



# Draft Auditor's Annual Report

## **Bury Council – year ended 31 March 2025**

November 2025

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# 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 Bury 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. For 2024/25 onwards, the Code requires us to issue our draft Auditor's Annual Report (AAR) 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.

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

The Council did not meet the statutory publication date of 30 June 2025 for its unaudited financial statements for the year ending 31 March 2025. The draft statements were not published until 15 October 2025.

We have not commenced our work on the financial statements. We expect to complete our work and issue our opinion on the financial statements in February 2026. We expect to issue a disclaimed audit report.



### 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.



### Value for Money arrangements

In December 2024 we issued a statutory recommendation to the Council reflecting the results of our work in respect of the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources. This was because we had identified significant weaknesses in the Council's arrangements for:

- Financial sustainability
- Governance
- Securing economy, efficiency and effectiveness.

In 2024/25, we considered there was a significant risk the weaknesses we had previously identified had not been addressed. We have reported these risks, and the work we plan to do to address the, to the Council. However, we have been unable to complete the work planned as the Council has not yet provided evidence to support the improvements in all areas.

Section 3 provides more detail on the risks of significant weaknesses in the Council's arrangements we identified in our planning.

## Audit of the financial statements

# Audit of the financial statements

## Our audit of the financial statements

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

Our work on the Council’s financial statements audit has not yet commenced. We expect to issue a disclaimed audit report to allow the Council to meet the statutory deadline for the publication of audited accounts by the 27 February 2026.

Reporting responsibility	Outcome
Narrative Report	To date, we have not identified any significant inconsistencies between the content of the narrative report and our knowledge of the Council.
Annual Governance Statement	<p>We have reviewed the Council’s draft annual governance statement.</p> <p>To date, we have not identified 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.</p> <p>However, we have identified some areas where, in our view, the governance arrangements described, were not in place for the 2024/25 financial year. We have asked the Council to review the draft statement and to consider whether it appropriately describes the arrangements in place for the reporting period.</p>

Our work on Value for Money  
arrangements

# VFM arrangements

## Overall Summary – Planning and Risk Assessment








# 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:

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**Financial sustainability** - How the Council plans and manages its resources to ensure it can continue to deliver its services.
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**Governance** - How the Council ensures that it makes informed decisions and properly manages its risks.
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**Improving economy, efficiency and effectiveness** - How the Council uses information about its costs and performance to improve the way it manages and delivers its services.

Our work is carried out in three main phases.

### Phase 1 - Planning and risk assessment

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

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

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

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

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

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

We outline the risks that we have identified and the work we have done to address those risks on page 13.

### 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

## 2024/25 Value for Money – Planning and Risk Assessment

In December 2024 we issued a statutory recommendation to the Council reflecting the results of our work for the 2021/22 and 2022/23 financial years where we had reported on a number of significant weaknesses in the Council's arrangements for ensuring financial sustainability, governance and for improving the economy, efficiency and effectiveness of services. In particular, we drew attention to the Council's failure to:

- properly understand its financial position during 2021/22 and to continue to rely on the use of reserves to support the provision of services;
- manage risks, including with respect to the existence of RAAC in the Council's estate;
- improve internal controls so that weaknesses identified and reported to management by Internal and External audit and other regulators are addressed promptly; • prepare materially accurate financial statements; and
- secure action to improve services to children.

We recommended the Council should, as a matter of urgency, develop a single Council-wide improvement plan to reflect the transformation and culture change needed across all Council departments to deliver the range, level and quality of services that is financially sustainable. Appropriate management and member oversight was also required to ensure the improvement plan is delivering changes that are embedded into the organisation.

Alongside our statutory recommendation, we also reported significant weakness in the Council's arrangements for delivering value for money as part of the 2023/24 audit. Our 2024/25 audit planning presumes there is a risk those significant weaknesses remain. We therefore plan to undertake specific work to assess the actions the Council has taken to address the weaknesses previously reported. The following pages set out the weaknesses previously reported and the work we expect to undertake in response.

# VFM arrangements

## Identified risks of significant weaknesses in arrangements

	Risk of significant weakness in arrangements	Reporting criteria	Planned procedures
1	<p>Over the last few years, the Council's budgets have relied on the significant use of reserves to get to a balanced position and a further £5.8m of reserves was included in the 2024/25 budget to ensure a balanced position. In addition to the use of reserves to balance its general fund budget, the Council has also accumulated a large deficit balance in relation to Dedicated Schools Grant, which stands at £18.459m in the Council's 2023/24 statements. Although the Council entered into a Safety Valve agreement with the Department for Education in 2021, it did not eradicate its deficit by the end of 2024/25 as originally planned. An amendment was made to the Council's DSG Management Plan and agreed with the department which now has a timeframe of the end of 2028/29. However, the statutory override that allows the deficit to not affect the Council's general fund expires on 31 March 2028 (following a two-year extension).</p> <p>Although progress has been made in understanding the sources of funding available to the Council, including exploring the flexible use of capital receipts, the Council still faces significant inflationary and demand pressures.</p> <p>The issues set out above are evidence of a significant weakness in the Council's arrangements for financial sustainability and governance, specifically how the Council plans finances to support the sustainable delivery of services, how the Council identifies and manages risks to financial resilience and how the Council approaches and carries out its annual budget setting process.</p>	Financial sustainability	<p>We will review the arrangements the Council has in place for ensuring financial resilience, specifically that the medium-term financial plan takes into consideration factors such as:</p> <ul style="list-style-type: none"><li>• future funding sources and levels,</li><li>• levels and sources of other income,</li><li>• salary and general inflation, and</li><li>• demand pressures.</li></ul> <p>We will consider the sensitivity analysis undertaken by the Council given the degree of variability in the above factors.</p> <p>We will review the arrangements in place to monitor progress delivering the 2024/25 budget and related savings plans, and how the Council proposes to address the cumulative deficit over the medium term as well as reviewing the decisions and actions taken / progress made against these plans.</p> <p>We review the progress of the Council's delivery of Project Safety Value and the revised agreement with the Department for Education.</p>

# VFM arrangements

## Identified risks of significant weaknesses in arrangements

	Risk of significant weakness in arrangements	Reporting criteria	Planned procedures
2	<p>Over recent years, our Audit Completion Reports have highlighted several issues including:</p> <ul style="list-style-type: none"><li>• poor quality draft accounts submitted for audit and the significant difficulties encountered during the audit process because of problems with underlying records. In addition, for 2024/25, the Council failed to publish accounts by the statutory deadline of 30 June 2025.</li><li>• significant internal control weaknesses highlighted by both Internal Audit and the Information Commissioner’s Office (ICO). The Internal Audit reports included limited assurance ratings across some of the Council’s main financial systems</li><li>• failures in risk management arrangements, including with regard to the Council’s understanding of the condition of its estate</li></ul> <p>In our view, the totality of the issues identified indicates a significant weakness in relation to the governance reporting criteria</p>	Governance	<p>We will:</p> <ul style="list-style-type: none"><li>• review the arrangements in place for ensuring preparing the 2024/25 financial statements and the action taken to address the weaknesses in financial reporting raised in previous years</li><li>• assess the adequacy of the Council’s internal audit plan for 2024/25 and review reports arising from the work undertaken to assess the robustness of the internal control framework</li><li>• consider whether the Council has taken action to implement recommendations raised in those reports</li><li>• consider any reports issued by the ICO or other regulators</li><li>• review the progress of the Council’s delivery of Project Safety Value and the revised agreement with the Department for Education..</li></ul>

# VFM arrangements

## Identified risks of significant weaknesses in arrangements

	Risk of significant weakness in arrangements	Reporting criteria	Planned procedures
3	<p>A full inspection of Children’s Services by OFSTED was carried out between the autumn of 2021. At the time, the service was assessed as “Inadequate”. This was consistent with the findings of an earlier peer review, commissioned by the Council.</p> <p>Following the publication of the Ofsted report, the Improvement Board, initially established following the peer review, was strengthened and is now chaired by an independent advisor appointed by the Department for Education (DfE).</p> <p>OFSTED undertook a monitoring visit in November 2023. The report from this visit noted there had been a delay in implementing the changes needed following the 2021 inspection and as a result outcomes for care experienced young people remained inconsistent. Ofsted also found that progress had been hindered by a lack of management capacity at both service manager and assistant director level to implement the improvement plans, and that a performance culture was not embedded across the service.</p> <p>The failure to address the weaknesses identified in the OFSTED report could adversely impact upon the safety of children and care leavers. In our view this is indicative of a significant weaknesses in the Council’s arrangements in relation to the governance and improving economy, efficiency and effectiveness reporting criteria.</p>	Governance Improving Economy, Efficiency and Effectiveness	<p>We will:</p> <ul style="list-style-type: none"><li>• follow up on the Council’s progress in implementing the agreed improvement plans</li><li>• consider the outcome of any monitoring visits or inspections undertaken by OFSTED since November 2023</li><li>• review the changes made to the Council’s performance management framework.</li></ul>

## 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 powers since we issued our statutory recommendation in December 2025.

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 had not received any such objections or questions at the time of drafting this report. The public inspection period ends on 26 November 2025.

## 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 have been unable to conclude our work as we have not yet received confirmation from the NAO that the group audit of the WGA has been completed and that no further work is required to be completed by us.

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