



# Bradford Teaching Hospitals NHS Foundation Trust

**Auditor's Annual Report 2024/25**

**October 2025**

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# Executive summary

We conduct our audit in accordance with the National Audit Office's Code of Audit Practice, International Standards on Auditing (UK) ("ISAs (UK)") and applicable law.

We are independent of Bradford Teaching Hospitals NHS Foundation Trust ("the Trust") in accordance with applicable ethical requirements, including the Financial Reporting Council's Ethical Standard.

The Trust's Annual Report and Accounts, including our audit report, are available on the Trust's website.

<b>Audit opinion on the financial statements</b>	We issued an unqualified opinion on the Trust's financial statements on 30 June 2025. We did not identify any matters where, in our opinion, proper practices had not been observed in the compilation of the financial statements.
<b>Remuneration and Staff Report</b>	We reported that the parts of the Remuneration and Staff Report subject to audit have been properly prepared in accordance with the National Health Service Act 2006.
<b>Value for money ("VfM") arrangements to secure economy, efficiency and effectiveness in the use of resources</b>	<p>We are required to report if we have not been able to satisfy ourselves that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. Our VfM assessment covers three specified reporting criteria: financial sustainability; governance; and improving economy, efficiency and effectiveness.</p> <p>As detailed on page 15, we reported to the Trust a significant weakness in the Trust's arrangements in respect of governance and made recommendations to the Trust.</p>
<b>Annual Governance Statement</b>	We did not identify any matters where, in our opinion, the Annual Governance Statement did not meet the disclosure requirements set out in the NHS Foundation Trust Annual Reporting Manual, was misleading, or was inconsistent with information of which we are aware from our audit.
<b>Annual Report</b>	We reported that the information given in the Annual Report for the year ended 31 March 2025 is consistent with the financial statements.
<b>Other powers and reports</b>	We did not exercise our additional reporting powers (to issue a report in the public interest, or a report to NHS England) in respect of the year ended 31 March 2025.
<b>Audit Certificate</b>	We have not yet issued our audit certificate, as we are not able to do so under the National Audit Office's Auditor Guidance Note 07, Auditor Reporting, until we are advised by the National Audit Office that the audit of the NHS group consolidation is complete, which is expected to be in the autumn. We will then issue a separate audit certificate.

# Purpose of this report

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This report presents the key findings arising from our audit work at Bradford Teaching Hospitals NHS Foundation Trust (“the Trust”) for the year ended 31 March 2025.

The report has been prepared in accordance with the National Audit Office’s (“NAO”) 2024 Code of Audit Practice and its supporting Auditor Guidance Note (“AGN”) 03 Value for Money, and AGN 07 Auditor Reporting. These are available from the NAO website.

This report includes our commentary on the Trust’s arrangements to secure economy, efficiency and effectiveness in the use of resources (“Value for Money”, “VfM”). We assess the Trust’s VfM arrangements based on our risk assessment. Our commentary focuses on our key observations on the Trust’s arrangements, and does not consider the adequacy of every arrangement the Trust has in place, nor does it provide positive assurance that the Trust is delivering or represents value for money.

Where we identify recommendations, we indicate whether these are:

- 1) Recommendations in respect of significant weaknesses in the Trust’s VfM arrangements, which we are required to make in accordance with AGN 03 where we identify a significant weakness; or
- 2) Other recommendations, which we indicate as “Deloitte Insights” (and which are summarised in Appendix 1).

The significant weakness identified in the Trust’s VfM arrangements and related recommendations are set out on page 15.

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# Our financial statement audit approach

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## **An overview of the scope of the audit**

Our audit approach is based upon obtaining an understanding of the Trust, including its systems, processes, risks, challenges and opportunities, and the size, composition and qualitative factors relating to account balances, classes of transactions and disclosures. These risk assessment procedures enable us to identify risks of material misstatement in the financial statements, and then then tailor our audit procedures to address those risks.

Audit work to respond to the risks of material misstatement was performed directly by the audit engagement team, led by the audit partner, Nicola Wright. The audit team included integrated Deloitte specialists bringing specific skills and experience in property valuations and information technology systems.

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## **Materiality**

Our work is planned and performed to detect material misstatements. We determined materiality for the Trust to be £13.1m (2023/24: £12.0m) on the basis of 2% of revenue.

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## **Procedures for auditing the Trust's financial statements**

Our audit procedures included:

- interviewing members of the Trust's management team and reviewing documentation to test the design and implementation of the Trust's internal controls in certain key areas relevant to the financial statements; and
- performing sample tests and analytical procedures on amounts in the Trust's financial statements to test the recorded transactions, balances and disclosures.

Data analytic techniques were used as part of audit testing, in particular to support profiling of populations to identify items of audit interest and in journal testing, using our Spotlight data analytics platform.

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## **Approach to audit risks**

We focused our work on areas which we considered to be of higher risk, which are referred to as significant risks.

Our audit plan, presented to the Trust's Audit Committee, detailed the significant risks for the Trust's audit, and our planned procedures.

Our final report to the Trust's Audit Committee reported the findings from our procedures.

We have made recommendations in our Audit Committee reporting to management for improvement in the Trust's policies, procedures and internal controls based on observations from our work. We do not consider these recommendations to reflect significant weaknesses in the Trust's VfM arrangements.

We have provided a summary of each of the significant audit risks on the following pages.

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# Financial statement audit significant risks

Risk	Procedures undertaken	Findings
<p><b>Accounting for capital expenditure</b></p> <p>The Trust has an extensive capital programme, with actual capitalised spend in property, plant and equipment (“PPE”) for the year of £40.2m (2023/24: £52.4m). Accounting for capital expenditure can involve significant judgements. Whether expenditure is capitalised, and the period it is recognised in, can significantly impact against the budgetary control totals the Trust is assessed against by NHS England.</p> <p>The continuing high level of expenditure in the current year, and the annual cut-off of capital budgets and requirements of Public Dividend Capital funding increase the risk of amounts being incorrectly capitalised, or of incorrect recognition in the current period. This has been identified as a significant risk due to fraud in light of these factors.</p>	<ul style="list-style-type: none"> <li>• We reviewed the Trust’s capital plans and noted the continuing high spend in year and especially the final quarter.</li> <li>• We evaluated the design and implementation of controls around the capitalisation of costs.</li> <li>• We tested spending on a sample basis to confirm that it complies with the relevant accounting requirements.</li> <li>• Where there was not a related disposal of an existing asset, we evaluated management’s assessment that no adjustments to the value of previously capitalised works were required.</li> </ul>	<p>We reported to management one control finding in relation to £1.3m of capitalised employee costs which had been capitalised as part of large PPE and intangible asset projects. We recommended that detailed records are maintained detailing the work performed by the employees to ensure the amounts capitalised are directly attributable to bringing the asset into working condition.</p>
<p><b>Property valuations</b></p> <p>The Trust is required to hold property assets at a current valuation. Valuations are by their nature significant estimates, based on specialist judgement and management assumptions, and which can be subject to material changes in value. In performing our testing of the valuations, we assessed as a significant risk that subjective valuation assumptions, including modern equivalent asset assumptions, obsolescence and land values, are inappropriate or inappropriately applied.</p>	<ul style="list-style-type: none"> <li>• We evaluated the design and implementation of key controls in place around the property valuation.</li> <li>• We tested a sample of the key inputs to the valuation/the key asset information provided by the Trust to the valuer back to supporting documentation.</li> <li>• We used our valuation specialists to review and challenge the appropriateness of the assumptions used in the year-end valuation of the Trust’s land and buildings.</li> <li>• We reviewed the presentation of revaluation movements and impairments, and the disclosures included in the financial statements.</li> </ul>	<p>We identified the opening revaluation reserve was overstated by £0.4m due to historic valuation movements being incorrectly recognised in the revaluation reserve. This resulted in £0.3m being recognised in the Statement of Comprehensive Income as reversing impairments which should have been recognised in the revaluation reserve, therefore, the operating expenditure was understated by £0.3m.</p>

# Financial statement audit significant risks (continued)

Risk	Procedures undertaken	Findings
<p><b>Management override of controls</b></p> <p>Auditing standards require us to perform procedures to address the risk of management override of controls, including through influencing judgements and estimates, as well as overriding the Trust's controls for how specific transactions are accounted for.</p>	<ul style="list-style-type: none"><li>• We evaluated the design and implementation of controls over journals, accounting estimates and significant and unusual transactions.</li><li>• We tested accounting estimates, including evaluating for indications of bias in estimates. Where relevant, we: evaluated the methods used to determine estimates; compared to relevant third party information; and assessed the recognition and valuation criteria to specific requirements of accounting standards.</li><li>• We used our Spotlight data analytic techniques to select journals for testing with characteristics indicative of potential manipulation of reporting. We traced the journals to supporting documentation, and evaluated the accounting rationale for the posting.</li><li>• We did not identify any material unusual transactions outside the normal course of business of the Trust.</li></ul>	<p>We identified a key judgement made by management in relation to the release of a £1.2m provision. We agreed with management's judgement to release the provision, however we concluded this was a prior year error as this should not have been included as a provision in the previous period.</p>

# Auditor's work on Value for Money ("VfM") arrangements

The Accounting Officer and the Board are responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in the use of resources. This includes taking properly informed decisions and managing key operational and financial risks so that they can deliver their objectives and safeguard public money.

The Accounting Officer reports on the Trust's arrangements, and the effectiveness with which the arrangements are operating, as part of their Annual Governance Statement.

Under the National Health Service Act 2006, we are required to be satisfied whether the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. In accordance with the National Audit Office's Auditor Guidance Note 3, we are required to assess arrangements under three areas:

<b>Financial sustainability</b>	<i>How the body plans and manages its resources to ensure it can continue to deliver its services</i>
<b>Governance</b>	<i>How the body ensures that it makes informed decisions and properly manages its risks</i>
<b>Improving economy, efficiency and effectiveness</b>	<i>How the body uses information about its costs and performance to improve the way it manages and delivers its services</i>

This report presents our findings on the Trust's VfM arrangements. We have reported a significant weakness in the Trust's governance arrangements. Please see page 15 for further details.

In addition to our financial statement audit, we performed a range of procedures to inform our VfM commentary, including:



Interviews with key stakeholders, including the Chief Executive, Board Chair, Chief Finance Officer and Audit Committee Chair.



Review of Board and Committee reports and attendance at Audit Committee meetings.



Reviewing reports from third parties including the Care Quality Commission and correspondence with NHS England.



Considering the findings from our audit work on the financial statements.



Review of the Trust's Annual Governance Statement and Annual Report.



# Auditor's work on VfM arrangements (continued)

## Trust performance

### The NHS Oversight Framework

The NHS Oversight Framework provides an overview of the level and nature of support required by organisations and systems during 2024/25.

It is built around five national themes:

- quality of care, access and outcomes;
- preventing ill health and reducing inequalities;
- people;
- finance and use of resources; and
- leadership and capability.

NHS England allocates trusts to one of four 'segments'. A segmentation decision indicates the scale and general nature of support needs, from no specific support needs (segment 1) to a requirement for mandated intensive support (segment 4).

The table below summarises the Trust's performance across a range of measures. Where relevant, additional commentary is provided on the following pages.

	2024/25	2023/24
<b>(Deficit)/Surplus</b>	£(13.3)m	£(6.9)m
<b>Adjusted (Deficit)/Surplus</b>	£(4.8)m	£4.6m
<b>EBITDA as % of income</b>	2.7%	3.5%
<b>Cost Improvement Programme delivery (£m / % of plan)</b>	£32.9m / 85% of plan	£29.0m / 100% of plan
<b>Cash at 31 March</b>	£31.9m	£64.2m
<b>NHS Oversight Framework segment</b>	3	2
<b>Reported breaches of Licence Conditions</b>	Yes	Yes
<b>CQC report conclusions (last full inspection report date April 2020)</b>	Good	Good
<b>Head of Internal Audit Opinion</b>	Significant Assurance	Significant Assurance
<b>Annual Governance Statement - significant internal control issues</b>	None	None

# VfM arrangements: Financial sustainability

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## Approach and considerations

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We have considered how the Trust plans and manages its resources to ensure it can continue to deliver its services, including:

- How the body 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 body plans to bridge its funding gaps and identifies achievable savings;
  - How the body plans finances to support the sustainable delivery of services in accordance with strategic and statutory priorities;
  - How the body 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 body identifies and manages risks to financial resilience, e.g., unplanned changes in demand, including challenge of the assumptions underlying its plans.
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## Commentary

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- The Trust reported a deficit for the year of £13.3m (31 March 2024: deficit of £6.9m) against a planned deficit of £10m.
  - At 31 March 2025, the Trust had net assets of £248.5m (31 March 2024: £247.7m), net current liabilities of £26.2m (31 March 2024: net current liabilities of £11.1m), and cash of £31.9m (31 March 2024: £64.2m). The Trust also reports its non-statutory adjusted financial performance on a control total basis which shows a deficit for the year of £4.8m (31 March 2024: surplus of £4.6m).
  - The Trust Board receives a finance report each month which includes the details of the Trust's plan and outturn, including commentary to explain variances, with greater details provided where the Trust is off target.
  - The Trust reviews its financial risks at Board on a monthly basis, and where appropriate, updates are made to either risk scores or mitigating actions and this is documented in the minutes. Both the Trust Board and the Finance and Performance Committee are involved in the management of financial risk, through their challenge, review and requests for information.
  - The Trust has in place a Budgetary Management Framework that sets out the operational rules and processes which management rely upon to ensure sound financial management. The annual budget setting is conducted as part of the annual planning exercise for which the Chief Finance Officer has executive responsibility.
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# VfM arrangements: Financial sustainability (continued)

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## Commentary

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- The Trust's 2025/26 financial plan is based upon a forecast deficit of £17m. This assumes efficiency savings of £33m (5% of operating expenditure). This compares to planned efficiency savings for 2024/25 of £38.9m (6% of operating expenditure), of which the Trust reported achieving £32.9m, or 84.7% of plan. The Trust planned to deliver 84% of these savings recurrently, but reported delivering 79% recurrently. When the Trust submitted the budget for 2025/26, the Trust had plans in progress or fully developed for 64% of that target.
  - We identified a risk of significant weakness in respect of the Trust's arrangements to have in place appropriately developed plans to address the forecast deficit in 2025/26 and the delivery of the significant level of efficiency savings that the plan requires as well as the forecast reduction in the cash balance from £31.9m in the current year to £3.5m at the end of 2025/26. In response, we discussed with management the progress made in identifying and delivering the required efficiencies as part of the Closing the Gap ("CTG") programme. The efficiency savings are made up of £22.6m recurring and £10.4m identified as non-recurrent. Due to an additional £5.3m funding received from the ICB, the Trust's revised CTG target is now £38.3m. The Trust has identified £39.4m saving schemes and is currently forecasting to achieve savings of £31.4m. The Trust has tasked all Clinical Service Units(CSU) to identify additional schemes to implement and also bring forward the implementation of the identified schemes in order to bridge the savings gap.
  - The Trust's cash forecast for 2025/26 shows a decline in cash which is expected to reduce to £3.5m. This means the Trust might require cash support from the Integrated Care Board and/or NHS England. Due to the risk that the Trust may have required cash support in 2024/25, a new daily cashflow model was developed which sets out actual and forecast income and expenditure on a daily basis. A weekly Cash Committee is also held each Tuesday to check cash is in line with the agreed forecast and to discuss any changes that need to be included in the forecast. In addition, a monthly cash report is submitted to the Finance and Performance Committee setting out whether cash support will be needed and the process involved in obtaining the necessary approvals before any applications are made.
  - We concluded that there was not a significant weakness in the Trust's arrangements but have included a recommendation in Appendix 1 as a Deloitte insight.
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# VfM arrangements: Governance

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## Approach and considerations

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We have considered how the Trust ensures that it makes informed decisions and properly manages its risks, including:

- How the body 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 body approaches and carries out its annual budget setting process;
  - How the body 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 body ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency. This includes arrangements for effective challenge from those charged with governance/audit committee; and
  - How the body monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements and standards in terms of officer or member behaviour (such as gifts and hospitality or declarations/conflicts of interests), and for example where it procures or commissions services.
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## Commentary

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- The Trust has a risk management strategy which sets out the purpose and principles underlying the strategy as well as the risk scoring, monitoring and reporting processes. Alongside this the Trust has a risk assessment handbook which provides additional guidance on identification, assessment and managing of risks.
  - Budget setting combines elements of top down planning and modelling at a corporate level and bottom up intelligence gathering and forecasting in which individual departmental budget holders contribute. The top down part ensures that issues such as inflation rates, commissioner contracts, demographic changes and system level pressures are factored in while the bottom up methodology considers capacity and demand at a specialty or service level, quality issues, new clinical standards or service specific issues.
  - The “Well Led” element of the last CQC report has not been issued yet.
  - The Trust was moved from segment 2 to segment 3 of the NHS Oversight Framework in May 2024 due to the issues facing the Trust and continued governance concerns including a deterioration in relationships between members of the Board. Furthermore, NHS England imposed additional licence conditions on the Trust pursuant to section 111 of the Health and Social Care Act 2012, and the Trust agreed to a number of enforcement undertakings to address the concerns raised.
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# VfM arrangements: Governance (continued)

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## Commentary

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The enforcement undertakings were:

- The review of Board leadership and governance and the implementation of the findings. This is covered by the CQC well led inspection which the Trust is currently awaiting the final report.
- Regular meetings with NHS England. An Integrated Quality Improvement Group (IQIG) has been set up by NHS England to oversee and support the Trust in addressing the concerns and making the required improvements. During the year there have been monthly meetings between the Trust and IQIG attended by key personnel from the Trust including the Board Chair, Chief Executive, Chief Finance Officer and Chief Nurse.

The monthly meetings have reduced post year end due to progress made by the Trust during the year.

We reported a significant weakness in the prior year, and we consider it remains in existence for the current year.

We do not consider it necessary to make any additional recommendations in the current year as the recommendations made in the prior year are still applicable. We have set these out on page 15.

# VfM arrangements: Governance (continued)

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## Commentary

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### NHS Provider Code of Governance

The Trust's statement of compliance with the Code is set out on page 110 of the Annual Report. It states that the Trust considers it has complied with the provisions of the Code throughout the year except for provisions B2.5, C4.7 and E2.2 where there is partial compliance or non-compliance.

These non-compliance are :

- The roles of Chair and Chief Executive must be held by separate individuals, and a Chief Executive should not subsequently become Chair of the same trust. For the Trust, this was an interim position, and the Senior Independent Director is the Chair of the Audit Committee. NHS England confirmed its support for the interim appointment.
- Trusts are strongly encouraged to undertake externally facilitated developmental reviews of their leadership and governance using the Well-led framework every three to five years, with the external reviewer and any connections to the trust or its directors/governors being disclosed in the annual report. The Care Quality Commission has undertaken a well led inspection, and the Trust is currently awaiting the final report on this. We have identified a significant weakness in relation to this. Please see details on the next page.
- Levels of remuneration for the chair and other non-executive directors should reflect the Chair and non-executive director (NED) remuneration structure. The NED remuneration for the Trust is currently set at £13,785 and has been set at this level since 2011. The annual remuneration cap set by NHS since the guidance came into place in 2019 is £13,000. The Trust have determined not to make changes to previously agreed remuneration.

# VfM arrangements: Governance (continued)

The details of the significant weakness identified are set out in the table below:

<b>Significant weakness</b>	Governance issues in relation to how the organisation monitors and ensures appropriate standards are met, such as meeting legislative/regulatory requirements.
<b>Nature of the significant weakness identified</b>	In the prior year, we reported weaknesses in arrangements in respect of governance, specifically in respect of how the organisation monitors and ensures appropriate standards are met, such as meeting legislative/regulatory requirements in respect of circumstances which resulted in investigation by NHS England, a 'Well led' review by the Care Quality Commission, the placing of the Trust in oversight framework segment 3 and enforcement undertakings been placed on the Trust.
<b>Evidence on which our judgement is based</b>	We have concluded that the significant weakness remains in existence in the current year. The NHSE Enforcement Undertakings were issued in August 2024, and the Trust has been working with NHSE throughout the year to implement changes. Although we note the Trust has made progress, the enforcement undertakings were issued during the year and the Trust was implementing changes during the period, we have therefore concluded that the significant weakness has not been addressed in year.
<b>Impact on the Trust</b>	The events which led to the adverse publicity have resulted in a responsive Care Quality Commission review which led to further adverse comment and downgrading of the Trust's regulatory rating and enforcement undertakings being placed on the Trust.
<b>Recommendation</b>	<p>In the prior year, we recommended that management ensures that:</p> <ul style="list-style-type: none"> <li>• the Trust acts upon the recommendations made by NHS England; and</li> <li>• the Trust addresses any findings that may be made by the Care Quality Commission when they report the results of their review.</li> </ul> <p>We have not made any new recommendations in the current year as these still apply in the current year.</p>
<b>Management response</b>	The Trust has been working positively with NHS England over the last year to enact the agreed actions, and will continue to ensure these are progressed to completion. The Trust will put in place appropriate actions to respond to the findings of CQC when their inspection reports are finalised.

# VfM arrangements: Improving economy, efficiency and effectiveness

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## Approach and considerations

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We have considered how the body uses information about its costs and performance to improve the way it manages and delivers its services, including:

- How financial and performance information has been used to assess performance to identify areas for improvement;
  - How the body evaluates the services it provides to assess performance and identify areas for improvement;
  - How the body 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 body commissions or procures services, how it assesses whether it is realising the expected benefits.
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## Commentary

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- The Trust's Audit Committee approves the annual Internal Audit Plan and Counter Fraud Plan, and receives updates at Committee meetings through the year. The Trust's Head of Internal Audit opinion for the year was "Significant Assurance". Internal audit issued five limited assurance reports and one low assurance report in the current period.
- Overall, the Trust is rated as Good by the Care Quality Commission (CQC). In the current year, the CQC performed three inspections of the Trust's neonatal, maternity and medical care services at the Bradford Royal Infirmary site. Neonatal had an overall rating of outstanding and Medical Care was rated as Good. In the current year, the inspection of maternity was focused on just the safe and well led elements which were both rated as good. However, Maternity's overall rating continues to be requires improvement. The Trust is still awaiting the final "Well led" report undertaken due to ongoing governance issues.
- The Trust continues to review its partnership arrangements regularly and Trust Board receives regular reporting in respect of partnerships and the associated partnership boards. To ensure that relevant information is fed back into the Trust's processes, relevant executive directors, deputies and clinicians are involved in a range of regular meetings at Place committees covering quality, finance and performance and leadership as well as ICS meetings for 'Leadership and oversight', Finance Directors and Delivery Programmes.
- The Trust has a procurement function who develop the Trust's procurement strategy in line with the procurement policy. The policy's aim is to ensure that the Trust operates in an open and transparent manner and achieves value for money. It focuses on ensuring that an appropriate level of competitive tendering is used in each case and that any use of the options to waive the tendering requirements are appropriately approved by senior officers and reported to the Audit Committee.



# Purpose of our report and responsibility statement

## What we report

Our report fulfils our obligations under the Code of Audit Practice to issue an Auditor's Annual Report that brings together all of our work over the year, including our commentary on arrangements to secure value for money, and recommendations in respect of identified significant weaknesses in the Trust's arrangements.

## What we don't report

Our audit was not designed to identify all matters that may be relevant to the Trust.

Also, there will be further information the Boards need to discharge their governance responsibilities, such as matters reported on by management or by other specialist advisers.

Finally, our views on internal controls and business risk assessment should not be taken as comprehensive or as an opinion on effectiveness since they have been based solely on the audit procedures performed in the audit of the financial statements and work under the Code of Audit Practice in respect of Value for Money arrangements.

## The scope of our work

Our observations are developed in the context of our audit of the financial statements.

## Use of this report

This report is made solely to the Council of Governors and Board of Directors ("the Boards") of Bradford Teaching Hospitals NHS Foundation Trust, as a body, in accordance with the National Health Service Act 2006. Our audit work has been undertaken so that we might state to the Boards those matters we are required to state to them in our Audit Report and Auditor's 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 the Boards as a body, for our audit work, for this report, or for the opinions we have formed.



**Deloitte LLP**

Newcastle upon Tyne | October 2025

# Appendix 1: Recommendation summary

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Throughout our report we have included areas of improvement, which do not represent a significant weakness. We have summarised these below:

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Number	Area	Recommendation
1	Financial Sustainability	The Trust has a significant savings plan for 2025/26 and achieved 84.7% of planned savings in 2024/25. We recommend the Trust should closely monitor the Closing The Gap programme to ensure opportunities are identified and savings achieved.

# Appendix 2: Trust's responsibilities

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Public bodies spending taxpayers' money are accountable for their stewardship of the resources entrusted to them. They should account properly for their use of resources and manage themselves well so that the public can be confident.

Financial statements are the main way in which local public bodies account for how they use their resources. Local public bodies are required to prepare and publish financial statements setting out their financial performance for the year. To do this, bodies need to maintain proper accounting records and ensure they have effective systems of internal control.

All local public bodies are responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness from their resources. This includes taking properly informed decisions and managing key operational and financial risks so that they can deliver their objectives and safeguard public money. Local public bodies report on their arrangements, and the effectiveness with which the arrangements are operating, as part of their annual governance statement.

The Chief Executive, as Accounting Officer of the Trust, is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Accounting Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Accounting Officer is required to comply with the Accounts Direction issued by NHS England, which requires the Trust to comply with the Department of Health & Social Care Group Accounting Manual and prepare the financial statements on a going concern basis, unless the Trust is informed of the intention for dissolution without transfer of services or function to another entity. In applying the going concern basis of accounting, the Accounting Officer has applied the 'continuing provision of services' approach set out in the Group Accounting Manual, as it is anticipated that the services the Trust provides will continue into the future.

The Accounting Officer is required to confirm that the Annual Report and Accounts, taken as a whole, is fair, balanced, and understandable, and provides the information necessary for patients, regulators and stakeholders to assess the Trust's performance, business model and strategy.

The Accounting Officer is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in the use of the Trust's resources, for ensuring that the use of public funds complies with the relevant legislation, delegated authorities and guidance, for safeguarding the assets of the Trust, and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Accounting Officer and the Board are responsible for ensuring proper stewardship and governance, and reviewing regularly the adequacy and effectiveness of these arrangements.

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# Appendix 3: Auditor's responsibilities

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## **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

## **Auditor's responsibilities relating to the Trust's arrangements for securing economy, efficiency and effectiveness in the use of resources**

We are required under the Code of Audit Practice and the National Health Service Act 2006 to satisfy ourselves that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

We are not required to consider, nor have we considered, whether all aspects of the foundation trust's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

We undertake our work in accordance with the Code of Audit Practice, having regard to the guidance, published by the Comptroller & Auditor General, as to whether the Trust has proper arrangements for securing economy, efficiency and effectiveness in the use of resources against the specified criteria of financial sustainability, governance, and improving economy, efficiency and effectiveness.

The Comptroller & Auditor General has determined that under the Code of Audit Practice, we discharge this responsibility by reporting by exception if we have reported to the Trust a significant weakness in arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2025. Other findings from our work, including our commentary on the Trust's arrangements, are reported in our Auditor's Annual Report.

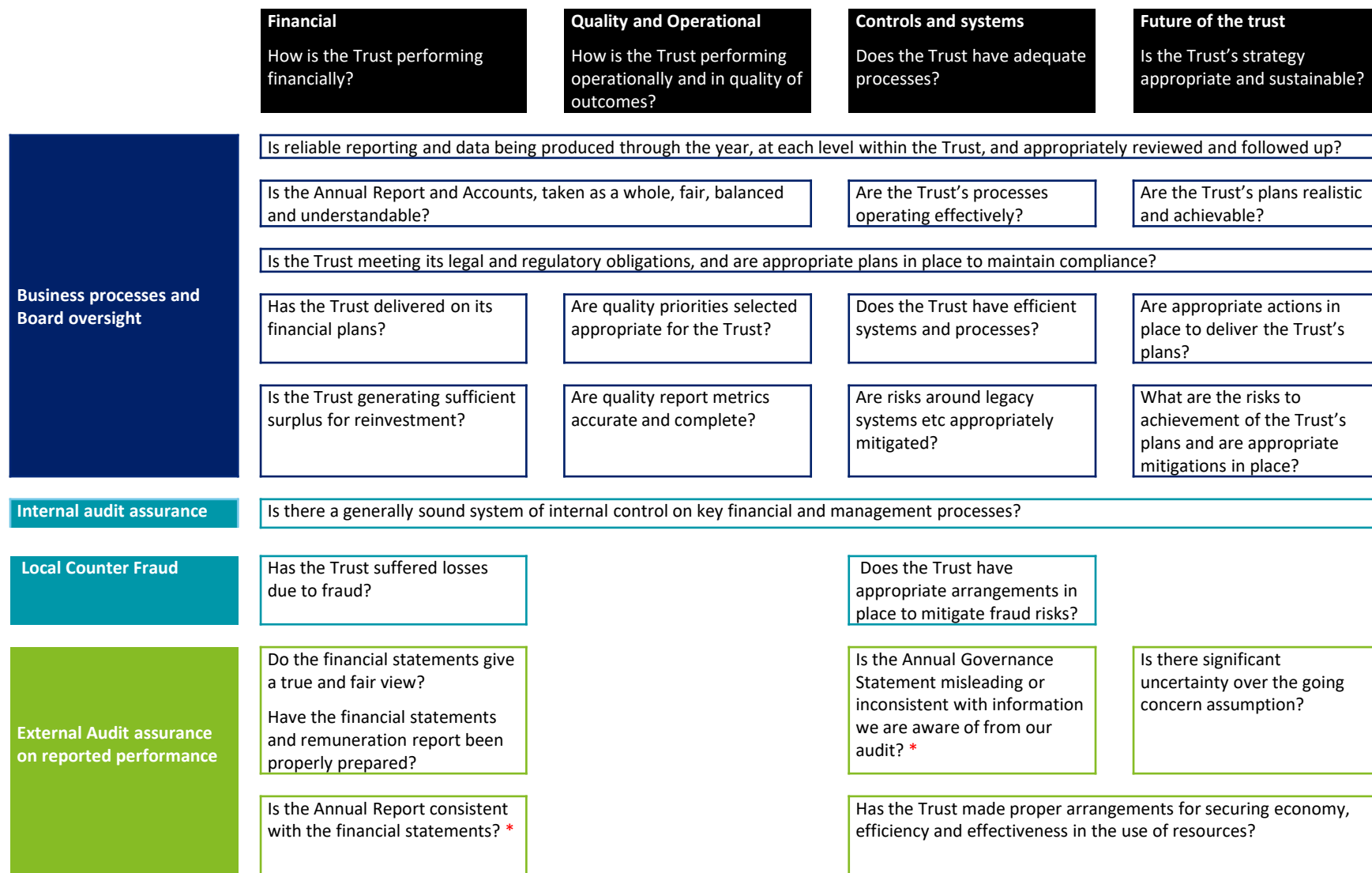
## **Auditor's other responsibilities**

We are also required to report to you if we exercise any of our additional reporting powers under the National Health Service Act 2006 to:

- NHS England if we believe that the Trust or an officer of the Trust is
  - about to make, or has made, a decision which involves or would involve the Trust incurring unlawful expenditure;;
  - about to take, or has begun to take a course of action which, if pursued to its conclusion, would be unlawful and likely to cause a loss or deficiency
- consider whether to issue a report in the public interest.

# Appendix 4: Assurance sources for the Trust

The diagram below illustrates the assurances provided by external audit around finance, quality, controls and systems and the future of the Trust (in the green rows) and how this fits with some of the other assurances available over the Trust's position and performance.



\* The scope of external audit in this area is "negative assurance" of reporting by exception of issues identified.



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