KPMG

Auditor's Annual Report 2025/26

University Hospitals of Leicester NHS Trust

—

June 2026

Contents

KEY CONTACTS

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This report is addressed to University Hospitals of Leicester NHS Trust (the Trust), as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014. Our audit work has been undertaken so that we might state, those matters we are required to state to them in an auditors' annual report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the University Hospitals of Leicester NHS Trust, as a body, for our audit work, for this report, or for the opinions we have formed.

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

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

01 Executive Summary

Executive Summary

Purpose of the Auditor's Annual Report

This Auditor's Annual Report provides a summary of the findings and key issues arising from our 2025-26 audit of University Hospitals of Leicester NHS Trust (the 'Trust'). This report has been prepared in line with the requirements set out in the Code of Audit Practice published by the National Audit Office and is required to be published by the Trust alongside the annual report and accounts.

Our responsibilities

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

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

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

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

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

Findings

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

Accounts	We issued an unqualified opinion on the Trust's accounts on 25 June 2026. This means that we believe the accounts give a true and fair view of the financial performance and position of the Trust. We have provided further details of the key risks we identified and our response from page 5.
Annual report	We did not identify any significant inconsistencies between the content of the annual report and our knowledge of the Trust. We confirmed that the annual report has been prepared in line with the NHS Group Accounting Manual (GAM).
Value for money	We are required to report if we identify any matters that indicate the Trust does not have sufficient arrangements to achieve value for money. We identified no new significant weaknesses relating to the arrangements across the relevant domains. We have however re-iterated previously identified significant weaknesses.
Other reporting	Due to the breach of the five-year break-even duty reported in the financial statements, we have made a referral to the Secretary of State under s30 of the Local Audit and Accountability Act 2014.

02
Audit of the Financial Statements

Audit of the financial statements

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

- Give a true and fair view of the state of the Trust's affairs as at 31 March 2026 and of its income and expenditure for the year then ended;
- Have been properly prepared in accordance with the accounting policies directed by the Secretary of State for Health and Social Care with the consent of HM Treasury on 23 June 2022 as being relevant to NHS Trusts in England and included in 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 (as amended).

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

Audit opinion on the financial statements

We have issued an unqualified opinion on the Trust's financial statements on 25 June 2026.

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

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

Audit of the financial statements (cont.)

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

Risk	Procedures undertaken	Findings
Valuation of land and buildings The Trust's land and buildings are subject to a full revaluation using a depreciated replacement cost methodology, with planned changes to the valuer and updates to the Modern Equivalent Asset model (including external consultancy support). Given the changes in year and inherent complexity, we have determined there is an increase risk of material misstatement when compared to prior year.	We have performed the following procedures in order to respond to the significant risk identified: - We evaluated the design and implementation of controls in place for management to review the valuation and the appropriateness of assumptions used; - We critically assessed the independence, objectivity of both Shiron Financial Solutions and Carter Jonas, used in developing the valuation of the Trust's properties at 31 March 2026, as well as understanding and reason for the change in valuer. In addition, we also assessed the experience and competence of the Trusts Associate Director of Commercial Services in Estate & Facilities; - We inspected the instructions issued to the valuers for the valuation of land and buildings to verify they are appropriate to produce a valuation consistent with the requirements of the Group Accounting Manual; - With the support of our valuation specialists, we challenged the appropriateness of the valuation of land and buildings, including any material movements from the previous valuation. We challenged key data and assumptions within the valuation, including the assumptions the use of relevant indices and obsolescence factors (with detailed risk assessment over individual inputs to be performed on receipt of finalised valuation reports). We challenged the Trust on how the developed modern equivalent asset would deliver the same service potential (e.g. number of beds, theatres), as well as understanding how the Trust have challenged Shiron Financial Solutions during their development of the MEA model; - We performed inquiries of the valuers in order to verify the methodology that was used in preparing the valuation and whether it was consistent with the requirements of the RICS Red Book and the GAM; and - Disclosures: We considered the adequacy of the disclosures concerning the key judgements and degree of estimation involved in arriving at the valuation.	We did not identify any material misstatements relating to this risk.

Audit of the financial statements (cont.)

Risk	Procedures undertaken	Findings
Fraud risk from expenditure recognition – understatement Auditing standards suggest for public sector entities a rebuttable assumption that there is a risk expenditure is recognised inappropriately. We consider this would be most likely to occur through understating accruals, for example to push back expenditure to 2026/27 to mitigate financial pressures	We have performed the following procedures in order to respond to the significant risk identified: – We evaluated the design and implementation of controls for the review of manual expenditure accruals at year end; – We performed a retrospective review of accruals recorded at 31 March 2025 and considered the impact on our assessment of the accruals at 31 March 2026; – We performed a year on year comparison of a sample of the largest accruals in the prior year and current year and challenged management where the movement was not in line with our understanding of the entity; and – We inspected a sample of invoices of expenditure and payments made, in the period after 31 March 2026, determining whether expenditure has been recognised in the correct accounting period.	We did not identify any material misstatements relating to this risk.
Management override of controls We are required by auditing standards to recognise the risk that management may use their authority to override the usual control environment.	We have performed the following procedures in order to respond to the significant risk identified: – We assessed accounting estimates for bias by evaluating whether judgements and decisions in making accounting estimates, even if individually reasonable, indicate a possible bias. – We evaluated the design and implementation of controls over journal entries and post closing adjustments. – We assessed the appropriateness of changes compared to the prior year to the methods and underlying assumptions used to prepare accounting estimates. – We assessed the business rationale and the appropriateness of the accounting for significant transactions that are outside the component's normal course of business or are otherwise unusual. – We analysed all journals through the year using data and analytics and focus our testing on those with a higher risk.	We did not identify any material misstatements relating to this risk.

03
Value for Money

Value for Money

Introduction

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

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

Approach

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

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

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

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

Summary of findings

	Financial sustainability	Governance	Improving economy, efficiency and effectiveness
Commentary page reference	12	16	18
Identified risks of significant weakness?	Yes	No	No
Actual significant weakness identified?	No new significant weakness identified, but previously reported weakness remains.	No	No
Direction of travel	⇔	⇔	⇔

Significant weaknesses followed up from the prior year

A significant weakness surrounding financial sustainability was re-iterated in the previous period and remains in the current year. In line with guidance, we have not raised a new recommendation this year but have followed up the progress in implementing the recommendation previously raised.

From page 19, we have set out commentary on the significant weaknesses and other findings identified in the prior year and whether the recommendations to address the weaknesses have been satisfactorily implemented.

Value for Money

NATIONAL CONTEXT

In July 2025 the Department of Health and Social Care published the 10 year plan for the NHS. This sets the strategic direction that is planned to be taken for the health service, with a focus built around three key shifts:

From hospital to community;

From analogue to digital; and

From sickness to prevention.

A number of structural changes are planned to support the implementation of the strategy between 2025 and 2027, with NHS England taking greater responsibility for the management of financial performance of providers within the sector and a reduced role for managing finances at an integrated care system level.

It is anticipated that all provider trusts will become foundation trusts and a scheme to pilot 'advanced' foundation trusts was launched during the year, with greater freedoms available for the management of finances as well as the leadership for accountable health organisations available to those providers in the highest performing segment of NHS England's oversight framework.

While revised structures were implemented there continued to be a focus on improving performance in key operational areas, including reducing referral to treatment backlogs and ambulance waiting times. Nationally the proportion of elective patients waiting less than 18 weeks improved from 60% to 65% during 2025-26, though 1.3% of patients continued to wait over 52 weeks to commence treatment. Eliminating long waiters forms a key part of the priorities for the NHS in the year and moving into 2026-27.

Nationally ambulance response times also improved and reduced to the lowest level since 2021 for category 2 response times, reflecting serious but not life threatening conditions that require ambulance support. The target for this standard remains 18 minutes, which has not been met since 2021.

LOCAL CONTEXT

UHL is one of the largest and busiest NHS Trusts in the country with over 17,000 staff. It is committed to working with partners across the Leicester, Leicestershire, and Rutland (LLR) Integrated Care System (ICS) and is split across three main sites, including Leicester General, Glenfield and Leicester Royal Infirmary.

Financial Performance

Delivery of the agreed financial plan has continued to represent a challenge for the Trust operationally, particularly in relation to expected cost improvement programmes (CIPs). Due to difficulties in achieving such efficiencies, the Trust agreed a revised plan with NHSE in early 2026.

The Trust delivered adjusted financial performance of a £46.4m deficit, which when excluding Non-recurrent deficit funding (NRDF) equates to an underlying deficit of £85.3m for 2025/26, ultimately achieving the revised planned position.

Of the planned £91.9m CIPs initially identified, savings of £72.5m were delivered, with a higher proportion of such savings coming through non-recurrent means.

The above performance contributed to an overall Leicester, Leicester Rutland Integrated Care System (LLR ICS) deficit (excluding NRDF) of £115.8m, representing adverse performance of £35.8m to the initial planned deficit of £80.0m.

Financial Planning

The 2026/27 Trust plan was approved by the Trust Board prior to submission, with a planned deficit (adjusted financial performance (excluding NRDF)) of £57.4m, an improvement of £27.9m compared to actual 2025/26 delivery.

This approved plan includes CIPs of £99.1m, which is greater than those which the Trust failed to deliver in 2025/256.

New Hospital Programme

The Trust remained in Wave 2 during 2025/26 but was identified as a potential accelerated Trust if Wave 1 schemes were delayed. The programme is progressing, with the Leicester Royal Infirmary (LRI) enabling business case being approved and construction underway. Two further business cases for incoming power at LRI and General Hospital (GH) are currently in internal governance.

Financial Sustainability

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

We have considered the following in our work:

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

Summary of arrangements

We **identified a risk of significant weaknesses** in the Trusts arrangements in relation to financial sustainability, as a result of previously identified weaknesses. We have reviewed progress against our recommendations and have confirmed previously **identified significant weaknesses remain**.

Delivery against 2025-26 financial plan

The Trust submitted a financial plan including an underlying deficit (excluding non-recurrent deficit funding (NRDF)) of £64.8m for 2025/26. This plan represented a challenge for the Trust to achieve, given historic delivery and the ambitious level of cost improvement programme (CIPs) included.

Due to difficulties in converting planned CIPs to actual cash savings, the forecast position moved adversely by £20m (from £64.8m deficit to £85.3m deficit) during January 2026. The deteriorated position was discussed with Board on 05 February 2026, and the Trust subsequently agreed the extended position with NHSE on 03 March 2026.

As at M12, the Trust achieved a draft deficit of £85.3m, ultimately delivering the revised position.

The initial planned position included CIPs of £91.9m for 2025/26, with all of this planned to relate to recurrent savings. The Trust failed to achieve its target, achieving total CIPs of £72.5m, being £41.0m recurrent and £31.5m non-recurrent (and therefore more heavily weighted to non-recurrent savings than initially planned). Further detail on CIPs is available as part of our follow up of previously identified significant weaknesses, as per page 20. Ultimately, **the previously reported significant weakness is re-iterated.**

Overall, the Leicester, Leicester Rutland Integrated Care System (LLR ICS) reported draft M12 underling deficit of a £115.83m deficit against a planned underlying deficit of £80.0m, with the Trust contributing the vast majority of the deficit delivered.

Financial reporting

As part of our procedures performed in 2024/25 (and for context of the reporting environment), we noted that when devising the initial 2025/26 plan, the Board were notified and briefed of the risks included within this position, particularly the level of CIPs included (£91.9m).

Continued …

Financial Sustainability (cont.)

During 2025/26 (and at each key point during the year), the Trust have taken reports to FIC, Audit Committee and Board explaining the current position, as well as identifying ongoing risks (which they were briefed on at time of submission as detailed above) to achieving both the original outturn and revised position. This includes full briefing on the extended (and ultimately delivered) £85.3m deficit.

Cashflow reporting and monitoring

The Trust identified a need for PDC cash support of £30m during Q4 of 2025/26, due to non-delivery of the initial financial plan and consequential non receipt of NRDF. The Trust identified this need through its ongoing 'Cashflow Meetings', and regular reports on liquidity throughout the governance structure. The Trusts Board approved the Q4 request on 5th February 2026.

Planning process for 2026/27

As in previous years, the Trust has engaged planning initiatives, including but not limited to: planning workshops, recurring DOF meetings, challenge and confirm sessions, system development meetings etc. As part of the Trusts approach, they have engaged Clinical Management Groups (CMGs) throughout the process, adopting a worked-up process. In regard to reporting, the Trust has engaged the Board, FIC (Finance and Investment Committee) and TLT (Trust Leadership Team) updated and informed throughout the process, with necessary background and detail included within such updates.

Prior to submission, management obtained approval from the Trust Board on 05 February 2026, with minutes evidencing sufficient challenge and scrutiny on all relevant aspects of the draft plan. The papers submitted alongside the draft financial plan for Boards approval contained significant information relating to the underlying position and risks that exist in delivering the submitted position, including the unprecedented level of CIP included.

The Trust are forecasting to deliver adjusted financial performance of a £57.4m deficit in 2026/27, an improvement of £27.9m compared to actual 2025/26 delivery. The Trust has again identified ambitious CIPs of £99.1m for 2026/27. As per the Trusts submitted FPR (Financial Planning Return) to NHSE, 100% of the identified CIPs were marked as ‘high-risk’. As of June 2026, the current level of identified CIPs totals £43.0m, meaning a current gap to the overall target of £56.1m.

A central high-level plan was developed covering c£97m of the agreed £99.1m, with such plans being discussed with individual Clinical Management Groups (CMGs) during Q4 of 2025/26. The Trusts Results Delivery Office (RDO) has continued to meet weekly to track the CIP identification process. As in previous years, the RDO brings together colleagues from Finance, Workforce, Strategy, and wider corporate functions to ensure coordinated delivery and issue resolution.

The Trust have also taken steps to strengthen the recurring monthly meetings with the CMGs by ensuring that the Deputy Heads of Operations are included in the meeting, as well as meeting weekly with the Group Heads of Finance where heat maps of schemes are utilised to identify schemes that can be converted to delivery quickly.

Further detail on CIPs is available as part of our follow up of previously identified significant weaknesses, as per page 19. Ultimately, **the previously reported significant weakness is re-iterated.**

Given the level of ‘high-risk’ and unidentified CIP schemes, as well as acknowledgment that the total level of savings planned will be significantly larger than the Trust has historically achieved, delivering this financial plan will be highly challenging for the Trust.

Financial Sustainability (cont.)

… Continued

Medium term financial planning

As per page 19, the Trust submitted an approved MTFP as part of the 2026/27 planning process.

The Trust obtained Board approval for the submitted MTFP on 05 February 2026. On 07 April 2026, the Trust obtained notification from NSHE that the submitted MTFP was deemed 'compliant with conditions'. The conditions included within the notification relate namely to CIPs, and have therefore been considered on page 20.

As the Trust now have an approved MTFP in place, **this recommendation (and element of the significant weakness) is complete.**

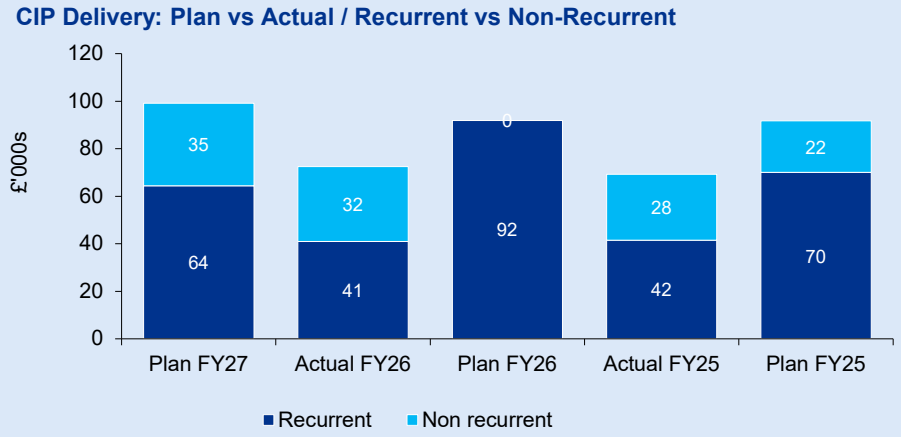
Other

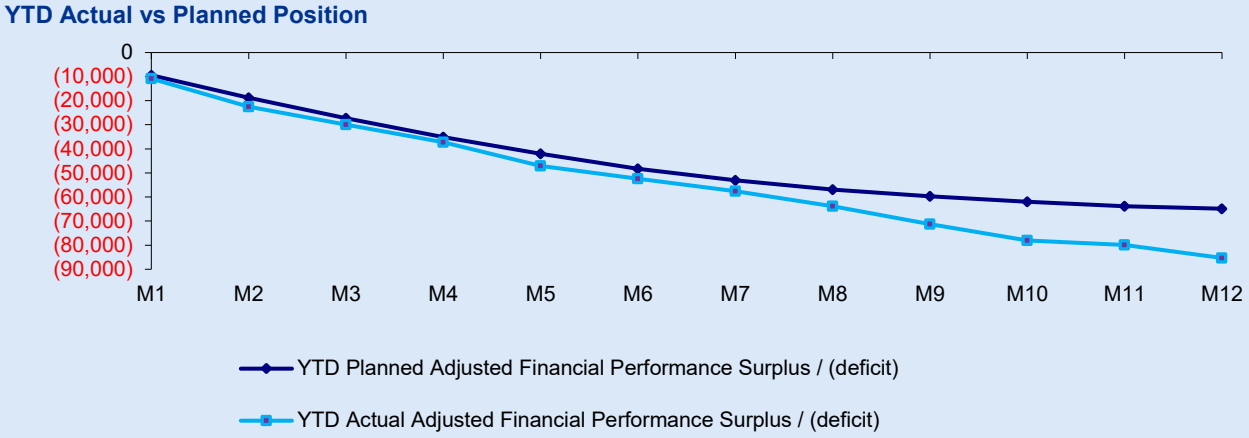
In addition to the above procedures, we note the Trust continues to be classified by NHS England as being in segment 4 within the NHS oversight framework segmentation. Such classification in segment 4 effectively means the Trust is subject to mandated intensive support regarding their financial position.

During Q3 of 2025/26, the Trust were notified by NHSE that they would be provided with revised undertakings in Q4 of 2025/26, however as of June 2026, the Trust are still yet to receive updated undertakings.

Key financial and performance metrics:	2025-26	2024-25
Planned performance – adjusted financial performance - Including non-recurrent deficit funding - Excluding non-recurrent deficit funding	- Breakeven - £64.8m deficit	- Breakeven - £64.8m deficit
Actual deficit – adjusted financial performance - Including non-recurrent deficit funding - Excluding non-recurrent deficit funding	- £46.4m deficit - £85.3m deficit	- £34.8m deficit - £99.6m deficit
Planned CIP - Recurrent - Non-recurrent	Planned CIP of £91.9m: - £91.8m recurrent - Nil non-recurrent	Planned CIP of £91.7m: - £70.0m recurrent - £21.7m non-recurrent
Actual CIP - Recurrent - Non-recurrent	Achieved CIP of £72.5m: - £41.0m recurrent - £31.5m non-recurrent	Achieved CIP of £69.3m: - £41.5m recurrent - £27.8m non-recurrent
Year-end cash position	£34.7m	£40.7m

Financial Sustainability (cont.)





Governance

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

We have considered the following in our work:

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

Summary of arrangements

We have not identified any potential risks of significant weaknesses in the Trusts arrangements in relation to governance.

Risk Management Process

The Trust has a robust risk management framework in place, which allows the Trust to identify and monitor risks, governed by the risk management policy. All identified risks are subject to scrutiny and challenge to ensure an appropriate risk score and mitigations in place.

Risks are identified at a CMG level, where thorough assessments and discussions take place to determine an appropriate risk score, in line with the Trusts risk scoring matrix. Risks are then taken to and discussed at Risk Committee before being escalated to all relevant committees. Both the full Board Assurance Framework (BAF) and BAF summary are presented to each sub committee at every meeting and to the Trust Board quarterly.

Framework of control and audit arrangements

During the 2025/26, the Trust had in place Standing Financial Instructions (SFIs) and a Scheme of Delegation, which align to best practice and show clear delegated responsibilities. There are Terms of References for each sub-committee which are reviewed on an annual basis to ensure they remain fit for purpose.

The Trust have a dedicated Internal Audit and local counter fraud service (LCFS) provided by RSM. Both the Internal Audit and LCFS have an agreed annual work plan and report progress to each Audit Committee, with an annual report taken at the end of the year. The Trust received one 'minimal assurance' report during the year in relation to 'Cost Improvement Programme'. While the Trust has an established CIP governance infrastructure, Internal Audit identified material weaknesses within planning, financial validation, documentation, and the monitoring of CIP delivery. The report contained 6 recommendations, and as at the time of writing this follow up (June 26), the Trust had completed and closed 2, with the remaining 4 being considered and worked on as part of 2026/27 processes. Such findings resonate with our follow up of previously identified significant weaknesses, as per page X. Ultimately, **the previously reported significant weakness is re-iterated.**

Relevant processes

There are a number of sub-committees under the Trust Board, outlined as part of the SFIs, which were implemented in order to focus on key areas and issues identified by the Trust. From our review of minutes and attendance at a number of these committees, the governance structure is robust enough to enable informed decisions, with an appropriate level of challenge and scrutiny.

Continued …

Governance (cont.)

… Continued

New Hospital Programme

During 2024/25, the planned progression of the New Hospitals Programme at UHL was effectively paused for 3 years. As part of the national re-profiling by the Government of the Programme into 3 waves UHL were placed into Wave 2, with construction expected to start between 2031 and 2033.

During 2025/26 and whilst still officially in Wave 2, UHL was one of three Trusts to be earmarked for acceleration in the event of delay in any of the Wave 1 schemes. As such, the programme is progressing with enabling schemes, with LRI Enabling finance business case being approved by Board, and with subsequent construction commenced, with two further business cases in relation to Incoming Power at the LRI and GH currently going through internal governance.

The Trusts 'Our Future Hospitals and Transformation Committee' (which oversees the programme) scope and Terms of Reference remain unchanged. The group continue to meet regularly, to discuss all key aspects of the programme.

	2025-26	2024-25
Head of Internal Audit Opinion *Note – the Trust changed internal audit providers in 2025/26.*	Reasonable assurance	Significant assurance
Oversight Framework segmentation (Trust only)	4	4
Care Quality Commission rating	Requires improvement	Requires improvement

Improving economy, efficiency and effectiveness

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

We have considered the following in our work:

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

Summary of arrangements

We have **not identified any potential risks of significant weaknesses** in the Trusts arrangements in relation to improving economy, efficiency and effectiveness.

CQC

The Care Quality Commission (CQC) published a report in November 2022 relating to an inspection which took place in April, June and September that year. The outcome of this inspection was a reduction in the overall rating for the Trust, including the rating for well-led, to 'requires improvement'.

Ongoing progress against the previously raised CQC actions is monitored through the Head of Quality Assurance (Corporate Nursing) and the 'Requires Improvement to Good Steering Group' ('RI2G' - formerly the CQC Steering Group), with recurring updates to Patient Safety Committee and on to Quality Committee. The Trust have confirmed that all previously raised actions related to the original CQC inspection have now been completed.

The CQC carried out an unannounced comprehensive inspection of Medicine and Surgery services at Glenfield Hospital in June 2025. A draft Surgery report was provided to the Trust in February 2026, after which a Factual Accuracy response was submitted. The Trust are currently awaiting the outcome of this submission.

National Maternity and Neonatal Investigation

The Trust is involved in the National Maternity and Neonatal Investigation. As of early June 2026, the interim report has been finalised, however Trust-specific reports are yet to be drafted and published. As part of the exercise, a two-day site visit took place in December 2025, with executive interviews conducted in early 2026. Draft reports are expected for comment in June 2026, with finalised reports anticipated later in 2026.

System Working

The leadership team at the Trust actively participate in the System Executive meetings and teams within the organisation are active members of planning forums (such as the LLR Collaboratives). In addition, the Trust have consistently had a high-ranking board member at the board meetings of LLR, since the ICS' inception.

Prior year findings

Significant weaknesses followed up from the prior year

In our annual auditor's report for the financial year 2024-25 we reported that the Trust had a significant weakness in arrangements over financial sustainability. This significant weakness was made up of two elements, being the lack of an approved Medium Term Financial Plan and the level of unidentified schemes within the Trusts agreed 2025/26 Cost Improvement Plan. As required by the Code of Audit Practice we have revisited this issue and set out in the table below an update in regards to the arrangements in this area.

#	Recommendation (31 March 2022)	31 March 2025 position	Current status (31 March 2026)
1	**Medium Term Financial Planning (Financial Resilience)** During the 2021/22 financial year the Trust prepared a draft Medium Term Financial Plan (MTFP) in order to inform its financial planning and wider Trust strategy. As at the end of March 2022 the version of the plan prepared by the Trust had a lack of detail in relation to key areas of the plan. These included the nature of the underlying deficit, the type and quantum of future cost savings achievable during each annual period within the plan and an agreed set of actions to be taken with or by system partners. Until these areas are clarified the Trust does not have a robust platform on which to make informed decisions and will not be able to exit the financial special measures currently in place. **Recommendation** We recommend that the Trust should continue to expand the detail contained within the MTFP and agree a common understanding of its Medium-Term Financial Strategy with system partners.	As per our planning and risk assessment, the Trust has continued to further develop their Long-Term Financial Plan (LTFP, formally MTFP), updating to reflect actual 2024/25 performance and the 2025/26 financial plan. A revised draft of the LTFP is to be presented at relevant June 2025 committees, such as FIC (Finance and Investment Committee). As a MTFP/LTFP has not yet been approved by Board and agreed by NHSE, **the recommendation remains partially completed, and significant weakness remains.**	As detailed above, the Trust submitted a 3-year MTFP to NHSE alongside their 2026/27 financial plan in early February 2026. The Trust obtained Board approval for the submitted MTFP on 05 February 2026. On 07 April 2026, the Trust obtained notification from NSHE that the submitted MTFP was deemed 'compliant with conditions'. The conditions included within the notification relate namely to CIPs, and have therefore been considered on page 20. We note the requirement within the notification that 'your Board has approved your MTFP submission in full and understands any risks', which has been achieved as per page 20. As the Trust now have an approved MTFP in place, **this recommendation (and element of the significant weakness) is complete.**

Prior year findings

#	Recommendation (31 March 2022)	31 March 2025 position	Current status (31 March 2026)
2	**Financial Sustainability – CIP & savings delivery** The final financial plan for the Trust for 24/25 includes a £64.8 million deficit for the year to 31 March 2025. This plan is reliant on the delivery of an ambitious Cost Improvement Programme (CIP) of £91.6 million, which is greater than the CIP delivered in the current year. The Trust is at risk of not meeting the CIP plan, given the historic delivery performance on CIP, and the need for further work in order to fully develop the CIP schemes for 24/25. **Recommendation** We recommend that the Trust establish arrangements to identify robust CIP schemes, spanning more than one year, which will lead to recurrent reductions in costs, as well as arrangements to track delivery of such plans, resulting in a greater proportion of plans 'fully developed' before signing off the 2025/26 operational plan.	The Trust identified ambitious CIPs (Cost Improvement Programmes) of £91.6m for 2024/25, with £70.0m relating to recurrent savings. The Trust failed to achieve its target, achieving total CIPs of £69.4m, being £27.8m recurrent and £41.5m non-recurrent (and therefore more heavily weighted to non-recurrent savings than initially planned). Looking forward, the Trust has again identified ambitious CIPs of £91.9m for 2025/26, within their planned adjusted financial performance of breakeven. As per the Trusts submitted FPR (Financial Planning Return) to NHSE, 100% of the identified CIPs were marked as 'high-risk'. As at June 2025, the current level of identified CIPs totals £49m, meaning opportunity (aka the gap to the overall target of £92m) of £43m. We note the Trust are currently performing a number of activities in order to identify the remaining schemes, including but not limited to; identifying both CMG and Executive-led work streams, establishing a cross-functional Results Delivery Office (RDO) with weekly meetings to monitor progress / interrogate delivery data / and agree key decisions, monthly CFO/COO meetings with each CMG specifically on CIPs, and the development of a framework for identifying a structured pipeline of high impact schemes. While we note the work being undertaken by the Trust, considering the non-achievement of the identified 2024/25 CIPs, as well as the current level of 'unidentified' CIPs, the Trust is again at risk of not meeting the CIP plan. Therefore, **the recommendation surrounding the arrangements to identify robust CIP schemes remains, and significant weakness remains.**	The Trust identified CIPs of £91.9m for 2025/26. The Trust failed to achieve this target, achieving total efficiencies of £72.5m. Looking forward, the Trust has again identified an ambitious CIP programme of £99.1m for 2026/27. As per the Trusts submitted FPR, £82.6m of the identified CIPs were marked as 'high-risk'. The current level of identified CIPs totals c£43m, meaning opportunity (aka the gap to the overall target of £99.1m) of c£56m. In order to close such gap, the Executive RDO (Results Delivery Office) continue to meet weekly to monitor the CIP identification process, with a summary of these updates shared with Chief Officers, CMG Heads of Operations, and Group Heads of Finance. The Trust has taken steps to strengthen its ongoing monthly meetings with CMGs by including Deputy Heads of Operations. In addition, weekly meetings with Group Heads of Finance use a heat map approach to prioritise and accelerate the conversion of committee-approved schemes into delivery. While we note the work being undertaken by the Trust, considering the non-achievement of the identified 2025/26 CIPs, as well as the current level of 'unidentified' CIPs, the Trust is again at risk of not meeting the CIP plan. **The recommendation surrounding the arrangements to identify robust CIP schemes remains, and this the previously identified significant weakness remains, and is re-iterated.**

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