



5 September 2025

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Executive summary

We conduct our audit in accordance with the NAO's Code of Audit Practice, International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. We are independent of the Trust in accordance with applicable ethical requirements, including the Financial Reporting Council's Ethical Standard. The Trust's Annual Report and Accounts, including our audit report and certificate, are available on the Trust's website.

Audit opinion on the financial statements	We issued an unqualified opinion on the Trust and group's financial statements on 27 June 2025. We did not identify any matters where, in our opinion, proper practices had not been observed in the compilation of the financial statements.
Remuneration and Staff Report	We reported that the parts of the Remuneration and Staff Report subject to audit have been properly prepared in accordance with the National Health Service Act 2006.
Value for money ("VfM") arrangements to secure economy, efficiency and effectiveness in the use of resources	<p>We are required to report if we have not been able to satisfy ourselves that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. Our VfM assessment covers three specified reporting criteria: financial sustainability; governance; and improving economy, efficiency and effectiveness.</p> <p>As detailed on page 14, we reported to the Trust a significant weakness in the Trust's arrangements in respect of financial sustainability and made recommendations to the Trust.</p>
Annual Governance Statement	We did not identify any matters where, in our opinion, the Annual Governance Statement did not meet the disclosure requirements set out in the NHS Foundation Trust Annual Reporting Manual, was misleading, or was inconsistent with information of which we are aware from our audit.
Annual Report	We reported that the information given in the Performance Report, and Accountability Report for the year ended 31 March 2025 is consistent with the financial statements.
Other powers and reports	We did not exercise our additional reporting powers to issue a report in the public interest, or a report to the Secretary of State and NHS England in respect of the year ended 31 March 2025.

Executive summary continued

Audit Certificate

We have not yet issued our audit certificate, as we are not able to do so under the National Audit Office's Auditor Guidance Note 07, Auditor Reporting, until we are advised by the National Audit Office that the audit of the NHS Group Consolidation is complete, which is expected to be in the autumn. We will then issue a separate audit certificate.

Reporting to the group auditor


In line with the group audit instructions issued by the NAO, we reported on 4 July 2025 that the Trust's consolidation schedules that feed into the Consolidated NHS Provider Account and Department of Health and Social Care's group accounts were consistent with the audited financial statements.

Executive summary

The Trust's arrangements to secure Value for Money

VfM criteria	Risk assessment/ description		Auditor's judgement on arrangements	
Financial Sustainability	R	We identified a risk of significant weakness in respect of how the Trust identifies and manages risks to financial resilience such as from unplanned cost pressures, and plans to bridge its funding gaps or identifies savings.	R	On 19 June 2025, we reported to the Trust a significant weakness in the Trust's arrangements and recommended that the Trust: a) develop specific actions and schemes to reduce its costs on a timely basis and ensure all efficiency schemes are fully identified by the first quarter of the financial year they are expected to deliver savings; and b) ensure savings targets are based on realistic assumptions with clear timelines and responsibilities.
Governance	G	We did not identify a risk of significant weakness	A	We have not identified any significant weaknesses in arrangements; however, we have noted potential areas for improvement with respect of the Trust's responses to Internal Audit recommendations. Refer to page 16 for details.
Improving economy, efficiency and effectiveness	G	We did not identify a risk of significant weakness.	G	We have not identified any significant weaknesses in arrangements and have not made any recommendation.

 Risk of significant weakness identified / Significant weakness in arrangements identified and recommendation(s) made.

 No significant weakness in arrangements identified, but insights on arrangements made.

 No risk of significant weakness / significant weakness in arrangements identified.

Purpose of this report

This report presents the key findings arising from our audit work at Royal United Hospitals Bath (“the Trust”) for the year ended 31 March 2025. The report has been prepared in accordance with the National Audit Office’s (“NAO”) 2024 Code of Audit Practice and its supporting Auditor Guidance Note (“AGN”) 03 Value for Money, and AGN 07 Auditor Reporting. These are available from the NAO website.

This report includes our commentary on the Trust’s arrangements to secure economy, efficiency and effectiveness in the use of resources (“Value for Money”, “VfM”). We assess the Trust’s VfM arrangements, based on our risk assessment. Our commentary focuses on our key observations on the Trust’s arrangements, and does not consider the adequacy of every arrangement the Trust has in place, nor does it provide positive assurance that the Trust is delivering or represents value for money.

Where we identify recommendations, we indicate whether these are:



Recommendations in respect of significant weaknesses in the Trust’s VfM arrangements, which we are required to make in accordance with AGN 03 where we identify a significant weakness; or



Other recommendations, which we indicate as “Deloitte Insights” (and which are summarised in Appendix 2).

The significant weakness in the Trust’s VFM arrangements and related recommendations is set out on page 14.

Our financial statement audit approach

An overview of the scope of the audit

Our audit approach is based upon obtaining an understanding of the Trust, including its systems, processes, risks, challenges and opportunities, and the size, composition and qualitative factors relating to account balances, classes of transactions and disclosures. These risk assessment procedures enable us to identify risks of material misstatement in the financial statements, and then tailor our audit procedures to address those risks.

Audit work to respond to the risks of material misstatement was performed directly by the audit engagement team, led by the audit director, Michelle Hopton. The audit team included integrated Deloitte specialists bringing specific skills and experience in property valuations and Information Technology systems.

Materiality

Our work is planned and performed to detect material misstatements. We determined materiality for the Group to be £12.3m, on the basis of 2% of revenue, which is 2.5% of gross assets and 3.6% of taxpayers' equity.

Procedures for auditing the Trust's financial statements

Our audit procedures included:

- interviewing members of the Trust's management team and reviewing documentation to test the design and implementation of the Trust's internal controls in certain key areas relevant to the financial statements; and
 - performing sample tests and analytical procedures on amounts in the Trust's financial statements to test the recorded transactions, balances and disclosures.
 - Data analytic techniques were used as part of audit testing, in particular to support profiling of populations to identify items of audit interest and in journal testing, using our Spotlight data analytics platform.
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Approach to audit risks

We focused our work on areas that we considered to be of higher risk, which are referred to as significant risks.

Our audit plan, presented to the Trust's Audit and Risk Committee, detailed the significant risks for the Trust audit, and our planned procedures.

Our final report to the Trust's Audit and Risk Committee reported the findings from our procedures.

We have made recommendations in our Audit and Risk Committee reporting for improvement in the Trust's policies, procedures and internal controls based on observations from our work. However, other than the matters detailed on page 14, we do not consider these recommendations to reflect significant weaknesses in the Trust's VfM arrangements.

We have provided a summary of each of the significant audit risks on the following pages.

Financial statement audit significant risks

Risk	Procedures undertaken	Findings
<p>Accounting for capital expenditure</p> <p>Determining when and whether to capitalise expenditure, can involve significant judgement, and impacts the Trust's budgetary control totals. The risk of incorrect capitalisation, or capitalisation in the incorrect period was identified as a significant risk due to fraud.</p>	<ul style="list-style-type: none"> • We tested the design and implementation of controls around the capitalisation of costs and over the transfer of assets out of assets under construction. • We tested spending on a sample basis to confirm that it complies with the relevant accounting requirements. • We tested the validity of year-end capital accruals to test cut-off of expenditure. 	<p>We did not identify any material misstatements relating to this risk.</p>
<p>Property valuations</p> <p>The Trust is required to hold property assets at a current valuation. Valuations are by their nature significant estimates, based on specialist judgement and management assumptions. However, as a full valuation was carried out during the year, we assessed as a significant risk whether subjective valuation assumptions, including modern equivalent asset assumptions, obsolescence and land values, are inappropriate or inappropriately applied.</p>	<ul style="list-style-type: none"> • We tested the design and implementation of key controls in place over the property valuation. • We used our property valuation specialists, to review and challenge the appropriateness of the key assumptions used in the valuation of the Trust's properties, including the potential impact of climate change. • We tested the factual inputs to the valuation/the key asset information provided by the Trust to the valuer back to supporting documentation. 	<p>We did not identify any material misstatements relating to this risk.</p>

Financial statement audit significant risks

Risk	Procedures undertaken	Findings
<p>Management override of controls</p> <p>In accordance with ISA (UK) 240 management override is a significant risk. This risk area includes the potential for management to use their judgement to influence the financial statements as well as the potential to override the Trust's controls for specific transactions.</p> <p>The key judgments in the financial statements are those which we have selected to be the significant audit risks. These are inherently the areas in which management has the potential to use their judgment to influence the financial statements.</p>	<ul style="list-style-type: none"> • We considered the overall control environment and 'tone at the top'. • We reviewed accounting estimates for biases that could result in material misstatements due to fraud and performed testing on key accounting estimates. • We tested the design and implementation of controls in relation to journals. • We have made inquiries of individuals involved in the financial reporting process about inappropriate or unusual activity relating to the processing of journal entries and other adjustments. • We have used data analytics tools to select journals for testing with characteristics indicative of potential manipulation of reporting. We traced the journals to supporting documentation and evaluated the accounting rationale for the posting. We evaluated individually and in aggregate whether the journals tested were indicative of fraud or bias. • We tested the year-end adjustments made outside of the accounting system between the general ledger and the financial statements and consolidation adjustments and journals. • We considered whether any transactions identified in the year required specific consideration. We identified the arrangements around the EPR system, some aspects of which may need to be accounted as a right-of-use asset on completion of the project. 	<p>We have not identified any significant bias in the key judgements made by management. The control environment is appropriate for the size and complexity of the Trust.</p>

Auditor's work on Value for Money (VfM) arrangements

The Accounting Officer and the Board are responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in the use of 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.

The Accounting Officer reports on the Trust's arrangements, and the effectiveness with which the arrangements are operating 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. In accordance with the National Audit Office's Auditor Guidance Note 3, we are required to assess arrangements under three areas:

Financial Sustainability	<i>How the body plans and manages its resources to ensure it can continue to deliver its services</i>
Governance	<i>How the body ensures that it makes informed decisions and properly manages its risks</i>
Improving economy, efficiency and effectiveness	<i>How the body uses information about its costs and performance to improve the way it manages and delivers its services</i>

This report presents our findings on the Trust's VfM arrangements. Where we have found significant weaknesses in arrangements, we are required to make recommendations so that the Trust can consider them and set out how it plans to make improvements.

In planning and performing our work, we consider the arrangements that we expect bodies to have in place, and potential indicators of risks of significant weaknesses in those arrangements. Our assessment of potential indicators has been performed in the context of the overall operating environment for the NHS during 2024/25, including the impact of demand pressures, the need to recover elective activity levels following the pandemic, and financial constraints.

In addition to our financial statement audit, we performed a range of procedures to inform our VfM commentary, including:



Interviews with key stakeholders, including the Interim CFO, the Head of Financial Projects, and the Deputy Chief Nurse.



Review of Board and committee reports and attendance at the Capital Monitoring, and Financial and Performance Committee meetings.



Reviewing reports from third parties including Care Quality Commission and correspondence with NHS England.



Considering the findings from our audit work on the financial statements.



Review of the Trust's annual governance statement and annual report.

Auditor's work on VfM arrangements (continued)

Trust performance

The NHS Oversight Framework

The NHS Oversight Framework provides an overview of the level and nature of support required by organisations and systems during 2024/25.

It is built around five national themes:

- quality of care, access and outcomes;
- preventing ill health and reducing inequalities;
- people;
- finance and use of resources; and
- leadership and capability.

NHS England allocates trusts and ICBs to one of four 'segments'. A segmentation decision indicates the scale and general nature of support needs, from no specific support needs (segment 1) to a requirement for mandated intensive support (segment 4).

The table below summarises Trust performance across a range of measures. Where relevant, additional commentary is provided on the following pages.

	2024/25	2023/24
Deficit (operating)	£(2.4)m	£(2.57)m
Adjusted Deficit (control)	£(4.2)m	£(3.49)m
EBITDA as % of income	4.1%	3.8%
Cost Improvement Programme delivery (£m / % of plan)	£32.78m / 89.5% of plan	£23.5m / 100% of plan
Cash	£37.55m	£34.53
Capital Expenditure (£m / % of plan)	£61m / 107% of plan	£33.7m / 80% of plan
NHS Oversight Framework segment	3	3
Reported breaches of Licence Conditions	None	None
CQC report conclusions (last inspection 31 October 2024)	Requires Improvement	Requires Improvement
Head of Internal Audit Opinion	Partial assurance	Significant Assurance
Annual Governance Statement - significant internal control issues	None	None

VfM arrangements: Financial Sustainability

Approach and considerations

We have considered how the Trust plans and manages its resources to ensure it can continue to deliver its services, including:

- How the body 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 body plans to bridge its funding gaps and identifies achievable savings;
 - How the body plans finances to support the sustainable delivery of services in accordance with strategic and statutory priorities;
 - How the body 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 body identifies and manages risks to financial resilience, e.g., unplanned changes in demand, including challenge of the assumptions underlying its plans.
-

Commentary

The Trust reported an adjusted deficit position of £4.2m against a breakeven plan for 2024/25, (2023/24: £3.49m deficit). At 31 March 2025, the Trust had net assets of £338.1m (31 March 2024: £307.4m), net current liabilities of £(222k) (31 March 2024: net current assets of £1.5m), and a cash position of £37.55m (31 March 2024: £34.5m).

The Trust delivered 89% of savings of £32.8m. £27.9m of this amount (85%) was achieved on a recurrent basis. It achieved a 100% delivery of its £36.6m planned efficiency savings in the prior year. £4.4m of the Trust's efficiencies planned for 25/26 remain unidentified, with £21m of the identified efficiencies classified as high risk as of 26 March 2025. As of June 2026, per the month 2 returns for FY25/26, £9.9m of savings were reported as unidentified.

The Trust planned to achieve efficiencies for the year of £36.6m, 6.1% of operating expenses. The Trust reported delivering £32.8m (89.5%) of its planned efficiencies to 31 March 2025, equivalent to 5.3% of operating expenses. Compared to other trusts we audit, the Trust's reliance on non-recurrent efficiencies is relatively lower reliance at 15%. This is also in line with its plan.

VfM arrangements: Financial Sustainability (continued)

Commentary

The Trust's 2025/26 plan is based upon a forecast deficit on a control total basis of £1.95m. This assumes efficiency savings of £29.7m (4.8% of operating expenditure). This compares to planned efficiency savings for 2024/25 of £36.6m (6.1% of operating expenditure), of which the Trust reported achieving £32.7m, or 89.5% of plan.

We reviewed the Trust's planning process and noted reviews of the assumptions by the following committees (People, Quality Assurance, and Finance and Performance Committees). As at submission of the plan on 26 March 2025, only £25.3m had been identified; with £21.4m of this classified as high risk. £4.4m of its savings target relates to its share of the ICB-wide savings target of £11m.



We identified a significant weakness in respect of the Trust's arrangements for financial sustainability, specifically the Trust's ability to achieve its efficiency targets and eliminate its deficit. We reported the significant weakness and our recommendation to the Trust on 27 June 2025 as detailed on page 14.

As part of our 2023/24 audit, we did not identify a significant weakness in respect of the Trust's arrangements for financial sustainability. However, we recommended that the Trust continue to monitor its achievements of its efficiency targets. We have concluded that there is now a significant weakness in the Trust's arrangements in this area, because it has failed to achieve its target this year, in spite of previous years. We have also noted the Trust's depleting financial position; unidentified savings of £4.4m, with £21.4m classified as high risk.

Value for money

Significant weakness in arrangements identified this year

Significant weakness	Financial sustainability
Nature of the significant weakness identified	We have identified a significant weakness in arrangements in respect of financial sustainability (how the Trust plans and manages its resources to ensure it can continue to deliver its services), specifically in how the Trust would achieve its planned savings and breakeven position.
Evidence on which our judgement is based	<p>The Trust failed to achieve its planned operating surplus of £5.3m during the year, falling short by £7.3m, and achieving an operating deficit of £2.5m. It achieved an adjusted deficit (control) of £4.2m against its plan to breakeven. Additionally, it failed to achieve its entire savings plan, reaching only 89% (£32.8m) of its planned £36.6m.</p> <p>The savings plan for the 25/26 financial year is £29.7m. However, £18m of this amount remains an opportunity, with £4.4m unidentified. Given the deteriorating financial position of the Trust, we have noted that the Trust may be unable to achieve its 2025/26 financial plan of £1.9m deficit (and an adjusted breakeven position).</p>
Impact on the Trust	<p>The following are identified impacts on the Trust:</p> <ul style="list-style-type: none">a) reduced financial flexibility to respond to any unexpected events;b) potential regulatory intervention, if the Trust fails to meet its target performance; andc) reduction or elimination of certain services due to lack of funding.
Recommendation	<p>The Trust should:</p> <ul style="list-style-type: none">a) develop specific actions and schemes to reduce its costs on a timely basis and ensure all efficiency schemes are fully identified by the first quarter of the financial year they are expected to deliver savings; andb) ensure savings targets are based on realistic assumptions with clear timelines and responsibilities.
Management response	<p>Interim Director of Finance (Simon Truelove): The Trust will continue to work through the Improving Together Framework to identify savings that deliver the current savings gap for 25/26. In addition, the Trust the BSW Hospital group to identify a medium-term savings plan.</p> <p>Due date: Ongoing.</p>

VfM arrangements: Governance

Approach and considerations

We have considered how the Trust ensures that it makes informed decisions and properly manages its risks, including:

- How the body 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 body approaches and carries out its annual budget setting process;
 - How the body 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 body 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 committee; and
 - How the body monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements and standards in terms of officer or member behaviour (such as gifts and hospitality or declarations/conflicts of interests), and for example where it procures or commissions services.
-

Commentary

The “Well Led” element of the last CQC report issued on 31 October 2024 rated the Trust as “Good”.

NHS England has assessed the Trust under the Single Oversight Framework in segment “3”, which is “Providers offered targeted support: there are concerns in relation to one or more of the themes” (quality of care, finance and use of resources, operational performance, strategic change and leadership and improvement capability).

From the risk assessment procedures carried out by our Information Technology (IT) Specialists, we did not identify any deficiencies in the Trust’s controls around Cybersecurity risks during the year.

NHS Provider Code of Governance

The Trust’s statement of compliance with the Code is on pages 118 -123 of the Annual Report, which states that the Trust considers it has complied with the provisions of the Code throughout the year.

VfM arrangements: Governance

Commentary

Internal audit

The overall internal audit opinion for the Trust was a "partial assurance with improvement required". There were 9 interim audit engagements during the year, with only two of these given a "significant assurance" opinion; others were rated "partial assurance".

The Trust was noted to have:

- Inconsistently applied controls across several areas: while some controls were designed effectively, their implementation and operating effectiveness were lacking in several key areas;
- Management Actions: A significant number of management actions (68 in total) were raised during the audit. While some were implemented promptly, many remained outstanding at the year-end.

The Trust was also noted as lagging in:

- Risk: Delays in reporting incidents and incomplete investigations were noted;
- Financial Controls: Issues with reconciliation processes and lack of clarity in procedures were identified;
- Governance: Lack of clear responsibilities and insufficient monitoring of projects were highlighted;
- Data Quality: Problems with data accuracy, approval processes, and action taken on adverse trends were found; and
- Performance metrics: while some performance targets were met, others, such as timely report issuance and management response times, fell short of expectations.



Following the above, we recommend that management:

- Standardise controls and ensure consistent implementation and effectiveness across all areas;
 - Prioritize and promptly address all outstanding actions with clear responsibilities and timelines.
 - Strengthen risk management, financial controls, governance, and data quality processes.
 - Regularly review progress and report to senior management.
-

VfM arrangements: Governance (continued)

Commentary

Financial reporting and close process

In the prior year we identified a number of control observations during the financial statement audit. Although the Trust has taken steps to address some of these issues, such as the prompt provision of a completed draft of annual reports, some observations raised in the prior year have not yet been addressed and further observations have been raised during the current year audit. These included issues which resulted in delays in the accounts and audit process that meant the Trust did not meet the national accounts timetable set by NHS England.

Although no material audit misstatements were identified, the number of misstatements identified in the financial statements remains relatively high. Although we have concluded this does not represent a risk of significant weakness in the Trust's overall governance arrangements, we have recommended that the Trust review its financial reporting and close process as noted on page 21.

VfM arrangements: Governance (continued)

Commentary

Governance over climate-related risks

Climate change presents significant challenges for the NHS in adapting to a changing environment. As part of its response to these challenges, the Government is adopting the Task Force on Climate-related Financial Disclosures (TCFD) as a framework for public sector bodies to analyse, understand and disclose climate-related financial information, in order to support the management of climate-related financial risks and opportunities. The FT ARM adopts these requirements for NHS foundation trusts on a phased basis up to 2025/26 as part of the performance report. For 2024/25, the phased approach incorporates the disclosure requirements of the governance, risk management and metrics and targets pillars. The Trust's disclosures in the Performance Analysis section of the Annual Report set out the board's oversight of the Trust's approach to assessing and managing climate-related issues, and underlying management structures in respect of this.

As noted in the Annual Report, the Trust has implemented governance around its climate-related issues through its "Non-Clinical Governance Committee". All Board reports also consider sustainability implications of items under consideration. However, we have noted that the Trust has not made adequate disclosures around the risk management, and metrics and targets pillars. These are currently under development as part of the Trust's Climate Change Risk Assessment and Adaptation plan, due for publication in July 2026.



We recommend the Trust consider all enhancements necessary in determining its management of climate-related risks in its Adaptation Plan.

Specifically, we recommend that these risks should be:

- sufficiently reflected in the Trust's risk registers and Board Assurance Framework;
- considered when setting strategy;
- considered when overseeing major capital expenditure; and
- Regularly reported back to the Board including processes within the Trust for assessing and managing climate-related issues.

VfM arrangements: Improving economy, efficiency and effectiveness

Approach and considerations

We have considered how the body uses information about its costs and performance to improve the way it manages and delivers its services, including:

- How financial and performance information has been used to assess performance to identify areas for improvement;
 - How the body evaluates the services it provides to assess performance and identify areas for improvement;
 - How the body 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 body commissions or procures services, how it assesses whether it is realising the expected benefits.
-

Commentary

The Trust's Audit and Risk Committee approves the annual Internal Audit Plan and Counter Fraud Plan and receives updates at committee meetings through the year.

The Trust's Head of Internal Audit opinion for the year was "Partial Assurance with Improvements Required". The Trust received only two reports with Significant assurance, with six others ranked as partial assurance reviews.

The Trust's most recent CQC inspection was published on 31 October 2024. The Trust was rated "Requires Improvement" overall. This is consistent with the previous inspection on 17 August 2023 of "Requires Improvement".

The Trust plays an active part in the local Integrated Care System (ICB) and has key local partnerships, including as part of the Avon and Wiltshire Mental Health Partnership.

We did not identify any risks of significant weaknesses, and any eventual weaknesses, from the Trust's arrangements around improving economy, efficiency and effectiveness.

VfM arrangements: Improving economy, efficiency and effectiveness (continued)

Commentary

Use of Artificial Intelligence in service delivery

The Trust was awarded £830k in March 2023 to undertake research for the use of Artificial Intelligence in respect of treatment of blood clots in patient's lungs.

The Trust currently does not have a risk in the Trust's Board Assurance Framework and Corporate Risk Register in respect of risks associated with the use of AI in provision of services.

As the use of Artificial Intelligence solutions develops further, the significance of their potential impact on the organisation will increase.



We recommend the Trust consider whether the risks associated with the deployment of AI solutions are adequately reflected in the Trust's risk registers and risk management processes.

Purpose of our report and responsibility statement

What we report

Our report fulfils our obligations under the Code of Audit Practice to issue an Auditor's Annual Report that brings together all of our work over the year, including our commentary on arrangements to secure value for money, and recommendations in respect of identified significant weaknesses in the Trust's arrangements.

What we don't report

Our audit was not designed to identify all matters that may be relevant to the Trust.

Also, there will be further information the Boards need to discharge their governance responsibilities, such as matters reported on by management or by other specialist advisers.

Finally, our views on internal controls and business risk assessment should not be taken as comprehensive or as an opinion on effectiveness since they have been based solely on the audit procedures performed in the audit of the financial statements and work under the Code of Audit Practice in respect of Value for Money arrangements.

The scope of our work

Our observations are developed in the context of our audit of the financial statements.

We described the scope of our work in our audit plan.

Use of this report

This report is made solely to the Board of Governors and Board of Directors ("the Boards") of Royal United Hospitals Bath NHS Foundation Trust, as a body, in accordance with the National Health Service Act 2006. Our audit work has been undertaken so that we might state to the Boards those matters we are required to state to them in our Audit Report and Auditor's 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 Boards as a body, for our audit work, for this report, or for the opinions we have formed.




Deloitte LLP

Bristol | 5 September 2025

Appendix 1: Significant weakness recommendations

This appendix summarises the recommendation we have made in respect of the significant weakness identified during our audit.

Page	Recommendation	Management Response
14	 The Trust should: a) develop specific actions and schemes to reduce its costs on a timely basis and ensure all efficiency schemes are fully identified by the first quarter of the financial year they are expected to deliver savings; and b) ensure savings targets are based on realistic assumptions with clear timelines and responsibilities.	<p>The Trust will continue to work through the Improving Together Framework to identify savings that deliver the current savings gap for 25/26. In addition, the Trust and the Bath, North-East Somerset, Swindon and Wiltshire (BSW) Hospital group are preparing a medium-term savings plan.</p> <p>Responsible officer: <i>Simon Truelove</i>, Interim Director of Finance</p> <p>Due date: <i>Ongoing</i></p>

Appendix 2: Insights

This appendix presents our recommendations on opportunities to strengthen arrangements to secure economy, efficiency and effectiveness in the use of resources.

Internal audit

Deloitte insight



Observation – See page 16

The overall internal audit opinion for the Trust was a "partial assurance with improvement required". This is a deterioration from the "significant assurance" rating granted in the prior year.

The Trust was noted to have:

- Inconsistently applied controls across several areas: while some controls were designed effectively, their implementation and operating effectiveness were lacking in several key areas;
- Management Actions: A significant number of management actions (68 in total) were raised during the audit. While some were implemented promptly, many remained outstanding at the year-end.

Recommendation –

Management should:


- Standardise controls and ensure consistent implementation and effectiveness across all areas;
- Prioritize and promptly address all outstanding actions with clear responsibilities and timelines;
- Strengthen risk management, financial controls, governance, and data quality processes;
- Regularly review progress and report to senior management.

Appendix 2: Insights (continued)

Task Force on Climate-Related Financial Disclosures

Deloitte insight

Observation – See page 18

The Government is adopting a phased approach to implementing TCFD disclosures in the public sector, with 2024/25 only requiring disclosures under the Governance, Metrics, and Targets pillars. 

As noted in the Annual Report, the Trust has implemented governance around its climate-related issues through its “Non-Clinical Governance Committee”. All Board reports also consider sustainability implications of items under consideration. However, we have noted that the Trust has not made adequate disclosures around the risk management, and metrics and targets pillars. These are currently under development as part of the Trust’s Climate Change Risk Assessment and Adaptation Plan, due for publication in July 2026.

Recommendation

We recommend the Trust consider all enhancements necessary in determining its management of climate-related risks in its Adaptation Plan.


Specifically, we recommend that these risks should be:

- sufficiently reflected in the Trust’s risk registers and Board Assurance Framework;
- considered when setting strategy;
- considered when overseeing major capital expenditure; and
- Regularly reported back to the Board including processes within the Trust for assessing and managing climate-related issues.

Governance over the use of Artificial Intelligence tools

Deloitte insight

Observation – See page 20

The Trust was awarded £830k in March 2023 to undertake research for the use of Artificial Intelligence in respect of treatment of blood clots in patient’s lungs. 

The Trust currently does not have a risk in the Trust’s Board Assurance Framework and Corporate Risk Register in respect of risks associated with the use of AI in provision of services. As the use of Artificial Intelligence solutions develops further, the significance of their potential impact on the organisation will increase.

Recommendation

We recommend the Trust consider whether the risks associated with the deployment of AI solutions are adequately reflected in the Trust’s risk registers and risk management processes.

Appendix 3: Trust's responsibilities

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 Chief Executive, as Accounting Officer of the Trust, is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Accounting Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Accounting Officer is required to comply with the Accounts Direction issued by NHS England, which requires the Trust 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. [In applying the going concern basis of accounting, the Accounting Officer has applied the 'continuing provision of services' approach set out in the Group Accounting Manual, as it is anticipated that the services the Trust provides will continue into the future.]

The Accounting Officer is required to confirm that the Annual Report and Accounts, taken as a whole, is fair, balanced, and understandable, and provides the information necessary for patients, regulators and stakeholders to assess the Trust's performance, business model and strategy.

The Accounting Officer is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in the use of the Trust's resources, for ensuring that the use of public funds complies with the relevant legislation, delegated authorities and guidance, for safeguarding the assets of the Trust, and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Accounting Officer and the Board are responsible for ensuring proper stewardship and governance, and reviewing regularly the adequacy and effectiveness of these arrangements.

Appendix 4: Auditor's responsibilities

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Auditor's responsibilities relating to the Trust's arrangements for securing economy, efficiency and effectiveness in the use of resources

We are required under the Code of Audit Practice and the National Health Service Act 2006 to satisfy ourselves that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

We are not required to consider, nor have we considered, whether all aspects of the foundation trust's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

We undertake our work in accordance with the Code of Audit Practice, having regard to the guidance, published by the Comptroller & Auditor General, as to whether the Trust has proper arrangements for securing economy, efficiency and effectiveness in the use of resources against the specified criteria of financial sustainability, governance, and improving economy, efficiency and effectiveness.

The Comptroller & Auditor General has determined that under the Code of Audit Practice, we discharge this responsibility by reporting by exception if we have reported to the Trust a significant weakness in arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2025. Other findings from our work, including our commentary on the Trust's arrangements, are reported in our Auditor's Annual Report.

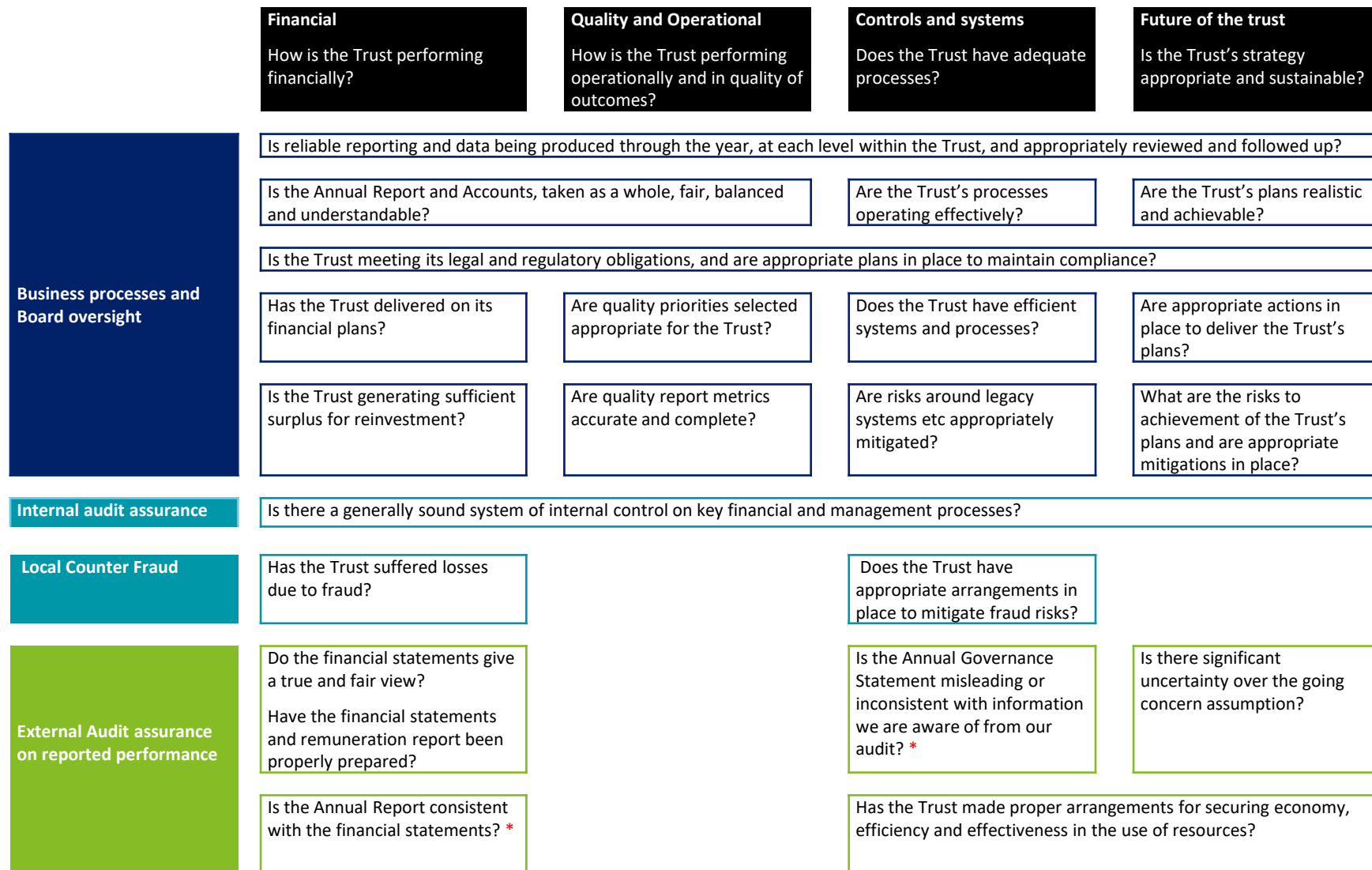
Auditor's other responsibilities

We are also required to report to you if we exercise any of our additional reporting powers under the National Health Service Act 2006 to:

- make a referral to NHS England if we believe that the Trust or an officer of the Trust is
 - about to make, or has made, a decision which involves or would involve the Trust incurring unlawful expenditure;;
 - about to take, or has begun to take a course of action which, if pursued to its conclusion, would be unlawful and likely to cause a loss or deficiency
- consider whether to issue a report in the public interest.

Appendix 5: Assurance sources for the Trust

The diagram below illustrates how the assurances provided by external audit around finance, quality, controls and systems and the future of the Trust (in the green rows) and how this fits with some of the other assurances available over the Trust's position and performance.



* The scope of external audit in this area is "negative assurance" of reporting by exception of issues identified. © 2025 Deloitte LLP. All rights reserved



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