

# NHS Somerset Integrated Care Board

Auditor's Annual Report  
Year ending 31 March 2025

19 June 2025



# Contents

01	Introduction and context	3
02	Executive summary	6
03	Opinion on the financial statements and use of auditor's powers	10
04	Value for Money commentary on arrangements	14
	Financial sustainability	16
	Governance	18
	Improving economy, efficiency and effectiveness	22
05	Summary of Value for Money Recommendations raised in 2024/25	25
	Appendices	28
A	Responsibilities of the NHS Integrated Care Board	29
B	Value for Money Auditor responsibilities	30
C	Follow-up of previous improvement recommendations	31

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.

Grant Thornton UK LLP is a limited liability partnership registered in England and Wales: No.OC307742. Registered office: 8 Finsbury Circus, London, EC2M 7EA. A list of members is available from our registered office. Grant Thornton UK LLP is authorised and regulated by the Financial Conduct Authority. Grant Thornton UK LLP is a member firm of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. Services are delivered by the member firms. GTIL and its member firms are not agents of, and do not obligate, one another and are not liable for one another’s acts or omissions.

# 01 Introduction and context

# Introduction

This report brings together a summary of all the work we have undertaken for NHS Somerset Integrated Care Board (the ICB) 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 ICB 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 ICB 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, as amended by the Health and Care Act 2022.

We also consider the Annual Governance Statement, the relevant disclosures within the Annual Report including the Remuneration and Staff Report and whether income and expenditure has been incurred ‘as intended by Parliament’.

## Auditor’s powers

Under Section 30 of the Local Audit and Accountability Act 2014, the auditor of an NHS body has 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 Secretary of State and notified to NHS England. They may also issue:

- Statutory recommendations to the ICB Board which they must consider publicly
- A Public Interest Report (PIR).

## Value for money

Under the Local Audit and Accountability Act 2014, we are required to be satisfied whether the ICB 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 NHS Somerset ICB

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.



#### Tackling Health Inequalities

The reduction of health inequalities, which is a key Integrated Care Board (ICB) objective, have been hampered by inconsistent national funding and other competing priorities.

### Present



#### Public Health System Complexity

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



#### Community and preventable care

Pressures on primary care services and local government social care hamper integration which can lead to higher admissions and delayed hospital discharges increasing strain on NHS capacity.

### 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.



#### Future Demand and Expectation

Public expectations of what the NHS will treat and cure are expected to continue to rise with growing demand placing further strain already limited services and funding.

## Local

NHS Somerset ICB is responsible for planning and delivering local health and care services to some 600,000 residents. There are regional challenges as the ICB must balance its service provision to meet the needs of both a dispersed rural population and those within densely populated towns. However, the ICB has a strong focus on strategic collaboration so that these challenges can be effectively met. The ICB, Somerset NHS Foundation Trust, Somerset Council and voluntary sector partners work together as part of one integrated care system (ICS) known as 'Our Somerset' with the ICS clearly setting its strategic ambitions within the Integrated Health and Care Strategy 2023-2028. The ICB can demonstrate a track record of financial control including the achievement of savings plans. Our work has also established the ICB has prepared extensively to take on significant additional regional responsibilities for specialised commissioning from 2025/26. In April 2025, the Government announced changes to the NHS landscape including future changes to ICB funding. The ICB is engaging proactively with its likely cluster partners to identify key issues, risks and opportunities from the new arrangements. This will be a key feature of our work our 2025-26 and 2026-27 audits.

# 02 Executive Summary

# Executive summary – our assessment of value for money arrangements

Our overall summary of our Value for Money assessment of the ICB'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 in arrangements identified but two improvement recommendations were made.	No risk of significant weakness identified at the planning stage.	G Our work did not identify any areas where we considered that key or improvement recommendations were required.
Governance	A No significant weaknesses identified but three improvement recommendations were raised.	No risk of significant weakness identified at the planning stage.	A No significant weaknesses in arrangements identified, but one improvement recommendation made to support the ICB in developing and embedding its risk management arrangements even further.
Improving economy, efficiency and effectiveness	G No significant weaknesses or improvement recommendations were identified.	No risk of significant weakness identified at the planning stage.	A No significant weaknesses in arrangements identified, but one improvement recommendation has been made to support the ICB in its efforts to drive forward maternity service improvements.

- 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 ICB's arrangements in respect of value for money



## Financial sustainability

The ICB has appropriate arrangements in place to ensure financial sustainability.

The ICB and ICS has demonstrated effective financial control during 2024/25 with a combined system surplus of £25k against a breakeven plan for 2024/25, supported by the delivery of £100.1m of ICB and system savings in line with the original plan.

For 2025/26 the ICB and ICS has submitted a further breakeven plan to NHSE which includes £83.04m of efficiency savings to support ongoing financial sustainability.

We include further detail on the following pages.



## Governance

The ICB had effective governance arrangements in place during 2024/25.

The ICB continues to develop its risk management arrangements, however we have raised an improvement recommendation to further strengthen arrangements.

The ICB is proactive in assessing compliance with standards across the organisation and this is underpinned by a suite of appropriate policies.

For 2024/25, the Head of Internal Audit provided a 'Moderate' Assurance opinion, with the ICB control environment further supported by specialist counter fraud resources. We have established the ICB has in place thorough budget setting and monitoring arrangements which supports financial grip and the has an appropriate Committees structure to support effective decision making. We include further detail on the following pages.



## Improving economy, efficiency and effectiveness

The ICB has appropriate arrangements to monitor performance which includes the Board's assessment of an Integrated Board Assurance Report, which was further enhanced during 2024/25.

The ICB is sighted on other key system quality and performance issues and is currently working with Somerset NHS FT to drive improvements in its maternity services.

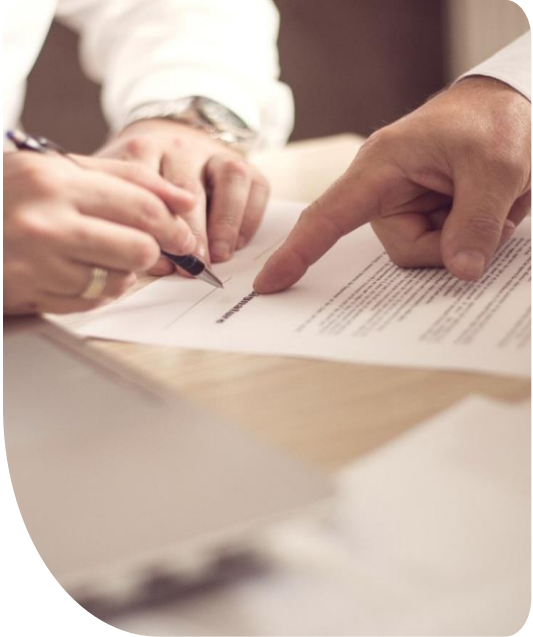
However, the ICB needs to satisfy itself that the planned improvement activity is sufficient, which has resulted in us raising an improvement recommendation.

The ICB seeks stakeholders' input in the development of strategic priorities and places a significant emphasis on partnership working as evidenced by the ICB taking on a principal commissioner role for regional specialised healthcare services. We include further detail on the following pages.



# Executive summary – auditor’s other responsibilities

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

Auditor’s responsibility	2024/25 outcome	
Opinion on the Financial Statements	Our audit of your financial statements is complete. We issued an unqualified audit opinion on 19 June 2025 following approval of accounts and annual report by the Board. Our findings are set out in further detail on pages 10 to 13.	
Use of auditor’s powers	<p>We did not issue a section 30 referral to the Secretary of State for Health and Social Care regarding the ICB’s break even duty. We do not consider that any unlawful expenditure has been made or planned for.</p> <p>No other issues have been identified during our work which require us to make statutory recommendations or issue a Public Interest Report (PIR).</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 ICB's financial statements, and whether we have used any of the other powers available to us as the ICB's auditors.

## Audit opinion on the financial statements

We issued an unqualified opinion on the ICB's financial statements on 19 June 2025.

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

## Grant Thornton provides an independent opinion on whether the ICB's financial statements:

- give a true and fair view of the financial position of the ICB 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, as amended by the Health and Care Act 2022.

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 ICB in accordance with applicable ethical requirements, including the Financial Reporting Council's Ethical Standard.

## Findings from the audit of the financial statements

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

Draft financial statements were of a reasonable standard and supported by detailed working papers.

We have not experienced any issues so far that have impacted on the timely completion of the financial statements audit.

There were no significant findings or adjustments identified to date that would impact on the ICB's final position as part of our audit work.

## Audit Findings Report

We report the detailed findings from our audit in our Audit Findings Report. A version of our report was presented to the ICB's Audit Committee on 12 June 2025 with the final version updated and issued on 19 June 2025. Requests for this Audit Findings Report should be directed to the ICB.

# Other reporting requirements and use of auditor's powers

## Remuneration and 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 and Staff Report included in the ICB's Annual Report for 2024/25.

These specified parts of the Remuneration and Staff Report have been properly prepared in accordance with the requirements of the Department of Health and Social Care Group Accounting Manual 2024/25.

## 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 ICB'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.

## Regularity of income and expenditure

Under the Code of Audit Practice (2024) published by the NAO, we are required to consider whether in all material respects the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions in the financial statements conform the authorities which govern them.

Our regularity work has found that income and expenditure included in the financial statements has been applied for the purposes intended by Parliament.



# Use of auditor's powers

We bring the following matters to your attention:

## Referrals to the Secretary of State

We did not issue a section 30 referral to the Secretary of State for Health and Social Care regarding the ICB's break even duty. We do not consider that any unlawful expenditure has been made or planned for.

## Statutory recommendations

Under Schedule 7 of the Local Audit and Accountability Act 2014, auditors can make written recommendations to the audited body.

We did not issue any statutory recommendations to the ICB in 2024/25.

## Public Interest Report

Under Schedule 7 of the Local Audit and Accountability Act 2014, auditors have the power to make a report if they consider a matter is sufficiently important to be brought to the attention of the audited body or the public as a matter of urgency, including matters which may already be known to the public, but where it is in the public interest for the auditor to publish their independent view.

We did not issue a report in the Public Interest with regard to arrangements at NHS Somerset ICB for 2024/25.

# **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 ICBs 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 ICBs report on their arrangements, and the effectiveness of these arrangements as part of their annual governance statement.

Under the Local Audit and Accountability Act 2014, we are required to be satisfied whether the ICB 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 ICB 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 ICB 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 ICB 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 ICB:

## 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	<p>The ICB met its financial plans, reporting a surplus of £22k on its Net Operating Expenditure for the year of £1.47bn, against its 2024/25 breakeven target. Alongside, the single county provider Trust, Somerset NHS Foundation Trust, also delivered a surplus of £3k without national deficit funding. We have considered the impact of unadjusted audit misstatements of £1.215m in the prior year and the further misstatements identified in the 2024/25 audit of £1.592m on the reported surplus. The net impact of these misstatements to the ICB's 2024/25 net position is to increase the surplus by £0.377m to £0.399m, therefore we are satisfied that the ICB met its statutory duty to breakeven.</p> <p>The ICB has operated within its running cost allowance and both the ICB and the Trust have submitted breakeven plans for 2025/26 that align with national planning requirements. An updated Medium Term Financial Plan (MTFP), shared with the Finance Committee in September 2024, indicates an expectation of achieving system financial balance by 2027/28, with further updates scheduled for summer 2025/26, following the NHS 10-year plan release.</p>	G
plans to bridge its funding gaps and identify achievable savings	<p>The ICB demonstrated in 2024/25 it had put into place effective plans to identify achievable ICB and system savings. The 2024/25 plan included the delivery of £100.1m, of combined system savings (ICB £35.8m and Trust £64.3m), with the entire plan being successfully delivered in full. The ICBs 2025/26 plan includes £83.04m of ICB and system savings (ICB £33.04m and Trust £49.99m) to support a balanced plan of which 56% is recurrent savings which broadly follows prior year levels (50%) and is deemed reasonable, based on historical performance.</p>	G
plans finances to support the sustainable delivery of services in accordance with strategic and statutory priorities	<p>The ICB can demonstrate that strategic priorities are reflected within financial plans. Our work has established appropriate interconnectivity between the systems strategic planning including the Health and Wellbeing Strategy, Joint Forward Plan and Operational Plan 2025/26. We also note alignment to NHSE national priorities and a strong focus on financial sustainability, efficiency and value for money underpinning the ICBs financial planning all of which is supported by a system MTFP 2024/25 - 2027/28.</p>	G

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 ICB:	Commentary on arrangements	Rating
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>The ICB has appropriate arrangements in place to ensure that its financial planning is consistent with other key strategies and plans and those of system partners.</p> <p>The ICB's Operational Plan 2025/26 incorporated national planning guidance, system priorities and demonstrated interconnectivity with the Somerset ICS Infrastructure Strategy and Somerset ICS Green Plan. Our work has also identified the ICB set out key financial assumptions, and utilised detailed workforce triangulation tools, to support and inform its financial planning and decision making.</p>	G
identifies and manages risk to financial resilience, e.g. unplanned changes in demand, including challenge of the assumptions in underlying plans	<p>The ICB had adequate arrangements in place which supported the identification and management of financial delivery risks, throughout 2024/25, on both an organisational and system level.</p> <p>Our work has identified the ICBs Finance Committee regularly reviewed a range of relevant financial delivery risks, and associated mitigations. The ICB Board also provided regular oversight to the risk management activities of the Finance Committee and incorporated key financial risks, and mitigations, as part of the strategic risks set out within the ICB's Board Assurance Framework. Matters relating to risk management arrangements are addressed in more detail within the governance section of this Auditor's Annual Report.</p>	G

- 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

We considered how the ICB:	Commentary on arrangements	Rating
monitors and assesses risk and how the ICB gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud	<p>During 2024/25 the ICB has continued to further enhance its risk management arrangements. We have seen substantial evidence of the ICB proactively developing and embedding a risk management culture across the organisation. Our work has established that during 2024/25 the Board considered, in private, a System Board Assurance Framework that adequately sets out system strategic risks and controls. The ICB has committed to updating its risk management strategy, and going forward will introduce quarterly monitoring of the System Board Assurance Framework by the Board. It is important that such arrangements are introduced as soon as possible and as such we have raised an improvement recommendation on page 21.</p> <p>There is an effective Internal Audit function in place and the ICB has dedicated resource for preventing and detecting fraud. The Head of Internal Audit Opinion for 2024/25 provided 'Moderate' Assurance that there is a sound system of internal controls. Additionally, we have established the ICB has appropriate arrangements to ensure they are alerted to breaches relating to clinical or workforce issues as evidenced by the activities of the Quality Committee with appropriate Board oversight. We have also noted particularly effective ICB monitoring and oversight of Urgent and Emergency Care service provision.</p>	A
approaches and carries out its annual budget setting process	<p>The ICB has a robust annual budget setting process. The Finance Committee considered an updated system wide MTFP 2024/25 - 2027/28 in September 2024, which included relevant assumptions. The Finance Committee, and then the Board, provided further oversight to a structured annual budget setting process, which incorporated local and national guidance and followed the ICBs financial planning timetable which set out clearly key milestones in adherence to the national NHSE planning deadlines. Individual budget holders also obtain the 'ICB Budget Book' that details the budget setting principles and guidance, which further supports effective financial planning. The ICB adopted an iterative approach to budget setting for 2025/26 which enabled the ICB to develop and refine its financial planning appropriately.</p>	G

- 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 ICB:	Commentary on arrangements	Rating
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>We have confirmed that during 2024/25 the ICB had strong budget monitoring arrangements supported by appropriate oversight and governance.</p> <p>The Finance Committee consider, in each of their meetings, a finance performance report which provided a summary of the latest system financial position and year end forecast and included revenue, capital, workforce and cost improvement plan (CIP) details supported by a high-level summary narrative. These reports are informative, however, the ICB could consider enhancing existing reports even further by adding more information for underlying reasons for year-to-date revenue and CIP variances which could provide committee members with additional contextual information. These additions would reflect arrangements we have observed from the wider sector. We have not raised this as an improvement recommendation as the financial performance reports were proportionate to the overall financial performance of the Somerset system.</p> <p>In addition to Finance Committee financial monitoring, the ICB Board, received a financial update at each Board meeting as part of the integrated Board Assurance Report. These financial updates set out a range of key financial metrics that supports effective financial oversight and governance.</p>	G

- 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 ICB:	Commentary on arrangements	Rating
ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency, including from audit committee	The ICB demonstrates transparency in its Board activities, supported by non-executive directors with relevant skills and experience. Each Board agenda carried a clear categorisation of agenda items to support effective decision-making. Our review of Board meeting minutes shows that the Board considers a range of relevant matters and the minutes indicate a positive tone from the top, with meaningful contributions from Board members and we note the ICB has mechanisms in place to support integrity in decision-making. Assurance Committee activity is considered at each Board meeting allowing for timely intervention, if needed. In 2024/25, the ICB strengthened its governance arrangement even further by reviewing its Constitution and Assurance Committees terms of reference and the ICB plans to initiate a wider self-assessment process for all Committees. Governance is further supported by an effective Audit Committee, which met regularly and tracked key decisions.	G
monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements and standards in terms of staff and board member behaviour	The ICB has in place a range of key policies that clearly set out professional expectations of all members of the ICB and describe rules and procedures intended to uphold legislative, regulatory and professional standards, including the Anti-Fraud, Bribery and Corruption Policy 2024 and Standards Of Business Conduct, Managing Conflicts Of Interest, and Gifts, Hospitality and Sponsorship Policy 2024. The ICB has effective arrangements for declaring interests and demonstrates compliance with the Fit and Proper Persons Test. The Quality Committee reviews key reports that provide oversight on standards, complaints, and safety, reflecting the ICB's commitment to continuous improvement. The ICB enhanced its strategic approach to data security arrangements during 2024/25 with the introduction of a revised Cyber Security Strategy and a Digital, Data and Technology Strategy. Finally, in 2024/25, the ICB updated its Standing Financial Instructions Procurement Policy to align with the Procurement Act 2023, and the Audit Committee provided appropriate oversight on procurement waivers.	G

- 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 identified: Risk management

### Findings:

In our 2023/24 Auditor Annual Report we recommended the ICB should update the Risk Management Policy as soon as possible to ensure this reflects the ICB's current risk management approach. A similar improvement recommendation as raised in 2022/23. However, the ICB is yet to formally adopt and embed a new Risk Management Strategy.

Additionally, our work has established that during 2024/25 the System Board Assurance Framework was only considered by Board once and this was as part of private board papers.

### Evidence:

We have been informed by the ICB a draft revised Risk Management Strategy has now been developed, and this will be considered by the Audit Committee in 2025.

The ICB has stated it is intended that the System Board Assurance Framework will be published, as part of the public agenda, quarterly going forward in 2025/26.

### Impact:

It is important for the ICB to finalise and then embed its strategic approach to risk management throughout the organisation to support its overall risk management activities.

The routine publication of the System Board Assurance Framework as part of public board papers would further enhance transparency and oversight.

## Improvement Recommendation 1

### IR1:

We recommend the ICB strengthens its strategic risk management arrangements by ensuring:

- The Risk Management Strategy is adopted as planned and a suitable training and awareness programme is cascaded to support introduction.
- The System Board Assurance Framework is assessed by the Board quarterly as a Part A agenda item.

# Economy, efficiency and effectiveness – commentary on arrangements

We considered how the ICB:	Commentary on arrangements	Rating
uses financial and performance information to assess performance to identify areas for improvement	<p>The ICB can demonstrate it has appropriate arrangements in place to assess performance to identify areas for improvement.</p> <p>The ICB Board considers an Integrated Board Assurance Report in each of its meetings, which provides an accessible and informative appraisal of performance in key areas and sets out ICB and system activity to support performance improvement. The ICB, during 2024/25, enhanced its performance monitoring arrangements even further to make it easier for the Board to identify the key areas of performance risk. The ICB places a focus on accurate data reporting with its approach supported by key strategies. Our work has also established the ICB routinely uses benchmarking data to inform its financial planning and performance monitoring.</p>	G
evaluates the services it provides to assess performance and identify areas for improvement	<p>The ICB can evidence how it evaluates the services it provides to assess performance and identify areas for improvement. The ICB has in place a Quality Committee that engages across the system and provides assurance to the Board that the ICB is delivering its functions in a way that secures continuous improvement in the quality of services, in line with legislative requirements. The Quality Committee considers an Annual Quality Report which is a comprehensive appraisal of the systems Quality, Safety and Improvement arrangements.</p> <p>The ICB is working with system partners to respond to inspection findings, including CQC warning notices, in respect of maternity services, there has been good progress but compliance to inspection recommendations has yet to be fully achieved. These issues are addressed in more detail within an improvement recommendation, on page 24.</p>	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.



# Economy, efficiency and effectiveness – commentary on arrangements

We considered how the ICB:	Commentary on arrangements	Rating
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>The ICB has appropriate arrangements to ensure it delivers its role within significant partnerships and can demonstrate stakeholder engagement.</p> <p>The ICB refreshed the Joint Forward Plan 2025 – 2030, which sets out the strategic priorities that the ICB and its system partners will jointly focus on, in the context of the ICS’s strategic objectives. The joint forward plan was informed by extensive stakeholder engagement including feedback from the Somerset’s Big Conversation Road Show which sought community feedback to help shape the development of system health priorities representing the importance the ICB, and its system partners, places on stakeholder engagement which is good practice.</p>	G
commissions or procures services, assessing whether it is realising the expected benefits	<p>The ICB continued to discharge its responsibility for the commissioning and management of pharmaceutical, ophthalmic and dental (POD) services across the region, during 2024/25. The ICB had appropriate governance and oversight arrangements in place to monitor this activity.</p> <p>From 1 April 2025, the ICB has taken on the role of Principal Commissioner and the host of a regional commissioning team, on behalf of the other South West health systems, to take responsibility for planning, commissioning, and managing a large range of specialised healthcare services. We have reviewed the preparations that the ICB have made for the transition of this activity from NHSE and found that it has established diligent and comprehensive arrangements for this significant increase in activity and spend. The ICB has also developed its own governance arrangements considering these new commissioning responsibilities.</p> <p>The ICB can demonstrate it has extensively planned, prepared and positively collaborated for this area of new commissioning activity all of which represents good practice.</p>	G

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.

# Improving economy, efficiency and effectiveness (continued)

## Area for Improvement identified: System maternity service improvements

### Findings:

The Care Quality Inspections (CQC) inspection of maternity services in Somerset, as part of the national maternity inspection programme, led to inadequate ratings for two hospital sites and warning notices were issued. The CQC findings were published in May 2024. Further areas of improvement in maternity services were identified from the maternity safety support programme (MSSP) and Local Maternity and Neonatal System (LMNS) insight inspections/visits.

### Evidence:

The ICB's Quality Committee has received regular updates regarding Somerset NHS Foundation Trust's response to maternity inspections, as part of the Quality and Safety Report, and has identified these findings as an area requiring intensive ICB support. The most recent update states the Trusts CQC action plan as been shared with the ICB with 75.5% of actions completed with the report also setting out further interventions and plans to support improvement. However, the report also identifies a number of risk areas, including pace of policy/guidance development, less than optimal meeting attendance, and data quality issues.

### Impact:

It is vital the ICB continues to effectively support the Trust to deliver compliance to maternity service inspection recommendations within appropriate timescales to ensure quality and safety standards are upheld. The ICB should review its planned activity to support maternity service improvement to ensure it is sufficient to support meaningful and timely improvement.

## Improvement Recommendation 2

### IR2:

We recommend the ICB satisfies itself that the current arrangements to drive forward improvements within the systems maternity service are sufficient to ensure timely and appropriate compliance to recommendations identified from CQC, maternity safety support programme, and local maternity and neonatal system site visits.

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

# Improvement recommendations raised in 2024/25

Recommendation	Relates to	Management Actions
<div>IR1</div> <p>We recommend the ICB strengthens its strategic risk management arrangements by ensuring:</p> <ul style="list-style-type: none"><li>• The Risk Management Strategy is adopted as planned and a suitable training and awareness programme is cascaded to support introduction.</li><li>• The System Board Assurance Framework is assessed by the Board quarterly as a Part A agenda item.</li></ul>	Governance Page 21.	<p>Actions:</p> <p>We fully accept these recommendations. The development of the BAF for the Somerset ICB has been an adaptive and iterative process, with several foundational building blocks required prior to its finalisation (e.g. development of the organisation’s strategic objectives that underpin the BAF, development of the organisation’s risk appetite and review of the ICB’s approach to risk management, as well as identifying the system’s key strategic risks and the best format for the SBAF that meets the needs of the Board). It is absolutely the intention that the BAF should and will be presented in Part A going forwards as part of business-as-usual practice, but it has been presented in Part B while it has been in a period of development and review. The Risk Management Strategy has been produced in draft form and is due for approval at the next Audit Committee. There is already regular risk management training in place across the organisation, but this will reflect the new strategy once approved.</p> <p>Responsible Officer:</p> <p>Kevin Caldwell, Head of IG and Risk</p> <p>Executive Lead:</p> <p>Jade Renville, Director of Corporate Services</p> <p>Due Date:</p> <p>May 2026.</p>

# Improvement recommendations raised in 2024/25

Recommendation		Relates to	Management Actions
IR2	We recommend the ICB satisfies itself that the current arrangements to drive forward improvements within the systems maternity service are sufficient to ensure timely and appropriate compliance to recommendations identified from CQC, maternity safety support programme, and local maternity and neonatal system site visits.	Improvement economy, efficiency and effectiveness Page 24.	Actions:  Working alongside the Trust and The Maternity Safety Support Programme team (the Trust have recently been on boarded to the programme) we will continue to undertake intensive surveillance actions and involved assurance support to drive the required improvement.  Responsible Officer: Katy Crabbe - Associate Director Maternity & Neonatal  Executive Lead: Shelagh Meldrum - Chief Nursing Officer  Due Date: May 2026.

# 07 Appendices

# Appendix A: Responsibilities of the NHS Integrated Care Board

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 ICB'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 ICB 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 ICB 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 ICB’s Value for Money arrangements

## Phase 1 – Planning and initial risk assessment


As part of our planning we assess our knowledge of the ICB’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 by the ICB’s auditors as follows:

**Statutory recommendations** – recommendations to the ICB under Section 24 (Schedule 7) of the Local Audit and Accountability Act 2014.

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

**Improvement recommendations** – actions which are not a result of us identifying significant weaknesses in the ICB’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	The ICB should update the system's MTFP as planned to reflect changes to the underlying position since October 2023, when the plan was last updated. Going forward, the MTFP should be kept under regular review to ensure that recovery plans are sufficient to bridge the latest forecast funding gaps. The updated MTFP should include a strategy to bridge any future funding gaps and the ICB should ensure that it takes a pivotal role in driving the transformational changes required. This should include working closely with the provider to support difficult decisions and engaging outside the system to gather any learning which can be shared.	2023/24	The ICB developed an MTFP 2024/25 – 2027/28 and it was presented to Finance Committee in September 2024. The ICB has stated the MTFP will be updated annually.	Implemented.	None needed.
IR2	<p>The ICB should improve its approach to efficiency planning by:</p> <ul style="list-style-type: none"> <li>developing a clear pipeline of recurrent saving schemes so that any unexpected shortfalls in current plans can be addressed and assumed savings included in the MTFP can be delivered.</li> <li>producing multi-year plans for savings schemes that reflect efficiency savings for service redesign and establishment reviews, as a continual project management process , that feeds into the MTFP.</li> </ul>	2023/24	The Joint Forward Plan (JFP) Refresh 2025 – 2030, considered by the Board in March 2025, clearly sets out how the ICB will develop further savings in line with JFP priorities. The ICB has delivered its saving plan for 2024/25 in full and has identified £83m of savings within its financial planning for 2025/26.	Implemented.	None needed.

# Appendix C: Follow up of 2023/24 improvement recommendations (continued)

	Prior Recommendation	Raised	Progress	Current position	Further action
IR3	The ICB should update the Risk Management Policy inherited from the CCG as soon as possible to ensure this reflects the ICB's current risk management approach. The updated policy should reflect the ICB's work to develop a risk appetite and ensure that there is clarity on what the system risk appetite is to align thinking on the assessment of risk.	2023/24	The ICB is yet to formally adopt and embed a new Risk Management Strategy. Additionally, our work has established that during 2024/25 the System Board Assurance Framework was only considered by Board once and this was as part of private board papers.	Not yet completed.	We have updated and expanded the 2023/24 improvement recommendation. Please refer to page 21.
IR4	The ICB should update and finalise its governance policies to ensure compliance with standards.	2023/24	The ICB has updated policies in adherence to this recommendation.	Implemented.	None needed.
IR5	The ICB should take steps to ensure that ongoing restructuring in the organisation does not create issues with resourcing and capacity for delivering on key governance arrangements.	2023/24	Our work has not established any concerning impacts from prior year organisational restructuring. Our work in 2024/25 has noted further operating model developments, such as the ICB taking on specialised commissioning responsibilities with appropriate preparatory arrangements undertaken.	Implemented.	None needed.



© 2025 Grant Thornton UK LLP. All rights reserved.

'Grant Thornton' refers to the brand under which the Grant Thornton member firms provide assurance, tax and advisory services to their clients and/or refers to one or more member firms, as the context requires. Grant Thornton UK LLP is a member firm of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. GTIL and each member firm is a separate legal entity. Services are delivered by the member firms. GTIL does not provide services to clients. GTIL and its member firms are not agents of, and do not obligate, one another and are not liable for one another's acts or omissions.