



Auditor's Annual Report
City of Bradford Metropolitan District Council
Year ended 31 March 2026

October 2026

Contents

- 01** Introduction
- 02** Audit of the financial statements
- 03** Commentary on VFM arrangements
- 04** Other reporting responsibilities
- 05** Audit of the Pension Fund

- A** Appendix A - Further information on our audit of the Council's financial statements
- B** Appendix B: Further information on our audit of the Pension Fund's financial statements

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 2026. 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 14 October 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 recommendations in relation to significant weaknesses in those arrangements. 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

The NAO are yet to publish their group audit instructions for the Whole of Government Accounts (WGA) return. Until we receive these, we are unable to complete our work in this area and issue our certificate.



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 2026.

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 2026 and of its financial performance for the year then ended. Our audit report, issued on 14 October 2026 gave an unqualified opinion on the financial statements for the year ended 31 March 2026.

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 A. In this appendix we also outline the uncorrected misstatements we identified and any internal control recommendations we made.

Other reporting responsibilities

Reporting responsibility	Outcome
Narrative Report	We did not identify any significant inconsistencies between the content of the Narrative Report and our knowledge of the Council.
Annual Governance Statement	We did not identify any matters where, in our opinion, the Governance Statement did not comply with the Delivering Good Governance in Local Government: addendum guidance issued by CIPFA/Solace. We also did not identify any matters where, in our opinion, the Governance Statement is misleading or is not consistent with our knowledge of the Council and other information of which we are aware from our audit of the financial statements.

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 staff and directors

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 5.

VFM arrangements – Overall summary

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 throughout 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 outcomes 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	13	Yes – continuing significant weakness – see page 28 and 29	Yes – see recommendation on page 28 and 29	No
 Governance	18	Yes – continuing significant weakness – see page 26 and 27	Yes – see recommendation on page 26 and 27	Yes – see page 18
 Improving economy, efficiency and effectiveness	12	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 identifies and manages its significant financial pressures through its Medium Term Financial Strategy (MTFS), its annual budget setting process, and in year financial monitoring framework.

The MTFS is maintained as a rolling five-year strategy and is regularly updated to reflect emerging demand pressures, inflation, funding changes, legislative requirements, investment needs and identified risks. As part of each refresh these factors are modelled into the financial forecasts. The MTFS also includes base, middle and best-case modelling to allow for better informed financial decision making. The MTFS was refreshed in January and March 2026 following the Fair Funding Review and Local Government Financial Settlement.

The annual budget-setting process is carried out within the framework of the MTFS, this informs the development of balanced annual revenue and capital budgets. Savings and investment to be incorporated into the budget are developed by departmental teams. Each savings plan must be supported by a business case and an equality impact assessment, savings plans are reviewed by the Bradford Budget Emergency Response Team before being submitted to the Executive for approval.

In-year financial monitoring processes identify forecast variances against budget, budget holders are required to have a clear understanding of the reason for the variance and will be subject to scrutiny through the monitoring process, further details on the process are included in the governance section of this report. The process identifies demand pressures and forecast service variances, that are either mitigated or are identified as risks that need to be factored into future plans.

There are two additional layers of strategic oversight provided through the Bradford Budget Emergency Response Team who review savings delivery, future savings requirements and emerging financial risks, and the Corporate Management Team Transformation Board who ensure that future service, operating model and investment decisions are reflected within financial plans.

Financial performance in 2025/26

A balanced budget was set in 2025/26 supported by government Exceptional Financial Support in the form of a 'minded to approve' capitalisation direction (CD) of £127.1m. The outturn position for 2025/26 was an underspend against budget of £16.7m. As a result of the underspend, the Council required a lower value from the capitalisation direction, with £113m being applied to 2025/26. The budget included a target to deliver savings of £42.7m which was achieved, and the Council's (non school and HRA) reserves were increased by £62.9m.

The Council set a capital budget for 2025/26 of £279.8m which included £127.1m from the CD and £152.7m for planned capital investment. Capital spend was re-profiled at intervals through the year to reflect changes to project timelines and the outcome of reviews as part of the wider financial recovery programme. The revised plan reduced the capital investment plan by £30m to £122.6m. The outturn achieved was total capital programme spend of £219.8m, which includes the CD of £113m, and capital investment of £106.8m. The underspend in year was largely due to slippages in project timelines and has been carried forward into 2026/27.

The MTFS was refreshed in January and March 2026. The improvement in the in-year financial position enabled the Council to reduce the financial recovery period by 2 years. The refreshed MTFS reported an overall reduction in the level of Exceptional Financial Support of £175m, and forecast the Council would be in a position to balance its 2027/28 without any Exceptional Financial Support. Alongside the improved financial grip and control, a key element to the improved financial plan is the outcome of the Local Government Financial Settlement. The Council reported the settlement increased its core spending power by 47%.

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

The Council through its financial planning arrangements has identified plans to bridge the funding gaps over the medium term. This is through a combination of savings targets, exceptional financial support, service transformations and asset disposals to fund the repayment of the capital expenditure relating to the capitalisation direction.

VFM arrangements – Financial Sustainability

Overall commentary on Financial Sustainability - continued

The 2026/27 budget includes a savings target of £50m. The savings included in the 2026/27 budget were identified in early 2025/26, and agreed by Executive in November 2025, they were then subject to consultation where this was necessary, and the outcome of the consultation was reported to Executive in January 2026 prior to their inclusion in the budget.

Planning further ahead the MTFS identifies required savings of £50m in both 2027/28 and 2028/29, and £40m in 2029/30 and 2030/31. The Council is progressing the work to identify the schemes and plans to deliver these savings. Savings are identified through service reviews, demand management, transformation activity, income generation opportunities and efficiency programmes. Proposals are developed by departments and subject to challenge and oversight through the financial governance arrangements.

In 2026/27 the Council is reliant on Exceptional Financial Support through a Capitalisation Direction of £78m to balance the budget. The Council has significantly reduced the overall level of CD it will require from its initial plans, however the continued reliance on a CD for 2026/27 is indicative of a continued significant weakness in arrangements in the Council's financial sustainability arrangements.

The Council has set an asset disposal target of £100m over the 4 years from 2024/25 to 2027/28. The council identified over 300 assets within the scope of the disposal programme in 2024/25 with an estimated £83.1m of potential capital receipts, this has increased to £83.6m at the end of 2025/26, with work continuing to identify further assets. To date capital receipts of £32.9m have been achieved through asset disposals.

The financial position for Month 2 2026/27 was reported to Executive in July 2026. At month 2 the Council were forecasting an overspend against budget of £9.5m, arising from an overspend in service budgets of £11.4m and an underspend in the general fund budget of £1.8m. The forecast includes underdelivered savings of £11.9m, this against the full identified balance of £60.6m. It is noted in the report that this overspend has not yet occurred, and that savings are in their early stages, but highlights the risks to delivery of the budget

The Spending and Procurement Control Panels introduced in 2024/25 have continued in 2025/26 and will remain in 2026/27. The panels assist the Council to maintain a strong control over expenditure, and their effectiveness is demonstrated through the significant underspend against

budget in 2025/26. Service transformation reviews are underway 2026/27 with a view to achieving more efficient and effective service delivery which the Council intend will result in savings.

The Council's Dedicated Schools Grant Reserve (DSG) position at the end of 2025/26 was a surplus of £16m. This is a more positive outcome than many other local authorities in England, and is more positive than forecast by the Council through its MTFS in March 2025, which forecast the reserve would be in deficit at the end of 2025/26. The actions the Council took during the year had a positive impact on the financial outturn. In the March 2026 refresh of the MTFS the Council forecast the DSG would be in a £48m deficit by March 2027, and a £119m deficit by March 2028. The improvements in the 2025/26 outturn position has subsequently reduced those forecasts to deficits of £24m and £91m, respectively.

The government has announced plans to address the significant DSG deficits nationally which include extending the statutory override to 2027/28, whereby deficits are transferred to an unusable reserve and do not impact on the Council's general fund reserves. The government has consulted on reforms to Special Educational Needs & Disabilities (SEND), the outcome from which will likely impact on the Council's financial position. The Council does have sufficient levels of usable general fund and earmarked reserves should the Council need to fund its £91m forecast deficit at the end of 2027/28, but this level of forecast deficit will impact significantly on the Council's financial position. It is essential the Council maintains a proactive focus on the impact of DSG deficits on its future financial position and updating its MTFS when further clarity exists on the government's response to its SEND reform consultation.

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

The Council's Improvement Plan was developed in 2024/25 to run alongside the MTFS to ensure that services continue to be delivered in line with Council's priorities despite the need to make savings. The Improvement Plan included four phases: Emergency Response, Enhanced Grip and Control, Service Improvement and Transformation and focuses on improving services and transforming delivery while still meeting residents' needs. The Council reports the plan is being delivered ahead of schedule, moving into the transformation phase in early 2026.

VFM arrangements – Financial Sustainability

Overall commentary on Financial Sustainability - continued

The MTFS aligns financial resources to the Council Plan, statutory responsibilities and strategic priorities. The Council Plan was revised in 2026 and now covers the period 2026 to 2030. As part of the update the ambitions of the Council were refreshed to be:

- Growth and Regeneration
- Safe and Strong Communities
- Healthy and Happy Residents
- A Great Place to Grow up
- One Council: Sustainable, Effective and Delivering

The annual revenue and capital budgets are developed from the MTFS to ensure that annual plans are designed to deliver these priorities.

How the Council ensures that its financial plan is consistent with other plans such as workforce, capital, investment and other operational planning

The Council Plan is aligned with the District Plan, that has been developed with key strategic partners. The Council's Improvement Plan, Financial Recovery Plan and MTFS are all linked to ensure that financial plans are consistent with the priorities of the Council while achieving financial sustainability. The MTFS includes both revenue and capital plans, revenue plans focus on delivering statutory services, and capital plans focus on meeting the strategic priorities and objectives. Capital plans have a revenue impact, therefore presenting the two together ensures that the revenue impact of the capital plans is fully understood. In the MTFP the reporting in relation to the CD includes the revenue impact of the cost of the borrowing.

Workforce data is included in the budget setting process; however further work is underway to strengthen the alignment of workforce planning and financial planning. The Council approved the procurement of a new Enterprise Resource Planning System (ERP) which will assist with this. The procurement and programme preparation for the new ERP was approved in December 2025, the outline business case is due to be presented in early 2027, with implementation due to begin in September 2027 and a planned go-live date in 2029.

The financial planning process includes the Capital Strategy and Treasury Management Strategy, both of which ensure that capital investment remains affordable, prudent and sustainable. The Capital Investment Programme has been subject to review to reduce borrowing costs and ensure resources are focussed on the Council's priority areas. The Treasury Management Strategy is aligned to the Council's recovery programme and prioritises debt reduction, affordability and long-term financial resilience.

How the Council identifies and manages risks to financial resilience

The Council identifies and manages risks to financial resilience through its MTFS, Section 151(s151) Officer assessment on the adequacy of revenue estimates, corporate risk management arrangements and regular financial monitoring. The MTFS is reviewed and updated on a regular basis to reflect changes in demand, economic conditions, government funding, inflation and service pressures. The MTFS includes an investment of £150m into the Council's reserves to meet investment requirements and known risks. The MTFS is reliant on the delivery of all planned savings, the continued success of the asset disposal programme and no further growth/pressures/investments over and above those already built in.

As part of the annual 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 both the 2025/26 and 2026/27 budgets the s151 officer has reviewed the assumptions underpinning the budget, the deliverability of savings plans, the adequacy of reserves and the key financial risks and concluded that the overall estimates are sufficiently robust for the Council to set a balanced budget. This conclusion has been 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 both years, financial management issues are successfully addressed and the recommendations in the report being actioned in full.

VFM arrangements – Financial Sustainability

Overall commentary on Financial Sustainability - continued

Financial resilience and sustainability is recorded as strategic risk on the Council's Strategic Risk Register. The risk is formally reviewed quarterly which includes an assessment of the key controls in place to address the risk and further ongoing intervention. The risk is reviewed by the Council's Corporate Risk Group and reported to the Corporate Management Team (CMT), Governance and Audit Committee and Executive as part of the Council's risk management arrangements.

The Council has continued to make strong improvements in its arrangements to deliver financial sustainability. This has led to significant levels of savings being reported, budget underspends being delivered, and an improved grip and control of the financial position being achieved. The Council has also forecast a reduction in the overall level of Exceptional Financial Support required, and over a shorter time period. However, the arrangements in place for 2025/26 have required significant levels of Exceptional Financial Support to balance the budgets in 2025/26 and 2026/27. The reduced reliance on EFS is evidence of the improved financial management, however the continued reliance is evidence of a continuing weakness in arrangements. A summary of the progress made in implementing the related recommendation from previous years is included on page 28.

VFM arrangements

Governance

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



VFM arrangements – Governance

Overall commentary on the Governance reporting criteria

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 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 2025/26.

The Council updated its Risk Management Strategy and process in 2024/25 and have continued to follow the revised framework in 2025/26. The Strategic Risk Register is presented to the Executive and Governance & Audit Committee twice a year.

The Council have an in-house internal audit service. During the year the Council undertook an effectiveness review of the internal audit service and the resulting Improvement Plan was presented to the September 2025 meeting of the Governance & Audit Committee. The review concluded there were weaknesses in the internal audit service and a restructure and investment in the team followed, with additional experience being brought into the team. The annual Audit Plan was updated following the review and provided the Governance & Audit Committee with an awareness of the progress with the Audit Plan up to September 2025. The updated plan from September improved alignment with Public Sector Internal Audit Standards. No further reporting from Internal Audit was presented to the Governance & Audit Committee until July 2026.

The Head of Internal Audit Opinion for 2025/26 was reported in July 2026 as:

‘In my opinion, CBMDC has a framework of governance, risk management and controls that provides reasonable assurance regarding the effective and efficient achievement of objectives, except for the following issue which provides important context for the opinion.’

In providing their opinion the Head of Internal Audit noted the high proportion of internal audit recommendations that were categorised as ‘high priority’ noting that partly reflected the scale of the challenges the Council was facing which required a faster pace of action.

The Council’s constitution includes the review of summary internal audit reports and monitoring the performance of internal audit within the roles and functions of the Governance & Audit Committee.

In our view the lack of internal audit reporting to the Committee through the year has not enabled

the Committee to discharge their responsibilities. We have as a result raised a ‘other recommendation’.

Finding	Recommendation
The Council’s Constitution requires the Governance and Audit Committee to review summary internal audit reports. During 2025/26 the Committee only received one internal audit report, the Improvement Plan and updated Strategic Audit Plan. This did not enable the Committee to effectively discharge its responsibilities.	The Governance & Audit Committee should receive regular internal audit reporting through the year to enable them to discharge their responsibilities.

The Council also have an in-house counter fraud team, supported by a suite of policies and strategies, including a Counter Fraud Policy, Counter Fraud Sanctions Policy, Anti-Bribery Policy, Anti-Money Laundering Policy, Counter Fraud Response Plan, a Whistleblowing Policy and a Counter Fraud Strategy 2025-27. The Council have several preventative controls and detective mechanisms in place in relation to fraud. The Council have an in-house Corporate Investigation Unit, staffed by accredited Counter Fraud Specialists who investigate allegations of fraud. The Unit report their investigations are conducted in line with criminal law and internal disciplinary procedures. The work of the unit is reported to the Governance & Audit Committee.

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

The Council adopts a structured annual budget-setting process within the framework of its Medium Term Financial Strategy (MTFS), which is updated regularly and provides a five-year forecast of expenditure, income, funding, demand pressures and savings requirements. The MTFS identifies any projected funding gaps and informs the development of balanced annual revenue and capital budgets. The Council’s approach in budget setting aims to ensure delivery of the Council’s key priorities.

Budget preparation begins shortly after approval of the previous year’s budget and is supported by a corporate timetable coordinated through the Finance Leadership Team supported by the Budget Core Group.

VFM arrangements – Governance

Overall commentary on the Governance reporting criteria - continued

Savings proposals and investment requirements are developed by services and are subject to review and challenge to ensure they are supported by robust business cases, appropriate risk assessments, equality considerations, legal compliance and stakeholder engagement arrangements. There is strategic oversight of the development of future-year savings provided by the Bradford Budget Emergency Response Team (BBERT).

The annual budget setting process is considered alongside supporting strategies, including the Capital Investment Plan, Treasury Management Strategy and Council Tax proposals before being approved by Full Council.

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 financial performance monitoring process begins with monthly reporting from Departmental Management Teams to Strategic Directors, reporting on performance against budget and reasons for any variances. There is also monthly reporting to the Council Management Team, chaired by the Chief Executive. Then on a quarterly basis financial performance is reported to Executive.

In addition to the standard reporting framework, monitoring arrangements were strengthened in 2024/25 and have continued through 2025/26. BBERT, Spending Control Panels and Procurement Control Panels increased scrutiny of spending decisions and hold finance officers to account.

Under the Financial Improvement Plan, new financial standards have been introduced along with increased reporting tool and dashboards. The capacity and capability of the finance function has been strengthened through restructure, recruitment of additional finance professionals and investment in training and development.

The Council improved in its early closedown process in 2025/26 to publish its financial statements on 30 April 2026, this was well ahead of the statutory deadline of 30 June, and an improvement on the date of publication in 2024/25 of 27 June 2025.

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 to Members. Reporting to Committees is supported by a reporting template which ensure that all relevant information is included.

The Council publishes on its website a notice of key decisions. This includes decisions under the Officer Scheme of Delegations. The Council has scrutiny committees which provide an opportunity to challenge decisions and are held in public where appropriate. The Corporate Overview and Scrutiny Committee is in place to oversee and coordinate the work, and our review identified no matters that indicate a significant weakness in arrangements.

How the Council monitors and ensures appropriate standards are maintained

The Council's Constitution is regularly reviewed and updated. 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.

Contract procedure rules are in place and require procurement decisions to comply with appropriate standards. 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 2025/26 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.

VFM arrangements – Governance

Overall commentary on the Governance reporting criteria - continued

Arrangements relating to children’s services

Since 2020/21 we have reported a significant weakness in the Council’s arrangement in relation to Ofsted’s ‘inadequate’ rating of children’s services and the subsequent government intervention through the Statutory Direction. The Statutory Direction has remained in place throughout 2025/26.

In January 2026 Ofsted carried out its Inspection of Local Authority Children’s Services. The published outcome was ‘requires improvement to be good’. The inspection outcome and ratings compared to the 2022 inspection are included in the table below:

Judgement	2026 rating	2022 Rating
The impact of leaders on social work practice with children and families	Good	Inadequate
The experiences and progress of children who need help and protection	Requires improvement to be good	Inadequate
The experiences and progress of children in care	Requires improvement to be good	Inadequate (reported as one judgement in 2022)
The experiences and progress of children care leavers	Good	
Overall effectiveness	Requires improvement to be good	Inadequate

The inspection outcome demonstrates a strong improvement in services. Ofsted specifically noted, the improvement in workforce stability, reporting that stability has been restored and the workforce is more confident, well trained and supported which was one of the specific concerns raised in previous inspections. Improvements were also noted in working practices and the effectiveness of corporate parenting. The report highlights the further improvements that are necessary including timely decision-making for every child, and addressing the delay some children experience in the

progression of their plans. The report asserts that leaders were “*fully sighted on all areas for improvement...with credible plans in place to address the issues*”.

Bradford Children and Families Trust (BCFT) have continued to implement the Children and Families plan. The plan was introduced in 2024/25 as one of the strategic plans supporting the Trust’s business plan. It combined the Improvement Plan established to monitor progress against actions agreed following Ofsted’s inspections, with the wider plan for the service. Progress against the five priorities in the plan is reported on a Red/Amber/Green (RAG) rating system, with positive progress being reported during 2025/26:

Priority	RAG rating July 2025	RAG rating March 2026
Strengthen services to provide earlier help for children and families		
Improve quality of relationship-based practice and decision making with a clear focus on outcomes		
Better choices for local care		
The Trust being alongside children and families to empower them better		
Building stronger partnerships		

Senior leadership at the Council and BCFT continue to prioritise improvement actions required to improve service delivery. The outcome of the Ofsted inspection and the reported progress against the Children and Families Plan are evidence of the significant improvements that have been achieved to date, which have led to Ofsted removing their intensive monitoring visits of the Council.

While acknowledging the improvements that have been made as evidenced by Ofsted inspection in year, in our view, for 2025/26, the continued government intervention through the Statutory Direction 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 26.

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 part of the Council's Improvement Plan, financial monitoring information has been considered alongside operational and performance data to identify areas where outcomes, productivity, efficiency or cost effectiveness can be improved. This information is being used by the Corporate Management Team Transformation Board to inform the Council's transformation programme.

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 & Audit Committee.

How the Council evaluates the services it provides to assess performance and identify area for improvement

The Council evaluates services through a combination of performance management, financial monitoring, service reviews, benchmarking, external challenge and targeted deep dive reviews. Service Improvement is one of the core themes included in the Council's Improvement Plan, as part of the plan the Council's capacity and capability to support service evaluation and continuous improvement has been strengthened. The Council is undertaking a programme of service reviews, stage 1 included reviews of adults' services, children's services, corporate resources, place as well

as some cross cutting reviews. The Council has now moved into its Stage 2 reviews which includes services such as IT, estates, legal, HR, revenue and benefits, customer programme, strategic housing, neighbourhood services, emergency planning, taxi licensing and environmental health. The findings and recommendations from reviews are either incorporated into the Council's Transformation Programme or implemented directly by services through agreed improvement plans. Progress against recommendations is monitored ensuring that actions are tracked, benefits are reviewed and service improvement is delivered.

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 2026-2030 sets out the Council's long-term ambitions across its priority areas. The ambitions in the Council Plan are aligned to ambitions included in the Bradford District Strategy 2025-2035. The District Strategy has been developed in collaboration with key partners in the area, with its aim being to drive the partnership work needed to maximise assets and opportunities to address challenges. It sets out the shared priorities, outcome and measures to address the key challenges for the district. Performance against the strategy is monitored through the District Strategy Reporting Framework. There are thematic partnership boards who are responsible for overseeing delivery of agreed priorities and outcomes. Where risks to delivery and performance are identified these are escalated through partnership governance arrangements.

The Council's partnership with the Bradford Children and Families Trust is supported by a formal governance framework made up of an Operational Joint Working Group (OJWG) and Strategic Joint Working Group (SJWG). The OJWG includes officers from both organisations and reviews performance, financial information, service level agreements, risks and quality assurance matters. The SJWG brings together Council leaders, elected member and Trust representatives at a senior level to review the overall effectiveness of the partnership and consider significant strategic issues. Performance is monitored through an agreed framework of KPIs, annual performance reviews and result Service Level Agreement reporting.

VFM arrangements – Improving Economy, Efficiency and Effectiveness

Overall commentary on Improving Economy, Efficiency and Effectiveness - continued

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 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.

How the Council ensures commissioning and procurement is done in accordance with relevant legislation, professional standards and internal policies

The Council's has Contract Standing Orders in place which set out clear internal rules for the procurement of goods, works or services based on the estimated total contract value. There is a standard procurement template and Contract Terms and Conditions that must be used depending on the contract value. Compliance with CSOs is monitored through a weekly Procurement Panel, chaired by the Assistant Director, Chief Executives Office. The Panel oversees all purchases of £30,000 (inclusive of VAT). The Panel review and challenge all requests prior to making a recommendation to the Section 151 Officer. Any exceptions to CSOs are reported to CMT.

All contracts and commissioned activity above £5,000 must be recorded on the Contract and Grant Register. All requests for additions or changes to the register must be submitted to the Procurement Service with evidence so support the correct approvals are in place and governance arrangements have been followed. Prior to purchase orders being raised, there is a reconciliation between the purchase requisition and the Contract and Grant Register.

Commissioning in relation to Adult Social Care, Health and Housing services is carried out with the support of the Corporate Procurement Team and are subject to internal corporately managed spend

and procurement rules and follow formal governance routes through either delegated officer decisions by the statutory role holder - Strategic Director (DASS) or via the Council Executive in accordance with the Council's Contract Procedures Rules.

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 2025/26 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 2024/25 remain significant weaknesses for 2025/26. The details of these are set out on the following pages. Acknowledging that the weaknesses and recommendations from the previous year have been reported since 2021/22, we have refreshed the wording of the weaknesses and recommendations to ensure they are relevant and reflect the progress made since 2021/22.

VFM arrangements – Prior year significant weaknesses and recommendations

Progress against significant weaknesses and recommendations made in the 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 and on page 28, along with our view on the Council's progress against the recommendations made, including whether the significant weakness is still relevant in the 2025/26 year.

Previously-identified significant weakness in arrangements	Reporting criteria	Recommendation for improvement	Progress in 2025/26	Overall conclusions
1 Progress in addressing weaknesses identified in Ofsted's 2018 inspection of Children's Services 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: • workforce challenges, including oversight and workforce instability; • poor working practices, including high caseloads and ineffective planning; and • effectiveness of corporate parenting. 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.	Governance	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.	The direction of travel in relation to the improvement of children's services has continued to be positive in the year. The Bradford Children and Families Trust have continued to implement the Children and Families plan, with significant progress being made against the priorities included in the plan. In January 2026, an Inspection of Local Authority Children's Services was completed with the outcome reported in May 2026. The Council's rating improved to 'Requires improvement to be good', with 2 judgement areas being rated as 'Good' and 2 being Requires improvement. This removes the special measures that the service was subject to, in the form of monitoring visits. However, the Statutory Direction appointing a Children's Services Commissioner does remain in place and the service remains under intervention action.	The Council has continued to demonstrate progress in improving outcomes for children. The most recent Ofsted inspection resulted in the service's overall rating improving from "inadequate" to "requires improvement to be good". However, in our view the continued intervention under the Statutory Direction is evidence the significant weakness from previous years is still relevant in 2025/26. Given the progress made against the recommendation we have updated the wording of the significant weakness and recommendation for 2025/26. The refreshed weakness and recommendation is reported on the following page.

VFM arrangements – updated significant weaknesses and recommendation

Updated significant weaknesses and recommendation for 2025/26

Significant weakness in arrangements – updated 2025/26 wording	Reporting criteria	Recommendation for improvement – updated 2025/26 wording
1 Progress in delivering the required actions to bring children’s services out of intervention The Council’s Children’s Services have been subject to a Statutory Direction and intervention since 2021 with an appointed Commissioner for Children’s Services. The Bradford Children and Families Trust has had operational control of children’s social care since 2023/24. Ofsted monitoring visits have reported a positive direction of travel and improvement in service delivery. Ofsted undertook an Inspection of Local Authority Children’s Services in 2026 and rated Children’s Services as “requires improvement to be good”, resulting in the Council no longer requiring monitoring visits. However, the Statutory Direction has remained in place during 2025/26, and the service remains in intervention under the oversight of the appointed Commissioner for Children’s Services. In our view, the continued intervention in Children’s Services through the Statutory Direction is evidence that there is a significant weakness in arrangements in relation to the Council’s governance arrangements, in particular not fully addressing regulator concerns leading to continued statutory intervention on Children’s Services.	Governance	The Council should continue to work with the Bradford Children and Families Trust to secure improvements Children’s Services to remove the Statutory Direction.

VFM arrangements – Prior year significant weaknesses and recommendations

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

Previously-identified significant weakness in arrangements	Reporting criteria	Recommendation for improvement	Progress in 2025/26	Overall conclusions
2 The Council's financial position 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. 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. 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 and manages risks to financial resilience, plans to bridge funding gaps).	Financial Sustainability	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.	The Council's outturn position in 2025/26 was an underspend against budget of £16.7m, this allowed the Council to reduce the level of Exceptional Financial Support (EFS) required and make an additional contribution to reserves. The 2025/26 budget had been based on the Council requiring EFS of £127.1m, this was reduced to £113m. The budget included a net savings target of £42.7m all of which has been delivered in the year. The MTFS was updated in March 2026. The revised MTFS forecasts a significant reduction in the EFS requirement and forecasts the Council will not require EFS to support the 2027/28 budget, 2 years earlier than initially planned.	The Council continues to make strong progress in delivering its plan to return to a financially sustainable position. The Council's Improvement Plan has delivered saving of £90m across 2024/25 to 2025/26. The improvements are seen in the MTFS forecasts of a reduction in the level of EFS required and over a shorter time period. However, despite the improvements in our view, the Council's reliance on EFS to support its budget in 2025/26 and 2026/27 is evidence of a continued significant weakness in arrangements. Given the progress made against the recommendation we have updated the wording of the significant weakness and recommendation for 2025/26. The refreshed weakness and recommendation is reported on the following page.

VFM arrangements – updated significant weaknesses and recommendation

Updated significant weaknesses and recommendation for 2025/26

Significant weakness in arrangements – updated 2025/26 wording	Reporting criteria	Recommendation for improvement – updated 2025/26 wording
2 The Council’s financial position Since 2023/24 the Council has required Exceptional Financial Support (EFS) to set a balanced budget. Between 2023/24 and 2025/26 the Council has received £313m of capitalisation directions from the Ministry of Housing, Communities and Local Government. The Council’s budget for 2026/27 was set requiring £78m of EFS and £50m of savings. The Council’s medium-term financial plan assumes £50m of savings in 2027/28 and 2028/29 but no requirement for EFS after 2026/27. The Council has made sustained progress in addressing its financial sustainability weaknesses since 2023/24 and has delivered significant levels of savings while increasing its level of reserves available to support service delivery. However, in our view, the continued reliance on EFS to set a balanced budget is a significant weakness arrangements, in particular, how the Council plans to bridge funding gaps. Without a continued improvement in arrangements the Council will continue to be reliant on external financial support to deliver its services.	Financial sustainability	The Council should continue to deliver its financial plans and ensure it can set a balanced budget without reliance on exceptional financial support.

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 did not receive any objections under the 2014 Act but we have received communication from electors and have taken the information received into account in carrying out our audit work.

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.

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 2026.



Opinion on the Pension Fund financial statements

We issued our audit report on 14 October 2026. Our opinion on the financial statements was unqualified.



Consistency report

We have not yet issued our consistency report, as the Pension Fund's Annual Report is not yet available. We will issue our Consistency Report when we have completed that work.



Wider reporting responsibilities

We have not exercised any of these powers as part of our West Yorkshire Pension Fund's 2025/26 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.



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 are outlined in Appendix B. In this appendix we also outline the uncorrected misstatements we identified and any internal control recommendations we made.

Appendices

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

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, enhanced 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 tables below and on the following pages summarises these risks, those identified as enhanced risks, how we responded to the risks and our audit findings.

Significant Risk	Our audit response and findings
Management override of controls 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.	Our response 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. Our findings 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)

Significant Risk	Our audit response and findings
Valuation of investment properties The balance sheet included investment property assets totalling £32m in 2025/26 (£43m in 2024-25). The Code requires investment properties to be valued on a fair value basis. The fair value of investment properties are required to reflect market conditions at the end of the reporting period. Management engages its own valuer as an expert to assist in determining the fair values of council dwellings and other land and buildings to be included in the financial statements but there remains a high degree of estimation uncertainty associated with these valuations due to the significant judgements and number of variables involved.	Our response To address this risk we have: • Liaised with management to update our understanding on the approach taken by the Council in its valuation of Investment Properties; • Reviewed and assessed the scope of the terms of engagement of the valuer; • Reviewed and assessed the competence, skills and objectivity of the valuer; • For a sample of valuations, we have: • tested the accuracy of the data used in the valuations, • challenged the assumptions applied by the valuer and the Council; and • reviewed the appropriateness of the valuation methodology used. Our findings 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)

Significant Risk	Our audit response and findings
Valuation of council dwellings and other land and buildings Land, buildings and council dwellings are the Council’s highest value assets totalling £516m in 2025/26 (£519m in 2024/25). Management engages its own valuer as an expert to assist in determining the fair values of council dwellings and other land and buildings to be included in the financial statements but there remains a high degree of estimation uncertainty associated with these valuations due to the significant judgements and number of variables involved. The CIPFA Code requires council dwellings to be valued using the existing use value – social housing, via the beacon approach. Valuations are to be carried out at intervals of no more than 5 years. The Code has been amended in 2025/26 and now requires other land and buildings to be valued once every 5 years with annual indexation applied to assets during the four intervening years. CIPFA have not prescribed the index to be applied, and the Council will apply judgement in relation to the appropriate indices to use based on asset type.	Our response To address this risk we have: • Liaised with management to update our understanding on the approach taken by the Council in its valuation of council dwellings, and other land and buildings. For assets that have been revalued in the year we have: • Assessed the scope of terms of engagement of the valuer; • Assessed the competence, skills and objectivity of the valuer; • For a sample of valuations, we have: • tested the accuracy of the data used in the valuations; • challenged the assumptions applied by the valuer and the Council; and • reviewed the appropriateness of the valuation methodology used. For assets that have been indexed in year we have: • gained and understanding of the approach taken by the Council; • assessed the relevance of the indices used; and • considered the reasonableness of the indices used by comparing them to market intelligence. For council dwellings not revalued in year we have considered the Council’s approach to assure itself the assets are materially fairly stated. We have used market intelligence data to assess the material accuracy of the valuations.

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

Significant risks and audit findings (continued)

Significant Risk	Our audit response and findings
Valuation of council dwellings and other land and buildings (continued) Land, buildings and council dwellings are the Council's highest value assets totalling £516m in 2025/26 (£519m in 2024/25). Management engages its own valuer as an expert to assist in determining the fair values of council dwellings and other land and buildings to be included in the financial statements but there remains a high degree of estimation uncertainty associated with these valuations due to the significant judgements and number of variables involved. The CIPFA Code requires council dwellings to be valued using the existing use value – social housing, via the beacon approach. Valuations are to be carried out at intervals of no more than 5 years. The Code has been amended in 2025/26 and now requires other land and buildings to be valued once every 5 years with annual indexation applied to assets during the four intervening years. CIPFA have not prescribed the index to be applied, and the Council will apply judgement in relation to the appropriate indices to use based on asset type.	Our findings Our work identified immaterial misstatements in the valuation of land and buildings, the financial statements have been updated to reflect additional valuation movements of £5m. Our work also identified an immaterial misstatement which has not been adjusted by the Council.

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

Significant risks and audit findings (continued)

Significant Risk	Our audit response and findings
Valuation of defined benefit pension assets and liabilities The net defined pension assets and liabilities represent a material element of the Council balance sheet. The Council administers the West Yorkshire Pension Fund, which had its last triennial valuation completed as at 31 March 2025. The valuation of the Local Government Pension Scheme relies on member data 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 members (employees and pensioners) 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. 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 2025/26. The pension scheme is expected to be in surplus in 2025/26. 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.	Our response We addressed the risk by: • obtaining and understanding of the skills, experience, objectivity and independence of the Council’s actuary; • 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 will include 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. Forvis Mazars are the auditor for both the pension fund and the Council; • 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; • reviewing the actuarial allocation of Pension Fund assets to the Council including comparing the Council’s share of the assets to other corroborative information; • 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 will include comparing them to expected ranges, utilising information by the consulting actuary engaged by the National Audit Office; • 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; • reviewing and challenging the Council’s assessment, under the requirements of IFRIC14, of its net pension asset.

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

Significant risks and audit findings (continued)

Significant Risk	Our audit response and findings
Valuation of defined benefit pension assets and liabilities (continued) The net defined pension assets and liabilities represent a material element of the Council balance sheet. The Council administers the West Yorkshire Pension Fund, which had its last triennial valuation completed as at 31 March 2025. The valuation of the Local Government Pension Scheme relies on member data 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 members (employees and pensioners) 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. 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 2025/26. The pension scheme is expected to be in surplus in 2025/26. 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.	Our findings Our work 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.

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

Significant risks and audit findings (continued)

Enhanced Risk	Our audit response and findings
Capitalisation Direction The capitalisation direction from the Secretary of State provides the authority for the Council to treat revenue expenditure as if it was capital expenditure. There is a risk the Council does not have a capitalisation direction in place for 2025/26, leading to further disclosures in the accounts and an emphasis of matter in the audit report.	Our response To address this risk we have discussed with management the status of the capitalisation direction for 2025/26 and obtained evidence to confirm the direction is in place. Our findings There were no matters arising from our work.

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

Summary of unadjusted misstatements for the Council

We reported one unadjusted misstatement as part of our completion reporting. The impact of this misstatement was immaterial on the financial statements.

Internal control observations

We did not identify any internal control recommendations from our audit work. Of the five recommendations we made in previous year's audits, one recommendation had been addressed during 2025/26 and four remained to be addressed in 2026/27.

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.

Significant Risk	Our audit response and findings
Management override of controls 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.	Our response 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. Our findings There were no matters arising from our work.

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

Significant risks and audit findings (continued)

Significant Risk	Our audit response and findings
Valuation of investments within level 3 of the fair value hierarchy As at 31 March 2026 the fair value of investments classified within level 3 of the fair value hierarchy was £4,322m, which accounted for 20.1% 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.	Our response We address this risk by performing the following procedures: - obtained an understanding of the skills, experience and qualifications of any external valuers used by the Pension Fund; - obtained an understanding of the basis of valuation applied in the year, and reviewing the valuation methodologies; - For pooled investment vehicles we: - agreed a sample of valuations to supporting documentation including investment manager valuation statements and cash flows for any adjustments made to the investment manager valuation; - reviewed management’s reconciliation of fund manager reports to the custodian’s report; and - agreed 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. - For Direct property assets we: - agreed the valuations to the valuers report; - Tested the underlying data an dassumptions for a sample of properties; and - engaged Forvis Mazars property valuation experts to review a sample of property valuations.

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

Significant risks and audit findings (continued)

Significant Risk	Our audit response and findings
Valuation of investments within level 3 of the fair value hierarchy (continued) As at 31 March 2026 the fair value of investments classified within level 3 of the fair value hierarchy was £4,322m, which accounted for 20.1% 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.	Our findings Our work identified the valuation of pooled 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 B: Further information on our audit of the Pension Fund's financial statements

Summary of unadjusted misstatements for the Pension Fund

We reported two unadjusted misstatements as part of our completion reporting. The impact of this misstatement was immaterial on the financial statements.

Internal control observations

We did not identify any internal control recommendations from our audit work. Of the three recommendations we made in previous year's audits, two recommendations had been addressed during 2025/26 and one remained to be addressed in 2026/27.

Contact

Forvis Mazars

Alastair Newall

Key Audit Partner

Tel: 07909 986776

alastair.newall@mazars.com

Abi Medic

Engagement Senior Manager

Tel: 07881 283644

abi.medic@mazars.co.uk

The contents of this document are confidential and not for distribution to anyone other than the recipients.

Disclosure to third parties cannot be made without the prior written consent of Forvis Mazars LLP.

Forvis Mazars LLP is the UK firm of Forvis Mazars Global, a leading global professional services network. Forvis Mazars LLP is a limited liability partnership registered in England and Wales with registered number OC308299 and with its registered office at 30 Old Bailey, London, EC4M 7AU. Registered to carry on audit work in the UK by the Institute of Chartered Accountants in England and Wales. Details about our audit registration can be viewed at www.auditregister.org.uk under reference number C001139861. VAT number: GB 839 8356 73

© Forvis Mazars 2026. All rights reserved.