

Independent Reasonable Assurance Report of KPMG LLP to the Board of NHS Lancashire & South Cumbria ICB and NHS England in connection with the 2024/25 Mental Health Investment Standard compliance statement in respect of NHS Lancashire & South Cumbria ICB for the year ended 31 March 2025

This reasonable assurance report is made in accordance with the terms of our engagement letter dated 12 January 2024 ("the Engagement Letter") for the purpose of reporting to the Board of NHS Lancashire & South Cumbria ("the ICB") and NHS England in connection with the ICB's Mental Health Investment Standard ("MHIS") compliance statement dated 17 April 2026 for the year ended 31 March 2025 ("the Statement"), which is appended to our report.

Intended use of our report

Our report has been prepared for the Board of the ICB and NHS England solely in accordance with the terms of our Engagement Letter. We have consented to the publication of our report on the ICB's website for the purpose of the ICB showing that it has obtained an independent assurance report in connection with the ICB's MHIS compliance statement.

Our report was designed to meet the agreed requirements of the ICB and NHS England determined by the ICB's and NHS England's needs at the time. Our report should not therefore be regarded as suitable to be used or relied on by any party wishing to acquire rights against us other than the ICB and NHS England for any purpose or in any context. Any party other than the ICB and NHS England who obtains access to our report or a copy and chooses to rely on our report (or any part of it) will do so at its own risk. To the fullest extent permitted by law, KPMG LLP will accept no responsibility or liability in respect of our report to any other party.

Responsibilities of the ICB and the ICB's Accountable Officer

The 2024/25 priorities and operational planning guidance issued by NHS England states that a key action for integrated care boards is to "*continue to achieve the Mental Health Investment Standard by increasing expenditure on mental health services by more than allocations growth*".

In relation to this, ICBs are required to publish a Statement after the end of the financial year to state whether they consider that they have met their obligations with regard to the MHIS. The format and content of the Statement should be in line with the specified wording in the Assurance Engagement of the Mental Health Investment Standard 2024/25 ("the Guidance") issued by NHS England. The Guidance states that "*If the spend on mental health is equal to or greater than the 'target spend', the ICB should state that it has complied with the requirements of the MHIS for 2024/25*".

The ICB's Accountable Officer is responsible for the proper preparation of the Statement for the ICB for the year ended 31 March 2025 in accordance with the Guidance, and for the completeness and accuracy of the accounting records and calculations ("the Relevant Information") that forms the basis for the preparation of the Statement. This includes the design, implementation and maintenance of internal controls relevant to the preparation of the Statement to ensure that mental health expenditure is correctly classified and included in the calculations and that the Statement is free from material misstatement, whether due to fraud or error.

The ICB's Accountable Officer is required to provide us with:

- access to all information of which management is aware that is relevant to the preparation of the Statement, including procuring any such records held by a third party so they are made available to us.
- additional information that we request from management for the purpose of the engagement.
- unrestricted access to persons within the ICB from whom we determine it necessary to obtain evidence.

In this report, references to "management" means the Accountable Officer of the ICB and those employees to whom the Accountable Officer of the ICB has properly delegated day-to-day conduct over matters for which the Accountable Officer of the ICB retains ultimate responsibility.

Relevant Information to be used in the preparation of the Statement

The Relevant Information to be used in the preparation of the Statement is set out in the Guidance. This includes:

- Total expenditure on mental health in the year ended 31 March 2025, applying the definitions used for programme budgeting set out in the Guidance.
- The ICB's target spend for the year, as confirmed by NHS England ("Target Spend").

The Guidance sets out what constitutes eligible mental health expenditure for the purpose of the MHIS and the Statement. The Criteria we used to form our opinion are NHS England's Criteria as set out at <https://www.england.nhs.uk/long-read/assurance-engagement-of-the-mental-health-investment-standard-2024-25/#criteria-to-be-used-for-the-statement> ("the Criteria").

Our responsibilities

Our responsibilities are to plan and perform our work to obtain reasonable assurance about whether the Statement has been properly prepared, in all material respects, in accordance with the Criteria set out in the Guidance and to report to the Board] of the ICB and NHS England in the form of an independent reasonable assurance opinion based upon the procedures performed and evidence obtained.

For the purpose of the engagement we have been provided by the ICB with a copy of the ICB's MHIS compliance statement showing the eligible MHIS expenditure and its Target Spend for 2024/25, together with a more detailed expenditure summary. The Accountable Officer of the ICB remains solely responsible for the Statement and the detailed expenditure summary.

Our separate responsibilities in relation to the ICB's financial statements

Our audit work on the financial statements of the ICB is carried out in accordance with our statutory obligations and is subject to separate terms and conditions. This engagement will not be treated as having any effect on our separate duties and responsibilities as the ICB's external auditor. Our audit report on the financial statements of the ICB is intended for the sole benefit of the members of the Board of the ICB, 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 to the members of the Board of the ICB those matters we are required to state to them in an auditor's report and for no other purpose. Our audit of the ICB's financial statements is not planned or conducted to address or reflect matters in which anyone other than such members of the Board of the ICB, as a body, may be interested in such purpose. In these circumstances, to the fullest extent permitted by law,

we do not accept or assume any responsibility to anyone other than the ICB and the members of the Board of the ICB, as a body, for our audit work, for our audit report, or for the opinions we have formed in respect of that audit.

To the fullest extent permitted by law we do not and will not, by virtue of our reports or otherwise, assume or accept any duty of care or liability under this engagement to the ICB and the members of the Board of the ICB, as a body, or NHS England or to any other party, whether in contract, negligence or otherwise in relation to our statutory audit of the ICB's financial statements.

Assurance standards applied

We conducted our engagement in accordance with International Standard on Assurance Engagements (UK) 3000, *Assurance engagements other than audits or reviews of historical financial information* ("ISAE (UK) 3000") issued by the Financial Reporting Council. That standard requires us that we obtain sufficient, appropriate evidence on which to base our opinion.

Independence, professional standards and quality management

Our firm applies International Standard on Quality Management 1 (UK) *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements* ("ISQM (UK) 1"), issued by the FRC, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have complied with the independence and other ethical requirements of the Institute of Chartered Accountants in England and Wales ("ICAEW") Code of Ethics, which includes independence, and other requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour, that are at least as demanding as the applicable provisions of the International Ethics Standards Board for Accountants ("IESBA") International Code of Ethics for Professional Accountants (including International Independence Standards).

Summary of work performed

A summary of the work that we performed is as follows:

- Ascertained the method of compilation of the Statement and the MHIS expenditure figures on which it is based;
- Considered the internal controls applied by the ICB over the preparation of the Statement and the MHIS expenditure figures, and evaluated the design of those controls relevant to the engagement to determine whether they had been implemented, but did not test their operating effectiveness;
- Identified and assessed the risks of material misstatement in the Statement as a basis for designing and performing procedures to respond to the assessed risks;
- Agreed the total 2024/25 spend to supporting calculations; and assessed whether it is equal or above the target spend as provided by NHS England.
- Carried out testing on the mental health expenditure included in the Statement and supporting detailed expenditure summary to check whether it met the definition of mental health expenditure properly incurred, as set out in the Guidance.
- Agreed the factual accuracy of the Statement based on the procedures set out above.

We have examined the records of the ICB, performing such procedures on a sample basis so as to obtain information and explanations that we considered necessary having regard to the Guidance issued by NHS England and received such explanations from the management of the ICB in order to provide us with sufficient appropriate evidence to form our opinion on the Statement. The scope of our testing covered the total MHIS expenditure included in the Statement only and does not cover the reporting of spend against individual service lines in the detailed expenditure summary.

In the preparation of the Statement, the ICB uses underlying information provided by a third party or information derived from a third party's system, such as the NHS Business Service Authority, other NHS providers and local authorities ("third-party information"). Under the Guidance, we were not required to, nor have we, performed procedures over the accuracy and completeness of any third-party information provided by the ICB.

Our work was directed to those matters that, in our view, materially affect the Statement and was not directed to the discovery of errors or misstatements that we consider to be immaterial. While we perform our work with reasonable skill and care, it should not be relied on to identify or disclose all misstatements, fraud or errors that might exist.

Inherent limitations

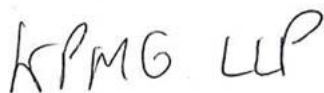
In the preparation of the Statement, the ICB may make clinical opinions in estimating the proportion of spend which relates to mental health needs, as defined by NHS England in the Guidance, and therefore how much is to be included in the total expenditure on mental health for the year. Under the Guidance we are not required to perform, nor have we performed, any work to assess whether any such clinical opinions, or whether the classifications of services set out by NHS England in the Guidance, are appropriate.

The Reporting Criteria has been developed and published by NHS England. As a result, the ICB's Statement may not be suitable for another purpose.

Opinion

Our opinion has been formed on the basis of, and is subject to, the matters outlined in this report, in particular the "Inherent limitations" and the "Intended use of our report" sections above.

In our opinion, the ICB's Mental Health Investment Standard compliance statement for the year ended 31 March 2025 has been properly prepared, in all material respects, in accordance with the Criteria set out in the Assurance Engagement of the Mental Health Investment Standard 2024/25 published by NHS England.



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17 April 2026