

AUDIT COMMITTEE

- Date and Time :-** Tuesday 27 September 2022 at 2.00 p.m.
- Venue:-** Rotherham Town Hall, Moorgate Street, Rotherham. S60 2TH.
- Membership:-** Councillor Baker-Rogers (Chair); Councillors Cowen (Vice-Chair), Mills, Wooding and Wyatt
- Mr. J. Barber, Independent Member**

The business which will be discussed are described on the agenda below and there are reports attached which give more details.

Rotherham Council advocates openness and transparency as part of its democratic processes. Anyone wishing to record (film or audio) the public parts of the meeting should inform the Chair or Governance Advisor of their intentions prior to the meeting.

AGENDA

1. Apologies for Absence

To receive the apologies of any Member who is unable to attend the meeting.

2. Declarations of Interest

To receive declarations of interest from Members in respect of items listed on the agenda.

3. Questions from Members of the Public or the Press

To receive questions relating to items of business on the agenda from members of the public or press who are present at the meeting.

4. Exclusion of the Press and Public

The following item is exempt from the press and public:-

Agenda Item 6 – Assistant Chief Executive’s Risk Register (Appendix 1 is confidential)
(Exempt under Paragraph 3 (Financial Information) of Part 1 of Schedule 12(A))

Therefore, when considering this item, the Chair will move the following resolution when considering the appendix:-

That under Section 100(A) 4 of the Local Government Act 1972, the public be excluded from the meeting for the following item of business on the grounds that it involves the likely disclosure of exempt information as defined in Paragraphs 1 and 2 of Part 1 of Schedule 12(A) of such Act indicated, as now amended by the Local Government (Access to Information) (Variation) Order 2006 (information relating to any individual and which is likely to reveal the identity of an individual)

5. **Minutes of the previous meetings held on 28th June and 28th July, 2022 (Pages 5 - 23)**
To consider and approve the minutes of the previous meeting held on 28th June and 28th July, 2022, as a true and correct record of the proceedings.
6. **Assistant Chief Executive Directorate Risk Register (Pages 25 - 39)**
7. **Final Unaudited Statement of Accounts 2021/22 (Pages 41 - 203)**
8. **Annual Governance Statement 2021/22 (Pages 205 - 228)**
9. **Internal Audit Charter (Pages 229 - 246)**
10. **Internal Audit Progress Report for the period 1st June 2022 to 31st August 2022 (Pages 247 - 262)**
11. **Anti-Fraud and Corruption Policy and Strategy Review and Update (Pages 263 - 293)**
12. **Audit Committee Forward Work Plan (Pages 295 - 303)**
13. **Items for Referral for Scrutiny**
To consider the referral of matters for consideration by the Overview and Scrutiny Management Board.
14. **Urgent Business**
To consider any item which the Chair is of the opinion should be considered as a matter of urgency.
15. **Date and time of next meeting**
The next meeting of the Audit Committee will be held on Tuesday, 29th November, 2022, commencing at 2.00 p.m. in Rotherham Town Hall.



SHARON KEMP,
Chief Executive.

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AUDIT COMMITTEE
28th June, 2022

Present:- Councillor Baker-Rogers (in the Chair); Councillors Cowen and Wyatt.

Apologies for absence were received from Mr John Barber, Independent Person and Councillors Mills and Wooding.

1. MINUTES OF THE PREVIOUS MEETINGS HELD ON 15TH MARCH AND 12TH APRIL, 2022

Consideration was given to the minutes of the previous meetings of the Audit Committee held on 15th March 2022 and 12th April, 2022. It was noted that these had already been considered by Council.

An update was provided regarding Minute No. 100 of 12th April, 2022, regarding the Public Interest Report 21 001 468 completed by the Ombudsman. The Council had received a letter from the Ombudsman indicating they welcomed the action taken and thanked the Council for a comprehensive response and was pleased to inform the Council that they were satisfied and felt the matter was closed.

In response to a query the Strategic Director of Finance and Customer Services indicated that she would check if all parties had been informed of the resolution and update the Chair outside of the meeting.

Resolved:- That the minutes of the previous meetings of the Audit Committee be approved as a correct record of proceedings.

2. DECLARATIONS OF INTEREST

There were no Declarations of Interest to report.

3. QUESTIONS FROM MEMBERS OF THE PUBLIC OR THE PRESS

There were no members of the press or public present at the meeting.

4. EXCLUSION OF THE PRESS AND PUBLIC

Resolved:- That, under Section 100A(4) of the Local Government Act 1972, the press and public be excluded from the meeting for Minute No. 113 (Adult Social Care and Public Health Directorate Risk Register) as it involves the likely disclosure of exempt information as defined in the Paragraph 3 (financial information) of Part 1 of Schedule 12A to the Local Government Act 1972.

5. RISK MANAGEMENT ANNUAL SUMMARY 2021-22

The Corporate Improvement and Risk Manager presented the report that summarised the principal risk management activity that has been carried out in Council throughout the past financial year. It covered a wider range of topics than the regular report on the Corporate Strategic Risk Register (which will be presented to the next Committee meeting) and aimed to cover both the movements in strategic risks that had occurred over the period and the key elements of the Council's risk management activity throughout the year.

He highlighted that it was a shorter report than that submitted last year. This was because the impacts of the Covid pandemic had reduced leading to the risk management processes returning to that of previous years. Testing was being undertaken on the online risk management training tool. The Committee was advised that that Internal Audit had completed their annual review of Corporate Risk Management and three out of the four recommendations had already been implemented. The report presented an overall picture of the Council's risk profile which was improving.

It was clarified that each Directorate had one formal Risk Champion, however, some Directorates had chosen to have a Risk Champion in place for specific areas. Whilst the Risk Champion ensured risk registers were updated, it was clarified that the responsibility for the risk stayed with the manager.

In response to a query, the Committee was assured that discussions would be held with the Risk Champion for Children and Young People's Services to consider if further deputies were required for the various functions of that service. It was explained that the title of 'Risk Champion' had been created in 2016, with the Council having 'Champions' in other areas. It was felt that staff felt empowered by the title 'Champion', and it was a role that worked well within the Council.

The Chair raised queries regarding the movement of the Corporate Strategic Risks over the past two years as detailed below:-

- The concern regarding Risk SLT 07, Influenza Pandemic, previously had been due to the risk of contracting flu and Covid at the same time, however, the levels were not at the same height as previously experienced, therefore, the risk level had been reduced.
- Regarding risk SLT03, Tackling Family Poverty it was explained that the risk was being re-written.
- Regarding risk SLT19, Emergency Planning and Business Continuity, it was clarified that whilst this risk was being removed from the Corporate Strategic risk register it was still included on the Regeneration and Environment risk register.

- Although risk SLT34, Impact of EU Trade Deal on the Economy, was being removed from the Corporate Strategic risk register because of the national picture changing, the Regeneration and Environment risk register included several risks relating to the EU trade agenda.
- It was clarified that risks relating to the war in Ukraine had been reflected in other Directorate risk registers where appropriate.

Resolved: That the Audit Committee considered and noted the annual summary of risk management activity.

6. INTERNAL AUDIT ANNUAL REPORT 2021-22

Consideration was given to a report presented by David Webster, Head of Internal Audit, which summarised the work undertaken by the Audit Committee. Production of this report complied with current best practice for audit committees. It allowed the Audit Committee to demonstrate it had fulfilled its terms of reference and shared its achievements with the Council.

The Audit Committee Annual Report 2021/22 included details of the Committee membership during that period, a summary of the work undertaken, information on any training and development undertaken along with listing the Committee's Terms of Reference.

The Chair said the key findings within the report demonstrated an effective and efficient Audit committee although she expressed a concern regarding the turnover of members on the committee.

Resolved: That the draft Audit Committee Annual Report 2021/22 be approved for submission to Council.

7. INTERNAL AUDIT PROGRESS REPORT

Consideration was given to a report presented by David Webster, Head of Internal Audit, which provided a summary of Internal Audit work completed during 1st March to 31st May, 2022, and the key issues that had arisen therefrom. The current position of the plan was outlined in Appendix A to the report.

16 audits had been finalised since the last Committee meeting one of which had received Partial Assurance, 6 had received Reasonable Assurance and 8 had received Substantial Assurance as set out in Appendix B to the report.

Internal Audit's performance against a number of indicators was summarised in Appendix C. Targets were met or very nearly met for all Indicators. The appendix also included comments received from audit clients during the last 3 months.

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Discussion ensued with the following issues raised/clarified:-

- Management actions were tracked and reported back to Internal Audit.
- Management actions were also followed up within 6 months.
- A large amount of Internal Audit's time had been dedicated to the Covid Grant work with other work reducing, resulting in a reduction in the number of audit days. It was clarified the remaining days were used for other tasks.
- It was confirmed that the Internal Audit performance indicators were on track.

Resolved:- (1) That the Internal Audit work undertaken since the last Audit Committee, 1st March 2022 to 31st May 2022, and the key issues that have arisen from it be noted.

(2) That the information contained regarding the performance of Internal Audit and then actions being taken by management in respect of their performance be noted.

8. AUDIT COMMITTEE ANNUAL REPORT 2021-22

Consideration was given to a report presented by David Webster, Head of Internal Audit, on the role of Internal Audit, the work completed during the 2021/22 financial year and highlighted the key issues that had arisen. It provided the overall opinion of the Head of Internal Audit on the adequacy of the Council's control environment as well as the performance of the Internal Audit function during 2021/22.

Based upon internal audit work undertaken and taking into account other internal and external assurance processes, it had been possible to complete an assessment of the Council's overall control environment. In the opinion of the Head of Internal Audit, the Council had overall an adequate and effective framework of governance, risk management and control during 2021/22.

Appendix 1 of the report submitted included:-

- Legislative requirements and Professional Standards
- The Head of Internal Audit's annual opinion on the control framework, risk management and governance
- Resources and audit coverage during the year
- Summary of audit work undertaken during 2021/22 including both planned and responsive/investigatory work
- Summary of other evidence taken into account for control environment opinion
- Summary of audit opinions and recommendations made
- Internal Audit Performance Indicators

The Head of Internal Audit's opinion was that there was overall an adequate and effective framework of governance, risk management and control during the majority of the year.

The emergency measures implemented in response to Covid-19 continued during the year. Standards of governance and control were maintained with risk management being utilised to help manage the response.

Internal Audit had not issued any No Assurance audit opinions during the year and had given an opinion of Partial Assurance in 4 areas subject to audit, however, none were considered serious enough for inclusion in the Annual Governance Statement. Action plans had been agreed with management in respect of all final audit reports issues.

During the year, the Audit Team had supported the Finance Department in the processing of Business Support Grant, but this had only totalled 23 days. The unused days were used for investigations, grants and audit work. Overall resource levels provided sufficient capacity to provide an adequate level of assurance and sufficient work was completed to enable the Head of Internal Audit to provide his overall opinion.

Public Sector Internal Audit Standards (PSIAS) required that an assessment of the Internal Audit function must be undertaken annually with an external assessment at least every 5 years; in 2020-21 an external assessment was completed which showed general conformance with the standards. A Quality Assurance and Improvement Programme (QAIP) was put into place during 2021 using the results of the external assessment with the results reported to the Audit Committee in March 2022. 9 of the 11 actions from the external assessment had been implemented along with 3 of the 4 actions from the previous year. An updated QAIP, based on the external assessment, had been produced to maintain and increase the level of conformance within the team.

The Chair queried if Internal Audit worked to external audit standards and if it was a risk if they changed in relation to the identified risk relating to 'Management introduces new systems / Processes with inadequate controls'. The Head of Internal Audit explained that there was a risk, however, it was unlikely. He had a stable, competent department.

In response, the Head of Internal Audit explained they had engaged the services of another local authority's ICT Internal Audit team to complete 2 audits during the year due to a lack of that particular expertise within the department.

The Head of Internal Audit explained that the team's performance against a number of key indicators had been affected by things such as annual leave. Although 3 red recommendations had been made within audits conducted within the Finance and Customer Services Directorate, there were no areas of concern as opinions were provided in relation to each

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audit. He clarified that planning meetings were held with each Directorate every 6 months, which could trigger more audits in certain areas in comparison with others.

Resolved:- (1) That the Internal Audit work undertaken during the financial year 2021/22 and the key issues that have arisen from it be noted.

(2) That the overall opinion of the Head of Internal Audit on the adequacy and effectiveness of the framework of governance, risk management and control within the Council be noted.

9. AUDIT COMMITTEE FORWARD PLAN

Consideration was given to the proposed forward work plan for the Audit Committee covering the period July 2022 to June, 2023.

Resolved: That the Audit Committee forward work plan, as now submitted, be approved.

10. ADULT CARE, HOUSING AND PUBLIC HEALTH (ACPH) DIRECTORATE RISK REGISTER

Consideration was given to a report, presented by Nathan Atkinson, Assistant Director Adult Care Strategic Commissioning, providing details of the Risk Register and risk management activity within the Adult Care, Housing and Public Health Directorate.

A detailed breakdown was given of the Directorate's approach to risk management and the efforts to ensure transparency and the understanding of risk management by all staff.

In response to a query further information and assurance was provided on the risks rated red within the Directorate, which included risks, ACHPH-R2, ACHPH-R6,

Resolved: That the e progress and current position in relation to risk management activity in the Adult Social Care, Housing and Public Health Directorate, as detailed in the report now submitted, be noted.

11. ITEMS FOR REFERRAL FOR SCRUTINY

There were no items for referral.

12. URGENT BUSINESS

There was no urgent business.

13. DATE AND TIME OF NEXT MEETING

Resolved: That a further meeting be held on Thursday, 28th July, 2022, commencing at 2.00 p.m.

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AUDIT COMMITTEE
Thursday 28 July 2022

Present:- Councillor Baker-Rogers (in the Chair); Councillors Wyatt and John Barber (Independent Person).

Gareth Mills (Grant Thornton) was also in attendance.

Apologies for absence were received from Councillor Mills, Thilina de Zoysa (Grant Thornton) and Judith Badger, Strategic Director of Finance and Customer Services.)

15. DECLARATIONS OF INTEREST

There were no declarations of interest made at the meeting.

16. QUESTIONS FROM MEMBERS OF THE PUBLIC OR THE PRESS

There were no members of the public or press present at the meeting.

17. EXCLUSION OF THE PRESS AND PUBLIC

Resolved:- That, under Section 100A(4) of the Local Government Act 1972, the press and public be excluded from the meeting for Minute No. 25 (Corporate Strategic Risk Register – Appendix 1) as it involved the likely disclosure of exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A to the Local Government Act 1972.

18. ITEMS FOR REFERRAL FOR SCRUTINY

There were no items for referral for scrutiny.

19. PUBLICATION OF UNAUDITED STATEMENT OF ACCOUNTS 2021/22

Rob Mahon, Assistant Director Financial Services, presented the draft unaudited Statement of Accounts 2021/22 which would be published on the Council's website by 31st July, 2022, alongside the Narrative Report and draft Annual Governance Statement in line with the revised timelines. The period for local electors to exercise their rights to inspect the accounts and supporting records and ask questions of the external auditor would commence on 1st August, 2022, and cease on 12th September, 2022.

The final external audit of the 2021/22 accounts had not commenced at the point the report was written. The Council's external auditors had indicated that they would be able to meet the revised audit deadline of 30th November, 2022. The deadlines had been revised in light of the Covid-19 outbreak. The deadline for the 2022/23 audited accounts and accounts for the following 5 years would be 30th September.

Appendix A to the report was the Narrative Report and Appendix B was the Financial Highlights report which together summarised the key financial disclosures reported in the 2021/22 draft Statement of Accounts (Appendix C) and provided further detail on each of the key financial issues referred to. Appendix D was from Grant Thornton and was titled "Informing the audit risk assessment for Rotherham Metropolitan Borough Council 2021/22."

The final unaudited accounts would be presented at the end of September in line with the original timeline. However, Grant Thornton had confirmed that they would complete their audit by the revised audit deadline of the end of November 2022. This provided Members with an opportunity to consider the draft unaudited Statement of Accounts before Audit Committee was asked to formally approve them, post completion of Grant Thornton's audit, at its meeting in November 2022.

The Committee thanked the officers involved in the production of the Statement of Accounts, which were up to the usual high standards and in line with the timetables.

Discussions ensued on the report and it was confirmed that Audit Committee received updates on the Medium Term Financial Strategy (MTFS) via their Risk Register updates. The MTFS was reviewed annually by the Overview and Scrutiny Management Board, Cabinet and Council. Members requested that the MTFS be included on the agenda for an Audit Committee before the year-end. The Assistant Director gave an update on the current financial situation within the Council, with an overspend expected. It was confirmed that the impact of the pay award was not yet known and would be a challenge for the Council.

Resolved:- (1) That the draft unaudited Statement of Accounts 2021/22 be noted.

(2) That a presentation on the Medium Term Financial Strategy be made to the Audit Committee prior to the end of 2022.

20. ANNUAL GOVERNANCE STATEMENT 2021/22

Consideration was given to the updated 2021/22 draft Annual Governance Statement (AGS) as presented by David Webster, Head of Internal Audit. The AGS would be published on the Council's website alongside the Council's Statement of Accounts by 31st July, 2022.

Covid-19 continued to have a significant impact during 2021/22. This was reflected within the AGS, which included actions taken in response to the pandemic and lockdown.

During the year the Council had received 2 reports from the Local Government and Social Care Ombudsman who had found fault by the Council. In addition, an inspection of the provision for children with

Special Educational Needs or Disabilities conducted by Ofsted and the Care Quality Commission resulted in the need for a Written Statement of Action, which was submitted jointly by the Council and the area's Clinical Commissioning Group.

The Council also received an adverse audit report from Homes England regarding compliance with the requirements for grant funding. In addition, the Council was made aware of a Health and Safety Executive formal investigation, the result of which was expected later in the year. All of these were included within the AGS, along with the measures put in place to drive the necessary improvements.

The Committee had been informed at the meeting in June 2022 that the Ombudsman was satisfied with the Council's response to one of his reports. David Webster was able to confirm that a letter had been received from the Ombudsman regarding the second report, 20 012 286 (Minute No. 101 of 12th April, 2022 refers). The letter indicated that the Ombudsman was satisfied with the Council's response and has recorded a compliance outcome of 'Remedy complete and satisfied'.

Recommended practice required the Leader of the Council and the Chief Executive to sign the final Annual Governance Statement prior to its publication.

Resolved:- That the 2021/22 draft Annual Governance Statement be noted.

21. GRANT THORNTON EXTERNAL AUDIT PLAN 2021/22

Gareth Mills, Grant Thornton, presented the External Audit Plan in which the Council's external auditor, Grant Thornton, set out the proposed external audit work to be undertaken to form an opinion on the Council's financial statements for 2021/22 and to conclude on whether the Council had satisfactory arrangements in place to secure Value for Money in the use of its resources. The Plan also outlined the areas Grant Thornton had determined to be significant risk for special audit consideration.

The International Standards on Auditing provided guidance on the significant risks which should be considered by auditors, these being risks which required special audit consideration. Grant Thornton had identified the following significant risks, a brief description of each provided within the submitted report:-

- Risk of fraud in revenue and expenditure
- Management over-ride of controls
- Valuation of land and buildings including investment properties
- Valuation of the pension fund net liability

Key issues highlighted within the report included the £2.4m underspend for 2021/22; the Dedicated School Grant (DSG) Deficit; the challenges for 2022/23 and beyond; and Climate Change. The reference to Climate Change looked at the devastating floods in Rotherham in 2007 and 2019 and looked at the Council's carbon emissions targets. It was confirmed that the inclusion of Climate Change in external audit work was not specific to Rotherham.

Discussions were held on the report and in particular, how the external auditors judged financial sustainability.

A proposed fee of £179,188 has been set for 2021/22, compared to £180,939 for 2020/21. The fee for 2021/22 was governed by the Public Sector Audit Appointments (PSAA) company set up by the LGA as the successor body to the Audit Commission. Any change to the final fee would have to be agreed by the PSAA and the Council's Section 151 Officer. The fee for 2021/22 reflected the continued increased costs of the external audit function to the Council following the increased level of work and assurance that external audit had to provide at a national level. The reason the fee had reduced slightly for Rotherham was that there had been work done on standardising fees across the sector. An uplift in the cost was to be expected when the new external audit contract was agreed later in the year. Rotherham could expect to know who its external auditor would be for the new contract period by Christmas 2022.

Resolved:- That the external auditor's audit plan for 2021/22 be noted.

22. ANNUAL TREASURY MANAGEMENT REPORT AND ACTUAL PRUDENTIAL INDICATORS 2021/22

Consideration was given to the report presented by the Assistant Director Financial Services, Rob Mahon, which detailed how the Council approved the Treasury Management Strategy in March, 2021 and received a mid-year report in November 2021, representing a mid-year review of treasury activity during 2021/22.

The Annual Treasury Management report was the final treasury report for 2021/22. Its purpose was to review the treasury activity for 2021/22 against the Strategy agreed at the start of the year.

The report also covered the actual Prudential Indicators for 2021/22 in accordance with the requirements of the Prudential Code. Presentation of the report met the requirements of both the CIPFA Code of Practice on Treasury Management and the CIPFA Prudential Code for Capital Finance in Local Authorities.

The Council was required to comply with both Codes through Regulations issued under the Local Government Act 2003.

Appendix 1 of the report submitted gave a summary of the Prudential Indicators for the Council.

Discussion ensued on the report with the following issues raised/clarified:-

- The Treasury Management Strategy reserve formed part of the Medium Term Financial Strategy. It was planned that the Council would move away from short term borrowing and look more at longer term borrowing.
- At the end of the financial year 2021/22, the closing Capital Financing Requirement was £52.336m less than that approved in the revised indicator. It was confirmed that the intention was still to deliver the Capital Programme as planned but there could be issues with costs and as such, the viability of schemes could need to be reassessed. Any changes to the Capital Programme would have to be reported through Cabinet and Council.

Resolved:- That the Financial Outturn 2021/22 – Treasury Management and Prudential Indicators be noted.

23. DEDICATED SCHOOL GRANT - CENTRAL RESERVE

Consideration was given to the report which outlined the current and projected overspend on the Dedicated Schools Grant (DSG) and the recovery plans in place to enable Rotherham to operate within its annual allocation and reduce the deficit over future years. The report also outlined the national picture on the High Needs Block as part of the overall Dedicated Schools Grant and the additional funding the Government was investing in education as part of its spending review.

Rotherham had been a relatively low funded authority and had seen significant pressures on the High Needs Block for many years. The High Needs Budget allocation had increased year on year but, partly due to Rotherham's low funding baseline compared to neighbouring boroughs and nationally, the budget uplifts had not been sufficient to match the acceleration in demand and increase in the cost of provision. In 2015/16 the High Needs in-year deficit was £1m, however, since then in the financial years up to 2019/20, the annual High Needs Block deficit had been around £5m with an overall DSG deficit of £19.89m as at the 31st March, 2020.

Following significant negotiations between Rotherham Metropolitan Borough Council (RMBC) and Department of Education (DfE), a Safety Valve Intervention agreement had been developed to support Rotherham to address its long term issues linked to High Needs funding deficit, including investment from DfE of £20.53m across the 5 years of the agreement. The Council had also requested capital investment to deliver its long term strategic plan and had been awarded £4.3m above the annual High Needs capital allocations (circa £9m, £3m over the next 3

years). Due to the scale and remit of the project, the Council had also requested funding for a team to deliver the project. As part of the agreement the Council would receive recurrent funding of £385k per annum across the next 4 years of the Safety Valve. As part of this investment the Council was also looking at supporting delivery of the project through a dedicated resource to project manage the program and enhance the SEND commissioning offer in the Borough.

The Dedicated Schools Block Central Reserves deficit at the end of the 2021/22 financial year was £12.84m, which after taking account of DSG reserves required in the 2022/23 financial plan was still on target with the DSG management plan.

Following discussions it was confirmed that an annual update on the Dedicated Schools Grant would be provided to Audit Committee. Updates had to be provided to the DFE every year. Officers also confirmed that the Council was on track to meet its targets.

It was agreed that officers would provide the Chair with the figures that showed that the Council could continue to meet the growing need for support whilst reducing the deficit. Discussions were also held on the impact of the withdrawal of the School Block funding.

Resolved:- (1) That the actions being taken to manage the Dedicated School Grant deficit in Rotherham be noted.

(2) That the additional funding allocated to Rotherham through the Department for Education's Safety Valve Programme be noted.

24. UPDATE REPORT ON THE USE OF SURVEILLANCE AND ACQUISITION OF COMMUNICATION DATA POWERS

Bal Nahal, Head of Legal Services, presented an update on the Council's use of surveillance and acquisition of communication data powers under the Regulation of Investigatory Powers Act 2000 (RIPA) and the Investigatory Powers Act 2016 (IPA).

As previously with the Office of Surveillance Commissioners (OSC), the Council was required to notify the Investigatory Powers Commissioners Office of the number of directed surveillance/CHIS authorisations granted in each financial year. Since the last report, the Council had not used its powers under RIPA to use directed surveillance, covert human intelligence sources or to acquire communications data. A statistical return was completed and submitted to the Investigatory Powers Commissioners Office on 9th February, 2022.

Following on from a desktop inspection conducted by the Investigatory Powers Commissioners Office, external training was provided to all officers involved or likely to be involved in the use of powers provided under the RIPA legislation. To ensure that the training was up to date and

new staff joining were aware of their roles, a further training session was being arranged. Work was also currently being undertaken to consider how awareness could be widened to reach those that were not actively involved with the legislation on a daily basis. The purpose of this would be to further reduce any potential risk arising from any unauthorised activity.

The RIPA Policy was reviewed by the Audit Committee at its meeting on 21st June, 2021, and was re-adopted. The RIPA Policy has been reviewed and there were some minor changes to personnel.

The Acquisition and Disclosure of Communications Data Policy had been reviewed and was out of date. The Policy was no longer valid. The legislation was to be reviewed and a decision made as to whether such a Policy was required. The Council did not currently utilise the powers provided under the IPA and the powers were very restricted.

During discussions it was confirmed that it was typical of local authorities not to use the powers as most of the work done did not meet the threshold. It was also confirmed that the need for an Acquisition and Disclosure of Communications Data Policy would be re-reviewed when the legislation was changed and an update would be provided to the Audit Committee. The Head of Legal Services also confirmed that the changes to sentencing powers for magistrates did not have an impact on the use of surveillance and acquisition of communication data powers.

Resolved:- (1) That the Audit Committee note that the Council had not made use of surveillance or acquisition of communication data powers under the relevant legislation since it was last reported on 21st June, 2021.

(2) That the RIPA Policy with the minor amendments relating to personnel be approved..

(3) That it be noted that the Acquisition and Disclosure of Communications Data Policy was no longer valid.

25. CORPORATE STRATEGIC RISK REGISTER

Simon Dennis, Corporate Improvement and Risk Manager, presented the current Corporate Strategic Risk Register which summarised the current position of the Register and also provided a short summary of the Council's risk management arrangements.

It was reported that although the response to the COVID-19 pandemic, which had seen risk management play a vital role, remained ongoing, risk management arrangements had now broadly returned to normal. This had been set out in the Risk Management Annual Summary that was presented to the Audit Committee at the meeting in June 2022. The current Corporate Strategic Risk Register had recently been considered by the Council's Strategic Leadership Team (SLT.)

The report detailed the overall arrangements which included:

- Risk Champions, each of whom led on risk for their Strategic Director.
- The Risk Champions, Assistant Chief Executive and the Corporate Improvement and Risk Manager formed the Risk Champions Group responsible for co-ordinating risk management across the Council in normal circumstances.
- Corporate Strategic Risk Register completed following reviews of individual risk by Directorate Leadership Teams. Every risk on the Register was owned by a member of SLT and also appeared on their own Directorate's Risk Register.
- The Strategic Risk Register had been formally reviewed by SLT both at joint SLT/AD Performance Management meetings and at separate SLT meetings. These meetings would continue to review the Register every 3 months.
- It was also reported regularly to the Audit Committee together with the annual "deep dives" of Directorate Risk Registers.
- The Corporate Improvement and Risk Manager, through the Risk Champions, ensured updates were obtained from all risk owners, reviewed each update and drew attention to issues or missing updates.
- The Audit Committee received 2 reports a year on the overall status of the Council's strategic risks. The CSRR (which was attached at Appendix 1) was currently aligned to the Council's current Year Ahead Plan.

The Council's risk profile had been broadly reducing and an increasing understanding of the key risks that needed to be managed at a strategic level was being developed. However, that improvement had inevitably slowed during the pandemic but the overall track in the last 2 years was still an improving one. Since January 2021, 73% of risks monitored at a strategic level had reduced or been removed, just over 6% had remained stable and 20% had increased/were new to the register.

Since the last full update in December 2021, one new risk had been added to the CSRR. That was risk SLT37 and related to the Council's ability to deliver the wider range of projects, schemes and initiatives which it had committed to. There were now 14 risks on the Strategic Risk Register, up from 13 at the last review.

Risk number SLT03 had been rewritten to more accurately reflect the risk that the Council was currently facing relating to pressure on its services in the context of the current cost of living crisis. The previous version of the

risk referred solely to family poverty, limiting its scope and also did not clearly state which business objectives the Council might fail to meet. As a result of a review, the risk had been reframed to specifically refer to the impact of the current cost of living crisis on delivery of the Council Plan (and the associated Year Ahead Delivery Plan). The associated mitigations were similar to the previous risk but had been enhanced to reflect the wider potential impact of this risk.

The risk management process was reviewed by Internal Audit during early 2022. This review compared the Council's arrangements to the requirements of the relevant International Standard, ISO31000. The review once again concluded that substantial assurance could be derived from the controls that were in place. This was the highest assurance level possible. A further review will be carried out in 2023.

Discussions ensued with the following issues raised/clarified:-

- Fuel Poverty and Health Inequalities were covered under the cost of living crisis risk on the Corporate Strategic Risk Register. They were however broken down further in the Directorate risk registers.
- Arrangements had been made around emergency planning for future outbreaks of Covid-19 along with monitoring arrangements.
- The risk relating to the EU trade deal had been removed from the CSRR but was still on the Regeneration and Environment Directorate Risk Register. Other Directorates also had matters relating to the EU exit on their Risk Registers.
- Matters relating to the war in Ukraine such as the impact on gas and food were covered under the Medium Term Financial Strategy risk but some further context would be added to make this clearer in future.

It was agreed that going forward the number of each risk would be included within the circles on the Risk Heat Maps. It was also agreed that the Chair would be provided with further detail regarding the EU Exit risks on the directorate Risk Registers.

Resolved:- That the update on the Corporate Strategic Risk Register be noted.

26. EXTERNAL INSPECTIONS, REVIEWS, AND AUDITS UPDATE

Consideration was given to the report, presented by Simon Dennis, Corporate Improvement and Risk Manager, providing details of recent and current external audits and inspections including the details of arrangements that were in place regarding the accountability and governance for implementing recommendations arising therefrom.

Since the last report to Audit Committee in January 2022, 7 external inspections, reviews and audits had taken place and 47 recommendations/areas for improvement had been made, of which 27 had been implemented, 12 were ongoing and 8 had not yet started. The outcome was not yet known for 3 of the inspections and peer reviews conducted.

The report included detail of progress being made in respect of the following specific areas and Directorates:-

- Children and Young People's Services
- Adult Care and Housing
- Regeneration and Environment Services
- Finance and Customer Services
- Assistant Chief Executive

In addition, 3 of the ongoing recommendations relating to external inspections, reviews and audits that took place prior to January 2022 had now been implemented, and 12 remained ongoing, 4 of which were awaiting final sign off. Four previously reported ongoing inspections/audits required no further action due to no recommendations or areas for improvement being identified around the closure of Parkhill Lodge.

Helen Sweaton, Acting Assistant Director of Commissioning and Performance (CYPS), and Monica Green, Assistant Director of Safeguarding (CYPS), attended to respond to questions in relation to the Rotherham Youth Justice Service Peer Review and the Inspecting Local Authority Services for Children (ILACS) Short Inspection (Ofsted.)

In response to comments from the Chair, it was agreed that a further written update would be provided on the 5 areas that were reported as "not yet started" in relation to the Rotherham Youth Justice Service Peer Review and that this information would include updated target dates. In relation to Section 3.7.2 it was confirmed that the one ongoing recommendation was on-going due to multi-agency working and the need to have personally identifiable data which required new legal agreements to be in place.

The Chair made reference to Section 3.10.4 and the Assistant Director confirmed that a lot of progress had been made. Whilst progress had been made against all recommendations, there was a separate list of 34 actions there were being worked through. It was agreed that these would be shared with the Chair.

Resolved:- (1) That the recent external inspections, reviews and audits which have taken place and the progress made relating to ongoing recommendations be noted.

(2) That the governance arrangements in place for monitoring and managing the recommendations be noted.

(3) That the Audit Committee continue to receive regular reports in relation to external audit and inspections and the progress made in implementing recommendations.

27. AUDIT COMMITTEE FORWARD PLAN

Consideration was given to the proposed forward work plan for the Audit Committee covering the Period September 2022 – July 2023. The following changes were agreed:

- Presentation of the Final Statement of Accounts – moved from September 2022 to November 2022.
- The addition of the Medium Term Financial Strategy to the plan for prior to December 2022.
- The addition of the Safety Value Update to June 2023.

Resolved:- That the Audit Committee forward plan, as amended, be supported.

28. URGENT BUSINESS

There was no urgent business to be considered.

29. DATE AND TIME OF NEXT MEETING

Resolved:- That the next meeting of the Audit Committee be held on Tuesday, 27th September, 2022 at 2.00pm in Rotherham Town Hall.

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Public Report with Exempt Appendices
Audit Committee

Committee Name and Date of Committee Meeting

Audit Committee – 27 September 2022

Report Title

Assistant Chief Executive Directorate Risk Register

Is this a Key Decision and has it been included on the Forward Plan?

No

Strategic Director Approving Submission of the Report

Jo Brown, Assistant Chief Executive

Report Author(s)

Tanya Lound, Corporate Improvement and Risk Officer

tanya.lound@rotherham.gov.uk

Simon Dennis, Corporate Improvement and Risk Manager

Simon.dennis@rotherham.gov.uk

Ward(s) Affected

All

Report Summary

This report provides an update to the Audit Committee in relation to the current position of the Assistant Chief Executive Directorate Risk Register and risk management activity.

Recommendations

The Audit Committee is asked to note the progress and current position in relation to risk management activity in the Assistant Chief Executive Directorate.

List of Appendices Included

Appendix 1 Assistant Chief Executive Directorate Risk Register

Background Papers

Assistant Chief Executive Directorate Risk Register to Audit Committee in September 2021.

Corporate Strategic Risk Register report to Audit Committee in July 2022.

Consideration by any other Council Committee, Scrutiny or Advisory Panel

No

Council Approval Required

No

Exempt from the Press and Public

Yes.

An exemption is sought for Appendix 1 under Paragraph 3 (Information relating to the financial or business affairs of any particular person (including the authority holding that information)) of Part I of Schedule 12A of the Local Government Act 1972 is requested, as this report contains information that refers to the affairs of third parties.

It is considered that the public interest in maintaining the exemption would outweigh the public interest in disclosing the information because failure to do so may result in disclosure of information about the financial or business affairs of Council suppliers and partners.

Assistant Chief Executive Directorate Risk Register report

1. Background

- 1.1 The Assistant Chief Executive's Risk Register was last presented to Audit Committee in September 2021.
- 1.2 The current Assistant Chief Executive Directorate Risk Register has sixteen risk items listed (Appendix 1).
- 1.2 Due to the nature of the work of the Assistant Chief Executive Directorate, a significant number of the Directorate risks (four of the sixteen) also feature on the Council's Strategic risk register, these are referenced below:

- **ACX2 & SLT08 Building Stronger Communities & Thriving Neighbourhoods.**
Risk detail: Failure to enhance community cohesion throughout the borough.
- **ACX3 & SLT03 Delivery of the Council's corporate priorities in the context of the cost-of-living crisis.**
Risk detail: Failure to deliver the Council Plan and Year Ahead Delivery Plan due to the pressures generated by the cost-of-living crisis.
- **ACX4 & SLT09 Hope and confidence in Rotherham.**
Risk detail: The Council's communications fail to be of sufficient quality.
- **ACX5 & SLT11 Effective partnership working within and beyond Rotherham to maximise benefits to residents, service users and businesses.**
Risk detail: Lack of direction, trust and support from organisations which sit on the strategic partnerships leading to ineffective joint working and failure to deliver on local priorities.

2. Key Issues

- 2.1 There are six Services within the Assistant Chief Executive Directorate:
- Human Resources and Organisation Development
 - Policy, Performance and Intelligence
 - Neighbourhoods
 - Communications and Marketing
 - Democratic Services
 - Change and Innovation.
- 2.2 Risks are regularly discussed and reviewed at the Directorate Leadership Team (DLT), by individual members of DLT and, where necessary, risks are escalated to the next strategic level for inclusion on the risk register.
- 2.3 The Assistant Director of Human Resources and Organisation Development also manages a service level risk register.

- 2.4 As part of the programme to embed risk management into the culture of the Council, all managers from Assistant Chief Executive Directorate are required to attend the mandatory “Risk Management Training for Managers” workshops. New managers are invited to attend workshops as soon as possible after commencement in role.
- 2.5 The attached revision of the Assistant Chief Executive Risk Register, dated 14 September 2021 is aligned to the new Council Plan and Year Ahead Delivery Plan.
- 2.6 Risk items which have been added or amended since the last report to Audit Committee in September 2021 include:

Risk No	Business objective	Risk Detail	Change since last report
ACX3 (SLT03)	Delivery of the Council's corporate priorities in the context of the cost-of-living crisis.	Failure to deliver the Council Plan and Year Ahead Delivery Plan due to the pressures generated by the cost-of-living crisis.	<i>Risk previously focused on tackling family poverty, however refocused to reflect the current situation.</i>
ACX4 (SLT09)	Hope and confidence in Rotherham.	The Council's communications fail to be of sufficient quality.	<i>Risk wording updated to remove reference to attracting inward investment.</i>
ACX25	Management and Delivery of the resettlement schemes. Impact of the asylum dispersal programme, including hotel accommodation.	Failure to meet Council pledge to resettle people on UKRS and Afghan schemes due to lack of suitable affordable housing in Rotherham. Wider dispersal patterns to areas without support networks or cultural /religious infrastructure. Ukrainian refugee routes announced by government - arrivals into the area without planning and further responsibilities on RMBC re key services, safeguarding, homelessness and integration. Risk that Home Office use of local hotels as contingency accommodation for asylum seekers in the Borough causes issues with pressure on services.	<i>Business objective and risk reworded.</i>
ACX32	Delivery of the Workforce Plan.	Failure to deliver key workforce priorities will have a detrimental impact on	<i>New risk added.</i>

		delivery of Council services and Council Plan priorities.	
ACX33	Compliance with the Equalities Framework and ensuring equalities are embedded in all aspects of Council operation and decision making.	Failure to achieve equalities “excellent” standard.	<i>New risk added.</i>
ACX 35	Thriving Neighbourhoods - Councillors as Community Leaders	Lack of development or support for Councillors which will allow them to maximise their role as community leaders.	<i>New risk added.</i>
ACX 36	Thriving Neighbourhoods – Co-ordination of services at neighbourhood level.	Capacity of council services and partners to respond to local priorities and issues.	<i>New risk added.</i>

2.7 Risk items removed since the last report to Audit Committee in September 2021 include:

Risk No	Business objective	Risk Detail	Reason
ACX24	Ensuring the Thriving Neighbourhood’s Strategy is effectively implemented.	Failure to take account of the new ward boundaries in service design.	<i>New ward boundaries in place and risk now out of date. New risks added instead to reflect the current position.</i>
ACX28	Delivery of the Year Ahead Plan – New Ways of Working.	Failure to deliver the updated flexible working and OD strategies.	<i>Superseded with ACX32.</i>
ACX30 (SLT36)	Reduction of carbon emissions for the Council and the borough.	Insufficient resources of the necessary expertise are available to the Council to inform the Carbon Reduction Plan.	<i>Risk transferred to the Regeneration and Environment Directorate Risk Register.</i>

3. Options considered and recommended proposal

3.1 Only one of the sixteen risks on the Assistant Chief Executive’s Directorate Risk Register is currently assessed as being a high risk, marked as ‘Red’ on Appendix 1. This is:

- **ACX25 Management and Delivery of the resettlement schemes. Impact of the asylum dispersal programme, including hotel accommodation.**
Risk detail: Failure to meet Council pledge to resettle people on UKRS and Afghan schemes due to lack of suitable affordable housing in Rotherham.

Wider dispersal patterns to areas without support networks or cultural /religious infrastructure.

Ukrainian refugee routes announced by government - arrivals into the area without planning and further responsibilities on RMBC re key services, safeguarding, homelessness and integration.

Risk that Home Office use of local hotels as contingency accommodation for asylum seekers in the Borough causes issues with pressure on services.

- 3.2 The Assistant Chief Executive's Risk Register and entries are closely linked to the service plans, team plans, reports and service meeting agendas across the directorate.
- 3.3 Progress against key actions to mitigate the above risks is monitored through management team meetings monthly.

4. Consultation on proposal

- 4.1 The Corporate Strategic Risk Register is reviewed quarterly by the Strategic Leadership Team, and the Assistant Chief Executive's Risk Register is reviewed monthly at the Directorate Leadership Team meeting. A strategic Risk Champions Forum is also in place and the Assistant Chief Executive Directorate is actively represented at all meetings.

5. Timetable and Accountability for Implementing this Decision

- 5.1 Not applicable

6. Financial and Procurement Advice and Implications (to be written by the relevant Head of Finance and the Head of Procurement on behalf of s151 Officer)

- 6.1 There are no direct financial or procurement implications arising from this report. Financial implications linked to risk mitigations are closely scrutinised and monitored.

7. Legal Advice and Implications (to be written by Legal Officer on behalf of Assistant Director Legal Services)

- 7.1 There are no direct legal implications arising from the Assistant Chief Executive's Directorate Risk Register. Any actions taken by the Council in response to risks identified will consider any legal implications.

8. Human Resources Advice and Implications

- 8.1 There are no direct Human Resources implications arising from this report. However, the risks contained in the Assistant Chief Executive Risk Register (Appendix 1) directly link to the Workforce Strategy, Council Plan, and the Year Ahead Delivery Plan.
- 8.2 The Assistant Director of Human Resources and Organisation Development also manages a service level risk register.

9. Implications for Children and Young People and Vulnerable Adults

- 9.1 There are no direct implications arising from this report. Children and young people and vulnerable adult implications linked to risk mitigations are closely scrutinised and monitored.

10. Equalities and Human Rights Advice and Implications

- 10.1 An equalities risk has been added to the Assistant Chief Executive's Risk Register (Appendix 1): ACX33 Compliance with the Equalities Framework and ensuring equalities are embedded in all aspects of Council operation and decision making. Risk detail: Failure to achieve equalities "excellent" standard.

11. Implications for CO2 Emissions and Climate Change

- 11.1 There are no direct CO2 emissions and climate change implications from this report.

12. Implications for Partners

- 12.1 Actions relating to issues affecting partners are reflected in the risk register and closely scrutinised and monitored.
- 12.2 The Assistant Chief Executive's Risk Register (Appendix 1) and Corporate Strategic Risk Register also includes a risk (ACX5 and SLT11) focussed around: lack of direction, trust and support from organisations which sit on the strategic partnerships leading to ineffective joint working and failure to deliver on local priorities.

13. Risks and Mitigation

- 13.1 The Assistant Chief Executive's Risk Register (Appendix 1) details the Directorate level risks and mitigations. Risks and mitigation in respect of HR&OD are further detailed in the service area Risk Register.

14. Accountable Officer(s)

Fiona Boden Head of Policy, Performance and Intelligence

Report Author: *Tanya Lound, Corporate Improvement and Risk Officer*
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Simon Dennis, Corporate Improvement and Risk Manager
simon.dennis@rotherham.gov.uk

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By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

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Committee Name and Date of Committee Meeting

Audit Committee – 27 September 2022

Report Title

Final Unaudited Statement of Accounts 2021/22

Is this a Key Decision and has it been included on the Forward Plan?

No

Strategic Director Approving Submission of the Report

Judith Badger, Strategic Director of Finance and Customer Services

Report Author(s)

Ian Bagshaw (Finance Manager – Financial Accounting)
Finance & Customer Services Directorate
01709 249938 ian.bagshaw@rotherham.gov.uk

Ward(s) Affected

Borough-Wide

Report Summary

Under the Accounts and Audit Regulations 2015, local authorities were required to publish their unaudited accounts no later than 31 July 2022, for the financial year 2021/22, accompanied by a Narrative Report and draft Annual Governance Statement. The original deadline for the final publication of the Council's audited accounts was 30th September 2022 but the regulations have been revised to extend this to 30th November 2022. Grant Thornton have indicated that they will be able to complete the external audit by this revised date.

As such, the Council is not able to present an audited set of accounts to the Audit Committee, nor a final or draft ISA 260 report as insufficient progress has been made to date on the audit to allow for this. Instead, the Council is presenting to Audit Committee the revised version of its final accounts, which includes amendments made since the draft accounts were presented. The Council intends to publish the revised final accounts on the Council's website following approval from Audit Committee and the Council's Section 151 Officer.

The external audit will continue and once that has been completed, the ISA260 will be brought to Audit Committee for consideration.

At this point Grant Thornton are not able to confirm their audit opinion on the Statement of Accounts.

Grant Thornton are not able to confirm their audit opinion in respect of the Council's value for money arrangements.

Recommendations

1. Having taken due regard of the current position of the external audit, note the 2021/22 Statement of Accounts attached as Appendix 1 for publication as final and the 2021/22 Narrative Report attached as Appendix 2 for publication as final; and
2. Note that the ISA260 will be brought to a future Audit Committee for review once Grant Thornton have completed their audit work.

List of Appendices Included

Appendix 1 – 2021/22 Statement of Accounts to be published as final
Appendix 2 – 2021/22 Narrative Report to be published as final

Background Papers

CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2021/22
Accounts and Audit Regulations 2015
Audit Committee meeting – 28 July 2022

Consideration by any other Council Committee, Scrutiny or Advisory Panel

No

Council Approval Required

No

Exempt from the Press and Public

No

Closure of the Accounts 2021/22

1. Background

- 1.1 At the Audit Committee meeting on 28th July 2022 members received Grant Thornton's Audit Plan for 2021/22 which set out the audit approach Grant Thornton planned to take to discharge their audit objectives and the risks they had identified in relation thereto. Grant Thornton indicated that they would be able to meet the revised audit deadline of 30th November 2022.
- 1.2 In order to complete the audit process in compliance with the Accounts and Audit Regulations 2015, the Audit Committee, as the body charged with governance within the Council, is required to formally resolve that the Statement of Accounts and Narrative Report be approved for publication. The period for local electors to exercise their rights to ask questions of the auditor or to raise a formal objection that an item of account is unlawful has expired. However, as the external audit of the accounts has not been completed the Council cannot present to members an audited set of accounts with an audit opinion for consideration.
- 1.3 The Council is presenting to Audit Committee the revised version of its final accounts which includes amendments made since the draft accounts were presented. The Council intends to publish the revised final accounts on the Council's website following approval from Audit Committee and the Council's Section 151 Officer. Should any material issues be identified as part of the ongoing external audit of the accounts, leading to a change in the accounts being required then Audit Committee will be updated on that change at the point the external audit completes and the ISA260 report is presented for consideration.

2. Key Issues

- 2.1 A material adjustment has been identified by the auditors in relation to the carrying value of plant, vehicles and equipment (PVE) assets held by the Council. A number of items have been identified which are still on the Council's balance sheet but have been disposed of in prior years, these are largely lower value assets that have been fully depreciated so hold a net book value of £0 but have a gross book value remaining on the asset register that needs to be cleared. The total value of this adjustment is in the process of being identified but will be greater than £13m. The accounts will be updated when the figure is confirmed. This change does not impact the Council's budget position or outturn position for 2021/22.
- 2.2 At this point Grant Thornton are not able to confirm their audit opinion on the Statement of Accounts or the value for money arrangements.

3. Options considered and recommended proposal

- 3.1 There is no discretion on whether to comply with the Code of Practice on Local Authority Accounting or the Accounts and Audit Regulations 2015. The purpose of the recommendations is for Audit Committee to meet its responsibilities in relation to the closure of the accounts.

4. Consultation on proposal

- 4.1 Close liaison continues to be maintained with the Council's External Auditors to ensure that complex accounting issues and action taken in response to changes to the local authority accounting framework are agreed in advance of the financial statements being prepared.

5. Timetable and Accountability for Implementing this Decision

- 5.1 The statutory deadline for publishing the audited financial statements is 30th November 2022.

6. Financial and Procurement Advice and Implications

- 6.1 There are no financial or procurement implications directly associated with this report, other than continuing to produce good quality financial statements and supporting working papers which meet Grant Thornton's expectations and will help to minimise the audit fee.

7. Legal Advice and Implications

- 7.1 None, other than ensuring compliance with the requirements of the Accounts and Audit Regulations 2015.

8. Human Resources Advice and Implications

- 8.1 There are no Human Resource implications arising from the report.

9. Implications for Children and Young People and Vulnerable Adults

- 9.1 There are no implications arising from the proposals to Children and Young People and Vulnerable Adults.

10. Equalities and Human Rights Advice and Implications

- 10.1 There are no implications arising from this report to Equalities and Human Rights.

11. Implications for CO2 Emissions and Climate Change

- 11.1 No direct implications.

12. Implications for Partners

12.1 There are no other implications arising from this report to Partners.

13. Risks and Mitigation

13.1 Robust project management arrangements have been put in place to ensure that the timetable is adhered to and quality standards met.

14. Accountable Officer(s)

Judith Badger (Strategic Director of Finance & Customer Services)

*Report Author: Ian Bagshaw (Finance Manager – Financial Accounting)
Finance & Customer Services Directorate
01709 249938 ian.bagshaw@rotherham.gov.uk*

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METROPOLITAN BOROUGH OF ROTHERHAM**STATEMENT OF ACCOUNTS 2021/22**

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AUDIT OF ACCOUNTS 2021/22

ROTHERHAM METROPOLITAN BOROUGH COUNCIL

Statement of Accounts 2021/22 Public Inspection Notice

**Notice of the Commencement of the Period for the Exercise of Public Rights
Local Audit and Accountability Act 2014 Sections 26 and 27
Accounts and Audit (England) Regulations 2015 Regulations, 14 and 15**

The period for the Exercise of Public Rights commenced at 9.30am on Monday 1 August 2022 and concluded at 4pm on Monday 12 September 2022.

The following documents will be made available:

- The Draft Statement of Accounts
- The Annual Governance Statement
- The Narrative Report

The draft Statement of Accounts may be subject to change.

The above Council's accounts are subject to external audit by Grant Thornton UK LLP, Gareth Mills, No 1 Whitehall Riverside, Leeds, LS1 4BN. Members of the public and local government electors have certain rights in the audit process:-

1. The period for the Exercise of Public Rights commenced on Monday 1 August 2022 and concluded on Monday 12 September 2022 (between 9.30am and 4.00 pm Monday to Friday). Any person interested, on application to the Strategic Director of Finance and Customer Services, Rotherham Metropolitan Borough Council, Riverside House, Main Street, Rotherham, S60 1AE, may inspect and make copies of the accounts of the above-named Council for the year ended 31 March 2022, and all books, deeds, contracts, bills, vouchers and receipts relating thereto.
2. Notice was also given that on or after Monday 1 August 2022 until Monday 12 September 2022, a local government elector for the area to which the accounts relate or his/her representative may ask any questions of the auditor. Please contact the auditor at the above address to make arrangements to ask any questions.
3. These rights do not permit a person to require disclosure of personal information as defined in section 26 of the Local Audit and Accountability Act 2014.
4. From 9.30am on Monday 1 August 2022 until Monday 12 September 2022, a local government elector for the area of the Authority, or his/her representative, had the ability to object to the Council's accounts asking that the auditor issue a report in the public interest (schedule 7, Local Audit and Accountability Act 2014) and/or apply to the Court for a declaration that an item in the accounts is contrary to law (section 27, Local Audit and Accountability Act 2014). No such objection may be made unless the Auditor has previously received written notice of the objection and the grounds on which it is made and a copy of that notice has been provided to the Strategic Director of Finance and Customer Services, Rotherham Metropolitan Borough Council.

**Judith Badger CPFA
Strategic Director - Finance and Customer Services
Finance and Customer Services Directorate,
Riverside House,
Main Street,
Rotherham,
S60 1AE**

16 September 2022

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

The Authority's responsibilities

The Council is required:

The Authority is required to:

- Make arrangements for the proper administration of its financial affairs and to secure that one of its officers (the Chief Financial Officer) has responsibility for the administration of those affairs;
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets; and
- Approve the Statement of Accounts.

The Chief Financial Officer's responsibilities

The Chief Financial Officer is responsible for the preparation of the Statement of Accounts (which includes the financial statements) in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom ('the Code').

In preparing this Statement of Accounts, the Chief Financial Officer has:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- complied with the Code;
- kept proper accounting records which were up to date;
- taken reasonable steps for the prevention and detection of fraud and other irregularities;
- assessed the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern;
- used the going concern basis of accounting on the assumption that the functions of the Authority will continue in operational existence for the foreseeable future; and
- maintained such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
- Covid-19 – the impact of the Covid-19 pandemic is not considered at this time to effect a change in the Authority's ability to continue as a going concern.

I certify that the Statement of Accounts gives a true and fair view of the financial position of the Authority at 31 March 2022 and of its income and expenditure for the year then ended.

Judith Badger CPFA
Strategic Director - Finance and Customer Services
16 September 2022

Explanation of the Financial Statements

The Statement of Accounts summarises the Council's financial performance during the year ended 31 March 2022 and shows its overall financial position at the end of that period.

The Statement is prepared in accordance with the Code of Practice on Local Authority Accounting (the Code), as published by the Chartered Institute of Public Finance and Accountancy (CIPFA). The Code is based on approved accounting standards issued by the International Accounting Standards Board (IASB) and interpretations of the International Financial Reporting Interpretations Committee (IFRIC), except where these are inconsistent with specific statutory requirements.

The principle basis, conventions, rules and practices that specify how the effects of transactions and other events are reflected in the financial statements of the Council are set out in the section of this report headed 'Statement of Accounting Policies'. These accounting policies are kept under review and updated where appropriate to take account of changes in accounting practice adopted within the Code.

The Statement of Accounts comprises:

- **Statement of Responsibilities for the Statement of Accounts** (Page 2) – which details the respective responsibilities of the Council and its Chief Financial Officer for the accounts;
- **An explanation of the financial Statements** (Page 3 – which details the components of the Financial Statements;
- **A Statement of Accounting Concepts and Policies** (Page 12) – These are the principle bases, conventions, rules and practices that specify how the effects of transactions and other events are reflected in the financial statements. The accounting concepts and policies that have been applied in preparing the Council's 2021/22 financial statements are detailed on Page 12;
- **Financial Statements and related disclosure notes** – which are explained further below.

For the sake of clarity, the Accounts and Audit Regulations 2015 clarified that the Annual Governance Statement does not form part of the Statement of Accounts although there is an expectation that it is published alongside the Statement of Accounts. The Council follows this practice.

To comply with the Accounts and Audit Regulations 2015 and the Code, the Narrative Report will be published alongside the Statement of Accounts.

Financial Statements

The Financial Statements report the Council's financial performance for the year and its financial position.

The Council's financial performance is reported through the:

- **Comprehensive Income and Expenditure Statement (CIES)** (Page 6) – The Comprehensive Income and Expenditure Statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation or rents. The Council utilises income generated from local taxpayers and rents to cover expenditure in accordance with statutory requirements; this may be different from the accounting cost. The amount to be met from local taxpayers and housing rents is shown in both the Expenditure and Funding Analysis and the Movement in Reserves Statement
- **Movement in Reserves Statement (MIRS)** (Page 7) – The Movement in Reserves Statement shows the net change in the balances on reserves allowing for the aforementioned statutory adjustments. Reserves are analysed into usable reserves and unusable reserves. Usable reserves represent revenue or capital resources which are available to fund revenue or capital expenditure or repay debt in the future, subject to the need to maintain a prudent level of reserves to cover contingencies and unforeseen commitments. Unusable Reserves are those that the Council is not able to use to provide services, they are used to hold unrealised gains and losses, for example the revaluation reserve or to hold balances in relation to adjustments between accounting basis and funding basis under regulations.

- **The Cash Flow Statement** (Page 10) – This Statement summarises the inflows and outflows of cash arising from transactions with third parties for revenue and capital purposes. The statement shows how the Council generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities.
- **The Housing Revenue Account (HRA) Income and Expenditure Account** (Page 111) – This Account summarises the income and expenditure in respect of the provision of local Council housing accommodation. Councils' are required by statute to account separately for all transactions relating to the cost of providing such accommodation.
- **Collection Fund Account** (Page 119) – By statute, Billing Authorities are required to maintain a separate Collection Fund which shows the level of National Non Domestic Rates, Council Tax and the residual Community Charge received by the Council during the accounting period and the distribution of these funds.

The Council's financial position is reported through the:

- **Balance Sheet** (Page 9) - The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Council. The net assets of the Council (assets less liabilities) represent the Council's net worth and are matched by the reserves held by the Council. Reserves are analysed into usable and unusable in the same way as in the MIRS.

The financial statements described above include the income, expenditure, assets, liabilities, reserves and cash flows of maintained schools within the control of the Council.

The **Expenditure and Funding Analysis**, included as Note 1 (Page 36) in the Notes to the Accounts, accompanies the Comprehensive Income and Expenditure Statement. It takes the net expenditure that is chargeable to taxation and rents (i.e. the General Fund and Housing Revenue Account) and reconciles it to the Comprehensive Income and Expenditure Statement.

Main Financial Statements and Notes to the Core Financial Statements

Comprehensive Income and Expenditure Statement

Movement in Reserves Statement

Balance Sheet

Cash Flow Statement

Notes to the Core Financial Statements

Comprehensive Income and Expenditure Statement

The Comprehensive Income and Expenditure Statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation or rents. The Council utilises income generated from local taxpayers and rents to cover expenditure in accordance with statutory requirements; this may be different from the accounting cost. The amount to be met from local taxpayers and housing rents is shown in both the Expenditure and Funding Analysis and the Movement in Reserves Statement

All of the Council's income and expenditure relates to continuing operations.

None of the items included within other comprehensive income and expenditure are reclassifiable within the surplus or deficit on provision of services.

The reportable segments shown below are those used for internal management reporting including budget monitoring reported to Senior Leadership Team and Cabinet.

The Council has continued to see an increase in gross expenditure and income, largely as a direct result of the Covid-19 response. Expenditure incurred in providing the Council's response and delivery of Governments various Covid-19 support schemes was offset by an increase in Government grant income in relation to the Covid pandemic.

2020/21 Gross Expenditure £000	2020/21 Gross Income £000	2020/21 Net Cost £000		2021/22 Gross Expenditure £000	2021/22 Gross Income £000	2021/22 Net Cost £000	Notes
119,477	(53,832)	65,645	Adult Care and Housing	131,351	(62,699)	68,652	48
67,969	(83,756)	(15,787)	Local Authority Housing (HRA)	79,241	(85,771)	(6,530)	
119,670	(47,582)	72,088	CYPS Excl Schools	127,849	(60,587)	67,262	
61,971	(60,798)	1,173	Schools	59,691	(55,314)	4,377	
84,139	(27,160)	56,979	Regeneration and Environment Services	94,802	(35,174)	59,628	
17,555	(16,744)	811	Public Health	19,939	(18,450)	1,489	
10,644	(3,248)	7,396	Assistant Chief Executive Office	11,267	(2,731)	8,536	
84,194	(60,627)	23,567	Finance and Customer Services	84,017	(57,246)	26,771	
26,512	(39,841)	(13,329)	Central Services	18,757	(39,731)	(20,974)	
592,131	(393,588)	198,543	Cost of Services	626,914	(417,703)	209,211	
36,658	(46)	36,612	Other Operating Expenditure	30,834	(3)	30,831	4
49,251	(1,607)	47,644	Financing and Investment Income and Expenditure	44,402	(1,803)	42,599	5
0	(271,530)	(271,530)	Taxation & Non-Specific Grant Income and expenditure	0	(278,100)	(278,100)	7
678,040	(666,771)	11,269	Deficit on Provision of Services	702,150	(697,609)	4,541	
		(41,383)	(Surplus) on Revaluation of Non Current Assets			(52,915)	37b
		(2,085)	Write down of Met Debt			0	37a
		20,489	Remeasurements of the Pensions Net Defined Benefit Liability/Asset			(174,360)	18
		(22,979)	Other Comprehensive Income & Expenditure			(227,275)	
		(11,710)	Total Comprehensive Income & Expenditure			(222,734)	

Movement in Reserves Statement

This Statement shows the movement from the start of the year to the end of the year on the different reserves held by the Council, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation and are detailed in Note 36) and 'unusable reserves' (which are not available for use and are detailed in Note 37). The movement in reserves statement shows how the movements in year of the Council's reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return to the amounts chargeable to Council Tax [or rents] for the year. The net increase/decrease line shows the statutory General Fund Balance and Housing Revenue Account balance movements in the year following those adjustments.

The General Fund reserves balance contains £11.9m of Covid-19 grants held to fund the ongoing Council response to the pandemic, including £8.2m of S31 grants to support additional business rates relief provided during 2021/22 that will impact the General Fund in 2022/23.

2020/21	General Fund (GF) Balance including GF Earmarked Reserves £000	Housing Revenue Account (HRA) £000	Capital Receipts Reserve £000	Major Repairs Reserves £000	Capital Grants Unapplied £000	Total Usable Reserves £000	Total Unusable Reserves £000	Total Council Reserves £000	Notes
Balance as at 1 April 20	32,017	17,116	16,971	15,974	16,370	98,448	(44,347)	54,101	36/37
Movement in reserves during the year:									
Total Comprehensive Income and Expenditure	(21,913)	10,644	0	0	0	(11,269)	22,979	11,710	
Adjustments from income & expenditure charged under the accounting basis to the funding basis	53,815	(17,160)	1,335	11,944	6,329	56,263	(56,263)	0	
Increase / (Decrease) in Year	31,902	(6,516)	1,335	11,944	6,329	44,994	(33,284)	11,710	
<i>Schools Balances transferred out on conversion to academy</i>	(744)					(744)		(744)	
Balance as at 31 March 21 carried forward	63,175	10,600	18,306	27,918	22,699	142,698	(77,630)	65,068	

2021/22	General Fund (GF) Balance including GF Earmarked Reserves £000	Housing Revenue Account (HRA) Balance including HRA Earmarked Reserves £000	Capital Receipts Reserve £000	Major Repairs Reserves £000	Capital Grants Unapplied £000	Total Usable Reserves £000	Total Unusable Reserves £000	Total Council Reserves £000	Notes
Balance as at 1 April 21	63,175	10,600	18,306	27,918	22,699	142,698	(77,629)	65,069	36/37
Movement in reserves during the year:									
Total Comprehensive Income and Expenditure	(1,121)	(3,420)	0	0	0	(4,541)	227,275	222,734	
Adjustments from income & expenditure charged under the accounting basis to the funding basis	7,935	3,346	1,266	(3,953)	2,656	11,250	(10,695)	555	
Increase / (Decrease) in Year	6,814	(74)	1,266	(3,953)	2,656	6,709	216,580	223,289	
<i>Transfer to Unusable DSG Adjustment Account</i>	12,840					12,840	(12,840)		
<i>Schools Balances transferred out on conversion to academy</i>	(25)					(25)	(19)	(44)	
Balance as at 31 March 22 carried forward	82,804	10,526	19,572	23,965	25,355	162,222	126,092	288,314	

Balance Sheet

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Council. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Council. Reserves are reported in two categories. The first category of reserves are usable reserves, i.e. those reserves that the Council may use to provide services subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the capital receipts reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves, are those that the Council is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the revaluation reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line "Adjustments between accounting basis and funding basis under regulations".

2020/21 £000		2021/22 £000	Notes
1,237,952	Property, Plant and Equipment	1,310,241	19
9,096	Heritage Assets	7,891	23
26,599	Investment Property	25,512	20
7,255	Intangible Assets	5,426	21
190	Long Term Investments	190	29
993	Long Term Debtors	693	32
1,282,085	Long Term Assets	1,349,952	
0	Short Term Investments	177,000	24
1,115	Assets Held For Sale	1,416	22
845	Inventories (Stock)	743	30
85,243	Short Term Debtors	70,156	32
100,702	Cash and Bank Balances	64,154	33
187,905	Current Assets	313,469	
(7)	Bank Overdraft	(9,321)	33
(249,869)	Short Term Borrowing	(148,290)	24
(112,173)	Short Term Creditors	(123,575)	34
(5,625)	Short Term Provisions	(2,576)	35
(367,674)	Current Liabilities	(283,762)	
(7,135)	Long Term Provisions	(6,336)	35
(519)	Long Term Creditors	(519)	34
(442,241)	Long Term Borrowing	(623,671)	24
(585,323)	Other Long Term Liabilities	(455,272)	49
(2,030)	Capital Grants Received in Advance	(5,548)	8
(1,037,248)	Long Term Liabilities	(1,091,346)	
65,068	Net Assets	288,314	
(142,698)	Usable Reserves	(162,222)	36
77,630	Unusable Reserves	(126,092)	37
(65,068)	Total Reserves	(288,314)	

The 2020/21 Short Term Debtors figure has been revised to remove a provision which had been classed as a bad debt provision in 2020/21 but has been reclassified as a long term provision during 2021/22. The result is an increase in the debtors figure of £3.364m and a corresponding increase in long term provisions.

Cash Flow Statement

The Cash Flow Statement shows the changes in cash and cash equivalents of the Authority during the reporting period.

	2020/21 £000	2021/22 £000	Notes
Deficit on the provision of services	11,269	4,541	
Adjustments to net surplus or deficit on the provision of services for non-cash movements :			
Depreciation & Impairment	(52,053)	(54,884)	
Carrying Amount of Non- Current Assets Sold	(32,458)	(28,084)	
Pension Fund Adjustments	5,825	(47,928)	
(Increase)/Decrease in Provisions	(448)	486	
Increase/(Decrease) in Inventories	83	(102)	
Increase/(Decrease) in Debtors	6,205	(15,534)	
(Increase)/Decrease in Creditors	(26,309)	(8,813)	
Other Non Cash Adjustments	316	(719)	
Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities	52,577	64,394	38
Net cash inflows from Operating Activities	(34,993)	(86,643)	
Investing Activities	30,726	227,394	39
Financing Activities	(44,540)	(94,889)	40
Net decrease in cash and cash equivalents	(48,807)	45,862	
Cash and cash equivalents at the beginning of the reporting period	51,888	100,695	33
Cash and cash equivalents at the end of the reporting period	100,695	54,833	33

Accounting Policies

- A) Statement of Accounting Policies
- B) Accounting Standards issued but not yet adopted
- C) Critical Judgements in applying Accounting Policies
- D) Assumptions made about the future and other major sources of estimation

A STATEMENT OF ACCOUNTING CONCEPTS AND POLICIES

1 General Principles

The Statement of Accounts summarises the Council's transactions for the 2021/22 financial year and its position at the year-end of 31 March 2022. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015, which those Regulations require to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 ("the Code"), supported by International Financial Reporting Standards (IFRS).

The objective of the Statement of Accounts is to provide information about the Council's financial performance, financial position and cash flows that is useful to a wide range of stakeholders in assessing the Council's stewardship of its resources.

Fundamental to making this assessment is that information is both relevant and faithfully represented.

A key feature of relevance is materiality. Information is material if omitting it or misstating it could influence decisions that users make on the basis of financial information presented in the Statement of Accounts. Conversely, there is no need to comply with the accounting principles or disclosure requirements of the Code where information is not material.

Information is faithfully represented if it is complete, unbiased and properly determined using appropriate estimation techniques and judgements.

The accounting policies are the principle bases, conventions, rules and practices that specify how the effects of transactions and other events are reflected in the Statement of Accounts. The accounting policies and estimation techniques selected are those that best assist users in their understanding of the financial information presented or disclosed in the Statement of Accounts. The expectation is that this will be achieved by selecting accounting policies that are compliant with the Code.

Consistent policies are applied both within the year and between years. Where policies have changed the reason and effect is disclosed.

The underlying assumptions made in preparing the Statement of Accounts are that financial performance is reported on an accruals basis and that the Council is a going concern.

The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets.

The CIES is reported using total cost principles under international financial reporting standards not the way in which local government is funded. The income and expenditure reported in the CIES will not therefore correspond to the outturn charged to the General Fund and HRA reported against the Council's budget.

Note 1 in the Notes to the Core Financial Statements, the "Funding and Expenditure Analysis" provides a high level reconciliation of the expenditure analysis reported in the CIES to the net amount charged to the General Fund and HRA which is to be met by taxpayers and council house tenants together with additional disclosure on material reconciling adjustments.

2 Changes in Accounting Policies and Estimates and Errors

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Council's financial position or financial performance. Where a change is made, it is applied retrospectively by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied unless the Code specifies that the change should be applied prospectively.

Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change.

Any material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

3 Accruals of Income and Expenditure

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received.

The general principle is that revenue is measured at the fair value of the consideration received which, in most transactions, will be the amount of cash and cash equivalents receivable. This position is in accordance with IFRS 15 Revenue from Contracts with Customers.

Revenue is recognised when Council satisfies a performance obligation by transferring a promised good or service to a service recipient, this can be over a period of time or at a point in time.

Supplies are recorded as expenditure when they are consumed. Where there is a gap between the date supplies are received and their consumption; they are carried as inventories on the Balance Sheet.

Expenses in relation to services received (including those rendered by the Council's officers) are recorded as expenditure when the services are received, rather than when payments are made.

Interest payable on borrowings (other than that capitalised on qualifying assets) and receivable on investments is accounted for on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.

Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where there is evidence that debts are unlikely to be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

Where the Council acts as an agent for another party, income and expenditure are recognised only to the extent that commission is receivable by the Council for the agency services rendered or the Council incurs expenses directly on its own behalf in rendering the services.

4 Overheads and Support Services

Support services are operated, managed and reported as separate segments they are not apportioned across services but instead reported separately in their own right in the Comprehensive Income and Expenditure Statement. Under the Council's current structure such costs predominantly fall within Assistant Chief Executive's or Finance and Customer Services Directorates.

5 Debtors

Debtors are recognised when the Council has delivered or tendered a supply of goods or services. They are recognised and measured at fair value when revenue has been recognised, except for a financial asset where they form part of the asset's carrying value (see accounting policy note 21). Amounts paid in advance of the receipt of goods/services are recognised as a prepayment.

6 Creditors

Creditors are recognised when the Council receives a supply of goods or services. They are recognised and measured at fair value of the consideration payable except for a financial liability where they form part of the liability's carrying value (see accounting policy note 21). If consideration is received but the revenue does not meet the revenue recognition criteria, a receipt in advance is recognised.

7 Tax Income (Council Tax, Residual Community Charge, and National Non-Domestic Rates)

Council Tax

Council Tax collection is an agency arrangement. Income shown within the Comprehensive Income & Expenditure Statement is the Council's share of the year's accrued income. The difference between this and the amount transferred to the General Fund under statute (representing the demand on the Collection Fund for the year together with the Council's share of the previous year's surplus or deficit which is distributed or recovered) is taken to the Collection Fund Adjustment Account. Debtors are shown exclusive of the proportions attributable to major preceptors.

National Non-Domestic Rates (NNDR)

NNDR collection is an agency arrangement. Business rate income within the Comprehensive Income & Expenditure Statement is the Council's share of the accrued business rate income for the year. The difference between this and the amount transferred to the General Fund under statute (representing the Council's share of the estimated business rate income for the year together with the Council's share of the previous year's surplus or deficit which is distributed or recovered) is taken to the Collection Fund Adjustment Account. The central share (after allowable deductions) of business rate income is paid out of the Collection Fund to central government. Growth in business rate income in an Enterprise Zone area, business rate income from renewable energy schemes and from businesses in New Deal areas is wholly attributable to the Council and transferred in full to the General Fund on an accruals basis. Debtors are shown exclusive of the proportions attributable to major preceptors

8 Inventories

Inventories are measured at the lower of cost and net realisable value except where acquired through a non-exchange transaction when cost is assumed to be equal to fair value at acquisition date.

Inventories are measured at the lower of cost and current replacement cost where held for distribution at no charge or for a nominal charge.

The cost attributed to identify inventory is assigned using the first-in, first-out (FIFO) basis.

Should it become apparent that total costs will exceed total revenue the expected deficit on the contract is immediately expensed.

9 Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Council's cash management.

10 Provisions, Contingent Liabilities and Contingent Assets

Provisions

A provision is recognised when:

- there is a present obligation (legal/constructive) as a result of a past event,
- it is probable a resource outflow will be required to settle the obligation, and
- a reliable estimate of the amount can be made.

For instance, the Council may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the Council becomes aware of the obligation, and measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at each reporting date and adjusted to reflect current best estimates. Where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.

If some or all of the expenditure required to settle a provision is expected to be reimbursed (e.g. an insurance claim), this is recognised when it is virtually certain that if the obligation is settled reimbursement will be received. The reimbursement is treated as an asset but the amount recognised does not exceed the amount of the provision.

Contingent Liability

A contingent liability arises where an event has taken place that gives the Council a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

A contingent liability is not recognised in the financial statements but disclosed as a note to the accounts. If it becomes probable that a resource outflow will be required for an item previously dealt with as a contingent liability, a provision is recognised.

Contingent Asset

A contingent asset arises where an event has taken place that gives the Council a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council.

A contingent asset is not recognised in the financial statements but disclosed as a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential. If it has become virtually certain an inflow will arise and the asset's value can be measured reliably, a debtor and related revenue are recognised.

11 Reserves

The Council sets aside specific amounts as usable reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus/Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Fund Balance in the Movement in Reserves Statement so that there is no net charge against council tax for the expenditure.

Certain unusable reserves are kept to manage the accounting processes for non-current assets, financial instruments and retirement benefits and that do not represent usable resources for the Council – these reserves are explained in the sections relating to the relevant policies.

Covid-19: The total cost to the Council of addressing the financial impact of Covid-19 in terms of expenditure, lost income and unachieved savings was mitigated in 2021/22 through the provision of Government support grants without an unplanned call on any reserves. However it is not possible to determine whether an additional call on the Council's reserves will be necessary in 2022/23.

12 Government and Non-Government Grants

Government grants and third-party contributions, including donated assets are recognised as due when there is reasonable assurance that;

- the Council will comply with the conditions attached to them, and
- the grants and contributions will be received.

Where conditions of grant remain outstanding which could give rise to grant being repaid, grant is carried in the balance sheet as grant received in advance.

Conditions are stipulations that give the grant funder or donor the right to the return of their monies if it is not used for the purpose specified.

Covid-19: A Review of 2021/22 grants has been undertaken to confirm that the impact of the pandemic has not prevented the Council meeting the grant terms and conditions. Some Covid-19 grants have been accounted for as 'agent' as the Council's role was simply to passport the grant from Government to a business, supplier or individual, with no decision making process required by the Council.

Revenue grants or contributions are credited to the relevant service line within net cost of services if specific or to Taxation and Non-Specific Grant Income if general or non ring-fenced.

Capital grants are credited to Taxation and Non-Specific Grant Income as general grant, but then reversed out of the General Fund Balance in the Movement in Reserves Statement. Where capital grant has been recognised but has yet to be used to finance capital expenditure, it is credited to the Capital Grants Unapplied Account within reserves. Capital grant that has been used for financing purposes is transferred to the Capital Adjustment Account.

13 Non-current Assets – Property, Plant and Equipment

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others or for administrative purposes and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment.

Recognition

Expenditure on the acquisition and creation of or which add to Property, Plant & Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred.

Measurement

Assets are initially measured at cost, comprising:

- the purchase price,
- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, and
- the initial estimate of the costs of dismantling, removing or restoring an asset where the Council has an obligation to do so and is required to make provision for these costs.

Borrowing Costs - The Council has adopted a policy under IAS 23 'Borrowing Costs' to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset. In implementing a policy of capitalisation of borrowing costs the Council has determined what it sees as a qualifying asset and what the borrowing costs are, that are to be capitalised.

- **Qualifying Assets** – Assets that take a substantial period of time to get ready for their intended use or sale, where this would cause a significant balance of borrowing costs to accrue.
- **Borrowing costs** – Where the Council borrows to specifically fund a scheme the amount that is capitalised is the actual cost of borrowing less investment income. Where funds are borrowed generally a capitalisation rate is used based on the weighted average of borrowing costs during the period.

The Council only capitalises borrowing costs when in addition to the above it becomes probable that the capital expenditure will result in future economic benefits or service potential to the Council; and that the borrowing costs can be measured reliably.

The cost of assets acquired other than by purchase is deemed to be its fair value, unless the acquisition will not increase the cash flows of the Council. In the latter case, the cost of the acquisition is the carrying amount of the asset given up by the Council.

Donated assets are measured initially at fair value. The difference between fair value and any consideration paid is credited to the Taxation and Non-Specific Grant Income line of the Comprehensive Income and Expenditure Statement, unless the donation has been made conditionally. Until conditions are satisfied, the gain is held in the Donated Assets Account. Where gains are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance to the Capital Adjustment Account in the Movement in Reserves Statement.

Assets are then carried in the Balance Sheet using the following measurement bases:

- infrastructure, community assets – depreciated historical cost,
- property, plant and equipment and intangible assets under construction are measured at historical cost,
- dwellings – current value based on existing use value for social housing (EUV-SH),
- all other assets – current value based on existing use (existing use value – EUV) for non-specialised operational assets where there is an active market or where

there is no market-based evidence of current value because of the specialist nature of an asset, depreciated replacement cost.

- Should an asset be re-classified as a Surplus Asset, it will be measured at fair value. Should an asset be re-classified as a Asset Held for Sale, it will be measure at fair value less cost to sell.

Depreciated historical cost is used as a proxy for current value for relatively short life assets such as vehicles, plant and equipment.

Assets included in the Balance Sheet at current value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their current value at the year-end, but as a minimum they are revalued every five years. In support of this the Council carries out an annual review of its assets for impairment. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains unless they reverse a previous revaluation or impairment loss in which case they are credited to the relevant service line within net cost of services.

Where decreases in value are identified, the revaluation loss is accounted for by:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains),
- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

Impairment of Assets

At the end of each reporting period an assessment takes place as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

Where impairment losses are identified, they are accounted for by:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains),
- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line(s) in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

Disposals

The carrying amount of an item is derecognised:

- on disposal through, for example, sale, donation, granting of a finance lease or transfer, or
- when no future economic benefits or service potential are expected from its use or disposal as a result, for example, of it being abandoned, scrapped or decommissioned.

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Fair value is the price that would be received from the selling the asset in an orderly transaction between market participants under the conditions prevailing at the end of the reporting period. Fair value for social housing being disposed of under Right to Buy (RTB) legislation is the discounted RTB value. Depreciation is not charged on Assets Held for Sale.

Assets held solely for capital appreciation purposes are classified as investment properties.

Non-operational property, plant and equipment which do not meet the criteria for reclassification as either Assets Held for Sale or investment properties are held within property, plant and equipment as Surplus Assets. Surplus Assets are carried in the balance sheet at their existing use value and revalued immediately prior to disposal if the current carrying value is materially different in order that the proper gain or loss on disposal can be determined.

Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale.

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts. A proportion of receipts relating to housing disposals is payable to the Government. The balance of receipts is required to be credited to the Capital Receipts Reserve, and can then only be used for new capital investment or set aside to reduce the Council's underlying need to borrow (the Capital Financing Requirement). Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement.

The written-off value of disposals is not a charge against council tax, as the cost of Non-Current Assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

Depreciation

Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives, the depreciable amount being an asset's depreciated historic cost or fair value at the start of the financial year. No depreciation is charged in the year in which an asset is first made ready for use. A charge is made in the year in which an asset is derecognised or classified as held for sale. An exception is made for assets without a determinable finite useful life (i.e., freehold land and certain Community Assets) and assets that are not yet available for use (i.e., assets under construction).

Depreciation is calculated on the following bases:

- dwellings and other buildings – straight-line allocation over the useful life of the property as estimated by the Council's valuer (Council dwellings over 30 Years or by using notional Major Repairs Allowance (MRA) if notional MRA reasonably reflects the annual cost of maintaining property in its current condition over a thirty-year period, other buildings and non-operational properties up to 100 years)

- vehicles – a reducing balance method over the useful life of the asset, as advised by a suitably qualified officer (Up to 10 years)
- infrastructure – straight-line allocation over 40 years
- plant, equipment and computers – straight-line allocation over the useful life of the asset as advised by a suitably qualified officer (plant and equipment up to 15 years and computers/office equipment up to 10 years).

Where an item of Property, Plant and Equipment has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately. Componentisation will take place as assets are acquired, enhanced, replaced or revalued.

Revaluation gains/losses are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

14 Charges to Revenue for Non-Current Assets

Services, support services and trading accounts are debited with the following amounts to record the cost of holding Non-Current Assets during the year:

- depreciation attributable to the assets used by the relevant service,
- revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off,
- amortisation of intangible Non-Current Assets attributable to the service.

The Council is not required to raise council tax to cover depreciation, revaluation and impairment losses or amortisations. However, it is required to make an annual provision from revenue to contribute towards the reduction in its overall borrowing requirement equal to an amount calculated on a prudent basis determined by the Council in accordance with statutory guidance. This is known as the Minimum Revenue Provision (MRP) and the policy is detailed below. Depreciation, revaluation and impairment losses and amortisations are therefore replaced by the revenue provision in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement.

Depreciation, revaluation and impairment losses represent a “real” charge to the HRA to be met by rent payers. However, the Council took advantage of the transitional protection offered to housing authorities over a five year period to 2016/17, to reverse out impairment and revaluation losses relating to council dwellings and to cap the amount of depreciation charged on council dwellings at the notional Major Repairs Allowance (MRA) included within the HRA Business Plan for that year. From 2017/18, depreciation, revaluation and impairment losses are determined in accordance with the new “Item 8 Credit and Item 8 Debit (General) Determination” which came into effect from 1 April 2017. That determination allows the Council to reverse out impairment and revaluation gains and losses relating to both council dwellings and non-dwellings.

Minimum Revenue Provision (MRP)

Prudent provision (MRP) is made annually for the repayment of debt relating to capital expenditure financed by borrowing or credit arrangements. The amount charged is determined having regard to the relevant statutory requirements and related guidance on MRP issued by MHCLG.

15 Leases and Lease-Type Arrangements

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating

leases. Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification. Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets. The Council will recognise a lease where the contract for individual asset exceeds £25k.

(a) Finance Leases – Council as Lessee

An asset held under a finance lease is recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor. Initial direct costs of the Council are added to the carrying amount of the asset. Premiums paid on entry into a lease are applied to writing down the lease liability. Contingent rents are charged as expenses in the years in which they are incurred.

Lease payments are apportioned between:

- a charge for the acquisition of the interest in the asset – applied to write down the lease liability, and
- a finance charge (debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

The apportionment is done in such a way as to produce a constant rate of interest on the outstanding liability in each period over the lease term

An asset recognised under a finance lease is accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life.

The Council is not required to raise council tax to cover depreciation, revaluation and impairment losses arising on leased assets. Instead, a Minimum Revenue Provision is made towards the deemed capital investment in accordance with statutory requirements and the Council's policy for determining MRP. Depreciation, revaluation and impairment losses are therefore replaced by the revenue provision in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement.

(b) Operating Leases – Council as Lessee

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefitting from use of the leased property, plant or equipment. Charges are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments.

(a) Finance Leases – Council as Lessor

Where the Council grants a finance lease over an asset, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease, the carrying amount of the asset in the Balance Sheet is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. A gain, representing the Council's net investment in the lease, is credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal), matched by a lease asset in the Balance Sheet.

Lease rentals receivable are apportioned between:

- an amount to write down the net investment in the lease including any premiums received, and
- finance income (credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

The gain credited to the Comprehensive Income and Expenditure Statement on disposal is not permitted by statute to increase the General Fund Balance and will be required to be treated as a capital receipt. Where a premium has been received, this is posted out of the General Fund Balance to the Capital Receipts Reserve in the Movement in Reserves Statement. Where the amount due in relation to the lease asset is to be settled by the payment of rentals in future financial years, this is posted out of the General Fund Balance to the Deferred Capital Receipts Reserve in the Movement in Reserves Statement. When the future rentals are paid, the element for the charge for the acquisition of the interest in the property is used to write down the lease asset. At this point, the deferred capital receipts are transferred to the Capital Receipts Reserve.

The written-off value of disposals is not a charge against council tax, as the cost of Non-Current Assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated from the Capital Adjustment Account to the General Fund Balance in the Movement in Reserves Statement.

(b) Operating Leases – Council as Lessor

Where the Council grants an operating lease over an asset, the asset is retained in the Balance Sheet. Rental income is credited to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments. Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

16 PFI and PPP Arrangements

Private Finance Initiative (PFI) and similar contracts fall within scope of IFRIC 12 and are agreements to receive services, where the responsibility for making available the property, plant and equipment needed to provide the services passes to the PFI contractor. As the Council is deemed to control the services that are provided under its PFI schemes and as ownership of the property, plant and equipment will pass to the Council at the end of the contracts for no additional charge, the Council carries the assets used under the contracts on its Balance Sheet as part of Property, Plant and Equipment. The only exception to this is where PFI assets are transferred to academies under 125 year lease arrangements, at the point of transfer the assets are removed from the Council's balance sheet.

PFI assets are initially recognised at their fair value when they are first made available for use balanced by the recognition of a liability for amounts due to the scheme operator to pay for the capital investment (this is normally based on the relevant elements of capital cost in the operator's financial model). Initial direct costs to the Council are added to the carrying amount of the asset. Any upfront contributions made by the authority to the PFI operator, either in the form of a cash lump sum or transfer of property that will not be used to provide services under the arrangement, are applied to write-down the PFI liability at the contribution's value agreed in the operator's financial model when the PFI asset is first made available for use.

PFI assets under construction are recognised on the balance sheet where the terms and conditions of the contractual obligation are such that the economic benefit of the asset flows to the Council at that time, similar to an asset that a Council constructs or develops for its own use.

Non-current assets recognised on the Balance Sheet are re-valued and depreciated in the same way as property, plant and equipment owned by the Council.

each year are analysed into five elements: -

The amounts payable to the PFI operators each year are analysed into five elements:

- fair value of the services received during the year – debited to the relevant service in the Comprehensive Income and Expenditure Statement,

- finance cost – an interest charge on the outstanding Balance Sheet liability, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement,
- contingent rent – increases in the amount to be paid for the property arising during the contract, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement,
- payment towards liability – applied to write down the Balance Sheet liability due to the PFI operator (the profile of write-downs is calculated using the same principles as for a finance lease),
- lifecycle replacement costs – Recognised as additions to Property, Plant and Equipment in the Balance Sheet as the scheduled works are carried out and the expenditure is incurred.
- lifecycle replacement costs – are accounted for as they are incurred. Where the profile of lifecycle expenditure actually incurred by the PFI operator differs significantly from the projected profile included within the PFI model adjustments are made to account for the difference. A prepayment is recognised where planned expenditure paid for through the unitary payment exceeds the actual amount incurred by the PFI operator. An additional liability is recognised where planned expenditure is less than that actually incurred. The prepayment / additional liability is carried forward in the balance sheet until the expenditure is actually incurred / settled, or , in the case of a prepayment when there is no longer an expectation that it will eventually be incurred by the PFI operator at which point it is charged to revenue. Lifecycle replacement costs which represent the refurbishment or replacement of major components are capitalised as Property, Plant and Equipment in accordance with Accounting Policy 13.

17 Investment Properties

Investment properties are those that are used solely to earn rentals and/or for capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or production of goods or is held for sale.

Investment properties are measured initially at cost and subsequently at Fair Value being the price that would be received from the selling the asset in an orderly transaction between market participants under the market conditions prevailing at the end of the reporting period. Investment Properties are not depreciated but are revalued annually according to market conditions at the year-end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

Rentals received and expenditure incurred in relation to investment properties are credited/charged to the Financing and Investment Income line in the Comprehensive Income and Expenditure Statement.

Revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

18 Intangible Assets

Expenditure on non-monetary assets that do not have physical substance but are controlled by the Council as a result of past events (e.g. software licences) is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Council.

Internally generated assets are capitalised where it is demonstrable that the project is technically feasible and is intended to be completed (with adequate resources being

available) and the Council will be able to generate future economic benefits or deliver service potential by being able to sell or use the asset. Expenditure is capitalised where it can be measured reliably as attributable to the asset and is restricted to that incurred during the development phase (research expenditure is not capitalised). Expenditure on the development of websites is not capitalised if the website is solely or primarily intended to promote or advertise the Council's goods or services.

Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held by the Council can be determined by reference to an active market. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. An asset is tested for impairment whenever there is an indication that the asset might be impaired and any losses recognised are posted to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

19 Revenue Expenditure Funded from Capital under Statute

Expenditure incurred during the year that may be capitalised under statutory provisions but does not result in the creation of a non-current asset is charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. This includes transformational expenditure on reform projects capitalised under the capital receipts flexibilities implemented with effect from 1 April 2016 under the Local Government Act 2003. Where the Council has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account then reverses out the amounts charged so that there is no impact on the level of council tax.

20 Heritage Assets

Heritage assets' principal purpose is to contribute to knowledge and culture and are assets which are preserved in trust for future generations for their artistic, cultural, environmental, historical, scientific or technological associations. They are recognised on balance sheet at cost or value. Where they are carried at value, the most appropriate and relevant valuation method is used including, e.g., insurance values. Revaluations are carried out as and when necessary in order to keep carrying values current (there is no requirement for them to be revalued at least every 5 years).

Operational heritage assets (i.e. those that are being held for their heritage characteristics, but are also used for other activities or services) are accounted for as operational assets.

Depreciation is not provided on heritage assets where they have indefinite lives.

Revaluation gains and losses and impairments of heritage assets are accounted for in exactly the same way as for Property, Plant and Equipment.

21 Financial Instruments

Financial Assets

Financial assets are classified based on a classification and measurement approach that reflects the business model for holding the financial assets and their cashflow characteristics. There are three main classes of financial assets measured at:

- amortised cost,
 - fair value through profit or loss (FVPL), and
 - fair value through other comprehensive income (FVOCI).
- **Treasury Investments:**
Those valued at **Amortised Cost** – assets that have fixed or determinable payments but are not quoted in an active market. These assets are Solely for Principal and Interest (SPPI), and they are part of the Council's Business Model. Whist Money Market Funds (MMF) behave as Amortised Cost, strictly they are FVPL, but there is little material difference in accounting, as such the Council will treat them as Amortised Cost.
 - **Non-Treasury Investments:**
These are assets that have may have a quoted market price and/or do not have fixed or determinable payments, although where, for instance a loan is provided to a third party (SPPI), and is for a policy reason, then it would be at Amortised cost too. Where it is not Amortised cost, this classification has two further sub sets for valuation:
 - **Fair Value through Comprehensive Income (FVCI)**, policy driven investments (not solely for profit), activity, which would normally simply be equity stakes in joint companies etc.
 - **Fair Value through Profit and Loss (FVPL)**, assets held purely for commercial investment (primarily for profit, firstly to raise monies/profit, that will be used to support the execution of normal service functions.

(a) Financial Assets Measured at Amortised Cost

Financial assets measured at amortised cost are recognised on the Balance Sheet when the authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement (CIES) for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the financial assets held by the authority, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the CIES is the amount receivable for the year in the loan agreement.

When the Council makes loans at less than market rates (soft loans) a loss is recorded in the CIES (debited to the appropriate service) for the present value of the interest that will be foregone over the life of the instrument, resulting in a lower amortised cost than the outstanding principal.

Interest is credited to the Financing and Investment Income and Expenditure line in the CIES at a marginally higher effective rate of interest than the rate receivable, with the difference serving to increase the amortised cost of the loan in the Balance Sheet. Statutory provisions require that the impact of soft loans on the General Fund Balance is the interest receivable for the financial year – the reconciliation of amounts debited and credited to the CIES to the net gain required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

Any gains and losses that arise on the de-recognition of an asset are credited or debited to the Financing and Investment Income and Expenditure line in the CIES.

(b) Fair Value Through Profit or Loss (FVPL) and Fair Value through Comprehensive Income (FVCI)

These are assets that have a quoted market price and/or do not have fixed or determinable payments. Of this classification those assets that are policy driven investments, not used to solely generate profit, but to actively support the execution of normal service functions are to be valued at Fair Value through Comprehensive Income (FVCI). They are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. Where the asset has fixed or determinable payments, then this would be Amortised Cost (as above) with annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the amortised cost of the asset multiplied by the effective rate of interest for the instrument. Where there are no fixed or determinable payments, income (e.g. dividends) is credited to the Comprehensive Income and Expenditure Statement when it becomes receivable by the Council. In practice FVCI is likely to contain only service equity investments,

Assets are maintained in the Balance Sheet at fair value. Fair value is measured by reference to prevailing interest or market rates using an appropriate valuation technique.

Changes in fair value posted to Other Comprehensive Income and Expenditure. Movements in impairment loss allowances debited/ credited to Surplus or Deficit on the Provision of Services (with a compensating credit/debit not against the carrying amount of the asset but to Other Comprehensive Income and Expenditure to offset movements against gains/losses on fair value). Cumulative gains/losses on fair value are posted to the Surplus or Deficit on the Provision of Services on derecognition.

Where fair value cannot be measured reliably, the instrument is carried at cost (less any impairment losses)

(c) Fair Value Through Other Comprehensive Income (FVOCI)

These are assets held purely for commercial investment (primarily for profit). All gains and losses posted to Surplus or Deficit on the Provision of Services as they arise.

Expected Credit Loss Model

The authority recognises expected credit losses on all of its financial assets held at amortised cost, either on a 12-month (i.e. the normal expectation of loss for this category of investment, no event occurring) or lifetime basis (whereby the initial assessment of risk has changed significantly by an event occurring). The expected credit loss model also applies to lease receivables and contract assets. Only lifetime losses are recognised for trade receivables (debtors) held by the authority. Impairment losses are calculated to reflect the expectation that the future cash flows might not take place because the borrower could default on their obligations. Credit risk plays a crucial part in assessing losses. Where risk has increased significantly since an instrument was initially recognised, losses are assessed on a lifetime basis. Where risk has not increased significantly or remains low, losses are assessed on the basis of 12-month expected losses. The authority holds loans with three local businesses. It does not have reasonable and supportable information that is available without undue cost or effort to support the measurement of lifetime expected losses on an individual instrument basis. It has therefore assessed losses for the portfolio on a collective basis.

Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value this being the price that would be paid in an orderly transaction between market participants on the date on which the liability is recognised. Ordinarily, this will be the transaction price, such as the principal amount of a loan received. Thereafter they are carried at their amortised cost. Annual charges to the Financing and

Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised. For most of the borrowings that the Council has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest) and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

The amount of interest charged to the HRA is determined on a fair and equitable share basis by reference to the HRA's Capital Financing Requirement.

Gains and losses on the repurchase or early settlement of borrowing are credited and debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement in the year of repurchase/settlement. However, where repurchase has taken place as part of a restructuring of the loan portfolio that involves the modification or exchange of existing instruments, the premium or discount is respectively deducted from or added to the amortised cost of the new or modified loan and the write-down to the Comprehensive Income and Expenditure Statement is spread over the life of the loan by an adjustment to the effective interest rate.

Where premiums and discounts have been charged to the Comprehensive Income and Expenditure Statement, regulations allow the impact on the General Fund Balance to be spread over future years. The reconciliation of amounts charged to the Comprehensive Income and Expenditure Statement to the net charge required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

Where the Council has entered into financial guarantees that are not required to be accounted for as financial instruments they are reflected in the Statement of Accounts to the extent that provisions might be required or a contingent liability note is needed under the policies set out in the section on Provisions, Contingent Liabilities and Contingent Assets.

22 Employee Benefits

Benefits Payable During Employment

Short-term employee benefits (those that fall due wholly within 12 months of the year-end), such as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits for current employees, are recognised as an expense in the year in which employees render service to the Council. An accrual is made against services in the Surplus or Deficit on the Provision of Services for the cost of holiday entitlements and other forms of leave earned by employees but not taken before the year-end and which employees can carry forward into the next financial year. The accrual is made at the remuneration rates applicable in the following financial year. Any accrual made is required under statute to be reversed out of the General Fund Balance by a credit to the Accumulating Compensated Absences Adjustment Account via the Movement in Reserves Statement.

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy and are charged on an accruals basis at the earlier of when the Council can no longer withdraw an offer of those benefits or when the Council recognises the cost of restructuring.

Redundancy payments are charged to the relevant service line in the Comprehensive Income and Expenditure Statement.

Post-Employment Benefits

Employees of the Council are members of three separate pension schemes:

- The National Health Service Pension Scheme, administered by the NHS Business Services Authority (NHSBSA).
- The Teachers' Pension Scheme, administered by Teachers' Pensions on behalf of the Department for Education.
- The Local Government Pensions Scheme (LGPS), administered by South Yorkshire Pensions Authority.

All three schemes provide defined benefits to members (retirement lump sums and pensions), earned as employees worked for the Council.

The arrangements for both the National Health Service and Teachers' schemes mean that liabilities for these benefits cannot be identified specifically to the Council. These schemes are therefore accounted for as if they were a defined contributions scheme – no liability for future payments of benefits is recognised in the Balance Sheet and the Public Health and Children's and Education Service line in the Comprehensive Income and Expenditure Statements are charged with the employer's contributions payable to the National Health Service and Teachers' Pensions Scheme in the year.

The Local Government Scheme is accounted for as a defined benefits scheme:

- The liabilities of the South Yorkshire Pension Fund attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates etc., and projections of earnings for current employees.
- Liabilities are discounted to their value at current prices, using a discount rate based on the indicative rate of return on high quality corporate bonds. In determining these liabilities, an assumption has been made on the advice of our actuaries that 50% of employees retiring will take an increase in their lump sum payment on retirement in exchange for a reduction in their future annual pension.
- The assets of the South Yorkshire Pension Fund attributable to the Council are included in the Balance Sheet at their fair value.
- The change in the net pensions liability is analysed into the following components:
 - current service cost – the increase in liabilities as result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked.
 - past service cost – the increase in liabilities arising from current year decisions as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years – debited to the Surplus/Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement to the services for which the employees worked.
 - net interest – interest receivable on the fair value of plan assets held at the start of the period adjusted for changes in plan assets during the year as a result of contributions and benefit payments less the interest payable on pension liabilities both determined using the discount rate based on high quality corporate bonds used to measure the defined benefit obligation at the beginning of the period – debited/credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.
 - re-measurements - return on plan assets (net of admin expenses and excluding amounts included in net interest) and actuarial gains/losses that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions

debited/credited to the Pensions reserve as Other Comprehensive Income and Expenditure.

- contributions paid to the South Yorkshire pension fund – cash paid as employer’s contributions to the pension fund in settlement of liabilities; not accounted for as an expense.
- In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact on the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

Discretionary Benefits

The Council also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff (including teachers) are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

23 Value Added Tax (VAT)

VAT payable is included only to the extent that it is irrecoverable from HM Revenue & Customs, whilst VAT receivable is excluded from income. The net amount due from/to HMRC at the end of the financial year is included within debtors or creditors.

24 Events after the Reporting Period

Events after the reporting period are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the audited Statement of Accounts is authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events,
- those that are indicative of conditions that arose after the reporting period – the Statement of Accounts is not adjusted to reflect such events, but where a category of events would have a material effect disclosure is made in the notes of the nature of the events and their estimated financial effect.

Events taking place after the date the Strategic Director - Finance and Customer Services authorises the audited Accounts for issue are not reflected in the Statement of Accounts.

Covid-19: Although as at 31 March 2022 a large proportion of the financial impacts of the Covid-19 pandemic were known and to a degree mitigated through Government emergency grant, there remains some limited potential for the financial implications of Covid-19 to impact the Council over the medium to longer term. It is recognised that the pandemic is potentially an Adjusting Balance Sheet Event in the context of the 2021/22 Financial Statements. Even though Covid restrictions have been removed, there is still however uncertainty with respect to the longer term impact of the pandemic due to the unknown pace of the local and national recovery. Detailed notes are included where appropriate within the statements identifying the impact of Covid-19 in 2021/22.

War in Ukraine, inflation and energy price rises: although the war in Ukraine, inflation and energy rises began within the 2021/22 financial year any direct impact of the war

on the Council's 2021/22 Financial Statements has not been identified. The conflict and the resulting uncertainty and risk are recognised as being a potential Adjusting Balance Sheet Event in the context of the 2021/22 Financial Statements, as the Council may prove to be under provided for in bad debt provisions as the impact of these pressures hits local residents and businesses..

25 Exceptional Items

When items of income and expense are material, their nature and amount is disclosed separately, either on the face of the Comprehensive Income and Expenditure Statement or in the notes to the accounts, depending on how significant the items are to an understanding of the Council's financial performance.

26 Interests in Companies and Other Entities

Where the Council exercises control, shares control or exerts a significant influence over another entity, and the Council's interests are material in aggregate, it will prepare Group Accounts. The Council's interest in another entity can be contractual or non-contractual and may be evidenced by, but is not limited to, the holding of equity or debt instruments in the entity as well as other forms of involvement such as the provision of funding, liquidity support, credit enhancement and guarantees.

The Council has control over another entity, where it is able to direct the activities of that entity such that it is has exposure to or rights over variable returns and can use its power over the entity to affect the returns it receives.

Shared control with another party or parties in a joint venture arises where decisions about activities that significantly affect returns require the unanimous consent of the parties sharing control including the Council.

The Council can exert a significant influence over an associate where the Council has the power to participate in the financial and operating policy decisions of an entity which fall short of control or joint control.

The Council's single entity financial statements include the income, expenditure, assets, liabilities, reserves and cash flows of the local Council maintained schools within the control of the Council.

Where local Council maintained schools convert to academies during the year, the assets, liabilities and reserves of the school are deconsolidated from the Council's single entity accounts at their carrying amount at the date of conversion unless the school has a deficit for which the Council retains responsibility. The Non-Current Assets of the school are derecognised when the Council relinquishes control over school premises which it had held as a local Council maintained school through ownership, legally enforceable rights or some other means.

Interests in companies and other entities are recorded in the Council's balance sheet as financial assets at cost, less any provision for losses.

27 Acquisitions and discontinued operations

Transfers of functions to or from other public sector bodies are accounted for with effect from the date of transfer. Assets and liabilities are transferred at their carrying value at the date of transfer unless otherwise agreed and the balance sheet restated to reflect the value of assets brought onto or removed from the balance sheet. The financial effect of functions transferred, to or from the Council are disclosed separately in the current year as "transferred in" or "transferred out" operations. The financial effect of functions transferred to another public sector body are disclosed separately in the comparative year to enable the performance of continuing operations to be compared on a like for like basis.

A function in this context is an identifiable service or business operation with an integrated set of activities, staff and recognised assets and/or liabilities that are capable of being conducted and managed to achieve the objectives of that service or business operation.

Discontinued operations are activities that cease completely. Income and expenditure relating to discontinued operations are presented separately on the face of the Comprehensive Income and Expenditure Statement.

B ACCOUNTING STANDARDS ISSUED BUT NOT YET ADOPTED

Implementation of IFRS16 Leases was due to be included in the CIPFA Code of Practice on Local Authority Accounting for 2022/23. Implementation has been delayed

until 2024/25 financial year. Work is ongoing to assess whether IFRS16 will have any material impact on the statement of accounts.

Short term leases and leases where the underlying asset is of low value are exempt. Any other lease will result in a right of use asset being carried in the balance sheet together with a liability for the payments.

In applying the accounting policies set out, the Council has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are:

- Pensions Prepayment - Following the 2019 Triennial revaluation an agreement was reached with South Yorkshire Pensions Authority to prepay 80% of estimated employer's ongoing service contributions of 17.2% of pensionable pay for the three year valuation period in return for a discount. The payment of £42.858m made in April 2020 related to the financial years 2020/21, 2021/22 and 2022/23 and the discount of £2.550m has been apportioned over the three years in accordance with the Pensions Authority methodology.

- Business Rates Appeals – The introduction of the business rates retention scheme with effect from 1 April 2013, means that the Council shares in the risks and rewards of growth or decline in Business Rates income with central government and the Fire Authority. As a consequence the Council recognises on its Balance Sheet its proportion of business rates assets and liabilities including its share of refunds to business ratepayers as a result of appeal. Valuation Office statistics on appeals lodged and settled since the April 2010 rating valuation to the 2017 revaluation has been used to arrive at the best estimate of the likely level of business rate income collectable up to and including 2021/22 which may have to be refunded as a result of outstanding appeals as at 31 March 2022. Since the 2017 revaluation the appeals process has changed resulting in the Valuation Office no longer providing the same statistics, as a result the addition to the provision for potential refunds relating to amounts billed in 2017/18 and subsequent years has been calculated as a percentage of the amount billed. The Council's share of the provision for appeals £1.575m is shown as a provision in Note 35.

The Statement of Accounts contains estimated figures that are based on assumptions made by the Council about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

Pensions liability

Included in the Council's Balance Sheet at 31 March 2022 is an estimated pensions liability of £338m, calculated by the Pensions Fund's actuaries in accordance with the requirements of IAS19. This compares to £465m at 31 March 2021 and £450m at 31 March 2020 similarly calculated by the actuaries. The volatility in the amount of the liability is due to it being highly sensitive to a number of key assumptions used to determine pension fund liabilities, including the rate at which future liabilities are discounted to present value terms, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates, indexation of pensions and the rate of inflation. The sensitivity analysis provided in Note 18 sets out how small changes to these key assumptions can result in a material change to the pensions liability. A firm of consulting actuaries is engaged by South Yorkshire Pensions Authority to provide expert advice about the best assumptions to be applied based on information available each year end.

Pensions Assets

The long-term impact on the pension fund assets as a result of the Covid-19 pandemic and the ongoing conflict in Ukraine remains unknown, this includes any potential impact on projected investment returns.

The South Yorkshire Pensions Authority that administers the Council's Pension Fund holds a variety of assets within the Fund including directly held properties. As a consequence of the Covid-19 pandemic, the valuation specialists for these properties attached a 'material valuation uncertainty' in the accounts for 2019/20, for this year ending 31 March 2022 the valuers consider the additional uncertainty arising from the pandemic has reduced sufficiently that their valuation report is no longer subject to a material uncertainty clause. This is also disclosed in the Pensions Authority's financial statements for the year ended 31 March 2021. Rotherham Metropolitan Borough Council's share of these property assets is considered material to the Council's financial statements. The Council's share of these assets has been included in the pension asset valuation reported in the Council's financial statements as at 31 March 2022.

Property, Plant and Equipment

Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the authority will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets. If the useful lives of the assets reduce, depreciation increases and the carrying amount of the assets falls.

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Note 1 Expenditure and Funding Analysis

The objective of the Expenditure and Funding Analysis (EFA) is to demonstrate to council tax [and rent] payers how the funding available to the authority, i.e. government grants, rents, council tax and business rates for the year, has been used to provide services compared with those resources consumed or earned by authorities in accordance with generally accepted accounting practices (as shown in the Comprehensive Income and Expenditure Statement (CIES). The EFA also shows how this expenditure is allocated for decision making purposes between the Council's Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the CIES on page 6.

2020/21				2021/22		
Net Expenditure Chargeable to the General Fund and HRA Balances	Adjustments between the Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement		Net Expenditure Chargeable to the General Fund and HRA Balances	Adjustments between the Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement
£000	£000	£000		£000	£000	£000
62,342	3,303	65,645	Adult Care and Housing	66,152	2,500	68,652
6,516	(22,303)	(15,787)	Local Authority Housing (HRA)	74	(6,604)	(6,530)
68,870	3,218	72,088	Children and Young People's Services excluding schools	61,584	5,678	67,262
(2,464)	3,637	1,173	Schools	(736)	5,113	4,377
51,176	5,803	56,979	Regeneration and Environment Services	48,786	10,842	59,628
17,400	(16,589)	811	Public Health	18,201	(16,712)	1,489
6,188	1,208	7,396	Assistant Chief Executive Office	6,782	1,754	8,536
18,647	4,920	23,567	Finance and Customer Services	19,375	7,396	26,771
(254,060)	240,731	(13,329)	Central Services	(226,958)	205,984	(20,974)
(25,385)	223,928	198,543	Net Cost of Services	(6,740)	215,951	209,211
0	36,612	36,612	Other Operating Expenditure	0	30,831	30,831
0	47,644	47,644	Financing and Investment Income and Expenditure	0	42,599	42,599
0	(271,530)	(271,530)	Taxation & Non-Specific Grant Income and expenditure	0	(278,100)	(278,100)
(25,385)	36,654	11,269	(Surplus) / Deficit	(6,740)	11,281	4,541
		(49,133)	Opening General Fund and HRA Balance as at 1 April			(73,774)
		(25,385)	Less (Surplus) / Deficit on General Fund Balance in year			(6,740)
			Transfer to DSG Adjustment Account (unusable reserve)			(12,840)
		744	Transfer from/to reserves to/from Academies			25
		(73,774)	Closing General Fund and HRA Balance at 31 March			(93,329)

Note 1a **Adjustments in Expenditure and Funding Analysis**

2020/21					2021/22			
Capital Adjustment	Pension Adjustment	Other Adjustment	Total		Capital Adjustment	Pension Adjustment	Other Adjustment	Total
£000	£000	£000	£000		£000	£000	£000	£000
2,111	2,380	(1,188)	3,303	Adult Care and Housing	(197)	3,967	(1,270)	2,500
276	910	(23,489)	(22,303)	Local Authority Housing (HRA)	794	1,550	(8,948)	(6,604)
34	3,317	(133)	3,218	Children and Young People's Services excluding schools	552	5,517	(391)	5,678
4,873	(791)	(445)	3,637	Schools	3,768	999	346	5,113
10,493	3,911	(8,601)	5,803	Regeneration and Environment Services	12,606	6,797	(8,561)	10,842
0	0	(16,589)	(16,589)	Public Health	0	25	(16,737)	(16,712)
436	763	9	1,208	Assistant Chief Executive Office	345	1,306	103	1,754
3,284	1,618	18	4,920	Finance and Customer Services	4,694	2,743	(41)	7,396
909	0	239,822	240,731	Central Services	498	0	205,486	205,984
17,756	0	18,856	36,612	Other Operating Expenditure	16,728	0	14,103	30,831
6,766	10,580	30,298	47,644	Financing and Investment Income and Expenditure	1,601	10,705	30,293	42,599
2,915	0	(274,445)	(271,530)	Taxation & Non-Specific Grant Income and expenditure	4,630	0	(282,730)	(278,100)
49,853	22,688	(35,887)	36,654		46,019	33,609	(68,347)	11,281

Notes:

1. Capital Adjustments - This column adds in depreciation and impairment and revaluation gains and losses in the services line, and for:
 - Other operating expenditure – adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets.
 - Financing and investment income and expenditure – the statutory charges for capital financing i.e. Minimum Revenue Provision and other revenue contributions are deducted from other income and expenditure as these are not chargeable under generally accepted accounting practices.
 - Taxation and non-specific grant income and expenditure – capital grants are adjusted for as it is income that is not chargeable under generally accepted accounting practices. Revenue grants receivable in the year are adjusted to take out any grants that have conditions that have not been met in the year. This line is credited with capital grants receivable in the year without conditions or for which conditions were satisfied in the year.
2. Pensions Adjustments - Net change for the removal of pension contributions and the addition of IAS 19 Employee Benefits pension related expenditure and income:
 - For services – this is the removal of the employer pension contributions made by the authority as allowed by statute and replaced with current and past service costs.
 - For Financing and investment income and expenditure – the net interest on the defined benefit liability is charged to the CIES.
3. Other Adjustments i.e. between amounts debited/credited to the CIES and amounts payable/receivable to be recognised under statute:
 - For Financing and investment income and expenditure – this column recognises adjustments to the General Fund for the timing differences for premiums and discounts.
 - The charge under Taxation and non-specific grant income and expenditure – represents the difference between what is chargeable under statutory regulations for council tax and NDR that was projected to be received at the start of the year and the income recognised under generally accepted accounting practices in the Code. This is a timing difference as any difference will be brought forward in future Surpluses or Deficits on the Collection Fund.

Note 1b **Income and Expenditure Analysed by Nature**

The authority's expenditure and income is analysed as follows:

Expenditure/Income	2020/21	2021/22
	£000	£000
Expenditure		
Employee benefits expenses	198,404	212,459
Other services expenses	374,162	386,928
Depreciation, amortisation, impairment	37,408	40,302
Interest payments	31,455	31,630
Precepts and levies	15,875	13,822
Payments to Housing Capital Receipts Pool	1,861	1,950
Loss on the disposal of assets	18,875	15,059
Total expenditure	678,040	702,150
Income		
Fees, charges and other service income	(161,771)	(172,666)
Interest and investment income	(91)	(171)
Income from council tax and non domestic rates	(138,071)	(154,103)
Government grants and contributions	(366,838)	(370,669)
Total income	(666,771)	(697,609)
Deficit on the Provision of Services	11,269	4,541

Note: There was continued significant increases in Council expenditure for 2021/22 due to the Covid-19 response and additional cost pressures this created across the Council. In addition sales fees and charges and income from NNDR were down year and year. However, as in 2020/21 government grants were significantly increased to assist the Council in mitigating these pressures.

Note 1c **Income Analysed by Segment**

International Reporting Standard IFRS15 was adopted in the 2018/19 Code of Practice on Local Authority Accounting. Per IFRS15 income from contracts with customers is recognised when the obligation has been fulfilled, i.e. when the service has been provided. Income received in year relating to services that will be provided in the following financial year is accrued to the year that the service will be provided.

Financial Statements have always been prepared on an accruals basis as stated in the accounting policies, therefore the application of IFRS15 has resulted in no change to the recognition of income.

Other income is that which falls outside the definition of income from contracts with service recipients and is mainly non government grants/contributions.

The authorities fees, charges and other income is analysed as follows:

2020/21	2020/21	2020/21		2021/22	2021/22	2021/22
Income from contracts with service recipients	Other income	Total income		Income from contracts with service recipients	Other income	Total income
£000	£000	£000		£000	£000	£000
(13,623)	(10,250)	(23,873)	Adult Care and Housing	(16,546)	(10,260)	(26,806)
(83,041)	(712)	(83,753)	Local Authority Housing (HRA)	(85,058)	(519)	(85,577)
(2,621)	(1,995)	(4,616)	Children and Young People's Services excluding schools	(2,709)	(1,753)	(4,462)
(1,332)	(3,081)	(4,413)	Schools	(2,135)	(5,248)	(7,383)
(23,006)	(1,945)	(24,951)	Regeneration and Environment Services	(30,046)	(1,617)	(31,663)
(25)	(13)	(38)	Public Health	(11)	(39)	(50)
(2,083)	(73)	(2,156)	Assistant Chief Executive Office	(1,948)	(54)	(2,002)
(416)	(569)	(985)	Finance and Customer Services	(304)	(680)	(984)
0	(9,448)	(9,448)	Central Services	0	(10,156)	(10,156)
0	(7,538)	(7,538)	Other income below Cost of Service	0	(3,583)	(3,583)
(126,147)	(35,624)	(161,771)	Total Income analysed on a segmental basis	(138,757)	(33,909)	(172,666)

Major source of income from contracts with service recipients:

Adult Care and Housing:	Adult Residential Care
Local Authority Housing (HRA):	Housing Rents
Children and Young People's Services:	Educational Support Services to Academies
Schools:	Fees to parents and room lettings
Regeneration and Environment Services:	A wide range of services including School Meals, Waste Collection/Treatment, Bereavement Services, Licencing, Civic Theatre, Development Control, Registrars, Markets, Building Cleaning and Parking
Assistant Chief Executive Office:	Human Resources services
Finance and Customer Services:	Schools Finance Service & Schools Insurance Scheme

Note 2 Adjustments between Accounting Basis and Funding Basis

This note details the statutory adjustments for the differences between the way transactions are presented on a commercial accounting basis and the amounts which are statutorily required to be met under the Local Authority Accounting Framework from local taxpayers and housing rents to meet the cost of General Fund and HRA services.

	Movements in Usable Reserves 2020/21					Movements in Unusable Reserves £000
	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	
	£000	£000	£000	£000	£000	
<u>Adjustments primarily involving the Capital Adjustment Account:</u>						
Charges for depreciation and impairment of non current assets	17,686					(17,686)
Amortisation of intangible assets	2,683	328				(3,011)
Revaluation losses on Property, Plant and Equipment	6,609	7,561				(14,170)
Capital grants and contributions applied	(28,468)	(10,230)			6,329	32,370
Revenue expenditure funded from capital under statute	4,348	213				(4,561)
Gain/loss on disposal of non current assets charged to the Comprehensive Income and Expenditure Statement	17,541	1,116	13,801			(32,458)
Debt Repayment			49			(49)
Statutory provision for the financing of capital investment	(6,581)		0			6,581
Capital expenditure charged against the General Fund and HRA balances		(13,565)				13,565
<u>Adjustments primarily involving the Capital Receipts Reserve:</u>						
Use of the Capital Receipts Reserve to finance new capital expenditure			(10,703)			10,703
Use of the Capital Receipts Reserve to repay debt			(49)			49
Contribution from the Capital Receipts Reserve to finance payments to the Government capital receipts pool	1,861		(1,861)			0
Transfer from Deferred Capital Receipts Reserve upon receipt of cash			98			(98)
<u>Adjustment primarily involving the Major Repairs Reserve:</u>						
Reversal of Major Repairs Allowance credited to the HRA		(4,134)		4,134		0
HRA depreciation to capital adjustment account				17,179		(17,179)
Use of the Major Repairs Reserve to finance new capital expenditure				(9,369)		9,369
<u>Adjustment primarily involving the Financial Instruments Adjustment Account:</u>						
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	(57)					57

	Movements in Usable Reserves 2020/21 continued					Movements in Unusable Reserves £000
	General Fund Balance £000	Housing Revenue Account £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Capital Grants Unapplied £000	
<u>Adjustments primarily involving the Pensions Reserve:</u>						
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (see note 18)	40,672	2,778				(43,450)
Employer's pension contributions and direct payments to pensioners payable in the year	(19,524)	(1,237)				20,761
<u>Adjustments primarily involving the Collection Fund Adjustment Account:</u>						
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	17,412					(17,412)
<u>Adjustment primarily involving the Accumulated Absences Account:</u>						
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(366)	10				356
Total Adjustments	53,815	(17,161)	1,335	11,944	6,329	(56,262)

	Movements in Usable Reserves 2021/22					Movements in Unusable Reserves £000
	General Fund Balance £000	Housing Revenue Account £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Capital Grants Unapplied £000	
<u>Adjustments primarily involving the Capital Adjustment Account:</u>						
Charges for depreciation and impairment of non current assets	17,482	524				(18,006)
Amortisation of intangible assets	3,899	244				(4,143)
Revaluation losses on Property, Plant and Equipment & Investment Properties	1,063	13,455				(14,518)
Capital grants and contributions applied	(48,282)	(2,829)			2,656	48,455
Revenue expenditure funded from capital under statute	6,053	374				(6,427)
Gain/loss on disposal of non current assets charged to the Comprehensive Income and Expenditure Statement	16,359	(1,589)	13,314			(28,084)
Debt Repayment			50			(50)
Statutory provision for the financing of capital investment	(7,354)		0			7,354
Capital expenditure charged against the General Fund and HRA balances	(10)	(6,519)				6,529
<u>Adjustments primarily involving the Capital Receipts Reserve:</u>						
Use of the Capital Receipts Reserve to finance new capital expenditure			(10,097)			10,097
Use of receipts to repay debt			(50)			50
Contribution from the Capital Receipts Reserve to finance payments to the Government capital receipts pool	1,950		(1,950)			0
Transfer from Deferred Capital Receipts Reserve upon receipt of cash			0			0
<u>Adjustment primarily involving the Major Repairs Reserve:</u>						
Transfer from HRA to Major Repairs Reserve re notional MRA		(2,538)		2,538		0
HRA depreciation to capital adjustment account				18,773		(18,773)
Use of the Major Repairs Reserve to finance new capital expenditure				(25,264)		25,264
<u>Adjustment primarily involving the Financial Instruments Adjustment Account:</u>						
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	(25)					25

	Movements in Usable Reserves 2021/22 continued					Movements in Unusable Reserves £000
	General Fund Balance £000	Housing Revenue Account £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Capital Grants Unapplied £000	
<u>Adjustments primarily involving the Pensions Reserve:</u>						
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (see note 18)	50,561	3,493				(54,054)
Employer's pension contributions and direct payments to pensioners payable in the year	(19,170)	(1,275)				20,445
<u>Adjustments primarily involving the Collection Fund Adjustment Account:</u>						
Amount by which council tax income, non-domestic rate income and residual community charge adjustment included in the Comprehensive Income and Expenditure Statement is different from the amount taken to the General Fund in accordance with Regulation	(14,733)					14,733
<u>Adjustment primarily involving the Accumulated Absences Account:</u>						
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	141	6				(147)
Total Adjustments	7,934	3,346	1,267	(3,953)	2,656	(11,250)

Note 3 **Transfers to and from Earmarked Reserves**

	Bal at 1 Apr 20 £000	Trans between Reserves 2020/21 £000	Trans out 2020/21 £000	Trans in 2020/21 £000	Bal at 31 Mar 21 £000	Trans between Reserves 2021/22 £000	Trans out 2021/22 £000	Trans in 2021/22 £000	Bal at 31 Mar 22 £000
General Fund									
Transformation	4,120	0	0	0	4,120	0	0	0	4,120
Business Rates	4,000	0	0	0	4,000	0	0	0	4,000
PFI - Education (Schools)	1,429	0	0	0	1,429	(1,429)	0	0	0
Corporate Revenue Grants Reserve	1,112	0	(100)	0	1,012	0	(98)	817	1,731
Budget & Financial Strategy	0	0		11,900	11,900	3,081		2,885	17,866
Budget Contingency	2,008	0	0	1,644	3,652	(3,652)	0	0	0
Housing Transformation Fund	685	0	(95)	0	590	0	(186)	899	1,303
Area Assembly Ward	3	0	0	1	4	0	(4)	0	0
Memb Comn Leadership Fund	5	0	0	3	8	0	(8)	50	50
Rotherham Partnership	49	0	0	58	107	0	0	41	148
HRA Sinking Fund	0	0	0	1	1	0		22	23
CYPS Social Care Reserve	0	0	0	2,000	2,000	0	0	0	2,000
Covid Recovery Fund	0	0	0	0	0	2,000	0	0	2,000
Local Ctax Support Grant	0	0	0	0	0	0		2,774	2,774
Collect'n Fund Income Guarantee	0	0	0	0	0	0		677	677
Treasury Management Savings	0	0	0	0	0	0		5,586	5,586
Total	13,411	0	(195)	15,607	28,823	0	(296)	13,751	42,278
Total HRA	0	0	0	1	1	0	0	22	23
Total General Fund	13,411	0	(195)	15,606	28,822	0	(296)	13,729	42,255
Covid-19 Grants Reserve	15,274	0	(15,274)	27,430	27,430	0	(23,587)	8,027	11,870
DSG Grant Reserve	(19,892)	0	(1,366)	0	(21,258)	21,258		0	0
Total Earmarked Reserves	8,793	0	(16,835)	43,037	34,994	21,258	(23,883)	21,778	54,148

Earmarked General Fund Reserves

This note sets out the amounts set aside from the General Fund and HRA balances in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet expenditure in 2021/22. A brief description of the purpose of each reserve is provided as follows:

(i) Transformation Reserve

This reserve is to be used to fund costs associated with transformational change in the delivery of Council services.

(ii) Business Rates Reserve

This reserve is to cover residual risks relating to appeals.

(iii) PFI – Schools

This PFI arrangement will last for 30 years. The reserve recognises the fact that receipts and payments into the reserve are smoothed out over the life of the contract so that the balance on the reserve at the end of the contract is nil.

(iv) Revenue Grant Reserve

The Revenue Grant Reserve represents revenue grants which have been recognised within income as the grant's terms and conditions have been met but yet to be applied. They will be used to meet future spending plans relevant to the grant.

(v) Budget & Financial Strategy Reserve

This reserve is available to support the Council's revenue budget position and Medium Term Financial Strategy as approved within the Council's Budget and Council Tax Report for 2022/23.

(vi) Budget Contingency Reserve

The balance of this reserve has been transferred to the Council's Budget and Financial Strategy Reserve to support the Council's budget position and Medium Term Financial Strategy, this reserve will no longer be used.

(vii) Housing Transformation Fund

This reserve is established for the management of shared savings generated through the contractual arrangement with the Council's repairs and maintenance contractors. The fund will be used to support key housing programmes and projects that require general fund support.

(viii) HRA Sinking Fund Reserve

The HRA Sinking Fund reserve is used to retain contributions from Shared Ownership leaseholders that are a compulsory requirement of their lease. The reserve will be used to fund future capital repairs and replacements to their properties. The monies can only be used to fund works to their individual property or estate, they cannot be used for any other purpose.

(ix) CYPS Social Care Reserve

The Children's and Young Peoples Services Social Care Reserve has been set up to help mitigate the continued cost pressures in relation to Children's and Social Care costs.

(x) DSG Grant Reserve

The Dedicated School Grant (DSG) is a ring fenced specific grant and it must be used in support of the schools budget as defined in the School and Early Years Finance (England) (No 2) Regulations 2018. Local authorities are responsible for determining the split of the grant between central expenditure and the individual schools budget (ISB) in conjunction with local schools forums. There is currently a deficit balance on the Dedicated Schools Grant, which in accordance with Government policy, can be carried forward for the deficit to be addressed in future years. Childrens' and Young Peoples Service have implemented a plan to start to recover the deficit, however this is dependent in part on future levels of government funding and approval of disapplication requests. The balance of this reserve was transferred to an unusable reserve during 2021/22 to comply with changes to the Code of Practice.

(xi) Covid 19 Grant Reserve

Government allocated the Council Covid-19 specific grants to mitigate the financial pressures as a result of the Covid-19 response and to provide support to residents and businesses across a variety of schemes. However many of the grants are for financial implications that will require

mitigation post 2021/22 or for grants such as Section 31 grants have to be accounted for during 2022/23 even though the support they were provided for was during 2021/22, due to Collection Fund accounting rules. The Covid-19 Grants Reserve holds these balances until they are deployed. The reserve includes £5.9m of S31 grants to support additional business rate relief provided during 2021/22 that will impact on the General Fund during 2022/23.

(xii) Covid Recovery Fund

In the 2020/21 outturn the Covid Recovery Fund Reserve was created to provide the Council with a fund to support the Council's recovery from the pandemic. The intention of the fund was to take proactive steps in order to support local residents as we emerge from the pandemic.

(xiii) Local Tax Support Grant

This reserve holds the Local Council Tax Support grant provided to meet the additional costs associated with the increases in local Council Tax Support caseloads during 2021/22 that will impact upon 2022/23. As per the Council's Budget and Council Tax report 2022/23, the Council will use this fund to support a local Council Tax Support top up payment during 2022/23 and potentially 2023/24.

(xiv) Collection Fund Income Guarantee

This reserve holds grant provided to compensate Council's for 75% of irrecoverable losses of Council Tax and Business Rates income in 2020/21. Again, this reserve is to be used to support a local Council Tax support top up payment during 2022/23 and potentially 2023/24.

(xv) Treasury Management Savings Reserve

As per the Council's Budget and Council Tax report 2022/23 this new reserve was established to hold savings made from the Council's treasury management operations that will be reserved to support the Council's medium term financial strategy.

(xvii) Other Reserves

The remaining reserves have been set up to hold approved carry forwards for use in future years.

Note 4 **Other Operating Expenditure**

2020/21 £000		2021/22 £000	Notes
3,135	Parish Council precepts	3,201	
12,740	Levies payable	10,620	
1,861	Payments to the Government Housing Capital Receipts Pool	1,950	
18,824	Loss on disposal of non current assets	15,150	48
51	Loss on revaluation & disposal of Assets Held for Sale	(90)	22
36,611	Total	30,831	

Note 5 **Financing and Investment Income and Expenditure**

2020/21		2021/22	
£000		£000	Notes
31,455	Interest payable and similar charges	31,630	26
10,580	Net interest on the net defined benefit liability (asset)	10,705	18
(91)	Interest receivable and similar income	(171)	26
5,700	Income and expenditure relating to Investment Properties and changes in their fair value	435	20
47,644	Total	42,599	

Note 6 **Surplus / Deficit on Trading Services, including dividends from companies**

The Council considers a trading operation exists where the service it provides is competitive i.e. the service user has the choice to use an alternative supplier than the Council and the Council charges the user on a basis other than a charge that equates to the costs of supplying the service.

The trading accounts operated by the Council during the year are as follows:

2020/21				2021/22		
Expenditure	Income	(Surplus) / Deficit		Expenditure	Income	(Surplus) / Deficit
£000	£000	£000		£000	£000	£000
15,070	(15,654)	(584)	Construction, Street Cleansing and Landscaping	14,594	(15,347)	(753)
1,438	(1,077)	361	Vehicle Maintenance	1,574	(1,662)	(88)
1,596	(2,883)	(1,287)	Property Services – Fee-billing	1,735	(3,327)	(1,592)
854	(620)	234	Engineering – Fee-billing	1,191	(1,162)	29
6,189	(5,114)	1,075	Cleaning of buildings	5,995	(5,451)	544
961	(216)	745	Markets	1,163	(734)	429
396	(460)	(64)	Building Regulations Control	496	(492)	4
6,349	(4,959)	1,390	School Support Services	7,299	(7,191)	108
32,853	(30,983)	1,870	(Surplus) / Deficit	34,047	(35,366)	(1,319)

Traded services are included in the Comprehensive Income and Expenditure Statement within the Service that they are based. The Council's traded services include:

Construction, Street Cleansing and Landscaping

Streetpride maintains over 680 miles of highways in a clean and safe condition for pedestrians, motorists, other road users and local communities.

Vehicle Maintenance

Management and policy of the Council's vehicle fleet and ensuring legislative standards are maintained.

Property Services – Fee Billing

Quantity surveyors, project managers, architects, valuers involved in the valuation and construction of new and existing Council buildings.

Engineering – Fee Billing

Streetpride provides a design, inspection, assessment service and carries out engineering works to buildings, bridges, structures and highways.

Cleaning of Buildings

Facilities Services provides a cleaning service for schools and other premises owned by Rotherham MBC. This service is also utilised by the NHS in certain buildings.

Markets

The Council operates regular markets in Wath and Rotherham town centre.

Building Regulations Control

Building Control service begins at preplanning application stage and continues throughout the entire planning and construction process. Ultimately the Council aims to provide a service that will achieve a fast and trouble-free Building Regulation approval and a rapid response inspection process that will assist a project to fully comply with the Building Regulations when complete. The Council has adopted a charging policy for Building Regulation charges in line with the Building (Local Council Charges) Regulations 2010.

School Support Services

School support services provides catering and the provision of supply staff to schools, teachers absence in-house insurance scheme and schools finance support team.

Note 7 **Taxation and Non Specific Grant Income**

2020/21 £000		2021/22 £000	Notes
115,920	Council Tax Income	120,118	
22,151	Non Domestic Rates	33,985	
46,534	Business Rates grants	43,112	
51,142	Non Ring-fenced government grants	34,405	8
35,783	Capital Grants and Contributions	46,480	8
271,530	Total	278,100	

Note 8 **Analysis of grant income credited to the CIES and capital grant received in advance**

The Council receives certain government grants which are not attributable to specific services. The amount of General Revenue Grants Credited to Taxation and Non Specific Grant Income was as follows:

2020/21 £000		2021/22 £000
15,100	Revenue Support Grant	15,183
9,822	PFI Grant	9,822
25,033	Covid19 Funding	8,469
1,187	Other Non Specific Revenue Grants	931
51,142	Total	34,405

Capital Grants Credited to Taxation and Non Specific Grant Income:

2020/21 £000		2021/22 £000
8,882	Department for Transport	5,817
456	Environment Agency	0
1,538	Education Funding Agency: LA Maintained Maintenance Grant	-244
-1,399	Education Funding Agency: Basic Need Pupil Places	2,188
96	Education Funding Agency: LA Maintained Devolved Formula	203
0	Education Funding Agency: Targeted Basic Need	1,060
-16	Department of Health	0
4,692	S106 Contributions	188
3,648	Department for Levelling Up, Housing & Communities	5,263
0	SOAHP Grant Housing England	643
286	Other Local Authorities and Partners	518
0	Network Rail	400
7,198	South Yorkshire Mayoral Combined Authority	27,779
8,268	Department of the Environment, Food & Rural Affairs	6
1,137	Department of Business, Energy & Industrial Strategy	1,564
288	European Development Fund	832
0	Forestry Commission	39
0	Historic England	214
13	Heritage Asset Donations	10
696	CIL Contributions	0
35,783		46,480

Community Infrastructure Levy (CIL) income has been disclosed within the Capital Grants table above, in line with the Community Infrastructure Levy (CIL) regulations 2010.

Significant Revenue Grants attributable to specific services and which have therefore been credited to Cost of Services were as shown on following page:

2020/21 £000		2021/22 £000
84,974	Dedicated Schools Grant (Note 16)	86,296
0	Safety Valve	8,530
58,533	Housing and Council Tax Benefit: subsidy	54,988
25,460	Covid 19 Funding	23,928
1,139	Troubled Families & Troubled Families Co-ordinator	816
4,165	Pupil Premium	3,560
1,238	Housing Benefit & Council Tax Benefit Administration	1,237
441	Youth Offending Teams Grant	479
420	Rotherham Music Hub	419
1,155	Universal Free School Meals	728
10,900	Social Care (Revenue) Grant	10,902
7,669	NHS Funding (including Better Care Fund)	11,567
13,005	Improved Better Care Fund	14,638
193	Local Reform & Community Voices Grant	192
1,442	Independent Living Fund	1,442
16,590	Public Health Funding	16,739
239	Police and Crime Commission	324
766	Discretionary Housing Payments (DHPs)	603
419	Adoption Support Fund	210
500	Fusion Funding	0
73	Elections Grant	342
181	Local Sustainable Transport Fund	0
258	Home Office Trusted Relationship Fund	249
280	Asylum Seekers	331
220	Building Stronger Communities (Controlling Migration Fund)	153
547	PE & Sport Grant	487
128	House Project	0
122	Towns Fund	46
122	School Improvement Monitoring	102
561	Teachers Pay Grant	36
2,052	Teachers Pensions Employer Contributions Grant	103
2,000	Section 14 Grant	0
318	Flexible Homelessness Support	0
452	New Burdens	226
325	Rough Sleeper Initiative	625
160	Next Steps Accommodation Programme	0
136	Emergency Active Travel Fund	0
0	Transforming Care Discharge	569
0	Homeless Prevention	588
0	Council Tax Rebate	616
0	Kickstart	273
0	Flood Property Resilience	293
0	Virtual School Head	120
0	Brownfield Housing Fund	184
0	Staying Put	178
0	Family Group Conferencing	127
0	Mental Health Funding	110
0	Gainshare	450
0	Domestic Abuse	547
0	Afghan Refugee Assistance Programme	356
0	Afghan Resettlement Programme	165
0	Childrens Capital of Culture	241
0	Mobile Cycle Hub	118

The Council has received a number of capital grants and contributions that have yet to be recognised as income as they have conditions attached to them that will require the monies or property to be returned to the funding body if they are not applied for their intended purpose. The balance of capital grant received in advance at the year-end is shown in the table below, this includes a debit balance in relation to the repayment of Homes England grant, the grant had to be repaid as the property it was used to fund was subjected to a Right to Buy:

31 Mar 21		31 Mar 22
£000		£000
1,990	Section 106 Developer Contributions	2,338
184	CIL Contributions	3,210
-144	Homes England Recycled Grant	0
2,030	Total of Capital Grants Received in Advance	5,548

Section 106 Developer Contributions

Section 106 Developer Contributions are monies paid to the Council by developers as a result of the grant of planning permission where works are required to be carried out or new facilities provided as a result of that permission. The sums are restricted to being spent only in accordance with the agreement concluded with the developer.

The major balances of Section 106 receipts held by the Council at the year end are as follows:

Income	Expenditure	2020/21		Income	Expenditure	2021/22
£000	£000	£000		£000	£000	£000
(50)	8	(13)	F&CS/ACE - General Fund	0	8	(5)
(45)	64	(1,125)	Regeneration & Environment – General Fund	(561)	128	(1,558)
(1)	4,659	(309)	CYPS - General Fund	(101)	0	(410)
0	0	(50)	Housing -General Fund	0	50	0
(37)	0	(492)	HRA	(29)	157	(364)
(133)	4,732	(1,990)	Total	(691)	343	(2,338)

Note 9 Acquired and discontinued operations

The Council did not acquire any new operations in 2021/22.

All of the Council's income and expenditure relates to continuing operations.

Note 10 Agency Services

NHS Funded Nursing Care

The Council administers on behalf of Rotherham Clinical Commissioning Group (CCG) the financial process/procedures relating to the payment of NHS funded nursing fees to nursing care providers, under Health Act flexibilities (section 256 of the NHS Act 2006). The agreement covers the fees for NHS funded nursing care, cost of incontinence products, administration costs and nursing cost of assessments. Any overspend against the approved budget will be recharged by the Council to Rotherham CCG, any underspend will be reimbursed by the Council to Rotherham CCG.

The under spend in the current and previous year were as follows:

2020/21 £000		2021/22 £000
(2,071)	Gross income	(1,841)
2,071	Gross expenditure	1,841
0	(Under) / over spend	0

Note 11 **Transport Act**

Authorities are allowed to operate a road charging or workplace charging scheme under the Transport Act 2000. There is no such scheme in place in Rotherham.

Note 12 **Pooled Budgets**

The Council, through Adult Social Services, has a pooled budget arrangement with Rotherham Clinical and Commissioning Group (RCCG) (formerly, NHS Rotherham) in respect of the Better Care Fund to enable joint working under section 75 of the National Health Service Act 2006.

An assessment carried out by the Council recognises this as a joint operation under joint arrangements in accordance with IFRS11 which is managed through a Section 75 Framework Agreement for the commissioning of services.

The Better Care Fund is split into two Pools. RMBC host Pool 1 with income of £34.150m, which includes the former Intermediate Care and Equipment pooled budgets together with Occupational Therapy services, falls prevention, jointly commissioned integrated services and management of the Disabled Facilities grant funding. The RCCG host Pool 2 with income of £11.336m which supports Adult Mental Health Liaison, social care including residential care and keeping people in their own homes, care management and supporting discharge from hospital and support for carers.

The finance involved in the arrangements where the Council acts as host is detailed as follows:

2020/21 £000	Better Care Fund - Pool 1 RMBC	2021/22 £000
(561)	Balance B/F	(3,783)
(12,093)	Rotherham CCG	(11,753)
(3,064)	Rotherham MBC - Capital	(3,064)
(15,793)	Rotherham MBC - Revenue	(15,550)
(31,511)	Total Gross Income	(34,150)
1,341	Capital Expenditure	2,304
26,502	Revenue Expenditure	28,158
27,843	Total Gross Expenditure	30,462
(3,668)	Overspend / (Underspend)	(3,688)
(115)	Use of balances	(81)
(3,783)	Net Balance as at 31 March	(3,769)

2020/21 £000	Better Care Fund - Pool 2 RCCG	2021/22 £000
(11,129)	Rotherham CCG	(11,286)
(50)	Rotherham MBC	(50)
(11,179)	Total Gross Income	(11,336)
11,064	Revenue Expenditure	11,255
11,064	Total Gross Expenditure	11,255
(115)	Overspend / (Underspend)	(81)
115	Transfer of balances	81
0	Net Balance as at 31 March	0

The Council, through Childrens and Young People's Services Youth Offending Team operates a fund, established and maintained by the local authority for expenditure incurred in the provision of Youth Justice Services in Rotherham in order to meet S38 of the Crime and Disorder Act 1998 – Local Provision of Youth Justice Services. Contributions are made from the Police and Crime Commissioner £153K, National Probation Service £18K and RCCG £70K in line with subsection 2 of the Crime and Disorder Act.

The Local Authority, through Children and Young People's Services, maintains expenditure incurred in the provision of Rotherham's Local Safeguarding Children Board. This is a statutory body, established in accordance with the Children's Act 2004 and Working Together to Safeguard Children guidance 2015. Contributions are made from the Local Authority (Revenue Budget), Rotherham CCG, South Yorkshire Police, South Yorkshire Probation and CAFCASS.

2020/21		2021/22
£000	YOS Pooled Budget	£000
(70)	Rotherham CCG	(70)
(153)	South Yorkshire Police & Crime Commissioner	(153)
(5)	National Probation Service	(18)
(5)	Leeds City Council	0
(272)	Rotherham MBC - Revenue	(241)
(505)	Total Gross Income	(482)
0	Capital Expenditure	0
505	Revenue Expenditure	482
505	Total Gross Expenditure	482
0	Underspend/Overspend	0
0	Use of balances	0
0	Net Balance as at 31 March	0

2020/21		2021/22
£000	Rotherham Safeguarding Board	£000
(110)	Rotherham CCG	(129)
(52)	South Yorkshire Police & Crime Commissioner	(44)
(1)	Other Income	(1)
(139)	Rotherham MBC - Revenue	(139)
(302)	Total Gross Income	(313)
302	Revenue Expenditure	257
302	Total Gross Expenditure	257
0	Underspend/Overspend	(56)
0	Transfer of balances	0
0	Net Balance as at 31 March	(56)

Doncaster Children's Trust are the Lead Authority and maintain central expenditure incurred in the provision of South Yorkshire Regional Adoption Agency (SYRAA). The RAA is a statutory agreement that was established on 1st January 2021. The contributing partners are Rotherham MBC, Barnsley MBC, Sheffield CC and Doncaster Children's Trust.

2020/21		2021/22
£000	Rotherham Safeguarding Board	£000
0	Rotherham MBC - Revenue	(1,048)
0	Sheffield CC	(1,375)
0	Barnsley MBC	(825)
0	Doncaster Children's Trust	(993)
0	Total Gross Income	(4,241)
0	Capital Expenditure	0
0	Revenue Expenditure	3,971
0	Total Gross Expenditure	3,971
0	Underspend/Overspend	(270)
0	Use of balances	0
0	Net Balance as at 31 March 2022 held by Doncaster Children's Trust	(270)

Note 13 Members' Allowances

Members' allowances and expenses during the year totalled £891,018.12 excluding Joint Council allowances (2020/21 £899,299).

Detailed information about Members' Allowances can be obtained from the Strategic Director - Finance and Customer Services, Finance and Customer Services Directorate, Riverside House, Main Street, Rotherham, S60 1AE.

2020/21	Members Allowances	2021/22
£000		£000
691	Basic allowance	664
208	Special responsibility allowances	227
0	Travel	0
899	Total Members' Allowances and Expenses	891

Note 14 Staff Remuneration

The Accounts and Audit Regulations 2015 require the disclosure of certain information relating to officers' remunerations. Details of the number of employees who received remuneration of £50,000 or more based on 2021/22 payroll information, expressed in bands of £5,000 is as follows:

2020/21			2021/22	
Officers Total	Teachers Total		Officers Total	Teachers Total
48	10	50,000.00 to 54,999.99	54	7
24	9	55,000.00 to 59,999.99	22	6
17	10	60,000.00 to 64,999.99	25	8
21	3	65,000.00 to 69,999.99	19	7
3	2	70,000.00 to 74,999.99	7	1
2	2	75,000.00 to 79,999.99	1	1
3	1	80,000.00 to 84,999.99	2	2
3	0	85,000.00 to 89,999.99	2	0
8	1	90,000.00 to 94,999.99	8	0
1	0	95,000.00 to 99,999.99	0	0
0	0	100,000.00 to 104,999.99	0	0
0	0	105,000.00 to 109,999.99	0	0
0	0	110,000.00 to 114,999.99	1	0
0	0	115,000.00 to 119,999.99	0	0
0	0	120,000.00 to 124,999.99	0	0

The number of employees whose remuneration was £50,000 or more includes staff who have been given approval to leave the Council and have received an exit payment under the terms of their contract with the Council. In some cases that has resulted in these staff falling into higher banding brackets than would otherwise be the case. In 2021/22, the number of such employees was 1 (0 officer and 1 teacher).

The number of officers and teachers whose remuneration fell between £50,000 - £124,999, has increased year on year by 4 overall, in the main, due to a pay award taking a pay scale into the over £50,000 bracket. There has also been some conversion of Schools to Academies which has reduced the Teachers total.

The above table excludes senior employees whose remuneration for 2020/21 and 2021/22 are shown in the Senior Officer notes below.

The disclosure for Senior Officers remuneration includes Senior Officers who are a member of the Senior Leadership Team and in Statutory and Non-Statutory Chief Officers roles and any other officer whose salary details are required to be disclosed by the Accounts and Audit Regulations 2015, including any other employees whose salary exceeds £150,000. The table also includes the Head of Legal Services as they were the Monitoring Officer up to 8 November 2021.

Senior Officers 2020/21

Job Title/Employee	Salary 2020/21 £	Additional Payments 2020/21 £	Compensation & Ex-gratia 2020/21 £	Total remuneration excluding employer pension contributions 2020/21 £	Pension employer contribution 2020/21 £
Senior Officer Salary Costs:					
Sharon Kemp - Chief Executive	170,767.32	0.00	0.00	170,767.32	29,371.92
Former Assistant Chief Executive	13,560.35	5,133.30	0.00	18,693.65	2,332.38
Assistant Chief Executive	26,444.76	0.00	0.00	26,444.76	4,548.51
Former Strategic Director of Children and Young Peoples Services	87,224.71	6,411.88	0.00	93,636.59	15,002.66
Strategic Director of Children and Young Peoples Services	65,037.43	0.00	0.00	65,037.43	11,186.45
Strategic Director of Adult Care and Housing	133,755.96	0.00	0.00	133,755.96	23,006.04
Strategic Director or Regeneration & Environment	123,645.00	0.00	0.00	123,645.00	21,267.00
Strategic Director of Finance & Customer Services	123,645.00	0.00	0.00	123,645.00	21,267.00
Head of Legal Services	68,730.96	10,449.96	0.00	79,180.92	13,619.16
Total	812,811.49	21,995.14	0.00	834,806.63	141,601.12

Senior Officers 2021/22

Job Title/Employee	Salary 2021/22 £	Additional Payments 2021/22 £	Compensation & Ex-gratia 2021/22 £	Total remuneration excluding employer pension contributions 2021/22 £	Pension employer contribution 2021/22 £
Senior Officer Salary Costs:					
Sharon Kemp - Chief Executive - Refer to Note (i)	173,328.60	0.00	0.00	173,328.60	29,812.56
Assistant Chief Executive - Refer to Note (ii)	107,366.04	0.00	0.00	107,366.04	18,466.92
Strategic Director of Children and Young Peoples Services - Refer to Note (iii)	152,474.04	0.00	0.00	152,474.04	26,225.52
Strategic Director or Regeneration & Environment - Refer to Note (iv)	125,499.96	0.00	0.00	125,499.96	21,585.96
Former Strategic Director of Adult Care and Housing - Refer to Note (v)	113,135.00	5,130.42	0.00	118,265.42	19,459.20
Strategic Director of Adult Care and Housing - Refer to Note (vi)	97,788.22	1,782.42	0.00	99,570.64	17,126.19
Strategic Director of Finance & Customer Services - Refer to Note (vii)	125,499.96	0.00	0.00	125,499.96	21,585.96
Head of Legal Services - Refer to Note (viii)	71,476.54	6,409.24	0.00	77,885.78	13,396.37
Assistant Director of Legal Services - Refer to Note (ix)	35,951.82	0.00	0.00	35,951.82	6,183.73
Total	1,002,520.18	13,322.08	0.00	1,015,842.26	173,842.41

- (i) Sharon Kemp commenced her employment as the Chief Executive on 18 January 2016.
- (ii) The current post holder of Assistant Chief Executive commenced their employment on 1 January 2021.
- (iii) The current post holder of Strategic Director of Children and Young People's Services commenced their employment on 26 October 2020.
- (iv) The Strategic Director of Regeneration and Environment commenced their employment on 28 February 2019.
- (v) The previous post holder of Strategic Director of Adult Care, Housing and Public Health officially left the Council 31 January 2022. Additional payment related to unused leave entitlement on leaving.
- (vi) The current post holder of Strategic Director of Adult Care, Housing and Public Health commenced their employment on 1 February 2022, having previously been the Assistant Director. Additional payment related to Acting Up Allowance.
- (vii) The Strategic Director of Finance and Customer Services commenced their employment on the 1 April 2016.
- (viii) The role of Monitoring Officer was being covered by the Head of Legal Services, on an interim basis, until a full recruitment process could be completed. Additional payment related to honorarium for being the Monitoring Officer. They were replaced on SLT by Assistant Director

of Legal Services on 8 November 2021. Additional payment related to honorarium for being the Monitoring Officer.

- (ix) The current post holder of Assistant Director of Legal Services commenced their employment 8 November 2021.
- (x) The LGPS Employer Pension contributions disclosed in 2021/22 are based on the common rate of contribution set by the Actuary of 17.2 percent.

Senior Officer salary costs for 2021/22 have not materially increased or decreased compared to 2020/21.

Further disclosure for exit packages

The table below shows the cost to the Authority of staff who have left under the voluntary scheme, together with other departures and those who have been made compulsorily redundant. These costs include, where appropriate, the full pension strain cost arising from early retirement, for which the Council is required to make an additional payment to the Pensions Authority. Since 2016/17 the Council has met this additional cost in full in the financial year that the employee's departure is accounted for.

The costs tabulated below are comprised of actual severance payments made during the year less accrued severance payments in respect of individuals who left or were approved to leave during 2020/21 but who were paid in 2021/22 and those staff whose severance was approved and agreed and to which the Council was committed at 31 March 2022 but who are planned to leave in 2022/23.

In 2021/22 no provision was made in respect of severance costs associated with the major restructuring of services (in 2020/21 no provision was made).

These charges are reflected in the total cost of termination benefits shown in Note (xiv) below.

Exit package cost band (including special payments)	Number of compulsory redundancies		Total number of other departures agreed		Total number of exit packages by cost band		Total cost of exit packages in each band	
	2020/21	2021/22	2020/21	2021/22	2020/21	2021/22	2020/21 £000	2021/22 £000
Non Schools								
£0 - £20,000	10	1	53	55	63	57	287	241
£20,001 - £40,000	3	0	2	0	5	0	149	0
£40,001 - £60,000	3	0	0	1	3	0	129	48
£60,001 - £80,000	0	0	0	0	0	0	0	0
£80,001 - £100,000	1	0	0	0	1	0	85	0
£100,001 - £150,000	0	0	0	0	0	0	0	0
£150,001 - £200,000	0	0	0	0	0	0	0	0
Total	17	1	55	56	72	57	650	289

Exit package cost band (including special payments)	Number of compulsory redundancies		Total number of other departures agreed		Total number of exit packages by cost band		Total cost of exit packages in each band	
	2020/21	2021/22	2020/21	2021/22	2020/21	2021/22	2020/21 £000	2021/22 £000
Schools								
£0 - £20,000	2	2	13	10	15	12	77	49
£20,001 - £40,000	0	0	0	0	0	0	0	0
£40,001 - £60,000	0	0	1	0	1	0	32	0
£60,001 - £80,000	0	0	0	0	0	0	0	0
£80,001-£100,000	0	0	0	0	0	0	0	0
Total	2	2	14	10	16	12	109	49

N.B. The above figures include 2 settlement agreements entered into no settlement agreements to terminate the employment relationship with the School/Council.

(xiv) Termination Benefits

During 2021/22 69 employees (2020/21, 88) from across the Council, including schools, have been given approval to leave the Council with an exit package (including, Compulsory Redundancies, Voluntary Early Retirement, and Voluntary Redundancy etc.).

The liabilities incurred as a result of the early termination of employees both in schools and non-schools in 2021/22 totalled £0.338m (2020/21 £0.760m) - composed of severance payments of £0.282m (2020/21 £0.499m) and £0.056m in pensions strain costs (2020/21 £0.261m).

Note 15 **External Audit Fees**

The Council has incurred the following costs in relation to the audit of the Statement of Accounts, certification of grant claims and statutory inspections and to non-audit services provided by the Council's external auditors:

2020/21 £000		2021/22 £000
184	Fees payable for external audit services carried out by the appointed auditor	184
23	Fees payable for the certification of grant claims and returns - to external audit services GT	26
6	Fees payable for the certification of grant claims and returns - to external audit services KPMG	7
4	Other audit related services GT	0
217	Total	217

Note 16 **Dedicated Schools Grant**

The Council's expenditure on schools is funded primarily by grant monies provided by the Education and Skills Funding Agency, the Dedicated Schools Grant (DSG). DSG is ring-fenced and can only be applied to meet expenditure properly included in the Schools' Budget, as defined in the School Finance and Early Years (England) Regulations 2017. The Schools' Budget includes elements for a range of educational services provided on an authority-wide basis and for the Individual Schools Budget, which is divided into a budget share for each maintained school.

Details of the deployment of DSG receivable for 2021/22 and the comparative year are as follows:

2020/21				2021/22		
Central Expenditure £000	ISB £000	Total £000		Central Expenditure £000	ISB £000	Total £000
		252,972 (167,769)	Final DSG before Academy recoupment Less Academy figure recouped			272,116 (185,912)
		85,203 (19,892)	Total DSG after Academy recoupment Brought forward from previous year Less carry forward to 2022/23 agreed in advance			86,204 0 0
10,694	54,617	65,311	Agreed initial Budgeted Distribution	35,005	51,199	86,204
0	(229)	(229)	In Year Adjustments		92	92
10,694	54,388	65,082	Final Budgeted Distribution	35,005	51,291	86,296
(33,061)	0	(33,061)	Less actual Central expenditure	(35,327)		(35,327)
0	(53,279)	(53,279)	Less actual ISB deployed to schools Plus Local Authority Contribution	0	(51,081)	(51,081)
(22,367)	1,109	(21,258)	In Year Carry forward to next year Plus carry forward to 2022/23 agreed in advance	0	0	0
			Carry forward	0	0	0
			DSG Unusable Reserve 31/3/21 Safety Valve funding to DSG unusable reserve Addition to DSG Unusable Reserve 31/3/22	(22,367) 8,530 (322)	1,109 0 210	(21,258) 8,530 (112)
			Total of DSG Unusable Reserve 31/3/22	(14,159)	1,319	(12,840)
			Net DSG position at end of 2021/22	(14,159)	1,319	(12,840)

During recent years Rotherham has faced growing pressure on the High Needs Budget which has resulted in year on year deficits. In 2015/16 the High Needs in-year deficit was £1m, in the last three financial years the annual HNB deficit has been £5m, with a further deficit in 2019/20 of £4.6m and £2.1m in 2020/21 which has contributed to a net deficit in the DSG Central Reserve of £21.3m after taking into account of DSG balances in other DSG funding blocks.

The overspend is as a result of a number of factors; an increase in Education Health and Care Plans, increase in the number of post 16 young people with an EHCP who are now the responsibility of the

LA to fund potentially up until age 25 and an increase in the number of young people accessing higher cost provision.

The Department for Education (DFE) announced in July 2018 that from 2019-20 local authorities would be required to submit a recovery plan to the Department if they have a cumulative deficit of 1% or more of their Dedicated Schools Grant (DSG). A recovery plan was duly submitted by the Local Authority to the DFE. The plan explained in detail how the Local Authority intended to bring the DSG account back into balance. Officers met with DFE colleagues in February 2020 to discuss the plan in detail with a further meeting held in Spring 2021.

The DSG deficit recovery plan is predominantly linked to resolving the budget pressures in the High Needs Block which had a £2.1m overspend in 2020/21. As part of the short-term strategy to address the annual pressures a disapplication request was submitted to the Secretary of State to transfer £3m from the Schools Block to the High Needs Block in 2021/22. This request was approved.

A Social and Emotional Mental Health (SEMH) Strategy for Rotherham (to deliver 125 places) is now completed with most provisions now operating. It also sets out a number of partnership activities to address the needs of children with SEMH effectively and dampen the demand for higher tier services, including alternative provision. Following on from the SEMH strategy, the Special Educational Needs Sufficiency Strategy was agreed by Cabinet in May 2019, the Sufficiency Strategy aims to further increase the number of schools places in Rotherham for children with SEND (111 places – almost completed) and reduce the need for high cost placements. Other aspects of the Sufficiency Strategy will concentrate on supporting mainstream schools and academies to become increasingly more inclusive and thus reduce pressures on special school places.

As part of the Government spending review it announced additional funding for schools and high needs, compared to 2019/20 funding rose by £2.6 billion for 2020/21, £4.8 billion for 2021/22 and £7.1 billion for 2022/23. In 2020/21 the £2.6 billion is split £1.9 billion to the Schools Block and £0.7 billion to the High Needs Block, in 2021/22 the £4.8 billion is split £3 billion to the Schools Block and £.8 billion to the High Needs Block; the funding split for 2022/23 is still to be determined. For Rotherham this is an additional £5.5m for schools and £4.4m in the High Needs Block for the 2021/22 financial year.

A DSG 'Safety Valve' agreement has been entered into between the DFE and Rotherham and covers the financial years from 2021/22 to 2025/26. The Council undertake to reach a positive in-year balance on the DSG account by the end of 2022/23, and in each subsequent year with a minor dip into deficit in 2024/25 only. The DFE agree to pay in instalments a total of £20.53m by 2025/26 and subject to full compliance, the Council should eliminate the cumulative deficit no later than 2025/26. The first instalment of £8.53m was paid in 2021/22 and is reflected in these accounts.

Note 17 **Related Party Transactions**

A person or close family member is a related party of the Council if they have the potential to control or significantly influence the Council's operating or financial decisions or are key management personnel. Close family member is more narrowly defined as a child, spouse or domestic partner, and children and dependants of spouses or domestic partners.

Another body is a related party of the Council if it is a subsidiary, associate or joint venture of the Council or otherwise related, or has the ability to control or significantly influence the Council's operating or financial decisions.

The potential to control or significantly influence may come about due to member or management representation on other organisations, central government influence, relationships with other public bodies or assisted organisations to whom financial assistance is provided on terms which enable the Council to direct how the other party's financial and operating policies should be administered and applied. The fact that a voluntary organisation might be economically dependent on the Council does not in itself create a related party relationship.

Disclosure of related party transactions is made when material to either party to the extent that they are not disclosed elsewhere in the accounts.

Joint Ventures and Associates

- (i) BDR Property Limited (formerly Arpley Gas Limited)

With effect from 16 March 2008 Arpley Gas Ltd became BDR Property Ltd, a company set up under the Environment Protection Act 1990 by Rotherham, Barnsley and Doncaster Metropolitan Borough Councils and the Waste Recycling Group Ltd. Waste Recycling Group was subsequently acquired by the FCC group in January 2014 with the company's immediate parent being FCC Environment (UK) Limited.

The company was set up for the purpose of carrying out waste disposal work and civic amenity site management. Its principal activity is management of the Thurcroft landfill site. It operates under a management agency agreement with FCC Recycling (UK) Limited.

The share capital of the company is as follows:

Authorised and fully paid up Share Capital £1.850 million

Council's Shareholding:

- a) For voting purposes – the Company's shares are divided into 'A' shares and 'B' Shares. The 1,998 'A' shares comprise 20% of the total voting shares. One third of these 'A' shares are held by the Council (666 shares costing £6.66). Barnsley and Doncaster Metropolitan Borough Councils have similar share holdings, so that collectively the Councils hold 20% of the total voting shares. These are non-equity shares.
- b) For dividend purposes – the Council holds 3.5% (63,421 shares) of the company's £1 class 'C' shares – no voting rights are attached to these shares.
- c) For winding up purposes – the Council holds 12,500 £1 deferred shares which is one third of the total. These shares are ranked after the other 3 classes of shares (A, B and C) and payment will only be made should funds remain available for distribution after meeting the entitlements of the other groups of shareholders. No voting rights are attached to these shares.

At the time of publication of this Statement, accounts for the company for the year ending 31 December 2020 were available and the details are as follows:

31 Dec 19 £000		31 Dec 20 £000
34	Turnover	275
(1,935)	Profit / (Loss) before taxation	1,668
(1,931)	Profit / (Loss) after taxation	1,327
(659)	Net Assets	668

(ii) Magna Trust

Magna Trust is a company limited by guarantee. The members of the company are Rotherham MBC, The Stadium Group and Rotherham Chamber of Commerce. Its principal objects are to advance education of science and technology, provide facilities for recreational and other leisure time occupation for the public at large in the interests of social welfare, and, to preserve buildings of historical importance to British industry.

At the time of publication of this Statement, accounts for the company for the year ending 29 March 2021 were available and the details are as follows:

29 Mar 20 £000		29 Mar 21 £000
2,227	Turnover	1,054
(931)	(Deficit) for the year	(957)
7,196	Net Assets	6,239

During the financial year ended 31 March 2022, the company provided services to the Council to the value of £59,500.96 (2020/21 £21.90) and incurred no charge from the Council (2020/21 £156).

A loan for £300,000 was issued to the Magna Trust in 2006/07 and of this £190,000 was still outstanding as at 31 March 2022. The Council issued to Magna a short term loan of £250,000 during 2014/15. This was outstanding as at the 31 March 2022. The Council are currently in discussions with Magna regarding a repayment plan for the outstanding balances, as an initial measure Magna have begun during 2021/22 to make repayments of the interest owed.

A copy of the accounts can be obtained from Mr J Smith, Magna, Sheffield Road, Templeborough, Rotherham, S60 1DX.

Other

The following table discloses material transactions between the Council and other related parties.

2020/21			2021/22
£	Related Parties	Nature of Transactions	£
	Assisted Organisations:		
35,263	Rotherham Ethnic Minority Alliance Ltd	Grants and Fees	95,533
358,475	Voluntary Action Rotherham	Grants and Fees	482,256
78,333	Speak Up	Commissioned Services	61,917
90,000	Healthwatch Rotherham	Commissioned Services	90,000
125,000	Rotherham Sight and Sound	Commissioned Services	125,000
527,831	Rotherham RISE	Commissioned Services & Fees	504,000
	Member Related:		
29,510	Swinton Lock Activity Centre	Fees	41,720
8,150	Turner Hire & Sales Ltd	Fees and Charges	10,114
1,271	Richmond Park Tenants and Residents Association	Fees & Charges	0
2,238	Cortonwood Comeback Centre	Fees & Charges	1,800
	Officer Related:		
29,201	Clarke Film & Media Ltd	Fees	15,291
0	NextGen Mobile Services Ltd	Fees	736
	Other Related Organisations:		
10,256,365	Sheffield City Region Combined Authority	Transport Levy	10,240,311
915,989	Sheffield City Region Combined Authority	Contribution	967,564

Note 18 Pensions

The Council participates in three separate pension schemes relating to: Teachers, Local Government employees and staff performing Public Health Functions who transferred to the Council on 1 April 2013. All three schemes require contributions from both the employer and the employee, and provide members with benefits calculated by reference to pay levels and length of service.

(a) Teachers

Teachers employed by the Council are members of the Teachers' Pension Scheme, administered by the Teachers' Pension Agency (TPA). It provides teachers with defined benefits upon their retirement, and the Council contributes towards the costs by making contributions based on a percentage of members' pensionable salaries. Scheme benefits are underwritten by the Government. Since April 2015 the Teacher's Pension Scheme has been a career average scheme rather than a final salary scheme with a normal retirement age the same as that for the state pension.

Although the scheme is unfunded, the TPA uses a notional fund as the basis for calculating the employer's contribution rate paid by Local Education Authorities (LEAs). However it is not possible for the Council to identify a share of the underlying liabilities in the scheme attributable to its own

employees. For the purposes of this Statement of Accounts it is therefore accounted for on the same basis as a defined contribution scheme.

During 2021/22 the Council paid employer's contributions calculated at 23.68%, amounting in total to £4.390m (2020/21 £3.995m). The total of contributions expected to be made to the Teachers' Pension Scheme by the Council in the year to 31 March 2023 is £3.525m.

(b) Public Health Staff

Under the provisions of the Health and Social Care Act 2012, Public Health functions and the staff performing these duties were transferred from the National Health Service to Local Authorities on 1 April 2013. The majority of staff transferring have the eligibility to continue membership of the National Health Service Pension Scheme (NHSPS). Since April 2015 it has been a career average scheme rather than a final salary scheme with the normal retirement age being the same as that for the State Pension.

The NHSPS is an unfunded scheme operated on a "pay as you go" basis which provides defined benefits to its members. The NHS Business service (NHSBS) which administers the scheme uses a notional fund as a basis for calculating the employer's contribution rate paid by Local Authorities. However, it is not possible for the Council to identify its share of the underlying assets and liabilities relating to the scheme and it is therefore accounted for as if it were a defined contribution scheme with the amount charged to revenue being the employer contributions payable in the year. Employee contributions in 2021/22 are tiered from 5% to 14.5% based on salary.

During 2021/22 the Council paid employer's contributions calculated at 16.88% (including 0.08% in respect of administration costs) amounting in total to £0.040m (£0.056m 2020/21).

The 0.08% levy for the administration of the NHS Pension scheme was introduced in March 2017 by the Department of Health. In 2022/23 the employers contribution will increase to 20.68%, the total contributions expected to be made to the new NHS Pension Scheme by the Council in the year to 31 March 2023 is £0.023m.

(c) Other Local Government Employees

As part of the terms and conditions of employment of its officers and other employees, the Council offers retirement benefits through its participation in the Local Government Pension Scheme, administered by the South Yorkshire Pensions Authority. Although these benefits will not actually be payable until employees retire, the Council has a commitment to make the payments and this needs to be disclosed at the time that employees earn their future entitlement.

The Council is able to identify a share of the underlying liabilities in the scheme attributable to its own employees and accordingly accounts for post-employment benefits as a defined benefit scheme in accordance with the requirements of IAS19. Consequently, the Council recognises the cost of retirement benefits in the Net Cost of Services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge the Council is required to make against Council Tax is based on the cash payable in the year, so the IAS 19 cost of retirement benefits is reversed out through the Movement in Reserves Statement and replaced by the actual contributions payable in the year. The IAS 19 figures provided by the actuary in respect of 2021/22 make allowance for the reduction in liabilities falling on the Council as a result of schools acquiring academy status during the year which are shown as gains / losses on settlements.

Pensions Liability – the Covid 19 pandemic has resulted in substantial volatility in the financial markets and affected key indicators such as inflation and corporate bond yields which influence the value of the pension liability as assessed by the Fund's actuaries. While the level of volatility attributable to the pandemic has reduced in recent months, the potential for significant future volatility arising from events such as the conflict in Ukraine, which would further influence the accounting value of the pensions liability remains.

During the year the Council paid employer's superannuation contributions calculated at 17.2% amounting to £19.850m (2020/21 £19.551m at 17.2%). In 2020/21 the Council made a prepayment of £42.958m in respect of 80% of estimated annual pension contributions for the 3 years 2020/21, 2021/22 and 2022/23 of which £14.319m relates to 2021/22.

Total ongoing contributions of £19.600m are expected to be made to the Local Government Pension Scheme by the Council in the year to 31 March 2023 based on an ongoing service contribution rate of 17.2%.

The contribution rates take account of changes to the Local Government Pensions Scheme which came into effect from April 2014. The main changes were the introduction of a career average scheme rather than a final salary scheme and a "50:50 Scheme Option" whereby members can elect to accrue 50% of the full scheme benefits and pay 50% of the normal member contribution for a period of up to 3 years. In addition the actuarial assessment included provision for the resolution of issues arising from the McCloud/Sargent case pending final resolution of these issues by the Government and Pensions Authority.

Court of Appeal ruling- McCloud. The Court of Appeal has ruled in the Sargeant/McCloud cases that the transitional protections afforded to older members when the public service pension schemes were amended constituted unlawful age discrimination. The Government has accepted that remedies relating to the McCloud judgement are needed in relation to all public service pension schemes, and a consultation was published in July 2020 including a proposed remedy for LGPS. The figures in the accounts as provided by the actuary already include an allowance for McCloud that is substantially in line with this remedy. It has been concluded therefore, that no further adjustments to the valuation are required in relation to the McCloud ruling.

The Pension Fund is subject to regular triennial actuarial valuations. The last of these was in March 2019 which the South Yorkshire Pensions Authority, on behalf of its member Authorities, commissioned from the actuary, Mercer Human Resource Consulting Ltd. This showed an improvement in the fund's position with the Council's share of the Fund deficit on the scheme reducing from £133 million at the previous actuarial valuation in 2016 to virtually fully funded. The next triennial valuation will reflect the fund position as at 31 March 2022 and is currently being undertaken by the Pensions Fund new actuary Hyman Robinson LL, who were appointed in 2021. The results of the 2022 valuation will determine the contribution rates from April 2023 onwards.

The funding level of the Pensions Fund is subject to a range of potentially material risks. The impact of small changes to key assumptions (inflation, pay awards, life expectancy, discounting of future pension liabilities) is set out in the sensitivity analysis later in this note. In assessing the potential level of liabilities the funds actuary has estimated the weighted average maturity profile of the defined benefit obligation to be 17 years.

The Pensions Authority invests the funds held by the scheme with the aim of achieving a return on these funds to pay the benefits due. If actual investment returns do not in future match the assumptions then the value of the assets will be lower and a funding shortfall could arise. To address this, South Yorkshire Pensions Authority has processes in place to monitor investment performance and the actuaries produce an annual review of the fund's performance including a comparison to other local Council funds. The Pension Fund's investment strategy is reviewed alongside each triennial valuation.

In the event that an employer is unable to pay contributions or make good deficits, the Pension Authority's focus is to ensure as far as possible that any liability can be recovered should an employer exit the Pension Fund. Where a Council acts as guarantor for an employer that defaults, the Council is responsible for meeting the liability, otherwise it falls on all employers in the Fund in relation to their size. The Council does not act as guarantor for other employers. Council contractors with access to the LGPS are required to have bonds in place (which are subject to regular review) to cover unpaid liabilities should their business fail before the end of their contract with the Council. In addition, contractors' contributions are subject to smoothing arrangements which are intended to ensure that they are fully funded by the end of the contract period.

Further information in relation to the Local Government Superannuation Scheme can be found in the South Yorkshire Pension Fund Annual Report which is available upon request from the Superannuation Manager, South Yorkshire Pensions Authority, Oakwell House, 2 Beever Court, Pontefract Road, Barnsley, S71 1HG.

Transactions relating to Post-employment Benefits

The amounts included in the Comprehensive Income and Expenditure statement in relation to post retirement benefit costs under IAS 19 are shown in the table below. It also shows the adjustment made through the Movement in Reserves Statement to bring the amount charged to the General Fund back to the employer contributions payable to the LGPS during the year.

Total Funded & Unfunded Local Government Pension Scheme 2020/21 £000	Unfunded Discretionary Benefits Arrangements (included in Total) 2020/21 £000		Total Funded & Unfunded Local Government Pension Scheme 2021/22 £000	Unfunded Discretionary Benefits Arrangements (included in Total) 2021/22 £000
(35,811)	0	Net Cost of Services	(45,276)	0
(229)	0	- Current Service Cost	(41)	0
3,170	0	- Past Service	1,968	0
(10,580)	(448)	- Gain / (loss) from settlements	(10,705)	0
		Financing and Investment Income and Expenditure		
		- Net Interest Expense		
(43,450)	(448)	Total Post-employment Benefits charged to the Surplus or Deficit on the Provisions of Service	(54,054)	0
		Other Post-employment Benefits charged to the Comprehensive Income and Expenditure Statement		
		Remeasurement of the net defined benefit liability comprising:		
33,566	457	- Experience gain / (loss) on liabilities	(3,869)	0
213,449	0	- Return on plan assets (excluding the amount included in the net interest expense)	102,806	0
0	0	- Actuarial gains and (losses) arising on changes in demographic assumptions	0	0
(267,504)	(1,982)	- Actuarial gains and (losses) arising on changes to financial assumptions	75,423	0
(20,489)	(1,525)	Total Post-employment Benefits charged to the Comprehensive Income and Expenditure Statement	174,360	0
		Movement in Reserves Statement		
22,689	(847)	- Reversal of net charges made to the Surplus or Deficit on the Provision of Services for Post-employment benefits in accordance with the code	33,609	(1,239)
		Actual amount charged against General Fund:		
		Balance for pensions in year:		
(20,761)	0	- Employer's contributions payable to Scheme	(20,445)	0
0	(1,295)	- Rechargeable Pensions	0	(1,239)

The unfunded liabilities represent Compensatory Added Years' benefits which are not a liability of the LGPS and are therefore recharged to the employer. They have been included in the liabilities figure for the purpose of IAS 19 calculations, as unfunded discretionary benefits arrangements.

Net interest expense above includes £0.577m administrative expenses in relation to investments during 2021/22 (2020/21 £0.568m).

In addition to the recognised gains and losses included in the CIES in arriving at the surplus / deficit on services, actuarial gain of £174.360m (£20.489m loss in 2020/21), has been included in Other Comprehensive Income and Expenditure in the CIES.

Pension Assets and Liabilities recognised on the Balance Sheet

The amount included in the balance sheet from the Council's obligation in respect of its defined benefit plans is as follows:

	Total Funded & Unfunded Local Government Pension Scheme	Total Funded & Unfunded Local Government Pension Scheme
	31 Mar 21	31 Mar 22
	£000	£000
Fair Value of Scheme Assets	1,377,595	1,477,648
Present value of Funded Liabilities	(1,822,430)	(1,797,477)
Net (under) funding in Funded Plans	(444,835)	(319,829)
Present Value of Unfunded Discretionary Liabilities	(19,984)	(18,558)
Per Actuary Report	(464,819)	(338,387)
<u>Amount in the Balance sheet:</u>		
Liabilities - funded and unfunded	(1,842,414)	(1,816,035)
Assets - funded and unfunded	1,377,595	1,477,648
Add back Employer Contributions Prepayment for 2022/23	(28,514)	(14,195)
Pensions Reserve	(493,333)	(352,582)
Pensions Liability	(464,819)	(338,387)

Reconciliation of the Movements in the Fair Value of Scheme (Plan) Assets

Total Funded & Unfunded Local Government Pension Scheme	Unfunded Discretionary Benefits Arrangements (included in Total)		Total Funded & Unfunded Local Government Pension Scheme	Unfunded Discretionary Benefits Arrangements (included in Total)
2020/21	2020/21		2021/22	2021/22
£000	£000		£000	£000
1,129,998	0	Fair Value of Plan Assets at beginning of period	1,377,595	0
27,396	0	Interest on plan assets	28,560	0
		Remeasurement gain / (loss):		
213,449	0	- The return on plan assets, excluding the amount included in interest expense	102,806	0
(568)	0	- Administrative expenses (*see note below)		0
(4,303)	0	- Settlements	(2,198)	0
20,761	1,295	- Employer contributions	19,206	1,295
28,514	0	- Prepaid Employer Contributions for 2021/22 & 22/23 in 20/21	(14,319)	0
7,258	0	- Member contributions	7,390	0
(44,910)	(1,295)	- Benefits/transfers paid	(41,392)	(1,295)
1,377,595	0	Fair Value of Scheme Assets at end of period	1,477,648	0

Reconciliation of Present Value of the Scheme Liabilities (Defined Benefit Obligation)

Total Funded & Unfunded Local Government Pension Scheme	Unfunded Discretionary Benefits Arrangements (included in Total)		Total Funded & Unfunded Local Government Pension Scheme	Unfunded Discretionary Benefits Arrangements (included in Total)
2020/21	2020/21		2021/22	2021/22
£000	£000		£000	£000
(1,580,153)	(19,306)	Benefit Obligation at beginning of period	(1,842,414)	(19,984)
(35,811)	0	Current Service Cost	(45,276)	0
0	0	Administrative expenses (*see note below)	(577)	0
(37,408)	(448)	Interest Cost	(38,688)	0
(7,258)	0	Member Contributions	(7,390)	0
		Remeasurement gains and (losses):		
33,566	457	- Experience gain / (loss)	(3,869)	0
0	0	- Actuarial Gain / (loss) arising from changes in demographic assumptions	0	0
(267,504)	(1,982)	- Actuarial Gain / (loss) arising from changes in financial assumptions	75,423	0
0	0	- Past Service Cost	0	0
(229)	0	- (Loss) / gain on Curtailments	(41)	0
7,473	0	- Liabilities extinguished on Settlements	4,166	0
44,910	1,295	- Benefits/Transfers paid	42,631	1,239
0	0	Movement in unfunded (*see note below)	0	187
(1,842,414)	(19,984)	Benefit Obligation at end of period	(1,816,035)	(18,558)

*The change of actuary in 2021/22 has resulted the movement of administrative expenses from the assets reconciliation to the liabilities reconciliation, and the movement on unfunded liabilities to be shown as a net figure due to different approaches taken by the actuary as permitted by the Accounting Code.

Analysis of the Fair Value of Plan Assets:

		Total Funded & Unfunded Local Government Pension Scheme	Total Funded & Unfunded Local Government Pension Scheme
	Quoted (Y/N)	31 Mar 21 £000	31 Mar 22 £000
Cash & cash equivalents:		17,621	16,480
Equity Securities	Y	7,707	3,548
Equity Securities	N	0	7
Debt Securities			
- Corporate Bonds (investment grade)	N	0	0
- Corporate Bonds (non-investment grade)	N	75,040	160
- UK Government	N	26,993	8,817
- Other	Y	4,004	4,196
- Other	N	63,710	69,524
Real Estate:			
- UK Property	Y	2,870	2,448
- UK Property	N	115,874	122,092
- Overseas Property	N	1,898	1,990
Investment Funds and Unit Trusts			
- Equities	N	664,645	688,505
- Bonds	N	185,381	265,412
- Infrastructure	Y	25,237	18,974
- Infrastructure	N	63,456	103,098
- Other	N	0	27,561
Private Equity	Y	7,452	3,178
Private Equity	N	115,707	141,658
		1,377,595	1,477,648

The above asset values are at bid value as required by IAS19.

Basis for estimating assets and liabilities

Liabilities have been assessed on an actuarial basis discounted to present value terms using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rate, salary levels, etc. The Council Fund liabilities have been assessed by Hymans Robertson LLP, an independent firm of actuaries, estimates for the Council Fund being based on the latest full valuation of the scheme as at 31 March 2019.

The principal assumptions used by the actuary have been:

Local Government Pension Scheme	Discretionary Benefits		Local Government Pension Scheme	Discretionary Benefits
2020/21	2020/21		2021/22	2021/22
22.5 years	22.5 years	Mortality assumptions:	22.6 years	22.6 years
25.3 years	25.3 years	Longevity at 65 for current pensioners:	25.4 years	25.4 years
		Men		
		Women		
23.9 years	23.9 years	Longevity at 65 for future pensioners:	24.1 years	24.1 years
27.2 years	27.2 years	Men	27.3 years	27.3 years
		Women		
2.4%	2.4%	Rate of CPI inflation	3.2%	3.2%
3.65%	-	Rate of increase in salaries	4.20%	-
2.5%	2.5%	Rate of increase in pensions	3.2%	3.2%
2.3%	2.3%	Rate for discounting scheme liabilities	2.7%	2.7%

Assets in the South Yorkshire Pension Fund are valued at fair value, which in line with the requirement of the Code is principally realisable or bid value for investments, and consist of the following categories, by proportion of the total assets held by the Fund.

Sensitivity Analysis

Significant actuarial assumptions for the determination of the defined obligation are longevity, rate of inflation, expected salary increase and discount rate. The sensitivity analysis below indicates the effect on the defined benefit obligation of changes to these assumptions.

- If there were to be one year increase in the life expectancy for both men and women, the defined benefit obligation would increase by £73m if all other assumptions were held constant.
- If the rate of inflation were to be 0.1% higher, the defined benefit obligation would increase by £28m if all other assumptions were held constant.
- If the expected salary growth were to be 0.1% higher, the defined benefit obligation would increase by £5m if all other assumptions were held constant.
- If the discount rate used to discount future pension liabilities were to be 0.1% higher, the defined benefit obligation would decrease by £33m if all other assumptions were held constant.

In reality interrelationships exist between some of these assumptions, especially between discount rate and expected salary increases that both depend to a certain extent on expected inflation rates. The analysis above does not take account of any interdependence between the assumptions.

The fair value of property based investments may be affected by changes in the valuation assumptions used, together with significant changes in rental growth, vacancy levels or the discount rate. The total value of property investments in the Net Assets Statement is £126.5m (£120.6m prior year) based on UK and overseas property held in the pension fund. This is equivalent to 8.6% of the total value of fund assets attributable to the Council. A range of potential outcomes for the value of property assets exists. For illustrative purposes, movements up or down of 5% or 10% would result in the overall values in the Net Assets Statement of £6.3m/0.4% or £12.6m/0.85% respectively.

Note 19 Property, Plant and Equipment

2020/21	Council Dwellings £000	Other Land & Buildings £000	Vehicles, Plant & Equipment £000	Infrastructure Assets £000	Community Assets £000	PP&E Under Construction £000	Surplus Assets £000	Total PP&E £000
Cost or Valuation								
At 1 Apr 20	658,281	300,365	73,038	233,266	8,558	52,919	11,574	1,338,001
Additions	18,115	8,477	6,048	13,137	33	26,285	669	72,764
Accumulated Depreciation and Impairment written out to gross cost/valuation	(19,852)	(9,804)	0	0	0	0	(1,474)	(31,130)
Revaluation increases/decreases to Revaluation Reserve	33,353	8,957	0	0	(16)	0	(127)	42,169
Revaluation increases/decreases to Surplus or Deficit on the Provision of Services	(4,556)	(2,125)	0	0	(3)	0	(853)	(7,537)
Derecognition - Disposals	(3,363)	(33,296)	(18,053)	(72)	(1,096)	0	(55)	(55,934)
Derecognition - Other	0	0	0	0	0	0	0	0
Reclassified to/from Held for Sale	0	0	0	0	0	0	(7,380)	(7,380)
Reclassified to/from Investment Properties	0	0	0	0	0	0	0	0
Other Movements in cost valuation as restated	12,462	9,719	709	5,310	5	(34,822)	6,032	(585)
At 31 Mar 21	694,440	282,294	61,743	251,641	7,483	44,383	8,388	1,350,368
Depreciation and Impairment								
At 1 Apr 20	(3,360)	(24,981)	(46,515)	(56,965)	(7,490)	0	(1,474)	(140,786)
Accumulated Depreciation and Impairment written out to gross cost/valuation	19,852	9,804	0	0	0	0	1,474	31,130
Depreciation Charge	(16,533)	(7,535)	(5,681)	(4,694)	(3)	0	(12)	(34,458)
Impairment losses/reversals to Revaluation Reserve	0	(785)	0	0	0	0	0	(785)
Impairment losses/reversals to Surplus or Deficit on the Provision of Services	0	(268)	(39)	(85)	(15)	0	0	(408)
Derecognition - Disposals	46	14,346	17,405	0	1,096	0	0	32,893
Derecognition - Other	0	0	0	0	0	0	0	0
Reclassification to / from Held for Sale	0	0	0	0	0	0	0	0
Reclassified to/from Investment Properties	0	0	0	0	0	0	0	0
Other movements in depreciation and impairment - as restated	(5)	5	0	0	1	0	0	1
At 31 Mar 21	1	(9,414)	(34,831)	(61,744)	(6,412)	0	(13)	(112,413)
Net Book Value								
At 31 Mar 21	694,440	272,881	26,912	189,897	1,071	44,382	8,374	1,237,955
At 31 Mar 20	654,921	275,384	26,523	176,301	1,068	52,919	10,101	1,197,214

2021/22	Council Dwellings £000	Other Land & Buildings £000	Vehicles, Plant & Equipment £000	Infrastructure Assets £000	Community Assets £000	PP&E Under Construction £000	Surplus Assets £000	Total PP&E £000
Cost or Valuation								
At 1 Apr 21	694,440	282,294	61,743	251,641	7,483	44,383	8,388	1,350,372
Additions	24,388	5,700	5,332	13,504	41	46,595	0	95,561
Accumulated Depreciation and Impairment written out to gross cost/valuation	(17,986)	(10,022)	(15)	0	0	0	(2)	(28,026)
Revaluation increases/decreases to Revaluation Reserve	27,193	27,730	0	0	0	0	51	54,974
Revaluation increases/decreases to Surplus or Deficit on the Provision of Services	(11,916)	(1,556)	(13)	0	(76)	0	644	(12,917)
Derecognition - Disposals	(7,974)	(18,480)	(1,486)	0	0	0	(357)	(28,297)
Derecognition - Other	0	0	0	0	0	0	0	0
Reclassified to/from Held for Sale	0	0	0	0	0	0	(336)	(336)
Reclassified to/from Investment Properties	0	0	0	0	76	0	0	76
Other Movements in cost valuation	2,838	5,113	243	1,121	30	(10,876)	0	(1,532)
At 31 Mar 22	710,982	290,779	65,804	266,265	7,554	80,102	8,388	1,429,875
Depreciation and Impairment								
At 1 Apr 21	1	(9,414)	(34,831)	(61,744)	(6,412)	0	(13)	(112,414)
Accumulated Depreciation and Impairment written out to gross cost/valuation	17,986	10,022	15	0	0	0	2	28,026
Depreciation Charge	(18,095)	(7,299)	(5,429)	(5,153)	(3)	0	(2)	(35,982)
Impairment losses/reversals to Revaluation Reserve	0	(259)	0	0	0	0	0	(259)
Impairment losses/reversals to Surplus or Deficit on the Provision of Services	0	(219)	0	0	(54)	0	(347)	(619)
Derecognition - Disposals	111	360	792	0	0	0	357	1,620
Derecognition - Other	0	0	0	0	0	0	0	0
Reclassification to / from Held for Sale	0	0	0	0	0	0	0	0
Reclassified to/from Investment Properties	0	0	0	0	0	0	0	0
Other movements in depreciation and impairment	(2)	2	0	0	0	0	0	0
At 31 Mar 22	1	(6,806)	(39,453)	(66,897)	(6,468)	0	(3)	(119,628)
Net Book Value								
At 31 Mar 22	710,983	283,973	26,351	199,369	1,086	80,102	8,384	1,310,247
At 31 Mar 21	694,440	272,881	26,912	189,897	1,071	44,382	8,374	1,237,955

(a) Carrying Value of PFI Assets

Included within Property, Plant and Equipment are PFI assets with the following carrying value:

2020/21 £000		2021/22 £000
	Cost or Valuation:	
56,609	At 1 April	58,894
(1,875)	Accumulated Depreciation and Impairment written out to gross cost/valuation	(2,631)
240	Additions	529
2,988	Revaluation Increases / (Decreases) taken to Revaluation Reserve	9,839
933	Revaluation Increases / (Decreases) taken to (Surplus) or Deficit on the Provision of Services	922
0	Derecognition - Disposals	(5,786)
58,894	Cost or Valuation at 31 March	61,767
	Depreciation & Impairment:	
5,194	At 1 April	5,252
(1,875)	Adjustments between cost / value & depreciation/impairment	(2,631)
1,693	Depreciation Charge	1,769
0	Depreciation written out on Revaluation Reserve	0
0	Depreciation written out on Revaluation taken to (Surplus) or Deficit on the Provision of Services	0
129	Impairment Losses Recognised in the Revaluation Reserve	50
111	Impairment Losses taken to (Surplus) or Deficit on the Provision of Services	82
0	Derecognitions - Disposals	(975)
5,252	Depreciation and impairment at 31 March	3,547
53,642	Net Book Value At 31 March	58,220

2020/21 £000		2021/22 £000
51,853	Land and buildings	56,807
1,789	Vehicles, Plant, Furniture and Equipment	1,413
0	Assets under Construction	0
53,642	Total	58,220

b) Effects of change in estimates

There were no material changes in accounting estimates during the financial year.

c) Valuations

Capital assets are revalued on the basis of a five year rolling programme in accordance with RICS Guidance, and in the case of council dwellings in accordance with revised guidance on housing stock valuations. In 2021/22 the HRA and General Fund assets were revalued by Mark Liversidge BSc (Hons), MRICS (registered valuer), acting as Internal Valuers within the Council's Regeneration and Environment Services. The Statement of Accounting Policies provides further information on revaluation and depreciation policies. The table below provides an analysis between the carrying value of assets carried in the balance sheet at historical cost and those carried in the balance sheet at fair value together with, in the case of the latter, when assets were revalued.

This year the Council's internal valuer was instructed to provide an assessment of those assets not revalued as part of the five year rolling programme, based upon those assets that were revalued. Where applicable valuation adjustments have then be processed against those assets not revalued in year to ensure the accounts are not materially misstated. In addition a detailed assessment of the movement of asset value in year has taken place, ie from the 1 April 2021 to the 31 March 2022, again where applicable, adjustments have been processed. For some assets valued on a DRC basis a valuation date of the 1 January has been used.

d) Revaluations and Impairment

In 2021/22 there was a net valuation increase of £41.178m. Contained within the net figure is a £42.056m revaluation increase, mainly due to valuation increases across Council Dwellings and Schools. This was offset by (£0.878m) of impairment losses. The Council implements a rolling 5 year valuation process for Council Dwellings and Other Land and Buildings categories, picking up 20% of assets per class each year. However, the Council also considers any potential movements on the 80% not revalued and on the potential movement in year on any of these assets. If a significant adjustment is identified and processed to the asset class it effectively acts as a new valuation, by way of example in 2021/22 Council Dwellings had a movement applied to the whole asset class as such the values in the table below are all shown at 31 March 2022 rather than spread across all five years.

	Council Dwellings	Other Land & Buildings	Vehicles, Plant & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under Construction	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Carried at historical cost	5,541	25,354	65,804	266,265	7,554	0	0	370,518
<u>Valued at fair value as at:</u>								
31 Mar 22	705,441	179,041	0	0	0	8,388	80,102	972,972
31 Mar 21	0	40,820	0	0	0	0	0	40,820
31 Mar 20	0	22,702	0	0	0	0	0	22,702
31 Mar 19	0	18,594	0	0	0	0	0	18,594
31 Mar 18	0	4,268	0	0	0	0	0	4,268
Total Cost or Valuation	710,982	290,779	65,804	266,265	7,554	8,388	80,102	1,429,874

e) Capital commitments

At 31 March 2022 the Council has entered into a number of contracts for the construction or enhancement of Property, Plant and Equipment in 2021/22. The Council had significant commitments of £1 million or more budgeted to cost £13.268m (£121.445m at 31 March 2021).

	Cost £000
<u>Finance & Customer Services</u>	
Networking Infrastructure	4,399
<u>Children and Young People</u>	
Aston Academy classroom replacements	1,557
<u>Regeneration & Environment</u>	
Ickles Lock Flood Defence Construction	2,867
Various flood defence projects	5,387
Century Park Phase II	3,457
Total	13,268

The projects above are included in the Council's Medium Term Capital Programme and appropriate funding has been committed

f) Fair Value Hierarchy – Surplus Assets

Following the implementation of IFRS 13, Fair Value Measurement, the Council's surplus assets are revalued at fair value, annually. The Council uses appropriate valuation techniques for each circumstance and for which sufficient data is available, maximising the use of relevant known data ('observable inputs') and minimising the use of estimates or unknowns ('unobservable inputs').

Details of the Council's Surplus Assets and their fair value hierarchy, taking into account the three levels of categories for inputs to valuations, are as follows:

2021/22 Position

Recurring fair value measurements using:	Quoted prices in active markets for identical assets	Other significant observable inputs	Significant unobservable inputs	Fair value as at 31 March 2022
	Level 1	Level 2	Level 3	
	£000	£000	£000	£000
Land and Buildings	0	8,385	0	8,385
Total	0	8,385	0	8,385

2020/21 Comparative figures

Recurring fair value measurements using:	Quoted prices in active markets for identical assets	Other significant observable inputs	Significant unobservable inputs	Fair value as at 31 March 2021
	Level 1	Level 2	Level 3	
	£000	£000	£000	£000
Land and Buildings	0	8,375	0	8,375
Total	0	8,375	0	8,375

Transfers between Levels of the Fair Value Hierarchy

There were no transfers between levels during the year.

Valuation Techniques used to determine Fair Values for Surplus Assets

The fair value for the surplus assets of £8.385m (£8.375m as at 31 March 2021) has been based on the market approach using current market evidence including recent sale prices and rentals achieved and other relevant information for similar assets within the local authority area. Market conditions are such that similar properties have actively sold or let and the level of observable inputs are significant leading to properties being categorized at level 2 in the fair value hierarchy.

Note 20 **Investment Property**

Income and expenditure from investment property included within Financing and Investment Income and Expenditure (Note 5) was as follows:

2020/21 £000		2021/22 £000
(1,516)	Rental income from investment property	(1,632)
450	Direct operating expenses arising from investment property	466
(1,066)	Net income	(1,166)
6,576	Net (gain)/loss from fair value adjustments	1,601
190	(Gain)/loss on disposal	0
5,700	Total included in Finance & Investment Income	435

The following table summarised the movement in fair value of investment properties over the year:

2020/21 £000		2021/22 £000
32,576	Balance at 1 April	26,599
239	Subsequent expenditure	590
(190)	Disposals	0
(6,576)	Net gains / (loss) from fair value adjustments	(1,601)
0	Net gain / (loss) through Revaluation Reserve	0
550	Transfers from Property, Plant & Equipment	(76)
26,599	Balance 31 March	25,512

There are no restrictions on the Council's ability to realise the value inherent in its investment property or the Council's right to the remittance of income and the proceeds of disposal.

The Council has no major contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancement.

Fair Value Hierarchy

To conform with the requirements of IFRS 13, Fair Value measurement, the Council's investment properties have been revalued to fair value. The Council uses appropriate valuation techniques maximising the use of 'observable inputs' and minimising the use of 'unobservable inputs'. The fair value hierarchy for investment properties takes into account the three levels of categories for inputs to valuations for fair value assets, as follows:

2021/22 Position

Recurring fair value measurements using:	Quoted prices in active markets for identical assets	Other significant observable inputs	Significant unobservable inputs	Fair value as at 31 March 2022 £000
	Level 1	Level 2	Level 3	
	£000	£000	£000	
Land and Buildings	0	25,512	0	25,512
Total	0	25,512	0	25,512

2020/21 Comparative figures

Recurring fair value measurements using:	Quoted prices in active markets for identical assets	Other significant observable inputs	Significant unobservable inputs	Fair value as at 31 March 2021
	Level 1	Level 2	Level 3	
	£000	£000	£000	£000
Land and Buildings	0	26,599	0	26,599
Total	0	26,599	0	26,599

Transfers between levels of the Fair Value Hierarchy

There were no transfers between levels during the year.

Valuation techniques used to determine Fair Values for Investment Properties

The fair value of investment property of £25.512m (£26.599m as at 31 March 2021) has been measured using a market approach, which takes into account quoted prices for similar assets in active markets, existing lease terms and rentals, research into market evidence including market rentals and yields, the covenant strength for existing tenants, and data and market knowledge gained in managing the Council's investment property portfolio. The underlying market conditions are such that similar properties are actively purchased and sold with a significant level of observable inputs. This has resulted in the Council's investment properties being categorised as level 2 on the fair value hierarchy.

Highest and Best Use of Investment Properties

In estimating the fair value of the Council's investment properties, the highest and best use of the properties is deemed to be their current use.

Valuation Techniques

There has been no change in the valuation techniques used during the year for investment properties.

Valuation Process for Investment Properties

The investment property portfolio has been valued at 31 March 2022 in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution for Chartered Surveyors. The valuations are completed by Mark Liversidge BSc (Hons), MRICS (registered valuer), acting as Internal Valuer within the Council's Regeneration and Environment Services.

Note 21 **Intangible Assets**

The Council has purchased software licences that it accounts for as intangible assets, the licences are valued at cost. The Council has no internally generated intangible assets. Most of the software licences have a finite useful life of 3 years during which period they are being amortised using the straight-line method.

2020/21 £000		2021/22 £000
	Balance at 1 April:	
13,602	- Gross carrying amount	16,718
(6,451)	- Accumulated amortisation	(9,463)
7,151	Net carrying amount at 1 April	7,255
	Additions:	
3,116	- Purchases	2,491
0	- Reclassified from PP&E under Construction	0
(3,012)	Amortisation	(4,320)
7,255	Net carrying amount at 31 March	5,426
	Comprising:	
16,718	Gross carrying amounts	19,209
(9,463)	Accumulated amortisation	(13,783)
7,255	Balance at 31 March	5,426

Note 22 **Assets Held for Sale**

	Assets Held for Sale-Current		Assets Held for Sale-Non-current	
	2020/21	2021/22	2020/21	2021/22
	£000	£000	£000	£000
Balance at 1 April	3,019	1,115	0	0
<u>Assets newly classified as held for sale:</u>				
- Property, Plant and Equipment	0	637	0	0
- Revaluation losses	(56)	0	0	0
- Revaluation gain	0	0	0	0
- Other Movements	0	735	0	0
<u>Assets declassified as held for sale:</u>				
- Reclassified to Property, Plant and Equipment	7,380	336	0	0
- Assets sold	(9,227)	(1,407)	0	0
Balance at 31 March	1,115	1,415	0	0

Note 23 **Heritage Assets**

Nature and scale of heritage assets held by the Council:

Museum Exhibit

The Museum Exhibit collections hold over 90,000 items. Approximately 10% of these are on display at Clifton Park Museum in Rotherham. The remainder are held in off-site locations within the Borough. Access to the collections can be obtained during the main museum opening times. The collections can be divided into the following main categories:

- a) Social & Industrial History (around 11,000 items) - Contains objects and ephemera illustrating themes of domestic, personal and community life within the Borough from 1660 to the present day.
- b) Archaeology (around 36,000 items) - Includes large collections excavated from the Roman Fort at Templeborough, Roche Abbey and Jesus College (Rotherham).
- c) World Cultures (around 300 items) - Consists of objects originating from Africa, Asia, the Americas and Oceania. In 1981 the collection was transferred on loan to Leeds Museum.
- d) Numismatics & Philately (over 3,000 items) - Includes items dating from the 4th century BC to the 20th century AD.
- e) Fine Art (around 3,000 items) - Consists of oil paintings, water-colours, prints and a good collection of sculpture items.
- f) Decorative Art (around 5,500 items) - Predominated by ceramic items including a large collection from Yorkshire potteries, the most significant being items from the Swinton Pottery/Rockingham Works.
- g) Natural Sciences (over 30,000 items) – Including botanical and geological specimens from Yorkshire and Great Britain.

The majority of these assets have been revalued during 2018/19 and 2019/20 by an external valuer (Tennants). Though the asset class is not required to be valued every 5 years like more other categories it is felt best practice to do so and as such a further revaluation will take place 2024/25.

Civic Regalia & Plate

The Council's collection of Civic Regalia includes the Mayor and Mayoress' Chain of Office, the Diamond Pendant, the Mace and the Empire Cup. The chains and pendants are held in a safe in the Town Hall until required for civic ceremonies whilst all other items are kept in display cases and can be seen as part of a tour of the building.

The Civic Regalia were revalued during 2021/22 by an external valuer (Adam M Schoon).

Archives

The Council holds over 900 archive collections in secure, environmentally controlled, strong rooms and a secure, environmentally monitored store at Bailey House. These documents cover the history of the whole of Rotherham Borough from 1328 to the present day. The collection includes local Council materials, maps, plans, title deeds and family records. Access to the documents can be obtained by contacting the Archives and Local Studies Service.

The majority of these assets were revalued during 2018/19, by an external valuer (Tennants). Due to the volume of items, not all assets in the category could be valued and therefore the remaining items were revalued in 2019/20.

Historic Buildings

Two historic buildings are in the ownership of the Council: Keppel's Column, a 35.5 metre high free standing Tuscan order column listed grade II, and Catcliffe Glassworks Cone a listed grade I conical structure dating from 1740, the earliest surviving example of its type in Western Europe. These buildings are closed to the public on safety grounds.

These assets are carried at valuation rather than cost, both of them being valued on the 1 April 2012 by the Council's Internal Valuer. Both were regarded as having nil value as they are listed building with restrictions on their disposal, which gives them no commercial value.

Council policies for the acquisition, preservation, management and disposal of heritage assets

The Council's policies are contained in the "Collections Management policy" and the "Acquisition and Disposals policy", both of which are available on request from Heritage Services.

Heritage Assets Values

As per the CIPFA Code of Practice 2021/22, heritage assets are carried at valuation rather than current or fair value, reflecting the fact that sales and exchanges of heritage assets are uncommon. Valuations may be made by any method that is appropriate and relevant. There is no requirement for valuations

to be carried out or verified by external valuers, nor is there any prescribed minimum period between valuations.

The table below provides an analysis between the carrying value of assets carried in the balance sheet at historical cost and those carried at fair value.

	Museum Exhibits held at valuation £000	Civic Regalia & Plate held at valuation £000	Archives held at valuation £000	Total £000
<u>Cost or Valuation</u>				
1 Apr 21	7,092	1,746	258	9,096
Additions	28	11	0	39
Revaluation increases/decreases to Revaluation Reserve	0	(1,243)	0	(1,243)
31 Mar 22	7,120	514	258	7,892
31 Mar 21	7,092	1,746	258	9,096

Disposal of Heritage Assets in 2021/22

There have been no Heritage Asset disposals in 2021/22.

Additions of Heritage Assets in 2021/22

There has been a donation of Heritage Assets valued at £0.013m in 2021/22.

Note 24 **Financial Instruments – Balances**

The financial liabilities and assets disclosed in the Balance Sheet are made up of the following categories of financial instruments:

	Long Term		Short Term	
	2020/21	2021/22	2020/21	2021/22
	£000	£000	£000	£000
Borrowings	442,241	623,670	245,328	143,571
Plus Accrued Interest	0	0	4,541	4,719
Plus Creditors	121,085	121,022	112,162	128,205
Plus bank overdraft	0	0	7	9,308
Plus(+)/Less(-) Other accounting adjustments	0	0	0	0
Financial liabilities at amortised cost	563,326	744,692	362,038	285,803
Financial liabilities at fair value through profit and loss	0	0	0	0
Total Financial Liabilities	563,326	744,692	362,038	285,803
Non Financial Liabilities	3,771	6,336	5,625	2,576
Total	567,097	751,028	367,663	288,378
Investments	1,014	969	367	177,296
Plus Accrued Interest	0	0	36	109
Plus Debtors	599	344	58,094	51,118
Plus Cash & Cash Equivalents	0	0	100,496	64,785
Plus(+)/Less(-) Other accounting adjustments	0	0	0	0
Financial Assets				
at Amortised Cost	1,613	1,313	158,963	293,308
at fair value through profit or loss	0	0	0	0
fair value through other comprehensive income - designated equity instruments	190	190	0	0
Non-Financial Assets	0	0	0	0
Total Financial Assets	1,803	1,503	158,963	293,308
Non-Financial Assets			16,406	13,331
Total	1,803	1,503	175,369	306,640

The debtor balances indicated in the table differ from that shown on the balance sheet as these balances do not include any statutory debtors, such as Council Tax or non-domestic rates.

Note 25 **Financial Instruments – Risk**

The Council's activities necessarily expose it to a variety of financial risks. The key risks are:

- Credit risk – the possibility that other parties might fail to pay amounts due to the Council;
- Liquidity risk – the possibility that the Council might not have funds available to meet its commitments to make payments;
- Re-financing risk – the possibility that the Council might have to renew a financial instrument on maturity at less advantageous interest rates or terms.
- Market risk - the possibility that financial loss might arise for the Council as a result of changes in such measures as interest rates movements.

Overall Procedures for Managing Risk

The Council's overall risk management procedures focus on the uncertainties of financial markets, and implementing restrictions to minimise these risks. The procedures for risk management are set out in the Local Government Act 2003 and the associated regulations. These require the Council to comply with the CIPFA Prudential Code, the CIPFA Treasury Management in the Public Services Code of Practice and Investment Guidance issued through the Act. Overall these procedures require the Council to manage risk in the following ways:

- by formally adopting the requirements of the Code of Practice;
- by approving annually in advance prudential indicators for the following three years, limiting:
 - The Council's overall borrowing;
 - Its maximum and minimum exposures to fixed and variable rates;
 - Its maximum and minimum exposures in the maturity structure of its debt;
 - Its maximum annual exposures to investments maturing beyond a year.
- by approving an investment strategy for the forthcoming year setting out its criteria for both investing and selecting investment counterparties in compliance with the Government Guidance.

These are required to be reported and approved at the Council's annual Council Tax and Budget setting meeting. These items are reported with the annual treasury management strategy which outlines the detailed approach to managing risk in relation to the Council's financial instrument exposure. Actual performance is also reported semi-annually to Members.

These policies are implemented by a central treasury management team. The Council maintains written procedures for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk, and the investment of surplus cash through Treasury Management Practices (TMPs). These TMPs are a requirement of the Code of Practice and are reviewed regularly.

Covid-19 As stated, Council risk management procedures are intended to minimise and mitigate the uncertainties of financial markets. Covid-19 is recognised as having increased market uncertainty, however it is not currently possible to quantify this increase in either the medium or longer term.

A review of the investments held under the Treasury Management Strategy has been undertaken and there is no evidence that these income streams are materially impaired as a result of the Covid-19 pandemic, therefore, no restatement of the 2021/22 year-end position is required.

Credit Risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Council's customers.

This risk is minimised through the Annual Investment Strategy, which requires that deposits are not made with financial institutions unless they meet minimum credit criteria. The Annual Investment Strategy also considers maximum amounts and time limits in respect of each financial institution. Details of the Investment Strategy can be found on the Council's website.

The following analysis summarises the Council's potential maximum exposure to credit risk, based on experience of default assessed by the ratings agencies and the Council's experience of its customer collection levels, adjusted to reflect current market conditions.

	Amount at	Historical experience of default	Adjustment for market conditions at	Estimated maximum exposure to defaults
	31 Mar 22 £000 (a)	% (b)	31 Mar 22 % (c)	£000 (a*c)
<u>Deposits with banks and financial institutions – excluding Heritable Bank</u>				
AAA rated counterparties	39,350	0.040%	0.040%	0
AA rated counterparties	0	0.020%	0.020%	0
A rated counterparties	20,000	0.050%	0.050%	10
Bonds	0	0.000%	0.000%	0
Banks and Financial Institutions	59,350			10
<u>Debtors</u>				
Long Term Debtors	344	4.002%	4.002%	14
Loans to Third Parties	1,374	43.590%	43.590%	599
Sundry Debtors	12,156	7.457%	7.457%	906
Housing Tenants	5,642	54.563%	54.563%	3,078
Other Short-Term Debtors	19,991	4.811%	4.811%	962
Debtors	39,506			5,559

The debtor balances indicated in the table above differ from that shown on the balance sheet as these balances do not include any statutory debtors, such as Council Tax or non-domestic rates.

The Council has no exposure to losses from non-performance by any of its counterparties in relation to deposits and bonds.

Whilst the current economic uncertainty within international markets has raised the overall possibility of default, the Council maintains strict credit criteria for investment counterparties. As a result of these high credit criteria, historical default rates are maintained as a good indicator under these current conditions.

The Council also uses non-credit rated institutions (for instance smaller building societies or bank subsidiaries where the parent has a satisfactory rating). In these circumstances these investments would be classified as other counterparties.

The estimated maximum exposure to defaults of £5.559m represents the Council's provision for bad debts for the Financial Instruments in the table above and forms part of the provision for bad debts as disclosed within the Balance Sheet. In calculating these provisions reference is made to historical collection rates and these rates are applied to the debt raised rather than the percentages shown above.

External loan repayments have been reviewed and as these have been maintained as agreed in 2021/22 it is not considered that there has been any impairment arising from the pandemic.

HRA levels of tenant debt have reduced and as robust and prudent levels of bad debt provision were included in the 2021/22 HRA accounts, it is considered that the 2021/22 debtor balances have not been impaired as a result of the pandemic and that no material restatement is required for the 2021/22 Financial Statements.

The Council does not generally allow credit for its sundry debtors, such that all of the balance is past its due date for repayment. The past due amount can be analysed as follows:

31 Mar 21 £000		31 Mar 22 £000
8,332	Less than three months	9,195
402	Three to six months	392
792	Six months to one year	604
1,935	More than one year	1,965
11,461		12,156

Collateral

The Council initiates a legal charge on property where, for instance, clients require the assistance of social care services but cannot afford to pay immediately. The total collateral at 31 March 2022 was £0.540m (£0.649m as at 31 March 2021).

Liquidity Risk

The Council manages its liquidity position through the risk management procedures above (the setting and approval of prudential indicators and the approval of the treasury and investment strategy reports), as well through cash flow management procedures required by the Code of Practice. This seeks to ensure that cash is available when it is needed.

The Council has ready access to borrowings from the Money Markets to cover any day to day cash flow need, and the PWLB, which provides access to longer term funds, also acts as a lender of last resort to councils (although it will not provide funding to a council whose actions are unlawful). The Council is also required to provide a balanced Budget by the Local Government Finance Act 1992, which ensures sufficient monies are raised to cover annual expenditure. There is therefore no significant risk that it will be unable to raise finance to meet its commitments under financial instruments.

Refinancing and Maturity Risk

The Council maintains a significant debt and investment portfolio. Longer term risk to the Council relates to managing the exposure to replacing financial instruments as they mature. This risk relates to both the maturing of longer term financial liabilities and longer term financial assets.

Limits on the maturity structure of debt and the limits on investments placed for longer than one year are the key controls used to address this risk. The Treasury Team address the operational risks within the Council approved parameters by:

- Monitoring the maturity profile of financial liabilities and amending the profile by either new borrowing or rescheduling existing debt; and
- Monitoring the maturity profile of investments to ensure sufficient liquidity is available for the Council's day to day cash flow needs, and the spread of longer term investments provide stability of maturities and returns in relation to longer term cash flow needs.

The maturity analysis of financial liabilities is as follows:

31 Mar 21 £000		31 Mar 22 £000
245,328	Less than one year	128,571
75,571	Between one and two years	56,214
42,163	Between two and seven years	31,211
12,421	Between seven and fifteen years	17,609
312,086	More than fifteen years	533,636
687,569		767,241

The maturity analysis of financial assets is as follows:

31 Mar 21 £000		31 Mar 22 £000
57,830	Less than one year	234,850
0	Between one and two years	0
0	Between two and three years	0
0	More than three years	0
57,830		234,850

All Sundry Debtors and other payables are due to be paid in less than one year. These Sundry Debtors of £12.156m are not shown in the above table, however, an analysis is provided in the 'Credit Risk' section above. Interest accruals are disclosed as less than one year although associated with both short and long-term financial liabilities and assets.

Market Risk

Interest Rate Risk – The Council is exposed to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the Council, depending on how variable and fixed interest rates move across differing financial instrument periods. For instance, a rise in variable and fixed interest rates would have the following effects:

- Borrowings at variable rates – the interest expense charged to the Comprehensive Income and Expenditure Statement will rise;
- Borrowings at fixed rates – the fair value of the borrowing liability will fall (no impact on revenue balances);
- Investments at variable rates – the interest income credited to the Comprehensive Income and Expenditure Statement will rise; and
- Investments at fixed rates – the fair value of the assets will fall (no impact on revenue balances).

The Council has a number of strategies for managing interest rate risk. The Annual Treasury Management Strategy draws together the Council's prudential indicators and its expected treasury operations. It includes a statement about expectations regarding interest rate movements. From this strategy a prudential indicator is set which provides maximum and minimum limits for fixed and variable interest rate exposure. The Council's Treasury Team monitor market and forecast interest rates within the year to adjust exposures appropriately. For instance, during periods of falling interest rates, and where economic circumstances make it favourable, fixed rate investments may be taken for longer periods to secure long term returns. Alternatively, significantly lower temporary borrowing rates may be utilised to generate in year savings on interest payments, whilst rates fall and remain low, rather than entering into long term borrowing straight away.

The risk of interest rate loss is partially mitigated by Government grant payable on financing costs. If all interest rates had been 1% higher (with all other variables held constant) the financial effect would be:

2020/21 £000		2021/22 £000
0	Impact on Surplus or Deficit on the Provision of Services	0
0	Share of overall impact debited to the HRA	0
(141,055)	Decrease in fair value of fixed rate borrowing liabilities (no impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure)	(164,450)

The approximate impact of a 1% fall in interest rates would be as above but with the movements being reversed. These assumptions are based on the same methodology as used in Note 27 Fair Value of Assets and Liabilities carried at amortised cost.

Price Risk – The Council does not generally invest in equity shares but does have a number of small shareholdings in its related companies. The Council is therefore not exposed to any significant risks arising from movements in the price of these shares and the shares are not classified fair value through profit and loss.

Foreign Exchange Risk – The Council has no financial assets or liabilities denominated in foreign currencies. It therefore has no exposure to risk arising from movements in exchange rates.

Note 26 **Financial Instruments – Gains/Losses**

Gains/Losses charged to the Comprehensive Income and Expenditure Statement and the Movement in Reserve Statement for the year to 31 March 2022 are as follows:

2020/21		Financial Liabilities	Financial Assets			2021/22
Total		Liabilities measured at amortised cost	amortised cost	fair value through profit or loss	fair value through other comprehensive income	Total
£000		£000	£000	£000	£000	£000
18,648	Interest expense	19,196	0	0	0	19,196
0	Impairment (gain)	0	0	0	0	0
0	Premium/discounts	0	0	0	0	0
12,807	Finance Lease Interest	12,434	0	0	0	12,434
31,455	Interest payable and similar Charges	31,630	0	0	0	31,630
(91)	Interest income		(171)	0	0	(171)
31,364	Net gain (-) / loss (+) for the year	31,630	(171)	0	0	31,459

Note 27 **Financial Instruments – Fair Values**Fair Value of Financial Assets

The Authority's equity shareholdings in companies disclosed at Note 17 – Related Party Transactions are not traded in an active market and are valued at historical cost (see below).

As 31 March 2022 some of the authority's financial assets are measured at fair value on a recurring basis and are described in the following table, including the valuation techniques used to measure them.

Financial assets measured at fair value				
Recurring fair value measurements	Input level in fair value hierarchy	Valuation technique used to measure fair value	As at 31/3/21 £000	As at 31/3/22 £000
Fair Value through Other Comprehensive Income				
Equity shareholding in BDR Property Ltd	Level 3	Discounted cash flow	190	190
Total			190	190

Equity shareholding in BDR Property Ltd

The authority holds shares in BDR Property Ltd a company set up under the Environment Protection Act 1990 by Rotherham, Barnsley and Doncaster Metropolitan Borough Councils and the Waste Recycling Group Ltd. As the asset is not held for trading or income generation, rather as a longer-term policy initiative, the equity has been designated as fair value through comprehensive income.

Transfers between Levels of the Fair Value Hierarchy

There were no transfers between input levels 1, 2 and 3 during the year.

The Fair Values of Financial Assets and Financial Liabilities that are not measured at Fair Value

Except for the financial assets carried at fair value (described in the table above), all other financial liabilities and financial assets represented by amortised cost and long-term debtors and creditors are carried on the balance sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that take place over the remaining life of the instruments, using the following assumptions:

- For loans from the PWLB payable, fair value estimates are calculated using new borrowing (certainty rate) discount rates. As the Debt Management Office provides a transparent approach to allow the exit cost of PWLB loans to be calculated.
- For non-PWLB loans payable, PWLB premature repayment rates have been applied to provide the fair value under PWLB debt redemption procedures;
- For loans receivable prevailing benchmark market rates have been used to provide the fair value;
- No early repayment or impairment is recognised;
- Where an instrument has a maturity of less than 12 months or is a trade or other receivable the fair value is taken to be the carrying amount or the billed amount;
- The fair value of trade and other receivables is taken to be the invoiced or billed amount.

The fair values calculated are as follows:

31 Mar 21			31 Mar 22	
Carrying amount £000	Fair Value £000		Carrying amount £000	Fair Value £000
		<u>Long and Short-term</u>		
173,333	239,301	PWLB debt	390,862	382,258
215,124	469,371	Non-PWLB debt	250,217	450,732
220,500	220,500	Temporary Borrowing	115,500	115,460
608,957	929,173	Total Debt	756,579	948,449
112,132	112,132	Short Term Creditors	128,205	128,205
121,085	121,085	Long Term Creditors	121,022	121,022
842,174	1,162,389	Total Financial Liabilities	1,005,805	1,197,675

The fair value for financial liabilities is greater than the carrying value because the Council's portfolio of loans includes a number of fixed rate loans where the interest rate payable is higher than the rates available for similar loans in the market at the balance sheet date. This shows a notional future loss (based on economic conditions at 31 March 2022) arising from a commitment to pay interest to lenders above current market rates.

The fair value of temporary loans is deemed to be the same as the carrying amount due to the term being less than 12 months.

The fair value of Public Works Loan Board (PWLB) loans of £390.862m measures the economic effect of the terms agreed with the PWLB compared with estimates of the terms that would be offered for market transactions undertaken at the Balance Sheet date. The difference between the carrying amount and the fair value (£8.604m) measures the reduced interest that the Council will pay over the remaining terms of the loans under the agreements with the PWLB, against what would be paid if the loans were at prevailing market rates, this is because the Council took £227m of long term loans from PWLB during 2021/22 that if refinanced at the current prevailing rates would be significantly more expensive.

However, the Council has a continuing ability to borrow at concessionary rates from the PWLB rather than from the markets. If the Council was to seek to avoid any potential loss by repaying the loans to the PWLB, the PWLB would raise a penalty charge for early redemption by charging a premium equivalent to the additional interest, based on the redemption interest rates (£84.920m) that would not then be paid. The exit price for the PWLB loans including this charge would therefore be £475.782m.

31 Mar 21			31 Mar 22	
Carrying amount £000	Fair Value £000		Carrying amount £000	Fair Value £000
57,830	57,830	Money Market loans less than one year	234,850	234,850
42,666	42,666	Cash & Cash Equivalents	6,935	6,935
190	190	Equity	190	190
1,418	1,418	Third Party Loans	969	969
599	599	Long-term Debtors	344	344
11,461	11,461	Sundry Debtors	12,156	12,156
7,612	7,612	Housing Rents	5,642	5,642
9,668	9,668	Other Short-Term :	19,991	19,991
(7,345)	(7,345)	Bad Debts Provision	(5,559)	(5,559)
124,098	124,098	Total Financial Assets at Amortised Cost	275,517	275,517

The fair value for financial assets is the same as the carrying value because all are carried at cost as a fair approximation of their value.

Note 28 **Financial Instruments – Soft Loans and Financial Guarantees**

Soft Loans – Loans granted by the Council at below market rates are accounted for on a fair value basis. This is the present value of all future cash receipts discounted using the prevailing market interest rate for a similar instrument for an organisation with a similar credit rating.

Government Regulations permit the removal of this charge through the Movement in Reserves Statement to the Financial Instruments Adjustment Account. The balance is then amortised from this account over the remaining life of the loans.

At 31 March 2022 the Council had no material soft loans requiring disclosure within the Balance Sheet.

Financial Guarantees – Under the revised Regulations the Council is required to record in its balance sheet any financial guarantees that it has provided based on the likelihood of the guarantee being called.

The initial recognition of the guarantee is measured at fair value based on the probability of the guarantee being called together with the likely amount payable under the guarantee.

At 31 March 2022 the Council had no material financial guarantees requiring disclosure within the Balance Sheet.

Note 29 **Long-Term Investments**

2020/21 £000		2021/22 £000
	<u>Investments in Associates and Joint Ventures:</u>	
190	Investment in BDR Property Limited (formerly Arpley Gas Ltd)	190
190	Balance at 31 March	190

The Council's shareholdings in BDR Property Limited (formerly known as Arpley Gas Limited) were estimated at £0.190m.

Note 30 **Inventories**

2020/21 £000		2021/22 £000
761	Balance at 1 April	845
4,112	Purchases	4,375
(3,999)	Recognised in year as expense	(4,331)
(29)	Written on / (off) in year	(146)
845	Balance at 31 March	743

Note 31 **Construction contracts**

The Council has not recognised any significant contract revenue in respect of construction contracts with third parties during the year, and there are no significant construction contracts in progress at 31 March 2022 (Nil 2020/21).

Note 32 **Debtors**

	Short Term		Long Term	
	2020/21	2021/22	2020/21	2021/22
	£000	£000	£000	£000
Central Government Bodies	15,740	13,543	0	0
Other Local Authorities	5,710	21,778	0	0
NHS Bodies	4,922	4,467	0	0
Public corporations and trading funds	0	0	0	0
Other Entities and Individuals	58,871	30,368	993	693
Total	85,243	70,156	993	693

The 2020/21 Other Entities and Individuals figure has been revised to remove a provision which had been classed as a bad debt provision in 2020/21 but has been reclassified as a long term provision (see note 35) during 2021/22. The result is an increase in the debtors figure of £3.364m and a corresponding increase in long term provisions.

Covid-19

The Sundry Debtor balances within the 2021/22 Financial Statements have been reviewed to assess the impact upon them of the Covid-19 pandemic and no material impairment has been identified. As the Council has already made robust and prudent bad debt provision further adjustment to the 2021/22 accounts is not considered necessary.

There is still considerable uncertainty about the impact of Covid-19 on collection rates for Business Rates and Council Tax including arrears in 2021/22 onwards. Experience so far in 2021/22 has not suggested that the collection of prior year arrears has been significantly impacted by Covid-19. In light of this, the high level of uncertainty and as the robust and prudent bad debt provision in place, an impairment adjustment to the council Tax and Business Rates debtor balances as at 31 March 2022 is not deemed feasible or necessary at present.

Note 33 **Cash and cash equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Council's cash management.

Cash and cash equivalents as shown in the statement of cash flows can be reconciled to the related items in the Balance Sheet as follows:

31 Mar 21 £000		31 Mar 22 £000
100,702	Cash and Bank balances	64,154
(7)	Bank Overdraft	(9,321)
100,695	Total Cash and Cash Equivalents	54,833

Note 34 **Creditors**

	Short Term		Long Term	
	2020/21	2021/22	2020/21	2021/22
	£000	£000	£000	£000
Central Government Bodies	(32,096)	(33,842)	0	0
Other Local Authorities	(1,379)	(2,011)	(500)	(500)
NHS Bodies	(13,969)	(16,734)	0	0
Public corporations and trading funds	0	0	0	0
Other Entities and Individuals	(64,729)	(70,988)	(19)	(19)
Total	(112,173)	(123,575)	(519)	(519)

Note 35 **Provisions**

Current Year	Balance as at 1 Apr 21 £000	Increase in provision during year £000	Utilised during year £000	Unused Amounts Reversed £000	Balance as at 31 Mar 22 £000
Insurance Claims	(3,687)	(579)	1,374	0	(2,892)
Compensation Payments	(642)	0	0	0	(642)
Business Rates Appeals	(4,624)	(422)	3,471	0	(1,575)
Other	(3,807)	0	4	0	(3,803)
Total	(12,760)	(1,001)	4,849	0	(8,912)
Current Provisions	(5,625)	(422)	3,471	0	(2,576)
Long Term Provisions	(7,135)	(579)	1,378	0	(6,336)
Total	(12,760)	(1,001)	4,849	0	(8,912)

Comparative Year	Balance as at 1 Apr 20 £000	Increase in provision during year £000	Utilised during year £000	Unused Amounts Reversed £000	Balance as at 31 Mar 21 £000
Insurance Claims	(3,687)	(1,053)	634	419	(3,687)
Compensation Payments	(666)	0	24	0	(642)
Business Rates Appeals	(4,539)	(950)	865	0	(4,624)
Other	(56)	(3,760)	9	0	(3,807)
Total	(8,948)	(5,763)	1,532	419	(12,760)
Current Provisions	(5,153)	(2,399)	1,508	419	(5,625)
Long Term Provisions	(3,795)	(3,364)	24	0	(7,135)
Total	(8,948)	(5,763)	1,532	419	(12,760)

The 2020/21 Other Long Term Provisions figure has been revised to include a provision which had been classed as a bad debt provision in 2020/21 (see note 32) but has been reclassified as a long term provision during 2021/22. The result is an increase in the provisions figure of £3.364m and a corresponding increase in short term debtors.

Insurance claims

The Council's liability risk is insured by QBE Insurance Group (via Risk Management Partners - RMP) whilst the property risk is insured by Travelers.

In balancing the cost of insurance against the risk of a liability arising, the Council has elected to meet the policy excess in respect of certain types of claim (Employers' Liability and Public Liability) and to co-insure or self-insure itself against other types of claim by operating an Insurance Fund. Details of the different types of claim covered by this arrangement are set out below.

The Council keeps under review the best estimate of the likely liability falling on the Insurance Fund by reference to recent claims history, repudiation rates and other relevant factors and the expert advice of the Council's legal representatives on larger more complex claims.

The provision in this year's accounts covers the estimated residual liability relating to claims settled by Municipal Mutual Insurance (MMI) which, under the terms of MMI's Scheme of Arrangement, can no longer be met in full and therefore require a proportion to be repaid by the local authorities who were members of MMI when it went into solvent liquidation in 1992. This includes the Council.

(a) Employers Liability and Public Liability

Since the demise of Municipal Mutual Insurance (MMI) in 1992, many authorities have been retaining and funding their liability losses, third party, highways third party and employers' liability, up to an agreed threshold per claim, at present this is determined at £250,000. In effect the Insurance Fund meets the majority of settlements determined by the insurers.

(b) Fire

The Fund acts as a co-insurer, up to a stop-loss limit of £350,000 in any one period of insurance. The Fund bears the first £50,000 of all claims involving education, municipal and housing property.

(c) Motor

All accidental damage to our own vehicles is self-funded. The Fund recoups the cost from user departments/services via an annual charge per vehicle. There is an excess of £500 on all claims (£1,000 for thefts) which is met initially by the Fund and recharged to owning departments. Third party risks remain with the external insurer with the Council meeting the first £150,000 of every settlement.

(d) Council Flats – Added Perils

The Fund insures blocks of flats for added perils where one or more flats have been sold under the right to buy arrangements.

(e) Schools ICT Equipment

Where requested, schools ICT equipment is insured on the Fund on an 'All-Risks' basis. This arrangement does not extend to Academy schools.

(f) Other Equipment

Where requested, schools' musical instruments, televisual and video equipment, Youth & Community equipment and office equipment are insured on the Fund on an 'All-Risks' basis. In addition schools can insure many other items if desired. This arrangement does not extend to Academy schools.

In addition to the above there are many smaller risks which are self-insured including:

- Schools PABX Equipment (switchboard equipment)
- 'Time on Risk' Cover
- The York and Lancaster Exhibition

Business Rates Appeals

Under the business rates retention regulations which came into effect on 1 April 2013, an allowance is made for the amount of business rate income it is estimated will have to be refunded to business ratepayers as a result of appeal. The provision represents the Council's share of the overall estimated liability for refunding business rate payers income recognised up to and including the end of the

financial year. We anticipate the majority of refunds provided for at 31 March 2022 will be made during 2022/23 and the provision has therefore been classified as a current provision.

Other

Other provisions comprise commercially sensitive items disclosure of which would prejudice the Council's position.

Note 36 Usable Reserves

The Council's usable reserves are summarised in the table below into capital and revenue followed by a brief description of the nature and purpose of each reserve. Movements in the Council's usable reserves are detailed in the Movement in Reserves Statement on Page 7 and Notes 2 and 3.

The total cost to the Council of Covid-19 in terms of expenditure, lost income and unachieved savings and the total level of Government support available to the Council to address these costs is not fully known at present. It is not therefore possible to determine whether an additional call on the Council's reserves, above those detailed within the Council's Budget and Council Tax Report 2021/22 will be necessary in 2022/23.

31 Mar 21 £000		31 Mar 22 £000
	CAPITAL RESERVES	
(18,306)	Capital Receipts Reserve	(19,572)
(27,918)	Major Repairs Reserve	(23,965)
(22,699)	Capital Grants Unapplied Account	(25,355)
(68,923)	Sub-Total Capital Reserves	(68,892)
	REVENUE RESERVES	
(25,000)	General Fund Minimum Balance – Council	(25,000)
(28,822)	Earmarked Reserves excluding DSG and Covid-19	(42,255)
(53,822)	Sub-Total General Fund Council and Earmarked Reserves excluding DSG/Covid-19	(67,255)
(3,181)	General Fund - Schools	(3,679)
(27,430)	Earmarked Reserve Covid-19 Grant	(11,870)
21,258	Earmarked Reserve DSG	0
(10,599)	HRA	(10,503)
(1)	HRA Earmarked Reserve	(23)
(19,953)	Sub-Total Other Reserves	(26,075)
(142,698)	TOTAL USABLE RESERVES	(162,222)

(a) Capital Receipts Reserve

Income from the disposal of non-current assets is credited to the Capital Receipts Reserve. The amount credited in respect of housing capital receipts is reduced by the amount the Council is required to pay over to central government under the national pooling arrangements. The Capital Receipts Reserve can only be applied to finance new capital expenditure, repay debt or meet liabilities under credit arrangements. However under the Statutory Guidance on the Flexible Use of Capital Receipts, General Fund receipts received since 1 April 2016 can be used to fund revenue transformational costs.

(b) Major Repairs Reserve

The Council is required by regulation to establish a Major Repairs Reserve. The main credit to the account comprises the total depreciation charge for all HRA assets. This can only be used to finance new capital expenditure, repay debt or meet liabilities under credit arrangements. The

arrangements ensure that subsequent funding of capital expenditure does not affect the Housing Revenue Account.

(c) Capital Grants Unapplied Account

Where a capital grant or contribution (or part thereof) has been recognised as income in the Comprehensive Income and Expenditure Statement, but the expenditure to be financed from that grant or contribution has not been incurred at the Balance Sheet date, the grant or contribution is transferred to the Capital Grants Unapplied Account within usable reserves reflecting its status as a capital resource available to finance future capital expenditure.

(d) General Fund Minimum Balance

The General Fund balance represents uncommitted revenue balances held to safeguard the Council against potential financial risks, unforeseen costs and contingencies. The balance to be held is risk assessed annually as part of the budget setting process to ensure a prudent level of resources is retained.

(e) Earmarked Reserves

Details of the earmarked reserves the Council has set aside to meet specific needs or which are ring-fenced to particular services are contained in Note 3.

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(f) Covid-19 Grants Reserve

The Covid-19 reserve was established to hold the early payment and carrying balances of Government grants provided to support the Council in its response to the pandemic.

(f) Earmarked Reserve DSG

The Dedicated School Grant (DSG) is a ring fenced specific grant and it must be used in support of the schools budget as defined in the School and Early Years Finance (England) (No 2) Regulations 2018 (see note 16 for further details). Local authorities are responsible for determining the split of the grant between central expenditure and the individual schools budget (ISB) in conjunction with local schools forums. There is currently a deficit balance on the Dedicated Schools Grant which, in accordance with Government policy, must be addressed from school funding, therefore the deficit must be carried forward. Childrens' and Young Peoples Service have implemented a plan to reduce the deficit in the short term and recover the deficit over the longer term.

(g) HRA

The Housing Revenue Account (HRA) is a record of revenue expenditure and income relating to a Council's housing stock. Its primary purpose is to ensure that expenditure on managing tenancies and maintaining dwellings is balanced by rents charged to tenants. Consequently, the HRA is a statutory account, ring-fenced from the rest of the General Fund, so that rents cannot be subsidised from council tax (or vice versa).

Note 37 **Unusable Reserves**

The Council's unusable reserves are summarised in the table below into capital and revenue followed by a brief description of the nature and purpose of each reserve and movements thereon during the year.

31 Mar 21 £000		31 Mar 22 £000
	CAPITAL RESERVES	
(221,381)	Capital Adjustment Account	(239,255)
(211,042)	Revaluation Reserve	(254,367)
0	Deferred Capital Receipts	0
	REVENUE RESERVES	
493,333	Pensions Reserve	352,582
4,068	Short term accumulating absences account	4,215
248	Financial instruments adjustment account	223
12,404	Collection Fund adjustment account	(2,329)
0	DSG Adjustment adjustment account	12,840
77,630	TOTAL UNUSABLE RESERVES	(126,092)

(a) Capital Adjustment Account

The Capital Adjustment Account absorbs timing differences arising from the different arrangements for accounting for the consumption of non-current assets under normal accounting practices and statutory requirements for financing capital expenditure applicable to local authorities. Hence, it is debited with capital charges (depreciation, impairment, revaluation losses and amortisation) that have been made in the Comprehensive Income and Expenditure statement but which are reversed out as they are not proper charge to revenue for council tax purposes and credited with the amount which is set aside from capital resources or from revenue to finance capital expenditure under the statutory provisions (the accounting policies set out the Council's approach for determining a prudent charge to revenue for debt repayment and PFI liabilities). The Capital Adjustment Account also contains accumulated gains and losses on investment properties and on Property Plant and Equipment before 1 April 2007, the date on which the Revaluation Reserve was created.

2020/21 £000		2021/22 £000
(219,412)	Balance 1 April	(221,381)
49	Debt Repayment	50
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:	
3,012	Amortisation of Intangible Assets	4,143
31,856	Charges for depreciation and impairment of non-current assets	31,969
4,561	Revenue expenditure funded from capital under statute	6,427
	Non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	
32,459		28,084
17,179	Depreciation - Major Repairs Reserve	18,773
(2,085)	Write down of Met Debt deferred Liability	0
	Adjusting amounts written out to Revaluation Reserve:	
(10,621)	Disposal	(2,623)
(5,741)	Excess of current cost depreciation over historic cost depreciation	(6,967)
	Capital Financing Applied in the year:	
(10,703)	Use of Capital Receipts Reserve to finance capital expenditure	(10,097)
(49)	Use of Capital Receipts Reserve to repay debt	(50)
(9,369)	Use of Major Repairs Reserve to finance capital expenditure	(25,264)
	Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing:	
(32,370)	Application of grants to capital financing from the Capital Grants Unapplied Account	(48,436)
(6,582)	Statutory provision for the financing of capital investment charged against the General Fund and HRA balances	(7,354)
0	MRP holiday	0
(13,565)	Capital expenditure charged against the General Fund and HRA balances	(6,529)
(221,381)	TOTAL	(239,255)

(b) Revaluation Reserve

The Revaluation Reserve represents the cumulative unrealised revaluation gains and losses on the Council's Property, Plant and Equipment since the reserve was created on 1 April 2007.

2020/21 £000		2021/22 £000
(186,020)	Balance 1 April	(211,042)
(42,169)	Net revaluation gains/losses not charged to the Surplus /(Deficit) on Provision of Services	(53,174)
785	Impairment losses and reversals thereof not charged to the Surplus / (Deficit) on Provision of Services	259
(41,383)	Sub total - net revaluation and impairment gains / losses not posted to the Surplus / Deficit on provision of Services	(52,915)
10,621	Accumulated Gains on assets sold or scrapped	2,623
5,741	Excess of fair value depreciation over historic cost depreciation transferred to Capital Adjustment Account	6,967
(211,042)	Balance at 31 March	(254,367)

(c) Deferred Capital Receipts Reserve

The Deferred Capital Receipts Reserve represents amounts due from the sale of non-current assets that have still to be realised. Under statutory arrangements, this only becomes available for financing on receipt of cash at which point a transfer is made to the Capital Receipts Reserve. The balance is mainly represented by mortgages on council houses sold to (former) tenants.

2020/21 £000		2021/22 £000
(98)	Balance 1 April	0
98	Transfer to the Capital Receipts Reserve of cash received	
0	Balance at 31 March	0

(d) Movements in Fair Value through Profit & Loss (FVPL) Financial Instruments Reserve

The Fair Value through Profit & Loss (FVPL) Financial Instruments Reserve contains the gains made by the Council arising from increases in the value of its investments that have quoted market prices or otherwise do not have fixed or determinable payments. The balance is reduced when investments with accumulated gains are:

- revalued downwards or impaired and the gains are lost
- disposed of and the gains are realised.

At 31 March 2022 the Council held no financial assets classified as Fair Value through Profit & Loss (FVPL)

(e) Pensions Reserve

The Pensions Reserve absorbs timing differences arising from the different arrangements for accounting for post-employment benefits under normal accounting practices and statutory requirements for funding benefits applicable to local authorities. The amount recognised as post-employment benefits under normal accounting practice reflects the benefits accrued by employees from their reckonable service, and changes to the assumptions about the liabilities that will fall on the scheme when benefits are paid out and the value of scheme assets to cover those liabilities. The amount charged under statutory provision is the amount due to be paid over by the Council as employer contributions under local government pension scheme rules.

The Pensions Reserve represents the Council's share of the underlying assets and liabilities for post-employment benefits attributable to the Council at the balance sheet date. The deficit represents the amount by which benefits earned by past and current employees currently exceeds the resources set aside by the Council to meet them. The statutory arrangements will ensure that the funding will have been set aside by the time the benefits come to be paid.

Further details of the Council's participation in the Local Government Pension Scheme (administered by South Yorkshire Pensions Authority) are detailed in Note 18.

2020/21 £000		2021/22 £000
450,155	Balance 1 April	493,333
20,489	Remeasurements of the net defined benefit liability/(asset)	(174,360)
43,450	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	54,054
(20,761)	Employer's pensions contributions and direct payments to pensioners payable in the year	(20,445)
493,333	Balance 31 March	352,582

(f) Short-term Accumulated Absences Account

The Accumulating Absences Accounts absorbs the timing differences arising from the different arrangements for accounting for short term compensated absences under normal accounting practices and statutory requirements for charging such absences applicable to local authorities. Under normal accounting practice, an accrual is made to charge compensated absences, for example, annual leave entitlement not yet paid, in the year in which they are earned. However, under statutory provision, these are charged to revenue in the year in which they are payable. The balance on the Accumulating Absences Account therefore represents the amount of compensated absences earned which will fall as a charge on the General Fund in the future.

2020/21			2021/22	
£000	£000		£000	£000
	4,424	Balance 1 April		4,068
(4,424)		Settlement or cancellation of accrual made at the end of the preceding year	(4,068)	
4,068		Amounts accrued at the end of the current year	4,215	
	(356)	Net amount charged to Comprehensive Income and Expenditure Statement in the year reversed out under regulation chargeable to revenue in the future when payments fall due		147
	4,068	Balance at 31 March		4,215

(g) Financial Instruments Adjustment Account

This reserve has been created to hold the accumulated difference between the financing costs included in the Income and Expenditure Account and the accumulated financing costs required in accordance with Regulations to be charged to the General Fund Balance.

General Transactions

The Code requires that unless directly attributable to a loan held at 31 March 2007 then all premium and discounts carried on the Balance Sheet at that date were required to be written off to the General Fund Balance as at 1 April 2007. Government Regulations allow for the impact to be neutralised through a transfer to the Financial Instruments Adjustment Account. The balance of premium and discounts will be amortised to revenue in line with the provisions set down in the Council's accounting policies.

The Code also requires that where the Council has provided loans at less than market rates then these should be accounted for on a fair value basis. The difference between the fair value and loan amount is accounted for as an immediate charge to the Income and Expenditure Account. Government Regulations allow for the impact to be neutralised through a transfer to the Financial Instruments Adjustment Account. The fair value increases over the period of the loan and the annual impact will be neutralised in the Income and Expenditure Account by the writing down of the balance on the Financial Instruments Adjustment Account.

2020/21 £000		2021/22 £000
305	Balance at 1 April	248
	Movement in year:	
(25)	Premium and discounts	(25)
(32)	Soft Loans	0
248	Balance carried forward at 31 March	223

(h) Collection Fund Adjustment Account

The Collection Fund Adjustment Account absorbs differences between the amount of council tax income recognised under normal accounting practice as it falls due from council tax payers and the amount due to the General Fund and preceptors under statutory provisions. The balance on the Collection Fund Adjustment Account therefore represents the amount still to be distributed to the General Fund and precepting authorities.

Covid-19 Due to current uncertainty with respect to the progress of the Covid-19 pandemic and national recovery and in light of government measures developed in relation to the Collection Fund, it is not considered that the 2021/22 year-end Fund balance is currently materially impaired by the impact of the emergency. The position is being monitored closely during 2022/23.

2020/21 CTAX £000	2020/21 NNDR £000	2020/21 Total £000		2021/22 CTAX £000	2021/22 NNDR £000	2021/22 Total £000
(4,452)	(556)	(5,008)	Balance 1 April	(2,938)	15,342	12,404
1,514	15,898	17,412	Difference between amount receivable in the Comprehensive Income and Expenditure Statement for the year and General Fund balance	(1,166)	(13,567)	(14,733)
(2,938)	15,342	12,404	Balance at 31 March	(4,104)	1,775	(2,329)

(i) Dedicated Schools Grant Adjustment Account

The Dedicated Schools Grant Adjustment Account has been set up to comply with a change to the CIPFA code of Practice in response to a change in The Local Authorities Capital Finance and Accounting Regulations. The Council must record any deficit on the DSG grant in an unusable Reserve set up solely for the purpose of recording deficits relating to its schools budget. Note 16 provides details of this account.

Note 38 **Cash Flow – Analysis of adjustments to (Surplus) / Deficit on the Provisions of Service**

2020/21 £000		2021/22 £000
38,699	Items included in the net surplus or deficit on the provision of services that are investing and financing activities:	
28	Capital Grants credited to surplus or deficit on the provision of services	51,081
	Net adjustment from sale of long term investments	0
13,850	Proceeds from the sale of property plant and equipment, investment property and intangible assets & other capital receipts	13,313
52,577		64,394
(282)	Interest received (cash basis)	(152)
31,385	Interest paid (cash basis)	31,452

Note 39 **Cash Flow – from Investing Activities**

2020/21 £000		2021/22 £000
74,609	Purchase of property, plant and equipment, investment property, heritage and intangible assets	100,615
0	Long term loans granted	0
0	Purchase of short term investments	177,000
0	Purchase of Long term investments	0
260	Capital Grants and Contributions Repaid	168
(13,850)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets & other capital receipts	(13,313)
(30,217)	Capital Grants and Contributions Received	(37,076)
(76)	Other receipts from investing activities	0
30,726	Net cash outflow from Investing Activities	227,394

Note 40 **Cash Flow – from Financing Activities**

2020/21 £000		2021/22 £000
(377,614)	Cash receipts of short- and long-term borrowing	(360,000)
145	Cash payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet PFI contracts	2,986
326,434	Repayments of short- and long-term borrowing	280,328
6,495	Other payments for financing activities	(18,203)
(44,540)	Net cash outflow from Financing Activities	(94,889)

Note 40b **Reconciliation of Liabilities Arising from Financing Activities**

	2021/22 01 Apr 21 £000	Cash Flow £000	Non Cash Change £000	2021/22 31 Mar 22 £000
Long Term Borrowing	(442,241)	(212,000)	30,570	(623,671)
Short Term Borrowing	(249,869)	132,328	(30,570)	(148,111)
PFI & Lease Liabilities Short Term	(2,986)	2,986	(3,619)	(3,619)
PFI & Lease Liabilities Long Term	(120,505)		3,619	(116,886)
NNDR & CTAX		(18,203)		
	(815,601)	(94,889)	0	(892,287)

	2020/21 1 Apr 20 £000	Cash Flow £000	Non Cash Change £000	2020/21 31 Mar 21 £000
Long Term Borrowing	(385,069)		(57,172)	(442,241)
Short Term Borrowing	(255,778)	(51,180)	57,089	(249,869)
PFI & Lease Liabilities Short Term	(3,426)	3,426	(2,986)	(2,986)
PFI & Lease Liabilities Long Term	(123,491)		2,986	(120,505)
NNDR & CTAX		3,214		
	(767,764)	(44,540)	(83)	(815,601)

Note 41 **Capital Expenditure and Financing**

The total amount of capital expenditure incurred in the year is shown in the table below (including the value of assets acquired under finance leases and PFI contracts), together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Council, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Council that has yet to be financed. The CFR is analysed in the second part of this note.

2020/21 £000		2021/22 £000
843,702	Opening Capital Financing Requirement Capital Investment	849,669
72,098	Property, Plant and Equipment	95,401
789	Investment Properties	590
3,116	Intangible Assets	2,491
13	Heritage Asset	29
4,624	Revenue Expenditure funded from Capital under Statute	6,427
924,342		954,607
	Sources of finance:	
(10,703)	Capital receipts to finance new capital expenditure	(10,097)
(32,370)	Government grants and other contributions	(48,425)
(9,369)	Major Repairs Allowance	(25,264)
	Sums set aside from revenue	
	Direct revenue contributions:	
0	General Fund	(10)
(13,565)	Housing Revenue Account	(6,519)
(7,879)	Minimum Revenue Provision	(6,376)
	MRP holiday	
0	Historical correction to reflect MRP reprofiling on finance leases	0
(787)	Write down of finance lease liability	(978)
(74,673)		(97,669)
849,669	Closing Capital Financing Requirement	856,938

2020/21 £000	Explanation of movements in year	2021/22 £000
5,967	Increase in underlying need to borrowing (unsupported by government financial assistance)	7,269
0	Assets acquired under finance leases	0
5,967	Increase in Capital Financing Requirement	7,269

The MRP value disclosed in this note has two key differences from that disclosed in note 37a, firstly the MRP on this note includes Met Debt MRP, and secondly the W/D of finance lease MRP is shown separately within the 'write down of finance lease liability' line.

The CFR note includes an adjusting line that picks up an historical issue where adjustments for MRP on PFI contracts had not been factored into the calculation of the Councils CFR position. These values have now been factored into the CFR table above. It should be noted that this is a disclosure adjustment, the adjustment made does not impact any financial transactions posted to the Councils accounts, it is merely reporting them correctly in this CFR note

Note 42 Leases

The classification of all types of lease including land is assessed on who has the risks and rewards of ownership as for all other types of lease.

Contingent rents are expensed in the year in which they are incurred.

(a) Finance leases – Council as Lessee

The movements in Finance Lease liabilities during the year are as follows:

	31 Mar 21 £000	31 Mar 22 £000
Finance Lease Liability outstanding at start of year	(27,884)	(27,739)
Principal repaid in year	145	146
Less: Schools converting to academies Finance Lease Liability written off	0	0
New Liabilities arising in year	0	0
Balance outstanding at year end	(27,739)	(27,593)
Short Term Creditors	(146)	(160)
Long Term Liabilities	(27,593)	(27,433)

The minimum lease payments will be payable over the following periods:

	Minimum Lease Payments		Finance Lease Liabilities	
	31 Mar 21 £000	31 Mar 22 £000	31 Mar 21 £000	31 Mar 22 £000
Not later than one year	(2,846)	(3,005)	(146)	(160)
Later than one year and not later than five years	(12,112)	(12,791)	(738)	(808)
Later than five years	(125,156)	(125,629)	(26,855)	(26,624)

The assets acquired under the leases are carried as Property, Plant and Equipment in the Balance Sheet at the following net amounts:

2020/21 £000		2021/22 £000
25,075	Land and buildings	30,942
55	Vehicles, Plant, Furniture and Equipment	49
25,130	Total	30,991

(b) Operating leases – Council as Lessee

The Council has the right of use over a range of assets by virtue of operating leases that it has entered into. The future minimum lease payments due under these non-cancellable leases in future years are:

2020/21 £000		2021/22 £000
673	Within one year	607
1,219	Between one year and five years	873
5,660	After more than five years	5,606

The expenditure charged to service in 2021/22 in the Comprehensive Income and Expenditure statement in relation to these leases was £0.720m (£0.731m 2020/21).

(c) Finance leases – Council as Lessor

The Council does not hold any finance lease lessor arrangement that generate a net investment in finance lease receivable to bring onto the balance sheet.

(d) Operating leases – Council as Lessor

Most of the property and equipment leased out by the Council meets the definition of investment property. The rental income earned from leasing out these investment properties is disclosed in Note 20.

Note 43 Private Finance Initiative and Similar Contracts

As at 31 March 2022, the Council has in place three long-term contracts under Private Finance Initiative (PFI) arrangements, one of which, the Waste PFI, is a joint contract with Barnsley and Doncaster Councils. In addition, it has in place one partnership agreement.

As a result of a change to the way in which PFI Schemes and Similar Contracts were accounted for in 2009/10 on transition to IFRS, assets within the PFI Schemes or Similar Contracts were brought on Balance Sheet. The movement in the carrying value of these assets is disclosed in the Property Plant and Equipment note (Note 19a).

The note below provides a brief description of each scheme and outstanding obligations.

(a) Private Finance Initiatives - Schools PFI

The contract for the provision of 8 primary and 6 secondary schools commenced on 1 April 2004 with an end date of 31 March 2034, and a capital value of £96m. All the schools were completed in line with the original programme. At the expiry of the contract the 12 PFI schools, 6 primary and 6 secondary schools, which have converted to academy trusts, transfer to the individual trusts under 125 year lease arrangements with the Council, the remaining 2 primary schools transfer back to the Council for nil

consideration. The agreed government funding is being received and will support the Authority to manage income and expenditure over the rest of the 30 years of these arrangements. Payments during the year totalled £16.718m and are subject to availability and performance-related deductions and contractually agreed inflation adjustments. In the same period the Council received £6.223m of PFI grant in support of this project.

(b) Private Finance Initiatives – Sports and Leisure PFI

The Sport and Leisure Facilities Regeneration Programme and Maltby Joint Service Centre PFI involved the construction of 3 new combined swimming pools and dry leisure centres, one stand-alone swimming pool and a joint service centre. The contract with DC Projects (Rotherham) Ltd became operational in August 2008 and has a capital value of £38m. The contract expires on 31 October 2041, when all the assets transfer back to the Council for nil consideration. £24.954m of PFI Credits have been awarded to support the scheme. All 5 facilities are operational. Payments during the year totalled £4.718m. In the same period the Council received £1.811m of PFI grant in support of this project.

(c) Bereavement Services Partnership - Dignity

The Council signed a partnership agreement with Dignity Funerals Limited in July 2008, who now manage the Borough's Bereavement Services on the Council's behalf. The contract commenced in August 2008 and operates for a period of 35 years at which point all the assets revert back to the Council for nil consideration.

(d) Waste Management PFI

The Council's joint Waste PFI Contract, along with Barnsley and Doncaster Councils, with 3SE (Shanks, Scottish and Southern Energy) became operational in July 2015. The contract is providing residual waste and recycling facilities for the 3 boroughs. The Councils have been jointly awarded £77.4m PFI credits for this project. The Council received £1.789m of PFI grant in support of this project in 2021/22. Payments during the year totalled £7.014m.

(e) Movements in Finance Liabilities

The Table below shows the movements in the Finance Liabilities during 2021/22:

	31 Mar 21 £000	31 Mar 22 £000
Balance outstanding at start of year	(99,033)	(95,752)
Principal repaid in year	3,281	2,840
Balance outstanding at year end	(95,752)	(92,912)
Short Term Creditors	(2,840)	(3,459)
Long Term Liabilities	(92,912)	(89,453)

The minimum lease payments will be payable over the following periods:

	Payment for Services £000	Finance Lease Liability £000	Interest £000	Total £000
Not later than one year	17,704	3,459	9,731	30,894
Two to five years	76,329	16,574	36,656	129,559
Six to ten years	107,465	30,985	39,003	177,453
Eleven to Fifteen years	88,835	25,872	24,700	139,407
Sixteen to twenty years	67,320	14,764	10,797	92,881
Twenty one to twenty five years	6,370	1,256	2,017	9,643

Note 44 **Capitalised borrowing costs**

The Council had £83,640 of capitalised borrowing costs during 2021/22 (£68,522 in 2020/21) the capitalisation rate used in 2021/22 was 3.904% (3.654% in 2020/21).

Note 45 **Contingent Liabilities**

The Council discloses contingent liabilities in excess of £50,000 those that meet this requirement are disclosed below.

Public Liability claims

The Council has 4 outstanding public liability claims

Employee Liability claims

The Council has 4 outstanding employee liability claims

Employment Tribunals

There are a small number of outstanding tribunal cases awaiting hearing.

Contract related claim

The Council has an outstanding contractual issue in relation to a refurbishment programme.

Note 46 **Contingent Assets**Claims for recovery of tax

Protective VAT claims have been submitted to HMRC to recover VAT on Landfill Tax and Leisure Services. The quantity and strength of the claims have yet to be determined by litigation.

Contract related claim

The Council has an outstanding contractual issue in relation to a refurbishment programme.

Note 47 **Trust Funds**

The Council acts as sole trustee for various legacies relating to the provision of educational supplies to specific local schools. Each fund holds investments and may use the interest derived from those investments to fund the purchase of supplies.

Accumulated interest balances and the respective balance sheets are as follows:

	Balance as at 1 Apr 2021 £	Income £	Expenditure £	Balance as at 31 Mar 22 £
Treeton Council School War Memorial	889	31	0	920
EJ Butland, Treeton Infants	789	32	0	821
Whiston Two Wars Memorial	1137	125	0	1262
Total	2,815	188	0	3,003

Trust Funds – Balance Sheet

2020/21 £		2021/22 £
	<u>Assets</u>	
	Investments	
58	- Treeton Council School War Memorial	58
59	- EJ Butland, Treeton Infants	59
233	- Whiston Two Wars Memorial	233
350	Total Investments	350
45	- Debtors	46
2,770	- Cash	2,957
3,165	Total Assets	3,353
	<u>Financed by:</u>	
350	- Fund Balance	350
2,815	- Accumulated Investment Interest	3,003
3,165	Total Equity	3,353

Note 48 **Material items of income and expenditure**

This note is used to draw attention to material items of income and expenditure not disclosed separately on the face of the CIES which need to be taken into consideration to gain a full understanding of the Council's financial performance in the year.

Schools

As shown in Note 18 of the accounts, £1.968m has been credited to the CIES in respect of settlements. This all relates to the transfer of pension liabilities from the Council when schools convert to academies and, as a consequence, has been credited in full to the "Schools" heading within the CIES..

Loss on disposal of non-current assets

The loss on disposal of non-current assets reported in Note 4 of £15.150m includes £17.026m of school property, plant and equipment transferred from the Council's balance sheet as a result of schools converting to academies.

Pensions Prepayments

The Council is liable to make annual revenue contributions in respect of its Pension Fund liabilities as specified in the actuary's certificate of rates and contributions. Agreement was reached with South Yorkshire Pensions Authority that the amounts due in respect of 2020/21, 2021/22 and 2022/23 could be settled by way of a single payment made in April 2020. The amount settled in April 2020 in respect of 2021/22 was £14.319m. The discount given for doing this has been apportioned over the three years on a pro rata basis.

Covid income and expenditure

Throughout the pandemic the Council has incurred significant additional costs in its efforts to manage and mitigate the impact of Covid-19. These financial pressures cut across three main themes, additional costs incurred due to the pandemic, lost sales, fees and charges income as a result of closed services and delayed delivery of planned savings. The Council has been able to mitigate these pressures through the use of Government provision of emergency funding to support the Covid-19 response, sales, fees and charges income compensation claims and used in 2021/22 of specific Covid-19 government grants.

Note 49 **Other Long-term Liabilities**

31 Mar 21 £000		31 Mar 22 £000	Notes
(93,056)	PFI Liability	(89,452)	43
(27,448)	Finance Lease Liability	(27,433)	42
(464,819)	Pension Liability	(338,387)	18
0	Deferred Liabilities	0	
(585,323)	Total	(455,272)	

Note 50 **Events after the Balance Sheet date**

The draft Statement of Accounts was authorised for issue by the Judith Badger, Strategic Director of Finance and Customer Services on 28 July 2022. Events taking place after this date are not reflected in the Financial Statements or Notes.

Where events taking place before this date provided information about conditions existing at 31 March 2022, the figures in the Financial Statements and Notes have been adjusted in all material respects to reflect the impact of this information.

The financial climate that the Council is operating within has become more volatile since the end of 2021/22 financial year. The war in Ukraine, rising inflation and the significant increases in energy prices are placing additional and unexpected cost pressures on local authorities, just as they are for businesses and residents of the borough. Whilst these pressures are not expected to have any material impact on the Council's financial standing as at the 31st March 2022, they are worth note as the Council heads into what will be a financially challenging 2022/23 and 2023/24 given the Bank of England's view that inflation will remain high for a period of 2 years. It is likely that the Council will need to utilise an increased level of reserves during the medium term in order to mitigate these financial pressures.

Other Financial Statements and Notes to the Other Financial Statements

Housing Revenue Account (HRA)

The Collection Fund Income and Expenditure Account

HOUSING REVENUE ACCOUNT INCOME AND EXPENDITURE STATEMENT

The Housing Revenue Account (HRA) shows the economic cost in the year of providing housing services in accordance with generally accepted accounting principles, rather than the amount to be funded from rents and government grants. Authorities charge rents to cover expenditure in accordance with regulations; this may be different from the accounting cost. The increase or decrease in the year, on the basis of which rents are raised, is shown in the Movement on the HRA Statement. Format of this account has been slightly changed from CIPFA code format to make it easier for the reader to compare to the Comprehensive Income and Expenditure Statement.

2020/21 £000		2021/22 £000	Notes
	<u>Expenditure</u>		
16,904	Repairs and maintenance	18,237	
24,397	Supervision and management	26,294	
439	Rents, rates, taxes and other charges	443	
24,800	Depreciation and impairment of Non Current Assets	32,352	
258	Debt management costs	281	
477	Provision for bad or doubtful debts	552	8
498	HRA services share of Corporate and Democratic Core	513	
196	HRA share of other amounts included in whole Authority Cost of Services but not allocated to specific services	568	
67,969	Total Expenditure	79,240	
	<u>Income</u>		
77,184	Dwelling rents	78,289	
729	Non-dwelling rents	697	
5,843	Charges for services and facilities	6,784	
83,756	Total Income	85,770	
(15,787)	Net Cost of HRA Services	(6,530)	
	<u>HRA share of the operating income and expenditure included in the Comprehensive Income and Expenditure Statement</u>		
1,116	Gain on sale of HRA Non Current Assets	(1,589)	
13,296	Interest Payable and similar charges	13,721	9
(33)	Interest receivable	(21)	
631	Pensions interest cost and expected return on pension assets	668	10
(10,230)	Capital grants and contributions receivable	(2,829)	
363	HRA Cap grant	0	
0	Revaluation of Assets held for sale	0	
(10,644)	(Surplus)/Deficit for the year on HRA services	3,420	

Movement on the Housing Revenue Account Statement

This statement takes the outturn on the HRA Income and Expenditure Statement and reconciles it to the surplus or deficit or the year on the HRA Balance, calculated in accordance with the requirements of the Local Government and Housing Act 1989.

2020/21			2021/22	
£000	£000		£000	£000
	(17,116)	Balance on the HRA at the end of the previous year		(10,599)
(10,644)		Surplus for the year on HRA Income and Expenditure Account	3,420	
17,160		Adjustments between accounting basis and funding basis under statute	(3,346)	
6,516		Net increase before transfers to or from reserves	74	
1		Transfers to(from) reserves	22	
	6,517	Decrease in year on the HRA		96
	(10,599)	Balance on the HRA at the end of the current year		(10,503)

Notes to the Housing Revenue AccountNote 1 Adjustments between Accounting Basis and Funding Basis Under Regulations

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the Council in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the Council to meet future capital and revenue expenditure.

2020/21	Usable Reserves		
	Housing Revenue Account £000	Major Repairs Reserve £000	Movement in Usable Reserves £000
<u>Adjustments primarily involving the Capital Adjustment Account:</u>	7,561	0	7,561
Charges for impairment of non current assets (Council dwellings only)	328		328
Capital grants and contributions applied	(10,230)	0	(10,230)
Revenue Expenditure Funded from capital under statute	213		213
Gain/Loss on disposal on non current assets charged to the Comprehensive Income and Expenditure Statement	1,116	0	1,116
<u>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:</u>			
Capital expenditure charged against the General Fund and HRA balances	(13,565)	0	(13,565)
<u>Adjustments primarily involving the Major Repairs Reserve:</u>			
Reversal of Major Repairs Allowance credited to the HRA	(4,134)	4,134	0
HRA Depreciation to the Capital Adjustment Account	0	17,179	17,179
Use of the Major Repairs Reserve to finance new capital expenditure	0	(9,369)	(9,369)
<u>Adjustment primarily involving the Financial Instruments Adjustment Account:</u>			
Amount by which finance costs charged to the Comprehensive Income & Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	0	0	0
<u>Adjustments primarily involving the Pensions Reserve:</u>			
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	2,778	0	2,778
Employer's pension contributions and direct payments to pensioners payable in the year	(1,237)	0	(1,237)
Short-term Accumulated Absences Account	10	0	10
Total Adjustments	(17,160)	11,944	(5,216)

Note 1 continued

2021/22	Usable Reserves		
	Housing Revenue Account £000	Major Repairs Reserve £000	Movement in Usable Reserves £000
<u>Adjustments primarily involving the Capital Adjustment Account:</u>			
Charges for impairment of non current assets	13,979	0	13,979
Amortisation of Intangible Assets	244		244
Capital grants and contributions applied	(2,829)	0	(2,829)
Revenue Expenditure Funded from capital under statute	374		374
Gain/Loss on disposal on non current assets charged to the Comprehensive Income and Expenditure Statement	(1,589)	0	(1,589)
<u>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:</u>			
Capital expenditure charged against the General Fund and HRA balances	(6,519)	0	(6,519)
<u>Adjustments primarily involving the Major Repairs Reserve:</u>			
Transfer from HRA to Major Repairs Reserve re notional MRA	(2,538)	2,538	0
HRA Depreciation to the Capital Adjustment Account	0	18,773	18,773
Use of the Major Repairs Reserve to finance new capital expenditure	0	(25,264)	(25,264)
<u>Adjustment primarily involving the Financial Instruments Adjustment Account:</u>			
Amount by which finance costs charged to the Comprehensive Income & Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	0	0	0
<u>Adjustments primarily involving the Pensions Reserve:</u>			
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	3,493	0	3,493
Employer's pension contributions and direct payments to pensioners payable in the year	(1,275)	0	(1,275)
Short-term Accumulated Absences Account	6	0	6
Total Adjustments	3,346	(3,953)	(607)

Note 2 Housing Stock at 31 March 2022

	Houses	Flats	Bungalows	Total
1 Bedroom	2	2,229	2,781	5,012
2 Bedroom	1,922	2,795	1,953	6,670
3 Bedroom	7,732	295	53	8,080
4+ Bedroom	262	8	0	270
Total	9,918	5,327	4,787	20,032

Note 3 Housing Stock Valuations**(a) Property, Plant and Equipment**

2020/21	Council Dwellings £000	Other Land & Buildings £000	Vehicles, Plant & Equipment £000	PP&E Under Construction £000	Surplus Assets £000	Total PP&E £000
Cost or Valuation						
At 1 Apr 20	658,281	18,124	491	29,183	7,407	713,486
Additions	18,115	619	0	15,634	669	35,037
Accumulated Depreciation and Impairment written out to gross cost/valuation	(19,852)	(847)	0	0	(4)	(20,703)
Revaluation increases/decreases to Revaluation Reserve	33,353	686	0	0	(154)	33,885
Revaluation increases/decreases to Surplus or Deficit on the Provision of Services	(4,556)	(2,748)	0	0	(257)	(7,561)
Derecognition	(3,363)	(1,842)	0	0	(54)	(5,259)
Assets reclassified (to) / from Investment Property	0	0	0	0	(7,380)	(7,380)
Other Movements in cost valuation	12,462	6,011	0	(24,471)	6,132	134
At 31 Mar 21	694,440	20,003	491	20,346	6,359	741,639
Depreciation and Impairment						
At 1 Apr 20	(3,364)	(1,151)	(490)	0	(3)	(5,008)
Accumulated Depreciation written out to gross cost/valuation	19,852	543	0	0	4	20,399
Accumulated Impairment written out to gross cost/valuation	0	305	0	0	0	305
Depreciation Charge	(16,533)	(634)	(1)	0	(12)	(17,180)
Impairment losses/reversals to Revaluation Reserve	0	0	0	0	0	0
Impairment losses/reversals to Surplus or Deficit on the Provision of Services	0	0	0	0	0	0
Derecognition - Disposals	46	3	0	0	0	49
Other movements in depreciation and impairment	(5)	5	0	0	0	0
At 31 Mar 21	(4)	(929)	(491)	0	(11)	(1,435)
Net Book Value						
At 31 Mar 21	694,436	19,074	(0)	20,346	6,348	740,204
At 31 Mar 20	654,917	16,973	1	29,183	7,404	708,478

2021/22	Council Dwellings £000	Other Land & Buildings £000	Vehicles, Plant & Equipment £000	PP&E Under Construction £000	Surplus Assets £000	Total PP&E £000
Cost or Valuation						
At 1 Apr 21	694,440	20,003	491	20,346	6,359	741,639
Additions	24,388	693	0	16,708	0	41,789
Accumulated Depreciation and Impairment written out to gross cost/valuation	(17,986)	(601)	0	0	(2)	(18,589)
Revaluation increases/decreases to Revaluation Reserve	27,193	865	0	0	(108)	27,950
Revaluation increases/decreases to Surplus or Deficit on the Provision of Services	(11,916)	(1,245)	0	0	(294)	(13,455)
Derecognition - Disposals	(7,974)	(1,605)	0	0	(357)	(9,936)
Assets reclassified (to) / from Assets Held for Sale	0	0	0	0	0	0
Other Movements in cost valuation	2,838	4,555	0	(8,858)	(336)	(1,801)
At 31 Mar 22	710,983	22,665	491	28,196	5,262	767,597
Depreciation and Impairment						
At 1 Apr 21	(4)	(929)	(491)	0	(11)	(1,435)
Accumulated Depreciation written out to gross cost/valuation	17,986	600	0	0	2	18,589
Accumulated Impairment written out to gross cost/valuation	0	0	0	0	0	0
Depreciation Charge	(18,095)	(675)	0	0	(2)	(18,773)
Impairment losses/reversals to Revaluation Reserve	0	0	0	0	0	0
Impairment losses/reversals to Surplus or Deficit on the Provision of Services	0	0	0	0	(347)	(347)
Derecognition - Disposals	111	9	0	0	357	477
Other movements in depreciation and impairment	(2)	2	0	0	0	0
At 31 Mar 22	(4)	(993)	(491)	0	(1)	(1,489)
Net Book Value						
At 31 Mar 22	710,979	21,672	(0)	28,196	5,261	766,108
At 31 Mar 21	694,436	19,074	(0)	20,346	6,348	740,204

Other assets including district boiler houses have been classified as intrinsic to the day to day operation of the housing estates in which they are located and as such have no asset value in their own right. Garage structures are valued based upon capitalised income streams.

Other operational property plant and equipment such as estate shops and area housing offices are held within the General Fund Asset Register.

(b) Vacant possession

	£m
Value as at 1 Apr 21	1,725

The difference between the Balance Sheet valuation of dwellings shown at (a) above and the vacant Possession value reflects the economic cost to Government of providing Council Houses at less than open market rents.

Note 4 Major Repairs Reserve

The Council is required by regulation to establish a Major Repairs Reserve. The main credit to the account comprises the total depreciation charge for all Housing Revenue Account assets. Capital expenditure is then funded from the reserve without being charged to the Housing Revenue Account.

2020/21 £000		2021/22 £000
15,974	Balance as at 1 April	27,919
17,180	Depreciation in the year	18,773
4,134	Transfer to MRR	2,538
(9,369)	Financing of Capital Expenditure	(25,264)
27,919	Balance as at 31 March	23,966

Note 5 Financing of Capital Expenditure

Capital expenditure on Land, Houses and Other Property within the HRA was financed as follows:

	2021/22 £000
Borrowing Need	0
Capital Receipts	7,519
Revenue Contributions	6,346
Government Grants/Other Capital Income	4,837
Major Repairs Reserve	25,264
Total	43,966

During the year total capital receipts of £12.791m were received by the HRA, of which £10.472m was available to support capital expenditure within the Council

Note 6 Depreciation

A depreciation charge has been included in respect of dwelling houses within the Housing Revenue Account. This charge is based upon the value of the dwelling stock at the 1 April 2021 excluding the value of land. Depreciation has been calculated using the 'straight line' method over 30 years.

An additional depreciation charge has been included in the total charged to the Housing Revenue Account in respect of garages. This charge is based upon the value at 1 April 2021 and has been calculated using the 'straight line' method over 15 years.

Note 7 Impairment

A net impairment charge of (£13.979m) has been included in the HRA Income and Expenditure Account (£7.561m in 2020/21). This charge is reflected in the HRA Income and Expenditure Account in arriving at the surplus on the provision of HRA Services. In accordance with proper accounting practice the Council reversed out the impairment charge in determining the movement on the HRA balance.

Note 8 Rent Arrears & Other Provisions for Bad and Doubtful Debts

2020/21 £000	Rent Arrears	2021/22 £000
2,974	Current Tenants	2,404
4,660	Former Tenants	2,834
7,634	As at 31 March	5,238

As at 31 March 2022, the level of rent arrears for current tenants as a proportion of gross rent income was 2.76% (2020/21 3.48%).

2020/21 £000	Bad Debt Provision in respect of rent income	2021/22 £000
5,208	As at 1 April	4,956
373	Increase in Provision	478
(625)	Utilised in year	(2,356)
4,956	As at 31 March	3,078

Provision has also been made in the accounts for write-offs in respect of tenants' and former tenants' rechargeable repairs are as follows:

2020/21 £000	Bad Debt Provision in respect of the rechargeable repairs	2021/22 £000
619	As at 1 April	331
103	Increase in Provision	74
(391)	Utilised in year	(219)
331	As at 31 March	186

As levels of tenant debt have reduced and as robust and prudent levels of bad debt provision were included in the 2021/22 HRA accounts, it is considered that the 2021/22 debtor balances have not been impaired as a result of the pandemic and that no material restatement is required for the 2021/22 Financial Statements.

Note 9 Interest Payable and Other Charges

This is the cost of external interest payable together with the cost of debt redemption premium.

Note 10 Contributions to and from the Pensions Reserve

Local authorities are required to account for their pension costs on an IAS 19 basis, but to reverse the impact of IAS 19 based accounting to the Pensions Reserve to ensure that it does not impact on housing rents.

THE COLLECTION FUND

By statute, Billing Authorities are required to maintain a separate Collection Fund which shows the level of National Non Domestic Rates (NNDR), and Council Tax received by the Council during the accounting period and the distribution of these funds.

REVENUE ACCOUNT FOR YEAR ENDED 31 MARCH 2022

2020/21				2021/22			Note
Council Tax £000	Non Domestic Rates £000	Total £000		Council Tax £000	Non Domestic Rates £000	Total £000	
136,424		136,424	Council Tax Receivable	142,271		142,271	2
	45,587	45,587	National Non-Domestic Rates (excluding write-offs)		66,430	66,430	
	(1,678)	(1,678)	NNDR Transitional Payments		(5,626)	(5,626)	
136,424	43,909	180,333	Total Income	142,271	60,804	203,075	
			Precepts:				
114,435	36,533	150,968	Rotherham Metropolitan Borough Council	117,452	34,578	152,030	
	36,961	36,961	Central Government		35,072	35,072	
14,060		14,060	- South Yorkshire Police and Crime Commissioner	15,075		15,075	
5,295	742	6,037	South Yorkshire Fire & Civil Defence	5,383	704	6,087	
133,790	74,236	208,026		137,910	70,354	208,264	
			Distribution of previous years surplus(deficit):				
3,000	875	3,875	Rotherham Metropolitan Borough Council	1,500	(16,450)	(14,950)	
	892	892	Central Government		(16,786)	(16,786)	
165		165	- South Yorkshire Police and Crime Commissioner	297		297	
58	18	76	South Yorkshire Fire & Civil Defence Authority	112	(336)	(224)	
3,223	1,785	5,008		1,909	(33,572)	(31,663)	
			Charges to Collection Fund:				
496	631	1,127	Write off of uncollectable amounts	680	573	1,253	
401	0	401	Increase/(Decrease) in bad debt provision	551	(206)	345	
	173	173	Increase in provision for appeals		(6,224)	(6,224)	
	293	293	Cost of Collection		291	291	
	2,079	2,079	Disregarded amounts		2,680	2,680	
897	3,176	4,073		1,231	(2,886)	(1,655)	
137,910	79,197	217,107	Total amounts charged to the Collection Fund	141,050	33,896	174,946	
(1,486)	(35,288)	(36,774)	Surplus/(Deficit) arising during the year	1,221	26,908	28,129	
			Collection Fund Balance				
(1,486)	(35,288)	(36,774)	Surplus/(Deficit) arising during the year	1,221	26,908	28,129	
4,771	1,311	6,082	Surplus/(Deficit) brought forward	3,285	(33,977)	(30,692)	
3,285	(33,977)	(30,692)	Surplus/(Deficit) carried forward	4,506	(7,069)	(2,563)	4

Notes to the Collection Fund Statement**Note 1 Council Tax**

The Council Tax system involves the categorisation of properties into bands (A-H) dependent upon their value. It is a requirement of the Local Government Finance Act 1992 that the basis on which the Council Tax is calculated should be expressed as a ratio of the Band D equivalent. Totals of properties falling into bands other than Band D therefore have to be adjusted to reflect their relationship to this band. The effect of this for 2021/22 is shown below.

Adjustments to the Council Tax base to reflect the estimated collection rate of Council Tax are also set out below:

Band	Number of Band D Equivalents properties	Ratio to Band D	Collection Rate @ 96%
A	28,414	6:9	27,277
B	15,332	7:9	14,719
C	12,277	8:9	11,786
D	8,603	9:9	8,259
E	5,389	11:9	5,173
F	2,477	13:9	2,378
G	1,149	15:9	1,103
H	67	18:9	64
	73,708		70,760

Note 2 National Non-Domestic Rates (NNDR) – Business Rates

Business Rates are levied on non-domestic premises at a rate in the pound determined by central government which is applied nationally (the national multiplier). The national multiplier in 2021/22 was 51.2 pence in the pound and a small business rating multiplier of 49.9 pence in the pound (51.2 pence and 49.9 pence respectively in 2020/21).

The NNDR income in 2021/22 after allowing for mandatory and discretionary reliefs of £21.915m (£49.565m 2020/21) was based on a total rateable value of £190.8m as at 31 March 2022 (£194.2m as at 31 March 2021). The increase from prior year income was due to a reduction in business rates relief awarded in response to Covid-19.

Note 3 Discounts

The Council does not operate a discount scheme for the early payment of council tax.

Note 4 Collection Fund Balance

The balance on the Collection Fund at 31 March 2022 is a deficit of £2.563m (£30.692m deficit 2020/21) and consists of a £7.069m deficit (£33.977m deficit 2020/21) relating to business rates to be distributed to the billing Authority (Rotherham MBC), Central Government and South Yorkshire Fire and Civil Defence Authority, and a £4.506m surplus (£3.285m surplus 2020/21) in relation to council tax. The deficit relating to business rates was due to additional reliefs awarded in relation to Covid-19, the Council has been awarded government section 31 grant to offset it's share of the relief awarded The section 31 grant for additional business rate relief is carried forward in reserves to offset the Council's repayment of the 2021/22 deficit to the Collection Fund in 2022/23. The balance is distributed to the billing Authority (Rotherham MBC), South Yorkshire Police and Crime Commissioner and South Yorkshire Fire and Civil Defence Authority as follows:

2020/21 Council Tax £000	2020/21 NNDR £000	2020/21 Total £000		2021/22 Council Tax £000	2021/22 NNDR £000	2021/22 Total £000
2,939	(16,648)	(13,709)	Billing Authority – Rotherham MBC	4,104	(3,463)	641
0	(16,989)	(16,989)	Central Government	0	(3,535)	(3,535)
			Major Precepting Authorities:			
251	0	251	- South Yorkshire Police and Crime Commissioner	297	0	297
95	(340)	(245)	- South Yorkshire Fire and Civil Defence Authority	105	(71)	34
3,285	(33,977)	(30,692)	Total	4,506	(7,069)	(2,563)

Covid-19 Due to current uncertainty with respect to the progress of the Covid-19 pandemic and national recovery and in light of the proposed government measures being developed in relation to the Collection Fund, it is not considered that the 2021/22 year-end Fund balance is currently materially impaired by the impact of the emergency. The position is being monitored closely during 2022.

Note 5 Parish Precepts

Precept demands are issued by the parishes on the Council as Billing Authority. In turn the Council issues a precept on the Collection Fund for the year inclusive of the parish precepts payable. The payment of the parish precepts appears as a charge in the Comprehensive Income and Expenditure Account (see Note 4 Other Operating Expenditure).

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GLOSSARY

This listing will help Members and other readers to understand the terminology used within the Statement of Accounts.

ACCOUNTING PERIOD

The period of time covered by the accounts, normally a period of twelve months commencing on 1 April. The end of the accounting period is the Balance Sheet date.

ACCRUALS

Sums included in the final accounts to recognise revenue and capital income and expenditure earned or incurred in the financial year, but for which actual payment had not been received or made as at 31 March.

ADDED YEARS

A discretionary award increasing the value of pensions for retiring employees aged 50 or over subject to specific conditions. Employers' must exercise this discretion in accordance with the national regulations.

ASSET

An asset is a resource controlled by the Council as a result of past events from which future economic benefits or service potential is expected to flow to the Council.

- A current asset is an amount which is expected to be realised within 12 months.
- A non-current asset is an amount which is expected to be realised after more than 12 months.

AUDIT OF ACCOUNTS

An independent examination of the Council's financial affairs.

BALANCE SHEET

A statement of the recorded assets, liabilities and other balances at the end of the accounting period.

BORROWING

Funding of capital investment by the use of loans from the Public Works Loans Board, other Local Authorities, banks or other lenders. Borrowing for which no financial support is provided by Central Government. The financing costs of which are met from the current revenue budgets.

BUDGET

The forecast of net revenue and capital expenditure over the accounting period.

CAPITAL ADJUSTMENT ACCOUNT

An account maintained to provide a balancing mechanism between the different rates at which assets are depreciated and are financed through the capital controls system.

CAPITAL CHARGE

A charge made to service revenue accounts to reflect the cost of Non-Current Assets used in the provision of services.

CAPITAL EXPENDITURE

Expenditure on the acquisition of a fixed asset, which will be used in providing services beyond the current accounting period, or expenditure which adds to and not merely maintains the value of an existing fixed asset.

CAPITAL FINANCING

Funds generated to pay for capital expenditure. There are various methods of financing capital expenditure including borrowing, leasing, direct revenue financing, usable capital receipts, capital grants, capital contributions, revenue reserves and earmarked reserves.

CAPITAL PROGRAMME

The capital schemes the Council intends to carry out over a specific period of time.

CAPITAL RECEIPT

The proceeds from the sale of capital assets which, subject to various limitations (e.g. Pooling Arrangements introduced in the Local Government Act 2003) can be used to finance capital expenditure, invested, or to repay outstanding debt on assets originally financed through borrowing. However under the Statutory Guidance on the Flexible Use of Capital Receipts, General Fund receipts received since 1 April 2016 can be used to fund revenue transformational costs.

CIPFA

The Chartered Institute of Public Finance and Accountancy

COLLECTION FUND

A separate fund that records the income and expenditure relating to Council Tax and non-domestic rates.

COMMUNITY ASSETS

Assets that the Council intends to hold in perpetuity, that have no determinable useful life and that may have restrictions on their disposal. Examples of community assets are parks and historical buildings.

CONSISTENCY

The concept that the accounting treatment of like items within an accounting period and from one period to the next are the same.

CONTINGENT ASSET

A contingent asset is a possible asset arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the Council's control.

CONTINGENT LIABILITY

A contingent liability is either:

- A possible obligation arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the Council's control; or
- A present obligation arising from past events where it is not probable that a transfer of economic benefits will be required, or the amount of the obligation cannot be measured with sufficient reliability.

COUNCIL TAX

A banded property tax that is levied on domestic properties. The banding is based on assessed property values at 1 April 1991.

CREDITOR

Amount owed by the Council for work done, goods received or services rendered within the accounting period, but for which payment has not been made by the end of that accounting period.

CURRENT SERVICE COST (PENSIONS)

The increase in the present value of a defined benefits pension scheme's liabilities, expected to arise from employee service in the current period.

DEBTOR

Amount owed to the Council for works done, goods received or services rendered within the accounting period, but for which payment has not been received by the end of that accounting period.

DEFINED BENEFIT PENSION SCHEME

Pension schemes in which the benefits received by the participants are independent of the contributions paid and are not directly related to the investments of the scheme.

DEPRECIATION

The measure of the cost of wearing out, consumption or other reduction in the useful economic life of the Council's Non-Current Assets during the accounting period, whether from use, the passage of time or obsolescence through technical or other changes.

DISCRETIONARY BENEFITS (PENSIONS)

Retirement benefits, which the employer has no legal, contractual or constructive obligation to award and are awarded under the Council's discretionary powers such as the Local Government (Discretionary Payments) Regulations 1996.

DEDICATED SCHOOLS GRANT (DSG)

The Dedicated School Grant (DSG) is a ring fenced grant for the support of the Schools Budget, paid by the Department for Education and Skills (DfES) to the Local Council; it replaces the Schools Formula Spending Share (FSS).

EARMARKED RESERVE

A sum set aside in a reserve for a specific purpose.

EQUITY

The Council's value of total assets less total liabilities.

EVENTS AFTER THE BALANCE SHEET DATE

Events after the Balance Sheet date are those events, favourable or unfavourable, that occur between the Balance Sheet date and the date when the audited Statement of Accounts is authorised for issue.

EXCEPTIONAL ITEMS

Material items which derive from events or transactions that fall within the ordinary activities of the Council and which need to be disclosed separately by virtue of their size or incidence to give fair presentation of the accounts.

FAIR VALUE

The fair value of an asset is the price at which it could be exchanged in an arm's length transaction less, where applicable, any grants receivable towards the purchase or use of the asset.

FEES AND CHARGES

Income arising from the provision of services e.g. the use of leisure facilities.

FINANCIAL INSTRUMENTS ADJUSTMENT ACCOUNT

This reserve was created under the SORP 2007 to hold the accumulated difference between the financing costs included in the Income and Expenditure Account and the accumulated financing costs required in accordance with Regulations to be charged to the General Fund Balance.

FINANCE LEASE

A lease that transfers substantially all of the risks and rewards of ownership of a fixed asset to the lessee.

GENERAL FUND SERVICES

Comprises all services provided by the Council with the exception of services relating to the provision of local Council housing – which are accounted for in the Housing Revenue Account. The net cost of General Fund services is met by council tax, Government Grants and Business Rates.

GOING CONCERN

The concept that the Statement of Accounts is prepared on the assumption that the Council will continue in operational existence for the foreseeable future.

GOVERNMENT GRANTS

Grants made by the government towards either revenue or capital expenditure in return for past or future compliance with certain conditions relating to the activities of the Council. These grants may be specific to a particular scheme or may support the revenue spend of the Council in general.

HERITAGE ASSETS

Heritage assets are those assets that are intended to be preserved in trust for future generations because of their cultural, environmental or historical associations.

HOUSING BENEFITS

A system of financial assistance to individuals towards certain housing costs administered by authorities and subsidised by central government.

HOUSING REVENUE ACCOUNT (HRA)

A separate account to the General Fund, which includes the income and expenditure arising from the provision of housing accommodation by the Council.

IMPAIRMENT

A reduction in the value of a fixed asset to below its carrying amount on the Balance Sheet.

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT (CIES)

The revenue account of the Council that reports the net cost for the year of the functions for which it is responsible and demonstrates how that cost has been financed from precepts, grants and other income.

INFRASTRUCTURE ASSETS

Non-Current Assets belonging to the Council that cannot be transferred or sold, on which expenditure is only recoverable by the continued use of the asset created. Examples are; highways, footpaths and bridges.

INVENTORIES

Items of raw materials and stores a Council has procured and holds in expectation of future use. Examples are; consumable stores, raw materials and products and services in intermediate stages of completion.

INTANGIBLE ASSETS

An intangible (non-physical) item may be defined as an asset when access to the future economic benefits it represents is controlled by the reporting entity. This Council's intangible assets comprise computer software licences.

NET INTEREST EXPENSE (PENSIONS)

For a defined benefit scheme, the expected increase during the period in the present value of the scheme liabilities because the benefits are one period closer to settlement less interest income earned on plan assets.

INVESTMENTS

A long-term investment is an investment that is intended to be held for use on a continuing basis in the activities of the Council. Investments should be so classified only where an intention to hold the investments for the long term can clearly be demonstrated or where there are restrictions as to the investor's ability to dispose of the investment.

INVESTMENTS (PENSION FUND)

The investments of the Pension Fund will be accounted for in the statements of that Fund. However, authorities are also required to disclose, as part of the disclosure requirements relating to retirement benefits, the attributable share of the pension scheme assets associated with their underlying obligations.

LIABILITY

A liability is a present obligation arising from a past event, the settlement of which is expected to result in an outflow of resources.

A liability is where the Council owes payment to an individual or another organisation.

- A current liability is an amount which is expected to be settled within 12 months.
- A non-current liability is an amount which is expected to be settled after more than 12 months.

LIQUID RESOURCES

Current asset investments that are readily disposable by the Council without disrupting its business and are either:

- Readily convertible to known amounts of cash at or close to the carrying amount; or
- Traded in an active market.

LONG-TERM CONTRACT

A contract entered into for the design, manufacture or construction of a single substantial asset or the provision of a service (or a combination of assets or services which together constitute a single project), where the time taken to substantially complete the contract is such that the contract activity falls into more than one accounting period.

MATERIALITY

The concept that the Statement of Accounts should include all amounts which, if omitted, or mis-stated, could be expected to lead to a distortion of the financial statements and ultimately mislead a user of the accounts.

MAJOR REPAIRS RESERVE

The Council is required by regulation to establish a Major Repairs Reserve. The main credit to the account comprises the total depreciation charge for all Housing Revenue Account assets. Capital expenditure is then funded from the reserve without being charged to the Housing Revenue Account.

MINIMUM REVENUE PROVISION (MRP)

Prudent provision (MRP) is made annually for the repayment of debt relating to capital expenditure financed by borrowing or credit arrangements. The amount charged is determined having regard to the relevant statutory requirements and related guidance on MRP issued by MHCLG.

NET BOOK VALUE

The amount at which property, plant and equipment are included in the Balance Sheet, i.e. their historical costs or current value less the cumulative amounts provided for depreciation.

NET DEBT

The Council's borrowings less cash and liquid resources.

NET EXPENDITURE

Gross expenditure less specific grants and income for charging for services.

NET REALISABLE VALUE

The open market value of an asset in its existing use less any expenses incurred in realising the asset.

NON-DISTRIBUTED COSTS

These are overheads for which no user directly benefits and as such are not apportioned to services

NATIONAL NON-DOMESTIC RATES (NNDR)

The National Non-Domestic Rate is a levy on businesses, based on a national rate in the pound set by the government and multiplied by the assessed rateable value of the premises they occupy. It is collected by the Council on behalf of the Council, Central Government, and South Yorkshire Fire and Rescue with surplus and deficits in the Collection Fund being shared in the ratio specified by Business Rates Retention Regulations.

OPERATING LEASE

A lease where the ownership of the fixed asset remains with the lessor.

PAST SERVICE COST (PENSIONS)

For a defined benefit pension scheme, the increase in the present value of the scheme liabilities related to employee service in prior periods arising in the current period as a result of the introduction of, or improvement to retirement benefits.

PENSION SCHEME LIABILITIES

The liabilities of a defined benefit pension scheme for outgoings due after the valuation date. Scheme liabilities measured during the projected unit method reflect valuation date.

PRECEPT

The levy made by precepting authorities by billing authorities, requiring the latter to collect income from Council Tax on their behalf.

PRIOR YEAR ADJUSTMENT

Material adjustments applicable to previous years arising from changes in accounting policies or from the correction of fundamental errors. This does not include normal recurring corrections or adjustments of accounting estimates made in prior years.

PRIVATE FINANCE INITIATIVE (PFI)

A contract in which the private sector is responsible for supplying services that traditionally have been provided by the Council. The Council will pay for the provision of this service, which is often linked to availability, performance and levels of usage.

PROPERTY, PLANT AND EQUIPMENT

Tangible assets used by the Council in the provision of services that yield benefits to the Council for a period of more than one year.

PROVISION

An amount put aside in the accounts for future liabilities or losses which are certain or very likely to occur but the amounts or dates of when they will arise are uncertain.

PRUDENCE

Requires that revenue is not anticipated until realisation can be assessed with reasonable certainty. Provision is made for all known liabilities whether the amount is certain or can only be estimated in light of the information available.

PRUDENTIAL CODE

Under the prudential framework, local authorities make their own decisions how much and what capital investment to undertake, based on their judgement on affordability, prudence and strategic objectives. In making their decisions, local authorities are required to take account of the CIPFA Prudential Code.

PWLB

The Public Works Loan Board (PWLB) is a statutory body operating within the United Kingdom Debt Management Office, an Executive Agency of HM Treasury

RATEABLE VALUE

The annual assumed rental of a hereditament, which is used for NNDR purposes.

RELATED PARTIES

There is a detailed definition of related parties in IAS24. For the Council's purposes related parties are deemed to include the Council's members, the Chief Executive, its Directors and their close family and household members.

RELATED PARTY TRANSACTIONS

The Code of Practice on Local Authority Accounting requires the disclosure of any material transactions between the Council and related parties to ensure that stakeholders are aware when these transactions occur and the amount and implications of such.

RE-MEASUREMENTS

For a defined benefit pension scheme, the re-measurements comprise:

- (a) Changes in actuarial surpluses or deficits that arise because:
 - Events have not coincided with the actuarial assumptions made for the last valuation (experience gains and losses); or
 - The actuarial assumptions have changed

- (b) Return on plan assets excluding interest income which forms part of the pensions net interest expense

All sums paid to or receivable by an employee and sums due by way of expenses allowances (as far as those sums are chargeable to UK income tax) and the money value of any other benefits. Received other than in cash. Pension contributions payable by the employer are excluded.

RESERVES

The accumulation of surpluses, deficits and appropriations over past years. Reserves of a revenue nature are available and can be spent or earmarked at the discretion of the Council. Some capital reserves such as the fixed asset restatement account cannot be used to meet current expenditure.

RESIDUAL VALUE

The net realisable value of an asset at the end of its useful life.

RETIREMENT BENEFITS

All forms of consideration given by an employer in exchange for services rendered by employees that are payable after the completion of employment.

REVALUATION RESERVE

Records unrealised revaluation gains arising (since 1 April 2007) from holding Non-Current Assets.

REVENUE EXPENDITURE

The day-to-day expenses of providing services.

REVENUE EXPENDITURE FUNDED FROM CAPITAL UNDER STATUTE

Legislation allows some items to be funded from capital resources that under IFRS and normal accounting practice would be charged to Surplus or Deficit on Provision of Services.

REVENUE SUPPORT GRANT

A grant paid by Central Government to authorities, contributing towards the general cost of their services.

TEMPORARY BORROWING

Money borrowed for a period of less than one year.

TRUST FUNDS

Funds administered by the Council for such purposes as prizes, charities, specific projects and on behalf of minors.

USEFUL ECONOMIC LIFE (UEL)

The period over which the Council will derive benefits from the use of a fixed asset.

WORK IN PROGRESS (WIP)

The cost of work performed on an uncompleted project at the end of the financial year.

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Email: central.finance@rotherham.gov.uk

“If you or someone you know needs help to understand or read this document, please contact us”:

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✉: central.finance@rotherham.gov.uk

Slovak

Ak vy alebo niekto koho poznáte potrebuje pomoc pri pochopení alebo čítaní tohto dokumentu, prosím kontaktujte nás na vyššie uvedenom čísle alebo nám pošlite e-mail.

Kurdish Sorani

دی سۆرانی

هەر تۆ یان کەسێک کە تۆ دەیناسی پێویستی بەیارمەتی هەبێت بۆ ئەوەی لەم بەنگەنامە یە تێبگات یان بیخوینیتەو، یە پەيوەندیمان پێوہ بکە لەسەر ئەو ژمارەییە سەرەوہدا یان بەو ئیمەیلە.

Arabic

بني

كُنْتِ انتِ أَوِاي شَخْصٍ تَعْرِفُهُ بِحَاجَةٍ إِلَى مَسَاعِدَةٍ لِفَهْمِ أَوْقِرَاءَةِ هَذِهِ الْوَتِيقَةِ، الرَّجَاءُ الْإِتِّصَالَ عَلَى الرَّقْمِ أَعْلَاهُ، أَوْ سَلْتَنَا عِبْرَ الْبَرِيدِ الْإِلِكْتُرُونِيِّ

Urdu

و.

آپ یا آپ کے جاننے والے کسی شخص کو اس دستاویز کو سمجھنے یا پڑھنے کیلئے مدد کی ضرورت ہے تو سے مہربانی مندرجہ بالا نمبر پر ہم سے رابطہ کریں یا ہمیں ای میل کریں۔

Farsi

رسی

جناب عالی یا شخص دیگری که شما اورا می شناسید برای خواندن یا فهمیدن این مدارک نیاز به کمک دارد لطفاً با وسیله شماره بالا یا ایمیل تماس حاصل فرمایید.



ROTHERHAM MBC

NARRATIVE REPORT 2021/22

Narrative Report 2021/22

Background

The Accounts and Audit (England) Regulations 2015 introduced requirements for local authorities to produce and publish a narrative report in respect of each financial year and comment on its financial performance and economy, efficiency and effectiveness in its use of resources over the financial year. The narrative report, which replaces the explanatory foreword in the Statement of Accounts, needs to be published along with the financial statements/Statement of Accounts and the Annual Governance Statement, and has to be prepared in accordance with the CIPFA Code of Practice on Local Authority Accounting. This requires that there should be a narrative report to accompany the financial statements and that this should be based on the information contained in the annual Statement of Accounts.

Introduction

This Narrative Report summarises what Rotherham Metropolitan Borough Council (RMBC) spent in 2021/22, how it was spent and what has been achieved in line with the Council's priorities and specific improvement agenda. It provides a narrative context to the accounts by presenting a clear and simple summary of the Council's financial position and performance for the year and its prospects for future years.

The Narrative Report has been produced by the Council to better inform residents about how and where money is spent by the Council in the context of its work towards strengthening its governance arrangements, improving the value for money of the services it provides and how it demonstrates leadership for local communities.

The Narrative Report sets out the Council's behaviours, values and standards for how it will conduct itself and sets out some of the key governance, operational and financial challenges it continues to face and seeks to address in order to ensure it can operate in an open, accessible and transparent way.

Covid-19

Following the impact of Covid-19 on all council functions it was clear that the production of the statement of accounts in line with traditional deadlines was not feasible and as such Government announced that the revised deadline for production of unaudited accounts would be pushed back to 31st July 2022, with final audited accounts initially due for publication by 30th September 2022, then being pushed back to 30th November 2022. The statement of accounts covers the Council's remaining views on the concerns around the potential financial impact of Covid-19, however, what is clear at the time of producing the accounts is that the ultimate medium to long term implications of the recovery from Covid-19 remain unclear.

Throughout 2021/22 the Council has incurred significant additional costs in its efforts to manage and mitigate the impact of Covid-19, these financial pressures cut across three main themes - additional costs incurred due to the pandemic; lost sales, fees and charges income as a result of closed services; and delayed delivery of planned savings. The Council

has been able to mitigate these pressures through the use of Government's provision of emergency funding (Government's provision of £13.6m emergency support for Covid-19 pressures and Sales, Fees and Charges Income Compensation Claims of £0.4m). These grants have been used to fund new and additional costs that the Council has incurred in its response to Covid-19. These resources have also been used to fund budgeted costs where teams had been diverted away from their normal role to carry out a Covid specific role. Whilst Government have provided specific targeted funding to support many of these financial pressures, the direct financial impact to the Council of Covid-19, during 2021/22 was in excess of the funding provided.

Looking forward to 2022/23, at the point of production of this report, the Council's most recent financial monitoring report (presented to Cabinet 11 July 2022) indicated an overspend for the 2022/23 financial year of £7.7m. Whilst the core directorates services have a forecast year-end overspend of £6.7m on the General Fund, there is also £1m of estimated unbudgeted cost resulting from the wider financial impact of the war in Ukraine, inflation and energy price increases.

Whilst the energy price rises and inflation will impact the Council's costs in the provision of services there will be some mitigation in future years by increased core funding as business rates income is indexed to the rate of inflation. It is currently expected that the period of high inflation will last for around two years before returning to a more normal level but the cost increase being experienced will raise the base cost of services on which future inflation is applied meaning a compounding impact. As such the Council will face short term financial pressures that will need to be managed and mitigated through the Medium Term Financial Strategy and the Council's reserves.

The £1m for unbudgeted cost pressures currently estimated reflects that the Council's Medium Term Financial Strategy did have reasonable cover for inflationary impacts but that the current rises are far above what the Council could have anticipated. Crucially, the Council's current forecast does not assume an increase in pay award above the position built into the Council's Budget for 2022/23. The Council's Medium Term Financial Strategy does have an assumed budget for pay award, however, this is perhaps the most unpredictable area of increased costs for 2022/23, with the Council unable to predict with accuracy what any national public sector pay award may look like. As such, pay award assumptions are left at budgeted position. The estimated cost to the Council per 1% pay award is £1.25m.

About Rotherham

Rotherham Metropolitan Borough covers 110 square miles, featuring a wide range of urban, suburban and rural environments with 70% being open countryside. One of four South Yorkshire districts, Rotherham is centrally placed within the Sheffield City Region. There is a steadily growing population which reached a record total of 265,000 in 2020. This is as a result of a natural increase (more births than deaths pre pandemic), net inward migration and increased life expectancy. Rotherham has 161,200 people of working age (60.8%), which is slightly lower than the English average.

Rotherham has a proud industrial heritage based on coal and steel but these have declined over recent decades and the Borough has undergone a transition to a more modern economy.

Rotherham offers a good quality of life, however the cost of living and house prices are increasing. Despite this house prices remain relatively low in Rotherham when compared nationally, there are also affordable housing options available, such as shared ownership, to support first time buyers to settle here. The Council pays employed staff the real living wage and is accredited by the Living Wage Foundation. Rotherham people are very proud of their local parks and country parks, particularly Clifton Park which has received national awards. 89% of respondents who took part in the Council Plan consultation considered their local parks and green spaces to be very important, particularly for their health and wellbeing.

There are numerous visitor attractions, notably the stately home of Wentworth Woodhouse which is now being restored. The Magna Science Adventure Centre is a well-established visitor attraction and Gulliver's Valley, a major family resort in the south of the borough, opened in 2020.

Rotherham has excellent transport links to the rest of the country with easy access to the M1 & M18 motorways, a rail network (including four stations within the Borough) and bus services. There are five airports within 50 miles, including Robin Hood airport which is less than 20 miles away. Rotherham offers a good quality of life combined with a comparatively low cost of living.

The legacy of previous industrial decline continues to cause issues across Rotherham, which the Council continues to prioritise. Rotherham is ranked the 50th most deprived district in England, mainly as a result of: poor health, recorded crime, worklessness and low levels of adult qualifications (this is despite positive performance in terms of attainment in Rotherham's schools).

Despite the challenges, the Council is making progress with major regeneration schemes and projects. This includes Forge Island, the town centre housing programme, and Future High Streets Fund. £31.6m has been secured from the Towns Fund to carry out ambitious regeneration projects across the town centre, Eastwood and Templeborough and two Levelling Up Fund bids have been approved, securing £39.41m to enhance the town centre regeneration programme and deliver a range of initiatives across the borough to boost the leisure industry, including the creation of a skills village at Gulliver's Valley resort. It will be vital for the Council to continue to use its social value policy to ensure opportunities for local people, particularly those hardest hit, are maximised as part of these and other significant local investments.

Governance

Cabinet approved on 21 September 2020, the Council's Year Ahead Plan. The purpose of the report was to support residents and businesses in these uncertain times, helping them to build resilience and adapt. The plan would effectively act as the Council Plan for operating within and recovering from the Covid-19 pandemic. An extension to the plan, featuring the same themes and outcomes, was agreed on 21 June 2021 and has been in place until the new Council Plan came into effect from January 2022 onwards.

The following arrangements were put in place to oversee the Year Ahead Plan:

- Executive group – it was proposed that Cabinet would act as the executive group, with strategic oversight of direction of travel and recovery priorities.
- Tactical management group – the tactical group made up of relevant council officers continued even after services resumed, overseeing business continuity and recovery.
- Year Ahead Plan theme groups – cross-directorate groups lead on the delivery of each theme. Facilitated by ACEX team, the aim was to utilise existing groups where possible (e.g. economic recovery cell, humanitarian cell), adapting these as required.

Vision and Priorities

In recognition that Covid-19 has had a fundamental effect on the way the Council works and will continue to affect how the Council operates in the short, medium and long term, the Council Plan was replaced by a Year Ahead Plan during 2020. This stated that the impact of the pandemic will continue to be felt across the borough for a long time, affecting the economy, the community and daily life. It captured the key actions through to December 2022 and provided a basis for the development of a longer-term plan for the borough.

The key aims of the Year Ahead Plan were to:

- Continue to work with our residents and stakeholders, supporting them and adapting with them to meet current needs in light of the pandemic
- Continue to manage the ongoing effects of the pandemic, including the local outbreak control plan
- Continue to drive our ambitious plans for the borough wherever possible
- Continue to develop and embed new ways of working

The new Council Plan came into effect from January 2022 onwards, **The Council Plan** expressed our vision as:

“Rotherham is our home, where we come together as a community, where we seek to draw on our proud history to build a future we can all share.

We value decency and dignity and seek to build a town where opportunity is extended to everyone, where people can grow, flourish and prosper, and where no one is left behind.

To achieve this as a council we must work in a modern, efficient way, to deliver sustainable services in partnership with our local neighbourhoods, looking outwards, yet focussed relentlessly on the needs of our residents.”

Four guiding principles run through the plan, informing our way of working and helping us to achieve better outcomes.

Expanding opportunities for all. As we open up new opportunities we will target the most help at those who need it, so no one is left behind

Recognising and building on our strengths to make positive change. This will involve making the best use of local assets, including buildings, parks and public spaces, as well as harnessing the knowledge and skills of community groups and local residents.

Working with our communities. To achieve the best outcomes for local people, we recognise the importance of putting them at the heart of everything we do. That means involving local residents in the things that matter to them and making sure we design our services based on input from those who use them.

Focussing on prevention. We know that prevention is better than cure in achieving positive outcomes for our residents. For this reason, we will focus on reducing the risk of problems arising in the first place, and when they do, we will intervene early to prevent them from worsening.

The plan is framed around five themes:

- Every neighbourhood thriving
- People are safe, healthy, and live well
- Every child able to fulfil their potential
- Expanding economic opportunity
- A cleaner, greener local environment.

These five themes are underpinned by a cross-cutting strand - 'One Council' - which sets out how the Council will operate to achieve the vision.

This is underpinned by a corporate commitment to provide value for money, customer-focused services, make the best use of the resources available to us, be outward looking and work effectively with partners; as part of demonstrating that RMBC is 'a modern, efficient council' in line with the above vision.

Delivering the vision and priorities

Despite the impact of the pandemic, the Council remains committed to protecting the most vulnerable children and adults and to delivering improved value for money but has to ensure that social care services are delivered within the financial envelope set within its budget. The provision of additional resources as part of the Financial Settlement for 2022/23 and the proposed Council Tax and Adult Social Care Precept increase provides cover for some of the additional costs of adult social care. However, this level of additional funding still falls well short of the national social care funding gaps as calculated by the Local Government Association. There is still therefore, the need for the Council to transform the delivery of social care services in order to maintain effective service provision within the available funding.

The financial context within which the priorities of the Council Plan are to be delivered needs to recognise the austerity measures introduced by the Government in 2010 and the impact of the 10 years of significant reductions in Government funding that followed. Over this timescale and in response to the funding cuts, the Council had to make savings in excess of £200m. A key priority within the Council Plan, in common with councils across the country, is the delivery of effective social care services, within a sustainable cost envelope and recognising the demand and market factors currently impacting these services.

The Council's focus is on delivering its priorities whilst also meeting agreed budget savings. This is set against the additional financial pressures of the National Living Wage, inflation and increasing demand for services due to a growing population and changing demographics in Rotherham.

The Council's Medium Term Financial Strategy submitted to Cabinet in December 2021 provides a four-year outlook of the Council's anticipated resources and budget requirement and sets out the Council's approach to delivering a sustainable budget position up to 2025/26.

The Council is also focusing on its leadership role across the borough and particularly where it can have greater influence.

Partnership working is recognised across all services as being essential to the future of the borough; combining knowledge, ideas, expertise and resources to deliver tangible improvements, deliver efficiencies and economies of scale, and helping to strengthen our communities.

All directorates will continue to work together over the next three years to achieve these commitments.

Working in partnership

The Council is one of a number of organisations - including major public bodies (such as: the Police, Health Agencies, education and the Fire and Rescue service), local businesses and the voluntary and community sector - working together as "The Rotherham Together Partnership" to deliver improvements for local people and communities by combining their knowhow and resources.

The Partnership works within the framework of the Rotherham Plan 2025: a new perspective, which sets out a framework for its collective efforts to create a Borough that is better for everyone who wants to live, work, invest or visit here. It sets out some of the big projects, or "game changers", that partners will be focusing on until 2025:

- **Building strong communities** where everyone feels connected and able to actively participate, benefitting them and their communities:
- **Raising skills levels and increasing employment** opportunities, removing the barriers to good quality, sustainable employment for local people:
- **Integrating health and social care** to deliver joined up services for our residents that are easy to access:
- Building on the assets that make Rotherham **a place to be proud of: and**
- Creating a vibrant **town centre** where people want to visit, shop and socialise.

Rotherham's Plan 2025 forms part of a bigger picture which includes a number of partnership boards and less formal bodies that are developing plans and delivering activity in the Borough.

The Council's Performance Management Framework and Service Plans

The Year Ahead Delivery Plan sets out the key actions required to help the Council achieve the outcomes and commitments in the plan.

Quarterly reports were produced to track progress and reported to Cabinet. The reports included progress on the Year Ahead Delivery Plan activities, performance against key measures which are critical to the success of the plan, and a range of case studies.

Each year, Directorates produce service plans which will demonstrate how they contribute to the delivery of the Year Ahead Delivery Plan / Council Plan and outline wider priorities and responsibilities, which in turn will inform team plans and individual performance and development reviews.

The Quarterly Progress Reports to Cabinet include a high-level overview overall and by theme including: achievements and challenges; Year Ahead Delivery Plan trackers and performance scorecards.

Performance Scorecards provide an analysis of the Council's performance against each of the performance measures with each given equal priority. Performance/progress will continue to be kept under review within Directorates and reported publicly quarterly, in order to ensure that the Council's direction of travel remains positive.

Some of the Council's key achievements against the Year Ahead Plan in 2021/22 were:

Note these are set against the Year Ahead Plan themes as they are retrospective rather than the forward looking themes within the new Council Plan.

Thriving Neighbourhoods

The Council and local partner organisations remain focused on providing wide-ranging support for vulnerable residents. The Pathways to Success programme has helped 211 local residents to find work, with a further 95 completing accredited training to improve their skills. 599 participants have started on the programme against a target of 469 and it has been extended to December 2023. Rotherham Federation won an award for excellence in community action in October and have secured funding to extend and expand their befriending service.

To further develop local partnership activity around food crisis, a food sustainability development officer has been appointed and began work in January 2022. The post holder will develop a grants fund to aid the establishment of social supermarkets, working with voluntary and community sector partners to provide holistic support to local residents.

As well as the activity above, achievements across the Thriving Neighbourhoods theme for the duration of the Year Ahead Plan include:

- Covid local support grant utilised to provide food vouchers and other support during school holidays, helping more than 10,000 children across the borough.

- The Council has almost doubled its annual domestic abuse budget and is recommissioning services, setting aside five additional council homes for families leaving abusive relationships and increasing the number of refuge spaces.
- New lighting and CCTV installed in Clifton Park as part of an initiative to make women and girls feel safer in public spaces. Reclaim the Night event returned in November 2021 to stand against violence towards women and girls.
- Library strategy approved along with capital funding to refurbish neighbourhood libraries and, in some areas, relocate or co-locate libraries to make them more accessible and increase community involvement. Wath library was refurbished and reopened in August 2021.
- Targeted community clean-up days implemented from February 2021
- New £126,000 multi-use games area opened in Greasbrough in May 2021.

Better health and wellbeing

The weekly target of an 89% completion rate for contact tracing for all cases in Rotherham has been consistently met, despite rising case numbers since the implementation of Local 0 on 29 March 2021. The Local 0 approach saw the Council take responsibility for cases from the national NHS Track and Trace system. This has enabled quicker follow up of cases and the ability to also offer guidance and support around self-isolation and to offer a wider welfare check with the opportunity to make links to the support available through the Rotherham Community Hub.

Engagement work continued to take place within high-risk places, including targeted work in town centre neighbourhoods, ethnic minority communities and amongst the working age population. This included regular liaison with local community organisations and targeted messaging in relation to the reduction of transmission risk and in support of the vaccination programme.

The Council continued to work with health partners to manage the flow of people with social care needs in and out of the hospital. The Improved Better Care Fund has been utilised to support effective flow. This includes initiatives such as additional transport capacity at peak times of discharge, extending the community bed base at Lord Hardy Court (RMBC) to meet winter pressures for short stay, and developing a community hub across health and social care to discuss complex patients and support both flow from acute and hospital avoidance.

Work is ongoing to enable active travel and improve air quality in Rotherham. Public consultation on the draft cycling strategy has been completed. Further work to improve air quality is ongoing, including actions to start construction for Wortley Road Weight Restriction TRO (Traffic Regulation Order) and to start construction for Rawmarsh Hill bus priority and routing changes.

Since the start of the plan, key achievements across this theme have included:

- The Community Testing programme was delivered, initially by offering supervised lateral flow testing at Riverside House café and satellite sites, which was then replaced by the supervised offer by embracing the Community Collect model of home testing kits. This was rolled out across library, leisure and customer service points within the borough, whilst working with partners to identify other external distribution outlets to target unvaccinated people or those at higher risk of contracting Covid-19.
- A targeted prevention and promotion funding bid to Public Health England was successful and the funding is now used to implement a novel 'Team Around the School' model to support pupils and their families with their mental health and wellbeing (see case study attached).
- The use of the catch-up premium, any educational recovery opportunities, holidays activity and food, and summer school activity has been promoted. A range of holiday activities and summer school activities focused on year 6 to year 7 transition were in place across the 2021 summer break. Through the Rotherham Healthy Holidays programme, children who are eligible for benefits-related free school meals were offered the opportunity to attend free holiday club activities, which include receiving a high quality, nutritious meal.
- The next home (Quarry House) as part of the delivery of the residential strategy has been opened and registered, and children transitioned to it in December 2021.
- A 'Beat the Street' summer programme was delivered, comprising activities delivered by the Council and partners to encourage people to continue getting out and about during summer holidays. Once the summer events were completed, a schools competition continued with pupils devising a poster to reflect sustainable travel and the promotion of the environment as key messages.

Economic recovery

Support to local businesses affected by the pandemic continued. The Local Restrictions Support Grant and the Restart Grant schemes are now closed, having provided over 1,700 Rotherham-based businesses with financial support, for a total value of £30.3 million. Further support has been provided via South Yorkshire Mayoral Combined Authority, through the Additional Restrictions Grant, with over 2,000 businesses supported for a total grant value of £8.7 million. These grants are in addition to the business grant support provided during the first national lockdown, meaning a total grant value of £86.9 million has been awarded to over 5,000 local businesses since the start of the pandemic. This includes the Omicron Hospitality and Leisure Grant, providing one-off cash payments to businesses in these sectors where they are business rates payers and a top up allocation of Additional Restrictions Grant (ARG) to be managed through the South Yorkshire Mayoral Combined Authority.

In January 2021, the Council launched a local scheme offering financial assistance to people who fell outside the national criteria for self-isolation support payments. The intention was that anyone who needed to self-isolate and who would otherwise lose income as a result, was entitled to cash support. As at 31st March 2022, payments have been made on the local scheme to 1,525 claimants at a cost of £0.4m, whilst payments for the government main scheme have been made to 2,886 claimants at a cost of £1.4m, and the Governments discretionary scheme at a cost of £0.5m for 990 claimants.

To provide further support to the most financially vulnerable residents, the Council provided a Local Council Tax Support Top Up scheme during 2021/22 funded by Governments Household Support Grant. This scheme provided up to a £100 top up for all working age LCTS recipients up to and including those that became eligible through to the 31st April 2022. 16,730 applicants benefited from the scheme with 8,135 of those having their Council Tax bill reduced to nil.

On the Forge Island site, demolition and site preparation works at Riverside Precinct have been completed. Elsewhere in the town centre: the College Street public realm scheme was completed in November 2021.

Three bids totalling almost £60 million were submitted to the Government's Levelling Up Fund in June last year. Two bids were approved, securing £39.41m to enhance the town centre regeneration programme and deliver a range of initiatives across the borough to boost the leisure industry, including the creation of a skills village at Gulliver's Valley resort. A further £2.93m was secured for local projects through the Community Renewal Fund.

With regard to social value, the Council is now a formally accredited Real Living Wage employer, recognising that all staff are paid a fair wage. Discussions continue on how local partners can develop joint approaches to ensure the money they spend has maximum benefit for local people and communities. This will build on the growing list of commitments already secured via the Council's social value policy.

Since the start of the plan, key achievements across this theme have included:

- £31.6 million secured from the Towns Fund to carry out ambitious regeneration projects across the town centre, Eastwood and Templeborough.
- £12.6m awarded from the Future High Streets Fund to redevelop the markets and deliver a new central library.
- Funding approved and work began on Parkway (A630) improvements.
- 44 new apartments completed at Broom Valley as part of the Rother Living development programme.
- Work has started on the upgrade of Greasbrough roundabout.

New Ways of Working

Work has continued to develop new and existing digital processes to make it easier for customers and communities to access the services they need.

New systems and processes are now in place to allow customers to choose a collection date for requesting bulky waste online, including a redesigned form to improve the customer experience. The new web form went live on 9 November 2021 and as at end December 2021 there have been 596 bookings (404 online and 192 supported access through contact centres). The new digital process has delivered a bookable slot for customers, with automated customer reminders and updates, enabled alignment with the operational zonal working model, and improved the effectiveness of back-office processes.

The new housing management system went live on 25 November 2021, bringing five existing IT systems into one integrated system. The online customer portal is also now live. The new system allows staff to deal with customer queries quicker as it provides a 360-degree view of the customer in one IT system, rather than staff reviewing multiple systems for information.

Following extensive engagement, a new Hybrid Working Policy was agreed by Staffing Committee on 22 September to enable employees to maximise performance and productivity, whilst maintaining a good work life balance.

The Council successfully applied to be a Kickstart scheme employer in early 2021 and identified 89 potential placements that would be suitable as part of this scheme. The first cohort of young people started in May 2021 and recruitment continued throughout the year. The Council is offering a range of roles, across all directorates, under the Kickstart Scheme. By 5 January 2022, 47 people had started a Kickstart role.

Since the start of the plan, key achievements across this theme have included:

- Introduced new online systems to enhance the customer experience:
 - Housing rent balance service launched, to keep in touch with tenants
 - Online garden waste collection service launched
 - Customers now able to choose a collection date when requesting a bulky waste collection online
 - Customers able to pin a location on a map when reporting an issue, such as reporting a faulty streetlight
- Pre-bookable face to face appointments now available for customers.
- New housing case management system bringing five existing IT systems into one integrated system.
- Staff have returned safely to Riverside House and new Hybrid Working Policy agreed and implemented to enable employees to maximise performance and productivity, whilst maintaining a good work life balance.
- Online videos have been used since the start of the pandemic to communicate key messages, share updates about community initiatives and provide customers with online self-help. From January - December 2021, 47 new videos were uploaded to the Council's YouTube channel for public access. Over the 12-month period these videos attracted 15,470 views. Three 'Town Centre Development' videos attracted the most interest with 5,062 views in total; Forge Island being the most popular at 2,900 views and eight Covid related videos attracted 2,578 views.
- Since September 2020, 57 wellbeing sessions have been delivered and 972 staff have attended.
- 47 Kickstart placements have been filled.

Hope and Confidence in Rotherham

'Rotherham Round-up' was launched in June 2021 to provide regular news, video and event updates from the Council and help celebrate Rotherham as a place. The distribution list is growing and is being actively promoted via various channels, such as social media and the Council website. Over 7,800 people have subscribed to the 'council news' topic, from which this newsletter is sent.

Rotherham Show took place from 3-5 September with an estimated audience of 90,000 over the three-day festival.

The Civic Theatre reopened on 3 September 2021, following a major front-of-house renovation programme to create new performance spaces, a coffee shop encouraging daytime use, new box office facilities and a refurbished bar area.

The £24m funding provided for investments in the unclassified road network to improve its condition to the national average continued at pace. The unclassified network makes up around 700km of the total highway network of 1,170km. The delivery of the repair programme is being managed and delivered by in-house teams. The Council has also invested around £900,000 to repair footways.

As part of the 3-year litter bin programme, all 110 solar bins are now in place, as follows:

- 48 in town
- 50 in townships
- 12 in selected other locations across the borough.

The larger refresh programme of all streets litter bins is taking place over a two-year period and commenced on 13 September 2021.

The programme is initially focusing on:

- Litter bins that need replacement and repair immediately
- Badly damaged but useable litter bins
- Fibre glass bins in high footfall areas across each ward
- All plastic bins.

Since the start of the plan, key achievements across this theme have included:

- 7,869 Rotherham Round-up subscribers.
- The Great Big Rotherham To Do List toolkit launched, and 44,000 copies distributed - a fun, engaging, vibrant and comical fold-out guide to remind people of the positive things they're already doing for their mental and physical wellbeing, and to inspire them to try new things.
- 90,000 attended Rotherham Show in a COVID-19 safe way over the three-day festival.
- Hope Fields COVID-19 memorial opened to the public at Thrybergh Country Park.

- Civic Theatre has undergone major front-of-house renovations.
- #GetRidReyt campaign against fly tipping launched.
- Three zonal teams were established in October 2020 and have been completing the removal of local weed growth – over 130 areas have been subject to enhanced cleansing and all cycle route schedules are complete.
- Twelve wildflower areas trialled and positive feedback received.
- 110 solar bins are now in place and to date 380 litter bins have been replaced as part of the 3-year litter bin programme.
- Strengthened enforcement action relating to fly tipping and non-payment of fixed penalty notices.
- New seven-day out of hours service launched – in 2020/21, the service actioned 2,091 requests.

Financial performance for the year

Included alongside this report is the Council's annual Statement of Accounts. The Statement of Accounts summarises the Council's financial performance during the year ended 31st March 2022 and shows its overall financial position at the end of that period. By law, all local authorities must produce a Statement of Accounts every year. They contain all the financial statements and disclosure notes required by statute and have been prepared in accordance with the Code of Practice on Local Authority Accounting for 2021/22 together with guidance notes as published by the Chartered Institute of Public Finance and Accountancy ('CIPFA').

The key sections included in the Statement of Accounts are:

- *Statement of Responsibilities*
This sets out the respective responsibilities of the Council and the Strategic Director of Finance and Customer Services.
- *Comprehensive Income and Expenditure Statement*
This account summarises the revenue costs of providing all Council services and the income and resources received in financing the expenditure.
- *Movement in Reserves Statement*
This statement shows the movement during the year of the different reserves held by the Council.
- *Balance Sheet*
The Balance Sheet includes information on the Council's non-current and current assets, short term and long term liabilities and the balances at its disposal at the reporting date.

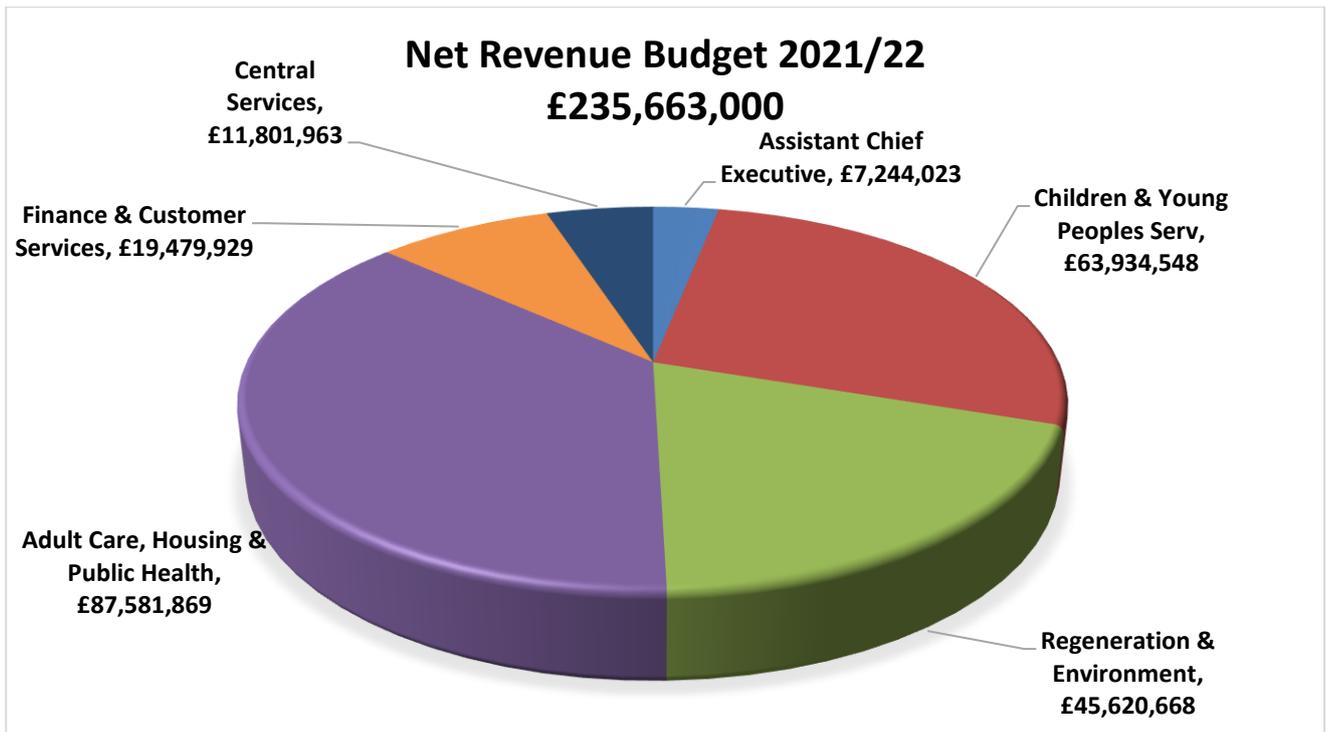
- *Cash Flow Statement*
This statement provides a summary of the flow of cash into and out of the Council for revenue and capital purposes.
- *Notes to the Core Financial Statements*
These notes expand on important points shown in the Core Statements and provide further explanation of movements and balances.
- *Housing Revenue Account (HRA)*
This account reflects the statutory obligation under the Local Government and Housing Act 1989 to show separately the financial transactions relating to the provision of local Council housing.
- *Collection Fund Statement*
This statement summarises the transactions of Rotherham as a Billing Authority in relation to National Non-Domestic Rates and Council Tax and also illustrates the way in which income has been distributed to major precepting authorities (i.e. South Yorkshire Fire and Rescue and the Police and Crime Commissioner).

Revenue & Capital Expenditure Outturns

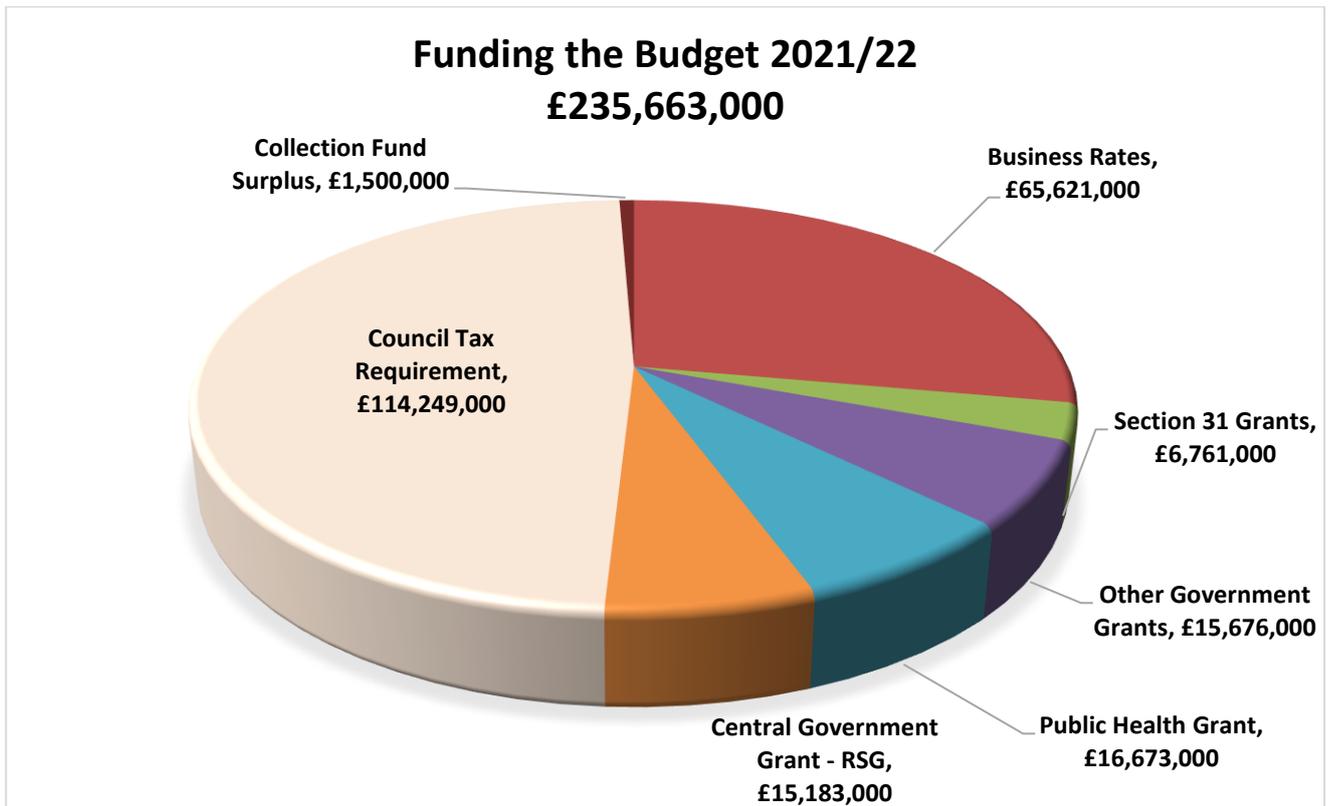
A summary of the Council's revenue and capital outturns for 2021/22 is included in the following paragraphs. Further details have been reported to Cabinet on the 11 July 2022. The agenda for this meeting can be accessed through the Council & Democracy page of the Council's website. [Financial Outturn 2021/22](#)

Revenue expenditure overview

Revenue expenditure covers the day-to-day running costs of the Council's services. The net revenue budget for 2021/22 was £235.663m (after taking account of income from specific grants and fees and charges) and was split by Directorate as follows;



The net expenditure was budgeted to be funded by:



Revenue Outturn

General Fund Services

The Revenue Budget 2021/22 was approved by Council on 3 March 2021. A budget of £235.7m was set for General Fund services; this excludes schools' budgets and the Housing Revenue Account (HRA).

The Council directorates had an overspend of £4.1m at 2021/22 outturn. Following not drawing down the planned use of £7.5m from the Budget and Financial Strategy Reserve and through use of £14m of Covid emergency support funding the Council's overall outturn was a £2.4m underspend. This has allowed the Council to transfer £2.4m into the Council's Budget and Financial Strategy Reserve, as per the recommendation within the Council's Budget and Council Tax report 2022/23 approved at Council 2 March 2022. This will help the Council to manage some continuing budget pressures in 2022/23 e.g. a further upward trend in the demand for home to school transport, along with the general pressures of the current high level of inflation and the significant increases in energy prices. Taken together, these issues are likely to impact on the 2022/23 budget at a level greater than £2.4m.

The key variances within the outturn position are summarised below;

- Children & Young People Services continue to implement the budget recovery plan with budget savings of £10.1m across the 2020/21 to 2024/25 financial years. The outturn position at the end of the March was a £5.9m overspend. The main reason for the overspend relates to placements which had a net financial pressure of £6.0m. The £6.0m overspend relates in the main to £4m on residential placements, £2.1m in emergency placements, offset by £100k savings on Supported Accommodation. In fostering there were £0.8m pressures on IFA placements due to numbers above the budget profile, offset by £0.8m savings in-house fostering due to numbers being lower than budget projections as outlined above. There were other small variances in the directorate bringing the position to £5.9m
- Adult Care, Housing and Public Health outturn was an underspend of £4.8m on general fund services: Adult Care (£4.1m); Housing (£152k) and Public Health (£568k). The main variances included within the outturn is the Covid-19 impact for the service. COVID-19 is estimated to have a net cost impact of £1.6m during 2021/22. Excluding the cost of COVID-19, the cost of care packages is a net £5.1m underspent. This is mainly due to savings on transforming care of £324k and reductions in the number of older people placements of £3.8m although Covid related placements are likely to be ongoing once temporary funding ceases. Across Mental Health packages, Physical and Sensory disability services and Learning disability placements there is a net underspend of £392k.
- Regeneration and Environment Services outturn was an overspend of £3.1m. The outturn position reflects the impact of ongoing demographic pressures in Home to School transport and the 'tailing' impact of the lockdown restrictions and resulting economic impact arising from them, on many of the Directorate's Services. For example, a continuation of the increases in waste tonnages resulting from greater

working from home, and the impact on income generation and cost pressures arising as a result of social distancing requirements and other Covid linked measures that were required to be put in place.

- A £0.6m underspend within the Council's Finance & Customer Services and Assistant Chief Executive's Directorates, predominantly due to reduced demand on legal services, ICT contracts and savings generated through vacant posts as a result of staff turnover and challenges with recruitment.
- The outturn for the Central Services was impacted by the £0.8m pressure relating to the Regeneration & Environment Directorate's customer services saving that had been budgeted for centrally. However, the final outturn was a £0.6m overspend overall. This is mainly due to general efficiencies on centrally managed budgets that have delivered savings, for example the inflation budget for 2021/22 was based on 2% pay award, however, the final pay award was agreed at 1.75% in March 2022.
- Within Central Services, savings were delivered from a range of activities within the treasury management strategy (£5.6m), including effective cash flow planning and monitoring, along with management of the loans portfolio to take advantage of the low cost of short-term funds, whilst also securing £227m of new PWLB Long Term borrowing at an average rate of 1.5%.

In addition, the Council's initial outturn position allowed the Council to process several planned transfers to reserves:

- Not draw down any of the £7.5m Budget Strategy Reserve as planned within the 2021/22 Budget allowing it to remain within reserves.
- Draw down £13.6m of Covid Emergency Support grants and £0.4m of Sales, Fees and Charges income to support the 2021/22 outturn position that includes in excess of £14m of Covid related costs across budgeted spend, additionality, income losses and delayed delivery of savings.
- Transfer of Treasury Management savings of £5.6m generated in 2021/22 have been taken to a new Treasury Management Savings Reserve as approved within the Council's Budget and Council Tax Report 2022/23.
- £0.5m transfer to Budget and Financial Strategy Reserve to enable re-provision of 2021/22 revenue investments that have slipped into 2022/23 for delivery.

Schools' Outturn

In addition to General Fund balances and reserves the Council also holds £3.794m relating to School Delegated Budgets. As can be seen below, this represents an increase of £0.613m on the previous year.

2020/21 £m		2021/22 £m
3.181	Unspent Schools' Budgets	3.794

Housing Revenue Account Income and Expenditure Account

The Housing Revenue Account had an underspend of £2.1m, along with the revenue contribution to capital outlay remaining at the budgeted level of £6.5m. As a result of this the HRA was able to reduce the budgeted transfer from reserves by £2.1m. This reduction in planned use of reserves will help the HRA to mitigate the financial challenges presented by rising inflation and energy costs over the medium term.

The underspend relates to:

- £1.2m underspend on Repairs and Maintenance in the main as a result of Covid interventions which restricted activity during lockdown, fewer void works and slippage on some planned works into 2022/23.
- £1.1m underspend on supervision and management in the main due to vacancies, reduced costs running neighbourhood centres along with reduced ICT costs and fees for Right to Buy applications.
- £0.3m reduction to the bad debt provision due to well-maintained rent collection rates.
- £0.4m pressure on Cost of Capital interest rates on debt and underachievement of income across garage rents and District Heating.

Reserves

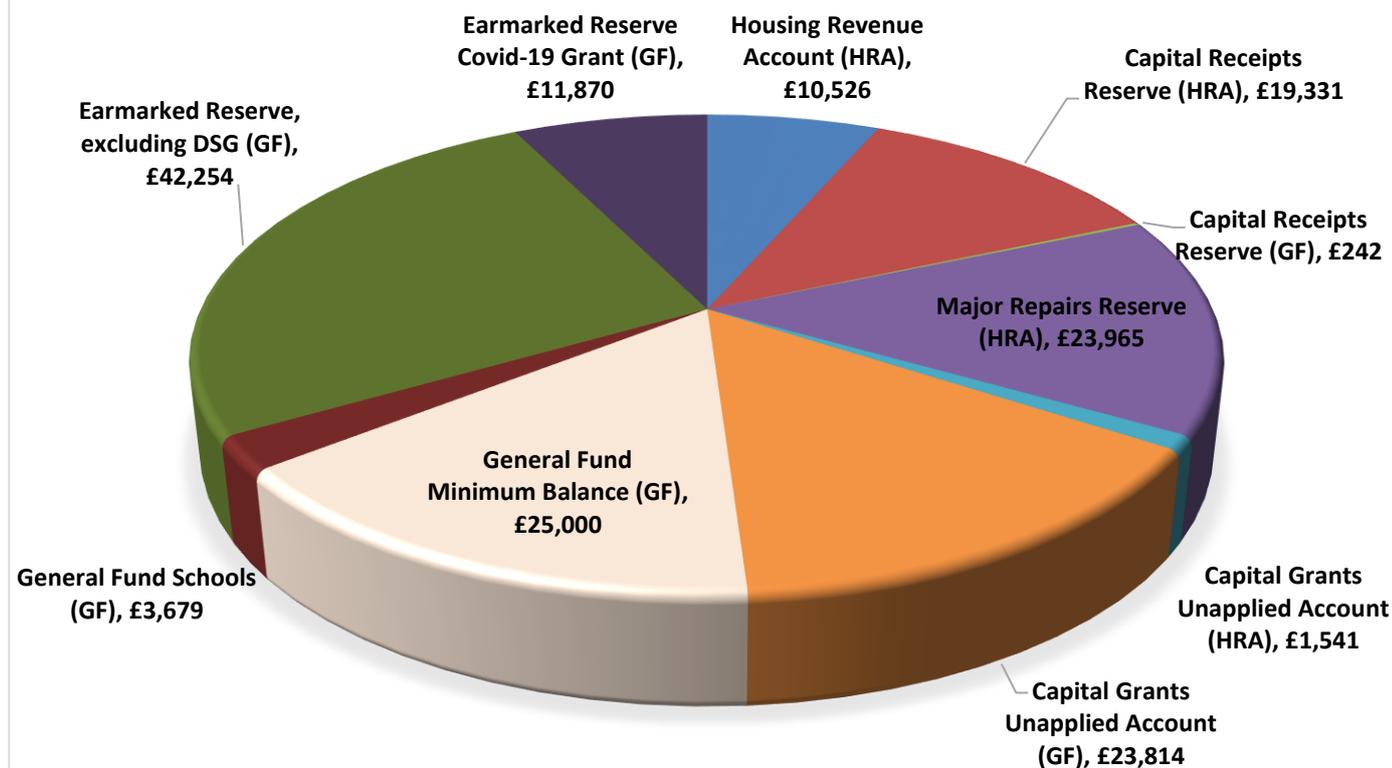
The Council manages its funds between two categories of reserves: usable reserves and unusable reserves.

Usable reserves are funds that the Council has set aside to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (e.g. the Capital Receipts Reserve may only be used to fund capital spend or repay debt, and cannot be used to support revenue spending directly).

Unusable reserves are funds that cannot be used to provide services or used for day to day running costs. The unusable reserves hold funds that have 'unrealised gains or losses'. For example, the Council has assets such as land and buildings whose value changes over time, so these funds can only be 'unlocked' and turned into usable funds if the assets are sold.

As at 31st March 2022, the Council held £162.222m of usable reserves, General Fund (£106.859m) and HRA (£55.363m). Included within this balance are capital reserves of £68.893m, which can only be used to finance capital expenditure or repay debt. They cannot be used to support revenue spending directly. This leaves £93.329m of revenue reserves and balances. However, most of these are ring-fenced (HRA and school balances) or are earmarked for specific purposes. This balance also includes £11.870m of grant funding in relation to Covid related schemes, some of which has been delivered to provide support to businesses but has to be accounted for in 2022/23.

Useable Reserves as at 31st March 2022 (£000's)



Reserves	General Fund £000's	HRA £000's	Total Reserves £000's
Housing Revenue Account	£0	£10,526	£10,526
Capital Receipts Reserve	£242	£19,331	£19,573
Major Repairs Reserve	£0	£23,965	£23,965
Capital Grants Unapplied Account	£23,814	£1,541	£25,355
General Fund Minimum Balance	£25,000	£0	£25,000
General Fund Schools	£3,679	£0	£3,679
Earmarked Reserve, excluding DSG	£42,254	£0	£42,254
Earmarked Reserve Covid-19 Grant	£11,870	£0	£11,870
Total Reserves	£106,859	£55,363	£162,222

The uncommitted General Fund balance of £25m is considered to be a reasonable level of reserves to protect the Council against unforeseen events and the realisation of contingent liabilities.

A breakdown of the in-year movement on each of the usable reserves can be found in the Movement in Reserves Statement.

Capital Expenditure Overview

Capital spending is generally defined as expenditure on the purchase, improvement or enhancement of assets, the benefit of which impacts for longer than the year in which the expenditure was incurred.

Total capital expenditure in 2021/22 amounted to £104.938m and is analysed by Directorate as follows:

Directorate	2021/22 £m
Children and Young Peoples Services	7.503
Assistant Chief Executive	0.099
Adult Care & Housing	3.616
Finance & Customer Services	1.777
Regeneration & Environment	47.837
Housing Revenue Account	44.106
Total	104.938

The capital expenditure was financed as follows:

Funding Stream	2021/22 £m
Borrowing need	14.623
Major Repairs Allowance (MRA)	25.264
Grants & Other Contributions	48.426
Capital Receipts	10.098
Internal Funds (e.g. Reserves, etc)	6.529
Total	104.938

Major items of capital expenditure incurred are as follows:

Major Capital Expenditure	2021/22 £m
<u>Non Housing</u>	
Aston Academy replacement classrooms	1.445
SEND Phase III Dinnington Adaptations works	1.564
Schools PFI Life Cycle Programme	1.146
Holmes Tail Goit Pumping Station	2.217
Forge Island Flood Defence	2.778
Parkway Widening	15.458
Greasborough Village Centre Traffic Sigs	1.382
Carriageway Resurfacing	2.158
Roads Programme	5.641

Additional Pothole funding	1.359
Furnished Homes	1.053
<u>Housing Investment Programme</u>	
Kilnhurst Externals	1.860
Wickersley Externals	1.566
The Lanes Roofing	4.085
Voids Programme	3.171
Replacement Central Heating programme	2.356
IHMS (IT System)	1.166
Fair Access to All programme	3.912
Strategic Acquisitions	1.340
New Build Provision - Millfold site	4.900
New Build Provision - Sheffield Road	7.667
New Build Provision – Henley’s site	4.557
Total	72.781

Treasury Management & Prudential Indicators

A summary of the Council’s borrowing position as at the 31st March 2022 is shown below. Further details of the Council’s Treasury Management activities and prudential indicators were reported to the Cabinet Meeting on the 11th July 2022. The agenda for this meeting can be accessed through the Council & Democracy page of the Council’s website. [Annual Treasury Management Report and Actual Prudential Indicators 2021/22](#)

The Council’s borrowing levels are summarised below:

As At 31 March 2021 £m	Long Term Borrowing	As At 31 March 2022 £m
172.069	Public Works Loans Board (PWLB)	388.741
213.000	Market (e.g. Banks, Other Local Authorities)	198.000
	Short Term Borrowing	
302.500	Temporary Borrowing	180.500
	External Investments	
0.000	Debt Management Office	48.500
0.000	Other Local Authorities	137.000
47.830	Money Market Funds	39.350
639.739	Net Borrowing	542.391

Balance Sheet

The *Balance Sheet* presents the Council's financial position, i.e. its net resources at the financial year end. The balance sheet is composed of two main balancing parts i.e. its net assets and its total reserves. The net assets part shows the assets the Council would have control of after settling all its liabilities. The balance of these assets and liabilities is then shown as being attributable to the various reserves of the Council.

Key Changes in Accounting Policy

The Council's Financial Statements are prepared in accordance with International Financial Reporting Standards ('IFRS') and the CIPFA Code of Practice on Local Authority Accounting for 2021/22. The accounting policies adopted by the Council are compliant with IFRS and have been applied in preparing the financial statements and the comparative information.

There have been no Accounting Policy changes for 2021/22, however it should be noted that under the Accounts and Audit Regulations 2015, since 2017/18 local authorities are required to publish their unaudited accounts by 31st May, however due to Covid-19 implications and the results of the Redmond Review (a report on External Audits of Public Sector accounts) the deadline for publication of unaudited accounts has been pushed back to 31st July 2021.

Financial Outlook, Risks and Opportunities

Adult Social Care is experiencing significant pressures that are out of the Council's control due to a rise in complexity of people's needs. The adult care market has become volatile due the need to meet complexity but also the availability of staff to provide services. This is accelerating costs per hour to meet peoples' eligible needs. This is reflected across all service areas, including mental health where the sector has seen an incremental rise of acute admissions and people experiencing significant high levels of need, requiring mental health support. Due to the challenges in secondary health and community mental health social care, the service is experiencing further demands on the general adult care pathways which again is diverting stretched resources to respond.

There is therefore a need to recognise these escalating demand and market costs within this budget, relating in particular to transitions and the upward trend in the costs of adult care, which requires the Council to provide for around £11m extra costs in the budget for Adult Social Care services in 2022/23. Taking into account the complex pressures within Adult Social Care, this service presents the most significant financial risk within the Council's Budget and Medium Term Financial Strategy. The 2022/23 Budget and MTFS also needs to take into account the general upward cost pressures impacting on the costs of all services, e.g. 1.25% NIC increase, current high levels of CPI inflation and market and supply chain issues, driving cost increases.

The Budget and Council Tax Report 2021/22 noted that £18.1m of agreed budget savings and cost reductions were required to be delivered across the medium term. A significant volume of savings were predicated on assumptions about social care costs and market conditions. As noted in the Medium Term Financial Strategy (MTFS) update to Cabinet on 20 December 2021, despite changing demand pressures and wider economic factors

affecting social care, the Council remains confident that most of the remaining savings will be achieved over time. £2m savings are being delivered in 2021/22 with £11.5m over the subsequent years. In addition to the savings to come from Directorates, significant further savings are being achieved from Treasury Management.

The Council's latest financial monitoring to Cabinet on 11th July 2022 reported £3.9m of planned savings had been delivered already for 2022/23, this includes £971k for Early Help & Social Care Pathway (reductions in social care teams linked to reducing caseloads) and £2.4m savings from reablement services. The R&E savings to be delivered during 2022/23 are in respect of planned cost reductions on operational buildings and increased income from Waleswood.

This package of savings from a combination of Directorates and Treasury Management is considered to be robust and deliverable over the medium term and supports the balanced position shown in the Budget and MTFs over the next 3 financial years.

However, even with the recognition of the budget challenges within Adult Social Care and with the delivery of agreed savings, the Council's proposed Budget and Medium Term Financial Strategy remains robust. The provision of additional resources as part of the Financial Settlement and the proposed Council Tax and Adult Social Care Precept increase provides cover for some of the additional costs of adult social care. Along with continued strong performance in local taxation and careful management of reserves the Council Tax increase also allows for a small amount of investment in enhanced services, for 2022/23 onwards as approved within the Council's Budget and Council Tax report 2022/23.

Covid-19 will continue to add further complexity to the picture due to uncertainty in the pace and extent of recovery and the longer term impacts of the pandemic. Since the Council set its budget for 2022/23 several significant additional pressures have materialised, the war in Ukraine, energy prices rises and inflation. The energy price rises and inflation will impact the Council's costs in the provision of services. However, some of this cost impact will be mitigated in future years by increased core funding as business rates income is indexed to the rate of inflation. It is currently expected that the period of high inflation will last for around two years before returning to a more normal level. As such, the Council will face short term financial pressures that will need to be managed and mitigated through the Medium Term Financial Strategy and the Council's reserves. As such the Council's ability to build further capacity into those reserves as part of the 2021/22 outturn position is a significant benefit.

The Council continues to change the way in which it works with other agencies in order to implement these changes. Despite the unprecedented financial pressures, the Council will continue to focus on delivering better services, focussed on the priorities set by the public.

Though significant financial challenges have been faced, the Council has made significant strides over the last few years to establish robust, effective and prudent financial management arrangements. Through prudent budget planning, establishment of a more effective medium-term financial strategy and introduction of robust financial controls the Council's financial outlook is now far more positive. The Council's sound financial planning has enabled the creation of a reserves strategy that provides a reasonable level of general fund reserves, allowing reserves to be created to support the Council's budgetary plans,

whilst streamlining the type and volume of reserves. The Council's treasury management strategies have been utilised used effectively to support the Council's budget pressures, whilst putting the Council in a stronger position to manage its longer term capital financing.

Whilst the future funding of local authorities remains uncertain and the Council faces significant challenges moving forwards in regards to the funding of social care, the Council faces these challenges from a sound financial footing, with a robust budget for 2022/23 and medium term financial strategy.

The benefits of this new and improved financial reporting environment have been demonstrated clearly through the Councils management of the financial impact of Covid-19. The Council, like all authorities across the country, faced significant financial challenges, from additional Covid related costs, lost income and delays to planned savings, impacting on the Council's ability to manage its budget position for 2021/22.

However, the Council has continued to be able to quickly mobilise financial resources to manage these pressures, establishing monitoring tools to track, report and control Covid-19 related pressures, gaining an understanding of emergency Covid-19 funding and the wide variety of new Covid specific grant streams so that they could be effectively deployed.

It is also important to underline the spending level of the Council despite the previous funding cuts. With a current revenue budget of £235.6m in 2022/23 together with capital expenditure of £285m, the Council will remain a key lever for growth and investment in Rotherham and the wider Sheffield City Region. The updated Capital Programme includes a total of £509m of planned capital investment across the current year and up to 2025/26.

The challenge is to ensure the sustainability of the Council to deliver services and deliver against the Council's stated priorities. This means making carefully considered investment decisions through to 2026 and ensuring that agreed savings are delivered in line with revised timeframes.

Judith Badger CPFA

Strategic Director of Finance and Customer Services

Finance and Customer Services Directorate

Riverside House

Main Street

Rotherham

S60 1AE

Date 30 September 2022

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Council Report

Audit Committee Meeting – 27th September 2022.

Title

Annual Governance Statement 2021/22.

Is this a Key Decision and has it been included on the Forward Plan?

No.

Strategic Director Approving Submission of the Report

Judith Badger, Strategic Director, Finance and Customer Services.

Report Author(s)

David Webster, Head of Internal Audit

Tel: 01709 823282 Email: david.webster@rotherham.gov.uk

Simon Dennis, Corporate Improvement and Risk Manager

Tel: 01709 822114 Email: simon.dennis@rotherham.gov.uk

Ward(s) Affected

All wards.

Report Summary

On the 28th July 2022 the Audit Committee reviewed the Council's draft Annual Governance Statement (AGS) for the 2021/22 financial year. The draft AGS was published alongside the Council's draft financial statements and is presented here alongside the final (unaudited) financial statements. There have been no changes to the AGS since the draft was produced. This report also briefly reminds the Committee of the process that was followed to construct the AGS. The full AGS is attached to this report as Appendix A.

Recommendations

The Audit Committee is asked to

- Agree the final 2021/22 Annual Governance Statement
- Note that following the Audit Committee's approval of the AGS, the Leader and Chief Executive will be asked to sign the statement to confirm the Council's approval of it.

List of Appendices Included

Annual Governance Statement 2021/22.

Background Papers

"Delivering Good Governance in Local Government", published by CIPFA (the Chartered Institute of Public Finance and Accountancy) and SOLACE (the Society of Local Authority Chief Executives) in April 2016.

Audit Committee Report 30th November 2021 “Code of Corporate Governance”

Consideration by any other Council Committee, Scrutiny or Advisory Panel
No.

Council Approval Required
No.

Exempt from the Press and Public
No.

Annual Governance Statement 2021/22

1. Background

- 1.1 The Accounts and Audit Regulations require the Council to produce an Annual Governance Statement (AGS) alongside its Statement of Accounts in each financial year. The AGS is a statutory document which explains the processes and procedures in place to enable the Council to carry out its functions effectively. Local Authorities are required to prepare an AGS in order to report publicly on the extent to which they comply with their own Local Code of Governance. The draft 2021/22 AGS was published on 31st July 2022 and the final will be published by 30th September 2022.
- 1.2 The committee will recall that a process to gather assurances and evidence to support the AGS was led by the Corporate Governance Group, chaired by the Strategic Director Finance and Customer Services. The group included the Head of Internal Audit and the Corporate Risk Manager.
- 1.3 The assurance and evidence process produced a strong evidence base and enabled the Council to have confidence in the statements that it is making in the AGS.
- 1.4 Although the AGS relates to 2021/22, it has to be up to date at the time of publication and must include any planned changes in the coming year. There have been no changes made to the AGS since the draft was published.

2. Process to construct the 2021/22 AGS

- 2.1 In constructing the AGS for 2021/22, the Council has assembled sufficient evidence to support the statements that it has made. To achieve this, each Strategic Director was asked to oversee a self-assessment of governance in their Directorate. This comprised the completion of a self-assessment form based on the Principles and Sub-principles in the Code of Corporate Governance by each Assistant Director as well as a review and update of the detailed issues raised in the 2020/21 AGS. Each Strategic Director was also required to sign a Statement of Assurance which was based on the information arising from their review of current and previous governance issues.
- 2.2 Each Directorate returned the required Statement of Assurance and supporting documents and the Corporate Governance Group has reviewed the evidence contained in them. Additionally, the group has considered which issues are of sufficient significance to require reporting in the AGS. The group then produced the AGS itself, which was reviewed by the Strategic Director Finance and Customer Services, and the Chief Executive.
- 2.3 The AGS outlines the governance arrangements in place throughout the year and how their effectiveness was monitored. The AGS recognises the improvements made in the Council's performance throughout the financial year but also highlights a number of areas for further developments in 2022/23.
- 2.4 Covid-19 had a significant impact throughout the year. This is reflected within the AGS, which includes actions taken in response to the pandemic and lockdown.
- 2.5 The AGS outlines the governance arrangements in place throughout the year and how their effectiveness was monitored.

- 2.6 The Committee are invited to comment on any aspect of the Annual Governance Statement attached to this report at Appendix A.
- 2.7 The AGS will be published by 30th September, taking account of any further comments made by the Audit Committee.

3. Options considered and recommended proposal

- 3.1 This paper considers the final AGS for 2021/22. As a result, no specific options have been considered.

4. Consultation on proposal

- 4.1 All Strategic Directors have been asked for their input into the AGS process through the submission of signed Statements of Assurance.
- 4.2 The final AGS has been reviewed by the Strategic Director Finance and Customer Services and the Chief Executive.

5. Timetable and Accountability for Implementing this Decision

- 5.1 The Audit Committee is asked to receive this report at its September 2022 meeting.
- 5.2 The Corporate Governance Group will ensure that the final AGS is published by 30th September 2022.

6. Financial and Procurement Advice and Implications

- 6.1 There are no direct financial implications other than the requirement to publish the AGS alongside the Council's Annual Finance Statements. There are no procurement issues.

7. Legal Advice and Implications

- 7.1 There are no direct legal implications arising from this report, although it is a statutory requirement for an AGS to be published alongside the Council's Financial Statements. This report endeavours to set out how the Council intends to comply with that requirement.

8. Human Resources Advice and Implications

- 8.1 There are no direct Human Resources implications arising from this report.

9. Implications for Children and Young People and Vulnerable Adults

- 9.1 Any implications for the Children and Young People's Service and Adults Services are set out in the AGS attached at appendix A.

10. Equalities and Human Rights Advice and Implications

- 10.1 There are no direct Equalities and Human Rights Implications arising from this report.

11. Implications for Partners

11.1 There are no direct implications for our Partners in this report. The AGS has been constructed following consultation with all Directorates. Individual directorates are responsible for implementing action to respond to weaknesses identified in the AGS

12. Risks and Mitigation

12.1 The AGS is expected to be completed each year to sit alongside the Financial Statements. The risk of failing to produce an AGS has been considered and, although this is a remote risk resources are in place to ensure that a complete and accurate AGS is delivered on time.

13. Accountable Officer(s)

Judith Badger (*Strategic Director of Finance and Customer Services*)

**ROTHERHAM METROPOLITAN
BOROUGH COUNCIL**

**Annual Governance Statement
2021/22**

ROTHERHAM MBC ANNUAL GOVERNANCE STATEMENT 2021/22

1 SCOPE OF RESPONSIBILITY

- 1.1 Rotherham Metropolitan Borough Council (the Council) is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently, and effectively. The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness (the Best Value duty).
- 1.2 In discharging its overall responsibilities, the Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, and ensuring there are effective arrangements in place for the management of risk.
- 1.3 The Council has a Code of Corporate Governance in line with the principles of the CIPFA/SOLACE Framework: Delivering Good Governance in Local Government. The Code can be found at rmbcintranet/Directorates/ACE/KPSP/default.aspx.
- 1.4 This Annual Governance Statement meets the requirements of the Accounts and Audit Regulations 2015 in relation to the publication of an Annual Governance Statement.

2 THE GOVERNANCE FRAMEWORK

- 2.1 The Council's general governance arrangements include a range of policies, procedures and activities that are designed to be consistent with the expectations for public sector bodies. They are drawn together by the Council's Code of Corporate Governance which was refreshed and approved by the Audit Committee in November 2021.
- 2.2 Throughout 2021 the Council's overall strategy was directed by the "Year Ahead" Plan which set out how the Council would work with Rotherham communities, residents, and businesses in uncertain times; providing ongoing support to those who continue to be affected by the pandemic and helping to build resilience as we all adapt to the challenges ahead.
- 2.3 The "Year Ahead" Plan was framed around 5 themes:
 - Thriving Neighbourhoods
 - Better Health and Wellbeing
 - Economic Recovery

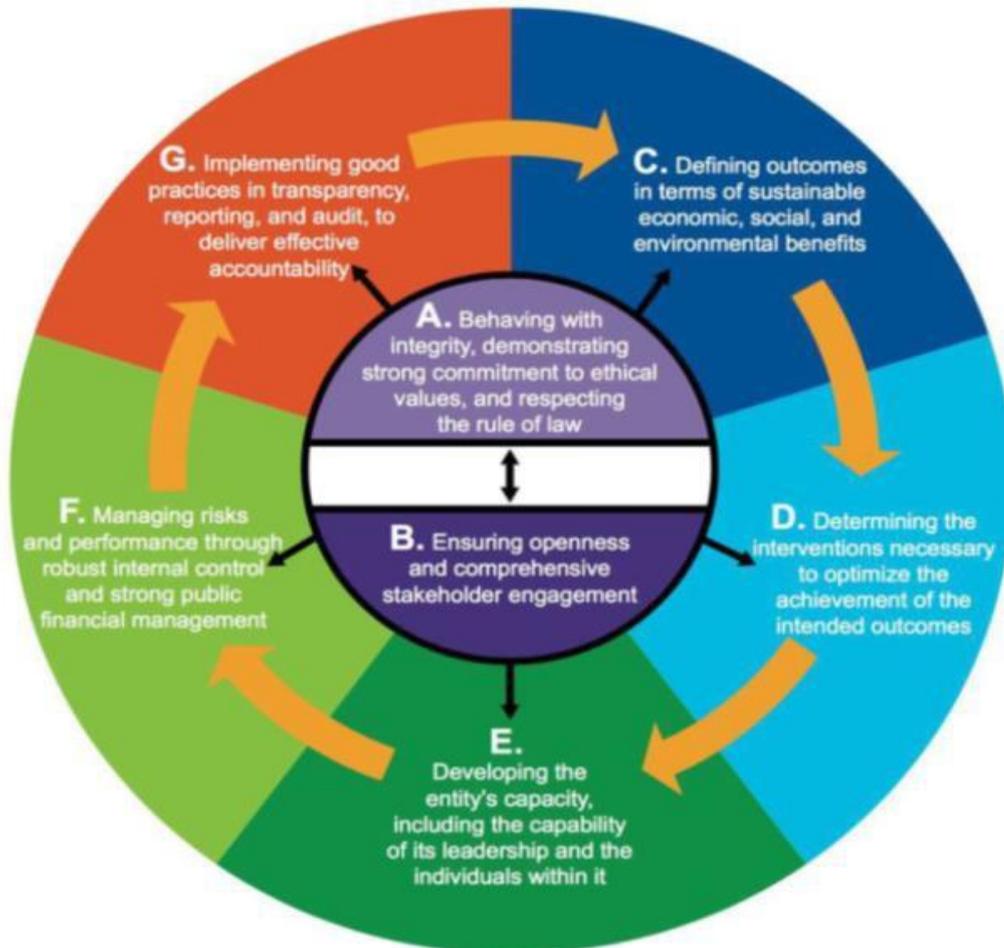
- New Ways of Working
 - Hope and Confidence in Rotherham
- 2.4 The plan also included the following cross-cutting strands, which were integral to each theme:
- Equalities and Social Justice
 - Climate Impact
- 2.5 The “Year Ahead” Plan was originally approved by the Council’s Cabinet in September 2020 and covered the period until June 2021. In June 2021 the “Year Ahead” Plan was extended until November 2021 to provide an appropriate period to develop a new longer-term Council Plan.
- 2.6 In January 2022 the Council approved the Council Plan 2022-25 and the Year Ahead Delivery Plan 2022, framed around five themes
- Every Neighbourhood Thriving
 - People are Safe, Healthy and Live Well
 - Every Child Able to Fulfil Their Potential
 - Expanding Economic Opportunity
 - A Cleaner, Greener Local Environment
- 2.7 The first quarterly report on progress on the new Council Plan and Year Ahead Delivery Plan was presented to the Council’s Cabinet on 20th June 2022 and focused on progress from 1st January 2022 to 31st March 2022. The second report, covering the period to the end of July was presented to cabinet on 20th September 2022.
- 2.8 The governance framework comprises the systems, processes, values and behaviours by which the Council is directed and controlled. It also comprises the activities through which the Council is accountable to, engages with and leads the community. It enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.
- 2.9 The Council also has a system of internal control which is a significant part of the governance framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore provide proportionate and not absolute assurance of effectiveness. The system of internal control is designed to:
- identify and prioritise the risks to the achievement of Council policies, aims and objectives
 - evaluate the likelihood of those risks being realised and assess the impact should they be realised, and
 - manage the risks efficiently, effectively, and economically.

2.10 The table below sets out the key elements of an effective governance framework, and how these were delivered in the Council throughout the financial year.

Council Committee or group	Governance Function
Full Council	Endorses the Constitution Approves the policy and financial frameworks Approves the budget and sets council tax Approves the Council Plan.
Cabinet	Primary decision-making body of the Council Comprises the Leader of the Council and Cabinet members who have responsibility for specific areas
Audit Committee	Considers all issues relating to internal and external audit matters Monitors and reviews the effectiveness of risk management systems, including systems of internal control. Oversees financial reporting and financial statements and the annual governance process.
Standards and Ethics Committee	Promotes high standards of conduct by elected members and monitors the operation of the Members' Code of Conduct
Overview and Scrutiny Committees	Reviews and scrutinises the decisions and action taken in connection with any functions of the Council, including "pre-Scrutiny" of some recommendations due to be considered by Cabinet. Make reports or recommendations to the Council or Cabinet with respect to the discharge of any functions of the Council
Chief Executive, Strategic and Assistant Directors	Set governance standards Lead and apply governance standards across the Council
Internal Audit	Performs independent and objective reviews within all Directorates of the Council Undertakes fraud and irregularity investigations and proactive anti-fraud work
Areas or disciplines which are not directly responsible for delivery of services, for example Performance Management, Risk Management, Finance, HR, Legal, Information Security, Health and Safety.	Responsibilities include designing policies, setting direction and ensuring compliance
Management. Assurance at this level comes directly from those responsible for delivering specific objectives, projects or operational areas.	Responsibilities include identifying risks and improvement actions

3 HOW THE GOVERNANCE FRAMEWORK IS APPLIED

3.1 The principles set out in both the CIPFA/SOLACE Delivering Good Governance Guidance and the Council’s own Code are shown in the diagram below:



3.2 The table below indicates the detailed governance arrangements in place during the year and their operation, with reference to these principles:

Principle	Arrangements at Rotherham MBC
Principle A - Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law	<p>The Council has a constitution and a supporting set of rules and procedures that govern its activities in accordance with legislative requirements.</p> <p>All key decisions require review by Legal and Financial Services to ensure all relevant requirements and considerations are taken into account.</p> <p>The Council has arrangements for encouraging the reporting of suspected wrong-doing. The Council’s Whistle-blowing policy is in line with current national guidance.</p>

	<p>The Council has a Member/Officer Protocol which has been adopted by the Council. It is communicated to all Members and is emphasised through training on the Code of Conduct which forms part of the induction programme for Members and their continuous development programme. Codes of Conduct for Members and Officers define conflicts of interest and how they should be treated. There has been an extensive programme of training and induction for all members following the “all out” elections in May 2021.</p> <p>The Code of Conduct, constitution and Whistle-blowing Policy can be found at rmbcintranet/Directorates/ACE/KPSP/default.aspx</p>
<p>Principle B – Ensuring openness and comprehensive stakeholder engagement.</p>	<p>The Council is committed to openness and acting in the public interest. The original “Year Ahead” Plan was developed rapidly in response to the Covid pandemic. Following on from that Plan, a new Council Plan 2022-25 and the Year Ahead Delivery Plan 2022 were developed during the year after consultation with stakeholders as part of the development process. They are available on the Council’s website and all performance reporting against the Plans is presented in public meetings of Cabinet.</p> <p>Delivery of the vision in both the Council Plan 2022-25 and the Year Ahead Delivery Plan is embedded in day-to-day activities across the Council and is monitored through the performance management arrangements which are underpinned by an established framework.</p> <p>The Council conducts a Residents’ Satisfaction Survey every twelve months, based on the Local Government Association’s national model. The results have been reported through the performance management framework.</p> <p>The Thriving Neighbourhoods Strategy was published in 2018, covering the period 2018-2025. The Strategy sets out the way in which the Council will work with and listen to its communities. It commits the Council to listening and acting on feedback and working with partners to plan for the future. During 2021/22 this Strategy has continued to become embedded in the Council’s methods of working, especially through the Covid pandemic as neighbourhoods were the cornerstone of the response. As part of this development, a series of regular ward newsletters were continued to improve public awareness of developments in their local areas and improve community engagement.</p> <p>Fortnightly newsletters are also produced for Council members with additional ‘special’ bulletins produced to cover significant issues. These summarise key developments and issues in the Council to enable them to perform their roles effectively.</p> <p>A Consultation and Engagement Policy was developed in 2019. This Policy sets out the Council’s commitment to consult and engage with the public and states that the Council will listen, inform and work in partnership with service users and stakeholders, including their views in the shaping, commissioning and delivery of services wherever possible. The Policy was refreshed in 2021/22</p>

	<p>and is underpinned by a consultation toolkit for services to use so that they comply with the Policy.</p> <p>The Rotherham Together Partnership is well established. The Partnership strategy, The Rotherham Plan 2025, was published in early 2017. The Rotherham Plan is currently in the process of being updated with the aim that this will be published in Autumn 2022.</p>
<p>Principle C - Defining outcomes in terms of sustainable economic, social, and environmental benefits.</p>	<p>The Council's five-year Council Plan came to an end in March 2020. The Council Plan is aligned to the election cycle but, as a result of Covid, elections were delayed until May 2021. As a result, a plan was approved for the coming year to cover the period until June 2021. This "Year Ahead" Plan set out the key outcomes that the Council intended to achieve in the coming 12-month period. Following the elections in 2021, the Plan was subsequently extended until November 2021. In January 2022 the new Council plan 2022-25 and associated Year Ahead Delivery Plan 2022 were approved by Council. All the plans have been monitored throughout the year in line with the Council's Performance Management Framework, which was itself revised in April 2022. This monitoring involves quarterly consideration of the outcomes in public sessions of Cabinet and the Overview and Scrutiny Management Board.</p> <p>Sitting alongside the Year Ahead Plans are numerous other strategies which set out more detail around the required outcomes. These include the Rotherham Housing Strategy, Rotherham Economic Growth Plan, Safer Rotherham Strategy, Rotherham Local Plan Core Strategy, Municipal Waste Management Strategy and the Rotherham Health and Wellbeing Strategy.</p> <p>Because of the pandemic, during the 2021-22-year, Service Plans were not compulsory, although many services still maintained such Plans. However, the Year Ahead Plan captured the priorities and outcomes for services. These were used for Performance Development Reviews for staff. With the development of the extension of the "Year Ahead" Plan and a new Council Plan, the requirement for Service Plans that link to the Council Plan and into individual Personal Development Plans has been reinstated for 2022-23 and Service Plans were in place for all services by 1 April 2022.</p> <p>In addition to the above, the Council's Risk Management framework links to the relevant plans and enables Strategic and Directorate Leadership Teams to monitor and respond to the risks around each key element of the plan that they are accountable for.</p>
<p>Principle D - Determining the interventions necessary to optimise the achievement of the intended</p>	<p>As set out above, the Year Ahead Plan and associated Service Plans form the basis for all interventions planned by the Council. All business decisions are accompanied by a business case and options appraisal and the corporate report templates require information explaining the legal and financial implications of decisions.</p>

outcomes.	<p>Delivery of the Plans continues to be monitored through Quarterly Monitoring Reports and the Council has a suite of performance reports which are aligned to the Year Ahead Plan priorities.</p> <p>All decisions need to be taken in the context of the Medium-Term Financial Strategy, the Capital Programme and the Revenue budget process.</p>
Principle E - Developing the entity's capacity, including the capability of its leadership and the individuals within it.	<p>The Council has been working with the Local Government Association to support the development of all councillors, and this will continue in future years. Personal development planning was available to all Members during 2021/22 and take up reached 100% prior to the latest elections in May 2021. The Member Development Programme is continually being refreshed with elected Members encouraged to provide topics of interest that they would like to see included. A survey of members is currently being undertaken which includes questions relating to development and the overall Member Development Programme is reviewed at each Member & Democratic Panel Meeting.</p> <p>The roles of the Leader, the Cabinet, all Members and the Statutory Officers are included in the Constitution.</p> <p>Job descriptions are in place for all posts throughout the Council and these are supported by recruitment and appointment policies and procedures. There is a comprehensive training programme for officers linked to the recently approved refreshed Workforce Development Plan. The Plan aligns with the Council Plan and the new strategy has been developed in tandem with the Council Plan. Each Council employee has a Personal Development Plan which links to their service's Service Plan and is reviewed at regular intervals.</p> <p>A series of projects are in place to deliver service transformational change across the Council as part of the "Big Hearts, Big Changes" programme. These are drawn from the Council Plan and are cross cutting big ticket items. Many of these projects are designed to increase the Council's capability and capacity to achieve ambitions and adapt to service demands in a "post Covid" environment.</p>
Principle F - Managing risks and performance through robust internal control and strong public financial management.	<p>The Council has a Risk Management Policy and Guide which is fully embedded. The Guide was reviewed in November 2021 having last been rewritten in November 2019. This Policy requires the Strategic Risk Register to be reviewed at regular intervals by the Strategic Leadership team and for Directorate and Service level risk registers to be reviewed at least quarterly.</p> <p>Corporate report templates all contain 'risk implications' sections and Risk Management also links closely to Service Plans. The Audit Committee reviews risks and the Risk Management process at every meeting. Performance Reports are aligned to Council Plan priorities and are considered in public and are also linked to the Risk Policy.</p>

	<p>The Council has an Anti-Fraud and Corruption Policy and Strategy which comply with the CIPFA Code of Practice and an Internal Audit function which issues an annual opinion on governance, risk management and internal control. The Council also has a Corporate Information Governance Group which is responsible for improving its approach to securing information. This group is supported by a dedicated Information Governance team as well as ongoing monitoring of Data Protection Act / Freedom of Information compliance.</p>
<p>Principle G - Implementing good practices in transparency, reporting, and audit to deliver effective accountability.</p>	<p>The Council's approach to transparency includes the publication on its website of details around budgets and spending, Senior Officer remuneration, Performance Information and reports, the Annual Report and Statement of Accounts and the Annual Governance Statement.</p> <p>The Code of Corporate Governance is refreshed annually in accordance with CIPFA/SOLACE principles and any documents proposed for publication are scrutinised and approved by Strategic Leadership Team, Cabinet and Audit Committee prior to publication.</p> <p>The Head of Internal Audit presents an annual report to Audit Committee to inform members of Internal Audit activity that has taken place during the year. The Audit Committee meets six times a year and receives reports from both Internal and External Audit. The Audit Committee Terms of Reference are based on CIPFA guidance.</p> <p>The Council is subject to regular inspections from regulatory bodies, including Ofsted, Care Quality Commission etc. The outcomes of these inspections, together with the Council's responses are reported to the relevant Overview and Scrutiny Committee and made available via the website.</p> <p>An appropriate financial control and reporting framework for the Council is in place, with all aspects of revenue and capital spending compared to budget plans being routinely reported throughout the year to the officer Strategic Leadership Team and Cabinet.</p>

How is the effectiveness of our Governance Arrangements monitored?

3.3 The Council reviews the effectiveness of its governance framework, including the system of internal control, every year. The ten key elements of assurance that inform this governance review are:

- 1) The Chief Executive, Strategic and Assistant Directors whose role includes:
 - Corporate oversight and strategic planning
 - Annual corporate governance assessment which is informed by annual Assurance Statements from each Strategic and

- Assistant Director
 - Implement and monitor regulatory and other governance protocols
- 2) Monitoring Officer who has oversight of:
 - Legal and regulatory assurance
 - The operation of the Constitution
- 3) The Section 151 Officer who has oversight of the proper administration of the Council's financial affairs
- 4) Information Governance, which is monitored by:
 - The Designated Senior Information Risk Owner (SIRO)
 - Data Protection procedures
 - Information Security and Records Management procedures
- 5) The Overview and Scrutiny Management Board, who carry out policy review and challenge as well as have an overview and carry out scrutiny of specific topics
- 6) The Audit Committee which;
 - Reviews the effectiveness of internal and external audit
 - Considers the adequacy of the internal control, risk management and governance arrangements
 - Carries out a Self-assessment
- 7) Internal Audit who produce:
 - An annual opinion on the adequacy and effectiveness of internal controls, risk management and governance arrangements
 - An Internal Audit plan, reports and audit action tracking, all reported to Audit Committee
- 8) External Audit and other external inspections which include:
 - Financial statements audit
 - Value for Money conclusion
 - Care Quality Commission, Ofsted, etc.
- 9) Risk Management which incorporates:
 - A Risk management policy and strategy
 - Quarterly monitoring and reporting of Strategic Risks to Strategic Leadership Team
 - Regular monitoring and reporting of Risk Registers to Directorate Leadership Teams
- 10) Counter Fraud work, which includes:
 - Anti-Fraud and Corruption and Whistleblowing arrangements
 - Anti-Money Laundering Policy and supporting arrangements
 - Codes of Conduct for Officers and Members
 - Financial and Contract Procedure Rules

What specific assurances does the Council receive about the effectiveness of our Governance Arrangements?

- 3.4 The Council receives a number of specific assurances around its governance arrangements from the following:

Chief Financial Officer (Section 151 Officer)

- 3.5 The CIPFA Statement on the Role of the Chief Financial Officer (CFO) in Local Government (2016) demands that assurance is provided on a number of governance arrangements relating to the organisation including financial control, reporting, the approach to decision making, compliance with relevant codes and the influence of the CFO within the organisation. These have been considered within the context of this Statement and it has been established that the Council's arrangements conform to the CIPFA requirements, and the Section 151 Officer has no significant concerns.

Monitoring Officer

- 3.6 The Monitoring Officer is required to report to the Council in any case where it appears that any proposal, decision or omission by the Authority has given rise to or is likely to or would give rise to any contravention of any enactment, rule of law or code of practice or maladministration or injustice in accordance with Sections 5 and 5A of the Local Government and Housing Act 1989; (LGHA 89). These have been considered within the context of this statement and the Monitoring Officer has no significant concerns to report.

Internal Audit

- 3.7 It is a requirement of the UK Public Sector Internal Audit Standards (PSIAS) that there is an annual internal assessment of Internal Audit's conformance with the standards, verified externally at least every five years. In late 2020 the external verification was completed. Internal Audit was assessed as generally conforming to Public Sector Internal Audit Standards. This is the highest classification used by CIPFA. The internal assessment at the end of 2021 confirmed that this standard has been maintained.
- 3.8 It is also a requirement of PSIAS that an annual report is produced setting out the work performed by Internal Audit and the opinion of the Chief Audit Executive (at Rotherham this is the Head of Internal Audit) on the Council's internal control environment.
- 3.9 The Annual Internal Audit report was presented to the Audit Committee on 28th June 2022. The report confirmed positive progress had been made during the

year, with 85% of audits resulting in a positive opinion, similarly to the previous year. The remaining reports highlighted areas where further improvement could be made but none of these highlighted significant governance or control weaknesses that needed to be reported in the AGS. The areas identified will be followed up in 2022/23.

- 3.10 Internal Audit concluded that the Council has maintained overall an adequate and effective framework of governance, risk management and control throughout the year, based on their work undertaken throughout the year.

External Audit

- 3.11 The Council's external auditor is required each year to carry out a statutory audit of the Council's financial statements and give an assessment of the Council's value for money arrangements. Grant Thornton issued an unqualified opinion on the Council's financial statements for the year ended 31st March 2021 on 3rd December 2021.
- 3.12 In addition, Grant Thornton issued an unqualified conclusion on the Council's arrangements to secure economy, efficiency and effectiveness in the use of its resources on 12th April 2022. This conclusion stated that the Council had, in all significant respects, proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the financial year ended 31st March 2021.
- 3.13 Grant Thornton will issue their opinion on the 2021/22 financial statements and a conclusion on the Council's arrangements to secure economy, efficiency and effectiveness once their work is complete.

Compliance with Financial Management Code (FMC)

- 3.14 The Council complies with the financial management standards as set out within the CIPFA Financial Management Code (FMC). The Council's Financial and Procurement Procedure Rules (FPPR's) provide the bedrock of the Council's financial governance, setting clear principles as to how the Council manages and controls its financial decision making. These FPPR's are routinely reviewed to ensure they are kept up to date with the current financial environment, new financial standards and the ever-changing local authority financial conditions.
- 3.15 The Council's current budget and Medium-Term Financial Strategy set out how the Council will finance the current requirements of services, whilst effectively planning for the delivery of agreed savings and continuing to stabilise and improve the Council's level of reserves. However, any significant longer-term planning is hindered by Government's reluctance to provide a financial settlement that is greater than a year ahead.

- 3.16 The Council's capital programme planning and investment levels are directly linked into the revenue budget planning to ensure that any new use of corporate resources is affordable over the longer term, in terms of financing borrowing and major repairs provision charges. Whilst the Council does annually review and make additions to the capital programme, typically with new use of corporate resources, the Council actively looks to maximise its access to and use of, government grant funding and other external contributions. The links between the revenue budget and capital programme are tightly controlled to ensure that the Council sets a Treasury Management Strategy that is both prudent and compliant with the Prudential Code for Capital Finance.
- 3.17 The Council sets an annual budget through Cabinet and Council which is then monitored closely during the course of the financial year. The Councils Strategic Leadership Team receive monthly updates on the financial position with regular updates taken to Cabinet throughout the financial year. This reporting process culminates with a financial outturn report post the end of any financial year, this report sets out how that outturn impacts the future financial planning of the Council, in particular the impact on reserves and delivery of planned savings.

4 UPDATE ON MATTERS REFERRED TO IN THE ANNUAL GOVERNANCE STATEMENT FOR 2020/21

Adult Social Care

- 4.1 Adult Care in 2019/20 continued to develop its key areas of delivery. Engagement with the workforce was initiated to develop a new target operating model for implementation in October 2019 and this was completed. The service introduced a virtual platform where teams could discuss and share their key activities – Perform Plus, this proved invaluable as they moved into the pandemic where virtual working had to become the norm. However, the embedding of the new operating model was hampered to a degree due to the focus on response to the pandemic, but key principles were still introduced. The model continues to be embedded and reviewed.

Information Governance

- 4.2 In last year's Annual Governance Statement, it was reported that the Council had not obtained a Public Services Network (PSN) certificate. This did not have any impact on the business of the Council although there remained a risk should that have continued that the Council's permissions to share confidential data with other organisations could be removed. During the past 12 months significant progress has been achieved with the latest IT system penetration test, conducted by a third party, achieving the highest rating to date. The

Council submitted the 2022 PSN submission to the Cabinet office earlier in the year and obtained a PSN certificate. The Council will work hard to continue to maintain certification in future years.

- 4.3 The rate of completion for Freedom of Information Requests and Right of Access Requests remains reasonably static. Monitoring of performance levels is undertaken monthly by the Corporate Information Governance Group and any areas of concern are addressed immediately either on a corporate or directorate level as appropriate. An annual report is also shared with the Audit Committee.

Delivering the Financial Strategy

- 4.4 The 2022/23 budget was finalised without the requirement for any new budget savings to be identified, however there remains £11.5m of previously agreed savings to be delivered over a revised profile 2022/23 to 2024/25. £4.8m of these savings are profiled for delivery in 2022/23.
- 4.5 The biggest challenges for the Council remain the cost and demand pressures on social care services and the ability of all services to deliver the service and cost changes agreed within the budgets, along with the significant cost pressures arising in 2022 from inflation and energy. The Council continues to engage with Government regarding funding for Operation Stovewood, further to the one-off funding allocations provided in previous years (£1.3m for 2019/20 and £2m for 2020/21).
- 4.6 The uncertainty nationally on the future funding of local government remains. The 2022/23 Finance Settlement was again for one year only and whilst the Spending Review 2021 also covers the following two financial years, there is no indication as yet from Government that the 2023/24 Finance Settlement will be for more than one year.

COVID-19

- 4.7 Following the national government's introduction of "lockdown" on 23rd March 2020 the Council had to respond at considerable pace to the COVID-19 pandemic in order to help the residents of the Borough to stay safe and support local businesses and key partners. This response continued throughout the majority of 2021/22. Although all domestic legal restrictions relating to Covid ceased on 24 February 2022, the Council continued to monitor the incidence and impact of Covid throughout the year and up to date.
- 4.8 Previous Annual Governance Statements have set out in detail the Council's response and the necessary management changes brought about by the need to prioritise the safety of residents and staff. Throughout 2021/22 the Council maintained its additional controls, including a Gold group, led by the Chief

Executive; Silver, led by the Director of Public Health and finally Bronze, which has been led by the Head of Service for Covid. In parallel to incident response and management arrangements, the Council also formally established recovery arrangements to cover the following key aspects:

- Workforce
- Mental Health and Wellbeing
- Economic, Jobs and Skills Recovery
- Schools and Education

4.9 The Council's Gold response and recovery arrangements stood down at the end of 2021/22 although the Council remains ready to initiate command and control structure if required either in relation to Covid or other types of Major Incidents. The Council's Gold group agreed a comprehensive debrief process following the major incident activity spanning the previous two years. This work provided an overview report to a meeting of all Strategic and Assistant Directors in June 2022, including feedback and recommendations for further work which will be linked to one of two areas:

- Major Incident Arrangements
- Business Continuity

4.10 As reported last year, the need to respond to the pandemic led to several Council services being suspended or reduced. In some cases, this was due to the need to maintain safe methods of working in compliance with legislation and/or Government guidance and in some, due to staff needing to be deployed to manage aspects of the Council's response. However, services had returned to normal by the end of 2021/22.

4.11 Following the delayed local elections in May 2021, work started on the development of a new Council Plan. The previous Council Plan ceased at the end of 2019/2020 and, due to the impact of the pandemic, was replaced by a "Year Ahead" plan to ensure the Council maintained its strategic direction in the intervening period. This "Year Ahead Plan" remained in place until November 2021 and was itself replaced by a new Council Plan from January 2022. The new Council Plan covers the period 2022-2025 and is supported by a "Year Ahead Delivery Plan". Both of these are subject to continued quarterly public performance reporting. More details are provided in the table at paragraph 3.2.

4.12 As reported last year, the requirement for service plans was suspended to enable the rapid restart of Council Services and delivery of the Year Ahead Delivery Plan. Through the Year Ahead Delivery Plan, each Directorate was able to focus on their priorities throughout 2020/21 and 2021/22. Mandatory Service Plans have now been reintroduced in line with the development of the new Council Plan and all services had approved plans in place by the end of

2021/22 ready for the new financial year 2022/23.

5 OTHER SIGNIFICANT ISSUES ARISING DURING 2021/22

Ombudsman Reports

- 5.1 During the year RMBC received two reports from the Local Government and Social Care Ombudsman.
- 5.2 The first was a Public Interest Report which found that there was fault by the Council which caused injustice to two residents. The report made five recommendations which were accepted by the Council. An Action Plan has been produced detailing how and when the Council will meet those recommendations and how it will provide the Ombudsman with the evidence it requires. The report was presented to the Audit Committee in April 2022 in line with the Committee's Terms of reference 'to consider reports on the effectiveness of internal controls and monitor the implementation of agreed actions. The Report was also made available to Council through the minutes of Audit Committee on 25th May 2022. The report has been made available to the public in hard copy from Riverside House reception and the Council has placed two public notices in local newspapers as directed by the Ombudsman. The Ombudsman has also publicised this via its own website and has advised its media partners. On 15th June 2022 the Ombudsman thanked the council for their comprehensive response and readiness to improve the services and stated formally that he was satisfied with the Council's response in accordance with section 31(2) of the Local Government Act 1974.
- 5.3 The second report found that there was fault by the Council which caused injustice to the Complainant. The Ombudsman directed that the findings are not made public as to do so would mean identifying the Complainant. The report was presented to the Audit Committee in private session. The Council has responded to the Ombudsman setting out the work that has been completed and that all the actions required have been discharged. On 6th July 2022 the Ombudsman welcomed the action taken by the Council and stated formally that he was satisfied with the Council's response in accordance with section 31(2) of the Local Government Act 1974.

Special Educational Needs and/or Disabilities (SEND) Inspection in Rotherham

- 5.4 In July 2021 Ofsted and the Care Quality Commission conducted a joint inspection of the local area of Rotherham to judge the effectiveness of the area in implementing the SEND reforms as set out in the Children and Families Act 2014. The report summarised strengths and areas for development in the effectiveness of identifying children and young people with SEND, meeting their needs, and improving outcomes for them.

- 5.5 As a result of the findings a Written Statement of Action (WSOA) was required because of serious areas of weakness in the local area's practice, to be submitted jointly by the RMBC and the area's Clinical Commissioning Group (CCG). The WSOA had to explain how the local area would tackle the areas of weakness.
- 5.6 The WSOA was submitted to Ofsted in January 2022 and was approved by them. Work is now underway to deliver improvements required across the Council and in NHS services, with strengthened governance in place to monitor progress. Regular updates between the Local Area SEND system managers, the Department for Education and NHS Improvement are in place, with supportive aspects being offered from the Department for Education.
- 5.7 Partnership governance has been further strengthened in relation to SEND to ensure robust local area response to addressing all aspects of this area, not just the WSOA, with strong visible leadership from senior leaders in the Council and CCG.

Homes England Report

- 5.8 Homes England is an executive non-departmental public body sponsored by the Department for Levelling Up, Housing and Communities. It part-funds housing developments by providing grants to local councils, including RMBC. Councils must comply with Homes England's policies, procedures and funding conditions when receiving the grants.
- 5.9 During the year the council received a 'red status' audit report from Homes England – serious failure to meet requirements, because certain key requirements had not been met at the point the grant was drawn down for two housing development schemes. Immediate action was taken to prevent recurrence of these issues and further necessary measures have been identified and captured in an action plan. Confirmation of this has been supplied to Homes England.

Youth Offending Team

- 5.10 A Youth Justice Board Peer Review of the Youth Offending Team was completed in March 2022, after an inspection by the HMIP in 2020 had concluded that it Required Improvement. Since then an improvement action plan has been followed and the YOT Board has been strengthened. The Peer Review found that positive improvements had been made, and also gave feedback on areas that continue to need focus.

Health and Safety Executive

5.11 On 29th November 2021 the Health and Safety Executive made the Council aware of an investigation it is undertaking into allegations concerning hand arm vibration. The final outcome of the investigation is expected later in 2022.

6 SIGNIFICANT EVENTS OR DEVELOPMENTS AFTER YEAR END

6.1 There have been no significant events or developments relating to the governance system between the year-end and the date on which this statement has been published.

7 LEADER AND CHIEF EXECUTIVE STATEMENT 2021/22

7.1 This Annual Governance Statement fairly reflects the position at Rotherham Metropolitan Borough Council during the year and up to the date of signing.

7.2 As Leader and Chief Executive, we have been advised on the results of the review of the effectiveness of the Council’s governance framework. We have also specifically considered the new significant issues noted in section five and their potential impact on our overall governance. Our final overall assessment is that this Annual Governance Statement is a balanced reflection of the governance environment, and the arrangements continue to be regarded as fit for purpose in accordance with the governance framework.

7.3 We are also satisfied that, over the remainder of this financial year, the Council will take appropriate steps to address the significant governance issues and we will monitor their implementation and operation as part of our next annual review.

Signed

**Councillor Chris Read,
Leader, Rotherham MBC
Date:**

Signed

**Sharon Kemp,
Chief Executive, Rotherham MBC
Date:**

Committee Name and Date of Committee Meeting

Audit Committee – 27th September 2022.

Report Title

Internal Audit Charter.

Is this a Key Decision and has it been included on the Forward Plan?

No.

Strategic Director Approving Submission of the Report

Judith Badger, Strategic Director, Finance and Customer Services.

Report Author

David Webster, Head of Internal Audit
Internal Audit, Finance and Customer Services
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Ward(s) Affected

Borough-Wide.

Report Summary

The Internal Audit Charter is in effect the Terms of Reference of the Internal Audit department. It is aligned to the Public Sector Internal Audit Standards (PSIAS) and Local Government Application Note (LGAN), which are mandatory for all local government audit departments. It also takes account of the contents of the CIPFA Statement on the Role of the Head of Internal Audit. The Charter must be reviewed periodically and presented to the Audit Committee for approval. The review has been completed. Although none of the requirements has changed in the last year there are minor changes to the Charter, including the completion of follow up reviews after a Partial or No Assurance audit opinion.

Recommendations

The Audit Committee is asked to approve the Internal Audit Charter as attached in Appendix A.

List of Appendices Included:-

Appendix A – Internal Audit Charter

Background Papers

Accounts and Audit (England) Regulations 2015.
Public Sector Internal Audit Standards, 2017.
CIPFA publication – Local Government Application Note for the United Kingdom
Public Sector Internal Audit Standards, 2019.

CIPFA Statement on the Role of the Head of Internal Audit in Public Services Organisations, 2019.

Committee on Standards of Public Life's Seven Principles of Public Life

Consideration by any other Council Committee, Scrutiny or Advisory Panel
No.

Council Approval Required
No.

Exempt from the Press and Public
No.

Internal Audit Charter

1. Background

- 1.1 The provision of Internal Audit is a statutory requirement for all local authorities that is set out in the Accounts and Audit (England) Regulations 2015. These state:

“each principal authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance.”

- 1.2 Public Sector Internal Audit Standards (PSIAS) state:-

“the purpose, authority and responsibility of the internal audit activity must be formally defined in an Internal Audit Charter, consistent with the Definition of Internal Auditing, Code of Ethics and Standards.”

- 1.3 Additionally, the Standards require the “chief audit executive” (in Rotherham’s case, the Head of Internal Audit), to periodically review the Internal Audit Charter and present it to the Audit Committee for approval.

- 1.4 The current Charter was produced in September 2021 and has now been reviewed. During the last year there have been no changes in the requirements for the Charter, The Charter has been amended to include follow up reviews after a Partial or No Assurance audit opinion.

2. Key Issues

- 2.1 The Charter outlines the regulatory requirements for Internal Audit and details:

- The Mission, Definition, Core Principles and Code of Ethics of Internal Audit.
- The Independence, Role, Scope of Work, Responsibilities, Reporting arrangements, Relationships, Resources and Performance Reporting of Internal Audit.
- The role of Internal Audit in reducing and investigating fraud, and in consulting services.

3. Options Considered and Recommended Proposal

- 3.1 This report is presented to enable the Audit Committee to fulfil its responsibility for overseeing the work of Internal Audit.

4. Consultation on Proposal

- 4.1 This section is not applicable to this report.

5. Timetable and Accountability for Implementing this Decision

- 5.1 The Audit Committee is asked to receive this report at its September 2020 meeting.

6. Financial and Procurement Advice and Implications

- 6.1 There are no direct financial or procurement implications arising from this report. The budget for the Internal Audit function is contained within the budget for the Finance and Customer Services Directorate.

7. Legal Advice and Implications

- 7.1 The provision of Internal Audit is a statutory requirement for all local authorities that is set out in the Accounts and Audit (England) Regulations 2015. These state:

“each principal authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance.”

- 7.2 Internal Audit also has a role in helping the Council to fulfil its responsibilities under s.151 of the Local Government Act 1972, which are:

“each local authority shall make arrangements for the proper administration of their financial affairs and shall secure that one of their officers has responsibility for the administration of those affairs”

8. Human Resources Advice and Implications

- 8.1 There are no direct Human Resources implications arising from this report.

9. Implications for Children and Young People and Vulnerable Adults

- 9.1 The scope of Internal Audit’s work, as defined in the Charter, will extend to all areas of the Council and its key risks, including CYPS and Adult Services.

10 Equalities and Human Rights Advice and Implications

- 10.1 There are no direct Equalities and Human Rights Implications arising from this report.

11. Implications for Partners and Other Directorates

- 11.1 Internal Audit is an integral part of the Council’s Governance Framework, which is wholly related to the achievement of the Council’s objectives, including those set out in the Corporate Improvement Plan and Children’s Services Improvement Plan.

12. Risks and Mitigation

- 12.1 As above the statutory guidance requires Internal Audit to be in place and supported by an Audit Charter, approved by Members. An effective Internal Audit Department helps to minimise the Council’s exposure to risk.

13. Accountable Officer

David Webster, Head of Internal Audit.

Tel 01709 823282, E mail david.webster@rotherham.gov.uk



Internal Audit Charter 2022

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1. Introduction

- 1.1 The Internal Audit Charter is a formal document that defines the internal audit activity's purpose, authority and responsibility. The internal audit charter establishes the activity's position within the organisation, including the nature of the Head of Internal Audit's functional reporting relationship with the 'board'; authorises access to records, personnel and physical properties relevant to the performance of engagements; and defines the scope of internal audit activities. Final approval of the internal audit charter resides with the 'board'.
- 1.2 Internal Audit is a statutory requirement for local authorities. The two pieces of legislation that impact upon internal audit in local authorities are:
- The Accounts and Audit (England) Regulations 2015 states that "each principal authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance."
 - Section 151 of the Local Government Act 1972 requires every authority to make arrangements for the administration of its financial affairs and to ensure that one of the officers has responsibility for the administration of those affairs. CIPFA has defined 'proper administration' in that it should include 'compliance with the statutory requirements for accounting and internal audit'.
- 1.3 The Internal Audit function is required to comply with Public Sector Internal Audit Standards (PSIAS). The PSIAS were published in 2013 and updated in 2016 and 2017 and encompass the mandatory elements of the Chartered Institute of Internal Auditors (CIIA) International Professional Practices Framework (IPPF) and CIPFA requirements in respect of local government and include the following:
- Definition of Internal Auditing
 - Code of Ethics, and
 - International Standards for the Professional Practice of Internal Auditing
 - Mission Statement for Internal Audit
 - Core principles for Internal Audit
- 1.4 The latest Local Government Application Note, which sets out the requirements for local government internal audit was published by CIPFA in February 2019.
- 1.5 The CIPFA Statement on 'The Role of the Head of Internal Audit' published in 2019, aligns to the PSIAS and explicitly links to the Core Principles, helping to demonstrate how the Head of Internal Audit role supports internal audit effectiveness.
- 1.6 PSIAS state that the charter must:
- Define the terms 'senior management' and 'board' for the purposes of internal audit activity;

- Cover the arrangements for appropriate resourcing
- Define the role of internal audit in any fraud related work; and
- Include arrangements for avoiding conflicts of interest if internal audit undertakes non-audit activities

1.7 Within Rotherham Council:

- 'chief audit executive' is the Head of Internal Audit
- 'board' refers to the Audit Committee;
- 'senior management' refers to the Chief Executive, Assistant Chief Executive and Strategic Directors.

1.8 The role of 'senior management' is not linked to a specific job title or pay grade, but includes the following key duties:-

- Input to the risk based internal audit plan;
- Receive periodic reports from the Head of Internal Audit on internal audit activity; that includes follow-up reports; and
- Receive the results of the quality assurance and improvement programme from the Head of Internal Audit.

1.9 The PSIAS lays out the role of a "board"., with the key duties being as follows:

- Approve the internal audit charter;
- Approve the risk based internal audit plan, including the approval of the internal audit budget and resource plan;
- Receiving communication from the Head of Internal Audit on internal audit performance relative to its plan and other matters;
- Receive an annual confirmation from the Head of Internal Audit with regard to the organisational independence of the internal audit activity;
- Receive the results of the quality assurance and improvement programme from the Head of Internal Audit;
- Make appropriate enquiries of management and the Head of Internal Audit to determine whether there are inappropriate scope or resource limitations.
- Receive the Head of Internal Audit's Annual Report, timed to support the Annual Governance Statement.

1.10 The Head of Internal Audit reports functionally to the "board". The Internal Audit department is part of the Finance and Customer Services Directorate. The Head of Internal Audit reports administratively to the Strategic Director Finance and Customer Services.

2. Mission, Definition and Core Principles of Internal Audit

2.1 The Mission of Internal Audit articulates what internal audit aspires to accomplish within the organisation and PSIAS defines this as:

'To enhance and protect organisational value by providing risk-based and objective assurance, advice and insight.'

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2.2 Internal Auditing is defined as:-

'Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes'.

2.3 The standards include 10 core principles for the professional practice of internal auditing. These, taken as a whole, should be present and be operating effectively in an effective internal audit function. Failure to achieve any of the core principles would imply that an internal audit activity was not effective as it could be in achieving internal audit's mission. The ten Core Principles are listed as follows:-

- Demonstrates Integrity
- Demonstrates competence and due professional care
- Is objective and free from undue influence (independent)
- Aligns with the strategies, objectives and risks of the organisation
- Is appropriately positioned and adequately resourced
- Demonstrates quality and continuous improvement
- Communicates effectively
- Provides risk-based assurance
- Is insightful; proactive and future - focussed
- Promotes organisational improvement.

3. Code of Ethics

3.1 Anyone delivering internal audit work for the Council must comply with the PSIAS Code of Ethics. This covers:

Integrity

The integrity of internal auditors establishes trust and thus provides the basis for reliance on their judgement.

Internal Auditors:

- Shall perform their work with honesty, diligence and responsibility
- Shall observe the law and make disclosures expected by the law and the profession
- Shall not knowingly be a party to any illegal activity, or engage in acts that are discreditable to the profession of internal auditing or to the organisation
- Shall respect and contribute to the legitimate and ethical objectives of the organisation

Objectivity

Internal Auditors exhibit the highest level of professional objectivity in gathering, evaluating and communicating information about the activity or process being examined. Internal auditors make a balanced assessment of all the relevant

circumstances and are not unduly influenced by their own interests or by others in forming judgements.

Internal Auditors:

- Shall not participate in any activity or relationship that may impair or be presumed to impair their unbiased assessment. This participation includes those activities or relationships that may be in conflict with the interests of the organisation
- Shall not accept anything that may impair or be presumed to impair their professional judgement
- Shall disclose all material facts known to them that, if not disclosed, may distort the reporting of activities under review

Confidentiality

Internal auditors respect the value and ownership of information they receive and do not disclose information without appropriate authority unless there is a legal or professional obligation to do so.

Internal Auditors:

- Shall be prudent in the use and protection of information acquired in course of their duties
- Shall not use information for any personal gain or in any manner that would be contrary to the law or detrimental to the legitimate and ethical objectives of the organisation

Competency

Internal auditors apply the knowledge, skills and experience needed in the performance of internal auditing services.

Internal Auditors:

- Shall engage only in those services for which they have the necessary knowledge, skills and experience
- Shall perform internal auditing services in accordance with the International Standards for the Professional Practice of Internal Auditing
- Shall continually improve their proficiency and effectiveness and quality of their services.

3.2 Internal auditors who work in the public sector must also have regard to the Committee in Public Life's Seven Principles of Public Life (the Nolan Principles).

4. Independence

4.1 The Council's Internal Audit Services is an appraisal and advisory function having independent status within the Council.

4.2 The Head of Internal Audit:

- Has direct access to the Leader, Chief Executive, the Strategic Director Finance and Customer Services, the Monitoring Officer, the External Auditor, the Chair and Members of the Council's Audit Committee and any other officer or member of the Council as the Head of Internal Audit shall determine.

[Type here]

- Is able to make appropriate provisions for the undertaking of an objective assessment of the resource requirements of Internal Audit Services.
- 4.3 Internal Audit activity is free from interference in determining the scope of activity, performing work and communicating results. It is independent of all activities that it audits to enable auditors to perform their duties in a way that allows them to make impartial and effective professional judgements and recommendations without giving rise to conflicts of interest. Internal Auditors have no direct operational responsibility or authority over any of the activities they review. Accordingly, they do not develop or install systems or procedures, prepare records, or engage in any other activity which would normally be audited. Internal Auditors will not be used on internal audit engagements where they have had direct involvement in the area within the last 12 months.
- 4.4 The Head of Internal Audit is a member of the Corporate Governance Group, tasked with the production of the Annual Governance Statement. He is also a Whistleblowing Officer, responsible with the Strategic Director Finance and Customer Services and the Head of Legal Services for the Whistleblowing Policy and procedures. He remains independent from the audit processes with regards to these areas, with any reviews carried out by a Principal Auditor reporting directly to the Strategic Director.

5. Authority

- 5.1 The Head of Internal Audit and Internal Audit staff have the authority to:
- Enter any Council premises and access Council records, assets, personnel and premises, including accounting records, documents, invoices, vouchers, correspondence and other data, whether held manually or electronically, the examination of which is necessary for the proper performance of internal audit duties.
 - Require prompt response, every assistance, all information and explanation from any Council employees or Council Members necessary for the internal auditors to carry out their audit duties.
 - Require any officer of the Council to account for cash, stores or any other Council asset under their control.
 - Access as listed above, depending on the terms of the contract with the partner organisation, those items held by contractors / partner organisations that affect the business of Rotherham Council or its control environment.

6. Role and Scope of Internal Audit Work

- 6.1 Internal Audit must provide the Council with an annual independent and objective opinion on the adequacy and effectiveness of its risk management, control and governance processes.

- 6.2 This involves:

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- Reviewing and appraising risks related to the achievement of objectives and business goals, and evaluating the adequacy and effectiveness of the system of internal control related to those risks;
- Appraising the relevance, reliability and integrity of information;
- Reviewing compliance with those policies, plans, procedures, statutory requirements and regulations which could have a significant impact on the achievement of the Council's objectives and business operations;
- Reviewing the means of safeguarding assets and as appropriate verifying the existence of such assets;
- Appraising the economy, efficiency and effectiveness with which resources are employed, and the delivery of services in a best value manner;
- Reviewing operations or projects to ascertain whether results are consistent with the Council's established objectives and goals and whether the operations or projects are being carried out as planned;
- Maintaining a program of review and assessment to enhance the integrity and usefulness of the Council's risk management processes;
- Maintaining a program of development, review and audit in relation to quality improvement and assurance methods;
- Assisting management in conducting special assignments and investigations into any matter or activity affecting the interests of the Council.

6.3 The internal audit coverage embraces the entire control environment of the Council, and extends to all areas of the Council and its controlled entities.

6.4 Particular attention is given to any aspects of the control environment affected by significant changes to the Council's risk environment.

6.5 Internal Audit completes advisory / consultancy work in agreement with senior management by responding to requests for audit reviews and by contributing to projects and working groups throughout the Council.

6.6 Internal Audit provides advice and practical support to service management in investigating fraud. Any allegation of fraud and corruption received is followed-up in accordance with the agreed procedures of the Anti-Fraud and Corruption Policy, Whistleblowing Policy and Disciplinary Procedures.

6.7 The Council also participates in the biennial National Fraud Initiative. Internal Audit administers the initiative.

6.8 Where the Council has entered into a partnership with other organisations the partnership arrangement will be subject to review. In addition, where Rotherham Council is the lead authority of a partnership or collaboration, the work undertaken will be subject to review by RMBC Internal Audit.

6.9 Internal Audit may undertake work for new clients by extending its work to third parties. All engagements will be performed in accordance with this Charter to an agreed schedule of audit days. The scope of Internal Audit's work for external bodies is primarily to provide assurance relating to the bodies' systems of

internal control, although the bodies might also ask for additional consultancy work to be conducted. Where appropriate, Internal Audit might also be asked to assist in or carry out investigations into suspected irregularities. Example of this work is where internal audit carry out work for Academies.

7. Responsibilities

- 7.1 It should be noted that internal audit is not responsible for the operation of control functions within the Council; these responsibilities rest with management. Internal audit should not be regarded as a substitute for good management.
- 7.2 The primary task of Internal Audit is to review the systems of internal control operating throughout the authority, and in doing this it adopts a predominantly risk-based approach to audit.
- 7.3 The Head of Internal Audit is required to manage the provision of a complete audit service to the Council that includes risk based, systems, and advisory audit in addition to the investigation of potential fraud and irregularity. In discharge of this duty the Head of Internal Audit has a responsibility to:
- Prepare and implement an effective strategic and annual internal audit plan, providing for the review of significant operations of the Council based on an assessment of risk pertaining to the achievement of Council objectives;
 - Ensure that the scopes and boundaries of individual audit assignments are in line with the plan;
 - Highlight control weaknesses and required associated improvements together with corrective action recommended to management based on an acceptable and practicable timeframe;
 - Undertake action tracking to gain management assurance that they have implemented agreed internal control improvements within specified and agreed timeframes;
 - Undertake follow up reviews where the original audit resulted in a Partial or No Assurance opinion.
 - Ensure a system of close supervision of audit work;
 - Maintain the appropriate auditing standards as defined by the PSIAS.
 - Maintain a Quality Assurance and Improvement Programme including annual internal assessments and external assessments at least every five years;
 - Report the results of assessments to the Audit Committee and state that the department conforms with the standards or disclose any non-conformance;
 - Develop, implement and have oversight of internal audit methods and procedures, including the maintenance of an Audit Manual;
 - Maintain knowledge, skills and expertise within the department specifically for the investigation of fraud and irregularity;
 - Liaise with the external auditor to provide consistent advice to management and the Audit Committee;

- Prepare reports on audit and investigation activities for presentation to the Audit Committee, and other reports as may be required.
- Utilise designated internal audit resources to maximise the efficiency and effectiveness of the internal audit function.

8. Audit Reports

- 8.1 All standard audit assignments are the subject of formal reports. Draft reports are issued to the manager of the area under review. Discussions are then held to reach agreement on the factual accuracy of findings and the necessary actions. After agreement, final reports are issued to management and the respective Strategic Director. The Head of Internal Audit considers the release of investigation reports on a case by case basis.
- 8.2 All reports that are submitted to the Chief Executive and Leader of the Council. A summary of reports is presented to SLT meetings to inform all Strategic Directors of areas of concern within the Council, and also sent to Cabinet Members.
- 8.3 Progress Reports are presented to the Audit Committee at every meeting summarising outcomes of audit activities. The reports contain significant findings and issues arising from the internal audit work undertaken
- 8.4 The Progress Reports include the tracking of audit recommendations, any agreed actions that are not implemented within the agreed timescales and any failure of managers to respond to internal audit reports and requests for information relating to the implementation of recommendations within the set time limits.
- 8.5 The Head of Internal Audit submits an annual report to the Audit Committee timed to support the Annual Governance Statement which includes:
- An annual Internal Audit Opinion on the overall adequacy and effectiveness of the Council's framework of governance, risk management and control.
 - Any qualifications to the opinion, together with the reasons for those qualifications
 - Disclosure of any impairments to independence or objectivity
 - A summary of the audit work from which the opinion is derived (including reliance placed on work by other assurance bodies).
 - Any particular control weaknesses judged to be relevant to the preparation of the annual governance statement.
 - A comparison of work undertaken against planned work and a summary of performance of internal audit against performance targets
 - A statement on conformance with PSIAS and the results of the Internal Audit Quality Assurance and Improvement Programme.
- 8.6 In giving the opinion it should be noted that assurance can never be absolute, the most that can be provided is a reasonable assurance that there are no major weaknesses in governance, risk management and control processes.

9. Relationships

- 9.1 To provide optimum benefit to the organisation, internal audit works in partnership with management to improve the control environment and assist the organisation in achieving its objectives.
- 9.2 The internal audit function, as part of an effective process of service delivery, maintains good and effective working relationships with its clients and with those charged with responsibility for partner organisations.
- 9.3 It also maintains effective working relationships with the Audit Committee, the Chief Executive, the Strategic Director Finance and Customer Services, the Monitoring Officer, the External Auditor, other inspection and agency teams, and the Council's Members, management and employees.
- 9.4 Internal audit is not responsible for the management of the Council's risks; this is the responsibility of the Council's management. However, internal audit takes account of the corporate risk management processes in the way it relates to managers in the control of risks. Emphasis is placed on the importance of risk management to all managers in the Council as part of the delivery of the internal audit service. Internal Audit regularly reviews the Council's risk management arrangements as an integral aspect of its work.
- 9.5 Internal audit's work assists managers to better understand risk management. This is an important educational / informative role that adds value to the organisation where appropriate. All reports that have No Assurance or Partial Assurance are submitted to the Corporate Risk Manager so that findings can be considered for inclusion in risk registers to ensure they are kept up-to-date and relevant.
- 9.6 Where the Council has partnership arrangements, the Head of Internal Audit ensures that there is effective and efficient control environment which takes account of the governance, risk and control framework of the partner body, and that the risks associated with such an arrangement are subject to internal audit review. Suitable protocols are in place where these safeguard the Council's interests for effective internal audit.
- 9.7 Where there are incidents of fraud the Head of Internal Audit advises or intervenes as appropriate in ensuring that there is suitable involvement with the Police or other agencies and seeks to maintain effective working relationships with them.
- 9.8 Internal audit comments on the efficient, economic and effective use of resources, where appropriate, in both the routine internal audit work and also where specifically charged with evaluating value for money / efficiency improvements.

10. Resources and Prioritisation

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- 10.1 Internal Audit endeavours to maintain an effective number of staff to undertake the required workload, supported by effective systems of operation. Internal Audit applies staff in the most effective way in accordance with their experience and skills and in accordance with the PSIAS.
- 10.2 The Head of Internal Audit, s151 Officer and Audit Committee all have a responsibility to ensure Internal Audit has sufficient resources to enable it to fulfil its mandate. Significant matters that jeopardise the delivery of the plan or require changes to the plan will be identified, addressed and reported to the Audit Committee.
- 10.3 Internal Audit's annual planning process sets out clearly the range of work it expects to do.
- Risk Based Audits
This refers to our work on assessing the management of the key risks currently facing the Council.
 - Systems Audits
This includes work on fundamental financial systems that helps the s.151 officer to fulfil his/her statutory responsibilities for proper financial administration and control.
 - Advisory Work
This refers to our work on supporting continuous improvement by reviewing change projects and systems developments and by contributing to working groups
 - Follow Up Audits
All reports that give an overall opinion of either Partial Assurance or No Assurance are subject to a follow up after six month or when the implementation dates of actions have been reached.
 - Responsive Work
This refers to responding to requests from management for additional work.
 - Investigations
Responding to the need to investigate potential fraud and irregularity.
 - Work for External Bodies
There is also some work arising that does not fall into these headings such as income earning work for external bodies such as audit work for academy schools.
- 10.5 The quantum of work is identified following a full assessment of risks across the Council and after taking into account other forms of assurance available to oversee and mitigate some risks identified (for example external audit work or improvement board activities).
- 10.6 Internal Audit prepares a plan of work each year. Resources to deliver the plan of work, in terms of the level of resources and the skills required are identified. Both the Head of Internal Audit and the Strategic Director Finance and Customer Services satisfy themselves at the start of the year that there are sufficient resources in place at least to deliver the plan and to give an opinion

on the Council's system of governance, risk management and internal control at the end of the year, and to ensure some coverage in other necessary areas in accordance with PSIAS.

- 10.7 Where there are any deficiencies arising in resources at any stage, the Head of Internal Audit and Strategic Director Finance and Customer Services will, firstly, try to provide additional audit support to the section. Where it becomes necessary to limit the amount of work it is possible for the Service to do, work for external parties, follow up and responsive work will be reduced.
- 10.8 Internal Audit annually carries out a review of the skills within the team and any development needs, linked to operational requirements. Training and development is prioritised to reflect the needs of the service and individuals. This enables the service to maintain appropriate expertise for the delivery of the audit plan and strategy and to continuously adapt to new developments.
- 10.9 Where necessary, appropriate staff from within the Council or from external sources, will be obtained to complete specialist reviews. ICT Audit reviews are completed by Salford Internal Audit Services, who have the specialist staff and expertise necessary to carry them out.

11. Fraud and Corruption

- 11.1 Managing the risk of fraud and corruption is the responsibility of management. Internal Audit assists management in the effective discharge of this responsibility. There is a need for the Council to maintain an effective counter-fraud culture and the work of Internal Audit through testing for and preventing and detecting fraud contributes to the corporate counter fraud culture. There is a public expectation for public monies to be spent wisely and safeguarded against fraudulent activity. Accordingly, the section's audit plans provide for counter fraud activity.
- 11.2 Audit procedures alone, even when performed with due professional care, cannot guarantee that fraud or corruption will be detected. Internal Audit does not have the responsibility for the identification, prevention or detection of fraud and corruption. Internal Audit will, however, be alert in all their work to risks and exposures that could allow fraud and corruption.
- 11.3 The Head of Internal Audit develops and maintains the Anti-Fraud and Corruption Policy and Strategy.
- 11.4 Council Policy requires that where there is suspicion or detection of fraud or corruption by employees they report it to the appropriate manager, or if necessary, directly to the Chief Executive, Assistant Director Legal and Democratic Services or the Head of Internal Audit. Management will notify Internal Audit immediately, so that this can be considered when forming the overall opinion on the control environment and preparation and delivery of the Audit Plan. Depending on the nature and anticipated extent of the allegations, the Head of Internal Audit will normally work closely with management and other agencies, such as the Police, to ensure that the allegations are properly investigated and reported so that maximum recoveries are achieved. If the irregularity or suspected irregularity involves theft or suspected theft of assets, it

must be referred to the Police. In addition where a break-in is suspected, the Police must be informed immediately.

11.5 When notified of a suspected fraud, Internal Audit will consult with HR with regards to the disciplinary procedures and possible suspension of the employee concerned. They will then conduct an investigation in conjunction with management of the department. Internal Audit will prepare a report which may or may not lead to disciplinary action being taken. The report will also address any systems weaknesses and make recommendations for improvements to prevent a recurrence.

12. Performance Reporting

12.1 Performance indicators for Internal Audit are reported to each Audit Committee meeting and the Strategic Director Finance and Customer Services.

13. Definition of Consulting Services

13.1 The standards define consulting services as follows: "Advisory and client related service activities, the nature and scope of which are agreed with the client, are intended to add value and improve an organisation's governance, risk management and control processes without the internal auditor assuming management responsibility. Examples include counsel, advice, facilitation and training."

13.2 Internal Audit provides ad hoc advice to management on an ongoing basis. Time is allocated for this work in the audit plan.

13.3 Requests for any significant additional consulting services not already included in the audit plan will be submitted to the Audit Committee for approval prior to accepting the engagement.

Committee Name and Date of Committee Meeting

Audit Committee – 27th September 2022.

Title

Internal Audit Progress Report for the period 1st June 2022 to 31st August 2022.

Is this a Key Decision and has it been included on the Forward Plan?

No.

Strategic Director Approving Submission of the Report

Judith Badger, Strategic Director, Finance and Customer Services.

Report Author(s)

David Webster, Head of Internal Audit

Tel: 01709 823282 Email: david.webster@rotherham.gov.uk

Ward(s) Affected

All wards.

Report Summary

This Progress Report provides the committee with an up to date position on the Internal Audit Plan, a summary of Internal Audit work completed during the period 1st June 2022 to 31st August 2022 and the key issues that have arisen from it, and the status of actions arising from audits. It also provides information regarding the performance of the Internal Audit function during the period.

Recommendations

The Audit Committee is asked to:

- 1) Note the Internal Audit work undertaken since the last Audit Committee, 1st June 2022 to 31st August 2022, and the key issues that have arisen from it.
- 2) Note the information contained regarding the performance of Internal Audit and the actions being taken by management in respect of their performance.

List of Appendices Included

Appendix A – Internal Audit Plan 2022/23

Appendix B – Summary of work completed since the last meeting

Appendix C – Internal Audit Performance Indicators

Background Papers

Public Sector Internal Audit Standards and Associated Local Government Application Note.

Accounts and Audit (England) Regulations 2015.

Consideration by any other Council Committee, Scrutiny or Advisory Panel
No.

Council Approval Required
No.

Exempt from the Press and Public
No.

Internal Audit Progress Report for the period 1st June 2022 to 31st August 2022

1. Background

- 1.1 CIPFA guidance for Audit Committees in Local Authorities gives the Audit Committee a clear role in supporting the effectiveness of the internal audit process. This role is reflected in the Terms of Reference of the committee. To fulfil this role the committee receives updates on the work of internal audit including key findings, issues of concern and action in hand as a result of internal audit work. In addition, it receives information on performance relative to the audit plan.
- 1.2 Public Sector Internal Audit Standards require that the Head of Internal Audit reports periodically to the Audit Committee. This is reflected in the Audit Charter which provides for Progress Reports to be presented to the Audit Committee regarding the audit plan and progress against it; resource requirements; the results of audit activities; the tracking of audit recommendations; and the performance of the audit team.
- 1.3 This report includes the position up to the end of August on the completion of the annual plan for 2022/23, the reports finalised in June, July and August, and performance indicators for the team.

2. Key Issues

2.1 Department Developments

One of the Principal Auditors is taking flexible retirement from 1st October 2022, reducing his hours from full time to 2 days a week. Recruitment has commenced for an additional full time Senior Auditor which will enhance capacity in the medium term and aid business continuity and succession planning. In the short-term there will be a shortfall in resource. The plan will be monitored to ensure that sufficient coverage is maintained.

The department is currently purchasing Data Analytics software. This can be applied to databases to identify unusual or anomalous transactions for examination, which will increase the efficiency and effectiveness of audit work in the future, but again will have a short-term effect as training is completed and it starts to be used.

2.2 Internal Audit Annual Plan

Internal Audit produced a risk based Annual Audit Plan for 2022/23 and presented it to the Audit Committee at its meeting on 15th March 2022. Work has commenced on this plan for 2022/23. The current position with regards to the plan is given in **Appendix A**. In the year to date the department has delivered 471 days of productive work, showing it is on target for the year as a whole.

2.3 Audit Work Undertaken During the Period

Internal Audit provides an opinion on the control environment for all systems or services which are subject to audit review. These are taken into consideration when forming our overall annual opinion on the Council's control environment. There are four possible levels of assurance for any area under examination, these being

“Substantial Assurance”, “Reasonable Assurance” “Partial Assurance” and “No Assurance”. Audit opinions and a brief summary of all audit work concluded since the last Audit Committee are set out in **Appendix B**. Twelve audits have been finalised since the last Audit Committee, including two with Partial Assurance – Rothercare and Enforcement (Food and Feed).

2.4 In addition to the planned audit assurance work, Internal Audit also carries out unplanned responsive work and investigations into any allegations of fraud, corruption or other irregularity. There have been no investigation reports issued since the last committee meeting.

2.5 Internal Audit Performance Indicators

Internal Audit’s performance against a number of indicators is summarised in **Appendix C**. Targets were met apart from the issuing reports in the planned time, which was affected by annual leave.

2.5 Management Response to Audit Reports

Following the completion of audit work, draft reports are sent to or discussed with the responsible managers to obtain their agreement to the report and commitment to the implementation of recommendations. This results in the production of agreed action plans, containing details of implementation dates and the officers responsible for delivery. Draft reports are copied to the relevant Head of Service and Assistant Director and final reports are also sent to the Strategic Director.

Confirmation of implementation of audit recommendations is sought from service managers when the implementation date is reached. This is automated, with alerts being sent out a week before the due date to the Responsible Manager and Head of Service, and overdue alerts sent out weekly, copied into the Assistant and Strategic Director. Managers should enter the system and provide an update on the action – either implemented or deferred.

Summary reports of outstanding actions are produced monthly and distributed to Strategic Directors. At the present time there are only seven actions that have been deferred from their original due dates, but four of these will be cleared by the end of September. The position will be monitored and any issues reported.

3. Options considered and recommended proposal

3.1 This report is presented to enable the Audit Committee to fulfil its responsibility for overseeing the work of Internal Audit. It provides a summary of Internal Audit work completed and the key issues arising from it for the period from 1st June to 31st August 2022 and information about the performance of the Internal Audit function during this period.

4. Consultation on proposal

4.1 The Internal Audit plan was produced after consultation with management teams. All Internal Audit reports referred to in this report have been discussed and agreed with management in the respective service areas.

5. Timetable and Accountability for Implementing this Decision

- 5.1 The Audit Committee is asked to receive this report at its 27th September 2022 meeting.

6. Financial and Procurement Advice and Implications

- 6.1 There are no direct financial or procurement implications arising from this report. The budget for the Internal Audit function is contained within the budget for the Finance and Customer Services Directorate.

7. Legal Advice and Implications

- 7.1 The provision of Internal Audit is a statutory requirement for all local authorities that is set out in the Accounts and Audit (England) Regulations 2015. These state:

“A relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance.”

- 7.2 Internal Audit also has a role in helping the Council to fulfil its responsibilities under s.151 of the Local Government Act 1972, which are:

“each local authority shall make arrangements for the proper administration of their financial affairs and shall secure that one of their officers has responsibility for the administration of those affairs”

8. Human Resources Advice and Implications

- 8.1 There are no direct Human Resources implications arising from this report.

9. Implications for Children and Young People and Vulnerable Adults

- 9.1 This document includes a report of progress against delivery of the Internal Audit Plan. A significant proportion of the Plan is devoted to the examination of risks facing Children and Young People’s Services and Adult Social Care.

10. Equalities and Human Rights Advice and Implications

- 10.1 There are no direct Equalities and Human Rights Implications arising from this report.

11. Implications for CO2 Emissions and Climate Change

- 11.1 There are no direct CO2 and Climate Change implications arising from the report.

12. Implications for Partners

- 12.1 Internal Audit is an integral part of the Council’s Governance Framework, which is wholly related to the achievement of the Council’s objectives, including those set out in the Council Plan.

13. Risks and Mitigation

13.1 An effective Internal Audit Department helps to minimise the Council's exposure to risk.

14. Accountable Officer

David Webster, Head of Internal Audit.

Tel 01709 823282 E mail david.webster@rotherham.gov.uk

Internal Audit Plan 2022-2023

Assistant Chief Executive					
Audit	Risk Register and Rating	Audit Classification	Auditable Area	Number of days	Planned Quarter
Payroll	ACX20	Systems Based	Provide assurance on key processes for carrying out reconciliations and error resolution and prevention.	20	4
Big Hearts Big Changes (BHBC)	ACX23	Risk Based	Provide assurance on the governance arrangements to ensure the effective delivery of the BHBC programme.	15	3/4
Year Ahead Plan	ACX27	Risk Based	Provide assurance on the governance arrangements and that performance measures are being accurately reported.	20	3
Agency Staff / Relief Workers		Risk Based	Provide assurance on the effectiveness of governance arrangements to ensure agency/relief staff are being sourced in accordance with approved contract(s).	15	WIP
Use of Volunteers		Risk Based	Provide assurance that the process for managing volunteers is robust and that access to information and the use of personal data is GDPR compliant.	10	WIP
Declarations of Interest		Risk Based	Provide assurance on the effectiveness of policies & procedures and ownership and accountability for the process.	10	2
Leavers		Follow-up	Carry out a Follow-up of the Jan 2022 Audit (partial assurance)	5	1/2
Complaints		Risk Based	Provide assurance on the effectiveness of the complaints procedure	10	WIP
Total planned days – Assistant Chief Executive				105	

ADULT CARE HOUSING AND PUBLIC HEALTH

Audit	Risk Register and Rating	Audit Classification	Auditable Area	Number of days	Planned Quarter
Liberty Protection Safeguards.	ACHPH R3 (ACI R5)	Risk Based	Provide an assurance on the Council's readiness to transfer to the new Liberty Protection Safeguards regulations.	15	4
Public Health	ACHPH R7 (PH R5)	Risk Based	Management request for a further review of additional Elements of the What Good Looks Like (WGLL) programme.	10	2/3
Health & Safety Legislation and Corporate Responsibilities for Council Homes.	ACHPH R9 Housing RR No.1	Risk Based.	Management request for a review to be carried out when changes to Social Housing Regulations framework have been finalised. The audit will revisit the Council's compliance with Health and Safety regulations.	10	3
Assistive Technology	ACHPH R11 & 12)	Risk Based	Review of Assistive Technology procedures; including approval pathway for purchasing new equipment; decision making for specialist equipment and compliance with contractual / procurement processes.	15	3/4
Health Funded Clients	ACI R1	Risk Based	Review the Council's use of the RAFT tool in determining client's assessment of their level of health need, and subsequent level of health funding for their needs.	10	WIP
Housing Disrepair Claims	Operational Risk	Risk Based	Provide assurance on the controls in place to reduce the number of Disrepair claims logged with the Council and deal with those received.	10	2/3
Housing Management System		Risk Based	Review and provide assurance on the adequacy of the new housing management system.	15	3/4
Care Provision Deferred Payment Agreements & Unpaid Debt.		Risk Based	Review of compliance with procedures for deferring payment for care provision and recovery of unpaid debt.	10	WIP
Transition from Children's Care to Adult Care		Follow Up	Follow up of 2020-2021 audit review. Audit deferred from 2021-2022 plan.	5	3
Rothercare		Follow Up	Follow up of 2021-2022 audit review reporting a partial assurance level.	5	3

Total Planned Days – Adult Care and Housing	105
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CHILDREN AND YOUNG PEOPLES SERVICE					
Audit	Risk Register and Rating	Audit Classification	Auditable Area	Number of days	Planned Quarter
Commissioning Services	CPQ43	Risk Based	Review of commissioning policies in place to support safeguarding of children and young people; health and safety and Governance, which need to be in place by all contract holders. Assurance would assist Commissioning develop their quality assurance framework.	10	3
Direct Payments	CPQ44	Risk Based	Review the procedures for making direct payments to personal budget holders and provide an assurance on the quality of annual audits carried out on individual client's accounts.	15	DRAFT
Safeguarding	SCF4	Risk Based	Review the processes for maintaining robust safeguarding arrangements – detailed scope to be agreed.	20	3
Schools CRSA		Risk Based	Conduct the annual school's Control and Risk Self-Assessment to form the basis for school visits.	10	3/4
Schools Themed Audits		Risk Based	Sample visits to schools, based on the results of the self-assessment.	20	3/4
Joint Funding of Care Packages		Risk Based	Review of the new Joint Funding strategy and provide a level of assurance on compliance with the new strategy.	15	3/4
Commissioning		Follow Up	Follow up audit of commissioning of emergency provision supplier.	5	2
Special Education Needs and Disability (SEND).	CYPS03 ES16	Risk Based	Review progress in implementing the Ofsted action plan and provide an assurance on the processes taken to address the weaknesses highlighted within the action plan.	15	2/3
Total Planned Days - Children and Young People's Services				110	

FINANCE AND CUSTOMER SERVICES					
Finance					
Audit	Risk Register and Rating	Audit Classification	Auditable Area	Number of days	Planned Quarter

NNDR	FCS2	Systems Based	Fundamental System. Review of new processes in respect of NNDR reliefs to provide a level of assurance of compliance with these.	10	4
Council Tax Support	FCS10	Systems Based	Review of changes in Council Tax Support System and provide a level of assurance of compliance with these.	10	3/4
Procurement Governance	Operational Risk.	Risk Based	Review procurement procedures and assess Directorate adherence to them. To include, where applicable, a review of Directorate procedures.	30	2/3
Social Values	Operational Risk	Risk Based	Review of compliance with Social Value policy requirements for procurement and provide assurances that controls are in place to ensure the policy is embedded by contract managers.	15	3
Debtors		Systems Based	Review debtors procedures and assess Directorate adherence to them. To include, where applicable, a review of Directorate procedures.	30	3/4
Treasury Management		Risk Based	Review of Treasury Management Strategy to ensure compliance with recent changes.	10	3
Covid Grants		Risk Based	Further reviews of new Covid Grant Schemes, including the Council's use of the Spotlight tool.	15	FINAL
Customer Information & Digital Services					
3 rd Party Supplier Access Management	Salford risk assessment	Risk Based	Provide assurance on the effectiveness of policies & procedures to allow/remove access for 3rd parties.	10	WIP
Back-up Management	Salford risk assessment	Risk Based	Provide assurance that IT 'back-up' arrangements are operating effectively, e.g. servers, 365.	10	2
Blue Badge Scheme		Risk Based	Provide assurance on effectiveness and application of policy and procedures.	10	
Hardware Asset Management		Follow-up	Follow-up of 21/22 Audit (partial assurance)	5	1/2
Customer Digital Programme		Advisory	Audit contribution to projects designed to increase efficiency.	30	WIP
Hosted & Cloud-based systems	Operational Risk	Risk Based	Provide assurance on the IG policies & procedures for cloud-based storage platforms, including recovery, protection & security arrangements.	10	3
Phishing Risk Management	Salford risk assessment	Risk Based	Provide assurance on the effectiveness of the management of the risk of phishing attacks.	10	3

Legal Services					
Electoral Services		Risk Based	Review the processes used as part of the Mayoral Election to provide assurances that processes are efficient and fit for future elections.	10	3
Adult Care Protection Legal Support		Risk Based	Provision of effective Adult Care Protection legal support to Adult Care, Housing & Public Health	10	3/4
Housing Disrepair		Risk Based	Review of procedures for handling claims in respect of Housing Disrepair within Legal Services.	10	2/3
Registrars		Risk Based	Provide an assurance on the performance of the Council's contract with Dignity Crematoria Ltd.	15	WIP
Total Planned Days – Finance and Customer Services				250	

Regeneration and Environment					
Audit	Risk Register and Rating	Audit Classification	Auditable Area	Number of days	Planned Quarter
Licensing	R&E1 (CSS8)	Risk Based	Review and provide assurance on the implementation of actions arising from the Local Government Association's review of Licensing.	15	4
Waste	CSS13	Risk Based	Scope to be confirmed / agreed.	20	3
Health & Safety Policy	CSS24	Risk Based	Review of policies / procedures in place to ensure compliance with statutory requirements / Health and Safety at Work Act.	10	FINAL
Drainage	CSS35 / 36	Risk Based	Provide assurance on the arrangements in place to maintain the safety of the highway network from surface water & flooding.	10	FINAL
Museum Collections	CST11	Risk Based	Review arrangements for the control, management and security of valuable collections to protect them from loss or damage.	10	WIP
Planning Decisions & Complaints	PRT4	Risk Based	Provide assurance on timeliness of planning decisions performance and review the arrangements for determining planning complaints & objections.	15	WIP

Cash collection and income		Risk Based	Review the arrangements for the collection, monitoring, reconciliation of cash and other forms of income from various establishments.	20	4
Estate Management		Risk Based	Review Health & Safety arrangements in management of the property estate relating to LEA Schools and Neighbourhoods properties.	15	FINAL
S278 Agreements		Risk Based	Provide assurance on the proper execution of Section 278 Agreements.	10	2
Total Planned Days – Regeneration and Environment				125	

<u>OTHER</u>	Provision	Used
Follow Up reviews	20	20
Grants	50	68
Provision for investigations	150	0
Pro-active fraud	25	5
Contingency	50	10
Software development	30	0
Other Work Total	325	103
Overall Plan Total	1000	

Summary of Audit Work Completed since the last meeting

Note:- Internal Audit uses an Executive Summary and reporting structure which gives four levels of overall assurance for areas under examination. Within each area audited an overall assurance opinion is assessed as being either “Substantial Assurance”, Reasonable Assurance”, “Partial Assurance” or “No Assurance”, taking into account the results of all the risks assessed.

Audit Area	Assurance Objective	Final Report to man't	Overall Audit Opinion	Summary of Significant Issues
Adult Care, Housing and Public Health				
Rothercare	To review the Rothercare service following internal reviews of systems and operations including Assistive Technology.	13.7.22	Partial Assurance	Recommendations were made around the plans for the service and the procurement of assistive technology.
Children and Young People Services				
Special Educational Needs and Disability	To provide assurance on the inclusion pathway and its links to other key services.	13.6.22	Substantial Assurance	The first stage of the inclusion pathway has been implemented. No recommendations were made.
Ratings of Schools	To review the arrangements in place in maintained schools to meet statutory requirements.	4.7.22	Reasonable Assurance	Controls were in place. Recommendations were made to update and cascade RMBC regulations for schools to ensure clarity and compliance.
School Exclusions	To review procedures for permanent exclusions to ensure they are effective and comply with statutory requirements.	7.7.22	Substantial Assurance	Controls were in place. One low level recommendation was made to improve the format of the Local Authority statement.
Finance and Customer Services				

Audit Area	Assurance Objective	Final Report to man't	Overall Audit Opinion	Summary of Significant Issues
NNDR	To provide assurance on the NNDR valuation and liability procedures.	6.6.22	Substantial Assurance	Controls were in place. No recommendations were made.
Vulnerability Management	To confirm that vulnerabilities in the IT 'estate' are effectively managed in a timely & controlled manner.	17.6.22	Substantial Assurance	Key risks are being managed effectively. One recommendation was made to enhance reporting.
AGS	To provide assurance on the processes and systems in place to produce the AGS.	22.7.22	Substantial Assurance	Controls were in place. One recommendation was made concerning the format of the self-assessment and governance statements.
Covid Grants	To review compliance with the requirements for covid grant schemes.	9.8.22	Substantial Assurance	Controls were in place. No recommendations were made.
Regeneration and Environment				
Enforcement (Food and Feed)	To provide assurance that arrangements around food and feed controls meet statutory requirements.	13.6.22	Partial Assurance	Management controls and oversight need to be improved to ensure inspections and interventions are completed.
Health and Safety Policy	To ensure that policies and procedures are in place to demonstrate compliance with Health and Safety legislation.	5.7.22	Substantial Assurance	Controls were in place. No recommendations were made.
Estate Management	To review the Health and Safety arrangements in the management of the property estate relating to Local Authority schools.	18.8.22	Substantial Assurance	Controls were in place. Recommendations were made to improve management checks.
Drainage	To provide assurance on the arrangements in place to maintain the safety of the highway network from surface water and flooding.	23.8.22	Reasonable Assurance	Controls were in place. Recommendations were made to update plans and to improve the reporting of KPI's.

Definitions

Rating	Definition
Substantial Assurance	<p>Substantial assurance that the system of internal control is designed to achieve the service's objectives and this minimises risk.</p> <p>The controls tested are being consistently and effectively applied. Recommendations, if any, are of an advisory nature (1 star) to further strengthen control arrangements.</p>
Reasonable Assurance	<p>Reasonable assurance that the system of internal control is designed to achieve the service's objectives and minimise risk. However, some weaknesses in the design or inconsistent application of controls put the achievement of some objectives at risk.</p> <p>There are some areas where controls are not consistently and effectively applied and / or are not sufficiently developed. Recommendations are no greater than medium (2 star) priority.</p>
Partial Assurance	<p>Partial assurance where weaknesses in the design or application of controls put the achievement of the service's objectives at risk in a significant proportion of the areas reviewed.</p> <p>There are significant numbers of areas where controls are not consistently and effectively applied and / or are not sufficiently developed. Recommendations may include high priority (3 star) and medium priority (2 star) matters.</p>
No Assurance	<p>Fundamental weaknesses have been identified in the system of internal control resulting in the control environment being unacceptably weak and this exposes service objectives to an unacceptable level of risk.</p> <p>There is significant non-compliance with basic controls which leaves the system open to error and / or abuse. Recommendations will include high priority (3 star) matters and may also include medium priority (2 star) matters.</p>

Internal Audit Performance Indicators

Performance Indicator	Target	Apr to May 2022	Jun to Aug 2022
Draft reports issued within 15 working days of field work being completed.	90%	91%	82%
Chargeable Time / Available Time.	80%	80%	86%
Audits completed within planned time	90%	91%	91%
Client Satisfaction Survey.	100%	100%	100%

Comments received in the Client Satisfaction Surveys

“The audit was conducted so efficiently at all stages ensuring that interaction with the team was limited to when only absolutely necessary which was a huge benefit given current pressures on the service. It was clear throughout the audit from the pre meet onwards what was required and why it was required. Timeframes around provision of information and documentation was realistic.”

“The pre-discussion is always a really useful way to ensure that the audit is focussed on the right areas and the auditor has a good understanding of the service area.”

Council Report

Audit Committee Meeting – 27th September 2022

Title

Anti-Fraud and Corruption Policy, Strategy and Self-assessment against CIPFA Code of Practice

Is this a Key Decision and has it been included on the Forward Plan?

No.

Strategic Director Approving Submission of the Report

Judith Badger, Strategic Director Finance and Customer Services.

Report Author(s)

David Webster, Head of Internal Audit
Internal Audit, Finance and Customer Services
Tel. 01709 823282 E.mail: david.webster@rotherham.gov.uk

Ward(s) Affected

All wards.

Report Summary

This report refers to a proposed update to the Council's Anti-Fraud and Corruption Policy and Strategy. The update follows an annual review process which is designed to ensure that the Policy and Strategy are up to date with current best practice and to take into account any changes to the Council's organisation structure. The CIPFA Code of Practice on Managing the Risk of Fraud and Corruption requires an annual report on performance against the Strategy. The self-assessment and resulting Action Plan are included in this report.

Recommendations

The Audit Committee is asked to:

- **review and comment on the revised Anti-Fraud and Corruption Policy**
- **approve the revised Anti-Fraud and Corruption Strategy, and**
- **note the actions taken to strengthen the Council's fraud and corruption arrangements.**

List of Appendices Included:-

Appendix A – Anti Fraud and Corruption Policy 2022

Appendix B – Anti Fraud and Corruption Strategy 2022

Appendix C – Self-assessment against the CIPFA Code of Practice on Managing the Risk of Fraud and Corruption

Background Papers

CIPFA Code of Practice on Managing the Risk of Fraud and Corruption.

Consideration by any other Council Committee, Scrutiny or Advisory Panel
No.

Council Approval Required
No.

Exempt from the Press and Public
No.

Title: Anti-Fraud & Corruption Policy and Strategy

1. Background

- 1.1 Rotherham Metropolitan Borough Council, like every Local Authority, has a duty to ensure that it safeguards the public money that it is responsible for. It expects the highest standards of conduct and integrity from all who have dealings with it including staff; members; contractors; volunteers and the public. The Council is committed to the elimination of fraud and corruption and to ensuring that all activities are conducted ethically; honestly and to the highest possible standard.
- 1.2 The Council's last update of its Anti-Fraud and Corruption Policy and Strategy was in September 2021. This report provides an update to the Anti-Fraud and Corruption Policy and Strategy. After review by this Committee the Policy will be submitted to the Cabinet for final approval. As required by the CIPFA Code of Practice on Managing the Risk of Fraud and Corruption, an assessment against the Strategy has been completed and the results are included in this report.

2. Key Issues

- 2.1 The Council's updated Anti-Fraud & Corruption Policy is attached at **Appendix A** and the updated Strategy is included at **Appendix B**.
- 2.2 The contents have been rearranged so that the Policy shows the Council's aims and responsibilities while the Strategy shows how those aims are achieved.
- 2.3 Attached at **Appendix C** is an update to the self-assessment against the CIPFA Code of Practice. This leads to the action plan for maintaining / developing the Council's arrangements.

3. Options Considered and Recommended Proposal

- 3.1 This report is presented to enable the Audit Committee to fulfil its responsibility for ensuring the Council has appropriate arrangements in place for managing the risk of fraud.

4. Consultation on Proposal

- 4.1 This section is not applicable to this report.

5. Timetable and Accountability for Implementing this Decision

- 5.1 This section is not applicable to this report.

6. Financial and Procurement Advice and Implications

- 6.1 There are no direct financial or procurement implications arising from this report. The budget for the Internal Audit function is contained within the budget for the Finance and Customer Services Directorate.

7. Legal Advice and Implications

7.1 There are no legal implications arising from this report.

8. Human Resources Advice and Implications

8.1 There are no direct Human Resources implications arising from this report.

9. Implications for Children and Young People and Vulnerable Adults

9.1 There are no immediate implications associated with the proposals.

10. Equalities and Human Rights Advice and Implications

10.1 There are no immediate implications associated with this report.

11. Implications for Partners

11.1 Implementation of the Anti-Fraud and Corruption Strategy will contribute towards ensuring the Council operates and maintains a culture in which fraud and corruption are understood to be unacceptable.

12. Risks and Mitigation

12.1 Failure to refresh the anti-fraud and corruption initiatives could expose the Council to increased risk of fraud and corruption as new and emerging risks appear.

13. Accountable Officer(s)

David Webster, Head of Internal Audit
Tel 01709 823282, E mail david.webster@rotherham.gov.uk



Anti-Fraud & Corruption Policy

Contents

- 1. Introduction.**
- 2. Policy Context.**
- 3. Anti-Fraud and Corruption Policy.**
- 4. How the Council Currently Manages the Risk of Fraud and Corruption.**

Internal Control Environment
Key Controls
Roles and Responsibilities
Policies, Procedures and Controls
Internal Audit Activity
Review

1. Introduction.

Context

- 1.1 Fraud affects the UK across all sectors and causes significant harm. The latest comprehensive set of figures relating to fraud published by the University of Portsmouth was in a report entitled “The Financial Cost of Fraud 2021 – The latest data from around the world”. This indicates that fraud may be costing the UK as much as £137bn a year.
- 1.2 The Council employs around 6900 staff and spends around £700m per year. The Council both commissions and provides a wide range of services to individuals and households, working with a range of many other private and public and voluntary sector organisations. The size and nature of our services, as with any other large organisation, mean that there is an ever-present risk of loss due to fraud and corruption, from sources both internal and external.
- 1.3 RMBC takes a responsible, long-term view of the need to continuously develop anti-fraud initiatives and maintain its culture of anti-fraud awareness.
- 1.4 The Council expects all Councillors, employees, consultants, contractors and service users to be honest, and to provide any information, help and support the Council needs to prevent and detect fraud and corruption.

Links to Strategic Objectives

- 1.5 The Council developed a Council Plan for 2022/2025 and the Cabinet continues to work to ensure Council decisions reflect the concerns of local people and the needs of local communities.
- 1.6 An effective anti-fraud and corruption policy and strategy is a critical component of the Council’s scrutiny and governance framework and will support partnership objectives to create safe and healthy communities.
- 1.7 The Council recognises that it is important that its policy is deliverable and clearly links to operational considerations. Our approach is articulated in the Council’s Anti-Fraud and Corruption Strategy, which is focused on identifying, delivering and monitoring outcomes, and an action plan which includes practical measures which ensures the Council’s Policy is turned into practice.

2. Background – Principles of Public Life

- 2.1 The Nolan Report relating to the Principles of Public Life published in 1997 defined seven general principles that should underpin public life. These were subsequently incorporated by the Government into the “Relevant Authorities (General Principles) Order 2001”. The Council expects both members and employees to follow these principles when carrying out their roles and responsibilities:-

- **Selflessness.** Holders of public office should act solely in terms of the public interest.
- **Integrity.** Holders of public office must avoid placing themselves under any obligation to people or organisations that might try inappropriately to influence them in their work. They should not act or take decisions in order to gain financial or other material benefits for themselves, their family, or their friends. They must declare and resolve any interests and relationships.
- **Objectivity.** Holders of public office must act and take decisions impartially, fairly and on merit, using the best evidence and without discrimination or bias.
- **Accountability.** Holders of public office are accountable to the public for their decisions and actions and must submit themselves to the scrutiny necessary to ensure this.
- **Openness.** Holders of public office should act and take decisions in an open and transparent manner. Information should not be withheld from the public unless there are clear and lawful reasons for so doing.
- **Honesty.** Holders of public office should be truthful.
- **Leadership.** Holders of public office should exhibit these principles in their own behaviour. They should actively promote and robustly support the principles and be willing to challenge poor behaviour wherever it occurs.

2.2 The Council is fully committed to ensuring that it carries out its day-to-day operations in accordance with the principles of good Corporate Governance, including integrity, openness and accountability. These principles require a culture within the Council that is based upon honesty, where accountability is clear and where decisions and behaviours can be challenged.

2.3 An Anti-Fraud and Corruption Policy is an essential element of such a culture and signifies the Council's expectation that elected Members and employees at all levels will lead by example in ensuring adherence to legal requirements, rules, procedures and practices.

3. Anti-Fraud and Corruption Policy

3.1 The Council is determined to prevent and eliminate all fraud and corruption affecting itself, regardless of whether the source is internally or externally based. Our strategy to reduce fraud is based on deterrence, prevention, detection, investigation, sanctions and redress within an over-riding anti-fraud culture. We will promote this culture across all our service areas and within the community as a whole. One pound lost to fraud means one pound less for public services. Fraud is not acceptable and will not be tolerated.

3.2 The Council takes a holistic approach to anti-fraud measures. Fraud prevention and system security is an integral part of the development of new systems and ongoing operations. Managers will consider the fraud threats and take advice where appropriate when implementing any financial or operational system.

3.3 To achieve this aim the Council will:-

- Identify the procedures to encourage Members, employees and the general public to report any suspicions of fraud and corruption in the knowledge that such reports will be treated confidentially and not result in discrimination against the person providing the information.
- Identify procedures and policies within the Council to encourage prevention.
- Promote detection.
- Determine the procedure for investigation and subsequent actions required following the conclusion of the investigation.

3.4 The Policy is designed to supplement existing Council policies and procedures including Standing Orders and Financial Regulations, Codes of Conduct (Employees and Members) and the Disciplinary Procedure.

4. How the Council Manages the Risk of Fraud and Corruption

4.1 The Council continues to experience a relatively low level of detected fraudulent and corrupt activity. Where such activity has been identified prompt action has been taken to investigate and seek sanctions and redress. In its policies and procedures, the Council gives out the clear message that it will not tolerate any impropriety by employees or Members.

4.2 The Council manages the risk of fraud and corruption in a number of ways:-

Internal Control Environment

4.3 The Council revises its Constitution annually incorporating responsibilities for decision making and rules of procedure. These procedures, together with detailed Financial and Procurement Procedure Rules, act as the framework for financial control within the Council. All officers are required to act in accordance with these rules and regulations when carrying out their duties.

4.4 The Council aims to have in place efficient and effective systems of control that as far as possible prevent potential fraudsters from exploiting weaknesses. The prime responsibility for maintaining such systems lies with service managers with support provided by the Council's Internal Audit function.

Key Controls

4.5 Corporate Governance best practice specifies that the following key controls should exist within an authority committed to the prevention of financial irregularities:

- The Authority has an effective anti-fraud and anti-corruption policy and maintains a culture that will not tolerate fraud or corruption
- All Members and employees act with integrity and lead by example.
- Senior managers are required to deal swiftly and firmly with those who defraud or attempt to defraud the Authority or who are corrupt.

- High standards of conduct are promoted amongst Members by the Standards Committee, including the provision of advice and relevant training on matters relating to the Code of Conduct.
- A Corporate, electronic Register of Interests is maintained to enable Members and employees to record any financial or non-financial interests that may bring about conflict with the authority's interests.
- A Corporate, electronic, Register of Gifts and Hospitality is maintained to enable employees to record gifts and hospitality either received, or offered and declined, from the authority's contractors and suppliers.
- Confidential Reporting ("Whistleblowing") procedures are in place and operate effectively.
- All relevant legislation is adhered to.
- The risk of theft, fraud and corruption is specifically considered as part of the Council's risk management processes.

4.6 The Council is fully committed to ensuring that the examples of best practice indicated above are an integral part of its operations.

Roles and Responsibilities

4.7 Members should:

- Be aware of situations of potential conflict of interest and should always declare any interests and also the receipt of gifts and hospitality valued in excess of £50 that are in any way related to the performance of their duties as an elected member of the Council. Examples of situations of potential conflict include letting of contracts to external suppliers, planning and land issues. Declarations should be made on the on-line form which is managed centrally by the Corporate Support Unit. Members' conduct and decisions should always be seen to be impartial together with an obligation to ensure that confidential information is not improperly disclosed to others.

4.8 Strategic Directors will:

- Ensure that all suspected financial irregularities or financial impropriety that are brought to their attention are reported to the Head of Internal Audit.
- Instigate the Authority's disciplinary procedures where the outcome of an audit investigation indicates improper behaviour.
- Ensure that all Declarations of Interest and entries in the Gifts and Hospitality Register are reviewed (and where applicable, a risk assessment has been undertaken) by Line Managers / Senior Managers.
- Ensure staff dealing with financial systems including cash handling and payment systems (cashier / payroll / creditors etc) are appropriately trained.
- Ensure that as far as possible all new employees, regardless of type of employment contract, have their honesty and integrity verified by authenticated written references and qualifications checks. In circumstances where potential employees are working with children and vulnerable members of society that Disclosure and Barring Service [DBS] checks are undertaken.

4.9 The Head of Internal Audit will:

- Develop and maintain an Anti-Fraud and Corruption Policy and Strategy.

- Evaluate and give an annual opinion on the adequacy and effectiveness of internal control arrangements.

4.10 Employees should:

- Always be alert to the possibility of theft, fraud and corruption occurring in the workplace and be aware of the mechanisms available for reporting such issues to management within the Authority.
- Comply with the Council's Code of Official Conduct together with any additional code relating to their professional qualifications.
- Act in accordance with Financial and Procurement Procedure Rules.
- Declare any interests and offers of gifts and hospitality that are in any way related to the performance of their duties of employment at the Council. Both the Register of Interests and Gifts and Hospitality Register are electronic and they are managed corporately by the Corporate Support Unit.

Policies, Procedures and Codes

4.11

This Policy is designed to supplement existing Council policies, which form the key building block in the Council's anti-fraud and corruption governance arrangements:

- Financial and Procurement Procedure Rules
- Anti-Money Laundering Policy
- Whistleblowing and Serious Misconduct Policy
- Employee Code of Conduct
- Members Code of Conduct.
- Regulation of Investigatory Powers Act Policy

4.12 These policies provide a framework within which the organisation operates. Having clear policies ensures clarity about the appropriate course of action in any given event. The policies ensure that a consistent and fair approach is taken during any investigations regarding suspected fraud or corruption; this is of particular importance where referral to the Police and Crown Prosecution Services is deemed appropriate.

Internal Audit Activity

4.13 The audit plan provides for reviews of financial and management systems, whether computerised or manual, on a risk assessed basis. Auditors are required to be alert to the risk of fraud at all times in all their work.

4.14 The plan also includes provision for Anti-Fraud projects and investigations into suspected fraud to be carried out.

4.15 Internal Audit co-ordinates the National Fraud Initiative (NFI) exercise within RMBC. This is a biennial data-matching exercise that helps detect and prevent fraud and overpayments from the public purse across the UK. The NFI matches data across organisations and systems to help public bodies identify fraud and overpayments.

In addition, there are also annual exercises examining the Electoral Roll and Single Person Discounts and at the time of writing the Council has reviewed all NFI data matches.

Review

4.16 The Council's arrangements are kept up to date by checking against best practice guidance including the CIPFA Code of Practice on Managing the Risk of Fraud and Corruption.

Anti-Fraud & Corruption Strategy

A guide to the Council's approach to preventing fraud and corruption and investigating any suspected cases.

September 2022

Contents

- 1. Purpose and Objectives of this Document**
- 2. What is Fraud and Corruption?**
 - Fraud**
 - Theft**
 - Corruption**
 - Bribery**
- 3. Objectives of the Strategy**
- 4. Keeping Ahead**
- 5. Reporting of Suspected Fraud and Corruption**
- 6. Whistleblowing Arrangements**
- 7. Investigation of Suspected Fraud and Corruption**

1. Purpose and Objectives of this Document.

- 1.1 The purpose of this document is to outline the strategy for counter fraud and corruption work within RMBC. Whilst the term 'anti-fraud' is used in the document, the strategy also covers anti-theft and anti-corruption measures, including bribery.
- 1.2 The key objectives of this anti-fraud strategy are to maintain minimal losses through fraud and corruption and embed the management of fraud risk within the culture of the organisation. These objectives will be achieved by ongoing revision and implementation of a plan of action, based on a fraud self-assessment against the CIPFA Code of Practice on Managing the Risk of Fraud and Corruption.

2. What is Fraud and Corruption?

Fraud

- 2.1 The Fraud Act 2006 came into force on 15th January 2007 as a response to the recommendations of the Law Commission Report 'Fraud' published in 2002. The Act repeals the deception offences enshrined in the 1968 and 1978 Theft Acts and replaces them with a single offence of fraud which can be committed in three separate ways: -

- False representation.
- Failure to disclose information where there is a legal duty to do so.
- Abuse of position.

The Act also created four new offences of: -

- Possession of articles for use in fraud.
- Making or supplying articles for use in fraud.
- Obtaining services dishonestly.
- Participating in fraudulent business.

- 2.2 CIPFA defines fraud as "the intentional distortion of financial statements or other records by persons internal or external to the organisation which is carried out to conceal the misappropriation of assets or otherwise for gain".

Theft

- 2.3 Theft is defined in the 1968 Theft Act:-

'A person shall be guilty of theft if he dishonestly appropriates property belonging to another with the intention of permanently depriving the other of it'.

Corruption

- 2.4 The HM Government Anti-Corruption Strategy states that there is no universally accepted definition of corruption, but it is generally understood to involve the abuse of office and position to benefit a third party (an individual, business or other

organisation), in return for payment or other reward. These features are captured in Transparency International's definition: *"The misuse of entrusted power for personal gain."*

Bribery

2.5 A bribe is:

"A financial or other advantage that is offered or requested with the intention of inducing or rewarding the improper performance of a relevant function or activity, or with the knowledge or belief that the acceptance of such an advantage would constitute the improper performance of such a function or activity" [CIPFA].

2.6 The Bribery Act 2010 replaced the common law offences of offering or accepting a bribe with two statutory offences (S1 and S2). The Act also created two further offences: namely that of bribing or attempting to bribe a foreign official (S6) and being a commercial organisation failing to prevent bribery (S7). An S7 offence can only be committed by a commercial organisation.

2.7 The 'Corruption Acts 1889 to 1916' were repealed in their entirety. Wider offences were created by the Act which mean that the more specific offences created by the old Acts serve no practical purpose. Other statutes less relevant to Local Authorities were repealed or amended by the Act and a full list is in one of the schedules of the Act.

3. Objectives of the Strategy.

3.1 The Council's objectives for its anti-fraud and corruption strategy are to maintain minimal losses through fraud and corruption and further embed management of fraud risk within the culture of the organisation. The intention is to achieve this by implementing the CIPFA Fraud Standards which state that the foundations of an effective anti-fraud framework comprise five key elements:

- Acknowledge responsibility
- Identify risks
- Develop a strategy
- Provide resources
- Take action.

3.2 Internal Audit completes a self-assessment against the CIPFA checklist annually and a fraud and corruption action plan is produced to indicate actions that will be taken to ensure compliance with the Code. Completion of the self-assessment exercise helps the Council demonstrate substantial compliance with best practice, as well as providing a framework upon which to further develop its Anti-Fraud and Corruption Strategy.

4. Keeping Ahead.

4.1 In order to try and stay one step ahead of the fraud to which the Council may be exposed, it is necessary to undertake a regular review of national developments and strengthen systems and procedures. Key sources of information that are used to inform the ongoing continuous improvement of the Anti-Fraud Strategy are:

- National Audit Office Publications
- Audit Commission Publications / HM Treasury Publications
- National Anti-Fraud Network
- South and West Yorkshire Fraud Group.

5. Reporting of Suspected Fraud and Corruption

5.1 This procedure is incorporated into all employees' terms of employment and specified in Appendix 5a of the Employees Code of Official Conduct.

5.2 Anyone who suspects a fraud in the workplace, including fraud perpetrated by Council contractors, or who receives information from an external source regarding fraud, should **make an immediate note of all relevant details, including:**

- ✓ The date and time of the event.
- ✓ A record of conversations relating to the issue (including telephone conversations).
- ✓ The names of persons present (or description if the name is not known).
- ✓ Other details as appropriate, for example for vehicles the type, colour, registration etc.

They should also:

- ✓ Report any suspicions as rapidly as possible together with the relevant details to an appropriate level of authority and experience. This can either be
 - a line manager **OR**
 - the Internal Audit Service on Ext 23282 **OR**
 - the s151 Officer on Ext 22046 **OR**
 - the Head of Legal Services on Ext 23661 **OR**
 - the Chief Executive on Ext 22770.

Alternatively any suspicions may be put in writing to the **Head of Internal Audit, Riverside House, Main Street, Rotherham, S60 1AE**, with the envelope marked "**CONFIDENTIAL – TO BE OPENED BY THE ADDRESSEE ONLY**".

Anyone suspecting fraud **should not:**

- ✗ Confront or accuse any suspected culprit directly.
- ✗ Try to investigate the matter themselves.
- ✗ Discuss their suspicions with anyone else other than the appropriate level of authority

- ✘ Be afraid to report a matter on the basis that any suspicions may be groundless; all reports will be treated on the basis that they are made in good faith.

6. Whistleblowing Arrangements

- 6.1 The best fraud fighters are the staff and clients of local authorities. To ensure that they are supported to do the right thing, a comprehensive, management led, anti-fraud and corruption culture needs to be maintained, including clear whistleblowing arrangements. The council has a Whistleblowing and Serious Misconduct Policy which includes details of a confidential e mail address and phone hotline, so that staff can report any concerns.
- 6.2 A person who wishes to report a suspected serious wrongdoing under the whistleblowing policy should do so by:-

E-mail to: whistleblowing@rotherham.gov.uk

Telephone: Whistleblowing Hotline 01709 822400 where a recorded message can be left

Post to:- Whistleblowing,
c/o Head of Legal Services,
Rotherham Metropolitan Borough Council,
Riverside House,
Main Street,
ROTHERHAM. S60 1AE

Setting out the following information:-

- Name: (unless they wish to be anonymous)
- Contact details (unless they wish to be anonymous)
- Who has committed the alleged serious wrong doing?
- What is the nature of the alleged serious wrong doing?

Alternatively a person wishing to report any suspected wrong doing may contact any of the three Whistleblowing Officers who are

- Head of Legal Services – Tel: 01709 823661, bal.nahal@rotherham.gov.uk
- S151 Officer – Tel: 01709 822046, judith.badger@rotherham.gov.uk
- Head of Internal Audit – Tel: 01709 823282, david.webster@rotherham.gov.uk

The three Whistleblowing Officers are responsible for the oversight and operation of the Whistleblowing Policy, once a disclosure has been received by the Council.

Further, a person wishing to report any suspected wrongdoing may do so by contacting the Chief Executive as below, providing the information as set out above:

- Chief Executive – Tel: 01709 822770

- 6.3 Council employees are also entitled to make a Protected Disclosure, under the Council's Whistleblowing Policy, through their manager, if they feel confident in approaching their manager to report a concern or allegation of serious wrongdoing that falls under this policy. The manager must follow the obligation of confidentiality, but must, as soon as possible, and no later than 2 working days after receiving the Protected Disclosure, log the disclosure in accordance with 5.2 above, and then confirm to the employee concerned, in writing or email, that this matter has been recorded.
- 6.4 The Council prefers anyone raising any suspicions not to provide information anonymously as it may be necessary for them to provide further information. However, all anonymous information that is received will be investigated. All reported suspicions will be dealt with sensitively and confidentially.
- 6.5 In the event that an employee does not feel comfortable in making a disclosure internally to Council officers, they are entitled to also make a Protected Disclosure in a number of other different ways:-
- Local Councillors - Details of how to contact them and surgery hours are on the Council's website www.rotherham.gov.uk;
 - Grant Thornton - the Council's External Auditors. They are completely independent from the Council and can be contacted on 0113 245 5514 or by writing to them at:-

Grant Thornton UK LLP,
No 1 Whitehall Riverside
Whitehall Road
Leeds
LS1 4BN
 - Relevant professional bodies;
 - Solicitors;
 - South Yorkshire Police - Telephone: 101;
 - PROTECT - An independent authority which seeks to ensure that concerns about malpractice are properly raised and addressed in the workplace. PROTECT can provide confidential advice at any stage about how to raise a concern about fraud or other serious malpractice in the workplace. PROTECT can be contacted by telephone on 020 3117 2520. Contact details are on their website at <https://protect-advice.org.uk/>
 - By contacting the relevant prescribed person on the list at:
Whistleblowing: list of prescribed people and bodies – GOV.UK (www.gov.uk)
- 6.6 Concerns about a child safeguarding issue, e.g. that a child may have suffered harm, neglect or abuse, can be reported to the Children's Social Care Service on 01709 336080; or in an emergency contact South Yorkshire Police direct.
- 6.7 Adult safeguarding concerns can be reported to the Adult Care Service on 01709 822330, or in an emergency contact South Yorkshire Police direct.

7. Investigation of Suspected Fraud and Corruption

- 7.1 The responsibility for the prevention of fraud, other irregularities and error rests with management. Internal Audit is responsible for reporting to management on areas of weakness and deficiencies in internal controls and financial systems, together with investigating circumstances where occurrence of fraud is suspected.
- 7.2 Once management has discovered, or suspected, a fraud Internal Audit should be notified immediately.
- 7.3 When Internal Audit discovers or suspects a fraud, management of the relevant department will be contacted to discuss and agree on how the matter will be investigated. The Strategic Director Finance and Customer Services will be notified of all frauds and the Chief Executive briefed regarding significant issues.
- 7.4 Where the matter involves employees of the Council it will be necessary to tie the investigation into the Council's Disciplinary Procedure and it will be appropriate to consult with a Human Resource Service Manager to discuss procedures for possible suspension of the employee pending further investigation.
- 7.5 Members shall be informed of any investigation into Council affairs that requires reporting to the External Auditor as soon as is practical without prejudicing the investigation.
- 7.6 The objectives of any investigation shall be to:
- ✓ Prove or disprove the original suspicions of fraud.
 - ✓ Provide evidence in an appropriate format to substantiate proven cases of fraud.
 - ✓ Implement appropriate controls to prevent a recurrence of the incident.
- 7.7 The investigation should be conducted by Internal Audit in conjunction with management of the department in the following manner:
- ✓ Secrecy and confidentiality shall be maintained at all times.
 - ✓ An early decision may be required, in consultation with Human Resources, on whether to suspend an employee to ensure evidence is not tampered with, subject to the proviso that the suspension does not prejudice the outcome of the investigation.
 - ✓ All documentation and evidence that is relevant to the investigation should be requisitioned and secured at an early stage by either management or Internal Audit. Evidence and relevant information should be properly documented, considered and evaluated and returned on the conclusion of the investigation.
- 7.8 Interviews with potential perpetrators of fraud will normally be held both at the beginning and at the end of an investigation. However, this procedure may be subject to alteration dependent upon circumstances. Interviews will be held in accordance with the Council's disciplinary procedure and, in cases where the person(s) under investigation are employees of the Council, they will be allowed to have a work colleague, friend, or trade union representative present.

7.9 Once a decision has been reached after interviewing the suspect, the following further matters will need to be considered:

- Involvement of Police: the Council should always have a consistent and fair approach to the involvement of the Police in proven cases of fraud and corruption. The question of Police involvement should be discussed by the relevant Strategic Director, the Strategic Director Finance and Customer Services, the Head of Internal Audit and the Assistant Director – HR and OD. The Chief Executive should then be informed of the decision reached. In appropriate cases the Police will be notified, in order for them to investigate and determine with the Crown Prosecution Service whether any prosecution will take place.
- Informing the External Auditor: the External Auditor should always be informed of the outcome of all fraud investigations as required to fulfil their role relating to fraud.
- Review of Systems - where a fraud has occurred as a result of weaknesses in existing systems, then steps must be taken to remedy the problem to prevent recurrence.
- Insurance / Recovery of Losses incurred: Chief Officers shall take appropriate action to ensure that the losses incurred by the Council are minimised including:
 - (i) Recovering losses directly from the perpetrator of the fraud.
 - (ii) Recovery from an employee's contributions to the Superannuation Fund, where appropriate.
 - (iii) Claiming against the Council's insurance policy.

7.10 Attempts of cyber-crime or fraud by organised criminals are investigated nationally by the Police and reported to Action Fraud by Internal Audit. Action Fraud Alert is provided by the National Fraud Intelligence Bureau which is run by the City of London Police as a national service.

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Self-assessment against the CIPFA Code of Practice on Managing the Risk of Fraud and Corruption.

- 1.1 The Council's objectives for its anti-fraud and corruption strategy are to maintain minimal losses through fraud and corruption and further embed management of fraud risk within the culture of the organisation. The intention is to achieve this by implementing the CIPFA Fraud Standards which state that the foundations of an effective anti-fraud framework comprise five key elements:
 - Acknowledge responsibility
 - Identify risks
 - Develop a strategy
 - Provide resources
 - Take action.
- 1.2 In the Audit Commission's publication, "Protecting the Public Purse 2014", the Commission encourages all public bodies, including local authorities, to assess themselves against the CIPFA Code.
- 1.3 Internal Audit completes a self-assessment against the CIPFA checklist annually and a fraud and corruption action plan is produced to indicate actions that will be taken to ensure compliance with the Code. Completion of the self-assessment exercise helps the Council demonstrate substantial compliance with best practice, as well as providing a framework upon which to further develop its Anti-Fraud and Corruption Strategy.

The five key principles of the code are to:	Specific steps should include:	RMBC Compliance Y/N/P [partial]	Details of compliance	Action required	Action Plan Rec Ref
A. Acknowledge responsibility The governing body should acknowledge its responsibility for ensuring that the risks associated with fraud and corruption are managed effectively across all parts of the organisation.	A1 The organisation's leadership team acknowledge the threats of fraud and corruption and the harm they can cause to the organisation, its aims and objectives and to its service users.	Y	Anti-Fraud & Corruption Policy; Strategy and self-assessment presented to Audit Committee on 27 th September 2022.		
	A2 The organisation's leadership team acknowledge the importance of a culture that is resilient to the threats of fraud and corruption and aligns to the principles of good governance.	Y	As above		
	A3 The governing body acknowledges its responsibility for ensuring the management of its fraud and corruption risks and will be accountable for the actions it takes through its governance reports.	Y	As above		
	The governing body sets a specific goal of ensuring and maintaining its resilience to fraud and corruption and explores opportunities for financial savings from enhanced fraud detection and prevention.	Y	As above		
B. Identify risks. Fraud risk identification is	B1 Fraud risks are routinely considered as part of the organisation's risk management arrangements.	Y	Fraud risks are routinely considered by risk champions.		

The five key principles of the code are to:	Specific steps should include:	RMBC Compliance Y/N/P [partial]	Details of compliance	Action required	Action Plan Rec Ref
essential to understand specific exposures to risk, changing patterns in fraud and corruption threats and the potential consequences to the organisation and its service users.	B2 The organisation identifies the risks of corruption and the importance of behaving with integrity in its governance framework.	Y	Anti-Fraud & Corruption Strategy and Policy. Code of Official Conduct.		
	B3 The organisation uses published estimates of fraud loss, and where appropriate, its own measurement exercises, to aid its evaluation of fraud risk exposures.	Y	When formulating the Internal Audit [IA] Plan, IA considers published national estimates of fraud loss. IA also considers previous fraud losses.		
	B4 The organisation evaluates the harm to its aims and objectives and service users that different fraud risks can cause.	Y	Fraud risks are considered as part of the standard evaluation of risks.		
C. Develop a strategy. An organisation needs a counter fraud strategy setting out its approach to managing its risks and defining	C1 The governing body formally adopts a counter fraud and corruption strategy to address the identified risks and align with the organisation's acknowledged responsibilities and goals.	Y	Anti-Fraud & Corruption Policy; Strategy and self-assessment presented to Audit Committee on 27th September 2022.		
	C2 The strategy includes the organisation's use of joint working or partnership approaches to managing its risks, where appropriate.	Y	See Anti-Fraud & Corruption Policy Sections 1.6 and 1.7.		

The five key principles of the code are to:	Specific steps should include:	RMBC Compliance Y/N/P [partial]	Details of compliance	Action required	Action Plan Rec Ref
responsibilities for action.	C3 The strategy includes both proactive and responsive approaches that are best suited to the organisation's fraud and corruption risks. Proactive and responsive components of a good practice response to fraud risk management are set out below :				
	Proactive Developing a counter-fraud culture to increase resilience to fraud.	Y	Mentioned many times within the Anti-Fraud & Corruption Strategy. The fraud awareness e.Learning course has been reviewed and updated and has been relaunched on the new e.learning platform. It is available as learning for all staff and is a mandatory e.learning course for specific individuals.		
	Proactive Preventing fraud through the implementation of appropriate and robust internal controls and security measures.	Y	See Self-Assessment, Section C1. Anti-Fraud & Corruption Policy, Sections 4.3 & 4.4.		
	Proactive Using techniques such as data matching to validate data		See Self-Assessment, Section C1.		

The five key principles of the code are to:	Specific steps should include:	RMBC Compliance Y/N/P [partial]	Details of compliance	Action required	Action Plan Rec Ref
		Y	<p>We participate in the National Fraud Initiatives data matching exercise.</p> <p>We are a member of the South & West Yorkshire Fraud Group.</p>		
	<p>Proactive Deterring fraud attempts by publicising the organisation's anti-fraud and corruption stance and the actions it takes against fraudsters</p>	Y	<p>See Self-Assessment Section E4.</p> <p>Copies of the Anti-Fraud and Corruption Policy and Strategy are on the Council Website.</p> <p>Council website includes facility to report Blue Badge / Benefit Fraud / Trading Standards</p>		
	<p>Responsive Detecting fraud through data and intelligence analysis</p>	Y	<p>See Self-Assessment, Section C.1.</p> <p>Internal Audit uses analytics for fraud and non-fraud work:</p>		
	<p>Responsive Implementing effective whistleblowing arrangements.</p>	Y	<p>Anti-Fraud & Corruption Strategy, Section 6.</p>		

The five key principles of the code are to:	Specific steps should include:	RMBC Compliance Y/N/P [partial]	Details of compliance	Action required	Action Plan Rec Ref
			Anti-Fraud & Corruption Policy Section 4.11.		
	Responsive Investigating fraud referrals.	Y	See Self-Assessment, Section C.1. Link to Fraud and Investigation Plan and Disciplinary Procedures.		
	Responsive Applying sanctions, including internal disciplinary, regulatory and criminal.	Y	See Self-Assessment, Section C.1.		
	Responsive Seeking redress, including the recovery of assets and money where possible	Y	See Self-Assessment, Section C.1.		
	C4 The strategy includes clear identification of responsibility and accountability for delivery of the strategy and for providing oversight.	Y	Anti-Fraud & Corruption Policy 4.3 & 4.4.		
D. Provide Resources. The organisation should make arrangements for appropriate	D1 An annual assessment of whether the level of resource invested to counter fraud and corruption is proportionate for the level of risk.	Y	The IA Planning exercise matches resources to risk.		
	D2 The organisation utilises an appropriate mix of experienced and skilled staff, including access to	Y	IA staff includes 1 experienced fraud qualified member of staff;		

The five key principles of the code are to:	Specific steps should include:	RMBC Compliance Y/N/P [partial]	Details of compliance	Action required	Action Plan Rec Ref
resources to support the counter fraud strategy.	counter fraud staff with professional accreditation.		1 newly qualified and other very experienced staff. Provision of further external training is being undertaken to aid succession planning.		
	D3 The organisation grants counter fraud staff unhindered access to its employees, information and other resources as required for investigation purposes.	Y	All IA staff has such access, in accordance with, Financial and Procurement Procedure Rules.		
	D4 The organisation has protocols in place to facilitate joint working and data and intelligence sharing to support counter fraud activity.	Y	The Council participates in the National Fraud Initiative and follows agreed protocol. Also a member of the South & West Yorkshire Fraud group.		
E. Take Action. The organisation should put in place the policies and procedures to support the counter fraud	E1 The organisation has put in place a policy framework which supports the implementation of the counter fraud strategy. As a minimum the framework includes: <ul style="list-style-type: none"> • Counter fraud policy • Whistleblowing policy • Anti-money laundering policy 	Y	These documents are available on the Council's Intranet pages.		

The five key principles of the code are to:	Specific steps should include:	RMBC Compliance Y/N/P [partial]	Details of compliance	Action required	Action Plan Rec Ref
and corruption strategy and take action to prevent, detect and investigate fraud.	<ul style="list-style-type: none"> • Anti-bribery policy • Anti-corruption policy • Gifts & hospitality policy & register • Pecuniary interest and conflicts of interest policies and register • Codes of conduct and ethics • Information security policy • Cyber security policy 				
	E2 Plans and operations are aligned to the strategy and contribute to the achievement of the organisation's overall goal of maintaining resilience to fraud and corruption.	Y	Anti-Fraud and Corruption Strategy Section 1 and Anti-Fraud Policy Section 1.6 & Section 3.		
	E3 Making effective use of national or sectoral initiatives to detect fraud or prevent fraud, such as data matching or intelligence sharing.	Y	The Council participates in the National Fraud Initiative		
	E4 Providing for independent assurance over fraud risk management, strategy and activities.	Y	Annual self-assessment in conjunction with Fighting Fraud & Corruption Locally 2016-19 Checklist.		
	E5 There is a report to the governing body at least annually on performance against the counter fraud strategy and the effectiveness of the strategy from the lead person(s)	Y	Progress against the Anti-Fraud and Corruption Plan is reported to Audit Committee, and a		

The five key principles of the code are to:	Specific steps should include:	RMBC Compliance Y/N/P [partial]	Details of compliance	Action required	Action Plan Rec Ref
	designated in the strategy. Conclusions are featured in the annual governance report.		comment is included in the AGS.		
Applying the code in practice	<p>Where organisations are making a statement in an annual governance report about their adherence to this code, one of the following statements should be approved according to whether the organisation conforms to the code or needs to take further action. The statement should be approved by the governing body and signed by the person responsible for signing the annual governance report.</p> <p>Statement 1 Having considered all the principles, I am satisfied that the organisation has adopted a response that is appropriate for its fraud and corruption risks and commits to maintain its vigilance to tackle fraud, or</p> <p>Statement 2 Having considered all the principles, I am satisfied that, subject to the actions identified below, the organisation has adopted a response that is appropriate.</p>	Y	See above.		

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Committee Name and Date of Committee Meeting:

Audit Committee – 27th September 2022

Report Title:

Audit Committee Forward Work Plan

Is this a Key Decision and has it been included on the Forward Plan?

No

Strategic Director Approving Submission of the Report:

Judith Badger, Strategic Director of Finance and Customer Services

Report Author(s):

David Webster (Head of Internal Audit).

Tel: 01709 823282 Email david.webster@rotherham.gov.uk

Ward(s) Affected:

Borough-Wide.

Executive Summary:

The report presents to the Audit Committee a forward work plan covering the next year. The plan shows how the agenda items relate to the objectives of the Committee. It is presented for review and amendment as necessary.

Recommendation:

The Audit Committee is asked to review the Forward Work Plan and suggest any amendments to it.

List of Appendices Included

Audit Committee Forward Work Plan.

Background Papers

Audit Committee Terms of Reference – Constitution, Appendix 9 Responsibilities and Functions, Section 5 Terms of Reference for Committees, Boards and Panels.

Consideration by any other Council Committee, Scrutiny or Advisory Panel:

No

Council Approval Required:

No

Exempt from the Press and Public:

No

Audit Committee Forward Work Plan

1. Background

- 1.1 The Audit Committee's Terms of Reference are published in the Constitution. The attached Forward Work Plan details how the Committee meets those Terms of Reference.

2. Key Issues

- 2.1 Local Government Audit Committees should comply with the Chartered Institute of Public Finance and Accountancy's Position Statement and Practical Guidance for Audit Committees. The Terms of Reference for the Audit Committee are designed to ensure the Committee meets the CIPFA standards.
- 2.2 The forward work plan is designed to ensure that the key Audit Committee responsibilities are fulfilled.

3. Options considered and recommended proposal

- 3.1 The work plan for the Audit Committee is a helpful guiding document for the Committee itself and other stakeholders with an interest in the Committee's activities. The work plan for the coming year by date is presented to each Committee meeting for review and amendment.

4. Consultation on Proposal

- 4.1 Relevant officers and the Audit Committee were consulted in producing the work plan.

5. Timetable and Accountability for Implementing this Decision

- 5.1 The Forward Plan comprises a schedule of reports to be presented to the Audit Committee at each of its meetings during the year. Various reports have to be presented at specified meetings in order to comply with statutory requirements (for example relating to the statement of accounts and annual governance statement).

6. Financial and Procurement Advice and Implications

- 6.1 There are no financial or procurement issues arising from this report.

7. Legal Advice and Implications

- 7.1 There are no direct legal implications associated with this report.

8. Human Resources Advice and Implications

- 8.1 There are no Human Resources implications arising from the report.

9. Implications for Children and Young People and Vulnerable Adults

9.1 The Audit Committee reviews the management of risks across the Council including those relating to Children's and Adult Services. Review of the management of risks helps to ensure the risks are mitigated.

10. Equalities and Human Rights Advice and Implications

10.1 There are no direct Equalities or Human Rights implications arising from this report.

11. Implications for CO2 Emissions and Climate Change

11.1 There are no direct CO2 and Climate Change implications arising from the report.

12. Implications for Partners

12.1 Partners will be able to take assurance on the Control's application of governance controls and management of risks from the work of the Audit Committee.

13. Risks and Mitigation

13.1 The Audit Committee aims to comply with standards established by the Chartered Institute of Public Finance and Accountancy (CIPFA). The maintenance of a work plan is consistent with the CIPFA standards. The production of a work plan also helps the Audit Committee to ensure it achieves its terms of reference.

14. Accountable Officer:

David Webster, Head of Internal Audit
01709 823282 – david.webster@rotherham.gov.uk

Audit Committee Forward Work Plan

Meeting Date	Key Responsibility	Agenda Item	Author
November 2022	Governance Risk and Control	Training - Code of Governance Chief Executive Presentation	Sharon Kemp
	External Audit	External Audit Findings (ISA 260)	GT / Rob Mahon
	Treasury Management	Mid-Year Report on Treasury Management	Rob Mahon
	Governance Risk and Control	MTFS	Rob Mahon
	Governance Risk and Control	Information Governance Annual Report	Paul Vessey
	Governance Risk and Control	Code of Corporate Governance	Simon Dennis
	Governance Risk and Control	Risk Management Strategy and Policy	Simon Dennis
	Governance Risk and Control	Risk Management Directorate Presentation – Regeneration and Environment	Paul Woodcock
	Internal Audit / Governance Risk and Control	IA Progress Report	David Webster
	Audit Committee Accountability	Audit Committee Forward Work Plan	David Webster

Meeting Date	Key Responsibility	Agenda Item	Author
January 2023		Training – Risk Management	
	Financial Reporting	Final Accounts closedown and accounting policies	Rob Mahon
	External Audit	Value for Money Opinion	Grant Thornton / Rob Mahon
	Governance Risk and Control	External Audit and Inspection recommendations	Simon Dennis
	Governance Risk and Control	Strategic Risk Register	Simon Dennis
	Governance, Risk and Control	Risk Management Directorate Presentation – Finance and Customer Services	Judith Badger
	Internal Audit / Governance Risk and Control	IA Progress Report	David Webster
Audit Committee Accountability	Audit Committee Forward Work Plan	David Webster	

Meeting Date	Key Responsibility	Agenda Item	Author
March 2023	Internal Audit	Training – Internal Audit	
		IA Annual Plan	David Webster
	Internal Audit / Governance Risk and Control	IA Progress Report	David Webster
	Governance Risk and Control	Procurement Update	Karen Middlebrook
	Governance Risk and Control	Risk Management Directorate Presentation – Children and Young People’s Service	Suzanne Joyner
	Internal Audit	Public Sector Internal Audit Standards	David Webster
	Internal Audit	Internal Audit Quality Assurance and Improvement Plan	David Webster
Audit Committee Accountability	Audit Committee Forward Work Plan	David Webster	

Meeting Date	Key Responsibility	Agenda Item	Author
June 2023	External Audit	Training External Audit Progress Update	Grant Thornton / Rob Mahon
	Governance Risk and Control	Review of Surveillance and use of Regulation of Investigatory Powers	Bal Nahal
	Governance Risk and Control	Risk Management Annual Report	Simon Dennis
	Internal Audit / Governance Risk and Control	IA Progress Report	David Webster
	Internal Audit / Governance Risk and Control	Internal Audit Annual Report	David Webster
	Governance Risk and Control	Audit Committee Annual Report	David Webster
	Governance Risk and Control	Risk Management Directorate Presentation – Adult Care Housing and Public Health	Ian Spicer
	Audit Committee Accountability	Audit Committee Forward Plan	David Webster

Meeting Date	Key Responsibility	Agenda Item	Author
July 2023		Training – Statement of Accounts	
	Financial Reporting	Draft Statement of Accounts	Rob Mahon
	Governance Risk and Control	Draft Annual Governance Statement	Judith Badger
	Governance Risk and Control	External Audit Plan	Grant Thornton / Rob Mahon
	Treasury Management	Annual Treasury Management	Rob Mahon
	Governance Risk and Control	Dedicated Schools Grant	Neil Hardwick
	Governance Risk and Control	Strategic Risk Register	Simon Dennis
	Governance Risk and Control	External Audit and Inspection Recommendations	Simon Dennis
	Audit Committee Accountability	Audit Committee Forward Work Plan	David Webster

Meeting Date	Key Responsibility	Agenda Item	Author
September 2023		Training - Anti-Fraud	
	Financial Reporting	Final Statement of Accounts	Rob Mahon
	Governance Risk and Control	Final AGS	Judith Badger
	Internal Audit	IA Charter review and update	David Webster
	Internal Audit / Governance Risk and Control	IA Progress Report	David Webster
	Governance Risk and Control	Risk Management Directorate Presentation – Assistant Chief Executive	Jo Brown
	Governance Risk and Control	Anti-Fraud and Corruption Policy and Strategy review and update	David Webster
Audit Committee Accountability	Audit Committee Forward Work Plan	David Webster	

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