Grant Thornton

University Hospitals of North Midlands NHS Trust

Auditor's Annual Report
Year ending 31 March 2026

24 June 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 of North Midlands NHS Trust (the 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 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, the relevant disclosures within the Annual Report including the Remuneration and Staff Report.

Auditor's powers

Under Section 30 of the Local Audit and Accountability Act 2014, the auditor of an NHS body has a duty to consider whether there are any issues arising during their work that indicate possible or actual unlawful expenditure or action leading to a possible or actual loss or deficiency that should be referred to the Secretary of State and notified to NHS England. They may also issue:

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

Value for money

Under the Local Audit and Accountability Act 2014, we are required to be satisfied whether the 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 of North Midlands NHS Trust (the Trust) is one of the largest teaching trusts in the UK, operating across Royal Stoke University Hospital, County Hospital and Staffordshire Children's Hospital, and serving a population of around three million people. The Trust plays a central role within the Staffordshire and Stoke-on-Trent Integrated Care System, delivering a wide range of acute and specialist services. Like much of the NHS, it is operating in a context of high demand, workforce pressure and financial constraint, alongside sustained operational challenge.

We have previously reported that the Trust has strong governance and system working arrangements but lacked a clear medium-term plan showing how it would reach a sustainable financial position, and noted it needed to improve its identification delivery of recurrent savings.

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 in relation to efficiency savings (CIP) delivery and financial delivery. Related improvement recommendation also raised	One risk of significant weakness identified in relation to ongoing risks in relation to CIP delivery and financial delivery	R	Ongoing significant weakness in arrangements CIP delivery identified and a key recommendation made.
Governance	A	Improvement recommendation raised in relation to budget setting	No risks of significant weakness identified	A	No significant weaknesses in arrangements identified, but improvement recommendations made in relation to budget setting and culture improvement work.
Improving economy, efficiency and effectiveness	A	Improvement recommendation raised in relation to contract management.	No risks of significant weakness identified	A	No significant weaknesses in arrangements identified, but improvement recommendations made in relation to operational performance and 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 remains under significant financial pressure. In 2025/26 it delivered a £4.7m deficit against a planned breakeven position. While this was in line with the agreed year-end forecast and an improvement on the prior year, the position again relied on non-recurrent system support and short-term mitigations, rather than resolution of underlying cost pressures.

Delivery of efficiencies continues to be the principal risk. Against a £74.8m CIP target, the Trust delivered £48.1m, with 62% non-recurrent, resulting in a £40.2m recurrent shortfall rolling into 2026/27. Although financial planning and governance have strengthened, including a more integrated medium-term plan and enhanced CIP oversight, these improvements are not yet embedded in financial outcomes. We therefore continue to raise a key recommendation in this area.

Governance

Overall, the Trust has effective governance arrangements, with clear Board and Committee oversight, appropriate challenge from Non-Executive Directors. Risk management, internal audit, counter-fraud and financial reporting arrangements provide a clear framework for informed decision-making.

Annual budget-setting remains somewhat exposed to late changes, limiting certainty and stability early in the planning cycle. In addition, although safeguarding, professional-standards and behavioural governance frameworks have been strengthened, assurance that these are consistently embedded in day-to-day practice, particularly at line-management level, is not yet complete. We have raised improvement recommendations in these areas, reflecting the need to manage residual governance and reputational risk.

Improving economy, efficiency and effectiveness

The Trust has strong arrangements for performance monitoring and partnership working. The Trust's integrated performance reporting is clear and well-linked to its strategy.

However, this clarity of monitoring has not yet translated consistently into improved outcomes in all areas and challenges remain in urgent and emergency care, where the Trust's evaluation and diagnostic work is thorough, but delivery of sustained improvement remains challenging.

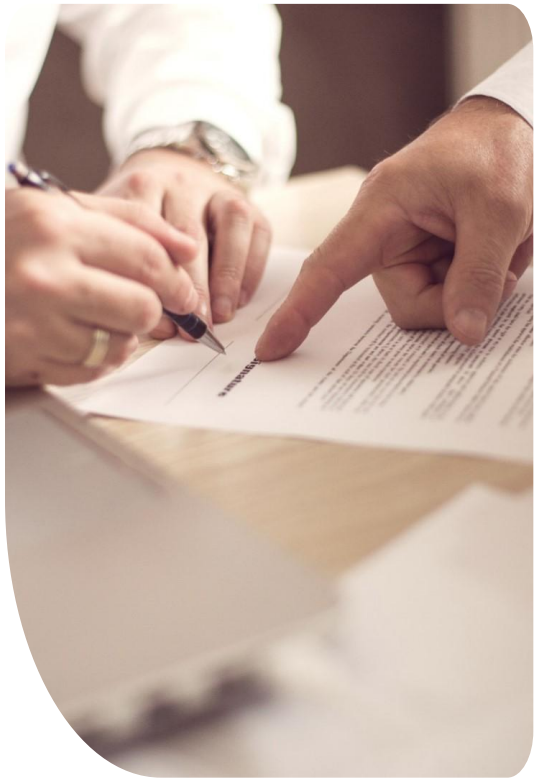
In addition, while procurement compliance is robust and collaborative procurement has delivered measurable savings, arrangements to track contract performance and benefits realisation across major third-party services remain a known area for further development.

We raise improvement recommendations in these areas.

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 issued an unqualified audit opinion on 24th June 2025, following the Audit Committee meeting on 19 June 2026. Our findings are set out in further detail on pages 11 and 12.
Use of auditor's powers	On 27 May 2026 we referred a matter to the Secretary of State under section 30 (b) of the Local Audit and Accountability Act 2014 in relation to the Trust's ongoing breach of its break-even duty for the year ending 31 March 2026. In addition, we referred a matter under section 30 (a) as the Trust does not have a formal plan to return to financial balance in the foreseeable future. Further details are included within the Audit Findings report which is presented alongside this report. No other issues have been identified during our work which require us to make statutory recommendations, or 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 issued an unqualified opinion on the Trust's financial statements on 24th 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 reasonable standard and supported by detailed working papers.

The audit is now complete and an unqualified opinion has been issued.

Audit Findings Report

Our Audit Findings Report was presented to the Trust's Audit Committee on 19th June 2026. An updated version was provided to management on 24th June following completion of audit. 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 and Staff Report included in the Trust's Annual Report for 2025/26.

Our work in this area is complete. A number of small amendments were been identified which the Trust has now amended.

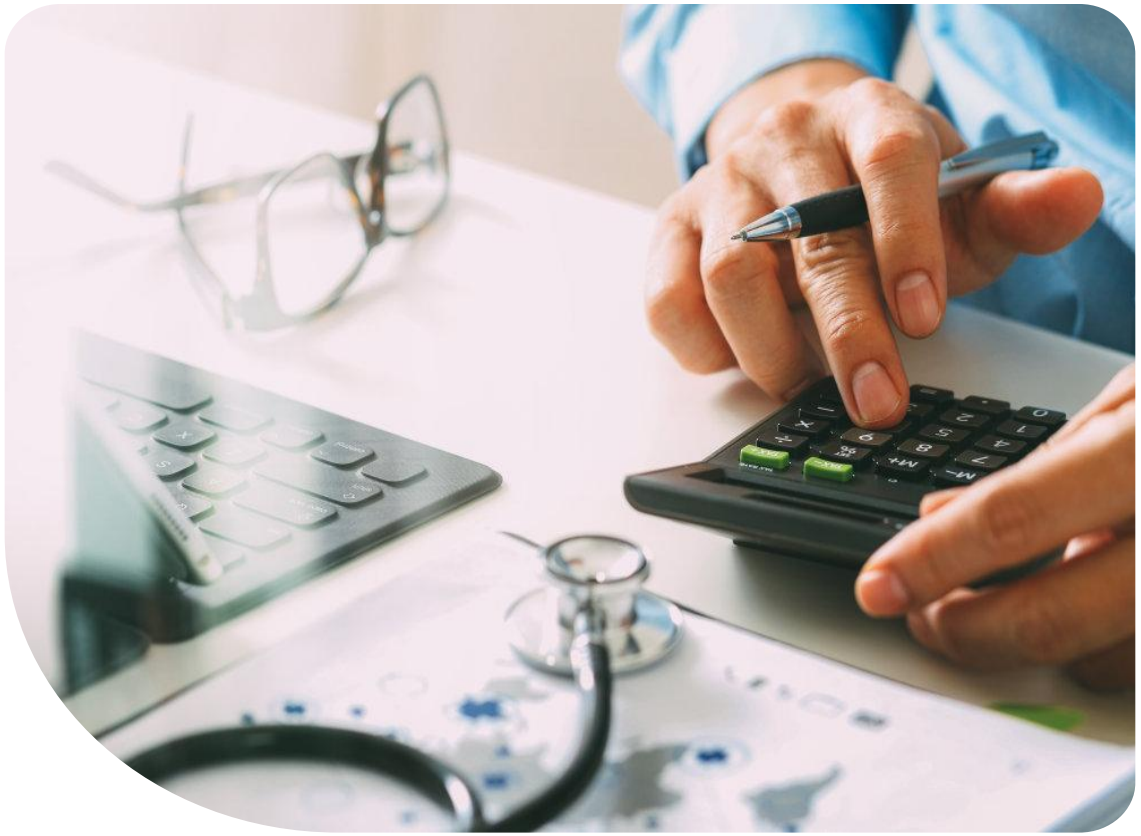
Annual Governance Statement

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.

Our work in this area is complete. A number of small amendments were been identified which the Trust has now amended.

Referrals to the Secretary of State

We have made a referral to the secretary of state



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 Local Audit and Accountability Act 2014, 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 continues to face long-standing financial pressures and, while these pressures are clearly understood and reported, its financial planning remains reliant on non-recurrent support. In 2025/26, the Trust delivered an adjusted £4.7m deficit against a planned breakeven position. Although this was in line with the agreed year-end forecast, the position relied non-recurrent ICB funding, expenditure controls and income over-performance, rather than resolution of underlying cost pressures. The Trust incurred pay overspends of £13.0m, driven by national industrial action and workforce pressures. The Trust has visibility of its financial challenges through its Medium-Term Financial Plan, which models income, expenditure and efficiencies through to 2028/29 and clearly quantifies persistent deficits, rising cost pressures and reliance on high-risk savings. However, large recurrent gaps continue to roll forward year-on-year, limiting assurance that short and medium-term plans provide a sustainable financial position. **This is covered under our Key recommendation on page 17.**	R
plans to bridge its funding gaps and identify achievable savings	In 2025/26, the Trust delivered £48.1m of savings against a £74.8m CIP target, leaving a £26.7m shortfall, with the majority of savings delivered (62%) savings being non-recurrent. The full-year impact of the recurrent savings (which will roll forward into 2026/27) is £32.2m, a shortfall of £40.2m on the £72.4m planned, affecting the Trust's starting financial position. For 2026/27, the Trust's CIP target is £62m, with all efficiencies rated high risk at the time of submitting the plan to NHS England. The Trust has worked to improve CIP governance and monitoring arrangements by starting to take a more strategic approach, with cross-cutting schemes overseen by a central programme management function, which is positive. In 2025/26, however, the Trust's ability to bridge its funding gaps through sustainable and recurrent efficiencies remained a significant weakness in 2025/26. **We set out further detail and a Key recommendation on page 17.**	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

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's Medium-Term Financial Plan demonstrates improving alignment between financial planning and strategic objectives, including workforce sustainability, productivity improvement and service redesign. The use of a multi-year planning framework, in line with national requirements, provides greater visibility of the actions required to support sustainable service delivery. However, while financial planning increasingly reflects the Trust's strategic priorities, the sustainability of those plans depends on successful delivery of recurrent efficiencies, where under-performance continues to present a significant risk. However, we do not make a recommendation about the planning approach.	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 has established appropriate arrangements to ensure its financial plan is consistent with wider workforce, capital, digital and operational plans, including those developed at system level. The Five-Year Integrated Delivery Plan sets out how financial, workforce and activity planning are aligned with system priorities and the Trust's Medium-Term Financial Plan. Major strategic programmes, including service redesign, workforce modernisation and estates development, are embedded within the planning framework. Capital and digital plans are aligned through multi-year strategies that support operational resilience, diagnostic expansion and Net Zero commitments.	G
identifies and manages risk to financial resilience, e.g. unplanned changes in demand, including challenge of the assumptions in underlying plans	The Trust maintained appropriate arrangements in 2025/26 to identify, assess and manage financial risks. Risks were monitored through monthly Integrated Performance Reports, Finance and Business Performance Committee scrutiny and the Board Assurance Framework. The Trust demonstrated an ability to challenge underlying assumptions, assess the impact of emerging pressures and implement mitigations through grip and control, scheme redesign and revised forecasts. While significant financial challenges remain, there is evidence that risks are were actively managed.	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 financial sustainability

Key finding: A significant weakness remains in the Trust's arrangements to deliver financial sustainability. The Trust has taken clear steps to strengthen CIP governance, planning and oversight, but these were not fully embedded in 2025/26 and therefore did not translate into improved delivery.

Evidence: 2025/26 was another challenging year for the Trust financially. Workforce pressures, industrial action and operational disruption in urgent and unplanned impacted costs and productivity. The Trust delivered a £4.7m adjusted deficit against a planned breakeven position. Under-delivery of efficiencies was again a key driver: against a £74.8m CIP target, the Trust delivered £48.1m, of which 62% was non-recurrent, resulting in a £40.2m recurrent shortfall carried into 2026/27.

In response, the Trust has taken steps to strengthen its arrangements. During 2025/26, it introduced a revised transformation and CIP governance framework, strengthened oversight through the Finance and Business Performance Committee, and embedded named executive accountability for major CIP workstreams.

Importantly, the Trust has restructured its operating model into three Care Groups (Planned Care, Urgent Care and Clinical Support), with clearer ownership for productivity, workforce control and efficiency delivery at operational level. These changes represent a shift away from short-term financial control towards a more strategic, service-led approach to financial recovery, aligning efficiency delivery with service design, pathway improvement and workforce planning.

However, these arrangements are recent and not yet reflected in financial outcomes. For 2026/27, the Trust has an £62.2m CIP target, with 24% still rated unidentified and all efficiencies assessed as high risk at the time of plan submission. The starting position is affected by the recurrent shortfall carried forward from 2025/26.

Although the Trust is now better structured to deliver savings sustainably through its Care Groups and strengthened governance, its financial position remains challenged.

Impact: If new arrangements do not translate into early and sustained delivery of recurrent efficiencies in 2026/27, the Trust is likely to remain reliant on non-recurrent support and face continued difficulty in restoring a sustainable financial position.

Key recommendation 1

The Trust must ensure its strengthened transformation and CIP governance arrangements deliver the improvement it needs in recurrent CIP delivery. This should include prioritising fully developed, deliverable schemes and strong collaboration with Programme Boards and Care Groups to ensure these are delivered to the expected timescales.

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 adequate and effective arrangements to identify, monitor and gain assurance over its principal risks and internal controls, including arrangements for the prevention and detection of fraud. The Board Assurance Framework (BAF) is a mature and well-embedded mechanism for overseeing strategic risk and is clearly aligned to the Trust's Strategic Priorities. Risks are consistently scored, owned by named Executive Directors and reviewed quarterly by the Audit Committee and the Board. The use of residual and target risk scores, trajectories and time-bound actions enables effective challenge and monitoring of risk reduction. Controls and assurances are clearly documented through a Three Lines of Defence model, drawing on management controls, committee scrutiny and independent assurance. Where assurance gaps remain, these are explicitly recorded with actions tracked. While several strategic risks remained above target at year-end, this reflects sustained system pressures rather than weaknesses in governance arrangements. Internal Audit operates as we would expect and the 2025/26 Audit Plan was aligned to principal risks and substantially delivered, with reviews concluding with substantial or reasonable assurance. The Head of Internal Audit Opinion was that the Trust has adequate and effective arrangements for risk management, governance and internal control. Counter-fraud arrangements remain appropriate and effective, supported by a Local Counter Fraud Specialist, regular Audit Committee reporting, up-to-date policies and a green Counter Fraud Functional Standard rating from the NHS Counter Fraud Authority.	G

G	No significant weaknesses or improvement recommendations.
A	No significant weaknesses, improvement recommendations made.
R	Significant weaknesses in arrangements identified and key recommendation(s) made.

Governance – commentary on arrangements

We considered how the Trust:	Commentary on arrangements	Rating
approaches and carries out its annual budget setting process	The Trust operates a structured and timely annual budget-setting process, with stronger internal integration in 2025/26 across workforce, activity, finance and efficiency planning. However, the ability to finalise a stable plan early remains constrained by system-level uncertainty, with key assumptions subject to late-stage change, a risk not yet fully mitigated despite the move to NHS England accountability from 2026/27. **We retain and update our prior year improvement recommendation on page 22.**	A
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	The Trust has adequate and effective arrangements for budgetary control and financial reporting, providing clear, timely and accurate management information to support decision-making. Regular Integrated Performance Reports and Finance & Business Performance Committee papers present a comprehensive view of the in-year financial position, including variances against plan, underlying deficit, CIP delivery, capital performance, cash and forecast outturn. Reporting clearly explains the key drivers of variance and highlights risks and mitigations, enabling informed scrutiny by the Board. We have again made a Section 30 referral in relation to the Trust's cumulative deficits, but this reflects matters already addressed under the Financial Sustainability section of this report and does not indicate weaknesses in governance or financial control. No further recommendation is required.	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 effective arrangements to support informed, transparent decision-making and constructive challenge at Board and Committee level. Board papers are clearly structured and identify whether items are for information, assurance or approval, enabling clarity over where decisions are required. Board and Committee minutes evidence active and appropriate challenge by Non-Executive Directors, particularly in relation to financial pressures, delivery risks and urgent and emergency care performance. Board committees provide regular, structured assurance reports, summarising key risks, escalations and actions and clearly linking these to the Board Assurance Framework. The Audit Committee provides robust independent challenge, probing audit findings, management responses and the adequacy of assurance, and holding Executives and auditors to account where required.	G
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 to monitor compliance with legislative, regulatory and behavioural standards, including procurement controls, declarations of interest, gifts and hospitality, and medicines procurement. Core compliance reporting to the Audit Committee is regular, structured and subject to scrutiny. The Trust has confirmed its ongoing cooperation with Staffordshire Police and relevant authorities throughout their investigation as part of Operation Anzu, under which a former resident doctor (formerly known as junior doctor) who worked at the Trust between August 2017 and August 2020 was charged in December 2025 with 45 sexual offences. Independent evidence from the 2025 NHS Staff Survey indicates that staff confidence in speaking up, feeling listened to, and believing concerns will be addressed remains below sector benchmarks. This suggests that, while policies and governance arrangements have been strengthened, cultural and behavioural expectations are not yet consistently embedded across the organisation. **We raise an improvement recommendation on page 22.**	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.

Governance (continued)

Area for Improvement: budget setting

Findings: The Trust operates a structured and timely annual budget-setting process, supported by strengthened internal planning arrangements. However, the ability to finalise a stable financial plan early in the planning cycle remains constrained by late changes in system-level assumptions.

Evidence: Planning for 2026/27 commenced to timetable, with improved triangulation across workforce, activity, finance and the Cost Improvement Programme, and earlier development of efficiency schemes.

The Trust submitted its draft 2026/27 plan in line with national requirements and maintained ongoing engagement with system partners throughout the planning cycle. However, discussions on non-recurrent support, growth assumptions and deficit treatment continued late into the cycle, requiring further plan iterations and limiting certainty over final allocations.

While accountability for provider finances will move directly to NHS England from 2026/27, the risk of late changes to system assumptions has not yet been fully mitigated.

Impact: Continued exposure to late level changes reduces the robustness and stability of the annual budget, limits the Trust's ability to lock in plans early, and increases the risk of in-year re-forecasting and reliance on short-term mitigations.

Improvement Recommendation 1

The Trust should continue to work with NHS England, reflecting the revised accountability framework from 2026/27, to secure earlier and firmer agreement on system financial assumptions and any support mechanisms that materially affect the Trust's position, in order to reduce reliance on late-stage plan revisions and improve confidence in the approved budget.

Governance (continued)

Area for Improvement: cultural improvement

Findings: The Trust has put in place new arrangements to support staff to feel safe in raising concerns. However, the Trust recognises there is more to do to embed these arrangements in day-to-day practice.

Evidence: The Trust actively considers staff survey results and is aware of the need to create and sustain a positive culture around speaking up, in which staff are confident to raise concerns, and confident that they are acted on. During the year, the Trust has also introduced a Sexual Misconduct Policy.

The 2025 NHS Staff Survey indicates that the embedding of cultural and behavioural expectations remains uneven: scores for the "voice that counts", "safe and healthy" and "always learning" domains remain below the sector median, suggesting that staff confidence in speaking up and believing concerns will be acted upon is not yet consistently strong.

Responses relating to immediate line-management behaviours (including being listened to, having concerns taken seriously, and managers working with staff to resolve problems) are also below benchmark, indicating variability in how expected standards are experienced locally.

Impact: The Trust will not be able to fully embed cultural improvement until it is consistently embedded in day to day staff experience.

Improvement Recommendation 2

The Trust should continue to embed its safeguarding, professional-standards and behavioural governance arrangements, ensuring that behaviours are understood and reinforced at Care Group and line-management level.

This should focus on ensuring that policy and governance improvements translate into consistent behaviours, psychological safety and staff confidence to raise concerns in practice.

Grant Thornton insight

Strengthening culture

Across the NHS, we observe that organisations can strengthen safeguarding policies and governance frameworks relatively quickly; however, even where governance is strong, risk remains elevated when cultural expectations are not consistently embedded in day-to-day leadership behaviours.

The greatest residual risk often sits at line-management level, where culture is most directly experienced by staff. Tone from the top is necessary but not sufficient: sustained improvement depends on consistent leadership behaviours in day-to-day management, supported by Boards and Non-Executive Directors triangulating staff-experience data, local assurance and independent scrutiny to identify where expectations are not yet embedded in practice.

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	In 2025/26, the Trust has maintained well-embedded arrangements for using financial and performance information to assess performance and identify areas for improvement. The Board receives regular Integrated Performance Reports, supported by assurance reports from key Committees, covering quality, operational performance, workforce and finance. Reports combine KPI tracking, statistical process control and benchmarking with clear narrative explaining variance from plan, enabling the Board to understand performance trends and the reasons for under-performance where it occurs. Committees review emerging issues across urgent and emergency care pressures, workforce capacity, infection control and financial performance, with clear documentation of causes, risks and intended improvement actions. Workforce and financial data are triangulated through the People Dashboard and Finance and Business Performance Committee reporting. Arrangements for data quality assurance have strengthened, with wider application of data-quality indicators in performance reporting and additional assurance provided through internal audit and committee challenge.	G
evaluates the services it provides to assess performance and identify areas for improvement	The Trust evaluates the quality and performance of its services through a combination of external inspection, regulatory oversight and internal review. Over the years this has translated into clear and measurable improvement in many cases, including the closure of historic CQC Warning Notices and upgraded Good ratings for County Hospital. Despite repeated inspections, national reviews and comprehensive improvement planning, urgent and emergency care remains challenging, reflecting ongoing challenges in ambulance handovers, crowding and timeliness of care. Many of the drivers of this underperformance are structural and system-wide, and not within the Trust's sole control. While appropriate governance and improvement arrangements are in place, sustained improvement in UEC outcomes has not yet been achieved. **We raise an improvement recommendation on page 25.**	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 – commentary on arrangements

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	In 2025/26, the Trust has well-embedded arrangements for delivering its role within significant partnerships and engaging stakeholders, with clear governance oversight. The Trust's Strategic Plans 2025–2035 were developed with extensive engagement from staff, patients, system partners and local stakeholders, and each plan is now assigned to a Board Committee for routine oversight. This embeds partnership working within delivery, assurance and reporting structures. Feedback from partnership activity is routinely reported through Committees, the Integrated Performance Report and the Board Assurance Framework.	G
commissions or procures services, assessing whether it is realising the expected benefits	The Trust has adequate procurement governance and compliance arrangements but has not yet fully embedded arrangements to assess whether contracted services are delivering their intended operational and commercial benefits. Procurement activity is subject to regular Board and Committee oversight, with Standing Financial Instruction breaches, Single Tender Waivers and contract approvals reviewed through the Finance and Business Performance Committee and Audit Committee. However, evidence reviewed in 2025/26 indicates that contract oversight remains weighted towards compliance rather than performance and benefits realisation. While approvals and exceptions are monitored appropriately, there is limited visibility of a centralised contract-management capability covering contract mobilisation, performance KPIs, in-term monitoring and benefits realisation across major third-party contracts. **While procurement controls are operating effectively, our prior-year improvement recommendation in this area remains relevant (see page 26).**	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)

Area for Improvement: urgent and emergency care operational performance

Findings: While the Trust has demonstrated the ability to respond effectively to external inspection and regulatory scrutiny, persistent challenges remain in urgent and emergency care, where the evaluation of services has not yet translated into sustained improvement in outcomes.

Evidence: The Trust has translated previous external inspection and regulatory reviews into clear and measurable improvement in a number of services. This includes the successful closure of historic CQC Warning Notices and upgrades to Good CQC ratings for County Hospital medical care and maternity services.

Urgent and emergency care presents an ongoing different challenge. Over several years, CQC inspections, NHS England oversight, and system diagnostics have highlighted problems such as ambulance handover delays, crowding and patients not being seen promptly. These findings culminated again in a Requires Improvement rating for the Emergency Department at Royal Stoke in 2025. Crucially, many of the drivers of poor performance, including high demand, constrained bed capacity, discharge delays and wider system dependency, are structural issues that the Trust cannot resolve quickly and require system working.

The Trust has responded appropriately by developing comprehensive improvement plans, engaging national support and strengthening oversight arrangements, including through its UEC transformation programme. However, while the Trust has been effective in diagnosing problems and designing plans, the delivery of sustained improvement in UEC outcomes has remained challenging.

Impact: Without sustained improvement in urgent and emergency care outcomes, the Trust faces ongoing risks to patient experience, safety and flow across the hospital, alongside continued operational inefficiency and pressure on staff.

Improvement Recommendation 3

The Trust should strengthen its approach to evaluating and improving performance in urgent and emergency care by clearly differentiating between structural pressures requiring system-level resolution and actions that can be influenced directly by the Trust. Improvement activity and related reporting should focus on the delivery of high-impact actions within the Trust's control and ensure all actions are supported by clear ownership, measurable outcomes and agreed timescales.

Improving economy, efficiency and effectiveness (continued)

Area for Improvement: contract management

Findings: The Trust has clear procurement governance and compliance arrangements, but does not yet have a fully developed central contract-management capability to assess whether commissioned and procured services are consistently delivering their intended operational and commercial benefits.

Evidence: Procurement activity is subject to regular Board and Committee oversight, with Standing Financial Instruction breaches, Single Tender Waivers and contract approvals reviewed through the Finance & Business Performance Committee and the Audit Committee.

The Trust operates within the North Midlands and Black Country Procurement Group, a mature collaborative model that has delivered measurable benefits, including system-wide medicines procurement savings

Board and committee papers in 2025/26 continue to show assurance continues to focus primarily on compliance and approvals, rather than integrated lifecycle reporting on contract mobilisation, performance KPIs and benefits realisation.

There is limited evidence of a strengthened, system-wide contract-management function providing a consolidated view of contract performance outcomes across major third-party suppliers. The prior-year recommendation to develop central contract-management capacity remains only partially addressed.

Impact: Without strengthened contract-performance and benefits-realisation reporting, the Trust faces a risk that third-party services do not deliver the full value anticipated, reducing assurance over economy, efficiency and effectiveness and limiting visibility of in-term under-performance or improvement opportunities.

Improvement Recommendation 4 (retained from 2023/24 and 2024/25)

The Trust should continue to develop a centralised contract-management capability to complement its established procurement governance. This should strengthen lifecycle oversight of third-party contracts, including mobilisation, performance monitoring, KPI reporting and benefits realisation, so that the Trust can demonstrate that commissioned and procured services are delivering the intended operational, financial and commercial outcomes.

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 its strengthened transformation and CIP governance arrangements deliver the improvement it needs in recurrent CIP delivery. This should include prioritising fully developed, deliverable schemes and strong collaboration with Programme Boards and Care Groups to ensure these are delivered to the expected timescales.	Financial sustainability	**Actions:** Strengthened governance through Financial Improvement Oversight Group to enable accountability for design and delivery of schemes with reporting of both recurrent and non-recurrent CIP. This includes Highlight Reports delivered through Programme Board SROs and updates from Care Group Directors on delivery of local CIPs. Summary FIOG reports provided to Finance, Business and Performance Committee at each meeting with further summary included in Finance Reports to Trust Board. **Responsible Officer:** Chris Bird **Exec Lead:** Helen Ashley **Due date:** 31 March 2027

Improvement recommendations raised in 2025/26

	Recommendation	Relates to	Management Actions
IR1	The Trust should continue to work with NHS England, reflecting the revised accountability framework from 2026/27, to secure earlier and firmer agreement on system financial assumptions and any support mechanisms that materially affect the Trust's position, in order to reduce reliance on late-stage plan revisions and improve confidence in the approved budget.	Governance	**Action:** The Trust will work closely with ICB through the new governance arrangements in place for 2026/27. The planning round for 2027/28 will commence in September 2026 and is due to be completed by 31 December 2026. **Responsible Officer:** Sally Proffitt **Exec Lead:** Mark Oldham. **Due Date:** 31 March 2027
IR2	The Trust should continue to embed its safeguarding, professional-standards and behavioural governance arrangements, ensuring that behaviours are understood and reinforced at Care Group and line-management level. This should focus on ensuring that policy and governance improvements translate into consistent behaviours, psychological safety and staff confidence to raise concerns in practice.	Governance	**Action:** To work with the Care Groups to embed the accountability framework for speaking up to ensure that when concerns arise managers act up on these – Claire Cotton, Director of Governance and Communications 31/3/2027. The continue to embed the actions as set out in the sexual safety action plan for 26/27 (which is aligned directly with the national requirements) – Jane Haire, Chief People Officer 31/3/2027 To continue to develop our leadership programmes for clinical and non-clinical leaders on the values and behaviours and handling difficult situations – Jane Haire, Chief People Officer 31/3/2027 **Responsible Officer:** Claire Cotton/Jane Haire **Exec Lead:** Jane Haire **Due Date:** 31 March 2027

Improvement recommendations raised in 2025/26

	Recommendation	Relates to	Management Actions
IR3	The Trust should further strengthen its approach to evaluating and improving performance in urgent and emergency care by clearly differentiating between structural pressures requiring system-level resolution and actions that can be directly influenced by the Trust. Improvement activity and related reporting should focus on the delivery of high-impact actions within the Trust's control and ensure all actions are supported by clear ownership, measurable outcomes and agreed timescales.	Improving economy, efficiency and effectiveness	**Action:** The Trust will be clear on which actions are within its own control and differentiate between those that require wider system partners. Actions will be allocated accordingly both internally and ensuring that there is wider ownership across system partners. All actions to be supported by measurable outcomes and appropriate timescales. **Responsible Officer:** Mike Goodwin **Executive Lead:** Katy Thorpe **Due Date:** Ongoing
IR4	The Trust should continue to develop a centralised contract-management capability to complement its established procurement governance. This should strengthen lifecycle oversight of third-party contracts, including mobilisation, performance monitoring, KPI reporting and benefits realisation, so that the Trust can demonstrate that commissioned and procured services are delivering the intended operational, financial and commercial outcomes.	Improving economy, efficiency and effectiveness	**Action:** To develop a business case outlining the resource requirement to implement a Commercial Contract Management resource so that the Trust can demonstrate that commissioned and Procured services are delivering the intended operational, financial and commercial outcomes. **Responsible Officer:** Nathan Joy-Johnson **Exec Lead:** Mark Oldham **Due Date:** 1st of January 2027

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 needs to ensure it is using all the levers it reasonably can to sustainably reduce its costs. Key to this is increase its recurrent CIP delivery, and identifying realistic and achievable longer-term measures to manage down demand and acuity, as part of a fully worked-up system medium-term plan.	2024/25	In 2025/26, the Trust delivered £48.1m of £74.8m planned CIP, with 62% delivered non-recurrently, resulting in a £40.2m recurrent shortfall rolling into 2026/27. The year-end position remained dependent on non-recurrent system and ICB deficit support, rather than sustainable cost reduction.	Partially implemented	Yes – see 2025/26 Key recommendation 1

07 Appendices

Appendix A: Responsibilities of the NHS 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 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 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 by the Trust's auditors as follows:

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

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 needs to maintain a consistent and strong focus on financial recovery and efficiency within its Care Groups, and continuously evaluate whether its improvements to governance and oversight of CIP delivery are providing the required results.	2024/25	The Trust has taken appropriate steps to strengthen the governance and oversight of CIP delivery, including the separation of EROG and the establishment of FIOG, increased meeting frequency and clearer escalation routes. However, these arrangements are relatively new and remain unproven, and evidence from 2025/26 demonstrates that they have not yet embedded consistent delivery discipline or accountability within Care Groups.	Partially implemented	Yes – see 2025/26 Key recommendation 1
IR2	[Retained from 2023/24] The Trust should work with the ICB to ensure a clear understanding of how any potential deficit will be allocated is reached in time to minimise the risk of late and significant changes to its financial plans.	2024/25	While the Trust has strengthened its internal planning arrangements, the nature of system financial risk management has evolved since 2024/25. Although the assumption of the ICB holding a deficit no longer applies, continued late-stage system discussions mean that the underlying risk of late changes to the Trust's financial plans has not yet been fully mitigated.	Partially implemented	Yes – see 2025/26 improvement recommendation 1
IR3	The Trust should continue to explore the opportunity to development of central contract management capacity, to ensure all contracts are delivering the results intended from an operational, performance and commercial perspective	2024/25	We understand a prior business case for a contract manager will be re-framed as a Trust-level proposal rather than a system wide resource.	Partially implemented	Yes – see 2025/26 improvement recommendation 4