University Hospitals Sussex NHS Foundation Trust

Formal Meeting of the Council of Governors to receive the 2025/26 Annual Report and Accounts for University Hospitals Sussex NHS Foundation Trust

Monday 7 September 2026

19.15 – 19.30

MS Teams (this will be on the same link as the AGM)

Item: 1	Time: 19.15	**Welcome and apologies for absence**	To note	Verbal	Presenter: Chair
Item: 2	Time: 19.15	**Declarations of Interest**	To note	Verbal	Presenter: Chair
		Quoracy of Council of Governors Meetings *A meeting of the Council shall be quorate and shall not commence until it is quorate. Quoracy is defined as meaning that there shall be present at the meeting at least one third of all Governors (7 allowing for vacancies). Of those present, at least 51% shall be elected Governors.*			
Item: 3	Time: 19.15	**Minutes of the Council of Governors Meeting held on 30 September 2025** *(noting these were approved by the Council on 20 November 2025)*	To note	Enclosure	Presenter: Chair
Item: 4	Time: 19.15	**External Annual Auditors Report 2025/26** for University Hospitals Sussex NHS Foundation Trust	To note	Enclosure	Presenter: External Audit (Grant Thornton)
Item: 5	Time: 19.25	**Acceptance of the Annual Report and Accounts as presented at the AGM**	To accept (noting earlier presentation and discussion in AGM)	Verbal/ Enclosure	Presenter: Chair
Item: 6	Time: 19.30	**Any further questions from Governors on the Accounts not covered in the AGM**		Verbal	Presenter: Chair
Item: 7	Time: 19.30	**Close of meeting**		Verbal	Presenter: Chair

The Trust's annual report are on the Trust's website and can be found by the following link

UHSussex Annual Report and Accounts 2025/26 - University Hospitals Sussex NHS Foundation Trust

A hard copy of these documents can be provided on request, please make any requests to the Trust via uhsussex.companysecretarialteam@nhs.net

Please note a copy of the presentations provided will be placed on our website following the meeting

Minutes

University Hospitals Sussex NHS Foundation Trust

Minutes of the Council of Governors meeting held at 19.15 on Tuesday 30 September 2025, via MS Teams Live Broadcast

Present:

Philippa Slinger	Chair
Andy Heeps	Interim Chief Executive Officer
Katie Urch	Chief Medical Officer
Jonathan Reid	Chief Financial Officer
Maggie Davies	Chief Nurse
Paul Layzell	Non-Executive Director
Lucy Bloem	Non-Executive Director
Kate Steadman	Non-Executive Director
Bindesh Shah	Non-Executive Director
Lindy Tomsett	Public Governor, Chichester (Lead Governor)
John Todd	Public Governor, Adur
Yvonne Price	Public Governor, Arun
Frances McCabe	Public Governor, Brighton & Hove
Jo Richardson	Public Governor, Horsham
Colin Holden	Public Governor, Mid-Sussex
Doug Hunt	Public Governor, Mid-Sussex
Varadarajan Kalidasan	Appointed Governor, Trust Inclusion Groups
Zingiswa Thetho	Staff Governor, Royal Sussex County Hospital
Tomasz Makola	Staff Governor, St Richard's Hospital

In Attendance:

Glen Palethorpe	Company Secretary
Ben Smith	Deputy Company Secretary
Paul Jacklin	Grant Thornton
Darren Wells	Grant Thornton
Jan Simmons	Governor & Membership Manager

COG/09/25/1 WELCOME AND APOLOGIES FOR ABSENCE **ACTION**

1.1 The Chair welcomed everyone attending virtually via the MS Teams

1.2 Apologies for absence were noted from:
Executives: David Grantham, Roxanne Smith
Non-Executive Directors: Gordon Ferns, Wayne Orr, Jackie Cassell, Philip Hogan
Public Governors: Alexander Leaney, Patricia Percival
Staff Governors: Miranda Jose, Cheryl Giles
Appointed Governors: Helen Rice, Alison Cooper, Mitchie Alexander

COG/09/25/2 CONFIRMATION OF QUORACY

2.1 The meeting was quorate with more than one third of all Governors in attendance and at least 51% of those present being publicly elected Governors.

COG/09/25/3 DECLARATIONS OF INTERESTS

3.1 There were no interests to declare.

COG/09/25//4 MINUTES OF THE MEETING HELD ON 30 July 2024 (noting these were approved by the Council on 8 August 2024)

4.1 The Council **noted** that the minutes of the Annual General Meeting held on 30 July 2024 had been approved by the Council on 8 August 2024.

COG/09/25/5 MATTERS ARISING FROM THE MINUTES OF THE PREVIOUS MEETING

5.1 There were no matters arising from the minutes of the previous meeting held on 30 July 2024.

COG/09/25/6 EXTERNAL ANNUAL AUDITORS REPORT 2024/25 FOR UHSUSSEX NHS FOUNDATION TRUST

6.1 The Council **RECEIVED** the Auditor's Annual Report in relation to the audit of University Hospitals Sussex NHS Foundation Trust, presented by Darren Wells, Director from Grant Thornton, External Auditors for the Trust.

6.2 Darren gave an overview of the Auditors scope of work and highlighted the two main focus areas of their work, the Financial Statements audit and Value for Money assessment.

6.3 Referring to the Financial Statements audit Darren was pleased to state that on the 25 June 2025 Grant Thornton gave an unqualified opinion on the Trust's Financial Statements which was in advance of the national deadline.

6.4 The Council noted that the financial accounts audit found a high-quality set of draft Statement of accounts supported by a comprehensive suite of working papers, with no changes to the balance sheet and Statement of Comprehensive Income. Overall, this had resulted in a good strong set of accounts and an efficient audit process.

6.5 The Trust's Finance Team had been fully engaged with the audit process and had responded promptly to questions and requests for further information.

6.6 Grant Thornton had no issues to report under their other responsibilities but as with all other Trusts, were awaiting the National Audit Office confirmation that their work on Whole of Government Accounts was completed and once received would officially and formally certify the closure of the Trust's 2024/25 audit.

6.7 In respect of the external Auditor's review of the Trust's Value for Money arrangements Darren informed the Council that there were two areas of significant weakness in arrangements; these were in relation to the Trust's financial sustainability and the Trust's governance arrangements.

6.8 In relation to financial sustainability, Grant Thornton identified one risk of significant weakness in relation to cost improvement and made a key recommendation relating to developing plans at pace. Three improvement recommendations were also raised.

6.9 In relation to the Trust's governance arrangements, one risk of significant weakness was identified in relation to culture with a key recommendation made relating to delivering tangible improvements.

6.10 The Chair thanked Darren and Grant Thornton for the presentation and welcomed the receipt of the positive report for the Trust.

COG/09/25/7 ACCEPTANCE OF THE ANNUAL REPORT AND ACCOUNTS AS PRESENTED AT THE AGM

7.1 The Council of Governors **AGREED** the receipt of the Annual Report and Accounts for 2024/25 for University Hospitals Sussex NHS Foundation Trust for which a presentation had been made at the Annual General Meeting.

COG/09/25/8 QUESTIONS FROM GOVERNORS ON THE ACCOUNTS

8.1 There being no questions from the Governors, the Chair opened the meeting to questions from the public.

8.2 There were no questions from the Public.

COG/09/25/9 OTHER BUSINESS

9.1 There was no other business to discuss.

COG/09/25/10 DATE OF NEXT MEETING

10.1 It was noted that the next meeting of the Council of Governors is scheduled to take place at 14.00 on Thursday 20 November 2025.

Jan Simmons
Governor & Membership Manager
1 October 2025

Signed as a correct record of the meeting

…….. Chair

..…… Date

University Hospitals Sussex NHS Foundation Trust

Auditor's Annual Report
Year ending 31 March 2026

May 2026

Contents

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.

01 Introduction and context

Introduction

This report brings together a summary of all the work we have undertaken for University Hospitals Sussex NHS Foundation Trust during 2025/26 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 NHS Foundation Trust 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 Trust as at 31 March 2026 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 2025/26, and
- have been prepared in accordance with the requirements of the National Health Service Act 2006.

We also consider the Annual Governance Statement and the relevant disclosures within the Annual Report including the Remuneration Report and the Staff Report.

Auditor's powers

Auditors of a Foundation Trust have 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 relevant NHS regulatory body.

Auditors of Foundation Trusts also have the duty to consider whether to issue a report in the public interest (PIR), where it is appropriate to do so.

Value for money

Under Schedule 10 paragraph 1(d) of the National Health Service Act 2006, we are required to be satisfied whether the Foundation Trust 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

Recovering performance amid high demand, workforce pressure and financial constraint.

National

Past

Historic Pressures

Long waits, rising demand and persistent backlogs in investment has created sustained pressure on hospital capacity, workforce and flow.

Infrastructure strain

Ongoing productivity challenges and ageing infrastructure has left acute providers struggling to keep pace with rising activity and complexity.

Present

Performance gaps

Despite record elective and emergency activity, urgent care performance remains below standards, with 12-hour waits continuing to increase.

Pressured finances

Acute Trusts must deliver 4% productivity gains and reduce cost bases by 1% amid tight budgets and rising demand.

Future

Recovery Focus

Acute Trusts will be expected to accelerate elective recovery, improve A&E and ambulance performance, and strengthen flow models such as same-day emergency care (SDEC).

Pathway Shift

National reforms will increasingly shift care closer to home, requiring acute providers to redesign pathways with community partners in a devolved system.

Local

University Hospitals NHS Foundation Trust provides clinical services to a population of 1.8m people, operating seven hospitals across Brighton & Hove and West Sussex. The Trust is one of the largest acute services providers within the NHS and is one of seven trusts that operate within the Sussex Health and Care Integrated Care System.

The Trust has faced regulatory scrutiny, with frequent CQC inspections and entering undertakings with NHSE regarding its provider license in 2023/24. The Trust is currently under police investigation concerning historical issues within some of its surgical services at the Royal Sussex Hospital. The Trust is making progress addressing weaknesses identified in previous external inspections but still has significant work to do to deliver and embed improvements to culture and strengthen key performance metrics relating to referral to treatment and urgent & emergency care.

It is within this context that we set out our commentary on the Trust's value for money arrangements in 2025/26.

02 Executive Summary

Executive summary – our assessment of value for money arrangements

Our overall summary of our Value for Money assessment of the Trust's arrangements is set out below. Further detail can be found on the following pages.

Criteria	2024/25 Assessment of arrangements		2025/26 Risk assessment	2025/26 Assessment of arrangements	
Financial sustainability	R	Significant weakness in arrangements identified and a key recommendation made relating to developing savings plans. We also raised three improvement recommendations.	Risk of significant weakness identified in relation to the delivery of planned efficiencies.	R	Significant weakness in arrangements identified due to the under delivery of planned efficiencies, including recurrent delivery, in 2025/26 and the challenging level of savings required to deliver the medium-term financial plan. We have raised one key recommendation relating to savings delivery.
Governance	R	Significant weakness in arrangements identified and a key recommendation made relating to delivering tangible improvements in culture.	Risk of significant weakness identified in relation to organisational culture.	R	Significant weakness in arrangements identified in relation to the continued actions required to deliver and embed culture improvements, although noting that a Behavioural Compass and Leadership Framework has been developed. We have raised a key recommendation relating to developing and delivering a refreshed Integrated Improvement Plan.
Improving economy, efficiency and effectiveness	G	Our work did not identify any areas where we considered that key or improvement recommendations were required.	Risk of significant weakness identified in relation to key performance metrics and the Trust's NHS Oversight Framework 4 rating.	R	Significant weakness in arrangements identified due to the Trust's designation in NHS Oversight Framework 4 as a result of significant performance challenges, compared to a rating of 3 in the previous year's oversight framework. We have raised a key recommendation to develop an Integrated Improvement Plan as set out above. We have also raised two improvement recommendations to strengthen contract management.

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 Trust's arrangements in respect of value for money.

Financial sustainability

The Trust delivered its breakeven plan for 2025/26 and in doing so was allocated additional deficit support funding for a final £4.9m surplus position. This is a significant achievement and demonstrates the grip and control actions taken by the Trust in-year.

Going forwards the Trust has a medium-term financial plan that delivers a balanced position each year to 2028/29 and reduces the underlying deficit to zero.

However, there is significant risk to the delivery of the financial plan due to the ambitious savings targets in 2026/27, which are a step increase to actual recurrent delivery in 2025/26. There is also increased risk for savings delivery in future years as there is no worked up multi-year pipeline of savings schemes.

We have therefore identified a significant weakness in arrangements and raised a key recommendation relating to savings delivery.

Governance

There is an adequate Board Assurance Framework in place to manage strategic risk, which is currently being refreshed to ensure alignment to the new Trust Strategy. There is an effective internal audit function and Audit Committee, and adequate arrangements are in place to ensure properly informed decision making and adherence to regulatory requirements when undertaking procurement.

The Trust has made progress in strengthening arrangements in response to previous external reviews but recognises there is more to do to embed cultural and Well-Led improvements.

We have identified a significant weakness in arrangements relating to culture, while recognising the building blocks of a revised behavioural framework are in place. We have raised a key recommendation to develop the Integrated Improvement Plan.

Improving economy, efficiency and effectiveness

The Trust has adequate arrangements in place to report on key performance metrics that are aligned to the Trust Strategy.

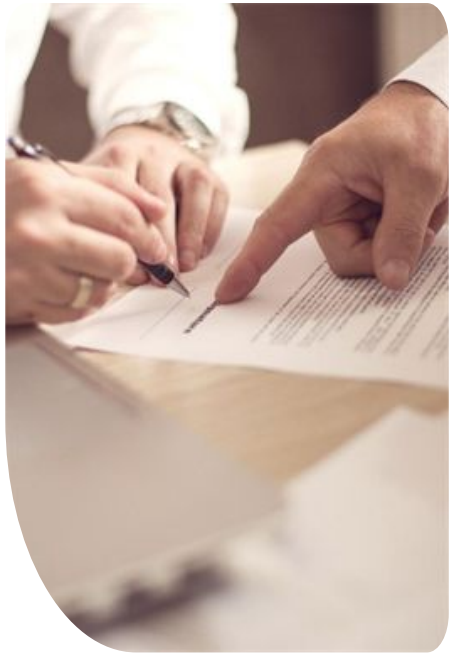
The Trust is however facing significant performance challenges relating to elective care, cancer care and urgent & emergency care. Due to these challenges the Trust is placed in NHS Oversight Framework 4, signifying a low performing Trust and has recently been placed in the National Provider Improvement Programme. The Trust is awaiting the findings of the diagnostic phase of the Programme to inform the actions that need to be taken to improve performance.

We have therefore identified a significant weaknesses in arrangements due to these performance challenges and additional support that the Trust requires from regulators to improve performance. We have raised a key recommendation to develop the Integrated Improvement Plan.

Executive summary – auditor's other responsibilities

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

Auditor's responsibility	2025/26 outcome
Opinion on the Financial Statements	We have completed our audit of your financial statements and plan to issue an unqualified audit opinion following the Audit Committee meeting on 16 June 2026. Our findings are set out in further detail on pages 11-12.
Use of auditor's powers	We did not make a referral under Schedule 10 paragraph 6 of the National Health Service Act 2006. We do not consider that any unlawful expenditure has been made or planned for. No other issues have been identified during our work which require us to issue a Public Interest Report (PIR).



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 Trust's financial statements, and whether we have used any of the other powers available to us as the Trust's auditors.

Audit opinion on the financial statements

We plan to issue an unqualified opinion on the Trust's financial statements following the Audit Committee on 16 June 2026.

The full opinion is included in the Trust's Annual Report for 2025/26, which can be obtained from the Trust's website.

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

- give a true and fair view of the financial position of the Trust as at 31 March 2026 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 2025/26, and
- have been prepared in accordance with the requirements of the National Health Service Act 2006.

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

Findings from the audit of the financial statements

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

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

There was one significant amendment to the financial statements in relation to the valuation of the Trust's land and building valuations. We expressed concerns with the revised Modern Equivalent Asset (MEA) methodology included in the draft financial statements, particularly the case presented that the revised methodology increased benefits to the local population over the existing MEA assumptions. Management have understood our views and decided to amend the financial statements adopting a more appropriate MEA approach. We are satisfied with the revised model. This amendment resulted in an increase of £190m to Land and building valuations.

We also identified a few unadjusted misstatements which are individually and collectively well below our materiality levels. These are reported in the Audit Findings Report.

There were no other significant findings on the financial statements.

Audit Findings Report

We report the detailed findings from our audit in our Audit Findings Report. A final version of our report was presented to the Trust's Audit Committee on 16 June 2026. Requests for this Audit Findings Report should be directed to the Trust.

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 Report and the Staff Report included in the Trust's Annual Report for 2025/26.

These specified parts of the Remuneration Report and the Staff Report have been properly prepared in accordance with the requirements of the NHS Foundation Trust Annual Reporting Manual 2025/26 (FT ARM).

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 Trust's Annual Report for 2025/26 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.

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

Under the National Health Service Act 2006, we are required to be satisfied whether the Trust 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 Trust 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 Trust 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 Trust 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 Trust:	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	The Trust submitted a breakeven plan for 2025/26. During the financial year significant financial risk to the delivery of the plan was identified and in response heightened grip and control measures were put in place. Additional non-recurrent funding was also received that helped the financial position relating to the delayed implementation of the Trust's subsidiary plans and industrial action. At outturn, the Trust delivered the agreed breakeven plan, and in doing so was allocated an additional £4.9m in deficit support funding (DSF), achieving an overall surplus of £4.9m. Excluding the £31.1m total DSF received, a £26.2m deficit position was delivered as planned. The Trust has strengthened medium-term financial planning, producing a 3-year financial plan to 2028/29 in accordance with NHS planning requirements. The Trust Strategy "Excellent Care Everywhere" provides the strategic map to financial and clinical sustainability. External consultants have undertaken work to better understand the drivers to the Trust's underlying deficit position to inform financial planning. The Trust has submitted a breakeven plan for each year to 2028/29, with no DSF required for 2027/28 or 2028/29. The underlying deficit is forecast to reduce from £47.9m in 2026/27 to zero by 2028/29. This trajectory to financial sustainability is dependent on the delivery of ambitious savings targets, and this remains the most significant risk to plan delivery. The challenge is to deliver ambitious planned savings targets alongside delivering required improvements to productivity. The Trust under delivered its efficiency target in 2025/26, including under delivery of planned recurrent savings. While we have not found any significant weakness with regards to the Trust's overall financial planning and noting the delivery of the agreed 2025/26 financial plan, we have raised a key recommendation relating to efficiency delivery on page 20. The Trust has continued to experience cash constraints during the year, evidenced by the poor Better Payment Practice Code performance which has been impacted by the management of creditor payments to protect minimum cash balances. Although cash balances remain at minimum levels, and the Trust will need to continue to closely monitor and manage cash, we are satisfied that appropriate arrangements are in place.	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 Trust:	Commentary on arrangements	Rating
plans to bridge its funding gaps and identify achievable savings	The Trust had a challenging £108.9m efficiency target for 2025/26, against which it delivered £96.8m, with £14.9m under delivery against planned full year effect recurrent savings. Savings delivery in 2025/26 relied on £31.0m of non recurrent savings which do not reduce the Trust's underlying deficit. The 2026/27 financial plan requires £128.6m of efficiencies to be delivered, an ambitious target and a step increase in total savings and recurrent savings compared to actual delivery in 2025/26. There is additional risk to savings delivery in 2026/27 as 64% of savings are planned to be delivered in the second half of the year, reducing the time available to develop mitigating actions should there be scheme slippage. There is not a worked-up pipeline of savings schemes in place to support the delivery of further significant savings targets in 2027/28 and 2028/29, with the submitted plan identifying 100% of these savings targets as unidentified. The Trust has arrangements in place to support savings identification and delivery, and has strengthened these through additional senior finance capacity and considering the lessons learned from 2025/26 delivery. We raised a key recommendation in 2024/25 that the Trust should progress all efficiency plans as quickly as possible to reduce the risk of under delivery in year. We also raised an improvement recommendation in 2024/25 that the Trust should finalise the two-year recovery plan and long-term plan, alongside developing a multi-year efficiency plan. While the Trust has made progress with strengthening medium term financial planning and has arrangements in place to support savings delivery, we have combined these recommendations into an updated key recommendation (page 20). This is due to the under delivery of recurrent savings in 2025/26, the significant risk the ambitious savings targets in 2026/27 represent to the financial plan, and the absence of a robust multi-year approach to savings development.	R

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 Trust:	Commentary on arrangements	Rating
plans finances to support the sustainable delivery of services in accordance with strategic and statutory priorities	The Trust can demonstrate that strategic priorities are reflected within financial plans. The Trust's Strategy, "Excellent Care Everywhere" sets out strategic ambitions including the theme of being ready for the future, which prioritises digitalisation, better estate and equipment and providing value for money. The Strategy reflects the transformational agenda within the NHS 10-Year Plan moving from care in hospital to care in the community, from analogue to digital, and from treatment to prevention. Financial planning reports confirm alignment with the Trust's Strategy. The financial plan focusses on financial recovery, performance improvement, meeting constitutional standards and strengthening care pathways. The transformation programme is central to achieving strategic ambitions and includes major clinical and operational changes such as emergency care reconfiguration and expansion of elective capacity. The Trust is currently in NHS Oversight Framework (NOF) Segmentation 4, representing a low performing Trust. The Finance and Productivity domain is ranked as below average (Segment 3) due to the underlying deficit position and reliance on DSF to breakeven. As already noted, the Trust has submitted a breakeven plan for each year to 2028/29 which models the underlying deficit reducing to zero, but is dependent on the delivery of significant savings. We have raised a key recommendation relating to efficiency delivery on page 20. The Trust needs to demonstrate a positive trajectory delivering the financial plan and planned savings in order to improve the Trust's NOF segmentation.	G
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	The Trust can demonstrate that financial planning assumptions are consistent with key strategies. The financial planning process includes the triangulation of finance, workforce and activity plans. The Workforce Plan sets out how the Trust will modernise the workforce including reducing reliance on contingent staffing and driving productivity, with the financial plan reflecting savings from rightsizing the workforce and agreed service developments. Financial plans are aligned to estates plans, including estate rationalisation to improve efficiency and investment to support new models of care. The financial plan also aligns to the Digital and Data Strategy with investment in key projects such as the Electronic Patient Record.	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 Trust:	Commentary on arrangements	Rating
identifies and manages risk to financial resilience, e.g. unplanned changes in demand, including challenge of the assumptions in underlying plans	There are adequate arrangements in place to identify and report risks to financial delivery, along with mitigating actions aimed at reducing risk. The Board is provided oversight of financial risk through regular Integrated Performance Reports, and Board Assurance Framework summaries. Financial Performance Reports and Grip & Control Updates provided to the Finance & Performance Committee also identify risks and mitigations to the delivery of the plan. Financial planning includes identification and quantification of key financial risks, incorporating both upside and downside scenario analysis.	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 (continued)

Significant weakness identified in relation to savings delivery

Key finding: The Trust has submitted a 3-year financial plan that delivers a breakeven position each year, eliminates the requirement for DSF, and reduces the underlying deficit to zero. The most significant risk to the delivery of the medium-term financial plan is the ambitious scale of recurrent savings required, against the context of significant under-delivery of recurrent savings in 2025/26. We have updated the key recommendation raised in 2024/25 relating to efficiency planning.

Evidence: The Trust had a challenging £108.9 efficiency target for 2025/26, against which it delivered £96.8m (89%). The Trust underdelivered £12.1m of total savings, and the full year effect of recurrent savings delivery was £14.9m below target (16%). Recurrent savings delivery is crucial to reducing the run rate in future years and moving to a financially sustainable position.

The medium-term financial plan 2026/27 – 2028/29 represents a positive trajectory to financial sustainability but requires the delivery of very challenging savings targets to deliver breakeven each year. The Trust must deliver £128.6m in efficiency schemes in 2026/27 which represents 7.1% of operating expenditure, with £108.6m planned to be delivered recurrently. When the plan was submitted on 25 March 2026 93% of the savings schemes were identified as high risk and 69% were still classed as opportunities, reflecting low scheme maturity. The target is a step increase of 33% in total savings and 65% in recurrent savings compared to actual delivery in 2025/26, which represented only 4.7% of operating expenditure. There are significant pay efficiency targets attributed to establishment reviews, corporate services transformation and clinical services redesign, which will be complex and require adequate lead-in times to deliver.

There is not a worked-up pipeline of savings schemes in place to support the delivery of £90.0m savings in 2027/28 and £57.8m in 2028/29, with the submitted plan identifying 100% of these savings targets as both high risk and unidentified.

The Trust has arrangements in place to support savings identification and delivery, including a Programme Management Office and standard tools such as Project Initiation Documents and Quality Impact Assessments. The Financial Recovery Delivery Board oversees and co-ordinates the delivery of savings with assurance provided to the Finance & Performance Committee. Additional senior resources have been recruited through 2025/26 to strengthen capacity, including the Operational and Strategic Finance Directors, with the Trust currently recruiting a permanent Recovery and Productivity Director. The Trust has also considered the lessons learned from 2025/26 delivery challenges, identifying the need for improved corporate governance, prioritisation of recurrent savings over tactical, and strengthening arrangements and accountability for workforce related schemes. For 2026/27 savings targets are allocated to divisions based on their share of efficiency programmes rather than based on their proportion of total budget spend.

Financial sustainability (continued)

Significant weakness identified in relation to savings delivery (continued)

Evidence (continued): The Trust is developing core schemes that include corporate services, length of stay, medical rate card, medicines management, workforce rightsizing and pathway redesign. Savings targets for core schemes are based on analysis of historic spend trends, benchmarking, and estimates for demand management. External consultants have undertaken work to better understand the structural, strategic and operational drivers to the Trust's underlying deficit position to inform financial planning. Since the submission of the financial plan in March the Trust has continued to make progress identifying efficiency schemes and aims to have a fully worked up programme by the end of Quarter 1.

Delivery of the 2026/27 plan will require robust financial oversight, grip and control. While the Trust has made progress with strengthening medium term financial planning and has arrangements in place to support savings delivery, we have updated the key recommendation raised in 2025/26.

Impact: There is significant risk to the delivery of the medium-term financial plan due to the ambitious savings required in 2026/27 and the lack of a pipeline of savings for future years. The Trust needs to develop a multi-year savings programme of recurrent savings to deliver financial sustainability.

Key recommendation 1

KR1: The Trust must ensure that recurrent schemes to deliver the 2026/27 efficiency target are worked up earlier in the year and that a pipeline of multi-year savings is developed to meet future year targets. The oversight and challenge through the Financial Recovery Delivery Board should increase to keep pace with the increased savings required, with sufficient assurance provided to the Finance & Performance Committee that savings delivery is on track with escalations to the Board clearly set out to enable slippage and non-delivery risks to be appropriately managed.

Governance – commentary on arrangements

We considered how the Trust:	Commentary on arrangements	Rating
monitors and assesses risk and how the Trust gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud	The Trust has an adequate Board Assurance Framework (BAF) in place. The BAF is reported quarterly to the Board after consideration at the relevant oversight committee, with strategic risk structured around the domains of the Trust's strategic vision. The BAF is reviewed annually to ensure strategic risks and the risk management approach remain relevant. We note the Trust is currently updating the BAF, Risk Management Policy and operational risk register to further strengthen arrangements and ensure alignment to the new Trust Strategy "Excellent Care Everywhere", the developing Integrated Improvement Plan and any further NHSE requirements. The Trust should ensure that any refreshed risk management arrangements provide a strong assurance process to demonstrate that risk is being robustly and actively managed and how actions taken are impacting risk scores. We will review the Trust's refreshed BAF and risk management governance as part of our 2026/27 work. There is an effective internal audit function in place. A risk-based annual audit plan is agreed each year with progress regularly reported to the Audit Committee, including the implementation of internal audit recommendations. We note that the Head of Internal Audit Opinion for 2025/26 was "Generally Satisfactory" for the system of internal control. Arrangements to prevent and detect fraud and corruption are adequate, supported by an annual workplan that includes preventative and awareness work in addition to investigations. We note that internal audit provided a limited assurance conclusion for capital project management, identifying the need for a standard governance framework for capital projects. Management have agreed actions to strengthen arrangements, and we will follow up on the progress made as part of our 2026/27 work. We have not raised any further recommendations relating to capital project management.	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 Trust:	Commentary on arrangements	Rating
approaches and carries out its annual budget setting process	The Trust has a robust budget setting process in place. Financial planning is iterative and the Board and the Finance & Performance Committee receive regular planning update reports as additional planning guidance is released and as financial planning assumptions are refined. Multi-disciplinary governance and planning teams meet weekly through the Business Planning Steering Group to ensure oversight and consistency of planning activity. Trust financial planning links to system planning through the Finance Planning & Delivery Group, Financial Leadership Group and Provider Collaborative.	G
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	Financial reporting arrangements are robust. Integrated Performance Reports provided to the Board include key metrics relating to financial sustainability. The Finance & Performance Committee receive detailed Financial Performance Reports that provide for a good understanding of the Trust's revenue and capital financial position, with additional analysis for efficiency delivery, run rates, and staffing. In addition, the Committee receive Cash Reports and Capital Update reports providing further oversight of the financial position.	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 Trust:	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 Trust has adequate arrangements in place to make properly informed decisions and key decisions at Board level are supported by sufficiently detailed papers, ensuring informed debate and challenge. Committee Chair reports provide assurance to the Board for risks, issues and actions within the remit of individual committees and escalate issues as appropriate for Board attention. There is an effective Audit Committee in place that provides appropriate challenge and is supported by annual effectiveness and terms of reference reviews. The Trust has made progress in developing the Behavioural Compass and Leadership Framework which is now being implemented, and improvements are noted in relation to the Trust's Well-Led assessment as well as staff survey results. However, we note that there is more work to do to progress the Well-Led development review actions and improve cultural impact metrics. The Trust has been in discussion with NHSE regarding the issuing of revised enforcement undertakings which would include the requirement to demonstrate an improvement in culture, and the Trust awaits the outcome of these discussions. We have updated the key recommendation raised in 2024/25 for the Trust to develop and deliver a refreshed Integrated Improvement Plan (page 25).	R
monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements and standards in terms of staff and board member behaviour	The Trust has adequate arrangements in place to report legislative and regularity information to the Board. Arrangements are in place to ensure compliance with the relevant standards as detailed within the Constitution. The Board and its sub-Committees are provided with assurances throughout the year which would notify of any breaches in legislation, including Annual Declarations of Interest, Gifts & Hospitality reporting, and an annual review of Fit and Proper Person declarations. We have not identified any breaches in standards in 2025/26. The arrangements in place ensure the Trust meets legislative standards where it procures goods and services. The Trust's Standing Financial Instructions have been updated to reflect the Procurement Act 2023. The Audit Committee has quarterly oversight of tender waivers which we consider good practice.	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)

Significant weakness identified in relation to culture

Key finding: We raised a key recommendation in 2024/25 that the Trust should continue to closely monitor the Culture Programme to ensure it is delivering as planned. While the Trust has made progress in developing the Behavioural Compass and Leadership Framework which is now being implemented, we note that there is more work to do to progress the Well-Led development review actions and improve cultural impact metrics. We have updated this key recommendation for 2025/26 to develop and deliver a refreshed Integrated Improvement Plan.

Evidence: The Trust was issued with governance and quality undertakings in 2023 and we noted in our 2024/25 Auditor's Annual Report that the Trust had made significant improvements through the delivery of the Single Improvement Plan. We note that the CQC Well Led assessment undertaken in July 2025 provided a Requires Improvement rating, demonstrating a positive trajectory from the previous Inadequate assessment. The Trust was however found to be in continued breach of governance and safe care regulations, and although improvements had been made, CQC identified further work was required in relation to culture.

The Trust has undertaken a structured review of the Culture Programme that was established under the Single Improvement Plan. In parallel the Behavioural Compass and Leadership Framework has been developed, alongside the wider organisational work responding to the Well-Led Review. The Trust is now in the activation phase of its Behavioural Compass and Leadership Framework. Delivery has progressed across all five workstreams and several have now transitioned into business-as-usual. The Behavioural Compass and Leadership Framework has become the cultural framework for the organisation. NHS Staff Survey results show improvement across every domain other than one, although the Trust started from a low baseline.

The Trust acknowledges that it is moving from design to implementation phase for the actions resulting from the 22 NICHE Well-Led recommendations, with a requirement to focus on developing clear delivery plans and strengthening programme management to ensure the work delivers tangible and consistent impacts. The update report presented to the Board on 31 March 2026 identified that 15 actions were still in progress, with 7 complete. Recommendations that are in progress include key areas relating to rolling out the Values and Behaviours Framework to embed the required Trust values, rolling out leadership learning support to ensure appropriate relationships are developed, and undertaking a Board development session to focus on equality, diversity and inclusion.

Governance (continued)

Significant weakness identified in relation to culture (continued)

Evidence (continued): NHSE have recently reviewed the Trust's response to the undertakings raised and the Trust has been in discussion with NHSE to consider the form revised undertakings could take. While progress has been made, revised draft undertakings include the requirement to demonstrate improvement in culture as well as developing plans to improve performance across referral to treatment and urgent & emergency care key metrics. If revised undertakings are formally issued by NHSE, they will likely depend on the findings of the diagnostic phase of the National Provider Improvement Programme, and link to the performance drivers that have led to the Trust being placed in NHS Oversight Framework segment 4.

Addressing the continued concerns relating to culture and performance will require a refreshed Integrated Improvement Plan to be developed. We comment further on the key performance metrics that require focussed improvement on page 28 of this report

Impact: The Trust should ensure that a robust Integrated Improvement Plan is developed to ensure tangible improvements to culture are embedded.

Key recommendation 2

KR2: The Trust must strengthen its improvement arrangements by developing and implementing a refreshed Integrated Improvement Plan that consolidates:

- NHSE requirements (including any revised undertakings if issued),
- its actions to improve culture, and
- the National Provider Improvement Programme findings.

Delivery of the Integrated Improvement Plan must be assured through robust challenge and oversight, with consistent assurance reporting on delivery progress, risks, dependencies and benefits realisation, and timely escalation where slippage or continued non-compliance emerges.

Improving economy, efficiency and effectiveness – commentary on arrangements

We considered how the Trust:	Commentary on arrangements	Rating
uses financial and performance information to assess performance to identify areas for improvement	Adequate arrangements are in place to report on key performance metrics. Integrated Performance Reports are presented regularly to the Board and provide a comprehensive overview of performance and delivery of Trust priorities. Reporting is aligned to Trust Strategy key ambitions and where poor performance is identified, reports set out the actions being taken to improve performance. Arrangements are in place to assess and report on the quality of data used for decision making. The Trust uses benchmarking tools to identify areas for improvement.	G
evaluates the services it provides to assess performance and identify areas for improvement	The Trust is within NHS Oversight Framework segment 4 (NOF4), indicating a low performing Trust. Particular performance challenges are noted against key constitutional standards relating to elective care, cancer care and urgent & emergency care (UEC). The Trust was also placed in the National Provider Improvement Programme in March 2026 following their designation to NOF4 and is waiting for a diagnostic to be completed to inform how best to support improved performance. NHSE has recently reviewed the Trust's response to the quality and governance undertakings raised in 2023. We understand that the formal NHSE response when received will confirm the progress made, but that revised undertakings may be issued following the diagnostic phase of the National Provider Improvement Programme, in relation to culture and performance that will require a further Integrated Improvement Plan to be developed and delivered. We have assessed the Trust's performance challenges in key areas that have led to the NOF4 designation as a significant weakness in arrangements, further evidenced by the Trust being placed in the National Provider Improvement Programme and potential revised undertakings. We have raised a key recommendation that the Trust should ensure that a robust Integrated Improvement Plan is developed and adequate assurance to delivery provided (page 28).	R

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 – commentary on arrangements (continued)

We considered how the Trust:	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	The Trust can demonstrate adequate engagement with stakeholders and partners when developing strategic objectives, as evidenced through the development of the Excellent Care Everywhere 2025-3020 Strategy. The development of financial planning priorities is undertaken in step with health system partners to deliver a cohesive plan that is in line with NHS and local requirements, for example in relation to improving emergency care and elective recovery. The Trust engages in wider system collaboration to tackle common challenges, through the Sussex Provider Collaborative, Acute Alliance and system transformation programmes.	G
commissions or procures services, assessing whether it is realising the expected benefits	The contracting and commissioning team oversee healthcare contract management. Standard tools and processes are in place with additional governance layers to track contract performance. We note that there is no central contract management function for non-healthcare contracts. The Trust recognises this is an area where arrangements require strengthening, with non-healthcare contract management undertaken within divisions with no corporate oversight. We have raised an improvement recommendation that the Trust should develop a formal contract monitoring framework for non-healthcare contracts (page 29). The Trust entered into a contract with an incentive fee structure through a direct award when commissioning a hypothetical estates model to support financial reporting. We are not assured that such fee structures represent best value for money for the Trust when commissioning these services and have raised an improvement recommendation (page 30). Procurement efficiencies are being sought through a structured transformation programme with strategic and supply chain projects, and these are reflected in savings targets. Arrangements for system collaborative procurement are still maturing, but there are specific examples of collaborative procurement including pharmacy, and the Pathology Network. The revised Sussex Provider Collaborative has agreed to undertake detailed system work on cross cutting procurement programmes.	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.

Improving economy, efficiency and effectiveness (continued)

Significant weakness identified in relation to key performance metrics

Key finding: The Trust continues to experience significant performance challenges against key performance metrics and has been placed in NOF4 as well as the National Provider Improvement Programme. We have raised a key recommendation to develop and deliver a refreshed Integrated Improvement Plan to address performance concerns.

Evidence: The Trust can evidence that in response to inspections from CQC and external reviews it has consistently developed action plans and reported progress to the Patient and Quality Assurance Committee and Board, and that generally improved regulatory feedback demonstrates its actions are starting to address the improvements required. The Trust is however continuing to experience significant performance challenges in key areas.

As of April 2026, the Trust is ranked 121 out of 134 acute trusts. The Trust recognises and reports on challenges delivering constitutional performance standards for urgent & emergency care (UEC), particularly 4 hour and 12 hour performance standards. As at March 2026 the Trust had 4 hour UEC performance of 68.9% compared to 77.1% nationally. In response the Trust has developed a revised UEC Improvement Programme, with associated workstreams for front door, wards, and discharge and with oversight provided through the UEC Programme Board. Similarly, to improve 18 and 52-week referral to treatment performance, the Trust has implemented escalated governance arrangements including weekly detailed reviews of patients enduring long waits, 52-week recovery plans, productivity reviews of challenged specialities and Tier 1 NHSE review meetings. As at March 2026, 18 week performance was 55.1% compared to 62.6% nationally. Cancer performance for 62-day treatment is improving but remains below the required standards, with the Trust implementing both tumour-site specific and system-wide actions with escalated governance and oversight.

NHSE have recently reviewed the Trust's response to the undertakings raised in 2023. We understand that revised undertakings may be issued due to performance concerns against key constitutional standards, but that this will depend on the findings of the diagnostic phase of the National Provider Improvement Programme. Any revised undertakings are likely to link to the same drivers that have led to the Trust being placed in the National Provider Improvement Programme in March 2026 following their designation to NOF4.

Impact: The Trust should ensure that a robust Integrated Improvement Plan is developed to address areas of poor performance within elective care, cancer care and urgent & emergency care to be able to exit NOF4.

We have raised a key recommendation that the Trust must ensure that it develops and delivers a refreshed Integrated Improvement Plan, as set out on page 25.

Improving economy, efficiency and effectiveness (continued)

Area for Improvement: contract management

Findings: There are adequate arrangements in place for healthcare contract management. Non-healthcare contract management is delegated to divisions with no corporate oversight. We have raised an improvement recommendation to strengthen arrangements.

Evidence: The central contracting and commissioning team oversee all healthcare contract management, both where the Trust provides services and where it commissions from third parties. Standard tools and processes are in place with additional governance layers such as the Elective Activity and Independent Sector Governance Board to track contract performance.

There is not currently a central contract management function for non-healthcare contracts. The Trust recognises this is an area where arrangements require strengthening, with non-healthcare contract management undertaken within divisions with no corporate oversight.

We understand the Chief Procurement Officer is currently developing a case for building a non-healthcare contract management function. A pilot was undertaken with external consultants in 2025/26 to review a sample of key contracts to identify quick wins for contract management as a proof of concept for benefits realisation. An interim Assistant Director of Contract Management post has been agreed for 2026/27, and contract management savings targets are included in financial plans.

Impact: The Trust should ensure there is sufficient corporate oversight of non-healthcare contract management to ensure expected benefits are realised.

Improvement Recommendation 1

IR1: The Trust should develop a formal contract monitoring framework, supported by appropriate corporate resources, for non-healthcare contracts that provides adequate oversight and assurance that contracts are being managed to realise expected cost and performance standards.

Improving economy, efficiency and effectiveness (continued)

Area for Improvement: consideration of contract value for money

Findings: The Trust entered into a contract with an incentive fee structure through a direct award when commissioning a hypothetical estates model to support financial reporting valuation services for the annual financial statements 2025/26. We are not assured that such fee structures represent best value for money for the Trust when commissioning these services and have raised an improvement recommendation.

Evidence: The Trust entered into a contract in August 2025 for the provision of consultancy services related to an assessment of a hypothetical Modern Equivalent Asset model to inform asset values in the financial statements. The services were undertaken by a subcontractor.

The procurement was undertaken using the Multi Specialism Services Framework Agreement, allowing for a direct award to be made to the supplier without the need for a competitive procurement exercise.

While this direct award is a compliant procurement route for the Trust to use, the contract included incentives based on the level of savings generated from the hypothetical model arising from reduced asset values and reduced Public Dividend Capital charges. The fee structure included a flat fee with an incentive fee cap of £0.5m.

As part of our audit of the Trust's financial statements, we raised concerns regarding the hypothetical Modern Equivalent Asset model and the Trust has reverted to a previous model and therefore the full incentive payment is no longer applicable.

However, we have identified a weakness in arrangements as these services can be procured without the requirement for incentive payments and so a different contract structure would offer better value for money to the Trust.

Impact: The Trust should ensure that options appraisal is evidenced for procurements that include direct awards for fee incentive contracts to demonstrate value for money.

Improvement Recommendation 2

IR2: The Trust should evidence appropriate consideration of alternative options when considering entering into contracts with an incentive fee structure to ensure that value for money is obtained.

05 Summary of Value for Money Recommendations raised in 2025/26

Key recommendations raised in 2025/26

	Recommendation	Relates to	Management Actions
KR1	The Trust must ensure that recurrent schemes to deliver the 2026/27 efficiency target are worked up earlier in the year and that a pipeline of multi-year savings is developed to meet future year targets. The oversight and challenge through the Financial Recovery Delivery Board should increase to keep pace with the increased savings required, with sufficient assurance provided to the Finance & Performance Committee that savings delivery is on track with escalations to the Board clearly set out to enable slippage and non-delivery risks to be appropriately managed.	Financial sustainability (pages 19 – 20)	Actions: Responsible Officer: Executive Lead: Due Date:

Key recommendations raised in 2025/26 (continued)

	Recommendation	Relates to	Management Actions
KR2	The Trust must strengthen its improvement arrangements by developing and implementing a refreshed Integrated Improvement Plan that consolidates: • NHSE requirements (including any revised undertakings if issued), • its actions to improve culture, and • the National Provider Improvement Programme findings. Delivery of the Integrated Improvement Plan must be assured through robust challenge and oversight, with consistent assurance reporting on delivery progress, risks, dependencies and benefits realisation, and timely escalation where slippage or continued non-compliance emerges.	Governance (pages 24 - 25) Improvement economy, efficiency and effectiveness (page 28)	Actions: Responsible Officer: Executive Lead: Due Date:

Improvement recommendations raised in 2025/26

	Recommendation	Relates to	Management Actions
IR1	The Trust should develop a formal contract monitoring framework, supported by appropriate corporate resources, for non-healthcare contracts that provides adequate oversight and assurance that contracts are being managed to realise expected cost and performance standards.	Improvement economy, efficiency and effectiveness (page 29)	Actions: Responsible Officer: Executive Lead: Due Date:
IR2	The Trust should evidence appropriate consideration of alternative options when considering entering into contracts with an incentive fee structure to ensure that value for money is obtained.	Improvement economy, efficiency and effectiveness (page 30)	Actions: Responsible Officer: Executive Lead: Due Date:

06 Follow up of previous Key recommendations

Follow up of 2024/25 Key recommendations

This slide summarises progress against previous Key recommendations we have raised. Progress with prior year improvement recommendations is summarised in Appendix C.

	Prior Recommendation	Raised	Progress	Current status	Further action
KR1	The Trust should develop and progress all efficiency plans through the gateway processes as quickly as possible, to reduce the risk of slippage and under delivery in year (by end of Q1 at the latest). This applies to all the schemes in the Trust's original £85m efficiency plan and those additional schemes identified to bridge the gap to breakeven as part of the final 25/26 planning submission (£23.6m).	2024/25	The Trust had a challenging £108.6m efficiency target for 2025/26, against which it delivered £96.8m (89%). The Trust underdelivered £12.1m of total savings, and the full year effect of recurrent savings delivery was £14.9m below target. Recurrent savings delivery is crucial to reducing the run rate in future years and moving to a financially sustainable position. While the Trust has made progress with strengthening medium term financial planning and has arrangements in place to support savings delivery, we have raised an updated key recommendation. This is due to the under delivery of recurrent savings in 2025/26 and the significant risk the ambitious savings targets in 2026/27 represent to the financial plan.	Partially implemented.	We have updated our key recommendation for 2025/26.

Follow up of 2024/25 Key recommendations (continued)

This slide summarises progress against previous Key recommendations we have raised. Progress with prior year improvement recommendations is summarised in Appendix C.

	Prior Recommendation	Raised	Progress	Current status	Further action
KR2	The Culture Programme has developed during 24/25 and has contributed significantly to the success of the Single Improvement Plan. Staff survey results however have only shown gradual improvement and there are still capacity issues within organisational development. The Trust should continue to closely monitor the Culture Programme to ensure it is delivering as plan, especially following the disestablishment of the SIP Committee. Whilst a lot of work has been done to build the infrastructure to improve culture and address immediate issues, outcomes have not yet significantly changed, and the Trust should consider modifying the programme if there continues to be no changes to outcomes.	2024/25	The Trust has undertaken a structured review of the Culture Programme that was established under the Single Improvement Plan. In parallel the Behavioural Compass and Leadership Framework has been developed, alongside the wider organisational work responding to the Well-Led Review. The Trust is now in the activation phase of the Behavioural Compass and Leadership Framework. NHS Staff Survey results show improvement across every domain other than one, although the Trust started from a low baseline. The Trust acknowledges that there is more work to do to deliver and embed improvements to culture. NHSE have recently reviewed the Trust's response to the undertakings raised and are considering issuing revised undertakings that include culture and performance, pending the completion of the diagnostic phase of the National Provider Improvement Programme. The Trust should develop a refreshed Integrated Improvement Plan to address NHSE concerns.	Partially implemented	We have updated our key recommendation for 2025/26.

07 Appendices

Appendix A: Responsibilities of the NHS Foundation Trust

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 Foundation Trust'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 Trust 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 Foundation Trust 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 Trust's Value for Money arrangements

Phase 1 – Planning and initial risk assessment

As part of our planning we assess our knowledge of the Trust'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 as follows:

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

Improvement recommendations – actions which are not a result of us identifying significant weaknesses in the Trust'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 2024/25 improvement recommendations

	Prior Recommendation	Raised	Progress	Current position	Further action
IR1	The Trust should continue to have close scrutiny of the cash position. Confirmation should be sought from the ICB that they will continue to support the cash position in 25/26 as they did in 24/25, and a plan developed as to when this support can be stepped down.	2024/25	There are adequate arrangements in place to monitor and report on the Trust's cash position. The Integrated Performance Reports presented to Board include the cash position against plan. The Finance & Performance Assurance Committee receive monthly Financial Performance Reports which include the cash position with supporting narrative. Arrangements have been strengthened during 2025/26, with the Committee also receiving monthly cash reports with a detailed analysis of the cash position, a 13-week forecast cash flow and monthly cash flow for the year. A Cash Management Policy is now in place. A supplier payment group also meets weekly to prioritise payments to be made to suppliers to minimise supplier disruption. The Trust has continued to experience cash constraints during the year, evidenced by the poor Better Payment Practice Code performance which has been impacted by the management of creditor payments to protect minimum cash balances. Although cash balances remain at minimum levels of approximately £3m per month, and the Trust will need to continue to closely monitor and manage cash, we are satisfied that appropriate arrangements are in place. We therefore close the improvement recommendation raised in 2024/25.	Recommendation implemented.	Recommendation closed.

Appendix C: Follow up of 2024/25 improvement recommendations

	Prior Recommendation	Raised	Progress	Current position	Further action
IR2	The Trust should finalise both the two-year recovery plan and long-term plan, alongside developing a multiyear efficiency plan, ensuring they understand the risks to delivery and potential mitigants.	2024/25	The Trust has strengthened medium term financial planning, producing a 3-year financial plan from 2026/27 to 2028/29. The Trust has submitted a breakeven plan for each year to 2028/29, with no DSF required for 2027/28 or 2028/29. The forecast underlying deficit is forecast to reduce to zero by 2028/29. This trajectory to financial sustainability is dependent on the delivery of ambitious savings targets, and this remains the most significant risk to the delivery of the financial plan. The Trust must deliver £128.6m in efficiency schemes in 2026/27 which represents 7.1% of operating expenditure. When the plan was submitted on 25 March 2026 93% of the savings schemes were identified as high risk and 69% were still classed as opportunities. The target is a step increase compared to actual delivery in 2025/26. There is not a worked-up pipeline of savings schemes in place to support the delivery of £90.0m savings in 2027/28 and £57.8m in 2028/29. While the Trust has made progress with strengthening medium term financial planning and has arrangements in place to support savings delivery, we have raised an updated key recommendation.	Partially implemented	Updated key recommendation raised relating to efficiency delivery.

Appendix C: Follow up of 2024/25 improvement recommendations

	Prior Recommendation	Raised	Progress	Current position	Further action
IR3	The Trust should ensure that reporting to the Finance and Performance committee includes the entire £108.6m efficiency programme to give complete oversight of the efficiency programme and progress against it.	2024/25	The Finance & Performance Committee receive monthly Financial Performance Reports which include efficiency delivery against the entire savings plan. The Committee also receive monthly Efficiency Programme Update Reports which provide a detailed understanding of efficiency delivery against the full efficiency target. Therefore, this recommendation can be closed.	Recommendation implemented.	Recommendation closed.

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