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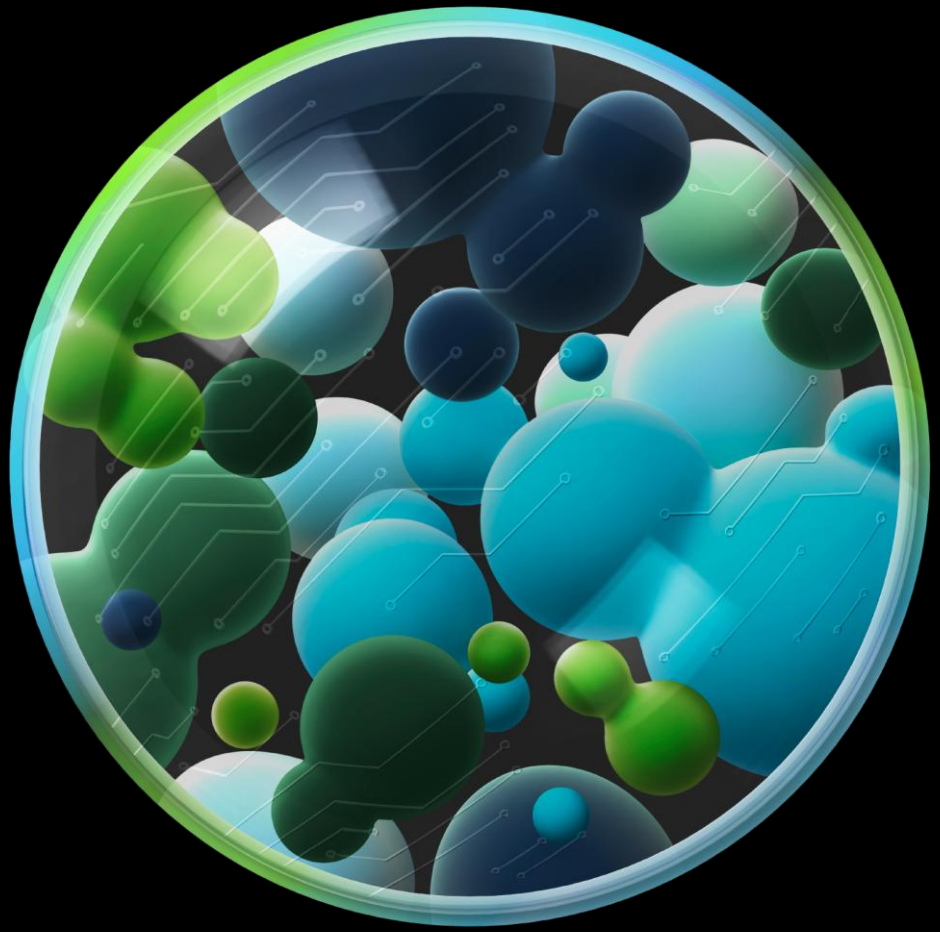
NHS Foundation Trust



Great Western Hospitals NHS Foundation Trust

Auditor's Annual Report 2025/26

Issued on 02/07/2026

Content

Executive summary

We conduct our audit in accordance with the NAO's Code of Audit Practice, International Standards on Auditing (UK) ("ISAs (UK)") and applicable law.

We are independent of the Trust in accordance with applicable ethical requirements, including the Financial Reporting Council's Ethical Standard. The Trust's Annual Report and Accounts, including our audit report, are available on the Trust's website.

Audit opinion on financial statements

We issued an unmodified opinion on the Trust's financial statements. We also issued a qualified opinion on other matters prescribed by the Code of Audit Practice due to a limitation in obtaining sufficient appropriate audit evidence relating to the pension information of one Director included within the Remuneration Report.

Value for money ("VfM") - arrangements to secure economy, efficiency and effectiveness in the use of resources

We are required to report if we have not been able to satisfy ourselves that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. Our VfM assessment covers three specified reporting criteria: financial sustainability; governance; and improving economy, efficiency and effectiveness.

As detailed on page 4, we are reporting to the Trust significant weaknesses in the Trust's arrangements in respect of financial sustainability.

Remuneration and Staff Report

We reported that the parts of the Remuneration and Staff Report subject to audit have not been properly prepared in accordance with the National Health Service Act 2006.

Annual Governance Statement (AGS)

We did not identify any matters where, in our opinion, the AGS did not meet the disclosure requirements set out in the NHS Foundation Trust Annual Reporting Manual, was misleading, or was inconsistent with information of which we are aware from our audit.

Annual Report

We reported that the information given in the Performance Report and Accountability Report for the year ended 31 March 2026 is consistent with the financial statements.

Audit Certificate

We have not yet issued our audit certificate, as we are not able to do so under the National Audit Office's Auditor Guidance Note 07, Auditor Reporting, until we are advised by the National Audit Office that the audit of the NHS group consolidation is complete, which is expected to be in the autumn. We will then issue a separate audit certificate.

Other powers and reports

We did not exercise our additional reporting powers (to issue a report in the public interest, or a report to the Secretary of State and NHS England) in respect of the year ended 31 March 2026.

Executive summary (Continued)

The Trust's arrangements to secure Value for Money				
VfM criteria	**Risk assessment/ description**		**Auditor's judgement on arrangements**	
Financial Sustainability	R	We have identified a significant weakness in arrangements in respect of financial sustainability (how the Trust plans and manages its resources to ensure it can continue to deliver its services), specifically how the Trust is able to achieve its control total for the year and the Trust's reliance on non-recurrent savings.	R	We recommend that the Trust accelerate its efforts to identify and realize specific opportunities to deliver its plan, and in planning for future periods, begin the identification of savings opportunities and project planning for their delivery further ahead of the start of the period to identify greater recurrent saving opportunities.
Governance	A	The Care Quality Commission (CQC) carried out an inspection of the Urgent and Emergency Care services at the Trust in April 2025, and have given the Trust a "Requires Improvement" rating. The CQC have identified breaches of legal regulations highlighting concerns around care and treatment, including staff at the Trust not always reporting issues as incidents and there weren't enough staff to meet the needs of patients.	A	We recommend the Trust monitor the implementation of the detailed action plan they have developed to overcome and to review appropriate monitoring controls to prevent related governance issues in the future.
Improving economy, efficiency and effectiveness	G	We did not identify a risk of significant weakness.	G	We have not identified any significant weaknesses in arrangements and have not made any recommendation.

- Risk of significant weakness identified / Significant weakness in arrangements identified and recommendation(s) made.
- No significant weakness in arrangements identified, but insights on arrangements made.
- No risk of significant weakness / significant weakness in arrangements identified.

1. Purpose of this report

Our report

This report presents the key findings arising from our audit work at Great Western Hospitals NHS Foundation Trust ("the Trust") for the year ended 31 March 2026.

The report has been prepared in accordance with the National Audit Office's ("NAO") 2024 Code of Audit Practice and its supporting Auditor Guidance Note ("AGN") 03 Value for Money, and AGN 07 Auditor Reporting. These are available from the NAO website.

This report includes our commentary on the Trust's arrangements to secure economy, efficiency and effectiveness in the use of resources ("Value for Money", "VfM"). We assess the Trust's VfM arrangements, based on our risk assessment. Our commentary focuses on our key observations on the Trust's arrangements and does not consider the adequacy of every arrangement the Trust has in place, nor does it provide positive assurance that the Trust is delivering or represents value for money.

VfM findings

The significant weakness in the Trust's VFM arrangements and related recommendations are set out from page 12 onwards.

Key

Where we identify recommendations, we indicate whether these are:

- Recommendations in respect of significant weaknesses in the Trust's VfM arrangements, which we are required to make in accordance with AGN 03 where we identify a significant weakness; or
- Other recommendations, which we indicate as "Deloitte Insights" (and which are summarised in Appendix 1).

2. Our financial statement audit approach

Materiality

Our work is planned and performed to detect material misstatements.

We determined materiality for the Group to be £11.2m, based on 2% of revenue.

An overview of the scope of the audit

Our audit approach is based upon obtaining an understanding of the Trust, including its systems, processes, risks, challenges and opportunities, and the size, composition and qualitative factors relating to account balances, classes of transactions and disclosures.

These risk assessment procedures enable us identify risks of material misstatement in the financial statements, and then then tailor our audit procedures to address those risks.

Audit work to respond to the risks of material misstatement was performed directly by the audit engagement team, led by the audit director, Michelle Hopton. The audit team included integrated Deloitte specialists bringing specific skills and experience in property valuations and Information Technology systems.

Procedures for auditing the Trust's financial statements

Our audit procedures included:

- interviewing members of the Trust's management team and reviewing documentation to test the design and implementation of the Trust's internal controls in certain key areas relevant to the financial statements; and
- performing sample tests and analytical procedures on amounts in the Trust's financial statements to test the recorded transactions, balances and disclosures.
- Data analytic techniques were used as part of audit testing, in particular to support profiling of populations to identify items of audit interest and in journal testing, using our Omnia data analytics platform.

Approach to audit risks

We focused our work on areas where we considered to be of higher risk, which are referred to as significant risks.

Our audit plan, presented to the Trust's Audit and Assurance Committee, detailed the significant risks for the Trust audit, and our planned procedures. Our final report to the Trust's Audit and Assurance Committee reported the findings from our procedures.

We have made recommendations in our Audit and Assurance Committee reporting and to management for improvement in the Trust's policies, procedures and internal controls based on observations from our work. However, other than the matters detailed from page 12 onwards, we do not consider these recommendations to reflect significant weaknesses in the Trust's VfM arrangements.

We have provided a summary of each of the significant audit risks on pages 7-9.

3. Financial statement audit significant risks

Risk	Procedures undertaken	Findings
Management override of controls Auditing standards require us to perform procedures to address the risk of management override of controls, including through influencing judgements and estimates, as well as overriding the Trust's controls for how specific transactions are accounted for.	• We considered the overall control environment and the "tone at the top". • We made enquiries of individuals involved in the financial reporting process regarding inappropriate or unusual activity relating to the processing of journal entries and other adjustments. • We utilised data analytic techniques (Omnia Data) to identify journals exhibiting characteristics associated with increased fraud risk. We traced selected journals to supporting documentation, assessed whether they had been appropriately authorised and evaluated the accounting rationale for the postings. • We considered whether any significant transactions occurring during the year required specific audit consideration due to their nature or timing and did not identify any transactions outside the normal course of business requiring further procedures. • We evaluated the design and implementation of controls over journal entries and accounting estimates. • We reviewed accounting estimates for bias, including considering in aggregate for indicators of bias or trends in the positions taken.	We did not identify any material misstatements, however we did identify an instance of potential management override of controls where an IT asset had been marked in the system as received on the 26th March, when no asset has been delivered.

3. Financial statement audit significant risks (continued)

Risk	Procedures undertaken	Findings
Accounting for capital expenditure Determining whether or not expenditure should be capitalised can involve judgement as to whether costs should be capitalised under International Financial Reporting Standards. The annual cut-off of capital budgets and requirements of Public Dividend Capital (PDC) funding increase the risk of amounts being incorrectly capitalised, or of incorrect recognition in the current period.	• We reviewed the Trust's capital plans as part of the planning process and did not identify any additional risks. • We evaluated the design and implementation of controls over the capitalisation of expenditure. • We tested spending on a sample basis and evaluated whether it complies with relevant accounting requirements. • We tested a sample of vesting certificates to assess whether they had been appropriately accounted for and considered whether their use was consistent with the principles of Managing Public Money (for bodies not to make payments in advance of need or solely for the purposes of managing performance against spending controls). • We have tested a sample of capital payables to assess whether they had been appropriately recognised at reporting date and accounted for in accordance with the relevant accounting requirements.	We identified instances where assets recorded within assets under construction at year-end had been capitalised without sufficient evidence to demonstrate that the relevant recognition criteria had been met as at 31 March 2026. We also identified the need for strengthened controls over the year-end review of capital additions and related capital payables to ensure expenditure is recognised in the correct accounting period.

3. Financial statement audit significant risks (continued)

Risk	Procedures undertaken	Findings
Property Valuations The Trust held £213.4m of property assets (land and buildings including dwellings) as at 31 March 2026 (2024/25: £213.4m). The Trust is required to hold property assets within Property, Plant and Equipment at valuation, which is usually determined on a Modern Equivalent Asset (MEA) basis. The Trust recorded a net downward revaluation movement of £19.7m during the year. Given the magnitude of the balance and the significant estimation uncertainty arising from changes in MEA assumptions, there is an increased risk that property assets may be materially misstated.	• We evaluated the design and implementation of controls over the property valuation process. • We involved Deloitte Real Assets Advisory specialists to review the valuation approach adopted by the District Valuer, including consideration of the application of the Modern Equivalent Asset (MEA) methodology; • We reviewed the conclusions reached by Deloitte Real Assets Advisory in respect of the reasonableness of the valuation approach and assumptions applied by the District Valuer; • We reviewed the District Valuer's valuation report and management's assessment of the valuation movements recognised during the year; • We independently calculated an expectation of valuation movements and comparing this to the valuation movements recognised by the Trust; and evaluating whether the valuation movements had been appropriately recognised within the financial statements.	No material issues have been identified during the audit.

4. Auditor's work on Value for Money (VfM) arrangements

The Accounting Officer and the Board are responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in the use of 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.

The Accounting Officer reports on the Trust's arrangements, and the effectiveness with which the arrangements are operating 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. In accordance with the National Audit Office's Auditor Guidance Note 3, we are required to assess arrangements under three areas:

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

This report presents our findings on the Trust's VfM arrangements. Where we have found significant weaknesses in arrangements, we are required to make recommendations so that the Trust can consider them and set out how it plans to make improvements.

In planning and performing our work, we consider the arrangements that we expect bodies to have in place, and potential indicators of risks of significant weaknesses in those arrangements. Our assessment of potential indicators has been performed in the context of the overall operating environment for the NHS during 2025/26, including the impact of demand pressures, the need to recover elective activity levels, and financial constraints.

In addition to our financial statement audit, we performed a range of procedures to inform our VfM commentary, including:

- Interviews with key stakeholders, including the Chief Financial Officer, Secretary, Chief Nurse, and Audit Chair.
- Review of relevant Board, Governors, Remuneration and Finance Committees and attendance at Audit and Assurance Committee meetings.
- Reviewing reports from third parties including Care Quality Commission, Internal Audit and correspondence with NHS England.
- Considering the findings from our audit work on the financial statements.
- Review of the Trust's annual governance statement and annual report.

4. Auditor's work on VfM arrangements (continued)

Trust Performance

	2025/26	2024/25
Surplus / (Deficit)	£(28.2)m	£(13.8)m
Adjusted Surplus/(Deficit)	£(13.9)m	£1.4m
EBITDA as % of income	4.6%	7%
Cost Improvement Programme delivery (£m / % of plan)	£25.8m/ 80% of plan	£18.4m/ 84% of plan
Cash	£21.0m	£43.6m
Capital Expenditure (£m)	£28.2m	£30.6m
NHS Oversight Framework segment	4	2
Reported breaches of Licence Conditions	None	None
CQC report conclusions (S29a Notice in April 2025)	Requires Improvement	Requires Improvement
Head of Internal Audit Opinion – Limited Assurance?	None	None
Annual Governance Statement - significant internal control issues	None	None

The NHS Oversight Framework

The NHS Oversight Framework provides an overview of the level and nature of support required by organisations and systems during 2025/26.

It is built around five national themes:

- quality of care, access and outcomes;
- preventing ill health and reducing inequalities;
- people;
- finance and use of resources; and
- leadership and capability.

NHS England allocates trusts and ICBs to one of four 'Segments'. A segmentation decision indicates the scale and general nature of support needs, from no specific support needs (segment 1) to a requirement for mandated intensive support (segment 4).

5. VfM Arrangements

5.1. Financial Sustainability

Approach and considerations

We have considered how the Trust plans and manages its resources to ensure it can continue to deliver its services, including:

- How the body ensures that it identifies all the significant financial pressures that are relevant to its short and medium-term plans and builds these into them
- How the body plans to bridge its funding gaps and identifies achievable savings
- How the body plans finances to support the sustainable delivery of services in accordance with strategic and statutory priorities
- How the body ensures that its financial plan is consistent with other plans such as workforce, capital, investment, and other operational planning which may include working with other local public bodies as part of a wider system
- How the body identifies and manages risks to financial resilience, e.g., unplanned changes in demand, including challenge of the assumptions underlying its plans.

Commentary

We have identified a significant weakness in arrangements in respect of financial sustainability (how the Trust plans and manages its resources to ensure it can continue to deliver its services), specifically how the Trust is able to achieve its control total for the year and the Trust's reliance on non-recurrent savings. We report the significant weakness and our recommendation to the Trust, as detailed on the next pages.

We recommend that the Trust accelerate its efforts to identify and realize specific opportunities to deliver its plan, and in planning for future periods, begin the identification of savings opportunities and project planning for their delivery further ahead of the start of the period to identify greater recurrent saving opportunities.

- We have concluded there is a significant weakness in arrangements in respect of financial sustainability, given the significant deterioration in the financial position of the Trust during the year. The key elements have been explained below and on the next slide.
- The Trust achieved a deficit of £28.2m, against a planned surplus of £7m (31 March 2025: £13.8m deficit). On an adjusted financial performance basis, the Trust reported a deficit of £13.9m, against a planned breakeven target (31 March 2025: £1.4m surplus).
- The Trust planned to achieve efficiencies for the year of £32.4m. However, the Trust reported delivering 80% of its planned efficiencies to 31 March 2026, equivalent to £25.8m actual total efficiencies (31 March 2025: £18.4m actual total efficiencies, with 84% of planned efficiencies achieved).
- Out of the total efficiencies achieved in the year, £13.3m are non-recurrent efficiencies. This is more than the planned non-recurrent efficiencies of £9.2m. Compared to other trusts we audit, the Trust has a relatively higher reliance on non-recurrent efficiencies of 52%, compared to plan of 28%.

5. VfM Arrangements (continued)

5.1. Financial Sustainability (continued)

Commentary (continued)

- The overall cash balance has reduced significantly by £22.6m, and is £21m at 31 March 2026 (31 March 2025: £43.6m).
- For 2025/26, the Trust was placed in Segment 4 under NHS England's Oversight Framework, representing a deterioration on the prior year, where the Trust was in Segment 2 as the Trust did not fully meet NHS England's financial expectations. During the year, the Trust was subject to enhanced national oversight and improvement support from NHS England for specific priority areas through national Tier 1 performance arrangements.
- The Trust prepares an annual plan in line with national NHS timetables. The budget process requires significant divisional involvement through Finance Business Partners at an operational level and through cross Divisional meetings at Deputy/Director level. All budgets require Divisional sign off and monitoring via the Accountability Framework.
- The Trust identifies risks to financial resilience by flagging risks in the planning process via a formal risk register which is monitored through the year within the divisional structure and reported to the Board.
- The Trust plans finances in line with relevant strategic objectives to deliver services. As seen in the meetings we have attended, the committee members demonstrate challenge to allow the steps to be challenged and facilitate the identification of any issues arising that would prevent the Trust from delivering its objectives.
- We have reviewed relevant capital management group reports during the year, where management ensure the financial plans are consistent with other plans across the Trust.
- We have reviewed the financial plan for 2026/27. The Trust are planning a surplus of £9.9m and adjusted financial performance breakeven target, despite the significant deficit and revision to targets in 2025/26. The Trust is planning to achieve £47.2m total efficiencies, which is an increase of £21.4m compared to the actual total efficiencies achieved in 2025/26. Of these planned total efficiencies in the next financial year, £17.2m is planned to be on a non-recurrent basis. However, at the point of submission of the plan, £32.4m of total efficiencies are classified as 'High Risk' and 68.5% of required savings were classified as either 'Opportunity' or 'Unidentified'.
- In the 2025/26 financial year, the planned financial performance was achieving breakeven, but this was revised to a deficit subsequently during the year. There is a risk that the financial plan for 2026/27 is optimistic and requires reliance on non-recurrent savings to achieve total efficiencies, which is financially unsustainable.
- We note that there remains a risk to the delivery of the 2026/27 plan and given the Trust's deteriorating financial position in 2025/26, continued focus on identification and delivery of savings, as well as agreement of additional funding to match the Trust's cost base, will be key to achieving plan.

5. VfM Arrangements (continued)

5.1. Financial Sustainability (continued)

The details of the significant weakness identified are set out in the table below:

Significant weakness	*Financial Sustainability – Significant Deficit and reliance on non-recurrent savings*
Nature of the significant weakness identified	In the current year, we identified a significant weakness in arrangements in respect of financial sustainability (how the Trust plans and manages its resources to ensure it can continue to deliver its services), given the deteriorating financial position, where the Trust achieved a significant adjusted deficit at year-end and had increased reliance on non-recurrent efficiencies to achieve total savings.
Evidence on which our judgement is based	The Trust has experienced significant financial pressures during the year. Despite planning a breakeven position at the start of the year, the Trust have reported a deficit of £28.2m and an adjusted deficit of £13.9m as at 31/03/2026. This is a significant deterioration compared to the prior year, where the Trust achieved a £1.4m adjusted surplus. Additionally, the Trust have been £6.6m behind planned savings, with over 50% of savings comprised of non-recurrent efficiencies. Compared to other trusts we audit, the Trust still has a relatively higher reliance on non-recurrent. The extent of reliance on non-recurrent efficiencies increases the level of savings required for next year. The increasing reliance on non-recurrent savings implies shorter term planning, which can lead to unsustainable financial outcomes in the medium to long term. For 2025/26, the Trust was placed in Segment 4 under NHS England's Oversight Framework, representing a deterioration on the prior year, where the Trust was in Segment 2 as the Trust did not fully meet NHS England's financial expectations.
Impact on the Trust	Failure to deliver sustainable recurrent savings and significant in-year financial pressures have adversely impacted the Trust's ability to achieve its financial objectives, maintain financial resilience and continue to provide services within the resources available.
Recommendation	We recommend that the Trust accelerate its efforts to identify and realize specific opportunities to deliver its plan, and in planning for future periods, begin the identification of savings opportunities and project planning for their delivery further ahead of the start of the period to identify greater recurrent saving opportunities.
Management response	In order to maintain focus on the financial sustainability of the organisation and the critical efficiency schemes currently outlined in the operational plan, as well as developing and implementing further schemes to mitigate significant plan risks, the Trust has engaged with an external Turnaround team with sole focus on supporting financial turnaround and sustainability. The efficiency schemes across the MTP three years are being developed alongside the strategic planning framework of the Trust, and the Improving Together methodology is being continually applied to identify and stratify the main areas of focus.

5. VfM Arrangements (continued)

5.2. Governance

Approach and considerations

We have considered how the Trust ensures that it makes informed decisions and properly manages its risks, including:

- How the body monitors and assesses risk and how the body gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud
- How the body approaches and carries out its annual budget setting process
- How the body ensures effective processes and systems are in place to ensure budgetary control; to communicate relevant, accurate and timely management information (including non-financial information where appropriate); supports its statutory financial reporting requirements; and ensures corrective action is taken where needed, including in relation to significant partnerships
- How the body ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency. This includes arrangements for effective challenge from those charged with governance/audit committee
- How the body monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements and standards in terms of officer or member behaviour (such as gifts and hospitality or declarations/conflicts of interests), and for example where it procures or commissions services.

Commentary

- Through review of the various policies at the Trust, risk register, risk management strategy, our external audit work on internal controls, review of the internal audit report and procedures surrounding fraud, we have gained further understanding of how the Trust monitors and assesses risk and gains assurance over the effective operation of internal controls.
- Through our external audit procedures, we have reviewed the latest risk register where the risks are mapped to the controls in place to mitigate each risk. The risk register is reviewed on a regular basis through Board meetings, which includes reviews of new risks as they emerge.
- The effectiveness of the Trust's internal control environment, including counter fraud, is overseen by the Audit and Assurance Committee, through an annual internal audit and annual counter fraud plan. The Trust has an internal audit function, of which the findings have been reviewed during the external audit. This has provided assurance over the operation of the internal controls. The Audit and Assurance Committee review the findings of internal audit and follow up on any areas of weakness identified prior to approval of the reports.
- The Trust Board makes key decisions based on comprehensive papers, with challenges discussed and addressed during board meetings.

5. VfM Arrangements (continued)

5.2. Governance (continued)

Commentary (continued)

- NHSE has assessed the Trust under 'Segment 4', compared to 'Segment 2' in the prior year, against the NHS Oversight Framework (NOF). This is primarily based on the Trust not meeting NHS England's financial expectations.
- The annual budget setting process start point is the identification and roll-over of the recurrent position which is then adjusted for known changes and developments as well as factors such as NHS inflation etc.
- The Trust has a series of policies in place to support the Standing Financial Instructions and to ensure legislative and regulatory requirements are met. We also note that the Board must adhere to the Code of Conduct and Accountability which sets out appropriate behaviour for the NHS Boards. Decisions are taken in line with the Trust's Scheme of Delegation with more material decisions taken at Executive or Board level, supported by relative and proportionate information.
- We have reviewed all Board and committee meeting minutes. Through our review of these minutes, we have seen the challenge demonstrated by the Board across a range of topics. We note that the Board papers are comprehensive and contain sufficient evidence to allow full and proper challenge. During all committee meetings, the relevant Boards challenge the evidence presented to them. Boards therefore gain assurance through committee meetings with executive and non-executive directors.

NHS Provider Code of Governance and Annual Governance Code

- The Trust's statement of compliance with the Code is confirmed in the Annual Report, which states that the Trust considers it has complied with the provisions of the Code throughout the year.
- The Annual Governance Statement, available as part of the Trust's Annual Report, contains further detail in relation to the governance issues addressed and improvements made during 2025/26.

Vesting Certificates

The Trust entered into vesting certificates with its capital suppliers ahead of year-end, with £4.9m of capital expenditure recognised (increase of £3.7m from £1.2m in prior year). These agreements are intended to transfer legal title ahead of receipt of goods, in exchange for payment in advance. Vesting certificates can be a legitimate risk management tool if advance payments are required for commercial reasons to secure orders for goods in high demand or with long lead times. Managing Public Money states that public sector organisations should not use interim payments to circumvent spending controls, such as to avoid underspending the capital budget for the year.

⚠ **We have recommended that the Trust put in place approval processes to check that any use of vesting certificates reflects genuine commercial requirements.**

5. VfM Arrangements (continued)

5.2. Governance (continued)

Commentary (continued)

CQC Findings

In the prior year, the Care Quality Commission's (CQC) downgraded the Maternity Service rating from "Good" to "Requires Improvement", but did not take any enforcement action against the Trust. We raised an insight as follows: *'We recommend that management continue implementation and monitoring of established action plan through regular updates to Quality and Safety Committee, with "Must do" items to be addressed on priority basis.'*

During the year, the Care Quality Commission (CQC) carried out an inspection of the Urgent and Emergency Care services at the Trust in April 2025, and identified an 'Action Plan request', previously known as requirement notice or the first level of breach, in relation to the following:

- Regulation 12: Safe care and treatment
- Regulation 10: Dignity and respect

The breaches highlighted concerns around care and treatment, including inconsistent reporting of issues and incidents by staff at the Trust and the lack of sufficient staff personnel to meet the needs of patients. We have evidenced the action plan developed against the Trust, including several actions which remain in progress by the year-end. Additionally, whilst staffing and nursing recruitment improved during the year, there remained a strain on staffing levels.

The CQC is a key regulator and have concluded the Trust are in a "Requires Improvement" rating. We understand that management have an action plan against the breaches in place and are working with the regulator to keep them updated on progress, having submitted an action plan to address the breaches identified by the CQC. We have performed inquiries of relevant individuals including the Chief Nurse and reviewed the progress against the action areas. At the time of this report, several matters remain open, but several matters had been progressed and resolved within the action plan.

If the remedial actions are not sufficiently addressed in a timely manner, this will increase the risk of further regulatory action, as well as the clinical and operational risk around safety and quality of patient care provided by the Trust. Although

We identified a risk of significant weaknesses in respect of the Trust's arrangements in relation to findings from CQC inspections, where the Trust received a first-level regulatory breach around the Urgent and Emergency Care services. In response, we reviewed the progress against the action plans implemented throughout the year. We concluded that there was not a significant weakness in the Trust's arrangements, given the progress during the year against the action plans, no formal notice and the Trust remain in a "Requires Improvement" rating overall.

⚠ **We have made recommendations that the Trust monitor the detailed action plan developed to address the concerns from CQC, and to review the monitoring controls in place to identify related governance issues in the future.**

5. VfM Arrangements (continued)

5.3. Improving economy, efficiency and effectiveness

Approach and considerations

We have considered how the body uses information about its costs and performance to improve the way it manages and delivers its services, including:

- How financial and performance information has been used to assess performance to identify areas for improvement
- How the body evaluates the services it provides to assess performance and identify areas for improvement
- How the body 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
- Where the body commissions or procures services, how it assesses whether it is realising the expected benefits.

Commentary

- Financial and performance information is being utilised in various forums and information on financial performance including KPIs, financial sustainability plan delivery and performance is being shared for areas of improvement to be identified. The Trust is an active participant in system wide Business Intelligence analytical Forums which seek to standardise the approach to regular reporting, ensuring best practice methodologies are followed and building a shared pool of expert resource across the system.
- We have obtained copies of minutes of the relevant committees and groups and note that financial information, KPIs and budgets are all being reviewed, updated and scrutinised.
- We have noted that the Trust conduct various surveys and reflections on its performance to ensure areas for improvement are identified.
- The Trust has a series of objectives set out of the medium-term that the Trust is measured against and challenged on via committee meetings.
- We note that the Trust have adequate arrangements in place to review financial performance and identify areas for improvement throughout the year, including through implementation of the financial and operation plans. The Trust remains a regular contributor to NHS Benchmarking and use this data to compare performance at both a trust-wide and divisional level as well as to identify CIP opportunities.
- We have reviewed the Trust prepared list for key policies and assessments in relation to procurement. These policies are available to staff on the intranet. Procurement follows strict standards, standards achieved by accreditation to NHS Standards of Procurement. We have also noted no issues through attendance of the Board meetings. Lastly the Standing Financial Instructions (SFIs) cover a vast range of financial areas, including procurement. We do not deem procurement arrangements to give rise to a risk of significant weakness.
- We have reviewed the risk registers and internal audit reports during the year, noting no areas of concern from an improving economy, efficiency and effectiveness view.

6. Purpose of our report and responsibility statement

What we report

Our report fulfils our obligations under the Code of Audit Practice to issue an Auditor's Annual Report that brings together all of our work over the year, including our commentary on arrangements to secure value for money, and recommendations in respect of identified significant weaknesses in the Trust's arrangements.

The scope of our work

Our observations are developed in the context of our audit of the financial statements.

Use of this report

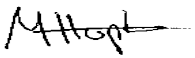
This report is made solely to the Board of Governors and Board of Directors ("the Boards") of Great Western Hospitals NHS Foundation Trust, as a body, in accordance with the National Health Service Act 2006. Our audit work has been undertaken so that we might state to the Boards those matters we are required to state to them in our Audit Report and Auditor's Annual Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Boards as a body, for our audit work, for this report, or for the opinions we have formed.

What we don't report

Our audit was not designed to identify all matters that may be relevant to the Trust.

Also, there will be further information the Board of Directors need to discharge their governance responsibilities, such as matters reported on by management or by other specialist advisers.

Finally, our views on internal controls and business risk assessment should not be taken as comprehensive or as an opinion on effectiveness since they have been based solely on the audit procedures performed in the audit of the financial statements and work under the Code of Audit Practice in respect of Value for Money arrangements.



Deloitte LLP

Bristol | 02 July 2026

Appendices

Appendices content

Appendix 1

Recommendations in respect of significant weakness[es]

This appendix summarises the recommendations we have made in respect of the significant weaknesses identified during the year, around financial sustainability and governance arrangements.

Ref	Page	Recommendation	Management response
1	14	We recommend that the Trust strengthens its arrangements for identifying, developing and delivering recurrent savings opportunities. This should include realistic planning assumptions, early identification of savings schemes, robust delivery plans and enhanced monitoring arrangements to improve long-term financial sustainability.	In order to maintain focus on the financial sustainability of the organisation and the critical efficiency schemes currently outlined in the operational plan, as well as developing and implementing further schemes to mitigate significant plan risks, the Trust has engaged with an external Turnaround team with sole focus on supporting financial turnaround and sustainability. The efficiency schemes across the MTP three years are being developed alongside the strategic planning framework of the Trust, and the Improving Together methodology is being continually applied to identify and stratify the main areas of focus.

Appendix 2

Insights

This appendix presents our recommendations on opportunities to strengthen governance arrangements.

CQC Inspections
Deloitte insight
Observation – See page 17

We have identified a risk of significant weakness in governance arrangements given the CQC have reported breaches within the Urgent and Emergency Care services and if not sufficiently addressed in a timely manner will increase the risk of further regulatory action, as well as the clinical and operational risk around safety and quality of patient care provided by the Trust.

We recommend the Trust monitor the detailed action plan developed to address the concerns from CQC, and to review the monitoring controls in place to identify related governance issues in the future.

Vesting Certificates
Deloitte insight
Observation – See page 16

The Trust entered into vesting certificates with its capital suppliers ahead of year-end, with £8.63m of capital expenditure recognised (increase of £7.5m from £1.2m in prior year). This is a significant increase, at around 31% of the total capital additions population (£28m). These agreements are intended to transfer legal title ahead of receipt of goods, in exchange for payment in advance. Vesting certificates can be a legitimate risk management tool if advance payments are required for commercial reasons to secure orders for goods in high demand or with long lead times. Managing Public Money states that public sector organisations should not use interim payments to circumvent spending controls, such as to avoid underspending the capital budget for the year.

We have recommended that the Trust put in place approval processes to check that any use of vesting certificates reflects genuine commercial requirements.

Appendix 3

Trust's responsibilities

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 Chief Executive, as Accounting Officer of the Trust, is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Accounting Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Accounting Officer is required to comply with the Accounts Direction issued by NHS England, which requires the Trust 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. [In applying the going concern basis of accounting, the Accounting Officer has applied the 'continuing provision of services' approach set out in the Group Accounting Manual, as it is anticipated that the services the Trust provides will continue into the future.

The Accounting Officer is required to confirm that the Annual Report and Accounts, taken as a whole, is fair, balanced, and understandable, and provides the information necessary for patients, regulators and stakeholders to assess the Trust's performance, business model and strategy.

The Accounting Officer is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in the use of the Trust's resources, for ensuring that the use of public funds complies with the relevant legislation, delegated authorities and guidance, for safeguarding the assets of the Trust, and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Accounting Officer and the Board are responsible for ensuring proper stewardship and governance, and reviewing regularly the adequacy and effectiveness of these arrangements.

Appendix 4

Auditor's responsibilities

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Auditor's responsibilities relating to the Trust's arrangements for securing economy, efficiency and effectiveness in the use of resources

We are required under the Code of Audit Practice and the National Health Service Act 2006 to satisfy ourselves that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.
We are not required to consider, nor have we considered, whether all aspects of the foundation trust's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

We undertake our work in accordance with the Code of Audit Practice, having regard to the guidance, published by the Comptroller & Auditor General, as to whether the Trust has proper arrangements for securing economy, efficiency and effectiveness in the use of resources against the specified criteria of financial sustainability, governance, and improving economy, efficiency and effectiveness.

The Comptroller & Auditor General has determined that under the Code of Audit Practice, we discharge this responsibility by reporting by exception if we have reported to the Trust a significant weakness in arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2026. Other findings from our work, including our commentary on the Trust's arrangements, are reported in our Auditor's Annual Report.

Auditor's other responsibilities

We are also required to report to you if we exercise any of our additional reporting powers under the National Health Service Act 2006 to:

- Make a referral to NHS England if we believe that the Trust or an officer of the Trust is:

i) about to make, or has made, a decision which involves or would involve the Trust incurring unlawful expenditure

ii) about to take, or has begun to take a course of action which, if pursued to its conclusion, would be unlawful and likely to cause a loss or deficiency

- Consider whether to issue a report in the public interest.

Appendix 5

Assurance sources for the Trust

The diagram below illustrates how the assurances provided by external audit around finance, quality, controls and systems and the future of the Trust (in the green rows) and how this fits with some of the other assurances available over the Trust's position and performance.

	Financial How is the Trust performing financially?	**Quality and Operational** How is the Trust performing operationally and in quality of outcomes?	**Controls and systems** Does the Trust have adequate processes?	**Future of the trust** Is the Trust's strategy appropriate and sustainable?
Business processes and Board oversight	Is reliable reporting and data being produced through the year, at each level within the Trust, and appropriately reviewed and followed up?			
	Is the Annual Report and Accounts, taken as a whole, fair, balanced and understandable?		Are the Trust's processes operating effectively?	Are the Trust's plans realistic and achievable?
	Is the Trust meeting its legal and regulatory obligations, and are appropriate plans in place to maintain compliance?			
	Has the Trust delivered on its financial plans?	Are quality priorities selected appropriate for the Trust?	Does the Trust have efficient systems and processes?	Are appropriate actions in place to deliver the Trust's plans?
	Is the Trust generating sufficient surplus for reinvestment?	Are quality report metrics accurate and complete?	Are risks around legacy systems etc appropriately mitigated?	What are the risks to achievement of the Trust's plans and are appropriate mitigations in place?
Internal audit assurance	Is there a generally sound system of internal control on key financial and management processes?			
Local Counter Fraud	Has the Trust suffered losses due to fraud?		Does the Trust have appropriate arrangements in place to mitigate fraud risks?	
External Audit assurance on reported performance	Do the financial statements give a true and fair view? Have the financial statements and remuneration report been properly prepared?		Is the Annual Governance Statement misleading or inconsistent with information we are aware of from our audit? *	Is there significant uncertainty over the going concern assumption?
	Is the Annual Report consistent with the financial statements? *		Has the Trust made proper arrangements for securing economy, efficiency and effectiveness in the use of resources?	

* The scope of external audit in this area is "negative assurance" of reporting by exception of issues identified.

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