Queen Victoria NHS Foundation Trust

Auditor's Annual Report

Year ended 31 March 2026

June 2026

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Purpose of this report

This report has been prepared under the reporting requirements set out in the Code of Audit Practice and associated guidance notes. It includes a commentary of the Trust's value for money arrangements and highlights key issues that we want to draw to the attention of the body or the wider public.

Our audit work on the Trust's value for money (VfM) arrangements is directed to evaluating whether the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year. We report any significant weaknesses we identify in the Trust's VfM arrangements, but the work is not designed to test all internal controls or identify all areas of control weakness. As such, our work cannot be relied upon to disclose all errors or other irregularities, or to include all possible improvements in internal control that a more extensive examination might identify.

Headlines from our audit

Headlines from our audit

Purpose of this report

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

Our responsibilities

Financial statements

We provide an opinion as to whether the accounts give a true and fair view of the financial position of the Trust and Group and of their income and expenditure for the year. We confirm whether the accounts have been prepared in line with the Group Accounting Manual (GAM) prepared by the Department of Health and Social Care (DHSC). We are required to give a separate audit opinion on the Trust accounts' consolidation schedules (TACs) and to carry out specified procedures under group audit instructions.

We issued an unqualified audit opinion on the Trust's financial statements on 26 June 2026. This means that we consider the financial statements give a true and fair view of the financial performance during the year and the financial position of the Trust and Group at the year-end.

Annual report and Annual Governance Statement

We assess whether the Annual Report and Annual Governance Statement are consistent with our knowledge of the Trust and whether the Annual Governance Statement complies with the disclosure requirements set out in the Foundation Trust Annual Reporting Manual (FT ARM) or is misleading or inconsistent with information of which we are aware from our audit.

We did not identify any significant inconsistencies between the information presented in the Annual Report and Annual Governance Statement and our knowledge of the Trust. Our audit opinion on the audited sections of the remuneration report and staff report was unqualified. We confirmed that the Annual Governance Statement had been prepared in line with the requirements set out in the FT ARM.

Value for money

We are required under Schedule 10(1)(d) of the National Health Service Act 2006 to satisfy ourselves that the Trust has made proper arrangements for securing economy, efficiency and effectiveness (value for money) in its 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.

We have not identified any significant weaknesses in the arrangements for securing at economy, efficiency and effectiveness in the use of resources at the Trust. Further detail is provided in this report.

Headlines from our audit

Statutory powers

We may exercise other powers we have under the National Health Service Act 2006. These powers include issuing a Public Interest Report or referring a matter to the Trust's regulatory body.

Public interest report

We may issue a Public Interest Report if we believe there are matters that should be brought to the attention of the public.

We have not issued a Public Interest Report this year.

Referral to NHS England

We must consider whether to make a referral to the Trust's regulatory body (NHS England) if we have reason to believe that the Trust, or a director or officer of the Trust is about to make, or has made, a decision which involves or would involve the incurring of expenditure which is unlawful, or is about to take, or has taken, a course of action which, if pursued to its conclusion, would be unlawful and likely to cause a loss or deficiency.

We did not identify any matters for which we considered a referral to be required.

Headlines from our audit

Findings and recommendations

Findings from our financial statements audit

Detailed findings from our audit of the financial statements, including our consideration of significant risks, are communicated in the following reports:

- audit opinion on the financial statements for the year ended 31 March 2026
- audit findings (ISA 260) report to Those Charged with Governance

Our audit findings report has been reported alongside this report to the Trust's Audit and Risk Committee on 24 June 2026.

Requests for a copy of our audit findings (ISA260) report should be directed to the Trust.

Recommendations arising from our financial statements audit

Recommendations relating to internal controls and other matters arising from our financial statements work are contained in the audit findings (ISA 260) report.

None of the recommendations we made reflected significant weaknesses in the Trust's arrangements to secure economy, efficiency and effectiveness in the Trust's use of resources and, as such, are not considered key recommendations.

Whole of Government Accounts

To support the audit of consolidated NHS Provider accounts, the Department of Health and Social Care group accounts and the Whole of Government Accounts (WGA), we are required to examine and report on the consistency of the Trust's consolidation schedules with its audited financial statements. This includes performing specified procedures under group audit instructions issued by the National Audit Office.

Our work found that the trust's consolidation scheduled were consistent with the Trust's audited financial statements.

Key recommendations arising from our value for money work

We provide a summary of our findings in respect of value for money in the commentary in this report.

Where we identify significant weaknesses as part of our review of the Trust's arrangements to secure value for money, we make key, or essential, recommendations setting out the actions that should be taken by the Trust.

We have not made any key recommendations this year.

Other recommendations arising from our value for money work

We make other recommendations if we identify areas for improvement which do not relate to identified significant weaknesses.

We have not made any other recommendations this year.

Value for money

Value for money

We are required to consider whether the Trust has established proper arrangements to secure economy, efficiency and effectiveness in its use of resources, as set out in the NAO Code of Practice 2024 and the requirements of Auditor Guidance Note 3 ('AGN 03').

We have completed our value for money work. Our detailed findings are reported in the following commentary in this report.

We have not identified any significant weaknesses in the Trust's arrangements and so are satisfied that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

Reporting criteria	Planning – risk of significant weakness identified?	Final – significant weakness identified?	Recommendations made	
			Key	Other
Financial sustainability How the body plans and manages its resources to ensure it can continue to deliver its services	No	No	No	No
Governance How the body ensures it makes informed decisions and properly manages risk	Yes	No	No	No
Improving economy, efficiency and effectiveness How the body uses information about its costs and performance to improve the way it manages and delivers its services	No	No	No	No

Value for money

Trusts are responsible for putting in place proper arrangements for securing economy, efficiency and effectiveness in their use of resources. This includes managing key operational and financial risks and taking properly informed decisions so that they can deliver their objectives and safeguard public money.

As auditors, we are required to consider whether the Trust has established proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

We performed risk assessment procedures at the audit planning stage to identify any potential areas of significant weakness which could result in value for money not being achieved. This included considering the findings from other regulators and internal auditors, reviewing records at the Trust and performing procedures to gain an understanding of the high-level arrangements in place. The resulting risk areas we identified were set out in our audit plan.

For each identified risk area, we performed further procedures during our audit to consider whether there were significant weaknesses in the processes in place at the Trust to achieve value for money.

The NAO Code of Audit Practice requires us to structure our commentary on VFM arrangements under three reporting criteria: financial sustainability, governance and improving economy, efficiency and effectiveness.

We have set out on the following pages our commentary and findings on the arrangements at the Trust in each area.

In addition to our financial statements work we performed a range of procedures to inform our value for money commentary, including:

- *Meeting with management and regular meetings with senior officers*
- *Interviews as appropriate with other executive officers and management*
- *Review of Board and committee reports and attendance at audit and risk committee meetings*
- *Reviewing reports from third parties*
- *Considering the findings from our audit work on the financial statements*
- *Review of the Trust's Annual Governance Statement and Annual Report and other publications*
- *Considering the work of internal audit and the counter fraud function*
- *Consideration of other sources of external evidence.*

Value for money: financial sustainability

This relates to how the Trust plans and manages its resources to ensure it can continue to deliver its services.

We considered the following areas:

- *how the Trust identifies all the significant financial pressures that are relevant to its short and medium-term plans and builds these into the plans;*
- *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 workforce, capital, investment, and other operational plans, 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, such as unplanned changes in demand and assumptions underlying its plans.*

2025-26 Financial Performance

The Trust has established arrangements to support financial sustainability through integrated financial planning, regular performance monitoring and oversight through its governance structures. Financial performance is reviewed throughout the year by the Board and Finance and Performance Committee, enabling emerging risks and financial pressures to be identified and managed in a timely manner.

During 2025/26, the Trust delivered a surplus of approximately £1.9m against a planned breakeven position, representing a significant improvement on the prior year surplus of £73k. Total operating income increased to £122.7m, an increase of £9.9m (8.8%) compared to 2024/25, driven primarily by increased elective and outpatient activity, together with additional national funding streams. While expenditure continued to be affected by inflationary and workforce pressures, the Trust maintained strong financial control throughout the year. Staff costs increased to £84.1m, reflecting national pay awards and workforce investment, although agency expenditure remained below 2% of the total pay bill, demonstrating continued focus on workforce cost control.

The Trust delivered its planned efficiency requirement of £7.5m during the year. Of this, £6.1m was achieved through identified Better Value schemes, with the remaining £1.4m delivered through non-recurrent measures including vacancy management and budgetary underspends. While delivery of the programme contributed positively to the year-end financial position, the Trust has recognised the need to increase the proportion of recurrent savings to support longer-term sustainability. The 2026/27 efficiency programme has therefore been developed with a stronger recurrent focus, with approximately two-thirds of planned savings expected to be recurrent in nature.

The Trust continues to maintain a structured approach to identifying and managing financial risks. Financial pressures, efficiency requirements and funding risks are considered through governance processes and inform annual planning, budget setting and medium-term financial plans.

The Trust also continued to invest in its estate and infrastructure through delivery of its capital programme. Although some schemes were re-profiled due to timing delays, the Trust secured £2.8m of estates safety funding during 2025/26, with a further £3.6m confirmed for 2026/27. The Trust's liquidity position strengthened during the year, with cash and cash equivalents increasing from £12.9m to £19.1m, reflecting positive operating cash flows and the phasing of capital expenditure.

Value for money: financial sustainability

Partnership with Royal Surrey and the Ashford and St Peters NHS FT

A key strategic development during the year was the progression of plans for a future partnership with Royal Surrey NHS Foundation Trust and Ashford and St Peter's Hospitals NHS Foundation Trust. Following a formal options appraisal process, the Trust concluded that a strategic partnership offered the most sustainable long-term operating model. The proposed arrangements are intended to strengthen clinical and leadership resilience, improve financial sustainability and reduce organisational risk while maintaining the Trust's specialist identity and services. During 2025/26, the programme moved from option appraisal into planning and development, with further work continuing across governance, finance, workforce and stakeholder engagement.

Future Plans

The Trust's financial plans for 2026/27 and beyond include planned operating surpluses of approximately £2.4m per annum, supported by continued delivery of efficiency programmes, productivity improvements, workforce management and careful alignment of activity with commissioned demand. These plans are supported by ongoing investment in service transformation and by the strategic partnership programme, which is expected to contribute to longer-term organisational resilience.

In the prior year, we identified opportunities to strengthen elements of the Trust's financial sustainability arrangements, including the timeliness of budget sign-off and the clarity of reporting on efficiency delivery and recurrent savings. During 2025/26, improvements were made in these areas through earlier budget approval, enhanced reporting of efficiency programmes and clearer distinction between recurrent and non-recurrent savings within financial reporting. These improvements have strengthened transparency and support more effective financial decision-making.

Conclusion

Based on the work undertaken, we have not identified any significant weaknesses in the Trust's arrangements to secure financial sustainability. The Trust has effective arrangements in place to oversee financial performance, identify and respond to financial risks, and support the achievement of its medium and longer-term financial objectives

Value for money: governance

This relates to the arrangements in place for overseeing the Trust's performance, identifying risks to achievement of its objectives and taking key decisions.

We considered the following areas:

- *how the Trust monitors and assesses risk and gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud;*
- *how the Trust approaches and carries out its annual budget setting process;*
- *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. This includes arrangements for effective challenge from those charged with governance/audit and risk committee; and*
- *how the Trust monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements and standards in terms of officer behaviour (such as gifts and hospitality or declarations/conflicts of interests) and for example where it procures or commissions services.*

Risk Management and Governance

Queen Victoria NHS Foundation Trust monitors and assesses risk through its risk-management framework, redesigned following a Deloitte Well-Led Review, which resulted in a revised Board Assurance Framework and a refined Corporate Risk Register that enable the Board to maintain oversight of the Trust's most material risks and the controls in place to manage them. The Trust have enhanced the risk management framework following changes in key officers and reporting structures in the current year. Risk information flows through the organisation via the Trust's integrated quality and performance framework, under which integrated quality and performance meetings are held monthly, providing regular scrutiny at directorate, executive and sub-committee level before escalation to the Board.

Financial Planning and Budgetary Control

The Trust also maintains formal arrangements for financial planning, budget setting and financial monitoring. Annual budgets are developed as part of the wider business planning process and are aligned to the Trust's strategic priorities, operational requirements and capital investment plans. Financial performance is monitored throughout the year through regular reporting to the Board and relevant committees, supported by integrated performance reporting which enables consideration of both financial and operational performance. These arrangements support timely identification of emerging issues and facilitate management action where required.

The Trust has established policies and procedures to promote transparency, accountability and compliance with regulatory requirements. This includes arrangements for managing conflicts of interest, declarations of gifts and hospitality, procurement activity and contract management. Registers of interests and gifts are maintained and published in accordance with NHS requirements, while procurement activity is undertaken within the framework of the Trust's Standing Financial Instructions and applicable procurement regulations.

Value for money: governance

Internal audit and Counter Fraud

The Trust obtains assurance over the effectiveness of its governance, risk management and internal control arrangements through a combination of internal audit, counter fraud activity and external audit. Internal audit work undertaken during the year reviewed a range of governance, financial and operational control areas. At the time of drafting this report, the draft Head of Internal Audit Opinion for 2025/26 indicated reasonable assurance, concluding that the Trust has an adequate and effective framework of governance, risk management and internal control, whilst identifying opportunities for further enhancement.

At the time of drafting this report, internal audit has not yet concluded its testing on Accounts Payable, Board Assurance Framework and Risk Management.

Counter fraud arrangements continue to operate across the Trust and provide support through fraud risk assessment, awareness activity, investigations and proactive review work. These arrangements contribute to the Trust's overall control environment and support the identification and management of fraud-related risks

Prior year recommendations

As reported in our prior year Auditor's Annual Report, weaknesses were identified in a number of governance and control arrangements. These included contract management and procurement controls, recruitment and establishment controls, project governance and benefits realisation, planned waiting list management, sickness absence monitoring, financial controls and aspects of risk management.

During 2025/26, the Trust implemented a range of actions to address these findings. In relation to procurement and contract management, arrangements were strengthened through improved oversight processes, enhanced documentation and approval arrangements, forward planning of procurement activity and increased organisational focus on demonstrating value for money. The Trust also strengthened procurement capacity and governance arrangements to support compliance with established policies and procedures.

The Trust has also responded to recommendations relating to recruitment controls, planned waiting list management, project governance, sickness absence monitoring and financial management. Actions undertaken included strengthening oversight arrangements, clarifying responsibilities, enhancing management information and implementing revised processes designed to improve consistency and compliance. Internal audit follow-up work has confirmed that recommendations arising from these reviews have been implemented and that no significant residual concerns remain in these areas.

Risk management remained an area of focus during the year. Previous internal audit work identified opportunities to improve consistency in the identification, assessment and monitoring of risks across corporate functions. In response, the Trust has continued to develop its risk management arrangements, including the appointment of a dedicated Risk Management Specialist, the enhancement of local and organisational risk management processes and the introduction of further support and training for operational teams. The Trust has also strengthened governance oversight through regular review of organisational and directorate risks within its committee structure.

Value for money: governance

Conclusion

Based on our review of the arrangements in place during 2025/26, together with evidence from internal audit reports, follow-up reviews, Board and committee reporting and discussions with management, we found that the Trust had taken appropriate action to address the significant governance weaknesses identified in the prior year. Internal audit follow-up work confirmed that recommendations arising from previously reported areas of partial assurance had been implemented. At the time of our review, only one low-priority recommendation relating to risk management remained outstanding and is due for implementation by June 2026.

Overall, we concluded that the Trust has appropriate governance, risk management and internal control arrangements in place and has made positive progress in strengthening these arrangements during the year. The significant weaknesses reported in the prior year have been adequately addressed and is therefore considered closed.

Value for money: improving economy, efficiency and effectiveness

This relates to how the Trust seeks to improve its systems so that it can deliver more for the resources that are available to it.

We considered the following areas:

- *how financial and performance information has been used to assess performance and identify areas for improvement;*
- *how the Trust evaluates service quality 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, 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.*

Improving economy, efficiency, and effectiveness

The Trust has arrangements to support the achievement of economy, efficiency and effectiveness through the use of timely financial, operational and quality information to inform decision-making and drive continuous improvement. Performance is monitored through a structured governance framework, including Board assurance reporting, the Audit and Risk Committee, and the Integrated Quality and Performance Report, which brings together financial, workforce, operational and quality metrics. These arrangements enable the Trust to identify areas requiring improvement, monitor delivery of actions and assess whether intended benefits have been achieved.

Performance against national and local objectives is routinely reviewed and supplemented by information from patient feedback, staff surveys and regulatory assessments. Improvement activity is delivered through the Trust's continuous improvement programme, "The QVH Way", which supports service redesign, productivity improvements and the delivery of operational efficiencies. Progress against improvement plans is monitored through established reporting arrangements, providing oversight of performance and accountability for delivery.

Partnership working

The Trust continues to work collaboratively with partners across the health system to improve patient outcomes and service sustainability. During 2025/26, a significant strategic development was the progression of a partnership arrangement with Royal Surrey NHS Foundation Trust (RSFT) and Ashford and St Peter's Hospitals NHS Foundation Trust (ASPH). The Trust concluded that this model offered the most sustainable long-term option for strengthening leadership resilience, supporting financial sustainability and reducing organisational risk while maintaining its specialist identity and services.

Currently, the Trust has put several arrangements in place to ensure that the partnership between the Trust, RSFT and ASPH operates effectively. Firstly, a joint partnership risk register has been established to monitor key risks that could delay the partnership, such as regulatory requirements set by NHS England and leadership capacity to manage business as usual across the trusts. Furthermore, a financial governance review was undertaken by an NHS England assessor, alongside the establishment of a joint working group. In parallel, the Trust is currently undergoing a well led governance review.

In addition, the Chief Executives of the partner organisations hold regular meetings to develop a detailed understanding of how each trust operates, to consider how future governance structures may look, and to agree the initial position of the three Boards. There has also been staff and key stakeholder engagement to ensure that plans are clearly understood and to support a smooth and timely transition.

Value for money: improving economy, efficiency and effectiveness

Stakeholder engagement remains an important component of the Trust's approach to service improvement and strategic planning. The Trust's 2025–30 strategy was developed through engagement with patients, staff, volunteers, partners and local communities, helping to ensure that services remain responsive to patient needs and aligned with wider system priorities.

Commissioning and Procurement

The Trust has enhanced its procurement and contract management arrangements designed to support value for money and compliance with relevant legislation and internal policies. Procurement activity is subject to defined governance processes, financial scrutiny and approval requirements, with oversight provided through management, committee and internal audit arrangements. Benefits realisation is monitored through contract management processes, key performance indicators and regular review of financial and service delivery outcomes.

Digital Strategy

Digital transformation remains a key element of the Trust's improvement agenda. The Digital Strategy 2025–30 sets out plans to strengthen digital infrastructure, improve data quality and enhance operational efficiency. A major component of this programme is the implementation of an Electronic Patient Record system, which is intended to improve information availability, service coordination, performance monitoring and clinical productivity while supporting longer-term value for money objectives.

Quality indicators/ Operational performance

The Trust continues to deliver strong performance across many quality and safety measures despite ongoing operational pressures. During 2025/26, the Trust was ranked 29th out of 134 organisations within the National Oversight Framework acute trust league table, reflecting strong overall performance relative to peers. Patient experience remained positive, compliance with national audits was high and highly specialised services continued to perform strongly. However, the Trust continues to face challenges in relation to elective access standards, particularly Referral to Treatment performance, due to increasing demand, workforce constraints and limited alternative capacity within specialist services. Demand for skin cancer services has continued to increase significantly, creating additional pressure on capacity and recovery trajectories.

Conclusion

Overall, the Trust demonstrates a commitment to securing value for money through performance management, continuous improvement, partnership working and investment in service transformation. While increasing demand and workforce constraints continue to present challenges in some specialist services, these risks are understood, actively monitored and managed through governance arrangements. Based on the work undertaken, we have not identified any significant weaknesses in the Trust's arrangements for improving economy, efficiency and effectiveness.

Recommendations

Value for money: follow up of prior recommendations

The recommendations we made in previous years are set out below, together with actions taken by the Trust in 2025/26 to address them. Our detailed commentary is set out in this Auditor's Annual Report.

Criteria	Observation previously reported	Recommendation previously reported	Auditor update 2025/26
Governance	A range of governance issues were identified and reported through the Audit and Risk Committee during 2024/25, with action plans put in place to address them. It is essential that the Trust Board maintains oversight of the progress made in implementing the agreed actions.	We recommended that the Trust Board monitor the delivery of action plans designed to address the weaknesses in governance arrangements identified during 2024/25.	We have detailed our progress in the governance summary. Based on our review of the arrangements in place during 2025/26, together with evidence from internal audit reports, follow up reviews, Board and committee reporting, and discussions with management, we found that the Trust has taken appropriate action to address the significant governance weaknesses identified in the prior year. Internal audit follow up work confirmed that recommendations from previously reported areas of partial assurance have been implemented. At the time of our review, only one low priority recommendation relating to risk management remained outstanding, which is due for implementation by June 2026. Overall, we concluded that the Trust has appropriate governance, risk management and internal control arrangements in place and has made positive progress in strengthening these arrangements during the year. The significant weaknesses reported in the prior year have been adequately addressed and is therefore considered closed.

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