

# Berkshire Healthcare NHS Foundation Trust

Auditor's Annual Report - Final

Year ending 31 March 2025

19 June 2025



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Audit Committee  
Berkshire Healthcare  
NHS Foundation Trust  
London House,  
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19 June 2025

Dear Audit Committee Members

2024/2025 Auditor's Annual Report - Final

We are pleased to attach our Auditor's Annual Report including the commentary on the Value for Money (VFM) arrangements for Berkshire Healthcare NHS Foundation Trust. This report and commentary explains the work we have undertaken during the year and highlights any significant weaknesses identified along with recommendations for improvement. The commentary covers our findings for audit year 2024/25.

This report is intended to draw to the attention of the Trust any relevant issues arising from our work. It is not intended for, and should not be used for, any other purpose.

We welcomed the opportunity to discuss the contents of this report with you at the Audit Committee meeting on 18 June 2025.

NB The original report went into papers whilst we were completing final bits of our work. This is an updated report that reflects the completion of our work.

Yours faithfully

Ben Lazarus

For and on behalf of Ernst & Young LLP

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The contents of this report are subject to the terms and conditions of our appointment as set out in our engagement letter of 30/10/2024.

This report is made solely to the Audit Committee and management of Berkshire Healthcare NHS Foundation Trust. Our work has been undertaken so that we might state to the Audit Committee and management of Berkshire Healthcare NHS Foundation Trust those matters we are required to state to them in this report and for no other purpose. To the fullest extent permitted by law we do not accept or assume responsibility to anyone other than the Audit Committee and management of Berkshire Healthcare NHS Foundation Trust for this report or for the opinions we have formed. It should not be provided to any third-party without our prior written consent.



# 01 Executive Summary

# Executive Summary

## Purpose

The purpose of the Auditor's Annual Report is to bring together all of the auditor's work over the year and the value for money commentary, including confirmation of the opinion given on the financial statements; and, by exception, reference to any reporting by the auditor using their powers under the Local Audit and Accountability Act 2014. As set out in the Code of Audit Practice 2024 (the 2024 Code) issued by the National Audit Office (NAO) and the accompanying Auditor Guidance Note 3 (AGN 03), this commentary aims to highlight to the Trust, and the wider public, relevant issues identified during our audit. It includes the recommendations arising from our current year's audit as well as a follow-up on recommendations issued in previous years. Additionally, it includes our assessment of whether prior recommendations have been satisfactorily implemented.

## Responsibilities of the appointed auditor

We have undertaken our 2024/25 audit work in accordance with the Audit Plan that we issued on 13 January 2025. We have complied with the National Audit Office's (NAO) Code of Audit Practice 2024, other guidance issued by the NAO and International Standards on Auditing (UK).

As auditors we are responsible for:

Expressing an opinion on:

- The 2024/25 financial statements;
- The parts of the remuneration and staff report to be audited;
- The consistency of other information published with the financial statements, including the Annual Report; and
- Whether the consolidation schedules are consistent with the Trust's financial statements for the relevant reporting period.

Reporting by exception:

- If the Governance Statement does not comply with relevant guidance or is not consistent with our understanding of the Trust;
- To NHS England if we have concerns about the legality of transactions or decisions taken by the Trust;
- Any significant matters or written recommendations that are in the public interest; and
- If we identify a significant weakness in the Trust's arrangements in place to secure economy, efficiency and effectiveness in its use of resources.

## Responsibilities of the Trust

The Trust is responsible for preparing and publishing its financial statements, Annual Report and Governance Statement. It is also responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

# Executive Summary (cont'd)

## 2024/25 conclusions

Financial statements	Unqualified – the 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. We issued our auditor's report on 19 June 2025.
Parts of the remuneration report and staff report subject to audit	In the remuneration report, the pension for senior managers were not apportioned for days in office per the Greenbury Guidance. This affected figures in (Real increase in pension at pension age, All pension-related benefits , Real increase in pension lump sum at pension age). In addition, negative figures were included in one of the columns of the pensions table, which should be displayed as '0'. This affected figures in Real increase in Cash Equivalent Transfer Value. These items have been corrected in the final version of the Annual report.
Consistency of the other information published with the financial statement	Financial information in the Annual Report and published with the financial statements was consistent with the audited accounts.
Value for money (VFM)	We had no matters to report by exception on the Trust's VFM arrangements. We have included our VFM commentary in Section 03.
Consistency of the annual governance statement	We were satisfied that the annual governance statement was consistent with our understanding of the Trust.
Referrals to NHS England	We made no such referrals.
Public interest report and other auditor powers	We had no reason to use our auditor powers.

# Executive Summary (cont'd)

2024/25 conclusions (cont'd)

Reporting to the Trust on its consolidation schedules	We concluded that the Trust’s consolidation schedules agreed, within a £398,000 tolerance, to the audited financial statements.
Reporting to the National Audit Office (NAO) in line with group instructions	We have reported to the NAO in line with their group instructions. We had no matters to report to the NAO.
Certificate	We cannot formally conclude the audit and issue an audit certificate until the NAO, as group auditor, has confirmed that no further assurances will be required from us as component auditors of Berkshire Healthcare NHS Foundation Trust.

# Executive Summary (cont'd)

## Value for money scope

Under the 2024 Code, we are required to consider whether Berkshire Healthcare NHS Foundation Trust NHS Foundation Trust has put in place 'proper arrangements' to secure economy, efficiency and effectiveness on its use of resources. The Code requires the auditor to design their work to provide them with sufficient assurance to enable them to report to Berkshire Healthcare NHS Foundation Trust NHS Foundation Trust a commentary against specified reporting criteria (see below) on the arrangements Berkshire Healthcare NHS Foundation Trust NHS Foundation Trust has in place to secure value for money through economic, efficient and effective use of its resources for the relevant period.

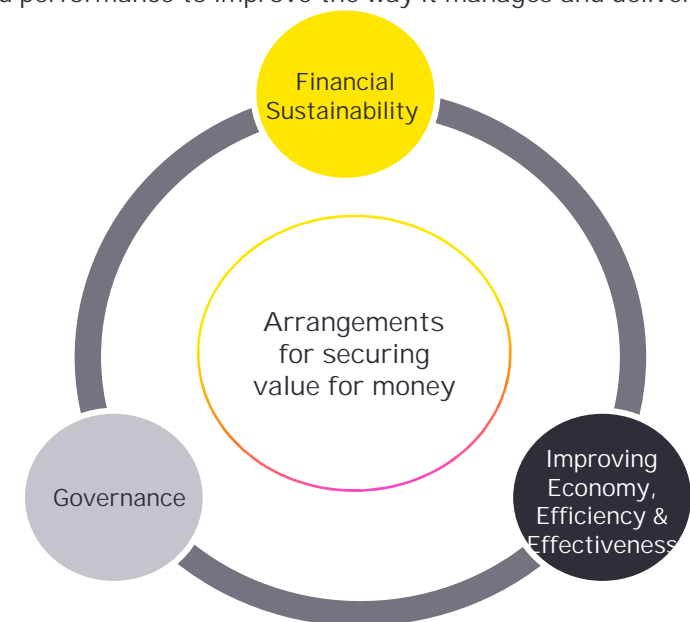
We do not issue a 'conclusion' or 'opinion', but where significant weaknesses are identified we will report by exception in the auditor's opinion on the financial statements.

The specified reporting criteria are:

- Financial sustainability - How the Trust plans and manages its resources to ensure it can continue to deliver its services.
- Governance - How the Trust ensures that it makes informed decisions and properly manages its risks.
- Improving economy, efficiency and effectiveness - How the Trust uses information about its costs and performance to improve the way it manages and delivers its services.

In undertaking our procedures to understand the body's arrangements against the specified reporting criteria, we identify whether there are risks of significant weakness which require us to complete additional risk-based procedures. AGN 03 sets out considerations for auditors in completing and documenting their work and includes consideration of:

- our cumulative audit knowledge and experience as your auditor;
- reports from internal audit which may provide an indication of arrangements that are not operating effectively;
- our review of Trust committee reports;
- meetings with officers;
- information from external sources; and
- evaluation of associated documentation through our regular engagement with Trust management and the finance team.





# Executive Summary (cont'd)

## Reporting

Our commentary for 2024/25 is set out in Section 03. The commentary on these pages summarises our understanding of the arrangements at the Trust based on our evaluation of the evidence obtained in relation to the three reporting criteria (see table below) throughout 2024/25. We did not identify any associated recommendations.

In accordance with the 2024 Code, we are required to report a commentary against the three specified reporting criteria. The table below sets out the three reporting criteria, whether we identified a risk of significant weakness as part of our planning procedures, and whether, at the time of this report, we have concluded that there is a significant weakness in the body's arrangements.

Reporting criteria	Risks of significant weaknesses in arrangements identified?	Actual significant weaknesses in arrangements identified?
Financial sustainability: How the Trust plans and manages its resources to ensure it can continue to deliver its services	No significant risks identified	No significant weakness identified
Governance: How the Trust ensures that it makes informed decisions and properly manages its risks	No significant risks identified	No significant weakness identified
Improving economy, efficiency and effectiveness: How the Trust uses information about its costs and performance to improve the way it manages and delivers its services	No significant risks identified	No significant weakness identified

# Executive Summary (cont'd)

## Independence

The FRC Ethical Standard requires that we provide details of all relationships between Ernst & Young (EY) and the Trust, and its members and senior management and its affiliates, including all services provided by us and our network to the Trust, its members and senior management and its affiliates, and other services provided to other known connected parties that we consider may reasonably be thought to bear on the our integrity or objectivity, including those that could compromise independence and the related safeguards that are in place and why they address the threats.

There are no relationships from 1 April 2024 to the date of this report, which we consider may reasonably be thought to bear on our independence and objectivity.

## EY Transparency Report 2024

Ernst & Young (EY) has policies and procedures that instil professional values as part of firm culture and ensure that the highest standards of objectivity, independence and integrity are maintained.

Details of the key policies and processes in place within EY for maintaining objectivity and independence can be found in our annual Transparency Report which the firm is required to publish by law. The most recent version of this Report is for the year end 30 June 2024:

[EY UK 2024 Transparency Report | EY - UK](#)



## 02 Audit of financial statements

# Audit of financial statements

## Key findings

The Annual Report and Accounts is an important tool for the Trust to show how it has used public money and how it can demonstrate its financial management and financial health.

Subject to satisfactory completion of our audit – On 19 June 2025, we issued an unqualified opinion on the financial statements. We reported our audit scope, risks identified and detailed findings to the 18 June 2025 Audit Committee meeting in our draft Audit Results Report. We outline below the key issues identified as part of our audit. We reported two areas for improvement in the control environment in our draft Audit Results Report.

Financial statement risks	
Significant risk	Conclusion
Misstatements due to fraud or error – Management override of controls	We have not identified any instances of inappropriate judgements or estimates being applied. Our work did not identify any other transactions during our audit which appeared unusual or outside the Trust’s normal course of business.
Misstatements due to fraud or error – Risk of manipulation of reported financial performance	Our audit work found no indication of fraud in either revenue or expenditure balances.
Significant risk - Valuation of Property, Plant and Equipment - land and buildings	We have identified no evidence of the inappropriate valuation of land and property as a result of the work we have undertaken.



# 03 Value for money commentary

# Value for Money Commentary

Financial sustainability: How the Trust plans and manages its resources to ensure it can continue to deliver its services

No significant weakness identified

At the April 2024 Finance, Investment and Performance Committee meeting, the Chief Financial Officer explained that NHS England had now published the final Planning Guidance and there were no material changes which impacted on the development of the Trust's draft financial plan 2024-25. The Trust's draft Financial Plan remained a £3.5m deficit plan to reflect the removal of £3.5m of COVID-19 funding.

In July 2024, the planned outturn position for the Trust was a £1.9m surplus. This included additional funding for depreciation of £0.6m, agreed System Development Funding slippage (Buckinghamshire, Oxfordshire and Berkshire West system) of £0.5m and £0.8m of further Cost Improvement Plans to be identified. The Trust had a £13.6m Cost Improvement Plan and had achieved £8.8m to date. The Trust was reporting that the Cost Improvement Plan was on track year to date, but there were some small variances on individual plans. Income was in line with the plan and the contract with Frimley ICB and BOB ICB had been signed by the Trust and both the ICBs.

The Trust had seen its cash balance increase from £26m in 2019/20 to £54m by the end of 2024/25. This increase had arisen from year-to-year surpluses and the management of capital spend. It should be noted that the Trust isn't able to utilise their cash reserves to increase the level of capital investment because capital spending at the national level is tightly controlled. His Majesty's Treasury allocated the Department of Health and Social Care a Capital Department Expenditure Limit (CDEL) which specified the level of capital expenditure the NHS is able to spend. Some of this is held centrally for national initiatives such as digital or the new hospital programmes with the remainder allocated to the NHS England Regions and onto the Integrated Care Boards. In turn, the Integrated Care Boards providers agree on an annual basis how this spending limit was allocated to each organisation. Therefore, if the Trust went ahead and spent the money over and above its CDEL limit, this would negatively impact on the other providers in the system.

In March 2025, following receipt of £3m funding from the Buckinghamshire, Oxfordshire, and Berkshire West Integrated Care Board for elective activity, the Trust forecast a £4.9m surplus. The Better Payment Practice Code was achieved for all four targets. The Trust delivered a £13.6m Cost Improvement Plan. The closing cash balance was higher than planned due to the receipt of the funding for 2023/2024 elective performance and in year over-performance.

At the year end, the Capital departmental expenditure limit (CDEL) schemes were in line with the plan. Estates was overspent by £0.2m mainly due to the West Reading consolidation project where Estates were able to bring forward some works into this year. This was offset by underspend of £0.2m in IM&T. Underspend was mainly due to Pharmacy System re-procurement offset in part by additional expenditure on divisional IT and Teams rooms. Non-CDEL spend for PFI sites was underspent by £2m for the year, mainly due to the Place of Safety delayed start and expected completion moving to May 2025. There is an underspend on IFRS16 Right of Use Assets of £1.3m for the year. This was mainly as a result of slippage on projects which involved system partners i.e. West Reading Consolidation (Cremyll Road and Bath Road), Bracknell Healthspace and Chalvey. This was partially offset by the overspend on CoIN leases by £0.3m due to the timing difference between the financial plan and lease agreements being in place.

# Value for Money Commentary (cont'd)

Financial sustainability: How the Trust plans and manages its resources to ensure it can continue to deliver its services (cont'd)

No significant weakness identified

Looking forwards, Trust's Financial Plan for 2025/26 shows a £1.7m surplus. The Trust's CDEL Capital Allocation of £20.8m had been agreed. This would be sufficient to deliver all the Trust's major capital schemes planned for 2025-26. The workforce plan for 2025-26 included a net increase of 73 whole time equivalents to reflect new investments.

The Trust ensures that it identifies all the significant financial pressures that are relevant to its short and medium-term plans. The budget management arrangements ensure finance managers are in contact with service leads routinely and are gathering intelligence on risks and pressures that may arise. The collation of financial risks and pressures are also identified through finance representation on key committees and groups across the organisation, these include the Capital Resource Group, Strategic People Group, Estates Group, Divisional Boards, Quality Executive and Business & Finance Executive.

The identification of pressures is a key component of planning conversations with divisional and corporate leads. The Trust wide review of plans ensures the whole senior team review across all divisions and corporate areas, with further opportunity for discussing risks and pressures. Regular attendance by CFO and DoF at system finance meetings ensures risks for national policy or local pressures are flagged.

Conclusion: Based on the work performed, the Trust had proper arrangements in place in 2024/25 to enable it to plan and manage its resources to ensure that it can continue to deliver its services.

# Value for Money Commentary (cont'd)

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

No significant weakness identified

We have seen through our attendance at Audit Committees and our review of the Board minutes that key decisions made are backed up by appropriate supporting evidence and with proper discussion and debate. In addition, the relevant officers attend the Committees to present their papers and to answer any questions the Committee may have. We have seen in Audit Committees the committee asking challenging questions to officers to ensure they are fully informed before decisions are made.

During 2024/25, Internal Audit have issued six reports with reasonable assurance and one with partial assurance. We have not identified any weaknesses in relation to the governance of the Trust through review of these reports. Internal Audit raised a total of twenty actions (2 high, 6 medium and 12 low) during the year which were followed up in 2024/25. The Audit Committee monitors the Internal Audit recommendations and ensures they are followed up on a timely basis.

Clinical and non-clinical risks are monitored and reviewed at all levels of the organisation. All services hold both local risk registers with clinical risk being reviewed at the Clinical Risk Committee and non-clinical risk at to the Non-Clinical Risk Committee. The Board Assurance Framework (BAF) and Corporate Risk registers are reported periodically to the Board, Finance Committee and Audit Committee. The BAF is aligned to the Trust's Strategy. The BAF details the risk of failing to achieve it's financial targets and the consequences of the risk. It then goes on to take into account controls such as:

- Budget setting and business planning process in place
- Contract monitoring process Internal Assurance
- Lack of reliable external efficiency benchmarking data
- Review of Contribution per contract
- Data quality audit process
- Cost Improvement and delivery
- Trust Business Group/Business & Finance Exec and Finance, Investment and Performance Committee oversight
- Deputy CEO chairs and CFO membership of Frimley ICS Finance & Performance Committee, CFO bi-weekly meeting with BOB CFO influencing future system financial framework development

Plus the assurance in place on those controls such as:

- Finance reporting to the FIP Committee and Trust Board
- Data Quality reporting to the QPEG & Audit Committee
- Trust Business Group minutes
- Business, Finance & Strategy Exec minutes
- Three-year strategy and high-level transformation opportunity scoping in development for 2022/23 and future CIP



# Value for Money Commentary (cont'd)

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

No significant weakness identified

Assurance over internal controls including fraud reviewed periodically by both internal audit and counter fraud, who have provided ongoing assurance to the organisation.

The Trust has continued to maintain its risk register as part of its Board Assurance Framework (BAF). The risk register is regularly reviewed by the Audit Committee which challenges the risks included and gains assurance that the right risks and mitigations are included. There are a number of 'red' risks within the risk register for 2024/25 which we considered as part of our value for money risk assessment. These are risks that we would expect to see for the Trust and are not an indication of a weakness in their governance arrangements.

Conclusion: Based on the work performed, the Trust had proper arrangements in place in 2024/25 to make informed decisions and properly manage its risks.

# Value for Money Commentary (cont'd)

Improving economy, efficiency and effectiveness: How the Trust uses information about its costs and performance to improve the way it manages and delivers its services

No significant weakness identified

The Finance, Investment and Performance Committee monitors both financial and non-financial performance information and challenges officers where there are any departures from plans or expectations. We have seen evidence of this throughout the year as the Finance, Investment and Performance Committee meetings are reported to the Audit Committee meetings that we attend.

In terms of financial review, monthly finance reports are reported to the Finance, Investment and Performance Committee. A detailed summary of the finance position is provided in these reports covering the current surplus/deficit position along with a forecast to the year end and this is challenged regularly by the Committee.

Further to this, the Trust's Internal Auditors also provide operational recommendations and control reviews. The outcome of these and any recommendations are tracked at Audit Committee. This is used in conjunction with financial and performance information to identify areas for improvement.

In relation to partnership working, the Trust is part of Buckinghamshire, Oxfordshire and Berkshire West (BOB) Integrated Care System (ICS) and a partner of Frimley ICS, working closely with them across services and governance. Monitoring of operational performance and performance against long term planning trajectories is undertaken by both BOB and Frimley ICS and is discussed at quarterly System Tri-partite meetings which are attended by each organisations Executive teams.

The Trust has clear and robust procurement policies and procedures including the ongoing management of contractual arrangements. These are reviewed periodically by both internal audit and counter fraud, who have provided ongoing assurance to the organisation. When there is new procurement legislation the Trust ensures that training is accessed to ensure that implementation with the Trust is correct. Briefings are provided to key internal meetings and colleagues are advised of changes to policies and processes.

Conclusion: Based on the work performed, the Trust had proper arrangements in place in 2024/25 to enable it to use information about its costs and performance to improve the way it manages and delivers its services.

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