



Wirral Community Health and Care NHS Foundation Trust

Auditor's Annual Report
Year ending 31 March 2025

June 2025



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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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01 Introduction and context

Introduction

This report brings together a summary of all the work we have undertaken for Wirral Community Health and Care NHS Foundation Trust (the Trust) during 2024/25 as the appointed external auditor. The core element of the report is the commentary on the value for money (VfM) arrangements. The responsibilities of the Trust are set out in Appendix A. The Value for Money Auditor responsibilities are set out in Appendix B.

Opinion on the financial statements

Auditors provide an opinion on the financial statements which confirms whether they:

- give a true and fair view of the financial position of the Trust as at 31 March 2025 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 2024/25, and
- have been prepared in accordance with the requirements of the National Health Service Act 2006.

We also consider the Annual Governance Statement and the relevant disclosures within the Annual Report including the Remuneration Report and the Staff Report.

Auditor's powers

Auditors of a Foundation Trust have a duty to consider whether there are any issues arising during their work that indicate possible or actual unlawful expenditure or action leading to a possible or actual loss or deficiency that should be referred to the relevant NHS regulatory body.

Auditors of Foundation Trusts also have the duty to consider whether to issue a report in the public interest (PIR), where it is appropriate to do so.

Value for money

Under Schedule 10 paragraph 1(d) of the National Health Service Act 2006, we are required to be satisfied whether the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources (referred to as Value for Money). The National Audit Office (NAO) Code of Audit Practice ('the Code'), requires us to assess arrangements under three areas:

- financial sustainability
- governance
- improving economy, efficiency and effectiveness.

Our report is based on those matters which come 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.

The NHS – context

The NHS has remained under significant pressure in 2024/25

National



Past

Long-Term Underinvestment

Lord Darzi’s independent report highlighted that the NHS has suffered from prolonged revenue and capital funding underinvestment, negatively impacting quality, productivity, and workforce sustainability.



Workforce Challenges and Costs

The NHS has struggled to have the right staff in the right places, relying heavily on bank and agency workers, driving up costs and compounding inflationary financial pressures.

Present



Public Health System Complexity

Public health is shared by local government and the NHS, requiring system-wide collaboration, but integration remains challenging.



Seasonal Pressures

Winter 2024/25 saw a 'quad-demic' of viruses strain A&E services, causing long waits, worse illnesses, and disrupted elective care, impacting the ability to deliver operational plans.

Future



Structural uncertainty

The planned abolition of NHS England, uncertainty over longer-term funding arrangements and structural re-organisation affects systems’ ability to plan for the long term.



Digital Transformation and Productivity

The government has signaled a major shift from "analogue to digital" that is crucial to improving NHS productivity, but implementation remains complex and resource-intensive.

Local

Wirral Community Health and Care NHS Foundation Trust delivers a wide range of community health and care services for all ages, including planned, urgent, and intermediate care as well as public health.

The Trust is part of the Cheshire and Merseyside Integrated Care System, which is one of the largest health systems in England, with a population of 2.7m people and bringing together 13 NHS Foundation Trusts and 3 NHS Trusts. The Cheshire and Merseyside care system faces significant financial challenges, submitting a £178m deficit plan for 2025/26 excluding the receipt of non-recurrent deficit funding from NHSE.

It is within this context that we set out our commentary on the Trust’s value for money arrangements in 2024/25.

02 Executive Summary

Executive summary – our assessment of value for money arrangements

Our summary of our Value for Money assessment of the Trust’s arrangements is set out below. Further detail can be found on the following pages.

Criteria	2023/24 Assessment of arrangements	2024/25 Risk assessment	2024/25 Assessment of arrangements
Financial sustainability	A No significant weaknesses identified; improvement recommendations retained in relation to developing a multi-year financial plan with partners and recurrent savings.	No risks of significant weakness identified	A No significant weakness in arrangements identified, but four improvement recommendations were raised. Two are from the prior year, focusing on developing the medium-term financial plan and delivering recurrent efficiencies. Additionally, one recommendation pertains to the use of sensitivity and scenario analysis, and another concerns the use of benchmarking tools.
Governance	A No significant weaknesses identified; improvement recommendations retained in relation to financial statements.	No risks of significant weakness identified	A No significant weaknesses in arrangements identified, but one improvement recommendation made to support the Trust in improving arrangements for cyber security.
Improving economy, efficiency and effectiveness	A No significant weaknesses identified; improvement recommendations retained in relation to publishing the integrated performance report (IPR).	No risks of significant weakness identified	R Significant weaknesses in arrangements for contracting and a key recommendation made. Improvement recommendation retained to support the Trust to improve arrangements for publishing the IPR, and an improvement recommendation made to work with system partners to improve arrangements for special educational needs and or disabilities (SEND).

- G** No significant weaknesses or improvement recommendations.
- A** No significant weaknesses, improvement recommendations made.
- R** Significant weaknesses in arrangements identified and key recommendation(s) made.

Executive Summary

We set out below the key findings from our commentary on the Trust's arrangements in respect of value for money



Financial sustainability

The Trust delivered a £6.5m surplus for 2024/25 and submitted a £0.9m surplus plan for 2025/26. In 2024/25, the Trust delivered £6.3m of Cost Improvement Programme (CIP) savings, achieving the overall target. The Trust delivered £2.3m recurrently, a shortfall of £4.0m of the recurrent delivery target.

There is currently no quantified multi-year financial plan, and the Trust has an ambitious recurrent savings target required to deliver the 2025/26 financial plan against the context of recurrent under-delivery in 2024/25. Prior year recommendations we raised in 2023/24 remain open, see pages 17 and 18.

The Trust does not report sensitivity and scenario analysis, and does not utilise benchmarking tools. We make an improvement recommendation on page 19 and page 20.



Governance

The Trust has in place a risk management strategy and a Board Assurance Framework (BAF) which supports risk management and provides assurance to the Board. The Head of Internal Audit gave a substantial assurance rating for 2024/25.

The Trust has robust annual budget setting including detailed guidance for budget holders. Budget monitoring and outturn reporting provides a clear understanding of the Trust's financial position.

The Trust does not have a process for monitoring and reviewing the cyber security performance and compliance of its external suppliers and has not identified the level of IT security needed for each IT system. We make an improvement recommendation.



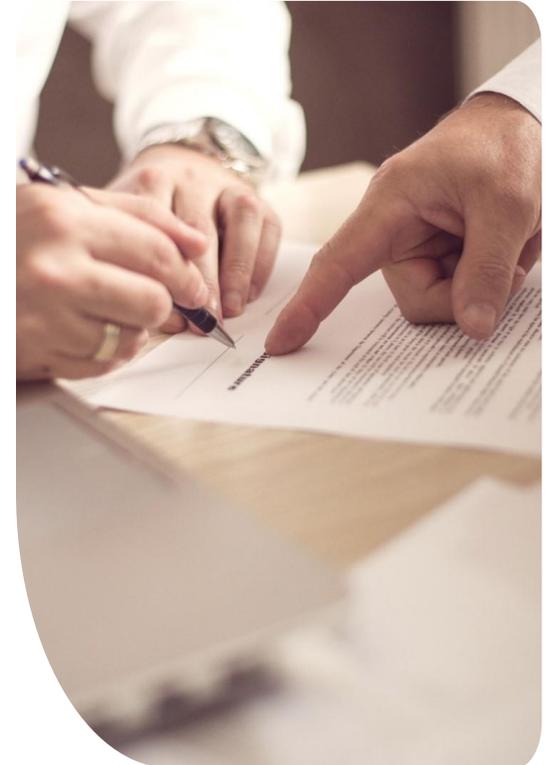
Improving economy, efficiency and effectiveness

In our AAR 2023/24 we made an improvement recommendation for the Trust to publish an Integrated Performance Report (IPR). This was outstanding in April 2025, and we retain this improvement recommendation. The Trust's was rated good by the Care Quality Commission (CQC) in 2023. In March 2025, the Trust was NoF2. The Trust was part of an area special educational needs and/or disabilities (SEND) inspection in January 2025 which identified widespread and or systematic failings. The Trust joined the Wirral partnership in mid 2024/25 so we make an improvement recommendation to work with partners to improve arrangements for SEND. We have identified a significant weakness in the Trust's arrangements for contracting in 2024/25 relating to the cancelled 0-19 contract with Lancashire County Council. Our review identified a range of weaknesses including to due diligence, capacity and incurred costs. We make a key recommendation on page 26.

Executive summary – auditor’s other responsibilities

This page summarises our opinion on the Trust’s financial statements and sets out whether we have used any of the other powers available to us as the Trust’s auditors.

Auditor’s responsibility	2024/25 outcome
Opinion on the Financial Statements	<p>We hope to complete our audit of your financial statements and issue an unqualified audit opinion by the 28 June 2025, following the Board meeting on 18 June 2025. Our findings are set out in further detail on pages 11 to 12.</p>
Use of auditor’s powers	<p>We did not make a referral under Schedule 10 paragraph 6 of the National Health Service Act 2006. We do not consider that any unlawful expenditure has been made or planned for.</p>



03 Opinion on the financial statements and use of auditor's powers

Opinion on the financial statements

These pages set out the key findings from our audit of the Trust's financial statements, and whether we have used any of the other powers available to us as the Trust's auditors.

Audit opinion on the financial statements

We hope to issue an unqualified opinion on the Trust's financial statements by the 28 June 2025.

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

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 2025 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 2024/25, 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 (2024) 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.

Findings from the audit of the financial statements

The Trust provided draft accounts in line with the national deadline.

Draft financial statements did require amendments to be made to agree to working papers and prior year audited accounts. Our financial statements audit is in progress.

Audit Findings Report

We report the detailed findings from our audit in our Audit Findings Report. A final version of our report will be presented to the Board on 18 June 2025. Requests for this Audit Findings Report should be directed to the Trust.

Other reporting requirements and use of auditor's powers

The Remuneration Report and the Staff Report

Under the Code of Audit Practice (2024) published by the National Audit Office, we are required to audit specified parts of the Remuneration Report and the Staff Report included in the Trust's Annual Report for 2024/25.

These specified parts of the Remuneration Report and the Staff Report did require significant amendment to ensure they are in accordance with the requirements of the NHS Foundation Trust Annual Reporting Manual 2024/25 (FT ARM).

Annual Governance Statement

Under the Code of Audit Practice (2024) published by the National Audit Office, we are required to consider whether the Annual Governance Statement included in the Trust's Annual Report for 2024/25 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.



04 Value for Money commentary on arrangements

Value for Money – commentary on arrangements

This page explains how we undertake the value for money assessment of arrangements and provide a commentary under three specified areas.

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

Under the National Health Service Act 2006, 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 (NAO) Code of Audit Practice ('the Code'), 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, making 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.

Financial sustainability – commentary on arrangements

We considered how the Trust:	Commentary on arrangements	Rating
identifies all the significant financial pressures that are relevant to its short and medium-term plans and builds these into them	The Trust submitted a £6.5m adjusted surplus plan for 2024/25 and this was delivered. The Trust submitted a £0.9m adjusted surplus plan for 2025/26 on 30 April 2025. We have found no evidence that financial planning assumptions are unreasonable. We recognise the Trust is not in a financial deficit position in relation to its annual planning, and the Trust maintains its own 3-year financial model. We have retained our improvement recommendation while medium-term financial plans at system level are fully developed, see page 17.	A
plans to bridge its funding gaps and identify achievable savings	We made an improvement recommendation in 2023/24 that the Trust should focus on identifying and delivering recurrent savings to deliver the 2024/25 financial plan and help deliver financial sustainability. In 2024/25, the Trust delivered £6.3m of CIP, achieving its overall target. However, this was predominantly delivered non-recurrently, with only £2.3m being delivered recurrently. This is £4.0m short of the recurrent delivery target. The 2025/26 planning submission included a CIP target of £5.7m and is based on delivering all CIP recurrently, requiring a £3.4m (150%) increase in the recurrent delivery. We consider the under-delivery of recurrent savings in 2024/25 and the ambitious increase to the recurrent savings target in 2025/26 to represent risks to the delivery of the financial plan and future sustainability. We retain our prior year improvement recommendation, see page 18.	A
plans finances to support the sustainable delivery of services in accordance with strategic and statutory priorities	The Trust does reflect its strategic objectives in its financial plans. The Trust’s five-year organisational strategy sets out it’s vision and priorities, supported by objectives focused on populations, people, and place. Among the key aims is the efficient use of resources to ensure value for money. Financial reporting is structured to align with these strategic objectives. The Capital Plan provides evidence of a structured business planning process used to review service plans and business cases, incorporating a prioritisation mechanism to ensure capital investments support the strategic goals. We have raised a recommendation that the Trust should use benchmarking tools to identify cost-saving opportunities.	A

- G** No significant weaknesses or improvement recommendations.
- A** No significant weaknesses, improvement recommendations made.
- R** Significant weaknesses in arrangements identified and key recommendation(s) made.

Financial sustainability – commentary on arrangements (continued)

We considered how the Trust:	Commentary on arrangements	Rating
<p>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</p>	<p>The Trust can demonstrate that its financial plans align with other strategic plans. The Trust has various enabling strategies to deliver the Trust Strategy, including the Quality, People, and Digital Strategies. The Trust triangulate workforce and finance data to ensure assumptions are consistent. The capital programme reflects the implications of the Estates Strategy and then Green Plan. Regular meetings among the system Directors of Finance ensure that planning assumptions are consistently agreed and that system priorities are incorporated into financial plans.</p>	<p>G</p>
<p>identifies and manages risk to financial resilience, e.g. unplanned changes in demand, including challenge of the assumptions in underlying plans</p>	<p>The Trust identifies and manages financial risks, and these risks are adequately reported to the Board and to the Finance and Performance Committee. The BAF includes strategic financial risk and risk templates identify the consequences, assurance gaps and mitigations in place relating to risks. Monthly Finance Reports identify key risks and pressures that could impact on the delivery of the financial plan. Financial planning reports also identify the risks within the 2025/26 plan, including cost pressures and income risk, with mitigations identified to calculate net provider risk within the plan. We have raised an improvement recommendation that the Trust should develop its approach to sensitivity and scenario analysis in both annual and medium-term financial planning.</p>	<p>A</p>

- G** No significant weaknesses or improvement recommendations.
- A** No significant weaknesses, improvement recommendations made.
- R** Significant weaknesses in arrangements identified and key recommendation(s) made.

Financial sustainability (continued)

Area for Improvement identified: medium-term financial plan

Findings: The Trust does not have a detailed and quantified medium term financial plan with system partners to deliver financial sustainability.

Evidence: The Trust submitted a £6.5m surplus plan for 2024/25 which it delivered.

The Trust submitted a £0.9m surplus plan for 2025/26 on 30 April 2025.

Planning guidance for 2025/26 was not formally issued until the end of January 2025. The Trust used interim planning assumptions, and we have found no evidence the financial planning assumptions were unreasonable. Financial planning was an iterative process for 2025/26 as planning guidance was issued, and assumptions updated.

The Trust maintains its own 3-year financial model which is kept updated for key changes in assumptions.

We raised an improvement recommendation in 2023/24 that the Trust should continue to work with system partners and the ICB to develop a medium-term financial plan.

Impact: We recognise that the Trust is not in a financial deficit position in relation to its annual planning, and that plans for financial sustainability continue to progress at an organisational and system level. We have retained the improvement recommendation while system-level medium-term plans are fully developed.

Improvement Recommendation 1

IR1: Now that relationships are maturing within the system, all partners should work together to deliver a multi-year financial plan which delivers financial balance in the medium-term and is based upon realistic assumptions that are supported by all partners.

Financial sustainability (continued)

Area for Improvement identified: identifying and delivering recurrent savings

Findings: We raised an improvement recommendation in 2023/24 that the Trust should focus on identifying and delivering recurrent savings to deliver the 2024/25 financial plan and help deliver financial sustainability. In 2024/25, the Trust under-delivered its recurrent CIP savings target for the second year and has an ambitious CIP target for 2025/26. Under delivery of recurrent savings increases the scale and challenge of savings required in future years. We retain our prior year recommendation.

Evidence: The Trust had a CIP target of £6.3m for 2024/25, £6.3m of which was planned to be delivered recurrently. The Trust delivered £6.3m of CIP however recurrent savings delivery was £2.3m, a shortfall of £4.0m against the planned recurrent delivery.

The Trust’s CIP target for 2025/26 is £5.7m, representing 5.2% of expenditure. The plan is to deliver £5.7m of CIP recurrently in 2025/26, and this is a £3.4m increase in recurrent delivery (150%) compared to recurrent CIP delivered in the previous year. This is an ambitious target compared to previous recurrent delivery and presents a risk to future financial sustainability if not delivered. We note that in the financial plan, 43% of efficiencies were rated as high risk and no schemes had a status of unidentified, although 43% were still classed as opportunities at the point of submission.

The Trust has arrangements in place to identify and deliver CIP savings and our discussions with the Trust and review of its documentation indicate the Trust recognises the need for tighter governance and accountability for identifying CIP schemes.

We note in April 2025, the ICB wrote to providers allocating a further “place holder” savings based on turnover. The Trust were allocated £0.9m further savings, these are outside of the CIP target but form part of £2.7m cost reduction schemes outside of CIP. Further work is required to understand how these savings will be delivered, and this increases the plan delivery risk.

Impact: A lack of adequate saving plans and/or inability to deliver recurrent savings puts the Trust’s financial plan at risk.

Improvement Recommendation 2

IR2: The Trust should focus on identifying and delivering recurrent savings to deliver the 2025/26 financial plan and help deliver financial sustainability in the future. This should include identifying strategic service transformation with system partners in addition to internal efficiency programmes.

		CIP		
		Recurrent	Non-recurrent	Total
		£m	£m	£m
2024/25 plan	Total	6.3	0	6.3
2024/25 actual	Total	2.3	4.0	6.3
2025/26 plan	Total	5.7	0	5.7

Financial sustainability (continued)

Area for Improvement identified: utilisation of benchmarking tools

Findings: The Trust does not fully use benchmarking tools, particularly in the context of understanding and analysing costs.

Evidence: The Trust primarily uses benchmarking tools, such as Model Hospital, to evaluate metrics associated with return on investment and to facilitate discussions surrounding CIP savings. The Trust feels that standard benchmarking tools available to it are not always relevant and up to date.

Discussions with the Trust and our review of the available documentation suggest that the Trust acknowledges the importance of using benchmarking tools, but these are minimal. We note the Trust is making efforts to implement internal benchmarking, although this initiative is still in the developmental stages.

The limited use of relevant benchmarking data may restrict the Trust's ability to thoroughly assess its performance. As a result, we have made an improvement recommendation.

Impact: Without effective benchmarking, the Trust may overlook opportunities for improvement, which could lead to increased operational costs.

Improvement Recommendation 3

IR3: The Trust should focus on using benchmarking tools to identify cost-saving and improvement opportunities.

Financial sustainability (continued)

Area for Improvement identified: sensitivity and scenario analysis

Findings: Sensitivity and scenario analysis are not included in reports presented to the Board and the Finance and Performance Committee as part of the annual financial planning process

Evidence: Although budget managers engage in scenario analysis discussions during the budget development phase, the 2025/26 financial plan submitted for approval to the Board and the Finance and Performance Committee is based exclusively on a single planned scenario. The financial planning documentation does not include sensitivity or scenario analysis of key assumptions underpinning the 2025/26 budget.

Impact: Incorporating scenario and sensitivity analysis into financial planning would allow for more robust testing of key assumptions, enhancing risk awareness and supporting more resilient decision-making in both annual and medium-term financial planning.

Improvement Recommendation 4

IR4: The Trust should develop its approach to sensitivity and analysis in both annual and medium-term financial planning.

Governance – commentary on arrangements

We considered how the Trust:	Commentary on arrangements	Rating
<p>monitors and assesses risk and how the Trust gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud</p>	<p>The Trust has an effective Board Assurance Framework (BAF) supporting the management of risk and assurance to the Board. The BAF is supported by a risk management structure and a Risk Management Policy. The Trust has an adequate and effective internal audit function which assesses risk at a strategic and operational level and provides on-going assurance to the Board. The Head of Internal Audit Opinion for 2024/25 provided a substantial assurance opinion. The Board receives sufficient oversight and assurance on key areas of clinical and workforce performance and there is evidence that information is triangulated to provide improved insight of emerging or significant breaches of internal controls that relate to clinical or workforce issues.</p>	<p>G</p>
<p>approaches and carries out its annual budget setting process</p>	<p>The Trust has a robust annual budget setting process which includes detailed budget setting guidance for budget holders. The budget setting guidance sets out the budget process which includes calculating the recurrent budget position and adjusting this for the agreed financial planning assumptions, with pay budgets based on the finance establishment database, and cost pressures identified and recorded on a pro forma for scrutiny and evaluation. Budget movements are reconciled and agreed by budget holders to ensure transparency.</p>	<p>G</p>
<p>ensures effective processes and systems are in place to ensure budgetary control; to communicate relevant, accurate and timely management information; supports its statutory financial reporting; and ensures corrective action is taken where needed, including in relation to significant partnerships</p>	<p>Budget monitoring and outturn reporting provides a clear understanding of the Trust's financial position. The Finance and Performance Committee receives monthly finance reports that include the financial position against the plan for year-to-date and forecast for the year-end for revenue and capital budgets. Key variances in relation to income, pay and non-pay expenditure are identified. Other financial information provided includes the cash position, agency spend and efficiency programme delivery. Financial performance is reported to the Board through the live Trust Information Gateway (TIG) during meetings.</p>	<p>G</p>

- G** No significant weaknesses or improvement recommendations.
- A** No significant weaknesses, improvement recommendations made.
- R** Significant weaknesses in arrangements identified and key recommendation(s) made.

Governance – commentary on arrangements (continued)

We considered how the Trust:	Commentary on arrangements	Rating
<p>ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency, including from audit committee</p>	<p>The Trust has effective arrangements to ensure it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency. We found the Board receives sufficiently detailed papers and is supported by its Committees including an effective Audit Committee.</p>	<p>G</p>
<p>monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements and standards in terms of staff and board member behaviour</p>	<p>The Trust has appropriate arrangements in place to report legislative and regularity information to the Board providing assurance and there is no indication of issues which would indicate a significant weakness. The Trust has arrangements in place to ensure it meets legislative and regulatory standards where it procures, or commissions services and its waiver use is reasonable.</p> <p>However, we note the Trust does not have a process for monitoring and reviewing the cyber security performance and compliance of its external suppliers and has not identified the level of IT security needed for each IT system. We make an improvement recommendation.</p>	<p>A</p>

- G** No significant weaknesses or improvement recommendations.
- A** No significant weaknesses, improvement recommendations made.
- R** Significant weaknesses in arrangements identified and key recommendation(s) made.

Governance (continued)

Area for Improvement: contract management

Findings: The Trust needs to improve its arrangements for cyber security.

Evidence: We note that in March 2025 the Trust does not have cyber essentials and it does not have a process for monitoring and reviewing the cyber security performance or compliance of its external suppliers and has not identified for each of its key IT systems the required level of IT security.

Impact: The lack of effective controls for cyber security and the poor implementation of systems could expose the Trust to significant financial or service loss.

Improvement Recommendation 5

IR5: The Trust should improve its arrangements for cyber security by achieving cyber essentials plus, putting in place a process to monitor and review the cyber security compliance of its external suppliers and by identifying for each of its key IT systems the required level of IT security.



Economy, efficiency and effectiveness – commentary on arrangements

We considered how the Trust:	Commentary on arrangements	Rating
<p>uses financial and performance information to assess performance to identify areas for improvement</p>	<p>In our AAR 2023/24 there was an open improvement recommendation for the Trust to consider publishing its IPR on its website. We note this was due in June 2024. but was ongoing in late April 2025 with a plan to draft a report in June 2025. This improvement recommendation will remain open. The Trust regularly monitors performance relating quality, operational services, workforce and finance, and identifies areas for improvement. The TIG provides a single view of risk, finance and performance at Trust, Division, Team and sub-team level on a live platform. It is used live in all committees and the CQC cited it as outstanding practice. The Trust uses limited benchmarking, such as Model Hospital, to guide conversations around CIP, productivity and efficiency and as a metric when calculating return on investment. We make an improvement recommendation in financial sustainability (page 19).</p>	<p>A</p>
<p>evaluates the services it provides to assess performance and identify areas for improvement</p>	<p>The Trust was rated good by the CQC in 2023 in all five areas. The CGC did identify the need to develop a strategic plan for supporting people with mental health, learning disabilities, autism or dementia diagnosis. The Trust received an onsite CQC engagement meeting in December 2024 and the CQC Action Plan was identified as completed and closed.</p> <p>We note the Trust joined the placed based Health and Wellbeing Committee in July 2024 and was part of an area special educational needs and/or disabilities (SEND) inspection in January 2025 which identified widespread and or systematic failings which the local area partnership must urgently address. We make an improvement recommendation to work with partners to urgently address the findings of the area-based inspection and improve health services for children and young people.</p>	<p>A</p>

- G** No significant weaknesses or improvement recommendations.
- A** No significant weaknesses, improvement recommendations made.
- R** Significant weaknesses in arrangements identified and key recommendation(s) made.

Economy, efficiency and effectiveness – commentary on arrangements (continued)

We considered how the Trust:	Commentary on arrangements	Rating
<p>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</p>	<p>The Wirral Place Review began in May 2024 and formal recommendations were accepted by Cheshire and Merseyside Integrated Care Board (ICB), the Trust Board and the Board of Wirral University Teaching Hospital NHS Foundation Trust (WUTH). On 1 November 2024, the Trust implemented a new operational structure for clinical services aligning services and patient pathways to support integration work with WUTH. There are five directorates Nursing, Therapies, Community Response, Specialist Medical, and 0-19/25 services. The Trust’s Chief Executive became the joint Chief Executive and Sir David Henshaw became the joint Chair. An integrated management board is formalised from April 2025.</p>	G
<p>commissions or procures services, assessing whether it is realising the expected benefits</p>	<p>Appropriate arrangements are in place to enable the Trust to identify and manage key on-going contracts where it has commissioned services. A clinical contracts register identifies contracts as gold, silver and bronze by value and complexity and contracts are reviewed regularly and amended where required.</p> <p>The Trust is working collaborative work in the system and across systems however it incurred costs in 2024/25 because of a cancelled 0-19 contract with Lancashire County Council. Lessons learnt reviews by the Trust identified several due diligence failures including failure to get ICB and NHSE approval as required. The Trust incurred revenue costs of £0.151m and capital costs for equipment which was able to be redeployed. This also impacted on the Trust’s expected CIP, with a £1.2m gap related to the loss of additional income in 2024/25. The impact on the capital programme was not fully considered in the bidding process. The bid’s financial model for current and future years, including efficiencies and overhead percentages, was not comprehensively worked through. Costs to be incurred prior to go-live, both revenue and capital, were not fully examined. We acknowledge the Trust has learnt lessons and has started to implement these, but these are not sufficiently embedded in 2024/25, and we therefore identify the weaknesses in due diligence as significant and make a key recommendation.</p>	R

- G No significant weaknesses or improvement recommendations.
- A No significant weaknesses, improvement recommendations made.
- R Significant weaknesses in arrangements identified and key recommendation(s) made.

Economy, efficiency and effectiveness (continued)

Significant weakness identified in relation to economy, efficiency and effectiveness

Key finding: We have identified a significant weakness in the Trust's arrangements for contracting in 2024/25. In December 2023, the Trust was awarded a five-year contract with a three-year extension to deliver 0-19 services for Lancashire County Council. The maximum value over 8 years was £204.27m with an initial start of April 2024. In April 2024, a revised 'go live' date was agreed for October 2024 and in June 2024 the Board of Directors made the decision to withdraw from the contract. Our review identified a range of weaknesses including to due diligence, capacity and incurred costs.

Evidence:

We note the Trust undertook a lessons learnt review in July 2024, including an analysis of the costs incurred and the tender processes and risk assessment. This was reported to the Finance and Performance Committee in August 2024 and to Informal Board in September 2024. We note the scoring criteria used to evaluate 0-19 and 0-25 service proposals and the local tender evaluation process to incorporate the need to consult with NHSE are since refined but not yet agreed with the Board. The review identified the Board did not routinely agree high value tender applications and the Trust had underestimated the time and capacity required to mobilise the service. The short mobilisation period created risk in securing appropriate estate capacity and digital infrastructure. Capacity to deliver this alongside other priorities was not considered. Corporate service capacity was over stretched. The contract set-up assumed the use of previous EPR systems and the availability of data and patient records from the incumbent provider which was not the case. This led to delays with the Trust's digital mobilisation to support the contract. In 2024/25 the Trust incurred revenue costs of £0.151m, and capital costs of £0.6m for equipment which was redeployed. The Trust also lost £1.2m of expected CIP. The capital programme impact was not considered during the bidding process. The bid's financial model was not comprehensively worked through. Costs incurred prior to go-live were not fully examined. The Trust did not report its intent to pursue the contract with NHSE in line with reportable thresholds, and this was not raised by the ICB until after initial mobilisation. The Trust did not appreciate the lack of alignment with ICB priorities and did not consult the ICB or NHSE prior to bidding. The Trust received a tender award letter, but the contract was never signed.

We note on 30 April 2025 the Private Board received a report from an external review of financial governance in relation to 0-19 contracts, including the Lancashire contract, commissioned by the Chair and Chief Executive. This included a recommendation for the Trust Board to review and agree the changes proposed to the local evaluation process. An action plan outlining progress to implement the recommendations from the review is expected in 2025/26. We note that the review also considered the future sustainability of the other 0-19 contracts delivered by the Trust with several recommendations that we will follow-up in VFM 2025/26.

Key recommendation 1

KR1: The Trust should ensure it has robust due diligence in place for new contracts including a full assessment of costs, full due diligence of existing suppliers and data systems, and ensures it obtains formal regional and national approvals where needed.

Improving economy, efficiency and effectiveness

Area for Improvement: Integrated Performance Report

Findings: The Trust still needs to publish its integrated performance report on its website two years after our initial recommendation was made.

Evidence: We made an improvement recommendation in 2022/23 that the Trust should consider publishing its Integrated Performance Report (IPR) on its website. In our AAR for 2023/24 we note this was due to be published in June 2024. This was not developed in 2024/25.

In late April 2025 we note a plan to draft a IPR report in June 2025 and develop it over the following six months.

Impact: Not having a published IPR available means the public can not see the Trust performance which weakens transparency.

Improvement Recommendation 6

IR6: The Trust should publish its Integrated Performance Report on its website.

Area for Improvement: Area-based SEND improvement

Findings: The Trust's must work with system partners to address the systematic failures related to the SEND inspection findings.

Evidence: We note the Trust joined the place-based Health and Wellbeing Committee in July 2024 and was part of an area Ofsted and CQC joint placed based SEND inspection in January 2025 which found widespread and/or systemic failings leading to significant concerns about the experiences and outcomes of children and young people with SEND, which the local area partnership must address urgently. A monitoring inspection will be carried out within approximately 18 months. The next full reinspection will be within approximately three years. As a result of this inspection, His Majesty's Chief Inspector (HMCI) requires the local area partnership to prepare and submit a priority action plan (area SEND) to address the identified areas for priority action.

Impact: SEND failures lead to poor outcomes for children with SEND and their parents.

Improvement Recommendation 7

IR7: The Trust should work with its partners to urgently address the findings of the recent SEND inspection and improve health services for children and young people.

05 Summary of Value for Money Recommendations raised in 2024/25

Key recommendations raised in 2024/25

Recommendation	Relates to	Management Actions	
KR1	<p>The Trust should ensure it has robust due diligence in place for new contracts including a full assessment of costs, full due diligence of existing suppliers and data systems, and ensures it obtains formal regional and national approvals where needed.</p>	<p>Economy, efficiency and effectiveness (pages 24 – 27)</p>	<p>Actions: The Trust accepts this key recommendation and acknowledges the lessons learnt exercise completed at the request of the Board of Directors following withdrawal from the Lancashire contract in 2024. This led to a review of the Trust’s local tender evaluation process which was updated to incorporate the learning.</p> <p>Through the new Joint Chair and Joint Chief Executive an independent review of all 0-19/25 contracts delivered by the Trust across the Cheshire & Merseyside geography was commissioned which also considered the factors associated with the Lancashire 0-19 contract.</p> <p>The review (completed during February and March 2025) provided 6 recommendations all of which were accepted by the Board of Directors in April 2025 and an action plan subsequently produced to track and monitor implementation. The action plan was presented to the Board of Directors in June 2025 noting current status and confirmation that all recommendations will be completed by August/September 2025.</p> <p>Responsible Officer: Interim Chief Finance Officer</p> <p>Executive Lead: Interim Chief Finance Officer</p> <p>Due Date: September 2025</p>

Improvement recommendations raised in 2024/25

	Recommendation	Relates to	Management Actions
IR1	Now that relationships are maturing within the system, all partners should work together to deliver a multi-year financial plan which delivers financial balance in the medium-term and is based upon realistic assumptions that are supported by all partners.	Financial sustainability (pages 15 – 20)	<p>Actions: The Trust supports this recommendation. Whilst the first stage is for WCHC, in partnership with WUTH, to prepare our own revised medium-term financial model in July, we recognise the importance of working collaboratively with our partners to develop a robust financial plan. We are committed to contributing to a plan that is both realistic and achievable, underpinned by shared assumptions and mutual accountability. By aligning our efforts, we aim to support the delivery of financial balance across the system in the medium term, ensuring sustainability and the best possible outcomes for the populations we serve.</p> <p>Responsible Officer: Interim Chief Finance Officer</p> <p>Executive Lead: Interim Chief Finance Officer</p> <p>Due Date: October 2025</p>
IR2	The Trust should focus on identifying and delivering recurrent savings to deliver the 2025/26 financial plan and help deliver financial sustainability in the future. This should include identifying strategic service transformation with system partners in addition to internal efficiency programmes.	Financial sustainability (pages 15 – 20)	<p>Actions: The Trust welcomes this recommendation and is pleased to report that £4.4m of our original £5.7m savings target has already been transacted on a recurrent basis, reflecting significant progress to date. We remain focused on identifying and delivering recurrent savings to support our 2025/26 financial plan and contribute to long-term financial sustainability, this is reflected by our recent commitment to extend the target to £6.6m. Alongside internal efficiency programmes, we are actively engaging with system partners to explore opportunities for strategic service transformation that will enhance value and improve outcomes across the health and care system</p> <p>Responsible Officer: Chief Strategy Officer</p> <p>Executive Lead: Chief Strategy Officer</p> <p>Due Date: September 2025</p>

Improvement recommendations raised in 2024/25

Recommendation	Relates to	Management Actions
IR3	The Trust should focus on using benchmarking tools to identify cost-saving and improvement opportunities.	Financial sustainability (pages 15 – 20)
		<p>Actions: The report acknowledges the work the Trust has begun in respect of improved benchmarking and we can confirm that the 25/26 CIP plans were based around extensive benchmarking, utilising both Model Hospital and information provided by our costing provider. This will be a major area of focus for the Trust in 25/26.</p> <p>Responsible Officer: Interim Chief Finance Officer</p> <p>Executive Lead: Interim Chief Finance Officer</p> <p>Due Date: March 2026</p>

Improvement recommendations raised in 2024/25

	Recommendation	Relates to	Management Actions
IR4	The Trust should develop its approach to sensitivity and analysis in both annual and medium-term financial planning	Financial sustainability (pages 15 – 20)	<p>Actions: The Trust accepts this recommendation. The Trust, in partnership with WUTH, is currently developing our revised medium-term financial plan and will complete extensive sensitivity analysis within our financial modelling to better understand the potential impact of key risks and assumptions, thereby improving the resilience and robustness of our plans. This will support more informed decision-making and ensure greater agility in responding to changing circumstances across the system</p> <p>Responsible Officer: Interim Chief Finance Officer</p> <p>Executive Lead: Interim Chief Finance Officer</p> <p>Due Date: October 2025</p>
IR5	The Trust should improve its arrangements for cyber security by achieving cyber essentials plus, putting in place a process to monitor and review the cyber security compliance of its external suppliers and by identifying for each of its key IT systems the required level of IT security.	Governance (pages 21 – 23)	<p>Actions: The Trust acknowledges the importance of robust cyber security arrangements and welcomes this recommendation. We are committed to strengthening our cyber resilience by progressing towards achieving Cyber Essentials Plus accreditation. In addition, we will enhance our oversight of external suppliers through the implementation of a formal process to monitor and review their cyber security compliance. We also recognise the need to define appropriate levels of IT security for each of our key systems and will ensure these requirements are clearly identified and regularly reviewed. These actions will support the protection of critical systems and data, helping to maintain the trust of our patients, staff, and partners.</p> <p>Responsible Officer: Chief Digital Information Officer</p> <p>Executive Lead: Chief Digital Information Officer</p> <p>Due Date: October 2025</p>

Improvement recommendations raised in 2024/25

	Recommendation	Relates to	Management Actions
IR6	The Trust should publish its Integrated Performance Report on its website.	Economy, efficiency and effectiveness (pages 24 – 27)	<p>Actions: The Trust accepts this improvement recommendation and is currently finalising a published version of the IPR which incorporates key local, regional and national indicators and also acknowledges the guidance issued in the Insightful Board. The IPR will be presented in published form at the next public Board meeting in September 2025.</p> <p>Responsible Officer: Chief Digital Information Officer</p> <p>Executive Lead: Chief Digital Information Officer</p> <p>Due Date: September 2025</p>
IR7	The Trust should work with its partners to urgently address the findings of the recent SEND inspection and improve health services for children and young people.	Economy, efficiency and effectiveness (pages 24 – 27)	<p>Actions: The Trust is represented at executive level at the Local Area Send Partnership Board (LASPB) and has contributed to the development of the priority action plan which has been received positively by Ofsted and CQC. Delivery against the plan will be monitored at a system level via the LASPC governance structure.</p> <p>Responsible Officer: Chief Nurse</p> <p>Executive Lead: Chief Nurse</p> <p>Due Date: September 2026</p>

06 Appendices

Appendix A: Responsibilities of the NHS 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 Foundation Trust's directors are responsible preparing the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine 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 Foundation 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: Value for Money Auditor responsibilities

Our work is risk-based and focused on providing a commentary assessment of the Trust’s Value for Money arrangements

Phase 1 – Planning and initial risk assessment

As part of our planning we assess our knowledge of the Trust’s arrangements and whether we consider there are any indications of risks of significant weakness. This is done against each of the reporting criteria and continues throughout the reporting period.

Phase 2 – Additional risk-based procedures and evaluation

Where we identify risks of significant weakness in arrangements we will undertake further work to understand whether there are significant weaknesses. We use auditor’s professional judgement in assessing whether there is a significant weakness in arrangements and ensure that we consider any further guidance issued by the NAO.

Phase 3 – Reporting our commentary and recommendations

The Code requires us to provide a commentary on your arrangements which is detailed within this report. Where we identify weaknesses in arrangements we raise recommendations.

 A range of different recommendations can be raised as follows:

Key recommendations – the actions which should be taken by the Trust where significant weaknesses are identified within arrangements.

Improvement recommendations – actions which are not a result of us identifying significant weaknesses in the Trust’s arrangements, but which if not addressed could increase the risk of a significant weakness in the future.

Information that informs our ongoing risk assessment

Cumulative knowledge of arrangements from the prior year	Key performance and risk management information reported to the Board
Interviews and discussions with key officers	NHS Oversight Framework (NOF) rating
Progress with implementing recommendations	Care Quality Commission (CQC) reporting
Findings from our opinion audit	Annual Governance Statement including the Head of Internal Audit annual opinion

Appendix C: Follow up of 2023/24 improvement recommendations

	Prior Recommendation	Raised	Progress	Current position	Further action
IR1	Now that relationships are beginning to mature within the system, all partners should work together to develop a multi-year financial plan which delivers financial balance in the medium term and is based upon realistic assumptions that are supported by all partners.	2023/24	Whilst the Trust can demonstrate that plans for financial sustainability continue to progress at an organisational and system level, we have retained the improvement recommendation while system medium-term plans are fully developed.	In progress – recommendation retained	We have re-raised an improvement recommendation that all partners should work together to develop a multi-year financial plan for financial sustainability.
IR2	The Trust should focus on identifying and delivering recurrent savings to deliver the 2024/25 financial plan and help deliver financial sustainability in the future. This should include identifying strategic service transformation with system partners in addition to internal efficiency programmes.	2023/24	In 2024/25, the Trust delivered £6.3m of CIP, achieving the overall target. £2.3m was delivered recurrently, against a planned £6.3m. The 2025/26 planning submission includes a target of £5.7m and is based on delivering 100% recurrently. This is a £3.4m increase in recurrent delivery (150%) compared to the previous year and is an ambitious target.	In progress – recommendation retained	We have re-raised an improvement recommendation that the Trust should focus on identifying and delivering recurrent savings to deliver the 2025/26 financial plan and help deliver financial sustainability in the future.



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