Auditor's Annual Report 2025/26

University Hospitals Bristol & Weston NHS Foundation Trust

—

June 2026

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KEY CONTACTS

Jonathan Brown

Partner

jonathan.brown@kpmg.co.uk

Alex Middleton

Senior Manager

Alexander.Middleton@kpmg.co.uk

Natalie Reid

Assistant Manager

Natalie.Reid@kpmg.co.uk

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This report is addressed to University Hospitals Bristol & Weston NHS Foundation 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 Bristol & Weston NHS Foundation 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.

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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 Bristol & Weston NHS Foundation 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 on page 7 and 8.
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) and the Foundation Trust Annual Reporting Manual (the ARM).
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 have nothing to report in this regard.
Other reporting	We did not consider it necessary to issue any other reports in the public interest.

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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 NHS England with the consent of the Secretary of State in February 2026 as being relevant to NHS Foundation Trusts 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 before 26 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.

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Audit of the financial statements

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
Fraudulent expenditure recognition Auditing standards suggest for public sector entities a rebuttable assumption that there is a risk expenditure is recognised inappropriately. We recognised this risk over liabilities for purchases of goods or services being recorded inappropriately when they are not accurately recorded, the entity does not have a present obligation, or they do not exist.	- We have performed the following procedures in order to respond to the significant risk identified: - We have evaluated the design and implementation of controls for expenditure accruals at the end of the year to verify that they exist and are valid; - We have inspected a sample of invoice and journal transactions to expenditure, in the period before 31 March 2026, to determine whether expenditure has been recognised in the correct accounting period; - We have selected a sample of year end accruals and inspected evidence of the actual amount paid after year end and other supporting information in order to assess whether the accrual existed and has been accurately recorded. - We have inspected journals posted as part of the year end close procedures in order to critically assess whether there was an appropriate basis for posting the journal and the value can be agreed to supporting evidence.	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.	- Assessed accounting estimates for bias by evaluating whether judgements and decisions in making accounting estimates, even if individually reasonable, indicated a possible bias. - In line with our methodology, evaluated the design and implementation of controls over journal entries and post closing adjustments. - Assessed the appropriateness of changes compared to the prior year to the methods and underlying assumptions used to prepare accounting estimates. - Assessed the business rationale and the appropriateness of the accounting for significant transactions that are outside the Trust's normal course of business or are otherwise unusual. - We have analysed all journals through the year using AI transaction scoring and identified journal entries and other adjustments with characteristics that make them susceptible to fraud and performed procedures to test the appropriateness of these entries and adjustments.	We did not identify any material misstatements relating to this risk.

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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	11-12	13-15	16
Identified risks of significant weakness?	No	No	No
Actual significant weakness identified?	No	No	No
2024-25 Findings	No significant weakness identified	No significant weakness identified	No significant weakness identified
Direction of travel	⟺	⟺	⟺

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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

The Trust provides acute services in Bristol, serving a population of more than 500,000 with over 15,000 staff. The Trust is a member of the Bristol, North Somerset and South Gloucestershire (BNSSG) ICS ('Healthier Together Partnership') and has been transitioning to a group governance structure with North Bristol Trust throughout the year in preparation for the merger to form the Bristol NHS Group in 2026/27.

Financial performance
The Trust has delivered an adjusted financial performance surplus of £4,974k. This position is significantly ahead of the original plan submitted to the NHSE for 25/26, which reported a breakeven position.

In the year, the Trust reported delivery of £53.1 million of cost savings, in line with their planned target of £53 million. This has significantly improved from 24/25, of which the Trust delivered £32.5 million, which was behind their plan of £41.2 million.

System working
The Trust and ICS overall reported a surplus excluding non-recurrent deficit support funding of £245k. The ICB's Finance, Estates & Digital Committee approved the system's 2025/26 System Revenue and Capital Plan Submission on 27 March 2025 ahead of the submission to NHSE. The plans included a challenging cost improvement target of £140.3m of recurrent savings across the system in 2025/26. Due to the ongoing restructure and organisation in the region in relation to Integrated Care Boards, system wide plans for 2026/27 are yet to be finalised.

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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 have not identified a risk of significant weakness in the Trust's arrangements in relation to financial sustainability.

Setting of monitoring the 2025/26 financial plan and results

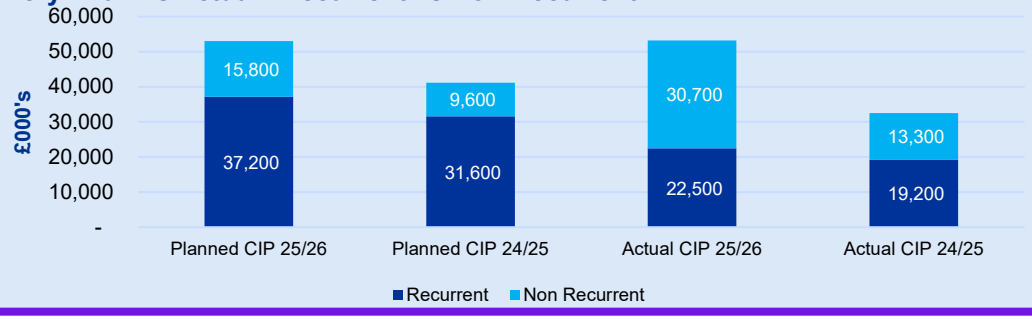
The Trust's financial planning is underpinned by its Business Plan and Medium-Term Financial Plan, incorporating key risks, assumptions and efficiency requirements. Divisions are required to identify and deliver cost improvement plans (CIPs), informed by national efficiency targets and local financial pressures, with plans approved through established governance, including the Group Finance & Estate Committee.

Throughout the year, financial performance and CIP delivery are monitored through regular reporting to the Productivity and Financial Improvement Group (PFIG) and the Finance & Estates Committee. Monthly reporting tracks performance against plan, including progress to date, forecast outturn and full year expectations, with analysis by division and split between recurrent and non-recurrent savings, supporting identification of key variances and required actions.

Delivery against the 2025/26 financial plan

At 31st March 2026, the Trust achieved a 42.3% recurrent as a % of all efficiencies, against a plan of 70.2% and remains in a strong financial position, with a closing cash balance of £73 million. The overall achievement of CIP in the current and prior year is drawn out further on the graph below, highlight the significant delivery in year.

CIP Delivery: Plan vs Actual / Recurrent vs Non-Recurrent



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Financial Sustainability

Financial Sustainability
Financial risks are embedded within the Trust's Financial Plan and are included on the risk register, such as risk 5645 – Risk that the Clean Air Hospital Framework 2025 is not achieved rated as an inherent risk. We have reviewed Finance and Estate Committee minutes and noted that the assumptions and risks of the financial plans are sufficiently detailed to enable informed decisions, such as challenge around the forecast clinical or operational gains and how this would impact the CIP target.

As per the latest oversight framework scoring from NHS England, UHBW is in Segment 1: "The organisation is consistently high-performing across all domains, delivering against plans". This is the highest rating, and we therefore do not deem this to be reflective of a potential indicator of any weaknesses with financial sustainability.

Capital Plans
The Trust has a significant capital programme, with the 25/26 plan reporting capital schemes totalling £102.7 million in the year. The Trust delivered total capital spend of £85.7 million during the year against a total capital plan for the year of £102.7 million.

There have been few capital projects over a value of £5m in the financial year, with these relating to Fire Safety programme, Digital Improvement, and the ongoing multi-year scheme of Weston and Hengrove theatres. We have considered the arrangements for reporting the progress of the capital plans and have not identified a value for money risk.

Key financial and performance metrics:	2025-26	2024-25
Planned surplus/(deficit)	£0	£0
Actual surplus/(deficit)	£4,974k	£43k
Planned CIP - Recurrent - Non-recurrent	Planned CIP of £53 million: - £37.2 million recurrent - £15.8 million non - recurrent	Planned CIP of £41.2 million: - £31.6 million recurrent - £9.6 million non – recurrent
Actual CIP - Recurrent - Non-recurrent	Achieved CIP of £53.1 million: - £22.5 million recurrent - £30.7 million non-recurrent	Achieved CIP of £32.5 million: - 19.2 million recurrent - £13.3 million non-recurrent
Year-end cash position	£73.1m	£72.3m

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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 a risk of significant weakness in the Trust's arrangements in relation to governance.

Identification, Monitoring and Management of Risk

The Trust's Board Assurance Framework (BAF) and Corporate Risk Register are used throughout the year to identify, assess and monitor key risks. The BAF is reviewed quarterly by Executive Leads and reported to the Group Board, with defined risk tolerance levels applied consistently across all domains. Risks exceeding thresholds are escalated and supported by action plans to reduce them to acceptable levels.

Key risks on the risk register include 416 – Risk that the strategic capital programme is unfunded, 5375 – Risk that the in-year financial plan is not delivered, and 972 – Risk that the Trust is unable to sustain compliance with fire safety legislation, standards, and guidance across its estate, however we have confirmed that specific areas of concern are highlighted for reporting to the Board.

Our review of the risk register found that this was sufficiently detailed to effectively manage key risks and we identified evidence of review within both the Audit Committee and Board throughout the year.

We note that during the year, University Hospitals Bristol and Weston NHS Foundation Trust and North Bristol NHS Trust have aligned their risks into a combined Board Assurance Framework from 1st April 2025. This document summarises the risks across both organisations in preparation for formal merger. We noted appropriate levels of conversation of the Group Board Assurance Framework at both the Group Board and Committees in Common throughout the period.

Monitoring of internal controls and fraud

The effectiveness of internal controls is monitored by the Audit Committee, through reporting from Internal Audit and Local Counter Fraud. The programme of work for each organisation is approved at the start of the financial year by the Audit Committee, following input by the lead director. Any recommendations raised by Internal Audit or the Local Counter Fraud teams are reported to the Audit Committee.

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Governance

Laws and Regulation and Officer compliance
The Trust has numerous policies which clearly outline the expected behaviour of staff members in relation to areas such as Gifts and Hospitality, Whistleblowing Policy and Managing Conflicts of Interest. The Trust has a staff code of conduct and staff handbook in place, as per the standards of conduct and business behaviour policy. Specific guidance is in place for teams and managers via standards of behaviour for these roles. Overall compliance with legislation, laws and regulations is monitored by an annual review of license conditions reported to Board. A register of interests is in place together with a policy for gifts and hospitality.

Approval of the Financial Plan and Ongoing Monitoring of Budgets
The Trust has an approach to annual planning underpinned by their key priorities and risk via the Business Plan. Divisions, including corporate functions, are asked to review their financial positions and identify savings plans. The agreed prioritised costs pressures are captured and fed into the Trust's Business Plan. This includes the Medium-Term Financial Plan (MTFP), risks identified to the delivery of the plan, and a review of the planning assumptions. The Business Planning 2026/27 was taken to the Group Finance & Estates Committee where it was evidenced that assumptions were challenged and discussed when reviewing the plan, such as challenge around the forecast clinical or operational gains and how this would impact the CIP target.

Budgets are managed at a cost centre level in terms of detailed resources. Management accountants support the Divisional Budget Managers to understand and make resourcing decisions based on their funding. At a divisional level, the Divisional Finance Managers manage the overall financial performance bringing together issues at a budget level with pressures.
Monthly finance committee meetings within the Division, performance and finance meetings with Executive Directors and the reporting to the Trust's Finance and Estates committee.

Board Approval Process
Key strategic decisions are made via the Trust's Governance Process. The Standing Financial Instructions detail that the Board in common has resolved that certain powers and decisions may only be exercised by the Board in common in formal session. These are set out in the Schedule of Decisions Reserved to Trust. All other powers have been delegated to the Board's appointed committees, and the directors and officers of the Trust.

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Governance

CQC Results
There have not been any further formal inspections by the CQC within the financial year. The latest CQC report was published in October 2024 following an inspection of urgent and emergency services at the Bristol Campus in June 2024. The report rated urgent and emergency services as requires improvement but the overall rating for the Trust remains as good. We noted updates being provided to the Quality and Outcomes Committee throughout the year, and ongoing monitoring against the concerns identified by the CQC. The CQC have also revisited the Trust during the year, focussing on the areas of concern highlighted in the June 2024 inspection. The re-inspection noted that the Trust was no longer in breach of legal regulations, and that improvements had been made in both areas originally highlighted as concerns by the CQC.

Performance indicators
The Integrated Quality and Performance Report (IQPR) reports on key performance indicators against experience of care, patient safety, people, timely care, and innovate and improve resources. The report is reviewed at the Quality and Outcomes Committee with the Non-Executive Directors, before being published to the Trust Board.

	2026	2025
Control deficiencies reported in the Annual Governance Statement	None	None
Head of Internal Audit Opinion	Satisfactory assurance	Satisfactory assurance
Oversight Framework segmentation	Segment 1	Segment 3
Care Quality Commission rating	Good	Good

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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.

Assessing Value for Money and Opportunities for Improvement
The Trust has a well-established programme of assessing financial and operational performance in order to identify areas for improvement. This falls under the Trust's Patient First programme, which provides the Trust with a framework for how the organisation should operate, aligning the key activities and decisions to the Trust's strategic priorities.

The Trust's approach to identifying, monitoring and delivering efficiencies is governed by a monthly Productivity and Financial Improvement Group (PFIG) which is chaired by the Trust's Hospital Managing Director and attended by key department heads.

Monitoring of Performance Services
The Trust produces a monthly Integrated Quality Performance Report (IQPR) which monitors key performance indicators over operational performance of the Trust. Each area of the IQPR is signed-off by an Executive or Deputy before submission and is reviewed at the Quality and Outcomes Committee with the Non-Executive Directors before being published to the Trust Board.

Partnership Working, including Managing Outsourced Services
UHBW is a part of the BNSSG (Bristol, North Somerset and South Gloucestershire) ICS. The BNSSG ICS takes a system wide approach to operational and financial planning to ensure alignment and consistency between providers and commissioners in the construct of financial plans. The activities of the ICS are monitored by the BNSSG Performance and Recovery Board and the Healthier Together Director of Finance and Deputy Director of Finance Groups, which meet on a weekly basis.

Changes to Board and Committee Structure
We noted a number of changes had occurred throughout the Trust in preparation for the merger with North Bristol Trust NHS Trust. This included the establishment of a joint board, committees in common and the alignment of key governance documents such as the Board Assurance Framework.

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