

# CITY OF BRADFORD METROPOLITAN DISTRICT COUNCIL

## ANNUAL GOVERNANCE STATEMENT (AGS) 2025/26

### 1 Introduction

#### 1.1 Purpose of the Annual Governance Statement (AGS)

The City of Bradford Metropolitan District Council (the Council) is accountable to the residents of the District and other stakeholders for ensuring a sound system of governance is in place. Good governance underpins realisation of the Council's vision and objectives and provides confidence that decisions are well made. It supports ethical working, public accountability and a continued focus on the Council's values of Brilliant, Bold and Balanced.

This AGS is required to be prepared and published by the Council under the Accounts and Audit Regulations 2015 and provides assurance on the effectiveness of the Council's governance arrangements, based on a robust, evidence-based review of those arrangements. The review is aligned to the principles set out in the CIPFA/SoLACE Delivering Good Governance in Local Government Framework (2016) and the 2025 Addendum guidance (referred to in this document as the Addendum and collectively as the Good Governance framework), which strengthens expectations around assurance, effectiveness reviews and forward-looking governance planning.

The AGS, informed by the annual review, is structured to provide:

- An **Executive Summary (section 2)** providing the key messages of the AGS and an overall opinion as to whether governance arrangements at the Council are fit for purpose.
- An **Assessment of Effectiveness (section 3)** outlining how the review of effectiveness was conducted and the key findings.
- **Improvements to Governance Arrangements (section 4)**, identifying those areas of governance requiring improvement and how these are being addressed, and how we have improved our governance arrangements based on issues identified in last year's AGS and other significant steps taken to improve governance during the year.
- **A Forward Look on Governance (section 5)** identifying where governance needs to change or develop to meet the future needs of the Council.

The Council is committed to continuous improvement and review of its operations to deliver best value in accordance with the Local Government Act 1999. This AGS covers the period 1 April 2025 to 31 March 2026 and reflects governance arrangements in place up to the approval of the Statement of Accounts, ensuring that it accurately reflects the Council's current governance arrangements and issues in accordance with the Good Governance framework. The review of the effectiveness of our governance arrangements remains an on-going process.

## 1.2 **Scope of Responsibility**

The Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, that public money is safeguarded and properly accounted for, and for maintaining robust arrangements for risk management, control and governance, ensuring continuous improvement in service delivery.

Elected members have overall responsibility for the governance of the Council and for the fulfilment of accountabilities to residents of the District and other stakeholders. Approval of core governance arrangements such as the Council Constitution is made by full Council whereas other aspects of governance are approved through delegated authority. The Council has delegated authority for approval of the AGS to the Governance & Audit Committee.

The Council has three key statutory officers with specific governance responsibilities, being the Chief Executive (head of paid service), Interim Strategic Director Corporate Resources/s151 (chief financial officer), and the Director of Legal & Governance/City Solicitor (monitoring officer). Officers with governance roles are responsible for supporting the statutory officers to put in place and maintain the appropriate arrangements for governance and provide assurance on its effectiveness in their service or corporate specialist area. All members of the Corporate Management Team share responsibility for the accuracy of the AGS.

The Interim Strategic Director Corporate Resources/s151 is responsible for the preparation of the AGS and for its submission to the Governance and Audit Committee for approval following agreement of the Corporate Management Team.

## 2 Executive Summary

The Council has made significant progress in developing and improving its overall governance framework during the year. Key achievements have included:

- The development and ongoing implementation of the Council's Improvement Plan, District Strategy and Council Plan, to ensure delivery of high-quality services and that risk and resource alignment is being managed appropriately.
- As the UK City of Culture of 2025, the Council, working in partnership, delivered a wide range of community and corporate led investments and activities widely regarded as successfully promoting Bradford's rich cultural heritage.
- Strengthened joint working with Bradford Children's and Families Trust, with refreshed Trust business and financial plans reflected in the Council's Medium-Term Financial Strategy (MTFS).
- The Council has to date delivered/designed £150m of revenue savings covering 2024/25 to 2026/27 making significant progress towards its target to remove reliance on external financial support, build strategic and tactical reserves and continuing to invest in enhanced governance and financial resilience.
- A further £150m has been identified for investment into the Council's strategic and tactical reserves to meet investment requirements and risks.
- Ongoing investment to support improved capability and capacity in key governance functions, including internal audit, counter fraud and procurement teams and beginning restructuring across corporate resources resulting in a number of new senior appointments to key posts to strengthen the Council's governance capability and coordination.
- Addressing the issues identified in the 2024/25 AGS.

Whilst the Council is making rapid progress in its transformation agenda, we recognise that more needs to be done in key areas of governance improvement. Our priorities for improvement in the coming years include:

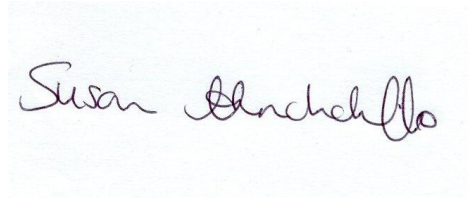
- Our Improvement Plan, District Strategy and Council Plan documents set out the Council's priorities for the next planning period. These ambitious plans are intended to improve the Council's capability and capacity across our governance functions to support and enable transformation in the quality, effectiveness and efficiency of our services
- Continuing our programme of improved capability and capacity in financial management and governance. We plan to continue to invest in our people and systems, including implementing a new Enterprise Resource Planning (ERP) system.
- We will continue to invest in the skills and capability of our people to achieve the Council's ambition and all of our development activity is devised around our values and vision.

- Finally, we exist to serve our communities and those who rely on our services. Our customer first approach is designed to develop our services around the needs of the communities and users we serve and the people of Bradford and surrounding districts will always be at the heart of any transformation we undertake.

Based on the review of effectiveness and our understanding and experience of the governance arrangements in place during 2025/26 and to date, our overall opinion is that the Council's governance framework, including the system of internal control, has been and remains fit for purpose, operating effectively and supporting the achievement of the Council's outcomes. Where areas for improvement have been identified, appropriate action plans are in place to address them.

The Council continues to make strong progress on the improvement journey although recognises that further planned work is needed to ensure that effective systems of internal control, governance and risk management are fully developed, embedded and consistently applied across the organisation. Maintaining strong leadership and enhanced governance arrangements remains essential to this. We remain committed to delivering these improvements and will monitor their implementation and effectiveness through our ongoing governance review processes.

Signed on behalf of the City of Bradford Metropolitan District Council:



Leader  
Councillor Susan Hinchcliffe  
Date: 22<sup>nd</sup> April 2026



Chief Executive  
Lorraine O'Donnell  
Date:

## 3 **Assessment of Effectiveness**

### 3.1 **Purpose of the Governance Framework**

The governance framework comprises the systems, processes, culture and values by which the Council is directed and controlled and through which it accounts to, engages with and leads the community. Key components of the framework include:

- Strategic vision and community leadership articulated through the Council Plan that is aligned to the District Strategy;
- The Constitution of the Council that sets out how the Council operates, makes decisions, and ensures accountability through its governance, rules and procedures. It is the primary governance document of the Council and includes codes of conduct and core financial rules that must be followed;
- Scrutiny arrangements, and openness such as through public access to meetings and published agendas, consultation & community engagement and publication of Council information, that support challenge, transparency and accountability;
- Corporate policies covering expected behaviours including for equality, anti-fraud & whistleblowing and information governance;
- Arrangements in place for the discharge of statutory officer functions;
- Robust financial management including the Medium-Term Financial Strategy (MTFS) and regular monitoring and oversight arrangements. Financial planning is aligned with strategic objectives to provide long-term sustainability. The Council publishes its Statement of Accounts in accordance with the Code of Practice on Local Authority Accounting and ahead of defined deadlines;
- Sustainable service planning and performance management translating strategic priorities into deliverable plans and measurable objectives;
- Risk management arrangements overseen by the Corporate Risk Group, Corporate Management Team and the Governance & Audit Committee.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level rather than eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness.

The governance framework has been in place for the year ended 31 March 2026 and up to the date of approval of the Statement of Accounts.

### 3.2 **Local Code of Governance**

The Council's Local Code of Governance adopts the seven Good Governance framework principles and supports the framework to the review. The Code sets out seven core principles for good governance:

- Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law;
- Ensuring openness and comprehensive stakeholder engagement;
- Defining outcomes in terms of sustainable economic, social, and environmental benefits;

- Determining the interventions necessary to optimise the achievement of the intended outcomes;
- Developing the entity's capacity, including the capability of its leadership and the individuals within it;
- Managing risks and performance through robust internal control and strong public financial management;
- Implementing good practices in transparency, reporting, and audit to deliver effective accountability.

Our review found that the Council's Local Code of Governance needs to be updated so that it also demonstrably aligns the Council's core governance arrangements with these seven principles. This will further strengthen assurance for the annual review, and support compliance with the Addendum requirements. This action is reflected in section 4 (Improvements to Governance Arrangements) and included in the AGS action plan in section 7.

### 3.3 Review of Effectiveness

3.3.1 The Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework, including the system of internal control. This provides an open and honest assessment of the Council's governance arrangements. In line with the Addendum the review draws on a broad range of assurances to evaluate whether governance arrangements are fit for purpose, operating effectively, and to identify areas for improvement including developments to best meet future demands and anticipated change. The review of effectiveness has been informed by:

**Member scrutiny and challenge processes** - Members have taken a number of challenging decisions in the current year in order to help ensure the Council's improved governance, service effectiveness and financial stability . An annual report on scrutiny activity was completed and presented to the Corporate Overview and Scrutiny committee on 2 October 2025 and adopted by Council on 14 October 2025.

The Standards Committee provides oversight of the complaints procedure for responding to alleged failures to comply with the Members' Code of Conduct. The Council Monitoring Officer provides support, advise, and maintains the effectiveness of the Standards Committee and the standards regime.

The Governance and Audit Committee operates independently of the Executive and plays a central role in strengthening the Council's governance framework. During 2025/26 it continued to fulfil the core functions set out in CIPFA's "Audit Committees – Practical Guidance for Local Authorities" and considered the effectiveness of the governance framework. In line with best practice an independent non-voting member was appointed to the Committee with effect from 20 November 2025;

- **Corporate Management Team (CMT)** – CMT met regularly throughout 2025/26 CMT and provided on-going strategic management and oversight of the activities of the Council. CMT is chaired by the Chief Executive and consists of the most senior Council Officers including the Strategic Directors. CMT approved the AGS review process on 17 December 2025 and provide scrutiny of the AGS prior to their approval and submission to Governance & Audit Committee;

- **Assurances from Directors and Service Managers** - Directors and other senior managers who report directly to CMT members, assisted by their senior leadership teams, completed a governance self-assessment. This required them to evaluate the effectiveness of arrangements within their services against the seven principles in the Council's Local Code of Governance and identify any significant issues. Strategic Directors (and the Chief Executive for her Office) then reviewed and consolidated these assessments to inform the departmental evaluations. The self-assessment process provided assurance across all services that governance arrangements in each were either effective or identified areas for improvement where core arrangements were not operating effectively. Areas for improvement were either resolved during the year or are included in the Action Plan in section 7 to address these issues going forward.
- The work of the **Monitoring Officer and Section 151 Officer** – Reports of the Interim Strategic Director Corporate Resources/s151 to Executive and Council provide assurance that enhancements to governance arrangements, transitioning activities and implementation of the Council and Finance improvement plans are working as expected.
- The work of **Internal Audit** and the Head of Internal Audit's Annual Opinion - Internal Audit examine the effectiveness of the Council's internal controls, risk management and corporate governance arrangements. Internal Audit work covers both the Council and the West Yorkshire Pension Fund. Assurance is provided through periodic monitoring reports to the Governance and Audit Committee, together with the annual Internal Audit opinion on internal control, risk management and governance, informed through delivery of a risk based Annual Audit Plan.
- The work of **External Audit** and the annual report and opinion - The Council's external auditors, Forvis Mazars, provide assurance on the accuracy of the year-end Statement of Accounts and the overall adequacy of arrangements for securing and improving value for money. An unqualified audit opinion and value for money statement for 2024/25 was issued on 10 February 2026. No additional significant weaknesses in the Council's arrangements to secure economy, efficiency and effectiveness in its use of resources were identified to those included in prior year reports, and these are included in this AGS (Financial Sustainability and Governance relating to the OFSTED rating). The opinion for 2025/26 is expected by 30 September 2026. This is well in advance of the backstop date of 31 January 2027 by which the audited accounts must be published regardless of the extent of audit work undertaken.
- **External Inspections of Care Services** - External assurance of Council services during 2025/26 has included inspections by the Office for Standards in Education, Children's Services and Skills (OFSTED) and by the Care Quality Commission (CQC).
  - The Foster Care Service was assessed in September 2025 as Good.
  - A full Inspection of Local Authority Children's Services (ILACS) was undertaken in January 2026, with receipt of the judgement pending.
  - CQC inspected Adults Services and in October 2025 gave an overall assessment of Good.
- Arrangements covering **Information Governance, Complaints and Corporate Investigations** - Across all three functions, no material adverse findings were identified during 2025/26 that indicate a significant core governance issue or a systemic failure within the Council's control environment. Each function continued to provide regular assurance through established reporting mechanisms, and operated effectively during 2025/26, with full annual reports to be presented to Members during 2026/27.

3.3.2 The review provides assurance that arrangements are adequately aligned to support the Council's delivery of identified and planned outcomes and meet Best Value responsibilities, subject to securing improvement in the areas identified in section 4. The operation of the governance framework aligns to and supports the delivery of the good governance principles although improvements to the assurance process have been recognised, as also identified in section 4. The overall opinion included in the Executive Summary is based on the evidence outlined in this review, together with the combined understandings of CMT resulting in their recommendation to, and the agreement of, the Governance & Audit Committee.

## 4 Improvements to Governance Arrangements

### 4.1 Identification of Governance Issues

Our review is required to identify any areas of governance requiring improvement where:

- there are significant gaps in governance arrangements such as where core arrangements are not operating effectively;
- significant\* governance issues (failures) occurred during the year;
- governance arrangements could be easier to understand, comply with or made more efficient, and where there are barriers to achieving the principles of good governance.

\* The Chartered Institute of Public Finance and Accountancy and the Auditing Practices Board set out areas to consider when determining what may be considered a “significant governance issue”, as follows:

- the issue has seriously prejudiced or prevented achievement of a principal objective;
- the issue has resulted in a need to seek additional funding to allow it to be resolved, or has resulted in a significant diversion of resources from another aspect of the business;
- the issue has led to a material impact on the accounts;
- the issue, or its impact, has attracted significant public interest or has seriously damaged the reputation of the organisation (e.g.an external auditor’s public interest report);
- the issue has resulted in formal action being taken by the Chief Financial Officer and / or the Monitoring Officer.

Where an authority is in a group relationship with other entities and undertakes significant activities through the group, the review of the effectiveness of the system of internal control shall include its group activities. The Council’s group entities identified and considered in this section of the report are:

- Bradford Children and Families Trust Ltd – joint working arrangements between the Trust and the Council have been significantly strengthened during the year together with improved governance and management arrangements including regular contact management and reporting;
- Bradford Live – the company was set up to support the development of the Bradford Live venue. As the venue is now fully operational, the company is in the process of being wound up;
- New Choices (Bradford & District) Ltd - New Choices delivers day services and support to approximately 283 people across the district in 19 locations and is supported by 189 staff. As noted in the action plan update, the Council have undertaken an options appraisal informing a decision

on the future of New Choices and are seeking to retender the service for interest from the private, voluntary and independent sectors before the end of the 2026/27 financial year. Should this retender be unsuccessful then the services provided by New Choices will be brought back in house by the Council.

The Council's annual governance review for 2025/26 has also included the governance arrangements relating to West Yorkshire Pension Fund, as set out in section 6.

## 4.2 Areas of Governance Requiring Improvement

Our review of governance arrangements recognised the following issues and other significant steps to improve governance in 2025/26. Where resolution of these issues was not completed in-year, an action has been included in the action plan in section 7 which will be monitored through the annual governance review process 2026/27:

- Local Code of Governance – The local code will be reviewed and updated to fully align the Council's current core governance arrangements to the seven principles in the Good Governance framework. This will help strengthen the evidence base and assurances for the annual review of effectiveness and improve compliance with the Addendum requirements. The code will then be updated to reflect changes in governance arrangements on an on-going basis, reviewed annually, and used in the annual governance review to help assess the effectiveness of the arrangements in place;
- Major Capital Project Delivery - The management of Capital Projects has been highlighted by the Executive as an area for improvement with the Chief Executive instigating an external review of the Council's approach to managing major capital project delivery. The recommendations from which will be taken forward in the coming year;
- Leadership Capacity (Department of Place) - In September 2025 positive steps were taken to increase leadership capacity and capability via the transition from Department of Place to two Departments (Growth & Environment). Clarity over roles and responsibilities exists with the creation of a new Interim Strategic Director of Environment;
- Arrangements to guard against Procurement Fraud and improve Contract Management – Management and internal audit identified weaknesses within the Procurement Service's control environment that created potential exposure to fraud and human error. Although no actual incidents were detected, an action plan has been implemented to strengthen controls, with completion scheduled for 30 September 2026. Enhanced arrangements were put in place during 2025/26 including a new contract management framework policy being approved by Executive on 27 January 2026, mandatory staff training and a 5-year pipeline of procurement activity developed, monitored and regularly reported to Departmental Management Teams. As the governance issue was resolved in-year, an action has not been carried into the AGS Action Plan;

- Developing our Information Technology capability – the Council invests heavily in its IT functions to deliver high performing and resilient services that support continuous improvement. In 2025, we commissioned the Society for Innovation, Technology and Modernisation (SoCITM) to undertake a review of the Council's approach to delivering IT services. The review found that the Council's IT Model delivers strong operational stability but is constrained in its ability to fully support the scale of the Council's transformation agenda. The Council is in the process of reviewing this and planning a way forward.
- Cyber Resilience – the Council continues to identify the stability, security and resilience of its IT systems as a significant risk in its strategic risk register. The Council maintains strong internal control arrangements and threat response capability as a result. The Council monitors and reports on the effectiveness of its cyber security arrangements at regular intervals and this will remain a continuing management focus.
- Human Resources (HR) service model - To meet the needs of a transforming business we have further developed the HR service model to align to the Council's transformation agenda. Workforce planning is being strengthened and investment in capability-building programmes are supporting progress, while the introduction of clearer governance around transformation and financial recovery has improved alignment between resources and priorities. The Council recognises that sustained focus is required to continue to build resilience in key areas, and plans are in place to enhance capacity through improved workforce analytics, strategic workforce planning, and modernisation of roles, systems and processes.

### 4.3 Improvements to Previously Identified Issues

4.3.1 The significant nature of some of the improvement activities identified in last year's AGS necessitates a timeframe spanning more than a year to implement and achieve their objectives. Further work required is shown in the action plan in section 7 and will continue to be monitored through the annual governance review process 2026/27. Progress against these issues since the previous AGS is outlined below:

- **Council Improvement Plan** (Ongoing response to the Best Value Notice lifted in February 2025) - Delivery of the Improvement Plan has been overseen internally through the Bradford Budget Emergency Response Team (BBERT) and is ahead of schedule. Key achievements in 2025/26 include:
  - Development of an agreed Transformation Programme aligned to the District Strategy, Council Plan and future operating model;
  - Completion of Stage 1 service reviews with improvement and savings plans, and commencement of Stage 2 reviews;
  - Strengthened governance arrangements through the Transformation Board;
  - Establishment of a single, coordinated approach to transformation and change;
  - Continued strong financial control through expenditure panels and challenge of emerging pressures;
  - Improved assurance, monitoring and accountability for savings via BBERT;

- Review of the capital programme to strengthen delivery and decision-making;
- Establishment of an officer Debt Board to improve recovery;
- Strengthened joint working with Bradford Children's and Families Trust, with refreshed Trust business and financial plans reflected in the Council's MTFS.

The Improvement Advisory Board was able to stand down in August 2025. Prior to this, the Panel commended the leadership's commitment and the implementation of a robust Medium Term Financial Strategy, improved governance, and a renewed focus on economic growth and community engagement;

- **Financial Resilience and Sustainability** - The financial improvement plan developed in 2024/25 was closely monitored throughout 2025/26 and, alongside the provisional 2026/27–2028/29 settlement, has strengthened the Council's financial outlook which is reflected in the current Medium-Term Financial Strategy (MTFS). The forecast capitalisation requirement has reduced from £570m to £395m, and the Council now anticipates leaving financial intervention two years earlier than previously forecast, in 2026/27. These improvements reflect difficult decisions made across revenue savings, asset disposals, capital programme reductions, strengthened financial controls and the 2025/26 Council Tax increase. While the position is significantly stronger, continued delivery of savings and a tight grip and control of expenditure coupled with management of future funding uncertainty remain essential;

The Council's external auditors raised financial sustainability as a significant weakness in prior year annual reports. Progress against this issue was recognised in their 2024/25 value for money statement, including:

*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.*

- **OFSTED inspection** - A full Inspection of Local Authority Children's Services (ILACS) was undertaken in January 2026. Receipt of the ILACS judgement is pending and may inform further improvement actions;

The Council's external auditors raised the Council's arrangements relating to the Ofsted rating as a significant weakness in prior year annual reports. Progress against this issue was recognised in their 2024/25 value for money statement, including:

*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 (relevant to 2024/25).*

- **New Choices Limited** - New Choices Ltd continued to trade as a local authority trading company throughout 2025/26 providing day support services to adults and young people with disabilities. Work has continued during 2025/26 to resolve the financial interfaces between New Choices and the council, with the company making a small loss having paid back all loans from the council.  
The Council have undertaken an options appraisal informing a decision on the future of New Choices and are seeking to retender the service for interest from the private, voluntary and independent sectors before the end of the 2026/27 financial year. Should this retender be unsuccessful then the services provided by New Choices will be brought back in house by the Council;
- **Risk Management** - The Council has continued to strengthen its risk management arrangements, guided by the implementation of a formal risk management improvement strategy. A key activity was the independent risk maturity assessment, which evaluated the Council against a performance model and confirmed that overall maturity was “in development”. This assessment highlighted that the Council has made tangible progress, with core structures, frameworks and processes now established across corporate, service and operational levels. It also recognised clear leadership ambition from CMT for risk-informed decision-making and identified pockets of strong practice. Building on the findings of the assessment, the Council has developed a targeted risk management improvement plan designed to raise its maturity to “managed”, with aspirations toward “integrated” over the next two years.
- **Review of the Constitution and Financial Regulations** - The Financial Regulations went to Governance and Audit Committee on 20th November 2025 and were recommended on to Council to approve on 9th December 2025. They will now be reviewed annually via Governance & Audit Committee. Review of further aspects of the Constitution is on-going.

4.3.2 Actions to resolve the governance issues identified in last year’s AGS are outlined below. These issues will not continue to be monitored through the annual governance review process 2026/27:

- **Bradford Children and Families Trust (BCFT)** – The Council and the Trust have strengthened and streamlined their governance arrangements, introducing focused workstreams and task-and-finish groups that provide more targeted oversight of performance, risk and improvement, with a clearer emphasis on outcomes and learning. The Terms of Reference for the strategic and operational joint working groups providing oversight have been updated. During 2025/26 the Trust refreshed its business and medium-term financial plans, which have been incorporated into the Council’s MTFs, and developed £20m of savings for 2026/27 with further savings under review. The partnership between the Council and the Trust continues to strengthen, with Ofsted’s July 2025 monitoring visit noting effective joint working and a shared commitment to improving outcomes for care leavers. This identified governance issue is now considered to be managed within normal operating governance arrangements.

- **NHS Changes** - The abolition of NHS England in March 2025 and transfer of functions back into the Department of Health and Social Care created uncertainty around long-standing partnership arrangements in local Integrated Care Systems, and in potential changes to agreements for continuing healthcare (CHC) and jointly funded care packages. Throughout 2025/26, the position of the Integrated Care Boards has become clearer, and council officers have been actively involved in the redesign work. This identified governance issue reported in last year's AGS is now considered to be actively managed.
- **Organisational Capacity** - The Council has strengthened organisational capacity to deliver its strategic priorities, statutory responsibilities, and improvement commitments. The identified governance issue from previous AGS action plans is considered to be managed within existing governance structures though the need to develop a HR service model aligned to the transformation agenda has been identified as a current issue above, and in the AGS Action Plan in section 7.
- **Internal Audit** - An Internal Audit improvement plan was put in place during 2025/26 with progress made and arrangements to bring in additional resource. The 2025/26 Annual Audit Plan was risk based and delivered, enabling the Head of Internal Audit to issue an Annual Audit Opinion, representing an improvement on the prior year outcome.

## 5 Forward Look on Governance

The review has included a forward look on governance to identify where governance may need to change or develop to meet the future needs of the council and to ensure the continued integration of resilience into local policy and decision making. Significant matters identified include:

### **New legislation requiring changes to governance structures and key interventions**

The Council operates in a rapidly changing legislative and regulatory environment, requiring it to identify changes and adapt its governance, structures and working practices to remain compliant and effective. Key changes on the horizon include;

- Pension Schemes Bill – Expected to be enacted in mid-2026 and will necessitate material changes to the governance arrangements of West Yorkshire Pension Fund. This will be monitored by the Local Pension Board with strategic oversight provided by the Governance & Audit Committee. Further details are available in section 6 (West Yorkshire Pension Fund).  
(Lead Officer – Managing Director WYPF);

### **Development of collaborative arrangements**

The Council delivers many of its strategic objectives through collaborative working arrangements with other bodies. Key areas of development in the future include:

- West Yorkshire Combined Authority (WYCA) – As the combined authority enters the delivery phase of major county-wide projects, the direct and indirect impacts will need to be recognised and planned for within the Council's governance arrangements. This, together with the wider implications and impact of continued development of combined authority arrangements on governance, will be monitored and kept under review by CMT.  
(Lead Officer – Council Chief Executive);
- Changes to the West Yorkshire Integrated Care System (ICS) - Nationally mandated changes implemented by West Yorkshire ICS may impact place-based governance or strategic relationships. This will be monitored and kept under review by CMT through the strategic risk register and other timely reports.  
(Lead Officer - Strategic Director, Adult Social Care, Health & Housing for Bradford Council and Director of Integration for Bradford District Community NHS Trust.

## **Local Elections**

Elections to the Council are due to be held in May 2026 and may lead to a review of existing governance and political management arrangements

### **Significant risks or uncertainties that may change or challenge governance in future years**

The Council recognises and monitors its key risks through risk management processes in place. Key risks linked to governance include:

- Artificial Intelligence (AI) –the capability and application of AI continues to develop and the Council needs to adapt to the rapidly evolving technology that brings both opportunities and threats to efficient service delivery. The Council has established a new Digital Board Programme and will work to develop and implement an AI Governance Board to assess and oversee the Council’s approach to the development and implementation of models of AI across its functions;
- Organisational capacity and capability – Our people are at the heart of everything the Council does and our strategic workforce planning arrangements will be updated to recognise and adapt to foreseeable changes to workforce requirements brought about by technological advancements;
- Enterprise Resource Planning (ERP) – The Council needs to update and modernise its core business systems to build operational resilience, generate cost efficiencies and enhance financial governance. This will be a complex programme requiring careful strategic oversight to manage the risks and achieve the intended outcomes;
- Supported Housing Improvement Programme (SHIP) - Management of supported accommodation currently in place is partially externally funded via the Supported Housing Improvement Programme. However, it is not known if funding will continue into 2026/27. There may be a need to restructure and resource this going forward to limit the impact on service users.
- Members have taken a number of challenging decisions in the current year in order to help ensure the Council’s improved governance, service effectiveness and financial stability.
- A number of geopolitical risks continue to create significant uncertainty and will require Council plans risk management and response arrangements to be kept under review.

## 6 West Yorkshire Pension Fund

- 6.1 The Council is the administering authority for West Yorkshire Pension Fund (WYPF). WYPF produces its own Governance Compliance statement (see [governance-compliance-statement.pdf](#)) which has been prepared in accordance with the requirements of the provisions of the Local Government Pension Scheme (LGPS) Regulations 2013 and 2008. The Council's own annual governance review is also required to consider and report on the governance arrangements in place for WYPF.
- 6.2 The Governance and Audit Committee exercises strategic oversight of WYPF on behalf of the Council and receives regular reports from WYPF's Advisory Panel (WYPF Panel) and Local Pension Board (LPB) as well as an annual finance report.
- 6.3 WYPF Panel has overall responsibility for overseeing and monitoring:
- the management of WYPF's investment portfolio, investment activity and for formulating the broad future policy for investment, funding levels and employers' contribution rates;
  - the pensions administration function, and for reviewing and responding to any proposed changes to the LGPS. The WYPF Panel approves the budget for the pensions administration and investment management functions and approves WYPF's Annual Report and Accounts.
- 6.4 The LPB's role is to monitor the governance and administration of the LGPS including:
- compliance with LGPS regulations and any other legislation relating to the governance and administration of WYPF;
  - compliance with any requirements imposed by The Pensions Regulator;
  - any other matters that MHCLG or the Scheme Advisory Board might specify.
- 6.5 Both the WYPF Panel and the LPB consider risk management at each meeting and review WYPF's risk register and mitigating actions.
- 6.6 In November 2024 Government launched a consultation, 'LGPS Fit for the Future', which proposed that all LGPS administering authorities must manage their investments through a Financial Conduct Authority (FCA) regulated asset pooling company which they would be both a client and shareholder of alongside partner LGPS funds. In the case of WYPF, the partner funds are Greater Manchester Pension Fund and Merseyside Pension Fund and the three funds currently collaborate on investment management via the Northern LGPS Pool.
- 6.7 The Pension Schemes Bill was issued in June 2025 which sets out some of the measures covered in the Fit for the Future consultation. Further detail is set out in draft LGPS regulations and guidance which will come into effect once the Pensions Scheme Bill has become an Act. Government is targeting a 31 March 2026 implementation date for the asset pooling requirements.

- 6.8 The Northern LGPS Pool currently operates via a local authority Joint Committee structure and will be required to establish a FCA regulated pool company in order to comply with the regulations once effective. Work on this is ongoing and Bradford Council will seek to ensure it has appropriate governance arrangements in place to carry out its role as both shareholder and client.
- 6.9 In addition to the changes related to investment management, the draft regulations and guidance also introduce a number of measures designed to strengthen the governance of LGPS funds. These include the requirement to appoint an independent person to carry out a triennial governance review, the creation of, and appointment to, a statutory LGPS Senior Officer post and introducing a requirement for pension fund committee members to demonstrate suitable levels of knowledge and understanding to carry out their role effectively.
- 6.10 Whilst there is uncertainty regarding when legislation and guidance will come into effect, Government's intended timescales for implementing all of these developments are extremely challenging and might be difficult to achieve. This has been fed back to Government.

## 7 AGS Action Plan

The significant and complex nature of the governance issues identified requires that some improvements extend beyond 2025/26. The table below provides a summary of work required to address these ongoing issues in the coming year and beyond where necessary. They include issues reported in the previous 2024/25 AGS and those identified during the 2025/26 review (included above).

These ongoing significant governance issues will be monitored and reported to Governance & Audit Committee through the annual governance review process. More detailed implementation plans will be used to manage and monitor progress against most of the actions identified.

Issue	Key Actions	Lead Officer	Timescale
Response to the Best Value Notice issued February 2024	The Best Value notice was withdrawn after one year. Progress against the Council Improvement Plan will continue through 2026/27 and is subject to regular monitoring and review by the monthly Transformation Board.	Chief Executive	Implementation is ongoing.
Financial Resilience and Sustainability	Progress against the Finance Improvement Plan will continue through 2026/27 and is subject to regular monitoring and review alongside the MTFS by the Executive.	Interim Strategic Director Corporate Resources/s151	End of 2026/27.
Inadequate OFSTED inspection	The Safeguarding Board will continue to monitor the response to the OFSTED inspection and continue to engage with the inspectors on a regular basis. Progress will be monitored through the regular contract monitoring arrangements between the Trust and the Council.	Strategic Director – Children’s in conjunction with BCFT	Pending receipt of ILACS judgement.
New Choices (Bradford & District) Ltd	An implementation plan to retender the service or take it back in-house where a provider cannot be found is in place. This will move service provision to a stable financial footing.	Strategic Director, Adult Social Care, Health & Housing for Bradford Council and Director of Integration for Bradford District Community NHS Trust	1 February 2027
Risk Management	Revision of the Risk Management Strategy and progress against the revised risk management improvement plan will continue through 2026/27 with further work to embed behaviours continuing through	Interim Strategic Director Corporate Resources/s151	31 March 2028

Issue	Key Actions	Lead Officer	Timescale
	2027/28. Progress will be monitored and reviewed through CMT and Governance & Audit Committee.		
Review of the Constitution	On-going review of the constitution.	Monitoring Officer and the Interim Strategic Director Corporate Resources/s151	On-going
Local Code of Governance	The local code will be reviewed, updated to fully align the Council's current core governance arrangements to the seven principles in the Good Governance framework, and taken to Governance & Audit Committee for approval.	Interim Strategic Director Corporate Resources/s151	30 September 2026.
Major Capital Project Delivery	Completion of the review of the Council approach to managing major capital project delivery, and implementation of improvements identified.	Strategic Director of Growth	Completed in 2026/27.
Leadership Capacity (Department of Place)	The Council's constitution will be updated for the new structure to reflect amended schemes of delegation.	Monitoring Officer	Completed in 2026/27.
Developing our IT Capability	Respond to the IT Review.	Interim Strategic Director Corporate Resources/s151	Ongoing through 2026/27
Cyber Resilience	Continued focus on stability, security and resilience of IT systems via the Council Strategic Risk Register review process.	Interim Strategic Director Corporate Resources/s151	Ongoing through 2026/27
HR service model	A new HR service model will be implemented in 2026/27 with a focus on both strategic and operational workforce resilience. Major transformational projects around organisational effectiveness will address long standing issues.	Director of Human Resources	31 July 2026