AUDIT COMMITTEE

Date and Time:- **Tuesday 24 November 2026 at 2.00 p.m.**

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

Membership:- **Councillors Baggaley (Chair), Ismail (Vice-Chair), Elliott, Monk and Thorp.**

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.

5. Minutes of the previous meeting held on 24th September, 2026 (Pages 5 - 16)

To consider and approve the minutes of the previous meeting held on 24th

September, 2026, as a true and correct record of the proceedings and to be signed by the Chair.

6. Audited Final Statement of Accounts and External Audit Findings (ISA 260) (Pages 17 - 232)

Rob Mahon, Service Director, Financial Services, and representatives from Grant Thornton to present

7. Final Annual Governance Statement (Pages 233 - 266)

Katie Stead, Policy, Improvement and Risk Manager, to present

8. Auditors Annual Report Year ending 31 March 2026 (Pages 267 - 315)

Representative of Grant Thornton to present

9. Mid-Year and Quarterly Treasury Management Update (Pages 317 - 332)

Rob Mahon, Service Director, Financial Services, to report

10. Risk Management Guide (Pages 333 - 366)

Katie Stead, Policy, Improvement and Risk Manager, to report

11. Internal Audit Progress Report (Pages 367 - 391)

Louise Ivens, Head of Internal Audit, to present

12. Regeneration and Environment Risk Management Presentation (Pages 393 - 422)

Andrew Bramidge, Executive Director, Regeneration and Environment, to present

13. Audit Committee Forward Work Plan (Pages 423 - 429)

Louise Ivens, Head of Internal Audit, to present

14. Items for Referral for Scrutiny

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

15. 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 19 January 2027
commencing at 2.00 p.m.
in Rotherham Town Hall.



John Edwards,
Chief Executive.

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AUDIT COMMITTEE
24th September, 2026

Present:- Councillor Baggaley (in the Chair); Councillors Ismail and Monk together with Alison Hutchinson (Independent Person).

Also present:-
Joshua Amahwe, Head of Service
Judith Badger, Executive Director, Corporate Services
Fiona Boden, Head of Policy, Performance and Intelligence
Emma Hill, Head of Democratic Services
Louise Ivens, Head of Internal Audit
Rob Mahon, Service Director, Financial Services
Karen Middlebrook, Head of Procurement
Katie Stead, Policy, Improvement and Risk Manager
Sam Ulyatt, Service Manager Information Management
Greg Chandley, Grant Thornton (External Auditor)
Liz Luddington, Grant Thornton (External Auditor)
Dawn Mitchell, Governance Advisor/Clerk

Apologies for absence were received from Councillor Elliott and Michael Olugbenga-Bababola (Independent Person).

33. MINUTE'S SILENCE

The Committee stood in silence as a mark of respect following the recent sad passing of Councillor John Blackham.

The Chair wished to place on record the Committee's condolences to his family and friends and how his contribution and engagement in the activities of the Audit Committee would be sorely missed.

34. DECLARATIONS OF INTEREST

There were no declarations of interest made at the meeting.

35. QUESTIONS FROM MEMBERS OF THE PUBLIC OR THE PRESS

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

36. 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 Nos. 44 (Internal Audit Progress Report – Appendix G) and 45 (Policy, Strategy and Engagement Risk Register) as defined in the paragraphs indicated below of Part 1 of Schedule 12A to the Local Government Act 1972.

37. MINUTES OF THE PREVIOUS MEETING HELD ON 28TH JULY, 2026

Consideration was given to the minutes of the previous meeting of the Audit Committee held on 28th July, 2026.

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

38. EXTERNAL AUDIT PROGRESS REPORT AND SECTOR UPDATE

Liz Luddington and Greg Charnley, Grant Thornton (External Auditor) presented a progress report as at 15th September, 2026, highlighting:-

- Audit fieldwork had commenced in early July and remained on track to issue audit opinion by the end of November
- Intention for work to be well progressed with all significant risk areas of the audit by the end of September
- Assessment underway of the Council's adoption of the new indexation requirement applicable to land and buildings for the first time in 2025/26. This was the sole change in accounting standard applicable to this year's accounts audit
- The Council's draft financial statements were subject to a technical review this year termed as a 'hot review'. This was a biennial review and the process had already started
- Detailed Value for Money work had begun in August with meetings held to obtain further understanding of the progress the Council had made in responding to the significant weakness identified in previous years

The report also provided information on external audit sector updates highlighting:-

- Adult Social Care
- Children's Social Care
- Annual Government Statement
- Best Value

It was clarified that the progress position had improved since production of the papers with Grant Thornton confident that all audit areas would be "green" by November.

Resolved:- That the progress and sector updates be noted.

39. PROCUREMENT ANNUAL UPDATE REPORT 2026

Karen Middlebrook, Head of Procurement, presented a report providing an update on procurement activity since March, 2025.

In February 2025 the new legislation (Procurement Act 2023 ("PA23")) governing public sector procurement activity was implemented for all new procurement activity commencing from the date of implementation. Whilst the new legislation was in force, the old legislation (Public Contracts Regulations 2015 ("PCR15")) had not ceased to exist and would remain in force for as long as the last contract procured under the old regime was in existence. For health related contracts linked to Public Health activity, the provisions of The Health Care Services (Provider Selection Regime Regulations 2023 ("PSR") were applicable.

The uptake of activity under PA23 and PSR had been slow as the Council had commenced a significant volume of large scale procurements before the changes came in to allow the legislation sufficient time to settle in. However, since the last update to the Audit Committee (Minute No. 84 11th March, 2025), the Council had now undertaken a range of procurement exercises under all the different applicable legislation. It remained challenging due to the multiple pieces of legislation to ensure the correct processes were undertaken, notices published and terminology/language used but would become easier the more exposure the Council had in undertaking this activity.

The PA23 had also brought a duty to report twice yearly on the Council's performance of paying its suppliers within 30 calendar days through the publication of a Payments Compliance Notice. The first notice required publication before the 29th April 2026 deadline covering the period 1st October 2025 to 31st March 2026. This reported that the Council took an average of 12.30 days to pay with 94.08% of invoices paid within 30 calendar days during that period.

An analysis against the Yorkshire and Humber region local authorities had been undertaken where information was published which revealed that Rotherham was ranked 6th. Work was underway with Finance with regard to wider support to services to improve this position.

Procurement training continued to be delivered to officers across the Council with approximately 180 trained and a dedicated session to the Regeneration and Environment Directorate of over 60.

In recognition of the work referred to above and in response to a recommendation from the External Auditor's Value for Money report, a Procurement Strategy had been developed for the period 2026-2031. It set out 6 key themes:-

- Delivering Social Value
- Upholding Ethnical Procurement Principles
- Ensuring Compliance and Good Governance
- Strengthening Contract and Supplier Management
- Supporting Financial Sustainability
- Building a Strong and Diverse Supply Base

The Strategy needed to be considered as part of the wider commissioning lifecycle and all Services would have a role in delivering the activity. It helped to frame the key priorities for the Service to better enable it to be understood by Services and the external supply market.

Discussion ensued with the following issues raised/clarified:-

- There was no breakdown by organisation of payment performance; the target was based on the Government criteria that set out that all businesses were paid and payment reached their bank account within 30 days of the Authority receiving the invoice. Efforts were made to prioritise the smaller businesses, however, the decision had been made 6 years ago that once an invoice was ready it was settled

- The aim of the Strategy was to support local communities and deliver value for money, however, the local person may not be able to supply at the same rate as a large business or know how to find public sector opportunities/understand the legislation/documentation. Work was taking place with Regeneration and Environment colleagues to provide business support opportunities through Gro for Growth so local businesses understood the opportunities of value for money and competition. If they did unsuccessfully participate in procurement activity they were provided with detailed feedback as to the reasons why

- The procurement process was an active challenge; there was emphasis in the Strategy and documentation, as well as changing the message in the commissioning processes, of contract management. Training was taking place on contract management to emphasise the importance of service planners forward planning for contracts with the commissioning cycle an active part of how procurement plans operated

- Training had taken place regarding the requirements of the new Procurement Act. There were not many contracts that fell out of the contract compliance period, however, those challenges needed to be escalated and Service Directors held responsible for the contracts in their areas and actively looking to plan for them. Internal Audit looked at those processes to ascertain the presence of forward plans and encouraged Service Directors to have that focus. There had to be training and an understanding of contract rules and responsibility and changing that message in the organisation from contract to commissioning

- Direct award of a contract was a compliant way to tender contracts and sometimes the most appropriate method

- A business, with a turnover of a certain threshold, was expected to publish its policy on modern slavery within their own supply chain and was why it was linked into procurement activity

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

(2) That the continued work taking place to continually improve commissioning and procurement activity and ensure compliance with legislation and relevant codes of practice be supported.

(3) That future reports include a league table element to enable to ascertain the Authority's position when benchmarking.

40. INFORMATION GOVERNANCE ANNUAL REPORT

Consideration was given to the annual report presented by Sam Ulyatt, Service Manager Information Management, which set out the detail of Council's compliance with Data Protection and Freedom of Information Act 2000 legislation (for the purpose of the report included the Environmental Information Regulations 2004).

The report, therefore, set out in detail performance for Freedom of Information, Right of Access Requests and any Data Incidents/Breaches.

In terms of responses to Freedom of Information (FOI) Requests (within the statutory time limits) overall performance was at 97% with the number of requests received during Year 2025/26 up to 1,423 compared to 1,347 in 2024/2025. Overall 97% of FOI requests were responded to within the statutory time limits (1,380 of the 1,423).

This was a slight decrease in performance compared to the previous year but a further numerical increase in the number of requests received. Whilst performance for 2025/26 was 1% lower than in the previous year (98%), analysis of the data did not raise any concerns on the year's performance. In 2025/26 there were no requests formally refused as invalid.

With regards to Right of Access Requests (RoARS) during 2025/26 there was a substantial step-change increase to the numerical volume received in 2024/25 (235). This continued the trend of the volume of RoARS increasing year-on-year.

However, despite the volume increase, performance had improved by 4% compared with the previous year with 264 (67%) requests processed within the statutory timeframe for 2025/26 compared to 149 (63%) in 2024/25.

Performance would continue to be closely monitored with regard to FOI and RoAR with the focus on improving time to completion and keeping customers informed.

In terms of Data Incidents and Breaches, the Council actively encouraged Services to report any suspected data incidents and all reported cases were investigated. Attached to the report was an Appendix which provided a breakdown of the number and classification of incidents.

In 2025/26 the Council had logged and investigated 223 reports of incidents of which 167 (75%) were recorded as breaches. Disclosed in error breaches accounted for 134 of the 167 (80%). In the previous year the equivalent figures were 129 out of 142 breaches (91%).

All the breaches investigated were non-reportable to the regulatory body (ICO).

Discussion ensued with the following issues raised/clarified:-

- The information provided by Directorates with regard to information data incidents was accurate but reliant upon the reporting thereof

- If a FOI request was refused, the customer would receive a formal response to that effect and also include some advice/guidance on narrowing the parameters of their question so they could, if they wanted to, refine their request and resubmit

- There had been continued growth in the number of RoARs being received a large number of which were within Social Care and, by nature, frequently quite complicated. On average it would take an officer a day to review 250 pages with a Social Care file being anything from 5,000-10,000 pages. There was potential for a piece of redaction software which would assist the process but would still not remove the need for the human element and the requirements of the Data Protection Act

- Numerous discussions had taken place as to how the management could be reorganised to improve performance without being unfair to individuals as requests should be dealt with in the order of receipt

- The internal target for response to RoARs was 62%. This was monitored throughout the year with monthly statistics produced and submitted to the Service Directors Group. Statistics did vary dependent upon the number of Social Care requests received

- Discussions were taking place on the breakdown of disclosing data protection incidents/breaches in more detail. Recording took place as to whether it was an internal disclosure or external. This would be reported on in the future

Resolved:- (1) That the Data Protection/FOI Annual Report 2025/26 be received and the contents noted.

(2) That the Council continues its maintenance of its Information Governance practices and processes as a requirement and in compliance with legislation.

(3) That future reports include:-

- comparisons with previous year's information security incident statistics
- the number of FOI requests refused and the reasons for refusal
- Public Health figures for the past 2 years to ascertain if there was a trend
- the number of exceptions made

(4) That, in order to meet the Council's obligation to annually publish its FOI performance statistics, the report will be published online.

41. CODE OF CORPORATE GOVERNANCE

Consideration was given to the report presented by Katie Stead, Policy, Improvement and Risk Manager, which detailed how in April 2016 the Chartered Institute of Public Finance and Accountancy and the Society of Local Authority Chief Executives published revised guidance on delivering good governance in Local Government. In May 2025 CIPFA issued an addendum to the guidance covering the annual review of governance and the annual governance statement.

The guidance set out the 7 key principles which underpinned the governance of each local government organisation. The Council's local Code followed these principles and demonstrated how they were applied and evidenced in practice.

The Council's Code of Corporate Governance was refreshed last year to comply with the addendum. It was good practice to review and revise the Council's Code on an annual basis and the review of the Code had been completed focussing on updating evidence in line with internal improvements. Attached to the report submitted was the tracked change appendix.

Resolved:- That the refreshed version of the Code of Corporate Governance be received and noted.

42. ANTI-MONEY LAUNDERING POLICY REVIEW

Consideration was given to a report presented by Louise Ivens, Head of Internal Audit, proposing an update to the Council's Anti-Money Laundering Policy to ensure that it was in line with current best practice and took into account any changes to the Council's organisational structure. It was last updated in 2024 (Minute No. 55 refers).

Public authorities (not being regulated businesses as defined within the Legislation) were not legally obliged to apply the provisions of all the Money Laundering Regulations unless they were undertaking a service 'by way of business'. The Chartered Institute of Public Finance and Accountancy (CIPFA) had produced guidance which suggested that as responsible bodies, public authorities should put in place appropriate and proportionate anti-money laundering safeguards and reporting arrangements designed to enable them to detect and avoid involvement in the crimes described in the Legislation and Regulations.

The Money Laundering and Terrorist Financing (Amendment) Regulations 2026 (SI2026/621) had come into force on 30th June, 2026, and amended The Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017. The key changes focused on refining due diligence requirements and high risk country lists; converting EU monetary thresholds into pound sterling equivalents; refining and tightening the Enhanced Due Diligence test (EDD) and new Customer Due Diligence (CDD) obligations for pooled client accounts. There were expanded and clarified information sharing duties between Anti-Money Laundering supervisors, Companies House and other public regulatory bodies to target economic crime intelligence.

The Council's updated Anti-Money Laundering Policy was attached at Appendix A and the tracked changes version included at Appendix B. It had been reviewed with only minor amendments made and in accordance with the updated legislation. The amendments did not change any of the underlying responsibilities or requirements of staff.

Alongside the Policy review, Internal Audit were examining controls within higher risk areas within the Council and would assess whether there were appropriate and proportionate anti-money laundering arrangements in place. The scope included staff awareness of the risks, customer due diligence, record keeping, monitoring, reporting lines and general awareness and training. The outcome of the review would be included in the Internal Audit progress report once the final report was issued.

Resolved:- (1) That the revised Anti-Money Laundering Policy be received and noted.

(2) That the actions being undertaken to review the Council's anti-money laundering arrangements be noted.

43. COUNTER FRAUD FRAMEWORK INCLUDING ANTI-FRAUD AND CORRUPTION POLICY AND STRATEGY

Consideration was given to the report presented by Louise Ivens, Head of Internal Audit, which detailed the proposed update to the Council's Anti-Fraud and Corruption Policy and Strategy.

The update followed an annual review process which was designed to ensure that the Policy and Strategy were up-to-date with current best practice and to take into account any changes to the Council's organisational structure.

The Committee was advised that there had been only minor updates to the Policy and Strategy since the last review. The Fighting Fraud and Corruption Locally checklist had been used to review the Council's arrangements against current best practice. The self-assessment against the checklist and resulting actions were included as part of the report.

For the first time, the report also included additional information on the Council's Counter Fraud Framework including fraud risks and mitigations in place. Appendix E of the report submitted was a self-assessment against the Fighting Fraud and Corruption Locally checklist. This was a review against best practice which demonstrated Rotherham's robust compliance with the arrangements.

The Global Internal Audit Standards (GIAS UK Public Sector) set out the requirement for the consideration of fraud risks within the Internal Audit Plan. When scoping audits, auditors should consider specific risks related to fraud. Auditors therefore needed to have sufficient knowledge to recognise the probability of fraud. This was addressed by a prompt around considering fraud risk in the audit scoping process by having 4 experienced auditors with a variety of fraud qualifications and investigatory experience which was shared with other auditors and the completion of fraud awareness training by all staff in the Internal Audit Service. In addition a Housing Tenancy Fraud Officer (within Housing Services) undertook investigations into possible housing and Right to Buy frauds.

The Council's system of internal control to prevent and detect fraud was considered to be robust and operating effectively. There had been no proven fraud cases during 2025/26.

Discussion ensued on what checks the Council carried out when renting out properties to companies to ensure they were legitimate and not being used as false sites for illegal purposes.

The Executive Director of Corporate Services now had responsibility for the majority of lettings within the Council other than Council housing. She would ascertain what checks were undertaken around legitimacy of a company of a company/individual tenant.

It was noted that it was the first time that all the information had been pulled together into one document for Audit Committee Members. Any potential fraud should be reported to the Head of Internal Audit or Executive Director of Corporate Services so they were aware of any potential issues that may arise during Council business.

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

(2) That the revised Anti-Fraud and Corruption Policy be received and noted.

(3) That the current fraud risks and the ongoing actions taken to strengthen the Council's fraud and corruption arrangements be noted.

44. INTERNAL AUDIT PROGRESS REPORT

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

The plan attached as part of the report showed the position up to the end of July 2026, the progress of the 2026/27 audit plan, the reports finalised between May and July 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. 14 audits had been finalised since the last Audit Committee.

A review of the current performance indicators was detailed in Appendix D, post-audit questionnaires and results included at Appendix E and the Quality Assurance and Improvement Plan at Appendix F. Appendix G set out details of the Internal Audit investigative work completed.

It was noted that CIPFA's external review had advised Internal Audit to work with senior managers and the Audit Committee to update the performance measures. The audit standards stated that there should be a comprehensive set of targets which encompassed all significant Internal Audit activities including obtaining stakeholder feedback.

Balanced scorecards were becoming an increasingly well established means for reporting quantitative and qualitative Key Performance Indicators (KPIs) to audit committees. A review of the current KPIs had been undertaken, together with a review of guidance issued by the Institute of Internal Auditors, on performance measurement and those being reported in other local authorities. The proposed approach moving forward was documented in the report for discussion.

Discussion ensued on Appendix G and the investigations that had taken place by Internal Audit with further work still to be undertaken.

It was also noted that moving forward consideration was to be given as to the logging of audits that were delayed due to untimely management responses.

Resolved:- (1) That the Internal Audit work undertaken since the last Audit Committee, 1st May to 31st July, 2026, and the key issues arising therefrom 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.

(Appendix G was considered in the absence of the press and public in accordance with Paragraph 7 of the Act (information relating to any action taken or to be taken in connection with the prevention, investigation or prosecution of crime).

45. POLICY, STRATEGY AND ENGAGEMENT RISK MANAGEMENT REGISTER

Consideration was given to the report presented by Fiona Boden, Head of Policy, Performance and Intelligence, which provided details of the current position of the Policy, Strategy and Engagement (PSE) Risk Register and risk management activity following the change to the arrangements and functions of the Directorate.

The PSE Directorate was established in January 2026 to play a central role in how the Council shaped its strategic direction by driving insight-led improvement and communication with residents, partners and Elected Members. In the formation, Human Resources and Organisational Development and Change was transferred to Corporate Services leaving 4 Services areas i.e. Policy, Performance and Intelligence, Democratic Services, Communications and Marketing and Neighbourhoods. The Complaints Team had also transferred from PSE to Corporate Services in June.

Following the appointment of a permanent Director and changes to the Directorate's structure and responsibilities, a full review and refresh of the PSE Directorate Risk Register had been undertaken with the revised register to be reported to the March 2027 meeting of the Audit Committee.

As part of its annual cycle, the Corporate Services Directorate Risk Register was due to be considered by the Committee in January 2027.

There were 11 risks on the PSE Directorate Risk Register, 4 of which were reflected in the Corporate Strategic Risk Register.

Resolved:- (1) That the progress and current position in relation to risk management activity in the Policy, Strategy and Engagement Directorate, as detailed in the report submitted, be noted.

(2) That, following the appointment of a permanent Director and changes to the Directorate's structure and responsibilities, a full review and refresh of the Policy, Strategy and Engagement Directorate Risk Register be undertaken with the revised register submitted to the March 2027 meeting of the Audit Committee.

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

46. AUDIT COMMITTEE FORWARD WORK PLAN

Consideration was given to the proposed forward work plan for the Audit Committee for November 2026 to September 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, with the inclusion of the Policy, Scrutiny and Engagement Risk Register in March, 2027, be approved.

47. ITEMS FOR REFERRAL FOR SCRUTINY

There were no items for referral.

48. URGENT BUSINESS

There was no urgent business to be considered.

Rotherham Metropolitan Borough Council

Public Report
Audit Committee

Committee Name and Date of Committee Meeting
Audit Committee – 24 November 2026

Report Title
Audited Statement of Accounts 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)
Rob Mahon (Service Director Financial Services)
Corporate Services Directorate
01709 254518 rob.mahon@rotherham.gov.uk

Ward(s) Affected
Borough-Wide

Report Summary

Under the Accounts and Audit (amendment) Regulations 2024, Local Authorities were required to publish their unaudited accounts no later than 30th June 2026, for the financial year 2025/26, accompanied by a Narrative Report and draft Annual Governance Statement. The deadline for the publication of final audited accounts is 31st January 2027.

The Council presented draft unaudited accounts to Audit Committee on the 16th June 2026 and published those accounts before the 30th June 2026 deadline.

The audit of the Council's accounts is now nearing completion and Grant Thornton will present to Audit Committee their ISA 260 report along with recommendations from the audit. The ISA 260 report sets out Grant Thornton's overall conclusions from the 2025/26 audit in relation to their statutory objectives to give an opinion on the Council's financial statements.

Members are asked to consider Grant Thornton's findings, as set out in the ISA260 Report (Appendix 4), before formally approving the 2025/26 Audited Statement of Accounts (Appendix 1) and the 2025/26 Narrative Report (Appendix 2) for publication as final and to issue Grant Thornton with the Letter of Management Representations (attached as Appendix 3) which Grant Thornton require to complete their audit.

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

Grant Thornton have also concluded their Value for Money work and set out their findings and recommendations in the Auditor's Annual Report for the year ending 31st March 2026 (presented separately on the agenda of this meeting).

Recommendations

1. That Audit Committee, having taken due regard to the external audit findings, detailed within the ISA 260 report, formally approve the 2025/26 Audited Statement of Accounts attached as Appendix 1 for publication as final and the 2025/26 Narrative Report attached as Appendix 2 for publication as final.

List of Appendices Included

Appendix 1 – 2025/26 Audited Statement of Accounts
Appendix 2 – 2025/26 Narrative Report
Appendix 3 – 2025/26 Letter of Management Representations
Appendix 4 – ISA 260

Background Papers
CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2025/26
Accounts and Audit (amendment) Regulations 2024
Publication of unaudited Statement of Accounts 2025/26, Audit Committee meeting, 16th June 2025

Consideration by any other Council Committee, Scrutiny or Advisory Panel
No

Council Approval Required
No

Exempt from the Press and Public
No

Closure of the Accounts 2025/26

1. Background

1.1 Under the Accounts and Audit (amendment) Regulations 2024, local authorities were required to publish their unaudited accounts no later than 30th June 2026, for the financial year 2025/26, accompanied by a Narrative Report and draft Annual Governance Statement. The deadline for the final publication of the Council's audited accounts is 31st January 2027.

1.2 The Council presented draft accounts to Audit Committee on the 16th June 2026 and published those accounts before the 30th June 2026 deadline. The audit of the Councils accounts is now nearing completion and Grant Thornton will present to Audit Committee their ISA 260 report along with any recommendations from the audit.

2. Key Issues

2.1 The final ISA 260 has been issued to the Council and Grant Thornton have indicated they intend to issue an unqualified opinion on the Statement of Accounts.

2.2 In the ISA 260 a number of changes have been recommended by Grant Thornton and accepted by the Council, with adjustments made to the Council's accounts.

2.3 The Council's Recovery Grant of £8.8m had been recognised as a ring-fenced grant. However, the determination letter from Ministry of Housing, Communities and Local Government confirms that this is an un-ringfenced grant. This should have been credited to Taxation and Non-specific income within the Statement of Accounts.

2.4 During the financial year work was completed at the new café and entertainment space at Rother Valley Country Park. This asset was classified as an investment property within the Council's asset register. The work that took place was primarily completed to regenerate this site and provide an enhanced facility for the local community; this categorisation was not compliant with the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2025/26. This asset has therefore been reclassified as 'Other Land and Buildings' within the Council's asset register.

2.5 In addition, there are a number of minor corrections and presentational changes that have been agreed to a number of disclosure notes included in the statement of accounts. These changes are outlined in detail in the ISA260 report but are minor changes to correct errors in the notes and to add greater clarification to some of the notes to aid the reader of the accounts.

2.6 Grant Thornton's work has not identified any issues that would change their assessment of the risk of fraud in revenue recognition. They have gained assurance that Council revenue is fairly stated.

2.7 Grant Thornton have gained assurance that Council expenditure is fairly stated and there are no matters to report in respect of the Council's expenditure recognition.

2.8 The Council has fully engaged with the external audit and endeavoured to respond to issues as quickly and efficiently as possible.

2.9 The ISA 260 Report outlines any issues that Grant Thornton have found with regards to areas of significant audit risk, their opinion as to whether reasonable professional judgement has been exercised and provides recommendations for further improvements in the production of the accounts.

2.10 As is always the case officers have also continued to review the Council's statement of accounts as they responded to external audit queries. As a result of this officers have identified some minor errors and made adjustments to the Council's accounts where required. For example, officers have now credited to Taxation and Non-specific income within the Statement of Accounts the Employers National Insurance grant and have made a correction to expenditure funded from the Dedicated Schools Grant (DSG) to ensure that the Council is able to comply with the grant terms and conditions. This adjustment to DSG was as a result of a post balance sheet event.

3. Options considered and recommended proposal

3.1 There is no discretion on whether to comply with the Code of Practice on Local Authority Accounting or the Accounts and Audit (amendment) Regulations 2024. The purpose of the recommendations is for Audit Committee to meet its responsibilities in relation to the closure of the accounts.

4. Consultation on proposal

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

5. Timetable and Accountability for Implementing this Decision

5.1 The statutory deadline for publishing the audited financial statements is 31st January 2027.

6. Financial and Procurement Advice and Implications

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

7. Legal Advice and Implications

7.1 None, other than ensuring compliance with the requirements of the Accounts and Audit (amendment) Regulations 2024.

8. Human Resources Advice and Implications

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

9. Implications for Children and Young People and Vulnerable Adults

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

10. Equalities and Human Rights Advice and Implications

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

11. Implications for CO2 Emissions and Climate Change

11.1 No direct implications.

12. Implications for Partners

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

13. Risks and Mitigation

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

14. Accountable Officer(s)

Judith Badger (Strategic Director of Finance & Customer Services)

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

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METROPOLITAN BOROUGH OF ROTHERHAM

STATEMENT OF ACCOUNTS 2025/26

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STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

The Authority's responsibilities

The Council is required to:

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

Signed on behalf of Rotherham MBC

Audit Committee Chair
24th November 2026

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
24th November 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	Childrens & 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	(123,474)	(54,006)	
829,577	(528,021)	301,556	Cost of Services	784,626	(541,864)	242,762	
39,014	(21)	38,993	Other Operating Expenditure	14,077	(1)	14,076	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	(330,039)	(330,039)	7
911,344	(832,681)	78,662	Deficit/(Surplus) on Provision of Services	836,794	(875,921)	(39,126)	
		(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			(76,737)	

*See page 10 IFRS16 Transition Prior Period Adjustment for details of the restatement.

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 as restated	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	29,322	9,804	0	0	0	39,126	37,611	76,737	
Adjustments from income & expenditure charged under the accounting basis to the funding basis	(30,985)	(12,698)	14,519	2,329	17,695	(9,140)	9,140	0	
Increase / (Decrease) in Year	**(1,663)**	**(2,894)**	**14,519**	**2,329**	**17,695**	**29,986**	**46,751**	**76,737**	
Schools Balances transferred out on conversion to academy	(237)				0	(237)	0	(237)	
Balance as at 31 March 26 carried forward	**74,585**	**21,412**	**34,932**	**10,852**	**87,238**	**229,019**	**613,614**	**842,632**	

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	1,639,465	19
9,017	Heritage Assets	9,313	23
28,992	Investment Property	29,970	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	1,683,860	
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	842,631	
(199,267)	Usable Reserves	(229,019)	36
(566,863)	Unusable Reserves	(613,613)	37
(766,130)	Total Reserves	(842,631)	

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	(39,126)	
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)	(17,772)	
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)	237	
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)

11

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 not recognised in the Council's financial statements except in respect of cash collected or expenditure by the Council as agent on behalf of the principal, in which case a debtor or creditor is listed. For any commission that is receivable by the Council for the agency services rendered or the Council incurs expenses directly on its own behalf in rendering the services this is recognized as revenue in the Council's financial statements.

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, and a reliable estimate can be made of the amount of the obligation, a provision is recognised.

Contingent Asset

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

A contingent asset is not recognised in the financial statements but disclosed as a note to the accounts where it is probable that there will be an inflow of economic benefits or

service potential. If it has become virtually certain an inflow will arise and the asset's value can be measured reliably, a debtor and related revenue are recognised.

11 Reserves

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

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

12 Government and Non-Government Grants

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

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

Where conditions of grant remain outstanding which could give rise to grant being repaid, grant is carried in the balance sheet as grant received in advance.
Conditions are stipulations that give the grant funder or donor the right to the return of their monies if it is not used for the purpose specified.

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

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

13 Non-current Assets – Property, Plant and Equipment

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

Recognition

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

Measurement

Assets are initially measured at cost, comprising:

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

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

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

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

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

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

- infrastructure, community assets – depreciated historical cost,
- property, plant and equipment, intangible assets and assets under construction are measured at historical cost,
- dwellings – current value based on existing use value for social housing (EUV-SH),
- all other assets – current value based on existing use (existing use value – EUV) for non-specialised operational assets where there is an active market or where there is no market-based evidence of current value because of the specialist nature of an asset, depreciated replacement cost.
- Should an asset be re-classified as a Surplus Asset, it will be measured at fair value. Should an asset be re-classified as an Asset Held for Sale, it will be measured at the lower of carrying value and fair value less cost to sell.

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

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

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

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

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

Impairment of Assets

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

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

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

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

Disposals

The carrying amount of an item is derecognised:

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

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

Assets held solely to earn rentals or for capital appreciation purposes are classified as investment properties.

Non-operational property, plant and equipment which do not meet the criteria for reclassification as either Assets Held for Sale or investment properties are held within property, plant and equipment as Surplus Assets. Surplus Assets are carried in the balance sheet at their fair value and revalued immediately prior to disposal if the current

carrying value is materially different in order that the proper gain or loss on disposal can be determined.

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

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

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

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

Depreciation

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

Depreciation is calculated on the following bases:

- dwellings and other buildings – straight-line allocation over the useful life of the property as estimated by the Council's valuer (Council dwellings over 30 Years, other buildings and non-operational properties up to 100 years)
- vehicles – straight line method over the useful life of the asset, as advised by a suitably qualified officer (Up to 10 years)
- infrastructure – straight-line allocation over determined useful life of the asset
- plant, equipment and computers – straight-line allocation over the useful life of the asset as advised by a suitably qualified officer (plant and equipment typically up to 15 years but can be greater than this if determined by a relevant expert).

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

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

14 Charges to Revenue for Non-Current Assets

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

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

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

Depreciation, revaluation and impairment losses represent a “real” charge to the HRA to be met by rent payers. Depreciation, revaluation and impairment losses are determined in accordance with the “Item 8 Credit and Item 8 Debit (General) Determination” which came into effect from 1 April 2017. That determination allows the Council to reverse out impairment and revaluation gains and losses relating to both council dwellings and non-dwellings.

Minimum Revenue Provision (MRP)

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

15 Leases and Lease-Type Arrangements

Council as Lessee

The Council adopted IFRS 16 (Leases) with effect from 1 April 2024. The main impact of the requirements of IFRS 16 is that, for arrangements previously accounted for as operating leases (i.e. without recognising the leased vehicles, plant, equipment, property and land as an asset, and future rents as a liability), a right-of-use asset and a lease liability are now included on the balance sheet from 1 April 2024. The Council has elected to apply recognition exemptions to low value assets (below £10,000 when new) and to short term leases i.e. 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, thereafter intangible assets are carried at its cost less any accumulated amortization and any accumulated impairment loss. 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 2025 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.

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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	79,179	525	(1,409)	78,295
0	(270)	128	(142)	Schools	0	(272)	987	715
50,527	(410)	8,853	58,970	Regeneration and Environment Services	55,328	(372)	7,408	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	5,638	(44)	2,972	8,566
36,702	327	37,735	74,764	Finance and Customer Services	41,092	20	(1,831)	39,281
(310,197)	4,085	286,916	(19,196)	Central Services*	(333,429)	1,805	277,618	(54,006)
0	(523)	302,079	301,556	**Net Cost of Services**	0	4,555	238,208	242,762
		38,993	38,993	Other Operating Expenditure			14,076	14,076
		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			(330,039)	(330,039)
		79,185	78,662	**(Surplus) / Deficit**			(43,679)	(39,126)
			(100,509)	Opening General Fund and HRA Balance as at 1 April				(100,790)
			(523)	Less (Surplus) / Deficit on General Fund Balance in year				4,556
			243	Transfer from/to reserves to/from Academies				237
			(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)	762	(486)	(10,165)	(9,889)
1,162	156	(66)	1,252	Children and Young People's Services excluding schools	420	(1,628)	(201)	(1,409)
1,908	(1,714)	(66)	128	Schools	1,588	(465)	(136)	987
13,882	142	(5,171)	8,853	Regeneration and Environment Services	14,073	(1,434)	(5,231)	7,408
0	6	(18,432)	(18,426)	Public Health	0	(58)	(19,503)	(19,561)
349	36	18	403	Assistant Chief Executive Office	202	(360)	3,130	2,972
36,821	142	772	37,735	Finance and Customer Services	3,098	(1,389)	(3,540)	(1,831)
21,779	0	265,137	286,916	Central Services	(7,156)	(3)	284,777	277,618
22,801	0	16,192	38,993	Other Operating Expenditure	2,542	0	11,534	14,076
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	(339,071)	(330,039)
134,111	362	(55,288)	79,185		38,857	(5,793)	(76,744)	(43,679)

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. This line also includes the majority of the Council's Net Revenue Budget Funding.

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	499,640
Depreciation, amortisation, impairment	51,954	55,186
Interest payments	35,310	37,331
Precepts and levies	15,279	15,454
Loss/(gain) on the disposal of assets	23,714	(1,379)
Total expenditure	914,166	836,794
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)	(188,216)
Government grants and contributions	(440,554)	(469,263)
Total income	(832,661)	(875,920)
Deficit/(Surplus) on the Provision of Services	**81,505**	**(39,126)**

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	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 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	2,913	(4,335)	19,194			(17,772)
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:	0					0
Transfer from HRA to Major Repairs Reserve re notional MRA	0					0
HRA depreciation to capital adjustment account						
Use of the Major Repairs Reserve to finance new capital expenditure		(1,120)		1,120		0
Adjustment primarily involving the Financial Instruments Adjustment Account:				24,760		(24,760)
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				(23,551)		23,551

	Movements in Usable Reserves 2025/26 continued					
	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 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 credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	(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	(30,985)	(12,698)	14,519	2,329	17,695	9,140

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)	(426)	0	10,959
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	(2,524)	1,024	28,872
Total HRA	93	0	0	40	133	0	0	42	175
Total General Fund	34,470	0	(6,102)	1,871	30,239	0	(2,524)	982	28,697
DSG Grant Reserve	20,280	0	(3,940)	2,442	18,782	0	(3,777)	3,489	18,494
Total Earmarked Reserves	54,843	0	(10,042)	4,353	49,154	0	(6,301)	4,513	47,366

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	(1,377)	48
0	Loss on revaluation & disposal of Assets Held for Sale	0	22
38,993	Total	14,076	

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	144,646	
39,193	Non Domestic Rates	43,570	
52,090	Business Rates grants	52,733	
20,187	Non Ring-fenced government grants	32,086	8
49,418	Capital Grants & Contributions	57,004	8
300,585	Total	330,039	

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
0	Employer National Insurance Contributions Grant	2,516
0	Recovery Grant	8,771
1,363	Other Non Specific Revenue Grants	1,452
18,824	Total	30,634

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	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	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

Section 106 Developer Contributions

Section 106 Developer Contributions are monies paid to the Council by developers as a result of the grant of planning permission where works are required to be carried out or new facilities provided as a result of that permission. The sums have conditions attached 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. City of Doncaster Council 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 2 (2 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	39,672.00	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 of 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	1,007,413.42	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.

Further disclosure for exit packages

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

The costs tabulated below are comprised of actual severance payments made during the year less accrued severance payments in respect of individuals who left or were approved to leave during 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	53,312		53,312
	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	18,495	(0)	18,495
0	0	0	Plus carry forward agreed in advance	0	0	0
18,782	0	18,782	Carry forward	18,495	(0)	18,495
(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	(3,872)	1,109	(2,763)

*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
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 15 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	116,532	0
33,259	0	- Return on plan assets (excluding the amount included in the net interest expense)	(83,716)	0
(2,277)	0	- Actuarial gains and (losses) arising on changes in demographic assumptions	(35,877)	0
(197,141)	0	- Actuarial gains and (losses) arising on changes to financial assumptions	(26,445)	0
(202,818)	0	Changes in effect of asset ceiling	34,372	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 (£2.079m 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	1,608,275
Present value of Funded Liabilities	(1,123,064)	(1,172,474)
Net (under) funding in Funded Plans	379,437	435,801
Present Value of Unfunded Discretionary Liabilities	(12,610)	(11,684)
Per Actuary Report	366,827	424,117
Amount in the Balance sheet:		
Liabilities - funded and unfunded	(1,135,674)	(1,184,158)
Assets - funded and unfunded	1,502,501	1,608,275
Per financial Regulations asset ceiling takes pension asset to nil	(379,437)	(435,801)
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	86,439	
		Remeasurement gain / (loss):		
(33,259)		- The return on plan assets, excluding the amount included in interest expense	83,700	
		- Experience gain / (loss)	(39,706)	
(2,562)		- Settlements	0	
26,540	1,329	- Employer contributions	27,880	1,325
9,269		- Member contributions	9,835	
(52,096)	(1,329)	- Benefits/transfers paid	(62,374)	(1,325)
1,502,501	0	Fair Value of Scheme Assets at end of period	1,608,275	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	(20,721)	0
(728)	0	Administrative expenses (*see note below)	(765)	0
(62,755)	0	Interest Cost	(64,981)	0
(9,269)	0	Member Contributions	(9,835)	0
		Remeasurement gains and (losses):		
12,539	0	- Experience gain / (loss)	(76,826)	0
2,277	0	- Actuarial Gain / (loss) arising from changes in demographic assumptions	35,877	0
197,141	0	- Actuarial Gain / (loss) arising from changes in financial assumptions	26,445	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	62,374	0
0	1,717	Movement in unfunded	0	926
(1,135,674)	(12,610)	Benefit Obligation at end of period	(1,184,158)	(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	21,163
Equity Securities	Y	77	0
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	0
- Other	N	85,430	73,267
Real Estate:			
- UK Property	Y	0	0
- UK Property	N	118,133	125,889
- Overseas Property	N	3,726	13,163
Investment Funds and Unit Trusts			
- Equities	N	646,022	706,041
- Bonds	N	226,921	244,454
- Infrastructure	Y	5,300	0
- Infrastructure	N	165,901	184,578
- Other	Y	354	0
- Other	N	71,171	86,345
Private Equity	Y	444	0
Private Equity	N	159,805	153,375
Total		1,502,501	1,608,275

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	14,047	11,665	13	38,666	0	119,862
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)	(4,585)	(9,362)	0	0	0	(27,588)
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	420	0	0	0	0	420
Reclassified to/from Heritage Assets	0	0	0	0	(219)	0	(219)
Other Movements in cost valuation	1,290	5,965	662	0	(10,503)	508	(2,078)
At 31 Mar 26	896,347	310,846	67,027	8,458	83,640	11,018	1,377,336
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	8,838	0	0	0	9,817
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)	(31,131)	(7,385)	0	(11)	(57,652)
Net Book Value							
At 31 Mar 26	896,340	291,726	35,897	1,074	83,639	11,006	1,319,684
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	1,319,683
Total PPE assets	1,544,312	1,639,465

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. HRA assets have been valued as at 1st April 2025 and a reassessment to 31st March 2026 has taken place.

(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	Other Land & Buildings	Vehicles, Plant & Equipment	Community Assets	Surplus Assets	Assets Under Construction	Total
	£000	£000	£000	£000	£000	£000	£000
Carried at historical cost	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	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).

2025/26 Position

	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	5,060
HRA	
New Builds - Wath (Denman Road, Bushfield Road, Valley Drive) & Maltby (Addison Road, Larch Road)	14,452
Total	55,493

2024/25 Comparative figures

2024/25	Cost £000
Regeneration & Environment	
Road Safety Improvement projects - Broom / Wickersley & Fitzwilliam corridors	19,357
Rother Valley Country Park Improvement	5,152
Provision of Mini Buses	1,635
Rotherham Markets & Library Redevelopment	24,471
Children & Young People	
Waverley School extension	1,195
Adult Social Care	
Day Centre - Castle View	7,491
HRA	
New Builds - Princess Stree, Denman Road, Symonds Ave, Addison Road & Far Lane	29,360
Total	88,661

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

(g) Fair Value Hierarchy – Surplus Assets

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

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

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	207
(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	(420)
28,992	Balance 31 March	29,970

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	29,970	0	29,970
Total	0	29,970	0	29,970

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	7,216
(6,917)	Accumulated amortisation	(2,932)
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	2025/26	2024/25	2025/26	2024/25	2025/26	2024/25	2025/26
	£000	£000	£000	£000	£000	£000	£000	£000
Cost or Valuation								
1 Apr 25	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	49,825
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	193,919
Financial liabilities at fair value through profit and loss	0	0	0	0
Total Financial Liabilities	700,600	701,980	177,821	193,919
Non Financial Liabilities	7,915	27,910	4,758	50,397
Total	708,515	729,890	182,579	244,317
Investments	0	0	0	0
Plus Accrued Interest	0	0	0	0
Plus Debtors	718	639	51,672	72,711
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	102,775
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	102,775
Non-Financial Assets			9,572	29,206
Total	908	829	99,269	131,981

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	51,843	1.760%	1.760%	951
Debtors	82,590			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	23,930
0	Between one and two years	0
0	Between two and three years	0
0	More than three years	0
31,895		23,930

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	Fair Value		Carrying amount	Fair Value
£000	£000		£000	£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	Fair Value		Carrying amount	Fair Value
£000	£000		£000	£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 £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 £000	2025/26 £000	2024/25 £000	2025/26 £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 £000	2025/26 £000	2024/25 £000	2025/26 £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	(28,696)
(55,239)	Sub-Total General Fund Council and Earmarked Reserves excluding DSG	(53,696)
(2,464)	General Fund - Schools	(2,395)
(18,782)	Earmarked Reserve DSG	(18,494)
(24,171)	HRA	(21,237)
(133)	HRA Earmarked Reserve	(175)
(45,550)	Sub-Total Other Reserves	(42,301)
(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	(267,566)
(356,650)	Revaluation Reserve	(381,255)
	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	(613,613)

(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	17,772
23,859	Depreciation - Major Repairs Reserve	24,760
	Adjusting amounts written out to Revaluation Reserve:	
(8,889)	Disposal	(6,621)
(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	(267,566)

(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	6,621
11,350	Excess of fair value depreciation over historic cost depreciation transferred to Capital Adjustment Account	11,252
(356,650)	Balance at 31 March	(381,254)

(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 Account 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)	35,942

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	138,053
654	Investment Properties	207
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)	50,467
30,023	Assets acquired under finance leases	1,592
55,112	Increase in Capital Financing Requirement	52,059

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

Right of use assets are included on the balance sheet within the same line item within which the corresponding underlying assets would be presented if they were owned. For 2026/27 all right of use assets are classified as Property, Plant and Equipment.

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.

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 Statement of Accounts was authorised for issue by Judith Badger, Executive Director of Corporate Services on 24th November 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.

Other Financial Statements and Notes to the Other Financial Statements

HOUSING REVENUE ACCOUNT INCOME AND EXPENDITURE STATEMENT

The Housing Revenue Account (HRA) shows the economic cost in the year of providing housing services in accordance with generally accepted accounting principles, rather than the amount to be funded from rents and government grants. Authorities charge rents to cover expenditure in accordance with regulations; this may be different from the accounting cost. The increase or decrease in the year, on the basis of which rents are raised, is shown in the Movement on the HRA Statement. The format of this account has been slightly changed from CIPFA code format to make it easier for the reader to compare to the Comprehensive Income and Expenditure Statement.

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	Major Repairs Reserve	Movement in Usable Reserves
	£000	£000	£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 2026

	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) Vacant possession

	£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	Non Domestic Rates	Total		Council Tax	Non Domestic Rates	Total	
£000	£000	£000		£000	£000	£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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Email: central.finance@rotherham.gov.uk

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

☎: 01709 254299 💻: central.finance@rotherham.gov.uk

Slovak **Slovensky**

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

Kurdish Sorani **دی سۆرانی**

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 مندرجہ بالا نمبر پرھم سے رابطہ 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.

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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 (£6.2m)
- 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.

<u>2026/27 Budget and Medium Term Financial Strategy</u>

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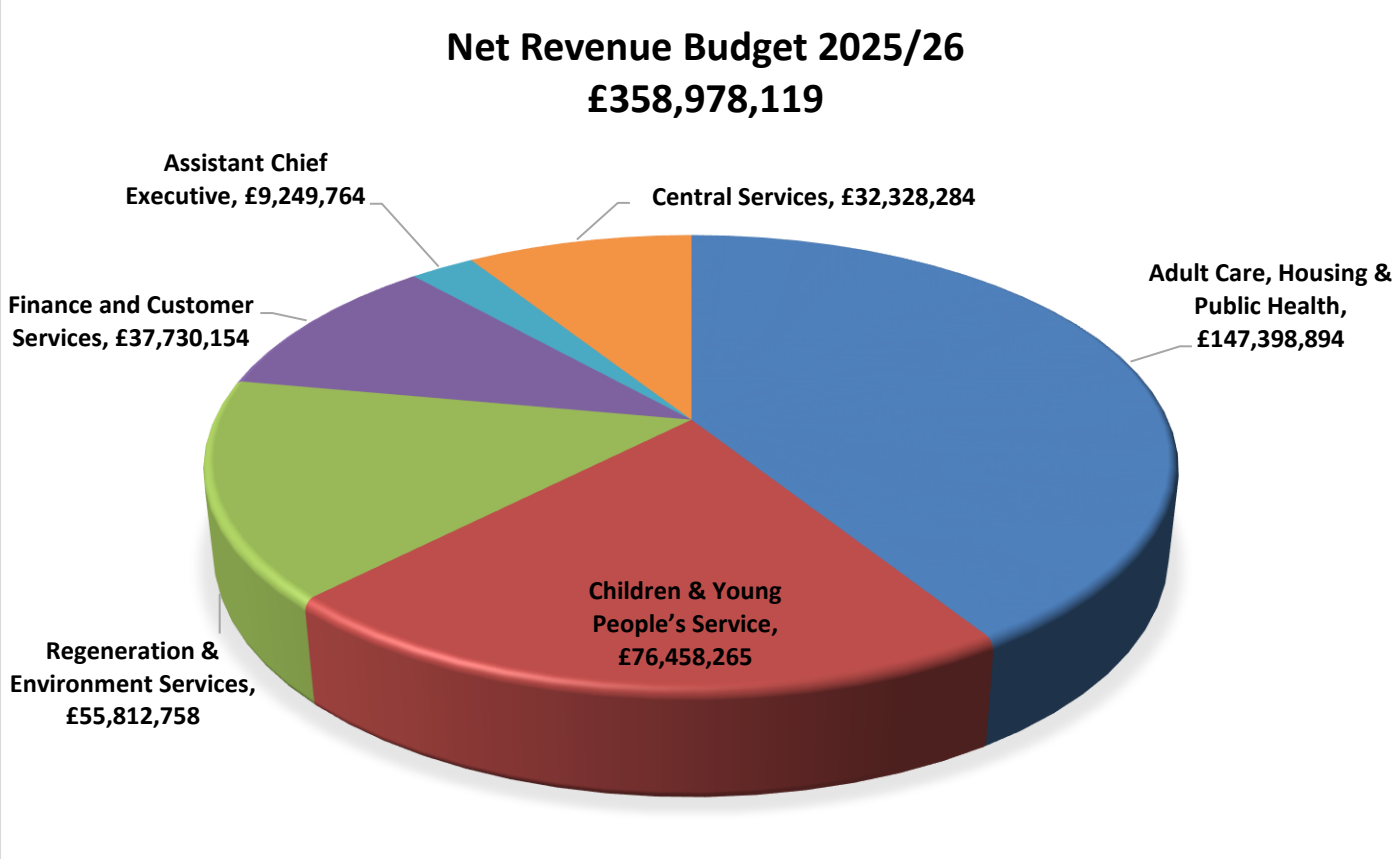
This statement summarises the transactions of Rotherham as a Billing Authority in relation to National Non-Domestic Rates and Council Tax and also illustrates the way in which income has been distributed to major precepting authorities (i.e. South Yorkshire Fire and Rescue Authority and South Yorkshire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

Revenue & Capital Expenditure Outturns

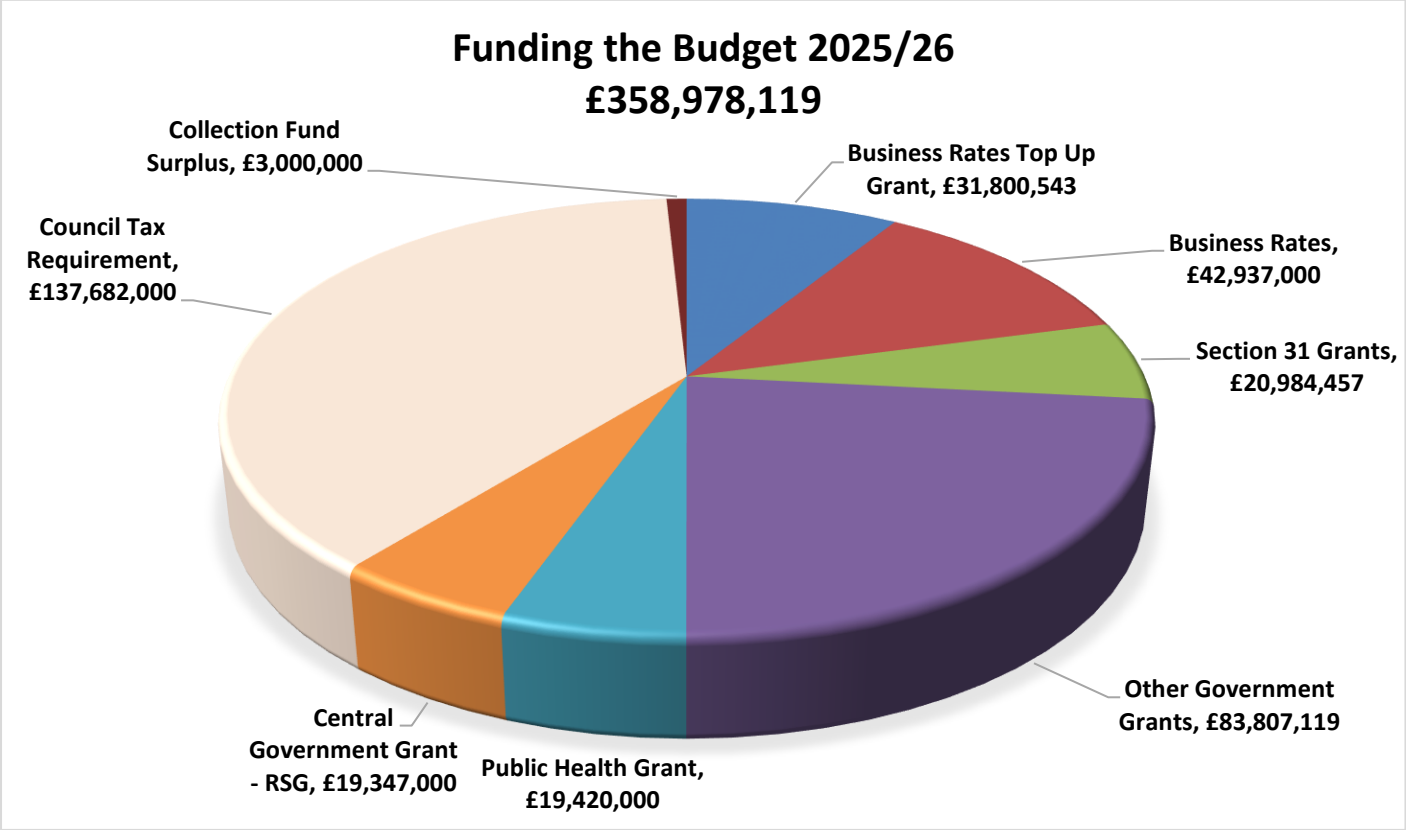
A summary of the Council's revenue and capital outturns for 2025/26 is included in the following paragraphs. Further details are included in the Outturn Report to Cabinet on the 8 June 2026. The agenda and papers for the meetings can be accessed through the Council & Democracy page of the Council's website 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 overspend was £4.7m and is mainly attributable to cost pressures within the children in care placements budget of £6.2m. 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 £5.9m 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 underspend 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. A further £0.4m of Treasury Management Reserve was drawdown to revenue to support staffing costs for services supporting capital delivery.
- 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

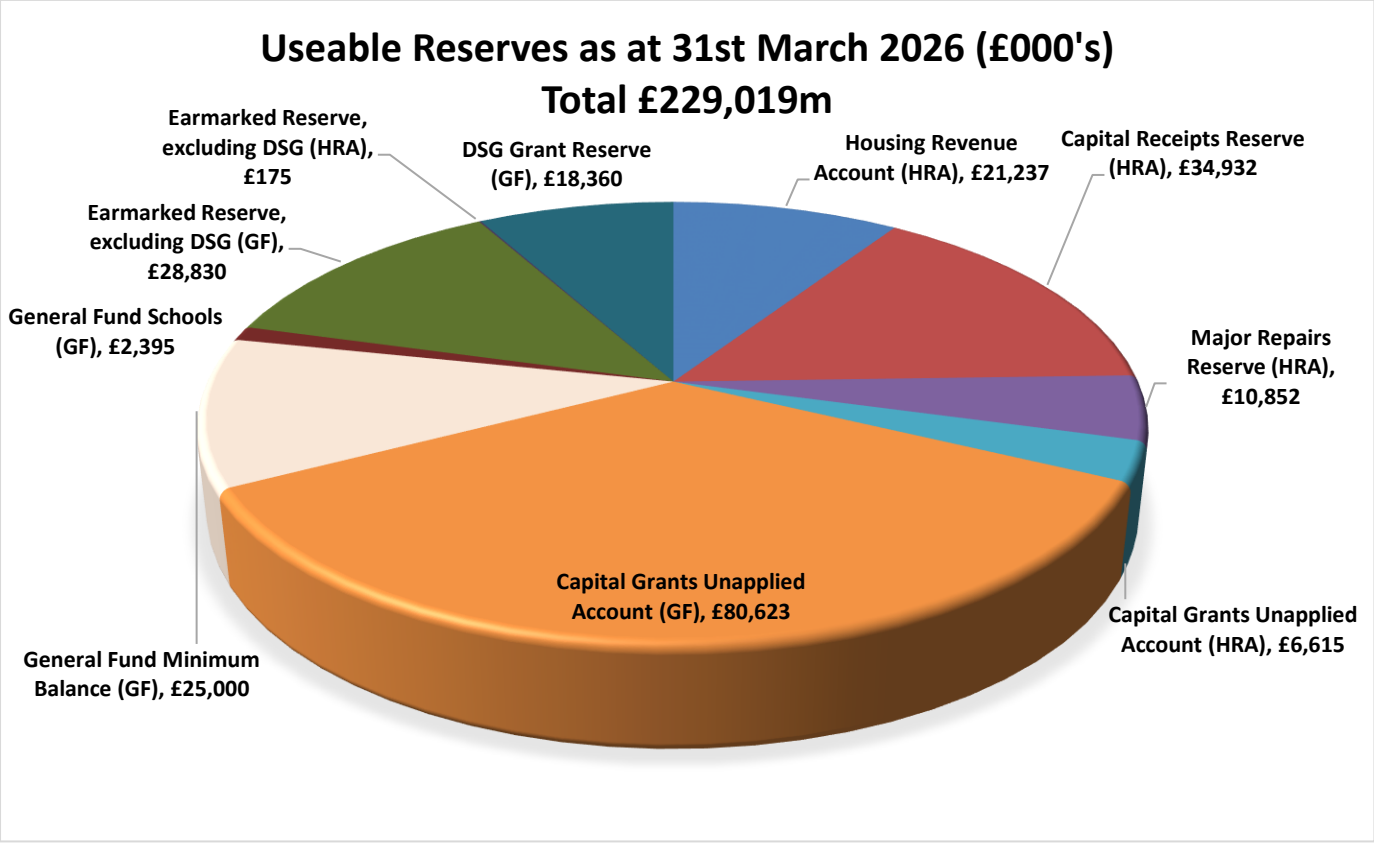
The Council manages its funds between two categories of reserves: usable reserves and unusable reserves.

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.

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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 24/11/26

Corporate Services
Riverside House
Main Street
Rotherham
S60 1AE
E-mail: judith.badger@rotherham.gov.uk
Email the Council for free @ your local library!

Our Ref:	Please Contact:	Telephone Number:
JB/21	Judith Badger	01709 822046

16th November 2026

Grant Thornton UK LLP
11th Floor
Landmark St Peter's Square
1 Oxford Street
Manchester
M1 4PB

Dear Grant Thornton,

Rotherham Metropolitan Borough Council
Financial Statements for the Year Ended 31 March 2026

This representation letter is provided in connection with the audit of the financial statements of Rotherham Metropolitan Borough Council (the “Authority”) for the year ended 31 March 2026 for the purpose of expressing an opinion as to whether the Authority financial statements give a true and fair view in accordance with International Financial Reporting Standards and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2025/26 and applicable law.

We confirm that to the best of our knowledge and belief having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

Financial Statements

i. We have fulfilled our responsibilities, as set out in the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited, for the preparation of the Authority’s financial statements in accordance with the Accounts and Audit Regulations 2015, International Financial Reporting Standards and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2025/26 ("the Code"); in particular the financial statements are fairly presented in accordance therewith.

ii. We have complied with the requirements of all statutory directions affecting the Authority and these matters have been appropriately reflected and disclosed in the financial statements.

Rotherham Metropolitan Borough Council

iii. The Authority has complied with all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance. There has been no non-compliance with requirements of any regulatory authorities that could have a material effect on the financial statements in the event of non-compliance.

iv. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.

v. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable. We are satisfied that the material judgements used in the preparation of the financial statements are soundly based, in accordance with the Code and adequately disclosed in the financial statements. We understand our responsibilities include identifying and considering alternative, methods, assumptions or source data that would be equally valid under the financial reporting framework, and why these alternatives were rejected in favour of the estimate used. We are satisfied that the methods, the data and the significant assumptions used by us in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement or disclosure that is reasonable in accordance with the Code and adequately disclosed in the financial statements.

vi. We confirm that we are satisfied that the actuarial assumptions underlying the valuation of pension scheme assets and liabilities for International Accounting Standard 19 Employee Benefits disclosures are consistent with our knowledge. We confirm that all settlements and curtailments have been identified and properly accounted for. We also confirm that all significant post-employment benefits have been identified and properly accounted for.

vii. Except as disclosed in the financial statements:

   a. there are no unrecorded liabilities, actual or contingent;

   b. none of the assets of the Authority has been assigned, pledged or mortgaged; and

   c. there are no material prior year charges or credits, nor exceptional or non-recurring items requiring separate disclosure.

viii. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards and the Code.

ix. All events subsequent to the date of the financial statements and for which International Financial Reporting Standards and the Code require adjustment or disclosure have been adjusted or disclosed.

x. We have considered the unadjusted misstatements schedule included in your Audit Findings Report and attached to this letter. We have not adjusted the financial statements for these misstatements brought to our attention as they are immaterial to the results of the Authority and its financial position at the 31 March 2026. The financial statements are free of material misstatements, including omissions.

Rotherham Metropolitan Borough Council

xi. Actual or possible litigation and claims have been accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards.

xii. We have no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.

xiii. The prior period adjustment disclosed in the note to the financial statements titled 'IFRS 16 Transition Prior Period Adjustment' are accurate and complete. We have no other prior period errors to bring to your attention.

xiv. We have updated our going concern assessment. We continue to believe that the Authority's financial statements should be prepared on a going concern basis and have not identified any material uncertainties related to going concern on the grounds that:

a. the nature of the Authority means that, notwithstanding any intention to cease its operations in their current form, it will continue to be appropriate to adopt the going concern basis of accounting because, in such an event, services it performs can be expected to continue to be delivered by related public authorities and preparing the financial statements on a going concern basis will still provide a faithful representation of the items in the financial statements

b. the financial reporting framework permits the Authority to prepare its financial statements on the basis of the presumption set out under a) above; and

c. the Authority's system of internal control has not identified any events or conditions relevant to going concern.

We believe that no further disclosures relating to the Authority's ability to continue as a going concern need to be made in the financial statements.

xv. We have considered whether accounting transactions have complied with the requirements of the Local Government Housing Act 1989 in respect of the Housing Revenue Account ring-fence.

xvi. The Authority has complied with all aspects of ring-fenced grants that could have a material effect on the Authority's financial statements in the event of non-compliance.

xvii. We have considered how potential liabilities arising from equal pay claims should be reflected in the financial statements. Having considered the accounting principles as set out in IAS37, we consider it appropriate for these to be disclosed as a contingent liability in the notes to the financial statements.

Information Provided

xviii. We have provided you with:

a. access to all information of which we are aware that is relevant to the preparation of the Authority's financial statements such as records, documentation and other matters;

b. additional information that you have requested from us for the purpose of your audit; and

c. unrestricted access to persons within the Authority from whom you determined it necessary to obtain audit evidence.

xix. We have communicated to you all deficiencies in internal control of which management is aware.

xx. All transactions have been recorded in the accounting records and are reflected in the financial statements.

xxi. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

xxii. We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the Authority and involves:

a. management;

b. employees who have significant roles in internal control; or

c. others where the fraud could have a material effect on the financial statements.

xxiii. We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the financial statements communicated by employees, former employees, analysts, regulators or others.

xxiv. We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements.

xxv. We have disclosed to you the identity of the Authority's related parties and all the related party relationships and transactions of which we are aware.

xxvi. We have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.

Annual Governance Statement

xxvii. We are satisfied that the Annual Governance Statement (AGS) fairly reflects the Authority's risk assurance and governance framework and we confirm that we are not aware of any significant risks that are not disclosed within the AGS.

Narrative Report

xxviii. The disclosures within the Narrative Report fairly reflect our understanding of the Authority's financial and operating performance over the period covered by the Authority’s financial statements.

Approval

The approval of this letter of representation was minuted by the Authority’s Audit Committee at its meeting on 24 November 2026.

Yours faithfully

Name……

Position……

Date……

Name……

Position……

Date……

Signed on behalf of the Authority

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Grant Thornton

Audit Findings for Rotherham Metropolitan Borough Council

Year ended 31 March 2026

16 November 2026

For Audit Committee

Members of the Audit Committee
Rotherham Metropolitan Borough Council
Riverside House,
Main Street,
Rotherham,
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16 November 2026

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Audit Findings for Rotherham Metropolitan Borough Council for the year ended 31 March 2026

This Audit Findings report presents the observations arising from the audit that are significant to the responsibility of those charged with governance to oversee the financial reporting process and confirmation of auditor independence, as required by International Standard on Auditing (UK) 260. Its contents have been discussed with management.

As auditor we are responsible for performing the audit, in accordance with International Standards on Auditing (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 for the preparation of the financial statements.

The contents of this report relate only to those matters which came to our attention during the conduct of our normal audit procedures which are designed for the purpose of expressing our opinion on the financial statements. Our audit is not designed to test all internal controls or identify all areas of control weakness. However, where, as part of our testing, we identify control weaknesses, we will report these to you. In consequence, our work cannot be relied upon to disclose all defalcations or other irregularities, or to include all possible improvements in internal control that a more extensive special examination might identify. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

We encourage you to read our transparency report which sets out how the firm complies with the requirements of the Audit Firm Governance Code and the steps we have taken to manage risk, quality and internal control particularly through our Quality Management Approach. The report includes information on the firm's processes and practices for quality control, for ensuring independence and objectivity, for partner remuneration, our governance, our international network arrangements and our core values, amongst other things. This report is available at transparency-report-2025-.pdf (grantthornton.co.uk).

We would like to take this opportunity to record our appreciation for the kind assistance provided by the finance team and other staff during our audit.

Elizabeth Luddington

Key Audit Partner
For Grant Thornton UK LLP

Chartered Accountants

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Headlines

This page and the following summarise the key findings and other matters arising from the statutory audit of Rotherham Metropolitan Borough Council (the 'Authority') and the preparation of the Authority's financial statements for the year ended 31 March 2026 for the attention of those charged with governance.

Financial statements

Under International Standards on Auditing (UK) (ISAs) and the National Audit Office (NAO) Code of Audit Practice (the 'Code'), we are required to report whether, in our opinion, the Authority's financial statements:

- give a true and fair view of the financial position of the Authority and its income and expenditure for the year; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting and prepared in accordance with the Local Audit and Accountability Act 2014.

We are also required to report whether other information published together with the audited financial statements (including the Annual Governance Statement (AGS) and Narrative Report), is materially consistent with the financial statements and with our knowledge obtained during the audit, or otherwise whether this information appears to be materially misstated.

Our audit work commenced during July and continued through November as planned. Our work was completed remotely. Our findings are summarised on pages 9 to 36 of this report. Although a number of officers in the finance team are new in role this year, the audit has run smoothly, with officers engaging constructively throughout. We thank officers for their co-operation.

We have not identified any misstatements in the draft financial statements that affect the Council's usable reserves. We identified one grant incorrectly credited to services as specific grant income that should have been credited to taxation and non-specific grant income, which management has adjusted for (page 28). We identified two misstatements affecting the Council's balance sheet, which do not affect the deficit outturn, usable reserves or net assets (pages 29 and 30). One has been adjusted for and the other remains unadjusted on the grounds of materiality.

Our work also identified some presentational and disclosure amendments, detailed on pages 31 to 36. We have raised four new recommendations for management, set out on pages 37 to 40, and followed up the prior year recommendations on pages 41 and 42. All prior year recommendations have been addressed and are now closed.

Our work is substantially complete and there are no matters of which we are aware that would require modification of our audit opinion, subject to the following outstanding matters:

- receipt of management representation letter
- review of the final set of financial statements to check agreed amendments have been processed
- concluding our work on financial instrument disclosures, a small number of debtor samples, and receipt of one school bank balance confirmation
- satisfactory resolution of our technical accounting 'hot' review of the financial statements
- updating our post balance sheet events review, up to the date of signing the opinion
- completion of internal quality review processes, including final reviews of the file by both the Engagement Lead and Engagement Manager, specifically in respect of the significant audit risks of the valuation of land and buildings and valuation of the defined benefit pension scheme net balance

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Headlines

Financial statements

We have concluded that the other information to be published with the financial statements, including the Annual Governance Statement, is consistent with our knowledge of your organisation and with the financial statements we have audited.

Our anticipated audit opinion on the financial statements will be unmodified. We anticipate signing your accounts by the end of November 2026, following the Audit Committee meeting at which we will present our audit findings on 24 November.

Value for money (VFM) arrangements

Under the National Audit Office (NAO) Code of Audit Practice (the 'Code'), we are required to consider whether the Authority has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. Auditors are required to report in more detail on the Authority's overall arrangements, as well as key recommendations on any significant weaknesses in arrangements identified during the audit.

Auditors are required to report their commentary on the Authority's arrangements under the following specified criteria:

- Governance
- Financial sustainability
- Improving economy, efficiency and effectiveness

We have completed our VFM work and our detailed commentary is set out in the separate Auditor's Annual Report, which will be reported to the Audit Committee on 24 November alongside this report. We identified one significant weakness in the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources. Our findings are set out in the value for money arrangements section of this report (page 43).

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Headlines

Statutory duties

The Local Audit and Accountability Act 2014 (the 'Act') also requires us to:

- report to you if we have applied any of the additional powers and duties ascribed to us under the Act
- certify the closure of the audit.

We have not exercised any of our additional statutory powers or duties.

We have completed the majority of our work required under the Code. However, we cannot formally conclude the audit and issue an audit certificate in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice until we have completed our work on the consolidation returns and confirmation has been received from the NAO that the group audit (Whole of Government Accounts) has been certified by the Comptroller and Auditor General, and therefore no further work is required to be undertaken in order to discharge the auditor's duties in relation to consolidation returns under paragraph 2.11 of the Code. We are yet to receive the group instructions from NAO.

We are satisfied that this work does not have a material effect on the financial statements for the year ended 31 March 2026.

Significant matters

We did not encounter any significant difficulties or identify any significant matters arising during our audit.

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Our approach to materiality

As communicated in our Audit Plan dated 2 June 2026, we determined materiality at the planning stage as £16.7 million, which equated to 2% of prior year (2024/25) gross expenditure on the deficit on provision of services. At year end we reconsidered materiality based on the 2025/26 draft financial statements and have revised it to £16.4 million, after excluding a one-off, non-recurrent loss on the acquisition of council dwellings.

A recap of our approach to determining materiality is set out below.

Basis for our determination of materiality

We have determined materiality at £16.4 million based on professional judgement in the context of our knowledge of the Authority. In reaching this judgement we considered factors such as prior year audit findings, stakeholder expectations, sector developments, financial stability, reporting requirements and the risks associated with the audit.

We used 2% of the current year's gross expenditure on the deficit on provision of services as the basis for determining materiality.

At the planning stage we calculated materiality of £16.7 million. On receipt of the 2025/26 draft accounts we recalculated materiality using 2% of gross expenditure on the deficit on provision of services of £836.4 million. We adjusted this downwards by £10 million to £826.4 million to exclude the immediate loss following acquisition of council dwellings, which are to be valued at 41% as social housing, as this is one-off, non-recurrent expenditure. 2% of the revised figure would exceed our 2% materiality cap, so we revised headline materiality to £16.4 million.

Performance materiality

We have determined performance materiality at £12.3 million, which is 75% of headline materiality.

The percentage is consistent with the planning stage, although we have recalculated performance materiality so as to keep it at 75% of the revised headline materiality. The 75% is an increase on the 70% used in the prior year. We did not identify any errors in the prior year that affected usable reserves, so we considered a higher percentage appropriate.

The level also reflects that the Council has a stable financial reporting team with a track record of preparing good quality financial statements and supporting working papers, and of engaging well throughout the audit.

Specific materiality

We have identified senior officer remuneration as a disclosure where we will apply a lower materiality level, as it is considered sensitive. We have set materiality for this disclosure at £21,700.

Reporting threshold

We have determined the reporting threshold to be £820,000, which is 5% of headline materiality.

We will report to the Audit Committee all misstatements identified above this threshold, together with any matters we consider to be qualitatively material.

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Our approach to materiality

A summary of our approach to determining materiality is set out below.

Materiality area	Amount	Qualitative factors considered
Materiality for the Council's financial statements	£16.40m	This equates to 2% of the Council's gross expenditure on the deficit on provision of services for 2025/26 based on the draft statement of accounts (£836.4m), adjusted downwards by £10m to £826.4m to exclude one-off, non-recurrent expenditure arising from the loss following acquisition of council dwellings, which are to be valued at 41% as social housing. Our overall risk assessment supports the 2% benchmark applied. This revises the £16.7m determined at the planning stage, which was based on 2024/25 audited gross expenditure of £914m, adjusted downwards by £78m for non-recurrent items to £836m.
Performance materiality (PM)	£12.30m	The performance materiality has been set at 75% of financial statement materiality, which is an increase from 70% in the prior year. This reflects our risk assessed knowledge of the potential for errors. Since we did not identify any errors that affected usable reserves in the prior year, we determined that an increase in the measurement percentage was appropriate. Performance materiality is used to assess the risks of material misstatement and to determine 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 (reporting threshold)	£0.82m	The amount below which findings would be clearly inconsequential, either individually or in aggregate, to any reader of the financial statements. This equates to 5% of headline materiality. We report all misstatements identified above £820k to the Audit Committee.
Specific materiality - remuneration 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 higher 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 apply heightened auditor focus on the completeness and clarity of disclosures in this area and request amendments if any errors exceed the threshold we have set or would alter the bandings reported for any individual.

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Overview of audit risks

The below table summarises the significant risks identified and those risks rebutted that are discussed in more detail on the subsequent pages.

Significant risks are defined by ISAs (UK) as an identified risk of material misstatement for which the assessment of inherent risk is close to the upper end of the spectrum due to the degree to which risk factors affect the combination of the likelihood of a misstatement occurring and the magnitude of the potential misstatement if that misstatement occurs.

For the purposes of the ISAs (UK), the auditor is concerned with fraud or suspected fraud that causes a material misstatement in the financial statements. Two types of intentional misstatements are relevant to the auditor – misstatements resulting from fraudulent financial reporting and misstatements resulting from misappropriation of assets. As part of our consideration of risks relating to fraudulent financial reporting we consider the potential for override of controls or other inappropriate influence over the financial reporting process, such as efforts by management to suppress revenue expenditure and minimise the depletion of an Authority's general fund reserves over time.

Risk title	Risk level	Change in risk since Audit Plan	Fraud risk	Level of judgement or estimation uncertainty	Status of work
Management override of controls	Significant	↔	✓	Low	G
Valuation of land and buildings, including Council dwellings	Significant	↔	×	High	G
Valuation of the defined benefit net pension fund balance	Significant	↔	×	High	G
Presumed risk of fraud in revenue recognition (rebutted)	Rebutted the risks	↔	×	Low	G
Presumed risk of fraud in expenditure recognition (rebutted)	Rebutted the risks	↔	×	Low	G

↑ Assessed risk increase since Audit Plan
↔ Assessed risk consistent with Audit Plan
↓ Assessed risk decrease since Audit Plan

G Not likely to result in material adjustment or change to disclosures within the financial statements
A Potential to result in material adjustment or significant change to disclosures within the financial statements
R Likely to result in material adjustment or significant change to disclosures within the financial statements

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Significant risks

Risk identified	Auditor commentary and procedures performed
Management override of controls Under ISA (UK) 240, there is a non-rebuttable presumption that the risk of management override of controls is present in all entities. We 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.	Our work focused on key estimates and judgements made by management. We tested journal entries where adjustments could be manually input to the general ledger, with a focus on closing journals in the final period and those posted during preparation of the financial statements, as guided by relevant auditing standards. We also reviewed key accounting judgements and estimates. We have not identified any estimates or judgements as fraud risks and, due to the statutory accounting overrides prescribed by the CIPFA Code, we have not identified any incentives for management to fraudulently misstate relevant transactions and balances. Our work on judgements and estimates did not identify any indicators of management bias. **As part of our work, we have:** • evaluated the design effectiveness of management controls over journal entries; • analysed the journals listing and determined the criteria to be applied in identifying high risk unusual journals; • identified and tested unusual journals made during the year and at the accounts production stage for appropriateness and corroboration; • challenged management's key judgements and estimates and considered whether these judgements and estimates are individually or cumulatively indicative of management bias; • gained an understanding of the accounting estimates and critical judgements applied by management and considered their reasonableness; and • evaluated the rationale, including the existence of incentives for any changes in accounting policies, estimates or significant unusual transactions. In performing the above procedures, we identified a population of journals to test using data analytics software to analyse journal entries and to split large batch journals into smaller sets of transactions to consider against specific risk criteria determined by the audit team. The risk criteria we applied included: • Material journals posted across the year • Journals posted by senior officers • Journals posted after the year end and during preparation of the draft accounts • Journals crediting operating expenditure across the year • Journals posted by users with administrator access to the general ledger Application of these routines and supplementary procedures identified a total of 28 journals to test. **Key findings** Our audit work has not identified any issues in respect of management override of controls.

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Significant risks

Risk identified	Auditor commentary and procedures performed
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 £300m at 31 March 2026) and the sensitivity of this estimate to changes in key assumptions. For 2025/26, the Code requires indexation to be applied in the intervening years between revaluations. The Council is adopting this for the first time, applying indexation to land and buildings not subject to a full revaluation during the year. The Council will need to interpret the new requirement appropriately, select appropriate indices and calculate the indexation accurately. We will assess how the Council has approached this as part of our detailed work. **Council dwellings:** The CIPFA Code requires that Council dwellings (some £896m at 31 March 2026) 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.	As part of our work, we have: • evaluated the design effectiveness of controls in place around the valuation process; • evaluated management's processes and assumptions for the calculation of the estimate, the instructions issued to management's valuation expert, the scope of the expert's work and the appropriateness of the basis of the valuation; • evaluated the competence, capabilities and objectivity of management's valuation expert; • evaluated and challenged the information and assumptions used by management's valuation expert to assess completeness and consistency with our understanding and wrote to them to confirm the basis on which the valuation was carried out; • tested, on a sample basis, revaluations made during the year to ensure they have been input correctly into the Council's AssetManager.NET fixed asset register; • engaged our own RICS-registered auditor's valuation expert to assess both the instructions issued to management's valuation expert and the assumptions and estimates that underpin the valuation of buildings, and to give a view on the adequacy and appropriateness of that expert's report; • agreed, on a sample basis, the gross internal areas (GIAs) to the Council's AutoCAD building measurement software; • for non-specialised properties and land valued on the existing use value (EUV) basis, obtained market comparables and assessed the appropriateness of market rents and yields selected by management's valuation expert and used in the valuation calculations; • for council dwellings valued using the beacon methodology, obtained comparables from online sold property websites and assessed the valuation of the beacon property against the sale prices of comparable residential properties; and • assessed the Council's application of the new requirement to index annually those assets not subject to a full revaluation in the year, including its use of appropriate cost-based indices for specialised assets and its decision to carry out a desktop valuation in year three for non-specialised assets, where no appropriate index was available.

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Significant risks

Auditor commentary and procedures performed

Key findings

From our work on indexation, we are satisfied that the Council's approach for 2025/26 is reasonable and in line with the CIPFA Code. The Council applied indexation to the building element of its specialised assets valued at depreciated replacement cost (DRC), excluding land, using the Building Cost Information Service (BCIS) all-in Tender Price Index (TPI), an independent, recognised cost-based index appropriate for the specialised asset class. CIPFA Bulletin 22 expects management to be satisfied that the index reflects local market conditions. The only adjustment management identified was the regional adjustment factor, rebasing the index to Yorkshire and the Humber, which the Council has applied in the indexation of specialised assets. For non-specialised assets including land, the Council assessed that no suitable and reliable index was available, and management and its valuation expert explained their rationale. The Council therefore proposes a desktop valuation in year three, in line with the Code. We consider this reasonable, particularly as MHCLG confirmed in March 2026 that an index for non-specialised operational assets would not be available this year.

Our reperformance of the indexation calculations did not identify any variances. We did not identify any evidence of management bias, inappropriate adjustments or unsupported assumptions. The Council has not changed its previously applied method of accounting for accumulated depreciation on revaluation. We also assessed management's consideration of whether any assets showed signs of material impairment, or whether capital expenditure or changes in use during the year may have required a full revaluation outside the normal cycle. We did not identify any previously unidentified indicators. We therefore concluded that the carrying values at 31 March 2026 are reasonable.

From our work on investment property, which is outside the scope of this significant risk but relates to the Council's property assets, we identified that the new cafe and entertainment venue at Rother Valley Country Park (The Waterfront), completed in March 2026, had been incorrectly classified as Investment Property. The venue was built for regeneration and community purposes and so does not meet the investment property criteria in the CIPFA Code. Management has adjusted the financial statements to transfer £9.86 million from Investment Property to Other Land and Buildings. The venue was still carried at cost at the year end, rather than at current value as the Code requires for Other Land and Buildings. Its carrying value is below materiality, so we do not expect any impairment on first valuation to be material. We have raised a recommendation for management to arrange a valuation during 2026/27 and consider whether any similar newly built or acquired buildings may also need to be valued before the year end.

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Significant risks

Risk identified	Audit procedures performed
Valuation of the local government pension scheme (LGPS) defined benefit pension net balance The Council's LGPS pension fund net balance is a significant estimate in the financial statements, given the size of the gross figures (assets of £1.6bn and liabilities of £1.18bn in 2026) and its sensitivity to changes in key assumptions. At 31 March 2026, the Council identified a net LGPS pension surplus of £420m, which was capped at £nil under IFRIC 14 by reducing gross assets by £420m. A further pension liability of £11.6m (at March 2026) reflects unfunded liabilities, for which there are no assets to offset. We did not identify these unfunded liabilities as within the scope of the significant risk. The methods used to calculate the IAS 19 estimates are routine and commonly applied by all actuarial firms in line with the Code (the applicable financial reporting framework). We therefore concluded that the methods and models did not give rise to a significant risk of material misstatement. The source data used by the actuaries is provided by administering authorities and employers. We did not consider this a significant risk as it is easily verifiable. The actuarial assumptions are the responsibility of the entity but should be set on the advice of the actuary. A small change in the key assumptions (discount rate, inflation rate, salary increase and life expectancy) can significantly affect the IAS 19 surplus, particularly the discount rate, inflation rate and life expectancy. The £420m reduction to bring the surplus down to the IFRIC 14 asset ceiling is many times our materiality of £16.4m and relies on significant judgement, with the assumptions the main area of risk. We identified a significant risk of material misstatement in management's calculation of the IAS 19 net pension balance and the recognition and valuation of the net pension surplus under IAS 19 and IFRIC 14.	**As part of our audit work, we have:** • updated our understanding of the processes and controls put in place by management to ensure that the Council's pension fund net surplus is not materially misstated and evaluated the design of the associated controls; • evaluated the instructions issued by management to their management expert (an actuary) for this estimate and the scope of the actuary's work; • assessed the competence, capabilities and objectivity of the actuary who carried out the Council's pension fund valuation; • assessed the accuracy and completeness of the information provided by the Council to the actuary to estimate the liability; • tested the consistency of the pension fund asset and liability and disclosures in the notes to the core financial statements with the actuarial report from the actuary; • performed 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; • obtained assurances from the appointed auditor of the South Yorkshire Pension Fund over the controls surrounding the validity and accuracy of membership data, contributions and benefits data sent to the actuary, and the fund assets valuation in the pension fund financial statements. For the 31 March 2025 triennial valuation, the pension fund auditor confirmed that the Pension Fund reconciles the membership data submitted to the actuary to its source database, with the reconciliations reviewed and signed, that total member numbers agree to the Pension Fund's records, and that a sample of member records was tested across all admitted bodies with no exceptions noted; • confirmed that pension fund asset valuations were based on a 31 March 2026 valuation date; and • obtained and reviewed the IFRIC 14 calculation directly from the Council's actuary, including considering whether the Council's future contributions would exceed the future service cost, so that no economic benefit arises and the net pension asset is capped at £nil on its balance sheet.

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Significant risks

Auditor commentary and procedures performed

Additional commentary and work undertaken in respect of pension surplus position:

UK economic and market conditions have continued to give rise to circumstances for an LGPS IAS 19 pension fund surplus to exist. The surplus position is consistent with the prior period, although the headline surplus has increased in magnitude due to the factors described below.

IFRIC 14 addresses the extent to which an IAS 19 surplus can be recognised on the balance sheet and whether any additional liabilities are required in respect of a minimum funding requirement. IAS 19 limits the measurement of the defined benefit asset to the asset ceiling, defined as the 'present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan'.

During the preparation of the draft accounts, management obtained an IFRIC 14 calculation from its actuarial expert that satisfies the requirements of the accounting standard. This calculation indicated an asset ceiling that was negative (i.e. less than £nil) and per IFRIC 14 principles, the asset ceiling has been capped at £nil in the draft financial statements. Accounting for the net pension surplus at £nil is consistent with the LGPS net pension surplus valuation in the signed financial statements for the prior period (2024/25).

There has been an increase in the headline surplus calculated due to a year-on-year increase in the discount rate on high-quality corporate bonds (assumption stipulated by IAS 19 accounting standard) alongside a smaller increase in the inflation (pension increase) assumption. The asset ceiling calculation indicates that future annual cash contributions will exceed the future service cost and as such no economic benefit is generated for the Council from the existence of the net pension surplus, which is why the net pension surplus has been capped at £nil.

There is an unfunded defined benefit liability of £11.6m at March 2026 that should be recognised under IAS 19 in the accounts. This relates to termination benefits made on a discretionary basis upon early retirement in respect of some members of the pension scheme. This amount should be recognised separately on the balance sheet irrespective of the pension fund asset position. Management has continued to account for the unfunded pension liability within pension liabilities at Note 18. We consider this accounting to be appropriate.

Key findings

Our review of the letter from the auditor of South Yorkshire Pension Fund identified adjusted misstatements from the audit of the pension fund, which also affect the share of pension fund assets held by Rotherham Metropolitan Borough Council. A misstatement of £14.7m arose from stale pricing of Level 3 pooled investment vehicles. The misstatement increased the return on plan assets by £14.7m and increased the adjustment loss due to the restriction of surplus by the same amount. There is no impact on the CIES. This disclosure misstatement is set out on page 35 and has been adjusted for in the updated financial statements.

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Risks rebutted

Risk identified	Auditor commentary and procedures performed
Presumed risk of fraud in revenue recognition - revenue cycle includes fraudulent transactions **(rebutted)** Under ISA (UK) 240, there is a rebuttable presumed risk of material misstatement 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 related to revenue recognition. We reported in our Audit Plan dated 2 June 2026 that having considered the risk factors set out in ISA (UK) 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.	There have been no changes to our risk assessment as reported in the audit plan. Although we rebutted the risk, we carried out standard audit procedures for material streams of transactions, in line with ISA (UK): **Accounting policies** • We evaluated the Council's accounting policies for recognition of income for its material income streams and compliance of recognition principles with the CIPFA Code. **Grant income** • For grant income, we sample tested items for supporting evidence and checked the appropriateness of the accounting treatment in line with the CIPFA Code, including appropriate classification of specific grant income credited to services and non-specific grant income credited to taxation and non-specific grant income. Regard to principal/agent accounting considerations has also been given as part of our detailed testing. • For income raised from council tax and non-domestic rates, which are of a predictable nature, we performed substantive analytical procedures based on the number and value of rateable properties, applying any annual increases to rates as appropriate. **Fees, charges and other income** • We disaggregated the non-grant income transaction stream, identifying significant income sub-streams. Housing rents (HRA) income was tested using a substantive analytical procedure recognising the recurrent and predictable nature of the income generated annually from the rental of the Council's housing stock. • We tested, on a sample basis, fees and charges transactions to supporting documentation and cash receipts to evidence the occurrence of these transactions. • We designed and carried out appropriate audit procedures to ascertain that recognition of income is in the correct accounting period, for example, using cut off testing, focusing either side of the reporting date of 31 March 2026. **Key findings** Our work has not identified any issues that would change our assessment of the risk of fraud in revenue recognition. We have gained assurance that Council revenue is fairly stated. Our testing of grant income identified one classification error. The £8.8m Recovery Grant was treated as ringfenced but is unringfenced under the grant determination, so it should have been credited to Taxation and Non-Specific Grant Income. Management has adjusted for this in the updated financial statements.

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Risks rebutted

Risk identified	Auditor commentary and procedures performed
Presumed risk of fraud in expenditure recognition - expenditure cycle includes fraudulent transactions (rebutted) Practice Note 10: Audit of financial statements and regularity of Public Sector Bodies in the United Kingdom (PN10) states that the risk of material misstatement due to fraud related to expenditure may be greater than the risk of material misstatement due to fraud related to revenue recognition for public sector bodies. As per PN10, fraudulent financial reporting may arise from the manipulation of expenditure recognition (for instance by deferring expenditure to a later period). We considered the risk that expenditure may be misstated due to the improper recognition of expenditure for all expenditure streams. We rebutted this risk for the Council because: • 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 makes direct payments for social care expenditure, which are regular and paid on a timely basis, which suppresses the opportunity to meaningfully exclude expenditure transactions from being reported in the general ledger; and • the Council was expected to have £50.5m of general fund reserves at 31 March 2026, based on the quarter 3 forecast, of which £25m was unearmarked, equivalent to 6.9% of the 2025/26 net revenue budget (£359m). This exceeded the broad 5% target in the local government sector and as such the availability of reserves to fund the Council's expenditure did not indicate excessive pressures.	There have been no changes to our risk assessment as reported in the audit plan. Although we rebutted the risk, we carried out standard audit procedures for material streams of transactions, in line with ISA (UK): **Accounting policies** • We evaluated the Council's accounting policies for recognition of expenditure for its material expenditure streams and compliance of recognition principles with the CIPFA Code. • We updated our understanding of the Council's business processes associated with accruing for relevant expenditure at the end of the accounting period. **Expenditure** • We agreed, on a sample basis, non-pay expenditure to supporting evidence to demonstrate occurrence and accuracy of expenditure recorded. • We obtained an understanding of the GRNI (goods received not invoiced) and creditors closedown processes implemented to ensure that expenditure is accounted in the period to which it relates. • We undertook a detailed substantive analytical procedure on pay expenditure, including checking that changes in gross pay year on year were supported by underlying data including enacted pay awards and movements in workforce numbers. • We designed and carried 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. • We reviewed the nature of expenditure charged to the HRA to ensure compliance with ringfencing. • We inspected a sample of accruals made at year end for expenditure but not yet invoiced to assess whether the value of the accrual was consistent with the value invoiced after the year end. **Key findings** Our work has not identified any issues that would change our assessment of the risk of fraud in expenditure recognition. We have gained assurance that Council expenditure is fairly stated and there are no matters to report in respect of the Council's expenditure recognition.

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Other findings – key judgements and estimates

Key estimate	Summary of management's approach	Auditor commentary	Assessment
Valuation of land and buildings £300 million at 31 March 2026	Other land and buildings comprises £203 million of specialised assets such as schools, leisure centres, customer service centres and children's centres, which are required to be valued at depreciated replacement cost (DRC) at year end, reflecting the cost of a modern equivalent asset necessary to deliver the same service provision as existing buildings. The remainder of other land and buildings (£89 million) is not specialised in nature and is required to be valued at existing use value (EUV) at year end based on market comparables such as the capitalisation of passing rent (income approach) or the comparison to similar land and buildings on the open market (comparative approach). EUV assets include offices, public car parks, and council depots. The Council engaged its internal valuers to complete the valuation of land and buildings for 2025/26. Specialised assets were valued on the DRC basis as at 1 January 2026 and non-specialised assets were valued on the EUV basis as at 30 September 2025. The land and buildings portfolio is valued on a five yearly cyclical basis. In the draft accounts, around 70% of total other land and buildings (by value) were either revalued or indexed during 2025/26. The capital accounting function worked with its internal property surveyors to ensure the assets included in the population of assets to be valued offered appropriate coverage across the sub-types of buildings held, and the Council communicated significant changes to existing land and buildings, such as major refurbishments and repurposing to the internal valuers to be captured in the valuations, as the valuer considered appropriate. The Code now requires indexation for assets not fully revalued in the year. For 2025/26, the Council has applied this to its specialised assets. Indexation was applied to the building element only, excluding land, using the Building Cost Information Service (BCIS) all-in Tender Price Index rebased to Yorkshire and the Humber. For non-specialised assets including land, management concluded that no suitable and reliable index was available and proposes to carry out a desktop valuation in year three.	We have: • assessed the competence and expertise of management's expert (internal RICS-registered valuers), concluding that they are competent, capable and objective; • reviewed the completeness and accuracy of the underlying information used to determine the valuation estimate; • reviewed the assumptions used by the expert in the calculations, including the accuracy of gross internal areas; • considered the valuation method used to revalue assets and concluded that the method was suitable for the type of land or building; and • assessed how management applied indexation, including the choice of index and the rationale where none was suitable, and reperformed the calculations.	● Green We consider management's process is appropriate and key assumptions are neither optimistic nor cautious.

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Other findings – key judgements and estimates

Key estimate	Summary of management's approach	Auditor commentary	Assessment
Valuation of council dwellings £896 million at 31 March 2026	The Council owns 19,788 dwellings and is required to revalue these properties in accordance with DCLG's Stock Valuation for Resource Accounting guidance. The guidance requires the use of beacon methodology, in which a detailed valuation of representative property types is then applied to similar properties. The Council's internal HRA valuers have undertaken the valuation of these properties with a valuation reference date of 1 April 2025. To assess the current value of the council dwellings as at 31 March 2026, the internal valuer has undertaken a market exercise for the period from April 2025 to March 2026, to determine whether there had been a material movement in the value of the housing stock in this period. This exercise reported that market indices, including data from HM Land Registry, indicated an increase in values totalling 2.10%. This was considered alongside the reperformance of a selection of beacon valuations to assess the relevance of Rotherham headline indices to the Council's asset base of council dwellings. It was concluded that an increase should be applied and this resulted in an increase in the carrying value of £22.5 million, which was incorporated by management into the draft financial statements. The year end valuation of council housing was £896 million, a net increase of £21 million from 2024/25 (£875 million).	We have: • assessed the competence and expertise of management's valuation expert (internal RICS-registered valuers), concluding that they are competent, capable and objective; • reviewed the completeness and accuracy of the underlying information used to determine the valuation estimate; • confirmed the application of the 41% social housing discount factor, which is in line with the DCLG Stock Valuation Guidance 2016; • discussed the selection of the beacon with management's valuation expert to understand and assess how this is representative of the remaining properties in each archetype; • independently obtained, on a sample basis, comparable properties from web sources that list sold properties (Zoopla, Rightmove) and assessed the beacon valuation adopted by management's valuation expert against their sale prices; • reviewed market data and house price indices to corroborate the 3% year end increase adjustment applied to flats and maisonettes and the 2.5% increase applied to bungalows and houses as part of the year end stock valuation; and • checked that any newly acquired council dwellings had been valued at EUV-SH rather than cost. The Council acquired residential properties at a gross cost of £17.5 million during the year, predominantly at a discount on new build housing sites. As in the prior year, management has impaired these acquisitions by £9.9 million to 41% of the acquisition price, giving a revised carrying value of £7.7 million in the draft accounts.	● Green We consider management's process is appropriate and key assumptions are neither optimistic nor cautious.

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Other findings – key judgements and estimates

Key estimate	Summary of management's approach	Auditor commentary	Assessment
Valuation of defined benefit net pension balance £11.6m at 31 March 2026 IFRIC 14 addresses the extent to which an IAS 19 surplus can be recognised on the balance sheet and whether any additional liabilities are required in respect of a minimum funding requirement. IAS 19 limits the measurement of the defined benefit asset to the asset ceiling, defined as the 'present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan'.	The Council continues to engage Hymans Robertson to provide actuarial valuations of the assets and liabilities of the South Yorkshire Pension Fund Local Government Pension Scheme. A full actuarial valuation is required every three years and was last undertaken as at 31 March 2025, which has been rolled forward in the calculation of the 31 March 2026 position. A roll forward approach is used in intervening periods which utilises key assumptions such as life expectancy, discount rates, salary growth and investment return. Given the significant value of the net pension surplus, small changes in assumptions can result in significant valuation movements. Given the sensitivity, management has provided additional disclosure in Note 18 on the effect of reasonably possible changes in the key assumptions, drawing readers' attention to the estimation uncertainty in the valuation.	**We have:** • assessed the competence, capability and objectivity of management's actuarial expert, Hymans Robertson, and assessed the approach taken by the actuary, which we deemed reasonable; • used PwC as an auditor's actuarial expert to assess the actuary and the assumptions applied – please see the table below. The PwC report has also indicated that they are comfortable with Hymans Robertson's methodologies used to establish assumptions and they will produce reasonable assumptions as at 31 March 2026 for all employers; • confirmed the completeness and accuracy of the underlying information used to determine the estimate including performing additional tests in relation to the accuracy of contribution figures, benefits paid, and investment returns to gain assurance over the roll forward calculation; • confirmed the adequacy of the disclosures in the financial statements and the consistency of the pension fund disclosures in the notes to the financial statements with the IAS 19 report from the actuary.	● Green We consider management's process is appropriate and key assumptions are neither optimistic nor cautious.

Assumption	Actuary's assumption	PwC comments	Assessment
Discount rate	6.20%	Within expected range	● Green
Pension increase rate	3.00%	Within expected range	● Green
Salary growth	3.60%	Within expected range	● Green
Life expectancy - males (45/65)	21.9/21	Within expected range	● Green
Life expectancy - females (45/65)	25.3/24	Within expected range	● Green

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Other findings – key judgements and estimates

Key judgement or estimate	Summary of management's approach	Auditor commentary	Assessment
Recognition and presentation of grant income £469 million in 2025/26 The Council receives a number of grants and contributions and is required to follow the requirements set out in sections 2.3 and 2.6 of the Code. The main considerations are to determine whether the Council is acting as principal or agent, and if there are any conditions outstanding (as distinct from restrictions) that would determine whether the grant should be recognised as a receipt in advance or income. The Council also needs to assess whether grants are specific, and hence credited to service revenue accounts, or of a general or capital nature in which case they are credited to taxation and non-specific grant income.	Management has taken into account three main considerations in accounting for grants: 1. whether the Council is acting as the principal or agent and whether it controls the goods or services before they transfer to the service recipient. Where the Council is acting as an agent, it does not recognise grant income. Conversely, where the Council is acting as the principal, it has credited the grants and contributions to the Comprehensive Income and Expenditure Statement (CIES). Management's assessment considers factors such as who bears credit risk and responsibility for overpayments, who determines the amount, who sets the criteria for entitlement, who designs the scheme and whether there are discretionary elements. 2. whether there are conditions outstanding (as distinct from restrictions) that would require the grant to be recognised as a receipt in advance; otherwise the grant should be recognised as income 3. whether the grant is a specific or non-specific grant. General unringfenced and capital grants are credited to taxation and non-specific grant income and disclosed on the face of the CIES, whereas ringfenced grants are required to be credited to service revenue accounts. There may be judgements over the accounting treatment. Different conclusions may be reached by councils depending on how they have applied any discretion in administering the schemes and the application of Code guidance.	As part of our audit work, we have performed the following: • substantively tested a sample of grants across categories and reviewed management's assessment of whether the Council is acting as the principal or agent; • for the samples selected, we reviewed the completeness and accuracy of the underlying information to determine whether there are conditions outstanding; • assessed, for the sample of grants received, whether the grant is a specific or non-specific grant (or whether it is a capital grant), which affects where the grant is presented in the CIES; • assessed the adequacy of disclosure of grants received and judgement used by management as part of our detailed testing. Key findings The Recovery Grant of £8.8 million was recognised within significant revenue grants as a ringfenced grant. The grant determination, published by the Ministry of Housing, Communities and Local Government, states that it is unringfenced, so it should have been credited to Taxation and Non-Specific Grant Income. Management has adjusted for this in the updated financial statements.	● Green (post audit adjustments) We consider management's process is appropriate and key assumptions are neither optimistic nor cautious.

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Other findings – significant matters

Issue	Commentary
Significant events or transactions that occurred during the year	No such events or transactions were identified.
Business conditions affecting the Authority, and business plans and strategies that may affect the risks of material misstatement	No such conditions were identified.
Concerns about management's consultations with other accountants on accounting or auditing matters	No such conditions were identified.
Discussions or correspondence with management in connection with the initial or recurring appointment of the auditor regarding accounting practices, the application of auditing standards, or fees for audit or other services	No such discussions were held.
Significant matters on which there was disagreement with management, except for initial differences of opinion because of incomplete facts or preliminary information that are later resolved by the auditor obtaining additional relevant facts or information	No such matters were identified.
Other matters that are significant to the oversight of the financial reporting process	Control deficiencies and follow ups of prior year deficiencies are included on pages 37 to 42.
Prior period adjustments identified	One prior period adjustment for 2024/25 was included in the draft accounts presented for audit, relating to the accounting for valuation losses on right of use assets that arose on transition to IFRS 16. The adjustment is explained on page 11 of the financial statements and, at £2.8m, is not material. IAS 8 requires restatement only for material prior period errors, but does not prevent restatement for an immaterial one, so restating the comparatives is not prohibited. How to correct the error is a judgement for management, and we are satisfied that the approach taken is acceptable under IAS 8. Where management restates previously reported results for an immaterial prior period error, rather than correcting it in the current period, the firm's view is that we should report this to those charged with governance. This matter is therefore reported here.

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Other findings – Information Technology

This section summarises the results of our work on the Authority's Information Technology (IT) environment and controls. ISA (UK) 315 (Revised) requires us to understand the Authority's IT environment, being its IT applications, supporting IT infrastructure and IT processes.

For the applications relevant to our audit we identified the risks arising from their use and the IT general controls (ITGCs) that address them. We then evaluated whether those controls were designed effectively and whether they had been implemented. IT specialist auditors assisted the core audit team with this work, including identifying risks from IT-dependent controls relevant to the financial audit. The table below shows an overall ITGC rating for each application and the ratings for individual control areas.

Initial IT audit work identified that single sign-on (SSO) was in use at the Council, which brought Active Directory into the scope of our IT audit work. Active Directory is a Microsoft directory service that manages devices, users, domains and objects on a Windows network. SSO lets users log into eFinancials from their Windows profile without re-entering their credentials, so Active Directory is inextricably linked with eFinancials user access rights (security management).

			ITGC control area rating			
IT application	**Level of assessment performed**	**Overall ITGC rating**	**Security management**	**Technology acquisition, development and maintenance**	**Technology infrastructure**	**Related significant risks/other risks**
eFinancials (e5) - One Advanced	ITGC assessment (design and implementation effectiveness only)	● Green	● Green	● Green	● Green	● Out of Scope
Active Directory	ITGC assessment (design and implementation effectiveness only)	● Green	● Green	● Out of Scope	● Out of Scope	● Out of Scope
Cybersecurity	Cyber assessment	● Green	● NA	● NA	● NA	● NA

Assessment:

- ● [Green] IT controls relevant to the audit of financial statements judged to be effective at the level of testing in scope
- ● [Grey] Not in scope for assessment

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Other findings – Information Technology

Assessment	Issue and risk	Recommendations
Green	**Weak password policy settings configured within Active Directory** During our review of Active Directory password settings, we noted that the Maximum Password Age parameter is set to 0 days, resulting in passwords not expiring automatically. This setting is not aligned with the organisation's password management policy and may increase the risk of compromised credentials remaining active for extended periods. **Risks** Where passwords are not configured to expire, there is an increased risk that compromised or stale credentials may be used to gain unauthorised access to systems and data. This could result in unauthorised activities being performed without timely detection.	Management should review the Active Directory password configuration and align the Maximum Password Age setting with the organisation's password management policy and security requirements. Periodic reviews of password policies should also be performed to ensure settings remain appropriate and effective. **Management response:** *Password settings have remained the same for a number of years, and as per previous audits, we have advised that the e5 system had some limitations. Since upgrading to e5.7 in July 2025, we now use single sign-on, so e5 passwords are no longer required as users log on via their network login.*

Assessment

- Significant deficiency – ineffective control/s creating risk of significant misstatement within financial statements and / or directly impact on the planned financial audit approach.
- Deficiency – ineffective control/s creating risk of inconsequential misstatement within financial statements and not directly impacting on the planned financial audit approach.
- Improvement opportunity – improvement to control, minimal risk of misstatement within financial statements and no direct impact on the planned financial audit approach.

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Other findings – Information Technology

Assessment	Issue and risk	Recommendations
● Green	**Delayed revocation of leaver access within e5 eFinancials** During our review of leaver access management, we noted that for the leaver selected in our sample, the last working day was 17 December 2025, whereas system access was revoked on 24 December 2025. However, we also noted that the user's Active Directory account had been disabled on 15 December 2025, before the employee's last working day. As a result, the risk of unauthorised access was mitigated despite the delay in the formal revocation of access. **Risks** Where user access is not revoked promptly following an employee's departure, there is an increased risk that former employees may retain inappropriate access to systems and data. This could result in unauthorised access, inappropriate transactions or changes being made without management approval, potentially leading to data confidentiality, integrity and security issues.	Management should ensure that all user access is revoked in a timely manner upon employee termination and in accordance with the organisation's leaver management procedures. Periodic reviews of leaver accounts should also be performed to confirm that access removals are completed promptly and consistently. **Management *response*** *The HR system and e5 are controlled by separate teams within RMBC. As such, monthly HR leavers reports are sent to all RMBC system owners, whereby the Financial Systems Support Team actively disables leavers' accounts on e5 upon receipt of the report. RMBC managers are also responsible for informing the team of leavers, but on occasion do not action this, hence the need for the leavers report.* *Users cannot access e5 without access to the RMBC network, and when an employee leaves RMBC, their network account is disabled, so they cannot access e5.* *In terms of the comment about other users accessing leavers' accounts, we have a process in place that emails the specific user with a password, so other employees cannot access this unless they have access to that person's email address, which is not allowed. We actively advise staff that they are not allowed to share user IDs and passwords with other staff.* *This was an acceptable process in previous audits.* *Furthermore, now that we have upgraded to e5.7, we use single sign-on, which means users can only access e5 through their own network account. This issue will therefore no longer arise in future audits.*

Assessment

- Significant deficiency – ineffective control/s creating risk of significant misstatement within financial statements and / or directly impact on the planned financial audit approach.
- Deficiency – ineffective control/s creating risk of inconsequential misstatement within financial statements and not directly impacting on the planned financial audit approach.
- Improvement opportunity – improvement to control, minimal risk of misstatement within financial statements and no direct impact on the planned financial audit approach.

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Other communication requirements

Issue	Commentary
Matters in relation to fraud	We have previously discussed the risk of fraud with management and the Audit Committee. We have not been made aware of any significant instances in the period that are considered to impact on the financial statement audit, and no issues have been identified during the course of our audit procedures for the Council.
Matters in relation to related parties	We are not aware of any related parties or related party transactions which have not been disclosed.
Matters in relation to laws and regulations	Management have not made us aware of any significant incidences of non-compliance with relevant laws and regulations and we have not identified any incidences from our audit work.
Written representations	A letter of representation will be requested from the Council prior to concluding the audit, which will be presented to management and those charged with governance prior to giving the audit opinion. An additional representation has been requested regarding the Council's position on equal pay claims.
Accounting practices	We have evaluated the appropriateness of the Council's accounting policies, accounting estimates and financial statement disclosures. A number of minor amendments were made to the accounting policies to enhance the transparency of the disclosures within the Accounts.
Confirmation requests from third parties	We requested from management permission to send confirmation requests to the Council's banking and treasury partners. This permission was granted and the requests were sent. These requests were returned with positive confirmation and no issues were noted. We are still awaiting receipt of some of our sample of school bank confirmations.
Disclosures	Our review found no material omissions in the financial statements. A small number of presentational disclosure changes are listed on pages 31 to 36.
Audit evidence and explanations	All information and explanations requested from management were provided. We would like to thank the Council officers for their help and support during the audit process.

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Other responsibilities

Issue	Commentary
Going concern	In performing our work on going concern, we have had reference to Statement of Recommended Practice – Practice Note 10: Audit of financial statements of public sector bodies in the United Kingdom (Revised 2024). The Financial Reporting Council recognises that for particular sectors, it may be necessary to clarify how auditing standards are applied to an entity in a manner that is relevant and provides useful information to the users of financial statements in that sector. Practice Note 10 provides that clarification for audits of public sector bodies. Practice Note 10 sets out the following key principles for the consideration of going concern for public sector entities: • The use of the going concern basis of accounting is not a matter of significant focus of the auditor's time and resources because the applicable financial reporting frameworks envisage that the going concern basis for accounting will apply where the entity's services will continue to be delivered by the public sector. In such cases, a material uncertainty related to going concern is unlikely to exist, and so a straightforward and standardised approach for the consideration of going concern will often be appropriate for public sector entities • For many public sector entities, the financial sustainability of the reporting entity and the services it provides is more likely to be of significant public interest than the application of the going concern basis of accounting. Our consideration of the Council's financial sustainability is addressed by our value for money work, which is covered elsewhere in this report. Practice Note 10 states that if the financial reporting framework provides for the adoption of the going concern basis of accounting on the basis of the anticipated continuation of the provision of a service in the future, the auditor applies the continued provision of service approach set out in Practice Note 10. The financial reporting framework adopted by the Council meets these criteria, and so we have applied the continued provision of service approach. In doing so, we have considered and evaluated: • the nature of the Council and the environment in which it operates; • the Council's financial reporting framework; • the Council's system of internal control for identifying events or conditions relevant to going concern; and • management's going concern assessment. On the basis of this work, we have obtained sufficient appropriate audit evidence to enable us to conclude that: • a material uncertainty related to going concern has not been identified for the Council; and • management's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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Other responsibilities

Issue	Commentary
Other information	We are required to give an opinion on whether the other information published together with the audited financial statements (including the Annual Governance Statement and Narrative Report), is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. No material inconsistencies have been identified. We plan to issue an unmodified opinion in this respect.
Matters on which we report by exception	We are required to report on a number of matters by exception in a number of areas: • if the Annual Governance Statement does not comply with disclosure requirements set out in CIPFA/SOLACE guidance or is misleading or inconsistent with the information of which we are aware from our audit. • if we have applied any of our statutory powers or duties. • where we are not satisfied in respect of arrangements to secure value for money and have reported a significant weakness. We have reported a significant weakness in arrangements that is detailed on page 43 of this report.
Specified procedures for Whole of Government Accounts	We are required to carry out specified procedures (on behalf of the NAO) on the Whole of Government Accounts (WGA) consolidation pack under WGA group audit instructions. We have not yet received the instructions from NAO. We anticipate that the specified group reporting threshold will be £2 billion as in prior years, and therefore only limited work is expected to be required on this, as the Council is not expected to exceed the audit threshold in 2025/26.
Certification of the closure of the audit	We intend to delay the certification of the closure of the 2025/26 audit of Rotherham Metropolitan Borough Council in the audit report in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice, until we have completed the work necessary in relation to consolidation returns, including Whole of Government Accounts (WGA), and the National Audit Office (NAO) notifies us that they have concluded their work in respect of WGA for the year ended 31 March 2026.

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Audit adjustments

We are required to report all non-trivial misstatements to those charged with governance, whether or not the accounts have been adjusted by management.

Impact of adjusted misstatements

All adjusted misstatements are set out in detail below and overleaf, along with the impact on the key statements.

Detail	Comprehensive Income and Expenditure Statement £'000	Balance Sheet £'000	Impact on total net expenditure £'000	Impact on general fund £'000
Recovery Grant incorrectly classified as ringfenced The Recovery Grant of £8.8m was recognised within significant revenue grants as a ringfenced grant. The grant determination, published by the Ministry of Housing, Communities and Local Government, provides that it is unringfenced, so it should have been credited to Taxation and Non-Specific Grant Income (Note 7). Correcting the classification increases the Net Cost of Services and Taxation and Non-Specific Grant Income, with no net impact on the Deficit on Provision of Services.	Debit (decrease) grant income credited to services – Central Services 8,770 Credit (increase) grant income credited to taxation and non-specific grant income (8,770)	nil	nil	nil
Overall impact	**nil**	**nil**	**nil**	**nil**

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Audit adjustments

We are required to report all non-trivial misstatements to those charged with governance, whether or not the accounts have been adjusted by management.

Impact of adjusted misstatements (continued)

Detail	Comprehensive Income and Expenditure Statement £'000	Balance Sheet £'000	Impact on total net expenditure £'000	Impact on general fund £'000
New development at Rother Valley Country Park incorrectly classified as Investment Property We identified that the new cafe and entertainment venue at Rother Valley Country Park (The Waterfront), completed in March 2026, was incorrectly classified as Investment Property. The venue was constructed for regeneration and community purposes, so it does not meet the investment property criteria in Section 4.4.2.4 of the CIPFA Code. The venue has been reclassified from Investment Property to Other Land and Buildings, decreasing Investment Property by £9.86m and increasing Other Land and Buildings by £9.86m. Management has adjusted for this error in the updated financial statements.	nil	Credit (decrease) investment property (9,860) Debit (increase) other land and buildings 9,860	nil	nil
Overall impact	**nil**	**nil**	**nil**	**nil**

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Audit adjustments

Impact of unadjusted misstatements

The table below provides details of adjustments identified during the audit which have not been made within the final set of financial statements. The Audit Committee is required to approve management's proposed treatment of all items recorded within the table below. There is no ongoing impact from the prior year's unadjusted misstatements, as both have been corrected during 2025/26.

Detail	Comprehensive Income and Expenditure Statement £'000	Balance Sheet £'000	Impact on surplus/deficit of the provision of services £'000	Impact on general fund £'000	Management's reason for not adjusting
Understatement of assets under construction and capital creditors at the year end Our testing of assets under construction and capital creditors identified a number of capital schemes where the amounts accrued were based on valuations as at February or early March 2026. These did not capture the full value of work in progress to the end of March 2026. We identified this by agreeing the capital accruals back to the valuations certified by the Council's surveyors and cost advisers. There is often a delay between works being measured and contractors issuing invoices, so the Council needs to ensure that capital work in progress is measured at the year end, even where it is not invoiced until early in the following month. Our testing identified an understatement of £1.4m in the £3.36m tested, which we have extrapolated to £4m across the year end capital creditors balance of £9.7m. Management has not adjusted for this misstatement as it considers it not material to the Council's financial statements as at 31 March 2026.	nil	Debit (increase) assets under construction 4,000 Credit (increase) short-term creditors (capital creditors) 4,000	nil	nil	Immaterial
Overall impact of unadjusted misstatement	**nil**	**nil**	**nil**	**nil**	

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Audit adjustments

Misclassification and disclosure changes

The table below provides details of misclassification and disclosure changes identified during the audit which have been made in the final set of financial statements.

Account balance / Disclosure note	Misclassification or change identified	Adjusted?
Note 1b, Income and Expenditure Analysed by Nature	We identified a £2,382k misclassification within Note 1b, Income and Expenditure Analysed by Nature, in the draft financial statements. Gains and losses on the revaluation of assets were mapped incorrectly from the trial balance, which understated "Other services expenses" and overstated "Depreciation, amortisation, impairment" by the same amount. Total expenditure reported at Note 1b was unaffected. Management has adjusted for this mapping error. The adjustment has increased Other services expenses from £497,258k to £499,640k and decreased Depreciation, amortisation, impairment from £57,567k to £55,185k.	✓
Note 6, Financing of Capital Expenditure, Housing Revenue Account	Capital Receipts in Note 6, Financing of Capital Expenditure, were understated by £2,087k and have been revised from £1,721k to £3,808k. Of this, £1,991k relates to additional capital receipts used to fund HRA capital expenditure after the note was prepared. The remaining £97k relates to receipts incorrectly classified as Government Grants/Other Capital Income. Government Grants/Other Capital Income was overstated by £97k and has been revised from £7,571k to £7,474k. Management has adjusted for these errors in the updated financial statements.	✓
Note 14, Staff Remuneration	In Table 3 of Note 14, total remuneration excluding employer pension contributions for the Interim Director of Policy, Strategy & Engagement was disclosed as nil rather than £39,672, their salary and only remuneration. The column total of £967,741 was understated by the same amount and should have been £1,007,413. The remuneration disclosure in the draft financial statements stated that no employees (0 officers and 0 teachers) were moved into a higher banding bracket in 2025/26 as a result of an exit payment. This was incorrect. Our work on banding data and exit packages identified two officers who were moved into higher bandings than would otherwise have been the case. The disclosure should have read 2 officers and 0 teachers. Management has adjusted for these disclosure misstatements in the updated financial statements.	✓
Various notes	Other minor disclosure amendments to improve financial reporting and transparency for the reader of the accounts.	✓

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Audit adjustments

Misclassification and disclosure changes

The table below provides details of misclassification and disclosure changes identified during the audit which have been made in the final set of financial statements.

Account balance / Disclosure note	Misclassification or change identified	Adjusted?
Cash Flow Statement	Our review of the cash flow toolkit used to prepare the cash flow statement identified that the year-on-year movement in interest creditors of £1,389k was included twice. As a result, the Interest paid (cash basis) disclosure in Note 38 of £34,553k was understated by £1,389k and should have been £35,942k. As interest paid is not presented as a separate line in the cash flow statement, the cash flow statement was unaffected. Management has adjusted for this disclosure misstatement in the updated financial statements.	✓
Note 25, Financial Instruments – Risk	We identified that the maturity analysis of financial assets table included Money Market Loans of £20,930k due to a typographical error. The figure was understated by £3,000k and should have been £23,930k. Management has adjusted for this disclosure misstatement in the updated financial statements.	✓
Note 27, Financial Instruments - Fair Values of Assets carried at Amortised Costs Note 29, Long-Term Investments	We identified that the Council's investment in BDR Property Limited is held at cost in the single entity financial statements. However, Note 27 included it in the financial instruments note as measured at fair value through OCI, and Note 29 described the shareholding as estimated at £0.190m. The Code permits investments in subsidiaries, associates and joint ventures to be held at cost or in accordance with IFRS 9. The Council has elected to hold the investment at cost, so it is outside the scope of IFRS 9 and the references to fair value and an estimate were inconsistent with that treatment. An adjustment has been processed to remove references to BDR Property Limited from Note 27 and remove the estimate reference from Note 29.	✓

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Audit adjustments

Misclassification and disclosure changes

The table below provides details of misclassification and disclosure changes identified during the audit which have been made in the final set of financial statements.

Account balance / Disclosure note	Misclassification or change identified	Adjusted?
Note 19, Property, Plant and Equipment: (f) Capital commitments	Our review of capital commitments identified one contract disclosed at £9,764k that included a £4,703k revenue element, which should not have been treated as a capital commitment, and as such the capital commitments disclosure was overstated by this amount. We also identified four contracts where spend to 31 March 2026 of £3,121k had not been deducted from the commitment. In two of these four contracts, prior year spend had also been overstated by £186k. The net effect was an overstatement of capital commitments of £2,935k. Management has adjusted for these misstatements in the updated financial statements. Management separately identified a contract outside our sample where spend to date was understated. The remaining commitment at 31 March 2026 was £192k, against £3,962k disclosed, so management removed it from the capital commitments disclosure as it was below the £1 million threshold. The draft disclosure did not include the 2024/25 comparative information required by paragraph 3.4.2.31 of the Code. Management has added a table of the comparatives in the updated financial statements.	✓
Note 42, Leases	Our review of the leases note identified that it did not disclose which Balance Sheet line item includes right-of-use assets, as required by paragraph 4.2.2.65 of the Code. Management has adjusted this narrative disclosure in the updated financial statements to state that they are included within Property, Plant and Equipment.	✓
Note 21, Intangible assets	Our review of the note identified that the gross carrying amount of £19,736k and accumulated amortisation of £15,452k at 31 March 2026 were each overstated by £12,520k. They should have been £7,216k and £2,932k respectively. The net carrying amount of £4,284k was accurately stated in the draft financial statements. Management has adjusted for this error in the updated financial statements.	✓

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Audit adjustments

Misclassification and disclosure changes

The table below provides details of misclassification and disclosure changes identified during the audit which have been made in the final set of financial statements.

Account balance / Disclosure note	Misclassification or change identified	Adjusted?
Note D, Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty	We identified a narrative disclosure error in the Pensions liability section of the Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty note. The comparative date for the asset reduced to nil under asset ceiling regulations was disclosed as 31 March 2026 and should have been 31 March 2025. Management has adjusted for this disclosure misstatement in the updated financial statements. Management also reviewed the Pensions Assets and Property, Plant and Equipment sections of the note and concluded that, although the balances involve a degree of estimation, the estimation uncertainty is not material. Management has removed both narrative disclosures.	✓
Note A, Statement of Accounting Concepts and Policies	The contingent liability accounting policy has been amended to state that a provision is recognised only where an outflow of resources is probable and a reliable estimate of the obligation can be made. IAS 37 requires both conditions, but the draft policy only referred to the probability of an outflow. The intangible assets accounting policy has been amended to state that intangible assets are carried at cost less accumulated amortisation and impairment losses, removing the reference to revaluation. The draft policy permitted the revaluation model to be applied, but paragraph 4.5.2.12 of the Code prohibits it. The accounting policy for accruals of income and expenditure has been amended to state that, where the Council is acting as an agent, a debtor or creditor position is recognised for cash collected or expenditure incurred on behalf of the principal. The accounting policy in the draft financial statements did not cover debtor and creditor balances in these circumstances, as required by paragraph 2.6.2.4 of the Code.	✓
Note 8, Analysis of grant income credited to the CIES and capital grant received in advance	The narrative at Note 8 has been amended to state that Section 106 developer contributions are subject to conditions. The sums must be spent only in accordance with the agreement concluded with the developer and returned to the developer if the conditions are not met. These are conditions as defined in paragraph 2.3.2.1 of the Code. As these conditions had not been met at 31 March 2026, the contributions are held as Capital Grants Received in Advance. We identified no issues with the accounting treatment.	✓

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Audit adjustments

Misclassification and disclosure changes

The table below provides details of misclassification and disclosure changes identified during the audit which have been made in the final set of financial statements.

Account balance / Disclosure note	Misclassification or change identified	Adjusted?
Note 18, Pensions	We identified two narrative disclosure misstatements in Note 18, Pensions. Below the table of Transactions relating to Post-Employment Benefits, the narrative disclosed that the prior year actuarial gain in Other Comprehensive Income and Expenditure was £381,516k. It should have been £2,079k, as shown in the table. The pension narrative also stated the average duration of the defined benefit obligation as 17 years, when it should have been 15 years based on the actuarial report. Management has adjusted for these disclosure misstatements in the updated financial statements. An additional disclosure has been included at Note 18 to address the requirement in paragraph 6.4.3.45 of the Code for the Authority to present a reconciliation of the effect of the asset ceiling. Our review of the letter from the auditor of South Yorkshire Pension Fund identified adjusted misstatements from the audit of the pension fund, which also affect the share of pension fund assets held by Rotherham Metropolitan Borough Council. A misstatement of £14.7m arose from stale pricing of Level 3 pooled investment vehicles. This was because an earlier valuation was used to prepare the IAS 19 report for the Council rather than the March 2026 valuation, and there were price movements on the assets between these dates. The misstatement increased the return on plan assets by £14.7m and increased the adjustment loss due to the restriction of surplus by the same amount. There is no impact on the CIES, because both adjustments are mapped to the line item for Remeasurements of the Pensions Net Defined Benefit Liability/Asset and so they net off. This disclosure misstatement has been adjusted for in the updated financial statements.	✓

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Audit adjustments

Misclassification and disclosure changes

The table below provides details of misclassification and disclosure changes identified during the audit which have been made in the final set of financial statements.

Account balance / Disclosure note	Misclassification or change identified	Adjusted?
	We identified that financial liabilities at amortised cost included short-term creditor balances that do not meet the Code definition of a financial liability. These were balances arising from employee benefit obligations, which fall outside the scope of financial instruments under the Code, and statutory creditors such as council tax and non-domestic rates balances, which arise from statute rather than from a contractual obligation to pay cash. Financial liabilities at amortised cost and total financial liabilities were overstated by £17.8m in the short-term column, and should have been £193.9m rather than £211.7m. Management has reclassified these balances as non-financial liabilities and has updated the non-financial liabilities line so that Note 24 reconciles to Note 34b, Creditors.	
Note 24, Financial Instruments - Balances	We also identified that financial assets at amortised cost included short-term debtor balances that do not meet the Code definition of a financial asset. These were balances arising from employee benefit obligations, which fall outside the scope of financial instruments under the Code; statutory debtors such as council tax and non-domestic rates balances, which arise from statute rather than from a contractual right to receive cash; and prepayments, which are rights to future goods or services rather than a contractual right to receive cash. Financial assets at amortised cost and total financial assets were overstated by £6.4m in the short-term column, and should have been £102.8m rather than £109.2m. Management has reclassified these balances as non-financial assets and has updated the non-financial assets line so that Note 24 reconciles to Note 32, Debtors. Note 24 has been amended in the updated financial statements to reflect these adjustments.	✓

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Action plan

We set out here our recommendations for the Authority which we have identified as a result of issues identified during our audit. The matters reported here are limited to those deficiencies that we have identified during the course of our audit and that we have concluded are of sufficient importance to merit being reported to you in accordance with auditing standards.

Assessment	Issue and risk	Recommendations
● Medium	**Quality assurance over reports and communications from the valuer** Our audit work on the valuation of HRA dwellings identified errors and inconsistencies in the valuer's reports and communications, although these did not affect the valuations themselves. We set out some examples below. The year end HRA valuation report refers to the 2010 edition of Stock Valuation for Resource Accounting: Guidance for Valuers, which was superseded by the 2016 guidance. The valuer confirmed in writing that the 2016 guidance had been followed, but the report was not updated to reflect this. This was accepted in prior years, but given that the 2016 guidance has been in place for nearly ten years, we would expect the report to be updated. The HSV Year End Method Statement quotes year-on-year movements observed in the valuation of Right to Buy properties that were not consistent with the underlying data. The Section 151 Officer's valuation instructions requested a valuation date of 30 September for HRA dwellings, while the Terms of Engagement confirmed 1 April. We would expect these documents to align, or for a formal note to explain why the valuer did not adopt the instructions. Errors and inconsistencies in valuation reports and communications could affect confidence in the valuation reporting. They also create a risk that the basis and date of the valuation are misunderstood or misinterpreted, particularly where the capital accountant relies on these documents to reflect the asset valuations in the year end financial statements.	We recommend that management work with the valuer to strengthen quality assurance over the year end reports, so that the values and percentages presented are checked against the underlying data before the reports are issued. We also recommend that, where the valuer is unable to accept the Section 151 Officer's instructions, they explain why in writing and do so promptly, so that the capital finance function can consider the position before the valuations are carried out. **Management response** ***The Council's valuers will look to strengthen quality assurance over the year end reports, so that the values and percentages presented are more robustly checked and verified.***

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Action plan

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Assessment	Issue and risk	Recommendations
● Medium	**Aligning the valuation date with the financial year end** Since the Council values its asset portfolio before the year end (30 September for assets valued at existing use value, 1 January for assets valued at depreciated replacement cost and 1 April for council dwellings), additional work is required from the Council's finance and valuation officers to demonstrate that the carrying value of assets is not materially different to their current value at the balance sheet date. A number of our other local authority audit clients have moved their valuation dates to 31 March or closer to the balance sheet date, which has made the valuation and audit process more efficient. Where moving all valuation dates is not practicable, updating assets valued at depreciated replacement cost with year end BCIS rebuild costs would enable us to obtain the required assurance more efficiently.	The Council should consider aligning the valuation dates for all land and buildings with the financial year end of 31 March. Where this is not practicable, the Council should consider updating its depreciated replacement cost valuations with year end BCIS rebuild costs. **Management response** *The Council will continue to push forward the valuation date used for valuations further into the financial year so that it is closer to the financial year end. It is accepted that this may make the audit process clearer and more efficient. However, waiting until later in the year to post valuations also has impacts on the Council's ability to deliver accounts quickly and efficiently.*

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Action plan

We set out here our recommendations for the Authority which we have identified as a result of issues identified during our audit. The matters reported here are limited to those deficiencies that we have identified during the course of our audit and that we have concluded are of sufficient importance to merit being reported to you in accordance with auditing standards.

Assessment	Issue and risk	Recommendations
● Medium	**Valuation approach to Rother Valley Country Park** Our audit work identified that the Rother Valley Country Park (RVCP) asset, which has a carrying value of £9.86m, was measured at cost at year end rather than current value. The asset primarily comprises a newly constructed building completed close to year end and is classified within other land and buildings, which are carried under the revaluation model. The Code (paragraph 4.1.1.6) requires land and buildings to be held at current value unless they fall within a separate asset class, so this asset should be held at current value. The valuer has stated that they intend to apply depreciated replacement cost (DRC) when the asset is valued. Where an asset is held at cost rather than current value, its carrying value may differ from current value at the balance sheet date. In local government, a first valuation at DRC can be lower than cost, in which case the difference would be an impairment. The carrying value of the asset is below materiality, so any impairment would not be material.	Management should arrange for the RVCP asset to be valued during the 2026/27 financial year. It should also consider whether any similar newly constructed or acquired buildings within other land and buildings can be submitted for valuation before year end. The Code requires other land and buildings to be carried at current value, so this would aid the Council in complying with that requirement as far as practicable at the next balance sheet date. **Management response** ***The Council places new assets that were built or purchased and completed in year onto the asset register at cost. These assets are then valued in the following year, so the Council is happy to meet this recommendation.***

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Action plan

We set out here our recommendations for the Authority which we have identified as a result of issues identified during our audit. The matters reported here are limited to those deficiencies that we have identified during the course of our audit and that we have concluded are of sufficient importance to merit being reported to you in accordance with auditing standards.

Assessment	Issue and risk	Recommendations
● Medium	**Under-accrual of capital expenditure and capital creditors at year end** Our audit work identified under-accruals within the capital creditors balance at 31 March 2026. Our extrapolation of this misstatement is set out on page 30 of this report and indicates that capital expenditure and the related capital creditors had been understated by £4m. On two significant capital projects, where surveyors' certificates covered works completed by year end, the Council had made accruals, but these were below the certified value. We understand that the Council's closedown timetable requires accruals to be entered in late March, but certificates covering work to the end of the year can take up to two weeks longer to be issued. In at least one case, the accrual was therefore based on a contractor cashflow forecast and not on the certified value. With a number of significant capital schemes in progress, this timing difference could give rise to non-trivial under-accruals. If an accrual is calculated without reference to year end surveyors' certificates, or if an accrual made before year end is not checked against the certificate once issued, there is a risk that capital creditors are understated. As well as understating capital creditors, this could result in a corresponding understatement of capital expenditure and assets under construction. It could also affect capital monitoring, as the slippage reported in the capital outturn report may not reflect the work actually completed by year end.	Recognising the constraints of the accounts closedown timetable, management should consider what can practicably be done to improve the precision of its year end capital accruals. This should focus on the most significant capital schemes, for example by checking accruals made before year end to the surveyors' certificates once issued and adjusting them where they differ. Addressing this recommendation would enable the Authority to minimise significant under-accruals of capital expenditure at future year ends and improve the accuracy of capital reporting. **Management response** *The Council will consider the process and procedure for the raising and assurance of final year accruals across the high value projects to ensure that any post year end events that give rise to a potential material adjustment are picked up.*

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Follow up of prior year recommendations

We identified the two issues in the audit of the Authority's 2024/25 financial statements, which resulted in two recommendations being reported in our 2024/25 Audit Findings Report. One further recommendation has been brought forward from our 2023/24 audit. We are pleased to report that management has implemented all our recommendations.

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
Addressed and closed	**Presentation of short-term debtors in the notes to the accounts** In the 2024/25 financial statements, the Council presented its short-term debtors note by counterparty type (central government bodies, other local authorities etc.), which was not consistent with the Code. Paragraph 3.4.2.67 requires an authority to disclose, in the Balance Sheet or 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, related parties, prepayments and other amounts. This means presenting balances by nature rather than by counterparty. We recommended that the Council refresh the short-term debtors note in the 2025/26 financial statements and present balances by nature, in line with the Code.	The Council has presented its short-term debtors note by nature in the 2025/26 financial statements (Note 32): trade receivables, prepayments, local taxation (non-domestic rates and council tax) and other receivable amounts. The 2024/25 comparatives are shown on the same basis. We therefore consider this recommendation addressed and closed.
Addressed and closed	**Calculation of accumulated absences accrual** The Council historically adjusted the year end annual leave accrual for officers to reflect gross pay movements per full-time equivalent (FTE) and fluctuations in total FTE at year end. In our 2024/25 audit, we attempted to gain assurance over the original source data for these adjustments, but no records had been maintained to evidence it. Although we performed appropriate and sufficient procedures to satisfy ourselves that there was no material risk to this balance or the 2024/25 financial statements, we opted to raise a recommendation. We recommended that work be undertaken in the remainder of 2025/26 to obtain the relevant source data used in the accrual, and that the financial accounting team prepare a working paper to better demonstrate the basis for the accrual and share it with the audit team as part of the 2025/26 working paper requests.	The Council refreshed its accumulated absences accrual working paper ahead of the accounts audit. From our work performed in 2025/26 on the accumulated absences accrual, we are satisfied that this recommendation has been addressed. It is now closed.

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Follow up of prior year recommendations

We identified the two issues in the audit of the Authority's 2024/25 financial statements, which resulted in two recommendations being reported in our 2024/25 Audit Findings Report. One further recommendation has been brought forward from our 2023/24 audit. We are pleased to report that management has implemented all our recommendations.

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
Addressed and closed	**Brief valuation instructions and no formal terms of engagement for the Council's valuers** From our review of 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 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 Code.	The valuers prepared a Terms of Engagement document during the year and presented it to the audit team. We have reviewed it and are satisfied that it addresses the prior year recommendation. Our valuation expert has also reviewed the document and is satisfied that it meets the requirements of the RICS Red Book and the Code. We therefore consider this recommendation addressed and closed.

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Value for Money arrangements

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

The National Audit Office issued its latest Value for Money guidance to auditors in March 2026. The Code requires auditors to consider whether a body has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. The Code also requires auditors to share a draft of the Auditor's Annual Report with those charged with governance by 30 November each year from 2025/26. Our Auditor's Annual Report is to be reported to the Audit Committee on 24 November. In undertaking our work, we are required to have regard to the three specified reporting criteria set out below.



Financial sustainability

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



Governance

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



Improving economy, efficiency and effectiveness

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

As part of our work, we considered whether there were any significant weaknesses in the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources. We reported one significant weakness in arrangements, relating to corporate buildings.

In 2023/24, we reported a key recommendation on building compliance and asset data for the Council's corporate buildings. Concerns around compliance were prompted by the Council's own assessment, which identified weaknesses in compliance across the operational estate, inconsistent fire risk assessments, a lack of asset management plans for properties leased to third parties, and insufficient capacity and capability within the asset management and facilities service.

During 2025/26, the Council increased capacity in its compliance and property management teams, including three new Building Managers and a dedicated role for strategic and planned maintenance. It also reviewed its contractor arrangements and put landlord inspection and testing regimes in place. However, condition surveys of the corporate buildings only started in 2026/27, so at 31 March 2026 the Council still had significant work to do to address the recommendation. We have therefore identified an ongoing significant weakness in arrangements and updated the key recommendation.

In the prior year, we raised a key recommendation for the Council to complete stock condition surveys across its council dwellings portfolio. The Council has made strong progress in completing these surveys, and we have therefore downgraded the key recommendation to an improvement recommendation.

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Independence considerations

Independence and Ethics

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). There are no such matters to report.

We confirm that we have implemented policies and procedures to meet the requirement of the Financial Reporting Council's Ethical Standard and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements.

Further, we have complied with the requirements of the National Audit Office's Auditor Guidance Note 01 issued in February 2025 which sets out supplementary guidance on ethical requirements for auditors of local public bodies.

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Independence considerations

As part of our assessment of our independence 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 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, its senior management or its officers.

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention 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.

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Fees and non-audit services

The tables below and overleaf set out the total fees for audit and non-audit services that we have been engaged to provide or charged from the beginning of the financial year to the date of this report, as well as the threats to our independence and the safeguards applied to mitigate them.

The below non-audit services are consistent with Public Sector Audit Appointments' policy on the allotment of non-audit work to the external auditor. 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 UK LLP teams providing services to Rotherham Metropolitan Borough Council. The table summarises all non-audit services which were identified.

Audit fees	£
Audit of Financial Statements - Rotherham Metropolitan Borough Council	429,398
Total audit fees	**429,398**
Non-audit fees (audit related) – Housing Benefit Assurance Process (HBAP) (2023/24)	41,945 (core fee)
Non-audit fees (audit related) – Housing Benefit Assurance Process (HBAP) (2024/25)	42,930 (core fee)
Non-audit fees (audit related) – Housing Benefit Assurance Process (HBAP) (2025/26)	44,410 (core fee)
Total fees (audit and non-audit fees)	**558,683**

The above fees are exclusive of VAT.
The core fee above agrees to the financial statements.

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

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Reconciliation of non-audit fees

Grant Certification Name	Non-audit fees per financial statements	Non-audit fees per this Audit Findings (ISA 260) report
Housing benefits subsidy claim 2023/24	£41,945	£41,945 (core fee)
Authority projected cost of extended HBAP testing based on previous errors	£21,000	Housing benefit grant certification work for 2023/24 remains ongoing and therefore the actual fee variation to be charged for extended testing has not yet been determined.
Housing benefits subsidy claim 2024/25	-	£42,930 (core fee)
Housing benefits subsidy claim 2025/26	-	£44,410 (core fee)
Total	**£62,945 (rounded to £63k)**	**£129,285**

The non-audit fees per the financial statements are in line with the expected fees that we included in our audit plan dated 2 June 2026.

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Fees and non-audit services

Audit-related non-audit services

Service	2023/24 £	2024/25 £	2025/26 £	Threats Identified	Safeguards applied
Certification of Housing Benefits Subsidy claim (fees disclosed represent baseline fee – where additional testing is required this will be chargeable at £1,500 daily rate.)	£41,945 (core fee)	£42,930 (core fee)	£44,410 (core fee)	Self-Interest (because this is a recurring fee)	On its own, this recurring fee is not considered a significant threat to independence. The fees for this work over the three years total £129,285, which is approximately 30% of the total audit fee of £429,398 and well within the 70% fee cap. This also represents a negligible proportion of Grant Thornton UK LLP's overall turnover. 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 is 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 certification work is carried out after the audit has been completed, the amounts involved are not material to our opinion, material errors are unlikely to arise, 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 Service Director of Financial Services to make these amendments. Amendments to the form can only be made by local authority staff and are initialled by the authorised signatory (Service Director of Financial Services). 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.

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Appendices

A. 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	●	
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	●	●
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 issues 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		●

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A. Communication of audit matters with those charged with governance

Our communication plan	Audit Plan	Audit Findings
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		●
Expected modifications to the auditor's report, or emphasis of matter		●

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 Findings, outlines those key issues, findings and other matters arising from the audit, which we consider should be communicated in writing rather than orally, together with an explanation as to how these have been resolved.

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.

Distribution of this Audit Findings report

Whilst we seek to ensure our audit findings are distributed to those individuals charged with governance, as a minimum a requirement exists for our findings to be distributed to all the senior officers and those members of senior management with significant operational and strategic responsibilities. We are grateful for your specific consideration and onward distribution of our report, to those charged with governance.

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Public Report
Audit Committee

Committee Name and Date of Committee Meeting
Audit Committee – 24 November 2026

Report Title
Final Annual Governance Statement 2025/26

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

Strategic Director Approving Submission of the Report
Name of Strategic Director
Judith Badger (Executive Director of Corporate Services)

Report Author(s)
Louise Ivens, Head of Internal Audit
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Katie Stead, Policy, Improvement and Risk Manager
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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 draft financial statements on 10th June 2026.

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

Recommendations
The Audit Committee is asked to:

1. Approve the final 2025/26 Annual Governance Statement.

List of Appendices Included
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 16 June 2026 "Draft Annual Governance Statement 2025/26"
Audit Committee Report 24th September 2026 "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 10th 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. Amendments have been made to the draft version submitted to the Committee in June, which are shown in track changes in the final version in Appendix A.

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 obtained updates from them on the detailed issues raised in the previous year. The 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.

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

2.5 The AGS will be published alongside the final, audited 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.

3. Options considered and recommended proposal

3.1 This paper considers the final 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.

4.2 The final AGS has been reviewed by the Executive Director of Corporate Services, the Service Director of Legal Services, the Chief Executive and the Leader.

5. Timetable and Accountability for Implementing this Decision

5.1 The Audit Committee is asked to receive this report at its November 2026 meeting.

5.2 Officers will ensure that the final AGS is published alongside the audited financial statements.

6. Financial and Procurement Advice and Implications

6.1 There are no direct financial implications other than the requirement to publish the AGS alongside the Council's Annual Financial Statements. There are no procurement issues.

7. Legal Advice and Implications

7.1 There are no direct legal implications arising from this report, although it is a statutory requirement for an AGS to be published alongside the Council's Financial Statements. This report endeavours to set out how the Council intends to comply with that requirement.

8. Human Resources Advice and Implications

8.1 There are no Human Resources implications arising from the report.

9. Implications for Children and Young People and Vulnerable Adults

9.1 Any implications for the Children and Young People's Service and Adults Services are set out in the AGS attached at Appendix A.

10. Equalities and Human Rights Advice and Implications

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

11. Implications for 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 action to respond to weaknesses identified in the AGS.

13. Risks and Mitigation

13.1 The AGS is expected to be completed each year to sit alongside the Financial Statements. The risk of failing to produce an AGS has been considered and, although this is a remote risk resources are in place to ensure that a complete an accurate AGS is delivered on time.

Accountable Officer(s)

Judith Badger *(*Executive Director of Corporate Services*)*

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This report is published on the Council's website

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Appendix A

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~~2026.

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 w~~ill~~as ~~be~~ presented ~~in~~ on 6th 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.

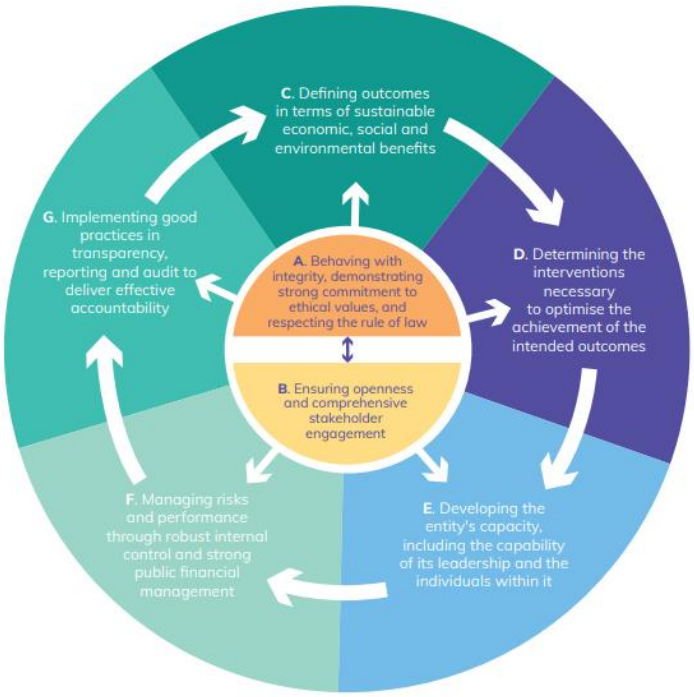
3.6 The table below sets out the key elements of an effective governance framework, and how these were delivered in the Council throughout the financial year.

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~~was approved by Cabinet in July 2026 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~~ was 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 continue~~s~~d to see challenges in rising demand for social care, increased market costs of social care and increased complexity of social care. These pressures wea~~a~~re 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 ha~~s~~ds ~~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 wasill 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, £7.0~~5.5~~m.
- Home to School Transport remains a pressure due to continued rising demand, £0.4m, reflecting the national picture.
- As part of the Waste service outturn, it 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
- Underspends on staffing budgets due to turnover and vacancies across the Council

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.

~~4.29~~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

~~4.30~~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.

~~4.31~~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.
- 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)
- ~~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~~

~~4.32~~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.

~~4.33~~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.

4.344.35 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.

4.354.36 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.

4.364.37 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

4.374.38 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).

4.384.39 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)

4.394.40 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

4.404.41 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

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

Audit Committee

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

Counter Fraud

4.434.44 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

~~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.~~

5.27 As referred to in 5.20-5.25, 7 services identified partial conformance with the Council's Code of Corporate Governance during the self-assessment process. A mid-year review has been undertaken. All services have provided assurance on progress towards conformance and that activity will continue to improve the position.

External Reviews, Investigations and Inquiries

5.28 The HM Inspectorate of Probation (HMIP) rated the Rotherham Youth Justice Service as "requires improvement" overall following an inspection published in August 2026. An action plan to address the recommendations has been developed in partnership with the Rotherham Youth Justice Board and submitted to HMIP.

5.29 The waste review has been completed, and the review of the processes and approach to large capital projects is being finalised. Implementation of recommendations will be monitored through the External Audits, Inspections and Reviews reports which go to Audit Committee twice a year.

5.30 The investigation into the markets and library project, and its implications, is being finalised. It is expected that the Chief Executive will provide a report to OSMB on this matter in early 2027. Implementation of recommendations will be incorporated into service and directorate planning.

5.31 The Council is supporting 2 national public inquiries, Orgreave and the Statutory Independent Inquiry into Grooming Gangs. The Council has sought and been granted Core Participant status in the Grooming Gangs inquiry.

Health and Safety

5.32 Since year end, 15 incidents have been reported to the Health and Safety

Executive as part of regulatory reporting requirements. Following review, 14 incidents required no further action, and 1 incident remains open and under investigation.

5.33 The Health and Safety Service has developed standard operating procedures, significantly increased the training and development offer across the workforce and has increased levels of health and safety auditing to ensure ongoing compliance.

Human Resources and Organisational Development (HR&OD)

5.34 2 examples of staff starting in post without receiving their contract of employment were brought to the attention of the Service Director for HR&OD after year end. This was despite contracts being issued on time to managers, who hold a gateway role to check and forward to the employee in the process. The HR and OD Service has since changed its process and now issues employment contracts for new starters directly to the employee.

OVERALL OPINION

~~5.28~~5.35 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

Councillor Chris Read,
Leader, Rotherham MBC
Date:

Signed

John Edwards,
Chief Executive, Rotherham MBC
Date:

Rotherham Metropolitan Borough Council DRAFT

Auditor's Annual Report
Year ending 31 March 2026

10 November 2026



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The contents of this report relate only to those matters which came to our attention during the conduct of our normal audit procedures which are designed for the purpose of completing our work under the NAO Code and related guidance. Our audit is not designed to test all arrangements in respect of value for money. However, where, as part of our testing, we identify significant weaknesses, we will report these to you. In consequence, our work cannot be relied upon to disclose all irregularities, or to include all possible improvements in arrangements that a more extensive special examination might identify. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting, on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

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01 Introduction and context

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Introduction

This report brings together a summary of all the work we have undertaken for Rotherham Metropolitan Borough Council (The Council) during 2025/26 as the appointed external auditor. The core element of the report is the commentary on the value for money (VfM) arrangements. The responsibilities of the Council are set out in Appendix A. The Value for Money Auditor responsibilities are set out in Appendix B.

Opinion on the financial statements

Auditors provide an opinion on the financial statements which confirms whether they:

- give a true and fair view of the financial position of the Council as at 31 March 2026 and of its expenditure and income for the year then ended
- have been properly prepared in accordance with the CIPFA/LASAAC Code of practice on local authority accounting in the United Kingdom 2025/26.
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014

We also consider the Annual Governance Statement and undertake work relating to the Whole of Government Accounts consolidation exercise.

Auditor's powers

Under Section 31 of the Local Audit and Accountability Act, the auditor of a local authority may make an application for judicial review of a decision of that authority, or of a failure by that authority to act, which it is reasonable to believe would have an effect on the accounts of that body. They may also issue

- Statutory Recommendations to the full Council which must be considered publicly
- A Public Interest Report (PIR)

Value for money

Under the Local Audit and Accountability Act 2014, we are required to be satisfied whether the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources (referred to as Value for Money). The National Audit Office (NAO) Code of Audit Practice ('the Code'), requires us to assess arrangements under three areas:

- financial sustainability
- governance
- improving economy, efficiency and effectiveness.

Our report is based on those matters which come to our attention during the conduct of our normal audit procedures, which are designed for the purpose of completing our work under the NAO Code and related guidance. Our audit is not designed to test all arrangements in respect of value for money. However, where, as part of our testing, we identify significant weaknesses, we will report these to you. In consequence, our work cannot be relied upon to disclose all irregularities, or to include all possible improvements in arrangements that a more extensive special examination might identify. During 2024/25, the NAO consulted on and updated the Code to align it with accounts backstop legislation. 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. The deadline requirement for 2025/26 AARs is 30 November 2026.

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Local government – context

Local government has remained under significant pressure in 2025/26

National

Past



Funding Not Meeting Need

The sector has seen prolonged funding reductions whilst demand and demographic pressures for key statutory services has increased; and has managed a period of high inflation and economic uncertainty.



Workforce and Governance Challenges

Recruitment and retention challenges in many service areas have placed pressure on governance. Recent years have seen a rise in the instance of auditors issuing statutory recommendations.

Present



Financial Sustainability

Despite the Fair Funding Review 2.0, many councils continue to face significant financial challenges, including social care, SEND and temporary accommodation pressures. There are an increasing number of councils in receipt of Exceptional Financial Support from the government.



External Audit Backlog

Councils, their auditors and other key stakeholders continue to manage and reset the backlog of annual accounts, to provide the necessary assurance on local government finances.

Future



Digital change

AI and digital change are automating routine processes and enabling more personalised services for residents. This is shifting workforce skills as councils seek productivity gains. Risks around digital exclusion, data quality, ethics, and governance mean strong leadership and controls are increasingly important.



Reorganisation and Devolution

Many councils in England are impacted by reorganisation and / or devolution, creating capacity and other challenges in meeting business as usual service delivery.

Local

Rotherham Metropolitan Borough Council (the Council) is a metropolitan borough council with a population of over 271,000 residents. The Council operates under an Executive decision-making model, which oversees the formation of all major policies, strategies and plans. The Council's formal decision making and governance structure constitutes the Council and an Executive (the Cabinet). The Council has 59 councillors, and has been under Labour majority control since the borough's creation in 1974. Councillors are responsible for agreeing policies about provision of services and how the Council's money is spent. The Council employs officers who are responsible for its day-to-day management.

It is within this context that we set out our commentary on the Council's value for money arrangements in 2025/26.

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02 Executive Summary

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Executive Summary – our assessment of value for money arrangements

Our overall summary of our Value for Money assessment of the Council's arrangements is set out below. Further detail can be found on the following pages.

Criteria	2024/25 Assessment of arrangements	2025/26 Risk assessment	2025/26 Assessment of arrangements
Financial sustainability	No significant weaknesses identified; two improvement recommendations raised within our report for 2024/25.	No risk of significant weakness identified during planning for 2025/26.	No significant weakness in arrangements was identified and no key recommendation made. We retained and updated one improvement recommendation within our report for 2025/26 relating to demand led services.
Governance	No significant weaknesses identified; three improvement recommendations raised within our report for 2024/25.	No risk of significant weakness identified during planning for 2025/26.	No significant weakness in arrangements was identified. We raised two improvement recommendations within our report for 2025/26. These relate to risk management and procurement arrangements and were retained / amended from the previous year. We did not raise any key recommendations.
Improving economy, efficiency and effectiveness	Two significant weaknesses identified; two key recommendations and two improvement recommendations raised within our report for 2024/25.	Two risks of significant weakness identified during our planning for 2025/26.	One significant weakness in arrangements identified and a key recommendation in relation to the condition of corporate buildings. We replaced a prior year key recommendation on housing with a new improvement recommendation. We raised one new improvement recommendation on performance reporting, and we retained one prior year improvement recommendation on data quality.

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Executive Summary

We set out below the key findings from our commentary on the Council's arrangements in respect of value for money.



Financial sustainability

We did not identify any significant weaknesses in arrangements for financial sustainability and we raise just one improvement recommendation in relation to demand led services.

The Council has a good track record of delivering savings and managing financial risk. There is significant financial pressure on services, including for children and young people. The Council is developing plans to reduce costs by increasing the use of in-house children's placements; speeding up assessments for adults; and optimising waste services. Clear targets and milestones will be needed.

The Council incurred an overspend on the 2025/26 High Needs Block of £3.6 million in 2025/26. A high needs stability grant of £0.4 million in respect of 2025/26 has been indicated by government but the Council still needs to limit DSG overspends between now and 31 March 2028.



Governance

The Council's statutory accounts process is well run. The Annual Governance Statement for 2025/26 provides details of progress made to address any weaknesses, and the Internal Audit annual opinion for 2025/26 confirmed that the overall control environment has Adequate assurance.

We did not identify any significant weaknesses in arrangements, and we raise just two improvement recommendations.

The Risk Management Guide was refreshed in 2025/26. The Council now needs to update its Risk Management Policy.

Procurement procedure rules are detailed in the Council's Constitution. Our review did not identify any reporting of exemptions to procurement procedure rules (waivers) and there were some cases of non-compliance with arrangements for contract awards within the Regeneration and Environment Directorate.



Improving economy, efficiency and effectiveness

The Council made strong progress in 2025/26 with completing housing stock condition surveys. By September 2026, 12,200 housing stock condition surveys had been completed, covering 62% of stock, with 94% of the homes surveyed meeting the Decent Homes Standard. We replaced a prior year key recommendation with an improvement recommendation in relation to updates now needed to asset management and capital investment plans.

Last year we raised a key recommendation regarding the Council's corporate buildings. Stock condition surveys had not been completed. Procurement of a new computerised system has now commenced, and condition surveys started in July 2026. We retain our prior year key recommendation whilst these are being completed. We raise two improvement recommendations in relation to performance reporting and data quality.

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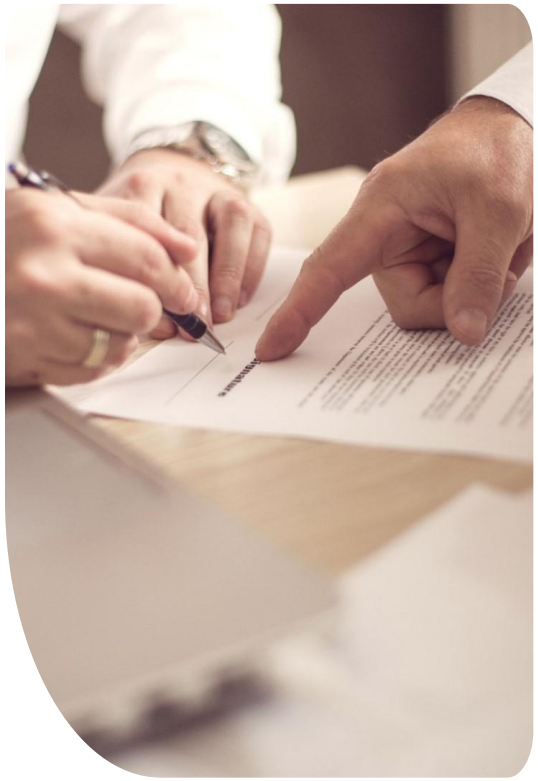
Executive summary – auditor's other responsibilities

This page summarises our opinion on the Council's financial statements and sets out whether we have used any of the other powers available to us as the Council's auditors.

Auditor's responsibility	2025/26 outcome
Opinion on the Financial Statements	We have nearly completed our audit of your financial statements and anticipate issuing an unqualified audit opinion, following the Audit Committee meeting on 24 November 2026. Our findings are set out in further detail on pages 10 to 13.
Use of auditor's powers	We did not make any written statutory recommendations under Schedule 7 of the Local Audit and Accountability Act 2014. We did not make an application to the Court or issue any Advisory Notices under Section 28 of the Local Audit and Accountability Act 2014. We did not make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014. We did not identify any issues that required us to issue a Public Interest Report (PIR) under Schedule 7 of the Local Audit and Accountability Act 2014.



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03 Opinion on the financial statements and use of auditor's powers

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Opinion on the financial statements

These pages set out the key findings from our audit of the Council's financial statements, and whether we have used any of the other powers available to us as the Council's auditors.

Audit opinion on the financial statements

We have nearly completed our audit of your financial statements and anticipate issuing an unqualified audit opinion, following the Audit Committee meeting on 24 November 2026.

The full opinion will be included in the Council's Annual Statement of Accounts for 2025/26, which can be obtained from the Council's website.

Grant Thornton provides an independent opinion on whether the Council's financial statements:

- give a true and fair view of the financial position of the Council as at 31 March 2026 and of its expenditure and income for the year then ended
- have been properly prepared in accordance with the CIPFA/LASAAC Code of practice on local authority accounting in the United Kingdom 2025/26
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

We conducted our audit in accordance with: International Standards on Auditing (UK), the NAO Code of Audit Practice (2024, and applicable law. We are independent of the Council in accordance with applicable ethical requirements, including the Financial Reporting Council's Ethical Standard.

Findings from the audit of the financial statements

The Council provided draft accounts in line with the national deadline of 30 June 2026 and these were supported by detailed working papers.

The accounts were adjusted for some amendments following audit, but there was no impact on the General Fund from these adjustments, and we raised some recommendations but none of these were classed as significant.

Audit Findings Report (ISA260 report)

We report the detailed findings from our audit in our Audit Findings Report. This report will be presented to the Council's Audit Committee on 24 November 2026. Requests for this Audit Findings Report should be directed to the Council.

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Other reporting requirements

Annual Governance Statement

Under the Code of Audit Practice published by the National Audit Office we are required to consider whether the Annual Governance Statement does not comply with the requirements of the CIPFA/LASAAC Code of Practice on Local Authority Accounting, or is misleading or inconsistent with the information of which we are aware from our audit.

We are not required to consider whether the Annual Governance Statement addresses all risks and controls or that risks are satisfactorily addressed by internal controls.

We have nothing to report in this regard.



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Use of auditor's powers

We bring the following matters to your attention:

Under the Code of Audit Practice, we are required to report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make a written recommendation to the Authority under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or;
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014, in the course of, or at the conclusion of the audit.

We have nothing to report in respect of the above matters.

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04 Value for Money commentary on arrangements

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Value for Money – commentary on arrangements

This page explains how we undertake the value for money assessment of arrangements and provide a commentary under three specified areas.

All Councils are responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness from their resources. This includes taking properly informed decisions and managing key operational and financial risks so that they can deliver their objectives and safeguard public money. Council's report on their arrangements, and the effectiveness of these arrangements as part of their annual governance statement.

Under the Local Audit and Accountability Act 2014, we are required to be satisfied whether the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The National Audit Office (NAO) Code of Audit Practice ('the Code'), requires us to assess arrangements under three areas:



Financial sustainability

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



Governance

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



Improving economy, efficiency and effectiveness

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

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Financial sustainability – commentary on arrangements

We considered how the Council:	Commentary on arrangements	Rating
identifies all the significant financial pressures that are relevant to its short and medium-term plans and builds these into them *Continued on next page*	In 2025/26, the Council incurred a net General Fund overspend of £0.3 million. Budget pressure for Children and Young People's Services (£6.2 million) and Adults, Housing and Public Health Services (£7 million) contributed to the pressure the Council faced, but the Council had planned-in contingency of £5.4 million for children's social care contingency; and delivered underspends (in part from vacancies and grant maximisation) in other areas. We note that the Council prepared a balanced budget for 2026/27 and 2027/28 but by July 2026 was forecasting an overspend of £5.9 million for 2026/27, against a net revenue budget of £390.3 million. This broadly equated to a forecast overspend of £5.5 million on services for children and young people, primarily influenced by continued pressures relating to Children in Care external placement costs. The Council is developing plans to reduce its dependency on external placements, by increasing its own provision of placements; developing a kinship care offering; and exploring options for closer working with independent fostering agencies. The Council is also experiencing financial pressure in relation to high demand and complex care packages in Adults services; additional costs on old waste vehicles maintenance when the procurement of new waste vehicles was delayed; and increases in home to school transport demand. Benchmarking has been used by the Council to identify future areas for transformation, including faster assessments for working age adults between 2026/27 and 2028/29. *Continued on next page*	A

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

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Financial sustainability – commentary on arrangements

We considered how the Council:	Commentary on arrangements	Rating
Continued from previous page identifies all the significant financial pressures that are relevant to its short and medium-term plans and builds these into them	*Continued from previous page* New waste vehicle procurement and also waste route optimisation are expected to complete in 2026/27. At the time of writing our report, the Council was still working to identify reasons for a forecast £1.1 million overspend on home to school transport. Demand pressures on this service should be considered within the context of wider demand pressures for the SEND service. Overall, the Council was able to limit its use of reserves to support the General Fund Revenue Account to £0.3 million in 2025/26. The General Fund and earmarked Reserves stood at £53.8 million at the end of 2025/26. However, budget pressure already identified in 2025/26 is continuing to challenge the Council in 2026/27. Our improvement recommendation from 2024/25 is retained in relation to 2025/26. Any further escalation of budget pressure could result in a key recommendation in future years. The Council incurred an overspend on the 2025/26 High Needs Block of £3.6M in 2025/26, leading to an overall DSG deficit for the year of £2.9 million, and breaking the terms of its safety valve agreement with DFE. The Council has a SEND Sufficiency Strategy in place and submitted a SEND reform plan to DFE in June 2026. The SEND Reform Plan was approved on 2 October 2026 and a high needs stability grant of £0.4 million in respect of 2025/26 was indicated. The Council will need to work to limit overspends between now and 31 March 2028, when statutory override ends. **Given the demand pressures identified, we have revised our improvement recommendation from the previous year – see improvement recommendation 1 on page 20.**	A

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

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Financial sustainability – commentary on arrangements (continued)

We considered how the Council:	Commentary on arrangements	Rating
plans to bridge its funding gaps and identify achievable savings	The Council had a good track record of delivering savings in 2025/26. Savings of £7.5 million were scheduled for the year; and savings of £7.1 million (95%) were delivered. All planned children and young people and adult services savings were delivered in 2025/26. The only area of savings slippage related to regeneration and environment, being the under delivery of £0.4 million savings due to slower than expected route optimisation in 2025/26. Actions were raised by the Council to deliver the route optimisation savings in 2026/27. Savings delivery has also been strong so far in 2026/27. The Council planned savings of £3.6 million for 2026/27 and by the end of July, £2.4 million of those savings had already been secured. Planned savings for children and young people (£0.8 million) and corporate services (£0.7 million) had been secured in full, and some 50% of all planned regeneration savings had already been secured. For adult savings, work was underway in July 2026 to identify options for reducing agency spend; and to identify reasons why the Council spends more per working age adult than the national average. This work is expected to enable new savings of £0.9 million.	G
plans finances to support the sustainable delivery of services in accordance with strategic and statutory priorities	The Council plans finances to support the sustainable delivery of services and the corporate priorities set out in the Council Plan for 2025-30 (Forging Ahead). During 2025/26, the capital programme was re-set from a four-year programme to a five-year programme so that it covered the same timescale as the Council Plan. The overall General Fund and Housing Revenue Account Capital Programme for the period 2025/26 to 2029/30 is now £768.4 million. The Capital Programme includes planned capital works that deliver Council priorities.	G

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

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Financial sustainability – commentary on arrangements (continued)

We considered how the Council:	Commentary on arrangements	Rating
ensures its financial plan is consistent with other plans such as workforce, capital, investment and other operational planning which may include working with other local public bodies as part of a wider system	The budget and medium-term financial strategy are supported by a Capital Strategy and a Treasury Management and Investment Strategy. They are also supported by a Reserves Strategy, a Flexible Use of Capital Receipts Strategy and a Carbon Impacts Assessment. There is regular reporting to Cabinet on progress with the General Fund and HRA capital programme and with the housing delivery programme. Some 91% of the planned capital programme for 2025/26 was delivered; and the housing delivery programme remains in track to deliver 1000 new council homes by Summer 2027 (114 new homes built in 2025/26). We note that substantial progress was made with stock condition surveys for the Housing Revenue Account in 2025/26. Stock condition data should now be used to inform asset management and capital investment plans. This was a key recommendation in the 2024/25 AAR but due to the progress made this is now reflected as an improvement recommendation - **see improvement recommendation 6 on page 32 of this report.**	A
identifies and manages risk to financial resilience, e.g. unplanned changes in demand, including challenge of the assumptions in underlying plans	Risks (such as future borrowing and funding levels) are highlighted in the budget and Medium-Term Financial Strategy. Regular financial monitoring reports brought to Cabinet throughout the year ensure that members are sighted on the Council's financial position and on any new, emerging risks through the year. The Audit Committee receives regular Corporate Strategic Risk Register updates, including on financial plans and budget gaps. In February 2026, the Council assessed that there was a sufficient balance of reserves to mitigate overall budget risk for 2026/27 but recognised that calls on the reserves would not be sustainable in the long term. A contribution to the reserves of £2.8 million was planned in the budget for 2026/27. Financial data from July 2026 indicates that an overspend of £5.9 million is currently being forecast. General Fund corporate reserves stood at £53.8 million at the start of 2026/27.	G

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

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Financial sustainability (continued)

Area for Improvement identified: Demand Led Services

Key Finding: Savings targets for Children and Young People's Services were delivered in full for 2025/26. However, the Council continues to face budget pressure. In July 2026, the Council forecasted a net overspend for 2026/27 of £5.9M. This included underlying forecast overspends in Children and Young People Services (£5.5M); Adults, Housing and Public Health (£2.2M); and Regeneration and Environment (£3.2M). The Council already has mitigations in all three areas planned - setting clear targets and milestones will be important.

The Council incurred a DSG deficit of £2.9 million in 2025/26. It's SEND Reform Plan was approved on 2nd October 2026 and a high needs grant of £0.4 million was agreed at the same time. The Council needs to continue its focus on limiting any further increase in the DSG deficit between now and 31 March 2028. Work to influence EHCP demand may also help manage demand pressure for home to school transport.

Evidence: Budget outturn reporting for 2025/26; budget monitoring reporting for 2026/27; correspondence with DFE; discussion with officers.

Impact: Ongoing requirement to manage (and limit) growth in High Needs spending and general fund revenue budget pressures.

2025/26 Improvement Recommendation 1

IR1 2025/26: The Council should continue to ensure that it fully addresses pressures faced in the short and medium term. This should include:

- Setting clear milestones and financial targets for initiatives to speed up working age adult assessments; reduce dependency on external children's placements; and optimise waste vehicle procurement and routes; and
- Seeking to limit any increase in the DSG deficit between now and 31 March 2027. The Council should be mindful that any work to influence reductions in demand for SEND may help to reduce budget pressures for home to school transport, as well as limiting increases in the DSG deficit.

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Governance – commentary on arrangements

We considered how the Council:	Commentary on arrangements	Rating
monitors and assesses risk and how the Council gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud	The Council has refreshed its Risk Management Guide. Last year we raised an improvement recommendation that the Council should strengthen its Risk Management Policy, and the recommendations made are incorporated into the Guide. We are aware that the Risk Management Policy is currently under review. We amend the recommendation to reflect current circumstances- **see improvement recommendation 2 on page 24.** Internal Audit is provided in-house. Audit Committee receive regular reports, including the IA Plan, IA Charter, progress reports and annual report. Minutes of Audit Committee show limited discussion and challenge. There are appropriate year end reporting arrangements, with the Head of Internal Audit Annual Report 2025/26 providing Adequate assurance. The Draft Annual Governance Statement 2025/26 provided details of progress made to address weaknesses identified in the prior year and work planned to address new governance issues during 2025/26. Counter Fraud services are provided by the Internal Audit Service, and activity is reported through IA progress reports. Internal Audit has a log of fraud risks that the council is susceptible to.	A
approaches and carries out its annual budget setting process	The Council has an established budget setting process, which includes updates for changes in government funding; oversight from the Oversight and Scrutiny Management Board before submission to Cabinet and Council; and public consultation. The Medium-Term Financial Strategy shared with members in February 2026 covered the period 2026/27 to 2028/29 inclusive.	G

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

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Governance – commentary on arrangements (continued)

We considered how the Council:	Commentary on arrangements	Rating
ensures effective processes and systems are in place to ensure budgetary control; to communicate relevant, accurate and timely management information; supports its statutory financial reporting; and ensures corrective action is taken where needed, including in relation to significant partnerships	Regular internal financial monitoring reports to Cabinet set out the Council's financial position, expected forecast for year-end; narrative for any overspends; and established mitigations. The external statutory accounts reporting is well run. Grant Thornton's external audit confirmed that the statement of accounts for 2024/25 was true and fair on 9th December 2025. The draft Statement of Accounts for 2025/26 was published on 10 June 2026, some twenty days in advance of the statutory deadline of 30 June 2026. At the time of writing this report, our audit of the financial statements was proceeding as planned, with no indications of significant weakness in arrangements for audit at this stage, although we note that the work had not yet been completed.	G
ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency, including from audit committee	Cabinet is the main decision-making body of the Council. It met throughout 2025/26 and meeting papers clearly identify reports requiring key decisions. Minutes provide a detailed account of reports presented. We did not identify any inappropriate tone from the top. The Council has an Overview and Scrutiny Management Board (OSMB) and three scrutiny Select Commissions. All forums met throughout 2025/26 and minutes evidence good discussion and challenge. The Audit Committee held public meetings throughout 2025/26. Minutes provide evidence of discussion and challenge. An annual report provides a summary of work undertaken. The Council's joint arrangements are written into the Constitution for work undertaken with the Councils of Sheffield, Barnsley and Doncaster. Joint work includes waste management, emergency planning and health services.	G

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

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Governance – commentary on arrangements (continued)

We considered how the Council:	Commentary on arrangements	Rating
monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements and standards in terms of staff and board member behaviour	The Council's constitution includes the Councils Code of Conduct and Officer Employment Procedure Rules. The Standards and Ethics Committee considers complaints and concerns under the whistleblowing policy. Gifts and hospitality (employees) received Reasonable Assurance from Internal Audit during 2025/26. The Council has a public facing register of declarations. Procurement Procedure Rules are detailed in the Council's Constitution. Our review of Audit Committee meeting papers did not identify any reporting of exemptions to procurement procedure rules (waivers) and we re-issue the recommendation raised in 2024/25 regarding this. We also noted that that there has been some cases of non-compliance with arrangements for contract awards within the Regeneration and Environment Directorate - **see improvement recommendation 3 on page 25.** Last year we raised an improvement recommendation regarding the development of a Procurement Strategy. A Procurement Strategy was approved in July 2026 and considers all elements we recommended. We close our prior year recommendation.	A

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

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Governance (continued)

Area for Improvement identified: Risk Management Policy

Key Finding: The Risk Management Guide has been refreshed and includes risk escalation and de-escalation arrangements between the risk registers. The Council's risk appetite statements are detailed in an appendix to the Guide and explained within the Guide. However, the Risk Management Policy is currently still under review. The version shared with us was produced in 2022.

Evidence: Risk management documentation retained by the Council and discussion with officers.

Impact: Our prior year improvement recommendation is retained.

2025/26 Improvement Recommendation 2

IR2 2025/26: The Council should update its risk policy to reflect the updated Risk Management Guide.

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Governance (continued)

Area for Improvement identified: Procurement Arrangements

Key Finding: The Council does not report use of waivers (exemptions to procurement procedure rules) to a public facing committee. We also noted that there have been some cases of non-compliance with arrangements for contract awards within the Regeneration and Environment Directorate.

Evidence: Committee papers and discussion with officers.

Impact: Transparent monitoring of the use of waivers and testing safeguards to minimise potential inappropriate awarding of contracts will support the Council to gain assurance of the management of activity outside of procurement procedure rules.

2025/26 Improvement Recommendation 3

IR3 2025/26: As part of ongoing improvements in contract management, the Council should:

- Introduce waiver reporting to the relevant committee at least annually.
- Ensure that contract managers in each Directorate complete the contract management training programme and are ensuring compliant contract management with the Council's requirements.

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Improving economy, efficiency and effectiveness – commentary on arrangements

We considered how the Council:	Commentary on arrangements	Rating
uses financial and performance information to assess performance to identify areas for improvement	Performance reports are presented to Cabinet six-monthly and detail progress of delivering the priority actions and performance measures stated in the Year Ahead Delivery Plan. Performance is reported through alignment to the Councils Themes and does not bring together low performing areas in the executive summary. The report is very long, national metrics are not included, and there is no indication of how data reported against performance measures is validated. We raise an improvement recommendation - **see improvement recommendation 4 on page 30** Initial work has commenced to develop a new Data Quality Strategy. We will restate the recommendation raised in previous years that the strategy includes details of a data quality framework- **see improvement recommendation 5 on page 31.** The Council maintains national SEND comparison benchmarking data and is leading the development of a benchmarking dataset and dashboard to support regional local authorities' comparison of performance against metrics for Educational and Health Care Plans; and against wider SEND performance metrics. In addition, benchmarking analysis on spending on Children's Social Care services is updated annually using budget data and indicates how reduced spending will bring Rotherham's average spend in line with its neighbours.	A

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

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Improving economy, efficiency and effectiveness – commentary on arrangements (continued)

We considered how the Council:	Commentary on arrangements	Rating
evaluates the services it provides to assess performance and identify areas for improvement	Performance in 2025/26 has been positive. The Council's Adult Social Care services received a Good rating and a score of 73 for local authority assessment by CQC. The report was published in March 2026, ranking the Council the highest scoring authority against its geographical neighbours. All seven children's homes have received an inspection since 1 April 2025. Five were rated Good and two were rated Outstanding. In addition, work is in progress to address issues identified at the joint Ofsted and CQC Area SEND inspection in 2024, and all actions from the Ofsted inspection as part of the Inspecting Local Authority Children's Services (ILACS) programme in 2024, were completed during 2025-26. Ofsted undertook a ILACS short inspection in Nov 2025, with an overall judgement of outstanding. The Council continues to report the outcomes of external inspections, reviews and audits to the Audit Committee through six-monthly reports, including progress made to address recommendations and areas for improvement.	G
	Last year we raised a key recommendation regarding the Council's need to complete housing stock condition surveys. Strong progress has been made from the prior year in completing stock condition surveys. There is now work to update the Asset Management Plan. As a result of the strong progress, we will downgrade the key recommendation to an improvement recommendation - **see improvement recommendation 6 on page 32.**	A
	Last year we raised a key recommendation regarding the Councils need to have a full understanding of its assets and the condition of its corporate buildings. Procurement of a Computerised Asset and Facilities Management (CAFM) has commenced. The Council expect the system will significantly enhance reporting capability, assurance, and continuous improvement. Condition surveys across the estate commenced in April 2026. Given limited progress in 2025/26, we retain the key recommendation - **see key recommendation on page 29.**	R

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Improving economy, efficiency and effectiveness – commentary on arrangements (continued)

We considered how the Council:	Commentary on arrangements	Rating
ensures it delivers its role within significant partnerships and engages with stakeholders it has identified, in order to assess whether it is meeting its objectives	Public consultation and an engagement exercise were undertaken in late 2024 to shape the priorities in the refreshed Council Plan 2025-2030: Forging ahead. Progress to deliver the Plan is presented to Cabinet twice a year. There is evidence of strategic priorities being developed with partner support. The refreshed SEND Strategy, co-produced with partners across the borough, the SEND Joint Commissioning Strategy for Rotherham 2024-2027 and Best Start Local Plan 2026 – 2029, were all approved by Cabinet. The work of key partnerships is reported to Cabinet. The Safer Rotherham Partnership (SRP) presents an annual report covering activity against its key priorities. The Rotherham Safeguarding Children's Partnership (RSCP) also presents an annual report to Cabinet.	G
commissions or procures services, assessing whether it is realising the expected benefits	Contract management is devolved across Directorates. An Ethical Procurement Policy 2025 and a Procurement Strategy 2026-2031 are in place. Previous weaknesses in compliance with contracts have been addressed and the number of contracts has reduced significantly. The Council is working to deliver efficiencies through joint procurement of one giant estates provider in the future. Progress on capital projects is reviewed by the Capital Programme Board. Cabinet receives reports on the overall capital programme rather than individual project progress.	G

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

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Improving economy, efficiency and effectiveness (continued)

Significant weakness identified in relation to corporate buildings

Key finding: The Council has not completed condition surveys of its corporate buildings.

Evidence: Recruitment has strengthened capacity across both Compliance and Property Management functions. In addition, three new Building Managers have been appointed and support the day-to-day management of contractors, undertake regular inspections of Council buildings, and carry out compliance and assurance checks. A dedicated role has been established to manage strategic and planned maintenance. Management of contractors has been strengthened through a review of existing contractual arrangements, and it is anticipated that implementation of a CAFM system will enhance monitoring.

Condition surveys across the estate commenced in 2026/27 i.e. after the end of 2025/26. These will inform future investment, maintenance planning, and strategic decision-making. Landlord inspection and testing regimes are now in place, and a review of vacant assets is underway to consider whether they require investment, or they are no longer desirable.

Impact: The completion of condition surveys of corporate buildings will inform the next phase of work required to support the Council to meet legislation and regulations.

2025/26 Key recommendation 1

KR1 2025/26: Corporate Buildings: The Council must continue to strengthen arrangements and ensure that stock condition surveys progress sufficiently. Once it is ready to do so, it should seek independent assurance over compliance with relevant standards.

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Improving economy, efficiency and effectiveness (continued)

Area for Improvement: Performance Reporting

Key Finding: The overview /summary of the performance report to Cabinet does not provide information regarding action planned to address low performing measures, nor national metrics.

Evidence: Performance reports to Cabinet detail progress to deliver the 89 priority actions and 27 performance measures stated in the Year Ahead Delivery Plan. The overview of performance is reported as an executive summary and does not provide supporting commentary on action planned to address low performing metrics.

The set of metrics for Adult Social Care does not include national metrics. There is no indication of how data reported against performance measures is validated.

Work is underway to refresh the report with support from the OSC. In October 2026, OSC supported review of the format, contents and layout. The first iteration of the refreshed report is scheduled for presentation to Cabinet in Jan 2027. The Council is considering how to incorporate the local outcomes framework, and reporting annually, but trying to determine when best time is due to differing publishing dates of national data.

Impact: Including national metrics in the relevant section of the report will provide Members with the full picture of performance. Inclusion of action planned in the summary section will give focus to the reader and provide assurance that that poor performance is being addressed appropriately.

2025/26 Improvement Recommendation 4

IR4 2025/26: The Council should review its performance report to cabinet to ensure it includes:

- supporting commentary on action planned to address low performing metrics within the executive summary,
- performance against national measures and targets in line with national publishing timetables,
- performance compared to neighbours and national data where appropriate,
- an assurance statement regarding the quality of data reported.

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Improving economy, efficiency and effectiveness (continued)

Area for Improvement: Data Quality

Key Finding: The Council has recruited a Director of Policy, Strategy and Engagement and initial work has commenced on the development of a new Data Quality Strategy.

We will retain this recommendation to support production of the new Data Quality Strategy and recommend that this includes details of a data quality framework.

Evidence: Data quality documentation retained by the Council, and discussion with officers.

Impact: Our prior year improvement recommendation is retained.

2025/26 Improvement Recommendation 5

IR5 2025/26: The Council should develop a corporate data quality policy and ensure this is used to inform a data quality review. It could look to the national data quality framework to guide this work.

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Improving economy, efficiency and effectiveness (continued)

Area for Improvement: Housing Stock

Key Finding: The Council has made good progress to ensure housing stock condition surveys are undertaken as planned.

Evidence: In 2025/26 the housing condition stock survey programme exceeded its annual target, delivering 6,490 surveys against a target of 6,000 and increasing valid, in-date survey coverage from 5.13% to 36.65% by 31 March 2026.

In September 2026, the Council received notification from the regulator that the quarterly review meetings had ceased due to the regulator being satisfied that the Council is progressing appropriately and taking necessary steps to achieving 100% coverage.

At 18 September 2026, 12,200 (62%) stock condition surveys had been completed; with 94% of the homes surveyed meeting the Decent Homes Standard. Internal staff moves and additional external resource was required to achieve this. Internal changes will be maintained going forward to support achievement of 100% stock surveys by the revised forecast to complete by the end of September 2027, brought forward from March 2028.

Work is now progressing to update the Asset Management Plan to reflect the stock condition survey findings.

Impact: An up-to-date Asset Management Plan will provide the Council with complete details of work required to sustain a safe housing stock.

2025/26 Improvement Recommendation 6

IR6 2025/26: The Council should continue to build on improvements and ensure that the housing stock condition survey programme progresses as planned. Stock condition data should be used to inform asset management and capital investment plans and should also be kept updated to manage the Council's housing stock effectively.

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05 Summary of Value for Money Recommendations raised in 2025/26

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Key recommendation raised in 2025/26

	Recommendation	Relates to	Management Actions
KR1	Corporate Buildings: The Council must continue to strengthen arrangements and ensure that stock condition surveys progress sufficiently. Once it is ready to do so, it should seek independent assurance over compliance with relevant standards.	Improvement economy, efficiency and effectiveness (page 29)	Actions: A suitably qualified surveying/stock condition contractor is now in place and survey work has commenced, with schools and care-type facilities being assessed as an initial priority. The contract provides for an initial review of the portfolio to establish an improved baseline understanding of asset condition, followed by an ongoing rolling stock condition survey programme covering approximately 25% of the relevant estate each year. This will establish a four-year cycle for refreshing condition information and ensure that the Council's understanding of its estate remains current rather than relying on a one-off survey exercise. The resulting condition data will support a more consistent, evidence-based and risk-led approach to maintenance, asset management and future investment planning. Once the survey programme and supporting arrangements have reached an appropriate level of maturity, the Council will seek independent assurance over the effectiveness of the arrangements and compliance with relevant standards. Responsible Officer: Kevin Fisher, Service Director, Property and Facilities Due Date: March 2029.

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Improvement recommendations raised in 2025/26

	Recommendation	Relates to	Management Actions
IR1	The Council should ensure that it fully addresses pressures faced in the short and medium term. This should include: - Setting clear milestones and financial targets for initiatives to speed up working age adult assessments; reduce dependency on external children's placements; and optimise waste vehicle procurement and routes; and - Seeking to limit any increase in the DSG deficit between now and 31 March 2026. The Council should be mindful that any work to influence reductions in demand for SEND may help to reduce budget pressures for home to school transport, as well as limiting increases in the DSG deficit.	Financial sustainability **(page 20)**	Actions: These recommendations are effectively suggesting that the Council continues to work towards addressing issues already identified within the Council's Budget and MTFS. The Council is aware of the issues and will continue its plans to address them as much as is possible. The delivery of the working age adult assessments saving will be tracked and delivered through the Council's existing governance and monitoring procedures. The delivery of reduced costs for Children's placements will continue to be addressed, as much is possible, through the use of the in-house residential programme, fostering increases and kinship care arrangements. This is a national pressure that the majority of care providing authorities are struggling with. Similar for DSG deficits, the Council has explained within it's Budget and MTFS along with the following financial monitoring reports what the pressures due to demand and rising costs are. These demand pressures are recognised by Government as being out of the control of Local Authorities. The potential future funding from the DfE will be built into the Council's financial planning and the Council will continue to monitor the position closely to mitigate growth in the deficit as much as is possible. Responsible Officer: Rob Mahon, Service Director, Financial Services Due Date: March 2028.
IR2	The Council should update its risk policy to reflect the updated Risk Management Guide.	Governance **(pages 24)**	Actions: A new Risk Management Guide has been developed and will be considered by the Councils Audit Committee in November 2027 seeking full adoption. Following that the Council's Risk Management Policy last updated in 2022 will be refreshed. Responsible Officer: Jane Maxwell, Director of Policy, Strategy and Engagement Due Date: March 2028.

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Improvement recommendations raised in 2025/26

	Recommendation	Relates to	Management Actions
IR3	As part of ongoing improvements in contract management, the Council should: • Introduce waiver reporting to the relevant committee at least annually. • Ensure that contract managers in each Directorate complete the contract management training programme and are ensuring compliant contract management with the Council's requirements.	Governance (page 25)	Actions: The Council will include reporting on the use of exemptions within its reports to Audit Committee on an annual basis. Delivery of the new contract management training will be tracked and reported through to SLT on a regular basis, as part of wider contract management reporting to SLT. Responsible Officer: Rob Mahon, Service Director, Financial Services Due Date: March 2028.

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Improvement recommendations raised in 2025/26

	Recommendation	Relates to	Management Actions
IR4	The Council should review its performance report to cabinet to ensure it includes • supporting commentary on action planned to address low performing metrics within the executive summary, • performance against national measures and targets in line with national publishing timetables, • performance compared to neighbours and national data where appropriate, • an assurance statement regarding the quality of data reported.	Improvement economy, efficiency and effectiveness (page 30)	Actions: The Council is reviewing its performance management framework and using the Local Outcomes Framework to ensure consistent benchmarking with national measures. It will establish local outcome dashboards and an internal organisational health dashboard. Responsible Officer: Jane Maxwell, Director of Policy, Strategy and Engagement Due Date: March 2028.

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Improvement recommendations raised in 2025/26

	Recommendation	Relates to	Management Actions
IR5	The Council should continue to develop its new Data Quality Strategy and ensure it describes the Councils data quality framework, including the process for validating data collected, used and submitted by the Council, and how assurance is given within performance reports regarding the quality of data reported.	Improvement economy, efficiency and effectiveness (page 31)	Actions: The Council is developing a Data Strategy which is being integrated with the new Digital and Technology Strategy. Responsible Officer: Jane Maxwell, Director of Policy, Strategy and Engagement Due Date: March 2028.
IR6	The Council should continue to build on improvements and ensure that the housing stock condition survey programme progresses as planned. Stock condition data should be used to inform asset management and capital investment plans and should also be kept updated to manage the Council's housing stock effectively.	Improvement economy, efficiency and effectiveness (page 32)	Actions: The Council continues to accelerate the completion of comprehensive stock condition data across HRA Assets. By the end of Q2 2026/27, 2,925 surveys had been completed in-year, increasing valid in-date survey coverage to 66.40% (13,129 of 19,773 properties). Given this acceleration, it is anticipated that the programme will complete by November 2027. The Council has commissioned an external consultant to validate our asset data and to work with officers to develop our longer-term investment plans over the 30yr business plan. This work is on-going and will complete across two phases and by Spring 2027. A Council Housing Asset Management Plan 2026-30 has been developed and will be submitted for approval alongside the HRA Budget 2027/28. The Plan sets out the Council's approach to ensuring its housing assets remain safe, decent, sustainable and financially viable, while responding to strengthened regulatory requirements and changing tenant needs. Responsible Officer: Sarah Clyde, Service Director, Housing. Due Date: March 2028.

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06 Follow up of previous Key recommendations

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Follow up of 2024/25 Key recommendations

	Prior Recommendation	Raised	Progress	Current status	Further action
KR1	The Council should continue to build on improvements and ensure that the stock condition survey progresses as planned. Stock condition data should be used to inform asset management and capital investment plans, and should also be kept updated to manage the Council's housing stock effectively.	2023/24	The Council has made good progress to ensure stock condition surveys are undertaken as planned. Work is now progressing to update the Asset Management Plan to reflect the stock condition survey findings. With so high a number of surveys completed within one year, this will take time to complete. Our prior year KR is downgraded to an IR.	Implemented	Recommendation downgraded to an IR because asset management plan now needs to be updated. **See 2025/26 improvement recommendation 6 on page 32.**
KR2	The Council should continue to strengthen arrangements, and ensure that stock condition surveys progress sufficiently. Once it is ready to do so, it should seek independent assurance over compliance with relevant standards.	2023/24	Recruitment has strengthened capacity across both Compliance and Property Management functions. Condition surveys across the estate commenced in 2026/27 i.e. after the end of 2025/26. These will inform future investment, maintenance planning, and strategic decision-making. Landlord inspection and testing regimes are now in place, and a review of vacant assets is underway to consider whether they require investment, or they are no longer desirable.	In progress	key recommendations (re)raised. **See 2025/26 key recommendation 1 on page 29.**

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07 Appendices

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Appendix A: Responsibilities of the Council

Public bodies spending taxpayers' money are accountable for their stewardship of the resources entrusted to them. They should account properly for their use of resources and manage themselves well so that the public can be confident.

Financial statements are the main way in which local public bodies account for how they use their resources. Local public bodies are required to prepare and publish financial statements setting out their financial performance for the year. To do this, bodies need to maintain proper accounting records and ensure they have effective systems of internal control.

All local public bodies are responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness from their resources. This includes taking properly informed decisions and managing key operational and financial risks so that they can deliver their objectives and safeguard public money. Local public bodies report on their arrangements, and the effectiveness with which the arrangements are operating, as part of their annual governance statement.

The Council's Chief Finance Officer is responsible for preparing the financial statements and for being satisfied that they give a true and fair view, and for such internal control as they determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Chief Finance Officer is required to comply with CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom. In preparing the financial statements, the Chief Financial Officer is responsible for assessing the Council's ability to continue as a going concern and use the going concern basis of accounting unless there is an intention by government that the services provided by the Council will no longer be provided.

The Council is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.



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Appendix B: Value for Money Auditor responsibilities

Our work is risk-based and focused on providing a commentary assessment of the Council's Value for Money arrangements

Phase 1 – Planning and initial risk assessment

As part of our planning, we assess our knowledge of the Council's arrangements and whether we consider there are any indications of risks of significant weakness. This is done against each of the reporting criteria and continues throughout the reporting period.

Phase 2 – Additional risk-based procedures and evaluation

Where we identify risks of significant weakness in arrangements, we will undertake further work to understand whether there are significant weaknesses. We use auditor's professional judgement in assessing whether there is a significant weakness in arrangements and ensure that we consider any further guidance issued by the NAO.

Phase 3 – Reporting our commentary and recommendations

The Code requires us to provide a commentary on your arrangements which is detailed within this report. Where we identify weaknesses in arrangements we raise recommendations.

A range of different recommendations can be raised by the Council's auditors as follows:

Statutory recommendations – recommendations to the Council under Section 24 (Schedule 7) of the Local Audit and Accountability Act 2014.

Key recommendations – the actions which should be taken by the Council where significant weaknesses are identified within arrangements.

Improvement recommendations – actions which are not a result of us identifying significant weaknesses in the Council's arrangements, but which if not addressed could increase the risk of a significant weakness in the future.

Information that informs our ongoing risk assessment

Cumulative knowledge of arrangements from the prior year	Key performance and risk management information reported to the Executive or full Council
Interviews and discussions with key stakeholders	External review such as by the LGA, CIPFA, or Local Government Ombudsman
Progress with implementing recommendations	Regulatory inspections such as from Ofsted and CQC
Findings from our opinion audit	Annual Governance Statement including the Head of Internal Audit annual opinion

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Appendix C: Follow up of 2024/25 improvement recommendations

	Prior Recommendation	Raised	Progress	Current position	Further action
IR1	The Council should ensure financial sustainability fully address pressures faced in the short and medium-term. This includes: Placing an emphasis on delivering its agreed financial trajectory in line with the Safety Valve Agreement and consider alternative arrangements to lower its forecasted deficit for 2025/26. Fully delivering its children and young people's services (CYPS) savings targets in 2025/26.	2024/25	Savings targets for Children and Young People's Services were delivered in full for 2025/26. However, the Council continues to face budget pressure. In July 2026, the Council forecasted a net overspend for 2026/27 of £5.9M. This included underlying forecast overspends in Children and Young People Services (£5.5M); Adults, Housing and Public Health (£2.2M); and Regeneration and Environment (£3.2M). The Council already has mitigations in all three areas planned - setting clear targets and milestones will be important. The Council incurred a DSG deficit of £2.9 million in 2025/26. It's SEND Reform Plan was approved on 2nd October 2026 and a high needs grant of £0.4 was agreed at the same time. The Council needs to focus now on limiting any further increase in the DSG deficit between now and 31 March 2028. Work to influence EHCP demand may also help manage demand pressure for home to school transport.	In progress	We amend the recommendation. **See 2025/26 improvement recommendation 1, page 20.**

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Appendix C: Follow up of 2024/25 improvement recommendations

	Prior Recommendation	Raised	Progress	Current position	Further action
IR2	The Council should ensure that regular reports to Cabinet include specific performance updates on major capital projects against planned expectations. At the appropriate stage, this should include assessments of both economic benefits delivered and financial returns compared to original projections. Insights from these evaluations should be used to inform the planning and delivery of future major capital investments.	2024/25	Housing delivery progress reports were shared with Cabinet three times in 2025/26. Within financial monitoring reports, capital outturn data includes references to projects progress where relevant to variances between budget and forecast.	Implemented	Recommendation closed. No further action required.
IR3	The Council could strengthen its risk policy by including risk escalation and de-escalation arrangements between the tiers of risk registers and including risk types and applying risk appetite to each type.	2024/25	The Risk Management Guide has been refreshed and includes risk escalation and de-escalation arrangements between the risk registers. The Risk Management Policy, however, is currently under review.	In progress	Recommendation retained. **See 2025/26 improvement recommendation 2, page 24.**

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Appendix C: Follow up of 2024/25 improvement recommendations

	Prior Recommendation	Raised	Progress	Current position	Further action
IR4	The Council should continue to strengthen its counter-fraud controls by developing a corporate counter-fraud risk register and ensuring counter-fraud risks in departmental risk registers are updated. It also needs to enhance its counter-fraud plan.	2023/24	Internal Audit has a log of fraud risks that the council is susceptible to. This includes the controls in place, links to any risk registers, Internal Audit assurances over the risks and any further mitigating action that is required (extract below). This has been discussed at the Risk Champions group. Services have discussed and are continuing to have discussions within their own directorates regarding fraud risks, and their inclusion as appropriate in either service level or directorate level risk registers. Internal Audit has oversight of the corporate fraud risk log, and this will be updated regularly. The only difference is Internal Audit have not scored the risks themselves. This is because the Council is of the opinion that it is for services themselves to manage risks (score them and put mitigating actions in place), and fraud risk is just one type of risk. The risk methodology that the Council has should apply to fraud risks as it would do with any other risk type. The Council's Risk Management Policy and Guide state that risk management is the responsibility of all Council officers.	Implemented	Recommendation closed. No further action required.

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Appendix C: Follow up of 2024/25 improvement recommendations

	Prior Recommendation	Raised	Progress	Current position	Further action
IR5	The Council should develop and publish a Procurement Strategy. This should set procurement strategic priorities that align with the Council's priorities such as net zero and capture changes to procurement following the Procurement Act (2023) and the national Procurement Policy Statement (2024). It should include measurable actions and indicators with clear accountabilities and an annual review process. The Strategy should be widely communicated to staff and members to raise awareness of their responsibilities.	2023/24	The Procurement Strategy 2026-2031 was approved in July 2026 by the Executive Director of Corporate Services under delegated authority. The reason for the decision was due to the Council not having a procurement strategy for a significant number of years. The Strategy supports and reflects national and local policy, including the requirements of the Procurement Act 2023, and the Councils Plan 2025-2030, financial and procurement procedure rules and the MTF strategy. The strategic priorities are detailed and how progress will be measured. We will close this recommendation.	Implemented	Recommendation closed. No further action required.

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Appendix C: Follow up of 2024/25 improvement recommendations

	Prior Recommendation	Raised	Progress	Current position	Further action
IR6	The Council should develop a corporate data quality policy and ensure this is used to inform a data quality review. It could look to the national data quality framework to guide this work.	2024/25	The Council has recruited a Director of Policy, Strategy and Engagement and initial work has commenced on the development of a new Data Quality Strategy. We will retain this recommendation to support production of the new Data Quality Strategy and recommend that this includes details of a data quality framework.	In progress	Recommendation retained. **See 2025/26 improvement recommendation 5 on page 31.**
IR7	As part of ongoing improvements in contract management, the Council should consider: • Introducing contract tiering (gold/silver/bronze). • Managing contracts based on risk. • Seeking assurance that new arrangements in place are embedded and effective. • Introducing waiver reporting to be considered by the relevant committee at least annually.	2024/25	The Council has made progress to strengthen its contract management arrangements. A priority of the Procurement Strategy 2026-2031 is to strengthen internal oversight through SLT. A contract management dashboard has been developed to report performance against KPI's of major contracts. This is reported quarterly to SLT. However, our review did not identify any reporting of waivers, and there was no evidence of the introduction of a tiering process of contracts using a risk and value-based approach. The Council did not agree to implement a tiering framework. We also noted that there have been some cases of non-compliance with arrangements for contract awards within the Regeneration and Environment Directorate.	In progress	We amend the recommendation. **See 2025/26 improvement recommendation 3 on page 25.**

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Rotherham Metropolitan Borough Council

Public Report
Audit Committee

Committee Name and Date of Committee Meeting
Audit Committee – 24 November 2026

Report Title
Mid-Year Treasury Management and Prudential Indicators Monitoring Report – 2026/27

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)
Shane Sutton
01709 807850 or shane.sutton@rotherham.gov.uk

Ward(s) Affected
Borough-Wide

Report Summary

Mid-Year Treasury Review

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

This report is the mid-year review for 2026/27. It also incorporates the needs of the Prudential Code to ensure adequate monitoring of the capital expenditure plans and the Council's prudential indicators (PIs).

It is also a requirement that any proposed changes to the 2026/27 prudential indicators are approved by Council.

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

The key messages for Members are:

a. Investments - the primary governing principle remains security over return and the criteria for selecting counterparties continues to reflect this.

b. Borrowing – The Council will maintain its strategy of being under-borrowed against the capital financing requirement.

   The current strategy is to delay all new borrowing as late as possible and to only enter into short term borrowing in order to minimise the interest cost to the Council. There is a increased discounted rate with the PWLB for borrowing long term funds specifically for HRA purposes which is available until March 2028, the Council will use this where possible. The overall borrowing position will remain under review, and an update of the strategy will be presented to Members within the Budget and Council Tax 2027/28 report to Council in March 2027.

c. Governance - strategies and monitoring are reviewed by Audit Committee.

d. The Council's approach to Treasury Management in recent years, utilising short term borrowing in particular, has generated significant savings for the Council, essential to achieving balanced budgets, but the future outlook remains challenging. The Bank of England has increased the Base Rate to 4% and the cost of short term borrowing has increased as a result. The costs for longer term borrowing remain high reflecting the yield on UK gilts.

Recommendations

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

List of Appendices Included

Appendix 1 – Mid-Year Treasury Management and Prudential Indicators Monitoring Report – 2026/27.

Background Papers

Budget and Council Tax Setting Report 2026/27 to Council on 4th March 2026, including the Treasury Management Strategy 2026/27

Consideration by any other Council Committee, Scrutiny or Advisory Panel

No

Council Approval Required

No

Exempt from the Press and Public

No

1. Background

1.1 **Mid-Year Treasury Review** – The CIPFA Treasury Management Code of Practice includes a requirement that Members receive a mid-year treasury review, in addition to the forward looking annual treasury strategy and backward looking annual treasury report required previously.

1.2 This review as fully set out in Appendix 1 meets these requirements. It also incorporates the needs of the Prudential Code to ensure adequate monitoring of the capital expenditure plans and the Council's prudential indicators (PIs). The Treasury Management Strategy and PIs were previously reported to Cabinet on 9th February 2026 and approved by Council on 4th March 2026.

2. Key Issues

2.1 Mid-Year Treasury Review – The review as set out in Appendix 1 provides Members with details of mid-year performance against the plan.

2.2 a. Investments - the primary governing principle remains security over return and the criteria for selecting counterparties continues to reflect this.

b. Borrowing – The Council will maintain its strategy of being under-borrowed against the capital financing requirement.

The current strategy is to delay all new borrowing as late as possible and to only enter into short term borrowing in order to minimise the interest cost to the Council. There is a increased discounted rate with the PWLB for borrowing long term funds specifically for HRA purposes which is available until March 2028, the Council will use this where possible. The overall borrowing position will remain under review, and an update of the strategy will be presented to Members within the Budget and Council Tax 2027/28 report to Council in March 2027.

c. Governance - strategies and monitoring are reviewed by Audit Committee.

d. The Council's approach to Treasury Management in recent years, utilising short term borrowing in particular, has generated significant savings for the Council, essential to achieving balanced budgets, but the future outlook remains challenging. The Bank of England has increased the Base Rate to 4% and the cost of short term borrowing has increased as a result. The costs for longer term borrowing remain high reflecting the yield on UK gilts.

3. Options considered and recommended proposal

3.1 Mid-Year Treasury Review – The review as set out in Appendix 1 indicates performance is in line with the plan and no proposals to vary the approach for the remainder of the year are proposed.

4. Consultation on proposal

4.1 The continuing approach to treasury management has been discussed with the Council's external Treasury Management Advisers, MUFG, who have confirmed this is a prudent approach given current market conditions. MUFG will continue to monitor borrowing rates and inform the Council if there are opportunities to borrow at advantageous rates.

5. Timetable and Accountability for Implementing this Decision

5.1 The report is for Audit Committee information and noting.

6. Financial and Procurement Advice and Implications

6.1 Treasury Management forms an integral part of the Council's overall financial arrangements. For the financial year 2026/27 the Treasury Management budget built in a saving of £4.2m and is currently forecasting to provide an additional £4.7m of savings that will help support the Council's overall budget pressures, through income generated through the investment strategy.

6.2 The assumptions supporting the capital financing budget for 2026/27 and for future years covered by the Council's MTFS were reviewed in light of economic and financial conditions and the capital programme.

6.3 The current strategy is to maintain the Council's position of being under-borrowed against the Capital Financing Requirement. The Council is forecast to require additional borrowing before the end of the 2026/27 financial year. This borrowing will be taken on a short-term basis to minimise exposure to currently high interest rates in anticipation of lower rates in future years. There is a possibility of taking some long term borrowing from the PWLB at the discounted HRA rate. A further update will be provided as part of the Council's Treasury Management Strategy for 2027/28.

6.4 There are no direct procurement implications arising from this report.

7. Legal Advice and Implications

7.1 It is a requirement that changes to the Council's prudential indicators are approved by Council

8. Human Resources Advice and Implications

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

9. Implications for Children and Young People and Vulnerable Adults

9.1 The report does not impact the Children's and Adult Social care budgets.

10. Equalities and Human Rights Advice and Implications

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

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

11.1 No direct implications.

12. **Implications for Partners**

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

13. **Risks and Mitigation**

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

14. Accountable Officers

Rob Mahon, Service Director Financial Services
Joshua Amahwe, Head of Corporate Finance

Appendix 1

Mid-Year Prudential Indicators and Treasury Management Monitoring

1. Introduction and Background

1.1 The CIPFA Treasury Management Code of Practice includes a requirement that the Council receive a mid-year treasury review, in addition to the forward looking annual treasury strategy and backward looking annual treasury report required previously.

1.2 This report meets that requirement. It also incorporates the needs of the Prudential Code to ensure adequate monitoring of the capital expenditure plans and the Council's prudential indicators (PIs). The Treasury Management Strategy and PIs for 2026/27 were previously reported to Cabinet on 9th February 2026 and approved by Council on 4th March 2026.

1.3 The Council's revised capital expenditure plans and the impact of these revised plans on its financing are set out below in Sections 2.2 and 2.3 respectively. The Council's capital spending plans provide a framework for the subsequent treasury management activity. Section 3 onwards sets out the impact of the revised plans on the Council's treasury management indicators.

1.4 The underlying purpose of the report supports the objective in the CIPFA Code of Practice on Treasury Management and the Communities & Local Government Investment Guidance. This states that Members receive and adequately scrutinise information on the treasury management service.

1.5 The underlying economic and financial environment remains difficult for the Council, on investment the main challenge relates to concerns over investment counterparty risk. This background encourages the Council to continue maintaining investments short term and with low risk counterparties. The Bank of England base rate had held throughout 2026 at 3.75% but has recently increased to 4%.

1.6 The Council has had to undertake borrowing in the year to date to finance its capital programme.

1.7 Gilt yields and PWLB Certainty Rates have remained volatile throughout the six months under review, but the general trend has been for the whole curve to shift higher on the back of inflation concerns and a pessimistic outlook for fiscal aspects, both domestically and internationally. During 2026/27 to date the rates have seen highs of 6.68% for a 50-year PWLB loan and lows of 6.17% with the 50 year rate currently standing at 6.19%. These are higher than last year. Meanwhile, short term borrowing rates have increased with 6 month borrowing rates standing at around 5.4%, compared with 4.5% in September 2025. The Council keeps interest rates under constant review within its borrowing strategies and decisions on the mix of long-term and short-term borrowing.

1.8 The Executive Director, Corporate Services can report that the basis of the Treasury Management Strategy, the Investment Strategy and the PIs have not

changed from that set out in the approved Treasury Management Strategy (Council March 2026).

2. Key Prudential Indicators

2.1 This part of the report is structured to update:

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

2.2 Capital Expenditure (PI)

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

Capital Expenditure by Service	**2026/27 Original Estimate £m**	**2026/27 Revised Estimate £m**
Children and Young People's Services	14.133	14.645
Assistant Chief Executive	0.255	0.670
Adult Care & Housing	7.098	7.807
Finance and Customer Services	19.456	15.343
Regeneration and Environment	91.121	86.969
Total Non-HRA	**132.063**	**125.433**
Adult Care & Housing – HRA	78.843	89.497
Total HRA	**78.843**	**89.497**
Total	**210.906**	**214.931**

2.3 Impact of Capital Expenditure Plans

2.3.1 Changes to the Financing of the Capital Programme

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

Capital Expenditure	**2026/27 Original Estimate £m**	**2026/27 Revised Estimate £m**
Total spend	210.906	214.931
Financed by:		
Capital receipts	8.920	14.274

Capital grants, capital contributions & other sources of capital funding	102.871	133.018
Borrowing Need	99.115	67.638
Total Financing	**210.906**	**214.931**

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

2.3.3 The reduction in borrowing need for 2026/27 (£31.476m) reflects the re-profiling of capital expenditure & additional grant income financing the programme in the short term. As such this is just delayed capital borrowing not a reduced requirement overall.

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

2.3.5 The table below shows the CFR, which is the underlying external need to borrow for a capital purpose. It also shows the expected debt position over the period. This expected debt position has previously been used as the basis for the Operational Boundary PI. This was set at the beginning of the financial year at £1,042.641m. There may be periods where the actual position rises above the Operational Boundary, but this is acceptable practice. It is the Authorised Limit which the Council must not breach. It is not expected that the Operational Boundary will be breached. The council will continue to use a combination of long and short term borrowing and remain under-borrowed.

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

2.3.7 The current CFR estimate for 2026/27 is £1,084.812m and this figure represents an increase of £50.199m when compared to the 2025/26 year-end position of £1,034.613. The increase is predominantly due to reflecting the Councils approved Capital Programme within the revised CFR estimate.

Prudential Indicator – Capital Financing Requirement	**2026/27 Original Estimate £m**	**2026/27 Revised Estimate £m**
CFR – Non Housing	759.121	606.563
CFR – Housing	357.166	347.658
Total CFR excluding PFI, finance leases and similar arrangements	**1,116.287**	**954.221**

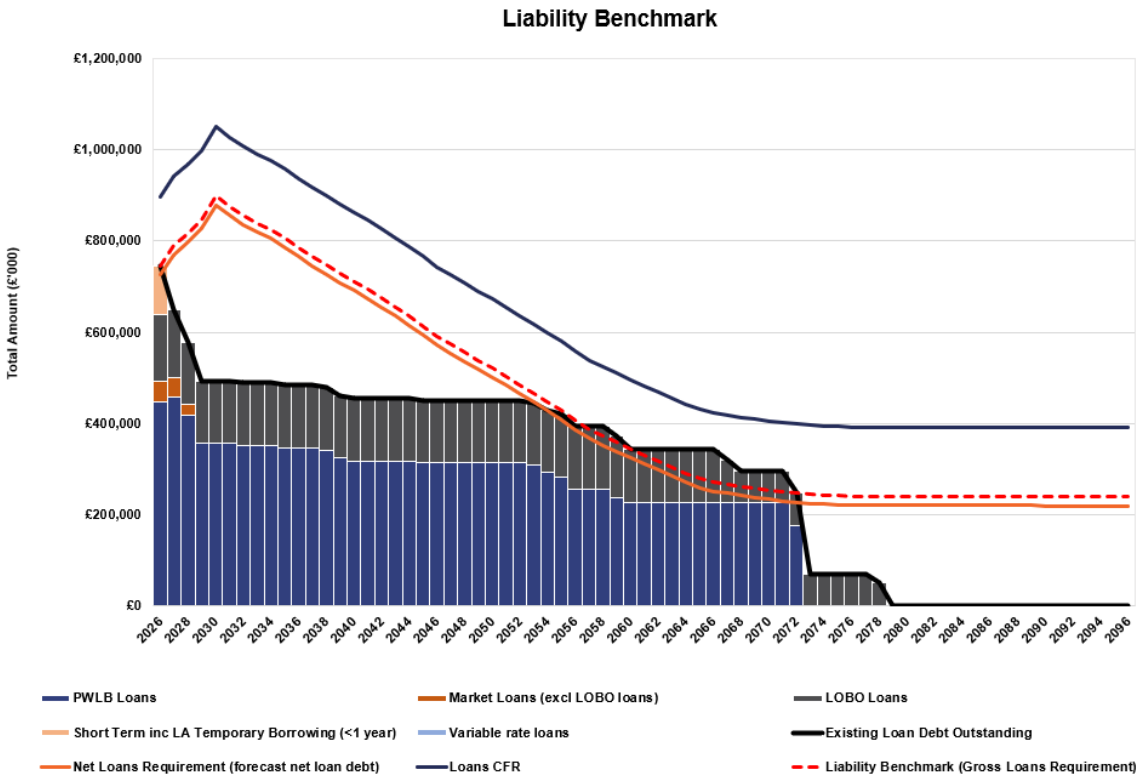
Net movement in CFR excluding PFI, finance leases and similar arrangements	**79.542**	**52.539**
Cumulative adjustment for PFI, finance leases and similar arrangements	128.527	130.591
Net movement in CFR	**-5.948**	**-2.340**
Total CFR including PFI, finance leases and similar arrangements	1,244.814	1,084.812
Net movement in overall CFR	**73.594**	**50.199**
Prudential Indicator – Operational Boundary	**Original Estimate**	**Current Position**
Borrowing	914.114	967.859
Other long term liabilities*	128.527	130.591
Total Operational Boundary 31 March	**1,042.641**	**1,098.450**

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

2.3.8 **Liability Benchmark**

2.3.9 The Council is required to estimate and measure the Liability Benchmark (LB) for the forthcoming financial year and the following two financial years, as a minimum. There are four components to the LB: -

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



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

2.3.11 The index shows that in the coming two years we are likely to need to take our additional borrowing to support the funding of our capital programme. After 2028 in the medium term, the level of loans exceeds the gross loan requirement which results in a cash balance to invest. This index is based on the current capital programme. In reality, it is likely that we will need to continue to closely monitor the capital programme forecast outturn to ensure we only borrow when required.

3. Limits to Borrowing Activity

3.1 The first key control over the treasury activity is a PI to ensure that over the medium term, gross and net borrowing will only be for a capital purpose. Gross and net external borrowing should not, except in the short term, exceed the total of CFR in the preceding year plus the estimates of any additional CFR for 2025/26 and next two financial years. This allows some flexibility for limited early borrowing for future years. The Council has approved a policy for borrowing in advance of need which would only be undertaken if this proves prudent to do so.

RMBC	2026/27 Original Estimate £m	2026/27 Revised Estimate £m
Gross Borrowing Requirement	884.114	967.859
Plus Other Long Term liabilities*	128.527	130.591
Total Gross Borrowing Requirement	**1,012.641**	**1,098.450**
CFR*	1,116.287	1,084.812
Total Gross Borrowing Requirement	1,012.641	1,098.450
Less Investments	20.000	16.490
Net Borrowing Requirement	**992.641**	**1,081.960**
CFR*	1,116.287	1,097.567

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

3.2 The Executive Director or Corporate Services reports that no difficulties are envisaged for the current or future years in complying with this PI.

3.3 A further PI controls the overall level of borrowing. This is the Authorised Limit which represents the limit beyond which borrowing is prohibited, and needs to be set and revised by Members. It is the expected maximum borrowing need with some headroom for unexpected movements. This is the statutory limit determined under section 3 (1) of the Local Government Act 2003.

Authorised limit for external debt (RMBC)	2026/27 Original Indicator £m	2026/27 Revised Indicator £m
Borrowing	1,034.570	974.221
Other long term liabilities*	128.611	130.591
Total	**1,163.181**	**1,104.812**

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

4. Treasury Strategy 2026/27

4.1 Debt Activity during 2026/27

4.1.1 The expected borrowing need is set out below:

RMBC	2026/27 Original Estimate £m	2026/27 Revised Estimate £m
CFR	1,116.287	1,084.812
Less Other Long Term Liabilities*	128.527	130.591
Net Adjusted CFR (y/e position)	**987.760**	**954.221**
Borrowed at 30/09/26	834.557	691.881
Invested at 30/09/26	-20.000	- 16.490
Under borrowing at 30/09/26	**173.203**	**278.831**
Borrowed at 30/09/26	834.557	691.881
Estimated additional borrowing to be taken October to March 2027	150.000	78.000
Total Borrowing	**984.557**	**769.881**
Under borrowing at 31/03/27	3.203	184.341
Level of short term borrowing as 31/3/27		90.000

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

4.1.2 The Council is currently significantly under-borrowed. The delay in borrowing long-term reduces the cost of carrying borrowed monies when yields on investments are low relative to the borrowing rates. Based on current borrowing rates and investment returns the differential is around 2.22% and if the Council was fully borrowed the cost per year would amount to £6.083m (Under borrowing and ST borrowing X 2.22%). The delay in taking out new long-term borrowing does give rise to an element of interest rate risk as longer term borrowing rates may rise. Borrowing rates have risen significantly during recent years although it is likely they have now peaked, and rates are expected to fall over the medium term. This position is being closely monitored and the overall position carefully managed.

4.1.3 During the six months to 30 September 2026 the Council has taken out a total of £70m as detailed in the table below. This borrowing has been used to finance the capital programme. Current forecasts indicate an estimated £123m of additional borrowing will be required before the end of 2026/27. The Council will continue with its short-term borrowing strategy.

Lender	Principal	Maturity	Interest Rate %
Combined Authority	10,000,000.00	December 2026	4.6
Combined Authority	15,000,000.00	April 2027	4.5
Local Authority	5,000,000.00	May 2027	4.7
Combined Authority	5,000,000.00	November 2026	4.05
Combined Authority	20,000,000.00	October 2026	4.1
Combined Authority	10,000,000.00	April 2027	4.1
Combined Authority	5,000,000.00	September 2027	4.75

4.1.4 During the six months to 30 September 2026, the Council has repaid principal on annuity loans from the PWLB, and loans from the Local Authority market. The principal repaid, and interest rates are detailed in the table below. There are 5 Annuity loans on which variable amounts of principal are repaid each six months.

Lender	Principal	Type	Interest Rate %
PWLB	£119,647	Fixed rate (Annuity)	Various
Combined Authority	£30,000,000	Temp	4.65
Combined Authority	£15,000,000	Temp	4.15
Local Authority	£5,000,000	Temp	4.25
Fire Authority	£3,000,000	Temp	4.25
Combined Authority	£20,000,000	Temp	5.00
Local Authority	£4,000,000	Temp	4.30

5. Investment Strategy 2026/27

5.1 Key Objectives

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

5.1.2 The Council has been managing any cash surpluses into one of the following investment options, Debt Management Office (DMO currently at 3.95%), and Other Local Authorities (currently 5.40%). The Council has continued to use Money Market Funds (MMF's), which currently have interest rates of between 4.018% and 4.048%. The process for using MMF's is very efficient and

effective, with the added benefit that the funds the Council can access are all AAA rated. Investment rates have decreased slightly during 2026/27 due to the cut in the Bank of England base rate.

5.2 **Current Investment Position**

5.2.1 The Council held £16.5m of investments at 30 September 2026, and the constituent parts of the investment position are:

Sector	Country	Up to 1 year £m	1 - 2 years £m	2 – 3 years £m
Banks	UK	0.000	0	0
Local Authorities	UK	0.000	0	0
MMF's	UK	16.500	0	0
Total		**16.500**	**0**	**0**

5.3 **Risk Benchmarking**

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

5.3.2 **Security** – The Council monitors its investments against historic levels of default by continually assessing these against the minimum criteria used in the Investment Strategy. The Council's approach to risk, the choice of counterparty criteria and length of investment ensures any risk of default is minimal when viewed against these historic default levels.

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

- Bank overdraft – the council does not have an agreed overdraft facility with its banks. Short term finance can be obtained at a lower cost from the financial market.
- Liquid short-term deposits of at least £6m available within a week's notice.

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

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

The Strategic Director for Finance & Customer Services can report that the return to date averages 3.70%, against an average Overnight SONIA to the end of September 2026 of 3.73%.

Based on the Council's current average cash investments of £20m, the return achieved at the benchmark rate would be £2k lower than the actual return realised.

6. Revisions to the Investment Strategy

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

7. Treasury Management Prudential Indicators

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

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

	2026/27 Original Indicator %	September 2026 Position %
Non-HRA	12.70	13.03
HRA	13.47	14.16

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

7.3 Prudential indicator limits based on debt net of investments

- **Upper Limits On Fixed Rate Exposure** – This indicator covers a maximum limit on fixed interest rates.

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

RMBC	2026/27 Original Indicator	September 2026 Position
Limits on fixed interest rates based on net debt	100%	87.84%
Limits on variable interest rates based on net debt	50%	12.16%

7.4 Maturity Structures Of Borrowing

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

7.4.2 The current position shown below includes the next call dates on the Council's LOBO loans. The actual maturity date for most of these loans is greater than 40 years. This approach gives a better indication of risk. Given the significant increase in interest rates some of these loans have rates below the prevailing lending rates. There is therefore an increased chance that a lender will increase

the loan rate at which point the Council has the option to pay the higher rate or repay the loan.

RMBC	2026/27 Original Indicator		September 2026 Position	
	Lower	Upper	%	£m
Under 12 months	0%	50%	24.57%	170.000
12 months to 2 years	0%	35%	3.61%	25.000
2 years to 5 years	0%	45%	0.72%	5.000
5 years to 10 years	0%	45%	1.01%	6.994
10 years to 20 years	0%	45%	4.99%	34.550
20 years to 30 years	0%	50%	8.14%	56.336
30 years to 40 years	0%	50%	14.02%	97.000
40 years to 50 years	0%	60%	32.81%	227.000
50 years and above	0%	60%	10.12%	70.000

7.5 **Total Principal Funds Invested**

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

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

RMBC	2026/27 Original Indicator £m	September 2026 Position £m
Maximum principal sums invested > 364 days	10	0
Cash deposits	10	0

7.6 **Treasury Management Advisers**

7.6.1 Treasury Management advice continues to be provided by MUFG (formerly Link Asset Services Treasury Solutions). They were appointed for a new three year term in January 2026 following a procurement exercise.

Rotherham Metropolitan Borough Council

Public Report
Audit Committee

Committee Name and Date of Committee Meeting
Audit Committee – 24 November 2026

Report Title
Risk Management Guide Refresh 2026

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

Strategic Director Approving Submission of the Report
Jane Maxwell, Director of Policy, Strategy and Engagement

Report Author(s)
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Ward(s) Affected
Borough-Wide

Report Summary

The Council introduced a completely revised Risk Policy and Guide in late 2015 which was approved by the Audit Committee on 24 November 2015. The Policy and Guide have been refreshed and received regularly since then.

The Risk Management Policy was formally adopted by Cabinet on 23 January 2023 and is due for a refresh by 2028. The Guide was extensively refreshed alongside the Policy in 2023, with only minor updates made in 2024 and 2025. Audit Committee last considered the Guide on 25 November 2025.

This year, the Guide has been thoroughly reviewed and updated to refine and strengthen the process and align it with the Council's current operating environment. Work will continue to ensure the Council's approach to risk management is well embedded by providing training, clear guidance, and reporting according to agreed timelines.

Recommendations

The Audit Committee is asked to approve the Risk Management Guide 2026.

List of Appendices Included

Appendix 1 Revised Risk Management Guide 2026

Background Papers

Report to Audit Committee: 28 July 2026 (Risk Management Annual Summary for 2025/26 and Corporate Strategic Risk Register Update)
Report to Audit Committee: 13 January 2026 (Corporate Strategic Risk Register)
Report to Audit Committee 25 November 2025 (Risk Management Guide Refresh)
Report to Cabinet: 23 January 2023 (Risk Management Policy)

Consideration by any other Council Committee, Scrutiny or Advisory Panel

None

Council Approval Required

No

Exempt from the Press and Public

No

Risk Management Guide Refresh 2026

1. Background

1.1 This report aims to inform the Committee of the results of a refresh of the Council's Risk Management Guide.

1.2 The Council introduced a completely revised Risk Policy and Guide in late 2015, which was approved by the Audit Committee on 24 November 2015. The Policy was considered by Cabinet on the 23 January 2023 and is due to be refreshed by 2028, and the Guide was last considered by the Audit Committee on 25 November 2025.

1.3 This year the Guide has been thoroughly reviewed and updated to refine and strengthen the process and align it with the Council's current operating environment.

1.4 The Risk Management Annual Summary for 2025-26 was presented to the Audit Committee on the 28th July 2026, in accordance with the risk management standard ISO31000. The report summarised the principal risk management activity carried out by the Council throughout the financial year.

1.5 The Corporate Strategic Risk Register is presented to Audit Committee twice a year and directorate risk registers are presented to Audit Committee annually as part of a rolling programme.

2. Key Issues

2.1 The risk management process was subject to an Internal Audit review in March 2024 against the requirements of the relevant international standard, ISO31000. The review concluded that substantial assurance could be derived from the controls that were in place. This is the highest assurance level possible.

2.2 Since the Risk Management Guide was last updated in November 2025, there have been a number of changes to the Council's governance arrangements, including the establishment of the Policy, Strategy and Engagement Directorate and Corporate Services Directorate, subsequent service realignments, and revisions to management structures and job titles. However, the Council's risk management framework and processes have remained broadly unchanged, with directorate risks continuing to be reviewed and monitored on a regular basis.

2.3 Updates to the Risk Management Guide are listed below and referenced to the sections of the Guide in Appendix 1. In addition to minor changes that enhance readability, they include:

<u>Section 4.3 Step 1 – Risk Identification (page 5)</u>

- Guidance has been refined and enhanced to support risk identification, including clear examples of potential sources of risk and the processes through which risks can be identified.

- Specific content on fraud risk identification has been added to highlight the importance of identifying, assessing and mitigating fraud-related risks as part of the Council's wider risk management arrangements. This is in response to an external audit recommendation to develop a Council-wide view of fraud risks (Value For Money audit, 2023/24, REC IR4). A new Appendix (D) lists areas of established fraud risks.

- The Council's risk register template has been updated (Appendix A), and a 'risk code' column added to improve consistency in risk recording and tracking.

- The example summary risk register template (previously Appendix D) has been removed as it is not used by services. (Section 5 – Documentation updated in line with this).

- The risk numbering protocol has been revised to reflect changes to directorate structures and associated risk numbering conventions (Appendix C).

Section 4.5 Step 3 – Management of Risk (page 8)

- The Council's risk appetite has been brought into this section (previously Appendix C) to clarify the Council's risk management approach.

- Content describing how risks can be managed ('the Four Ts' approach to risk treatment - tolerate, transfer, treat and terminate) has been removed to ensure clear focus on the risk appetite.

- Guidance on risk ownership and accountability arrangements for risks recorded at different organisational levels has been strengthened.

Section 4.7 Step 5 – Review and Report Risk (page 10)

- The risk management governance 'triangle diagram' has been updated to reflect revised management responsibilities and the move from bi-monthly to monthly Risk Management Group meetings.

- Review date protocols have been strengthened, aligned to the Council's risk appetite.

- Escalation and de-escalation processes have been updated to provide greater clarity on when risks should be escalated or removed from risk registers, including requirements for documenting decisions to de-escalate risks.

Section 6 Leadership, Roles and Responsibilities (page 13)

- The roles and responsibilities diagram has been updated to reflect changes to role titles and enhance presentation and readability. Council-

level responsibilities have been added to the governance structure to anchor risk management in strategy development.

2.4 The Council's Risk Management Objectives remain to:

- Ensure the Council successfully manages risks and opportunities corporately, operationally and within projects and partnerships.
- Ensure that risk management makes an effective contribution to Corporate Governance and a satisfactory Annual Governance Statement.
- Ensure that all parties understand their roles and responsibilities in the implementation of effective risk management.
- Provide simple, intuitive processes to assist in the identification and prioritisation of risk and the appropriate allocation of resources.
- Incorporate the principles of effective risk management into all planning and management processes to achieve consistency of approach.

2.5 Work is continuing to implement the principles contained in the Risk Management Guide and to further embed risk management processes across the Council's operations. The Corporate Strategic Risk Register is reviewed quarterly by the Strategic Leadership Team, the Directorate Risk Registers are reviewed monthly at Directorate Leadership Team meetings and risk owners monitor risks on an ongoing basis. The Corporate Strategic Risk Register is also considered twice a year by Audit Committee and Directorate Risk Registers are presented on an annual rolling programme.

2.6 The Risk Management Group, comprising the Risk Champions, has continued to meet regularly to co-ordinate and drive the development of risk management across the Council. In line with the refreshed Risk Guide, the frequency of meetings will increase from bi-monthly to monthly to further strengthen risk management arrangements.

2.7 In addition to the work of the Risk Management Group, the main driver behind embedding risk management is training for staff at management levels in the Council. A programme of training is in place for new starters and manager M2 grades or above.

2.8 Additionally, an online mandatory risk management training module is delivered through the e-learning system to all staff.

2.9 In March 2026, an external risk consultant delivered bespoke in-house training and staff participating gained a qualification accredited by the Institute of Risk Management (IRM).

2.10 The Risk Management Policy and Guide underpin the Council's approach to risk management and continue to inform all risk management training and risk registers. The policy and guide are available to all staff through the intranet, and all managers are referred to it when they complete their risk management training.

2.11 The refreshed Risk Management Guide is attached at Appendix 1.

3. Options considered and recommended proposal

3.1 This report only considers the refresh of the Risk Management Guide, so no specific options have been considered.

4. Consultation on proposal

4.1 There has been no external consultation on the proposal.

5. Timetable and Accountability for Implementing this Decision

5.1 The Policy, Improvement and Risk Manager will be responsible for ensuring that the revised Risk Management Guide is made available on the staff intranet once approved and communicated to staff.

6. Financial and Procurement Advice and Implications

6.1 The are no direct financial implications on the Council's budget because of the recommendations of this report. The Risk Guide does not require additional cost and there are no procurement issues. The risks contained in the Council's risk registers require ongoing management action. In some cases, additional resources may be necessary to implement the relevant actions or mitigate risks. Any additional costs associated with the risks are reported to the Strategic Leadership Team and elected Members for consideration.

7. Legal Advice and Implications

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

8. Human Resources Advice and Implications

8.1 HR colleagues are actively engaged with supporting delivery of the proposed training scheduled for 2026.

9. Implications for Children and Young People and Vulnerable Adults

9.1 Risk Management arrangements are designed to identify Children and Young People's Services risks where appropriate.

10. Equalities and Human Rights Advice and Implications

10.1 Proposals for addressing individual risks captured by our arrangements incorporate equalities and human rights considerations where appropriate.

11. Implications for CO2 Emissions and Climate Change

11.1 The proposed refresh of the risk guide will support the Council's aim to achieve net zero aims, by improving the organisation's risk management process and thereby allowing climate risks to be identified and managed.

11.2 The recommendation in this report will have no direct significant impact on emissions. It will however improve risk management processes within the Council and may contribute to identifying climate change-related risks in indirectly contribute to the reduction of emissions.

12. Implications for Partners

12.1 There are no direct implications for partners. SLT have a responsibility, where appropriate, to promote a risk management culture with partners and stakeholders.

13. Risks and Mitigation

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

14. Accountable Officer(s)

Fiona Boden, Head of Policy, Performance and Intelligence

Approvals obtained on behalf of:-

	Named Officer	**Date**
Director of Policy, Strategy and Engagement	Jane Maxwell	6.11.26

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This report is published on the Council's website.

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Rotherham Metropolitan Borough Council

Risk Management Guide

(Revised November 2026)

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Rotherham Council: Risk Management Guide

1. Introduction

1.1 The Council recognises that risk management is a principal element of good corporate governance. Effective risk management supports and underpins achievement of the key objectives set out in the Council Plan, which in turn aims to improve the quality of life and services for all local people.

1.2 Members and employees are expected to play an active and positive role in embedding risk management in all activities and in the organisation's culture.

1.3 This Risk Management Guide provides a step-by-step approach to the Council's delivery of effective risk management. The guide should be read in conjunction with the Risk Management Policy 2023.

1.4 The Guide introduces the concept of risk and risk management, explains the general principles and clarifies the approach to and ownership of risk management within the Council.

1.5 This Guide shows how risk management should be approached by each service area. It provides guidance on completing the individual stages of the risk management process to help services to identify, evaluate, manage, monitor, and review risks.

2. Risk and Risk Management

2.1 A risk can be broadly defined as an event that, should it occur, will impact on the delivery of strategic or service objectives. Risks can be identified by posing three questions:

- What could go wrong?
- Would it prevent you from delivering your objectives?
- What would the impact be on your service?

An opportunity can be defined as an uncertainty that could have a favourable impact on objectives or benefits.

2.2 Risk management is the process by which we identify, evaluate and manage risks and opportunities. It is a positive process that can help the Council achieve positive outcomes from the decisions it makes. All members of staff should be involved in the risk management process. Risks and opportunities emerge and evolve continually, and the Council needs to be alert to these changes, responding in a timely and appropriate way to ensure the successful achievement of the Council Plan, Year Ahead Delivery Plan and Service Plans.

2.3 Risk management should not simply be a process of identifying the negatives of why a decision, action or opportunity should not be taken as this can lead to a failure to pursue opportunities. Risk management, if used effectively, can help the Council to pursue innovative opportunities with higher levels of risk because exposure to risk is better understood and managed down to acceptable levels.

2.4 Every organisation manages risk on a daily basis but not always in a way that is visible, repeatable and consistently applied throughout the organisation. A

risk management process tries to ensure that the organisation undertakes cost- effective actions that focus efforts and resources to the areas that pose the greatest threat or potential benefit to its ambitions, through everyone following a well-defined and structured process. The aim of risk management is to enable better decision making, by having the best understanding of the potential problems before they happen and to enable pre-emptive action to be taken.

3. Objectives of Risk Management

3.1 The Council's risk management objectives are to:

- Promote a culture of risk management at all levels to inform all strategic and operational decision making and planning.
- Ensure that risks are aligned to corporate objectives and priorities.
- Ensure the Council successfully manages risks and opportunities corporately, operationally and within projects and partnerships.
- Make an effective contribution to corporate governance and a satisfactory Annual Governance Statement.
- Ensure that all parties understand their roles and responsibilities in the implementation of effective risk management.
- Provide simple, intuitive processes to assist in the identification and prioritisation of risks and opportunities and the appropriate allocation of resources.
- Incorporate the principles of effective risk management into all planning and management processes to achieve consistency of approach.
- Provide appropriate training and guidance for all parties involved in risk management roles, to enable them to competently fulfil their responsibilities and ensure the benefits of good corporate governance are realised.
- Encourage the identification and sharing of information on potential or emerging risks so that risk prevention and/or mitigation measures can be formulated as necessary.
- Regularly consult with Members and officers in order to maintain a continuous review of the effectiveness of risk management processes.

3.2 The Council recognises it is not always possible, nor desirable, to eliminate risk entirely, and so has comprehensive insurance cover that protects the Council from significant financial loss following any damages or losses.

4. Approach to Risk Management

4.1 The risk management approach is based on good practice and can be applied at all levels of the organisation. It describes the key steps for identifying and managing risks within the Council. The approach intends to promote risk management as a positive process. It can bring value and benefit to each service area within the Council, by helping to identify and deal with issues before they happen.

4.2 The Council utilises a five-step approach in the identification and treatment of risks:

- **Step 1 Identify Risks**: Managers, together with their teams, identify risks and record them on the appropriate risk register.
- **Step 2 Evaluate Risks**: Assess the likelihood and severity of identified risk and their effect on the achievement of objectives or delivery of service plans.
- **Step 3 Manage Risks**: put in place control measures and allocate risk manager.
- **Step 4 Monitor Risks**: ensure the controls measures are working effectively or amend accordingly, on an ongoing basis.
- **Step 5 Review and Report**: Review risks and controls at agreed timescales and report to appropriate stakeholders.



4.3 Step 1: Identify Risk – the identification of risk and its consequences.

4.3.1 The Council maintains risk registers to record risks and opportunities that may affect the achievement of objectives. Managers should work with their teams to identify risks and opportunities and record them on the appropriate risk register.

4.3.2 Managers should be aware that risks and opportunities can emerge from a range of sources and should be routinely considered through activities such as:

- Horizon scanning, which can identify changes in the external environment that may affect the delivery of strategic and operational objectives.
- Service planning, which can identify opportunities and risks that may affect the delivery of strategic and operational objectives, priorities and performance measures.
- Performance management discussions, which can identify risks that may impact service delivery, outcomes or performance.
- Team meetings, project boards and programme updates, which can help identify new and emerging risks, changes to existing risks and issues affecting delivery.
- Performance Development Reviews (PDRs) and one-to-one meetings, which provide an opportunity to discuss risks, challenges and opportunities relating to individual roles and responsibilities.
- Customer feedback and complaints, which can provide valuable insight into existing and emerging risks and opportunities for improvement.
- Findings from accident and incident reports.
- Findings from internal and external audit reviews and inspections.
- Findings from insurance claims.

4.3.3 Risk Categorisation

Risks can be grouped into four categories for the purpose of analysis and reporting:

- Risks to the delivery of the Council Plan (strategic risks)
- Risks to the operational delivery of Council services (operational risks)
- Risks to the Council's financial sustainability (financial risks)
- Risks to compliance with legal and regulatory requirements.

4.3.4 Fraud Risk

Local councils manage substantial public budgets, deliver a wide range of services and administer complex tax and benefit systems. These responsibilities expose them to risks arising from internal control failures and external criminal activity.

The Council takes a proactive approach to fraud and requires risk assessments to be undertaken to identify where fraud could occur within services. The findings of these assessments should inform whether identified fraud risks need to be included in Directorate risk registers. A list of established fraud risks is included in **Appendix D**. The list is provided as a guide to potential known fraud risks; however, it is essential that Council Services respond and assess new fraud threats, to prevent losses and to

protect vulnerable people.

4.3.5 When recording risks on the relevant risk register, each risk should be clearly linked to an outcome in the Council Plan (if a strategic risk) or a service plan objective (for directorate or service risks) to assist in the categorisation.

4.3.6 Care should be taken when setting out a risk as, if a risk is not well described (including its origin/cause, the risk event expected to occur and the likely consequences of that event) it could lead to miscommunications and misunderstandings. These could subsequently affect the decisions and/or course of action taken to manage the risk.

4.3.7 Each risk should also be allocated its own unique reference number when it is entered in the relevant risk register (see **Appendix C** for numbering conventions to be used). At this stage the risk register (an example of a risk register is included at **Appendix A**) should include:

- The unique risk number.
- A description of the outcome we are trying to achieve (preferably linked to the Council Plan).
- A description of the risk itself.

4.4 Step 2: Evaluate Risk – the assessment of the risk, based on probability of occurrence and potential impact.

4.4.1 Evaluate each risk to understand their effect on the achievement of objectives or delivery of service plans and to identify those that are most important and merit most attention.

4.4.2 Assess the risk along two dimensions, and allocate a score:

- The **likelihood** (or probability) that the risk will occur
- The **impact** (or severity) that the risk will have if it occurs.

4.4.3 First, undertake an evaluation on the 'inherent risk': the risk before any control measures have been put in place. This gives an uncontrolled/gross/worst case scenario for each risk and illustrates the scale of the risk if all controls were not implemented or were to fail.

4.4.4 The risk is then re-evaluated with the existing controls in place, which provides the 'Residual Risk' as it is now.

4.4.5 It is important at this stage to make sure any existing controls that have been considered have actually been implemented and are working as anticipated to minimise the risk.

4.4.6 It should be remembered that risk by its very definition is uncertain and calculating the level of risk in any situation is at best an estimate. However, if everyone in the Council uses the same scoring criteria it should aid a consistent approach and the most important risks should rise to the top, enabling controls to be prioritised accordingly.

Risk scores are calculated using the following equation:
Likelihood score x Impact score

The Council has adopted a 5 x 5 risk matrix, as defined below.

LIKELIHOOD						
	Almost Certain 5	5	10	15	20	25
	Very Likely 4	4	8	12	16	20
	Likely 3	3	6	9	12	15
	Possible 2	2	4	6	8	10
	Unlikely 1	1	2	3	4	5
		Insignificant 1	Minor 2	Significant 3	Major 4	Catastrophic 5
	IMPACT					

4.4.8 The Council's definitions of the risk scores are included at **Appendix B**. These definitions should be used as a guide to enable risks to be scored consistently across the Council.

4.4.8 High impact risks could include hidden or underestimated threats that can cause serious damage such as fraud, cybercrime, social media, IT failures and problems caused by third parties.

4.4.9 The Council's risk register at **Appendix A** includes the following items which should be assessed at Step 2:

- The consequences of the risk should it happen.
- The control measures that are already in place.
- The target risk score (i.e. the score after existing controls have been applied.

4.5 Step 3: Management – the identification of control measures required and the allocation of appropriate action managers.

4.5.1 The Council determines the appropriate approach to addressing identified risk with reference to its risk appetite. This enables individual employees or departments to understand the limits of risk that the Council is willing to take in any particular aspect of its activities. The Council has clarified its current risk appetite (see below). Risks that have a score equal to or lower than the appropriate risk appetite will be tolerated and monitored. Risks that exceed the risk appetite will be subject to further controls/action.

4.5.2 The Council has a general policy to "accept" and monitor risk that is currently scored as less than "8" on the scoring matrix. Action should be taken on any risk with a score of more than "8" in line with the table shown below:

LEVEL OF RISK	OVERALL RATING	HOW THE RISK SHOULD BE TACKLED/ MANAGED
High Risk	**15-25**	**IMMEDIATE MANAGEMENT ACTION. Effectiveness of risk mitigation should be monitored monthly and mitigation should aim to reduce the risk to at least amber within the next three months.**
Medium Risk	**9-12**	**Plan for CHANGE. Effectiveness of risk mitigation should be monitored at least once every two to three months and mitigation should aim to reduce the risk level to 8 or less within a "reasonable" timescale (ideally six to twelve months).**
Low Risk	**1-8**	**Continue to MANAGE. Monitoring should continue and risk should be monitored at least every six months.**

4.5.3 Risk owners have ultimate responsibility (accountability) for the risk. The owner should be included in the risk register by both name and job role. The owner may differ depending on the level at which the risk is managed. For example, a service-level risk may be owned by a Head of Service or manager, whereas the equivalent risk on the Corporate Strategic risk register will be owned by an Executive Director. The role of the owner involves regularly monitoring the risk status and adjusting risk scores, accordingly, based on current information/intelligence and knowledge.

4.5.4 Mitigating actions (control measures) need to be developed to effectively manage the risk, allocated to appropriate managers and monitored regularly for compliance / implementation by the risk owner. Additional actions should include a timescale for their completion/implementation, and this should be included on the risk register.

4.5.5 It is also possible that risks in one service area can have an impact on other areas of the organisation. It is important to be aware that actions to manage a risk in one area may create or increase a risk in another area. Consideration and communication of any possible impacts on other areas is essential.

4.5.6 At this stage the risk register will have in addition:

- The additional management action planned to bring the risk within the Council's appetite.
- Target score once the additional action is implemented.
- Cost of the risk and the cost of the controls.
- The name and job role of the designated risk owner.

4.6 Step 4: Monitor Risk – ensure the controls measures are working effectively or amend accordingly.

4.6.1 Risk owners should monitor risks on an ongoing basis to ensure that the identified control measures are working effectively. In doing so, it may be useful to ask the following questions:

- **Have the chosen control measures been implemented as planned?**
  - Are the identified control measures in place?
  - Are these measures being used properly?

- Do those who implement and use the controls understand why the controls are necessary?

- **Are the chosen control measures working?**
  - Have the changes made to manage exposure to the assessed risks resulted in what was intended?
  - Has exposure to the assessed risks been eliminated or adequately reduced?
  - Have there been any 'near misses' and have any 'lessons learned' been applied?
  - Do any new controls need to be introduced?

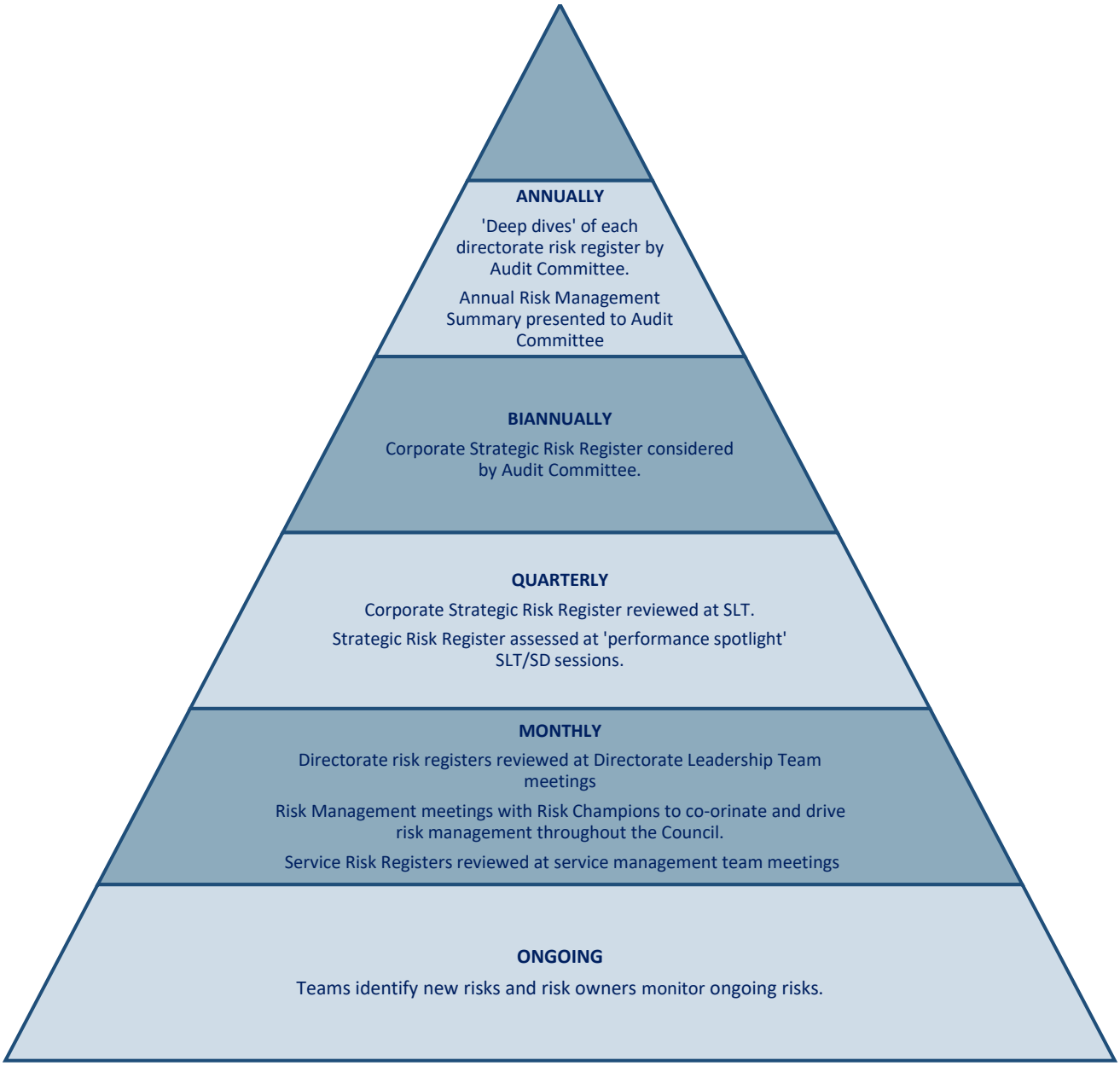
- **Are there any new problems?**
  - Have the implemented control measures introduced any new problems?
  - Do the existing controls need to be reviewed and updated?

4.6.2 It is necessary to monitor the progress in managing risks so that the achievement of objectives is maximised, and losses are minimised. In addition, the effectiveness of risk management controls to reduce the likelihood/impact of adverse risks occurring needs to be assessed and alternative controls introduced if the identified controls are proving ineffective.

4.6.3 When monitoring registers/risks, risk scores should be checked to ensure they are still accurate e.g. are the red rated risks still red and the green rated risks still green? The focus should always be on all risks and not just on red or amber rated risks with the aim of identifying and preventing any risks from becoming a high (red) risk issue.

4.7 Step 5: Review & Report – regular review of risks by risk owners to ensure continued validity of risk registers. Report risks to the appropriate level of management and/or forum to ensure important risk issues are communicated, understood and considered in decision making.

4.7.1 Additionally to the ongoing monitoring of risks, there are timelines in place to review and report risks at the relevant levels (see timeline triangle overleaf).



4.7.2 Changes, including those in corporate and service priorities, may affect risks and opportunities which, therefore, need to be reviewed regularly by asking the following questions:

- Are my risks still the same?
- Are there any new risks arising?
- Has the risk been controlled effectively by the action taken to reduce or eliminate it?
- Has the action (or lack of actions) affected the overall impact or likelihood (score) of the risk?
- Has the inherent risk diminished and can some of the controls be relaxed?
- Are there any other controls required? If so, what are they?

4.7.3 The risk register form at **Appendix A** includes a column to record the next planned review date. Review dates should be in line with the Council's risk appetite (see at 4.5.2). Risk management should be included as an agenda

item on every Directorate Leadership Team meeting so that the team is able to reflect on the risks that they have discussed and amend the risk register if appropriate.

4.7.4 The Corporate Strategic Risk Register is reviewed at least quarterly. Increasing or emerging risks may also be escalated to strategic level from directorate risk registers so that the Council can react effectively to changes in priorities. Risks that might normally be considered for “escalation” to the Corporate Strategic Risk Register include those that need to be managed by more than one directorate, risks that cannot be sufficiently mitigated to their target level using available resources and those that have a ‘red’ risk score. Risks that should not normally be escalated to the Corporate Strategic Risk Register include those risks assessed as ‘amber’ or ‘green’ or those with an impact score of three or less.

4.7.5 Where appropriate, risk owners are responsible for escalating risks and issues through the relevant governance structure to ensure they are appropriately considered for inclusion in the directorate risk registers and, where applicable, the Corporate Strategic Risk Register.

4.7.6 Risks may also be de-escalated from the directorate risk registers and the Corporate Strategic Risk Register when the impact is being effectively managed and risk controls are operating as intended. Where the risk score has reached its target level and the appropriate controls are in place, de-escalation can be considered by the Directorate Leadership Team and the Strategic Leadership Team as appropriate. Reaching the target score alone does not automatically result in de-escalation. Any such decision should consider the wider context, ensuring it remains proportionate and aligned with the Council’s risk appetite and objectives. Any risk that is de-escalated and subsequently removed from a risk register must be formally documented, with the rationale for the decision retained for audit and record-keeping purposes.

4.7.7 Risk Champions play a key role in supporting directorates to maintain and review both the Corporate Strategic Risk Register and directorate risk registers.

4.7.8 The review process includes annual “deep dives” of each directorate’s risk register by the Council’s Audit Committee. The Corporate Strategic Risk Register itself is considered biannually by the Audit Committee, who also receive a year end position on risk management.

4.7.9 The review process will inform the contents of reports to the Strategic Leadership Team and the Audit Committee.

4.7.10 Risk management is a continuous cycle designed not only to identify, evaluate, manage, monitor and review risks, but also to inform and support the budget setting and strategic planning processes.

5. Documentation

5.1 Risks will be recorded on standardised risk register templates in electronic format and held on the central SharePoint site, which can provide access to all risk owners and managers and ensure one version of each risk register is maintained and can be easily updated. It is up to each directorate to decide who should have access to their own risk register.

5.2 Risk Registers are retained once they have been amended. This is done by adding the register to the archive folder in SharePoint to ensure evidence of

risk changes and actions are retained.

6. Leadership, Roles and Responsibilities

6.1 Risk management should not be perceived as the responsibility of a small number of people. Where risk management is fully integrated into the culture and day to day working, everyone has a role to play, and this is what the Council aims to achieve.

6.2 The expectations of members and officers are set out in the diagram overleaf.

COUNCIL

Approve the Council Plan.

CABINET

Approve the Council's Annual Year Ahead Delivery Plan.

Approve the Council's Risk Management Policy.

Overall responsibility for ensuring the Council has in place effective risk management arrangements.

Lead in promoting a risk management culture within the Council and, where appropriate, with partners and stakeholders

AUDIT COMMITTEE

Approve the Council's Risk Management Guide.

Approve an annual statement on the effectiveness of the Council's risk controls as part of the Annual Governance Statement.

Monitor the effective development and operation of risk management in the authority.

Monitor progress in addressing risk related issues reported to the committee.

Consider the Council's framework of assurance and ensuring that it adequately addresses the risks and priorities of the Council.

POLICY, IMPROVEMENT AND RISK MANAGER

Provide facilitation and support to promote and embed a proactive risk management culture throughout the Council, including clear guidance and processes and annual training programme.

Assist SLT and Service Directors in identifying, mitigating and controlling risks.

Maintain the Corporate Strategic Risk Register.

Ensure that risk management records and procedures are properly maintained, decisions are recorded and an audit trail exists.

Review external and internal audit recommendations relating

SENIOR LEADERSHIP TEAM (SLT)

Champion risk management arrangements and issue direction.

Lead and manage the identification of significant strategic risks and quarterly review of the Corporate Strategic Risk register.

Ensure that there is a robust framework in place to identify, monitor and manage the Council's strategic risks and opportunities.

Ensure that measures to mitigate these risks are identified, managed and completed within agreed time- scales, ensuring that they bring about a successful outcome.

Promote a risk management culture within the Council and, where appropriate, with partners and stakeholders.

Ensure risk is considered as an integral part of service planning; performance management; financial planning; and the strategic policy-making process.

Consider risk management implications in reports, business cases and major projects, including completion of risk assessments where required.

Ensure that appropriate advice and training is available for all Members and staff.

COUNCILLORS

Consider and challenge risk management implications as part of their roles and areas of responsibility

RISK CHAMPIONS

Raise awareness and promote the development of risk management.

Support the development and monitoring of directorate risk registers and any others within the directorate.

Provide updates in line with the reporting timetable.

Support the Policy, Improvement and Risk Manager in the development of risk management across the Council.

Promote consistency across directorates.

DIRECTORATE LEADERSHIP TEAMS (DLT) AND SERVICE DIRECTORS

Lead and manage the identification of significant operational risks from all service areas through monthly reviews of Directorate Risk Registers.

Ensure that the measures to mitigate these risks are identified, managed and completed within agreed timescales, ensuring that they bring about a successful outcome.

Escalate risks/issues to the relevant Executive Directors, where appropriate.

Consider risk management implications in reports, business cases and major projects, including completion of risk assessments where required.

Lead in promoting a risk management culture within the directorate and embed within service areas.

Ensure compliance with corporate risk management standards and corporate risk management processes.

Ensure that all employees, volunteers, contractors and partners are made aware of their responsibilities for risk management and are aware of the

ALL EMPLOYEES

Understand risk and their role in managing risks in daily activities, including the identification and reporting of risks and opportunities.

Support and undertake risk management activities as required.

Attend relevant training courses focussing on risk management.

7. Risk Assurance, Monitoring and Reporting

7.1 Rotherham's risk management function is routinely exposed to full scrutiny and validation:

- In the Annual Governance Statement that is signed off by the Leader and Chief Executive and endorsed by the Audit Committee.
- Elected Members hold the Strategic Leadership Team (SLT) accountable for the effective management of principal risks.
- SLT, and the Audit Committee monitor the delivery of the Risk Management Policy by receiving regular reports and/or presentations. As part of this process SLT and Service Directors review their own risks and update them accordingly.
- Risk management arrangements across the Council are independently reviewed for effectiveness on an annual basis by Internal Audit, which informs the signoff process of the Annual Governance Statement.

7.2 Service and operational risks are monitored and reviewed at directorate level and may be escalated to corporate level if deemed necessary (see paragraph 4.7.4)

7.3 There is a formal reporting structure for advising SLT and elected Members of any risk management implications. The Council's report template requires the completion of a risks and uncertainties section in every report. Managers completing formal reports for Cabinet, Council (and its Committees) as well as SLT should ensure that risks included in this section are reflected on their risk register and that those risks are referenced in the report.

8. Communication

8.1 Effective communication is essential in underpinning every aspect of risk management, from the identification and clear description of risks through to deploying control measures, escalating issues and reporting on progress.

8.2 It is important for strategic leaders and managers to engage with staff across the Council to ensure that:

- Everyone understands the Council's risk policy, risk appetite and risk process in a way that is appropriate to their role. If this is not achieved, effective and consistent embedding of risk management will not be realised, and risk priorities may not be addressed.
- Everyone understands the benefits of effective risk management and the potential implications if it is not done or is done badly.
- Each level of management actively seeks and receives appropriate and regular assurance about the management of risk within their area of control. Effective communication provides assurance that risk is being managed within the expressed risk appetite, and that risks exceeding tolerance levels are being escalated.
- Any organisation providing outsourced services to the Council has adequate risk management skills and processes. Gaining assurance that a partner organisation has embedded risk management processes in place, and that responsibilities are clearly defined from the start, should help to avoid

misunderstandings and any serious problems.

9. Performance Management

9.1 Risk management forms a critical part of the Council's Performance Management Framework. Awareness of potential risks that could impact the achievement of Council priorities and objectives, and planning for such possibilities, will contribute to the successful achievement of the objectives.

9.2 Risks associated with the delivery of the Council Plan are included in the Corporate Strategic Risk Register where relevant.

10. Corporate Governance

10.1 Managing risk is integral to the Council's Corporate Governance processes. It is a key feature in the production of the Annual Governance Statement that is signed by the Leader and Chief Executive.

10.2 There is high level risk management representation on the SLT and at Member level. The Director of Policy, Strategy and Engagement and the Cabinet Member for Finance and Community Safety are the leads for risk management at their respective levels.

10.3 The Policy, Improvement and Risk Manager and the Head of Internal Audit are responsible for drafting the Annual Governance Statement and evaluating risk management assurances and supporting evidence. In this role they report to the Governance Group who have oversight of the process for the statement's production.

10.4 Each directorate has at least one Risk Champion who promotes and supports the development and monitoring of risks within the directorate. The Risk Champions, Director of Policy, Strategy and Engagement and the Policy, Improvement and Risk Manager form the Risk Management Group. This group is responsible for co-ordinating risk management across the Council.

11. Guidance and Training

11.1 All Council staff need to be able to identify and proportionately manage the risks associated with their work. This will mean using knowledge and experience to make decisions on risk. However, it is not a weakness to seek advice and guidance. Having access to guidance and training also helps the Council to implement a consistent approach to risk, a subject where there may be different views and perceptions.

11.2 The Council's Policy, Improvement and Risk Manager is responsible for providing advice and training in respect of the Council's risk management arrangements.

11.3 All members of SLT and their management teams should receive training in risk identification, analysis, and control of risk. Risk management training (including refresher training) is compulsory for all staff of M2 grade and above. Risk workshops can be used as a prime method of educating and training managers in identifying and managing risks to their objectives. This approach can assist in creating a 'risk aware' culture.

11.4 Bespoke risk management training from external providers can be provided free of charge via risk control days for targeted areas of risk.

11.5 A risk management E-Learning package is accessible to all staff and Members on the Intranet.

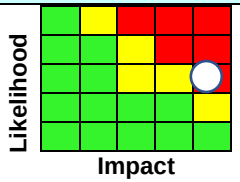
12. Further Information

12.1 For further information on the Risk Policy and Guide or any risk management arrangements please contact either the Policy, Improvement and Risk Manger or your directorate Risk Champion. For contact details click here.

12.2 The risk register template and scoring guide are available on the intranet page, click here.

Appendix A: Risk Register template

Risk Register Owner: Named SLT member | **Date completed: 10/11/2026**

Risk No	Business Objective *(What is it you would like to achieve/need to deliver?)*	Risk Detail What is the problem/hazard? *What is it that will prevent you from meeting your objectives?*	Consequence /effect: (*What would actually happen as a result? How much of a problem would it be? To whom and why?*	Existing actions/controls (What are you doing to manage this now?)	Risk Score with existing measures (See scoring table)			Current Risk Heat Map	Further Mitigations Actions (What would you like to do in addition to your existing controls?)	Target Score with further mitigations (See Scoring Table)			Cost (of Impact; of current controls; of further controls)	Risk Owner (Name and role of Officer responsible for managing risk and controls)	Risk Review Date
					Impact	Likelihood	Risk Rating (I x L)			Impact	Likelihood	Risk Rating (I x L)			
CORP01	To deliver free and fair elections in which all participants are satisfied that the result is accurate and which allows no opportunity for challenge.	Inability to comply with legislative and statutory election duties.	Election Failure - legal challenge in high court and associated costs of re-running the election and reputational damage. Business continuity issues such as loss of ICT function and /or office accommodation / count venue and / or polling stations	Strong links with internal ICT teams to ensure ICT systems are restored immediately. Training and awareness programme for staff. BCP in Place.	5	3	15		Alternative manual systems have been developed as a back up and can be implemented at short notice. Training and awareness programme for staff. BCP in Place.	3	3	9	There are no costs associated with the controls. Costs will be incurred when actioned.	Manager	Dec-26

Appendix B: Risk Scoring Guidance

LIKELIHOOD	SCORE	*EXPECTED FREQUENCY*
ALMOST CERTAIN	**5**	Reasonable to expect that the event **WILL** undoubtedly happen/recur, possibly frequently and in the current year (next 12 months)
VERY LIKELY	**4**	Event is **MORE THAN LIKELY** to occur. Will probably happen in the current year and be likely to recur in the longer term.
LIKELY	**3**	**SOME LIKELIHOOD** of event occurring. Not likely in the current year, but reasonably likely in the medium/long term.
POSSIBLE	**2**	Event **NOT EXPECTED.** Do not expect it to happen in the current year, but possible in the longer term.
UNLIKELY	**1**	**EXCEPTIONAL** event. This will probably never happen/recur. A barely feasible event.

	IMPACT	SCORE	BENCHMARK EFFECTS
CRITERIA	**CATASTROPHIC**	**5**	• Multiple deaths of employees or those in the Council's care • Inability to function effectively, Council-wide • Will lead to resignation of Chief Operating Officer and/or City Mayor • Corporate Manslaughter charges. • Service delivery has to be taken over by Central Government. • Front page news story in National Press. • Financial loss over £10m
	MAJOR	**4**	• Suspicious death in Council's care • Major disruption to Council's critical services for more than 48hrs (e.g. major ICT failure) • Noticeable impact in achieving strategic objectives • Will lead to resignation of Executive Director and/or Executive Member • Adverse coverage in National Press/Front page news locally • Financial loss £5m - £10m
	SIGNIFICANT	**3**	• Serious Injury to employees or those in the Council's care • Disruption to one critical Council Service for more than 48hrs • Will lead to resignation of t Service Director/ Project Director • Adverse coverage in local press • Financial loss £1m - £5m
	MINOR	**2**	• Minor Injury to employees or those in the Council's care • Manageable disruption to internal services • Disciplinary action against employee • Financial loss £100k to £1m
	INSIGNIFICANT	**1**	• Day-to-day operational problems • Financial loss less than £100k

Note: The benchmark effects are provided as guidance and a risk does not need to satisfy every benchmark within a category to be assigned

that impact rating. For example, a risk that could result in a financial loss of more than £10 million may be assessed as having a catastrophic impact even if the other catastrophic benchmark effects would not occur. Professional judgement should be applied when determining the most appropriate impact score.

Appendix C: Risk Numbering Protocol

This protocol sets out how the numbering requirements in the Risk Policy and Guide are to be applied in practice.

1) Risk numbers should never be “reused”. If a risk is deleted from a risk register, the number should not be allocated to a new risk

2) All risks should follow an alpha numeric numbering system which should be set out as follows:
   - risks included on the Corporate Strategic Risk Register will be numbered sequentially in the following format – SLTxx – where xx is a sequential number
   - risks included on Directorate Risk Registers should follow the following formats:

Directorate	Numbering format
Children and Young People’s Services	CYPSxx
Corporate Services	CORPxx
Regeneration and Environment	R&Exx
Policy, Strategy and Engagement	PSExx
Adult Care, Housing and Public Health	ACHPHxx

3) Directorates may vary the alphabetical descriptor for risks that only appear on service risk registers if that eases operation of the risk register. However, the format should always be alpha numeric following the format above.

4) Directorate risk registers should also include an indication of whether a risk is also on the Corporate Strategic Risk Register. This can be achieved either by including on the directorate risk register the “SLT”xx" number or by including strategic risks on a separate tab in the directorate risk register. Directorates can choose which approach is used as long as the relevant register clearly shows which risks are on the register.

Appendix D: Fraud Risk List

Social Housing & Tenancy Fraud	**Illegal Subletting:** Council tenants renting out their social housing property to third parties for private profit. **Application Fraud:** Falsifying identity, income, or personal circumstances to jump the waiting list or illegally secure a tenancy. **Housing Benefit Fraud:** when a person or landlord intentionally gives false information or hides a change in circumstances (undeclared work, hidden savings, undeclared partner, fake rent, wrong address) to get Housing Benefit money they do not deserve. **Right to Buy Fraud:** Falsifying occupancy or sourcing illicit funds to buy council properties at steep, taxpayer-subsidised discounts
Procurement & Commissioning Fraud	**Bid Rigging and Collusion:** Contractors conspiring to artificially inflate prices or divide contracts during the local authority tendering process. **Management of Contracts (services, goods & works delivery):** Where contracts are not delivered as per agreed contract (incl. social value) i.e. poorly managed or oversight is weak, allowing opportunities for collusion, overcharging, substitution of inferior goods or services, false invoicing, duplicating invoices, or payment for work not completed.
Social Care Fraud	**Adult Social Care Fraud:** Misuse of direct payments intended for vulnerable individuals' care, care workers claiming money for time not worked, concealment of funds by resident to avoid paying residential or community provision, or care homes inflating the number of residents or care hours delivered. **Financial Abuse of Vulnerable Individuals:** The Council manages care for some vulnerable residents and for several clients administers their financial affairs. These care and support arrangements or guardianship orders (any arrangements where a child or young person is reliant on any individual), may be exploited by individuals for their own purpose **Grant Fraud:** Where grant funds are deliberately used for purposes other than those for which they were awarded, or where false or misleading information is provided to obtain or retain funding. **Immigration/No Recourse to Public Funds:** False entitlement to services or payments, including risks associated

	with sham marriages, misrepresentation of immigration status or residency and misuse of identity documents. Fraudulent claims of eligibility, identity or circumstances to access support from the authority where entitlement is restricted or highly dependent on accurate status information.
Revenue & Tax Fraud	**Council Tax Discretion Evasion:** Individuals falsely claiming Single Person Discounts (usually a 25% reduction) or other local council tax support discounts when they are not eligible. **Business Rates Evasion:** Deliberate withholding of information, shifting assets, or using shell companies to falsely claim Small Business Rate Relief or empty property exemptions
HR & Insider Fraud	**Payroll and Expenses:** Staff fabricating overtime, submitting false travel and expense claims, or creating "ghost employees" to siphon funds. **Recruitment Fraud:** Job applicants lying about their identities, right to work, qualifications, or criminal histories. **Bribery, Collusion and Corruption:** Council officers or elected councillors accepting kickbacks from property developers or suppliers to tilt planning permissions or contracts in their favour.
Cyber-Enabled & Emerging Fraud	**IT Attacks:** Criminal access to internal systems by 3rd parties for electronic data theft or harvesting. **AI-Generated Fabrications:** Fraudsters using artificial intelligence to create highly convincing digital identity documents or deepfake communications to claim localised grants or welfare and extort funds. **Mandate Fraud (Invoice Redirects):** Criminals impersonating a legitimate, major council contractor or supplier to convince finance teams to change bank details to a fraudster's account **Whaling:** When senior council officers are targeted and impersonated to obtain fraudulent payments or sensitive information.
Asset or Financial Fraud	**Money Laundering:** Where monies from criminal activities are cleaned by using them to buy legitimate Council assets or pass through a business so that the funds look like legitimate transactions. **Insurance Fraud:** includes any insurance claim that is proved to be false, made against the organisation or the organisation’s insurers e.g. for accidents or damage **Blue Badge Fraud:** Where someone applies for a disabled persons parking badge but isn't entitled to it, or where a

	legitimate blue badge is misused by a party or is used in circumstances in which they are not entitled to use it. **Theft of Assets via Abuse of Position:** Where existing or newly purchased assets are stolen/redirected by a Council employee and then sold for profit or used for themselves. This could be via direct access to stock/equipment or by manipulating the procurement system. This could include purchasing fuel using Council funds and using it for non-Council activity.

Rotherham Metropolitan Borough Council

Public Report
Audit Committee

Committee Name and Date of Committee Meeting
Audit Committee – 24 November 2026

Report Title
Internal Audit Progress Report for the period 1st August to 31st October 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 August to 31st October 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 August to 31st October 2026, and the key issues that have arisen from it.

2. Note the current position against the performance objectives.

List of Appendices Included

Appendix A – Internal Audit Progress Report
Appendix B – 2026/27 Audit Plan progress
Appendix C – Summary of work completed since the last meeting
Appendix D – Internal Audit Performance Dashboard
Appendix E – Quality Assurance and Improvement Action Plan

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
No

Internal Audit Progress Report for the period 1st August to 31st October 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 October 2026 on the progress of the 2026/27 audit plan, the reports finalised between August and October 2026 and performance indicators for the team.

2. Key Issues

2.1 Internal Audit produced a risk-based Audit Plan for 2026/27 and presented it to the Audit Committee at its meeting on 17th March 2026. 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**. Six audits have been finalised since the last Audit Committee. The performance indicators are included at **Appendix D**. The Quality, Assurance and Improvement Action Plan is attached at **Appendix E**.

3. Options considered and recommended proposal

3.1 This report is presented to enable the Audit Committee to fulfil its responsibility for overseeing the work of Internal Audit. It provides a summary of Internal Audit work completed and the key issues arising from it for the period from 1st August to 31st October 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 24th November 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 CO2 and Climate Change implications arising from the report.

12. Implications for Partners

12.1 Internal Audit is an integral part of the Council's Governance Framework, which is wholly related to the achievement of the Council's objectives, including those set out in the Council Plan.

13. Risks and Mitigation

13.1 An effective Internal Audit Service helps to minimise the Council's exposure to risk.

Accountable Officer(s)
Louise Ivens, Head of Internal Audit

Report Author: Louise Ivens, Head of Internal Audit.
Tel 01709 823282 E mail louise.ivens@rotherham.gov.uk

This report is published on the Council's website.

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Appendix A

Rotherham Metropolitan Borough Council

Internal Audit Progress Report

1st August – 31st October 2026

1. Internal Audit Annual Plan

1.1 Internal Audit produced a risk-based Audit Plan for 2026/27 and presented it to the Audit Committee at its meeting on 17th March 2026. 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 the following changes to the plan during this period.

Removal/deferral of the following audits: -

- Community DOLS – This audit will be deferred to 2027/28. A supreme court judgement earlier this year, following a challenge by the Attorney General for Northern Ireland (AGNI), is impacting on how the Council is managing Deprivation of Liberty Safeguards (DOLS). Work is being undertaken by the Adult Care Service in conjunction with Legal Services on these cases. Deferring the audit will allow for the impact of the ruling, changes in legislation and amended processes/procedures to be put in place before an audit review.

- Youth Justice Service. This audit will be deferred to 2027/28. This is due to an inspection that has been undertaken. A comprehensive action plan is in place. Deferring the audit will allow time for improvements to be made and measured against the action plan.

- Project/programme management review. This audit will be removed from the plan. Assurance is being delivered through other mechanisms. This includes a corporate review of capital project management and an independent investigation of the markets and libraries project by an external party.

- Schools Business Services (cleaning/caretaking, catering, repairs and maintenance). This audit will be deferred to 2027/28. This will be postponed due to a recent restructure and realignment of roles and responsibilities in the Catering Service and the surveying contract for repairs and maintenance recently being finalised.

Addition of the following audits: -

- Asset management contractual compliance – review of scheduling and completion of repairs and maintenance, to provide assurance that no significant legacy repairs will remain when the contracts expire.

- Rother Valley Country Park Health and Safety compliance. Assurance on health and safety compliance on hired equipment.

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**. Six 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.

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.
Trading Standards Unannounced visit	The upgraded security arrangements relating to access to the storeroom are operating efficiently, and keycard access is required in addition to the physical key, that must be signed out. There were only a few minor issues resulting from the check and these are being addressed. One seizure has been undertaken since September 2025.
Audit Queries and Advice	Schools' queries have been received and responded to, mainly regarding financial, banking, asset management (inventory) and procurement processes and procedures. Advice has been provided regarding the engagement and payment of an individual. This confirmed that the correct procedure was followed. Ongoing support and advice are being provided to a service to confirm that payments made have been in accordance with policy.

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.

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. Data has been submitted in accordance with the national timetable for the 2026/27 exercise.

5. Internal Audit Performance Indicators and the Quality Assurance and Improvement Plan (QAIP)

5.1 The updated performance indicators and the results for the period are highlighted in **Appendix D**. These demonstrate good performance over all indicators. There has been a period of sickness absence which has affected audit plan delivery.

5.2 The updated QAIP Action Plan is attached at **Appendix E**. 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 31 October 2026**	**Total Deferred**
Directorate	**High**	**Medium**	**Low**		
Adults, Housing and Public Health		1	5	6	
Children and Young People		2	10	12	1
Corporate Services		2	6	8	1
Policy, Strategy and Engagement	1	1	2	4	1
Regeneration and Environment		3	3	6	1
Total	**1**	**9**	**26**	**36**	**4**

6.4 The following table shows the movement between periods.

Directorate	Total as of 31 July 2026	Recommendations opened in period	Recommendations closed in period	Total as of 31 October 2026
Adults, Housing & Public Health	3	7	4	6
Children and Young People	4	10	2	12
Corporate Services	16	3	11	8
Policy, Strategy and Engagement	7	0	3	4
Regeneration & Environment	12	0	6	6
Total	**42**	**20**	**26**	**36**

Appendix B

Internal Audit Plan 2026/27

Risk Register Ref	Council Plan Theme ref	Title	Brief Description	Progress/ Qtr planned
Adult Care, Housing and Public Health 140 days				
HR29	1	Handover arrangements of new build homes 2025/26	Assurance that all areas of H&S have been checked and addressed where appropriate before handing over the property to tenants.	Final Report
ACHPH-R21 SLT 38	1, 3	Rothercare Follow Up including assistive technology (PSTN) 2025/26	Follow up of partial opinion and assurance on new service delivery model. Review progress against the PSTN project implementation plan.	Final Report
ACI-R22	1	Community Dols 2025/26	**To be deferred to 2027/28** To provide assurance on the management of Dols cases following the increase in demand.	2027/28
ACHPH - R49 ACI R37	4	Working age project	Review implementation of findings from the project in terms of outcomes/efficiencies/recommendation implementation.	Q4
ACI – R50	4	Enablement	Review the process from inception through to delivery of the service, including contact time with individuals, efficiency/effectiveness of the process including the operation of the new case management system.	Q3
N/A	4	Direct Payments	Review to ensure that monies are being spent in accordance with the agreement, arrangements are in place to review users needs, any personal contributions are being received, and there is a process to recover any misused funds.	In progress
SLT 40 ACHPH-R50 H- R20	1, 4	Health and Safety - Gas Servicing	Review of the gas servicing arrangements. This would include compliance with legal requirements, maintenance of correct and accurate records and provision of performance and management information.	In progress
SLT 40 ACHPH-R50 H- R20	1, 4	Health and Safety - Electrical Safety	Review of the electrical safety arrangements. This would include compliance with legal requirements, maintenance of correct and accurate records and provision of performance and management information.	In progress

ACHPH – R31 H-R31 & H 32	4	Homelessness and temporary accommodation management	A review of homelessness prevention and support to those who become homeless to find housing as quickly as possible. Temporary Accommodation Management - To review the controls for the initial triage and acceptance into temporary accommodation and 'move on' actions.	In progress
H – R16	4	Awaab's Law	Review compliance with the Regulations specifically relating to response to:- Emergency Hazards, Significant Hazards (Damp and Mould), undertaking repairs, reporting to the tenant and provision of alternative accommodation.	Q4
Childrens and Young People's Services 95 Days				
N/A	3	Aspire/Pru Follow Up	Follow up of partial assurance opinion	Final Report
N/A	3	Section 17 Follow Up	Follow up of partial assurance opinion	Draft Report
N/A	3	Kinship Care	Review compliance with the Local Offer for Kinship Carers.	Q4
N/A	3	School attendance interventions/ exclusions	Review of the Local Authority monitoring and reporting arrangements and compliance with government statutory guidance.	Q3
EI 06	3	Early Years Federation	Review of the governance and financial management arrangements.	Final report
EI 10	3	Schools assurance	Assurance on key financial and governance arrangements at a sample of schools.	In progress
FH 11	3	Youth Justice Service	**To be deferred to 2027/28.** Scope to be determined with management. This could include service compliance with HMIP requirements together with a vfm element of interventions.	2027/28
Corporate Services 199 Days				
N/A	6	Treasury Management and Prudential Indicators 2025/26	Review compliance with CIPFA Treasury Management Code, Prudential Code and authorisation controls for investments & loans.	In progress
N/A	5	Land and Property Acquisitions Follow Up	Follow up audit as partial opinion issued.	In progress
FCS 23	5	Riverside House Building Security and ID Cards Follow Up	Follow up audit as partial opinion issued.	Q4

N/A	5	Revenues and Benefits Business Continuity and Disaster Recovery Plan	Review of the robustness of the business continuity arrangements and the disaster recovery plan in the event of an IT failure.	Final Report
N/A	5	Assessment and payment of Council Tax Support and Housing Benefits	Review the controls surrounding the assessment, administration, payment and recovery of benefit claims.	In progress
FCS 14	5	Cyber Security	Review adequacy of the arrangements for security event monitoring. This would include controls over the detection of potential cyber incidents across the RMBC IT estate, triage and prioritisation of potential incidents; and the response to identified incidents.	Q3
N/A	5	Service desk management	Ensure effective delivery to core service management areas (monitoring of user access and user accounts).	Q4
FCS 24	5	Health and Safety - Gas Servicing	Review of the gas servicing arrangements. This would include compliance with legal requirements, maintenance of correct and accurate records and provision of performance and management information.	In progress
FCS 24	5	Health and Safety - Electrical Safety	Review of the electrical safety arrangements. This would include compliance with legal requirements, maintenance of correct and accurate records and provision of performance and management information.	Q3
FCS 28	5	Schools Business Services (cleaning/caretaking, catering, repairs and maintenance)	**To be deferred to 2027/28.** Review to be confirmed with management but this would look at Value for Money, financial and contract management.	2027/28
SLT 27 FCS 19 FCS 20	5	Stock Condition Surveys Corporate Landlord Properties and Maintained Schools	The audit would include review of the survey scope, the robustness of the surveyor's report to enable decision making on the asset, and tracking of actions and prioritisation following receipt of the survey.	Q4
HR 16	5	Corporate Health and Safety	Scope to be determined with management. This would include reviewing the new arrangements for managing and reporting on health and safety incidents following the updated policy being issued.	Q4
HR05	5	Payroll	Specific aspects to be agreed – based on audit coverage in previous years.	Final Report
N/A	5	Customer Complaints	Review of the complaints process including lessons learnt from complaints (including ombudsman outcomes).	Q4

Policy, Strategy and Engagement 5 Days				
N/A	5	Contract monitoring and Social Value follow up.	Follow up audit as partial opinion issued.	Q4
Contingency time has been reserved for this directorate. Audits will be identified later in the year. The customer complaints audit that was originally included in this directorate has now moved to the Corporate Services Directorate above in accordance with changed reporting lines.				
Regeneration and Environment 80 Days				
N/A	3	Section 106 2025/26	A review of the management and outcomes to ensure that the S106 process is robust.	In progress
CST 71	3	Music Service Follow Up	Follow up of partial assurance opinion.	Q4
RE 51 PRT 53	1	Highways Structures Follow Up	Follow up of partial assurance opinion.	Q3
RE 9 & CSS 28	3	Home to School Transport	Incident handling and reporting, review of changes to DBS process, contract management and safeguarding training.	Q4
CST 40 CST 69 PRT 7	1 & 5	Rother Valley Country Park Café and security and Thrybergh Country Park security	Review the robustness of controls relating to operations at the waterfront café and general security at Rother Valley Country Park and Thrybergh Country Park.	In progress
RE66 CSS 65	1	Waste Transformation Project	Review the outcomes of the project in relation to agency management practices, time management of staff, working location and access to welfare facilities.	Q3/4
RE69	1	Rother Valley Country Park Health and Safety	Scope to be agreed with management but the audit will review water sports and equipment hire compliance with relevant health and safety processes.	Q4
Corporate/Crosscutting reviews				
Total number of days 304				

Title	**Brief Description**
Council's arrangements for managing CCTV 2025/26	In progress. 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.
Application review – Liquid logic (ACHPH) (CYPS covered in 2025/26)	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, 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.
Contract management	Review contract management arrangements. Including whether there is a clear list of contracts held and designated managers for each contract and that contract managers have received training.
Project/programme management Including the Markets/Libraries redevelopment	To be removed from the plan. Review of a sample of Council led projects. Review the templates/methodology used and ascertain whether there is consistency in managing projects or programmes, or services where the council can benefit from a corporate approach eg shared templates/learning/best practice. This will include the markets/libraries redevelopment.
Historic/Heritage Sites (Health and Safety)	A review of the management of health & safety of historic sites. Including governance arrangements and strategy, compliance with statutory duties, asset management (inspections and surveys), risk registers, reporting and action planning. This audit crosses over between the Culture, Sport and Tourism Service and Property and Facilities Management.
Asset management contractual compliance	Review of scheduling and completion of repairs and maintenance, to provide assurance that no significant legacy repairs will remain when the contracts expire.
Anti-Fraud and Corruption and Anti Money Laundering	
Total number of days 220	
Title	**Brief Description**
Investigations	Time set aside for investigation of whistleblowing and other referrals received.
Anti-Fraud and Corruption Policy Updates	**Complete.** Review and update of Anti Fraud and Corruption Policies • Anti-Money Laundering (AML) Policy • Anti-Fraud and Corruption Policy and strategy and assessment against best practice
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.
Anti Money Laundering Assurances	**Complete**. Testing on key systems/controls to gain assurance on Anti Money Laundering arrangements (Land and Property transactions).
Total number of days 1038	

Key:- Council Plan Themes

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

Summary of reports issued during the period August to October

Audit Area & overall opinion	Assurance Objective	Summary of findings
Adult Care, Housing and Public Health		
Rothercare Substantial assurance	The overall objective of the audit was to provide assurance that weaknesses identified in the previous audit have been addressed and the new service model is operating as intended post redesign.	Following Cabinet approval of a new operating model in October 2024 and the commencement of the new contract on 1 April 2025 the new model was being embedded at the time of the audit. There is clear evidence of management oversight, service commitment and progress in addressing areas identified for improvement during the previous audit. Overall, controls were found to be operating effectively. The review identified positive arrangements in relation to business continuity, risk monitoring, data security, and management of the PSTN switchover, including the work undertaken by Rothercare and the new contractor. The service would benefit from additional reviews to improve efficiency and effectiveness via the use of laptops or other digital devices, which the service has agreed to explore further.
Childrens and Young Peoples' Services		
Early Years Federation Reasonable assurance	The overall objective of the audit is to provide assurance regarding the effectiveness of financial and management controls at Early Years Federation.	The audit assessed the financial, governance and operational controls at the school federation across 12 key risk areas. Overall, the schools demonstrate robust practice in most areas, particularly in budget planning, financial monitoring, income management, data security and health and safety controls. The schools have established a number of sound practices and demonstrate commitment to transparency and financial oversight. Several procedural and governance controls need updating or reinforcing to ensure compliance with statutory requirements, mitigate risk, and ensure financial processes remain robust and secure. The recommendations are focused on strengthening governance, financial procedures, procurement controls, and asset management to ensure continued compliance and effective stewardship of school resources.
Corporate Services		
Revenues and Benefits Business	The overall objective of the audit was to review	The review found that the Revenues and Benefits Business Continuity Plan (BCP) has been comprehensively updated and covers all critical service areas. A detailed Business

Audit Area & overall opinion	Assurance Objective	Summary of findings
Continuity and Disaster Recovery Plan Substantial assurance	the robustness of the business continuity arrangements and the disaster recovery plan in the event of IT failure.	Impact Analysis (BIA) has been completed to prioritise key functions and identify recovery requirements, while contingency arrangements are in place for a range of disruption scenarios, including staff shortages, ICT failures, loss of utilities, restricted access to premises, supplier disruption and remote working issues. Overall, the BCP provides a robust framework to support the continuity and recovery of critical Revenues and Benefits Services and help ensure statutory obligations can be maintained during periods of disruption.
Payroll Substantial assurance	Review the effectiveness of controls in place for the payroll service to RMBC employees, focusing on bank account changes, exception reports, faster payments, changes to pay scale/grade, starter validation, identification & recovery of overpayments & leaver removal.	The audit concluded that payroll controls are operating effectively. Testing across key areas, including bank account changes, payroll exception reporting, faster payments, starters, leavers, grade changes and overpayment recovery, found that controls were generally working as intended and were supported by appropriate authorisation, oversight and documentation. Sample testing confirmed that transactions were processed accurately, approved by authorised officers and supported by an adequate audit trail. Management checks and monitoring arrangements were found to be operating effectively, helping to identify and address exceptions or discrepancies in a timely manner. No significant control weaknesses were identified during the audit and the areas reviewed demonstrated compliance with established policies and procedures. Where minor issues were identified, these did not have a material impact on the overall control environment and were addressed through existing management processes. Overall, the audit found that the payroll service has a robust framework of controls in place which provides substantial assurance that payroll transactions are processed accurately, appropriately authorised and safeguarded against the risk of error or fraud.
Cross cutting/Corporate reviews		
Anti Money Laundering assurance – Land and Property	The overall objective of the review is to ensure that appropriate and proportionate arrangements are in	The review found that the service considered the risk of money laundering through Council land and property sales to be low. Anti money laundering responsibility would only apply for low value sales via private treaty (sales of communal land between gardens etc to nearby property owners. Depending on the sale value the client/applicant

Audit Area & overall opinion	Assurance Objective	Summary of findings
Reasonable Assurance	place to prevent fraudulent and money laundering activities taking place regarding sales of Land and Property.	may not always involve a solicitor resulting in the Council receiving funds directly for the purchase). There are no documented procedures setting out how anti money laundering and fraud risks should be assessed, escalated, and reported during disposal activities in the Property Services – Estates team and Legal Services Property Team. While no evidence of money laundering or fraudulent activity was identified within the sample reviewed, the absence of formal guidance increases the risk of inconsistent practice and weakens the Council's overall control framework. Recommendations have been made to strengthen record retention, introduce appropriate due diligence controls for direct-payment transactions, and improve overall compliance with the Council's Anti Money Laundering and fraud prevention requirements. The highest weakness identified related to transactions where purchase funds are received directly by the Council, as proportionate due diligence checks are not currently undertaken. Anti Money Laundering awareness training is not currently mandatory for officers involved in land and property disposals. Audit recommended that managers should consider offering the Council's Fraud Awareness e-learning module to all staff involved in land and property transactions.

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.

Rating	Definition
	There are some areas where controls are not consistently and effectively applied and / or are not sufficiently developed. Recommendations are no greater than low and 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.

Appendix D

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	95%	88%	100%		
Final reports issued within 5 working days of customer response to the draft report	95%	88%	100%		
Audits completed within planned time	90%	94%	100%		
Client satisfaction goal – value added	Average rating of 3.5 or higher on a scale of 1 (lowest) to 5 (highest)	N/A	4.80		
Client satisfaction goal – usefulness of recommendations		N/A	4.67		

Audit Plan Progress

Assurance Type/ Directorate	2026/27 Plan	Completed	In progress	Not started
Adult Care, Housing and Public Health	7	0	4	3
Childrens and Young Peoples Services	6	2	2	2
Corporate Services	12	2	3	7
Policy, Strategy and Engagement	1	0	0	1
Regeneration and Environment	6	0	1	5
Crosscutting	4	0	0	4
Grants	6	2	0	4

Appendix E

Quality Assurance and Improvement Programme Action Plan		
Action	**Position statement**	**Target completion date**
Audit Strategy 2025/28 actions scheduled for 2026/27		
Develop agile and data driven approaches to auditing		
Explore the potential use of a dashboard for audit reporting and seek stakeholder feedback.	Work has commenced reviewing potential alternative reporting tools. This will be trialled with the data analytics reviews that are currently being undertaken.	Q3 & 4 2026/27
Participate in data analytics Internal Audit groups and regional discussions to enhance knowledge and understanding of audit developments and techniques.	Learning from other authorities will continue. The establishment of a Yorkshire data analytics auditors group is being considered. A data analytics course which was run by the Chartered Institute of Public Finance and Accountancy was attended by auditors and learning shared within the service.	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 last quarter of the year and continue into 2027/28.	Q4 2026/27 & 2027/28
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 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 undertaken by a neighbouring Council, and the report gave substantial assurance on the overall arrangements. In summary the findings were as follows; The review found no evidence that the HoIA's current responsibilities for Counter Fraud and Whistleblowing have impaired their independence or objectivity in practice. Stakeholders interviewed confirmed confidence in the HoIA's ability to provide independent assurance and no examples were identified where audit judgements or reporting had been compromised. However, a number of safeguards currently rely upon established custom and practice rather than formal documentation. Whilst these arrangements operate effectively, formalising them would reduce any perceived independence risks and further strengthen compliance with the Global Internal Audit Standards. The review therefore concludes that the existing arrangements are substantially effective but would benefit from additional formal safeguards and clearer governance documentation. The report will be discussed with management to agree the actions to be implemented and will be reported to the Audit Committee at the next meeting.	Complete
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	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.	31 March 2027

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)	**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.	
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 a bespoke training session has been arranged for the 4th March.	31 March 2027
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)	Input from the Chair of Audit Committee has been included in the HIA's MYAP/PDR process.	Complete

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Rotherham Metropolitan Borough Council

Public Report with Exempt Appendices
Audit Committee

Committee Name and Date of Committee Meeting
Audit Committee – 24 November 2026

Report Title
Regeneration and Environment Directorate Risk Register

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

Executive Director Approving Submission of the Report
Andrew Bramidge, Executive Director of Regeneration and Environment

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

Ward(s) Affected
All

Report Summary
The Regeneration and Environment Directorate, Service Director and service risk registers have been developed in line with the Council's risk management requirements. This report provides an update to the Audit Committee on the current position of the Regeneration and Environment Directorate Risk Register and associated risk management activity.

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

List of Appendices Included

Appendix 1 - Regeneration & Environment Directorate Risk Register.

Background Papers

Report to Audit Committee, 28 July 2026 (Risk Management Annual Summary 2025-2026 and Corporate Strategic Risk Register Update).

Report to Audit Committee, 25 November 2025 (Regeneration and Environment Risk Register).

Report to Audit Committee, 26 November 2024 (Regeneration and Environment Risk Register).

Consideration by any other Council Committee, Scrutiny or Advisory Panel
No.

Council Approval Required
No

Exempt from the Press and Public
Yes.

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

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

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1. Background

1.1 The Regeneration and Environment Risk Register was last presented to Audit Committee on 25th November 2025.

1.2 The current Regeneration and Environment Directorate Risk Register has 28 risk items listed (Appendix 1).

1.3 Due to the nature of the work of the Regeneration and Environment Directorate, four of the 28 risk items also feature on the Council's Strategic Risk Register, these are referenced below:

- **R&E20 & SLT10**
  Business Growth
  Risk detail: Failure to attract new business and investment to the borough and threat of failing to retain existing clients and investment.

- **R&E38 & SLT37**
  Development and delivery of the Regeneration Programme and Initiatives through numerous sources of external funding.
  Risk detail: Failure to deliver the Regeneration Programme and initiatives as a whole, plus individual projects to time, cost and quality.

- **R&E50 & SLT36**
  Reduction of carbon emissions for the Council and the borough in order to meet the agreed Net Zero Targets.
  Risk detail: Risk that the reduction in carbon is not achieved prior to the set deadlines of 2030 and 2040

  R&E51 & SLT45
  Highway Structures Inspection Regime
  Risk detail: Lack of appropriate asset management of all highway structures, including bridges, culverts, underpasses, retaining walls and other special structures.

2. Key Issues

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

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

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

2.3 A regular scheduled programme of reviewing and updating service area and Directorate level risks registers is in place across Regeneration and

Environment. Red risks are reviewed monthly and all risks at least quarterly at Senior Management Team (SMT) and Directorate Leadership Team (DLT) meetings and where necessary, risks are escalated to the Strategic Leadership Team (SLT) for consideration on the Corporate Strategic Risk Register.

2.4 As part of the Council's ongoing initiative to embed Risk Management into its organisational culture, managers from the Regeneration and Environment Directorate have attended the mandatory 'Risk Management Training for Managers' workshops. In addition, all staff are required to complete a mandatory e-learning module on risk management and several managers, along with the Directorate's Risk Champion, have successfully completed the 'Essentials of Enterprise Risk Management training', accredited by the Institute of Risk Management. Furthermore, the Regeneration and Environment Risk Champion has attended individual service area Senior Management Teams to provide an overview to support and advise managers in relation to risk register develop and maintenance.

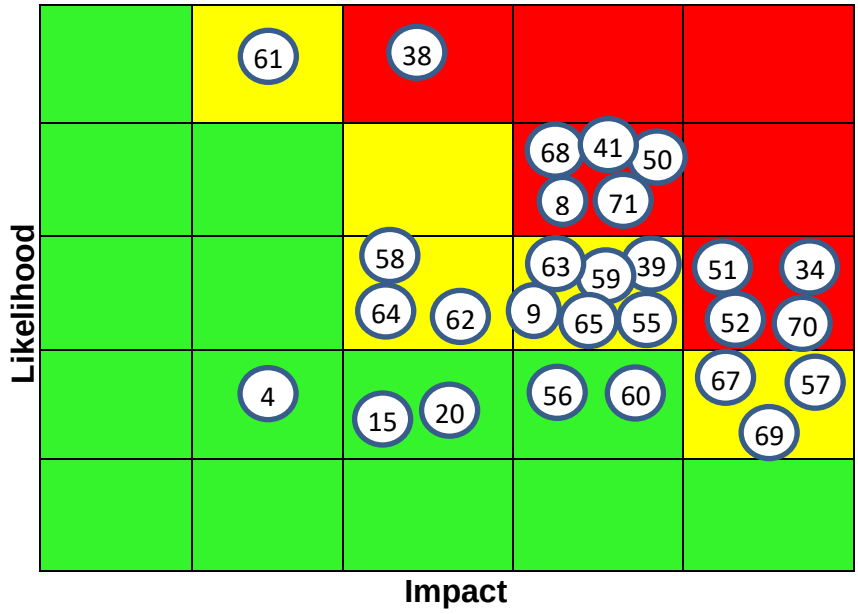
2.5 Risk items which have been added or amended since the last report to Audit Committee in November 2025 include:

Risk No	Business objective	Risk Detail	Change since last report
RE61	**Highways Structures Assessment Regime.**	Risk of not being able to assess abnormal load notifications adequately and efficiently.	*Added onto the Corporate Risk Register in March 2026.*
RE65	**Road Safety Performance**	Risks arising from long-term poor performance in reduce persons killed or seriously injured on Rotherham's roads	*Added to the Directorate Risk Register in November 2025.*
RE68	**To ensure procurement compliance.**	Failure to comply with statutory requirements procurement legislation and internal Financial & Procurement Procedure Rules (FPPRs)	*Added to the Directorate Risk Register in December 2025.*
RE69	**Maintain a Health and Safety Compliant workforce.**	Failure to maintain a Health & Safety–compliant and appropriately skilled workforce that consistently follows robust and compliant corporate processes.	*Added to the Directorate Risk Register in December 2025.*
RE70	***Green Spaces - safe management of the open water sites that the service is responsible for***	Risk of death or serious harm arising from incidents at Council-managed open water sites.	*Added to Directorate Risk Register in May 2026.*

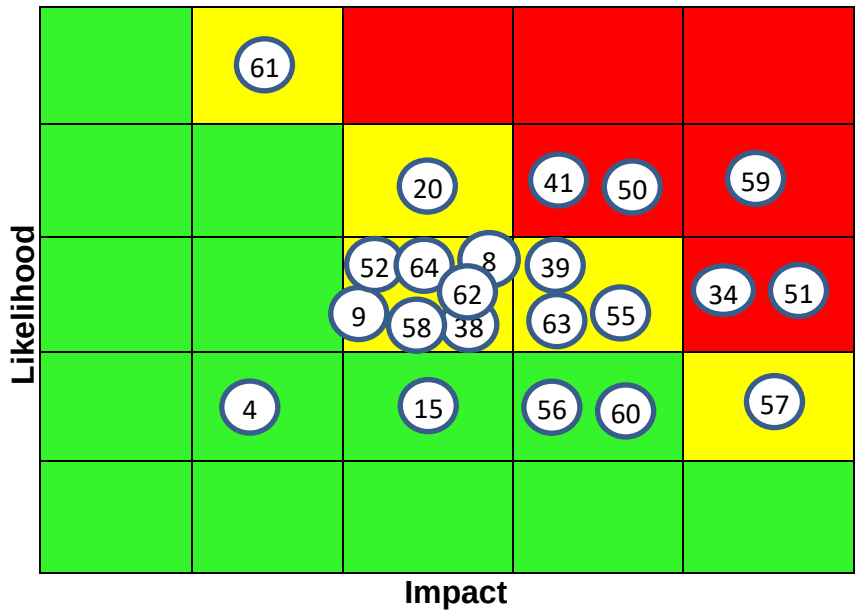
RE71	***Reduction of anti-social behaviour at Rother Valley Country Park and other Green Spaces Sites***	Frequent hot weather occurrences of ASB at Rother Valley, including vehicle related, unsupervised entry to water, large unauthorised gatherings, drug and alcohol use, abusive behaviour, littering and BBQs, lack of enforcement capability	*Added to Directorate Risk Register in May 2026.*

2.6 The current "heat map" for the Regeneration & Environment Risk Register is shown in the table below:-

Map at November 2026 Report



2.7 The table below shows the risk movement that has taken place between November 2025 and November 2026:



2.8 The movement in Corporate and red Regeneration & Environment risks between November 2025 and November 2026 is shown below:

Number	Risk	Nov 25	Nov 26	Risk Movement (Nov 26 compared to Nov 25) ↓ = Risk level reduced, or risk removed ↑= Risk level increased or new risk → = Risk level static
RE20 & SLT10	Failure to attract new business and investment to the borough and threat of failing to retain existing clients and investment. Impact on wider economy from the pandemic, increasing costs (such as energy, goods) and uncertainties around the economy result in business failures and businesses delaying or halting investment decisions or general slowdown in the economy.	12	6	↓
R&E38 & SLT37	Failure to deliver the Regeneration Programme and initiatives as a whole, plus	9	15	↑

Number	Risk	Nov 25	Nov 26	Risk Movement (Nov 26 compared to Nov 25) ↓ = Risk level reduced, or risk removed ↑= Risk level increased or new risk → = Risk level static
	individual projects to time, cost and quality.			
RE50 & SLT36	Risk that the reduction in carbon is not achieved prior to the set deadlines of 2030 and 2040.	16	16	→
RE51 & SLT45	Lack of appropriate asset management of all highway structures, including bridges, culverts, underpasses, retaining walls and other special structures. Asset management including; • Appropriate asset management logs and records. • Programme of General Inspections (every 2 years) and Principal Inspections (every 6 years) in line with DMRB CG450	15	15	→
RE34	Risk of loss of life, injury, or safeguarding issues at a large event in the borough.	15	15	→
RE41	Delivery of the New Central Library & Markets to achieve regeneration aims in the town centre - Risk of increasing project costs that could result in the scheme costs exceeding the budget available for delivery.	16	16	→

Number	Risk	Nov 25	Nov 26	Risk Movement (Nov 26 compared to Nov 25) ↓ = Risk level reduced, or risk removed ↑= Risk level increased or new risk → = Risk level static
RE59	Lack of appropriate Health & Safety measures to manage level of audience; Annual budget pressure; Loss of staffing.	20	12	↓
RE8	Loss of historic sites with significant health and safety risks posed to members of the public. Loss could be through general deterioration caused by the elements, vandalism and/or through wilful neglect.	9	16	↑
RE52	Risk to health and safety caused by tree failure.	9	15	↑

2.9 Ten of the 28 risks on the Regeneration and Environment Directorate Risk Register are currently assessed as being a high risk, therefore are marked as 'Red' on Appendix 1.

2.10 The Risk Register entries are closely linked to the Regeneration and Environment Service Plans, team plans, reports and service meeting agendas across the Directorate. The Risk Registers have run alongside progress being made in relation to any restructure of services and the development and delivery of Service Plans.

2.11 Progress against key actions to mitigate the above risks is monitored through management team meetings.

3. Options considered and recommended proposal

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

4. Consultation on Proposal

4.1 The Corporate Strategic Risk Register is reviewed quarterly by the Strategic Leadership Team, and the Regeneration and Environment Directorate and service Risk Registers are reviewed monthly. A strategic Risk Champions meeting is in place and Regeneration and Environment is actively represented at all meetings.

5. Timetable and Accountability for Implementing this Decision

5.1 Not applicable.

6. Financial and Procurement Advice and Implications

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

7. Legal Advice and Implications

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

8. Human Resources Advice and Implications

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

9. Implications for Children and Young People and Vulnerable Adults

9.1 Not applicable

10. Equalities and Human Rights Advice and Implications

10.1 Not applicable

11. Implications for CO_2 Emissions and Climate Change

11.1 The Regeneration and Environment Risk Register includes a key risk (RE50 & SLT3) relating to the reduction of carbon emissions across both the Council and the wider borough, in support of achieving the agreed Net Zero targets. In addition to this, the register identifies several other risks and associated mitigation measures that contribute to lowering carbon emissions.

12. Implications for Partners

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

13. Risks and Mitigation

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

14. Accountable Officer(s)

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

Report Author: Liz Kemp, R&E Business Co-ordinator
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By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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Public Report
Audit Committee

Committee Name and Date of Committee Meeting
Audit Committee – 24 November 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)
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.

Audit Committee Forward Work Plan

Meeting Date	Key Responsibility	Agenda Item	Author
January 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

	Governance Risk and Control	Risk Management Directorate Presentation Policy Strategy and Engagement	Jane Maxwell
	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
July 2027	External Audit	External Audit Progress Report	Grant Thornton
	Treasury Management	Treasury Management Quarterly Update	Rob Mahon
	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
	Audit Committee Accountability	Audit Committee Annual Report	Louise Ivens
	Audit Committee Accountability	Audit Committee Forward Work Plan	Louise Ivens
September 2027	Governance Risk and Control	Information Governance Annual Report	Sam Ulyatt
	Internal Audit / Governance Risk and Control	IA Progress Report	Louise Ivens
	Governance Risk and Control	Risk Management Directorate Presentation - Policy, Strategy and Engagement	Jane Maxwell
	Governance Risk and Control	Code of Corporate Governance	Katie Stead
	Governance Risk and Control	Corporate fraud arrangements including Anti-Fraud and Corruption Policy and Strategy review and update	Louise Ivens
	Audit Committee Accountability	Audit Committee Forward Work Plan	Louise Ivens
November 2027	Financial Reporting	Audited Final Statement of Accounts	Rob Mahon
	Governance Risk and Control	Audited Final AGS	Judith Badger

	External Audit	External Audit Findings (ISA 260)	Grant Thornton / Rob Mahon
	Treasury Management	Mid-Year Report on Treasury Management and quarterly update	Rob Mahon
	Governance Risk and Control	Risk Management Guide	Katie Stead
	Governance Risk and Control	Risk Management Directorate Presentation - Regeneration and Environment	Andrew Bramidge
	Internal Audit / Governance Risk and Control	IA Progress Report	Louise Ivens
	Audit Committee Accountability	Audit Committee Forward Work Plan	Louise Ivens

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