



Auditor's Annual Report 2024/25

South East Coast Ambulance Services

—

27 June 2025

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KEY CONTACTS

Jessica Hargreaves
Director
Jessica.Hargreaves@kpmg.co.uk

Johnson Gudhuza
Manager
Jay.Gudhuza@kpmg.co.uk

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This report is addressed to South East Coast Ambulance Services Foundation Trust (the Trust), as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014. Our audit work has been undertaken so that we might state, those matters we are required to state to them in an auditors' annual 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 South East Coast Ambulance Services Foundation Trust as a body, for our audit work, for this report, or for the opinions we have formed.

We take no responsibility to any member of staff acting in their individual capacities, or to third parties.

External auditors do not act as a substitute for the audited body's own responsibility for putting in place proper arrangements to ensure that public business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.



01 Executive Summary

Executive Summary

Purpose of the Auditor’s Annual Report

This Auditor’s Annual Report provides a summary of the findings and key issues arising from our 2024-25 audit of South East Coast Ambulance NHS Foundation Trust. This report has been prepared in line with the requirements set out in the Code of Audit Practice published by the National Audit Office and is required to be published by the Trust alongside the annual report and accounts.

Our responsibilities

The statutory responsibilities and powers of appointed auditors are set out in the Local Audit and Accountability Act 2014. In line with this we provide conclusions on the following matters:



Accounts - We provide an opinion as to whether the accounts give a true and fair view of the financial position of the Trust and of its income and expenditure during the year. We confirm whether the accounts have been prepared in line with the Group Accounting Manual prepared by the Department of Health and Social Care (DHSC).



Annual report - We assess whether the annual report is consistent with our knowledge of the Trust. We perform testing of certain figures labelled in the remuneration report.



Value for money - We assess the arrangements in place for securing economy, efficiency and effectiveness (value for money) in the Trust’s use of resources and provide a summary of our findings in the commentary in this report. We are required to report if we have identified any significant weaknesses as a result of this work.



Other reporting - We may issue other reports where we determine that this is necessary in the public interest under the Local Audit and Accountability Act.

Findings

We have set out below a summary of the conclusions that we provided in respect of our responsibilities :

| | |
|-----------------|---|
| Accounts | We have issued an unqualified opinion on the Trust’s accounts on 27 June 2025. This means that we believe the accounts give a true and fair view of the financial performance and position of the Trust. We have provided further details of the key risks we identified and our response on page 7. |
| Annual report | We did not identify any significant inconsistencies between the content of the annual report and our knowledge of the Trust. We confirmed that the annual report has been prepared in line with the NHS Group Accounting Manual (GAM). |
| Value for money | We are required to report if we identify any matters that indicate the Trust does not have sufficient arrangements to achieve value for money. We have nothing to report in this regard. |
| Other reporting | None |

02 Audit of the Financial Statements

Audit of the financial statements

KPMG provides an independent opinion on whether the Trust's financial statements:

- Give a true and fair view of the state of the Trust's affairs as at 31 March 2025 and of its income and expenditure for the year then ended;
- Have been properly prepared in accordance with the accounting policies directed by NHS England with the consent of the Secretary of State in February 2025 as being relevant to NHS Foundation Trusts and included in 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).

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. We have fulfilled our ethical responsibilities under, and are independent of the Trust in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Audit opinion on the financial statements

We have issued an unqualified opinion on the Trust's financial statements before 30 June 2025.

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

Further information on our audit of the financial statements is set out overleaf.

Audit of the financial statements

The table below summarises the key risks that we identified to our audit opinion as part of our risk assessment and how we responded to these through our audit.

| Risk | Procedures undertaken | Findings |
|---|--|---|
| <p>Fraud risk from expenditure recognition - Completeness, existence and accuracy</p> <p>Auditing standards suggest for public sector entities a rebuttable assumption that there is a risk expenditure is recognised inappropriately. We recognised this risk over the Trust's non-pay expenditure.</p> | <ul style="list-style-type: none">• We evaluated the design and implementation of controls for ensuring the completeness and accuracy of accruals at the end of the year.• We inspected journals posted as part of the year end close procedures that decrease the level of expenditure recorded to critically assess whether there was an appropriate basis for posting the journal and the value can be agreed to supporting evidence.• We performed a retrospective review of prior year accruals to assess the completeness with which accruals had been recorded at 31 March 2024 and consider the impact on our assessment of the accruals at 31 March 2025.• We compared the items that were accrued at 31 March 2024 to those accrued at 31 March 2025 in order to assess the completeness of the accruals balance.• We have evaluated and assessed the Provisions recognised against the recognition criteria as stipulated in IAS 37. We have also recalculated the provisions to confirm the accuracy of the balance. | <p>We identified three misstatements relating to the classification of year end liabilities on the Trust's balance sheet. These have not been corrected by management. Updating this would lead to an increase in the reported surplus. However, we did not consider this material.</p> |

Audit of the financial statements

The table below summarises the key risks that we identified to our audit opinion as part of our risk assessment and how we responded to these through our audit.

| Risk | Procedures undertaken | Findings |
|---|--|--|
| <p>Management override of controls</p> <p>We are required by auditing standards to recognise the risk that management may use their authority to override the usual control environment.</p> | <ul style="list-style-type: none">• We assessed accounting estimates for biases and concluded that the judgements and decisions in making accounting estimates were reasonable.• We evaluated the design and implementation of controls over journal entries and post closing adjustments.• We assessed the appropriateness of changes, compared to the prior year, to the methods and underlying assumptions used to prepare accounting estimates.• Assessed the controls in place for the identification of related party relationships and tested the completeness of the related parties identified. We verified that these have been appropriately disclosed within the financial statements• We tested journal entries and other adjustments meeting our high-risk criteria. | <p>We did not identify any material misstatements relating to this risk</p> <p>We identified a control deficiency relating to a lack of journal documentation evidencing review and challenge.</p> |

03 Value for Money


Value for Money

Introduction

We are required to consider whether the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources or 'value for money'. We consider whether there are sufficient arrangements in place for the Trust for the following criteria, as defined by the National Audit Office (NAO) in their Code of Audit Practice:

 **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

Approach

We undertake risk assessment procedures in order to assess whether there are any risks that value for money is not being achieved. This is prepared by considering the findings from other regulators and auditors, records from the organisation and performing procedures to assess the design of key systems at the organisation that give assurance over value for money.

Where a significant risk is identified we perform further procedures in order to consider whether there are significant weaknesses in the processes in place to achieve value for money.

We are required to report a summary of the work undertaken and the conclusions reached against each of the aforementioned reporting criteria in this Auditor's Annual Report. We do this as part of our commentary on VFM arrangements over the following pages.

We also make recommendations where we identify weaknesses in arrangements or other matters that require attention from the Trust.

Summary of findings

| | Financial sustainability | Governance | Improving economy, efficiency and effectiveness |
|---|------------------------------------|---|---|
| Commentary page reference | 12 | 14 | 16 |
| Identified risks of significant weakness? | <div>No</div> | <div>Yes</div> | <div>No</div> |
| Actual significant weakness identified? | <div>No</div> | <div>No</div> | <div>No</div> |
| 2023-24 Findings | No significant weakness identified | Significant weakness in arrangements identified | No significant weakness identified |
| Direction of travel | <div></div> | <div></div> | <div></div> |

Significant weaknesses followed up from the prior year

On page 17 we have set out commentary on the significant weaknesses and other findings identified in the prior year and whether the recommendations to address the weaknesses have been satisfactorily implemented.

Value for Money

NATIONAL CONTEXT

Following the general election in July 2024 the Labour government commissioned reviews in order to determine the causes of challenges within the sector and where priorities were for improvement. A 10 year plan is currently being developed to set out the strategy for transforming health care services in the future.

Operational performance across the sector has continued to be significantly below constitutional standards, continuing a trend that began during the Covid-19 pandemic. In March 2025 25% of patients attending A&E waited more than the four hour target and 60% of patients awaiting planned care had a wait of more than 18 weeks. While mental health performance improved year on year in a number of areas the backlog for treatment nationally has grown by a further 11% year on year, with 1.7 million referred patients awaiting their second contact.

During the year a revised timetable was announced for the New Hospital Programme, the national capital project to build 40 new hospitals. For a number of hospitals this has meant delays to the timetable for their construction deferred to the 2030s.

Financial performance

Local NHS systems continued to face challenging financial targets in 2024-25. Budgets across the 42 integrated care systems in England had a combined £500m deficit compared to the funding that was available at the beginning of 2024-25. By February 2025 (the latest national data available when this report was drafted) the forecast performance of all systems was a £604m overspend against the agreed figures.

Each year NHS entities are delegated efficiency targets through funding allocations and contracting guidance. Across England there was a £539m shortfall in the identified efficiencies compared to those required based on the agreed levels of funding delegated to systems.

Structures

Significant changes to the structure of the health system have been announced, to be implemented between 2025 and 2027. ICBs have been set running cost targets, with many expected to pursue mergers or large restructurings in order to achieve these. Providers are expected to reverse 50% of their corporate cost growth since Covid-19. During 2025-26 all NHS entities will therefore need to reassess their structures, which can impact on management bandwidth, stability of controls and morale.

LOCAL CONTEXT

- The Trust serves four different Integrated Care Systems who have a diverse populations across a large geographical area. The Trust's lead commissioner is Surrey Heartlands ICB and the Trust is a member of the Surrey Heartlands Integrated Care System (ICS). The system is experiencing financial pressure, particularly due to the financial health of acute providers, but all the providers are experiencing some level of pressure. The ICB, and its predecessor organisations, have an accumulated deficit which it will need to repay back to NHS England from 2024/25 by NHS England reducing the amount of funding the ICB would otherwise have been given. The ICS have faced significant financial challenges in the financial year resulting in overspending at year end.
- In June 2025 the Trust agreed a deficit plan of £10.5m. Achievement of the plan was based on the delivery of £23,926k of efficiencies, which is 6.6% of the Trust's planned operating expenditure. In September 2024 following the confirmation of additional funding from the ICB, the Trust revised its planned financial performance to a £7k operating surplus for the year.
- The Trust has been within the NHS England "Recovery Support Programme" since the launch of the revised Single Oversight Framework in 2022. In March 2025 a letter was issued by NHS England that acknowledged the improvements that were made by Trust and confirming the Trust was no longer in NHS oversight framework (NOF) segment 4 and had been removed from the Recovery Support Programme (RSP), formerly known as 'special measures'.

Financial Sustainability

How the Trust/ plans and manages its resources to ensure it can continue to deliver its services.

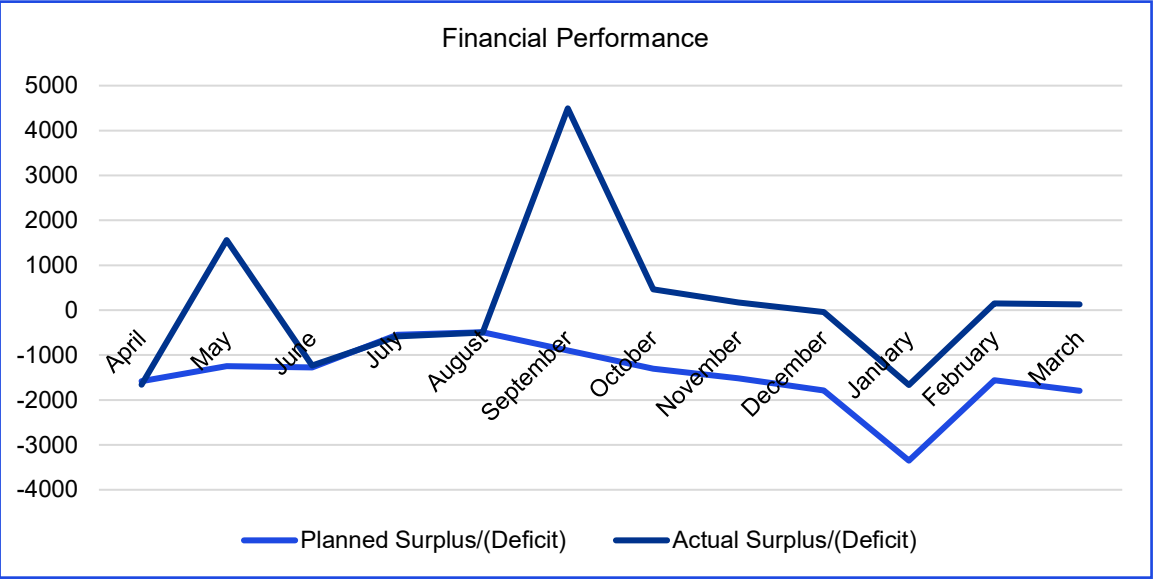
We have considered the following in our work:

- How the Trust ensures that it identifies all the significant financial pressures that are relevant to its short and medium-term plans and builds these into them;
- How the Trust plans to bridge its funding gaps and identifies achievable savings;
- How the Trust plans finances to support the sustainable delivery of services in accordance with strategic and statutory priorities;
- How the Trust ensures that 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; and
- How the Trust identifies and manages risks to financial resilience, e.g. unplanned changes in demand, including challenge of the assumptions underlying its plans

- In March 2024 the Trust submitted a draft 24-25 financial plan indicating a £40m deficit. Following discussions with the ICB and NHSE and following the receipt of additional funding in June 2025 the Trust agreed a revised financial deficit position of £10.5m. Further funding was made available to the Trust during Q2, and the Trust agreed a further revised financial position of a £7k surplus. Achievement of the plan was predicated on the delivery of a £23.9million efficiency target, which represents 6.6% of operating expenditure.
- The Trust has a robust budget monitoring and control processes which help to identify and incorporate significant pressures into the financial plan to ensure it's achievable and realistic. As part of budget monitoring, the Trust have put in place clearly defined roles and responsibilities for budget holders.
- Throughout the financial year, monthly finance reports were prepared and presented to the Trust's Executive Management Board and the Trust Board. Finance reports included details of actual performance against budget and provided an overview of key changes made to budgets where relevant. This ensures there is good awareness in the Trust about the financial position including performance against the efficiency target. Monthly reporting of the financial position to the Board also ensures there is adequate governance around the financial position and risks.
- The Trust reported to be on track to deliver its original and revised financial plan throughout the whole of the financial year.
- At the financial year end, the Trust is reporting to have achieved 100% of its planned efficiencies. The recurrent savings make up 76.7% of total savings, below the target of 88.3%. Non-recurrent savings increased to 23.3% against a plan of 11.7%.
- During the financial year, as part of its agreed RSP exit criteria, the Trust has agreed a financial plan with its lead commissioner up to 27/28. The Trust has agreed to breakeven each year for the period 25/26 – 27/28.

Financial Sustainability

The Trust's 2025/26 Financial Plan have efficiency target of £10m cash releasing savings schemes, equivalent to 2.2% of operating expenditure. At the end of April 2025, the Trust had identified schemes totalling £8.9m, of these £6.5m of schemes have been fully developed.



| Key financial and performance metrics: | 2024-25 | 2023-24 |
|--|---------|------------|
| Planned surplus/(deficit) | £7k | 0 |
| Actual surplus/(deficit) | £708k | £(15,437k) |
| Adjusted financial performance | £49k | £5k |
| Planned CIP as a % of spend | 6.6% | 2.8% |
| - Recurrent | £21,123 | £8,988k |
| - Non-recurrent | £2,803 | 0 |
| Actual CIP as a % of spend | 6.4% | 2.6% |
| - Recurrent | £18,343 | £6,093k |
| - Non-recurrent | £5,587 | £2,895k |
| Year-end cash position | £29m | £35.6m |

Governance

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

We have considered the following in our work:

- how the Trust monitors and assesses risk and how the body gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud;
- how the Trust ensures effective processes and systems are in place to ensure budgetary control; to communicate relevant, accurate and timely management information (including non-financial information where appropriate); supports its statutory financial reporting requirements; and ensures corrective action is taken where needed, including in relation to significant partnerships;
- how the Trust ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency; and
- how the body monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements and standards in terms of management or Board members' behaviour

- The Trust's focus for 24/25 has been working with NHS England to exit the Recovery Support Programme i.e. special measures. In March 2025 a letter was issued by NHS England that acknowledged the improvements that were made by Trust and confirming that the Trust was no longer in NHS oversight framework (NOF) segment 4 and had been removed from the Recovery Support Programme (RSP), formerly known as 'special measures'.
- As the CQC has not performed a more recent inspection the Trust continues to be rated as "Requires Improvement" with an "Inadequate" rating within the well-led domain. The Trust, alongside its lead ICB and NHS England commissioned a well-led review in February 2024 with the results of the review reported to the Board in April 2024. The report noted significant improvement to the Trust's governance structures. The findings from the report were imbedded into the Trust's overall transformation journey. The Trust's Executive and Board is satisfied with the actions implemented to address the 2022 CQC findings.
- Following a restructure of the Trust's Executive Management Team, several substantive appointments have been made in year. At the financial year end, there is only one executive team position held by an interim post holder. The permanent appointments have all been made following competitive recruitment processes.
- Another key focus for 2024/25 has been embedding the Trust's new risk culture. The Trust Board officially approved and launched the Trust's new 5-year Strategy in August 2024. The Trust's BAF and corporate risk registers have been revised in year to align to the new strategy and to ensure a clear golden thread between the strategy, risk management and the work of the Trust's Executive Team and Board.
- While the Trust does not have a formal risk management strategy that was approved by the Board and/or EMB, the new Head of Risk has compiled the Risk Management Priorities, and a new Risk Appetite Framework was launched in April 2025.
- The Trust's Board receives a "BAF" report at each meeting outlining the Trust's strategy and planned outcomes, actions being taken in respect of both the operating plan and strategic transformation as well as the key risks in achieving the planned outcomes. We have seen clear evidence of the risks being revisited and updated regularly throughout the year.

Governance

- In May 2024, the Trust, alongside four other Ambulance Trusts in the South, launched Southern Ambulance Services Collaboration (SASC). All partner Trusts believe that the Collaboration provides a much-needed opportunity to work together more closely to collectively address some of the big challenges facing all of the Trusts including evolving patient demand, a constrained financial environment and ongoing recruitment and retention issues.
- During the financial year, the Trust has also begun communications with South Central Ambulance Service NHS Foundation Trust (SCAS) regarding closer working arrangements and support between the two organisations.
- The Trust updated the Standing Financial Instructions in the current year. These are as policies for the financial responsibilities and procedures to be adopted by the Trust. All business cases are required to be presented to the Engagement Management Board prior to presentation to the Finance Investment Committee, and Trust Board . This enable the Executive to have the opportunity to scrutinise the major decisions and provide feedback to the Committees. We have noted in the current year that all major capital investments were approved in line with the framework.

| | 2025 | 2024 |
|--|---|----------------------|
| Control deficiencies reported in the Annual Governance Statement | None | None |
| Head of Internal Audit Opinion | Moderate assurance | Moderate assurance |
| Oversight Framework segmentation | 3 (from March 2025) 4 (until March 2025) | 4 |
| Care Quality Commission rating | Requires Improvement | Requires Improvement |

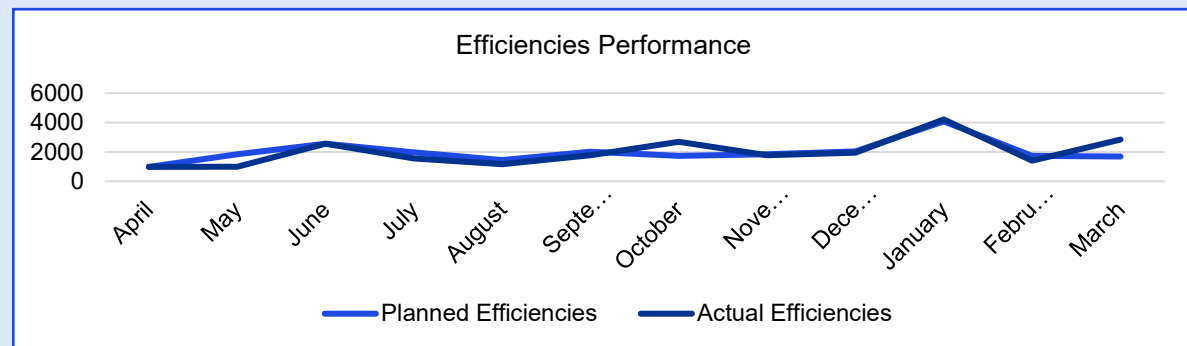
Improving economy, efficiency and effectiveness

How the Trust uses information about its costs and performance to improve the way it manages and delivers its services

We have considered the following in our work:

- how financial and performance information has been used to assess performance to identify areas for improvement;
- how the Trust ensures effective processes and systems are in place in order to develop their cost saving efficiency saving program;
- how the Trust evaluates the services it provides to assess performance and identify areas for improvement;
- how the Trust 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; and
- where the Trust commissions or procures services, how it assesses whether it is realising the expected benefits.

- The Trust's efficiencies programme, included 43 schemes with a total value of £23.9m. While the Trust achieved its efficiency target for the year, 23% of the total efficiencies were achieved through non-recurrent means.
- The Trust has had a focus in year on ensuring full compliance with its procurement processes and ensuring future compliance with the procurement legislation that went live in February 2025.
- The Trust attended Board Meetings for the Surrey Heartlands, Sussex and Kent and Medway ICSs and also other relevant committees such as Clinical, Information Governance and Digital. This also allows the Trust to monitor performance of their partners, help their partners and also identify areas of risk to the Trust itself. There are Strategy & Partnerships managers who ensure that key internal stakeholders are engaged across the ICS systems.
- The Trust led the National Ambulance Cyber Assessment, working with NHSE and AACE to benchmark UK Ambulance Services and identify key areas for improvement. This initiative provided invaluable insights, allowing SECamb to refine its cybersecurity posture and collaborate as a unified sector.
- The Trust's Integrated Quality reporting provides oversight to the Trust Board on all key operational measures are routinely monitored by Commissioners and Regulators. We noted that the Integrated Quality report is presented to the Trust Board Committee in form of scorecard that covers the key aspect such as Trust's contractual KPI including constitutional standards, Trust's Financial Position and Key Financial measures and Delivery Against Key targets in annual Operating Plan



Prior year findings

Significant weaknesses followed up from the prior year

In our annual auditor’s report for the financial year 2023-24 we reported that the Trust had a significant weakness in its governance arrangements relating to risk escalation. As required by the Code of Audit Practice we have revisited this issue and set out in the table below an update in regards to the arrangements in this area.

| # | Recommendation | Management Response | Current status |
|---|--|---|---|
| 1 | <p>During the financial year, the Trust received the outcomes of a number of external reviews. These reviews have identified a series of findings indicating that the Trust’s risk and quality governance processes had not operated effectively throughout the year to identify these weaknesses as part of the Trust’s Business as Usual activities</p> <p>A common theme was identified across these reviews in relation to the Trust having failed to address previously identified weaknesses or respond to recommendations previously raised.</p> <p>The Trust’s risk management and quality processes had failed to identify and escalate these issues to ensure appropriate action and oversight of the Trust’s responses to the issues.</p> <p>This indicate a significant weakness in the Trust’s governance arrangements. Failure to identify or take action to address the known issues could lead to an impact on the quality or effectiveness of the Trust’s services.</p> <p>As part of it’s improvement journey the Trust should continue its focus on embedding its risk management and quality assurance processes across all divisions within the Trust. Where performance or regulatory issues and concerns</p> <p>are identified, the Trust should ensure consideration is given to determining whether the issues have been adequately captured through the Trust’s risk management processes, identifying new risks or escalating risk grades as appropriate.</p> | <p>The need to improve the Trust’s governance processes, including risk management, is acknowledged and improvement plans are agreed with and monitored by the Executive Management Board, Audit Committee, and Trust Board. This includes an improved Board Assurance Framework in operation for 24/25 linked to individual Executive Director objectives and Committee reporting.</p> | <p>Implemented</p> <p>The Trust has significantly developed its risk management processes and the Trust culture towards risks during 2024-25, with regular updates being taken to the Audit and Risk Committee and the Board.</p> <p>The Trust has launched in year a Risk Management priorities document, a risk appetite framework and a new BAF which aligns to the Trust’s new 5-year strategy.</p> <p>Our work in year has identified:</p> <ul style="list-style-type: none">- evidence of when operational issues arise these have been added to the risk register and consideration of impact on the BAF discussed. New risks have been added to the BAF throughout the year as required.- Evidence of subcommittees showing improved discussions related to risk and assurance. |



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