

## **AUDIT COMMITTEE**

**Date and Time:-** Tuesday 17 June 2025 at 2.00 p.m.

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

**Membership:-** Councillors Baggaley (Chair), Allen (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. Declarations of Interest**

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

### **3. Questions from Members of the Public or the Press**

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

### **4. Exclusion of the Press and Public**

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

Under Section 100A(4) of the Local Government Act 1972, the press and public be excluded from the meeting for:-

Agenda Item 10 (Internal Audit Progress Report – Appendix G) on the grounds that it involves the likely disclosure of exempt information as defined in Paragraph 7 of Part I of Schedule 12A to the Local Government Act 1972 (information relating to any action taken or to be taken in connection with the prevention, investigation or prosecution of crime).

Agenda Item 12 (Adult Services, Housing and Public Health Strategic Risk Register – Appendix 1) on the grounds that it involves the likely disclosure of exempt information as defined in Paragraph 3 of Part I of Schedule 12A to the Local Government Act 1972 (information relating to the financial or business affairs of any particular person (including the authority holding that information)).

**5. Minutes of the previous meeting held on 11th March, 2025 (Pages 5 - 16)**

To consider and approve the minutes of the previous meeting held on 11<sup>th</sup> March, 2025, as a true and correct record of the proceedings and to be signed by the Chair.

**6. External Audit Plan and Progress Update (Pages 17 - 67)**

**7. Publication of Unaudited Statement of Accounts 2024/25 (Pages 69 - 236)**

**8. Draft Annual Governance Statement 2024-25 (Pages 237 - 262)**

**9. Treasury Management Outturn 2024-25 (Pages 263 - 276)**

**10. Internal Audit Progress Report (Pages 277 - 312)**

**11. Internal Audit Annual Report 2024-25 (Pages 313 - 344)**

**12. Risk Management Directorate Presentation - Adult Care, Housing and Public Health (Pages 345 - 364)**

**13. Children's Capital of Culture Audit Report Update (Pages 365 - 371)**

**14. Audit Committee Forward Plan (Pages 373 - 379)**

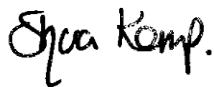
**15. Items for Referral for Scrutiny**

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

**16. 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 29 July 2025  
commencing at 2.00 p.m.  
in Rotherham Town Hall.**



Sharon Kemp OBE,  
**Chief Executive.**

This page is intentionally left blank



**AUDIT COMMITTEE**  
**11th March, 2025**

Present:- Councillor Marshall (in the Chair); Councillors Baggaley and McKiernan and Alison Hutchinson (Independent Person).

Apologies for absences were received from Councillor Blackham, Elliott and Michael Olugenga-Babalola (Independent Person).

Thilina de Zoysa (Grant Thornton External Auditor) was also in attendance.

**78. DECLARATIONS OF INTEREST**

There were no Declarations of Interest made at the meeting.

**79. QUESTIONS FROM MEMBERS OF THE PUBLIC OR THE PRESS**

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

**80. 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. 89 (External Quality Assessment of Internal Audit against the Global Internal Audit Standards (UK Public Sector)) and Minute No. 74 (Children and Young People's Services Strategic 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.

**81. MINUTES OF THE PREVIOUS MEETING HELD ON 14TH JANUARY, 2025**

Consideration was given to the minutes of the previous meeting of the Audit Committee held on 14<sup>th</sup> January, 2025.

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

**82. EXTERNAL AUDIT UPDATE**

Thilina de Zoysa, Grant Thornton (External Auditors) gave the following verbal update:-

- The final statement of accounts had been submitted to Audit Committee on 26<sup>th</sup> November, 2024, and the Value for Money report on 14<sup>th</sup> January, 2025, with an audited unqualified opinion issued on 17<sup>th</sup> January ahead of the backlog date of the end of February

**AUDIT COMMITTEE - 11/03/25**

- Greg Chandley would take over the management role for Rotherham's audit and was known to the Finance Team
- The audit plan would be submitted to the next Audit Committee. Work on the audit would commence in July as in previous years with the intention to complete the audit, including the Value for Money work, by December

The Chair thanked Thilina on behalf of the Committee for his service over the past 6 years and looked forward to working with Greg.

Resolved:- That the update be noted.

(The Chair authorised consideration of the above item to enable the Committee to be fully informed)

**83. HAND-ARM VIBRATION UPDATE**

Sam Barstow, Assistant Director, Community and Street Scene, presented an update in relation to the Council's improvements to systems in place to ensure the safety of employees in relation to Hand-Arm Vibration. The report also included the outcome of the investigation by the HSE and subsequent action taken through the Courts.

The process had initially started in 2019 when the Council had self-referred an individual through a RIDDOR (Reporting of Injuries, Diseases and Dangerous Occurrences) report. The individual had received an occupational health report clearly identifying the existence of Hand Arm Vibration (HAVs) illness and specified the need to report the individual in 2019. The Council could not locate documentation to confirm that a previous report, as required under RIDDOR, had been made and, therefore, in the interests of transparency and supporting the management of Health and Safety, the case was reported to the Health and Safety Executive which had triggered an investigation.

A decision was provided on 4<sup>th</sup> April 2023 that the HSE confirmed their intention to prosecute the Council for offences arising from failures under the general duty of S2(1) Health and Safety at Work Act and applicable RIDDOR legislation.

The matter was heard by Court and concluded on 17<sup>th</sup> December, 2024.

To ensure the safety of its employees, the Council had engaged vigorously with the Health and Safety Executive seeking advice and guidance to support a comprehensive review of the approach taken to this issue. The Council had become an exemplar of good practice and had been sharing the experience with others in the sector to help them improve their approach.

An action plan was fully concluded in June 2024 with a total of 55 actions completed. A performance dashboard was in place to capture data from across services and monitor any emerging trends or risk for further action. Two audits had been undertaken in relation to HAVs; the first concluded in December 2023 and provided 'reasonable assurance'. Four recommendations were made within the report. A further audit was concluded in June 2024 providing 'substantial assurance' and confirmed the recommendations had been fully and consistently implemented.

The Council had accepted from the outset that there had been failings in its management of the risk associated with the use of vibrating tools and entered a guilty plea before Court on 17<sup>th</sup> December 2024. The Council was fined £60,000 and order to pay costs in the sum of £5,775.70. The Court acknowledged and credited the Council for its early guilty plea with the Judge specifically commenting that he had studied the evidence as to what had now been implemented and this was to the Council's credit. It was also noted that there was clear evidence of steps having been taken voluntarily and a high level of co-operation beyond what would be expected.

The Court also acknowledged the Council's good health and safety record, lack of previous convictions and that the Council now had effective health and safety procedures in place.

Phil Horsfield, Assistant Director, Legal, Registration and Electoral Services, commented that a governance framework was in place in order to ensure that such breaches did not occur. There was considerable comfort to be taken both from the audit reports and from the judgement provided as well as the sharing of good practice with the HSE.

The changes to the overall systems and processes had been shared across the Council. As part of the improvement journey all relevant departments had been represented to ensure the changes were embedded across the Council and included in contracts with partners.

The number of individuals identified through the Occupational Health process was falling with a significant reduction in the number of cases since 2019 and, because of the controls the Council had in place, was able to defend any cases brought forward.

It was also noted that submission of this report discharges the Council's responsibility for reporting to Members on such matters.

Resolved:- That the content of the report, including the legal issues contained therein, be noted.

**84. UPDATE ON IMPLEMENTATION OF CHANGES IN PROCUREMENT LEGISLATION**

Rob Mahon, Assistant Director Financial Services, presented a report on the progress made towards the Council's implementation of the Procurement Act 2023, that came into force in February, 2025.

The report outlined some of the key changes that formed the new legislation together with the Council's progress to ensure a smooth transition to operating within the new legislation. The key areas the Council has had to focus on had been:-

- core procurement and legal staff training on the new legislation
- preparatory work to ensure that the Council's procurement and contract documentation was updated as required
- raising awareness of the new requirements around contract management performance reporting
- raising awareness across the Council of the changes and impacts
- assessing training needs to ensure the Council could continue to operate within procurement legislation in an efficient a way as possible

To support the transition to the new procurement legislation and minimise the level of work undertaken under the new rules, procurement officers working with services had ensured that the vast majority of open tenders in process had been published prior to the change over in legislation. It should be noted that procurement framework arrangements remained within the previous legislative regime (Public Contracts Regulations 2015) and as such were largely unimpacted and would remain this way for a number of years.

Karen Middlebrook, Service Manager, advised that the debarment list was held by Central Government and was a public document. They would instruct a Council not to award contracts.

Procurement training took place on a regular basis and provided to those officers requiring such. However, consideration would be given as to whether officers needed to be re-trained.

There were risks around procurement and as such was included on the Finance and Customer Services Directorate Risk Register. A lot of work was taking place on minimising the difficulties with Services not appropriately planning for their procurement activity but it was being tracked and an area of development for the Council.

Resolved:- That the progress made to implement the Procurement Act 2023 into Council procedures be noted.

**85. TREASURY MANAGEMENT QUARTERLY UPDATE AND TREASURY MANAGEMENT STRATEGY**

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 3 review for 2024/25 which detailed performance against Treasury and Prudential Indicators.

The report incorporated the needs of the Prudential Code to ensure 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.

The monitoring, as set out in Appendix A, highlighted the key changes to the Council's capital activity (the PIs) and the actual and proposed Treasury Management activity (borrowing and investment). 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. The current strategy was to maintain the Council's position of being under-borrowed against the Capital Financing Requirement. The Council was forecast to require additional borrowing before the end of the 2024/25 financial year; this borrowing would be taken on a short-term basis to avoid exposure to currently high interest rates in anticipation of lower rates in future years. There was a possibility of taking some long term borrowing from the PWLB at the discount HRA rate.

The continuing approach to Treasury Management had been discussed with the Council's external Treasury Management Advisers, Link Asset Services, who have confirmed this was a prudent approach given current market conditions. Link Asset Services will continue to monitor borrowing rates and inform the Council if there were opportunities to borrow at advantageous rates.

The Capital Programme was approved by Council on 5<sup>th</sup> March, 2025, which also included an updated programme. This reflected the slippage on schemes and capital investment. These were set out in the appendices to the budget report considered by Council (Minute No. 123 of 5<sup>th</sup> March 2025 refers).

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

**86. 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 1<sup>st</sup> November, 2024 to 31<sup>st</sup> January, 2025, and the key issues that had arisen.

The plan attached as part of the report showed the position up to the end of January 2025, the progress of the 2024/25 audit plan, the reports finalised between November 2024 and January 2025 and performance indicators for the Team. Since the last report there had been 3 audits deferred and 2 audits removed from the plan.

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. 6 audits had been finalised since the last Audit Committee, 3 of which had received Substantial Assurance, 2 received Reasonable Assurance opinion and one Partial Assurance.

A review of the current performance indicators was detailed in Appendix D, post-audit questionnaires and results included at Appendix E and the Quality Assurance and Improvement Plan at Appendix F.

Since the last meeting, a slightly revised Application Note: Global Internal Audit Standards (GIAS) had been issued. This provided a framework for the practice of internal audit in the UK public sector when taken together with the Global Internal Audit Standards (GIAS) issued by the Institute of Internal Auditors. It set out interpretations and requirements which needed to be applied to the GIAS requirements in order that these form a suitable basis for internal audit practice in the UK public sector.

Consultation on the Code of Practice for the Governance of Internal Audit in UK Local Government had now closed and the final Code had been published. The Code complemented the standards which applied to the practice of internal audit from the perspective of the heads of internal audit (or 'chief audit executive').

From 1<sup>st</sup> April 2025 the requirements of the Application Note, the Code and the Global Internal Audit Standards apply to work on internal audit engagements commenced on or after this date. It would be referred to as GIAS (UK public sector).

CIPFA (the Relevant Internal Audit Standard Setter for local government) had stated that internal audit teams would not be expected to demonstrate full conformance on this date. They must work in accordance with the new standards from this date and by doing so would build up their conformance. Further detail on the standards and the action

that had been updated following a self-assessment was included on the agenda as a separate item.

It was noted that the audit of the cash and banking system and reconciliations had been deferred to 2025/26. This was due to the long process involved in moving from one banking provider to another. Once the implementation had been completed, the processes and procedures would be audited to ensure it had been done accurately.

With regards to a query on the deferred recommendation, it was noted that the introduction of the new telephony system had caused delays but the action following the audit was on track for completion at the end of March.

Resolved:- (1) That the Internal Audit work undertaken since the last Audit Committee, 1<sup>st</sup> November, 2024 to 31st January, 2025, 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.

#### **87. INTERNAL AUDIT ANNUAL PLAN 2025-26**

Consideration was given to the Internal Audit Plan for 2025-26 presented by Louise Ivens, Head of Internal Audit. The report explained Internal Audit's approach to the development of the Plan, as well as detailing the specific activities Internal Audit planned to review during the year. It reflected a comprehensive risk assessment process including discussions with Strategic Directors and Assistant Directors to obtain their views of key risks and areas for audit coverage.

It was designed to enable the Head of Internal Audit to give their annual opinion at the end of the year on the adequacy and effectiveness of governance, risk management and the control framework. The Plan would remain flexible and be reviewed during the year to ensure it remained relevant.

In line with auditing standards, the proposed audit plan had been devised adopting a risk based approach using:-

- The Council's risk management processes and the strategic and Directorate risk registers
- Reports by management to the Audit Committee on the management of risks and the outcomes of external inspection reports
- The results of previous Internal Audit work and ongoing assessment of the auditable entities within the Authority
- Planned work deferred from 2024-25
- Council Plan and Year Ahead Delivery Plan
- Knowledge of existing management and control environments

- Professional judgement on the risk of fraud or error
- Consultation with all Directorate Leadership Teams and the Strategic Leadership Team taking into account feedback from Assistant Directors, Strategic Directors, the Monitoring Officer and the Chief Executive
- Awareness of relevant local and national issues
- Regular dialogue with authorities within South and West Yorkshire helped to ensure that the Authority was aware of emerging risks within other councils so that they could be considered during audit planning

The outputs from the planning process had been prioritised to produce a plan that balanced the requirement to give an objective and evidence based opinion on aspects of governance, risk management and internal control, the time required for anti-fraud and corruption activity, the requirement for Internal Audit to add value through improving controls and the need to retain a contingency element to remain responsive to emerging risks.

As well as identifying all of the proposed pieces of work to be carried out during the year, the plan also explained the statutory requirements for Internal Audit, described the approach and methodology adopted in producing the plan, showed the level of resources available to deliver the plan (980 days) and included a contingency for responsive work.

In line with auditing standards, the plan did not become fixed once it was approved; it remained flexible and would be revised to take into account any significant emerging risks facing the Authority. It would be subject to half year review in consultation with Strategic Directors and Assistant Directors.

It was noted that, as in previous years, the technical audits of IT systems would be conducted by Salford City Internal Audit Services who specialised in this field of work. The Internal Audit Team comprised 7.52 full-time equivalents with 980 days allocated in the plan for 1<sup>st</sup> April, 2025 to 31<sup>st</sup> March, 2026. The number of days available had reduced from 2024/25 due to the flexible retirement of one member of the Team (reduction in hours worked). The plan was considered sufficient to allow the Head of Internal Audit to give the annual opinion at the end of the year.

The Head of Internal Audit was confident that there was sufficient contingency time to add any additional audits if required. There were time requirements for follow-up audits built into the plan that were only required to be budgeted for the first 6 months of the year. Any follow-ups required after that would be included in the plan for the next financial year.

The "very high" priority rated audits were audits that needed to be done within the financial year. The "high" rated audits were those that the Audit Team would like to do during the year. All the audits rated as "medium" or "low" were included on a separate list and would be revisited at the 6



monthly period to ascertain if the risk had changed. The audit planning process included reviewing areas that had not been audited for some time.

Resolved:- That the Internal Audit Plan for 2025-26 be approved.

**88. INTERNAL AUDIT CHARTER, INTERNAL AUDIT QUALITY ASSURANCE AND IMPROVEMENT PROGRAMME AND SELF ASSESSMENT AGAINST PUBLIC SECTOR INTERNAL AUDIT STANDARDS (PSIAS) AND THE GLOBAL INTERNAL AUDIT STANDARDS**

Consideration was given to a report presented by Louise Ivens, Head of Internal Audit, which detailed how Internal Audit was a major source of assurance to the Council on the framework of control, risk management and governance. All Internal Audit functions in Local Government must comply with PSIAS up to 31<sup>st</sup> March, 2025 and thereafter to new standards. The new standards consisted of the Global Internal Audit Standards (GIAS) of the Institute of Internal Auditors and the Application Note: Global Internal Audit Standards in the UK public sector. The Application Note directed local government sector bodies to apply the Code of Practice for the Governance of Internal Audit in UK local government.

Both sets of standards included the need for a Quality Assurance and Improvement Programme (QAIP) to provide continual improvement based on ongoing quality assurance and an annual self-assessment with an external assessment at least every 5 years.

An external assessment was undertaken in November 2020 which showed general conformance with those standards and was presented to Audit Committee in March 2021 (Minute No. 154 refers). This was the highest classification of results from those assessments (generally conform, partially conform or do not conform). The QAIP Action Plan was updated to address the areas where further improvement could be made based on the suggested actions to consider in the report.

The latest self-assessment had now been completed which again showed general conformance with the standards. The report submitted showed the status of actions in the previous year's Action Plan and the actions identified as being relevant for the coming year including the actions identified from an initial review against the Global Internal Audit Standards (UK public sector).

The Internal Audit Charter was in effect the Terms of Reference of the Internal Audit Service and must be reviewed periodically and submitted to the Audit Committee for approval. There had been a number of changes to the Charter to reflect the requirements of the new Global Internal Audit Standards (UK public sector) and the Code of Practice for the Governance of Internal Audit in UK Local Government.

In response to a question, it was not felt that any new audits themselves would take longer, however, there would be time required to update the audit manual, processes/procedures and templates etc. as well as the training of staff. However, this had been factored into the days available in the audit plan.

Resolved:- (1) That the production and ongoing implementation of the QAIP and the action plan based on the internal self-assessment reported to this Committee, including the initial review of conformance against the Global internal Audit Standards (UK Public Sector) be noted.

(2) That the Internal Audit Charter, as attached in Appendix D of the report submitted, be approved.

**89. EXTERNAL QUALITY ASSESSMENT OF INTERNAL AUDIT AGAINST THE GLOBAL INTERNAL AUDIT STANDARDS (UK PUBLIC SECTOR)**

Louise Ivens, Head of Internal Audit, reported that the Public Sector Internal Audit Standards (PSIAS) and the Global Internal Audit Standards (UK public sector) set out that Internal Audit service providers must be externally assessed against the standards at least every 5 years. Rotherham's Internal Audit was last externally assessed at the end of 2020. An external assessment was, therefore, required during the 2025/26 financial year.

The report set out the options for the assessment, the relevant costs and the preferred option for consideration.

The Relevant Internal Audit Standard Setter (RIASS) i.e. CIPFA had determined that the qualification requirement (in GIAS) should be replaced by a different qualification requirement. GIAS 8.4 set out a requirement that, when selecting the independent assessor or assessment team, the CAE must ensure that at least one person holds an active Certified Internal Auditor designation. The RIASS has determined that this was replaced by a requirement that at least one person have the characteristics outlined for a CAE qualification and has an understanding of the GIAS commensurate with the Certified Internal Auditor designation including internal audit relevant continuing professional development and an understanding of how the GIAS was applied in the UK public sector. The CAE must consider these matters as part of the selection process.

Past practice within local government has been that external assessments were carried out by a Head of Internal Audit from another local authority (also known as peer review) by accountancy or audit bodies or by other qualified individuals. All have been considered within the report.

It was the Head of Internal Audit's opinion that a validation of an internal assessment was sufficient. The 3 options were set out in the report together with the associated costs.

Resolved:- That option 1, as set out in the report submitted (CIPFA to undertake a full assessment), be approved.

(Appendix 1 was considered in the absence of the press and public in accordance with Paragraph 3 of the Act (Information relating to the financial or business affairs of any particular person (including the authority holding that information/financial information))

**90. RISK MANAGEMENT DIRECTORATE PRESENTATION - CHILDREN AND YOUNG PEOPLE'S SERVICES**

Helen Sweatton, Joint Assistant Director, Commissioning and Performance presented a report providing details of the Risk Register and risk management activity within the Children and Young People's Services Directorate.

The Directorate level Risk Register currently had 4 risks items listed of which 2 were also included on the Corporate Risk Register:-

- CYPS01 (SLT01) - Keeping Children, Young People and Families safe from harm
- CYPS02 (SLT16) – CYPS to achieve budgetary savings linked to Medium Term Financial Strategy and Maintaining a balanced budget and Medium Term Financial Strategy that enables the continued delivery of core Council services and ensure the ongoing financial resilience of the Council

Risk formed a critical part of management oversight in CYPS and was discussed/reviewed at the CYPS Assurance Board meeting on a quarterly basis with escalations reviewed as exception outside of the reporting cycle. The DCS took ownership of the Directorate risk management arrangements and, where required, would meet with the CYPS Risk Champion to provide additional sign off should the aforementioned meetings not take place within a satisfactory time period.

Each Assistant Director was accountable for managing a Service Risk Register which was formally monitored and reviewed with their senior managers on a monthly basis.

As part of the corporate programme to embed risk management into the culture of the Council, all managers from CYPS 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.

Completion of the mandatory risk management training within the CYPS workforce took place alongside colleagues in Organisational Development and managers following up non-completion through one-to-one discussions.

Discussion ensued on the Directorate's budget which had been reduced significantly over recent years and the risk rating associated with it. The External Auditor confirmed that this was a national issue with Children's Services and not unique to Rotherham.

Resolved:- That the progress and current position in relation to risk management activity in the Children and Young People's Services Directorate, as detailed in the report now submitted, be noted.

(Appendix 1 was considered in the absence of the press and public in accordance with Paragraph 3 of the Act (Information relating to the financial or business affairs of any particular person (including the authority holding that information/financial information))

**91. AUDIT COMMITTEE FORWARD WORK PLAN**

Consideration was given to the proposed forward work plan for the Audit Committee for June 2025 to March 2026. 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.

**92. ITEMS FOR REFERRAL FOR SCRUTINY**

There were no items for referral.

**93. URGENT BUSINESS**

There was no other urgency business to be considered.

**94. DATES AND TIMES OF FUTURE MEETINGS**

Resolved:- That meetings of the Audit Committee take place as follows during 2024-25:-

Tuesday,	17 <sup>th</sup> June,	2025
	29 <sup>th</sup> July	
Thursday,	25 <sup>th</sup> September	
Tuesday,	25 <sup>th</sup> November	
	13 <sup>th</sup> January, 2026	
	17 <sup>th</sup> March	

# **The Audit Plan for Rotherham Metropolitan Borough Council 2024-25**

Year ending 31 March 2025

9 June 2025



# Contents

Section	Page
1. Key developments impacting our audit approach	3
2. Introduction and headlines	11
3. Identified risks	14
4. Our approach to materiality	22
5. Progress against prior year recommendations	25
6. IT audit strategy	28
7. Value for money arrangements	30
8. Logistics	35
9. Fees and related matters	38
10. Independence considerations	40
11. Communication of audit matters with those charged with governance	43
12. Delivering audit quality	45
13. Appendices	47

# 01 Key developments impacting our audit approach

# Local Audit Reform

## External factors

### Proposals for an overhaul of the local audit system

On 18 December 2024, the Minister of State for Local Government and English Devolution, Jim McMahon OBE, wrote to local authority leaders and local audit firms to announce the launch of a strategy to overhaul the local audit system in England. The proposals were also laid in Parliament via a Written Ministerial Statement.

The government’s strategy paper sets out its intention to streamline and simplify the local audit system, bringing as many audit functions as possible into one place and also offering insights drawn from audits. A new Local Audit Office will be established, with responsibilities for:

- Coordinating the system – including leading the local audit system and championing auditors’ statutory reporting powers
- Contract management, procurement, commissioning and appointment of auditors to all eligible bodies
- Setting the Code of Audit Practice
- Oversight of the quality regulatory framework (inspection, enforcement and supervision) and professional bodies
- Reporting, insights and guidance including the collation of reports made by auditors, national insights of local audit issues and guidance on the eligibility of auditors.

The Minister also advised that, building on the recommendations of Redmond, Kingman and others, the government will ensure the core underpinnings of the local audit system are fit for purpose. The strategy therefore includes a range of other measures, including:

- setting out the vision and key principles for the local audit system
- committing to a review of the purpose and users of local accounts and audit and ensuring local accounts are fit for purpose, proportionate and relevant to account users
- enhancing capacity and capability in the sector
- strengthening relationships at all levels between local bodies and auditors to aid early warning system
- increased focus on the support auditors and local bodies need to rebuild assurance following the clearing of the local audit backlog.

### Our Response

Grant Thornton welcomes the proposals, which we believe are much needed, and are essential to restore trust and credibility to the sector.

For our part, we are proud to have signed 83% of our 2022-23 local government audit opinions without having to apply the local authority backstop. This compares with an average of less than 30% sign off for other firms in the market.

We will be keen to work with the MHCLG, with existing sector leaders and with the Local Audit Office as it is established to support a smooth transition to the new arrangements.



# Key developments impacting our audit approach

## National Position

<p>Local governments face many challenges, the pandemic along with the cost of living crisis has left local governments with economic, social, and health challenges to address:</p> <p><b>Staffing:</b> A key challenge facing councils in maintaining service sustainability is the growing difficulties in relation to workforce recruitment and retention. Councils struggle to attract and retain qualified staff, especially younger talent. Many councils have outdated recruitment processes and are heavily reliant on agency staff.</p> <p><b>Climate change:</b> As the impacts of climate change become increasingly evident, local government plays a pivotal role in mitigating and adapting to these changes. The UK's targets for achieving net zero carbon emissions and local authority pledges must align into cohesive policies with common goals. This includes ongoing local economy investment in renewable energy, promoting sustainable transportation and implementing measures to enhance resilience against extreme weather events.</p> <p><b>Housing crisis:</b> The shortage of affordable housing continues to be an issue. There aren't enough social rented homes to meet demand and it is difficult to find land for new housing developments. New requirements around net zero and other environmental considerations make it more complex to get planning permission. Local authorities therefore face the challenge of providing adequate housing while balancing environmental sustainability and statutory planning requirements.</p> <p><b>Funding:</b> Local government faces many challenges in securing funding, including declining grant income, slow tax revenue growth, and rising demand for services. These challenges can make it difficult for local government to balance their budgets, assess their revenue base, and enforce taxes. Social care costs, maintaining aging infrastructure, SEND and homelessness are driving up council spending and cuts to discretionary services impact local communities. Strained budgets are making it challenging to fund essential services and infrastructure projects. There has been some funding increases announced. For 2025/26, the average increase in core spending power across the Local Government sector is a 6.8% increase, with Metropolitan District Councils receiving the largest increase of an average of 9.2%</p> <p><b>Digital Transformation:</b> The fast pace of technological advancement poses both opportunities and challenges for local government. The adoption of digital tools and platforms is crucial for improving service delivery, enhancing communication and streamlining administrative processes. However, many communities still lack access or ability to navigate essential technology which creates a digital divide. Local government needs to ensure inclusivity in its digital strategies, addressing disparities and ensuring all residents can benefit from the opportunities technology offers.</p> <p><b>Cybersecurity:</b> Local government needs to protect against malware and ransomware attacks. Authorities also need to navigate central government policy shifts and constraints. With increased reliance on digital platforms, they become more vulnerable to cyber threats. Safeguarding sensitive data and ensuring the integrity of critical systems are paramount and local authorities must invest in robust cybersecurity measures, employee training and contingency plans to protect themselves.</p>	<p><b>Our Response</b></p> <p>Building and maintaining public trust is arguably the cornerstone of effective governance. Local government must prioritise transparency, open communication and meaningful public engagement to foster positivity within communities.</p> <p>Despite councils' best efforts, financial pressures are affecting the scale, range and quality of council services provided to local residents. The clearest evidence of this is that councils' service spending is increasingly focused on adult and children's social care, SEND and homelessness. Ultimately spending is increasingly concentrated on fewer people, so councils are less able to support local and national agendas on key issues such as housing, economic growth, and climate change.</p> <p>Sound strategic financial management, collaboration with other levels of government and exploring alternative funding sources are vital for local authorities to overcome financial constraints and deliver quality services.</p> <p>Our value for money audit work continues to identify significant weaknesses across the sector in all criteria of the Code of Audit Practice. This shows that local authorities are facing increasing pressure to provide services while managing change and reducing costs. We understand that the environment in which our audited bodies operate is dynamic and challenging and this understanding allows us to have insightful conversations and adapt our approach to delivering our audit work accordingly.</p> <p>We know the difficulties and challenges faced within our Local Authority bodies and know there is a focus on improving quality and reducing costs. We will work with you as you strive to deliver these aims.</p>
---	--

# Key developments impacting our audit approach

## Local Context

### 2024-25 financial performance to date

- The financial monitoring report to Cabinet in February 2025 reported that as at December 2024 the Council had a net forecast overspend of £3.1m for the financial year 2024-25. The report notes that this is largely due to demand led pressures on children’s residential placements, adults social care packages, home to school transport and the impact of the Local Government Pay Award. These factors are consistent with cost and demand pressures facing single tier authorities nationally.
- The factors above have led to a cumulative directorate overspend of £15.2m offset by a £12m underspend in central services. The £12m underspend was achieved through the use of budget contingencies created as part of budget setting for 2024-25 (a social care contingency of £3.4m and £3.5m to support anticipated pressures across social care and home to school transport) and a £5.1m forecast underspend from treasury management. The Council’s budget addressed those issues for 2025-26 onwards but it will need to keep tight monitoring on demand led challenges within the directorates in order to deliver a balanced position in later years of the Medium-Term Financial Strategy (MTFS).
- Savings of £9.9m were included in the approved budget for 2024-25. At December 2024, savings of £4.5m had been delivered. Of the £5.3m of savings still to be delivered, £4.8m is to be delivered by the Children’s and Young Peoples Services directorate. Since CYPS placements are forecast to be a significant cost pressure in the year (£5.9m overspend at December 2024), it is expected that some under-delivery of these CYPS savings will occur. The 2025-26 budget did provide for a £5.4m budget contingency for this risk.
- The Dedicated Schools Grant (DSG) reserve is forecast to remain in a deficit at the 2025 year-end totalling £2.5m. This compares with the DSG Safety Valve Agreement target value of £2.9m, meaning the year end deficit is £0.4m favourable to plan. The 2026 year-end deficit is forecast to be £3.8m whereas the Safety Value Agreement planned for full elimination of the accumulated deficit.
- The revised Capital Programme for 2024/25 is £172m, of which £115m will be on General Fund assets and £57m on HRA assets. This has been reprofiled in-year to account for £9m of slippage being reprofiled into future years. The highest value slippage relates to the Rotherham Markets redevelopment totalling £5m due to delays in the planning submission and approval process, and the final design work.

### Operational performance

- 2024-25 is the final year covered by the existing Council Plan. A new Council Plan for the period from 2026 to 2028 is currently in draft. Across the six themes of the existing plan (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 and One Council), the Council has recorded a number of performance achievements in 2024-25. These include expanding temporary accommodation provision (+16 homes), launched the Children’s Capital of Culture 2025 programme and began construction of new homes at West Melton.

### 2025-26 financial planning

At Full Council on 5 March 2025, a net revenue budget of £359m was approved by Members. The budget provided for £1.9m of investment in revenue budget and requires delivery of savings totalling £2.6m. These savings will need to be delivered along with any savings not delivered in 2024-25 such as the £4.8m of CYPS savings noted above. The 2025-26 budget presented to Members did not assume any draw on general fund reserves. Members opted to increase council tax by 3% against a national maximum uplift of 5%. Decisions made by the new UK government have led to increased funding for local authorities which has impacted favourably on the Council’s revenue budget. The average increase in core spending power across the Local Government sector is a 6.8%, with Metropolitan District Councils receiving the largest increase of an average of 9.2%. The financial settlement remains a single year settlement, however, a multi year settlement, which is known to aid the Council with its medium-term financial planning, may be announced following the outcome of the ongoing spending review.

# Key developments impacting our audit approach

## New accounting standards and reporting developments

Local authorities have had to implement IFRS 16 Leases from 1 April 2024. The main difference from IAS 17 will be that leases previously assessed as operating leases by lessees will need to be accounted for on balance sheet as a liability and associated right of use asset. More information can be found on page 9.

## Our Response

- We will perform a detailed review of the Council’s implementation of IFRS 16 which will include:
  - Review of accounting policies and disclosures
  - Review of application of judgement and estimation
  - Review of systems to capture the process and maintain new lease data and for ongoing maintenance
  - Review of accounting for what were previously operating leases
  - Gain an understanding of the identification process of peppercorn rentals and how these are recognised as leases under IFRS 16.

# Key developments impacting our audit approach (continued)

## Our commitments

---

- As a firm, we are absolutely committed to audit quality and financial reporting in local government. Our proposed work and fee, as set out further in this Audit Plan, has been agreed with the Strategic Director Finance & Customer Services.
  - To ensure close work with audited bodies and an efficient audit process, our preference as a firm is to undertake our audit following a hybrid approach of remote working and on-site visits when appropriate.
  - We plan to continue to meet with the Chief Executive and Strategic Director Finance & Customer Services on a quarterly basis as part of our commitment to keep you fully informed on the progress of the audit and to keep abreast of any areas of accounting and governance issues at the Council.
  - We plan to meet informally with the Chair of your Audit Committee prior to meetings, to brief them on the status and progress of the audit work to date.
  - Our Value for Money work will continue to consider the arrangements in place for you to secure economy, efficiency and effectiveness in the use of your resources.
  - We will continue to provide you and your Audit Committee with sector updates providing our insight on issues from a range of sources via our Audit Committee updates.
  - We hold annual financial reporting workshops for our audited bodies to access the latest technical guidance and interpretation, discuss issues with our experts and create networking links with other clients to support consistent and accurate financial reporting across the sector. Your finance team will continue to be invited to these workshops.
- 



# IFRS 16 Leases



## Summary

IFRS 16 Leases is now mandatory for all Local Government (LG) bodies from 1 April 2024. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and replaces IAS 17. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an entity.

## Introduction

IFRS 16 updates the definition of a lease to:

- “a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration. In the public sector the definition of a lease is expanded to include arrangements with nil consideration.”

This means that arrangements for the use of assets for little or no consideration (sometimes referred to as peppercorn rentals) are now included within the definition of a lease.

IFRS 16 requires all leases to be accounted for 'on balance sheet' by the lessee (subject to the exemptions below), a major change from the requirements of IAS 17 in respect of operating leases.

There are however the following exceptions:

- leases of low value assets (optional for LG)
- short-term leases (less than 12 months).

Lessor accounting is substantially unchanged leading to asymmetry of approach for some leases (operating). However, if an LG body is an intermediary lessor, there is a change in that the judgement, as to whether the lease out is an operating or finance lease, is made with reference to the right of use asset rather than the underlying asset. The principles of IFRS 16 will also apply to the accounting for PFI assets and liabilities.

## Systems and processes

We believe that most LG Bodies will need to reflect the effect of IFRS 16 changes in the following areas:

- accounting policies and disclosures
- application of judgment and estimation
- related internal controls that will require updating, if not overhauling, to reflect changes in accounting policies and processes
- systems to capture the process and maintain new lease data and for ongoing maintenance
- accounting for what were operating leases
- identification of peppercorn rentals and recognising these as leases under IFRS 16 as appropriate.

## Planning enquiries

As part of our planning risk assessment procedures, we have obtained completed responses to our enquiries from management and held a call with the finance manager for financial accounting to understand the process that the Council has undertaken in adopting the standard. We obtained a process flow mapping from management and evidence of the enquires made of each of the directorates to identify contracts leases within the scope of the IFRS 16 leases standard.

Discussions with management indicate that the most significant impact on adoption will relate to the accounting for the Council's PFI liabilities and Riverside House office lease with the annual inflation charges now being accounted for as part of the lease liability on the balance sheet, and also being accounted for within the depreciation and interest costs in the CIES, rather than being accounted for a simple charge to services in the CIES which was previously the case. The Council also leases a number of buildings of mixed-use, previously accounted for as operating leases which are deemed to fall within the scope of the standard.

Computation of the year end IFRS 16 right of use asset values and associated liabilities remains ongoing at the time of writing, and is set to be completed in line with the accounts closedown timetable.



# The Backstop

## Local Government National Context – The Backstop

On 30 September 2024, the Accounts and Audit (Amendment) Regulations 2024 came into force. This legislation introduced a series of backstop dates for local authority audits. These Regulations required audited financial statements to be published by the following dates:

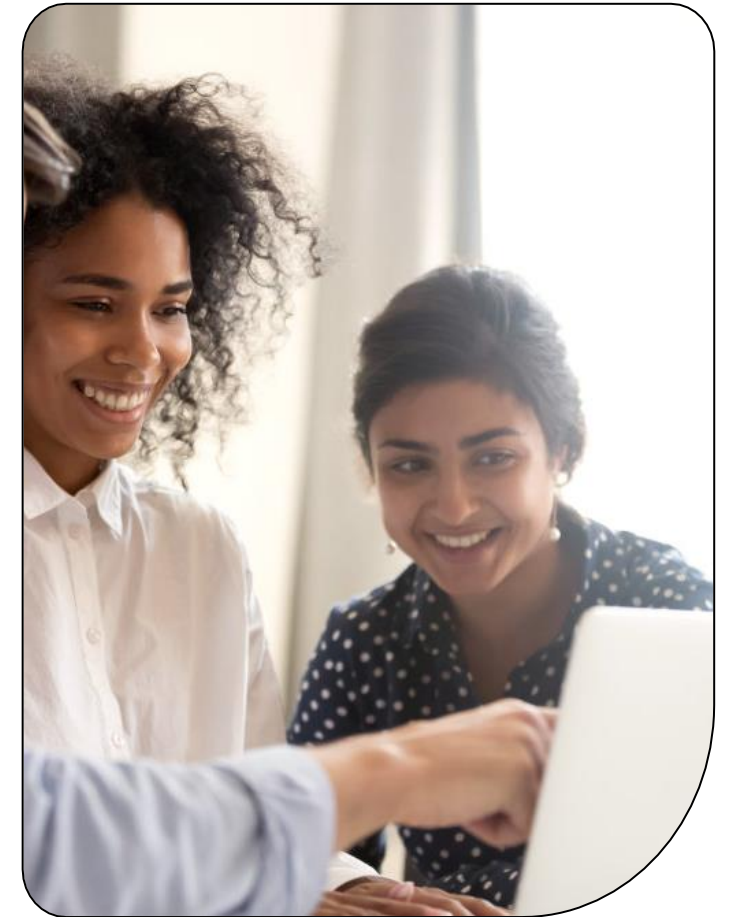
- for years ended 31 March 2025 by 27 February 2026;
- for years ended 31 March 2026 by 31 January 2027; and
- for years ended 31 March 2027 by 30 November 2027.

The Statutory Instrument is supported by the National Audit Office's (NAO) new Code of Audit Practice 2024. The backstop dates were introduced with the purpose of clearing the backlog of historic financial statements and enable to the reset of local audit. Where audit work is not complete, this will give rise to a disclaimer of opinion. This means the auditor has not been able to form an opinion on the financial statements.

## Local Government National Context – Impact on Rotherham MBC

Arrangements at the Council have continued to support with both the production of draft financial statements in a timely manner and an appropriately resourced finance team to properly engage with the external auditor. As a result of the good arrangements in place, Rotherham MBC has not been affected by any of the backstop provisions.

Our aim is to report our Audit Findings (ISA260) Report and Auditor's Annual Report on value for money arrangements to Members at the Audit Committee on 25 November 2025. Following the reporting of our audit findings, we are aiming to conclude our audit and issue the audit opinion by the end of the 2025 calendar year, ahead of the backstop date in February 2026.



# 02 Introduction and Headlines

# Introduction and headlines



## Purpose

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

## Respective responsibilities

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

## Scope of our Audit

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

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

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



# Introduction and headlines (continued)

## Significant risks

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

- Management override of controls
- Closing valuation of land and buildings, including Council dwellings
- Valuation of defined benefit pension fund net asset / liability balance

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

## Materiality

We have determined planning materiality to be £15.2m (PY £11.4m) for the Council, which equates to 2% of your prior year (2023-24) gross expenditure on surplus/deficit on the provision of services. We are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance. As part of our risk assessment, we have considered the impact of unadjusted prior period errors, of which there were none and hence no impact on materiality.

Our 'clearly trivial' reporting threshold for issues to be brought to the Audit Committee's attention has been set at £0.76m (PY: £0.57m).

We have set a lower materiality level for senior officer remuneration disclosures, as these are considered sensitive disclosures. We have set a lower materiality of £23,000 for the audit in this area.

## Value for Money arrangements

Our 2023-24 Auditor's Annual Report identified two significant weaknesses and eight improvement recommendations.

Our 2024-25 risk assessment regarding your arrangements to secure value for money has identified risks of significant weakness in the Council's arrangements for securing economy, efficiency and effectiveness. These were identified as a result of the two significant weaknesses in arrangements reported in our 2023-24 Auditor's Annual Report.

The first significant weakness in arrangements reported in the prior year was in respect of the Council's housing stock health and safety compliance. The key recommendation arising was for the Council to further improve HRA compliance data quality, ensure contract management arrangements with external contractors are appropriate, and improve compliance with decent homes standards.

The second significant weakness in our prior year report was in respect of the Council's arrangements for asset management and building compliance. The key recommendation arising was for the Council to undertake stock condition surveys to better understand health and safety compliance and building condition, to put in place its own management plans and landlord inspections, to ensure it has an accurate and up-to-date assets management system and to implement compliant contract management with regular performance monitoring.

We will follow up progress against the key recommendation made in 2023-24 and ensure that our work assesses the current arrangements in place. See page 33 and 34 for further detail of our value for money risk assessment in the current year.

## Audit logistics

Our planning and interim work took place in March and April. Our year-end audit will take place from July through to November. Our key deliverables are this Audit Plan, our Audit Findings (ISA260) Report – which is targeted for November 2025, and our Auditor's Annual Report on VFM arrangements – which is also targeted for November 2025.

Our proposed fee for the audit is £417,703 (TBC) for the Council (PY: £399,424), subject to the Council delivering a good set of financial statements and working papers and no significant new financial reporting matters arising that require additional time and/or specialist input.


We have complied with the Financial Reporting Council's Ethical Standard (revised 2024) and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements.

# 03 Identified risks

# Significant risks identified


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

Significant risk	Risk relates to	Audit team’s assessment	Planned audit procedures
Management override of controls	Under ISA (UK) 240 there is a non-rebuttable presumed risk that the risk of management override of controls is present in all entities.	We have therefore identified management override of controls, in particular journals, management estimates and transactions outside the course of business as a significant risk of material misstatement.	<p>In response to this risk we will:</p> <ul style="list-style-type: none"><li>• Make inquiries of finance staff regarding their knowledge of potential instances of management override of controls.</li><li>• Evaluate the design effectiveness of management’s controls over journals. This will include the controls management has in place to review journal postings.</li><li>• Analyse the journals listing and determine the criteria for selecting high risk unusual journals.</li><li>• Perform a risk-based interrogation of the financial ledger to identify any unusual journals for testing. For example:<ul style="list-style-type: none"><li>• Journals created by senior management</li><li>• Journals which impact the financial outturn</li><li>• Year-end adjustment journals, including manual entries made in preparation of the draft financial statements.</li></ul></li><li>• Test unusual journals made during the year and after the draft accounts stage for appropriateness and corroboration.</li><li>• Gain an understanding of the accounting estimates and critical judgements applied by management and consider their reasonableness with regard to corroborative evidence.</li><li>• Evaluate the rationale for any changes in accounting policies, estimates or significant unusual transactions.</li></ul>



“In determining significant risks, the auditor may first identify those assessed risks of material misstatement that have been assessed higher on the spectrum of inherent risk to form the basis for considering which risks may be close to the upper end. Being close to the upper end of the spectrum of inherent risk will differ from entity to entity and will not necessarily be the same for an entity period on period. It may depend on the nature and circumstances of the entity for which the risk is being assessed. The determination of which of the assessed risks of material misstatement are close to the upper end of the spectrum of inherent risk, and are therefore significant risks, is a matter of professional judgment, unless the risk is of a type specified to be treated as a significant risk in accordance with the requirements of another ISA (UK).” (ISA (UK) 315).

In making the review of unusual significant transactions “the auditor shall treat identified significant related party transactions outside the entity’s normal course of business as giving rise to significant risks.” (ISA (UK) 550).



Management should expect engagement teams to challenge them in areas that are complex, significant or highly judgmental which may be the case for accounting estimates, going concern, related parties and similar areas. Management should also expect to provide engagement teams with sufficient evidence to support their judgments and the approach they have adopted for key accounting policies referenced to accounting standards or changes thereto.

Where estimates are used in the preparation of the financial statements management should expect teams to challenge management’s assumptions and request evidence to support those assumptions.

# Significant risks identified (continued)

Significant risk	Audit team's assessment	Planned audit procedures
Closing valuation of land and buildings, including Council dwellings	<p><b>Land and buildings:</b> The Council re-values its land and buildings on a rolling five-yearly basis in line with the Code requirements.</p> <p>This valuation represents a significant estimate by management in the financial statements due to the size of the numbers involved (some £282m at 31 March 2024) and the sensitivity of this estimate to changes in key assumptions.</p> <p>Additionally, management will need to ensure the carrying value of land and buildings is not materially different from the current value at the balance sheet date, where a rolling programme is used.</p>	<p>The Council holds both specialised and non-specialised buildings. The specialised assets comprise schools and leisure centres among others. The valuation approach is depreciated replacement cost (DRC) with the key valuation assumptions being the rebuild cost, building size and adjustments for obsolescence (buildings age, condition &amp; functionality). The council also holds non-specialised assets such as car parks and offices. These valuations may be undertaken with reference to observable open market values for similar land &amp; buildings or using a capitalisation of income approach. Council dwellings are also considered non-specialised. For dwellings, the beacon methodology is applied which identifies a value based on market comparables, which is then applied to similar properties.</p> <p>We understand that the Council's Forge Island capital scheme was completed and brought into use during the year. As per the Code, this would necessitate reclassification to other land and buildings and an expert valuation based on its operational use. There is the potential for an impairment to occur on revaluation and this will be considered as part of our detailed audit procedures.</p>
	<p><b>Council dwellings:</b> The CIPFA Code requires stipulates that Council dwellings (£838m at 31 March 2024) should be valued on the basis of existing use value as social housing and the Council has adopted a beacon methodology.</p> <p>The valuation of land and buildings and council dwellings involves subjectivity and a significant degree of judgement and estimation by management. This is due to the size of the numbers involved and the sensitivity of this estimate to changes in key assumptions.</p> <p>The closing valuation of land and buildings and council dwellings was identified as a significant risk, and one of the most significant assessed risks of material misstatement.</p>	<p>In response to this risk we will:</p> <ul style="list-style-type: none"><li>• evaluate the design effectiveness of management controls around processes and assumptions for the calculation of the estimate, the instructions issued to valuation experts and the scope of their work</li><li>• evaluate the competence, capabilities and objectivity of the valuation expert</li><li>• discuss with the valuer the basis on which the valuation was carried out</li><li>• challenge the information and assumptions used by the valuer to assess completeness and consistency with our understanding</li><li>• engage our own auditor's expert valuer to assess the instructions issued to the Council's valuer, the Council's valuer's report and the assumptions that underpin the valuation</li><li>• test, on a sample basis, revaluations made during the year to see if they had been input correctly into the Council's asset register</li><li>• evaluate the assumptions made by management for those assets not revalued during the year and how management has satisfied itself that their carrying values are not materially different to current value at year end</li><li>• consider, where the valuation date is not 31 March 2025 (as relevant) for assets valued in year, the arrangements management has used to ensure the valuation remains materially appropriate at 31 March 2025</li><li>• obtain an assessment from management on potential valuation movements for those land &amp; buildings not revalued in year. We shall review relevant cost- and market-based indices (e.g. BCIS &amp; MSCI) to corroborate management's assessment that the assets' carrying value is not materially different from their current value where no revaluation has been commissioned. We shall consider changes in local market rents and yields for EUV assets, obtaining Rotherham- and South Yorkshire-specific data where available</li><li>• agree, on a sample basis, the internal floor areas (GIAs) to records held by the estates management function</li><li>• for non-specialised properties valued on the existing use value (EUV) basis, obtain market comparables to assess the appropriateness of market rents and yields selected by management's expert and used in the valuation calculations</li><li>• for council dwellings, valued using the beacon methodology, obtain comparables from online sold property websites and assess the valuation of the beacon property against the sale prices of comparable residential properties. Similarly, we will assess the appropriateness of adjustments for additional bedrooms with reference to comparable houses shown on sold property websites.</li></ul>

# Significant risks identified (continued)

Significant risk	Audit team's assessment	Planned audit procedures
<b>Valuation of the pension fund net asset / liability balance</b>  <b>(£14.3m at 31 March 2024)</b>	<p>The Council's pension fund net balance, as reflected in its balance sheet, represents a significant estimate in the financial statements.</p> <p>The pension fund net balance is considered a significant estimate in the financial statements due to the size of the numbers involved to arrive at that net balance (gross asset of £1.5bn and liability of £1.3bn in 2024) and the sensitivity of the estimate to changes in key assumptions.</p> <p>At 31 March 2024, the Council reported a net pension surplus in their financial statements and was subsequently capped at £nil under the principles of IFRIC 14. Gross assets were reduced by nearly £0.2bn to reach the £nil balance sheet position. The £14.3m liability noted as the net pension balance reflects the Council's obligations in respect of unfunded liabilities, for which there are no pension assets to offset.</p> <p>A key aspect of our work planned is to consider whether this position remains supported by fund-level assumptions and market-based factors.</p> <p>We therefore identified the valuation of the Council's pension fund net balance as a significant risk of material misstatement.</p>	<p>In response to this risk we will:</p> <ul style="list-style-type: none"><li>• update our understanding of the processes and controls put in place by management to ensure that the Authority's pension fund net balance is not materially misstated and evaluate the design of the fund assets valuation in the pension fund financial statements and associated controls</li><li>• evaluate the instructions issued by management to their management expert (consulting actuary) for this estimate and the scope of the actuary's work</li><li>• assess the competence, capabilities and objectivity of the actuary who carried out the Council's pension fund valuation</li><li>• assess the accuracy and completeness of the information provided by the Council to the actuary to estimate the net pension balance</li><li>• test the consistency of the pension fund figures and disclosures in the draft financial statements with the actuarial report from the actuary</li><li>• undertake procedures to confirm the reasonableness of the actuarial assumptions made by reviewing the report of the consulting actuary (as auditor's expert) and performing any additional procedures suggested within the report</li><li>• obtain assurances from the auditor of the South Yorkshire Pension Fund as to the controls surrounding the validity and accuracy of membership data; contributions data and benefits data sent to the actuary by the pension fund</li><li>• evaluate the appropriateness (as applicable) of recognising a pension asset position against the Code and IFRIC 14 criteria</li><li>• assess the calculation performed to identify the IFRIC 14 net pension asset ceiling and where appropriate, challenge management on the validity and appropriateness of the assumptions used in the calculation including the existence of a minimum funding requirement, the future lifetime of the scheme (in years) and the level of future funding contributions (as a % of payroll costs)</li><li>• confirm that pension fund asset valuations were based on a 31 March 2025 valuation date</li><li>• review the accounting for any unfunded liability element of LGPS, including where this has been offset against the net funded LGPS balance.</li></ul>

# Risks rebutted

Risk identified	Risk relates to	Audit team’s assessment	Planned audit procedures
The revenue cycle includes fraudulent transactions (rebutted)	<p>Under ISA (UK) 240 there is a rebuttable presumed risk that revenue may be misstated due to the improper recognition of revenue.</p> <p>This presumption can be rebutted if the auditor concludes that there is no risk of material misstatement due to fraud relating to revenue recognition.</p>	<p>Having considered the risk factors set out in ISA240 and the nature of the revenue streams at the Council, we have determined that the risk of fraud arising from revenue recognition can be rebutted, because:</p> <ul style="list-style-type: none"><li>• there is little incentive to manipulate revenue recognition;</li><li>• opportunities to manipulate revenue recognition are very limited; and</li><li>• the culture and ethical frameworks of local authorities, including the Council mean that all forms of fraud are seen as unacceptable.</li></ul> <p>Therefore we do not consider this to be a significant risk for the Council.</p>	<p>Whilst the risk has been rebutted and we do not consider revenue recognition to be a significant risk for the Council, we shall perform standard audit procedures on this material stream of transactions. We will keep this rebuttal under review throughout the audit to ensure this judgement remains appropriate up to the time of concluding the audit.</p> <p>In respect of income recognised (risk rebutted) we will:</p> <ul style="list-style-type: none"><li>– Evaluate the Council’s accounting policy for recognition of income for appropriateness and compliance with the Code.</li><li>– For grant income, we will sample test items for supporting evidence, checking the appropriateness of the accounting treatment in line with the CIPFA Code, including the treatment of credited to services and recognition as non-ringfenced other grant income. Testing will also give regard to the treatment of grant income as principal or agent.</li><li>– For income raised from council tax and non-domestic rates, which are of a predictable nature, we will perform substantive analytical procedures based on the number and value of rateable properties, applying any annual increases to rates as appropriate.</li><li>– Agree, on a sample basis, income transactions to supporting documentation and cash receipts to evidence the occurrence of these transactions.</li><li>– We will carry out testing on sample basis of invoices raised and bank receipts either side of the reporting date of 31 March 2025 to determine whether income is recognised in the correct accounting period.</li></ul>

# Risks rebutted

Risk identified	Risk relates to	Audit team’s assessment	Planned audit procedures
The expenditure cycle includes fraudulent transactions (rebutted)	<p>Practice Note 10 (PN10) states that as most public bodies are net spending bodies, then the risk of material misstatements due to fraud related to expenditure may be greater than the risk of material misstatements due to fraud related to revenue recognition.</p> <p>As per PN10, fraudulent financial reporting may arise from the manipulation of expenditure recognition (for instance by deferring expenditure to a later period).</p> <p>As a result under PN10, there is a requirement on auditors to consider the risk that expenditure may be misstated due to the improper recognition of expenditure.</p>	<p>We considered the risk that expenditure may be misstated due to the improper recognition of expenditure for all expenditure streams. We have rebutted this risk for the Council because:</p> <ul style="list-style-type: none"><li>• there is little incentive to manipulate expenditure for the Council where services are provided to the public through taxpayers’ funds.</li><li>• the Council requires cash to meet its payroll and third-party payment obligations and therefore any manipulation of expenditure between accounting periods does not generate any clear financial benefits.</li><li>• the Council has a number of contracted key suppliers with whom frequent recurrent transactions are made, which are followed by timely payments, usually within 30 days of receipt of goods. As such, regular bank payments are required to suppliers, which reduces any opportunity to exclude expenditure transactions from being reported in the general ledger.</li><li>• whilst budget pressures have been identified on page 6 in respect of adult social care, children’s residential placements and home to school transport, direct payments are made to external suppliers on either a weekly or monthly basis. Therefore, there is little opportunity for the Council to exclude this expenditure from the general ledger based on the bank reconciliation procedure and predictability of these expenditure streams over a financial year.</li><li>• the Council is expected to have £53m of general fund reserves at 31 March 2025, equivalent to 16% of its net revenue budget. This exceeds the broad 5% target in the LG sector and as such the availability of reserves to fund the Council’s expenditure does not indicate excessive pressures at the Council.</li><li>• the Council has clear and transparent reporting of its financial plans and financial position, including regular reporting of budget variance analysis to its Senior Leadership Team, the Cabinet and Audit Committee.</li></ul> <p>We also considered the risk of fraudulent expenditure recognition in relation to capital expenditure and concluded that it is not a significant risk.</p> <p>We have considered the material risk of improper expenditure and we have identified an elevated risk in relation to completeness of operating expenditure however, we do not consider this to be a significant risk of material misstatement at this time.</p>	<p>Whilst the risk has been rebutted and we do not consider expenditure recognition to be a significant risk for the Council, we shall perform standard audit procedures on this material stream of transactions. We will keep this rebuttal under review throughout the audit to ensure this judgement remains appropriate up to the time of concluding the audit.</p> <p>In respect of expenditure recognised (risk rebutted) we will:</p> <ul style="list-style-type: none"><li>• Evaluate the Council’s accounting policy for recognition of expenditure for appropriateness and compliance with the Code.</li><li>• Update our understanding of the system for accounting for the expenditure and procedures to ensure the completeness of expenditure recorded in the financial year.</li><li>• Undertake a detailed substantive analytical procedure on pay expenditure, including checking that changes in gross pay year on year are supported by underlying data including enacted pay awards and movements in workforce numbers.</li><li>• Agree, on a sample basis, non-pay expenditure to supporting evidence to demonstrate occurrence and accuracy of expenditure recorded.</li><li>• Inspect a sample of accruals made at year end for expenditure but not yet invoiced to assess whether the value of the accrual was consistent with the value invoiced post year end.</li><li>• Complete substantive testing of expenditure streams in 2024-25 including sample testing material transactions.</li><li>• Design and carry out appropriate audit procedures to ascertain that recognition of expenditure is in the correct accounting period and for completeness, for example, using cut off testing, focusing either side of the reporting date of 31 March 2025.</li></ul>



# Other risks identified

Other risks are, in the auditor’s judgement, those where the likelihood of material misstatement cannot be reduced to remote, without the need for gaining an understanding of the associated control environment, along with the performance of an appropriate level of substantive work. The risk of misstatement for another risk is lower than that for a significant risk, and they are not considered to be areas that are highly judgemental, or unusual in relation to the day-to-day activities of the business.

Risk	Audit team’s assessment	Planned audit procedures
IFRS 16 Implementation	<p>The adoption of the IFRS 16 leases standard for local authorities has been deferred several times by the CIPFA Local Authority Code Board. Adoption is now mandated for local authorities, for periods beginning from 1 April 2024, and therefore this is required to be implemented by the Council during its 2024-25 period of account</p> <p>From the adoption by local government of IFRS 16 leases on 1 April 2024, the distinction between operating and finance leases for lessees has been removed. Now all leases, apart from those that are deemed low value or short term, are accounted for on balance sheet by lessees. IFRS 16 has preserved the distinction between finance and operating lease accounting for lessors.</p> <p>In the public sector, the definition of a lease has been extended to include the use of assets for which little or no consideration is paid, often called ‘peppercorn’ rentals. This is one instance where the right of use asset and its associated liability are not initially recognised at the same value. For peppercorn rentals, the right of use assets are initially recognised at market value. Any difference between market value and the present value of expected payments is accounted for as income. This has similarities with the treatment of donated assets.</p> <p>The application of the IFRS 16 standard will also impact on Council’s PFI liabilities which subject to annual indexation for retail price inflation (RPI). Previously, such additional PFI rentals were accounted for as as charge to the revenue account as expenditure (contingent rents). The impact of the new accounting standard is to account for these additional PFI rentals within the PFI model, which will result in these being split between operating costs, repayment of the lease creditor and interest costs. As a result, an overall increase in the value of the PFI liability is expected following application of the IFRS 16 standard to PFI liabilities. In terms of the I&amp;E impact, we are expecting to observe a decrease in PFI contingent rents charged to expenditure and an increase in depreciation charges and lease interest costs.</p> <p>Key judgements include:</p> <ul style="list-style-type: none"><li>determining what is deemed to be a low value lease. This is based on the value of the underlying asset when new and is likely to be the same as the authority’s threshold for capitalising owned assets</li><li>determining whether an option to terminate or extend the lease will be exercised. This is important as it affects the lease term and subsequently the calculation of the lease liability based on the expected payments over the lease term</li><li>where the interest rate cannot be readily determined, the Council’s incremental borrowing rate should be used. There are judgements entailed in how this should be determined given that as per the Code it needs to reflect term, security, and the value of the asset</li><li>the valuation of the right of use asset after recognition. An expert valuer may be required to support management with this.</li></ul> <p>We have therefore identified completeness of the identification of leased assets and subsequent valuation as an other risk.</p>	<p>In response to this risk we will:</p> <ul style="list-style-type: none"><li>Obtain the Council’s live contracts register and copies of signed lease agreements, to assess the completeness of arrangements identified as being within the scope of the IFRS 16 leases accounting standard.</li><li>Agree disclosures presented in the financial statements to underlying accounting records and calculations.</li><li>Review management’s lease accounting calculations, and assess the accuracy and appropriateness of the inputs and assumptions used including lease term, discount rate and annual rentals.</li><li>Review the Council’s IFRS16 implementation processes to identify relevant transactions such as peppercorn leases and leases that have “rolled over” at the end of the term.</li><li>Review the proposed accounting policy and right of use asset valuation approach.</li><li>Assess how leases with options to extend or terminate have been identified and the likelihood of these options to be exercised.</li></ul>



# Other matters

## Other work

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

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

## Other material balances and transactions

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




“The auditor determines whether there are any risks of material misstatement at the assertion level for which it is not possible to obtain sufficient appropriate audit evidence through substantive procedures alone. The auditor is required, in accordance with ISA (UK) 330 (Revised July 2017), to design and perform tests of controls that address such risks of material misstatement when substantive procedures alone do not provide sufficient appropriate audit evidence at the assertion level. As a result, when such controls exist that address these risks, they are required to be identified and evaluated.” (ISA (UK) 315)

# 05 Our approach to materiality

# Our approach to materiality

The concept of materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to the monetary misstatements but also to disclosure requirements and adherence to acceptable accounting practice and applicable law.

Matter	Description	Planned audit procedures
01	<p><b>Determination</b></p> <p>We have determined planning materiality (financial statement materiality for the planning stage of the audit) based on professional judgement in the context of our knowledge of the Council, including consideration of factors such as taxpayer, service user and stakeholder expectations, sector developments, financial stability and reporting requirements for the financial statements.</p> <p>Materiality at the planning stage of our audit is £15.2m, which equates to 2% of your prior year (2023-24) gross expenditure (2023-24: 1.5%) on the surplus/deficit on the provision of services.</p>	<ul style="list-style-type: none"><li>• We determine planning materiality in order to:<ul style="list-style-type: none"><li>– establish what level of misstatement could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements</li><li>– assist in establishing the scope of our audit engagement and audit tests</li><li>– determine sample sizes</li><li>– assist in evaluating the effect of known and likely misstatements in the financial statements.</li></ul></li></ul>
02	<p><b>Other factors</b></p> <p>An item does not necessarily have to be large to be considered to have a material effect on the financial statements. An item may be considered to be material by nature where it may affect instances when greater precision is required.</p>	<ul style="list-style-type: none"><li>• We have identified senior officer remuneration as a balance where we will apply a lower materiality level, as these are considered sensitive disclosures. We have set a materiality of £23k.</li></ul>
03	<p><b>Reassessment of materiality</b></p> <p>Our assessment of materiality is kept under review throughout the audit process.</p>	<ul style="list-style-type: none"><li>• We reconsider planning materiality if, during the course of our audit engagement, we become aware of facts and circumstances that would have caused us to make a different determination of planning materiality. We will reconsider our materiality level upon receipt of the Council’s draft 2024-25 financial statements which are expected at the end of May 2025.</li></ul>
04	<p><b>Matters we will report to the Audit Committee</b></p> <p>Whilst our audit procedures are designed to identify misstatements which are material to our opinion on the financial statements as a whole, we nevertheless report to the Audit Committee any unadjusted misstatements of lesser amounts to the extent that these are identified by our audit work.</p> <p>Under ISA 260 (UK) ‘Communication with those charged with governance’, we are obliged to report uncorrected omissions or misstatements other than those which are ‘clearly trivial’ to those charged with governance. ISA 260 (UK) defines ‘clearly trivial’ as matters that are clearly inconsequential, whether taken individually or in aggregate and whether judged by any quantitative or qualitative criteria.</p>	<ul style="list-style-type: none"><li>• We report to the Audit Committee any unadjusted misstatements of lesser amounts to the extent that these are identified by our audit work.</li><li>• In the context of the Council, we propose that an individual difference could normally be considered to be clearly trivial if it is less than £0.76m (PY £0.57m).</li><li>• If management has corrected material misstatements identified during the course of the audit, we will consider whether those corrections should be communicated to the Audit Committee to assist it in fulfilling its governance responsibilities.</li></ul>
	<p>Misstatements, including omissions, are considered to be material if they, individually or in the aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements; Judgments about materiality are made in light of surrounding circumstances, and are affected by the size or nature of a misstatement, or a combination of both; and Judgments about matters that are material to users of the financial statements are based on a consideration of the common financial information needs of users as a group. The possible effect of misstatements on specific individual users, whose needs may vary widely, is not considered. (ISA (UK) 320)</p>	

# Our approach to materiality

The concept of materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to the monetary misstatements but also to disclosure requirements and adherence to acceptable accounting practice and applicable law.

Materiality area	Amount	Qualitative factors considered
Materiality for the Council’s financial statements	£15.20m	This equates to 2% of the Council’s gross expenditure on the surplus/deficit on the provision of services for 2023-24 based on the audited statement of accounts for the year then ended. This is greater than the 1.5% measurement percentage used in the prior period. We have reached this judgement on the basis that this is now our seventh year as external auditors to the Council and we have developed a great deal of cumulative knowledge and experience over this period. We note that no material errors impacting on useable reserves have been identified in prior periods and there is stability in the Council’s Senior Leadership Team in addition to the Council’s being in good financial standing overall. These factors have indicated that increasing the measurement percentage to 2% is appropriate. Our overall risk assessment at the planning stage supports the 2% benchmark applied.
Performance Materiality (PM)	£10.64m	The performance materiality has been set at 70% of financial statement materiality, consistent with the measurement percentage used in the prior period. This reflects our risk assessed knowledge of potential for errors occurring. Performance materiality is used for the purposes of assessing the risks of material misstatement and determining the nature, timing, and extent of further audit procedures. This is the amount we set at less than materiality for the financial statements as a whole to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole.
Trivial Matters	£0.76m	The amount below which findings would be clearly inconsequential both individually or in aggregate to any reader of the financial statements. This equates to 5% of headline materiality. We will report all misstatements identified in excess of £760k to Audit Committee.
Materiality for specific transactions, balances or disclosures	£23k	Due to the public interest in senior officer remuneration disclosures, we apply specific audit procedures to this work and set a lower materiality level for this area. We design our procedures to detect errors in specific accounts at a lower level of precision which we have determined to be applicable for senior officer remuneration disclosures. We evaluate errors in the remuneration report for both quantitative and qualitative factors against this lower level of materiality. We will apply heightened auditor focus in the completeness and clarity of disclosures in this area and will request amendments to be made if any errors exceed the threshold we have set or would alter the bandings reported for any individual.

# **06 Progress against prior year audit recommendations**

# Progress against prior year audit recommendations

We identified the following issues in our 2023-24 audit of the Council’s financial statements, which resulted in three recommendations being reported in our short form 2023-24 Audit Findings (ISA260) Report. We have followed up on the implementation of our recommendations with all three recommendation having been addressed, which will confirm in our ISA260 report later this year.

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue(s)
Addressed (to be confirmed in our ISA260 Audit Findings report due November 2025)	<p><b>IFRS 16 ‘Leases’ implementation from 1 April 2024</b></p> <p>IFRS 16 is required to be implemented by local authorities from 1 April 2024. This process is a time and resource consuming exercise, to identify such lease contracts and ensure they are complete and accurate. A Council of Rotherham’s size (large metropolitan Council) would potentially have many such contracts to be considered/identified, to ensure those are within the scope of IFRS16 standard.</p> <p>We recommended the Council to accelerate the implementation and identification process of assets within the scope of IFRS16 to ensure such assets are completely and accurately captured before 2024-25 accounts closedown.</p>	<p><i>Management has undertaken a thorough review of the contracts register as well as performing an in-depth analysis of relevant nominal codes to identify potential right of use assets and ensure the listing is complete. Working papers have been created to calculate the value of assets and corresponding liabilities as well as a write down schedule. The Council has used a mix of new working papers and uploaded information into the asset register software to enable the key accounting entries relating to IFRS16 to be generated alongside our existing processes for other fixed assets. The valuers have finalised a list of peppercorn leases, and these will be valued in line with IFRS16.</i></p>
Addressed (to be confirmed in our ISA260 Audit Findings report due November 2025)	<p><b>Management Instructions to the valuer and valuer’s terms of engagement</b></p> <p>From our work to review and consider the approach to asset valuation at the Council, we identified that management provided brief instructions to the Council’s in-house RICS qualified valuers to value Council assets.</p> <p>Our understanding is that it is a mandatory requirement of the RICS Valuation – Global Standards (effective 31 January 2022) that the valuer must in turn prepare a written Terms of Engagement document, setting out how instructions will be met. No formal terms of engagement have been issued by the valuer and therefore we were unable to confirm compliance with the reference RICS requirement.</p> <p>We recommended that these instructions be further improved by adding further detail referring to the applicable LG Code guidance, with which valuers need to comply. In addition, we recommended that the Council’s in-house RICS qualified valuation expert prepare a formal Terms of Engagement document to acknowledge receipt of management’s instructions and confirm their intention to comply with management’s instructions, RICS Valuation - Global Standards, RICS UK Supplements and the LG Code.</p>	<p><i>The valuer is putting together written terms of engagement which will be issued as part of the 2024/25 valuation process. The instructions to valuers will reference the appropriate code guidance.</i></p>

# Progress against prior year audit recommendations (continued)

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue(s)
Addressed (to be confirmed in our ISA260 Audit Findings report due November 2025)	<p><b>Timing of revaluation, financial statement disclosure Note 19, Property Plant and Equipment</b></p> <p>Under the LG Code guidance, the Council is required to publish a disclosure note capturing revaluation timings, covering the last five years. The Council complied with this guidance and disclosed this under note 19 (e).</p> <p>Code guidance identifies that ‘Other Land and Buildings’ are measured at current value and therefore subject to revaluation. In the prior year’s financial statements , ‘other land and buildings’ totalling £15m were disclosed as being carried at historic cost. Whilst we acknowledge some of this balance will include in-year additions, it is considered to represent a high number given Council’s land and buildings are covered by the rolling 5-year valuation cycle.</p> <p>We recommended that management perform further investigations on land and buildings carried out at historical cost at note 19 (e) linking to these Council’s Fixed Asset Register and ensuring that these have been valued appropriately and such disclosures reflect the accurate values at this note.</p>	<p><i>Additional work has been performed on this disclosure for 2024/25 to ensure it is accurate. The value of Land and Buildings carried at historic cost as at 31/3/25 was just £2.77m, a significant reduction against the previous year.</i></p>

# 07 IT audit strategy



# IT audit strategy

In accordance with ISA (UK) 315 Revised, we are required to obtain an understanding of the relevant IT and technical infrastructure and details of the processes that operate within the IT environment. We are also required to consider the information captured to identify any audit relevant risks and design appropriate audit procedures in response. As part of this we obtain an understanding of the controls operating over relevant Information Technology (IT) systems i.e., IT general controls (ITGCs). Our audit will include completing an assessment of the design and implementation of relevant ITGCs.

The following IT system has been judged to be in scope for our audit and based on the planned financial statement audit approach we will perform the level of assessment required. We will keep this under review as the audit progresses and update our understanding if there are additional IT systems within the scope of the audit.

We will report to you including our assessments and findings (as applicable) in our Audit Findings (ISA260) Report targeted for November 2025.

IT application	Audit area	Planned level IT audit assessment
eFinancials (E5)	Core Financial Reporting, including Accounts Payable and Receivable	<ul style="list-style-type: none"><li>• Detailed ITGC assessment design effectiveness</li><li>• Application controls assessment</li><li>• Test the design and implementation of the ITGCs</li><li>• Follow up on IT related recommendations raised in the previous audit</li><li>• Review of cybersecurity controls.</li></ul>

# 09 Value for Money Arrangements

# Value for Money Arrangements

## Approach to Value for Money work for the period ended 31 March 2025

The National Audit Office issued its latest Value for Money guidance to auditors in November 2024. The Code expects auditors to consider whether a body has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. Auditors are expected to report any significant weaknesses in the body's arrangements, should they come to their attention. In undertaking their work, auditors are expected to have regard to three specified reporting criteria. These are as set out below:



### Financial sustainability

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



### Governance

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



### Improving economy, efficiency and effectiveness

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



# Risks of significant VFM weaknesses



As part of our initial planning work, we considered whether there were any risks of significant weakness in the body’s arrangements for securing economy, efficiency and effectiveness in its use of resources that we needed to perform further procedures on. The risks we have identified are detailed on the table overleaf along with the further procedures we will perform. We will continue to review the body’s arrangements and report any further risks of significant weaknesses we identify to those charged with governance. We may need to make recommendations following the completion of our work. The potential different types of recommendations we could make are set out in the second table below.

### Potential types of recommendations

A range of different recommendations could be made following the completion of work on risks of significant weakness, as follows:



#### Statutory recommendation

Recommendations to the body under Section 24 (Schedule 7) of the Local Audit and Accountability Act 2014. A recommendation under schedule 7 requires the body to discuss and respond publicly to the report.



#### Key recommendation

The Code of Audit Practice requires that where auditors identify significant weaknesses in arrangements to secure value for money they should make recommendations setting out the actions that should be taken by the body. We have defined these recommendations as ‘key recommendations’.



#### Improvement recommendation

These recommendations, if implemented should improve the arrangements in place at the body, but are not made as a result of identifying significant weaknesses in the body’s arrangements.

# Risks of significant weakness in VFM arrangements (continued)

## Initial Risk assessment of the Council’s VFM arrangements

The Code of Audit Practice 2024 (the Code) sets out that the auditor's work is likely to fall into three broad areas: planning; additional risk-based procedures and evaluation; and reporting. We undertake initial planning work to inform this Audit Plan. Consideration of prior year significant weaknesses and known areas of risk is a key part of the risk assessment for 2024-25. We will continue to evaluate risks of significant weakness and if further risks are identified, we will report these to those charged with governance. We set out our reported assessment below:

Criteria	2023-24 Auditor judgement on arrangements	2024-25 risk assessment	2024-25 risk-based procedures
Financial sustainability	No significant weaknesses in arrangements but one improvement recommendation was made.	No risks of significant weakness identified.	As no risks of significant weakness has been identified, no additional risk-based procedures are specified at this stage. We will undertake sufficient work to document our understanding of your arrangements as required by the Code and follow up improvement recommendations made in 2023-24.
Governance	No significant weaknesses in arrangements were reported but five improvement recommendations were made.	No risks of significant weakness identified.	As no risks of significant weakness has been identified, no additional risk-based procedures are specified at this stage. We will undertake sufficient work to document our understanding of your arrangements as required by the Code and follow up improvement recommendations made in 2023-24.

We will continue our review of your arrangements until we sign the opinion on your financial statements before we issue our Auditor’s Annual Report. Should any further risks of significant weakness be identified, we will report this to those charged with governance as soon as practically possible. We report our value for money work in our Auditor's Annual Report. Any significant weaknesses identified once we have completed our work will be reflected in your Auditor's Report and included within our 2024-25 audit opinion.

# Risks of significant weakness in VFM arrangements (continued)

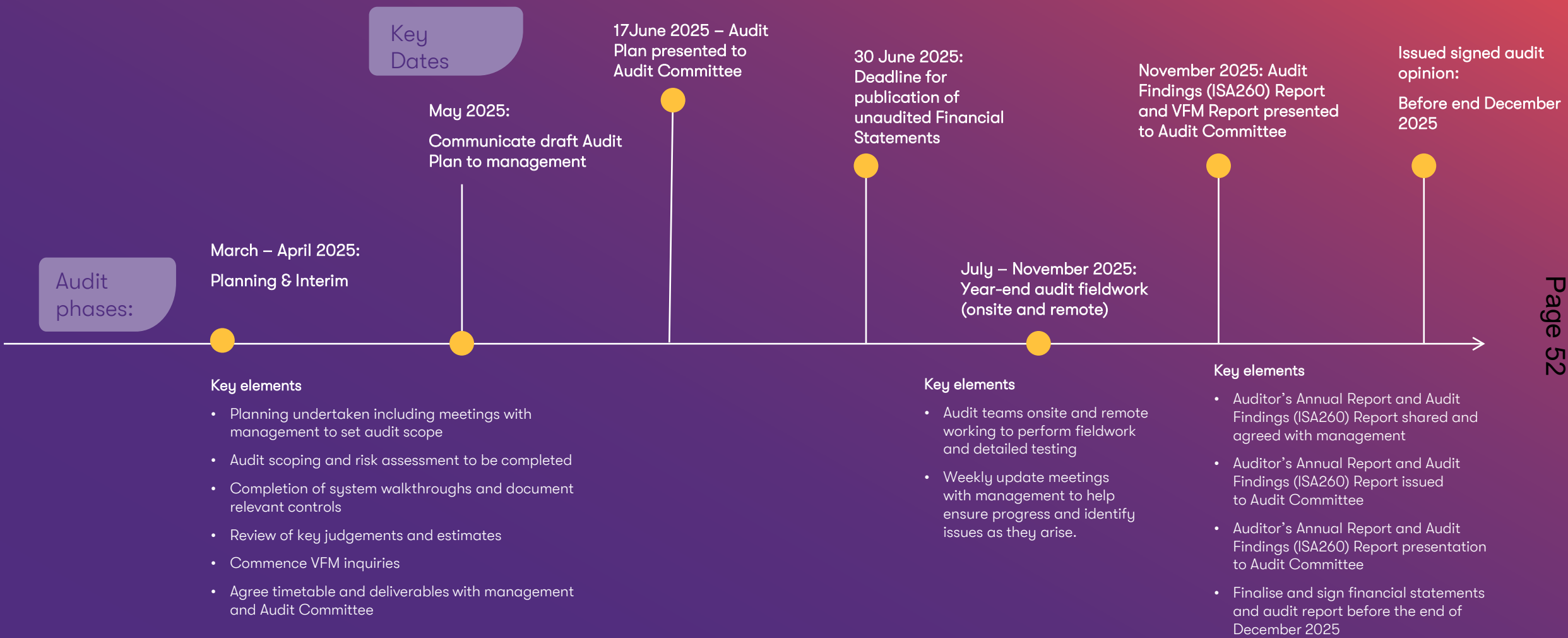
## Initial Risk assessment of the Council’s VFM arrangements (continued)

Criteria	2023-24 Auditor judgement on arrangements	2024-25 risk assessment	2024-25 risk-based procedures
Improving economy, efficiency and effectiveness	We identified two significant weaknesses in arrangements in our prior year report that resulted in two key recommendations being raised.		
	<ul style="list-style-type: none"><li>The first significant weakness in our prior year report was in respect of the Council’s housing stock health and safety compliance. The key recommendation arising was for the Council to further improve HRA compliance data quality, ensure contract management arrangements with external contractors are appropriate, and improve compliance with decent homes standards.</li><li>The second significant weakness in our prior year report is in respect of the Council’s arrangements for asset management and building compliance. The key recommendation arising was for the Council to undertake stock condition surveys to better understand health and safety compliance and building condition, to put in place its own management plans and landlord inspections, to ensure it has an accurate and up-to-date asset management system and to implement compliant contract management with regular performance monitoring.</li></ul>	<p>Two risks of significant weakness identified based on the two significant weaknesses identified and reported in the prior year.</p> <p>Risks of significant weakness at the planning stage include:</p> <ul style="list-style-type: none"><li>HRA health and safety compliance</li><li>Asset management and building compliance</li></ul>	<p>We will follow up progress against the key recommendations and improvement recommendations made in the prior year and ensure that our work assesses the current arrangements in place.</p>
	We also raised two improvement recommendations.		

We will continue our review of your arrangements until we sign the opinion on your financial statements before we issue our Auditor’s Annual Report. Should any further risks of significant weakness be identified, we will report this to those charged with governance as soon as practically possible. We report our value for money work in our Auditor’s Annual Report. Any significant weaknesses identified once we have completed our work will be reflected in your Auditor’s Report and included within our 2024-25 audit opinion.

# 10 Logistics

# Logistics





# Our team and communications

## Grant Thornton core team

<div><b>Michael Green</b> Engagement Lead &amp; Key Audit Partner</div> <div><ul style="list-style-type: none"><li>• Key contact for senior management and Audit Committee</li><li>• Overall quality assurance</li></ul><div>Pool of specialists and other technical specialists:<ul style="list-style-type: none"><li>• Internal IT audit team</li><li>• Internal property valuations team</li><li>• Internal actuarial valuation experts.</li></ul></div></div>	<div><b>Greg Charnley</b> Audit Senior Manager</div> <div><ul style="list-style-type: none"><li>• Key point of contact for the finance team</li><li>• Audit planning</li><li>• Resource management</li><li>• Performance management reporting.</li></ul></div>	<div><b>Andy Nicholls</b> Value for Money Senior Manager</div> <div><ul style="list-style-type: none"><li>• Value for Money planning and risk assessment</li><li>• Main contact for review of VFM arrangements</li><li>• Preparation of the VFM commentary in the Auditor's Annual Report.</li></ul></div>	<div><b>Sam Danielli</b> Audit Assistant Manager</div> <div><ul style="list-style-type: none"><li>• On-site and remote audit team management</li><li>• Day-to-day point of contact</li><li>• Audit fieldwork lead contact.</li></ul></div>
Service delivery	Audit reporting	Audit progress	Technical support
<div><b>Formal communications</b></div> <div><ul style="list-style-type: none"><li>• Annual client service review</li></ul></div>	<div><ul style="list-style-type: none"><li>• The Audit Plan</li><li>• Audit Progress and Sector Update Reports</li><li>• The Audit Findings (ISA260) Report</li><li>• Auditor's Annual Report on VFM arrangements</li></ul></div>	<div><ul style="list-style-type: none"><li>• Audit planning meetings</li><li>• Audit clearance meetings</li><li>• Communication of issues log</li><li>• Quarterly liaison meetings with the three statutory officers</li></ul></div>	<div><ul style="list-style-type: none"><li>• Technical updates</li></ul></div>
<div><b>Informal communications</b></div> <div><ul style="list-style-type: none"><li>• Open channel for discussion</li></ul></div>		<div><ul style="list-style-type: none"><li>• Communication of audit issues as they arise</li></ul></div>	<div><ul style="list-style-type: none"><li>• Notification of up-coming issues</li></ul></div>

As part of our overall service delivery we may utilise colleagues who are based overseas, primarily in India and the Philippines. Those colleagues work on a fully integrated basis with our team members based in the UK and receive the same training and professional development programmes as our UK based team. They work as part of the engagement team, reporting directly to the Audit Senior and Manager and will interact with you in the same way as our UK based team albeit on a remote basis. Our overseas team members use a remote working platform which is based in the UK. The remote working platform (or Virtual Desktop Interface) does not allow the user to move files from the remote platform to their local desktop meaning all audit related data is retained within the UK.

# 11 Fees and related matters

# Our fee estimate

Our estimate of the audit fees is set out in the table across, along with the fees billed in the prior year.

## Relevant professional standards

In preparing our fee estimate, we have had regard to all relevant professional standards, including paragraphs 4.1 and 4.2 of the FRC’s [Ethical Standard \(revised 2024\)](#) which stipulate that the Engagement Lead (Key Audit Partner) must set a fee sufficient to enable the resourcing of the audit with partners and staff with appropriate time and skill to deliver an audit to the required professional and Ethical standards.

## PSAA

Local Government Audit fees are set by PSAA as part of their national procurement exercise. In 2023 PSAA awarded a contract of audit for Rotherham Metropolitan Borough Council to begin with effect from 2023-24. The scale fee set out in the PSAA contract for the 2024-25 audit is £417,703.

This contract sets out four contractual stage payments for this fee, with payment based on delivery of specified audit milestones:

- Production of the final auditor’s annual report for the previous Audit Year (exception for new clients in 2023-24 only)
- Production of the draft audit planning report to Audited Body
- 50% of planned hours of an audit have been completed
- 75% of planned hours of an audit have been completed

Any variation to the scale fee will be determined by PSAA in accordance with their procedures as set out here [Fee Variations Overview – PSAA](#)

## Updated Auditing Standards

The FRC has issued updated Auditing Standards in respect of Quality Management (ISQM 1 and ISQM 2). It has also issued an updated Standard on quality management for an audit of financial statements (ISA 220). We confirm we will comply with these standards.

	Audit Fee for 2023-24	Proposed fee for 2024-25
Rotherham Metropolitan Borough Council Scale Fee (per PSAA contract)	£383,874	£417,703
Additional fee relating to the use of an auditor’s expert for the valuation of property not included within the PSAA 2023-24 scale fee.	£3,000	£-
Increased audit requirements relating to the review of the Council’s implementation of the newly applicable IFRS 16 Leases accounting standard not included within the PSAA scale fee for 2024-25. Once we have completed our review of IFRS 16 we will confirm the additional fees – see page 9 for further details on IFRS 16 work	£-	£ TBC
Increased audit requirements of ISA 315 Revised – “Identifying and assessing the Risks of Material Misstatement” – (new controls requirement not included in the PSAA 2023-24 scale fee)	£12,550	£-
<b>Total audit fees (excluding VAT)</b>	<b>£399,424</b>	<b>£417,703 (TBC)</b>

## Our fee estimate:

We have set out below our specific assumptions made in arriving at our estimated audit fees, we have assumed that the Council will:

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

Our fee estimate also assumes that you will engage suitably competent experts to assist management in the following areas:

- Closing valuation of land and buildings including council dwellings
- Valuation of LGPS defined benefit pension balances

## Previous year

In 2023-24 the scale fee set by PSAA was £384k. The actual fee charged for the audit was £399k.

# 12 Independence considerations

# Independence considerations

## Auditor independence

Ethical Standards and ISA (UK) 260 require us to give you timely disclosure of all significant matters that may bear upon the integrity, objectivity and independence of the firm or covered persons (including its partners, senior managers and managers). In this context, we confirm that there are no matters that we are required to report.

We confirm that we have implemented policies and procedures to meet the requirement of the Financial Reporting Council's Ethical Standard.

As part of our assessment of our independence at planning we note the following matters:

Matter	Conclusions
Relationships with Grant Thornton	We are not aware of any relationships between Grant Thornton and the Council that may reasonably be thought to bear on our integrity, independence and objectivity.
Relationships and Investments held by individuals	We have not identified any potential issues in respect of personal relationships with the Council or investments in the Council held by individuals.
Employment of Grant Thornton staff	We are not aware of any former Grant Thornton partners or staff being employed, or holding discussions in respect of employment, by the Council as a director or in a senior management role covering financial, accounting or control related areas.
Business relationships	We have not identified any business relationships between Grant Thornton and the Council.
Contingent fees in relation to non-audit services	No contingent fee arrangements are in place for non-audit services provided.
Gifts and hospitality	We have not identified any gifts or hospitality provided to, or received from, a member of the Council's board, senior management or staff (that would exceed the threshold set in the Ethical Standard).

We are required to report to you details of any breaches of the requirements of the FRC Ethical Standard, and of any safeguards applied and actions we have taken to address any threats to independence. We confirm that there are no significant facts or matters that impact on our independence at planning as auditors that we are required or wish to draw to your attention and consider that an objective reasonable and informed third party would take the same view.

The firm and each covered person have complied with the Financial Reporting Council's Ethical Standard and confirm that we are independent and are able to express an objective opinion on the financial statements. Furthermore, we have complied with the requirements of the National Audit Office's Auditor Guidance Note 01 issued in February 2025 which sets out supplementary guidance on ethical requirements for auditors of local public bodies.

Following this consideration we can confirm that we are independent at planning and are able to express an objective opinion on the financial statements. In making the above judgement, we have also been mindful of the quantum of non-audit fees compared to audit fees disclosed in the financial statements and estimated for the current year.

# Fees and non-audit services

The following table below sets out the non-audit services charged from the beginning of the financial year to date of issue of the Audit Plan as well as the threats to our independence and safeguards have been applied to mitigate these threats. The below non-audit services are consistent with the Council’s policy on the allotment of non-audit work to your auditor and none of the below services were provided on a contingent fee.

For the purposes of our audit we have made enquiries of all Grant Thornton teams providing services to Rotherham Metropolitan Borough Council. The table summarises all non-audit services which were identified. We have adequate safeguards in place to mitigate the perceived threats from these fees.

## Audit Related Fees

Service	Fees £	Threats Identified	Safeguards applied
Certification of Housing Benefits claim 2022-23	60,675	Self-Interest (because this is a recurring fee)	The level of this recurring fee taken on its own is not considered a significant threat to independence as the fee for this work is £60,675 in comparison to the total fee for the audit of £417,703 and in particular relative to Grant Thornton UK LLP’s turnover overall. Further, it is a fixed fee and there is no contingent element to it. These factors all mitigate the perceived self-interest threat to an acceptable level.
		Self review (because GT provides audit services)	The external auditor has not prepared any elements of the form MPF720A submission and are carrying out work on the information submitted to the Department for Work and Pensions (DWP) by the Council. We do not expect material misstatements to the financial statements to arise from this service. To mitigate against the self review threat, the timing of certification work is done after the audit has completed, materiality of the amounts involved to our opinion and unlikelihood of material errors arising and the Council has informed management who will decide whether to amend returns for our findings and agree the accuracy of our reports on grants.
		Management (because our report will inform the findings presented by management to DWP)	We will perform the proposed service in line with the instructions and reporting framework issued by DWP and will report to DWP, with a copy of our report being provided to the local authority at the same time. If any amendments need to be made to form MPF720A as a result of the reporting accountant’s work, these will be discussed and agreed with the member of informed management who is authorised by the Strategic Director Finance & Customer Services to make these amendments. Amendments to the form can only be made by local authority staff and are initialled by the authorised signatory (Strategic Director Finance & Customer Services (s151)). We agree the factual accuracy of our findings with a member of informed management before issuing it to the DWP. We are satisfied from previous experience that the purpose of our testing and the potential impact of our findings on the form is understood by a member of informed management.
Certification of Housing Benefits claim 2023-24	41,950 (base fee)	Self-Interest (because this is a recurring fee)	The level of this recurring fee taken on its own is not considered a significant threat to independence as the base fee for this work is £41,950 in comparison to the total fee for the audit of £417,703 and in particular relative to Grant Thornton UK LLP’s turnover overall. Further, it is a fixed fee and there is no contingent element to it. These factors all mitigate the perceived self-interest threat to an acceptable level.
		Self review (because GT provides audit services)	The external auditor has not prepared any elements of the form MPF720A submission and are carrying out work on the information submitted to the Department for Work and Pensions (DWP) by the Council. We do not expect material misstatements to the financial statements to arise from this service. To mitigate against the self review threat, the timing of certification work is done after the audit has completed, materiality of the amounts involved to our opinion and unlikelihood of material errors arising and the Council has informed management who will decide whether to amend returns for our findings and agree the accuracy of our reports on grants.
		Management (because our report will inform the findings presented by management to DWP)	We will perform the proposed service in line with the instructions and reporting framework issued by DWP and will report to DWP, with a copy of our report being provided to the local authority at the same time. If any amendments need to be made to form MPF720A as a result of the reporting accountant’s work, these will be discussed and agreed with the member of informed management who is authorised by the Strategic Director Finance & Customer Services to make these amendments. Amendments to the form can only be made by local authority staff and are initialled by the authorised signatory (Strategic Director Finance & Customer Services (s151)). We agree the factual accuracy of our findings with a member of informed management before issuing it to the DWP. We are satisfied from previous experience that the purpose of our testing and the potential impact of our findings on the form is understood by a member of informed management.
Total	102,625		

# **13 Communication of audit matters with those charged with governance**

# Communication of audit matters with those charged with governance

Our communication plan	Audit Plan	Audit Findings
Respective responsibilities of auditor and management / those charged with governance	●	
Overview of the planned scope and timing of the audit, form, timing and expected general content of communications including significant risks and Key Audit Matters	●	
Planned use of internal audit	●	
Confirmation of independence and objectivity	●	●
A statement that we have complied with relevant ethical requirements regarding independence. Relationships and other matters which might be thought to bear on independence. Details of non-audit work performed by Grant Thornton UK LLP and network firms, together with fees charged. Details of safeguards applied to threats to independence	●	●
Significant matters in relation to going concern	●	●
Views about the qualitative aspects of the Council's accounting and financial reporting practices including accounting policies, accounting estimates and financial statement disclosures		●
Significant findings from the audit		●
Significant matters and issue arising during the audit and written representations that have been sought		●
Significant difficulties encountered during the audit		●
Significant deficiencies in internal control identified during the audit		●
Significant matters arising in connection with related parties		●
Identification or suspicion of fraud involving management and / or which results in material misstatement of the financial statements		●
Non-compliance with laws and regulations		●
Unadjusted misstatements and material disclosure omissions		●

ISA (UK) 260, as well as other ISAs (UK), prescribe matters which we are required to communicate with those charged with governance, and which we set out in the table here.

This document, the Audit Plan, outlines our audit strategy and plan to deliver the audit, while the Audit Findings will be issued prior to approval of the financial statements and will present key issues, findings and other matters arising from the audit, together with an explanation as to how these have been resolved.

We will communicate any adverse or unexpected findings affecting the audit on a timely basis, either informally or via an audit progress memorandum.

## Respective responsibilities

As auditor we are responsible for performing the audit in accordance with ISAs (UK), which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance.

The audit of the financial statements does not relieve management or those charged with governance of their responsibilities.



# **14 Delivering audit quality**

# Delivering audit quality

## Our quality strategy

We deliver the highest standards of audit quality by focusing our investment on:

### Creating the right environment

Our audit practice is built around the markets it faces. Your audit team are focused on the Public Sector audit market and work with clients like you day in, day out. Their specialism brings experience, efficiency and quality.

### Building our talent, technology and infrastructure

We've invested in digital tools and methodologies that bring insight and efficiency and invested in senior talent that works directly with clients to deploy bespoke digital audit solutions.

### Working with premium clients

We work with great public sector clients that, like you, value audit, value the challenge a robust audit provides, and demonstrate the strongest levels of corporate governance. We're aligned with our clients on what right looks like.

Our objective is to be the best audit firm in the UK for the quality of our work and our client service, because we believe the two are intrinsically linked.

## How our strategy differentiates our service

Our investment in a specialist team, and leading tools and methodologies to deliver their work, has set us apart from our competitors in the quality of what we do.

The FRC highlighted the following as areas of particularly good practice in its recent inspections of our work:

- use of specialists, including at planning phases, to enhance our fraud risk assessment
- effective deployment of data analytical tools, particularly in the audit of journals.

## The right people at the right time

We are clear that a focus on quality, effectiveness and efficiency is the foundation of great client service. By doing the right audit work, at the right time, with the right people, we maximise the value of your time and ours, while maintaining our second-to-none quality record.

Bringing you the right people means that we bring our specialists to the table early, resolving the key judgements before they impact the timeline of your financial reporting. The audit partner always retains the final call on the critical decisions; we use our experts when forming our opinions, but we don't hide behind them.

## Digital differentiation

We're a digital-first audit practice, and our investment in data analytics solutions has given our clients better assurance by focusing our work on transactions that carry the most risk. With digital specialists working directly with your teams, we make the most of the data that powers your business when forming our audit strategy.

## Oversight and control

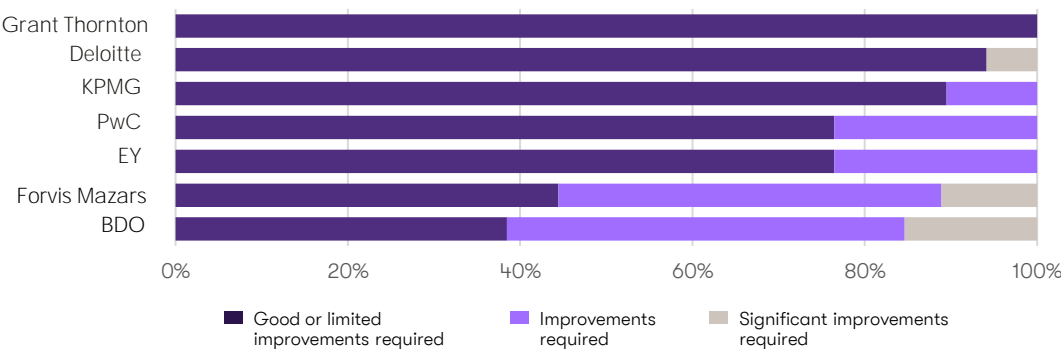
Wherever your audit work is happening, we make sure that its quality meets your exacting requirements, and we emphasise communication to identify and resolve potential challenges early, wherever and however they arise. By getting matters on the table before they become "issues", we give our clients the time and space to deal with them effectively.

Quality underpins everything at Grant Thornton, as our FRC inspection results in the chart below attest to. We're growing our practice sustainably, and that means focusing where we know we can excel without compromising our strong track record or our ability to deliver great audits. It's why we will only commit to auditing clients where we're certain we have the time and resource, but, most importantly, capabilities and specialist expertise to deliver. You're in safe hands with the team; they bring the right blend of experience, energy and enthusiasm to work with you and are fully supported by myself and the rest of our firm.

Wendy Russell  
Partner, UK Head of Audit



FRC's Audit Quality Inspection and Supervision Inspection  
(% of files awarded in each grading, in the most recent report for each firm)



# 15 Appendices

# IFRS reporters New or revised accounting standards that are in effect

## First time adoption of IFRS 16

Lease liability in a sale and leaseback

- IFRS 16 was implemented by LG bodies from 1 April 2024, with early adoption possible from 1 April 2022. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and replaces IAS17. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an entity.
- This year will be the first year IFRS 16 is adopted fully within Local Government.

## IAS 1 amendments

Non-current liabilities with covenants

- These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments also aim to improve information an entity provides related to liabilities subject to these conditions.

# IFRS reporters Future financial reporting changes

## IFRS reporters future financial reporting changes

These changes will apply to local government once adopted by the Code of practice on local authority accounting (the Code).

## Amendments to IFRS 9 and IFRS 7 – Classification and measurement of financial instruments

These amendments clarify the requirements for the timing of recognition and derecognition of some financial assets and liabilities, adds guidance on the SPPI criteria, and includes updated disclosures for certain instruments. The amendments are expected to be adopted by the Code in future years.

## IFRS 18 Presentation and Disclosure in the Financial Statements

IFRS 18 will replace IAS 1 Presentation of Financial Statements. All entities reporting under IFRS Accounting Standards will be impacted.

The new standard will impact the structure and presentation of the statement of profit or loss as well as introduce specific disclosure requirements. Some of the key changes are:

- Introducing new defined categories for the presentation of income and expenses in the income statement
- Introducing specified totals and subtotals, for example the mandatory inclusion of 'Operating profit or loss' subtotal
- Disclosure of management defined performance measures
- Enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes.

IFRS 18 is expected to be adopted by the CIPFA Code in future years.

# The Grant Thornton Digital Audit – Inflo

A suite of tools utilised throughout the audit process

01

Collaborate

Information requests are uploaded by the engagement team and directed to the right member of your team, giving a clear place for files and comments to be uploaded and viewed by all parties.

What you'll see

- Individual requests for all information required during the audit
- Details regarding who is responsible, what the deadline is, and a description of what is required
- Graphs and charts to give a clear overview of the status of requests on the engagement



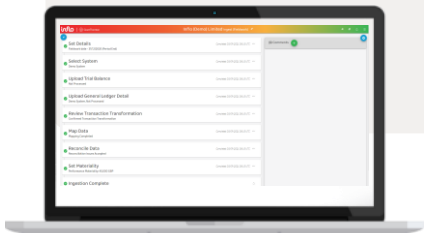
02

Ingest

The general ledger and trial balance are uploaded from the finance system directly into Inflo. This enables samples, analytical procedures, and advance data analytics techniques to be performed on the information directly from your accounting records.

What you'll see

- A step by step guide regarding what information to upload
- Tailored instructions to ensure the steps follow your finance system



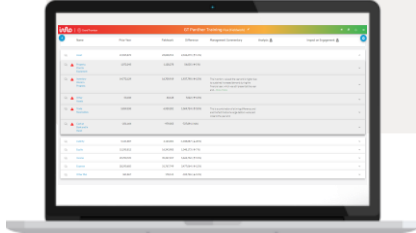
03

Detect

Journals interrogation software which puts every transaction in the general ledger through a series of automated tests. From this, transactions are selected which display several potential unusual or higher risk characteristics.

What you'll see

- Journals samples selected based on the specific characteristics of your business
- A focussed approach to journals testing, seeking to only test and analyse transactions where there is the potential for risk or misstatement





© 2025 Grant Thornton. All rights reserved.

'Grant Thornton' refers to the brand under which the Grant Thornton member firms provide assurance, tax and advisory services to their clients and/or refers to one or more member firms, as the context requires. Grant Thornton International Ltd (GTIL) and the member firms are not a worldwide partnership. GTIL and each member firm is a separate legal entity. Services are delivered by the member firms. GTIL does not provide services to clients. GTIL and its member firms are not agents of, and do not obligate, one another and are not liable for one another's acts or omissions.

This page is intentionally left blank



**Committee Name and Date of Committee Meeting**

Audit Committee – 17 June 2025

**Report Title**

Publication of unaudited Statement of Accounts 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)**

Rob Mahon (Assistant Director, Financial Services), Natalia Govorukhina (Head of Corporate Finance)

Finance & Customer Services Directorate

01709 254518 [rob.mahon@rotherham.gov.uk](mailto:rob.mahon@rotherham.gov.uk)

01709 910147 [natalia.govorukhina@rotherham.gov.uk](mailto:natalia.govorukhina@rotherham.gov.uk)

**Ward(s) Affected**

Borough-Wide

**Report Summary**

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

The report to Audit Committee in January 2025 highlighted the approach to be taken by the Council in ensuring that the draft unaudited Statement of Accounts would be published in accordance with the Accounts and Audit (Amendment) Regulations 2024.

The draft unaudited Statement of Accounts 2024/25 were published on the Council's website on 9 June 2025, slightly later than the original target date of 31 May 2025. The delay was to allow for effective quality and assurance checks to be performed. The Council complied with the statutory deadline for the publication of draft accounts by 30 June 2025. The intention was for the final audited accounts to be presented to Audit Committee at the end of September 2025 in line with the former statutory deadline, however, Grant Thornton have indicated that due to capacity constraints it is likely to be November for the completion of the audit of the accounts. A report on the Grant Thornton audit plan is on this meeting agenda.

## **Recommendations**

1. The Audit Committee is asked to receive the draft unaudited Statement of Accounts 2024/25.

## **List of Appendices Included**

Appendix 1 Narrative Report 2024/25

Appendix 2 Highlights Report setting out key matters reported in the 2024/25 accounts

Appendix 3 Unaudited Statement of Accounts 2024/25

Appendix 4 Informing the Audit Risk assessment 2024/25

## **Background Papers**

CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2024/25  
Accounts and Audit (Amendment) Regulations 2024

Audit Committee meeting – 14th January 2025

## **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 2024/25**

### **1. Background**

- 1.1 The Code of Practice on Local Authority Accounting 2024/25 together with the Accounts and Audit (Amendment) Regulations 2024 set out the accounting and statutory framework for local authority financial reporting.
- 1.2 Under the Accounts and Audit (amendment) Regulations 2024, local authorities are required to publish their unaudited accounts no later than 30 June accompanied by a Narrative Report and draft Annual Governance Statement. This triggers a period of 30 working days for local electors to exercise their rights to inspect the accounts and supporting records and to ask questions of the external auditor.
- 1.3 A timetable for the production of the Council's accounts was presented to Audit Committee in January 2025, indicating the Council's draft accounts would be published on 31 May 2025. The draft unaudited Statement of Accounts 2024/25 was published on the Council's website alongside the Narrative Report and draft Annual Governance Statement on 9 June 2025, later than planned to allow for further quality and accuracy checks to be performed. The period for local electors to exercise their rights has commenced on 10 June 2025 and will cease on 21 July 2025.
- 1.4 Where appropriate, Grant Thornton will set out any material adjustments made to the accounts and any uncorrected differences of a non-trivial nature. Grant Thornton have indicated in their audit plan that the accounts materiality for planning purposes is £15.20m (£9.85m in 2023/24). Individual transactional level materiality was set at £760k in 2024/25. Grant Thornton will revisit these materiality figures in July and confirm the final figures.
- 1.5 Audit Committee will be asked to formally approve the audited Statement of Accounts for publication having regard to Grant Thornton's findings and opinion on whether the accounts give a true and fair view of the Council's financial performance for the year and its financial position at the end of the year and whether they have been prepared in accordance with proper practice. Grant Thornton have indicated that due to capacity constraints it is likely to be late November for the completion of the audit of the accounts.

### **2. Key Issues**

- 2.1 The Council produces the Narrative Report to accompany the accounts and act as a more concise and easier to follow overview of the Council's financial standing, attached as Appendix 1. Appendix 2 sets out the key areas of the Council's draft accounts, as key highlights. The Council's draft unaudited

Statement of Accounts 2024/25 that have been published on the Council's website are attached as Appendix 3. Appendix 4 shows the Council's response to enquiries from Grant Thornton about issues that inform their audit risk assessment. The areas covered include fraud, laws and regulations and accounting estimates.

- 2.2 The accounts have been produced in accordance with the CIPFA code of practice. This includes full implementation of the new lease accounting standard, IFRS16 for the first time in 2024/25.

### **Pension Fund Estimates**

- 2.3 Although 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, when preparing annual accounts, the Pension Fund and actuaries are required 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 pensions fund for the past financial year.
- 2.4 The latest triennial valuation was as at March 2022, which was undertaken by the actuary Hyman Robinson LLP. This calculated the Council's assets and liabilities in detail, using individual membership data and actual cashflow data for the Council's share of the Fund. This formal valuation showed an improvement in the fund's position with the Council's share of the Fund deficit on the scheme reducing from £133 million at the previous actuarial valuation in 2019 to virtually fully funded.
- 2.5 The position as at the March 2022 Triennial Valuation was rolled forward for the IAS 19 annual exercise. The 2024/25 IAS 19 actuarial exercise identified a surplus on Rotherham's share of the Fund of £366.8m. 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 £179.1m in the IAS 19 exercise for the 2023/24 accounts.
- 2.6 The IAS 19 valuation is not used to determine either refunds of past contributions or the level of future contributions to the Fund (following the 2022 valuation although the fund is in surplus the Council's employers' contributions have been increased from 17.2% to 17.3% for the three financial years covered by the valuation) and, in accordance with the guidance within IAS19 on the application of an asset ceiling the surplus identified in the IAS19 exercise has been reduced to nil in the Council's Balance sheet.

### **3. Options considered and recommended proposal**

- 3.1 Compliance with the Accounts and Audit (Amendment) Regulations 2024 is a statutory requirement. The Regulations state that the Council's "responsible financial officer" is required to sign-off the draft unaudited Statement of Accounts by the statutory date and confirm that they are satisfied it presents a true and fair view of the Council's financial position for the financial year.

### **4. Consultation on proposal**

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

### **5. Timetable and Accountability for Implementing this Decision**

- 5.1 The statutory deadline for publishing the draft unaudited Statement of Accounts for 2024/25 by 30 June has been met. The statutory deadline for publishing the audited financial statements for 2024/25 is 27 February 2026.

### **Financial and Procurement Advice and Implications**

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

### **6. Legal Advice and Implications**

- 6.1 None, other than ensuring compliance with the requirements of the Accounts and Audit (Amendment) Regulations 2024.

### **7. Human Resources Advice and Implications**

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

### **8. Implications for Children and Young People and Vulnerable Adults**

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

### **9. Equalities and Human Rights Advice and Implications**

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

**10. Implications for Partners**

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

**11. Risks and Mitigation**

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

**12. Accountable Officer(s)**

Judith Badger (Strategic Director of Finance & Customer Services)

# **ROTHERHAM MBC**

**NARRATIVE REPORT 2024/25**

## **Narrative Report 2024/25**

### **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 2024/25, 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 2024/25 the Council has faced some significant financial challenges as a result in the main to rising demand and market costs in relation to social care. Some of these pressures were anticipated when setting the 2024/25 Budget and as such, corporate provisions totalling £6.9m were established as mitigation. Although inflation has been easing, the impact of the Local Government Association (LGA) Pay Award 2024/25 was £3m greater than was assumed within the Budget for 2024/25. Despite these demand and inflationary pressures, a near balanced outturn was achieved with an overall position £0.3m overspend. The core directorates had an overspend of £12.8m partially offset by the planned £6.9m corporate budget risk contingency within Central Services that was approved within the Council's Budget and Council Tax Report 2024/25. Taken with savings delivered from the Council's Treasury Management Strategy, the final underspend in Central Services was £12.5m, which reduced the Council's overall outturn to a £0.3m 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.
- Provider inflation impacting Children and Young People's Services, particularly in relation to payments for Independent Fostering Agencies (IFAs) and external residential placements.
- Increased costs of homelessness due to increased demand and subsequent need to use high-cost placements.
- Pressure across waste management on staffing and vehicle costs, disposal costs and related income.

As a result of these financial pressures the Council's financial outturn for 2024/25 was a £0.3m overspend. This overspend position was funded from the Budget and Financial Strategy Reserve. 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 2024/25 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 2025/26 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 Governments Autumn Statement and Policy update, along with the Final Financial Settlement, have given the Local Authority sector a much needed boost in terms of the funding package available. The confirmation of £1.3bn additional grant for the sector was much needed, with £0.68bn towards Adult Social Care (£3.8m for RMBC) and £0.7bn to be provided through the new Recovery Grant allocated on a deprivation basis (meaning £8.7m of new un-ringfenced grant for RMBC). Whilst some smaller grants have been removed to support this £1.3bn national uplift, overall the funding package represents a substantial increase in Local Authority funding. This settlement represents the most significant increase in core funding in the last 15 years and the Council will be around £14m better off in 2025/26 than was expected a year ago.

Following approval of the 2024/25 Budget the global economic position has improved with inflation easing, reducing from 11.1% October 2022 at its recent peak back down to 1.7% September 2024. Inflation has since started to rise again as the economy has slowed with inflation back at 2.6% in March 2025 highlighting that the economic uncertainty has not yet ended. The Council's base costs have continued to significantly rise across the period of high inflation and need to be factored into the Budget and MTFS moving forwards. Energy

prices, whilst also positively reducing, are still projected to cost the Council around 60% more in 2025/26 than the outturn position for 2022/23 prior to the significant inflationary increase. 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 2025/26 the financial pressures facing the Council have been mitigated through an increase in fees and charges of 2% for majority of the services and an increase in Council Tax for 2025/26 of 3% both in line with the MTFS assumptions, and through continued planned use of reserves to support the Budget and MTFS.

These proposals and the improved funding position have allowed the Council to approve a balanced budget position for 2025/26 and 2026/27 with a gap of £3.2m in 2027/28 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 £10m of reserves across the period 2024/25 to 2027/28, it should be noted that the Council's projected balance of reserves as at the end of 2027/28 is £6.5m higher than it was expected to be when the Council agreed its Budget for 2024/25. 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 2025/26, the Local Government Financial Settlement for 2025/26 was only a one-year allocation making it challenging to plan longer term. The final settlement for 2025/26 was around £14m better than anticipated, however some difficult decisions continue within 2025/26 budget given local pressures and rising demand for services. 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 271,195 in 2023. This is as a result of a natural increase (more births than deaths), net inward migration and increased life expectancy. Rotherham has 166,000 people of working age (61.2%), 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 2021 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 three 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.

Redevelopment plans for Dinnington High Street and Wath Town Centre have progressed in the year with design work and land assembly underway. The Forge Island scheme has now been completed, while the Council's supported projects at Wentworth, Maltby, Magna and Grimm & Co are all 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 has been demolished. The Towns & Villages Fund now has all bar two projects complete, with one more on site and a final one, Maltby East scheduled to start later in 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 delivery now commencing at a range of sites.

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**

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 5<sup>th</sup> March 2025 as part of the Budget and Council Tax Report 2025/26. It provides a three-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 2026/27 and a budget gap of £3.252m in 2027/28 which needs to be addressed.

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 and a further new Year Ahead Delivery Plan for the period to 31 March 2025 (the final one for this current Plan) was approved by Cabinet on 29 July 2024.

Formal progress reports are presented in public at Cabinet meetings. For 2024/25 a mid-year report was presented on 20 January 2025 and the final progress report for 2024/25, covering data for quarter four and year-end performance will be presented to Cabinet on 7 July 2025.

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.

A new Council Plan was developed during 2024/25 and this new Plan will form the focus of our work in future years. The new Plan was approved by Cabinet on 19 May 2025 and by Council on the 21 May 2025. Alongside the new Plan, a Year Ahead Delivery Plan covering the 2025/26 year was approved by Cabinet.

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 made significant progress in the delivery of key activities over its final year. These activities are making real, tangible changes including:	
<b>Every neighbourhood thriving:</b>	
<ul style="list-style-type: none"> <li>• A wide range of events took place across the Borough including the new "Rotherham" festival. The estimated total audience for all events was 134,546.</li> <li>• The commencement of the final projects within the Towns and Villages fund which are scheduled to be complete in the early part of the new financial year.</li> <li>• Rotherham Show took place, welcoming more than 60,000 residents to Clifton Park.</li> <li>• Waterloo Kiln restoration was completed in October 2024.</li> <li>• Completion of the repair of 121 unclassified roads as part of the 2024/25 Highways Repair Programme.</li> </ul>	
<b>People are safe, healthy and live well</b>	
<ul style="list-style-type: none"> <li>• 75% of Care Homes had signed up as Infection Prevention and Control Champions by June 2024. Groundwork started on the new Castle View Day Service building, with completion scheduled for March 2026.</li> <li>• 17 new homes have been acquired to be used as temporary accommodation and 156 homes in total have been acquired or built in the financial year.</li> <li>• From Spring 2024 to Easter 2025, the Council used the Household Support Fund to provide £1.586 million pounds worth of food vouchers to pupils eligible for free school meals.</li> </ul>	
<b>Every child able to fulfil their potential</b>	
<ul style="list-style-type: none"> <li>• 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. Two more new two-bedroom homes were submitted for registration, by Ofsted by the end of March 2025.</li> <li>• The Children's Capital of Culture was officially launched in December 2024 and will continue throughout the year.</li> </ul>	

<ul style="list-style-type: none"> <li>The Council launched the new Baby Packs scheme at the end of 2024/25, with 146 registrations for the Packs and 74 Packs delivered in the year.</li> </ul>
<b>Expanding economic opportunity</b>
<ul style="list-style-type: none"> <li>Construction of the £47m Forge Island scheme in the Town Centre was completed in the year. The scheme is home to a state-of-the-art cinema which opened in September 2024, a 69 room hotel which opened in July 2024, and six restaurants of which one opened in May 2025 and fitting out for the second is currently underway.</li> <li>The Council's employment support and progression projects continued in 2024/25, with 711 residents supported via the Employment Hub.</li> <li>128 grants to the value of £856,852 have been provided to help local businesses improve productivity and grow.</li> <li>Work continued on the construction of the redevelopment of the markets complex in the Town Centre and work commenced on the Riverside Gardens scheme.</li> <li>Following agreement of Rotherham's digital inclusion strategy and action plan, 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 and over 3,000 residents have attended community based training sessions.</li> </ul>
<b>A cleaner, greener local environment</b>
<ul style="list-style-type: none"> <li>An additional day of mechanical sweeping has been provided to the Borough's main towns outside of the Rotherham Town Centre.</li> <li>Initial design work has been completed on further flood defence schemes including the Parkgate and Rawmarsh scheme and the Culvert Renewal programme.</li> <li>The Sheffield Road Cycleway was completed in the year.</li> <li>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 the commencement of work on a new Tram-train stop at Magna and the completion of the Parkgate Link Road and Park &amp; Ride Scheme. The Council is also working with SYMCA and Network Rail to finalise the drafting of the Outline Business Case for the new Rotherham Mainline Station.</li> </ul>

## 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 31<sup>st</sup> March 2025 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 2024/25 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.

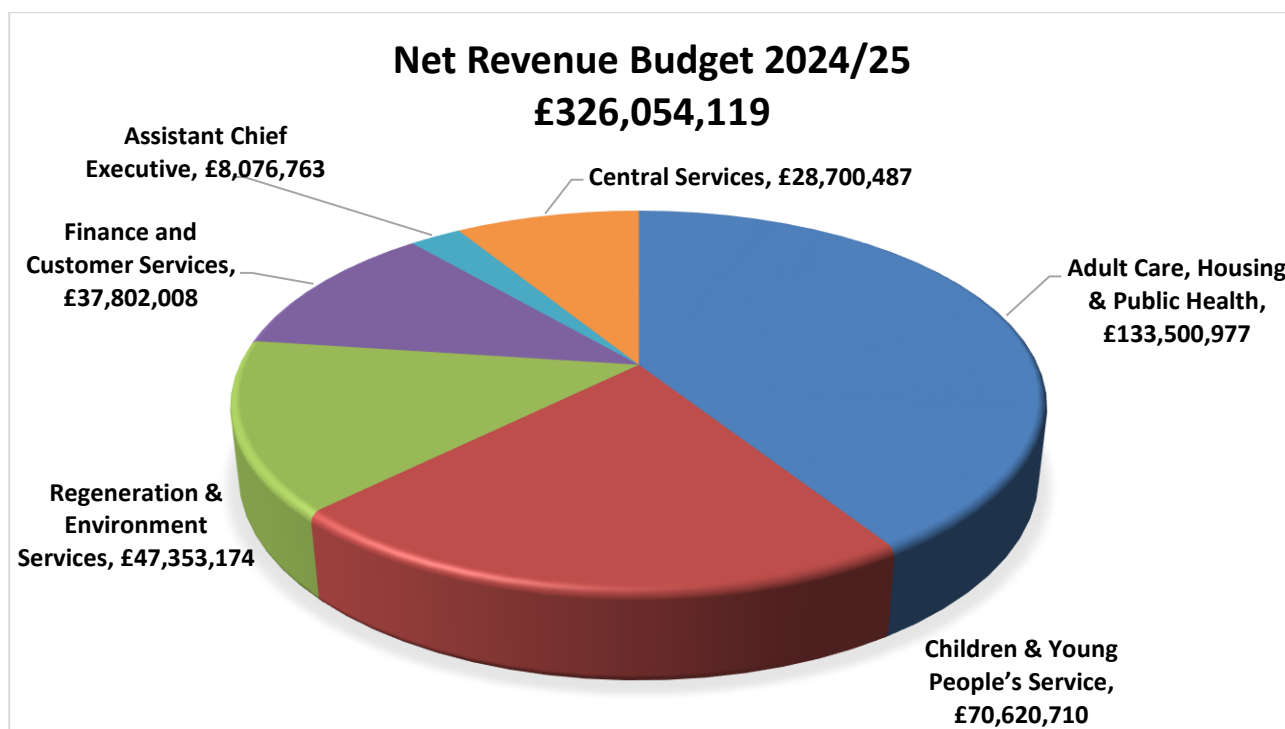
- *Comprehensive Income and Expenditure Statement*  
This account summarises the revenue costs of providing all Council services and the income and resources received in financing the expenditure.
- *Movement in Reserves Statement*  
This statement shows the movement during the year of the different 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**

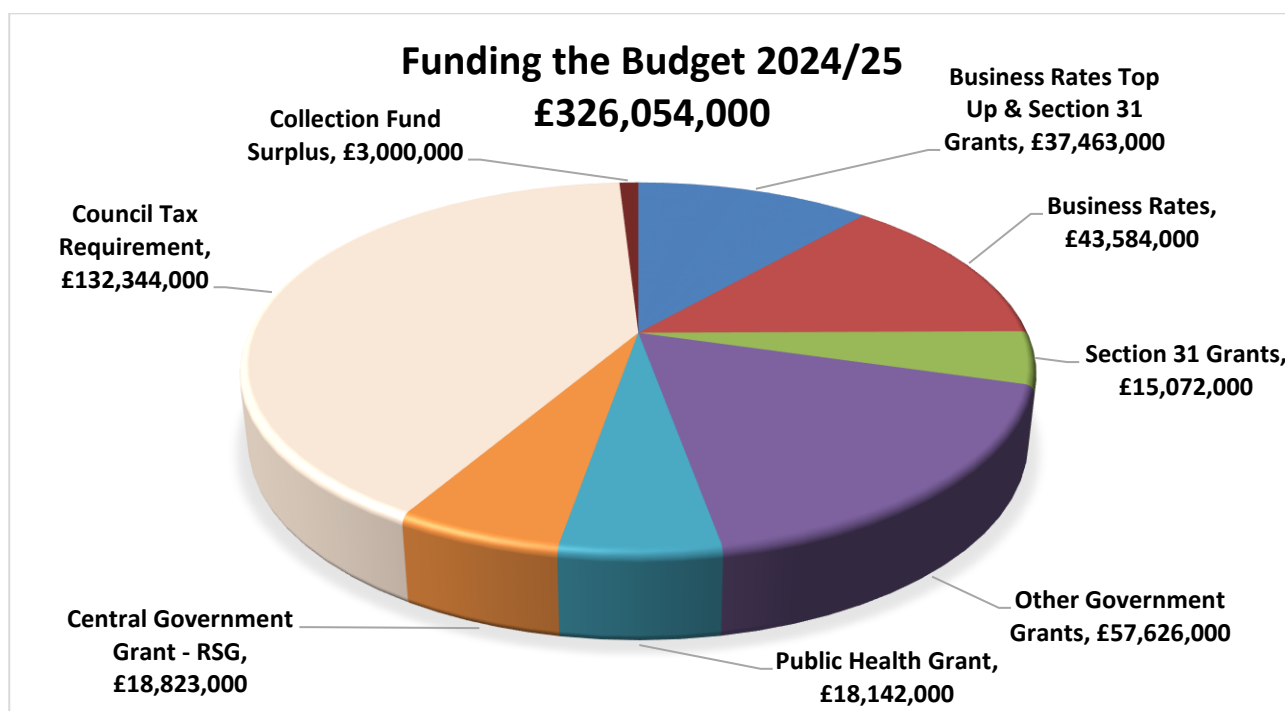
A summary of the Council's revenue and capital outturns for 2024/25 is included in the following paragraphs. Further details are included in the Outturn Report to Cabinet on the 9 June 2025. The agenda and papers for the meetings can be accessed through the Council & Democracy page of the Council's website [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 2024/25 was £326.054m (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 2024/25 was approved by Council on 28<sup>th</sup> February 2024. A budget of £326.054m 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 £0.3m for the financial year 2024/25. The core directorates services had a final overspend of £12.8m. This

was an improvement of £2.8m from the December Financial Monitoring reported to February Cabinet 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 £6.9m corporate budget risk contingency within Central Services approved within the Council's Budget and Council Tax Report 2024/25. Taken with savings delivered from the Council's Treasury Management Strategy, the final underspend in Central Services was £12.5m, which reduced the Council's overall outturn to a £0.3m 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 £5m overspend. The main reason for the overspend relates to children in care placements which had a net financial pressure of £5.7m. The other major variances related to Home to School Transport £0.8m, and Care Leavers allowances £0.1m. The reported outturn is inclusive of approximately £2.8m budget mitigation actions implemented during the year, which includes delay in recruitment, reduction in discretionary spend, and maximising or redirecting the use of grant funding (where there is scope / flexibility to do so).
- Adult Care, Housing and Public Health outturn was an overspend of £6.2m on general fund services. The overspend is in respect of Adult Social Care (ASC). In particular there has been significant spend for care packages, especially for older people and people suffering from poor mental health. Overall ASC has overspent by £6.8m. The overspend in ASC was offset by underspends in both Public Health and Neighbourhoods. The former underspent by £420k as there was slippage in setting up a new contract, while Neighbourhoods underspent by £180k, a £800k overspend on homelessness and temporary accommodation was offset by increased income from furnished homes.
- Regeneration and Environment Services' outturn was an overspend of £3.2m. This position reflects demand and cost pressures of £2.9m in Home to School transport and an overspend of £1.3m in Waste due to covering staff sickness, the impact of an ageing fleet and a lower resale value of recycled materials. To some extent, these pressures were offset by additional capitalisation of staffing costs as the Council continues with its expansive regeneration programme.
- Finance and Customer Services outturn was an underspend of £1.1m. Within this position, Corporate Services had an underspend of £0.7m. There are a number of financial pressures across the services, particularly around Post and Print. However, savings were achieved on Customer, Information and Digital Services and Legal disbursements, and higher income was achieved in Registrars and Bereavement Services. In addition, staff savings were achieved from actions taken around vacancies across a number of services and maximisation of grants. These measures helped to mitigate financial pressures and delivered an underspend. Property and Facilities Services (PFS) was underspent by £0.4m where over-recovery of income in Cleaning and Building Consultancy was offset by overspends in Facilities Management and under-recovery of income in Catering. PFS was overspend by

£1.4m in 2023/24 so 2024/25 position is a significant improvement compared to previous financial year.

- Assistant Chief Executive outturn was an underspend of £0.5m. The underspend at outturn is the consolidated result of all services delivering underspends in year from vacancy management and non-pay controls, despite a number of underlying budget pressures. Income of £89k for the services of the CEX to Nottingham City Council along with salary sacrifice income of £102k and additional grant income of £120k have further enabled the Directorate to deliver a favourable position.
- Central Services delivered an underspend of £12.5m resulting from the £6.9m corporate budget risk contingency approved within the Council's Budget and Council Tax Report 2024/25, 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 Councils Treasury Management strategy, which has been to reduce cash balances across 2024/25 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 £3.2m forecast overspend in December 2024. 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 2025/26.

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 2024/25 was £4.2m, the final 2024/25 outturn position required use of £3.8m.
- Budget and Financial Strategy Reserve had no initial planned use in 2024/25, however it was recognised that £3.1m might be required to balance the 2024/25 outturn position in the Budget and Council Tax 2025/26 report. In order to address the final outturn overspend position, £0.3m was used, reducing the balance to £13.6m.
- Corporate Grants Reserve balance was increased by £0.6m to £3.1m, as a result of recognition of a number of remaining balances on ringfenced grants.
- As planned the remaining balance on the Covid Recovery Fund has been utilised to provide support for the Council's Energy Crisis Support Scheme.
- The total cost of Local Council Tax Support Top Up scheme was £1.7m funded by £1.3m from Household Support Fund grant and £0.4m from Council Tax Support Grant reserve.

### **Schools' Outturn**

In addition to General Fund balances and reserves the Council also holds £2.357m 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 an increase of £0.93m on the previous year.

2023/24 £m		2024/25 £m
2.264	Unspent Schools' Budgets	2.357

### **Housing Revenue Account Income and Expenditure Account**

The Housing Revenue Account had an underspend of £4.33m. The overall underspend relates to increased income of £1.5m on rent and other charges, increased interest receivable £300k and reduced expenditure of £2.6m especially on repairs and maintenance. The increase in income was largely due to a greater stock of properties than expected as more new properties were brought in and fewer were lost as a result of Right to Buy. Expenditure on repairs and maintenance underspent as contract shared savings were received from contractors and new contracts were achieved at better rates. 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.

### **Reserves**

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

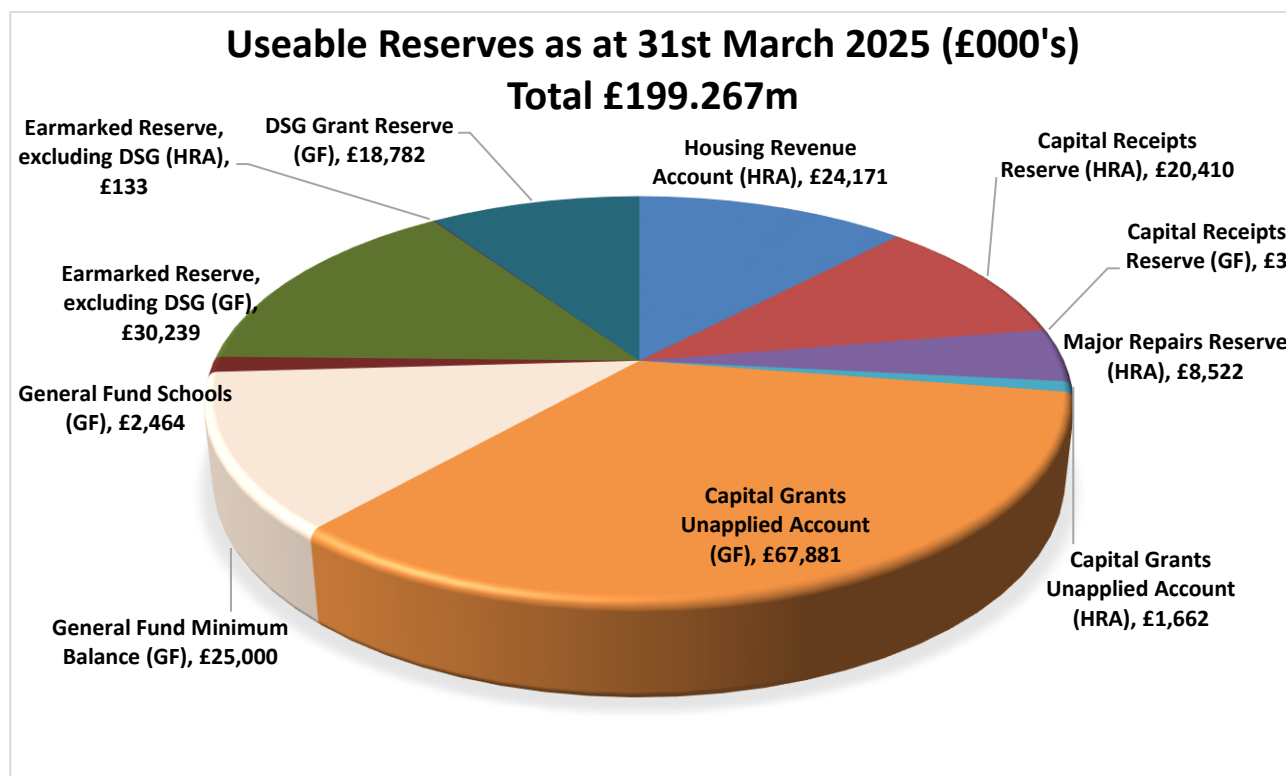
*Usable reserves* are funds that the Council has set aside to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (e.g. the Capital Receipts Reserve may only be used to fund capital spend or repay debt and cannot be used to support 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 2025, the Council held £199.267m of usable reserves, General Fund (£144.369m), HRA (£54.898m). Included within this balance are capital reserves of £98.478m, which can only be used to finance capital expenditure or repay debt. They cannot be used to support revenue spending directly. This leaves £100.789m 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 £18.782m, 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 £18.782m is already fully committed to offset this deficit unusable 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	£24,171	<b>£24,171</b>
Capital Receipts Reserve	£3	£20,410	<b>£20,413</b>
Major Repairs Reserve	£0	£8,522	<b>£8,522</b>
Capital Grants Unapplied Account	£67,881	£1,662	<b>£69,543</b>
General Fund Minimum Balance	£25,000	£0	<b>£25,000</b>
General Fund Schools	£2,464	£0	<b>£2,464</b>
Earmarked Reserve, excluding DSG	£30,239	£133	<b>£30,372</b>
DSG Grant Reserve	£18,782	£0	<b>£18,782</b>
<b>Total Reserves</b>	<b>£144,369</b>	<b>£54,898</b>	<b>£199,267</b>

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 £140.590m. The final Capital Programme was £172.418m split between the General Fund £115.135m and HRA £57.283m with underspend and slippage of £31.858m. The programme was ambitious; however, the impact of 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 2024/25 is analysed by Directorate as follows:

<b>Directorate</b>	<b>2024/25 £m</b>
Children and Young Peoples Services	6.829
Assistant Chief Executive	0.123
Adult Care & Housing	8.414
Finance & Customer Services	7.423
Regeneration & Environment	62.348
Housing Revenue Account	55.453
<b>Total</b>	<b>140.590</b>

The capital expenditure was financed as follows:

<b>Funding Stream</b>	<b>2024/25 £m</b>
Borrowing need	36.352
Major Repairs Allowance (MRA)	26.454
Grants & Other Contributions	56.221
Capital Receipts	15.585
Revenue Contributions To Capital Outlay	5.978
<b>Total</b>	<b>140.590</b>

Major items of capital expenditure incurred are as follows:

<b>Major Capital Expenditure</b>	<b>2024/25 £m</b>
<b><u>Non Housing</u></b>	
Rotherham Markets Redevelopment (including Comm Hub)	10.95
Forge Island Community Development	5.5
DfT LTP Carriageway Resurfacing	4.1
2020-2024 Roads Programme £24m	3.89

Water Lane Public Realm	3.71
Waverley Medical Centre	3.12
Wentworth Woodhouse	2.63
Rother Valley Country Park	2.58
T0004 A6178(PT) - Sheffield Rd	2.54
Mainline Station	2.16
Furnished Homes New	1.6
Castle View Day Care Centre	1.59
Dinnington Regeneration	1.46
Centenary Viaduct Strengthening	1.36
Assistive Technology Equipment	1.07
Network Management - Network North Fund	1.05
Waverley School – Phase 2	1.05
<b><u>Housing Investment Programme</u></b>	
Sorby Park Waverley Phase 3	3.18
Boiler replacements	2.51
Brecks Lane SA	2.36
Station Road, Wath	1.76
Lodge Lane SA 15 units	1.66
Infirmity Road, Parkgate	1.37
Warden Street	1.17
Catcliffe Flood works	1.17
Beaumont Grange SA	1.07
<b>Total</b>	<b>66.61m</b>

### Treasury Management & Prudential Indicators

A summary of the Council's borrowing position as at the 31<sup>st</sup> March 2025 is shown below. Further details of the Council's Treasury Management activities and prudential indicators are included in the Treasury Management Outturn report which will be presented to Cabinet on 7<sup>th</sup> July 2025. 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 2024 £m	Long Term Borrowing	As at 31 March 2025 £m
390.233	Public Works Loans Board (PWLB)	420.000
217.000	Market (e.g. Banks, Other Local Authorities)	147.000
	<b>Short Term Borrowing</b>	



5.223	Public Works Loan Board (PWLB)	30.232
25.000	Market (e.g. Banks, Other Local Authorities) < 1 year	80.000
	<b>External Investments</b>	
0	Debt Management Office	0
0	Other Local Authorities	0
24.790	Money Market Funds	31.895
<b>612.666</b>	<b>Net Borrowing</b>	<b>645.337</b>

*Note: External Investments exclude 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 2024/25. 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 changes to Accounting Policy for 2024/25 to comply with implementation of IFRS16 as per CIPFA Code of Practice for 2024/25, 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 has been extended until 1st April 2029. The Council will utilise the override for the 2024/25 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 2024/25 as part of the Budget and Council Tax Report 2024/25 approved at Council 28<sup>th</sup> February 2024. The MTFS contained within that report included a balanced position for 2024/25 and a funding gap of £6.3m for 2025/26. The Council could not accurately project further than 2025/26 in terms of the MTFS due to

the significant uncertainty that existed in the Local Authority funding environment with another single year settlement for 2024/25 and a pending national election. However, the Budget and MTFS position was set based on sound financial assumptions at the time, factoring in funding for service market pressures within Adult Social Care in particular.

During 2024/25 the Council has continued to see rising pressures due to market inflation, demand and the complexity of care packages increasing. At its peak in 2024/25 the Council's Directorate overspend was £17m, made up of Social Care pressures, Home to School Transport, Homelessness, Waste Management, and the impact of the Local Government Pay Award. Whilst the Council anticipated some of these pressures, with £6.9m of Budget Contingencies and £4m of continued savings in Treasury Management, this still left a pressure of £6.1m. As such the Council has been working hard to reduce this overspend in year through a series of management actions and detailed service reviews to further improve the Council's efficiency and effectiveness across the board.

Despite this challenging environment the Council has continued to set a robust Budget and MTFS and monitor the performance of that Budget effectively. The Council has faced significant challenges in year but has taken swift action to rectify them or set in place clear recovery plans to address those pressures over time. The success of this approach is evident through the Budget and MTFS approved by the Council on 5<sup>th</sup> March 2025. Whilst there remain challenges to overcome, the Council has a clear plan and has adequate cover in place for risk. The Council has not been required to identify an increased call on reserves across 2025/25 and 2026/27.

Looking ahead to 2025/26, Local Authorities must consider their Budget and MTFS amidst ongoing funding uncertainty for the Local Government sector beyond 2025/26, as the Local Government Financial Settlement for 2025/26 was only a one-year allocation. However, there is real positivity from a funding perspective in the sector following confirmation of £1.3bn additional grant for the sector which was much needed, with £0.68bn towards Adult Social Care (£3.8m for RMBC) and £0.7bn to be provided through the new Recovery Grant allocated on a deprivation basis (meaning £8.7m of new un-ringfenced grant for RMBC). Whilst some smaller grants have been removed to support this £1.3bn uplift, overall, the funding package represents a substantial increase in Local Authority funding. The settlement, one of the most significant increases in the last 15 years, the Council will be around £14m better off in 2025/26, than was expected a year ago. So, whilst Councils continue to face financial challenges, they can do so with a more positive outlook on how Local Authority funding will look for 2026/27 onwards.

The Council still faces cost pressures but is more appropriately prepared to deal with them. As such the Council has considered a package of savings as well as investments as part of the Budget for 2025/26. The aim of the Council remains to be meeting this challenge whilst protecting the services that the Council provides to residents and businesses within the Borough and whilst providing further support to residents to address the cost of living crisis. The Council remains committed to protecting the most vulnerable children and adults and to delivering the improved cost effectiveness of these services.

The Council has 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 2024/25. 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.

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 regard to the funding of social care and inflation, the Council faces these challenges from a sound financial footing, with a robust budget for 2025/26 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 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 revenue budget of £359m in 2025/26 together with a capital programme of £577.7m (to 2028/29), 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 2029 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 9<sup>th</sup> June 2025

**Draft Statement of Accounts 2024/25 – Financial Highlights Report**

This financial highlights report draws Members attention to key financial disclosures reported in the 2024/25 draft Statement of Accounts. The primary financial statements that Members should be aware of are:

- The Comprehensive Income and Expenditure Statement (CIES) on page 6, which is inclusive of the HRA figures shown in the separate statement on page 107, shows what the Council's financial performance would have been on an accounting basis under International Financial Reporting Standards (IFRS). This is very different to the revenue outturn reported on the basis on which local government is funded and which is used to determine the amount to be raised from council tax payers and rent payers.
- The Movement in Reserves Statement on page 7 of the accounts which sets out the change in the overall level of usable reserves (revenue and capital) available to support revenue spending and the capital programme in future years. It provides the reconciliation of the deficit reported in the (CIES) on an accounting basis to the net change in the General Fund balance and HRA balance on a local government funding basis.
- The Balance Sheet on page 9 of the accounts which sets out the assets and liabilities of the Council at the end of 2024/25.
- The Cash Flow Statement on page 10 shows the changes in cash and cash equivalents of the Council during the reporting period.
- The Collection Fund on page 115 of the accounts which shows separately the surplus or deficit to be distributed or recovered relating to council tax and retained business rates.

This page is intentionally left blank

Draft

## METROPOLITAN BOROUGH OF ROTHERHAM

## STATEMENT OF ACCOUNTS 2024/25

Contents	Page Number
Notice of Public Rights	1
Statement of Responsibilities for the Statement of Accounts	2
Explanation of the Financial Statements	3
Main Financial Statements and Notes to the Core Financial Statements	5
Comprehensive Income and Expenditure Statement	6
Movement in Reserves Statement	7
Balance Sheet	9
Cash Flow Statement	10
Statement of Accounting Concepts and Policies	12
Accounting Standards not yet adopted	31
Critical Judgements in applying Accounting Policies	32
Assumptions made about future and other major sources of estimations	33
Notes to the Core Financial Statements	35
Housing Revenue Account (HRA) Income and Expenditure Account	108
Movement on the HRA Statement	109
Collection Fund	114
Certification	117
Glossary	120

## **AUDIT OF ACCOUNTS 2024/25**

### **ROTHERHAM METROPOLITAN BOROUGH COUNCIL**

#### **Statement of Accounts 2024/25 Public Inspection Notice**

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

The period for the Exercise of Public Rights commences at 9.30am on Tuesday 10th June 2025 and will conclude at 4pm on Monday 21 July 2025.

#### **The following documents will be made available:**

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

The draft Statement of Accounts may be subject to change.

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

1. The period for the Exercise of Public Rights commences on Tuesday 10 June 2025 and will conclude on Monday 21 July 2025 (between 9.30am and 4.00 pm Monday to Friday). Any person interested, on application to the Strategic Director of Finance and Customer Services, Rotherham Metropolitan Borough Council, Riverside House, Main Street, Rotherham, S60 1AE, may inspect and make copies of the accounts of the above-named Council for the year ended 31 March 2025, and all books, deeds, contracts, bills, vouchers and receipts relating thereto.
2. Notice is also given that on or after Tuesday 10 June 2025 until Monday 21 July 2025, a local government elector for the area to which the accounts relate or his/her representative may ask any questions of the auditor. Please contact the auditor at the above address to make arrangements to ask any questions.
3. These rights do not permit a person to require disclosure of personal information as defined in section 26 of the Local Audit and Accountability Act 2014.
4. From 9.30am on Tuesday 10 June 2025 until 4.00pm Monday 21 July 2025, a local government elector for the area of the Authority, or their representative, may object to the Council's accounts asking that the auditor issue a report in the public interest (schedule 7, Local Audit and Accountability Act 2014) and/or apply to the Court for a declaration that an item in the accounts is contrary to law (section 27, Local Audit and Accountability Act 2014). No such objection may be made unless the Auditor has previously received written notice of the objection and the grounds on which it is made and a copy of that notice has been provided to the Strategic Director of Finance and Customer Services, Rotherham Metropolitan Borough Council.

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

**9 June 2025**



## 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.

### 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 2025 and of its income and expenditure for the year then ended.



**Judith Badger CPFA**  
**Strategic Director - Finance and Customer Services**  
**9 June 2025**

## Explanation of the Financial Statements

The Statement of Accounts summarises the Council's financial performance during the year ended 31 March 2025 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 principal bases, conventions, rules and practices that specify how the effects of transactions and other events are reflected in the financial statements of the Council are set out in the section of this report headed 'Statement of Accounting Policies'. These accounting policies are kept under review and updated where appropriate to take account of changes in accounting practice adopted within the Code.

The Statement of Accounts comprises:

- **Statement of Responsibilities for the Statement of Accounts** (Page 2) – which details the respective responsibilities of the Council and its Chief Financial Officer for the accounts;
- **An Explanation of the Financial Statements** (Page 3) – which details the components of the Financial Statements;
- **A Statement of Accounting Concepts and Policies** (Page 12) – These are the principal 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 2024/25 financial statements are detailed on Page 12;
- **Financial Statements and Related Disclosure notes** – which are explained further below.

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

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

## Financial Statements

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

The Council's financial performance is reported through the:

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

- **The Cash Flow Statement** (Page 10) – This Statement summarises the inflows and outflows of cash arising from transactions with third parties for revenue and capital purposes. The statement shows how the Council generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities.
- **The Housing Revenue Account (HRA) Income and Expenditure Account** (Page 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 9) - The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Council. The net assets of the Council (assets less liabilities) represent the Council's net worth and are matched by the reserves held by the Council. Reserves are analysed into usable and unusable in the same way as in the MIRS.

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

The **Expenditure and Funding Analysis**, included as Note 1 (Page 35) 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 (CIES) 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.

During 2024/25 Property & Facilities Services moved from Regeneration and Environment Services Directorate to Finance & Customer Services Directorate. In order for prior year figures to be comparable the 2023/24 figures below have been restated to include Property & Facility Services income and expenditure as Finance & Customer Services rather than Regeneration and Environment Services. In addition, the prior year figure for remeasurements of the pension net defined benefit liability/asset has been revised to agree to that in note 18. An error in the prior year resulted in incorrect figure being displayed on Comprehensive Income & Expenditure Statement.

2023/24 Gross Expenditure £000	2023/24 Gross Income £000	2023/24 Net Cost £000		2024/25 Gross Expenditure £000	2024/25 Gross Income £000	2024/25 Net Cost £000	Notes
160,284	(66,637)	93,647	Adult Care and Housing	180,317	(69,544)	110,774	48
91,344	(95,765)	(4,421)	Local Authority Housing (HRA)	84,755	(105,814)	(21,059)	
144,430	(74,331)	70,099	Childrens & Young Peoples Services	168,492	(90,261)	78,231	
54,961	(52,174)	2,787	Schools	53,669	(53,811)	(142)	
93,224	(35,817)	57,407	Regeneration and Environment Services	93,859	(34,541)	59,318	
18,008	(19,129)	(1,121)	Public Health	19,596	(21,487)	(1,891)	
11,231	(2,849)	8,382	Assistant Chief Executive Office	12,884	(4,755)	8,129	
55,872	(18,292)	37,580	Finance and Customer Services	100,336	(23,238)	77,098	
76,303	(110,589)	(34,286)	Central Services	105,534	(124,570)	(19,036)	
705,658	(475,583)	230,074	Cost of Services	819,442	(528,021)	291,421	
27,609	(57)	27,552	Other Operating Expenditure	39,014	(21)	38,993	4
28,191	(4,703)	23,488	Financing and Investment Income and Expenditure	42,753	(4,055)	38,698	5
0	(292,392)	(292,392)	Taxation & Non-Specific Grant Income and expenditure	0	(300,585)	(300,585)	7
761,458	(772,735)	(11,278)	Deficit/(Surplus) on Provision of Services	901,210	(832,682)	68,527	
		(76,656)	(Surplus) on Revaluation of Non Current Assets			(25,095)	37b
		110,062	Remeasurements of the Pensions Net Defined Benefit Liability/Asset			(2,079)	18
		33,406	Other Comprehensive Income & Expenditure			(27,174)	
		22,128	Total Comprehensive Income & Expenditure			41,353	

## 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.

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
<b>Balance as at 1 April 23</b>	<b>82,060</b>	<b>14,034</b>	<b>27,416</b>	<b>16,021</b>	<b>43,969</b>	<b>183,500</b>	<b>659,731</b>	<b>843,230</b>	36/37
Movement in reserves during the year:									
<b>Total Comprehensive Income and Expenditure</b>	18,337	(7,059)	0	0	0	11,278	(33,406)	(22,128)	
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	
<b>Increase / (Decrease) in Year</b>	<b>356</b>	<b>4,461</b>	<b>407</b>	<b>(6,593)</b>	<b>19,226</b>	<b>17,857</b>	<b>(39,985)</b>	<b>(22,128)</b>	
<i>Schools Balances transferred out on conversion to academy</i>	(402)	0	0	0	0	(402)	0	(402)	
<b>Balance as at 31 March 24 carried forward</b>	<b>82,014</b>	<b>18,495</b>	<b>27,823</b>	<b>9,428</b>	<b>63,195</b>	<b>200,955</b>	<b>619,746</b>	<b>820,701</b>	

2024/25	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
<b>Balance as at 1 April 24</b>	<b>82,014</b>	<b>18,495</b>	<b>27,823</b>	<b>9,428</b>	<b>63,195</b>	<b>200,955</b>	<b>619,746</b>	<b>820,701</b>	36/37
Movement in reserves during the year:									
<b>Total Comprehensive Income and Expenditure</b>	(78,476)	9,949	0	0	0	(68,527)	27,174	(41,353)	
Adjustments from income & expenditure charged under the accounting basis to the funding basis	73,190	(4,140)	(7,410)	(906)	6,374	67,108	(67,108)	0	
<b>Increase / (Decrease) in Year</b>	<b>(5,286)</b>	<b>5,809</b>	<b>(7,410)</b>	<b>(906)</b>	<b>6,374</b>	<b>(1,419)</b>	<b>(39,934)</b>	<b>(41,353)</b>	
<i>Schools Balances transferred out on conversion to academy</i>	(243)	0	0	0	(26)	(269)	0	(269)	
<b>Balance as at 31 March 25 carried forward</b>	<b>76,485</b>	<b>24,304</b>	<b>20,413</b>	<b>8,522</b>	<b>69,543</b>	<b>199,267</b>	<b>579,812</b>	<b>779,079</b>	

## 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".

2023/24 £000		2024/25 £000	Notes
1,530,737	Property, Plant and Equipment	1,557,260	19
9,017	Heritage Assets	9,017	23
33,897	Investment Property	28,992	20
3,709	Intangible Assets	3,175	21
0	Pensions Asset	0	18
190	Long Term Investments	190	29
837	Long Term Debtors	718	32
1,578,387	Long Term Assets	1,599,352	
0	Short Term Investments	0	24
3,791	Assets Held For Sale	329	22
578	Inventories (Stock)	808	30
76,993	Short Term Debtors	76,996	32
33,405	Cash and Bank Balances	38,025	33
114,766	Current Assets	116,158	
(84)	Bank Overdraft	0	33
(34,761)	Short Term Borrowing	(115,696)	24
(7,930)	Revenue Grants Received in Advance	(7,801)	34a
(82,405)	Short Term Creditors	(79,565)	34b
(3,487)	Short Term Provisions	(4,758)	35
(128,668)	Current Liabilities	(207,820)	
(8,776)	Long Term Provisions	(7,915)	35
(19)	Long Term Creditors	(19)	34
(607,233)	Long Term Borrowing	(567,000)	24
(123,518)	Other Long Term Liabilities	(146,191)	49
(4,239)	Capital Grants Received in Advance	(7,486)	8
(743,784)	Long Term Liabilities	(728,611)	
820,701	Net Assets	779,079	
(200,955)	Usable Reserves	(199,267)	36
(619,745)	Unusable Reserves	(579,812)	37
(820,701)	Total Reserves	(779,079)	

In the prior year a £2.687m balance relating to Section 278 and Section 38 agreements was included in the grant received in advance note, these are now included in note 34b creditors as this better reflects the nature of the balances held.



## Cash Flow Statement

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

	2023/24 £000	2024/25 £000	Notes
Deficit/(Surplus) on the provision of services	(11,278)	68,527	
Adjustments to net surplus or deficit on the provision of services for non-cash movements :			
Depreciation & Impairment	(60,603)	(130,418)	
Carrying Amount of Non- Current Assets Sold	(24,443)	(31,770)	
Pension Fund Adjustments	1,244	(362)	
(Increase)/Decrease in Provisions	(2,092)	(275)	
Increase/(Decrease) in Inventories	(289)	231	
Increase/(Decrease) in Debtors	6,372	6,721	
(Increase)/Decrease in Creditors	9,816	1,678	
Other Non Cash Adjustments	195	(58)	
Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities	73,074	70,814	38
Net cash inflows from Operating Activities	(8,004)	(14,912)	
Investing Activities	47,051	49,431	39
Financing Activities	21,675	(39,224)	40
Net decrease/(Increase) in cash and cash equivalents	60,722	(4,705)	
Cash and cash equivalents at the beginning of the reporting period	94,042	33,320	33
Cash and cash equivalents at the end of the reporting period	33,320	38,025	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 2024/25 financial year and its position at the year-end of 31 March 2025. 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 2024/25 ("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 principal 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 typically up to 15 years but can be greater than this if determined by a relevant expert).

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.

## 15 Leases and Lease-Type Arrangements

### Council as Lessee

The Council adopted IFRS 16 (Leases) with effect from 1 April 2024. The main impact of the requirements of IFRS 16 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 now included on the balance sheet from 1 April 2024. The Council has elected to apply recognition exemptions to low value assets (below £10,000 when new) and to short term leases i.e. existing leases that expire on or before 31 March 2026, and new leases with a duration of less than 12 months. A contract is, or contains a lease, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

A right of use asset and corresponding lease liability are recognised at commencement of the lease. For leases that were classified as finance leases under IAS 17, the carrying amount of the right-of-use asset and the lease liability at 1 April 2024 are determined at the carrying amount of the lease asset and lease liability under IAS 17 immediately before that date.

The lease liability is measured at the present value of the lease payments, discounted at the rate implicit in the lease, or if that cannot be readily determined, at the lessee's incremental borrowing rate specific to the term and start date of the lease. Lease payments include: fixed payments; variable lease payments dependent on an index or rate, initially measured using the index or rate at commencement; the exercise price under a purchase option if the Council is reasonably certain to exercise; penalties for

early termination if the lease term reflects the Council exercising a break option; and payments in an optional renewal period if the Council is reasonably certain to exercise an extension option or not exercise a break option.

The lease liability is subsequently measured at amortised cost using the effective interest rate method. It is remeasured, with a corresponding adjustment to the right of use asset, when there is a change in future lease payments resulting from a rent review, change in an index or rate such as inflation, or change in the Council's assessment of whether it is reasonably certain to exercise a purchase, extension or break option.

The right of use asset is initially measured at cost, comprising: the initial lease liability; any lease payments already made less any lease incentives received; initial direct costs; and any dilapidation or restoration costs. The right of use asset is subsequently depreciated on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset. The right of use asset is tested for impairment if there are any indicators of impairment.

As noted at policy 16 below IFRS16 has also been applied to Service Concession Arrangements and recognition on the resultant remeasurement of the lease liability with effect from 1 April 2024.

#### Council as Lessor

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.

#### (a) Finance Leases

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

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. With effect from 1 April 2024 IFRS 16 (Leases) also applies to service concession arrangements. Under IFRS16, where indexation (or other changes in a rate) affects future service concession payments, the lease liability requires to be remeasured. Instead of expensing the increased payment, the net present value of future payments that comprise the liability is recalculated based on the revised level of payments. The effect of this is explained in note 42.

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 is has exposure to or rights over variable returns and can use its power over the entity to affect the returns it receives.

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

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

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

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

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

## **27 Acquisitions and discontinued operations**

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

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

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

**B** **ACCOUNTING STANDARDS ISSUED BUT NOT YET ADOPTED**

The standards below have been issued and will be adopted in the 2025-26 Code of Practice:

IAS 21 The Effects of Changes in Foreign Exchange Rate (Lack of Exchangeability) issued in August 2023.

IFRS 17 Insurance Contracts.

Neither of the above standards are expected to impact on the Council's statements.

**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 2025 is an estimated pensions liability of £12.610m and a £379.437m 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 £14.327m liability and a £193.436m asset reduced to nil due to asset ceiling regulations at 31 March 2024 and 15.019m liability and a £109.510m asset at 31 March 2023 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 2025.

### **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.



**NOTES TO THE CORE FINANCIAL STATEMENTS**

- 1 Expenditure and Funding Analysis
- 2 Adjustments between Accounting Basis and Funding Basis
- 3 Transfers to and from Earmarked Reserves
- 4 Other Operating Expenditure
- 5 Financing and Investment Income and Expenditure
- 6 Surplus/Deficit on Trading Services
- 7 Taxation and Non-specific Grant Income
- 8 Analysis of Grant Income credited to CIES and capital grant received in advance
- 9 Acquired and discontinued operations
- 10 Agency Services
- 11 Transport Act
- 12 Pooled Budgets
- 13 Members' Allowances
- 14 Staff Remuneration
- 15 External Audit Fees
- 16 Dedicated Schools Grant
- 17 Related Party Transactions
- 18 Pensions
- 19 Property, Plant and Equipment, Capital Commitments, PFI,
- 20 Investment Property
- 21 Intangible Assets
- 22 Assets Held for Sale
- 23 Heritage Assets
- 24 Financial Instruments – Balances
- 25 Financial Instruments – Risk
- 26 Financial Instruments – Gains/losses
- 27 Financial Instruments – Fair Value of Assets carried at Amortised Cost
- 28 Financial Instruments – Soft Loans and Financial Guarantees
- 29 Long-term investments
- 30 Inventories
- 31 Construction Contracts
- 32 Debtors
- 33 Cash & Cash Equivalents
- 34 Creditors
- 35 Provisions
- 36 Usable Reserves
- 37 Unusable Reserves
- 38 Cash Flow - Analysis of adjustments to Surplus or Deficit on the Provisions of Services
- 39 Cash Flow – from Investing Activities
- 40 Cash Flow – from Financing Activities
- 41 Capital Expenditure and Financing
- 42 Leases
- 43 PFI and similar contracts
- 44 Capitalised Borrowing Costs
- 45 Contingent Liabilities
- 46 Contingent Assets
- 47 Trust Funds
- 48 Material Items of Income and Expenditure
- 49 Other Long-term Liabilities
- 50 Events after the Balance Sheet date / Authorised for Issue

## 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)). As with the CIES 2023/24 figures have been restated to reflect a service moving between Directorates during 2024/25. In addition the transfers/to from reserves previously adjusted within Expenditure Chargeable to the General Fund and HRA balance are now shown separately.

2023/24					2024/25			
Expenditure Chargeable to the General Fund and HRA Balances £000	Transfers to/from reserves	Adjustments between the Funding and Accounting Basis £000	Expenditure in the Comprehensive Income and Expenditure £000		Expenditure Chargeable to the General Fund and HRA Balances £000	Transfers to/from reserves	Adjustments between the Funding and Accounting Basis £000	Expenditure in the Comprehensive Income and Expenditure £000
105,803	50	(12,206)	93,647	Adult Care and Housing	123,179	103	(12,508)	110,774
0	(4,461)	40	(4,421)	Local Authority Housing (HRA)	0	(5,809)	(15,250)	(21,059)
73,569	(4,891)	1,421	70,099	Children and Young People's Services excluding schools	75,654	1,325	1,252	78,231
0	(91)	2,878	2,787	Schools	0	(270)	128	(142)
48,730	103	8,574	57,407	Regeneration and Environment Services	50,527	(410)	9,201	59,318
16,533	105	(17,759)	(1,121)	Public Health	16,532	3	(18,426)	(1,891)
7,495	212	675	8,382	Assistant Chief Executive Office	7,603	123	403	8,129
37,384	(14)	210	37,580	Finance and Customer Services	36,702	327	40,069	77,098
(289,514)	4,170	251,058	(34,286)	Central Services	(310,197)	4,085	287,076	(19,036)
0	(4,817)	234,891	230,074	<b>Net Cost of Services</b>	0	(523)	291,945	291,421
		27,552	27,552	Other Operating Expenditure			38,993	38,993
		23,488	23,488	Financing and Investment Income and Expenditure			38,698	38,698
		(292,392)	(292,392)	Taxation & Non-Specific Grant Income and expenditure			(300,585)	(300,585)
		(6,461)	(11,278)	<b>(Surplus) / Deficit</b>			69,051	68,527
			(96,094)	Opening General Fund and HRA Balance as at 1 April				(100,509)
			(4,817)	Less (Surplus) / Deficit on General Fund Balance in year				(523)
			402	Transfer from/to reserves to/from Academies				243
			(100,509)	<b>Closing General Fund and HRA Balance at 31 March</b>				(100,789)

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

2023/24					2024/25			
Capital Adjustment £000	Pension Adjustment £000	Other Adjustment £000	Total £000		Capital Adjustment £000	Pension Adjustment £000	Other Adjustment £000	Total £000
2,706	598	(15,510)	(12,206)	Adult Care and Housing	3,153	120	(15,781)	(12,508)
944	248	(1,152)	40	Local Authority Housing (HRA)	763	46	(16,059)	(15,250)
639	821	(39)	1,421	Children and Young People's Services excluding schools	1,162	156	(66)	1,252
3,854	(925)	(51)	2,878	Schools	1,908	(1,714)	(66)	128
17,311	742	(9,479)	8,574	Regeneration and Environment Services	14,230	142	(5,171)	9,201
0	29	(17,788)	(17,759)	Public Health	0	6	(18,432)	(18,426)
447	202	26	675	Assistant Chief Executive Office	349	36	18	403
3,024	779	(3,593)	210	Finance and Customer Services	39,155	142	772	40,069
309	0	250,749	251,058	Central Services	21,939	0	265,137	287,076
12,267	0	15,285	27,552	Other Operating Expenditure	22,801	0	16,192	38,993
(1,006)	(3,738)	28,232	23,488	Financing and Investment Income and Expenditure	18,273	1,428	18,997	38,698
11,288	0	(303,680)	(292,392)	Taxation & Non-Specific Grant Income and expenditure	13,220	0	(313,805)	(300,585)
51,783	(1,244)	(57,000)	(6,461)		136,953	362	(68,264)	69,051

**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:

<b>Expenditure/Income</b>	<b>2023/24 £000</b>	<b>2024/25 £000</b>
<b>Expenditure</b>		
Employee benefits expenses	221,843	228,585
Other services expenses	431,747	546,346
Depreciation, amortisation, impairment	47,937	51,954
Interest payments	32,322	35,310
Precepts and levies	14,459	15,279
Payments to Housing Capital Receipts Pool	0	0
Loss on the disposal of assets	13,094	23,714
<b>Total expenditure</b>	<b>761,402</b>	<b>901,188</b>
<b>Income</b>		
Fees, charges and other service income	(194,348)	(211,294)
Interest and investment income	(2,740)	(1,923)
Income from council tax and non domestic rates	(172,761)	(178,890)
Government grants and contributions	(402,831)	(440,554)
<b>Total income</b>	<b>(772,680)</b>	<b>(832,661)</b>
<b>Deficit/(Surplus) on the Provision of Services</b>	<b>(11,278)</b>	<b>68,527</b>

**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:

2023/24	2023/24	2023/24		2024/25	2024/25	2024/25
Income from contracts with service recipients £000	Other income £000	Total income £000		Income from contracts with service recipients £000	Other income £000	Total income £000
(20,995)	(11,873)	(32,868)	Adult Care and Housing	(24,414)	(14,170)	(38,584)
(92,734)	(2,741)	(95,475)	Local Authority Housing (HRA)	(104,628)	(1,162)	(105,790)
(3,213)	(1,397)	(4,610)	Children and Young People's Services excluding schools	(2,971)	(3,146)	(6,117)
(2,522)	(671)	(3,193)	Schools	(1,861)	(1,864)	(3,725)
(18,222)	(1,328)	(19,550)	Regeneration and Environment Services	(18,985)	(1,456)	(20,441)
(7)	0	(7)	Public Health	(61)	0	(61)
(2,091)	(51)	(2,142)	Assistant Chief Executive Office	(2,257)	(115)	(2,372)
(16,459)	(1,318)	(17,777)	Finance and Customer Services	(17,172)	(1,254)	(18,426)
0	(12,398)	(12,398)	Central Services	0	(12,854)	(12,854)
0	(6,328)	(6,328)	Other income below Cost of Service	0	(2,924)	(2,924)
(156,243)	(38,105)	(194,348)	<b>Total Income analysed on a segmental basis</b>	(172,349)	(38,945)	(211,294)

Major source of income from contracts with service recipients:

Adult Care and Housing:

Local Authority Housing (HRA):

Children and Young People's Services:

Schools:

Regeneration and Environment Services:

Adult Residential Care

Housing Rents

Educational Support Services to Academies

Fees to parents and room lettings

A wide range of services including  
Waste Collection/Treatment, Licencing,  
Civic Theatre, Development Control, Markets,  
and Parking

Assistant Chief Executive Office:

Finance and Customer Services:

Human Resources Services

Bereavement Services and Registrars, School Meals and  
Building Cleaning

## 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 2023/24					Movements in Unusable Reserves £000
	General Fund Balance £000	Housing Revenue Account £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Capital Grants Unapplied £000	
<u>Adjustments primarily involving the Capital Adjustment Account:</u>						
Charges for depreciation and impairment of non current assets	24,400	70				(24,470)
Amortisation of intangible assets	1,020	316				(1,336)
Revaluation losses on Property, Plant and Equipment	(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 the Capital Receipts Reserve 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>						
Reversal of Major Repairs Allowance credited to the HRA		(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 credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	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)

	Movements in Usable Reserves 2024/25					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	26,628	4,381				(31,009)
Amortisation of intangible assets	1,125	343				(1,468)
Revaluation losses on Property, Plant and Equipment & Investment Properties	74,082	0				(74,082)
Capital grants and contributions applied	(59,732)	(2,906)			6,374	56,264
Revenue expenditure funded from capital under statute	15,519	420				(15,939)
(Gain)/loss on disposal of non current assets charged to the Comprehensive Income and Expenditure Statement	22,494	1,102	8,175			(31,771)
Debt Repayment			275			(275)
Statutory provision for the financing of capital investment	(11,263)					11,263
Capital expenditure charged against the General Fund and HRA balances	(23)	(5,954)				5,977
<u>Adjustments primarily involving the Capital Receipts Reserve:</u>						
Use of the Capital Receipts Reserve to finance new capital expenditure			(15,585)			15,585
Use of receipts to repay debt			(275)			275
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		(1,689)		1,689		0
HRA depreciation to capital adjustment account				23,859		(23,859)
Use of the Major Repairs Reserve to finance new capital expenditure				(26,454)		26,454
<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 2024/25 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)	25,029	1,873				(26,902)
Employer's pension contributions and direct payments to pensioners payable in the year	(24,807)	(1,733)				26,540
<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	3,949					(3,949)
<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	223	23				(246)
<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	73,190	(4,140)	(7,410)	(906)	6,374	(67,108)

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

	Bal at 1 Apr 23 £000	Trans between Reserves 2023/24 £000	Trans out 2023/24 £000	Trans in 2023/24 £000	Bal at 31 Mar 24 £000	Trans between Reserves 2024/25 £000	Trans out 2024/25 £000	Trans in 2024/25 £000	Bal at 31 Mar 25 £000
<b>General Fund</b>									
Business Rates	4,000	0	0	0	4,000	0	0	0	4,000
PFI - Leisure	0	0	0	0	0	0	0	291	291
Insurance Fund Reserve	0	0	0	362	362		(362)	18	18
Revenue Grants Reserve	3,329	0	(1,147)	59	2,241	0	(570)	1,107	2,778
Budget & Financial Strategy	14,608	0	(729)	0	13,879	0	(294)	0	13,585
Housing Transformation Fund	436	0	(219)	0	217	0	(103)		114
Memb Comn Leadership Fund	35	0	(33)	0	2	0	(2)	37	37
Rotherham Partnership	162	0	(37)	0	125	0	(23)	30	132
HRA Sinking Fund	55	0	0	38	93	0	0	40	133
Covid Recovery Fund	1,147	0	(1,000)	0	147	0	(147)	0	0
Local Ctax Support Grant	1,203	0	0	0	1,203	0	(380)		823
Collect'n Fund Income Guarantee	677	0	0	0	677	0	0	0	677
Treasury Management Savings	12,415	0	(798)	0	11,617	0	(4,221)	388	7,784
<b>Total</b>	<b>38,067</b>	<b>0</b>	<b>(3,963)</b>	<b>459</b>	<b>34,563</b>	<b>0</b>	<b>(6,102)</b>	<b>1,911</b>	<b>30,372</b>
<b>Total HRA</b>	<b>23</b>	<b>0</b>	<b>0</b>	<b>32</b>	<b>55</b>	<b>0</b>	<b>0</b>	<b>40</b>	<b>133</b>
<b>Total General Fund</b>	<b>38,044</b>	<b>0</b>	<b>(3,963)</b>	<b>427</b>	<b>34,508</b>	<b>0</b>	<b>(6,102)</b>	<b>1,871</b>	<b>30,239</b>
<b>Covid-19 Grants Reserve</b>	<b>1,142</b>	<b>0</b>	<b>(1,142)</b>	<b>0</b>	<b>0</b>				<b>0</b>
<b>DSG Grant Reserve</b>	<b>15,330</b>	<b>0</b>	<b>(540)</b>	<b>5,490</b>	<b>20,280</b>	<b>0</b>	<b>(3,940)</b>	<b>2,442</b>	<b>18,782</b>
<b>Total Earmarked Reserves</b>	<b>54,539</b>	<b>0</b>	<b>(5,645)</b>	<b>5,949</b>	<b>54,843</b>	<b>0</b>	<b>(10,042)</b>	<b>4,353</b>	<b>49,154</b>

**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 2024/25. A brief description of the purpose of each reserve is provided as follows:

**(i)      Business Rates Reserve**

This reserve is to cover residual risks relating to appeals.

**(ii)      PFI – Leisure**

This PFI arrangement will last for 33 years. The reserve recognises the fact that receipts and payments and contractual benchmarking process will not be smooth over the life of the arrangement, allowing surpluses to be carried forward to cover future deficits.

**(iii)      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.

(iv) Budget & Financial Strategy Reserve

This reserve remains 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 2025/26.

(v) 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.

(vi) 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.

(vii) 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 and manage the impacts of the cost of living crisis. The intention of the fund was to take proactive steps in order to support local residents as the borough emerges from the pandemic and cost of living crisis that followed. The reserve was fully utilised as at the end of 2024/25.

(viii) 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. The reserve has been approved to fund the Council's Local Tax Support Top Up payments across 2023/24 to 2025/26.

(ix) 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 used to support a Local Council Tax support Top Up payment across 2023/24 to 2025/26.

(x) 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 2025/26 details how this reserve will be used to support the Medium Term Financial Strategy.

(xi) Covid 19 Grant Reserve

Government allocated the Council Covid-19 specific grants to mitigate the financial pressures as a result of the Covid-19 response and to provide support to residents and businesses across a variety of schemes. However, many of the grants were for financial implications that required mitigation post 2021/22, the final balances were used in 2023/24.

(xii) Other Reserves

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

**Note 4 Other Operating Expenditure**

2023/24		2024/25	
£000		£000	Notes
3,661	Parish Council precepts	4,274	
10,797	Levies payable	11,005	
0	Payments to the Government Housing Capital Receipts Pool	0	
13,173	Loss on disposal of non current assets	23,714	48
(79)	Loss on revaluation & disposal of Assets Held for Sale	0	22
27,552	Total	38,993	

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

2023/24		2024/25	
£000		£000	Notes
32,322	Interest payable and similar charges	35,310	26
(3,738)	Net interest on the net defined benefit liability (asset)	1,428	18
(2,740)	Interest receivable and similar income	(1,923)	26
(2,356)	Income and expenditure relating to Investment Properties and changes in their fair value	3,883	20
23,488	Total	38,698	

**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:

2023/24				2024/25		
Expenditure	Income	(Surplus) / Deficit		Expenditure	Income	(Surplus) / Deficit
£000	£000	£000		£000	£000	£000
13,214	(13,560)	(346)	Construction, Street Cleansing and Landscaping	16,795	(17,413)	(618)
1,581	(1,319)	262	Vehicle Maintenance	2,201	(2,073)	128
1,882	(3,479)	(1,597)	Property Services – Fee-billing	623	(425)	198
2,050	(1,672)	378	Engineering – Fee-billing	2,027	(1,872)	155
7,638	(6,058)	1,580	Cleaning of buildings	7,632	(6,427)	1,205
1,727	(390)	1,337	Markets	419	(391)	28
435	(429)	6	Building Regulations Control	10,327	(9,346)	981
10,185	(8,335)	1,850	School Support Services	523	(513)	10
38,712	(35,242)	3,470	(Surplus) / Deficit	40,547	(38,460)	2,087

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

Street Scene maintains over 740 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

Street Scene 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**

2023/24 £000		2024/25 £000	Notes
133,303	Council Tax Income	139,697	
39,458	Non Domestic Rates	39,193	
48,292	Business Rates grants	52,090	
21,079	Non Ring-fenced government grants	20,187	8
50,260	Capital Grants & Contributions	49,418	8
292,392	Total	300,585	

**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:

2023/24 £000		2024/25 £000
17,654	Revenue Support Grant	18,824
3,425	Other Non Specific Revenue Grants	1,363
21,079	Total	20,187

**Capital Grants Credited to Taxation and Non Specific Grant Income:**

2023/24 £000		2024/25 £000
500	Department for Transport	500
677	Education Funding Agency: LA Maintained Maintenance Grant	561
(140)	Education Funding Agency: Basic Need Pupil Places	(20)
145	Education Funding Agency: LA Maintained Devolved Formula	144
3,143	Education Funding Agency: Targeted Basic Need	(526)
1,093	Department for Education	(99)
16,265	Ministry of Housing, Communities and Local Government	32,869
663	Other Local Authorities and Partners	224
20,224	South Yorkshire Mayoral Combined Authority	10,950
35	Department of the Environment, Food & Rural Affairs	0
876	Environment Agency	1,024
96	Department of Business, Energy & Industrial Strategy	71
(106)	European Development Fund	0
209	Forestry Commission	45
3	Historic England	78
1,040	Disabled Facilities Grant	1,119
124	Police Crime Commissioner	50
1,607	NHS England	(1,301)
0	Sport England	276
3,645	CIL Contributions	577
162	S106 Contributions	52
0	Homes England	2,781
0	Other Asset Donations	43
50,260		49,418

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:

2023/24 £000		2024/25 £000
99,920	Dedicated Schools Grant including Safety Valve funding (Note 16)	111,733
54,594	Housing and Council Tax Benefit: subsidy	55,024
9,822	PFI Grant	9,822
1,409	Supporting Families	1,707
3,551	Pupil Premium	3,359
831	Housing Benefit & Council Tax Benefit Administration	814
555	Youth Offending Teams Grant	558
414	Arts Council - School Music Service	173
690	Universal Free School Meals	724
22,888	Social Care (Revenue) Grant	31,650
10,036	NHS Funding (including Better Care Fund)	9,327
15,399	Improved Better Care Fund	15,013
1,442	Independent Living Fund	0
17,763	Public Health Funding	18,435
428	Discretionary Housing Payments (DHPs)	428
2,278	Unaccompanied Asylum Seeking Children	2,629
544	Asylum Seekers Dispersal - Temporary Accommodation	681
394	PE & Sport Grant	362
602	Rough Sleeper Initiative	551
2,030	Adult Social Care Discharge Funding	3,384
583	Homeless Prevention	796
546	Childrens Capital of Culture	982
1,247	Holiday Activities & Food	1,234
1,129	Substance Misuse Treatment & Recovery	2,178
630	Homes for Ukraine	326
3,150	Market Sustainability and Improvement Fund and Fair Cost of Care Fund	5,886
2,046	Market Sustainability and Improvement Fund: Workforce Fund	0
1,558	Family Hubs	1,140
1,126	Supplementary Grant DFE	0
4,978	Household Support Fund	4,978
606	Recovery Premium Funding	110
721	Teachers Pay Grant	1,048
0	Teachers Pension Employer Contributions Grant	1,497
0	Core Schools Budget Grant	1,547
415	Multiply (UKSPF)	422
400	European Social Fund	7
629	UK Shared Prosperity Fund	2,147
447	Apprenticeship Levy	575
943	Mainstream Schools Additional Funding	0
570	Short Break Innovation Fund	1,047
606	Local Council Tax Support Scheme	0
297	Feasability Fund	767
49	Elections Grant	959
23	Wraparound Childcare Programme	897
0	Levy Account Surplus	538

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 24		31 Mar 25
£000		£000
3,829	Section 106 Developer Contributions	7,275
410	CIL Contributions	147
0	SYMCA	164
0	Historic England Grant	(5)
0	Forestry Commission	(103)
0	PCC	8
4,239	Total of Capital Grants Received in Advance	7,486

### 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	2023/24		Income	Expenditure	2024/25
£000	£000	£000		£000	£000	£000
0	0	(5)	F&CS/ACE - General Fund	0	0	(5)
(361)	162	(2,246)	Regeneration & Environment – General Fund	(763)	52	(2,957)
(271)	157	(835)	CYPS - General Fund	(3,820)	1,085	(3,570)
0	0	0	Housing - General Fund	0	0	0
(320)		(743)	HRA	0	0	(743)
(952)	319	(3,829)	Total	(4,583)	1,137	(7,275)

### Note 9      Acquired and discontinued operations

The Council did not acquire any new operations in 2024/25.

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:

2023/24 £000		2024/25 £000
(1,886)	Gross income	(1,771)
1,886	Gross expenditure	1,771
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 £35.114m, 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 £19.684m 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.

2023/24 £000	<b>Better Care Fund - Pool 1 RMBC</b>	2024/25 £000
(5,164)	<b>Balance B/F</b>	(1,940)
1,970	<b>Less: earmarked for 24/25 during 23/24</b>	0
(12,194)	SYICB (Rotherham Place)	(9,341)
(3,331)	Rotherham MBC - Capital	(3,802)
(18,479)	Rotherham MBC - Revenue	(20,031)
(37,198)	Total Gross Income	(35,114)
3,666	Capital Expenditure	4,007
31,879	Revenue Expenditure	28,966
35,545	Total Gross Expenditure	32,973
(1,653)	Overspend / (Underspend)	(2,141)
(287)	Use of balances	0
(1,940)	Net Balance as at 31 March	(2,141)

2023/24 £000	<b>Better Care Fund - Pool 2 NHS South Yorkshire ICB</b>	2024/25 £000
(13,756)	SYICB (Rotherham Place)	(19,684)
0	Rotherham MBC	0
(13,756)	Total Gross Income	(19,684)
13,469	Revenue Expenditure	19,684
13,469	Total Gross Expenditure	19,684
(287)	Overspend / (Underspend)	0
287	Transfer of balances	0
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 Council, through Children and Young People's Services, maintains expenditure relating to the local children's safeguarding partnership arrangements that are managed through the Rotherham Safeguarding Children Partnership (RSCP). The RSCP operates under statutory guidance from *Working Together to Safeguard Children* (2018 and updated in 2023) and replaced the former Rotherham Local Safeguarding Children Board (LSCB). It introduced new multi-agency safeguarding arrangements and outlines how safeguarding partners should collaborate to keep children safe. Contributions are made by the three key statutory partners, i.e. Rotherham Council, NHS Rotherham Integrated Care Board (ICB) and the South Yorkshire Police.

2023/24 £000	YOS Pooled Budget	2024/25 £000
(70)	NHS South Yorkshire ICB	(70)
(153)	South Yorkshire Police & Crime Commissioner	(153)
(5)	National Probation Service	(5)
0	Leeds City Council	0
(274)	Rotherham MBC - Revenue	(303)
(502)	Total Gross Income	(531)
0	Capital Expenditure	0
502	Revenue Expenditure	426
502	Total Gross Expenditure	426
0	Overspend / (Underspend)	(105)
0	Use of balances	0
0	Net Balance as at 31 March	(105)

2023/24 £000	Rotherham Safeguarding Board	2024/25 £000
(125)	NHS South Yorkshire ICB	(120)
(48)	South Yorkshire Police & Crime Commissioner	(47)
(2)	Other Income	(6)
(125)	Rotherham MBC - Revenue	(120)
(300)	Total Gross Income	(293)
288	Revenue Expenditure	257
288	Total Gross Expenditure	257
(12)	Overspend / (Underspend)	(36)
0	Transfer of balances	0
(12)	Net Balance as at 31 March	(36)

The Council's children's adoption service is managed through the One Adoption South Yorkshire agency (OASY). The OASY is a statutory arrangement that was established on 1 January 2021 to create a unified adoption system to better meet the needs of children waiting for permanent homes. It brings together the adoption services of the 4 local South Yorkshire authorities, namely Barnsley, Doncaster, Rotherham and Sheffield. The Agency operates on a pooled budget model and is funded through contributions from the 4 local authorities. Doncaster MBC is the Lead Authority and maintain central expenditure incurred in the provision of OASY agency.

2023/24 £000	South Yorkshire Regional Adoption Agency	2024/25 £000
(1,246)	Rotherham MBC - Revenue	(1,190)
(1,636)	Sheffield CC	(1,567)
(981)	Barnsley MBC	(937)
(1,187)	Doncaster MBC	(1,120)
(5,050)	Total Gross Income	(4,814)
0	Capital Expenditure	0
5,006	Revenue Expenditure	4,814
5,006	Total Gross Expenditure	4,814
(44)	Overspend / (Underspend)	0
(317)	Carry Forward from Previous Year	(284)
77	Use of balances	95
(284)	Net Balance as at 31 March held by Doncaster MBC	(189)

### Note 13      Members' Allowances

Members' allowances and expenses during the year totalled £959,803.48 excluding Joint Council allowances (2023/24 £942,674.42).

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.

2023/24 £000	Members Allowances	2024/25 £000
704	Basic allowance	740
239	Special responsibility allowances	219
0	Travel	0
943	Total Members' Allowances and Expenses	959

**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 2024/25 payroll information, expressed in bands of £5,000 is as follows:

2023/24			2024/25	
Officers Total	Teachers Total		Officers Total	Teachers Total
128	19	50,000.00 to 54,999.99	146	18
60	10	55,000.00 to 59,999.99	56	7
29	4	60,000.00 to 64,999.99	41	5
17	5	65,000.00 to 69,999.99	25	5
15	7	70,000.00 to 74,999.99	22	2
8	3	75,000.00 to 79,999.99	11	5
3	2	80,000.00 to 84,999.99	2	2
2	0	85,000.00 to 89,999.99	3	1
1	0	90,000.00 to 94,999.99	0	0
9	1	95,000.00 to 99,999.99	11	0
1	0	100,000.00 to 104,999.99	0	1
0	0	105,000.00 to 109,999.99	1	0
0	0	110,000.00 to 114,999.99	1	0
1	0	115,000.00 to 119,999.99	0	0
0	0	120,000.00 to 124,999.99	0	0

The number of employees whose remuneration was £50,000 or more includes staff who have been given approval to leave the Council and have received an exit payment under the terms of their contract with the Council. In some cases that has resulted in these staff falling into higher banding brackets than would otherwise be the case. In 2024/25, 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 39 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 2023/24 and 2024/25 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 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	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

## Senior Officers 2024/25

Job Title/Employee	Salary 2024/25 £	Additional Payments 2024/25 £	Compensation & Ex-gratia 2024/25 £	Total remuneration excluding employer pension contributions 2024/25 £	Pension employer contribution 2024/25 £
Senior Officer Salary Costs:					
Sharon Kemp - Chief Executive	185,899.32	0.00	0.00	185,899.32	32,160.60
Assistant Chief Executive	115,944.96	0.00	0.00	115,944.96	20,058.48
Nicola Curley, Strategic Director of Children and Young Peoples Services	163,775.64	0.00	0.00	163,775.64	26,450.64
Strategic Director of Regeneration & Environment - Refer to note (i)	7,832.61	0.00	0.00	7,832.61	760.54
Strategic Director of Regeneration & Environment - Refer to note (ii)	77,579.13	0.00	0.00	77,579.13	12,792.81
Strategic Director of Adult Care and Housing	144,390.96	0.00	0.00	144,390.96	24,979.68
Strategic Director of Finance & Customer Services	135,183.00	0.00	0.00	135,183.00	23,386.66
Assistant Director of Legal Services	98,034.00	0.00	0.00	98,034.00	16,959.84

- (i) The Strategic Director of Regeneration & Environment left the Council on 12th April 2024. Additional payment in prior year related to post employment notice pay that had been accrued for in 2023/24. Payment in 2024/25 includes pay for holiday entitlement not taken.
- (ii) The Strategic Director of Regeneration & Environment commenced their employment 2<sup>nd</sup> September 2024.
- (iii) The LGPS Employer Pension contributions disclosed in 2024/25 are based on the common rate of contribution set by the Actuary of 17.3 percent.

Senior Officer salary costs for 2024/25 have not materially increased or decreased compared to 2023/24.

#### 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 2023/24 but who were paid in 2024/25 and those staff whose severance was approved and agreed and to which the Council was committed at 31 March 2025 but who are planned to leave in 2025/26.

In 2024/25 no provision was made in respect of severance costs associated with the major restructuring of services (in 2023/24 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	
	2023/24	2024/25	2023/24	2024/25	2023/24	2024/25	2023/24 £000	2024/25 £000
Non Schools								
£0 - £20,000	3	3	53	53	56	56	208	273
£20,001 - £40,000	0	1	1	1	1	2	33	46
£40,001 - £60,000	0	1	0	0	0	1	0	46
£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	1	0	0	0	1	0	145	0
£150,001 - £200,000	0	0	0	0	0	0	0	0
Total	4	5	54	54	58	59	386	365

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	
	2023/24	2024/25	2023/24	2024/25	2023/24	2024/25	2023/24 £000	2024/25 £000
Schools								
£0 - £20,000	0	0	6	8	6	8	9	46
£20,001 - £40,000	0	0	0	1	0	1	0	24
£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	0	0	6	9	6	9	9	70

N.B. The above figures include 1 settlement agreement (2023/24 2 settlement agreements) entered into to terminate the employment relationship with the School/Council.

#### Termination Benefits

During 2024/25 68 employees (2023/24, 64) 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 2024/25 totalled £0.435m (2023/24 £0.395m) - composed of severance payments of £0.421m (2023/24 £0.283m) and £0.014m in pensions strain costs (2023/24 £0.112m).

#### 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:

2023/24 £000		2024/25 £000
384	Fees payable for external audit services carried out by the appointed auditor Grant Thornton	418
16	Fees payable for external audit services carried out by the appointed auditor Grant Thornton to be approved by PSAA	5
36	Fees payable for the certification of grant claims and returns Grant Thornton	61
8	Fees payable for the certification of grant claims and returns - to external audit services KPMG	14
444	Total	498



**Note 16**      **Dedicated Schools Grant**

The Council's expenditure on schools is funded primarily by the Dedicated Schools Grant (DSG) provided by the Department for Education (DfE). The DSG is ring-fenced and can only be applied to meet expenditure properly included in the Schools' Budget, as defined in the School and Early Years Finance (England) Regulations 2025.

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. Local authorities are responsible for allocating the ISB to individual schools in accordance with the local schools' funding formula. A proportion of the DSG is retained to meet central expenditure on a range of schools related services provided on a council wide basis to schools and 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 2025/26 (as well as for the comparative year):

2023/24				2024/25		
Central Expenditure £000	ISB £000	Total £000		Central Expenditure £000	ISB £000	Total £000
15,330	0	306,485	Final DSG before Academy recoupment	20,280	0	336,046
		(209,342)	Less Academy figure recouped			(225,597)
		97,143	Total DSG after Academy recoupment			110,449
		15,330	Brought forward from previous year			20,280
		0	Less carry forward to following year agreed in advance			0
63,696	48,778	112,474	Agreed initial Budgeted Distribution	67,735	62,993	130,729
2,730	47	2,777	In Year Adjustments*	1,270	14	1,284
66,426	48,825	115,251	Final Budgeted Distribution	69,005	63,007	132,012
46,146	48,825	46,146	Less actual Central expenditure	50,223	63,007	50,223
		48,825	Less actual ISB deployed to schools			63,007
0		0	Plus Local Authority Contribution			0
20,280	0	20,280	In Year Carry forward to next year	18,782	0	18,782
0	0	0	Plus carry forward agreed in advance	0	0	0
20,280	0	20,280	Carry forward	18,782	0	18,782
(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)
(2,087)	1,109	(978)	Net DSG position	(3,585)	1,109	(2,476)

\*The Safety Valve agreement funding for 2024-25 of £1.27m 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. 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. 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 2024/25 is £18.53m, with £2m planned to be received in 2025/26. The balance on the DSG Reserve Account on 31 March 2025 is a net deficit of £2.476m, 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 2023 were available and the details are as follows:

31 Dec 22 £000		31 Dec 23 £000
1,687	Turnover	2,565
(552)	Profit / (Loss) before taxation	1,179
(323)	Profit / (Loss) after taxation	880
(758)	Net Assets	122

## Other

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

2023/24 £	Related Parties	Nature of Transactions	2024/25 £
	<b>Member Related:</b>		
0	Busy Life Limited	No Transactions	0
0	Universal Safety and Environmental Consultants Limited	No Transactions	0
37,473	Activate High Street Centre	Grants & Fees	38,419
0	Kingswood Allotts Limited	No Transactions	0
0	Beck Financial Planning Limited	No Transactions	0
0	Wales Educational Foundation	No Transactions	0
0	Mischief Managed Dog Walking and Pet Sitting	No Transactions	0
0	Catering Compliance Ltd	No Transactions	0
0	Tierney & Co Solicitors Limited	No Transactions	0
51,642	Rotherham BMX	Grant Funding	66,612
0	Julz Boutique (Dinnington) Ltd	No Transactions	0
2,174	Richmond Park Tenants and Residents Association	Grant Funding	500
1,750	Cortonwood Community Comeback Centre	Grant Funding	500
0	Rawmarsh and Parkgate Community Charity	No Transactions	0
	<b>Other Related Organisations:</b>		
10,384,135	South Yorkshire Mayoral Combined Authority	Transport Levy	10,593,688
1,835,704	South Yorkshire Mayoral Combined Authority	Fees & Contribution	1,289,237

**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 2024/25 the Council paid employer's contributions calculated at 28.68%, including the 0.08% administration levy, amounting in total to £4.703m (2023/24 £4.074m). The contribution rate for 2025/26 will be 28.68%. The total of contributions expected to be made to the Teachers' Pension Scheme by the Council in the year to 31 March 2026 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 2024/25 the Council paid employer's contributions calculated at 16.88% (including 0.08% in respect of administration costs) amounting in total to £0.020m (£0.019m 2023/24).

The 0.08% levy for the administration of the NHS Pension scheme was introduced in March 2017 by the Department of Health. In 2025/26 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 2026 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 2024/25 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 £25.057m (2023/24 £23.733m at 17.3%).

Total ongoing contributions of £25.197m are expected to be made to the Local Government Pension Scheme by the Council in the year to 31 March 2026 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 2024/25 the IAS 19 actuarial exercise identified a surplus on the funded element of the Fund of £379m and a liability on the unfunded element of £13m. 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 £193m and a liability on the unfunded element of £14m in the 2023/24 accounts. The accounting balance sheet position as at 31 March 2025 and the projected charge to the P&L for 2025/26, in the 2024/25 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 2024/25 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 Beavor 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	Unfunded Discretionary Benefits Arrangements (included in Total)		Total Funded & Unfunded Local Government Pension Scheme	Unfunded Discretionary Benefits Arrangements (included in Total)
2023/24	2023/24		2024/25	2024/25
£000	£000		£000	£000
		Net Cost of Services		
28,958	0	- Current Service Cost	27,964	0
0	0	- Past Service	16	0
(1,317)	0	- Gain / (loss) from settlements	(1,778)	0
		Financing and Investment Income and Expenditure		
(3,738)	0	- Net Interest Expense	700	0
23,903	0	Total Post-employment Benefits charged to the Surplus or Deficit on the Provisions of Service	26,902	0
		Other Post-employment Benefits charged to the Comprehensive Income and Expenditure Statement		
		Remeasurement of the net defined benefit liability comprising:		
41,899	0	- Experience gain / (loss) on liabilities	(12,539)	0
(42,604)	0	- Return on plan assets (excluding the amount included in the net interest expense)	33,259	0
(8,850)	0	- Actuarial gains and (losses) arising on changes in demographic assumptions	(2,277)	0
(73,819)	0	- Actuarial gains and (losses) arising on changes to financial assumptions	(197,141)	0
0		Changes in effect of asset ceiling	(202,818)	0
193,436	0	Adjustment per regulations to reduce surplus to nil charged to Other Comprehensive Income and Expenditure	379,437	0
110,062	0	Total Post-employment Benefits charged to the Comprehensive Income and Expenditure Statement	(2,079)	0
		Movement in Reserves Statement		
(23,903)	0	- Reversal of net charges made to the Surplus or Deficit on the Provision of Services for Post-employment benefits in accordance with the code	(26,902)	0
		Actual amount charged against General Fund:		
		Balance for pensions in year:		
(25,147)	(1,293)	- Employer's contributions payable to Scheme	(26,540)	(1,329)

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 £0.728m administrative expenses in relation to investments during 2024/25 (2023/24 £0.686m).

In addition to the recognised gains and losses included in the CIES in arriving at the surplus / deficit on services, actuarial gain of £381.516m (£83.373m gain in 2023/24), has been included in Other Comprehensive Income and Expenditure in the CIES.

**Pension Assets and Liabilities recognised on the Balance Sheet**

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

	Total Funded & Unfunded Local Government Pension Scheme  31 Mar 24  £000	Total Funded & Unfunded Local Government Pension Scheme  31 Mar 25  £000
Fair Value of Scheme Assets	1,483,172	1,502,501
Present value of Funded Liabilities	(1,289,736)	(1,123,064)
Net (under) funding in Funded Plans	193,436	379,437
Present Value of Unfunded Discretionary Liabilities	(14,327)	(12,610)
Per Actuary Report	179,109	366,827
<u>Amount in the Balance sheet:</u>		
Liabilities - funded and unfunded	(1,304,063)	(1,135,674)
Assets - funded and unfunded	1,483,172	1,502,501
Per financial Regulations asset ceiling takes pension asset to nil	(193,436)	(379,437)
Pensions Reserve	(14,327)	(12,610)
Pensions Asset	0	0
Pensions Liability	(14,327)	(12,610)



**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)
2023/24	2023/24		2024/25	2024/25
£000	£000		£000	£000
1,393,488	0	Fair Value of Plan Assets at beginning of period	1,483,172	0
65,738		Interest on plan assets	71,437	
		Remeasurement gain / (loss):		
42,604		- The return on plan assets, excluding the amount included in interest expense	(33,259)	
(1,766)		- Administrative expenses (*see note below)		
25,147	1,293	- Settlements	(2,562)	
8,821		- Employer contributions	26,540	1,329
(50,860)	(1,293)	- Member contributions	9,269	
		- Benefits/transfers paid	(52,096)	(1,329)
1,483,172	0	Fair Value of Scheme Assets at end of period	1,502,501	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)
2023/24	2023/24		2024/25	2024/25
£000	£000		£000	£000
(1,298,997)	(15,019)	Benefit Obligation at beginning of period	(1,304,063)	(14,327)
(28,958)	0	Current Service Cost	(27,236)	0
(686)	0	Administrative expenses (*see note below)	(728)	0
(61,314)	0	Interest Cost	(62,755)	0
(8,821)	0	Member Contributions	(9,269)	0
		Remeasurement gains and (losses):		
(41,899)	0	- Experience gain / (loss)	12,539	0
8,850	0	- Actuarial Gain / (loss) arising from changes in demographic assumptions	2,277	0
73,819	0	- Actuarial Gain / (loss) arising from changes in financial assumptions	197,141	0
0	0	- Past Service Cost	(16)	0
0	0	- (Loss) / gain on Curtailments	0	0
3,083	0	- Liabilities extinguished on Settlements	4,340	0
50,860	0	- Benefits/Transfers paid	52,096	0
0	692	Movement in unfunded	0	1,717
(1,304,063)	(14,327)	Benefit Obligation at end of period	(1,135,674)	(12,610)

## Analysis of the Fair Value of Plan Assets:

		Total Funded & Unfunded Local Government Pension Scheme	Total Funded & Unfunded Local Government Pension Scheme
		31 Mar 24	31 Mar 25
	Quoted (Y/N)	£000	£000
Cash & cash equivalents:		20,722	18,759
Equity Securities	Y	90	77
Equity Securities	N	13	0
Debt Securities			
- Corporate Bonds (investment grade)	N	0	0
- Corporate Bonds (non-investment grade)	N	0	0
- UK Government	N	0	0
- Other	Y	3,999	458
- Other	N	80,967	85,430
Real Estate:			
- UK Property	Y	1,678	0
- UK Property	N	115,042	118,133
- Overseas Property	N	1,514	3,726
Investment Funds and Unit Trusts			
- Equities	N	681,918	646,022
- Bonds	N	222,704	226,921
- Infrastructure	Y	10,739	5,300
- Infrastructure	N	137,918	165,901
- Other	Y	2,676	354
- Other	N	48,055	71,171
Private Equity	Y	2,407	444
Private Equity	N	152,730	159,805
		1,483,172	1,502,501

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
2023/24	2023/24		2024/25	2024/25
		Mortality assumptions:		
		Longevity at 65 for current pensioners:		
20.6 years	20.6 years	Men	20.5 years	20.5 years
23.6 years	23.6 years	Women	23.6 years	23.6 years
		Longevity at 65 for future pensioners:		
21.4 years	21.4 years	Men	21.3 years	21.3 years
25 years	25 years	Women	25 years	25 years
2.75%	2.75%	Rate of CPI inflation	2.75%	2.75%
3.35%	3.35%	Rate of increase in salaries	3.35%	3.35%
2.75%	2.75%	Rate of increase in pensions	2.75%	2.75%
4.85%	4.85%	Rate for discounting scheme liabilities	5.80%	5.80%

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 £21m 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 £2m 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 £23m 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**

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	51,375	11,506	1,193,317
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	9,668	0	0	0	(439)	78,425
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)	(2,057)	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	0	0	0
Other Movements in cost valuation	4,119	3,276	1,099	0	(29,378)	3,763	(17,121)
At 31 Mar 24	838,521	296,617	62,226	8,342	78,242	10,476	1,294,425
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	1,018	1,895	0	0	0	2,975
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	281,819	30,864	1,078	78,242	10,473	1,240,529
At 31 Mar 23	776,341	282,478	27,287	1,082	51,375	11,503	1,150,065

2024/25	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 24	838,521	296,617	62,226	8,342	78,242	10,476	1,294,424
Additions	50,999	32,721	7,429	103	35,194	5,669	132,116
Accumulated Depreciation and Impairment written out to gross cost/valuation	(23,445)	(9,446)	0	0	0	(4)	(32,894)
Revaluation increases/decreases to Revaluation Reserve	25,003	(522)	0	0	0	1,719	26,200
Revaluation increases/decreases to Surplus or Deficit on the Provision of Services	(4,900)	(29,450)	(0)	0	0	(38,632)	(72,983)
Derecognition - Disposals	(4,335)	(24,559)	(7,337)	0	0	(255)	(36,486)
Derecognition - Other	0	0	0	0	0	0	0
Reclassified 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 cost valuation	6,393	(1,327)	1,744	0	(57,740)	41,539	(9,391)
At 31 Mar 25	888,236	264,034	64,062	8,445	55,696	20,512	1,300,985
Depreciation and Impairment							
At 1 Apr 24	(469)	(14,797)	(31,362)	(7,264)	0	(3)	(53,895)
Accumulated Depreciation and Impairment written out to gross cost/valuation	23,445	9,446	0	0	0	5	32,895
Depreciation Charge	(23,040)	(8,113)	(7,303)	(3)	0	(4)	(38,463)
Impairment losses/reversals to Revaluation Reserve	0	(1,106)	0	0	0	0	(1,106)
Impairment losses/reversals to Surplus or Deficit on the Provision of Services	0	(1,155)	(699)	(103)	0	0	(1,957)
Derecognition - Disposals	60	1,422	6,773	0	0	0	8,255
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	0	0	0	0
At 31 Mar 25	(5)	(14,303)	(32,591)	(7,370)	0	(2)	(54,271)
Net Book Value							
At 31 Mar 25	888,231	249,731	31,471	1,075	55,696	20,510	1,246,713
At 31 Mar 24	838,052	281,819	30,864	1,078	78,242	10,473	1,240,529

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 24 £000	31 Mar 25 £000
Net book value (modified historical cost) at 1 April	265,640	290,208
Additions	16,167	21,015
Derecognition	0	0
Depreciation	(8,679)	(9,827)
Impairment	(41)	(240)
Other movements in cost	17,121	9,390
Net book value	290,208	310,547

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

	31 Mar 24 £000	31 Mar 25 £000
Infrastructure Assets	290,208	310,547
Other PPE assets	1,240,529	1,246,713
Total PPE assets	1,530,737	1,557,260

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:

2023/24 £000		2024/25 £000
63,163	Cost or Valuation:	
(870)	At 1 April	67,683
270	Accumulated Depreciation and Impairment written out to gross cost/valuation	(758)
4,064	Additions	10,652
	Revaluation Increases / (Decreases) taken to Revaluation Reserve	(2,009)
1,056	Revaluation Increases / (Decreases) taken to (Surplus) or Deficit on the Provision of Services	(10,652)
0	Derecognition - Disposals	(219)
67,683	Cost or Valuation at 31 March	64,697
3,001	Depreciation & Impairment:	
(870)	At 1 April	4,300
2,125	Adjustments between cost / value & depreciation/impairment	(758)
0	Depreciation Charge	2,100
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
44	Impairment Losses Recognised in the Revaluation Reserve	0
0	Impairment Losses taken to (Surplus) or Deficit on the Provision of Services	0
0	Derecognitions - Disposals	(5)
4,300	Depreciation and impairment at 31 March	5,637
63,383	Net Book Value	
	At 31 March	59,060

2023/24 £000		2024/25 £000
61,974	Land and buildings	57,989
1,410	Vehicles, Plant, Furniture and Equipment	1,073
0	Assets under Construction	0
63,384	Total	59,062

(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 2024/25 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.

Where applicable valuation adjustments have then be processed against those assets not revalued in year to ensure the accounts are not materially misstated. In addition a detailed assessment of the movement of asset value in year has taken place, ie from the 1 April 2024 to the 31 March 2025, again where applicable, adjustments have been processed. For some assets valued on a DRC basis a valuation date of the 1 January has been used.

(e) Revaluations and Impairment

In 2024/25 there was a net valuation decrease of £52.263m. Contained within the net figure is a £50.830m revaluation increase, mainly due to valuation increases across Council Dwellings and Schools. This was offset by £103.093m of impairment losses including £27.6m resulting from the transition to IFRS16 and £38.8m relating to Forge Island. 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 2024/25 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 2025 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	23,220	2,770	63,929	7,813	0	55,696	153,428
<u>Valued at current value as at:</u>							
31 Mar 25	864,787	124,255	132	0	20,512	0	1,009,686
31 Mar 24	230	42,555	0	0	0	0	42,785
31 Mar 23	0	68,248	0	0	0	0	68,248
31 Mar 22	0	18,210	0	632	0	0	18,842
31 Mar 21	0	7,996	0	0	0	0	7,996
Total Cost or Valuation	888,237	264,034	64,061	8,445	20,512	55,696	1,300,985

(f) Capital commitments

At 31 March 2025 the Council has entered into a number of contracts for the construction or enhancement of Property, Plant and Equipment in 2024/25. The Council had significant commitments of £1 million or more budgeted to cost £88.661m (£20.091m at 31 March 2024).

	Cost £000
<u>Regeneration &amp; Environment</u>	
Road Safety Improvement Projects - Broom/Wickersley & Fitzwilliam corridors	19,357
Rother Valley Country Park Improvement	5,152
Provision of Mini Buses	1,635
Markets & Library Redevelopment	24,471
<u>Children &amp; Young People</u>	
Waverley School Extension	1,195
<u>Adult Social Care</u>	
Day Centre - Castle View	7,491
<u>HRA</u>	
New Builds - Princess St, Denman Rd, Symonds Ave, Addison Rd & Far Lane	29,360
Total	88,661



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:

2024/25 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 2025
	Level 1	Level 2	Level 3	
	£000	£000	£000	£000
Land and Buildings	0	20,510	0	20,510
Total	0	20,510	0	20,510

2023/24 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 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

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 £20.510m (£10.474m as at 31 March 2024) 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:

2023/24 £000		2024/25 £000
(1,964)	Rental income from investment property	(2,131)
614	Direct operating expenses arising from investment property	640
(1,350)	Net income	(1,491)
(1,046)	Net (gain)/loss from fair value adjustments & impairment	5,481
40	(Gain)/loss on disposal	(107)
(2,356)	Total included in Finance & Investment Income	3,883

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

2023/24 £000		2024/25 £000
30,988	Balance at 1 April	33,897
964	Subsequent expenditure	654
(43)	Disposals	(78)
1,046	Net gains /(loss) from fair value adjustments	(5,481)
0	Net gain /(loss) through Revaluation Reserve	0
943	Transfers from Assets Held for Sale	0
0	Transfers from Property, Plant & Equipment	0
33,897	Balance 31 March	28,992

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:

## 2024/25 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 2025
	Level 1	Level 2	Level 3	
	£000	£000	£000	£000
Land and Buildings	0	28,992	0	28,992
Total	0	28,992	0	28,992

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

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 £28.992m (£33.897m as at 31 March 2024) 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 2025 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.

2023/24 £000		2024/25 £000
	Balance at 1 April:	
20,656	- Gross carrying amount	21,679
(16,633)	- Accumulated amortisation	(17,970)
4,023	Net carrying amount at 1 April	3,709
	Additions:	
1,023	- Purchases	786
	- Reclassified from PP&E under Construction	148
(1,336)	Amortisation	(1,468)
3,709	Net carrying amount at 31 March	3,175
	Comprising:	
21,679	Gross carrying amounts	22,612
(17,970)	Accumulated amortisation	(19,437)
3,709	Balance at 31 March	3,175

**Note 22**      **Assets Held for Sale**

	Assets Held for Sale-Current	
	2023/24 £000	2024/25 £000
Balance at 1 April	6,198	3,791
<u>Assets newly classified as held for sale:</u>		
- Property, Plant and Equipment	3,044	0
- 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)	0
- Assets sold	(4,508)	(3,462)
Balance at 31 March	3,791	329

## **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 (Tenants 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 (Tenants 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 2024/25, 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
	2023/24	2024/25	2023/24	2024/25	2023/24	2024/25	2023/24	2024/25
	£000	£000	£000	£000	£000	£000	£000	£000
<u>Cost or Valuation</u>								
1 Apr 24	7,757	8,245	514	514	258	258	8,529	9,017
Additions	0	0	0	0	0	0	0	0
Revaluation increases/decreases to Revaluation Reserve	488	0	0	0	0	0	488	0
Balance at 31 March	8,245	8,245	514	514	258	258	9,017	9,017

#### Disposal of Heritage Assets in 2024/25

There have been no Heritage Asset disposals in 2024/25.

#### Additions of Heritage Assets in 2024/25

There have been no heritage asset additions in 2024/25.

**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	
	2023/24	2024/25	2023/24	2024/25
	£000	£000	£000	£000
Borrowings	607,233	567,000	30,223	110,232
Plus Accrued Interest	0	0	4,538	5,464
Plus Creditors	112,823	133,600	59,811	62,125
Plus bank overdraft	0	0	84	0
Plus(+)/Less(-) Other accounting adjustments	0	0	0	0
Financial liabilities at amortised cost	720,056	700,600	94,656	177,821
Financial liabilities at fair value through profit and loss	0	0	0	0
Total Financial Liabilities	720,056	700,600	94,656	177,821
Non Financial Liabilities	8,766	7,915	3,487	4,758
Total	728,822	708,515	98,143	182,579
Investments	0	0	0	0
Plus Accrued Interest	0	0	0	0
Plus Debtors	745	718	50,972	51,672
Plus Cash & Cash Equivalents	0	0	33,404	38,025
Plus(+)/Less(-) Other accounting adjustments	0	0	0	0
Financial Assets				
at Amortised Cost	745	718	84,376	89,697
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	935	908	84,376	89,697
Non-Financial Assets			9,704	9,572
Total	935	908	94,080	99,269

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 25 £000 (a)	% (b)	31 Mar 25 % (c)	£000 (a*c)
<u>Deposits with banks and financial institutions</u>				
AAA rated counterparties	31,895	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	31,895			0
<u>Debtors</u>				
Long Term Debtors	348	0.000%	0.000%	0
Loans to Third Parties	750	49.000%	49.000%	367
Sundry Debtors	15,209	3.620%	3.620%	551
Housing Tenants	7,201	48.760%	48.760%	3,511
Other Short-Term Debtors	34,024	2.400%	2.400%	818
Debtors	57,533			5,248

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 £5.248m 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 2024/25 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 24 £000		31 Mar 25 £000
9,186	Less than three months	10,842
620	Three to six months	1,804
1,470	Six months to one year	1,533
2,808	More than one year	1,031
14,084		15,209

### 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 2025 was £0.855m (£0.646m as at 31 March 2024).

### 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 24 £000		31 Mar 25 £000
30,223	Less than one year	110,232
75,232	Between one and two years	20,242
6,311	Between two and seven years	46,365
35,353	Between seven and fifteen years	35,057
490,336	More than fifteen years	465,336
637,455		677,233

The maturity analysis of financial assets is as follows:

31 Mar 24 £000		31 Mar 25 £000
24,790	Less than one year	31,895
0	Between one and two years	0
0	Between two and three years	0
0	More than three years	0
24,790		31,895

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 £15.209m 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:

2023/24 £000		2024/25 £000
0	Impact on Surplus or Deficit on the Provision of Services	
0	Share of overall impact debited to the HRA	
(56,127)	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)	(43,270)

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 2025 are as follows:

2023/24		Financial Liabilities	Financial Assets			2024/25
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
19,489	Interest expense	22,411				22,411
0	Impairment (gain)					0
0	Premium/discounts					0
12,833	Finance Lease Interest	12,899				12,899
32,322	Interest payable and similar Charges	35,310	0	0	0	35,310
(2,740)	Interest income		(1,923)			(1,923)
29,582	Net gain (-) / loss (+) for the year	35,310	(1,923)	0	0	33,387

## **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 2025 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 31/3/24 £000	As at 31/3/25 £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 24			31 Mar 25	
Carrying amount £000	Fair Value £000		Carrying amount £000	Fair Value £000
		<u>Long and Short-term</u>		
397,622	242,117	PWLB debt	453,007	275,290
219,312	199,832	Non-PWLB debt	148,567	119,535
25,060	25,060	Temporary Borrowing	81,123	81,123
641,994	467,009	Total Debt	682,696	475,948
96,247	96,247	Short Term Creditors	87,367	87,367
85,547	113,676	PFI Schemes	93,034	93,034
27,275	27,275	Other Long Term Creditors	40,566	40,566
851,063	704,207	Total Financial Liabilities	903,663	696,915

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 2025) 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 £247.854m 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 (£205.152m) 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 £146.348m. The exit price for the PWLB loans including this discount would therefore be £273.378m.

31 Mar 24			31 Mar 25	
Carrying amount	Fair Value		Carrying amount	Fair Value
£000	£000		£000	£000
0	0	Money Market loans less than one year	0	0
33,412	33,412	Cash & Cash Equivalents	38,048	38,048
543	543	Third Party Loans	382	382
319	319	Long-term Debtors	348	348
14,084	14,084	Sundry Debtors	15,209	15,209
6,313	6,313	Housing Rents	7,201	7,201
35,880	35,880	Other Short-Term :	34,024	34,024
(5,422)	(5,422)	Bad Debts Provision	(4,881)	(4,881)
85,129	85,129	Total Financial Assets at Amortised Cost	90,333	90,333

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 2025 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 2025 the Council had no material financial guarantees requiring disclosure within the Balance Sheet.

**Note 29**      **Long-Term Investments**

2023/24 £000		2024/25 £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**

2023/24 £000		2024/25 £000
867	Balance at 1 April	578
5,271	Purchases	6,016
(5,527)	Recognised in year as expense	(5,785)
(33)	Written on / (off) in year	(1)
578	Balance at 31 March	808

**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 2025 (Nil 2023/24).

**Note 32**      **Debtors**

	Short Term		Long Term	
	2023/24 £000	2024/25 £000	2023/24 £000	2024/25 £000
Central Government Bodies	17,768	15,540	0	0
Other Local Authorities	12,435	5,314	0	0
NHS Bodies	6,602	7,104	0	0
Local Taxation (NNDR and Council Tax)	9,263	9,007	0	0
Other Entities and Individuals	30,925	40,031	837	718
Total	76,993	76,996	837	718

**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 24 £000		31 Mar 25 £000
33,404	Cash and Bank balances	38,025
(84)	Bank Overdraft	0
33,320	Total Cash and Cash Equivalents	38,025

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

In the prior year a £2.687m balance relating to section 278 and section 38 agreements was included in the grant received in advance note. These are now included in note 34b creditors as this better reflects the nature of the balances held.

31 Mar 24 £000		31 Mar 25 £000
1,029	Improved Better Care Fund	496
186	Public Health	227
945	Dept for Health & Social Care - Adults	1,017
736	Covid	205
348	Floods 2019	0
0	Revenue Support Grant 2025-26 April installment paid early	1,741
72	Dept for Education Funding	765
2,866	South Yorkshire Mayoral Combined Authority	2,495
329	Selective Licencing	0
1,419	Other	855
7,930	Total of Revenue Grants Received in Advance	7,801

### **Note 34b**      **Creditors**

	Short Term		Long Term	
	2023/24 £000	2024/25 £000	2023/24 £000	2024/25 £000
Trade Payables	(40,245)	(43,090)	0	0
Receipts In Advance	(19,907)	(17,440)	0	0
Other	(19,566)	(19,035)	(19)	(19)
Total	(79,718)	(79,565)	(19)	(19)



**Note 35      Provisions**

<b>Current Year</b>	Balance as at 1 Apr 24 £000	Increase in provision during year £000	Utilised during year £000	Unused Amounts Reversed £000	Balance as at 31 Mar 25 £000
Insurance Claims	(4,109)	(639)	1,463	0	(3,285)
Compensation Payments	(609)	0	37	0	(572)
Business Rates Appeals	(2,302)	(3,314)	2,043	0	(3,573)
Other	(5,243)	0	0	0	(5,243)
<b>Total</b>	<b>(12,263)</b>	<b>(3,953)</b>	<b>3,543</b>	<b>0</b>	<b>(12,673)</b>
Current Provisions	(3,487)	(3,314)	2,043	0	(4,758)
Long Term Provisions	(8,776)	(639)	1,500	0	(7,915)
<b>Total</b>	<b>(12,263)</b>	<b>(3,953)</b>	<b>3,543</b>	<b>0</b>	<b>(12,673)</b>

<b>Comparative Year</b>	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)
<b>Total</b>	<b>(10,264)</b>	<b>(4,880)</b>	<b>2,881</b>	<b>0</b>	<b>(12,263)</b>
Current Provisions	(2,807)	(2,708)	2,028	0	(3,487)
Long Term Provisions	(7,457)	(2,172)	853	0	(8,776)
<b>Total</b>	<b>(10,264)</b>	<b>(4,880)</b>	<b>2,881</b>	<b>0</b>	<b>(12,263)</b>

**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 2025 will be made during 2025/26 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 24 £000		31 Mar 25 £000
	<b>CAPITAL RESERVES</b>	
(27,823)	Capital Receipts Reserve	(20,413)
(9,428)	Major Repairs Reserve	(8,522)
(63,195)	Capital Grants Unapplied Account	(69,543)
(100,446)	Sub-Total Capital Reserves	(98,478)
	<b>REVENUE RESERVES</b>	
(25,000)	General Fund Minimum Balance – Council	(25,000)
(34,470)	Earmarked Reserves excluding DSG	(30,239)
(59,470)	Sub-Total General Fund Council and Earmarked Reserves excluding DSG	(55,239)
(2,264)	General Fund - Schools	(2,464)
(20,280)	Earmarked Reserve DSG	(18,782)
(18,403)	HRA	(24,171)
(93)	HRA Earmarked Reserve	(133)
(41,039)	Sub-Total Other Reserves	(45,550)
(200,955)	<b>TOTAL USABLE RESERVES</b>	(199,267)

**(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) 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 24 £000		31 Mar 25 £000
	CAPITAL RESERVES	
(299,174)	Capital Adjustment Account	(256,829)
(354,607)	Revaluation Reserve	(359,463)
	REVENUE RESERVES	
14,327	Pensions Reserve	12,610
4,914	Short term accumulating absences account	5,160
137	Financial instruments adjustment account	103
(6,600)	Collection Fund adjustment account	(2,651)
21,258	DSG Adjustment account	21,258
(619,745)	TOTAL UNUSABLE RESERVES	(579,812)

(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.

2023/24 £000		2024/25 £000
(287,520)	Balance 1 April	(299,174)
303	Debt Repayment	275
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:	
1,336	Amortisation of Intangible Assets	1,468
37,138	Charges for depreciation and impairment of non-current assets	105,091
16,625	Revenue expenditure funded from capital under statute	15,939
	Non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	
24,443		31,771
22,131	Depreciation - Major Repairs Reserve	23,859
	Adjusting amounts written out to Revaluation Reserve:	
(6,782)	Disposal	(8,889)
(10,587)	Excess of current cost depreciation over historic cost depreciation	(11,350)
	Capital Financing Applied in the year:	
(11,060)	Use of Capital Receipts Reserve to finance capital expenditure	(15,585)
(303)	Use of Capital Receipts Reserve to repay debt	(275)
(30,613)	Use of Major Repairs Reserve to finance capital expenditure	(26,454)
	Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing:	
(42,323)	Application of grants to capital financing from the Capital Grants Unapplied Account	(56,264)
(9,983)	Statutory provision for the financing of capital investment charged against the General Fund and HRA balances	(11,264)
(1,978)	Capital expenditure charged against the General Fund and HRA balances	(5,977)
(299,174)	TOTAL	(256,829)

(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.

2023/24 £000		2024/25 £000
(295,320)	Balance 1 April	(354,607)
(78,913)	Net revaluation gains/losses not charged to the Surplus /( Deficit) on Provision of Services	(26,200)
2,257	Impairment losses and reversals thereof not charged to the Surplus / (Deficit) on Provision of Services	1,106
(76,656)	Sub total - net revaluation and impairment gains / losses not posted to the Surplus / Deficit on provision of Services	(25,095)
6,782	Accumulated Gains on assets sold or scrapped	8,889
10,587	Excess of fair value depreciation over historic cost depreciation transferred to Capital Adjustment Account	11,350
(354,607)	Balance at 31 March	(359,463)

(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.

2023/24 £000		2024/25 £000
(94,491)	Balance 1 April	14,327
(83,374)	Remeasurements of the net defined benefit liability/(asset)	(381,516)
193,436	Adjustment per regulations to reduce pension asset to asset ceiling value of nil	379,437
23,903	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	26,902
(25,147)	Employer's pensions contributions and direct payments to pensioners payable in the year	(26,540)
14,327	Balance 31 March	12,610

(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.

2023/24			2024/25	
£000	£000		£000	£000
	4,545	Balance 1 April		4,914
(4,545)		Settlement or cancellation of accrual made at the end of the preceding year	(4,914)	
4,914		Amounts accrued at the end of the current year	5,160	
	369	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		246
	4,914	Balance at 31 March		5,160

(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.

2023/24 £000		2024/25 £000
171	Balance at 1 April	137
(34)	Movement in year: Premium and discounts	(34)
137	Balance carried forward at 31 March	103

(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.

2023/24 CTAX £000	2023/24 NNDR £000	2023/24 Total £000		2024/25 CTAX £000	2024/25 NNDR £000	2024/25 Total £000
(5,583)	(2,789)	(8,372)	Balance 1 April	(6,123)	(477)	(6,600)
(540)	2,312	1,772	Difference between amount receivable in the Comprehensive Income and Expenditure Statement for the year and General Fund balance	(80)	4,029	3,949
(6,123)	(477)	(6,600)	Balance at 31 March	(6,203)	3,552	(2,651)

(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

2023/24 £000		2024/25 £000
61,607	Items included in the net surplus or deficit on the provision of services that are investing and financing activities:	62,639
0	Capital Grants credited to surplus or deficit on the provision of services	
11,467	Net adjustment to long and short term investments	
	Proceeds from the sale of property plant and equipment, investment property and intangible assets & other capital receipts	8,175
73,074		70,814
(2,828)	Interest received (cash basis)	(1,704)
32,058	Interest paid (cash basis)	33,398



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

2024/25 £000		2024/25 £000
121,882	Purchase of property, plant and equipment, investment property, heritage and intangible assets	128,684
0	Long term loans granted	0
0	Purchase/(Sale) of short term investments	0
0	Purchase of Long term investments	0
457	Capital Grants and Contributions Repaid	450
(11,467)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets & other capital receipts	(8,175)
(63,506)	Capital Grants and Contributions Received	(71,250)
(315)	Other receipts from investing activities	(278)
47,051	Net cash outflow from Investing Activities	49,431

**Note 40**      **Cash Flow – from Financing Activities**

2024/25 £000		2024/25 £000
(78,100)	Cash receipts of short- and long-term borrowing	(165,000)
4,080	Cash payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet PFI contracts	3,615
94,314	Repayments of short- and long-term borrowing	125,223
1,381	Other payments for financing activities	(3,062)
21,675	Net cash outflow from Financing Activities	(39,224)

**Note 40b**      **Reconciliation of Liabilities Arising from Financing Activities**

	2024/25 01 Apr 24 £000	Cash Flow £000	Non Cash Change £000	2024/25 31 Mar 25 £000
Long Term Borrowing	(607,233)	(35,000)	75,233	(567,000)
Short Term Borrowing	(34,761)	(4,777)	(76,158)	(115,696)
PFI & Lease Liabilities Short Term	(3,615)	3,615	(5,390)	(5,390)
PFI & Lease Liabilities Long Term	(109,191)	0	(24,390)	(133,581)
	(754,800)	(36,162)	(30,705)	(821,667)

	2023/24 1 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)

**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.

2023/24 £000		2024/25 £000
882,677	Opening Capital Financing Requirement Capital Investment	927,446
124,588	Property, Plant and Equipment	153,130
964	Investment Properties	654
1,023	Intangible Assets	934
0	Heritage Asset	0
14,151	Revenue Expenditure funded from Capital under Statute	15,939
1,023,402		1,098,103
	Sources of finance:	
(11,060)	Capital receipts to finance new capital expenditure	(15,585)
(42,323)	Government grants and other contributions	(56,264)
(30,613)	Major Repairs Allowance	(26,454)
	Sums set aside from revenue	
	Direct revenue contributions:	
(59)	General Fund	(157)
(1,919)	Housing Revenue Account	(5,820)
(8,541)	Minimum Revenue Provision	(10,100)
(1,441)	Write down of finance lease liability	(1,164)
(95,956)		(115,544)
927,446	Closing Capital Financing Requirement	982,559

2023/24 £000	Explanation of movements in year	2024/25 £000
44,768	Increase in underlying need to borrowing (unsupported by government financial assistance)	25,089
0	Assets acquired under finance leases	30,023
44,768	Increase in Capital Financing Requirement	55,112

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**

In 2024/25, the Council applied IFRS 16 Leases as required by the Code of Practice for Local Authority Accounting in the United Kingdom. The main impact of the new requirements is that for arrangements previously accounted for as operating leases (ie without recognising the leased property 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 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 has been applied retrospectively, but with the cumulative effect recognised at 1 April 2024. This means that right-of-use assets and lease liabilities have been calculated as if IFRS 16 had always applied but recognised in 2024/25 and not by adjusting prior year figures. However, some practical expedients have been applied as required or permitted by the Code:

- lease liabilities are measured at the present value of the remaining lease payments at 1 April 2024, discounted by the authority's incremental borrowing rate at that date
- the weighted average of the incremental borrowing rates used to discount liabilities was 4.81%
- right-of-use assets are measured at the amount of the lease liability, adjusted for any prepaid or accrued lease payments that were in the balance sheet on 31 March 2024 – any initial direct costs have been excluded
- all leases were assessed as to whether they were onerous at 31 March 2024, so right-of-use assets have not been subject to an impairment review – carrying amounts have been reduced by any provisions for onerous contracts that were in the 31 March 2024 Balance Sheet.

This has resulted in the following additions to the Balance Sheet:

- £2.377m Property, plant and equipment – land and buildings (right-of-use assets)
- £2.148m Non-current creditors (lease liabilities)
- £0.229m Current creditors (lease liabilities)

The newly recognised lease liabilities of £2.377m compare with the operating lease commitments of £6.736m at 31 March 2024 disclosed in the notes to the 2023/24 financial statements.

A reconciliation of these figures is below:

	£000
<b>Operating lease commitments as at 31 March 2024</b>	<b>6,736</b>
Less operating lease commitment for Land at Riverside House	(5,750)
Short term exempt leases	(68)
Low value exempt leases	(238)
Discounting to present value	(60)
Initial recognition of Right of Use assets not included in operating lease commitments	1,757
<b>Right of Use assets recognised 1 April 2024</b>	<b>2,377</b>

**(a) Council as lessee**

The Council's lease contracts comprise leases of operational land and buildings, plant and equipment and motor vehicles. Most are individually immaterial; however, material leases include:

- The lease for the headquarters building commenced on the 13<sup>th</sup> September 2018 for a term of 35 years. There is the option to acquire the property at the end of the lease for £1. Rentals increase annually in line with the retail prices (all items) index, subject to a cap and floor. The value of the asset as at 31 March 2025 was £24.475m.

Right of Use Assets

The movements in the value of right of use assets held under leases by the Council during the year are as follows:

	Land & Buildings	Vehicles, Plant & Equipment
	01 Apr 24 £000	01 Apr 24 £000
Balance at start of year	93,845	3,299
Additions	29,872	151
Revaluations	(27,600)	0
Depreciation and amortisation	(2,224)	(175)
Disposals	0	(219)
Balance outstanding at year end	93,893	3,056

The Council incurred the following expenses and cash flows in relation to leases:

	2024/25 £000
<b>Comprehensive Income &amp; Expenditure Statement</b>	
Interest expense on lease liabilities	12,899
Expense relating to short term leases	46
Expense relating to exempt leases of low value items	38
Variable lease payments not included in the measure of lease liabilities	0
Income from subletting right of use assets	(833)
<b>Cash Flow Statement</b>	
Minimum lease payments	16,725

The lease liabilities are due to be settled over the following periods:

	Finance Lease Liabilities
	31 Mar 25 £000
Less than one year	17,162
One to five years	70,217
More than five years	217,429
Total Undiscounted liabilities	304,808

**(b) Council as lessor**Finance leases

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.

Operating leases

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:

2023/24 £000		2024/25 £000
837	Within one year	808
2,787	Between one year and five years	2,700
1,770	After more than five years	1,190

#### **Note 43**      **Private Finance Initiative and Similar Contracts**

As at 31 March 2025, 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 £19.518m 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 £5.487m. 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 £8.321m.

**(e) Movements in Finance Liabilities**

The Table below shows the movements in the Finance Liabilities:

	31 Mar 24 £000	31 Mar 25 £000
Balance outstanding at start of year	(89,453)	(85,549)
Adjustment to opening balance due to IFRS16 adoption		(10,651)
Remeasurement of Liability Due to UC Uplift		(856)
Principal repaid in year	3,904	4,022
Balance outstanding at year end	(85,549)	(93,034)
Short Term Creditors	(3,423)	(5,035)
Long Term Liabilities	(82,126)	(87,999)

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	22,829	5,035	8,683	36,547
Two to five years	90,926	24,004	30,028	144,958
Six to ten years	104,810	38,165	23,939	166,914
Eleven to Fifteen years	71,449	17,469	10,556	99,474
Sixteen to twenty years	18,260	8,361	1,592	28,213
Twenty one to twenty five years	0	0	0	0

**Note 44      Capitalised borrowing costs**

The Council had £142,306 of capitalised borrowing costs during 2024/25 (£540,607 in 2023/24) the capitalisation rate used in 2024/25 was 3.46% (3.62% in 2023/24).

**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 12 outstanding public liability claims.

**Employee Liability claims**

The Council has 3 outstanding employee liability claims.

**Officials Indemnity claims**

The Council has 1 outstanding officials indemnity claim.

**Contract related claims**

The Council has 2 outstanding contractual claims one in relation to a sale and purchase agreement and one in relation to closure of a care home in 2018.

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.

Equal Pay

There is a significant amount of national activity in relation to equal pay claims with growing public challenges from trade unions. As such, it is appropriate to recognise this in the Council's accounts as a contingent liability.

**Note 46      Contingent Assets**Claims for recovery of tax

Protective VAT claims have been submitted to HMRC to recover VAT on Landfill Tax. 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 2024 £	Income £	Expenditure £	Balance as at 31 Mar 25 £
Treeton Council School War Memorial	983	31	0	1014
EJ Butland, Treeton Infants	884	31	0	915
Whiston Two Wars Memorial	346	127	0	473
<b>Total</b>	<b>2,213</b>	<b>189</b>	<b>0</b>	<b>2,402</b>

**Trust Funds – Balance Sheet**

2023/24 £		2024/25 £
	<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
142	- Debtors	331
2,071	- Cash	2,071
2,563	Total Assets	2,752
	<u>Financed by:</u>	
350	- Fund Balance	350
2,213	- Accumulated Investment Interest	2,402
2,563	Total Equity	2,752

**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, £1.778m 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 £23.965m includes £22.193m 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 24 £000		31 Mar 25 £000	Notes
(82,126)	PFI Liability	(87,999)	43
(27,065)	Right of Use Asset Lease Liability	(45,582)	42
(14,327)	Pension Liability	(12,610)	18
0	Deferred Liabilities	0	
(123,518)	Total	(146,191)	

**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 2025. 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 2025, 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 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. The 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.

2023/24 £000		2024/25 £000	Notes
	<u>Expenditure</u>		
21,644	Repairs and maintenance	23,123	
30,018	Supervision and management	31,486	
523	Rents, rates, taxes and other charges	362	
38,019	Depreciation and impairment of Non Current Assets	28,605	
135	Debt management costs	159	
517	Provision for bad or doubtful debts	600	9
522	HRA services share of Corporate and Democratic Core	528	
(34)	HRA share of other amounts included in whole Authority Cost of Services but not allocated to specific services	(108)	
91,344	Total Expenditure	84,755	
	<u>Income</u>		
86,733	Dwelling rents	95,921	
732	Non-dwelling rents	812	
8,300	Charges for services and facilities	9,081	
95,765	Total Income	105,814	
(4,421)	Net Cost of HRA Services	(21,059)	
	<u>HRA share of the operating income and expenditure included in the Comprehensive Income and Expenditure Statement</u>		
964	Gain on sale of HRA Non Current Assets	1,102	
13,991	Interest Payable and similar charges	13,475	10
(995)	Interest receivable	(654)	
(244)	Pensions interest cost and expected return on pension assets	93	11
(2,236)	Capital grants and contributions receivable	(2,906)	
0	HRA Cap grant	0	
0	Revaluation of Assets held for sale	0	
7,059	(Surplus)/Deficit for the year on HRA services	(9,949)	

**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.

2023/24			2024/25	
£000	£000		£000	£000
	(13,979)	Balance on the HRA at the end of the previous year		(18,402)
7,059		Surplus for the year on HRA Income and Expenditure Account	(9,949)	
(11,520)		Adjustments between accounting basis and funding basis under statute	4,140	
(4,461)		Net increase before transfers to or from reserves	(5,809)	
38		Transfers to(from) reserves	40	
	(4,423)	Decrease in year on the HRA		(5,769)
	(18,402)	Balance on the HRA at the end of the current year		(24,171)

**Notes to the Housing Revenue Account****Note 1      Adjustments between Accounting Basis and Funding Basis Under Regulations**

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

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 (Council dwellings only)	70		70
Amortisation of Intangible Assets	316		316
Revaluation losses on Property, Plant and Equipment	15,552		15,552
Capital grants and contributions applied	(2,236)	0	(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	0	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>			
Reversal of Major Repairs Allowance credited to the HRA	(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	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)	4,927

## Note 1 continued

2024/25	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	4,381		4,381
Amortisation of Intangible Assets	343		343
Revaluation losses on Property, Plant and Equipment			0
Capital grants and contributions applied	(2,906)		(2,906)
Revenue Expenditure Funded from capital under statute	420		420
Gain/Loss on disposal on non current assets charged to the Comprehensive Income and Expenditure Statement	1,102		1,102
<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	(5,954)		(5,954)
<u>Adjustments primarily involving the Major Repairs Reserve:</u>			
Transfer from HRA to Major Repairs Reserve re notional MRA	(1,689)	1,689	0
HRA Depreciation to the Capital Adjustment Account		23,859	23,859
Use of the Major Repairs Reserve to finance new capital expenditure		(26,454)	(26,454)
<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	1,873		1,873
Employer's pension contributions and direct payments to pensioners payable in the year	(1,733)		(1,733)
Short-term Accumulated Absences Account	23		23
Total Adjustments	(4,140)	(906)	(5,046)

Note 2 Housing Stock at 31 March 2024

	Houses	Flats	Bungalows	Total
1 Bedroom	4	2,277	2,776	5,057
2 Bedroom	1,937	2,831	1,985	6,753
3 Bedroom	7,493	292	54	7,839
4+ Bedroom	284	8	1	293
Total	9,718	5,408	4,816	19,942

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

2023/24	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 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	(5,431)	(1,212)	(491)	0	(1,212)	(8,347)
Assets reclassified (to) / from Investment Property	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

2024/25	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 24	838,522	25,179	-	8,837	4,428	876,966
Additions	50,999	459	77	3,383	22	54,941
Accumulated Depreciation and Impairment written out to gross cost/valuation	(23,445)	(717)	0	0	(3)	(24,164)
Revaluation increases/decreases to Revaluation Reserve	25,003	2,137	0	0	168	27,308
Revaluation increases/decreases to Surplus or Deficit on the Provision of Services	(4,900)	494	0	0	25	(4,381)
Derecognition - Disposals	(4,335)	(859)	0	0	0	(5,194)
Assets reclassified (to) / from Assets Held for Sale	0	0	0	0	0	0
Other Movements in cost valuation	6,393	101	0	(6,643)	1,285	1,137
At 31 Mar 25	888,238	26,795	77	5,578	5,925	926,613
Depreciation and Impairment						
At 1 Apr 24	(472)	(1,079)	(0)	0	(1)	(1,552)
Accumulated Depreciation written out to gross cost/valuation	23,445	717	0	0	3	24,164
Accumulated Impairment written out to gross cost/valuation	0	0	0	0	0	0
Depreciation Charge	(23,040)	(816)	0	0	(3)	(23,859)
Impairment losses/reversals to Revaluation Reserve	0	(95)	0	0	0	(95)
Impairment losses/reversals to Surplus or Deficit on the Provision of Services	0	0	0	0	0	0
Derecognition - Disposals	60	6	0	0	0	66
Other movements in depreciation and impairment	(0)	0	0	0	0	0
At 31 Mar 25	(8)	(1,267)	(0)	0	(1)	(1,276)
Net Book Value						
At 31 Mar 25	888,230	25,528	77	5,578	5,923	925,336
At 31 Mar 24	838,050	24,100	(0)	8,837	4,427	875,414

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 24	2,072

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	
	2023/24 £000	2024/25 £000
Balance at 1 April	4,098	3,791
<u>Assets newly classified as held for sale:</u>		
- Property, Plant and Equipment	3,030	0
- Newly Acquired Assets	14	0
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	(3,351)	(3,462)
Balance at 31 March	3,791	329

**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.

2023/24 £000		2024/25 £000
16,021	Balance as at 1 April	9,428
22,131	Depreciation in the year	23,859
1,889	Transfer to MRR	1,689
(30,613)	Financing of Capital Expenditure	(26,454)
9,428	Balance as at 31 March	8,522

**Note 6     Financing of Capital Expenditure**

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

	2024/25 £000
Borrowing Need	6537
Capital Receipts	13,102
Revenue Contributions	5,820
Government Grants/Other Capital Income	3,540
Major Repairs Reserve	26,454
Total	55,453

During the year total capital receipts of £7.664m were received by the HRA, of which £7.464m 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 2024 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 2024 and has been calculated using the 'straight line' method over 15 years.

**Note 8    Impairment**

A net impairment charge of £4.381m has been included in the HRA Income and Expenditure Account (£1.562m in 2023/24). 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**

2023/24 £000	Rent Arrears	2024/25 £000
2,823	Current Tenants	3,841
2,971	Former Tenants	2,862
5,794	As at 31 March	6,703

As at 31 March 2025, the level of rent arrears for current tenants as a proportion of gross rent income was 3.54% (2023/24 2.86%).

2023/24 £000	Bad Debt Provision in respect of rent income	2024/25 £000
3,129	As at 1 April	3,280
448	Increase in Provision	494
(297)	Utilised in year	(435)
3,280	As at 31 March	3,339

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

2023/24 £000	Bad Debt Provision in respect of the rechargeable repairs	2024/25 £000
151	As at 1 April	183
68	Increase in Provision	106
(36)	Utilised in year	(117)
183	As at 31 March	172

**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.



## Other Financial Statements and Notes to the Other Financial Statements

**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 2025**

2023/24				2024/25			Note
Council Tax £000	Non Domestic Rates £000	Total £000		Council Tax £000	Non Domestic Rates £000	Total £000	
158,624		158,624	Council Tax Receivable	166,144		166,144	2
	74,562	74,562	National Non-Domestic Rates (excluding write-offs)		82,396	82,396	
	3,570	3,570	NNDR Transitional Payments		398	398	
<b>158,624</b>	<b>78,132</b>	<b>236,756</b>	<b>Total Income</b>	<b>166,144</b>	<b>82,794</b>	<b>248,938</b>	
			<b>Precepts:</b>				
130,263	35,083	165,346	Rotherham Metropolitan Borough Council	136,617	38,487	175,104	
	35,799	35,799	Central Government		39,273	39,273	
17,174		17,174	South Yorkshire Police and Crime Commissioner	18,293		18,293	
5,958	716	6,674	South Yorkshire Fire & Rescue	6,198	785	6,983	
153,395	71,598	224,993		161,108	78,545	239,653	
			<b>Distribution of previous years surplus(deficit):</b>				
2,500	2,642	5,142	Rotherham Metropolitan Borough Council	3,000	1,273	4,273	
	2,695	2,695	Central Government	0	1,298	1,298	
376		376	South Yorkshire Police and Crime Commissioner	435	0	435	
130	54	184	South Yorkshire Fire & Rescue	151	26	177	
3,006	5,391	8,397		3,586	2,597	6,183	
			<b>Charges to Collection Fund:</b>				
861	575	1,436	Write off of uncollectable amounts	778	4,462	5,240	
789	(28)	761	Increase/(Decrease) in bad debt provision	626	(711)	(85)	
	1,449	1,449	Increase in provision for appeals		2,594	2,594	
	292	292	Cost of Collection		294	294	
	3,238	3,238	Disregarded amounts		3,679	3,679	
1,650	5,526	7,176		1,404	10,318	11,722	
<b>158,051</b>	<b>82,515</b>	<b>240,566</b>	<b>Total amounts charged to the Collection Fund</b>	<b>166,098</b>	<b>91,460</b>	<b>257,558</b>	
573	(4,383)	(3,810)	Surplus/(Deficit) arising during the year	46	(8,666)	(8,620)	
			<b>Collection Fund Balance</b>				
573	(4,383)	(3,810)	Surplus/(Deficit) arising during the year	46	(8,666)	(8,620)	
6,118	5,496	11,614	Surplus/(Deficit) brought forward	6,691	1,113	7,804	
6,691	1,113	7,804	Surplus/(Deficit) carried forward	6,737	(7,553)	(816)	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 2024/25 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	28,571	6:9	27,428
B	15,847	7:9	15,213
C	12,626	8:9	12,121
D	8,992	9:9	8,632
E	5,795	11:9	5,563
F	2,699	13:9	2,591
G	1,287	15:9	1,236
H	90	18:9	86
	75,907		72,871

**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 2024/25 was 54.6 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 2023/24).

The NNDR income in 2024/25 of £82.396m after allowing for mandatory and discretionary reliefs (£74.562m 2023/24) was based on a total rateable value of £209.979m as at 31 March 2025 (£206.495m as at 31 March 2024).

**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 2025 is a deficit of £0.816m (£7.804m surplus 2023/24) and consists of a £7.553m deficit (£1.113m surplus 2023/24) relating to business rates to be distributed to the billing Authority (Rotherham MBC), Central Government and South Yorkshire Fire and Rescue Authority, and a £6.737m surplus (£6.691m surplus 2023/24) 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:

2023/24 Council Tax £000	2023/24 NNDR £000	2023/24 Total £000		2024/25 Council Tax £000	2024/25 NNDR £000	2024/25 Total £000
6,123	545	6,668	Billing Authority – Rotherham MBC	6,203	(3,702)	2,501
0	557	557	Central Government		(3,776)	(3,776)
			Major Precepting Authorities:			
421		421	- South Yorkshire Police and Crime Commissioner	399		399
147	11	158	- South Yorkshire Fire and Rescue	135	(75)	60
6,691	1,113	7,804	Total	6,737	(7,553)	(816)

**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).

**Page blank – for audit opinion**

**Page blank – for audit opinion**

**GLOSSARY**

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

**ACCOUNTING PERIOD**

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

**ACCRUALS**

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

**ADDED YEARS**

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

**ASSET**

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

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

**AUDIT OF ACCOUNTS**

An independent examination of the Council's financial affairs.

**BALANCE SHEET**

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

**BORROWING**

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

**BUDGET**

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

**CAPITAL ADJUSTMENT ACCOUNT**

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

**CAPITAL CHARGE**

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

**CAPITAL EXPENDITURE**

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

**CAPITAL FINANCING**

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

**CAPITAL PROGRAMME**

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

**CAPITAL RECEIPT**

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

**CIPFA**

The Chartered Institute of Public Finance and Accountancy

**COLLECTION FUND**

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

**COMMUNITY ASSETS**

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

**CONSISTENCY**

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

**CONTINGENT ASSET**

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

**CONTINGENT LIABILITY**

A contingent liability is either:

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

**COUNCIL TAX**

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

**CREDITOR**

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

**CURRENT SERVICE COST (PENSIONS)**

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

**DEBTOR**

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

**DEFINED BENEFIT PENSION SCHEME**

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

**DEPRECIATION**

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

**DISCRETIONARY BENEFITS (PENSIONS)**

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

**DEDICATED SCHOOLS GRANT (DSG)**

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

**EARMARKED RESERVE**

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

**EQUITY**

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

**EVENTS AFTER THE BALANCE SHEET DATE**

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

**EXCEPTIONAL ITEMS**

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



**FAIR VALUE**

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

**FEES AND CHARGES**

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

**FINANCIAL INSTRUMENTS ADJUSTMENT ACCOUNT**

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

**FINANCE LEASE**

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

**GENERAL FUND SERVICES**

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

**GOING CONCERN**

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

**GOVERNMENT GRANTS**

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

**HERITAGE ASSETS**

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

**HOUSING BENEFITS**

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

**HOUSING REVENUE ACCOUNT (HRA)**

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

**IMPAIRMENT**

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

**COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT (CIES)**

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

**INFRASTRUCTURE ASSETS**

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

**INVENTORIES**

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

**INTANGIBLE ASSETS**

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

**NET INTEREST EXPENSE (PENSIONS)**

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

**INVESTMENTS**

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

**INVESTMENTS (PENSION FUND)**

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

**LIABILITY**

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

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

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

**LIQUID RESOURCES**

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

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

**LONG-TERM CONTRACT**

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

**MATERIALITY**

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

**MAJOR REPAIRS RESERVE**

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

**MINIMUM REVENUE PROVISION (MRP)**

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

**NET BOOK VALUE**

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

**NET DEBT**

The Council's borrowings less cash and liquid resources.

**NET EXPENDITURE**

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

**NET REALISABLE VALUE**

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

**NON-DISTRIBUTED COSTS**

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

**NATIONAL NON-DOMESTIC RATES (NNDR)**

The National Non-Domestic Rate is a levy on businesses, based on a national rate in the pound set by the government and multiplied by the assessed rateable value of the premises they occupy. It is collected by the Council on behalf of the Council, Central Government, and South Yorkshire Fire and Rescue with surplus and deficits in the Collection Fund being shared in the ratio specified by Business Rates Retention Regulations.

**OPERATING LEASE**

A lease where the ownership of the fixed asset remains with the lessor.

**PAST SERVICE COST (PENSIONS)**

For a defined benefit pension scheme, the increase in the present value of the scheme liabilities related to employee service in prior periods arising in the current period as a result of the introduction of, or improvement to retirement benefits.

**PENSION SCHEME LIABILITIES**

The liabilities of a defined benefit pension scheme for outgoings due after the valuation date. Scheme liabilities measured during the projected unit method reflect valuation date.

**PRECEPT**

The levy made by precepting authorities by billing authorities, requiring the latter to collect income from Council Tax on their behalf.

**PRIOR YEAR ADJUSTMENT**

Material adjustments applicable to previous years arising from changes in accounting policies or from the correction of fundamental errors. This does not include normal recurring corrections or adjustments of accounting estimates made in prior years.

**PRIVATE FINANCE INITIATIVE (PFI)**

A contract in which the private sector is responsible for supplying services that traditionally have been provided by the Council. The Council will pay for the provision of this service, which is often linked to 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](mailto: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](mailto: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

#### سۆرانی

هەر تۆ یان کەسێک کە تۆ دەیناسی پێویستی بەیارمەتی هەبێت بۆ ئەوەی لەم بەنگەنامە یە تێبگات یان بێخوێنیتەوه، یە پەڕیوەندیمان پێوه بکە لەسەر ئەو ژمارەییە سەرەویدا یان بەو ئیمەیلە.

#### Arabic

#### بي

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

#### Urdu

#### و

آپ یا آپ کے جاننے والے کسی شخص کو اس دستاویز کو سمجھنے یا پڑھنے کیلئے مدد کی ضرورت ہے تو سے مہربانی مندرجہ بالا نمبر پر ہم سے رابطہ کریں یا ہمیں ای میل کریں۔

#### Farsi

#### رسی

جناب عالی یا شخص دیگری که شما اورا می شناسید برای خواندن یا فهمیدن این مدارک نیاز به کمک دارد لطفاً با وسیله شماره بالا یا ایمیل تماس حاصل فرمایید.

## Informing the Audit Risk Assessment 2024-25

This appendix highlights the inquiries of management made by external audit as part of the 2024-25 audit planning process as well as managements responses.

General inquiries	Management response
1. What do you regard as the key events or issues that will have a significant impact on the financial statements for 2024/25?	<ul style="list-style-type: none"> <li>IFRS 16 Leases (IFRS 16 removes the previous lease classifications of operating and finance leases for lessees and it requires that a right-of-use asset be recognised for all leases (there are exemptions for short-term and low value leases) with a corresponding lease liability representing the lessee's obligation to make lease payments for the asset);</li> <li>Schools converting to academy (during the course of 2024/25, a further 2 primary schools and a special school have converted to an academy. The impact on the Council's balance sheet and income and expenditure has yet to be determined but is likely to be material)</li> </ul>
2. Have you considered the appropriateness of the accounting policies adopted by Rotherham Metropolitan Borough Council?  Have there been any events or transactions that may cause you to change or adopt new accounting policies? If so, what are they?	In January 2025 Audit Committee received a report outlining the Council's plans for the delivery of the Statement of Accounts and updates to accounting policies. As part of this process the Council's Financial Accounting team considered any adjustments required to accounting policies for 2024-25. The Accounting policies have been amended to reflect the changes required in relation to IFRS16.
3. Is there any use of financial instruments, including derivatives? If so, please explain	The Council uses Money Market Funds for short term investments, using AAA rated funds only, placing security and liquidity as its primary concern over yield.  All financial instruments are included in the Statement of Accounts note.  There are no derivatives.
4. Are you aware of any significant transaction outside the normal course of business? If so, what are they?	Nothing significant
5. Are you aware of any changes in circumstances that would lead to impairment of non-current assets? If so, what are they?	No
6. Are you aware of any guarantee contracts? If so, please provide further details	No
7. Are you aware of the existence of loss contingencies and/or un-asserted claims that may affect the financial statements? If so, please provide further details	No
8. Other than in-house solicitors, can you provide details of those solicitors utilised by Rotherham Metropolitan Borough Council during the year. Please indicate where they are working on open litigation or contingencies from prior years?	The Council instructs EM Lawshare Panel Solicitors and various external Solicitors in relation to a variety of Pa matters including, Insurance Claims, some Property/ Commercial transactions and matters identified elsewhere in the External Audit

	Process. The Solicitors appointed in relation to CSE are employed by the Council's insurers. None of which are material to the year end accounts for 2024/25.
9. Have any of the Rotherham Metropolitan Borough Council's service providers reported any items of fraud, non-compliance with laws and regulations or uncorrected misstatements which would affect the financial statements? If so, please provide further details	Nothing material
10. Can you provide details of other advisors consulted during the year and the issue on which they were consulted?	The Council uses advisors in respect of Taxation and Treasury Management. Treasury advisors MUFG provide information on matters such as market updates, counter party control and Treasury Management advice.  PWC provide support with taxation enquiries.
11. Have you considered and identified assets for which expected credit loss provisions may be required under IFRS 9, such as debtors (including loans) and investments? If so, please provide further details	Investments and loans have been considered.  Transactions with other Local Authorities – provision not required under IFRS9.  MMF's and banks produce non material credit loss calculation.  The council has a small number of external loans which have been provided for.
<b>Fraud inquiries</b>	<b>Management response</b>
1. Has Rotherham Metropolitan Borough Council assessed the risk of material misstatement in the financial statements due to fraud?  How has the process of identifying and responding to the risk of fraud been undertaken and what are the results of this process?  How do the Council's risk management processes link to financial reporting?	The Council does not believe there is a risk of material misstatement in the financial statements due to fraud.  The Council has an anti fraud and corruption policy which provides staff with details on the Council's arrangements to manage fraud. There is also an anti fraud and corruption strategy which details the Council's approach to preventing, fraud and corruption and investigating suspected cases.  All employees are required to complete mandatory GDPR e-learning modules on an annual basis.  Fraud risks are entered onto risk registers where applicable, then regularly monitored. Directorate and Finance risk registers are considered and reviewed throughout the financial year to highlight any issues that may impact on the Council's financial standing or financial monitoring. The Finance and Customer Services Directorate risk register has a risk for the 'accurate and timely production of a draft Statement of Accounts and WGA'.  Senior Leadership Team also review the Corporate Risk Register as well as performance reports and financial reports. This enables the section 151 to ensure that financial risks are adequately reflected in risk registers and also ensure that significant directorate risks are appropriately managed.  Annual audit report completed that includes a review of the council's arrangements against current best practice. The self-assessment against the Fighting Fraud and



	Corruption Locally checklist and resulting actions were reported to the Audit Committee in September.
2. What have you determined to be the classes of accounts, transactions and disclosures most at risk to fraud?	Low level expense claims.
3. Are you aware of any instances of actual, suspected or alleged fraud, errors or other irregularities either within Rotherham Metropolitan Borough Council as a whole, or within specific departments since 1 April 2024? If so, please provide details	<p>None that would affect Statement of Accounts.</p> <p>Internal Audit is responsible for reporting risk of fraud to those charged with governance. The section 151 meets with Internal Audit weekly which enables early awareness and consideration of whether any urgent reporting is required. The Chief Executive also holds quarterly Statutory Officer meetings in order to understand any significant issues and risks and where any developing trends can be identified.</p> <p>The Council's corporate services such as Finance and Procurement provide an extra layer of support in identifying and preventing fraud through their operational processes and professional experience.</p>
4. As a management team, how do you communicate risk issues (including fraud) to those charged with governance?	<p>When internal audit discovers/suspects fraud, management of the relevant department will be contacted and discussion takes place, and agreement reached on how the matter will be investigated. The Chief Executive and Strategic Director Finance &amp; Customers Services are briefed regarding the issues raised.</p> <p>The whistleblowing officers meet regularly to discuss cases. The whistleblowing officers report into the Statutory Officers group which meets every quarter. An anonymous schedule is taken to Standards and Ethics Committee every quarter. The minutes of the Standards and Ethics Committee are an agenda item at Full Council. When Internal Audit undertake an investigation, the outcomes are reported in an exempt paper to the Audit Committee. The Audit Committee minutes are also an agenda item at Full Council.</p>
<p>5. Have you identified any specific fraud risks? If so, please provide details</p> <p>Do you have any concerns there are areas that are at risk of fraud?</p> <p>Are there particular locations within Rotherham Metropolitan Borough Council where fraud is more likely to occur?</p>	<p>We have no concerns that there are areas where there are control weaknesses as such that would result in a fraud materially affecting the accounts.</p> <p>There are no concerns around any areas of significant risk or locations where this is more likely to occur.</p>
6. What processes do Rotherham Metropolitan Borough Council have in place to identify and respond to risks of fraud?	<p>Internal audit plan and progress reports and annual reports cover both proactive and reactive work covering fraud.</p> <p>Recommendation tracking looks to establish the degree of implementation of recommendations raised within audits and investigations. These results are reported to senior management and the audit committee. If internal audit finds the control</p>

	<p>environment to be weak and a partial or no assurance opinion is given, a follow up audit is planned within 6 months where progress against implementation of action is reviewed. The Council takes part in the NFI data matching exercise and work with services within the Council to review the matches and take appropriate action where necessary.</p> <p>The Council has a Whistleblowing Policy. A register is maintained of all whistleblowing allegations received and these are reported in summary to Standards and Ethics Committee. See also Question 1 above.</p>
<p>7. How do you assess the overall control environment for Rotherham Metropolitan Borough Council, including:</p> <ul style="list-style-type: none"> <li>the existence of internal controls, including segregation of duties; and</li> <li>the process for reviewing the effectiveness the system of internal control?</li> </ul> <p>If internal controls are not in place or not effective where are the risk areas and what mitigating actions have been taken?</p> <p>What other controls are in place to help prevent, deter or detect fraud?</p> <p>Are there any areas where there is a potential for override of controls or inappropriate influence over the financial reporting process (for example because of undue pressure to achieve financial targets)? If so, please provide details</p>	<p>Internal controls are considered very tight overall.</p> <p>Key activities (listed below) to create clear segregation of duties, ensure everything is reviewed for approval at an appropriate level and reviewed for appropriateness.</p> <ul style="list-style-type: none"> <li>P2P Process</li> <li>Creditors</li> <li>Sundry Debtors Process</li> <li>Revs and Bens - Council Tax / NNDR</li> <li>Treasury Management / Banking Arrangements</li> </ul> <p>Internal Audits completed in respect of the following:</p> <ul style="list-style-type: none"> <li>Council Tax Support - Substantial Assurance</li> <li>Insurance - Substantial Assurance</li> <li>Council Tax Energy Rebate Scheme - Substantial Assurance</li> <li>NNDR - Substantial Assurance</li> <li>Sundry Debtors - Reasonable Assurance</li> <li>Payroll - Substantial Assurance</li> <li>Housing rents – Substantial Assurance</li> <li>RTB- Substantial Assurance</li> </ul> <p>The section 151 has weekly scheduled meeting with the Head of Internal Audit in order that the section 151 is made aware of any issues identified or reported at the earliest opportunity.</p>
8. Are there any areas where there is potential for misreporting? If so, please provide details	<p>The Council's finance structure and production of the accounts is such that all reports are reviewed by the relevant Head of Finance prior to decision making. Where information is fed into the Councils accounts it is submitted by the Head of Finance for the Directorate and reviewed by the Corporate Finance function. Ultimately the final accounts are also reviewed by the Assistant Director of Finance and Customer Services. These levels of control/review mitigate the risk of misreporting. As such the risk of misreporting is low.</p>
9. How does Rotherham Metropolitan Borough Council communicate and encourage ethical behaviours and business processes of it's staff and contractors?	<p>Weekly communications are distributed to all staff through the 'Monday Briefing' and 'Chief Executives Briefing'. Both provide details of any policy changes are a means of promoting business practice and ethical behaviour. Staff events always</p>

<p>How do you encourage staff to report their concerns about fraud?</p> <p>What concerns are staff expected to report about fraud? Have any significant issues been reported? If so, please provide details</p>	<p>start with a reminder of expectations and service plans also contain the vision for the directorate which includes expected standards. All employees areas are required to complete appropriate mandatory e-learning modules e.g. GDPR. Fraud awareness training is mandatory for all new starters and refresher training should be undertaken every 3 years. All employees are made aware of the Whistleblowing Policy and their responsibilities from it. No significant issues have been reported, that would impact the Councils accounts.</p> <p>The Council has an ethical procurement policy that sets out how ethical matters will be dealt with in procurement.</p>
<p>10. From a fraud and corruption perspective, what are considered to be high-risk posts?</p> <p>How are the risks relating to these posts identified, assessed and managed?</p>	<p>Segregation of duties throughout the finance and procurement function.</p> <p>Annual declaration of interests for all staff on PO or Chief Officer grades and risk assessments are completed by line management where interests have been declared.</p> <p>Internal Audit review matches from the National Fraud Initiative which identify potentially undeclared interests.</p>
<p>11. Are you aware of any related party relationships or transactions that could give rise to instances of fraud? If so, please provide details</p> <p>How do you mitigate the risks associated with fraud related to related party relationships and transactions?</p>	<p>There are no related party relationships that present a risk of fraud. There is segregation of duties across all of the Councils finance and contractual functions to ensure that multiple officers, from multiple functions are required to review and approve decision making.</p>
<p>12. What arrangements are in place to report fraud issues and risks to the Audit Committee?</p> <p>How does the Audit Committee exercise oversight over management's processes for identifying and responding to risks of fraud and breaches of internal control?</p> <p>What has been the outcome of these arrangements so far this year?</p>	<p>Audit Committee are asked to review the Council's Anti-Fraud and Corruption Policy and approve the Strategy on an annual basis.</p> <p>Audit Committee is presented within an annual review which is designed to ensure that the Policy and Strategy are up to date with current best practice and to take into account any changes to the Council's organisation structure.</p> <p>The CIPFA Code of Practice on Managing the Risk of Fraud and Corruption requires an annual report on performance against the Strategy. There is a self-assessment and resulting Action Plan provided to AC on the performance against the strategy. In 2024 this was undertaken against the Fighting Fraud and Corruption Locally checklist.</p>
<p>13. Are you aware of any whistle blowing potential or complaints by potential whistle blowers? If so, what has been your response?</p>	<p>A register is maintained of all whistleblowing allegations received and these are reported in summary to the Standards and Ethics Committee.</p>
<p>14. Have any reports been made under the Bribery Act? If so, please provide details</p>	<p>No</p>
<p><b>Laws and regulations</b></p>	<p><b>Management response</b></p>

<p>1. How does management gain assurance that all relevant laws and regulations have been complied with?</p> <p>What arrangements does Rotherham Metropolitan Borough Council have in place to prevent and detect non-compliance with laws and regulations?</p> <p>Are you aware of any changes to the Council's regulatory environment that may have a significant impact on the Council's financial statements?</p>	<p>Service managers ensure service is compliant with relevant laws and regulations. Annually assurances provided on this via the Annual Governance Statement which is then thoroughly checked and challenged as required.</p> <p>The Financial Accounting team liaise with legal to ascertain the Council's list of ongoing litigation and claims. This is then assessed and distributed to the Finance Managers for review to determine appropriate disclosures of any provisions, contingent assets and contingent liabilities.</p> <p>There have been no changes to the Council's regulatory environment that would have a significant impact on the Council's financial statements.</p>
2. How is the Audit Committee provided with assurance that all relevant laws and regulations have been complied with?	Through the Annual Governance Statement, Internal Audit progress and annual reports on compliance with Contract and Financial procedures.
3. Have there been any instances of non-compliance or suspected non-compliance with laws and regulation since 1 April 2024 with an on-going impact on the 2024/25 financial statements? If so, please provide details	No
4. Are there any actual or potential litigation or claims that would affect the financial statements? If so, please provide details	Only those listed in contingent assets and liabilities.
5. What arrangements does Rotherham Metropolitan Borough Council have in place to identify, evaluate and account for litigation or claims?	These are referred to Legal/Insurance team as required.
6. Have there been any reports from other regulatory bodies, such as HM Revenues and Customs, which indicate non-compliance? If so, please provide details	No
<b>Related parties</b>	<b>Management response</b>
<p>1. Have there been any changes in the related parties including those disclosed in Rotherham Metropolitan Borough Council's 2024/25 financial statements?</p> <p>If so please summarise:</p> <ul style="list-style-type: none"> <li>the nature of the relationship between these related parties and Rotherham Metropolitan Borough Council</li> <li>whether Rotherham Metropolitan Borough Council has entered into or plans to enter into any transactions with these related parties</li> <li>the type and purpose of these transactions</li> </ul>	<p>There have been no changes in the related party relationships disclosed by the Council at an entity level, though the Council's RP disclosures at an officer or member level do change each year. This information is presented clearly within the Council's accounts, within the specific related party note. Process the same as in previous years looking at all members and Heads of Service and above Officers declaration forms. Please refer to related parties working paper for members and Officers for more details.</p>
2. What controls does Rotherham Metropolitan Borough Council have in place to identify, account for and disclose related party transactions and relationships?	Declarations of Interest completed by all officers annually, reviewed and approved by line management. Members complete the form termly or when a change in circumstances arises. The guidance for officers and members is clear that it is their responsibility to notify the Council of any significant change of circumstances.

3. What controls are in place to authorise and approve significant transactions and arrangements with related parties?	Requisitions are reviewed and approved in line with the Council's Financial and Procurement Procedure Rules.
4. What controls are in place to authorise and approve significant transactions outside of the normal course of business?	The Council has a procurement exemption process in place which allows for the award of contracts without a competitive process in exceptional circumstances. This process requires procurement, legal, Head of Finance and S151 officer approval.  Where a payment is made outside of the procurement system it must be approved by two Finance Managers.
<b>Going concern</b>	<b>Management response</b>
What processes and controls does management have in place to identify events and / or conditions which may indicate that the statutory services being provided by Rotherham Metropolitan Borough Council will no longer continue?	Monthly revenue and capital monitoring takes place which identifies any key financial risks for the Council. In addition, budget, mid year and outturn reports are submitted to Cabinet which highlight any financial risks which may affect the continuation of service provision.
Are management aware of any factors which may mean for Rotherham Metropolitan Borough Council that either statutory services will no longer be provided or that funding for statutory services will be discontinued? If so, what are they?	No
With regard to the statutory services currently provided by Rotherham Metropolitan Borough Council, does Rotherham Metropolitan Borough Council expect to continue to deliver them for the foreseeable future, or will they be delivered by related public authorities if there are any plans for Rotherham Metropolitan Borough Council to cease to exist?	The Council expects to continue to deliver the statutory services for the foreseeable future.
Are management satisfied that the financial reporting framework permits Rotherham Metropolitan Borough Council to prepare its financial statements on a going concern basis? Are management satisfied that preparing financial statements on a going concern basis will provide a faithful representation of the items in the financial statements?	Yes
<b>Accounting estimates</b>	<b>Management response</b>
1. What are the classes of transactions, events and conditions, that are significant to the financial statements that give rise to the need for, or changes in, accounting estimate and related disclosures?	PPE and Pension Fund are significant, robust processes are in place to ensure these are accurately reflected.
2. How does the Council's risk management process identify and address risks relating to accounting estimates?	Review and challenge of key areas to ensure they are robust. Where issues are identified a more detailed review of processes and controls will be undertaken, likely through the Councils internal audit function.
3. How does management identify the methods, assumptions or source data, and the need for changes in them, in relation to key accounting estimates?	Finance Managers identify the methods and processes to be used ensuring compliance with the Code of Practice.
4. How do management review the outcomes of previous accounting estimates?	Review by management with challenge on key areas.

	<p>The Statement of Accounts is presented for review and scrutiny by the Audit Committee ahead of publication of the final accounts.</p> <p>The SOA is also reviewed by the wider finance team for accuracy.</p>
5. Were any changes made to the estimation processes in 2024/25 and, if so, what was the reason for these?	None
6. How does management identify the need for and apply specialised skills or knowledge related to accounting estimates?	The Council's Corporate Finance team and specific Finance Managers identify the methods and processes to be used ensuring compliance with the Code of Practice. Qualified valuers used for valuations, treasury advisors supply fair value for financial instruments.
7. How does the Council determine what control activities are needed for significant accounting estimates, including the controls at any service providers or management experts?	<p>Valuers are issued with instruction letter.</p> <p>RMBC participate in annual bulk exercise to obtain IAS19 disclosures.</p> <p>Quality assurance is carried out.</p> <p>If any concerns are raised the S151 officer can request the internal audit review.</p>
8. How does management monitor the operation of control activities related to accounting estimates, including the key controls at any service providers or management experts?	As above
<p>9. What is the nature and extent of oversight and governance over management's financial reporting process relevant to accounting estimates, including:</p> <ul style="list-style-type: none"> <li>• Management's process for making significant accounting estimates</li> <li>• The methods and models used</li> </ul> <p>The resultant accounting estimates included in the financial statements.</p>	The SOA accounts is reviewed by management with challenge provided on key areas of the accounts. The SOA is also presented for review and scrutiny by the Audit Committee ahead of publication. The SOA is also reviewed by the wider finance function (chartered accountants) for accuracy and to identify any issues. Training offered to new audit committee members and refresher training offered to existing members.
10. Are management aware of any transactions, events, conditions (or changes in these) that may give rise to recognition or disclosure of significant accounting estimates that require significant judgement (other than those in Appendix A)? If so, what are they?	Yes, via the presentation of the SOA and supporting reports, highlighting any changes in regulations or environment that may give rise to a challenge to the Councils accounting estimates process.
11. Why are management satisfied that their arrangements for the accounting estimates, as detailed in Appendix A, are reasonable?	Arrangements reviewed annually for appropriateness and where relevant external expertise is used.
12. How is the Audit Committee provided with assurance that the arrangements for accounting estimates are adequate?	Robust reporting to Audit Committee and training provided on the production of the statement of accounts.

**Appendix A – Accounting Estimates**

Possible examples include: land and buildings valuations, council dwelling valuations, investment property valuations, valuation of defined benefit net pension fund liability/asset, fair value estimates, level 2 and 3 investments, PFI liabilities, provisions, accruals, credit loss and impairment allowances, leases.

Estimate	Method / model used to make the estimate	Controls used to identify estimates	Whether management have used an expert	Underlying assumptions: - Assessment of degree of uncertainty - Consideration of alternative estimates	Has there been a change in accounting method in year?
Depreciation	<b>Straight line method based on opening value as at 1<sup>st</sup> April</b>	<b>Treatment of asset classifications and UEL applied as per policy</b>	<b>Only in obtaining the most recent asset valuations used</b>	<b>Asset is still in use, useful economic life</b>	<b>No</b>
Assets held for sale	<b>Measured at the lower of carrying value and fair value less cost to sell</b>	<b>Experience of key staff and valuation team</b>	<b>RMBC valuation staff</b>	<b>Fair value based on view of qualified valuers</b>	<b>No</b>
Valuation of defined benefit net pension fund assets/liabilities	<b>Liabilities have been assessed on an actuarial basis using the projected unit current method</b>	<b>An estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels etc.</b>	<b>The liabilities have been estimated by Hymans Robertson LLP, an independent firm of actuaries</b>	<b>Rates of inflation, longevity, increase in salaries, increases in pension and rate for discounting liability</b>	<b>No</b>
Valuation of fair value estimates (including use of level 2 inputs)	<b>Surplus assets and investment properties are revalued at fair value annually / Both are valued using a market approach</b>	<b>Local information such as sale prices, rental income</b>	<b>RMBC valuation staff</b>	<b>Based on individual valuation certificates</b>	<b>No</b>
Fair value of debt instruments estimate	<b>An income approach is used, this converts future amounts (eg cash flows) to a current/discounted amount</b>	<b>Based on PWLB new loan rates</b>	<b>The Council's treasury advisors provide the calculations</b>	<b>A calculation is done using PWLB redemption rates as a comparison</b>	<b>No</b>

Provisions	<b>Appeals provision based on previous appeals success %</b>  <b>Insurance based on previous claims data</b>	Experience of key staff and Insurance team	N/A	The % used can change each year based on historic information	No
Contingent liabilities and contingent assets	<b>Legal/insurance team provide information</b>	Experience of key staff and Insurance team	N/A	Each case is individual	No
Credit loss and impairment allowances	<b>Expected Credit Loss model</b>	<b>Historic default rate data from 3 main credit rating agencies.</b> <b>Previous year collection rates for debtors</b>	The historic default rate figures are provided by Treasury advisors.	The % used changes each year based on historic information	No
Right of use assets and lease liabilities (IFRS 16)	<b>Cost or value model</b>	<b>Implicit interest rates already identified within previous finance lease models – incremental borrowing rates determined with reference to PWLB published rates</b>	<b>Qualified valuers have provided valuations for peppercorn leases and other Right of Use assets carried at value</b>	Assets held at value – based on the views of qualified valuers	Yes - 24/25 is year of transition to IFRS16
PFI liabilities	<b>PFI Model</b>	Based on model used	PWC produced the original model, RMBC have used these models to derive liability under IFRS16	PFI model is most appropriate estimate	Yes – due to transition to IFRS16
Other (please add)					



Public Report  
Audit Committee

---

**Committee Name and Date of Committee Meeting**

Audit Committee – 17 June 2025

**Report Title**

Draft Annual Governance Statement 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)**

Louise Ivens, Head of Internal Audit

Tel: 01709 823282 Email: [louise.iven@rotherham.gov.uk](mailto:louise.iven@rotherham.gov.uk)

Simon Dennis, Policy, Improvement and Risk Manager

Tel: 01709 822114 Email: [simon.dennis@rotherham.gov.uk](mailto:simon.dennis@rotherham.gov.uk)

**Ward(s) Affected**

Borough-Wide

**Report Summary**

The Council has produced a draft Annual Governance Statement (AGS) for the 2024/25 financial year which was published alongside the Council's Statement of Accounts on 9th June 2025. This report briefly sets out for the Committee the process that was followed to construct this AGS. The full draft AGS is attached to this report as Appendix A.

**Recommendations**

The Audit Committee is asked to:

1. Review the draft 2024/25 AGS and raise any queries if necessary.

**List of Appendices Included**

Annual Governance Statement 2024/25

**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 26<sup>th</sup> November 2024 "Code of Corporate Governance"

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

No

**Council Approval Required**

No

**Exempt from the Press and Public**

No

## Annual Governance Statement 2024-25

### 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 2024/25 AGS was published on 9th June 2025.
- 1.2 A process to gather assurances and evidence to support the AGS was led by the Corporate Governance Group. The group included the Strategic Director of Finance and Customer Services, the Assistant Director of Legal Services, the Head of Internal Audit and the Policy, 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 2024/25, it must be up to date at the time of publication and must include any planned changes in the coming year.

### 2. Key Issues

- 2.1 In constructing the AGS for 2024/25, 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 2023/24 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 presented to this committee has 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 2025/26.

- 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 final AGS will be presented to the committee alongside the final Statement of Accounts to reflect any issues that emerge between now and then and will take account of any comments made by the Audit Committee and the external auditor.

### **3. Options considered and recommended proposal**

- 3.1 This paper considers the draft AGS for 2024/25. As a result, no specific options have been considered.

### **4. Consultation on proposal**

- 4.1 All Strategic Directors have been asked for their input into the AGS process through the submission of signed Statements of Assurance.
- 4.2 The draft AGS has been reviewed by the Strategic Director of Finance and Customer Services, the Assistant Director of Legal Services, the Chief Executive and the Leader.

### **5. Timetable and Accountability for Implementing this Decision**

- 5.1 The Audit Committee is asked to receive this report at its June 2025 meeting.
- 5.2 The Corporate Governance Group will ensure that any issues raised by the Audit Committee or the external auditors, and any emerging issues are addressed and updated as part of the completion of the final AGS for 2024/25.

### **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 CO<sub>2</sub> Emissions and Climate Change**

- 11.1 There are no direct CO<sub>2</sub> 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*)

*Report Author: Louise Ivens, Head of Internal Audit and Simon Dennis, Policy, Improvement and Risk Manager.*

*Tel 01709 823282 E mail [louise.iven@rotherham.gov.uk](mailto:louise.iven@rotherham.gov.uk)*

*Tel 01709 822114 E mail [simon.dennis@rotherham.gov.uk](mailto:simon.dennis@rotherham.gov.uk)*

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

This page is intentionally left blank

# **ROTHERHAM METROPOLITAN BOROUGH COUNCIL**

## **Annual Governance Statement 2024/2025**

## **ROTHERHAM MBC ANNUAL GOVERNANCE STATEMENT 2024/2025**

### **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 2024.
- 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



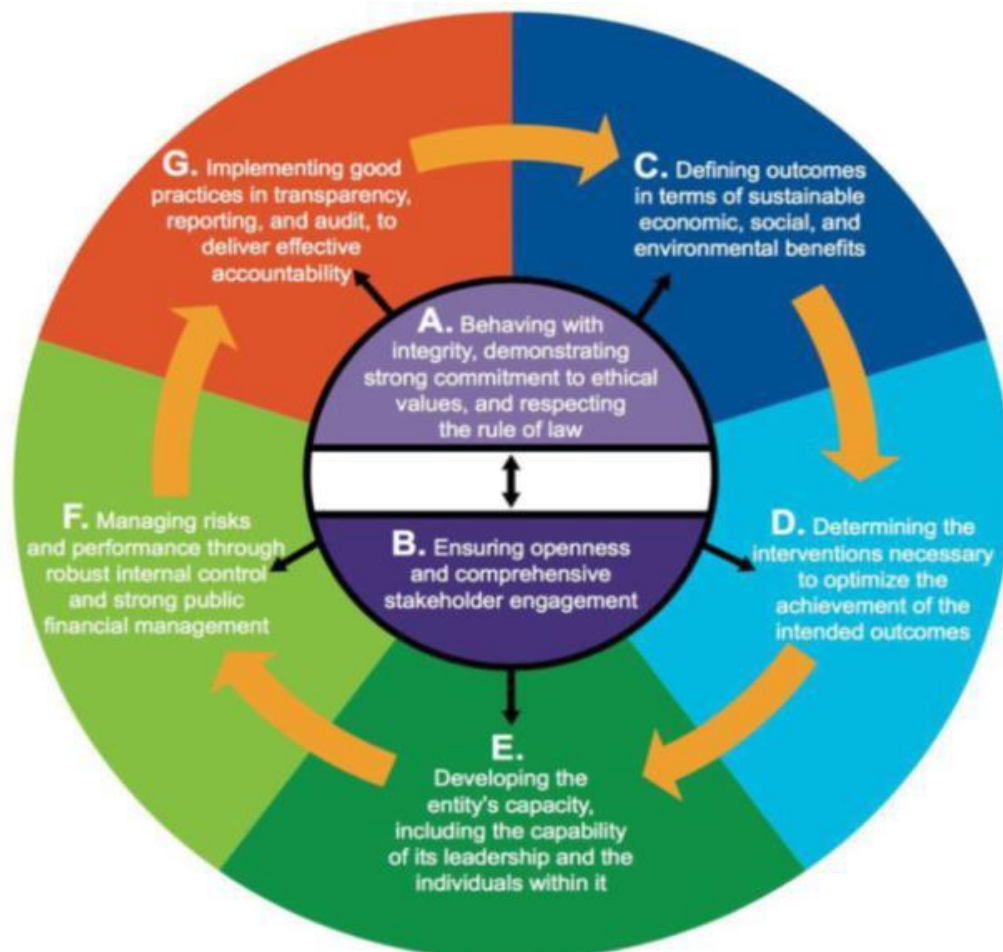
milestones and measures contained in the Plans is formally monitored quarterly and reported publicly twice a year. The six monthly public report on progress was presented to the Council's Cabinet on 20<sup>th</sup> January 2025 and focused on progress from 1<sup>st</sup> April 2024 to 30<sup>th</sup> September 2024. A final report for the year will be presented in July 2025.

- 2.4 A new Council Plan for the period 2025-2030 was presented to Cabinet on the 19<sup>th</sup> May 2025 and approved by Council on the 21<sup>st</sup> May 2025. Monitoring of the new plan will continue throughout the 2025/2026 financial year, with public reports planned for January 2026 and July 2026.
- 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.

<b>Council Committee or group</b>	<b>Governance Function</b>
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 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 2024/2025 financial year being approved in July 2024. A new Council Plan and the associated Year Ahead Delivery Plan covering the 2025/2026 period and beyond 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,</p>

	<p>inform and work in partnership with service users and 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. A new strategy is being developed during 2025 for approval by the end of the year.</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 2024/2025 being approved in July 2024. 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 Council Plan for the period 2025-2030 was presented to Cabinet on the 19th May 2025 and approved by Council on the 21st May 2025. This will have a new Year Ahead Delivery Plan for 2025/2026 alongside it. 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 2024/2025.</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 &amp; 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 comprehensive training programme for members following the May 2024 elections is being delivered.</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 workstreams and projects are in place to deliver 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 are designed to increase the Council's capability and capacity to achieve ambitions and adapt to changing 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 2024 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 complies 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>
---	--

### **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 2025 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 Work has been undertaken during the year preparing the team for the implementation of the Global Internal Audit Standards (UK Public Sector) from the 1 April 2025. This has included the provision of regular information and training sessions and a revision of documentation and processes supporting the audit function. This work will continue during 2025/26, particularly surrounding the revision of the Audit Manual and preparation for the external assessment towards the end of the financial year.
- 3.10 The Annual Internal Audit report will be presented to the Audit Committee on 17<sup>th</sup> June 2025. For the year ending 31 March 2025, based on the work

undertaken, Internal Audit concluded that Rotherham Metropolitan Borough Council had overall an adequate framework of governance, risk management and control. This should be considered overall to be a broadly positive opinion.

- 3.11 A higher proportion of partial/no assurance audit reports have been issued during the year. It is on this basis that the effectiveness of the framework is considered to have diminished as some weaknesses, and evidence of non-compliance with controls or ineffective controls have been identified. This relates to a minority of service areas within the Council and cross cutting themes, for example health and safety and asset management. It is important to note that most partial or no assurance opinions have arisen in cases where management has proactively requested audit assurance in response to identified concerns. This reflects a strong awareness of areas needing improved oversight or enhanced compliance with internal controls. The work undertaken during the year has clearly focused on the key risk areas of the Council and was targeted to specific areas of concern. This demonstrates the dynamic nature of the audit plan and added value of the audit service.

### **External Audit**

- 3.12 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 31<sup>st</sup> March 2024 on 17<sup>th</sup> January 2025.
- 3.13 In their Annual Report relating to 2023/2024 issued in January 2025 Grant Thornton found no significant weaknesses in the Council's arrangements for financial sustainability and governance although one improvement recommendation was made relating to financial sustainability. Two key recommendations were made relating to significant weaknesses in Housing Revenue Account health and safety compliance and asset management and operational building compliance. Action was recommended to address the gaps. These issues are also referred to within section four of this Annual Governance Statement.
- 3.14 Grant Thornton will issue their opinion on the 2024/2025 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)**

- 3.15 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.

- 3.16 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 reliant on a financial settlement that is greater than a year ahead.
- 3.17 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.
- 3.18 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. These updates include key updates on the delivery of the investments and savings agreed within the Budget. 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**

- 3.19 The Council faced some significant financial challenges during 2024/25, due to the longer term impacts of the economic uncertainty that has been present in recent years, with energy prices holding at a significantly higher level, periods of high inflation increasing the Council's base costs and the impact of the 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. For example, the financial impact of the Local Government Pay Claim 2024/25 was £3.2m greater than anticipated, increasing the Council's base budget moving forwards.

- 3.20 As a result of the demand and inflation challenges seen the Council has seen cost pressures leading to an overspend of £12.8m across the core directorates services, however, these directorate overspends was partially offset by the planned £6.9m corporate budget risk contingency within Central Services approved within the Council's Budget and Council Tax Report 2024/25. Taken with savings delivered from the Council's Treasury Management Strategy, the final underspend in Central Services was £12.5m, which reduced the Council's overall outturn to a £0.3m overspend. This was an improvement of £2.8m from the December Financial Monitoring reported to February Cabinet and a £5.8m improvement from the worst case scenario reported to Cabinet July 2024. The improvement is as a result of action the Council has taken to ensure service areas delivered savings ahead of year-end, maximised grant allocations, improvements in income were recognised and the Council generated further savings in Treasury Management.
- 3.21 Whilst the Council has managed these pressures effectively with strong financial planning, robust responses and action taken to manage emerging issues, the Local Authority sector is still turbulent. As indicated by the underlying pressures within the Council's core directorates, principally within social care.
- 3.22 Since setting the 2024/25 Budget the Council's delivery of planned savings as part of Budget have progressed very well with £5m delivered by the end of the 2024/25 financial year against the £9.9m plan. The biggest challenge on delivery related to CYPS Placements which has resulted in the Council being unable to fully deliver it's savings programme by 31st March 2025.
- 3.23 The Council has faced some wider financial challenges for 2024/25, 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 and help with longer term sustainability.
- 3.24 The Council's overspends during 2024/25 across Directorates are due in the main 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.

3.25 Given these challenges the start position in setting the Budget for 2025/26 the Council kept focus on mitigating the impact on residents as far as possible and trying to protect basic services. This was in order to continue 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 and to maximise the opportunities that the new financial settlement for 2025/26 presented the Council, with over £14m of new funding being allocated to the Council for 2025/26.

3.26 The Autumn Statement and Policy update, along with the Final Financial Settlement, have given the Local Authority sector a much needed boost in terms of the funding package available. The confirmation of £1.3bn additional grant for the sector was much needed, with £0.68bn towards Adult Social Care (£3.8m for RMBC) and £0.7bn to be provided through the new Recovery Grant allocated on a deprivation basis (meaning £8.7m of new un-ringfenced grant for RMBC). Whilst some smaller grants have been removed to support this £1.3bn national uplift, overall the funding package represents a substantial increase in Local Authority funding. This settlement represents the most significant increase in core funding in the last 15 years and the Council will be around £14m better off in 2025/26 than was expected a year ago.

3.27 Though the position for Local Authority Funding has shifted positively, the Council remains committed to increasing efficiency and delivering on the priorities of residents. As such, in order to invest in key priorities, the Budget included Budget savings proposals of £2.6m aimed to increase the efficiency of service delivery and reduce or remove spending on services that are no longer required or can be delivered differently, for example, through maximising grant funding opportunities in Childrens Services or route optimisation within Waste Management.

3.28 In recognition of escalating cost pressures within Adult Social Care, relating to increased complexity of care and rising demand for the service, market inflation and transitions, the Council provided for approximately £17m of additional funding to support the delivery of Adult Social Care services. Further investment of £4.3m was also provided to address unavoidable cost pressures in complying with Home to School Transport requirements and £1.5m for unavoidable Waste Management costs. In addition, the Budget provided some additional investments to help support people and to support with delivering on

the Council's ambitions for the Borough with specific regard to the Council Plan aims.

3.29 The development of the Council's Budget proposals for 2025/26 and the further update of the MTFS took into account prevailing economic factors, most notably significant rises in demand, inflation and stubbornly high energy prices during 2024/25. 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 2025/26 and 2026/27 but faces a £3.2m funding gap for 2027/28.

3.30 As part of the budget process, 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.

3.31 As detailed within the Council's 2025/26 Budget report, these financial pressures that the Council faced were mitigated through the benefits of the Financial Settlement 2025/26, proposals to increase fees and charges at 2%, a proposed increase in Council Tax for 2025/26 above the 3% assumed in the approved MTFS to 3.5% and continued use of reserves. However, the Council's overall reserves balance at the end of 2026 is projected to be £6.5m higher than the projection for the same point when setting the 2023/24 Budget.

3.32 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 and global economy around inflation, energy prices and demand for Council services.

3.33 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 and global economy.

#### **4 UPDATE ON MATTERS REFERRED TO IN THE ANNUAL GOVERNANCE STATEMENT FOR 2023/2024**

##### **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. There are no ongoing concerns in relation to Freedom of Information Requests. Extra resources continue to be used to improve the performance of Right of Access Requests. The backlog of these requests is now reducing gradually and the resource will continue to remain in place until at least March 2026. An annual report is also shared with the Audit Committee.

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

- 4.2 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.
- 4.3 The new SEND and Alternative Provision (SENDAP) Strategy was approved at Cabinet in February 2025. This sets the future direction for the Partnership for the next 5 years and includes specific reference to addressing the 2 areas of improvement action required by the October Inspection. These are that:
- Leaders across the partnership should continue to improve the quality of EHC plans to ensure that there is consistent and clear information from health, education and social care; all EHC plans reflect the views of children, young people and their families; EHC plans contain the support that the child or young person needs to prepare for adulthood; and all outcomes include detail and are measurable so that children and young people receive consistent support;
  - Leaders across the partnership should continue to strengthen its work to reduce the long waits for neurodevelopmental assessment; pathways. In addition, leaders should intensify service improvements for occupational therapy and speech and language therapy at a universal and targeted level to reduce waiting times. This will ensure that children and young people receive support at the right time.

Progress against the Strategy and individual actions will be monitored by the SEND executive board and periodic reports to Cabinet and Place Board.

### **Health and Safety Executive**

- 4.4 As stated in the 2023-2024 Annual Governance Statement, the Council was prosecuted by the Health and Safety Executive in connection with hand arm vibration. In the year, a hearing took place which was concluded with a fine of £60k.
- 4.5 The Council has put in place various mitigations to avoid any such prosecutions in the future. A gap analysis has taken place to identify an action plan to ensure that the management of Health and Safety is effective and this action plan will be further developed in 2025/2026.

### **Tree Management and Green Spaces**

- 4.6 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'. A follow-up audit will conclude in May 2025. The Tree Service continues to work to embed the improved practice, and this is monitored by the Culture Sport and Tourism Service Management Team through a performance and escalation dashboard. A wider review of Green Spaces is nearing conclusion. This has included an Internal Audit of Green Spaces, published in July 2024, with an opinion of 'Reasonable Assurance'. Four risks were identified, all of which have been addressed by the service.

### **Property and Facilities Services**

- 4.7 Property and Facilities Services is now established within the Finance and Customer Services Directorate. An initial improvement plan was developed, and this is now being delivered against, with priority around health, safety and compliance of all Council assets. New policies and procedures (Fire, Water, Gas) have been developed, and where required, ratified by Cabinet. A new role of Duty Holder has been created, with correct and appropriate professional qualifications, and new team members are being recruited to ensure that the right capacity and capabilities are in place to drive forward improved services and standards.
- 4.8 Through the process of evaluation of services and the improvement plan, greater management, contract compliance, governance and control is now in place in order to support the Council's School Private Finance Initiative (PFI) Contract. Work will continue to improve the contract and relationships with Schools over the coming year, ensuring that the PFI delivers good value for money.

### **Housing Services**



- 4.9 In the 2023/24 Annual Governance Statement, it was highlighted that health and safety compliance was a key risk area. This remained the case during 2024/25, and in line with the new consumer standards, the Council referred itself to the Regulator of Social Housing in relation to certain compliance issues that had been identified. Significant progress has been made during 2024/25 to the extent that the level of assurance available to the Council that all health and safety responsibilities are being met is much improved. Key actions have included significant investment in staff and IT resources to support compliance activities and further strengthening of performance monitoring and governance. The Housing Regulatory Assurance Board continues to oversee this area.
- 4.10 A related area of concern is the age and quality of the Council's housing stock data and the consequent lack of assurance available in relation to hazards and decency within council stock. The Regulator is aware of these issues and satisfied that the Council is taking the necessary steps to address them as quickly as possible, chiefly through the delivery of a comprehensive stock condition survey and an expanded capital investment programme.

## **5 OTHER SIGNIFICANT ISSUES ARISING DURING 2024/2025**

### **Equal Pay**

- 5.1 In line with local authorities nationally and regionally we have been contacted with concerns about the approach and implementation of our systems for ensuring that there are not pay differentials. The Council continue to have dialogue with the relevant Trades Unions on the matter and are engaging with colleagues in other Council's to ensure awareness of the emerging regional and national picture.

## **6 SIGNIFICANT EVENTS OR DEVELOPMENTS AFTER YEAR END**

- 6.1 There have been no significant events following the year end at the time of writing. This section will be reviewed and updated before the finalisation of this Statement.

## **7 LEADER AND CHIEF EXECUTIVE STATEMENT 2024/25**

- 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 – 17 June 2025

**Report Title**

Treasury Management Outturn 2024-25

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

Yes

**Strategic Director Approving Submission of the Report**

Judith Badger, Strategic Director of Finance and Customer Services

**Report Author(s)**

Tom Soulby, Finance Manager (Financial Accounting)  
01709 822334 or tom.soulby@rotherham.gov.uk

**Ward(s) Affected**

Borough-Wide

**Report Summary**

The Annual Treasury Management Report is the final treasury report for 2024/25. Its purpose is to review the treasury activity for 2024/25 against the Strategy agreed at the start of the year. The report also covers the actual Prudential Indicators for 2024/25 in accordance with the requirements of the Prudential Code.

The Council received an Annual Treasury Strategy Report in advance of the 2024/25 financial year at its meeting on 28 February 2024 and Audit Committee received a mid-year report at its meeting on 26 November 2024, representing a mid-year review of treasury activity during 2024/25. In addition, quarterly updates were received by Audit Committee on 26 September 2024 and 11 March 2025.

This report meets the requirements of both the CIPFA Code of Practice on Treasury Management and the CIPFA Prudential Code for Capital Finance in Local Authorities.

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

## **Recommendations**

1. To note the Treasury Management Prudential Indicators outturn position as set out in Section 2 and Appendix 1.

## **List of Appendices Included**

Appendix 1– Summary Prudential Indicators for Rotherham MBC

## **Background Papers**

The Council's Budget and Council Tax Report 2024/25, including Treasury Management Strategy and Prudential Indicators report to Council on 28th February 2024

Treasury Management Update – Quarterly Report (Q1) to Audit Committee on 26<sup>th</sup> September 2024

Mid-Year Treasury Management and Prudential Indicators Monitoring report to Audit Committee on 26th November 2024

Treasury Management Update – Quarterly Report (Q3) to Audit Committee on 11<sup>th</sup> March 2025

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

CIPFA – Prudential Code (as updated)

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

No

## **Council Approval Required**

No

## **Exempt from the Press and Public**

No

## 1. Background

- 1.1 The Council's treasury management activities are regulated by the Local Government Act 2003, supplemented by a number of codes of practice and statutory guidance:
- The Local Government Act 2003 (the Act) provides the powers to borrow and invest as well as providing controls and limits on this activity;
  - The Act permits the Secretary of State to set limits either on an individual Council or on all local authorities or any of them restricting the amount of borrowing which may be undertaken (although no restrictions were made in 2024/25);
  - Statutory Instrument (SI) 3146 2003, as amended from time to time, gives effect to the Act;
  - The SI requires the Council to undertake any borrowing activity with regard to the CIPFA Prudential Code for Capital Finance in Local Authorities;
  - The SI also requires the Council to operate the overall treasury function with regard to the CIPFA Code of Practice for Treasury Management in the Public Services;
  - Under Section 15(1)a of the Act the MHCLG has issued Statutory Guidance on Local Government Investments to structure and regulate councils' investment activities; and
  - Under Section 238(2) of the Local Government and Public Involvement in Health Act 2007 (revised), the Secretary of State has taken powers to issue guidance on accounting practices. Guidance on Minimum Revenue Provision was issued under this section on 8th November 2007.
- 1.2 The Council has carried out its functions in accordance with the Act, SI 3146 2003 and all associated guidance and professional codes, which limit the levels of risk associated with its treasury management activities. In particular, the adoption and implementation of the Prudential Code and the Code of Practice for Treasury Management means that its capital expenditure is prudent, affordable and sustainable. Treasury investment practices are governed by the primary objectives of security ahead of liquidity and then yield.
- 1.3 The underlying economic and financial environment remains difficult for the Council to predict. Inflation has fallen back from historic highs in recent years and the Bank of England has started to cut interest rates. However, the cost of long-term borrowing from PWLB has increased during the year. On investments 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.
- 1.4 On a daily basis money flows into and out of the Council's bank accounts and this has to be managed carefully. The Council manages its cashflow on a daily basis to take account of income received from grants, fees and charges, local taxation and borrowing alongside its outgoings due to the expenditure the Council incurs, such as salaries and supplier payments. The cashflow process is about ensuring the Council has sufficient funds available in its bank accounts to meet the payments that it plans to make each day. This process is separate from the

Council's financial monitoring that tracks planned and actual expenditure against planned budgets.

- 1.5 The Council has reduced its investment balances in recent years as funds have been used to meet loan maturities rather than refinancing at historically high interest rates. In 2024-25 the Council borrowed an additional £95m from Local Authorities and PWLB. In addition, the Council repaid £55.2m of principal on a mix of Local Authority, PWLB and LOBO loans on which the lender exercised its option to increase interest rates to above market rates.
- 1.6 The Bank of England Base Rate decreased from 5.25% to 4.50% during 2024/25 as inflation started to fall from the previous highs. As at 31 May 2025 the base rate sits at 4.25%.
- 1.7 Careful management of these factors through the Council's treasury strategy has helped to control the Council's interest costs. Taken together the additional return on investments, reduced borrowing need and further slippage on the Council's Capital Programme have enabled an £8m underspend on the 2024/25 Treasury Management budget that has been used to support the Council's 2024/25 overall outturn position.

## 2. Key Issues

- 2.1 Indicators are set prior to the start of the financial year and reflect the known position at that time. Approved changes to the Capital Programme and its funding throughout the financial year, together with variations in treasury management activity, mean that actual indicators for the year may vary from the projections made prior to the start of the financial year. However, through regular monitoring and reporting revised estimates of these indicators, the Council is able to ensure the impact is known and managed through the Medium Term Financial Strategy.
- 2.2 The actual prudential indicators for 2024/25 for Rotherham MBC, with comparators, are shown in the attached Appendix 1. Background to these is provided in the following paragraphs.
- 2.3 **Impact of the Council's Capital Expenditure and Financing 2024/25** - the Council expends capital expenditure on long term assets. This may either be:
  - Financed immediately through capital receipts, capital grants etc.; or
  - Financed over the life of the asset by use of Prudential Borrowing
- 2.4 Part of the Council's Treasury activities is to address this borrowing need, either through borrowing from external bodies, or utilising temporary cash resources within the Council. The wider treasury activities also include managing the Council's cash flows, its previous borrowing activities and the investment of surplus funds. These activities are structured to manage risk foremost, and then optimise performance. The primary objective is security ahead of liquidity and then yield or return.

- 2.5 The Council's underlying need to borrow is called the Capital Financing Requirement (CFR). This figure is a gauge for the Council's debt position. It represents 2024/25 and prior years' net capital expenditure which has not yet been paid for by revenue or other resources. In accordance with current accounting regulations, the CFR also includes other long term liabilities which have been brought on balance sheet, for example, PFI schemes and Right of Use assets.
- 2.6 The Non-HRA (Housing Revenue Account) element of the CFR (excluding PFI schemes and finance lease assets) is reduced each year by a statutory revenue charge (the Minimum Revenue Provision or MRP). The CFR can also be reduced by:
- the application of additional capital resources (such as unapplied capital receipts); or
  - charging more than the statutory revenue charge (MRP) each year through a Voluntary Revenue Provision (VRP).
- 2.7 At the end of the financial year 2024/25 the closing CFR is £10.3m less than that approved in the revised indicator, via the Mid-Year report. The reduction is due to slippage on a number of capital schemes and additional grant funding gained, that in turn reduces the Council's need to borrow at this point in time and has the knock on effect of generating savings against the treasury budget for 2024/25 onwards as planned interest payments and minimum revenue provision payments are reduced or pushed further into the future.
- 2.8 Treasury Position at 31 March 2025 - whilst the Council's gauge of its underlying need to borrow is the CFR, the Treasury Management function, as authorised by the Strategic Director of Finance and Customer Services, can manage the Council's actual borrowing position by either:
- borrowing to the CFR (excluding the impact of PFI and similar contracts); or
  - choosing to utilise some temporary internal cash flow funds instead of borrowing (under-borrowing); or
  - borrowing for future increases in the CFR (borrowing in advance of need).
- 2.9 During 2024/25 the Council continued to pursue its short-term borrowing strategy in line with advice from its Treasury advisers. Borrowing is taken only as needed and will be refinanced in the next few years. This has resulted in a significant increase in the net under borrowed position.
- 2.10 The Council will continue to monitor the interest position with a view to take out further long term borrowing if there are dips in the long term borrowing rates but currently is utilising short term borrowing to cover immediate borrowing need in anticipation of lower rates in the future.
- 2.11 At 31 March 2025, the Council's borrowing (excluding PFI and similar schemes) and investments were as follows:

2.12 **Table 1 Council's Treasury Position 2024/2025**

<b>Net Borrowing</b>	<b>As At 31 March 2024 £m</b>	<b>As At 31 March 2025 £m</b>
<b>Long Term Borrowing</b>		
Public Works Loans Board (PWLB)	390.233	420.000
Market (e.g. Banks, Other Local Authorities) > 1 year	217.000	147.000
<b>Short Term Borrowing</b>		
Public Works Loans Board (PWLB)	5.223	30.233
Market (e.g. Banks, Other Local Authorities) < 1 year	25.000	80.000
	<b>637.456</b>	<b>677.233</b>
<b>External Investments</b>		
Debt Management Office	0.000	0.000
Other Local Authorities	0.000	0.000
Money Market Funds	24.790	31.895
	<b>24.790</b>	<b>31.895</b>
<b>Net Borrowing</b>	<b>612.666</b>	<b>645.338</b>
<b>Net Borrowing - Excluding Short Term Borrowing</b>	<b>587.666</b>	<b>565.338</b>
<b>Capital Financing Requirement (excl Other Long Term Liabilities)</b>	<b>814.638</b>	<b>843.584</b>
<b>Net Under-Borrowed</b>	<b>226.972</b>	<b>278.246</b>

2.13 Against the Council's Capital Financing Requirement of £843.584m, when PFI and similar arrangements totalling £138.970m are excluded, the Council's outstanding net borrowing of £565.338m (excluding short term borrowing), is lower than this requirement by £278.246m. The Council has pursued a short term borrowing strategy, running investment balances down and borrowing funds only as required. In 2024/25 £95m of additional borrowing has been taken out through PWLB Loans and Local Authority market loans to finance the capital programme as well as the refinancing of £55.2m of loan maturities (resulting in a £39.8m reduction in total long term and short term borrowing).

2.14 Total savings in the Treasury Management budget for 2024/25, arising from all treasury activity including cash-flow management, was £8m and as per the Council's Budget and Council Tax report 2025/26 these have been used to support the Budget and Medium Term Financial Strategy. In addition, treasury management and capital financing decisions taken at the year end will also enable a re-profiling of MRP and interest forecasts to allow for further savings in 2025/26. These decisions generate in excess of £3.4m of cost savings to be contributed towards the treasury management budget in 2025/26, although it



should be noted that some of this saving is as a result of slippage in the Capital Programme and as such are temporary.

## 2.15 PRUDENTIAL INDICATORS AND COMPLIANCE ISSUES

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

- 2.16 **Net Borrowing and the CFR** - in order to ensure that borrowing levels are prudent over the medium term the Council's external borrowing net of investments must only be used for a capital purpose. Net borrowing should not therefore, except in the short term, have exceeded the CFR for 2024/25 plus the expected changes to the CFR for 2025/26 and 2026/27. The Council complied with this prudential indicator throughout 2024/25.
- 2.17 **The Authorised Limit** – the Authorised Limit is the “Affordable Borrowing Limit” required by S3 of the Local Government Act 2003. The Council does not have the power to borrow above this level. The Council maintained gross borrowing within its Authorised Limit, both excluding and including the impact of bringing PFI and similar arrangements on to the Council's Balance Sheet.
- 2.18 **The Operational Boundary** – The Operational Boundary is the expected borrowing position of the Council during the year. Periods where the actual position is either below or over the Boundary is acceptable subject to the Authorised Limit not being breached. The Council maintained its borrowing position around its Operational Boundary.
- 2.19 **Actual financing costs as a proportion of net revenue stream** – This indicator identifies the trend in the cost of capital (borrowing and the cost of other long term obligations but net of investment income) against the Council's Budget Requirement (net revenue stream) for the General Fund and budgeted income for the HRA.
- 2.20 The General Fund shows a reduction in the actual financing costs as a proportion of net revenue stream. The General Fund ratio decreased from 12.66% (original budget) to 7.78% (actual out-turn). This was mainly as a result of reduced borrowing costs for the year as the Council undertook lower than expected additional borrowing during the year. The increased interest received on investments also contributed to this reduction. The HRA ratio increased from 13.70% (original budget) to 14.29% (actual out-turn). This increase is due to the increased interest cost due to the HRA during the year and reflective of HRA capital programme having very little slippage.

## 2.21 TREASURY MANAGEMENT INDICATORS

### Limits on Activity

Upper limits on fixed and variable interest rates as at 31 March 2025 - These indicators identify the maximum limits for fixed interest rate gross debt and for variable interest rates based upon the debt position, net of investments. The Council remained within the limits set throughout 2024/25.

- 2.22 Maturity structure of fixed rate borrowing during 2024/25 - These gross limits are set to reduce the Council's exposure to large fixed rate sums falling due for refinancing and are required for upper and lower limits. The Council's strategy of borrowing on a short term basis will result in an increased refinancing risk in the near term.

Maximum funds invested for more than 365 days - This limit is set to reduce the need for early sale of an investment and is based on the availability of funds after each year end.

## 2.23 Borrowing

New and Replacement Borrowing - During the year a total of £55.2m of principal on existing loans has been repaid. This has been refinanced by £95m of new loans detailed in the table below.

## 2.24 Table 2 Borrowing taken in 2024/25

Lender	Start Date	Principal	Type	Term	Interest Rate %
West Yorkshire Combined Authority	03/06/2024	£15,000,000	Temp	11 months	5.10
PWLB	25/06/2024	£20,000,000	Maturity	24 months	4.77
PWLB	06/12/2024	£40,000,000	Maturity	24 months	4.51
LONDON TREASURY LIQUIDITY FUND	07/03/25	£20,000,000	Temp	1 Month	5.80

- 2.25 Debt Repayment – long term loans totalling £55.223m matured during the year as shown in the table below. Part repayments of principal (£0.223m) continued on the Annuity loans taken up in prior years.

## 2.26 Table 3 Debt Repayments 2024/25

Lender	Principal £m	Type	Interest Rate	Weighted Average rate of interest
DEXIA	25.000	LOBO	4.07%	
SYMCA	5.000	Fixed rate	2.54%	
OXFORDSHIRE CC	5.000	Fixed rate	0.48%	
WHITE HORSE	5.000	Fixed rate	0.80%	
PWLB	5.000	Fixed rate	5.63%	
OXFORDSHIRE CC	5.000	Fixed rate	0.48%	
OXFORDSHIRE CC	5.000	Fixed rate	0.55%	
PWLB Annuity	0.223	Annual repayments	Various	
Total:	£55.223	2.81%		

## 2.27 Investments

The Council's investment policy is governed by DLUHC Guidance, which was implemented in the annual investment strategy approved by Council on 28th February 2024. The investment activity during the year conformed to the approved strategy.

- 2.28 The Council maintained an average balance of £32.5m and received an average return of 4.98%. The Council continued to use Money Market Funds for short-term deposits, which are AAA rated securities and offer a slightly better rate of interest than the Debt Management Office. The Bank of England base rate decreased from 5.25% to 4.50% during 2024/25.

## 3. Options considered and recommended proposal

No options considered as the report outlines actual Treasury Management activity during 2024/25.

## 4. Consultation on proposal

- 4.1 None required

## 5. Timetable and Accountability for Implementing this Decision

- 5.1 None required

## **6. Financial and Procurement Advice and Implications**

- 6.1 Treasury Management forms an integral part of the Council's overall financial arrangements. This report provides an update on the performance of the treasury management functions for 2024/25 against the prudential indicators as outline in the Treasury Management Strategy for 2024/25. There were no breaches of prudential indicators to report and savings were generated from the treasury management strategy adopted that played vital role in enabling the Council to operate a balanced budget.
- 6.2 There are no direct procurement implications arising from the report.

## **7. Legal Advice and Implications**

- 7.1 Compliance with legislation and guidance included in section 1 of this report ensures that the Council operates compliantly and within the requirements for local authority treasury management.

The Council has complied with the Prudential Indicators as detailed in Section 2.

The amount of borrowing detailed in Section 2 together with managing that borrowing in a manner compliant with the Prudential Indicators demonstrates that the amount of borrowing and the means of managing that borrowing is within the parameters set by the Act and the Prudential Code.

## **8. Human Resources Advice and Implications**

- 8.1 No direct implications.

## **9. Implications for Children and Young People and Vulnerable Adults**

- 9.1 No direct implications

## **10. Equalities and Human Rights Advice and Implications**

- 10.1 This is a finance update report, providing a review of the Council's Treasury Management outturn position for 2024/25. Any equalities and human rights impacts from service delivery have been or are detailed as capital projects are pulled together for inclusion within the Council's capital programme.

## **11. Implications for CO2 Emissions and Climate Change**

- 11.1 No direct implications.

## **12. Implications for Partners**

- 12.1 None identified.

**13. Risks and Mitigation**

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

**14. Accountable Officers**

Natalia Govorukhina, Head of Corporate Finance

This page is intentionally left blank

## APPENDIX 1

## Summary Prudential Indicators: Rotherham MBC

		Actual £m	Revised Estimate £m	Original Estimate £m
1	<b>Capital Expenditure (excluding PFI &amp; Finance lease liabilities)</b>	<b>140.590</b>	<b>202.052</b>	<b>245.275</b>
2	<b>Capital Financing Requirement (CFR) including PFI &amp; similar liabilities:</b>			
	General Fund	668.210	678.269	708.001
	HRA	314.343	314.622	324.575
	<b>Total</b>	<b>982.553</b>	<b>992.891</b>	<b>1032.576</b>
3	<b>Net Borrowing compared to CFR excluding PFI &amp; similar liabilities:</b>			
	Total Borrowing	677.233	854.780	797.889
	Total Investments	31.895	20.000	20.000
	Net Borrowing	645.338	834.780	777.889
	CFR (excluding PFI & Similar liabilities)	843.584	883.702	923.387
	<b>Under-borrowing</b>	<b>198.246</b>	<b>48.922</b>	<b>145.498</b>
4	<b>Net Borrowing compared to CFR including PFI &amp; similar liabilities:</b>			
	Borrowing (from above)	677.233	854.780	797.889
	Borrowing (PFI etc.)	138.969	109.189	109.189
	Total Borrowing	816.202	963.969	907.078
	Total Investments	31.895	41.113	20.000
	Net Borrowing	784.307	922.856	887.078
	CFR	982.553	992.891	1032.576
	<b>Under-borrowing</b>	<b>198.246</b>	<b>70.035</b>	<b>145.498</b>
5	<b>Authorised Limit for external debt</b>			
	Assumed Borrowing	903.702	903.702	942.623
	PFI & similar liabilities	111.373	111.373	111.373
	Authorised Limit	1015.075	1015.075	1053.996
	Total Borrowing	816.202	963.969	907.078
	<b>Borrowing Below Limit</b>	<b>198.873</b>	<b>51.106</b>	<b>146.918</b>
6	<b>Operational boundary for external debt</b>			
	Assumed Borrowing	884.780	884.780	827.889
	PFI & similar liabilities	109.189	109.189	109.189
	Operational Boundary	993.969	993.969	937.078
	Total Borrowing	816.202	963.969	907.078
	<b>Borrowing Below/(Above) Boundary</b>	<b>177.767</b>	<b>30.000</b>	<b>30.000</b>
7	<b>Maximum Funds invested &gt; 365 days</b>	<b>0.000</b>	<b>10.000</b>	<b>10.000</b>

		<b>Actual</b>	<b>Revised Estimate</b>	<b>Original Estimate</b>
		<b>%</b>	<b>%</b>	<b>%</b>
<b>8</b>	<b>Ratio of financing costs to net revenue stream – Non HRA</b>	7.71	8.24	12.66
<b>9</b>	<b>Ratio of financing costs to net revenue stream – HRA</b>	14.23	14.47	13.70

<b>10</b>	<b>Maturity Structure of Fixed Rate Borrowing</b>	<b>Actual</b>	<b>Revised Upper Limit</b>	<b>Original Upper Limit</b>
		<b>%</b>	<b>%</b>	<b>%</b>
	Under 12 months	19.93	60	60
	12 months to 2 years	4.43	35	35
	2 years to 5 years	10.34	45	45
	5 years to 10 years	1.48	45	45
	10 years to 20 years	5.45	45	45
	20 years to 30 years	8.32	50	50
	30 years to 40 years	7.38	50	50
	40 years to 50 years	36.77	55	55
	50 years and above	5.91	60	60

<b>11</b>	<b>Upper Limit on fixed interest rates based on fixed net debt</b>	<b>Actual</b>	<b>Revised Upper Limit</b>	<b>Original Upper Limit</b>
		<b>%</b>	<b>%</b>	<b>%</b>
		90	100	100

<b>12</b>	<b>Upper Limit on variable rates based on fixed net debt</b>	<b>Actual</b>	<b>Revised Upper Limit</b>	<b>Original Upper Limit</b>
		<b>%</b>	<b>%</b>	<b>%</b>
		10	50	50



Public Report  
Audit Committee

---

**Committee Name and Date of Committee Meeting**

Audit Committee – 17 June 2025

**Report Title**

Internal Audit Progress Report for the period 1<sup>st</sup> February to 30<sup>th</sup> April 2025

**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](mailto: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 1<sup>st</sup> February to 30<sup>th</sup> April 2025 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, 1<sup>st</sup> February to 30<sup>th</sup> April 2025, 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 – Post audit questionnaire results

Appendix F – Quality Assurance and Improvement Action Plan

Appendix G– Investigation findings

**Background Papers**

Public Sector Internal Audit Standards and Associated Local Government Application Note.

Accounts and Audit (England) Regulations 2015

Global Internal Audit Standards

Global Internal Audit Standards in the UK Public Sector (Application Note)

Code of Practice for the Governance of Internal Audit in UK Local Government

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

No

**Council Approval Required**

No

**Exempt from the Press and Public**

Appendix G Partially exempt

*An exemption is sought for Appendix G under Paragraph 7 (Information relating to any action taken or to be taken in connection with the prevention, investigation or prosecution of crime)*

## Internal Audit Progress Report for the period 1<sup>st</sup> February to 30<sup>th</sup> April 2025

### 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. The Global Internal Audit Standards, associated Local Government Application Note and the Code of Practice for the Governance of Internal Audit apply from 1 April 2025.
- 1.3 This report includes the position up to the end of April 2025 on the progress of the 2024/25 audit plan, the reports finalised between February and April 2025 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 12<sup>th</sup> March 2024. The Internal Audit Progress Report which gives an update on the work undertaken over the period is included at **Appendix A**. The audit plan is included at **Appendix B**, and 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**. Ten 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**. The summary of the investigation completed during the period is included at **Appendix G**.

### 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 1<sup>st</sup> February to 30<sup>th</sup> April 2025 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 17<sup>th</sup> June 2025 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 CO<sub>2</sub> 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

*Report Author:* Louise Ivens, Head of Internal Audit.  
Tel 01709 823282 E mail [louise.iven@rotherham.gov.uk](mailto:louise.iven@rotherham.gov.uk)

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

This page is intentionally left blank



## **Internal Audit Progress Report**

**1<sup>st</sup> February – 30<sup>th</sup> April 2025**

## 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 12<sup>th</sup> March 2024. The plan is included at **Appendix B**.
- 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:-
- Equalities Standard (ACX) – To remove from the plan. A peer review has been undertaken by Doncaster Council so this review would duplicate their work.
  - Safeguarding (ACHPH) To defer to Q2 2025/26 as work is being undertaken by the service to update the pathways. We have been requested to review the new pathways once they have become embedded and initial outcomes can be analysed.
  - Community Dols (ACHPH) – To defer to Q2/3 2025/26 as changes in this area are currently being implemented. A post implementation review would add more value in terms of learning/action planning.
  - Drug and Alcohol (ACHPH) - This is deferred in order to enable the current and ongoing work with the service provider improvement plans to be completed.
  - Building Security (FCS) – has been split into two separate audits. A follow up audit focusing on whether the recommendations have been implemented surrounding building inspections has been completed. A separate audit to review the building security arrangements more broadly in Riverside House including the issuing of ID cards will be included in the 2025-26 Audit Plan.
  - Catering (FCS) – this has been removed from the plan. The service has significantly improved its financial position from January 2024 when the audit was highlighted for inclusion in the 2024-25 plan. There is currently an organisational design review underway. It is proposed to include an audit in the 2026/27 plan which would look at the updated operational practices and their embeddedness.
  - Litigation (FCS) – this has been removed from the plan. The Adults litigation team is fully resourced by either permanent staff or locums which has reduced the risk of delay in dealing with casework and the associated risks this would bring.

## 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 C**. 10 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 Jan-Mar grant	<p>Testing on a representative sample of 10% of results to verify:-</p> <ul style="list-style-type: none"> <li>(i) Families' eligibility for the programme, and that</li> <li>(ii) Progress measures have been achieved.</li> </ul> <p>In each case tested, appropriate supporting evidence has been verified with reference to the Department for Levelling Up, Housing &amp; Communities National Supporting Families Outcome Framework.</p>
Highways Procurement Review	A high-level review of procurement of agency staff in the Highways Service and compliance with the FPPR's and Agency Policy.
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.
Audit Queries and Advice	We have received and responded to a number of queries and requests for advice from schools regarding asset inventory controls and general financial controls.

### 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. The findings from a previous investigation were shared with external investigatory bodies in August 2023. They have now confirmed that they have closed their enquiries and they will be taking no further action. There is one investigation ongoing, and one has been completed in the period. Please see **Appendix G**.

4.2 The National Fraud Initiative (NFI) is a biannual data matching exercise conducted by the Cabinet Office. Matches were released in late December 2024 and January 2025. 7,418 matches have been released to date and work has commenced liaising with directorates to review and investigate these as appropriate. As of 30<sup>th</sup> April 5,695 matches had been closed. The remainder of the matches will be reviewed during 2025/26.

### 5. Data analytics

5.1 Internal Audit have commenced 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. 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.
- 5.3 The second review on purchasing cards has now been completed. The aim of this exercise was to confirm that:
- No transactions had occurred on purchase cards after the staff member had left.
  - The leavers purchase card was not active after the leaving date.
  - All purchase cards in the test sample showed evidence on the system of review and approval.
  - All purchase card transactions were supported by a valid receipt.
  - The validity of the use of the purchase card for the items purchased.
- 5.4 20 card holders were sampled across all directorates and a total of 159 transactions were reviewed. The findings have been discussed with the Assistant Director of Finance and planned Directorate Leadership Team meetings have been scheduled over the next month to feed back the findings and obtain agreement on the proposed actions.

## 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. Good progress has been made against the audit plan. All audits had commenced by the end of April and there were five that were at draft report stage. The amount of work in progress has reduced from the previous year and we will continue to review our working practices to reduce this further still by the end of 2025/26.
- 6.2 The results from the post audit questionnaires received over the period have been positive (**Appendix E**). The questionnaires have been slightly updated to reflect the requirements of the new standards from 1 April 2025 with feedback requested on auditor honesty and professional courage. An annual questionnaire has also been developed which has been sent to the Strategic and Assistant Directors. The outcomes from these have been included in the Annual Report.
- 6.3 The updated QAIP Action Plan is attached at **Appendix F**. The major focus during this period was to ensure readiness for the new audit standards.

## 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:

	<b>Open Recommendations &amp; Priority</b>			<b>Total as of 30 April 2025</b>	<b>Total Deferred</b>
<b>Directorate</b>	<b>High</b>	<b>Medium</b>	<b>Low</b>		
Adults, Housing and Public Health	0	0	3	3	0
Assistant Chief Executive	0	0	0	0	0
Children and Young People	0	2	1	3	1
Finance and Customer Services	3	17	10	30	4
Regeneration and Environment	2	5	11	18	6
<b>Total</b>	<b>5</b>	<b>24</b>	<b>25</b>	<b>54</b>	<b>11</b>

- 7.4 The following table shows the movement between periods.

<b>Directorate</b>	<b>Total as of January 2025</b>	<b>Recommendations opened in period</b>	<b>Recommendations closed in period</b>	<b>Total as of April 2025</b>
Adults, Housing & Public Health	8	13	18	3
Assistant Chief Executive	2	0	2	0
Children and Young People	0	3	0	3
Finance and Customer Services	8	31	9	30
Regeneration & Environment	20	10	12	18
<b>Total</b>	<b>38</b>	<b>57</b>	<b>41</b>	<b>54</b>

## **8. Internal Audit Standards Update**

- 8.1 From the 1 April 2025 the requirements of the Global Internal Audit Standards, the Application Note “Global Internal Audit Standards in the UK Public Sector” and the Code of Practice for the Governance of Internal Audit in UK Local Government apply to work on internal audit engagements commenced on or after this date.
- 8.2 CIPFA (the Relevant Internal Audit Standard Setter for local government) have stated that internal audit teams will not be expected to demonstrate full conformance on this date. They must work in accordance with the new standards from this date and by doing so will build up their conformance.
- 8.3 The new Internal Audit Standards are a standing item on Internal Audit’s fortnightly team meetings. A specific team meeting was held during March on the standards and the documentation supporting the audit process which have been updated were discussed. The standards and ways of working will continue to be discussed during the year, and relevant training will be provided. The update of the audit manual is in progress, together with the creation of an audit strategy. Another self-assessment against the standards is planned during the summer period, before the External Quality Assessment takes place.

## 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.	Partial	20
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.	Fieldwork	25
3	ACHPH-R36 H-R21	Repairs and Maintenance Contract	Assurance on the performance monitoring of the contract including identification and escalation of issues.	Substantial	35
4	ACI-R4	Safeguarding	A review of the processes for the receipt, triage and investigation of safeguarding enquiries from all sources including home care support.  To defer to Q2 2025/26 as work is being undertaken by the service to update the pathways. We have been requested to review the new pathways once they have become embedded and initial outcomes can be analysed.	2025/26 Q2	
5	ACSC – R21	Customer Pathway audit	Decision making pathways for care package approval. Review to assess whether they are clear & applied consistently.	Draft	20
6	ACI-R4	Waiting Lists	This will include a review of the use of triage tools.	Substantial	25
7	ACI-R22	Community Dols	To provide assurance on the management of DoLS cases following the increase in demand. To defer to Q2/3 2025/26 as changes are currently being implemented. A post implementation review would add more value in terms of learning/action planning.	2025/26 Q2/3	

## Appendix B

8		Drug and Alcohol partnership working arrangements	Review of drug and alcohol working partnerships including needs assessment and plans. <b>To defer this review to enable the current and ongoing work with the service provider improvement plans to be completed.</b>	2025/26 Q4	
Total number of days					127
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.	Fieldwork on hold due to staffing changes in ACX	15
2	ACX20 HR01 HR05	Payroll	Review of faster payments, payments to 3 <sup>rd</sup> parties, recovery of overpayments and management of personal information.	Fieldwork	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.	Substantial	20
4	ACX 33	Equalities Standard	Compliance with Equalities Framework. <b>To remove from the plan. A peer review has been completed by Doncaster Council, this audit would duplicate this work.</b>		
Total number of days					55
Childrens and Young People's Service					
No.	Risk Register Ref	Title	Brief Description	Current Position/ Outcome	Days
C	CYPS03	Special Education Needs and Disability (SEND)	Review of Education, Health and Care Plans (EHCP) across all the domains, including Health and Social Care Partners.	Reasonable	10

## Appendix B

1		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.	Fieldwork	15
2	CSC 06	Unaccompanied Asylum Seeking Children Follow Up	Follow up of partial assurance review.	Scoping	5
3	CSC 08	Joint Funding of Care Packages Follow Up	Follow up of partial assurance review.	Fieldwork	5
4	EI16	SEND Sufficiency	A review of the progress with the SEND sufficiency Strategy. This would include specific areas where management have requested assurance.	Draft	20
5		Schools Assurance	Approach to be determined but will include at least one audit visit to a school.	Fieldwork	30
<b>Total number of days</b>					<b>85</b>

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.	Draft	20
F		2023-24 Land Terrier	Review of the registration of Council land.	Reasonable	10
G		2023-24 Governance	Review of the operation of processes around decision-making within the Council.	Reasonable	15
H		2023-24 Asset management - Acquisitions	Provide assurance on the end to end management of properties once acquired by the Council.	Partial	20
1	FCS 6	Litigation Service	Review of the Legal support provided to Adult Care and Child Protection. <b>To be removed from the plan. The Adults litigation team is fully resourced by either permanent staff or locums which</b>		

## Appendix B

			has reduced the risk of delay in dealing with casework and the associated risks this would bring.		
2	FCS15	Record of Processing Activities	Assurance on the arrangements for information security and management (specifically ROPA).	Fieldwork	15
3		Information Governance Strategies & Policies	Governance arrangements surrounding the IG strategies & policies.	Reasonable	15
4	Salford ANA	IT Business Continuity / Disaster Recovery	Assurance on IT business continuity and disaster recovery arrangements.	Reasonable	10
5	Salford ANA	Application Management (HR/iTrent)	Review of maintenance & support controls, access control management, system availability etc.	Fieldwork	10
6	PRT 38 RE 25	Fire Safety Follow Up	Follow up of partial audit opinion.	Reasonable	15
7	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.	Partial	15
8	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.	Fieldwork	10
9	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.	Partial	20
10	PRT 44	Catering	Traded services and contract management review. Scope to be confirmed. To be removed from the plan and considered for inclusion in 2026/27 after the organisational redesign process has concluded.		
Total number of days					177



## Appendix B

Regeneration and Environment					
No.	Risk Register Ref	Title	Brief Description	Current Position/ Outcome	Days
I		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.	Partial	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.	Fieldwork	10
2		Trading Standards Follow Up	Follow up of no assurance audit opinion.	Reasonable	20
3	RE56	Hellaby Stores Follow Up	Follow up of partial audit opinion.	Substantial	7
4		CCTV Review	Follow up of recommendations.	Substantial	27
5	R&E 9 CSS28	Home to school transport	Provide assurance on the effectiveness of the home to school transport service.	Draft	40
6		Music Service	Review of financial controls including receipt, recording and reconciliation.	Partial	5
7	CSS 24	Hand Arm Vibration Follow up review	Follow up review to determine implementation of actions.	Substantial	20
8	CSS 14	Waste operations health and safety	Compliance of vehicle crews with health and safety requirements.	Draft	25
9	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.	Scoping	15
Total number of days					170
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.	Fieldwork	15
2	Sundry Debtors		Cross directorate review of implementation of recommendations.	Fieldwork	15

## Appendix B

		This will identify if authority wide debt has reduced and confirm if action is being taken to proactively reduce debt.		
3	Social Value & Contracts Key Performance Indicators	Compliance with the Social Value Policy regarding obtaining quotes from suppliers and a review key performance indicators being measured in contracts.	Fieldwork	30
4	Independent review of grants	Independent examination of accounts and / or assurance that the grant claim has been spent in accordance with the grant determination.	Complete	42
5	Follow Ups	Time set aside for the follow up of any partial or no assurance opinions completed within the year.		
6	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
7	Data analytics development	Time set aside to develop a Data Analytics Strategy and introduce a workplan.	Q1-4	20
8	Contingency	Time set aside for audit review of any new and emerging risks, unplanned work identified as being required during the year.		
<b>Total number of days</b>				<b>142</b>
<b>Anti-Fraud and Corruption and Anti Money Laundering</b>				
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"> <li>• Anti-Money Laundering (AML) Policy</li> <li>• Anti-Fraud and Corruption Policy and assessment against best practice</li> </ul>	Complete	15
3	Anti-Fraud and Corruption Proactive Work	Risk-based work to prevent and detect fraud including:- <ul style="list-style-type: none"> <li>• Review and investigation of NFI matches</li> <li>• Awareness raising and communication of fraud risks and internal reporting arrangements</li> <li>• Proactive exercise using data analytics to identify/detect fraud</li> </ul>	Q1-4	40

## Appendix B

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).	Draft	15
<b>Total number of days</b>				<b>210</b>
<b>Overall Plan Total</b>				<b>966 days</b>

## Summary of reports issued during the period

Audit Area & overall opinion	Assurance Objective	Summary of findings
<p>Water Safety (Legionella) Housing Services</p> <p>Partial</p>	<p>The overall objective of the audit was to review the effectiveness of the Council's water safety (Legionella) controls and provide assurance that we are in full compliance with both Health and Safety Executive (HSE) and regulatory standards for the Council's housing stock in Rotherham.</p>	<p>The audit found that not all properties with cold water storage tanks have been risk assessed and there was not quality assurance in place to monitor the assessments. In line with current guidance Housing Property Services should implement a programme to deliver risk assessments on the Council's residential housing stock where cold water storage tanks are in place and introduce a risk assessment quality assurance check.</p> <p>It was unclear whether access to storage tank areas was restricted and there was no process in place to confirm redundant pipework was being removed. Facilities Management will confirm that access to block and communal sites with water tank storage is restricted to authorised personnel only and to create a process with regard to redundant pipework. Housing Property Services will include an additional reletting check to ensure properties with cold water storage have lids on the tanks. Tenants had not been made aware of legionella risks and how to avoid them as part of the Council's duty of care. This will be added to the tenant welcome pack.</p> <p>The Council's flushing regime was not compliant with legionella flushing control measures and staff responsible for void flushes had not received training and advice to avoid risk to health. It was agreed to update the Council's flushing regime and for staff to undertake refresher training annually.</p> <p>There was a draft legionella policy in place and there is a Multi Agency Disease Outbreak plan but it was not widely publicised to staff. Housing Property Services will ensure policy includes details of all their legionella control measures (e.g. flushing regime, etc). The Disease Outbreak plan will be made accessible to Council Staff.</p>
<p>Repairs and Maintenance</p> <p>Substantial</p>	<p>The overall objective of the audit was to assess the adequacy of the internal control arrangements surrounding performance</p>	<p>All KPI data is checked by the Council's Performance team and by a quantity surveyor within Housing Property Services. All performance data is scrutinised annually by the Commercial Manager following submission of the Cost Collection Workbooks from each contractor. All data submissions and an audit trail of evidence to support the checks performed are held on the housing network drive.</p>

Audit Area & overall opinion	Assurance Objective	Summary of findings
	monitoring of the contract including the identification and escalation of any issues arising.	<p>An examination of the monthly KPI figures reported to Housing management against the source KPI data submitted by both contractors for the period April 2024 to September 2024 confirmed the completed work against timescales had been accurately reported.</p> <p>All work orders examined were confirmed to be recorded accurately on the contractor's source KPI data records. Management receive regular performance-monitoring reports.</p> <p>There is a governance framework in place detailing the minimum meeting requirements for contract management. Regular monitoring of outstanding work is undertaken at monthly Progress Meetings with the contractors, chaired by the Client Partnering Manager.</p> <p>Gain share / performance profit submissions for payment from the contractors are subject to checks by the Housing Property Services team, the Commercial Manager and an appointed external auditor, prior to final sign off by the Commercial Manager.</p>
<b>Childrens and Young People's Services</b>		
SEND Reasonable	The overall objective of the audit was to provide assurance on Education, Health and Care Plans (EHCP) across all the domains, including Health and Social Care Partners. The scope did not include specific areas of the EHCP process that are affected by national shortages of key professionals e.g., Education Psychologists as it is focussed on areas	<p>The CYPS performance team provide monthly reports to the Assistant Director and all key managers involved in EHCPs. Management are monitoring the progress in reducing the number of EHCPs including those planned and completed. Increased demand for new EHCPs has now been managed.</p> <p>The costs of additional Educational Psychology resources to meet the increased demand for EHCPs was carefully managed and top up costs for Rotherham children in Rotherham education places are managed via the SEND Panel and if necessary, the High Needs Panel with advice from the Finance Team and the Commissioning Team.</p> <p>The SEND Sufficiency Strategy is updated for immediate needs arising from the outcomes of new EHCPs where significant trends are detected.</p>

Audit Area & overall opinion	Assurance Objective	Summary of findings
	within the Councils' control.	<p>Any key quality assurance weaknesses are identified from a regular programme of reviews of EHCPs and relevant tribunal cases and complaints. This information is communicated to EHCP team leaders for action to be taken.</p> <p>The audit reviewed whether correct EHCP processes are followed for Rotherham children placed out of borough. The findings from our review highlighted the need for a single document that clearly shows the roles and responsibilities of all services involved in the EHCP process and in particular the CIC residency guidance.</p> <p>The audit highlighted that there is no list of children placed in Rotherham by other local authorities for whom the Council has financial responsibility for. Without this list accurate budget forecasts cannot be made. Currently forecasts are made using the school census and allocated places.</p>
<b>Finance and Customer Services</b>		
<b>Fire Safety Follow Up</b>  <b>Reasonable</b>	To provide assurance that the agreed actions arising from the previous audit of 'Fire Safety' have been implemented.	<p>The audit took a sample of properties to confirm whether the agreed actions had been implemented for the previous partial opinion audit. The audit found that these had been implemented by the due date agreed in the action plan, however some of the agreed actions had not been maintained. The Head of Facilities Management and Compliance stated during the audit that he was in the process of undertaking a reset on fire precautions management across the Council in relation to buildings and facilities day to day management. This will include baseline minimum expected standards for all sites that require a suitable and sufficient fire risk assessment (FRA).</p> <p>The issues identified during the audit were that:-</p> <ul style="list-style-type: none"> <li>There is currently no up-to-date Fire Policy / Procedure Guidance to ensure a consistent and co-ordinated approach to the whole of fire precaution management, and as a priority, the Head of Facilities Management and Compliance is in process of addressing this. The updated Fire Policy / Procedure Guidance will include roles and responsibilities with respect to inspections carried out by Building Officers and Responsible Persons, and the recording of any issues highlighted during inspections had already been drafted during the closure of the audit.</li> </ul>

Audit Area & overall opinion	Assurance Objective	Summary of findings
		<ul style="list-style-type: none"> <li>• Obsolete equipment should be moved from site (eg fire extinguishers) by the contractor and staff reminded of the reporting requirements on this.</li> <li>• Results of Fire Risk Assessments should be recorded on the corporate property landlord list including where there are no fire extinguishers and recording the alternate fire suppressant system.</li> </ul>
<p>Land &amp; Property Acquisitions and Disposals</p> <p>Partial</p>	<p>To provide assurance on the management of land &amp; property acquisitions and disposals and the adequacy of liaison/due diligence between the services involved in the process.</p>	<p>The Strategic Director of Finance and Customer Services requested an end-to-end review of the acquisitions/disposals process following the service coming within her directorate.</p> <p>The audit found that the Asset Management Service has very limited, and out of date, documented procedures relating to the acquisition and disposal process.</p> <p>Responsibilities for the security and health and safety compliance of acquired properties which are not yet fully operational was not clearly documented and understood by relevant council services.</p> <p>Although there was evidence of Property Officer approval to proceed with the acquisition or disposal of properties in the audit sample, the required form of approval was not clearly set out in procedures. For example when an Officer Executive Decision was required.</p> <p>During sample testing there was a lack of transparency in the final stages of a sale of a property and insufficient records were held. To ensure full transparency, procedures and documentation relating to the bidding process for sale of property by informal tender should cover all eventualities.</p> <p>Sample testing found that the record of the opening and consideration of bids received at different stages does not demonstrate that the process was sufficiently controlled.</p> <p>There are no documented procedures in place to cover the processes and responsibilities to make properties secure after acquisition. No records were held to demonstrate how or when 2 properties were assessed or made secure, for several</p>

Audit Area & overall opinion	Assurance Objective	Summary of findings
		<p>months following acquisition. Ongoing void management arrangements are not formally documented.</p> <p>The audit found that services had initiated property transactions without early engagement of Asset Management staff. Current Property Services Guidance for services is not available on the intranet and staff in other Directorates have not been made aware of the role of Property Services, including the new management arrangements.</p>
<p><b>Information Governance Strategies and Policies</b></p> <p><b>Reasonable</b></p>	<p>The overall objective of the audit was to provide assurance on the completeness, and relevance of the governance arrangements surrounding the Information Governance strategies &amp; policies.</p>	<p>The overarching role in the governance of Information Management is provided by the Senior Information Risk Owner/ Chief Information Officer (SIRO). To ensure the Council and the SIRO meet all statutory responsibilities an Information Management Team provides the operational service delivery including advice, guidance, drafting new policies and procedures etc.</p> <p>Six corporate policies relevant to Information Management have all been reviewed in the past two years. Included in these policies is a newly created Artificial Intelligence Policy that provides evidence that new areas are identified and added when appropriate. Not all Information Management specific policies and procedures have been recorded as reviewed recently, with over 50% dating back to 2019 and 2018. Some of these policies and procedures dated 2018 and 2019 may require notional review, as the legislation that they have been designed to provide compliance on has not changed.</p> <p>GDPR is mandatory training for all employees and is delivered via the Virtual College training tool. Information governance periodically features on weekly communications to all staff.</p> <p>Information Management information is accessible on the RMBC intranet via the 'Corporate polices plans and procedures menu'. The Council's website includes relevant information on FOI, Data Protection and Privacy Notices.</p> <p>For Data Sharing Agreements RMBC's documented guidance meets/is compatible with the ICO's expectations on its relevant web pages.</p>



Audit Area & overall opinion	Assurance Objective	Summary of findings
<b>Building Security Follow Up</b>  <b>Partial</b>	<p>The overall objective of the audit was to provide assurance that the agreed actions arising from the previous 2023 audit of 'Building Security' have been implemented.</p>	<p>Audit testing found that building inspections were not being undertaken in accordance with the required schedule (60% of the sample were not up to date). In order to confirm that this action is addressed management agreed the following:-</p> <ul style="list-style-type: none"> <li>• Building officers instructed to carry out inspections at the agreed frequency</li> <li>• Where this is not adhered to, a narrative must be added to Cipfa Asset Manager to explain the reasons for this, and</li> <li>• Management should perform a regular ongoing QA check of Cipfa Asset Manager to provide assurance that building inspections are taking place in accordance with the schedule.</li> </ul> <p>There were several reasons given as to why the previous planned actions were not successful in resolving the issues, for example changes in the staff structure and transition to new roles, post vacancies, staff sickness and inspections being performed but not being uploaded to the Cipfa Asset Management System.</p>
<b>Water Safety (Legionella) in Corporate Landlord Properties</b>  <b>Partial</b>	<p>The overall objective of the audit was to review the effectiveness of the Council's water safety (legionella) controls and provide assurance that we are in full compliance to both Health and Safety Executive (HSE) and regulatory standards across the Council's Corporate Landlord Properties.</p>	<p>The supporting procedures, referenced in the Legionella Policy, are still under development/review. Comprehensive documented procedures and control processes are essential to enforce correct working practices are crucial for continuity of services</p> <p>At the outset of the audit, it was confirmed that there had been no recent review of the Council's assets in order to establish where legionella risk may exist. Investigation of all Cipfa Asset Manager sites is required to ensure the Council's legionella risk areas have been identified and appropriate legionella controls are in place. Property and Facilities Management agreed to undertake a full review to confirm all legacy remedial actions from Legionella Risk Assessments (LRA's) have been addressed. In addition, it was agreed a quality review process would be put in place for any LRA's received. Assessments and periodic testing for Council sites is overseen and monitored by the Compliance Monitoring &amp; Contracts Manager. Audit acknowledged that work has been done to improve the monitoring process in the preceding months of the audit in order to ensure the process is robust. Prior to the recruitment of the Compliance Monitoring &amp; Contracts Manager, in May 2024, water safety compliance and oversight was recognised as requiring improvement and resulted in the legacy processes requiring significant overhaul. Improvements are still ongoing, and it is acknowledged and well reported internally that a significant number of remedial actions listed in the LRA's are still</p>

Audit Area & overall opinion	Assurance Objective	Summary of findings
		<p>outstanding. The Compliance Monitoring &amp; Contracts Manager agreed to create a programme with the contractor and track actions to completion.</p> <p>The Compliance Monitoring &amp; Contracts Manager maintains a 'water compliance schedule' which lists all current sites visited by the contractor. This document includes details of the type and frequency of visits in line with the written monitoring scheme provided by the contractor and based on the risk assessment outcomes. Two queries were raised during audit testing where the contractor appeared to have missed scheduled monitoring visits or where the site monitoring visits had been inaccurately recorded. Property and Facilities Management agreed to ensure a process is in place to check expected site visits are taking place as per the water compliance schedule and details were accurately recorded.</p> <p>Property and Facilities Management agreed to ensure any person responsible for carrying out flushes in corporate sites has had the appropriate training in line with the Health &amp; Safety at Work Act.</p> <p>The LRA's for Council corporate sites are not held on site or shared with responsible officers. Property &amp; Facilities Management agreed access will be given to all relevant stakeholders.</p>
<b>Regeneration and Environment</b>		
<p>Trading Standards Follow Up</p> <p>Reasonable</p>	<p>The previous audit gave a 'No Assurance' opinion due to fundamental weaknesses identified in the system of internal controls exposing the Trading Standards Service to an unacceptably high level of risk.</p>	<p>The service standards, enforcement protocols and procedures were updated and communicated to staff through a whole service event.</p> <p>Audit testing confirmed that the evidence spreadsheet had been updated to include all areas of recording identified by internal audit and that a revised key control system was in place.</p> <p>Two audit evidence store checks found the following:- The evidence store looked to be significantly tidier than on previous visits. Evidence was on the shelving, no open bags were seen and evidence bags were not overfilled. Minor recording errors were found which were rectified after they were reported. Discrepancies</p>

Audit Area & overall opinion	Assurance Objective	Summary of findings
	The overall objective of the audit was to provide assurance that the agreed actions arising from the previous audit of Trading Standards have been implemented.	were found on both occasions with the audit check on records and evidence held, however, reasonable explanations were given for all of these. Two recommendations were raised regarding evidence of authorisation to dispose of goods, and recording of Service Request Update numbers on the evidence spreadsheet. Further unannounced stores visits will be undertaken during 2025-26 to review compliance with evidence storage and record keeping requirements.
Music Service Income  Partial	To provide assurance that music service income is complete, recorded correctly and Financial and Procurement Procedure Rules (FPPR) compliant.	<p>The Music Service provides a range of chargeable services to schools – from whole class ‘first access’ music lessons to small group, paired or individual pupil lessons. The former, whole class type lessons are agreed annually between the school and the Music Service and documented in Service Level Agreements (SLA). The latter individual/small group lessons are initiated via the EEPOS system by parents submitting online applications for specific music lessons.</p> <p>There are no spot checks undertaken and only limited quality assurance checks to provide assurance that chargeable activities have been completely and accurately identified and correctly charged for. Audit testing found errors and issues which could have been identified if appropriate checks were in place.</p> <p>The service has traditionally uplifted the fees from the start of the academic year (September) rather than the start of the new financial year which causes fee setting differences. The fee changes have been applied in advance of Council approval (individual and small group lessons). The whole class music lessons fee changes approved by Council with effect from April 2024 had not been applied for bills raised in for the Autumn term of 2024 or Spring term 2025.</p> <p>The Financial and Procurement Procedure Rules (FPPR’s) state that where practical, income from fees and charges should be collected in advance of or at the same time as the delivery of service being charged for’. School invoices are raised several weeks after start of term and do not comply with requirements of the Sundry Debtor Billing &amp; Collection Guide.</p>

Audit Area & overall opinion	Assurance Objective	Summary of findings
		<p>School invoicing should be brought forward to comply with corporate guidance to raise invoices within 5 days of the commencement of service. Invoices for parents are being raised in accordance with the guide ie within 5 working days of the service being provided.</p> <p>At the time of the audit there had been no reconciliations of income recorded on the EEPOS system to income recorded on the general ledger since its introduction in 2021.</p> <p>It was not clear whether the arrangements for parent debt write off had been formally approved or in line with FPPR requirements.</p>

Rating	Definition
Substantial Assurance	<p>Substantial assurance that the system of internal control is designed to achieve the service's objectives and this minimises risk.</p> <p>The controls tested are being consistently and effectively applied. Recommendations, if any, are of an advisory nature to further strengthen control arrangements.</p>
Reasonable Assurance	<p>Reasonable assurance that the system of internal control is designed to achieve the service's objectives and minimise risk. However, some weaknesses in the design or inconsistent application of controls put the achievement of some objectives at low risk.</p> <p>There are some areas where controls are not consistently and effectively applied and / or are not sufficiently developed. Recommendations are no greater than medium priority.</p>
Partial Assurance	<p>Partial assurance where weaknesses in the design or application of controls put the achievement of the service's objectives at a medium risk in a significant proportion of the areas reviewed.</p> <p>There are significant numbers of areas where controls are not consistently and effectively applied and / or are not sufficiently developed. Recommendations may include high priority and medium priority matters.</p>
No Assurance	<p>Fundamental weaknesses have been identified in the system of internal control resulting in the control environment being unacceptably weak and this exposes service objectives to an unacceptable high level of risk.</p> <p>There is significant non-compliance with basic controls which leaves the system open to error and / or abuse. Recommendations will include high priority matters and may also include medium priority matters.</p>

## Internal Audit Performance Dashboard

### Key Performance Indicators

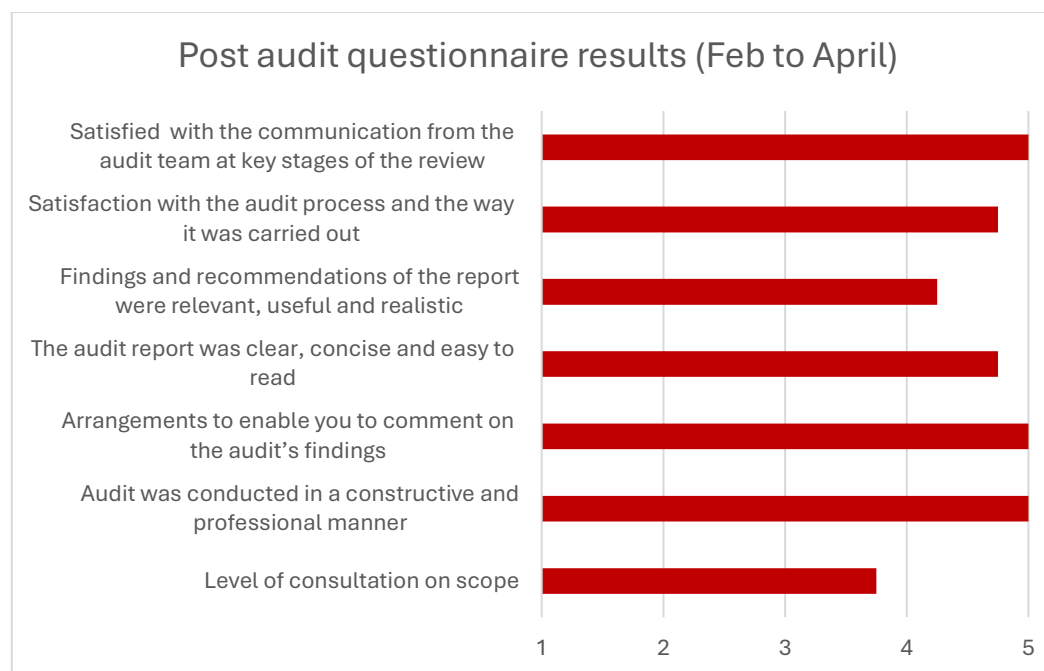
Performance Indicator	Target	April - July	Aug - Oct	Nov - Jan	Feb - Mar
Draft reports issued within 15 working days of field work being completed	90%	100%	88%	100%	80%
Final reports issued within 5 working days of customer response to the draft report	90%	94%	100%	100%	100%
Audits completed within planned time	90%	67%	100%	100%	80%

## Audit Plan Progress

Assurance Type/ Directorate	2024/25 Plan	Completed	In progress	Not started
Adult Care, Housing and Public Health	5	3	2 (1 draft)	0
Assistant Chief Executive	3	1	2	0
Childrens and Young People	5	0	5 (1 draft)	0
Finance, Customer Services	8	5	3	0
Regeneration and Environment	9	5	4 (2 draft)	0
Crosscutting	4	0	4 (1 draft)	0
Grants	8	8	0	0

## Post Audit Questionnaires

5 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.



"Auditor was professional and made an excellent assessment of the service."

"The results of the audit were relevant to improve the service, and allowed flexibility in the approach to provide evidence. The Auditor was courteous and professional."

"Good two-way stakeholder communications."

"Face to face meetings and open / honest discussion."

Quality Assurance and Improvement Programme Action Plan		
Action	Position statement	Target completion date
Further enhance the use of data analytics.	<p>Alternative sources of data analytics software have been explored and training sessions undertaken.</p> <p>A Data Analytics Strategy has been updated for 2025/26. Two trial areas have now been completed. This work will continue during 2025-26 and future years but has been highlighted as complete as these new ways of working are becoming more embedded into audit practice.</p> <p>This area has been included in the draft Audit Strategy as an area of continued focus and development.</p>	Complete
Review the need for assurance mapping, to improve audit planning.	<p>Cipfa's detailed assurance framework guide will be used to take forwards this development.</p> <p>The assurance framework guide has not yet been issued by Cipfa but will be used to strengthen assurance mapping during 2025/26.</p> <p>The audit planning process has continued to evolve including the documentation of other sources of assurance. However it is not possible or practical to coordinate with other providers of assurance (for example CQC and Ofsted) due to the nature of their work.</p>	Further work will be undertaken on assurance mapping for March 2026 plan submission.
<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>	<p>The directorate and corporate fraud risks have been updated. Work is ongoing with the risk champions to gain further detail on directorates mitigating controls/actions.</p> <p>An enhanced report to the Audit Committee in September setting out the Anti Fraud arrangements will highlight the key fraud risk areas and mitigating actions.</p>	September 2025.

<i>Action from the self-assessment against fraud checklist.</i> Conduct an annual comparison against the checklist and where necessary, implement actions to ensure compliance with it.	This will be undertaken alongside the review of the Anti Fraud and Corruption Policy and Strategy.	September 2025.
<i>Action from the self assessment against fraud checklist</i> 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.	To be reviewed during 2025/26.	September 2025.
<b>Global Internal Audit Standards (UK public sector) review of actions required</b>		
Update the Audit Manual and associated documentation.	Documentation supporting the audit process has been updated in accordance with the standards. The Audit manual will require further review. This is expected to be complete by 30 September 2025.	30 September 2025
Update the Post Audit Questionnaire	This has been updated to request feedback on whether staff displayed honesty and professional courage in accordance with the new standards. In addition, an annual questionnaire to Strategic and Assistant Directors has been developed and sent out.	Complete
Develop an Internal Audit Strategy	This is a new requirement. This should build on a strategic statement of how the service will be delivered and developed. This is currently being developed.	July or September 2025 Audit Committee
Update the Audit Report	To include details of root cause analysis and reference to GIAS (UK Public Sector) rather than PSIAS. The format of the audit report has been slightly amended to include an enhanced action plan which should identify root causes.	Audits which commence from April 2025.
Quality Assessment	To undertake an assessment of conformance against GIAS (UK	To tie in with External assessment (Q3/4) 2025/26.



	<p>public sector) and update the Audit Committee.</p> <p>An initial self-assessment has already been completed. A further self-assessment will be undertaken utilising material that will be produced by CIPFA and will help inform the EQA.</p>	
Quality Assessment Improvement Programme	<p>The results need to be reported annually including progress against action plans to address instances of non-conformance.</p> <p>This is already in place and the results of the external assessment will be included in the action plan.</p>	March 2026
Annual Conclusion & report on final progress of plan	<p>Annual conclusion on governance, risk management and control (HoA Annual Report). Ensure this includes any new requirements.</p> <p>The Annual report for 2024-25 has made reference to internal audits position with implementing the new standards.</p> <p>The AGS for 2024-25 has included wording regarding the progress with the new standards.</p>	<p>Complete</p> <p>Complete</p>
Head of Internal Audit performance review	The Audit Committee Chair should contribute to the Head of Internal Audit's performance assessment.	June/July 2025
Review of Internal Audit performance and effectiveness	Audit Committee to undertake a review. The conclusions should be reported to those charged with governance (eg in the Audit Committee's Annual Report).	July Audit Committee 2025
Staff training	Training is a common theme throughout the standards and should be evidenced in a training log. Annual/rolling training plan and log in place.	Ongoing throughout the year.

This page is intentionally left blank

By virtue of paragraph(s) 7 of Part 1 of Schedule 12A  
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank

Public Report  
Audit Committee

---

**Committee Name and Date of Committee Meeting**

Audit Committee – 17 June 2025

**Report Title**

Internal Audit Annual 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)**

Louise Ivens, Head of Internal Audit

Tel: 01709 823282 Email: [louise.iven@rotherham.gov.uk](mailto:louise.iven@rotherham.gov.uk)

**Ward(s) Affected**

Borough-Wide

**Report Summary**

This report provides information on the role of Internal Audit; the work completed during 2024-25 and highlights the key issues that have arisen from it. It provides the overall opinion of the Head of Internal Audit on the adequacy of the Council's control environment, risk management and governance. It also provides information regarding the performance of the Internal Audit function during 2024-25.

Based upon internal audit work undertaken and taking into account other internal and external assurance processes it has been possible to complete an assessment of the Council's overall control environment. In the opinion of the Head of Internal Audit, Rotherham Metropolitan Borough Council had overall an adequate framework of governance, risk management and control. This should be considered overall to be a broadly positive opinion.

A higher proportion of partial/no assurance audit reports have been issued during the year. It is on this basis that the effectiveness of the framework is considered to have diminished as some weaknesses, and evidence of non-compliance with controls or ineffective controls have been identified. This relates to a minority of service areas within the Council and cross cutting themes, for example health and safety and asset management. It is important to note that most partial or no assurance opinions have arisen in cases where management has proactively requested audit assurance in response to identified concerns. This reflects a strong awareness of areas needing improved oversight or enhanced compliance with internal controls. The work undertaken during the year has clearly focused on the key risk areas of the Council and was targeted to specific areas of concern. This demonstrates the dynamic nature of the audit plan and added value of the audit service.

This opinion and the contents of this report feed into the Annual Governance Statement.

### **Recommendations**

The Audit Committee is asked to:

1. Note the Internal Audit work undertaken during the financial year 2024-25 and the key issues that have arisen from it.
2. Note the overall opinion of the Head of Internal Audit on the adequacy and effectiveness of the framework of governance, risk management and control within the Council.
3. Satisfy itself regarding the effectiveness and efficiency of the internal audit function by utilising the information in this report.

### **List of Appendices Included**

Appendix 1 Internal Audit Annual Report 2024-25.

### **Background Papers**

Public Sector Internal Audit Standards and application note.

Global Internal Audit Standards

Global Internal Audit Standards in the UK Public Sector (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 Annual Report 2024/25

### 1. Background

- 1.1 Internal Audit produced a risk based Annual Audit Plan in accordance with the UK Public Sector Internal Audit Standards (PSIAS). This was received by the Audit Committee at its meeting in March 2024. The Plan was regularly reviewed and monitored during the year so that it provided sufficient coverage of the key risks facing the Council.
- 1.2 During the year the Audit Committee received periodic updates on the work of Internal Audit and a summary of the key issues that arose. This annual report is a summary of Internal Audit activity during 2024-25.
- 1.3 The report is attached at **Appendix 1** and includes the following information:
  - Legislative requirements and Professional Standards
  - The Head of Internal Audit's annual opinion on the control framework, risk management and governance
  - Resources and audit coverage during the year
  - Summary of audit work undertaken during 2024-25, including both planned and responsive / investigatory work
  - Summary of other evidence taken into account for control environment opinion
  - Summary of audit opinions and recommendations made
  - Internal Audit performance indicators

### 2. Key Issues

- 2.1 The Head of Internal Audit's opinion is that there was overall an adequate framework of governance, risk management and control. This should be considered overall to be a broadly positive opinion.
- 2.2 A higher proportion of partial/no assurance audit reports have been issued during the year. It is on this basis that the effectiveness of the framework is considered to have diminished as some weaknesses, and evidence of non-compliance with controls or ineffective controls have been identified. This relates to a minority of service areas within the Council and cross cutting themes, for example health and safety and asset management. It is important to note that most partial or no assurance opinions have arisen in cases where management has proactively requested audit assurance in response to identified concerns. This reflects a strong awareness of areas needing improved oversight or enhanced compliance with internal controls. The work undertaken during the year has clearly focused on the key risk areas of the Council and was targeted to specific areas of concern. This demonstrates the dynamic nature of the audit plan and added value of the audit service.

- 2.3 An opinion of partial assurance was given in eleven areas subject to audit and one no assurance opinion. Action plans have been agreed with management in respect of all final audit reports issued.
- 2.4 Overall, resource levels provided sufficient capacity to provide an adequate level of assurance, and sufficient work was completed to enable the Head of Internal Audit to provide her overall opinion.
- 2.5 Public Sector Internal Audit Standards (PSIAS) require that an internal assessment of the Internal Audit function must be undertaken annually, with an external assessment at least every five years. In 2020-21 an external assessment was completed which showed general conformance with the standards. The internal assessment during 2024-25 showed this had been maintained.
- 2.6 The Global Internal Audit Standards and the Application Note “Global Internal Audit Standards in the UK Public Sector are applicable to audit work undertaken from 1 April 2025. The Code of Practice for the Governance of Internal Audit in UK Local Government also comes into force on the 1<sup>st</sup> April 2025. Work has been undertaken during the year in readiness for the new standards, including preparing the audit team via the provision of training sessions and updating documentation supporting the audit process.
- 2.7 A Quality Assurance and Improvement Programme (QAIP) was put into place during 2021 using the results of the external assessment. An updated QAIP based on the latest internal assessment has been produced to maintain and increase the level of conformance within the team. The next external assessment is planned for the 2025/26 year and will be undertaken by Cipfa.

### **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 an annual summary of Internal Audit work completed and the key issues arising from it and the overall opinion of the Head of Internal Audit on the adequacy of the Council’s control environment. It also provides information about the performance of the Internal Audit function during the year.

### **4. Consultation on proposal**

- 4.1 All Internal Audit reports referred to in this report have been discussed and agreed with the appropriate Service Manager and Assistant Director, and have also been issued formally to the relevant Strategic Director, Chief Executive and the Leader.



**5. Timetable and Accountability for Implementing this Decision**

- 5.1 The Audit Committee is asked to receive this report at its 17<sup>th</sup> June 2025 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 constitutes a report of progress against delivery of the Internal Audit Plan for 2024/25. 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 CO<sub>2</sub> Emissions and Climate Change**

- 11.1 There are no direct CO<sub>2</sub> 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 The following risks have been identified.

Risk	Impact	Probability	Mitigation
Failure to deliver the audit plan. Unable to give an annual opinion and assurance to the council.	4	2	Risk-based approach to audit planning, including consultation with management. Robust task/time management process. Audit Plan kept under review to ensure it reflects key risks across Council. Half-yearly meetings with all Directorate Leadership Teams to ensure plan is up to date. Progress reports provided to Audit Committee.
Age profile of the team. Loss of knowledge and expertise if older team members leave.	4	4	Training and development of the team. Succession planning. Introduction of a new data analytics approach to entice colleagues with previously unrealised transferable skills into the profession.
Increased incidence of suspected fraud/corruption impacting on the ability to achieve the audit plan.	5	1	Time for investigations included in the plan. Proactive anti fraud work planned. Senior management and Audit Committee informed that the plan is flexible and should be reactive to risks.

### 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](mailto:louise.iven@rotherham.gov.uk)*

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



# **Rotherham Metropolitan Borough Council**

## **Internal Audit Annual Report 2024-25**

# 1. Introduction

## 1.1 Objectives of the Report

1.1.1 The objectives of this report are:

- To provide a summary of the Internal Audit work undertaken during the financial year 2024-25 and the key issues that have arisen from it.
- To present the opinion of the Head of Internal Audit on the adequacy and effectiveness of the Council's control environment, risk management and governance arrangements, which supports the Council's Annual Governance Statement (AGS).
- To provide information regarding the performance of the Internal Audit function during the 2024-25 year.

1.1.2 This report is presented to the Audit Committee to enable the Committee to fulfil its responsibility for overseeing the work of Internal Audit.

## 1.2 Legislation Surrounding Internal Audit

1.2.1 The provision of Internal Audit is a statutory requirement for all local authorities that for the period under consideration is set out in the Accounts and Audit (England) Regulations 2015. These state:

*“each principal authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance.”*

1.2.2 Internal Audit also has an important role in helping the Council to fulfil its responsibilities under s.151 of the Local Government Act 1972, which are that:

*“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”.*

## 1.3 Professional Standards

1.3.1 The professional responsibilities for Internal Auditors are set out in the International Standards for the Professional Practice of Internal Auditing, published by the Chartered Institute of Internal Auditors (CIIA) in the UK and Ireland. Public Sector Internal Audit Standards (PSIAS) are based on the international standards.

1.3.2 The Standards require the Head of Internal Audit to develop a Quality Assurance and Improvement Programme (QAIP), designed to enable an evaluation of Internal Audit's conformance with the Standards. The QAIP must include both internal and external assessments. External assessments must be completed at least every five years. Internal assessments must include:

- Ongoing monitoring of the performance of the Internal Audit activity; and
- Periodic self-assessments

1.3.3 An external assessment was completed in November 2020 with the results reported to the Audit Committee in January 2021. The Internal Audit Service was assessed as generally conforming to the Standards. The assessment resulted in the development of a QAIP. The latest internal assessment was completed in January 2025, which showed that General Conformance with the standards had been maintained. The QAIP was then updated for 2025.

1.3.4 The CIIA define General Conformance as follows.

**Generally Conforms** means the evaluator has concluded that the relevant structures, policies, and procedures of the activity, as well as the processes by which they are applied, comply with the requirements of the individual Standard or element of the Code of Ethics in all material respects. For the sections and major categories, this means that there is general conformance to a majority of the individual Standards or elements of the Code of Ethics, and at least partial conformance to the others, within the section/category. There may be significant opportunities for improvement, but these must not represent situations where the activity has not implemented the Standards or the Code of Ethics, has not applied them effectively, or has not achieved their stated objectives. As indicated above, general conformance does not require complete/perfect conformance, the ideal situation, successful practice, etc.

The next external assessment is planned for the 2025/26 year and will be undertaken by CIPFA.

1.3.5 Ongoing monitoring of performance is in place. The quality of audit work is ensured using an audit manual, ongoing supervision and management of staff and the review of all audit work. Performance targets are set, and actual performance is reported regularly to the Audit Committee.

1.3.6 The Global Internal Audit Standards and the Application Note “Global Internal Audit Standards in the UK Public Sector” are applicable to audit work undertaken from 1<sup>st</sup> April 2025. The Code of Practice for the Governance of Internal Audit in UK Local Government also comes into force on the 1<sup>st</sup> April 2025. Work has been undertaken during the year in readiness for the new standards, including preparing the audit team via the provision of training sessions and updating documentation supporting the audit process. A self-assessment against the new standards has also been undertaken and relevant actions included in the Quality Assurance and Improvement Plan.

## 1.4 The Definition and Role of Internal Audit

1.4.1 The definition of Internal Auditing in PSIAS is as follows:

*Internal Auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It*

*helps an organisation achieve its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.*

- 1.4.2 The role and responsibilities of the Rotherham MBC Internal Audit Service are outlined in the Internal Audit Charter. This was revised during March 2025 to reflect the new standards and was approved by the Audit Committee. The previous version remained in place and was considered to be up to date during the 2024/25 year. It specifies the independence, authority, scope of work and reporting arrangements. All audit work is carried out in accordance with the contents of the Charter.
- 1.4.3 The role of Internal Audit is to provide an independent and objective opinion to the organisation on the overall adequacy and effectiveness of the framework of internal control, risk management and governance. Internal Audit is, therefore, a key part of the RMBC assurance cycle and one of the sources of assurance available to the Council and Audit Committee, which assists the Council to prepare the Annual Governance Statement.

## **1.5 Assurance**

- 1.5.1 In giving the opinion on the framework of internal control, risk management and governance, it should be noted that assurance can never be absolute. The matters raised in this report are only those which came to our attention during our Internal Audit work and are not necessarily a comprehensive statement of all weaknesses that exist, or of all the improvements that may be required.

## **1.6 Independence**

- 1.6.1 During 2024-25 the Head of Internal Audit carried out some wider organisational duties that might be considered to conflict with the purely independent role of Internal Audit. These relate to assisting in the preparation of the Annual Governance Statement and the role as one of the Whistleblowing Officers. Any conflicts are handled by independent scoping and reporting of these areas.
- 1.6.2 There have been no limitations on the scope of Internal Audit coverage during the year.

# **2. Internal Audit Assurance for 2024-25**

## **2.1 Internal Audit Opinion**

- 2.1.1 For the year ending 31 March 2025, based on the work undertaken, the opinion of the Head of Internal Audit is that Rotherham Metropolitan Borough Council had overall an adequate framework of governance, risk management and control. This should be considered overall to be a broadly positive opinion.

2.1.2 A higher proportion of partial/no assurance audit reports have been issued during the year. It is on this basis that the effectiveness of the framework is considered to have diminished as some weaknesses, and evidence of non-compliance with controls or ineffective controls have been identified. This relates to a minority of service areas within the Council and cross cutting themes, for example health and safety and asset management. It is important to note that most partial or no assurance opinions have arisen in cases where management has proactively requested audit assurance in response to identified concerns. This reflects a strong awareness of areas needing improved oversight or enhanced compliance with internal controls. The work undertaken during the year has clearly focused on the key risk areas of the Council and was targeted to specific areas of concern. This demonstrates the dynamic nature of the audit plan and added value of the audit service.

## **2.2 Scope of the Opinion**

2.2.1 In arriving at that opinion, the following has been taken into account:

- The results of all internal audits undertaken during the year (see Appendix B for a summary of audits and Appendix C for all audit reports issued during the year)
- The results of internal audits that are currently at draft report stage
- The results of follow up action taken in respect of audits from previous years
- The appropriateness of the proposed action by management to address control weaknesses and consequent risks
- Matters arising from previous reports or other assurance providers to the Audit Committee and / or the Council
- No limitations having been placed on the scope of internal audit
- No resource constraints having been imposed on internal audit which may have impacted on the ability to meet the full audit needs of the Council; and
- Where weaknesses have been identified, the action plans in place to address those weaknesses.

## **2.3 The Basis of the Opinion**

In reaching this opinion the following factors were taken into particular consideration:-

### **Governance**

2.3.1 The Council's governance framework comprises a range of policies, procedures and processes. At the highest level this includes the Council Plan and the Year Ahead Delivery Plan. They are supported by a range of policies and strategies to ensure that governance is applied throughout the Council. During the year there was a review of Governance (Officer Executive Decisions). The review confirmed that officers had access to guidance, training and a procedure guide. Reviews are undertaken by management prior to approval of Officer Executive Decisions (OED's), and sample testing found this to be working effectively in practice. Recommendations were raised to enhance current processes, including the development of a checklist to

document the completeness of the OED process, which should include the documentation of any officer declarations of interest.

- 2.3.2 An audit of Procurement Governance (Contract management) was also undertaken across all council directorates. This resulted in partial opinions for three out of five directorates. See 2.3.25 below for further information.

In addition, many of the other audits undertaken touched on the implementation of the Council's policies and strategies.

- 2.3.3 A Corporate Governance Group operated during the year, comprising the Policy Improvement and Risk Manager and the Head of Internal Audit, the Strategic Director of Finance and Customer Services (S151) and the Assistant Director of Legal Services (Monitoring Officer). The Policy, Improvement and Risk Manager produced the annual review of the RMBC Code of Corporate Governance based on the seven principals from the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE) guidance on 'delivering good governance', published in 2016. This was updated and presented to the Audit Committee in November 2024.

- 2.3.4 The group has the following roles:

- Have oversight of the Code of Corporate Governance, including its implementation, review and revision on at least an annual basis
- Coordinate the production of the Annual Governance Statement and the assurances needed to underpin it
- Review the progress being made to address the issues reported in the previous year's Annual Governance Statement
- Ensure that recommendations from external bodies are appropriately followed up and reported to the Audit Committee
- Be responsible for responding to any ad hoc governance issues as required.

- 2.3.5 The Policy, Improvement and Risk Manager has prepared and drafted the Annual Governance Statement. To do so the group issued corporate governance self-assessment questionnaires to Assistant Directors and asked for Statements of Assurance from Strategic Directors and Statutory Officers. This process provided an opportunity for senior officers to consider the effectiveness of governance arrangements. The Statement explains how RMBC complies with its own Code of Corporate Governance, in line with the seven principles from CIPFA/SOLACE.

## **Risk Management**

- 2.3.6 Risk management has been maintained throughout the year. There is a hierarchy of risk registers dealing with strategic and operational risks at SLT, DLT and service level. These are regularly reviewed, discussed and amended to ensure they remain up to date. Risks are escalated to the strategic level as necessary. The Audit Committee reviewed the strategic risk register in July



2024 and January 2025, and Directorate risk registers on a rolling basis throughout the year.

Each audit thoroughly evaluates the risks and mitigating actions included in the risk register (as relevant to the audit) as part of the audit process.

### Internal Control

2.3.7 The opinion on the Council's control environment is based on Internal Audit's assessment of whether the controls in place, in the services and functions subject to audit, support the achievement of the Council's objectives, as set out in the 2024-25 Annual Audit Plan and the individual audit reports issued.

2.3.8 Audits were carried out in all areas of the Council during the year. The overall level of control found in audits was good (68% of reports issued were Substantial or Reasonable assurance). However, the proportion of partial opinions increased during 2024/25 as compared to 2023/24 as illustrated in the table below.

	ACX	ACHPH	CYPS	F&CS	R&E	Total 2024/25	Total 2023/24
Substantial	1	4	1	0	4	10	21
Reasonable	2	1	4	7	2	16	22
Partial	0	3	0	5	3	11	5
No	0	0	0	0	1	1	1
<b>Total</b>	<b>3</b>	<b>8</b>	<b>5</b>	<b>12</b>	<b>10</b>	<b>38</b>	<b>49</b>

2.3.9 There were 11 partial assurance and 1 no assurance audit opinions in the year as follows:-

#### Finance and Customer Services

- Asset management estimates and capital programme
- Property acquisitions and disposals
- Water Safety (Legionella) in corporate landlord properties
- Building security follow up
- Procurement Governance

#### Adults, Housing and Public Health

- Housing – Health and Safety – Smoke and CO alarms
- Housing – Water Safety (Legionella)
- Procurement Governance

#### Regeneration and Environment

- Children's Capital of Culture (Procurement)
- Music Service Income
- Trading Standards – No assurance. This was followed up within the year and then received a reasonable assurance
- Procurement Governance

2.3.10 During 2024-25, 210 recommendations (91 in 2023/24) were made to improve the internal control, risk management and governance arrangements across the Council. Of these, 32 were in the highest category (red) (3 in 2023/24).

### **Themes Identified**

2.3.11 There has been a noticeable increase in the number of audit reports with partial/no assurance opinions from previous years. This demonstrates the Council's self-awareness of risk and control issues, with management proactively seeking audit assurance where concerns arose during the year. The findings and recommendations from the audits have been agreed with senior management and robust action plans put in place to address the weaknesses found. Whilst these partial and no assurance opinions have identified weaknesses in the control environment or compliance with controls, these weaknesses are not material enough to have a significant impact on the overall opinion on the adequacy of the Council's governance, risk management and control arrangements at the year end. It is, however, considered that the effectiveness of these arrangements has diminished. The work undertaken during the year has clearly focused on the key risk areas of the Council and was targeted to specific areas of concern. This demonstrates the dynamic nature of the audit plan and added value of the audit service.

### **Property and Facilities Services**

2.3.12 Following the transfer of asset management, facilities management and facilities services from Regeneration and Environment to Finance and Customer Services, a new post of Assistant Director was created and a revised structure was being implemented during the year. The Assistant Director developed an improvement plan which is now being delivered against. This included developing and then delivering a clear Asset Strategy that will assist in a better understanding of Council assets, the level of investments likely, better planning of capital and investment, and reducing the amount of reactive works. A focus has also been given to health and safety, including the development of policies and procedures on fire, water and gas.

2.3.13 The audits on Asset management estimates & capital programme, and Property acquisitions and disposals were requested by the Strategic Director of Finance and Customer Services following these areas coming within her directorate, to seek assurance on the processes and controls in these areas. Robust action plans were agreed with the services in these areas. A brief summary of the findings is below.

### **Property acquisitions and disposals**

2.3.14 The procedures for property acquisition and disposal were found to be limited, outdated, and lacking clarity, and roles related to security and health and safety compliance for newly acquired, non-operational properties were not clearly defined. Although some approvals by the Property Officer were identified, the formal approval process was not clearly documented. The final stages of the bidding and sale processes via informal tender were not sufficiently controlled and there was a lack of comprehensive documentation.

There were no established procedures for securing properties post-acquisition, and void management processes were undocumented. Evidence was lacking to confirm timely assessments or security measures for acquired properties. Additionally, property transactions were initiated without early involvement from Asset Management, and the absence of accessible guidance on the intranet meant that other directorates were unaware of the need to involve Asset Management for professional property advice.

### **Asset management estimates and capital programme**

2.3.15 A sample of projects was used to review why significant variations to original budgets had occurred. Projects had not followed documented procedures and there was a general lack of early project correspondence and documentation to evidence the basis on how estimates were provided. Capital projects often lacked an experienced and knowledgeable project lead who could liaise with both the Client Project Manager and other parties, including the Building Design Team, to better navigate the capital projects programme.

### **Building inspections**

2.3.16 A follow up audit on building inspections found that although action had taken place following the conclusion of the audit (undertaken in 2023) to address the concerns raised, inspections were still not being undertaken in accordance with the required schedule. The actions agreed following the 2024/25 audit should address this issue moving forwards, specifically the ongoing quality assurance check by management on the CIPFA Asset Manager system which should provide assurance that building inspections are taking place in accordance with the schedule.

### **Health and safety across Corporate Landlord and housing properties**

2.3.17 The Assistant Director of Housing and Assistant Director of Property and Facilities Services requested audits in key areas of health and safety compliance in both corporate and housing property services. Cyclical audit programmes have now been established to review key areas of health and safety on an annual basis. Robust action plans were agreed following the issue of the reports.

2.3.18 A new position of Head of Facilities Management and Compliance is now in place, which also acts as the Councils Duty Holder (Statutory Post) for corporate and housing services, ensuring that correct and appropriate actions, activities, policies and procedures are taken and in place in respect of health, safety and compliance across the portfolio.

### **Water safety (legionella)**

2.3.19 Audits were undertaken for both Housing Services and Corporate Landlord properties. The objective was to review the effectiveness of the Council's water safety (legionella) controls and provide assurance that the Council is in

full compliance to both Health and Safety Executive (HSE) and regulatory standards.

2.3.20 There was a draft Legionella Policy in place at the time of the audit, the supporting procedures, referenced in the policy, were still under development/review.

2.3.21 The audit found that there had been no recent review of the Council's assets in order to establish where legionella risk may exist. Not all properties with cold water storage tanks had been risk assessed, and there was no quality assurance in place to monitor the assessments received. It was unclear whether access to storage tank areas was restricted and there was no process in place to confirm redundant pipework was being removed. Tenants had not been made aware of legionella risks and how to avoid them as part of the Council's duty of care.

2.3.22 The Council's flushing regime was not compliant with legionella flushing control measures and staff responsible for void and corporate site flushes had not received training and advice to avoid risk to health.

### **Smoke and carbon monoxide (CO) alarms in housing properties**

2.3.23 The audit was to provide assurance that the risk of non-compliance with the relevant health and safety regulations regarding smoke and CO alarms was being managed effectively.

2.3.24 Record-keeping relating to the installation of smoke and CO alarms and the accuracy of annual gas service reports required improvement, for example recording the reason that a CO detector was not installed on the annual gas certificate by the contractor. Reporting available to the Council did not include information on when alarms were installed or their replacement date. Written access procedures will be documented detailing how the Council will address instances of tenants refusing to have detectors installed, or where it is found that detectors have been removed. The Council will prioritise checking those properties where access has been challenging.

### **Procurement governance (contract management) in directorates**

2.3.25 During the year preparatory work for the Procurement Act 2024 was underway. To ensure compliance with the Procurement Act, directorates should 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. Additional assurance was requested in this key area by the Chief Executive. The audit was undertaken across all directorates and was to provide assurance that procurement activity within directorates (from initial pre-procurement planning to management and expiry of established contracts) was robust and complied with Financial Procurement Procedure Rules (FPPR's). The audit specifically examined the work undertaken by Contract Managers across the Council's directorates. The following key areas were identified as areas for improvement:-

- Directorates should include 'procurement pipeline planning' as a regular SMT agenda item 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.

2.3.26 Graphical representations of the audit reports issued and number of recommendations (and priority) by directorate are given in **Appendix B**. **Appendix C** is a list of the audit reports issued during the year. **Appendix D** includes the definitions of the assurance levels and recommendation categories.

## 2.4 Other evidence taken into account for the annual audit opinion

- 2.4.1 In forming the opinion, the findings from external reviews of the Council's activities are also taken into account. The Policy, Improvement and Risk Manager presents a six-monthly report that details recent and current external audits and inspections, including the details of arrangements that are in place regarding the accountability and governance for implementing recommendations arising from these. Reports were submitted to Audit Committee in July 2024 and January 2025. The following areas have contributed to the annual opinion:-
- 2.4.2 In May 2024 Ofsted conducted a focused visit to review the arrangements for children in need or subject to a child protection plan. The visit occurred as part of the Inspection Local Authority Children's Services (ILACS) framework. The review found the response to children who are subject to child-in-need and child protection planning is very effective. A stable senior leadership team is unstinting in its determination to make children in Rotherham safer and improve their outcomes. Strong corporate support ensures a whole-council approach to understanding children's vulnerability and responding to risk and need.
- 2.4.3 Social care practitioners and multi-agency professionals communicate effectively with each other to coordinate the support they offer. Services are

underpinned by an extensive range of early help and targeted support for children and their families. This preventative approach across all levels of need, vulnerability and risk extends beyond early help, also supporting children in need of statutory social work services. This is resulting in sustained improvement to the lives of many children and their families.

- 2.4.4 Children's needs and risks are mostly well assessed, and intervention is coordinated effectively by practitioners who are highly motivated to improve children's lives. Practitioners are well supported to do their best for children, by confident and knowledgeable managers. Managers continually monitor live performance data and quality assurance information to help practitioners understand what the quality of practice is like, and what this means for the families receiving the services.
- 2.4.5 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.

### 3. Review of the Service

#### 3.1 Resources

- 3.1.1 There were no changes in staff during the year. There has been one small change to the number of resources available with a member of staff reducing their hours via a flexible retirement. This has had a negligible impact on the number of days available in the audit plan during the year.
- 3.1.2 The audit plan was delivered by the in-house team except for two specialised IT audits delivered by Salford City Council Internal Audit.
- 3.1.3 The Internal Audit team comprises 7.53 FTE's. The table below shows the number of years of audit experience.

Years of experience in local government auditing	FTE at 31/03/24	FTE at 31/03/25
Less than 1 year	1	0
1-5 years	0	1
6-10 years	0	0
Over 10 years	6.72	6.53
<b>Total FTE</b>	<b>7.72</b>	<b>7.53</b>

- 3.1.4 It is the opinion of the Head of Internal Audit that resource levels throughout the year provided sufficient capacity to provide an adequate level of assurance to the Audit Committee and the Strategic Director of Finance and Customer Services. Sufficient work was completed during 2024-25 to enable the Head of Internal Audit to provide her overall opinion.

## 3.2 Proficiency and due professional care

- 3.2.1 Proficiency and due professional care are a key requirement of the PSIAS. All Internal Auditors have a personal responsibility to undertake a programme of Continuing Professional Development (CPD) to maintain and develop their competence. We have allocated time within the audit plan for CPD, training and personal development to be undertaken throughout the year to continuously improve the knowledge and skills within the Internal Audit section.
- 3.2.2 All members of the Internal Audit team are professionally qualified, and the table above demonstrates that there is also a good level of local government auditing experience within the team.
- 3.2.3 Work has been undertaken during the year preparing the team for the implementation of the Global Internal Audit Standards (UK Public Sector) from the 1<sup>st</sup> April 2025. This has included the provision of regular information and training sessions and a revision of documentation and processes supporting the audit function. This work will continue during 2025/26, particularly surrounding the revision of the Audit Manual and preparation for the External Assessment towards the end of the financial year.

## 3.3 Audit Plan

- 3.3.1 The audit plan was presented to the Audit Committee in March 2024. The plan was designed to maintain a balanced programme of work that would inform Internal Audit's annual opinion on the overall adequacy of the Council's control environment. The plan is flexible in nature, and it is expected that amendments will be made during the year as risks/priorities change. All amendments to the audit plan are highlighted to the Audit Committee in the audit progress update reports during the year.

## 3.4 Level of Audit Coverage during the year

- 3.4.1 The number of audit days spent in each area compared to the original and revised plan is given in the table below.

Audit Area	Original Plan Days	Revised Plan Days	Actual Days
Assistant Chief Executive	85	65	50
Adult Care, Public Health and Housing	155	142	147
Children and Young People Services	95	85	84

Audit Area	Original Plan Days	Revised Plan Days	Actual Days
Finance and Customer Services	160	212	179
Regeneration and Environment	85	141	249
Corporate/Crosscutting	55	80	69
Investigations	140	140	110
Contingency	60	5	
Anti-Fraud (proactive work)	70	70	65
Grants	60	42	31
Follow Up reviews	20		
<b>Total</b>	<b>1005</b>	<b>1002</b>	<b>980</b>

- 3.4.2 The plan is flexible and subject to change during the year. The number of days planned for audits at the start of the year is reviewed when the audit is scoped in detail and is also subject to change depending on the findings.
- 3.4.3 There is always a time lag in terms of completion of audits, with the audit plan for any year not being completed at the end of March but between April and June. Additions and deferrals also make comparison of actual work completed against the plan more difficult.
- 3.4.4 The number of days spent in the Regeneration and Environment Directorate is significantly greater than those included in the original plan. This is due to a number of audits requiring additional time due to the nature and complexity of the findings. This has resulted in partial opinions for three audits and one no assurance audit, which was followed up in year. In addition, one audit that is currently at draft report stage is also a partial opinion and has taken longer to complete than originally planned for.

### 3.5 Summary of Findings from Audit Reviews

- 3.5.1 Internal Audit provides an opinion on the control environment for all systems, services or functions which are subject to audit review. These are taken into account when forming our overall annual opinion on the Council's control environment. All final audit reports are issued to the appropriate Strategic Director, Assistant Director and Service Manager. The Chief Executive and Leader also receive a copy of all reports. A summary of the results of reports issued during 2024-25 is given in **Appendices B and C**.

### 3.6 Reporting of Audit Findings

- 3.6.1 After reports are finalised, Internal Audit subsequently seeks assurance that agreed actions emanating from audit work have actually been implemented. As a minimum this involves the manager responsible updating automated audit software with an assurance that agreed actions have been implemented



or, where they have not, appropriate progress is being made. Where an audit results in a partial or no assurance opinion a follow up review is undertaken.

- 3.6.2 SLT receive a summary report based on the Progress Reports presented to the Audit Committee, showing progress against the plan, reports issued and outstanding recommendations.

### 3.7 Implementation of Audit Recommendations

- 3.7.1 All actions arising from audit recommendations are tracked automatically and the number of actions deferred is reported to the Audit Committee within the progress report. There will always be valid reasons for some implementation dates not being achieved, so some delays will occur in the future, but they are strictly monitored to ensure they are kept to a reasonable level.

### 3.8 Anti-Fraud work and investigations

- 3.8.1 The Head of Internal Audit is one of the four Whistleblowing Officers who manage the response to any whistleblowing allegations. During the year the Internal Audit Service completed the following:

- The Anti-Fraud and Corruption Policy and Strategy were updated and presented to the Audit Committee in September 2024. They were subsequently uploaded onto the Intranet and the Policy is available on the Council's webpage.
- The Anti-Money Laundering Policy was updated and presented to the Audit Committee in November 2024 and then uploaded to the Intranet site.
- Received the NFI matches and commenced work reviewing and investigating these. No fraudulent or overpayments were found by the end of March 2025.
- Two investigations were undertaken and finalised during the year, and one is in progress. The low number of investigations can partly be attributed to the strong internal controls and sound governance procedures in place. When investigations are carried out Internal Audit also reviews the issues arising from the irregularities investigated and, where appropriate, carries out wider testing to obtain either assurance or ascertain areas where improvements are needed.
- There was no pattern to the subjects of the investigations, and none were significant in terms of the governance of the Council.

### 3.9 Advisory Work

- 3.9.1 This includes work that does not result in an audit report but adds value to the Council by contributing to working groups or providing advice. During the year this included the following:-

- *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. This group has also been helpful in providing areas where data analytic work would be beneficial.

- *Corporate Information Governance Group*  
Participated as a check and challenge member of the group which has an information assurance role on behalf of the Council. In the last quarter of the year the group changed its reporting arrangements and now reports to the Assistant Directors meeting.
- *Highways procurement review*  
A high-level review of procurement of agency staff in the Highways Service and compliance with the FPPR's and Agency Policy. Recommendations were raised with the directorate to improve compliance with the policy and FPPR's.
- *Housing compensation vouchers*  
Review of information supplied to the Compensation Complaints Panel. Assurance that figures relating to housing, were complete, accurate, justified and authorised.
- *General Audit Queries and Advice*  
Over the course of the year, we have received and responded to several queries and requests for advice from directorates, service areas and schools. These have covered a range of themes and areas, in the main relating to financial controls and record retention.

### 3.10 Grants

3.10.1 During the year the service completed reviews in accordance with the grant funding body requirements for the following grants.

- Supporting Families
- Disabled Facilities
- Bus Service Operators
- Rotherham Show
- Contain Outbreak Management Fund

3.10.2 All were found to be accurately compiled and in accordance with the grant criteria.

### 3.11 Schools

3.11.1 This year an audit on the Pupil Referral Unit (PRU) has been undertaken. This approach was discussed and agreed with senior management in the Children and Young People's Service. The scope was to provide assurance that the financial and management controls for the PRU are robust and meet the requirements outlined in various Council and PRU statutory and operational (financial) guidance. The audit work is complete and the report is currently being drafted.

### 3.12 ICT Audits

3.12.1 During the year we have once again engaged the services of another local authority's ICT Internal Audit Team who have over thirty other public sector clients. Based on a detailed risk assessment of our ICT risks they completed two audits during the year, and another is in progress.

### 3.13 Data Analytics

3.13.1 Internal Audit have commenced the journey with enhanced data analytics. It is envisaged that this work will allow the introduction of an agile form of auditing, 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.

3.13.2 Two reviews have been completed, on garden waste income collection and purchasing cards with positive feedback from management. The Data Analytics Strategy for 2025/26 has been refreshed and further workstreams will be developed during the year.

### 3.14 South and West Yorkshire Audit Groups

3.14.1 The Council's Internal Audit Service is a member of the South and West Yorkshire Internal Audit Groups. This facilitates comparisons and the sharing of best practice and includes groups for Heads of Internal Audit, Counter Fraud/Investigations, Procurement, Children's Services and Adults Services.

### 3.15 Internal Audit Performance

3.15.1 The Public Sector Internal Audit Standards (PSIAS) require a quality assurance framework to be established, which includes both internal and external assessments of the work of Internal Audit.

#### External Assessments

3.15.2 Recommendations included within the external assessment report are included within the Quality Assurance Improvement Programme together with any actions identified from the internal annual self-assessment that is completed. This was reported to the Audit Committee in March 2025 and the ongoing actions are highlighted in the table below.

Quality Assurance and Improvement Programme Action Plan	
Action	Position statement
Further enhance the use of data analytics.	<b>Complete.</b> Alternative sources of data analytics software have been explored and training sessions undertaken.

	<p>A Data Analytics Strategy has been updated for 2025/26. Two trial areas have now been completed. This work will continue during 2025-26 and future years but has been highlighted as complete as these new ways of working are becoming more embedded into audit practice.</p> <p>This area has been included in the draft Audit Strategy as an area of continued focus and development.</p>
Review the need for assurance mapping, to improve audit planning.	<p>CIPFA's detailed assurance framework guide will be used to take forwards this development. The assurance framework guide has not yet been issued by CIPFA but will be used to strengthen assurance mapping during 2025/26. The audit planning process has continued to evolve including the documentation of other sources of assurance. However, it is not possible or practical to coordinate with other providers of assurance (for example CQC and Ofsted) due to the nature of their work.</p> <p>Further work will be undertaken on assurance mapping for the March 2026 audit plan submission.</p>
<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>	<p>The directorate and corporate fraud risks have been updated. Work is ongoing with the risk champions to gain further detail on directorates mitigating controls/actions.</p> <p>An enhanced report to the Audit Committee in September setting out the Anti-Fraud arrangements will highlight the key fraud risk areas and mitigating actions.</p>
<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>	<p>This will be undertaken alongside the review of the Anti-Fraud and Corruption Policy and Strategy.</p>

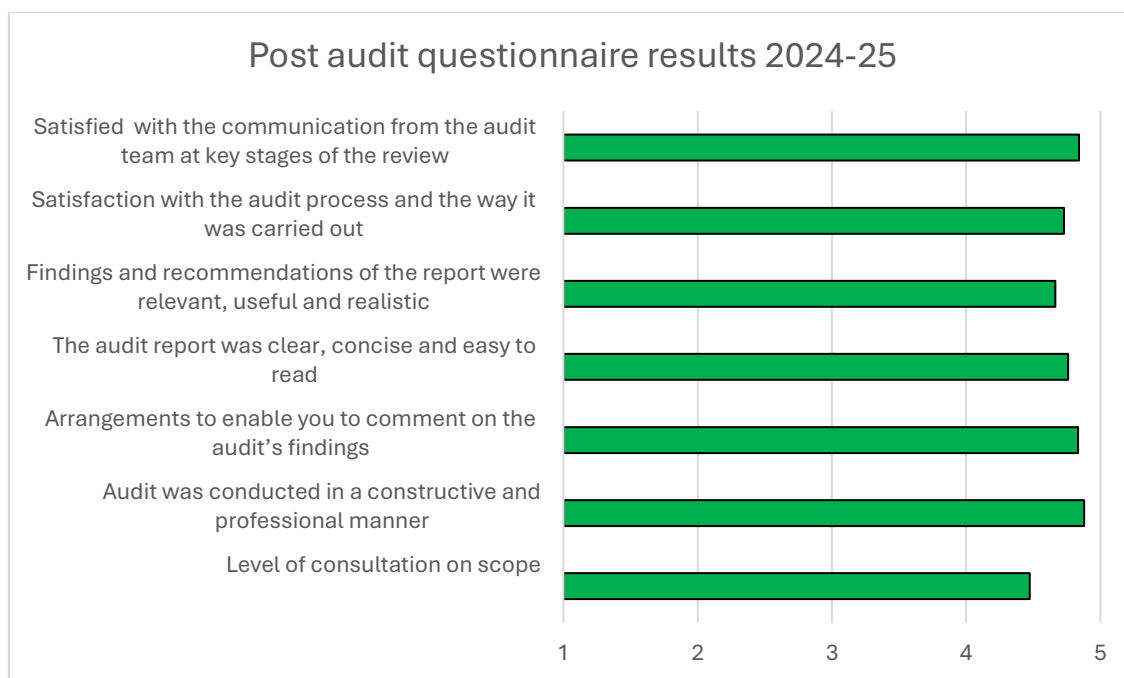
<p><i>Action from the self-assessment against fraud checklist.</i></p> <p>The reporting of the fraud risks and mitigation will be strengthened over the year and a more comprehensive report will be brought to the September 2025 Audit Committee.</p>	<p>To be reviewed during 2025/26 and reported to the September 2025 Audit Committee.</p>
<p>Update the Audit Manual and associated documentation.</p>	<p>Documentation supporting the audit process has been updated in accordance with the standards. The Audit Manual will require further review and this is expected to be complete by 30 September 2025.</p>
<p>Update the Post Audit Questionnaire</p>	<p><b>Complete.</b></p> <p>This has been updated to request feedback on whether staff displayed honesty and professional courage in accordance with the new standards. In addition, an annual questionnaire to Strategic and Assistant Directors has been developed and sent out.</p>
<p>Develop an Internal Audit Strategy</p>	<p>This is a new requirement. This should build on a strategic statement of how the service will be delivered and developed and is currently being developed.</p>
<p>Update the Audit Report</p>	<p>To include details of root cause analysis and reference to GIAS (UK Public Sector) rather than PSIAS.</p> <p>The format of the audit report has been slightly amended to include an enhanced action plan which should identify root causes and this will be used for the 2025/26 audits.</p>
<p>Quality Assessment</p>	<p>To undertake an assessment of conformance against GIAS (UK public sector) and update the Audit Committee.</p> <p>An initial self-assessment has already been completed and a further one will be undertaken utilising material that will be produced by CIPFA. This will help inform the EQA.</p>

Quality Assessment Improvement Programme	<p>The results need to be reported annually including progress against action plans to address instances of non-conformance.</p> <p>This is already in place and the results of the external assessment will be included in the action plan.</p>
Annual Conclusion and report on final progress of plan	<p><b>Complete.</b> Annual conclusion on governance, risk management and control (Head of Internal Audit Annual Report). Ensure this includes any new requirements.</p> <p>The Annual Report for 2024-25 has highlighted how internal audit are implementing the new standards and the gaps are included in this action plan.</p> <p>The AGS for 2024-25 includes wording regarding the implementation of GIAS UK public sector.</p>
Head of Internal Audit performance review	<p>The Audit Committee Chair should contribute to the Head of Internal Audit's performance assessment. This will be undertaken during the next performance review.</p>
Review of Internal Audit performance and effectiveness	<p>Audit Committee to undertake a review. The conclusions should be reported to those charged with governance (e.g. in the Audit Committee's Annual Report).</p> <p>This should be undertaken using this report as a basis for the assessment.</p>
Staff training	<p>Training is a common theme throughout the standards and should be evidenced in a training log. Annual/rolling training plan and log is in place.</p>

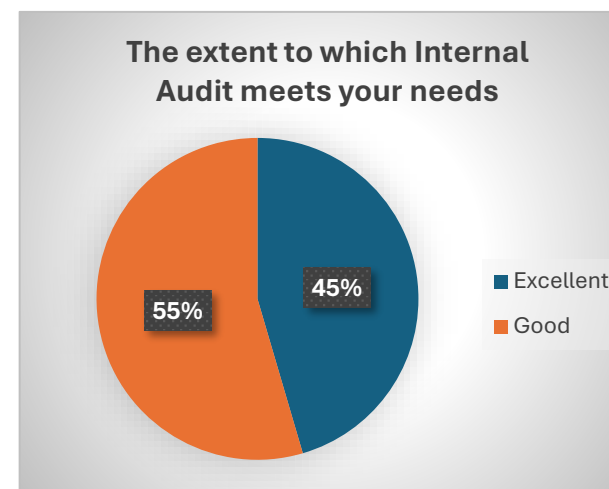
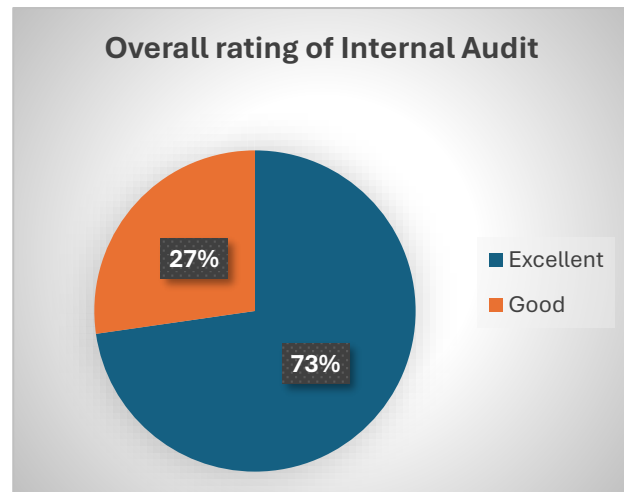
### Internal assessments

3.15.3 Customer Satisfaction Questionnaires (CSQs) are issued to clients when the final audit report is issued. The information returned is used to identify any training and development needs, areas for improvement in the audit process, or coverage proposed for future years. An annual summary of results is included, together with our performance against a number of key indicators below.

<b>Performance Indicator</b>	<b>2023-24 Actual</b>	<b>2024-25 Target</b>	<b>2024-25 Actual</b>
Draft reports issued within 15 days of field work being completed	84%	90%	93%
Audits completed within planned time	89%	90%	79%
Final reports issued within 5 working days of customer response to the draft report	N/A	90%	97%



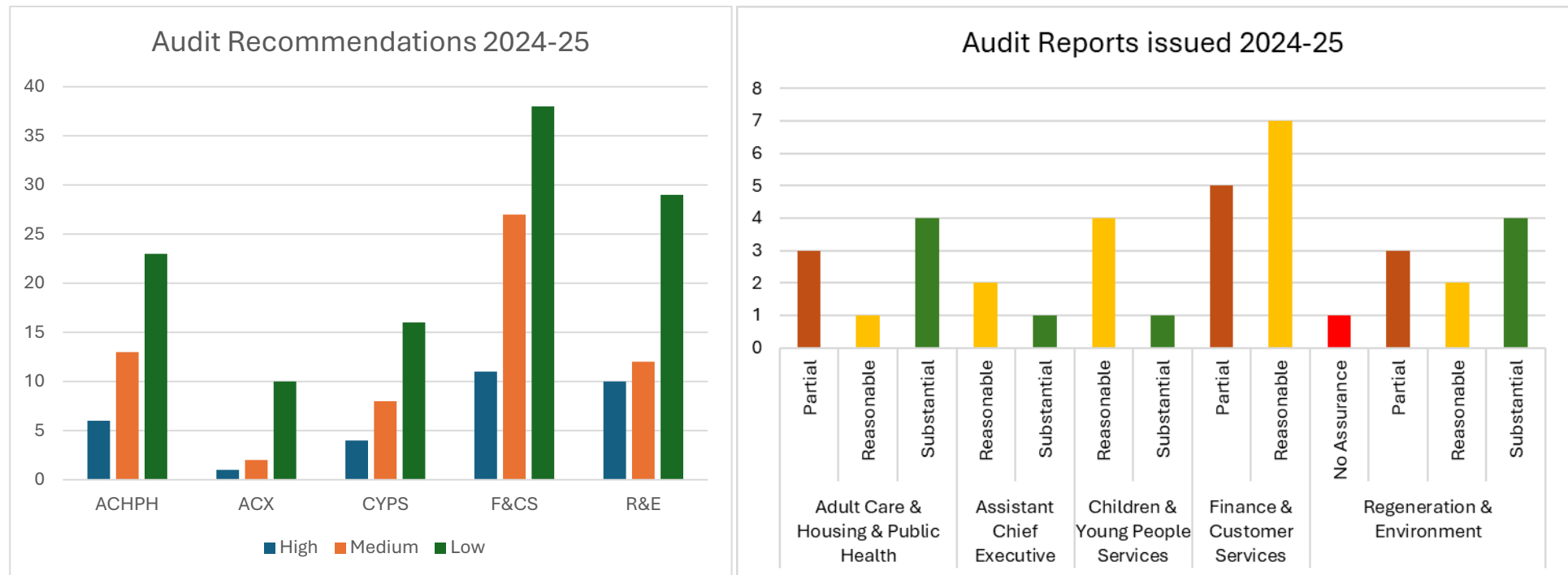
3.15.4 For the first time this year a questionnaire has been developed for Strategic and Assistant Directors to feed back their views on the audit service. The answers were rated from 5 (excellent) 4 (good) through to 1 (poor). The results are shown in Appendix A.





## Analysis of Internal Audit opinions and recommendations 2024-25

The graphs below show a summary of the audit opinions and recommendations that have arisen from audit work completed during the period.



## Summary of audit reports issued during the year

Audit report	Opinion	Date reported to Audit Committee
<b>Adult Care, Housing and Public Health</b>		
Housing rents	Substantial	September 2024
LGA Peer review	Substantial	September 2024
Homes England Grant	Reasonable	November 2024
Housing – Health and Safety (Smoke and CO alarms)	Partial	November 2024
Procurement Governance	Partial	November 2024
Waiting lists	Substantial	March 2025
Housing – Water safety (Legionella)	Partial	June 2025
Housing - Repairs and Maintenance	Substantial	June 2025
<b>Assistant Chief Executive</b>		
Establishment control	Reasonable	September 2024
Procurement Governance	Reasonable	November 2024
HR Recruitment	Substantial	March 2025
<b>Children and Young Peoples Services</b>		
Commissioning Services	Reasonable	September 2024
School themed audits	Reasonable	September 2024
Early help provision	Substantial	September 2024
Procurement Governance	Reasonable	November 2024
SEND	Reasonable	June 2025
<b>Finance and Customer Services</b>		
Creditors – Faster payments	Reasonable	September 2024
Application management (Housing NEC)	Reasonable	September 2024
Asset management estimates and capital programme	Partial	September 2024
Land Terrier	Reasonable	November 2024

Procurement Governance	Partial	November 2024
Governance (Officer Executive Decisions)	Reasonable	March 2025
IT Continuity Management	Reasonable	March 2025
Fire Safety Follow Up	Reasonable	June 2025
Property acquisitions and disposals	Partial	June 2025
IT Governance Strategies and Policies	Reasonable	June 2025
Water safety (Legionella) compliance Corporate Landlord properties	Partial	June 2025
Building Security follow up	Partial	June 2025
<b>Regeneration and Environment</b>		
Hand arm vibration follow up	Substantial	September 2024
Trading standards	No	September 2024
Hellaby Stores follow up	Substantial	September 2024
Vehicle Operators Licence	Substantial	September 2024
Green Spaces	Reasonable	September 2024
Procurement Governance	Partial	November 2024
CCTV follow up	Substantial	March 2025
Children's capital of culture	Partial	March 2025
Trading Standards follow up	Reasonable	June 2025
Music Service Income	Partial	June 2025

Rating	Definition
Substantial Assurance	<p>Substantial assurance that the system of internal control is designed to achieve the service's objectives and this minimises risk.</p> <p>The controls tested are being consistently and effectively applied. Recommendations, if any, are of an advisory nature to further strengthen control arrangements.</p>
Reasonable Assurance	<p>Reasonable assurance that the system of internal control is designed to achieve the service's objectives and minimise risk. However, some weaknesses in the design or inconsistent application of controls put the achievement of some objectives at Low risk.</p> <p>There are some areas where controls are not consistently and effectively applied and / or are not sufficiently developed. Recommendations are no greater than medium priority.</p>
Partial Assurance	<p>Partial assurance where weaknesses in the design or application of controls put the achievement of the service's objectives at a Medium risk in a significant proportion of the areas reviewed.</p> <p>There are significant numbers of areas where controls are not consistently and effectively applied and / or are not sufficiently developed.</p> <p>Recommendations may include high priority and medium priority matters.</p>
No Assurance	<p>Fundamental weaknesses have been identified in the system of internal control resulting in the control environment being unacceptably weak and this exposes service objectives to an unacceptable High level of risk.</p> <p>There is significant non-compliance with basic controls which leaves the system open to error and / or abuse. Recommendations will include high priority matters and may also include medium priority matters.</p>

Exempt Report  
Audit Committee

---

**Committee Name and Date of Committee Meeting**

Audit Committee – 17 June 2025

**Report Title**

Adult Care, Housing and Public Health (ACHPH) 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**

Ian Spicer, Strategic Director of Adult Care, Housing and Public Health

**Report Author(s)**

Faye Prosser, Project Development Officer, Service Improvement and Governance

[faye.prosser@rotherham.gov.uk](mailto:faye.prosser@rotherham.gov.uk)

**Ward(s) Affected**

Borough-Wide

**Report Summary**

This report provides an update to the Audit Committee in relation to the current position of the Adult Care, Housing and Public Health Directorate risk register and associated risk management controls.

**Recommendations**

The Audit Committee is asked to note the progress and current position in relation to risk management activity in the Adult Care, Housing and Public Health Directorate.

**List of Appendices Included**

Appendix 1 Adult Care, Housing and Public Health Directorate Risk Register as at May 2025.

**Background Papers**

No

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

No

**Council Approval Required**

No

**Exempt from the Press and Public**

Yes

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

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

## Adult Care, Housing and Public Health Directorate Risk Register

### 1 Background

- 1.1 The Adult Care, Housing and Public Health (ACHPH) Directorate risk register was last presented to Audit Committee in June 2024.
- 1.2 Managing risk within the Directorate is subject to a five-step approach – identify, evaluate, management, monitor, review and report. A robust risk management process is in place to ensure appropriate governance and assurance is in place across all service areas of the Directorate.
- 1.3 The ACHPH Directorate Risk Register (Appendix 1) as of May 2025 consists of 22 risks, reflecting the significant scale and scope of the Directorate with risks relating to Adult Care, Commissioning, Public Health and Housing Services.
- 1.4 Since the last report, there have been three new risks added to the Directorate risk register from service level risk registers: two Adult Care risks (ACHPH-R49 and ACHPH-R51) and one Housing risk (ACHPH-R50).

Risk ID	Business Objective
<b>Adult Care:</b>	
ACHPH-R14	Delivering Directorate priorities including our statutory duties and hands on care provision to keep residents safe.
ACHPH-R16	Be ready for regulation and assurance by CQC.
ACHPH-R21	Effective operation of the Rothercare Service and Assistive Technology offer for adult social care.
ACHPH-R49 <i>New</i>	Deliver a balanced budget for 2025/26.
ACHPH-R51 <i>New</i>	NHSE being disestablished and ICB 50% reduction in running costs. Impact on the delivery of adult social care / local authority services both operationally and financially.
<b>Commissioning:</b>	
ACHPH-R40	Ensure sufficient nursing EMI beds are available in care homes to increase system flow, support admissions from the community and increase patient choice.
<b>Housing:</b>	
ACHPH-R31	Prevent homelessness and support those who become homeless to find housing as quickly as possible.
ACHPH-R32	An additional 1000 Council Owned New Homes to be delivered by Summer 2027.
ACHPH-R33	Ensure council housing complies with regulatory standards.
ACHPH-R34	The transition to net zero for Council Housing stock.
ACHPH-R37	Ensure the health and safety of staff.
ACHPH-R38	Sustain people in their tenancies.
ACHPH-R39	Effective management and delivery of Capital Programmes.
ACHPH-R41	Council housing stock in Rotherham is to be fully compliant in terms of all aspects of Health and Safety.
ACHPH-R42	Effective management of financial resources.
ACHPH-R43	All Council Homes meet the Decent Homes Standard.
ACHPH-R50 <i>New</i>	Council Housing stock in Rotherham is to be well maintained, compliant, and safe to meet legislative and statutory requirements.

Risk ID	Business Objective
<b>Public Health:</b>	
ACHPH-R7	To provide an effective co-ordinated multi-agency response to a future pandemic.
ACHPH-R27	Provide advice and support with regard to Infection Prevention and Control to ensure avoidable infections are minimised and to support compliance with the Health and Social Care Act (2008) and compliance with related national guidelines.
ACHPH-R46	Continuation of four Public Health staff posts working on a range of Public Health services. Three of these are within the commissioning team.
ACHPH-R47	Continuation of high quality Public Health commissioned service delivery, some of which is mandated activity.
ACHPH-R48	Availability of community pharmacy based provision for Emergency Hormonal Contraception (EHC), Needle Exchange (NX) and Supervised Consumption of methadone (SC).

1.5 The following two risks have been removed from the register:

Risk ID	Business Objective	Reason for removal
<b>Adult Care:</b>		
ACHPH-R2	Maximise the available resources to ensure safe service delivery whilst remaining within the allocated budget.	Covered in risks ACHPH-R14 and R49.
ACHPH-R45	The ability to safely deliver the Rothercare service following a cyber-attach which has left the service vulnerable.	No longer a risk.

1.6 The Corporate Strategic risk register currently includes two ACHPH Directorate risks (ACHPH-R7 and ACHPH-R50), and a further risk will be added at the next update (ACHPH-R51):

Risk ID	Business Objective
<b>Public Health:</b>	
ACHPH-R7 and SLT-7	To provide an effective co-ordinated multi-agency response to a future pandemic.
ACHPH-R50 and SLT-40	Council housing stock in Rotherham is to be well maintained, compliant, and safe to meet legislative and statutory requirements.
ACHPH-R51 pending	NHSE being disestablished and ICB 50% reduction in running costs. Impact on the delivery of adult social care / local authority services both operationally and financially.

## 2 Key Issues

2.1 ACHPH is made up of four key service areas, each with an Assistant Director lead reporting to the Strategic Director, Ian Spicer:

Adult Care	Kirsty Littlewood
Strategic Commissioning	Scott Matthewman
Housing	John Holman
Public Health	Alex Hawley



- 2.2 A scheduled programme of reviewing and updating service and directorate level risk registers is in place across ACHPH, led by risk leads for each service and co-ordinated by a Service Improvement and Governance officer.
- 2.3 Risk registers are in place for each service area to document their service level risks, which are formally monitored and reviewed at Senior Management Team meetings on a minimum monthly basis.
- 2.4 The Directorate Leadership Team (DLT) have scrutiny and oversight of service and directorate level risk registers. Monthly briefings are tabled at DLT, risks are reviewed and, where necessary, risks can be escalated to the next strategic level for inclusion on the Corporate Strategic Risk Register.
- 2.5 The Council's Strategic Leadership Team scrutinise directorate risks on the Corporate Strategic Risk Register on a quarterly basis.
- 2.6 As part of the corporate programme to embed risk management into the culture of the Council and strengthen the Directorate's approach to risk management, all ACHPH Managers (M2 and above) are required to undertake mandatory risk management training. A number of staff from across the Directorate have also completed the accredited Institute of Risk Management training during the current year.

### **3. Options considered and recommended proposal**

- 3.1 The Audit Committee is asked to note the progress and current position in relation to risk management activity in the ACHPH Directorate, and comment as required.

### **4. Consultation on proposal**

- 4.1 Risk registers are regularly reviewed at service area Senior Management Team meetings. Directorate risks are reviewed at Directorate Leadership Team meetings.
- 4.2 Each service area has an identified Risk Champion, forming part of the corporate network who meet bi-monthly. Champions provide feedback from these meetings on any new or emerging issues or actions points to DLT members.

### **5. Timetable and Accountability for Implementing this Decision**

- 5.1 Not applicable.

### **6. Financial and Procurement Advice and Implications**

- 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 and directorate plans and are closely scrutinised and monitored.

**7. Legal Advice and Implications**

- 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 consider any legal implications.

**8. Human Resources Advice and Implications**

- 8.1 There are no direct Human Resources implications arising from this report.

**9. Implications for Children and Young People and Vulnerable Adults**

- 9.1 The ACHPH risk register is focused on managing risks to improve life chances for all vulnerable adults. Where relevant, issues relating to Children and Young People achieving a positive start to adult life are also included.

**10. Equalities and Human Rights Advice and Implications**

- 10.1 There are no direct Equalities and Human Rights Advice implications arising from this report. Any actions taken by the ACHPH Directorate or Council in response to risks identified will consider any Equalities and Human Rights Advice implications.

**11. Implications for CO<sub>2</sub> Emissions and Climate Change**

- 11.1 There are no direct CO<sub>2</sub> Emissions and Climate Change implications arising from this report. Any actions taken by the ACHPH Directorate or Council in response to risks identified will consider any CO<sub>2</sub> Emissions and Climate Change implications.

**12. Implications for Partners**

- 12.1 There are no direct implications for Partners arising from this report. Any actions taken by the ACHPH Directorate or Council in response to risks identified will consider any Partner implications.

**13. Risks and Mitigation**

- 13.1 The ACHPH 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)**

Ian Spicer, Strategic Director of Adult Care, Housing and Public Health  
[ian.spicer@rotherham.gov.uk](mailto:ian.spicer@rotherham.gov.uk)

**Report Author**

Faye Prosser, Project Development Officer, Service Improvement and Governance.  
[faye.prosser@rotherham.gov.uk](mailto:faye.prosser@rotherham.gov.uk)

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

Document is Restricted

This page is intentionally left blank

Public Report  
Audit Committee

---

**Committee Name and Date of Committee Meeting**

Audit Committee – 17 June 2025

**Report Title**

Children's Capital of Culture Audit Report Update

**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)**

Leanne Buchan, Head of Creative Programming & Engagement  
01709 822056 or [leanne.buchan@rotherham.gov.uk](mailto:leanne.buchan@rotherham.gov.uk)

**Ward(s) Affected**

Borough-Wide

**Report Summary**

The purpose of this report is to 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 Children's Capital of Culture governance and procurement for the programme of events.

**Recommendations**

That the Audit Committee note the contents of the report.

**List of Appendices Included**

N/A

**Background Papers**

None

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

None

**Council Approval Required**

No

**Exempt from the Press and Public**

No

## Children's **Capital of Culture Audit Report Update**

### **1. Background**

- 1.1 In 2025 Rotherham became the world's first Children's Capital of Culture. This high-profile programme is delivered through an agreed governance arrangement with the Cultural Partnership Board and funded through a range of external grant programmes with the Council as the accountability body for core funding.
- 1.2 At the request of the Chief Executive this audit was added to the Audit Plan for 2024/5 and completed in January 2025. The overall objective of the audit was to provide assurance on the Council's roles and responsibilities for the delivery of effective governance and procurement for the Children's Capital of Culture programme of events.
- 1.3 The Audit gave a 'Partial Assurance' and provided seven recommendations for implementation. All recommended actions are now complete.

### **2. Key Issues**

#### **2.1 Recommendation one: Partnership Business Continuity Risks**

- 2.1.1 This recommendation noted that the Children's Capital of Culture's 'project risk register and monitoring arrangements do not document the failure or merger of a key partner and the subsequent impact on the Children's Capital of Culture project as a whole.' This was rated as a 'low' risk.
- 2.1.2 The agreed action was for the risk to be added to the project's risk register and for finance to be requested to perform checks on key partners.
- 2.1.3 This action was completed prior to the final audit report being circulated in January 2025.
- 2.1.4 The project's risk register is monitored on an ongoing basis in the following ways:
  - at monthly meeting of Rotherham's Cultural Partnership Board
  - at six-weekly meetings of the Strategic Oversight Group (SOG), an internal Council group with oversight of Children's Capital of Culture
  - at monthly meetings between Children's Capital of Culture's Programme Manager and Programme Coordinator

#### **2.2 Recommendation two: Declaration of Interest**

- 2.2.1 The recommendation noted that staff members could be open to allegations of impropriety, and that 'to allay any perceptions of supplier favouritism, clear communication is required on how such histories and relationships are to be effectively managed. Whilst robust controls may be in place their existence needs to be completely and clearly communicated including on the project website.' This was rated as a 'low' risk.

- 2.2.2 The agreed action was for a Programme Decision-making Framework to be introduced for this purpose.
- 2.2.3 This action was completed prior to the final audit report being circulated in January 2025.
- 2.2.4 The Programme Decision-making Framework is clearly and openly promoted on the Children's Capital of Culture website and in other relevant Children's Capital of Culture communications channels (e.g. the quarterly printed highlights guide).
- 2.2.5 In addition, all Children's Capital of Culture staff members have completed a Declaration of Interests form, and line managers have completed an associated risk assessment as needed. All new Children's Capital of Culture staff are requested to complete a Declaration of Interest form during their induction period.

### 2.3 **Recommendation three: Rotherham Children's Safeguarding Partnership**

- 2.3.1 The recommendation noted that 'whilst Safeguarding is a key risk on the project risk register and measures are planned to manage safeguarding at events, the high profile of Children's Capital of Culture presents a heightened level of risk that the service may not be fully aware of.' This was rated as a 'medium' risk.
- 2.3.2 The agreed action was for senior Children's Capital of Culture staff to request attendance at the next Rotherham Children's Safeguarding Partnership meeting to present the programme and seek advice how best to strengthen the controls in place.
- 2.3.3 This action had an implementation date of 28<sup>th</sup> February 2025.
- 2.3.4 Chris Siddall (Head of Sport, Leisure and Strategic Partnerships) and Leanne Buchan (Head of Creative Programming and Engagement) met with Rotherham Children's Safeguarding Partnership colleagues in January 2025. As a result, additional measures were implemented into the service's safeguarding and event management plans, specifically with regard to recording, reporting and dealing with unauthorised spectators and people presenting suspicious behaviour at events. As such this recommendation was implemented prior to the agreed implementation date.

### 2.4 **Recommendation Four: Grant Compliance Actions**

- 2.4.1 The recommendation noted that the service must 'ensure that all expenditure meets funders as well as RMBC's transparency and procurement requirements,' noting that there were cases when the procurement of goods or services were compliant with the Council's FPPRs but not with the terms and conditions of grant funders, such as Arts Council England. This was rated as a 'medium' risk.

2.4.2 The agreed action was to produce a briefing to ensure that all relevant officers understand the terms and conditions of funding, as well as the Council's FPPRs, as it relates to procurement thresholds.

2.4.3 This action had an implementation date of 28<sup>th</sup> February 2025.

2.4.4 Children's Capital of Culture's Programme Manager gave a detailed verbal briefing to all manager-level staff within the service; this included sharing a copy of the Council's FPPRs with all managers, sharing copies of external funder's grant agreements relevant to each manager's workplan, and encouraging managers to book onto the Council's Procurement Training. As such this recommendation was implemented prior to the agreed implementation date.

**2.5 Recommendation Five: Ensure compliance with FPPR 67.1.14 for all Children's Capital of Culture contract exemptions.**

2.5.1 The recommendation noted that whilst 'FPPR 67.1.14 requires that 'Where an exemption is approved details of the contract must be advertised on the Council's contract register and on Contracts Finder (for Contracts above £25,000) in accordance with data transparency and reporting requirements'', historically there were occasions where the service had not complied with the regulation. This was rated as a 'low' risk.

2.5.2 The agreed action was to develop a Children's Capital of Culture Contracts Register to monitor contracts and procurement routes as they arise.

2.5.3 This action had an implementation date of 28<sup>th</sup> February 2025.

2.5.4 Children's Capital of Culture's Programme Coordinator checks on a weekly basis that all current contracts being awarded are logged on the Contracts Register. The Head of Creative Programming and Engagement reports to Strategic Officers Group on a six-weekly basis; this includes reporting to the group on tenders, grants and contracts related to the Children's Capital of Culture project. The Children's Capital of Culture work closely with Procurement to ensure all Contracts above £25,000 are advertised on the Council's contract register and Contracts Finder, including recent commissions for a Guest Director and a Marketing and PR Partner. As such this recommendation was implemented prior to the agreed implementation date.

**2.6 Recommendation Six: Ensure RMBC intellectual property rights guidance for the Children's Capital of Culture is compiled and complete.**

2.6.1 The recommendation noted that 'intellectual property rights are an emerging issue for the Children's Capital of Culture project that needs to be considered now so that adequate arrangements are in place when the key programme of event exists' and that at that time no documented guidance on the protection of RMBC's intellectual property rights existed. This was rated as a 'medium' risk.



2.6.2 The agreed action was to develop a Partnership Agreement that enables use of the Children's Capital of Culture brand, whilst protecting the Council's Intellectual Property.

2.6.3 This action had an implementation date of 28<sup>th</sup> February 2025.

2.6.4 A partnership agreement was drafted in February 2025, which included a clause related to intellectual property rights. This was checked with the Head of Service for Creative Programming & Engagement on 17th February, before being shared with colleagues in Legal for final amends and approval for roll-out across all Children's Capital of Culture delivery partners, as identified through the service's formal Programme Decision-Making process. As such, this recommendation was implemented prior to the agreed implementation date

**2.7 Recommendation Seven: Ensure all Rotherham children have the opportunity to participate and benefit from the Children's Capital of Culture.**

2.7.1 The recommendation noted that 'gaps [in reaching all of our community's children] have been identified both by the service and the auditor, and as such some form of inclusivity review is required to provide assurance to external funders and the Council that these gaps are not significant once the final programme of events has been agreed.' This was rated as a 'low' risk.

2.7.2 The agreed action was to review the service's Equalities Impact Assessment and Action Plan.

2.7.3 This action had an implementation date of 28<sup>th</sup> February 2025.

2.7.4 The Children's Capital of Culture Programme Manager completed a detailed review of the service's Equalities Impact Assessment and Action Plan in early February 2025. As a result, the service has undertaken a number of actions, including:

- meeting with colleagues in Public Health to formalise appropriate, compliant and pragmatic tools for consistently collating demographics information from project participants and stakeholders;
- delivering an extended full team meeting to identify key actions across all aspects of the service to improve and develop our equalities provision;
- commission equalities training, attended by the Children's Capital of Culture team and key project partners; and
- ringfencing dedicated funding to deliver targeted activities to better reach groups who have had low engagement with the project and/or face significant barriers to participation.

As such this recommendation was implemented prior to the agreed implementation date.

**3. Options considered and recommended proposal**

3.1 No further options considered.

**4. Consultation on proposal**

4.1 Not applicable.

**5. Timetable and Accountability for Implementing this Decision**

5.1 The Assistant Director for Culture, Sport & Tourism is accountable for the actions in the audit report and the Head of Creative Programming & Engagement and Children's Capital of Culture Programme Manager are responsible for implementation. All actions are now complete.

**6. Financial and Procurement Advice and Implications**

6.1 The report provides an update on previously agreed actions and therefore there are no direct Financial & Procurement implications arising from the report.

**7. Legal Advice and Implications**

7.1 The report provides an update on previously agreed actions and therefore there are no direct Legal implications arising from the report.

**8. Human Resources Advice and Implications**

8.1 The report provides an update on previously agreed actions and therefore there are no direct Human Resources implications arising from the report.

**9. Implications for Children and Young People and Vulnerable Adults**

9.1 The report provides an update on previously agreed actions and therefore there are no direct implications for Children and Young People and Vulnerable Adults arising from the report.

**10. Equalities and Human Rights Advice and Implications**

10.1 The report provides an update on previously agreed actions and therefore there are no direct Equalities and Human Rights implications arising from the report.

**11. Implications for CO<sub>2</sub> Emissions and Climate Change**

11.1 The report provides an update on previously agreed actions and therefore there are no direct Climate Change implications arising from the report.

## 12. Implications for Partners

- 12.1 The report provides an update on previously agreed actions and therefore there are no direct implications for Partners arising from the report.

## 13. Risks and Mitigation

- 13.1 Implementation of the actions agreed during the audit will help to mitigate the risks it identified.

### Accountable Officer(s)

Polly Hamilton, Assistant Director for Culture, Sport & Tourism

Leanne Buchan, Head of Creative Programming & Engagement

Sarah Christie, Children's Capital of Culture Programme Manager

Approvals obtained on behalf of:

	Name	Date
Chief Executive		Click here to enter a date.
Strategic Director of Finance & Customer Services (S.151 Officer)	Named officer	Click here to enter a date.
Assistant Director of Legal Services (Monitoring Officer)	Named officer	Click here to enter a date.
Assistant Director of Human Resources (if appropriate)		Click here to enter a date.
Head of Human Resources (if appropriate)		Click here to enter a date.
The Strategic Director with responsibility for this report	Please select the relevant Strategic Director	Click here to enter a date.
Consultation undertaken with the relevant Cabinet Member	Please select the relevant Cabinet Member	Click here to enter a date.

*Report Author: Leanne Buchan, Head of Creative Programming & Engagement  
01709 822056 or [leanne.buchan@rotherham.gov.uk](mailto:leanne.buchan@rotherham.gov.uk)*

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

This page is intentionally left blank

Public Report  
Audit Committee

---

**Committee Name and Date of Committee Meeting**

Audit Committee – 17 June 2025

**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.iven@rotherham.gov.uk](mailto:louise.iven@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 CO<sub>2</sub> Emissions and Climate Change**

- 11.1 There are no direct CO<sub>2</sub> 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:* Louise Ivens, Head of Internal Audit.  
Tel 01709 823282 E mail [louise.iven@rotherham.gov.uk](mailto:louise.iven@rotherham.gov.uk)

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

# Audit Committee Forward Work Plan

Meeting Date	Key Responsibility	Agenda Item	Author
July 2025	External Audit	External Audit Progress Report	Grant Thornton
	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	Treasury Management	Treasury Management Quarterly Update	Rob Mahon
	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 -	Jo Brown



		Assistant Chief Executive	
	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
January	Governance Risk and Control	Chief Executive Presentation	

2026	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	Annual Report/Value for Money Opinion	Grant Thornton
	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 2026	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	Global 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 2026	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
	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

This page is intentionally left blank