



Auditor's Annual Report
Oldham Metropolitan Borough Council – year ended 31 March 2025

16 February 2025

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

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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 Oldham Metropolitan Borough Council ('the Council') for the year ended 31 March 2025. Although this report is addressed to the Council, it is designed to be read by a wider audience including members of the public and other external stakeholders.

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



Opinion on the financial statements

We have completed our work on the audit of the financial statements. We have issued an unqualified opinion on 16 February 2026.



Value for Money arrangements

In our audit report we reported that we were not satisfied arrangements were in place for the Council to secure economy, efficiency and effectiveness in its use of resources, this is because we issued a recommendation in relation to significant weaknesses in those arrangements that is relevant to the 2024/25 financial year. Section 3 provides our commentary on the Council's arrangements and a summary of our recommendations and the weaknesses identified.



Reporting to the group auditor

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

02

Audit of the financial statements

Audit of the financial statements

Our audit of the financial statements

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

Qualitative aspects of the Council's accounting practices

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

Draft accounts were received from the Council on 30 June 2025 and were generally of a good quality. The Council's finance team have provided us with timely responses to queries which have assisted with audit progress. We have received a good level of assistance from the Council's finance team. Supporting working papers provided have been of a good quality. We would like to place on record our thanks to the Council's finance team for their support throughout the audit

Reporting responsibility	Outcome
Narrative Report	We have not identified any significant inconsistencies between the content of the annual report and our knowledge of the Council.
Annual Governance Statement	We have not identified any matters where, in our opinion, the governance statement did not comply with the guidance issued by CIPFA/LASAAC Code of Practice on Local Authority Accounting.

03

Our work on Value for Money
arrangements

VFM arrangements

Overall Summary



VFM arrangements – Overall summary

Approach to Value for Money arrangements work

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



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



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



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

Our work is carried out in three main phases.

Phase 1 - Planning and risk assessment

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

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

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

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

Phase 2 - Additional risk-based procedures and evaluation

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

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

VFM arrangements – Overall summary

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

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

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

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

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

VFM arrangements – Overall summary

Overall summary by reporting criteria

Reporting criteria	Commentary page reference	Identified risks of significant weakness?	Actual significant weaknesses identified?	Other recommendations made?
 Financial sustainability	12	Yes – see risk 1 on page 13	Yes	No
 Governance	19	Yes – see risk 2 on page 20	Yes	No
 Improving economy, efficiency and effectiveness	24	No	No	No

VFM arrangements

Financial Sustainability

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



VFM arrangements – Financial Sustainability

Risks of significant weaknesses in arrangements in relation to Financial Sustainability

We have outlined below the risks of significant weaknesses in arrangements that we have identified as part of our continuous planning procedures, and the work undertaken to respond to each of those risks.

Risk of significant weakness in arrangements	Work undertaken and the results of our work
<p>Financial Sustainability</p> <p>In 2023/24 the Council budgeted £11.5m earmarked reserves to support additional expenditure, by the year end a further £16m was required for unexpected pressures, in 2024/25 a further unbudgeted use of reserves of £10.2m has been required in addition to the £10.8m planned use of reserves. The continued planned and unplanned use of reserves to bridge funding gaps is evidence of an unsustainable reliance on reserves and a lack of action to address the underlying reasons for persistent overspending.</p>	<p>Work undertaken</p> <p>We have:</p> <ul style="list-style-type: none">• Reviewed the Council’s financial budget and monitoring reporting made available to members;• Reviewed the Council’s final outturn position;• Considered savings targets set at the beginning of the year and understand any overspends;• Considered the medium-term financial strategy of the Council; and• Reviewed the detailed budget setting process to understand the assessment undertaken to consider the affordability of services and understand how these align with the Council’s corporate plan. <p>Results of our work</p> <p>In February 2024, the Council set a balanced budget for the 2024/25 financial year which included the need to deliver £20.4m of savings. By the end of the first quarter of the financial year, the Council was forecasting significant overspends and by year end reported an outturn position of £10.1m overspent. The Council failed to deliver its savings requirement in full, with only £15.9m out of the target £20.4m achieved. This has resulted in the Council’s earmarked general fund reserves reducing by 38% to £44.9m.</p> <p>The Council’s failure to control levels of expenditure or deliver its savings plans increases the risk of the Council having insufficient reserves to deliver its services. We consider this to be a weakness in how the Council plans its finances to support the sustainable delivery of services in accordance with strategic and statutory priorities.</p>

VFM arrangements – Financial Sustainability

Overall commentary on Financial Sustainability

Background to financial sustainability in 2024/25

The Council continues to face significant challenges with rising demands for services, against a backdrop of an adverse national economy and a cost-of-living crisis. There has been continued financial and operational challenges particularly on Adult Social Care, Children's Social Care and Homelessness. The financial impact of the pandemic has now started to diminish, and although public finances have started to stabilise, they remain weak. Funding settlements for Local Government continue to be challenging and are set against rising demand for services and increased costs as a consequence of higher-than-expected inflation. Given its operating environment the Council's financial sustainability challenges from the legacy of the pandemic and economic issues will continue through the medium term and this places considerable pressure on the Council to maintain effective financial sustainability arrangements.

The Council's financial planning and monitoring arrangements

In March 2024 the Council set a balanced budget for the 2024/25 financial year with a total net budget for Council services of £299.8m. This required an increase in Council Tax of 4.99% (including 2% Adult Care precept). Throughout the year the Council regularly updated its budget forecast, enabling budgets to remain up-to-date in the fast-changing and uncertain operating environment. The final net budget reported for the year was £306.8m, the increase predominantly caused by the increased demand for Children's services, and Adult social care and temporary accommodation. Within the original budget approved in March 2024, the Council had approved the use of £10.75m of earmarked reserves to support additional demand pressure alongside the identified budget reduction (savings) requirement of £11.0m.

The Council's financial planning and budgeting arrangements are well established and include a wide range of activities and consultations, liaising with Greater Manchester Combined Authority (GMCA) via the GM Treasurers meetings to determine pressures, and participation in GM wide initiatives. The budget setting process includes engagement with senior Council officers and incorporates discussion about the delivery of statutory services/priorities and the impact on resources. Where additional resources are required, these are scrutinised and challenged before they are included in the budget estimates. Workshops with officers and members are a key part of the budgeting arrangements, and these are detailed and extensive.

In line with the 2023/24 AGS, recommendations have been implemented, increasing the frequency of budget monitoring, the reporting cycle has moved to a bi-monthly reporting to Cabinet. These actions have sought to ensure that any adverse position is identified sooner, and early action can be taken to address these pressures. The Council has taken actions to dealing with the adverse position at quarter one implementing management actions, for example a robust vacancy management process, and robust challenge of planned expenditure, whilst maximising income.

VFM arrangements – Financial Sustainability

Overall commentary on the Financial Sustainability reporting criteria – continued

The Council approved £20.4m of budget savings made up of £11m identified in 2024/25 and a further £9.4m of 2024/25 budget savings that were approved in the previous year, these are monitored on a month-by-month basis and reported to Cabinet bi-monthly.. The monitoring includes a traffic light assessment of the risk that the savings plans can be delivered. During the year, a number of schemes were assessed as amber and red, and remedial actions were taken to address the risks. For 2024/25 additional monitoring was implemented with the establishment of the Financial Deliverability and Sustainability Board, this is Chaired by the Leader of the Council, and the Steering Group, which is chaired by the Chief Executive. Both received assessment of achievability of budget savings, the budget gap, and projected outturn. There is oversight and challenge from senior levels of the Council to ensure that savings are achieved, and the financial position is improved during the year. At the outturn £15.9m (77%) of the savings were delivered.

The Council reported its revenue outturn position for 2024/25 as an overall overspend of £10.1m. During the year, the Council provided regular reports of its financial position to Cabinet in months 3 (June 2024), 4, 6, 8, 9 and 10 (January 2025). We have reviewed a sample of the reports presented for 2024/25. These reports were detailed and comprehensive and incorporate monitoring of the revenue budget, the capital programme and a wide range of other financial measures. The Council follows an established timetable for reporting to Cabinet which includes reporting to directorate management teams and the strategic management team.

The budget reports all set out a projected overspend by the end of the year as set out in the table below:

Monitoring Report Period	Projected overspend
Quarter 1	£26m
Quarter 3	£14.2m
Month 10	£14.6m
Quarter 4	£10.2m (actual)

The Council's arrangements for identifying, managing and monitoring funding gaps and savings

The overspend in 2024/25 was mainly due to Children's Social Care, Temporary Accommodation and Adult Social Care. The drivers of the overspend is increasing demand due to homelessness, increased demand for children's social care placements. This is despite there being additional funding being allocated to these areas at the budget setting stage, this included £16.8m for Children's services and £15.3m for Adult Social Services. The level of demand and the increase in the cost of placements has continued to outpace the increases in funding and delivery of savings in these areas.

VFM arrangements – Financial Sustainability

Overall commentary on the Financial Sustainability reporting criteria – continued

The Council has in place a programme of change. This is based around three areas which are demand management, income maximisation and service review. For example, the transformation plan includes a project which has overseen the provision of providing child placements in-house in order to reduce reliance on third party provision, and also the Adult Social Care whole service improvement programme, which has resulted in improvements in delivery of service to residents in their own home.

The Council produces a Medium-Term Financial Strategy (MTFS) each year alongside its annual budget. The MTFS sets out the resources available to deliver the Council's overall commitment to provide services that meet the needs of people locally over a five year period.

A key part of the MTFS is to highlight the budget issues that need to be addressed by the Council in each of the years covered. It reflects assumptions made to allow forecasting of the level of available resources from all sources together with the budget pressures relating to both capital and revenue spending. It also assesses the adequacy of reserves held which may impact on the Council's resources.

The Council's budget setting process, which begins in the summer, is a detailed and comprehensive process. There is detailed consultation and discussion with officers and members on the assumptions and principles on which the budget is to be based. As part of the budget setting process, the Council explicitly identifies its budget reduction requirements for the following years through detailed consideration of the budgetary pressures, funding estimates, and impact of national and local initiatives and policies.

A range of officer workshops are held to review proposals for budget reductions with each proposal supported by evidenced assessments of deliverability. Proposals are subject to consultation with staff, officers and members and are presented to meetings attended by Cabinet & Deputy Cabinet Members and senior officers, Overview & Scrutiny, and Cabinet before submission to, and approval at, Full Council. We reviewed a range of the budget preparation documents and meetings held as part of the budget setting process. Our review confirmed that the documents were comprehensive and detailed, and the workshops and meetings were timely and delivered the intended outcomes to assist with the budget preparation.

The budget reduction requirement identified in the MTFS 2024/25 to 2028/29 for 2024/25 was £10.8m with a further £23.2m required in the following two years. In setting the 2024/25 budget and MTFS, the budget reduction requirement for the period 2025/26 to 2028/29 was estimated at £37.1m after the use of £1.4m of reserves in 2025/26 and applying other budget reduction schemes. The budget reports for each year are clear on the means by which the savings will be delivered and clearly articulate the size of the challenge the Council faces in the medium term.

VFM arrangements – Financial Sustainability

Overall commentary on the Financial Sustainability reporting criteria – continued

Council’s arrangements and approach to 2025/26 and 2026/27 financial planning

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

The budget for 2025/26 was approved at the February 2025 Council meeting. The Council set a balanced budget with a total net budget for Council services of £321.7m with an increase in Council Tax of 4.99% (including 2% Adult Care precept). The budget included £21.1m of budget reduction proposals, and £1.05m contribution to reserves. This has seen a reduction from the 2024/25 budget strategy that approved the use of £10.8m of reserves for 24/25. This is funded from the Balancing Budget and Fiscal Mitigation Reserves, both of which were created to deal with the increasing fiscal pressures.

We have reviewed the supporting evidence relating to the preparation of the 2025/26 budget and these demonstrate that the arrangements are consistent with the previous year, whilst the Council has incorporated increased funding to areas where there is demand led pressure, this has not been sufficient to ensure that that it meets financial targets.

The budget reductions identified as part of the 2025/26 budget setting and medium-term financial strategy were £21.1m for 2025/26, £9.7m for 2026/27, £11.5m in 2027/28, £9.6m in 2028/29 and £5.5m in 2029/30. These levels of budget reductions require the Council to continue to make difficult decisions on resource deployment and prioritisation.

The Council has included the flexible use of capital receipts within the budget setting process for a number of years. The 2025/26 MTFS projects that earmarked reserves for the following two years are £24.8m and reducing to £23.4m in 2026/27.

This along with the unplanned use of reserves seen in 2023/24, and 2024/25 has seen the level of earmarked reserves reduce over the last few years ahead of expectations. See the table below.

	2023/24 (£m’s)	2024/25 (£m’s)
Planned use of reserves	11.6	10.8
Unplanned use of reserves	16.1	10.1
General fund balance	18.9	18.9
Earmarked Reserves	49.6	31.6

Given the latest financial forecasts for 2025/26 project significant overspends, the Council will need to reconsider its level of reserves across the full MTFS period.

VFM arrangements – Financial Sustainability

Overall commentary on the Financial Sustainability reporting criteria – continued

In response to the financial situation the Council has established a Delivery Board, led by the Council leader, to robustly monitor the approved savings and to drive focus on achieving budget savings, holding responsible officers to account. There has been an increase in the regularity of reporting, so the deteriorating position in relation to 2025/26 has been identified earlier, this has prompted an increased focus on 2026/27. This work led to £6.1m of budget saving plans, approved during 2024/25, for a partial in-year 2024/25 benefit and a full year benefit for 2025/26.

The Council's approach to delivering a balanced budget includes the delivery of a transformation programme, this has been refreshed during 2024/25 based on the updated corporate plan and demonstrates the link to expected deliverables. The Council's approach to delivery of its new corporate objectives are based on 8 themes including demand management, income maximisation and service review.

This is managed through the Change and Transformation Board and led by the Deputy Chief Executive. The programme has identified the investment needed to deliver the long-term recurrent savings in key areas, for example Creating a Better Place (CaBP) focuses on investment in the town centre, including the restoration of the Old Library building. In addition, the rationalisation of Council office accommodation has seen the recent move of Council services to offices in Spindles shopping centre. The children's residential programme aims to replace external out of borough placements with internal provision where possible.

Alongside the use of reserves to support the implementation of the Transformation plan the Council has reviewed the adequacy of reserves in the Statement of Robustness and the minimum level of reserves remains at £30m. There is recognition that there are earmarked reserves to invest in the transformation program and that there has not been the opportunity in 2024/25 to replenish reserves, however there are still adequate reserves to support the revenue budget in the short term, and for the longer term the investment in the transformation plan, should deliver the longer time savings.

Overall the Council faces a challenging financial environment, that requires close monitoring of savings plans, awareness of the changing environment as demand for services continues to increase. The Council has for 2025/26 not planned to use reserves. However, as it continues to experience increased demand the assumptions underpinning the MTFS should be revisited. The Council recognises the use of reserves to balance the budget is unsustainable in the medium term to long term. Delivery of the Council's Transformation Plan is critical to ensuring the long-term financial sustainability of the Council.

Based on the above considerations we have identified a significant weakness in the Council's arrangements in relation to financial sustainability.

VFM arrangements

Governance

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



VFM arrangements – Governance

Risks of significant weaknesses in arrangements in relation to Governance

We have outlined below the risks of significant weaknesses in arrangements that we have identified as part of our continuous planning procedures, and the work undertaken to respond to each of those risks.

Risk of significant weakness in arrangements	Work undertaken and the results of our work
<p data-bbox="89 796 114 825">1</p> <p data-bbox="140 625 930 696">Limited Assurance Opinion – Head of Internal Audit (HoIA)</p> <p data-bbox="140 742 1006 999">The Council’s Head of Internal Audit has issued a limited assurance opinion in the AGS (Annual Governance Statement). This covers financial control and resilience, ICT, procurement, decision making, corporate performance, and recruitment and discipline. In our view the failure to take sufficient action on recommendations exposes the Council to avoidable risk.</p>	<p data-bbox="1031 396 1299 428">Work undertaken</p> <p data-bbox="1031 435 1172 464">We have:</p> <ul data-bbox="1031 471 2446 692" style="list-style-type: none">• Reviewed all limited assurance internal audit reports for impact on the VfM assessment.• Reviewed the internal control weaknesses to assess the impact on our risk assessment for the financial statements audit.• Reviewed how management respond to the findings raised by internal audit.• Reviewed how those charged with governance hold management to account for responding to the findings raised by internal audit. <p data-bbox="1031 742 1337 771">Results of our work</p> <p data-bbox="1031 778 2433 921">Review of the limited assurance opinions highlights that most have been issued due to issues with staffing and high turnover of staff. In addition, there is evidence of failure to comply with reasonably designed systems of control. The limited assurance opinions impact upon a range of Council directorates and are not isolated to individual service areas.</p> <p data-bbox="1031 971 2458 1078">The reports highlight that officers are failing to implement medium and high priority actions within agreed timeframes to address identified deficiencies in internal control, with evidence that high priority recommendations have been reported over a number of financial years.</p> <p data-bbox="1031 1128 2458 1228">We consider the findings to be evidence of a significant weakness in the Council’s arrangements for governance, specifically monitoring and assessing risk and ensuring the effective operation of internal controls.</p>

VFM arrangements – Governance

Overall commentary on the Governance reporting criteria

The Council's risk management and monitoring arrangements

The Council has a firmly established risk management system in place that is embedded in the governance structure of the organisation. The risk management arrangements incorporate service and directorate risk registers informed by detailed assessments of the key risks impacting on each area. These detailed registers inform the Council's corporate risk register which sets out the key strategic and corporate risks.

The risk registers apply a risk score both before and after mitigation measures and enable the Council to manage the risks actively and long-standing where necessary. We have reviewed the risk management strategy along with examples of service risk registers and the corporate risk register. Our review confirms the strategy is clear and detailed, and the registers appear comprehensive, containing sufficient and appropriate detail for Council officers and members.

The Council reports its risk registers through its governance framework, culminating in regular reports to the Audit Committee. Our attendance at the Audit Committee meetings has confirmed that the Committee understands its role in the risk management framework. It provides an appropriate level of challenge to management on the risk registers and corresponding risks and mitigating actions.

The Council has a team of internal auditors, led by the Head of Internal Audit and Counter Fraud, who provide assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud. The annual Internal Audit plan is agreed with management at the start of the financial year and is reviewed by the Audit Committee prior to final approval. The audit plan is based on an assessment of risks the Council faces and is determined to ensure there is

assurance on the overall adequacy and effectiveness of the Council's framework of governance, risk management and control.

The planned work is supplemented by ad hoc reviews in respect of suspected irregularities and other work to respond to emerging risks and issues. We have reviewed the Internal Audit plans for 2024/25 and confirmed it is consistent with the approach.

Our review of internal audit reports for 2024/25 identified 17 reports that received a limited, weak or inadequate opinion. These include core financial systems such as payroll. Our review notes that the key objectives of the system to pay the workforce on time and accurately were met, however it has been noted that there has been a loss of key staff, and a general difficulty in recruiting and retaining suitably experienced staff to these roles, which has seen issues arise in relation to the weakness of controls. The recommendations raised have in a significant number of cases been brought forward from previous years due the turnover of staff.

On review of all limited assurance reports across a range of service areas there is a common issue that high and medium priority recommendations are not implemented within agreed timeframes, and compliance with controls is not in place across a number of service areas within the Council.

VFM arrangements – Governance

Overall commentary on the Governance reporting criteria - continued

Internal audit reports and follow up reports are brought to Audit Committee, however monitoring of recommendations and agreed timescales is an area where improvement is required. There has been limited progress on long standing recommendations, despite requests from the Audit Committee for progress to be made, with implementations dates being frequently missed and pushed back multiple times. There needs to be better reporting to Audit Committee to ensure that any delays in implementing internal audit recommendations can be identified and investigated promptly, with officers held to account for non-delivery where required. It has been pleasing to see a greater presence from senior officers at Audit Committee in 2025/26 which has allowed a greater level of dialogue and challenge between the Committee and officers.

At the end of each financial year the Head of Internal Audit provides an opinion based on the work completed during the year. For 2024/25 the Head of Internal Audit concluded the Council received limited assurance over the effectiveness of controls in financial control and resilience, ICT, procurement, decision making, corporate performance management and recruitment and discipline. From this we have identified a significant weakness in the Council's arrangements, as set out on page 20.

Council arrangements for budget setting and budgetary control

The 2024/25 Budget Report was approved in March 2024, setting out the estimates of the financial challenge for the financial year 2024/25 and following years. During 2024/25, this was updated regularly and the likely financial position for 2024/25 and 2025/26 was reported to Cabinet. Monthly financial monitoring reports were prepared for 2024/25 which highlighted key issues which impact on the financial position, with the financial monitoring reports presented to senior managers, Members and then to Cabinet for approval. It was noted throughout the year that there was significant pressures arising from Children's Social Care, Community Health & Adult Social Care and temporary accommodation provision. This was monitored closely with actions being taken to mitigate the impact this included £6.1m of 2025/26 savings identified during 2024/25 financial year, and where implementation could be expedited during 2024/25 to reduce the forecast adverse position. The Council was not able to meet its financial targets and required additional support from reserves. The savings requirement was not able to be delivered in full putting further pressure on the use of reserves.

During the summer months of 2024, there were a series of officer and member workshops to consider the updated financial position and to agree budget reduction proposals for consultation with staff and the public.

Members were engaged closely in discussions about the level of Council Tax and have appropriate reports on the council tax base information. Members agreed to use the opportunity to increase this by the maximum of 2%. This was linked to a pledge to support the adoption of the Living Wage Foundation National Living Wage for adult social care providers. This resulted in a final increase of 4.99%.

VFM arrangements – Governance

Overall commentary on the Governance reporting criteria - continued

The Council has well established budget monitoring arrangements in place. The Finance service is configured to align to the Council's management portfolio structure. Members of the finance team are assigned to specific service areas and work closely with cost centre managers to review, discuss and agree the financial pressures/ issues impacting on specific service areas. At the end of each month, a portfolio dashboard is prepared which contains all relevant financial information. Forecasts are produced for cost centres, service areas and the whole portfolio. These are discussed and agreed with relevant directors and managers.

There is a detailed budget monitoring timetable to which the Finance service works to ensure that reports are timely. Overall financial monitoring reports are prepared encompassing the whole Council position for both Capital and Revenue. During 2024/25, these budget monitoring reports were prepared for Cabinet for months 3, 4,6,8,9 and 10. The format of the report has been subject to review to ensure relevant information was available. Budget monitoring reports were also presented to the Performance and Value for Money Overview and Scrutiny Committee for consideration.

Council decision making arrangements and control framework

The Council's decision making arrangements are established in the Council Constitution. Decisions are either made by members (Council, Cabinet, or other decision making committees) or delegated to Cabinet portfolio leads, or officers.

All Cabinet and Key Decision reports include Statutory Officer Comments and Risks, and an assessment of financial impacts and other key impact areas such as human resources, IT and property. The Council has a range of overview and scrutiny committees that challenge and scrutinise Council decisions.

An internal audit report on delegated reports identified a number of recommendations including ensuring there is a clear record of the rationale for adopting a course of actions, providing training for report authors of drafting delegated decision reports and ensuring that final decisions are on the modern.gov system with the final decision report. The recommendations have a responsible officer and agreed timescales for implementation.

The Council operates an Audit Committee which has the appropriate status in the organisation to challenge management and obtain assurance on the operation of the internal control framework. The Committee has an agreed workplan and where necessary asks management to report on specific internal control issues. The Audit Committee met regularly throughout the year and routinely considered key reports on internal controls. During the year the Committee identified that it required additional assurance on the Council's partnership arrangements. The Audit Committee was able to review the report on the partnership dashboard on the wider risks.

Based on the above considerations we have identified a significant weakness in the Council's arrangements in relation to governance.

VFM arrangements

Improving Economy, Efficiency and Effectiveness

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



VFM arrangements – Improving Economy, Efficiency and Effectiveness

Overall commentary on the Improving Economy, Efficiency and Effectiveness reporting criteria

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

The Council prepares performance monitoring and financial monitoring reports which are presented to senior management, Cabinet and Overview & Scrutiny Committee. The overarching financial monitoring position is included in the performance reports. During 2024/25, financial monitoring reports provided information about the financial pressures being experienced. This highlighted new or increased service demand in some areas. These reports are also used to identify service delivery challenges, for example where increased costs are incurred to address service backlogs or underlying underperformance. Where such issues are highlighted through financial monitoring, the resources required as an investment to address this are identified. Performance reporting was revised through the year to take account of the circumstances.

The Council agrees and establishes a range of performance indicators for all directorates. These indicators are reviewed by services and reported initially to senior officers so that issues requiring action are understood including additional investment. Corporate performance reports are reported to senior management and members. During 2024/25, a new risk management dashboard has been developed for the Performance and Value for Money Overview & Scrutiny Committee to ensure risks are closely monitored and responses are timely in relation to changing conditions. We have reviewed a sample of these reports, and this confirmed that they clearly articulate the Council's performance and contain appropriate and detailed information.

The Council has a business planning process which requires detailed business plans to be agreed with respective Cabinet Members. Key performance indicators and measures then are encompassed within the corporate performance report. The Directorate plans are managed and monitored using a standard format. Reporting includes indicators such as the percentage of invoices paid in 30 days, the movement in the number of business in the borough, and the number of new homes completed in the year against targets.

During 2024/25 performance updates are required from responsible officers at the end of each quarter, with a strict requirement for adherence to timelines. The business planning cycle has been closely aligned to the risk management process through work undertaken in previous years. The reports have been further developed in 2024/25 with the inclusion of benchmarking data from LG Inform.

In addition to the corporate performance reporting, the Council has a range of internal performance and management information dashboards which enable it to evaluate performance and identify areas for improvement. For example, Oldham safeguarding Children's Partnership dashboard, we have reviewed a sample of these dashboards, and this confirmed that they clearly articulate the Council's performance and are appropriate for managing performance.

VFM arrangements – Improving Economy, Efficiency and Effectiveness

Overall commentary on the Improving Economy, Efficiency and Effectiveness reporting criteria - continued

From the work on service delivery, culture, education and leadership the Council was awarded the 'Most improved Council' at the Local Government Chronicle Awards. Reflecting the commitment and dedication to deliver better outcomes for residents.

The work of Internal Audit has identified areas of weakness and limited assurance within the internal control system across a range of service areas. The AGS sets out the Head of Internal Audit opinion is limited assurance in 2024/25, a range of improvements have been set out within the HoIA opinion across a range of areas.

The Council's arrangements for effective partnership working

The Council monitors its delivery on key partnerships including an ongoing assessment of risk as set out in the Partnership Dashboard which reports regularly to the Audit Committee. This identifies both current issues and emerging issues, for example, where there are plans to set up new partnerships to deliver key future priorities. As at 31 March 2025 the assessment of risk on partnerships operated by the Council was reported as low. The Council's key partnerships include NHS Greater Manchester ICP (Integrated Commissioning Partnership), its wholly owned subsidiary company, MioCare Community Interest Company and Oldham Total Care.

Both Miocare and Oldham Total Care are Council owned companies and they work closely with the Council as its significant customer. There are key governance arrangements in place within the Council to ensure efficient oversight of the company including annual reports to Scrutiny Committees and the Council appointing Members to the company boards.

The Council is party to a pooling of funds with the ICB and operates joint scrutiny arrangements to oversee the joint working arrangements. During 2023/24 some joint management responsibilities were in place across the Council and the ICB. These remain unchanged from 2024/25. The Council has a joint Commissioning Partnership Board on which the Leader and Cabinet Members for Adult Social Care represent the Council. This Board oversees the pooled fund agreement and receives financial performance reports relating to the arrangement.

The Council also works with GMCA across a number of initiatives including the In Work Progression programme, helping Oldham residents in work find better pay or new jobs, and the Health and Wealth Trailblazer which supports residents that are economically inactive back into work. These types of partnerships support dealing with the underlying issues of demand for services.

The Council's arrangements for procurement and commissioning services

The Council's Constitution contains a chapter on the Contract Procedure Rules. This sets out the detailed process that the Council must follow when procuring goods or services. We have reviewed the procedure rules and this confirms that they are comprehensive and cover the procedures, the quotation and tender process, using frameworks, post tender evaluation and contract monitoring procedures.

VFM arrangements – Improving Economy, Efficiency and Effectiveness

Overall commentary on the Improving Economy, Efficiency and Effectiveness reporting criteria - continued

The Council has an experienced Commercial Procurement Unit leading on procurement and commissioning. The team appoints 'Category Leads' who work closely with commissioners to develop the forward view pipeline over the medium term. This enables the Council to be able to plan its procurement and commissioning activities well in advance. We reviewed the pipeline and confirmed it was detailed and comprehensive and facilitated the Council's proactive management of its procurement over the medium term.

The category lead role includes working with commissioners to develop the specifications, identifying opportunities for possible collaboration or amalgamation of contracts, engaging with the market, developing KPIs, reviewing contract management information, maintaining an active dialogue with suppliers, and ensuring that the contracts stay up to date through the contract period.

Where contract management information suggests that contracts are not being delivered to the specification, the Council engages with suppliers to put in place improvements. Maintaining a routine dialogue with suppliers is crucial in managing the relationship and in ensuring disputes and disagreements are minimised or avoided.

Internal Audit completed a review of contract management, and their work identified a number of improvements including the development of contract management policy, provision of training, and conducting checks on the completeness of the contracts register. An agreed plan of action is in place for all recommendations and a responsible officer.

The Council established the expected outcomes and benefits from procurement in a series of key performance indicators in each contract. These are tailored specifically to the specification of each contract and are actively monitored to ensure the benefits are being delivered. Regular dialogue between the category leads and the Council's commissioners and suppliers ensures the delivery benefits are up to date and remain appropriate through the contract, and that any innovation or efficiencies identified is included in updated contract terms. We reviewed a sample of procurement monitoring reports and key performance indicators and confirmed that they were detailed and appropriate.

The work of other regulators

During the year, the Council had an inspection of Children's Services by OFSTED in July 2024. The overall assessment was good across all areas under review. The Council has had a relentless focus on improvement driven by a strong and stable leadership team. The pace of change ensures that children now benefit from good quality help and support. Political and corporate commitment has translated into financial investment to strengthen services, and to address the areas identified for improvement from the previous inspection in 2019. For example, leaders have sustained a good level of service in early help at the 'front door' despite increased levels of demand.

We are satisfied there is not a significant weakness in the Council's arrangements in relation to improving economy, efficiency and effectiveness.

VFM arrangements

Identified significant weaknesses in arrangements and our recommendations



VFM arrangements - Identified significant weaknesses and our recommendations

Identified significant weaknesses in arrangements and recommendations for improvement

As a result of our work we have identified significant weaknesses in the Council’s arrangements to secure economy, efficiency and effectiveness in its use of resources. These identified weaknesses have been outlined in the table below.

Identified significant weakness in arrangements	Financial sustainability	Governance	Improving the 3Es	Recommendation for improvement
<p>1 In February 2024, the Council set a balanced budget for the 2024/25 financial year which included the need to deliver £20.4m of savings. By the end of the first quarter of the financial year, the Council was forecasting significant overspends and by year end reported an outturn position of £10.1m overspent. The Council failed to deliver its savings requirement in full, with only £15.9m out of the target £20.4m achieved. This has resulted in the Council’s earmarked general fund reserves reducing by 38% to £44.9m.</p> <p>The Council’s failure to control levels of expenditure or deliver its savings plans increases the risk of the Council having insufficient reserves to deliver its services. We consider this to be a weakness in how the Council plans its finances to support the sustainable delivery of services in accordance with strategic and statutory priorities.</p>	<ul style="list-style-type: none"> • 			<p>The Council should:</p> <ul style="list-style-type: none"> • review its budget setting process to identify areas where demand-led expenditure is consistently in excess of planned levels and determine whether revised forecasting procedures are required; • consider whether required levels of savings should be increased to mitigate against future increases in demand; • identify alternative budget reduction schemes when existing plans are considered to be at risk of being undelivered by year end; and • review its Medium Term Financial Strategy and Reserves Policy to identify ways of increasing levels of reserves and building long-term resilience into the Council’s financial position.

VFM arrangements - Identified significant weaknesses and our recommendations

Identified significant weakness in arrangements	Financial sustainability	Governance	Improving the 3Es	Recommendation for improvement
<p>2</p> <p>The Head of Internal Audit issued a limited assurance opinion over the Council's governance, risk management, and internal control arrangements in place during 2024/25.</p> <p>Review of the limited assurance opinions highlights that most have been issued due to issues with staffing and high turnover of staff. In addition, there is evidence of failure to comply with reasonably designed systems of control. The limited assurance opinions impact upon a range of Council directorates and are not isolated to individual service areas.</p> <p>The report highlights that officers are failing to implement medium and high priority actions within agreed timeframes to address identified deficiencies in internal control, with evidence that high priority recommendations have been reported over a number of financial years.</p>		<p>●</p>		<p>The Council should:</p> <ul style="list-style-type: none"> • take immediate action to implement the outstanding Internal Audit recommendations still in progress as at 31 March 2025; • put in place arrangements to monitor the implementation of future Internal Audit recommendations by the Council's senior leadership team, ensuring delivery of recommendations within agreed timescales; and • regularly report progress in clearing historic and future recommendations to Audit Committee

Other reporting responsibilities

Other reporting responsibilities

Wider reporting responsibilities

Matters we report by exception

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

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

We have not exercised any of these statutory reporting powers. The 2014 Act also gives rights to local electors and other parties, such as the right to ask questions of the auditor and the right to make an objection to an item of account. We did not receive any such objections or questions.

Reporting to the group auditor

Whole of Government Accounts (WGA)

The National Audit Office (NAO), as group auditor, requires us to complete the WGA Assurance Statement in respect of its consolidation data. We plan to issue this once we have completed our audit work. We have not yet received confirmation from the NAO that the group audit of the WGA has been completed and that no further work is required to be completed by us.

Appendix A – Further Information on our audit of the financial statements

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

Significant risks and audit findings

As part of our audit of the Council we identified significant risks to our opinion on the financial statements during our risk assessment. The table below summarises these risks, how we responded and our findings

Risk	Our audit response and findings
<p>Management override of controls (Council)</p> <p>In all entities, management at various levels within an organisation are in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Due to the unpredictable way in which such override could occur, we consider there to be a risk of material misstatement due to fraud and thus a significant risk on all audits</p>	<p>How we addressed this risk</p> <p>We addressed this risk through performing audit work over:</p> <ul style="list-style-type: none"> • Accounting estimates impacting amounts included in the financial statements; • Consideration of identified significant transactions outside the normal course of business; and • Journal entries recorded in the general ledger and other adjustments made in preparation of the financial statements <p>Audit conclusion</p> <p>We have completed our procedures as planned, there are no matters to bring to Members attention.</p>

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

Significant risks and audit findings

Risk	Our audit response and findings
<p>Valuation of Property Plant & Equipment (Council)</p> <p>The CIPFA Code requires that where assets are subject to revaluation, their year-end carrying value should reflect the current value at that date. The Council has adopted a rolling revaluation model which sees all such property, plant & equipment revalued in a five-year cycle. The valuation of property, plant & equipment involves the use of a management expert (the valuer) and incorporates assumptions and estimates which impact materially on the reported value. There are risks relating to the valuation process, with regards to estimation, assets not revalued in year are valued at the current balance sheet date.</p>	<p>How we addressed the risk</p> <p>Our audit procedures included:</p> <ul style="list-style-type: none">• Obtaining an understanding of the skills, experience and qualifications of the valuer, and considering the appropriateness of the Council’s instructions to the valuer.• Obtaining an understanding of the basis of valuation applied by the valuer in the year.• Obtaining an understanding of the Council’s approach to ensure that assets not subject to revaluation in 2024/25 are materially fairly stated.• Obtaining an understanding of the Council’s approach to ensure that assets revalued through 2024/25 are materially fairly stated at the year end.• Sample testing the completeness and accuracy of underlying data provided by the Council and used by the valuer as part of their valuations.• Using relevant market and cost data to assess the reasonableness of the valuation as at 31 March 2025.• Testing the accuracy of how valuation movements were presented and disclosed in the financial statements <p>Audit Conclusion</p> <p>We have completed our procedures as planned, there are no matters to bring to Members attention.</p>

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

Significant risks and audit findings

Risk	Our audit response and findings
<p>Net defined benefit pension asset/liability valuation (Council and Group)</p> <p>The net pension liability represents a material element of the Council and the Group balance sheet. The Council and its consolidated subsidiaries are admitted bodies of Greater Manchester Pension Fund. The valuation of the Local Government Pension Scheme relies on a number of assumptions, most notably around the actuarial assumptions, and actuarial methodology which results in the Council’s and the subsidiaries’ overall valuations. There are financial assumptions and demographic assumptions used in the calculation of the valuation. The assumptions should also reflect the profile of the Council’s and the subsidiaries’ employees, and should be based on appropriate data. The basis of the assumptions is derived on a consistent basis year to year, or updated to reflect any changes. There is a risk that the assumptions and methodology used in valuing the pension obligations are not reasonable or appropriate to the Council’s or the subsidiaries’ circumstances. This could <u>have a material impact to the Council and Group net pension liability in 2024/25.</u></p>	<p>How we addressed the risk</p> <p>Our procedures included:</p> <ul style="list-style-type: none">• Obtaining an understanding of the skills, experience and qualifications of the actuary, and considering the appropriateness of the instructions to the actuary.• Obtaining confirmation from the auditor of the Greater Manchester Pension Fund that the Pension Fund has designed and implemented controls to prevent and detect material misstatement. This includes the controls in place to ensure data provided to the Actuary by the Pension Fund for the purposes of the IAS19 valuation of the gross asset and liability is complete and accurate.• Evaluating and challenging the work performed by the Pension Fund auditor on the Pension Fund investment assets and considering whether the outcomes would materially impact our consideration of the Council’s share of Pension Fund assets.• Reviewing the actuarial allocation of Pension Fund assets to the Council and Group by the actuary, including comparing the Council’s and Group’s share of the assets to other corroborative information.• Reviewing the appropriateness of the Pension Asset and Liability valuation methodology applied by the Pension Fund Actuary, and the key assumptions included within the valuation. This includes comparing them to expected ranges, utilising information provided by PwC, consulting actuary engaged by the National Audit Office.• Agreeing the data in the IAS 19 valuation report provided by the Pension Fund Actuary to the pension accounting entries and disclosures in the Council’s financial <u>statements.</u> <p>Audit Conclusions</p> <p>We have completed our procedures as planned, there are no matters to bring to Members attention.</p>

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

Enhanced risks and audit findings

Risk	Our audit response and findings
<p>Valuation of shareholding in Manchester Airport (Council)</p> <p>The Council uses an external valuation expert to determine the value of its investment in Manchester Airport Holdings Limited at 31 March 2025. The valuation is determined according to a methodology and applying assumptions. Council officers challenge the valuation assumptions and reach judgements on the valuation to include in the financial statements.</p>	<p>How our audit addressed the key area of management judgement</p> <p>Our approach to auditing the investment in Manchester Airport Holdings Limited includes the involvement of the Mazars in-house valuation team.</p> <p>The Forvis Mazars in-house valuation team reviewed the methodology and key assumptions used by management’s expert, considering the appropriateness of the methodology and the reasonableness of the assumptions used</p> <p>Audit Conclusions</p> <p>We have completed our procedures as planned, there are no matters to bring to Members attention.</p>

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

Enhanced risks and audit findings

Risk	Our audit response and findings
<p>Implementation of IFRS 16 (council)</p> <p>The implementation of IFRS 16 in 2024/25 is expected to have an impact of £5.1m, which is below our financial statements materiality threshold. This is a complex change in financial reporting which requires management judgement. We have therefore highlighted this as an area of enhanced risk for our 2024/25 audit</p>	<p>How we addressed this risk</p> <p>We have addressed this risk by:</p> <ul style="list-style-type: none"> • reviewing the process and controls by management for collating information to ensure the completeness and accuracy of the data used in the IFRS 16 calculation and that all relevant leases have been identified; • reviewing managements year end journal postings to ensure proper accounting treatment; • reviewing any key judgements and estimates that management have made in respect of their IFRS 16 calculation; • testing a sample of leases in place at the year end and ensure their disclosure is appropriate. <p>Audit conclusion</p> <p>We have completed our procedures as planned, Our work identified one immaterial misstatement in relation to the remeasurement of the opening PFI liability. The Council did not adjust for this misstatement.</p>

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

Summary of uncorrected misstatements

Our audit identified a number of uncorrected misstatements, these were immaterial individually and in aggregate.

Description	Entity	Nature	Comprehensive Income and Expenditure Statement		Balance Sheet	
			Dr (£ '000)	Cr (£ '000)	Dr (£ '000)	Cr (£ '000)
Dr: Property, Plant & Equipment						
Cr: PFI Liability						
Our testing of the PFI liability identified that a discount rate of 2.5% was used rather than 3.3% as per the ONS dataset. This lead to an understatement of the asset and the liability. The net effect is nil					2,923	2,923
Dr: Fees, charges, and Other Income						
Cr: General Fund						
Our testing identified an error of £35k of Adult Social Care Income relating to prior years that has been incorrectly included in 2024/25. The extrapolated impact of this is £7.1m.			7,115	7,115		
Aggregate effect of unadjusted misstatements			7,115	7,115	2,923	2,923

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

Internal Control Observations

We identified two internal control recommendations in our 2024/25 audit. Management accepted the recommendations. We followed up nine recommendations reported in our previous audit and confirmed the Council had addressed three out of the nine recommendations. We will follow up outstanding recommendations during the 2025/26 audit.

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