

Appendix A

ENFORCEMENT UNDERTAKINGS

LICENSEE:

Liverpool University Hospitals NHS Foundation Trust ("the Licensee")
Trust Headquarters
Royal Liverpool University Hospital
Prescot Street
Liverpool
L7 8XP

DECISION

NHS England, on the basis of the grounds set out below, and having regard to its Enforcement Guidance, has decided to accept from the Licensee the enforcement undertakings specified below pursuant to its powers under section 106 of the Health and Social Care Act 2012 ("the Act"). The undertakings in this document relating to financial sustainability and financial governance supersede the remaining undertakings previously agreed on 14 March 2023, which will now cease to have effect.

GROUND

1. Licence

1.1 The Licensee is the holder of a licence granted under section 87 of the Act.

2. Breaches

2.1 NHS England has reasonable grounds to suspect that the Licensee has provided and is providing health care services for the purposes of the NHS in breach of the following conditions of its licence:

2023 Licence	Summary of condition
NHS2(5)(a), (b), (d), (e), (f) and (g)	<p>The Licensee shall establish and effectively implement systems and/or processes:</p> <p>(a) to ensure compliance with the Licensee's duty to operate efficiently, economically and effectively;</p> <p>(b) for timely and effective scrutiny and oversight by the Board of the Licensee's operations;</p>

	<p>(d) for effective financial decision-making, management and control (including but not restricted to appropriate systems and/or processes to ensure the Licensee's ability to continue as a going concern);</p> <p>(e) to obtain and disseminate accurate, comprehensive, timely and up to date information for Board and Committee decision-making;</p> <p>(f) to identify and manage (including but not restricted to manage through forward plans) material risks to compliance with the conditions of its licence;</p> <p>(g) to generate and monitor delivery of business plans (including any changes to such plans) and to receive internal and where appropriate external assurance on such plans and their delivery.</p>
NHS2(7)	The Licensee shall ensure the existence and effective operation of systems to ensure that it has in place personnel on the Board, reporting to the Board and within the rest of the Licensee's organisation who are sufficient in number and appropriately qualified to ensure compliance with the Licence conditions.
CoS3	The Licensee shall at all times adopt and apply appropriate systems and standards of corporate governance and financial management.

3. Financial sustainability and financial governance

3.1 In particular:

- 3.1.1 the Licensee reported a £38.3m deficit, an £85.9m deficit excluding £47.7m deficit support funding (DSF) for the Financial Year (FY) 24/25.
- 3.1.2 the Licensee's financial outturn (FOT) for FY24/25 was £5.5m adverse to a plan of £32.8m deficit (including DSF).
- 3.1.3 the Licensee delivered £99.5m (£15m adverse to plan) Cost Improvement Programme (CIP) Plan in FY24/25 with 64% recurrency.
- 3.1.4 the Licensee reported the exit underlying deficit as £119.4m at 31 March 2025.

3.1.5 at Month 5 2025/26, the Licensee is forecasting a mid-case adverse variance to plan of £36.3m.

3.1.6 the Licensee's annual CIP Plan for 2025/26 is £117.2m, against which the Licensee is currently forecasting at Month 5 2025/26 to deliver £91.8m, with varying degrees of risk.

3.2 A Financial Diagnostic carried out across the Cheshire and Merseyside Integrated Care System in June 2025, highlighted the following issues and financial risks at the Licensee:

3.2.1 In terms of key planning assumptions, national guidance improvements are not backed with additional income. The FY25/26 Financial Plan does not include the impact of delivering Referral to Treatment Time targets.

3.2.2 there is high risk in the CIP and efficiency portfolio, with a high reliance on non-recurrent savings which will not impact the underlying deficit position. The risk-adjusted delivery is below target, and there remains a pipeline to still be developed.

3.2.3 there are income risks from the removal of new hospital funding, no additional winter funding, and system stretch requirements. This is further compounded by uncertainty over future financial settlements and system-level support.

3.2.4 productivity improvements in the Licensee's plan are reliant on cost removal, which may not be achievable.

3.2.5 the FY25/26 Financial Plan does not include provision for additional activity, income, or costs required to meet improved access targets required of the Licensee.

3.3 The matters set out above demonstrate a failure of financial governance arrangements and financial management by the Licensee, including, in particular:

3.3.1 a failure by the Licensee to adopt and apply systems and standards of corporate governance and of financial management which reasonably would be regarded as:

(a) suitable for a provider of the Commissioner Requested Services provided by the Licensee, and

(b) providing reasonable safeguards against the risk of the Licensee being unable to carry on as a going concern.

3.3.2 a failure to establish and effectively implement systems and/or processes:

(a) to ensure compliance with the Licensee's duty to operate efficiently, economically, and effectively;

(b) for effective financial decision-making, management, and control (including but not restricted to appropriate systems and/or processes to ensure the Licensee's ability to continue as a going concern);

(c) to identify and manage material risks to compliance with the conditions of its licence including through development and delivery of forward plans; and

(d) to ensure that it has in place personnel on the Board, reporting to the Board and within the rest of the Licensee's organisation who are sufficient in number and appropriately qualified to ensure compliance with the licence conditions.

4. Need for Action

4.1 NHS England believes that the action, which the Licensee has undertaken to take pursuant to these undertakings, is action to secure that the breaches in question do not continue or recur.

5. Appropriateness of Undertakings

5.1 In considering the appropriateness of accepting in this case the undertakings set out below, NHS England has taken into account the matters set out in its Enforcement Guidance.

UNDERTAKINGS

NHS England has agreed to accept, and the Licensee has agreed to give the following undertakings, pursuant to section 106 of the Act.

1. Financial planning

1.1 The Licensee will deliver the agreed FY25/26 planned deficit.

1.2 The Licensee will deliver a quarter-on-quarter run rate improvement from Quarter 3 2025/26 and throughout 2025/26 and 2026/27.

1.3 By 19 December 2025, the Licensee will produce an evidence based and deliverable financial recovery plan ("Financial Recovery Plan") to achieve underlying balance by 31 March 2029.

1.4 The Licensee will ensure that any further leadership changes in respect of the establishment of the proposed group model or other organisational reconfiguration between the Licensee and other NHS providers in Liverpool must only be taken forward through the process established by NHS England. In particular the Licensee must ensure an evidenced based and approved (by the Trust Board, Cheshire and Merseyside Integrated Care Board and NHS England) Financial Recovery Plan is in place in order to proceed with these proposals, as specified in 1.3 above.

1.5 The Licensee will comply with all documented actions required by NHS England through the monthly oversight meetings, led by NHS England or its representative.

2. Funding conditions and spending approvals

2.1 Where interim support financing or planned term support financing is provided by the Secretary of State for Health and Social Care to the Licensee pursuant to section 40 of the National Health Service Act 2006, the Licensee will comply with any terms and conditions which attach to the financing.

2.2 The Licensee will comply with any reporting requests made by NHS England in relation to any financing to be provided to the Licensee by the Secretary of State for Health and Social Care pursuant to section 40 of the NHS Act 2006.

2.3 The Licensee will comply with any spending approvals processes that are deemed necessary by NHS England.

3. Reporting

3.1 The Licensee will provide regular reports to NHS England through the oversight meetings led by NHS England or its representative on its progress in complying with the undertakings set out above.

3.2 The Licensee will attend monthly oversight meetings, or, if NHS England stipulates, conference calls, as required, to discuss its progress in meeting those undertakings. Oversight meetings will be led by NHS England or its representative, with attendees specified by NHS England.

3.3 The Licensee will provide NHS England with the assurance relied on by its Board in relation to its progress in delivering these undertakings, upon request.

3.4 The Licensee will comply with any additional reporting or information requests made by NHS England.

The undertakings set out above are without prejudice to the requirement on the Licensee to ensure that it is compliant with all the conditions of its licence, including any additional licence condition imposed under the Act and those conditions relating to:

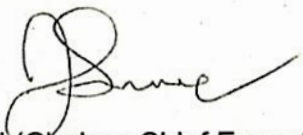
- compliance with the health care standards binding on the Licensee; and
- compliance with all requirements concerning quality of care.

Any failure to comply with the above undertakings will render the Licensee liable to further formal action by NHS England. This could include the imposition of discretionary requirements under section 105 of the Act in respect of the breach in respect of which the undertakings were given and/or revocation of the licence pursuant to section 89 of the Act.

Where NHS England is satisfied that the Licensee has given inaccurate, misleading or incomplete information in relation to the undertakings:

- (i) NHS England may treat the Licensee as having failed to comply with the undertakings; and
- (ii) if NHS England decides so to treat the Licensee, NHS England must by notice revoke any compliance certificate given to the Licensee in respect of compliance with the relevant undertakings.

LICENSEE



Signed (Chair or Chief Executive of Licensee)

Dated:

26 January 2026

NHS ENGLAND



Signed (North West Regional Director and Chair of the Regional Support Group)

Dated: 27.01.2026