



Auditor's Annual Report 2024/25

West Suffolk NHS Foundation Trust

—

June 2025

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This report is addressed to West Suffolk NHS FT (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

West Suffolk NHS Foundation Trust

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 West Suffolk NHS FT (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 27th June 2025. 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 7.
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 before 30 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
Valuation of land and buildings The carrying amount of revalued Land and buildings differ materially from the fair value.	We performed the following procedures designed to specifically address the significant risk associated with the valuation: - We critically assessed the independence, objectivity and expertise of Newmark Gerald Eve, the valuers used in developing the valuation of the Trust's properties at 31 March 2025 - We inspected the instructions issued to the valuers for the valuation of land and buildings to verify they are appropriate to produce a valuation consistent with the requirements of the Group Accounting Manual - We compared the accuracy of the data provided to the valuers for the development of the valuation to underlying information, such as floor plans, and to previous valuations, challenging management where variances are identified - We evaluated the design and implementation of controls in place for management to review the valuation and the appropriateness of assumptions used. - We challenged the appropriateness of the valuation of land and buildings; including any material movements from the previous revaluations. We will challenge key assumptions within the valuation, including the use of relevant indices and assumptions of how a modern equivalent asset would be developed, as part of our judgement. - We performed inquiries of the valuers in order to verify the methodology that was used in preparing the valuation and whether it was consistent with the requirements of the RICS Red Book and the GAM - We agreed the calculations performed of the movements in value of land and buildings and verify that these have been accurately accounted for in line with the requirements of the GAM; and - We reviewed the valuation report prepared by the Trust's valuers to confirm the appropriateness of the methodology utilised; and Disclosures: - We considered the adequacy of the disclosures concerning the key judgements and degree of estimation involved in arriving at the valuation.	We identified a misstatement relating to impairment of Buildings that has not been corrected by management. Updating this would lead to a reduction in Property, Plant and Equipment and Increase in Impairment expense, however we did not consider this material. We raised a recommendation relating to Review of Valuation specialist report. We considered the estimate to be balanced based on the procedures performed.

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
<i>Fraudulent expenditure recognition</i> Auditing standards suggest for public sector entities a rebuttable assumption that there is a risk expenditure is recognised inappropriately. We recognised this risk over the Trust's non-payroll and non-depreciation expenditure.	- We have inspected a sample of invoices of expenditure, in the period before 31 March 2025, to determine whether expenditure has been recognised in the correct accounting period; - We have selected a sample of year end accruals and inspect evidence of the actual amount paid after year end and other supporting information in order to assess whether the accrual exists and has been accurately recorded. - We have inspected journals posted as part of the year end close procedures that increase the level of expenditure recorded in order to critically assess whether there was an appropriate basis for posting the journal and the value can be agreed to supporting evidence; - We have performed a retrospective review of prior year accruals in order to assess the existence and accuracy with which accruals had been recorded at 31 March 2024 and consider the impact on our assessment of the accruals at 31 March 2025. We will also compare the items that were accrued at 31 March 2024 to those accrued at 31 March 2025 in order to assess whether any items of expenditure accrued for the first time have been done so appropriately.	We did not identify any material misstatements relating to this risk. We raised a recommendation relating to Journals Authorisation.
<i>Management override of controls</i> We are required by auditing standards to recognise the risk that management may use their authority to override the usual control environment.	- In line with our methodology, we have evaluated the design and implementation of controls over journal entries and post closing adjustments. - We have assessed the appropriateness of changes compared to the prior year to the methods and underlying assumptions used to prepare accounting estimates. - We have assessed the business rationale and the appropriateness of the accounting for significant transactions that are outside the component's normal course of business, or are otherwise unusual. - We have analysed all journals through the year and focus our testing on those with a higher risk, such as journals impacting expenditure recognition posted during the final close down.	We did not identify any material misstatements relating to this risk. We raised a recommendation relating to Journals Authorisation.

03 Value for Money

West Suffolk NHS Foundation Trust

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 afore mentioned 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	12-14	15-16	17-18
Identified risks of significant weakness?	Yes	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

West Suffolk NHS Foundation Trust is a highly successful, award-winning trust providing hospital and community services to a population of around 280,000 people who live in west Suffolk.

The trust provides acute hospital services from our 430-bed hospital set in parkland on the outskirts of Bury St Edmunds. The hospital has an emergency department, obstetrics, maternity and neonatal services, a day surgery unit, eye unit and children's wards and provides the full range of secondary care services. Trust refers many patients who need more specialist care to Addenbrooke's Hospital in Cambridge and many of their consultants work in both hospitals.

The Trust has reported a deficit of £25.7m for the year ending 31st March 2025. However, this is adjusted centrally to £25.3m in M12 due to an adjustment of £370k related to depreciation on donated assets. This is better than the control target agreed within the Finance Recovery Plan (£26.5m deficit) due to non-recurring support from the ICB of £1.2m.

The capital spend as at 31 March 2025 was £33.4m. This is in line with the forecast spend for 2024/25 of £33.4m.

The Trust's cash balance as at 31 March 2025 was £12.6m compared to a plan of £1.1m. This was made up of £4m of cash ringfenced to be spent on capital projects and £8.6m for revenue items. The higher than planned cash is due to a combination of factors, including, the increased recovery of aged debt, the impact of the Financial Recovery Plan and the timing of the last payment run for the year.

WSFT has a comprehensive quality reporting framework that includes an array of quality indicators that are monitored and reported on monthly basis. National standards:

Ambulance handover within 30 mins – 95.7% against target of 95%

62 day combined referral to treatment wait for first treatment- 88.4% against 76%

28day faster diagnosis standard – 79.07% against 77%

No patient waiting longer than 65 weeks – 31 against target of 0

Maximum 6week wait for diagnostic procedures – 53.2% against target of 95%

Financial Sustainability

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

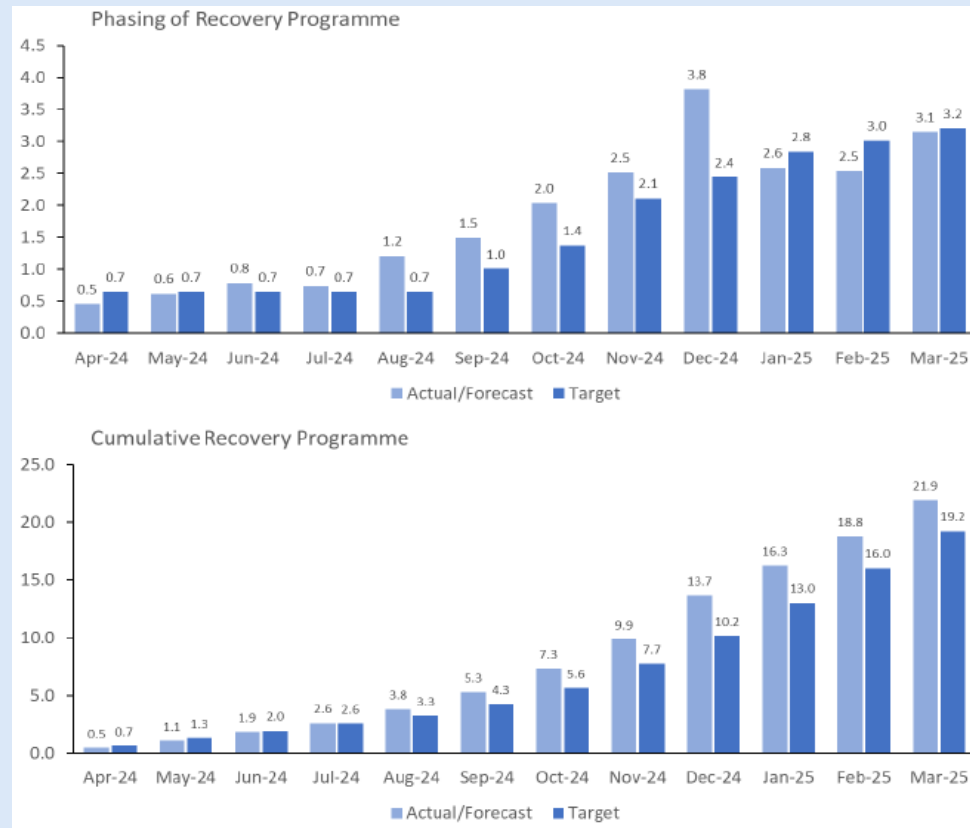
We have considered the following in our work:

- How the Trust ensures that it identifies all the significant financial pressures that are relevant to its short and medium-term plans and builds these into them;
- How the Trust plans to bridge its funding gaps and identifies achievable savings;
- How the Trust plans finances to support the sustainable delivery of services in accordance with strategic and statutory priorities;
- How the Trust ensures that 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; and
- How the Trust identifies and manages risks to financial resilience, e.g. unplanned changes in demand, including challenge of the assumptions underlying its plans

- The Trust prepares guidance that brings together the financial principles to be used for the 2024/25 annual budget setting process. The guidance lists the principles that will steer the budget setting process. The process is divided into 3 phases –Phase 1 : Setting the recurrent baseline. Phase 2: Impact of commissioned service changes and Phase 3: Efficiency requirement.
- Financial performance against the budgets is assessed as part of the monthly PFR returns and Financial accountability Committee(FAC) reporting. There is continuous engagement between Finance and budget holders through individual budget holder meetings, Divisional boards, Insight committee and Financial accountability committee.
- Cost Improvement Plans (CIPs) are identified during the business planning. Finance will identify a minimum percentage saving to be made through CIPs for each division's budget. Once the annual savings have been identified each division will be required to identify where efficiencies and savings can be made. These will include divisions plan, corporate plan, procurement plan, job planning, outpatient and theatre efficiencies.
- CIP targets are allocated to divisions, and it is typically at that level efficiency schemes are developed. Support and monitoring is provided to the PMO (and delivery partner) and Finance. Divisional leads work with their PMO and Finance Lead partners to identify CIP schemes to meet their Targets. Each CIP scheme will need to be developed into a Project Initiation Document.
- The Financial Recovery Group reviews the potential savings against the financial target for the CIP Programme as the Programme is being developed in advance of the new financial year.
- The trust was facing an unmitigated forecast outturn deficit of £37.5m. A financial recovery plan was adopted to help mitigate this to a range between £28.5-£25.5m. At year-end, the Trust has reported a deficit of £25.7m for the year ending 31st March 2025. However, this is adjusted centrally to £25.3m in M12 due to an adjustment of £370k related to depreciation on donated assets. This is better than the control target agreed within the Finance Recovery Plan (£26.5m deficit) due to non-recurring support from the ICB of £1.2m. The deficit is mainly driven by the pay cost including overspending on bank and agency staff due to vacancies among permanent staff.

Financial Sustainability

- For the ease of monitoring and reporting the efficiencies from the revised CIP and FRP programmes were aggregated. These combined revised CIP and FRP schemes planned to deliver £19.2m YTD, with actual delivery of £21.7m YTD, a favourable variance of £2.7m YTD. The current overperformance is due to FRP schemes delivering earlier than anticipated in the FRP.



Key financial and performance metrics:	2024-25	2023-24
Planned surplus/(deficit)	(£15.2m)	(£2.7m)
Actual surplus/(deficit)	(£25.35m)	(£6.27m)
Planned CIP		
- Recurrent	£12.2m	£7.4m
- Non-recurrent	£4.4m	£3.3m
Actual CIP		
- Recurrent	£14.4m	£4.8m
- Non-recurrent	£2m	£3.4m
Year-end cash position	£12.7m	£9.3m

Financial Sustainability

- The trust has agreed to a planned income and expenditure deficit of £20.7m for 2025/26. The Trust's CIP target is £32.7m. This target is comprised of three elements; £6m from the full year effect of the 24/25 Financial Recovery Plan, £20.8m 25/26 CIP and £5.8m further 'stretch' CIP agreed with SNEE ICB.

Conclusion:

The trust has proactively adopted the financial recovery plan and reported a deficit of £25.3m which was better than the control target agreed with the Financial recovery plan. Based on the performance of the trust against the action plan agreed and delivery of CIP, although there is an ongoing risk related to financial sustainability as the trust has a planned deficit of £20.7m for 2025/26, we have not identified a significant weakness associated with Financial sustainability.

Governance

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

We have considered the following in our work:

- how the Trust monitors and assesses risk and how the body gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud;
- how the Trust ensures effective processes and systems are in place to ensure budgetary control; to communicate relevant, accurate and timely management information (including non-financial information where appropriate); supports its statutory financial reporting requirements; and ensures corrective action is taken where needed, including in relation to significant partnerships;
- how the Trust ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency; and
- how the body monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements and standards in terms of management or Board members' behaviour

- The Trust has a risk management policy that provides guidance on responsibilities and procedures to ensure risks are effectively identified, monitored and managed. A risk register is used to capture Divisional and corporate risks. Risks are rated as Red (high), Amber (Significant), Yellow (Moderate) and Green (low) based on an assessment of the likelihood and consequence (harm) of a risk materialising. This risk rating informs the escalation requirements. Monitoring arrangements are in place to ensure that risks are appropriately reviewed and agreed action taken.
- Trust's budget setting guidance for 2024/25 brings together the financial principles to be used for the 2024/25 annual budget setting process. The guidance is written to support divisions, directorates, and corporate departments in establishing budgets within a common framework across the trust. The consolidated budget feeds into the overall trust plan for approval and submission to NHSE
- The Trust has a Governance structure with objectives and performance measures that are derived from and aligned to the NHS system oversight framework. The structure flows with the Trust Board at the top and followed by Insight committee (assurance on Operations, finance and corporate risk), Involvement committee (assurance on People and organisational development) and improvement committee (assurance on Quality, patient safety and quality improvement) supported by Audit committee, charitable funds committee, Board remuneration & nomination committee, Future system scheme executive, programme board and Management executive group.
- The Board of directors ensures that WSFT remains compliant with relevant legislation. Executive Directors assess the risk against each of the conditions in the licence and no significant risks were identified in the previous reporting cycle. The Audit Committee has overarching responsibility for monitoring specific elements relating to compliance with laws.
- The Trust has anti-bribery, whistle blowing and other policies established to prevent instances of non-compliance of laws and regulations. Any breaches of law and regulation are reported to the trust Board on monthly basis. All the attendees at the board meeting are fully informed on the Trust's compliance with laws and regulations.

Governance

- Meeting minutes of all the committees and Trust Board evidence that all the key decisions, financial performance and risks are discussed and presented at the relevant committees and Trust Board. All the attendees are given an opportunity to raise questions and challenge the decisions and the same are documented in the meeting minutes along with resolution or actions for the accountable individual.
- The Trust is part of the New Hospital programme and during our risk assessment procedures in the previous year we noted a significant risk around the Governance of New Hospital Programme. Based on review of the governance structure and progress made by the Trust we concluded that this was not a significant weakness. As part of our work, we have noted that WSFT have made good progress in 2024/25. They have got their SOC approved and received funding for the development of its outline business case. WSFT is the only trust to have reached this stage which shows great progress. They have got their RIBA stage 2 considered and have made progress on the recommendations received. Based on inquiries we have noted that they are on track for their RIBA3 stage.
- WSFT are working on their proposed governance structure for NHP. Q5 performed a review of their governance structure and concluded that trust's model of governance was mature, effective and well established, however, they also made a range of recommendations. The proposed structure is based on the guidance provided by NHP and their commissioned consultants Q5. We have not noted any issues or concerns flagged as result of external reviews and WSFT is making good progress on the recommendations raised.

Conclusion:

Based on the work performed we have not identified a significant weakness associated with Governance.

	2025	2024
Control deficiencies reported in the Annual Governance Statement	None noted	None noted
Head of Internal Audit Opinion	Adequate and effective framework for risk management with further enhancements	Adequate and effective framework for risk management with further enhancements
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:

- how financial and performance information has been used to assess performance to identify areas for improvement;
- how the Trust ensures effective processes and systems are in place in order to develop their cost saving efficiency saving program;
- how the Trust evaluates the services it provides to assess performance and identify areas for improvement;
- how the Trust 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; and
- where the Trust commissions or procures services, how it assesses whether it is realising the expected benefits.

- Development of CIP starts while identifying future priorities during business planning. Finance identifies a minimum percentage saving to be made through CIPs for each division's budget. Once annual saving has been identified each division will identify where efficiencies and savings can be made. This will include divisions plan, corporate plan, procurement plan, job planning, outpatient and theatre efficiencies.
- Governance and assurance of the overall Programme and schemes within the Programme is overseen through standardised reporting to the Financial Recovery Group on a weekly basis. To close the CIP Programme a final review of objectives and achievements of benefits will be undertaken at the end of the financial year by the Financial Recovery Group/ Financial Accountability Committee.
- Once a CIP idea has been approved and PMO supports this. PMO supports services from the conception of an idea to developing the project gateway progression. For larger and more complex projects a named project manager will support the delivery of the identified scheme. The Executive Director of Strategy and Transformation has overall responsibility for the development of the CIP plan and line manages the PMO resource.
- The trust had original plans to deliver £16.5m of saving in 2024/25. After the introduction of Financial recovery plan to help the trust manage its deficit the combined revised CIP and FRP schemes planned to deliver £19.2m CIP. The actual delivery of CIP was £21.7m, a favourable variance of £2.7m. This overperformance was due to Financial recovery plan schemes delivering earlier than anticipated.
- The Trust's CIP target for 2025-26 is £32.7m. This target is comprised of three elements; £6m from the full year effect of the 24/25 Financial Recovery Plan, £20.8m 25/26 CIP and £5.8m further 'stretch' CIP.
- Performance of providers or sub-contractors is monitored through meetings that take place on monthly basis with a log and tracker of actions. Contracts have differing performance requirements and these are normally outlined in the main contract documentation and form part of the monitoring meetings. In case of dispute, all agreements contain a dispute resolution process with stepped arrangements and named positions for responsibility of the parties.

Improving economy, efficiency and effectiveness

- The Trust has contracts greater than £1m with Cambridge University Hospital, Medequip and Rosscare. We have obtained the minutes of the meeting held in January with Medequip to monitor performance. The minutes provides evidence of monitoring of the performance via KPI reporting. Key Performance indicator reports are presented which provides details of each KPI and performance for each month along with compliance target. The minutes cover all the areas from performance to quality report and customer feedback. An action log is maintained and updated for any actions taken and additional actions agreed in the meeting.
- Trust has SFI's that detail the financial responsibilities and provides formal authorisation limits for awarding contracts. The procurement policy ensures transparent, fair and open competition. We have inspected the tender waiver register and noted that all waivers are approved by the appropriate approver based on the set limits.

Conclusion:

Based on the work performed we have not identified a significant weakness associated with Improving economy, efficiency and effectiveness.



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