AUDIT COMMITTEE

Date and Time:- **Tuesday 16 June 2026 at 2.00 p.m.**

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

Membership:- **Councillors Baggaley (Chair), Blackham, Elliott, Lelliott and Monk.**

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 12 (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) and

Agenda Item 13 (Adult Social Care, Housing and Public Health Directorate Risk Register) 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 17th March, 2026 (Pages 5 - 18)

To consider and approve the minutes of the previous meeting held on (insert date) as a true and correct record of the proceedings and to be signed by the Chair.

6. External Audit Plan and Progress Report (Pages 19 - 50)

Representatives of Grant Thornton (External Auditor) to present

7. Publication of Unaudited Statement of Accounts 2025/26 (Pages 51 - 223)

Rob Mahon, Service Director, Financial Services, to report

8. Draft Annual Governance Statement 2025/26 (Pages 225 - 256)

Judith Badger, Executive Director, Corporate Services, to present

9. Annual Treasury Management Report and Actual Prudential Indicators 2025-26 (Pages 257 - 270)

Rob Mahon, Service Director, Financial Services, to report

10. Highway Structures Audit Report Update (Pages 271 - 277)

Simon Moss, Service Director, Regeneration and Environment, to report

11. Internal Audit Annual Report 2025-26 (Pages 279 - 313)

Louise Ivens, Head of Internal Audit, to report

12. Internal Audit Progress Report (Pages 315 - 347)

Louise Ivens, Head of Internal Audit, to report

13. Adult Care Housing and Public Health Risk Management Register (Pages 349 - 373)

Ian Spicer, Executive Director, Adult Care, Housing and Public Health, to report

14. Audit Committee Forward Work Plan (Pages 375 - 381)

Louise Ivens, Head of Internal Audit, to report

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 28 July 2026
commencing at 2.00 p.m.
in Rotherham Town Hall.

John Edwards,
Chief Executive.

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AUDIT COMMITTEE
17th March, 2026

Present:- Councillor Baggaley (in the Chair); Councillors Blackham, Elliott and McKiernan and Michael Olugbenga-Babalola (Independent Person).

Apologies for absence:- Apologies were received from Councillor Allen, Alison Hutchinson (Independent Person) and Judith Badger.

Council Officers and Partners in attendance:-

John Edwards – Chief Executive
Phillip Horsfield – Monitoring Officer
Rob Mahon – Service Director of Financial Services
Natalia Govorukhina – Head of Corporate Finance
Katie Stead – Policy, Improvement and Risk Manager
Louise Ivens – Head of Internal Audit
Helen Sweaton – Joint Service Director of Commissioning and Performance
Rob Savage – Departmental Business Services Manager, CYPS
Liz Luddington – Grant Thornton (External Auditors)
Greg Charnley – Grant Thornton (External Auditors)

73. DECLARATIONS OF INTEREST

There were no Declarations of Interest made at the meeting.

74. QUESTIONS FROM MEMBERS OF THE PUBLIC OR THE PRESS

There were no members of the press and public in attendance at the meeting nor had any questions been received in advance of the meeting.

75. 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. 83 (Risk Management Directorate Presentation – Children and Young People's Services - Appendix) as defined in Paragraph 3 of Part 1 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)).

76. MINUTES OF THE PREVIOUS MEETING HELD ON 13TH JANUARY 2026

Consideration was given to the minutes of the previous meeting of the Audit Committee held on 13th January, 2026.

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

77. GOVERNANCE, AUDIT AND RISK

John Edwards, Chief Executive, gave the following presentation on Governance, Audit and Risk. The presentation comprised of:

An overview of the Chief Executive's personal oversight including:

- Monthly receipt of Internal Audit Reports
- Regular Monitoring Officer meetings
- Quarterly Statutory Officers meetings (Complaints, HR, Internal Audit and Whistleblowing)
- Quarterly External Auditor meetings
- Review and sign off Annual Governance Statement
- Understanding risk across the Council
- Leading by example by following best practice
- Being curious about better ways of working
- Working effectively with Councillors
- Being self-aware and accountable to your colleagues and the public

The Chief Executive explained the principles behind 'The Golden Triangle' and its operational importance in the context of Council business:

- Chief Executives, S.151 officers, and monitoring officers.
- Responsible for ensuring that the Council makes lawful and prudent decisions.
- Work together closely, discussing governance issues regularly.
- Also work with the Head of Internal Audit and other colleagues with statutory responsibilities.

The Committee also explored the role of the Senior Leadership Team (SLT) in relation to governance, audit and risk:

- Internal Audit (Review Annual Plan and Annual Report, regular review of progress against plan and reports issued, alongside external assessment of IA Services received report and discussed action plan)
- External Inspections including a review completion of actions
- Quarterly review of Corporate Risk Register

The Chief Executive concluded by underlining the importance of action tracking:

- Review of outstanding actions (internal audit recommendations)
- Progress in clearing deferred actions

The Committee noted that after Covid-19, there had been a backlog of 41 actions which had improved to single figures by 2021. These had been consistently low since then, apart from a slight increase at the end of January, to 15 deferrals. As at 28th February this had been reduced to 7.

It was also confirmed that all second deferrals were authorised by the Chief Executive personally.

Discussion ensued with the following issues raised/clarified:-

- Whether 'better' meant more efficient. The Chief Executive explained that it always meant that to him, whether that was in terms of improved functionality within the Council or delivery against the Council Plan, efficiency and value for money was always a key consideration. Reducing delays, and as a consequence, costs and the need to implement remedial actions in relation to the delivery of significant projects was always top of his mind.

- Whether there were any surprises from a governance, audit and risk perspective for the Chief Executive since taking up post in the Council. The Chief Executive advised that there were no surprises, or anything that gave him cause for concern. The organisation felt well governed with good processes. A key focus for him was ensuring a firm grip on delivery of key projects going forward. A positive 'surprise' was the strength and positivity of partnership with the Internal Audit function.

- Why it took such a long time to reduce outstanding actions from 41 to 7. It was explained that it had not taken that length of time and that none of the original 41 were the same 7 outstanding actions; these were new actions that had changed over time. It was just the number of outstanding overall that had been reduced from the position during Covid-19 conditions.

- Whether there was sufficient capacity to deliver against identified risks as a Council. The Chief Executive expressed the view that it was right to invest in Internal Audit capacity within the budget and added that the ethos of good governance permeated throughout the whole organisation at all levels. Whilst there were no clear issues around capacity, prioritisation was always a consideration as was continued emphasis on that to drive continual improvement.

- Whether the Chief Executive was comfortable with action taken to mitigate the risks identified on the Corporate Risk Register and whether there was anything that kept him awake at night. The Chief Executive advised that he was comfortable with mitigations in place and the steps taken to monitor them. Whilst there were some inherent risks which must be carefully balanced against operational need, particularly in the context of factors outside of the Council's control, there was nothing specific that represented a significant cause for concern. The Chief Executive reiterated that he worried more about delivering on identified plans and projects more than risk and demonstrating impact for the people of Rotherham.

Resolved:- That the presentation be noted.

78. EXTERNAL AUDITORS PROGRESS REPORT

Liz Luddington, Key Audit Partner and Engagement Lead, and Greg Charnley, Audit Senior Manager, presented a progress update highlighting:-

- Planning work for the 2025/26 audit had commenced in February and would continue throughout March and April. It was the intention to issue the Audit Plan to management in draft by the end of April and to Committee on 16th June, 2026.

- Working to complete some interim audit testing during March and April with the aim of bringing forward the audit work where possible.

- Audit fieldwork was scheduled to commence in late June with the ISA260 reported to the November Committee meeting and the opinion on the Statement of Accounts by early December, 2026.

- Value for Money risk assessment for the year ended 31st March 2026 had commenced with no additional significant weaknesses identified at the present time.

- The PSAA set fee totalled £429,398 for the Authority derived from the procurement exercise carried out by PSAA in 2022 reflecting the increased work auditors must now undertake as well as the scarcity of audit firms willing to do work of this nature.

The report also provided sector updates including:-

- Interviews conducted with 100 S151 officers to identify the top 3 strategic priorities, operational pressures and most in-demand skills
- CIPFA Code changes to the accounting for non-investment assets
- Audit readiness training
- Financial settlement 2026/27 and 2028/29
- SEND reform plans
- Local Outcomes Framework
- Local Government Reorganisation and Devolution Update
- Transport connectivity
- Maintaining local roads
- Unlocking land for housing
- The Crisis and Resilience Fund
- Successful legacy planning for major events
- After the backstop

Discussion ensued with the following issues raised/clarified:-

- The proposed response to significant weaknesses in 2026. It was explained when significant weaknesses were identified in-year this became a risk. Value For Money field work undertaken in the Summer and would require the Council to demonstrate progress made. A full assessment would be made at that stage regarding significant weaknesses.

- Whether Value Form Money field work would include the HRA stock assessment. It was confirmed that this was expected to be the case. It was highlighted that the auditors had to comment on the arrangements in place for the year under consideration. Whilst an improvement recommendation could be made with it being unlikely that this would be cleared, progress made could be reflected within the narrative.

- Whether there was the need to address the backstop position. It was noted that the Council was in a strong position compared to other Local Authorities. The backstop would pull forward to 30th November and work was in progress to ensure that the Local Authority and auditors were in line with this, with the Annual Report and Value For Money expected to be delivered by then.

Resolved:- That the progress report be noted.

79. TREASURY MANAGEMENT QUARTERLY UPDATE AND TREASURY MANAGEMENT STRATEGY

Consideration was given to the report presented by Natalia Govorukhina, Head of Corporate Finance, which detailed how the regulatory framework of Treasury Management required the Council to produce a mid-year treasury review, in addition to the forward looking annual Treasury Strategy and backward looking annual treasury outturn report.

The quarter 3 review for 2025/26 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 a requirement that any proposed changes to the 2025/26 Prudential Indicators were approved by Council.

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

It was noted that the Treasury Management Strategy had been considered by Council on 4th March, 2026 as part of the Budget and Council Tax 2026/27 report (Minute No. 127 refers).

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

With regard to investments, the primary governing principle remained security over return and the criteria for selecting counterparties continued to reflect this. With regard to borrowing, the Council will maintain its strategy of being under-borrowed against the capital financing requirement. Since the mid-year report submitted to Committee in November 2025 (Minute No. 51 refers), the Council had borrowed £25M from the South Yorkshire Mayoral Combined Authority with further borrowing expected to be required before the end of the current financial year. This borrowing was to re-finance historic debt and support cash flow management.

As previously reported, the Council will predominantly adopt a short-term borrowing strategy to cover borrowing need in anticipation of lower interest rates in the medium to long term. The Council was forecast to require additional borrowing before the end of the 2025/26 financial year and 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 discounted HRA rate.

The continuing approach to Treasury Management had been discussed with the Council's external Treasury Management Advisers, MUFG Corporate Markets, who had confirmed it was a prudent approach given current market conditions. MUFG would continue to monitor borrowing rates and inform the Council if there were opportunities to borrow at advantageous rates.

The Council's approach to Treasury Management in recent years, utilising short term borrowing in particular, had generated significant savings for the Council, essential to achieving balanced budgets, however, the future outlook remained challenging. The Bank of England had started to cut Base Rate and the cost of short term borrowing had reduced as a result with further reductions expected in the near future. The costs for long term borrowing, however, remained high reflecting the yield on UK gilts.

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 2025/26 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 discounted HRA rate. A further update would be provided as part of the Council's Treasury Management Strategy for 2026/27.

Discussion ensued with the following issues raised/clarified:-

- Whether the short-term borrowing strategy remained effective in the current financial climate or should it be revisited. It was clarified that, as a result of regular meetings with Treasury Management advisers, the Council remained comfortable with the current strategy. This had realised savings which had addressed budget pressures and it remained the case that interest rates were expected to fall in the long term.

- The timing of the annual report and ambiguous statements within the report at the budget Council meeting which implied that the Audit Committee had reviewed and approved the budget which was not the case. It was noted that the role of the Audit Committee was one of oversight and scrutiny and not decision making and as such it was considered appropriate that the Treasury Management Strategy was submitted to Cabinet and Council prior to scrutiny by the Audit Committee as they were the decision making bodies. However, it was agreed that the wording in the future reports would be reviewed to address ambiguity and clarify that consideration by the Audit Committee referred to therein related to the previous report.

- In relation to section 4.8 of the report relating to capital expenditure and the 2027/28 financing profile, the estimated dip for Children and Young People's Services and Corporate Services was queried. It was clarified that there had been slippage connected with the Buildings' Decarbonisation Programme and capital contingency budgets in the final year of projections, alongside a number of Regeneration and Environment projects which made the 2026/27 appear higher. Much of this was connected to the Regeneration Fund which was a time limited scheme, with delivery required before the end of 2026/27. It was also noted that the Mainline Station and Strategic Sites alongside Schools funding due to Government timelines would drop into the 2027/28 figures.

- At section 4.9 of the report, a jump in capital receipts was noted. This related to planned use of Right to Buy receipts in order to keep the HRA growth programme moving.

- The increase in external debt profile in 2028/29 was noted. It was explained that the critical issue was the Council's ability to finance its borrowing, with the Treasury Management Strategy designed to accommodate short-term spikes, whilst there remained the desire not to take the CFR too high in the long term.

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

80. INTERNAL AUDIT CHARTER, INTERNAL AUDIT QUALITY ASSURANCE AND IMPROVEMENT PLAN (QAIP) AND EXTERNAL ASSESSMENT AGAINST THE GLOBAL INTERNAL AUDIT STANDARDS (UK PUBLIC SECTOR)

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 GIAS (UK Public Sector) as from 1st April, 2025.

The 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 during November and December 2025 which showed general conformance with those Standards - the highest classification that CIPFA awarded. An action plan had been developed to address the findings from the report. The action plan from the previous annual self-assessment had been updated and the 2 documents would be merged following the meeting to aid tracking of action implementation. The QAIP had also been updated to reflect that the external assessment had now taken place.

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. The Charter had been updated following the external assessment findings.

The Charter reflected the requirements of the Global Internal Audit Standards (UK Public Sector). It must be considered by the Audit Committee to confirm that it accurately reflected their understanding and expectations of the Internal Audit function.

Discussion ensued with the following issues raised/clarified:-

- The use of Copilot in relation to Internal Audit and how the Committee could be assured that this would produce reliable results. It was clarified that the use of AI was intended to create efficiency in the audit process. It would be used in conjunction with the usual audit process, following a trial to test reliability, with all existing checks and balances remaining in place.

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 (Appendices A, B and C attached) be noted.

(2) That the external assessment (Appendix D) of the report submitted and the resultant action plan (Appendix E) be approved.

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

81. INTERNAL AUDIT PLAN 2026-27

Consideration was given to the Internal Audit Plan for 2026-27 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 Executive Directors and Service 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 2025-26
- 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 Executive Directors, Service 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 an awareness of emerging risks within the Authority so 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, streamlining processes and supporting corporate priorities 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 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 Executive Directors and Service Directors.

The audit plan would be delivered by the in-house team with the exception of some specialised IT audits completed by Salford City Council Technical Audit and had been based on the current establishment structure of the Team. The Internal Audit Team comprised 6.93 FTE's (7.52 2025/26). The number of days allocated in the plan for 1st April 2026 to 31st March 2027 was 1038 days and was based on a full establishment for the Team. The number of FTE's at the start of the year had reduced from 2025/26 due to the retirement of one member of the Team who had not yet been replaced; it was anticipated that the vacancy would be recruited to during Quarter 1 and would be a full-time position rather than the previous part-time post. The plan was considered sufficient to allow the Head of Internal Audit to give the annual opinion at the end of the year.

There was a contingency of 75 days allowing flexibility in the plan to respond to any new risks and priorities as they emerged.

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.

Discussion ensued with the following issues raised/clarified:-

- Potential duplication between Internal Audit planned activities and the housing stock activities. It was clarified that Internal Audit and other activities considered different areas so there was no duplication.

- Confidence of successful delivery of the 2026/27 plan. It was confirmed that there was confidence of successful delivery assuming successful recruitment to vacant positions with recruitment processes well progressed at the time of reporting. Nonetheless, the plan maintained the ability to flex and respond to emerging need.

- Capacity for training new recruits whilst delivering the plan. It was confirmed that capacity for that had been considered and accounted for in the plan.

- The derivation of the waste transformation project. It was noted that this was based on information within risk registers with Service involvement in relation to the scope.

Resolved:- That the Internal Audit Plan for 2026-27 be approved.

82. INTERNAL AUDIT PROGRESS REPORT FOR THE PERIOD 1ST NOVEMBER TO 31ST JANUARY 2026

Consideration was given to a report presented by Louise Ivens, Head of Internal Audit, which provided a summary of Internal Audit work completed during 1st November, 2025, to 31st January, 2026, and the key issues that had arisen.

The plan attached as part of the report showed the position up to the end of January 2026, the progress of the 2025/26 audit plan, the reports finalised between November 2025 and January 2026 and Performance Indicators for the Team.

Internal Audit provided an opinion on the control environment for all systems or services which were subject to audit review. The report detailed the audit opinions and a summary of all audit work concluded in the last quarter (Appendix C). 9 audits had been finalised since the last Audit Committee, 5 of which received Reasonable Assurance, 3 received Substantial Assurance and one received Partial Assurance.

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

The updated QAIP action plan had been included as a separate agenda item (See Minute No. 81). The major focus during this period was liaising with the CIPFA assessor whilst they undertook the external assessment against the Global Internal Audit Standards (UK Public Sector).

Resolved:- (1) That the Internal Audit work undertaken since the last Audit Committee, 1st November, 2025, to 31st January, 2026, 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.

83. RISK MANAGEMENT PRESENTATION - CHILDREN AND YOUNG PEOPLE'S SERVICES

Consideration was given to the report presented by Helen Sweaton, Joint Service Director, Commissioning & Performance, together with Rob Savage, Departmental Business Manager, Children and Young People’s Services, which detailed the Risk Register and risk management activity within the Children and Young People’s Services Directorate.

The report set out in detail the risk items which have been added or amended since the last report to Audit Committee in March 2025 and it was noted that risks were discussed and reviewed at the Directorate Leadership Team (DLT) and, where necessary, escalated to the next strategic level for inclusion on the risk register.

As at 17th February, 2026, the Directorate risk register contained 5 risks one of which (CYPS-01 and SLT-01) also featured on the Corporate Strategic Register. A further CYPS risk was consolidated in the Corporate Risk Register as a Council-wide risk (CYPS-01 and SLT-16) with CYPS holding the Directorate narrative in its own register.

The Service Risk Register was derived from key risks within operational areas following escalation from a Head of Service. These could be linked to a number of service delivery objectives such as transformation projects, service plans or outcomes from external inspections. Escalations were made from Service level to Directorate level at the discretion of a CYPS Service Director. In the event a risk reviewed by the CYPS Assurance Board needed escalating, this would be progressed by the CYPS Executive Director to the Strategic Leadership Team for consideration.

Discussion ensued with the following issues raised/clarified:-

- The processes by which it was determined a risk was no longer required because it had become an issue and therefore managed off the register. It was confirmed that where risks came to fruition they were managed through task and finish groups and re-evaluated, when a decision was made.

- The low number of risks registered in relation to a service which inherently responds to significant risks. It was noted that a significant proportion of the risks were managed as business as usual due to the nature how the services work. The causal factor was the classification and definitions of what was relevant for inclusion on this particular register. Whilst the number of risks were low, their impact was potentially huge and necessitated cross-cutting multi-disciplinary activity to ensure effective management of risk. The recent Ofsted inspection outcome was considered external validation of the Service’s approach to risk management.

- The ability to deliver savings against a consistent overspend against the budget profile in the context of the grading of the savings related risk. It was clarified that spend control was an issue in relation to factors outside of the Service and Council's control. In terms of staffing budgets, in-house placement budgets etc., budget management was effective and savings delivered as projected. It was accepted that the wording of the risk did not clearly reflect the position and implied incorrect grading of risk and Helen Sweaton and Rob Mahon would review and consider rewording to more accurately reflect the position.

- The migration risks associated with the Case Management system and the steps taken to manage and mitigate risk. Internal Audit involvement on the project board, alongside other key stakeholders was noted.

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)

84. AUDIT COMMITTEE FORWARD WORK PLAN

Consideration was given to the proposed forward work plan for the Audit Committee for June 2026 to March 2027. 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 now submitted, be approved.

85. ITEMS FOR REFERRAL FOR SCRUTINY

There were no items for referral.

86. URGENT BUSINESS

There was no urgent business to discuss.

87. DATES OF MEETINGS IN 2026/27

Resolved:- That meetings during the 2026/27 Municipal Year be held as follows:-

Tuesday,	16th June, 2026
	28th July, 2026
Thursday,	24th September, 2026
Tuesday,	24th November, 2026
	19th January, 2027
	23rd March, 2027

all commencing at 2.00 p.m.

Grant Thornton

The Audit Plan for Rotherham Metropolitan Borough Council

Year ending 31 March 2026

2 June 2026

Contents

1. The Backstop

The Future of 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 require audited financial statements to be published by a specific date.

The upcoming backstop dates are as follows:

- for years ended 31 March 2026 by 31 January 2027
- for years ended 31 March 2027 by 30 November 2027; and
- for years ended 31 March 2028 by 30 November 2028.

The Regulations are supported by the National Audit Office's (NAO) Code of Audit Practice 2024. The backstop dates were introduced to clear the backlog of historic financial statements and support 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.

Impact on Rotherham Metropolitan Borough Council and our response

Arrangements at the Council have continued to support both the production of draft financial statements in a timely manner and an appropriately resourced financial 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.

In order to meet future statutory deadlines, for 2025/26 we will be working towards an internal deadline of 30 November 2026, as a dry run for future years when the backstop date moves to the end of November from 2027. In order to deliver to this timetable, we are developing a detailed project plan for the audit fieldwork period scheduled from the beginning of July through to early November.

We are aiming for our audit work to be operationally complete by the end of October. Our key outputs and reports being drafted and agreed with management in the first half of November prior to our Audit Findings (ISA260) report on the accounts and our Auditor's Annual Report on the Council's value for money arrangements being presented to Audit Committee on 24 November 2026.

As detailed on page 22 of this report (audit timeline) we shall ensure that weekly meetings are scheduled for the audit fieldwork period and we shall be sharing a audit progress tracking document with management on a weekly basis to ensure that continued and even progress is being made from July through the summer months to late October. This is in order to ensure that we are on track to conclude the audit and issue our audit opinion in the days following Audit Committee on 24 November 2026. We shall issue a detailed progress report to Audit Committee at its meeting on 24 September 2026.

2. Introduction and headlines

Purpose

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

Respective responsibilities

The National Audit Office ('the NAO') has issued 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 agreed 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 and is risk based.

Audit logistics

Our planning and interim work commenced in March and has continued into 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 and our Auditor's Annual Report on VFM arrangements, which we intend to bring to the November 2026 Audit Committee.

Our proposed fee for the audit is £429,398 (PY: £421,206) for the Council, subject to the Council delivering a good set of financial statements and working papers, no significant changes in scope to the audit, management being responsive to audit requests and providing sufficient appropriate audit evidence when requested. 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.

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 control;
- closing valuation of land and buildings, including Council dwellings; and
- valuation of local government pension scheme defined benefit pension fund net 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 £16.7m (PY £15.2m) for the Council, being 2% of your prior year gross expenditure on the deficit on the provision of services (prior year 2%).

We are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance.

Our 'clearly trivial' reporting threshold for issues to be brought to the Audit Committee's attention has been set at £0.835m (PY: £0.76m).

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 £21,700 for the audit in this area.

Value for Money arrangements

Our 2024/25 Auditor's Annual Report identified two significant weaknesses and seven improvement recommendations. Our 2025/26 risk assessment regarding your arrangements to secure value for money has identified one ongoing risk of significant weakness in the Council's arrangements for securing economy, efficiency and effectiveness. This was identified as a result of the significant weaknesses in arrangements reported in our 2024/25 Auditor's Annual Report and two key recommendations made as a result.

- The first key recommendation was in respect of the Council's arrangements for satisfying compliance requirements in respect of its HRA buildings stock. In 2024, the Council had itself identified issues in relation to asbestos, and fire safety, as well as a lack of capability and capacity in these areas. Whilst progress had been made up to the point of issuing our 2024/25 Auditor's Annual Report including improving compliance with Decent Homes Standard and rectifying defects relating to fire, asbestos, lifts and water safety, the Council had not yet completed all work required and there remained a high proportion (95%) of stock condition surveys yet to be completed as at March 2025.
- The second key recommendation was in respect of the Council's arrangements for building compliance requirements and maintaining up-to-date asset data in relation to the Council's corporate buildings. A range of weaknesses were identified around compliance within the operational estate, a lack of consistent fire risk assessments, a lack of asset management plans for properties leased to third parties as well as insufficient capacity and capabilities within the asset management and facilities service. Our work in 2024/25 indicated that the Council had developed an understanding of gaps in its data and was actively working on understanding of the corporate buildings estate, each building's condition, and the level of health and safety compliance. We also noted that a full stock condition survey was yet to be completed as at March 2025.

We will follow up progress against the key recommendations made in 2024/25 and ensure that our work assesses the arrangements in place during 2025/26. See pages 20 and 21 for further detail of our value for money risk assessment in the current year. We will continue to monitor and update our risk assessment and responses until we issue our Auditor's Annual Report.

3. Significant risks identified

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

Significant risk	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.	In response to this risk we will:
		• evaluate the design effectiveness of management's controls over journals. This will include the controls management has in place to review journal postings;
		• analyse the journals listing and determine the criteria for selecting high risk unusual journals;
		• perform a risk-based interrogation of the financial ledger to identify any unusual and potentially fraudulent transactions for testing. For example:
		    • Journals created by senior management
		    • Journals which impact the financial outturn
		    • Year-end adjustment journals, including manual entries made around the time of the preparation of the draft financial statements;
		• test unusual journals made during the year and after the draft accounts stage for appropriateness and corroboration.
		• gain an understanding of the accounting estimates and critical judgements applied by management and consider their reasonableness with regard to corroborative evidence; and
		• evaluate the rationale for any changes in accounting policies, estimates or significant unusual transactions.

"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).

Significant risks identified (continued)

Significant risk	Audit team's assessment	Planned audit procedures
Closing valuation of land and buildings, including Council dwellings	**Land and buildings:** The Council re-values its land and buildings on a rolling five-yearly basis in line with the Code requirements. This valuation represents a significant estimate by management in the financial statements due to the size of the numbers involved (some £259m at 31 March 2025) and the sensitivity of this estimate to changes in key assumptions. **Council dwellings:** The CIPFA Code requires that Council dwellings (some £875m at 31 March 2025) should be valued on the basis of existing use value as social housing and the Council has adopted a beacon methodology. 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. 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.	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 & 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 & 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. For the first time in 2025/26, the Code now requires indexation in the intervening years between revaluations. The Council will be adopting this for the first time this year, and applying indexation to land and buildings not subject to a full revaluation during the financial year. In response to this risk we will: • 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; • evaluate the competence, capabilities and objectivity of the valuation expert; • challenge the information and assumptions used by the valuer to assess completeness and consistency with our understanding; • engage our own auditor's expert valuer to assess the instructions issued to the Council's valuer, the Council's valuer's report and the assumptions that underpin the valuation; • test, on a sample basis, revaluations made during the year to see if they had been input correctly into the Council's asset register; **(continued overleaf)**

Significant risks identified (continued)

Significant risk	Planned audit procedures
Closing valuation of land and buildings, including Council dwellings (continued)	• agree, on a sample basis, the internal floor areas (GIAs) to the Council's CIPFA Infoshare asset management software and CAD drawings; • 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; • 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; and • assess the Council's application of indexation to land and buildings not subject to a full valuation in 2025/26 in terms of the selection of an appropriate and relevant index for the specific land and buildings and the accurate application and calculation of the indexed valuation.

Significant risks identified (continued)

Significant risk	Audit team's assessment	Planned audit procedures
Valuation of the local government pension scheme (LGPS) defined benefit pension fund net balance (gross asset of £1.5bn and liability of £1.1bn as at 31 March 2025)	The Council's LGPS pension fund net balance, as reflected in its balance sheet, represents a significant estimate in the financial statements. 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 £1.1bn in 2025) and the sensitivity of the estimate to changes in key assumptions. In 2025, the Council identified a net LGPS pension surplus totalling £380m that was capped at £0 in the financial statements under the principles of IFRIC 14. Gross assets were reduced by £380m to reach the £0 balance sheet position. There is an additional net pension liability of £12.6m (at March 2025) which reflects the Council's obligations in respect of unfunded liabilities, for which there are no pension assets to offset. We have not identified the unfunded liabilities of £12.6m as being within the scope of the significant risk. A key aspect of our work planned is to consider whether this LGPS pension fund net surplus position remains supported by fund-level assumptions and market-based factors. We therefore identified the valuation of the Council's LGPS pension fund net balance as a significant risk of material misstatement.	In response to this risk we will: • 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; • evaluate the instructions issued by management to their management expert (consulting actuary) for this estimate and the scope of the actuary's work; • assess the competence, capabilities and objectivity of the actuary who carried out the Council's pension fund valuation; • assess the accuracy and completeness of the information provided by the Council to the actuary to estimate the net LGPS pension balance; • test the consistency of the pension fund figures and disclosures in the draft financial statements with the actuarial report from the actuary; • undertake procedures to confirm the reasonableness of the actuarial assumptions made by reviewing the report of the consulting actuary (as auditor's expert) and performing any additional procedures suggested within the report; • obtain assurances from the auditor of the South Yorkshire Pension Fund as to the controls surrounding the validity and accuracy of membership data; contributions data and benefits data sent to the actuary by the pension fund; • evaluate the appropriateness (as applicable) of recognising a pension asset position against the Code and IFRIC 14 criteria; • 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); • confirm that pension fund asset valuations were based on a 31 March 2026 valuation date; and • following the publication of the triennial valuation of South Yorkshire Pension Fund as at 31 March 2025, we will consider the impact of this on the pension fund net balance.

Risks rebutted

Risk identified	Audit team's assessment	Planned audit procedures
The revenue cycle includes fraudulent transactions (rebutted) Under ISA (UK) 240 there is a rebuttable presumed risk that revenue may be misstated due to the improper recognition of revenue. This presumption can be rebutted if the auditor concludes that there is no risk of material misstatement due to fraud relating to revenue recognition.	Having considered the risk factors set out in ISA 240 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: • there is little incentive to manipulate revenue recognition; • opportunities to manipulate revenue recognition are very limited; and • the culture and ethical frameworks of local authorities, including the Council mean that all forms of fraud are seen as unacceptable. Therefore, we have rebutted the presumed risk that revenue may be misstated due to the improper recognition of revenue for all revenue streams due to the low fraud risk in the nature of the underlying transactions.	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. In respect of income recognised we will: • evaluate the Council's accounting policy for recognition of income for appropriateness and compliance with the Code; • for grant income, we shall sample test grants recognised to supporting evidence and check the appropriateness of the accounting treatment in line with the CIPFA Code, including the treatment of grants credited to services or recognised as taxation and non-specific grant income. Testing will also give regard to the treatment of grant income as principal or agent; • for income raised from council tax and non-domestic rates, which are of a predictable nature, we shall perform a substantive analytical review based on the number and value of rateable properties, applying any annual increases to rates as appropriate; • agree, on a sample basis, income transactions and year end income accruals to supporting documentation and cash receipts to evidence the occurrence of these transactions and • we will carry out testing on sample basis of invoices raised and bank receipts either side of the reporting date of 31 March 2026 to determine whether income is recognised in the correct accounting period.

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.

Risks rebutted (continued)

Significant risk	Audit team's assessment	Planned audit procedures
The expenditure cycle includes fraudulent transactions (rebutted) 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. As per PN10, fraudulent financial reporting may arise from the manipulation of expenditure recognition (for instance by deferring expenditure to a later period). 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.	We considered the risk that expenditure may be misstated due to the improper recognition of expenditure. We have rebutted this for all expenditure streams because: • the Council is expected to have £50.5m of general fund reserves at 31 March 2026, based on the quarter 3 forecast and assuming a £3.4m overspend at outturn; Unearmarked general fund reserves are expected to be £25m, which represents 6.9% of the 2025/26 net revenue budget (£359m). 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; • there is little incentive to manipulate expenditure for the Council where services are provided to the public through taxpayers' funds; • 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; • 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; • whilst budget pressures have been identified 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; and • 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. We also considered the risk of fraudulent expenditure recognition in relation to capital expenditure and concluded that it is not a significant risk. We have considered the material risk of improper expenditure and we have identified a higher inherent 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.	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. In respect of expenditure recognised (risk rebutted) we will: • evaluate the Council's accounting policy for recognition of expenditure for appropriateness and compliance with the Code; • update our understanding of the system for accounting for the expenditure and procedures to ensure the completeness of expenditure recorded in the financial year; • 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; • agree, on a sample basis, non-pay expenditure to supporting evidence to demonstrate occurrence and accuracy of expenditure recorded; • inspect a sample for year end accrued expenditure not yet invoiced to assess whether the value of the accrual was consistent with the value invoiced post year end; • complete substantive testing of expenditure streams in 2025/26 including sample testing material transactions; and • design and carry out appropriate audit procedures to ascertain that recognition of expenditure is in the correct accounting period, for example, using cut off testing, focusing either side of the reporting date of 31 March 2026.

Other matters

Other work

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

- we read your Narrative Report and Annual Governance Statement 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 within the borough 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; and
- 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)

4. 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.

Description	Planned audit procedures
Determination 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 stakeholder expectations, sector developments, financial stability and reporting requirements for the financial statements. Materiality at the planning stage of our audit is £16.7m, which equates to 2% of your prior year (2024/25) gross expenditure on the deficit on the provision of services (prior year: £15.2m).	We determine planning materiality in order to: • establish what level of misstatement could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements • assist in establishing the scope of our audit engagement and audit tests • determine sample sizes and • assist in evaluating the effect of known and likely misstatements in the financial statements.
Other factors 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.	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 £21.7k.
Matters we will report to the Audit Committee Whilst our audit procedures are designed to identify misstatements which are material to our opinion on the financial statements as a whole, we nevertheless report to the Audit Committee any unadjusted misstatements of lesser amounts to the extent that these are identified by our audit work. Under ISA 260 (UK) 'Communication with those charged with governance', we are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance. ISA 260 (UK) defines 'clearly trivial' as matters that are clearly inconsequential, whether taken individually or in aggregate and whether judged by any quantitative or qualitative criteria.	We report to the Audit Committee any unadjusted misstatements of lesser amounts to the extent that these are identified by our audit work. 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 £0.83m (PY £0.76m). 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.

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Our approach to materiality (continued)

Description	Amount	Qualitative factors considered
Materiality for the Council's financial statements	£16.7m	This equates to 2% of the Council's gross expenditure on the deficit on the provision of services for 2024/25 based on the audited statement of accounts for the year then ended (£914m). Our overall risk assessment at the planning stage supports the 2% benchmark applied. In the materiality determination, we adjusted for non-recurrent items of expenditure in 2024/25 including revaluation losses on newly constructed and newly acquired buildings and council dwellings and following initial recognition of IFRS16 – taken together these reduced expenditure by £78m.
Performance Materiality (PM)	£12.52m	Performance materiality has been set at 75% of financial statement materiality, which represents an increase from 70% in the prior year. This reflects our risk assessed knowledge of potential for errors occurring. Since we did not identify any errors that impacted on usable reserves in the prior year, we determined that an increase in the measurement percentage was appropriate. 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	£0.83m	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 £835k to Audit Committee.
Materiality for specific transactions, balances or disclosures	£21.7k	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.

Reassessment of materiality

Our assessment of materiality is kept under review throughout the audit process. 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 2025/26 financial statements which are expected at the end of June 2026.

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)

5. Progress against prior year audit recommendations

We identified the following issues in our 2024/25 audit of the Council's financial statements, which resulted in two recommendations being reported in our 2024/25 Audit Findings (ISA260) Report and a further recommendation being brought forward from our 2023/24 accounts audit. We have followed up on the implementation of our recommendations as part of our audit planning work in 2025/26 and an update against each of the recommendations raised has been included below. Management has confirmed that all recommendations have been implemented and we shall provide confirmation that prior year audit recommendations have been addressed in our Audit Findings (ISA260) report due November 2026.

Original Assessment	Issue and risk previously communicated	Update on actions taken to address the issue(s)
● Low	**Management Instructions to the valuer and valuer's terms of engagement (recommendation raised in 2023-24)** 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. 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. 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.	Management update (May 2026) ***The action is complete. The instructions to the valuer have been updated to reference the appropriate code guidance and have been issued to the valuer as part of the 2025/26 valuation process.***

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Progress against prior year audit recommendations

Original Assessment	Issue and risk previously communicated	Update on actions taken to address the issue(s)
● Low	**Presentation of short-term debtors in the notes to the accounts** In the prior year (2024/25), the Council presented its short-term debtors note by counterparty type (central government bodies, other LAs etc.) which is not consistent with requirements of the Code, which states that balances should be presented by the nature (trade debtors, prepayments etc.). Code 3.4.2.67 states that an authority shall disclose, either in the Balance Sheet or in the notes, further sub-classifications of the line items presented, classified in a manner appropriate to the authority with receivables disaggregated into amounts receivable from trade customers, receivables from related parties, prepayments and other amounts. We recommended that the presentation of the short-term debtors note be refreshed in the 2025/26 financial statements and the note disaggregated and presented based on the nature of the short-term debtors. This should enable the Council to be compliant with the requirements of the Code.	Management response (November 2025) *The Council will update the presentation of the short-term debtors note in 2025-26 financial statements to ensure the note is disaggregated and presented based on the nature of the short-term debtors.* Management update (May 2026) *The action is complete. Templates for the associated working papers have now been updated to reflect the revised presentation requirements, and guidance has been issued to relevant staff, the new approach is fully embedded for the 2025/26 accounts closedown process.*
● Low	**Calculation of accumulated absences accrual** The Council has historically adjusted the year end Employee benefit expenditure annual leave accrual for officers to reflect any gross pay movements per FTE (Full time equivalent) and any fluctuations in total FTE at year end. In the prior year (2024/25), we attempted to gain assurance over the original source data that is being adjusted each year for these variables, however, this information was not available - i.e. no records had been maintained to evidence this source data. We recommended that work be undertaken in the remainder of 2025/26 to obtain the relevant source data used in the accumulated absences accrual. It was also recommended that a working paper be prepared by the financial accounting team and shared with the audit team as part of the working paper requests in 2025/26 in order to better demonstrate the basis for the accumulated absences accrual in the draft financial statements for year ended 31 March 2026.	Management response (November 2025) *The Council will consider options on how to better demonstrate the basis for the accumulated absences accrual in the financial statements in 2025-26.* Management update (May 2026) *The action is complete. A report has been obtained from the iTrent payroll system detailing the balance of untaken annual leave at year-end. Work has been undertaken to confirm that the report meets the Council's requirements, and it has been used as the basis for calculating the accumulated absences accrual for the 2025/26 accounts.*

6. 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.

eFinancials and Active Directory are in scope for the purpose of our IT audit work. eFinancials is in scope as the key accounting system at the Council and Active Directory has also been scoped in since single-sign on (SSO) is in use at the Council which allows a user to log into eFinancials from their Windows profile without having to re-enter credentials, and as such Active Directory is indelibly linked with eFinancials user access rights (security management). Active Directory is a Microsoft directory service used to manage devices, users, domains, and objects within a Windows domain network.

Based on the planned financial statement audit approach we will perform the level of assessment required, which are set out in the table below. 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 due November 2026.

IT application	Audit area	Planned level IT audit assessment
eFinancials (e5) by OneAdvanced	Core Financial Reporting, including Accounts Payable and Receivable	• Detailed ITGC assessment design effectiveness • Test the design and implementation of the ITGCs • Follow up on IT related recommendations raised in the previous audit • Review of cybersecurity controls.
Active Directory	User Access Controls: Single Sign on to eFinancials	• Detailed ITGC assessment design effectiveness • Test the design and implementation of the ITGCs.

7. Value for Money Arrangements

Approach to Value for Money work for the period ended 31 March 2026

The National Audit Office updated its Code of Audit Practice in November 2024. The Code expects auditors to consider whether the Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. Auditors are expected to report a commentary each year under the specific reporting criteria and where significant weaknesses in arrangements are identified. The new Code requires auditors to share a draft Auditor's Annual Report (AAR) with those charged with governance by a nationally set deadline each year, and for the audited body to publish the AAR thereafter. This deadline has been set at November 2026, and we envisage that this can be met and our 2025/26 Auditor's Annual Report presented to your Audit Committee at its November 2026 committee meeting. The three specified reporting criteria are set out below:

Financial sustainability

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

Governance

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

Improving economy, efficiency and effectiveness

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

We will continue our review of your arrangements until we sign the opinion on your financial statements before we issue our AAR. Should any further risks of significant weakness be identified, we will report this to those charged with governance as soon as practically possible. Any significant weaknesses identified will be reflected in our AAR and included within our audit opinion.

Risks of significant VFM weaknesses

As part of our initial planning work, we considered whether there were any risks of significant weakness in the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources where we needed to perform additional procedures. The risks we have identified are detailed on the previous two pages along with the further work we will perform. We will continue to review the Council'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 table below.

Potential types of recommendations

Statutory recommendation

Written recommendations to the Council under Section 24 (Schedule 7) of the Local Audit and Accountability Act 2014. A recommendation under schedule 7 requires the Council 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 Council. We have defined these recommendations as 'key recommendations'.

Improvement recommendation

Auditors may also include areas for improvement or to keep in view even if they do not identify any underlying significant weaknesses in arrangements. These recommendations set out actions for consideration which are not a result of identifying significant weaknesses in arrangements, but which if not addressed could increase the risk of a significant weakness in future periods.

Risks of significant weakness in VFM arrangements

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 2025/26. 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	2024/25 Assessment of arrangements		2025/26 Risk assessment	2025/26 risk-based procedures planned
Financial sustainability	A	No significant weaknesses in arrangements identified; two improvement recommendations made to support the Council with further strengthening arrangements for financial sustainability based on its current risks and priorities.	No risks of significant weakness identified.	As no risk 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 on the improvement recommendations made in 2024/25.
Governance	A	No significant weaknesses in arrangements identified; two improvement recommendations retained from 2023/24 and one further improvement recommendation raised surrounding waiver reporting to members.	No risks of significant weakness identified.	As no risk 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 on the improvement recommendations made in 2024/25 including those improvement recommendations initially raised during 2023/24.

G	No significant weaknesses or improvement recommendations.
A	No significant weaknesses, improvement recommendation(s) made.
R	Significant weaknesses in arrangements identified and key recommendation(s) made.

Risks of significant weakness in VFM arrangements (continued)

Criteria	2024/25 Assessment of arrangements		2025/26 Risk assessment	2025/26 risk-based procedures planned
Improving economy, efficiency and effectiveness	R	One significant weakness in arrangements continues to be identified though with substantial progress on the key recommendations from 2023/24, which are updated. Two improvement recommendations retained from 2023/24, and one improvement recommendation raised to strengthen contract management arrangements.	One ongoing risk of significant weakness identified in arrangements relating to compliance requirements, in relation to the buildings held within the Council's Housing Revenue Account and also its corporate buildings. We reported two key recommendations in the prior year Auditor's Annual Report as follows: • HRA housing compliance – ensuring the programme of performing stock condition surveys and remediating defects relating to fire, asbestos, lifts and water safety continues to be delivered through to completion • Corporate buildings compliance and maintaining up-to-date data on condition - continuing with programme of condition surveyors to build greater understanding of the corporate buildings estate, each building's condition, and the level of health and safety compliance	We will follow up progress against the key recommendations made and ensure that our work assesses the arrangements in place during 2025/26. We will consider: • the degree of progress made in respect of completing stock condition surveys on HRA dwellings and completing necessary remediation of defects identified from the condition surveyors • the progress made in completing stock condition surveys on the Council's corporate buildings and the Council's arrangements to remediate any defects/areas of non-compliance identified

G No significant weaknesses or improvement recommendations.
A No significant weaknesses, improvement recommendation(s) made.
R Significant weaknesses in arrangements identified and key recommendation(s) made.

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8. Logistics

The audit timeline

Audit phases & key dates:

Year end: 31 March 2026

Audit Plan presented to Audit Committee: 16 June 2026

Deadline for publication of unaudited Financial Statements: 30 June 2026

Audit progress report presented to Audit Committee: 24 September 2026

Close out meeting: w/c 2 November 2026

Audit Committee: 24 November 2026

Issued signed audit opinion: By 30 November 2026

Planning and Interim

4 weeks

w/c 16 March 2026

Key elements

- Audit scoping and risk assessment to be completed
- Completion of system walkthroughs and document design effectiveness of relevant controls
- Discuss and agree timetable and deliverables with management
- Review of key judgements and estimates
- Select samples for advance audit testing and share with management
- Issue the Audit Plan to management and Audit Committee

Final – 20 weeks

w/c 29 June 2026

Key elements

- Audit team to complete fieldwork and detailed testing - using a hybrid approach (on-site and remote)
- Audit of the financial statements
- Weekly update meetings with management to help ensure progress and identify issues as they arise.
- Progress tracker to be shared with management weekly
- Value for money team to undertake enquires, collate evidence and draft their assessment on Council's arrangements

Completion – 2 weeks

w/c 2 November 2026

Key elements

- Audit Findings (ISA260) Report shared and agreed with management
- Audit Findings (ISA260) Report issued to Audit Committee
- Auditor's Annual Report draft issued to management and reported to Audit Committee
- Finalise and sign financial statements and audit report before the end of November 2026

9. Our team and communications

Grant Thornton core team

Liz Luddington
Engagement Lead & Key Audit Partner

- Key contact for senior management and Audit Committee
- Overall quality assurance

Greg Charnley
Audit Senior Manager

- Key point of contact for the finance team
- Audit planning
- Project and Resource management of the delivery of the audit
- Performance management reporting

Aanchal Singla
Audit Assistant Manager

- On-site and remote audit team management
- Day-to-day point of contact
- Audit fieldwork lead contact

Andy Nichols
Value for Money Senior Manager

- Value for Money planning and risk assessment
- Main contact for review of VFM arrangements
- Preparation of the VFM commentary in the Auditor's Annual Report

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Pool of specialists and other technical specialists:

- Internal IT audit team
- Internal public sector financial reporting specialists that lead on the financial reporting technical review of the financial statements ('hot review').

	Service delivery	Audit reporting	Audit progress	Technical support
Formal communications	• Annual client service review	• The Audit Plan • Audit Progress and Sector Update Reports • The Audit Findings (ISA260) Report • Auditor's Annual Report on VFM arrangements	• Audit planning meetings • Audit clearance meetings • Communication of issues log • Quarterly liaison meetings with the three statutory officers	• Technical updates
Informal communications	• Open channel for discussion		• Communication of audit issues as they arise	• Notification of up-coming issues

10. Our fee estimate

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 good quality sets 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 estimates 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 and investment properties
  - Valuation of the local government pension scheme (LGPS) defined benefit pension fund net balance.

Previous year

In 2024/25 the scale fee set by PSAA was £417,703. The actual fee charged for the audit was £421,206. At the time of drafting this Audit Plan, the £5,057 fee variation for the IFRS 16 implementation has now been approved by PSAA.

	Audit Fee for 2024/25	Proposed fee for 2025/26
Rotherham Metropolitan Borough Council Scale Fee (per PSAA contract)	£417,703	£429,398
IFRS 16 implementation review (first year adoption of the new accounting standard)	£5,057	N/A
PSAA fee adjustment relating to external expert work on valuations	(£1,554)	£-
Total (Exc. VAT)	**£421,206**	**£429,398**

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Our fee estimate (continued)

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 audits for the Council to begin with effect from 2023/24. The scale fee set out in the PSAA contract for the 2025/26 audit is £429,398.

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 or opinion issued (but not before 1 December2025)
- 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.

11. 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.

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 as at the audit planning stage 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.

Non-audit fees

- A schedule of our fees and grants assurance services (audit-related services) is set out on page 28 of this report, including an assessment of any perceived or actual threats to our independence and, where relevant, safeguards applied
- Once the Financial Reporting Council's Ethical Standard is applied to the fourth accounting period, the permitted level of non-audit fees for that period cannot exceed 70% of the audit fee (ES4.15). Based on the current fees this would not have an impact on the non-audit services that we would be able to provide to you.
- We will update our Audit Findings (ISA260) report due November 2026 for any additional grant assurance services that commence subsequent to the date of this Audit Plan.
- All of the non-audit fees charged are for audit-related services and these are limited to the certification of grant claims to central government and its departments. This work is permitted by AGN 01 issued in February 2025 and represents routine additional work undertaken on an annual basis by external audit suppliers to local government.

External audit fee	Total fees for grants assurance services	Grants assurance service fees as a percentage of the audit fee
£429,398	£42,935	10%

Independence considerations (continued)

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).

Fees and non-audit services

The following table sets out non-audit services charged from the beginning of the financial year to the date of issue of this Audit Plan, as well as the threats to our independence and safeguards have been applied to mitigate these threats. The grants assurance services (audit-related services) listed below 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 basis.

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.

Grants Assurance Service Fees

Service	Fees £	Threats Identified	Safeguards applied
Certification of Housing Benefits claim 2024/25	42,935 (core 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 £42,935 in comparison to the total fee for the audit of £429,398 and in particular relative to Grant Thornton UK 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 Executive Director of Corporate Services to make these amendments. Amendments to the form can only be made by local authority staff and are initialled by the authorised signatory (Executive Director of Corporate 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.

This covers all services provided by us to the Council, its directors and senior management and its affiliates, and other services provided to other known connected parties that may reasonably be thought to bear on our integrity, objectivity or independence.

12. 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, together with fees charged. Details of safeguards applied to threats to independence	●	●
Significant matters in relation to going concern	●	●

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 (ISA260) Report 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.

Communication of audit matters with those charged with governance (Continued)

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.

Our communication plan	Audit Plan	Audit Findings
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		●

13. Financial reporting changes

Changes to the CIPFA Code of practice on local authority accounting for 2025/26

The main change is a revaluation expedient for property, plant and equipment. From 1 April 2025, revaluations are required once every five years or on a five year rolling basis with indexation in intervening years. This is a substantial change to the accounting for non current asset, that may require engagement with valuers, changes to underlying systems, asset records and accounting treatment.

New or revised accounting standards that are expected to be adopted by the CIPFA Code in future years.

Amendment to IFRS 9 and IFRS 7 - Contracts Referencing Nature-dependent Electricity

The International Accounting Standards Board (IASB) issued amendments to IFRS 9 and IFRS 7 to improve the reporting of nature-dependent electricity contracts, such as power purchase agreements (PPAs). These contracts, which secure electricity from sources like wind and solar power, can vary due to uncontrollable factors like weather. The amendments clarify the 'own-use' requirements, permit hedge accounting for these contracts, and introduce new disclosure requirements to help users of the accounts understand their impact on an entity's financial performance and cash flows. The amendments are expected to be adopted by the CIPFA Code for 2026/27.

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 (including settling financial liabilities using an electronic payment system), adds guidance on the solely payment of principal and interest (SPPI) criteria, and includes updated disclosures for certain instruments. The amendments are expected to be adopted by the CIPFA Code for 2026/27.

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 comprehensive income and expenditure statement as well as introduce specific disclosure requirements. Some of the key changes are:

- introducing new defined categories for the presentation of income and expenses
- 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 will be effective in the UK from 1 January 2027 and so could impact the CIPFA Code from 2027/28.

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Rotherham Metropolitan Borough Council

Public Report
Audit Committee

Committee Name and Date of Committee Meeting
Audit Committee – 16 June 2026

Report Title
Publication of unaudited Statement of Accounts 2025/26

Is this a Key Decision and has it been included on the Forward Plan?
No

Executive Director Approving Submission of the Report
Judith Badger, Executive Director of Corporate Services

Report Author(s)
Rob Mahon (Service Director, Financial Services), Natalia Govorukhina (Head of Corporate Finance)
Corporate Services Directorate
01709 254518 rob.mahon@rotherham.gov.uk
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Ward(s) Affected
Borough-Wide

Report Summary

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

The report to Audit Committee in January 2026 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 2025/26 were published on the Council's website on 10 June 2026, slightly later than the original target of 31 May 2026. 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 2026. The intention was for the final audited accounts to be presented to Audit Committee at the end of September 2026 in line with the former statutory deadline, however, Grant Thornton have indicated that due to capacity constraints it is likely to be November 2026 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 2025/26.

List of Appendices Included

Appendix 1	Narrative Report 2025/26
Appendix 2	Highlights Report setting out key matters reported in the 2025/26 accounts
Appendix 3	Unaudited Statement of Accounts 2025/26
Appendix 4	Informing the Audit Risk assessment 2025/26

Background Papers
CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2025/26
Accounts and Audit (Amendment) Regulations 2024
Audit Committee meeting – 13th January 2026

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 2025/26

1. Background

1.1 The Code of Practice on Local Authority Accounting 2025/26 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 2026, indicating the Council's draft accounts would be published by 31 May 2026. The draft unaudited Statement of Accounts 2025/26 was published on the Council's website alongside the Narrative Report and draft Annual Governance Statement on 10 June 2026, later than planned to allow for further quality and assurance checks to be performed. The period for local electors to exercise their rights has commenced on 11 June 2026 and will cease on 22 July 2026.

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 £16.70m (£15.20m in 2024/25). Individual transactional level materiality was set at £835k in 2025/26. Grant Thornton will revisit these materiality figures in July 2026 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 Councils 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.

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 2025, 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 Councill's share of the Fund. This formal valuation showed an improvement in the fund's position with the Council's share of the Fund surplus on the scheme increasing from £248 million at the previous actuarial valuation in 2022 to £425m in 2025.

2.5 The position as at the March 2025 Triennial Valuation was rolled forward for the IAS 19 annual exercise. The 2025/26 IAS 19 actuarial exercise identified a surplus on Rotherham's share of the Fund of £422m. 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 £379m in the IAS 19 exercise for the 2024/25 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 2025 valuation the Council's employers' contributions have been decreased from 17.3% to 12.1% 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.

Prior year restatement

2.7 The 2024/25 figures have been restated to reflect a correction in accounting treatment for existing Right of Use assets (assets previously classified as a finance lease or PFI agreement) on the transition to IFRS16 in the revaluation reserve and capital adjustment account balances in 2024/25. In preparing 2024/25 financial statements incorporating IFRS 16 transition adjustments, the accounting treatment applied was in advance of clarification guidance issued by CIPFA in June 2025, which specified that downward movements in valuation should first be charged to the revaluation reserve.

2.8 The impact of this misstatement has been determined to be an overstatement of the revaluation reserve and a corresponding understatement of the capital adjustment account. The Council has not adjusted 2024/25 published financial statements, but restated 2024/25 figures in 2025/26 financial statements.

2.9 This resulted in a £2.842m increase in the Capital Adjustment Account and an equivalent reduction in the Revaluation Reserve, with no overall impact on unusable reserves. The CIES has also been restated to reduce charges above the line, leaving total comprehensive income and expenditure unchanged. As a result, related statement and notes, including the Movement in Reserves Statement, Expenditure and Funding Analysis and disclosures on Property, Plant and Equipment have been updated but the overall net book value on the balance sheet remains unchanged.

Indexation

2.10 The CIPFA code for 2025/26 introduces changes to the way Local Authorities are required to value non-current assets in their financial statements. This change was issued as “CIPFA Bulletin 22 – Indexation application guidance”. The main changes introduced to the 2025/26 Code are as follows:

- A revaluation expedient for property, plant and equipment requiring valuations once every five years or on a five-year rolling basis and supported by indexation in intervening years. Alternatively, a desktop valuation in year three in rare cases where no index is available.
- Transitional arrangements when applying these changes so they will be applied retrospectively, with no restatement of prior year figures.
- To assist authorities, an existing adaptation has been removed to allow both options permitted by IAS 16 for the treatment of accumulated depreciation when assets are revalued. This aligns with existing arrangements in the financial reporting manual (FReM).
- A clarification to ensure that undertaking a full revaluation should not be a default process to demonstrate there has not been a material impairment of an asset and to comply with IAS 36.

2.11 The changes in the 2025/26 code apply to the following asset categories:

- Other land and buildings
- Vehicles, plant, furniture and equipment
- Surplus assets
- Right of use assets measured at current value

2.12 The following approach for these asset classes has been followed in preparing the 2025/26 statement of accounts.

Land and Buildings

For land and buildings valued on a depreciated replacement cost (DRC) it is recommended that we use the latest BCIS index for these assets to carry out the indexation.

For buildings which are held at existing use value (EUV) or fair value (FV) we class 2025/26 as year one as 20% of these assets have been valued. For 2026/27 to commence indexation pending the Valuation Agency Office (VOA) indices being available for use.

We also have material assets which are normally valued on an annual basis. The BDR Waste facility is held at fair value and has been valued for 2025/26. We will need to agree with Barnsley MBC and Doncaster Council that a desktop exercise is carried out in year 3 (2027/28) and that no further annual valuations take place. For Riverside House, Forge Island and the Markets these have also been valued for 2025/26. We are proposing to cease annual valuations for these sites and carry out a desktop review in year 3 (2027/28) or if the VOA indices are available in 2026/27 we review this and consider if this is an appropriate indexation that could be used annually instead.

Vehicles, Plant, Furniture and Equipment

No change to existing practice. No annual valuations, assets held at depreciated historic cost.

Surplus Assets

All surplus assets have been valued for 2025/26, so we have updated these valuations into the asset register and classed this as year one. Given the lack of appropriate indices, we will then carry out a desktop review of assets in year 3 which will fall in 2027/28. We will cease annual revaluations of this asset class.

Right of Use Assets

There is no change proposed as the current approach is compliant with the code. Our right of use assets are measured at current value as per section 4.1 of the Code.

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 2025/26 by 30 June has been met. The statutory deadline for publishing the audited financial statements for 2025/26 is 31 January 2027.

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 (Executive Director of Corporate Services)

Approvals obtained on behalf of:-

	Named Officer	**Date**
Chief Executive		Click here to enter a date.
Executive Director of Corporate Services (S.151 Officer)		Click here to enter a date.
Service Director of Legal Services (Monitoring Officer)		Click here to enter a date.
Service Director of Human Resources (if appropriate)		Click here to enter a date.
Head of Human Resources (if appropriate)		Click here to enter a date.

Report Author: *Rob Mahon (Service Director Financial Services), Natalia Govorukhina (Head of Corporate Finance)*
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This report is published on the Council's website.

Rotherham Metropolitan Borough Council

ROTHERHAM MBC

Narrative Report 2025/26

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 2025/26, 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 continually 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

<u>2025/26 Financial Outturn</u>

During 2025/26 the Council has faced some significant financial challenges as a result of rising demand and market pressures in relation to Children's residential placements and placement types, and the cost and complexity of care packages in Adult Social Care. Some of these pressures were anticipated when setting the 2025/26 Budget and as such, budget contingencies were established as mitigation. For example, the Council approved a Social Care Contingency of £5.4m for 2025/26 to support potential pressures in this area, along with inflationary budgets to cover risk of rising base costs. Although inflation has been easing, the impact of the Local Government Association (LGA) Pay Award 2025/26 was £2.3m greater than was assumed within the Budget for 2025/26.

Despite these demand and inflationary pressures, a near balanced outturn was achieved with an overall £0.3m overspend. The core directorates had an overspend of £5.7m partially offset by the £5.4m social care contingency approved within the Council's Budget and Council Tax Report 2025/26. Savings were made in year from the Treasury Management function totalling more than £7.6m, however, these savings have been used to offset wider Council impacts such as inflationary pressures in year and the impact of the Local Government Pay Award.

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

- Placement pressures within Children and Young People's Services (£4.9m)
- Rising demand and complexity of care packages within Adults Social Care (£7m)
- Pressure within Regeneration and Environment due to overspends in Waste Management (£0.9m), Markets (£0.5m) and Home to School Transport (£0.4m).

These pressures were mitigated in part by the following;

- Use of the Social Care Contingency of £5.4m.
- Grant maximisation across Social Care services, £4.2m.
- Reduced spend on homelessness.
- Overachievement of income in Streetworks of £0.7m, and capitalisation of project management costs of £0.3m. In addition, the Council's Country Parks income generation has improved following completion of major investment across the sites.
- Corporate Services generated savings from higher income in Registrars, and maximisation of grants and contributions.

As a result of these financial pressures and mitigations the Council's financial outturn for 2025/26 was a £0.3m overspend. This overspend position was funded from the Budget and Financial Strategy Reserve, the £0.3m use of this reserve was £3.1m less than forecast when Council approved the Budget and Council Tax Report 2026/27. 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 remain robust.

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 2025/26 are included in the update on the Council's Performance Management Framework and Service Plans described below.

2026/27 Budget and Medium Term Financial Strategy

Given this challenging start position, in setting the Budget for 2026/27 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.

During 2025 Government has consulted upon and delivered the Fair Funding Review 2.0. This has seen a significant shift in how Local Government is funded and how the resources for Local Government are distributed. The focus of funding distribution has moved more towards areas of greatest deprivation and need. The impact for RMBC of the Fair Funding Review, as confirmed with the Final Financial Settlement, is a positive one, with an additional £22.6m of funding per year provided to the Council by 2028/29 (£13.2m by 2026/27 and £20.2m by 2027/28). Though this is a significant shift in direction that the Council welcomes, the funding is necessary to address the demand and market pressures the Council has seen in recent years.

Despite the additional funding from the Fair Funding Review the Council still faced significant pressures from rising demand and market pressures across social care services. In order to address these 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 2026/27 the financial pressures facing the Council have been mitigated through an increase in fees and charges of 3.8% for a majority of the services and an increase in Council Tax for 2026/27 of 3.95%. The Council has not been required to use additional reserves to balance the budget.

The Council's Budget and Medium Term Financial Strategy (MTFS) reflects the Council's priorities as set out in the Council Plan 2025-2030 and Year Ahead Delivery Plan. The development of the Budget proposals for 2026/27 and a further update of the MTFS take into account prevailing economic factors, supplier market factors, demand and complexity of care pressures, and the positive improvement in funding available to the Council following the impact of the Fair Funding Review 2.0 (FFR 2.0). Following the Council's technical MTFS updates, budget decisions, the impact of the FFR 2.0 and the Final Financial Settlement, the Council was able to propose a balanced budget for 2026/27 through to 2028/29.

It should be noted that 2028/29 was balanced through use of £9.3m of the £10.0m Recovery Grant Uplift provided as part of the Final Financial Settlement. The remaining £0.7m is proposed as an additional revenue investment into the Council's Roads Programme 2026/27. It is expected that the Recovery Grant Uplift announced in the Final Financial Settlement will only be £1.3m per year moving forwards and hence the Council expects the 2029/30 financial year to have a budget gap of at least £8m, to be addressed when the MTFS is extended a further year.

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, this Budget includes Budget savings proposals of £3.2m 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.

These proposals and the improved funding position have allowed the Council to approve a balanced budget for 2026/27 through to 2028/29 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.

Following approval of the 2025/26 Budget the global economic position has improved with inflation easing, reducing from 11.1% October 2022 at its recent peak back down to 3.8% September 2025 and 2.8% in April 2026. However, market sentiment has been heavily influenced by the Middle East conflict leading to a new steepening of energy costs, and commentators anticipating a growing risk of inflation. These financial challenges are being regularly reviewed as part of the Council's ongoing Medium Term Financial Planning.

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 276,595 in 2024. This is mostly as a result of net inward migration. Rotherham has 169,564 people of working age (61.3%), which is slightly lower than the English average (62.9%).

Rotherham has a proud industrial heritage based on coal and steel but these have declined over recent decades and the Borough has undergone a transition to a more modern economy.

Rotherham is a good place to live, however the cost of living and house prices have increased in recent years. Despite this house prices remain relatively low in Rotherham when compared nationally, and 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. 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 43rd most deprived district in England, mainly as a result of poor health and disability, worklessness and low levels of adult qualifications (this is despite positive performance in terms of attainment in Rotherham's schools).

The Council continues to deliver the largest regeneration programme in a generation having secured more than £200m of Government investment to deliver opportunity and jobs across the borough.

The Lakeside Cafe at Thrybergh Country Park, and Waterfront Cafe and events venue at Rother Valley Country Park both opened in early 2026. The redevelopment of Wath and Dinnington town centres has progressed to the demolition of existing town centre buildings. Phase 1 of the Our Places Fund commenced at Swinton, with work at Maltby soon to follow. Phase 2 of the scheme includes upgrades to civic centres, cenotaphs and Memorials and will begin throughout 2026/27.

In Rotherham town centre, works have commenced on Riverside Gardens, and the public realm works on Corporation Street. Construction of the new markets and central library continue. The benefits of the flagship Forge Island scheme are already being felt, with 14.1m visitors to the town centre in 2025/26, an increase of 850,000 from 2023/24.

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 2025-2030 came into effect from May 2025 and is supported by annual reporting of the Year Ahead Delivery Plan. **The Council Plan** expresses 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."

Three cross-cutting policy drivers 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.

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:

- Places are thriving, safe and clean
- An economy that works for everyone
- Children and young people achieve
- Residents live well
- One Council that listens and learns

The fifth theme - 'One Council' - sets out how the Council will operate to achieve the vision. It includes corporate commitments to provide high quality, customer-focused services; effective partnership working with our communities; and a workforce that is ambitious and proud 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 2026/27 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 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 Real and 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 4th March 2026 as part of the Budget and Council Tax Report 2026/27. It provides a three-year outlook of the Council's anticipated resources and budget requirement and positively sets out the Council's approach to delivering a balanced budget for 2026/27 through to 2028/29.

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, 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. The renewed Rotherham Plan 2026-2036 was approved by Cabinet on 11th May 2026 and is progressing through partners' approval processes. It sets out the Partnership's vision that *"Rotherham will be an even more innovative, future-facing borough where all residents can thrive, with fair access to the opportunities and services they need to be happy and well."*

To deliver against this vision, the Partnership has identified four gamechangers for the next decade to progress collaboratively:

- **Growing a fair and thriving economy:** creating an economy which provides the foundation for residents to live better lives, embedding strengths in emerging growth industries and prioritising a healthy, mobile workforce.
- **Enabling strong and thriving communities:** fostering pride and cohesion in Rotherham's communities and delivering the right services in the right places.

- **Unlocking the full potential of Rotherham Gateway:** Bringing mainline rail services back to the borough, creating the connectivity to unlock opportunities for residents and address inequalities through increased investment.
- **Creating vibrant town centres:** Improving footfall and perceptions of the borough's principal town centres, including increasing residential populations and using public services and culture to diversify their function.

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 across the Borough in pursuit of these strategic priorities.

The Council's Performance Management Framework and Service Plans

In May 2025, the Council adopted a Council Plan for 2025-30, informed by public consultation, as well as a Year Ahead Delivery Plan for the period up to 31 March 2026. A new Year Ahead Delivery Plan for the period to 31 March 2027 was approved by Cabinet in April 2026.

Formal progress reports are presented in public at Cabinet meetings. For 2025/26 a mid-year report was presented on 19 January 2026 and the final progress report for 2025/26, covering data for quarter four and year-end performance will be presented to Cabinet on 6 July 2026.

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.

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 outcome 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 during its first year. These activities are making real, tangible changes including:
Places are thriving, safe and clean
• Launch of a new Street Safe Team, who are now actively patrolling the town centre and outer townships such as Maltby, Wath, Dinnington and Swinton providing a visible, uniformed presence that reassures the public and deters anti-social behaviour. • Phase 1 of the Our Places Fund commenced at Swinton, with work at Maltby soon to follow. Phase 2 of the scheme includes upgrades to civic centres, cenotaphs and Memorials and will begin throughout 2026/27.

- The redevelopment of Wath town centre reached a major milestone with the start of demolition works of the existing library building.
- Redevelopment works at Rother Valley and Thrybergh Country Park were completed, as part of investments made into country parks across the borough.
- Work has begun on Riverside Gardens and Corporation St public realm works.

An economy that works for everyone

- Supported 46 businesses to improve shop units in the town centre, Dinnington and Maltby high streets through the launch of the shop unit grants programme.
- Received Government backing for the Rotherham Gateway Plan, which will return mainline rail services to Rotherham. A Programme Business Case has now been submitted to South Yorkshire Mayoral Combined Authority (SYMCA).
- Worked with regional partners to support SYMCA in their work to open the new tram-train stop and accompanying park and ride at Magna.
- Implemented an Economic Inactivity Trailblazer, which engaged 388 Participants onto Programme with 87 participants supported into paid work.
- Supported 471 people to access training or paid employment through the Employment Solutions Service.

Children and young people achieve

- Worked with children and young people to deliver more than 1,000 events throughout the 2025 Children's Capital of Culture Festival Year, achieving a combined audience engagement of over 460,000. The festival year also supported 21 young people aged 16-25 to undertake a paid traineeship across 12 host organisations.
- Completed building work on the Special Educational Needs and Disability centre at the Eric Manns. The Parent Carer Forum are now occupying the building and delivering services within the community.
- 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 and opened within 2025/26.
- 2762 support sessions were delivered by Children's Centres to families with children aged 0-5.

Residents live well

- Completed the building work for Castle View Day Service, which will provide new day opportunities for people with high support needs.
- 114 homes were delivered as part of the Council Home's Delivery Programme. This includes new homes in Canklow, Maltby, Swinton and Wath and West Melton.
- Delivered 85 new homes through acquisition either from private sector housebuilders or direct from the open market across the borough to meet the diverse needs of the Housing Register.
- Continued to provide the Local Council Tax Support scheme top up, providing up to £126 to working households in receipt of Council Tax Support.

One Council that listens and learns

- Increased the number of services available digitally for customers by implementing calendar booking and payment upfront online functions.

- Procured and implemented new consultation software to improve the Council's approach to consultation with residents.
- Co-designed a new tenant engagement framework through a range of consultation and engagement workshops with tenants. This works to strengthen tenant influence in Rotherham and empowers tenants to effectively shape council housing services and enhance their neighbourhoods.

Financial performance for the year

Included alongside this report is the Council's annual Statement of Accounts. The Statement of Accounts summarises the Council's financial performance during the year ended 31st March 2026 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 2025/26 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 Executive Director of Corporate 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*

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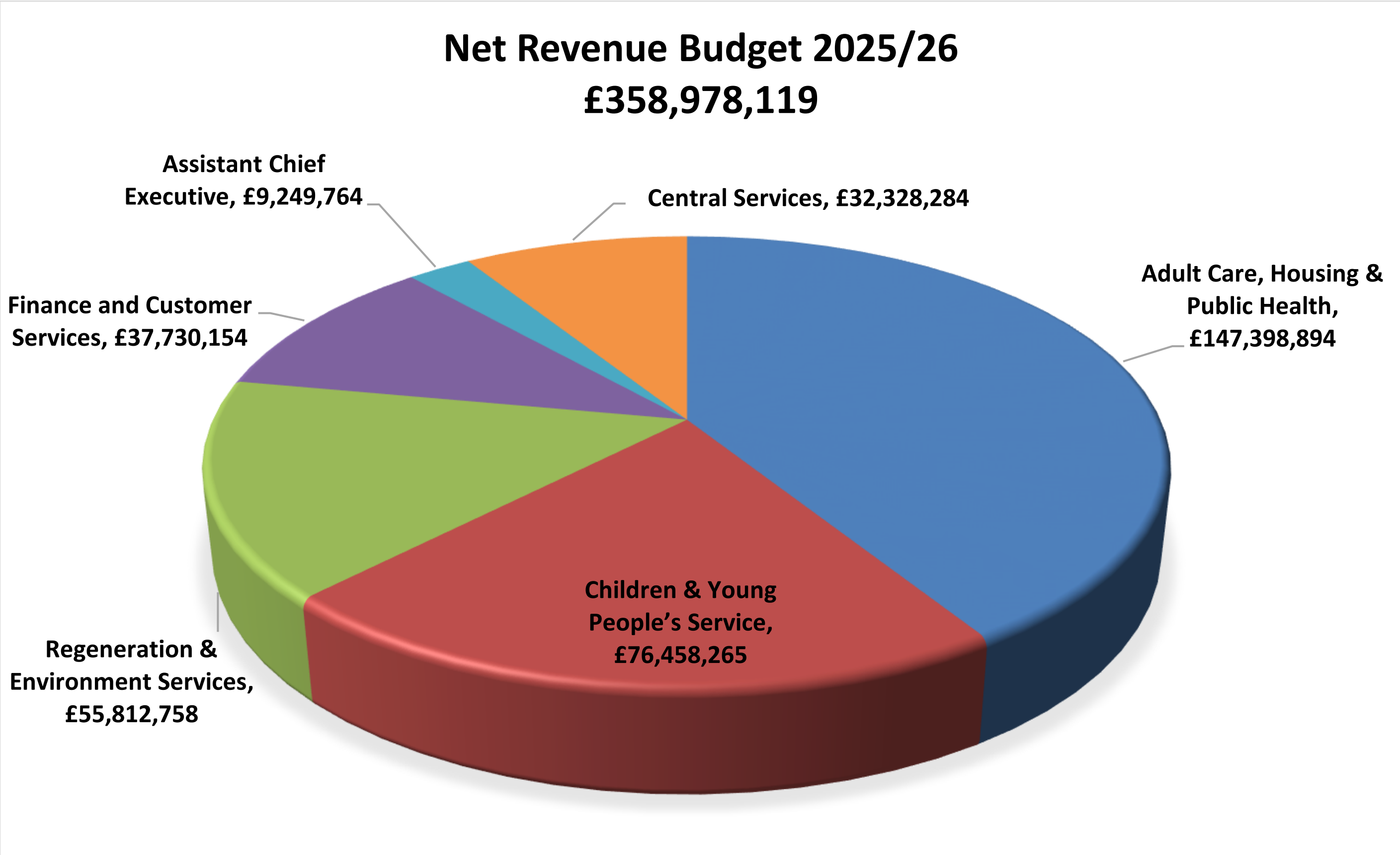
This statement summarises the transactions of Rotherham as a Billing Authority in relation to National Non-Domestic Rates and Council Tax and also illustrates the way in which income has been distributed to major precepting authorities (i.e. South Yorkshire Fire and Rescue Authority and South Yorkshire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

Revenue & Capital Expenditure Outturns

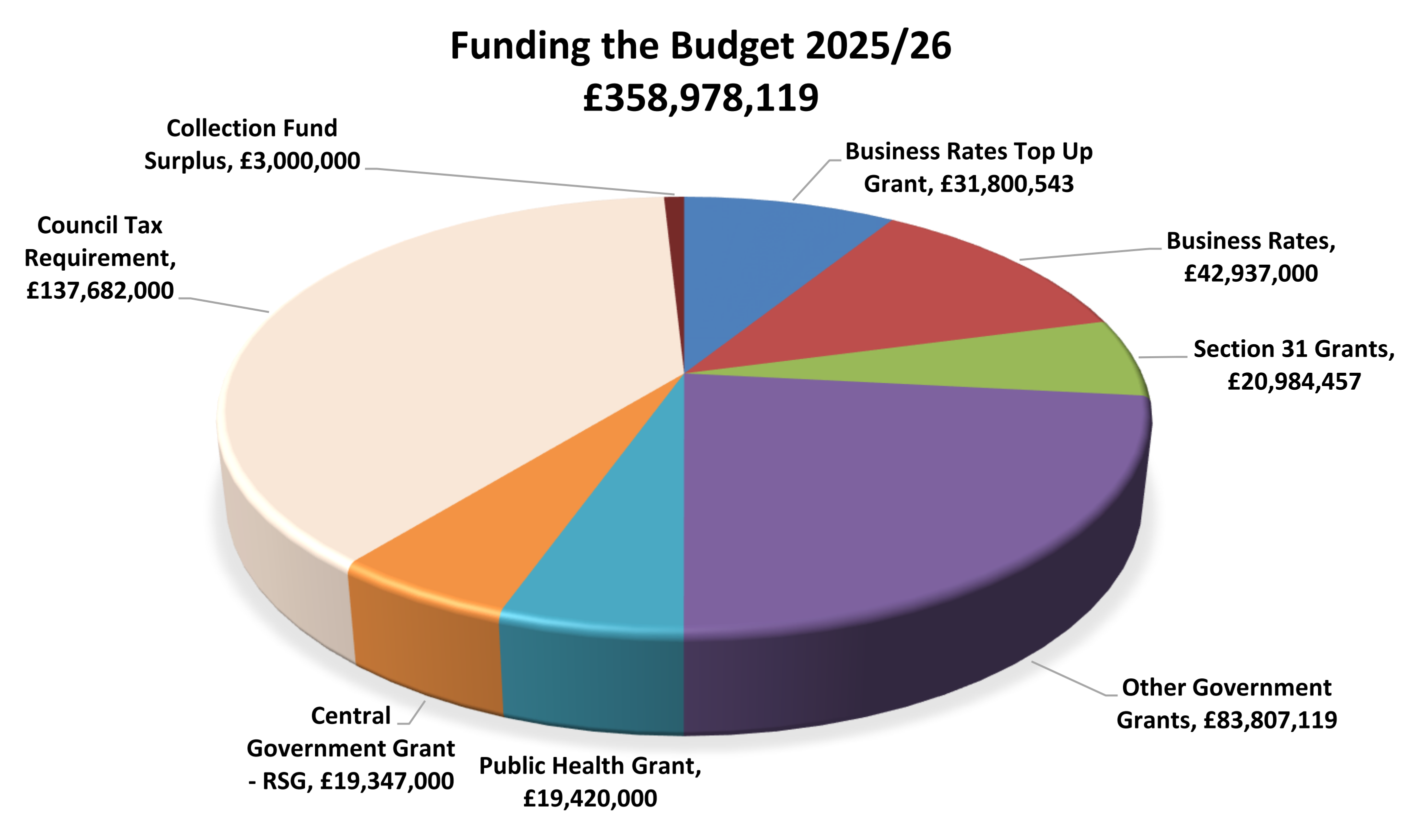
A summary of the Council's revenue and capital outturns for 2025/26 is included in the following paragraphs. Further details are included in the Outturn Report to Cabinet on the 8 June 2026. The agenda and papers for the meetings can be accessed through the Council & Democracy page of the Council's website [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 2025/26 was £358.978m (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 2025/26 was approved by Council on 5th March 2025. A budget of £358.978m 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 2025/26. This was an improvement of £3.1m from the December Financial Monitoring reported to February Cabinet as service areas delivered savings ahead of year-end and improvements in income were recognised. The core directorates had an overspend of £5.7m partially offset by the £5.4m social care contingency approved within the Council's Budget and Council Tax Report 2025/26. Savings were made in year from the Treasury Management function totalling more than £7.6m, however, these savings have been used to offset wider Council impacts such as inflationary pressures in year and the impact of the Local Government Pay Award. The key variances within the outturn position are summarised below;

- Children & Young People Services outturn position at the end of March was a £2.6m overspend. Children's Social Care was overspend was £4.7m and is mainly attributable to cost pressures within the children in care placements budget. This was partially offset by an underspend of £2.1m across other service areas in CYPS including Education & Inclusion, Family Help, and Commissioning, Performance & Quality. The underspend is mainly attributable to staffing turnover savings, increased external income, reduced home to school transport costs, reduction in locum and agency staff spend and grant maximisation measures.

- Adult Care, Housing and Public Health outturn was an overspend of £4.8m on general fund services. This is made up of a £1m underspend in Neighbourhoods, a £5.9m overspend in Adult Social Care and a £0.1m underspend in Public Health. The Adult Social Care (ASC) overspend of £4.8m was caused by £7m of overspend on rising demand and complexity of care packages. The overspend on placements was mitigated in part by staffing budgets that were under budget by £1m and maximising grant income. The Housing service (non-HRA) underspend of £1m relates in the main to an underspend on homelessness and temporary. This has arisen largely due to additional grant income that was received in year, and the new homelessness schemes not fully in place for the whole year.

- Regeneration and Environment Services outturn was an overspend of £0.5m. This position reflects £0.5m overspend in the Markets service due to income shortfalls; an overspend of £0.9m in the Waste service; and an overspend of £0.4m in Home to School transport. These overspends are largely offset by a £0.4m underspend in Community Safety and Regulation, £0.2m underspend in Licensing, £0.7m higher income in Streetworks and Enforcement and capitalisation of staffing costs as the Council continues with its expansive regeneration programme.

- Finance and Customer Services outturn was an underspend of £0.7m. Within this position, Corporate Services had an underspend of £0.8m. There are a number of financial pressures across Corporate Services, particularly around Post and Print and recruitment challenges within Legal Services leading to continued use of Locums at a premium. However, there have been savings achieved in relation to vacancy management, higher income in Registrars and maximisation of grants and contributions. These actions have mitigated the financial pressures and delivered an overall underspend to support the wider Council outturn. Within the Finance and Customer Services position, Property and Facilities Services (PFS) had a broadly balanced outturn of £0.1m overspent. This was a £0.3m worsening from the previous report to Cabinet as delays in capital programmes caused the Building Consultancy service's income to decrease by £0.6m, which was largely offset by a £0.3m improvement in Catering Services income.

- Assistant Chief Executive outturn was an underspend of £0.5m. The underspend at outturn is the consolidated result of underspends in year from vacancies and savings on non-staff expenditure, despite a number of underlying budget pressures.

- Central Services delivered an underspend of £5.4m resulting from use of the £5.4m social care contingency approved within the Council’s Budget and Council Tax Report 2025/26. Savings were made in year from the Treasury Management function totalling more than £7.6m, however, these savings have been used to offset wider Council impacts such as inflationary pressures in year and the impact of the Local Government Pay Award.

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 £3.4m forecast overspend in December

2025. 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 2025/26 was £0.4m to support the approved Budget, this transfer was carried out as anticipated.
- Budget and Financial Strategy Reserve had no initial planned use in 2025/26, however it was projected in the Budget and Council Tax Report 2026/27 report that £3.4m might be required to balance the 2025/26 outturn. Given the final outturn position, the use of the Budget and Financial Strategy Reserve to support the Budget was reduced to £0.3m.
- As approved in the Budget and Council Tax Report 2026/27 £2.2m was transferred from the Budget and Financial Strategy Reserve to crease Local Plan Reserve.
- Corporate Grants Reserve balance was unchanged from 2025/26, with a balance of £3.1m.
- The total cost of Local Council Tax Support Top Up scheme was £1.8m funded by £1.1m from Household Support Fund grant and £0.7m from Collection Fund Income Guarantee reserve.
- There were further smaller movements to create a Selective Licensing Reserve and process required adjusted to the PFI Leisure Reserve.

Schools' Outturn

In addition to General Fund balances and reserves the Council also holds £2.395m relating to School Delegated Budgets. This represents the net surplus balances (i.e. unspent budgets), for all maintained schools. These balances are ring-fenced for use by schools to meet education provision. As can be seen below, this represents a reduction of £0.069m on the previous year.

2024/25 £m		2025/26 £m
2.464	Unspent Schools' Budgets	2.395

Housing Revenue Account Income and Expenditure Account

The Housing Revenue Account had an underspend of £4.3m. The overall underspend largely relates to £0.4m increased income and £3.8m underspend in repairs and maintenance. Most of the latter was because of shared savings on the maintenance contract. 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

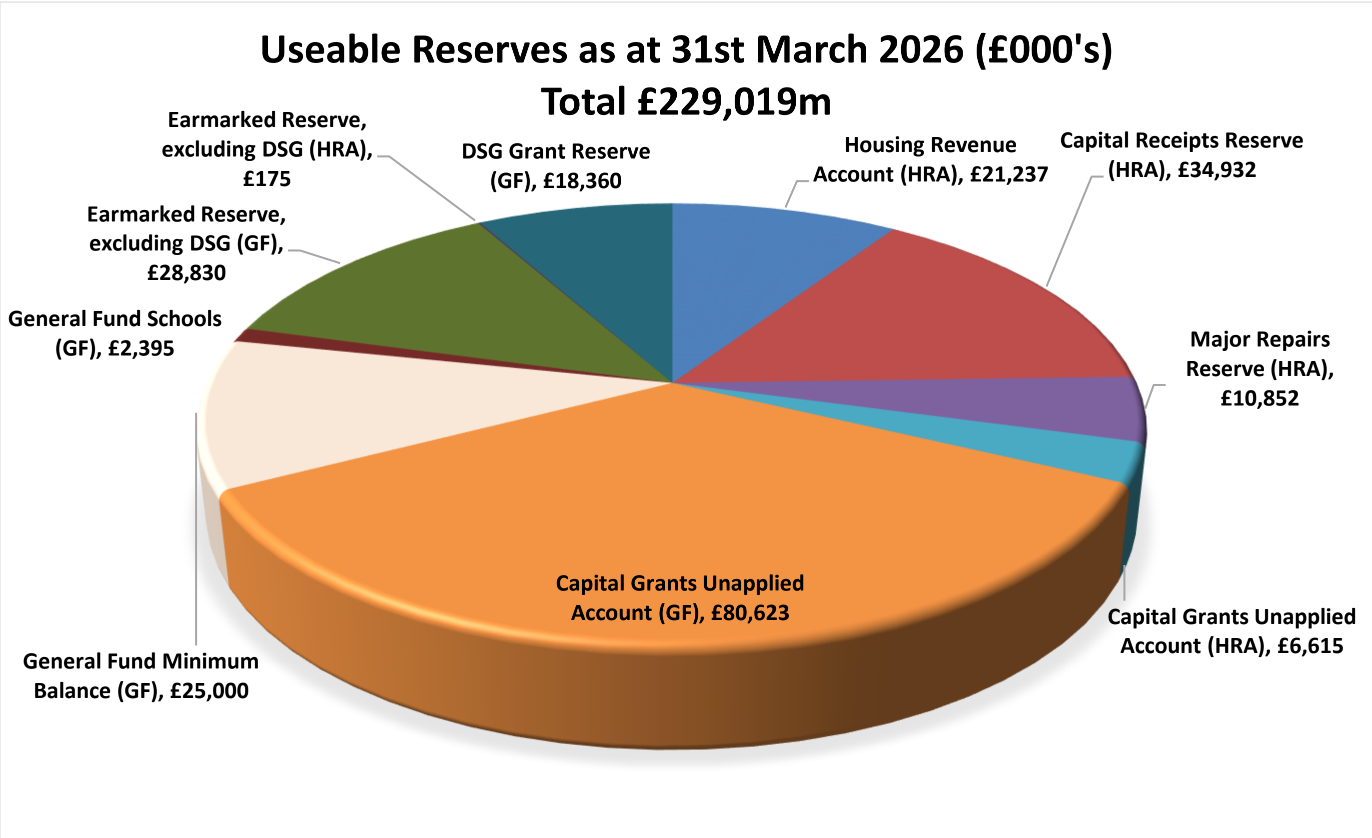
The Council manages its funds between two categories of reserves: usable reserves and unusable reserves.

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 2026, the Council held £229.019m of usable reserves, General Fund (£155.208m), HRA (£73.811m). Included within this balance are capital reserves of £133.022m, which can only be used to finance capital expenditure or repay debt. They cannot be used to support revenue spending directly. This leaves £95.997m 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 £18.360m, 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 accounted for as a useable reserve, but the deficit reserve is accounted for as an unusable reserve (£21.258m – Note 37 of the accounts), as such the £18.360m is already fully committed to offset this deficit reserve. It is expected that by the completion of the Safety Valve agreement 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	£21,237	**£21,237**
Capital Receipts Reserve	£0	£34,932	**£34,932**
Major Repairs Reserve	£0	£10,852	**£10,852**
Capital Grants Unapplied Account	£80,623	£6,615	**£87,238**
General Fund Minimum Balance	£25,000	£0	**£25,000**
General Fund Schools	£2,395	£0	**£2,395**
Earmarked Reserve, excluding DSG	£28,830	£175	**£29,005**
DSG Grant Reserve	£18,360	£0	**£18,360**
Total Reserves	**£155,208**	**£73,811**	**£229,019**

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 £150.614m. The final Capital Programme Budget was £165.620m split between the General Fund £98.555m and HRA £67.065m with underspend and slippage of £15.006m. 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 2025/26 is analysed by Directorate as follows:

Directorate	2025/26 £m
Children and Young Peoples Services	7.949
Assistant Chief Executive	0.267
Adult Care & Housing	10.017
Finance & Customer Services	8.439
Regeneration & Environment	60.657
Housing Revenue Account	63.285
Total	**150.614**

The capital expenditure was financed as follows:

Funding Stream	2025/26 £m
Borrowing need	64.452
Major Repairs Allowance (MRA)	23.551
Grants & Other Contributions	48.341
Capital Receipts	4.675
Revenue Contributions To Capital Outlay	9.595
Total	**150.614**

Major items of capital expenditure incurred are as follows:

Major Capital Expenditure	2025/26 £m
Non Housing	
Rotherham Markets Redevelopment (including Community Hub)	12.9
Rother Valley Country Park	6.4
Roads Programme	4.3
Castle View Day Care Centre	3.7
Riverside Gardens	3.3
Schools PFI Life Cycle Programme	2.2
Fleet Management Vehicle Purchase	2.2
Dinnington Regeneration scheme	2.2
Network North Fund	2.1
Forge Island Community Development	1.7
Waverley Junior Primary School Phase 2	1.4
Pavement Improvements	1.3
ICT Hardware Provisioning	1.2
Strategic Acquisitions Fund	1.1
Water Lane Public Realm	1.1
ICT Replacement of server equipment	1.0
Capitalisation Carriageways	1.0
Housing Investment Programme	
Major Voids	8.3
Boiler replacements	4.4
Market Acquisitions Phase 1	3.7
Adaptations to public properties	2.9
East Herringthorpe Externals Phase 2	2.8
Market Acquisitions Phase 2	2.5
Addison Road Maltby	2.4
Rivelin Way, Waverley 3C	2.3
Richmond & Kimberworth Phase 1	2.1
Internal works to properties	2.0
Ventilation Works	1.9
Warden Street Housing Development	1.7

Capital Structural Work	1.7
Larch Road Maltby	1.6
West Melton Ext Phase 1	1.4
Brampton Vale SA	1.4
Laughton Gate 42 units	1.3
Thurcroft Externals Phase 3	1.3
Other Housing Capital Works	1.3
Albert Club, West Melton SME	1.2
Clement Street, Kimberworth	1.2
Total	**98.6**

Treasury Management & Prudential Indicators

A summary of the Council's borrowing position as at the 31st March 2026 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 6th July 2026. 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 2025 £m		As at 31 March 2026 £m
	Long Term Borrowing	
420.000	Public Works Loans Board (PWLB)	399.759
147.000	Market (e.g. Banks, Other Local Authorities)	172.000
	Short Term Borrowing	
30.233	Public Works Loan Board (PWLB)	60.242
80.000	Market (e.g. Banks, Other Local Authorities) < 1 year	77.000
	External Investments	
0	Debt Management Office	0
0	Other Local Authorities	5.000
31.895	Money Market Funds	15.930
645.338	**Net Borrowing**	**688.071**

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 2025/26. The accounting policies adopted by the Council are compliant with IFRS and have been applied in preparing the financial statements and the comparative information.

The CIPFA code for 2025/26 introduces changes to the way Local Authorities are required to value non-current assets in their financial statements. The main changes introduced to the 2025/26 Code are as follows:

- A revaluation expedient for property, plant and equipment requiring valuations once every five years or on a five-year rolling basis and supported by indexation in intervening years. Alternatively, a desktop valuation in year three in rare cases where no index is available.
- Transitional arrangements when applying these changes so they will be applied retrospectively, with no restatement of prior year figures.
- To assist authorities, an existing adaptation has been removed to allow both options permitted by IAS 16 for the treatment of accumulated depreciation when assets are revalued. This aligns with existing arrangements in the financial reporting manual (FReM).
- A clarification to ensure that undertaking a full revaluation should not be a default process to demonstrate there has not been a material impairment of an asset and to comply with IAS 36.

To comply with the above changes the Council's internal valuer has used indexation to provide an assessment of those assets not revalued as part of the five year rolling programme where required in the CIPFA Code of Practice.

There is also 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 2025/26 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 2025/26 as part of the Budget and Council Tax Report 2025/26 approved at Council on 4th March 2025. The MTFS contained within that report included a balanced position for 2026/27 and a funding gap of £3.2m for 2027/28. There was uncertainty projecting forward funding available to the Council post 2025/26 due to only a single year settlement being provided, though Government did indicate their intention to reset the Local

Authority funding picture through the proposed Fair Funding Review. 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 2025/26 the Council has continued to see rising pressures due to market inflation, demand and the complexity of care packages increasing. As such the Council has been working hard to reduce the 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 financial challenges in year but has taken swift action to rectify them or set in place clear actions to address those pressures over time. The success of this approach is evident through the Budget and MTFS approved by the Council on 4th March 2026. Whilst there remain challenges to overcome, the Council has a clear plan and has adequate cover in place for risk through a robust inflation and Reserves Strategy. In this Budget and MTFS the Council has not been required to identify an increased call on reserves across 2026/27 to 2028/29. There is proposed use of reserves in 2028/29, however, it is use of the new Recovery Grant Uplift announced in the Final Financial Settlement of £10m, the bulk of which will be received before 2028/29 and so will need to be carried forward into 2028/29 to apply to the budget pressures in that year. This will therefore not adversely impact the previously expected reserves position.

Looking ahead to 2026/27, Local Authorities must consider their Budget and MTFS alongside the impact of the Fair Funding Review 2.0 (FFR 2.0). FFR 2.0 represents a significant adjustment to how Local Authorities are to be funded and how that funding will be distributed. The FFR 2.0 also includes a Business Rates Reset to ensure a fairer distribution of Business Rates and simplification of the overall system. The main thrust of the changes is to direct Government funding towards areas of greatest need and areas of greatest deprivation. Alongside this Government aimed to provide a 3 year settlement along with a reduced volume of Government grants to simplify the process whilst adding additional certainty to the process.

The Provisional Settlement provided a positive outcome for the Council, confirming the outcome of the FFR 2.0, and key updates linked to the Business Rates Reset. In order to simplify the outcomes of the Business Rates Reset, Government decided to pay the Business Rates Top Up grant in 2026/27 based on 2028/29 allocations. Taken amongst some other changes announced this means the Council has £7.6m more than expected for 2026/27 and assumed in the MTFS update to Cabinet in November 2025.

Positively, the Final Financial Settlement improved the position further. Further funding for Homelessness, Rough Sleeping Domestic Abuse of £0.5m and a £10m Recovery Grant Uplift have been provided across 2026/27 to 2028/29 MTFS period. In addition, a High Needs Stability Grant has been confirmed that will address 90% of the long term Dedicated Schools Grant (DSG) deficits that many Local Authorities have built up in their Unusable Reserves. This grant is welcome and will help address the Council's deficit before the statutory override of DSG deficits is removed in March 2028, at this point the Council would have to fund the deficits.

The full impact of the FFR 2.0 and wider changes to the Final Financial Settlement will see the Council's funding position increase by a total of £22.6m by the end of 2028/29. Although this funding will build up gradually due to most of the FFR 2.0 implementation being weighted by 33.3% a year across 2026/27 to 2028/29, the overall impact for the Council remains a positive one. The impact will see the Council gain additional funding of £13.2m in 2026/27, £20.2m in 2027/28 and £22.6m by 2028/29.

Whilst the position is positive and certainly an improved funding position for the Council, it is still faced with significant cost pressures due to demand and market pressures in social care and inflationary pressures. As such, though the improved funding is positive and welcomed, it does not move the Council's funding position to such an extent that the Budget can be balanced without further savings. The Council aims to meet the challenge of the current cost pressures present, whilst protecting services that the Council provides to residents and businesses within the Borough and provide further support to residents facing cost of living pressures. The Council remains committed to protecting the most vulnerable children and adults and to improving the cost effectiveness of these services.

The global economic position has remained uncertain stagnating growth and putting pressure on inflation. September CPI fell to 1.7% in 2024 ahead of the Budget 2025/26 but rose shortly after and has remained above 3% during the bulk of 2025, with September CPI at 3.8%. The Council's base costs have continued to significantly rise across the period of high inflation and have been factored into the Budget and MTFS moving forwards.

The Council still faces cost pressures but given the additional funding, 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 2026/27. 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. Through the Council's planned use of the Crisis and Resilience Fund 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 Councils 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 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 2026/27 and medium term financial strategy.

It is also important to underline the spending level of the Council despite the previous funding cuts. With a revenue budget of £394m in 2026/27 together with a capital programme of £600m (to 2029/30), 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 2030 and ensuring that agreed savings are delivered in line with revised timeframes.

Judith Badger CPFA
Executive Director of Corporate Services
Corporate Services Directorate
Riverside House
Main Street
Rotherham
S60 1AE

Date 10th June 2026

Appendix 2

Draft Statement of Accounts 2025/26 – Financial Highlights Report

This financial highlights report draws Members attention to key financial disclosures reported in the 2025/26 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 108, 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 2025/26.

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 116 of the accounts which shows separately the surplus or deficit to be distributed or recovered relating to council tax and retained business rates.

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Draft

METROPOLITAN BOROUGH OF ROTHERHAM

STATEMENT OF ACCOUNTS 2025/26

Contents	Page Number

AUDIT OF ACCOUNTS 2025/26

ROTHERHAM METROPOLITAN BOROUGH COUNCIL

Statement of Accounts 2025/26 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 Thursday 11th June 2026 and will conclude at 4pm on Wednesday 22nd July 2026.

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, Elizabeth Luddington, 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 Thursday 11 June 2026 and will conclude on Wednesday 22 July 2026 (between 9.30am and 4.00 pm Monday to Friday). Any person interested, on application to the Executive Director of Corporate 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 2026, and all books, deeds, contracts, bills, vouchers and receipts relating thereto.

2. Notice is also given that on or after Thursday 11th June 2026 until Wednesday 22nd July 2026, 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 Thursday 11th June 2026 until Wednesday 22nd July 2026, 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 Executive Director of Corporate Services, Rotherham Metropolitan Borough Council.

Judith Badger CPFA
Executive Director of Corporate Services
Corporate Services Directorate,
Riverside House,
Main Street,
Rotherham,
S60 1AE

10th June 2026

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 2026 and of its income and expenditure for the year then ended.

Judith Badger CPFA
Executive Director of Corporate Services
10th June 2026

Explanation of the Financial Statements

The Statement of Accounts summarises the Council's financial performance during the year ended 31 March 2026 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 13) – 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 2025/26 financial statements are detailed on Page 13;

- **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 108) – 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 116) – By statute, Billing Authorities are required to maintain a separate Collection Fund which shows the level of 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.

2024/25 as restated Gross Expenditure £000	2024/25 Gross Income £000	2024/25 as restated Net Cost £000		2025/26 Gross Expenditure £000	2025/26 Gross Income £000	2025/26 Net Cost £000	Notes
180,317	(69,544)	110,774	Adult Care and Housing	195,759	(78,651)	117,108	
97,732	(105,814)	(8,083)	Local Authority Housing (HRA)	101,100	(108,097)	(6,996)	
168,492	(90,261)	78,231	Children's & Young Peoples Services	184,739	(106,445)	78,295	
53,669	(53,811)	(142)	Schools	49,464	(48,750)	715	
93,511	(34,541)	58,970	Regeneration and Environment Services	94,607	(32,243)	62,364	
19,596	(21,487)	(1,891)	Public Health	20,197	(22,761)	(2,564)	
12,884	(4,755)	8,129	Assistant Chief Executive Office	12,113	(3,547)	8,566	
98,002	(23,238)	74,764	Finance and Customer Services	57,178	(17,897)	39,281	
105,375	(124,570)	(19,196)	Central Services	69,468	(134,761)	(65,293)	
829,577	(528,021)	301,556	Cost of Services	784,626	(553,151)	231,475	
39,014	(21)	38,993	Other Operating Expenditure	13,708	(1)	13,707	4
42,753	(4,055)	38,698	Financing and Investment Income and Expenditure	38,091	(4,015)	34,076	5
0	(300,585)	(300,585)	Taxation & Non-Specific Grant Income and expenditure	0	(318,821)	(318,821)	7
911,344	(832,681)	78,662	Deficit/(Surplus) on Provision of Services	836,425	(875,989)	(39,564)	
		(22,282)	(Surplus) on Revaluation of Non Current Assets			(42,477)	37b
		(2,079)	Remeasurements of the Pensions Net Defined Benefit Liability/Asset			4,866	18
		(24,361)	Other Comprehensive Income & Expenditure			(37,611)	
		54,302	Total Comprehensive Income & Expenditure			(77,174)	

The significant reductions in expenditure in 2025/26 reported within the CIES under the reportable segments Finance and Customer Services and Central Services are primarily due to revaluation losses totalling £67m in 2024/25 resulting from the implementation of IFRS16 and the practical completion of Forge Island. The reduction in Other Operating Expenditure reflects a loss on disposal of £23m in 2024/25 primarily caused by the derecognition of Council assets when schools become academies.

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.

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
Balance as at 1 April 24	**82,015**	**18,495**	**27,823**	**9,428**	**63,195**	**200,955**	**619,746**	**820,700**	36/37
Movement in reserves during the year:									
Total Comprehensive Income and Expenditure	(75,635)	(3,027)	0	0	0	(78,662)	24,361	(54,301)	
Adjustments from income & expenditure charged under the accounting basis to the funding basis	70,348	8,837	(7,410)	(906)	6,374	77,243	(77,243)	0	
Increase / (Decrease) in Year	**(5,287)**	**5,810**	**(7,410)**	**(906)**	**6,374**	**(1,419)**	**(52,882)**	**(54,301)**	
Schools Balances transferred out on conversion to academy	(243)				(26)	(269)	0	(269)	
Balance as at 31 March 25 carried forward	**76,485**	**24,305**	**20,413**	**8,522**	**69,543**	**199,268**	**566,864**	**766,131**	

2025/26	General Fund (GF) Balance including GF Earmarked Reserves £000	Housing Revenue Account (HRA) Balance including HRA Earmarked Reserves £000	Capital Receipts Reserve £000	Major Repairs Reserves £000	Capital Grants Unapplied £000	Total Usable Reserves £000	Total Unusable Reserves £000	Total Council Reserves £000	Notes
Balance as at 1 April 25	**76,485**	**24,305**	**20,413**	**8,522**	**69,543**	**199,268**	**566,864**	**766,131**	36/37
Movement in reserves during the year:									
Total Comprehensive Income and Expenditure	29,760	9,804	0	0	0	39,564	37,611	77,174	
Adjustments from income & expenditure charged under the accounting basis to the funding basis	(31,353)	(12,698)	14,519	2,329	17,695	(9,508)	9,508	0	
Increase / (Decrease) in Year	**(1,593)**	**(2,894)**	**14,519**	**2,329**	**17,695**	**30,056**	**47,119**	**77,174**	
Schools Balances transferred out on conversion to academy	(306)				0	(306)	0	(306)	
Balance as at 31 March 26 carried forward	**74,585**	**21,412**	**34,932**	**10,852**	**87,238**	**229,019**	**613,982**	**843,000**	

Balance Sheet

The Balance Sheet shows the value of the assets and liabilities recognised by the Council as at the Balance Sheet date. 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 is usable reserves which 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, which may only be used to fund capital expenditure or repay debt). The second category is unusable reserves, which the Council is not able to use to provide services. These include reserves that hold unrealised gains and losses (such as the revaluation reserve), where amounts only become available to provide services if the assets are sold. They also include reserves that hold timing differences shown in the Movement in Reserves Statement line "Adjustments between accounting basis and funding basis under regulations".

2024/25 £000		2025/26 £000	Notes
1,544,312	Property, Plant and Equipment	1,629,549	19
9,017	Heritage Assets	9,313	23
28,992	Investment Property	40,254	20
3,175	Intangible Assets	4,284	21
0	Pensions Asset	0	18
190	Long Term Investments	190	29
718	Long Term Debtors	639	32
1,586,404	Long Term Assets	1,684,229	
0	Short Term Investments	0	24
329	Assets Held For Sale	329	22
808	Inventories (Stock)	667	30
76,996	Short Term Debtors	101,918	32
38,025	Cash and Bank Balances	30,064	33
116,158	Current Assets	132,978	
0	Bank Overdraft	0	33
(115,696)	Short Term Borrowing	(144,095)	24
(7,801)	Revenue Grants Received in Advance	(6,233)	34a
(79,565)	Short Term Creditors	(88,376)	34b
(4,758)	Short Term Provisions	(5,613)	35
(207,820)	Current Liabilities	(244,317)	
(7,915)	Long Term Provisions	(8,727)	35
(19)	Long Term Creditors	(19)	34
(567,000)	Long Term Borrowing	(571,759)	24
(146,191)	Other Long Term Liabilities	(141,887)	49
(7,486)	Capital Grants Received in Advance	(7,499)	8
(728,611)	Long Term Liabilities	(729,891)	
766,130	Net Assets	843,000	
(199,267)	Usable Reserves	(229,019)	36
(566,863)	Unusable Reserves	(613,982)	37
(766,130)	Total Reserves	(843,000)	

Cash Flow Statement

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

	2024/25 as restated £000	2025/26 £000	Notes
Deficit/(Surplus) on the provision of services	78,662	(39,564)	
Adjustments to net surplus or deficit on the provision of services for non-cash movements :			
Depreciation & Impairment	(140,553)	(67,690)	
Carrying Amount of Non- Current Assets Sold	(31,770)	(17,402)	
Pension Fund Adjustments	(362)	5,792	
(Increase)/Decrease in Provisions	(275)	(1,605)	
Increase/(Decrease) in Inventories	231	(141)	
Increase/(Decrease) in Debtors	6,721	10,540	
(Increase)/Decrease in Creditors	1,678	(5,148)	
Other Non Cash Adjustments	(58)	305	
Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities	70,814	85,230	38
Net cash inflows from Operating Activities	(14,912)	(29,683)	
Investing Activities	49,431	61,309	39
Financing Activities	(39,224)	(23,665)	40
Net decrease/(Increase) in cash and cash equivalents	(4,705)	7,961	
Cash and cash equivalents at the beginning of the reporting period	33,320	38,025	33
Cash and cash equivalents at the end of the reporting period	38,025	30,064	33

IFRS16 Transition Prior Period Adjustment

The 2024/25 figures have been restated to reflect a correction in accounting treatment for existing Right of Use assets (assets previously classified as a finance lease or PFI agreement) on the transition to IFRS16 in the revaluation reserve and capital adjustment account balances in 2024/25. In preparing 2024/25 financial statements incorporating IFRS 16 transition adjustments, the accounting treatment applied was in advance of clarification guidance issued by CIPFA in June 2025, which specified that downward movements in valuation should first be charged to the revaluation reserve. The impact of this misstatement has been determined to be an overstatement of the revaluation reserve and a corresponding understatement of the capital adjustment account. The Council has not adjusted 2024/25 published financial statements, but restated 2024/25 figures in 2025/26 financial statements.

The adjustment increases the balance on the Capital Adjustment Account and reduces the balance of the Revaluation Reserve by £2.842m (note 37). The net balance on unusable reserves is therefore unchanged.

The CIES has also been restated to reflect a £2.842m reduction in charges above the line, offset by a reduction in surplus on revaluations below the line, resulting in no change to the total comprehensive income and expenditure. As a result, the Movement in Reserves Statement and Expenditure and Funding Analysis (note 1) and the Adjustments between Accounting Basis and Funding Basis (note 2) have also been restated. Finally, the other land and buildings column of note 19 has been restated to reflect split in the charge to the CIES and the charge to the Revaluation Reserve. The net book value as reported in note 19 and thus on the balance sheet is unchanged.

Impact on Comprehensive Income and Expenditure Statement:

	2024/25 as published		2024/25 restated	
	Gross Expenditure £000	Net Cost £000	Gross Expenditure £000	Net Cost £000
Cost of Services	832,419	304,397	829,577	301,556
Deficit/(Surplus) on Provision of Services	914,187	81,504	911,345	78,662
(Surplus) on Revaluation of Non Current Assets		(25,123)		(22,282)
Other Comprehensive Income & Expenditure		(27,202)		(24,361)
Total Comprehensive Income & Expenditure		54,302		54,302

Impact on Movement in Reserves Statement:

	2024/25 as published Total Unusable Reserves £000	2024/25 restated Total Unusable Reserves £000
Total Comprehensive Income and Expenditure	27,202	24,361
Adjustments between accounting basis & funding basis under regulations	(80,085)	(77,243)
Increase / (Decrease) in year	(52,883)	(52,882)

Impact on Cashflow Statement:

	2024/25 as published £000	2024/25 restated £000
Deficit/(Surplus) on Provision of Services	81,504	78,662
Depreciation and Impairment	(143,395)	(140,553)

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 2025/26 financial year and its position at the year-end of 31 March 2026. 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 2025/26 ("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 structure in 2025/26 such costs predominantly fell 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 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.

Non-Domestic Rates (NDR)

NDR 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.

<u>Impairment of Assets</u>

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.

<u>Disposals</u>

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. 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.

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.

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 four 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,
- 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 Executive Director Corporate 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 2026-27 Code of Practice:

Amendments to FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (Amendments to Heritage assets) issued in March 2024

Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7) issued in May 2024

Contracts Referencing Nature-dependent Electricity (Amendments to IFRS 9 and IFRS 7) issued in December 2024.

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 2026 is an estimated pensions liability of £11.684m and a £421.652m 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 £12.610m liability and a £379.437m asset reduced to nil due to asset ceiling regulations at 31 March 2026 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 2026.

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

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Note 1 Expenditure and Funding Analysis

The objective of the Expenditure and Funding Analysis (EFA) is to demonstrate to council tax and rent payers how the funding available to the authority, i.e. government grants, rents, council tax and business rates for the year, has been used to provide services compared with those resources consumed or earned by authorities in accordance with generally accepted accounting practices (as shown in the Comprehensive Income and Expenditure Statement (CIES)).

2024/25 as restated					2025/26			
Net Expenditure Chargeable to the General Fund and HRA Balances £000	Transfers to/from reserves	Adjustments between the Funding and Accounting Basis £000	Net Expenditure in the Comprehensive Income and Expenditure Statement £000		Net Expenditure Chargeable to the General Fund and HRA Balances £000	Transfers to/from reserves	Adjustments between the Funding and Accounting Basis £000	Net Expenditure in the Comprehensive Income and Expenditure Statement £000
123,179	103	(12,508)	110,774	Adult Care and Housing	135,195	0	(18,087)	117,108
0	(5,809)	(2,274)	(8,083)	Local Authority Housing (HRA)	0	2,893	(9,889)	(6,996)
75,654	1,325	1,252	78,231	Children and Young People's Services excluding schools	79,045	525	(1,276)	78,295
0	(270)	128	(142)	Schools	0	(271)	986	715
50,527	(410)	8,853	58,970	Regeneration and Environment Services	55,299	(372)	7,437	62,364
16,532	3	(18,426)	(1,891)	Public Health	16,997	0	(19,561)	(2,564)
7,603	123	403	8,129	Assistant Chief Executive Office	8,747	(43)	(138)	8,566
36,702	327	37,735	74,764	Finance and Customer Services	37,018	20	2,243	39,281
(310,197)	4,085	286,916	(19,196)	Central Services*	(332,301)	1,803	265,205	(65,293)
0	(523)	302,079	301,556	**Net Cost of Services**	0	4,555	226,920	231,475
		38,993	38,993	Other Operating Expenditure			13,707	13,707
		38,698	38,698	Financing and Investment Income and Expenditure			34,076	34,076
		(300,585)	(300,585)	Taxation & Non-Specific Grant Income and expenditure			(318,821)	(318,821)
		79,185	78,662	**(Surplus) / Deficit**			(44,118)	(39,564)
			(100,509)	Opening General Fund and HRA Balance as at 1 April				(100,789)
			(523)	Less (Surplus) / Deficit on General Fund Balance in year				4,486
			243	Transfer from/to reserves to/from Academies				306
			(100,789)	**Closing General Fund and HRA Balance at 31 March**				(95,997)

* The difference between the £27m Central Services expenditure reported in the 2025/26 Finance Update report to Cabinet in June 2026 and the Net Expenditure chargeable to the General Fund is the application of the Council's Net Revenue Budget funding of £359m.

Note 1a Adjustments in Expenditure and Funding Analysis

2024/25 as restated					2025/26			
Capital Adjustment £000	Pension Adjustment £000	Other Adjustment £000	Total £000		Capital Adjustment £000	Pension Adjustment £000	Other Adjustment £000	Total £000
3,153	120	(15,781)	(12,508)	Adult Care and Housing	2,713	(1,270)	(19,530)	(18,087)
763	46	(3,083)	(2,274)	Local Authority Housing (HRA)	761	(486)	(10,164)	(9,889)
1,162	156	(66)	1,252	Children and Young People's Services excluding schools	421	(1,628)	(69)	(1,276)
1,908	(1,714)	(66)	128	Schools	1,588	(465)	(137)	986
13,882	142	(5,171)	8,853	Regeneration and Environment Services	14,072	(1,433)	(5,202)	7,437
0	6	(18,432)	(18,426)	Public Health	0	(58)	(19,503)	(19,561)
349	36	18	403	Assistant Chief Executive Office	203	(361)	20	(138)
36,821	142	772	37,735	Finance and Customer Services	3,098	(1,389)	534	2,243
21,779	0	265,137	286,916	Central Services	(7,156)	(2)	272,363	265,205
22,801	0	16,192	38,993	Other Operating Expenditure	2,174	0	11,533	13,707
18,273	1,428	18,997	38,698	Financing and Investment Income and Expenditure	11,583	1,300	21,192	34,076
13,220	0	(313,805)	(300,585)	Taxation & Non-Specific Grant Income and expenditure	9,032	0	(327,853)	(318,821)
134,111	362	(55,288)	79,185		38,489	(5,792)	(76,816)	(44,118)

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

Expenditure/Income	2024/25 £000	2025/26 £000
Expenditure		
Employee benefits expenses	228,585	230,561
Other services expenses	559,324	497,258
Depreciation, amortisation, impairment	51,954	57,567
Interest payments	35,310	37,331
Precepts and levies	15,279	15,454
Loss/(gain) on the disposal of assets	23,714	(1,747)
Total expenditure	914,166	836,425
Income		
Fees, charges and other service income	(211,294)	(216,442)
Interest and investment income	(1,923)	(1,998)
Income from council tax and non domestic rates	(178,890)	(188,285)
Government grants and contributions	(440,554)	(469,263)
Total income	(832,661)	(875,989)
Deficit/(Surplus) on the Provision of Services	**81,505**	**(39,564)**

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:

2024/25 Income from contracts with service recipients £000	2024/25 Other income £000	2024/25 Total income £000		2025/26 Income from contracts with service recipients £000	2025/26 Other income £000	2025/26 Total income £000
(24,414)	(14,170)	(38,584)	Adult Care and Housing	(25,444)	(16,606)	(42,050)
(104,628)	(1,162)	(105,790)	Local Authority Housing (HRA)	(104,032)	(4,036)	(108,069)
(2,971)	(3,146)	(6,117)	Children and Young People's Services excluding schools	(2,908)	(3,544)	(6,452)
(1,861)	(1,864)	(3,725)	Schools	(2,411)	(2,043)	(4,455)
(18,985)	(1,456)	(20,441)	Regeneration and Environment Services	(18,633)	(1,284)	(19,917)
(61)	0	(61)	Public Health	(18)	(276)	(294)
(2,257)	(115)	(2,372)	Assistant Chief Executive Office	(2,250)	(145)	(2,396)
(17,172)	(1,254)	(18,426)	Finance and Customer Services	(16,542)	(859)	(17,401)
0	(12,854)	(12,854)	Central Services	0	(12,207)	(12,207)
0	(2,924)	(2,924)	Other income below Cost of Service	0	(3,203)	(3,203)
(172,349)	(38,945)	(211,294)	**Total Income analysed on a segmental basis**	(172,239)	(44,203)	(216,442)

Major source of income from contracts with service recipients:

Adult Care and Housing:	Adult Residential Care
Local Authority Housing (HRA):	Housing Rents
Children and Young People's Services:	Educational Support Services to Academies
Schools:	Fees to parents and room lettings
Regeneration and Environment Services:	A wide range of services including Waste Collection/Treatment, Licencing, Civic Theatre, Development Control, Markets, and Parking
Assistant Chief Executive Office:	Human Resources Services
Finance and Customer 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 2024/25					
	General Fund Balance £000	Housing Revenue Account £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Capital Grants Unapplied £000	Movements in Unusable Reserves £000
Adjustments primarily involving the Capital Adjustment Account:						
Charges for depreciation and impairment of non current assets	23,786	17,358				(41,144)
Amortisation of intangible assets	1,125	343				(1,468)
Revaluation losses on Property, Plant and Equipment	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
Adjustments primarily involving the Capital Receipts Reserve:						
Use of the Capital Receipts Reserve to finance new capital expenditure			(15,585)			15,585
Use of the Capital Receipts Reserve to repay debt			(275)			275
Adjustment primarily involving the Major Repairs Reserve:						
Reversal of Major Repairs Allowance credited to the HRA		(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
Adjustment primarily involving the Financial Instruments Adjustment Account:						
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					
	General Fund Balance £000	Housing Revenue Account £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Capital Grants Unapplied £000	Movements in Unusable Reserves £000
Adjustments primarily involving the Pensions Reserve:						
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
Adjustments primarily involving the Collection Fund Adjustment Account:						
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	3,949					(3,949)
Adjustment primarily involving the Accumulated Absences Account:						
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)
Adjustment primarily involving the Dedicated Schools Grant Adjustment Account:						
Transfer to unusable reserve in the year in accordance with statutory requirements						0
Total Adjustments	70,348	8,837	(7,410)	(906)	6,374	(77,243)

	Movements in Usable Reserves 2025/26					
	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Movements in Unusable Reserves
	£000	£000	£000	£000	£000	£000
Adjustments primarily involving the Capital Adjustment Account:						
Charges for depreciation and impairment of non current assets	29,274	14,388				(43,662)
Amortisation of intangible assets	774	377				(1,151)
Revaluation losses on Property, Plant and Equipment & Investment Properties	(1,883)	0				1,883
Capital grants and contributions applied	(53,608)	(12,428)			17,695	48,341
Revenue expenditure funded from capital under statute	11,876	384				(12,260)
(Gain)/loss on disposal of non current assets charged to the Comprehensive Income and Expenditure Statement	2,545	(4,335)	19,194			(17,404)
Debt Repayment			74			(74)
Statutory provision for the financing of capital investment (see note 41)	(14,561)					14,561
Capital expenditure charged against the General Fund and HRA balances	0	(9,595)				9,595
Adjustments primarily involving the Capital Receipts Reserve:						
Use of the Capital Receipts Reserve to finance new capital expenditure			(4,675)			4,675
Use of receipts to repay debt			(74)			74
Adjustment primarily involving the Major Repairs Reserve:						
Transfer from HRA to Major Repairs Reserve re notional MRA		(1,120)		1,120		0
HRA depreciation to capital adjustment account				24,760		(24,760)
Use of the Major Repairs Reserve to finance new capital expenditure				(23,551)		23,551
Adjustment primarily involving the Financial Instruments Adjustment Account:						
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 2025/26 continued					
	General Fund Balance £000	Housing Revenue Account £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Capital Grants Unapplied £000	Movements in Unusable Reserves £000
Adjustments primarily involving the Pensions Reserve:						
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (see note 18)	20,502	1,507				(22,009)
Employer's pension contributions and direct payments to pensioners payable in the year	(25,898)	(1,903)				27,801
Adjustments primarily involving the Collection Fund Adjustment Account:						
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	(510)					510
Adjustment primarily involving the Accumulated Absences Account:						
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	170	27				(197)
Adjustment primarily involving the Dedicated Schools Grant Adjustment Account:						
Transfer to unusable reserve in the year in accordance with statutory requirements						0
Total Adjustments	(31,353)	(12,698)	14,519	2,329	17,695	9,508

Note 3 Transfers to and from Earmarked Reserves

	Bal at 1 Apr 24 £000	Trans between Reserves 2024/25 £000	Trans out 2024/25 £000	Trans in 2024/25 £000	Bal at 31 Mar 25 £000	Trans between Reserves 2025/26 £000	Trans out 2025/26 £000	Trans in 2025/26 £000	Bal at 31 Mar 26 £000
General Fund									
Business Rates	4,000	0	0	0	4,000	0	0	0	4,000
PFI - Leisure	0	0	0	291	291	0	0	354	645
Insurance Fund Reserve	362		(362)	18	18	0	(9)	33	42
Revenue Grants Reserve	2,241	0	(570)	1,107	2,778	0	(513)	524	2,789
Selective Licensing Reserve	0	0	0	0	0	0	0	60	60
Budget & Financial Strategy	13,879	0	(294)	0	13,585	(2,200)	(293)	0	11,092
Local Plan Reserve	0	0	0	0	0	2,200	0	0	2,200
Housing Transformation Fund	217	0	(103)	0	114	0	0	0	114
Memb Comn Leadership Fund	2	0	(2)	37	37	0	(11)	11	37
Rotherham Partnership	125	0	(23)	30	132	0	(18)	0	114
HRA Sinking Fund	93	0	0	40	133	0	0	42	175
Covid Recovery Fund	147	0	(147)	0	0	0	0	0	0
Local Ctax Support Grant	1,203	0	(380)	0	823	0	(46)	0	777
Collect'n Fund Income Guarantee	677	0	0	0	677	0	(677)	0	0
Treasury Management Savings	11,617	0	(4,221)	388	7,784	0	(824)	0	6,960
Total	34,563	0	(6,102)	1,911	30,372	0	(2,391)	1,024	29,005
Total HRA	93	0	0	40	133	0	0	42	175
Total General Fund	34,470	0	(6,102)	1,871	30,239	0	(2,391)	982	28,830
DSG Grant Reserve	20,280	0	(3,940)	2,442	18,782	0	(3,911)	3,489	18,360
Total Earmarked Reserves	54,843	0	(10,042)	4,353	49,154	0	(6,302)	4,513	47,365

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 2025/26. 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 business rate appeals.

(ii) PFI – Leisure

There are 15 years remaining on the PFI leisure contract. 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 2026/27.

(v) Local Plan Reserve

A Local Plan Reserve of £2.2m has been created to manage the costs the Council will need to incur in order to create the new Local Plan. These costs will span a number of years and the Council's Budget will need to be able to have flexibility to respond to the financial challenges of the Local Plan

(vi) Housing Transformation Fund

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

(vii) HRA Sinking Fund Reserve

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

(vii) 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 support the funding of the Council's Local Tax Support Top Up payments across 2023/24 to 2026/27.

(viii) Collection Fund Income Guarantee

This reserve held grant provided to compensate Council's for 75% of irrecoverable losses of Council Tax and Business Rates income in 2020/21. Again, this reserve was used to support a Local Council Tax support Top Up payment across 2023/24 to 2025/26.

(ix) Treasury Management Savings Reserve

As per the Council's Budget and Council Tax report 2022/23 this 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 2026/27 details how this reserve will be used to support the Medium Term Financial Strategy.

(x) Other Reserves

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

Note 4 Other Operating Expenditure

2024/25 £000		2025/26 £000	Notes
4,274	Parish Council precepts	4,235	
11,005	Levies payable	11,218	
0	Payments to the Government Housing Capital Receipts Pool	0	
23,714	Gain on disposal of non current assets	(1,746)	48
0	Loss on revaluation & disposal of Assets Held for Sale	0	22
38,993	Total	13,707	

Note 5 Financing and Investment Income and Expenditure

2024/25 £000		2025/26 £000	Notes
35,310	Interest payable and similar charges	37,332	26
1,428	Net interest on the net defined benefit liability (asset)	1,300	
(1,923)	Interest receivable and similar income	(1,998)	26
3,883	Income and expenditure relating to Investment Properties and changes in their fair value	(2,558)	20
38,698	Total	34,076	

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:

2024/25				2025/26		
Expenditure £000	Income £000	(Surplus) / Deficit £000		Expenditure £000	Income £000	(Surplus) / Deficit £000
16,795	(17,413)	(618)	Highways Delivery, Landscapes Delivery and Drainage	17,823	(18,179)	(357)
1,874	(3,297)	(1,423)	Property Services – Fee-billing	2,046	(3,799)	(1,753)
2,027	(1,872)	155	Transportation Service	2,084	(1,521)	563
7,632	(6,427)	1,205	Cleaning of buildings	7,720	(6,656)	1,064
419	(391)	28	Markets	1,361	(448)	914
458	(457)	1	Building Regulations Control	514	(523)	(8)
10,392	(9,402)	990	School Support Services	9,212	(8,494)	718
2,653	(3,093)	(440)	Chargeable Waste Collection Services	2,617	(2,661)	(44)
153	(252)	(99)	Pest Control	153	(212)	(59)
1,147	(990)	157	School Music Service	1,304	(1,051)	253
1,423	(1,446)	(22)	Civic Theatre	1,572	(1,668)	(96)
819	(961)	(143)	Cafes - Culture, Sport and Tourism	786	(997)	(211)
1,077	(1,409)	(332)	Parking Services	1,116	(1,483)	(367)
46,869	(47,410)	(541)	(Surplus) / Deficit	48,309	(47,690)	619

Traded services are included in the Comprehensive Income and Expenditure Statement within the Service that they are based. The Services included within this Note have been reviewed and a number of new Services added for 2025/26, with comparative information provided for 2024/25. The Council's traded services include:

Highways Delivery, Landscapes Delivery and Drainage

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.

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.

Transportation – 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

The Council provides cleaning services to schools, academies and Council maintained schools, the NHS and internal services, including the HRA. This includes the provision of cleaning services to Rotherham PFI schools, under a sub-contract arrangement with Equans.

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.

Schools Catering

The Council provides school meals to schools, academies and Council maintained schools, including schools outside of the Rotherham Borough area. This includes the provision of school meals services to Rotherham PFI schools, under a sub-contract arrangement with Equans.

Chargeable Waste Collection Services

The Council's provides the following chargeable external waste collection services:

Garden Waste subscription service for Rotherham households.

Commercial Waste and Clinical Waste collection and disposal service for Rotherham businesses, including the NHS.

Bulky Waste Service, for Rotherham households, for the collection and disposal of large household items. Charges for this Service are set to encourage use of the Service and reduce the amount of fly tipping within the Borough.

Pest Control

The Council provides pest control services to help manage and prevent pests in household and commercial properties. The Service is also provided to internal services within the Council, including the HRA.

School Music Service

The Council provides music services, including lessons, group activities, events and instrument hire to schools, academies and Council maintained schools.

Rotherham Civic Theatre

The Council operates a 356 capacity theatre in the town centre. This hosts the annual pantomime, and a mixture of professional and amateur productions. Parts of the facility are also available for external hire.

Culture, Sport and Tourism Cafes

The Council operates cafes, providing food and refreshments to the public at the following venues; Rother Valley Country Park, Thrybergh Country Park and Clifton Park Museum. A new Waterfront Café opened at Rother Valley Country Park in April 2026. These facilities are also available for event hire.

Parking Services

The Council operates chargeable on street and off street parking, including a multi-storey car park within Rotherham town centre. In addition, it provides free parking, on and off street within the wider Rotherham Borough.

Note 7 Taxation and Non Specific Grant Income

2024/25 £000		2025/26 £000	Notes
139,697	Council Tax Income	144,715	
39,193	Non Domestic Rates	43,570	
52,090	Business Rates grants	52,733	
20,187	Non Ring-fenced government grants	20,799	8
49,418	Capital Grants & Contributions	57,004	8
300,585	Total	318,821	

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:

2024/25 £000		2025/26 £000
18,824	Revenue Support Grant	19,347
1,363	Other Non Specific Revenue Grants	1,452
20,187	Total	20,799

Capital Grants Credited to Taxation and Non Specific Grant Income:

2024/25 £000		2025/26 £000
500	Department for Transport	0
60	Department for Education	4,498
32,869	Ministry of Housing, Communities and Local Government	10,486
10,950	South Yorkshire Mayoral Combined Authority	28,342
2,781	Homes England	8,004
1,024	Environment Agency	250
1,119	Disabled Facilities Grant	1,491
(1,301)	NHS England	(93)
71	Department for Energy, Security and Net Zero	2,705
577	CIL Contributions	576
52	S106 Contributions	123
716	Other	622
49,418	Total	57,004

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:

2024/25 £000		2025/26 £000
111,733	Dedicated Schools Grant including Safety Valve funding (Note 16)	121,220
1,048	Teachers Pay Grant (merged into Dedicated Schools Grant from 2025/26)	0
1,497	Teachers Pension Employer Contributions Grant (merged into Dedicated Schools Grant from 2025/26)	0
55,024	Housing and Council Tax Benefit: subsidy	44,605
9,822	PFI Grant	9,822
1,707	Social Care Prevention Grant	2,210
3,359	Pupil Premium	3,115
814	Housing Benefit & Council Tax Benefit Administration	814
558	Youth Offending Teams Grant	566
724	Universal Free School Meals	654
31,650	Social Care (Revenue) Grant	37,419
9,327	NHS Funding (including Better Care Fund)	9,306
15,013	Improved Better Care Fund	17,931
3,384	Adult Social Care Discharge Funding (merged into Improved Better Care Fund from 2025/26)	0
18,435	Public Health Funding	19,575
2,629	Unaccompanied Asylum Seeking Children	2,610
681	Asylum Seekers Dispersal - Temporary Accommodation	544
551	Rough Sleeper Initiative	380
796	Homeless Prevention	1,440
982	Childrens Capital of Culture	2,191
1,234	Holiday Activities & Food	1,255
2,178	Drug and Alcohol Treatment, Recovery and Improvement Grant	2,178
5,886	Market Sustainability and Improvement Fund and Fair Cost of Care Fund	5,886
1,140	Family Hubs	1,240
4,978	Household Support Fund	4,387
1,547	Core Schools Budget Grant	4,261
2,147	UK Shared Prosperity Fund	1,602
575	Apprenticeship Levy	750
1,047	Short Break Innovation Fund	0
767	Feasibility Fund	328
959	Elections Grant	0
897	Wraparound Childcare Programme	1,205
538	Levy Account Surplus	0
187	New Burdens	610
0	Recovery Grant	8,771
0	Extended Producer Packaging Responsibility	6,151
0	Pathways to Work Economic Inactivity Trailblazer	994
0	Domestic Abuse Safe Accommodation Grant	803
0	Children & Families Grant	2,546
0	Employer National Insurance Contributions Grant	2,516
0	National Insurance Contributions Grant	881

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 25		31 Mar 26
£000		£000
7,275	Section 106 Developer Contributions	7,233
147	CIL Contributions	129
164	SYMCA	0
(5)	Historic England Grant	0
(103)	Forestry Commission	0
8	PCC	0
0	School Nurseries Capital	120
0	Other Government De-Minimus	17
7,486	Total of Capital Grants Received in Advance	7,499

<u>Section 106 Developer Contributions</u>

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 £000	Expenditure £000	31 Mar 25 £000		Income £000	Expenditure £000	31 Mar 26 £000
0	0	(5)	F&CS/ACE - General Fund	0	0	(5)
(763)	52	(2,957)	Regeneration & Environment – General Fund	(1,264)	24	(4,197)
(3,820)	1,085	(3,570)	CYPS - General Fund	(149)	1,402	(2,317)
0	0	0	Housing - General Fund	0	0	0
0	0	(743)	HRA	(70)	99	(714)
(4,583)	1,137	(7,275)	Total	(1,483)	1,525	(7,233)

Note 9 Acquired and discontinued operations

The Council did not acquire any new operations in 2025/26.

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 (SYICB) - 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:

2024/25 £000		2025/26 £000
(2,279)	Gross income	(2,813)
2,279	Gross expenditure	2,813
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

Better Care Fund (BCF)

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 £34.510m, 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 £20.326m 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.

Partner contributions to Pool 1 are recorded as income, and the cost of delivering the service is recorded as expenditure. Any surplus or deficit at the end of the financial year is carried forward into the next year.

2024/25 £000	**Better Care Fund - Pool 1 RMBC**	2025/26 £000
(1,940)	**Balance B/F**	(2,141)
(9,341)	SYICB (Rotherham Place)	(9,131)
(3,802)	Rotherham MBC - Capital	(4,068)
(20,031)	Rotherham MBC - Revenue	(19,170)
(35,114)	Total Gross Income	(34,510)
4,007	Capital Expenditure	3,363
28,966	Revenue Expenditure	28,486
32,973	Total Gross Expenditure	31,849
(2,141)	Overspend / (Underspend)	(2,661)
0	Use of balances	0
(2,141)	Net Balance as at 31 March	(2,661)

2024/25 £000	**Better Care Fund - Pool 2 NHS South Yorkshire ICB**	2025/26 £000
(19,684)	SYICB (Rotherham Place)	(19,279)
0	Rotherham MBC	(1,047)
(19,684)	Total Gross Income	(20,326)
19,684	Revenue Expenditure	20,326
19,684	Total Gross Expenditure	20,326
0	Overspend / (Underspend)	0
0	Transfer of balances	0
0	Net Balance as at 31 March	0

Rotherham Youth Justice Partnership

Rotherham Metropolitan Borough Council (RMBC), through its Children and Young People's Services Youth Offending Team, manages a pooled budget to support Youth Justice Services in Rotherham. This arrangement is established under Section 38 of the *Crime and Disorder Act 1998*, which requires local authorities to ensure the provision of youth justice services in their area.

The pooled budget receives financial contributions from the following partner organisations: South Yorkshire Mayoral Combined Authority; National Probation Service; and NHS South Yorkshire Integrated Care Board. As the host authority, RMBC is responsible for administering the fund. In line with the accounting requirements, all income and expenditure related to the Youth Justice Service are fully reflected in RMBC's accounts. Partner contributions are recorded as income, and the full cost of delivering the service is recorded as expenditure. Any surplus or deficit at the end of the financial year is carried forward into the next year.

2024/25 £000	**Rotherham Youth Justice Partnership**	**2025/26 £000**
(70)	NHS South Yorkshire ICB	(70)
(153)	South Yorkshire Police & Crime Commissioner	(153)
(5)	National Probation Service	(5)
(303)	Rotherham MBC - Revenue	(362)
(531)	Total Gross Income	(590)
0	Capital Expenditure	0
426	Revenue Expenditure	555
426	Total Gross Expenditure	555
(105)	Overspend / (Underspend)	(35)
0	Use of balances	0
(105)	Net Balance as at 31 March	(140)

Rotherham Safeguarding Children Partnership (RSCP)

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.

RSCP is funded by contributions made by the three key statutory partners, i.e. Rotherham Council, NHS Rotherham Integrated Care Board (ICB) and the South Yorkshire Police. In line with the accounting requirements, all income and expenditure related to RSCP is fully reflected in RMBC's accounts. Partner contributions are recorded as income, and the full cost of delivering the service is recorded as expenditure. Any surplus or deficit at the end of the financial year is carried forward into the next year.

2024/25 £000	Rotherham Safeguarding Board	2025/26 £000
(120)	NHS South Yorkshire ICB	(115)
(47)	South Yorkshire Police & Crime Commissioner	(45)
(6)	Other Income	(2)
(120)	Rotherham MBC - Revenue	(115)
(293)	Total Gross Income	(277)
257	Revenue Expenditure	278
257	Total Gross Expenditure	278
(36)	Overspend / (Underspend)	1
0	Use of balances	1
(36)	Net Balance as at 31 March	(35)

One Adoption South Yorkshire Agency (OASY)

The Council's adoption service is delivered through One Adoption South Yorkshire (OASY), a regional partnership established on 1 January 2021. OASY brings together the adoption services of Barnsley, Doncaster, Rotherham, and Sheffield councils to provide a more consistent and effective service for children needing permanent homes.

The service is funded jointly by the four councils through a pooled budget. Doncaster MBC acts as the lead authority, managing central costs on behalf of the partnership. Rotherham's share of the costs and its contribution to the pooled budget are reflected in RMBC accounts. Any surplus or deficit at year-end is either shared and re-distributed between the councils in proportion to their contributions or carried forward to the following year to meet commitment costs.

2024/25 £000	South Yorkshire Regional Adoption Agency	2025/26 £000
(1,190)	Rotherham MBC - Revenue	(1,302)
(1,567)	Sheffield CC	(1,709)
(937)	Barnsley MBC	(1,025)
(1,120)	City of Doncaster Council	(1,229)
(4,814)	Total Gross Income	(5,265)
0	Capital Expenditure	0
4,814	Revenue Expenditure	5,120
4,814	Total Gross Expenditure	5,120
0	Overspend / (Underspend)	(145)
(284)	Carry Forward from Previous Year	(189)
95	Use of balances	114
(189)	Net Balance as at 31 March held by City of Doncaster Council	(220)

Note 13 Members' Allowances

Members' allowances and expenses during the year totalled £991,120.06 excluding Joint Council allowances (2024/25 £959,803.48).

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

2024/25 £000	**Members Allowances**	2025/26 £000
740	Basic allowance	763
219	Special responsibility allowances	228
0	Travel	0
959	Total Members' Allowances and Expenses	991

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 2025/26 payroll information, expressed in bands of £5,000 is as follows:

2024/25			2025/26	
Officers Total	Teachers Total		Officers Total	Teachers Total
146	18	50,000.00 to 54,999.99	185	32
56	7	55,000.00 to 59,999.99	74	7
41	5	60,000.00 to 64,999.99	43	9
25	5	65,000.00 to 69,999.99	33	3
22	2	70,000.00 to 74,999.99	26	4
11	5	75,000.00 to 79,999.99	18	3
2	2	80,000.00 to 84,999.99	4	6
3	1	85,000.00 to 89,999.99	2	3
0	0	90,000.00 to 94,999.99	1	0
11	0	95,000.00 to 99,999.99	0	1
0	1	100,000.00 to 104,999.99	11	0
1	0	105,000.00 to 109,999.99	0	1
1	0	110,000.00 to 114,999.99	1	0
0	0	115,000.00 to 119,999.99	0	0
0	0	120,000.00 to 124,999.99	0	0

The number of employees whose remuneration was £50,000 or more includes staff who have been given approval to leave the Council and have received an exit payment under the terms of their contract with the Council. In some cases that has resulted in these staff falling into higher banding brackets than would otherwise be the case. In 2025/26, 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 102 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 2024/25 and 2025/26 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 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	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
Total	920,807.01	0.00	0.00	920,807.01	156,788.71

Senior Officers 2025/26

Job Title/Employee	Salary 2025/26 £	Additional Payments 2025/26 £	Compensation & Ex-gratia 2025/26 £	Total remuneration excluding employer pension contributions 2025/26 £	Pension employer contribution 2025/26 £
Senior Officer Salary Costs:					
Sharon Kemp - Chief Executive - refer to Note (i)	42,343.67	1,962.21	0.00	44,305.88	7,325.46
John Edwards - Chief Executive - refer to Note (ii)	149,872.12	0.00	0.00	149,872.12	25,927.86
Assistant Chief Executive - refer to Note (iii)	39,885.32	7,149.42	29,913.80	76,948.54	6,900.16
Interim Director of Policy, Strategy & Engagement - Refer to Note (iv)	39,672.00	0.00	0.00	0.00	0.00
Nicola Curley, Executive Director of Children and Young Peoples Services	169,016.64	0.00	0.00	169,016.64	27,357.36
Executive Director of Regeneration & Environment	137,905.44	0.00	0.00	137,905.44	22,349.52
Executive Director of Adults, Housing & Public Health	149,012.28	0.00	0.00	149,012.28	25,779.12
Executive Director of Corporate Services	139,509.00	0.00	0.00	139,509.00	24,135.00
Service Director - Legal Services	101,171.52	0.00	0.00	101,171.52	17,502.72
Total	968,387.99	9,111.63	29,913.80	967,741.42	157,277.20

(i) The Chief Executive left the council on 22nd June 2025.
(ii) The new Chief Executive started his role on 23rd June 2025.
(iii) The Assistant Chief Executive left her role on 31st July 2025.This role was subsequently renamed Director of Policy, Strategy & Engagement. See note (iv) below.
(iv) The Interim Director of Policy, Strategy & Engagement started his role on 2nd February 2026. The total cost for 2025/26 is £39,672. This cost is inclusive of Agency Fee's but does not include VAT.
(v) The LGPS Employer Pension contributions disclosed in 2025/26 are based on the common rate of contribution set by the Actuary of 17.3 percent.

Senior Officer salary costs for 2025/26 have not materially increased or decreased compared to 2024/25.

<u>Further disclosure for exit packages</u>

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 2024/25 but who were paid in 2025/26 and those staff whose severance was approved and agreed and to which the Council was committed at 31 March 2026 but who are planned to leave in 2026/27.

In 2025/26 no provision was made in respect of severance costs associated with the major restructuring of services (in 2024/25 no provision was made).

These charges are reflected in the total cost of termination benefits shown in the tables 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	
Non Schools	2024/25	2025/26	2024/25	2025/26	2024/25	2025/26	2024/25 £000	2025/26 £000
£0 - £20,000	3	1	53	49	56	50	273	273
£20,001 - £40,000	1	0	1	3	2	3	46	74
£40,001 - £60,000	1	0	0	0	1	0	46	0
£60,001 - £80,000	0	0	0	0	0	0	0	0
£80,001 - £100,000	0	0	0	0	0	0	0	0
£100,001 - £150,000	0	0	0	0	0	0	0	0
£150,001 - £200,000	0	0	0	0	0	0	0	0
Total	5	1	54	52	59	53	365	347

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	
Schools	2024/25	2025/26	2024/25	2025/26	2024/25	2025/26	2024/25 £000	2025/26 £000
£0 - £20,000	0	1	8	12	8	13	46	42
£20,001 - £40,000	0	0	1	0	1	0	24	0
£40,001 - £60,000	0	0	0	0	0	0	0	0
£60,001 - £80,000	0	0	0	0	0	0	0	0
£80,001-£100,000	0	0	0	0	0	0	0	0
Total	0	1	9	12	9	13	70	42

N.B. The above figures include 1 settlement agreement (2024/25 1 settlement agreement) entered into to terminate the employment relationship with the School/Council.

Termination Benefits

During 2025/26 66 employees (2024/25, 68) 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 2025/26 totalled £0.389m (2024/25 £0.435m) - composed of severance payments of £0.389m (2024/25 £0.421m) and £0.000m in pensions strain costs (2024/25 £0.014m).

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:

2024/25 £000		2025/26 £000
418	Fees payable for external audit services carried out by the appointed auditor Grant Thornton	429
3	Fees payable for external audit services carried out by the appointed auditor Grant Thornton to be approved by PSAA	0
61	Fees payable for the certification of grant claims and returns Grant Thornton	63
14	Fees payable for the certification of grant claims and returns - to external audit services KPMG	14
496	Total	506

Note 16 Dedicated Schools Grant

The Council's expenditure on schools is primarily funded through the Dedicated Schools Grant (DSG) from the Department for Education (DfE). The DSG is ring fenced under regulations and, following consultation with the local Schools Forum, is allocated by the Council between centrally retained services (provided on a Council wide basis to Schools and sometimes academies) and individual school budgets (through the local schools funding formula).

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):

2024/25				2025/26		
Central Expenditure £000	ISB £000	Total £000		Central Expenditure £000	ISB £000	Total £000
		336,046	Final DSG before Academy recoupment			369,110
		(225,597)	Less Academy figure recouped			(249,153)
		110,449	Total DSG after Academy recoupment			119,958
20,280	0	20,280	Brought forward from previous year	18,782	0	18,782
		0	Less carry forward to following year agreed in advance			0
67,735	62,993	130,729	Agreed initial Budgeted Distribution	69,807	68,933	138,740
1,270	14	1,284	In Year Adjustments*	2,000	(738)	1,262
69,005	63,007	132,013	Final Budgeted Distribution	71,807	68,195	140,002
50,223		50,223	Less actual Central expenditure	53,446		53,446
	63,007	63,007	Less actual ISB deployed to schools		68,195	68,195
0	0	0	Plus Local Authority Contribution			0
18,782	0	18,782	In Year Carry forward to next year	18,360	(0)	18,360
0	0	0	Plus carry forward agreed in advance	0	0	0
18,782	0	18,782	Carry forward	18,360	(0)	18,360
(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)
(3,585)	1,109	(2,476)	Net DSG position	(4,007)	1,109	(2,898)

*The Safety Valve agreement funding for 2025/26 of £2.00m (2024/25 £1.27m) is included within 'in year adjustments' line as instructed by Department for Education.

Rotherham has faced significant and sustained pressure on its High Needs DSG budget, largely due to increasing numbers of children and young people with Education, Health and Care Plans (EHCPs). This resulted in an accumulated DSG deficit of £21.3m as at 31 March 2021. To address this, the Council entered into a Safety Valve Agreement with the DfE in 2021/22. Under the agreement, the DfE committed to extinguishing the historic DSG deficit through payments totalling £20.53m, which were received in full by the end of 2025/26.

As at 31 March 2026, the DSG Reserve Account shows a net deficit of £2.898m, reflecting ongoing in year High Needs pressures. Work is ongoing through the SEND Reforms Plan to return the DSG position to balance over the medium term.

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 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 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 2024 were available and the details are as follows:

31 Dec 23 £000		31 Dec 24 £000
2,565	Turnover	2,522
1,179	Profit / (Loss) before taxation	673
880	Profit / (Loss) after taxation	503
122	Net Assets	625

Other

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

2024/25 £	Related Parties	Nature of Transactions	2025/26 £
	Member Related:		
0	Busy Life Limited	No Transactions	0
0	Universal Safety and Environmental Consultants Limited	No Transactions	0
38,419	Activate High Street Centre	Grants & Fees	29,581
0	Kingswood Allotts Limited	No Transactions	0
0	Beck Financial Planning Limited	No Transactions	0
0	Beck Property and Developments Ltd	No Transactions	0
0	Kiveton Park and Wales Community Development Trust	Fees & Contribution	870
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	Julz Boutique (Dinnington) Ltd	No Transactions	0
0	Tierney & Co Solicitors Limited	Fees & Contribution	28
66,612	Rotherham BMX	No Transactions	0
0	Julz Boutique (Dinnington) Ltd	No Transactions	0
500	Richmond Park Tenants and Residents Association	Grant Funding	500
500	Cortonwood Community Comeback Centre	Grant Funding	2,000
0	Rawmarsh and Parkgate Community Charity	No Transactions	0
0	Saifaa ltd	No Transactions	0
0	Rotherham Sea Cadets	Grants & Fees	1,872
	Other Related Organisations:		
10,593,688	South Yorkshire Mayoral Combined Authority	Transport Levy	11,031,471
1,289,237	South Yorkshire Mayoral Combined Authority	Fees & Contribution	1,886,845

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 Authorities. 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 2025/26 the Council paid employer's contributions calculated at 28.68%, including the 0.08% administration levy, amounting in total to £3.975m (2024/25 £4.703m). The contribution rate for 2026/27 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 2027 is £3.700m.

(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 5.2% to 12.7%.

During 2025/26 the Council paid employer's contributions calculated at 16.88% (including 0.08% in respect of administration costs) amounting in total to £0.021m (£0.020m 2024/25).

The 0.08% levy for the administration of the NHS Pension scheme was introduced in March 2017 by the Department of Health. In 2026/27 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 2027 is £0.021m.

(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 2025/26 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 £26.512m (2024/25 £25.057m at 17.3%).

Total ongoing contributions of £18.515m are expected to be made to the Local Government Pension Scheme by the Council in the year to 31 March 2027 based on an ongoing service contribution rate of 12.1%.

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 2025 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 surplus on the scheme increasing from £248m at the previous actuarial valuation in 2022 to £425m in 2025. The next triennial valuation will be as at 31 March 2028.

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 2025/26 the IAS 19 actuarial exercise identified a surplus on the funded element of the Fund of £422m and a liability on the unfunded element of £12m. 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 £379m and a liability on the unfunded element of £13m in the 2024/25 accounts. The accounting balance sheet position as at 31 March 2026 and the projected charge to the P&L for 2026/27, in the 2025/26 IAS19 exercise are based on the 2025 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 previous 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 2025/26 the Council has acted as guarantor for 2 other employers. Legacy Council contractors with access to the LGPS are required to have bonds in place (which are subject to regular review) to cover unpaid liabilities should their business fail before the end of their contract with the Council. In addition, contractors' contributions are subject to smoothing arrangements which are intended to ensure that they are fully funded by the end of the contract period.

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

Transactions relating to Post-employment Benefits

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

Total Funded & Unfunded Local Government Pension Scheme 2024/25 £000	Unfunded Discretionary Benefits Arrangements (included in Total) 2024/25 £000		Total Funded & Unfunded Local Government Pension Scheme 2025/26 £000	Unfunded Discretionary Benefits Arrangements (included in Total) 2025/26 £000
		Net Cost of Services		
27,964	0	- Current Service Cost	21,422	0
16	0	- Past Service	52	0
(1,778)	0	- Gain / (loss) from settlements	0	0
		Financing and Investment Income and Expenditure		
700	0	- Net Interest Expense	535	0
26,902	0	Total Post-employment Benefits charged to the Surplus or Deficit on the Provisions of Service	22,009	0
		Other Post-employment Benefits charged to the Comprehensive Income and Expenditure Statement		
		Remeasurement of the net defined benefit liability comprising:		
(12,539)	0	- Experience gain / (loss) on liabilities	116,612	0
33,259	0	- Return on plan assets (excluding the amount included in the net interest expense)	(69,499)	0
(2,277)	0	- Actuarial gains and (losses) arising on changes in demographic assumptions	(35,966)	0
(197,141)	0	- Actuarial gains and (losses) arising on changes to financial assumptions	(26,504)	0
(202,818)	0	Changes in effect of asset ceiling	20,223	0
379,437	0	Adjustment per regulations to reduce surplus to nil charged to Other Comprehensive Income and Expenditure	0	0
(2,079)	0	Total Post-employment Benefits charged to the Comprehensive Income and Expenditure Statement	4,866	0
		Movement in Reserves Statement		
(26,902)	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	(22,009)	0
		Actual amount charged against General Fund:		
		Balance for pensions in year:		
(26,540)	(1,329)	- Employer’s contributions payable to Scheme	(27,801)	(1,325)

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 £0.765m administrative expenses in relation to investments during 2025/26 (2024/25 £0.728m).

In addition to the recognised gains and losses included in the CIES in arriving at the surplus / deficit on services, actuarial loss of £4.866m (£381.516m gain in 2024/25), 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 25 £000	Total Funded & Unfunded Local Government Pension Scheme 31 Mar 26 £000
Fair Value of Scheme Assets	1,502,501	1,596,491
Present value of Funded Liabilities	(1,123,064)	(1,174,839)
Net (under) funding in Funded Plans	379,437	421,652
Present Value of Unfunded Discretionary Liabilities	(12,610)	(11,684)
Per Actuary Report	366,827	409,968
Amount in the Balance sheet:		
Liabilities - funded and unfunded	(1,135,674)	(1,186,523)
Assets - funded and unfunded	1,502,501	1,596,491
Per financial Regulations asset ceiling takes pension asset to nil	(379,437)	(421,652)
Pensions Reserve	(12,610)	(11,684)
Pensions Asset	0	0
Pensions Liability	(12,610)	(11,684)

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

Total Funded & Unfunded Local Government Pension Scheme 2024/25 £000	Unfunded Discretionary Benefits Arrangements (included in Total) 2024/25 £000		Total Funded & Unfunded Local Government Pension Scheme 2025/26 £000	Unfunded Discretionary Benefits Arrangements (included in Total) 2025/26 £000
1,483,172	0	Fair Value of Plan Assets at beginning of period	1,502,501	0
71,437		Interest on plan assets	86,496	
		Remeasurement gain / (loss):		
(33,259)		- The return on plan assets, excluding the amount included in interest expense	69,499	
		- Experience gain / (loss)	(39,362)	
(2,562)		- Settlements	0	
26,540	1,329	- Employer contributions	27,801	1,325
9,269		- Member contributions	9,803	
(52,096)	(1,329)	- Benefits/transfers paid	(60,247)	(1,325)
1,502,501	0	Fair Value of Scheme Assets at end of period	1,596,491	0

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

Total Funded & Unfunded Local Government Pension Scheme 2024/25 £000	Unfunded Discretionary Benefits Arrangements (included in Total) 2024/25 £000		Total Funded & Unfunded Local Government Pension Scheme 2025/26 £000	Unfunded Discretionary Benefits Arrangements (included in Total) 2025/26 £000
(1,304,063)	(14,327)	Benefit Obligation at beginning of period	(1,135,674)	(12,610)
(27,236)	0	Current Service Cost	(20,657)	0
(728)	0	Administrative expenses (*see note below)	(765)	0
(62,755)	0	Interest Cost	(65,039)	0
(9,269)	0	Member Contributions	(9,803)	0
		Remeasurement gains and (losses):		
12,539	0	- Experience gain / (loss)	(77,250)	0
2,277	0	- Actuarial Gain / (loss) arising from changes in demographic assumptions	35,966	0
197,141	0	- Actuarial Gain / (loss) arising from changes in financial assumptions	26,504	0
(16)	0	- Past Service Cost	(52)	0
0	0	- (Loss) / gain on Curtailments	0	0
4,340	0	- Liabilities extinguished on Settlements	0	0
52,096	0	- Benefits/Transfers paid	60,247	0
0	1,717	Movement in unfunded	0	926
(1,135,674)	(12,610)	Benefit Obligation at end of period	(1,186,523)	(11,684)

Analysis of the Fair Value of Plan Assets:

	Quoted (Y/N)	Total Funded & Unfunded Local Government Pension Scheme 31 Mar 25 £000	Total Funded & Unfunded Local Government Pension Scheme 31 Mar 26 £000
Cash & cash equivalents:		18,759	19,932
Equity Securities	Y	77	82
Equity Securities	N	0	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	458	487
- Other	N	85,430	90,774
Real Estate:			
- UK Property	Y	0	0
- UK Property	N	118,133	125,523
- Overseas Property	N	3,726	3,959
Investment Funds and Unit Trusts			
- Equities	N	646,022	686,434
- Bonds	N	226,921	241,116
- Infrastructure	Y	5,300	5,632
- Infrastructure	N	165,901	176,279
- Other	Y	354	376
- Other	N	71,171	75,623
Private Equity	Y	444	472
Private Equity	N	159,805	169,802
Total		1,502,501	1,596,491

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 2025.

The principal assumptions used by the actuary have been:

Local Government Pension Scheme 2024/25	Discretionary Benefits 2024/25		Local Government Pension Scheme 2025/26	Discretionary Benefits 2025/26
		Mortality assumptions:		
		Longevity at 65 for current pensioners:		
20.5 years	20.5 years	Men	21.0 years	21.0 years
23.6 years	23.6 years	Women	24.0 years	24.0 years
		Longevity at 65 for future pensioners:		
21.3 years	21.3 years	Men	21.9 years	21.9 years
25 years	25 years	Women	25.3 years	25.3 years
2.75%	2.75%	Rate of CPI inflation	3.00%	3.00%
3.35%	3.35%	Rate of increase in salaries	3.60%	3.60%
2.75%	2.75%	Rate of increase in pensions	3.00%	3.00%
5.80%	5.80%	Rate for discounting scheme liabilities	6.20%	6.20%

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 £47m 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 £17m 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 £0.8m 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 £17m 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

2024/25 as restated	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
IFRS16 Adjustment	0	24,319	151	0	0	0	24,470
Additions	50,999	8,495	7,278	103	35,194	23	102,093
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	25,032	(522)	0	0	0	1,719	26,228
Revaluation increases/decreases to Surplus or Deficit on the Provision of Services	(17,877)	(40,700)	(0)	0	0	218	(58,360)
Derecognition - Disposals	(4,335)	(24,559)	(7,337)	0	0	(255)	(36,485)
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	40,762	1,744	0	(57,740)	(550)	(9,390)
At 31 Mar 25 as restated	875,288	294,965	64,062	8,445	55,696	11,627	1,310,085
Depreciation and Impairment							
At 1 Apr 24	(469)	(14,796)	(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	32,896
Depreciation Charge	(23,040)	(8,115)	(7,303)	(3)	0	(3)	(38,463)
Impairment losses/reversals to Revaluation Reserve	0	(3,947)	0	0	0	0	(3,947)
Impairment losses/reversals to Surplus or Deficit on the Provision of Services	0	(20,361)	(699)	(103)	0	0	(21,164)
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	(1)	0	0	(1)
At 31 Mar 25 as restated	(5)	(36,351)	(32,591)	(7,370)	0	0	(76,317)
Net Book Value							
At 31 Mar 25	875,283	258,615	31,471	1,075	55,696	11,626	1,233,765

2025/26	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 25	875,288	294,966	64,062	8,445	55,696	11,627	1,310,084
Additions	55,470	7,647	11,665	13	38,666	0	113,462
Accumulated Depreciation and Impairment written out to gross cost/valuation	(23,699)	(29,946)	0	0	0	(4)	(53,649)
Revaluation increases/decreases to Revaluation Reserve	15,939	28,822	0	0	0	(562)	44,199
Revaluation increases/decreases to Surplus or Deficit on the Provision of Services	(14,302)	1,157	0	0	0	(551)	(13,696)
Derecognition - Disposals	(13,640)	(4,534)	(8,727)	0	0	0	(26,901)
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	1,290	2,501	662	0	(10,722)	508	(5,761)
At 31 Mar 26	896,347	300,613	67,662	8,458	83,640	11,018	1,367,738
Depreciation and Impairment							
At 1 Apr 25	(5)	(36,351)	(32,591)	(7,370)	0	0	(76,318)
Accumulated Depreciation and Impairment written out to gross cost/valuation	23,699	29,946	0	0	0	4	53,649
Depreciation Charge	(23,890)	(7,535)	(7,328)	(3)	0	(7)	(38,763)
Impairment losses/reversals to Revaluation Reserve	0	(1,809)	0	0	0	0	(1,809)
Impairment losses/reversals to Surplus or Deficit on the Provision of Services	0	(4,165)	(50)	(12)	0	0	(4,227)
Derecognition - Disposals	192	786	8,521	0	0	0	9,499
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)	8	0	0	0	(8)	0
At 31 Mar 26	(6)	(19,120)	(31,449)	(7,385)	0	(11)	(57,969)
Net Book Value							
At 31 Mar 26	896,340	281,493	36,214	1,074	83,639	11,006	1,309,768
At 31 Mar 25	875,283	258,615	31,471	1,075	55,696	11,626	1,233,765

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 25 £000	31 Mar 26 £000
Net book value (modified historical cost)		
at 1 April	290,209	310,547
Additions	21,014	18,191
Derecognition	0	0
Depreciation	(9,827)	(10,928)
Impairment	(240)	(106)
Other movements in cost	9,390	2,077
Net book value	310,547	319,782

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

	31 Mar 25 £000	31 Mar 26 £000
Infrastructure Assets	310,547	319,782
Other PPE assets	1,233,765	1,309,767
Total PPE assets	1,544,312	1,629,549

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:

2024/25 as restated £000		2025/26 £000
	Cost or Valuation:	
67,683	At 1 April	70,191
(758)	Accumulated Depreciation and Impairment written out to gross cost/valuation	(4,351)
5,494	Additions	605
(2,009)	Revaluation Increases / (Decreases) taken to Revaluation Reserve	5,146
0	Revaluation Increases / (Decreases) taken to (Surplus) or Deficit on the Provision of Services	86
(219)	Derecognition - Disposals	0
70,191	Cost or Valuation at 31 March	71,678
	Depreciation & Impairment:	
4,300	At 1 April	11,131
(758)	Adjustments between cost / value & depreciation/impairment	(4,351)
2,100	Depreciation Charge	1,932
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
1,646	Impairment Losses Recognised in the Revaluation Reserve	223
3,848	Impairment Losses taken to (Surplus) or Deficit on the Provision of Services	382
(5)	Derecognitions - Disposals	0
11,131	Depreciation and impairment at 31 March	9,317
	Net Book Value	
59,060	At 31 March	62,361

2024/25 £000		2025/26 £000
57,989	Land and buildings	61,381
1,073	Vehicles, Plant, Furniture and Equipment	980
0	Assets under Construction	0
59,062	Total	62,361

(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 2025/26 the HRA and General Fund assets were revalued by Head of Property Tim Hartley BSc (Hons), MRICS (Registered Valuer), acting as Internal Valuer within the Council's Corporate 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 has used indexation to provide an assessment of those assets not revalued as part of the five year rolling programme where required in the CIPFA Code of Practice.

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, i.e from the 1 April 2025 to the 31 March 2026, 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 2025/26 there was a net valuation increase of £30.503m. 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. In the intervening years values are updated according to an appropriate index in line with the requirements of the CIPFA Code of Practice. Where an appropriate index has not been identified a desktop valuation is performed in year 3. If a significant adjustment is identified and processed to the asset class as a result of indexation it effectively acts as a new valuation. By way of example in 2025/26 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 2026 rather than spread across all five years.

	Council Dwellings £000	Other Land & Buildings £000	Vehicles, Plant & Equipment £000	Community Assets £000	Surplus Assets £000	Assets Under Construction £000	Total £000
Carried at historical cost	0	8,138	67,661	7,826	0	83,640	167,266
Valued at current value as at:							
31 Mar 26	896,348	214,907	0	0	11,018	0	1,122,272
31 Mar 25	0	28,049	0	0	0	0	28,049
31 Mar 24	0	17,719	0	0	0	0	17,719
31 Mar 23	0	17,115	0	0	0	0	17,115
31 Mar 22	0	14,685	0	632.4385	0	0	15,317
Total Cost or Valuation	896,348	300,613	67,661	8,458	11,018	83,640	1,367,738

(f) Capital commitments

At 31 March 2026 the Council has entered into a number of contracts for the construction or enhancement of Property, Plant and Equipment in 2025/26. The Council had significant commitments of £1 million or more budgeted to cost £60.197m (£88.661m at 31 March 2025).

	Cost £000
Regeneration & Environment	
Road Safety Improvement Projects - Fitzwilliam corridors	10,953
Rotherham Markets & Library Redevelopment	13,767
Rotherham Town Centre Public Realm development – Riverside Gardens & Corporation Street	5,259
Corporate Services	
Financial System purchase and implementation	2,039
Adult Social Care	
Day Centre - Castle View	3,962
Assistive Technology Equipment	9,764
HRA	
New Builds - Wath (Denman Road, Bushfield Road, Valley Drive) & Maltby (Addison Road, Larch Road)	14,452
Total	60,197

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:

2025/26 Position

Recurring fair value measurements using:	Quoted prices in active markets for identical assets Level 1 £000	Other significant observable inputs Level 2 £000	Significant unobservable inputs Level 3 £000	Fair value as at 31 March 2026 £000
Land and Buildings	0	11,018	0	11,018
Total	0	11,018	0	11,018

2024/25 Comparative figures

Recurring fair value measurements using:	Quoted prices in active markets for identical assets Level 1 £000	Other significant observable inputs Level 2 £000	Significant unobservable inputs Level 3 £000	Fair value as at 31 March 2025 £000
Land and Buildings	0	11,627	0	11,627
Total	0	11,627	0	11,627

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 £11.018m (£11.627m as at 31 March 2025) 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:

2024/25 £000		2025/26 £000
(2,131)	Rental income from investment property	(2,017)
640	Direct operating expenses arising from investment property	650
(1,491)	Net income	(1,367)
5,481	Net (gain)/loss from fair value adjustments & impairment	(1,191)
(107)	(Gain)/loss on disposal	0
3,883	Total included in Finance & Investment Income	(2,558)

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

2024/25 £000		2025/26 £000
33,897	Balance at 1 April	28,992
654	Subsequent expenditure	10,071
(78)	Disposals	0
(5,481)	Net gains /(loss) from fair value adjustments	1,191
0	Net gain /(loss) through Revaluation Reserve	0
0	Transfers from Assets Held for Sale	0
0	Transfers from Property, Plant & Equipment	0
28,992	Balance as at 31 March	40,254

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:

2025/26 Position

Recurring fair value measurements using:	Quoted prices in active markets for identical assets Level 1 £000	Other significant observable inputs Level 2 £000	Significant unobservable inputs Level 3 £000	Fair value as at 31 March 2026 £000
Land and Buildings	0	40,254	0	40,254
Total	0	40,254	0	40,254

2024/25 Comparative figures

Recurring fair value measurements using:	Quoted prices in active markets for identical assets Level 1 £000	Other significant observable inputs Level 2 £000	Significant unobservable inputs Level 3 £000	Fair value as at 31 March 2025 £000
Land and Buildings	0	28,992	0	28,992
Total	0	28,992	0	28,992

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 £40.254m (£28.992m as at 31 March 2025) 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 2026 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 Head of Property Tim Hartley BSc (Hons), MRICS (Registered Valuer), acting as Internal Valuer within the Council's Corporate 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.

2024/25 £000		2025/26 £000
	Balance at 1 April:	
21,679	- Gross carrying amount	10,092
(17,970)	- Accumulated amortisation	(6,917)
3,709	Net carrying amount at 1 April	3,175
	Additions:	
934	- Purchases	2,260
0	- Reclassified from PP&E under Construction	0
(1,468)	Amortisation	(1,151)
	Write out intangibles no longer in use	
(12,520)	- Gross carrying amount	(5,136)
12,520	- Accumulated amortisation/impairment	5,136
3,175	Net carrying amount at 31 March	4,284
	Comprising:	
10,092	Gross carrying amounts	19,736
(6,917)	Accumulated amortisation	(15,452)
3,175	Balance at 31 March	4,284

Note 22 Assets Held for Sale

	Assets Held for Sale-Current	
	2024/25 £000	2025/26 £000
Balance at 1 April	3,791	329
Assets newly classified as held for sale:		
- Property, Plant and Equipment	0	0
- Investment Property	0	0
- Revaluation losses	(0)	0
- Revaluation gain	0	0
- Other Movements	0	0
Assets declassified as held for sale:		
- Reclassified to Property, Plant and Equipment	0	0
- Reclassified to Investment Property	0	0
- Assets sold	(3,462)	0
Balance at 31 March	329	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.

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.

Archives

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

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

Historic Buildings

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

These 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 2025/26, 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.

Heritage assets are valued on a rolling basis with higher value items subject to more frequent valuation. Because of the unusual nature of the assets in question valuations are commissioned from external experts including Tennants Auctioneers.

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	
	2024/25 £000	2025/26 £000	2024/25 £000	2025/26 £000	2024/25 £000	2025/26 £000	2024/25 £000	2025/26 £000
Cost or Valuation								
1 Apr 24	8,245	8,245	514	514	258	258	9,017	9,017
Additions	0	209	0	0	0	0	0	209
Revaluation increases/decreases to Revaluation Reserve	0	87	0	0	0	0	0	87
Balance at 31 March	8,245	8,541	514	514	258	258	9,017	9,313

Disposal of Heritage Assets in 2025/26

There have been no Heritage Asset disposals in 2025/26.

Additions of Heritage Assets in 2025/26

There were additions totalling £0.209m to heritage assets in the year. This relates to spend on Keppel's Column to restore the internal staircase

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	
	2024/25	2025/26	2024/25	2025/26
	£000	£000	£000	£000
Borrowings	567,000	571,759	110,232	137,242
Plus Accrued Interest	0	0	5,464	6,853
Plus Creditors	133,600	130,221	62,125	67,617
Plus bank overdraft	0	0	0	0
Plus(+)/Less(-) Other accounting adjustments	0	0	0	0
Financial liabilities at amortised cost	700,600	701,980	177,821	211,712
Financial liabilities at fair value through profit and loss	0	0	0	0
Total Financial Liabilities	700,600	701,980	177,821	211,712
Non Financial Liabilities	7,915	8,727	4,758	5,613
Total	708,515	710,707	182,579	217,325
Investments	0	0	0	0
Plus Accrued Interest	0	0	0	0
Plus Debtors	718	639	51,672	79,144
Plus Cash & Cash Equivalents	0	0	38,025	30,064
Plus(+)/Less(-) Other accounting adjustments	0	0	0	0
Financial Assets				
at Amortised Cost	718	639	89,697	109,208
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	908	829	89,697	109,208
Non-Financial Assets			9,572	11,856
Total	908	829	99,269	121,063

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 26 £000 (a)	% (b)	31 Mar 26 % (c)	£000 (a*c)
Deposits with banks and financial institutions				
AAA rated counterparties	15,930	0.030%	0.030%	0
AA rated counterparties	0	0.020%	0.020%	0
A rated counterparties	0	0.040%	0.040%	0
Bonds	0	0.000%	0.000%	0
Banks and Financial Institutions	15,930			0
Debtors				
Long Term Debtors	286	0.000%	0.000%	0
Loans to Third Parties	676	45.770%	45.770%	310
Sundry Debtors	22,755	2.420%	2.420%	551
Housing Tenants	7,029	45.670%	45.670%	3,210
Other Short-Term Debtors	53,947	1.760%	1.760%	951
Debtors	84,694			5,022

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 £5.022m 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 2025/26 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 25 £000		31 Mar 26 £000
10,842	Less than three months	16,931
1,804	Three to six months	1,379
1,533	Six months to one year	2,126
1,031	More than one year	2,320
15,209		22,755

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 2026 was £1.268m (£0.899m as at 31 March 2025).

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 as 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 25 £000		31 Mar 26 £000
110,232	Less than one year	137,242
20,242	Between one and two years	65,252
46,365	Between two and seven years	6,421
35,057	Between seven and fifteen years	34,750
465,336	More than fifteen years	465,336
677,233		709,000

The maturity analysis of financial assets is as follows:

31 Mar 25 £000		31 Mar 26 £000
31,895	Less than one year	20,930
0	Between one and two years	0
0	Between two and three years	0
0	More than three years	0
31,895		20,930

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 £22.755m 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:

2024/25 £000		2025/26 £000
0	Impact on Surplus or Deficit on the Provision of Services	0
0	Share of overall impact debited to the HRA	0
(43,270)	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)	(38,792)

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 2026 are as follows:

2024/25		Financial Liabilities	Financial Assets			2025/26
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
22,411	Interest expense	24,557	0	0	0	24,558
0	Impairment (gain)	0	0	0	0	0
0	Premium/discounts	0	0	0	0	0
12,899	Finance Lease Interest	12,774	0	0	0	12,774
35,310	Interest payable and similar Charges	37,331	0	0	0	37,332
(1,923)	Interest income		(1,998)	0	0	(1,998)
33,387	Net gain (-) / loss (+) for the year	37,331	(1,998)	0	0	35,334

Note 27 Financial Instruments – Fair Values of Assets carried at Amortised Costs

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 2026 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 31/3/25 £000	As at 31/3/26 £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 and Barnsley Metropolitan Borough Councils and City of Doncaster Council 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 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
- Under IFRS16 the Council is required to remeasure PFI and lease liabilities dependent on an index on each indexation. Therefore, for PFI schemes and other long term creditors the carrying value of the liability represents a reasonable estimation of the fair value.
- 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 25			31 Mar 26	
Carrying amount £000	Fair Value £000		Carrying amount £000	Fair Value £000
		Long and Short-term		
453,007	275,290	PWLB debt	462,778	276,726
148,567	119,535	Non-PWLB debt	173,873	136,544
81,123	81,123	Temporary Borrowing	79,202	79,202
682,696	475,948	Total Debt	715,853	492,473
87,367	87,367	Short Term Creditors	96,713	96,713
93,034	93,034	PFI Schemes	89,464	89,464
40,566	40,566	Other Long Term Creditors	40,757	40,757
903,663	696,915	Total Financial Liabilities	942,787	719,407

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 2026) 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 £276.726m 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 (£186.052m) 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.

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 £158.367m. The exit price for the PWLB loans including this discount would therefore be £304.411m.

31 Mar 25			31 Mar 26	
Carrying amount £000	Fair Value £000		Carrying amount £000	Fair Value £000
3	0	Money Market loans less than one year	0	0
38,048	38,048	Cash & Cash Equivalents	30,064	30,064
382	382	Third Party Loans	367	367
348	348	Long-term Debtors	286	286
15,209	15,209	Sundry Debtors	22,755	22,755
7,201	7,201	Housing Rents	7,029	7,029
34,024	34,024	Other Short-Term	53,947	53,947
(4,881)	(4,881)	Bad Debts Provision	(4,712)	(4,712)
90,333	90,333	Total Financial Assets at Amortised Cost	109,736	109,736

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 2026 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 2026 the Council had no material financial guarantees requiring disclosure within the Balance Sheet.

Note 29 Long-Term Investments

2024/25 £000		2025/26 £000
	Investments in Associates and Joint Ventures:	
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

2024/25 £000		2025/26 £000
578	Balance at 1 April	808
6,016	Purchases	5,037
(5,785)	Recognised in year as expense	(5,176)
(1)	Written on / (off) in year	(2)
808	Balance at 31 March	667

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 2026 (Nil 2024/25).

Note 32 Debtors

	Short Term		Long Term	
	2024/25	2025/26	2024/25	2025/26
	£000	£000	£000	£000
Trade Receivables	41,500	43,337	0	0
Prepayments	10,803	11,361	0	0
Local Taxation (NNDR and Council Tax)	9,007	9,170	0	0
Other Receivable Amounts	15,686	38,050	718	639
Total	76,996	101,918	718	639

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 25 £000		31 Mar 26 £000
38,025	Cash and Bank balances	30,064
0	Bank Overdraft	0
38,025	Total Cash and Cash Equivalents	30,064

Note 34a Revenue Grants Received in Advance

31 Mar 25 £000		31 Mar 26 £000
496	Improved Better Care Fund	41
217	Public Health	188
1,017	Dept for Health & Social Care - Adults	395
205	Covid	205
1,741	Revenue Support Grant 2025-26 April instalment paid early	0
765	Dept for Education Funding	784
2,495	South Yorkshire Mayoral Combined Authority	2,859
865	Other	1,761
7,801	Total of Revenue Grants Received in Advance	6,233

Note 34b Creditors

	Short Term		Long Term	
	2024/25	2025/26	2024/25	2025/26
	£000	£000	£000	£000
Trade Payables	(43,090)	(45,943)	0	0
Receipts In Advance	(17,440)	(17,505)	0	0
Other	(19,035)	(24,928)	(19)	(19)
Total	(79,565)	(88,376)	(19)	(19)

Note 35 Provisions

Current Year	Balance as at 1 Apr 25 £000	Increase in provision during year £000	Utilised during year £000	Unused Amounts Reversed £000	Balance as at 31 Mar 26 £000
Insurance Claims	(3,285)	(169)	588	0	(2,866)
Compensation Payments	(572)	(205)	22	0	(755)
Business Rates Appeals	(3,573)	(2,464)	1,213	0	(4,824)
Other	(5,243)	(1,048)	0	396	(5,895)
Total	(12,673)	(3,886)	1,823	396	(14,340)
Current Provisions	(4,758)	(2,464)	1,213	396	(5,613)
Long Term Provisions	(7,915)	(1,422)	610	0	(8,727)
Total	(12,673)	(3,886)	1,823	396	(14,341)

Comparative Year	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)
Total	(12,263)	(3,953)	3,543	0	(12,673)
Current Provisions	(3,487)	(3,314)	2,043	0	(4,758)
Long Term Provisions	(8,776)	(639)	1,500	0	(7,915)
Total	(12,263)	(3,953)	3,543	0	(12,673)

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, commercial and industrial properties.

(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:

- '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 2026 will be made during 2026/27 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 25 £000		31 Mar 26 £000
	CAPITAL RESERVES	
(20,413)	Capital Receipts Reserve	(34,932)
(8,522)	Major Repairs Reserve	(10,852)
(69,543)	Capital Grants Unapplied Account	(87,238)
(98,478)	Sub-Total Capital Reserves	(133,022)
	REVENUE RESERVES	
(25,000)	General Fund Minimum Balance – Council	(25,000)
(30,239)	Earmarked Reserves excluding DSG	(28,830)
(55,239)	Sub-Total General Fund Council and Earmarked Reserves excluding DSG	(53,830)
(2,464)	General Fund - Schools	(2,395)
(18,782)	Earmarked Reserve DSG	(18,360)
(24,171)	HRA	(21,237)
(133)	HRA Earmarked Reserve	(175)
(45,550)	Sub-Total Other Reserves	(42,167)
(199,267)	TOTAL USABLE RESERVES	(229,019)

(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.

At 31 Mar 25 as restated £000		31 Mar 26 £000
	CAPITAL RESERVES	
(246,693)	Capital Adjustment Account	(267,903)
(356,650)	Revaluation Reserve	(381,286)
	REVENUE RESERVES	
12,610	Pensions Reserve	11,684
5,160	Short term accumulating absences account	5,357
103	Financial instruments adjustment account	69
(2,651)	Collection Fund adjustment account	(3,161)
21,258	DSG Adjustment account	21,258
(566,863)	TOTAL UNUSABLE RESERVES	(613,982)

(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.

2024/25 as restated £000		2025/26 £000
(299,174)	Balance 1 April	(246,693)
275	Debt Repayment	74
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:	
1,468	Amortisation of Intangible Assets	1,151
115,227	Charges for depreciation and impairment of non-current assets	41,779
15,939	Revenue expenditure funded from capital under statute	12,260
31,771	Non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	17,404
23,859	Depreciation - Major Repairs Reserve	24,760
	Adjusting amounts written out to Revaluation Reserve:	
(8,889)	Disposal	(6,589)
(11,350)	Excess of current cost depreciation over historic cost depreciation	(11,252)
	Capital Financing Applied in the year:	
(15,585)	Use of Capital Receipts Reserve to finance capital expenditure	(4,675)
(275)	Use of Capital Receipts Reserve to repay debt	(74)
(26,454)	Use of Major Repairs Reserve to finance capital expenditure	(23,551)
	Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing:	
(56,264)	Application of grants to capital financing from the Capital Grants Unapplied Account	(48,341)
(11,264)	Statutory provision for the financing of capital investment charged against the General Fund and HRA balances (see note 41)	(14,561)
(5,977)	Capital expenditure charged against the General Fund and HRA balances	(9,595)
(246,693)	Balance at 31 March	(267,903)

(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.

2024/25 as restated £000		2025/26 £000
(354,607)	Balance 1 April	(356,650)
(26,229)	Net revaluation gains/losses not charged to the Surplus / (Deficit) on Provision of Services	(44,286)
3,947	Impairment losses and reversals thereof not charged to the Surplus / (Deficit) on Provision of Services	1,809
(22,282)	Subtotal - net revaluation and impairment gains / losses not posted to the Surplus / Deficit on provision of Services	(42,477)
8,889	Accumulated Gains on assets sold or scrapped	6,589
11,350	Excess of fair value depreciation over historic cost depreciation transferred to Capital Adjustment Account	11,252
(356,650)	Balance at 31 March	(381,286)

(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.

2024/25 £000		2025/26 £000
14,327	Balance 1 April	12,610
(381,516)	Remeasurements of the net defined benefit liability/(asset)	4,866
379,437	Adjustment per regulations to reduce pension asset to asset ceiling value of nil	0
26,902	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	22,009
(26,540)	Employer's pensions contributions and direct payments to pensioners payable in the year	(27,801)
12,610	Balance at 31 March	11,684

(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.

2024/25			2025/26	
£000	£000		£000	£000
	4,914	Balance 1 April		5,160
(4,914)		Settlement or cancellation of accrual made at the end of the preceding year	(5,160)	
5,160		Amounts accrued at the end of the current year	5,357	
	246	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		197
	5,160	Balance at 31 March		5,357

(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.

2024/25 £000		2025/26 £000
137	Balance at 1 April	103
	Movement in year:	
(34)	Premium and discounts	(34)
103	Balance carried forward at 31 March	69

(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 taxpayers 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.

2024/25 CTAX £000	2024/25 NNDR £000	2024/25 Total £000		2025/26 CTAX £000	2025/26 NNDR £000	2025/26 Total £000
(6,123)	(477)	(6,600)	Balance 1 April	(6,203)	3,552	(2,651)
(80)	4,029	3,949	Difference between amount receivable in the Comprehensive Income and Expenditure Statement for the year and General Fund balance	271	(781)	(510)
(6,203)	3,552	(2,651)	Balance at 31 March	(5,932)	2,771	(3,161)

(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

2024/25 £000		2025/26 £000
	Items included in the net surplus or deficit on the provision of services that are investing and financing activities:	
62,639	Capital Grants credited to surplus or deficit on the provision of services	66,036
0	Net adjustment to long and short term investments	0
8,175	Proceeds from the sale of property plant and equipment, investment property and intangible assets & other capital receipts	19,194
70,814		85,230
(1,704)	Interest received (cash basis)	(2,235)
33,398	Interest paid (cash basis)	34,553

Note 39 Cash Flow – from Investing Activities

2024/25 £000		2025/26 £000
128,684	Purchase of property, plant and equipment, investment property, heritage and intangible assets	134,432
0	Long term loans granted	0
0	Purchase/(Sale) of short term investments	0
0	Purchase of Long term investments	0
450	Capital Grants and Contributions Repaid	300
(8,175)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets & other capital receipts	(19,194)
(71,250)	Capital Grants and Contributions Received	(54,156)
(278)	Other receipts from investing activities	(73)
49,431	Net cash outflow from Investing Activities	61,309

Note 40 Cash Flow – from Financing Activities

2024/25 £000		2025/26 £000
(165,000)	Cash receipts of short- and long-term borrowing	(132,000)
3,615	Cash payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet PFI contracts	4,870
125,223	Repayments of short- and long-term borrowing	100,232
(3,062)	Other payments for financing activities	3,233
(39,224)	Net cash outflow from Financing Activities	(23,665)

Note 40b Reconciliation of Liabilities Arising from Financing Activities

	2025/26 01 Apr 25 £000	Cash Flow £000	Non Cash Change £000	2025/26 31 Mar 26 £000
Long Term Borrowing	(567,000)	(26,304)	21,545	(571,759)
Short Term Borrowing	(115,696)	(5,464)	(22,935)	(144,095)
PFI & Lease Liabilities Short Term	(5,390)	4,870	(5,929)	(6,449)
PFI & Lease Liabilities Long Term	(133,581)		3,378	(130,203)
	(821,667)	(26,898)	(3,940)	(852,505)

	2024/25 1 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)

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.

2024/25 £000		2025/26 £000
927,446	Opening Capital Financing Requirement Capital Investment	982,559
153,130	Property, Plant and Equipment	131,654
654	Investment Properties	6,607
934	Intangible Assets	2,260
0	Heritage Asset	2
15,939	Revenue Expenditure funded from Capital under Statute	12,260
1,098,103		1,135,341
	Sources of finance:	
(15,585)	Capital receipts to finance new capital expenditure	(4,675)
(56,264)	Government grants and other contributions	(48,341)
(26,454)	Major Repairs Allowance	(23,551)
	Sums set aside from revenue	
	Direct revenue contributions:	
(157)	General Fund	0
(5,820)	Housing Revenue Account	(9,595)
(10,100)	Minimum Revenue Provision	(11,770)
0	Voluntary Revenue Provision	(1,000)
(1,164)	Write down of finance lease liability	(1,791)
(115,544)		(100,723)
982,559	Closing Capital Financing Requirement	1,034,618

2024/25 £000	Explanation of movements in year	2025/26 £000
25,089	Increase in underlying need to borrowing (unsupported by government financial assistance)	50,468
30,023	Assets acquired under finance leases	1,592
55,112	Increase in Capital Financing Requirement	52,060

The MRP value disclosed is different from that disclosed in note 37a due to the voluntary revenue provision and write down of finance lease MRP which are shown separately within the ‘voluntary revenue provision’ and ‘write down of finance lease liability’ lines.

Note 42 Leases

(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 Riverside House commenced on the 13th 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 2026 was £26.054m.

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	
	2024/25 £000	2025/26 £000	2024/25 £000	2025/26 £000
Balance at start of year	105,262	97,070	2,016	1,825
Additions	376	1,963	19	16
Revaluations	(5,409)	8,086	0	0
Depreciation and amortisation	(3,159)	(3,043)	(209)	(182)
Disposals	0	0	0	(1)
Balance outstanding at year end	97,070	104,076	1,825	1,658

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

Comprehensive Income & Expenditure Statement	2024/25 £000	2025/26 £000
Interest expense on lease liabilities	12,899	12,774
Expense relating to short term leases	46	18
Expense relating to exempt leases of low value items	38	40
Variable lease payments not included in the measure of lease liabilities	0	0
Income from subletting right of use assets	(833)	(1,079)
Cash Flow Statement		
Minimum lease payments	16,725	17,398

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

	Finance Lease Liabilities	
	31 Mar 25 £000	31 Mar 26 £000
Less than one year	17,162	18,535
One to five years	70,217	70,101
More than five years	217,429	204,791
Total Undiscounted liabilities	304,808	293,427

(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:

2024/25 £000		2025/26 £000
808	Within one year	1,432
2,700	Between one year and five years	4,691
1,190	After more than five years	8,721

Note 43 Private Finance Initiative and Similar Contracts

As at 31 March 2026, 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 19b).

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 £19.946m and are subject to availability and performance-related deductions and contractually agreed inflation adjustments. In the same period the Council received £6.222m 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. All 5 facilities are operational. Payments during the year totalled £5.603m. 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 2025/26. Payments during the year totalled £8.398m.

(e) Movements in Finance Liabilities

The table below shows the movements in the Finance Liabilities:

	31 Mar 25 £000	31 Mar 26 £000
Balance outstanding at start of year	(85,549)	(93,034)
Adjustment to opening balance due to IFRS16 adoption	(10,651)	0
Remeasurement of Liability Due to UC Uplift	(856)	(1,021)
Principal repaid in year	4,022	4,588
Balance outstanding at year end	(93,034)	(89,467)
Short Term Creditors	(5,035)	(6,215)
Long Term Liabilities	(87,999)	(83,252)

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	22,626	6,215	8,380	37,221
Two to five years	96,416	25,305	28,250	149,971
Six to ten years	99,005	34,326	20,796	154,127
Eleven to Fifteen years	67,764	18,821	8,670	95,255
Sixteen to twenty years	10,472	4,800	777	16,049
Twenty one to twenty five years	0	0	0	0

Note 44 Capitalised borrowing costs

The Council had £95,520 of capitalised borrowing costs during 2025/26 (£142,306 in 2024/25) the capitalisation rate used in 2025/26 was 3.65% (3.46% in 2024/25).

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 and 1 potential claim.

Employee Liability claims
The Council has 3 outstanding employee liability claims.

Employment Tribunals
There are a small number of outstanding tribunal cases awaiting hearing.

Official Indemnity claims
The Council has 2 outstanding official indemnity claims, one is for alleged wrongful removal of a taxi licence, and the other is for wrongful termination of a contract.

Contract related claims
The Council has 1 outstanding contractual claim in relation to the closure of a care home in 2018.

Homes England
The Council has received £29.7m 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. Several claims have been made against the Council that may give rise to an Equal Pay liability, however, at this moment the validity of those claims and any associated impact remain unknown. It is therefore appropriate to recognise this in the Council's accounts as a contingent liability.

Note 46 Contingent Assets

There are no contingent assets to report at 31 March 2026.

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 2025 £	Income £	Expenditure £	Balance as at 31 Mar 26 £
Treeton Council School War Memorial	1014	35	0	1049
EJ Butland, Treeton Infants	915	36	0	951
Whiston Two Wars Memorial	473	140	0	613
Total	2,402	211	0	2,613

Trust Funds – Balance Sheet

2024/25 £		2025/26 £
	Assets	
	Investments	
58	- Treeton Council School War Memorial	58
59	- EJ Butland, Treeton Infants	59
233	- Whiston Two Wars Memorial	233
350	Total Investments	350
331	- Debtors	51
2,071	- Cash	2,562
2,752	Total Assets	2,963
	Financed by:	
350	- Fund Balance	350
2,402	- Accumulated Investment Interest	2,613
2,752	Total Equity	2,963

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, nil (2024/25 £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.

Gain on disposal of non-current assets
The gain on disposal of non-current assets reported in Note 4 of £1.746m is net of a loss of £2.943m 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 25 £000		31 Mar 26 £000	Notes
(87,999)	PFI Liability	(83,252)	43
(45,582)	Right of Use Asset Lease Liability	(46,951)	
(12,610)	Pension Liability	(11,684)	18
(146,191)	Total	(141,887)	

Note 50 Events after the Balance Sheet date

The draft Statement of Accounts was authorised for issue by Judith Badger, Executive Director of Corporate Services on 10th June 2026. Events happening between the balance sheet date and the date the accounts were authorised for issue have been considered under the Council's accounting policy (Policy 24) for events after the reporting period.

Where events taking place before this date provided information about conditions existing at 31 March 2026, the figures in the Financial Statements and Notes have been adjusted in all material respects to reflect the impact of this information. Events taking place after this date are not reflected in the Financial Statements or Notes.

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.

2024/25 £000		2025/26 £000	Notes
	Expenditure		
23,123	Repairs and maintenance	24,322	
31,486	Supervision and management	35,490	
362	Rents, rates, taxes and other charges	473	
41,581	Depreciation and impairment of Non Current Assets	39,430	
159	Debt management costs	174	
600	Provision for bad or doubtful debts	616	9
528	HRA services share of Corporate and Democratic Core	587	
(108)	HRA share of other amounts included in whole Authority Cost of Services but not allocated to specific services	9	
97,731	Total Expenditure	101,101	
	Income		
95,921	Dwelling rents	97,394	
812	Non-dwelling rents	872	
9,081	Charges for services and facilities	9,831	
105,814	Total Income	108,097	
(8,083)	Net Cost of HRA Services	(6,996)	
	HRA share of the operating income and expenditure included in the Comprehensive Income and Expenditure Statement		
1,102	Gain on sale of HRA Non Current Assets	(4,335)	
13,475	Interest Payable and similar charges	14,561	10
(654)	Interest receivable	(695)	
93	Pensions interest cost and expected return on pension assets	89	11
(2,906)	Capital grants and contributions receivable	(12,428)	
0	HRA Cap grant		
0	Revaluation of Assets held for sale		
3,027	(Surplus)/Deficit for the year on HRA services	(9,804)	

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.

2024/25			2025/26	
£000	£000		£000	£000
	(18,402)	Balance on the HRA at the end of the previous year		(24,172)
3,027		Surplus for the year on HRA Income and Expenditure Account	(9,804)	
(8,837)		Adjustments between accounting basis and funding basis under statute	12,698	
(5,810)		Net increase before transfers to or from reserves	2,894	
40		Transfers to(from) reserves	42	
	(5,770)	Decrease in year on the HRA		2,936
	(24,172)	Balance on the HRA at the end of the current year		(21,237)

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.

2024/25	Usable Reserves		
	Housing Revenue Account £000	Major Repairs Reserve £000	Movement in Usable Reserves £000
Adjustments primarily involving the Capital Adjustment Account:			
Charges for impairment of non current assets (Council dwellings only)	17,358		17,358
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
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:			
Capital expenditure charged against the General Fund and HRA balances	(5,954)		(5,954)
Adjustments primarily involving the Major Repairs Reserve:			
Reversal of Major Repairs Allowance credited to the HRA	(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)
Adjustment primarily involving the Financial Instruments Adjustment Account:			
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
Adjustments primarily involving the Pensions Reserve:			
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	8,837	(906)	7,931

Note 1 continued

2025/26	Usable Reserves		
	Housing Revenue Account £000	Major Repairs Reserve £000	Movement in Usable Reserves £000
Adjustments primarily involving the Capital Adjustment Account:			
Charges for impairment of non current assets	14,388		14,388
Amortisation of Intangible Assets	377		377
Revaluation losses on Property, Plant and Equipment			0
Capital grants and contributions applied	(12,428)		(12,428)
Revenue Expenditure Funded from capital under statute	384		384
Gain/Loss on disposal on non current assets charged to the Comprehensive Income and Expenditure Statement	(4,335)		(4,335)
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:			
Capital expenditure charged against the General Fund and HRA balances	(9,595)		(9,595)
Adjustments primarily involving the Major Repairs Reserve:			
Transfer from HRA to Major Repairs Reserve re notional MRA	(1,120)	1,120	0
HRA Depreciation to the Capital Adjustment Account		24,760	24,760
Use of the Major Repairs Reserve to finance new capital expenditure		(23,551)	(23,551)
Adjustment primarily involving the Financial Instruments Adjustment Account:			
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
Adjustments primarily involving the Pensions Reserve:			
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	1,507		1,507
Employer's pension contributions and direct payments to pensioners payable in the year	(1,903)		(1,903)
Short-term Accumulated Absences Account	27		27
Total Adjustments	(12,698)	2,329	(10,369)

Note 2 Housing Stock at 31 March 2025

	Houses	Flats	Bungalows	Total
1 Bedroom	4	2,282	2,780	5,066
2 Bedroom	1,941	2,841	1,984	6,766
3 Bedroom	7,314	289	55	7,658
4+ Bedroom	289	7	2	298
Total	9,548	5,419	4,821	19,788

Note 3 Housing Stock Valuations

(a) Property, Plant and Equipment

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	0	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	25,032	2,137	0	0	168	27,337
Revaluation increases/decreases to Surplus or Deficit on the Provision of Services	(17,877)	494	0	0	25	(17,358)
Derecognition	(4,335)	(859)	0	0	0	(5,194)
Assets reclassified (to) / from Investment Property	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	875,290	26,795	77	5,578	5,925	913,665
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	875,282	25,528	77	5,578	5,923	912,388
At 31 Mar 24	838,050	24,100	0	8,837	4,427	875,414

2025/26	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 25	875,290	26,795	77	5,578	5,925	913,665
Additions	55,470	282	7	7,101	(1)	62,859
Accumulated Depreciation and Impairment written out to gross cost/valuation	(23,699)	(694)	0	0	(3)	(24,395)
Revaluation increases/decreases to Revaluation Reserve	15,939	2,208	0	0	(14)	18,133
Revaluation increases/decreases to Surplus or Deficit on the Provision of Services	(14,302)	5	0	0	(92)	(14,388)
Derecognition - Disposals	(13,640)	(552)	0	0	0	(14,192)
Assets reclassified (to) / from Assets Held for Sale	0	0	0	0	0	0
Other Movements in cost valuation	1,290	101	0	(1,029)	0	362
At 31 Mar 26	896,348	28,146	84	11,650	5,815	942,043
Depreciation and Impairment						
At 1 Apr 25	(8)	(1,267)	(0)	0	(1)	(1,276)
Accumulated Depreciation written out to gross cost/valuation	23,699	599	0	0	3	24,300
Accumulated Impairment written out to gross cost/valuation	0	95	0	0	0	95
Depreciation Charge	(23,890)	(858)	(8)	0	(4)	(24,760)
Impairment losses/reversals to Revaluation Reserve	0	0	0	0	0	0
Impairment losses/reversals to Surplus or Deficit on the Provision of Services	0	0	0	0	0	0
Derecognition - Disposals	192	3	0	0	0	195
Other movements in depreciation and impairment	(1)	1	0	0	0	0
At 31 Mar 26	(8)	(1,427)	(8)	0	(3)	(1,446)
Net Book Value						
At 31 Mar 26	896,341	26,717	76	11,650	5,813	940,596
At 31 Mar 25	875,282	25,528	77	5,578	5,923	912,388

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) <u>Vacant possession</u>

	£m
Value as at 1 Apr 25	2,146

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	
	2024/25 £000	2025/26 £000
Balance at 1 April	3,791	329
Assets newly classified as held for sale:		
- Property, Plant and Equipment	0	0
- Newly Acquired Assets	0	0
Revaluation losses	0	0
Revaluation Gains	0	0
Other Movements	0	0
Assets declassified as held for sale:		
- Property, Plant and Equipment	0	0
Assets sold	(3,462)	0
Balance at 31 March	329	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.

2024/25 £000		2025/26 £000
9,428	Balance as at 1 April	8,522
23,859	Depreciation in the year	24,760
1,689	Transfer to MRR	1,120
(26,454)	Financing of Capital Expenditure	(23,551)
8,522	Balance as at 31 March	10,852

Note 6 Financing of Capital Expenditure

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

	2025/26 £000
Borrowing Need	20,986
Capital Receipts	1,721
Revenue Contributions	9,457
Government Grants/Other Capital Income	7,571
Major Repairs Reserve	23,551
Total	63,285

During the year total capital receipts of £18.505m were received by the HRA, of which £11.613m 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 2025 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 2025 and has been calculated using the 'straight line' method over 15 years.

Note 8 Impairment

A net impairment charge of £14.388m has been included in the HRA Income and Expenditure Account (£17.357m in 2024/25). 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

2024/25 £000	Rent Arrears	2025/26 £000
3,841	Current Tenants	4,035
2,862	Former Tenants	2,528
6,703	As at 31 March	6,563

As at 31 March 2026, the level of rent arrears for current tenants as a proportion of gross rent income was 3.66% (2024/25 3.54%).

2024/25 £000	Bad Debt Provision in respect of rent income	2025/26 £000
3,280	As at 1 April	3,339
494	Increase in Provision	510
(435)	Utilised in year	(848)
3,339	As at 31 March	3,000

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

2024/25 £000	Bad Debt Provision in respect of the rechargeable repairs	2025/26 £000
183	As at 1 April	172
106	Increase in Provision	106
(117)	Utilised in year	(69)
172	As at 31 March	210

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 Non Domestic Rates (NDR), and Council Tax received by the Council during the accounting period and the distribution of these funds.

REVENUE ACCOUNT FOR YEAR ENDED 31 MARCH 2026

2024/25				2025/26			
Council Tax £000	Non Domestic Rates £000	Total £000		Council Tax £000	Non Domestic Rates £000	Total £000	Note
166,144		166,144	Council Tax Receivable	173,046		173,046	
	82,396	82,396	Non-Domestic Rates (excluding write-offs)		91,752	91,752	2
	398	398	NDR Transitional Payments		(193)	(193)	
166,144	**82,794**	**248,938**	**Total Income**	**173,046**	**91,559**	**264,605**	
			Precepts:				
136,617	38,487	175,104	Rotherham Metropolitan Borough Council	141,917	40,319	182,236	
	39,273	39,273	Central Government		41,141	41,141	
18,293		18,293	South Yorkshire Police and Crime Commissioner	19,507		19,507	
6,198	785	6,983	South Yorkshire Fire & Rescue	6,628	823	7,451	
161,108	78,545	239,653		168,052	82,283	250,335	
			Distribution of previous years surplus(deficit):				
3,000	1,273	4,273	Rotherham Metropolitan Borough Council	3,000	(1,308)	1,692	
0	1,298	1,298	Central Government	0	(1,334)	(1,334)	
435	0	435	South Yorkshire Police and Crime Commissioner	395	0	395	
151	26	177	South Yorkshire Fire & Rescue	134	(27)	107	
3,586	2,597	6,183		3,529	(2,669)	860	
			Charges to Collection Fund:				
778	4,462	5,240	Write off of uncollectable amounts	970	2,315	3,285	
626	(711)	(85)	Increase/(Decrease) in bad debt provision	793	733	1,526	
	2,594	2,594	Increase in provision for appeals		2,554	2,554	
	294	294	Cost of Collection		297	297	
	3,679	3,679	Disregarded amounts		3,131	3,131	
1,404	10,318	11,722		1,763	9,030	10,793	
166,098	**91,460**	**257,558**	**Total amounts charged to the Collection Fund**	**173,344**	**88,644**	**261,988**	
46	(8,666)	(8,620)	Surplus/(Deficit) arising during the year	(298)	2,915	2,617	
			Collection Fund Balance				
46	(8,666)	(8,620)	Surplus/(Deficit) arising during the year	(298)	2,915	2,617	
6,691	1,113	7,804	Surplus/(Deficit) brought forward	6,737	(7,553)	(816)	
6,737	(7,553)	(816)	Surplus/(Deficit) carried forward	6,439	(4,638)	1,801	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 2025/26 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	28,669	6:9	27,522
B	16,034	7:9	15,393
C	12,868	8:9	12,353
D	9,100	9:9	8,736
E	5,857	11:9	5,623
F	2,761	13:9	2,651
G	1293	15:9	1,241
H	87	18:9	84
	76,669		73,602

Note 2 Non-Domestic Rates (NDR) – 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 2025/26 was 55.5 pence in the pound and a small business rating multiplier of 49.9 pence in the pound (54.6 pence and 49.9 pence respectively in 2024/25).

The NDR income in 2025/26 of £91.752m, after allowing for mandatory and discretionary reliefs, (£82.396m 2024/25) was based on a total rateable value of £216.917m as at 31 March 2026 (£209.979m as at 31 March 2025).

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 2026 is a surplus of £1.801m (£0.816m deficit 2024/25) and consists of a £4.638m deficit (£7.553m deficit 2024/25) relating to business rates to be distributed to the billing Authority (Rotherham MBC), Central Government and South Yorkshire Fire and Rescue Authority, and a £6.439m surplus (£6.737m surplus 2024/25) 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:

2024/25 Council Tax £000	2024/25 NNDR £000	2024/25 Total £000		2025/26 Council Tax £000	2025/26 NNDR £000	2025/26 Total £000
6,203	(3,702)	2,501	Billing Authority – Rotherham MBC	5,932	(2,274)	3,658
	(3,776)	(3,776)	Central Government		(2,318)	(2,318)
			Major Precepting Authorities:			
399		399	- South Yorkshire Police and Crime Commissioner	379		379
135	(75)	60	- South Yorkshire Fire and Rescue	129	(47)	82
6,737	(7,553)	(816)	Total	6,439	(4,639)	1,801

Note 5 Parish Precepts

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

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GLOSSARY

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

ACCOUNTING PERIOD

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

ACCRUALS

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

ADDED YEARS

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

ASSET

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

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

AUDIT OF ACCOUNTS

An independent examination of the Council's financial affairs.

BALANCE SHEET

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

BORROWING

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

BUDGET

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

CAPITAL ADJUSTMENT ACCOUNT

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

CAPITAL CHARGE

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

CAPITAL EXPENDITURE

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

CAPITAL FINANCING

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

CAPITAL PROGRAMME

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

CAPITAL RECEIPT

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

CIPFA

The Chartered Institute of Public Finance and Accountancy

COLLECTION FUND

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

COMMUNITY ASSETS

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

CONSISTENCY

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

CONTINGENT ASSET

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

CONTINGENT LIABILITY

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

COUNCIL TAX

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

CREDITOR

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

CURRENT SERVICE COST (PENSIONS)

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

DEBTOR

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

DEFINED BENEFIT PENSION SCHEME

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

DEPRECIATION

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

DISCRETIONARY BENEFITS (PENSIONS)

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

DEDICATED SCHOOLS GRANT (DSG)

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

EARMARKED RESERVE

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

EQUITY

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

EVENTS AFTER THE BALANCE SHEET DATE

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

EXCEPTIONAL ITEMS

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

FAIR VALUE

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

FEES AND CHARGES

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

FINANCIAL INSTRUMENTS ADJUSTMENT ACCOUNT

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

FINANCE LEASE

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

GENERAL FUND SERVICES

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

GOING CONCERN

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

GOVERNMENT GRANTS

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

HERITAGE ASSETS

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

HOUSING BENEFITS

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

HOUSING REVENUE ACCOUNT (HRA)

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

IMPAIRMENT

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

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT (CIES)

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

INFRASTRUCTURE ASSETS

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

INVENTORIES

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

INTANGIBLE ASSETS

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

NET INTEREST EXPENSE (PENSIONS)

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

INVESTMENTS

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

INVESTMENTS (PENSION FUND)

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

LIABILITY

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

A liability is where the Council owes payment to an individual or another organisation.
- A current liability is an amount which is expected to be settled within 12 months.
- A non-current liability is an amount which is expected to be settled after more than 12 months.

LIQUID RESOURCES

Current asset investments that are readily disposable by the Council without disrupting its business and are either:
- Readily convertible to known amounts of cash at or close to the carrying amount; or
- Traded in an active market.

LONG-TERM CONTRACT

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

MATERIALITY

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

MAJOR REPAIRS RESERVE

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

MINIMUM REVENUE PROVISION (MRP)

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

NET BOOK VALUE

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

NET DEBT

The Council's borrowings less cash and liquid resources.

NET EXPENDITURE

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

NET REALISABLE VALUE

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

NON-DISTRIBUTED COSTS

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

NON-DOMESTIC RATES (NDR)

The 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 NDR 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 form the use of a fixed asset.

WORK IN PROGRESS (WIP)

The cost of work performed on an uncompleted project at the end of the financial year.

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Slovak **Slovensky**

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Kurdish Sorani **ردی سۆرانی**

ەر تۆ یان کەسێک کە تۆ دەیناسی پێویستی بەیارمەتی هەبێت بۆ ئەوەی لەم بەڵگەنامە یە تێبگات یان بیخوێنێتەوە،
یە پەیوەندیمان پێوە بکە لەسەر ئەو ژمارەیەی سەرەوەدا یان بەو ئیمەیڵە.

Arabic **بي**

كنت انت أواي شخص تعرفه بحاجة إلى مساعدة لفهم أوقراءة 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 ھے تو
ے مہربانی مندرجه بالا نمبر پرھم سے رابطه کریں یا ھمیں 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 لطفا با
وسیله شماره بالا یا ایمیل تماس حاصل فرمایید.

Inquiries of management and others

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 2025/26?	Changes to revaluation of certain asset classes as per CIPFA Bulletin 22. This will not have a significant impact on the financial statements for 2025/26.
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 2026 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 2025-26 and there were no changes required.
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. None of which are material to the year end accounts for 2025/26.
9. Have any of the Rotherham Metropolitan Borough Council's service providers reported any items of fraud, non-compliance with laws and regulations or	Nothing material

uncorrected misstatements which would affect the financial statements? If so, please provide further details	
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.
Fraud inquiries	
12. 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 Corporate 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.
13. What have you determined to be the classes of accounts, transactions and disclosures most at risk to fraud?	Low level expense claims.
14. 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 2025? If so, please provide details	None that would affect Statement of Accounts. 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. 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.
4. As a management team, how do you communicate risk issues (including fraud) to those charged with governance?	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 Executive Director Corporate Services are briefed regarding the issues raised.
5. Have you identified any specific fraud risks? If so, please provide details Do you have any concerns there are areas that are at risk of fraud? Are there particular locations within Rotherham Metropolitan Borough Council where fraud is more likely to occur?	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. There are no concerns around any areas of significant risk or locations where this is more likely to occur.
6. What processes do Rotherham Metropolitan Borough Council have in place to identify and respond to risks of fraud?	Internal audit plan and progress reports and annual reports cover both proactive and reactive work covering fraud. 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 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. The Council has a Whilstleblowing 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.
7. How do you assess the overall control environment for Rotherham Metropolitan Borough Council, including: • the existence of internal controls, including segregation of duties; and • the process for reviewing the effectiveness of the system of internal control? If internal controls are not in place or not effective where are the risk areas and what mitigating actions have been taken? What other controls are in place to help prevent, deter or detect fraud? Are there any areas where there is 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	Internal controls are considered very tight overall. Key activities (listed below) to create clear segregation of duties, ensure everything is reviewed for approval at an appropriate level and reviewed for appropriateness. · P2P Process · Creditors · Sundry Debtors Process · Revs and Bens - Council Tax / NNDR · Treasury Management / Banking Arrangements Internal Audits completed in respect of the following: · Council Tax Support - Substantial Assurance · Council Tax Energy Rebate Scheme - Substantial Assurance · NNDR - Substantial Assurance · SundryDebtors - Reasonable Assurance · Payroll - Substantial Assurance · Housing rents – Substantial Assurance · RTB- Substantial Assurance 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.
8. Are there any areas where there is potential for misreporting? If so, please provide details	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 Service Director of Financial Services. These levels of control/review mitigate the risk of misreporting. As such the risk of misreporting is low.
9. How does Rotherham Metropolitan Borough Council communicate and encourage ethical behaviours and business processes of its staff and contractors? How do you encourage staff to report their concerns about fraud? What concerns are staff expected to report about fraud? Have any significant issues been reported? If so, please provide details	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 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. The Council has an ethical procurement policy that sets out how ethical matters will be dealt with in procurement.
10. From a fraud and corruption perspective, what are considered to be high-risk posts? How are the risks relating to these posts identified, assessed and managed?	Segregation of duties throughout the finance and procurement function. 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. Internal Audit review matches from the National Fraud Initiative which identify potentially undeclared interests.
11. Are you aware of any related party relationships or transactions that could give rise to instances of fraud? If so, please provide details How do you mitigate the risks associated with fraud related to related party relationships and transactions?	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.
12. What arrangements are in place to report fraud issues and risks to the Audit Committee? How does the Audit Committee exercise oversight over management's processes for identifying and responding to risks of fraud and breaches of internal control? What has been the outcome of these arrangements so far this year?	Audit Committee are asked to review the Council's Anti-Fraud and Corruption Policy and approve the Strategy on an annual basis. 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.

	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 2025 this was undertaken against the Fighting Fraud and Corruption Locally checklist.
13. Are you aware of any whistle blowing potential or complaints by potential whistle blowers? If so, what has been your response?	A register is maintained of all whistleblowing allegations received and these are reported in summary to the Standards and Ethics Committee.
14. Have any reports been made under the Bribery Act? If so, please provide details	No.
Laws and regulations	
1. How does management gain assurance that all relevant laws and regulations have been complied with? What arrangements does Rotherham Metropolitan Borough Council have in place to prevent and detect non-compliance with laws and regulations? Are you aware of any changes to the Council's regulatory environment that may have a significant impact on the Council's financial statements?	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. 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. There have been no changes to the Council's regulatory environment that would have a significant impact on the Council's financial statements.
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 2025 with an on-going impact on the 2025/26 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.
Related parties	

1. Have there been any changes in the related parties including those disclosed in Rotherham Metropolitan Borough Council’s 2025/26 financial statements? If so, please summarise: • the nature of the relationship between these related parties and Rotherham Metropolitan Borough Council • whether Rotherham Metropolitan Borough Council has entered into or plans to enter into any transactions with these related parties • the type and purpose of these transactions	There have been no changes in the related party relationships disclosed by the Council at an entity level, though the Councils 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.
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 is it 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.
Going concern	
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 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	The Council expects to continue to deliver the statutory services for the foreseeable future.

authorities if there are any plans for Rotherham Metropolitan Borough Council to cease to exist?	
Are management satisfied that the financial reporting framework permits Rotherham Metropolitan Borough Council to prepare its financial statements on a going concern basis? Are management satisfied that preparing financial statements on a going concern basis will provide a faithful representation of the items in the financial statements?	Yes.
Accounting estimates	
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 does management review the outcomes of previous accounting estimates?	Review by management with challenge on key areas. The Statement of Accounts is presented for review and scrutiny by the Audit Committee ahead of publication of the final accounts. The SOA is also reviewed by the wider finance team for accuracy.
5. Were any changes made to the estimation processes in 2025/26 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?	Valuers are issued with instruction letter. RMBC participate in annual bulk exercise to obtain IAS19 disclosures. Quality assurance is carried out. If any concerns are raised the S151 officer can request the internal audit review.

8. How does management monitor the operation of control activities related to accounting estimates, including the key controls at any service providers or management experts?	As above.
9. What is the nature and extent of oversight and governance over management's financial reporting process relevant to accounting estimates, including: • Management's process for making significant accounting estimates • The methods and models used The resultant accounting estimates are included in the financial statements.	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	**Straight line method based on opening value as at 1st April**	**Treatment of asset classifications and UEL applied as per policy**	**Only in obtaining the most recent asset valuations used**	**Asset is still in use, useful economic life**	**No**
Assets held for sale	**Measured at the lower of carrying value and fair value less cost to sell**	**Experience of key staff and valuation team**	**RMBC valuation staff**	**Fair value based on view of qualified valuers**	**No**
Valuation of defined benefit net pension fund assets/liabilities	**Liabilities have been assessed on an actuarial basis using the projected unit current method**	**An estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels etc.**	**The liabilities have been estimated by Hymans Robertson LLP, an independent firm of actuaries**	**Rates of inflation, longevity, increase in salaries, increases in pension and rate for discounting liability**	**No**
Valuation of fair value estimates (including use of level 2 inputs)	**Surplus assets and investment properties are revalued at fair value annually / Both are valued using a market approach**	**Local information such as sale prices, rental income**	**RMBC valuation staff**	**Based on individual valuation certificates**	**No**
Fair value of debt instruments estimate	**An income approach is used, this converts future amounts (e.g. cash flows) to a current/discounted amount**	**Based on PWLB new loan rates**	**The Council's treasury advisors provide the calculations**	**A calculation is done using PWLB redemption rates as a comparison**	**No**

Provisions	**Appeals provision based on previous appeals success %** **Insurance based on previous claims data**	**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	**Legal/insurance team provide information**	**Experience of key staff and Insurance team**	**N/A**	**Each case is individual**	**No**
Credit loss and impairment allowances	**Expected Credit Loss model**	**Historic default rate data from 3 main credit rating agencies. Previous year collection rates for debtors**	**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)	**Cost or value model**	**Implicit interest rates already identified within previous finance lease models – incremental borrowing rates determined with reference to PWLB published rates**	**Qualified valuers have provided valuations for peppercorn leases and other Right of Use assets carried at value**	**Assets held at value – based on the views of qualified valuers**	**No**
PFI liabilities	**PFI Model**	**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**	**No**
Other (please add)					

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Rotherham Metropolitan Borough Council

Public Report
Audit Committee

Committee Name and Date of Committee Meeting
Audit Committee – 16 June 2026

Report Title
Draft Annual Governance Statement 2025/26

Is this a Key Decision and has it been included on the Forward Plan?
No

Executive Director Approving Submission of the Report
Judith Badger, Executive Director of Corporate Services

Report Author(s)
Katie Stead, Policy, Improvement and Risk Manager
Tel: 01709 822114 Email: katie.stead@rotherham.gov.uk

Louise Ivens, Head of Internal Audit
Tel: 01709 823282 Email: louise.ivens@rotherham.gov.uk

Ward(s) Affected
Borough-Wide

Report Summary
The Council has produced a draft Annual Governance Statement (AGS) for the 2025/26 financial year which was published alongside the Council's Statement of Accounts on 10 June 2026. 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 2025/26 AGS and raise any queries if necessary.

List of Appendices Included
Appendix A – Draft Annual Governance Statement 2025/26

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.
“Delivering Good Governance in Local Government: framework addendum covering the annual review of governance and the annual governance statement” published by CIPFA and SOLACE in May 2025.
Audit Committee Report 25th September 2025 “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 2025/26

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 2025/26 AGS was published on 10 June 2026.

1.2 A process to gather assurances and evidence to support the AGS was led by the Corporate Governance Group. The group included the Executive Director of Corporate Services, the Service 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 2025/26, 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 2025/26, the Council has assembled sufficient evidence to support the statements that it has made. To achieve this, each Executive 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 Service Director as well as a review and update of the detailed issues raised in the 2024/25 AGS. Each Executive Director and Service 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 Executive and Service Directors and also 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, Executive Director of Corporate 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 development in 2026/27.

It has been reformatted to align with the CIPFA/SOLACE Addendum (May 2025).

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 2025/26. As a result, no specific options have been considered.

4. Consultation on proposal

4.1 All Executive Directors have been asked for their input into the AGS process through the submission of signed Statements of Assurance, and two reviews of the document at SLT.

4.2 The draft AGS has been reviewed by the Executive Director of Corporate Services, the Service Director 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 2026 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 2025/26.

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_2 Emissions and Climate Change

11.1 There are no direct CO2 and Climate Change implications arising from the report.

12. Implications for Partners

12.1 There are no direct implications for our Partners in this report. The AGS has been constructed following consultation with all Directorates. Individual directorates are responsible for implementing actions 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 an accurate AGS is delivered on time.

Accountable Officer(s)
Judith Badger *(Executive Director of Corporate Services)*

Report Authors: ***Error! Reference source not found.*** Tel 01709 822114 Email katie.stead@rotherham.gov.uk

This report is published on the Council's website

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ROTHERHAM METROPOLITAN BOROUGH COUNCIL

Draft Annual Governance Statement 2025/2026

ROTHERHAM MBC ANNUAL GOVERNANCE STATEMENT 2025/2026

1 Executive Summary

1.1 The Annual Governance Statement for 2025/26 sets out how Rotherham Metropolitan Borough Council has discharged its responsibility for ensuring sound governance, effective risk management and strong internal control during a period of continued financial, operational and sector-wide challenge.

1.2 Despite significant pressures on finances, demand for services (particularly social care) and wider economic uncertainty, the Council concludes that its **governance arrangements remained effective and fit for purpose throughout 2025/26**. The governance framework supported clear, transparent decision-making and helped maintain financial sustainability.

1.3 The Council operates a well-established governance framework aligned to the CIPFA/SOLACE Delivering Good Governance in Local Government Framework, refreshed in line with the May 2025 addendum. Internal Audit concluded that the Council has an **adequate framework of governance, risk management and control**, and external audit issued an **unqualified opinion** on the 2024/25 accounts.

Key Findings for 2025/26

1.4 **Strong compliance**: 63% of Council services (12 of 19) self-assessed as fully conforming with the Council's Code of Corporate Governance, with most remaining services partially conforming with just a small number of areas of the Code.

1.5 **Financial pressures**: Ongoing pressures from inflation, pay awards, social care demand and service cost growth led to an in-year forecast overspend, mitigated through reserves, contingencies and active financial management.

1.6 **Risk profile**: The Corporate Strategic Risk Register increased from 14 to 16 risks during 2025/26, with four risks rated red by year-end. These were equal pay litigations, highways infrastructure maintenance, net zero climate change target and adult social care funding.

Improvements, Ongoing and New Issues

1.7 Progress has been made on several prior-year governance issues, including information governance, health and safety, tree management and green spaces, external inspection outcomes and leadership changes. Ongoing areas of focus include SEND improvement actions; Property and Facilities compliance and asset intelligence; Housing compliance and stock condition; and equal pay claims.

1.8 7 services self-assessed as partially conforming to the Council's Code of Corporate Governance, flagging issues including staff behaviour, service user engagement, procurement compliance, capacity, and delivery of outcomes. These have been identified as new governance issues for 2025/26, with improvement plans and monitoring arrangements established for 2026/27.

Forward Look

1.9 The Council has reviewed its current strategic risks, existing issues in the draft statement, and emerging challenges. It has identified further areas that will require close monitoring, particularly the need to respond to sub-regional changes arising from new legislation (the English Devolution and Community Empowerment Act 2026), changes to the South Yorkshire Integrated Care Board which may impact adult social care funding, and new leadership arrangements in neighbouring authorities following local elections.

Conclusion

1.10 Overall, the AGS provides assurance that Rotherham MBC's governance arrangements were effective during 2025/26, while clearly recognising areas requiring further improvement and setting out a commitment to continued strengthening of governance in the year ahead.

2 SCOPE OF RESPONSIBILITY

2.1 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).

2.2 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.

2.3 The Council has a Code of Corporate Governance in line with the principles of the CIPFA/SOLACE Framework: Delivering Good Governance in Local Government.

2.4 This Annual Governance Statement has been updated to align to the May 2025 addendum to the CIPFA/SOLACE guidance.

2.5 The statement meets the requirements of the Accounts and Audit Regulations 2015 in relation to the publication of an Annual Governance Statement.

3 THE GOVERNANCE FRAMEWORK

3.1 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 September 2025.

3.2 The Council's overall strategic direction is determined by the Council Plan 2025-2030 and the associated Year Ahead Delivery Plan, which is refreshed each financial year. The Council Plan was approved in May 2025 and is framed around five outcomes:

- Places are thriving, safe, and clean
- An economy that works for everyone
- Children and young people achieve
- Residents live well
- One Council that listens and learns

3.3 The Council Plan and associated 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 19th January 2026 and focused on progress from 1st April 2025 to 30th September 2025. A final report for the year will be presented in July 2026.

3.4 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.

3.5 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.

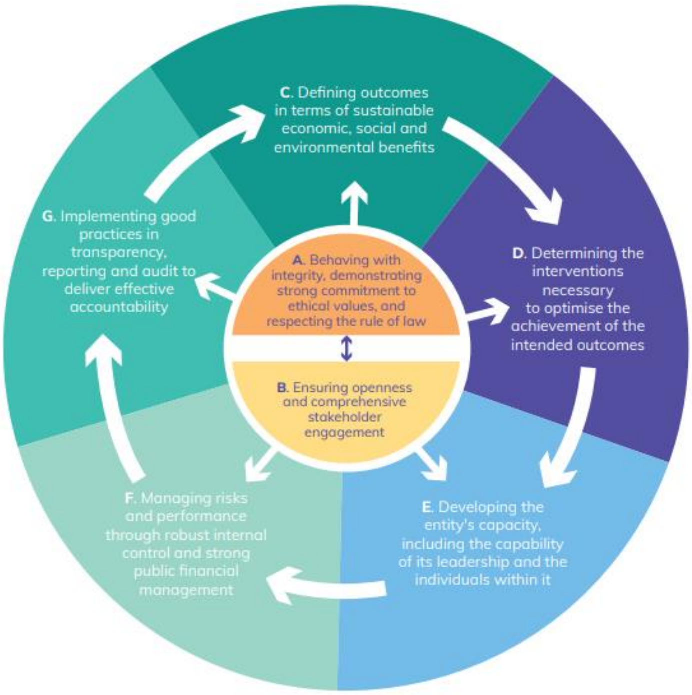
3.6 The table below sets out the key elements of an effective governance framework, and how these were delivered in the Council throughout the financial year.

Council Committee or group	**Governance Function**
Full Council	Endorses the Constitution. Approves the policy and financial frameworks. Approves the Budget and sets Council Tax. Approves the Council Plan. Elects the Leader of the Council.
Cabinet	Primary decision-making body of the Council. Comprises the Leader of the Council and Cabinet. Members who have responsibility for specific areas.
Audit Committee	Considers all issues relating to internal and external audit matters. Monitors and reviews the effectiveness of risk management systems, including systems of internal control. Oversees financial reporting and financial statements and the annual governance process.
Standards and Ethics Committee	Promotes high standards of conduct by elected members and monitors the operation of the Members' Code of Conduct.
Overview and Scrutiny Committees	Reviews and scrutinises the decisions and actions 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, Executive and Service Directors, including s151 Officer and Monitoring Officer	Sets and monitors 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.

4 HOW THE GOVERNANCE FRAMEWORK IS APPLIED

4.1 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:



4.2 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	The Council has a constitution and a supporting set of rules and procedures that govern its activities in accordance with legislative requirements. All key decisions require review by Legal and Financial Services to ensure all relevant requirements and considerations are taken into account. The Council has arrangements for encouraging the reporting of suspected wrong-doing. The Council's Whistleblowing policy is in line with current national guidance.

	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.
Principle B – Ensuring openness and comprehensive stakeholder engagement.	The Council is committed to openness and acting in the public interest. A Council Plan 2025-30 and 2025/26 Year Ahead Delivery Plan were developed after consultation with stakeholders and approved in May 2025. The Year Ahead Delivery Plan is refreshed each year with the Plan covering the 2026/2027 financial year approved in April 2026. These Plans are available on the Council’s website and performance reporting against the Plans is presented in public meetings of Cabinet. Delivery of the vision in both the Council Plan 2025-30 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. 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. The Thriving Neighbourhoods Strategy was published in 2018 and updated in November 2022, covering the period 2018-2025. The strategy is being refreshed during 2026 to set out how the Council and partners will integrate and target services at a locality, ward and neighbourhood level by using data, taking a strengths-based approach and maximising the opportunity to involve communities in the co-production of service delivery, projects and initiatives. A complementary Neighbourhood Leadership Strategy is also being developed which focuses on the role of Members in their wards and how they are supported. Regular email newsletters are 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. The Consultation and Engagement Framework was refreshed in November 2025. This document sets out the Council’s commitment to consult and engage with the public and states that the Council will listen, inform and work in partnership with service users and 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.

	To continue to strengthen the Council's approach to consultation, new software has been procured and implemented, with a focus on improving the customer experience for our residents and the Council's ability to engage with residents through digital mechanisms, in addition to existing approaches. The Rotherham Together Partnership is well established. The Partnership works within the framework of the Rotherham Plan, 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. The renewed Rotherham Plan 2026-2036 was approved by Cabinet on 11th May 2026 and endorsed by all the core partners by 3rd June 2026.
Principle C - Defining outcomes in terms of sustainable economic, social, and environmental benefits.	In May 2025 the new Council Plan 2025-30 and 2025/26 Year Ahead Delivery Plan were approved by Council. The Plan for 2026/2027 was approved in April 2026. 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. 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 2025-30, Community Safety Strategy 2025-28, Rotherham Local Plan Core Strategy, Municipal Waste Management Strategy and the Rotherham Health and Wellbeing Strategy 2025-30. Service Plans that link to the Council Plan and into individual Personal Development Plans were in place for all services during 2025/2026. Work is underway to complete Service Plans for 2026/27. 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 for which they are accountable.
Principle D - Determining the interventions necessary to optimise the achievement of the intended outcomes.	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 resource implications of decisions. 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. The Council uses this information as part of a continuous improvement process, whereby the Plans and reports are regularly reviewed, refreshed and adapted for the next year's cycle. All decisions need to be taken in the context of the Medium-Term Financial Strategy, the Capital Programme and the Revenue budget process.

Principle E - Developing the entity's capacity, including the capability of its leadership and the individuals within it.	The Member Development Programme is continually being refreshed with elected Members encouraged to provide topics of interest that they would like to see included and delivered in the most appropriate manner. The Member & Democratic Panel oversees 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. The roles of the Leader, the Cabinet, all Members and the Statutory Officers are included in the Constitution. Job descriptions are in place for all posts throughout the Council and these are supported by recruitment and appointment policies and procedures. The Council's Workforce Plan 2026-30 aligns with the new Council Plan 2025-30. Alongside this there is a management development programme which was launched in 2025. Each Council employee has a My Year Ahead Plan (Personal Development Plan) which links to their service's Service Plan and is reviewed at regular intervals. All new starters to the Council are provided with an induction programme. There is a commitment to continuous learning and development, in addition there is service specific training which supports staff to be technically competent and able to undertake their duties with due regard to health, safety and wellbeing. A series of workstreams and projects are in place to deliver transformational change across the Council. These are drawn from the Council Plan and are designed to increase the Council's capability and capacity to achieve ambitions and adapt to changing demands.

Principle F - Managing risks and performance through robust internal control and strong public financial management.	The Council has a Risk Management Policy and Guide which is fully embedded. The Guide was reviewed in November 2025 and the Policy, formally approved by Cabinet in January 2023, will be refreshed by 2028. 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. 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. 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 reports into the Service Directors Group and 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.
Principle G - Implementing good practices in transparency, reporting, and audit to deliver effective accountability.	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. 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 Audit Committee prior to publication. 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. Minor amendments were made in 2025 to update the reference to the new Global Internal Audit Standards. 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. 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.

How is the effectiveness of our Governance Arrangements monitored?

4.3 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, Executive Directors and Service Directors whose roles include:
   - Corporate oversight and strategic planning;
   - Annual corporate governance assessment which is informed by annual Assurance Statements from each Executive Director and Service Director;
   - Implement and monitor regulatory and other governance protocols.

2) Monitoring Officer who has oversight of legal and regulatory assurance, and the operation of the Constitution, and carries out all functions exercisable by the Council arising from the Joint Committee Agreement relating to BDR Waste, Yorkshire Purchasing Organisation and companies and bodies related to those bodies.

3) The Section 151 Officer who has oversight of the proper administration of the Council's financial affairs and carries out all functions exercisable by the Council arising from the Joint Committee Agreement relating to BDR Waste, Yorkshire Purchasing Organisation and companies and bodies related to those bodies.

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 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.

Our assessment of effectiveness during 2025/26

4.4 The Council receives specific assurances around its governance arrangements from the following:

Chief Executive, Executive Directors and Service Directors

4.5 The annual corporate governance self-assessment reviewed operational compliance with the Council's Code of Corporate Governance 2025/26 via a new online reporting system. The results showed areas of strength across all service areas were our ability to: work together internally and optimise the achievement of our intended outcomes; develop the capability of leadership and other individuals; undertake risk and financial management; and fulfil external reporting requirements.

4.6 12 of the 19 service areas self-assessed as fully conforming with all the principles and subcategories within our Code (63%). Of the remaining 7 areas, 4 self-assessed as partially conforming with just a small number of sub-categories within the code (21%). These were **Adult Care; Adult Care Commissioning; Housing; and Planning, Regeneration and Transport.**

4.7 3 services self-assessed as partially conforming with a larger number of sub-categories within the code (16%). These were **Community Safety and Street Scene**; **Culture, Sport and Tourism**; and **Property and Facilities Services**.

Chief Financial Officer (Section 151 Officer)

4.8 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

4.9 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

4.10 It is a requirement of the Global Internal Audit Standards (UK Public Sector) that there is an annual internal assessment of Internal Audit's conformance with the standards, verified externally at least every five years. In late 2025 the external assessment was completed. Internal Audit was assessed as generally conforming to Global Internal Audit Standards (UK Public Sector). This is the highest classification used by CIPFA.

4.11 It is also a requirement of GIAS UK Public Sector 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.

4.12 The Annual Internal Audit report will be presented to the Audit Committee on 16th June 2026. For the year ending 31 March 2026, based on the work undertaken, Internal Audit concluded that Rotherham Metropolitan Borough Council had overall an adequate and effective framework of governance, risk management and control. There has been a reduction in the number of audit reports with partial/no assurance opinions from last year. Management continues to proactively seek audit assurance where concerns exist. 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 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. 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.

External Audit

4.13 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. In November 2025, Grant Thornton issued an unqualified opinion on the Council's financial statements for the year ended 31st March 2025.

4.14 In their Annual Report on Value for Money relating to 2024/2025, Grant Thornton was again positive in assessing the Council's Financial Sustainability and Governance. Two recommendations were received relating to the Council improving economy, efficiency and effectiveness, specifically around the ongoing Housing stock condition surveys and arrangements for the Council's corporate buildings.

4.15 Grant Thornton will issue their opinion on the 2025/2026 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)

4.16 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 FPPRs 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.

4.17 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. As such the Governments introduction of a 3-year settlement as part of the Fair Funding Review has been a positive step for the Council's financial planning and strategy.

4.18 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 minimum revenue 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.

4.19 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 2025/26

4.20 The Council faced some significant financial challenges during 2025/26, due to the longer-term impacts of the economic uncertainty that has been present in recent years, whilst inflation has reduced, it still remains above the Bank of England's target of 2%. This inflation position continues to increase the Council's base costs and the impact of the Local Government Pay Award. For example, the financial impact of the Local Government Pay Award 2025/26 was £2.3m greater than anticipated, increasing the Council's base budget moving forwards. The Council continues to be an accredited Real Living Wage (RLW) employer, this has a financial impact as the RLW increased by 5% for 2025/26 pay, further increasing the Council's pay bill. It also has a knock-on impact on the Council's supply chain, as the Council stives to encourage suppliers to commit to paying the RLW.

4.21 The Council continues to see challenges in rising demand for social care, increased market costs of social care and increased complexity of social care. These pressures are reflected in the 2025/26 outturn position for both Adult and Children's Social Care services. The Council anticipated the budget pressures within Children's Social Care at the point of setting the Budget and Council Tax Report 2025/26, providing for a £5.4m Social Care Contingency.

4.22 Regeneration and Environment Directorate has seen pressures during the year due to delayed delivery of the £0.5m saving approved as part of the Budget and Council Tax Report 2025/26. As work progresses on the route optimisation plan that will increase the efficiency of waste rounds, the position with regards to the delivery of this saving will become clearer. However, the full year impact of the saving will not be realised in 2025/26. The service is operating a popular Bulky Waste collection service, which is £0.2m overspent due to increased disposal costs. These pressures aren't expected to continue into 2026/27. In the wider Directorate there remains income pressures across the Council's Country Parks, but the position looks more positive heading into 2026/27 as a series of major redevelopment projects at these sites have completed and their impact will be seen full year in 2026/27.

4.23 The Financial Monitoring Report 2025/26 submitted to Cabinet on 9 February 2026, based on the financial monitoring position as at December 2025, outlined that the Council anticipated an overspend of £3.4m. This forecast position was also outlined in the Budget and Council Tax 2026/27 report which was submitted to the same Cabinet meeting and to Council on 4 March 2026. The overspend was to be funded from Reserves as approved at Council as part of the Budget and Council Tax 2026/27 report. However, the report noted that the Council's intention was to further improve that outturn position in the remainder of the financial year, if possible, to help reduce the call on reserves.

4.24 The Council has been able to achieve the aim of reducing this outturn position through action taken and robust management. The actual financial outturn position reflects an overspend of £0.3m for the financial year 2025/26, an improvement of £3.1m. This position includes a final overspend of £5.7m across the directorates. As reported throughout 2025/26 the directorates overspend has been mitigated in part by the forecast underspend in Central Services. As at the financial outturn 2025/26, the directorates overspend was significantly offset by the final underspend in Central Services of £5.4m, which reduced the Council's overall outturn to a £0.3m overspend. This is an improvement of £3.1m from the December Financial Monitoring position reported to February Cabinet. The improvement is a result of lower than projected expenditure on Children's Social Care placements in quarter 4 of 2025/26, service areas delivering savings ahead of year-end, maximised grant allocations, and improvements in income being generated.

4.25 The Council has faced financial challenges for 2025/26, 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.

4.26 The Council's overspends during 2025/26 across Directorates are due in the main to the following overall issues:

- Placement pressures within Children and Young People's Services (£6.2m) and Education Inclusion Services of £0.4m.

- The increasing cost and complexity of care packages within Adult Social Care and continuing increases in demand, £5.5m.
- Home to School Transport remains a pressure due to continued rising demand, £0.4m, reflecting the national picture.
- Waste service is forecasting delayed delivery of the £0.5m saving approved as part of the Budget and Council Tax Report 2025/26. As work progresses on the route optimisation plan that will increase the efficiency of waste rounds, the position with regards to the delivery of this saving will become clearer. However, the full year impact of the saving will not be realised in 2025/26.
- Impact of the Local Government Association (LGA) Pay Award.

Mitigated by:

- Use of the £5.4m Social Care Contingency approved within the Council's Budget and Council Tax Report 2025/26
- Treasury Management savings generated over and above the £3m built into the Budget and Council Tax Report 2025/26
- Underspends within Corporate Services and Policy, Strategy and Engagement.
- Service areas delivering savings ahead of year-end through maximised grant allocations, and improvements in income being generated

4.27 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.

4.28 Since setting the 2025/26 Budget the Council's delivery of planned savings as part has progressed very well with £7m delivered by the end of the 2025/26 financial year against the £7.5m plan.

4.29 The Council has reviewed the CYPS placements savings that were originally approved as part of 2019/20 Budget setting. This review has focussed on looking back across this period to assess if the Council has made the savings that it originally set out to achieve and if those savings have impacted positively the Council's placements costs. The result of the review shows that the Council has reduced Looked After Children (LAC) placements across this period by in excess of 120 placements. The challenge across this period is that market costs in this sector, in particular on residential placements, have rising dramatically and continue to do so. As a comparison, had the Council still had that same level of placements that it held in 2019/20, at today's prices, the Council would be spending around £10m more per year. As such the Council is now able to record these savings as delivered as the key actions have been delivered. The remaining overspend within CYPS relates more towards the impact of rising market prices, lack of real growth in the Council's fostering placements the need to complete the in-house residential programme.

4.30 There has been a shortfall in the delivery on the Route Optimisation saving within Waste and savings to be generated from increased income with Culture, Sport and Tourism across the Country Parks. Given the completion of the new Café at Rother Valley Country Park and refurbished Café at Thrybergh Country Park it is expected that these income streams will continue to grow.

Delivering the Budget and Medium Term Financial Strategy

4.31 Given these challenges, the starting position in setting the Budget for 2026/27 was for the Council to keep focus on mitigating the impact on residents as far as possible and trying to protect basic services. This was in order to continue 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; and to maximise the opportunities that the Fair Funding Review 2.0 and Financial Settlement for 2026/27 to 2028/29 presented the Council.

4.32 The Fair Funding Review (FFR) set out a proposed new methodology for the allocation of a large proportion of the funding the Council receives as part of the financial settlement. The proposed methodology significantly shifts the balance of funding back to a needs basis and the Council will therefore gain from that basis being an area of high demand and deprivation.

- The FFR 2.0 proposed a significant change in methodology for the distribution of Local Authority funding, known as the Settlement Funding Assessment (SFA).
- This change represents a positive impact for the Council in that the new methodology seeks to redistribute Local Authority funding on the basis of greatest demand, deprivation and ability (or not) to generate Council Tax. For example, areas that have the ability to generate the greatest level of Council Tax income and have a lower level of demand for services will receive a lower proportion of SFA grants. Conversely, areas that have low level Council Tax income (due to properties predominantly in lower bands) and greater demand for services due in part to deprivation, will receive a greater proportion of SFA grants.
- Given the revised methodology the Council estimated that it would see a significant increase in available funding across the spending review period 2026/27 to 2028/29.
- The Council welcomed this positive movement and the clarity that a three-year spending review period provides to Medium Term Financial Planning, increasing ability to plan ahead.
- The FFR clarified that in launching the new methodology, a series of existing grants provided to Councils as part of the Core Spending Power would be rolled into the Settlement Funding Assessment, the aim being to reduce the level of different grants the Council receives, enabling reduced monitoring constraints, whilst also providing greater flexibility in how the Council's funding can be utilised. A positive step for the sector, as this combines the sector's previous requests to have increased funding certainty along with a reduced volume of different grants.

- The announcements at this point were unclear on the future of the Recovery Grant, a concern as the Council received £8.7m from this fund.
- The new methodology is introduced on a weighted basis 33% change in year 1 2026/27, 66% 2027/28 and 100% implementation 2028/29. Whilst it is understandable that Councils seeing a reduced level of funding will need time to adjust, it is disappointing that the implementation is not proposed to be 100% from 2026/27 given Councils like Rotherham had to manage the impact of austerity in a big bang fashion. This means that Rotherham residents will have to wait 3 years until they see the full benefit of the improved funding methodology.
- The Council's new 'Needs Share' is 0.48%, this means that the Council should gain 0.48% of the total Government grants that sit within the Settlement Funding Assessment. For some grants this means the Council's allocation is lessened but overall, the Council will gain more funding from the new funding formula, as the quantum grant that the Council's 'Needs Share' is applied to is bigger.
- The Dedicated Schools Grant statutory override was extended from March 2026 to March 2028 to recognise that significant Government reform around SEND is required to tackle the national challenge in this area.
- It was expected the Fair Funding Review would generate an additional £18m of funding to the Council per year by the end of the spending review period.

    - £5m in 2026/27
    - £11m in 2027/28
    - £18m in 2028/29

4.33 The development of the Council's Budget proposals for 2026/27 and the further update of the MTFS took into account prevailing economic factors, most notably significant rises in demand, complexity of care and inflation. Following the Council's technical MTFS updates and the impact of the Final Financial Settlement, the Council was able to set a balanced Budget and MTFS for the period 2026/27 through to 2028/29.

4.34 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.
- Further savings proposals.

4.35 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 new savings proposals of £3.2m. These are aimed at increasing 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.

4.36 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 approximately £8.6m of additional funding to support the delivery of Adult Social Care services. Following work to assess the impact of market inflation, across recent years, on the cost of Children's Social Care placements, the Council will provide approximately £4.8m of additional funding to support the provision of Children's Social Care.

4.37 Further investment of an extra £0.5m per year will be provided to address unavoidable cost pressures in complying with Home to School Transport requirements and £1.7m will be invested into the Council's staffing structure to ensure the Council remains an accredited Real Living Wage employer. In addition, the Budget will provide £3.5m additional investments to support with delivering on the Council's ambitions for the Borough, largely focused on improving the quality of life of residents, with specific regard to the Council Plan core strategic outcomes of;

- Places are thriving, safe, and clean,
- An economy that works for everyone,
- Children and young people achieve their potential,
- Residents live well,
- One Council that listens and learns.

OTHER AREAS OF ASSURANCE

Risk Management

4.38 At the start of the 2025/26 financial year, the Corporate Strategic Risk Register comprised of 14 risks, with none assessed as red. Throughout 2025/26, five risks were added and three were removed following successful management. Of these risks, one was raised and removed within two reporting points (H&S staffing). By the end of the year, the register had increased to 16 risks in total, four of which were rated as red. Of the four red risks, two relate to new risks that were escalated up to the Corporate Strategic Risk Register during 2025/26 (Equal Pay litigation and Highways structures maintenance), while the remaining two were existing risks that were escalated from amber to red throughout the year (Net zero target and ICB funding/adult social care).

4.39 Additional Context on the Highways risk: in 2024/25 we identified a potentially significant risk to the Council with a number of ageing structures (e.g. bridges, retaining walls) having not been inspected for a long time. Last financial year we implemented and delivered a comprehensive programme of Inspections to mitigate against this. This programme will continue this financial year, and we will start to deliver some works arising from these inspections. The risk was identified to the Regeneration and Environment Improvement Board and also reported to SLT with a detailed programme of activity.

External audit (non-Finance)

4.40 The Council received the results from two inspections, four reviews and eleven audits in the 2025/26 financial year. The Council received ‘outstanding’ and ‘good’ ratings for both inspections, and either passed or completed the remainder. A total of 76 recommendations were identified, implementation of which is monitored through quarterly reports to the Council’s Strategic Leadership Team and biannual reports received by the Council’s Audit Committee.

Information Governance

4.41 PSN accreditation was maintained in 2026 via external inspection and testing. An annual audit programme of the IT department continues to be undertaken by Salford’s IT audit team.

OSMB

4.42 The 2025/26 annual report will be prepared for the OSMB meeting in July, based on activities undertaken during the municipal year (May – April). No issues have been identified to date.

Audit Committee

4.43 The 2025/26 annual report will be prepared for the Audit Committee meeting in July. No issues have been identified to date.

Counter Fraud

4.44 The Anti-Fraud and Corruption Policy and Strategy and counter fraud training were updated during the year. From the work undertaken on the National Fraud Initiative data matching exercise, no fraudulent or overpayments were identified. The investigations undertaken by Internal Audit during the year were not significant in terms of the governance of the Council.

5 WHERE OUR GOVERNANCE NEEDS TO IMPROVE

AN UPDATE ON MATTERS REFERRED TO IN THE ANNUAL GOVERNANCE STATEMENT FOR 2024/2025

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

5.1 Implementation of the new SEND and Alternative Provision (SENDAP) Strategy began following approval at Cabinet in February 2025. The Strategy includes specific references to the 2 areas of improvement actions required by the SEND inspection in Autumn 2024. The first area of action was to improve the quality of Education and Health Care Plans (EHCPs) through compliance with statutory guidance. Monitoring throughout the year has seen compliance levels increase from 65% in Q1 to 78% in Q4.

5.2 The second area of action was to improve waiting times for neurodevelopmental assessments, occupational therapy, and speech and language therapy. The partnership have continued to strengthen their work to reduce the long waits for neurodevelopmental assessment. RDaSH continue to make progress in relation to reducing the wait times for neurodevelopmental assessment and post diagnostic. Support is configured to ensure it is available while children are waiting and despite increased demand the trajectory demonstrates a continued reduction in the time children wait. Work to improve referral quality and subsequent efficiency of the pathway has been maintained.

5.3 Performance will continue to be monitored at the monthly RDaSH/SYICB Rotherham and Doncaster contract performance meeting. As at w/c 6 April 2026 Rotherham has 1550 patients waiting for an assessment, 110 have waited longer than 104 weeks (2 years). This demonstrates progress when compared to 1759 patients waiting for an assessment in July 2024, with 602 waiting longer than 2 years and 1864 patients waiting for assessment in September 2025, with 469 waiting longer than 2 years.

5.4 In addition, management have intensified service improvements for occupational therapy and speech and language therapy at a universal and targeted level to reduce waiting times through the approval of investment in resources to support schools and settings to robustly implement the graduated response. The impact of this project is anticipated to be seen from Q4 2026/27.

Property and Facilities Services - ONGOING

5.5 Property and Facilities Services is now established within Corporate Services with improved governance, accountability and oversight. Over the past 12 months, there has been a strong and sustained focus on improving health, safety and statutory compliance across the Council’s estate, supported by a move to further development of the corporate landlord function. This has strengthened assurance, improved visibility of risk and clarified accountability for asset compliance.

5.6 The Duty Holder role is now embedded, with clearly defined responsibilities across the estate. Investment in competent, professionally qualified staff, alongside improved policies, procedures and reporting, has enhanced the Council’s ability to manage compliance effectively and provided greater confidence that risks are being appropriately identified and managed.

5.7 Progress has been made in developing a more robust understanding of the Council’s asset base. Condition and compliance surveys are nearing completion, providing a more consistent evidence base to inform investment planning and future decision-making, with further work ongoing to strengthen data quality and coverage.

5.8 Through the Service Improvement Plan, clearer roles and responsibilities have been established for the delivery of construction projects across the organisation. This is improving governance and consistency in the management of new projects, with existing schemes being reviewed and aligned where appropriate, ensuring risks are identified and managed more effectively. Existing projects are being reviewed and handover is being carried out, assessing any immediate risks or issues. It is likely that all projects will fall into the new ways of working within the next 6 months.

5.9 In relation to Schools PFI, contract management arrangements have been strengthened, with improved governance, oversight and controls now in place. Financial and contractual matters are being addressed through a structured reconciliation process, alongside the development of an exit strategy for the remaining contract term. Engagement with schools has improved, supporting more constructive relationships and better outcomes.

Housing Services – ONGOING

5.10 The Council now has well established and robust systems, processes and reporting mechanisms in place which provide substantial assurance of our position on HRA compliance. There is a compliance governance framework, a Regulatory board chaired by the CEX and on-going positive engagement with the Regulator of Social Housing. A cyclical audit programme is in place across all compliance areas, with recent audit outcomes highlighting substantial assurance (fire, legionella and asbestos).

5.11 HRA contracts are well managed within the service, and renewal / procurement timescales are kept under review.

5.12 Compliance with Decent Homes Standards continues to improve as we complete more stock condition surveys. At the end of April 2026, 8271 surveys (41.82% of stock) had been completed. This data is, in general, corroborating our existing understanding of stock condition and enabling us to re-affirm HRA business plan assumptions and start to develop our longer-term investment programmes.

Equal Pay – ONGOING

5.13 In accordance with other Council's across the country, the Council has received equal pay claims and has established a Strategic Programme Team to manage work arising from this. As the claims may still give rise to an Equal Pay liability, it is again appropriate to recognise this in the Council’s accounts as a contingent liability.

Information Governance – COMPLETED

5.14 The rate of completion for Freedom of Information Requests and Right of Access Requests have improved over the past 12 months. Monitoring of performance levels is undertaken monthly by all Service Directors via 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, which over the past 12 months are at the highest ever on time completion rate. Extra resources continue to be used to improve the performance of Right of Access Requests. The backlog of these requests continues to reduce gradually and the additional resource will continue to remain in place until at least March 2027. An annual report is also shared with the Audit Committee.

Health and Safety Executive - COMPLETED

5.15 The Health and Safety service is now at full capacity and focussed on developing the Council's standard operating procedures and Health and Safety Policy to ensure that robust arrangements are in place to protect employees and members of the public. No further regulatory issues were recorded in 2025/26.

Tree Management and Green Spaces - COMPLETED

5.16 Following the Green Spaces Internal Audits in recent years, all findings have been addressed. An Improvement Plan was adopted in 2025 which includes actions for the next 3-5 years and associated performance monitoring. An Internal Audit of the Tree Management Service during 2025/26 concluded with an opinion of 'substantial assurance.'

Leadership Changes – COMPLETED

5.17 Following the departure of the Assistant Chief Executive in Summer, the new Chief Executive held the vacancy while a review of services within the directorate was undertaken. HR and OD moved over to what was the Finance and Customer Services directorate, now renamed Corporate Services. The remaining services now form a new Policy, Strategy and Engagement directorate. An interim Director was appointed in February, with successful recruitment to the permanent post in May with an anticipated start date in late June.

External Audits - COMPLETED

5.18 In March 2026, the Council received a 'good' rating following a CQC inspection of Rotherham's adult social care services in July 2025.

5.19 In December 2025, Children's Services were rated as 'outstanding' following an Ofsted inspection in October/November 2025.

NEW SIGNIFICANT GOVERNANCE ISSUES IDENTIFIED IN 2025-26

5.20 Following the self-assessment activity, 7 services flagged partial conformance with a number of subcategories within the Council's Code of Corporate Governance. Work is ongoing to address the areas identified, which have been summarised in the paragraphs below.

5.21 Adult Care and Adult Care Commissioning services both identified opportunities to further embed the voice and experience of service users in the design and delivery of services, building on strong foundations. Work is ongoing to improve the quality and standard of Council homes and to demonstrate full compliance with the requirements of the Regulator of Social Housing's Consumer Standards.

5.22 Community Safety and Street Scene noted issues between employees that were not aligned with the Council's values. These issues were addressed during the year, but further work is still required to embed a robust culture which prevents issues occurring in the future. Alongside this, they also recognised the need to improve their ability to effectively engage with service users. This reflects the performance challenges which have resulted from delivering a significant change programme within the waste service to increase efficiency and effectiveness.

5.23 Community Safety and Street Scene, and Culture, Sport and Tourism both flagged issues around compliance with procurement and contract management. Both also raised capacity issues as constraining their ability to move from a reactive to a planned service which delivers added value.

5.24 Planning, Regeneration and Transport flagged a difficulty in sustaining the delivery of their service outcomes. Within the Regeneration team, work has been undertaken in the last year to improve project management processes. A lot of this has focussed on ensuring clarity of function with the development of an Expectations and Escalation framework as well as the Ways of Working protocol. This latter document clarifies project management roles and responsibilities and is intended to improve the delivery of capital projects.

5.25 Property and Facilities Services identified that an area of weakness was in having clearly defined outcomes and plans for the service, informed by engagement with service users and service performance. This reflects the recent move to a new Directorate and re-introduction of the Corporate Landlord model. Work is underway to develop a comprehensive Asset Management Strategy and associated plans.

5.26 There are two planned reviews covering waste and the processes and approach to large capital projects. There is also a planned investigation to look at the markets and library project. The outcomes of these will inform the action plan to address the areas of partial compliance which will be monitored by senior management during 2026/27.

SIGNIFICANT EVENTS OR DEVELOPMENTS AFTER YEAR END

5.27 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.

OVERALL OPINION

5.28 Despite challenging pressures in relation to adult social care demand, Rotherham's governance framework has continued to support clear and transparent decision making to ensure its ongoing financial sustainability. Overall, the Council is satisfied that our governance arrangements remain effective.

6 FORWARD LOOK ON GOVERNANCE

6.1 The Council has reflected on its current strategic risk position, the ongoing issues already identified in the draft statement, and emerging challenges for the authority. The following additional areas have been identified which will remain in close view:

6.2 Responding to changes at a sub-regional level arising from: new legislation (the English Devolution and Community Empowerment Act 2026); changes to the South Yorkshire Integrated Care Board which may negatively impact Council funding for adult social care; and new leadership arrangements in neighbouring authorities following local elections.

7 LEADER AND CHIEF EXECUTIVE STATEMENT 2025/26

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	*Signed*
Councillor Chris Read,	***John Edwards,***
Leader, Rotherham MBC	***Chief Executive, Rotherham MBC***
Date:	***Date:***

Public Report
Audit Committee

Committee Name and Date of Committee Meeting
Audit Committee – 16 June 2026

Report Title
Annual Treasury Management Report and Actual Prudential Indicators 2025-26

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

Executive Director Approving Submission of the Report
Judith Badger, Executive Director of Corporate Services

Report Author(s)
Tom Soulby, Principal Finance Officer (Treasury)
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 2025/26. Its purpose is to review the treasury activity for 2025/26 against the Strategy agreed at the start of the year. The report also covers the actual Prudential Indicators for 2025/26 in accordance with the requirements of the Prudential Code.

The Council received an Annual Treasury Strategy Report in advance of the 2025/26 financial year at its meeting on 5 March 2025 and Audit Committee received a mid-year report at its meeting on 25 November 2025, representing a mid-year review of treasury activity during 2025/26. In addition, quarterly updates were received by Audit Committee on 29 July 2025 and 17 March 2026.

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 2025/26, including Treasury Management Strategy and Prudential Indicators report to Council on 5th March 2025
Treasury Management Update – Quarterly Report (Q1) to Audit Committee on 29th July 2025
Mid-Year Treasury Management and Prudential Indicators Monitoring report to Audit Committee on 25th November 2025
Treasury Management Update – Quarterly Report (Q3) to Audit Committee on 17th March 2026
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 2025/26);
- 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 previous years, and the Bank of England continued to cut interest rates in 2025/26. However, market sentiment has been heavily influenced by the Middle East conflict. Commentators anticipate a growing risk of inflation, meaning interest rates will likely not be cut for some time, and may increase to counteract inflationary pressures arising from steepening energy costs. The cost of long-term borrowing from PWLB has also increased during the year, in part reflecting this sentiment. 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 2025-26 the Council borrowed an additional £142m from Local Authorities and PWLB. In addition, the Council repaid £110.2m of principal on a mix of Local Authority and PWLB loans.

1.6 The Bank of England Base Rate decreased from 4.5% to 3.75% during 2025/26 as inflation continued to fall from the previous highs.

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 a £7.6m underspend on the 2025/26 Treasury Management budget that has been used to support the Council's 2025/26 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 2025/26 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 2025/26** - 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 2025/26 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 Right of Use 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 2025/26 the closing CFR is £25.7m 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 2025/26 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 2026 - whilst the Council's gauge of its underlying need to borrow is the CFR, the Treasury Management function, as authorised by the Executive Director of Corporate 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 2025/26 the Council continued to pursue its short-term borrowing strategy, supported by advice from its Treasury advisers. Borrowing is taken only as needed and will be refinanced in the next few years. This has resulted in an 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 2026, the Council's borrowing (excluding PFI and similar schemes) and investments were as follows:

2.12 **Table 1 Council's Treasury Position 2025/2026**

Net Borrowing	**As At 31 March 2025 £m**	**As At 31 March 2026 £m**
Long Term Borrowing		
Public Works Loans Board (PWLB)	420.000	399.759
Market (e.g. Banks, Other Local Authorities) > 1 year	147.000	172.000
Short Term Borrowing		
Public Works Loans Board (PWLB)	30.233	60.241
Market (e.g. Banks, Other Local Authorities) < 1 year	80.000	77.000
	677.233	**709.000**
External Investments		
Debt Management Office	0.000	0.000
Other Local Authorities	0.000	5.000
Money Market Funds	31.895	15.930
	31.895	**20.930**
Net Borrowing	**645.338**	**688.070**
Net Borrowing - Excluding Short Term Borrowing	**535.105**	**550.829**
Capital Financing Requirement (excl Other Long Term Liabilities)	**843.584**	**897.957**
Net Under-Borrowed	**308.479**	**347.128**

2.13 Against the Council's Capital Financing Requirement of £897.957m, when PFI and similar arrangements totalling £136.650m are excluded, the Council's outstanding net borrowing of £611.070m (excluding short term borrowing), is lower than this requirement by £347.128m. The Council has pursued a short term borrowing strategy, running investment balances down and borrowing funds only as required. In 2025/26 £142m 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 £110.2m of loan maturities (resulting in a £31.8m increase in total long term and short term borrowing).

2.14 Total savings in the Treasury Management budget for 2025/26, arising from all treasury activity including cash-flow management, was £7.6m and as per the Council's Budget and Council Tax report 2026/27 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 2026/27. These decisions generate in excess of £2.7m of cost savings to be contributed towards the treasury management budget in 2026/27, 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 2025/26 plus the expected changes to the CFR for 2026/27 and 2027/28. The Council complied with this prudential indicator throughout 2025/26.

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 12.24% (original budget) to 10.11% (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 decreased from 15.06% (original budget) to 14.15% (actual out-turn). This is primarily due to the increased interest earned on investment balances which were higher than forecast.

2.21 **TREASURY MANAGEMENT INDICATORS**

Limits on Activity

2.22 Upper limits on fixed and variable interest rates as at 31 March 2026 - 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 2025/26.

2.23 Maturity structure of fixed rate borrowing during 2025/26 - 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.

2.24 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.

2.25 **Borrowing**

New and replacement Borrowing - During the year a total of £110.2m of principal on existing loans has been repaid. This has been refinanced by £142m of new loans detailed in the table below.

2.26 **Table 2 Borrowing taken in 2025/26**

Lender	Start Date	Principal £m	Type	Term	Interest Rate %
West Midlands Combined Authority	17/04/2025	30.000	Temp	12 months	4.65
WEST YORKSHIRE COMBINED AUTHORITY	18/06/2025	15.000	Temp	10 months	4.15
OXFORDSHIRE COUNTY COUNCIL	27/06/2025	5.000	Temp	11 Month	4.25
MERSEYSIDE FIRE & RESCUE AUTHORITY	01/08/2025	3.000	Temp	12 months	4.25
Test Valley Borough Council	25/09/2025	4.000	Temp	12 months	4.3
South Yorkshire Mayoral	18/12/2025	25.000	Temp	24 months	4.2

Combined Authority					
PWLB	23/02/2026	40.000	Maturity	12 months	3.89
South Yorkshire Mayoral Combined Authority	27/02/2026	10.000	Temp	12 months	4.2
South Yorkshire Mayoral Combined Authority	19/03/2026	10.000	Temp	12 months	4.2
Weighted average					4.21

2.27 Debt Repayment – long term loans totalling £110.232m matured during the year as shown in the table below. Part repayments of principal (£0.232m) continued on the Annuity loans taken up in prior years.

2.28 **Table 3 Debt Repayments 2025/26**

Lender	Principal £m	Type	Interest Rate	Weighted Average rate of interest
PWLB	20.000	Fixed rate	4.93%	
PWLB	10.000	Fixed rate	4.96%	
South Yorkshire Mayoral Combined Authority	20.000	Fixed rate	3.66%	
South Yorkshire Mayoral Combined Authority	25.000	Fixed rate	4.96%	
West Yorkshire Combined Authority	15.000	Fixed rate	5.10%	
London Treasury Liquidity Fund	20.000	Fixed rate	5.80%	
PWLB Annuity	0.232	Annual repayments	Various	
Total:	**£110.232**			**4.89%**

2.29 **Investments**

The Council's investment policy is governed by MHCLG Guidance, which was implemented in the annual investment strategy approved by Council on 5th March 2025. The investment activity during the year conformed to the approved strategy.

2.30 The Council maintained an average balance of £47.0m and received an average return of 4.17%. 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 4.5% to 3.75% during 2025/26.

3. Options considered and recommended proposal

No options considered as the report outlines actual Treasury Management activity during 2025/26.

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 2025/26 against the prudential indicators as outline in the Treasury Management Strategy for 2025/26. 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 2025/26. 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

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APPENDIX 1

Summary Prudential Indicators: Rotherham MBC

		Actual £m	Revised Estimate £m	Original Estimate £m
1	**Capital Expenditure (excluding PFI & Finance lease liabilities)**	**150.613**	**214.194**	**241.993**
2	**Capital Financing Requirement (CFR) including PFI & similar liabilities:**			
	General Fund	698.922	724.783	729.084
	HRA	335.691	335.498	332.535
	Total	**1034.613**	**1060.282**	**1061.619**
3	**Net Borrowing compared to CFR excluding PFI & similar liabilities:**			
	Total Borrowing	709.000	764.118	947.325
	Total Investments	20.930	20.000	20.000
	Net Borrowing	688.070	744.118	927.325
	CFR (excluding PFI & Similar liabilities)	897.957	955.444	956.781
	Under-borrowing	**209.887**	**211.326**	**29.456**
4	**Net Borrowing compared to CFR including PFI & similar liabilities:**			
	Borrowing (from above)	709.000	764.118	947.325
	Borrowing (PFI etc.)	136.650	104.838	104.838
	Total Borrowing	845.651	868.956	1052.163
	Total Investments	20.930	20.000	20.000
	Net Borrowing	824.721	848.956	1032.163
	CFR	1034.613	1060.282	1061.619
	Under-borrowing	**209.893**	**211.326**	**29.456**
5	**Authorised Limit for external debt**			
	Assumed Borrowing	945.806	945.806	976.781
	PFI & similar liabilities	136.935	136.935	136.935
	Authorised Limit	1082.741	1082.741	1113.716
	Total Borrowing	845.651	868.956	1052.163
	Borrowing Below Limit	**237.090**	**213.785**	**61.553**
6	**Operational boundary for external debt**			
	Assumed Borrowing	976.063	976.062	1007.325
	PFI & similar liabilities	134.475	134.475	134.838
	Operational Boundary	1110.538	1110.537	1112.163
	Total Borrowing	845.651	868.956	1052.163
	Borrowing Below/(Above) Boundary	**264.886**	**241.581**	**60.000**
7	**Maximum Funds invested > 365 days**	**0.000**	**10.000**	**10.000**

		Actual	Revised Estimate	Original Estimate
		%	%	%
8	**Ratio of financing costs to net revenue stream – Non HRA**	10.11	11.52	12.24
9	**Ratio of financing costs to net revenue stream – HRA**	14.15	14.65	15.06

10	**Maturity Structure of Fixed Rate Borrowing**	**Actual** **%**	**Revised Upper Limit** **%**	**Original Upper Limit** **%**
	Under 12 months	19.36	60	60
	12 months to 2 years	9.20	35	35
	2 years to 5 years	0.82	45	45
	5 years to 10 years	0.93	45	45
	10 years to 20 years	4.76	45	45
	20 years to 30 years	7.95	50	50
	30 years to 40 years	10.58	50	50
	40 years to 50 years	36.53	55	55
	50 years and above	9.87	60	60

11	**Upper Limit on fixed interest rates based on fixed net debt**	**Actual** **%**	**Revised Upper Limit** **%**	**Original Upper Limit** **%**
		91	100	100

12	**Upper Limit on variable rates based on fixed net debt**	**Actual** **%**	**Revised Upper Limit** **%**	**Original Upper Limit** **%**
		9	50	50

Public Report
Audit Committee

Committee Name and Date of Committee Meeting
Audit Committee – 16 June 2026

Report Title
Highway Structures 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)
Tom Morley, Service Manager, Infrastructure Delivery
Tom.morley@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 Highway Structures

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

Highway Structures Audit Report Update

1. Background

1.1 Rotherham has responsibility for highway structures including bridges, underpasses, large culverts, gantries and retaining walls.

1.2 RMBC's statutory duty as part of its highway authority functions is to undertake regular inspections to ensure the structures are in good condition and do not pose risks to the users of the highway.

1.3 Under the Design Manual for Roads and Bridges (DMRB) the Highway Authority is to carry out General Inspections (GI) every two years and Principal Inspections (PI) every 6 years. PIs can be risk assessed to reduce the frequency up to 12 years.

1.4 In 2024 it was acknowledged that there was a significant backlog of inspections, and a range of actions were determined to manage reduce the risk profile.

- RMBC resourced a new structures team to undertake the statutory duties and reduce the backlog of the inspections into a cyclical inspection regime and deliver the capital programme.
- A service review was undertaken into the state of asset management, with deficiencies identified with record keeping and systems.
- The risk register was reviewed to highlight and track mitigations.
- Service invited Internal Audit to undertake a further detailed review.
- Commenced procurement of industry standard asset management software.
- Commenced an intensive programme GI's and then PI's.

2.	**Key Issues**
2.1 2.1.1 2.1.2 2.1.3 2.1.4 2.1.5	**Recommendation one: Risk Reporting** This recommendation noted that the Council's Senior Leadership Team (SLT) may not be aware of the potential Health and Safety risks arising from the backlog in Highways Structures inspections. Root Cause: The Highways Structures risks may not have been completely assessed and disclosed by previous staff responsible for structures inspections. The agreed action was to ensure that the SLT are made aware of the potential Health and Safety risks arising from current weaknesses in the backlog in Highways Structures inspections. This action was completed prior to the final audit report being circulated in December 2025. The project's risk register is monitored on an ongoing basis in the following ways: • at monthly meeting of Rotherham's Transportation Capital Board • at monthly reviews of RMBCs corporate risk registers

2.2	**Recommendation two: Risk Appetite**
2.2.1	The recommendation noted there is no documented risk appetite for inherent weaknesses in Highways Structures inspection records. This weakness impacts on the level of resources to be employed to manage the inspection approach.
2.2.2	Root Cause: The Highways Structures risks may not have been completely assessed and disclosed by previous staff responsible for the oversight of this work.
2.2.3	The agreed action is to determine and document the risk appetite arising from highways structures that are the Council's responsibility but not in its records or cannot be inspected according to statutory timescales.
2.2.4	This action was completed prior to the final audit report being circulated in December 2025.
2.2.5	The team allocated categories, such as (but not limited to) road classification, structure type, duration since last PI and access requirement. These categories were RAG rated with the highest rating structures prioritised for the future PI programme.
2.2.6	This action was completed prior to the final audit report being circulated in December 2025.
2.3	**Recommendation three: Mine Workings**
2.3.1	The recommendation noted that there is no evidence of any risk assessment of the potential for weaknesses to the foundations of highways structures from historic mine workings.
2.3.2	Root Cause: The previous agency staff may not have the local awareness of the mine workings risks. Historic records may not be complete and accurate.
2.3.2	The agreed action was to document the risks of mine workings to critical highway structures as part of pre-construction information (PCI) packs for any future works on projects. Mine workings wouldn't be recorded as part of the asset, as under Design Manual for Roads and Bridges (DMRB), only the properties of the structures are to be documented. Mine workings wouldn't affect the nature of the structure, but they will affect the proposed working methods when a project occurs.
2.3.3	As the action is for future works, there is no deadline to this. However, as this is part of preconstruction information, a section for mine working has been highlighted in the PCI packs to be completed in the future.
2.4	**Recommendation Four: Weakness in inspection data**
2.4.1	The recommendation noted that the Highways structures records are incomplete, including gaps in previously recorded inspections.
2.4.2	Root Cause: Historic inspection records may not be complete and accurate.

2.4.3	The agreed action was to ensure the impact of the gaps in current Highways Structures records are assessed and any further changes are made to the planned risk mitigation actions.
2.4.4	This action was completed prior to the final audit report being circulated in December 2025.
2.4.5	The asset register has been streamlined to confirm which walls are owned by RMBC, and assets which are not classed as highway structures. Any previous structures that were listed that do not support the highway, e.g. garden or boundary walls, have been removed from the asset list as these are not the responsibility of the Highway Authority. This is in line with national highway standards (under DMRB – CS451) and these entries have been removed from the asset register. No assets removed pose a risk to highway users.
2.4.6	All assets are logged into AMX, RMBC's online highway structures asset register system, including third party structures which are classed as structures as per CS451. This allows RMBC to collate data for all structures affecting the highway.
2.4.7	Any ambiguity in responsibility will be on a case-by-case basis.
2.5	**Recommendation Five: Safety Inspections**
2.5.1	The recommendation noted that due to historic record keeping inaccuracy, some general inspections were carried out on highways structures not owned by RMBC. A safety inspection only is required for these structures, and no such records were found to exist.
2.5.2	Root Cause: Inaccuracies and incompleteness
2.5.3	The agreed action was to ensure safety inspection records are maintained for relevant Highways Structures in the AMX software.
2.5.4	Safety inspections are carried out on third party owned assets to ensure they do not have an adverse effect on the highway. All third-party assets are logged on AMX to inform RMBC to carry out safety inspections. These are carried out on a regular basis, and any findings are reported to the asset owner.
2.5.5	This action had started prior to the final report bring circulated in December 2025; however this is an ongoing activity.
2.6	**Recommendation Six: Ownership of Highways Structure Assets**
2.6.1	The recommendation noted that Legal Services assistance has not been requested to assist with asset ownership.
2.6.2	The agreed action was to formulate and agree a project with Legal Services to resolve any anomalies in highways structure ownership as they are identified.
2.6.3	This is an ongoing action. It was agreed that this will be managed on a case-by-case basis where there is ambiguity in records of the asset ownership. In the event where there is an asset where the ownership is in question, Highway Structures will liaise with the Council's Legal Team to determine land registry plans and deeds.

2.7	**Recommendation Seven: Highways Asset Management Plan (HAMP) disclosure**
2.7.1	The recommendation noted that the HAMP may include inaccurate and incomplete information on Highways Structures due to the inspection backlog.
2.7.2	The agreed action was to review the previous year's HAMP and add appropriate caveats for structures information until a point where the asset inventory is totally accurate.
2.7.3	This action was completed prior to the final audit report being circulated in December 2025, as the HAMP update was in November 2025.
2.8	**Recommendation Six: Continuing Professional Development**
2.8.1	The recommendation noted that RMBC Management do not ensure that all agency staff have up to date CPD records.
2.8.2	The agreed action was for RMBC managers to apply suitable checks to ensure agency staff and contractors have completed all relevant CPD.
2.8.3	This is an ongoing action. It was agreed at the time of appointment of staff (permanent or temporary) that suitable checks will be carried out as part of the onboarding process. For contract staff, suitable checks will be carried out annually at a point where purchase orders need to be extended or renewed.
2.9	**Recommendation Nine: Follow Up Inspections**
2.9.1	The recommendation noted that the recently completed and ongoing general inspections are generating additional principal inspections/follow up inspections.
2.9.2	The action was to ensure a fully resourced action plan is established for follow up inspections that have been identified.
2.9.3	This is an ongoing activity. All GIs are produced in house and adequate resource has been allocated to this. PIs are carried out both internally and externally depending on the complexity of the structure and access requirements. Utilising external resource allows RMBC to control deliverables and programme requirements to ensure a steady flow of work throughout the year.
2.10	**Overall summary of progress**
2.10.1	In 2025, RMBC had 365 structures listed on their highway asset register. Of those 365, only 9 structures had a GI within the 2-year validation period and 43 PIs within the 6-year validation period.
2.10.2	As of June 2026, all the structure have an up to date GI, all carried out within the 2 year timeframe.
2.10.3	The approach on PI's is to commission external contractors for the inspections which cannot be carried out in house due to third parties (Network Rail, Canal and River Trust, etc.) and more complex access requirements. In the last year, 40 PIs have been commissioned and a further 50 PIs have been carried out in

	house. 81 structures now have a valid PI within the timeframe with a further 31 to be reviewed and approved.
2.10.4	The service continue to manage the programme of inspections very closely, with all actions aimed at reducing the risk profile and bringing the full asset database into compliance in the shortest practicable timeframe.
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 Service Director for Planning, Regeneration and Transport is accountable for the actions in the audit report, and the Head of Service for Transportation and Infrastructure is 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_2 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) Simon Moss, Service Director Planning, Regeneration and Transport Lucy Hudson, Head of Service for Transportation Infrastructure Tom Morley, Service Manager for Infrastructure Delivery
	Approvals obtained on behalf of:

Report Author: Tom Morley, Service Manager, Infrastructure Delivery
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This report is published on the Council's website.

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Public Report
Audit Committee

Committee Name and Date of Committee Meeting
Audit Committee – 16 June 2026

Report Title
Internal Audit Annual Report 2025/26

Is this a Key Decision and has it been included on the Forward Plan?
No

Strategic Director Approving Submission of the Report
Judith Badger, Executive Director of Corporate Services

Report Author(s)
Louise Ivens, Head of Internal Audit
Tel: 01709 823282 Email: louise.ivens@rotherham.gov.uk

Ward(s) Affected
Borough-Wide

Report Summary
This report provides information on the role of Internal Audit; the work completed during 2025/26 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 2025/26.

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 and effective framework of governance, risk management and control.

There has been a reduction in the number of audit reports with partial/no assurance opinions from last year. Management continues to proactively seek audit assurance where concerns exist. 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 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. 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 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 2025/26 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 2025/26.

Background Papers
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
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 2025/26

1. Background

1.1 Internal Audit produced a risk based Annual Audit Plan in accordance with the Global Internal Audit Standards (UK Public Sector). This was received by the Audit Committee at its meeting in March 2025. 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 2025/26.

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 2025/26, 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 and effective framework of governance, risk management and control.

2.2 There has been a reduction in the number of audit reports with partial/no assurance opinions from last year. Management continues to proactively seek audit assurance where concerns exist. 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 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. 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.

2.3 An opinion of partial assurance was given in six areas subject to audit. 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 The Global Internal Audit Standards (UK Public Sector) require that an internal assessment of the Internal Audit function must be undertaken annually, with an external assessment at least every five years. In 2025/26 an external assessment was completed which showed general conformance with the standards. The internal assessment was undertaken prior to the external assessment which also identified general conformance to the standard.

2.6 A Quality Assurance and Improvement Programme (QAIP) was in place throughout the year, which was updated for the latest internal assessment, the actions from the Audit Strategy 2025/28, and more recently the outcomes from the external assessment.

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 Service Director and have also been issued formally to the relevant Executive 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 16th June 2026 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 Corporate 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_2 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 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.
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)
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This report is published on the Council's website.

Appendix 1

Rotherham Metropolitan Borough Council

Internal Audit Annual Report 2025/26

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 2025/26 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 2025/26 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:

"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."

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 Internal Audit within the public sector in the UK is governed by the Global Internal Audit Standards (GIAS) in the UK Public Sector. These standards were mandated from the 1 April 2025 and include the GIAS, 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.

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 undertaken during November and December 2025 with the results reported to the Audit Committee in March 2026. The Internal Audit Service was assessed as “Generally Conforming” to the Global Internal Audit Standards (UK Public Sector). The assessment resulted in an Action Plan. The QAIP now includes the outstanding actions from previous internal assessments and those from the external assessment.

1.3.4 Generally conforms is defined as follows;

Level of Conformity	Description	Commentary
Generally conforms	Across all Domains, the internal audit function conforms with the standards with only minor deviations. The relevant structures, policies and procedures of the internal audit service, as well as the processes by which they are applied, meet the requirements of the individual standards. Overall, there is general conformance to the Global Internal Audit Standards in the UK Public Sector.	An internal audit function that generally conforms to the Global Internal Audit Standards in the UK Public Sector provides a high level of assurance to senior management and the audit committee of a highly professional service. Quality and professionalism are firmly embedded within the function. This conclusion evidences that internal audit is effective for the authority’s annual governance statement. (Applicable for local government bodies only.)

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.

1.4 The Definition and Role of Internal Audit

1.4.1 The definition of Internal Auditing in GIAS is as follows:

Internal Auditing is an independent, objective assurance and advisory service designed to add value and improve an organisation’s operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of governance, risk management, and control 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 2026 to reflect the outcome of the external assessment and was approved by the Audit Committee. 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 The Council's Internal Audit Service is an appraisal and advisory function having independent status within the Council.

1.6.2 During 2025/26 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.

1.6.3 The Head of Internal Audit is a member of the Corporate Governance Group, tasked with the production of the Annual Governance Statement. The Annual Governance Statement is prepared by the Policy, Improvement and Risk Manager who is a member of this group.

1.6.4 The Head of Internal Audit is a Whistleblowing Officer, responsible with the Executive Director of Corporate Services, the Service Director HR and OD and the Head of Legal Services for the Whistleblowing Policy and procedures. Decision making on cases is not solely made by the Head of Internal Audit. There is a further assurance mechanism for whistleblowing in that all cases are discussed at a quarterly Statutory Officers meeting (which includes the CEX, S151 and Monitoring Officer) which provides an element of challenge and assurance regarding work being undertaken by Internal Audit. In addition, the Head of Legal reports the whistleblowing cases to the Standards and Ethics Committee.

1.6.5 The Head of Internal Audit also manages the Council's counter fraud arrangements. This includes responsibility for the Anti-Fraud and Corruption Policy and Strategy, the Anti-Money Laundering Policy, responsibility for fraud or corruption investigations and provision of counter fraud training and communications. The scope of any investigation relating to fraud and corruption is discussed and agreed by the S151 Officer. The fraud investigation reports are shared at draft stage with the S151 Officer for review and assurance regarding the work undertaken. The Anti-Fraud and Corruption Policy and Strategy and arrangements are reviewed by a member of the Internal Audit team, who then report the results/updates to the Head of Internal Audit. The

Head of Internal Audit is then responsible for presenting these to the Audit Committee.

1.6.6 A review of the Whistleblowing and Anti- Fraud and Corruption arrangements by another local authority, to satisfy the action raised in the CIPFA external assessment regarding the independence requirements of GIAS (UK Public Sector) will be undertaken during 2026/27.

1.6.7 There have been no limitations on the scope of Internal Audit coverage during the year.

2. Internal Audit Assurance for 2025/26

2.1 Internal Audit Opinion

2.1.1 For the year ending 31 March 2026, based on the work undertaken, the opinion of the Head of Internal Audit is that Rotherham Metropolitan Borough Council had overall an adequate and effective framework of governance, risk management and control.

2.1.2 There has been a reduction in the number of audit reports with partial/no assurance opinions from last year. Management continues to proactively seek audit assurance where concerns exist. 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 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. 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.

2.2 Scope of the Opinion

2.2.1 In arriving at that opinion, the following has been considered:

- The results of all internal audits undertaken during the year (see **Appendix B** for a summary of audits and recommendations by directorate, 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.
- Management assurance through the Annual Governance Statement process
- External inspections and audits received during the year
- Risk management review and insight through close liaison with the Policy, Improvement and Risk Manager
- Regular liaison with senior management including attendance at DLT's and SLT.

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.

2.3.2 Many of the audits undertaken during the year touched on the implementation of and compliance with 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 Executive Director of Corporate Services (S151) and the Service Director Legal Services (Monitoring Officer). In May 2025 an addendum to the CIPFA/SOLACE Delivering Good Governance in Local Government Framework was published. The Council's Code of Corporate Governance was updated in alignment with the addendum and was received by the Audit Committee in September 2025.

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 Service Directors and asked for Statements of Assurance from Service Directors, Executive 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 2025 and January 2026, 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. An audit of the risk management process within Regeneration and Environment was undertaken during the year, which gave a 'Reasonable' assurance opinion. The corporate guidance on Risk Management was being adhered to, and lower priority recommendations were raised to enhance the current processes.

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 2025/26 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 (88% of reports issued were Substantial or Reasonable assurance). The proportion of partial opinions reduced during 2025/26 as compared to 2024/25 as illustrated in the table below.

	ACX (PSE)	**ACHPH**	**CYPS**	**F&CS (CORP)**	**R&E**	**Cross**	**Total 2025/26**	**Total 2024/25**
Substantial	2	4	2	3	2	1	14	10
Reasonable	1	5	6	7	7	2	28	16
Partial	1	0	2	1	2	0	6	11
No	0	0	0	0	0	0	0	1
Total	**4**	**9**	**10**	**11**	**11**	**3**	**48**	**38**

2.3.9 There were **six** partial assurance audit opinions in the year as follows:-

Childrens and Young People's Services

- Schools assurance (Establishment)
- S17 Payments and reduction in cash payment project

Corporate Services (F&CS)

- Riverside House Building Security and ID Badge controls

Policy, Strategy and Engagement

- Contract monitoring and Social Value

Regeneration and Environment

- Home to School Transport
- Highways Structures

In the cases where partial audit opinions are issued, service management attend the Audit Committee to update on actions taken following the audit.

2.3.10 During 2025/26, 197 recommendations (210 in 2024/25) were made to improve the internal control, risk management and governance arrangements across the Council. Of these, 17 were in the highest category (red) (32 in 2024/25).

Themes Identified

Property and Facilities Services

2.3.11 Work has continued during the year to improve health and safety and statutory compliance across the Council's estate. This is borne out through the results of lift servicing compliance (corporate landlord properties) and asbestos management audits (substantial and reasonable audit opinions).

2.3.12 The audit of Riverside House Building Security and ID Cards resulted in a partial opinion, however it is important to note that this audit was requested as there were some concerns in this area.

2.3.13 A follow up audit on Asset management estimates and capital programme resulted in an improved opinion. Work had been undertaken by the service with procedural updates and associated new documentation, however full implementation across the Building Design Team and their clients was still in progress. The new processes at the time of the audit had only been trialled with newer projects whose clients have more project management experience. A recommendation was raised to roll out the new procedures and documentation including the provision of training, to all clients.

Housing Services

2.3.14 The service has enhanced compliance across key health and safety areas as evidenced through the audit reviews undertaken. Follow up reviews during the year on water safety (Legionella) and smoke and carbon monoxide showed improved assurance outcomes. Audits of fire safety and asbestos received substantial assurance, while lift servicing received a reasonable opinion rating.

These results demonstrate the strong progress made in strengthening both control and compliance arrangements.

Contract management and social value

2.3.15 The findings from the directorate audits found that contract management over £100k and over £4m and procurement of goods/works/services below £100k was largely effective with some minor exceptions. The main finding was the lack of monitoring of social value delivery which has been evidenced through the number of services across the Council not achieving the full social value commitment. The Policy, Strategy and Engagement Directorate are responsible for the Social Value Policy and the Annual Social Value Report and the recommendations raised in this report should help to ensure central oversight, monitoring and reporting of social value achievement.

2.3.16 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 considered. 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 2025 and January 2026. The following areas have contributed to the annual opinion: -

2.4.2 In November 2025 **Ofsted** conducted a short inspection to assess whether local authorities previously rated good or outstanding have maintained high standards in **children's services**. The overall assessment was "Outstanding" and extracts are below.

"Since the last inspection in 2022, services for children, young people and families in Rotherham have improved further, driven by a confident leadership team with strong corporate and political backing. This united commitment has placed children's experiences and their voices at the heart of strategic improvement. Progress is evident across all areas of social work practice.

Children in need of help and protection, and those in care, now benefit from an outstanding service delivered by a stable, highly skilled workforce. Practitioners know their children well, advocate fiercely for them, and build relationships that promote safety and belonging.

Further investment in the early help and family help model is enabling more children to remain safely within their family networks with timely, targeted support that is making a measurable difference to their lives. Senior leaders' ambition for their care leavers has grown significantly. Decisive action has been taken to strengthen pathway planning, embed relational support, and promote opportunities for safe independence when care leavers are ready.

While some variability remains, the leadership team is actively addressing this, ensuring that every young person is well prepared and supported for adulthood and where every decision is made with their futures in mind. The areas for improvement were the quality of pathway plans for care leavers, and the quality of health history information provided to care leavers."

2.4.3 **A Care Quality Commission inspection of adult social care** was undertaken in July 2025 and reported in March 2026. This reported that the service was delivering a "Good" standard of care and support to Rotherham residents.

2.4.4 The report stated that "there was a broad range of early intervention services in place, with practical support to improve people's wellbeing, offered through the Supporting Independence Team. This early intervention sought to direct people to draw on community resources and maintain independence for longer.

The Complex Lives Team offered trauma informed support for people who needed preventative and risk management support. This team provided a holistic, person centred service for people experiencing multiple challenges including histories of trauma, homelessness, drug and alcohol misuse and offending behaviour. Support was available to people who did not meet the eligibility criteria for support under the Care Act.

Assessments were strength based and person centred, considering a whole family approach, however there were some waits for people to receive an assessment.

Unplanned and annual reviews showed waits for people, which meant the local authority were not fully appraised of a service meeting needs in a strength-based person centred way. However, people were prioritised on risk to ensure those most in need received timely support.

The local authority had opportunities to strengthen its approach to co-production to create meaningful partnerships with people and communities. Outcomes for unpaid carers had the opportunity to improve with closer partnership working. Section 75 agreements and the use of the Better Care Fund provided opportunities for joined up, system working. There was a strong use of enablement, equipment and telecare to maximise independence.

Safeguarding was everyone's business, with a strong emphasis on the Making Safeguarding Personal principles. Support was available 24/7 and there was a strong focus on partnership working to keep people safe. People were supported to grow and thrive through the employment service which was redesigned with people through co production activities.

People experienced safe transitions between services, for example between Children's to Adults services and through hospital discharge activity. Staff were co-located to reduce the number of teams people were referred to, improving communication and outcomes.

Rotherham staff and leaders knew its community well. Staff felt connected to the leadership team. They were encouraged to share ideas and innovation as systems changed to improve processes and outcomes for people. Staff were nurtured to thrive in a positive and encouraging culture with opportunities to develop careers led by compassionate and available leaders. The local authority sought to improve by gaining feedback from peer reviews and audits of performance.

2.4.5 **Grant Thornton signed off the 2024/25 accounts with an unqualified opinion**. The **Annual Report** which included the Value For Money arrangements raised two significant findings. It was acknowledged that steps have been taken and are continuing regarding HRA housing compliance, and a recommendation was raised to continue to build on improvements already made and ensure that the stock condition survey progresses as planned. The report also acknowledged that the Council is working to progress a previous recommendation surrounding asset data and building compliance. A recommendation to continue to strengthen arrangements and ensure that stock condition surveys progress sufficiently was raised.

3. Review of the Service

3.1 Resources

3.1.1 There has been one staffing change during the year, where an experienced member of the team retired. This post has proven difficult to recruit to and is currently vacant. During 2025/26 this has had a minor impact on the number of days performed.

3.1.2 The audit plan was delivered by the in-house team except for two specialised IT audits delivered by an external provider.

3.1.3 The Internal Audit team comprises 6.93 FTEs. The table below shows the number of years of audit experience.

Years of experience in local government auditing	FTE at 31/03/26	FTE at 31/03/25
Less than 1 year	0	0
1-5 years	1	1
6-10 years	0	0
Over 10 years	5.93	6.53
Total FTE	**6.93**	**7.53**

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 Executive Director of Corporate Services. Sufficient work was completed during 2025/26 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 GIAS (UK Public Sector). All Internal Auditors have a personal responsibility to undertake a programme of Continuing Professional Development (CPD) to maintain and develop their competence. Time is allocated 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 high level of local government auditing experience within the team.

3.3 Audit Plan

3.3.1 The audit plan was presented to the Audit Committee in March 2025. 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 is given in the table below.

Audit Area	Plan Days	Actual Days
Assistant Chief Executive (Policy, Strategy and Improvement)	55	42
Adult Care, Public Health and Housing	130	142
Assistant Chief Executive (Policy, Strategy and Engagement)	55	42
Children and Young People Services	70	113
Finance and Customer Services (Corporate Services)	145	153
Regeneration and Environment	100	136
Corporate/Crosscutting	90	104
Project boards and groups including data analytics	20	50
Investigations	140	146
Anti-Fraud (proactive work)	40	29
Anti-Fraud (policy review and Anti Money Laundering assurances)	30	26
Grants	60	43
Follow Up reviews	25	-
Contingency	75	-
Total	**980**	**984**

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.

3.5 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 Executive Director, Service 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 2025/26 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 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 2025. They were subsequently uploaded onto the Intranet, and the Policy is available on the Council's webpage.
- Updated the Council's Counter Fraud training which is available on the online learning platform
- Received the NFI matches and reviewed and investigated these where appropriate. No fraudulent or overpayments were found by the end of March 2026.
- Two investigations were undertaken during the year; one is currently 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.
- The investigations were not significant in terms of the governance of the Council.

3.9 Advisory and responsive 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 Liaison meeting*
  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.
- *Early Years and Education System Project Board*
  This is a new education case management system that will provide a single, joined-up view of children and young people in Rotherham. Internal Audit's role has been to attend the project board meetings and liaise with Digital Services and Finance colleagues to understand and present a common view of progress and risks.
- *Regeneration and Environment – Review of overtime controls*
  Review of the revised overtime authorisation process. This confirmed that the controls were operating as intended.
- *Social Care payment system – Super user profile checks*
  The review of Super User roles and audit's payroll validation checks has provided assurance that access controls are now more appropriately allocated. Payment processing is robust, with no concerns identified in the samples tested.
- *School request for assistance*
  Internal Audit was requested to investigate financial concerns raised by a maintained school Headteacher following her return to school after a period of absence. The financial and management controls were reviewed and recommendations raised to enhance governance and financial oversight at the school.
- *Presentation at the Local Authority Maintained Schools meeting* (attended by Headteachers and School Business Managers).
  Internal Audit gave an overview of how schools audits are conducted and shared learning from the areas where recommendations are commonly made, and the means to address areas of weakness.
- *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.

- Disabled Facilities

- Bus Service Operators
- Rotherham Show
- Yorkshire Day
- Childrens Capital of Culture
- Signals

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 audits at two schools and one educational establishment have been undertaken. The scope was to provide assurance that the financial and management controls are robust and meet the requirements outlined in various Council and school statutory and operational (financial) guidance.

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 Three reviews have been completed, on garden waste income collection, purchasing cards and internal data matching to identify any potential undeclared interests and potential procurement fraud. Positive feedback from management has been received. The Data Analytics Strategy has been refreshed and further workstreams have been developed for the year ahead.

3.14 South and West Yorkshire Audit Groups

3.14.1 The Council's Internal Audit Service is a member of the Yorkshire and Lincolnshire Internal Audit Groups. This facilitates comparisons and the sharing of best practice and includes groups for Heads of Internal Audit and Counter Fraud/Investigations.

3.15 Internal Audit Performance

3.15.1 The Global Internal Audit Standards (UK Public Sector) 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 The standards state that an external reviewer must undertake a full assessment or validate Internal Audit's own self-assessment at least once in a five-year period. CIPFA undertook a comprehensive External Quality Assessment (EQA) of the Internal Audit function during Autumn 2025 which measured conformance against the Global Internal Audit Standards (GIAS), the CIPFA Code of Practice for the Governance of Internal Audit in UK Local Government (the Code), and the associated Application Note: Global Internal Audit Standards in the UK Public Sector.

3.15.3 The assessment confirmed that the Internal Audit function is "Generally Conforming" overall to the Standards and Principles. This is the highest classification that CIPFA award.

3.15.4 An extract from the report summarises the assessment as follows: "The findings reflect a strong governance partnership between internal audit, the audit committee, and senior management, noting that clients and stakeholders highly value internal audit. Interviewees praised the function's professionalism, transparent and objective delivery, and the strong working relationships established within the authority. This positive endorsement confirms that the governance oversight mechanisms and senior management support are largely effective in ensuring internal audit remains an influential resource. This has been achieved with a relatively small internal audit team and constrained resources".

3.15.5 In total RMBC conformed to 49 out of 52 of the Standards and 8 out of the 9 Provisions of the Code. Four areas were assessed as Partially Conforming. Two for the same reason being a Standard under GIAS and a Provision under the Code.

3.15.6 During the CIPFA external assessment, feedback questionnaires were sent to the Chief Executive, Executive Directors, Service Directors and recent recipients of Internal Audit reports at Head of Service level. The results are shown in **Appendix A** and are based on 20 responses. The outstanding recommendations from the external assessment report are included within the Quality Assurance Improvement Programme below, together with any actions identified from the internal annual self-assessment that is completed.

Quality Assurance and Improvement Programme Action Plan	
Action	**Position statement**
Action from the self-assessment against fraud checklist	
Update the directorate and corporate wide fraud risk assessment and examine the results as part of the annual Internal Audit planning exercise.	Fraud risk assessment across the Council is continuing with Internal Audit, colleagues from the Policy, Improvement and Risk Service and other key contacts. The updated approach will be reviewed at the next Risk Champions meeting to prepare service areas for incorporating fraud risks into their respective risk registers.
The reporting of the fraud risks and mitigation will be strengthened over the year, and a more comprehensive report will be brought to the Audit Committee.	The reporting of fraud risks and mitigations has been considered, and an enhanced report will be brought to the Audit Committee once a robust Council wide fraud risk assessment has been finalised.
Actions from the Internal Audit Strategy 2025/28	
Investigate and develop the use of Copilot and other tools to aid the planning, testing and reporting process.	**Complete** Copilot is now being used to identify emerging and current risks as part of the audit scoping process. Copilot is now being used in the audit reporting process with the information comprehensively checked by supervising auditors to supporting records. This is now standard practice so will be removed from the improvement plan.
Explore the potential use of a dashboard for audit reporting and seek stakeholder feedback.	This action will commence during the second half of the financial year.
Ensure the use of data analytics has been considered during each audit review. Where relevant make use of available data sets to provide assurance over the whole population rather than the traditional use of sample testing.	**Complete** This is being considered during all relevant audits for 2025/26 and 2026/27. An audit completion checklist is now being utilised which includes a prompt around the use of data analytics. Data analysis is considered during the scoping stage of each audit. We are furthering our links with other audit services to share ideas and best practice. A data analytics strategy is in place and is updated during audit

	planning, which is accompanied with a list of prioritised areas for review during the year. Data analytics is now becoming embedded into practice so this will be removed from the improvement plan.
Enhance skills and knowledge through attendance on training and development events.	**Complete** A specific training session on data driven approaches to audit has been attended and the learning has been shared with the rest of the team. A watching brief will be maintained to identify any further beneficial training. This has been included in the Training and Development Plan for 2026/27 so has been removed as a specific action for improvement.
Participate in data analytics Internal Audit groups and regional discussions to enhance knowledge and understanding of audit developments and techniques.	This was raised as an agenda item at a recent local Heads of Audit group. Learning from other authorities will continue and a watching brief will be maintained for any new training or groups to participate in.
Work with other service areas in the council for example the business and intelligence team to trial the use of data for continuous audit in key areas of risk, expenditure or potential fraud.	This work will commence in the second half of the year.
Ensure that we have up to date awareness of current training available for auditors on topical subject areas through auditor subgroup attendance and active scanning of relevant websites. Identify and provide opportunities for specialist training/knowledge for staff to minimise gaps, for example Anti-Fraud/investigations, data analysis and AI.	Training in key areas for auditors is reviewed on an ongoing basis. Participation in local audit groups helps to identify any training undertaken by other audit services which would be of value. This is an area of constant development and will be kept under continual review to ensure we remain up to date with the latest audit developments. Fraud risk training and performance audit training have been identified as priorities for team training during the first quarter of 2026/27.

Review staff development plans and provide opportunities for staff seeking progression to learn from others in the team (eg peer reviews, investigations).	This is undertaken formally following the Year Ahead Development Plan process and mid year reviews. This is also discussed during weekly 1:1's and ongoing development of the team is kept under review when allocating audits during the year. An internal promotion has been secured by a member of the team, who is now gaining practical experience in this new role with assistance from peers.
Review the current career pathways for staff within the service and the potential for apprenticeships/qualification routes.	**Complete** The Trainee Auditor career pathway is now in place. This pathway is linked to attainment of the Institute of Internal Auditors Level 4 qualification as an Audit Technician.
Identify key external assurance providers and reporting mechanisms into the Council. Review external assurance outputs and review opportunities for collaborative working. Further integrate the assurance into audit planning in 2026/27 and future years. (Linked to Action point 3 below)	This work has commenced in liaison with the Policy, Strategy and Engagement Directorate.
Global Internal Audit Standards (UK Public Sector) External Assessment Action Plan	
Action point 2 (Std 5.2) Establish a formal Service Level Agreement (SLA) between the authority and Salford IT audit services to mitigate potential legal and regulatory risks associated with third-party data protection and accountability. Senior management and the Monitoring Officer should evaluate the risks inherent in the current absence of an SLA, report findings to the board, and assess whether similar risk exposures exist across other authority contracts.	**Complete** An SLA between RMBC IA Services and Salford Technical audit services has now been signed following review by Information Governance and Legal Services.

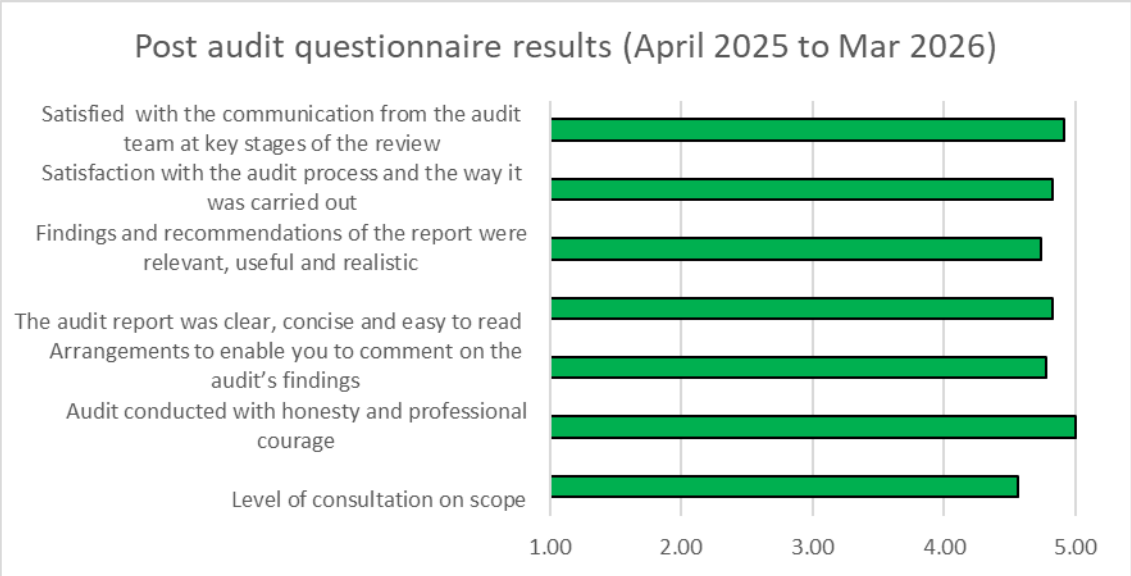
(High priority)	
Action point 4 (Std 7.1) The board and senior management should ensure implementation of clear, robust safeguards over the HIA's whistleblowing and also the HIA's broader responsibilities for AFC. This should include prompt review of the HIA's dual responsibilities as the Whistleblowing Officer and investigator for fraud and corruption cases, as combining these roles risks impairing independence. Consideration should be given to implementing a separate, independent assurance mechanism specifically tasked with providing assurance over the HIA's involvement in the whistleblowing process and the HIA's wider AFC responsibilities. (High priority)	A review has been arranged with a neighbouring Council, and the scope is currently being drafted.
Action point 3 (Std 6.1) It is recommended that senior management strengthen assurance mapping; whilst this is not the responsibility of the internal audit function they can support, advise and contribute to this activity. Comprehensive assurance mapping should include both internal and external assurance providers, thereby facilitating improved coordination, avoiding duplication, and enabling the board and senior management to accurately determine the optimal scope and types of internal audit services required. (Medium Priority)	Developing the assurance framework is included in the IA Strategy with three strategic initiatives and actions assigned for development during 2026/27 and 2027/28. **Actions for 2026/27 in the IA Strategy were:-** Engage with risk management, governance and business intelligence colleagues to enhance understanding of current sources of assurance (both internal assurance providers and external). Identify key external assurance providers and reporting mechanisms into the Council. Review external assurance outputs and review opportunities for collaborative working. Further integrate the assurance into audit planning in 2026/27 and future years. Work on the above has commenced with the Performance, Strategy and Engagement Directorate.

Action point 1 (Std 3.2) We recommend strengthening internal auditors' mandatory recording and retention of all Continuing Professional Development (CPD) records to ensure the documentation comprehensively supports training undertaken. (Low priority)	The importance of keeping CPD records up to date has been re-enforced in a team meeting. CPD records will be reviewed as part of the My Year Ahead Plan six monthly and annual reviews.
Advisory point 3 (Std 6.3) Enhance governance transparency by ensuring full attendance details, especially noting the participation of senior management and the Head of Internal Audit, are clearly documented up front in public-facing audit committee minutes and online records. Failure to provide conspicuous evidence of senior leadership support risks undermining the perceived authority and gravity of the audit committee's oversight function. (Advisory)	**Complete.** This has now been implemented.
Advisory point 5 (Std 9.1) Ensure annual training updates for internal auditors incorporate value for money (VFM) topics, ideally expanded to include comprehensive VFM audit methodology training. (Advisory)	This had already been identified as an action via our self-assessment. This has been included in the 2026/27 Training and Development Plan and will be undertaken during the year.
Advisory point 7 (Std 12.2) The HIA, collaborating with the audit committee and senior management should consider conducting a strategic review to strengthen the Internal Audit function's Key Performance Indicators (kpis) metrics,	A comprehensive review of KPI’s will be undertaken over the summer period, in consultation with senior management the Audit Committee.

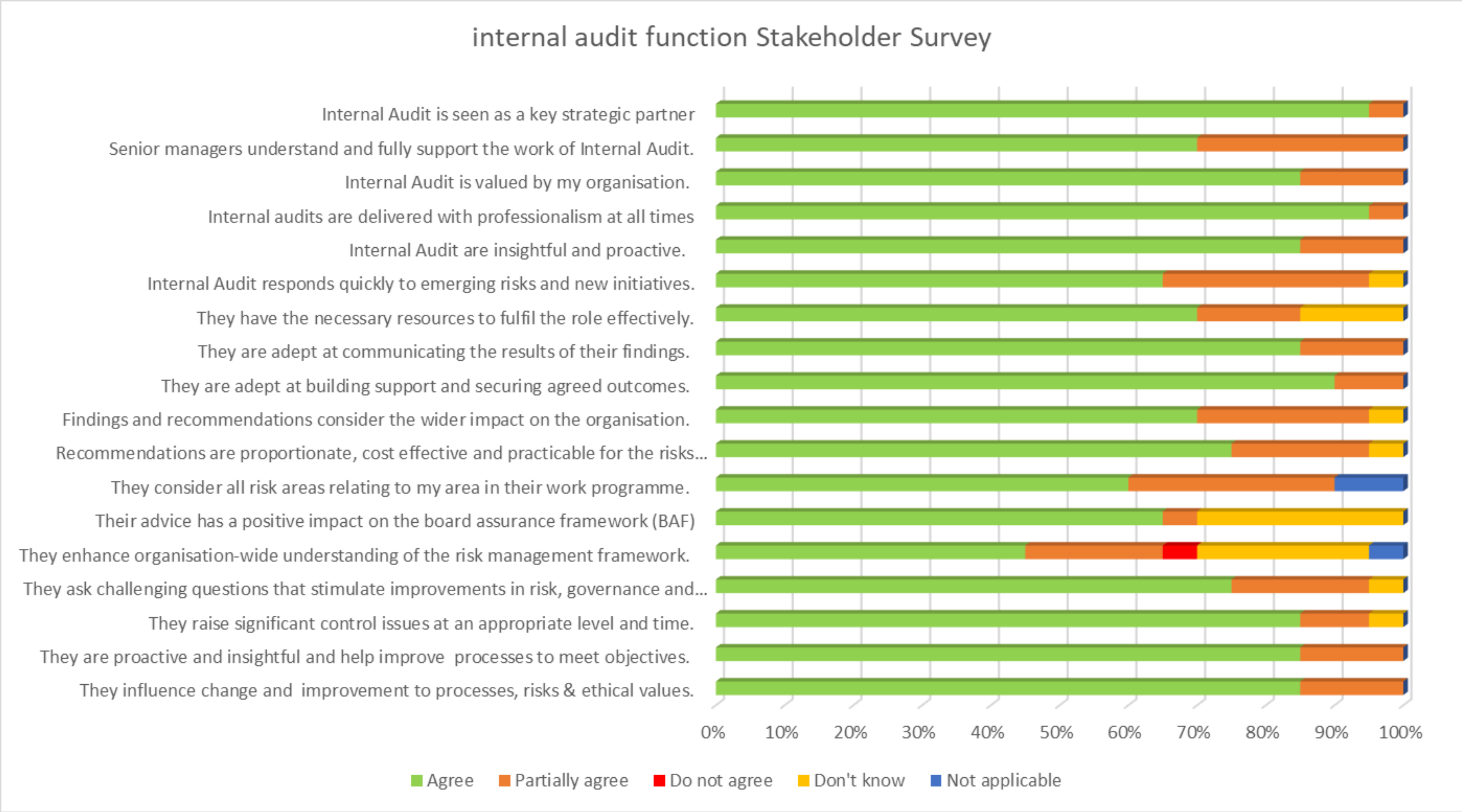
moving beyond solely delivery metrics to adopt a balanced scorecard approach incorporating Quality and Conformance, and Value for Money (VFM). These updated kpis should be sufficiently challenging yet pragmatic, aligning with the strategic focus areas defined by those charged with governance to effectively monitor the function's performance and continuous improvement. (Advisory)	
Advisory point 4 (Code 2.1) To ensure the audit committee's official documentation aligns with best governance practice and the Code, update the audit committee Terms of Reference (TOR) to formally incorporate the committee's duties to provide feedback on the HIA's proposed job description and contribution, by the Audit Chair, to the annual performance evaluation of the HIA. (Advisory)	The Executive Director of Corporate Services will ensure input from the Chair of Audit Committee is included in the HIA's MYAP/PDR process. The current arrangements with regards to the recruitment of the Head of Internal Audit will be retained. The job description will be reviewed by Human Resources in line with Council procedures prior to advertisement. It would be expected that the recruitment panel would comprise the Executive Director of Customer Services and the Service Director – Legal Services, in line with previous arrangements.

Internal assessments

3.15.6 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.



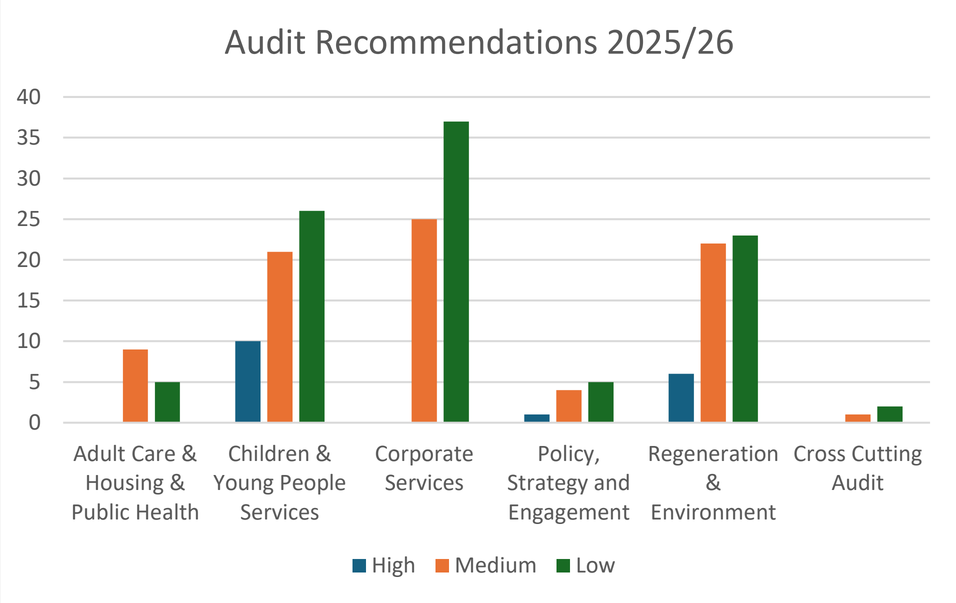
Performance Indicator	2024-25 Actual	2025-26 Target	2025-26 Actual
Draft reports issued within 15 days of field work being completed	93%	90%	93%
Audits completed within planned time	79%	90%	93%
Final reports issued within 5 working days of customer response to the draft report	97%	90%	100%

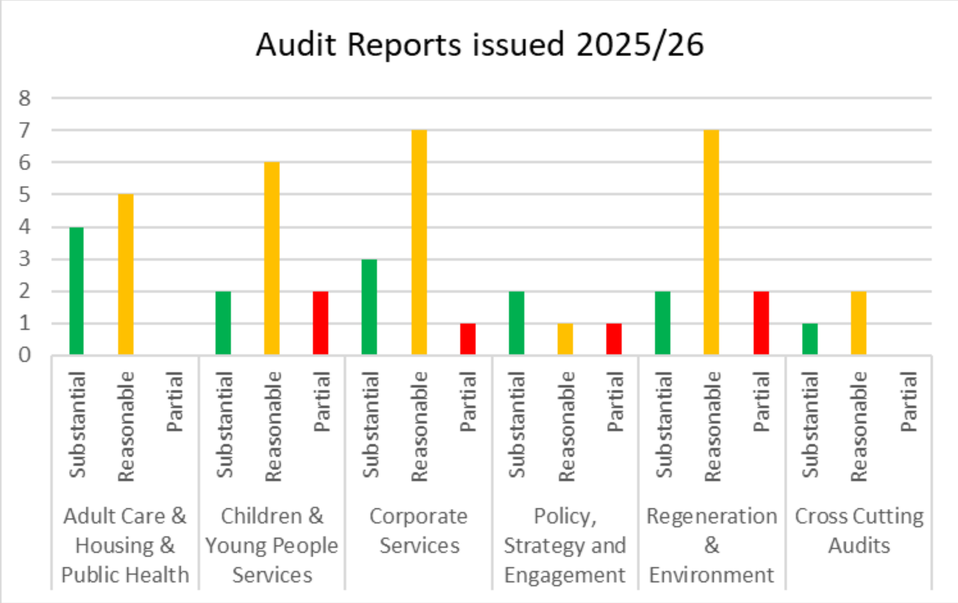


internal audit function Stakeholder Survey
Internal Audit is seen as a key strategic partner
Senior managers understand and fully support the work of Internal Audit.
Internal Audit is valued by my organisation.
Internal audits are delivered with professionalism at all times
Internal Audit are insightful and proactive.
Internal Audit responds quickly to emerging risks and new initiatives.
They have the necessary resources to fulfil the role effectively.
They are adept at communicating the results of their findings.
They are adept at building support and securing agreed outcomes.
Findings and recommendations consider the wider impact on the organisation.
Recommendations are proportionate, cost effective and practicable for the risks...
They consider all risk areas relating to my area in their work programme.
Their advice has a positive impact on the board assurance framework (BAF)
They enhance organisation-wide understanding of the risk management framework.
They ask challenging questions that stimulate improvements in risk, governance and...
They raise significant control issues at an appropriate level and time.
They are proactive and insightful and help improve processes to meet objectives.
They influence change and improvement to processes, risks & ethical values.
0%
10%
20%
30%
40%
50%
60%
70%
80%
90%
100%
Agree
Partially agree
Do not agree
Don't know
Not applicable

Analysis of Internal Audit opinions and recommendations 2025/26

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
Adult Care, Housing and Public Health		
Customer Pathway	Substantial	September
Lift Servicing in Council tenanted properties	Reasonable	September
Sundry Debtors	Reasonable	September
Smoke and Carbon Monoxide Alarms Follow Up	Reasonable	March
Statutory Tenancies	Reasonable	March
Fire Safety in Council tenanted properties	Substantial	March
Asbestos Management	Substantial	March
Water Safety (Legionella) Follow Up	Substantial	June
Contract monitoring and social value	Reasonable	June
Assistant Chief Executive (Policy, Strategy and Engagement)		
Sundry Debtors	Substantial	September
Payroll	Substantial	September
Gifts and Hospitality	Reasonable	June
Contract monitoring and social value	Partial	June
Children and Young Peoples Services		
SEND Sufficiency	Substantial	September
Joint Funded Care Packages Follow Up	Reasonable	September
Schools Assurance (Establishment audit)	Partial	September
Unaccompanied Asylum Seeking Children Follow Up	Substantial	September
Sundry Debtors	Reasonable	November
Crowden Outdoor Learning Centre	Reasonable	November
S17 payments and reduction in cash payments project	Partial	November
School audit 1	Reasonable	June
School audit 2	Reasonable	June
Contract monitoring and social value	Reasonable	June
Corporate Services		
Capital Programme	Reasonable	September

Lift Servicing Compliance (Corporate Landlord properties)	Substantial	September
Sundry Debtors	Reasonable	September
Record of Processing Activities	Reasonable	September
ITrent Application Review	Substantial	September
Riverside House Building Security and ID badge controls	Partial	November
National Non Domestic Rates (Business Rates)	Substantial	March
Asset management estimates and capital programme follow up	Reasonable	March
Cash and Bank Reconciliations	Reasonable	June
Asbestos	Reasonable	June
Contract monitoring and social value	Reasonable	June
Regeneration and Environment		
Tree Service	Substantial	September
Home to School Transport	Partial	September
Waste Operations (Health and Safety)	Reasonable	September
Sundry Debtors	Reasonable	September
Risk registers	Reasonable	March
Highways Structures	Partial	March
Trading Standards Unannounced visit	Reasonable	March
Childrens Capital of Culture Follow Up	Substantial	June
Home to School Transport Follow Up	Reasonable	June
Building Control	Reasonable	June
Contract monitoring and social value	Reasonable	June
Cross-cutting audits		
Anti Money Laundering Assurances (Right to Buy)	Substantial	September
Cash Controls	Reasonable	November
Liquid Logic (IT application)	Reasonable	June

Rating	Definition
Substantial Assurance	Substantial assurance that the system of internal control is designed to achieve the service's objectives and this minimises risk. The controls tested are being consistently and effectively applied. Recommendations, if any, are of an advisory nature to further strengthen control arrangements.
Reasonable Assurance	Reasonable assurance that the system of internal control is designed to achieve the service's objectives and minimise risk. However, some weaknesses in the design or inconsistent application of controls put the achievement of some objectives at Low risk. There are some areas where controls are not consistently and effectively applied and / or are not sufficiently developed. Recommendations are no greater than medium priority.
Partial Assurance	Partial assurance where weaknesses in the design or application of controls put the achievement of the service's objectives at a Medium risk in a significant proportion of the areas reviewed. There are significant numbers of areas where controls are not consistently and effectively applied and / or are not sufficiently developed. Recommendations may include high priority and medium priority matters.
No Assurance	Fundamental weaknesses have been identified in the system of internal control resulting in the control environment being unacceptably weak and this exposes service objectives to an unacceptable High level of risk. There is significant non-compliance with basic controls which leaves the system open to error and / or abuse. Recommendations will include high priority matters and may also include medium priority matters.

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Agenda Item 12

Rotherham Metropolitan Borough Council

Public Report
Audit Committee

Committee Name and Date of Committee Meeting
Audit Committee – 16 June 2026

Report Title
Internal Audit Progress Report for the period 1st February to 30th April 2026

Is this a Key Decision and has it been included on the Forward Plan?
No

Executive Director Approving Submission of the Report
Judith Badger, Executive Director of Corporate Services

Report Author(s)
Louise Ivens, Head of Internal Audit
Tel: 01709 823282 Email: louise.ivens@rotherham.gov.uk

Ward(s) Affected
Borough-Wide

Report Summary
This Progress Report provides the Committee with an up-to-date position on the Internal Audit Plan, a summary of Internal Audit work completed during the period 1st February to 30th April 2026 and the key issues that have arisen from it, along with the status of actions arising from audits. It also provides information regarding the performance of the Internal Audit function during the period.

Recommendations
That the Audit Committee is asked to:

1. Note the Internal Audit work undertaken since the last Audit Committee, 1st February to 30th April 2026, and the key issues that have arisen from it.

2. Note 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 – 2025/26 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 outcome summary

Background Papers
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 1st February to 30th April 2026

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 The Global Internal Audit Standards (UK Public Sector) require that the Head of Internal Audit reports periodically to the Audit Committee. This is reflected in the Audit Charter which provides for Progress Reports to be presented to the Audit Committee regarding the Audit Plan and progress against it; resource requirements; the results of audit activities; the tracking of audit recommendations; and the performance of the audit team.

1.3 This report includes the position up to the end of April 2026 on the progress of the 2025/26 audit plan, the reports finalised between February and April 2026 and performance indicators for the team.

2. Key Issues

2.1 Internal Audit produced a risk-based Audit Plan for 2025/26 and presented it to the Audit Committee at its meeting on 11th March 2025. 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**.

2.2 Audit opinions and a brief summary of all audit work concluded since the last Audit Committee are set out in **Appendix C**. 11 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 Action Plan is attached at **Appendix F**. An investigation outcome summary is attached 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 1st February to 30th April 2026 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 16th June 2026 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 Corporate 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_2 Emissions and Climate Change

11.1 There are no direct CO_2 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.ivens@rotherham.gov.uk

This report is published on the Council's website.

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Appendix A

Internal Audit Progress Report

1st February – 30th April 2026

1. Internal Audit Annual Plan

1.1 Internal Audit produced a risk-based Audit Plan for 2025/26 and presented it to the Audit Committee at its meeting on 11th March 2025. 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. There have been no changes to the plan during this period.

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**. 11 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 audit have not issued an audit report with an opinion. This highlights the range of activities that Internal Audit have also undertaken in the period.

Audit Work Completed	Details of Work Undertaken, and Assurance Provided
Customer Services Liaison meeting	Participation in this regular meeting helps to ensure audit are informed of the latest areas that Customer Services 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.
Early Years and Education System Project Group	This is a new education case management system that will provide a single, joined-up view of children and young people in Rotherham. Internal Audit's role has been to attend the project board meetings and liaise with Digital Services and Finance colleagues to understand and present a common view of progress and risks.
Audit Queries and Advice	Audit have been providing ad hoc advice to the Finance Team regarding the new Finance System controls.
Childrens Capital of Culture 2025	Audit testing confirmed that the income and expenditure statement was an accurate reflection of the spend associated with the project.
Data matching	Internal data matching has been undertaken to identify any potential undeclared interests and potential procurement fraud. The exercise highlighted that not all staff/line managers were aware of the Council's declaration of interests' requirements. A reminder had been issued to all staff during the finalisation of this work, and a revised process for registering interests already

	established. No inappropriate/fraudulent payments were identified.

4. Anti-fraud and corruption work and investigations

4.1 In addition to the planned audit assurance work, Internal Audit also carries out unplanned responsive work and investigations into any allegations of fraud, corruption or other irregularity. There is one investigation ongoing. One investigation has been closed in the period. Please see **Appendix G** for the outcome of this investigation.

4.2 The National Fraud Initiative (NFI) is a biannual data matching exercise conducted by the Cabinet Office. No overpayments or fraud were identified from the 2024/25 exercise. Preparation for the next data submission in Autumn 2026 is ongoing in accordance with the national timetable.

5. Internal Audit Performance Indicators, Post Audit Questionnaires and the Quality Improvement and Performance Plan (QAIP)

5.1 The performance indicator results for the period are highlighted in **Appendix D**. These demonstrate good performance over all three indicators. Audit management continues to monitor time spent on audits to ensure overall deliverability of the audit plan. The number of audits finalised during the year is behind that planned, largely due to the retirement of a member of staff in January. The post has proved difficult to recruit to.

5.2 The results from the post audit questionnaires received over the period have been positive (**Appendix E**).

5.3 The updated QAIP Action Plan is attached at **Appendix F**. The external assessment Action Plan and the pre-existing action plan have now been merged. Good progress has been made implementing the improvement actions.

6. Management Response to Audit Reports

6.1 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 Service Director and final reports are also sent to the Executive Director, Chief Executive and the Leader.

6.2 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 Service and Executive Director.

Managers should access the audit system and provide an update on the action – either implemented (with evidence) or deferred.

6.3 Summary reports of outstanding actions are produced monthly and distributed to Executive Directors. The status of all open recommendations is tabulated below:

	Open Recommendations & Priority			**Total as of 30 April 2026**	**Total Deferred**
Directorate	**High**	**Medium**	**Low**		
Adults, Housing and Public Health	0	3	0	3	
Policy, Strategy and Engagement	1	4	3	8	
Children and Young People	0	5	4	9	2
Corporate Services	0	5	14	19	4
Regeneration and Environment	1	3	3	7	
Total	**2**	**20**	**24**	**46**	**6**

6.4 The following table shows the movement between periods.

Directorate	**Total as of 31 January 2026**	**Recommendations opened in period**	**Recommendations closed in period**	**Total as of 30 April 2026**
Adults, Housing & Public Health	4	2	3	3
Policy, Strategy and Engagement	0	8	0	8
Children and Young People	13	7	11	9
Corporate Services	16	23	20	19
Regeneration & Environment	16	5	14	7
Total	**49**	**45**	**48**	**46**

Appendix B

Internal Audit Plan 2025/26

Adult Care, Housing and Public Health				
Total number of days 130				
Risk Register Ref	**Council Plan Theme Ref**	**Title**	**Brief Description**	**Progress/ Qtr planned**
ACHPH-R41 & 50	1	Health and Safety in Council Homes (Smoke and Carbon Monoxide).	Follow up audit of partial opinion.	Final Report Reasonable Assurance
N/A	6	Procurement Governance (Contract Management)	Follow up audit of partial opinion.	In progress
ACHPH-R41 & 50	1	Health and Safety in Council Homes - Water Safety (Legionella).	Follow up audit of partial opinion.	Final Report Substantial Assurance
SLT 40 ACHPH-R41 & 50	1	Health and Safety in Council Homes - Review of fire safety compliance	Cyclical review of key areas of health and safety compliance.	Final Report Substantial Assurance
SLT 40 ACHPH-R41 & 50	1	Health and Safety in Council Homes - Review of asbestos compliance.	Cyclical review of key areas of health and safety compliance.	Final Report Substantial Assurance
N/A	6	Compliance with statutory tenancy processes.	Review of compliance with policy. A cyclical programme will be established to review granting tenancies, terminations, assignments, successions and mutual exchanges.	Final Report Reasonable Assurance
HR29	1	Handover arrangements of new build homes.	Assurance that all areas of H&S have been checked and addressed where appropriate before handing over the property to tenants.	In progress
ACHPH-R21 SLT 38	1, 3	Rothercare Follow Up including assistive technology (PSTN)	Follow up of partial opinion and assurance on new service delivery model. Review progress against the PSTN project implementation plan.	Draft Report
ACI-R4	1	Safeguarding	(Deferred from 2024/25) A review of the processes for the receipt, triage and investigation of safeguarding enquiries from all sources.	In progress
ACI-R22	1	Community Dols	(Deferred from 2024/25).	In progress

			To provide assurance on the management of Dols cases following the increase in demand.	
Assistant Chief Executive/Policy Strategy and Engagement				
Total number of days 55				
Risk Register Ref	**Council Plan Theme Ref**	**Title**	**Brief Description**	**Progress/ Qtr planned**
HR 05	6	Agency Staff (This will now come under the Corporate Services Directorate)	Review to provide assurance that: - • HR / Procurement policies / procedures are in place/ being applied. • Agency Staff are being procured via the Council's current framework agreement. • Policy / procedure is followed for the use of specialist agency staff outside of the agreed framework contract. • Agency costs are monitored	Draft report
HR 12	6	Gifts and Hospitality (Employees)	Review to provide assurance that: - • Staff are aware of the Council's Code of Conduct and their responsibility to declare gifts and hospitality. • Monitoring arrangements are in place with appropriate action taken where necessary.	Final Report Reasonable Assurance
Childrens and Young People's Services				
Total number of days 70				
Risk Register Ref	**Council Plan Theme Ref**	**Title**	**Brief Description**	**Progress/ Qtr planned**
N/A	2	S17 payments and reduction in cash payments project (2024-25)	Review of the need, authorisation and delivery of the S17 funds to clients and compliance with the policy.	Final report Partial Assurance
EI 13	2	Crowden Outdoor Education Centre	Assurance regarding the financial management arrangements including that all services are being charged for.	Final Report Reasonable Assurance
N/A	2	Schools' assurance	Two school audits will be undertaken.	Final Report

				Reasonable Assurance x 2
Finance and Customer Services/Corporate Services				
Total number of days 145				
Risk Register Ref	**Council Plan Theme Ref**	**Title**	**Brief Description**	**Progress/ Qtr planned**
FCS 24	6	Water safety (legionella) Follow up	Follow up audit of partial opinion	In progress
FCS 23	6	Building Security Follow up	Follow up audit of partial opinion	In progress
FCS 23	6	Riverside House security and ID cards	A review of the controls in place for ID card issuing/cancelling and Riverside House building security arrangements.	Final Report Partial Assurance
N/A	3	Asset management estimates & Capital Programme	Follow up audit of partial opinion.	Final report Reasonable Assurance
N/A	6	Procurement Governance (Contract management)	Follow up audit of partial opinion.	In progress
N/A	6	Purchasing Cards	Assurance regarding compliance with the system controls and confirmation regarding appropriateness of expenditure and that this is supported with receipts.	In progress
N/A	6	Cash and banking system and reconciliations	Review the timeliness and accuracy of cash and bank reconciliations and key controls. Review the effectiveness of the project management of the switchover of the banking provider.	Final report Reasonable Assurance
N/A	6	Treasury Management and Prudential Indicators	Review compliance with CIPFA Treasury Management Code, Prudential Code and authorisation controls for investments & loans.	In progress
FCS16	6	NNDR /Business Rates	Assurance on the arrangements for billing, collection, recovery, enforcement and discretionary reliefs.	Final Report Substantial assurance
N/A	6	Insurance	To provide assurance that the Insurance Service fulfilling its requirements to the Council. This would include a review of the processes from receipt of requests to conclusion,	Draft report

			including liaison with the relevant services to identify trends in claims and any preventative action.	
Salford IA risk assessment	6	Network access management and active directory administration.	This review will include configuration management, security management (especially around access and authentication), performance management (KPI definition and monitoring), privileged access management and capacity planning/forecasting).	In progress
FCS 24	6	Health and Safety - Review of asbestos compliance	Cyclical review of key areas of health and safety compliance.	Final Report Reasonable assurance
Regeneration and Environment				
Total number of days 100				
Risk Register Ref	**Council Plan Theme Ref**	**Title**	**Brief Description**	**Progress/ Qtr planned**
RE51 PRT53	3	Highways structures (2024-25)	Assurance regarding compliance with the inspection regime and a review of the adequacy of the follow up process where issues have been identified.	Final report Partial assurance
N/A	6	Procurement Governance (Contract management)	Follow up audit of partial opinion.	In progress
RE34 CST58 CCoC1-8	2, 5	Children's Capital of Culture	Follow up audit of partial opinion.	Final report Substantial assurance
CSS28 & R&E 9	4	Home to School Transport	Follow up audit of partial opinion.	Final Report Reasonable assurance
RE56 & CSS47	1, 5	Hellaby Stores	Review of stock control arrangements following introduction of new stock software system.	Draft Report
N/A	1	Trading Standards	Unannounced visits	Final report Reasonable Assurance
RE60 PRT55	1	Building Control (Deferred from 2024-25 audit plan)	Provide assurance after changes in regulations around payments and inspection visits.	Final report Reasonable Assurance

RE15 & CSS13	4	Barnsley Doncaster Rotherham PFI Joint Waste Contract	Review of effectiveness of contract management	In progress
N/A	6	Directorate Risk Register review	Seek assurance that risks are being effectively managed.	Final report Reasonable Assurance
N/A	3	Section 106	A review of the management and outcomes to ensure that the S106 process is robust.	In progress
Corporate/Crosscutting reviews				
Total number of days 270				
Risk Register Ref	**Council Plan Theme Ref**	**Title**	**Brief Description**	**Progress/ Qtr planned**
N/A	6	Sundry Debtors 2024-25	Cross directorate review of implementation of recommendations. This will identify if authority wide debt has reduced and confirm if action is being taken to proactively reduce debt.	CYPS Final Report Reasonable Assurance.
N/A	6	Cash Controls 2024-25	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.	Final Report Reasonable Assurance.
N/A	6	Contract monitoring (Key Performance Indicators) and Social Value 2024-25	Compliance with the Social Value Policy regarding obtaining quotes from suppliers and a review of key performance indicators being measured in contracts.	PSE Partial Assurance All other directorates Reasonable Assurance
N/A	1, 6	Council's arrangements for managing CCTV	Review to confirm compliance with GDPR, RIPA, any other relevant best practice guidance and legislation including the CCTV Policy. This will consider the overall responsibilities for CCTV management and monitoring arrangements.	In progress
Salford IA risk assessment	6	Application review – Liquid logic (CYPS 2025-26 – Adults will be covered in 2026-27)	The audit will include maintenance and support controls, including supplier management and roadmap prioritisation; Application access controls assessing controls over both general and privileged level access; Audit trail management covering monitoring of users accessing the system,	Final report Reasonable Assurance (Salford Assessed as Grade 5 out of 10)

			particularly in relation to users with high level access or processing of ‘critical’ transactions; System availability and continuity covering system performance management, availability, capacity and continuity management.	
CSC 09	1, 2	16/17 Year Old Homeless Pathway	Approach to meeting the need of 16/17 yr old children who present as being homeless either to Childrens social care or Housing.	Draft Report
Follow Ups			Time set aside for the follow up of any partial or no assurance opinions completed within the year.	
Project Boards and groups			Internal Audit attendance at project boards or groups to give advice on internal controls.	
Data analytics development			Time set aside to develop the data analytics workstreams and undertake testing.	
Independent review of grants			Independent examination of accounts and / or assurance that the grant claim has been spent in accordance with the grant determination.	
Contingency			Time set aside for audit review of any new and emerging risks, unplanned work identified as being required during the year.	

Anti-Fraud and Corruption and Anti Money Laundering		
Total number of days 210		
Title	**Brief Description**	**Progress/ Qtr planned**
Investigations	Time set aside for investigation of whistleblowing and other referrals received.	1-4
Anti-Fraud and Corruption Policy Updates	Review and update of Anti-Fraud and Corruption Policies • Anti-Fraud and Corruption Policy and strategy and assessment against best practice	Complete
Anti-Fraud and Corruption Proactive Work	Risk-based work to prevent and detect fraud including:- • Review and investigation of NFI matches • Awareness raising and communication of fraud risks and internal reporting arrangements to employees. This includes liaison with risk champions supporting fraud risk development across the council.	NFI complete
Anti Money Laundering Assurances	Testing on key systems/controls to gain assurance on Anti Money Laundering arrangements (Land and Property transactions).	In progress
Total number of days 980		

Key:- Council Plan Themes

1- People are Safe, Healthy and Live Well
2- Every Child able to fulfil their potential
3- Expanding economic opportunity
4- A cleaner, greener local environment
5- Every neighbourhood thriving
6- One Council

Appendix C

Summary of reports issued during the period February to April

Audit Area & overall opinion	Assurance Objective	Summary of findings
Adult Care, Housing and Public Health		
Water Safety (Legionella) Follow Up Substantial Assurance	The overall objective of the audit was to undertake a follow up review to consider the degree of implementation of agreed actions arising from the audit of Water Safety (Legionella).	The follow up audit reviewed progress against the recommendations made following an audit on water safety (Legionella) which reported partial assurance. The audit confirmed that the actions agreed in response to the water safety and legionella recommendations have largely been implemented, with evidence provided of strengthened assurance processes, updated guidance and procedures, and improved communication and training. The service has made significant progress in implementing recommendations and strengthening compliance, and operational controls which have led to robust monitoring and reporting of any issues. The only gap highlighted was that, while outstanding remedial actions are included on the housing scorecard, this information is not yet routinely reported to the Housing Regulatory Assurance Board alongside existing Legionella Risk Assessment completion metrics.
Childrens and Young Peoples' Services		
School 1 Reasonable Assurance School 2 Reasonable Assurance	The overall objective of the audit was to provide assurance regarding the effectiveness of financial and management controls at the school.	The audit assessed the financial, governance and operational controls at the schools across 12 key risk areas. Overall, the schools demonstrated several examples of good practice, including effective budget monitoring, appropriate financial scrutiny by Governors, secure income processes, compliant payroll controls, and strong health & safety including safeguarding arrangements. The main finding at these schools were the weak controls surrounding debit card payments. This was highlighted as an area for concern at all schools operating their own bank accounts. After finding this issue Internal Audit were in contact with all maintained schools via the Local Authority Maintained Headteachers meeting in January 2026 to discuss the introduction of a new authorisation process to mitigate the risks in this area.
Corporate Services		

Audit Area & overall opinion	Assurance Objective	Summary of findings
Asbestos management (Corporate Landlord properties) Reasonable Assurance	The overall objective of the audit was to review the effectiveness and provide assurance of the Council's compliance with Health & Safety for Asbestos Management in Corporate Properties.	A review was undertaken to assess the adequacy of asbestos management arrangements within Corporate Facilities Management and to confirm whether key risks are accurately recorded and effectively mitigated. The risk register was found to be complete, with all mitigating actions being implemented as required. While an Asbestos Management Policy is in place, it is overdue for review, and the accompanying Asbestos Safety Management Plan remains in draft. The Asset List and Asset Register were found to be accurate and are being used effectively to manage asbestos-related data. All corporate properties have been surveyed for asbestos, although some surveys are now out of date. Management are aware of this and have put a process in place to record and monitor progress. Staff responsible for asbestos management are appropriately trained, and all contractors used hold valid UKAS accreditation.
Cash and bank reconciliations Reasonable Assurance	Review the timeliness and accuracy of cash and bank reconciliations and key controls.	Bank reconciliations are carried out and independently authorised. It was noted that there are delays in carrying out the reconciliations. Whilst no problems have arisen due to these delays, it is good practice to perform reconciliations regularly and in a timely manner to ensure any errors or discrepancies are highlighted and investigated at the earliest opportunity. One experienced officer carries out the reconciliations, which are left for them to complete when they return to work, should they be on leave for any reason (contributing to the delays). If there are extended absences, there is provision for other officers to complete the reconciliations. Whilst there are procedural notes on how to carry out the reconciliations, these do not include any indication on when they need to be completed. In addition, whilst there are two other members of staff available to carry out reconciliations, neither has been called upon to complete one.

Audit Area & overall opinion	Assurance Objective	Summary of findings
		Whilst access rights to the banking system were generally controlled, with appropriate access levels and restrictions applied, a small number of issues were noted specifically with access rights not being cancelled where staff had left the Council. Banking migration activities are being tracked with a target date to close all legacy accounts currently in use, by Spring of 2026.
Policy, Strategy and Engagement		
Gifts and Hospitality Reasonable Assurance	The overall objective of the audit was to review and provide assurance that staff are aware of the Council's Code of Official Conduct and their responsibility to declare Gifts and Hospitality and that monitoring arrangements are in place with appropriate action taken where necessary.	The main findings were that the Code of Official Conduct, which outlines the requirements for declaring gifts and hospitality, has not been reviewed since September 2019. The policy is available on the intranet; however, other than during induction, staff are not periodically reminded of the policy. Inconsistencies in the application of management support processes and a small number of clerical errors were identified that had led to incomplete records held on gifts and hospitality register. The register is maintained by the Management Support staff and access to the register is via a Teams channel which is generally restricted to these staff.
Regeneration and Environment		
Home to School Transport Follow Up Reasonable Assurance	The overall objective of the audit was to provide assurance that the agreed actions arising from the previous audit of 'Home to School Transport' have been implemented.	The follow-up audit reviewed progress against sixteen previously agreed audit recommendations. The audit found that significant progress has been made, with most recommendations either fully implemented or progressing within agreed timescales with a small number of issues requiring further management attention. The service has made strong progress in implementing recommendations and strengthening compliance, and operational controls. Where actions remain ongoing, these mainly relate to longer term contract management processes. There remains an ongoing action regarding obtaining 2nd DBS checks for drivers.

Audit Area & overall opinion	Assurance Objective	Summary of findings
		Operational procedures have been strengthened through revised monitoring records, documentation, toolbox talks, and the introduction of routine dip-testing and quality assurance checks. A monthly Compliance Report has been established to inform the Service Director of the following areas: Compliance Spot Checks, Incident Reports, DBS Checks – PSV & Passenger Assistant, 2nd DBS Checks – Private Hire Drivers, Safeguarding Training Compliance, Passenger Assistant (PATs) Training Compliance, Mini bus driver awareness scheme/Mini bus awareness Training Compliance, Management Dip Test Results. Overall, the service has shown a positive trajectory of improvement, with monitoring and assurance arrangements now more robust, better structured, and more transparent with the introduction of the monthly report.
Childrens Capital of Culture Follow Up Substantial Assurance	The overall objective of the audit was to provide assurance that the agreed actions arising from the previous audit of 'Children's Capital of Culture' have been implemented.	All of the recommendations from the previous audit report had been implemented and no further recommendations had been raised during the follow up.
Building Control Reasonable Assurance	The overall objective of the audit is to provide assurance that the internal control arrangements and procedures for building control are in place and meet the requirements of the Operational Standards rules, in	The service generally operates effective controls and meets key requirements of the Operational Standards Rules. Overall systems, risk management, statutory processes, and record-keeping are functioning appropriately. Three areas were identified that require improvement: • Lack of regular team/technical meetings (to ensure that persons supporting the building control functions are informed of relevant information). • CPD record keeping (demonstrating competence of staff).

Audit Area & overall opinion	Assurance Objective	Summary of findings
	preparation for an inspection by the Building Safety Regulator.	• Missing performance data returns to the Health & Safety Executive. The service is broadly prepared for Building Safety Regulator expectations but should address the above gaps to strengthen controls and compliance.
Cross cutting/Corporate reviews		
Contract monitoring and Social Value PSE – Partial assurance ACHPH – Reasonable assurance CYPS – Reasonable assurance Corporate - Reasonable assurance Regeneration and Environment - Reasonable assurance	The overall objective of the audit was to provide assurance that contracts, across the Council, have robust contract management in place (including compliance with Social Value commitments) and that Social Value Policy has been followed regarding obtaining quotes from Suppliers.	A Council wide audit on contract management and social value monitoring has been undertaken. This reviewed contract management for contracts of £100k and over listed on the contracts register, contract management for contracts over £4m listed on the contract management reporting dashboard, procurement of goods/works/services below £100k including social value, and social value monitoring for contracts of £100k and above listed on the contract register. The Social Value Portal (SVP) includes 272 projects across all Council Directorates and reflects all live and closed contracts since 2019 when the Council first started using the reporting tool to monitor social value against delivery. As of April 2026, the SVP identified that 72% of closed projects across the Council failed to meet their social value commitments. Several active projects were not on track, including a total of 15 high-risk cases with less than six months remaining. PSE have responsibility for the Social Value Policy and the Annual Social Value Report and is best placed to monitor and report accurate and transparent performance of social value delivery across the Council using the SVP reporting tool. The recommendations raised in the PSE Directorate report should help to ensure the issue of non-delivery of social value commitments is monitored, reported and that Council wide guidance is made available to Service Directors. This will maximise the local impact of the Council's spend as per the aims of the Social Value Policy. The findings from the directorate audits found that contract management over £100k and over £4m and procurement of goods/works/services below £100k was largely effective with some minor exceptions. The main finding was the lack of monitoring of social value delivery which has been evidenced through the number of services across the Council not achieving the full social value commitment. The recommendations that were agreed

Audit Area & overall opinion	Assurance Objective	Summary of findings
		should help to ensure the improvement of monitoring and reporting of social value achievement.
LiquidLogic Children's Social Care Application Review Reasonable Assurance (Salford Assessed as Grade 5 out of 10)	The objective of this review was to verify whether there were appropriate arrangements in place regarding the management of LiquidLogic children's social care suite. The areas included in the review were: **Maintenance and Support Controls** To confirm that the contract in place with the application's suppliers is being monitored and managed effectively, particularly the application of upgrades and patches. **Access Control Management** To ensure that appropriate and effective processes and controls are in place for the management and administration of users and access levels. **Audit Trail Management** To assess the extent of any monitoring of users accessing the system, particularly in relation to users with high level access, such as System Administrators and Database Administrators.	Controls relating to the Capita application were out of scope due to the impending replacement of the application. The review of the management of the controls in place over the LiquidLogic applications for Children's Services has concluded that, in the main, the controls in place are limited in their effectiveness. During the audit it was identified that 'Super User' access had been granted to 18 of the 28 user-IDs on the ContrOCC finance module. The level of access granted allowed individuals to perform tasks that were outside of the scope of their role or circumvent segregation of duties. They also made the application more prone to misappropriation of funds. Although access to 'Super User' privileges was removed during the audit, the issue had existed since the application was first implemented in 2016. Action is needed to improve controls over user access controls including configuration of new user-IDs, review of user access and management of role profiles. These issues are reflected the risk opinion score. The identified weakness with access permissions within ContrOCC (the finance module associated with the Liquid Logic suite of programs) was raised with both Internal Audit and Digital Services. Digital Services responded swiftly to confirm they had taken immediate action and removed the Super User Profile for all users, with the exception of those within the Business Application Support Team who require that level of permission to administer the system, make configuration changes to ContrOCC, and to investigate and resolve issues with the system. There are now 8 super users in CYPS and 6 in Adults. Following the presentation of interim findings to Internal Audit, a review of the ContrOCC system commenced in September 2025 to provide assurance that transactions processed through ContrOCC were legitimate and appropriately authorised.

Audit Area & overall opinion	Assurance Objective	Summary of findings
	System Availability. To assess the processes in place to manage and monitor system performance, availability, and capacity, and to ensure adequate backup and recovery procedures are in place that have been regularly tested.	The review of Super User roles and audit's payroll validation checks provided assurance that access controls are now more appropriately allocated. Payment processing is robust, with no concerns identified in the samples tested.

Rating	Definition
Substantial Assurance	Substantial assurance that the system of internal control is designed to achieve the service's objectives and this minimises risk. The controls tested are being consistently and effectively applied. Recommendations, if any, are of an advisory nature to further strengthen control arrangements.
Reasonable Assurance	Reasonable assurance that the system of internal control is designed to achieve the service's objectives and minimise risk. However, some weaknesses in the design or inconsistent application of controls put the achievement of some objectives at low risk. There are some areas where controls are not consistently and effectively applied and / or are not sufficiently developed. Recommendations are no greater than medium priority.
Partial Assurance	Partial assurance where weaknesses in the design or application of controls put the achievement of the service's objectives at a medium risk in a significant proportion of the areas reviewed. There are significant numbers of areas where controls are not consistently and effectively applied and / or are not sufficiently developed. Recommendations may include high priority and medium priority matters.
No Assurance	Fundamental weaknesses have been identified in the system of internal control resulting in the control environment being unacceptably weak and this exposes service objectives to an unacceptable high level of risk. There is significant non-compliance with basic controls which leaves the system open to error and / or abuse. Recommendations will include high priority matters and may also include medium priority matters.

Internal Audit Performance Dashboard

Key Performance Indicators

Performance Indicator	Target	April - July	Aug - Oct	Nov - Jan	Feb - Mar
Draft reports issued within 15 working days of field work being completed	90%	96%	80%	100%	83%
Final reports issued within 5 working days of customer response to the draft report	90%	100%	100%	100%	100%
Audits completed within planned time	90%	95%	100%	78%	100%

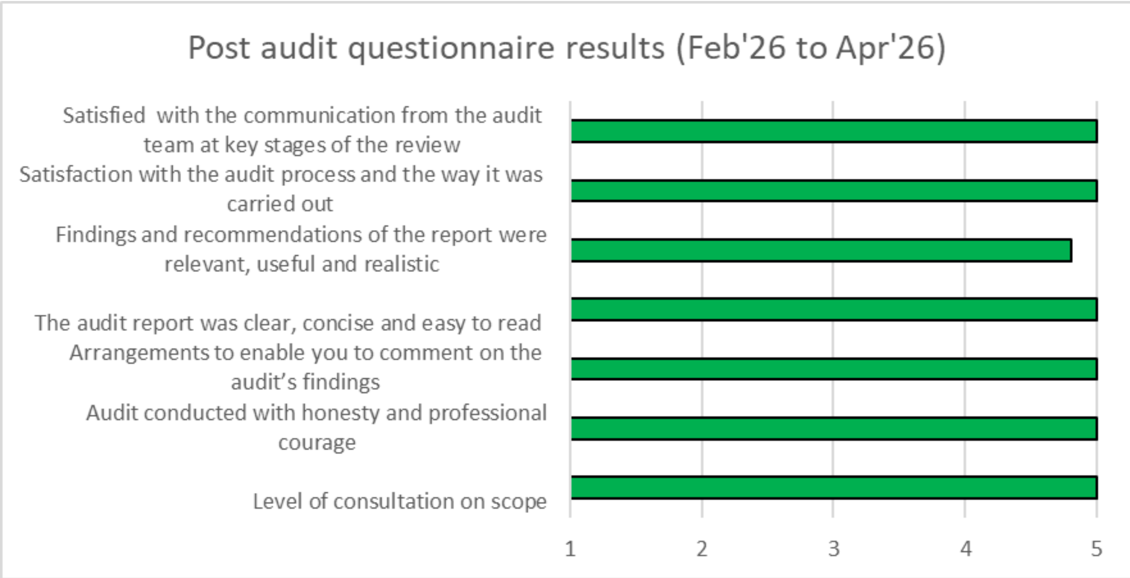
Audit Plan Progress

Assurance Type/ Directorate	2025/26 Plan	Completed	In progress	Not started
Adult Care, Housing and Public Health	10	5	5	0
Assistant Chief Executive	2	1	1	0
Childrens and Young People	2	2	0	0
Finance, Customer Services	12	5	7	0
Regeneration and Environment	9	5	4	0
Crosscutting	3	1	2	0
Grants	7	7	0	0

Post Audit Questionnaires

4 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.

“Really valuable experience carried out with great professionalism and care.”



“Auditor was really helpful and talked through the process and issues she found.”

“The honest and open manner in which it was conducted.”

“The audit was a really useful way for myself, our SMM and admin team to improve and develop the practise and procedures we had in place, most importantly those that were historically in place and financial procedures that need to be developed as we change the way we purchase for schools”

“Auditor was extremely supportive and understanding given the situation in school with key staff absent to help locate information required for the audit.”

“The audit was conducted in a very professional manner, Auditor is very approachable and a clear communicator also an absolute pleasure to work with.”

Appendix F

Quality Assurance and Improvement Programme Action Plan		
Action	**Position statement**	**Target completion date**
Action from the self-assessment against fraud checklist. Update the directorate and corporate wide fraud risk assessment and examine the results as part of the annual Internal Audit planning exercise.	Fraud risk assessment across the Council is continuing with Internal Audit, colleagues from the Policy, Improvement and Risk Service and other key contacts. The updated approach will be reviewed at the next Risk Champions meeting to prepare service areas for incorporating fraud risks into their respective risk registers.	September 2026.
Action from the self-assessment against fraud checklist The reporting of the fraud risks and mitigation will be strengthened over the year and a more comprehensive report will be brought to the Audit Committee.	The reporting of fraud risks and mitigations has been considered, and an enhanced report will be brought to the Audit Committee once a robust Council wide fraud risk assessment has been finalised.	September 2026.
Audit Strategy 2025/28 actions scheduled for 2025/26 and 2026/27		
Develop agile and data driven approaches to auditing		
Investigate and develop the use of Copilot and other tools to aid the planning, testing and reporting process.	Copilot is now being used to identify emerging and current risks as part of the audit scoping process. Copilot is now being used in the audit reporting process with the information comprehensively checked by supervising auditors to supporting records. This is now standard practice so will be removed from the improvement plan.	Complete
Explore the potential use of a dashboard for audit reporting and seek stakeholder feedback.	This action will commence during the second half of the financial year.	Q3 & 4 2026/27
Ensure the use of data analytics has been considered during each audit review. Where relevant make use of available data sets to provide assurance over the whole population rather than the traditional use of sample testing.	This is being considered during all relevant audits for 2025/26 and 2026/27. An audit completion checklist is now being utilised which includes a prompt around the use of data analytics. Data analysis is considered during the scoping stage of each audit. We are furthering our links with other audit services to share ideas and best	Complete

	practice. A data analytics strategy is in place and is updated during audit planning, which is accompanied with a list of prioritised areas for review during the year. Data analytics is now becoming embedded into practice so this will be removed from the improvement plan.	
Enhance skills and knowledge through attendance on training and development events.	A specific training session on data driven approaches to audit has been attended and the learning has been shared with the rest of the team. A watching brief will be maintained to identify any further beneficial training. This has been included in the Training and Development Plan for 2026/27 so has been removed as a specific action for improvement.	Complete
Participate in data analytics Internal Audit groups and regional discussions to enhance knowledge and understanding of audit developments and techniques.	This was raised as an agenda item at a recent local Heads of Audit group. Learning from other authorities will continue and a watching brief will be maintained for any new training or groups to participate in.	2026/27
Work with other service areas in the council for example the business and intelligence team to trial the use of data for continuous audit in key areas of risk, expenditure or potential fraud.	This work will commence in the second half of the year.	Q3 & Q4 2026/27 & 2027/28
Workforce planning and professional development		
Ensure that we have up to date awareness of current training available for auditors on topical subject areas through auditor sub group attendance and active scanning of relevant websites. Identify and provide opportunities for specialist training/knowledge for staff to minimise gaps, for example anti fraud/investigations, data analysis and AI.	Training in key areas for auditors is reviewed on an ongoing basis. Participation in local audit groups helps to identify any training undertaken by other audit services which would be of value. This is an area of constant development and will be kept under continual review to ensure we remain up to date with the latest audit developments.	2026/27.

	Fraud risk training and performance audit training have been identified as priorities for team training during the first quarter of 2026/27.	
Review staff development plans and provide opportunities for staff seeking progression to learn from others in the team (eg peer reviews, investigations).	This is undertaken formally following the Year Ahead Development Plan process and mid-year reviews. This is also discussed during weekly 1:1's and ongoing development of the team is kept under review when allocating audits during the year. An internal promotion has been secured by a member of the team, who is now gaining practical experience in this new role with assistance from peers.	2026/27.
Review the current career pathways for staff within the service and the potential for apprenticeships/qualification routes.	The Trainee Auditor career pathway is now in place. This pathway is linked to attainment of the Institute of Internal Auditors Level 4 qualification as an Audit Technician.	Complete.
Developing the assurance framework		
Identify key external assurance providers and reporting mechanisms into the Council. Review external assurance outputs and review opportunities for collaborative working. Further integrate the assurance into audit planning in 2026/27 and future years. (Linked to Action point 3 below)	This work has commenced in liaison with the Policy, Strategy and Engagement Directorate.	2026/27
Global Internal Audit Standards (UK Public Sector) External Assessment Action Plan		
Action point 2 (Std 5.2) Establish a formal Service Level Agreement (SLA) between the authority and Salford IT audit services to mitigate potential legal and regulatory risks associated with third-party data protection and accountability. Senior management and the Monitoring Officer should evaluate the risks inherent in the current absence of an SLA, report findings to the board, and assess whether similar risk exposures exist across other authority contracts.	An SLA between RMBC IA Services and Salford Technical audit services has now been signed following review by Information Governance and Legal Services.	Complete

(High priority)		
Action point 4 (Std 7.1) The board and senior management should ensure implementation of clear, robust safeguards over the HIA's whistleblowing and also the HIA's broader responsibilities for AFC. This should include prompt review of the HIA's dual responsibilities as the Whistleblowing Officer and investigator for fraud and corruption cases, as combining these roles risks impairing independence. Consideration should be given to implementing a separate, independent assurance mechanism specifically tasked with providing assurance over the HIA's involvement in the whistleblowing process and the HIA's wider AFC responsibilities. (High priority)	A review has been arranged with a neighbouring Council, and the scope is currently being drafted.	30 September 2026
Action point 3 (Std 6.1) It is recommended that senior management strengthen assurance mapping; whilst this is not the responsibility of the internal audit function they can support, advise and contribute to this activity. Comprehensive assurance mapping should include both internal and external assurance providers, thereby facilitating improved coordination, avoiding duplication, and enabling the board and senior management to accurately determine the optimal scope and types of internal audit services required. (Medium Priority)	Developing the assurance framework is included in the IA Strategy with three strategic initiatives and actions assigned for development during 2026/27 and 2027/28. **Actions for 2026/27 in the IA Strategy were:-** Engage with risk management, governance and business intelligence colleagues to enhance understanding of current sources of assurance (both internal assurance providers and external). Identify key external assurance providers and reporting mechanisms into the Council. Review external assurance outputs and review opportunities for collaborative working. Further integrate the assurance into audit planning in 2026/27 and future years.	31 March 2027

	Work on the above has commenced with the Performance, Strategy and Engagement Directorate.	
Action point 1 (Std 3.2) We recommend strengthening internal auditors' mandatory recording and retention of all Continuing Professional Development (CPD) records to ensure the documentation comprehensively supports training undertaken. (Low priority)	The importance of keeping CPD records up to date has been re-enforced in a team meeting. CPD records will be reviewed as part of the My Year Ahead Plan six monthly and annual reviews.	30 June 2026 (Mid year review)
Advisory point 3 (Std 6.3) Enhance governance transparency by ensuring full attendance details, especially noting the participation of senior management and the Head of Internal Audit, are clearly documented up front in public-facing audit committee minutes and online records. Failure to provide conspicuous evidence of senior leadership support risks undermining the perceived authority and gravity of the audit committee's oversight function. (Advisory)	This has now been implemented.	Complete
Advisory point 5 (Std 9.1) Ensure annual training updates for internal auditors incorporate value for money (VFM) topics, ideally expanded to include comprehensive VFM audit methodology training. (Advisory)	This had already been identified as an action via our self-assessment. This has been included in the 2026/27 Training and Development Plan and will be undertaken during the year.	31 March 2027
Advisory point 7 (Std 12.2) The HIA, collaborating with the audit committee and senior management should consider conducting a strategic review to strengthen the Internal Audit function's Key Performance Indicators (kpis) metrics, moving beyond solely delivery metrics to adopt a balanced scorecard approach incorporating	A comprehensive review of KPI's will be undertaken over the summer period, in consultation with senior management the Audit Committee.	September 2026 Audit Committee

Quality and Conformance, and Value for Money (VFM). These updated kpis should be sufficiently challenging yet pragmatic, aligning with the strategic focus areas defined by those charged with governance to effectively monitor the function's performance and continuous improvement. (Advisory)		
Advisory point 4 (Code 2.1) To ensure the audit committee's official documentation aligns with best governance practice and the Code, update the audit committee Terms of Reference (TOR) to formally incorporate the committee's duties to provide feedback on the HIA's proposed job description and contribution, by the Audit Chair, to the annual performance evaluation of the HIA. (Advisory)	The Executive Director of Corporate Services will ensure input from the Chair of Audit Committee is included in the HIA's MYAP/PDR process. The current arrangements with regards to the recruitment of the Head of Internal Audit will be retained. The job description will be reviewed by Human Resources in line with Council procedures prior to advertisement. It would be expected that the recruitment panel would comprise the Executive Director of Customer Services and the Service Director – Legal Services, in line with previous arrangements.	30 September 2026

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Agenda Item 14

Rotherham Metropolitan Borough Council

Public Report
Audit Committee

Committee Name and Date of Committee Meeting
Audit Committee – 16 June 2026

Report Title
Audit Committee Forward Work Plan

Is this a Key Decision and has it been included on the Forward Plan?
No

Executive Director Approving Submission of the Report
Judith Badger, Executive Director of Corporate Services

Report Author(s)
Louise Ivens, Head of Internal Audit
Tel: 01709 823282 Email: louise.ivens@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_2 Emissions and Climate Change

11.1 There are no direct CO2 and Climate Change implications arising from the report.

12. Implications for Partners

12.1 Partners will be able to take assurance on the Control's application of governance controls and management of risks from the work of the Audit Committee.

13. Risks and Mitigation

13.1 The Audit Committee aims to comply with standards established by the Chartered Institute of Public Finance and Accountancy (CIPFA). The maintenance of a work plan is consistent with the CIPFA standards. The production of a work plan also helps the Audit Committee to ensure it achieves its terms of reference.

Accountable Officer(s)
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This report is published on the Council's website.

Audit Committee Forward Work Plan

Meeting Date	Key Responsibility	Agenda Item	Author
July 2026	External Audit	External Audit Progress Report	Grant Thornton
	Treasury Management	Treasury Management Quarterly Update	Rob Mahon
	Governance Risk and Control	Dedicated Schools Grant/High Needs/Safety Value Programme	Joshua Amahwe
	Governance Risk and Control	Risk Management Annual Report and Corporate Strategic Risk Register	Katie Stead
	Governance Risk and Control	External Audit and Inspection Recommendations	Katie Stead
	Governance Risk and Control	Review of Surveillance and use of Regulation of Investigatory Powers	Bal Nahal
	Governance Risk and Control	Procurement Annual Report	Karen Middlebrook
	Audit Committee Accountability	Audit Committee Annual Report	Louise Ivens
	Audit Committee Accountability	Audit Committee Forward Work Plan	Louise Ivens
September 2026	Financial Reporting	Update on Statement of Accounts	Rob Mahon
	Governance Risk and Control	Information Governance Annual Report	Luke Sayers
	Internal Audit / Governance Risk and Control	IA Progress Report	Louise Ivens

	Governance Risk and Control Governance Risk and Control Governance Risk and Control Audit Committee Accountability	Risk Management Directorate Presentation - Policy, Strategy and Engagement Code of Corporate Governance Anti-Fraud and Corruption Policy and Strategy and Anti Money Laundering Policy review and update Audit Committee Forward Work Plan	Katie Stead Katie Stead Louise Ivens Louise Ivens
November 2026	Financial Reporting Governance Risk and Control External Audit Treasury Management Governance Risk and Control Governance Risk and Control Internal Audit / Governance Risk and Control Audit Committee Accountability	Audited Final Statement of Accounts Audited Final AGS External Audit Findings (ISA 260) Mid-Year Report on Treasury Management and quarterly update Risk Management Guide Risk Management Directorate Presentation - Regeneration and Environment IA Progress Report Audit Committee Forward Work Plan	Rob Mahon Judith Badger Grant Thornton / Rob Mahon Rob Mahon Katie Stead Andrew Bramidge Louise Ivens Louise Ivens
January	Governance Risk and Control	Chief Executive Presentation	John Edwards

2027	Financial Reporting	Final Accounts closedown and accounting policies	Rob Mahon
	Governance Risk and Control	External Audit and Inspection recommendations	Katie Stead
	Governance Risk and Control	Strategic Risk Register	Katie Stead
	Governance, Risk and Control	Risk Management Directorate Presentation - Corporate Services Directorate	Judith Badger
	Audit Committee Accountability	Audit Committee Forward Work Plan	Louise Ivens
March 2027	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 Self Assessment, 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 2027	Financial Reporting	Draft Statement of Accounts	Rob Mahon
	Governance Risk and Control	Draft Annual Governance Statement	Judith Badger
	External Audit	External Audit Plan and Progress Update	Grant Thornton
	Treasury Management	Treasury Management Outturn and summary Prudential Indicators	Rob Mahon
	Internal Audit / Governance Risk and Control	IA Progress Report	Louise Ivens
	Internal Audit / Governance Risk and Control	Internal Audit Annual Report	Louise Ivens
	Governance Risk and Control	Risk Management Directorate Presentation - Adult Care Housing and Public Health	Ian Spicer
	Audit Committee Accountability	Audit Committee Forward Plan	Louise Ivens

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