Grant Thornton

Manchester University NHS Foundation Trust

Auditor's Annual Report
Year ending 31 March 2026

23 June 2026

FINAL

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 Manchester University NHS Foundation 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 Foundation 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 and the relevant disclosures within the Annual Report including the Remuneration Report and the Staff Report.

Auditor's powers

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 referred to the relevant NHS regulatory body.

Auditors of Foundation Trusts also have the duty to consider whether to issue a report in the public interest (PIR), where it is appropriate to do so.

Value for money

Under Schedule 10 paragraph 1(d) of the National Health Service Act 2006, we are required to be satisfied whether the Foundation 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 have 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

The Trust provides acute, specialist and community services at scale across a large and diverse population with complex health needs. Demand for services remains high, alongside ongoing workforce and capacity pressures.

The Trust continues to face significant financial sustainability challenges. While it delivered a breakeven position in 2025/26, this was supported by non-recurrent measures and does not reflect improvement in the underlying financial position. Delivery of recurrent savings, meanwhile, remains an area of significant risk.

The Trust has completed a major organisational transformation, embedding a Clinical Group-led operating model with a more distributed leadership structure. Alongside this, it has been strengthening its arrangements to support financial recovery.

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 to support improvements in savings identification and delivery	One risk of significant weakness identified in relation to delivery of recurrent savings	A	No significant weaknesses identified; one improvement recommendation raised to support the Trust's priority of driving urgent improvements in recurrent savings identification and delivery. This remains a challenge and is a key part of managing significant risk to the Trust's cash position in 2026/27
Governance	A	No significant weaknesses identified; improvement recommendations raised in relation to the Trust's control environment and procurement and contract monitoring	No risks of significant weakness identified	A	No significant weaknesses in arrangements identified, but an ongoing improvement recommendations made in relation to the Trust's control environment in relation to contract monitoring (which also applies to the Improving economy, efficiency and effectiveness criterion)
Improving economy, efficiency and effectiveness	A	No significant weaknesses identified but improvement opportunities in procurement and contract monitoring (as above)	No risks of significant weakness identified	A	No significant weaknesses in arrangements identified, but elements of arrangements could be improved as set out above

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

The Trust reported an adjusted surplus of £5.0 million for 2025/26 against a breakeven plan. This was supported by £5.0 million of additional funding made available by NHS England as part of a wider system funding package for delivering the expected level of performance. Excluding this support the Trust delivered a marginal surplus of £52k. Unlike many other Trusts in the system, the Trust's initial breakeven plan did not rely on deficit support funding.

In 2025/26, the Trust delivered £158.5 million of Value for Patients savings against a target of £165.8 million, representing broadly on-plan delivery in headline terms, and a modest improvement on the prior year. However, this masked a shortfall in cash-releasing recurrent savings, with £95.0 million delivered against a target of £124.5 million, meaning that around 60% of total savings were recurrent. While this is not inherently a poor rate of recurrent savings in our experience, this was markedly lower than the Trust's 80% target. The shortfall was offset in-year by higher non-recurrent savings including impairment reversals and a net favourable PFI accounting presentation effect of approximately £4.8 million. While these treatments were acceptable for financial reporting purposes and allowed the Trust to meet its control total, they do not provide evidence of the structural improvement in recurrent financial sustainability the Trust needs.

The shortfall in cash-releasing savings was reflected in the Trust's year-end cash balance of £9.5 million, equivalent to less than one day's operating expenditure, which is well below accepted sector liquidity benchmarks. The Trust has established structured cashflow management arrangements and is prioritising this at a corporate level but the lack of flexibility in the Trust's plans significantly increases the risk that it needs to draw on external revenue support in 2026-27.

The financial plan submitted to NHS England for 2026/27 confirms the scale of the challenge ahead. The Trust is required to deliver £175 million of efficiencies, of which £160 million (91%) were assessed as high-risk and £88.5 million remained unidentified at the point of submission. The Trust has strengthened its governance and planning arrangements during 2025/26, including enhancements to VfP oversight, Clinical Group accountability and programme management, but these arrangements were not yet embedded or proven through delivery in 2025/26.

Overall, we did not identify a significant weakness in the Trust's arrangements in 2025/26, on the basis that it achieved its financial plan commitments and has established arrangements to monitor and manage liquidity risk. However, the Trust recognises that delivery of cash-releasing savings at the level and pace assumed in the 2026/27 plan is now a key determinant of financial sustainability in that year. If delivery falls short, and this has a knock-on effect on the Trust's already weakened cash position, this could be indicative of a potential significant weakness in arrangements for financial sustainability in 2026/27.

Executive Summary

Continued

Governance

The Trust at corporate level has well-established and effective governance arrangements.

Board and committee structures support clear oversight of performance, risk and financial management, underpinned by strong and well-triangulated reporting. Decision-making is informed and transparent, with evidence of appropriate challenge and no indication of significant weaknesses in arrangements.

Clinical Group-level management and accountability arrangements are continuing to develop and embed but appear to be well designed to support clear flow of information and assurance from ward to board.

While there is some scope to further strengthen the clarity of assurance mapping and identification of control gaps, overall governance arrangements are operating effectively.

Improving economy, efficiency and effectiveness

The Trust has strong arrangements in place to use financial and performance information to support improvement, with clear and accessible reporting through the integrated performance framework.

It has made positive progress in strengthening its operating model and developing a more strategic and joined-up approach to efficiency delivery.

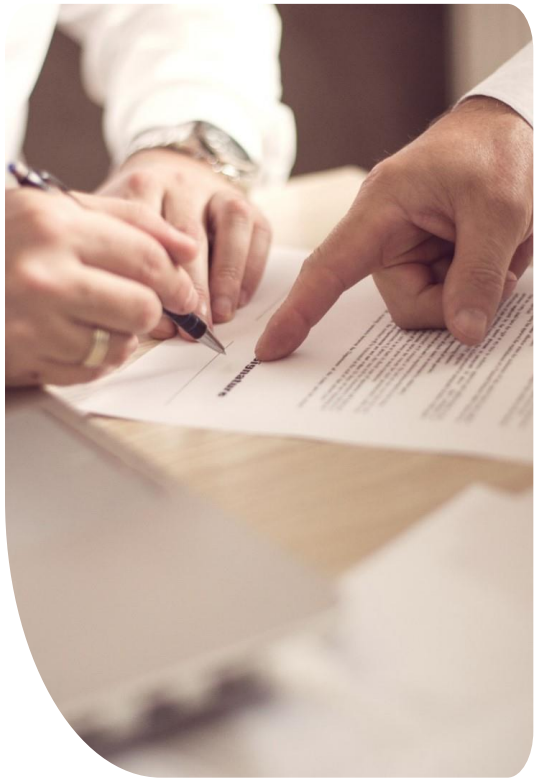
However, as noted opposite, these improvements have yet to translate consistently into recurrent delivery at scale.

There is also an opportunity to further strengthen contract management governance and reporting arrangements, reflecting a prior-year recommendation that remains in progress.

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 have completed our audit of your financial statements and issued an unqualified audit opinion, following the Audit Committee meeting on 23 June 2026. Our findings are set out in further detail on pages 11 to 13.
Use of auditor's powers	We did not make a referral under Schedule 10 paragraph 6 of the National Health Service Act 2006. We do not consider that any unlawful expenditure has been made or planned for. No other issues have been identified during our work which require us to 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.

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

- Four non-material unadjusted misstatements were identified in the draft financial statements presented for audit in relation valuation of land & buildings, receivables, accruals and provisions
- Procedures performed in response to significant risk areas did not identify any significant matters to report and appropriate audit assurance was gained over the carrying value of land and buildings at the Balance Sheet date, patient care income receivables and that there was no evidence of management override of controls
- The Trust finance team were responsive to all audit requests and promptly responded
- We reported a recommendation in the Audit Findings Report in relation to the financial reporting requirements in respect of untaken staff leave balances

Audit Findings Report

We report the detailed findings from our audit in our Audit Findings Report. A final version of our report was presented to the Trust's Audit & Risk Committee on 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

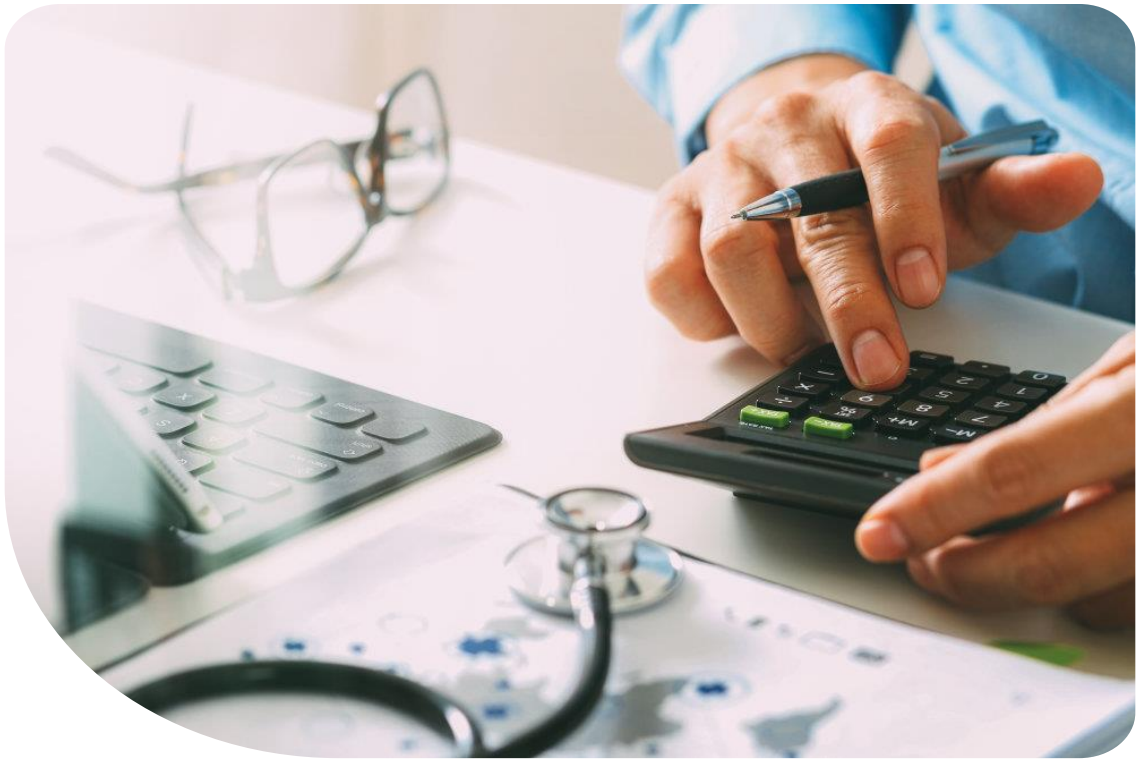
Under the Code of Audit Practice (2024) published by the National Audit Office, we are required to audit specified parts of the Remuneration Report and the Staff Report included in the Trust's Annual Report for 2025/26.

These specified parts of the Remuneration Report and the Staff Report have been properly prepared in accordance with the requirements of the NHS Foundation Trust Annual Reporting Manual 2025/26 (FT ARM).

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.



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 National Health Service Act 2006, we are required to be satisfied whether the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. 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 reported an adjusted surplus of £5.0m for 2025/26 against a breakeven plan. This was supported by additional £5.0m of funding allocated late in the year as part of a larger system allocation from NHS England for performance delivery. Excluding this funding, the Trust delivered a marginal surplus of £52k in line with its plan. Importantly, the Trust's initial breakeven plan did not rely on any DSF, while the system overall received c£200m. The reported position was significantly supported by non-recurrent items, including impairment reversals and a net favourable PFI accounting presentation effect of c.£4.8m. While our audit work did not indicate concerns with these treatments from an accounting and audit perspective, from a VFM perspective they do not provide positive evidence of structural improvement in the Trust's recurrent financial sustainability. Only delivery of cash-releasing savings can do this. On this front, 2025/26 was another challenging year. A £29.5m shortfall in cash-releasing savings has significantly and negatively affected the Trust's cash position. Although cashflow is actively monitored and controlled, short-term liquidity has now declined to a point that it presents a risk to financial sustainability. Based on outturn reporting, the Trust's final cash outturn was £9.5m, which is equivalent to around 1 day's operating expenditure - well below accepted sector benchmarks of required liquidity to manage risk. Although the Trust did not draw down revenue support during the year, it remains ready to do so if required. Management considers that major organisational restructuring during 2025/26 absorbed leadership capacity and extended the timeline delivery of some transformation benefits, contributing to continued pressure on the Trust's exit run-rate and in turn slowing the Trust's delivery of recurrent savings. **Delivery of cash-releasing savings at the level and timescales anticipated in the Trust's plan is a key risk for 2026/27 and we will monitor the Trust's progress in this area closely over the coming months (see next page).**	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.

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 an organisation-wide efficiency approach delivered through the Value for Patients (VfP) framework. In 2025/26, headline efficiency delivery was broadly in line with plan, with £158.5m of VfP delivered against a £165.8m target, representing a slight improvement on the prior year. However, recurrent savings delivery remained below plan, with £95.0m recurrent savings delivered against a £124.5m target, meaning around 60% of total efficiencies were recurrent, broadly consistent with the prior year. The shortfall in cash-releasing savings was reflected in the Trust's year-end cash balance of £9.5 million, equivalent to less than one day's operating expenditure, which is well below accepted sector liquidity benchmarks. As a result, the Trust's financial outturn continued to rely heavily on non-recurrent measures, which offset the recurrent shortfall in-year but did not improve the exit run-rate. This has directly increased the scale of the efficiency requirement for 2026/27, with the financial plan submitted to NHS England requiring £175m of efficiencies, of which £160m (91%) were assessed as high-risk and £88.5m remained unidentified at the time of submission. During the course of 2025/26, the Trust has made progress in strengthening its underlying arrangements for efficiency delivery. This includes embedding the Clinical Group operating model, establishing enhanced VfP governance and delivery oversight and creating a Strategic PMO to oversee a clearer portfolio of major, cross-cutting and transformational programme. These arrangements directly address the recommendation we made in last year's AAR and should allow better direction and oversight of multi-year and cross-cutting savings, and reduce reliance on annual scheme development and tactical efficiencies. However, while direction of travel is positive, these strengthened arrangements were not embedded in 2025/26 and are not yet proven to be capable of driving sustained recurrent delivery at the scale required . Accordingly, an improvement recommendation remains appropriate in this area (see **pages 20 and 21**).	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.

Financial sustainability – commentary on arrangements

We considered how the Trust:	Commentary on arrangements	Rating
plans finances to support the sustainable delivery of services in accordance with strategic and statutory priorities	The Trust has arrangements in place that provide a clear line of sight from its refreshed strategic objectives, through its Integrated Delivery Plan narrative, into the assumptions underpinning both the medium-term financial plan and the 2026/27 budget. Priorities such as: shifting more care into homes and neighbourhoods, expanding digital and AI-enabled service models, strengthening prevention, and embedding clinically-led operational leadership are all reflected in assumptions across the MTFP. The Trust also shows a good understanding of the cost of service delivery, supported by robust analytical tools, divisional reporting, run-rate analysis and VFP monitoring. As set out elsewhere, the Trust needs to accelerate the conversion of this coherent framework into tangible, recurrent financial benefits to fully secure medium-term sustainability. We therefore consider that this area is also covered by improvement recommendation 1 and the associated risk of significant weakness in 2026/27.	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.

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 established clear arrangements to align its financial and other planning processes, across both annual and medium-term plans. The refreshed corporate strategy provides clear direction, and this is translated operationally through the Trust's medium-term Integrated Delivery Plan, which sets out the clinical, workforce, digital and estates changes required to deliver the strategy. These requirements are then embedded in financial assumptions through a structured, clinically-led planning framework that uses Clinical Group forecasts, and aligned workforce, estates and capital assumptions. Oversight is maintained through regular reporting to the Finance Committee and Board via established reporting frameworks such as the Board Integrated Performance Report and CFO Financial Position Reports, which explicitly set out key planning assumptions, strategic dependencies, and system alignment considerations.	G
identifies and manages risk to financial resilience, e.g. unplanned changes in demand, including challenge of the assumptions in underlying plans	The Trust had well-established processes for identifying and managing financial risks throughout 2025/26. The Finance Board Committee routinely reviews the financial risks most relevant to its remit, supported by the Board Assurance Framework (BAF), which highlights strategic financial risks including medium-term sustainability and capital constraints. The framework in place is consistent, well-used, and appropriately integrated across governance levels. As noted elsewhere, the Trust has structured processes in place to forecast and manage cashflow – a key risk in 2026/27.	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)

Overall, we did not identify a significant weakness in the Trust's arrangements in 2025/26, on the basis that it achieved its financial plan commitments and has established arrangements to monitor and manage liquidity risk. However, the Trust recognises that delivery of cash-releasing savings at the level and pace assumed in the 2026/27 plan is now a key determinant of financial sustainability. If delivery falls short, the knock-on effect on the Trust's already weakened cash position could indicate a potential significant weakness in arrangements for financial sustainability in 2026/27.

Context

Last year, we identified recurrent savings delivery as a key challenge for the Trust and recommended that it should: maintain a consistent and strong focus on financial recovery and efficiency within its Clinical Groups, ensuring that oversight of CIP delivery drives the required results and that lessons are shared across Groups; and develop a medium-term strategic savings programme aligned with the core themes of its recovery plan and wider system sustainability plan, reducing reliance on the annual planning cycle.

2025/26 delivery

In 2025/26, efficiency delivery again fell short of the level required to improve the Trust's underlying financial position on a sustainable basis. While total VfP delivery was broadly in line with plan, with £158.5m delivered against a £165.8m target, recurrent delivery remained materially below expectation. The Trust delivered £95.0m of recurrent savings against a £124.5m target, meaning around 60% of total efficiencies were recurrent, broadly consistent with the prior year and equivalent to overall 3% recurrent efficiencies. The outturn therefore relied on non-recurrent savings which did not reduce the Trust's underlying cost base.

The pattern of under-delivery was driven by a combination of factors: Clinical Group under-performance, including:

- several Clinical Groups forecasting material adverse variances against their VfP targets and requiring offsetting Trust-wide schemes;
- delayed transformation benefits linked to a year-long programme of organisational restructuring, which slowed scheme development and implementation; and
- continued reliance on non-recurrent measures such as short-term cost controls and budgetary adjustments.

Impact of VfP under-delivery and cash management

While the Trust was able to identify sufficient non-recurrent savings and adjustments to meet its financial plan commitments, the shortfall in cash-releasing savings negatively affected its cash position. At year-end, cash had declined to £9.5m, less than 1 day's operating expenditure and well below accepted sector liquidity benchmarks. This represents a significant risk to manage in 2026/27.

The Trust is clearly aware of this risk, and the Chief Executive has identified the related challenge of managing the Trust's cash position and keeping recurrent savings delivery on track as one of his top three challenges currently facing the Trust. Cashflow monitoring and forecasting arrangements are well established: the Trust has a structured set of controls including daily BACS approval meetings, weekly cash analysis, and fortnightly CFO-chaired cash governance (CMG and cash review groups) with monthly rolling 12-month cashflow forecasting and variance reporting to the Board.

Financial sustainability – commentary on arrangements (continued)

Strengthening VfP delivery

Against this backdrop, the Trust made important improvements to its VfP arrangements during 2025/26. At strategic level, it completed major organisational restructuring, fully embedding the Clinical Group operating model and implementing new Group leadership structures. Our observations of clinical group management board meetings showed an awareness of the importance of financial commitments. The Trust has also strengthened its efficiency capability by recruiting to key VfP leadership roles, establishing a Strategic PMO and producing a Trust-wide "VfP playbook". Importantly, it has developed a clearer portfolio of medium-term, cross-cutting workstreams covering medicines optimisation, workforce transformation, procurement, estates and digital, supported by improved workforce governance and clearer accountability for workforce reductions.

The Trust has therefore made progress in strengthening the underlying governance, capability and infrastructure supporting efficiency delivery and is now taking a more strategic, medium-term approach through its recovery plan, Integrated Delivery Plan and refreshed Trust Strategy. However, these improvements are largely forward-looking and in 2025/26 were not embedded or proven through delivery.

2026/27

The financial plan the Trust submitted to NHS England in February 2026 confirmed the scale of challenge ahead, requiring £175m of efficiencies in 2026/27, of which £160m (91%) are assessed as high-risk and £88.5m remain unidentified at that stage. Since then work has been undertaken to identify £148m of the programme though delivery risk remains high.

Chart 1: CIP delivery

	Plan £m	Actual £m	Variance £m
2025-26			
Recurrent	124.5	95.0	-29.5
Non-recurrent	41.3	63.5	22.2
Total	165.8	158.5	-7.3
2026-27 plan as at 12 February 2026			
Recurrent	57.7		
Non-recurrent	117.3		
Total	**175.0**		

Improvement Recommendation 1

The Trust should strengthen the delivery of recurrent efficiencies by ensuring Clinical Groups fully embed the new operating model and that efficiency schemes are developed to the required maturity earlier in the financial year. The Trust should also consolidate its medium-term savings programme so that major transformation and system-dependent changes, including pathway redesign and Left Shift, are systematically translated into a robust and recurrent savings pipeline aligned to the three-year recovery plan.

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 a Board Assurance Framework (BAF) which supports the oversight of strategic risk, with regular reporting to the Board and committees. The BAF is reported to the Board at alternating meetings, aligns well with the Trust's strategic aims is well structured and supports effective triangulation of information. It could be further strengthened by clearer documentation of assurance sources and gaps in controls and assurance. Aligned to this, the Trust continues to embed its refreshed Risk Management Strategy and Framework, which was updated in 2024 and again in 2025 to reflect the Trust's evolving operating model. Implementation is progressing, with remaining actions monitored by the Audit and Risk Committee and further work planned through a Risk Management Task and Finish Group. The Internal Audit function continues to provide adequate strategic and operational coverage, and most management actions are addressed and progressing as expected. The Trust has appropriate arrangements to prevent and detect fraud, supported by a strategic counter-fraud plan and regular reporting to the Audit Committee. The Board receives assurance of any breaches of internal control through a broad range of reports that allow it to triangulate quality, workforce, and operational issues.	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
approaches and carries out its annual budget setting process	The Trust operates a structured and well-governed budget-setting process, with clear triangulation between clinical, operational and financial planning, and strong oversight through Finance Board Committee and the Board itself. Key assumptions, risks and dependencies are routinely tested and communicated to the Finance Committee and Board. While contract alignment with the ICB concluded late in the cycle, this appears to reflect the parallel system-wide planning timetable rather than any clear weakness in the Trust's internal processes, and the Trust's arrangements therefore remain sound.	G
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	Budget monitoring and outturn reporting to the Board and Finance Committee are clear, regular and sufficiently detailed, with the IPR, CFO Financial Position Reports and 'Alert, Advise, Assure' (AAA) escalations providing timely visibility of variances, risks and corrective actions. The Trust's statutory reporting does not indicate concerns regarding the adequacy or reliability of in-year budgetary control, and financial information is triangulated effectively across operational, workforce and performance data streams. Where variances arise, the Trust provides accurate and timely profiled reports to budget holders, supported by strengthened Clinical Group accountability under the new operating model, demonstrating an overall sound approach to budgetary control despite a challenging financial environment.	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 (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	Our review this year indicates that the Trust continued to have appropriate arrangements in place to make informed decisions. There was no indication of an inappropriate 'Tone from the top'. Reports to the Board show consistency between the reports' coversheet, agenda, and meeting minutes. Committee Chairs' reports are clear and are produced using the AAA framework to ensure topics are escalated appropriately. Board and Committee minutes show evidence of appropriate challenge and a culture of open discussion, including at Audit Committee meetings, with contribution from a broad range of experienced committee members. The Trust has continued to embed its Clinical Group model, and our observations of Clinical Group management board indicated that these forums provide a framework to support “ward-to-board” line of sight. Operational risks, performance issues and financial pressures were discussed in detail, with clear ownership and escalation routes to Trust-level committees. The use of the AAA reporting framework and structured Integrated Performance Reports supported focused discussion and Chairs played an active role in ensuring key decisions and actions were progressed, including in-year delivery and forward planning for efficiency and financial recovery. There was some variability in the discussion across all reporting categories and the supporting data, but the overall arrangements provided a clear framework for translating operational intelligence into corporate decision-making.	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 (continued)

We considered how the Trust:	Commentary on arrangements	Rating
monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements and standards in terms of staff and board member behaviour	The Trust demonstrates effective arrangements to monitor and assure compliance with legislative and regulatory requirements and the standards expected for staff behaviour. The Trust maintains a valid Fit and Proper Persons policy (next due for review in July 2027) and plans to embed the Board Member appraisal framework into mid-year appraisals. The Trust's Integrated Performance Report escalates high-severity digital incidents to the Board and, to date, shows no recurring patterns. For procurement and commissioning, the Trust publishes staff declarations and a register of interests and operates a Standards of Business Conduct policy. Waiver reporting has been strengthened in line with our prior-year recommendation: all tender waivers over £50,000 are submitted to the Audit Committee each quarter and reports now also note the number of sub-£50,000 waivers in each report which have been at an acceptable level. Based on this evidence, we see no indication of a weakness in meeting the relevant legislative, regulatory, or conduct standards. Improvement recommendation 2, below, also applies to this criterion, hence an “amber” rating.	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.

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	Based on our review, the Trust's arrangements to use information to manage performance are strong. The Trust actively reviews data to assess performance and identify areas for improvement. Last year, we reported that there were plans for Committees and Board to only receive the section of the integrated performance report (IPR) which was relevant to them, and that neither the Board nor any other forum would have sight of the full set of metrics. We considered that this may lead to a lack of triangulation, or Board not understanding the full picture. Our review this year shows that Public Board now has sight of the full IPR at all meetings. The IPR itself is easy to read, and an executive summary provides clear, concise messages regarding areas of risk. The Trust regularly takes assurance from Internal Audit on the IPR and supporting processes. In 2025/26, these reviews identified relatively minor improvements only to the supporting arrangements. The Trust has made innovative use of the Alert, Advise, Assure framework for reporting performance against individual IPR metrics. Additionally, the IPR states the data source for each metric (such as NHSE, NOF, CQC), and any benchmarking source and ranking against other providers. The Trust is engaged in the national Getting It Right First Time (GIRFT) Programme, with the BAF indicating planned work to align the clinical model used in the Vascular Service with GIRFT. The Trust has a data quality policy in place and the IPR assures its readers that the data reported is approved by Committees prior to production of reports. The scope of internal audit reviews covers data quality underpinning for indicators in the IPR, with Significant Assurance provided in 2025/26.	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

We considered how the Trust:	Commentary on arrangements	Rating
evaluates the services it provides to assess performance and identify areas for improvement	Based on our review, the Trust continues to respond effectively to external regulatory inspections. Information regarding CQC inspections is reported to Clinical Group Management Boards, with reports of learning from a recent unannounced visit to be shared Trust wide via Team Brief. The Quality Safety & Performance Board Committee (QS&PBC) receives reports of compliance against CQC regulations and reports on mortuary services. The QS&PBC then reports to the Board. There is evidence that, following on from our report last year, the Trust has achieved regulatory compliance against the Human Tissue Authority (HTA) regulations, and monthly audits and assurance visits are now undertaken. We note that, due to other external reviews, the internal audit of mortuary services which was included on the 2025/26 audit plan has been deferred to the long list of potential audits for 2026/27. NHS England revised the NHS Oversight Framework (NOF) in June 25 and the Trust's Dashboard at Dec 25 shows the Trust to be in Segment 3. Most Trusts are in this segment. The Trust's NOF position is reported appropriately within the IPR allowing the Board to triangulate this information with detailed operational and performance data. The Trust could go even further by including of a narrative to signpost the key relevant metrics influencing segmentation and indicate any actions plans to address performance issues.	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

We considered how the Trust:	Commentary on arrangements	Rating
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 engages with its stakeholders and works with partners to deliver Trust and system priorities and tackle common challenges. The Trust Strategy was initially approved in March 2024, and a recent refresh involved engagement with communities, colleagues, and partners. The refreshed strategy was published in February 2026, and considered the progress made with the original objectives and ensured alignment with national strategies. The Trust continues to be part of the Greater Manchester Provider Collaborative which brings together NHS providers from across the city-region, and priorities are detailed in the refreshed Strategy. A strategic objective for the Trust is to work with partners to help people live longer, healthier lives and there is evidence of progress to deliver against the priorities reported on the BAF, including action taken and action planned, as well as risks associated with the priorities.	G
commissions or procures services, assessing whether it is realising the expected benefits	The Trust continues to have appropriate arrangements overall for the provision of procurement and contract management services, with elements that indicate good practice. The Procurement Team continues to assess contracts using the bronze, silver, gold tiering model, with contracts managed through the Atamis system. The Team continues to work closely with other providers to enable procurement efficiencies, and we note the imminent implementation of a shared procurement service for NHS providers in the GM system may affect the Trust's Procurement Team, with employment contracts likely to be transferred to the host provider. The Trust has not yet fully implemented our improvement recommendation to improve Committee reporting arrangements on contract management . **We have therefore maintained and updated our improvement recommendation in this area but no further commentary on arrangements. The recommendation is set out on page 31.**	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.

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

Improvement recommendations raised in 2025/26

	Recommendation	Relates to	Management Actions
IR1	The Trust should strengthen the delivery of recurrent efficiencies by ensuring Clinical Groups fully embed the new operating model and that efficiency schemes are developed to the required maturity earlier in the financial year. The Trust should also consolidate its medium-term savings programme so that major transformation and system-dependent changes, including pathway redesign and Left Shift, are systematically translated into a robust and recurrent savings pipeline aligned to the three-year recovery plan.	Financial sustainability	Actions: Programme of engagement and accountability sessions held with Clinical Groups and Clinical Leads to support and embed culture of VfP ownership and delivery across our new leadership teams. We will embed the identification and development of productivity opportunities into the planning process. To support this, we will ensure that productivity dashboards and other tools are available to other Clinical Groups and key staff responsible for delivering VfP schemes via the multi-year VfP Strategy Forum to articulate how transformations programmes will be delivered. We will fully embed a Major Programmes Board, to oversee and assure delivery of major transformation initiatives, focused on our largest opportunities, and where appropriate providing a route to clear efficiencies. Responsible Officer: Tom Newbound, Director : Strategic Programmes, Value and Organisation Change Executive Lead: Darren Banks, Interim Deputy Trust Chief Executive Due Date: 30th September 2026

Improvement recommendations raised in 2025/26

	Recommendation	Relates to	Management Actions
IR2	The Trust should ensure the governance arrangements for contract management are robust and should consider the most appropriate reporting path of performance breaches to contract delivery. Reporting arrangements should be formalised and written into relevant documentation, including the terms of reference for the relevant Committee of the Board and the Trusts' procurement and contract management policy and strategy which should be published following the appropriate governance process.	Governance and Improvement economy, efficiency and effectiveness	Actions: The Trust is reviewing current contract management arrangements which are a mix of Corporate and Clinical Group interventions. The 2023 Procurement Act defines specific statutory requirements. A Paper will be submitted to the Finance Board Committee outlining existing and proposed arrangements with proposed Trust-wide Reporting formalised through that Committee whilst retaining existing Corporate/Clinical Group arrangements. Waivers and related SFI issues will continue to be reported to the Audit and Risk Committee. Responsible Officer: Kelly Knowles Deputy CFO Executive Lead: Claire Wilson CFO Due Date: October 2026

06 Appendices

Appendix A: Responsibilities of the NHS Foundation 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 Foundation Trust's directors are responsible for 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 Foundation 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 as follows:

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	The Trust should · Maintain a consistent and strong focus on financial recovery and efficiency within its Clinical Groups and continuously evaluate whether oversight of CIP delivery is driving the required results, including sharing lessons learned between Groups. · Develop a medium term, strategic savings programme aligned to the key themes of its recovery plan and the wider system sustainability plan, to reduce the reliance on its annual planning cycle.	2024/25	The Trust has a clearly articulated, organisation-wide efficiency approach delivered through the Value for Patients (VfP) framework. During 2025/26, the Trust made significant and demonstrable progress in strengthening its arrangements for efficiency delivery. This includes embedding the Clinical Group operating model, establishing enhanced VfP governance and delivery oversight, creating a Strategic PMO, strengthening workforce governance and developing a clearer portfolio of major, cross-cutting transformation programmes, as set out in recent Trust Leadership Team papers. These actions directly address the recommendations made in last year's AAR and represent clear progress in governance, capability and control design. However, while direction of travel is positive, these strengthened arrangements are not yet embedded or proven through sustained recurrent delivery at the scale required. Accordingly, an improvement recommendation remains appropriate.	in progress - recommendation updated	Recommendation updated (see improvement recommendation 1)

Appendix C: Follow up of 2024/25 improvement recommendations

	Prior Recommendation	Raised	Progress	Current position	Further action
IR2	The Trust should ensure its protocols for reporting procurement and contract management issues provides a relevant committee with assurance through the full commercial lifecycle, including breaches of standing financial instructions, waivers but also significant contract performance issues and disputes with contractors. This should include assurance over compliance with SFIs and include lower-value contracts.	2024/25	The Trust reported numerous actions have been completed: • Purchasing Procedure Manual was revised and reissued in September 2025. • The Waiver Report format has been strengthened to show historic waivers and in-year to previous year comparison along with a Weekly Outstanding Waiver Report. • Internal Audit service provider has undertaken a review of three high value contracts using AI tools. In addition, reporting arrangements for any contract disputes require to be formally agreed and interim arrangements are in place.	In progress - recommendation updated	Recommendation updated (see improvement recommendation 2)