

**NOTICE OF IMPOSITION OF ADDITIONAL LICENCE CONDITION PURSUANT
TO SECTION 111 OF THE HEALTH & SOCIAL CARE ACT 2012**

TO:

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

DECISION:

On the basis of the grounds set out below, and having regard to its Enforcement Guidance, NHS England has imposed the additional licence condition specified below on the Licensee pursuant to its powers under section 111 of the Health and Social Care Act 2012 (“the Act”).

THE LICENCE IS AMENDED AS FOLLOWS:

After Condition NHS2 (Governance arrangements), insert:

“Additional licence condition 1 – Additional governance arrangements

1) The Licensee must ensure that it has in place sufficient and effective board and management leadership capacity and capability, as well as appropriate governance systems and processes, to enable it to –

- a) address the issues specified in paragraph 2; and
- b) comply with any enforcement undertakings accepted or discretionary requirements imposed by NHS England in relation to these issues.

2) The issues referred to in paragraph 1 are:

- a) financial performance issues, specifically the need to deliver a quarter-on-quarter run rate improvement from Quarter 3 2025/26 and throughout 2025/26 and ensure that an evidence based and approved financial recovery plan is in place, to enable the Licensee to return to delivery of the 2025/26 Financial Plan agreed with NHS England; and

b) any other issues relating to governance or operations that have caused or contributed to, or are causing or contributing to, or will cause or contribute to, the breach of the conditions of the Licensee's licence."

ANTICIPATED EFFECT OF THE ADDITIONAL CONDITION:

NHS England anticipates that the effect of imposing the additional condition will be as set out in paragraph 2.2.5 in the section headed 'Grounds for Intended Action'.

INCIDENTAL OR CONSEQUENTIAL MODIFICATIONS REQUIRED AS A RESULT OF THE IMPOSITION OF THE ADDITIONAL CONDITION:

No incidental or consequential modifications are required to the Licensee's licence.

GROUND

1. Licence

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

2. Power to impose additional licence condition

2.1. NHS England is satisfied that the governance of the Licensee is such that the Licensee will fail to comply with one or more of the conditions of its Licence, in particular conditions NHS2(5)(a), (b), (d), (e), (f) and (g), NHS2(7), and COS3.

2.2. Need for action:

1.1.1 NHS England is seeking enforcement undertakings from the Licensee to address financial under-performance and failings in financial governance. This follows undertakings agreed in March 2023 in relation to breaches of the governance conditions of the Licensee's licence for issues including financial performance. Despite financial undertakings being in place for two years, the Licensee has been unable to comply with these.

2.2.2. NHS England has in particular considered the following matters:

2.2.2.1. 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.

2.2.2.2. the Licensee's financial outturn (FOT) for FY24/25 was £5.5m adverse to a plan of £32.8m deficit (including DSF).

- 2.2.2.3. the Licensee delivered £99.5m (£15m adverse to plan) Cost Improvement Programme (CIP) Plan in FY24/25 with 64% recurrency.
 - 2.2.2.4. the Licensee reported the exit underlying deficit as £119.4m at 31 March 2025.
 - 2.2.2.5. at Month 5 2025/26, the Licensee is forecasting a mid-case adverse variance to plan of £36.3m.
 - 2.2.2.6. the Licensee's annual CIP plan for 2025/26 is £117.2m, against which the Licensee is currently forecasting at Month 5 to deliver £91.8m, with varying degrees of risk.
- 2.2.3. 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:
- 2.2.3.1. 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.
 - 2.2.3.2. 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.
 - 2.2.3.3. 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.
 - 2.2.3.4. productivity improvements in the Licensee's plan are reliant on cost removal, which may not be achievable.
 - 2.2.3.5. 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.
- 2.2.4. In light of these matters and other available and relevant evidence, NHS England is satisfied that the Board is failing to secure compliance with the Licensee's licence conditions and failing properly to take steps to reduce the risk of non-compliance. In those circumstances, NHS England is satisfied that the governance of the Licensee is such that the Licensee is failing and will fail to comply with the conditions of its licence.

2.2.5. NHS England considers that the imposition of the condition specified above is appropriate for reducing the risk of non-compliance identified above.

3. Appropriateness of imposition of additional licence condition

In considering the appropriateness of imposing the additional condition specified above, NHS England has taken into account its Enforcement Guidance.

The requirements of the additional licence condition are without prejudice to:

*(a) the requirements of any enforcement undertaking given by the Licensee; and
(b) the requirement on the Licensee to ensure that it is compliant with all the conditions of its licence including those relating to:*


- compliance with the health care standards binding on the Licensee;*
- effective financial decision-making, management and control;*
- compliance with all requirements concerning quality of care.*

Any failure to comply with the additional licence condition would render the Licensee liable to further formal action by NHS England.

NHS ENGLAND

Dated: 10th November 2025

Signed:



Regional Director, North West Region

Chair of the Regional Support Group

NHS England