



NHS Monthly Insight Report

January 2021

360 Assurance is a member of The Internal Audit Network (TIAN) which comprises the 10 NHS internal audit consortiums and in house teams operating in England. These organisations collaborate across a number of areas to leverage their collective knowledge and expertise and drive efficiency and effectiveness. The monthly insight report highlights key publications and is intended as a useful update and reference tool. This report is produced by TIAN and shared by 360 Assurance.

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Introduction

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Developments in the NHS

2019/20 audited accounts uncover significant issues

The audit of the Department of Health and Social Care core accounts for 2019/20 has highlighted a disagreement over the accounting treatment of loans, while an ex-NHS trust chief financial officer has been referred to regulators after financial reporting and governance issues were identified at his former trust. In his report on the Department's accounts to the House of Commons, the comptroller and auditor general qualified his opinion on the DHSC's core department and agencies' statement of financial position. The core department statement shows the financial position of the DHSC only, and not the wider departmental group, which was not qualified. The qualification of the core department statement relates to a misstatement of the carrying value of assets linked to loans to NHS provider bodies.

The auditor considers trusts' financial position to be the most relevant indicator of ability to repay these loans. Trusts present an increased credit risk where their financial distress is indicated by negative net assets and, in some cases, the agreement of new repayment plans, he said. This convinced him that an impairment was needed to avoid a material misstatement, calculated to be £2.2bn after examining the net asset position of every trust to which the Department has issued loan finance.

The report acknowledges that the Department disagrees with this opinion, arguing that the subsequent repayment of the loans in September last year is evidence that the loans were not impaired at the balance sheet date. However, Mr Davies insists the repayment does not provide the evidence needed, and was only possible due to the issue of new public dividend capital (PDC) by the Department. The auditor also notes that the Department has subsequently changed its policy on impairments on PDC. Now, PDC will be impaired where a provider's net assets are lower than the PDC issued to it.

The comptroller and auditor general raised three other matters – the financial reporting and governance issues at University Hospitals of Leicester NHS Trust (UHL), the implications of ministerial direction on senior clinicians' pensions, and special payments. He said the situation at UHL was unprecedented to his knowledge, with a trust failing to comply with the health secretary's direction to prepare true and fair accounts, and to maintain appropriate accounting records. He said local management override of controls to meet control totals was a significant risk for the audit of the Department group, and the issues at the trust were indicative of management override of control.

Responding to the NAO report, an NHS England spokesperson said: 'The former chief executive and former chief financial officer of University Hospitals Leicester have both been referred to the Care Quality Commission under the fit and proper person process, and in the case of the ex-CFO to the accounting professional body too.' UHL entered financial special measures in August and, working with its external auditor, it identified weakness in financial systems and control, governance and financial reporting – in particular the use of authorisation of journals in the accounting ledger. There was an unusually higher level of manual interventions in the accounting records, including over 270,000 manual journals.

In light of the significant findings at UHL, NHS boards and governing bodies should ensure they receive robust assurance with regard to the use of manual journals, particularly at year-end.

Developments in the NHS

DHSC annual report and accounts 2019/20

The annual report and accounts gives an overview of the department's resources and how it has used them to fulfil its statutory functions during the financial year 2019 to 2020. The document describes DHSC's performance against objectives and includes the Secretary of State's annual report on the performance of the health service in England.

The accounts can be found here:

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/956804/Department_of_Health_and_Social_Care_Annual_Report_and_Accounts_2019-20.pdf

For information

CQC consults on changes to regulation

CQC inspection reports and ratings give a view of quality that's vital for the public, service providers and stakeholders. They want to introduce changes to allow them to assess and rate services more flexibly, so they can update their ratings more often in a more responsive and proportionate way. The changes seek to make ratings easier to understand for everyone.

In their consultation document (<https://www.cqc.org.uk/get-involved/consultations/consultation-changes-flexible-regulation>), they also set out how they will engage with all stakeholders in the future when making changes to the way they regulate.

Consultation responses are required by 5.00pm on Tuesday 23 March 2021.

For information

Violence prevention and reduction standard published by NHE/I



NHSE/I have published the new national violence prevention and reduction standard, which complements existing health and safety legislation. Employers (including NHS employers) have a general duty of care to protect staff from threats and violence at work.

The standard has been developed in partnership with the Social Partnership Forum and its subgroups, including trade unions and the Workforce Issues and Violence Reduction Groups. It was endorsed by the Social Partnership Forum on 15 December 2020.

The standard delivers a risk-based framework that supports a safe and secure working environment for NHS staff, safeguarding them against abuse, aggression and violence. It can be found here: <https://www.england.nhs.uk/publication/violence-prevention-and-reduction-standard/>

NHS bodies should ensure they implement the standard

Developments in the NHS

Reforming the Mental Health Act: consultation

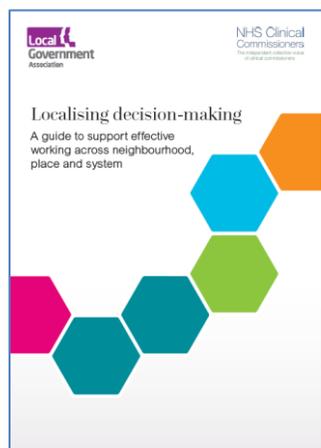
In 2017 the government asked for an independent review of the Mental Health Act 1983 (MHA), to look at how it's used and to suggest ways to improve it. The review's final report said that the MHA does not always work as well as it should for patients, their families and their carers. The DHSC is now proposing a wide range of changes to rebalance the MHA, to put patients at the centre of decisions about their own care and ensure everyone is treated equally. The changes are based on 4 principles that have been developed with people with lived experience of the MHA. They are:

- choice and autonomy – ensuring service users' views and choices are respected
- least restriction – ensuring the MHA's powers are used in the least restrictive way
- therapeutic benefit – ensuring patients are supported to get better, so they can be discharged from the MHA
- the person as an individual – ensuring patients are viewed and treated as individuals

The DHSC are consulting on these proposed changes (<https://www.gov.uk/government/consultations/reforming-the-mental-health-act>) and this closes on 21 April 2021

NHS bodies should consider responding to the consultation

Localising decision making: a guide to support effective working across neighbourhood, place and system



This guide has been produced by the Local Government Association (LGA) and NHS Clinical Commissioners (NHSCC) to provide key prompts and actions for local leaders to promote strong localised decision making across health and local government.

Together, they have long advocated the benefit of taking decisions as close to the communities they impact as possible, such as through their shared vision for health and care integration – 'Shifting the centre of gravity'.

The events of 2020 have highlighted the need further, both in requiring health and care partnerships, to respond in unison and at pace to the COVID-19 pandemic, as well as ongoing implementation of the ambitions in the NHS Long Term Plan around primary care networks (PCNs), place-based partnerships and the ongoing establishment of integrated care systems (ICSs).

The guide can be found here: <https://www.nhsc.org/policy-briefing/localising-decision-making-guide-support-effective-working-across-neighbourhood-place-system/>

For consideration by NHS commissioners

Developments in the NHS

Our NHS People: Understanding different bereavement practices and how our colleagues may experience grief

This resource published by NHSE/I is designed to enable line managers to confidently start conversations with staff who have experienced loss, in a more compassionate way as a result of gaining a deeper understanding of the different ways in which our colleagues may experience a bereavement. It can be found here: <https://www.england.nhs.uk/publication/our-nhs-people-understanding-different-bereavement-practices-and-how-our-colleagues-may-experience-grief/>

For information

Disclaimer: This briefing paper is intended to highlight recent developments and issues within the NHS that may be of interest to non-executive directors, lay advisers and NHS managers. It is not exhaustive and TIAN cannot be held responsible for any omission.