



Auditor's Annual Report
Bolton Council – year ended 31 March 2025

February 2026

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

01

Introduction

Introduction

Purpose of the Auditor's Annual Report

Under AGN07 we are required to issue our drafted auditor's annual report to those charged with governance by 30 November each year, this includes where we have not yet issued our auditor's report on the financial statements. We are required to reflect the work completed to date since the issue of the last auditor's annual report was issued in February 2025.

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

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



Opinion on the financial statements

We issued our audit report on 30 January 2026. Our opinion on the financial statements was unqualified



Value for Money arrangements

We are not satisfied arrangements were in place for the Council to secure economy, efficiency and effectiveness in its use of resources. This is because we previously issued recommendations in relation to significant weaknesses in those arrangements which are relevant to the 2024/25 financial year. Section 3 provides our commentary on the Council's arrangements and a summary of our previously issued weaknesses and recommendations.



Reporting to the group auditor

We have not yet received the group instructions from the NAO and as such as cannot yet undertake work on the Council's Whole of Government Accounts (WGA) return.

02

Audit of the financial statements

Audit of the financial statements

Our audit of the financial statements

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

Qualitative aspects of the Council's accounting practices

We have reviewed the Council's accounting policies and disclosures and conclude that they comply with the 2024/25 Code of Practice on Local Authority Accounting, appropriately tailored to the Council's circumstances.

Draft accounts were received from the Council on 30 June 2025 and were generally of a good quality. However during the course of our work we have identified a number of adjustments to disclosures. We have raised a control recommendation regarding the Council's quality assurance control processes of the financial statements closedown, this was reported within our Audit Completion Report issued in September 2025.

The Council's finance team have provided us with timely responses to queries which have assisted with audit progress. We have received a good level of assistance from the Council's finance team. Supporting working papers provided have been of a good quality. We would like to place on record our thanks to the Council's finance team for their support throughout the audit

Significant difficulties during the audit

We encountered no significant difficulties during our audit and had no significant disagreements with management. There was effective co-operation and communication between Forvis Mazars, management, and the Audit Committee during our audit. All requested information and explanations were provided to us.

Reporting responsibility	Outcome
Narrative Report	We did not identify any significant inconsistencies between the content of the annual 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 guidance issued by CIPFA/LASAAC Code of Practice on Local Authority Accounting.

03

Our work on Value for Money
arrangements

VFM arrangements

Overall Summary



VFM arrangements – Overall summary

Approach to Value for Money arrangements work

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



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



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



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

Our work is carried out in three main phases.

Phase 1 - Planning and risk assessment

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

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

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

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

Phase 2 - Additional risk-based procedures and evaluation

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

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

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

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

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

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

VFM arrangements – Overall summary

Overall summary by reporting criteria

Reporting criteria	Commentary page reference	Identified risks of significant weakness?	Actual significant weaknesses identified?	Other recommendations made?
 Financial sustainability	11	No – but previously reported significant weakness.	Yes – continuing significant weakness.	Yes
 Governance	14	No – but previously reported significant weakness.	Yes – continuing significant weakness.	No
 Improving economy, efficiency and effectiveness	17	No	No	No

VFM arrangements

Financial Sustainability

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



VFM arrangements – Financial Sustainability

Overall commentary on Financial Sustainability

Background to LG financing regime in 2024/25

During 2024/25 the Council continued to face significant challenges against a backdrop of an adverse national economy and a cost-of-living crisis. The Council continued to see a significant increase in demand for services, particularly in the health and social care sector. The financial impact of the coronavirus pandemic on the Council has now started to diminish, and although public finances have started to stabilise, they remain weak. Funding settlements for Local Government continue to be challenging and are set against rising demand for services and increased costs as a consequence of higher-than-expected inflation. Given its operating environment the Council's financial sustainability challenges from the legacy of the pandemic and economic issues will continue through the medium term and this places considerable pressure on the Council to maintain effective financial sustainability arrangements.

In response to these pressures, in our view it is essential the Council has timely and accurate financial reporting to members and senior management, and decision makers make prompt decisions to maintain the financial sustainability of the Council.

2024/25 Financial Performance

We have carried out a high-level analysis of the audited financial statements, including the Movement in Reserves Statement and the Balance Sheet.

The Council's balance sheet has seen some significant movements within the year. Overall, the Council's net assets have increased from £734m to £742m at 31 March 2025. There has been a significant increase in the value of Property, Plant and Equipment, from £616.8m to £641m, as a result of asset additions worth £61m and revaluation movements of the Council's assets in year. There have also been significant decreases in both short term investments and short term borrowing of £26.4m and £30m respectively. The Council's usable reserves have decreased from £262.8m to £250.3m as at 31 March 2025.

The 2024/25 revenue outturn taken to Executive Cabinet in July 2025 showed the final position was an overspend against budget of £13.3m. The in year overspend is driven primarily through the Children's Services directorate which had an adverse variance of £12.9m. The additional pressures seen in Children's Services is directly linked to ongoing demand pressures on placements and the complexity of cases received. The Council did see significant favourable variances in Financial Services of £18.5m, this has been used to offset some of the overspend in Children's Services.

The Council has a good track record of delivering their savings requirement. The Council delivered £8.541m in savings in 2024/25, although these do not go far enough to prevent there being a use of reserves in year.

Whilst the Council had a healthy usable reserves position at the end of March 2025. The reserves are mainly earmarked for use for specific purposes. The table below sets out the reserves available to the Council to support the budget setting process.

Usable reserves	31/03/2024	31/03/2025
General fund reserve	£10.66m	£14.16m
Usable reserves to support budget setting process	£35.5m	£37.6m
Financial Resilience Reserve	£20m	£13.5m
Total	£66.16m	£65.26m

The Borough Treasurer considers annually as part of the budget setting process the level of the General Fund reserve to be held to meet any unexpected increases in expenditure or shortfall in income during the year. For 2024/25 the Borough Treasurer set the minimum balance at £14m. Although the Council has increased the level of the General Fund reserve, in line with the Borough Treasurer's budget, there has been a decline in the year of the financial resilience reserve which is driven by the in year overspend.

The 2024/25 outturn position for the Dedicated Schools grant showed an overspend of £1.4m, this increased the cumulative deficit from £13.7m to £15.1m. The overspend in year was caused primarily by overspend in the High Needs Block, which supports the education of children with Special Education Needs and Disabilities.

The Council's financial planning and monitoring arrangements

In February 2024, the Council set a balanced budget for the 2024/25 financial year. The total net budget for the Council services was approved at £563m with an increase in Council Tax of 4.99% (including 2% Adult Care Precept).

VFM arrangements – Financial Sustainability

Overall commentary on the Financial Sustainability reporting criteria – continued

The Council implements a financial and budget planning process that includes a range of activities and consultations. The budget setting process involved engagement with senior Council officers and incorporates discussion about the delivery of statutory services and priorities. Where additional resource are required to deliver services, these are scrutinised and challenged before they are included in the budget estimates. Service area business plans are updated annual to align with the Councils overall corporate priorities.

Where additional resources are required to deliver services, these are scrutinised and challenged before they are included in the budget estimates. Service area business plans are updated annually to align with the Council's overall corporate priorities. The service area business plans are used to highlight areas of potential savings and are monitored on a quarterly basis with the s151 Officer. Any under performance or budget variances would be identified and brought to members attention through quarterly reporting.

Our Value for Money commentary on the 2022/23 financial year, issued in September 2024 identified the Medium-Term Financial Strategy (MTFS) was a one-page document included within budget reports. We considered this was not sufficiently detailed to allow members appropriate oversight of the financial resilience of the Council over the medium term. Within 2024/25 no MTFS has been reported to members. The MTFS should set out savings required to bridge funding gaps over the medium term. Council's do this by forecasting the level of resources and budget pressures, relating to both capital and revenue spending. We have included this as a significant weakness in the Council's arrangements in 2024/25.

We know the Council implemented processes to address this significant weakness in 2025/26. We have reviewed the MTFS 2025/26-2028/29 which was presented to Cabinet in November 2024. This document is more comprehensive than in previous years and provides members with greater insights about assumptions made and the challenging financial position the Council faces.

The Council's approach to 2024/25 and 2025/26 financial planning

The Council's arrangements for the 2025/26 budget setting process had largely followed the arrangements in place for 2024/25.

The budget for 2025/26 was approved at the February 2025 Council Meeting. The Council set a balanced budget with total net expenditure for Council services of £604m with an increase in council tax of 4.99% (including 2% Adult Care Precept). The budget set out identifiable savings of £7.8m and a further £3.7m of cuts required to prevent a use of reserves. The Council are forecasting to drawdown £36m of their budget

cashflow reserves between 2025/26 and 2027/28, this would leave a residual balance of £15.1m remaining for use in future years.

We have reviewed the quarter two financial report for 2025/26 which is currently forecasting a £22m overspend for the year, this is largely because of significant pressures in Children's Services of £20.8m. This is primarily driven by SEN transport and the unplanned use of agency staff. Work is ongoing to recruit staff on a permanent basis. A recovery plan is in place to address the overspend in Children's Services but the quarter two report is clear that overspend will need to be met through the use of corporate reserves. Of the £3.159m of savings originally identified, £2.664m is reported to have been delivered as at quarter two.

The Council's Dedicated Schools Grant (DSG) cumulative deficit is forecast increase to be £22.5m at the end of 2025/26 and reach £35.5m at the end of 2027/28, when the statutory override is due to end. The statutory override currently in place sets out the requirement for in year deficits to be charged to a separate reserve account, eliminating any impact on the Council's general fund. The Council is in receipt of Safety Valve Funding but this has not prevented the deficit from growing. The Council has various workstreams in place to address the DSG pressures and they work closely with the Department for Education to monitor their position. The Council has usable reserves which could fund the deficit if required. However, doing so would significantly impact the financial sustainability of the Council. We have therefore raised a recommendation to draw attention to the importance of executing the recovery plan.

1	The Council's 2024/25 DSG deficit is £15.1m and is forecast to grow to £35.5m by 2027/28.	The Council should continue to implement initiatives to reduce the DSG deficit which include: <ul style="list-style-type: none">• improving prevention and early intervention• transforming provision and reduce costs whilst maintaining standards; and• identifying income to offset high needs spend.
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We considered the Council did not have adequate Financial Sustainability arrangements in place in 2023/24. Based on the above we consider these arrangements have not been appropriately addressed within 2024/25. We have included details of this continuing significant weakness on page 21.

VFM arrangements

Governance

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



VFM arrangements – Governance

Overall commentary on Governance

The Councils Risk Management and Monitoring Arrangements

The Council has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of effectiveness, economy and efficiency. In doing this it is responsible for putting in place proper arrangements for the governance of its affairs, effective exercise of its functions and arrangements for the management of risk. The Council has a risk management framework inbuilt into the governance structure of the organisation. The Council's Constitution details that the Audit Committee is responsible for reviewing and monitoring those arrangements.

The Council has adopted a Risk Management Strategy which sets out the approach to managing risk which is regularly reviewed and updated. Risks registered are maintained at a department level. Within 2023/24 the Council did not maintain or review its Corporate Risk Register. The Corporate Risk Register is a primary mechanism for identifying and managing strategic risks and ensuring that priorities are delivered. Within 2024/25 the Council made steps to overhaul their approach to risk management. A new risk management strategy was agreed by the Corporate Leadership Team along with a new approach to timescales for risk review and reporting. The Council's risks are now managed via a SharePoint system and integrated into directorate and Council dashboards. The Corporate Risk Register was an agenda item at the December 2024 Audit Committee. However, the regularity of review and reporting needs to be sustained and embedded into the Audit Committee cycle. This has been included as an ongoing action within the Council's Annual Governance Statement. Whilst the Council has made positive steps to address this weakness in 2024/25, the infrequency of the Corporate Risk Registers review and reporting is evidence the significant weakness in arrangements still exists.

The Council's annual Internal Audit plan is developed by the Head of Internal Audit, agreed with management at the start of the financial year and is reviewed by the Audit Committee prior to final approval. The audit plan is based on an assessment of risks that the Council faces and is designed to ensure that there is assurance on the overall adequacy and effectiveness of the Council's framework of governance, risk management and control. The planned work can be supplemented, if necessary, by ad hoc reviews on suspected irregularities and other work to respond to emerging risks and issues. We have reviewed the Internal Audit plans for 2024/25 and 2025/26 and confirmed that they are consistent with the risk-based approach.

Internal Audit progress reports are presented to Audit Committee meetings including follow up reporting on recommendations. At the end of each financial year the Head of Internal Audit provides an Assurance and Annual Opinion. The 2024/25 Opinion was presented in April 2025 and set out the Head of Internal Audit's overall opinion on the Council's control environment in 2024/25 was "reasonable assurance".

The Annual Opinion included reference to the challenges faced in delivering the audit plan due to insufficient

resource within the team. Internal Audit have had to reprioritise the audit plan to focus delivery on higher risk areas. Going forwards, the Audit Committee will need to continue to monitor closely the delivery of the internal audit programme to ensure that the necessary assurance is being provided.

Arrangements for budget setting and budgetary control

The Council has an approved set of budget principles which are used during the budget setting process. The key budget principles are:

- The budget is initially prepared on the basis that current resources support existing service levels.
- Salary budgets are prepared with reference to the previous budget and are adjusted for pay awards, increments, approved service changes, savings and other approved variations.
- Services put forward proposals to amend existing fees and charges, or to introduce new fees and charges for Cabinet consideration and approval.
- Resources are redirected towards the Council's priority areas where possible.

We have reviewed the budget assumptions and consider these to be appropriate and are consistently applied.

Budget monitoring is the responsibility of budget managers with the support of the finance service. Each budget has a named budget manager and responsibilities are clear. Financial reports are produced monthly and regular meetings are held to discuss progress against the financial forecasts. Significant variances against budget are investigated and directors are required to identify and agree the corrective actions to be taken. Directors are also required to separately monitor the implementation of approved savings plans and to advise of any slippage or variation. We have reviewed a sample of the finance reports which have been prepared throughout the 2024/25 year which evidence that an appropriate level of detail is included to keep Directors, the Senior Leadership Team and members informed of any actual or potential overspends, including detail on how these areas are being managed.

Decision making arrangements and control framework

The Council has an established governance structure in place which is set out within its Annual Governance Statement (AGS). The Annual Governance Statement is a critical component of the Council's governance arrangements. It is an evidenced self-assessment by the Council on the Council's governance, assurance and internal control frameworks for the financial year. The AGS is formally signed by the Chief Executive and Leader of the Council. The Governance Structure, as described in the AGS includes amongst other things the Constitution which sets out the approach to decision making. The Constitution is kept under review and updated as required.

VFM arrangements – Governance

Overall commentary on the Governance reporting criteria - continued

The Council has a comprehensive committee structure in place, as detailed in the Council Constitution. The committee structure includes Scrutiny Committees, as well as Regulatory and Standards Committees. Scrutiny meetings provide an opportunity for elected members to review performance of the Council and to challenge decisions made.

We have reviewed Council minutes in the year and have not identified any evidence of a weakness in arrangements. The reports we reviewed support informed decision-making and were clear in the decision or recommendation Members were asked to make.

Legislative/regulatory requirements and standards

The Council's Constitution 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. 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.

Internal Audit are carrying out an investigation within Building Control. This is following allegations regarding a number of significant failings within the department. The Council have reacted appropriately to the allegations made and have included reference to the issue within their revised 2024/25 Financial Statements.

Based on the above considerations, we consider the Council does not have adequate Governance arrangements in place, caused by the lack of Corporate Risk Register. We have therefore reported a significant weakness in the Council's arrangements in respect of Governance. We have included details of this significant weakness on page 20.

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

The Council's arrangements for assessing performance and evaluating service delivery

The Council has a performance management framework in place and regularly reports against a series of performance indicators. Corporate performance against key performance indicators is presented to Cabinet on a quarterly basis. These reports show how the Council are performing against their KPI's, any underperformance would be raised to members. We have reviewed a sample of the reports and can confirm that the information within is presented in an understandable format for committee members to make informed decisions.

The Council's objectives are set out in its Corporate Plan 2022-24, 'Made in Bolton'. The Council's strategy focuses on the following themes:

- Start Well
- Live Well
- Age Well
- Prosperous
- Clean and Green
- Safe, Strong and Distinctive

The Corporate Plan was refreshed for 2025-2028. The key principals include: management of resources, delivering statutory responsibilities, effectively working alongside residents, enhancing partnership working and investment in infrastructure and services to enhance future delivery.

These plan translates in to clear strategies with measurable outcomes to be delivered by the directorates within the Council. The Performance Dashboard, which is part of the corporate business planning process, summarises and reports on the key performance indicators within the framework, enabling the Council to monitor performance against their objectives. Data is reported on a quarterly basis, following review by the cross-directorate project team, and is subject to scrutiny by Corporate Leadership Team (CLT), Directorate Leadership Teams (DLT) and key stakeholders, before being reported to Cabinet.

The Council's financial performance is also reported on a regular basis to Cabinet with details of the financial position together with a commentary on the rationale for any changes or other factors to be taken into account in understanding the position.

Partnerships and Commissioning

The Council has a number of partnership arrangements in place, some more formal than others, contributing

to the way in which the ambitions and priorities set out in the Corporate Plan are met. Some partnerships are underpinned by formal contracts for the delivery of services, others are used to bring together organisations, including those in the private and third sectors, to improve services for residents and taxpayers.

One of the key partnerships is Integrated Health and Care Partnership (ICP). The ICP Plan aims to improve health outcomes for the people of Bolton by working with partners including the hospital, other NHS services including community care, general practice and mental health services, the voluntary sector and the private sector. By working together, and by engaging with the local communities across the Borough, the ICP looks to ensure services are planned properly and delivered in a joined-up way in order to best meet the needs of service users.

The Council also works with Greater Manchester Combined Authority (GMCA) and the other Greater Manchester (GM) authorities across a number of initiatives. This includes the In Work Progression programme, helping residents in work find better pay or new jobs. Places for Everyone is a long-term plan lead by GMCA on behalf of GM authorities for jobs, new homes and sustainable growth. These types of partnerships support dealing with the underlying issues of demand for services.

The Council also works with a range of partners from the private sector to support economic regeneration across the Borough in line with the Vision for 2040. This has included working with the University of Bolton, the hospital and private sector to secure the funding for the construction of the new Institute of Medical Sciences building. Other projects, including housing schemes for Bolton town centre, Horwich and Farnworth, are underway with the aim of addressing both the Borough's housing need and its economic regeneration. The Council has a key role to play in the regeneration agenda both in terms of its own targeted interventions but also in accessing funds from a range of public sector sources.

The Council's strategic budget process, including the delivery of the Council's savings and efficiency programme, is carried out with consideration given to the priorities set out in the Vision. Reference to it is made regularly in reports taken to Cabinet and Council meetings.

Where the Council commissions or procures services, it does so in accordance with its procurement policy and procedures. This has been refreshed for the Procurement Act 2023 which came into place in February 2025. The procurement policy ensures it remains compliant with relevant legislation, professional standards and internal policies. The Council has adopted a social value policy intended to ensure Bolton's residents and businesses get the best impact for the Council's spend.

Based on the above considerations we are satisfied there is not a significant weakness in Bolton's arrangements in relation to Improving Economy, Efficiency and Effectiveness.

VFM arrangements

Identified significant weaknesses in arrangements and our recommendations



VFM arrangements – Prior year significant weaknesses and recommendations

Progress against significant weaknesses and recommendations made in a prior year

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

Previously identified significant weakness in arrangements	Reporting criteria	Recommendation for improvement	Our views on the actions taken to date	Overall conclusions
<p>1 Corporate Risk Register The Council has not maintained or reviewed its Corporate Risk Register within the 2023/24 financial year. Although risks have been managed at a directorate level, the Corporate Risk Register is the primary mechanism for identifying and managing strategic level risks that may affect the delivery of the Council’s strategic priorities. Without proper ownership and regular review of the Corporate Risk Register there is a risk the Council is managing the wrong strategic risks, or does not have the appropriate processes and controls in place to address the key strategic risks it faces.</p> <p>In our view, the failure to review and update the Corporate Risk Register exposes the Council to avoidable risk and is evidence of a significant weakness in the Council’s arrangements for governance (how the Council monitors and assesses risk).</p>	<p>Governance</p>	<p>The Council should develop a Corporate Risk Register review policy to ensure the regular maintenance of the register. Specifically, the Council should:</p> <ul style="list-style-type: none"> perform a thorough review of the risks facing the Council; including the impact, likelihood and identifiable controls and sources of assurance for addressing strategic risks; ensure there are arrangements in place for regular review of the Corporate Risk Register by senior officers and Members; and ensure sufficient information is made available to Members to allow them to appropriately scrutinise, assess and gain assurance over strategic risks. 	<p>The Council have taken steps to address our recommendation in 2024/25. The Risk Management Strategy has been refreshed, and the Corporate Risk Register was reported to the Audit Committee in December 2024. However, there is still work to be done to embed the review process into the Audit Committee cycle. This is marked as an ongoing item in the Council’s Annual Governance Statement.</p>	<p>We consider this weakness has not been fully addressed and still exists for 2024/25.</p>

VFM arrangements – Prior year significant weaknesses and recommendations

Progress against significant weaknesses and recommendations made in a prior year

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

Previously identified significant weakness in arrangements	Reporting criteria	Recommendation for improvement	Our views on the actions taken to date	Overall conclusions
<p>2</p> <p>Financial Sustainability The Council's budget forecasts a use of £30m of reserves to bridge funding gaps in the three years ending 2024-2027 which would exhaust the reserves the Council has set aside to support the budget process. The Medium-Term Financial Strategy (presented to Cabinet in November 2024) is a high level, one page document that identifies funding gaps in each of the following four years but does not set out savings to bridge those gaps. The continued planned use of reserves to bridge funding gaps is evidence of an unsustainable reliance on reserves and a lack of action to address the underlying reasons for persistent overspending.</p> <p>In our view, without further action the Council risks being unable to plan and deliver services in a financially sustainable manner. The failure to address the underlying deficit is evidence of a significant weakness in the Council's arrangements for financial sustainability (how the Council plans to bridge its funding gaps and identify achievable savings) in 2022/23.</p>	<p>Financial Sustainability</p>	<p>The Council should develop sustainable financial plans to ensure services can be provided within available resources. Specifically, the Council should:</p> <ul style="list-style-type: none"> • undertake a baseline assessment of the affordability of services and funding available against Council priorities; • develop a detailed plan to address the unsustainable use of reserves; and • ensure sufficient information is made available to Members to allow them to agree plans for savings and monitor the progress and delivery of those planned savings, across the medium term. 	<p>The Council has faced a challenging financial year in 2024/25 with overspend of £13.3m. The favourable outturn position on Financial Services has allowed this to be partially offset however this is primarily through unsustainable and unplanned measures. The Council has increased their General Fund reserve in 2024/25 to £14.16m however there has still been a use of reserves to support to budget in 2024/25.</p> <p>A Medium Term Financial Plan was not issued in 2024/25.</p>	<p>We consider this weakness has not been fully addressed and still exists for 2024/25.</p>

Other reporting responsibilities

Other reporting responsibilities

Wider reporting responsibilities

Matters we report by exception

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

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

We have not exercised any of these statutory reporting powers.

The 2014 Act also gives rights to local electors and other parties, such as the right to ask questions of the auditor and the right to make an objection to an item of account. We have received correspondence from a member of the public and we are currently carrying out relevant work to address this objection.

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. We plan to issue this once we have completed our audit work. We have not yet received confirmation from the NAO that the group audit of the WGA has been completed and that no further work is required to be completed by us.

05

Audit fees and other services

Audit fees and other services

Fees for our work as the Council's auditor

We reported our proposed fees for the delivery of our work under the Code of Audit Practice in our Audit Strategy Memorandum presented to the Audit Committee in April 2025. Our expected fees for the 2024/25 financial year are:

Area of work	2024/25 Proposed fees	2023/24 Actual fees
Planned fee in respect of our work under the Code of Audit Practice	£351,025	£323,793
Additional testing as a result of the implementation of new auditing standard ISA 600 (Revised)	TBC	-
Additional work in respect of the prior period adjustments	TBC	£3,800
Additional fees in respect of Value for Money	-	-
Additional fee in respect of Value for Money risk of significant weakness and continuing significant weakness	TBC	£17,000
Implementation of new ISA 315 (Revised)	-	£15,690
Additional fees in respect of work required on the net pension asset ceiling	£7,500	£7,500
Additional fees in respect of work required on fully depreciated assets	TBC	-
Additional fees in respect of the valuation of the Council's shareholding in Manchester Airport	TBC	-
Total fees	£358,525	£367,783

Fees for other work

We confirm that we have not undertaken any non-audit services for the Council in the year.

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