

14. In relation to STP savings, the Board placed too much emphasis on the goodwill that existed in the system, and not enough on the potential downsides of accepting a control total in the presence of such significant risks. Post-November monitoring of STP progress was not sufficient and the Board was therefore not adequately sighted on crystallising risks in the following months. This was a significant lapse in governance. We consider that the existence of a caveat letter accompanying the control total acceptance reduced the Board's sense of accountability for delivering the control total, and therefore its oversight of associated risks.
15. We have identified a number of instances of non-compliance with NHS Improvement's consultancy spend and interim agency very senior manager (VSM) policies. These appear to have arisen from a lack of priority given to compliance with these policies. The trust does not have sufficient systems and processes to manage and oversee compliance with these policies. Furthermore, based on our understanding, the trust has breached OJEU¹ procurement regulations in relation to a significant piece of consultancy work by undertaking a single tender exercise when an open tender was required. The Board has not yet approved the single tender waiver, a year after the work started. These are significant governance failings.
16. The trust has produced a lot of work on drivers of the deficit over the past two years. This has resulted in some useful analysis, but this has not led to the development of an overarching strategy to address the deficit. The trust is only now preparing a strategic and systematic response to these drivers, which now needs to develop further into a series of detailed and aligned implementation plans.
17. The trust has responded to the key concerns of EY's financial governance review, resulting in the two high risk concerns being reduced to low risk following a follow-up EY assessment. The trust needs a more robust overarching response to all the governance reviews it has received in recent months, with a clear plan detailing how it will respond to the common themes it has already identified and a clear system for monitoring progress against these actions. This plan will need to shift from the current focus on process to a more outcomes-based approach, to ensure embeddedness of the actions taken.

¹ Official Journal of the European Union