness.
- 11.6 **Black Leaders Awareness Day:** This annual awareness day is a chance to hear about the experience of Black leaders. To recognise the day across our hospital Group, we spoke to Group Chief Nursing Officer, Arlene Wellman, who imparted some of her wisdom about what being a Black leader means to her, and the challenges she has experienced on her pathway from a newly qualified nurse to Group Chief Nursing Officer.
- 11.7 **South Asian Heritage Month:** This was an opportunity to celebrate and honour South Asian history and culture. This year's theme was 'Stories to Tell' and at St George's we shared stories across our channels from members of our staff on their experience of being of South Asian heritage and living in Britain.
- 11.8 **World Hepatitis Day:** The theme for this year's World Hepatitis Day was 'Hep Can't Wait' and the Trust's Viral Hepatitis and Community Liver Health Team got out and about on the St George's Liver Health Bus to raise awareness of the disease including symptoms and testing.
- 11.9 **Channel 4's Emergency:** St George's is one of the four major trauma centres in London, and our teams at St George's had a starring role in Channel 4's 'Emergency', which was back in August for its second series. Filmed last summer in an incredibly busy month for trauma departments, the series followed the minute-by-minute decisions made by teams at St George's and the other Major Trauma Network teams in London, as they treat the most critically injured patients.

Council of Governors

Meeting in Public on Wednesday, 20 September 2023

Agenda Item	3.3	
Report Title	Finance Report Month 05	
Executive Lead(s)	Andrew Grimshaw, Group Chief Finance Officer	
Report Author(s)	Andrew Grimshaw, Group Chief Finance Officer	
Previously considered by	-	-
Purpose	For Noting	

Executive Summary

The Trust is reporting a deficit of £24.6m at the end of August, which is £10.0m adverse to plan. The shortfall is due to ERF shortfall and impact of industrial action.

Action required by Council of Governors

The Council of Governors is asked to note the financial performance.

Appendices				
Appendix No.	Appendix Name			
Appendix 1	2023/24 M5 Financial Performance			
Implications				
Group Strategic Objectives				
<input type="checkbox"/> Collaboration & Partnerships		<input type="checkbox"/> Right care, right place, right time		
<input checked="" type="checkbox"/> Affordable Services, fit for the future		<input type="checkbox"/> Empowered, engaged staff		
Risks				
As set out in report.				
CQC Theme				
<input type="checkbox"/> Safe	<input checked="" type="checkbox"/> Effective	<input type="checkbox"/> Caring	<input type="checkbox"/> Responsive	<input checked="" type="checkbox"/> Well Led
NHS system oversight framework				
<input type="checkbox"/> Quality of care, access and outcomes		<input type="checkbox"/> People		
<input type="checkbox"/> Preventing ill health and reducing inequalities		<input checked="" type="checkbox"/> Leadership and capability		
<input checked="" type="checkbox"/> Finance and use of resources		<input checked="" type="checkbox"/> Local strategic priorities		
Financial implications				
As set out in report.				
Legal and / or Regulatory implications				
N/A				
Equality, diversity and inclusion implications				
N/A				
Environmental sustainability implications				
N/A				



Council of Governors: 20th September 2023 2023/24 M5 Financial Performance

Council of Governors

Group Chief Financial Officer



20th September 2023

SGH

Summary metrics – Month 05

Area	Key Issues	Current Month (YTD)	Previous Month (YTD)
Financial Position	The Trust is reporting a deficit of £24.6m at the end of August, which is £10.0m adverse to plan. The shortfall is due to ERF shortfall and impact of industrial action.	£10.0m Adv to Plan	£7.1m Adv to Plan
Income	Excluding ERF, income is reported at £1.4m favourable to plan at Month 5. This is due to additional income to cover increased centralised costs.	£1.4m Fav to plan	£1.0m Fav to plan
Expenditure	Expenditure is reported at £5.4m adverse to plan at Month 5, mainly due to premium temporary medical staffing costs to cover industrial action and premium temporary nursing costs across wards. Underlying non-pay is experiencing inflationary pressures currently mitigated in the position.	£5.4m Adv to plan	£3.8m Adv to plan
Cost Improvement Programme	CIPs are reported as £16.3m, which is £1.5m adverse to plan	£1.5m Adv to plan including timing adjustment	On plan including timing adjustment
Capital	Capital is £1.3m underspent at M5.	£1.3m underspent	£1.3m underspent
Cash	At the end of Month 5, the Trust's cash balance was £10.2m.	£10.2m which is £48.3m lower than Y/E	£27.0m which is £31.5m lower than Y/E

Month 5 Financial Performance

SGH

Table 1 - Trust Total

		Full Year Budget (£m)	M5 Budget (£m)	M5 Actual (£m)	M5 Variance (£m)	YTD Budget (£m)	YTD Actual (£m)	YTD Variance (£m)	
Excluding ERF	Income	904.0	76.8	77.1	0.3	380.4	381.8	1.4	
	SLA Income	125.0	8.9	9.0	0.1	48.2	48.3	0.0	
	Other Income	1,029.0	85.7	86.1	0.4	428.6	430.0	1.4	
	Income Total								
	Expenditure	Pay	(644.1)	(53.0)	(57.2)	(4.3)	(273.2)	(285.0)	(11.7)
	Non Pay	(352.5)	(29.6)	(26.9)	2.7	(153.2)	(146.8)	6.4	
Expenditure Total		(996.6)	(82.6)	(84.1)	(1.6)	(426.4)	(431.8)	(5.4)	
Post Ebitda		(71.7)	(5.3)	(5.3)	0.0	(26.6)	(26.6)	0.0	
Grand Total		(39.3)	(2.1)	(3.3)	(1.2)	(24.5)	(28.4)	(3.9)	
ERF	Income	23.6	2.0	0.3	(1.7)	9.8	3.8	(6.1)	

Reported Position

	(15.7)	(0.2)	(3.0)	(2.9)	(14.6)	(24.6)	(10.0)
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Table 2 - Acute Total

		Full Year Budget (£m)	M5 Budget (£m)	M5 Actual (£m)	M5 Variance (£m)	YTD Budget (£m)	YTD Actual (£m)	YTD Variance (£m)	
Excluding ERF	Income	902.9	76.4	76.6	0.2	379.8	380.7	1.0	
	SLA Income	101.5	7.0	7.1	0.1	38.4	38.2	(0.2)	
	Other Income	1,004.4	83.4	83.7	0.3	418.2	418.9	0.7	
	Income Total								
	Expenditure	Pay	(564.4)	(46.4)	(50.4)	(4.0)	(239.5)	(251.2)	(11.6)
	Non Pay	(207.0)	(17.2)	(14.6)	2.6	(91.7)	(83.8)	7.9	
Expenditure Total		(771.4)	(63.6)	(65.0)	(1.4)	(331.3)	(335.0)	(3.7)	
Post Ebitda		(71.7)	(5.3)	(5.3)	0.0	(26.6)	(26.6)	0.0	
Grand Total		161.3	14.5	13.4	(1.1)	60.3	57.3	(3.0)	
ERF	Income	23.6	2.0	0.3	(1.7)	9.8	3.8	(6.1)	

Reported Position

	184.9	16.5	13.7	(2.8)	70.1	61.1	(9.1)
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Table 3 - Corporate Total

		Full Year Budget (£m)	M5 Budget (£m)	M5 Actual (£m)	M5 Variance (£m)	YTD Budget (£m)	YTD Actual (£m)	YTD Variance (£m)	
Excluding ERF	Income	1.1	0.3	0.4	0.1	0.6	1.0	0.4	
	SLA Income	23.5	2.0	2.0	0.0	9.8	10.1	0.3	
	Other Income	24.6	2.3	2.4	0.1	10.4	11.1	0.7	
	Income Total								
	Expenditure	Pay	(79.8)	(6.5)	(6.8)	(0.3)	(33.7)	(33.8)	(0.1)
	Non Pay	(145.5)	(12.4)	(12.3)	0.1	(61.5)	(63.0)	(1.5)	
Expenditure Total		(225.2)	(18.9)	(19.1)	(0.2)	(95.2)	(96.8)	(1.6)	
Post Ebitda		(0.0)	0.0	0.0	0.0	0.0	0.0	0.0	
Grand Total		(200.6)	(16.6)	(16.7)	(0.1)	(84.8)	(85.7)	(0.9)	
ERF	Income	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Reported Position		(200.6)	(16.6)	(16.7)	(0.1)	(84.8)	(85.7)	(0.9)	

Commentary

The Trust is reporting a £24.6m deficit in M5, which is £10.0m adverse to plan. The overall adverse variance to plan is due to ERF shortfall and the impact of industrial action.

The Trust has received £3.8m of ERF income, which is £6.1m under plan. This is due to the Trust not meeting its ERF target.

Excluding ERF income:

Income

- Income is £1.4m above plan, with additional income to cover increased centralised costs

Pay

- Pay is £11.7m overspent mainly due to premium temporary medical staffing costs to cover the industrial action and premium temporary nursing costs across wards

Non-Pay

- Non Pay is £6.4m underspent due to release of central provisions

Corporate Services

- Corporate Services are £0.9m overspent within Non-pay, partially driven by inflation

Independent auditor's report to the members of the Council of Governors of St George's University Hospitals NHS Foundation Trust

In our auditor's report issued on 30 June 2023, we explained that we could not formally conclude the audit and issue an audit certificate for the Trust for the year ended 31 March 2023, in accordance with the requirements of Chapter 5 of Part 2 of the National Health Service Act 2006 and the Code of Audit Practice, until we had completed the work necessary to issue our Whole of Government Accounts Component Assurance statement for the Trust for the year ended 31 March 2023. We have now completed this work.

Opinion on the financial statements

In our auditor's report for the year ended 31 March 2023 issued on 30 June 2023 we reported that, in our opinion the 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.

No matters have come to our attention since 30 June 2023 that would have a material impact on the financial statements on which we gave this opinion.

Report on other legal and regulatory requirements – Audit certificate

We certify that we have completed the audit of St George's University Hospitals NHS Foundation Trust for the year ended 31 March 2023 in accordance with the requirements of Chapter 5 of Part 2 of the National Health Service Act 2006 and the Code of Audit Practice.

Use of our report

This report is made solely to the Council of Governors of the Trust, as a body, in accordance with Schedule 10 of the National Health Service Act 2006. Our audit work has been undertaken so that we might state to the Trust's Council of Governors those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Trust and the Trust's Council of Governors as a body, for our audit work, for this report, or for the opinions we have formed.

John Paul Cuttle

John Paul Cuttle, Key Audit Partner

for and on behalf of Grant Thornton UK LLP, Local Auditor
London

19 July 2023



The Audit Findings for St George's University Hospital NHS Foundation Trust

For the period ended 31 March 2023

Issue date: 9 June 2023

Paul Cuttle
Engagement Lead
E Paul.Cuttle@uk.gt.com

Andy Conlan
Senior Manager
E Andy.N.Conlan@uk.gt.com





Private and Confidential

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Dear Andrew Grimshaw, Chief Finance Officer

Audit Findings for St George's University Hospital NHS Foundation Trust for the year ended 31 March 2023

This Audit Findings presents the observations arising from the audit that are significant to the responsibility of those charged with governance to oversee the financial reporting process and confirmation of auditor independence, as required by International Standard on Auditing (UK) 260. Its contents have been discussed with management.

As auditor we are responsible for performing the audit, in accordance with International Standards on Auditing (UK), which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities for the preparation of the financial statements.

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 expressing our opinion on the financial statements. Our audit is not designed to test all internal controls or identify all areas of control weakness. However, where, as part of our testing, we identify control weaknesses, we will report these to you. In consequence, our work cannot be relied upon to disclose all defalcations or other irregularities, or to include all possible improvements in internal control that a more extensive special examination might identify. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. 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.

We encourage you to read our transparency report which sets out how the firm complies with the requirements of the Audit Firm Governance Code and the steps we have taken to drive audit quality by reference to the Audit Quality Framework. The report includes information on the firm's processes and practices for quality control, for ensuring independence and objectivity, for partner remuneration, our governance, our international network arrangements and our core values, amongst other things. This report is available at www.grantthornton.co.uk/en/about-us/leadership-and-governance/transparency-report/

We would like to take this opportunity to record our appreciation for the kind assistance provided by the finance team and other staff during our audit.

Paul Cuttle

Director
For Grant Thornton UK LLP

Chartered Accountants

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1. Headlines

This table summarises the key findings and other matters arising from the statutory audit of St George's University Hospital NHS Foundation Trust ('the Trust') and the preparation of the Trust's financial statements for the year ended 31 March 2023 for those charged with governance.

Financial Statements

Under International Standards of Audit (UK) (ISAs) and the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to report whether, in our opinion:

- The Trust's financial statements give a true and fair view of the financial position of the Trust's income and expenditure for the period; and
- The Trust's financial statements, and the parts of the Remuneration and Staff Report to be audited, have been properly prepared in accordance with the Department of Health and Social Care (DHSC) group accounting manual 2022/23 (GAM).

We are also required to report whether other information published together with the audited financial statements in the Annual Report, is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Our audit work was completed through a combination of remote and on site work during April to June 2023. Our findings are summarised on pages 22-24. We have not identified any adjustments to the financial statements which impacts your reported Comprehensive Expenditure figure. Though note the work is not yet complete, so it is possible that adjustments could be identified in completing the rest of the audit work as detailed below. We have also identified various disclosure amendments. These amendments are detailed at pages 22-24. Our audit work is still in progress at the date of issuing this report. At the current date/stage of progress in the audit there are no matters of which we are aware that would require modification of our audit opinion or material changes to the financial statements, subject to completion of the following areas of the audit work/testing;

- Completion of our sample testing of expenditure and income (including our completeness samples for income);
- Completion of our sample testing of payables, accruals and deferred income;
- Completion of our sample testing of journals;
- Completion of our assurance work to test the accuracy and completeness of the payroll data particularly around leavers and changes of circumstances for employees;
- Completion of our sample testing on IFRS 16 'Leases' and related disclosures;
- Completion of our work around the valuation of land and buildings where we engage with our own auditor's expert valuer in order to engage and challenge the Trust's professional valuer. We are completing our final meetings with the experts in order to finalise this work. No significant issues have been identified in the valuation so far;
- Completion of Senior Manager and Director review of completed audit sections and clearance of review notes which are raised from this review;
- receipt of management representation letter; and
- review of the final set of financial statements with all agreed amendments from the audit.

We have concluded that the other information to be published with the financial statements, is consistent with our knowledge of your organisation and the financial statements we have audited.

Our anticipated audit report opinion will be unmodified.

1. Headlines

Significant matters

Audit logistics, working papers and quality of supporting documentation.

The Trust has transferred the general ledger to the Agresso system during the year. Whilst our work around the data migration did not identify any issues indicating a successful transfer the Trust has encountered issues relating to the working papers and evidence required for audit queries. Population listings have not been cleansed sufficiently, or have not been in an appropriate formatting, to allow for efficient sampling processes. There have also been issues in the quality of the evidence of samples selected.

These factors have led to the audit fieldwork taking more time than planned. We are collaborating closely with the finance team in order to resolve these issues as quickly as possible but these do present a risk to completing and signing the audit opinion by the deadline.

We will meet with your finance team after the audit to debrief on these issues. We would recommend that reports from the General Ledger system are better integrated into the working paper preparation process in order to allow for a more efficient audit.

Value for Money (VFM) arrangements

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 in detail on the Trust's overall arrangements, as well as key recommendations on any significant weaknesses in arrangements identified during the audit.

Auditors are required to report their commentary on the Trust's arrangements under the following specified criteria:

- Improving economy, efficiency and effectiveness;
- Financial sustainability; and
- Governance

Our VFM work is complete, and we have issued our Auditor's Annual Report as an item on the Agenda for this Audit Committee meeting. The report has been issued in line with the National Audit Office's timetable.

As part of our work, we considered whether there are any risks of significant weakness in the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources. Through the work completed, we have identified a significant weakness in arrangements for financial sustainability and we have issued one key recommendation relating to the deliverability of the CIP in 2023/24. We have further summarised our findings to date on page 27.

We have completed our work on Value for Money arrangements and our findings are set out in our Annual Audit Report which has provided to this meeting of those charged with governance on 15 June 2023.

1. Headlines

Statutory duties

The Local Audit and Accountability Act 2014 ('the Act') also requires us to:

- report to you if we have applied any of the additional powers and duties ascribed to us under the Act; and
- to certify the closure of the audit.

We have not exercised any of our additional statutory powers or duties.

We expect to certify the completion of the audit upon the completion of Whole Government Accounts consolidation work where the Trust was selected for full group audit procedures. Once these National Audit Office group audit requirements have been fulfilled we will be able to certify completion of the audit.

Our approach to materiality

As communicated in our Audit Plan, we determined materiality at the planning stage as £16m based on 1.5% of the prior year gross operating costs. At period-end, we have reconsidered planning materiality based on the final financial statements. We have retained our determined materiality for the fieldwork stage at £16m. Although the gross expenditure for the Trust has increased, in order to mitigate audit risk we have kept materiality at the same level as the planning materiality previously reported in the Audit Plan.

A recap of our approach to determining materiality is set out below.

Basis for our determination of materiality

- We have used 1.4% of gross operating costs from the 2022/23 draft financial statements presented for audit as the basis for determining materiality.
- The basis for determining materiality is consistent with the prior year. The value has increased as a result of the increase in gross expenditure of the Trust for 22-23.

Reporting threshold

- We will report to you all misstatements identified in excess of £300k, in addition to any matters considered to be qualitatively material. This is the de-minimus reporting threshold set by the National Audit Office for the group audit procedures.
- There are no areas where we apply a lower level of materiality.

Materiality area	Amount (£)	Qualitative factors considered
Materiality for the financial statements	£16,000,000	This is equivalent to a % of the operating costs for the period ended 31 March 2023. Gross operating costs has been used as the Trust's primary objective is the provision of services. We have used 1.4% based on the risk profile of the Trust. The basis for determining materiality is consistent with the prior year. The value has increased as a result of the increase in gross operating costs of the Trust for 22-23.
Performance Materiality for the financial statements	£11,200,000	The performance materiality has been set at 75% of financial statements materiality. This reflects our risk assessed knowledge of potential for errors occurring. Performance materiality is used for purposes of assessing the risks of material misstatement and determining the nature, timing, and extent of further audit procedures. It is the amount we set at less than materiality for the financial statements as a whole to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole.
Trivial matters	£300,000	We report to you all misstatements identified in excess of £300k as this is the reporting threshold for any errors identified as part of our work on the National Audit Office's Whole of Government Accounts (WGA) exercise and this represents 5% of materiality.

Overview of significant audit risks identified

The below table summarises the significant [and other] risks discussed in more detail on the subsequent pages.

Significant risks are defined by ISAs (UK) as an identified risk of material misstatement for which the assessment of inherent risk is close to the upper end of the spectrum due to the degree to which risk factors affect the combination of the likelihood of a misstatement occurring and the magnitude of the potential misstatement if that misstatement occurs. A significant risk can be a significant risk due to error or due to fraud. For the purposes of the ISAs (UK), the auditor is concerned with fraud or suspected fraud that causes a material misstatement in the financial statements. Two types of intentional misstatements are relevant to the auditor – misstatements resulting from fraudulent financial reporting and misstatements resulting from misappropriation of assets. As part of our consideration of risks relating to fraudulent financial reporting we consider the potential for override of controls or other inappropriate influence over the financial reporting process, such as efforts by management to manage income, expenditure or accruals in order to influence the Trust's year end performance.

Other risks are, in the auditor's judgment, those where the risk of material misstatement is lower than that for a significant risk, but they are nonetheless an area of focus for our audit

Risk title	Risk level	Change in risk since Audit Plan	Fraud risk	Level of judgement or estimation uncertainty	Status of work
1. Revenue Recognition	Significant	↔	✓	Low	●
2. Management Override of Controls	Significant	↔	✓	Low	●
3. Fraud in Expenditure Recognition	Significant	↔	✓	Medium	●
4. Valuation of Land and Buildings	Significant	↔	✗	High	●
5. Data migration to the new General Ledger System	Significant	↔	✗	None	●
6. IFRS 16 – first year of implementation	Other	↔	✗	Medium	●

↑ Assessed risk increase since Audit Plan
 ↔ Assessed risk consistent with Audit Plan
 ↓ Assessed risk decrease since Audit Plan

● No adjustment or change in disclosure required
 ● Non-material adjustment or change in disclosure required
 ● Material adjustment or change in disclosure required.

Financial Statements - Significant risks

Risks identified in our Audit Plan

ISA 240 improper revenue recognition

Under ISA (UK) 240, there is a rebuttable presumed risk that revenue may be misstated due to the improper recognition of revenue.

Trusts faces significant external pressure to restrain budget overspends and meet externally set financial targets, coupled with increasing patient demand and cost pressures. In this environment, particularly with the movement away from Covid-19 funding arrangements to back to local contracting and commissioning, we have considered the rebuttable presumed risk under ISA (UK) 240.

The majority of the Trust's revenue is received from CCGs and NHS England for the provision of patient care services. There is estimation based on contract performance of the year-end revenue and receivables position with commissioners which make this a significant risk area for our audit due to the level of estimation uncertainty applied to this area of the financial statements.

We have not deemed it appropriate to rebut the presumed significant risk for material streams of patient care income and other operating revenue, due to the scale of financial pressures experienced by the trust, which increase the risk of material misstatement from improper revenue recognition.

We have therefore identified the occurrence and accuracy of the Trust's income streams and the existence of associated receivable balances as a significant risk.

Commentary

Work completed:

- Evaluated the Trust's accounting policy for recognition of income from patient care activities and other operating revenue for appropriateness and compliance with the DHSC Group Accounting Manual (GAM) 2022/23.
- Documented our understanding of the Trust's system for accounting for income from patient care and other operating revenue, and evaluate the design of the associated controls.

Patient Care Income

- Investigated unmatched revenue and receivable balances over the NAO £0.3m threshold, as per the using the DHSC mismatch report, corroborating the unmatched balances used by the Trust to supporting evidence.
- Agreed contract based income to supporting documentation such as signed contracts, and other variable income to support for those amounts.
- Agreed, on a sample basis, other patient care revenue outside of the block arrangements to supporting documentation.
- Agreed system and ERF income received during the year to supporting evidence.
- Agreed funding income for Agenda for Change and additional pension contribution income to supporting evidence.
- Evaluated the Trust's estimates and the judgments made by management in order to arrive at the total income from contract variations recorded in the financial statements.

Other Operating Revenue

- Agreed on a sample basis, income and year end receivables from other operating revenue to invoices/other alternative supporting documentation, and cash payment (where possible) or other supporting evidence.

Conclusions

Subject to the satisfactory resolution of outstanding matters set out on page 4, our work has not, to date, identified any material issues in relation to this risk.

Financial Statements - Significant risks

Risks identified in our Audit Plan

Fraud in expenditure recognition

As most public bodies are net spending bodies, then the risk of material misstatement due to fraud related to expenditure recognition may be greater than the risk of fraud related to revenue recognition. There is a risk the Trust may manipulate expenditure to meet externally set targets and we have regard to this when planning and performing our audit procedures.

Management could defer recognition of expenditure by under-accruing for expenses that have been incurred during the period but which were not paid until after the year-end or not record expenses accurately in order to improve the financial results. Conversely, in prior years there were examples of NHS bodies over-accruing to reach a predetermined outturn position due to the change in funding arrangements. Management could also reduce expenditure by inappropriately capitalising expenditure in order to recognise a specific outturn position.

Commentary

Work completed:

- Evaluated your accounting policy for recognition of expenditure for appropriateness and compliance with the DHSC Group Accounting Manual 2022/23;
- Understood the Trust's control environment around manual expenditure accruals at the year end;
- Tested a sample of expenditure invoices and payments made in the period before and after 31 March 2023 to determine whether the expenditure has been recognised in the correct accounting period and whether accruals are complete;
- Focussed our above journals testing on those manual journals which impact the control total through decreasing or increasing the level of expenditure and assessed whether there was an appropriate basis for posting these journals and the amount was supported by appropriate evidence;
- Selected a sample of year end accruals and inspected supporting evidence or payment amounts for the accrual post year-end to assess whether the accruals had been correctly recorded;
- Inspected transactions incurred around the end of the financial year to assess whether they had been included in the correct accounting period.

Conclusions

Subject to the satisfactory resolution of outstanding matters set out on page 4, our work has not, to date, identified any material issues in relation to this risk.

Financial Statements - Significant risks (continued)

Risks identified in our Audit Plan	Commentary	Conclusions
<p>Management override of controls</p> <p>Under ISA (UK) 240 there is a non-rebuttable presumed risk that the risk of management over-ride of controls is present in all entities. The Trust faces external pressures to meet agreed targets, and this could potentially place management under undue pressure in terms of how they report performance. We therefore identified management override of control, in particular journals, management estimates and transactions outside the course of business as a significant risk requiring special audit consideration.</p>	<p>Work completed:</p> <ul style="list-style-type: none"> • Evaluated the design effectiveness of management controls over journals. • Analysed the journals listing and determine the criteria for selecting high risk unusual journals. • Tested unusual journals made during the year and after the draft accounts stage for appropriateness and corroboration. • Gained an understanding of the accounting estimates and critical judgements applied made by management and consider their reasonableness. • Evaluated the rationale for any changes in accounting policies, estimates or significant unusual transactions. 	<p>Subject to the satisfactory resolution of outstanding matters set out on page 4, our work has not, to date, identified any material issues in relation to this risk.</p>
<p>Valuation of land and buildings</p> <p>The Trust revalues its land and buildings on an annual basis to ensure that the carrying value is not materially different from the current value at the financial statements date. This valuation represents a significant estimate by management in the financial statements.</p> <p>Management have engaged the services of a valuer to estimate the current value as at 31 March 2023.</p> <p>The valuation of land and buildings is a key accounting estimate which is sensitive to changes in assumptions and market conditions.</p> <p>We therefore identified valuation of land and buildings, particularly revaluations and impairments, as a significant risk, which was one of the most significant assessed risks of material misstatement. As part of our continuous risk assessment process, we have further focussed our risk assessment this significant risk to the valuation of land and buildings with large and/or unusual changes in their valuation approach. In order to identify any such assets in the Trust's valuation programme we made direct inquiries with the valuer to understand the source data that underpins their valuations, corroborated the source and reasonableness of the external data they rely upon for their key assumptions, and evaluated the completeness and accuracy of source data provided directly from the Trust. We then completed analytical procedures on their valuation report, with reference to external market data, to identify those assets at greater risk of material misstatement.</p>	<p>Work completed:</p> <ul style="list-style-type: none"> • Evaluated management's processes and assumptions for the calculation of the estimate, the instructions issued to the valuation experts and the scope of their work. • Evaluated the competence, capabilities and objectivity of the valuation expert. • Written to the valuer to confirm the basis on which the valuations were carried out. • Challenged the information and assumptions used by the valuer to assess completeness and consistency with our understanding. • Engaged our own valuer to assess the instructions to the Trust's valuer, the Trust's valuer's report and the assumptions that underpin the valuation. • Tested, on a sample basis, revaluations made during the year to ensure they have been input correctly into the Trust's asset register. • Evaluated the assumptions made by management for any assets not revalued during the year and how management has satisfied themselves that these are not materially different to current value. 	<p>Subject to the satisfactory resolution of outstanding matters set out on page 4, our work has not, to date, identified any material issues in relation to this risk.</p>

Financial Statements - Significant risks

Risks identified in our Audit Plan

Data migration to the new General Ledger system

During the 2022-23 financial year the Trust has transferred its financial General Ledger system from Agresso to the NHS Shared Business Services (SBS) hosted Oracle system. This has required a transfer of balances as at 1 April 2022.

This raises a risk of errors being introduced in the data migration process which could lead to misstatement of the year-end financial statements.

Commentary

Work completed:

- obtained an understanding of the process used for new system implementation
- carried out IT General Controls work on the SBS Oracle General Ledger system to gain assurance over the new IT control environment.
- tested the accuracy and completeness of the balance transfer, from closing balances in the Agresso system at 31 March 2022 to opening balances in the SBS Oracle system at 1 April 2022.
- reviewed the specific data migration reports provided by SBS to Trust management on which the Trust has relied upon for assurance of the completeness and accuracy of the data migration.

Conclusions

Our work has not identified any material issues in relation to this risk.

Financial Statements – Other risk areas

Risks identified in our Audit Plan	Commentary	Conclusions
IFRS 16 ‘Leases’ and related disclosures (Other risk)	Auditor commentary During the audit, we have: <ul style="list-style-type: none"> • Evaluated management’s processes for the calculation of the right of use asset and associated lease liability and the completeness of the disclosure. • Tested, on a sample basis, assumptions used in the calculation of the right of use asset and associated lease liability recognised as a result of implementation of IFRS 16. 	Subject to the satisfactory resolution of outstanding matters set out on page 4, our work has not, to date, identified any material issues in relation to this risk.

Audit findings

Other findings – significant matters

	Significant matter	Commentary	
1	Significant events or transactions that occurred during the period	<ul style="list-style-type: none"> Not applicable – no occurrences outside of those already considered in our risk assessment. 	<p>Auditor view</p> <ul style="list-style-type: none"> N/a <p>Management response</p> <ul style="list-style-type: none"> N/a
2	Business conditions affecting the Trust, and business plans and strategies that may affect the risks of material misstatement	<ul style="list-style-type: none"> Not applicable – no occurrences. 	<p>Auditor view</p> <ul style="list-style-type: none"> N/a <p>Management response</p> <ul style="list-style-type: none"> N/a
3	Concerns about management's consultations with other accountants on accounting or auditing matters	<ul style="list-style-type: none"> Not applicable – no occurrences. 	<p>Auditor view</p> <ul style="list-style-type: none"> N/a <p>Management response</p> <ul style="list-style-type: none"> N/a
4	Significant matters on which there was disagreement with management, except for initial differences of opinion because of incomplete facts or preliminary information that are later resolved by the auditor obtaining additional relevant facts or information	<ul style="list-style-type: none"> Not applicable – no occurrences. 	<p>Auditor view</p> <ul style="list-style-type: none"> N/a <p>Management response</p> <ul style="list-style-type: none"> N/a

Audit findings

Other findings – significant matters

	Significant matter	Commentary	
5	Other matters that are significant to the oversight of the financial reporting process	<ul style="list-style-type: none"> Not applicable – no occurrences. 	<p>Auditor view</p> <ul style="list-style-type: none"> N/a <p>Management response</p> <ul style="list-style-type: none"> N/a
6	Prior year adjustments identified	<ul style="list-style-type: none"> Not applicable – no occurrences. 	<p>Auditor view</p> <ul style="list-style-type: none"> N/a <p>Management response</p> <ul style="list-style-type: none"> N/a
7	Adjustments identified as having been made to meet the system position (any concerns we have identified with a Trust making adjustments to meet an agreed system target)	<ul style="list-style-type: none"> Not applicable – no occurrences. 	<p>Auditor view</p> <ul style="list-style-type: none"> N/a <p>Management response</p> <ul style="list-style-type: none"> N/a

Financial Statements - key judgements and estimates

This section provides commentary on key estimates and judgements inline with the enhanced requirements for auditors.

Significant judgement or estimate	Summary of management’s approach	Audit Comments	Assessment
<p>Land and Building valuations – £341m</p>	<p>Land and buildings comprise specialised assets such as the St George’s hospital site, which are revalued to be valued at depreciated replacement cost (DRC) at year end, on a modern equivalent asset basis.</p> <p>Management has determined the amount of space and location required for ongoing service delivery in light of current and projected service needs and has instructed the valuer accordingly. The remainder of land and buildings are not specialised in nature and are required to be valued in existing use value (EUUV) at year end.</p> <p>The Trust has engaged with its external valuer, Gerald Eve, to complete the valuation of properties as at 31 March 2023. Approximately 99% of total land and buildings were revalued at 31 March 2023, as part of the desktop valuation exercise on a five yearly cyclical basis.</p> <p>The total year end valuation of land and buildings was £341m, a net increase of £32m from 2021/22 (£309m).</p> <p>The Trust has included in its accounting policies that the valuation of the estate contains estimation uncertainty to highlight this to the reader.</p>	<p>From the work performed:</p> <ul style="list-style-type: none"> • We are satisfied with the competency, capability and expertise of the management’s expert used to inform the estimate. • We have verified that there has been no significant changes applied in the method and judgments in comparison to previous years. • We are satisfied with the use of alternative site assumption is appropriate. • We have verified that the accounts are consistent with the valuer’s report. • We have assessed the consistency of estimate against market data available. • We have employed an auditor’s expert in order to assess the reasonableness of the data used by the valuer. • From the above, we are satisfied with the adequacy of disclosure of the estimate within the financial statements in line with the revised ISA540 requirements. <p>Subject to the satisfactory resolution of outstanding matters set out on page 4, we anticipate being satisfied that the estimate of your land and buildings valuation is not materially misstated.</p>	

Assessment

- [Purple] We disagree with the estimation process or judgements that underpin the estimate and consider the estimate to be potentially materially misstated
- [Blue] We consider the estimate is unlikely to be materially misstated however management’s estimation process contains assumptions we consider optimistic
- [Grey] We consider the estimate is unlikely to be materially misstated however management’s estimation process contains assumptions we consider cautious
- [Light Purple] We consider management’s process is appropriate and key assumptions are neither optimistic or cautious

Financial Statements – other communication requirements

Issue	Commentary	Auditor view
<p>ISAE 3402 Service Auditor Reports</p> <p>The ISAE 3402 Service Audit Type II reports have been received which assess the state of the control environment for the period 1 April 2022 to 31 March 2023 for the following services used by the Trust:</p> <ul style="list-style-type: none"> NHS Shared Business Service Limited: Finance and Accounting Services The Electronic Staff Record Programme 	<p>We have considered the service auditor reports to identify any potential control deficiencies impacting on KMPT.</p> <p>NHS Shared Business Services Limited: Finance and Accounting Services</p> <p>SBS (ISAE 3402 Type II) - clean audit opinion. No impact on our audit.</p> <p>The Electronic Staff Record Programme</p> <p>ESR (ISAE 3000 Type II) - qualified audit opinion. There were 3 control deficiencies highlighted by the report, 2 of which were not relevant to the audit. The finding deemed relevant is as follows:</p> <p><i>The controls related to the authorisation and revocation of logical access did not operate effectively during the period 1 April 2022 to 31 March 2023 to achieve control objective 2 "Controls provide reasonable assurance that security configurations are created, implemented and maintained to prevent inappropriate access."</i></p> <p>To address this issue additional procedures were performed and other compensating controls identified to demonstrate that the control deficiency had been sufficiently mitigated locally.</p>	<p>The audit team have considered the issues identified and do not consider them significant enough to have an impact on our audit opinion.</p> <p>These qualifications are relevant to controls operating at the third party and not the Trust.</p> <p>We are satisfied that that the Trust has appropriate compensating controls in these areas to mitigate against any increased area of risk.</p> <p>The Trust has updated the Annual Governance Statement to reflect these reports.</p>

Audit findings

Other communication requirements

	Issue	Commentary
1	Matters in relation to fraud	<ul style="list-style-type: none"> We have previously discussed the risk of fraud with the Audit Committee and have been made aware of instances of fraud of trivial financial quantum. We have not been made aware of any other incidents in the period and no other issues have been identified during the course of our audit procedure.
2	Matters in relation to related parties	<ul style="list-style-type: none"> We are not aware of any related parties or related party transactions which have not been disclosed.
3	Matters in relation to laws and regulations	<ul style="list-style-type: none"> You have not made us aware of any significant incidences of non-compliance with relevant laws and regulations and we have not identified any incidences from our audit work.
4	Written representations	<ul style="list-style-type: none"> A letter of representation has been requested from the Trust.
5	Accounting practices	<ul style="list-style-type: none"> We have evaluated the appropriateness of the Trust's accounting policies, accounting estimates and financial statement disclosures. Minor amendments were made to the accounting policies to enhance the transparency of the disclosures within the Accounts, which is documented on pages 22-24.
6	Confirmation requests from third parties	<ul style="list-style-type: none"> We requested from management permission to send confirmation requests to banking institutions. This permission was granted and the requests were sent and have been received as part of our final accounts work. We requested management to send letters to those solicitors who worked with the Trust during the period. All responses were received, and no issues were noted.
7	Disclosures	<ul style="list-style-type: none"> Our review found no material omissions in the financial statements.
8	Audit evidence and explanations	<ul style="list-style-type: none"> See page 5 – there have been challenges dealing with a new general ledger and extracting the right information needed for audit purposes but evidence has been provided to support balances and disclosures.

Audit findings

Other responsibilities - communication requirements

Issue	Commentary
Going concern	<p>In performing our work on going concern, we have had reference to Statement of Recommended Practice – Practice Note 10: Audit of financial statements of public sector bodies in the United Kingdom (Revised 2020). The Financial Reporting Council recognises that for particular sectors, it may be necessary to clarify how auditing standards are applied to an entity in a manner that is relevant and provides useful information to the users of financial statements in that sector. Practice Note 10 provides that clarification for audits of public sector bodies.</p> <p>Practice Note 10 sets out the following key principles for the consideration of going concern for public sector entities:</p> <ul style="list-style-type: none"> the use of the going concern basis of accounting is not a matter of significant focus of the auditor's time and resources because the applicable financial reporting frameworks envisage that the going concern basis for accounting will apply where the entity's services will continue to be delivered by the public sector. In such cases, a material uncertainty related to going concern is unlikely to exist, and so a straightforward and standardised approach for the consideration of going concern will often be appropriate for public sector entities for many public sector entities, the financial sustainability of the reporting entity and the services it provides is more likely to be of significant public interest than the application of the going concern basis of accounting. Our consideration of the Trust's financial sustainability is addressed by our value for money work, which is covered elsewhere in this report. <p>Practice Note 10 states that if the financial reporting framework provides for the adoption of the going concern basis of accounting on the basis of the anticipated continuation of the provision of a service in the future, the auditor applies the continued provision of service approach set out in Practice Note 10. The financial reporting framework adopted by the Trust meets this criteria, and so we have applied the continued provision of service approach. In doing so, we have considered and evaluated:</p> <ul style="list-style-type: none"> the nature of the Trust and the environment in which it operates the Trust's financial reporting framework the Trust's system of internal control for identifying events or conditions relevant to going concern management's going concern assessment. <p>On the basis of this work, we have obtained sufficient appropriate audit evidence to enable us to conclude that:</p> <ul style="list-style-type: none"> a material uncertainty related to going concern has not been identified management's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Audit findings

Other responsibilities - communication requirements

Issue	Commentary
Other information	<p>We are required to give an opinion on whether the other information published together with the audited financial statements (including the Annual Report), is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.</p> <p>No inconsistencies have been identified. We plan to issue an unmodified opinion in this respect.</p>
Auditable elements of Remuneration Report and Staff Report	<p>We are required to give an opinion on whether the parts of the Remuneration Report and Staff Report subject to audit have been prepared properly in accordance with the requirements of the Act, directed by the Secretary of State with the consent of the Treasury.</p> <p>We have audited the elements of the Remuneration Report and Staff Report, including the new Fair Pay Multiple Disclosures, as required by the Code, and we have identified a small number amendments which have been correctly processed by the Trust in the updated Report. See At this stage, we propose to issue an unqualified opinion on this.</p>
Licence conditions	<p>We are not aware of any FT licence conditions breaches.</p>
Referral to the regulator	<p>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:</p> <ul style="list-style-type: none"> - 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. <p>We did not make any referral to the regulator</p>

Other responsibilities under the code

Issue	Commentary
Matters on which we report by exception	<p>We are required to report on a number of matters by exception in a number of areas:</p> <ul style="list-style-type: none"> the Annual Governance Statement does not comply with guidance issued by NHS England or is misleading or inconsistent with the information of which we are aware from our audit, the information in the annual report is materially inconsistent with the information in the audited financial statements or apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Trust acquired in the course of performing our audit, or otherwise misleading. if we have applied any of our statutory powers or duties. where we are not satisfied in respect of arrangements to secure value for money and have reported significant weaknesses. <p>We have nothing to report on these matters.</p>
Review of accounts consolidation schedules and specified procedures on behalf of the group auditor	<p>We are required to give a separate audit opinion on the Trust accounts consolidation schedules and to carry out specified procedures (on behalf of the NAO) on these schedules under group audit instructions. In the group audit instructions the Trust was selected as a sampled component.</p> <p>Our work in this area is not yet completed. To date, we have nothing to report on these matters.</p>
Certification of the closure of the audit	<p>We expect to certify the completion of the audit upon the completion of Whole Government Accounts consolidation work where the Trust was selected for full group audit procedures. Once these National Audit Office group audit requirements have been fulfilled we will be able to certify completion of the audit.</p>

Audit findings

Audit adjustments

We are required to report all non trivial misstatements to those charged with governance, whether or not the accounts have been adjusted by management.

Impact of adjusted misstatements

No adjusted misstatements have been identified at the date of issuing our Report. We will provide a update to Management and the Audit Committee should any issues be identified from the remaining testing.

Misclassification and disclosure changes

The table below provides details of misclassification and disclosure changes identified during the audit which have been made in the final set of financial statements.

Disclosure omission	Auditor recommendations	Adjusted?
Note 25.1 Provisions	<p>Pension Early departure</p> <p>The timing of cash flow for pension early departure was initially classified under the "later than 5 years" category. However, upon reviewing the age of members in provision, the category was revised to "later than 1 year and less than 5 years."</p> <p>Legal Claims</p> <p>The timing of cash flow for legal claims was initially classified under the "later than 5 years" category. However, upon further clarification from the client, it was determined that this classification was a mistake. The category has been revised to "not later than one year" as the client has observed that these types of legal claims generally conclude within one year.</p>	✓
Note 31.3 Carrying value of financial liabilities	<p>In our work on the Financial Liabilities it was noted that the Trust has classified the holiday pay accrual of £18.8 million as financial liability, however IAS 32 and IFRS 9 are not applicable on short term employee benefits such as this accrual, therefore it should be classified as non-financial liability. This was discussed with the finance team and it was agreed this accrual would be removed from this disclosure.</p>	✓
Note 1.8 and 1.9 Useful Economic Lives of Assets	<p>We noted in testing of depreciation expense and useful economic lives of assets that the accounting policy did not accurately align with the actual lives estimated within the Fixed Asset Register. It was agreed that the accounting policy would be aligned accurately to the actual life estimates.</p>	✓

Audit findings

Audit adjustments

Misclassification and disclosure changes

Disclosure omission	Auditor recommendations	Adjusted?
Note 14.1 Property, plant and equipment	<p>We noted in our initial review and testing of the property, plant and equipment disclosures and reconciliation to the fixed asset register that assets which had been completed in assets under construction and then transferred out/reclassified to other asset classifications were netted off within the totals disclosed in additions. The transferred out assets were in fact material and our view was that this presentation was inconsistent with the prior year and did not present the movements clearly for users of the statements.</p> <p>£18,648k was reclassified from additions to reclassifications within Buildings.</p> <p>£5,662k was reclassified from additions to reclassifications within Plant and Machinery.</p> <p>£643k was reclassified from additions to reclassifications within Information Technology.</p> <p>£108k was reclassified from additions to reclassifications within Furniture and Fittings.</p> <p>With the corresponding total transfer out of £25,630k shown in the Assets under Construction classification.</p>	✓
Remuneration Report	Some minor changes/amendments were made to the tables in the remuneration report as a result of our testing carried out. We are satisfied with the accuracy/consistency of these tables after these amendments were made.	✓
Various (Presentation and Disclosure Amendments) including the Annual Report	The draft accounts presented for audit had a number of incomplete notes which were subsequently corrected. There were also some presentational and disclosure amendments to various notes that were identified within the financial statements, none of which are large to require reporting separately. All of these have also been amended by the Trust in the revised financial statements.	✓
Note 27 Contractual Capital Commitments	In our substantive sample testing of capital commitments we identified one item which did not meet the accounting definition correctly. The disclosure note was amended for this amount; as this is not recognised expenditure in the 2022/23 year and is a future commitment, this did not adjust the operating deficit for the Trust in the financial statements.	✓

Audit adjustments

Impact of unadjusted misstatements

The table below provides details of adjustments identified during the audit which have not been made within the final set of financial statements. The Audit Committee is required to approve management's proposed treatment of all items recorded within the table below.

Detail	Statement of Comprehensive Net Income £'000	Statement of Financial Position £'000	Impact on adjusted net surplus/deficit £'000	Reason for not adjusting
<p>PPE valuation understatement due to valuation clerical error</p> <p>An error was noted during our testing of the inputs to the valuation estimate for the new MRI Centre whereby the valuer had made a small clerical error and had input the wrong gross internal area (GIA). This error resulted the valuation of this asset being understated by £422k.</p>	Nil	Debit Property, Plant and Equipment £422k Credit Revaluation Reserve (£422k)	Nil	The amount was immaterial.

Audit findings

Impact of unadjusted misstatements in the prior year

Unadjusted misstatements identified in the prior year impacting current year opening reserves are set out below. Note these do not impact the reserves and were only a balance sheet classification issue.




Detail	Statement of Comprehensive Net Income £'000	Statement of Financial Position £'000	Impact on adjusted net surplus/deficit £'000	Reason for not adjusting
<p>ITU modular build addition and accrual</p> <p>The Trust has recognised a capital addition and capital accrual relating to this project. Our assessment of the evidence provided by the Trust was that the risks and rewards sit with the supplier rather than the Trust and therefore it would not be appropriate to recognise an asset and a capital accrual as at 31 March 2022 in accordance with the Group Accounting Manual and underlying accounting standard (IAS16).</p>	Nil	<p>Dr trade and other payables - £11.2m</p> <p>Cr Property, Plant and Equipment - £11.2m</p>	Nil	Management's view is the risk and reward have transferred to the Trust and the value of the transaction is immaterial to the financial statements.
Overall impact	Nil	Nil	Nil	

3. Value for Money Arrangements

Approach to Value for Money work for the year ended 31 March 2023

The National Audit Office issued its latest Value for Money guidance to auditors in December 2021. The Code requires auditors to consider whether a body has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

.In undertaking our work, we are required to have regard to three specified reporting criteria. These are as set out below.

 <p>Improving economy, efficiency and effectiveness</p> <p>How the body uses information about its costs and performance to improve the way it manages and delivers its services.</p>	 <p>Financial Sustainability</p> <p>How the body plans and manages its resources to ensure it can continue to deliver its services.</p>	 <p>Governance</p> <p>How the body ensures that it makes informed decisions and properly manages its risks.</p>
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In undertaking this work we have identified one significant weaknesses in arrangements. Our Auditor's Annual Report is reported to you on within the papers to this meeting – please refer to that report for details of the work completed, the significant weakness identified, and the key recommendation made to address this weakness.

Independence, ethics, fees and non-audit services

4 Independence and ethics

As part of our assessment of our independence we note the following matters:

Matter	Conclusion
Relationships with Grant Thornton	We are not aware of any relationships between Grant Thornton and the Trust that may reasonably be thought to bear on our integrity, independence and objectivity.
Employment of Grant Thornton staff	We are not aware of any former Grant Thornton partners or staff being employed, or holding discussions in respect of employment, by the Trust as a director or in a senior management role covering financial, accounting or control related areas.
Business relationships	We have not identified any business relationships between Grant Thornton and the Trust.
Contingent fees in relation to non-audit services	No contingent fee arrangements are in place for non-audit services provided.
Gifts and hospitality	We have not identified any gifts or hospitality provided to, or received from, a member of the Group's board, senior management or staff.

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention and consider that an objective reasonable and informed third party would take the same view. The firm and each covered person [and network firms] have complied with the Financial Reporting Council's Ethical Standard and confirm that we are independent and are able to express an objective opinion on the financial statements

Following this consideration we can confirm that we are independent and are able to express an objective opinion on the financial statements. In making the above judgement, we have made enquiries of all Grant Thornton UK LLP teams providing services to the Trust. No non-audit services were identified which were charged from the beginning of the financial period to the current date. Details of fees charged are set out in Appendix II.

We confirm that we have implemented policies and procedures to meet the requirement of the Financial Reporting Council's Ethical Standard

Further, we have complied with the requirements of the National Audit Office's Auditor Guidance Note 01 issued in December 2019 which sets out supplementary guidance on ethical requirements for auditors of local public bodies.

5 Appendices

[Communication of audit matters to those charged with governance](#)

I

[Fees](#)

II

[Auditing developments](#)

III

I. Communication of audit matters to those charged with governance

Our communication plan	Audit Plan	Audit Findings
Respective responsibilities of auditor and management/those charged with governance	•	
Overview of the planned scope and timing of the audit, form, timing and expected general content of communications including significant risks	•	
Confirmation of independence and objectivity	•	•
A statement that we have complied with relevant ethical requirements regarding independence. Relationships and other matters which might be thought to bear on independence. Details of non-audit work performed by Grant Thornton UK LLP and network firms, together with fees charged. Details of safeguards applied to threats to independence	•	•
Significant findings from the audit		•
Significant matters and issue arising during the audit and written representations that have been sought		•
Significant difficulties encountered during the audit		•
Significant deficiencies in internal control identified during the audit		•
Significant matters arising in connection with related parties		•
Identification or suspicion of fraud involving management and/or which results in material misstatement of the financial statements		•
Non-compliance with laws and regulations		•
Unadjusted misstatements and material disclosure omissions		•
Expected modifications to the auditor's report, or emphasis of matter		•

ISA (UK) 260, as well as other ISAs (UK), prescribe matters which we are required to communicate with those charged with governance, and which we set out in the table here.

This document, the Audit Findings, outlines those key issues, findings and other matters arising from the audit, which we consider should be communicated in writing rather than orally, together with an explanation as to how these have been resolved.

Respective responsibilities

As auditor we are responsible for performing the audit in accordance with ISAs (UK), which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance.

The audit of the financial statements does not relieve management or those charged with governance of their responsibilities.

Distribution of this Audit Findings report

Whilst we seek to ensure our audit findings are distributed to those individuals charged with governance, we are also required to distribute our findings to those members of senior management with significant operational and strategic responsibilities. We are grateful for your specific consideration and onward distribution of our report to all those charged with governance.

II. Fees

We confirm below our fee charged for the audit and confirm there were no fees for the provision of non-audit services.

Audit Fees

Audit of Trust	(£) 165,000
Total	

The fees reconcile to the financial statements as follows:

- Fees per financial statements: £198,000
- Less VAT: £33,000
- **Total: £165,000**

This covers all services provided by us and our network to the Trust, its directors and senior management and its affiliates, and other services provided to other known connected parties that may reasonably be thought to bear on our integrity, objectivity or independence. (ES 1.69)

III. Auditing developments

Revised ISAs

There are changes to the following ISA (UK):

- ISA (UK) 315 (Revised July 2020) 'Identifying and Assessing the Risks of Material Misstatement'

This impacts audits of financial statement for periods commencing on or after 15 December 2021.

- ISA (UK) 220 (Revised July 2021) 'Quality Management for an Audit of Financial Statements'
- ISA (UK) 240 (Revised May 2021) 'The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements'

A summary of the impact of the key changes on various aspects of the audit is included below:

These changes will impact audit for audits of financial statement for periods commencing on or after 15 December 2022.

Area of change	Impact of changes
Risk assessment	The nature, timing and extent of audit procedures performed in support of the audit opinion may change due to clarification of: <ul style="list-style-type: none"> • the risk assessment process, which provides the basis for the assessment of the risks of material misstatement and the design of audit procedures • the identification and extent of work effort needed for indirect and direct controls in the system of internal control • the controls for which design and implementation needs to be assess and how that impacts sampling • the considerations for using automated tools and techniques.
Direction, supervision and review of the engagement	Greater responsibilities, audit procedures and actions are assigned directly to the engagement partner, resulting in increased involvement in the performance and review of audit procedures.
Professional scepticism	The design, nature, timing and extent of audit procedures performed in support of the audit opinion may change due to: <ul style="list-style-type: none"> • increased emphasis on the exercise of professional judgement and professional scepticism • an equal focus on both corroborative and contradictory information obtained and used in generating audit evidence • increased guidance on management and auditor bias • additional focus on the authenticity of information used as audit evidence • a focus on response to inquiries that appear implausible
Definition of engagement team	The definition of engagement team when applied in a group audit, will include both the group auditors and the component auditors. The implications of this will become clearer when the auditing standard governing special considerations for group audits is finalised. In the interim, the expectation is that this will extend a number of requirements in the standard directed at the 'engagement team' to component auditors in addition to the group auditor. <ul style="list-style-type: none"> • Consideration is also being given to the potential impacts on confidentiality and independence.
Fraud	The design, nature timing and extent of audit procedures performed in support of the audit opinion may change due to: <ul style="list-style-type: none"> • clarification of the requirements relating to understanding fraud risk factors • additional communications with management or those charged with governance
Documentation	The amendments to these auditing standards will also result in additional documentation requirements to demonstrate how these requirements have been addressed.



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DRAFT

St George's University Hospitals NHS Foundation Trust

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

June 2023



Contents



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

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



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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 recommendations

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. Our conclusions are summarised in the table below.

Criteria	Risk assessment	2022/23 Auditor judgement on arrangements
Financial sustainability	Risk of significant weakness around the Trust's financial sustainability and returning to a breakeven position.	R Significant weakness in arrangements for financial sustainability identified and one key recommendations made relating to deliverability of the CIP in 2023/24.
Governance	No risks of significant weakness identified	A No significant weaknesses in arrangements identified, but one improvement recommendations made relating to an effectiveness review of its governance arrangements.
Improving economy, efficiency and effectiveness	No risks of significant weakness identified	A No significant weaknesses in arrangements identified, but one improvement recommendations made relating to enhanced oversight following the recent CQC inspection.

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

Executive summary



Financial sustainability

Within a challenging system context, the Trust delivered a deficit of £30m in 2022/23. This deficit represents an adverse variance to the breakeven plan for the year. The Trust has set a £15.7m deficit plan for 2023/24, which includes a demanding £62.1m Cost Improvement Plan (CIP) target. Delivery of this is key to meeting the 2023/24 financial plan, and we have raised a significant weakness given financial performance in 2022/23 and current risk to delivery of the 2023/24 CIP.

The Trust deficit plan for 2023/24 forms part of a £84.1m South West London (SWL) System deficit plan. Using external support, work is currently ongoing at a SWL system level to understand the key drivers of the underlying system deficit and to identify opportunities across the system to improve financial sustainability. At this stage further work is required to develop a system and St George’s University Hospital NHS Foundation Trust (St George’s or SGH) medium/long term financial plan to provide assurance that the Trust can achieve reported and underlying financial sustainability and we have raised an improvement recommendation relating to this. Overall we have raised one key recommendations and one improvement recommendation which have been accepted by Management. See pages 9 to 13 for more detail.



Governance

Overall, we have not identified any significant weaknesses in governance arrangements for 2022/23. The Group Structure has been in place over a year now with a new Group Strategy 2023/2028 now in place and collaboration increasing between the Trust and Epsom and St Helier University Hospitals NHS Trust (Epsom and St Helier or ESTH). The governance arrangements continue to evolve and moving into 2023/24 the Trust Boards have started to now meet as a Board-in-common, which is in line with how Quality, Finance and People Committees have met in 2022/23. We have included a recommendation for the Trust to undertake an effectiveness review of its governance arrangements in 2023/24 which has been accepted by Management. See pages 14-16 for more detail.



Improving economy, efficiency and effectiveness

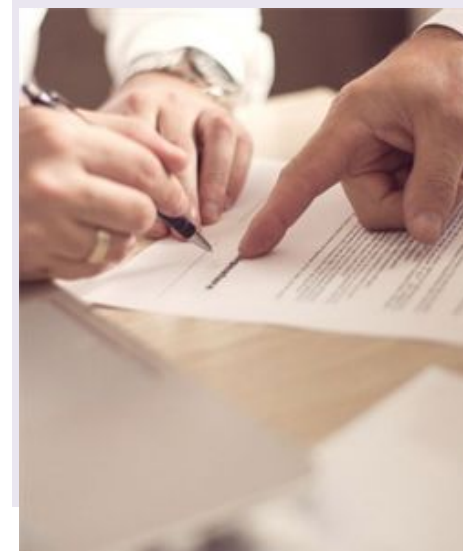
Like most acute hospitals, the Trust has experienced ongoing operational challenges, with significant pressures on its urgent and emergency care pathway and challenges with the flow of patients through and discharge from hospital. Our work has not identified evidence of significant weaknesses within the arrangements in place.

The Trust had an unannounced inspection of their Maternity services by the CQC in March 2023. The outcome of the inspection resulted in the Trust receiving a section 29a notice. The Trust are yet to receive the final CQC inspection report, but have implemented an action plan for immediate issues raised based on the warning notice. At the time of our work, it was too early to judge whether these improvements were embedded and had resulted in sustained improvement. As such, we have raised an improvement recommendation regarding enhanced oversight of the areas highlighted by the CQC which has been accepted by Management. See pages 17-20 for more detail.



Financial Statements opinion

Our audit of your financial statements is ongoing but we intend to issue an unqualified audit opinion by the end of June 2023 deadline.





Value for money arrangements and key recommendations

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

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

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

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

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



Financial Sustainability

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



Governance

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



Improving economy, efficiency and effectiveness

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

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

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



Our commentary on the Trust's arrangements in each of these three areas, is set out on pages 9 to 20.

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.

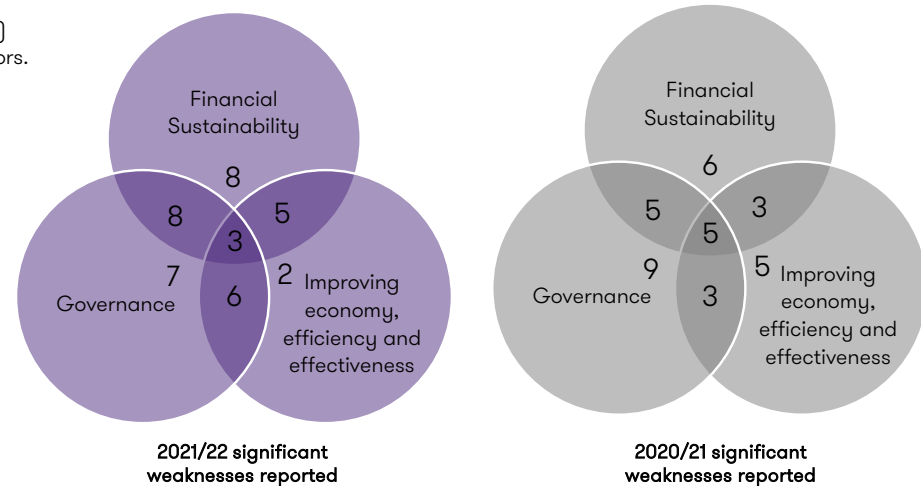
The changes in government leadership, coupled with the cost of living pressures, has meant that 2022/23 is seeing attention returning for grip and control over finances. The block funding seen during the pandemic is shifting to activity based and the regulators are expecting high clinical standards and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



Local context

St George's is the largest healthcare provider in south west London providing many tertiary services operating from two hospital sites at St George's Hospital, Tooting and Queen Mary's Hospital in Roehampton. It is one of the four major trauma centres for London, and home to hyper acute stroke and heart attack centres. As with many NHS Trusts across the country, a key area of challenge in 2022/23 has been the pressure on the urgent and emergency care pathway, and the difficulty this presents in terms of flow through the hospital, to the wards, and home. The Trust is currently assessed as being in Strategic Oversight Framework (SOF) level 2.

The Trust has operated in a hospital group with Epsom and St Helier since 2021/22. The two Trusts remain separate legal entities, but are now led by a single executive team and have put in place harmonised governance arrangements which enable and support closer collaborative working. Examples of this include the Quality, Finance and People committees meeting as committees-in-common, supported by a common agenda which permits for ongoing scrutiny of Trust specific items. Chairing of the committees-in-common alternates between the established chairs of the respective ESTH and SGH committees. A new five year strategy for the group, published in May 2023, has been approved by the Trust Board.

The Trust is part of the South West London Integrated Care System (SWL ICS), which is assessed as being in SOF2. Each ICS has a statutory NHS Integrated Care Board (ICB) and a wider Statutory Integrated Care Partnership (ICP). 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 South West London.

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 and financial governance



We considered how the Trust:

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

Overview

The Trust delivered a £30m deficit in 2022/23 which was adverse against the breakeven plan set in June 2022. The Trust delivered £65.7m of cost improvement savings against a planned programme of £95.7m, which was £37.7m recurrent and £28m non-recurrent delivery. The £30m under-delivery relates to unidentified CIP following the increase in CIP target to £95.7m following the submission of the breakeven plan in June 2022

The Trust has agreed a £15.7m deficit plan for 2023/24, which includes £62.1 CIP target and is part of a deficit £84.1m SWL system financial plan for 2023/24.

The CIP target is planned to be delivered across 4 workstreams; divisional savings (£37.1m), improved productivity (£10m), improved hospital flow (£10m) and integration of services (£5m). There is a significant element of risk associated with delivery of the £62.1m CIP plan and we have reported a significant weakness in respect of this.

Work is being undertaken at a SWL system level to support the development of a recovery plan across the system to achieve longer term financial sustainability and a breakeven system position in 2024/25. Initial findings from the work have been reported, but further work is required to finalise the drivers of the deficit work and develop a medium-term system and Trust financial recovery plan, and we have made a improvement recommendation relating to this.

The Trust has a well-established process for identifying and managing the risks to its financial position. Key risks to delivery of the 2023/24 plan have been reported and discussed at the Trust Board and Finance Committee as the plan has been developed over the last few months.

Overall, we have identified one significant weaknesses in financial sustainability arrangements for 2022/23.

Financial sustainability and financial governance

Short and medium term financial planning

As part of the national re-submission of plans in June 2022, the Trust agreed to breakeven plan for 2022/23, having submitted a £50m deficit plan in April 2022. CIP delivery was flagged as the highest risk to the delivery of the 2022/23 plan, with £42m deemed at risk and much of this unidentified at this time. The Trust submitted a balanced financial plan to NHSE noting the significant level of risk, and finance reports and forecasts presented to the Finance Committee during 2022/23 have consistently highlighted this risk.

The Trust has delivered a £30m deficit in 2022/23 which was adverse against the breakeven plan set in June 2022. The underlying deficit is c. £60m.

Driven by the national planning framework and submission deadlines the development of the 2023/24 financial plan has been an iterative process and has involved close working across the South West London System. The Trust has submitted a £15.7m deficit plan for 2023/24, which is part of a £84.1m SWL System deficit plan. Delivery of the Trust 2023/24 plan is predicated on the Trust being able to deliver a £62.1m Cost Improvement Programme, which equates to approximately 5.5% of operating costs. The 2023/24 plan also assumes the Trust will receive £15.7m PDC revenue cash support.

The 2023/24 plan has been developed based on a set of assumptions that have been clearly set out in the 2023/24 planning updates to the Finance Committee. This includes changes in income and costs from 2022/23 outturn to the 2023/24 plan, and links to other plans for example workforce and activity/operational plan assumptions.

Work is currently ongoing at a SWL system level using external advisors to understand the key drivers of the underlying system deficit and to identify opportunities across the system to improve value for money. The work is being undertaken to support the development of a recovery plan across the system to achieve longer term financial sustainability and a breakeven system position in 2024/25. Initial findings from the work have been reported but further work is required to finalise the drivers of the deficit work and develop a medium-term system and Trust financial recovery plan, and we have made an improvement recommendation relating to this.

Manging risks to financial resilience

Risks to financial resilience are reviewed on a regular basis and recorded on the Trust risk register and/or Board Assurance Framework as appropriate and reported to the Finance Committee and Trust Board. Risks to delivery of the 2023/24 financial plan, covering financial, operational, capital and working capital risks, have been highlighted as part of planning updates to the Finance Committee and Trust Board over the last few months. The Trust has identified several risks which could impact the ability to achieve the 2023/24 plan. The risks identified are consistent with known risks in the acute sector and include:

- CIP Delivery
- Operational pressures in excess of budget, due to strikes, activity, sickness, winter etc.
- SLA income. Risk that planned income targets cannot be secured through contracts.
- Inflation - Risk of inflation exceeding national funding.

Annual savings

In 2022/23, the Trust delivered £65.7m of cost improvement savings against a planned programme of £95.7m. This was £37.7m recurrent and £28m non-recurrent delivery. The £30m under-delivery relates to unidentified CIP following the increase in CIP target to £95.7m following the submission of the final plan in June 2022.

The Trust has a £62.1m CIP target in 2023/24. The plan is profiled such that 39% of the value (£24.1m) is planned to be delivered in the first half of the year, and 61% in the second half of 2023/24. The CIP target is planned to be delivered across 4 workstreams; divisional savings (£37.1m), improved productivity (£10m), improved hospital flow (£10m) and integration of services (£5m).

As reported in the month 1 2023/24 Finance Report at May 2023 the £62.1m CIP target includes; £4.3m plans fully developed (RAG rated green by Trust), £30.7m plans in progress (amber), £25.4m opportunity identified (red) and £1.7m unidentified. The Trust is also implementing a number of wider grip and control measures in line with an NHSE protocol for example additional approvals over non-pay expenditure limits and stricter vacancy control panels. Given financial performance in 2022/23 and current risk to delivery of the 2023/24 CIP, we have made a key recommendation relating to the CIP scheme development.

Financial sustainability and financial governance

Budget setting and budgetary control

Financial planning for 2023/24 was undertaken in a collaborative manner through engagement with SWL partners and NHSE, with regular planning and review meetings to ensure risks and opportunities were understood and assumptions were transparent. For example, consistent assumptions applied regarding percentage of CIP and covid recovery.

The Trust's financial plan and budget for 2023/24 has been also been developed through engagement with Trust operational and corporate divisions. Benchmarking/productivity and costing information has been used to inform the development of the 2023/24 plan, and in particular, to support the identification and development of CIP schemes. The 2023/24 financial plan has been developed alongside workforce, activity/operational and capital plans for 2023/24 with key assumptions and bridges showing planned movements. These arrangements will ensure that key financial and operational plans are consistent, both internally and across the wider system.

An appropriate monthly finance report is reported to the Finance Committee and Trust Board. The finance report contains key information on the financial performance of the Trust including; key messages across Trust I&E, revenue analysis and I&E across service delivery, forecast outturn, efficiency and productivity, cash and capital, review of the balance sheet and actions. As the Finance Committee is a committee in common with ESTH, the ESTH finance report is also included on the agenda, allowing comparison between the two Trusts. There is some details on the financial performance of the wider SWL system, for example in the development of the CIP programme across SWL and the impact on the total deficit position. Supporting narrative is also provided alongside the tables/charts and is considered appropriate to allow relevant understanding and challenge.

Follow up of previous recommendations

In our 2021-22 VfM report we included the following recommendations:

1. *The Trust's 2022/23 plan will again require updating and resubmitting by 20 June 2022. Once the new iteration of the plan is agreed the Trust will quickly need to revise its budgets and reporting to ensure revisions in income and expenditure assumptions are captured. We recommend the Trust prioritises re-assessing the assumptions to the risks and uncertainties built into the revised plan and identifies the impact of these in monetary terms.*
2. *Should the Trust's CIP target of £58.2m remain unchanged as part of the next submission of the 2022/23 plans the Trust will need to ensure it has a clear process in place for how it is going to promptly identify the £12.7m of unidentified savings identified.*
3. *We recommend the Trust considers including service level financial performance within its monthly reporting to the Finance and Investment Committee to ensure decision makers have a full suite of information with which to make financial decisions.*
4. *We recommend that the Trust include forecast outturn position within their financial reporting earlier in the financial year.*

Recommendations 1 and 2 have been superseded by the recommendations we have made on the following pages. We are satisfied that recommendations 3 and 4 have been actioned by Management.

Key recommendation – financial sustainability & financial governance

Criteria impacted by the significant weakness



Financial Sustainability

Auditor judgement

Based on the work undertaken, we are not satisfied that the Trust had proper arrangements in place to secure economy, efficiency and effectiveness in its use of resources in 2022/23. We have therefore identified a significant weakness in arrangements.

Identified significant weakness in arrangements

As at Month 1 2023/24 the maturity of CIP schemes is; £30.7m of CIP plans are in progress (Amber RAG assessment), £25.4m have opportunities identified (Red RAG) and £1.7m is unidentified. The Trust is also implementing a number of wider grip and control measures in line with an NHSE protocol for example additional approvals over non-pay expenditure limits and stricter vacancy control panels. There is therefore a substantial element of risk associated with delivery of the £62.1m CIP plan, and at this stage there is not sufficient assurance that the Trust will have sufficient arrangements to fully deliver the required savings.

Recommendation 1

As the Trust is going through the development of its CIP programme, it should continue to reassess the level of risk contained in it, how this risk can be mitigated, and communicate with the ICS if there is going to be a likely impact on its ability to deliver the overall financial plan for 2023/24.

We recommend that the Trust progress at speed to develop a pipeline of CIP schemes so that the Trust can be confident that it will deliver the £62.1m CIP target and provide remedial action if CIP delivery is off track in 2023/24. The pipeline of CIP schemes will also support delivery into 2024/25 and beyond.

Management comments

The Trust agreed with the recommendation and the Trust Board, supported by the Finance Committee is very focused on the development of CIPs in 2023/24 and beyond. The Trust has identified the financial plan for 2023/24 as having a risk score of 20 (5 for impact and 4 for likelihood) largely driven by the high level of CIPs required, 5.5%. Robust governance has been put in place around CIPs to support their identification and delivery and at the time of writing work continues to ensure the full value of the CIP plan can be identified and delivered as a matter of urgency. The Finance Committee receives a comprehensive monthly finance report including CIP delivery and a robust full year financial forecasting process has been in place for several years. The Executive Team are working to deliver the agreed financial plan, limiting the deficit to no more than £15.7m, and this includes mitigations for any shortfalls in CIP delivery.

The financial plan for 2023/24 has been agreed in conjunction with SWL ICS and has been subject to high levels of scrutiny from both SWL and NHSE. SWL is one of a small number of ICS's planning a deficit for 2023/24 and additional external support has been engaged by the system to support the development of a robust recovery plan to return the system to financial balance in 2024/25. The Trust is actively supporting this work in support of both 2023/24 plans and in the development of the pipeline for 2024/25.

Improvement recommendation – financial sustainability & financial governance

Criteria impacted



Financial Sustainability

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.

Improvement opportunity identified

The Trust delivered a £30m deficit in 2022/23 and has submitted a £15.7m deficit plan in 2023/24.

Work is currently ongoing at a SWL system level to understand the key drivers of the underlying system deficit and to identify opportunities across the system to improve value for money. At this stage further work is required to develop a system and SGH medium/long term financial plan to provide assurance that the Trust can achieve reported and underlying financial sustainability in the next 3-5 years.

Recommendation 2

We recommend the Trust and system develop a credible medium term financial plan to provide assurance that the Trust can achieve reported/underlying breakeven position in the next 3-5 years. The Trust plan should be:

- updated with the latest 2023/24 financial plan and assumptions;
- aligned with other Trust plans (for example workforce, operational plans and estates) and be aligned with the system medium term financial plan and assumptions; and
- underpinned by a detailed pipeline of financial opportunities over the 3-5 year period.

Management comments

The Trust agreed the recommendation which is consistent with current Trust and system plans to return the system to financial balance in 2024/25. A system wide 3-5 year financial model has been developed which is being used by the system to identify a path to financial balance driven by both organisational and collaborative actions. To achieve the level of improvement needed system collaboration will be key. The Trust is actively supporting this work.

The Trust consistently works to ensure internal financial planning assumptions are consistent with workforce, operational and estates plans, and this is reflected in work undertaken by SWL to support and challenge any assumptions made. The Trust is actively supporting this work.

As noted in recommendation 1, SWL has engaged external support to help develop a recovery plan to enable the system to return to financial balance in 2024/25, and system wide governance is being reviewed and enhanced in support of collective actions to support the developments and delivery of those plans. The Trust is actively supporting this work.

The Finance Committee agreed in May to enhance financial reporting in support of medium term planning with greater focus on productivity, costing, service line and other benchmarking information to help identify areas of best practice and improvement.

Governance



We considered how the Trust:

- monitors and assesses risk and gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud
- 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

Overview

We have reviewed the Trust’s governance arrangements and have concluded that:

- The Trust has appropriate risk management processes and procedures in place to manage strategic, corporate and operational risks. The Trust Board has recently approved a new Group Strategy 2023-2028, and following this the approach to the BAF is been reviewed to look at how it is structured and to ensure it is consistent across the both Trusts.
- The Group Structure has been in place over a year now and is continuing to evolve. In 2022/23 both Trust Boards met separately, with the Quality, Finance and People Committees meeting as committees-in-common, supported by a common agenda which permits for ongoing scrutiny of Trust specific items. Moving into 2023/24, the Boards are meeting as a Board-in-common, with the first meeting held on 5 May 2023. We have included a recommendation for the Trust to undertake an internal or external effectiveness review of its governance arrangements in 2023/24 to identify what works well, and what needs to be changed.
- Appropriate arrangements are in place to ensure compliance with relevant regulatory and legislative standards.
- The Trust is currently assessed as being in Strategic Oversight Framework (SOF) level 2.

Overall, we have not identified any significant weaknesses in governance arrangements for 2022/23.



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

Risk management and Internal Controls

As reported last year, we have found that the Trust has appropriate risk management and internal control arrangements in place to manage strategic and corporate risks. Strategic risk is managed by the Trust through its Board Assurance Framework (BAF), which is reviewed at Board and Committees.

The Trust is currently part of a Hospital Group (GESH) with Epsom and St Helier. In 2022/23 the Board of both Trusts held separate meetings, but moving into 2023/24, the Boards are meeting as a Board-in-common, with the first meeting held on 5 May 2023.

The Trust Board has also recently approved a new Group Strategy 2023-2028, and as part of the development of this the approach to the BAF is being reviewed to look at how it is structured and to ensure it is consistent across the both Trusts. Based on discussions with Management we understand the feedback from the next Board development session will be used to create a singular BAF based on the new GESH Group strategy. SGH and Epsom and St. Helier will maintain separate corporate risk registers as they remain separate legal entities. The plan is also to have in place a group wide risk strategy and policy.

The Trust's Internal Audit function is provided by TIAA Assurance. The Audit Committee receives progress updates on Internal Audit activity at every Committee meeting. Internal Audit provided reasonable assurance in their Head of Internal Audit opinion for 2022/23.

There are adequate arrangements in place with respect to the prevention and detection of fraud. The trust has an anti-bribery and anti-fraud policy in place. The Trust's Group Chief Finance Officer has overall responsibility for the strategic management of all fraud, bribery and corruption issues, and this is reinforced and monitored by the Audit Committee. The Local Counter Fraud Specialist (LCFS) function is a hybrid inhouse service delivered by the Trust's Counter Fraud Department and Audit One. Reports on counter fraud work are reported to the Audit Committee.

Informed decision making including the Audit Committee

As noted, the Trust operates in a hospital group with ESTH. In 2022/23 both Trust Boards met separately, with the Quality, Finance and People Committees meeting as committees-in-common, supported by a common agenda which permits for ongoing scrutiny of Trust specific items. The Audit Committees of the two Trusts meet separately to provide independent assurance.

Chairing of the committees-in-common alternates between the established chairs of the respective ESTH and SGH committees. Based on discussions with Management we understand there are some areas of inconsistency for example, duplication of agenda items and inconsistency of papers. The Trust is working on new guidance and a board reporting template to help streamline papers. Given the recent changes in arrangements and we have included a recommendation for the Trust to undertake an internal or external effectiveness review of its new governance arrangements in 2023/24 to identify what works well, and to be changed.

Our work did not identify any evidence of unlawful decision-making or concerns regarding the 'tone from the top' from Trust leadership. The Trust is currently assessed as being in Strategic Oversight Framework (SOF) level 2.

Standards and behaviours

The Trust has appropriate arrangements in place documented through the following policies and procedures; Fit and Proper Persons Policy, Anti-Bribery and Anti-Fraud Policy, Standards of Business Contact and Raising Concerns at Work Policy.

The GESH Group is currently in the process of updating its governance documents in line with developments of the Group governance arrangements. The process to review these documents will result in two separate but complementary sets of Standing Orders, Scheme of Reservation and Delegation of Powers, and Standing Financial Instructions, one for each Trust as a separate legal entity. This work is currently underway with a plan to present the updated documents to the Audit Committee at its meetings in August 2023.

In conclusion the Trust has appropriate frameworks in place to ensure compliance with relevant regulatory, legislative and professional standards. Our VFM work this year did not identify any instances of non-compliance that would suggest these arrangements are not effective.


Follow up to previous recommendations

In our 2021/22 VFM report we included the following recommendation carried over from 2020/21:

1. *Declaration of interest disclosure online appears that only 50% of staff have followed the policy that they must make a declaration. It is not clear to a reader whether this means only 50% of decision makers have complied or whether 50% of decision makers have an interest. We recommend that nil responses should still be submitted so that it is clear that all staff have understood that they have to consider their interests.*

Compliance has improved in the area, and we are satisfied that the recommendation is closed.

Improvement recommendations – Governance

Criteria impacted	 Governance
Auditor judgement	<p>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.</p>
Improvement opportunity identified	<p>As part of its transition to Group working arrangements with ESTH, the Trust has seen change in its governance arrangements, including introduction of Committees-in-Common and Board-in-Common. These changes are continuing to embed, and we note from discussions with Management there are still challenges that need to be addressed and areas for improvement, for example, duplication of agenda items and inconsistency of papers.</p>
Recommendation 3	<p>We recommend the Trust undertake an internal or external effectiveness review of its governance arrangements in 2023/24 to identify what works well, and what needs to be changed.</p>
Management comments	<p>The Trust agreed with the recommendation and considers that there would be value in undertaking an independent, external review of governance arrangements in the context of the formation of the hospital group with Epsom and St Helier University Hospitals NHS Trust. The Trust is keen to seek independent assurance around the effectiveness and robustness of the new governance arrangements and agrees that this would be valuable in helping to identify what is working well and what could be refined and improved.</p> <p>Having put in place a number of new governance structures and processes with the commencement of the Group, most recently with the formation of a Group Board from May 2023, the Trust is currently developing various aspects of its governance in the context of the Group arrangements, including developing a new risk management framework, a new Group Board Assurance Framework, and a new suite of Standing Orders, Standing Financial Instructions and Scheme of Delegation to better support Group working and strengthen further the Trust's own governance within the Group framework. The Trust considers that the timing of an independent, external review of corporate governance is best undertaken in Q1 2024/25 (a year from now) when those further governance arrangements that are currently being developed have been implemented and have had some opportunity to be embedded.</p> <p>Separately, the Trust is already in the process of commissioning an independent, external review of quality governance following the receipt from the CQC of a Section 29A Warning Notice in relation to maternity services. The Trust is currently procuring a lead for that review, which will look sequentially at the ward-to-Board quality governance in maternity and consider the wider Trust- and Group-wide quality governance arrangements in the context of any themes or issues identified in relation to maternity. The Trust considers that there is an urgency to this work and would see it helping to inform a wider independent, external corporate governance review at this time next year.</p>

Improving economy, efficiency and effectiveness



We considered how the NHS Trust:

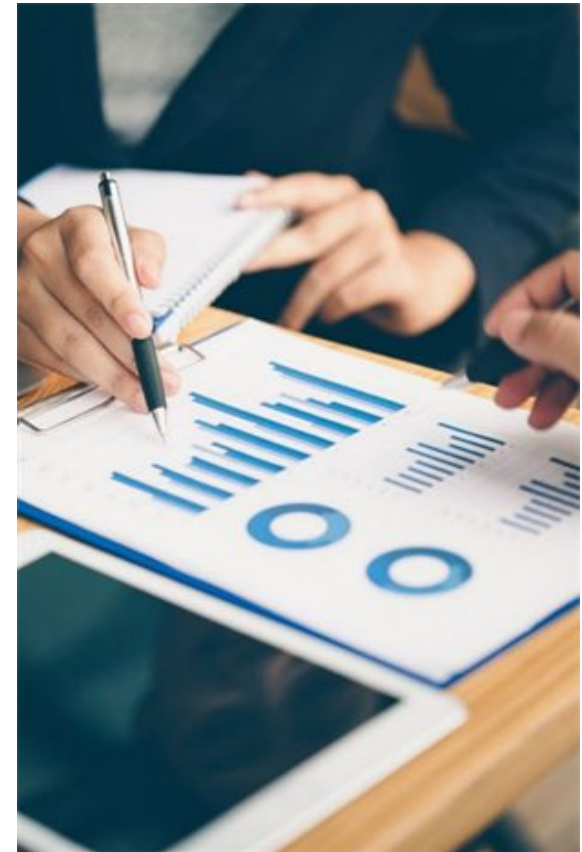
- uses financial and performance information to assess performance to identify areas for improvement
- evaluates the services it provides to assess performance and identify areas for improvement
- ensures it delivers its role within significant partnerships and engages with stakeholders it has identified, in order to assess whether it is meeting its objectives
- where it commissions or procures services assesses whether it is realising the expected benefits

Overview

We reviewed the Trust's economy, efficiency and effectiveness arrangements and have concluded that:

- The Trust has arrangements in place to monitor and report on its performance through the organisation, from service to Board.
- The Trust had an unannounced inspection of their Maternity services by the CQC in March 2023. The outcome of the inspection resulted in the Trust receiving a section 29a notice. The Trust are yet to receive the final maternity services CQC inspection report but have implemented an action plan for immediate issues raised based on the warning notice. We have reviewed the action plan, noting that each action has an owner, target completion date, the delivery status is RAG rated and there is a short description of progress. At the time of our work, it was too early to judge whether these improvements were embedded and resulted in sustained improvement. As such, we raised an improvement recommendation regarding enhanced oversight of the areas highlighted by the CQC.
- Based on our discussions and review of documents, we are satisfied that the Trust has put plans and arrangements in place to understand the causes of underperformance and to address them
- The Trust engages proactively and regularly in key partnerships, such as the Integrated Care System and the Acute Provider Collaborative.
- There are processes in place to ensure the Trust is monitoring performance of its key service providers, subcontractors and major projects.

Overall, we have not identified any weaknesses in economy, effectiveness and efficiency arrangements for 2022/23.



Improving economy, efficiency and effectiveness

Assessing performance and identifying improvement

Performance is monitored, comparing actual to targeted performance against a number of Key Performance Indicators (KPIs), which are reported via the Integrated Quality and Performance Report (IQPR) to the Trust Board. The metrics are grouped into Safe, High Quality Care; Elective Care; Non-elective Care and Our People, with commentary provided against each metric. Within the IQPR there are actions for improvement for specific performance areas such as Maternity, outpatient activity, theatre productivity, emergency performance and length of stay performance. As Group report SGH is able to directly benchmark its performance against ESTH as the KPIs are co-reported and presented in a way that allows easy comparison of performance.

The latest performance reported in the IQPR highlights a number of operational performance issues as highlighted in the table opposite. Based on our review and discussions with Management the Trust has undertaken multiple initiatives to address under-performing areas.

The trust's most recent full CQC visit was in 2019, where a rating of 'requires Improvement' was given. The Trust had an unannounced inspection of their Maternity services by the CQC in March 23. The outcome of the inspection resulted in the Trust receiving a section 29a notice. The warning notice serves to notify the Trust that the CQC has formed the view that the quality of health care provided by STG for the regulated activities in its Maternity and Midwifery services requires significant improvement. As per the notice given, the Trust is required to make the significant improvements identified regarding the quality of healthcare by 28 June 2023. The Trust are yet to receive the final maternity services CQC inspection report but have implemented an action plan for immediate issues raised based on the warning notice. We have reviewed the action plan, noting that each action has an owner, target completion date, the delivery status is RAG rated and there is a short description of progress. The plan is owned by the STG site Chief Nurse and site Director of Midwifery and Gynaecology Nursing. At the time of our work, it was too early to judge whether these improvements were embedded and resulted in sustained improvement. As such, we raised an improvement recommendation regarding enhanced oversight of the areas highlighted by the CQC.

The Trust has arrangements in place to ensure the data it reports on is of adequate quality – this involves validation and scrutiny of data, including for example service sign-off following review of data/information. The BI team also complete local audits to gain assurance on specific areas and Internal Audit complete a review of Data Quality annually. This year an IA was completed on Data Quality- Key Performance Targets – Outpatient Outcoming Process. This audit returned an assessment of 'reasonable assurance'. The Trust also has a Data Quality Working Group which undertakes reviews of data quality issues.

Based on discussions with Management we understand the Trust undertakes regular benchmarking using Model Hospital, GIRFT and other benchmarking services. The Business Intelligence Team produce productivity analysis reports for service lines using benchmarking data on a weekly basis. These reports are distributed to service and operational managers as well as the site Chief Operating Officer to ensure that decisions that are been made are data driven.

The Table below shows the Trust performance in February 2023 against a number of elective and non-elective care metrics as reported in the Trust Group Integrated Quality and Performance Report March 2023.

Indicator	Monthly Target	Feb 2023
A&E waiting times less than 4 hours	95%	78.3%
Ambulance handover performance 60 minutes	0	86
Theatre Utilisation	85%	82%
Cancer 62 Day Referral to Treatment Screening	90%	50%
Cancer 14 Day Standard	93%	84%
Referral to Treatment – patients waiting over 52 weeks	800	481
Referral to Treatment – patients waiting over 78 weeks	20	15
Referral to Treatment - Performance	92%	67.4%

Improving economy, efficiency and effectiveness



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

Partnership working

To support the Group working arrangements, a Memorandum of Understanding and an Information Sharing Agreement have been created. These documents were also approved by the Trust board at the May 2022 meeting.

The Trust is a key player in the South West London ICS (SWL ICS) and has a lead role in the Acute Provider Collaborative (SWL APC), which also includes ESTH, Croydon Health Services NHST, and Kingston Hospital NHSFT. The Trust Board receives regular reports on key developments at the SWL ICS, Surrey Heartlands ICS and the SWL APC.

Commissioning and Procurement

The Trust has appropriate mechanisms in place to monitor key service providers and sub-contractors performance and manage issues that may arise.

The Trust has Procurement Policy that defines the procurement rules that should be followed by anyone who buys goods, services and works on behalf of the Trust. The Trust also hosts the South West London Procurement Partnership which was formed in 2021/22 as a single procurement service acting directly on behalf of; Croydon Health Services NHS Trust, Epsom & St. Helier NHS Trust, Kingston Hospital NHS Foundation Trust, and St. George's NHS Foundation Trust whilst also providing services to the wider South West London integrated care system.


Follow up to previous recommendations

In our 2021/22 VfM report we included the following recommendations carried over from 2020/21:

1. *The Trust forward plans for cancer treatment should also factor in how backlogs will be managed and what the operational and cost implications of this will be.*
2. *The Trust should consider including benchmarking against other Trusts in the local health system to ensure that the Board can gauge relative performance and gain information on system performance simultaneously.*

We are satisfied that both recommendations have been actioned by management and are therefore closed.

Improvement recommendation – economy, efficiency and effectiveness

Criteria impacted	 Economy, efficiency and effectiveness
Auditor judgement	Our work has enabled us to identify a weakness in arrangements which we do not consider to be significant but have raised a recommendation to support management in making appropriate improvements.
Improvement opportunity identified	The Trust has experienced significant operational challenges in 2022/23 and a CQC Maternity Inspection in March 2023 resulted in a s29a notice being served. From our discussions with Trust staff and review of documents, we understand that action was taken and appropriate arrangements have been put in place to achieve improvement. At the time of our work, it was too early to judge whether these improvements were embedded and resulted in sustained improvement.
Recommendation 4	The Trust should review the effectiveness of arrangements put in place to address the issues highlighted by the CQC to provide assurance to the Board that changes in arrangements will improve performance.
Management comments	<p>The Trust agreed the recommendation. The Trust always treats any issues highlighted by the CQC with the upmost seriousness and took immediate steps to address the issues raised in the March 2023 report. The report and the associated actions to address the concerns raised have been discussed in detail at both the Quality Committee and the Trust Board, together with any learning that comes from this.</p> <p>As noted in recommendation 3, the Trust is already in the process of commissioning an independent, external review of quality governance following the receipt from the CQC of a Section 29A Warning Notice in relation to maternity services. The Trust is currently procuring a lead for that review, which will look sequentially at the ward-to-Board quality governance in maternity and consider the wider Trust- and Group-wide quality governance arrangements in the context of any themes or issues identified in relation to maternity. The Trust considers that there is an urgency to this work and would see it helping to inform a wider independent, external corporate governance review at this time next year</p>

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 intend to issue an unqualified opinion on the Trust's financial statements by the 30 June 2023 deadline.

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.



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.

There are no matters relating to our reporting in the above areas that we wish to bring to your attention.



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 St George's University Hospitals 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	12-13
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	16



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Council of Governors

Meeting in Public on Wednesday, 20 September 2023

Agenda Item	4.1	
Report Title	Annual Members' Meeting 2023	
Executive Lead(s)	Anna Macarthur, Group Chief Communications and Engagement Officer	
Report Author(s)	Anna Macarthur, Group Chief Communications and Engagement Officer	
Previously considered by	-	-
Purpose	For Review	

Executive Summary

The next Annual Members' Meeting takes place on Wednesday, 27 September 2023, from 5.30 pm to 7.30 pm in the Curve Lecture Theatre on the Ground Floor of the Hunter Wing at St George's Hospital.

The AMM is a statutory meeting that occurs every year and is an opportunity to share information about the work of the Trust during 2022/23 financial year with our members, staff and communities. At the meeting, we will present the Trust's 2022/23 Annual Report and Accounts.

The event will help to strengthen relations with the local communities we serve. Helping them better understand the work of our teams, our achievements in the last year and our challenges. This year we are creating a family friendly event to encourage people of all ages to attend, learn more about our services and have their say.

Action required by Council of Governors

The Council of Governors is asked to note the structure and plans for the Annual Members' Meeting 2023.

Appendices				
Appendix No.	Appendix Name			
Appendix 1	N/A			
Implications				
Group Strategic Objectives				
<input checked="" type="checkbox"/> Collaboration & Partnerships		<input checked="" type="checkbox"/> Right care, right place, right time		
<input checked="" type="checkbox"/> Affordable Services, fit for the future		<input checked="" type="checkbox"/> Empowered, engaged staff		
Risks				
N/A				
CQC Theme				
<input checked="" type="checkbox"/> Safe	<input checked="" type="checkbox"/> Effective	<input checked="" type="checkbox"/> Caring	<input checked="" type="checkbox"/> Responsive	<input checked="" type="checkbox"/> Well Led
NHS system oversight framework				
<input checked="" type="checkbox"/> Quality of care, access and outcomes		<input checked="" type="checkbox"/> People		
<input checked="" type="checkbox"/> Preventing ill health and reducing inequalities		<input checked="" type="checkbox"/> Leadership and capability		
<input checked="" type="checkbox"/> Finance and use of resources		<input checked="" type="checkbox"/> Local strategic priorities		
Financial implications				
N/A				
Legal and / or Regulatory implications				
N/A				
Equality, diversity and inclusion implications				
N/A				
Environmental sustainability implications				
N/A				

Annual Members' Meeting 2023

Council of Governors, 20 September 2023

1.0 Purpose of paper

- 1.1 This paper provides an update to the Council of Governors on the structure and plans for Annual Members' Meeting 2023.

2.0 Background

- 2.1 The AMM is a statutory meeting that occurs every year and is an opportunity to share information about the work of the Trust during 2022/23 financial year with our members, staff and communities. At the meeting, we will present the Trust's 2022/23 Annual Report and Accounts.
- 2.2 The event will help to strengthen relations with the local communities we serve. Helping them better understand the work of our teams, our achievements in the last year and our challenges. This year we are creating a family friendly event to encourage people of all ages to attend, learn more about our services and have their say.

3.0 Welcome Reception

- 3.1 The welcome reception will take place from 5:30 pm at the entrance foyer:
- There will be light refreshments
 - Two Pets As Therapy Dogs
 - a Teddy Bear Hospital, where children and adults alike will be able to get their teddies patched up.
 - blood pressure testing
 - hospital charity stand
 - Information on our five years strategy
 - Clinicians from our Paediatric Cancer Services and information on the NHS England Consultation on the location of the Principal Treatment Centre.

4.0 Meeting Agenda

- 4.1 The Annual Members' meeting itself will start at 6:30 pm and will be held in The Curve Lecture Theatre, Hunter Wing (Ground Floor), St. George's.
- Our Chairman, Gillian Norton will open the meeting
 - Highlights of the last year and Trust updates will be presented by Group CEO, Jacqueline Totterdell.
 - A parent of a child treated by our paediatric cancer service will share their experiences of care.
 - Our Lead Governor, Richard Mycroft will also provide an update

- There will be questions to finish with anyone allowed to submit a question in advance at members@stgeorges.nhs.uk.

5.0 Communications and Publicity

5.1 The AMM is being promoted by:

- Posters
- Adverts in local papers
- Social media posts on facebook, LinkedIn, Twitter
- Information in staff bulletins and intranets
- Promoted in staff events / meetings
- Stakeholder newsletter to 6,000 members
- A flyer has been shared with partners (including the local council)
- A personal invitation to local children and their families has been sent to local schools.
- Children have invited to take part in a drawing competition.

6.0 Recommendations

6.1 The Council of Governors is asked to note the structure and plans for holding the Annual Members' Meeting 2023.

Council of Governors

Meeting in Public on Wednesday, 20 September 2023

Agenda Item	4.2	
Report Title	Elections to the Council of Governors 2023-24	
Executive Lead(s)	Stephen Jones, Group Chief Corporate Affairs Officer	
Report Author(s)	Stephen Jones, Group Chief Corporate Affairs Officer	
Previously considered by	-	-
Purpose	For Noting	

Executive Summary

The next elections to the Council of Governors are scheduled to be held later this year. A total of 11 seats on the Council are open to election in 2023/24, including 8 public governors and 3 staff governors. We plan to begin publicising the elections from late September onwards through a range of communications channels. We will also be holding a number of awareness sessions for prospective candidates in late October and November. On current timescales, we anticipate that candidates will be required to submit their nominations in November with the poll opening in late November and closing in week commencing 18 December 2023. Successful candidates in the elections will take up office on 1 February 2024.

In addition to the scheduled elections, we also have some new vacancies on the Council of Governors. The Staff Governor for Nursing and Midwifery is retiring from her role as Head of Nursing in late September and has informed us that she is, therefore, standing down as a Governor. One of our Public Governors in the Rest of England Constituency, elected in January 2023, has also stood down. The paper makes proposals on how we fill these vacancies, and recommends that we use the forthcoming elections to fill these vacancies, rather than either holding standalone elections now or going to the runner-up from the most recent elections.

Action required by Council of Governors

The Council of Governors is asked to:

- a) Note the plans for holding elections to the Council of Governors during Q3 2023/24;
- b) Agree that the vacant seats on the Council in the Staff Nursing and Midwifery) and Public (Rest of England) constituencies be filled through the 2023/24 elections.

Appendices				
Appendix No.	Appendix Name			
Appendix 1	N/A			
Implications				
Group Strategic Objectives				
<input checked="" type="checkbox"/> Collaboration & Partnerships		<input checked="" type="checkbox"/> Right care, right place, right time		
<input checked="" type="checkbox"/> Affordable Services, fit for the future		<input checked="" type="checkbox"/> Empowered, engaged staff		
Risks				
Not engaging sufficiently with members and having vacant seats for elected positions.				
CQC Theme				
<input type="checkbox"/> Safe	<input type="checkbox"/> Effective	<input type="checkbox"/> Caring	<input type="checkbox"/> Responsive	<input checked="" type="checkbox"/> Well Led
NHS system oversight framework				
<input type="checkbox"/> Quality of care, access and outcomes		<input type="checkbox"/> People		
<input type="checkbox"/> Preventing ill health and reducing inequalities		<input checked="" type="checkbox"/> Leadership and capability		
<input type="checkbox"/> Finance and use of resources		<input checked="" type="checkbox"/> Local strategic priorities		
Financial implications				
The costs of appointing a provider of independent electoral services, including the function of Returning Officer, is expected to be in the region of £5-10k. The Trust is required to communicate with all its public and staff members to inform them about the upcoming election. Given that the Trust only holds email addresses for around half of its public members, the Trust must write out to the approximately 6,500 members for whom it holds only postal addresses. This will cost a further £5k approximately.				
Legal and / or Regulatory implications				
The Trust's Constitution sets out the election process following Model Election Rules in Annex 4 and additional provisions for the Council of Governors at Annex 5.				
Equality, diversity and inclusion implications				
Election material and publicity will be reviewed to ensure this is appropriately accessible and designed in a way that promotes the widest possible range of candidates.				
Environmental sustainability implications				
There are no environmental or sustainability implications associated with the proposals in this paper.				

Elections to the Council of Governors 2023-24

Council of Governors, 20 September 2023

1.0 Purpose of paper

- 1.1 This paper provides an update to the Council of Governors on the plans for holding the next scheduled elections to the Council during 2023/24.
- 1.2 The paper also sets out proposals for filling newly emerged vacancies on the Council of Governors.

2.0 Background

- 2.1 The Council of Governors comprises 15 elected public governors, four elected staff governors, and eight appointed governors. Terms of office are three years and, for public and staff governors, are staggered so that not all governors are up for election at the same time. Governors may stand for re-election but are not permitted to serve on the Council for more than nine consecutive years. The elected seats on the Council are:

Constituency type	Constituency	Number of Governors
Public	Wandsworth	6
	Merton	4
	South West Lambeth	1
	Rest of England	4
Staff	Medical and dental	1
	Nursing and midwifery	1
	Allied health professionals and other clinical and technical staff	1
	Non-Clinical	1
Total		19

- 2.2 The process of elections to the Council are set out in the Trust's Constitution, which incorporates the model election rules defined by the Department of Health and Social Care. The election rules make provisions for the timing of elections, the appointment of a returning officer, notices to be served, eligibility, requirements and nominations of candidates for election, the list of eligible voters, and the process of conducting the poll, and provisions around the count and declaration of results.

3.0 Elections in 2023/24

- 3.1 A total of 11 seats on the Council of Governors will be open to election in 2022/23; eight governors and three staff governors:

Constituency type	Constituency	Governor	End of current term of office
Public	Wandsworth	Adil Akram	31 January 2024
		John Hallmark	31 January 2024
		Shalu Kanal	31 January 2024
	Merton	Hilary Harland	31 January 2024
		Khaled Simmons	31 January 2024
	South West Lambeth	Richard Mycroft	31 January 2024
	Rest of England	Padraig Belton	31 January 2024
Derek Cattrall		31 January 2024	
Staff	Medical & Dental	Tunde Odutoye	31 January 2024
	Nursing & Midwifery	Marlene Johnson	31 January 2024
	Allied Health Professional	Alexander Quayle	31 January 2024

- 3.2 Under the Trust's Standing Financial Instructions, a mini-tender exercise is required for awarding contracts under up to the value of £50,000. This exercise involves securing three tenders from service providers and assessing the cost and quality of the tenders. This tender as been undertaken and quotes are due to be received by 22 September. The Trust will select the best quote based on which provider sets out the most compelling case for providing a high quality service at a competitive price. We anticipate the cost of a returning officer support to be in the region of £5-10k.
- 3.3 The key stages of the elections cycle as a whole are set out in the table below. The dates set out are indicative and are subject to minor amendments following discussions with the appointed Returning Officer:

Election Stage	Indicative date
Tender for Returning Officer	September 2023
Article on Governor elections in new Members and Stakeholder Bulletin and in Staff newsletters	End September 2023
Governor Awareness Sessions for prospective candidates	October – early November 2023
Notice of Election / nominations open	Late October 2023
Nominations deadline	Mid-November 2023
Summary of valid nominated candidates published	Mid-November 2023
Notice of Poll published	Mid-to-late November 2023
Voting packs dispatched	Mid-to-late November 2023
Close of election	w/c 18 December 2023
Declaration of results	w/c 18 December 2022

4.0 Communications and publicity

- 4.1 From late September 2023 through to the close of the election in December 2023, we plan to run a sustained communications campaign to promote the elections. The elections will be promoted through a range of media, including the monthly e-bulletin *The Brief*, which is circulated to all members and key stakeholders; staff newsletters, including eG, the Trust's

website and intranet, posters around the Trust, and through our social media channels. We also plan to run adverts in the local newspapers. This is to both encourage members to nominate themselves to stand as candidates and to encourage as many members as possible to participate in the election. The Corporate Governance team, which is managing the elections with the Returning Officer, will work closely with the Communications team on the election awareness campaign.

- 4.2 For prospective governors, we plan to run a number of awareness sessions to enable prospective governors to get a better understanding of the role and time commitment required and to inform them about the election process. Dates for these sessions are currently being confirmed and details will be circulated to all members of the Trust. We plan to offer both in-person and virtual sessions in order to make these as accessible as possible to the largest number of prospective candidates.
- 4.3 The Trust is required to notify all members of the upcoming elections. While the communications via email will reach around half of the Trust's public members, for around 6,500 members the Trust only holds postal address contact information. As a result, hard copy letters will need to be sent to these members to let them know about the election and the fact that they may put themselves forward as candidates. Costs for this have been calculated and are expected to be in the region of £5k for the mailing.

5.0 Filling newly emerged vacancies on the Council of Governors

- 5.1 In addition to the scheduled vacancies on the Council which will be filled through the 2023/24 elections, two further vacancies have emerged recently on the Council of Governors in the Staff (Nursing and Midwifery) and Public (Rest of England) constituencies. Marlene Johnson, Staff Governor, will be retiring from her role as Head of Nursing on 29 September and has, therefore, resigned as a member of the Council of Governors. In addition, Michael Amherst, who was elected as a Public Governor in the Rest of England constituency earlier this year, has also recently resigned from the Council of Governors.
- 5.2 Under the Trust's Constitution (section 4.1.2), there are two options for dealing with such vacancies:
- hold an election for the remainder of the term of office for the governor who is being replaced, or
 - invite the next highest polling candidate for that seat at the previous election to fill the role for the remainder of the term.
- 5.3 In terms of the vacancy for a Staff Governor in the nursing and midwifery constituency, Marlene Johnson was elected unopposed and her current term of office as Governor was due to end on 31 January 2024. As she was elected unopposed, we do not have the option of asking the runner-up in the previous election to take her seat on the Council, and the fact Marlene's term of office ends so soon would make this less practical. It is, therefore, proposed that we fill the vacancy created by Marlene Johnson standing down through the scheduled elections in December 2023.
- 5.4 In relation to the vacancy for the Public Governor in the Rest of England constituency, there is an option of going to the next highest placed candidate, and offering the remaining 2.5 years of Michael Amherst's term to that candidate. However, in the January 2023 elections three Governors, rather than the usual two, were elected as we used these elections to fill another vacancy in this constituency. As a result, we have in effect already appointed the runner-up in

the elections. If we were to go to the next highest placed candidate in the January 2023 elections, we would appoint a candidate with far fewer votes than those originally elected. As the next scheduled elections are so soon, we recommend using these forthcoming elections to fill the vacancy in the Rest of England constituency. The candidate elected through this process would be elected to a two-year term of office (the remainder of Michael Amherst's term).

6.0 Recommendations

6.1 The Council of Governors is asked to:

- a) Note the plans for holding elections to the Council of Governors during Q3 2023/24;
- b) Agree that the vacant seats on the Council in the Staff Nursing and Midwifery) and Public (Rest of England) constituencies be filled through the 2023/24 elections.