

AUDIT COMMITTEE

- Date and Time :-** Thursday 28 July 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

To determine whether the following items should be considered under the categories suggested in accordance with Part 1 of Schedule 12A (as amended 2006) of the Local Government Act 1972.

5. Items for Referral for Scrutiny

To consider the referral of matters for consideration by the Overview and Scrutiny Management Board.

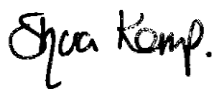
6. Publication of Unaudited Statement of Accounts 2021/22 (Pages 3 - 199)

7. **Annual Governance Statement 2021/22 (Pages 201 - 224)**
8. **Grant Thornton External Audit Plan 2021/22 (Pages 225 - 256)**
9. **Annual Treasury Management Report and Actual Prudential Indicators 2021/22 (Pages 257 - 271)**
10. **Dedicated School Grant - Central Reserve (Pages 273 - 280)**
11. **Update Report on the Use of Surveillance and Acquisition of Communication Data Powers (Pages 281 - 330)**
12. **Corporate Strategic Risk Register (Pages 331 - 344)**
13. **External Inspections, Reviews, and Audits Update (Pages 345 - 364)**
14. **Audit Committee Forward Plan (Pages 365 - 373)**
15. **Urgent Business**

To consider any item which the Chair is of the opinion should be considered as a matter of urgency.

16. Date and time of next meeting

The next meeting of the Audit Committee will be held on Tuesday, 27th September, 2022, commencing at 2.00 p.m. in Rotherham Town Hall.



**SHARON KEMP,
Chief Executive.**

Select report type
Audit Committee

Committee Name and Date of Committee Meeting

Audit Committee – 28 July 2022

Report Title

Publication of 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)

Rob Mahon (Assistant Director, Financial Services), Ian Bagshaw (Finance Manager, Financial Accounting)

Finance & Customer Services Directorate

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Ward(s) Affected

Borough-Wide

Report Summary

The Council's annual accounts are the principal means by which the Council is held publicly accountable to local and national stakeholders over the stewardship of its resources.

The report to Audit Committee in March 2022 highlighted the approach taken by the Council in ensuring that the draft unaudited Statement of Accounts would be published in accordance with the revised timescales and the Accounts and Audit Regulations 2015. This report factored in the revised timetable for the production of accounts in light of the Covid-19 impact and as a result of the Redmond Review (Sir Tony Redmond's review into the effectiveness of external audit and transparency of financial reporting in local authorities).

The draft unaudited Statement of Accounts 2021/22 will be published on the Council's website by 31 July 2022.

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

Recommendations

1. The Audit Committee is asked to receive the draft unaudited Statement of Accounts 2021/22.

List of Appendices Included

- Appendix 1 Narrative Report 2021/22
- Appendix 2 Highlights Report setting out key matters reported in the 2021/22 accounts
- Appendix 3 Unaudited Statement of Accounts 2021/22
- Appendix 4 Informing the Audit Risk assessment 2021/22

Background Papers

- CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2021/22
- Accounts and Audit Regulations 2015
- Audit Committee meeting – 15 March 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 The Code of Practice on Local Authority Accounting 2021/22 together with the Accounts and Audit Regulations 2015 set out the accounting and statutory framework for local authority financial reporting.
- 1.2 Under the Accounts and Audit Regulations 2015, local authorities are required to publish their unaudited accounts no later than 31 May accompanied by a Narrative Report and draft Annual Governance Statement. This triggers a period of 30 working days for local electors to exercise their rights to inspect the accounts and supporting records and to ask questions of the external auditor.
- 1.3 However, following recognition of the deliverability of quality accounts by this date in light of the Covid-19 outbreak the regulations were amended for the 2020/21 accounts to require publication of unaudited accounts by 31 July 2021. The Accounts and Audit (amendment) Regulations 2021 (SI no 2021/263) came into force on 31st March 2021 and extended the publication of the Statement of Accounts for the next two financial years (2020/21 and 2021/22). These amended regulations require draft accounts to be published by the 31st July (one month earlier than 2019/20) and final audited accounts by the 30th September (two months earlier than 2019/20). Subsequently the regulations have been revised again extending the final audited accounts to 30th November for the 2021/22 accounts and then 30th September for the following 6 years.
- 1.4 A revised timetable for the production of the Council's accounts was presented to Audit Committee in March 2022, indicating the Council's draft accounts would now be published on 31 July 2021. The draft unaudited Statement of Accounts 2021/22 will be published on the Council's website alongside the Narrative Report and draft Annual Governance Statement on 31 July 2022, in line with these revised timelines. The period for local electors to exercise their rights will commence on 1st August 2022 and cease on 12th September 2022.
- 1.5 The final external audit of the 2021/22 accounts had not commenced at the point of writing this report. The Council's external auditors have indicated that they will be able to meet the revised audit deadline of 30th November 2022.
- 1.6 Where appropriate, Grant Thornton will set out any material adjustments made to the accounts and any uncorrected differences of a non-trivial nature. Grant Thornton have indicated in their audit plan that the accounts materiality for planning purposes is £8.88m (£8.75m in 2020/21). Individual transactional level materiality will be set at £444k (£437k for 2020/21). Grant Thornton will revisit these materiality figures once 2021/22 draft accounts are published.

- 1.7 Audit Committee will be asked to formally approve the audited Statement of Accounts for publication having regard to Grant Thornton's findings and opinion on whether the accounts give a true and fair view of the Council's financial performance for the year and its financial position at the end of the year and whether they have been prepared in accordance with proper practice. The deadline for publishing the audited accounts is now 30 November 2022.

2. Key Issues

- 2.1 The Council's draft unaudited Statement of Accounts 2021/22 to be published on the Council's website are attached as Appendix 3. The accompanying Narrative Report is attached as Appendix 1. Appendix 4 shows the Council's response to enquiries from Grant Thornton about issues that inform their audit risk assessment. The areas covered include fraud, laws and regulations and accounting estimates.
- 2.2 The accounts have been produced in accordance with The CIPFA code of practice, there have been no new International Financial Reporting Standards (IFRS) to consider and include. The new standard for lease accounting, IFRS 16 was originally due to be implemented in 2021/22 but after consultation this has been delayed until 1st April 2024.

3. Options considered and recommended proposal

- 3.1 Compliance with the Accounts and Audit Regulations 2015 is a statutory requirement. The Regulations state that the Council's "responsible financial officer" is required to sign-off the draft unaudited Statement of Accounts by the statutory date and confirm that they are satisfied it presents a true and fair view of the Council's financial position for the financial year. However, the Audit Committee does have discretion over whether it wishes to receive the unaudited accounts before they are formally required to approve them for publication post audit.

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 accounts being prepared.

5. Timetable and Accountability for Implementing this Decision

- 5.1 The statutory deadline for publishing the draft unaudited Statement of Accounts for 2021/22 by 31 July will be met. The statutory deadline for publishing the audited financial statements for 2021/22 is 30 November 2022.

Financial and Procurement Advice and Implications

- 5.2 There are no financial or procurement implications directly associated with closure of the accounts, other than the impact on the audit fee of having good quality financial statements and supporting working papers which meet Grant Thornton's expectations.

6. Legal Advice and Implications

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

7. Human Resources Advice and Implications

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

8. Implications for Children and Young People and Vulnerable Adults

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

9. Equalities and Human Rights Advice and Implications

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

10. Implications for Partners

- 10.1 The NHS requires information on how the pooled budgets operated under the Better Care Fund have been spent to an earlier timetable than that of the Council. Arrangements have been made to ensure this earlier timetable is met. There are no other implications arising from this report to Partners or other directorates.

11. Risks and Mitigation

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

12. Accountable Officer(s)

Judith Badger (Strategic Director of Finance & Customer Services)

Approvals obtained on behalf of:-

	Named Officer	Date
Chief Executive		Click here to enter a date.
Strategic Director of Finance & Customer Services (S.151 Officer)	Judith Badger	Click here to enter a date.
Assistant Director of Legal Services (Monitoring Officer)	Named officer	Click here to enter a date.

Assistant Director of Human Resources (if appropriate)	Lee Mann	Click here to enter a date.
Head of Human Resources (if appropriate)		Click here to enter a date.

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This report is published on the Council's [website](#).



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 ACES 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 Government's 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*

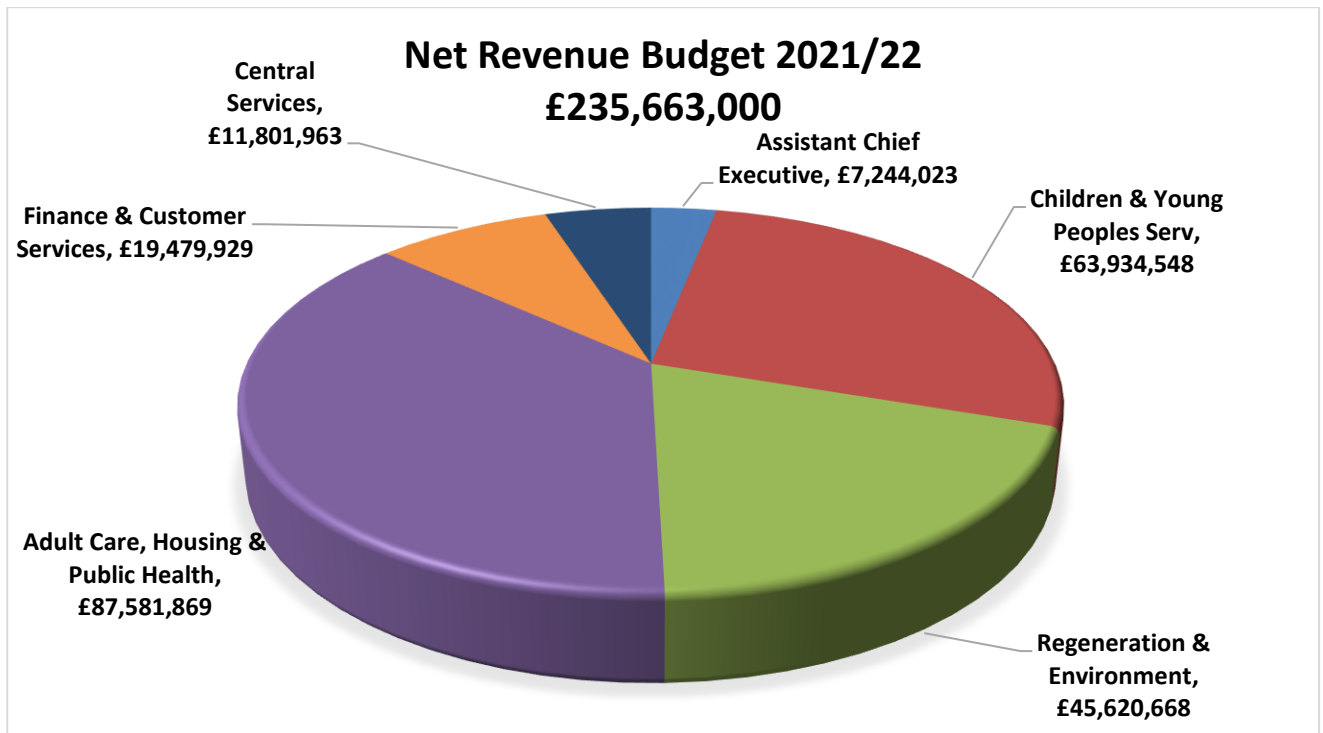
This statement summarises the transactions of Rotherham as a Billing Authority in relation to National Non-Domestic Rates and Council Tax and also illustrates the way in which income has been distributed to major precepting authorities (i.e. South Yorkshire Fire and Rescue and the Police and Crime Commissioner).

Revenue & Capital Expenditure Outturns

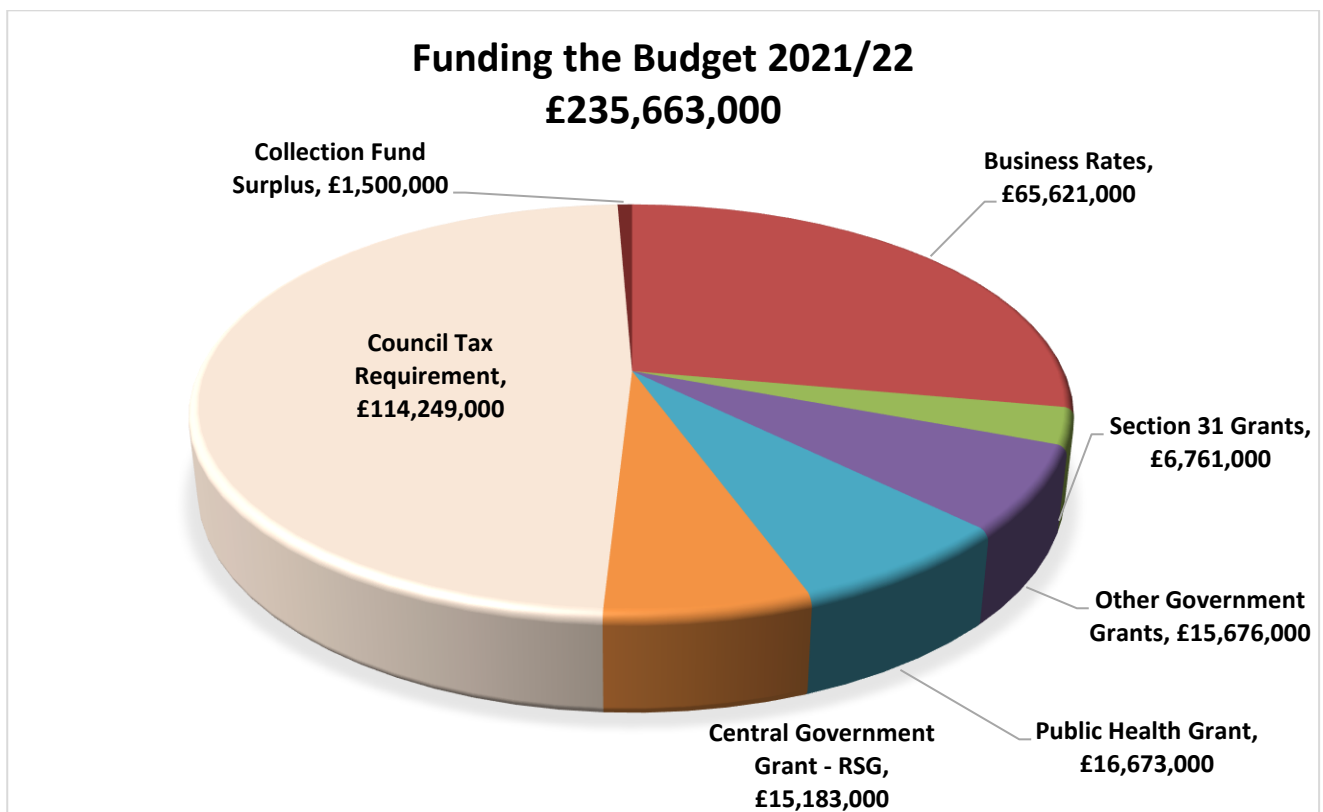
A summary of the Council's revenue and capital outturns for 2021/22 is included in the following paragraphs. Further details have been reported to Cabinet on the 11 July 2022. The agenda for this meeting can be accessed through the Council & Democracy page of the Council's website. [Financial Outturn 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

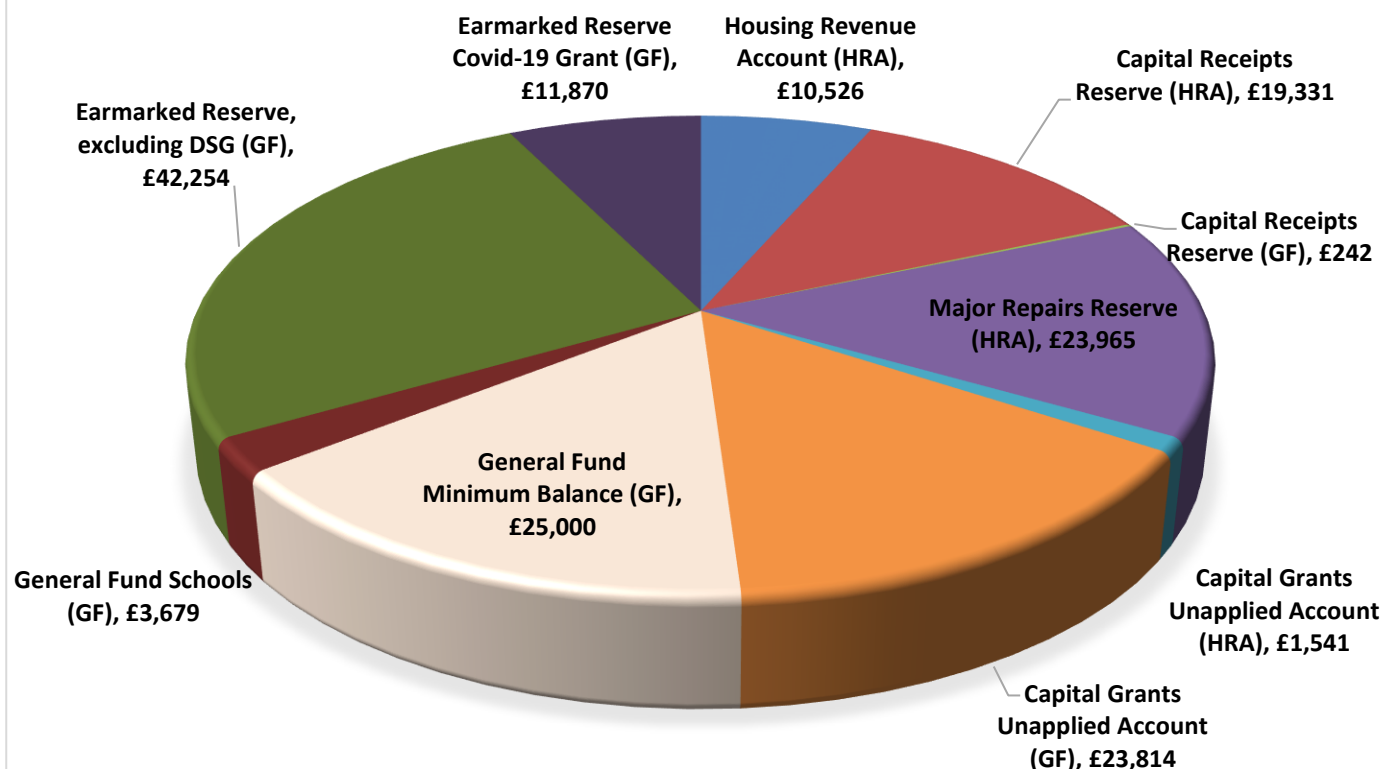
The Council manages its funds between two categories of reserves: usable reserves and unusable reserves.

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 28 July 2022

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Draft Statement of Accounts 2021/22 – Financial Highlights Report

This financial highlights report draws Members attention to key financial disclosures reported in the 2021/22 draft Statement of Accounts. The primary financial statements that Members should be aware of are:

- The Comprehensive Income and Expenditure Statement (CIES) on page 6, which is inclusive of the HRA figures shown in the separate statement on page 111, shows what the Council's financial performance would have been on an accounting basis under International Financial Reporting Standards (IFRS). This is very different to the revenue outturn reported on the basis on which local government is funded and which is used to determine the amount to be raised from council tax payers and rent payers.
- The Movement in Reserves Statement on page 7 of the accounts which sets out the change in the overall level of usable reserves (revenue and capital) available to support revenue spending and the capital programme in future years. It provides the reconciliation of the deficit reported in the (CIES) on an accounting basis to the net change in the General Fund balance and HRA balance on a local government funding basis.
- The Balance Sheet on page 9 of the accounts which sets out the assets and liabilities of the Council at the end of 2021/22.

The Cash Flow Statement on page 10 shows the changes in cash and cash equivalents of the Council during the reporting period.

- The Collection Fund on page 119 of the accounts which shows separately the surplus or deficit to be distributed or recovered relating to council tax and retained business rates.

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Draft

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 commences at 9.30am on Monday 1 August 2022 and will conclude 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 commences on Monday 1 August 2022 and will conclude 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 is 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, may 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**

Thursday 28 July 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
28 July 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.

Pension strain costs are charged to Non Distributed Costs in accordance with statutory provisions which require that the General Fund be charged with the amount payable by the Council to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards.

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 as part of Non Distributed Costs.
 - 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.

C CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

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.

D ASSUMPTIONS MADE ABOUT THE FUTURE AND OTHER MAJOR SOURCES OF ESTIMATION UNCERTAINTY

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:

- 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.
- 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.
- 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 £000	2021/22 £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 £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	17,686					(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) Employer's pension contributions and direct payments to pensioners payable in the year	50,561 (19,170)	3,493 (1,275)				(54,054) 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. Children's 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 £000	YOS Pooled Budget	2021/22 £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 £000	Rotherham Safeguarding Board	2021/22 £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 £000	Rotherham Safeguarding Board	2021/22 £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 £000	Members Allowances	2021/22 £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
Assistant Chief Executive	13,560.35	5,133.30	0.00	18,693.65	2,332.38
Former Strategic Director of Children and Young Peoples Services	26,444.76	0.00	0.00	26,444.76	4,548.51
Interim Strategic Director of Children and Young Peoples Services	87,224.71	6,411.88	0.00	93,636.59	15,002.66
Strategic Director or Regeneration & Environment	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 of Finance & Customer Services	123,645.00	0.00	0.00	123,645.00	21,267.00
Former Assistant Director of Legal 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 of 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	56	63	57	287	289
£20,001 - £40,000	3	0	2	0	5	0	149	0
£40,001 - £60,000	3	0	0	0	3	0	129	0
£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		(51,081)	(51,081)
				0	0	0
(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 £1.8 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 £	Related Parties	Nature of Transactions	2021/22 £
	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 Beevor 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 £137.028m (£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 31 Mar 21 £000	Total Funded & Unfunded Local Government Pension Scheme 31 Mar 22 £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 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
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	75,422	0
0	0	- Past Service Cost	0	0
(229)	0	- (Loss) / gain on Curtailments	(45)	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	(1,816,040)	(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
		31 Mar 21	31 Mar 22
	Quoted (Y/N)	£000	£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	3.0%	3.0%
3.65%	-	Rate of increase in salaries	4.07%	-
2.5%	2.5%	Rate of increase in pensions	3.0%	3.0%
2.3%	2.3%	Rate for discounting scheme liabilities	2.4%	2.4%

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.

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	(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
	Net Book Value	
53,642	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
	Level 1	Level 2	Level 3	
	£000	£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 £000	Level 2 £000	Level 3 £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 £000	2021/22 £000	2020/21 £000	2021/22 £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 £000	2021/22 £000	2020/21 £000	2021/22 £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)	(1,001)	4,849	0	(1,777)
Long Term Provisions	(7,135)	0	0	0	(7,135)
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)	(2,399)	1,532	419	(9,396)
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.

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.

(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
	Items included in the net surplus or deficit on the provision of services that are investing and financing activities:	
38,699	Capital Grants credited to surplus or deficit on the provision of services	51,081
28	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 Account**Note 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	7,346
Government Grants/Other Capital Income	4,837
Major Repairs Reserve	25,264
Total	44,966

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 brought forward	3,285	(33,977)	(30,692)	
3,285	(33,977)	(30,692)	Surplus 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 misstated, 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

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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 بە یارمەتی هەبێت بۆ ئەوەی لەم بەنگەنامە یە تێبگات یان بێخوێنتەو، یە پەڕێوەندیمان پێوە بکە لەسەر ئەو ژمارەییە سەرەویدا یان بەو ئیمەیلە.

Arabic

بي

كنت انت أو اي شخص تعرفه بحاجة إلى مساعدة لفهم أو قراءة هذه الوثيقة، الرجاء الاتصال على الرقم اعلاه، أو سلتنا عبر البريد الإلكتروني

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.



Informing the audit risk assessment for Rotherham Metropolitan Borough Council 2021/22



The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect your business or any weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

Purpose

The purpose of this report is to contribute towards the effective two-way communication between Rotherham Metropolitan Borough Council's external auditors and Rotherham Metropolitan Borough Council's Audit Committee, as 'those charged with governance'. The report covers some important areas of the auditor risk assessment where we are required to make inquiries of the Audit Committee under auditing standards.

Background

Under International Standards on Auditing (UK), (ISA(UK)) auditors have specific responsibilities to communicate with the Audit Committee. ISA(UK) emphasise the importance of two-way communication between the auditor and the Audit Committee and also specify matters that should be communicated.

This two-way communication assists both the auditor and the Audit Committee in understanding matters relating to the audit and developing a constructive working relationship. It also enables the auditor to obtain information relevant to the audit from the Audit Committee and supports the Audit Committee in fulfilling its responsibilities in relation to the financial reporting process.

Communication

As part of our risk assessment procedures we are required to obtain an understanding of management processes and the council's oversight of the following areas:

- General Enquiries of Management
- Fraud,
- Laws and Regulations,
- Related Parties,
- Going Concern, and
- Accounting Estimates.

Purpose

This report includes a series of questions on each of these areas and the response we have received from Rotherham Metropolitan Borough Council's management. The Audit Committee should consider whether these responses are consistent with its understanding and whether there are any further comments it wishes to make.

General Enquiries of Management

Question	Management response
1. What do you regard as the key events or issues that will have a significant impact on the financial statements for 2021/22?	<p>The key events or issues that will have a significant impact on the financial statements are:</p> <ul style="list-style-type: none"> -Use of reserves strategy approved by Council in March 2022 -Valuation of (Property Plant and Equipment) PPE -Academy Transfers -Capital Financing and increased CFR <p>Though clearly COVID 19 will have some impact on the Council's financial position in the future as at the financial year end there was no evidence that this would be material. This view is borne out by the Government's subsequent additional grant funding to cover Covid costs in 2020/21 and 2021/22 and their proposed arrangements for allowing any collection fund deficits arising in 2020/21 to be recoverable over a three-year period.</p>
2. Have you considered the appropriateness of the accounting policies adopted by Rotherham Metropolitan Borough Council? Have there been any events or transactions that may cause you to change or adopt new accounting policies? If so, what are they?	<p>In March 2022 Audit Committee received a report outlining the Council's plans for the delivery of the Statement of Accounts, updates to accounting policies and an overview of any changes to the notes to the Statement of Accounts. As part of this process the Council's Financial Accounting team consider any adjustments required to accounting policies for 2022/23 onwards.</p>

General Enquiries of Management

Question	Management response
3. Is there any use of financial instruments, including derivatives? If so, please explain	<p>The Council uses Money Market Funds for its short term investments, using AAA rated funds only, placing security and liquidity as its primary concern, over yield.</p> <p>All financial instruments are shown in the note in the Statement Of Accounts (SOA). There are no derivatives.</p>
4. Are you aware of any significant transaction outside the normal course of business? If so, what are they?	<p>The Council has been administering a significant volume of Covid Grants such as Business Support Grants. These have required the Council to manage for example, over £87m of business support grants, through the Councils financial systems. However, these transactions have only be included within the Councils accounts where the Council has acted as 'Principal'.</p>

General Enquiries of Management

Question	Management response
5. Are you aware of any changes in circumstances that would lead to impairment of non-current assets? If so, what are they?	No
6. Are you aware of any guarantee contracts? If so, please provide further details	No
7. Are you aware of the existence of loss contingencies and/or un-asserted claims that may affect the financial statements? If so, please provide further details	No
8. Other than in house solicitors, can you provide details of those solicitors utilised by Rotherham Metropolitan Borough Council during the year. Please indicate where they are working on open litigation or contingencies from prior years?	All work covered in house, as confirmed by Head of Legal.

General Enquiries of Management

Question	Management response
9. Have any of the Rotherham Metropolitan Borough Council's service providers reported any items of fraud, non-compliance with laws and regulations or uncorrected misstatements which would affect the financial statements? If so, please provide further details	Nothing material
10. Can you provide details of other advisors consulted during the year and the issue on which they were consulted?	<p>The Council's treasury advisors provide both day to day support and services. The Council uses advisors in respect of Taxation and Treasury Management.</p> <p>Taxation day to day enquiries and support are provided by PSTax and PWC.</p> <p>Treasury Advisors – Link Asset Services provide information on matters such as: market updates, counterparty control, Financial Instrument and Treasury Management advice</p>
11. Have you considered and identified assets for which expected credit loss provisions may be required under IFRS 9, such as debtors (including loans) and investments? If so, please provide further details	Investments and loans have been considered. Most investments were with other Local Authorities so a credit loss provision was not required under IFRS9. The Council also had investments with MMF's and Banks which resulted in a non material credit loss calculation. The council has a small number of external loans which have been provided for.

Fraud

Matters in relation to fraud

ISA (UK) 240 covers auditors responsibilities relating to fraud in an audit of financial statements.

The primary responsibility to prevent and detect fraud rests with both the Audit Committee and management. Management, with the oversight of the Audit Committee, needs to ensure a strong emphasis on fraud prevention and deterrence and encourage a culture of honest and ethical behaviour. As part of its oversight, the Audit Committee should consider the potential for override of controls and inappropriate influence over the financial reporting process.

As Rotherham Metropolitan Borough Council's external auditor, we are responsible for obtaining reasonable assurance that the financial statements are free from material misstatement due to fraud or error. We are required to maintain professional scepticism throughout the audit, considering the potential for management override of controls.

As part of our audit risk assessment procedures we are required to consider risks of fraud. This includes considering the arrangements management has put in place with regard to fraud risks including:

- assessment that the financial statements could be materially misstated due to fraud,
- process for identifying and responding to risks of fraud, including any identified specific risks,
- communication with the Audit Committee regarding its processes for identifying and responding to risks of fraud, and
- communication to employees regarding business practices and ethical behaviour.

We need to understand how the Audit Committee oversees the above processes. We are also required to make inquiries of both management and the Audit Committee as to their knowledge of any actual, suspected or alleged fraud. These areas have been set out in the fraud risk assessment questions below together with responses from Rotherham Metropolitan Borough Council's management.

Fraud risk assessment

Question	Management response
<p>1. Has Rotherham Metropolitan Borough Council assessed the risk of material misstatement in the financial statements due to fraud?</p> <p>How has the process of identifying and responding to the risk of fraud been undertaken and what are the results of this process?</p> <p>How do the council's risk management processes link to financial reporting?</p>	<p>The Council does not believe there is a risk of material misstatement in the financial statements, due to fraud.</p> <p>The council has an Anti-Fraud and Corruption Policy which provides staff with details on how to manage fraud</p> <p>In addition:</p> <ul style="list-style-type: none"> • Risk Champions have discussed fraud risks with each DLT. Fraud risks are entered onto risk registers where applicable, then regularly monitored. • All employees are required to complete mandatory GDPR e-learning modules on an annual basis. • Directorate and Finance risk registers are considered and reviewed throughout the financial year to highlight any issues that may impact on the Council's financial standing or financial monitoring. • The Finance and Customer Services Directorate risk register has a risk for the 'accurate and timely production of a draft Statement of Accounts and WGA'. • Senior Leadership Team also review the Corporate Risk Register as well as performance reports and financial reports. This enables the section 151 to ensure that financial risks are adequately reflected in risk registers and also ensure that significant directorate risks are appropriately managed. <p>Annual audit report completed on an annual basis that sets out potential fraud risk.</p>

Fraud risk assessment

Question	Management response
2. What have you determined to be the classes of accounts, transactions and disclosures most at risk to fraud?	Low level expense claims
3. Are you aware of any instances of actual, suspected or alleged fraud, errors or other irregularities either within Rotherham Metropolitan Borough Council as a whole, or within specific departments since 1 April 2021? If so, please provide details	<p>None that would affect the Statement of Accounts. Ongoing cases are investigated by Internal Audit. The volume and value of fraud is believed to be low. Head of Internal Audit confirmed he is not aware of any significant actual, suspected, or alleged fraud affecting the financial statements.</p> <p>Internal Audit is responsible for reporting risk of fraud to those charged with governance.</p> <p>The section 151 meets with Internal Audit weekly which enables early awareness and consideration of whether any urgent reporting is required.</p> <p>The Chief Executive also holds quarterly Statutory Officer meetings in order to understand any significant issues and risks and where any developing trends can be identified.</p>

Fraud risk assessment

Question	Management response
4. As a management team, how do you communicate risk issues (including fraud) to those charged with governance?	When Internal Audit discovers or suspects a fraud, management of the relevant department will be contacted and discussion take place and agreement reached on how the matter will be investigated. The Chief Executive and Strategic Director Finance and Customer Services are briefed regarding the issues raised.
5. Have you identified any specific fraud risks? If so, please provide details Do you have any concerns there are areas that are at risk of fraud? Are there particular locations within Rotherham Metropolitan Borough Council where fraud is more likely to occur?	The risk of fraud remains as being linked to low level expense claims. There are no concerns around any significant fraud risks nor is there a particular section of the Council where fraud is more likely.
6. What processes do Rotherham Metropolitan Borough Council have in place to identify and respond to risks of fraud?	Internal audit plan and progress reports and annual reports all cover both proactive and reactive work covering fraud The Council has a Whistleblowing Policy. A register is maintained of all whistleblowing allegations received and these are reported in summary to Standards and Ethics Committee. All whistleblowings are investigated by the relevant department and the robustness of the investigations is overseen by the Council's Whistleblowing officers. The Whistleblowing Officers are the S151 officer officer Officer, the Monitoring Officer and the Head of Internal Audit and all Whistleblowings are reviewed by them.

Fraud risk assessment

Question	Management response
<p>7. How do you assess the overall control environment for Rotherham Metropolitan Borough Council, including:</p> <ul style="list-style-type: none"> the existence of internal controls, including segregation of duties; and the process for reviewing the effectiveness the system of internal control? <p>If internal controls are not in place or not effective where are the risk areas and what mitigating actions have been taken?</p> <p>What other controls are in place to help prevent, deter or detect fraud?</p> <p>Are there any areas where there is a potential for override of controls or inappropriate influence over the financial reporting process (for example because of undue pressure to achieve financial targets)? If so, please provide details</p>	<p>Internal controls are considered very tight overall. Key activities (listed below) to create clear segregation of duties, ensure everything is reviewed for approval at an appropriate level and reviewed for appropriateness.</p> <ul style="list-style-type: none"> P2P Process Creditors Sundry Debtors Process Revs and Bens - Council Tax / NNDR Treasury Management / Banking Arrangements <p>Internal Audits completed in respect of the following:</p> <ul style="list-style-type: none"> Debtors – Reasonable Assurance Creditors – Reasonable Assurance Budgetary Control – Reasonable Assurance Business support Grants – Reasonable Assurance Council Tax – Substantial Assurance <p>The section 151 meets with the Head of Internal Audit on a weekly basis in order that the section 151 is made aware of any issues identified or reported at the earliest opportunity</p>
<p>8. Are there any areas where there is potential for misreporting? If so, please provide details</p>	<p>The Council's finance structure and production of the accounts is such that all reports are reviewed by the relevant Head of Finance prior to decision making. Where information is fed into the Councils accounts it is submitted by the Head of Finance for the Directorate and reviewed by the Corporate Finance function. Ultimately the final accounts are also reviewed by the Assistant Director of Finance and Customer Services. These levels of control/review mitigate the risk of misreporting.</p> <p>As such the risk of misreporting is low.</p>

Fraud risk assessment

Question	Management response
<p>9. How does Rotherham Metropolitan Borough Council communicate and encourage ethical behaviours and business processes of it's staff and contractors?</p> <p>How do you encourage staff to report their concerns about fraud?</p> <p>What concerns are staff expected to report about fraud? Have any significant issues been reported? If so, please provide details</p>	<p>Weekly communications are distributed to all staff through the 'Monday Briefing' and 'Chief Executives Briefing'. Both provide details of any policy changes as a means of promoting business practice and ethical behaviour.</p> <p>Staff events always start with a reminder of expectations and service plans also contain the vision for the directorate which includes expected standards.</p> <p>All employees areas are required to complete appropriate mandatory e-learning modules e.g. GDPR.</p> <p>All employees are made aware of the Whistleblowing Policy and their responsibilities from it. No significant issues have been reported, that would impact the Councils accounts.</p>
<p>10. From a fraud and corruption perspective, what are considered to be high-risk posts?</p> <p>How are the risks relating to these posts identified, assessed and managed?</p>	<p>All set out in the Fraud risk Register</p>
<p>11. Are you aware of any related party relationships or transactions that could give rise to instances of fraud? If so, please provide details</p> <p>How do you mitigate the risks associated with fraud related to related party relationships and transactions?</p>	<p>There are no related party relationships that present a risk of fraud.</p> <p>There is segregation of duties across all of the Councils finance and contractual functions to ensure that multiple officers, from multiple functions are required to review and approve decision making</p>

Fraud risk assessment

Question	Management response
<p>12. What arrangements are in place to report fraud issues and risks to the Audit Committee?</p> <p>How does the Audit Committee exercise oversight over management's processes for identifying and responding to risks of fraud and breaches of internal control?</p> <p>What has been the outcome of these arrangements so far this year?</p>	<ul style="list-style-type: none"> • Audit Committee are asked to review and approve the Council's Anti-Fraud and Corruption Policy and Strategy. • Audit Committee is presented within 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. There is a self-assessment and resulting Action Plan provided to AC on the performance against the strategy.
<p>13. Are you aware of any whistle blowing potential or complaints by potential whistle blowers? If so, what has been your response?</p>	<p>A register is maintained of all whistleblowing allegations received and these are reported in summary to Standards and Ethics Committee</p>
<p>14. Have any reports been made under the Bribery Act? If so, please provide details</p>	<p>No</p>

Law and regulations

Matters in relation to laws and regulations

ISA (UK) 250 requires us to consider the impact of laws and regulations in an audit of the financial statements.

Management, with the oversight of the Audit Committee, is responsible for ensuring that Rotherham Metropolitan Borough Council's operations are conducted in accordance with laws and regulations, including those that determine amounts in the financial statements.

As auditor, we are responsible for obtaining reasonable assurance that the financial statements are free from material misstatement due to fraud or error, taking into account the appropriate legal and regulatory framework. As part of our risk assessment procedures we are required to make inquiries of management and the Audit Committee as to whether the body is in compliance with laws and regulations. Where we become aware of non-compliance or suspected non-compliance we need to gain an understanding of the non-compliance and the possible effect on the financial statements.

Risk assessment questions have been set out below together with responses from management.

Impact of laws and regulations

Question	Management response
<p>1. How does management gain assurance that all relevant laws and regulations have been complied with?</p> <p>What arrangements does Rotherham Metropolitan Borough Council have in place to prevent and detect non-compliance with laws and regulations?</p> <p>Are you aware of any changes to the council's regulatory environment that may have a significant impact on the council's financial statements?</p>	<p>Service managers ensure service is compliant with relevant laws and regulations. Annually, assurances provided to this for the Annual Governance Statement (AGS) which is then thoroughly checked and challenged as required</p> <p>The Financial Accounting team liaise with legal to ascertain the Council's list of ongoing litigation and claims. This is then assessed and distributed to the Finance Managers for review to determine appropriate disclosures of any provisions, contingent assets and contingent liabilities.</p> <p>There have been no changes to the Council's regulatory environment that would have a significant impact on the Council's financial statements.</p>
2. How is the Audit Committee provided with assurance that all relevant laws and regulations have been complied with?	Through the AGS, Internal Audit progress and annual reports. Reports on compliance with Contract and Financial procedure rules and other reports from management.
3. Have there been any instances of non-compliance or suspected non-compliance with laws and regulation since 1 April 2021 with an on-going impact on the 2021/22 financial statements? If so, please provide details	No
4. Are there any actual or potential litigation or claims that would affect the financial statements? If so, please provide details	Only those listed in contingent assets and liabilities.

Impact of laws and regulations

Question	Management response
5. What arrangements does Rotherham Metropolitan Borough Council have in place to identify, evaluate and account for litigation or claims?	These are referred to Legal Service team and Insurance teams as required
6. Have there been any reports from other regulatory bodies, such as HM Revenues and Customs, which indicate non-compliance? If so, please provide details	No

Related Parties

Matters in relation to Related Parties

Rotherham Metropolitan Borough Council are required to disclose transactions with bodies/individuals that would be classed as related parties. These may include:

- bodies that directly, or indirectly through one or more intermediaries, control, or are controlled by Rotherham Metropolitan Borough Council;
- associates;
- joint ventures;
- a body that has an interest in the authority that gives it significant influence over the council;
- key management personnel, and close members of the family of key management personnel, and
- post-employment benefit plans (pension fund) for the benefit of employees of the council, or of any body that is a related party of the council.

A disclosure is required if a transaction (or series of transactions) is material on either side, i.e. if a transaction is immaterial from the council's perspective but material from a related party viewpoint then the council must disclose it.

ISA (UK) 550 requires us to review your procedures for identifying related party transactions and obtain an understanding of the controls that you have established to identify such transactions. We will also carry out testing to ensure the related party transaction disclosures you make in the financial statements are complete and accurate.

Related Parties

Question	Management response
<p>1. Have there been any changes in the related parties including those disclosed in Rotherham Metropolitan Borough Council's 2020/21 financial statements?</p> <p>If so please summarise:</p> <ul style="list-style-type: none"> the nature of the relationship between these related parties and Rotherham Metropolitan Borough Council whether Rotherham Metropolitan Borough Council has entered into or plans to enter into any transactions with these related parties the type and purpose of these transactions 	<p>There have been no changes in the related party relationships disclosed by the Council at an entity level, though the Council's RP disclosures at an officer or member level do change each year. This information is presented clearly within the Council's accounts, within the specific related party note.</p> <p>Process the same as in previous years looking at all members and Heads of Service and above Officers declaration forms. Please refer to related parties working paper for members and Officers for more details</p>
<p>2. What controls does Rotherham Metropolitan Borough Council have in place to identify, account for and disclose related party transactions and relationships?</p>	<p>Declarations of Interest completed by all officers annually or when a change in circumstance arises. Reviewed and approved by line management.</p> <p>Members complete the form termly or when a change in circumstance arises</p>
<p>3. What controls are in place to authorise and approve significant transactions and arrangements with related parties?</p>	<p>Requisitions are reviewed and approved by line management any issues will be highlighted.</p>

Related Parties

Question	Management response
4. What controls are in place to authorise and approve significant transactions outside of the normal course of business?	<p>The Council's procurement system has an exemption process, this allows for extensions of contracts or a specific supplier use in an exceptional circumstance. This requires procurement, legal, Head of Finance and S151 officer approval to use.</p> <p>Where a payment is being made outside of the procurement system it must be approved by two Finance Managers or above (from finance).</p>

Going Concern

Matters in relation to Going Concern

The audit approach for going concern is based on the requirements of ISA (UK) 570, as interpreted by Practice Note 10: Audit of financial statements and regularity of public sector bodies in the United Kingdom (Revised 2020). It also takes into account the National Audit Office's Supplementary Guidance Note (SGN) 01: Going Concern – Auditors' responsibilities for local public bodies.

Practice Note 10 confirms that in many (but not all) public sector bodies, the use of the going concern basis of accounting is not a matter of significant focus of the auditor's time and resources because the applicable financial reporting frameworks envisage that the going concern basis for accounting will apply where the body's services will continue to be delivered by the public sector. In such cases, a material uncertainty related to going concern is unlikely to exist.

For this reason, a straightforward and standardised approach to compliance with ISA (UK) 570 will often be appropriate for public sector bodies. This will be a proportionate approach to going concern based on the body's circumstances and the applicable financial reporting framework. In line with Practice Note 10, the auditor's assessment of going concern should take account of the statutory nature of the body and the fact that the financial reporting framework for local government bodies presume going concern in the event of anticipated continuation of provision of the services provided by the body. Therefore, the public sector auditor applies a 'continued provision of service approach', unless there is clear evidence to the contrary. This would also apply even where those services are planned to transfer to another body, as in such circumstances, the underlying services will continue.

For many public sector bodies, the financial sustainability of the body and the services it provides are more likely to be of significant public interest than the application of the going concern basis of accounting. Financial sustainability is a key component of value for money work and it is through such work that it will be considered.

Going Concern

Question	Management response
1. What processes and controls does management have in place to identify events and / or conditions which may indicate that the statutory services being provided by Rotherham Metropolitan Borough Council will no longer continue?	Monthly revenue and capital monitoring takes place which identifies any key financial risks for the Council. In addition budget, mid year and outturn reports are submitted to Cabinet which highlight any financial risks which may affect the continuation of service provision.
2. Are management aware of any factors which may mean for Rotherham Metropolitan Borough Council that either statutory services will no longer be provided or that funding for statutory services will be discontinued? If so, what are they?	No
3. With regard to the statutory services currently provided by Rotherham Metropolitan Borough Council, does Rotherham Metropolitan Borough Council expect to continue to deliver them for the foreseeable future, or will they be delivered by related public authorities if there are any plans for Rotherham Metropolitan Borough Council to cease to exist?	Yes
4. Are management satisfied that the financial reporting framework permits Rotherham Metropolitan Borough Council to prepare its financial statements on a going concern basis? Are management satisfied that preparing financial statements on a going concern basis will provide a faithful representation of the items in the financial statements?	Yes

Accounting estimates

Matters in relation to accounting estimates

ISA (UK) 540 (Revised December 2018) requires auditors to understand and assess a body's internal controls over accounting estimates, including:

- The nature and extent of oversight and governance over management's financial reporting process relevant to accounting estimates;
- How management identifies the need for and applies specialised skills or knowledge related to accounting estimates;
- How the body's risk management process identifies and addresses risks relating to accounting estimates;
- The body's information system as it relates to accounting estimates;
- The body's control activities in relation to accounting estimates; and
- How management reviews the outcomes of previous accounting estimates.

As part of this process auditors also need to obtain an understanding of the role of those charged with governance, which is particularly important where the estimates have high estimation uncertainty, or require significant judgement.

Specifically do Audit Committee members:

- Understand the characteristics of the methods and models used to make the accounting estimates and the risks related to them;
- Oversee management's process for making accounting estimates, including the use of models, and the monitoring activities undertaken by management; and
- Evaluate how management made the accounting estimates?

We would ask the Audit Committee to satisfy itself that the arrangements for accounting estimates are adequate.

Accounting Estimates - General Enquiries of Management

Question	Management response
1. What are the classes of transactions, events and conditions, that are significant to the financial statements that give rise to the need for, or changes in, accounting estimate and related disclosures?	<p>The key transactions are PPE valuations, Pension Fund liabilities and accruals. The Council has robust processes in place to ensure these areas of the Councils disclosures in the accounts are accurately reflected.</p> <p>An example of a material condition would be the financial impact of Covid-19 pandemic.</p>
2. How does the council's risk management process identify and address risks relating to accounting estimates?	<p>The Council places greater emphasis, review and challenge on these key areas to ensure that they are robust. Where issues are identified a more detailed review of processes and controls will be undertaken, likely through the Councils internal audit function.</p>
3. How does management identify the methods, assumptions or source data, and the need for changes in them, in relation to key accounting estimates?	<p>The Council's Corporate Finance Function and specific finance managers involved in the delivery of the accounts identify the methods and processes to be used. Working in the confines of the Code of Practice.</p>
4. How do management review the outcomes of previous accounting estimates?	<p>The SOA accounts is reviewed by management with challenge provided on key areas of the accounts. The SOA is also presented for review and scrutiny by the Audit Committee ahead of publication. The SOA is also reviewed by the wider finance function (chartered accountants) for accuracy and to identify any issues.</p> <p>Asset lists, pension assumptions and provisions are reviewed annually.</p>
5. Were any changes made to the estimation processes in 2021/22 and, if so, what was the reason for these?	<p>The valuation date for Land and Buildings valued using DRC was changed from 1st April to 1st January. This was to reduce the potential change in valuation between the valuation date and year end.</p>

Accounting Estimates - General Enquiries of Management

Question	Management response
6. How does management identify the need for and apply specialised skills or knowledge related to accounting estimates?	<p>The Council's Corporate Finance Function and specific finance managers involved in the delivery of the accounts identify the methods and processes to be used. Working in the confines of the Code of Practice.</p> <p>Qualified officers used for asset valuations.</p> <p>District valuer used for dwelling valuations.</p> <p>Link used to supply fair value for financial instruments.</p>
7. How does the council determine what control activities are needed for significant accounting estimates, including the controls at any service providers or management experts?	<p>Valuers are issued with instruction letter and contract with requirements is in.</p> <p>RMBC participate in the annual bulk exercise to obtain the IAS19 disclosures.</p> <p>Quality Assurance is carried out.</p> <p>Equally if any concerns are raised the S151 officer can request the internal audit review the processes in place.</p>
8. How does management monitor the operation of control activities related to accounting estimates, including the key controls at any service providers or management experts?	As above
9. What is the nature and extent of oversight and governance over management's financial reporting process relevant to accounting estimates, including: <ul style="list-style-type: none"> - Management's process for making significant accounting estimates - The methods and models used - The resultant accounting estimates included in the financial statements. 	<p>The SOA accounts is reviewed by management with challenge provided on key areas of the accounts. The SOA is also presented for review and scrutiny by the Audit Committee ahead of publication. The SOA is also reviewed by the wider finance function (chartered accountants) for accuracy and to identify any issues.</p> <p>Training offered to new audit committee members and refresher training offered to existing members.</p>

Accounting Estimates - General Enquiries of Management

Question	Management response
10. Are management aware of any transactions, events, conditions (or changes in these) that may give rise to recognition or disclosure of significant accounting estimates that require significant judgement (other than those in Appendix A)? If so, what are they?	Yes, via the presentation of the SOA and supporting reports, highlighting any changes in regulations or environment that may give rise to a challenge to the Councils accounting estimates process.
11. Why are management satisfied that their arrangements for the accounting estimates, as detailed in Appendix A, are reasonable?	Yes
12. How is the Audit Committee provided with assurance that the arrangements for accounting estimates are adequate ?	Through robust reporting to the AC on the production of the statement of accounts and training on the production of the statement of accounts.

Appendix A Accounting Estimates

Estimate	Method / model used to make the estimate	Controls used to identify estimates	Whether management have used an expert	Underlying assumptions: - Assessment of degree of uncertainty - Consideration of alternative estimates	Has there been a change in accounting method in year?
Valuation of Land & Buildings	DRC valued at 1 st Jan, EUV, Fair Value, Historic Cost. Valued as at 1 st April, with material adjustments for in year movement applied as required.	BCIS rates, local information such as sale prices, rental income	Valuations reviewed by RICs qualified officers	Stated on individual valuation certificates	Yes DRC valuations are now dated 1 st Jan. Previously 1 st April.
Valuation of Council Dwellings	current value, determined using the basis of existing use value for social housing (EUVSH). Valued as at 1 st April, with material adjustments for in year movement applied as required.	Value based on achievable sale prices then reduced	Valuations reviewed by RICs qualified officers	41% EUV – use of this % is supported by local evidence	No
Valuation of Investment Property	Fair Value. Valued as at 1 st April, with material adjustments for in year movement applied as required	local information such as sale prices, rental income	Valuations reviewed by RICs qualified officers	Stated on individual valuation certificates	No

Appendix A Accounting Estimates

Estimate	Method / model used to make the estimate	Controls used to identify estimates	Whether management have used an expert	Underlying assumptions: - Assessment of degree of uncertainty - Consideration of alternative estimates	Has there been a change in accounting method in year?
Valuation of Surplus Assets	Fair Value. Valued as at 1 st April, with material adjustments for in year movement applied as required	local information such as sale prices, rental income	Valuations reviewed by RICs qualified officers	Stated on individual valuation certificates	No
Depreciation (useful economic lives)	Straight line method, based on opening value as at 1st April.	Treatment of asset classifications and UEL applied as per policy	Only in obtaining the most recent asset valuations used.	Asset is still in use, useful economic life.	No

Appendix A Accounting Estimates

Estimate	Method / model used to make the estimate	Controls used to identify estimates	Whether management have used an expert	Underlying assumptions: - Assessment of degree of uncertainty - Consideration of alternative estimates	Has there been a change in accounting method in year?
Valuation of Net Pension Liability	Liabilities have been assessed on an actuarial basis using the projected unit credit method,.	An estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels etc	The liabilities have been estimated by Hymans Robertson LLP, an independent firm of actuaries, estimates for the Council fund.	Rates of inflation, longevity, increase in salaries, increases in pension and rate for discounting liability	No
Expenditure accruals	Automatic system accruals, manual – guidance provided	Budget holder monitoring, significant variances, review of new year transactions	Qualified Finance Officers	Potential uncertainty around value Most appropriate estimate used	No
Provisions estimate (specifically business rates & insurance fund)	Appeals provision model based on previous appeals success %. Insurance – based on previous claims data	Experience of key staff and Insurance Team.	N/A	Methods used and associated % used is changed each year.	No
PFI liabilities	PFI Model	Based on model used	N/A	PFI model is most appropriate estimate	No



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Council Report

Audit Committee Meeting – 28th July 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)

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Ward(s) Affected

All wards.

Report Summary

The Council has produced a draft Annual Governance Statement (AGS) for the 2021/22 financial year which was published alongside the Council's Statement of Accounts on 19th July 2022. This report briefly sets out for the Committee the process that was followed to construct this AGS. The full draft AGS is attached to this report as Appendix A.

Recommendations

The Audit Committee is asked to review the draft 2021/22 Annual Governance Statement and raise queries if necessary.

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 Code of Governance. The draft 2021/22 AGS was published on 19th July 2021.
- 1.2 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 Improvement and 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. The AGS also includes updates to matters raised in the previous year's AGS. The draft AGS is attached to this report as Appendix A.

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 has 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, the Monitoring Officer, the Chief Executive and the Leader.
- 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 continued to have a significant impact at during 2021/22. This is reflected within the AGS, which includes actions taken in response to the pandemic and lockdown.
- 2.5 During the year the Council received two 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 Education 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 is expected later in the year. All of these are included within the AGS, along with the measures put in place to drive the necessary improvements.

- 2.6 The AGS has been the subject of an Internal Audit review, with the auditor reporting directly to the Strategic Director Finance and Customer Services. The audit gave substantial assurance that the AGS was prepared properly and in compliance with guidance and was an accurate representation of the governance arrangements in RMBC.
- 2.7 The Audit Committee are invited to comment on any aspect of the Annual Governance Statement attached to this report at Appendix A.
- 2.8 The AGS is subject to review by external audit who will check that it is in line with CIPFA requirements and consistent with the Statement of Accounts and their knowledge of the Council.
- 2.9 The final AGS will be presented to the committee alongside the final Statement of Accounts to reflect any issues that emerge between now and then and will take account of any comments made by the Audit Committee and the external auditor.

3. Options considered and recommended proposal

- 3.1 This paper considers the draft 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 draft 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 July 2022 meeting.
- 5.2 The Corporate Governance Group will ensure that any issues raised by the Audit Committee or the external auditors, and any emerging issues are addressed and updated as part of the completion of the final AGS for 2021/22.

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*)

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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 mbcintranet/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

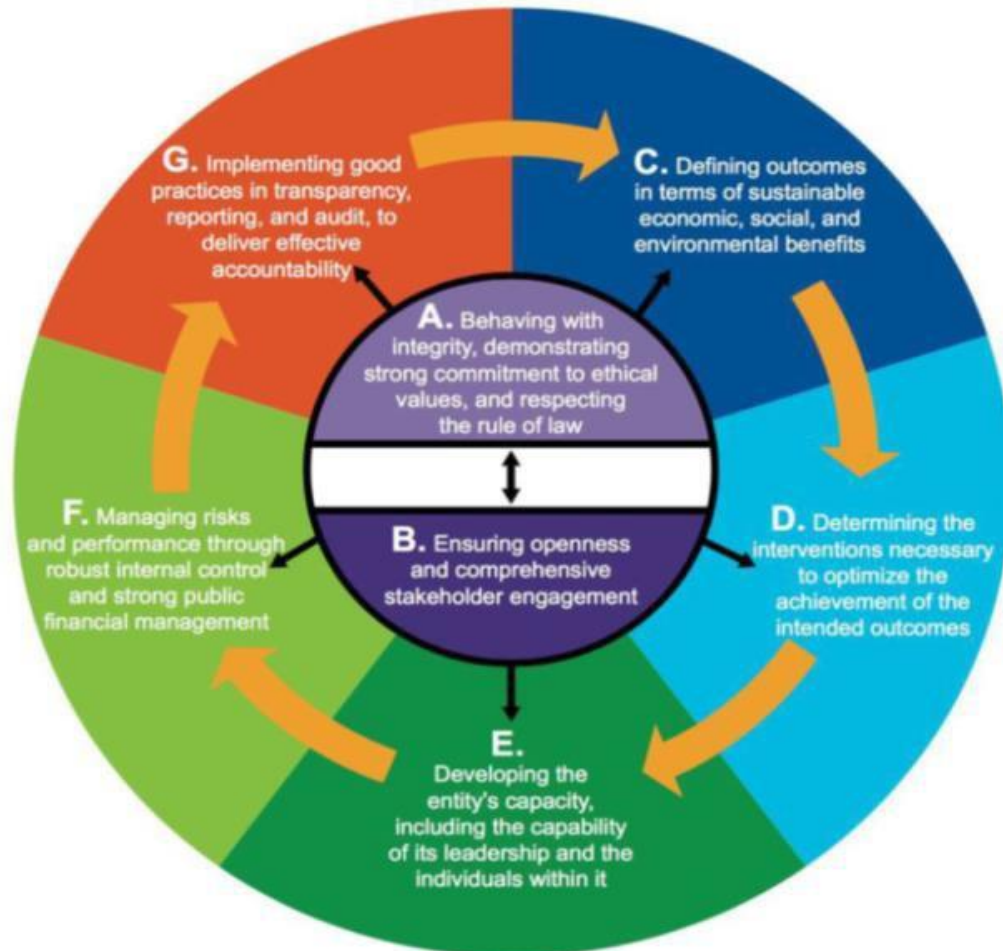
- New Ways of Working
 - Hope and Confidence in Rotherham
- 2.4 The plan also included the following cross-cutting strands, which were integral to each theme:
- Equalities and Social Justice
 - Climate Impact
- 2.5 The “Year Ahead” Plan was originally approved by the Council’s Cabinet in September 2020 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.
- 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 early 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 will provide 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.

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

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:

Select report type
Audit Committee

Committee Name and Date of Committee Meeting

Audit Committee – 28 July 2022

Report Title

Grant Thornton External Audit Plan 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)

Rob Mahon (Assistant Director – Financial Services)
Finance & Customer Services Directorate
01709 254518 rob.mahon@rotherham.gov.uk

Ward(s) Affected

Borough-Wide or Choose an item.

Choose an item.

Report Summary

The Council's external auditor, Grant Thornton, in their External Audit Plan 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 has satisfactory arrangements in place to secure value for money in the use of its resources.

The plan outlines the areas Grant Thornton have determined to be significant risk for special audit consideration.

Recommendations

1. Audit Committee is asked to note Grant Thornton's audit plan for 2021/22.

List of Appendices Included

Appendix 1 Grant Thornton Audit Plan 2021/22

Background Papers

Audit Appointment Letter 2021/22

Local Audit and Accountability Act 2014

National Audit Office – Code of Audit Practice

Consideration by any other Council Committee, Scrutiny or Advisory Panel

No

Council Approval Required

No

Exempt from the Press and Public

No

Grant Thornton External Audit Plan 2021/22

1. Background

- 1.1 Grant Thornton's statutory responsibilities and powers are set out in the Local Audit and Accountability Act 2014 and the National Audit Office's Code of Audit Practice.
- 1.2 The audit has two key objectives, requiring Grant Thornton to audit/review and report on the Council's:
 - Statement of Accounts (including the Annual Governance Statement): providing an opinion on the accounts; and
 - use of resources: concluding on the arrangements in place for securing economy, efficiency and effectiveness in the Council's use of resources (the value for money conclusion).

2. Key Issues

- 2.1 Grant Thornton's Annual Plan outlines the audit approach and in particular the key risks to the financial statements and Value for Money opinions and how they plan to cover these within the audit.
- 2.2 The International Standards on Auditing provides guidance on the significant risks which should be considered by auditors, these being risks which require special audit consideration. Grant Thornton have identified these significant risks, which are set out below. A brief description of each risk is provided on pages 6 to (financial statements) and page 16 (value for money) of the audit plan:
 - 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
- 2.3 The deadline for publishing the audited accounts is now 30 November 2022. The audit plan confirms that Grant Thornton are targeting a November 2022 sign off date.

3. Options considered and recommended proposal

- 3.1 Consideration of alternative options was not required.

4. Consultation on proposal

4.1 No consultation is required in respect of this report.

5. Timetable and Accountability for Implementing this Decision

5.1 No decision which will require implementation is anticipated from this report.

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 A proposed fee of £179,188 has been set for 2021/22, compared to £180,939 for 2020/21. The fee for 2021/22 is governed by the Public Sector Audit Appointments (PSAA) company set up by the LGA as successor body to the Audit Commission, any change to the final fee will have to be agreed by the PSAA and the Council's Section 151 Officer. The fee for 2021/22 reflects the continued increased costs of the external audit function to the Council following the increased level of work and assurance that external audit must now provide at a national level.

6.2 There are no direct procurement implications arising from the detail of this report.

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

7.1 There are no specific Legal implications arising from the report.

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 Partners

11.1 There are no implications arising from this report to Partners or other directorates.

12. Risks and Mitigation

- 12.1 Changes to the Plan and the fee may be necessary if significant new audit risks emerge or Grant Thornton's expectations are not met. Should this be the case, Grant Thornton will first discuss the reason for any change in fee with the Strategic Director of Finance and Customer Services. They will then be brought to the attention of the Audit Committee outlining the reasons for any change.

13. Accountable Officer(s)

Judith Badger (Strategic Director of Finance & Customer Services)

Approvals obtained on behalf of:-

	Named Officer	Date
Chief Executive		Click here to enter a date.
Strategic Director of Finance & Customer Services (S.151 Officer)	Judith Badger	Click here to enter a date.
Assistant Director of Legal Services (Monitoring Officer)	Bal Nahal	Click here to enter a date.
Assistant Director of Human Resources (if appropriate)	Lee Mann	Click here to enter a date.

Report Author: Rob Mahon (Assistant Director – Financial Services)
Finance & Customer Services Directorate
01709 254518 rob.mahon@rotherham.gov.uk

This report is published on the Council's [website](#).

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Rotherham Metropolitan Borough Council 2021-22 Audit Plan

Year ending 31 March 2022

18 July 2022





Your key Grant Thornton team members are:

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Appendix A: Financial Reporting Council's (FRC) quality inspection

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The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit planning process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect the Council or all weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

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1. Key matters

Factors

Financial developments, Covid-19 and the overall economic environment

The Council continues to operate in an uncertain financial environment. The Council, as with all local authorities, will need to continue to plan with little certainty over funding in the medium term whilst also recovering from the impact of the Covid-19 Pandemic.

2021-22: 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 excluded schools' budgets and the Housing Revenue Account (HRA). The 2021-22 revenue budget was supported by the use of £7.5m from the budget and financial strategy reserve. However, given the availability of £14m of Covid funding covering the majority of the Council's Covid related costs, the use of this reserve has not been required. There was a £4.1m directorate related overspend, however, the Council's final outturn position was an overall £2.4m underspend.

Dedicated School Grant (DSG) Deficit: A further service demand pressure faced by the Council relates to Special Educational Needs and Disability (SEND) costs in the Borough. The financial deficit on the Council's DSG 'reserve account' as of 31 March 2022 was £12.8m. There was a brought forward deficit of £21.2m. The in-year deficit for year ended 31 March 2022 was £94.7k.

The Council has agreed a way forward on eliminating the cumulative DSG deficit by 2025-26. This agreement with the Department for Education (DfE) is called a 'Safety Valve' agreement. As a result of the agreement, during 2021-22 the Council received funding of £8.5m from the DfE which brought the closing DSG deficit balance down to £12.8m. Subject to Council's full compliance in line with the agreement, the department has agreed to fund the Council between 2021-22 to 2025-26 as part of this deficit elimination plan. This is a good outcome, demonstrating the Council's continuing and positive engagement with the DfE and other stakeholders. We will undertake further work on the Council's 2021-22 performance, including the DSG deficit as part of our financial statement audit and value for money review.

2022-23 and beyond: In February 2022, the Council published its budget for 2022-23. It also published the Medium-Term Financial Strategy (MTFS) for three years covering up to 2025-26 alongside the 2022-23 balanced budget. The updated position on delivery of savings was presented to Cabinet in December 2021, as part of the MTFS update, this outlined £11.5m of agreed savings to be delivered over the MTFS period. Further work in this area will be undertaken as part of our 2021-22 VFM work.

Since the approval of the budget in February 2022 the financial outlook has worsened with inflation posing a significant risk to the budget and a war in Europe which is impacting the global economy including the UK. The impact of rising energy, fuel and other prices is impacting on both revenue and capital budgets. The increase in the cost of living could also impact on collection rates for council tax and business rates. The Council is keeping a close scrutiny on its MTFS during the summer of 2022 to capture the longer-term impact of these challenges in public services in preparation for the 2023-24 budget setting process.

Climate Change

Rotherham as a Borough has experienced the direct impact of climate change in recent years, with devastating floods in 2007 and 2019. The Council has taken steps to mitigate the impact of climate change in recent years. In October 2019, the Council declared a Climate Emergency and set out a plan of action to reduce carbon emissions generated by the Council, businesses, other organisations and individuals across the borough. The following targets have been set to reduce carbon emissions in Rotherham:

- The Council's carbon emissions to be at net zero by 2030 (NZ30)
- Rotherham-wide carbon emissions to be at net zero by 2040 (NZ40)

To achieve these targets, the Council has a Climate Change Plan with seven themes covering, energy, housing, transport, waste, build and natural environment, influence and engagement. The Council is working with partners to achieve this.

Our response

- As a firm, we are absolutely committed to audit quality and financial reporting in the local government sector. Our proposed work and fee, as set further in our Audit Plan, has been agreed with the Strategic Director – Finance and Customer Services (s151 officer) and Assistant Director Financial Services.
- We will consider your arrangements for managing and reporting your financial resources as part of our work in completing our Value for Money work.
- We will continue to provide you with sector updates via our Audit Committee updates.
- We will continue to review the Council's financial position and the on-going impact of Covid-19 and the economic environment, through our regular discussions with the Strategic Director – Finance and Customer Services (s151 officer) and Assistant Director Financial Services.
- Our VFM work will also consider the arrangements in place for managing and reducing the DSG deficit and Council's continues work on climate change matters in Rotherham including progress against its Climate Change Plan.

2. Introduction and headlines

Purpose

This document provides an overview of the planned scope and timing of the statutory audit of Rotherham Metropolitan Borough Council ('the Council') for those charged with governance.

Respective responsibilities

The National Audit Office ('the NAO') has issued a document entitled Code of Audit Practice ('the Code'). This summarises where the responsibilities of auditors begin and end and what is expected from the audited body. Our respective responsibilities are also set out in the agreed Terms of Appointment and Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA), the body responsible for appointing us as auditor of the Council. We draw your attention to both of these documents.

Scope of our audit

The scope of our audit is set in accordance with the Code and International Standards on Auditing (ISAs) (UK). We are responsible for forming and expressing an opinion on the Council and group's financial statements that have been prepared by management with the oversight of those charged with governance (the Audit Committee); and we consider whether there are sufficient arrangements in place at the Council for securing economy, efficiency and effectiveness in your use of resources. Value for money relates to ensuring that resources are used efficiently to maximise the outcomes that can be achieved.

The audit of the financial statements does not relieve management, the Audit Committee of your responsibilities. It is the responsibility of the Council to ensure that proper arrangements are in place for the conduct of its business, and that public money is safeguarded and properly accounted for. We have considered how the Council is fulfilling these responsibilities.

Our audit approach is based on a thorough understanding of the Council's business and is risk based.

Significant risks

Those risks requiring special audit consideration and procedures to address the likelihood of a material financial statement error have been identified as:

- Management over-ride of controls
- Valuation of land and buildings
- Valuation of the net pension fund liability.

We will communicate significant findings on these areas as well as any other significant matters arising from the audit to you in our Audit Findings (ISA 260) Report.

Materiality

We have determined planning materiality to be £8.88m (PY £8.75m) which equates to 1.5% of your gross expenditure for cost of services for 2020-21. We are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance. Clearly trivial has been set at £444k (PY £437k).

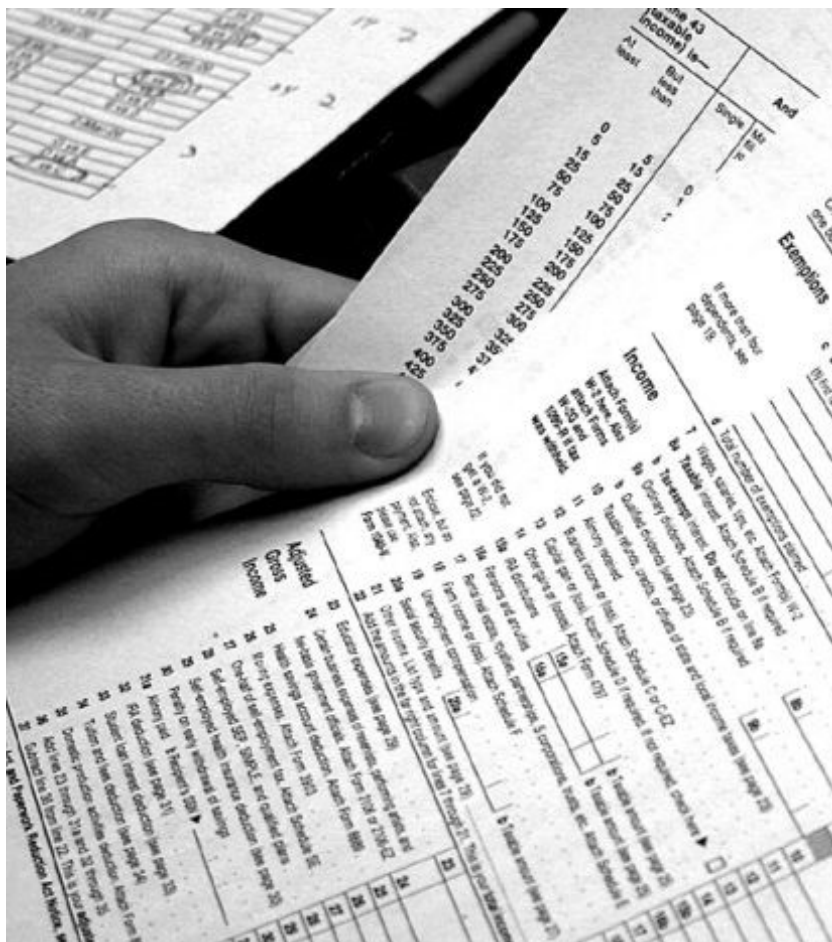
Following publication of the 2021-22 draft accounts, and prior to starting our detailed audit work, we will further revisit the materiality calculation and update as necessary. Any changes to our materiality levels will be detailed in our ISA260 Report later this year.

Value for Money arrangements

In line with the NAO's VFM guidance, our planning risk assessment work has identified one possible significant weakness in the Council's arrangements. This is in relation to the Ofsted and CQC Inspection (July 2021 report) on implementing Special Educational Needs and Disabilities (SEND) reforms in Rotherham. We also identified this as a key recommendation issue in our 2020-21 VFM work and reported this in our Auditor's Annual Report. Considering this inspection was carried out and reported in 2021-22, we consider this a continuing issue in the Council's VFM arrangements for 2021-22. As part of our 2021-22 VFM review, we will follow up the Council's actions in relation to the Ofsted findings. Further details of this issue is included in Section Eight of this Audit Plan.

Our risk assessment regarding your arrangements to secure value for money has not identified any other risks of significant weakness at this stage other than what is reported above. We will keep this under review as our audit progresses.

Introduction and headlines cont.



Audit logistics

Our audit planning work has been conducted offsite in March and April. In addition, we have continued to meet regularly with the Chief Executive and senior members of the finance team throughout 2021-22 and we will continue to do so.

Our final accounts audit will take place in August through to October. Our finalisation and completion work is targeted to take place in November in advance of the national deadline for audited accounts of 30 November 2022.

Our key deliverables are this Audit Plan, our Audit Findings (ISA260) Report (due to be presented to the Audit Committee on 29 November) and our Auditor's Annual Report on the Council's VFM arrangements (targeted to be presented to the Audit Committee in January 2023).

Our fee for the audit will be £179,188 (PY: £180,939) for the Council, subject to the Council delivering a good set of financial statements and working papers.

We have complied with the Financial Reporting Council's Ethical Standard (revised 2019) and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements.

3. Significant risks identified

Significant risks are defined by ISAs (UK) as risks that, in the judgement of the auditor, require special audit consideration. In identifying risks, audit teams consider the nature of the risk, the potential magnitude of misstatement, and its likelihood. Significant risks are those risks that have a higher risk of material misstatement.

Risk	Risk relates to	Reason for risk identification	Key aspects of our proposed response to the risk
Risk of fraud in revenue recognition and expenditure	Council	<p>Revenue</p> <p>Under ISA (UK) 240 there is a rebuttable presumed risk that revenue may be misstated due to the improper recognition of revenue. This presumption can be rebutted if the auditor concludes that there is no risk of material misstatement due to fraud relating to revenue recognition.</p> <p>Having considered the risk factors set out in ISA240 and the nature of the revenue streams at the Authority, we have determined that the risk of fraud arising from revenue recognition can be rebutted, because:</p> <ul style="list-style-type: none"> there is little incentive to manipulate revenue recognition opportunities to manipulate revenue recognition are very limited the culture and ethical frameworks of local authorities, including at the Council, mean that all forms of fraud are seen as unacceptable. <p>Expenditure</p> <p>Whilst not a presumed significant risk we have had regard to Practice Note 10 (Audit of financial statements and regularity of public sector bodies in the United Kingdom). Having considered the nature of the expenditure streams at the Authority, we have determined that the risk of fraud arising from expenditure recognition can be rebutted, because:</p> <ul style="list-style-type: none"> there is little incentive to manipulate expenditure for a Council where services are provided to the public through taxpayers funds there is no significant pressures on general fund reserves of the Council Covid -19 funding has been sufficiently provided for additional expenditure and loss of income during 2020-21 and into 2021-22. 	<p>As we do not consider this to be a significant risk for the Authority, we will not be undertaking any specific work in this area other than our normal audit procedures which include:</p> <p>Accounting policies and systems</p> <ul style="list-style-type: none"> Evaluate the Council's accounting policies for recognition of income and expenditure for its material income and expenditure streams and compliance with the CIPFA Code Update our understanding of the Council's business processes associated with accounting for income and expenditure. <p>Fees, Charges and other service income</p> <ul style="list-style-type: none"> Agree, on a sample basis, income and year end receivables from other income supporting evidence. <p>Taxation and non specific grant income</p> <ul style="list-style-type: none"> Income for national non-domestic rates and council tax is predictable and therefore we would conduct substantive analytical procedures For other grants we will sample test items for supporting evidence and check the appropriateness of the accounting treatment in line with the CIPFA Code. <p>Expenditure</p> <ul style="list-style-type: none"> Agree, on a sample basis, non pay expenditure and year end payables to supporting evidence Undertake detailed substantive analytical procedures on pay expenditure <p>We will also design and carry out appropriate audit procedures to ascertain that recognition of income and expenditure is in the correct accounting period using for example cut off testing.</p>

Significant risks identified

Risk	Risk relates to	Reason for risk identification	Key aspects of our proposed response to the risk
Management over-ride of controls	Council	<p>Under ISA (UK) 240 there is a non-rebuttable presumed risk that the risk of management over-ride of controls is present in all entities. The Council faces external scrutiny of its spending and this could potentially place management under undue pressure in terms of how they report performance.</p> <p>We therefore identified management override of control, in particular journals, management estimates and transactions outside the course of business as a significant risk, which was one of the most significant assessed risks of material misstatement.</p>	<p>We will:</p> <ul style="list-style-type: none"> • evaluate the design effectiveness of management controls over journals • analyse the journals listing and determine the criteria for selecting high risk unusual journals • test unusual journals recorded during the year and after the draft accounts stage for appropriateness and corroboration • gain an understanding of the accounting estimates and critical judgements applied and made by management and consider their reasonableness with regard to corroborative evidence • evaluate the rationale for any changes in accounting policies, estimates or significant unusual transactions.

Significant risks identified

Risk	Risk relates to	Reason for risk identification	Key aspects of our proposed response to the risk
Valuation of land and buildings	Council	<p>The Council re-values its land and buildings on a rolling five-yearly basis. This valuation represents a significant estimate by management in the financial statements due to the size of the numbers involved (some £967m as at 31 March 2021) and the sensitivity of this estimate to changes in key assumptions.</p> <p>Additionally, management will need to ensure the carrying value in the Council's financial statements is not materially different from the current value or the fair value at the financial statements date, where a rolling programme is used.</p> <p>We therefore identified the closing valuation of land and buildings, as a significant risk, which was one of the most significant assessed risks of material misstatement.</p>	<p>We will:</p> <ul style="list-style-type: none"> • evaluate management's processes and assumptions for the calculation of the estimate, the instructions issued to valuation experts and the scope of their work • evaluate the competence, capabilities and objectivity of the valuation expert • discuss with the valuer the basis on which the valuation was carried out • challenge the information and assumptions used by the valuer to assess completeness and consistency with our understanding • engage our own auditor's expert valuer to assess the instructions issued to the Council's valuer, the Council's valuer's report and the assumptions that underpin the valuation • test revaluations made during the year to see if they had been input correctly into the Council's asset register • evaluate the assumptions made by management for those assets not revalued during the year and how management has satisfied themselves that these are not materially different to current value at year end • consider, where the valuation date is not 31 March 2022 for assets valued in year, the arrangements management has used to ensure the valuation remains materially appropriate at 31 March 2022.

Significant risks identified

Risk	Risk relates to	Reason for risk identification	Key aspects of our proposed response to the risk
Valuation of the pension fund net liability	Council	<p>The Council's pension fund net liability, as reflected in its balance sheet as the net defined benefit liability, represents a significant estimate in the financial statements.</p> <p>The pension fund net liability is considered a significant estimate due to the size of the numbers involved (£465m at 31 March 2021) in the Council's balance sheet and the sensitivity of the estimate to changes in key assumptions.</p> <p>We therefore identified valuation of the Council's pension fund net liability as a significant risk, which was one of the most significant assessed risks of material misstatement.</p>	<p>We will:</p> <ul style="list-style-type: none"> • update our understanding of the processes and controls put in place by management to ensure that the Council's pension fund net liability is not materially misstated and evaluate the design of the associated controls • evaluate the instructions issued by management to their management expert (an actuary) for this estimate and the scope of the actuary's work • assess the competence, capabilities and objectivity of the actuary who carried out the Council's pension fund valuation • assess the accuracy and completeness of the information provided by the Council to the actuary to estimate the liability • test the consistency of the pension fund asset and liability and disclosures in the notes to the core financial statements with the actuarial report from the actuary • undertake procedures to confirm the reasonableness of the actuarial assumptions made by reviewing the report of the consulting actuary (as auditor's expert) and performing any additional procedures suggested within the report • obtain assurances from the auditor of the South Yorkshire Pension Fund as to the controls surrounding the validity and accuracy of membership data; contributions data and benefits data sent to the actuary by the pension fund and the fund assets valuation in the pension fund financial statements.

4. Accounting estimates and related disclosures

The Financial Reporting Council issued an updated ISA (UK) 540 (revised): *Auditing Accounting Estimates and Related Disclosures* which includes significant enhancements in respect of the audit risk assessment process for accounting estimates. We identified one recommendation in our 2020-21 audit in relation to the Council's estimation process for the valuation of land and buildings.

Introduction

Under ISA (UK) 540 (Revised December 2018) auditors are required to understand and assess an entity's internal controls over accounting estimates, including:

- The nature and extent of oversight and governance over management's financial reporting process relevant to accounting estimates;
- How management identifies the need for and applies specialised skills or knowledge related to accounting estimates;
- How the entity's risk management process identifies and addresses risks relating to accounting estimates;
- The entity's information system as it relates to accounting estimates;
- The entity's control activities in relation to accounting estimates; and
- How management reviews the outcomes of previous accounting estimates.

As part of this process auditors also need to obtain an understanding of the role of those charged with governance, which is particularly important where the estimates have high estimation uncertainty, or require significant judgement.

Specifically do Audit Committee members:

- Understand the characteristics of the methods and models used to make the accounting estimates and the risks related to them;
- Oversee management's process for making accounting estimates, including the use of models, and the monitoring activities undertaken by management; and
- Evaluate how management made the accounting estimates?



Accounting estimates and related disclosures

Additional information that will be required

To ensure our compliance with this revised auditing standard, we will be requesting further information from management and those charged with governance during our audit for the year ended 31 March 2022.

Based on our knowledge of the Council we have identified the following material accounting estimates for which this is likely to apply:

- Valuations of land and buildings, council dwellings
- Depreciation
- Year end provisions and accruals, specifically for demand led services such as Adult's and Children's services
- Credit loss and impairment allowances
- Valuation of defined benefit net pension fund liabilities
- Fair value estimates
- Liabilities under PFI schemes and finance lease liabilities
- Valuation of level 2 and level 3 investments.

The Council's Information systems

In respect of the Council's information systems we are required to consider how management identifies the methods, assumptions and source data used for each material accounting estimate and the need for any changes to these. This includes how management selects, or designs, the methods, assumptions and data to be used and applies the methods used in the valuations.

When the models used include increased complexity or subjectivity, as is the case for many valuation models, auditors need to understand and assess the controls in place over the models and the data included therein. Where adequate controls are not in place we may need to report this as a significant control deficiency and this could affect the amount of detailed substantive testing required during the audit.

If management has changed the method for making an accounting estimate we will need to fully understand management's rationale for this change. Any unexpected changes are likely to raise the audit risk profile of this accounting estimate and may result in the need for additional audit procedures.

We are aware that the Council uses management experts in deriving some of its more complex estimates, e.g. asset valuations and pensions liabilities. However, it is important to note that the use of management experts does not diminish the responsibilities of management and those charged with governance to ensure that:

- All accounting estimates and related disclosures included in the financial statements have been prepared in accordance with the requirements of the financial reporting framework, and are materially accurate;
- There are adequate controls in place at the Council (and where applicable its service provider or management expert) over the models, assumptions and source data used in the preparation of accounting estimates.



Estimation uncertainty

Under ISA (UK) 540 we are required to consider the following:

- How management understands the degree of estimation uncertainty related to each accounting estimate; and
- How management address this estimation uncertainty when selecting their point estimate.

For example, how management identified and considered alternative, methods, assumptions or source data that would be equally valid under the financial reporting framework, and why these alternatives were rejected in favour of the point estimate used.

The revised standard includes increased emphasis on the importance of the financial statement disclosures. Under ISA (UK) 540 (Revised December 2018), auditors are required to assess whether both the accounting estimates themselves and the related disclosures are reasonable.

Where there is a material uncertainty, that is where there is a significant risk of a material change to the estimated carrying value of an asset or liability within the next year, there needs to be additional disclosures. Note that not all material estimates will have a material uncertainty and it is also possible that an estimate that is not material could have a risk of material uncertainty.

Where there is material estimation uncertainty, we would expect the financial statement disclosures to detail:

- What the assumptions and uncertainties are;
- How sensitive the assets and liabilities are to those assumptions, and why;
- The expected resolution of the uncertainty and the range of reasonably possible outcomes for the next financial year; and
- An explanation of any changes made to past assumptions if the uncertainty is unresolved.

Planning enquiries

As part of our planning risk assessment procedures, we previously sent letters of enquiry to management during April 2022. We recommend management responses are provided to us shortly and considered by the Audit Committee before finalisation of the accounts.

Further information

Further details on the requirements of ISA (UK) 540 (Revised December 2018) can be found in the auditing standard on the Financial Reporting Council's website:

[https://www.frc.org.uk/getattachment/0fa69c03-49ec-49ae-a8c9-cc7a2b65382a/ISA-\(UK\)-540_Revised-December-2018_final.pdf](https://www.frc.org.uk/getattachment/0fa69c03-49ec-49ae-a8c9-cc7a2b65382a/ISA-(UK)-540_Revised-December-2018_final.pdf)

5. Other matters

Other work

In addition to our responsibilities under the Code of Practice, we have a number of other audit responsibilities, as follows:

- We read your Narrative Report and Annual Governance Statement and any other information published alongside your financial statements to check that they are consistent with the financial statements on which we give an opinion and our knowledge of the Council.
- We carry out work to satisfy ourselves that disclosures made in your Annual Governance Statement are in line with requirements set by CIPFA.
- We carry out work on your consolidation schedules for the Whole of Government Accounts process in accordance with NAO group audit instructions.
- We consider our other duties under legislation and the Code, as and when required, including:
 - giving electors the opportunity to raise questions about your 2021-22 financial statements, consider and decide upon any objections received in relation to the 2021-22 financial statements;
 - issuing a report in the public interest or written recommendations to the Council under section 24 of the Local Audit and Accountability Act 2014 (the Act).
 - application to the court for a declaration that an item of account is contrary to law under section 28 or a judicial review under section 31 of the Act
 - issuing an advisory notice under section 29 of the Act
- We certify completion of our audit.

Other material balances and transactions

Under International Standards on Auditing, "irrespective of the assessed risks of material misstatement, the auditor shall design and perform substantive procedures for each material class of transactions, account balance and disclosure". All other material balances and transaction streams will therefore be audited. However, the procedures will not be as extensive as the procedures adopted for the risks identified in this report.

6. Materiality

The concept of materiality

Materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to the monetary misstatements but also to disclosure requirements and adherence to acceptable accounting practice and applicable law. Misstatements, including omissions, are considered to be material if they, individually or in the aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Materiality for planning purposes

We have determined financial statement materiality based on a proportion of the gross expenditure in cost of services of the Council for prior year. In the prior year we used the same benchmark. Materiality at the planning stage of our audit is £8,888k (PY £8,750k), which equates to 1.5% of your gross expenditure in cost of services for the prior year.

Following publication of the 2021-22 draft accounts, and prior to starting our detailed audit work, we will further revisit the materiality calculation and update as necessary. Any changes to our materiality levels will be detailed in our ISA260 Report later this year.

We design our procedures to detect errors in specific accounts at a lower level of precision which we have determined to be £15,000 for senior officer remuneration.

We reconsider planning materiality if, during the course of our audit engagement, we become aware of facts and circumstances that would have caused us to make a different determination of planning materiality.

Matters we will report to the Audit Committee

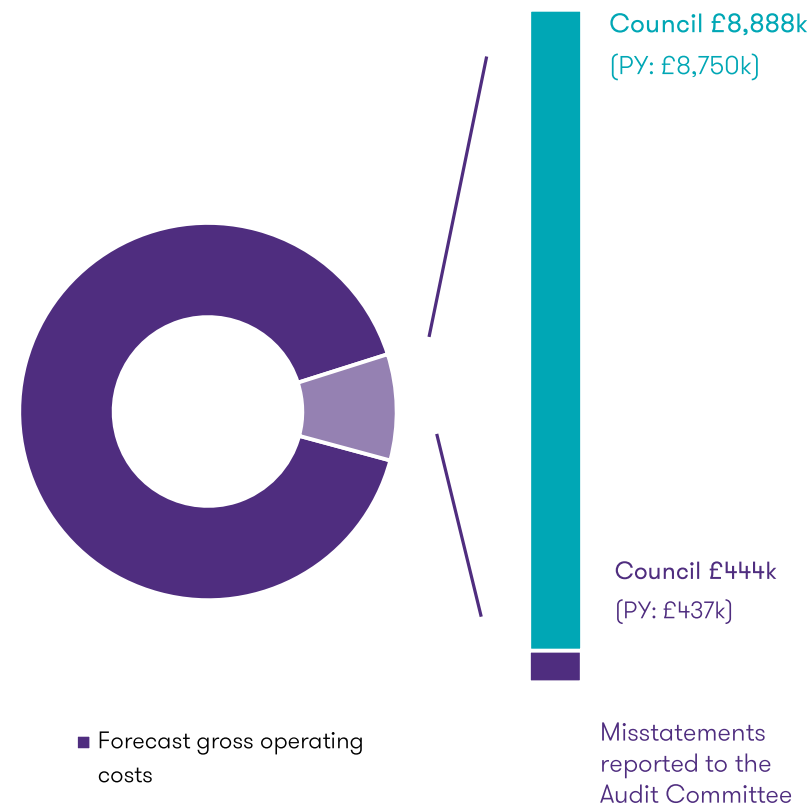
Whilst our audit procedures are designed to identify misstatements which are material to our opinion on the financial statements as a whole, we nevertheless report to the Audit Committee any unadjusted misstatements of lesser amounts to the extent that these are identified by our audit work.

Under ISA 260 (UK) 'Communication with those charged with governance', we are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance. ISA 260 (UK) defines 'clearly trivial' as matters that are clearly inconsequential, whether taken individually or in aggregate and whether judged by any quantitative or qualitative criteria. In the context of the group and Council, we propose that an individual difference could normally be considered to be clearly trivial if it is less than £444k (PY £437k) for the Council.

If management have corrected material misstatements identified during the course of the audit, we will consider whether those corrections should be communicated to the Audit Committee to assist it in fulfilling its governance responsibilities.

Gross Expenditure
Cost of Services £592m
(PY: £583m)

Materiality



7. IT audit strategy

In accordance with ISA (UK) 315, we are required to obtain an understanding of the information systems relevant to financial reporting to identify and assess the risks of material misstatement. As part of this we obtain an understanding of the controls operating over relevant Information Technology (IT) systems i.e., IT general controls (ITGCs). Our audit will include completing an assessment of the design of ITGCs related to security management; technology acquisition, development and maintenance; and technology infrastructure. Based on the level of assurance required for each IT system the assessment may focus on evaluating key risk areas ('streamlined assessment') or be more in depth ('detailed assessment').

The following IT systems have been currently identified to be in scope for our audit and based on the planned financial statement audit approach we will perform the indicated level of assessment. We will revisit this during our detail audit work stage as necessary.

IT system	Audit area	Planned level IT audit assessment
ERP financial system	Financial reporting	<ul style="list-style-type: none"> ITGC assessment (design and implementation) No reliance on operating effectiveness of IT controls
Northgate: (Revenues & Benefits system)	Council Tax, Business Rates, Benefits	<ul style="list-style-type: none"> ITGC assessment (design and implementation) No reliance on operating effectiveness of IT controls
iTrent (Payroll)	Payroll	<ul style="list-style-type: none"> ITGC assessment (design and implementation) No reliance on operating effectiveness of IT controls

8. Value for Money arrangements

Approach to Value for Money work for 2021-22

The National Audit Office (NAO) issued updated guidance for auditors in April 2020. The Code requires auditors to consider whether the body has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. When reporting on these arrangements, the Code requires auditors to structure their commentary on arrangements under three specified reporting criteria. These are as set out below:



Improving economy, efficiency and effectiveness

Arrangements for improving the way the body delivers its services. This includes arrangements for understanding costs and delivering efficiencies and improving outcomes for service users.



Financial Sustainability

Arrangements for ensuring the body can continue to deliver services. This includes planning resources to ensure adequate finances and maintain sustainable levels of spending over the medium term (3-5 years)



Governance

Arrangements for ensuring that the body makes appropriate decisions in the right way. This includes arrangements for budget setting and management, risk management, and ensuring the body makes decisions based on appropriate information

Possible Significant Weakness – Implementing Special Educational Needs and Disabilities (SEND) reforms in Rotherham

Our planning and risk assessment work has identified one possible significant weakness in the Council's arrangements as a result of the Ofsted and CQC inspection (July 2021 report) on implementing Special Educational Needs and Disabilities (SEND) reforms in Rotherham.

Background to this issue:

In July 2021, Ofsted and the Care Quality Commission (CQC) conducted a joint inspection of the local area of Rotherham. This was to assess the effectiveness of the borough in implementing the special educational needs and/or disabilities (SEND) reforms as set out in the Children and Families Act 2014. The inspection was led by Ofsted, supported by a team of inspectors from the CQC. Their report was issued in November 2021. As a result of the findings, and in accordance with the Children Act 2004 (Joint Area Reviews) Regulations 2015, Her Majesty's Chief Inspector (HMCI) determined that a Written Statement of Action (WSOA) was required because of significant areas of weakness in the area's practices and arrangements.

HMCI also determined that the Council and the Clinical Commissioning Group (CCG) were jointly responsible for submitting the written statement to Ofsted. In reaching their judgements, inspectors took account of the impact of the Covid-19 pandemic on the SEND arrangements in the borough. More detailed findings of this inspection and the full report can be obtained from Ofsted website.

As a result of these findings from Ofsted and CQC, our view is there is a possible significant weakness in the Council's arrangements in relation to improving economy, efficiency and effectiveness in Rotherham in implementing special educational needs and /or disabilities (SEND) reforms as set out in the Children's and the Families Act 2014.

We made a key recommendation on this issue in our 2020-21 Auditor's Annual Report (AAR). As part of our 2021-22 VFM work we will:

- review the Council's actions against the findings from the Ofsted report and our key recommendation
- review communications between the Council and CQC/Ofsted and other key stakeholders regarding the Council's actions to improve and implement SEND reforms.

8. Value for Money arrangements

Other areas of focus

We have not identified any other risks of significant weaknesses from our initial planning work. We will continue our review of your arrangements, including reviewing your Annual Governance Statement, before we issue our auditor’s annual report.

Whilst we have not identified any possible significant weaknesses in arrangements other than described above, we will, as part of our VFM work consider the progress and arrangements in place in actioning the DSG deficit recovery plan (see page 3).

It is also important to note that our VFM risk assessment will continue until we issue our 2021-22 Auditor’s Annual Report. We will inform you of any changes to our risk assessment, in our Audit Findings (ISA260) Report.

9. Audit logistics and team



Gareth Mills, Key Audit Partner & Engagement Lead

Gareth leads our relationship with you and takes overall responsibility for the delivery of a high quality audit, ensuring the highest professional standards are maintained and a commitment to add value to the Council.

Thilina De Zoysa, Senior Engagement Manager

Thilina plans, manages and leads the delivery of the audit, is your key point of contact for senior finance team. Thilina is also your first point of contact for discussing any key issues of the audit.

Greg Charnley, Engagement Manager

Greg assists in planning, supervising and delivering the audit fieldwork liaising with your finance teams, ensuring that the audit is delivered effectively and efficiently. Greg also co-ordinates with the audit team on delivery of field work.

Audited body responsibilities

Where audited bodies do not deliver to the timetable agreed, we need to ensure that this does not impact on audit quality or absorb a disproportionate amount of time, thereby disadvantaging other audits. Where the elapsed time to complete an audit exceeds that agreed due to a client not meeting its obligations we will not be able to maintain a team on site. Similarly, where additional resources are needed to complete the audit due to a client not meeting their obligations we are not able to guarantee the delivery of the audit to the agreed timescales. In addition, delayed audits will incur additional audit fees.

Our requirements

To minimise the risk of a delayed audit, you need to ensure that you:

- produce draft financial statements of good quality by the agreed timetable you have agreed with us, including all notes, the Narrative Report and the Annual Governance Statement
- ensure that good quality working papers are available at the start of the audit, in accordance with the working paper requirements schedule that we have shared with you
- ensure that the agreed data reports are available to us at the start of the audit and are reconciled to the values in the accounts, in order to facilitate our selection of items for testing
- ensure that all appropriate staff are available throughout the planned period of the audit
- respond promptly and adequately to audit queries.

10. Audit fees

In 2017, PSAA awarded a contract of audit for the Council to begin with effect from 2018-19. The fee agreed in the contract was £108,438. Since that time, there have been a number of developments, particularly in relation to the revised Code and ISA's which are relevant for the 2021-22 audit.

Across all sectors and firms, the FRC has set out its expectation of improved financial reporting from organisations and the need for auditors to demonstrate increased scepticism and challenge and to undertake additional and more robust testing, as detailed in section four in relation to the updated ISA (UK) 540 (revised): Auditing Accounting Estimates and Related Disclosures.

As a firm, we are absolutely committed to meeting the expectations of the FRC with regard to audit quality and public sector financial reporting. Our latest results in our inspections with the FRC are included at Appendix A. Furthermore, we have engaged an audit expert to improve the level of assurance we require for property valuations estimates, which has been included in our proposed audit fee. Our proposed work and fee for 2021-22, as set out below, is detailed overleaf and has been agreed with the Strategic Director – Finance and Customer Services.

	Actual fee 2020-21	Proposed fee 2021-22
Rotherham MBC Audit	£180,939	£179,188
Total audit fees (excluding VAT)	£180,939	£179,188

Assumptions

In setting the above fees, we have assumed that the Council will:

- prepare a good quality set of financial statements, supported by comprehensive and well presented working papers which are ready at the start of the audit
- provide appropriate analysis, support and evidence to support all critical judgements and significant judgements made during the course of preparing the financial statements
- provide early notice of proposed complex or unusual transactions which could have a material impact on the financial statements.

Relevant professional standards

In preparing our fee estimate, we have had regard to all relevant professional standards, including paragraphs 4.1 and 4.2 of the FRC's [Ethical Standard \(revised 2019\)](#) which stipulate that the Engagement Lead (Key Audit Partner) must set a fee sufficient to enable the resourcing of the audit with partners and staff with appropriate time and skill to deliver an audit to the required professional and Ethical standards.

11. Independence and non-audit services

Auditor independence

Ethical Standards and ISA (UK) 260 require us to give you timely disclosure of all significant facts and matters that may bear upon the integrity, objectivity and independence of the firm or covered persons, relating to our independence. We encourage you to contact us to discuss these or any other independence issues with us. We will also discuss with you if we make additional significant judgements surrounding independence matters.

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention. We have complied with the Financial Reporting Council's Ethical Standard (Revised 2019) and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements. Further, we have complied with the requirements of the National Audit Office's Auditor Guidance Note 01 issued in May 2020 which sets out supplementary guidance on ethical requirements for auditors of local public bodies.

We confirm that we have implemented policies and procedures to meet the requirements of the Ethical Standard. For the purposes of our audit we have made enquiries of all Grant Thornton UK LLP teams providing services to the Council.

Other services

The following other services provided by Grant Thornton were identified.

The amounts detailed are fees agreed to-date for audit related and non-audit services (currently none) to be undertaken or undertaken by Grant Thornton UK LLP in the current financial year. These services are consistent with the Council's policy on the allotment of non-audit work to your auditors.

Any changes and full details of all fees charged for audit related and non-audit related services by Grant Thornton UK LLP and by Grant Thornton International Limited network member Firms will be included in our Audit Findings (ISA260) Report at the conclusion of the audit.

None of the services provided are subject to contingent fees.

Service	Fees £	Threats	Safeguards
Audit related:			
Certification of Housing Benefit [See note below]	25,000*	Self-Interest (because this is a recurring fee)	The level of this recurring fee taken on its own is not considered a significant threat to independence as the fee for this work is £25,000 in comparison to the total fee for the audit of £179,188 and in particular relative to Grant Thornton UK LLP's turnover overall. Further, it is a fixed fee and there is no contingent element to it. These factors all mitigate the perceived self-interest threat to an acceptable level.
Non-audit related:			
None	-	-	-

NOTE on Housing Benefit certification fees:

* The £25,000 noted above is the base fee for the 2021-22 Housing Benefit Subsidy certification. In addition, as in prior years, for each 40+ HB testing undertaken there will be an additional fee to be raised. These will be discussed and agreed with management as appropriate.

As at the date of this Audit Plan, we are not aware of any other 2021-22 non-audit related grant certification work to be delivered by us.

Appendix A: Financial Reporting Council's (FRC) quality inspection

On 29 October, the FRC published its annual report setting out the findings of its review of the work of local auditors. The report summarises the results of the FRC's inspections of twenty audit files for the last financial year. A link to the report is here: [FRC AQR Major Local Audits October 2021](#)

Grant Thornton are one of seven firms which currently delivers local audit work. Of our 330 local government and NHS audits, 87 are currently defined as 'major audits' which fall within the scope of the AQR. This year, the FRC looked at nine of our audits.

Our file review results

The FRC reviewed nine of our audits this year. It graded six files (67%) as 'Good' and requiring no more than limited improvements. No files were graded as requiring significant improvement, representing an impressive year-on-year improvement. The FRC described the improvement in our audit quality as an 'encouraging response by the firm to the quality findings reported in the prior year.' Our Value for Money work continues to be delivered to a high standard, with all of the files reviewed requiring no more than limited improvement. We welcome the FRC findings and conclusions which demonstrate the impressive improvement we have made in audit quality over the past year.

The FRC also identified a number of good practices including effective challenge of management's valuer, use of an auditor's expert to assist with the audit of a highly specialised property valuation, and the extent and timing of involvement by the audit partner on the VFM conclusion.

Our results over the past three years are shown in the table below:

Grade	Number 2018-19	Number 2019-20	Number 2020-21
Good with limited improvements (Grade 1 or 2)	1	1	6
Improvements required (Grade 3)	2	5	3
Significant improvements required (Grade 4)	1	0	0
Total	4	6	9

Our continued commitment to Audit quality and continuous improvement

Our work over the past year has been undertaken during the backdrop of COVID, when the public sector has faced the huge challenge of providing essential services and helping safeguard the public during the pandemic. Our NHS bodies in particular have been at the forefront of the public health crisis. As auditors we have had to show compassion to NHS staff deeply affected by the crisis, whilst staying focused on the principles of good governance and financial management, things which are more important than ever. We are very proud of the way we have worked effectively with audited bodies, demonstrating empathy in our work whilst still upholding the highest audit quality.

Over the coming year we will make further investments in audit quality including strengthening our quality and technical support functions, and increasing the level of training, support and guidance for our audit teams. We will address the specific improvement recommendations raised by the FRC, including:

- Enhanced training for local auditors on key assumptions within property valuations, and how to demonstrate an increased level of challenge
- Formalising our arrangements for the consideration of complex technical issues by Partner Panels.

As part of our enhanced Value for Money programme, we will focus on identifying the scope for better use of public money, as well as highlighting weaknesses in governance or financial stewardship where we see them.

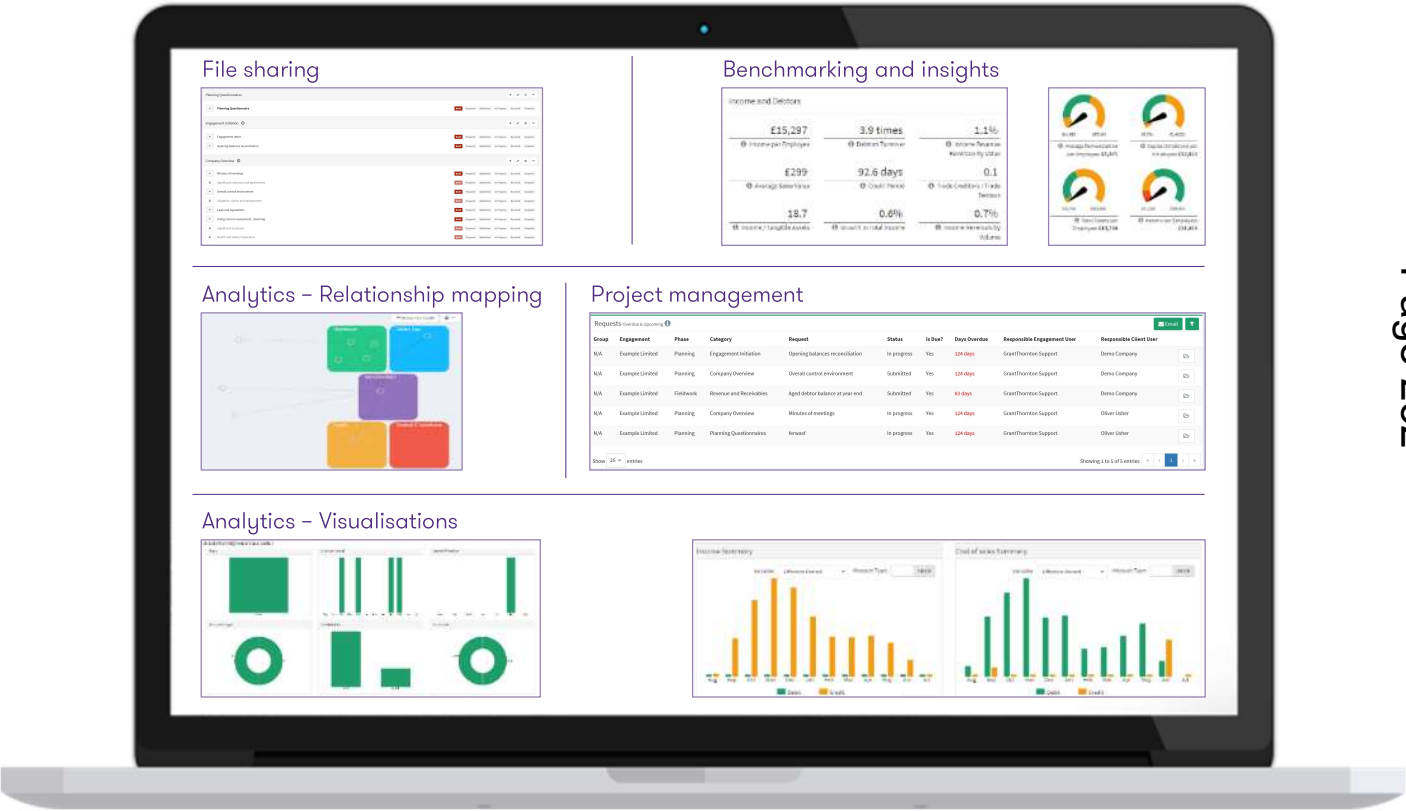
Conclusion

Local audit plays a critical role in the way public sector audits and society interact, and it depends on the trust and confidence of all those who rely on it. As a firm we're proud to be doing our part to promote good governance, effective stewardship and appropriate use of public funds.

Appendix B: Our digital audit experience

A key component of our overall audit experience is our comprehensive data analytics tool, which is supported by Inflo Software technology. This tool has a number of key functions within our audit process:

Function	Benefits for you
Data extraction	Providing us with your financial information is made easier
File sharing	An easy-to-use, ISO 27001 certified, purpose-built file sharing tool
Project management	Effective management and oversight of requests and responsibilities
Data analytics	Enhanced assurance from access to complete data populations



Grant Thornton’s Analytics solution is supported by Inflo Software technology

Appendix B: Our digital audit experience

A key component of our overall audit experience is our comprehensive data analytics tool, which is supported by Inflo Software technology. This tool has a number of key functions within our audit process:



Data extraction

- Real-time access to data
- Easy step-by-step guides to support you upload your data



File sharing

- Task-based ISO 27001 certified file sharing space, ensuring requests for each task are easy to follow
- Ability to communicate in the tool, ensuring all team members have visibility on discussions about your audit, reducing duplication of work



Project management

- Facilitates oversight of requests
- Access to a live request list at all times



Data analytics

- Relationship mapping, allowing understanding of whole cycles to be obtained quickly
- Visualisation of transactions, allowing easy identification of trends and anomalies

How will analytics add value to your audit?

Analytics will add value to your audit in a number of ways. We see the key benefits of extensive use of data analytics within the audit process to be the following:

Improved fraud procedures using powerful anomaly detection

Being able to analyse every accounting transaction across your business enhances our fraud procedures. We can immediately identify high risk transactions, focusing our work on these to provide greater assurance to you, and other stakeholders.

Examples of anomaly detection include analysis of user activity, which may highlight inappropriate access permissions, and reviewing seldom used accounts, which could identify efficiencies through reducing unnecessary codes and therefore unnecessary internal maintenance.

Another product of this is identification of issues that are not specific to individual postings, such as training requirements being identified for members of staff with high error rates, or who are relying on use of suspense accounts.

More time for you to perform the day job

Providing all this additional value does not require additional input from you or your team. In fact, less of your time is required to prepare information for the audit and to provide supporting information to us.

Complete extracts from your general ledger will be obtained from the data provided to us and requests will therefore be reduced.

We provide transparent project management, allowing us to seamlessly collaborate with each other to complete the audit on time and around other commitments.

We will both have access to a dashboard which provides a real-time overview of audit progress, down to individual information items we need from each other. Tasks can easily be allocated across your team to ensure roles and responsibilities are well defined.

Using filters, you and your team will quickly be able to identify actions required, meaning any delays can be flagged earlier in the process. Accessible through any browser, the audit status is always available on any device providing you with the information to work flexibly around your other commitments.

Appendix C: Progress against prior year audit recommendations

We identified the following issues in our 2020-21 audit of the Council's financial statements, which resulted in three recommendations being reported in our 2020-21 Audit Findings (ISA260) Report.

We will report any updates on these recommendations in our 2021-22 Audit Findings Report in November 2022. We have included these for your information and completeness in this Audit Plan.

Assessment	Issue and risk previously communicated	Recommendations
Medium	<p>(1) Minimum Revenue Provision:</p> <p>We have reviewed the Council's approach to MRP as described on pages 17 and 18.</p> <p>The Council's calculation of MRP has been determined in line with the statutory guidance and management assess the MRP charge to remain prudent. There have been no changes in the Council's policy for calculation of MRP since the current policy was approved by full Council in 2015-16.</p> <p>The MRP charge is an area of increasing focus for local authority external auditors following recent high publicised financial challenges at certain local authorities where MRP charges were found to be inappropriate.</p> <p>For our 2020-21 audits, we have compared the MRP charge to the general fund as a percentage of the Capital Financing Requirement for the General Fund. At Rotherham, the charge is £6.5m and CFR General Fund amount of £543m at the year end, which gives a charge of 1.2%. This is relatively low compared to some of our other local authorities. However, when you take into account the annuity method of MRP charge, where the MRP charge is low in early years and increasing in the later years according to the profiling, this is not considered unreasonable.</p> <p>Our discussions with management indicate that the Council may look to change its approach to MRP calculations either on all assets or some asset classifications moving forward to create a more level profile for MRP than the current annuity method.</p>	<p>Any future changes to the Council's MRP policy and reprofiling should give due regard to the statutory guidance, be prudent and affordable for future medium and long term financial planning of the Council.</p> <p>Management response November 2021:</p> <p><i>Noted and agreed. The Council's current policy for MRP is determined in accordance with statutory guidance and is considered to be reasonable and appropriate. However, the Council keeps its MRP policy under review and any future changes to the policy which may be proposed will continue to have due regard to the statutory guidance and would maintain prudence and affordability within the council's medium and long term financial planning.</i></p> <p>Management update July 2022:</p> <p><i>The Council continues to keep its MRP policy under review, ensuring that it is in accordance with statutory guidance and is considered to be reasonable and appropriate.</i></p>

Assessment	Issue and risk previously communicated	Recommendations
Medium	<p>(2) Other Land and Buildings Valuation date:</p> <p>Our work on land and building valuations indicates that the reported valuation date remains at 1 April (12 months from the year end date). This results in a lot of audit challenge from us, and a lot of work for the Council's finance team and the valuers, to justify that the valuation of assets valued on 1 April remains materially accurate as at 31 March.</p> <p>A number of our other local authority audit clients have moved all their valuation dates to 31 March, or much closer to the balance sheet date.</p> <p>We understand the valuation date for land and buildings could be moved closer to 31 March, which should enable a more efficient valuation process and audit approach going forward.</p>	<p>Considering the extensive procedures that the Council has in place to assess the movement in year of assets valued on 1 April, the Council should consider updating the valuations of assets valued on a Depreciated Replacement Cost basis with the year-end BCIS rebuild costs. This would provide the audit team with a greater level of assurance over the valuation of assets at the reporting date.</p> <p>The Council should consider moving its valuation date for land and buildings closer to the balance sheet date of 31 March.</p> <p>Management response November 2021:</p> <p><i>Noted and agreed. The Council intends to review its valuation process with a view to adjusting the valuation date from the 1 April to a later date within the financial year. Whilst the Council does recognise the benefit of this and the increased efficiency in processing it may bring, in order for the Council to meet the accounts closure timeline, it must have valuation reports completed before the end of February each year, to allow adequate review, challenge and processing. It is therefore expected that the Council will adjust its valuation date to the 31 December each year.</i></p> <p>Management update July 2022:</p> <p><i>The Council has reviewed its approach to the valuation of Land and Buildings, to identify asset classifications that can be valued at a later date in the financial year than 1st April, in order to help de-risk the valuation estimates. A result of this review has been that the Council have valued a number of assets, valued on a Depreciated Replacement Cost (DRC) basis, as at the 1 January 2022. Looking forward, the Council will continue to move valuation dates to later in the financial year where possible, however, for many of the Council's assets due for valuation this was not possible for 2021-22 as they had already been valued before this audit recommendation was presented to Audit Committee as part of the ISA260 for the Council's 2020-21 accounts.</i></p>
Low	<p>(3) Over disclosure of Related Party Transactions – Note 17 to the statement of Accounts:</p> <p>As identified in our 2019-20 audit, our work in 2020-21 on related party transactions (RPTs) also highlighted that there are some over disclosures in RPTs in Note 17. Some of the disclosures made in Note 17 did not strictly satisfy IAS 24 - Related Party Disclosures criteria.</p> <p>In all these circumstances, the Council had over-disclosed when some of these disclosures were not required to be reported under IAS 24.</p>	<p>As part of continuing the accounts decluttering process and maximisation of accounts closedown efficiencies, the Council should consider revisiting such over disclosures on RPTs in the 2021-22 financial statements.</p> <p>Management response November 2021:</p> <p><i>Noted. The Council is comfortable with the level of information disclosed within the Statement of Accounts and does not intend to adjust this note.</i></p> <p>GT update July 2022: Subject to our 2021-22 audit findings, this may be a reporting matter again in our ISA260 Report in November 2022.</p>



Committee Name and Date of Committee Meeting

Audit Committee – 28 July 2022

Report Title

Annual Treasury Management Report and Actual Prudential Indicators 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)

Rob Mahon (Assistant Director, Financial Services)
Finance & Customer Services Directorate
01709 254518 rob.mahon@rotherham.gov.uk

Ward(s) Affected

Borough-Wide or Choose an item.

Choose an item.

Report Summary

At the Cabinet Meeting on 11th July 2022, Members agreed to recommend that Audit Committee receive the Financial Outturn 2021/22 – Treasury Management and Prudential Indicators report. The report considered by the Cabinet is appended to this covering paper in order to comply with the recommendation to forward the Annual Treasury Management Report and Actual Prudential Indicators 2021/22 for information.

Recommendations

1. That the Financial Outturn 2021/22 – Treasury Management and Prudential Indicators be noted for information.

List of Appendices Included

Appendix 1 Report to Cabinet 11th July 2022 – “Annual Treasury Management Report and Actual Prudential Indicators 2021/22.”

Background Papers

The Council's Budget and Council Tax Report 2021/22, including Treasury Management Strategy and Prudential Indicators report to Council on 03rd March 2021

Mid-Year Treasury Management and Prudential Indicators Monitoring report to Audit Committee on 30th November 2021

CIPFA – Code of Practice for Treasury Management in the Public Services Local Government Act 2003 (as updated)

CIPFA – Prudential Code (as updated)

Consideration by any other Council Committee, Scrutiny or Advisory Panel

No

Council Approval Required

No

Exempt from the Press and Public

No

Committee Name and Date of Committee Meeting

Cabinet – 11 July 2022

Report Title

Annual Treasury Management Report and Actual Prudential Indicators 2021/22

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

Yes

Strategic Director Approving Submission of the Report

Judith Badger, Strategic Director of Finance and Customer Services

Report Author(s)

Rob Mahon, Assistant Director Financial Services
01709 254518 or rob.mahon@rotherham.gov.uk

Ward(s) Affected

Borough-Wide

Report Summary

The Council received an annual treasury strategy report in advance of the 2021/22 financial year at its meeting on 3rd March 2021 and Audit Committee received a mid-year report at its meeting on 30th November 2021, representing a mid-year review of treasury activity during 2021/22.

The annual treasury management report is the final treasury report for 2021/22. Its purpose is to review the treasury activity for 2021/22 against the strategy agreed at the start of the year. The report also covers the actual Prudential Indicators for 2021/22 in accordance with the requirements of the Prudential Code.

The report meets 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 is required to comply with both Codes through Regulations issued under the Local Government Act 2003.

Recommendations

1. To note the Treasury Management Prudential Indicators outturn position as set out in section 3 and Appendix 1.

2. To agree that the report is forwarded to Audit Committee for information.

List of Appendices Included

Appendix 1 (included with the report) – Summary Prudential Indicators for Rotherham MBC

Appendix 2 – Initial Equality Screening Assessment

Appendix 3 – Carbon Impact Assessment

Background Papers

Treasury Management Strategy and Prudential Indicators report to Council on 3rd March 2021

Mid-Year Treasury Management and Prudential Indicators Monitoring report to Audit Committee on 30th November 2021

CIPFA – Code of Practice for Treasury Management in the Public Services Local Government Act 2003 (as updated)

CIPFA – Prudential Code (as updated)

Consideration by any other Council Committee, Scrutiny or Advisory Panel

No.

Council Approval Required

No

Exempt from the Press and Public

No.

1. Background

1.1 The Council's treasury management activities are regulated by a variety of professional codes and statutes and guidance:

- The Local Government Act 2003 (the Act) provides the powers to borrow and invest as well as providing controls and limits on this activity;
- The Act permits the Secretary of State to set limits either on the Council or nationally on all local authorities restricting the amount of borrowing which may be undertaken (although no restrictions were made in 2021/22);
- Statutory Instrument (SI) 3146 2003, as amended, defines the controls and powers within the Act;
- The SI requires the Council to undertake any borrowing activity with regard to the CIPFA Prudential Code for Capital Finance in Local Authorities;
- The SI also requires the Council to operate the overall treasury function with regard to the CIPFA Code of Practice for Treasury Management in the Public Services;
- Under the Act the DLUHC has issued Investment Guidance to structure and regulate councils' investment activities; and
- Under section 238(2) of the Local Government and Public Involvement in Health Act 2007 (revised), the Secretary of State has taken powers to issue guidance on accounting practices. Guidance on Minimum Revenue Provision was issued under this section on 8th November 2007.

1.2 The Council complied with all of the above relevant statutory and regulatory requirements which limit the levels of risk associated with its treasury management activities. In particular, the adoption and implementation of the Prudential Code and the Code of Practice for Treasury Management means that its capital expenditure is prudent, affordable and sustainable. Treasury investment practices are governed by the primary objectives of security ahead of liquidity and then yield.

1.3 The Council's treasury management functions have been operating within unprecedented times of uncertainty. This uncertainty impacts forecasts on borrowing and lending rates, availability of borrowing and investment options and capital programme projections. The uncertainty was brought about initially from the outcome of EU exit but has been further compounded by the financial pressures and overall effect of the Covid-19 outbreak. The effects of which are expected to last for several years. More recently the impact of the conflict in Ukraine has been an additional driver of uncertainty in the financial markets, along with rising inflation and energy prices.

1.4 On a daily basis money flows into and out of the Council's bank accounts and this has to be managed carefully. The Council manages its cashflow on a daily basis to take account of income received from grants, fees and charges, local taxation and borrowing alongside its outgoings due to the expenditure the Council incurs, such as salaries and supplier payments. The cashflow process is about ensuring the Council has sufficient funds available in its bank accounts to meet the payments that it plans to make each day. This process is separate from the Council's financial monitoring that tracks planned and actual expenditure

against planned budgets. The Council has been able to manage cashflow levels for the majority of the financial year without significant difficulty. The greater pressure from a cashflow perspective has been how to invest additional cash balances for a reasonable investment return when interest rates have been low. The Council has held additional cash, as a result of taking out £227m of PWLB borrowing over a 48-50 year period in 2021/22 to take advantage of low interest rates to replace short term borrowing and reduce the Council's interest rate risk. In addition, Government has also provided significant grants for the management of Covid-19 and support to businesses which has also resulted in temporary additional cash balances.

- 1.5 The Bank Of England Base Rate remained at 0.1% for most of 2021/22 which has had a beneficial outcome to the Council's treasury strategy as the cost of short term borrowing has remained low, thus enabling interest savings to be generated against plan. The Council's strategy with the use of short term borrowing has again generated significant short term savings for the Council's budget allowing the Council to transfer £5.6m of treasury savings into the Treasury Management reserve, as set out and approved within the Council's Budget and Council Tax Report 2022/23, to be used to support the Council's Medium Term Financial Strategy to 2025/26.

2. Key Issues

- 2.1 Indicators are set prior to the start of the financial year and reflect the known position at that time. Approved changes to the capital programme and it's funding throughout the financial year, together with variations in treasury management activity, mean that actual indicators for the year may vary from the projections made prior to the start of the financial year. However, through regular monitoring and reporting revised estimates of these indicators, the Council is able to ensure the impact is known and managed through the Medium Term Financial Strategy.

The actual prudential indicators for 2021/22 for Rotherham MBC, with comparators, are shown in the attached Appendix 1. Background to these is provided in the following paragraphs.

- 2.2 **Impact of the Council's Capital Expenditure and Financing 2021/22** - the Council expends capital expenditure on long term assets. This may either be:

- Financed immediately through capital receipts, capital grants etc.; or
- Financed over the life of the asset by use of Prudential Borrowing

Part of the Council's Treasury activities is to address this borrowing need, either through borrowing from external bodies, or utilising temporary cash resources within the Council. The wider treasury activities also include managing the Council's cash flows, it's previous borrowing activities and the investment of surplus funds. These activities are structured to manage risk foremost, and then optimise performance. The primary objective is security ahead of liquidity and then yield or return.

- 2.3 The Council's underlying need to borrow is called the Capital Financing Requirement (CFR). This figure is a gauge for the Council's debt position. It

represents 2021/22 and prior years' net capital expenditure which has not yet been paid for by revenue or other resources. In accordance with current accounting regulations, the CFR also includes other long term liabilities which have been brought on balance sheet, for example, PFI schemes and finance lease assets.

The Non-HRA element of the CFR (excluding PFI schemes and finance lease assets) is reduced each year by a statutory revenue charge (the Minimum Revenue Provision - MRP). The CFR can also be reduced by:

- the application of additional capital resources (such as unapplied capital receipts); or
- charging more than the statutory revenue charge (MRP) each year through a Voluntary Revenue Provision (VRP).

At the end of the financial year 2021/22 the closing CFR is £52.336m less than that approved in the revised indicator, via the Mid-Year report. The reduction is due to slippage on a number of capital schemes and additional grant funding gained, that in turn reduces the Council's need to borrow at this point in time and has the knock on effect of generating savings against the treasury budget for 2022/23 as planned interest payments and minimum revenue provision payments are reduced.

2.4 Treasury Position at 31 March 2022 - whilst the Council's gauge of it's underlying need to borrow is the CFR, the Treasury Management function as authorised by the Strategic Director of Finance and Customer Services can manage the Council's actual borrowing position by either:

- borrowing to the CFR (excluding the impact of PFI and similar contracts); or
- choosing to utilise some temporary internal cash flow funds instead of borrowing (under-borrowing); or
- borrowing for future increases in the CFR (borrowing in advance of need).

During 2021/22 a decision was made to borrow long term funds from the PWLB to take advantage of the cheap interest rates available. This has reduced the Council's 31 March 2022 under-borrowed position. The PWLB borrowing will replace short term loans so as these short term loans mature the level of under borrowing will increase.

The borrowing of long term funds has provided certainty of interest payments over a long period of time (48-50 years) and has removed some of the risk of rising interest rates. Since these loans were taken out both short and long term borrowing rates have risen significantly and are forecast to rise further. The Council will continue to monitor the interest position with a view to take out further long term borrowing if there are dips in the long term borrowing rates although the general movement of interest rates is forecast to be upwards over the short to medium term.

Thus at 31 March 2022, the Council's borrowing (excluding PFI and similar schemes) and investments were as follows:

2.5 **Table 1 Council's Treasury Position 2021/2022**

Net Borrowing	As At 31 March 2021 £m	As At 31 March 2022 £m
External Borrowing		
Public Works Loans Board (PWLB)	172.069	388.741
Market (e.g. Banks, Other Local Authorities)	213.000	198.000
Temporary Borrowing	302.500	180.500
	687.569	767.241
External Investments		
Debt Management Office	0.000	48.500
Other Local Authorities	0.000	137.000
Money Market Funds	47.830	39.350
	47.830	224.850
Net Borrowing	639.739	542.391
Net Borrowing - Excluding Temporary Borrowing	337.239	361.891
Capital Financing Requirement (exc Other Long Term Liabilities)	726.178	736.433
Net Under-Borrowed	388.939	374.542

- 2.6 Against the Council's Capital Financing Requirement of £736.433m (excluding PFI and similar arrangements totalling £120.503m), the Council's outstanding net borrowing of £361.891m (excluding temporary loans) is lower than this requirement by £374.542m. Long term borrowing has been taken out in 2021/22 which has mostly been invested resulting in a fall in the net under-borrowed position. As the Council has taken the opportunity to access long term PWLB borrowing ahead of need to secure the advantageous rates and security, there has been additional cash in year that in turn have been invested into the Local Authority lending market or through banks and MMF's.
- 2.7 Total savings in the Treasury Management budget for 2021/22, arising from all treasury activity including cash-flow management, were over £5.6m, as per the Council's Budget and Council Tax report 2022/23 these have been transferred to reserves. In addition, treasury management and capital financing decisions taken at the year end will also enable a re-profiling of MRP and interest forecasts to allow for a further savings in excess of £1m to be contributed towards the 2022/23 treasury management budget, although it should be noted that some of this saving is as a result of slippage in the capital programme.

2.8 PRUDENTIAL INDICATORS AND COMPLIANCE ISSUES

Some of the prudential indicators provide either an overview or specific limits on Treasury activity:

Net Borrowing and the CFR - in order to ensure that borrowing levels are prudent over the medium term the Council's external borrowing net of investments must only be used for a capital purpose. Net borrowing should not therefore, except in the short term, have exceeded the CFR for 2021/22 plus the expected changes to the CFR for 2022/23 and 2023/24. The Council complied with this prudential indicator throughout 2021/22.

2.9 **The Authorised Limit** – the Authorised Limit is the “Affordable Borrowing Limit” required by S3 of the Local Government Act 2003. The Council does not have the power to borrow above this level. The Council maintained gross borrowing within it's Authorised Limit, both excluding and including the impact of bringing PFI and similar arrangements on to the Council's Balance Sheet.

2.10 **The Operational Boundary** – The Operational Boundary is the expected borrowing position of the Council during the year. Periods where the actual position is either below or over the Boundary is acceptable subject to the Authorised Limit not being breached. The Council maintained it's borrowing position around it's Operational Boundary.

2.11 **Actual financing costs as a proportion of net revenue stream** – This indicator identifies the trend in the cost of capital (borrowing and the cost of other long term obligations but net of investment income) against the Council's Budget Requirement (net revenue stream) for the General Fund and budgeted income for the HRA.

The General Fund shows a reduction in the actual financing costs as a proportion of net revenue stream. The General Fund ratio decreased from 5.31% (original budget) to 5.03% (actual out-turn). This was mainly as a result of reduced borrowing costs for the year due to use of short term loans and long term borrowing only being taken later in the year. The HRA ratio increased from 16.8% (original budget) to 17.50% (actual out-turn). This increase is due to the HRA picking up a greater proportion of the borrowing cost than in the original budget.

2.12 TREASURY MANAGEMENT INDICATORS

2.13 Limits on Activity

Upper limits on fixed and variable interest rates as at 31 March 2022 – these indicators identify the maximum limits for fixed interest rate gross debt and for variable interest rates based upon the debt position, net of investments. The Council remained within the limits set throughout 2021/22.

Maturity structure of fixed rate borrowing during 2021/22 – These gross limits are set to reduce the Council's exposure to large fixed rate sums falling due for

refinancing and are required for upper and lower limits. During 2021/22 long term borrowing has been taken to replace short term borrowing. This has reduced the level of funds maturing in the short term and the short term borrowing falls comfortably within the limits set. Short term borrowing will continue to mature and repayments funded by the Council's investment balance. Therefore the Council will remain comfortably within the limits but still have the option to borrow short term if this is required.

Maximum funds invested for more than 364 days – This limit is set to reduce the need for early sale of an investment and is based on the availability of funds after each year end.

2.14 Borrowing

New and Replacement Borrowing, long term PWLB loans totalling £227m were taken during 2021/22 in order to take advantage of low long term interest rates and provide long term certainty of interest payments. These loans have replaced short term borrowing with the excess balance invested in the short term. This investment balance will cover the repayment of remaining short term loans as they mature.

2.15 Table 2 PWLB Borrowing taken out in 2021/22

Lender	Start Date	Principal	Type	Term	Interest Rate %
PWLB	09/07/2021	£10,000,000	Long Term	50 years	1.81
PWLB	23/07/2021	£10,000,000	Long Term	50 Years	1.66
PWLB	13/08/2021	£100,000,000	Long Term	50 Years	1.54
PWLB	29/11/2021	£57,000,000	Long Term	50 Years	1.57
PWLB	08/12/2021	£50,000,000	Long Term	48.5 Years	1.36

During the year, temporary borrowing was taken up on 14 occasions with a mix of terms (ranging from 9 months to 36 months) to manage the Council's cash flow position. Of these short-term loans none have been fully repaid in the year so all 14 remain outstanding at the year end.

2.16 Table 3 Short Term Borrowing as at 31st March 2022

Lender	Start Date	Principal	Type	Term	Interest Rate %
PCC of Nottinghamshire	06/07/2021	£8,000,000	Temp	12 Months	0.25
West Midlands CA	16/07/2021	£10,000,000	Temp	12 Months	0.25
West of England CA	30/07/2021	£10,000,000	Temp	12 Months	0.25

West Yorkshire Fire & Rescue	30/07/2021	£5,000,000	Temp	12 Months	0.20
North of Tyne CA	18/08/2021	£10,000,000	Temp	9 Months	0.10
Oxfordshire County Council	26/04/2021	£5,000,000	Temp	36 Months	0.48
East Sussex County Council	09/04/2021	£5,000,000	Temp	24 Months	0.40
East Sussex County Council	17/05/2021	£5,000,000	Temp	24 Months	0.45
Crawley Borough Council	18/06/2021	£5,000,000	Temp	24 Months	0.45
Gloucestershire County Council	18/05/2021	£5,000,000	Temp	12 Months	0.30
Vale of White Horse District Council	25/06/2021	£5,000,000	Temp	12 Months	0.30
Oxfordshire County Council	26/04/2021	£5,000,000	Temp	36 Months	0.55
West Yorkshire CA	30/04/2021	£15,000,000	Temp	23 Months	0.45
Oxfordshire County Council	30/09/2021	£5,000,000	Temp	36 Months	0.48

2.17 Debt Repayment – long term loans totalling £25m matured during the year as shown in the table below. Part repayments of principal (£0.328m) continued on the Annuity and Equal Instalment of Principal (EIP) loans taken up in prior years.

2.18 Table 3 Debt Repayments 2021/22

Lender	Principal £m	Type	Interest Rate	Weighted Average rate of interest
Sheffield City Region	15.000	Fixed rate	2.20%	
PWLB	10.000	Fixed rate	1.05%	
PWLB EIP	0.130	Fixed rate	1.89%	
PWLB Annuity	0.198	Annual repayments	Various	
Total:	£25.328	1.74%		

2.19 Investments

The Council's investment policy is governed by DHULC Guidance, which was implemented in the annual investment strategy approved by Council on 15th

February 2021. The investment activity during the year conformed to the approved strategy.

The Council maintained an average balance of £166.6m and received an average return of 0.06%. Although this seems low the Bank of England rate has been 0.1% throughout most of the year and the Government's Debt Management Office offered very low rates throughout the year and at some points during the year the rate was negative. The Council continued to use Money Market Funds for short-term deposits, which are AAA rated securities and offer a slightly better rate of interest. The Bank of England rate had risen to 0.5% by the end of the financial year so those deposits placed towards the end of the year attracted a higher interest rate.

3. Options considered and recommended proposal

No options considered as the report outlines actual Treasury Management activity during 2021/22.

4. Consultation on proposal

4.1 None required

5. Timetable and Accountability for Implementing this Decision

5.1 None required

6. Financial and Procurement Advice and Implications

6.1 Treasury Management forms an integral part of the Council's overall financial arrangements. This report provides an update on the performance of the treasury management functions for 2021/22 against the prudential indicators as outline in the Treasury Management Strategy for 2021/22. There were no breaches of prudential indicators to report and savings were generated from the treasury management strategy adopted that played vital role in enabling the Council to operate a balanced budget.

6.2 There are no direct procurement implications arising from the report.

7. Legal Advice and Implications

7.1 The relevant legislation and guidance is set out in the body of the report. This report described how the Council complies with the legislation and guidance, in particular the Code of Practice for Treasury Management in the Public Services Local Government Act 2003 (as updated) and the Prudential Code (as updated).

8. Human Resources Advice and Implications

8.1 No direct implications.

9. Implications for Children and Young People and Vulnerable Adults

9.1 No direct implications

10. Equalities and Human Rights Advice and Implications

10.1 This is a finance update report, providing a review of the Council's Treasury Management outturn position for 2021/22. Any equalities and human rights impacts from service delivery have been or are detailed as capital projects are pulled together for inclusion within the Council's capital programme.

11. Implications for CO2 Emissions and Climate Change

11.1 No direct implications.

12. Implications for Partners

12.1 None identified.

13. Risks and Mitigation

13.1 Regular monitoring of treasury management activity throughout the financial year ensures that risks and uncertainties are addressed at an early stage and hence kept to a minimum.

14. Accountable Officers

Rob Mahon, Head of Corporate Finance

Approvals obtained on behalf of Statutory Officers:-

	Named Officer	Date
Chief Executive	Sharon Kemp	27/06/22
Strategic Director of Finance & Customer Services (S.151 Officer)	Judith Badger	23/06/22
Assistant Director, Legal Services (Monitoring Officer)	Phil Horsfield	23/06/22

Report Author: Rob Mahon, Assistant Director Financial Services

This report is published on the Council's [website](#).

APPENDIX 1

Summary Prudential Indicators: Rotherham MBC

		Actual £m	Revised Estimate £m	Original Estimate £m
1	Capital Expenditure (excluding PFI & Finance lease liabilities)	104.938	193.558	162.705
2	Capital Financing Requirement (CFR) including PFI & similar liabilities:			
	General Fund	550.931	603.403	603.206
	HRA	306.005	305.870	310.604
	Total	856.936	909.273	913.810
3	Net Borrowing compared to CFR excluding PFI & similar liabilities:			
	Total Borrowing	767.241	759.889	765.881
	Total Investments	224.850	50.000	50.000
	Net Borrowing	542.391	709.889	715.881
	CFR (excluding PFI & Similar liabilities)	736.433	788.770	793.307
	Under-borrowing	194.042	78.881	77.426
4	Net Borrowing compared to CFR including PFI & similar liabilities:			
	Borrowing (from above)	767.241	759.889	765.881
	Borrowing (PFI etc.)	120.503	120.503	120.503
	Total Borrowing	887.744	880.392	886.384
	Total Investments	224.850	50.000	50.000
	Net Borrowing	662.894	830.392	836.384
	CFR	856.936	909.273	913.810
	Under-borrowing	194.042	78.881	77.426
5	Authorised Limit for external debt			
	Assumed Borrowing	808.770	808.770	813.307
	PFI & similar liabilities	120.503	122.913	122.913
	Authorised Limit	929.273	931.683	936.220
	Total Borrowing	887.744	880.392	886.384
	Borrowing Below Limit	41.529	51.291	49.836
6	Operational boundary for external debt			
	Assumed Borrowing	789.889	789.889	795.881
	PFI & similar liabilities	120.503	120.503	120.503
	Operational Boundary	910.392	910.392	916.384
	Total Borrowing	887.744	880.392	886.384
	Borrowing Below/(Above) Boundary	22.648	30.000	30.000
7	Maximum Funds invested > 364 days	0.000	20.000	20.000

		Actual	Revised Estimate	Original Estimate
		%	%	%
8	Ratio of financing costs to net revenue stream – Non HRA	5.03	6.20	5.31
9	Ratio of financing costs to net revenue stream – HRA	17.50	16.78	16.80

10	Maturity Structure of Fixed Rate Borrowing	Actual	Revised Upper Limit	Original Upper Limit
		%	%	%
	Under 12 months	35.68	50	50
	12 months to 2 years	10.99	35	35
	2 years to 5 years	6.06	45	45
	5 years to 10 years	0.92	45	45
	10 years to 20 years	5.14	45	45
	20 years to 30 years	0.73	50	50
	30 years to 40 years	15.47	50	50
	40 years to 50 years	10.47	55	55
	50 years and above	14.54	60	60

11	Upper Limit on fixed interest rates based on fixed net debt	Actual	Revised Upper Limit	Original Upper Limit
		%	%	%
		88	100	100

12	Upper Limit on variable rates based on fixed net debt	Actual	Revised Upper Limit	Original Upper Limit
		%	%	%
		12	50	50

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Public Report
Audit Committee

Committee Name and Date of Committee Meeting

Audit Committee – 28 July 2022

Report Title

Dedicated School Grant – Central Reserve

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)

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Ward(s) Affected

Borough-Wide

Report Summary

The report outlines 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 outlines the national picture on the High Needs Block as part of the overall Dedicated Schools Grant and the additional funding Government is investing in education as part of its spending review.

Recommendations

1. Audit Committee notes the actions being taken to manage the Dedicated School Grant deficit in Rotherham.
2. Audit Committee notes the additional funding allocated to Rotherham through the Department for Education's Safety Valve Programme.

List of Appendices Included

Background Papers

Operational Delivery of LAC Sufficiency Strategy – Proposals to Develop New Residential Provision – Agreed by Cabinet February 2020
DfE Review of national funding formula for allocations of high needs funding to local authorities; changes for 2022-23
Dedicated schools grant (DSG) financial management plan
SEND & AP Green Paper

Consideration by any other Council Committee, Scrutiny or Advisory Panel

No

Council Approval Required

No

Exempt from the Press and Public

No

Dedicated School Grant – Central Reserve

1. Background

- 1.1 Rotherham has been a relatively low funded authority and has seen significant pressures on the High Needs Block for many years. The High Needs Budget allocation has increased year on year but, partly due to Rotherham's low funding baseline compared to neighbouring boroughs and nationally, the budget uplifts have not been sufficient to match the acceleration in demand and increase in the cost of provision.
- 1.2 During recent years Rotherham has faced growing pressure on the High Needs Budget (HNB) which has resulted in year on year deficits. In 2015/16 the High Needs in-year deficit was £1m, however, since then in the financial years up to 2019/20, the annual HNB deficit had been around £5m with an overall DSG deficit of £19.89m as at the 31st March 2020.
- 1.3 However following implementation of Rotherham's DSG Management plan (which includes continuing to transfer monies from the Schools Block) the annual pressures have significantly reduced with an in-year DSG deficit of £1.37m in 2020/21. This was further reduced to a £0.11m deficit in 2021/22 and an overall deficit of £21.37m (before taking account of Safety Valve funding).
- 1.4 The DSG overspend has accrued as a result of a number of factors; an overall increase in Education Health and Care Plans, an increase in the number of young people aged 16 to 25 with an EHCP who are the responsibility of the LA to fund, an increase in the number of children accessing higher cost provision and an increase in the number of pupils in Alternative Provisions (Pupil Referral Units).
- 1.5 The deficit reflects system wide issues in how the funding is determined. Whilst the allocation moved to a formulaic basis in 2018/19 and now includes proxy indicators of SEND within the population, a large element of the grant remains fixed based on historic spend.
- 1.6 To monitor the DSG central reserve on the 16 September 2020 the Education and Skills Funding Agency (ESFA) launched the Dedicated Schools Grant (DSG) Management Plan Template to replace last year's DfE DSG Deficit Recovery Plan and under the new arrangements there is no longer a requirement to submit this document to the DfE, but it could be requested by them at any point.
- 1.7 In 2021 the ESFA approached Rotherham to have an Informal Meeting (13/5/21) on our DSG Management Plan, following the meeting a second meeting was arranged with the ESFA, however this never took place and on the 20 July 2021 Rotherham were invited to enter into the DfE's Safety Valve Programme.
- 1.8 Following significant negotiations between Rotherham Metropolitan Borough Council (RMBC) and Department of Education (DfE). A Safety Valve' Intervention agreement has 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 also

requested capital investment to deliver it's long term strategic plan and have been awarded £4.3m above the annual High Needs capital allocations (circa £9m, £3m over the next three years).

- 1.9 Due to scale and remit of the project, the Council has also requested funding for a team to deliver the project. As part of the agreement the Council will receive recurrent funding of £385k per annum across the next 4 years of the Safety Valve. As part of this investment we are also looking at supporting delivery of the project through a dedicated resource to project manage this program and enhance the SEND commissioning offer in the Borough.
- 1.10 Following formal publication from the DfE on March 24th, 2022, it has been agreed that Rotherham will receiving funding at the below ratio across the next 5 years as part of the High Needs Safety Valve intervention and this will allow Rotherham to deliver a balanced High Needs budget.

Year	The Department agrees to pay to the authority an addition £m of DSG by year end
2021-22	£8.53m
2022-23	£3.00m
2023-24	£3.00m
2024-25	£3.00m
2025-26	£3.00m

- 1.11 The 21/22 DSG Central Reserve of £21.37m after receiving DfE's Safety Valve programme funding of £8.53m, has been reduced to £12.84m.
- 1.12 The Government spending review announced additional funding for schools and high needs, compared to 2019-20, this will rise by £4.8 billion for 2021-22 and £7.1 billion for 2022-23.
- 1.13 In 2022/23 the £7.1 billion is split £4.02 billion to the Schools Block and £0.78 billion to the High Needs Block; the funding split for future years is still to be determined. For Rotherham this is an additional £5.5m for schools and £5.3m in the High Needs Block.
- 1.14 In December the DfE announced the School Supplementary Grant for mainstream schools and an additional £325m to the High Needs Block, with £1.717m allocated to Rotherham to support inflationary cost pressures to employers and other high needs cost pressures.
- 1.15 Following the announcement, we have been approached by specialist academy trusts asking for funding increases and this has resulted in some regional work to provide a regional position. Following these discussions, it has been agreed to increase the current element 3 rates by 4% in 2022/23 to all Rotherham Special School, PRU's and SEND resource base budgets.

- 1.16 On 29 March 2022 the governments SEND and Alternative Provision Green Paper was published, which sets out its vision for a single, national SEND and alternative provision (AP) system that will introduce new standards in the quality of support given to children across education, health, and social care.
- 1.17 The publication of the Green Paper marks the start of a 13-week consultation process, closing on 22 July 2022. The key points are;
- A single national SEND and alternative provision system
 - Excellent provision from early years to adulthood
 - A reformed and integrated role for alternative provision
 - System roles, accountabilities, and funding reform
- 1.18 The outcomes of this consultation will have a major influence on the operation and funding of education settings supporting high needs pupils, one example being the proposed transition to a national funding system.

2. Key Issues

- 2.1 To operate within the annual Dedicated Schools Grant (DSG) allocations and reduce / mitigate the current DSG Central Reserve deficit.
- 2.2 Ensure that the DSG Central Reserve complies with the accounting requirements.

3. Actions to address the Key Issues

- 3.1 As outlined above the Council has produced a DSG Management Plan (as part of the Safety Valve agreement) to identify cost savings and reduce the cost pressures on the High Needs Block within the Dedicated Schools Grant. This includes action to:
- (1) Reduce use of independent specialist provision outside of the LA by creating appropriate capacity within Rotherham's high needs system, with a focus on ensuring provision is high quality and value for money.
 - (2) Improve Rotherham's early intervention strategy, including through investment in outreach work.
 - (3) Ensure appropriate use of provision and avoid escalation of children and young people's needs by, among other things, improving the governance around placement decisions.
 - (4) Review support services in Rotherham to ensure value for money is achieved.
 - (5) Increase the outreach offer for Social Emotional and Mental Health needs at primary and secondary.
 - (6) Increase the outreach offer for specialist SEND.
 - (7) Develop local sufficiency arrangements, including for Rotherham's Looked After Children.
 - (8) Drive mainstream schools to adopt inclusive practice to enable more children and young people to remain in mainstream settings where appropriate.

- (9) Maintain engagement with stakeholders through strong and collaborative governance arrangements, such as ISOS partnership work, Schools Forum High Needs subgroup, primary and secondary head teachers.

3.2 Since May 2019 Cabinet has approved 3 phases of the councils SEND Sufficiency Strategies. Each phase has outlined the needs analysis, rationale, and process to allocate capital funding to increase the sufficiency of school and setting places for children with Special Education Needs and Disabilities (SEND) in Rotherham.

Phase 1 SEN Sufficiency programme focussed on increasing special school places in Borough as indicated by the rapid growth in demand for all specialist provision. These plans led to increases in places at The Willows School (Including post-16 provision) Kelford School and Abbey School.

Phase 2 The second phase of SEN Sufficiency focussed on the need for more targeted provision for children with ASD and led to the development of new units at Wales School, Wath Victoria School, and increased places at Milton School. There was also investment identified for post-16 provision at Thomas Rotherham college. As a consequence of this investment Rotherham has been better able to meet the needs of local children with autism and to place them in local schools.

Phase 3 The focus is to support the creation of a SEMH free school as Rotherham currently has no specialist education provision to meet the needs of this group of children several solutions have been sought. These include children and young people being placed in Pupil Referral Units (PRU). Phase 3 also proposes to resolve the building condition issues at Newman Special School.

3.3 An independent consultancy, ISOS who support LA's develop strategies and policy in education, children's services, early help, SEN, inclusion, AP and beyond, were engaged to develop a clear understanding and strategy for Rotherham's Alternative Provision offer and to ensure that it is fit for purpose, meets need, is of high quality and is cost effective. Work is now nearly complete in implementing the recommendations of the review with the Primary and Secondary Outreach teams to become operational from September 2022.

3.4 The LAC Sufficiency Strategy, and specifically plans to provide care for more Looked After Children within the Borough, will also have a further positive impact on the High Needs Budget. The Local Authority will be able to directly oversee each child's Education, Health and Care Plan, and identify local provision that is suitable to meet their needs. This is being supported by the development on in-house residential homes and reducing the number of children places outside of Rotherham.

4. Timetable and Accountability for Implementing this Decision

- 4.1 The LA will continue to update the ESFA's Dedicated Schools Grant (DSG) management plan (as part of the Safety Valve agreement) to reflect Rotherham's deficit recovery plan.
- 4.2 The plan identifies how the current projects are estimated to reduce cost pressures in the High Needs Block and operate within the annual allocation in future years.
- 4.3 Ongoing monitoring will be in place across the lifespan of the plan, and this will involve regular meetings between DfE and RMBC on a quarterly basis to both support delivery and hold accountability of the agreement.

5. 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)

- 5.1 Due to the additional funding announced in the Government's spending review, the additional HNB (£325m) linked to inflationary cost pressures and Rotherham entering into a Safety Valve agreement it is now estimated that Rotherham will clear its DSG deficit by the 2025/26 financial year.
- 5.2 The finalised Safety Valve agreement sets out an investment of £20.528m to be received from the DfE across the lifespan of the agreement (2021/22 to 2025/26), which will remove the DSG deficit based on our revenue assumptions, as outlined in the table below;

Safety Valve Revenue Plan 2021/22 - 2025/26

	2021-22 £,000s	2022-23 £,000s	2023-24 £,000s	2024-25 £,000s	2025-26 £,000s
Mitigated expenditure forecast	£274,031	£282,200	£288,938	£299,155	£305,451
Estimated DSG Funding	-£272,815	-£282,650	-£290,914	-£298,033	-£305,250
Other Income	-£461	-£468	-£476	-£484	-£492
School Block to HNB Transfer	-£3,038	-£3,236	-£3,300	£0	£0
In Year Deficit / Surplus	£756	-£918	-£2,453	£638	-£292
Planned Overall DSG position (surplus)/deficit at Year End (Excludes Delivery Team)	£22,013	£21,095	£18,643	£19,280	£18,988
Safety Valve Delivery Team	£0	£385	£385	£385	£385
Planned Overall DSG position (surplus)/deficit at Year End (Includes Delivery Team)	£22,013	£21,480	£19,413	£20,435	£20,528
Aggregated Safety Valve Funding*	-£8,528	-£11,528	-£14,528	-£17,528	-£20,528
Revised Planned Overall DSG position	£13,485	£9,952	£4,885	£2,907	£0

Note: The council will receive £8.53m of safety valve funding in 2021/22 followed by £3m for the next 4 financial years

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

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

- 6.1 In addition to the details of the duties contained in this Report the Council must ensure compliance with the requirements of the Accounts and Audit Regulations 2015.

7. Human Resources Advice and Implications

- 7.1 There are no Human Resource implications arising from this report.

8. Implications for Children and Young People and Vulnerable Adults

- 8.1 Rotherham is compliant with the SEND Code of Practice which sets out that if a child's parent or a young person makes a request for a particular nursery, school or post-16 institution in maintained, non-maintained, or independent provision, the local authority must comply with that preference and name the school or college in the EHC plan unless it would be unsuitable for the age, ability, aptitude or SEN of the child or young person, or the attendance of the child or young person there would be incompatible with the efficient education of others, or the efficient use of resources.

9. Equalities and Human Rights Advice and Implications

- 9.1 There are no implications arising directly from this report to Equalities and Human Rights. This is because the Report is a noting Report and the decision making Reports contained the implications for Equalities and Human Rights.

10. Implications for Partners

- 10.1 The Council is increasingly working in partnership with other public, voluntary and community sector bodies in delivering services and influencing outcomes.

11. Risks and Mitigation

- 11.1 The report outlines the risks to the High Needs Block of the Dedicated Schools Grant and the actions being implemented to mitigate the financial pressures.

12. Accountable Officer(s)

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Public Report
Audit Committee

Committee Name and Date of Committee Meeting

Audit Committee – 28 July 2022

Report Title

Update Report on the Use of Surveillance and Acquisition of Communication Data Powers

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)

Elizabeth Anderton, Service Manager – Litigation and Practice
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Ward(s) Affected

Borough-Wide

Report Summary

This is a report to update the Audit Committee in its oversight role 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).

Recommendations

That the Audit Committee:

1. Notes that the Council has not made use of surveillance or acquisition of communication data powers under the relevant legislation since it was last reported on the 21st June 2021.
2. Adopts the RIPA Policy with the minor amendments relating to personnel.
3. Notes that the Acquisition and Disclosure of Communications Data Policy is no longer valid.

List of Appendices Included

Copy of the Annual Statistics Return 2021
Copy of the RIPA Policy 2022

Background Papers

Revised Code of Practice - Covert Surveillance and Property Interference [Home Office, 2018]

Revised Code of Practice - Covert Human Intelligence Sources [Home Office, 2018]

<https://www.gov.uk/government/publications/covert-surveillance-and-covert-human-intelligence-sources-codes-of-practice>

Code of Practice – Communications Data

[Communications Data Code of Practice.pdf \(publishing.service.gov.uk\)](#)

Consideration by any other Council Committee, Scrutiny or Advisory Panel

None

Council Approval Required

No

Exempt from the Press and Public

No

Update Report on the Use of Surveillance and Acquisition of Communications Data Powers

1. Background

- 1.1 The Regulation of Investigatory Powers Act 2000 (RIPA) provides a mechanism to make it lawful for public bodies, such as local authorities, to use directed (i.e. covert) surveillance and covert human intelligence sources e.g. undercover officers and public informants for the purposes of the detection and prevention of crime. Any use of those powers has to be proportionate and necessary both in use and scope. The Council has a RIPA Policy that governs the use of those powers. The Policy was updated and approved by the Committee on 21st June 2021.
- 1.2 The Investigatory Powers Act 2016 also provides a mechanism for public bodies, such as local authorities, to acquire communications data where it is proportionate and necessary to do so for a legally prescribed purpose. Typically, this activity might include acquiring mobile phone subscriber details and details of itemised calls, but not the content of calls. The Council has a separate Acquisition and Disclosure of Communications Data Policy to cover this activity; however, this Policy has been reviewed and it is no longer fit for purpose. The legislation is being reviewed to decide whether a new Policy is required, particularly as the Council does not currently use the powers under this legislation.
- 1.3 The Council's corporate policies in this regard make provision for the Audit Committee to oversee the operation of these policies by receiving reports on a 12 monthly basis to ensure that RIPA powers are being used in a manner consistent with the Policy. Due to the Council not having used the powers available, it was deemed appropriate for reporting to take place annually.

2. Key Issues

- 2.1 So far, since the last report, the Council has not used its powers under RIPA or the IPA, to use directed (i.e. covert) surveillance, covert human intelligence sources, e.g. undercover officers and informants or to acquire communications data. A statistical return was completed and sent to the Investigatory Powers Commissioners Office on the 9th February 2022.
- 2.2 Following on from the desktop inspection conducted by the Investigatory Powers Commissioners Office on the 7th July 2020, external training was provided to all officers involved or likely to be involved in the use of the powers provided under the RIPA legislation. To ensure that this training is up to date and new staff joining are aware of their roles a further training session is being arranged. Work is also currently being undertaken to consider how awareness can be widened to reach those that are not actively involved with the legislation on a daily basis. The purpose of this will be to further reduce any potential risk arising from any unauthorised activity.

- 2.4 The revised Home Office Codes of Practice advise that the elected members of a local authority should:
 - 2.4.1 Review the authority's use of RIPA and set the policy at least once a year; and
 - 2.4.2 Consider internal reports on use of RIPA on a regular basis to ensure that it is being used consistently with the local authority's policy and that the policy remains fit for purpose.
- 2.5 The RIPA Policy was reviewed by this Committee at its meeting on 21st June 2021 and was re-adopted. The RIPA Policy has been reviewed and there are some minor changes to personnel.
- 2.6 The Acquisition and Disclosure of Communications Data Policy has been reviewed and is out of date. This Policy is no longer valid. The legislation is to be reviewed and a decision made as to whether such a Policy is required. The Council does not currently utilise the powers provided under the IPA and the powers are very restricted.

3. Options considered and recommended proposal

The recommended proposal(s) is that the Audit Committee:

- 3.1 Notes that the Council has not made use of surveillance or acquisition of communication data powers under RIPA since it was last reported on the 21st June 2021.
- 3.2 Adopts the RIPA Policy with the minor amendments relating to personnel.
- 3.3 Notes that the Acquisition and Disclosure of Communications Data Policy is no longer valid.

4. Consultation on Proposal

- 4.1 Not Applicable.

5. Timetable and Accountability for Implementing this Decision

- 5.1 The Policy will be implemented immediately should the Committee approve it.

6. Financial and Procurement Advice and Implications

- 6.1 There are no Financial and Procurement implications.

7. Legal Advice and Implications

- 7.1 Legal implications are considered in the main body of this Report.

8. Human Resources Advice and Implications

8.1 There are no Human Resources implications.

9. Implications for Children and Young People and Vulnerable Adults

9.1 There are no direct implications for children and young people and vulnerable adults.

10. Equalities and Human Rights Advice and Implications

10.1 Adherence to the Council's policies and the statutory guidance in relation to the use of RIPA and the Acquisition of Communication Data powers should ensure that the any actions taken are in accordance with human rights.

11. Implications for Partners

11.1 There are no direct implications for partners or other directorates.

12. Risks and Mitigation

12.1 As above at paragraph 2.2 the statutory guidance requires oversight by elected members on the use of RIPA powers and to ensure policies remain fit for purpose. A failure to follow this guidance would increase the risk of misuse of RIPA powers and intervention by the Investigatory Powers Commissioner.

13. Accountable Officer(s)

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Bal Nahal, Head of Legal Services

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This report is published on the Council's [website](#).

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Rotherham Metropolitan Borough Council

Acquisition & Disclosure of Communications Data

Under the Regulation of Investigatory Powers Act 2000 (RIPA)

July 2022

Rotherham Metropolitan Borough Council

Acquisition and Disclosure of Communication Data Policy

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Rotherham Metropolitan Borough Council

Acquisition and Disclosure of Communication Data Policy

Introduction

What is Communications Data?

Communications data includes data such as itemised telephone call records and subscriber details. Communications data is not about giving access to the content of anybody's communications. For example, it is not about the contents of e-mails or interactions with websites. (Communications data includes Internet addresses, but only to the extent that they identify a network or a host computer, as opposed to a web page accessed by interacting with the host website).

Why is Communications Data useful?

Everyone needs to communicate in order to arrange their day to day activities, and criminals are no exception. Their need to communicate during the planning and execution of crime is a weakness which the authorities exploit, often with considerable success. Telephone call records, for example, provides a great deal of information on individuals' contacts and how they organise their life. This can be used in the planning of operations, the gathering of intelligence and, ultimately, it regularly assists in the prosecution of criminals.

Because the analysis of communications data can provide much information about the way in which people live their lives, this has led to concerns that the level of intrusion into an individual's privacy may be too great. The Government believes that there is a balance to be struck between the privacy of the individual and the needs of society as a whole to be protected from crime and other public safety risks.

Why introduce statutory provisions for access to communications data?

The Government introduced the access to communications data provisions in the Regulation of Investigatory Powers Act 2000 (RIPA) because it believed the regime surrounding access to communications data needed changing. In addition, there have been enormous changes in the telecommunications market. For example: the number of companies has grown; mass ownership of mobile phones; the emergence of totally new services; and Internet communications has grown dramatically. Public Authorities need to keep up with the changes in the communications marketplace; changes which criminals have been quick to exploit for their own purposes. Telephone call records, for example, can be of tremendous investigative value, and it is right that in certain circumstances public authorities should be able to access this material. However, it also involves a measure of intrusion into individual privacy and it is essential that access should be carefully controlled in accordance with European Convention on Human Rights (ECHR) proportionality requirements, authorisation only being given where necessary and justified for clearly defined statutory purposes. It is for these reasons that the Government established a statutory framework for access to communications data under RIPA and an associated Code of Practice.

Communications Data - RIPA Chapter II Part I

Chapter II Part I of RIPA provides that conduct other than interception (see s.21(1)) such as the acquisition and disclosure of communications data is lawful if authorised (see s.21(2)). Communications data is the 'who', 'when' and 'where' of a communication, but not the 'what' (i.e. the content of what was said or written). Communications data means any of the following:

- (i) Traffic Data – this is information about a communication and the equipment used in transmitting it (e.g. information about the location of a mobile phone or an Internet Provider address allocation). **Local Authorities are not authorised to obtain access to traffic data.**
- (ii) Service Use Information – this is information about the use a person makes of a postal or telecommunications service (e.g. itemized call records, records of connection to the internet or the timing and duration of usage).
- (iii) Subscriber Information – this is information that communications service providers (CSPs) hold about people to whom they provide a service (e.g. names, addresses and telephone numbers).

For further guidance on the relevant communications please refer to the Code of Practice (paragraphs 2.12-2.35)

Lawful authority

The Act provides two different ways of permitting access to communications data; through an authorisation under section 22(3) and by a notice under section 22(4). An authorisation would allow the relevant public authority to collect or retrieve the data itself from the relevant CSP. A notice is given to a CSP and requires that operator to collect or retrieve the data and provide it to the public authority which served the notice. A designated person decides whether or not a notice or authorisation should be given.

Designated Persons in Local Authorities are Directors, Head of Service, Service Manager or equivalent. See the Regulation of Investigatory Powers (Communications Data) Order 2010, SI 2010 No.480, I Schedule 2, Part 2.

Under section 22(2) of the Act, communications data may be sought if a designated person believes it is necessary for one or more of the following purposes (see s.21(2)):

- in the interests of national security;
- for the purpose of preventing or detecting crime or of preventing disorder;
- in the interests of the economic well being of the UK;
- in the interests of public safety;
- for the purpose of protecting public health;
- for the purpose of assessing or collecting any tax, duty, levy or other imposition, contribution or charge payable to a government department;
- for the purpose, in emergency, of preventing death or injury or any damage to a person's

- physical or mental health, or mitigating the same:
- for any other purpose as specified by the Secretary of State.

However for our purposes, it is important to note that Local Authorities in England and Wales may authorise acquisition and disclosure of communications data only for the purpose of preventing or detecting crime or of preventing disorder.

It is important that all requests which the Council makes for Communications data, are properly made in accordance with this procedure. Failure to follow these procedures will leave the Council vulnerable to Court challenge and may mean that the Communications Data evidence acquired may not be admissible in Court proceedings

Authorisation Procedure

Acquisition of communications data under RIPA involves four roles.

- The Single Point of Contact
- The Applicant
- The Designated Person
- The Senior Responsible Officer

Single Point of Contact

All Local Authorities are now required to make all requests for communications data through a single point of contact (SPoC) at the National Anti-Fraud Network (NAFN). As such applicants within the local authority are required to consult a NAFN SPoC throughout the authorisation process, including before referring the case to a Designated Person for approval. The SPoC at NAFN will scrutinise the applications independently and provide advice to applicants and Designated Persons ensuring the local authority acts in an informed and lawful manner.

NAFN operates an electronic system whereby the Application is completed online by the investigating officer, this completed form is then forwarded electronically to the relevant Designated Person, and if the application is authorised then NAFN will return a copy to the Designated Person, who will liaise with Legal Services in respect making an application for Judicial Approval (see below). NAFN will advise whether an authorisation or notice is the most appropriate approach. If judicial approval is granted the NAFN SPoC will liaise with the appropriate CSP to acquire the relevant communications data. The results of the request will then be channeled through NAFN to the requesting officer.

The NAFN online system can be accessed by logging on to their website at www.NAFN.gov.uk. In order to access the system each applicant and Designated person will require log on details which are issued by NAFN. A user guide is available for operating the NAFN online system.

SPoCs should be in a position to:

- where appropriate, assess whether access to communications data is reasonably practical for the CSP:
- advise applicants and Designated Persons on the practicalities of accessing different types of communications data from CSPs:
- advise applicants and Designated Persons on whether communications data falls under

section 21(4)(a), (b) or (c) of the Act:

- provide safeguards for authentication;
- assess any cost and resource implications to both the public authority and the CSP.

Applications

The application form is subject to inspection by the Interception of Communications Commissioner and both applicant and Designated Person may be required to justify their decisions. Applications to obtain communications data under the Act are made on a standard form. This is on the NAFN online system. This form is retained by the Council and NAFN and should contain the following minimum information:

- the name (or designation) and position of the officer requesting the communications data;
- the operation and person (if known) to which the requested data relates;
- a unique reference number and any operation name to which the application relates;
- a description, in as much detail as possible, of the communications data requested, specifying where relevant, any historic or future date(s) and, where appropriate, time period(s) (there will also be a need to identify whether it is communications data under section 21 (4)(b) or (c) of the Act);
- the reason why obtaining the requested data is considered to be necessary for one or more of the purposes in s.22(2) (the relevant purpose also needs to be identified);
- an explanation of why obtaining the data constitutes conduct proportionate to what it seeks to achieve;
- where appropriate, a consideration of collateral intrusion, the extent to which the privacy of others may be affected and why that intrusion is justified;
- consider and, where appropriate, describe any possible unintended consequences of the application; and
- the timescale within which the communications data is required. Where the timescale within which the material is required is any greater than routine, the reasoning for this to be included.

In addition to the above requirements, the degree of interference with an individual's rights and freedoms may be higher if the communications data being sought relates to a person who is a member of a profession that handles privileged or otherwise confidential information (including medical doctors, lawyers, journalists, Members of Parliament, or ministers of religion). It may also be possible to infer an issue of sensitivity from the fact that someone has regular contact with, for example, a lawyer or journalist. These situations do not preclude an application being made, but special consideration must be given to necessity and proportionality, including drawing attention to any such circumstances that might lead to an unusual degree of intrusion or infringement of rights and freedoms, particularly regarding privacy and, where it might be engaged, freedom of expression. Particular care needs to be taken by Designated Persons when considering such applications, including additional consideration of whether there might be unintended consequences of such applications and whether the public interest is best served by the application (see paragraphs 3.72 to 3.84 of the Code of Practice for further information).

The application form should subsequently record whether access to communications data was approved or denied, by whom and the date. Alternatively, the application form can be marked with a cross-reference to any authorisation granted or notice given (see paragraph 3.6 of the Code of Practice).

All applications relating to accessing communications data and associated documentation (renewals, cancellations etc) should be securely stored in files kept under lock and key when not in use.

Considerations for Designated Person

It is crucial that the Designated Person must be independent from operations and investigations when granting authorisations or giving notices related to those operations. Therefore, a Designated Person in a particular case should not be part of the same Council team who are carrying out the investigation (see paragraph 3.12 of the Code of Practice).

For an action to be necessary in a democratic society the access to communications data must pursue a legitimate aim as listed in s.23(2); and be proportionate to that aim.

Under section 22(5) of the Act, a designated person must also consider the conduct involved in obtaining the communications data to be proportionate. Proportionality is a crucial concept. In both the Act and the Code of Practice reference is made to the conduct being proportionate. This means that even if a particular case which interferes with a Convention right is aimed at pursuing a legitimate aim (as listed above) this will not justify the interference if the means used to achieve the aim are excessive in the circumstances. Any interference with a Convention right should be carefully designed to meet the objective in question and must not be arbitrary or unfair. Even taking all these considerations into account in a particular case, an interference may still not be justified because the impact on the individual or group is too severe.

A designated person needs to have in mind:

- the conduct which he is authorising or requiring in each case. In making a judgment as to proportionality, and also what the scope of the conduct is. For example, where the conduct covers the provision of ongoing communications data;
- where appropriate, where accessing the communications data is likely to result in collateral intrusion, whether the circumstances of the case still justify that access; and
- whether any urgent timescale is justified.

Judicial Approval

From 1st November 2013 it has been necessary to make an application to the Magistrates Court for Judicial Approval, in respect of all applications for Access to Communications Data.

A full procedural guide to making such an application for Judicial Approval is at Appendix 1 (this guide is applicable to applications for Directed Surveillance also). The Applicant and Designated Persons should liaise with Legal Services in respect of making an application for Judicial Approval, as a solicitor from Legal Services will make the application to Court and represent the Council at the hearing of the application.

Content of an Authorisation or Notice

A Designated Person will make a decision whether give an authorisation or to issue a notice based upon the application which is made. The application form is not served upon the CSP. Whether authorisation or a notice is granted, they must both be in writing, or if not, in a manner that

produces a record of it having been granted.

An authorisation must also:

- describe the conduct which is authorised and describe the communications data to be acquired, specifying, where relevant, any historic or future date(s) and, where appropriate, time period(s);
- specify the purpose for which the conduct is authorized, by reference to a statutory purpose under s 22(2) of RIPA;
- specify the office, rank or position held by the Designated Person granting the authorization. The Designated Person should also record their name (or designation) on any authorization they grant; and
- record the date and, when appropriate to do so, the time when the authorization as granted by the Designated Person.

If a notice is served upon a CSP it is in a standard format which must:

- specify the purpose for which the conduct is authorized, by reference to a statutory purpose under s 22(2) of RIPA;
- describe the communications data to be obtained or disclosed under the notice specifying, where relevant, any historic or future date(s) and, where appropriate, time period(s);
- include an explanation that compliance with the notice is a requirement of RIPA;
- specify the office, rank or position held by the Designated Person giving the notice. The name (or designation) of the Designated Person giving the notice should also be recorded;
- include a unique reference number and also identify the public authority;
- specify the manner in which the data should be disclosed. The notice should contain sufficient information including the contact details of the SPoC to enable the CSP to confirm the notice is authentic and lawful;
- record the date and, when appropriate to do so, the time when the notice was given by the Designated Person; and
- where appropriate, provide an indication of any urgency or time within which the CSP is requested to comply with the requirements of the notice.

The Senior Responsible Officer

The Senior Responsible Officer is responsible for;

- the integrity of the process in place to acquire communications data
- compliance with Chapter II of Part of RIPA and the Code of Practice
- oversight of reporting errors to IOCCO (see below)
- engagement with the IOCCO inspectors when they conduct inspections
- where necessary oversee the implementation of post-inspection action plans approved by the Commissioner

Within this Authority the SRO is the Assistant Director of Legal Services.

Duration of an Authorisation or Notice

Authorisations and notices will only be valid for a maximum of one month from when the

authorisation is granted or notice given. A designated person should specify a shorter period if that is satisfied by the request, since this may go to the proportionality requirements. For "future" communications data disclosure may only be required of data obtained by the CSP within this period i.e. up to one month. For "historical" communications data disclosure may only be required of data in the possession of the CSP. A CSP should comply with a notice as soon as is reasonably practicable. Furthermore, they will not be required to supply data unless it is reasonably practicable to do so. (see paragraph 3.48 of the Code of Practice).

Renewal and Cancellation

Any valid authorisation or notice may be renewed for a period of up to one month by the grant of a further authorisation or the giving of a further notice.

A renewed notice takes effect at the point at which the notice it is renewing expires.

A Designated Person shall cancel a notice given under section 22(4) of the Act as soon as it is no longer *necessary*, or the conduct is no longer proportionate to what is sought to be achieved. The duty to cancel a notice falls on the designated person who issued it who should immediately liaise with the NAFN SPoC. The Designated Person must confirm the position in writing for the SPoC or, if not, in a manner that produces a record of the notice having been cancelled by the Designated Person. Where the Designated person who gave the notice to the CSP is no longer available, this duty should fall on a person who has temporarily or permanently taken over the role of the Designated Person.

(See paragraphs 3.45-58 of the Code of Practice).

Disclosure of Data

Notices under section 22(4) of the Act will only require the disclosure of data to:

- the person giving the notice i.e. the designated person; or
- another specified person. In practice, this is likely to be the SPoC.

Communications data, and all copies, extracts and summaries of it. must be handled and stored securely. In addition, the requirements of the Data Protection Act 1998 and its data protection principles should be adhered to (See Chapter 7 of the Code of Practice). In criminal proceedings, the principles under the Criminal Procedure and Investigations Act 1996 will need to be complied with (See paragraph 6.4 of the Code of Practice).

Retention of Data

Applications, and notices for communications data will be retained by NAFN until it has been inspected by the Commissioner. NAFN should also keep a record of the dates on which the notice is started, Judicial Approval is granted and the Notice is cancelled (See paragraph 6.1 of the Code of Practice).

Where any errors have occurred in the giving of notices, a record should be kept, and a report and explanation may have to be sent to the Commissioner. An error can only occur after a Designated Person:

- has granted an authorization and the acquisition of data has been initiated; or
- has given notice and the notice has been served on a CSP in writing, electronically or orally.

Where an error occurs in the grant of an authorisation, the giving of a notice or as a consequence of any authorized conduct, or any conduct undertaken to comply with a notice, but the error is identified without data being acquired or disclosed wrongly, then a record should be kept.

Where an error results in communications data being acquired or disclosed wrongly, a report must be made to the Commissioner.

The practical arrangements for this Error reporting are as follows;

If there are any errors found with the data return (for example the wrong subscriber data) then the requesting officer must inform the Senior Responsible Officer and NAFN.

NAFN then contacts the SRO and reviews what has happened and why the error has occurred. It is the responsibility of the SRO to inform the Interception of Communications Commissioners Office and the appropriate CSP within 5 working days of the error being discovered. Where a reportable error is deemed to be of a serious nature, the Commissioner may investigate the circumstances that led to the error and assess the impact of the interference on the affected individual's rights. The affected individual may make a complaint to the Investigatory Powers Tribunal. Applications must also be retained to allow for the Tribunal to carry out its functions. (See paragraphs 6.11 to 6.25 of the Code of Practice for more information on the recording and reporting of errors).

Oversight

The Interception of Communications Commissioner oversees the use of powers for interception of communications, acquisition of communications data and the investigation of electronic data. As the authority uses NAFN as its SPOC, NAFN as opposed to the Council will be inspected on a regular basis. It is still important that all of the relevant documents are completed properly by the Council and stored appropriately. The operation of this policy shall be overseen by the Council's Audit Committee by receiving reports on a 6 monthly basis to ensure that the RIPA powers are being used consistently with this policy.

APPENDIX 1

GUIDE TO SEEKING MAGISTRATES' APPROVAL FOR RIPA SURVEILLANCE

Background

Chapter 2 of Part 2 of the [Protection of Freedoms Act 2012](#) (sections 37 and 38) came into force on [1st November 2012](#). This changes the procedure for the authorisation of local authority surveillance under the Regulation for Investigatory Powers Act 2000 (RIPA).

From 1st November 2012 local authorities are required to obtain the approval of a Justice of the Peace (JP) for the use of any one of the three covert investigatory techniques available to them under RIPA namely Directed Surveillance, the deployment of a Covert Human Intelligence Source (CHIS) and accessing communications data.

An approval is also required if an authorisation to use such techniques is being renewed. In each case, the role of the JP is to ensure that the correct procedures have been followed and the relevant factors have been taken account of. There is no requirement for the JP to consider either cancellations or internal reviews.

Home Office Guidance

The Home Office has published guidance on the Magistrates' approval process both for local authorities and the Magistrates' Court:

<http://www.homeoffice.gov.uk/publications/counter-terrorism/ripa-forms/local-authority-ripa-guidance/>

This guidance is non-statutory but provides advice on how local authorities can best approach these changes in law and the new arrangements that need to be put in place to implement them effectively. It is supplementary to the legislation and to the two statutory Codes of Practice made under RIPA.

The New Magistrates' Approval Process

1. The first stage will be to apply for an authorisation in the usual way. Once this has been granted, the local authority will need to contact the local Magistrates' Court to arrange a hearing.
2. The hearing is a 'legal proceeding' and therefore local authority officers need to be formally designated to appear, be sworn in and present evidence or provide information as required by the JP. For the initial applications which are made following the requirement for Judicial Approval, Legal Services will attend at the Magistrates Court to present the application. In due course the Council may formally designate certain properly trained investigating officers for this purpose under section 223 of the Local Government Act 1972.

3. The Home Office suggests that the investigating officer will be best suited to making the application for Judicial Approval, although the Authorising Officer may also want to attend to answer any questions.
4. The local authority will provide the JP with a copy of the original RIPA authorisation. This forms the basis of the application to the JP and should contain all information that is relied upon. In addition, the local authority will provide the JP with two copies of a partially completed judicial application/order form (which is included in the Home Office Guidance)
5. The hearing will be in private and heard by a single JP who will read and consider the RIPA authorisation and the judicial application/order form. He/She may have questions to clarify points or require additional reassurance on particular matters. The forms and supporting papers must by themselves make the case. It is not sufficient for the local authority to provide oral evidence where this is not reflected or supported in the papers provided.
6. The JP will consider whether he or she is satisfied that, at the time the authorisation was granted or renewed, there were reasonable grounds for believing that the authorisation was necessary and proportionate. He/She will also consider whether there continues to be reasonable grounds. In addition the JP must be satisfied that the Authorising Officer was of an appropriate level within the local authority and that the authorisation was made in accordance with any applicable legal restrictions (e.g. meets the Serious Crime Test for Directed Surveillance)
7. The order section of the above mentioned form will be completed by the JP and will be the official record of the his/her decision. The local authority will need to retain a copy of the form after it has been signed by the JP.

Magistrate's Options

The JP may decide to –

- ***Approve the grant/renewal of the authorisation***

The grant/renewal of the authorisation will then take effect and the local authority may proceed to use the surveillance technique/acquisition of data technique mentioned therein. The surveillance/acquisition of data has to be commenced within one month of the Magistrates' Court approval.

- ***Refuse to approve the grant/renewal of the authorisation on a technicality***

The RIPA authorisation will not take effect and the local authority may not use the surveillance technique/acquisition of data technique in that case. The authority will need to consider the reasons for the refusal. A technical error in the form may be remedied without the need to go through the internal authorisation process again. The authority can then reapply for Magistrates' approval.

- ***Refuse to approve the grant/renewal and quash the authorisation***

A JP may refuse to approve the grant or renewal of an authorisation and decide to quash the original authorisation. This may be because he/she believes it is not necessary or proportionate. The RIPA authorisation will not take effect and the local authority may not use the surveillance technique/acquisition of data technique in that case. The JP must not exercise his/her power to quash the authorisation unless the local authority has had at least two business days from the date of the refusal in which to prepare and make further representations to the court.

Appeals

A local authority may only appeal a JP's decision to refuse approval of an authorisation, on a point of law by making an application for Judicial Review in the High Court.

The Investigatory Powers Tribunal (IPT) will continue to investigate complaints by individuals about the use of RIPA techniques by public bodies, including local authorities. If, following a complaint to them, the IPT finds fault with a RIPA authorisation it has the power to quash the JP's order which approved the grant or renewal of the authorisation. It can also award damages if it believes that an individual's human rights have been violated by the local authority.

**Application for judicial approval for authorisation to
obtain or disclose communications data, to use a covert human intelligence source or to conduct
directed surveillance
Regulation of Investigatory Powers Act 2000 sections 23A, 23B, 32A, and 32B**

Local authority:.....
 Local authority department:.....
 Offence under investigation¹.....

 Address of premises or identity of
 subject:².....

Covert technique requested: (tick one and specify details)

Communications Data

Covert Human Intelligence Source

Directed Surveillance

Summary of details³

.....

Note: this application should be read in conjunction with the attached RIPA authorisation/RIPA application or notice.

Investigating Officer

Authorising Officer

Officer(s) appearing before JP ⁴

Address of applicant department:

.....

Contact telephone number.....

Contact email address (optional)

Local authority reference.....

Number of pages.....

**⁵Order made on an application for judicial approval for
authorisation to obtain or disclose communications data, to use a covert human intelligence source
or to conduct directed surveillance.
Regulation of Investigatory Powers Act 2000 sections 23A, 23B, 32A, 32B**

Magistrates' court

Having considered the application, I (tick one):

☐ am satisfied that there are reasonable grounds for believing that the requirements of the Act were satisfied and remain satisfied, and that the relevant conditions are satisfied and I therefore approve the grant or renewal of the authorisation/notice.

☐ ⁶refuse to approve the grant or renewal of the authorisation/notice.

☐ ⁷refuse to approve the grant or renewal and quash the authorisation/notice.

Reasons

.....

.....

Notes

.....

.....

Signed:

Date:

Time:

Full name:

Address of magistrates' court:

Notes to Assist Completion

¹Insert the offence or disorder that you are investigating. If you are seeking authorisation for Directed Surveillance make sure that the criminal offence you are investigating attracts a maximum custodial sentence of six months or more or relates to the underage sale of alcohol or tobacco (as per the Regulation of Investigatory Powers (Directed Surveillance and Covert Human Intelligence Sources) (Amendment) Order 2012.

²You may not know the identity of the person in which case you can include a description and/or how they relate to the offence/disorder under investigation.

³This forms the basis of the application to the JP and should contain all information that is relied upon. You may wish to set out in brief:

- What information you are seeking from the surveillance
- What the surveillance will involve e.g. covert cameras, CHIS
- How long the surveillance will last

You do not need to go into a lot of detail as this form should have the original authorisation form attached.

⁴ Any officer employed by the Council can appear before the Magistrate. The Home Office suggests that the Investigating Officer is best placed to do this. Make sure that whoever appears is formally designated to do so under section 223 of the Local Government Act 1972. Legal Services will carry out the initial applications.

⁵The order section of this form will be completed by the Magistrate and will be the official record of the Magistrate's decision. The Council will need to retain a copy of the judicial application/order form after it has been signed by the Magistrate. This may be kept with the original authorisation on the Central Record.

⁶If the Magistrate refuses to approve the authorisation, surveillance/acquisition of data cannot be undertaken. This may be due to a technical error which can be corrected. Read the reasons for refusal and seek advice from the Legal Dept. and/or RIPA Coordinator with regards to the next steps.

⁷If the Magistrate decides to quash the authorisation, surveillance/acquisition of data cannot be undertaken. You will have two days to make further representations. Read the reasons for refusal and seek advice from the Legal Dept and/or RIPA Coordinator with regards to the next steps.

Public Authority URN	Question URN	Question	Return	Year	Comments
334	CHIS001	The total number of applications made for a CHIS authorisation (including renewals and urgent cases)?	0	31/12/2021	Should include any application made of any type.
334	CHIS002	The number of new CHIS authorisations granted?	0	31/12/2021	Should include any new authorisations, including any urgent authorisations or for juveniles. Do not include renewals in this figure
334	CHIS003	The number of CHIS authorisations granted that were renewals ?	0	31/12/2021	
334	CHIS003a	For each authorised application, how many were for the following statutory purpose: in the interests of national security	0	31/12/2021	
334	CHIS003b	For each authorised application, how many were for the following statutory purpose: for the purpose of preventing or detecting crime or of preventing disorder	0	31/12/2021	
334	CHIS003c	For each authorised application, how many were for the following statutory purpose: in the interests of the economic well-being of the United Kingdom	0	31/12/2021	
334	CHIS003d	For each authorised application, how many were for the following statutory purpose: in the interests of public safety	0	31/12/2021	
334	CHIS003e	For each authorised application, how many were for the following statutory purpose: for the purpose of protecting public health	0	31/12/2021	
334	CHIS003f	For each authorised application, how many were for the following statutory purpose: for the purpose of assessing or collecting any tax, duty, levy or other imposition, contribution or charge payable to a government department	0	31/12/2021	
334	CHIS003g	For each authorised application, how many were for the following statutory purpose: any other purpose made by an order by a Secretary of State	0	31/12/2021	
334	CHIS004	The number of Juvenile CHIS authorisations granted?	0	31/12/2021	
334	CHIS005	The number of CHIS authorisations granted in an urgent case (not including juvenile CHIS)?	0	31/12/2021	
334	CHIS006	The number of Juvenile CHIS authorisations granted in an urgent case?	0	31/12/2021	
334	CHIS007	The number of CHIS authorisations made which authorised participation in crime, or where a Criminal Conduct authorisation was obtained? (not including those made in an urgent case)?		31/12/2021	CCAs are not available to local authorities. Please leave blank. CCAs are available to: Environment Agency, FINANCIAL CONDUCT AUTHORITY (FCA), FOOD STANDARDS AGENCY, Food Standards Scotland, The Gambling Commission, NHS - Counter Fraud Authority, NHS National Services Scotland. The PAs should provide a return (0 for nil returns).
334	CHIS008	The number of CHIS authorisations granted in an urgent case which authorised participation in crime, or where a Criminal Conduct authorisation was obtained?		31/12/2021	As above.
334	CHIS009	The number of CHIS authorisations granted where knowledge of privileged or confidential information may be acquired (not including Legally Privileged material)?	0	31/12/2021	
334	CHIS010	The number of CHIS authorisations granted for the use or conduct of a CHIS intended to obtain, provide access to or disclose knowledge of matters subject to legal privilege?	0	31/12/2021	
334	CHIS011	The total number of persons authorised to be used as a CHIS?	0	31/12/2021	
334	CHIS012	The number of juveniles authorised to be used as a CHIS under the age of 16 at the time the authorisation was granted or renewed?	0	31/12/2021	
334	CHIS013	The number of juveniles authorised to be used as a CHIS under the age of 18, and over the age of 16, at the time the authorisation was granted or renewed?	0	31/12/2021	
334	CHIS014	The number of vulnerable individuals authorised to be used as a CHIS?	0	31/12/2021	

334	DS001	The total number of applications made for a Directed Surveillance authorisation ((including renewals and urgent cases)?	0	31/12/2021	
334	DS002	The total number of Directed Surveillance authorisations issued (including renewals and urgent cases)?	0	31/12/2021	
334	DS002a	For each authorised application, how many were for the following statutory purpose: in the interests of national security	0		
334	DS002b	For each authorised application, how many were for the following statutory purpose: for the purpose of preventing or detecting crime or of preventing disorder	0		
334	DS002c	For each authorised application, how many were for the following statutory purpose: in the interests of the economic well-being of the United Kingdom	0		
334	DS002d	For each authorised application, how many were for the following statutory purpose: in the interests of public safety	0		
334	DS002e	For each authorised application, how many were for the following statutory purpose: for the purpose of protecting public health	0		
334	DS002f	For each authorised application, how many were for the following statutory purpose: for the purpose of assessing or collecting any tax, duty, levy or other imposition, contribution or charge payable to a government department	0		
334	DS002g	For each authorised application, how many were for the following statutory purpose: any other purpose made by an order by a Secretary of State	0		
334	DS003	The number of Directed Surveillance authorisations issued in an urgent case?	0	31/12/2021	
334	DS004	The number of Directed Surveillance authorisations issued, likely or intended to result in the acquisition of knowledge of confidential or privileged material (not including items of legal privilege)?	0	31/12/2021	
334	DS005	The number of Directed Surveillance authorisations issued where legally privileged items will or may be obtained?	0	31/12/2021	

Question Specific Guidance (<u>this is not the return form</u>). General guidance to the right.			
Question URN	Question	Guidance	Source
TI001	The number of applications made by or on behalf of the intercepting authority for a targeted interception warrant?	Only count applications presented to an authorising person. Do not count drafts or incompletd applications.	PA
TI002	The number of applications for a targeted interception warrant that were refused by a Secretary of State?		PA
TI003	The number of decisions to issue a targeted interception warrant that a Judicial Commissioner refused to approve?		IPCO
TI004	The number of occasions that a referral was made by a Secretary of State to the Investigatory Powers Commissioner, following the decision of a Judicial Commissioner to refuse to approve the decision to issue a targeted interception warrant?		IPCO
TI005	The number of occasions where a targeted interception warrant was refused by the Investigatory Powers Commissioner, following a referral from a Secretary of State; after it had initially been refused by a Judicial Commissioner?		IPCO
TI006	The number of new targeted interception warrants issued by a Secretary of State and approved by a Judicial Commissioner?	This return should not include any renewals	IPCO
TI007	The number of targeted interception warrants issued by a Secretary of State in an urgent case?		PA
TI008	The number of targeted interception warrants issued by a Secretary of State in an urgent case where a Judicial Commissioner subsequently refused to approve the decision to issue the warrant?		IPCO
TI009	The number of targeted interception warrants issued where the purpose, or one of the purposes, of the warrant is to intercept, or select for examination, items subject to legal privilege?		IPCO
TI010	The number of targeted interception warrants issued where the intercepting authority considers that the relevant communications are likely to include items subject to legal privilege?		IPCO
TI011	The number of targeted interception warrants issued where the purpose, or one of the purposes, of the warrant is to intercept communications that the intercepting authority believes contain confidential journalistic material, or select for examination content which the intercepting authority believes contain confidential journalistic material?		IPCO
TI012	The number of targeted interception warrants issued where the purpose, or one of the purposes, of the warrant is to identify or confirm a source of journalistic information?		IPCO

TI013	The number of targeted interception warrants where the purpose, or one of the purposes, is to authorise or require the interception of communications sent by or intended for a member of a relevant legislature, or the selection for examination of the content of such communications?		IPCO
TI014	The number of targeted interception warrants that were renewed?	Count each instance of a renewal - i.e if a warrant was renewed twice during the reporting year then you would add '2' to your return value.	IPCO
TI015	The number of targeted interception warrants that a Secretary of State or Judicial Commissioner refused to approve the renewal of?		IPCO
TI016	The number of interception warrants issued or renewed by a Secretary of State and approved by a Judicial Commissioner that are 'thematic' warrants.	This is a new question for 2020. 'Thematic' warrants are described in paragraphs 5.11-5.28 of the Interception of Communications Code of Practice (2018). Count each new authorisation and each instance of a renewal.	IPCO
MA001	The number of applications made by or on behalf of the intercepting authority for a mutual assistance warrant?		PA
MA002	The number of applications for a mutual assistance warrant that were refused by a Secretary of State?		PA
MA003	The number of decisions to issue a mutual assistance warrant that a Judicial Commissioner refused to approve?		IPCO
MA004	The number of occasions that a referral was made by a Secretary of State to the Investigatory Powers Commissioner, following the decision of a Judicial Commissioner to refuse to approve the decision to issue a mutual assistance warrant?		IPCO
MA005	The number of occasions where a mutual assistance warrant was refused by the Investigatory Powers Commissioner, following a referral from a Secretary of State; after it had initially been refused by a Judicial Commissioner?		IPCO
MA006	The number of mutual assistance warrants issued by a Secretary of State and approved by a Judicial Commissioner?		IPCO
MA007	The number of mutual assistance warrants issued by a Secretary of State in an urgent case?		PA
MA008	The number of mutual assistance warrants issued by a Secretary of State in an urgent case where a Judicial Commissioner subsequently refused to approve the decision to issue the warrant?		IPCO

MA009	The number of mutual assistance warrants issued where the purpose, or one of the purposes, of the warrant is to intercept, or select for examination, items subject to legal privilege?		IPCO
MA010	The number of mutual assistance warrants issued where the intercepting authority considers that the relevant communications are likely to include items subject to legal privilege?		IPCO
MA011	The number of mutual assistance warrants issued where the purpose, or one of the purposes, of the warrant is to intercept communications that the intercepting authority believes contain confidential journalistic material, or select for examination content which the intercepting authority believes contain confidential journalistic material?		IPCO
MA012	The number of mutual assistance warrants issued where the purpose, or one of the purposes, of the warrant is to identify or confirm a source of journalistic information?		IPCO
MA013	The number of mutual assistance warrants where the purpose, or one of the purposes, is to authorise or require the interception of communications sent by or intended for a member of a relevant legislature, or the selection for examination of the content of such communications?		IPCO
MA014	The number of mutual assistance warrants that were renewed?		IPCO
MA015	The number of mutual assistance warrants that a Secretary of State or Judicial Commissioner refused to approve the renewal of?		IPCO
MA016	The number of mutual assistance warrants issued or renewed by a Secretary of State and approved by a Judicial Commissioner that are 'thematic' warrants.	This is a new question for 2020. 'Thematic' warrants are described in paragraphs 5.11-5.28 of the Interception of Communications Code of Practice (2018). Count each new authorisation and each instance of a renewal.	IPCO
TEI001	The number of applications made by or on behalf of the equipment interference authority for a targeted equipment interference warrant?		PA
TEI002	The number of applications for a targeted equipment interference warrant that were refused by an issuing authority?		PA
TEI003	The number of decisions to issue a targeted equipment interference warrant that were refused by a Judicial Commissioner?		IPCO
TEI004	The number of occasions that a referral was made by an issuing authority to the Investigatory Powers Commissioner, following the decision of a Judicial Commissioner to refuse to approve the decision to issue a targeted equipment interference warrant?		IPCO
TEI005	The number of decisions to issue a targeted equipment interference warrant that were refused by the Investigatory Powers Commissioner, following a referral from the issuing authority?		IPCO
TEI006	The number of targeted equipment interference warrants issued by the issuing authority and approved by a Judicial Commissioner?		IPCO
TEI007	The number of targeted equipment interference warrants issued by the issuing authority in an urgent case?		PA
TEI008	The number of targeted equipment interference warrants issued by the issuing authority in an urgent case where a Judicial Commissioner subsequently refused to approve a decision to issue the warrant?		IPCO
TEI009	The number of targeted equipment interference warrants issued where the purpose, or one of the purposes, of the warrant is to acquire, or select for examination, items subject to legal privilege?		IPCO
TEI010	The number of targeted equipment interference warrants issued where the equipment interference authority considers that the relevant material is likely to include items subject to legal privilege?		IPCO

TEI011	The number of targeted equipment interference warrants issued where the purpose, or one of the purposes, of the warrant is to obtain communications or other information that the equipment interference authority believes contain journalistic material, or select for examination journalistic material which the equipment interference authority believes is confidential journalistic material?		IPCO
TEI012	The number of targeted equipment interference warrants issued where the purpose, or one of the purposes, of the warrant is to identify or confirm a source of journalistic information?		IPCO
TEI013	The number of targeted equipment interference warrants where the purpose, or one of the purposes, is to acquire communications sent by or intended for a member of a relevant legislature, or the selection for examination of the content of such communications?		IPCO
TEI014	The number of targeted equipment interference warrants that were renewed?		IPCO
TEI015	The number of targeted equipment interference warrants that the issuing authority or Judicial Commissioner refused to approve the renewal of?		PA
TEI016	The number of targeted equipment interference warrants issued or renewed by a Secretary of State and approved by a Judicial Commissioner that are 'thematic' warrants.	This is a new question for 2020. 'Thematic' warrants are described in paragraphs 5.11-5.28 of the Interception of Communications Code of Practice (2018). Count each new authorisation and each instance of a renewal.	IPCO
CHIS001	The total number of applications made for a CHIS authorisation (including renewals and urgent cases)?	This should only include applications formally presented to an authorising officer for their authorisation.	PA
CHIS002	The total number of CHIS authorisations granted?	This should count each instance of an authorisation granted during the reporting year, including renewals and any instance of a former CHIS being 're-authorised'.	PA
CHIS003	The number of CHIS authorisations granted that were renewals?	This should include each instance of a renewal during the reporting year.	PA
CHIS004	The number of Juvenile CHIS authorisations granted?	i.e. any CHIS under the age of 18 at the time of authorisation.	PA
CHIS005	The number of CHIS authorisations granted in an urgent case (not including juvenile CHIS)?		PA
CHIS006	The number of Juvenile CHIS authorisations granted in an urgent case?		PA
CHIS007	The number of CHIS authorisations made which authorised participation in crime, (not including those made in an urgent case)?		PA
CHIS008	The number of CHIS authorisations granted in an urgent case which authorised participation in crime?		PA
CHIS009	The number of CHIS authorisations granted where knowledge of privileged or confidential information may be acquired (not including Legally Privileged material)?		PA
CHIS010	The number of CHIS authorisations granted for the use or conduct of a CHIS intended to obtain, provide access to or disclose knowledge of matters subject to legal privilege?		PA
CHIS011	The total number of persons authorised to be used as a CHIS?	Only count the number of persons who were authorised as a CHIS in the reporting year, regardless of the number of authorisations, e.g: a single person is authorised 3 times as a CHIS during the reporting year. The return value would still be '1'. Or: a single authorisation covers a number of persons acting as a CHIS (as with non-relevant source on-line CHIS personas). Here you would return a value for the number of persons who acted as a CHIS. You may wish to add an explanatory note in the 'comments' field in such circumstances	PA
CHIS012	The number of juveniles authorised to be used as a CHIS under the age of 16 at the time the authorisation was granted or renewed?	This and the question CHIS013 replace the previous requirement to specify the age of the juvenile CHIS.	PA
CHIS013	The number of juveniles authorised to be used as a CHIS under the age of 18, and over the age of 16, at the time the authorisation was granted or renewed?	i.e. any juvenile CHIS aged 16 or 17.	PA

CHIS014	The number of vulnerable individuals authorised to be used as a CHIS?	This is a new question for 2020. Section 4.11 of the CHIS Code of Practice (2018) describes 'vulnerable individuals' and Section 4.1 of the RIP(S)A CHIS Code of Practice (2017).	PA
RS001	The total number of applications made for a relevant source authorisation, including renewals?		PA
RS002	The total number of relevant source authorisations granted?		PA
RS003	The number of relevant source authorisations granted in an urgent case?		PA
RS004	The total number of persons authorised to be used as a relevant source?		PA
RS005	The number of relevant source authorisations granted that were renewals? (Long term Authorisations)		PA
RS006	The number of relevant source authorisations that a Judicial Commissioner refused to approve the renewal of?		IPCO
RS007	The number of relevant source authorisations that a Judicial Commissioner refused to approve the renewal of, that were subsequently approved on appeal by the Investigatory Powers Commissioner		IPCO
RS008	The number of relevant source authorisations granted where knowledge of privileged or confidential information may be acquired (not including Legally Privileged material)?		PA
RS009	The number of relevant source authorisations granted for the use or conduct of a relevant source intended to obtain, provide access to or disclose knowledge of matters subject to legal privilege?		PA
PI001	The number of applications made for a Property Interference authorisation?		IPCO
PI002	The total number of Property Interference authorisations granted (including urgent cases)?		IPCO
PI003	Of these, the number of Property Interference authorisations granted in an urgent case?		IPCO
PI004	The number of non-urgent Property Interference authorisations that were refused by a Judicial Commissioner?		IPCO
PI005	The number of decisions to issue an urgent Property Interference authorisation that were subsequently quashed by a Judicial Commissioner?		IPCO
IS001	The number of applications made for an Intrusive Surveillance authorisation?		IPCO
IS002	The total number of Law Enforcement Intrusive Surveillance authorisations granted (including renewals and urgent cases)?		IPCO
IS003	Of this total, the number of Intrusive Surveillance authorisations granted in an urgent case?		IPCO
IS004	The number of non-urgent Intrusive Surveillance authorisations that were refused by a Judicial Commissioner?		IPCO
IS005	The number of decisions to issue an urgent Intrusive Surveillance authorisation that were subsequently quashed by a Judicial Commissioner?		IPCO
IS006	The number of Intrusive Surveillance authorisations granted, likely or intended to result in the acquisition of knowledge of confidential or privileged material (not including items of legal privilege)?		IPCO
IS007	The number of Intrusive Surveillance authorisations granted where legally privileged items will or may be obtained?		IPCO
DS001	The total number of applications made for a Directed Surveillance authorisation (including renewals)?		PA
DS002	The total number of Directed Surveillance authorisations granted (including renewals and urgent cases)?		PA
DS003	The number of Directed Surveillance authorisations granted in an urgent case?		PA

DS004	The number of Directed Surveillance authorisations granted, likely or intended to result in the acquisition of knowledge of confidential or privileged material (not including items of legal privilege)?		PA
DS005	The number of Directed Surveillance authorisations granted where legally privileged items will or may be obtained?		PA
LPP001	The number of applications made for a Request to Retain LPP?		IPCO
LPP002	The number of Requests to Retain LPP granted?		IPCO
LPP003	The number of Requests to Retain LPP that were refused by a Judicial Commissioner?		IPCO
PS001	Prison Services: The number of non-urgent Intrusive Surveillance authorisations that were refused by a Secretary of State?		PA
PS002	Prison Services: The number of decisions to issue an urgent Intrusive Surveillance authorisation that were subsequently quashed by a Secretary of State?		PA
CD001	Total annual number of applications submitted to a SPoC seeking the acquisition of communications data? (24.4A)	<p>Provide the number of applications <u>submitted</u> to a SPoC which includes;</p> <ul style="list-style-type: none"> • All applications accepted, referred or declined by a SPoC or DP • All urgent oral • All applications by specialist departments (for example confidential unit applications based on intercept product, professional standards, counter-terrorist units etc.) <p>This requirement should NOT capture;</p> <ul style="list-style-type: none"> • Consequential schedules • Renewals 	PA
CD002a	Total annual number of applications made under s.60A to obtain Communications Data that were subsequently authorised? (24.4C, E & F)	<p>Provide the number of applications submitted to an Authorising Officer which were <u>approved</u> after due consideration which includes;</p> <ul style="list-style-type: none"> • All urgent oral • All authorisations of conduct to acquire CD • All authorisations to give notice to acquire CD • All applications by specialist departments (for example confidential unit applications based on intercept product, professional standards, counter terrorist units etc) • Partially authorised applications. • Approved applications which were subsequently cancelled, for any reason, prior to the acquisition of data. <p>This requirement should NOT capture;</p> <ul style="list-style-type: none"> • Consequential schedules • Renewals 	PA
CD002b	Total annual number of applications made under s.61 to obtain Communications Data that were subsequently authorised? (24.4C, E & F)	As for CD002a	PA
CD003	Of the total number of authorisations, how many were granted from urgent applications made under s.61A? (24.4H & I)	<p>Provide the total number of applications approved or notification given orally. This includes authorisations to acquire and authorisations to give notice to acquire CD.</p> <p>The number of notices given orally can be calculated by the number of notice documents that are retrospectively served on telecommunications or postal operators.</p> <p>If a Police collaboration agreement is in place it is the duty of the public authority that closes an oral application for communications data to retain appropriate records as laid out in the CoP.</p>	PA

CD004	Of the total number of applications authorised, how many applications related to the acquisition of an Internet Connection Records (ICR)?	We only expect this question to apply to a small number of public authorities. For most the return will be '0' as per the 'nil return' guidance.	PA
CD005	Of these authorised applications to obtain an ICR, how many were granted from urgent applications made under s.61A?	We only expect this question to apply to a small number of public authorities. For most the return will be '0' as per the 'nil return' guidance.	PA
CD006a	Of the total number of authorisations, how many were there where any part of the authorisation related to a medical doctor? (24.4K)	Total applications which include a requirement for data on a person who is a member of a profession that handles privileged or otherwise confidential information.	PA
CD006b	Of the total number of authorisations, how many were there where any part of the authorisation related to a lawyer? (24.4K)	As for CD006a	PA
CD006c	Of the total number of authorisations, how many were there where any part of the authorisation related to a journalist? (24.4K)	As for CD006a	PA
CD006d	Of the total number of authorisations, how many were there where any part of the authorisation related to a member of a relevant legislature (MP, MSP, Member of Welsh and Northern Island Assembly's)? (24.4K)	As for CD006a	PA
CD006e	Of the total number of authorisations, how many were there where any part of the authorisation related to a minister of religion? (24.4K)	As for CD006a	PA
CD007	Of the total number of authorisations, how many were to obtain communications data in order to confirm or identify a journalist's source? (24.4L)		PA
CD008	Of the total number of authorisations to obtain CD in order to confirm or identify a journalist's source, how many were granted from urgent applications made under s.60A? (24.4L)		PA
CD009a	For each authorised application, how many were for the following statutory purpose: National security? (24.6B)	Note that this is for the number of CD <u>authorisations</u> (not items of CD as in 2019)	PA
CD009b	For each authorised application, how many were for the following statutory purpose: Applicable Crime Purpose: Prevent or detect crime / prevent disorder? (24.6B)	As for CD009a	PA
CD009c	For each authorised application, how many were for the following statutory purpose: Economic well-being of the UK where interest relevant to national security? (24.6B)	As for CD009a	PA
CD009d	For each authorised application, how many were for the following statutory purpose: In the interests of public safety? (24.6B)	As for CD009a	PA
CD009e	For each authorised application, how many were for the following statutory purpose: Preventing death / injury etc? (24.6B)	As for CD009a	PA
CD009f	For each authorised application, how many were for the following statutory purpose: To assist investigations into miscarriages of justice? (24.6B)	As for CD009a	PA
CD009g	For each authorised application, how many were for the following statutory purpose: To identify person who has died (otherwise than a result of crime) or is unable to identify themselves, or To identify next of kin or reason for death or condition? (24.6B)	As for CD009a	PA
CD010a	For each authorised application, where the communications data is being sought for an 'applicable crime' purpose as set out at section 60A(7), 61(7) or 61A(7) of the Act, how many related to the crime type: Arson (24.6C)	Note that this is for the number of CD authorisations (not items of CD as in 2019).	PA
CD010b	For each authorised application, where the communications data is being sought for an 'applicable crime' purpose as set out at section 60A(7), 61(7) or 61A(7) of the Act, how many related to the crime type: Burglary (24.6C)	As for CD010a	PA
CD010c	For each authorised application, where the communications data is being sought for an 'applicable crime' purpose as set out at section 60A(7), 61(7) or 61A(7) of the Act, how many related to the crime type: Criminal Damage (24.6C)	As for CD010a	PA

CD010d	For each authorised application, where the communications data is being sought for an 'applicable crime' purpose as set out at section 60A(7), 61(7) or 61A(7) of the Act, how many related to the crime type: Drugs Offences (24.6C)	As for CD010a	PA
CD010e	For each authorised application, where the communications data is being sought for an 'applicable crime' purpose as set out at section 60A(7), 61(7) or 61A(7) of the Act, how many related to the crime type: Fraud and Deception Offences (24.6C)	As for CD010a	PA
CD010f	For each authorised application, where the communications data is being sought for an 'applicable crime' purpose as set out at section 60A(7), 61(7) or 61A(7) of the Act, how many related to the crime type: Harassment (24.6C)	As for CD010a	PA
CD010g	For each authorised application, where the communications data is being sought for an 'applicable crime' purpose as set out at section 60A(7), 61(7) or 61A(7) of the Act, how many related to the crime type: Miscellaneous crimes against society. (24.6C)	As for CD010a	PA
CD010h	For each authorised application, where the communications data is being sought for an 'applicable crime' purpose as set out at section 60A(7), 61(7) or 61A(7) of the Act, how many related to the crime type: Possession of weapons offences. (24.6C)	As for CD010a	PA
CD010i	For each authorised application, where the communications data is being sought for an 'applicable crime' purpose as set out at section 60A(7), 61(7) or 61A(7) of the Act, how many related to the crime type: Public order offences. (24.6C)	As for CD010a	PA
CD010j	For each authorised application, where the communications data is being sought for an 'applicable crime' purpose as set out at section 60A(7), 61(7) or 61A(7) of the Act, how many related to the crime type: Robbery offences. (24.6C)	As for CD010a	PA
CD010k	For each authorised application, where the communications data is being sought for an 'applicable crime' purpose as set out at section 60A(7), 61(7) or 61A(7) of the Act, how many related to the crime type: Sexual offences. (24.6C)	As for CD010a	PA
CD010l	For each authorised application, where the communications data is being sought for an 'applicable crime' purpose as set out at section 60A(7), 61(7) or 61A(7) of the Act, how many related to the crime type: Terrorism offences. (24.6C)	As for CD010a	PA
CD010m	For each authorised application, where the communications data is being sought for an 'applicable crime' purpose as set out at section 60A(7), 61(7) or 61A(7) of the Act, how many related to the crime type: Theft offences. (24.6C)	As for CD010a	PA
CD010n	For each authorised application, where the communications data is being sought for an 'applicable crime' purpose as set out at section 60A(7), 61(7) or 61A(7) of the Act, how many related to the crime type: Violence against the person . (24.6C)	As for CD010a	PA
CD010o	For each authorised application, where the communications data is being sought for an 'applicable crime' purpose as set out at section 60A(7), 61(7) or 61A(7) of the Act, how many related to the crime type: Violence against the person - homicide. (24.6C)	As for CD010a	PA

CD010p	For each authorised application, where the communications data is being sought for an 'applicable crime' purpose as set out at section 60A(7), 61(7) or 61A(7) of the Act, how many related to the crime type: Other. (24.6C)	Public authorities (especially those with niche statutory functions) should use this to record authorisations which do not match any of the above applicable crime types. Please use the comments box to record the type of crime. Please try to minimise the use of this category.	PA
CD011a	The total annual number of <u>items</u> of Communications Data categorised as <u>entity</u> data sought in authorised applications, as described at section 261(5) of the Act, and Chapter 2 of the CD Code of Practice? (24.6D)	<p>An item of communications data is a data requirement on a communications address or other descriptor. For example, a subscriber check, a period of traffic data, a cross network search, a forward-facing traffic data request. Please note:</p> <ul style="list-style-type: none"> • An item remains a single item regardless of the number of enquiries made in the period of the authorisation or notice (e.g. periodic location updates are not counted individually) • Multi CSP cross network searches on a communications address are counted as a single item • A historic and live (forward facing) cell-site data requirement on a communications address is counted as one item of data for a specified period. • A subscriber check and a traffic data requirement on one communications address is to be treated as two items of data. <p>One item of communications data is a single communications address or other descriptor included in a notice or authorisation. For example, one communications address that relates to 30 days of incoming and outgoing call data is one item of communications data.</p>	PA
CD011b	The total annual number of <u>items</u> of Communications Data categorised as <u>events</u> data sought in authorised applications, as described at section 261(5) of the Act, and Chapter 2 of the CD Code of Practice? (24.6D)		PA
CD012a	The total number of <u>items</u> of communication data sought in authorised applications/notices that are categorised as a 'telephony - fixed line' data type? (24.6E)		PA
CD012b	The total number of <u>items</u> of communication data sought in authorised applications/notices that are categorised as a 'telephony - mobile' data type? (24.6E)		PA
CD012c	The total number of <u>items</u> of communication data sought in authorised applications/notices that are categorised as an 'internet' data type? (24.6E)		PA
CD012d	The total number of <u>items</u> of communication data sought in authorised applications/notices that are categorised as a 'postal' data type? (24.6E)		PA
CD012e	The total number of <u>items</u> of communication data sought in authorised applications/notices that are categorised as an 'other' data type? (24.6E)	Please use the comments box to record the data type/s and note the distribution of items against each type. Please try to minimise the use of this category.	PA
CD013a	The total number of items of communication data sought in authorised applications/notices where the subject is categorised as a Victim and/or complainant? (24.6 F)	Please note that the victim and complainant types have been merged as IPCO understands that it is not possible in some CD workflows to distinguish between the two types.	PA
CD013b	The total number of items of communication data sought in authorised applications/notices where the subject is categorised as a Witness? (24.6 F)		PA
CD013c	The total number of items of communication data sought in authorised applications/notices where the subject is categorised as a suspect? (24.6 F)		PA
CD013d	The total number of items of communication data sought in authorised applications/notices where the subject is categorised as next-of-kin? (24.6 F)		PA
CD013e	The total number of items of communication data sought in authorised applications/notices where the subject is categorised as a vulnerable person? (24.6 F)		PA
CD013f	The total number of items of communication data sought in authorised applications/notices where the subject is categorised as an other relevant person? (24.6 F)		PA
TP001	Number of cases which engaged The Principles reviewed on inspection		IPCO

TP002	Number of cases brought proactively to IPCO’s attention because they posed contentious legal or policy issues		PA
TP003a	Total number of all GC cases (not limited to those reviewed on inspection), where personnel: knew or believed that torture would occur		PA
TP003b	Total number of all GC cases (not limited to those reviewed on inspection), identified a serious risk of torture and submitted for approval despite the presumption not to proceed in such cases		PA
TP003c	Total number of all GC cases (not limited to those reviewed on inspection), where personnel: identified a serious risk of CIDT and submitted for approval		PA
TP004d	Total number of all GC cases (not limited to those reviewed on inspection), where personnel: identified a serious risk of lack of due process and submitted for approval		PA

General Guidance	
Topic	Guidance
Applications	For any question that asks for application data, only count applications that were formally presented to an authorising person. Do not include drafts. Do include any applications rejected by the authorising body, even those subsequently accepted and authorised after re-drafting.
New warrants/authorisations	Any statistics refering to a 'new' authorisation or warrant should not include renewals in the figure.
Renewals	With renewed authorisations, you should count each instance of a renewal, i.e. if a warrant was renewed twice during the reporting year then you would add '2' to your return value.
Totals	When asked for a 'total' figure, you should include new authorisations, renewals and any urgent authorisations (including any that are subsequently rejected or quashed). This does not apply to Communications Data (see specific guidance for CD questions on the guidance tab of the Excel template).
Activity at year-end	<p>As a rule, only count events that have actually occurred in the reporting year. For example, if a Directed Surveillance Application was formally applied for on 31 December but only authorised on 2 January the following year, you would count the application, but not the authorisation. This may not always be obvious from case management systems, so pay close attention to activity close to the end of the reporting year.</p> <p>Please note the number of applications that were 'year-end' in the comments column so IPCO can properly calculate the number of applications that were not authorised/rejected.</p> <p>If your IT does not allow you to follow this rule, then please use the comments column to explain.</p>
Saving the return form	You should save your returns template using the following naming convention: '*public authority name* - IPCO stats – 2020.xlsx'. For example: 'MPS – IPCO stats.xlsx' – 2020 or 'Falkirk Council – IPCO stats – 2020.xlsx'. Be careful not to save it as a template, but as a worksheet. Please do not password protect your return as this will be blocked by our email firewalls.
Sending the completed return	All completed returns should be sent to: info@ipco.org.uk

Deadline for returns	The deadline for completed returns is 31 January 2021
Public Authority Unique Reference Number (URN)	You should insert the URN for your public authority in column A of your return form. You can find these listed on the second sheet/tab (Public Authority URNs). Please ensure you put the number in each relevant cell in column A. The 'Fill' function in Excel will allow you to do this quickly. If you are unable to find your public authority in the list of Public Authority URNs Contact IPCO by email at: info@ipco.org.uk
Relevant Questions	<p>IPCO has pre-formatted the questionnaire so you should only receive questions relevant to the powers available to your public authority. Each question has a specific URN and are grouped by power (e.g. TI relates to Targeted Intercept, IS relates to Intrusive Surveillance).</p> <p>If there are questions relating to a power not available to your Public Authority, please ignore these and leave the return fields blank and add a 'not relevant' statement in the comments column: do not put N/A in the return field.</p> <p>If you think that there are questions missing for a power available to your authority, you can check against the full list of questions provided on the guidance tab. Please contact IPCO and we will provide the correct version of the form.</p>
Nil Returns	Do not leave any relevant question return cells in column D blank. You must give an answer for each relevant question. If there is a nil return put in '0'. Only put whole number values in column D (the form is formatted to ensure this).
Comments column	For each relevant question you can add comments in column F. As a rule, you should not add any comments here unless the question suggests that you do.
Editing/Formating the return form	Please do not edit or format the return form in any way. Attempts to do so may prevent IPCO from uploading the return form into our database (the form is locked to prevent additions). All returns must be made on the single return form/sheet: do not attempt to submit a return form with the different powers split onto different sheets/tabs. Do not add extra rows or columns, merge cells or change the headings or questions in any way. There is no need to remove the PA URN sheet or this guidance sheet from your return.
Combined warrants/authorisations	There is no separate statistic for combined warrants/authorisations themselves. For the return, you need to count each power used in the combined warrant against the relevant questions for that power. For example, with a combined TI/TEI warrant application that is subsequently authorised you would count: 1 TI application, 1 TEI application, 1 TI authorisation and 1 TEI authorisation.
Regional policing units	<p>Regional policing units such as ROCUs and CTPs have varying methods of obtaining authorisations: some will use AOs from the 'host' force, others have AOs on attachment and others seek authorisations from the force area where a crime was reported or committed.</p> <p>As they are not Public Authorities in their own right, regional policing unit activity should be recorded in the relevant force return depending on the method used to obtain the authorisation.</p> <p>Please indicate on any return when it contains data from a regional policing unit. It is important to ensure that activity is not reported twice.</p> <p>Regional policing unit which may wish to submit a separate return for security reasons should contact IPCO who will advise what PA URN they should use.</p>

PA URN	PA Name	PA Type
4	Ministry of Defence (MOD) - Defence Intelligence	MOD
5	National Crime Agency (NCA)	LEA
6	Metropolitan Police Service (MPS) (inc. SO15)	LEA
7	Police Scotland	LEA
8	Police Service of Northern Ireland (PSNI)	LEA
9	HM Revenue and Customs (HMRC)	LEA
10	Home Office - Immigration Enforcement (HOIE)	LEA
11	Department for Leveling Up, Housing and Communities (LUHC)	OPA
12	Department for Work & Pensions - Counter Fraud & Compliance Directorate	OPA
13	Department for Business, Energy & Industrial Strategy	OPA
14	Department for the Environment, Food & Rural Affairs (DEFRA)	OPA
15	Department of Health & Social Care - Anti-Fraud Unit	OPA
16	Avon & Somerset Constabulary (inc. CTPSW)	LEA
17	Bedfordshire Police (inc. EROCU and ECTP)	LEA
18	British Transport Police	LEA
19	Cambridgeshire Constabulary	LEA
20	Cheshire Constabulary	LEA
21	City of London Police	LEA
22	Civil Nuclear Constabulary	LEA
23	Cleveland Police	LEA
24	Cumbria Constabulary	LEA
25	Derbyshire Constabulary	LEA
26	Devon & Cornwall Police	LEA
27	Dorset Police (inc. SWROCU)	LEA
28	Durham Constabulary	LEA
29	Dyfed Powys Police	LEA
30	Gloucestershire Constabulary	LEA
31	Greater Manchester Police (inc. CTPNW)	LEA
32	Gwent Police	LEA
33	Guernsey Police	LEA
34	Hampshire Constabulary	LEA
35	Hertfordshire Constabulary	LEA
36	Humberside Police	LEA
37	Kent & Essex Police	LEA
38	Lancashire Constabulary	LEA
39	Leicestershire Police (inc. EMROCU & CTP)	LEA

40	Lincolnshire Police	LEA
41	Merseyside Police (inc. NWROCU)	LEA
42	Ministry of Defence Police	LEA
43	Norfolk & Suffolk Constabulary	LEA
44	North Wales Police	LEA
45	North Yorkshire Police	LEA
46	Northamptonshire Police	LEA
47	Northumbria Police (inc. NEROCU)	LEA
48	Nottinghamshire Police	LEA
49	Port of Dover Police	LEA
50	Port of Liverpool Police	LEA
51	Royal Air Force Police	LEA
52	Royal Military Police	LEA
53	Royal Navy Police	LEA
54	Sovereign Base Areas Police	LEA
55	South Wales Police (inc. Tarian and WECTU)	LEA
56	South Yorkshire Police	LEA
57	Staffordshire Police	LEA
58	Surrey Police	LEA
59	Sussex Police	LEA
60	Thames Valley Police (inc. SEROCU & CTPSE)	LEA
61	Warwickshire Police	LEA
62	West Mercia Police	LEA
63	West Midlands Police (inc. WMROCU & CTPWM)	LEA
64	West Yorkshire Police (inc. YHROCU & CTPNE)	LEA
65	Wiltshire Police	LEA
66	Scottish Prison Service (SPS)	Prison Service

67	Northern Ireland Office -Prison Service for Northern Ireland	Prison Service
68	Her Majesty's Prison and Probation Service (HMPPS)	Prison Service
69	ABERDEENSHIRE COUNCIL	Local Authority
70	ABERDEEN CITY COUNCIL	Local Authority
71	ALLERDALE BOROUGH COUNCIL	Local Authority
72	AMBER VALLEY BOROUGH COUNCIL	Local Authority
73	ANGLESEY COUNCIL	Local Authority
74	ANGUS COUNCIL	Local Authority
75	ARGYLL AND BUTE COUNCIL	Local Authority
76	ARUN DISTRICT COUNCIL	Local Authority
77	ASHFIELD DISTRICT COUNCIL	Local Authority
78	ASHFORD BOROUGH COUNCIL	Local Authority
79	BABERGH & MID SUFFOLK DISTRICT COUNCIL	Local Authority
80	BARKING AND DAGENHAM COUNCIL	Local Authority

81	BARNET COUNCIL	Local Authority
82	BARNSELY METROPOLITAN BOROUGH COUNCIL	Local Authority
83	BARROW BOROUGH COUNCIL	Local Authority
84	BASILDON DISTRICT COUNCIL	Local Authority
85	BASINGSTOKE AND DEANE BOROUGH COUNCIL	Local Authority
86	BASSETLAW DISTRICT COUNCIL	Local Authority
87	BATH AND NORTH EAST SOMERSET DISTRICT COUNCIL	Local Authority
88	BEDFORD BOROUGH COUNCIL	Local Authority
89	BEXLEY COUNCIL	Local Authority
90	BIRMINGHAM CITY COUNCIL	Local Authority
91	BLABY DISTRICT COUNCIL	Local Authority
92	BLACKBURN WITH DARWEN BOROUGH COUNCIL	Local Authority
93	BLACKPOOL COUNCIL	Local Authority
94	BLANEAU GWENT COUNTY BOROUGH COUNCIL	Local Authority
95	BOLSOVER DISTRICT COUNCIL	Local Authority
96	BOLTON DISTRICT COUNCIL	Local Authority
97	BOSTON BOROUGH COUNCIL	Local Authority
98	BOURNEMOUTH, CHRISTCHURCH and POOLE COUNCIL	Local Authority
99	BRACKNELL FOREST BOROUGH COUNCIL	Local Authority
100	BRADFORD (City) METROPOLITAN DISTRICT COUNCIL	Local Authority
101	BRAINTREE DISTRICT COUNCIL	Local Authority
102	BRECKLAND & SOUTH HOLLAND COUNCIL	Local Authority
103	BRENT COUNCIL	Local Authority
104	BRENTWOOD BOROUGH COUNCIL	Local Authority
105	BRIDGEND COUNTY BOROUGH COUNCIL	Local Authority

106	BRIGHTON AND HOVE CITY COUNCIL	Local Authority
107	BRISTOL CITY COUNCIL	Local Authority
108	BROMLEY COUNCIL	Local Authority
109	BROMSGROVE AND REDDITCH BOROUGH COUNCIL	Local Authority
110	BROXBOURNE BOROUGH COUNCIL	Local Authority
111	BROXTOWE BOROUGH COUNCIL	Local Authority
112	BUCKINGHAMSHIRE COUNCIL	Local Authority
113	BURNLEY BOROUGH COUNCIL	Local Authority
114	BURY DISTRICT COUNCIL	Local Authority
115	CAERPHILLY COUNTY BOROUGH COUNCIL	Local Authority
116	CALDERDALE MET BOROUGH COUNCIL	Local Authority
117	CAMBRIDGE CITY COUNCIL	Local Authority
118	CAMBRIDGESHIRE COUNTY COUNCIL	Local Authority
119	CAMDEN COUNCIL	Local Authority
120	CANNOCK CHASE COUNCIL	Local Authority
121	CANTERBURY CITY COUNCIL	Local Authority
122	CARDIFF COUNCIL	Local Authority
123	CARLISLE CITY COUNCIL	Local Authority
124	CARMARTHENSHIRE COUNTY COUNCIL	Local Authority
125	CASTLE POINT BOROUGH COUNCIL	Local Authority
126	CENTRAL BEDFORDSHIRE COUNCIL	Local Authority
127	CEREDIGION COUNTY COUNCIL	Local Authority
128	CHARNWOOD BOROUGH COUNCIL	Local Authority
129	CHELMSFORD CITY COUNCIL	Local Authority
130	CHELTENHAM BOROUGH COUNCIL	Local Authority
131	CHERWELL DISTRICT COUNCIL	Local Authority
132	CHESHIRE EAST BOROUGH COUNCIL	Local Authority
133	CHESHIRE WEST AND CHESTER COUNCIL	Local Authority
134	CHESTERFIELD BOROUGH COUNCIL	Local Authority
135	CHICHESTER DISTRICT COUNCIL	Local Authority
136	CHORLEY BOROUGH COUNCIL	Local Authority
137	CITY OF LONDON CORPORATION	Local Authority
138	CLACKMANNANSHIRE COUNCIL	Local Authority
139	COLCHESTER BOROUGH COUNCIL	Local Authority
140	CONWY COUNTY BOROUGH COUNCIL	Local Authority
141	COPELAND BOROUGH COUNCIL	Local Authority
142	CORBY BOROUGH COUNCIL	Local Authority
143	CORNWALL COUNCIL	Local Authority
144	COTSWOLD DISTRICT COUNCIL	Local Authority
145	COVENTRY CITY COUNCIL	Local Authority
146	CRAVEN DISTRICT COUNCIL	Local Authority
147	CRAWLEY BOROUGH COUNCIL	Local Authority
148	CROYDON COUNCIL	Local Authority
149	CUMBRIA COUNTY COUNCIL	Local Authority
150	DACORUM BOROUGH COUNCIL	Local Authority
151	DARLINGTON BOROUGH COUNCIL	Local Authority
152	DARTFORD BOROUGH COUNCIL	Local Authority
153	DAVENTRY DISTRICT COUNCIL	Local Authority
154	DENBIGHSHIRE COUNTY COUNCIL	Local Authority

155	DERBY CITY COUNCIL	Local Authority
156	DERBYSHIRE COUNTY COUNCIL	Local Authority
157	DERBYSHIRE DALES DISTRICT COUNCIL	Local Authority
158	DEVON COUNTY COUNCIL	Local Authority
159	DONCASTER BOROUGH COUNCIL	Local Authority
160	DORSET COUNTY COUNCIL	Local Authority
161	DOVER DISTRICT COUNCIL	Local Authority
162	DUDLEY METROPOLITAN BOROUGH COUNCIL	Local Authority
163	DUMFRIES AND GALLOWAY COUNCIL	Local Authority
164	DUNDEE CITY COUNCIL	Local Authority
165	DURHAM COUNTY COUNCIL	Local Authority
166	EALING (LONDON BOROUGH) COUNCIL	Local Authority
167	EAST AYRSHIRE COUNCIL	Local Authority
168	EAST CAMBRIDGESHIRE DISTRICT COUNCIL	Local Authority
169	EAST DEVON DISTRICT COUNCIL	Local Authority
170	EAST DUNBARTONSHIRE COUNCIL	Local Authority
171	EAST HAMPSHIRE DISTRICT COUNCIL	Local Authority
172	EAST HERTFORDSHIRE DISTRICT COUNCIL	Local Authority
173	EAST LINDSEY DISTRICT COUNCIL	Local Authority
174	EAST LoTHIAN COUNCIL	Local Authority
175	EAST NORTHAMPTONSHIRE COUNCIL	Local Authority
176	EAST RENFREWSHIRE COUNCIL	Local Authority
177	EAST RIDING OF YORKSHIRE DISTRICT COUNCIL	Local Authority
178	EAST STAFFORDSHIRE BOROUGH COUNCIL	Local Authority
179	EAST SUFFOLK COUNCIL	Local Authority
180	EAST SUSSEX COUNTY COUNCIL	Local Authority
181	EASTBOURNE BOROUGH COUNCIL	Local Authority
182	EASTLEIGH BOROUGH COUNCIL	Local Authority
183	EDEN DISTRICT COUNCIL	Local Authority
184	EDINBURGH (CITY OF) COUNCIL	Local Authority
185	ELMBRIDGE BOROUGH COUNCIL	Local Authority
186	ENFIELD LONDON BOROUGH COUNCIL	Local Authority
187	EPPING FOREST DISTRICT COUNCIL	Local Authority
188	EPSOM AND EWELL BOROUGH COUNCIL	Local Authority
189	EREWASH BOROUGH COUNCIL	Local Authority
190	ESSEX COUNTY COUNCIL	Local Authority
191	EXETER CITY COUNCIL	Local Authority
192	FALKIRK COUNCIL	Local Authority
193	FAREHAM BOROUGH COUNCIL	Local Authority
194	FENLAND DISTRICT COUNCIL	Local Authority
195	FIFE COUNCIL	Local Authority
196	FLINTSHIRE COUNTY COUNCIL	Local Authority
197	FOLKESTONE & HYTHE DISTRICT COUNCIL	Local Authority
198	FOREST OF DEAN DISTRICT COUNCIL	Local Authority
199	FYLDE BOROUGH COUNCIL	Local Authority
200	GATESHEAD DISTRICT COUNCIL	Local Authority

201	GEDLING BOROUGH COUNCIL	Local Authority
202	GLASGOW CITY COUNCIL	Local Authority
203	GLOUCESTER CITY COUNCIL	Local Authority
204	GLOUCESTERSHIRE COUNTY COUNCIL	Local Authority
205	GOSPORT BOROUGH COUNCIL	Local Authority
206	GREAT YARMOUTH BOROUGH COUNCIL	Local Authority
207	GREENWICH (ROYAL BOROUGH)	Local Authority
208	GUILDFORD BOROUGH COUNCIL	Local Authority
209	GWYNEDD COUNCIL	Local Authority
210	HACKNEY COUNCIL	Local Authority
211	HALTON BOROUGH COUNCIL	Local Authority
212	HAMBLETON DISTRICT COUNCIL	Local Authority
213	HAMMERSMITH AND FULHAM COUNCIL	Local Authority
214	HAMPSHIRE COUNTY COUNCIL	Local Authority
215	HARBOROUGH DISTRICT COUNCIL	Local Authority
216	HARINGEY COUNCIL	Local Authority
217	HARLOW DISTRICT COUNCIL	Local Authority
218	HARROGATE BOROUGH COUNCIL	Local Authority
219	HARROW COUNCIL	Local Authority
220	HART DISTRICT COUNCIL	Local Authority
221	HARTLEPOOL BOROUGH COUNCIL	Local Authority
222	HASTINGS BOROUGH COUNCIL	Local Authority
223	HAVANT BOROUGH COUNCIL	Local Authority
224	HAVERING LONDON BOROUGH COUNCIL	Local Authority
225	HEREFORDSHIRE COUNCIL	Local Authority
505	HERTFORDSHIRE COUNTY COUNCIL	Local Authority
226	HERTSMERE BOROUGH COUNCIL	Local Authority
227	HIGH PEAK & STAFFORDSHIRE MOORLANDS BOROUGH COUNCIL	Local Authority
228	HIGHLAND COUNCIL	Local Authority
229	HILLINGDON COUNCIL	Local Authority
230	HINCKLEY AND BOSWORTH BOROUGH COUNCIL	Local Authority
231	HORSHAM DISTRICT COUNCIL	Local Authority
232	HOUNSLOW COUNCIL	Local Authority
233	HULL CITY COUNCIL	Local Authority
234	HUNTINGDONSHIRE DISTRICT COUNCIL	Local Authority
235	HYNDBURN BOROUGH COUNCIL	Local Authority
236	INVERCLYDE COUNCIL	Local Authority
237	IPSWICH BOROUGH COUNCIL	Local Authority
238	ISLE OF SCILLY (COUNCIL of)	Local Authority
239	ISLE OF WIGHT COUNCIL	Local Authority
240	ISLINGTON COUNCIL	Local Authority
241	KENSINGTON AND CHELSEA (ROYAL BOROUGH)	Local Authority
242	KENT COUNTY COUNCIL	Local Authority
243	KETTERING BOROUGH COUNCIL	Local Authority
244	KINGS LYNN AND WEST NORFOLK BOROUGH COUNCIL	Local Authority

245	KINGSTON UPON THAMES (ROYAL BOROUGH OF) COUNCIL	Local Authority
246	KIRKLEES COUNCIL	Local Authority
247	KNOWSLEY BOROUGH COUNCIL	Local Authority
248	LAMBETH COUNCIL	Local Authority
249	LANCASHIRE COUNTY COUNCIL	Local Authority
250	LANCASTER CITY COUNCIL	Local Authority
251	LEEDS CITY COUNCIL	Local Authority
252	LEICESTER CITY COUNCIL	Local Authority
253	LEICESTERSHIRE COUNTY COUNCIL	Local Authority
254	LEWES DISTRICT COUNCIL	Local Authority
255	LEWISHAM LONDON BOROUGH COUNCIL	Local Authority
256	LICHFIELD DISTRICT COUNCIL	Local Authority
257	LINCOLN (CITY OF) COUNCIL	Local Authority
258	LINCOLNSHIRE COUNTY COUNCIL	Local Authority
259	LIVERPOOL CITY COUNCIL	Local Authority
260	LUTON BOROUGH COUNCIL	Local Authority
261	MAIDSTONE, SWALE AND TUNBRIDGE WELLS COUNCILS	Local Authority
262	MALDON DISTRICT COUNCIL	Local Authority
263	MALVERN HILLS AND WYCHAVON DISTRICT COUNCILS	Local Authority
264	MANCHESTER CITY COUNCIL	Local Authority
265	MANSFIELD DISTRICT COUNCIL	Local Authority
266	MEDWAY COUNCIL	Local Authority
267	MELTON BOROUGH COUNCIL	Local Authority
268	MENDIP DISTRICT COUNCIL	Local Authority
269	MERTHYR TYDFIL COUNTY BOROUGH COUNCIL	Local Authority
270	MERTON COUNCIL	Local Authority
271	MID DEVON DISTRICT COUNCIL	Local Authority
272	MID LoTHIAN COUNCIL	Local Authority
273	MID SUFFOLK DISTRICT COUNCIL	Local Authority
274	MID SUSSEX DISTRICT COUNCIL	Local Authority
275	MIDDLESBOROUGH COUNCIL	Local Authority
276	MILTON KEYNES COUNCIL	Local Authority
277	MOLE VALLEY DISTRICT COUNCIL	Local Authority
278	MONMOUTHSHIRE COUNTY COUNCIL	Local Authority
279	MORAY COUNCIL	Local Authority
280	NEATH PORT TALBOT COUNTY BOROUGH COUNCIL	Local Authority
281	NEW FOREST DISTRICT COUNCIL	Local Authority
282	NEWARK AND SHERWOOD FOREST DISTRICT COUNCIL	Local Authority
283	NEWCASTLE UNDER LYME BOROUGH COUNCIL	Local Authority
284	NEWCASTLE CITY COUNCIL	Local Authority
285	NEWHAM COUNCIL	Local Authority
286	NEWPORT CITY COUNCIL	Local Authority
287	NORFOLK COUNTY COUNCIL	Local Authority

288	NORTH AYRSHIRE COUNCIL	Local Authority
289	NORTH DEVON DISTRICT COUNCIL	Local Authority
290	NORTH EAST DERBYSHIRE DISTRICT COUNCIL	Local Authority
291	NORTH EAST LINCOLNSHIRE BOROUGH COUNCIL	Local Authority
292	NORTH HERTFORDSHIRE DISTRICT COUNCIL	Local Authority
293	NORTH KESTEVEN DISTRICT COUNCIL	Local Authority
294	NORTH LANARKSHIRE COUNCIL	Local Authority
295	NORTH LINCOLNSHIRE DISTRICT COUNCIL	Local Authority
296	NORTH NORFOLK DISTRICT COUNCIL	Local Authority
297	NORTH SOMERSET DISTRICT COUNCIL	Local Authority
298	NORTH TYNESIDE DISTRICT COUNCIL	Local Authority
299	NORTH WARWICKSHIRE BOROUGH COUNCIL	Local Authority
300	NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL	Local Authority
301	NORTH YORKSHIRE COUNTY COUNCIL	Local Authority
302	NORTHAMPTON BOROUGH COUNCIL	Local Authority
303	NORTHAMPTONSHIRE COUNTY COUNCIL	Local Authority
304	NORTHUMBERLAND COUNCIL	Local Authority
305	NORWICH CITY COUNCIL	Local Authority
306	NOTTINGHAM CITY COUNCIL	Local Authority
307	NOTTINGHAMSHIRE COUNTY COUNCIL	Local Authority
308	NUNEATON AND BEDWORTH BOROUGH COUNCIL	Local Authority
309	OADBY AND WIGSTON BOROUGH COUNCIL	Local Authority
310	OLDHAM METROPOLITAN BOROUGH COUNCIL	Local Authority
311	ORKNEY ISLANDS COUNCIL	Local Authority
312	OXFORD CITY COUNCIL	Local Authority
313	OXFORDSHIRE COUNTY COUNCIL	Local Authority
314	PEMBROKESHIRE COUNTY COUNCIL	Local Authority
315	PENDLE BOROUGH COUNCIL	Local Authority
316	PERTH AND KINROSS COUNCIL	Local Authority
317	PETERBOROUGH CITY COUNCIL	Local Authority
318	PLYMOUTH CITY COUNCIL	Local Authority
319	PORTSMOUTH CITY COUNCIL	Local Authority
320	POWYS COUNTY COUNCIL	Local Authority
321	PRESTON CITY COUNCIL	Local Authority
322	READING BOROUGH COUNCIL	Local Authority
323	REDBRIDGE COUNCIL	Local Authority
324	REDCAR AND CLEVELAND BOROUGH COUNCIL	Local Authority
325	REIGATE AND BANSTEAD BOROUGH COUNCIL	Local Authority
326	RENFREWSHIRE COUNCIL	Local Authority

327	RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL	Local Authority
328	RIBBLE VALLEY BOROUGH COUNCIL	Local Authority
329	RICHMONDSHIRE DISTRICT COUNCIL	Local Authority
330	ROCHDALE BOROUGH COUNCIL	Local Authority
331	ROCHFORD DISTRICT COUNCIL	Local Authority
332	ROSSENDALE BOROUGH COUNCIL	Local Authority
333	ROTHER DISTRICT COUNCIL	Local Authority
334	ROTHERHAM METROPOLITAN BOROUGH COUNCIL	Local Authority
335	RUGBY BOROUGH COUNCIL	Local Authority
336	RUNNYMEDE BOROUGH COUNCIL	Local Authority
337	RUSHCLIFFE BOROUGH COUNCIL	Local Authority
338	RUSHMOOR BOROUGH COUNCIL	Local Authority
339	RUTLAND COUNTY COUNCIL	Local Authority
340	RYEDALE DISTRICT COUNCIL	Local Authority
341	SALFORD CITY COUNCIL	Local Authority
342	SANDWELL METROPOLITAN BOROUGH COUNCIL	Local Authority
343	SCARBOROUGH BOROUGH COUNCIL	Local Authority
344	SCOTTISH BORDERS COUNCIL	Local Authority
345	SEDGEMOOR DISTRICT COUNCIL	Local Authority
346	SEFTON MET BOROUGH COUNCIL	Local Authority
347	SELBY DISTRICT COUNCIL	Local Authority
348	SEVENOAKS DISTRICT COUNCIL	Local Authority
349	SHEFFIELD CITY COUNCIL	Local Authority
350	SHETLAND ISLANDS COUNCIL	Local Authority
351	SHROPSHIRE COUNCIL	Local Authority
352	SLOUGH BOROUGH COUNCIL	Local Authority
353	SOLIHULL MET BOROUGH COUNCIL	Local Authority
354	SOMERSET COUNTY COUNCIL	Local Authority
355	SOUTH AYRSHIRE COUNCIL	Local Authority
356	SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL	Local Authority
357	SOUTH DERBYSHIRE DISTRICT COUNCIL	Local Authority
358	SOUTH GLOUCESTERSHIRE COUNCIL	Local Authority
359	SOUTH HAMS DISTRICT COUNCIL	Local Authority
360	SOUTH KESTIVEN DISTRICT COUNCIL	Local Authority
361	SOUTH LAKELAND DISTRICT COUNCIL	Local Authority
362	SOUTH LANARKSHIRE COUNCIL	Local Authority
363	SOUTH NORFOLK AND BROADLANDS COUNCIL	Local Authority
364	SOUTH NORTHAMPTONSHIRE COUNCIL	Local Authority
365	SOUTH OXFORDSHIRE DISTRICT COUNCIL	Local Authority
366	SOUTH RIBBLE BOROUGH COUNCIL	Local Authority
367	SOUTH SOMERSET DISTRICT COUNCIL	Local Authority
368	SOUTH STAFFORDSHIRE COUNCIL	Local Authority
369	SOUTH TYNESIDE COUNCIL	Local Authority
370	SOUTHAMPTON CITY COUNCIL	Local Authority
371	SOUTHEND ON SEA BOROUGH COUNCIL	Local Authority

372	SOUTHWARK COUNCIL	Local Authority
373	SPELTHORNE BOROUGH COUNCIL	Local Authority
374	ST ALBANS CITY & DISTRICT COUNCIL	Local Authority
375	ST HELENS BOROUGH COUNCIL	Local Authority
376	STAFFORD BOROUGH COUNCIL	Local Authority
377	STAFFORDSHIRE COUNTY COUNCIL	Local Authority
378	STEVENAGE BOROUGH COUNCIL	Local Authority
379	STIRLING COUNCIL	Local Authority
380	STOCKPORT COUNCIL	Local Authority
381	STOCKTON ON TEES BOROUGH COUNCIL	Local Authority
382	STOKE ON TRENT CITY COUNCIL	Local Authority
383	STRATFORD ON AVON DISTRICT COUNCIL	Local Authority
384	STROUD DISTRICT COUNCIL	Local Authority
385	SUFFOLK COUNTY COUNCIL	Local Authority
386	SOMERSET WEST AND TAUNTON COUNCIL	Local Authority
387	SUNDERLAND CITY COUNCIL	Local Authority
388	SURREY COUNTY COUNCIL	Local Authority
389	SURREY HEATH BOROUGH COUNCIL	Local Authority
390	SUTTON LONDON BOROUGH COUNCIL	Local Authority
391	SWANSEA CITY AND COUNTY COUNCIL	Local Authority
392	SWINDON BOROUGH COUNCIL	Local Authority
393	TAMESIDE MET BOROUGH COUNCIL	Local Authority
394	TAMWORTH BOROUGH COUNCIL	Local Authority
395	TANDRIDGE DISTRICT COUNCIL	Local Authority
396	TEIGNBRIDGE DISTRICT COUNCIL	Local Authority
397	TELFORD AND WREKIN DISTRICT COUNCIL	Local Authority
398	TENDRING DISTRICT COUNCIL	Local Authority
399	TEST VALLEY BOROUGH COUNCIL	Local Authority
400	TEWKESBURY BOROUGH COUNCIL	Local Authority
401	THANET DISTRICT COUNCIL	Local Authority
402	THREE RIVERS DISTRICT COUNCIL	Local Authority
403	THURROCK COUNCIL	Local Authority
404	TONBRIDGE AND MALLING BOROUGH COUNCIL	Local Authority
405	TORBAY DISTRICT COUNCIL	Local Authority
406	TORFAEN COUNTY BOROUGH COUNCIL	Local Authority
407	TORRIDGE DISTRICT COUNCIL	Local Authority
408	TOWER HAMLETS COUNCIL	Local Authority
409	TRAFFORD COUNCIL	Local Authority
410	UTTLESFORD DISTRICT COUNCIL	Local Authority
411	VALE OF GLAMORGAN COUNCIL	Local Authority
412	VALE OF WHITE HORSE DISTRICT COUNCIL	Local Authority
413	WAKEFIELD COUNCIL	Local Authority
414	WALSALL DISTRICT COUNCIL	Local Authority
415	WALTHAM FOREST COUNCIL	Local Authority
416	WANDSWORTH AND RICHMOND COUNCIL SWLFP	Local Authority
417	WARRINGTON BOROUGH COUNCIL	Local Authority
418	WARWICK DISTRICT COUNCIL	Local Authority

419	WARWICKSHIRE COUNTY COUNCIL	Local Authority
420	WATFORD BOROUGH COUNCIL	Local Authority
421	WAVERLEY BOROUGH COUNCIL	Local Authority
422	WEALDEN DISTRICT COUNCIL	Local Authority
423	WELLINGBOROUGH BOROUGH COUNCIL	Local Authority
424	WELWYN HATFIELD DISTRICT COUNCIL	Local Authority
425	WEST BERKSHIRE DISTRICT COUNCIL	Local Authority
426	WEST DEVON BOROUGH COUNCIL	Local Authority
427	WEST DUNBARTONSHIRE COUNCIL	Local Authority
428	WEST LANCASHIRE DISTRICT COUNCIL	Local Authority
429	WEST LINDSEY DISTRICT COUNCIL	Local Authority
430	WEST LOTHIAN COUNCIL	Local Authority
504	WEST OXFORD DISTRICT COUNCIL	Local Authority
431	WEST SUFFOLK COUNCIL	Local Authority
432	WEST SUSSEX COUNTY COUNCIL	Local Authority
433	WESTERN ISLES COUNCIL (COMHAIRLE NAN EILEAN SIAR)	Local Authority
434	WESTMINSTER CITY COUNCIL	Local Authority
435	WEYMOUTH AND PORTLAND BOROUGH COUNCIL	Local Authority
436	WIGAN DISTRICT COUNCIL	Local Authority
437	WILTSHIRE COUNCIL	Local Authority
438	WINCHESTER CITY COUNCIL	Local Authority
439	WINDSOR AND MAIDENHEAD BOROUGH COUNCIL	Local Authority
440	WIRRAL BOROUGH COUNCIL	Local Authority
441	WOKING BOROUGH COUNCIL	Local Authority
442	WOKINGHAM BOROUGH COUNCIL	Local Authority
443	WOLVERHAMPTON (CITY of)	Local Authority
444	WORCESTER CITY COUNCIL	Local Authority
445	WORCESTERSHIRE COUNTY COUNCIL	Local Authority
446	WORTHING & ADUR BOROUGH COUNCIL	Local Authority
447	WREXHAM COUNTY BOROUGH COUNCIL	Local Authority
448	WYRE COUNCIL	Local Authority
449	WYRE FOREST DISTRICT COUNCIL	Local Authority
450	YORK (CITY of) COUNCIL	Local Authority
451	Accountant in Bankruptcy (Scotland)	OPA
452	BANK OF ENGLAND - Prudential Regulation Authority	OPA
453	BRITISH BROADCASTING CORPORATION (BBC)	OPA
454	Care Quality Commissioner (CQC)	OPA
455	Charity Commission for England and Wales	OPA
456	Criminal Cases Review Commission	OPA
457	Centre for Environment, Fisheries and Aquaculture Science (CEFAS)	OPA
458	Competition & Markets Authority (CMA)	OPA
459	Driver and Vehicle Standards Agency (DVSA)	OPA

460	Environment Agency	OPA
461	FINANCIAL CONDUCT AUTHORITY (FCA)	OPA
462	FOOD STANDARDS AGENCY	OPA
463	Food Standards Scotland	OPA
464	Gambling Commission	OPA
465	GANGMASTERS & LABOUR ABUSE AUTHORITY (GLA)	OPA
466	GENERAL PHARMACEUTICAL COUNCIL (GPC)	OPA
467	HEALTH & SAFETY EXECUTIVE (HSE)	OPA
468	HM Chief Inspector of Education, Children's Services and Skills (OFSTED)	OPA
469	Independent Office for Police Conduct (IOPC)	OPA
470	Information Commissioner's Office (ICO)	OPA
471	Police Investigations and Review Commissioner (PIRC)	OPA
472	Office of the Police Ombudsman for Northern Ireland (PONI)	OPA
473	Royal Mail	OPA
476	Rail Accident Investigation Branch (DFT)	OPA
477	Marine Scotland	OPA
478	Maritime & Coastguard Agency (MCA)	OPA
479	Marine Management Organisation	OPA
480	Medicines and Healthcare Products Regulatory Agency (MHRA)	OPA
481	Natural Resources Wales	OPA
482	NHS - Counter Fraud Authority	OPA
483	NHS National Services Scotland	OPA
484	Office of Communications (OFCOM)	OPA
485	SERIOUS FRAUD OFFICE (SFO)	OPA
486	Scottish Criminal Cases Review Commission	OPA
487	Scottish Environment Protection Agency (SEPA)	OPA
488	THE INSOLVENCY SERVICES	OPA
489	The Pensions Regulator	OPA
490	TRANSPORT SCOTLAND	OPA
491	The Welsh Assembly Government	OPA
492	UK National Authority for Counter Eavesdropping	OPA
493	An English Ambulance Trust (10 trusts in England)	OPA
494	Northern Ireland Ambulance Service Health and Social Care Trust	OPA
495	Northern Ireland Fire and Rescue Service Board	OPA
496	Scottish Ambulance Service Board	OPA
497	Welsh Ambulance Services NHS Trust	OPA

498	Department for the Economy in Northern Ireland (Trading Standards)	OPA
499	The Department of Agriculture and Rural Development - NI	OPA
500	The Department of Enterprise, Trade and Investment - NI	OPA
501	The Department of the Environment - NI	OPA
502	Department for Communities in Northern Ireland	OPA
503	Northern Ireland Health and Social Care Regional Business Services Organisation - Counter Fraud and Probity Services	OPA

Public Report with Exempt Appendices
Audit Committee

Committee Name and Date of Committee Meeting

Audit Committee – 28 July 2022

Report Title

Corporate Strategic 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)

Simon Dennis (*Corporate Improvement and Risk Manager*)

Assistant Chief Executive's Department

Extension 22114

simon.dennis@rotherham.gov.uk

Ward(s) Affected

Borough-Wide

Report Summary

This report forms part of the Audit Committee's remit to consider the corporate strategic risk register regularly. The report summarises the current risk register and provides a short summary of our risk management arrangements.

Recommendations

1. **The Audit Committee is asked to consider and note the update and make any comments as necessary.**

List of Appendices Included

Appendix 1 – Corporate Strategic Risk Register – 5th July 2022

Background Papers

Report to Audit Committee; 28th June 2022 (Risk Management Annual Summary)

Report to Audit Committee; 11th January 2022 (Corporate Strategic Risk Register)

Report to Audit Committee; 30th November 2021 (Risk Management Strategy and Policy)

Report to Audit Committee; 29th July 2021 (Corporate Strategic Risk Register)

Consideration by any other Council Committee, Scrutiny or Advisory Panel

See above, the corporate strategic risk register has previously been considered by Audit Committee.

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.

Corporate Strategic Risk Register

1. Background

- 1.1 Although the response to the COVID-19 pandemic, which has seen risk management play a vital role, remains ongoing, risk management arrangements have now broadly returned to normal. This was set out in the Risk Management Annual Summary that was presented to the Audit Committee at its most recent meeting in June.
- 1.2 This report summarises the current arrangements and also presents the current Corporate Strategic Risk Register (CSRR) which has recently been considered by Strategic Leadership Team (SLT).

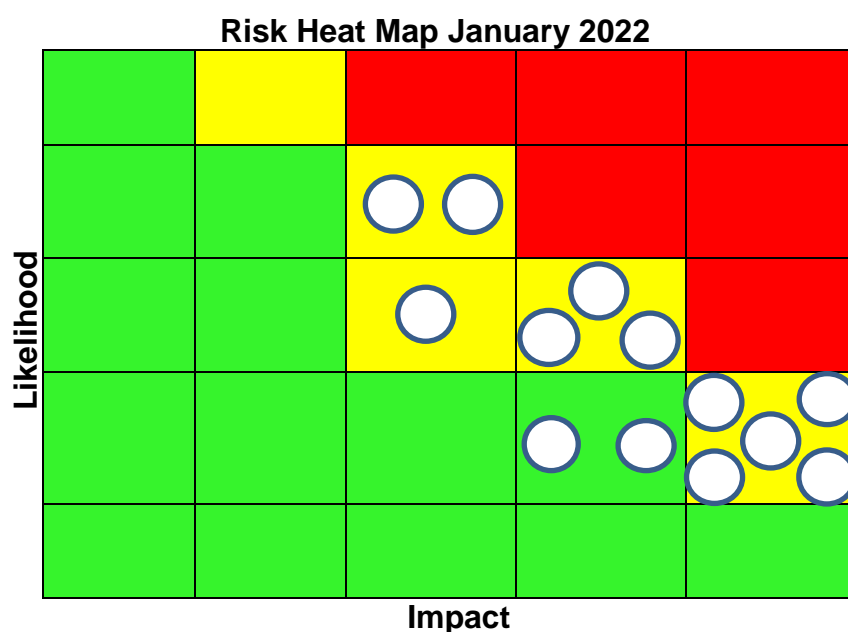
2. Overall Arrangements

- 2.1 The Council's Risk Management Policy and Guide states that risk management is the responsibility of all Council officers. As well as the key responsibilities in the policy, the Council has a group of Risk Champions, each of whom leads on risk for their Strategic Director. The Risk Champions, Assistant Chief Executive and the Corporate Improvement and Risk Manager form the Risk Champions Group. This group is responsible for co-ordinating risk management across the Council in normal circumstances.
- 2.2 The CSRR has been completed following reviews of individual risks by Directorate Leadership Teams (DLTs). Every risk on the register is owned by a member of SLT and appears on their Directorate's risk register.
- 2.3 The CSRR has also been formally reviewed both at joint SLT/Assistant Director performance management meetings and at separate SLT meetings. Most recently, the CSRR has been reviewed at SLT in June and SLT/AD in July, with both meetings making substantial comments on the document. These meeting will continue to review the CSRR every three months.
- 2.4 The register is also reported regularly to the Audit Committee alongside the annual "Deep Dives" of individual Directorate risk registers. Additionally, the Corporate Improvement and Risk Manager, through the Risk Champions, ensures updates are obtained from all risk owners, reviews each update, and draws attention to issues or missing updates.
- 2.5 There are 3 categories of risk Red, Amber, Green (RAG) representing varying degrees of exposure. Each category contains a range of risk scores and the table overleaf shows how the RAG rating and score are derived.

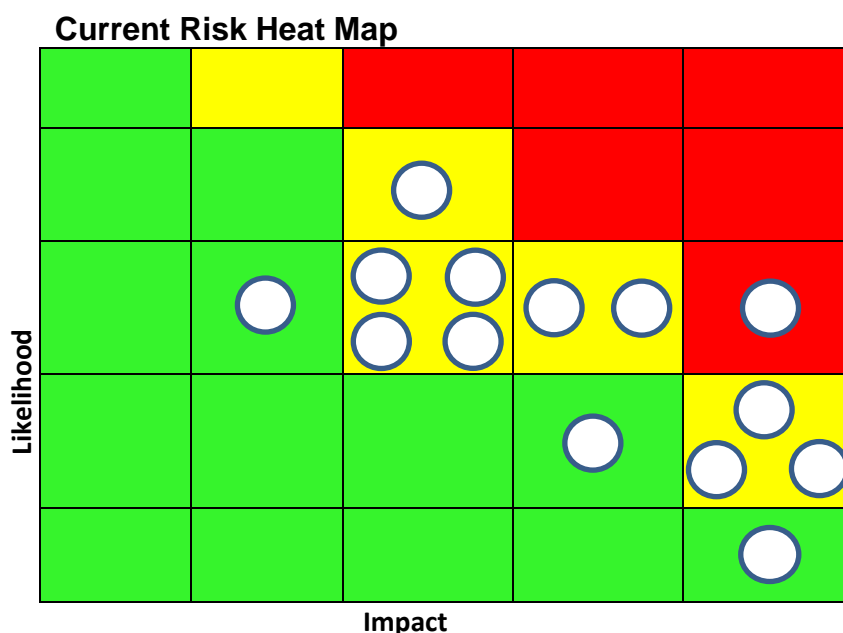
LIKELIHOOD (A)	Almost Certain 5	5	10	15	20	25
	Probable / Likely 4	4	8	12	16	20
	Possible 3	3	6	9	12	15
	Unlikely 2	2	4	6	8	10
	Very unlikely / Rare 1	1	2	3	4	5
		Insignificant / Negligible 1	Minor 2	Moderate 3	Major 4	Critical or Catastrophic 5
IMPACT (B)						

3. Corporate Strategic Risk Register

- 3.1 The Audit Committee's receives two reports a year on the overall status of the Council's strategic risks. As the Committee will be aware, the CSRR (which is attached at Appendix 1) is currently aligned to the Council's current Year Ahead Plan.
- 3.2 The last "heat map" which was reported to the Committee in January 2022 showed the risk profile below:



- 3.3 The current “heat map” for the strategic risks included in this update of the register is shown in the table below:



- 3.4 The table below shows that the pattern of reducing assessed risk has broadly continued. This also reflects the increasing grasp on the key risks that need to be managed at a strategic level. This improvement, inevitably, slowed during the pandemic but the overall track in the last two years remains an improving one. Since January 2021, just over 73% of risks monitored at a strategic level have reduced or been removed, just over 6% have remained stable and 20% have increased or are new to the register.

Number	Risk Summary	Jan 21	Jul 21	Dec 21	Jul 22	Risk Movement (Jan 2021 compared to Jul 2022) ↓ = Risk level reduced ↑ = Risk level increased → = Risk level static
SLT01	Children's safeguarding	15	10	10	10	↓
SLT03	Failure to deliver the Council Plan due to the pressures generated by the cost-of-living crisis	16*	16*	12*	12	↓*
SLT04	Making sustainable improvement in Children's Services	15	10	10	10	↓

SLT07	Response to a future pandemic	15	15	8	5	↓
SLT08	Failure to enhance community cohesion	12	8	8	8	↓
SLT09	Communications fail to be of sufficient quality	12	12	12	6	↓
SLT10	Failure to attract new business and investment	9	12	12	12	↑
SLT11	Risk of lack of effective partnership working	10	10	10	12	↑
SLT16	Financial plans and budget gap	15	10	10	10	↓
SLT22	Failure to comply with Mental Capacity Act/DoLs	9	9	9	9	→
SLT27	Health and Safety and operational risks from property	10	12	12	9	↓
SLT 34	Impact of EU trade deal on the economy	16	-	-	-	↓
SLT 35	Impact of the COVID pandemic	20	15	10	15	↓
SLT 36	Insufficient resources committed to Carbon Reduction Plan	16	16	12	9	↓
SLT37	Failure to manage and deliver projects	-	-	-	9	↑

* Risk Detail has changed and risk is not now directly comparable – see 3.6 below

- 3.5 The Committee will note that since its last full update in December 2021, there has been one addition to the CSRR. This is risk number SLT37 and relates to the Council's ability to deliver the wider range of projects, schemes, and initiatives which it is committed to. There have been no risks removed from the risk register, although one risk has been modified as set out in the following paragraph. In total, there are now 14 risks on the CSRR, up from 13 risks in December 2021.
- 3.6 Risk number SLT03 has been rewritten to more accurately reflect the risk that the Council is 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 has

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 are similar to the previous risk but have been enhanced to reflect the wider potential impact of this risk.

- 3.7 The Committee will also be aware that the risk management process was reviewed by Internal Audit during early 2022. This review compared our 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 is the highest assurance level possible. A further review will be carried out in 2023.

4.0 Future Developments

- 4.1 The Committee will be aware that the Council approved its new Council Plan in January 2022. As a result, the CSRR has been updated and aligned with that Plan and this is the first time that the Committee has considered the CSRR with this new alignment.
- 4.2 As reported to the previous Committee meeting in June, a refreshed approach to risk management training is currently being delivered. This includes a new online package, which will be rolled out in September 2022, alongside the latest iteration of the management training which is already in place.
- 4.3 Finally, the Committee will be aware that the Council's Risk Management Policy and Guide was reviewed and approved at its November 2021 meeting. A further refresh will be carried out in late 2022 and will be presented to this Committee at its November 2022 meeting.

5. Options considered and recommended proposal

- 5.1 Not applicable.

6. Consultation

- 6.1 The risks included in this report have been drawn from Directorate Risk Registers.

7. Timetable and Accountability for Implementing this Decision

- 7.1 Not applicable.

8. Financial and Procurement Implications

- 8.1 The risks referred to in the table at section 3.4 require ongoing management action. In some cases, additional resources may be necessary to implement the relevant actions or mitigate risks. Any additional costs associated with the management of these risks will be contained within overall budgets or otherwise reported through the monthly financial monitoring arrangements and to Cabinet if appropriate.

9. Legal Implications

- 9.1 There are no direct legal implications arising from the risk register. Any actions taken by the Council in response to risks identified will consider any specific legal implications.

10. Human Resources Implications

- 10.1 There are no Human Resources implications associated with the proposals.

11. Implications for Children and Young People and Vulnerable Adults

- 11.1 The strategic risk register incorporates the CYPS risks that are of significance at a corporate / strategic level.

12. Equalities and Human Rights Implications

- 12.1 Proposals for addressing individual risks within the register incorporate equalities and human rights considerations where appropriate.

13. Implications for Partners and Other Directorates

- 13.1 The actions relating to any issues affecting partners are reflected in the risk register and accompanying risk mitigation action plans.

14. Risks and Mitigation

- 14.1 It is important to review the effectiveness of our approach to capturing, managing, and reporting risks on an ongoing basis. This report sets out how the approach to risk management will be developed over the course of the coming year.

15. Accountable Officer:

Simon Dennis (Corporate Improvement and Risk Manager)

Approvals Obtained from: -

Jo Brown, (Assistant Chief Executive)

This report is published on the Council's website or can be found at:

Not Applicable – Private Report

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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**Public Report****Audit Committee**

Committee Name and Date of Committee Meeting:

Audit Committee – 28th July 2022

Report title:

External inspections, reviews, and audits update

Is this a Key Decision and has it been included in 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*)

Assistant Chief Executive's Department

tanya.lound@rotherham.gov.uk

Simon Dennis (*Corporate Improvement and Risk Manager*)

Assistant Chief Executive's Department

simon.dennis@rotherham.gov.uk

Ward(s) Affected:

All

Report Summary:

In line with the Audit Committee terms of reference, the purpose of this report is to provide details of the recent external inspections, reviews and audits as well as to provide assurance that outgoing and outstanding recommendations from earlier inspections, audits and reviews, are being progressed.

The report provides a summary of progress against the recommendations from all external inspections, reviews and audits and sets out the details of arrangements for ensuring the accountability and governance around their implementation.

Recommendations:

That Audit Committee:

- Note the recent external inspections, reviews and audits which have taken place and the progress made relating to ongoing recommendations
- Note the governance arrangements in place for monitoring and managing the recommendations

- Continue to receive regular reports.

List of Appendices Included:

None

Background Papers

External audit and inspection recommendations reports to Audit Committee on 18th June 2019, 26th November 2019, 18th August 2020, 19th January 2021, 29th July 2021 and 11th January 2022.

Consideration by any other Council Committee, Scrutiny or Advisory Panel

None

Council Approval Required

No

Exempt from the Press and Public

No

External audits, inspections and reviews update

1. Background

1.1 In line with the Audit Committee terms of reference, the purpose of this report is to provide details of the recent external inspections, reviews and audits across the Council and assurance that ongoing and outstanding recommendations, relating to those that have taken place previously, are being progressed.

1.2 The last report was presented to Audit Committee on 11th January 2022. The report referred to:

- Thirteen external inspections, reviews and audits that had taken place since 29th July 2021, resulting in twenty-five recommendations (eighteen had been implemented, five remained ongoing, two did not require action and the outcome of one was not yet known)
- In addition, out of the fourteen ongoing recommendations relating to external inspections, reviews and audits that took place previously, three had been implemented and eleven remained ongoing.

1.3 At the meeting in January 2022, Audit Committee noted:

- That the governance arrangements that were currently in place for monitoring and managing the recommendations from external audits and inspections, as now reported, be noted
- That the Audit Committee continue to receive regular reports in relation to external audit and inspections and the progress made in implementing recommendations
- That discussions take place with the Strategic Leadership Team (SLT) regarding the setting of performance measures for actions set by external audits/inspections that do not state a timeline for completion.

2. Key issues

2.1 This report provides an overview of key areas of concern relating to external inspections, reviews, and audits, including action taken or to be taken and the associated governance arrangements. This is intended to provide the Audit Committee with assurance that appropriate arrangements are in place for managing the Council's response, in line with the Audit Committee's responsibilities.

2.2 Governance arrangements are in place for monitoring and managing external inspection, review, and audit recommendations within each directorate. In addition, the content of this report, along with additional supporting information around arrangements in each directorate, has been considered and approved by SLT.

- 2.3 With regards to the request at Audit Committee relating to the possibility of having a set of performance measures for monitoring performance, external audit and inspection recommendations are received into the Council via Strategic Directors, who take responsibility for implementing the necessary actions to take them forward. They will also ensure that this is reported into the appropriate committee, for oversight and transparency.
- 2.4 Since 11th January 2022, seven external inspections, reviews and audits have taken place and forty-seven recommendations/areas for improvement made, of which twenty-seven have been implemented, twelve are ongoing and eight have not yet started. The outcome is not yet known for three of the inspections and peer reviews conducted.
- 2.5 In addition, three of the ongoing recommendations relating to external inspections, reviews and audits that took place prior to January 2022 have now been implemented, and twelve remain ongoing, four of which are awaiting final sign off.
- 2.6 Four previously reported ongoing inspections/audits require no further action, due to no recommendations or areas for improvement being identified and the closure of Parkhill Lodge.
- 2.6 An update for each directorate is provided below.

3. Children and Young People's Services

- 3.1 One peer review and one inspection has taken place since the last report. The peer review identified thirteen potential areas for improvement. The outcome of the inspection is not yet known. Further details are provided below.
- 3.2 Of the recommendations from external inspections, reviews and audits that took place previously, one recommendation has been completed since the last report and eleven recommendations remain ongoing, four of which are awaiting final sign off.
- 3.3 The tables below provide a summary of new and ongoing external inspections, reviews and audits.

<u>New</u> external inspections reviews and audits				
Title	Date	Outcome	Number of recommendations	Status
Rotherham Youth Justice Service Peer Review (The Youth Justice Board)	March 2022	No formal outcome or recommendations from the peer review, however 13 areas for improvement identified for consideration.	13 areas for improvement identified for consideration.	Ongoing (8 areas underway and 5 areas not yet started)

				As requested by the Committee all except 3 recommendations have inclusion of target dates and completion dates. The 3 that do not are awaiting the appointment of the Youth Justice Manager and will have target dates put in place following this.
Inspecting local authority services for children (ILACS) Short Inspection (Ofsted)	June 2022	Awaiting outcome.	Unknown.	Awaiting outcome.

Ongoing external inspections reviews and audits (*those reported previously which had ongoing recommendations*)

Title	Date	Outcome	No recs	Implemented:		Status
				At last report	Since last report	
Inspection of Local Authority Children's Services (ILACS) Framework - Focus on permanence planning and achieving permanence (Ofsted)	March 2019	Looked after children in Rotherham are receiving a "strong" service that has significantly improved	3	1	0	Partially complete (1 complete and 2 ongoing) Although two ongoing, one is complete and awaiting final sign off at Evidence Challenge panel. As requested by the Committee all recommendations have inclusion of target dates and completion dates.
Troubled Families (Ministry of Housing, Communities and Local Government)	July 2019	Feedback extremely positive and six recommendations made, which included a recommendation to enhance systems.	6	5	0	Partially complete (5 complete and 1 ongoing) As requested by the Committee all recommendations have inclusion of target dates and completion dates.
Youth Offending Service Inspection (HMIP)	14 – 17 th September 2020	The RMBC YOT (Youth Offending Team) received an overall rating of 'Requires Improvement'.	5	4	1	Complete All 5 recommendations now complete.

		Report, detailing the findings and recommendations published on the 17 th December 2020.				
Focused visit to Rotherham children's services (<i>Ofsted</i>)	20 – 22 nd October 2020	No formal overall outcome from the inspection. A letter providing four recommendations has been published. Noted that Rotherham children's services reacted rapidly and effectively to the COVID-19 pandemic in the early 2020.	4	0	0	Ongoing (4 recs ongoing) Although four recs ongoing, three are complete and awaiting final sign off at Evidence Challenge panel. As requested by the Committee all recommendations have inclusion of target dates and completion dates.
Joint Area SEND Inspection (<i>Ofsted and CQC</i>)	5 th -9 th July 2021	No formal overall outcome from the inspection. A letter providing four recommendations has been published.	4	0	0	Ongoing (4 recs ongoing) As requested by the Committee all recommendations have inclusion of target dates and completion dates.

3.4 Rotherham Youth Justice Service Peer Review (*The Youth Justice Board*)

3.4.1 The Youth Justice Board (YJB) were asked to undertake a review of Rotherham's Youth Justice Service to assess progress against the September 2020 Inspection findings. The peer review was conducted in March 2022.

3.4.2 There was no formal outcome or recommendations from the peer review, however thirteen areas for consideration were identified. These included:

1. Develop a new Vision for the partnership and agree priorities going forward
2. Youth Justice Partners to embed the new LAC Protocol (Reducing unnecessary criminalisation of children) and consider where the operational monitoring of the strategy will be owned, tracked and reviewed
3. Understand and respond to an increase in First Time Entrants (FTE)
4. Explore how the partnership can expedite Health pathways and access to health and wellbeing support for children & young people open to the Youth Justice Service
5. Strengthen the Education, Employment and Training Offer for Youth Justice young people
6. Develop how data is presented to the Partnership Board to ensure improvements within the youth justice system can be driven by the partnership to adopt a problem-solving approach to issues and challenges
7. Enhance Board oversight of effectiveness of Out of Court Disposal decision making across the partnership
8. Appoint a Vice Chair to the Youth Justice Partnership Board

9. Review National Standards and Identify and develop operational thematic leads within the Youth Justice Service
10. Strengthen current quality assurance arrangements through thematic partnership audits
11. Review the partnership sharing and escalation processes and include in new working agreements
12. Review the Youth Justice Service's Risk Management Policy and clarify the role of the wider partnership (for example, CAMHS, Education and the Police) and their input into child specific risk management plans
13. Workforce and partnership development including the induction for staff (including secondees), volunteers and partnership board members.

3.4.3 The Peer Review report and findings have been shared with the Rotherham Youth Justice Partnership Board, Improving Lives Select Commission, the Strategic Leadership Team and the Safer Rotherham Partnership.

3.4.4 Work is underway to address the areas of improvement by the Rotherham Youth Justice Partnership Board through the Youth Justice Plan 22/23.

3.5 Inspecting local authority services for children (ILACS) Short Inspection (Ofsted)

3.5.1 Every three years Ofsted conducted an inspection to review the effectiveness of local authority services and arrangements for Children and Young People. The inspection was conducted in June 2022.

3.5.2 The review findings have not yet been received.

3.6 Inspection of Local Authority Children's Services (ILACS) Framework – Focused visit on permanence and planning (Ofsted)

3.6.1 Ofsted undertook an Inspection of Local Authority Children's Services (ILACS) Framework on 21st March 2019 focusing on planning and achieving permanence.

3.6.2 No formal judgement was given but the inspectors stated looked after children in Rotherham are receiving a "strong" service that has significantly improved. Three recommendations were made, one of which has been implemented and is now complete, and two are ongoing:

- The quality and consistency of written planning, so that it matches up to social workers' verbal accounts of their plans
- Sufficiency of in-house options, to avoid the use of unregulated placements when finding places for children in care to live.

3.6.3 Work around the quality and consistency of written planning is complete and awaiting final sign off as part of the Evidence Challenge Panel process, before final sign off by DLT in August 2022.

- 3.6.4 Progress is managed via the Children and Young People's Service (CYPS) Development Plan and challenged as part of the CYPS quality assurance process. Discussions also take place with Ofsted as part of Annual Conversations.

3.7 Troubled Families (*Ministry of Housing, Communities and Local Government (MHCLG)*)

- 3.7.1 A troubled families spot check was carried out in July 2019 by the Ministry of Housing and Local Government. The purpose of the inspection was to review processes, performance and systems and identify areas for improvement.
- 3.7.2 Six recommendations were made, five of which have been implemented and are complete, and one is still ongoing and scheduled for completion March 2023:

- Align better Troubled Families data with the Corporate Context.

- 3.7.3 Progress is managed via the Children and Young People's Service (CYPS) Development Plan and challenged as part of the CYPS quality assurance process.

3.8 Youth Services Inspection (*Her Majesty's Inspectorate of Probation (HMIP)*)

- 3.8.1 A virtual inspection was conducted by HMIP between 14th and 17th September 2020. The visit looked at the quality and impact of key decision-making across three domains: organisational delivery of services; the planning and delivery of court disposals; and the planning and delivery of out-of-court disposals.
- 3.8.2 The findings published on 17th December 2020 found that the service, overall, 'Requires improvement'.
- 3.8.3 Within the report, five recommendations were made regarding areas which required improvement. Four of these had been implemented at the last report.
- 3.8.4 Work to implement the final recommendation (Rec: Undertake comprehensive health needs analysis of Youth Offending Team children to better understand the health provision being delivered and what needs to be developed) is now complete and has been approved as part of the Evidence Challenge Panel process, before final sign off by DLT in August 2022. The new Child and Adolescent Mental Health Service (CAMHS) and speech and language therapy pathways are operational, and training has been delivered.

3.9 Focused visit to Rotherham children's services (*Ofsted*)

- 3.9.1 A virtual focused visit was conducted by Ofsted between 20th and 22nd October 2020 to look at the quality and impact of key decision-making across help and

protection, children in care and services for care leavers, together with the impact of leadership on service development.

3.9.2 Four recommendations were made regarding areas which required improvement. These included:

- The quality and monitoring of children's plans
- Placement sufficiency to reduce the need for children to be placed out of authority and in unregistered provision
- The timeliness of children in care accessing education
- The timely return to full-time education for children with SEND.

3.9.3 The first two actions are tracked as part of the findings of the Ofsted Focused Visit in March 2019 (see above).

3.9.4 Activities in relation to the first and final two actions are now complete, however they are awaiting formal review and approval at the Evidence Challenge Panel to provide assurance, before final sign off by DLT in August 2022. Sign off is later than anticipated, due to a presentation at the social care whole service event in May 2022.

3.10 Joint Area Special Educational Needs and/or Disabilities (SEND) inspection (*Ofsted and CQC*)

3.10.1 Between 5th–9th 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 Special Educational Needs and/or Disabilities (SEND) reforms as set out in the Children and Families Act 2014.

3.10.2 A letter detailing the findings was published on 19th October 2021. This identified four areas of concern and requested a Written Statement of Action (WsoA) to respond to the concerns, to be submitted by 22nd January 2022. These included:

- The variability in the quality of Education, Health and Care plans, including the contribution of health and social care partners
- The effectiveness of the graduated response to identify and meet children and young people's needs, especially in key stages one and two
- The quality of provision for children and young people's preparation for, and transition to, adulthood
- Communication with all parents and carers of children and young people with SEND about the local offer, and the accessibility of the very valuable information included within the local offer.

3.10.3 A formal Written Statement of Action (WsoA) has been jointly developed with the Clinical Commissioning Group (CCG) which has been approved by the

inspectorate. This sets out the key actions and timelines to be undertaken to address these areas for improvement.

- 3.10.4 Progress has been made in respect of all recommendations. The first monitoring meeting has been held with the Department for Education (DfE) and National Health Service Improvement England who monitor operational delivery of the WsoA, feedback has been provided by DfE that assurance is in place and that Rotherham has met requirements of implementation of its WsoA.
- 3.10.5 Formal internal governance arrangements are in place to review and challenge progress made against the actions. The SEND Executive Board meets bi-monthly to review and hold accountability against progress.

4. Adult Care, Housing and Public Health

- 4.1 Three inspections have taken place since the last report which made thirty-four recommendations in total. Twenty-seven of these have been implemented, four are ongoing and three have not yet started. Further details are provided below.
- 4.2 There are no recommendations outstanding from external inspections, reviews and audits that took place prior to January 2022.
- 4.3 It was previously reported that there was one outstanding recommendation relating to the CQC inspection of Parkhill Lodge (Adult Social Care) and the medium-term plan to look for alternative premises. However, the Parkhill Lodge building at Maltby has since been closed and successfully decommissioned.
- 4.4 In addition, the previous report referenced an audit of the corporate advocacy and appeals service in housing undertaken by the Advice Services Alliance. The desktop audit took place in October 2021 and an in-person assessment was conducted in November 2021. Although the recommendations from the desktop audit were complete, the Council was awaiting the report on the in-person inspection. This has now been received and no recommendations were made. Therefore, no further action is required.
- 4.5 The tables below provide a summary of new and ongoing external inspections, reviews and audits.

<u>New</u> external inspections reviews and audits				
Title	Date	Outcome	Number of recs	Status
Compliance Audit 2021/22 (Homes England)	September 2021 with the report issued in January 2022	Red graded due to three high severity breaches and two low severity breaches.	2	Complete
Repairs and Maintenance Cost Collection Workbook (Contracted services Engie and Mears) (Stradia)	September – October 2021 – Report returned Jan 2022	Positive review, however, twenty-four observations made, the bulk of which related to definition of actual cost and what can and cannot be charged to the contract.	24	Partially complete (23 recommendations complete, 1 ongoing) As requested by the Committee the remaining

				recommendation has the inclusion of target date and completion date.
Community substance misuse service Rotherham (inspection of contracted service Change, Grow, Live) (CQC)	22 April 2022	Requires improvement and eight recommendations made.	8	Ongoing (2 recommendations complete, 3 ongoing and 3 not yet started) As requested by the Committee all recommendations have inclusion of target dates and completion dates.

Ongoing external inspections reviews and audits <i>(those reported previously which had ongoing recommendations)</i>						
Title	Date	Outcome	No recs	Implemented:		Status
				At last report	Since last report	
Adult Social Care – Inspection of Parkhill Lodge (CQC)	24 th January 2018	Good overall rating, with good individual ratings within all sub-categories of Safe; Effective; Caring; Responsive. Well-led category - requires improvement	2	1	0	Closed. No further action required. Premises closed.
Advice Quality Standard (Advice Services Alliance)	22 nd October 2021 (Desktop Audit) & 19 th November 2021	Desktop audit - five recommendations made. The report from the in-person inspection identified no further recommendations.	5	5	0	Closed. No further action required. No further recommendations from desktop inspection.

4.5 Compliance Audit 2021/22 (*Homes England*)

- 4.5.1 Homes England conducted a compliance audit in September 2021. The purpose of the audit was to check provider compliance with Homes England's policies, procedures and funding conditions.
- 4.5.3 Standardised checks are made by independent auditors on an agreed sample of Homes England schemes funded under affordable housing programmes. The findings and areas determined to be 'breaches' are reported back to the local authority.
- 4.5.4 The audit report was received in January 2022 and concluded that the Council was 'red' graded due to three high severity breaches and two low severity breaches having been identified. The following recommendations were made:

- The provider should review their processes and add the necessary steps to prevent similar issues reoccurring in the future. Ensure the revised process meets the Capital Funding Guide requirements and funding conditions.
- The provider is expected to revise and correct the identified issue in all current grant funded developments.

4.5.5 Both recommendations and a range of actions have been implemented since receiving the inspection report, with the support and oversight of Internal Audit. These have included:

- New procedures
- Staff training
- Proactive review of all schemes that could be audited
- Detailed discussions with Homes England.

4.5.6 Implementation of the recommendations was overseen by the Directorate Leadership Team.

4.5.7 Workshops have been held with staff in other directorates to share learning and raise awareness of grant funding compliance requirements to ensure everyone is clear about their individual roles and responsibilities and the importance of ensuring compliance for all schemes.

4.6 Repairs and Maintenance Cost Collection Workbook (Contracted services Engie and Mears) (*Stradia*)

4.6.1 An annual audit has been carried out by Stradia to verify the Cost Collection Workbooks for Engie and Mears provided by RMBC, for the year April 2020 to March 2021 and all observations and recommendations have been acted upon. Legal services and the Assistant Director for Housing Services were consulted about the outstanding contractual recommendation relating to allowable cost.

4.6.2 The audit reports were received in January 2022 and included twenty-four recommendations, focussed around:

- Allowable costs
- Furlough payments
- Accrual queries/missing invoice
- Schedule of rates with supply chains
- Clarity on staffing and roles.

4.6.3 Twenty-three of the recommendations have been completed by Engie and Mears and one remains ongoing.

4.6.4 Implementation of the recommendations is overseen by the Commercial Manager, and Head of Service.

4.7 Community Substance Misuse Service Rotherham (inspection of contracted service Change, Grow, Live) (CQC)

4.7.1 The Care Quality Commission (CQC) undertook an inspection of the Community Substance Misuse Service on 24th April 2022, a commissioned service delivered by Change, Grow, Live, voluntary organisation. The inspection was undertaken to establish the quality of the service being provided and was focused around whether they were safe, effective, caring, responsive and well-led.

4.7.2 Eight recommendations were made including:

- Ensure staff know how to handle complaints and who to pass them on to
- Recovery activities to be promoted effectively with clients receiving treatment through their GP.
- Ensure that systems and processes are operating effectively to assess, monitor and improve the quality of the service. This includes ensuring there is appropriate guidance for staff on care planning, what issues should be discussed in team meetings and timely review of procedures that impact on clients having to wait outside.
- Embed governance processes, including local governance meetings and guidance for staff about what they should discuss in team meetings.
- Ensure that care plans are recovery orientated and treatment goals reflect the full range of client need.
- Suitable guidance for staff on how to develop recovery orientated care plans.
- Develop holistic, recovery-oriented care plans and evidence that clients have been offered copies of their care plans.
- Review the waiting area arrangements.

4.7.3 The first two recommendations are complete and complaints training was provided in June 2022 to raise awareness of complaints handling and the effective promotion of recovery activities.

4.7.4 Three recommendations are ongoing and three are yet to start. All recommendations are scheduled to be completed by August 2022.

4.7.5 Progress is being monitored at the contract performance meetings led by the designated Public Health Commissioning Manager and Commissioning are to undertake a site audit in August 2022 to review and evidence actions to date.

5. Regeneration and Environment Services

5.1 There have been no new external audits since the last report.

5.2 Of the recommendations from external inspections, reviews and audits that took place previously, one recommendation remains ongoing.

5.3 The table below provides a summary of the ongoing external inspections, reviews and audits.

Ongoing external inspections reviews and audits <i>(those reported previously which had ongoing recommendations)</i>						
Title	Date	Outcome	Number of recs	Implemented:		Status
				At last report	Since last report	
Sports Ground Safety Audit (Sports Ground Safety Authority) (Follow-up Inspection)	June 2021	Council risk rating improved to "medium risk"	9 recommendations	8	0	Partially Complete (8 complete, 1 ongoing)

5.4 Sports Ground Safety Audit (*Sports Ground Safety Authority*)

- 5.4.1 In October 2020, the Sports Ground Safety Authority undertook an audit of the Council to ensure that the designated sports ground within the borough (Rotherham United Football Ground) was operating safely and that the local authority is discharging its duties appropriately under the Safety of Sports Ground Act 1975.
- 5.4.2 The initial audit identified several areas of concern (nine recommendations), resulting in the Council's risk rating being 'high'.
- 5.4.3 A follow up audit took place on 30th June 2021 resulting in the Council's risk rating improving to 'medium risk'. The final report was issued on 7th July 2021.
- 5.4.4 At the last report in January 2022, one recommendation was ongoing relating to administrative procedures around safety documentation. The Safety Certificate was reviewed in September 2021. A review of the operations manual took place in July 2021 and again throughout May/June 2022. A further review is scheduled during the annual inspection of the stadium on 21st July 2022..
- 5.4.5 Implementation is overseen by the Management Team.

6. Finance and Customer Services

- 6.1 One peer review has taken place since the last report and the Council is awaiting the findings. Further details are provided below.
- 6.2 Of the recommendations from external inspections, reviews and audits that took place previously, all recommendations are now complete.
- 6.3 The tables below provide a summary of new and ongoing external inspections, reviews and audits.

New external inspections reviews and audits				
Title	Date	Outcome	Recommendations	Status
Customer Service Peer Review (LGA)	June 2022	Awaiting findings	Unknown	Awaiting final report

Ongoing external inspections reviews and audits <i>(those reported previously which had ongoing recommendations)</i>						
Title	Date	Outcome	Recommendations	Implemented:		Status
				At last report	Since last report	
Audit of Pooling of Housing Capital Receipts 2020/2021 (KPMG)	13 February 2022	No exceptions or errors identified, clean audit opinion with no recommendations	0	n/a	n/a	No formal recommendations.
Audit of Financial Statements 2020/21 (Grant Thornton)	August to November 2021	Unqualified (clean) opinion	3	2 did not require action	1	Complete
Public Services Network (PSN) Connection Compliance (Cabinet Office)	May 2021	Passed – RMBC has a PSN Certificate for 2022/23	0	n/a	n/a	No formal recommendations.
Regulatory and Investigatory Act 2000 (RIPA) (Investigatory Powers Commissioner's Office)	July 2020	Clean audit	1	0	1	Complete

6.4 Customer Service Peer Review (LGA)

- 6.4.1 In June 2022 the LGA conducted a peer review of Customer Service. The review looked at the current position and performance of customer service across the Council. The Council is awaiting the findings. The report will highlight any areas that would benefit from further improvement, and these will then be considered for inclusion in the Customer Experience Programme for future delivery.

6.5 Audit of Pooling of Housing Capital Receipts 2020/2021 (KPMG)

- 6.5.1 The annual audit commenced in November 2021 and on 13th February 2022 the Council received a clean audit opinion with no recommendations.

- 6.5.2 This is a statutory requirement of Government to have the Council's pooling return audited to ensure that the Council has fully disclosed and correctly accounted for all capital receipts generated by right to buy sales.

6.6 Audit of Financial Statements 2020/21 (*Grant Thornton*)

- 6.6.1 The annual audit is conducted to ensure that the statements provide a true and fair view of the financial position of the Council and have been prepared in accordance with the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Local Authority Accounting.
- 6.6.2 The audit was conducted between August – November 2021.
- 6.6.3 On 3rd December 2021 the Council received an 'unqualified' (clean) opinion and the feedback included three recommendations/areas for consideration:
- Future changes to Minimum Revenue Provision (MRP) policy and reprofiling should have due regard to statutory guidance and be prudent and affordable for future medium- and long-term financial planning
 - Consider moving its valuation date for land and buildings closer to the balance sheet date of 31st March
 - Consider revising the related party note to remove over disclosure.
- 6.6.4 All recommendations are now complete, and the following action has been taken:
- The current MRP policy is determined in accordance with statutory guidance and considered reasonable. This policy is kept under review and any changes to statutory guidance will be reflected in the policy. Therefore, no further action is required.
 - The Council has reviewed its valuation process and has adjusted the valuation date of DRC valuations from 1st April to 1st January which makes it closer to the yearend balance sheet date of 31st March.
 - The Council is comfortable with the level of information disclosed and does not intend to adjust its related party disclosure note. Therefore, no further action is required.

6.7 Public Services Network (PSN) Connection Compliance (*Cabinet Office*)

- 6.7.1 The Public Services Network (PSN), is a Her Majesty's Government (HMG) initiative that provides assurance to all public sector participants that all connecting organisations have a mature, stable, and secure network. Certification is hard to achieve, and most Councils are 'working towards' compliance.
- 6.7.2 Access to PSN is still possible provided you submit an annual application for review that outlines the organisation's current security position. The compliance process exists to provide the PSN community with assurance that their data is protected to an agreed level.
- 6.7.3 The annual application was submitted by the Council in May 2021 and a further updated submission was sent in November 2021 reflecting the further security improvements and investments in IT Infrastructure.

6.7.4 On 7th January 2022 Cabinet Office confirmed that the Council passed the PSN Certificate for 2022/23 and work is now taking place in preparation for the 2023 submission to ensure any required updates or changes to RMBC IT systems are completed in time for the next assessment.

6.8 Regulatory and Investigatory Act 2000 (RIPA) (*Investigatory Powers Commissioners Office*)

6.8.1 The Regulation of Investigatory Powers Act 2000 (RIPA) provides a mechanism to make it lawful for public bodies, such as local authorities, to use directed (i.e. covert) surveillance and covert human intelligence sources e.g. undercover officers and public informants for the purposes of the detection and prevention of crime. RIPA also provides a mechanism for public bodies, such as local authorities, to acquire communications data where it is proportionate and necessary to do so for the purposes of the detection and prevention of crime.

6.8.2 On the 2nd July 2020 a desktop inspection by the Investigatory Powers Commissioners Office took place. The outcome of inspection was positive, however there was one recommendation relating to awareness training for staff who do not necessarily encounter potential RIPA issues on a regular basis.

6.8.2 This recommendation is now complete and RIPA awareness training took place on the 3rd March 2022 for the RIPA Coordinator, and all Council Officers directly involved, to ensure that RIPA legislation is cascaded to individual directorates to reduce any potential risk arising from any unauthorised activity.

7. Assistant Chief Executive

7.1 One peer review has taken place since the last report and the Council is awaiting the findings. Further details are provided below.

7.2 The table below provides a summary of new external inspections, reviews and audits.

<u>New</u> external inspections reviews and audits				
Title	Date	Outcome	Recommendations	Status
Equality Framework for Local Government - Rotherham Council Informal Peer Challenge (<i>Doncaster Council</i>)	March – April 2022	Awaiting final report	Unknown	Awaiting final report

7.3 Equality Framework for Local Government - Rotherham Council Peer Challenge (Doncaster Council)

7.3.1 Between March – April 2022 the Council received an informal, desktop peer assessment of the Council's progress judged against the KLOEs of the Equality Framework for Local Government by Doncaster Council.

7.3.2 The Council is awaiting the final report.

8. Lessons learnt

8.1 The Council will continue to share learning from external inspections, reviews and audits across services and other directorates, where appropriate, to prevent future concerns/problems arising and enhance service delivery.

8.2 See paragraph 4.5.5 regarding learning around grant funding compliance requirements.

9. Options considered and recommended proposal

9.1 Audit Committee to note the recent external inspections, reviews and audits which have taken place and the progress made in implementing the recommendations since the last report in January 2022.

9.2 Audit Committee to note the governance arrangements that are currently in place for monitoring and managing the recommendations.

9.2 Audit Committee to continue to receive regular reports in relation to external inspections, reviews and audits and the progress made.

10. Consultation on proposal

10.1 Not applicable to this report.

11. Timetable and Accountability for Implementing this Decision

11.1 The timescale for each recommendation varies depending on the individual inspection or audit.

11.2 The next report will be presented to Audit Committee in January 2023.

12. Financial and Procurement Advice and Implications

12.1 There are no direct financial and procurement implications as a result of this report.

12.2 Audits relating to finance and procurement and any related recommendations are outlined in the main body of the report.

13. Legal Advice and Implications

- 13.1 There are no direct legal implications arising from the recommendations within this report.
- 13.2 Audits relating to legal services and any recommendations are outlined above.

14. Human Resources Advice and Implications

- 14.1 There are no Human Resources implications.

15. Implications for Children and Young People and Vulnerable Adults

- 15.1 The recommendations in relation to inspections in both Children and Young People's Services and Adult Social Care have direct implications on the quality of services provided to children, young people and vulnerable adults. Completing the recommendations will improve outcomes for these groups.

16. Equalities and Human Rights Advice and Implications

- 16.1 When implementing changes/improvements services are to consider the impacts on services users and communities, including an individual or group with a protected characteristic. This may require the completion of an equality analysis to advance and maximise equality as well as eliminate discrimination and negative consequences.

17. Implications for CO2 Emissions and Climate Change

- 17.1 There are no direct CO2 emissions and climate change implications.

17. Implications for Partners

- 17.1 Partnership approaches are key to improving services and the improvements need to be of a multi-agency nature and owned cross the partnership.

18. Risks and Mitigation

- 18.1 There is a risk that actions are reported as completed without substance, it is important that arrangements are in place as part of the respective quality assurance regimes and monitored through performance management, evidencing not just completion of actions, but the associated outcomes. As governance arrangements are strengthened, these risks become mitigated.

19. Accountable Officer(s)

Simon Dennis, Corporate Improvement and Risk Manager

Tanya Lound, Corporate Improvement and Risk Officer

Approvals Obtained from:-

Jo Brown, Assistant Chief Executive

This report is published on the Council's website or can be found at:

<http://moderngov.rotherham.gov.uk/ieDocHome.aspx?Categories>

Committee Name and Date of Committee Meeting:

Audit Committee – 28th July 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
September 2022	Financial Reporting	Training - Anti-Fraud	
		Final Statement of Accounts (Unaudited)	Rob Mahon
	Governance Risk and Control	Final AGS (Unaudited)	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

Meeting Date	Key Responsibility	Agenda Item	Author
November 2022		Training - Code of Governance	
	Governance Risk and Control	Chief Executive Presentation	Sharon Kemp
	External Audit	External Audit Findings (ISA 260)	Grant Thornton / Rob Mahon
	Treasury Management	Mid-Year Report on Treasury Management	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	Financial Reporting	Training – Risk Management	
		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	Dedicated Schools Grant	Neil Hardwick
	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		Training	
	External Audit	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
		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	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

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