Auditor's Annual Report

Derbyshire Healthcare NHS Foundation Trust

Year ending 31 March 2026

June 2026

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Contents

01

Introduction

Introduction

Purpose of the Auditor's Annual Report

Our Auditor's Annual Report (AAR) summarises the work we have undertaken as the auditor for Derbyshire Healthcare NHS Foundation Trust ('the Trust') for the year ended 31 March 2026. Although this report is addressed to the Trust, it is designed to be read by a wider audience including members of the public and other external stakeholders.

Our responsibilities are defined by the National Health Service Act 2006 and the Code of Audit Practice ('the Code') issued by the National Audit Office ('the NAO'). The remaining sections of the AAR outline how we have discharged these responsibilities and the findings from our work. These are summarised below.

Opinion on the financial statements

We issued our audit report on 19th June 2026. Our opinion on the financial statements was unqualified.

Reporting to the group auditor

In line with group audit instructions issued by the NAO, on 19th June 2026 we reported that the Trust's consolidation schedules were consistent with the audited financial statements.

Value for Money arrangements

We did not identify any significant weaknesses in the Trust's arrangements to secure economy, efficiency and effectiveness in its use of resources. Section 3 provides our commentary on the Trust's arrangements.

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Audit of the financial statements

Audit of the financial statements

Our audit of the financial statements

Our audit was conducted in accordance with the requirements of the Code, and International Standards on Auditing (ISAs). The purpose of our audit is to provide reasonable assurance to users that the financial statements are free from material error. We do this by expressing an opinion on whether the statements are prepared, in all material respects, in line with the financial reporting framework applicable to the Trust and whether they give a true and fair view of the Trust's financial position as at 31 March 2026 and of its financial performance for the year then ended.

Our detailed findings were reported and discussed with the Audit and Risk Committee in June 2026 prior to finalising our conclusions.

Our audit report, issued on 19 June 2026, gave an unqualified opinion on the financial statements for the year ended 31 March 2026.

A summary of the significant risks we identified when undertaking our audit of the financial statements and the conclusions we reached on each of these is outlined in Appendix A.

Other reporting responsibilities

Reporting responsibility	Outcome
Annual Report	We did not identify any material misstatements or significant inconsistencies between the content of the annual report, the financial statements and our knowledge of the Trust.
Annual Governance Statement	We did not identify any matters where, in our opinion, the Governance Statement did not comply with the NHS Foundation Trust Annual Reporting Manual 2025/26. We also did not identify any matters where, in our opinion, the Governance Statement is misleading or is not consistent with our knowledge of the Trust and other information of which we are aware from our audit of the financial statements.
Remuneration and Staff Report	We report that the parts of the Remuneration and Staff Report subject to audit have been properly prepared in accordance with the National Health Service Act 2006.

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Our work on Value for Money arrangements

VFM arrangements

Overall Summary

VFM arrangements – Overall summary

Approach to Value for Money arrangements work

We are required to consider whether the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The NAO issues guidance to auditors that underpins the work we are required to carry out and sets out the reporting criteria that we are required to consider. The reporting criteria are:

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.

Our work is carried out in three main phases.

Phase 1 - Planning and risk assessment

At the planning stage of the audit, we undertake work so we can understand the arrangements that the Trust has in place under each of the reporting criteria; as part of this work we may identify risks of significant weaknesses in those arrangements.

We obtain our understanding or arrangements for each of the specified reporting criteria using a variety of information sources which may include:

- NAO guidance and supporting information
- Information from internal and external sources including regulators
- Knowledge from previous audits and other audit work undertaken in the year
- Interviews and discussions with staff and directors

Although we describe this work as planning work, we keep our understanding of arrangements under review and update our risk assessment throughout the audit to reflect emerging issues that may suggest there are further risks of significant weaknesses.

Phase 2 - Additional risk-based procedures and evaluation

Where we identify risks of significant weaknesses in arrangements, we design a programme of work to enable us to decide whether there are actual significant weaknesses in arrangements. We use our professional judgement and have regard to guidance issued by the NAO in determining the extent to which an identified weakness is significant.

VFM arrangements – Overall summary

Phase 3 - Reporting the outcomes of our work and our recommendations

We are required to provide a summary of the work we have undertaken and the judgments we have reached against each of the specified reporting criteria in this Auditor's Annual Report. We do this as part of our Commentary on VFM arrangements which we set out for each criteria later in this section.

We also make recommendations where we identify weaknesses in arrangements or other matters that require attention from the Trust. We refer to two distinct types of recommendation through the remainder of this report:

- **Recommendations arising from significant weaknesses in arrangements -** We make these recommendations for improvement where we have identified a significant weakness in the Trust arrangements for securing economy, efficiency and effectiveness in its use of resources. Where such significant weaknesses in arrangements are identified, we report these (and our associated recommendations) at any point during the course of the audit.
- **Other recommendations -** We make other recommendations when we identify areas for potential improvement or weaknesses in arrangements which we do not consider to be significant but which still require action to be taken.

The table on the following page summarises the outcomes of our work against each reporting criteria, including whether we have identified any significant weaknesses in arrangements or made other recommendations.

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VFM arrangements – Overall summary

Overall summary by reporting criteria

Reporting criteria	Commentary page reference	Identified risks of significant weakness?	Actual significant weaknesses identified?	Other recommendations made?
Financial sustainability	12	No	No	Yes
Governance	19	No	No	No
Improving economy, efficiency and effectiveness	22	No	No	No

VFM arrangements

Financial Sustainability

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

VFM arrangements – Financial Sustainability

Overall commentary on Financial Sustainability

Context to NHS spending

The NHS is still in a recovery from the Covid-19 pandemic with a large elective care backlog (over 7m patients) which has led to strong pressure to increase funding and improve performance. This has been reflected in the 2024 budget and the 2025 spending review, where the Government provided a cash increase to the NHS over 2 years to 2025/26 of £22.6b. The spending review also commits to a 3% real term annual growth in NHS funding with NHS England's budget reaching c£200b for 2025/26. Despite this increase in funding for the NHS there is still expected to be constrained finances as cost pressures are expected to absorb a significant amount of the funding, for example through inflation and pay rises, backlog recovery costs and acknowledgement of the demands caused by a growing and ageing population.

The Government has also implemented a number of different strategies to try and act as a financial reset and aid in the budgeting process including:

- Strict financial controls – including a target to deliver large efficiency programmes of £11bn nationally;
- Expectations that all systems are setting a balanced budget; and
- The provision of deficit support funding, without which system plans would show a £2.2bn deficit.

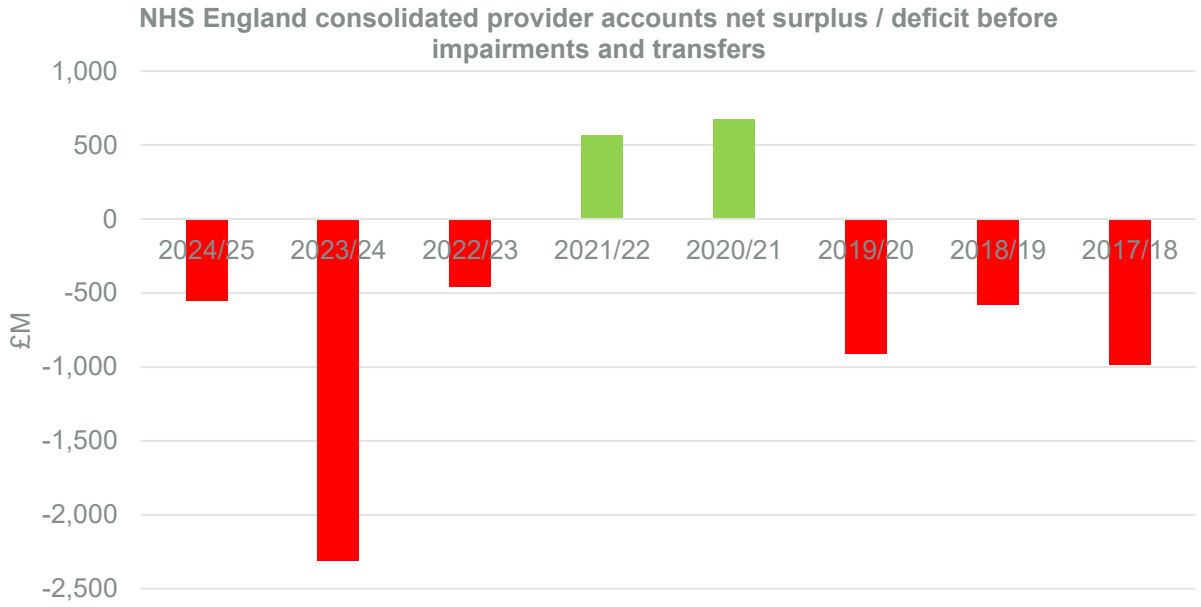
Deficit support funding

The Kings fund published data on NHS deficits in March 2026 which detailed that most of the 42 integrated care systems (ICSs) in England receive some level of deficit support in 2025/26, with only 11 ICBs not receiving deficit support funding.

This overall deficit conceals significant variation between trusts. Mental health trusts—which account for around 15% of total trust spending reported a lower proportion of deficits at 34% (16 Trusts) indicating comparatively lower financial pressure. In contract to 69% acute Trusts (82 Trusts) and 44%community Trusts (8 Trusts) reported deficits. Similar patterns of variation by trust type were observed in 2023/24.

While deficit support funding provides short-term financial stability, it does not address the underlying structural challenges facing the health system.

We reviewed the NHS England consolidated provider accounts for 2024/25. For the year ended 31 March 2025, the provider sector reported a net deficit of £553 million before impairments and gains or losses on transfers by absorption, compared with a £2,312 million net deficit in 2023/24. Of the improvement in outturn between the two years, 47% is attributable to an increase in operating surplus, while 50% is driven by a reduction in net finance costs. See the data below, drawn from the NHS England consolidated provider accounts, which shows net deficits (before impairments and gains or losses on transfers by absorption) over recent years.



VFM arrangements – Financial Sustainability

Overall commentary on Financial Sustainability

Overall responsibilities for financial governance

We have reviewed the Trust's overall governance framework, including Board and Committee reports, the Annual Governance Statement, and Annual Report and Accounts for 2025/26. These confirm the Trust Board undertook its responsibility to define the strategic aims and objectives, approve budgets and monitor financial performance against budgets and plans to best meet the needs of the Trust's service users. We have reviewed reports and minutes of the Board to confirm there are financial governance arrangements in place.

The Trust's Finance and Performance Committee has met regularly through the year and reported through to the Board. Within the Committee's remit includes oversight of:

- Financial performance and plans;
- Operational Performance;
- Continuous improvement and transformational change programmes;
- Estates strategy and delivery, including the Making Room for Dignity Programme;
- Information technology and systems strategy and execution;
- Contract delivery and system working (including collaborations and partnerships); and
- Oversight of key risks relating to the above.

In our view, the function and remit is as we would expect for a Trust of this size and complexity and evidence of adequate arrangements in place for financial governance.

The Trust's financial planning and monitoring arrangements

Through the year we have met regularly with management and reviewed relevant board and committee reports and minutes, including the Integrated Performance Report presented to the March 2026 Board.

Through our review of board and committee reports, meetings with management and relevant work performed on the financial statements, we are satisfied that the Trust's arrangements for budget monitoring remain appropriate, and these include:

- Standing Financial Instructions with relevant provisions for budgetary control and reporting;
- Oversight from the Trust Board and its Committees, through an Integrated Performance Report and detailed reports on finance including outturn and financial planning;
- The Trust has well established arrangements for year-end financial reporting, despite increasing challenges placed on the finance team with concurrent financial reporting and 2025/26 financial planning deadlines.

These findings provide assurance that the Trust continues to operate adequate financial monitoring and reporting mechanisms in line with expected governance practices and we have not identified any significant inconsistencies between budgetary information and the financial position as reflected in the financial statements.

VFM arrangements – Financial Sustainability

Overall commentary on the Financial Sustainability reporting criteria – continued

2025/26 financial outturn

Financial performance is regularly reported and scrutinised by the Finance and Performance Committee alongside Audit and Risk Committee. There is regular integrated reporting of financial and performance information to the Board.

We considered the Trust's financial outturn as presented in the 2025/26 financial statements and underlying TAC returns for the Whole of Government Accounts, which shows:

- An Operating deficit from continuing operations of **£0.34m deficit** (Prior Year = £18.6m deficit);
- An Overall deficit for the year of **£6.5m deficit** (Prior Year = £25.3m deficit), against gross expenditure of £270m (Prior Year = £279m);
- As shown in the Cashflow statement, the Trust generated £16m positive cash inflow from operating activities (Prior Year = £13m) and ended the year with cash and cash equivalents of £27m (Prior Year = £19m); and
- As shown in the Balance Sheet, the Trust's Income & Expenditure Reserve is a deficit of £38m (Prior Year = £32m deficit).

Whilst the Trust has a deficit position, it is in line with the plan and a break-even control total was achieved. Our work on the financial statements has not identified any significant errors and we are satisfied the financial performance for 2025/26 is not indicative of a risk of significant weakness in financial sustainability arrangements.

Capital expenditure

As set out in Note 13 of the financial statements, the Trust spent £16.6m on capital additions in 2025/26. Our testing of capital expenditure and capital additions and payables in the 2025/26 financial statements did not identify any significant errors.

Pay costs

Employee costs for 2025/26 are set out in note 8 of the financial statements, showing £144.6m spent on salaries and wages and £2.5m on temporary staffing Our testing on pay and pay related costs did not highlight any concerns.

The table below also summarises our calculation of temporary costs as a percentage of Trust expenditure on salaries, wages, social security and pension costs as shown in Note 7 of the draft financial statements. It shows that temporary staff costs has reduced by over 1.57% from prior year. This evidence of the reduced reliance on temporary staff, which has been a key driver of overspend in recent years

Staff Costs	2024/25	2025/26
Temporary staff	5,089	2,537
Salaries, wages, social security and pension costs	175,274	191,984
Temporary staff costs as a % of employee benefits expenses	2.9 %	1.32%

VFM arrangements – Financial Sustainability

Overall commentary on the Financial Sustainability reporting criteria – continued

Arrangements to bridge funding gaps and identify achievable savings: efficiencies delivered 2025/26 and planned for 2026/27

The Trust is required to make financial efficiency savings through schemes known as Cost Improvement Programmes (CIPs). The Trust assesses CIP savings regularly and includes this assessment in the Board Integrated Performance Report allowing for review and challenge by Board members.

We have reviewed the Trust's financial plans for 2024/25, 2025/26 and 2026/27 as well as the outturn position. From our discussions with management and review of documents, we noted:

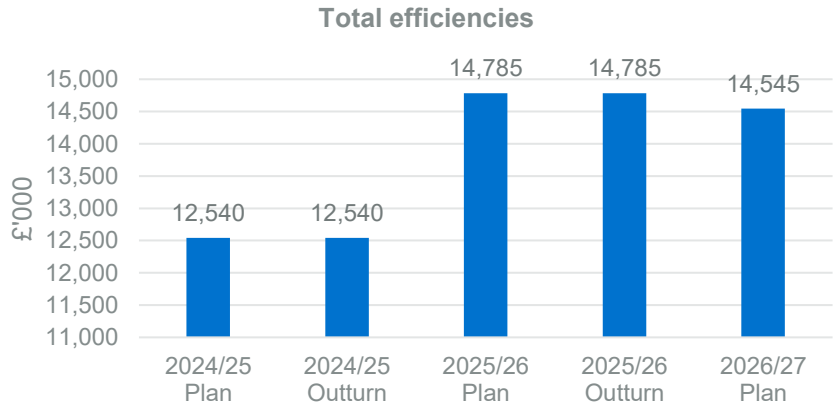
- Derbyshire Healthcare achieved the financial plan for 2025/26, delivering an adjusted surplus of £11k compared to a planned nil surplus/deficit which was achieved without any non-recurrent deficit funding.
- The Trust delivered their planned £14.7m efficiency savings, however only 65.9% of these were recurrent, compared to the planned 81.9%

We have also considered the Trust's efficiency saving programme both historically and as planned for 2026/27.

The Trust has successfully delivered their planned efficiencies for both 2024/25 and 2025/26. The Trust has set a CIP target of £14.5m for 2026/27, which is 6.2% of planned operating expenditure, up from 5.9% in 2025/26.

	2024/25 Outturn (£'000)	2025/26 Plan (£'000)	2025/26 Outturn (£'000)	2026/27 Plan (£'000)
Operating surplus / (deficit)	(18,599)	2,330	(340)	7,260
Adjusted financial performance surplus / (deficit)	1	0	11	0
Recurrent efficiency savings	6,366	12,111	9,742	10,404
Non-recurrent efficiency savings	6,174	2,674	5,043	4,141

The Trust has also made a significant move to reduce reliance on non-recurrent savings, with a plan to deliver 71.5% of savings recurrently in 2026/27. This could present a challenge for the Trust, having under delivered on their recurrent savings targets in both 2024/25 and 2025/26. However, given the fact it has delivered its overall savings target, and overachieved on the overall planned position without the use of non-recurrent deficit funding, we are satisfied that this does not indicate a significant weakness in arrangements for 2025/26.



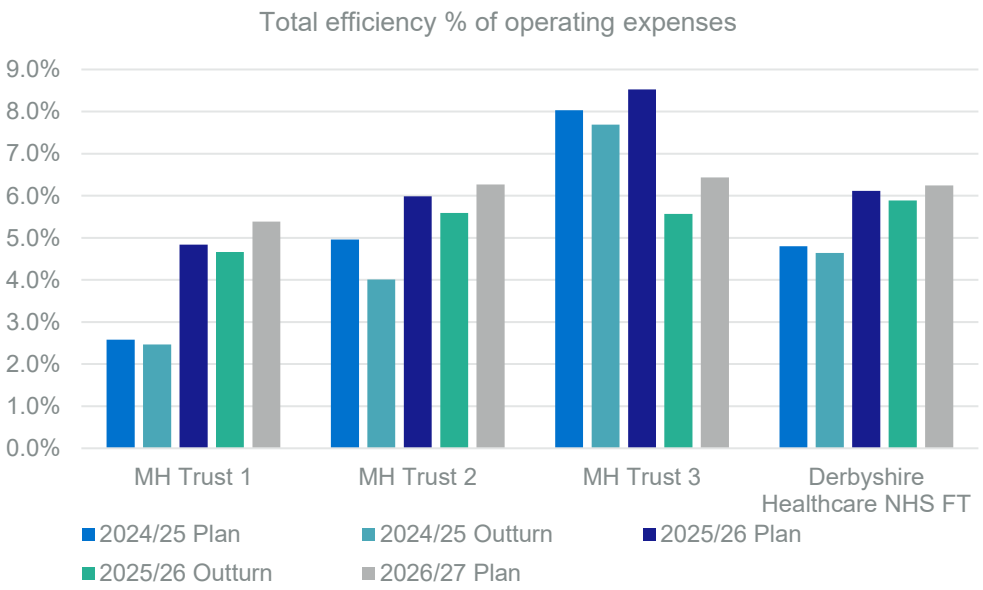
VFM arrangements – Financial Sustainability

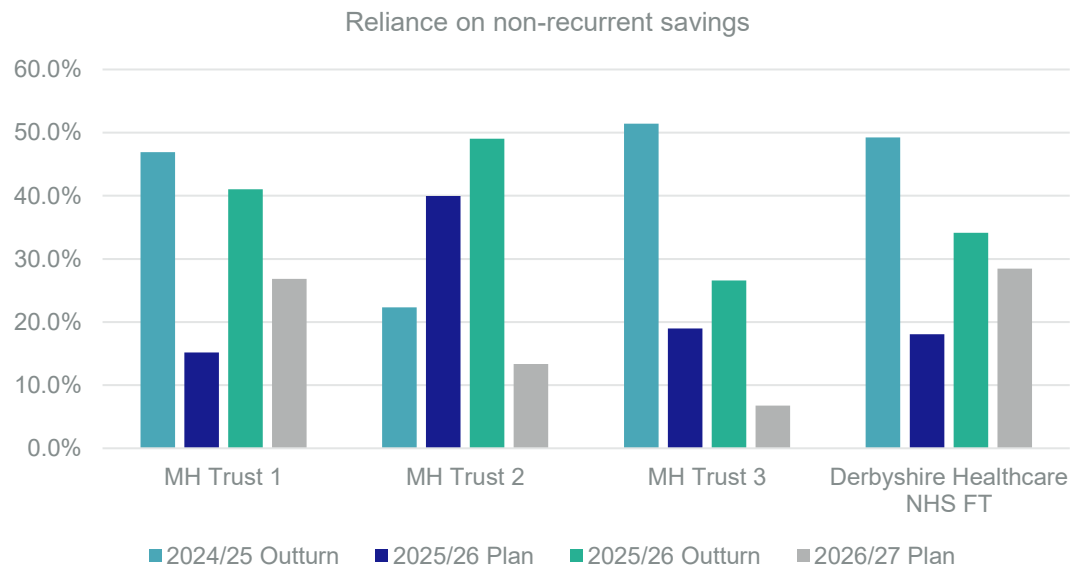
Overall commentary on the Financial Sustainability reporting criteria – continued

Arrangements to bridge funding gaps and identify achievable savings: efficiencies delivered 2025/26 and planned for 2026/27

We have also considered the Trust's efficiency saving programme by benchmarking against some of our other Mental Health audit clients.

The Trust's increased CIP target as a percentage of operating expenditure is consistent with the benchmarked Mental Health trusts, which are also facing a comparatively steep increase in savings needs between 2025/26 and 2026/27.





VFM arrangements – Financial Sustainability

Overall commentary on the Financial Sustainability reporting criteria – continued

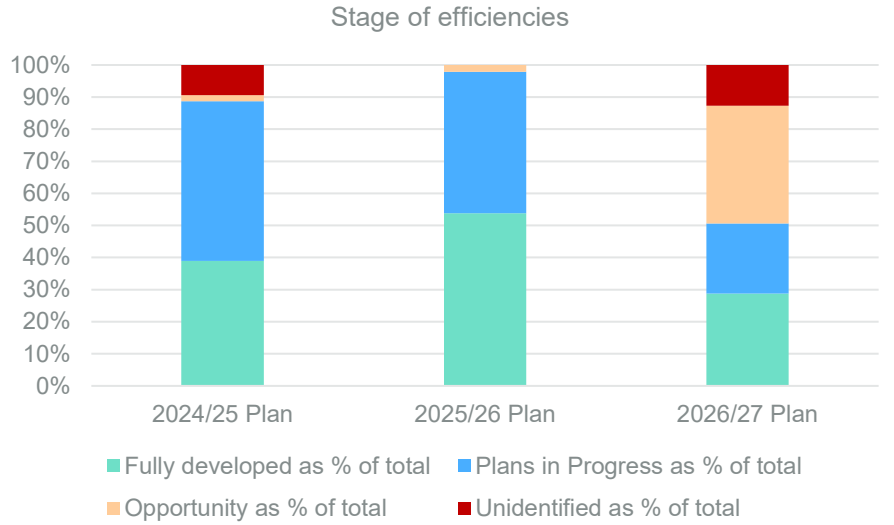
Arrangements to bridge funding gaps and identify achievable savings: efficiencies delivered 2025/26 and planned for 2026/27

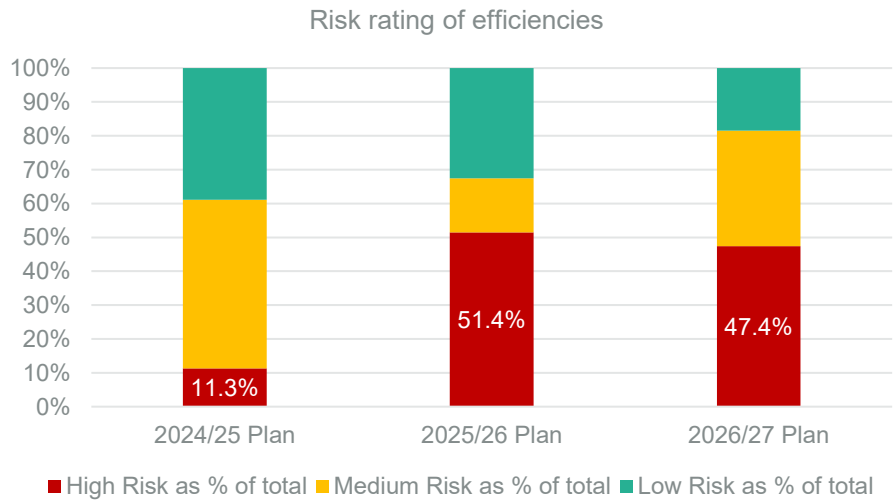
As shown in the charts below, we reviewed the Trust's assessment of risk in CIPs, including:

- The proportion of the Trust's efficiency programme which remained unidentified, or opportunities in the submitted plan. This shows a significant increase since 2024/25, with 50.6% of the Trust's planned efficiencies for 2026/27 being either fully developed, or in progress.
- The proportion of efficiencies classified as high risk, which has decreased in the 2026/27 plan when compared to 2025/26.

Whilst our review has not highlighted a risk of significant weakness in arrangements for 2025-26, there is inherent risk in the CIP plan that means a strong focus on delivery is required.

Other recommendation
As evidenced by the 2026/27 planning position, the Trust faces increasing efficiency requirements, alongside an increased risk profile and a proportion of schemes that remain unidentified or under development. An increased risk profile and the level of delivery uncertainty indicate that further strengthening of CIP arrangements is required. It is therefore important that the Trust maintains a strong focus on CIP governance, ensuring schemes are identified, risk-assessed, supported by robust validation and delivery oversight to secure sustainable and credible efficiencies.





VFM arrangements

Governance

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

VFM arrangements – Governance

Overall commentary on Governance

Position brought forward from 2024/25

There are no indications of a significant weakness in the Trust's arrangements brought forward from 2024/25.

Overall arrangements for governance

The Trust has a full suite of governance arrangements in place, supported by the Trust's Constitution and Scheme of delegation . These are set out in the Trust's Annual Report and Annual Governance Statement. We reviewed these documents as part of our audit and confirmed they were consistent with our understanding of the Trust's arrangements in place.

Our review of the Trust's governance framework confirms arrangements are in place, with the Trust Board being overall responsible for the performance of the Trust and having a clear set of strategic and supervisory roles. The Trust has established Committees to support these roles, with the following Committees in place:

- Audit and Risk Committee;
- Finance and Performance Committee;
- Mental Health Act Committee;
- People and Culture Committee;
- Quality and Safeguarding Committee; and
- Remuneration and Appointments Committee

We consider the committee structure of the Trust is sufficient to provide assurance that decision making, risk and performance management is subject to appropriate levels of oversight and challenge.

Our review of Board and committee papers confirms that a template covering report is used for all Board reports, ensuring the purpose, strategic context, governance issues, and recommendations are clear. Minutes are published and reviewed by the Board to evidence the matters discussed, challenge and decisions made.

Monitoring and assessing risk

The Trust records strategic risks in the Board Assurance Framework and our review confirms it is sufficiently detailed to manage the Trust's key risks, identify controls, gaps in controls and obtain the assurance required to work towards a targeted risk score. Our review of reports as well as attendance at Audit and Risk Committee meetings confirms the Board Assurance Framework is regularly updated and in sufficient detail to allow for adequate review.

The Audit and Risk Committee considers the Board Assurance Framework, Annual Report and Accounts, and Annual Governance Statement and monitors progress against internal and external audit plans. We have attended Committee meetings and reviewed supporting documents and are satisfied that the programme of work is appropriate for the Trust's requirements. Our attendance at Audit and Risk Committee has confirmed there continues to be an appropriate level of effective challenge.

Internal controls

To provide assurance over the effective operation of internal controls, including arrangements to protect and detect fraud, The Trust has appointed independent third parties as internal auditors. Work plans are agreed with management at the start of the financial year and reviewed by the Audit and Risk Committee prior to approval.

We have read Internal Audit's Annual Plan and Annual Report and confirmed the Head of Internal Audit Opinion is reflected in the Annual Governance Statement. From our attendance at Audit and Risk Committee and review of supporting reports and minutes, Internal Audit has not identified any significant weaknesses in the governance, risk and the control environment in the 2025/26 Head of Internal Audit annual opinion. The Head of Internal Audit (HOIA) opinion reported to the June Audit and Risk Committee states "I am providing an opinion of Significant assurance that there is a generally sound framework of governance, risk management and control designed to meet the organisation's objectives, and controls are generally being applied consistently."
Our audit of the financial statements did not identify any significant weakness in internal controls.

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VFM arrangements – Governance

Overall commentary on the Governance reporting criteria – continued

Arrangements for budget setting, budget control and financial reporting

The Trust has well established arrangements for financial reporting, with no significant matters arising from our work on the financial statements or in our detailed Audit Completion Report, issued to the Audit and Risk Committee in June 2026. As set out under our commentary for financial sustainability, the Trust overachieved against their plan for 2025/26, delivering an adjusted surplus of £11k compared to a planned nil surplus/deficit which was achieved without any non-recurrent deficit funding.

Our review of the Trust's 2026/27 financial plan presented in extraordinary meeting of the Board of Directors in February 2026 did not identify any evidence of deviation from national planning guidance. For 2026/27, budget setting is based on a set of agreed principles. Inflationary rates are applied in line with national tariff guidance and the Executive Leadership Team discuss any new cost pressures and risks and there is no evidence to suggest that financial planning is not aligned with other key internal plans (e.g. workforce). While the capital plan for 2026–2028 is not fully compliant, the Board has agreed to achieve full compliance in year one and has appropriately highlighted compliance risks in year two.

Once the financial plan is set, it is monitored regularly, including reporting to FPC and the Board via the Finance and Performance Report. Our review of minutes from the Finance and Performance Committee and Board meetings indicate regular oversight of financial planning and performance. As set out under the financial sustainability section of this report, the Trust met its control total target for 2025/26 hence no issues noted with budget control.

From our review, we have not identified a risk of a significant weakness in arrangements.

Arrangements for meeting relevant standards of behaviour: conduct

We have reviewed key policies and procedures in place to maintain compliance with legislative/regulatory requirements and standards in behaviour, including conflicts of interest. These policies and procedures are subject to regular review by the Trust.

We reviewed the related parties disclosure note in the financial statements as part of our audit and did not identify any significant concerns.

VFM arrangements

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

VFM arrangements – Improving Economy, Efficiency and Effectiveness

Overall commentary on Improving Economy, Efficiency and Effectiveness

Overall arrangements

We have reviewed key reports issued by the Board and confirmed the Trust reports its performance in several different ways:

- an Integrated Performance Report to each Board meeting
- the publication of the Quality Report, Annual Report and Accounts, and Annual Governance Statement, which are reviewed by the Audit and Risk Committee before adoption by the Board.

Our review of Trust Board and committee reports and minutes confirms that regular Integrated Performance Reports have been received. Performance is summarised in format which shows performance against target and over time. Board members are also able to triangulate information from this report with the assurance summaries from supporting committees, where committee chairs draw attention to assurances provided or matters escalated for the full Board's attention.

Our review confirms the reports provide sufficient detail to understand performance and published minutes demonstrate sufficient challenge from non-executive directors on the Trust's costs, performance and service delivery. In our view, the Trust's reports are adequately laid out and sufficiently detailed to monitor performance and take corrective action where required, which may include updating the Board Assurance Framework.

Procurement

There are established procurement Strategy procedures in place with a requirement to procure via open competition, framework agreements or to seek prior approval via a waiver. Waiver requests are reviewed before approval and are reported to Audit and Risk Committee. The Trust's Standing Financial Instructions set out the procedures, controls and the authorisation sign offs that are required for the commissioning or procurement of services. There is a professional procurement team in place, operated in collaboration with a neighbouring Trust. There are processes in place to ensure that the selected option and supplier gives best value for money. Legally compliant Framework Agreements are used where appropriate and there are instructions in place regarding the levels for delegated approval of expenditure. The Trust has policies in place regarding expected standards of business conduct, and gifts and hospitality, to mitigate the risk of conflicts of interests arising.

Partnerships

Our review of Board minutes and discussions with management confirms the Trust continues to work in close partnership with other health and social care organisations in the area. This is evidenced through the agreement of the 2025/26 outturn position and the 2026/27 plan with partners in the Integrated Care System.

VFM arrangements – Improving Economy, Efficiency and Effectiveness

Overall commentary on the Improving Economy, Efficiency and Effectiveness reporting criteria – continued

NHS Staff survey

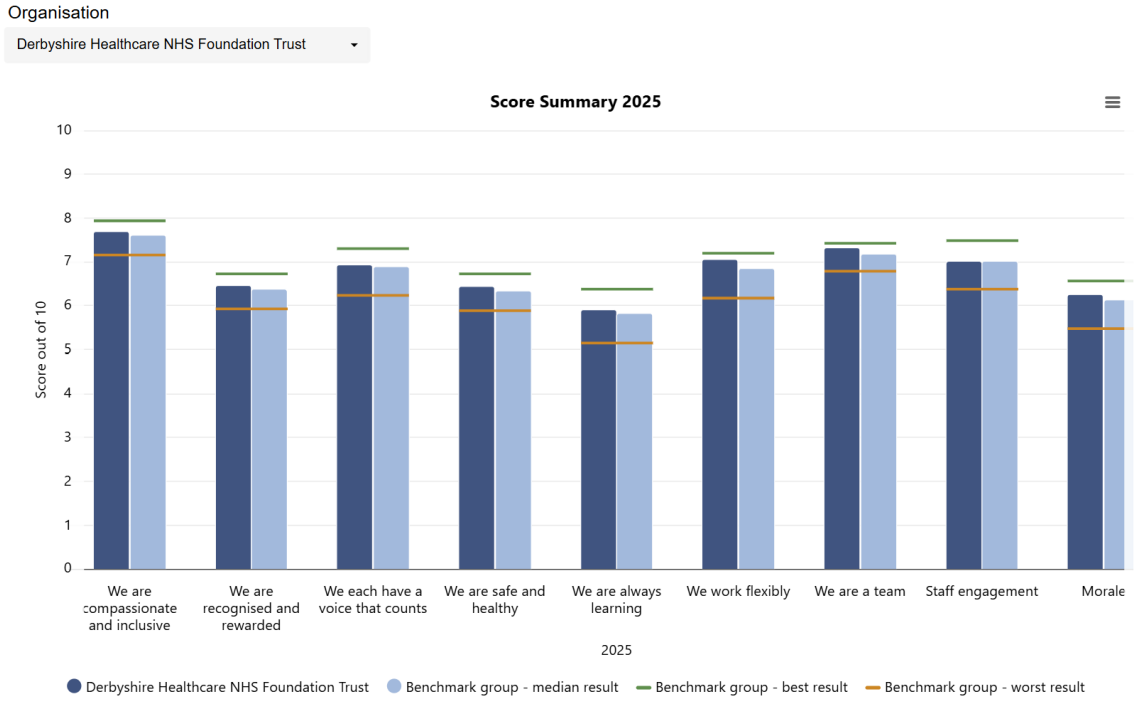
The National NHS Staff Survey 2025 was conducted between September and November 2025. We obtained the 2025 NHS Staff Survey published in March 2026 and confirmed the survey results have been received by the Board in March 2026. In our view, the survey offers insights into how staff perceive their working environment nine core themes.

Derbyshire Healthcare's engagement with the 2025 NHS Staff Survey was 64%, slightly above the median response rate of 52% for Mental Health Trusts. When benchmarked nationally, Derbyshire Healthcare's scores were generally slightly above the median. The Trust scored highest in "We are compassionate and inclusive" (7.68) and "We are a team" (7.33), while "We are always learning" (5.90) was the lowest scoring theme.

The survey highlighted some areas of improvement compared to previous years. Notably, there were positive trends in appraisals, and line management. The Trust maintained strong scores in compassionate leadership, diversity and equality, and inclusion, indicating a continued emphasis on supportive management and collaboration. The Trust was also above the median with regards to support for work-life balance, flexible working and burnout, demonstrating that the Trust has prioritised staff wellbeing.

However, the results also identified areas requiring continued focus. There was a slight decline in "compassionate culture", although the score remains above median. Within the theme of staff engagement, whilst motivation has seen a decline; involvement; and advocacy have all seen a positive trend with overall theme in line with the median.

Whilst the Trust's overall scores in each theme had either remained the same are worsened since the prior year, when compared to the median scores the Trust results were better in eight out of the nine themes, with "Staf engagement" being the same as the median. We found there are no individual promises where the Trust scored significantly below the median. We did not find any indication of a significant weakness in arrangements



Local results for every organisation | NHS Staff Survey

VFM arrangements – Improving Economy, Efficiency and Effectiveness

Overall commentary on the Improving Economy, Efficiency and Effectiveness reporting criteria – continued

Consideration of regulatory oversight

NHS England applies a framework to allocate trusts into one of four segments depending on its view of the level and nature of support required, ranging from no specific support needs (segment 1) to a requirement for mandated intensive support (segment 4).

The most recent update was published on 1 April 2026, placing the Trust in segment 3. The Trust are engaging in regular oversight meetings with the ICB and NHSE. A detailed rationale for the segment 3 rating is outlined below:

- Access to services – 4. This is based on the 52 weeks target to ensure no patient waits more than 52 weeks for treatment, there has been no action from NHSE. We have reviewed the January 2026 board position and confirmed that the position has improved slightly to 62% which is a significant reduction from 66%.
- Finance & productivity – 1 (High performing)
- Effectiveness – 4 This is based on percentage of acute inpatients discharged with more than 60 days of length of stay. We have reviewed the January 2026 board position confirming that the issue still persists indicating ongoing delays in discharge.
- Patient safety – 2 (above average);
- People – 3 which is based on the NHS 2024 staff survey (we have reviewed the 2025 results, the Trust position consistent but above average)

The exit criteria from Segment 3 has been agreed and from our review of March 2026 Trust board reports we are aware that the Trust has improvement plans against the areas flagged around quality, operational and financial performance. With regards to financial performance, the Trust ultimately delivered an adjusted breakeven position and we have considered this further in the financial sustainability section of this report. On 11 June 2026, the oversight framework was updated, with no change in segment. We do not deem that this oversight rating is evidence of a risk of significant weakness.

During 2025/26, the Trust has been subject to CQC assessments, including Wards for older people with mental health problems (April 2025) and Forensic inpatient or secure ward(August 2025), Long stay or rehabilitation mental health wards for working age adults and Mental health crisis services and health-based places of safety (January 2026) all rated ‘Good’, indicating continued strong quality governance.

VFM arrangements

Identified significant weaknesses in arrangements and our recommendations

04

Other reporting responsibilities

Other reporting responsibilities FTs

Wider reporting responsibilities

Public interest reports
Auditors have the power to make a report if they consider a matter is sufficiently important to be brought to the audited body or the public as a matter of urgency, including matters which may already be known to the public, but where it is in the public interest for the auditor to publish their independent view.

We did not make a report in the public interest during 2025/26.

Schedule 10 referrals
Under Schedule 10 of the National Health Service Act 2006, auditors of a Foundation Trust have a duty to consider whether there are any issues arising during their work that indicate possible or actual unlawful expenditure or action leading to a possible or actual loss or deficiency that should be reported to the relevant NHS regulatory body.

We have not reported any such matters because no unlawful expenditure or actions were identified.

Reporting to the group auditor

Whole of Government Accounts (WGA)
The Trust is consolidated into Consolidated NHS Provider Account which is then consolidated into the Department of Health and Social Care (DHSC) group. The National Audit Office (NAO), as group auditor, requires us to report to them whether consolidation data that the Trust has submitted is consistent with the audited financial statements. In addition, the NAO may also review our audit files in detail. For the 2025/26 year, The NAO did not include the Trust in its sample of component bodies for review for the purpose of its audit of the DHSC group.

We reported to the NAO that consolidation data was consistent with the audited financial statements. We also reported to the NAO in line with its group audit instructions.

Materiality for the Trust under WGA is distinct from the materiality thresholds set by us for reporting to Audit and Risk Committee. Component materiality is determined by the NAO and is used by us for the purposes of reporting to the group auditor. For 2025/26, the component reporting threshold was £1m for financial statements and £300k threshold for parliamentary accountability disclosures and regularity requirements. These are also used as the maximum thresholds we can apply for our reporting to Audit and Risk Committee.

Appendices

A - Further information on our audit of the financial statements

Appendix A: Further information on our audit of the financial statements

Significant risks and audit findings

As part of our audit, we identified significant risks to our audit opinion during our risk assessment. The table below summarises these risks, how we responded and our findings.

Risk	Our audit response and findings
Management override of controls There is a presumed risk in every audit that because management are in a unique position, they could override internal controls to achieve a certain financial position.	We addressed this risk through performing audit work over: • Accounting estimates impacting amounts included in the financial statements; • Consideration of identified significant transactions outside the normal course of business; and • Journal entries recorded in the general ledger and other adjustments made in preparation of the financial statements. From the work performed, there were no significant matters arising and our work obtained the assurances we sought.
Risk of fraud in revenue recognition There is a presumed risk in every audit, that revenue could be materially misstated to achieve a specific financial position.	We evaluated the design and implementation of any controls the Trust has in place which mitigate the risk of revenue being recognised in the wrong year. In addition, we undertook a range of substantive procedures including: • testing of year end receivables; • testing income in the pre year end period to ensure it has been recognised in the right year; and • reviewing intra-NHS reconciliations and data matches provided by the Department of Health and Social Care (DHSC). Based on the work we have performed, there were no significant issues arising and no evidence of material error or fraud in revenue recognition.
Valuation of land, buildings, and dwellings These are large values on the Trust's balance sheet that involve complex judgements and the use of an external valuation expert.	Our approach included: • liaising with management to update our understanding of the approach taken by the Trust in obtaining valuations; • assessing the scope and terms of engagement of management's valuation expert and the competence, skills and objectivity thereof; • reviewing the work of management's valuation expert and how these have been incorporated into the financial statements; • obtaining an updated understanding of the basis of valuation applied by the valuer in the year. This included understanding and challenging the methodology applied to estimate the gross replacement cost of the Trust's operational land and buildings on a modern equivalent asset basis; • sample testing the completeness and accuracy of underlying data provided by the Trust and used by the valuer as part of their valuations; From the work performed, there were no significant matters arising and our work obtained the assurances we sought.

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