North Bristol NHS Trust

Auditor's Annual Report
Year ending 31 March 2026

23 June 2026

Contents

The contents of this report relate only to those matters which came to our attention during the conduct of our normal audit procedures which are designed for the purpose of completing our work under the NAO Code and related guidance. Our audit is not designed to test all arrangements in respect of value for money. However, where, as part of our testing, we identify significant weaknesses, we will report these to you. In consequence, our work cannot be relied upon to disclose all irregularities, or to include all possible improvements in arrangements that a more extensive special examination might identify. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting, on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

01 Introduction and context

Introduction

This report brings together a summary of all the work we have undertaken for North Bristol NHS Trust during 2025/26 as the appointed external auditor. The core element of the report is the commentary on the value for money (VfM) arrangements. The responsibilities of the NHS Trust are set out in Appendix A. The Value for Money Auditor responsibilities are set out in Appendix B.

Opinion on the financial statements

Auditors provide an opinion on the financial statements which confirms whether they:

- give a true and fair view of the financial position of the Trust as at 31 March 2026 and of its expenditure and income for the year then ended
- have been properly prepared in accordance with international accounting standards as interpreted and adapted by the Department of Health and Social Care Group Accounting Manual 2025/26, and
- have been prepared in accordance with the requirements of the National Health Service Act 2006.

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

Auditor's powers

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

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

Value for money

Under the Local Audit and Accountability Act 2014, we are required to be satisfied whether the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources (referred to as Value for Money). The National Audit Office (NAO) Code of Audit Practice ('the Code'), requires us to assess arrangements under three areas:

- financial sustainability
- governance
- improving economy, efficiency and effectiveness.

Our report is based on those matters which come to our attention during the conduct of our normal audit procedures which are designed for the purpose of completing our work under the NAO Code and related guidance. Our audit is not designed to test all arrangements in respect of value for money. However, where, as part of our testing, we identify significant weaknesses, we will report these to you. In consequence, our work cannot be relied upon to disclose all irregularities, or to include all possible improvements in arrangements that a more extensive special examination might identify.

The NHS – context

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

National

Past

Historic Pressures

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

Infrastructure strain

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

Present

Performance gaps

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

Pressured finances

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

Future

Recovery Focus

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

Pathway Shift

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

Local

North Bristol NHS Trust (the Trust) provides health care in the South-West of England, with an annual turnover of around £1.1bn. Of this, approximately 90% comes from commissioning through Bristol, North Somerset and South Gloucestershire (BNSSG) Integrated Care Board (ICB) and specialist services through NHS England for direct patient care. Clinical services the Trust provides include urgent and emergency care, acute care, specialist services and diagnostic services.

In 2024 a decision was made to form a Hospital Group with a Group Chair and Group Chief Executive Officer appointed to enable a Joint Clinical Strategy between the Trust and University Hospitals Bristol and Weston NHS FT. This was done with the intention of delivering improved services with a vision for seamless, high quality, equitable and sustainable care and, in order to achieve this, it was agreed that a formal merger was required and a Section 56a acquisition process was commenced in July 2025 to formalise the process. The Trust have continued to manage and deliver service performance and achieved a surplus in 2025/26.

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

02 Executive Summary

Executive summary – our assessment of value for money arrangements

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

Criteria	2024/25 Assessment of arrangements		2025/26 Risk assessment	2025/26 Assessment of arrangements	
Financial sustainability	A	No significant weaknesses identified; improvement recommendation raised in relation to developing and delivering recurrent efficiencies	A risk of significant weakness identified in relation to the delivery of the Cost Improvement Programme recurrent schemes	A	No significant weaknesses identified, arrangements are assessed as effective. We have raised one improvement recommendation to support the Trust in identifying change opportunities as part of the merger to deliver recurrent efficiencies.
Governance	G	No significant weaknesses identified and no further recommendations raised	A risk of significant weakness identified in relation to Governance capacity for delivery of continuing services during the merger process	A	No significant weaknesses identified, arrangements are assessed as effective. We have raised one improvement recommendation to highlight the need to monitor ongoing benefits realisation post day one of the merger
Improving economy, efficiency and effectiveness	G	No significant weaknesses identified and no further recommendations raised	No risks of significant weakness identified	G	No significant weaknesses identified, arrangements are assessed as effective. Our work did not identify any areas where we considered that key or improvement recommendations were required.

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

Executive Summary

We set out below the key findings from our commentary on the Trust's arrangements in respect of value for money.

Financial sustainability

We have not identified any significant weaknesses in the Trust's arrangements with regards to financial sustainability.

The Trust had a breakeven plan in 2025/26 and delivered a surplus of £4.9m. This was achieved through close management of the budget and some one off funding provided both centrally and by the Integrated Care Board.

The Trust once again missed its planned recurrent efficiency target with a shortfall of £17.3m against an ambitious target of £40.6m. The shortfall was mitigated through non-recurrent savings, such as vacancy management, and the Trust has another challenging plan of £45.3m in 2026/27.

To support the Trust in achieving these savings we have raised an improvement recommendation to use the merger to identify headroom to allow for changes to service delivery which will deliver increased recurrent savings

Governance

The Trust has appropriate arrangements in place to ensure effective internal control and to support effective decision making.

Budget setting arrangements remain sound, with appropriate reporting to committee and Board at both a Trust and Group level. The merger process has been managed appropriately and members are provided with sufficient detailed information to allow understanding and challenge where necessary.

Benefits realisation reporting, as part of the merger process, has identified that a number of identified benefits are at high risk of being delivered. We have raised a recommendation that the Trust, as part of the new organisation, ensure that management and monitoring of the process is sufficiently robust to ensure that all benefits are delivered.

Improving economy, efficiency and effectiveness

The Trust has appropriate arrangements in place to deliver economy, efficiency and effectiveness.

The Trust uses financial and performance information effectively, with comprehensive reporting to Board. Support is provided through assurance provided by external parties and through working with partners in the health economy.

The Trust remains in segment 2 of the NHS Oversight Framework and has a green capability rating indicating confidence in management.

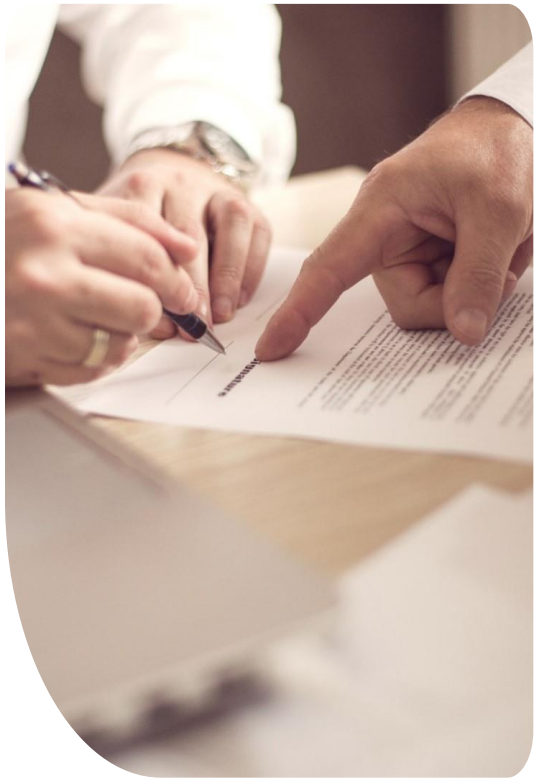
Partnership working provides insights into wider issues through collaboration and active engagement at a regional and national level.

Contract management arrangements, although largely devolved, are reasonable and we have identified an opportunity for further development.

Executive summary – auditor's other responsibilities

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

Auditor's responsibility	2025/26 outcome
Opinion on the Financial Statements	We issued an unqualified opinion on the Trust's financial statements for the year ended 31 March 2026 on 23 June 2026. Our findings are set out in further detail on pages 11 to 13. The full opinion will be included in the Trust's Annual report for 2025/26 which can be obtained from the Trust's website
Use of auditor's powers	Despite income exceeding expenditure over the previous five-year period, the Trust reported a cumulative deficit of £82.669 million at 31 March 2026 and remains in technical breach of it's breakeven duty as detailed in the guidance. The Trust therefore continues to take a course of action that is unlawful and has caused a loss which gives rise to a duty on us to report to you under section 30(b) of the Local Audit and Accountability Act 2014 in respect of the five-year period ending 31 March 2026. On 16 May 2025 we therefore issued a Section 30 referral to the Secretary of State covering the financial year ending 31 March 2026 No other issues have been identified during our work which require us to make statutory recommendations or issue a Public Interest Report (PIR).



03 Opinion on the financial statements and use of auditor's powers

Opinion on the financial statements

These pages set out the key findings from our audit of the Trust's financial statements, and whether we have used any of the other powers available to us as the Trust's auditors.

Audit opinion on the financial statements

We issued an unqualified opinion on the Trust's financial statements for the year ended 31 March 2026 on 23 June 2026. This opinion includes an emphasis of matter in respect of the Trust's intention to transfer services, staff, assets and liabilities to University Hospitals Bristol and Weston NHS Foundation Trust on 1 July 2026.

The full opinion will be included in the Trust's Annual Report for 2025/26, which will be made available on the Trust's website.

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

- give a true and fair view of the financial position of the Trust as at 31 March 2026 and of its expenditure and income for the year then ended
- have been properly prepared in accordance with international accounting standards as interpreted and adapted by the Department of Health and Social Care Group Accounting Manual 2025/26, and
- have been prepared in accordance with the requirements of the National Health Service Act 2006.

We conducted our audit in accordance with: International Standards on Auditing (UK), the Code of Audit Practice (2024) published by the National Audit Office, and applicable law. We are independent of the Trust in accordance with applicable ethical requirements, including the Financial Reporting Council's Ethical Standard

Findings from the audit of the financial statements

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

Draft financial statements were of a reasonable standard and supported by detailed working papers and we had prompt responses to our audit queries.

Audit Findings Report

We report the detailed findings from our audit in our Audit Findings Report. This was presented to the Group Audit Committee on 16 June 2026 and a final version has been produced on the completion of our work dated 23 June 2026. Requests for this Audit Findings Report should be directed to the Trust.

Other reporting requirements and use of auditor's powers

Remuneration and Staff Report

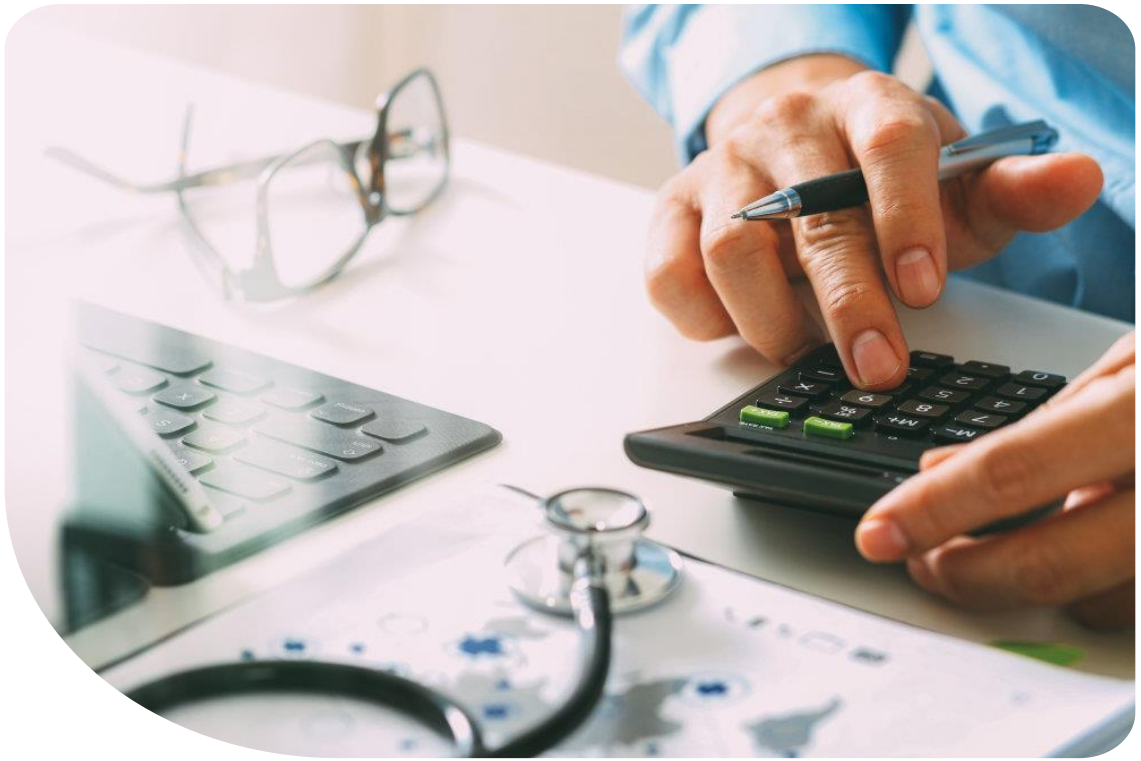
Under the Code of Audit Practice (2024) published by the National Audit Office, we are required to audit specified parts of the Remuneration and Staff Report included in the Trust's Annual Report for 2025/26.

These specified parts of the Remuneration and Staff Report have been properly prepared in accordance with the requirements of the Department of Health and Social Care Group Accounting Manual 2025/26.

Annual Governance Statement

Under the Code of Audit Practice (2024) published by the National Audit Office, we are required to consider whether the Annual Governance Statement included in the Trust's Annual Report for 2025/26 does not comply with the guidance issued by NHS England, or is misleading or inconsistent with the information of which we are aware from our audit.

We have nothing to report in this regard.



Use of auditor's powers

We bring the following matters to your attention:

Referrals to the Secretary of State

Despite income exceeding expenditure over the previous five-year period, the Trust reported a cumulative deficit of £82.669 million at 31 March 2026 and remains in technical breach of its breakeven duty as detailed in the guidance. The Trust therefore continues to take a course of action that is unlawful and has caused a loss which gives rise to a duty on us to report to you under section 30(b) of the Local Audit and Accountability Act 2014 in respect of the five-year period ending 31 March 2026.

On 16 May 2025 we therefore issued a Section 30 referral to the Secretary of State covering the financial year ending 31 March 2026.

Statutory recommendations

Under Schedule 7 of the Local Audit and Accountability Act 2014, auditors can make written recommendations to the audited body.

We did not issue any statutory recommendations to the Trust in 2025/26.

Public Interest Report

Under Schedule 7 of the Local Audit and Accountability Act 2014, auditors have the power to make a report if they consider a matter is sufficiently important to be brought to the attention of 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 issue a report in the Public Interest with regard to arrangements at North Bristol NHS Trust for 2025/26.

04 Value for Money commentary on arrangements

Value for Money – commentary on arrangements

This page explains how we undertake the value for money assessment of arrangements and provide a commentary under three specified areas.

All NHS Trusts are responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness from their resources. This includes taking properly informed decisions and managing key operational and financial risks so that they can deliver their objectives and safeguard public money. NHS Trusts report on their arrangements, and the effectiveness of these arrangements as part of their annual governance statement.

Under the Local Audit and Accountability Act 2014, we are required to be satisfied whether the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The National Audit Office (NAO) Code of Audit Practice ('the Code'), requires us to assess arrangements under three areas:

Financial sustainability

Arrangements for ensuring the Trust can continue to deliver services. This includes planning resources to ensure adequate finances and maintain sustainable levels of spending over the medium term (3-5 years).

Governance

Arrangements for ensuring that the Trust makes appropriate decisions in the right way. This includes arrangements for budget setting and management, risk management, making decisions based on appropriate information.

Improving economy, efficiency and effectiveness

Arrangements for improving the way the Trust delivers its services. This includes arrangements for understanding costs and delivering efficiencies and improving outcomes for service users.

Financial sustainability – commentary on arrangements

We considered how the Trust:	Commentary on arrangements	Rating
identifies all the significant financial pressures that are relevant to its short and medium-term plans and builds these into them	The Trust has reasonable arrangements in place to ensure that it identifies all significant financial pressures and build these into its plans. For 2025/26 the Trust has reported a £4.9m surplus for the year against a breakeven control total. The Trust continues to manage some challenges around pay inflation, strike action and contracted activity, but additional controls alleviated this. For 2026/27 the Trust will be in a merger process but has submitted a break even balanced financial plan. Financial planning reporting to Board explains that the plan is compliant across performance metrics and sets out the key activity planning assumptions and associated deliverables. These follow national planning guidance. The financial plan is predicated on £8.1m local ICB provider deficit support and £6.6m of non-recurrent mitigations. As in prior years the Trust considers that the main risks to the financial plan are delivery of the Cost Improvement Programme (CIP), non-pay and non-pay inflation which continues to be compounded by the uncertainty around global incidents including tariffs and energy costs. The Trust is still trying to reduce the level of patients with no criteria to reside from 20% to 15% in order to achieve other targets. The Trust continue to set challenging efficiency savings targets. The 2025/26 target of £40.6m was not met and the 2026/27 target is £45m. The Trust recognise that in light of this challenge the MTFP needs to be continually assessed and as the Trust is aware of the challenges that will be faced we have not raised an improvement recommendation.	G

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

Financial sustainability – commentary on arrangements

We considered how the Trust:	Commentary on arrangements	Rating
plans to bridge its funding gaps and identify achievable savings	'The Trust has identified that achievement of efficiency savings is the most significant challenge to the achievement of the overall budget. The Trust delivered recurrent savings of £23.2m against a target of £40.6m in 2025/26 and have set a stretching target of £45.3m in 2026/27. Achievement of the budget for 2025/26 has been through management of non-recurrent savings such as management of vacancies and one-off funding receipts which is unsustainable. The 2026/27 efficiency programme represents approximately 5% of revenue and the Trust has recognised that a change in approach is required if this is going to be achieved. In prior years the Trust has lacked the headroom to make transformational change and the merger presents an opportunity to address this. The significant efficiency challenge and failure to deliver recurrent savings continues to place pressure on the Trust's budget. The increased target in 2026/27 and the challenges of the merger leads us to raise an improvement recommendation (IR1 page 19).	A
plans finances to support the sustainable delivery of services in accordance with strategic and statutory priorities	The Trust has appropriate arrangements in place to plan finances to support the sustainable delivery of services. The 5 year Integrated Business Plan clearly aligns to the Trust's strategy and values for both 2026/27 and for the medium term. It documents how the Trust will deliver healthcare, including in key areas such as activity plans; elective care; cancer; diagnostics; productivity; and UEC. The plan also sets out how it supports improving health inequalities. The report also outlines the five year capital plan and looks at those projects to be delivered in future years including an increase in pathology capacity and additional Brunel clinical space. The delivery of these projects will help support improving health inequalities.	G

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

Financial sustainability – commentary on arrangements (continued)

We considered how the Trust:	Commentary on arrangements	Rating
ensures its financial plan is consistent with other plans such as workforce, capital, investment and other operational planning which may include working with other local public bodies as part of a wider system	The Trust has appropriate arrangements in place to ensure that its financial plan is consistent with other plans. Planning reporting to Board includes sections on workforce (covering workforce supply, retention, growth, cost reduction, noting the continued planned reduction of Bank and Agency Staff and productivity); clinical aspects (including activity plans, elective care, cancer, diagnostics, productivity, and Urgent and Emergency Care) and estates. The Trust recognises that the evolving group structure with UHBW will require an updated Estates Plan.	G
identifies and manages risk to financial resilience, e.g. unplanned changes in demand, including challenge of the assumptions in underlying plans	The Trust has appropriate arrangements in place to identify and manage risks to its financial resilience. Finance reports to Board clearly set out the key risks, ICS -wide challenges and actions being taken to mitigate the risks. The Board Assurance Framework, also presented to Board. includes financial risks and actions being taken. Planning reports to Board for 2026/27 also explain the key risks - the main one being achieving the planned efficiencies.	G

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

Financial sustainability (continued)

Area for Improvement identified: identifying and delivering recurrent savings

Findings: The Trust has failed to deliver savings targets in 2025/26 and should use the merger as an opportunity to identify ways in which future recurrent savings can be achieved.

Evidence: The Trust achieved a surplus of £4.9m in 2025/26 meeting their agreed control total. The efficiency savings target in 2025/26, managed through the Cost Improvement Programme, was £40.6m of which the Trust achieved £23.3m. This represents the recurrent savings and the Trust were able to manage the shortfall through management of non-recurrent savings, such as vacancies, and receipt of one of funding from the wider health economy. The Trust has a savings target of £45.3m in 2026/27 and whilst remaining relatively consistent with prior years as 5% of revenue represents a significant increase and a challenge to deliver. This is demonstrated by the Trust's assessment, as part of budgeting, that £8.7m is rag rated green, £15.5m is rag rated amber and £21.1m is rag rated red.

The Trust only report recurrent savings and in order to achieve transformational savings sufficient headroom is required to allow changes to be made whilst allowing the continued delivery of service. The merger presents an opportunity to achieve this which is demonstrated by the Corporate Services savings target of 12%, over two years, and the Trust must ensure this is realised in order to deliver recurrent savings in future years to achieve savings targets. In 2024/25 we raised the improvement recommendation that "in order to improve delivery of recurrent efficiencies to move to a recurrently balanced financial position and meet the significant efficiency challenge for 2025/26, the Trust needs to develop Cost Improvement Programme schemes earlier so that there is more likelihood of delivery" TheTrust recognises that this issue still needs fully resolving and that the merger process offers the opportunity to effect transformational change

Impact: An inability to deliver recurrent savings puts the Trust's and new organisations financial plan at risk.

Improvement Recommendation 1

IR1: The achievement of the efficiency targets requires transformational change to ensure future recurrent savings can be realised. The Trust should use the merger process to build sufficient headroom to achieve change and increase the likelihood of achieving future savings targets

		CIP		
		Recurrent	Non-recurrent	**Total**
		£m	£m	£m
2025/26 **plan**	**Total**	40.6	0	**40.6**
2025/26 **actual**	**Total**	23.3	0	**23.3**
2026/27 **plan**	**Total**	45.3	0	**45.3**

Governance – commentary on arrangements

We considered how the Trust:	Commentary on arrangements	Rating
monitors and assesses risk and how the Trust gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud	The Trust has satisfactory arrangements in place to monitor and assess risk and to gain assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud. The Board Assurance Framework (BAF) is reviewed quarterly by the Board and maps risks to strategic objectives, with clear ownership, structured scoring, and defined assurance sources. The Trust's Risk Management Strategy outlines clear processes for identifying, assessing, and escalating risks, supported by regular staff training and integration with incident reporting and audit outcomes. Internal Audit activity is well structured and provides annual assurance to the Board, with clear monitoring of audit recommendations. The Group Audit Committee receives regular and detailed updates on audit progress, risk mitigation actions, and counter-fraud activities, enabling effective oversight and challenge. Active fraud investigations, outcomes, and learning are reported to the Committee. We have not identified any significant weaknesses or improvement recommendations.	G
approaches and carries out its annual budget setting process	The budget setting process has evolved for the 2026/27 financial year to recognise the merger. A full year break even budget has been set which will be incorporated into the Bristol NHS Group position and has been considered as part of the five-year plan. The Trust maintains a robust internal process which is division led, with support from divisional finance leads and the financial sustainability team, to provide ownership and support for setting deliverable plans. The overall budget is scrutinised and challenged firstly by the Trust Management Team and then by the wider Group Finance Committee to ensure the budget is both realistic and achievable and is aligned with national planning requirements	G

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

Governance – commentary on arrangements

We considered how the Trust:	Commentary on arrangements	Rating
ensures effective processes and systems are in place to ensure budgetary control; to communicate relevant, accurate and timely management information; supports its statutory financial reporting; and ensures corrective action is taken where needed, including in relation to significant partnerships	In year financial reporting to Board clearly explains the in month and year end to date position, the CIP delivery and cash position. Key risks are explained. The Group level report outlines the in month and year to date position, the CIP delivery, cash and capital position. A clear understanding is therefore provided. As in previous years we have made a referral to the Secretary of States under section 30b of the Local Audit & Accountability Act 2024 as the Trust is still in breach of its cumulative breakeven duty.	G
ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency, including from audit committee	The Trust has appropriate arrangements to ensure decisions are informed, evidence-based, and open to challenge including specific reporting around the merger process. The Trust has appropriate arrangements in place to manage the merger process and ensure that performance has not deteriorated and reporting of the merger progress is transparent and provides sufficient detail to allow members to understand, and where necessary, challenge management. Alongside this the Board and committee structures provide clear oversight of financial, operational, quality, and strategic risks prior to decision-making. Decisions are supported by detailed reports, executive summaries, and risk assessments, ensuring transparency and accountability. Committees provide regular upward reports summarising key risks and actions, which support Board-level scrutiny. The Group Audit Committee demonstrates effective challenge of both auditors and executives. The reporting of benefits realisation has identified a risk that not all benefits will be delivered in a timely manner and robust monitoring and management of the process will need to be maintained post day1. We have raised an improvement recommendation (IR2 page 23).	A

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

Governance – commentary on arrangements (continued)

We considered how the Trust:	Commentary on arrangements	Rating
ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency, including from audit committee	The Trust has arrangements in place to monitor and ensure compliance with legislative and regulatory standards, as well as behavioural standards for staff and Non-Executive Directors. The Board receives regular updates through the Chair's and Chief Executive's reports, which include engagement with regulators and oversight of compliance frameworks. Fit and Proper Persons testing is carried out in line with national guidance. In respect of procurement, the Standing Financial Instructions (SFIs) set out clear rules for procurement activity, including the use of waivers, which require approval by the Chief Executive and reporting to the Group Audit Committee. The Trust has a declarations of interest process, with an up-to-date public register supporting transparency and conflict of interest management.	G

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

Governance (continued)

Area for Improvement identified: identifying and delivering recurrent savings

Findings: The merger is, in part, to deliver benefits to the Trusts and wider health economy. Reporting through the year has identified a number of benefits that are at high risk of delivery.

Evidence: The Trust have maintained performance within the financial year and have demonstrated the ability to manage the merger process alongside the continued delivery of services as demonstrated through the delivery of a surplus within the financial statements. Transparent reporting to Board and sub committees, such as the Group Audit Committee, has allowed members to understand and, where necessary, challenge messages and assertions. Progress within the merger is reported at all levels and two specific Trust merger committees have been established, with appropriate member presence, to ensure that the Trust issues are fully and appropriately considered within the overall process.

There are a number of benefits that have been identified that will result as part of the merger process and these are codified and reported on a regular basis. The latest benefits realisation report identified that 24 of the 63 individual benefits were at high risk of being delivered and this presents a threat to the overall aims and objectives of the merger. Management need to maintain the momentum that has been gained through the merger and ensure that reporting remains transparent and detailed and at the appropriate level within the new organisation. This will ensure that ownership and accountability will be maintained and that benefits can be realised in line the stated objectives of the merger

Impact: Failure to deliver benefits as part of the merger process puts the Trust, and new organisation, at risk of performance deterioration and inability to implement improvements in line with the Group Benefits case.

Improvement Recommendation 2

IR2: Achievement of benefits realisation from the merger will require management to ensure that any objectives to deliver benefits after day one are robustly managed and monitored for progress against specific targets

Improving economy, efficiency and effectiveness – commentary on arrangements

We considered how the Trust:	Commentary on arrangements	Rating
uses financial and performance information to assess performance to identify areas for improvement	The Trust uses financial and performance information to assess performance and identify areas for improvement. The Trust demonstrates appropriate arrangements through regular reporting to the Board via the Integrated Quality Performance Report, supported by benchmarking, RAG ratings and narrative analysis to explain variances and actions. Any limitations around the data presented are clearly explained. Internal Audit Data Quality reviews and the Quality Account provide assurance that data underpinning performance reports is subject to validation and monitoring.	G
evaluates the services it provides to assess performance and identify areas for improvement	The Trust adequately evaluates the services it provides through structured external and internal review processes. CQC inspections in maternity and deteriorating patient care have resulted in targeted improvement plans, with progress monitored by the Quality Committee and reported to the Board. The Trust remains in segment 2 of the NHS Oversight Framework and at the time of reporting was ranked in the top quartile, at position 25 out of 135 trusts nationally. This segment 2 classification and green capability rating indicates that the Trust is considered above average and whist there remains some areas for improvement there is high confidence in management.	G
ensures it delivers its role within significant partnerships and engages with stakeholders it has identified, in order to assess whether it is meeting its objectives	The Trust has appropriate arrangements in place for working in partnership to deliver its strategic objectives. The Trust actively works with the wider system to deliver initiatives as part of the BNSSG Integrated Care System contributing to joint planning, locality partnerships and collaborative programmes aimed at addressing shared challenges. Working with a wide range of partners has allowed the Trust to participate in a number of initiatives including care at home, digital innovation and wider collaboration leading to projects such as virtual wards with the aim of building up to 450 virtual ward beds which will provide capacity for alternative admissions and enable earlier discharge from the acute setting. Strategic priorities are aligned with system goals and reviewed through established governance structures, including regular updates to the Board via the Chair's and Chief Executive's reports.	G

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

Improving economy, efficiency and effectiveness – commentary on arrangements (continued)

We considered how the Trust:	Commentary on arrangements	Rating
commissions or procures services, assessing whether it is realising the expected benefits	The Trust has arrangements in place to support benefits realisation including the use of a central contracts register and delegated responsibilities to local contract leads who monitor performance and manage supplier engagement. Bristol & Weston Purchasing Consortium (BWPC) continues to operate as a cross-system procurement body, supporting both North Bristol NHS Trust and University Hospitals Bristol and Weston NHS Foundation Trust and actively participating in regional procurement collaborations. Further guidance and support is provided through the Standing Financial Instructions which provide an overarching framework for budget holder contract management and outlines the responsibility of the Chief Financial Officer. The decentralised nature of contract management means identifying cost realisation is not consistent or systematic as reported in prior years. The Trust has used the upcoming merger to rationalise and align costs to identify potential efficiencies in unit cost reduction and improved value delivery. The merger presents an opportunity for management to revisit the contract management process and ensure this is fit for purpose for the new organisation to full recognise benefits achieved.	G

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

Grant Thornton insights – learning from others

The Trust has the arrangements we would expect to see in respect of contract management, but could challenge itself to go further, based on the best arrangements we see across the sector

What the Trust is already doing

- As in prior years the Trust continues to make progress within its contract management arrangements. Contract management continues to be devolved out to divisional representatives with responsibility for managing and monitoring the ongoing project with support provided centrally where required. The Trust uses a local approach where Bristol & Weston NHS Purchasing Consortium (BWPC) continue to act as a cross-system procurement body.

What others do well

- At bodies with stronger contract management, we see clear governance and regular central oversight, providing assurance on whether contracts deliver value. Devolving contract responsibility to divisions can work well but, in our experience, risks arise when roles aren't clear or commercial knowledge isn't maintained. Limited oversight makes it harder to spot trends and manage risks early.
- Arrangements reflecting notable practice include developing and maintaining an up-to-date contract register, 'tiering' contracts based on risk and strategic value, and risk-based oversight of value for money and performance throughout the contract lifecycle to support timely, robust decision-making and ensure the re-tendering pipeline is informed.

The Trust could consider

- As part of the merger process the Trust could look to develop a more centralised approach to contract management in order to strengthen oversight and ensure that outcomes are delivered in line with the contract expectations

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

Improvement recommendations raised in 2025/26

	Recommendation	Relates to	Management Actions
IR1	The achievement of the efficiency targets requires transformational change to ensure future recurrent savings can be realised. The Trust should use the merger process to build sufficient headroom to achieve change and increase the likelihood of achieving future savings targets	Financial sustainability (page 19)	Actions: The Merger Business Case identifies savings opportunities of approximately £26m in 2026/27, rising to c.£78m by 2030/31. Delivery of these plans will generate significant financial efficiency benefits, supporting reduction of the underlying deficit and strengthening the Groups ability to meet future savings requirements. A suite of programmes is in development covering: • Cost reduction, including the Corporate Services Transformation Programme • Income generation, including expansion of Private Patient services • Merger benefits, including opportunities for single managed services and consolidation of functions Collectively, these programmes provide material headroom compared with the position of the organisations operating independently and form the basis for delivering the transformational change required Responsible Officer: Director of Finance Executive Lead: Chief Finance Officer Due Date: 31 March 2027
IR2	Achievement of benefits realisation from the merger will require management to ensure that any objectives to deliver benefits after day one are robustly managed and monitored for progress against specific targets	Governance (page 23)	Actions: Merger benefits programmes are being established across all identified opportunity areas. Detailed project plans and associated working groups are being put in place to monitor progress and ensure delivery against key milestones. Monthly monitoring and reporting will be incorporated into the Group Cost Improvement Programme (CIP) governance structure, providing oversight through the Finance Committee and supporting sub-groups. This will ensure that post-Day 1 benefits are tracked, risks escalated, and delivery remains aligned to agreed targets. Responsible Officer: Director of Finance Executive Lead: Chief Finance Officer Due Date: 31 March 2027

06 Appendices

Appendix A: Responsibilities of the NHS Trust

Public bodies spending taxpayers' money are accountable for their stewardship of the resources entrusted to them. They should account properly for their use of resources and manage themselves well so that the public can be confident.

Financial statements are the main way in which local public bodies account for how they use their resources. Local public bodies are required to prepare and publish financial statements setting out their financial performance for the year. To do this, bodies need to maintain proper accounting records and ensure they have effective systems of internal control.

All local public bodies are responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness from their resources. This includes taking properly informed decisions and managing key operational and financial risks so that they can deliver their objectives and safeguard public money. Local public bodies report on their arrangements, and the effectiveness with which the arrangements are operating, as part of their annual governance statement.

The Trust's directors are responsible preparing the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The directors are required to comply with the Department of Health & Social Care Group Accounting Manual and prepare the financial statements on a going concern basis, unless the Trust is informed of the intention for dissolution without transfer of services or function to another entity. An organisation prepares accounts as a 'going concern' when it can reasonably expect to continue to function for the foreseeable future, usually regarded as at least the next 12 months.

The Trust is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

Appendix B: Value for Money Auditor responsibilities

Our work is risk-based and focused on providing a commentary assessment of the Trust's Value for Money arrangements

Phase 1 – Planning and initial risk assessment

As part of our planning we assess our knowledge of the Trust's arrangements and whether we consider there are any indications of risks of significant weakness. This is done against each of the reporting criteria and continues throughout the reporting period.

Phase 2 – Additional risk-based procedures and evaluation

Where we identify risks of significant weakness in arrangements we will undertake further work to understand whether there are significant weaknesses. We use auditor's professional judgement in assessing whether there is a significant weakness in arrangements and ensure that we consider any further guidance issued by the NAO.

Phase 3 – Reporting our commentary and recommendations

The Code requires us to provide a commentary on your arrangements which is detailed within this report. Where we identify weaknesses in arrangements we raise recommendations.

A range of different recommendations can be raised by the Trust's auditors as follows:

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

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

Improvement recommendations – actions which are not a result of us identifying significant weaknesses in the Trust's arrangements, but which if not addressed could increase the risk of a significant weakness in the future.

Information that informs our ongoing risk assessment

Cumulative knowledge of arrangements from the prior year	Key performance and risk management information reported to the Board
Interviews and discussions with key officers	NHS Oversight Framework (NOF) rating
Progress with implementing recommendations	Care Quality Commission (CQC) reporting
Findings from our opinion audit	Annual Governance Statement including the Head of Internal Audit annual opinion

Appendix C: Follow up of 2024/25 improvement recommendations

	Prior Recommendation	Raised	Progress	Current position	Further action
IR1	In order to improve delivery of recurrent efficiencies to move to a recurrently balanced financial position and meet the significant efficiency challenge for 2025/26, the Trust needs to develop Cost Improvement Programme schemes earlier so that there is more likelihood of delivery.	2024/25	The Trust did not meet the Cost Improvement Programme target in 2025/26 with a shortfall of £17.3m against a target of £40.6m. The 2026/27 target it £45.3m and we have raised an improvement recommendation	Recommendation updated	Yes