



**Auditor's Annual Report  
City of Bradford Metropolitan District Council – year ended 31 March 2025**

February 2026

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Our reports are prepared in the context of the 'PSAA Statement of Responsibilities of Auditors and of Audited Bodies' and the 'Appointing Person Terms of Appointment' issued by Public Sector Audit Appointments Limited. This document is to be regarded as confidential to City of Bradford Metropolitan District Council. It has been prepared for the sole use of Governance and Audit Committee as the appropriate sub-committee charged with governance. We do not accept any liability or responsibility to any other person in respect of the whole or part of its contents.

# 01

## Introduction

# Introduction

## Purpose of the Auditor's Annual Report

Our Auditor's Annual Report (AAR) summarises the work we have undertaken as the auditor for City of Bradford Metropolitan District Council ('the Council') for the year ended 31 March 2025. Although this report is addressed to the Council, it is designed to be read by a wider audience including members of the public and other external stakeholders.

Our responsibilities are defined by the Local Audit and Accountability Act 2014 and the Code of Audit Practice ('the Code') issued by the National Audit Office ('the NAO'). The remaining sections of the AAR outline how we have discharged these responsibilities and the findings from our work. These are summarised below.



### Opinion on the financial statements

We issued our audit report on 10 February 2026. Our opinion on the financial statements was unqualified.



### Value for Money arrangements

In this report we have concluded that we were not satisfied arrangements were in place for the Council to secure economy, efficiency and effectiveness in its use of resources, this is because we issued a recommendation in relation to a significant weakness in those arrangements that is relevant to the 2024/25 financial year. Section 3 provides our commentary on the Council's arrangements and a summary of our recommendations and the weaknesses identified.



### Reporting to the group auditor

In line with instructions issued by the NAO, we have undertaken work on the Council's Whole of Government Accounts (WGA) return. We have been unable to conclude our work as we have not yet received confirmation from the NAO that the group audit of the WGA has been completed and that no further work is required to be completed by us.



### Wider reporting responsibilities

We have not exercised any of these powers as part of our audit of City of Bradford Metropolitan District Council for the year ended 31 March 2025.

# 02

## Audit of the financial statements

# Audit of the financial statements

## Our audit of the financial statements

Our audit was conducted in accordance with the requirements of the Code, and International Standards on Auditing (UK) (ISAs). The purpose of our audit is to provide reasonable assurance to users that the financial statements are free from material error. We do this by expressing an opinion on whether the statements are prepared, in all material respects, in line with the financial reporting framework applicable to the Council and whether they give a true and fair view of the Council's financial position as at 31 March 2025 and of its financial performance for the year then ended. Our audit report, issued on 10 February 2026 gave an unqualified opinion on the financial statements for the year ended 31 March 2025

## Other reporting responsibilities

Reporting responsibility	Outcome
<b>Narrative Report</b>	We did not identify any significant inconsistencies between the content of the annual report and our knowledge of the Council.
<b>Annual Governance Statement</b>	We did not identify any matters where, in our opinion, the governance statement did not comply with the guidance issued by CIPFA/LASAAC Code of Practice on Local Authority Accounting.

# 03

## Our work on Value for Money arrangements

# VFM arrangements

## Overall Summary



# VFM arrangements – Overall summary

## Approach to Value for Money arrangements work

We are required to consider whether the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The NAO issues guidance to auditors that underpins the work we are required to carry out and sets out the reporting criteria that we are required to consider. The reporting criteria are:



**Financial sustainability** - How the Council plans and manages its resources to ensure it can continue to deliver its services.



**Governance** - How the Council ensures that it makes informed decisions and properly manages its risks.



**Improving economy, efficiency and effectiveness** - How the Council uses information about its costs and performance to improve the way it manages and delivers its services.

Our work is carried out in three main phases.

### Phase 1 - Planning and risk assessment

At the planning stage of the audit, we undertake work so we can understand the arrangements that the Council has in place under each of the reporting criteria; as part of this work we may identify risks of significant weaknesses in those arrangements.

We obtain our understanding of arrangements for each of the specified reporting criteria using a variety of information sources which may include:

- NAO guidance and supporting information
- Information from internal and external sources, including regulators
- Knowledge from previous audits and other audit work undertaken in the year
- Interviews and discussions with officers

Although we describe this work as planning work, we keep our understanding of arrangements under review and update our risk assessment throughout the audit to reflect emerging issues that may suggest there are further risks of significant weaknesses.

### Phase 2 - Additional risk-based procedures and evaluation

Where we identify risks of significant weaknesses in arrangements, we design a programme of work to enable us to decide whether there are actual significant weaknesses in arrangements. We use our professional judgement and have regard to guidance issued by the NAO in determining the extent to which an identified weakness is significant.

We outline the risks that we have identified and the work we have done to address those risks on page 10.

### Phase 3 - Reporting the outcomes of our work and our recommendations

We are required to provide a summary of the work we have undertaken and the judgments we have reached against each of the specified reporting criteria in this Auditor's Annual Report. We do this as part of our Commentary on VFM arrangements which we set out for each criteria later in this section.

We also make recommendations where we identify weaknesses in arrangements or other matters that require attention from the Council. We refer to two distinct types of recommendation through the remainder of this report:

- **Recommendations arising from significant weaknesses in arrangements** - we make these recommendations for improvement where we have identified a significant weakness in the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources. Where such significant weaknesses in arrangements are identified, we report these (and our associated recommendations) at any point during the course of the audit.
- **Other recommendations** - we make other recommendations when we identify areas for potential improvement or weaknesses in arrangements which we do not consider to be significant, but which still require action to be taken.

The table on the following page summarises the outcome of our work against each reporting criteria, including whether we have identified any significant weaknesses in arrangements, or made other recommendations.

# VFM arrangements – Overall summary

## Overall summary by reporting criteria

Reporting criteria	Commentary page reference	Identified risks of significant weakness?	Actual significant weaknesses identified?	Other recommendations made?
 Financial sustainability	11	Yes – continuing significant weakness – see page 22	Yes – see recommendation on page 22	No
 Governance	14	Yes – continuing significant weakness – see page 21	Yes – see recommendation on page 21	No
 Improving economy, efficiency and effectiveness	17	No	No	No

# VFM arrangements

## Financial Sustainability

How the body plans and manages its resources to ensure it can continue to deliver its services



# VFM arrangements – Financial Sustainability

## Overall commentary on Financial Sustainability

### How the Council identified significant financial pressures that are relevant to its short and medium term plans

The Council's Medium Term Financial Strategy (MTFS) sets out the Council's medium term plans to achieve financial sustainability. The MTFS is supported by the Council's Improvement Plan which sets out the whole scale plan for improvement of services and transformation that is planned to be implemented over the next 5 years.

The MTFS has been refreshed at multiple intervals through the year to ensure that it is updated for changes in financial pressures and updated funding information. The MTFS has been refreshed in July 2024, January 2025 and March 2025. The MTFS includes a best case, base case and worst case scenario to allow for better financial modelling and decision making.

The refresh in January 2025, included an increase in the forecast Capitalisation Direction (CD) requirement from an overall requirement to 2029/30 of £573m to a requirement of £640m. The key driver for this movement is an increase in forecast expenditure of £349m, which was only partially offset by increased grants and funding, increased savings and a reduction in the CD requirement for 2024/25. The increase in forecast expenditure was caused by increased inflation, increased growth and pressures, increased financing costs, increased PFI costs and historic budget pressures.

The refresh in March 2025, reduced the forecast CD requirement to £570m. The Council agreed a one off 9.99% increase in Council Tax for 2025/26 which increased the level of income it would generate in 2025/26 and hence reduced the level of CD required to plug the funding gap.

The Council has moved to a rolling programme of development and review of the MTFS to present Members with updated estimated of its CD, progress on savings identification and revision of cost estimates. In 2024/25, the Executive were presented with updates on the MTFS and CD in July, savings proposals in November and December, a revised CD and projection of recovery period in January 2025 and in March 2025 the final proposed CD and budget setting for 2025/26. These regular updates have continued into 2025/26.

In addition to these reports, the Executive receive quarterly financial position statements. The reports provide a summary of progress against budget on a forecast basis with services required to provide explanations for any under or over achievement against budget. Monitoring reports also include an update on progress made against savings, the asset sales disposal programme and capital programme.

### Financial performance in 2024/25

A balanced budget was set in 2024/25 supported by a 'minded to approve' capitalisation direction of £140m.

The capitalisation direction was later reduced to £120m during the year at the Council's request. The budget included a saving target of £48.6m, the highest level the Council has ever targeted. The outturn position for 2024/25 was an underspend against budget of £3m. Savings of £46.7m were achieved and Council (non school and HRA) reserves were increased by £41.5m.

The Council set a capital budget for 2024/25 of £389m which included £140m for the CD. In quarter 1 spend was re-profiled to include underspends from the previous year which increased the budget to £444m. Further reviews of the capital budget focused on reducing the financing costs associated with the programme and a re-profiled budget was developed at £267.9m, and the outturn achieved was £271m, a small overspend of £2.1m. The financial performance of revenue and capital budgets in 2024/25 demonstrates the grip and control the Council has developed, alongside the more accurate and realistic projections which enable close delivery of the budget through the year.

### How the Council plans to bridge its funding gaps and identify achievable savings

The Council through its MTFS has identified plans to bridge the funding gap over the medium term. This is through a combination of savings targets, asset disposals, service transformation and Exceptional Financial Support in the form of the capitalisation direction.

The Council has set an asset disposal target to achieve capital receipts of £150m over 4 years from 2024/25 to 2027/28. At Quarter 2 2025/26 this target was revised to £100m, based on actual disposal experience up until that point. The Council has identified 309 assets within the scope of the disposal programme with an estimated £83.1 million of potential capital receipts. To date 74 assets have been sold resulting in capital receipts of £22.3m.

The Council has set a savings target for 2025/26 of £44.8m, in the quarter 2 finance position reports, it has forecast that all but £0.6m of this will be delivered or mitigated. The Council has identified that savings of £50m each year will be required from 2026/27 to 2027/28. To identify these savings the council began work in early 2025/26. At March 2025 the Council had identified all but £6.6m of savings, with plans being at different stages of development.

Spending Control Panels were introduced in 2024/25 as part of the Council's Improvement Plan. As a result the Council achieved an underspend against budget in 2024/25 and the service budget for 2025/26 was able to be reduced by £1m. The Council intends to continue the use of spending panels for a further 2 years, to enable it to maintain a strong grip on expenditure. Alongside this the Council is continuing to review its capital programme to reduce the level of finance costs associated with borrowing to fund the programme.

# VFM arrangements – Financial Sustainability

## Overall commentary on Financial Sustainability - continued

### How the Council plans finances to support the sustainable delivery of services in accordance with strategic and statutory priorities

The Council developed an Improvement Plan which runs alongside the MTFS to ensure that services continue to be delivered in line with the Council's priorities despite the need to make savings. The Council considers both revenue and capital investment and ensure expenditure is targeted to achieve its priorities and desired outcomes. The Council's priority areas continue to be:

- Better skills, more good jobs and a growing economy;
- Decent homes;
- Good start, great schools;
- Better health, better lives;
- Safe strong and active communities; and
- A sustainable district; and an enabling council.

The Improvement Plan is designed to review service delivery to improve services, and transform the way services are delivered, while still meeting the needs of the population of Bradford.

While the revenue budget is focused on delivering statutory services, the Council's capital programme was focused on meeting the strategic priorities and objectives of the Council, and maximising service provision for residents.

### How the Council ensures that its financial plan is consistent with other plans

The Council's budget setting arrangements remain designed in a way that identifies the investment required to deliver the Council's priorities. The Council has brought forward its budget setting timetable for 2025/26, recognising the challenges involved in identifying savings to deliver its budget and MTFS. In addition to bringing forward the budget setting progress, the Council have also reported more frequently to Executive on updates to the MTFS and identifying the savings required to deliver financial sustainability.

The budget setting model was revised for 2025/26 to allow for real time scenario planning, to require assumptions to be supported by detailed and consistent financial models and to increase the level of scrutiny applied to assumptions included in the budget.

The Improvement Plan has been monitored by the Independent Improvement Panel in year, with the Plan running alongside the MTFS. The challenge and scrutiny provided by the panel has ensured that the plan has recognised the scale of the financial challenge the Council faces and also ensured that service delivery is maintained.

### How the Council identifies and manages risks to financial resilience

The Council has strengthened its financial monitoring arrangements in year. The Bradford Budget Emergency Response Team (BBERT) have been responsible for monitoring performance against budget on a more regular basis which has allowed for mitigations to be identified sooner where performance is adverse to plan. Spending Control Panels have been used to challenge spending decisions and to increase the level of financial governance in place at the Council. The MTFS has been refreshed on a more regular basis in 2024/25 to allow for more frequent updating of financial forecasts, again to support earlier identification of emerging risks.

A revised budget model was implemented for 2025/26, the revised model allows for real time scenario planning so that emerging risks and cost pressures can be factored into the budget and mitigations be identified at an earlier stage.

As part of the budget setting progress the s151 officer is required to give a statement on the adequacy of the revenue estimate and the level of reserves held by the Council. When setting the 2025/26 budget the s151 officer concluded the overall estimates were sufficiently robust for the Council to set a balanced budget for 2025/26. This conclusion being based on the assumption that the current and planned actions being successfully concluded, reserves continue to be built up as required, risks are properly and promptly managed, the Government continues to support the Council with capitalisation directions in 20205/26 and future years, financial management issues are successfully addressed and the recommendations in the report being actioned in full.

In 2023/24 we reported a continued significant weakness in arrangements in relation to financial sustainability due to the Council's reliance on Exceptional Financial Support in the form of a capitalisation direction to balance the MTFS until 2029/30.

**The Council has made strong improvements in the arrangements to deliver financial sustainability including the controls over spending, the identification and delivery of significant savings plans and the underspends against budget. However, the Council remains reliant on significant Exceptional Financial Support in the form of capitalisation directions for the next 4 years to be able to balance its budget and our conclusion is this is evidence of the continuing weakness in arrangements.**

# VFM arrangements

## Governance

How the body ensures that it makes informed decisions and properly manages its risks



# VFM arrangements – Governance

## Overall commentary on Governance

### How the Council monitors and assesses risk and how the Council gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud

The Council's Annual Governance Statement sets out how the Council has ensured that it has effective arrangements in place in relation to the operation of internal controls. The Council has concluded in this statement that the controls in place were effective for 2024/25.

The Council has a Risk Management Strategy and Risk Management Process in place. Both were updated in 2024/25 following recommendations made by CIPFA in the external assurance review the Council commissioned. The key changes to the Risk Management Strategy include a formal statement being included on the Council's policy towards risk management, the development of a Corporate Risk Group, and a Risk Management Development Plan was introduced to monitor progress against the planned improvements to the risk management framework.

The Council has Strategic, Corporate and Departmental risk registers in place. The Strategic Risk Register (SRR) has been revised in year to streamline the risks included, to improve the Council Management Teams focus on priority risks. Risks were removed from the register that were considered to be:

- Very low likelihood or impact.
- No longer applicable and will not re-occur.
- Not strategic and more suitable to monitoring at an operational level.
- Combinable with other risks.
- Not the responsibility of the Council; or
- A combination of these factors.

The revised SRR was presented to the Governance and Audit Committee in Quarter 1 2024/25 outlining the changes made. The frequency with which Governance and Audit Committee review the SRR has increased in 2024/25, with an update now being received quarterly. The presentation of the register continued to be improved through 2024/25 and this gives the Committee the information they need to discharge their responsibilities.

The Council have an in-house internal audit and counter fraud services. The Internal Audit plan for 2024/25 was reviewed by the corporate management team and Governance & Audit Committee in July 2024, but following the CIPFA review the plan was refocused onto areas of higher corporate risk with a rolling quarterly programme of work agreed to ensure the plan remained sufficiently flexible to respond to emerging risks. The

Council undertook a review and restructure of the internal audit service with an improvement plan being reported to Governance & Audit Committee in September 2025 alongside the strategic internal audit plan for 2025/26.

### How the Council approaches and carried out its annual budget setting process

The Council's MTFS arrangement includes the identification and evaluation of risks to the Council's finances. The Council's approach in budget setting aims to ensure delivery of the Council's key priorities. Review of the Council Plan, MTFS and Capital Investment Strategy demonstrates that the Council focuses on investments that align with its key priorities. The MTFS includes consideration of the impact of Government funding, and demand and cost pressures on the overall financial position and identifies these as risk areas.

The model used for setting the budget was revised in 2020/21. The revised model estimates future service and Council-wide expenditure, projects future funding streams and factors in the Capitalisation Direction to set a savings target for officers to deliver. The revised model allows for real time scenario planning for emerging risks and cost pressures. The model also requires all budget assumptions to be supported by detailed working and for assumptions to be estimated on a consistent basis. This has improved the level of scrutiny that can be achieved by finance officers and has resulted in clearer information being available to support decision making.

### How the Council 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 ensure corrective action is taken where needed

The Council's financial monitoring arrangements have been strengthened in 2024/25. The increased focus on financial control through Bradford Budget Emergency Response Team and Spending Control Panels has increased the accountability of finance officers. Expenditure, progress against budget targets and delivery of savings targets have been subject to an increased level of scrutiny. Formal reporting to the Executive has continued to be delivered on a quarterly basis, with the reports setting out the forecast to the year end, explanations for any variations against budget, and detailed updates on performance against savings targets, the capital improvement programme and asset disposals.

The increased level of scrutiny aided the Council in its delivery of an underspend against budget and a significant level of savings in year. A consistent financial position has been reported through the year.

The Council put in place an effective closedown plan to publish its financial statements in line with the statutory deadline of 30 June 2025. The draft financial statements were published on 27 June 2025.

# VFM arrangements – Governance

## Overall commentary on Governance

### How the Council ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency

We have reviewed Council reports and minutes throughout year and have not identified any evidence of a weakness in arrangements. The reports we reviewed support informed decision-making and were clear in the decision or recommendation Members were asked to make. The Council publishes on its website a notice of key decisions. This includes officer decisions under the Officer Scheme of Delegations. The Council has several scrutiny committees which provide an opportunity to challenge decisions. The Corporate Overview and Scrutiny Committee is in place to oversee and coordinate the work and our work identified no matters that indicate a significant weakness in arrangements.

We have attended all Governance and Audit Committee meetings in year and found them to provide an effective level of challenge to officers.

Increased levels of financial scrutiny in year have resulted in more detailed information being available to support financial decision making. Financial performance has been reviewed on a more regular basis which has allowed for decisions to be made in a timelier manner.

### How the Council monitors and ensures appropriate standards are maintained

The Council's Constitution is regularly reviewed and was last updated in October 2025. It sets out how the Council operates, how decisions are made and the rules and procedures which are followed to ensure that these are efficient and transparent to local people. Supporting the Constitution are codes of conduct for Members and officers. Registers of gifts and hospitality and registers of interest are maintained for Members and officers and are available on the Council website. The Statement of Accounts records material related party transactions as well as senior officer pay and Member allowances. We considered these disclosures and compared them with the interests declared, with no significant issues arising.

We confirmed that contract procedure rules are in place and require procurement decisions to comply with appropriate standards. Contract registers are available on the Council website. There is regular reporting of treasury management activity that details the Council's investments, cash and borrowing positions. The Treasury Management Strategy was approved ahead of the 2024/25 financial year and sets out the Council's measures against which treasury management can be assessed. The measures include those designed to mitigate risk to the Council's finances and we identified no evidence to indicate a weakness in arrangements.

The Standards Committee is responsible for promoting, maintaining and advising on high standards of conduct by councillors and co-opted members.

### Arrangements relating to children's services

Since 2020/21 we have reported a significant weakness in the Council's arrangements relating to the Ofsted rating of the Council's Children's Services being 'inadequate' and the subsequent government intervention. In 2024/25 the government has maintained its intervention, and issued a revised statutory direction in May 2024. The Council has continued to develop its working relationship with the Bradford Children and Families Trust (BCFT) to address the inadequacies in the Ofsted report and respond to the government's statutory directions. Through 2024/25 Ofsted have undertaken regular monitoring visits and inspections through the year. Although these have not changed the overall 'inadequate' rating of government intervention, the feedback from these visits is positive, commenting on the notable progress being made in improving services for children, and the effectiveness of the urgency set by senior leadership at the Council and BCFT in addressing the previous weaknesses.

The Council has also continued to deliver governance improvements and the Children's Improvement Board chaired by the Children's Commissioner is supporting the delivery of the key improvement areas, and provides challenge on the progress.

Senior leadership at the Council and BCFT have continued to prioritise implementing the action plans which are key to improving service delivery. The improvements in process and outcomes are evidenced by the monitoring visits by regulators through the year. The Council has focused on developing effective partnership working, putting this at the centre of its approach to delivering improved outcomes. During 2024/25 DfE recommended moving from enhanced monitoring to support through advisors, and this assists the Council to prepare for future inspections.

**While acknowledging the evidence of the good direction of travel from Ofsted visits, and the good working relationships that have been developed with BCFT, the continued 'inadequate' rating and government intervention is evidence of a remaining significant weakness in arrangements. A summary of the progress made in implementing the related recommendation from previous years is included on page 21.**

# VFM arrangements

## 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



# VFM arrangements – Improving Economy, Efficiency and Effectiveness

## Overall commentary on Improving Economy, Efficiency and Effectiveness

### How financial and performance information has been used to assess performance to identify areas for improvement

Arrangements are in place to measure the quality of services, to ensure they are delivered in line with the Council's objectives and priorities and for ensuring that they provide value for money. There are performance management arrangements in place, including regular reporting to the Council Management Team and Scrutiny Committees.

Performance is monitored by the Executive Committee, including scrutiny of the Full-year Performance Report, which provides and update on the Council's annual performance. Each year the Executive Committee agree key performance indicators which are monitored and reported in the Performance Report.

As highlighted in the Financial Resilience section of this report, the Council's MTFS is used to assist the Council deliver key Corporate objectives and strategies, which is regularly reviewed by members.

Alongside the performance framework set out above, the Council also considers the output from regulators to evaluate performance and identify areas for improvement. The output from regulators feeds into the Council's overall corporate risk register, which is reported to the Governance and Audit and Committee.

### How the Council ensures it delivers its role within significant partnerships, engages with stakeholders it has identified, monitors performance against expectations, and ensures action is taken where necessary to improve

The Bradford Council Plan 2021- 2025 has been developed with key partners and sets out the long-term ambitions and priorities for the Council, across its priority areas. While the plan makes reference to partnership working, it does not explicitly confirm how these arrangements will work. However, our wider knowledge of the Council provides assurance that these arrangements are in place.

The Council is one of nine other councils, that make up the Leeds City Region, which along with private sector organisations are members of the Leeds City Region Enterprise Partnership. The partnership oversees and makes decisions about the city region's strategic economic plan.

The Council is also a constituent member of West Yorkshire Combined Authority, which in conjunction with other councils across the city region, is responsible for economic development, regeneration and transport decisions in an area.

The Council is a leading member the Health and Wellbeing Board, which brings together leaders from across the district including the Council, the NHS, the Police, Fire and Rescue, social housing and the Voluntary and Community sector, to provide strategic leadership across a wide range of health and wellbeing outcomes across the district and the wider West Yorkshire region.

The Council works in partnership with West Yorkshire Health and Care Partnership which is an 'Integrated Care System', which brings together NHS organisations, councils, charities and the community and the social enterprise sector to improve the health and wellbeing of local people across West Yorkshire.

The Council's Improvement Plan and Independent Improvement Panel has improved the level of partnership working between the Council and Bradford Children and Families Trust.

Each year after Council has agreed the Council's budget and before commencement of the financial year the Council produces an annual procurement plan for all procurements of works, goods or services to be undertaken in the forthcoming financial year. Individual procurement plans are approved by the Chief Financial Officer before they are included in the procurement plan, which is published on the Council's website.

**Based on the above considerations we have not identified any significant weakness in the Council's arrangements in relation to improving economy, efficiency and effectiveness.**

# VFM arrangements

Identified significant weaknesses in arrangements and our recommendations



# VFM arrangements - Identified significant weaknesses and our recommendations

## **Identified significant weaknesses in arrangements and recommendations for improvement**

Our work in 2024/25 has not identified any additional significant weaknesses in the Council's arrangements to secure economy, efficiency and effectiveness in its use of resources. However, significant weaknesses reported in 2023/24 remain significant weaknesses for 2024/25. The details of these are set out on the following pages.

# VFM arrangements – Prior year significant weaknesses and recommendations

## Progress against significant weaknesses and recommendations made in a prior year

As part of our audit work in previous years, we identified the following significant weaknesses, and made recommendations for improvement in the Council's arrangements to secure economy, efficiency and effectiveness in its use of resources. These identified weaknesses have been outlined in the table below, along with our view on the Council's progress against the recommendations made, including whether the significant weakness is still relevant in the 2024/25 year.

Previously identified significant weakness in arrangements	Reporting criteria	Recommendation for improvement	Council progress	Overall conclusions
<p><b>Progress in addressing weaknesses identified in Ofsted's 2018 inspection of Children's Services</b></p> <p>In 2018 Ofsted assessed children's services as 'Inadequate'. In response to Ofsted's recommendations, the Council developed an action plan to address the issues highlighted by Ofsted. Since the 2018 visit, Ofsted has made several follow-up monitoring visits, and issued Monitoring Letters, summarising their views on progress to-date. In December 2020 Ofsted undertook a focused visit, (reported in February 2021) and shortly after completed a further monitoring visit in April 2021 (reported in June 2021). Ofsted's Monitoring Letters, issued after these visits, highlighted that whilst the Council had made improvements concerns remained about the pace of improvement since they issued their 2018 inspection report. In particular, Ofsted recommended that the Council needed to improve in the following key areas:</p> <ul style="list-style-type: none"> <li>• workforce challenges, including oversite and workforce instability;</li> <li>• poor working practices, including high caseloads and ineffective planning; and</li> <li>• effectiveness of corporate parenting.</li> </ul> <p>The Council recognises that a failure to address the weaknesses identified in the 2018 Ofsted report and subsequent Monitoring Letters adversely impacts upon the quality of services provided to service users and may lead to further action by regulators.</p>	<p>1</p> <p>Governance</p>	<p>In order to fully address ongoing concerns expressed by Ofsted in its 2018 Report and subsequent Monitoring Letters, the Council should continue to improve its arrangements and implement its action plan. The Council should also ensure that robust monitoring and reporting processes are strengthened, and that challenge, scrutiny and escalation arrangements drive the required improvements for service users and sustain the progress made to-date in implementing the actions to address the issues raised by Ofsted.</p>	<p>In 2024/25 Bradford Children and Families Trust introduced the Bradford Children's and Families Plan. The plan combines the Improvement Plan which was established to monitor progress against actions agreed following Ofsted's inspections, with the wider plan for the service. Progress, impact and accountability for the Children and Families Plan is managed through the Children and Families Plan Steering Group, chaired by the Executive Director of the Trust and attended by the Chief Executive of the Trust. Progress Reports are presented, discussed and scrutinised at the Executive Leadership Team Meetings alongside submission to the Improvement Board, on a quarterly basis.</p> <p>The service has been subject to three monitoring visits, these were completed in May 2024, February 2025 and July 2025. The reporting from each of the visits has noted improvements in the services delivered and progress made against agreed actions in the areas that were reviewed. The overall tone of the letters following these visits is positive. The outcome of monitoring visits does not however lift the overall rating or change the intervention action the Council has been under.</p>	<p>The Council continues to make demonstrable progress in improving the outcomes for children. It has developed effective partnership arrangements, and monitoring visits from regulators provides evidence of the improvements through the year. However despite the strong progress being made, in our view the continued intervention and 'inadequate' regulator rating is evidence the significant weakness from previous years is still relevant to 2024/25.</p>

# VFM arrangements – Prior year significant weaknesses and recommendations

## Progress against significant weaknesses and recommendations made in a prior year - continued

Previously identified significant weakness in arrangements	Reporting criteria	Recommendation for improvement	Council progress	Overall conclusions
<p><b>The Council's Financial Position</b></p> <p>In 2021/22 the Council delivered £3.3 million of savings out of an identified amount of £14.3 million needed to balance the budget, with the balance carried forward to be delivered in 2022/23. Usable reserves also reduced by £24.7 million, a 9.6% decrease. Whilst the Council set a balanced budget for 2022/23, with a planned reserve drawdown of £13.7 million, in July 2023, the Council reported it had overspent its net revenue budget by £30 million, due to inflation, and increasing demand and cost pressures in Children's and Adult Social Care. As a result, an unplanned drawdown of £30 million of reserves had to be used to balance the budget at the year end. In addition, only £0.4 million of savings were delivered against a target of £13.5 million. Given the budget already included a significant use of reserves, the failure to deliver planned savings and overspending meant that the Council's usable reserves stood at £118.2 million at 31 March 2023, £110 million lower than they had been at 31 March 2022.</p> <p>2</p> <p>Reliance on usable reserves continues to play a significant part in balancing the budget during the period of the Medium Term Financial Plan. These reserves are already depleted through inflation and cost and demand pressures. The Council predicts that usable reserves will be exhausted by the end of 2023/24. This has led to the Council requesting Exceptional Financial Support from the Department of Levelling Up, Communities and Housing to enable the Council to set a balanced budget in both 2023/24 and 2024/25. The Council has indicated that without this support the Director of Finance will face issuing a section 114 notice.</p> <p>In our view the matters identified above are evidence of a significant weakness in the Council's arrangements for financial sustainability (how the Council identifies).</p>	Financial Sustainability	<p>The Council needs to develop and implement sustainable financial plans to ensure services can be provided within available resources. As part of this, sufficient information should be provided to Members so they can monitor the delivery of planned savings.</p>	<p>The Council has made progress in year in line with its MTFS to achieve financial stability by 2030/31. The Council has put in place arrangements to take control of spending. Spending Control Panels have contributed to the underspend against budget in 2024/25 and the reduction in service budgets for 2025/26.</p> <p>The government's Best Value Notice was ended in February 2025 as a result of the progress the Council has made over the year. The outturn position for 2024/25 was an underspend against budget of £3m, with achieved savings of £46.7m, the highest savings level the Council has achieved. Reserves were also increased by £41.5m, and the Council required £20m less in their capitalisation direction as a result of the improvements made.</p> <p>At the end of Q2 2025/26 the Council are forecasting an underspend of £10.2m against budget. The budget includes a savings target of £44.8m with only £0.6m being forecast to be under delivered.</p> <p>Despite the improvements made during the year the Council is reliant on capitalisation directions for the next 4 years to deliver its services.</p>	<p>The Council continues to make strong progress in delivering its plan to return to a financially sustainable position. It has delivered significant savings in 2024/25, and developed a medium term plan to replenish reserves and be able to deliver its services without exceptional financial support in future years.</p> <p>However despite the strong improvements made, in our view there remains a significant weakness in arrangements for 2024/25 reflecting the Council's reliance on significant exceptional financial support to deliver its services over the next 4 years.</p>

# 04

## Other reporting responsibilities

# Other reporting responsibilities

## Wider reporting responsibilities

### Matters we report by exception

The Local Audit and Accountability Act 2014 provides auditors with specific powers where matters come to our attention that, in their judgement, require specific reporting action to be taken. Auditors have the power to:

- issue a report in the public interest;
- make statutory recommendations that must be considered and responded to publicly;
- apply to the court for a declaration that an item of account is contrary to the law; and
- issue an advisory notice.

We have not exercised any of these statutory reporting powers.

The 2014 Act also gives rights to local electors and other parties, such as the right to ask questions of the auditor and the right to make an objection to an item of account. We have not received any eligible objections relating to 2024/25.

## Reporting to the group auditor

### Whole of Government Accounts (WGA)

The National Audit Office (NAO), as group auditor, requires us to complete the WGA Assurance Statement in respect of its consolidation data. The NAO has not yet issued its group audit instructions to auditors. We will complete this work when we receive the NAO's instructions.

# 05

## Audit fees and other services

# Audit fees and other services

## Fees for our work as the Council's auditor

Public Sector Audit Appointments (PSAA) determine the scale fee for the Council's audit and publish this each November. The Council's scale fee, alongside the additional audit fees we intend to request from PSAA are set out in the table below. The additional fees relate to work that was not known to PSAA at the time they set the scale fee for 2024/25. The proposed additional fees are subject to agreement with the Director of Resources and review and approval by PSAA.

Area of work	2024/25 proposed fees	2023/24 fees
PSAA Scale fee in respect of work under the Code of Audit Practice	£474,155	£442,874
Additional fees in respect of implementation of the new accounting standard IFRS 16 Leases	£6,450	-
Additional fees in respect of PFI adjustment accounting treatment	£17,630	-
Additional fees in respect of LGPS Pension Asset and Liability valuations	£5,524	£16,500
Additional fees in respect of the Housing Revenue Account	£6,451	£8,000
Additional fees in respect of prior period adjustment	£2,036	-
Additional fees in the prior year not repeated in 2024/25	-	73,390
<b>Total fees</b>	<b>£512,246</b>	<b>£540,764</b>

06

## Audit of West Yorkshire Pension Fund

# Audit of West Yorkshire Pension Fund

## Summary of key information

As the auditor for West Yorkshire Pension Fund ('the Pension Fund'), our responsibilities are defined by the Local Audit and Accountability Act 2014 and the Code of Audit Practice ('the Code') issued by the National Audit Office ('the NAO'). This section of the AAR summarises how we have discharged these responsibilities and the findings from our work we have undertaken as the Pension Fund auditor for the year ended 31 March 2025.



### Opinion on the Pension Fund financial statements

We issued our audit report on 10 February 2026. Our opinion on the financial statements was unqualified.



### Risks, misstatements and internal control recommendations

A summary of the significant risks we identified when undertaking our audit of the financial statements and the conclusions we reached on each of these is outlined in Appendix B. In this appendix we also outline the uncorrected misstatements we identified and any internal control recommendations we made.



### Consistency report

We concluded that the Pension Fund financial statements within the Pension Fund's Annual Report are consistent with the Pension Fund financial statements within the Statement of Accounts of City of Bradford Metropolitan District Council.



### Wider reporting responsibilities

We have not exercised any of these powers as part of our West Yorkshire Pension Fund's 2024/25 audit.



### Significant difficulties during the audit

During the course of the audit, we did not encounter any significant difficulties, and we have had the full co-operation of management.

# Audit fees and other services

## Fees for our work as the Pension Fund's auditor

Public Sector Audit Appointments (PSAA) determine the scale fee for the Pension Fund's audit and publish this each November. The Pension Fund's scale fee, alongside the additional audit fees we intend to request from PSAA are set out in the table below. The additional fees relate to work that was not known to PSAA at the time they set the scale fee for 2024/25. The proposed additional fees are subject to agreement with the Director of Resources and review and approval by PSAA.

Area of work	2024/25 proposed fees	2023/24 fees
PSAA Scale fee in respect of work under the Code of Audit Practice	£153,552	£140,663
Additional fees in respect of further work on bank confirmations	£5,288	-
Additional fees in respect of quality checks on the financial statements	£1,978	£2,966
Additional fees in respect of additional work on behalf of the NAO external audits of 2 employers in the Pension Fund (3 in prior year)	£5,700	£8,250
Additional fees in the prior year not repeated in 2024/25	-	£7,840
<b>Total fees</b>	<b>£166,518</b>	<b>£159,719</b>

# Appendices

Appendix A: Further information on our audit of the Council's financial statements

Appendix B: Further information on our audit of the Pension Fund financial statements

# Appendix A: Further information on our audit of the Council's financial statements

## Significant risks and audit findings

As part of our audit of the Council, we identified significant risks to our opinion on the financial statements during our risk assessment. The table below summarises these risks, how we responded and our findings.

Risk	Our audit response and findings
<b>Management override of controls</b>  In all entities, management at various levels within an organisation are in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Due to the unpredictable way in which such override could occur, we consider there to be a risk of material misstatement due to fraud and thus a significant risk on all audits.	<b>Our response</b>  We addressed the management override of controls risk through performing audit work over accounting estimates, journal entries and significant transactions outside the normal course of business or otherwise unusual.  <b>Our findings</b>  There were no matters arising from our work.

# Appendix A: Further information on our audit of the Council's financial statements

## Significant risks and audit findings (continued)

Risk	Our audit response and findings
<p><b>Valuation of defined benefit pension assets and liabilities</b></p> <p>The net defined pension asset represents a material element of the Council balance sheet. The Council administers the West Yorkshire Pension Fund, which had its last triennial valuation completed as employees and 31 March 2022. The valuation of the Local Government Pension Scheme relies on employees and assumptions, most notably around the actuarial assumptions, and actuarial methodology which results in the Council's overall valuations. There are financial assumptions and demographic assumptions used in the calculation of the valuation, such as the discount rate, inflation rates and mortality rates. The assumptions should also reflect the profile of the Council's employees and should be based on appropriate data. The basis of the assumptions is derived on a consistent basis year to year or updated to reflect any changes.</p> <p>There is a risk that the assumptions and methodology used in valuing the pension obligations are not reasonable or appropriate to the Council's circumstances. This could have a material impact to the Council net pension asset/ liability in 2024/25.</p> <p>The pension scheme is expected to be in surplus in 2024/25. The pension asset is a complex calculation which incorporates a number of accounting standards including IAS19 and IFRIC 14, as well as a requirement to calculate a pension asset ceiling.</p>	<p><b>Our response</b></p> <p>We addressed the risk by:</p> <ul style="list-style-type: none"> <li>• Obtaining and understanding of the skills, experience, objectivity and independence of the Pension Fund's actuary;</li> <li>• Obtaining confirmation from the auditors of West Yorkshire Pension Fund that the Pension Fund have designed and implemented controls to prevent and detect material misstatement. This included the processes and controls in place to ensure data provided to the Actuary by the Pension Fund for the purposes of the IAS 19 valuation is complete and accurate;</li> <li>• Evaluating and challenging the work performed by the Pension Fund auditor on the Pension Fund investment assets, and considering whether the outcomes would materially impact our consideration of the Council's share of Pension Fund assets;</li> <li>• Reviewing the actuarial allocation of Pension Fund assets to the Council including comparing the Council's share of the assets to other corroborative information;</li> <li>• Reviewing the appropriateness of the Pension Asset and Liability valuation methodologies applied by the Pension Fund Actuary, and the key assumptions included within the valuation. This included comparing them to expected ranges, utilising information by the consulting actuary engaged by the National Audit Office; and</li> <li>• Agreeing the data in the IAS 19 valuation report provided by the Fund Actuary for accounting purposes to the pension accounting entries and disclosures in the Council's financial statements.</li> <li>• Reviewing and challenging the Council's assessment, under the requirements of IFRIC14, of its pension surplus confirming that the accounting treatment is appropriate and reasonable.</li> </ul> <p><b>Our findings</b></p> <p>The Council obtained an updated actuary report after the draft financial statements had been published. The report included updated cashflow data and asset data up to 31 March 2025. The pension disclosures have been updated to reflect the values in the revised report. The pension asset value increased by £18,399k, however, the asset ceiling also increased resulting on a net impact on the pension liability of £23k.</p> <p>The draft pension disclosure note did not include a required asset ceiling reconciliation. This was included in the final accounts.</p> <p>Our work also identified immaterial misstatements in the pension disclosure note that were not adjusted by management. These misstatements did not impact on the value of the pension asset and liability reported in the Balance Sheet.</p>

# Appendix A: Further information on our audit of the Council's financial statements

## Significant risks and audit findings (continued)

Risk	Our audit response and findings
<p><b>Valuation of land, buildings and investment properties</b></p> <p>Council dwellings and other land and buildings are the Council's highest value assets totalling £557 million (£505 million in 2023/24). The balance sheet also included investment properties totalling £43 million (£34 million in 2023/24).</p> <p>Per the CIPFA Code, each of these class of asset requires that where assets are subject to revaluation, their year end carrying value should reflect the appropriate fair value at that date. Management engages its own Valuer as an expert to assist in determining the fair value of land and buildings to be included in the financial statements but there remains a high degree of estimation uncertainty associated with the valuation of land and buildings due to the significant judgements and number of variables involved.</p>	<p><b>Our response</b></p> <p>We addressed the risk by:</p> <ul style="list-style-type: none"><li>• Liaising with management to update our understanding on the approach taken by the Council in its valuation of land, buildings and investment properties;</li><li>• Assessing the scope and terms of engagement with the Valuer;</li><li>• Assessing the competence, skills and objectivity of the Valuer;</li><li>• Testing the accuracy of the data used in valuations;</li><li>• Challenging the Council and Valuer's assumptions and judgements applied in the valuations;</li><li>• Reviewing valuation methodology used, including the appropriateness of the valuation basis; and</li><li>• Considering the reasonableness of the valuation by comparing the valuation output with market intelligence.</li></ul> <p><b>Our findings</b></p> <p>Our work identified immaterial mis-statements in the valuation of land and buildings which were not adjusted by the Council.</p>

# Appendix A: Further information on our audit of the Council's financial statements

## Significant risks and audit findings (continued)

Risk	Our audit response and findings
<p><b>New financial reporting standard on lease accounting – IFRS 16 Implementation</b></p> <p>IFRS 16 has been applicable to the Council from 1 April 2024 and is designed to report information that better shows lease transactions and provides a better basis for users of financial statements to assess the amount, timing and uncertainty of cash flows arising from leases. The Council is required to re-classify a number of lease arrangements in line with this new standard for the first time in 2024/25. A key element of IFRS 16 is recognition and measurement of a Right of Use Asset for all applicable leases. The recognition and measurement of a Right of Use Asset involves key judgements and assumptions.</p> <p>The implementation of IFRS16 will also be applied to the Council's PFI liabilities. Under the requirements of IFRS 16 indexation is included.</p> <p>As at 31st March 2024 the Council had £128.9m PFI liabilities held in the Balance Sheet and therefore the application of the new accounting standard to these significant balances will require judgement and presents a significant risk to the material accuracy of the financial statements.</p>	<p><b>Our response</b></p> <p>We addressed the risk by:</p> <p>Reviewing the work the Council has carried out for the implementation of IFRS 16 on 1 April 2024</p> <ul style="list-style-type: none"><li>• Testing the design and implementation of controls the Council has put in place to ensure the data used to calculate the IFRS 16 transition and in year values is appropriate, complete and accurate;</li><li>• Substantively testing lease balances and obtained evidence to support that they have been correctly classified, and the Right of Use Asset and Lease Liabilities have been accurately measured under the new standard</li><li>• Testing the model used by the Council to calculate the PFI liabilities transition and in-year values for compliance with IFRS 16 including agreeing the inputs to source data, testing the integrity of the model and agreeing the outputs of the model to the financial statements; and</li><li>• Testing the in-year remeasurement of the PFI liability to confirm that it has been calculated in line with IFRS 16.</li></ul> <p><b>Our findings</b></p> <p>Our work identified that the transition adjustments required under IFRS 16 were understated by £11,483k. The financial statements were adjusted for this mis-statement. We also identified immaterial mis-statements in the valuation of the right of use assets which were not adjusted by the Council.</p>

## Appendix A: Further information on our audit of the Council's financial statements

### Significant risks and audit findings (continued)

Risk	Our audit response and findings
<b>Capital expenditure</b> There is a risk that revenue expenditure is incorrectly classified as capital expenditure, understating the revenue expenditure charged in the year.	<b>Our response</b> We tested an enhanced sample of capital additions to ensure that the expenditure had been correctly capitalised. <b>Our findings</b> There were no matters arising from our work.
<b>Revenue Expenditure Funded by Capital under Statute (REFCUS)</b> This expenditure is accounted for as capital expenditure and is charged to the General Fund over time rather than in the year of expenditure. There is a risk that revenue expenditure is misclassified as REFCUS understating the expenditure charged in year.	<b>Our response</b> We tested an enhanced sample of REFCUS expenditure to ensure that the expenditure had been correctly classified. We reviewed the capitalisation direction for 2024/25 to determine whether additional disclosures are required. <b>Our findings</b> There were no matters arising from our work.

# Appendix A: Further information on our audit of the Council's financial statements

## **Summary of uncorrected misstatements for the Council**

We reported three unadjusted misstatements as part of our completion reporting. The cumulative impact of these adjustments was immaterial to the financial statements.

## **Internal control observations**

We reported two internal control recommendations from our audit work. Both were agreed by management. Of the six recommendations we made in previous year's audits, four recommendations had been addressed during 2024/25 and two remained to be addressed in 2025/26.

# Appendix B: Further information on our audit of the Pension Fund's financial statements

## Significant risks and audit findings

As part of our audit of the Pension Fund, we identified significant risks to our opinion on the financial statements during our risk assessment. The table below summarises these risks, how we responded and our findings.

Risk	Our audit response and findings
<b>Management override of controls</b>  This is a mandatory significant risk on all audits due to the unpredictable way in which such override could occur.  Management at various levels within an organisation are in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Due to the unpredictable way in which such override could occur there is a risk of material misstatement due to fraud on all audits.	<b>Our response</b>  We addressed the management override of controls risk through performing audit work over accounting estimates, journal entries and significant transactions outside the normal course of business or otherwise unusual.  <b>Our findings</b>  Our audit work is complete and we have no matters to bring to your attention.
<b>Valuation of investments within level 3 of the fair value hierarchy</b>  As at 31 March 2025 the fair value of investments classified within level 3 of the fair value hierarchy was £3,678m, which accounted for 18.5% of net investment assets. The values included in the accounts are those provided by investment managers updated by the Pension Fund for cash movements, where the most recently available information from fund managers is at a date prior to the year end.  Level 3 assets are those assets whose value is based on unobservable inputs, and consequently the estimation uncertainty for these assets is more significant than for assets valued at Level 1 and 2.	<b>Our response</b>  We addressed this risk by: <ul style="list-style-type: none"><li>• Obtaining an understanding of the skills, experience and qualifications of any external valuers used by the Pension Fund;</li><li>• Obtaining an understanding of the basis of valuation applied in the year, and reviewing the valuation methodologies;</li><li>• Agreeing a sample of valuations to supporting documentation including investment manager valuation statements and cash flows for any adjustments made to the investment manager valuation;</li><li>• Reviewing management's reconciliation of fund manager reports to the custodian's report; and</li><li>• Agreeing a sample of valuations to audited accounts or other independent supporting documentation and considering the impact of any modified audit reports on those audited accounts.</li></ul> <b>Our findings</b>  Our work identified the valuation of investment assets was understated by an immaterial amount. The Pension Fund amended the accounts to reflect the value of the misstatement that was a known error, and did not amend the accounts to reflect the value of the estimated, extrapolated misstatement.

# Appendix A: Further information on our audit of the Council's financial statements

## **Summary of uncorrected misstatements for the Council**

We reported four unadjusted misstatements as part of our completion reporting. The cumulative impact of these adjustments was immaterial to the financial statements.

## **Internal control observations**

We reported three internal control recommendations from our audit work. All recommendations were agreed by management.

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