

AUDIT COMMITTEE

Date and Time:- Tuesday 26 November 2024 at 2.00 p.m.

Venue:- Rotherham Town Hall, The Crofts, Moorgate Street, Rotherham. S60 2TH

Membership:- Councillors Marshall (Chair), Baggaley (Vice-Chair), Blackham, Elliott and McKiernan.

Ms. A. Hutchinson and Mr. M. Olugbenga-Babalola, Independent Members

The items 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. 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.

3. Declarations of Interest

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

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 – Agenda Items 6 (Regeneration and Environment Risk Register) and 8 (Asset Management Assessments and Capital Programme Audit) have confidential appendices.

5. Minutes of the previous meeting held on 26th September, 2024 (Pages 5 - 13)

To consider and approve the minutes of the previous meeting held on Thursday, 26th September, 2024, as a true and correct record of the proceedings.

6. Regeneration and Environment Directorate Risk Register (Pages 15 - 34)

To consider and note the progress and current position in relation to risk management activity in Regeneration and Environment.

7. Trading Standards Update (Pages 35 - 38)

To consider and note the progress in completing the actions of the Audit.

8. Asset Management Estimates and Capital Programme Audit Update (Pages 39 - 55)

To consider and note the contents of the report and the appendix.

9. Information Governance Annual Report 2023-24 (Pages 57 - 66)

To consider and note the production of the Data Protection/FOI Annual Report 2023/24 and that it was a requirement that the Council continues its maintenance of its Information Governance practices and processes in compliance with legislation.

10. Audited Final Statement of Accounts (Pages 67 - 221)

To have due regard of the external audit findings, detailed within the ISA 260 report and formally approve the 2023/24 Statement of Accounts (Appendix 1) for publication as final and the 2023/24 Narrative Report (Appendix 2) for publication as final.

11. Final Annual Governance Statement 2023/24 (Pages 223 - 248)

To consider and approve the final 2023/24 Annual Governance Statement.

12. External Audit Findings (ISA 260)

To consider and note the External Audit Findings (ISA 260).

13. Mid-Year Treasury Management and Prudential Indicators Monitoring Report - 2024/25 (Pages 249 - 266)

To consider and note the contents of the report.

14. Code of Corporate Governance (Pages 267 - 297)

To consider the refreshed version of the Code of Corporate Governance and advise if any amendments or further development work deemed necessary.

15. Anti-Money Laundering Policy Review (Pages 299 - 337)

To consider and review the revised Anti-Money Laundering Policy and note the actions being undertaken to review the Council's anti money laundering arrangements.

16. Internal Audit Progress Report for the period 1st August to 31st October 2024 (Pages 339 - 366)

To consider and note the Internal Audit work undertaken since the last Audit Committee, 1st August to 31st October 2024, and the key issues that have arisen from it and the performance objectives of Internal Audit and the actions being taken by Audit management in respect of meeting the performance objectives.

17. Audit Committee Forward Work Plan (Pages 367 - 374)

To consider and review the Forward Work Plan and suggest any amendments.

18. Items for Referral for Scrutiny

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

19. Urgent Business

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

**The next meeting of the Audit Committee will be held on:-
Tuesday 14 January 2025
commencing at 2.00 p.m.
in Rotherham Town Hall.**



Sharon Kemp OBE,
Chief Executive.

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**AUDIT COMMITTEE
26th September, 2024**

Present:- Councillor Marshall (in the Chair); Councillors Baggaley, Blackham and Elliott.

Apologies for absence were received from Councillor McKiernan and Alison Hutchinson (Independent Person).

27. DECLARATIONS OF INTEREST

There were no Declarations of Interest made at the meeting.

28. QUESTIONS FROM MEMBERS OF THE PUBLIC OR THE PRESS

No questions had been received in advance of the meeting and no members of the public or press were present at the meeting.

29. EXCLUSION OF THE PRESS AND PUBLIC

Resolved:- That, under Section 100A (4) of the Local Government Act 1972, the press and public be excluded from the meeting for Minute No. 36 (Internal Audit Progress Report – Appendix F) and Minute No. 39 (Assistant Chief Executive's Directorate Risk Register) as defined in those paragraphs indicated below of Part 1 of Schedule 12(A) of such Act indicated, as now amended by the Local Government (Access to Information) (Variation) Order 2006.

30. MINUTES OF THE PREVIOUS MEETING HELD ON 30TH JULY, 2024

Consideration was given to the minutes of the previous meeting of the Audit Committee held on 30th July, 2024.

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

31. UPDATE ON THE PUBLIC SERVICE TELEPHONE NETWORK

Further to Minute No. 24 of the meeting held on 30th July, 2024, Luke Sayers, Assistant Director Customer Information and Digital Services, presented a report which highlighted the work being undertaken by the Council to ensure that all Council services were not negatively impacted by the national shutdown of the Public Service Telephone Network (PSTN).

The PSTN was used to make 'standard' telephone calls on a landline or for other services that used the technology such as lift alarms, house alarms, some traffic lights and cameras. The Council's main telephone system did not use PSTN technology so was not impacted.

Openreach first announced in 2017 that the PSTN would be shutdown nationally on 31st December, 2025, although it had since been announced that the date for the service to cease would be delayed until 31st January, 2027.

A Project Group had been set up within the Council to identify all areas and functions that used PSTN. The majority of work to identify systems that used PSTN was now completed and all suppliers of any system using PSTN had been contacted to ensure they had appropriate and timely plans in place to complete any work that fell under their responsibility.

Rothercare was the main area of focus for the Council due to the considerable number of residents impacted by the changes and their vulnerability. An Adult Care team was managing this project to ensure that all alarm boxes within residential properties were replaced with new equipment. A number of boxes had already been replaced and all new users of the Rothercare service were automatically set up using the new technology, which was reported as working well. It was emphasised that there would be no financial costs to service users for the replacement of alarm boxes.

It was noted that Data Sharing Agreements were now in place with all telecoms providers to assist with the identification of vulnerable residents to ensure appropriate systems were put in place for those specific users.

380 RMBC PSTN lines had now been transitioned to new technology which included lift alarms, CCTV, traffic signalling, fire and burglar alarms and traditional telephone lines.

A programme communication plan was being developed and a landing page on the Council's website was now live.

The situation would continue to be closely monitored with the Council continuing to work towards completion by the original completion date of 31st December 2025 rather than the official switch off date of 31st January 2027.

The Committee, in noting the detail, asked how users had been notified about the changes and if Members could do anything to support the roll out of communications. They were advised that communications would be issued via the Council's website and crib sheets would be provided to Members to use when sharing information with residents. The Assistant Director explained that it would be necessary to access Rothercare users' properties to set up and test new technology and arrangements for those visits would be controlled and carried out in an appropriate way.

The Committee queried if there would be any costs for overruns and were advised that there would be no costs for overruns as all associated costs had been built into the overall business case. It was also noted that Rothercare was the subject of a comprehensive review by Adult Social Care Services and the outcome of that review (including reference to the new technology) would be presented to Cabinet.

The Committee also sought assurance on how third-party vendors would be managed to ensure compliance was achieved and were advised that contracts had been strengthened where appropriate and each one would be managed on a case-by-case basis.

In response to a further question regarding Internal Audit activity, the Assistant Director confirmed there was no specific plans to undertake an audit at this stage but he would welcome an audit on specific areas of the project where it was considered it would add value.

Resolved:- (1) That the report be noted.

(2) That the work being undertaken to ensure that all residents and Council services were not negatively impacted by the changes be noted.

32. UPDATE ON STATEMENT OF ACCOUNTS 2023/24 AND ANNUAL GOVERNANCE STATEMENT (AGS)

Further to Minute No. 7 of 25th June, 2024, Natalia Govorukhina, Head of Corporate Finance, explained that Grant Thornton was unable to conclude the audit of accounts by 30th September, 2024, deadline and as such the Council was not able to present an audited set of accounts to the Committee, nor a final/draft ISA260 report as insufficient progress had been made to date on the audit to allow for this.

The Committee had also received the Council's draft Annual Government Statement (AGS) at its June meeting. Although it related to the 2023/24 financial year, it must be up-to-date at the time of publication and include any planned changes in the coming year. Work to update the AGS was ongoing with a final document to be submitted to the November meeting of the Audit Committee for approval together with the audited financial statements subject to the external audit work having been completed.

The Committee, in noting the detail, sought assurance from the External Auditors that work was on track to be completed by November. This was confirmed by Thilina De Zoysa, Engagement Senior Manager, Grant Thornton.

Resolved:- (1) That the progress on the audit of the Statement of Accounts 2023/24 be noted.

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(2) That the audited Statement of Accounts, Narrative Report and ISA260 be submitted to a future Audit Committee for review once the External Auditors, Grant Thornton, have completed their audit work.

(3) That the update on the Annual Governance Statement be noted.

33. EXTERNAL AUDIT - UPDATE

Thilina De Zoysa, Engagement Senior Manager, Grant Thornton, provided a verbal update on the external audit of the accounts and value for money work taking place.

The audit was progressing well and was on track to be finalised and presented to the November Audit Committee meeting.

The background work on the Value for Money audit had commenced with the intention of bringing an update report to the November Audit Committee meeting.

The 2023/24 audit backstop date had been set for 28th February, 2025 and was well on track to be met.

Resolved:- That the progress on the audit of the Statement of Accounts 2023/24 and Value for Money audit be noted.

34. QUARTER 1 2024/25 TREASURY MANAGEMENT UPDATE

Natalia Govorukhina, Head of Corporate Finance, reported that the CIPFA (Chartered Institute of Public Finance and Accountancy) Code of Practice for Treasury Management 2021 recommended that Members be updated on

Treasury Management activities at least quarterly. The submitted report was the quarter 1 review for 2024/25 which detailed performance against agreed treasury and prudential indicators.

The report incorporated the needs of the Prudential Code ensuring adequate monitoring of the capital expenditure plans and the Council's prudential indicators (PIs). It was also explained that it was a requirement that any proposed changes to the 2024/25 prudential indicators were approved by Council.

Quarter 1 Treasury Review provided Members with details of performance against agreed treasury and prudential indicators and were set out in Appendix 1. The review indicated performance was in line with the plan and there were no proposals to vary the approach for the remainder of the year.

Reference was made to the key messages for investments, borrowing and governance.

Whilst the Council's approach to Treasury Management in recent years utilised short-term borrowing and had generated significant savings for the Council, the future outlook was more challenging. It was expected that borrowing rates had now peaked and would reduce over the next couple of years linked to the recent fall in inflation (2.2%) and much closer to the Bank of England's target 2% level.

The continuing approach to Treasury Management had been discussed with the Council's external Treasury Management Advisors who confirmed that the approach taken was prudent given the current market conditions. Borrowing rates would continue to be monitored by Advisors and they would notify the Council of any opportunities to borrow at advantageous rates.

The Committee asked what element of the Council's borrowing had been used for Capital items and were advised that borrowing was undertaken in response to the overall financing need rather than for specific projects.

The Committee, in noting the detail, asked what plans would be put in place should borrowing rates not reduce as expected and were advised that the current plan remained to borrow short term and keep minimal cash balances. However, Treasury Management Officers would maintain a watching brief on the situation and respond accordingly to the borrowing conditions.

Resolved:- That the report be received and the contents noted.

35. INTERNAL AUDIT PROGRESS REPORT

Consideration was given to a report presented by Louise Ivens, Head of Internal Audit, which provided a summary of Internal Audit work completed during 1st May to 31st July, 2024, and the key issues that had arisen.

The plan attached as part of the report showed the position up to the end of July 2024 on the completion of the audit plan for 2023/24, commencement of the 2024/25 audit plan, the reports finalised between May and July 2024 and performance indicators for the team.

Internal Audit provided an opinion on the control environment for all systems or services which were subject to audit review. The report detailed the audit opinions and a summary of all audit work concluded in the last quarter. 14 audits had been finalised since the last Audit Committee, 12 of which had received either Reasonable or Substantial Assurance and one Partial Assurance and one a No Assurance opinion. One audit had been removed from the 2023-24 audit plan due to a comprehensive review of procurement governance and, therefore, a corporate audit was no longer required.

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A review of the current performance indicators and changes proposed were detailed in Appendix C and client satisfaction survey responses attached at Appendix D.

Historically, progress against the Quality Assurance and Improvement Plan had been reported on an annual basis. This would form part of the quarterly Internal Audit progress report and was attached at Appendix E of the report.

A summary of a completed investigation was summarised in exempt Appendix F.

The status of all open recommendations was highlighted as part of the submitted report with 2 recommendations having been deferred due to the original due date not being achievable. It was noted that since publication of the report one of those two recommendations had now been completed.

The effective date of the new material developed by the UK Public Sector Internal Auditing Standards Advisory Board (IASAB) would be 1st April 2025 to align with requirements for annual opinions and other relevant aspects of UK public sector governance which lined up with the financial year. In accordance with the Public Sector Internal Auditing Standards and the new Global Internal Audit Standards, Internal Audit Services would require an external assessment against the standards every 5 years. For Rotherham this would be due during the 2025-26 financial year. A report would be submitted to a future Audit Committee setting out the options available and the preferred option for discussion and approval.

Discussion ensued with the following issues raised: -

- The presentation of information relating to the status of open recommendations would be considered to show the direction of travel of recommendations to highlight where areas were making positive progress.
- As part of the extensive work being undertaken to strengthen Asset Management and Capital Programme arrangements a clearer understanding of costs and values would be established prior to inclusion on the Capital Programme.
- Contractual details relating to the information provided in Appendix F were clarified.

Resolved:- (1) That the Internal Audit work undertaken since the last Audit Committee, 1st May to 31st July, 2024, and the key issues that have arisen from it be noted.

(2) That the performance objectives of Internal Audit and the actions being taken by audit management in respect of meeting the performance objectives be noted.

(3) That an update on the Audit Areas detailed in Appendix B (Asset Management Estimates and Capital Programme and Trading Standards) that had received a Partial or No Assurance rating be provided to the November meeting of this Committee, with officers from those services in attendance.

(Appendix F was Exempt under Paragraph 7 (information relating to any action taken or to be taken in connection with the prevention, investigation or prosecution of crime, of Part 1 of Schedule 12A))

36. ANTI-FRAUD AND CORRUPTION POLICY, STRATEGY AND SELF-ASSESSMENT AGAINST FIGHTING FRAUD AND CORRUPTION LOCALLY CHECKLIST

Further to Minute No. 25 of the Audit Committee meeting held on 26th September, 2023, consideration was given to a report presented by Louise Ivens, Head of Internal Audit. The update followed an annual review process designed to ensure that the Policy and Strategy were up-to-date with current best practice and to take into account any changes to the Council's organisational structure.

There had been only minor updates to the Policy and Strategy since the last review.

The Fighting Fraud and Corruption Locally checklist had been used to review the Council's arrangements against current best practice.

The Council's updated Anti-Fraud and Corruption Policy was attached at Appendix A of the report submitted together with the updated Strategy at Appendix B. The contents had been reviewed with only minor changes having been made; the tracked changes were shown in Appendices C and D. Appendix E was the self-assessment against the Fighting Fraud and Corruption Locally checklist which concluded substantial compliance against current best practice. Several actions, as outlined in the action plan would be addressed over the forthcoming year to enhance the council's arrangements in place.

Resolved:- (1) That the revised Anti-Fraud and Corruption Strategy be approved.

(2) That the actions taken to strengthen the Council's fraud and corruption arrangements be noted.

37. AUDIT COMMITTEE FORWARD WORK PLAN

Consideration was given to the proposed forward work plan for the Audit Committee for November 2024 to September 2025. The plan showed how the agenda items related to the objectives of the Committee. It was presented for review and amendment as necessary.

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

38. ASSISTANT CHIEF EXECUTIVE'S DIRECTORATE RISK REGISTER

Jo Brown, Assistant Chief Executive, supported by Simon Dennis, Corporate Improvement and Risk Manager, presented a report providing details of the Risk Register and risk management activity within the Assistant Chief Executive's Directorate.

The Directorate was split into 6 service areas and were the corporate champions for the Council's risk management process. The Directorate currently had 18 risks items listed and due to the cross-cutting nature of the work of the Assistant Chief Executive's Directorate, 5 of the 18 risks also featured on the Council's Strategic Risk Register.

Risks were aligned to service and team plans and progress to mitigate risks were monitored through management team meetings. Risks were also regularly discussed and reviewed at the Directorate Leadership Team by individual members of DLT and where necessary risks were escalated to the next strategic level for inclusion on the risk register. The Assistant Director of Human Resources also managed a service level risk register.

As part of the programme to embed risk management into the culture of the Council, all managers from the Assistant Chief Executive's Directorate were required to attend the mandatory "Risk Management Training for Managers" workshops. New managers were invited to attend workshops as soon as possible after commencement in role and all staff were required to complete a mandatory risk management e-learning module.

The revised risk register (Appendix 1) was aligned to the Council Plan and Year Ahead Delivery Plan. Since the last report to the Committee in September, 2023, 3 risks had been amended and 1 new risk added. There was only 1 risk currently assessed as being high risk and marked Red on the register. The Committee were advised that the red risk was also influenced by elements of national policy.

The risk heat map detailed within the report was based on current scores determined as at September 2024.

Further to Minute No. 22 of the meeting held on 30th July, 2024 regarding the impact score of Corporate Strategic Risk SLT09 the Assistant Chief Executive confirmed that this had now been reconsidered and the score had subsequently been increased. Rationale was also provided to the Committee in response to the request made regarding the downgrading of the risk rating for Corporate Strategic Risk SLT10.

The Committee noted that the Incident Notification to Elected Officials Protocol had been distributed to Ward Members in January 2024 and sought assurance that this had also been issued to the newly Elected Members. This would be followed up with the Head of Service to ensure the information was provided.

The Committee also asked questions relating to Parish Council engagement and the delivery of the Council's corporate priorities and an explanation as to how those issues were being managed was provided.

The Committee referenced the Household Support Fund allocation and sought an update on how this was being implemented.

Resolved:- (1) That the progress and current position in relation to risk management activity in the Assistant Chief Executive's Directorate, as detailed in the report submitted, be noted.

(2) That an update on the implementation of the Household Support Fund be submitted to the November meeting of this Committee.

(Exempt under Paragraph 3 (information relating to the financial or business affairs of any particular person (including the Council) of Part 1 of Schedule 12A))

39. ITEMS FOR REFERRAL FOR SCRUTINY

There were no items for referral.

40. URGENT BUSINESS

There was no urgent business to be considered.

41. DATE AND TIME OF NEXT MEETING

Resolved:- That the next meeting of the Audit Committee take place on Tuesday, 26th November, 2024, commencing at 2.00 p.m. at the Town Hall.

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Public Report with Exempt Appendices
Audit Committee

Committee Name and Date of Committee Meeting

Audit Committee – 26 November 2024

Report Title

Regeneration and Environment Directorate Risk Register

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

No

Strategic Director Approving Submission of the Report

Andrew Bramidge, Strategic Director of Regeneration and Environment

Report Author(s)

Liz Kemp, R&E Business Co-ordinator
01709 823803 liz.kemp@rotherham.gov.uk

Ward(s) Affected

All

Report Summary

The Regeneration and Environment Directorate risk registers for the Directorate and services have been written in line with the refreshed Council requirements. This report provides an update to the Audit Committee in relation to the current position of the Regeneration and Environment Directorate Risk Register and risk management activity.

Recommendations

The Audit Committee is asked to note the progress and current position in relation to risk management activity in Regeneration and Environment.

List of Appendices Included

Appendix 1 Regeneration & Environment Directorate Risk Register

Background Papers

Regeneration and Environment Risk Register

Consideration by any other Council Committee, Scrutiny or Advisory Panel**Council Approval Required**

No

Exempt from the Press and Public

Yes or No? If yes, use text below.

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 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.

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1. Background

- 1.1 The Regeneration and Environment Directorate level risk register currently has 18 risks listed (**Appendix 1**).

Three Directorate risks are also on the Strategic Risk Register. These are as follows:

1.2 R&E 20 & SLT10

Achieving Economic Growth

1.3 R&E38 & SLT37

Management and Delivery of Projects, Schemes and Initiatives through Numerous Sources of External Funding

1.4 R&E50 & SLT36

Reduction of carbon emissions for the Council and the borough in order to meet the agreed Net Zero Targets.

2. Key Issues

- 2.1 There are three Departments within the Regeneration and Environment Directorate:

- Community Safety and Street Scene
- Culture, Sport and Tourism
- Planning, Regeneration & Transport

Each Department has established risk registers capturing their service level risks identified by the respective Assistant Director and their Heads of Service (M3 Managers).

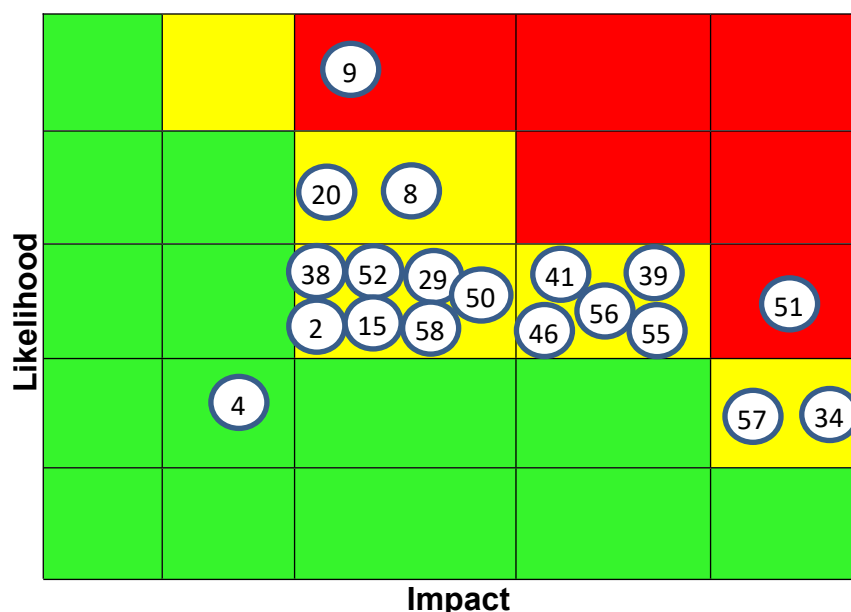
- 2.2 A regular scheduled programme of reviewing and updating Service area and Directorate level risks registers has been implemented across Regeneration and Environment. Risks are regularly discussed and reviewed at Senior Management Team (SMT) and Directorate Leadership Team (DLT) meetings and where necessary, risks are escalated to the next strategic level for inclusion on the risk register.
- 2.3 As part of the programme to embed Risk Management into the culture of the Council, managers from Regeneration and Environment have attended the mandatory “Risk Management Training for Managers” workshops. In addition, the Regeneration and Environment Risk Champion has attended individual service area Senior Management Teams to provide an overview to support and advise managers in relation to risk register develop and maintenance.

2.4 Risk items which have been added or amended since the last report to Audit Committee in November 2023 include:

Risk No	Business objective	Risk Detail	Change since last report
RE56/CSS46	Stores – Fraud Prevention	Failure to recruit and retain appropriately qualified and motivated staff	<i>Added to the Directorate risk register and CSSS Service risk registers in November 2023</i>
RE50/SLT36	Reduction of carbon emissions for the Council and the borough	Risk that insufficient resources of the necessary expertise are available to the Council to inform the Carbon Reduction Plan.	<i>Added back onto the R&E Risk Register from Finance & Customer Services in January 2024</i>
RE57/PRT2	Planning Legislation changes	The new Govt published proposed changes to the NPPF which would require significant increases to housing delivery and Local Plan preparation changes to be enacted	<i>Escalated from the PRT Service risk register to Directorate risk register in October 2024</i>
RE58/PRT3	Implement the Local Plan to deliver new homes	The Government's Housing Delivery Test (HDT) requires councils to deliver new homes against a national target. The Council is at risk of not meeting that target if the new standard method proposed in the NPPF is introduced which would require in excess of 1200 dwellings per year (an increase in 127%) .	<i>Escalated from the PRT Service risk register to Directorate risk register in October 2024</i>

2.5 The current “heat map” for the Regeneration & Environment Risk Register is shown in the table below:-

Map at November 2024 Report



2.6 The table below shows the risk movement that has taken place between November 2023 and November 2024:-

Number	Risk	Nov 23	Nov 24	Risk Movement (Nov 24 compared to Nov 23) ↓ = Risk level reduced, or risk removed ↑ = Risk level increased or new risk → = Risk level static
RE4	Inadequate Emergency Planning and Business Continuity	4	4	→
RE8	Loss of historic sites with significant health and safety risks posed to members of the public. Loss could be through general deterioration caused by the elements, vandalism and/or through wilful neglect	12	12	→
RE9	Home to School Transport - Failure to deliver the Service in line with the budget.	15	15	→
RE39	Loss of Goods Vehicle Operators Licence as a result of non compliance with legal undertakings	12	12	→
RE15	All risks associated with the PFI Waste Treatment Facility at Bolton Road, Manvers	9	9	→
RE20/ SLT10	Failure to attract new business and investment to the borough and threat of failing to retain existing clients and investment.	12	12	→
RE29	Budget Savings - Delays in implementation where delivery of some savings outside control of service	9	9	→
RE34	Risk of loss of life, injury, or safeguarding issues at a large event in the borough	10	10	→

RE38/ SLT37	Delivery of the full suite of projects and schemes, on time and within budget	9	9	→
RE41	Delivery of the New Central Library & Markets - Increasing project costs could result in the scheme costs exceeding the budget available for delivery	15	12	↓
RE46	Delivery Regeneration Programme - Additional costs are identified as projects progress from outline/concept stage to construction/delivery either as a result of market conditions or more detailed understanding of constraints and solutions as part of project development	12	12	→
RE51	Structural Integrity Risk for RMBC owned and managed bridges, culverts, retaining walls, subways and other special structures. This includes the Centenary Way Viaduct which incurred a central reserve slab failure on Wednesday 10th August 2022 and Packman Road Retaining Wall failure in April 2024	15	15	→
RE52	Risk to health and safety caused by tree failure	20	9	↓
RE55	Failure to recruit and retain appropriately qualified and motivated staff	12	12	→

3. Options considered and recommended proposal

3.1 The key risks on the Regeneration and Environment Risk Register presently are:-

R&E 20 & SLT 10 – Achieving Economic Growth

Failure to attract new business and investment to the borough and threat of failing to retain existing clients and investment. Impact on wider economy from the pandemic, increasing costs (such as energy, goods) and uncertainties around the economy result in business failures and businesses delaying or halting investment decisions or general slowdown in the economy.

RE50 & SLT36 - Reduction of carbon emissions for the Council and the borough in order to meet the agreed Net Zero Targets

Risk that the reduction in carbon is not achieved prior to the set deadlines of 2030 and 2040.

R&E 38 & SLT 37 - Management and Delivery of Projects, Schemes and Initiatives through numerous sources of external funding

Delivery of the full suite of projects and schemes, on time and within budget.

R&E 9 - Provide effective Home to School Transport

Failure to deliver the Service in line with the budget.

R&E 51 - Good Management of Highway Structures

Structural Integrity Risk for RMBC owned and managed bridges, culverts, retaining walls, subways and other special structures. This includes the

Centenary Way Viaduct which incurred a central reserve slab failure on Wednesday 10th August 2022 and Packman Road Retaining Wall failure in April 2024. There are a number of other structures identified through the GI and PI processes, which are in the design process (Steadfolds Lane wall and culvert, Bawtry Road landslip and Old Flats Bridge parapet treatments).

- 3.2 The above Risk Register entries are closely linked to the Regeneration and Environment Service Plans, team plans, reports and service meeting agendas across the Directorate. The Risk Registers have run alongside progress being made in relation to any restructure of services and the development and delivery of Service Plans.
- 3.3 Progress against key actions to mitigate the above risks is monitored through management team meetings.
- 3.4 The Assistant Chief Executives Risk Register was presented to Audit Committee on 26 September 2024. At the meeting, the committee requested that an update on the implementation of the Household Support Fund be submitted in November 2024.

The Household Support Fund was extended by Government to cover the period from October 2024 to March 2025. Consistent with previous awards, the Council has been awarded £2.489m for the borough. Given the need in communities to commence support for our most vulnerable residents as well as the timing of the grant award and receipt of the associated grant conditions, a delegated officer decision was taken to allocate this funding on 11th October 2024. A report is also going to Cabinet in November to update them publicly on this decision.

The provisional allocations of the Household Support Fund Grant of £2.489m have been made in the Officer Decision as follows:

- a. £1.028m for food vouchers to children eligible for free school meals for school holidays up to and including Easter 2024.
- b. £1.156m to support applications from households for assistance with energy costs, through the Council's Energy Crisis Support Scheme.
- c. £150k towards the costs of the Council's Local Council Tax Support Top Up Scheme.
- d. £45k to support care leavers, being young people leaving foster or local authority care and living independently in their own accommodation who are responsible for paying their own utility bills, providing additional financial support through the cost-of-living increases.
- e. £60k to local voluntary and community sector (VCS) organisations to support vulnerable households over Christmas / New Year through a supplement to the Crisis Support service level agreement.
- f. £50k to provide parcels of household items to be distributed through VCS community support including food banks, social supermarkets, and the Open Arms programme drop-in sessions.

Alongside this and as part of the Council's work to support the most vulnerable residents a campaign is being undertaken to promote the uptake of Pension Credit in the borough. This has included writing to residents who the Council believes may be eligible and encouraging them to apply, as well wider communications activity to support this message. Meanwhile, the Council is working in partnership with AgeUK and Citizen's Advice Rotherham and District to provide additional advice and support regarding Pension Credit uptake.

4. Consultation on Proposal

4.1 Risk Registers are subject to review by the Strategic Leadership Team. A strategic Risk Champions Forum is established and Regeneration and Environment is actively represented at all meetings.

5. Timetable and Accountability for Implementing this Decision

5.1 Not applicable.

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

6.1 There are no direct financial or procurement implications arising from this report. Financial implications linked to risk mitigation are detailed in associated Service Plans and Directorate Plans and are closely scrutinised and monitored.

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

7.1 There are no direct legal implications arising from the Risk Register. Any actions taken by the Council in response to risks identified will take into account any legal implications.

8. Human Resources Advice and Implications

8.1 There are no direct Human Resources implications arising from this report. However, the risks contained in the Regeneration and Environment Risk Register (Appendix 1) directly link to the Workforce Strategy and improving the Regeneration and Environment workforce.

9. Implications for Children and Young People and Vulnerable Adults

9.1 Not applicable

10. Equalities and Human Rights Advice and Implications

10.1 Not applicable

11. Implications for CO₂ Emissions and Climate Change

11.1 Not applicable.

12. Implications for Partners

12.1 Actions relating to any issues affecting partners and other directorates are reflected in the risk register and accompanying risk mitigation action plans.

13. Risks and Mitigation

13.1 The Regeneration and Environment Risk Register (Appendix 1) details the Directorate level risks and mitigations. This is further supported by individual Service Area Risk Registers.

14. Accountable Officer(s)

Andrew Bramidge, Strategic Director, Regeneration and Environment
Liz Kemp, Business Co-ordinator for Regeneration and Environment

*Report Author: Liz Kemp, R&E Business Co-ordinator
01709 823803 liz.kemp@rotherham.gov.uk*

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Select report type
Name of Committee

Committee Name and Date of Committee Meeting

Audit Committee – 01 November 2024

Report Title

Trading Standards Update

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

No

Assistant Director Approving Submission of the Report

Sam Barstow, Assistant Director, Community Safety & Street Scene

Report Author(s)

Sam Barstow, Assistant Director, Community Safety & Street Scene
sam.barstow@rotherham.gov.uk

Ward(s) Affected

All

Report Summary

This report provides an overview of the Audit activity conducted within the Trading Standards service and provides an overview of the actions taken in order to improve service delivery, in line with the requirement of the Audit Report.

Recommendations

That the progress in completing the actions of the Audit is noted.

List of Appendices Included

None

Background Papers

None

Consideration by any other Council Committee, Scrutiny or Advisory Panel

No

Council Approval Required

No

Exempt from the Press and Public

Yes or No? If yes, use text below.

No

Trading Standards Update

1. Background

- 1.1 The Council's Regulation and Enforcement service area discharges the Council's Trading Standards enforcement and regulatory functions delivering largely statutory obligations over a range of over 300 statutory instruments.
- 1.2 The Trading Standards function was audited between September and December 2023 with a draft report released on 14th May 2024.
- 1.3 The Trading Standards team, at the time of audit consisted of 2FTE enforcement officers, 0.5 Trading Standards Officers, and 1FTE unqualified Trading Standards Officer, together with a Trading Standards Manager.
- 1.4 The Audit report made thirteen recommendations, with a number of sub clauses, relating largely to evidence storage and procedure, which in total amounted to twenty-six clauses to be actioned.

2. Key Issues

- 2.1 The Audit recommendation actions have a completion timeline up to 31st March 2025. It is anticipated that all actions will be completed three months ahead of schedule.
- 2.2 Fourteen of the twenty-six clauses recommended for action had been completed by the end of June 2024; by the end of August 2024 only two actions had not been reported as completed, one of which has been completed but has a submission date of 31st March 2025 (this action relates to six monthly management audits, which are now in place).
- 2.3 The one remaining action to complete relates to processes mapping of procedures, work upon which is currently underway with a completion date of 31st December 2024.
- 2.4 Twelve of the recommendations were relatively simple to address through amendments to the existing Evidence Storage Procedure of 2021 which were completed within two weeks of the draft report being released. Staff were consulted during this period before the revised and reviewed procedure was formally released to staff at the end of May 2024.
- 2.5 Whereas provision for audits of evidence storage were previously provided for, an enhanced approach has been implemented which includes Service Manager audits every six months along with quarterly Manager audits.
- 2.6 Staff training in respect of evidence storage has been refreshed and re-emphasised to ensure officers understand fully their responsibilities, through practical application of the procedure.

2.7 All recommendations completed to date have been supported with appropriate evidence and oversight provided prior to sign off on completion.

3. Options considered and recommended proposal

3.1 Further submissions of audit action completions are due on 31st December 2024 and 31st March 2025, with the final action to be completed already progressing.

3.2 Internal service audits will continue on a quarterly basis by managers and on a six-monthly basis by the Service Manager.

4. Consultation on proposal

4.1 This report does not contain any proposals or decisions and therefore consultation is not required

5. Timetable and Accountability for Implementing this Decision

5.1 This report does not propose a decision however timelines are highlighted within the narrative provided.

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 This report does not propose a specific decision and therefore there are no direct financial or procurement implications. Work delivered to date has been met by existing service budgets.

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

7.1 This report does not propose a specific decision and therefore there are no direct legal implications.

8. Human Resources Advice and Implications

8.1 This report does not propose a specific decision and therefore there are no direct HR implications.

9. Implications for Children and Young People and Vulnerable Adults

9.1 This report does not propose a specific decision and therefore there are no direct implications for Children, Young People or Vulnerable Adults.

10. Equalities and Human Rights Advice and Implications

10.1 This report does not propose a specific decision and therefore there are no direct equality issues to consider.

11. Implications for CO₂ Emissions and Climate Change

11.1 This report does not propose a specific decision and therefore there are no direct issues relating to emissions to consider.

12. Implications for Partners

12.1 This report does not propose a specific decision and therefore there are no direct implications for partners.

13. Risks and Mitigation

13.1 This report does not propose a specific decision and therefore there are no additional activities to mitigate risk. The audit process itself and the actions carried out as a result are seeking to mitigate the risks identified within the initial audit report. .

13.2

Accountable Officer(s)

Sam Barstow, Assistant Director, Community Safety & Street Scene

Public Report with Exempt Appendices
Audit Committee

Committee Name and Date of Committee Meeting

Audit Committee – 26 November 2024

Report Title

Asset Management Estimates & Capital Programme Audit Update

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)

Kevin Fisher, Assistant Director Property and Facilities Services

kevin.fisher@rotherham.gov.uk

Ward(s) Affected

Borough-Wide

Report Summary

The purpose of this report is provide assurance to the Audit Committee in relation to the actions taken and implementation of the recommendations made with regard to the partial assurance Internal Audit report on Asset Management Estimates and Capital Programme.

Recommendations

That the Audit Committee note the contents of the report and the appendix attached.

List of Appendices Included

Asset Management Estimates & Capital Programme Internal Audit Report (23/24-R&E14)

Background Papers

None

Consideration by any other Council Committee, Scrutiny or Advisory Panel

None

Council Approval Required

No

Exempt from the Press and Public

Yes

Open Report with exempt appendix 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

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1. Background

- 1.1 The Council has an in-house team delivering a range of building design, architectural, contract and project management services through the Building Design Team within Property and Facilities Services.
- 1.2 From conception to delivery of projects, the team work with a range of internal clients in delivering schemes, ensuring that costs are managed effectively through the life of projects.
- 1.3 Following the service being transferred to Finance and Customer Services, concerns had been raised in relation to several capital projects that had significant variations to the original estimated budget figures.
- 1.4 Due to these concerns, management asked Internal Audit to carry out a piece of internal audit work which included an in-depth review of process, procedures, resource and training within the Building Design Team. This audit took place through July 2024.
- 1.5 The aim was to review the management and delivery arrangements for capital projects to ensure they were robust and to provide assurance that projects are delivered on time and within budgets. This was to be done on a sample basis and three specific projects were identified to be included in a sample set.
- 1.6 Three key areas of risks were identified, and this formed the scope of the audit:
 - There are no documented procedures or guidelines available for Building Design Officers responsible for estimating costs of capital schemes.
 - Building Design Officers are not trained or lack sufficient financial experience to facilitate the production of accurate estimates.
 - Finance and Customer Services Capital Programme procedures are not documented or available to designated Lead Project Officers.
- 1.7 Once the Audit was complete, the Internal Audit Team consulted with the new Assistant Director Property and Facilities Services and robust, realistic, timebound actions were agreed.

2. Key Issues

- 2.1 A number of key issues were identified and these are detailed within Section 5 of the Asset Management Estimates & Capital Programme audit report.
- 2.2 From the audit and identification of issues, 7 recommendations were made and from these, 7 key actions were identified to be completed with an

overall end date for closure of all actions by April 2025. These actions are summarised in Appendix A of the Asset Management Estimates & Capital Programme audit report.

- 2.3 6 of the 7 actions were focused on the need to improve process and documentation, through the life of the project, ensuring both the Business Development Team and their Clients are clear on roles and responsibilities, consultation and communication.
- 2.4 Work is underway to improve process and documentation, and good progress is being made, with draft documentation being shared with clients, to test and offer feedback. The Building Design Team have had a number of people leave the Service, but recruitment has taken place, and some time is being diverted to ensure that the new starters are fully inducted into the service. This said, it is still strongly believed that the timescales afforded within the action plan will be met.
- 2.5 In addition to the development of processes and documentation, it should be noted that once in place it will be a further requirement to embed them fully within the Service and also with the Council. Having clear accountabilities within the Team will be an essential part of embedding them as well as ensuring that all projects are delivered through the Team and driven through the new processes and documentation, linking with other areas of compliance, such as the Financial Procedure and Procurement Rules.
- 2.6 Through the development of the processes and documentation, it has been identified that the term "Service Level Agreement" (mentioned in action 3), may not be best suited to project methodologies, and may be altered to Client Contract, Roles and Responsibilities, bringing some clarity and alignment to the process.

3. Options considered and recommended proposal

- 3.1 No further options considered at this stage.

4. Consultation on proposal

- 4.1 As part of the development of the new processes and documentation, services are being asked for feedback.

5. Timetable and Accountability for Implementing this Decision

- 5.1 There are two key dates for the actions to be completed, December 2024 and April 2025. The Accountable Officer is Kevin Fisher, Assistant Director, Property and Facilities Services and the Officer responsible for delivering and updating on the progress of actions is Matthew Stewart, Building Consultancy Manager.
- 7.1 All reports must be cleared by the Assistant Director of Legal Services or his/her authorised nominees. The comments will cover the legal powers to

undertake the proposed action and any restrictions which may apply, any administrative law advice and any associated risk of challenge or other court action.

8. Accountable Officer(s)

Kevin Fisher, Assistant Director, Property and Facilities Services
kevin.fisher@rotherham.gov.uk

Report Author:

Kevin Fisher, Assistant Director, Property and Facilities Services
kevin.fisher@rotherham.gov.uk

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Committee Name and Date of Committee Meeting

Audit Committee – 26 November 2024

Report Title

Information Governance Annual Report 2023/24

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

No, but it has been included on the Forward Plan

Strategic Director Approving Submission of the Report

Judith Badger, Strategic Director of Finance and Customer Services

Report Author(s)

Luke Sayers, Assistant Director- Customer, Information and Digital Services

luke.sayers@rotherham.gov.uk

Paul Vessey, Head of Information Management

paul.vessey@rotherham.gov.uk

Ward(s) Affected

Borough-Wide

Report Summary

This report is an annual report on the Council's compliance with Data Protection and Freedom of Information legislation.

Recommendations

The Audit Committee is asked to:-

1. Note the production of the Data Protection/FOI Annual Report 2023/24.
2. Note that it is a requirement that the Council continues its maintenance of its Information Governance practices and processes in compliance with legislation.

List of Appendices Included

Appendix 1 FOI & RoAR Statistics

Appendix 2 Data Breaches

Background Papers

Information Commissioner's Office

<https://ico.org.uk/>

A-Z of Information Management Documents

http://rmbcintranet/Directorates/FCS/CIDS/IM/Pages/A-Z_of_Documents.aspx

Consideration by any other Council Committee, Scrutiny or Advisory Panel

No

Council Approval Required

No

Exempt from the Press and Public

No

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1. Background

- 1.1 This report is an annual report on the Council's compliance with Data Protection legislation and the Freedom of Information Act.
- 1.2 The Data Protection Act 2018 (DPA) is the UK's implementation of the General Data Protection Regulation (GDPR).
- 1.3 The DPA makes it a legal requirement for organisations to adhere to the 'data protection principles'. Organisations must make sure that information:
 - 1.3.1 Is used fairly, lawfully and transparently;
 - 1.3.2 Used for specified, explicit purposes;
 - 1.3.3 Used in a way that is adequate, relevant and limited to only what is necessary;
 - 1.3.4 Accurate and, where necessary, kept up to date;
 - 1.3.5 Kept for no longer than is necessary; and
 - 1.3.6 Handled in a way that ensures appropriate security, including protection against unlawful or unauthorised processing, access, loss, destruction or damage.
- 1.4 The Act also provides stronger legal protection for more sensitive personal information.
- 1.5 The Freedom of Information Act 2000 (FOI) provides public access to information held by public authorities. It does this in two ways:
 - 1.5.1 Public authorities are obliged to publish certain information about their activities; and
 - 1.5.2 Members of the public are entitled to request information from public authorities.
- 1.6 The FOI Act covers any **recorded** information that is held by a public authority.
- 1.7 The Information Commissioners Office is the UK's independent body set up to uphold information rights and it is responsible for enforcement of the rights and responsibilities set out in the DPA and FOI.
- 1.8 Monitoring of the council's compliance with DPA and FOI is carried out by the Corporate Information Governance Group (CIGG) which has representatives from all Directorates and is chaired by the Council's Senior Information Risk Officer (SIRO).
- 1.9 Any risks relating to Information Governance, including GDPR and Data Protection are monitored on a regular basis by this group. Risks and actions are logged and reviewed at CIGG meetings and, if necessary, are escalated in line with the Council's risk management processes.

2. Key Issues

2.1 Maintain Compliance:

2.1.1 The key issue is to ensure that compliance with data protection and freedom of information legislation is maintained.

2.1.2 Compliance with data protection and access to information principles is a continuous project. CIGG fulfils a core function in monitoring and overseeing information risks by regularly monitoring the effectiveness of the council's governance and implementation of its responsibilities for Data Protection and Freedom of Information.

2.2 Monitor Performance of Freedom of Information and Right of Access Requests:

2.2.1 **Freedom of Information Requests:** Public authorities must respond to requests for information promptly and within 20 working days following the date of receipt of the request.

2.2.2 Overall 90% of Freedom of Information requests were responded to within the statutory time limits. The number of requests received during 2023/24 increased to 1,307 compared to 1,145 in 2022/2023.

2.2.3 Despite a 2% drop in performance compared to 2022/2023, there has been a numerical increase in the number of requests responded to within the statutory time to 1,177. This is more than in each of the previous three years.

2.2.4 Analysis of the data did not raise any concerns on the year's performance.

2.2.5 No Freedom of Information requests have been formally refused as invalid. There is one individual who is vexatious on a specific line of enquiry. However, should a vexatious request be received it still receives a formal response under the Act.

2.2.6 **Right of Access Requests:** Organisations normally have one calendar month to reply to a valid request.

2.2.7 Overall 41% of Right of Access requests (RoARs) were completed within the statutory time limits. The number of requests received during 2023/24 remained the same at 214.

2.2.8 Performance fell by 15% compared with 2022/2023 and this was reflected by a numerical decrease in the number of requests responded to within the statutory time to 87.

2.2.9 Performance was affected by a smaller proportion of the RoARs received by the Council that are classed as 'simple requests'; these are easier and quicker to process.

- 2.2.10 Simple RoARs include requests for CCTV coverage and requests for information which is held in individual systems such as Housing and Council Tax. All are straightforward to extract, validate, review and process.
- 2.2.11 Large and complex RoARs have numerically increased and now make up the majority received by the Council.
- 2.2.12 These are resource intensive as they involve reviewing large volumes of historical data, specialists within children's services and are often linked to CSE. To place this into context, some requests can take an officer six to seven months to review and complete.
- 2.2.13 Additional resources have been added to the team's capacity to improve performance. This appears to be having a positive impact in reducing wait times.
- 2.2.14 Appendix 1 provides FOI and RoAR performance for the last four financial years.
- 2.2.15 Performance will continue to be closely monitored with the focus on improving time to completion.

3. Data Protection Incidents and Breaches

- 3.1 The Council actively encourages services to report any suspected data incidents, and all reported cases are investigated. Appendix two provides a breakdown of the number and classification of incidents.
- 3.2 Monitoring information security incidents enables the Council to proactively improve the Council's risk profile by learning lessons from an incident and reducing the likelihood of it happening again. By monitoring and responding to incidents within a 'no blame culture' has ensured that even the smallest of concerns are raised.
- 3.3 Most data breaches are assessed as low risk or below the threshold for statutory reporting
- 3.4 Every reported incident is logged, investigated and recommendations are made to the service that will reduce the likelihood of a repeat incident.
- 3.5 Examples of low-risk breaches are misdirected emails with limited or no personal data, emails sent with Carbon Copy (CC) instead of Blind Carbon Copy (BCC) exposing email addresses, and Council Tax bills sent to the wrong address. These are also classed as 'disclosed in error' and are approximately 88% of the reported breaches.
- 3.6 Serious breaches are reported to the Information Commissioner's Office (ICO) and one incident was reported to ICO in 22/23 financial year. This was a cyber security related incident and was reported as a precaution. Following an internal investigation no data was lost or exposed. No action was taken by the Information Commissioner.

4. Options considered and recommended proposal

4.1 There are no new proposals or recommended options. However, it is a requirement that the council continues the maintenance of its Information Governance processes in compliance with Data Protection and Freedom of Information requirements.

4.2 It should be noted that continued compliance to the Data Protection Act 2018 and the Freedom of Information Act 2000 can only be achieved by the continued support of all Council Staff and Councillors. Key roles such as Information Asset Owners and Data Protection Officer can use existing governance structures to ensure ongoing compliance.

5. Consultation on proposal

5.1 None

6. Timetable and Accountability for Implementing this Decision

6.1 None

7. Financial and Procurement Advice and Implications

7.1 There are no direct financial or procurement implications arising from this report.

8. Legal Advice and Implications

8.1 There are no legal implications arising from this report, except to reiterate that the council has a duty to comply with Data Protection legislation.

9. Human Resources Advice and Implications

9.1 There are no direct implications for HR arising from this report.

10. Implications for Children and Young People and Vulnerable Adults

10.1 There are no direct implications for children and young people or vulnerable adults arising from this report.

11. Equalities and Human Rights Advice and Implications

11.1 There are no direct equalities or human rights implications arising from this report.

12. Implications for Partners

12.1 There are no direct implications for partners arising from this report.

13. Risks and Mitigation

13.1 Risks and mitigation will be managed by CIGG and the council's risk processes.

14. Accountable Officer(s)

Luke Sayers, Assistant Director- Customer, Information and Digital Services

luke.sayers@rotherham.gov.uk

Paul Vessey, Head of Information Management

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Report Author:

Luke Sayers, Assistant Director- Customer, Information and Digital Services

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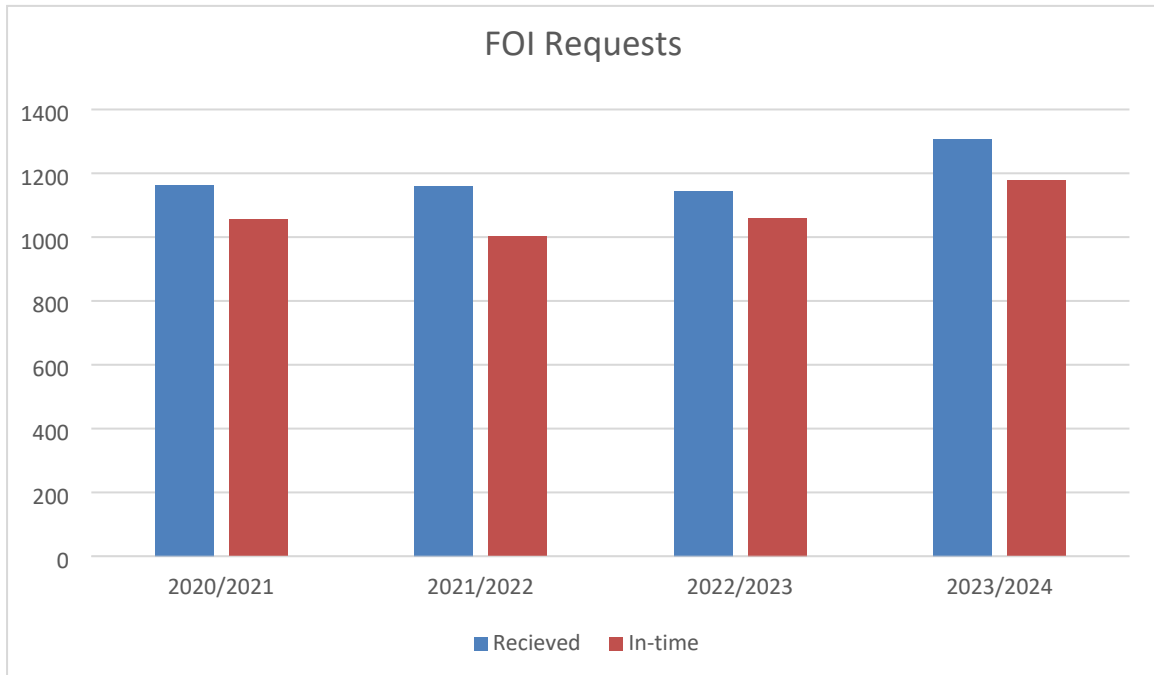
Paul Vessey, Head of Information Management

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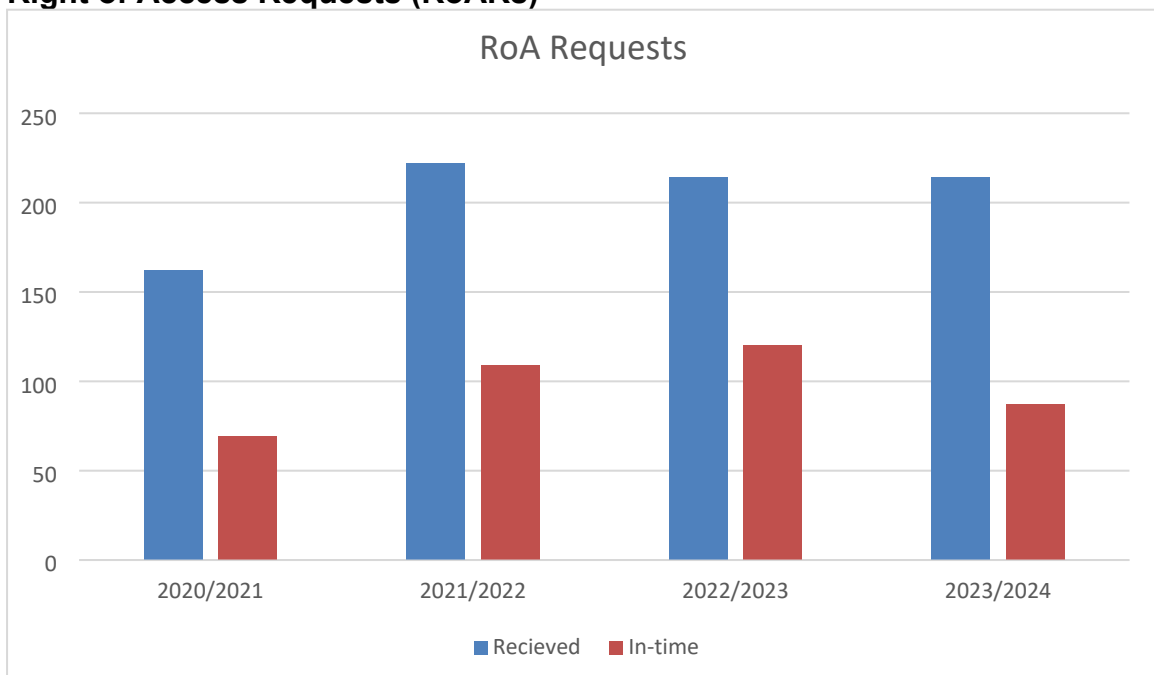
Appendix 1: FOI & RoAR Statistics

Freedom of Information (FOI) Requests



Year	Number Received	Number Completed in Time	% Completed in Time
2020/2021	1163	1055	91%
2021/2022	1160	1002	86%
2022/2023	1145	1060	92%
2023/2024	1307	1177	90%

Right of Access Requests (RoARs)



Year	Number Received	Number Completed in Time	% Completed in Time
2020/2021	162	69	43%
2021/2022	222	109	49%
2022/2023	214	120	56%
2023/2024	214	87	41%

Appendix 2: Data Incidents

Information Security Incident Stats 2023/24						
Cases Investigated	Total number of incidents	Reported to ICO	Complaints from ICO			
201	154	1	0			
Incident Category	FACS	ACH	R&E	PH	CYPS	ACX
Lost in Transit						
Lost or stolen hardware		1	1		3	1
Lost or stolen paperwork		2				
Disclosed in Error	40	23	14		48	11
Uploaded to website in error		1			1	
Non-secure Disposal – hardware						
Non-secure Disposal – paperwork						
Technical security failing						1
Corruption or inability to recover electronic data						
Unauthorised access/disclosure	2				1	1
Social Media Platforms						
IG Other	1				1	1
Totals No of Incidents 23/24	43	27	15	0	54	15

Year	Cases Investigated	Total Number of Incidents	Reported to ICO
2021/2022	179	122	1
2022/2023	173	134	2
2023/2024	201	154	1

Committee Name and Date of Committee Meeting

Audit Committee – 26 November 2024

Report Title

Audited Statement of Accounts 2023/24

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)

Natalia Govorukhina (Head of Corporate Finance)
Finance & Customer Services Directorate
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Ward(s) Affected

Borough-Wide

Report Summary

Under the Accounts and Audit (amendment) Regulations 2022, local authorities were required to publish their unaudited accounts no later than 31st May 2024, for the financial year 2023/24, accompanied by a Narrative Report and draft Annual Governance Statement. The deadline for the publication of final audited accounts is 30th September 2024 but due to capacity limitations in the audit sector Grant Thornton have not been able to complete the audit within this timescale.

The Council presented draft accounts to Audit Committee on the 25th June 2024 and published those accounts before the 31st May 2024 as per the deadline. An update on the position was presented to the Audit Committee on the 26th September 2024. The audit of the Council's accounts is now nearing completion and Grant Thornton will present to Audit Committee their ISA 260 report along with any recommendations from the audit.

The ISA 260 report sets out Grant Thornton's overall conclusions from their 2023/24 audit in relation to their statutory objectives to give an opinion on the Council's financial statements.

Members are asked to consider Grant Thornton's findings, as set out in the ISA260 Report (Appendix 4), before formally approving the 2023/24 Audited Statement of Accounts (Appendix 1) and the 2023/24 Narrative Report (Appendix 2) for publication as final and to issue Grant Thornton with the Letter of Management Representations (attached as Appendix 3) which Grant Thornton require to complete their audit.

Members will note that Grant Thornton intend to issue an unqualified opinion on the Statement of Accounts, subject to formal completion of their audit.

At this point Grant Thornton have not concluded their Value for Money work as such are not able to confirm an unqualified opinion in respect of the Council's value for money arrangements.

Recommendations

1. That Audit Committee, having taken due regard of the external audit findings, detailed within the ISA 260 report, formally approve the 2023/24 Statement of Accounts attached as Appendix 1 for publication as final and the 2023/24 Narrative Report attached as Appendix 2 for publication as final.

List of Appendices Included

Appendix 1 – 2023/24 Audited Statement of Accounts

Appendix 2 – 2023/24 Narrative Report

Appendix 3 – 2023/24 Letter of Management Representations (to be issued at the meeting)

Appendix 4 – ISA 260 (to be issued at the meeting)

Background Papers

CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 Accounts and Audit (amendment) Regulations 2022

Audit Committee meeting – 25th June 2024

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 2023/24

1. Background

- 1.1 Under the Accounts and Audit (amendment) Regulations 2022, local authorities were required to publish their unaudited accounts no later than 31 May 2024, for the financial year 2023/24, accompanied by a Narrative Report and draft Annual Governance Statement. The deadline for the final publication of the Council's audited accounts was 30th September 2024.
- 1.2 The Council presented draft accounts to Audit Committee on the 25th June 2024 and published those accounts before the 31st May 2024 as per the deadline. The audit of the Council's accounts is now nearing completion and Grant Thornton will present to Audit Committee their ISA 260 report along with any recommendations from the audit.

2. Key Issues

- 2.1 Although the ISA 260 was not finalised at time of the production of this report, Grant Thornton have clearly indicated they intend to issue an unqualified opinion on the Statement of Accounts. There are some points of clarity to resolve on the Council's accounts as part of the audit work that need to be finalised in order to complete the ISA 260. Grant Thornton will provide an update at the meeting on the current position.
- 2.2 The detailed changes to the Statement of Accounts are set out in the ISA 260.
- 2.3 There are a number of minor corrections and presentational changes that have been agreed.
- 2.4 The Council has fully engaged with the external audit and endeavoured to respond to issues as quickly and efficiently as possible. Though it should be noted that an audit taking place during July to November is far from ideal and at times this has impacted the Council's ability to respond as efficiently as would be preferred.
- 2.5 The ISA 260 Report outlines any issues that Grant Thornton have found with regards to areas of significant audit risk, their opinion as to whether reasonable professional judgement has been exercised and provides recommendations for further improvements in the production of the accounts.

3. Options considered and recommended proposal

- 3.1 There is no discretion on whether to comply with the Code of Practice on Local Authority Accounting or the Accounts and Audit (amendment) Regulations 2022. The purpose of the recommendations is for Audit Committee to meet its responsibilities in relation to the closure of the accounts.

4. Consultation on proposal

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

5. Timetable and Accountability for Implementing this Decision

- 5.1 The statutory deadline for publishing the audited financial statements was 30th September 2024. Grant Thornton were not able to conclude their audit by this point.

6. Financial and Procurement Advice and Implications

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

7. Legal Advice and Implications

- 7.1 None, other than ensuring compliance with the requirements of the Accounts and Audit (amendment) Regulations 2022.

8. Human Resources Advice and Implications

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

9. Implications for Children and Young People and Vulnerable Adults

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

10. Equalities and Human Rights Advice and Implications

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

11. Implications for CO2 Emissions and Climate Change

- 11.1 No direct implications.

12. Implications for Partners

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

13. Risks and Mitigation

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

14. Accountable Officer(s)

Judith Badger (Strategic Director of Finance & Customer Services)

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METROPOLITAN BOROUGH OF ROTHERHAM**STATEMENT OF ACCOUNTS 2023/24**

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STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

The Authority's responsibilities

The Council 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.

Signed on behalf of Rotherham MBC

Audit Committee Chair
26 November 2024

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.

I certify that the Statement of Accounts gives a true and fair view of the financial position of the Authority at 31 March 2024 and of its income and expenditure for the year then ended.

Judith Badger CPFA
Strategic Director - Finance and Customer Services
26 November 2024

Explanation of the Financial Statements

The Statement of Accounts summarises the Council's financial performance during the year ended 31 March 2024 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 1) – which details the respective responsibilities of the Council and its Chief Financial Officer for the accounts;
- **An Explanation of the Financial Statements** (Page 2) – which details the components of the Financial Statements;
- **A Statement of Accounting Concepts and Policies** (Page 11) – 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 2023/24 financial statements are detailed on Page 11;
- **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 5) – 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 6) – 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 9) – 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 107) – 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 115) – By statute, Billing Authorities are required to maintain a separate Collection Fund which shows the level of National Non Domestic Rates and Council Tax 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 8) - 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 34) 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 can be reclassified 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.

2022/23 Gross Expenditure £000	2022/23 Gross Income £000	2022/23 Net Cost £000		2023/24 Gross Expenditure £000	2023/24 Gross Income £000	2023/24 Net Cost £000	Notes
138,148	(56,905)	81,243	Adult Care and Housing	160,284	(66,637)	93,647	48
70,958	(88,811)	(17,853)	Local Authority Housing (HRA)	91,344	(95,765)	(4,421)	
137,719	(67,259)	70,460	Childrens & Young Peoples Services	144,430	(74,331)	70,099	
60,555	(54,666)	5,889	Schools	54,961	(52,174)	2,787	
113,446	(45,195)	68,251	Regeneration and Environment Services	120,870	(50,129)	70,741	
18,424	(18,410)	14	Public Health	18,008	(19,129)	(1,121)	
12,362	(4,310)	8,052	Assistant Chief Executive Office	11,231	(2,849)	8,382	
32,069	(5,516)	26,553	Finance and Customer Services	28,226	(3,980)	24,246	
73,261	(93,268)	(20,007)	Central Services	76,303	(110,589)	(34,286)	
656,942	(434,340)	222,602	Cost of Services	705,658	(475,583)	230,074	
16,211	(36)	16,175	Other Operating Expenditure	27,609	(57)	27,552	4
40,747	(5,014)	35,733	Financing and Investment Income and Expenditure	28,191	(4,703)	23,488	5
0	(295,258)	(295,258)	Taxation & Non-Specific Grant Income and expenditure	0	(292,392)	(292,392)	7
713,900	(734,648)	(20,748)	Deficit/(Surplus) on Provision of Services	761,458	(772,735)	(11,278)	
		(53,386)	(Surplus) on Revaluation of Non Current Assets			(79,836)	37b
		(481,577)	Remeasurements of the Pensions Net Defined Benefit Liability/Asset			110,062	18
		(534,963)	Other Comprehensive Income & Expenditure			30,226	
		(555,711)	Total Comprehensive Income & Expenditure			18,948	

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.

2022/23	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 22	91,221	10,526	19,572	23,965	25,355	170,639	116,881	287,520	36/37
Movement in reserves during the year:									
Total Comprehensive Income and Expenditure	13,994	6,754	0	0	0	20,748	534,963	555,711	
Adjustments from income & expenditure charged under the accounting basis to the funding basis	(23,155)	(3,246)	7,844	(7,944)	18,614	(7,887)	7,887	0	
Increase / (Decrease) in Year	(9,161)	3,508	7,844	(7,944)	18,614	12,861	542,850	555,711	
<i>Schools Balances transferred out on conversion to academy</i>	0					0	0	0	
Balance as at 31 March 23 carried forward	82,060	14,034	27,416	16,021	43,969	183,500	659,731	843,230	

2023/24	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 23	82,060	14,034	27,416	16,021	43,969	183,500	659,731	843,230	36/37
Movement in reserves during the year:									
Total Comprehensive Income and Expenditure	18,337	(7,059)	0	0	0	11,278	(30,226)	(18,948)	
Adjustments from income & expenditure charged under the accounting basis to the funding basis	(17,981)	11,520	407	(6,593)	19,226	6,579	(6,579)	0	
Increase / (Decrease) in Year	356	4,461	407	(6,593)	19,226	17,857	(36,805)	(18,948)	
<i>Schools Balances transferred out on conversion to academy</i>	(402)					(402)	0	(402)	
Balance as at 31 March 24 carried forward	82,014	18,495	27,823	9,428	63,195	200,955	622,926	823,881	

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".

2022/23 £000		2023/24 £000	Notes
1,421,695	Property, Plant and Equipment	1,533,917	19
8,529	Heritage Assets	9,017	23
24,997	Investment Property	33,897	20
4,023	Intangible Assets	3,709	21
109,510	Pensions Asset	0	18
190	Long Term Investments	190	29
940	Long Term Debtors	837	32
1,569,883	Long Term Assets	1,581,567	
0	Short Term Investments	0	24
6,198	Assets Held For Sale	3,791	22
867	Inventories (Stock)	578	30
72,841	Short Term Debtors	76,993	32
94,042	Cash and Bank Balances	33,404	33
173,948	Current Assets	114,766	
0	Bank Overdraft	(84)	33
(60,590)	Short Term Borrowing	(34,761)	24
(31,837)	Revenue Grants Received in Advance	(24,522)	34a
(69,253)	Short Term Creditors	(65,813)	34b
(2,807)	Short Term Provisions	(3,487)	35
(164,488)	Current Liabilities	(128,667)	
(7,457)	Long Term Provisions	(8,776)	35
(19)	Long Term Creditors	(19)	34
(597,456)	Long Term Borrowing	(607,233)	24
(127,825)	Other Long Term Liabilities	(123,518)	49
(3,355)	Capital Grants Received in Advance	(4,239)	8
(736,112)	Long Term Liabilities	(743,785)	
843,230	Net Assets	823,881	
(183,500)	Usable Reserves	(200,955)	36
(659,730)	Unusable Reserves	(622,926)	37
(843,230)	Total Reserves	(823,881)	

Cash Flow Statement

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

	2022/23 £000	2023/24 £000	Notes
Deficit/(Surplus) on the provision of services	(20,748)	(11,278)	
Adjustments to net surplus or deficit on the provision of services for non-cash movements :			
Depreciation & Impairment	(45,466)	(60,603)	
Carrying Amount of Non- Current Assets Sold	(15,835)	(24,443)	
Pension Fund Adjustments	(48,823)	1,244	
(Increase)/Decrease in Provisions	(1,037)	(2,092)	
Increase/(Decrease) in Inventories	124	(289)	
Increase/(Decrease) in Debtors	11,831	6,372	
(Increase)/Decrease in Creditors	7,438	9,816	
Other Non Cash Adjustments	837	195	
Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities	89,684	73,074	38
Net cash inflows from Operating Activities	(21,995)	(8,004)	
Investing Activities	(153,471)	47,051	39
Financing Activities	136,257	21,675	40
Net decrease/(Increase) in cash and cash equivalents	(39,209)	60,722	
Cash and cash equivalents at the beginning of the reporting period	54,833	94,042	33
Cash and cash equivalents at the end of the reporting period	94,042	33,320	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 2023/24 financial year and its position at the year-end of 31 March 2024. 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 2023/24 ("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 and 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 "Expenditure and Funding 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 the 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, 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 the 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.

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 is 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.

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.

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.

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, intangible assets and 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 an Asset Held for Sale, it will be measured at the lower of carrying value and 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 to earn rentals or 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 fair 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, other buildings and non-operational properties up to 100 years)
- vehicles – straight line method over the useful life of the asset, as advised by a suitably qualified officer (Up to 10 years)
- infrastructure – straight-line allocation over determined useful life of the asset
- 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. Depreciation, revaluation and impairment losses are determined in accordance with the “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 (now DLUHC).

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 the 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.

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. 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 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).

The Council's business model is to hold investments to collect contractual cash flows. Financial assets are therefore classified as amortised cost, except for those whose contractual payments are not solely payment of principal and interest (i.e. where the cash flows do not take the form of a basic debt instrument). These are classified as fair value through profit or loss. Equity investments are held for strategic purposes and are designated at FVOCI.

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.

Financial Assets Measured at Fair Value through Profit or Loss

Financial assets that are measured at FVPL are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arrive in the Surplus or Deficit on the Provision of Services.

The Council has a limited number of shareholdings which would typically be measured at FVPL; however, the Council has designated these equity investments as fair value through other comprehensive income on the basis that:

- They are not quoted in an active market; and
- They are not held for trading

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 two local businesses. It does not have reasonable and supportable information that is available without undue cost or effort to support the measurement of lifetime expected losses on an individual instrument basis. It has therefore assessed losses for the portfolio on a collective basis.

Financial Liabilities

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

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

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

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

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

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

22 Employee Benefits

Benefits Payable During Employment

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

Termination Benefits

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

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

Post-Employment Benefits

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

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

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

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

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

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

are 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 are 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 balance that arises on the Pensions Reserve thereby measures the 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.

Accounting Standard IAS19 (Employee Benefits) states an entity shall recognise the net defined benefit liability/asset in the statement of financial position. In line with IAS19 and IFRIC14 (the standard that limits the recognition of the asset), when the actuary determines a defined benefit asset, the asset is recognised at the lower of the surplus in the defined benefit plan and the asset ceiling calculated by the actuary.

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.

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 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

In 2024/25 the Council will apply IFRS 16 leases as adopted by the Code of Accounting Practice. IFRS 16 will mean the majority of leases where the Council act as lessee will come onto the balance sheet. Lessor accounting is effectively unchanged. The main impact of the new requirements is that, for arrangements previously accounted for as operating leases (i.e. without recognising the leased vehicles, plant, equipment, property and land as an asset and future rents as a liability), a right of use asset and a lease liability are to be brought into the balance sheet as at 1 April 2024. Leases for items of low value and leases that expire on or before 31 March 2025 are exempt from the new arrangements. IFRS 16 will be applied retrospectively, but with cumulative effect recognised at 1 April 2024. This means that right of use assets and lease liabilities will be calculated as if IFRS16 had always applied but recognised in 2024/25 and not by adjusting prior year figures.

Subject to discounting, the operating lease commitments disclosed at note 42 provide a reasonable guide to assets and liabilities which will be brought into the financial statements at implementation. In addition, the Council is party to a number of non-commercial or 'peppercorn' leases. The code requires that the Council recognises a right of use asset on a fair value basis. Valuation of the Council's right of use assets under these leases is currently ongoing. Any excess fair value over the cost of lease payments is credited as a gain in the surplus/deficit on the provision of services and then neutralised by statutory reversals.

The changes below are not expected to impact on the Council's Financial Statements

- Non-current Liabilities with Covenants (Amendments to IAS1) issued in October 2022
- International Tax Reform: Pillar Two Model Rules (Amendments to IAS 12) issued in May 2023
- Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7) issued in May 2023

C CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

Management have considered that there are no critical judgements to report in line with applicable financial reporting principals, IAS1.

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 2024 is an estimated pensions liability of £14.327m and a £193.436m asset reduced to nil due to asset ceiling regulations, calculated by the Pensions Fund's actuaries in accordance with the requirements of IAS19. This compares to a £15.019m liability and a £109.510m asset at 31 March 2022 and £338m liability at 31 March 2022 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. These include; 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 ongoing conflict in Ukraine and in the middle east and current financial market conditions 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 and equities. 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 2024.

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)).

2022/23				2023/24		
Net Expenditure Chargeable to the General Fund and HRA Balances £000	Adjustments between the Funding and Accounting Basis £000	Net Expenditure in the Comprehensive Income and Expenditure Statement £000		Net Expenditure Chargeable to the General Fund and HRA Balances £000	Adjustments between the Funding and Accounting Basis £000	Net Expenditure in the Comprehensive Income and Expenditure Statement £000
79,783	1,460	81,243	Adult Care and Housing	105,853	(12,206)	93,647
(3,509)	(14,344)	(17,853)	Local Authority Housing (HRA)	(4,461)	40	(4,421)
64,508	5,952	70,460	Children and Young People's Services excluding schools	68,678	1,421	70,099
819	5,070	5,889	Schools	(91)	2,878	2,787
57,918	10,333	68,251	Regeneration and Environment Services	63,753	6,988	70,741
17,033	(17,019)	14	Public Health	16,638	(17,759)	(1,121)
7,370	682	8,052	Assistant Chief Executive Office	7,707	675	8,382
20,032	6,521	26,553	Finance and Customer Services	22,450	1,796	24,246
(238,301)	218,294	(20,007)	Central Services	(285,344)	251,058	(34,286)
5,653	216,949	222,602	Net Cost of Services	(4,817)	234,891	230,074
0	16,175	16,175	Other Operating Expenditure	0	27,552	27,552
0	35,733	35,733	Financing and Investment Income and Expenditure	0	23,488	23,488
0	(295,258)	(295,258)	Taxation & Non-Specific Grant Income and expenditure	0	(292,392)	(292,392)
5,653	(26,401)	(20,748)	(Surplus) / Deficit	(4,817)	(6,461)	(11,278)
		(101,747)	Opening General Fund and HRA Balance as at 1 April			(96,094)
		5,653	Less (Surplus) / Deficit on General Fund Balance in year			(4,817)
			Transfer to DSG Adjustment Account (unusable reserve)			0
			Transfer from/to reserves to/from Academies			402
		(96,094)	Closing General Fund and HRA Balance at 31 March			(100,509)

Note 1a Adjustments in Expenditure and Funding Analysis

2022/23					2023/24			
Capital Adjustment £000	Pension Adjustment £000	Other Adjustment £000	Total £000		Capital Adjustment £000	Pension Adjustment £000	Other Adjustment £000	Total £000
1,455	3,982	(3,977)	1,460	Adult Care and Housing	2,706	598	(15,510)	(12,206)
779	1,522	(16,645)	(14,344)	Local Authority Housing (HRA)	944	248	(1,152)	40
477	5,550	(75)	5,952	Children and Young People's Services excluding schools	639	821	(39)	1,421
3,452	1,494	124	5,070	Schools	3,854	(925)	(51)	2,878
18,979	7,118	(15,764)	10,333	Regeneration and Environment Services	18,311	1,079	(12,402)	6,988
0	215	(17,234)	(17,019)	Public Health	0	29	(17,788)	(17,759)
386	1,396	(1,100)	682	Assistant Chief Executive Office	447	202	26	675
4,243	2,928	(650)	6,521	Finance and Customer Services	2,024	442	(670)	1,796
552	0	217,742	218,294	Central Services	309	0	250,749	251,058
3,320	0	12,855	16,175	Other Operating Expenditure	12,267	0	15,285	27,552
(3,824)	10,298	29,259	35,733	Financing and Investment Income and Expenditure	(1,006)	(3,738)	28,232	23,488
4,739	0	(299,997)	(295,258)	Taxation & Non-Specific Grant Income and expenditure	11,288	0	(303,680)	(292,392)
34,558	34,503	(95,462)	(26,401)		51,783	(1,244)	(57,000)	(6,461)

Notes:

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

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

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

Expenditure/Income	2022/23 £000	2023/24 £000
Expenditure		
Employee benefits expenses	226,970	221,843
Other services expenses	396,370	431,747
Depreciation, amortisation, impairment	40,624	47,937
Interest payments	33,725	32,322
Precepts and levies	13,912	14,459
Payments to Housing Capital Receipts Pool	0	0
Loss on the disposal of assets	2,263	13,094
Total expenditure	713,864	761,402
Income		
Fees, charges and other service income	(180,495)	(194,348)
Interest and investment income	(3,156)	(2,740)
Income from council tax and non domestic rates	(161,057)	(172,761)
Government grants and contributions	(389,904)	(402,831)
Total income	(734,612)	(772,680)
Deficit/(Surplus) on the Provision of Services	(20,748)	(11,278)

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.

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

The authority's fees, charges and other income is analysed as follows:

2022/23	2022/23	2022/23		2023/24	2023/24	2023/24
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
(18,847)	(9,255)	(28,102)	Adult Care and Housing	(20,995)	(11,873)	(32,868)
(86,535)	(2,025)	(88,560)	Local Authority Housing (HRA)	(92,734)	(2,741)	(95,475)
(2,546)	(86)	(2,632)	Children and Young People's Services excluding schools	(3,213)	(1,397)	(4,610)
(2,568)	(2,950)	(5,518)	Schools	(2,522)	(671)	(3,193)
(29,042)	(2,188)	(31,230)	Regeneration and Environment Services	(31,067)	(2,645)	(33,712)
(6)	(33)	(39)	Public Health	(7)	0	(7)
(2,088)	(53)	(2,141)	Assistant Chief Executive Office	(2,091)	(51)	(2,142)
(4,582)	(612)	(5,194)	Finance and Customer Services	(3,614)	(1)	(3,615)
0	(11,400)	(11,400)	Central Services	0	(12,398)	(12,398)
0	(5,679)	(5,679)	Other income below Cost of Service	0	(6,328)	(6,328)
(146,214)	(34,281)	(180,495)	Total Income analysed on a segmental basis	(156,243)	(38,105)	(194,348)

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, Licencing, Civic Theatre, Development Control, Markets, Building Cleaning and Parking
Assistant Chief Executive Office:	Human Resources Services
Finance and Customer Services:	Bereavement Services and Registrars

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 2022/23					Movements in Unusable Reserves £000
	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	
	£000	£000	£000	£000	£000	
<u>Adjustments primarily involving the Capital Adjustment Account:</u>						
Charges for depreciation and impairment of non current assets	23,306	19				(23,325)
Amortisation of intangible assets	2,534	316				(2,850)
Revaluation losses on Property, Plant and Equipment	(1,593)	1,787				(194)
Capital grants and contributions applied	(74,610)	(1,227)			18,614	57,223
Revenue expenditure funded from capital under statute	6,211	463				(6,674)
(Gain)/loss on disposal of non current assets charged to the Comprehensive Income and Expenditure Statement	2,954	(965)	13,846			(15,835)
Debt Repayment			53			(53)
Statutory provision for the financing of capital investment	(8,416)					8,416
Capital expenditure charged against the General Fund and HRA balances	(132)	(2,902)				3,034
<u>Adjustments primarily involving the Capital Receipts Reserve:</u>						
Use of the Capital Receipts Reserve to finance new capital expenditure			(6,002)			6,002
Use of the Capital Receipts Reserve to repay debt			(53)			53
Contribution from the Capital Receipts Reserve to finance payments to the Government capital receipts pool						0
Transfer from Deferred Capital Receipts Reserve upon receipt of cash						0
<u>Adjustment primarily involving the Major Repairs Reserve:</u>						
Reversal of Major Repairs Allowance credited to the HRA		(2,886)		2,886		0
HRA depreciation to capital adjustment account				19,096		(19,096)
Use of the Major Repairs Reserve to finance new capital expenditure				(29,926)		29,926
<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	(51)					51

	Movements in Usable Reserves 2022/23 continued					Movements in Unusable Reserves £000
	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	
	£000	£000	£000	£000	£000	
<u>Adjustments primarily involving the Pensions Reserve:</u>						
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (see note 18)	53,030	3,445				(56,475)
Employer's pension contributions and direct payments to pensioners payable in the year	(20,661)	(1,310)				21,971
<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	(6,043)					6,043
<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	316	14				(330)
<u>Adjustment primarily involving the Dedicated Schools Grant Adjustment Account:</u>						
Transfer to unusable reserve in the year in accordance with statutory requirements						0
Total Adjustments	(23,155)	(3,246)	7,844	(7,944)	18,614	7,887

	Movements in Usable Reserves 2023/24					Movements in Unusable Reserves £000
	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	
	£000	£000	£000	£000	£000	
<u>Adjustments primarily involving the Capital Adjustment Account:</u>						
Charges for depreciation and impairment of non current assets	24,400	70				(24,470)
Amortisation of intangible assets	1,020	316				(1,336)
Revaluation losses on Property, Plant and Equipment & Investment Properties	(2,884)	15,552				(12,668)
Capital grants and contributions applied	(59,313)	(2,236)			19,226	42,323
Revenue expenditure funded from capital under statute	15,997	628				(16,625)
(Gain)/loss on disposal of non current assets charged to the Comprehensive Income and Expenditure Statement	12,012	964	11,467			(24,443)
Debt Repayment			315			(315)
Statutory provision for the financing of capital investment	(9,982)					9,982
Capital expenditure charged against the General Fund and HRA balances	(59)	(1,919)				1,978
<u>Adjustments primarily involving the Capital Receipts Reserve:</u>						
Use of the Capital Receipts Reserve to finance new capital expenditure			(11,060)			11,060
Use of receipts to repay debt			(315)			315
Contribution from the Capital Receipts Reserve to finance payments to the Government capital receipts pool	0					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		(1,889)		1,889		0
HRA depreciation to capital adjustment account				22,131		(22,131)
Use of the Major Repairs Reserve to finance new capital expenditure				(30,613)		30,613
<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	(34)					34

	Movements in Usable Reserves 2023/24 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)	22,262	1,640				(23,902)
Employer's pension contributions and direct payments to pensioners payable in the year	(23,510)	(1,637)				25,147
<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	1,772					(1,772)
<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	338	31				(369)
<u>Adjustment primarily involving the Dedicated Schools Grant Adjustment Account:</u>						
Transfer to unusable reserve in the year in accordance with statutory requirements						0
Total Adjustments	(17,981)	11,520	407	(6,593)	19,226	(6,579)

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

	Bal at	Trans between Reserves	Trans out	Trans in	Bal at	Trans between Reserves	Trans out	Trans in	Bal at
	1 Apr 22	2022/23	2022/23	2022/23	31 Mar 23	2023/24	2023/24	2023/24	31 Mar 24
	£000	£000	£000	£000	£000	£000	£000	£000	£000
General Fund									
Transformation	4,120	0	(4,120)	0	(0)	0	0	0	(0)
Business Rates	4,000	0	0	0	4,000	0	0	0	4,000
PFI - Education (Schools)	0	0	0	0	0	0	0	0	0
Insurance Fund Reserve	0	0	0	0	0	0	0	362	362
Revenue Grants Reserve	1,731	0	(854)	2,452	3,329	0	(1,147)	59	2,241
Budget & Financial Strategy	17,866	0	(3,258)	0	14,608	0	(729)	0	13,879
Housing Transformation Fund	1,303	0	(867)	0	436	0	(219)	0	217
Memb Comn Leadership Fund	50	0	(25)	10	35	0	(33)	0	2
Rotherham Partnership	148	0	0	14	162	0	(37)	0	125
HRA Sinking Fund	23	0	0	32	55	0	0	38	93
CYPS Social Care Reserve	2,000	0	(2,000)	0	0	0	0	0	0
Covid Recovery Fund	2,000	0	(903)	50	1,147	0	(1,000)	0	147
Local Ctax Support Grant	2,774	0	(1,571)	0	1,203	0	0	0	1,203
Collect'n Fund Income Guarantee	677	0	0	0	677	0	0	0	677
Treasury Management Savings	5,586	0	0	6,829	12,415	0	(798)	0	11,617
Total	42,278	0	(13,598)	9,387	38,067	0	(3,963)	459	34,563
Total HRA	23	0	0	32	55	0	0	38	93
Total General Fund	42,255	0	(13,598)	9,355	38,012	0	(3,963)	421	34,470
Covid-19 Grants Reserve	11,870	0	(11,572)	844	1,142	0	(1,142)	0	0
DSG Grant Reserve	8,418	0	(753)	7,665	15,330	0	(540)	5,490	20,280
Total Earmarked Reserves	62,566	0	(25,923)	17,896	54,539	0	(5,645)	5,949	54,843

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 2023/24. A brief description of the purpose of each reserve is provided as follows:

(i) Transformation Reserve

This reserve was to be used to fund costs associated with transformational change in the delivery of Council services. However, it was approved as part of the Council's Budget and Council Tax Report 2022/23, approved at Council on 1st March 2023, that this reserve would be used to support the estimated revenue budget overspend for 2022/23, due to the pressures caused by inflation, energy price rises and the national Local Government Pay Settlement that could not have been predicted at the time of setting the 2022/23 budget.

(ii) Business Rates Reserve

This reserve is to cover residual risks relating to appeals.

(iii) PFI – Education (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 are 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 2023/24.

(vi) 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.

(vii) 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.

(viii) 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. It was approved in the Budget and Council Tax Report 2022/23 to be used to support the budget for 2022/23.

(x) 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 the borough emerges from the pandemic.

(xi) 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 2023/24, the Council will use this fund to support a local Council Tax Support top up payment in 2024/25.

(xii) 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 2024/25.

(xiii) 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. The Council's Budget and Council Tax Report 2023/24 details how this reserve will be used to support the Medium Term Financial Strategy.

(xiv) 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.

(xv) Other Reserves

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

Note 4 Other Operating Expenditure

2022/23		2023/24	
£000		£000	Notes
3,352	Parish Council precepts	3,661	
10,560	Levies payable	10,797	
0	Payments to the Government Housing Capital Receipts Pool	0	
2,561	Loss on disposal of non current assets	13,173	48
(298)	Loss on revaluation & disposal of Assets Held for Sale	(79)	22
16,175	Total	27,552	

Note 5 Financing and Investment Income and Expenditure

2022/23		2023/24	
£000		£000	Notes
33,726	Interest payable and similar charges	32,322	26
10,298	Net interest on the net defined benefit liability (asset)	(3,738)	18
(3,156)	Interest receivable and similar income	(2,740)	26
(5,135)	Income and expenditure relating to Investment Properties and changes in their fair value	(2,356)	20
35,733	Total	23,488	

Note 6 **Surplus / Deficit on Trading Services**

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:

2022/23				2023/24		
Expenditure	Income	(Surplus) / Deficit		Expenditure	Income	(Surplus) / Deficit
£000	£000	£000		£000	£000	£000
16,387	(16,121)	266	Construction, Street Cleansing and Landscaping	13,214	(13,560)	(346)
1,860	(1,523)	337	Vehicle Maintenance	1,581	(1,319)	262
1,753	(2,680)	(927)	Property Services – Fee-billing	1,882	(3,479)	(1,597)
1,625	(1,279)	346	Engineering – Fee-billing	2,050	(1,672)	378
7,751	(5,078)	2,673	Cleaning of buildings	7,638	(6,058)	1,580
3,688	(574)	3,114	Markets	1,727	(390)	1,337
569	(508)	61	Building Regulations Control	435	(429)	6
9,703	(7,551)	2,152	School Support Services	10,185	(8,335)	1,850
43,336	(35,314)	8,022	(Surplus) / Deficit	38,712	(35,242)	3,470

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. The majority of these are internal traded services, however there is some external provision to Parish Councils and academy schools.

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 and valuers that are involved in the valuation and construction of new and existing Council buildings. The majority of these are internal traded services, however there is some external provision to academy schools.

Engineering – Fee Billing

Streetpride provides a design, inspection and assessment service and carries out engineering works to buildings, bridges, structures and highways. The majority of these are internal traded services, however there is some external provision to other local authorities.

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 and by academy schools. The service also has a contract with Equans for the provision of cleaning services to PFI schools.

Markets

The Council operates regular markets in Wath and Rotherham town centre. This is an external traded service.

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. This is an external traded service.

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. This service is provided to RMBC and academy schools.

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

2022/23 £000		2023/24 £000	Notes
126,890	Council Tax Income	133,303	
34,167	Non Domestic Rates	39,458	
41,351	Business Rates grants	48,292	
21,751	Non Ring-fenced government grants	21,079	8
71,099	Capital Grants & Contributions	50,260	8
295,258	Total	292,392	

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:

2022/23 £000		2023/24 £000
15,653	Revenue Support Grant	17,654
6,098	Other Non Specific Revenue Grants	3,425
21,751	Total	21,079

Capital Grants Credited to Taxation and Non Specific Grant Income:

2022/23 £000		2023/24 £000
1,290	Department for Transport	500
718	Education Funding Agency: LA Maintained Maintenance Grant	677
(1,635)	Education Funding Agency: Basic Need Pupil Places	(140)
601	Education Funding Agency: LA Maintained Devolved Formula	145
9,229	Education Funding Agency: Targeted Basic Need	3,143
46	Department for Education	1,093
12,835	Department for Levelling Up, Housing & Communities	16,265
306	Other Local Authorities and Partners	663
38,278	South Yorkshire Mayoral Combined Authority	20,224
0	Department of the Environment, Food & Rural Affairs	35
0	Environment Agency	876
(49)	Department of Business, Energy & Industrial Strategy	96
3,051	European Development Fund	(106)
38	Forestry Commission	209
6	Historic England	3
1,198	Homes England	0
1,415	Disabled Facilities Grant	1,040
5	Dept. for Work and Pensions	0
248	Police Crime Commissioner	124
0	NHS England	1,607
5	Sport England	0
3,514	CIL Contributions	3,645
0	S106 Contributions	162
71,099		50,260

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 below:

2022/23 £000		2023/24 £000
97,472	Dedicated Schools Grant including Safety Valve funding (Note 16)	99,920
53,570	Housing and Council Tax Benefit: subsidy	54,594
9,822	PFI Grant	9,822
1,553	Supporting Families	1,409
3,715	Pupil Premium	3,551
1,248	Housing Benefit & Council Tax Benefit Administration	831
526	Youth Offending Teams Grant	555
415	Arts Council - School Music Service	414
668	Universal Free School Meals	690
14,757	Social Care (Revenue) Grant	22,888
9,041	NHS Funding (including Better Care Fund)	10,036
13,562	Improved Better Care Fund	15,399
1,442	Independent Living Fund	1,442
17,235	Public Health Funding	17,763
611	Police and Crime Commission	732
478	Discretionary Housing Payments (DHPs)	428
1,761	Unaccompanied Asylum Seeking Children	2,278
342	Asylum Seekers Dispersal - Temporary Accommodation	544
444	PE & Sport Grant	394
466	Rough Sleeper Initiative	602
1,121	Adult Social Care Discharge Funding	2,030
668	Homeless Prevention	583
538	Gainshare	96
676	Domestic Abuse	216
1,484	Childrens Capital of Culture	546
1,289	Holiday Activities & Food	1,247
665	Substance Misuse Treatment & Recovery	1,129
1,966	Homes for Ukraine	630
908	Fair Cost of Care Fund	3,150
511	National Tutoring Programme	202
864	Family Hubs	1,558
819	Supplementary Grant DFE	1,126
4,978	Household Support Fund	4,978
689	Recovery Premium Funding	606
30	Teachers Pay Grant	721
194	Multiply (UKSPF)	415
391	European Social Fund	400
388	UK Shared Prosperity Fund	629
364	Apprenticeship Levy	447
0	Mainstream Schools Additional Funding	943
0	Short Break Innovation Fund	570
0	Market Sustainability and Improvement Fund	2,046
0	Local Council Tax Support Scheme	606

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:

31 Mar 23		31 Mar 24
£000		£000
3,196	Section 106 Developer Contributions	3,829
159	CIL Contributions	410
3,355	Total of Capital Grants Received in Advance	4,239

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	2022/23		Income	Expenditure	2023/24
£000	£000	£000		£000	£000	£000
0	0	(5)	F&CS/ACE - General Fund	0	0	(5)
(1,014)	526	(2,046)	Regeneration & Environment – General Fund	(361)	162	(2,246)
(412)	101	(721)	CYPS - General Fund	(271)	157	(835)
0	0	0	Housing - General Fund	0	0	0
(98)	39	(423)	HRA	(320)		(743)
(1,524)	666	(3,196)	Total	(952)	319	(3,829)

Note 9 Acquired and discontinued operations

The Council did not acquire any new operations in 2023/24.
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 South Yorkshire Integrated Care Board (Rotherham Place) 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 SYICB, any underspend will be reimbursed by the Council to SYICB.

The income and expenditure in the current and previous year were as follows:

2022/23		2023/24
£000		£000
(2,131)	Gross income	(1,886)
2,131	Gross expenditure	1,886
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 South Yorkshire Integrated Care Board (SYICB) 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 £37.198m, 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. SYICB host Pool 2 with income of £13.756m 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.

2022/23 £000	Better Care Fund - Pool 1 RMBC	2023/24 £000
(3,769)	Balance B/F	(5,164)
0	Less: earmarked for 24/25	1,970
(11,802)	SYICB (Rotherham Place)	(12,194)
(17,469)	Rotherham MBC - Capital	(3,331)
(3,064)	Rotherham MBC - Revenue	(18,479)
(36,104)	Total Gross Income	(37,198)
2,551	Capital Expenditure	3,666
28,896	Revenue Expenditure	31,879
31,447	Total Gross Expenditure	35,545
(4,657)	Overspend / (Underspend)	(1,653)
(507)	Use of balances	(287)
(5,164)	Net Balance as at 31 March	(1,940)

2022/23 £000	Better Care Fund - Pool 2 NHS South Yorkshire ICB	2023/24 £000
(13,152)	SYICB (Rotherham Place)	(13,756)
0	Rotherham MBC	0
(13,152)	Total Gross Income	(13,756)
12,645	Revenue Expenditure	13,469
12,645	Total Gross Expenditure	13,469
(507)	Overspend / (Underspend)	(287)
507	Transfer of balances	287
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 South Yorkshire Police and Crime Commissioner £153K, National Probation Service £5K and NHS South Yorkshire ICB £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), NHS South Yorkshire ICB, South Yorkshire Police, South Yorkshire Probation and CAF/CASS.

2022/23		2023/24
£000	YOS Pooled Budget	£000
(70)	NHS South Yorkshire ICB	(70)
(153)	South Yorkshire Police & Crime Commissioner	(153)
(5)	National Probation Service	(5)
(4)	Leeds City Council	0
(250)	Rotherham MBC - Revenue	(274)
(482)	Total Gross Income	(502)
0	Capital Expenditure	0
482	Revenue Expenditure	502
482	Total Gross Expenditure	502
0	Overspend / (Underspend)	0
0	Use of balances	0
0	Net Balance as at 31 March	0

2022/23		2023/24
£000	Rotherham Safeguarding Board	£000
(177)	NHS South Yorkshire ICB	(125)
(60)	South Yorkshire Police & Crime Commissioner	(48)
0	Other Income	(2)
(119)	Rotherham MBC - Revenue	(125)
(356)	Total Gross Income	(300)
333	Revenue Expenditure	288
333	Total Gross Expenditure	288
(23)	Overspend / (Underspend)	(12)
0	Transfer of balances	0
(23)	Net Balance as at 31 March	(12)

Doncaster MBC 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 MBC.

2022/23 £000	South Yorkshire Regional Adoption Agency	2023/24 £000
(1,123)	Rotherham MBC - Revenue	(1,246)
(1,478)	Sheffield CC	(1,636)
(887)	Barnsley MBC	(981)
(1,063)	Doncaster MBC	(1,187)
(4,551)	Total Gross Income	(5,050)
0	Capital Expenditure	0
4,484	Revenue Expenditure	5,006
4,484	Total Gross Expenditure	5,006
(67)	Overspend / (Underspend)	(44)
(270)	Carry Forward from Previous Year	(317)
20	Use of balances	77
(317)	Net Balance as at 31 March held by Doncaster MBC	(284)

The 2022/23 figures in the SYRAA pooled budget statement have been re-presented to ensure comparability with 2023/24, which is consistent with the format adopted by the other South Yorkshire Authorities.

Note 13 **Members' Allowances**

Members' allowances and expenses during the year totalled £942,674.42 excluding Joint Council allowances (2022/23 £910,520.87).

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.

2022/23 £000	Members Allowances	2023/24 £000
671	Basic allowance	704
240	Special responsibility allowances	239
0	Travel	0
911	Total Members' Allowances and Expenses	943

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 2023/24 payroll information, expressed in bands of £5,000 is as follows:

2022/23			2023/24	
Officers Total	Teachers Total		Officers Total	Teachers Total
59	15	50,000.00 to 54,999.99	128	19
35	5	55,000.00 to 59,999.99	60	10
22	6	60,000.00 to 64,999.99	29	4
20	9	65,000.00 to 69,999.99	17	5
17	1	70,000.00 to 74,999.99	15	7
3	1	75,000.00 to 79,999.99	8	3
4	3	80,000.00 to 84,999.99	3	2
2	0	85,000.00 to 89,999.99	2	0
6	0	90,000.00 to 94,999.99	1	0
0	0	95,000.00 to 99,999.99	9	1
0	0	100,000.00 to 104,999.99	1	0
0	0	105,000.00 to 109,999.99	0	0
1	0	110,000.00 to 114,999.99	0	0
0	0	115,000.00 to 119,999.99	1	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 2023/24, the number of such employees was 0 (0 officer and 0 teacher).

The number of officers and teachers whose remuneration fell between £50,000 - £124,999, has increased year on year by 116 overall, in the main, due to a pay award taking additional pay scales into the over £50,000 bracket. A number of staff whose salaries are less than £50,000 have fallen into the over £50,000 bracket due to them receiving payments for overtime/standby/call outs.

The above table excludes senior employees whose remuneration for 2022/23 and 2023/24 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.

Senior Officers 2022/23

Job Title/Employee	Salary 2022/23 £	Additional Payments 2022/23 £	Compensation & Ex-gratia 2022/23 £	Total remuneration excluding employer pension contributions 2022/23 £	Pension employer contribution 2022/23 £
Senior Officer Salary Costs:					
Sharon Kemp - Chief Executive	175,231.44	0.00	0.00	175,231.44	30,139.80
Assistant Chief Executive	109,290.96	0.00	0.00	109,290.96	18,798.00
Strategic Director of Children and Young Peoples Services - Refer to Note (i)	4,979.91	0.00	0.00	4,979.91	856.54
Strategic Director of Regeneration & Environment	127,425.00	0.00	0.00	127,425.00	21,917.16
Strategic Director of Adult Care and Housing	136,104.48	0.00	0.00	136,104.48	23,409.96
Strategic Director of Finance & Customer Services	127,425.00	0.00	0.00	127,425.00	21,917.16
Assistant Director of Legal Services	92,408.52	0.00	0.00	92,408.52	15,894.24
Total	772,865.31	0.00	0.00	772,865.31	132,932.86

Senior Officers 2023/24

Job Title/Employee	Salary 2023/24 £	Additional Payments 2023/24 £	Compensation & Ex-gratia 2023/24 £	Total remuneration excluding employer pension contributions 2023/24 £	Pension employer contribution 2023/24 £
Senior Officer Salary Costs:					
Sharon Kemp - Chief Executive	181,365.12	0.00	0.00	181,365.12	31,376.16
Assistant Chief Executive	113,117.04	0.00	0.00	113,117.04	19,569.24
Nicola Curley, Strategic Director of Children and Young Peoples Services	159,781.08	0.00	0.00	159,781.08	27,333.34
Strategic Director of Regeneration & Environment - Refer to Note (ii)	131,885.04	32,829.44	0.00	164,714.48	22,816.08
Strategic Director of Adult Care and Housing	140,868.96	0.00	0.00	140,868.96	24,370.32
Strategic Director of Finance & Customer Services	131,885.04	0.00	0.00	131,885.04	22,816.08
Assistant Director of Legal Services	95,642.88	0.00	0.00	95,642.88	16,546.20
Total	954,545.16	32,829.44	0.00	987,374.60	164,827.42

- (i) The Strategic Director of Children and Young People's Services commenced their employment on 20 March 2023.
- (ii) The Strategic Director of Regeneration & Environment officially left the Council on 12th April 2024. Additional payment related to post employment notice pay that has been accrued for in 2023/24.
- (iii) The LGPS Employer Pension contributions disclosed in 2023/24 are based on the common rate of contribution set by the Actuary of 17.3 percent.

Prior year comparative figures are only shown for those employees qualifying for the current year note.

Senior Officer salary costs for 2023/24 have not materially increased or decreased compared to 2022/23.

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 2022/23 but who were paid in 2023/24 and those staff whose severance was approved and agreed and to which the Council was committed at 31 March 2024 but who are planned to leave in 2024/25.

In 2023/24 no provision was made in respect of severance costs associated with the major restructuring of services (in 2022/23 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	
	2022/23	2023/24	2022/23	2023/24	2022/23	2023/24	2022/23 £000	2023/24 £000
Non Schools								
£0 - £20,000	1	3	52	53	53	56	230	208
£20,001 - £40,000	0	0	0	1	0	1	0	33
£40,001 - £60,000	0	0	1	0	1	0	51	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
£100,001 - £150,000	0	1	0	0	0	1	0	145
£150,001 - £200,000	0	0	0	0	0	0	0	0
Total	1	4	53	54	54	58	281	386

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	
	2022/23	2023/24	2022/23	2023/24	2022/23	2023/24	2022/23 £000	2023/24 £000
Schools								
£0 - £20,000	1	0	10	6	11	6	32	9
£20,001 - £40,000	0	0	0	0	0	0	0	0
£40,001 - £60,000	0	0	0	0	0	0	0	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	1	0	10	6	11	6	32	9

N.B. The above figures include 2 settlement agreements (7 settlement agreements 2022/23) entered into to terminate the employment relationship with the School/Council.

(xiv) Termination Benefits

During 2023/24 64 employees (2022/23, 65) 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 2023/24 totalled £0.395m (2022/23 £0.313m) - composed of severance payments of £0.283m (2022/23 £0.313m) and £0.112m in pensions strain costs (2022/23 £0.000m).

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:

2022/23 £000		2023/24 £000
179	Fees payable for external audit services carried out by the appointed auditor Grant Thornton	384
40	Fees payable for the certification of grant claims and returns Grant Thornton	40
7	Fees payable for the certification of grant claims and returns - to external audit services KPMG	8
226	Total	432

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 comprised of the element delegated (in the form of budget shares) to maintained schools to meet the provision of education to pupils and the element centrally retained and managed by the Council to meet a range of educational services provided on a Council-wide basis to all schools/sometimes academies.

The following note details the level of Dedicated Schools Grant that the Council is in receipt of and how it has been applied or allocated in 2023/24 (as well as for the comparative year):

2022/23				2023/24		
Central Expenditure £000	ISB £000	Total £000		Central Expenditure £000	ISB £000	Total £000
		286,301 (194,918)	Final DSG before Academy recoupment Less Academy figure recouped			306,485 (209,342)
		91,383	Total DSG after Academy recoupment			97,143
		8,418	Brought forward from previous year Less carry forward to 2023/24 agreed in advance	15,330		15,330 0
51,258	48,542	99,800	Agreed initial Budgeted Distribution	63,696	48,778	112,473
6,127	(38)	6,089	In Year Adjustments*	2,730	47	2,777
57,385	48,504	105,889	Final Budgeted Distribution	66,426	48,825	115,251
42,055	48,504	42,055 48,504	Less actual Central expenditure Less actual ISB deployed to schools	46,146	48,825	46,146 48,825
0	0	0	Plus Local Authority Contribution			0
15,330	0	15,330	In Year Carry forward to next year Plus carry forward agreed in advance	20,280 0	0 0	20,280 0
15,330	0	15,330	Carry forward	20,280	0	20,280
(22,367)	1,109	(21,258)	DSG Unusable Reserve brought forward	(22,367)	1,109	(21,258)
0	0	0	Addition to DSG Unusable Reserve	0	0	0
(22,367)	1,109	(21,258)	Total of DSG Unusable Reserve	(22,367)	1,109	(21,258)
(7,037)	1,109	(5,928)	Net DSG position	(2,087)	1,109	(978)

*The Safety Valve agreement funding for 2023-24 of £2.73m is included within 'in year adjustments' line as instructed by Department for Education.

Rotherham has faced growing pressures and year on year deficits in its High Needs DSG budgets over the years, with an overall accumulated deficit of £12.3m in the DSG Central Reserve account in 2020/21 (inclusive of balances in other DSG funding blocks). The pressures in the High Needs Budget are a result of an increase in the number of pupils with Education Health and Care Plans (EHCPs); increase in the number of post 16 learners with EHCPs (up to the age of 25 years) and rise in number of children & young people accessing high-cost specialist provision.

In 2020/21, the Department for Education (DfE) introduced the Safety Valve intervention programme for those local authorities with the very highest percentage DSG deficits, recognising that help would be needed for these authorities to turn things around in a short space of time. The Safety Valve Programme requires Councils to set out (via the DSG Management Plan) how it will control the DSG deficit (relating to Special Education Needs & Disabilities) and to bring the DSG reserve account back into balance.

The Council was successful in entering into a Safety Valve Agreement with the DfE in 2021/22, covering the financial years from 2021/22 to 2025/26. Under this agreement the DfE has committed to meeting the accumulated DSG deficit (held in the DSG unusable reserve). The DfE agreed to pay the Council in instalments a total of £20.53m by 2025/26, subject to continued satisfactory progress in delivering the actions to achieve a sustainable high need and SEND system. The total Safety Valve payments received to date by the end of 2023/24 is £17.3m, with £3.3m planned to be received in 2024/25 and 2025/26. The balance on the DSG Reserve Account on 31 March 2024 is a net deficit of £0.98m, with work ongoing to ensure that the account is brought back into balance by 2025/26.

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.

Central Government has significant influence over the Council through legislation and grant funding.

The Council has deemed BDR Property Limited to be a Joint Venture but does not have significant influence over the organisation.

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

With effect from 16 March 2008 Arpley Gas Limited became BDR Property Limited, a company set up under the Environment Protection Act 1990 by Rotherham, Barnsley and Doncaster Metropolitan Borough Councils and the Waste Recycling Group Limited. 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 2022 were available and the details are as follows:

31 Dec 21 £000		31 Dec 22 £000
632	Turnover	1,687
(1,336)	Profit / (Loss) before taxation	(552)
(1,103)	Profit / (Loss) after taxation	(323)
(435)	Net Assets	(758)

Other

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

2022/23 £	Related Parties	Nature of Transactions	2023/24 £
	Member Related:		
0	Busy Life Limited	No Transactions	0
0	Universal Safety and Environmental Consultants Limited	No Transactions	0
30,082	Activate High Street Centre	Grants & Fees	37,473
0	Kingswood Allotts Limited	No Transactions	0
0	Beck Financial Planning Limited	No Transactions	0
0	Wales Educational Foundation	No Transactions	0
0	Rotherham Enterprise Agency Limited	No Transactions	0
0	RCS Professional Development	No Transactions	0
0	Rawmarsh and Parkgate Community Charity	No Transactions	0
0	Burnett Mortgages Limited	No Transactions	0
1,652	Tierney & Co Solicitors Limited	Fees and charges	0
0	Postlethwaite Services Limited	No Transactions	0
55,775	Rotherham BMX	Grant Funding	51,642
0	Ashiana Sheffield	No Transactions	0
0	Julz Boutique	No Transactions	0
5,068	Richmond Park Tenants and Residents Association	Grant Funding	2,174
1,315	Cortonwood Community Comeback Centre	Grant Funding	1,750
0	Roche Educational Consultancy Limited	No Transactions	0
0	JT Change Management Limited	No Transactions	0
0	4Agility Consultancy Limited	No Transactions	0
0	Junk 2 Treasure	No Transactions	0
	Other Related Organisations:		
10,180,241	South Yorkshire Mayoral Combined Authority	Transport Levy	10,384,135
982,912	South Yorkshire Mayoral Combined Authority	Contribution	1,835,704

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 2023/24 the Council paid employer's contributions calculated at 23.68%, amounting in total to £4.074m (2022/23 £4.199m). The contribution rate is due to increase from April 2024 to 28.6%. The total of contributions expected to be made to the Teachers' Pension Scheme by the Council in the year to 31 March 2025 is £4.686m.

(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 are tiered based on salary. From October 2022 the contributions have ranged from 5% to 13.5%.

During 2023/24 the Council paid employer's contributions calculated at 16.88% (including 0.08% in respect of administration costs) amounting in total to £0.019m (£0.019m 2022/23).

The 0.08% levy for the administration of the NHS Pension scheme was introduced in March 2017 by the Department of Health. In 2024/25 the employer's contribution will be 16.88%, the total contributions expected to be made to the new NHS Pension Scheme by the Council in the year to 31 March 2025 is £0.020m.

(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 2023/24 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/Asset – there has been significant volatility in the financial markets in recent years which has affected key indicators such as inflation and corporate bond yields which influence the value of the pension liability/asset as assessed by the Fund's actuaries. The potential for volatility arising from events such as the conflict in Ukraine and financial market conditions, which would further influence the accounting value of the pensions liability/asset remains.

During the year the Council paid employer's superannuation contributions calculated at 17.3% amounting to £23.733m (2022/23 £20.676m at 17.2%).

Total ongoing contributions of £23.644m are expected to be made to the Local Government Pension Scheme by the Council in the year to 31 March 2025 based on an ongoing service contribution rate of 17.3%.

In assessing the potential level of liabilities, the fund's actuary has estimated the weighted average maturity profile of the defined benefit obligation to be 17 years.

The contribution rates and valuations 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.

Court of Appeal ruling- McCloud. As a result of the ruling by the Court of Appeal in the McCloud/Sargeant cases, the Government accepted that the transitional protections afforded to older members when public service pension schemes were changed from a final salary to a career average scheme in 2014 constituted unlawful age discrimination. A consultation was published in July 2020, including a proposed remedy for LGPS and the LGPS rules were amended from 1 October 2023 (backdated to April 2014) to address this. 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, which are used to determine contribution rates for the 3 years covered by the triennial valuation. The last of these was in March 2022 which the South Yorkshire Pensions Authority, on behalf of its member Authorities, commissioned from the actuary, Hymans Robertson LLP. This showed an improvement in the fund's position with the Council's share of the Fund deficit on the scheme reducing from £133m at the previous actuarial valuation in 2019 to virtually fully funded. The next triennial valuation will be as at 31 March 2025.

In addition to the triennial revaluation of the Pension Fund, when preparing annual accounts, the Pension Fund and actuaries are required to undertake a separate annual valuation of the Pension Fund in accordance with International Accounting Standard (IAS) 19 – Employee Benefits. This provides an indication of the liabilities and assets within the pension fund for the past financial year.

For 2023/24 the IAS 19 actuarial exercise identified a surplus on the funded element of the Fund of £193m and a liability on the unfunded element of £14m. That is, the actuaries assessed that the present value of the defined benefit obligations within the Fund were less than the fair value of plan assets held by the Fund. This compares with a surplus of £109.5m and a liability on the unfunded element of £15m in the 2022/23 accounts. The accounting balance sheet position as at 31 March 2024 and the projected charge to the P&L for 2024/25, in the 2023/24 IAS19 exercise are based on the 2022 funding valuation rolled forward.

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 and bond yields) is set out in the sensitivity analysis later in this note. These factors affect both the triennial valuation and the IAS19 exercise and are considered further in section D Material Uncertainty.

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.

Following the last triennial revaluation in 2022, the South Yorkshire Pensions Authority has adopted a "Passthrough" mechanism in relation to contractors' pensions. From April 2023, new Council contractors with access to the LGPS pay the same employers' contribution rate as the Council whilst the assets and liabilities of the scheme remain with the Council. Prior to 2023, contractors were required to have Bonds in place to cover unpaid liabilities should their business fail before the end of their contract with the Council.

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. In 2023/24 the Council has not acted as guarantor for other employers, although this policy is currently under review. Council contractors with access to the LGPS are required to have bonds in place (which are subject to regular review) to cover unpaid liabilities should their business fail before the end of their contract with the Council. In addition, contractors' contributions are subject to smoothing arrangements which are intended to ensure that they are fully funded by the end of the contract period.

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

Transactions relating to Post-employment Benefits

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

Total Funded & Unfunded Local Government Pension Scheme 2022/23 £000	Unfunded Discretionary Benefits Arrangements (included in Total) 2022/23 £000		Total Funded & Unfunded Local Government Pension Scheme 2023/24 £000	Unfunded Discretionary Benefits Arrangements (included in Total) 2023/24 £000
		Net Cost of Services		
(47,416)	0	- Current Service Cost	(28,958)	0
(97)	0	- Past Service	0	0
1,336	0	- Gain / (loss) from settlements	1,317	0
(10,298)	0	Financing and Investment Income and Expenditure - Net Interest Expense	3,738	0
(56,475)	0	Total Post-employment Benefits charged to the Surplus or Deficit on the Provisions of Service	(23,903)	0
		Other Post-employment Benefits charged to the Comprehensive Income and Expenditure Statement		
		Remeasurement of the net defined benefit liability comprising:		
(110,260)	0	- Experience gain / (loss) on liabilities	(41,899)	0
(86,395)	0	- Return on plan assets (excluding the amount included in the net interest expense)	42,604	0
(7,325)	0	- Actuarial gains and (losses) arising on changes in demographic assumptions	8,850	0
685,557	0	- Actuarial gains and (losses) arising on changes to financial assumptions	73,819	0
481,577	0	Total Post-employment Benefits charged to the Comprehensive Income and Expenditure Statement	83,374	0
0	0	Adjustment per regulations to reduce surplus to nil charged to Other Comprehensive Income and Expenditure	(193,436)	0
		Movement in Reserves Statement		
34,504	(1,225)	- Reversal of net charges made to the Surplus or Deficit on the Provision of Services for Post-employment benefits in accordance with the code	(1,244)	(1,293)
		Actual amount charged against General Fund:		
		Balance for pensions in year:		
(21,971)	0	- Employer's contributions payable to Scheme	(25,147)	
0	(1,225)	- Rechargeable Pensions		(1,293)

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 £0.686m administrative expenses in relation to investments during 2023/24 (2022/23 £0.644m).

In addition to the recognised gains and losses included in the CIES in arriving at the surplus / deficit on services, actuarial gain of £83.374m (£481.577m gain in 2022/23), has been included in Other Comprehensive Income and Expenditure in the CIES.

Pension Assets and Liabilities recognised on the Balance Sheet

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

	Total Funded & Unfunded Local Government Pension Scheme	Total Funded & Unfunded Local Government Pension Scheme
	31 Mar 23	31 Mar 24
	£000	£000
Fair Value of Scheme Assets	1,393,488	1,483,172
Present value of Funded Liabilities	(1,283,978)	(1,289,736)
Net (under) funding in Funded Plans	109,510	193,436
Present Value of Unfunded Discretionary Liabilities	(15,019)	(14,327)
Per Actuary Report	94,491	179,109
<u>Amount in the Balance sheet:</u>		
Liabilities - funded and unfunded	(1,298,997)	(1,304,063)
Assets - funded and unfunded	1,393,488	1,483,172
Per financial Regulations asset ceiling takes pension asset to nil		(193,436)
Pensions Reserve	94,491	(14,327)
Pensions Asset	109,510	0
Pensions Liability	(15,019)	(14,327)

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

Total Funded & Unfunded Local Government Pension Scheme	Unfunded Discretionary Benefits Arrangements (included in Total)		Total Funded & Unfunded Local Government Pension Scheme	Unfunded Discretionary Benefits Arrangements (included in Total)
2022/23	2022/23		2023/24	2023/24
£000	£000		£000	£000
1,477,648	0	Fair Value of Plan Assets at beginning of period	1,393,488	0
39,476	0	Interest on plan assets	65,738	
		Remeasurement gain / (loss):		
(94,478)	0	- The return on plan assets, excluding the amount included in interest expense	42,604	
	0	- Administrative expenses (*see note below)		
(1,459)	0	- Settlements	(1,766)	
21,971	1,225	- Employer contributions	25,147	1,293
(14,195)	0	- Prepaid Employer Contributions for 2021/22 & 22/23	0	
8,424	0	- Member contributions	8,821	
(43,899)	(1,225)	- Benefits/transfers paid	(50,860)	(1,293)
1,393,488	0	Fair Value of Scheme Assets at end of period	1,483,172	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)
2022/23	2022/23		2023/24	2023/24
£000	£000		£000	£000
(1,816,035)	(18,558)	Benefit Obligation at beginning of period	(1,298,997)	(15,019)
(47,416)	0	Current Service Cost	(28,958)	0
(644)	0	Administrative expenses (*see note below)	(686)	0
(49,130)	0	Interest Cost	(61,314)	0
(8,424)	0	Member Contributions	(8,821)	0
		Remeasurement gains and (losses):		
(102,177)	0	- Experience gain / (loss)	(41,899)	0
(7,325)	0	- Actuarial Gain / (loss) arising from changes in demographic assumptions	8,850	0
685,557	0	- Actuarial Gain / (loss) arising from changes in financial assumptions	73,819	0
0	0	- Past Service Cost	0	0
(97)	0	- (Loss) / gain on Curtailments	0	0
2,795	0	- Liabilities extinguished on Settlements	3,083	0
43,899	0	- Benefits/Transfers paid	50,860	0
0	3,539	Movement in unfunded	0	692
(1,298,997)	(15,019)	Benefit Obligation at end of period	(1,304,063)	(14,327)

Analysis of the Fair Value of Plan Assets:

		Total Funded & Unfunded Local Government Pension Scheme	Total Funded & Unfunded Local Government Pension Scheme
		31 Mar 23	31 Mar 24
	Quoted (Y/N)	£000	£000
Cash & cash equivalents:		13,279	20,722
Equity Securities	Y	93	90
Equity Securities	N	14	13
Debt Securities			
- Corporate Bonds (investment grade)	N	0	0
- Corporate Bonds (non-investment grade)	N	28	0
- UK Government	N	5,184	0
- Other	Y	4,214	3,999
- Other	N	76,936	80,967
Real Estate:			
- UK Property	Y	1,892	1,678
- UK Property	N	114,354	115,042
- Overseas Property	N	1,747	1,514
Investment Funds and Unit Trusts			
- Equities	N	629,471	681,918
- Bonds	N	232,855	222,704
- Infrastructure	Y	14,756	10,739
- Infrastructure	N	125,053	137,918
- Other	Y	0	2,676
- Other	N	25,555	48,055
Private Equity	Y	2,440	2,407
Private Equity	N	145,617	152,730
		1,393,488	1,483,172

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 2022.

The principal assumptions used by the actuary have been:

Local Government Pension Scheme	Discretionary Benefits		Local Government Pension Scheme	Discretionary Benefits
2022/23	2022/23		2023/24	2023/24
		Mortality assumptions:		
		Longevity at 65 for current pensioners:		
20.5 years	20.5 years	Men	20.6	20.6
23.7 years	23.7 years	Women	23.6	23.6
		Longevity at 65 for future pensioners:		
21.5 years	21.5 years	Men	21.4	21.4
25.2 years	25.2 years	Women	25	25
2.95%	2.95%	Rate of CPI inflation	2.75%	2.75%
3.55%	3.55%	Rate of increase in salaries	3.35%	3.35%
2.95%	2.95%	Rate of increase in pensions	2.75%	2.75%
4.75%	4.75%	Rate for discounting scheme liabilities	4.85%	4.85%

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 a one year increase in the life expectancy for both men and women, the defined benefit obligation would increase by £52m 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 £23m 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 £1m if all other assumptions were held constant.
- If the discount rate used to discount future pension liabilities were to be 0.1% lower, the defined benefit obligation would increase by £24m 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**

2022/23	Council Dwellings £000	Other Land & Buildings £000	Vehicles, Plant & Equipment £000	Community Assets £000	PP&E Under Construction £000	Surplus Assets £000	Total PP&E £000
Cost or Valuation							
At 1 Apr 22	710,982	289,977	48,046	7,554	80,102	10,928	1,147,589
Additions	28,623	8,771	6,742	20	37,299	1,303	82,759
Accumulated Depreciation and Impairment written out to gross cost/valuation	(18,334)	(7,643)	0	0	0	(2)	(25,980)
Revaluation increases/decreases to Revaluation Reserve	45,065	8,662	0	0	0	512	54,239
Revaluation increases/decreases to Surplus or Deficit on the Provision of Services	(99)	(3,623)	0	0	0	(297)	(4,019)
Derecognition - Disposals	(8,027)	(5,948)	(170)	0	0	(1,000)	(15,145)
Derecognition - Other	0	0	0	0	0	0	0
Reclassified to/from Held for Sale	0	0	0	0	0	(3,873)	(3,873)
Reclassified to/from Investment Properties	0	0	0	0	0	0	0
Other Movements in cost valuation	18,131	1,458	249	0	(60,036)	3,935	(36,262)
At 31 Mar 23	776,341	291,654	54,867	7,574	57,365	11,506	1,199,307
Depreciation and Impairment							
At 1 Apr 22	1	(7,600)	(21,695)	(6,468)	0	(3)	(35,768)
Accumulated Depreciation and Impairment written out to gross cost/valuation	18,334	7,643	0	0	0	2	25,980
Depreciation Charge	(18,436)	(7,687)	(5,294)	(3)	0	(2)	(31,421)
Impairment losses/reversals to Revaluation Reserve	(10)	(844)	0	0	0	0	(854)
Impairment losses/reversals to Surplus or Deficit on the Provision of Services	(19)	(1,873)	(633)	(21)	0	0	(2,545)
Derecognition - Disposals	130	1,184	42	0	0	0	1,357
Derecognition - Other	0	0	0	0	0	0	0
Reclassification to / from Held for Sale	0	0	0	0	0	0	0
Reclassified to/from Investment Properties	0	0	0	0	0	0	0
Other movements in depreciation and impairment	(0)	0	0	1	0	0	1
At 31 Mar 23	0	(9,176)	(27,580)	(6,492)	0	(3)	(43,252)
Net Book Value							
At 31 Mar 23	776,341	282,478	27,287	1,082	57,365	11,503	1,156,055
At 31 Mar 22	710,983	282,377	26,351	1,086	80,102	10,924	1,111,821

2023/24	Council Dwellings £000	Other Land & Buildings £000	Vehicles, Plant & Equipment £000	Community Assets £000	PP&E Under Construction £000	Surplus Assets £000	Total PP&E £000
Cost or Valuation							
At 1 Apr 23	776,341	291,654	54,867	7,574	57,365	11,506	1,199,307
Additions	31,734	8,871	8,316	768	56,245	(1)	105,934
Accumulated Depreciation and Impairment written out to gross cost/valuation	(21,295)	(5,221)	0	0	0	(2)	(26,518)
Revaluation increases/decreases to Revaluation Reserve	69,196	12,848	0	0	0	(439)	81,605
Revaluation increases/decreases to Surplus or Deficit on the Provision of Services	(16,143)	2,538	0	0	0	(109)	(13,714)
Derecognition - Disposals	(5,431)	(14,169)	(2,056)	0	0	(1,212)	(22,868)
Derecognition - Other	0	0	0	0	0	0	0
Reclassified to/from Held for Sale	0	0	0	0	0	(3,030)	(3,030)
Reclassified to/from Investment Properties	0	0	0	0	(5,591)	0	(5,591)
Other Movements in cost valuation	4,119	3,276	1,099	0	(29,778)	3,763	(17,521)
At 31 Mar 24	838,521	299,797	62,226	8,342	78,241	10,476	1,297,604
Depreciation and Impairment							
At 1 Apr 23	0	(9,176)	(27,580)	(6,492)	0	(3)	(43,252)
Accumulated Depreciation and Impairment written out to gross cost/valuation	21,295	5,221	0	0	0	3	26,520
Depreciation Charge	(21,389)	(8,376)	(5,551)	(3)	0	(3)	(35,322)
Impairment losses/reversals to Revaluation Reserve	(366)	(1,892)	0	0	0	0	(2,258)
Impairment losses/reversals to Surplus or Deficit on the Provision of Services	(70)	(1,594)	(126)	(769)	(0)	0	(2,559)
Derecognition - Disposals	62	1,019	1,895	0	0	0	2,976
Derecognition - Other	0	0	0	0	0	0	0
Reclassification to / from Held for Sale	0	0	0	0	0	0	0
Reclassified to/from Investment Properties	0	0	0	0	0	0	0
Other movements in depreciation and impairment	(1)	1	0	0	0	0	0
At 31 Mar 24	(469)	(14,797)	(31,362)	(7,264)	(0)	(3)	(53,894)
Net Book Value							
At 31 Mar 24	838,052	284,999	30,864	1,078	78,241	10,473	1,243,708
At 31 Mar 23	776,341	282,478	27,287	1,082	57,365	11,503	1,156,055

In accordance with the Temporary Relief offered by the update to the Code on infrastructure assets this note does not include disclosure of gross cost and accumulated depreciation for infrastructure assets because historical reporting practices and resultant information deficits mean that this would not faithfully represent the asset position to the users of the financial statements. The Council has taken the temporary relief offered by the update to the Code, not to report gross cost and accumulated depreciation for infrastructure assets but this information is maintained in the permanent records of the Council.

(a) Highways Infrastructure Assets

Movements on balances

In accordance with the temporary relief offered by the Update to the Code on infrastructure assets this note does not include disclosure of gross cost and accumulated depreciation for infrastructure assets because historical reporting practices and resultant information deficits mean that this would not faithfully represent the asset position to the users of the financial statements. The Council has chosen not to disclose this information as the previously reported practices and resultant information deficits mean that gross cost and accumulated depreciation are not measured accurately and would not provide the basis for the users of the financial statements to take economic or other decisions relating to infrastructure assets.

	31 Mar 23 £000	31 Mar 24 £000
Net book value (modified historical cost) at 1 April	199,368	265,640
Additions	39,210	16,168
Derecognition	0	0
Depreciation	(6,352)	(8,679)
Impairment	(2,103)	(41)
Other movements in cost	35,517	17,121
Net book value	265,640	290,209

Reconciliation of note 19 to PPE on the face of the Balance Sheet

	31 Mar 23 £000	31 Mar 24 £000
Infrastructure Assets	265,640	290,209
Other PPE assets	1,156,055	1,243,708
Total PPE assets	1,421,695	1,533,917

The authority has determined in accordance with Regulation 30M England of the Local Authorities (Capital Finance and Accounting) (England/Wales) (Amendment) Regulations 2022 that the carrying amounts to be derecognised for infrastructure assets when there is replacement expenditure is nil.

(b) Carrying Value of PFI Assets

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

2022/23 £000		2023/24 £000
	Cost or Valuation:	
61,767	At 1 April	63,163
(2,733)	Accumulated Depreciation and Impairment written out to gross cost/valuation	(870)
287	Additions	270
3,539	Revaluation Increases / (Decreases) taken to Revaluation Reserve	4,064
303	Revaluation Increases / (Decreases) taken to (Surplus) or Deficit on the Provision of Services	1,056
0	Derecognition - Disposals	0
63,163	Cost or Valuation at 31 March	67,683
	Depreciation & Impairment:	
3,547	At 1 April	3,001
(2,733)	Adjustments between cost / value & depreciation/impairment	(870)
1,919	Depreciation Charge	2,125
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
268	Impairment Losses Recognised in the Revaluation Reserve	44
0	Impairment Losses taken to (Surplus) or Deficit on the Provision of Services	0
0	Derecognitions - Disposals	0
3,001	Depreciation and impairment at 31 March	4,300
	Net Book Value	
60,162	At 31 March	63,383

2022/23 £000		2023/24 £000
58,864	Land and buildings	61,974
1,298	Vehicles, Plant, Furniture and Equipment	1,410
0	Assets under Construction	0
60,162	Total	63,384

(c) Effects of change in estimates

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

(d) 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 2023/24 the HRA and General Fund assets were revalued by Tim Hartley BSc (Hons), MRICS (registered valuer), acting as Internal Valuer 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 current 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. It was determined that no adjustment was required to 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, i.e. from 1 April 2023 to 31 March 2024, again no adjustment was required. For some assets valued on a DRC basis a valuation date of the 1 January has been used.

(e) Revaluations and Impairment

In 2023/24 there was a net valuation increase of £62.919m. Contained within the net figure is a £67.775m revaluation increase, mainly due to valuation increases across Council Dwellings and Schools. This was offset by £4.856m 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 2023/24 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 2024 rather than spread across all five years.

	Council Dwellings	Other Land & Buildings	Vehicles, Plant & Equipment	Community Assets	Surplus Assets	Assets Under Construction	Total
	£000	£000	£000	£000	£000	£000	£000
Carried at historical cost	5,290	16,729	62,226	7,711	0	78,241	170,197
Valued at current value as at:							
31 Mar 24	833,231	127,824			10,476		971,531
31 Mar 23		103,139					103,139
31 Mar 22		25,035		631			25,666
31 Mar 21		13,471					13,471
31 Mar 20		13,599					13,599
Total Cost or Valuation	838,521	299,797	62,226	8,342	10,476	78,241	1,297,603

(f) Capital commitments

At 31 March 2024 the Council has entered into a number of contracts for the construction or enhancement of Property, Plant and Equipment in 2023/24. The Council had significant commitments of £1 million or more budgeted to cost £20.091m (£59.573m at 31 March 2023).

	Cost
	£000
<u>Regeneration & Environment</u>	
Public Realm Works Corporation Street	6,603
Construction Work for Water Projects	4,000
Waste & Rubbish Containers & Bins	1,125
<u>HRA</u>	
Strategic Acquisitions - Lodge Lane SA 15 units	2,010
Strategic Acquisitions - Poppyfields Ravenfield SA	3,714
New Build Various Sites Design Consultants	2,639
Total	20,091

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

(g) 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:

2023/24 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 2024
	Level 1	Level 2	Level 3	
	£000	£000	£000	£000
Land and Buildings	0	10,474	0	10,474
Total	0	10,474	0	10,474

2022/23 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 2023
	Level 1	Level 2	Level 3	
	£000	£000	£000	£000
Land and Buildings	0	11,503	0	11,503
Total	0	11,503	0	11,503

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 £10.474m (£11.503m as at 31 March 2023) 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:

2022/23 £000		2023/24 £000
(1,858)	Rental income from investment property	(1,964)
547	Direct operating expenses arising from investment property	614
(1,311)	Net income	(1,350)
(3,824)	Net (gain)/loss from fair value adjustments & impairment	(1,046)
0	(Gain)/loss on disposal	40
(5,135)	Total included in Finance & Investment Income	(2,356)

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

2022/23 £000		2023/24 £000
20,872	Balance at 1 April	24,997
301	Subsequent expenditure	964
0	Disposals	(43)
3,824	Net gains /(loss) from fair value adjustments	1,046
0	Net gain /(loss) through Revaluation Reserve	0
0	Transfers from Assets Held for Sale	943
0	Transfers from Property, Plant & Equipment	5,991
24,997	Balance 31 March	33,897

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:

2023/24 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 2024 £000
	Level 1	Level 2	Level 3	
	£000	£000	£000	
Land and Buildings	0	33,897	0	33,897
Total	0	33,897	0	33,897

2022/23 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 2023
	Level 1	Level 2	Level 3	
	£000	£000	£000	£000
Land and Buildings	0	24,997	0	24,997
Total	0	24,997	0	24,997

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 £33.897m (£24.997m as at 31 March 2023) 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 2024 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 Tim Hartley 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.

2022/23 £000		2023/24 £000
	Balance at 1 April:	
19,209	- Gross carrying amount	20,656
(13,783)	- Accumulated amortisation	(16,633)
5,426	Net carrying amount at 1 April	4,023
	Additions:	
1,138	- Purchases	1,023
310	- Reclassified from PP&E under Construction	
(2,850)	Amortisation	(1,336)
4,023	Net carrying amount at 31 March	3,709
	Comprising:	
20,656	Gross carrying amounts	21,679
(16,633)	Accumulated amortisation	(17,970)
4,023	Balance at 31 March	3,709

Note 22 **Assets Held for Sale**

	Assets Held for Sale-Current	
	2022/23 £000	2023/24 £000
Balance at 1 April	4,318	6,198
<u>Assets newly classified as held for sale:</u>		
- Property, Plant and Equipment	3,928	3,044
- Investment Property	0	0
- Revaluation losses	0	0
- Revaluation gain	0	0
- Other Movements	0	0
<u>Assets declassified as held for sale:</u>		
- Reclassified to Property, Plant and Equipment	0	0
- Reclassified to Investment Property		(943)
- Assets sold	(2,048)	(4,508)
Balance at 31 March	6,198	3,791

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 Auctioneers). In 2023/24 a further sample of assets were revalued by Tennants Auctioneers. Going forward one collection per year will be valued.

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). The next valuation is due in 2026/27.

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 Auctioneers). 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.

Since 2019/2020 the collections have been valued via a sampling method for key items. Going forward one collection per year will be valued.

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. The Catcliffe Glassworks Cone is 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 2023/24, 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		Civic Regalia & Plate held at valuation		Archives held at valuation		Total	Total
	2022/23	2023/24	2022/23	2023/24	2022/23	2023/24	2022/23	2023/24
	£000	£000	£000	£000	£000	£000	£000	£000
<u>Cost or Valuation</u>								
1 Apr 23	7,119	7,757	514	514	258	258	7,891	8,529
Additions	638	0	0	0	0	0	638	0
Revaluation increases/decreases to Revaluation Reserve	0	488	0		0		0	488
Balance at 31 March	7,757	8,245	514	514	258	258	8,529	9,017

Disposal of Heritage Assets in 2023/24

There have been no Heritage Asset disposals in 2023/24.

Additions of Heritage Assets in 2023/24

There have been no heritage asset additions in 2023/24.

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	
	2022/23	2023/24	2022/23	2023/24
	£000	£000	£000	£000
Borrowings	597,456	607,233	56,214	30,223
Plus Accrued Interest	0	0	4,376	4,538
Plus Creditors	116,902	112,823	63,996	59,811
Plus bank overdraft	0	0	0	84
Plus(+)/Less(-) Other accounting adjustments	0	0	0	0
Financial liabilities at amortised cost	714,358	720,056	124,586	94,656
Financial liabilities at fair value through profit and loss	0	0	0	0
Total Financial Liabilities	714,358	720,056	124,586	94,656
Non Financial Liabilities	7,457	8,766	2,807	3,487
Total	721,815	728,822	127,393	98,143
Investments	655	440	407	117
Plus Accrued Interest	0	0	20	2
Plus Debtors	285	306	51,669	50,853
Plus Cash & Cash Equivalents	0	0	94,042	33,404
Plus(+)/Less(-) Other accounting adjustments	0	0	0	0
Financial Assets				
at Amortised Cost	940	746	146,138	84,376
at fair value through profit or loss	0	0	0	0
fair value through other comprehensive income - designated equity instruments	190	190	0	0
Total Financial Assets	1,130	936	146,138	84,376
Non-Financial Assets			9,077	9,704
Total	1,130	936	155,215	94,080

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.

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 Treasury Strategy, which requires that deposits are not made with financial institutions unless they meet minimum credit criteria. The annual Treasury Strategy also considers maximum amounts and time limits in respect of each financial institution. The Treasury Strategy is part of the annual budget report that goes to Council in February each year, it can be found on the Council's website via the Council Meetings section.

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 24 £000 (a)	% (b)	31 Mar 24 % (c)	£000 (a*c)
<u>Deposits with banks and financial institutions</u>				
AAA rated counterparties	24,790	0.040%	0.040%	0
AA rated counterparties	0	0.020%	0.020%	0
A rated counterparties	0	0.050%	0.040%	0
Bonds	0	0.000%	0.000%	0
Banks and Financial Institutions	24,790			0
<u>Debtors</u>				
Long Term Debtors	319	0.000%	0.000%	0
Loans to Third Parties	1,032	47.330%	47.330%	488
Sundry Debtors	14,084	7.230%	7.230%	1,018
Housing Tenants	6,313	54.860%	54.860%	3,463
Other Short-Term Debtors	35,880	2.620%	2.620%	941
Debtors	57,628			5,910

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 £5.910m 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 current market conditions 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 2023/24 it is not considered that there has been any impairment.

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 23 £000		31 Mar 24 £000
8,798	Less than three months	9,186
676	Three to six months	620
355	Six months to one year	1,470
1,612	More than one year	2,808
11,441		14,084

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 2024 was £0.646m (£0.482m as at 31 March 2023).

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 23 £000		31 Mar 24 £000
51,214	Less than one year	30,223
30,223	Between one and two years	75,232
21,260	Between two and seven years	6,311
34,737	Between seven and fifteen years	35,353
516,236	More than fifteen years	490,336
653,670		637,455

The maturity analysis of financial assets is as follows:

31 Mar 23 £000		31 Mar 24 £000
87,000	Less than one year	24,790
0	Between one and two years	0
0	Between two and three years	0
0	More than three years	0
87,000		24,790

The table for financial assets details the maturity profile of Money Market Loans. All Sundry Debtors and other payables are due to be paid in less than one year. These Sundry Debtors of £14.084m 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:

2022/23 £000		2023/24 £000
0	Impact on Surplus or Deficit on the Provision of Services	0
0	Share of overall impact debited to the HRA	0
(82,603)	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)	(56,127)

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 2024 are as follows:

2022/23		Financial Liabilities	Financial Assets			2023/24
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
21,102	Interest expense	19,489	0	0	0	19,489
0	Impairment (gain)	0	0	0	0	0
0	Premium/discounts	0	0	0	0	0
12,624	Finance Lease Interest	12,833	0	0	0	12,833
33,726	Interest payable and similar Charges	32,322	0	0	0	32,322
(3,156)	Interest income		(2,740)	0	0	(2,740)
30,570	Net gain (-) / loss (+) for the year	32,322	(2,740)	0	0	29,582

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 2024 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 31/3/23 £000	As at 31/3/24 £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 Limited

The authority holds shares in BDR Property Limited a company set up under the Environment Protection Act 1990 by Rotherham, Barnsley and Doncaster Metropolitan Borough Councils and the Waste Recycling Group Limited. 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 payable and PFI schemes, 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. The PWLB rate is deemed a reasonable proxy for non PWLB loans
- 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 23			31 Mar 24	
Carrying amount £000	Fair Value £000		Carrying amount £000	Fair Value £000
		<u>Long and Short-term</u>		
377,715	244,048	PWLB debt	397,622	242,117
235,162	236,219	Non-PWLB debt	219,312	199,832
45,169	45,169	Temporary Borrowing	25,060	25,060
658,046	525,436	Total Debt	641,994	467,009
101,090	101,090	Short Term Creditors	96,247	96,247
89,451	123,513	PFI Schemes	85,547	113,676
27,451	27,451	Other Long Term Creditors	27,275	27,275
876,038	777,490	Total Financial Liabilities	851,063	704,207

The fair value for financial liabilities is lower than the carrying value because the Council's portfolio of loans includes a number of fixed rate loans where the interest rate payable is lower than the rates available for similar loans in the market at the balance sheet date. This shows a notional future gain (based on economic conditions at 31 March 2024) arising from a commitment to pay interest to lenders below 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 £244.192m 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 (£153.384m) 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 repay the loans to the PWLB, the PWLB would give a discount for early redemption equivalent to the interest saving, based on the redemption interest rates of £117.282m. The exit price for the PWLB loans including this discount would therefore be £280.294m.

31 Mar 23			31 Mar 24	
Carrying amount £000	Fair Value £000		Carrying amount £000	Fair Value £000
0	0	Money Market loans less than one year	0	0
94,042	94,042	Cash & Cash Equivalents	33,412	33,412
722	722	Third Party Loans	543	543
308	308	Long-term Debtors	319	319
11,441	11,441	Sundry Debtors	14,084	14,084
6,840	6,840	Housing Rents	6,313	6,313
39,043	39,043	Other Short-Term :	35,880	35,880
(5,320)	(5,320)	Bad Debts Provision	(5,422)	(5,422)
147,076	147,076	Total Financial Assets at Amortised Cost	85,129	85,129

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 2024 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 2024 the Council had no material financial guarantees requiring disclosure within the Balance Sheet.

Note 29 **Long-Term Investments**

2022/23 £000		2023/24 £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**

2022/23 £000		2023/24 £000
743	Balance at 1 April	867
5,464	Purchases	5,271
(5,118)	Recognised in year as expense	(5,527)
(222)	Written on / (off) in year	(33)
867	Balance at 31 March	578

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 2024 (Nil 2022/23).

Note 32 **Debtors**

	Short Term		Long Term	
	2022/23 £000	2023/24 £000	2022/23 £000	2023/24 £000
Central Government Bodies	15,542	17,768	0	0
Other Local Authorities	11,413	12,435	0	0
NHS Bodies	4,816	6,602	0	0
Local Taxation (NNDR and Council Tax)	8,618	9,263	0	0
Other Entities and Individuals	32,452	30,925	940	837
Total	72,841	76,993	940	837

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 23 £000		31 Mar 24 £000
94,042	Cash and Bank balances	33,404
0	Bank Overdraft	(84)
94,042	Total Cash and Cash Equivalents	33,320

Note 34a **Revenue Grants Received in Advance**

In previous years revenue grants in advance have been included in the short term creditors balance, they are now shown separately on the face of the balance sheet.

31 Mar 23 £000		31 Mar 24 £000
7,350	Population Health Funding	7,190
1,947	Improved Better Care Fund	1,029
1,919	Integrated Care Board Funding - Adults	1,538
211	Public Health	186
1,034	Dept for Health & Social Care - Adults	945
4,684	Covid	736
348	Floods 2019	348
952	Energy Support/Fuel Rebate	0
5,453	Integrated Care Board Funding - Children	5,177
340	Dept for Education Funding	72
2,482	Section 278 Agreements	2,412
2,329	South Yorkshire Mayoral Combined Authority	2,866
529	Selective Licencing	329
234	Police & Crime Commissioner	0
275	Section 38	275
1,750	Other	1,419
31,837	Total of Revenue Grants Received in Advance	24,522

Note 34b **Creditors**

	Short Term		Long Term	
	2022/23	2023/24	2022/23	2023/24
	£000	£000	£000	£000
Trade Payables	(35,750)	(40,245)	0	
Receipts In Advance	(5,257)	(6,002)	0	
Other	(28,246)	(19,566)	(19)	(19)
Total	(69,253)	(65,813)	(19)	(19)

Note 35 **Provisions**

Current Year	Balance as at 1 Apr 23 £000	Increase in provision during year £000	Utilised during year £000	Unused Amounts Reversed £000	Balance as at 31 Mar 24 £000
Insurance Claims	(2,781)	(2,172)	844	0	(4,109)
Compensation Payments	(618)	0	9	0	(609)
Business Rates Appeals	(1,592)	(2,708)	1,998	0	(2,302)
Other	(5,273)	0	30	0	(5,243)
Total	(10,264)	(4,880)	2,881	0	(12,263)
Current Provisions	(2,807)	(2,708)	2,028	0	(3,487)
Long Term Provisions	(7,457)	(2,172)	853	0	(8,776)
Total	(10,264)	(4,880)	2,881	0	(12,263)

Comparative Year	Balance as at 1 Apr 22 £000	Increase in provision during year £000	Utilised during year £000	Unused Amounts Reversed £000	Balance as at 31 Mar 23 £000
Insurance Claims	(2,892)	0	111	0	(2,781)
Compensation Payments	(630)	0	12	0	(618)
Business Rates Appeals	(1,575)	(2,742)	2,725	0	(1,592)
Other	(3,815)	(1,458)	0	0	(5,273)
Total	(8,912)	(4,200)	2,848	0	(10,264)
Current Provisions	(2,576)	(2,956)	2,725	0	(2,807)
Long Term Provisions	(6,336)	(1,244)	123	0	(7,457)
Total	(8,912)	(4,200)	2,848	0	(10,264)

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. 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 2024 will be made during 2024/25 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.

31 Mar 23 £000		31 Mar 24 £000
	CAPITAL RESERVES	
(27,416)	Capital Receipts Reserve	(27,823)
(16,021)	Major Repairs Reserve	(9,428)
(43,969)	Capital Grants Unapplied Account	(63,195)
(87,406)	Sub-Total Capital Reserves	(100,446)
	REVENUE RESERVES	
(25,000)	General Fund Minimum Balance – Council	(25,000)
(38,012)	Earmarked Reserves excluding DSG and Covid-19	(34,470)
(63,012)	Sub-Total General Fund Council and Earmarked Reserves excluding DSG/Covid-19	(59,470)
(2,575)	General Fund - Schools	(2,264)
(1,142)	Earmarked Reserve Covid-19 Grant	0
(15,330)	Earmarked Reserve DSG	(20,280)
(13,980)	HRA	(18,403)
(55)	HRA Earmarked Reserve	(93)
(33,082)	Sub-Total Other Reserves	(41,039)
(183,500)	TOTAL USABLE RESERVES	(200,955)

(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.

(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 23 £000		31 Mar 24 £000
	CAPITAL RESERVES	
(287,520)	Capital Adjustment Account	(299,174)
(295,320)	Revaluation Reserve	(357,787)
	REVENUE RESERVES	
(94,491)	Pensions Reserve	14,327
4,545	Short term accumulating absences account	4,914
171	Financial instruments adjustment account	137
(8,373)	Collection Fund adjustment account	(6,600)
21,258	DSG Adjustment account	21,258
(659,730)	TOTAL UNUSABLE RESERVES	(622,925)

(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 charges 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.

2022/23 £000		2023/24 £000
(238,844)	Balance 1 April	(287,520)
53	Debt Repayment	303
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:	
2,850	Amortisation of Intangible Assets	1,336
23,519	Charges for depreciation and impairment of non-current assets	37,138
6,674	Revenue expenditure funded from capital under statute	16,625
	Non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	
15,835		24,443
19,096	Depreciation - Major Repairs Reserve	22,131
	Adjusting amounts written out to Revaluation Reserve:	
(4,305)	Disposal	(6,782)
(7,745)	Excess of current cost depreciation over historic cost depreciation	(10,587)
	Capital Financing Applied in the year:	
(6,002)	Use of Capital Receipts Reserve to finance capital expenditure	(11,060)
(53)	Use of Capital Receipts Reserve to repay debt	(303)
(29,926)	Use of Major Repairs Reserve to finance capital expenditure	(30,613)
	Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing:	
(57,223)	Application of grants to capital financing from the Capital Grants Unapplied Account	(42,323)
(8,415)	Statutory provision for the financing of capital investment charged against the General Fund and HRA balances	(9,983)
(3,034)	Capital expenditure charged against the General Fund and HRA balances	(1,978)
(287,520)	TOTAL	(299,174)

(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.

2022/23 £000		2023/24 £000
(253,984)	Balance 1 April	(295,320)
(54,239)	Net revaluation gains/losses not charged to the Surplus /(Deficit) on Provision of Services	(82,093)
853	Impairment losses and reversals thereof not charged to the Surplus / (Deficit) on Provision of Services	2,257
(53,386)	Sub total - net revaluation and impairment gains / losses not posted to the Surplus / Deficit on provision of Services	(79,836)
4,305	Accumulated Gains on assets sold or scrapped	6,782
7,745	Excess of fair value depreciation over historic cost depreciation transferred to Capital Adjustment Account	10,587
(295,320)	Balance at 31 March	(357,787)

(c) 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.

2022/23 £000		2023/24 £000
352,582	Balance 1 April	(94,491)
(481,577)	Remeasurements of the net defined benefit liability/(asset)	(83,374)
0	Adjustment per regulations to reduce pension asset to asset ceiling value of nil	193,436
56,475	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	23,903
(21,971)	Employer's pensions contributions and direct payments to pensioners payable in the year	(25,147)
(94,491)	Balance 31 March	14,327

(d) 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.

2022/23			2023/24	
£000	£000		£000	£000
	4,215	Balance 1 April		4,545
(4,215)		Settlement or cancellation of accrual made at the end of the preceding year	(4,545)	
4,545		Amounts accrued at the end of the current year	4,914	
	330	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		369
	4,545	Balance at 31 March		4,914

(e) 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.

2022/23 £000		2023/24 £000
223	Balance at 1 April	172
(51)	Movement in year: Premium and discounts	(34)
172	Balance carried forward at 31 March	138

(f) 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.

2022/23 CTAX £000	2022/23 NNDR £000	2022/23 Total £000		2023/24 CTAX £000	2023/24 NNDR £000	2023/24 Total £000
(4,104)	1,775	(2,329)	Balance 1 April	(5,583)	(2,789)	(8,372)
(1,479)	(4,564)	(6,043)	Difference between amount receivable in the Comprehensive Income and Expenditure Statement for the year and General Fund balance	(540)	2,312	1,772
(5,583)	(2,789)	(8,372)	Balance at 31 March	(6,123)	(477)	(6,600)

(g) 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**

2022/23 £000		2023/24 £000
75,838	Items included in the net surplus or deficit on the provision of services that are investing and financing activities:	
0	Capital Grants credited to surplus or deficit on the provision of services	61,607
	Net adjustment to long and short term investments	0
13,846	Proceeds from the sale of property plant and equipment, investment property and intangible assets & other capital receipts	11,467
89,684		73,074
(2,566)	Interest received (cash basis)	(2,828)
34,412	Interest paid (cash basis)	32,058

Note 39 **Cash Flow – from Investing Activities**

2022/23 £000		2023/24 £000
123,046	Purchase of property, plant and equipment, investment property, heritage and intangible assets	121,882
0	Long term loans granted	0
(177,000)	Purchase/(Sale) of short term investments	0
0	Purchase of Long term investments	0
365	Capital Grants and Contributions Repaid	457
(13,899)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets & other capital receipts	(11,467)
(85,983)	Capital Grants and Contributions Received	(63,506)
0	Other receipts from investing activities	(315)
(153,471)	Net cash outflow from Investing Activities	47,051

Note 40 Cash Flow – from Financing Activities

2022/23 £000		2023/24 £000
(20,000)	Cash receipts of short- and long-term borrowing	(78,100)
3,619	Cash payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet PFI contracts	4,080
133,571	Repayments of short- and long-term borrowing	94,314
19,067	Other payments for financing activities	1,381
136,257	Net cash outflow from Financing Activities	21,675

Note 40b Reconciliation of Liabilities Arising from Financing Activities

	2023/24 01 Apr 23 £000	Cash Flow £000	Non Cash Change £000	2023/24 31 Mar 24 £000
Long Term Borrowing	(597,456)	(29,000)	19,223	(607,233)
Short Term Borrowing	(60,590)	45,214	(19,385)	(34,761)
PFI & Lease Liabilities Short Term	(4,080)	4,080	(3,615)	(3,615)
PFI & Lease Liabilities Long Term	(112,806)		3,615	(109,191)
	(774,932)	20,294	(162)	(754,800)

	2022/23 1 Apr 22 £000	Cash Flow £000	Non Cash Change £000	2022/23 31 Mar 23 £000
Long Term Borrowing	(623,671)	(20,000)	46,215	(597,456)
Short Term Borrowing	(148,290)	133,571	(45,871)	(60,590)
PFI & Lease Liabilities Short Term	(3,619)	3,619	(4,080)	(4,080)
PFI & Lease Liabilities Long Term	(116,886)		4,080	(112,806)
	(892,466)	117,190	344	(774,932)

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.

£000		2023/24 £000
856,938	Opening Capital Financing Requirement	882,677
122,025	Property, Plant and Equipment	124,588
241	Investment Properties	964
1,138	Intangible Assets	1,023
262	Heritage Asset	0
6,674	Revenue Expenditure funded from Capital under Statute	14,151
987,278		1,023,402
	Sources of finance:	
(6,002)	Capital receipts to finance new capital expenditure	(11,060)
(57,223)	Government grants and other contributions	(42,323)
(29,926)	Major Repairs Allowance	(30,613)
	Sums set aside from revenue	
	Direct revenue contributions:	
(309)	General Fund	(59)
(2,726)	Housing Revenue Account	(1,919)
(7,204)	Minimum Revenue Provision	(8,541)
(1,211)	Write down of finance lease liability	(1,441)
(104,601)		(95,956)
882,677	Closing Capital Financing Requirement	927,446

2022/23 £000	Explanation of movements in year	2023/24 £000
25,739	Increase in underlying need to borrowing (unsupported by government financial assistance)	44,768
0	Assets acquired under finance leases	0
25,739	Increase in Capital Financing Requirement	44,768

The MRP value disclosed is different from that disclosed in note 37a due to the write down of finance lease MRP is shown separately within the 'write down of finance lease liability' line.

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 23 £000	31 Mar 24 £000
Finance Lease Liability outstanding at start of year	(27,593)	(27,433)
Principal repaid in year	160	176
Less: Schools converting to academies Finance Lease Liability written off	0	0
New Liabilities arising in year	0	0
Balance outstanding at year end	(27,433)	(27,257)
Short Term Creditors	(176)	(192)
Long Term Liabilities	(27,257)	(27,065)

The minimum lease payments will be payable over the following periods:

	Minimum Lease Payments		Finance Lease Liabilities	
	31 Mar 23 £000	31 Mar 24 £000	31 Mar 23 £000	31 Mar 24 £000
Not later than one year	(3,080)	(3,157)	(176)	(192)
Later than one year and not later than five years	(13,110)	(13,438)	(885)	(968)
Later than five years	(122,229)	(118,744)	(26,372)	(26,097)

The assets acquired under the leases are carried as Property, Plant and Equipment in the Balance Sheet at the following net amounts:

2022/23 £000		2023/24 £000
27,046	Land and buildings	30,308
15	Vehicles, Plant, Furniture and Equipment	15
27,061	Total	30,323

(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:

2022/23 £000		2023/24 £000
286	Within one year	321
797	Between one year and five years	1,028
5,410	After more than five years	5,387

The expenditure charged to service in 2023/24 in the Comprehensive Income and Expenditure statement in relation to these leases was £0.662m (£0.607m 2022/23).

(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

The Council leases out property under operating leases for the following purposes:
Commercial property leases.

The future minimum lease payments receivable under non cancellable leases in future years are:

2022/23 £000		2023/24 £000
1,146	Within one year	837
2,803	Between one year and five years	2,787
2,021	After more than five years	1,770

Note 43 Private Finance Initiative and Similar Contracts

As at 31 March 2024, 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 £19.021m 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) Limited 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 £5.351m. 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 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 2023/24. Payments during the year totalled £7.934m.

(e) Movements in Finance Liabilities

The Table below shows the movements in the Finance Liabilities:

	31 Mar 23 £000	31 Mar 24 £000
Balance outstanding at start of year	(92,912)	(89,453)
Principal repaid in year	3,459	3,904
Balance outstanding at year end	(89,453)	(85,549)
Short Term Creditors	(3,904)	(3,423)
Long Term Liabilities	(85,549)	(82,126)

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	20,705	3,423	9,465	33,593
Two to five years	85,013	20,169	36,002	141,184
Six to ten years	115,096	39,439	39,666	194,201
Eleven to Fifteen years	81,688	13,343	15,421	110,452
Sixteen to twenty years	42,372	9,173	7,504	59,049
Twenty one to twenty five years	0	0	0	0

Note 44 **Capitalised borrowing costs**

The Council had £540,607 of capitalised borrowing costs during 2023/24 (£86,704 in 2022/23) the capitalisation rate used in 2023/24 was 3.62% (3.293% in 2022/23).

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 15 outstanding public liability claims.

Employee Liability claims

The Council has 6 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 in relation to a sale and purchase agreement.

HSE prosecution

The Health & Safety Executive have made the Council aware of their intention to prosecute for offences arising from failures under s2(1) HSWA and applicable RIDDOR legislation. This relates to historic issues. The value of any potential liability is unknown at this stage.

Homes England

The Council has received £21.6m of grant from Homes England to support the delivery of housing growth new build schemes. A condition of this grant is that when homes are sold that utilised this grant funding the grant must be recycled into housing growth delivery. It is a requirement of the grant that the balance is held as a contingent liability as the grant would have to be repaid if it is not recycled into housing growth delivery.

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.

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 2023 £	Income £	Expenditure £	Balance as at 31 Mar 24 £
Treeton Council School War Memorial	952	31		983
EJ Butland, Treeton Infants	853	31		884
Whiston Two Wars Memorial	219	127		346
Total	2,024	189	0	2,213

Trust Funds – Balance Sheet

2022/23 £		2023/24 £
	<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
48	- Debtors	142
1,976	- Cash	2,071
2,374	Total Assets	2,563
	<u>Financed by:</u>	
350	- Fund Balance	350
2,024	- Accumulated Investment Interest	2,213
2,374	Total Equity	2,563

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, £1.317m 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 £13.173m includes £10.052m of school property, plant and equipment transferred from the Council's balance sheet as a result of schools converting to academies.

Note 49 **Other Long-term Liabilities**

31 Mar 23 £000		31 Mar 24 £000
(85,549)	PFI Liability	(82,126)
(27,257)	Finance Lease Liability	(27,065)
(15,019)	Pension Liability	(14,327)
0	Deferred Liabilities	0
(127,825)	Total	(123,518)

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 31 May 2024. 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 2024, the figures in the Financial Statements and Notes have been adjusted in all material respects to reflect the impact of this information.

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.

2022/23 £000		2023/24 £000	Notes
	<u>Expenditure</u>		
19,058	Repairs and maintenance	21,644	
28,994	Supervision and management	30,018	
578	Rents, rates, taxes and other charges	523	
20,896	Depreciation and impairment of Non Current Assets	38,019	
190	Debt management costs	135	
488	Provision for bad or doubtful debts	517	9
499	HRA services share of Corporate and Democratic Core	522	
255	HRA share of other amounts included in whole Authority Cost of Services but not allocated to specific services	(34)	
70,958	Total Expenditure	91,344	
	<u>Income</u>		
81,029	Dwelling rents	86,733	
676	Non-dwelling rents	732	
7,106	Charges for services and facilities	8,300	
88,811	Total Income	95,765	
(17,853)	Net Cost of HRA Services	(4,421)	
	<u>HRA share of the operating income and expenditure included in the Comprehensive Income and Expenditure Statement</u>		
(965)	Gain on sale of HRA Non Current Assets	964	
13,554	Interest Payable and similar charges	13,991	10
(877)	Interest receivable	(995)	
614	Pensions interest cost and expected return on pension assets	(244)	11
(1,227)	Capital grants and contributions receivable	(2,236)	
0	HRA Cap grant	0	
0	Revaluation of Assets held for sale	0	
(6,754)	(Surplus)/Deficit for the year on HRA services	7,059	

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.

2022/23			2023/24	
£000	£000		£000	£000
	(10,503)	Balance on the HRA at the end of the previous year		(13,979)
(6,754)		Surplus for the year on HRA Income and Expenditure Account	7,059	
3,246		Adjustments between accounting basis and funding basis under statute	(11,520)	
(3,508)		Net increase before transfers to or from reserves	(4,461)	
32		Transfers to(from) reserves	38	
	(3,476)	Decrease in year on the HRA		(4,423)
	(13,979)	Balance on the HRA at the end of the current year		(18,402)

Notes to the Housing Revenue AccountNote 1 Adjustments between Accounting Basis and Funding Basis Under Regulations

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the Council in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the Council to meet future capital and revenue expenditure.

2022/23	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 (Council dwellings only)	19		19
Amortisation of Intangible Assets	316		316
Revaluation losses on Property, Plant and Equipment	1,787		1,787
Capital grants and contributions applied	(1,227)	0	(1,227)
Revenue Expenditure Funded from capital under statute	463		463
Gain/Loss on disposal on non current assets charged to the Comprehensive Income and Expenditure Statement	(965)	0	(965)
<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	(2,902)	0	(2,902)
<u>Adjustments primarily involving the Major Repairs Reserve:</u>			
Reversal of Major Repairs Allowance credited to the HRA	(2,886)	2,886	0
HRA Depreciation to the Capital Adjustment Account		19,096	19,096
Use of the Major Repairs Reserve to finance new capital expenditure		(29,926)	(29,926)
<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	3,445	0	3,445
Employer's pension contributions and direct payments to pensioners payable in the year	(1,310)	0	(1,310)
Short-term Accumulated Absences Account	14	0	14
Total Adjustments	(3,246)	(7,944)	(11,190)

Note 1 continued

2023/24	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	70		70
Amortisation of Intangible Assets	316		316
Revaluation losses on Property, Plant and Equipment	15,552		
Capital grants and contributions applied	(2,236)		(2,236)
Revenue Expenditure Funded from capital under statute	628		628
Gain/Loss on disposal on non current assets charged to the Comprehensive Income and Expenditure Statement	964		964
<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	(1,919)		(1,919)
<u>Adjustments primarily involving the Major Repairs Reserve:</u>			
Transfer from HRA to Major Repairs Reserve re notional MRA	(1,889)	1,889	0
HRA Depreciation to the Capital Adjustment Account		22,131	22,131
Use of the Major Repairs Reserve to finance new capital expenditure		(30,613)	(30,613)
<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
<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	1,640		1,640
Employer's pension contributions and direct payments to pensioners payable in the year	(1,637)		(1,637)
Short-term Accumulated Absences Account	31		31
Total Adjustments	11,520	(6,593)	(10,625)

Note 2 Housing Stock at 31 March 2024

	Houses	Flats	Bungalows	Total
1 Bedroom	2	2,276	2,777	5,055
2 Bedroom	1,895	2,834	1,974	6,703
3 Bedroom	7,502	292	54	7,848
4+ Bedroom	265	8	0	273
Total	9,664	5,410	4,805	19,879

Note 3 Housing Stock Valuations**(a) Property, Plant and Equipment**

2022/23	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 22	710,983	22,665	491	28,196	5,262	767,597
Additions	28,623	1,392	0	5,513	1,047	36,576
Accumulated Depreciation and Impairment written out to gross cost/valuation	(18,334)	(598)	0	0	(2)	(18,934)
Revaluation increases/decreases to Revaluation Reserve	45,065	552	0	0	(183)	45,435
Revaluation increases/decreases to Surplus or Deficit on the Provision of Services	(99)	(1,367)	0	0	(320)	(1,787)
Derecognition	(8,027)	(1,570)	0	0	(1,000)	(10,597)
Assets reclassified (to) / from Investment Property	0	0	0	0	(3,873)	(3,873)
Other Movements in cost valuation	18,131	1,374	0	(23,180)	3,674	0
At 31 Mar 23	776,342	22,448	491	10,529	4,606	814,417
Depreciation and Impairment						
At 1 Apr 22	(4)	(993)	(491)	0	(1)	(1,489)
Accumulated Depreciation written out to gross cost/valuation	18,334	592	0	0	2	18,929
Accumulated Impairment written out to gross cost/valuation	0	6	0	0	0	6
Depreciation Charge	(18,435)	(658)	0	0	(2)	(19,095)
Impairment losses/reversals to Revaluation Reserve	(10)	0	0	0	0	(10)
Impairment losses/reversals to Surplus or Deficit on the Provision of Services	(19)	0	0	0	0	(19)
Derecognition - Disposals	130	2	0	0	0	132
Other movements in depreciation and impairment	(0)	0	0	0	0	0
At 31 Mar 23	(4)	(1,051)	(491)	0	(1)	(1,546)
Net Book Value						
At 31 Mar 23	776,338	21,397	(0)	10,529	4,605	812,869
At 31 Mar 22	710,979	21,672	0	28,196	5,261	766,108

2023/24	Council Dwellings £000	Other Land & Buildings £000	Vehicles, Plant & Equipment £000	Construction PP&E Under £000	Surplus Assets £000	Total PP&E £000
Cost or Valuation						
At 1 Apr 23	776,342	22,448	491	10,529	4,606	814,416
Additions	31,734	2,450	0	6,659	(2)	40,842
Accumulated Depreciation and Impairment written out to gross cost/valuation	(21,295)	(704)	0	0	(3)	(22,002)
Revaluation increases/decreases to Revaluation Reserve	69,196	1,656	0	0	(77)	70,774
Revaluation increases/decreases to Surplus or Deficit on the Provision of Services	(16,143)	638	0	0	(47)	(15,552)
Derecognition - Disposals	(5,431)	(1,212)	(491)	0	(1,212)	(8,347)
Assets reclassified (to) / from Assets Held for Sale	0	0	0	0	(3,030)	(3,030)
Other Movements in cost valuation	4,119	(97)	0	(8,351)	4,193	(136)
At 31 Mar 24	838,522	25,179	0	8,837	4,428	876,965
Depreciation and Impairment						
At 1 Apr 23	(4)	(1,051)	(491)	0	(1)	(1,547)
Accumulated Depreciation written out to gross cost/valuation	21,296	704	0	0	2	22,003
Accumulated Impairment written out to gross cost/valuation	0	(0)	0	0	0	(0)
Depreciation Charge	(21,389)	(739)	0	0	(2)	(22,130)
Impairment losses/reversals to Revaluation Reserve	(366)	0	0	0	0	(366)
Impairment losses/reversals to Surplus or Deficit on the Provision of Services	(70)	0	0	0	0	(70)
Derecognition - Disposals	62	6	491	0	0	559
Other movements in depreciation and impairment	(1)	1	0	0	0	0
At 31 Mar 24	(472)	(1,079)	(0)	0	(1)	(1,551)
Net Book Value						
At 31 Mar 24	838,050	24,100	(0)	8,837	4,427	875,414
At 31 Mar 23	776,338	21,397	(0)	10,529	4,605	812,869

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 23	1,958,040

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 Assets Held for Sale

	Assets Held for Sale-Current	
	2022/23 £000	2023/24 £000
Balance at 1 April	1,416	4,098
<u>Assets newly classified as held for sale:</u>		
- Property, Plant and Equipment	3,873	3,030
- Newly Acquired Assets	56	14
Revaluation losses	0	0
Revaluation Gains	0	0
Other Movements	0	0
<u>Assets declassified as held for sale:</u>		
- Property, Plant and Equipment	0	0
Assets sold	(1,246)	(3,351)
Balance at 31 March	4,098	3,791

Note 5 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.

2022/23 £000		2023/24 £000
23,965	Balance as at 1 April	16,021
19,095	Depreciation in the year	22,131
2,886	Transfer to MRR	1,889
(29,926)	Financing of Capital Expenditure	(30,613)
16,021	Balance as at 31 March	9,428

Note 6 Financing of Capital Expenditure

Capital expenditure on Land, Houses and Other Property within the HRA was financed as follows:

	2023/24 £000
Borrowing Need	0
Capital Receipts	7,876
Revenue Contributions	1,789
Government Grants/Other Capital Income	1,393
Major Repairs Reserve	30,613
Total	41,671

During the year total capital receipts of £10.468m were received by the HRA, of which £10.174m was available to support capital expenditure within the Council.

Note 7 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 2023 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 2023 and has been calculated using the 'straight line' method over 15 years.

Note 8 Impairment

A net impairment charge of £1.562m has been included in the HRA Income and Expenditure Account (£1.806m in 2022/23). 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 9 Rent Arrears & Other Provisions for Bad and Doubtful Debts

2022/23 £000	Rent Arrears	2023/24 £000
2,251	Current Tenants	2,823
2,918	Former Tenants	2,971
5,169	As at 31 March	5,794

As at 31 March 2024, the level of rent arrears for current tenants as a proportion of gross rent income was 2.86% (2022/23 2.48%).

2022/23 £000	Bad Debt Provision in respect of rent income	2023/24 £000
3,078	As at 1 April	3,129
391	Increase in Provision	448
(340)	Utilised in year	(297)
3,129	As at 31 March	3,280

Provision has also been made in the accounts for write-offs in respect of tenants' and former tenants' rechargeable repairs are as follows:

2022/23 £000	Bad Debt Provision in respect of the rechargeable repairs	2023/24 £000
186	As at 1 April	151
97	Increase in Provision	68
(132)	Utilised in year	(36)
151	As at 31 March	183

Note 10 Interest Payable and Other Charges

This is the cost of external interest payable together with the cost of debt redemption premium.

Note 11 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 2024

2022/23				2023/24			Note
Council Tax £000	Non Domestic Rates £000	Total £000		Council Tax £000	Non Domestic Rates £000	Total £000	
150,139		150,139	Council Tax Receivable	158,624		158,624	2
	68,695	68,695	National Non-Domestic Rates (excluding write-offs)		74,562	74,562	
	(1,983)	(1,983)	NNDR Transitional Payments		3,570	3,570	
150,139	66,712	216,851	Total Income	158,624	78,132	236,756	
			Precepts:				
123,911	30,663	154,574	Rotherham Metropolitan Borough Council	130,263	35,083	165,346	
	31,090	31,090	Central Government		35,799	35,799	
15,937		15,937	South Yorkshire Police and Crime Commissioner	17,174		17,174	
5,543	624	6,167	South Yorkshire Fire & Rescue	5,958	716	6,674	
145,391	62,377	207,768		153,395	71,598	224,993	
			Distribution of previous years surplus(deficit):				
1,500	(5,683)	(4,183)	Rotherham Metropolitan Borough Council	2,500	2,642	5,142	
	(5,799)	(5,799)	Central Government		2,695	2,695	
283		283	South Yorkshire Police and Crime Commissioner	376		376	
101	(116)	(15)	South Yorkshire Fire & Rescue	130	54	184	
1,884	(11,598)	(9,714)		3,006	5,391	8,397	
			Charges to Collection Fund:				
692	220	912	Write off of uncollectable amounts	861	575	1,436	
560	280	840	Increase/(Decrease) in bad debt provision	789	(28)	761	
	35	35	Increase in provision for appeals		1,449	1,449	
	292	292	Cost of Collection		292	292	
	2,541	2,541	Disregarded amounts		3,238	3,238	
1,252	3,368	4,620		1,650	5,526	7,176	
148,527	54,147	202,674	Total amounts charged to the Collection Fund	158,051	82,515	240,566	
1,612	12,565	14,177	Surplus/(Deficit) arising during the year	573	(4,383)	(3,810)	
			Collection Fund Balance				
1,612	12,565	14,177	Surplus/(Deficit) arising during the year	573	(4,383)	(3,810)	
4,506	(7,069)	(2,563)	Surplus/(Deficit) brought forward	6,118	5,496	11,614	
6,118	5,496	11,614	Surplus/(Deficit) carried forward	6,691	1,113	7,804	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 2023/24 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	28,477	6:9	27,338
B	15,743	7:9	15,113
C	12,503	8:9	12,003
D	8,865	9:9	8,510
E	5,625	11:9	5,400
F	2,629	13:9	2,524
G	1,228	15:9	1,179
H	85	18:9	82
	75,155		72,149

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 2023/24 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 2022/23).

The NNDR income in 2023/24 of £74.562m after allowing for mandatory and discretionary reliefs (£68.695m 2022/23) was based on a total rateable value of £206.4m as at 31 March 2024 (£191.2m as at 31 March 2023).

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 2024 is a surplus of £7.804m (£11.614m surplus 2022/23) and consists of a £1.113m surplus (£5.496 2022/23) relating to business rates to be distributed to the billing Authority (Rotherham MBC), Central Government and South Yorkshire Fire and Rescue Authority, and a £6.691m surplus (£6.118m surplus 2022/23) in relation to council tax. The balance is distributed to the billing Authority (Rotherham MBC), South Yorkshire Police and Crime Commissioner and South Yorkshire Fire and Rescue Authority as follows:

2022/23 Council Tax £000	2022/23 NNDR £000	2022/23 Total £000		2023/24 Council Tax £000	2023/24 NNDR £000	2023/24 Total £000
5,583	2,693	8,276	Billing Authority – Rotherham MBC	6,123	545	6,668
0	2,748	2,748	Central Government	0	557	557
			Major Precepting Authorities:			
397	0	397	- South Yorkshire Police and Crime Commissioner	421		421
138	55	193	- South Yorkshire Fire and Rescue	147	11	158
6,118	5,496	11,614	Total	6,691	1,113	7,804

Note 5 **Parish Precepts**

Precept demands are issued by the parishes on the Council as Billing Authority. In turn the Council issues a precept on the Collection Fund for the year inclusive of the parish precepts payable. The payment of the parish precepts appears as a charge in the Comprehensive Income and Expenditure Account (see Note 4 Other Operating Expenditure).

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GLOSSARY

This listing will help Members and other readers to understand the terminology used within the Statement of Accounts.

ACCOUNTING PERIOD

The period of time covered by the accounts, normally a period of twelve months commencing on 1 April. The end of the accounting period is the Balance Sheet date.

ACCRUALS

Sums included in the final accounts to recognise revenue and capital income and expenditure earned or incurred in the financial year, but for which actual payment had not been received or made as at 31 March.

ADDED YEARS

A discretionary award increasing the value of pensions for retiring employees aged 50 or over subject to specific conditions. Employers' must exercise this discretion in accordance with the national regulations.

ASSET

An asset is a resource controlled by the Council as a result of past events from which future economic benefits or service potential is expected to flow to the Council.

- A current asset is an amount which is expected to be realised within 12 months.
- A non-current asset is an amount which is expected to be realised after more than 12 months.

AUDIT OF ACCOUNTS

An independent examination of the Council's financial affairs.

BALANCE SHEET

A statement of the recorded assets, liabilities and other balances at the end of the accounting period.

BORROWING

Funding of capital investment by the use of loans from the Public Works Loans Board, other Local Authorities, banks or other lenders. Borrowing for which no financial support is provided by Central Government. The financing costs of which are met from the current revenue budgets.

BUDGET

The forecast of net revenue and capital expenditure over the accounting period.

CAPITAL ADJUSTMENT ACCOUNT

An account maintained to provide a balancing mechanism between the different rates at which assets are depreciated and are financed through the capital controls system.

CAPITAL CHARGE

A charge made to service revenue accounts to reflect the cost of Non-Current Assets used in the provision of services.

CAPITAL EXPENDITURE

Expenditure on the acquisition of a fixed asset, which will be used in providing services beyond the current accounting period, or expenditure which adds to and not merely maintains the value of an existing fixed asset.

CAPITAL FINANCING

Funds generated to pay for capital expenditure. There are various methods of financing capital expenditure including borrowing, leasing, direct revenue financing, usable capital receipts, capital grants, capital contributions, revenue reserves and earmarked reserves.

CAPITAL PROGRAMME

The capital schemes the Council intends to carry out over a specific period of time.

CAPITAL RECEIPT

The proceeds from the sale of capital assets which, subject to various limitations (e.g. Pooling Arrangements introduced in the Local Government Act 2003) can be used to finance capital expenditure, invested, or to repay outstanding debt on assets originally financed through borrowing. However under the Statutory Guidance on the Flexible Use of Capital Receipts, General Fund receipts received since 1 April 2016 can be used to fund revenue transformational costs.

CIPFA

The Chartered Institute of Public Finance and Accountancy

COLLECTION FUND

A separate fund that records the income and expenditure relating to Council Tax and non-domestic rates.

COMMUNITY ASSETS

Assets that the Council intends to hold in perpetuity, that have no determinable useful life and that may have restrictions on their disposal. Examples of community assets are parks and historical buildings.

CONSISTENCY

The concept that the accounting treatment of like items within an accounting period and from one period to the next are the same.

CONTINGENT ASSET

A contingent asset is a possible asset arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the Council's control.

CONTINGENT LIABILITY

A contingent liability is either:

- A possible obligation arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the Council's control; or
- A present obligation arising from past events where it is not probable that a transfer of economic benefits will be required, or the amount of the obligation cannot be measured with sufficient reliability.

COUNCIL TAX

A banded property tax that is levied on domestic properties. The banding is based on assessed property values at 1 April 1991.

CREDITOR

Amount owed by the Council for work done, goods received or services rendered within the accounting period, but for which payment has not been made by the end of that accounting period.

CURRENT SERVICE COST (PENSIONS)

The increase in the present value of a defined benefits pension scheme's liabilities, expected to arise from employee service in the current period.

DEBTOR

Amount owed to the Council for works done, goods received or services rendered within the accounting period, but for which payment has not been received by the end of that accounting period.

DEFINED BENEFIT PENSION SCHEME

Pension schemes in which the benefits received by the participants are independent of the contributions paid and are not directly related to the investments of the scheme.

DEPRECIATION

The measure of the cost of wearing out, consumption or other reduction in the useful economic life of the Council's Non-Current Assets during the accounting period, whether from use, the passage of time or obsolescence through technical or other changes.

DISCRETIONARY BENEFITS (PENSIONS)

Retirement benefits, which the employer has no legal, contractual or constructive obligation to award and are awarded under the Council's discretionary powers such as the Local Government (Discretionary Payments) Regulations 1996.

DEDICATED SCHOOLS GRANT (DSG)

The Dedicated School Grant (DSG) is a ring fenced grant for the support of the Schools Budget, paid by the Department for Education and Skills (DfES) to the Local Council; it replaces the Schools Formula Spending Share (FSS).

EARMARKED RESERVE

A sum set aside in a reserve for a specific purpose.

EQUITY

The Council's value of total assets less total liabilities.

EVENTS AFTER THE BALANCE SHEET DATE

Events after the Balance Sheet date are those events, favourable or unfavourable, that occur between the Balance Sheet date and the date when the audited Statement of Accounts is authorised for issue.

EXCEPTIONAL ITEMS

Material items which derive from events or transactions that fall within the ordinary activities of the Council and which need to be disclosed separately by virtue of their size or incidence to give fair presentation of the accounts.

FAIR VALUE

The fair value of an asset is the price at which it could be exchanged in an arm's length transaction less, where applicable, any grants receivable towards the purchase or use of the asset.

FEES AND CHARGES

Income arising from the provision of services e.g. the use of leisure facilities.

FINANCIAL INSTRUMENTS ADJUSTMENT ACCOUNT

This reserve was created under the SORP 2007 to hold the accumulated difference between the financing costs included in the Income and Expenditure Account and the accumulated financing costs required in accordance with Regulations to be charged to the General Fund Balance.

FINANCE LEASE

A lease that transfers substantially all of the risks and rewards of ownership of a fixed asset to the lessee.

GENERAL FUND SERVICES

Comprises all services provided by the Council with the exception of services relating to the provision of local Council housing – which are accounted for in the Housing Revenue Account. The net cost of General Fund services is met by council tax, Government Grants and Business Rates.

GOING CONCERN

The concept that the Statement of Accounts is prepared on the assumption that the Council will continue in operational existence for the foreseeable future.

GOVERNMENT GRANTS

Grants made by the government towards either revenue or capital expenditure in return for past or future compliance with certain conditions relating to the activities of the Council. These grants may be specific to a particular scheme or may support the revenue spend of the Council in general.

HERITAGE ASSETS

Heritage assets are those assets that are intended to be preserved in trust for future generations because of their cultural, environmental or historical associations.

HOUSING BENEFITS

A system of financial assistance to individuals towards certain housing costs administered by authorities and subsidised by central government.

HOUSING REVENUE ACCOUNT (HRA)

A separate account to the General Fund, which includes the income and expenditure arising from the provision of housing accommodation by the Council.

IMPAIRMENT

A reduction in the value of a fixed asset to below its carrying amount on the Balance Sheet.

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT (CIES)

The revenue account of the Council that reports the net cost for the year of the functions for which it is responsible and demonstrates how that cost has been financed from precepts, grants and other income.

INFRASTRUCTURE ASSETS

Non-Current Assets belonging to the Council that cannot be transferred or sold, on which expenditure is only recoverable by the continued use of the asset created. Examples are; highways, footpaths and bridges.

INVENTORIES

Items of raw materials and stores a Council has procured and holds in expectation of future use. Examples are; consumable stores, raw materials and products and services in intermediate stages of completion.

INTANGIBLE ASSETS

An intangible (non-physical) item may be defined as an asset when access to the future economic benefits it represents is controlled by the reporting entity. This Council's intangible assets comprise computer software licences.

NET INTEREST EXPENSE (PENSIONS)

For a defined benefit scheme, the expected increase during the period in the present value of the scheme liabilities because the benefits are one period closer to settlement less interest income earned on plan assets.

INVESTMENTS

A long-term investment is an investment that is intended to be held for use on a continuing basis in the activities of the Council. Investments should be so classified only where an intention to hold the investments for the long term can clearly be demonstrated or where there are restrictions as to the investor's ability to dispose of the investment.

INVESTMENTS (PENSION FUND)

The investments of the Pension Fund will be accounted for in the statements of that Fund. However, authorities are also required to disclose, as part of the disclosure requirements relating to retirement benefits, the attributable share of the pension scheme assets associated with their underlying obligations.

LIABILITY

A liability is a present obligation arising from a past event, the settlement of which is expected to result in an outflow of resources.

A liability is where the Council owes payment to an individual or another organisation.

- A current liability is an amount which is expected to be settled within 12 months.
- A non-current liability is an amount which is expected to be settled after more than 12 months.

LIQUID RESOURCES

Current asset investments that are readily disposable by the Council without disrupting its business and are either:

- Readily convertible to known amounts of cash at or close to the carrying amount; or
- Traded in an active market.

LONG-TERM CONTRACT

A contract entered into for the design, manufacture or construction of a single substantial asset or the provision of a service (or a combination of assets or services which together constitute a single project), where the time taken to substantially complete the contract is such that the contract activity falls into more than one accounting period.

MATERIALITY

The concept that the Statement of Accounts should include all amounts which, if omitted, or mis-stated, could be expected to lead to a distortion of the financial statements and ultimately mislead a user of the accounts.

MAJOR REPAIRS RESERVE

The Council is required by regulation to establish a Major Repairs Reserve. The main credit to the account comprises the total depreciation charge for all Housing Revenue Account assets. Capital expenditure is then funded from the reserve without being charged to the Housing Revenue Account.

MINIMUM REVENUE PROVISION (MRP)

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

NET BOOK VALUE

The amount at which property, plant and equipment are included in the Balance Sheet, i.e. their historical costs or current value less the cumulative amounts provided for depreciation.

NET DEBT

The Council's borrowings less cash and liquid resources.

NET EXPENDITURE

Gross expenditure less specific grants and income for charging for services.

NET REALISABLE VALUE

The open market value of an asset in its existing use less any expenses incurred in realising the asset.

NON-DISTRIBUTED COSTS

These are overheads for which no user directly benefits and as such are not apportioned to services

NATIONAL NON-DOMESTIC RATES (NDR)

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 the use of an asset.

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 of 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:

Experience adjustments – that is the effects of differences between the previous actuarial assumptions and what has actually occurred (e.g. known investment returns, actual pension increase orders, reflecting of any funding valuation which has taken place since the last report etc); and – the effects of changes in actuarial assumptions (these are split between financial and demographic assumptions). These can give rise to changes in actuarial surpluses or deficits in the valuation.

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 capital adjustment 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.

A summary of this document can be made available in your language and in alternative formats such as Braille, large print, electronic and audio-tape versions. Contact us at:

Email: central.finance@rotherham.gov.uk

‘If you or someone you know needs help to understand or read this document, please contact us’:

: 01709 254510

: central.finance@rotherham.gov.uk

Slovak

Ak vy alebo niekto koho poznáte potrebuje pomoc pri pochopení alebo čítaní tohto dokumentu, prosím kontaktujte nás na vyššie uvedenom čísle alebo nám pošlite e-mail.

Kurdish Sorani

دی سۆرانی

هەر تۆ یان کەسێک کە تۆ دەیناسی پێویستی بەیارمەتی هەبێت بۆ ئەوەی لەم بەنگەنامە یە تێبگات یان بێخوینیتەوه، یە پەڕیوەندیمان پێوه بکە لەسەر ئەو ژمارەییە سەرەوهدا 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 سلطنا 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.

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ROTHERHAM MBC

NARRATIVE REPORT 2023/24

Narrative Report 2023/24

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 2023/24, 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.

Strategic Context

During 2023/24 the Council has faced some significant financial challenges that were evident at the time of setting the 2023/24 Budget and as such, corporate provisions were established as mitigation. The Council has also faced new and growing challenges with demand, stubbornly high inflation impacting market costs, energy prices and food prices, along with a Local Government Pay Award that was higher than projected (£4m). Despite this, a near balanced outturn was achieved with an overall position of a £0.1m overspend. The core directorates had an overspend of £8.8m partially offset by a £5m corporate budget risk contingency within Central Services that was approved within the Council's Budget and Council Tax Report 2023/24. Taken with savings delivered from the Council's Treasury Management Strategy, the final underspend in Central Services was £8.7m, which reduced the Council's overall outturn to a £0.1m overspend.

The Council's overspend position before mitigation was largely due to the following overall issues:

- Placement pressures within Children and Young People's Services and Adult Social Care
- Home to School Transport pressures within Regeneration and Environment and Children and Young People's Services
- Pressures on income generation within Regeneration and Environment, relating to the longer-term recovery from Covid-19 and the cost of living crisis
- Inflationary costs impacting the cost of food in Schools Catering and contractual and provider inflation impacting Children and Young People's Services
- Increased costs of homelessness due to increased demand
- Increased property costs in Regeneration and Environment
- Impact of the Local Government Pay Award

As a result of these financial pressures the Council's financial outturn for 2023/24 was £0.1m. This final overspend position was funded by the Treasury Management Reserve and the Council also used £1.4m of reserves to support the approved Budget. This £1.5m use of reserves to support the Budget was £4.8m less than was included in the Budget and Council Tax Report 2023/24 and £0.8m less than planned in the approved Budget and Council Tax Report 2024/25. Overall, this reflects that whilst the Council has faced some significant challenges, through robust management and controls and careful financial planning, the Council's overall financial position continues to improve.

Despite the challenges the Council continued to make significant progress in the delivery of key activities as part of the Council Plan. Examples of the outcomes delivered during 2023/24 are included in the update on the Council's Performance Management Framework and Service Plans described below.

Given this challenging start position, in setting the Budget for 2024/25 the Council kept focus on mitigating the impact on residents as far as possible and trying to protect basic services in order to support the community through a cost of living crisis, along with the Council's ambitions for the Borough with specific regard to the environment and social care.

The Final Settlement did have some positives for the Council with inflationary uplift provided on core funding such as Business Rates Grants and Revenue Support Grant, along with the Government's approach to delaying the Adult Social Care Reforms whilst allowing Councils to retain the funding linked to those reforms and provision of the additional Adult Social Care Grant top up.

Whilst the increased cost of energy and inflation will impact the Council's costs in the provision of services, there was some mitigation for future years through increased core funding as business rates income is indexed to the rate of inflation. However, those increases in core resources are not sufficient to cover the increase in the Council's base costs and address the significant challenges Local Authorities face nationally. The economic climate during 2023/24 has been turbulent. Inflation has reduced significantly since September 2023, falling from 6.7% in September 2023 to 3.2% in March 2024. The sharp fall in headline inflation was driven in part by a reduction in energy regulator Ofgem's price cap, reflecting lower wholesale gas prices. Slowing food price inflation also helped bring the headline number lower. However, this doesn't mean that prices are falling, just that the rate of increase is slowing as higher prices become embedded in the base costs. The overall

reduction helped support the Council's Budget for 2024/25 but the position will continue to be closely monitored. These financial challenges are being regularly reviewed as part of the Council's ongoing Medium Term Financial Planning.

In order to address budget pressures the Council had to consider the following areas:

- Further increases in fees and charges
- Increases in Council Tax above assumptions within the approved MTFS
- Further use of reserves

As detailed within the Council's Budget and Council Tax Report 2024/25 the financial pressures facing the Council have been mitigated through an increase in fees and charges above the previous MTFS assumption of 2% to 6%, an increase in Council Tax for 2024/25 above the 3% assumed in the approved MTFS to 3.5% and through continued planned use of reserves to support the Budget and MTFS.

These proposals have allowed the Council to approve a balanced budget position for 2024/25 without increasing the use of reserves, allowing those reserves to be held to guard against the significant risk and uncertainty that still exists in the UK economy around inflation, energy prices and more significantly rising demand and market pressures in the provision of social care services.

Whilst the Council's updated Budget and MTFS position proposed the use of £9.9m of reserves across the period 2023/24 to 2025/26, it should be noted that £3m of this is for specific projects to support residents with the impact from the cost of living crisis (Energy Crisis Support Scheme and Local Council Tax Support Top Up). In addition, it is also worth noting that the Council's projected balance of reserves as at the end of 2025/26 is £9m higher than it was expected to be when the Council agreed its Budget for 2023/24. This improvement, given the significant challenges facing Local Authority finances, is testament to the Council's robust financial management and decision making across this period.

Overall Local Authorities must consider their Budget and MTFS amidst ongoing funding uncertainty for the local government sector beyond 2024/25, as the Local Government Financial Settlement for 2023/24 was only a one-year allocation, and the final settlement for 2024/25 provided little additional support to address the challenges facing the sector. As such, many Councils will continue to face significant challenges moving forwards funding the costs of social care provision. This is perhaps best illustrated by the volume of Local Authorities across the UK that have recently hit difficult times with a number having to issue S114 notices. Many of these Local Authorities have seen the worrying growth in social care demand and market costs as a key cause of their S114 notice.

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 South Yorkshire Mayoral Combined Authority area. There is a steadily growing population which reached a record total of 268,400 in 2022. This is as a result of a natural increase (more births than deaths),

net inward migration and increased life expectancy. Rotherham has 164,500 people of working age (61.3%), which is slightly lower than the English average (62.9%).

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 is a good place to live, however the cost of living and house prices have increased in recent years. 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 four airports within 50 miles. 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).

The Council continues to make progress against its ambitions for Borough wide regeneration.

An additional £20m was awarded to the Council for its 'Principal Areas of Growth' bid at the Spring 2023 budget. This will see targeted redevelopment on the Dinnington High Street and a new library for Wath town centre.

Forge Island is now approaching completion and Century 2 has been completed, while the Council's supported projects at Wentworth, Maltby and Magna are all on site and Grimm & Co is largely complete. Significant progress has been made against land assembly with the Council taking ownership of a number of major long term vacant and derelict sites in the town centre including 3-7 Corporation St which is in the process of being demolished. The Towns & Villages Fund now has 15 projects complete, a further 4 on site, and the remaining 3 of 22 schemes designed and contractors appointed. The twenty-third and final scheme in Maltby East is scheduled for completion in March 2025.

Major progress has been made against Town Deal, Levelling Up and Future High Street Fund projects over the last 12 months that will see over £100m of new investment into the borough with detailed design development and several first stage contracts let, leading to delivery over the next 2 years.

It is 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.

Vision and Priorities

The Council Plan 2022-2025 came into effect from January 2022 and is supported by annual reporting of the Year Ahead Delivery Plan. **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 2024/25 and the 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.

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 significant reductions in Government funding that followed. Over this timescale and in response to the funding cuts, the Council had to make significant savings or significantly re-design or scale back service provision. 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 was approved at Council on 28 February 2024 as part of the Budget and Council Tax Report 2024/25. It provides a two-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 and education), 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, 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 five key themes that partners will together on until 2025:

- **Inclusive economy:** creating opportunities for everyone to participate in and benefit from a growing economy
- **A place to be proud of:** delivering regeneration across Rotherham, inspiring people and creating great places
- **Climate and environment:** building a healthy and attractive local environment in Rotherham, whilst acting on the climate crisis
- **Health and wellbeing:** enabling people to lead healthy lives, focusing on prevention
- **Building stronger communities:** Working with individuals and communities on the things that matter most to them

The Rotherham Plan 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

In January 2022, the Council adopted a Council Plan for 2022-25, informed by public consultation, as well as a Year Ahead Delivery Plan for the period up to 31 March 2023. A new Year Ahead Delivery Plan for the period to 31 March 2024 was approved by Cabinet in April 2023

Formal progress reports are presented in public at Cabinet meetings. For 2023/24 a mid-year report was presented on 22 January 2024 and the final progress report for 2023-24, covering data for quarter four and year-end performance will be presented to Cabinet on 29 July 2024.

To enable the Council to work towards the Council Plan outcomes and achieve the commitments, the Council Plan performance measure targets are reviewed annually, and the Year Ahead Delivery Plan is also updated. The next Year Ahead Delivery Plan for 2024/25 will be included in the Council Plan Update presented to the Cabinet on 29 July 2024.

Each year, Directorates produce service plans which 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 six-monthly 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 quarterly internally and publicly twice a year.

The Council remains focused on delivering the central ethos of the Council Plan to drive better outcomes for the people and places of the entire borough. This requires actions and progress across its five priority themes.

Our Council Plan has already made significant progress in the delivery of key activities over the last year that are making real, tangible changes including:

Every neighbourhood thriving:

- Signals Festival took place across the Borough in February Half Term with an estimated total audience across the 10 days of 21,633.
- 15 projects within the Towns and Villages fund have been completed to date with the remaining three schemes in Aston and Todwick, Brinsworth and Rotherham East scheduled to be complete in the early part of the new financial year.
- Rotherham Show took place, welcoming more than 60,000 residents to Clifton Park.
- The new library at Thurcroft opened in November 2023.
- The £24m to 2024 roads programme is now complete. During 2023/24, the Council completed the repair of 148 unclassified roads of the 168 unclassified roads included in the Indicative Highway Repair Programme.

People are safe, healthy and live well

- The Rotherham Combatting Drugs Partnership has overseen the expansion of drug treatment and recovery services, supporting over 1,500 people in 2023/24.
- The implementation of new assistive technology to expand the community alarm offer to enable people to live independently at home has delivered over 2,000 new assistive technology items such as digital alarm devices.
- From Spring 2023 to Easter 2024, the Council used the Household Support Fund to provide food vouchers to a total of 75,904 pupils eligible for free school meals.

Every child able to fulfil their potential

- The Council is continuing to provide new residential homes, so more looked-after children and young people in Rotherham can stay in the borough and remain safe from harm. A new two-bedroom home, Dragonfly House, has now opened, having been registered by Ofsted in March 2024.
- The schemes to improve play equipment at 14 sites, including a complete refurbishment of the existing play equipment at Coronation Park, Maltby and replacement of play equipment Dun Street play area in Swinton, were completed in the year.
- Cabinet agreed a new Early Help Strategy 2024-2029 in March 2024, which has now been launched. The strategy sets out Rotherham's vision and plan to ensure

that children, young people, and families have their needs identified early so that they can receive swift access to targeted help and support.

Expanding economic opportunity

- Construction continued on the £47m Forge Island scheme in the Town Centre scheme throughout the year. When completed, the scheme will be home to a state-of-the-art cinema, 69 room hotel, and six restaurants providing food from around the world. Handover of the premises for fitting out is scheduled for the early part of the new financial year.
- The Council's employment support and progression projects exceeded their targets in 2023/24. Pathways to Success and Inspire helped 168 people into employment and 165 into training. the Advance project, which helps those in work to increase their skills and progress, assisted 389 people, of whom 115 gained qualifications.
- Century 2 business centre was opened to tenants in November 2023. The new centre provides an additional 16 offices, 20 workshops and 2 laboratory spaces to expand the workspace offer in the Manvers area.
- Work began in September 2023 on the initial construction to facilitate the wider redevelopment of the markets complex in the Town Centre.
- Following agreement of Rotherham's digital inclusion strategy and action plan in September 2023, support is now available to help people enjoy the benefits of being online, including free sim cards for those on low incomes and with limited internet access.

A cleaner, greener local environment

- Initial design work has been completed on flood defence schemes including Rotherham Renaissance, Parkgate and Rawmarsh, Whiston Brook, Catcliffe Pumping Station and the Culvert Renewal programme.
- The Broom Road Active Travel Scheme was completed in the year.
- Work has continued with regional partners, including South Yorkshire Mayoral Combined Authority (SYMCA), Transport for the North and Network Rail to deliver the Council's Transforming Cities Fund (TCF) programme funded public transport improvements, including a new Tram-train stop at Magna, Parkgate Link Road and Park & Ride Scheme. The Council is also working with SYMCA and Network Rail to finalise the drafting of the Outline Business Case for the new railway station at Waverley.
- An electric vehicle charging strategy was approved by Cabinet in March 2024.
- Continued to embed the new digital grounds and streets service system, which will enable the provision of better customer information.

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 2024 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 2023/24 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:

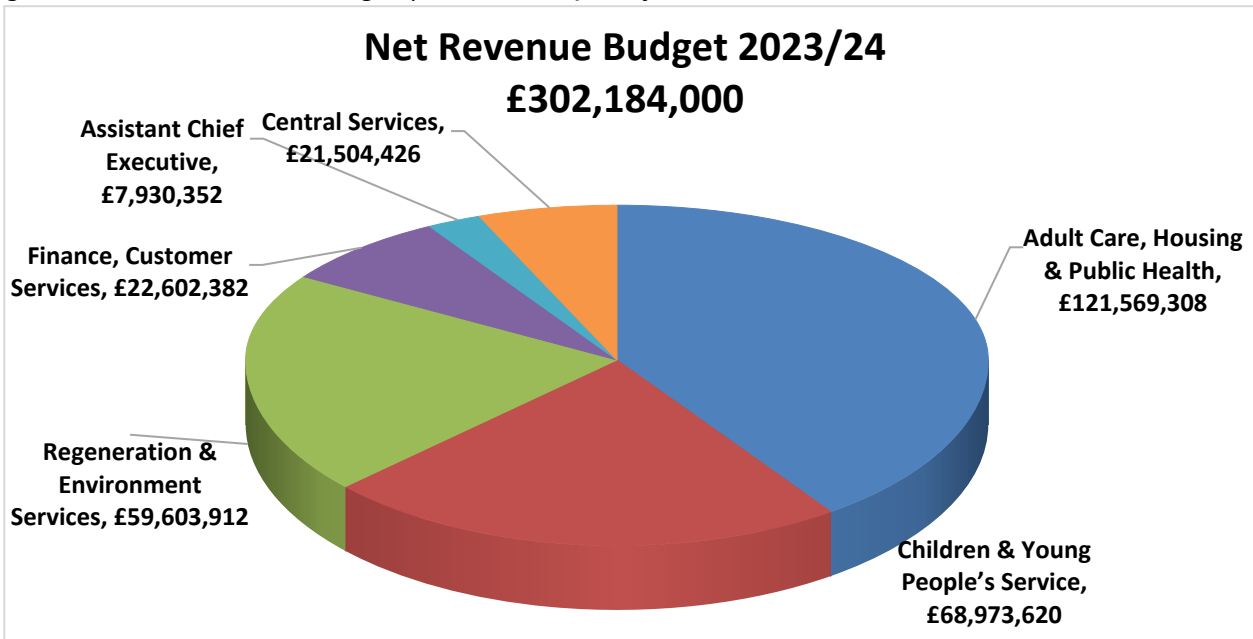
- *Statement of Responsibilities*
This sets out the respective responsibilities of the Council and the Strategic Director of Finance and Customer Services.
- *Comprehensive Income and Expenditure Statement*
This account summarises the revenue costs of providing all Council services and the income and 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

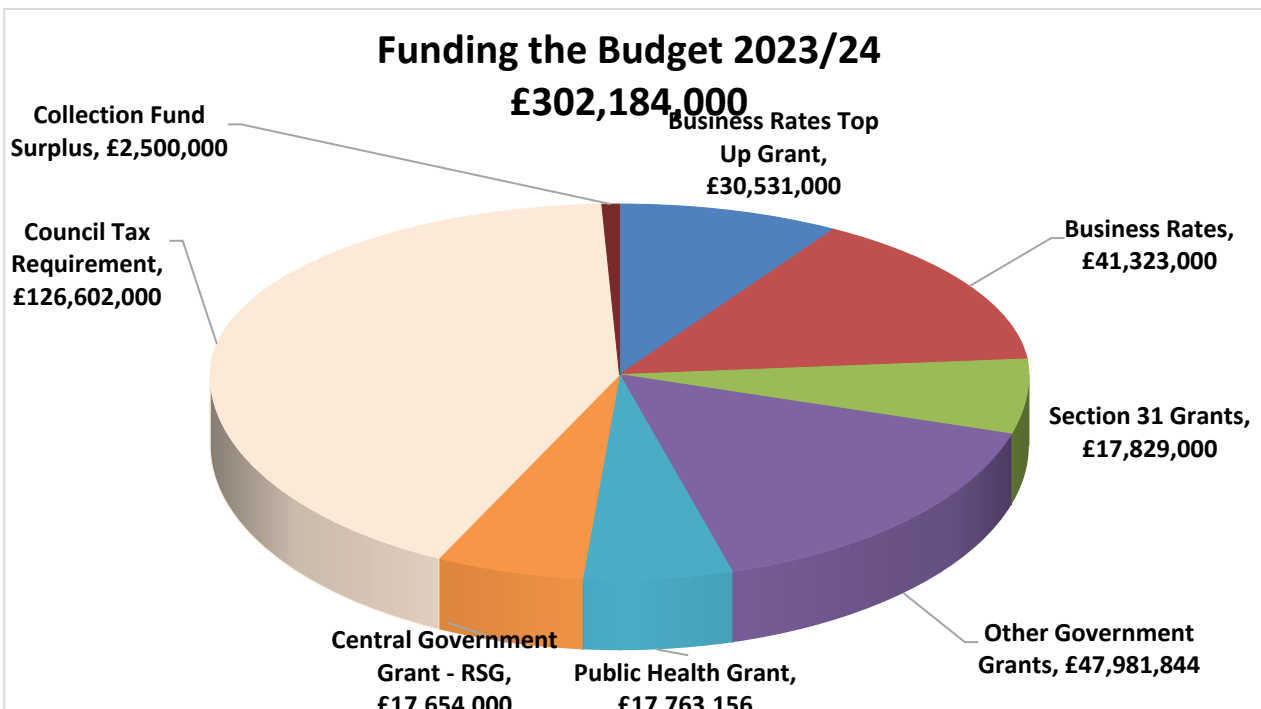
A summary of the Council's revenue and capital outturns for 2023/24 is included in the following paragraphs. Further details are included in the Outturn Report to Cabinet on the 29 July 2024. The agenda and papers for the meetings can be accessed through the Council & Democracy page of the Council's website [Browse meetings - Cabinet - Rotherham Council](#).

Revenue expenditure overview

Revenue expenditure covers the day-to-day running costs of the Council’s services. The net revenue budget for 2023/24 was £302.184m (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 2023/24 was approved by Council on 1 March 2023. A budget of £302.184m was set for General Fund services; this excludes schools’ budgets and the Housing Revenue Account (HRA).

The Financial Monitoring position as at outturn reflects an overspend of £0.1m for the financial year 2023/24. The core directorates services had a final overspend of £8.8m. This was an improvement of £1.7m from February forecast as service areas delivered savings ahead of year-end and improvements in income were recognised. As previously reported, the directorate overspend was partially offset by the £5m corporate budget risk contingency within Central Services approved within the Council's Budget and Council Tax Report 2023/24. Taken with savings delivered from the Council's Treasury Management Strategy, the final underspend in Central Services was £8.7m, which reduced the Council's overall outturn to a £0.1m overspend.

The key variances within the outturn position are summarised below;

- Children & Young People Services outturn position at the end of the March was a £4.6m overspend. The main reason for the overspend relates to children in care placements which had a net financial pressure of £5m. The other major variances related to Home to School Transport £1.2m, and section 17 and other minor variances payments of £0.5m. These costs were offset by additional grant funding, use of internal resources to meet grant requirements and vacancies identified through a CYPS Savings Recovery Plan (£2.1m).
- Adult Care, Housing and Public Health outturn was an overspend of £0.7m on general fund services. The £0.7m overspend is in respect of homelessness costs. In particular there has been significant spend for emergency hotel accommodation. Overall Adult Social Care (ASC) has underspent by £72k. However, there was significant demand pressure for placements in ASC but this was off-set by additional grants that have been received, including £2m of both Market Sustainability and Improvement Fund (MSIF) and Hospital Discharge Fund. Overall, the grants that were applied which supported the pressure came to £4.2m reflecting the growing demand pressures within the service area.
- Regeneration and Environment Services outturn was an overspend of £4m. The outturn position reflects the impact of ongoing demographic pressures in Home to School transport (£2.4m), the impact of inflation on food prices causing a £1.2m pressure on Schools Catering and inflation driving up the cost of repairs and maintenance of the Council's operational estate £1m. These pressures have been offset by additional income generation above budget in Street works Enforcement and Planning along with staff savings as part of the Regeneration and Environment savings recovery plan.
- Finance and Customer Services outturn was an underspend of £0.1m. Like all directorates, the service has reviewed planned expenditure and deferred spending or delayed recruitment to support the overall Council position without adversely impacting service delivery. Whilst there are some financial pressures within the directorate, particularly around post and print, savings were achieved on Legal disbursements and Bereavement Services income, which mitigated these financial pressures and delivered a small underspend.

- Assistant Chief Executive outturn was an underspend of £0.4m. The Directorate has taken steps to reduce expenditure and delay recruitment where possible to do so, in order to support the overall Council's budget position in year. The underspend at outturn is a result of higher income generation in HR's commercial offer and salary sacrifice. The staffing position has also been favourable with a small number of vacancies across the directorate delivering an underspend during the year.
- Central Services delivered an underspend of £8.7m resulting from the £5m corporate budget risk contingency approved within the Council's Budget and Council Tax Report 2023/24, along with savings made in year from the Treasury Management function. These savings have arisen as a result of continuing high interest levels and the Council's Treasury Management strategy, which has been to reduce cash balances across 2023/24 to prevent any need to borrow whilst investing remaining available cash in the high interest market.

The improvements in the Council's outturn overall represents a positive direction of travel for the Council's finances and a significant improvement from the £7.3m overspend in 2023/24. This prudent financial management will be important in managing future budget pressures given the known volatility in external factors and rising demand pressures that were highlighted in the Budget and Council Tax report 2024/25.

The Council's initial outturn position allowed the Council to process several transfers to/from reserves reflecting the improved position:

- Treasury Management Reserve planned use at the outset of 2023/24 was £6.3m, this was reduced to £2.3m as part of the reserves strategy in the Budget and Council Tax Report 2024/25. The final outturn position 2023/24 required use of just £0.8m, a reduction of £1.5m.
- Budget and Financial Strategy Reserve had no planned use in 2023/24 however, it was required to support PFI cost pressures of £0.7m. As a result the planned use of corporate reserves (Treasury Management and Financial Strategy Reserve) reduced overall by £0.8m.
- Corporate Grants Reserve use was £1.1m, predominantly to support the Council's programme of activity to support asylum and re-settlement programmes, utilising ringfenced grants.
- As planned the Covid Recovery Fund has been utilised to provide support for the Council's Energy Crisis Support Scheme, along with providing funding support towards RothACS and revenue investments approved as part of the Budget and Council Tax Report 2023/24.

Schools' Outturn

In addition to General Fund balances and reserves the Council also holds £2.264m relating to School Delegated Budgets. This represents the net surplus balances (i.e. unspent budgets), for all maintained schools including special schools and the Pupil Referral Units

(PRUs). These balances are ring-fenced for use by schools to meet education provision. As can be seen below, this represents a decrease of £0.311m on the previous year.

2022/23 £m		2023/24 £m
2.575	Unspent Schools' Budgets	2.264

Housing Revenue Account Income and Expenditure Account

The Housing Revenue Account had an underspend of £4.46m. The overall underspend largely relates to reduced energy costs for the Council's District Heating scheme £3.9m and £4.0m in contract shared savings and rebased fees for maintenance costs. Contract shared savings is a refund from repairs contractors based on the profits they made during the previous year once those have been confirmed and audited. These cost savings have been reduced by increased maintenance costs to reduce works' backlog in particular in relation to mould and damp eradication works.

Reserves

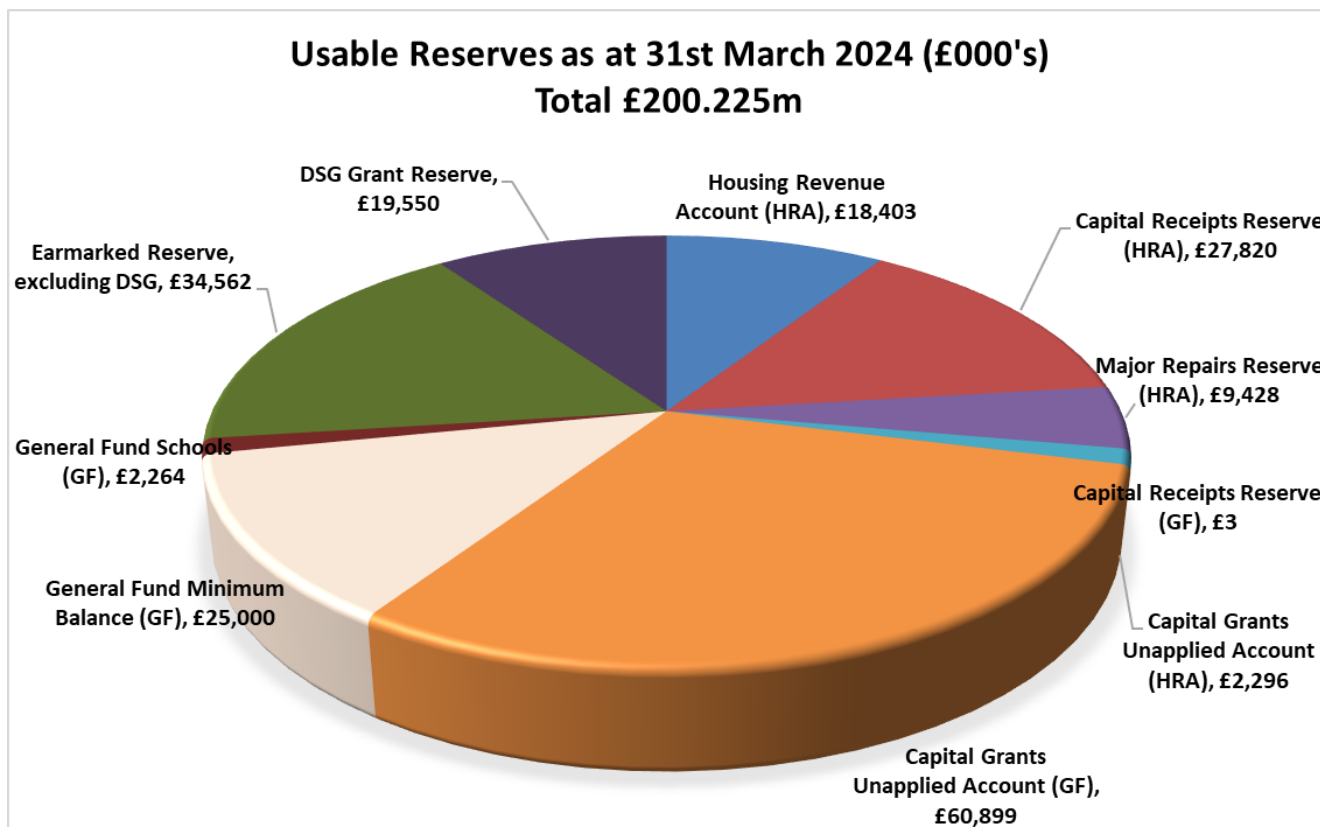
The Council manages its funds between two categories of reserves: usable reserves and unusable reserves.

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 2024, the Council held £200.225m of usable reserves, General Fund (£142.185m), HRA (£58.040m). Included within this balance are capital reserves of £100.446m, which can only be used to finance capital expenditure or repay debt. They cannot be used to support revenue spending directly. This leaves £97.779m of revenue reserves and balances. However, most of these are ring-fenced (HRA and school balances) or are earmarked for specific purposes.

The table below also includes DSG grant reserve of £19.550m, however, it should be noted that this is funding the Council has received through the Safety Valve agreement and it has already been fully committed. Due to the accounting treatment of the DSG reserve balances, the Safety Valve grant is account for a useable reserve but the deficit reserve is accounted for as an unusable reserve (£21.258m – Note 37 of the accounts), as such the £19.550m is already fully committed to offset this deficit reserve. It is expected by the completion of the Safety Valve agreement that the Council will have cleared the deficit unusable reserve.



Reserves	General Fund £000's	HRA £000's	Total Reserves £000's
Housing Revenue Account	£0	£18,403	£18,403
Capital Receipts Reserve	£3	£27,820	£27,823
Major Repairs Reserve	£0	£9,428	£9,428
Capital Grants Unapplied Account	£60,899	£2,296	£63,195
General Fund Minimum Balance	£25,000	£0	£25,000
General Fund Schools	£2,264	£0	£2,264
Earmarked Reserve, excluding DSG	£34,469	£93	£34,562
DSG Grant Reserve	£19,550	£0	£19,550
Total Reserves	£142,185	£58,040	£200,225

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.

The outturn on the Capital Programme was £140.726m, an increase of £10.3m or 8% over 2022/23 (£130.3m). The final Capital Programme was £152.386m split between the General Fund £111.650m and HRA £40.736m with underspend and slippage of (£11.660m). The programme was ambitious, however, the impact inflationary pressures and an overloaded construction market has significantly impacted its delivery. This has been seen through restrictions to scheme delivery on contractors and the need to re-think, re-engineer schemes or find new funding solutions when inflationary based cost increases have been forecast.

Total capital expenditure in 2023/24 is analysed by Directorate as follows:

Directorate	2023/24 £m
Children and Young Peoples Services	7.043
Assistant Chief Executive	0.303
Adult Care & Housing	5.802
Finance & Customer Services	3.672
Regeneration & Environment	82.235
Housing Revenue Account	41.671
Total	140.726

The capital expenditure was financed as follows:

Funding Stream	2023/24 £m
Borrowing need	54.751
Major Repairs Allowance (MRA)	30.613
Grants & Other Contributions	42.256
Capital Receipts	11.060
Revenue Contributions To Capital Outlay	2.045
Total	140.726

Major items of capital expenditure incurred are as follows:

Major Capital Expenditure	2023/24 £m
<u>Non Housing</u>	
Forge Island	31.24
2020-2024 Roads Programme £24m	5.21
A6178(PT) - Sheffield Rd	3.79
Maltby Academy	3.57
Broom Road	2.80
DfT LTP Carriageway Resurfacing	2.69
Rotherham Markets and Libraries Development	2.59
Wentworth Woodhouse	2.15
SNED Ph III Newman Upper School	1.87

Schools PFI Life Cycle Programme	1.82
RRFAS 2A Ickles Lock (ERDF)	1.71
Furnished Homes	1.57
Strategic Acquisitions Fund	1.49
A631 Maltby Bus Corridor	1.45
Kilnhurst FAS	1.41
HWRCs	1.27
Computer Refresh	1.16
<u>Housing Investment Programme</u>	
Wentworth View Strategic Acq	1.806
Laughton Gate 42 units	0.292
Eldertree Lodge SA 2 Units	0.260
Welling View SA 1 unit	0.194
Millstone Park SA 10 Units	0.449
The Paddocks Wickersley	1.928
North Farm Close	0.278
Poppyfields Ravenfield SA	0.696
Brecks Lane SA	0.569
The Paddocks Wickersley	7.229
Maltby Externals	2.903
East Herringthorpe Externals	1.256
Heating Replacements	3.999
Total	89.642

Treasury Management & Prudential Indicators

A summary of the Council's borrowing position as at the 31st March 2024 is shown below. Further details of the Council's Treasury Management activities and prudential indicators are included in the Treasury Management Outturn report to Cabinet on 29 July 2024. The agenda for this meeting can be accessed through the Council & Democracy page of the Council's website. [Browse meetings - Cabinet - Rotherham Council](#)

The Council's borrowing levels are summarised below:

As at 31 March 2023 £m	Long Term Borrowing	As at 31 March 2024 £m
365.456	Public Works Loans Board (PWLB)	390.233
232.000	Market (e.g. Banks, Other Local Authorities)	217.000
	Short Term Borrowing	

10.214	Public Works Loan Board (PWLB)	5.223
46.000	Market (e.g. Banks, Other Local Authorities) < 1 year	25.000
	External Investments	
0	Debt Management Office	0
40.000	Other Local Authorities	0
30.300	Money Market Funds	24.790
583.370	Net Borrowing	612.666

Note: External Investments excludes amounts associated with the Council's day to day banking and other balances, e.g. school bank accounts, which are included in Note 25 of the Statement of Accounts

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 2023/24. 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 2023/24, however, there is a national issue with local authority treatment for infrastructure assets. This relates to the way components of infrastructure expenditure are derecognised when new expenditure is incurred. A statutory override came into force in December 2022 that allowed LA's to assume that the carrying amount to derecognise is zero. This enabled auditors to give an unqualified audit opinion on LA accounts. This override is in force until 31st March 2025. The Council will utilise the override for the 2023/24 accounts but will need to put measures in place for when the override expires.

Financial Outlook, Risks and Opportunities

The Council set a balanced budget position for 2023/24 as part of the Budget and Council Tax Report 2023/24 approved at Council 1 March 2023. The MTFs contained within that report included a balanced position for 2023/24, 2024/25 and a funding gap of £1.7m for

2025/26, the first year of the next spending review. This Budget and MTFs position was set based on sound financial assumptions at the time, factoring in cover for service demand pressures in particular within Adult Social Care £12.4m.

However, following approval of the Budget the global economic position kept inflation stubbornly high impacting the cost of Council services and creating market pressures on social care placements and increasing food prices impacting Schools Catering significantly. In addition, rising demand for Council services led to greater pressures on social care placements and Home to School Transport, these being issues impacting Local Authority budgets nationally. Alongside this the Council has seen a significant Local Authority Pay Award, £4m above that assumed in the Budget. These impacts have seen the Council's base costs rise significantly during 2023/24, not only through the Council's own costs increasing for example, through increased energy bills, but the price of goods and services the Council's procures have increased. These pressures impact the Council's MTFs moving forward as they lifted base costs.

The Council's position in setting a balanced budget for 2024/25 was therefore going to be challenge. However, the aim of the Council was to meet this challenge whilst protecting the services that the Council provides to residents and businesses within the borough. In addition, providing further support to residents with the cost of living crisis.

The Council endeavoured through the Budget setting process to minimise the impact on residents in terms of both service delivery that they receive but also in terms of the financial impact on residents, for example the Council's fees and charges and Council Tax increases are significantly below the prevailing level of inflation seen during 2023/24. Through the Council's planned use of the Household Support Fund and the Local Council Tax Top Up scheme the Council seeks to further support the most vulnerable residents within this Budget.

Though major 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 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 and inflation, the Council faces these challenges from a sound financial footing, with a robust budget for 2024/25 and medium term financial strategy.

The Local Authority financial environment still however remains challenging and volatile at present. This is best illustrated by the volume of Local Authorities across the UK that have recently hit difficult times with a number having to issue S114 notices and many stating they

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are very close to this position without further Government support of legislative changes. Many of these Local Authorities have seen the worrying growth in social care demand and market costs as a key cause of their S114 notice.

It is also important to underline the spending level of the Council despite the previous funding cuts. With a current revenue budget of £326m in 2024/25 together with a capital programme in excess of £500m (to 2027/28), the Council will remain a key lever for growth and investment in Rotherham and the wider Sheffield City Region.

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 2028 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 15/11/2024

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Public Report
Audit Committee

Committee Name and Date of Committee Meeting

Audit Committee – 26 November 2024

Report Title

Final Annual Governance Statement 2023/24

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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Simon Dennis, Policy, Improvement and Risk Manager

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Ward(s) Affected

Borough-Wide

Report Summary

On the 25th June 2024 the Audit Committee reviewed the Council's draft Annual Governance Statement (AGS) for the 2023/24 financial year. The draft AGS was published alongside the Council's draft financial statements.

The final AGS is presented here for approval and is attached to this report as Appendix A.

Recommendations

The Audit Committee is asked to:

1. Approve the final 2023/24 Annual Governance Statement

List of Appendices Included

Annual Governance Statement

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 28th November 2023 "Code of Corporate Governance"

Audit Committee Report 25th June 2024 "Annual Governance Statement 2023/24"

Audit Committee Report 26th September 2024 "Update on the Statement of Accounts and Annual Governance Statement 2023/24"

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 2023-24

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 to report publicly on the extent to which they comply with their own Local Code of Governance. The draft 2023/24 AGS was published on 31st May 2024 and the final was ready for publication by 30th September 2024.
- 1.2 The Committee will recall that a process to gather assurances and evidence to support the AGS was led by the Corporate Governance Group. 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.
- 1.4 Although the AGS relates to 2023/24, it must be up to date at the time of publication and must include any planned changes in the coming year. Minor amendments have been made to the draft version submitted to the Committee in June.

2. Key Issues

- 2.1 In constructing the AGS for 2023/24, 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 2022/23 AGS. Each Strategic Director and Assistant Director was also required to submit 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 Statements 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 confirmed those issues with the Strategic and Assistant Directors and obtained updates from them on the detailed issues raised in the previous year. The draft AGS and the final presented to this committee have been reviewed by the Monitoring Officer, Strategic Director of Finance and Customer Services, 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 governance arrangements throughout the financial year but also highlights areas for further developments in 2024/25.

2.4 The Committee are invited to comment on any aspect of the Annual Governance Statement attached to this report at Appendix A.

2.5 The AGS will be published alongside the final, audited, financial statements, taking account of any further comments made by the Audit Committee.

3. Options considered and recommended proposal

3.1 This paper considers the final AGS for 2023/24. As a result, no specific options have been considered.

4. Consultation on proposal

4.1 All Strategic Directors have been asked for their input into the AGS process through the submission of signed Statements of Assurance.

4.2 The final AGS has been reviewed by the Strategic Director of 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 November 2024 meeting.

5.2 Officers will ensure that the final AGS is published alongside the audited Financial Statements.

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 Financial 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 Human Resources implications arising from the 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 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 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.

13. Risks and Mitigation

- 13.1 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.

Accountable Officer(s)

Judith Badger (*Strategic Director of Finance and Customer Services*)

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

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ROTHERHAM METROPOLITAN BOROUGH COUNCIL

Annual Governance Statement 2023/24

ROTHERHAM MBC ANNUAL GOVERNANCE STATEMENT 2023/24

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.
- 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 2023.
- 2.2 The Council's overall strategic direction is determined by the Council Plan 2022-2025 and the associated Year Ahead Delivery Plan, which is refreshed each financial year. The Council Plan was approved in January 2022 and 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
- 2.3 The Council Plan and Year Ahead Delivery Plan together form the basis of the strategic direction of the Council throughout the financial year. Progress on the

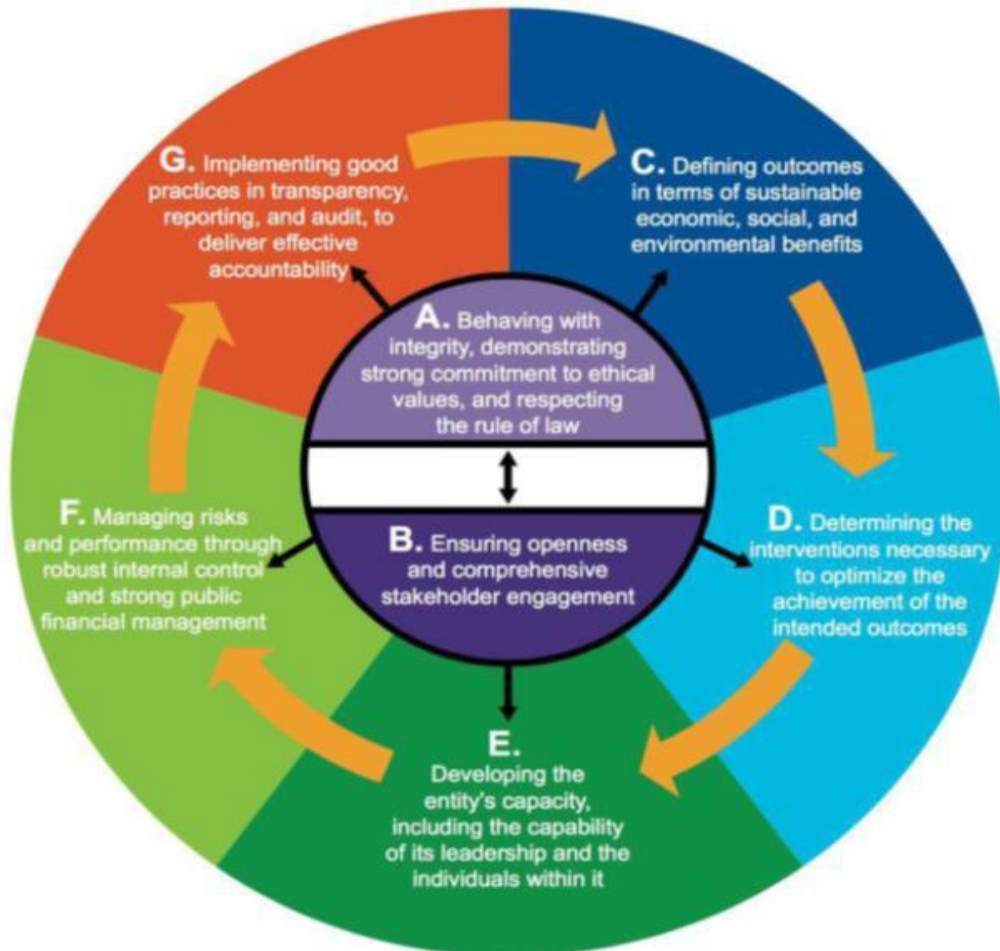
milestones and measures contained in the Plans is formally monitored quarterly and reported publicly twice a year. The six monthly public report on progress was presented to the Council's Cabinet on 22nd January 2024 and focused on progress from 1st April 2023 to 30th September 2023. A final report for the year was presented on 29th July 2024.

- 2.4 A refresh of the Year Ahead Delivery Plan to cover the 2024-25 financial year was presented to Cabinet on the 29th July 2024, alongside a review of the targets set for Council Plan performance measures. Monitoring of the new plan will continue throughout the 2024-25 financial year, with public reports planned for December 2024 and July 2025.
- 2.5 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.
- 2.6 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.
- 2.7 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 Elects the Leader of the Council.
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. Makes 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, including s151 Officer and Monitoring Officer	Sets and monitor governance standards Leads and applies 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 Produces Head of Internal Audit opinion each year, summarising work done
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 and a further programme from May 2024.</p>
<p>Principle B – Ensuring openness and comprehensive stakeholder engagement.</p>	<p>The Council is committed to openness and acting in the public interest. A Council Plan 2022-25 and associated Year Ahead Delivery Plan were developed after consultation with stakeholders as part of the development process. The Year Ahead Delivery Plan is refreshed each year with the Plan covering the 2023-24 financial year being approved in April 2023. A further refresh of the Year Ahead Delivery Plan covering the 2024/25 period was developed in the course of the year. These Plans are available on the Council’s website and 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 Plans 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 are checked and challenged against other Councils and have been reported through the performance management framework.</p> <p>The Thriving Neighbourhoods Strategy was published in 2018 and updated in November 2022, 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. This Strategy has become embedded in the Council’s methods of working. As part of this, a series of regular ward newsletters were issued to improve public awareness of developments in their local areas and improve community engagement.</p> <p>Regular email newsletters are also produced for Council members with additional ‘special’ bulletins produced to cover significant topics in-between. These summarise key developments and issues in the Council to enable them to perform their roles effectively including latest news, member development information, forthcoming meetings and consultations.</p> <p>The Consultation and Engagement Framework was refreshed in 2022. This document 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</p>

	<p>stakeholders, including their views in the shaping, commissioning and delivery of services wherever possible. The Framework 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, which was originally published in early 2017 was refreshed in December 2022.</p>
<p>Principle C - Defining outcomes in terms of sustainable economic, social, and environmental benefits.</p>	<p>In January 2022 the new Council plan 2022-25 and associated Year Ahead Delivery Plan were approved by Council. The Year Ahead Delivery Plan is refreshed each year, with the Plan for 2023/24 being approved in April 2023. 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 and public reports to Cabinet and the Overview and Scrutiny Management Board twice a year. A new Year Ahead Delivery Plan covering the 2024-25 financial year was presented to Cabinet in July 2024.</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>Service Plans that link to the Council Plan and into individual Personal Development Plans were in place for all services during 2023-24.</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 outcomes.</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> <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>

<p>Principle E - Developing the entity's capacity, including the capability of its leadership and the individuals within it.</p>	<p>The Member Development Programme is continually being refreshed with elected Members encouraged to provide topics of interest that they would like to see included and delivered in the most appropriate manner. The Member & Democratic Panel oversee the Member Development Programme, which continues to support all members to increase their knowledge base in specific areas. 'Need to Know' Sessions have been introduced and highlighted as key for prioritising their attendance. A plan is in place to deliver a comprehensive training programme for members following the May 2024 elections.</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 changing service demands.</p>
<p>Principle F - Managing risks and performance through robust internal control and strong public financial management.</p>	<p>The Council has a Risk Management Policy and Guide which is fully embedded. The Guide was reviewed in November 2023 and the Policy was formally approved by Cabinet in January 2023 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 amendments proposed for publication are scrutinised and approved by Strategic Leadership Team, 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 and were updated in May 2023.</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>
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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 roles include:
 - 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
 - Oversees financial reporting and financial statements and the annual governance process.
- 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 additional 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 additional 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 start of 2024 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 25th June 2024. The report confirmed positive progress had been made during the year, with 90% of audits resulting in a positive opinion, similarly to the previous year. The remaining reports highlighted areas where further improvement could be made. The areas identified will be followed up in 2024/25. A follow up audit had been undertaken in the year on Tree Management which resulted in an opinion of substantial assurance.
- 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 2023 on 11th December 2023.
- 3.12 In their Annual Report relating to 2022-23 issued in March 2024 Grant Thornton found no significant weaknesses in the Council's arrangements for financial sustainability and governance. In addition, they stated that the significant weakness relating to improving economy, efficiency and effectiveness from the previous year was no longer significant and, the associated key recommendation was lowered to an improvement recommendation. The issues were raised as a result of the Ofsted and CQC inspection around implementing SEND reforms. Further information concerning this inspection is given in paragraphs 4.3 to 4.5.
- 3.13 Grant Thornton will issue their opinion on the 2023-24 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 Council's 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.

Delivering the Financial Strategy

- 3.18 The Council faced some significant financial challenges during 2023/24, due to wider economic factors such as the significant rise in energy prices holding, inflation remained high and Local Government Pay Award. In addition, the Council faced challenges in rising demand for social care, increased market costs of social care, rising pressure within Home to School Transport, inflation impact on Schools Catering and rising homelessness demand. The financial impact of the Local Government Pay Claim 2023/24 was £4m greater than anticipated, increasing the Council's base budget moving forwards. Together these pressures created around a £8.8m gap per year within the Council's Medium Term Financial Strategy from 2023/24 onwards. The core directorates services had a final overspend of £8.8m. This was an improvement of £1.7m from February forecast as service areas delivered savings ahead of year-end and improvements in income were recognised. As previously reported, the directorate overspend was partially offset by the £5m corporate budget risk contingency within Central Services approved within the Council's Budget and Council Tax Report 2023/24. Taken with savings delivered from the Council's Treasury Management Strategy, the final underspend in Central Services was £8.7m, which reduced the Council's overall outturn to a £0.1m overspend.
- 3.19 Given this challenging start position, in setting the Budget for 2024/25 the Council kept focus on mitigating the impact on residents as far as possible and trying to protect basic services in order to support the community through a cost of living crisis, along with the Council's ambitions for the Borough with

specific regard to the environment and social care.

- 3.20 The Final Settlement did have some positives for the Council with inflation provided on core funding such as Business Rates Grants and Revenue Support Grant, along with Governments approach to delaying the Adult Social Care Reforms whilst allowing Council's to retain the funding linked to those reforms. However, the additional grant funding fell short of what was required by Councils in order to mitigate the impact of rising demand, inflation and energy prices.
- 3.21 For example, the additional funding provided or made available for Social Care was £11.5m. However, this wasn't enough to cover the increase in costs, including the cost of providing an inflationary uplift to meet just the adult care providers (at the Real Living Wage rate) and the required costs of transitions (£7.8m), increased Adult Social Care Demand, (£4m recurrent pressure from 2023/24 before use of grant funding) and CYPS demand and market pressures (£3.4m).
- 3.22 The development of the Council's Budget proposals for 2024/25 and the further update of the MTFS took into account prevailing economic factors, most notably significant rises in demand, inflation and energy prices during 2023/24. Following the Council's technical MTFS updates and the impact of the Final Financial Settlement the Council was able to set a balance Budget for 2024/25 but faced a £6.3m funding gap for 2025/26.
- 3.23 In order to address this budget gap the Council had to consider the following areas:
- Further increases in fees and charges
 - Increases in Council Tax above assumptions within the approved MTFS
 - Further use of reserves
- 3.24 As detailed within the Council's 2024/25 Budget report, these financial pressures were mitigated through proposals to increase fees and charges above the approved MTFS 5% assumption to 6%, a proposed increase in Council Tax for 2024/25 above the 3% assumed in the approved MTFS to 3.5% and continued use of reserves.
- 3.25 These proposals have allowed the Council to set out a balanced budget position without increased use of reserves, allowing a greater level of reserves to be held to guard against the significant risk and uncertainty that still exists in the UK economy around inflation, energy prices and demand for Council services.
- 3.26 The Council's position is not dissimilar to that faced by other Local Authorities

in terms of the pressures faced. The ongoing volatility in the economic position nationally is challenging to predict when setting a Budget and MTFs. The current economic climate remains uncertain, with challenges in projecting where inflation will move, the pace at which it moves, the impact it will have on contracts and Government policy along with uncertainty in the energy markets.

- 3.27 This is perhaps best illustrated by the volume of Local Authorities across the UK that have recently hit difficult times with a number having to issue S114 notices. Many of these Local Authorities have sighted the worrying growth in social care demand and market costs as a key cause of their S114 notice.
- 3.28 Since setting the 2023/24 Budget the Council's delivery of new planned savings as part of Budget have progressed very well with £4.3m delivered by the end of the 2023/24 financial year against the £4.3m plan. The Council is however faced some wider financial challenges for 2023/24, across a number of areas listed below. The Council has and continues to work hard to take firm action to reduce the level of overspend in these areas as much as possible in order to bring the Council's position back on track.
- 3.29 The Council's overspends during 2023/24 across Directorates are due to the following overall issues:
- Placement pressures within Children and Young People's Services and Adults Social Care.
 - Home to School Transport pressures within Regeneration and Environment and Children and Young People's Services.
 - Pressures relating to the longer-term recovery from Covid-19 on income generation within Regeneration and Environment.
 - Inflationary costs impacting the cost of food in Schools Catering and contractual and provider inflation impacting Children and Young People's Services.
 - Increased costs of homelessness due to increased demand.
 - Increased property costs within Regeneration and Environment.
- 3.30 The economic climate during 2023/24 has been turbulent. Inflation has reduced significantly since September 2023, falling from 6.7% in September 2023 to 3.2% in March 2024. The sharp fall in headline inflation was driven in part by a reduction in energy regulator Ofgem's price cap, reflecting lower wholesale gas prices. Slowing food price inflation also helped bring the headline number lower. However, this doesn't mean that prices are falling, just that the rate of increase is slowing as higher prices become embedded in the base costs. The overall reduction has helped support the Council's Budget for 2024/25 but the position will be closely monitored. These financial challenges

are being regularly reviewed as part of the Council's ongoing Medium Term Financial Planning.

- 3.31 There remains funding uncertainty for the local government sector beyond 2023/24 as the Local Government Financial Settlement was only a one-year allocation and the Council will continue to face significant challenges moving forwards in regards to the funding of social care.

4 UPDATE ON MATTERS REFERRED TO IN THE ANNUAL GOVERNANCE STATEMENT FOR 2022/23

Information Governance

- 4.1 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. Extra resource was put in place in March 2024 on a temporary basis to improve the performance of Right of Access Requests. An annual report is also shared with the Audit Committee.

Major Incident Planning

- 4.2 The Council has responded to a range of both significant and major incidents over recent years. Notably, the Covid Pandemic tested the Council, and partnership capacity to respond to a long term and wide-ranging major incident. The Council's plans adapted well to ensure an effective response structure and both internal and external coordination. The Council's Gold response and recovery arrangements stood down at the end of 2021/22 however further incidents have taken place since, most notably significant flooding as a result of Storm Babet in 2023. Again, the response arrangement stood up effectively to manage a significant evacuation, provision of shelter and ongoing community support. The Council remains ready to initiate command and control structures if required and continues to learn the lessons from each incident response. As a result of this work, the Major Incident Plan has been refreshed and retitled the Integrated Response and Recovery Plan, which was approved in July 2024.

Special Educational Needs and/or Disabilities (SEND) Inspection in Rotherham

- 4.3 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.

- 4.4 A Written Statement of Action (WSOA) was required because of significant areas of weakness in the local area's practice, and this was to be submitted jointly by RMBC and the area's Clinical Commissioning Group (CCG) (now known as the Rotherham Integrated Care Board (ICB)). The WSOA had to explain how the local area would tackle the areas of weakness and set forward a clear action plan.
- 4.5 The WSOA has now been discharged and, following confirmation of the progress made for each area of the WSOA, work began to co-produce a new SEND Strategy and SENDAP Delivery Plan. Partnership governance continues to strengthen in relation to SEND to ensure robust local area response to addressing all aspects of this area, with strong visible leadership from senior leaders in the Council and ICB. The SEND Annual Engagement meeting with Ofsted in October 2023 endorsed this approach and this is now business as usual activity for the Department.
- 4.6 An Area SEND inspection of Rotherham Local Area Partnership took place between 30 September 2024 to 4 October 2024. The outcome was published on 14th November and stated that "the local area partnership's special educational needs and/or disabilities (SEND) arrangements typically lead to positive experiences and outcomes for children and young people with SEND. The local area partnership is taking action where improvements are needed." This is the highest possible rating under the new framework and is a positive reflection of the work undertaken across the partnership since 2021.

Youth Justice Service

- 4.7 A Youth Justice Board Peer Review of the Youth Justice Service (previously Youth Offending Team) was commissioned by the Rotherham Youth Justice Partnership Board and was completed in March 2022. This followed an inspection by Her Majesty's Inspector of Probation in 2020 which gave a "Requires Improvement" judgement. Since then, an improvement action plan has been followed and the Youth Justice Service Partnership Board strengthened.
- 4.8 In 2023 the Youth Justice Board introduced an Oversight and Assurance Framework to complement the inspection regime. Performance is monitored against four oversight fields: Service delivery, Service leadership, Local strategic priorities, Continuous improvement in four quadrants, Performance Quadrant 1 Strong performance, Quadrant 2 Satisfactory performance, Quadrant 3 Improvement needed and Quadrant 4 Persistent or significant under performance. Rotherham Youth Justice Service is currently within quadrant 2, with strong performance noted in some areas.

Health and Safety Executive

- 4.9 On 29th November 2021 the Health and Safety Executive made the Council aware of an investigation it was undertaking into allegations concerning hand arm vibration. On 4th April 2023 they confirmed they intended to prosecute the Council. The Council has now received full disclosure and is awaiting further developments.

Tree Management and Green Spaces

- 4.10 The service has completed 30 out of 31 recommendations from the three reports commissioned in 2022/23 and reported in last year's Annual Governance Statement. Following the Internal Audit review in March 2023, which reported an opinion of 'No Assurance', a follow-up Internal Audit review in January 2024, gave an opinion of 'Substantial Assurance'. The Tree Service continues to work to embed the improved practice, and this is monitored by the Culture Sport and Tourism Service Management Team monthly through a performance and escalation dashboard. A follow-up audit in January 2025 will provide additional assurance. A wider review of Green Spaces is underway. This includes an Internal Audit review to ensure that risks are identified and managed.

Property and Facilities Services

- 4.11 As part of an initial review, Asset management and Catering and Facilities Services is now sitting within the Finance and Customer Services Directorate. An improvement plan has now been commissioned in order to take a holistic review of the service. This includes, but is not limited to, building compliance, including asbestos and fire, a review of appropriate asset data and reporting processes, as well as ensuring the right capability and capacity sits within the teams. This should lead to stronger governance and decision making processes.

5 OTHER SIGNIFICANT ISSUES ARISING DURING 2023/24

Corporate Peer Challenge

- 5.1 On 4th September 2023, the Council published the outcome of a Corporate Peer Challenge conducted by the Local Government Association (LGA) in June 2023. In summary, the report stated that the Council *"...serves the town well and is today an impressive organisation, being named the "Most Improved Council" in the country at the Local Government Chronicle (LGC) Award in 2022 provides ample evidence that it is now in the very good place. It is ambitious and has well established and robust foundations, along with several notable and commendable practices that other council can learn from"*.

- 5.2 Following on from this visit, the Council produced an Action Plan to respond to the seven recommendations on the report. Subsequently, the LGA carried out a progress visit in December 2023 that was designed to update peers on the early progress made, consider peer's reflections on any new opportunities or challenges that may have arisen since the peer team were 'on-site' and discuss any early impact or learning from the progress made to date.
- 5.3 The peer team reported that they were: *"pleased to see the positive and engaging way in which the council addressed the recommendations of the Corporate Peer Challenge of June 2023, the actions it has taken so far, and the evidence provided to show the progress being made"*.
- 5.4 The Action Plan from the Peer Challenge will continue to be monitored through the Council's usual processes.

Housing Services

- 5.5 Senior managers within Housing Services have been conducting a series of deep dives into compliance areas to understand the current position in terms of the level of risk and whether controls and mitigations are appropriate and proportionate. This has been aided by an internal audit into health and safety of RMBC's council homes and a separate review commissioned by the Council and undertaken by a housing consultant. The Cabinet Member has been kept updated on the progress of this work and attends a new Regulatory Assurance Board where detailed information is shared. The Regulatory Assurance Board is chaired by the Chief Executive.
- 5.6 There are some strengths in the Council's current approach and position. Management of gas safety, asbestos, and completion of Fire Risk Assessments (FRAs) all appear strong. Compared to its peers, the Council is proactive in addressing 'no access' properties. Initial data from the new tenant perception survey suggests tenants have a high level of confidence in the safety of their properties.
- 5.7 However, in common with many landlords, some overarching issues with the way compliance is managed at the Council as well as other areas for improvement, have been identified. Together they mean the compliance risks facing the Council are currently high.
- 5.8 A detailed action plan is in place to manage the significant work programme that is now in place to address these issues.

6 SIGNIFICANT EVENTS OR DEVELOPMENTS AFTER YEAR END

- 6.1 An Area SEND inspection of Rotherham Local Area Partnership took place between 30 September 2024 to 4 October 2024. The report was published on 14th November 2024 and further details are included at paragraph 4.6.

7 LEADER AND CHIEF EXECUTIVE STATEMENT 2023/24

- 7.1 This Annual Governance Statement fairly reflects the position at Rotherham Metropolitan Borough Council during the year and up to the date of signing.
- 7.2 As Leader and Chief Executive, we have been advised on the results of the review of the effectiveness of the Council's governance framework. We have also specifically considered the new significant issues noted in section five and their potential impact on our overall governance. Our final overall assessment is that this Annual Governance Statement is a balanced reflection of the governance environment, and the arrangements continue to be regarded as fit for purpose in accordance with the governance framework.
- 7.3 We are also satisfied that, over the remainder of this financial year, the Council will take appropriate steps to address the significant governance issues and we will monitor their implementation and operation as part of our next annual review.

Signed

**Councillor Chris Read,
Leader, Rotherham MBC
Date:**

Signed

**Sharon Kemp,
Chief Executive, Rotherham MBC
Date:**

Committee Name and Date of Committee Meeting

Audit Committee – 26 November 2024

Report Title

Mid-Year Treasury Management and Prudential Indicators Monitoring Report – 2024/25

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)

Tom Soulby

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Ward(s) Affected

Borough-Wide

Report SummaryMid-Year Treasury Review

The regulatory framework of treasury management requires that the Council produces a mid-year treasury review, in addition to the forward looking annual treasury strategy and backward looking annual treasury outturn report.

This report is the mid-year review for 2024/25. It also incorporates the needs of the Prudential Code to ensure adequate monitoring of the capital expenditure plans and the Council's prudential indicators (PIs).

It is also a requirement that any proposed changes to the 2024/25 prudential indicators are approved by Council.

The monitoring as set out in Appendix 1 to the report is structured to highlight the key changes to the Council's capital activity (the PIs) and the actual and proposed treasury management activity (borrowing and investment).

The key messages for Members are:

- a. Investments - the primary governing principle remains security over return and the criteria for selecting counterparties continues to reflect this.
- b. Borrowing – The Council will maintain its strategy of being under-borrowed against the capital financing requirement. The Council borrowed £227m of long term PWLB funds during 2021/22 to take advantage of the low PWLB interest rates available at the time (average 1.53% interest rate). This was replacing short term borrowing as it matured. The proceeds from this borrowing have now been fully utilised refinancing maturing borrowing and financing the capital programme. As a result, it has been necessary for the Council to enter into borrowing at the higher interest rate environment of recent years.

The current strategy is to delay all new borrowing as late as possible and to only enter into short term borrowing in order to minimise the interest cost to the Council. There is a discounted rate with the PWLB for borrowing long term funds specifically for HRA purposes which is available until March 2026. The borrowing position will remain under review and an update of the strategy will be presented to Members within the Budget and Council Tax 2025/26 report to Council in March 2025.

- c. Governance - strategies and monitoring are reviewed by Audit Committee.
- d. Whilst the Council's approach to Treasury Management in recent years, utilising short term borrowing in particular, has generated significant savings for the Council, essential to achieving balanced budgets, the future outlook is more challenging. With increased interest rates for borrowing, as a result of the increases in the Bank of England Base Rate, new borrowing will be much more expensive than the Council's borrowing entered into before 2022. It should be noted that it is expected that borrowing rates have now peaked and will reduce over the next couple of years, linked to the recent return of inflation back down to the Bank of England's target 2% level.

Recommendations

1. Audit Committee is asked to note the contents of the report.

List of Appendices Included

Appendix 1 – Mid-Year Treasury Management and Prudential Indicators Monitoring Report – 2024/25.

Background Papers

Budget and Council Tax Setting Report 2024/25 to Council on 28th February 2024, Including the Treasury Management Strategy 2024/25

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	Mid-Year Treasury Review – The CIPFA Treasury Management Code of Practice includes a requirement that Members receive a mid-year treasury review, in addition to the forward looking annual treasury strategy and backward looking annual treasury report required previously.
1.2	This review as fully set out in Appendix 1 meets these requirements. It also incorporates the needs of the Prudential Code to ensure adequate monitoring of the capital expenditure plans and the Council’s prudential indicators (PIs). The Treasury Management Strategy and PIs were previously reported to Cabinet on 12 th February 2024 and approved by Council on 28 th February 2024.
2.	Key Issues
2.1	Mid-Year Treasury Review – The review as set out in Appendix 1 provides Members with details of mid-year performance against the plan.
2.2	<p>a. Investments - the primary governing principle remains security over return and the criteria for selecting counterparties continues to reflect this.</p> <p>b. Borrowing – The Council will maintain its strategy of being under-borrowed against the capital financing requirement. The Council borrowed £227m of long term PWLB funds during 2021/22 to take advantage of the low PWLB interest rates available at the time (average 1.53% interest rate). This was replacing short term borrowing as it matured. The proceeds from this borrowing have now been fully utilised refinancing maturing borrowing and financing the capital programme. As a result, it has been necessary for the Council to enter into borrowing at the higher interest rate environment of recent years.</p> <p>The current strategy is to delay all new borrowing as late as possible and to only enter into short term borrowing in order to minimise the interest cost to the Council. There is a discounted rate with the PWLB for borrowing long term funds specifically for HRA purposes which is available until March 2026. The borrowing position will remain under review and an update of the strategy will be presented to Members within the Budget and Council Tax 2025/26 report to Council in March 2025.</p> <p>c. Governance - strategies and monitoring are reviewed by Audit Committee.</p>
3.	Options considered and recommended proposal
3.1	Mid-Year Treasury Review – The review as set out in Appendix 1 indicates performance is in line with the plan and no proposals to vary the approach for the remainder of the year are proposed.
4.	Consultation on proposal
4.1	The continuing approach to treasury management has been discussed with the Council’s external Treasury Management Advisers, Link Asset Services, who

	have confirmed this is a prudent approach given current market conditions. Link Asset Services will continue to monitor borrowing rates and inform the Council if there are opportunities to borrow at advantageous rates.
5.	Timetable and Accountability for Implementing this Decision
5.1	The report is for Audit Committee information and noting.
6.	Financial and Procurement Advice and Implications
6.1	Treasury Management forms an integral part of the Council's overall financial arrangements. For the financial year 2024/25 the Treasury Management budgets are estimated to provide an underspend that will help support the Council's overall budget pressures, through the income generated through the investment strategy.
6.2	The assumptions supporting the capital financing budget for 2024/25 and for future years covered by the Council's MTFS were reviewed in light of economic and financial conditions and the capital programme.
6.3	The current strategy is to maintain the Council's position of being under-borrowed against the Capital Financing Requirement. The Council is forecast to require additional borrowing before the end of the 2024/25 financial year. This borrowing will be taken on a short-term basis to avoid exposure to currently high interest rates in anticipation of lower rates in future years. There is a possibility of taking some long term borrowing from the PWLB at the discounted HRA rate. A further update will be provided as part of the Council's Treasury Management Strategy for 2025/26.
6.4	There are no direct procurement implications arising from this report.
7.	Legal Advice and Implications
7.1	It is a requirement that changes to the Council's prudential indicators are approved by Council
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	The report does not impact the Children's and Adult Social care budgets.
10.	Equalities and Human Rights Advice and Implications
10.1	There are no implications arising from this report to Equalities and Human Rights.
11.	Implications for CO2 Emissions and Climate Change
11.1	No direct implications.

12.	Implications for Partners
12.1	There are no implications arising from this report to Partners or other directorates.
13.	Risks and Mitigation
13.1	Regular monitoring of treasury activity ensures that risks and uncertainties are addressed at an early stage and hence kept to a minimum.
14.	Accountable Officers
	Rob Mahon, Assistant Director Financial Services
	Natalia Govorukhina, Head of Corporate Finance

Report Author: Tom Soulby, Principal Finance Officer (Treasury)

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

Mid-Year Prudential Indicators and Treasury Management Monitoring

1. Introduction and Background

- 1.1 The CIPFA Treasury Management Code of Practice includes a requirement that the Council receive a mid-year treasury review, in addition to the forward looking annual treasury strategy and backward looking annual treasury report required previously.
- 1.2 This report meets that requirement. It also incorporates the needs of the Prudential Code to ensure adequate monitoring of the capital expenditure plans and the Council's prudential indicators (PIs). The Treasury Management Strategy and PIs for 2024/25 were previously reported to Cabinet on 12th February 2024 and approved by Council on 28th February 2024.
- 1.3 The Council's revised capital expenditure plans and the impact of these revised plans on its financing are set out below in Sections 2.2 and 2.3 respectively. The Council's capital spending plans provide a framework for the subsequent treasury management activity. Section 3 onwards sets out the impact of the revised plans on the Council's treasury management indicators.
- 1.4 The underlying purpose of the report supports the objective in the CIPFA Code of Practice on Treasury Management and the Communities & Local Government Investment Guidance. This states that Members receive and adequately scrutinise information on the treasury management service.
- 1.5 The underlying economic and financial environment remains difficult for the Council, on investment the main challenge relates to concerns over investment counterparty risk. This background encourages the Council to continue maintaining investments short term and with low risk counterparties. The Bank of England base rate has dropped from 5.25% to 5% during the first half of 2024/25 as was cut to 4.75% on 7th November 2024.
- 1.6 The Council's use of long term PWLB borrowing during 2021/22 (£227m) resulted in the level of short term borrowing gradually falling as short term borrowing matured. The proceeds of this borrowing have since been fully utilised and further financing has been required. With interest rates expected to be cut in the coming months the Council has delayed as much borrowing as possible and has only committed to short term borrowing.
- 1.7 Gilt yields and PWLB certainty rates were less volatile than at this time last year. During 2024/25 to date the rates have seen highs of 5.40% for a 50 year PWLB loan and lows of 4.98% with the 50 year rate currently standing at 5.13%. These are slightly lower than last year and represent increasing expectation that interest rates have peaked and will be cut in the years ahead. This further emphasises the positive deals that the Council took during 2021/22, with the £227m being borrowed at an average of 1.53%. Short term borrowing rates have also reduced slightly with 6 month borrowing rates standing at around 5%, compared with 5.6% in September 2023. The Council keeps interest rates

under constant review within its borrowing strategies and decisions on the mix of long-term and short-term borrowing.

- 1.8 The Strategic Director Finance & Customer Services can report that the basis of the Treasury Management Strategy, the Investment Strategy and the PIs have not changed from that set out in the approved Treasury Management Strategy (Council February 2024).

2. Key Prudential Indicators

- 2.1. This part of the report is structured to update:

- The Council's latest capital expenditure plans;
- How these plans are being financed;
- The impact of the changes in the capital expenditure plans on the PIs and the underlying need to borrow; and
- Compliance with the limits in place for borrowing activity.

2.2 Capital Expenditure (PI)

- 2.2.1 This table shows the current forecast estimates for capital expenditure. This position reflects slippage on the capital programme and new scheme approvals during the year.

Capital Expenditure by Service	2024/25 Original Estimate £m	2024/25 Revised Estimate £m
Children and Young People's Services	9.955	12.615
Assistant Chief Executive	0.210	0.341
Adult Care & Housing	20.893	11.205
Finance and Customer Services	5.143	22.713
Regeneration and Environment	143.472	99.054
Total Non-HRA	179.674	145.929
Adult Care & Housing – HRA	65.601	56.123
Total HRA	65.601	56.123
Total	245.275	202.052

2.3 Impact of Capital Expenditure Plans

2.3.1 **Changes to the Financing of the Capital Programme**

The table below draws together the main strategy elements of the capital expenditure plans (above), highlighting the expected financing arrangements of this capital expenditure.

Capital Expenditure	2024/25 Original Estimate £m	2024/25 Revised Estimate £m
Total spend	245.275	202.052
Financed by:		
Capital receipts	8.430	14.555
Capital grants, capital contributions & other sources of capital funding	130.471	111.027
Borrowing Need	106.374	76.470
Total Financing	245.275	202.052
Unsupported Borrowing	106.374	76.470
Borrowing Need	106.374	76.470

The borrowing element of the table increases the underlying indebtedness of the Council by way of the Capital Financing Requirement (CFR), although this will be reduced in part by revenue charges for the repayment of debt (the Minimum Revenue Provision (MRP)). This direct borrowing need may also be supplemented by maturing debt and other treasury requirements.

2.3.2 The reduction in borrowing need for 2024/25 (£29.904m) reflects the re-profiling of capital expenditure & financing.

2.3.3 **Changes to the Capital Financing Requirement (PI), External Debt and the Operational Boundary (PI)**

The table below shows the CFR, which is the underlying external need to borrow for a capital purpose. It also shows the expected debt position over the period. This expected debt position has previously been used as the basis for the Operational Boundary PI. This was set at the beginning of the financial year at £937.078m. There may be periods where the actual position rises above the Operational Boundary, but this is acceptable practice. It is the Authorised Limit which the Council must not breach. It is not expected that the Operational Boundary will be breached. The council will continue to use a combination of long and short term borrowing and remain under-borrowed.

2.3.4 In addition to showing the underlying need to borrow, the Council's CFR includes other long term liabilities which have been brought on balance sheet, for example, PFI schemes and finance lease assets. No borrowing is actually required against these schemes as a borrowing facility is already included in the contract and there has been no change in the borrowing need resulting from these requirements.

2.3.5 The current CFR estimate for 2024/25 is £992.891m and this figure represents an increase of £65.449 when compared to the 2023/24 year-end position of £927.442. The increase is predominantly due to reflecting the Councils

approved Capital Programme within the revised CFR estimate, a further adjustment is made to reflect the repayments of borrowing within PFI schemes. These two adjustments are detailed below;

- The estimated borrowing need for the year £76.470m net of the Minimum Revenue Provision charge for the year (£7.406m).
- The repayments of borrowing contained within PFI and similar schemes (£3.615m).

Prudential Indicator – Capital Financing Requirement	2024/25	2024/25
	Original Estimate	Revised Estimate
	£m	£m
CFR – Non Housing	598.812	569.080
CFR – Housing	324.575	314.622
Total CFR excluding PFI, finance leases and similar arrangements	923.387	883.702
Net movement in CFR excluding PFI, finance leases and similar arrangements	93.908	62.755
Cumulative adjustment for PFI, finance leases and similar arrangements	109.189	109.189
Net movement in CFR	-3.615	-3.615
Total CFR including PFI, finance leases and similar arrangements	1,032.576	992.891
Net movement in overall CFR	90.293	59.140
Prudential Indicator – Operational Boundary	Original Estimate	Current Position
Borrowing	827.889	884.780
Other long term liabilities*	109.189	109.189
Total Debt 31 March	937.078	993.968

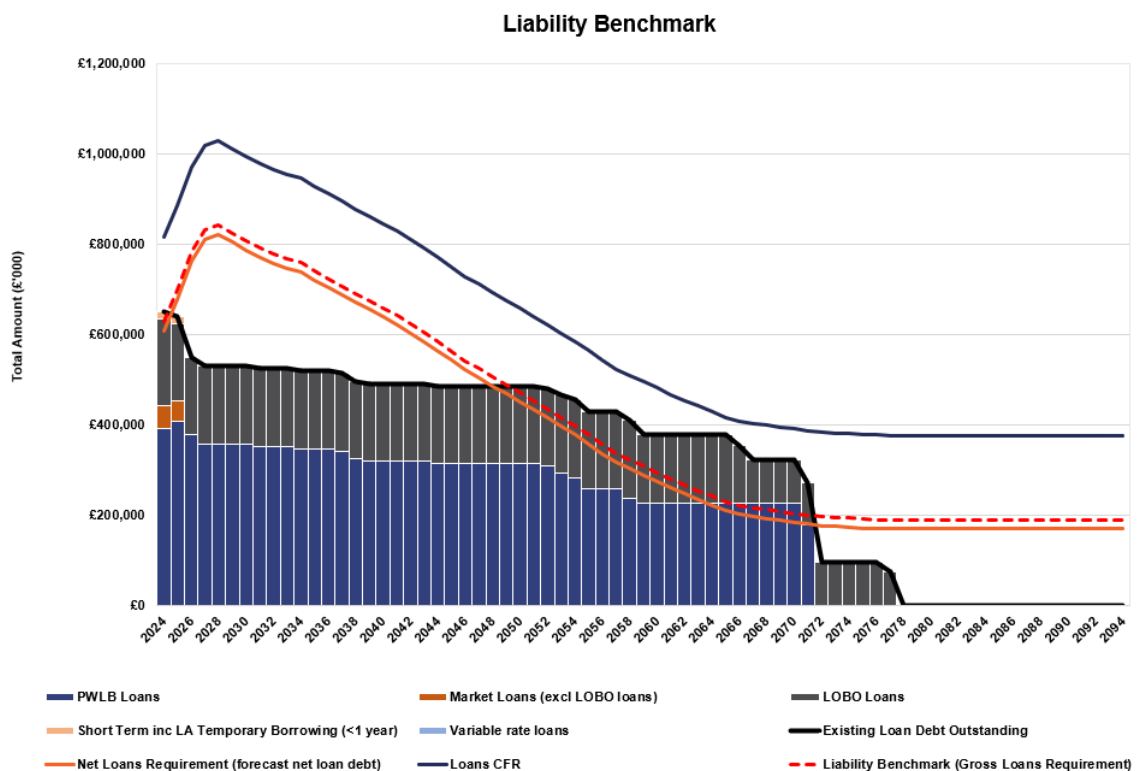
* Includes on balance sheet PFI schemes, finance leases and similar arrangements, etc.

2.3.6 Liability Benchmark

The Liability Benchmark (LB) was a new prudential indicator for 2023/24. The Council is required to estimate and measure the LB for the forthcoming financial year and the following two financial years, as a minimum.

There are four components to the LB: -

1. **Existing loan debt outstanding:** the Council's existing loans that are still outstanding in future years.
2. **Loans CFR:** this is calculated in accordance with the loans CFR definition in the Prudential Code and projected into the future based on approved prudential borrowing and planned MRP.
3. **Net loans requirement:** this will show the authority's gross loan debt less treasury management investments at the last financial year-end, projected into the future and based on its approved prudential borrowing, planned MRP and any other major cash flows forecast.
4. **Liability benchmark (or gross loans requirement):** this equals net loans requirement plus short-term liquidity allowance.



2.3.7 Any years where actual loans are less than the benchmark indicate a future borrowing requirement; any years where actual loans outstanding exceed the benchmark represent an overborrowed position, which will result in excess cash requiring investment.

2.3.8 The index shows that in the short to medium term the net loans requirement exceeds the existing debt so borrowing will be required to finance capital expenditure. In 2050 the level of loans exceeds the gross loan requirement which results in a cash balance to invest. This index is based on the current 3 year capital programme. In reality it is likely that further borrowing will be required to fund the capital programme beyond this 3 year time horizon and the actual loan requirement will be greater than shown on the index.

3. Limits to Borrowing Activity

- 3.1 The first key control over the treasury activity is a PI to ensure that over the medium term, gross and net borrowing will only be for a capital purpose. Gross and net external borrowing should not, except in the short term, exceed the total of CFR in the preceding year plus the estimates of any additional CFR for 2024/25 and next two financial years. This allows some flexibility for limited early borrowing for future years. The Council has approved a policy for borrowing in advance of need which would only be undertaken if this proves prudent to do so.

RMBC	2024/25	2024/25
	Original Estimate	Revised Estimate
	£m	£m
Gross Borrowing	797.889	854.780
Plus Other Long Term liabilities*	109.189	109.189
Total Gross Borrowing	907.078	963.968
CFR*	1,032.576	992.891
Total Gross Borrowing	907.078	963.968
Less Investments	20.000	41.113
Net Borrowing	887.078	922.855
CFR*	1,032.576	992.891

* Includes on balance sheet PFI schemes, finance leases and similar arrangements, etc.

- 3.2 The Strategic Director for Finance & Customer Services reports that no difficulties are envisaged for the current or future years in complying with this PI.
- 3.3 A further PI controls the overall level of borrowing. This is the Authorised Limit which represents the limit beyond which borrowing is prohibited, and needs to be set and revised by Members. It is the expected maximum borrowing need with some headroom for unexpected movements. This is the statutory limit determined under section 3 (1) of the Local Government Act 2003.

	2024/25	2024/25
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Authorised limit for external debt (RMBC)	Original Indicator	Revised Indicator
	£m	£m
Borrowing	942.623	903.702
Other long term liabilities*	111.373	111.373
Total	1,053.996	1,015.075

* Includes on balance sheet PFI schemes, finance leases and similar arrangements, etc.

4. **Treasury Strategy 2024/25**

4.1 **Debt Activity during 2024/25**

4.1.1 The expected borrowing need is set out below:

RMBC	2024/25 Original Estimate £m	2024/25 Revised Estimate £m
CFR	1,032.576	992.891
Less Other Long Term Liabilities*	109.189	109.189
Net Adjusted CFR (y/e position)	923.387	883.702
Borrowed at 30/09/24	744.702	642.345
Invested at 30/09/24	-20.000	-41.113
Under borrowing at 30/09/24	198.685	282.469
Borrowed at 30/09/24	744.702	642.345
Estimated additional borrowing to be taken October to March 2025	0.000	60.000
Total Borrowing	744.702	702.345
Under borrowing at 31/03/25	178.685	181.356
Level of short term borrowing as 31/3/25		90.000

* Includes on balance sheet PFI schemes, finance leases and similar arrangements, etc.

4.1.2 The Council is currently significantly under-borrowed. The delay in borrowing long-term reduces the cost of carrying borrowed monies when yields on investments are low relative to the borrowing rates. Based on current borrowing rates and investment returns the differential is around 0.01% and if the Council was fully borrowed the benefit per year would amount to just £0.043m (Under borrowing and ST borrowing X 0.01%). The delay in taking out new long-term borrowing does give rise to an element of interest rate risk as longer term

borrowing rates may rise. The Council borrowed £227m from the PWLB during 2021/22 to take advantage of low interest rates and mitigate some of this risk. Borrowing rates have risen significantly during recent years although it is likely they have now peaked, and rates are expected to fall over the medium term. This position is being closely monitored and the overall position carefully managed.

- 4.1.3 During the six months to 30 September 2024 the Council has taken out a total of £35m as detailed in the table below. This borrowing has been used to refinance maturing loans and to finance the capital programme. Current forecasts indicate an estimated £60m of additional borrowing will be required before the end of 2025/26. The Council will continue with its short term borrowing strategy.

Lender	Principal	Maturity	Interest Rate %
Local Authority	£15,000,000	May 2025	5.10
PWLB	£20,000,000	July 2026	4.77

- 4.1.4 During the six months to 30 September 2024, the Council has repaid principal on long term maturity and annuity loans from the PWLB, and loans from the Local Authority and commercial lending market. The principal repaid, and interest rates are detailed in the table below.

There are 5 Annuity loans on which variable amounts of principal are repaid each six months.

Lender	Principal	Type	Interest Rate %
PWLB (30 year loan)	£5,000,000	Fixed Rate (Maturity)	5.63
PWLB	£110,441.32	Fixed rate (Annuity)	Various
Local Authority	£10,000,000	Temp	5.05
Local Authority	£5,000,000	Temp	2.54
Local Authority	£5,000,000	Temp	0.48
Local Authority	£5,000,000	Temp	0.80
Local Authority	£5,000,000	Temp	0.55
Local Authority	£5,000,000	Temp	0.48

5. Investment Strategy 2024/25

5.1 Key Objectives

The primary objective of the Council's Investment Strategy is safeguarding the repayment of the principal and interest of its investments on time – the investment return being a secondary objective. The current difficult economic and financial climate has heightened the Council's over-riding risk consideration with regard to "Counterparty Risk". As a result of these underlying market concerns, officers continue to implement an operational investment strategy which maintains the tight controls already in place in the approved Investment Strategy.

- 5.1.1 To mitigate the risk of interest rates rising and to take advantage of low long term PWLB interest rates £227m of PWLB borrowing was taken in the 2021/22 financial year. This resulted in the Council having a larger cash balance than usual. This cash balance has reduced as temporary borrowing becomes due for repayment and has now been fully utilised.
- 5.1.2 The Council has been managing any cash surpluses into one of the following investment options, Debt Management Office (DMO currently at 4.94%), Bank Deposits (e.g. Goldman Sachs, currently 4.70%) and Other Local Authorities (currently 5.0%). The Council has continued to use Money Market Funds (MMF's), which currently have interest rates of between 4.92% and 4.98%. The process for using MMF's is very efficient and effective, with the added benefit that the funds the Council can access are all AAA rated. Investment rates have decreased slightly during 2024/25 due to the cut in the Bank of England base rate.

5.2 Current Investment Position

The Council held £41.113m of investments at 30 September 2024, and the constituent parts of the investment position are:

Sector	Country	Up to 1 year £m	1 - 2 years £m	2 – 3 years £m
Banks	UK	0.000	0	0
Local Authorities	UK	20.000	0	0
MMF's	UK	21.113	0	0
Total		41.113	0	0

5.3 Risk Benchmarking

A regulatory development is the consideration and approval of security and liquidity benchmarks. Yield benchmarks are currently widely used to assess investment performance. Discrete security and liquidity benchmarks are requirements to Member reporting and the following reports the current position against the benchmarks:

- 5.3.1 **Security** – The Council monitors its investments against historic levels of default by continually assessing these against the minimum criteria used in the Investment Strategy. The Council's approach to risk, the choice of counterparty

criteria and length of investment ensures any risk of default is minimal when viewed against these historic default levels.

5.3.2 **Liquidity** – In respect of this area the Council set liquidity facilities/benchmarks to maintain:

- Bank overdraft – the council does not have an agreed overdraft facility with its banks. Short term finance can be obtained at a lower cost from the financial market.
- Liquid short-term deposits of at least £3m available within a week's notice.

The Strategic Director for Finance & Customer Services can report that liquidity arrangements were adequate during the year to date.

5.3.3 **Yield** – a local measure for investment yield benchmark is internal returns above the Overnight Sterling Overnight Index Average (SONIA).

The Strategic Director for Finance & Customer Services can report that the return to date averages 5.13%, against an average Overnight SONIA to the end of September 2024 of 5.12%. The average rate of return has increased significantly in 2024/25 as investments placed in previous years when interest rates were much lower have matured and been replaced with better performing investments.

Based on the Council's current average cash investments of £42m, the return achieved at the benchmark rate would be £7k lower than the actual return realised.

6. **Revisions to the Investment Strategy**

6.1 The counterparty criteria are continually under regular review but in the light of the current market conditions no recommendations are being put to Members to revise the Investment Strategy.

7. **Treasury Management Prudential Indicators**

7.1 **Actual and estimates of the ratio of financing costs to net revenue stream**

This indicator identifies the trend in the cost of capital (financing costs net of interest and investment income) against the net revenue stream.

	2024/25 Original Indicator %	2024/25 Current Position %
Non-HRA	12.66	8.24
HRA	13.70	14.47

7.2 The current position reflects in-year changes to the capital programme and minor fluctuations in interest rates.

7.3 **Prudential indicator limits based on debt net of investments**

- **Upper Limits On Fixed Rate Exposure** – This indicator covers a maximum limit on fixed interest rates.
- **Upper Limits On Variable Rate Exposure** – Similar to the previous indicator this identifies a maximum limit for variable interest rates based upon the debt position net of investments.

RMBC	2024/25 Original Indicator	Current Position
Limits on fixed interest rates based on net debt	100%	82.88%
Limits on variable interest rates based on net debt	50%	17.12%

7.4 Maturity Structures Of Borrowing

These gross limits are set to reduce the Council's exposure to large fixed rate loans (those instruments which carry a fixed interest rate for the duration of the instrument) falling due for refinancing.

The current position shown below reflects the next call dates on the Council's LOBO loans. The actual maturity date for most of these loans is greater than 40 years. This approach gives a better indication of risk. Given the significant increase in interest rates some of these loans have rates below the prevailing lending rates. There is therefore an increased chance that a lender will increase the loan rate at which point the Council has the option to pay the higher rate or repay the loan.

RMBC	2024/25 Original Indicator		Current Position	
	Lower	Upper	%	£m
Under 12 months	0%	60%	2.34%	15.000
12 months to 2 years	0%	35%	14.79%	95.000
2 years to 5 years	0%	45%	0.00%	0.000
5 years to 10 years	0%	45%	1.56%	10.000
10 years to 20 years	0%	45%	5.76%	37.009
20 years to 30 years	0%	50%	6.31%	40.521
30 years to 40 years	0%	50%	10.25%	65.815

40 years to 50 years	0%	55%	44.21%	284.000
50 years and above	0%	60%	14.79%	95.000

7.5 **Total Principal Funds Invested**

These limits are set to reduce the need for the early sale of an investment, and show limits to be placed on investments with final maturities beyond each year-end.

The Council currently has no sums invested for periods exceeding 364 days due to market conditions. To allow for any changes in those conditions the indicator has been left unchanged.

RMBC	2024/25 Original Indicator £m	Current Position £m
Maximum principal sums invested > 364 days	10	0
Cash deposits	10	0

7.6 **Treasury Management Advisers**

Treasury Management advice continues to be provided by Link Asset Services Treasury Solutions (LAS). They were appointed for a three year term in January 2022 following a procurement exercise.

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

Committee Name and Date of Committee Meeting:

Audit Committee – 26th November 2024

Report title:

Code of Corporate Governance

Is this a Key Decision and has it been included in 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

Report Summary:

In April 2016 CIPFA (the Chartered Institute of Public Finance and Accountancy) and SOLACE (the Society of Local Authority Chief Executives) published revised guidance on delivering good governance in local government. The Council's Code of Corporate Governance was rewritten at that time to set out how it would comply with this new guidance. There have been no new revisions to the guidance in the last eight years.

It is good practice to review and revise the Council Code on an annual basis. The Corporate Governance Group has completed this review. The revised Code is presented here for consideration by the Audit Committee.

Recommendations:

The Audit Committee is asked to:

1. Consider the refreshed version of the Code of Corporate Governance and;
2. After consideration, advise if any amendments or further development work deemed necessary

List of Appendices Included:

Appendix 1 – Code of Corporate Governance with tracked changes.

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.

Consideration by any other Council Committee, Scrutiny or Advisory Panel

None

Council Approval Required

No

Exempt from the Press and Public

No

Code of Corporate Governance

1. Background

- 1.1 In April 2016, CIPFA (the Chartered Institute of Public Finance and Accountancy) and SOLACE (the Society of Local Authority Chief Executives) published revised guidance on delivering good governance in Local government. The Council's Code of Corporate Governance was rewritten to set out how it complied with this new guidance. The new guidance set out seven key principles of good governance and the Council's new Code reflected these principles. The Code was first presented to the Audit Committee in February 2017 with updates provided at each November meeting since then.
- 1.2 Although there have been no subsequent changes to the guidance, an annual review of the Code has been completed to ensure it remains up to date and relevant to the Council. The changes this year are very minor in nature and can be seen through the track changes shown on Appendix 1.

2. Key issues

- 2.1 Good governance leads to good management, performance, public engagement, stewardship of public money and, through all this, good outcomes for citizens and service users.
- 2.2 Rotherham Metropolitan Borough Council is committed to ensuring the highest possible standards of governance to fulfil its responsibilities. Integrity, openness, and accountability are fundamental principles by which the Council operates.
- 2.3 The guidance sets out the seven key principles which underpin the governance of each local government organisation. The Council's local Code follows these principles and demonstrates how they are applied and evidenced in practice. The seven key principles are:
- Behaving with Integrity, demonstrating strong commitment to ethical values and respecting the rule of law
 - Ensuring Openness and comprehensive stakeholder engagement
 - Determining outcomes in terms of sustainable economic, social and environmental benefits
 - Determining the interventions necessary to optimise the achievement of the intended outcomes
 - Developing the Councils capacity, including the capability of its leadership and the individuals within it
 - Managing risks and performance through robust internal control and strong public financial management
 - Implementing good practice in transparency, reporting and audit to deliver effective accountability.
- 2.4 The first two principles underpin the operation of the other five and represent a change in approach from earlier versions of the Code. As can also be seen

from the list above, the Council's own values align closely to the key principles in the CIPFA/SOLACE code.

- 2.5 The Council has adopted this approach in producing its Code of Corporate Governance to give citizens and customers a clear understanding of how the Council manages its decision making, service planning, service delivery and accountability processes, how it ensures that the Council sets out its vision and priorities and how it provides effective and efficient outcomes to its citizens and customers.

3. Options considered and recommended proposal

- 3.1 "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) is widely acknowledged as the authoritative guide in this area.
- 3.2 All Local Authorities within the UK construct their Codes of Corporate Governance utilising the methodology advocated by this guidance. The framework was published in April 2016, and it is important that the Council complies with this Code. There have been no changes to the guidance in the last year. An annual review of the Code has been completed by the Corporate Governance Group.
- 3.3 The Audit Committee is invited to review the attached Code at Appendix A and provide any comments. For ease of reference a version showing tracked changes from the previous year is attached although these changes will be removed with the final version of the Code.

4. Consultation on proposal

- 4.1 Research has been undertaken into sector codes of governance. The attached Code takes account of current arrangements in the Council.

5. Timetable and Accountability for Implementing this Decision

- 5.1 The refreshed code is to be presented to the Audit Committee for consideration at its meeting on 26th November 2024.

6. Financial and Procurement Advice and Implications

- 6.1 There are no immediate financial and procurement implications associated with the refreshed code although, previously stated, good governance leads to good stewardship of public money.

7. Legal Advice and Implications

- 7.1 There are no direct legal implications arising from the recommendations within this report.

8. Human Resources Advice and Implications

8.1 There are no specific Human Resources implications associated with the proposals.

9. Implications for Children and Young People and Vulnerable Adults

9.1 There are no immediate implications associated with the proposals.

10. Equalities and Human Rights Advice and Implications

10.1 There are no immediate implications associated with the proposals.

11. Implications for Partners

11.1 There are no immediate implications associated with the proposals.

16. Risks and Mitigation

16.1 The implementation of an effective Governance framework is designed to minimise the Authority's exposure to risk.

17. Accountable Officer(s)

Simon Dennis, Corporate Improvement and Risk Manager

Approvals Obtained from:-

Strategic Director of Finance and Customer Services: Judith Badger

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

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

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Rotherham Metropolitan Borough Council

Code of Corporate Governance
2024/25

November 2024

CODE OF CORPORATE GOVERNANCE

Introduction

Governance is about organisations ensuring that they are doing the right things in the correct manner for the right people in a timely, open, honest, inclusive and accountable manner. It follows that good governance leads to good management, performance, public engagement, stewardship of public money and, through all this, good outcomes for citizens and service users.

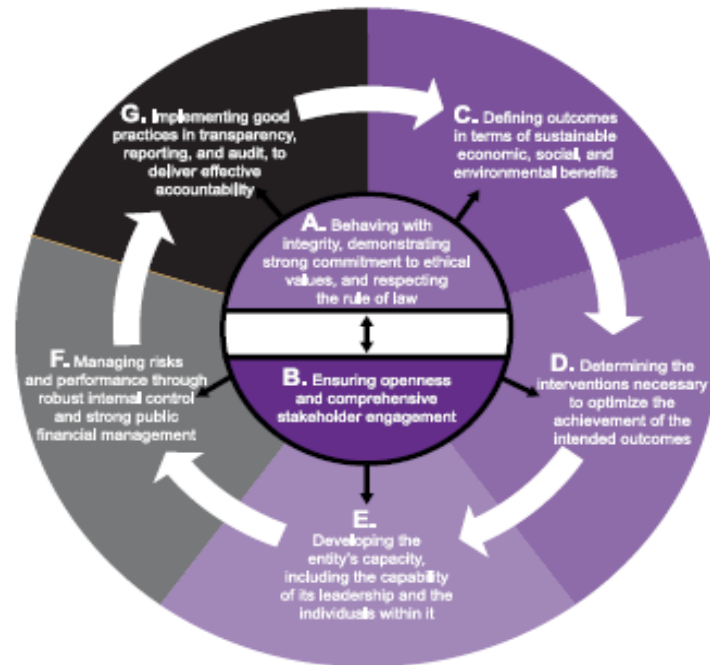
Good governance enables Rotherham Council to pursue its vision effectively, as well as reinforcing that vision with the mechanisms for control and management of risk.

All of the decisions made by Rotherham Council about the services it delivers, and how to deliver them, are supported by a set of systems and processes which make up the Council's 'governance arrangements'. These include holding meetings where decisions are made, the Council's legal framework, setting out priorities and roles clearly, holding decision makers to account through scrutiny, risk management processes, financial monitoring and ensuring high standards of conduct. Local authorities are encouraged to demonstrate how they ensure effective governance arrangements by setting these out in a local code of governance.

Rotherham Metropolitan Borough Council's 'Code of Corporate Governance' is based on the guidance "Delivering Good Governance in Local Government", published in 2016 by CIPFA (the Chartered Institute of Public Finance and Accountancy) and SOLACE (the Society of Local Authority Chief Executives).

The main principle underpinning the Delivering Good Governance in Local Government: Framework continues to be that local government is developing and shaping its own approach to governance, taking account of the environment in which it now operates. The Framework is intended to assist authorities individually in reviewing and accounting for their own unique approach. The overall aim is to ensure that resources are directed in accordance with agreed policies and according to priorities, that there is sound and inclusive decision making and that there is clear accountability for the use of those resources in order to achieve desired outcomes for service users and communities. A diagram of the Framework from the guidance is copied below:

Achieving the Intended Outcomes While Acting in the Public Interest at all Times



The International Framework notes that:

Principles A and B permeate implementation of principles C to G. The diagram also illustrates that good governance is dynamic, and that an entity as a whole should be committed to improving governance on a continuing basis through a process of evaluation and review.

The Framework positions the attainment of sustainable economic, societal, and environmental outcomes as a key focus of governance processes and structures. Outcomes give the role of local government its meaning and importance, and it is fitting that they have this central role in the sector's governance. Furthermore, the focus on sustainability and the links between governance and public financial management are crucial – local authorities must recognise the need to focus on the long term.

The Framework defines the principles that should underpin the governance of each local government organisation. It provides a structure to help individual authorities with their approach to governance. Whatever forms of arrangements are in place, authorities should test their governance structures and partnerships against the principles contained in the Framework by:

- Reviewing existing governance arrangements
- Developing and maintaining an up-to-date code of governance, including arrangements for ensuring ongoing effectiveness
- Reporting publicly on compliance with their own code on an annual basis and on how they have monitored the effectiveness of their governance arrangements in the year and on planned changes.

To achieve good governance, each local authority should be able to demonstrate that its governance structures comply with the core and sub-principles contained in this Framework. It should therefore develop and maintain a local code of governance and governance arrangements reflecting the principles set out.

It is also crucial that the Framework is applied in a way that demonstrates the spirit and ethos of good governance which cannot be achieved by rules and procedures alone. Shared values that are integrated into the culture of an organisation, and are reflected in behaviour and policy, are hallmarks of good governance.

The Council has adopted this Code of Corporate Governance (Code) with the intention of giving citizens and customers a clear understanding of how the Council intends to manage its decision making, service planning, service delivery and accountability processes, how it aims to ensure that the Council sets out its vision and priorities and how it aims to provide effective and efficient outcomes to its citizens and customers.

This Code of Corporate Governance explains all of the Council's policies and practices in one document, making them open and explicit. Appropriate procedures and processes are being integrated into the Council's Governance Framework to ensure there will be routine application and ongoing review of the arrangements described in the Code.

The Code is subject to annual review to ensure its adequacy and its effectiveness is assessed as part of a process that leads to the production of the Council's Annual Governance Statement.

Every Council officer and Member has a responsibility to ensure that their personal conduct and the organisation's governance arrangements are always of the highest standard possible.

Senior managers have a responsibility for reviewing governance standards in their areas of responsibility and for identifying and implementing any necessary improvement actions. Improvement actions should be reflected in the appropriate business plans.

The Chief Executive and Leader ensure that an annual review of corporate governance arrangements is completed and give assurances on their adequacy in the published Annual Governance Statement, accompanying the Statement of Accounts.

The Strategic Leadership Team ensures that the Code is reviewed regularly (at least yearly) to reflect ongoing developments and planned improvements to the framework and authorises any amendments.

For the 2024/25 financial year, the Code has once again been amended, where necessary.

How Rotherham Council intends to meet the Principles of Good Corporate Governance

This section sets out how Rotherham Council works according to the principles of good corporate governance.

Principle A - Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.

Summary:

Local government organisations are accountable not only for how much they spend, but also for how they use the resources under their stewardship. This includes accountability for outputs, both positive and negative, and for the outcomes they have achieved. In addition, they have an overarching responsibility to serve the public interest in adhering to the requirements of legislation and government policies. It is essential that, as a whole, they can demonstrate the appropriateness of all their actions and have mechanisms in place to encourage and enforce adherence to ethical values and to respect the rule of law.

Sub principles	Actions Demonstrating Good Governance	How this is evidenced
Behaving with integrity	<ul style="list-style-type: none"> Ensuring members and officers behave with integrity and lead a culture where acting in the public interest is visibly and consistently demonstrated thereby protecting the reputation of the organisation Ensuring members take the lead in establishing specific standard operating principles or values for the organisation and its staff and that they are communicated and understood. These should build on the Seven Principles of Public Life (the Nolan Principles). Leading by example and using the above standard operating principles or values as a framework for decision making and other actions. Demonstrating, communicating and embedding the standard operating principles 	<ul style="list-style-type: none"> Member's Code of Conduct Employees' Code of Conduct Anti-Fraud and Corruption Policy & Strategy Dignity at Work Policy Equal Opportunity in Employment Policy Equality, Diversity and Inclusion Strategy Whistle-blowing and Serious Misconduct Policy Corporate Safeguarding Policy The Council Plan The Year Ahead Delivery Plan LADO (Local Authority Designated Officer) to investigate allegations made against people working with children Standards and Ethics Committee Social Value included in procurement One Rotherham Values

	<p>or values through appropriate policies and processes which are reviewed on a regular basis to ensure that they are operating effectively.</p>	
<p>Demonstrating strong commitment to ethical values</p>	<ul style="list-style-type: none"> • Seeking to establish, monitor and maintain the organisation's ethical standards and performance • Underpinning personal behaviour with ethical values and ensuring they permeate all aspects of the organisation's culture and operation. • Developing and maintaining robust policies and procedures which place emphasis on agreed ethical values. • Ensuring that external providers of services on behalf of the organisation are required to act with integrity and in compliance with high ethical standards expected by the organisation. 	<ul style="list-style-type: none"> • Council Plan • The Year Ahead Delivery Plan • Human Resources Policies • Induction Procedures • Registers of Interests • Registers of Gifts and Hospitality • Member's Code of Conduct • Employees' Code of Conduct • Member / Officer Relations Protocol • Standards and Ethics Committee
<p>Respecting the rule of law</p>	<ul style="list-style-type: none"> • Ensuring members and staff demonstrate a strong commitment to the rule of the law as well as adhering to relevant laws and regulations. • Creating the conditions to ensure that the statutory officers, other key post holders and members are able to fulfil their responsibilities in accordance with legislative and regulatory requirements. • Striving to optimise the use of the full powers available for the benefit of citizens, communities and stakeholders. 	<ul style="list-style-type: none"> • Legal (Monitoring) Officer Role • Internal Audit • External Audit • Corporate Complaints Procedure • Standards and Ethics Committee (supporting Members' observation of their Code of Conduct) • Employees' Personal Development Reviews • Publicising the process of how to complain about Members' conduct • Publicising the process of how to make a complaint to the Local Government Ombudsman • Overview and Scrutiny functions • Anti-Fraud and Corruption Policy and Strategy

	<ul style="list-style-type: none">• Dealing with breaches of legal and regulatory provisions effectively.• Ensuring corruption and misuse of power are dealt with effectively.	<ul style="list-style-type: none">• Whistleblowing and Serious Misconduct Policy• Anti-Money Laundering Policy
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Principle B - Ensuring openness and comprehensive stakeholder engagement.

Summary:

Local government is run for the public good; organisations therefore should ensure openness in their activities. Clear, trusted channels of communication and consultation should be used to engage effectively with all groups of stakeholders, such as individual citizens and service users, as well as institutional stakeholders.

Sub principles	Actions Demonstrating Good Governance	How this is evidenced
<p>Openness</p>	<ul style="list-style-type: none"> • Ensuring an open culture through demonstrating, documenting and communicating the organisation’s commitment to openness. • Making decisions that are open about actions, plans, resource use, forecasts, outputs and outcomes. The presumption is for openness. If that is not the case, a justification for the reasoning for keeping a decision confidential should be provided. • Providing clear reasoning and evidence for decisions in both public records and explanations to stakeholders and being explicit about the criteria, rationale and considerations used. In due course, ensuring that the impact and consequences of those decisions are clear. • Using formal and informal consultation and engagement to determine the most appropriate and effective interventions/courses of action. 	<ul style="list-style-type: none"> • The Council Plan • The Year Ahead Delivery Plan • Six monthly Council Plan/Year Ahead Delivery Plan progress reports • The Rotherham Plan • Forward Plan listing key decisions to be made • Council Website • Consultation and Engagement toolkit • Formal consultation arrangements • Community and voluntary sector representation on Partnership Boards • Freedom of Information publication scheme • Overview and Scrutiny functions • Data Transparency Code • Public meetings open to all (other than for restricted items) and many are webcast and publicly accessible through the internet • Six monthly updates on external inspections, reviews and audits to Audit Committee

<p>Engaging comprehensively with institutional stakeholders</p>	<ul style="list-style-type: none"> • Effectively engaging with institutional stakeholders to ensure that the purpose, objectives and intended outcomes for each stakeholder relationship are clear so that outcomes are achieved successfully and sustainably. • Developing formal and informal partnerships to allow for resources to be used more efficiently and outcomes achieved more effectively • Ensuring that partnerships are based on trust; a shared commitment to change; and a culture that promotes and accepts challenge among partners, and that the added value of partnership working is explicit. 	<ul style="list-style-type: none"> • Formal consultation arrangements • Community and voluntary sector representation on Partnership Boards • Council website • Rotherham Local Safeguarding Children Board • Rotherham Safeguarding Adults Board • Community Safety and Anti-Social Behaviour Unit • Neighbourhood working group • Rotherham Together Partnership
<p>Engaging with individual citizens and service users effectively</p>	<ul style="list-style-type: none"> • Establishing a clear policy on the type of issues that the organisation will meaningfully consult with or involve communities, individual citizens, service users and other stakeholders to ensure that service (or other) provision is contributing towards the achievement of intended outcomes. • Ensuring that communication methods are effective, and members and officers are clear about their roles with regard to community engagement. • Encouraging, collecting and evaluating the views and experiences of communities, citizens, service users and organisations of different backgrounds including reference to future needs. • Implementing effective feedback mechanisms in order to demonstrate how their views have been taken into account. 	<ul style="list-style-type: none"> • Council Plan, Year Ahead Delivery Plan and six-monthly progress reports published on RMBC website • Key decisions are published at least 28 days prior to consideration at Cabinet • External Auditor provides an annual assessment of the Council's performance through the Value for Money conclusion • Council website • Council minutes and agendas available on website • Consultation and Engagement toolkit • Equality, Diversity and Inclusion Strategy • Formal consultation arrangements • Community and voluntary sector representation on Partnership Boards • Satisfaction Surveys • Freedom of Information publication scheme • Corporate Complaints Procedure.

	<ul style="list-style-type: none">• Balancing feedback from more active stakeholder groups with other stakeholder groups to ensure inclusivity.• Taking account of the interests of future generations of tax-payers and service users.	<ul style="list-style-type: none">• “Suggest a topic for scrutiny” process enabling individuals to influence the scrutiny agenda.
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Principle C - Defining outcomes in terms of sustainable economic, social, and environmental benefits.

Summary:

The long-term nature and impact of many of local government’s responsibilities mean that it should define and plan outcomes and that these should be sustainable. Decisions should further the authority’s purpose, contribute to intended benefits and outcomes, and remain within the limits of authority and resources. Input from all groups of stakeholders, including citizens, service users, and institutional stakeholders, is vital to the success of this process and in balancing competing demands when determining priorities for the finite resources available.

Sub principles	Actions Demonstrating Good Governance	How this is evidenced
<p>Defining Outcomes</p>	<ul style="list-style-type: none"> • Having a clear vision which is an agreed formal statement of the organisation’s purpose and intended outcomes containing appropriate performance indicators, which provides the basis for the organisation’s overall strategy, planning and other decisions. • Specifying the intended impact on, or changes for, stakeholders including citizens and service users. It could be immediately or over the course of a year or longer. • Delivering defined outcomes on a sustainable basis within the resources that will be available. • Identifying and managing risks to the achievement of outcomes. • Managing service users’ expectations effectively with regard to determining priorities and making the best use of the resources available. 	<ul style="list-style-type: none"> • The Council Plan • The Year Ahead Delivery Plan • Six monthly Council Plan/Year Ahead Delivery Plan progress reports • Rotherham Plan • Forward Plan listing key decisions to be taken • Corporate report template requires information explaining the legal and financial implications of decisions • Community Safety and Anti-Social Behaviour Unit • Rotherham Housing Strategy 2022-2025 • Rotherham Health and Wellbeing Strategy (A healthier Rotherham by 2025) • Safer Rotherham Partnership Plan 2022-2025 • Rotherham Economic Growth Plan 2015-2025 • Early Help Strategy for children, young people and families • Medium Term Financial Strategy • Risk Management Policy • Risk Management Guide

		<ul style="list-style-type: none"> • Regular revision and consideration of Strategic Risk Register by Strategic Leadership Team and consideration by Audit Committee including Directorate Risk “deep dives” • Monthly consideration of Directorate Risk Registers by Directorate Leadership Teams • Corporate report template contains ‘risk implications’ section • Audit Committee reviews risks and the risk management process
<p>Sustainable economic, social and environmental benefits</p>	<ul style="list-style-type: none"> • Considering and balancing the combined economic, social and environmental impact of policies, plans and decisions when taking decisions about service provision. • Taking a longer-term view with regard to decision making, taking account of risk and acting transparently where there are potential conflicts between the organisation’s intended outcomes and short-term factors such as the political cycle or financial constraints. • Determining the wider public interest associated with balancing conflicting interests between achieving the various economic, social and environmental benefits, through consultation where possible, in order to ensure appropriate trade-offs. • Ensuring fair access to services. 	<ul style="list-style-type: none"> • The Council Plan • The Year Ahead Delivery Plan • Service Plans • Forward Plan listing key decisions to be taken • Receipt of reports from inspectorates and regulators throughout the year • Formal consultation arrangements • Consultation and Engagement toolkit • Equality, Diversity and Inclusion Strategy • Rotherham Economic Growth Plan 2015-2025 • Safer Rotherham Partnership Plan 2022-2025 • Rotherham Local Plan Core Strategy 2013-28 • Municipal Waste Management Strategy • Rotherham Health and Wellbeing Strategy (A healthier Rotherham by 2025) • Social Value included in procurement • All Cabinet Reports require a Carbon Impact Assessment.

Principle D - Determining the interventions necessary to optimise the achievement of the intended outcomes.

Summary:

Local government achieves its intended outcomes by providing a mixture of legal, regulatory, and practical interventions (courses of action). Determining the right mix of these courses of action is a critically important strategic choice that local government has to make to ensure intended outcomes are achieved. They need robust decision-making mechanisms to ensure that their defined outcomes can be achieved in a way that provides the best trade-off between the various types of resource inputs while still enabling effective and efficient operations. Decisions made need to be reviewed continually to ensure that achievement of outcomes is optimised.

Sub principles	Actions Demonstrating Good Governance	How this is evidenced
Determining interventions	<ul style="list-style-type: none"> Ensuring decision makers receive objective and rigorous analysis of a variety of options indicating how intended outcomes would be achieved and associated risks. Therefore, ensuring best value is achieved however services are provided. Considering feedback from citizens and service users when making decisions about service improvements or where services are no longer required in order to prioritise competing demands within limited resources available including people, skills, land and assets and bearing in mind future impacts. 	<ul style="list-style-type: none"> Business decisions are accompanied by a business case and options appraisal Overview and Scrutiny functions Corporate report template requires information explaining the legal and financial implications of decisions Financial, legal and technical advice provided by the s151 Officer, the Monitoring Officer and other officers as required Council website Formal consultation arrangements Consultation and Engagement toolkit
Planning interventions	<ul style="list-style-type: none"> Establishing and implementing robust planning and control cycles that cover strategic and operational plans, priorities and targets. Engaging with internal and external stakeholders in determining how services and other courses of action should be planned and delivered. 	<ul style="list-style-type: none"> The Council Plan The Year Ahead Delivery Plan Directorate Service Plans Six monthly Council Plan/Year Ahead Delivery Plan progress reports Performance Management Framework Contract Monitoring Reports

	<ul style="list-style-type: none"> • Considering and monitoring risks facing each partner when working collaboratively including shared risks. • Ensuring arrangements are flexible and agile so that the mechanisms for delivering outputs can be adapted to changing circumstances. • Establishing appropriate key performance indicators (KPIs) as part of the planning process in order to identify how the performance of services and projects is to be measured. • Ensuring capacity exists to generate the information required to review service quality regularly. • Preparing budgets in accordance with organisational objectives, strategies and the medium term financial plan. • Informing medium and long term resource planning by drawing up realistic estimates of revenue and capital expenditure aimed at developing a sustainable funding strategy. 	<ul style="list-style-type: none"> • Medium Term Financial Strategy • Capital Programme • Revenue budget process • Value for Money judgement by External Auditor • Jointly developed risk register with Rotherham Together Partnership (RTP) which covers the key elements of the Rotherham Plan.
<p>Optimising achievement of intended outcomes</p>	<ul style="list-style-type: none"> • Ensuring the medium term financial strategy integrates and balances service priorities, affordability and other resource constraints. • Ensuring the budgeting process is all-inclusive, taking into account the full cost of operations over the medium and longer term. • Ensuring the medium term financial strategy sets the context for ongoing decisions on significant delivery issues or responses to changes in the external environment that may arise during the budgetary period in order for outcomes to be achieved while optimising resource usage. 	<ul style="list-style-type: none"> • Medium Term Financial Strategy • Revenue budget process • Capital Programme • Procurement Policy • Procurement Standing Orders • Action plans developed in response to external audit and inspections • 6 monthly public reporting on completion of inspection and external audit recommendations • Value for Money judgement by external auditor • Social Value in procurement

	<ul style="list-style-type: none">• Ensuring the achievement of 'social value' through service planning and commissioning.	
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Principle E - Developing the entity’s capacity, including the capability of its leadership and the individuals within it.

Summary:

Local government needs appropriate structures and leadership, as well as people with the right skills, appropriate qualifications and mind-set, to operate efficiently and effectively and achieve their intended outcomes within the specified periods. A local government organisation must ensure that it has both the capacity to fulfil its own mandate and to make certain that there are policies in place to guarantee that its management has the operational capacity for the organisation as a whole. Because both individuals and the environment in which an authority operates will change over time, there will be a continuous need to develop its capacity as well as the skills and experience of the leadership of individual staff members. Leadership in local government entities is strengthened by the participation of people with many different types of backgrounds, reflecting the structure and diversity of communities.

Sub principles	Actions Demonstrating Good Governance	How this is evidenced
<p>Developing the entity’s capacity</p>	<ul style="list-style-type: none"> • Reviewing operations, performance and use of assets on a regular basis to ensure their continuing effectiveness. • Improving resource use through appropriate application of techniques such as benchmarking and other options in order to determine how resources are allocated so that defined outcomes are achieved effectively and efficiently. • Recognising the benefits of partnerships and collaborative working where added value can be achieved. • Developing and maintaining an effective workforce plan to enhance the strategic allocation of resources 	<ul style="list-style-type: none"> • The Council Plan • The Year Ahead Delivery Plan • Six monthly Council Plan/Year Ahead Delivery Plan progress reports • Service Plans • Organisational restructure in key service areas • Officer participation in regional groups appropriate to their particular service • Engagement with the South Yorkshire Mayoral Combined Authority (SYMCA) • Benchmarking increasingly used to develop budgets • Local Government Association (LGA) Corporate Peer Challenge in 2023, along with associated action plan and follow up visit • LGA review of Big Hearts, Big Changes programme • Workforce Plan

<p>Developing the capability of the entity’s leadership and other individuals</p>	<ul style="list-style-type: none">• Developing protocols to ensure that elected and appointed leaders negotiate with each other regarding their respective roles early on in the relationship and that a shared understanding of roles and objectives is maintained.• Publishing a statement that specifies the types of decisions that are delegated and those reserved for the collective decision making of the governing body.• Ensuring the leader and the chief executive have clearly defined and distinctive leadership roles within a structure whereby the chief executive leads in implementing strategy and managing the delivery of services and other outputs set by members and each provides a check and a balance for each other’s authority.• Developing the capabilities of members and senior management to achieve effective leadership and to enable the organisation to respond successfully to changing legal and policy demands as well as economic, political and environmental changes and risks by<ul style="list-style-type: none">- Ensuring members and staff have access to appropriate induction tailored to their role and that ongoing training and development matching individual and organisational requirements is available and encouraged.	<ul style="list-style-type: none">• The Council Constitution• Scheme of Delegation• Members’ Code of Conduct• Member training and seminars• Members’ and officers’ induction programmes• Personal Development Reviews• Job descriptions and person specifications produced for all posts• Recruitment and appointment policies and procedures• Members’ Development Panel• Comprehensive training programme for officers• Workforce Development Plan• Workforce Plan (including employee health & wellbeing)• Staff surveys• Dedicated HR Policies and Guidance page on intranet• Employee Guide to wellbeing
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	<ul style="list-style-type: none"> - Ensuring members and officers have the appropriate skills, knowledge, resources and support to fulfil their roles and responsibilities and ensuring that they are able to update their knowledge on a continuing basis. - Ensuring personal, organisational and system-wide development through shared learning, including lessons learnt from governance weaknesses both internal and external. <ul style="list-style-type: none"> • Ensuring that there are structures in place to encourage public participation. • Taking steps to consider the leadership’s own effectiveness and ensuring leaders are open to constructive feedback from peer review and inspections. • Holding staff to account through regular performance reviews which take account of training or development needs. • Ensuring arrangements are in place to maintain the health and wellbeing of the workforce and support individuals in maintaining their own physical and mental wellbeing. 	
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Principle F - Managing risks and performance through robust internal control and strong public financial management.

Summary:

Local government needs to ensure that the organisations and governance structures that it oversees have implemented, and can sustain, an effective performance management system that facilitates effective and efficient delivery of planned services. Risk management and internal control are important and integral parts of a performance management system and are crucial to the achievement of outcomes. Risk should be considered and addressed as part of all decision making activities. A strong system of financial management is essential for the implementation of policies and the achievement of intended outcomes, as it will enforce financial discipline, strategic allocation of resources, efficient service delivery, and accountability. It is also essential that a culture and structure for scrutiny is in place as a key part of accountable decision making, policy making and review. A positive working culture that accepts, promotes and encourages constructive challenge is critical to successful scrutiny and successful delivery. Importantly, this culture does not happen automatically, it requires repeated public commitment from those in authority.

Sub principles	Actions Demonstrating Good Governance	How this is evidenced
Managing risk	<ul style="list-style-type: none"> • Recognising that risk management is an integral part of all activities and must be considered in all aspects of decision making. • Implementing robust and integrated risk management arrangements and ensuring that they are working effectively. • Ensuring that responsibilities for managing individual risks are clearly allocated. 	<ul style="list-style-type: none"> • Risk Management Policy in place & Risk Management Guide reviewed regularly • Strategic Risk Register in place and reviewed regularly by Strategic Leadership team and linked to service performance • Directorate and Service level risk registers in place • Corporate report template contains 'risk implications' section • Audit Committee reviews one directorate risk register at each meeting and considers the Strategic Risk Register every six months. • Audit Committee receives an annual Risk Management Report • Risk training for all levels of staff
Managing performance	<ul style="list-style-type: none"> • Monitoring service delivery effectively including planning, specification, execution and independent post implementation review. 	<ul style="list-style-type: none"> • Quarterly Performance Monitoring Reports aligned to the Council Plan and Year Ahead Delivery Plan,

	<ul style="list-style-type: none"> • Making decisions based on relevant, clear objective analysis and advice pointing out the implications and risks inherent in the organisation’s financial, social and environmental position and outlook • Ensuring an effective scrutiny or oversight function is in place which provides constructive challenge and debate on policies and objectives before, during and after decisions are made thereby enhancing the organisation’s performance and that of any organisation for which it is responsible • Providing members and senior management with regular reports on service delivery plans and on progress towards outcome achievement. • Ensuring there is consistency between specification stages (such as budgets) and post implementation reporting (e.g. financial statements). 	<p>with two of the four quarters considered in public session at OSMB and Cabinet</p> <ul style="list-style-type: none"> • Performance Management Framework • Contract Monitoring Reports • Corporate report template requires information explaining the legal and financial implications of decisions • Corporate report template contains ‘risk implications’ section • Overview and Scrutiny functions • Monthly spend/budget reports sent to all budget holders • Officers’ make online monthly budget submissions as part of budget monitoring arrangements • Service Plans for all services
Robust internal control	<ul style="list-style-type: none"> • Aligning the risk management strategy and policies on internal control with achieving the objectives. • Evaluating and monitoring risk management and internal control on a regular basis. • Ensuring effective counter fraud and anti-corruption arrangements are in place. • Ensuring additional assurance on the overall adequacy and effectiveness of the framework of governance, risk management and control is provided by the internal auditor. • Ensuring an audit committee or equivalent group or function which is independent of the 	<ul style="list-style-type: none"> • Risk Management Policy & Guide in place and reviewed annually • Strategic Risk Register in place and reviewed regularly by Strategic Leadership team and linked to service performance • Directorate and Service level risk registers in place • Risk Management Meetings consisting of Risk Champions • Anti-Fraud and Corruption Policy & Strategy • Internal Audit annual opinion on governance, risk management and internal control.

	<p>executive and accountable to the governing body provides a further source of effective assurance regarding arrangements for managing risk and maintaining an effective control environment, and that its recommendations are listened to and acted upon</p>	<ul style="list-style-type: none"> • Audit Committee reviews risks at each meeting, including each Directorate's Risk Register at least annually, and the Strategy Risk Register twice a year • Corporate Information Governance Group • Consideration of specified Fraud risks by Corporate Risk Champions
Managing data	<ul style="list-style-type: none"> • Ensuring effective arrangements are in place for the safe collection, storage, use and sharing of data, including processes to safeguard personal data. • Reviewing and auditing regularly the quality and accuracy of data used in decision making and performance monitoring. • Ensuring effective arrangements are in place and operating effectively when sharing data with other bodies. 	<ul style="list-style-type: none"> • Dedicated Information Governance Unit • Freedom of Information publication scheme • Digital Council Strategy • Ongoing monitoring of Data Protection Act / Freedom of Information compliance • Data Transparency Code • Data Sharing Agreements • GDPR training for staff •
Strong public financial management	<ul style="list-style-type: none"> • Ensuring financial management supports both long term achievement of outcomes and short-term financial and operational performance. • Ensuring well-developed financial management is integrated at all levels of planning and control, including management of financial risks and controls. 	<ul style="list-style-type: none"> • The Council Plan • The Year Ahead Delivery Plan • Medium Term Financial Strategy • Revenue budget process • Procurement Policy • Procurement Standing Orders • Value for Money judgement from the External Auditor • External Auditors' Annual Audit letter • Financial Regulations • Capital Strategy • Treasury Management Strategy

Principle G - Implementing good practices in transparency, reporting, and audit to deliver effective accountability.

Summary:

Accountability is about ensuring that those making decisions and delivering services are answerable for them. Effective accountability is concerned not only with reporting on actions completed, but also ensuring that stakeholders are able to understand and respond as the organisation plans and carries out its activities in a transparent manner. Both external and internal audit contribute to effective accountability.

Sub principles	Actions Demonstrating Good Governance	How this is evidenced
Implementing good practice in transparency	<ul style="list-style-type: none"> • Writing and communicating reports for the public and other stakeholders in a fair, balanced and understandable style appropriate to the intended audience and ensuring that they are easy to access and interrogate. • Striking a balance between providing the right amount of information to satisfy transparency demands and enhance public scrutiny while not being too onerous to provide and for users to understand. 	<ul style="list-style-type: none"> • Council website • Meeting papers and minutes published on website • Recordings of public meetings published on website • Budgets and spending published on website • Senior Officer remuneration published on website
Implementing good practices in reporting	<ul style="list-style-type: none"> • Reporting at least annually on performance, value for money and the stewardship of resources to stakeholders in a timely and understandable way. • Ensuring members and senior management own the results reported. • Ensuring robust arrangement for assessing the extent to which the principles contained in this Framework have been applied and 	<ul style="list-style-type: none"> • Publication of Statement of Accounts on website • Annual Governance Statement produced and published on website • Code of Corporate Governance refreshed annually in accordance with CIPFA/SOLACE principles • Documents are scrutinised and approved by Senior Leadership Team, Cabinet and Audit Committee prior to publication

	<p>publishing the results on this assessment including an action plan for improvement and evidence to demonstrate good governance (the annual governance statement).</p> <ul style="list-style-type: none"> • Ensuring that this Framework is applied to jointly managed or shared service organisations as appropriate. • Ensuring the performance information that accompanies the financial statements is prepared on a consistent and timely basis and the statements allow for comparison with other similar organisations. 	<ul style="list-style-type: none"> • Performance information and reports are published on the website. Six monthly Council Plan/Year Ahead Delivery Plan progress reports. • VFM judgement by external auditors
<p>Assurance and effective accountability</p>	<ul style="list-style-type: none"> • Ensuring that recommendations for corrective action made by external audit are acted upon. • Ensuring an effective internal audit service with direct access to members is in place, providing assurance with regard to governance arrangements and recommendations are acted upon. • Welcoming peer challenge, reviews and inspections from regulatory bodies and implementing recommendations. • Gaining assurance on risks associated with delivering services through third parties and that this is evidenced in the Annual Governance Statement. • Ensuring that when working in partnership, arrangements for accountability are clear and the need for wider public accountability has been recognised and met. 	<ul style="list-style-type: none"> • The external auditors produce an Annual Audit Letter which is presented at Audit Committee and published on the website. The council produces a response to all issues and recommendations contained within. • 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 • Audit Committee meets at least five times a year and receives reports from both Internal and External Audit • The authority 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 made available via the website. Progress reports on all external inspections, reviews and audits are presented to Audit Committee six-monthly • Annual Governance Statement produced and published on website

		<ul style="list-style-type: none">• The RTP Rotherham Plan and the supporting agreement. The partnership reports publicly periodically on its progress on the Plan and there is an annual delivery plan and updates on its website.• LGA Corporate Peer Challenge.
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Committee Name and Date of Committee Meeting

Audit Committee – 26 November 2024

Report Title

Anti-Money Laundering Policy Review

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)

Louise Ivens, Head of Internal Audit

Tel: 01709 823282 Email: louise.iven@rotherham.gov.uk

Ward(s) Affected

Borough-Wide

Report Summary

This report refers to a proposed update to the Council's Anti-Money Laundering Policy. The update follows a review process which is designed to ensure that the Policy is up to date with current best practice and to take into account any changes to the Council's organisation structure. There have been only minor updates to the Policy since the last review.

Recommendations

That the Audit Committee is asked to:

1. Review and comment on the revised Anti-Money Laundering Policy.
2. Note the actions being undertaken to review the Council's anti money laundering arrangements.

List of Appendices Included

Appendix A – Anti Money Laundering Policy 2024

Appendix B – Anti Money Laundering Policy 2024 showing tracked changes

Background Papers

N/A

Consideration by any other Council Committee, Scrutiny or Advisory Panel

No

Council Approval Required

No

Exempt from the Press and Public

No

Anti Money Laundering Policy Review

1. Background

- 1.1 The Council's last update of its Anti-Money Laundering Policy was in 2017. This report provides an update to the Anti-Money Laundering Policy and gives brief details of a review being undertaken by Internal Audit on the anti money laundering arrangements in place within the council.
- 1.2 Public Authorities, (not being regulated businesses as defined within the legislation), are not legally obliged to apply the provisions of all the Money Laundering Regulations unless they are undertaking a service 'by way of business'. This means the provision of a service to a 3rd party for which formal remuneration is received, (for example provision of legal advice / service outside of the authority). The Chartered Institute of Public Finance and Accountancy (Cipfa) have produced guidance which suggests that as responsible bodies, Public Authorities should put in place appropriate and proportionate anti-money laundering safeguards and reporting arrangements, designed to enable them to detect and avoid involvement in the crimes described in the legislation and regulations. As a minimum, authorities are recommended to:
- make those staff most likely to be exposed to or suspicious of terrorist financing or money laundering aware of any requirements and obligations placed on the authority, its staff, and on them as individuals, by the Proceeds of Crime Act 2002 and the Terrorism Act 2000
 - give targeted training to those staff considered to be the most likely to encounter the financing of terrorism and money laundering
 - make arrangements for a nominated officer to receive and manage the concerns of staff, to make internal enquiries, to advise staff who feel they should make a report, and to coordinate Suspicious Activity Reports (SARs) to the National Crime Agency (NCA) where necessary
 - establish appropriate internal procedures which are both proportional and cost effective

2. Key Issues

- 2.1 The Council's updated Anti-Money Laundering Policy is attached at **Appendix A** and the tracked changes version is included at **Appendix B**. The contents have been reviewed with only minor amendments having been made. The changes have been made in accordance with the updated legislation, and the CIPFA publication "Combating Financial Crime, Practical Advice for the Public Sector" (2020). The amendments do not change any of the underlying responsibilities or requirements of staff.
- 2.2 Alongside the policy review Internal Audit are examining controls within higher risk areas within the council and will assess whether there are appropriate and proportionate anti money laundering arrangements in place.

The scope includes staff awareness of the risks, customer due diligence, record keeping, monitoring, reporting lines, and general awareness and training. The outcomes of these reviews will be included in the Internal Audit Progress Report once the final reports are issued.

3. Options considered and recommended proposal

- 3.1 This report is presented to enable the Audit Committee to fulfil its responsibility for ensuring the Council has appropriate arrangements in place for managing the risk of financial crime which includes money laundering.

4. Consultation on proposal

- 4.1 This section is not applicable to this report.

5. Timetable and Accountability for Implementing this Decision

- 5.1 This section is not applicable to this report. The approval of the Anti Money Laundering Policy will be taken by an officer executive decision.

6. Financial and Procurement Advice and Implications

- 6.1 There are no direct financial or procurement implications arising from this report. The budget for the Internal Audit function is contained within the budget for the Finance and Customer Services Directorate.

7. Legal Advice and Implications

- 7.1 There are no legal implications arising from this report.

8. Human Resources Advice and Implications

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

9. Implications for Children and Young People and Vulnerable Adults

- 9.1 There are no immediate implications associated with the proposals.

10. Equalities and Human Rights Advice and Implications

- 10.1 There are no immediate implications associated with this report.

11. Implications for 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 Implementation of the updated Anti-Money Laundering Policy will contribute towards ensuring the Council operates and maintains a culture in which financial crime is understood to be unacceptable.

13. Risks and Mitigation

- 13.1 Failure to refresh the Anti-Money Laundering Policy and associated arrangements could expose the Council to an increased risk of money laundering.

Accountable Officer(s)

Louise Ivens, Head of Internal Audit

Report Author: Louise Ivens, Head of Internal Audit.
Tel 01709 823282 E mail louise.iven@rotherham.gov.uk

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

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**ANTI - MONEY LAUNDERING POLICY
AND
SUPPORTING GUIDANCE**

November 2024

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1. INTRODUCTION

WHAT IS MONEY LAUNDERING?

Money Laundering is the process of concealing, disguising, converting, transferring or removing the proceeds of crime.

This can be characterised as making “dirty” money “clean”; i.e. giving it the appearance of having come from a legitimate source.

Money laundering is also linked to terrorist financing, whereby the process can often be reversed; i.e. “clean” money is diverted into “dirty” purposes; e.g. the funding of a terrorist operation

- 1.1 The primary legislation relating to suspected money laundering is the Terrorism Act 2000 (TA), Proceeds of Crime Act 2002 (POCA), and the Money Laundering Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (MLR) and its updates, including the Money Laundering and Terrorist Financing (Amendment) Regulations 2019. The legislation imposes specific obligations on those organisations in the regulated sector and those carrying out what is defined as ‘relevant business’.
- 1.2 Public Authority employees, as members of the public, have a personal duty to comply with specific aspects of the legislation, (noting that Public Authorities and staff are subject to the full provisions of the Terrorism Act 2000). Public Authorities, (not being regulated businesses as defined within the legislation), are not legally obliged to apply the provisions of all the Money Laundering Regulations unless they are undertaking a service ‘by way of business’ i.e. provision of a service to a 3rd party for which formal remuneration is received (provision of legal advice / service outside of the authority). However best practice, including detailed guidance produced by the Chartered Institute of Public Finance & Accountancy, (CIPFA), in 2020 suggests that as responsible bodies they should employ policies and procedures which reflect the essence of the UK’s anti-terrorist financing and anti-money laundering regimes.
- 1.3 As a result, the Council has formal internal policies and procedures to prevent the use of its services for money laundering. It is extremely important that all employees / Members are familiar with their responsibilities. Under the Money Laundering Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 there is a requirement for all ‘relevant persons’ to be supervised by an appropriate anti money laundering supervisory authority (i.e. a member of the CCAB, HMRC etc.) However, it should be noted that members of accounting bodies such as CIPFA, CIMA and AAT who are employed by Public Authorities are not required to register for anti-money laundering purposes.
- 1.4 Whilst the full implications of the above legislation are lengthy and complex, this

Policy and supporting guidance meets the Council's obligations relating to the legislation, and associated professional good practice, and will be subject to periodic review and revision as deemed appropriate.

2. POLICY STATEMENT AND SCOPE

- 2.1 This Policy and Guidance applies to all Council employees, (including Agency / temporary workers and partners), and elected Members of the Council. It aims to maintain the high standards of conduct which currently exist within the Council by preventing criminal activity through money laundering. The Guidance sets out the procedures which must be followed (for example the reporting of suspicions of money laundering activity) to enable the Council's "Responsible Officers" to comply with all legal and professional obligations.

The term "Responsible Officer" refers to all employees and Members to which this document applies as described above.

- 2.2 This Policy sits alongside the Council's Anti-Fraud & Corruption and Whistleblowing Policies and Employee / Member Codes of Conduct as a key document in creating a sound framework to minimise and combat the risk of wrongdoing against the Council.
- 2.3 The Council's aim is to do all it can to prevent wherever possible, taking account of resource implications, the Council and its "Responsible Officers" being exposed to money laundering, to identify the potential areas where it may occur, and to comply with all legal and professional requirements, especially with regard to the reporting of actual or suspected cases. It cannot be stressed too strongly, however, that it is every "Responsible Officer's" duty to be vigilant.
- 2.4 In order to achieve the above aim the following key procedures and actions will be implemented and subject to ongoing review:
- Named officers within the Council will be assigned responsibility to fulfil the role of Money Laundering Reporting Officer, (MLRO) and Deputy MLRO. (Officers details are outlined in Section 5 of this document). Such officers will be responsible for:
 - Producing and revising relevant policies, procedures and guidance which are both proportionate and cost effective;
 - Providing training as deemed appropriate;
 - Receiving and managing concerns of "Responsible Officers", including giving advice as to action required;
 - Co-ordinating Suspicious Activity Reports (SARS) to the National Crime Agency (NCA), where necessary;
 - Pro-active management of all risks associated with money laundering

activity.

- All senior managers, relevant staff and Members will receive mandatory awareness training on the key principles of Money Laundering;

- 2.5 Any “Responsible Officer” could potentially be caught by the money laundering provisions, if they suspect money laundering and either become involved with it in some way and/or do nothing about it. This Policy sets out how any concerns should be raised.
- 2.6 It is important that all “Responsible Officers” are familiar with their responsibilities as serious criminal sanctions may be imposed for breaches of the legislation. Additionally, failure to comply with the requirements of this Policy could result in an internal disciplinary investigation and action being instigated, in accordance with the Council’s disciplinary procedures.
- 2.7 The key requirement on “Responsible Officers” is to promptly report any suspected money laundering activity to the Money Laundering Reporting Officer. If the matter involves a proposed transaction (e.g. the sale of property) you should not proceed with the transaction without approval from the MLRO. You should defer the transaction in such a way as not to alert anyone else to your suspicions.
- 2.8 Not all the Council’s business is relevant for these purposes. It is mainly the accountancy services carried out by Finance and certain financial, company and property transactions carried out by Legal Services. However, the safest way to ensure compliance with the law is to apply it to all areas of work undertaken by the Council. Therefore, all employees are required to comply with the Policy in terms of reporting concerns about possible money laundering.

GUIDANCE SUPPLEMENTING THE POLICY STATEMENT

3. MONEY LAUNDERING – AN EXPANDED DEFINITION

- 3.1 The phrase “money laundering” means the process by which the identity and true ownership of “dirty money”, i.e. the proceeds of any crime, is changed so that these proceeds appear to originate from a legitimate source.
- 3.2 Although the term “money laundering” has traditionally been used when describing the activities of organised crime, for which the regulations were first introduced, to most people who are likely to come across it, or be affected by it, it involves a suspicion that someone they know, or know of, is benefiting from dishonest activity.
- 3.3 Most crime, for example the drugs trade, is almost wholly cash driven. For many years, the most common means of laundering money was to deposit large sums of cash at banks. However, as the high street banks have tightened their controls

in this area, the launderers have turned to more obscure methods, frequently involving buying and selling assets, (including antiques, etc.), property and businesses, to achieve their aims. This has made it much more difficult to detect and prevent money laundering.

3.4 The money laundering process comprises three distinct phases summarised as:

Placement = initial disposal of cash representing proceeds of crime into the system by either deposit at a bank, (or equivalent), purchase of property, shares or other assets;

Layering = breaking any link back to the original proceeds of crime. This includes buying / selling properties, companies or other assets (such as shares, antiques or arts) back to back and transferring funds around the world via various accounts. Launderers often use a legitimate front business to hide illegal activities;

Integration = funds coming back to the individual / group to finance a luxurious lifestyle and possibly fund further criminal activity.

3.5 Examples / signs of money laundering activity include transactions where the other party:

- Enters into transactions which make little or no financial sense or which go against normal practice;
- Make large cash payments;
- Is happy to enter into an apparent bad deal for them;
- Is unwilling to explain the purpose of a transaction or refuse to provide information requested without reasonable explanation;
- Suddenly change their pattern of activity;
- Enter into arrangements / possess assets beyond their apparent financial means;
- Take part in transactions across a number of different jurisdictions;
- Use offshore accounts, companies or structures in circumstances where their needs do not support such economic requirements;
- Unnecessarily route funds through third party accounts.

3.6 Some examples of where money laundering activity could take place within the Local Authority environment include:

- Sale of items through auctions, (such as property / land / furniture / antiques), where cash payments are made;
- Large cash payments or private funding in respect of other land / property transactions;
- Large cash payments to settle debts due to the Council, including Council Tax, NNDR, Benefits overpayments and other high value transactions;
- Overpayment of debts by way of cash, leading to requests for large refunds to be made by way of cheque;
- “Partners” making large contributions towards projects / initiatives in the form of cash / cheque and then shortly after requesting refunds by credit note for part of the contribution;

3.7 In addition to the above, “Responsible Officers” may come across suspicions of money laundering in the form of identifying customers / clients who appear to be “living well above their means”, e.g. property and “luxury items” that does not appear to be in line with their income.

3.8 Within the legislation governing money laundering and terrorist financing there are no de minimis levels as to the value of money or level of conduct involved. This means that any suspicions need to be considered and reported to the MLRO.

4. ANTI-MONEY LAUNDERING PROCEDURES

General Levels

4.1 As referred to earlier in this guidance, within the legislation relating to money laundering and terrorist financing, there are no de minimis financial or activity levels for reporting concerns, **all suspicions should be raised through the MLRO.**

Cash Payments

4.2 To reduce the Council’s exposure to potential money laundering activity, limits have been set for individual financial transactions.

In order to help ensure that the Council does not contravene the requirements of the Money Laundering Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017, no cash collection point / individual officer, should accept cash payments of £10,000 or more in one transaction.

NB: Cash is defined as including notes, coins or travellers’ cheques in any currency;

The above limits will be subject to review and change in line with best practice / professional advice.

Should any employee be offered a cash payment of £10,000 or more, it should

be pointed out that cash can only be accepted up to this limit. Any cash payment below £10,000 should be accepted and receipted in the normal way. Should any employee have suspicion of money laundering activity relating to any transaction involving cash payments, they should raise it in accordance with the procedure set out in paragraphs 4.3 and 4.4 below.

Reporting suspicions

- 4.3 “Responsible Officers” who suspect any level of money laundering activity must immediately contact the MLRO, or the deputy MLRO if appropriate, to report their suspicion. Following consideration of the matter the MLRO / Deputy MLRO will decide whether the formal referral form, (attached at Appendix 1), should be completed.
- 4.4 The “Responsible Officer” must not disclose or otherwise indicate their suspicions to the person suspected of the money laundering. They must not discuss the matter with others or note on file that a report has been made to the MLRO in case this results in the suspect becoming aware of the situation. This is known as “tipping off” and it is a criminal offence to disclose information, likely to prejudice an investigation, where that information came to the person in the course of business in the regulated sector.
- 4.5 The “Responsible Officer” must follow any subsequent directions of the MLRO or deputy and must not themselves make any further enquiries into the matter. They must not take any further steps in any related transaction without authorisation from the MLRO.
- 4.6 The MLRO or deputy must promptly evaluate any disclosure, to determine whether it should be reported to the National Crime Agency.
- 4.7 The MLRO or deputy must, if they so determine, promptly report the matter to the National Crime Agency on their standard report form and in the prescribed manner.
- 4.8 The MLRO or deputy will commit a criminal offence if they know or suspect, or have reasonable grounds to do so, through a disclosure being made to them, that another person is engaged in money laundering, and they do not disclose this as soon as practicable to the National Crime Agency.

Exemptions

The requirements of this Policy and associated procedures must be adhered to by all “Responsible Officers” within the Council. There are some exemptions within the legislation, relating to “relevant professional advisers” where information / suspicions come to them in “privileged circumstances”. Such exemptions apply mainly to the legal, external audit / accountants and tax adviser professions and would not normally be relevant to Council “Responsible Officers”.

Record Keeping / Reporting

- 4.9 Where “Responsible Officers” carry out due diligence assessments, records and

details of the relevant transaction(s) for that client must be retained for at least five years after the end of the business relationship. Further information relating to the requirement to maintain records of due diligence assessments, will be communicated to relevant officers outside of this guidance.

- 4.10 An electronic copy of every customer due diligence record must be sent to the MLRO to comply with best practice.
- 4.11 The MLRO will maintain a record of all suspicions of money laundering received and outcomes, including cases reported to the National Crime Agency. Periodic reports will be submitted to senior management and appropriate Members summarising details of the number of money laundering referrals.

5. THE MONEY LAUNDERING REPORTING OFFICER (MLRO)

- 5.1 The officer nominated to receive disclosures about money laundering or terrorist financing activity within the Council is the Head of Internal Audit – Louise Ivens. She can be contacted as follows:

Louise Ivens
Head of Internal Audit
Finance and Customer Services
Rotherham MBC
Wing C - Floor 3
Riverside House
Rotherham
S60 1AE

Telephone: 01709 823282
E Mail: louise.iven@rotherham.gov.uk

- 5.2 In the absence of the MLRO, Principal Auditors Mitch Chapman (Mitch.Chapman@rotherham.gov.uk Tel: 01709 823299) or Andy Furniss (Andy.furniss@rotherham.gov.uk Tel: 01709 823294) at the same address, are authorised to deputise for her.

6. GUIDANCE AND TRAINING

- 6.1 In support of this policy and guidance, the Council will:
- make all “Responsible Officers” aware of the requirements and obligations placed on the Council and on themselves as individuals by the anti-money laundering legislation;
 - include reference to the Money Laundering Policy within “Responsible Officer” induction programmes;
 - through the MLRO, respond to any requests for further / more detailed guidance or advice on any issue relating to money laundering;

- include a page on the Council's Internet / Intranet sites containing this policy and all relevant supporting guidance.

7. KEY RISK CONSIDERATIONS

- 7.1 In applying the policy and procedures recorded within this document, consideration should be given to the associated risks to the Council and "Responsible Officers". The key risks are identified as:
- 7.1.1 Failure to identify relevant legislative requirements/ good practice and implement effective anti money laundering & anti terrorist financing arrangements within the Council;
 - 7.1.2 Failure to effectively communicate the money laundering procedures / requirements to all "Responsible Officers";
 - 7.1.3 Failure to report suspicions of money laundering to the MLRO and / or the National Crime Agency);
 - 7.1.4 Failure to protect the personal safety of "Responsible Officers", who report suspicions of money laundering.
- 7.2 The above risks, and any others deemed relevant, will be recorded and monitored by the MLRO through inclusion in a Risk Register, within the Council's formal Risk Management system.

8. FURTHER INFORMATION

- 8.1 Further information can be obtained from the MLRO and the following sources:
- www.nationalcrimeagency.gov.uk – website of the National Crime Agency;
 - www.lawsociety.org.uk – money laundering guidance.
 - https://assets.publishing.service.gov.uk/media/65e9e1813649a2001aed6492/HM_Treasury_Consultation_on_Improving_the_Effectiveness_of_the_Money_Laundering_Regulations.pdf
 - money laundering and terrorist financing (amendment) regulations 2019 – GOV.UK (www.gov.uk)

CONFIDENTIAL

REPORT TO MONEY LAUNDERING REPORTING OFFICER

Re: Suspected money laundering activity

To: Money Laundering Reporting Officer (MLRO) / Deputy MLRO

From:

[insert name of employee]

Directorate: Ext/Tel No:.....

[insert post title and Service Area]

DETAILS OF SUSPECTED OFFENCE:

Name(s) and address(es) of person(s) involved:
[if a company/public body please include details of nature of business]

Nature, value and timing of activity involved:
[Please include full details e.g. what, when, where, how. Continue on a separate sheet if necessary]

Nature of suspicions regarding such activity:*[Please continue on a separate sheet if necessary]*

Has any investigation been undertaken (as far as you are aware)? <i>[Please tick the relevant box]</i>	Yes	No
--	-----	----

If yes, please record details below, including by who, when, how and outcomes:

--

Have you discussed your suspicions with anyone else? <i>[Please tick the relevant box]</i>	Yes	No
--	-----	----

If yes, please specify below, explaining why such discussion was necessary:

--

Have you consulted any supervisory body for guidance re money laundering? (e.g. the Law Society) <i>[Please tick the relevant box]</i>	Yes	No
--	-----	----

If yes, please specify below:

--

<i>Do you feel you have a reasonable excuse for not disclosing the matter to the National Crime Agency (NCA)? (e.g. are you a lawyer and wish to claim legal professional privilege?)</i> <i>[Please tick the relevant box]</i>	Yes	No
---	-----	----

If yes, please set out full details below:

--

APPENDIX 2**LEGISLATIVE CONTEXT**

The key elements of the 3 main acts relating to the offence of money laundering are summarised below.

1 Proceeds of Crime Act 2002 (POCA)

- 1.1 Concealing, disguising, converting, transferring or removing criminal property from England and Wales, from Scotland or from Northern Ireland (**section 327**);
- 1.2 Entering into or becoming concerned in an arrangement which you know or suspect facilitates the acquisition, retention, use or control of criminal property by or on behalf of another person (**section 328**);
- 1.3 Acquiring, using or possessing criminal property (**section 329**);
- 1.4 Doing something that might prejudice an investigation – for example falsifying a document (**section 342**)

The above offences **apply to all** persons in the UK in both a personal and professional capacity and anyone involved in them risks a criminal conviction.

Other offences under the POCA include:

- 1.5 Failure to disclose money laundering offences (**sections 330 – 332**);
- 1.6 Tipping off a suspect either directly or indirectly (**section 333**).

The above offences **only apply to certain organisations / classes of people** (the regulated sector including Banks, Building Societies, Private Solicitors / Accountants, Casinos) and exclude Local Authorities. However in line with best practice the Council requires all its “Responsible Officers” to adhere to the principles of each one.

2 Terrorism Act 2000 (TA)

- 2.1 Establishes the offence of money laundering in relation to becoming concerned in an arrangement relating to the retention or control of property, (including finances), likely to be used for the purposes of terrorism, or resulting from acts of terrorism.
- 2.2 All individuals and businesses in the UK have an obligation to report knowledge, reasonable grounds for belief or suspicion about the proceeds from, or finance likely to be used for, terrorism or its laundering, where it relates to information that comes to them in the course of their business or employment, irrespective of the amounts involved.

3 Money Laundering Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (MLR) & its updates including the Money Laundering and Terrorist Financing (Amendment Regulations) 2019

3.1 Both POCA 2002 and TA 2000 contain offences which may be committed by individuals or entities, whereas the MLR 2017, whilst re-affirming the key elements of the above legislation, deal with the systems and controls which “Regulated Businesses” are required to have and contain offences which may be committed by businesses as well as the key individuals within them.

3.2 The specific requirements of the MLR 2017, outside of the TA 2000 and POCA 2002, do not apply to Local Authorities as they are outside of the definition of “Relevant Persons” undertaking “Regulated Activity”. However, due to the nature of business carried out by Local Authorities and an ethical and professional obligation to help “protect the public purse”, the Council will follow CIPFA Guidance which suggests the principles of the MLR 2017 legislation should be applied within a Local Authority environment, specifically relating to policies and procedures aimed at preventing money laundering covering:

- identification and scrutiny of complex or unusually large transactions, unusual patterns of transactions, with no apparent economic or lawful purpose, or other activity likely to be of a nature of money laundering / terrorist financing;
- prevention of use of products favouring anonymity;
- determination of whether a client is a Politically Exposed Person (PEP);
- customer due diligence, i.e. procedures designed to acquire knowledge about the organisation’s clients and prospective clients and to verify their identity as well as monitor business relationships and transactions;
- internal reporting, including appointment of a MLRO to receive money laundering reports and a system for making those reports;
- record keeping, including details of customer due diligence and supporting evidence for business relationships and records of transactions, which need to be kept for 5 years after the end of a relationship;
- internal control, risk assessment and management, compliance monitoring, management and communication;
- making relevant employees aware of the law relating to money laundering and terrorist finance, and to train those employees in how to recognise and deal with transactions which may be related to money laundering or terrorist financing.

3.1 MLR 2017 covers in some detail and complexity the issue of “Customer Due Diligence”, whereby “Relevant Persons” carrying out certain “Regulated Activities” must take extra care to check the identity of the customer or client.

Whilst these regulations do not apply to Local Authorities due to them not being classed as a “Regulated Body”, the following principles of “Due Diligence” should be applied, on a risk sensitive basis, in relation to existing and prospective clients / customers:

- seeking evidence of identity, for example:
 - checking with the customer’s website to confirm their business address;
 - conducting an on-line search via Companies House to confirm the nature and business of the customer and confirm the identities of any directors;
 - seeking evidence from the key contact of their personal identity, for example their passport, and position within the organisation.
- In certain circumstances enhanced customer due diligence must be carried out for example where:
 - the customer has not been physically present for identification;
 - the customer is a politically exposed person, (an individual who at any time in the preceding year has held a prominent public function outside of the UK, and EU or international institution / body, their immediate family members or close associates);
 - there is a beneficial owner who is not the customer – a beneficial owner is any individual who holds more than 25% of the shares, voting rights or interest in a company, partnership or trust.
- Enhanced customer due diligence could include any additional documentation, data or information that will confirm the customer’s identity and / or the source of the funds to be used in the business relationship / transaction. If it is believed that enhanced customer due diligence is required then the MLRO must be consulted prior to carrying it out.



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AND
SUPPORTING GUIDANCE**

November 2017~~24~~**Table of contents**

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ANTI-MONEY LAUNDERING AND ANTI-TERRORIST FINANCING POLICY AND SUPPORTING GUIDANCE

1. INTRODUCTION

WHAT IS MONEY LAUNDERING?

Money Laundering is the process of concealing, disguising, converting, transferring or removing the proceeds of crime.

This can be characterised as making “dirty” money “clean”; i.e. giving it the appearance of having come from a legitimate source.

Money laundering is also linked to terrorist financing, whereby the process can often be reversed; i.e. “clean” money is diverted into “dirty” purposes; e.g. the funding of a terrorist operation

- 1.1 The primary legislation relating to suspected money laundering is the Terrorism Act 2000 (TA), Proceeds of Crime Act 2002 (POCA), and the Money Laundering [Terrorist Financing and Transfer of Funds \(Information on the Payer\) Regulations 2017 \(MLR\)](#) [and its updates, including the Money Laundering and Terrorist Financing \(Amendment\) Regulations 2019](#). [The legislation](#) –imposes specific obligations on those organisations in the regulated sector and those carrying out what is defined as ‘relevant business’.
- 1.2 Public Authority employees, as members of the public, have a personal duty to comply with specific aspects of the legislation, (noting that Public Authorities and staff are subject to the full provisions of the Terrorism Act 2000). Public Authorities, (not being regulated businesses as defined within the legislation), are not legally obliged to apply the provisions of all the Money Laundering Regulations unless they are undertaking a service ‘by way of business’ i.e. provision of a service to a 3rd party for which formal remuneration is received (provision of legal advice / service outside of the authority). However best practice, including detailed guidance produced by the Chartered Institute of Public Finance & Accountancy, (CIPFA), in [200920](#) suggests that as responsible bodies they should employ policies and procedures which reflect the essence of the UK’s anti-terrorist financing and anti-money laundering regimes.
- 1.3 As a result, the Council has formal internal policies and procedures to prevent the use of its services for money laundering. It is extremely important that all employees / Members are familiar with their responsibilities. Under the Money Laundering [Terrorist Financing and Transfer of Funds \(Information on the Payer\)](#)

Regulations 2017 there is a requirement for all 'relevant persons' to be supervised by an appropriate anti money laundering supervisory authority (i.e. a member of the CCAB, HMRC etc.) However, it should be noted that members of accounting bodies such as CIPFA, CIMA and AAT who are employed by Public Authorities are not required to register for anti-money laundering purposes.

- 1.4 Whilst the full implications of the above legislation are lengthy and complex, this Policy and supporting guidance meets the Council's obligations relating to the legislation, and associated professional good practice, and will be subject to periodic review and revision as deemed appropriate.

2. POLICY STATEMENT AND SCOPE

- 2.1 This Policy and Guidance applies to all Council employees, (including Agency / temporary workers and partners), and elected Members of the Council. It aims to maintain the high standards of conduct which currently exist within the Council by preventing criminal activity through money laundering. The Guidance sets out the procedures which must be followed (for example the reporting of suspicions of money laundering activity) to enable the Council's "Responsible Officers" to comply with all legal and professional obligations.

The term "Responsible Officer" refers to all employees and Members to which this document applies as described above.

- 2.2 This Policy sits alongside the Council's Anti-Fraud & Corruption and Whistleblowing Policies and Employee / Member Codes of Conduct as a key document in creating a sound framework to minimise and combat the risk of wrongdoing against the Council.
- 2.3 The Council's aim is to do all it can to prevent wherever possible, taking account of resource implications, the Council and its "Responsible Officers" being exposed to money laundering, to identify the potential areas where it may occur, and to comply with all legal and professional requirements, especially with regard to the reporting of actual or suspected cases. It cannot be stressed too strongly, however, that it is every "Responsible Officer's" duty to be vigilant.
- 2.4 In order to achieve the above aim the following key procedures and actions will be implemented and subject to ongoing review:
- Named officers within the Council will be assigned responsibility to fulfil the role of Money Laundering Reporting Officer, (MLRO) and Deputy MLRO. (Officers details are outlined in Section 5 of this document). Such officers will be responsible for:
 - Producing and revising relevant policies, procedures and guidance which are both proportionate and cost effective;
 - Providing training as deemed appropriate;

- Receiving and managing concerns of “Responsible Officers”, including giving advice as to action required;
 - Co-ordinating Suspicious Activity Reports (SARS) to the National Crime Agency (NCA), where necessary;
 - Pro-active management of all risks associated with money laundering activity.
- 2.5 Any “Responsible Officer” could potentially be caught by the money laundering provisions, if they suspect money laundering and either become involved with it in some way and/or do nothing about it. This Policy sets out how any concerns should be raised.
- 2.6 It is important that all “Responsible Officers” are familiar with their responsibilities as serious criminal sanctions may be imposed for breaches of the legislation. Additionally, failure to comply with the requirements of this Policy could result in [an](#) internal disciplinary investigation and action being instigated, in accordance with the Council’s disciplinary procedures.
- 2.7 The key requirement on “Responsible Officers” is to promptly report any suspected money laundering activity to the Money Laundering Reporting Officer. If the matter involves a proposed transaction (e.g. the sale of property) you should not proceed with the transaction without approval from the MLRO. You should defer the transaction in such a way as not to alert anyone else to your suspicions.
- 2.8 Not all the Council’s business is relevant for these purposes. It is mainly the accountancy services carried out by Finance and certain financial, company and property transactions carried out by Legal Services. However, the safest way to ensure compliance with the law is to apply it to all areas of work undertaken by the Council. Therefore, all employees are required to comply with the Policy in terms of reporting concerns about possible money laundering.

GUIDANCE SUPPLEMENTING THE POLICY STATEMENT

3. MONEY LAUNDERING – AN EXPANDED DEFINITION

- 3.1 The phrase “money laundering” means the process by which the identity and true ownership of “dirty money”, i.e. the proceeds of any crime, is changed so that these proceeds appear to originate from a legitimate source.
- 3.2 Although the term “money laundering” has traditionally been used when describing the activities of organised crime, for which the regulations were first

introduced, to most people who are likely to come across it, or be affected by it, it involves a suspicion that someone they know, or know of, is benefiting from dishonest activity.

3.3 Most crime, for example the drugs trade, is almost wholly cash driven. For many years, the most common means of laundering money was to deposit large sums of cash at banks. However, as the high street banks have tightened their controls in this area, the launderers have turned to more obscure methods, frequently involving buying and selling assets, (including antiques, etc.), property and businesses, to achieve their aims. This has made it much more difficult to detect and ~~prevent money~~prevent money laundering.

3.4 The money laundering process comprises three distinct phases summarised as:

Placement = initial disposal of cash representing proceeds of crime into the system by either deposit at a bank, (or equivalent), purchase of property, shares or other assets;

Layering = breaking any link back to the original proceeds of crime. This includes buying / selling properties, companies or other assets (such as shares, antiques or arts) back to back and transferring funds around the world via various accounts. Launderers often use a legitimate front business to hide illegal activities;

Integration = funds coming back to the individual / group to finance a luxurious lifestyle and possibly fund further criminal activity.

3.5 Examples / signs of money laundering activity include transactions where the other party:

- Enters into transactions which make little or no financial sense or which go against normal practice;
- Make large cash payments;
- Is happy to enter into an apparent bad deal for them;
- Is unwilling to explain the purpose of a transaction or refuse to provide information requested without reasonable explanation;
- Suddenly change their pattern of activity;
- Enter into arrangements / possess assets beyond their apparent financial means;
- Take part in transactions across a number of different jurisdictions;

- Use offshore accounts, companies or structures in circumstances where their needs do not support such economic requirements;
- Unnecessarily route funds through third party accounts.

3.6 Some examples of where money laundering activity could take place within the Local Authority environment include:

- Sale of items through auctions, (such as property / land / furniture / antiques), where cash payments are made;
- Large cash payments or private funding in respect of other land / property transactions;
- Large cash payments to settle debts due to the Council, including Council Tax, NNDR, Benefits overpayments and other high value transactions;
- Overpayment of debts by way of cash, leading to requests for large refunds to be made by way of cheque;
- “Partners” making large contributions towards projects / initiatives in the form of cash / cheque and then shortly after requesting refunds by credit note for part of the contribution;

3.7 In addition to the above, “Responsible Officers” may come across suspicions of money laundering in the form of identifying customers / clients who appear to be “living well above their means”, e.g. property and “luxury items” that does not appear to be in line with their income.

3.8 Within the legislation governing money laundering and terrorist financing there are no de minimis levels as to the value of money or level of conduct involved. This means that —any suspicions need consideration to be considered and reported to the MLRO.

4. ANTI-MONEY LAUNDERING PROCEDURES

General Levels

4.1 As referred to earlier in this guidance, within the legislation relating to money laundering and terrorist financing, there are no de minimis financial or activity levels for reporting concerns, **all suspicions should be raised through the MLRO.**

Cash Payments

4.2 To reduce the Council’s exposure to potential money laundering activity, limits have been set for individual financial transactions.

In order to help ensure that the Council does not contravene the requirements of the Money Laundering Terrorist Financing and Transfer of Funds (Information on the

Payer) Regulations 2017, no cash collection point / individual officer, should accept cash payments of £10,000 or more in one transaction.

NB: Cash is defined as including notes, coins or travellers' cheques in any currency;

The above limits will be subject to review and change in line with best practice / professional advice.

Should any employee be offered a cash payment of £10,000 or more, it should be pointed out that cash can only be accepted up to this limit. Any cash payment below £10,000 should be accepted and receipted in the normal way. Should any employee have suspicion of money laundering activity relating to any transaction involving cash payments, they should raise it in accordance with the procedure set out in paragraphs 4.3 and 4.4 below.

Reporting suspicions

- 4.3 "Responsible Officers" who suspect any level of money laundering activity must immediately contact the MLRO, or the deputy MLRO if appropriate, to report their suspicion. Following consideration of the matter the MLRO / Deputy MLRO will decide whether the formal referral form, (attached at Appendix 1), should be completed.
- 4.4 The "Responsible Officer" must not disclose or otherwise indicate their suspicions to the person suspected of the money laundering. They must not discuss the matter with others or note on file that a report has been made to the MLRO in case this results in the suspect becoming aware of the situation. This is known as "tipping off" and it is a criminal offence to disclose information, likely to prejudice an investigation, where that information came to the person in the course of business in the regulated sector.
- 4.5 The "Responsible Officer" must follow any subsequent directions of the MLRO or deputy, and must not themselves make any further enquiries into the matter. They must not take any further steps in any related transaction without authorisation from the MLRO.
- 4.6 The MLRO or deputy must promptly evaluate any disclosure, to determine whether it should be reported to the National Crime Agency.
- 4.7 The MLRO or deputy must, if they so determine, promptly report the matter to the National Crime Agency on their standard report form and in the prescribed manner.
- 4.8 The MLRO or deputy will commit a criminal offence if they know or suspect, or have reasonable grounds to do so, through a disclosure being made to them, that another person is engaged in money laundering, and they do not disclose this as soon as practicable to the National Crime Agency.

Exemptions

Generally the requirements of this Policy and associated procedures must be

adhered to by all “Responsible Officers” within the Council. There are ~~however~~ some exemptions within the legislation, relating to “relevant professional advisers” where information / suspicions come to them in “privileged circumstances”. Such exemptions apply mainly to the legal, external audit / accountants and tax adviser professions and would not normally be relevant to Council “Responsible Officers”.

Record Keeping / Reporting

- 4.9 Where “Responsible Officers” carry out due diligence assessments, records and details of the relevant transaction(s) for that client must be retained for at least five years after the end of the business relationship. Further information relating to the requirement to maintain records of due diligence assessments, will be communicated to relevant officers outside of this guidance.
- 4.10 An electronic copy of every customer due diligence record must be sent to the MLRO to comply with best practice.
- 4.11 The MLRO will maintain a record of all suspicions of money laundering received and outcomes, including cases reported to the National Crime Agency. Periodic reports will be submitted to senior management and appropriate Members summarising details of the number of money laundering referrals.

5. THE MONEY LAUNDERING REPORTING OFFICER (MLRO)

- 5.1 The officer nominated to receive disclosures about money laundering or terrorist financing activity within the Council is the Head of Internal Audit – ~~David Webster~~ Louise Ivens. ~~He~~ She can be contacted as follows:

~~David Webster~~ Louise Ivens
Head of Internal Audit
Finance and Customer Services
Rotherham MBC
Wing C - Floor 3
Riverside House
Rotherham
S60 1AE

Telephone: 01709 823282

E Mail: ~~louise.iven~~ david.webster@rotherham.gov.uk

- 5.2 In the absence of the MLRO, Principal Auditors Mitch Chapman (Mitch.Chapman@rotherham.gov.uk Tel: 01709 823299) or Andy Furniss (Andy.furniss@rotherham.gov.uk Tel: 01709 823294) at the same address, are authorised to deputise for her.

6. GUIDANCE AND TRAINING

6.1 In support of this policy and guidance, the Council will:

- make all “Responsible Officers” aware of the requirements and obligations placed on the Council and on themselves as individuals by the anti-money laundering legislation;
- include reference to the Money Laundering Policy within “Responsible Officer” induction programmes;
- through the MLRO, respond to any requests for further / more detailed guidance or advice on any issue relating to money laundering;
- include a page on the Council’s Internet / Intranet sites containing this policy and all relevant supporting guidance.

7. KEY RISK CONSIDERATIONS

7.1 In applying the policy and procedures recorded within this document, consideration should be given to the associated risks to the Council and “Responsible Officers”. The key risks are identified as:

- 7.1.1 Failure to identify relevant legislative requirements/_good practice and implement effective anti money laundering & anti terrorist financing arrangements within the Council;
- 7.1.2 Failure to effectively communicate the money laundering procedures / requirements to all “Responsible Officers”;
- 7.1.3 Failure to report suspicions of money laundering to the MLRO and / or the National Crime Agency);
- 7.1.4 Failure to protect the personal safety of “Responsible Officers”, who report suspicions of money laundering.

7.2 The above risks, and any others deemed relevant, will be recorded and monitored by the MLRO through inclusion in a Risk Register, within the Council’s formal Risk Management system.

8. FURTHER INFORMATION

8.1 Further information can be obtained from the MLRO and the following sources:

- www.nationalcrimeagency.gov.uk – website of the National Crime Agency;
- www.lawsociety.org.uk – [money laundering guidance](http://www.lawsociety.org.uk/money-laundering-guidance);
- <https://assets.publishing.service.gov.uk/media/65e9e1813649a2001aed6>

[492/HM Treasury Consultation on Improving the Effectiveness of the Money Laundering Regulations.pdf](https://www.gov.uk/government/consultations/money-laundering-regulations-2017)
<https://www.gov.uk/government/consultations/money-laundering-regulations-2017>

- [money laundering and terrorist financing \(amendment\) regulations 2019](https://www.gov.uk/government/consultations/money-laundering-and-terrorist-financing-amendment-regulations-2019)
– [GOV.UK \(www.gov.uk\)](https://www.gov.uk)

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REPORT TO MONEY LAUNDERING REPORTING OFFICER

Re: Suspected money laundering activity

To: Money Laundering Reporting Officer (MLRO) / Deputy MLRO

From:

[insert name of employee]

Directorate: Ext/Tel No:.....

[insert post title and Business Unit/Service Area]

DETAILS OF SUSPECTED OFFENCE:

Name(s) and address(es) of person(s) involved:
[if a company/public body please include details of nature of business]

Nature, value and timing of activity involved:
[Please include full details e.g. what, when, where, how. Continue on a separate sheet if necessary]

Nature of suspicions regarding such activity:*[Please continue on a separate sheet if necessary]*

Has any investigation been undertaken (as far as you are aware)? <i>[Please tick the relevant box]</i>	Yes	No
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If yes, please record details below, including by who, when, how and outcomes:

--

Have you discussed your suspicions with anyone else? <i>[Please tick the relevant box]</i>	Yes	No
--	-----	----

If yes, please specify below, explaining why such discussion was necessary:

--

Have you consulted any supervisory body for guidance re money laundering? (e.g. the Law Society) <i>[Please tick the relevant box]</i>	Yes	No
--	-----	----

If yes, please specify below:

--

<i>Do you feel you have a reasonable excuse for not disclosing the matter to the National Crime Agency (NCA)? (e.g. are you a lawyer and wish to claim legal professional privilege?)</i> <i>[Please tick the relevant box]</i>	Yes	No
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If yes, please set out full details below:

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APPENDIX 2

LEGISLATIVE CONTEXT

The key elements of the 3 main acts relating to the offence of money laundering are summarised below.

1 Proceeds of Crime Act 2002 (POCA)

- 1.1 Concealing, disguising, converting, transferring or removing criminal property from England and Wales, from Scotland or from Northern Ireland (**section 327**);
- 1.2 Entering into or becoming concerned in an arrangement which you know or suspect facilitates the acquisition, retention, use or control of criminal property by or on behalf of another person (**section 328**);
- 1.3 Acquiring, using or possessing criminal property (**section 329**);
- 1.4 Doing something that might prejudice an investigation – for example falsifying a document (**section 342**)

The above offences **apply to all** persons in the UK in both a personal and professional capacity and anyone involved in them risks a criminal conviction.

Other offences under the POCA include:

- 1.5 Failure to disclose money laundering offences (**sections 330 – 332**);
- 1.6 Tipping off a suspect either directly or indirectly (**section 333**).

The above offences **only apply to certain organisations / classes of people** (the regulated sector including Banks, Building Societies, Private Solicitors / Accountants, Casinos) and exclude Local Authorities. However in line with best practice the Council requires all its “Responsible Officers” to adhere to the principles of each one.

2 Terrorism Act 2000 (TA)

- 2.1 Establishes the offence of money laundering in relation to becoming concerned in an arrangement relating to the retention or control of property, (including finances), likely to be used for the purposes of terrorism, or resulting from acts of terrorism.
- 2.2 All individuals and businesses in the UK have an obligation to report knowledge, reasonable grounds for belief or suspicion about the proceeds from, or finance likely to be used for, terrorism or its laundering, where it relates to information that comes to them in the course of their business or employment, irrespective of the amounts involved.

3 Money Laundering Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (MLR) & its updates including the Money Laundering and Terrorist Financing (Amendment Regulations) 2019

3.1 Both POCA 2002 and TA 2000 contain offences which may be committed by individuals or entities, whereas the MLR 2017, whilst re-affirming the key elements of the above legislation, deal with the systems and controls which “Regulated Businesses” are required to have and contain offences which may be committed by businesses as well as the key individuals within them.

3.2 The specific requirements of the MLR 2017, outside of the TA 2000 and POCA 2002, do not apply to Local Authorities as they are outside of the definition of “Relevant Persons” undertaking “Regulated Activity”. However, due to the nature of business carried out by Local Authorities and an ethical and professional obligation to help “protect the public purse”, the Council will follow CIPFA Guidance which suggests the principles of the MLR 2017 legislation should be applied within a Local Authority environment, specifically relating to policies and procedures aimed at preventing money laundering covering:

- identification and scrutiny of complex or unusually large transactions, unusual patterns of transactions, with no apparent economic or lawful purpose, or other activity likely to be of a nature of money laundering / terrorist financing;
- prevention of use of products favouring anonymity;
- determination of whether a client is a Politically Exposed Person (PEP);
- customer due diligence, i.e. procedures designed to acquire knowledge about the organisation’s clients and prospective clients and to verify their identity as well as monitor business relationships and transactions;
- internal reporting, including appointment of a MLRO to receive money laundering reports and a system for making those reports;
- record keeping, including details of customer due diligence and supporting evidence for business relationships and records of transactions, which need to be kept for 5 years after the end of a relationship;
- internal control, risk assessment and management, compliance monitoring, management and communication;
- making relevant employees aware of the law relating to money laundering and terrorist finance, and to train those employees in how to recognise and deal with transactions which may be related to money laundering or terrorist financing.

3.1 MLR 2017 covers in some detail and complexity the issue of “Customer Due Diligence”, whereby “Relevant Persons” carrying out certain “Regulated Activities” must take extra care to check the identity of the customer or client.

Whilst these regulations do not apply to Local Authorities due to them not being classed as a “Regulated Body”, the following principles of “Due Diligence” should be applied, on a risk sensitive basis, in relation to existing and prospective clients / customers:

- seeking evidence of identity, for example:
 - checking with the customer’s website to confirm their business address;
 - conducting an on-line search via Companies House to confirm the nature and business of the customer and confirm the identities of any directors;
 - seeking evidence from the key contact of their personal identity, for example their passport, and position within the organisation.
- In certain circumstances enhanced customer due diligence must be carried out for example where:
 - the customer has not been physically present for identification;
 - the customer is a politically exposed person, (an individual who at any time in the preceding year has held a prominent public function outside of the UK, and EU or international institution / body, their immediate family members or close associates);
 - there is a beneficial owner who is not the customer – a beneficial owner is any individual who holds more than 25% of the shares, voting rights or interest in a company, partnership or trust.
- Enhanced customer due diligence could include any additional documentation, data or information that will confirm the customer’s identity and / or the source of the funds to be used in the business relationship / transaction. If it is believed that enhanced customer due diligence is required then the MLRO must be consulted prior to carrying it out.

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Committee Name and Date of Committee Meeting

Audit Committee – 26 November 2024

Report Title

Internal Audit Progress Report for the period 1st August to 31st October 2024

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)

Louise Ivens, Head of Internal Audit

Tel: 01709 823282 Email: louise.iven@rotherham.gov.uk

Ward(s) Affected

Borough-Wide

Report Summary

This Progress Report provides the Committee with an up to date position on the Internal Audit Plan, a summary of Internal Audit work completed during the period 1st August to 31st October 2024 and the key issues that have arisen from it, along with the status of actions arising from audits. It also provides information regarding the performance of the Internal Audit function during the period.

Recommendations

That the Audit Committee is asked to:

1. Note the Internal Audit work undertaken since the last Audit Committee, 1st August to 31st October 2024, and the key issues that have arisen from it.
2. Note the performance objectives of Internal Audit and the actions being taken by audit management in respect of meeting the performance objectives.

List of Appendices Included

Appendix A – Internal Audit Progress report

Appendix B – 2024-25 Audit Plan progress

Appendix C – Summary of work completed since the last meeting

Appendix D - Internal Audit Performance Dashboard

Appendix E – Client Satisfaction Survey responses

Background Papers

Public Sector Internal Audit Standards and Associated Local Government Application Note.

Accounts and Audit (England) Regulations 2015

Consideration by any other Council Committee, Scrutiny or Advisory Panel

No

Council Approval Required

No

Exempt from the Press and Public

No

Internal Audit Progress Report for the period 1st August to 31st October 2024

1. Background

- 1.1 CIPFA guidance for Audit Committees in Local Authorities gives the Audit Committee a clear role in supporting the effectiveness of the internal audit process. This role is reflected in the Terms of Reference of the committee. To fulfil this role the committee receives updates on the work of internal audit including key findings, issues of concern and action in hand as a result of internal audit work. In addition, it receives information on performance relative to the audit plan.
- 1.2 Public Sector Internal Audit Standards require that the Head of Internal Audit reports periodically to the Audit Committee. This is reflected in the Audit Charter which provides for Progress Reports to be presented to the Audit Committee regarding the audit plan and progress against it; resource requirements; the results of audit activities; the tracking of audit recommendations; and the performance of the audit team. This report includes the position up to the end of October 2024 on the progress of the 2024/25 audit plan, the reports finalised between August and October 2024 and performance indicators for the team.

2. Key Issues

- 2.1 Internal Audit produced a risk-based Audit Plan for 2024/25 and presented it to the Audit Committee at its meeting on 12th March 2024. The plan is included at **Appendix B**, minor amendments have been made to it.
- 2.2 Audit opinions and a brief summary of all audit work concluded since the last Audit Committee are set out in **Appendix C**. Eight audits have been finalised since the last Audit Committee. The performance indicators are included at **Appendix D**. Post audit questionnaires and results have been included in **Appendix E**. The Quality Assurance and Improvement Plan is included at **Appendix F**.

3. Options considered and recommended proposal

- 3.1 This report is presented to enable the Audit Committee to fulfil its responsibility for overseeing the work of Internal Audit. It provides a summary of Internal Audit work completed and the key issues arising from it for the period from 1st August to 31st October 2024 and information about the performance of the Internal Audit function during this period.

4. Consultation on proposal

- 4.1 The Internal Audit plan was produced after consultation with management teams. All Internal Audit reports referred to in this report have been discussed and agreed with management in the respective service areas.

5. Timetable and Accountability for Implementing this Decision

- 5.1 The Audit Committee is asked to receive this report at its 26th November 2024 meeting.

6. Financial and Procurement Advice and Implications

- 6.1 There are no direct financial or procurement implications arising from this report. The budget for the Internal Audit function is contained within the budget for the Finance and Customer Services Directorate.

7. Legal Advice and Implications

- 7.1 The provision of Internal Audit is a statutory requirement for all local authorities that is set out in the Accounts and Audit (England) Regulations 2015. These state:

“A relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance.”

- 7.2 Internal Audit also has a role in helping the Council to fulfil its responsibilities under s.151 of the Local Government Act 1972, which are:

“each local authority shall make arrangements for the proper administration of their financial affairs and shall secure that one of their officers has responsibility for the administration of those affairs”

8. Human Resources Advice and Implications

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

9. Implications for Children and Young People and Vulnerable Adults

- 9.1 This document includes a report of progress against delivery of the Internal Audit Plan. A significant proportion of the Plan is devoted to the examination of risks facing Children and Young People’s Services and Adult Social Care.

10. Equalities and Human Rights Advice and Implications

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

11. Implications for CO₂ Emissions and Climate Change

- 11.1 There are no direct CO₂ and Climate Change implications arising from the report.

12. Implications for Partners

12.1 Internal Audit is an integral part of the Council's Governance Framework, which is wholly related to the achievement of the Council's objectives, including those set out in the Council Plan.

13. Risks and Mitigation

13.1 An effective Internal Audit Service helps to minimise the Council's exposure to risk.

Accountable Officer(s)

Louise Ivens, Head of Internal Audit

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

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Internal Audit Progress Report

1st August – 31st October 2024

1. Internal Audit Annual Plan

- 1.1 Internal Audit produced a risk-based Audit Plan for 2024/25 and presented it to the Audit Committee at its meeting on 12th March 2024. The plan is included at **Appendix A**.
- 1.2 As the year progresses, changes are made to the plan to reflect emerging risks and changing priorities. Additional work requested is added to the plan and is resourced either through contingency or through the removal or deferral of lower risk audits. The amendments made during the period are summarised below:-
- Deferral of the Temporary Accommodation audit to 2025-26 due to several factors, including the update of the Temporary Accommodation Policy, and changes to the operational processes within this area.
 - Deferral of the Looked After Children Sufficiency audit to 2025-26 as an external consultant is undertaking an imminent review in this area
 - Deferral of the Purchasing Card audit to 2025-26, Internal Audit will undertake data analytics to give some assurance in this area this year
 - Removal of the Reprographics audit – this was a lower priority audit. Routine budget monitoring arrangements give sufficient assurance in this area.
 - Addition of a Contract (key performance indicators) audit– to confirm KPI's are being correctly reported.

2. Audit work undertaken during the period resulting in an assurance opinion

- 2.1 Internal Audit provides an opinion on the control environment for systems or services which are subject to audit review. These are taken into consideration when forming our overall annual opinion on the Council's control environment. There are four possible levels of assurance for any area under examination, these being "substantial assurance", "reasonable assurance" "partial assurance" and "no assurance". Audit opinions and a brief summary of all audit work concluded since the last Audit Committee are set out in **Appendix B**. Eight audits have been finalised since the last Audit Committee.

3. Details of other Internal Audit activities undertaken not resulting in an assurance opinion

- 3.1 The table below sets out the work undertaken where we have not issued an audit report with an opinion. This highlights the range of activities that we have also undertaken in the period.

Audit Work Completed	Details of Work Undertaken, and Assurance Provided
Supporting Families July-Sept grant	<p>Testing on a representative sample of 10% of results to verify:-</p> <p>(i) Families' eligibility for the programme, and that</p> <p>(ii) Progress measures have been achieved.</p> <p>In each case tested, appropriate supporting evidence has been verified with reference to the Department for Levelling Up, Housing & Communities National Supporting Families Outcome Framework.</p>

Disabled Facilities Grant	Grant claim validation to give assurance that the funds have been spent in accordance with those intended.
Customer Services Efficiency Group	Participation in this group helps to ensure audit are informed of the latest areas the Group are working on, and where audit may wish to focus on at an early stage before changes to systems or ways of working are implemented.
Corporate Information Governance Group	Audit participation as a check and challenge member of the group which has an information assurance role on behalf of the Council.
Audit Queries and Advice	We have received and responded to a number of queries and requests for advice from directorates and service areas, including a school who had been the victim of a fraudulent payment request.

4. Anti-fraud and corruption work and investigations

- 4.1 In addition to the planned audit assurance work, Internal Audit also carries out unplanned responsive work and investigations into any allegations of fraud, corruption or other irregularity. There is currently one investigation ongoing.
- 4.2 The Anti-Money Laundering Policy has been reviewed and minor changes have been made to the content. This is covered as a separate agenda item.
- 4.3 The National Fraud Initiative (NFI) is a biannual data matching exercise conducted by the Cabinet Office. Internal Audit has quality checked the authority's data and uploaded to the NFI portal in accordance with the deadline. The matches are expected to be released in late December 2024.

5. Data analytics

- 5.1 Internal Audit are starting the journey with enhanced data analytics. This work will allow the introduction of an agile form of auditing, in conjunction with the audit plan. The potential benefits that data analytics will bring will be a wider scope of assurance within defined audits in the audit plan, use in proactive counter fraud work, and with development, continuous auditing in some areas.
- 5.2 A menu of approaches and software will be required. The starting point is with a level of skills and expertise on MS Excel which will be enhanced.
- 5.3 Detailed specifications will be developed to enable access to data in the most efficient and complete way, following assistance from colleagues in Digital Services. The aim wherever possible is to use any existing reports and data sets after the completion of independent verification and quality checks.
- 5.4 Two areas are currently being trialled, one linked to an audit within the audit plan, and another as part of the counter fraud proactive work. One of these areas is almost complete. Further areas for review are currently being explored. An update on this work will be provided in the next Audit Committee Progress Report.

6. Internal Audit Performance Indicators, Post Audit Questionnaires and the Quality Improvement and Performance Plan (QAIP)

- 6.1 The performance indicator results for the period are highlighted in Appendix D. These demonstrate good performance over all three indicators. Progress against the audit plan has been slightly delayed due to the finalisation of audits in the 2023/24 audit plan. Revisions to the audit plan highlighted in this report should help to ensure the deliverability of the plan in time for the Head of Audit Opinion in June 2025.
- 6.3 The results from the post audit questionnaires received over the period have been positive (Appendix E). Work continues to increase the return rate of the questionnaires received.
- 6.4 The updated QAIP is attached at Appendix F. A number of new actions have been added from the self assessment exercise that was conducted against the Fighting Fraud and Corruption Locally Checklist. This was reported at the last meeting. The major focus during this period and looking forward is ensuring readiness for the new audit standards in April 2025.

7. Management Response to Audit Reports

- 7.1 Following the completion of audit work, draft reports are sent to or discussed with the responsible managers to obtain their agreement to the report and commitment to the implementation of recommendations. This results in the production of agreed action plans, containing details of implementation dates and the officers responsible for delivery. Draft reports are copied to the relevant Head of Service and Assistant Director and final reports are also sent to the Strategic Director, Chief Executive and the Leader.
- 7.2 Confirmation of implementation of audit recommendations is sought from service managers when the implementation date is reached. This is an automated reminder from the audit system, with alerts being sent out a week before the due date to the responsible manager and Head of Service. Overdue alerts are sent out weekly, copied into the Assistant and Strategic Director. Managers should access the audit system and provide an update on the action – either implemented (with evidence) or deferred.
- 7.3 Summary reports of outstanding actions are produced monthly and distributed to Strategic Directors. The status of all open recommendations is tabulated below:

	Open Recommendations & Priority			Total as of 31 October 2024	Total Deferred
	High	Medium	Low		
Directorate					
Adults, Housing and Public Health	4	15	15	34	
Assistant Chief Executive			1	1	
Children and Young People				0	
Finance and Customer Services	5	7	12	24	1
Regeneration and Environment	2	2	16	20	
Total	11	24	44	79	1

7.4 The following table shows the movement between periods.

Directorate	Total as of July 2024	Recommendations opened in period	Recommendations closed in period	Total as of October 2024
Adults, Housing and Public Health	7	37	10	34
Assistant Chief Executive	5	53 ¹	57	1
Children and Young People	2	6	8	0
Finance and Customer Services	16	15	7	24
Regeneration and Environment	23	12	15	20
Total	53	123	97	79

8. Internal Audit Standards Update

8.1 On the 9 January 2024 new Global Internal Audit Standards (GIAS) were issued, which the Institute of Internal Auditors (IIA) has determined will become globally effective from 9 January 2025. They will then replace the International Professional Practice Framework, the mandatory elements of which are the basis for the current UK Public Sector Internal Auditing Standards (the PSIAS).

8.2 The PSIAS are issued under the authority of the Relevant Internal Audit Standard Setters (RIASS) and determine what standards or other requirements are applicable to the practice of internal auditing in central government, local government and the health sector across the UK.

¹ This number is high due to the way the actions were allocated on the audit system to managers for accountability purposes (each action was allocated to 6 members of staff)

- 8.3 The RIASS have agreed to use the new GIAS as the basis for internal auditing for the UK Public Sector and have asked the UK Public Sector Internal Auditing Standards Advisory Board (IASAB) to carry out a review of the new standards with a view to identifying and producing any sector specific interpretations or other material needed to make them suitable for UK public sector use.
- 8.4 The IASAB has considered the content of the GIAS and has determined that it is applicable to the internal audit of UK public sector bodies, subject to a small number of additional requirements and interpretations, including one case where a GIAS requirement is replaced by a UK public sector requirement. In order to support the consistent implementation of the GIAS in the public sector, the IASAB has developed the *Application Note: Global Internal Audit Standards in the UK public sector*. This applies the unamended text of the GIAS together with interpretations of GIAS requirements in the specific circumstances which are expected to apply across the UK public sector, and also some additional requirements which are essential for the practice of internal audit in the UK public sector but are not set out in the GIAS. These mainly have the effect of preserving those interpretations and additional requirements in the current UK PSIAS which are not already encompassed in the main text of the GIAS. They include specific mention of requirements for annual opinions and governance statements, and a presumption that chief audit executives will be both professionally qualified and have appropriate public sector skills and knowledge. The new GIAS requirement in relation to the qualifications to be considered when selecting independent assessors is replaced by a requirement for at least one assessor to have the characteristics required of a chief audit executive in the UK public sector.
- 8.5 As the Relevant Internal Audit Standard Setter (RIASS) for UK local government, CIPFA is consulting on a Code of Practice for the Governance of Internal Audit from the perspective of the organisation (i.e. local government body) responsible for internal audit. The Code complements the standards which apply to the practice of internal audit from the perspective of the head of internal audit (or 'chief audit executive').
- 8.6 GIAS (UK public sector) do not add any UK public sector requirements in relation to governance but to achieve conformance the internal audit function must demonstrate that there are adequate and appropriate arrangements for its governance. Domain III of the GIAS sets out baseline 'essential conditions' for governance, but these require adjustment to reflect the operation of governance within the UK local government sector. The CIPFA code sets out the basis for suitably adjusted essential conditions, and when the code is applied, the objectives of the GIAS conditions will be achieved. The code will apply to all local government bodies whether their internal audit function is delivered in-house, through a shared service, or outsourced.
- 8.7 The effective date of the new material developed by IASAB will be 1 April 2025, to align with requirements for annual opinions and other relevant aspects of UK public sector governance which line up with the financial year. Until then, the existing PSIAS based on the old International Professional Practices Framework will continue to apply.

- 8.8 In accordance with PSIAS and new Global Internal Audit Standards (UK Public Sector), Internal Audit Services will require an external assessment against the standards every five years. For Rotherham this falls due during the 2025-26 financial year. A report will be brought to a future Audit Committee setting out the options available, and the preferred option for discussion and agreement by the Audit Committee.

Internal Audit Plan 2024/25

Adult Care, Housing and Public Health					
No.	Risk Register Ref	Title	Brief Description	Current Position/ Outcome	Days
A	ACHPH R9 H R12	2023-24 Health and Safety legislation and corporate responsibilities for Council Homes	To review compliance with Health and Safety regulations with regard to smoke and carbon monoxide alarms.	Partial	1
B		2023-24 Homes England	Review of grant funding drawdowns after new processes have been implemented.	Reasonable	1
1	ACHPH-R33 H-R18 HR25	Review of legionella compliance in council tenanted properties	Cyclical review of key areas of health and safety compliance to give assurance on the Consumer Standards 2023.	Fieldwork	10
2	ACHPH-R33 H-R18 HR25	Review of lift servicing compliance in council tenanted properties	Cyclical review of key areas of health and safety compliance to give assurance on the Consumer Standards 2023.	Q4	10
3	ACHPH-R31 H-R11	Temporary Accommodation Management	This will include reviewing controls over the initial triage and acceptance into temporary accommodation and 'move on' actions. Deferred to 2025/26 due to changes being made to the Temporary Accommodation Policy and subsequent processes and procedures.	2025/26	15
4	ACHPH-R36 H-R21	Repairs and Maintenance Contract	Assurance on the performance monitoring of the contract including identification and escalation of issues.	Fieldwork	20
5	ACI-R4	Safeguarding	A review of the processes for the receipt, triage and investigation of safeguarding enquiries from all sources including home care support.	Q4	20
6	ACSC-R18 &19	Contract monitoring including contract concerns.	Contract monitoring processes including the contract concerns processes and visits to care homes by staff. Effective liaison with the CQC regarding any adverse inspections.	Q4	20
7	ACSC – R21	Customer Pathway audit	Decision making pathways for care package approval. Review to assess whether they are clear & applied consistently.	Scoping	20
8	ACI-R4	Waiting Lists	This will include a review of the use of triage tools.	Fieldwork	15

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9	ACI-R22	Community Dols	To provide assurance on the management of DoLS cases following the increase in demand.	Scoping	15
10		Drug and Alcohol partnership working arrangements	Review of drug and alcohol working partnerships including needs assessment and plans.	Q3	10
Total number of days					157
Assistant Chief Executive					
No.	Risk Register Ref	Title	Brief Description	Current Position/ Outcome	Days
1	ACX 32 HR07	Workforce plan (including a focus on workforce engagement)	Review the council's response to the 2023 employee opinion survey including the communication, support and challenge given to services. A wider review of workforce priorities will also be included.	Q4	15
2	ACX20 HR01 HR05	Payroll	Specific coverage to be agreed.	Q4	20
3	HR12	HR Policies - Recruitment (pre-employment checks including DBS)	Review compliance across the council with the pre-employment checks. Assurance that all staff requiring a DBS check have been identified and renewals are completed in accordance with the policy. Disclosures are appropriately reviewed and actioned.	Draft	20
4	ACX 33	Equalities Standard	Compliance with Equalities Framework.	Q3	10
Total number of days					65
Childrens and Young People's Service					
No.	Risk Register Ref	Title	Brief Description	Current Position/ Outcome	Days
C	CYPS03	2023-24 Special Education Needs and Disability (SEND)	Review of Education, Health and Care Plans (EHCP) across all the domains, including Health and Social Care Partners.	Fieldwork	3

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1	CYPS06 CPQ42	Looked After Children (LAC) Sufficiency	A review of progress with the LAC Sufficiency Strategy. This would include specific areas where management have requested assurance (TBC). Deferred to 2025/26 as an external consultant is imminently undertaking a review in this area.	Q4	20
2		S17 payments and reduction in cash payments project	Review of the need, authorisation and delivery of the S17 funds to clients and compliance with the policy.	Q3	15
3	CSC 06	Unaccompanied Asylum Seeking Children Follow Up	Follow up of partial assurance review.	Q3	5
4	CSC 08	Joint Funding of Care Packages Follow Up	Follow up of partial assurance review.	Fieldwork	5
5	E116	SEND Sufficiency	A review of the progress with the SEND sufficiency Strategy. This would include specific areas where management have requested assurance (TBC).	Scoping	20
6		Schools Assurance	Approach to be determined but will include at least one audit visit to a school.	Scoping	30
Total number of days					98

Finance and Customer Services					
No.	Risk Register Ref	Title	Brief Description	Current Position Outcome	Days
D		2023-24 Procurement Governance & Contract Renewals and Expiry	Review procurement procedures and assess Directorate adherence to them. To include, where applicable, a review of Directorate procedures and compliance with procedures for planning for renewing contracts, in line with Cabinet Office Best Practice.	5 x Final	2
E		2023-24 Capital Programme	Review the updated capital procedures and provide assurance that they are being complied with and that expenditure is appropriately approved, controlled and monitored.	Fieldwork	3
F		2023-24 Land Terrier	Review of the registration of Council land.	Reasonable	1
G		2023-24 Governance	Review of the operation of processes around decision-making within the Council.	Draft	2

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H		2023-24 Asset management - Acquisitions	Provide assurance on the end to end management of properties once acquired by the Council.	Fieldwork	4
1		Cash and banking system and reconciliations	Review the timeliness and accuracy of cash and bank reconciliations and key controls. Review the effectiveness of the project management of the switchover of the banking provider.	Q3/Q4	15
2		Purchasing Cards	Assurance regarding compliance with the system controls and confirmation regarding appropriateness of expenditure and that this is supported with receipts. Deferred to 2025-26. This was a lower priority audit. Some assurance will be gained through data analytics work.	Q4	10
3		Revenues and Benefits Business Continuity and Disaster Recovery Plan	Review of the robustness of the business continuity arrangements and the disaster recovery plan in the event of an IT failure. Deferred to 2025-26. Due to an imminent staffing change the audit will be best placed to be undertaken in the new financial year.	Q3/Q4	15
4	FCS 6	Litigation Service	Review of the Legal support provided to Adult Care and Child Protection.	Q4	15
5	FCS15	Record of Processing Activities	Assurance on the arrangements for information security and management (specifically ROPA).	Q3	15
6		Information Governance Strategies & Policies	Governance arrangements surrounding the IG strategies & policies.	Q3/4	15
7		Reprographics	Review of reprographics expenditure and assurances regarding value for money. Removed from the plan – this is a lower priority audit. Assurance gained through routine budget monitoring arrangements.	Q4	5
8	Salford ANA	IT Business Continuity / Disaster Recovery	Assurance on IT business continuity and disaster recovery arrangements.	Draft	10
9	Salford ANA	Application Management (HR/iTrent)	Review of maintenance & support controls, access control management, system availability etc.	Q4	10
10	PRT 38 RE 25	Fire Safety Follow Up	Follow up of partial audit opinion.	Fieldwork	5
11	PRT 39 RE 26	Building Security Follow Up	Follow up of partial audit opinion. This will also include a review of ID card issuing / cancelling and the building security arrangements once the NHS have moved into Riverside House.	Q3/4	15

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12	PRT 10	Review of lift servicing compliance across corporate landlord properties (and any LEA schools if applicable)	Cyclical review of key areas of health and safety to give assurance on compliance with health and safety legislation.	Q4	10
13	PRT 10	Review of legionella compliance across corporate landlord properties (and LEA schools)	Cyclical review of key areas of health and safety to give assurance on compliance with health and safety legislation.	Fieldwork	10
14	PRT 44	Catering	Traded services and contract management review. Scope to be confirmed.	Q3-4	20
15	PRT 10	Health and Safety property compliance (Deferral from the 2023/24 Audit Plan)	Review key aspects of statutory compliance with the Council's operational property estate managed by Facilities Management.	Q4	10
16		Asset Management Estimates and Capital Programme Follow Up	Follow up of partial audit opinion. Deferred to 2025/26. Some of the actions identified as a result of this audit will not fall due until April 2025.	Q4	10
Total number of days					202

Regeneration and Environment					
No.	Risk Register Ref	Title	Brief Description	Current Position/ Outcome	Days
1		2023-24 Childrens Capital of Culture	To provide assurance on the governance arrangements and compliance with FPPR's for expenditure incurred to date on the Children's Capital of Culture.	Draft	1
1	RE52 CST9	Tree Service Review	Review of the implementation of the actions following the 2023-24 audit, to ensure that controls are embedded and they are being complied with.	Q4	10
2		Trading Standards Follow Up	Follow up of no assurance audit opinion.	Fieldwork	5
3	RE56	Hellaby Stores Follow Up	Follow up of partial audit opinion.	Substantial	5
4		CCTV Review	Follow up of recommendations.	Fieldwork	15
5	R&E 9 CSS28	Home to school transport	Provide assurance on the effectiveness of the home to school transport service.	Fieldwork	15

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6		Music Service	Review of financial controls including receipt, recording and reconciliation.	Q3	5
7	CSS 24	Hand Arm Vibration Follow up review	Follow up review to determine implementation of actions.	Substantial	5
8	CSS 14	Waste operations health and safety	Compliance of vehicle crews with health and safety requirements.	Scoping	10
9		Building Control (Deferred from 2023-34 audit plan)	Provide assurance after changes in regulations around payments and inspection visits.	Q4	10
10	RE51 PRT53	Highway structures	Assurance regarding compliance with the inspection regime and a review of the adequacy of the follow up process where issues have been identified.	Q4	15
Total number of days					96

Corporate Coverage

No.	Title	Brief Description	Current Position/ Outcome	Days
1	Cash Controls	Review to identify the controls in place over the use of cash authority wide, to include the receipting, recording and the value being held, including a review of the safe limits.	Q4	15
2	Sundry Debtors	Cross directorate review of implementation of recommendations. This will identify if authority wide debt has reduced and confirm if action is being taken to proactively reduce debt.	Q4	15
3	Health and Safety	Review directorates implementation of the Council's Health and Safety policy and the support provided by Health and Safety.	Scoping	15
4	Social Value	Compliance with the Social Value Policy regarding obtaining quotes from suppliers.	Scoping	10
5	Independent review of grants	Independent examination of accounts and / or assurance that the grant claim has been spent in accordance with the grant determination.	Q1-4	52
6	Follow Ups	Time set aside for the follow up of any partial or no assurance opinions completed within the year.		10

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7	Project Boards and groups	Internal Audit attendance at project boards or groups to give advice on internal controls. Initially this will include the new financial system project group, Customer Services Efficiency Board and EDRMS Governance Group (Housing).	Q1-4	20
8	Data analytics development	Time set aside to develop a Data Analytics Strategy and introduce a workplan.	Q1-4	20
9	Contingency	Time set aside for audit review of any new and emerging risks, unplanned work identified as being required during the year.		40
10	Contracts Key Performance Indicators	Addition to the plan requested to review key performance indicators being measured in contracts.	Q4	
Anti-Fraud and Corruption and Anti Money Laundering				
No.	Title	Brief Description	Current Position	Days
1	Investigations	Time set aside for investigation of whistleblowing and other referrals received.	Q1-4	140
2	Anti-Fraud and Corruption Policy Updates	Review and update of Anti Fraud and Corruption Policies <ul style="list-style-type: none"> • Anti-Money Laundering (AML) Policy • Anti-Fraud and Corruption Policy and assessment against best practice 	Complete	15
3	Anti-Fraud and Corruption Proactive Work	Risk-based work to prevent and detect fraud including:- <ul style="list-style-type: none"> • Review and investigation of NFI matches • Awareness raising and communication of fraud risks and internal reporting arrangements • Proactive exercise using data analytics to identify/detect fraud 	Q1-4	40
4	Anti Money Laundering Assurances	Testing on key systems/controls to gain assurance on Anti Money Laundering arrangements (Right to Buy, land and property and refunds to customers).	Scoping	15
Total number of days				425
Overall Plan Total				1045 days

Summary of Audit Work Completed since the last meeting.

Note:- Internal Audit uses an Executive Summary and reporting structure which gives four levels of overall assurance for areas under examination. Within each area audited an overall assurance opinion is assessed as being either “Substantial Assurance”, “Reasonable Assurance”, “Partial Assurance” or “No Assurance”, taking into account the results of all the risks assessed.

Audit Area	Assurance Objective	Final Report Issued	Overall Audit Opinion	Summary of Significant Issues Identified / Recommendations
Adult Care, Housing and Public Health				
Homes England Grant Compliance	To undertake a compliance review of the Homes England grant funding drawdowns for any Council schemes that would fall into the auditable category for 2024/25.	September	Reasonable	The compliance actions highlighted in the report were agreed to be implemented so the audit files (of the service) reflect the requirements of the Homes England Compliance Audit checklist questions. Any annual updates to the Homes England Compliance Audit Checklist questions should be reflected for future audit scheme files.
Health & Safety Legislation and Corporate Responsibilities for Council Homes: Smoke and CO Alarms	To review compliance with the Health and Safety Regulations regarding smoke and carbon monoxide alarms.	September	Partial	Where possible, Housing should prioritise the known no access properties to ensure that visits are carried out by the service to obtain access, to ensure smoke and CO alarms are fitted and tested. A no access procedure was also recommended to be introduced. Where audit testing identified that there were no CO alarms in place, these were recommended to be fitted as soon as possible.
Procurement Governance	To provide assurance that procurement activity within Directorates is robust, complies with current Financial Procurement Procedure Rules and will ensure readiness for the	October	Partial	Please see note below.

Audit Area	Assurance Objective	Final Report Issued	Overall Audit Opinion	Summary of Significant Issues Identified / Recommendations
	upcoming procurement legislation.			
Assistant Chief Executive				
Procurement Governance	To provide assurance that procurement activity within Directorates is robust, complies with current Financial Procurement Procedure Rules and will ensure readiness for the upcoming procurement legislation	September	Reasonable	Please see note below.
Children and Young Peoples Services				
Procurement Governance	To provide assurance that procurement activity within Directorates is robust, complies with current Financial Procurement Procedure Rules and will ensure readiness for the upcoming procurement legislation	September	Reasonable	Please see note below.
Finance and Customer Services				
Land Terrier	To ensure the Land Terrier is accurately maintained and updated on a timely basis	August	Reasonable	A process was recommended to be put in place to record and monitor the receipt of each instruction, the officer dealing with it, and the date the Completion Form is issued to the Land Terrier team. This will be put in place, in addition a quarterly

Audit Area	Assurance Objective	Final Report Issued	Overall Audit Opinion	Summary of Significant Issues Identified / Recommendations
				reconciliation of relevant properties will be undertaken between Land Terrier and Legal Services.
Procurement Governance	To provide assurance that procurement activity within Directorates is robust, complies with current Financial Procurement Procedure Rules and will ensure readiness for the upcoming procurement legislation.	October	Partial	Please see note below.
Regeneration and Environment				
Procurement Governance	To provide assurance that procurement activity within Directorates is robust, complies with current Financial Procurement Procedure Rules and will ensure readiness for the upcoming procurement legislation.	October	Partial	Please see note below.

A procurement governance audit was undertaken across all directorates. This was to provide assurance that procurement activity within Directorates (from initial pre-procurement planning to management and expiry of established contracts) is robust and complies with Financial Procurement Procedure Rules (FPPR's). Previous procurement audits have been carried out that specifically reviewed processes undertaken within the Procurement Services team. This audit specifically examines the work undertaken by Contract Managers across the Council's Directorates. With the introduction of the Procurement Act it is important that directorates hold concise meaningful information about existing contracts, including those due to expire within 18 to 24 months as well as information of proposed

new projects which Procurement Services may not have knowledge of. The following key areas were identified as areas for improvement:-

- Directorates should include 'procurement pipeline planning' as a regular SMT agenda item in order to monitor progress and review contracts 18 to 24 months in advance of expiry in order to fulfil the new procurement forward planning requirements.
- The published Contract Register should be used to monitor and plan for contract expiry within their services to avoid the necessity for any emergency extensions with unfavourable contract terms.
- Directorates should ensure that Contract Managers have the required knowledge and/or experience required to manage their assigned contracts effectively, and that the Contract Managers listed in the current Contract Register are aware and accepting of their contract management obligations. Any details of Contract Managers that need to be changed should be forwarded to Procurement Services by the Assistant Director concerned.
- Contract Managers should be reminded that social value must be considered as part of the tender bid. If this has not occurred (due to the initial estimated value) then retrospective social value commitments should be sought before the Contract is awarded to suppliers.

Rating	Definition
Substantial Assurance	Substantial assurance that the system of internal control is designed to achieve the service's objectives and this minimises risk. The controls tested are being consistently and effectively applied. Recommendations, if any, are of an advisory nature to further strengthen control arrangements.
Reasonable Assurance	Reasonable assurance that the system of internal control is designed to achieve the service's objectives and minimise risk. However, some weaknesses in the design or inconsistent application of controls put the achievement of some objectives at low risk. There are some areas where controls are not consistently and effectively applied and / or are not sufficiently developed. Recommendations are no greater than medium priority.
Partial Assurance	Partial assurance where weaknesses in the design or application of controls put the achievement of the service's objectives at a medium risk in a significant proportion of the areas reviewed. There are significant numbers of areas where controls are not consistently and effectively applied and / or are not sufficiently developed. Recommendations may include high priority and medium priority matters.
No Assurance	Fundamental weaknesses have been identified in the system of internal control resulting in the control environment being unacceptably weak and this exposes service objectives to an unacceptable high level of risk. There is significant non-compliance with basic controls which leaves the system open to error and / or abuse. Recommendations will include high priority matters and may also include medium priority matters.

Internal Audit Performance Dashboard
Key performance indicators

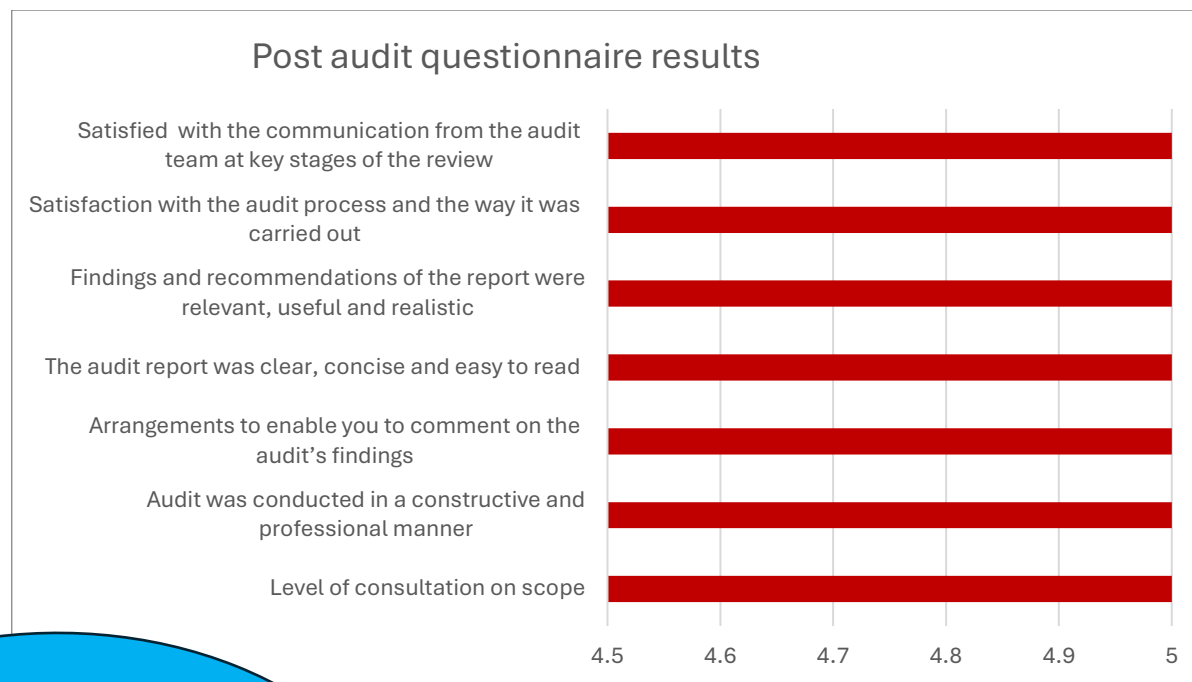
Performance Indicator	Target	April - July	Aug - Oct
Draft reports issued within 15 working days of field work being completed	90%	100%	88%
Final reports issued within 5 working days of customer response to the draft report	90%	94%	100%
Audits completed within planned time	90%	67%	100%

Audit plan progress

Assurance Type	2024/25 Plan assignments	Completed	In progress	Not started
Adult Care, Housing and Public Health	9	0	5	4
Assistant Chief Executive	4	0	1	3
Childrens and Young People	5	0	3	2
Finance, Customer Services	12	0	3	9
Regeneration and Environment	10	2	4	4
Crosscutting	5	0	2	3
Grants	11	5	1	5

Post Audit Questionnaires

3 questionnaires were received during the period. The graph below illustrates the average responses to each question on a scale of 1-5, 5 being the highest level of satisfaction.



The issues and recommendations were on point. The action plan has helped the service to understand and identify the areas for improvement. The auditor was a pleasure to work with, she kept the service informed and was open to discuss the final report and recommendations.

"I think the process was fair and had the required rigor without feeling intimidating."

"The review has confirmed our own understanding of where weakness lay within the systems we were using and has helped focus improvements."

Quality Assurance and Improvement Programme Action Plan		
Action	Position statement	Target completion date
Further enhance the use of data analytics.	<p>This action is underway with a review of alternative sources of data analytics software and training sessions planned.</p> <p>2 areas are being trialled.</p>	<p>Strategy in place by March 2025.</p> <p>Completion of 2 trial areas by March 2025.</p> <p>Further ongoing development of the strategy to continue in 2025-26.</p>
Complete skills and competency assessments as part of the PDR process.	A training and development plan for the Internal Audit Service will be produced which will identify any audit specific training needs and how these will be addressed.	<p>March 2025 although this will be an annual/rolling plan.</p> <p>The 2024/25 plan will be updated throughout 2024 to ensure that any service wide training identified as part of the revised annual performance development review process can be identified and included.</p>
Review the need for assurance mapping, to improve audit planning.	This will be reviewed in 2024-25 where Cipfa's detailed assurance framework guide 2024 (yet to be issued) will be used to take forwards this development.	March 2025 to link in with submission of Audit Plan to the March Audit Committee.
Undertake a self-assessment against the new Global Internal Audit Standards and develop an action plan to capture any areas that need to be enhanced.	<p>This has been undertaken in addition to an assessment against the Local Government Application Note and the Cipfa Code of Practice for the Governance of Internal Audit.</p> <p>An action plan is being produced and work will commence to prepare for the new standards coming into force in April 2025.</p> <p>To undertake an options appraisal to present to the Audit Committee for the required External</p>	Options appraisal to be presented to a future Audit Committee (March 2025).

	Assessment which is due in November 2025.	
<p><i>Action from the self assessment against fraud checklist</i></p> <p>Update the directorate and corporate wide fraud risk assessment and examine the results as part of the annual internal audit planning exercise.</p>	To undertake as part of the audit planning process.	March 2025.
<p><i>Action from the self assessment against fraud checklist</i></p> <p>Conduct an annual comparison against the checklist and where necessary, implement actions to ensure compliance with it.</p>	This will be undertaken alongside the review of the Anti Fraud and Corruption Policy and Strategy.	September 2025.
<p><i>Action from the self assessment against fraud checklist</i></p> <p>The reporting of the fraud risks and mitigation will be strengthened over the year and a more comprehensive report will be brought to the September 2025 Audit Committee.</p>	To be reviewed during 2025/26.	September 2025.
<p><i>Action from the self assessment against fraud checklist</i></p> <p>Remind staff of the Anti-Fraud and Corruption Strategy and Policy annually via the Chief Executives weekly Bulletins, to coincide with Fraud Awareness week.</p>	Proposed communications have been developed and will be discussed with management and the communications team prior to publication.	Fraud awareness week 17 th - 24 th November 2024.

Public Report
Audit Committee

Committee Name and Date of Committee Meeting

Audit Committee – 26 November 2024

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)

Louise Ivens, Head of Internal Audit

Tel: 01709 823282 Email: louise.ivenes@rotherham.gov.uk

Ward(s) Affected

Borough-Wide

Report 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.

Recommendations

That Audit Committee 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 that 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 direct financial or procurement implications 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 and Human Rights implications arising from this report.

11. Implications for CO₂ Emissions and Climate Change

- 11.1 There are no direct CO₂ and Climate Change implications arising from the report.

12. Implications for Partners

- 12.1 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.

Accountable Officer(s)

Louise Ivens, Head of Internal Audit

Report Author: **Error! Reference source not found.**

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

Audit Committee Forward Work Plan

Meeting Date	Key Responsibility	Agenda Item	Author
January 2025	Governance Risk and Control	Chief Executive Presentation	Sharon Kemp
	Financial Reporting	Final Accounts closedown and accounting policies	Rob Mahon
	Governance Risk and Control	External Audit and Inspection recommendations	Simon Dennis
	Governance Risk and Control	Procurement update	Karen Middlebrook
	Governance Risk and Control	Strategic Risk Register	Simon Dennis
	Governance, Risk and Control	Risk Management Directorate Presentation - Finance and Customer Services	Judith Badger
	Audit Committee Accountability	Audit Committee Forward Work Plan	Louise Ivens
March 2025	External Audit	Value for Money Opinion	Grant Thornton / Rob Mahon
	Treasury Management	Treasury Management Quarterly Update	Rob Mahon
	Governance Risk and Control	Procurement Annual Report	Karen Middlebrook

	Internal Audit / Governance Risk and Control	IA Progress Report	Louise Ivens
	Internal Audit	IA Annual Plan	Louise Ivens
	Internal Audit	Public Sector Internal Audit Standards/ Internal Audit Quality Assurance and Improvement Plan and Audit Charter	Louise Ivens
	Governance Risk and Control	Risk Management Directorate Presentation - Children and Young People's Service	Nicola Curley
	Audit Committee Accountability	Audit Committee Forward Work Plan	Louise Ivens
June 2025	Financial Reporting	Draft Statement of Accounts	Rob Mahon
	Governance Risk and Control	Draft Annual Governance Statement	Judith Badger
	External Audit	External Audit Plan and Progress Update	Grant Thornton
	Treasury Management	Treasury Management Quarterly Update	Rob Mahon
	Internal Audit / Governance Risk and Control	IA Progress Report	Louise Ivens

	Internal Audit / Governance Risk and Control	Internal Audit Annual Report	Louise Ivens
	Governance Risk and Control	Risk Management Directorate Presentation - Adult Care Housing and Public Health	Ian Spicer
	Audit Committee Accountability	Audit Committee Forward Plan	Louise Ivens
July 2025	External Audit	External Audit Progress Report	Grant Thornton
	Treasury Management	Annual Treasury Management Report	Rob Mahon
	Governance Risk and Control	Dedicated Schools Grant	Joshua Amahwe
	Governance Risk and Control	Risk Management Annual Report and Strategic Risk Register	Simon Dennis
	Governance Risk and Control	External Audit and Inspection Recommendations	Simon Dennis
	Governance Risk and Control	Review of Surveillance and use of Regulation of Investigatory Powers	Bal Nahal
	Audit Committee Accountability	Audit Committee Annual Report	Louise Ivens
	Audit Committee Accountability	Audit Committee Forward Work Plan	Louise Ivens
September 2025	Financial Reporting	Final Statement of Accounts	Rob Mahon
	Governance Risk and Control	Final AGS	Judith Badger

	Internal Audit / Governance Risk and Control	IA Progress Report	Louise Ivens
	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	Louise Ivens
	Audit Committee Accountability	Audit Committee Forward Work Plan	Louise Ivens
November 2025	Financial Reporting	Audited Final Statement of Accounts	Rob Mahon
	Governance Risk and Control	Audited Final AGS	Judith Badger
	External Audit	External Audit Findings (ISA 260)	Grant Thornton / Rob Mahon
	Treasury Management	Mid-Year Report on Treasury Management and quarterly update	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	Andrew Bramidge

	Internal Audit / Governance Risk and Control	IA Progress Report	Louise Ivens
	Audit Committee Accountability	Audit Committee Forward Work Plan	Louise Ivens