



Auditor's Annual Report 2024/25

Sheffield Teaching Hospitals NHS Foundation Trust

26 June 2025

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This report is addressed to Sheffield Teaching Hospitals NHS Foundation Trust (the Trust), as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014. Our audit work has been undertaken so that we might state, those matters we are required to state to them in an auditors' annual 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, as a body, for our audit work, for this report, or for the opinions we have formed.

We take no responsibility to any member of staff acting in their individual capacities, or to third parties.

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



01 Executive Summary

Executive Summary

Purpose of the Auditor’s Annual Report

This Auditor’s Annual Report provides a summary of the findings and key issues arising from our 2024-25 audit of Sheffield Teaching Hospitals NHS Foundation Trust (the ‘Trust’). This report has been prepared in line with the requirements set out in the Code of Audit Practice published by the National Audit Office and is required to be published by the Trust alongside the annual report and accounts.

Our responsibilities

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



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



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



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



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

Findings

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

Accounts	We issued an unqualified opinion on the Trust’s accounts on 26 June. This means that we believe the accounts give a true and fair view of the financial performance and position of the Trust. We have provided further details of the key risks we identified and our response on page 2.
Annual report	We did not identify any significant inconsistencies between the content of the annual report and our knowledge of the Trust. We confirmed that the annual report has been prepared in line with the NHS Group Accounting Manual (GAM) and the Foundation Trust Annual Reporting Manual (the ARM).
Value for money	We are required to report if we identify any matters that indicate the Trust does not have sufficient arrangements to achieve value for money. We have nothing to report in this regard.
Other reporting	We did not consider it necessary to issue any other reports in the public interest.

02 Audit of the Financial Statements

Audit of the financial statements

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

- Give a true and fair view of the state of the Trust's affairs as at 31 March 2025 and of its income and expenditure for the year then ended;
- Have been properly prepared in accordance with the accounting policies directed by NHS England with the consent of the Secretary of State in February 2025 as being relevant to NHS Foundation Trusts and included in the Department of Health and Social Care Group Accounting Manual 2024/25; and
- Have been prepared in accordance with the requirements of the National Health Service Act 2006 (as amended).

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. We have fulfilled our ethical responsibilities under, and are independent of the Trust in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Audit opinion on the financial statements

We issued an unqualified opinion on the Trust's financial statements on 26 June 2025.

The full opinion is included in the Trust's Annual Report and Accounts for 2024/25 which can be obtained from the Trust's website.

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

Audit of the financial statements

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

Risk	Procedures undertaken	Findings
<p><i>Fraudulent expenditure recognition – expenditure is not completely recorded</i></p> <p>As the Trust and system is set a financial performance target by NHSE there is a risk that non-pay expenditure, excluding depreciation, may be manipulated in order to report that the control total has been met.</p> <p>The setting of a control total can create an incentive for management to misstate the level of non-pay expenditure compared to that which has been incurred.</p> <p>We note that at the start of the year the Trust forecast a year end non-recurrent surplus of £5m. This was revised to £6.9m The Trust met its year end forecast position, recognising a £6.9m surplus</p> <p>We considered that a misstatement would be most likely to occur through understating accruals, for example by omitting 2024/25 accrued expenditure from the financial statements</p>	<p>We have performed the following procedures in order to respond to the significant risk identified:</p> <ul style="list-style-type: none"> • We evaluated the design and implementation of controls for identifying and developing relevant manual, non-pay, non-NHS expenditure accruals, including those controls for ensuring the cut-off of non-pay, non-NHS expenditure is correct, to ensure it was captured in the correct financial year; • We inspected a sample of invoices of expenditure, in the period after 31 March 2025, to determine whether expenditure had been recognised in the correct accounting period; • We inspected manual journals posted as part of the year end close procedures that decreased the level of expenditure recorded in order to critically assess whether there was an appropriate basis for posting the journal and the value could be agreed to supporting evidence; • We compared the items of relevant non-pay, non-NHS spend that were accrued at 31 March 2024 to those accrued at 31 March 2025 in order to risk assess whether any items of expenditure accrued for in the 2023-24 financial year have been excluded from the 2024-25 financial statements inappropriately. 	<ul style="list-style-type: none"> • We have not identified any material misstatements relating to this risk. • We noted that the Trust lacks a documented control to ensure expenditure transactions are posted to the correct period to ensure expenditure has been completely recorded.

Audit of the financial statements

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

Risk	Procedures undertaken	Findings
<p>Management override of controls</p> <p>Professional standards require us to communicate the fraud risk from management override of controls as significant.</p> <p>Management is in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.</p> <p>Our risk assessment procedures over Centros identified that specific journal users have the ability to post and approve their own journals. We note that the Trust perform an exercise to identify any transactions posted and approved by the same user, any transactions are investigated where applicable.</p>	<p>We performed the following procedures:</p> <ul style="list-style-type: none"> Assessed accounting estimates for bias by evaluating whether judgements and decisions in making accounting estimates, even if individually reasonable, indicated a possible bias. In line with our methodology, evaluated the design and implementation of controls over journal entries and post closing adjustments. Assessed the appropriateness of changes compared to the prior year to the methods and underlying assumptions used to prepare accounting estimates. Assessed the business rationale and the appropriateness of the accounting for significant transactions that were outside the component's normal course of business or were otherwise unusual. We identified journal entries and other adjustments with characteristics that made them susceptible to fraud using KPMG Clara Journal Entry Analysis and performed procedures to test the appropriateness of these entries and adjustments. 	<ul style="list-style-type: none"> We identified no indicators of management override of controls. Our evaluation over the design and implementation of journals controls within Centros identified that specific journal users have the ability to post and approve their own journals. This was due to specific users being able to select any role within the hierarchy when posting a transaction. The Trust have implemented a control whereby a monthly review is carried out to ensure no one has both raised and authorised the same journal. We did not identify any journals posted and approved by the same individual.

03 Value for Money

Value for Money

Introduction

We are required to consider whether the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources or 'value for money'. We consider whether there are sufficient arrangements in place for the Trust for the following criteria, as defined by the National Audit Office (NAO) in their Code of Audit Practice:



Financial sustainability: How the Trust plans and manages its resources to ensure it can continue to deliver its services.



Governance: How the Trust ensures that it makes informed decisions and properly manages its risks.



Improving economy, efficiency and effectiveness: How the Trust uses information about its costs and performance to improve the way it manages and delivers its services

Approach

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

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

We are required to report a summary of the work undertaken and the conclusions reached against each of the aforementioned reporting criteria in this Auditor's Annual Report. We do this as part of our commentary on VFM arrangements over the following pages.

We also make recommendations where we identify weaknesses in arrangements or other matters that require attention from the Trust.

Summary of findings

	Financial sustainability	Governance	Improving economy, efficiency and effectiveness
Commentary page reference	11 - 14	15 - 18	19 - 21
Identified risks of significant weakness?	No	No	No
Actual significant weakness identified?	No	No	No
2023-24 Findings	No significant weakness identified	No significant weakness identified	No significant weakness identified
Direction of travel			

Value for Money

NATIONAL CONTEXT

Following the general election in July 2024 the Labour government commissioned reviews in order to determine the causes of challenges within the sector and where priorities were for improvement. A 10 year plan is currently being developed to set out the strategy for transforming health care services in the future.

Operational performance across the sector has continued to be significantly below constitutional standards, continuing a trend that began during the Covid-19 pandemic. In March 2025 25% of patients attending A&E waited more than the four hour target and 60% of patients awaiting planned care had a wait of more than 18 weeks. While mental health performance improved year on year in a number of areas the backlog for treatment nationally has grown by a further 11% year on year, with 1.7 million referred patients awaiting their second contact.

During the year a revised timetable was announced for the New Hospital Programme, the national capital project to build 40 new hospitals. For a number of hospitals this has meant delays to the timetable for their construction deferred to the 2030s.

Financial performance

Local NHS systems continued to face challenging financial targets in 2024-25. Budgets across the 42 integrated care systems in England had a combined £500m deficit compared to the funding that was available at the beginning of 2024-25. By February 2025 (the latest national data available when this report was drafted) the forecast performance of all systems was a £604m overspend against the agreed figures.

Each year NHS entities are delegated efficiency targets through funding allocations and contracting guidance. Across England there was a £539m shortfall in the identified efficiencies compared to those required based on the agreed levels of funding delegated to systems.

Structures

Significant changes to the structure of the health system have been announced, to be implemented between 2025 and 2027. ICBs have been set running cost targets, with many expected to pursue mergers or large restructurings in order to achieve these. Providers are expected to reverse 50% of their corporate cost growth since Covid-19. During 2025-26 all NHS entities will therefore need to reassess their structures, which can impact on management bandwidth, stability of controls and morale.

LOCAL CONTEXT

System working

The Trust is part of the South Yorkshire Integrated Care System (ICS). The Trust is a core member of the ICS which demonstrates that they are participating and contributing into integrated care system plans.

At a national level, the Trust is part of the Shelford Group, a collaboration between ten of the largest teaching and research NHS Trusts in England.

Financial performance

The Trust reported an adjusted year end financial surplus of £6.9m, in line with its planned surplus. The Trust's position formed part of the wider South Yorkshire ICS deficit of £38.3m.

Within the year, the ICS was subject to NHS England's (NHSE) Rapid Intervention and Rapid Investigation and Intervention (I&I), a framework to undertake intervention for areas where NHSE had concerns regarding the delivery of financial plans and targets. As part of this process, South Yorkshire ICS had been graded a level 4 system, where 4 is the highest risk level, due to the reported adverse variance from its financial plan.

Further financial pressures are expected within 2025/26 with the Trust and wider ICS forecasting a breakeven position. To meet the breakeven position, the Trust is required to deliver £80.5m of efficiencies, representing 4.5% of operational expenditure. Of these efficiencies, £46.0m have been identified as high-risk.

Operational performance

The Trust is expected to implement a new Electronic Patient Record (EPR) system in July 2025 after the go live date was paused in October 2024. The decision to defer the EPR implementation was a result of not meeting the mandated go-live criteria or completion of the Clinical Safety Case Report. The Trust will also be implementing a new Laboratory Management System (LMS) throughout 2025/26.

NHS Reform

We expect significant changes to occur within the operations of the ICS as the reforms included with the Department of Health and Social Care's 10-Year Health plan are established. Within this reform, the responsibilities of the centre, regional teams, ICBs and providers are being considered.

Financial Sustainability

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

We have considered the following in our work:

- The processes for setting the 2024/25 financial plan to ensure that it is achievable and based on realistic assumptions;
- How the 2024/25 efficiency plan was developed and monitoring of delivery against the requirements;
- Processes for ensuring consistency between the financial plan set for 2024/25 and the workforce and operational plans;
- The process for assessing risks to financial sustainability;
- Processes in place for managing identified financial sustainability risks; and;
- Performance for the year today against the financial plan.

Process for setting the 2024/25 financial plan

The 2024/25 financial plan was underpinned by NHS England's (NHSE) planning guidance - 2024/25 Priorities and Operational Planning Guidance - issued in March 2024, as well as the Trust's financial framework and long-term financial strategy

The draft 2024/25 South Yorkshire system plan was submitted to NHSE in March 2024 and the final plan was submitted in June 2024. This included the plans submitted by the Trust to South Yorkshire ICB.

The Chief Finance Officer presented a paper to the Board on 30 April 2024 confirming the requirement to submit the final plan to the ICB by 2 May 2024. This paper included the request that the Board approved the final plan with previous comments and agreed action having been taken. The plan documented the Trust's intention to post a £5m non-recurrent surplus which would enable the Trust to secure an additional £5m of capital financing for 2024/25. The Trust noted that in order to achieve the surplus plan, the Trust would deliver a stretch Elective Recovery Activity (ERA) target of 105% and achieve £11.7m of directorate efficiency savings. The plan to be submitted to the ICB by 2 May 2024 was approved by the Board at this meeting.

A review of the minutes of the Board meeting confirmed appropriate review and scrutiny was applied to the final plan by those charged with governance.

The Trust submitted the final plan to South Yorkshire ICB on 26 April 2024, underpinned by the principles presented to the Board on 30 April 2024. The plan included a Trust non-recurrent surplus of £5m and efficiencies of £66.8m. Of the efficiencies forecast by the Trust, £49.1m were recurrent and £17.8m were non-recurrent; £6m of the £66.8m efficiencies were unidentified at the time of submission.

The final system plan was submitted to NHSE on 12 June 2024. This included the forecast Trust surplus of £5m which formed part of the overall system deficit of £49m. The Trust's planned surplus was subsequently revised to £6.9m after an agreement with NHSE to access additional capital funding for an improved revenue position.

Financial Sustainability

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

We have considered the following in our work:

- The processes for setting the 2024/25 financial plan to ensure that it is achievable and based on realistic assumptions;
- How the 2024/25 efficiency plan was developed and monitoring of delivery against the requirements;
- Processes for ensuring consistency between the financial plan set for 2024/25 and the workforce and operational plans;
- The process for assessing risks to financial sustainability;
- Processes in place for managing identified financial sustainability risks; and;
- Performance for the year today against the financial plan.

Ensuring consistency between the financial plan and workforce and operational plans

Directorate Budgets were an end point in the Annual Business/Financial Planning process, which was a bottom-up process built on Directorate planning submissions. To ensure alignment between financial and operational plans, each Directorate budget was owned by the Triumvirate leads of Clinical Director, Operations Director and Nurse Director with support from their dedicated Finance Manager. Financial Planning assumptions (reflecting the agreed budget setting methodology set by the Chief Finance Officer and reviewed by the Trust Executive Group - TEG) were built into the Business Planning Guidance and informed the Directorate Plans.

Development and monitoring of the efficiency plan

We found service cost pressures and service developments were identified through the business planning process which were collated and considered for approval through the Trust Executive Group (TEG). Subsequently those which were approved were presented to the Board. We note for 2024/25, a 1.7% efficiency target was set for Directorates. Performance against the efficiency target was monitored at the Performance Management Framework review meetings, Use of Resources Committee and the Board.

Assessing and managing risks to financial sustainability

Financial risk was managed through the Board Assurance Framework.. The Trust identified a strategic risk regarding financial sustainability within the Board Assurance Framework (BAF) 'failure to manage our finances effectively and deliver value for money to ensure the long-term sustainability of care provision'. The BAF assessed the aggregated assurance rating of this risk to be adequate with a risk score of 15 ('extreme risk'), this risk score was confirmed to be outside of the Trust's risk appetite. Each strategic risk was subject to bi-annual deep drives, these were performed in June and December 2024. We have highlighted the Trust's risk management arrangements on page 15.

During the year NHSE established the Rapid Investigation and Intervention (I&I) framework to undertake intervention for areas where NHSE had concerns regarding financial plans and targets. As part of this process, South Yorkshire ICS had been graded a level 4 system, where 4 is the highest risk level, due to the reported adverse variance from its financial plan.

Financial Sustainability

In line with NHSE requirements, The ICS engaged an external firm to perform an independent review for the system, 'South Yorkshire ICS Drivers of the Deficit Review', finalised in September 2024. This review sought to identify variations in the system's cost base as well as operational productivity when compared to cost and performance benchmarking to a selected group of peers, inclusive of the NHSE's Model Hospital system and provide recommendations to support the ICS to bring the system back into balance. A review of the report found that the external firm had identified £525.2m of potential system cost savings or income generators not implemented by the ICS, with £199.7m of this attributable to the Trust.

The Trust responded to the I&I process by establishing a financial recovery plan which incorporated measures to move to enhanced controls and other actions in agreement with the wider ICS to reduce the underlying system deficit. Details of this was approved by TEG and the Finance and Performance Committee in September 2024. Our review of subsequent reporting confirmed that the Trust provided regular I&I and financial recovery plan updates to The Finance and Performance Committee.

Performance against the financial plan

The Trust ended the year reporting a surplus of £6.9m in line with it's revised planned surplus. The surplus formed part of the overarching system deficit of £38.8m. The Trust achieved £66.8m of efficiencies, in line with its forecast savings plan.

The Trust submitted a breakeven 25/26 plan to NHSE in April 2025. The Trust's position formed part of the wider ICS forecast breakeven position. The Trust's breakeven plan is dependent on the delivery of £80.5m of efficiencies, representing 4.5% of forecast operating expenses. Of the efficiency schemes planned, £46.0m (57.1%) were determined to be high risk of achievement.

The plan was subject to Board review in the March 2025 Board meeting, minutes of this meeting confirmed that risks and mitigations associated with this plan were discussed and challenged appropriately.

Conclusion

Based on the procedures performed we have not identified a significant risk or weakness associated with financial sustainability

Key financial and performance metrics:	2024-25	2023-24
Planned surplus/(deficit)	£6.9m	£0m
Actual surplus/(deficit)	£6.9m	£0.2m
Planned CIP as a % of spend	4%	3.9%
- Recurrent	73.4%	64.2%
- Non-recurrent	26.6%	35.8%
Actual CIP as a % of spend	3.8%	3.6%
- Recurrent	73.3%	61.1%
- Non-recurrent	26.7%	38.9%
Year-end cash position	£155.6m	£161.0m

Governance

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

We have considered the following in our work:

- Processes for the identification, monitoring and management of risk;
- The design of the governance structures in place at the Trust;
- Controls in place to prevent and detect fraud;
- The review and approval of the 2024/25 financial plan by the Board, including how financial risks were communicated;
- How compliance with laws and regulations is monitored;
- Processes in place to monitor officer compliance with expected standards of behaviour, including recording of interests, gifts and hospitality; and
- How the Board ensures decisions receive appropriate scrutiny.

Process for the identification, monitoring and management of risk

Operational and corporate risks are initially identified at department level, at which point they are entered into Datix, the Trust's risk management software. Each risk is assigned a current and target risk score with controls and mitigations in place designed to enable the Trust to monitor each specific risk. Risks with a risk score of 8 or above are considered by the Trust's Risk Management Group (RMG) to validate the risk. Risks cannot be validated by RMG until the risk owner has provided sufficient information to support the risk. During periods of time where risks have not been validated, they are reported to Risk Executive Management Committee (REMC) via the 'Risk Management Group Highlights report', this report includes the section 'Extreme risks not validated'. This report ensures those charged with governance are sighted on emerging risks whilst they are in the process of being validated.

All new risks with a score of 8 or above are reported to the Risk Management Group where consideration will be given to cross-cutting issues and the implications for risk aggregation. All validated risks with a score that is at, or above risk tolerance, are reported to the REMC via a Corporate Risk Register Report. These risks are aligned to strategic risks within the Trust Board Assurance Framework (BAF). The BAF is a mechanism for proactively assessing risks and controls at strategic level. Additionally, the BAF details controls to mitigate and manage the Trust's strategic risks. All risks are subject to review to ensure that risk scores remain appropriate.

The Trust has a Risk Management Executive Committee which takes place on a bi-monthly basis. In addition, the Trust has risk clinics with Care Groups to provide support and guidance on the appropriateness of risks recorded on risk registers.

Controls in place to prevent and detect fraud

The Trust has specific policies in place with regards to fraud and the Freedom to Speak Up. The Trust also engaged a Local Counter Fraud Specialist who produces regular reports that are reported to the Audit Committee. Additionally, the Trust has a designated Counter Fraud Champion.

Governance

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

We have considered the following in our work:

- Processes for the identification, monitoring and management of risk;
- The design of the governance structures in place at the Trust;
- Controls in place to prevent and detect fraud;
- The review and approval of the 2024/25 financial plan by the Board, including how financial risks were communicated;
- How compliance with laws and regulations is monitored;
- Processes in place to monitor officer compliance with expected standards of behaviour, including recording of interests, gifts and hospitality; and
- How the Board ensures decisions receive appropriate scrutiny.

Approval of the financial plan by the Board

We have highlighted the process for the approval of the financial plan on page 12.

Monthly budget and financial monitoring reports are produced for budget managers at both directorate and corporate level. Directorate finance reports are produced on a monthly basis and include analysis of the directorate financial position at a granular level. Directorate budgets are reported to the Trust Executive Group (TEG) on a monthly basis. We found these reports contained sufficient detail to enable informed decision making.

Compliance with laws and regulations and other Trust standards

Compliance with laws and regulation is underpinned by the Trust's various policies and procedures, such as the Counter Fraud, Corruption and Bribery Policy. It is the role of the Audit Committee to review the adequacy of policies to ensure compliance with relevant regulatory, legal and code of conduct requirements and related self certification. The Committee will oversee the referral any suspicions of fraud, bribery and corruption to the NHS Counter Fraud Authority.

Additionally, compliance with laws and regulations, staff code of conduct and the Trust's constitution is completed through Board meetings, the Audit Committee and other governance arrangements as identified through our testing. We noted that the Trust has up to date policies on the recording of interests, gifts and hospitality, embedded into the Standards of Business Conduct Policy.

How the Board ensure decisions receive appropriate scrutiny

Decision making is underpinned by the Trust Scheme of Delegation (SoD) and the Standing Financial Instructions (SFIs). The SoD and SFIs provide an appropriate escalation framework for making significant decisions based on financial limits and allows for decisions that are significant for non-financial purposes to be escalated to the Board as necessary.

Governance

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

We have considered the following in our work:

- Processes for the identification, monitoring and management of risk;
- The design of the governance structures in place at the Trust;
- Controls in place to prevent and detect fraud;
- The review and approval of the 2024/25 financial plan by the Board, including how financial risks were communicated;
- How compliance with laws and regulations is monitored;
- Processes in place to monitor officer compliance with expected standards of behaviour, including recording of interests, gifts and hospitality; and
- How the Board ensures decisions receive appropriate scrutiny.

As part of our 2023 Value for Money assessment we reported that the CQC report of December 2022 demonstrated an improved rating from inadequate to requires improvement, noting that “the Trust has complied with the requirements of the Section 29A Warning Notice by making significant improvements in the quality of healthcare provided to people who used services within the timeframe specified by the notice”. In December 2024 the Trust received a letter from NHSE confirming that the Trust had taken significant steps towards achievement of the enforcement undertakings but a second review against the enforcement undertakings in their entirety would be needed to issue a full compliance certificate. We note that the Trust has not been subject to any subsequent CQC reviews during 2024/25.

Implementation of the Electronic Patient Record system

The Trust began a process of replacing its Electronic Patient Record (EPR) in 2022/23 with the intention to go live in October 2024. Our review of Board minutes confirmed that the Board were provided with quarterly updates on the project and progress against significant milestones. The Trust established an independent Digital Committee as an arm of the Board to oversee the implementation of the EPR.

On 24 September 2024, 3 weeks before the go live date, it was reported to the Board that the go live date of 14 October 2024 was achievable, but it was noted that there was significant work needed to ensure appropriate training and patient safety. It was agreed that the final decision would be made on 4 October 2024. A decision was made on 2 October that the Trust would not go-live. Review of the minutes of the extraordinary Board meeting confirmed that Trust could not meet the mandated Milestone 5 criteria required to recommend readiness for go-live and the Trust could not gain the assurance it needed to complete the Clinical Safety Case Report to facilitate the go-live. We note that discussions with management confirmed that the Trust was not adequately prepared to go-live at the initial implementation date with significant actions needing to be taken, such as Trust wide staff training prior to go-live.

At the 27 November Board meeting it was reported that the EPR implementation had been delayed. On 20 December 2024 an extraordinary TEG meeting was held to consider the most appropriate date to go live with the EPR implementation. The Board subsequently approved the new go live date of July 2025 and the roadmap to implementation in January 2025.

Governance

We note that throughout the period the BAF included the Strategic risk: ‘Digital – Fail to deliver the digital capacity required to support safe, effective and efficient patient care’ which aligned to risk ‘5380 - Patient, reputational or financial harm due to delayed implementation of the Connect24 Electronic Patient Record’. This ensured the Board had sufficient oversight of the risks associated with the delay of the EPR.

Locally, progress of the EPR implementation was reported to the Digital Committee, attendance at this meeting included Executive and non-executive directors, additionally, progress was monitored by the Programme Executive Board. A review of the Digital Committee minutes confirmed that set agenda items of ‘Is the system ready?’ and ‘Is the organisation ready?’ were included at each meeting, this ensured that risks to readiness were discussed. Additionally, ‘current progress against plan’ was discussed each meeting, with a RAG rating against each workstream within the EPR assigned. The current progress against plan also documented previous RAG ratings and ‘reason for rating and path to green’. This ensured that those charged with governance had oversight of the status of the project and the risk associated with the revised go live date.

Conclusion

Based on the procedures performed we have not identified a significant risk or weakness associated with governance.

	2025	2024
Control deficiencies reported in the Annual Governance Statement	None	None
Head of Internal Audit Opinion	Significant	Significant
Oversight Framework segmentation	3	3
Care Quality Commission rating	Requires improvement	Requires improvement

Improving economy, efficiency and effectiveness

How the Trust uses information about its costs and performance to improve the way it manages and delivers its services

We have considered the following in our work:

- The processes in place for assessing the level of value for money being achieved and where there are opportunities for these to be improved;
- The development of efficiency plans and how the implementation of these is monitored;
- How the performance of services is monitored and actions identified in response to areas of poor performance;
- How the Trust has engaged with ICS partners in development of the organisation and system wide plans and arrangements;
- The engagement with wider partnerships and how the performance of those partnerships is monitored and reported; and
- The monitoring of outsourced services to verify that they are delivering expected standards.

The processing for assessing value for money through opportunities

Directorates and budget holders were required to complete business cases for any major decisions, using the business planning proforma. All business cases must align to the Trust's six strategic objectives and must include a strategic, commercial, finance and management case. Business cases are initially scrutinised by the Business Planning Team, before being presented to Trust Executive Group (TEG) and the Board.

The development of efficiency plans

The monthly Corporate Financial Reporting pack incorporates efficiency monitoring which is appropriately shared across Trust management and Board. Finance managers also work with Directorates and budget holders to ensure that budget variances are explained and identify where corrective action might be needed. The Trust utilises benchmarking information from across the NHS to inform its position, in particular we note that regular comparison is made against other bodies within the Shelford Group.

We note that the 2024/25 financial plan incorporated efficiency targets of 1.7% into directorate budgets, this was supported by the Use of Resources Group. Performance against the efficiency target was monitored at the Trust's Performance Management Framework review meetings, Use of Resources Committee and the Board.

How performance is monitored

Monthly budget and financial monitoring reports are produced for budget managers at both directorate and corporate level. Directorate finance reports were produced on a monthly basis and included analysis of the directorate financial position at a granular level. Directorate budgets are reported to the Trust Executive Group (TEG) on a monthly basis.

Our review of the Finance and Performance Committee minutes identified communication of actions to mitigate underperformance against plan could be strengthened, however we note that this recommendation had been actioned by management.

Improving economy, efficiency and effectiveness

How the Trust uses information about its costs and performance to improve the way it manages and delivers its services

We have considered the following in our work:

- The processes in place for assessing the level of value for money being achieved and where there are opportunities for these to be improved;
- The development of efficiency plans and how the implementation of these is monitored;
- How the performance of services is monitored and actions identified in response to areas of poor performance;
- How the Trust has engaged with ICS partners in development of the organisation and system wide plans and arrangements;
- The engagement with wider partnerships and how the performance of those partnerships is monitored and reported; and
- The monitoring of outsourced services to verify that they are delivering expected standards.

How the Trust has engaged with ICS and other partners

We have confirmed that papers from key ICS meetings were made available to Board members and regular updates from ICS meetings attended by the Trust were provided to the Board, committees and the Trust Executive Group by relevant members of management. This was particularly relevant in 24/25 as the system work closely together to achieve the outcomes of I&I, further details of this can be found on page 13.

An 'Activity Report' was produced each month for the Trust Executive Group and this was also presented to the Finance and Performance Committee. The Trust also produced an Integrated Performance Report (IPR) every other month, which was considered by the Trust Executive Group, Board committees and Board. Both of these reports highlighted performance against key performance indicators.

The South Yorkshire Integrated Care Partnership introduced its revised strategy in March 2023 with the aim to work together to build a healthier South Yorkshire. A review of the minutes of South Yorkshire and Bassetlaw Acute Federation Board (SYBAF) confirmed that the Trust had a lead role in the underlying groups supporting system working arrangements, demonstrating joint working to improve economy, efficiency and effectiveness.

The monitoring of outsourced services

On an individual basis, performance of clinical sub-contractors were monitored through the independent sector activity reports and meetings were held with the main independent sector providers. These reports detailed performance against key performance indicators. Consolidated independent sector reporting was also performed on a monthly basis. This detailed the key performance indicators of each main outsourced provider. The activity reporting aligned with the Trust's planning assumptions which underpinned the aims of the Trust's activity plan.

Improving economy, efficiency and effectiveness

How the Trust uses information about its costs and performance to improve the way it manages and delivers its services

We have considered the following in our work:

- The processes in place for assessing the level of value for money being achieved and where there are opportunities for these to be improved;
- The development of efficiency plans and how the implementation of these is monitored;
- How the performance of services is monitored and actions identified in response to areas of poor performance;
- How the Trust has engaged with ICS partners in development of the organisation and system wide plans and arrangements;
- The engagement with wider partnerships and how the performance of those partnerships is monitored and reported; and
- The monitoring of outsourced services to verify that they are delivering expected standards.

The Trust outsourced very few non-clinical services in 2024/25, the most notable being the outsourced sterile services contract. Performance of this contract was managed through contract oversight meetings held with the provider and senior Trust management.

Conclusion

Based on the procedures performed we have not identified a significant risk or weakness associated with improving economy, efficiency and effectiveness.



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