



# Auditor's Annual Report 2024/25

**Bradford District Care NHS Foundation Trust**

27 June 2025

# Contents

**KEY CONTACTS**

**Salma Younis**  
**Director**  
Salma.Younis@KPMG.co.uk

**John Blewett**  
**Manager**  
John.Blewett@kpmg.co.uk

**Osama Saeed Rathore**  
**Assistant Manager**  
OsamaSaeed.Rathore@kpmg.co.uk

	Page
<b>01    Executive Summary</b>	<b>3</b>
<b>02    Audit of the Financial Statements</b>	<b>5</b>
<b>03    Value of Money</b>	<b>9</b>
a) Financial Sustainability	
b) Governance	
c) Improving economy, efficiency and effectiveness	

This report is addressed to Bradford District Care NHS Foundation Trust (the Trust) as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014. Our audit work has been undertaken so that we might state, those matters we are required to state to them in an auditors' annual report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Bradford District Care NHS Foundation Trust, as a body, for our audit work, for this report, or for the opinions we have formed.

We take no responsibility to any member of staff acting in their individual capacities, or to third parties.

External auditors do not act as a substitute for the audited body's own responsibility for putting in place proper arrangements to ensure that public business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.



# 01 Executive Summary

# Executive Summary

## Purpose of the Auditor’s Annual Report

This Auditor’s Annual Report provides a summary of the findings and key issues arising from our 2024-25 audit of Bradford District Care NHS Foundation Trust (the ‘Trust’). This report has been prepared in line with the requirements set out in the Code of Audit Practice published by the National Audit Office and is required to be published by the Trust alongside the annual report and accounts.

## Our responsibilities

The statutory responsibilities and powers of appointed auditors are set out in the Local Audit and Accountability Act 2014. In line with this we provide conclusions on the following matters:



**Accounts** - We provide an opinion as to whether the accounts give a true and fair view of the financial position of the Trust and of its income and expenditure during the year. We confirm whether the accounts have been prepared in line with the Group Accounting Manual prepared by the Department of Health and Social Care (DHSC).



**Annual report** - We assess whether the annual report is consistent with our knowledge of the Trust. We perform testing of certain figures labelled in the remuneration report.



**Value for money** - We assess the arrangements in place for securing economy, efficiency and effectiveness (value for money) in the Trust’s use of resources and provide a summary of our findings in the commentary in this report. We are required to report if we have identified any significant weaknesses as a result of this work.



**Other reporting** - We may issue other reports where we determine that this is necessary in the public interest under the Local Audit and Accountability Act.

## Findings

We have set out below a summary of the conclusions that we provided in respect of our responsibilities:

Accounts	We issued an unqualified opinion on the Trust’s accounts on 27 June 2025. This means that we believe the accounts give a true and fair view of the financial performance and position of the Trust.  We have provided further details of the key risks we identified and our response on page 7.
Annual report	We did not identify any significant inconsistencies between the content of the annual report and our knowledge of the Trust.  We confirmed that the annual report has been prepared in line with the NHS Group Accounting Manual (GAM) and the Foundation Trust Annual Reporting Manual (the ARM).
Value for money	We are required to report if we identify any matters that indicate the Trust does not have sufficient arrangements to achieve value for money.  We have nothing to report in this regard. See pages 10 to 16 for our detailed commentary.
Other reporting	We did not consider it necessary to issue any other reports in the public interest.

# 02 Audit of the Financial Statements

# Audit of the financial statements

## KPMG provides an independent opinion on whether the Trust's financial statements:

- Give a true and fair view of the state of the Trust's affairs as at 31 March 2025 and of its income and expenditure for the year then ended;
- Have been properly prepared in accordance with the accounting policies directed by NHS England with the consent of the Secretary of State in February 2025 as being relevant to NHS Foundation Trusts and included in the Department of Health and Social Care Group Accounting Manual 2024/25; and
- Have been prepared in accordance with the requirements of the National Health Service Act 2006 (as amended).

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. We have fulfilled our ethical responsibilities under, and are independent of the Trust in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

## Audit opinion on the financial statements

We have issued an unqualified opinion on the Trust's financial statements before 30 June 2025.

The full opinion is included in the Trust's Annual Report and Accounts for 2024/25 which can be obtained from the Trust's website.

Further information on our audit of the financial statements is set out overleaf.

# Audit of the financial statements

The table below summarises the key risks that we identified to our audit opinion as part of our risk assessment and how we responded to these through our audit.

Risk	Procedures undertaken	Findings
<p><b><i>Fraudulent expenditure recognition</i></b></p> <p>Auditing standards suggest for public sector entities a rebuttable assumption that there is a risk expenditure is recognised inappropriately.</p> <p>As the Trust and system is set a financial performance target by NHS England there is a risk that non-pay expenditure, excluding depreciation, may be manipulated in order to report that the control total has been met.</p> <p>We considered this would be most likely to occur through understating accruals, for example to push back expenditure to 2025-26 to mitigate financial pressures.</p>	<p>We have performed sample testing to confirm expenditure has been completely recorded, and in the correct accounting period.</p> <p>We selected a sample of year-end accruals and inspected evidence of the actual amount paid after year end in order to assess whether the accruals have been accurately recorded.</p> <p>We also performed a year-on-year comparison of accrual categories in the prior year and current year and challenged management where the movement was not in line with our understanding of the Trust.</p>	<p>We did not identify any issues from our sample testing and review of accruals.</p> <p><b>We did not identify any material misstatements relating to this risk.</b></p>
<p><b><i>Management override of controls</i></b></p> <p>Professional standards require us to communicate the fraud risk from management override of controls as significant.</p> <p>Management is 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.</p> <p>We have not identified any specific additional risks of management override relating to this audit.</p>	<p>We assessed accounting estimates for bias by evaluating whether judgements and decisions in making accounting estimates indicated a possible bias.</p> <p>We analysed all journals through the year and focused our testing on those with a higher risk, such as journals impacting expenditure recognition at year-end.</p>	<p>We evaluated the estimate in relation to the valuation of land and buildings and did not identify any indicators of management bias.</p> <p>We did not identify any significant unusual transactions.</p> <p>Our testing of the high-risk journal entries did not identify any inappropriate or unusual entries</p> <p><b>We did not identify any material misstatements relating to this risk.</b></p>

# Audit of the financial statements

The table below summarises the key risks that we identified to our audit opinion as part of our risk assessment and how we responded to these through our audit.

Risk	Procedures undertaken	Findings
<p><b>Valuation of land and buildings</b></p> <p>We identified a risk that the value of land and buildings recorded is not reflective of the fair value.</p> <p>Land and buildings are required to be held at fair value. As hospital buildings are specialised assets and there is not an active market for them they are usually valued on the basis of the cost to replace them with a ‘modern equivalent asset’.</p> <p>The value of the Trust’s land and buildings at 31 March 2025 was £39m, of which £35m specialised assets were valued at depreciated replacement cost.</p> <p>The Trust’s accounting policy requires revaluations of property, plant and equipment to be performed with sufficient regularity to ensure that carrying values are not materially different from those that would be determined at the end of the reporting period. Valuations are inherently judgmental. There is a risk that the methodology, assumptions and underlying data, are not appropriate or correctly applied.</p> <p>The Valuer performed a desktop review for 24/25.</p>	<p>We critically assessed the independence, objectivity and expertise of the valuer, and challenged key assumptions within the valuation. We inspected the instructions issued to the valuers.</p> <p>We then agreed the calculations performed of the movements in value of land and buildings and confirmed that these have been accurately accounted for.</p>	<p>We concluded the valuer had sufficient expertise and had appropriate independence and objectivity to perform the valuation exercise, and the significant assumptions used were neutral. We noted the methodology used was consistent with the requirements of the RICS red book and the DHSC GAM.</p> <p>We compared significant assumptions such as BCIS indices and Location factors used by the valuer and found these to be neutral.</p> <p><b>We did not identify any material misstatements relating to this risk.</b></p>





# 03 Value for Money


# Value for Money

## Introduction

We are required to consider whether the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources or 'value for money'. We consider whether there are sufficient arrangements in place for the Trust for the following criteria, as defined by the National Audit Office (NAO) in their Code of Audit Practice:

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

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

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

## Approach

We undertake risk assessment procedures in order to assess whether there are any risks that value for money is not being achieved. This is prepared by considering the findings from other regulators and auditors, records from the organisation and performing procedures to assess the design of key systems at the organisation that give assurance over value for money.

Where a significant risk is identified we perform further procedures in order to consider whether there are significant weaknesses in the processes in place to achieve value for money.

We are required to report a summary of the work undertaken and the conclusions reached against each of the aforementioned reporting criteria in this Auditor's Annual Report. We do this as part of our commentary on VFM arrangements over the following pages.

We also make recommendations where we identify weaknesses in arrangements or other matters that require attention from the Trust.

## Summary of findings

	Financial sustainability	Governance	Improving economy, efficiency and effectiveness
Commentary page reference	12 - 13	14 - 15	16
Identified risks of significant weakness?	No	No	No
Actual significant weakness identified?	No	No	No
2023-24 Findings	No significant weakness identified.	No significant weakness identified.	No significant weakness identified.
Direction of travel	↔	↔	↔

# Value for Money

## NATIONAL CONTEXT

Following the general election in July 2024 the Labour government commissioned reviews in order to determine the causes of challenges within the sector and where priorities were for improvement. A 10 year plan is currently being developed to set out the strategy for transforming health care services in the future.

Operational performance across the sector has continued to be significantly below constitutional standards, continuing a trend that began during the Covid-19 pandemic. In March 2025 25% of patients attending A&E waited more than the four hour target and 60% of patients awaiting planned care had a wait of more than 18 weeks. While mental health performance improved year on year in a number of areas the backlog for treatment nationally has grown by a further 11% year on year, with 1.7 million referred patients awaiting their second contact.

During the year a revised timetable was announced for the New Hospital Programme, the national capital project to build 40 new hospitals. For a number of hospitals this has meant delays to the timetable for their construction deferred to the 2030s.

### *Financial performance*

Local NHS systems continued to face challenging financial targets in 2024-25. Budgets across the 42 integrated care systems in England had a combined £500m deficit compared to the funding that was available at the beginning of 2024-25. By February 2025 (the latest national data available when this report was drafted) the forecast performance of all systems was a £604m overspend against the agreed figures.

Each year NHS entities are delegated efficiency targets through funding allocations and contracting guidance. Across England there was a £539m shortfall in the identified efficiencies compared to those required based on the agreed levels of funding delegated to systems.

### *Structures*

Significant changes to the structure of the health system have been announced, to be implemented between 2025 and 2027. ICBs have been set running cost targets, with many expected to pursue mergers or large restructurings in order to achieve these. Providers are expected to reverse 50% of their corporate cost growth since Covid-19. During 2025-26 all NHS entities will therefore need to reassess their structures, which can impact on management bandwidth, stability of controls and morale.

## LOCAL CONTEXT

Bradford District Care NHS Foundation Trust is a mental health and community care provider which delivers services across a number of sites in the Bradford Place.

The Trust faces cost pressures similar to those of other Mental Health and Community providers, including Out of Area Placements for patients, increasing use of temporary staff and inflationary pressures.

The Trust achieved a small surplus in 2024-25. Although cost savings delivered were £5.8m against a target of £14.2m, the Trust was able to manage its position through contingencies and underspends in specific areas against plan. There have been no significant strategic changes in 2024-25.

The Trust has a limited capital budget however it has identified a strategic need to develop the site at Lynfield Mount. As at June 2025 the Trust is in the process of preparing its full business case to secure the required capital funding.

The Trust financial plan for 2025-26 shows a forecast breakeven position. This is after a cost savings target of £16.3m. This target is an increase on that set for 2024-25, and whilst the Trust delivered its financial plan, there was a need to rely on non-recurrent measures.

The Trust is in the process of establishing action plans for delivering the savings target for 2025-26. Outline figures show £13.7m of the target will be recurrent and the remaining £2.6m will be non-recurrent.

The Trust recognises the need to identify recurrent measures so that savings are inherent in the processes and services delivered by the Trust and not one-off gains. One action the Trust is taking to support this focus, is in reviewing the transformational resource that is available to support teams in identifying and delivering efficiencies and savings.

The Integrated Care System has submitted a balanced plan for 25-26 however it has identified a funding gap and as at June 2025 the ICS is working with partners to identify additional savings.

# Financial Sustainability

## ***How the plans and manages its resources to ensure it can continue to deliver its services.***

We have considered the following in our work:

- How the ensures that it identifies all the significant financial pressures that are relevant to its short and medium-term plans and builds these into them;
- How the plans to bridge its funding gaps and identifies achievable savings;
- How the plans finances to support the sustainable delivery of services in accordance with strategic and statutory priorities;
- How the ensures that its financial plan is consistent with other plans such as workforce, capital, investment, and other operational planning which may include working with other local public bodies as part of a wider system; and
- How the identifies and manages risks to financial resilience, e.g. unplanned changes in demand, including challenge of the assumptions underlying its plans

- For the 2024/25 financial year, the majority of the Trust's income for services was paid on a block contract basis, with the block covering the full range of services commissioned. Allocations continue to be set at Integrated Care Board (ICB) level. ICB programme allocations are based on annualised system funding envelopes with adjustments for normalising baseline, net growth for 2024/25 and convergence adjustment towards fair share allocations.
- Following the national and local guidance, the Trust set its financial plan for 2024/25 within these parameters. A number of iterations were developed to move the Trust towards a breakeven plan. The Trust ensures these reflect workforce, estates and operational plans for the period, and also set within the context of the ICS.
- We found that the budget monitoring and control processes are able to identify and incorporate significant non-recurrent pressures into the financial plan to ensure it was achievable and realistic. Emerging cost pressures are identified through monthly review of budget statements by the budget holders and reporting of any material variances to budget to the FPC.
- The £14.2m Cost Improvement Programmes (CIP) that the Trust had in place during 2024/25 consists of a mix of transformational and transactional schemes that support the Trust's requirement to deliver a breakeven position with focus on recurring efficiencies. The Trusts efficiency programme was in place to support the sustainable delivery and monitoring of the transformational strategic programmes. Recurrent planned efficiencies total £11m, non-recurrent plans amount to £2.3m and £0.9m of stretch targets.
- In 2024/25 the Trust introduced a specific Programme Management Office resource to oversee the delivery against planned efficiencies. Delivery of efficiencies was monitored through Senior Leadership Team (SLT), Finance and Performance Committee (FPC) and Trust Board through financial reports at each meeting. The Trust also established an Organisational Sustainability Board in September to focus efforts on financial management. The Board is chaired by the Chief Executive and all Executive Team members are attendees.

# Financial Sustainability

- Financial risks were considered and incorporated into the Trust's financial plan. This was done via the financial planning process, including discussions and challenge, of and with key stakeholders, including SLT, FPC and Board. Furthermore, financial risks were identified, assessed, managed, challenged and monitored via the Trust's risk registers, including the Trust's Board Assurance Framework. This is in accordance with the Trust's Risk Policy, which is reviewed at Audit Committee and Board on a regular basis.
- As at March 2025, the Trust achieved a surplus of £0.2m. The CIP savings target of £14.2m was forecast to underachieve by £8.3m, a risk which was consistently reported through the year. This had been offset by planned contingency, releasing all available flexibilities, increase in vacancies and underspends on wider budgets.
- The capital programme for the year was approved by the Trust Board as part of the 2024/25 financial plan approval. This included funding for operational capital, EPR and IFRS16 lease renewals and adjustments.
- Trust's total Capital Limit (CDEL), including additional PDC, as at March 2025 was £10.3m and the Trust's total charge against its capital limit for the year was £11m, overspending on capital by £0.7m which was pre-approved within the ICS capital envelope.
- The Trust has received the planning guidance for 2025/26 from NHSE and has submitted their financial plan by the required deadline in March. The plan forecasts a break-even position. The plan also identified a CIP savings requirement of £16.3m split between £13.7m recurrent and £2.7m non-recurrent.
- We note that the West Yorkshire ICS as a whole identified a financial gap of c.£33m in its plans for 25/26. Each Place within the ICS has been asked to work to bridge this overspend and therefore the Trust expects further savings will need to be identified to contribute towards the Bradford Place allocation.

Key financial and performance metrics:	2024-25	2023-24
Planned surplus/(deficit)	Break-even	Break-even
Actual surplus/(deficit)	£0.2m	£1.2m
Planned CIP as:		
- Recurrent	£11m	£11.3m
- Non-recurrent	£3.2m	£5.6m
Actual CIP as:		
- Recurrent	£3.2m	£4.5m
- Non-recurrent	£2.7m	£4.5m
Year-end cash position	£18.3m	£21.2m

# Governance

## ***How the ensures that it makes informed decisions and properly manages its risks.***

We have considered the following in our work:

- how the monitors and assesses risk and how the body gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud;
- how the 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 ensures corrective action is taken where needed, including in relation to significant partnerships;
- how the ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency; and
- how the body monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements and standards in terms of management or Board members' behaviour

- Based on review of documents, processes and minutes of meetings, we consider the Trust to have effective processes in place to identify, monitor and assess risk. Strategic risks are recorded and identified using the Board Assurance Framework (BAF), and any identified risks are reported in accordance with the Trust's established risk management arrangements. Our review of the risk register found this was sufficiently detailed to effectively manage key risks.
- The Trust undertakes a number of measures to prevent and detect fraud. It engages a local counter fraud specialist (LCFS) through the internal audit provider. The most recent update reported to the Audit Committee noted six referrals, of which two have been closed. The Trust has relevant policies in place e.g. Freedom to Speak Up policy as well as clear authorisation processes and separation of duty controls for key financial transactions.
- Based on our work, we note that the Trust has processes in place to enable appropriate scrutiny, challenge and transparency in decision making. Business cases are presented to the Board or delegated committee following internal review and approval. The Trust's Standing Financial Instructions (SFIs) and Scheme of Delegation were last reviewed in January 2025 confirming approval for contracts between £1m and £2m required CEO & CFO approval and anything over this would require Board approval.
- We have reviewed the development and approval of the 2024/25 financial plan by the FPC followed by the Board and seen evidence of scrutiny and challenge within this approval process. The Trust set a breakeven plan for the full year.
- In August, the Trust received confirmation that £50m had been allocated over 4 years to support the development of Lynfield Mount Hospital. The Outline Business Case (OBC) had been developed and submitted to NHS England regional team before being considered at National level for final approval Jan 2025. As at June 2025 the Trust is in the process of preparing its full business case to secure the required capital funding.
- Our assessment indicated there to be appropriate scrutiny and challenge of the budgets and appropriate approval through the budget holders and FPC. A number of methods are employed by the Trust to monitor the performance against budget. These include a dedicated EMT session on a monthly basis that focussed on financial performance, individual budget manager meetings with finance team, monthly Quality and Operations Group (QuOP) meetings to monitor financial position of Care Groups at service line level, regular monitoring by SLT and financial position presentation to FPC and Trust Board at each meeting.

# Governance

- Reviews of compliance with laws & regulations, staff code of conduct and the Trust’s constitution is completed through Board meetings, Audit Committee and other governance structures as identified through our risk assessment procedures.
- We noted that relevant financial risks highlighted by the plan were included in the Trust’s risk register.
- Care Quality Commission’s (CQC) latest inspection of the Trust was conducted in September 2021 and an ‘Overall Good’ rating was awarded. A ‘Good’ rating was given in all categories of Effective, Caring, Responsive and Well-led services while a ‘Requires improvement’ rating given in the category of Safety.
- The Trust’s Staff Code of Conduct communicates values and expected behaviours of staff. This is communicated to staff from the recruitment process and is also part of appraisal process. The Trust has business conduct, bribery and conflict of interest policies in place - these policies set out the process for registering all interests which could impact staff integrity.
- Our assessment indicates that the Trust ensures key decisions are appropriately challenged and scrutinised by the Executive Team with escalation to Board as required. The Trust has an annual planning process along with FPC, which scrutinises the contents of business cases before they are presented to the Board which ensures that all aspects of major decisions or investments are taken into consideration.

	2025	2024
Control deficiencies reported in the Annual Governance Statement	There were no significant control deficiencies identified in the governance statement.	There were no significant control deficiencies identified in the governance statement.
Head of Internal Audit Opinion	Significant assurance	Significant assurance
Oversight Framework segmentation	Segment 2 – target support.	Segment 2 – target support.
Care Quality Commission rating	Overall Good rating (21/22)	Overall Good rating (21/22)

# Improving economy, efficiency and effectiveness

## ***How the uses information about its costs and performance to improve the way it manages and delivers its services***

We have considered the following in our work:

- how financial and performance information has been used to assess performance to identify areas for improvement;
- how the ensures effective processes and systems are in place in order to develop their cost saving efficiency saving program;
- how the evaluates the services it provides to assess performance and identify areas for improvement;
- how the ensures it delivers its role within significant partnerships and engages with stakeholders it has identified, in order to assess whether it is meeting its objectives; and
- where the commissions or procures services, how it assesses whether it is realising the expected benefits.

- We found appropriate processes in place to ensure the Trust uses information about costs and performance to improve the way they manage and deliver services, with a focus on the level of value for money being achieved. Monthly reporting is undertaken and reported to the FPC and Board allowing the Trust to assess the level of value for money being achieved and any improvements required.
- The Trust has utilised several exercises with NHS benchmarking network, and NHS England to enable decisions and changes to be made to benefit and reduce the cost base. Further, cost improvement schemes that impact on service delivery are required to have an equality and quality impact assessment. Such analysis allows the Trust to assess the level of value for money being achieved.
- Throughout our work and discussions with the Trust, we have seen evidence of engagement with the ICS. The Trust worked closely with the ICS for the 2024/25 financial planning process to ensure alignment of plans. Trust's key executives continue to be members at Place and System meetings including working as lead for System Quality Committee and Finance Committee. The overall ICS position was overspent throughout the year but was able to manage the position and secure funding to breakeven. We note that the ICS is forecasting a similar overspend for 25/26 based on submitted financial plans and constituent entities have been asked to identify further savings.
- The Trust participated in the NHSE led "Investigation and Intervention" programme which was completed voluntarily across the West Yorkshire ICS. The investigation stage involved scrutiny and challenge of the Trust's financial plan and cost improvement programme and initial indications were that the review would not progress to the intervention stage due to no significant findings/observations.
- The Trust has three significant (over £1m in annual value) sub-contracts in place, which are for the provision of clinical agency staffing , for the provision of key workers and independent sector MH bed space. Regular contract performance meetings are held with the service provider considering key performance indicators related to both cost and volume of the activity.





[kpmg.com/uk](https://kpmg.com/uk)

© 2025 KPMG LLP, a UK limited liability partnership and a member firm of the KPMG global organisation of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

The KPMG name and logo are trademarks used under license by the independent member firms of the KPMG global organization.

**Document Classification: KPMG Public**