

Committee Name and Date of Committee Meeting

Audit Committee – 17 June 2025

Report Title

Publication of unaudited Statement of Accounts 2024/25

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

No

Strategic Director Approving Submission of the Report

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Ward(s) Affected

Borough-Wide

Report Summary

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

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

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

Recommendations

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

List of Appendices Included

Appendix 1 Narrative Report 2024/25

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

Appendix 3 Unaudited Statement of Accounts 2024/25

Appendix 4 Informing the Audit Risk assessment 2024/25

Background Papers

CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2024/25

Accounts and Audit (Amendment) Regulations 2024

Audit Committee meeting – 14th January 2025

Consideration by any other Council Committee, Scrutiny or Advisory Panel

No

Council Approval Required

No

Exempt from the Press and Public

No

Closure of the Accounts 2024/25

1. Background

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

2. Key Issues

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

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

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

Pension Fund Estimates

- 2.3 Although the Pension Fund is subject to regular triennial actuarial valuations, which are used to determine contribution rates for the 3 years covered by the triennial valuation, when preparing annual accounts, the Pension Fund and actuaries are required undertake a separate annual valuation of the Pension fund in accordance with International Accounting Standard (IAS) 19 – Employee Benefits. This provides an indication of the liabilities and assets within the pensions fund for the past financial year.
- 2.4 The latest triennial valuation was as at March 2022, which was undertaken by the actuary Hyman Robinson LLP. This calculated the Council's assets and liabilities in detail, using individual membership data and actual cashflow data for the Council's share of the Fund. This formal valuation showed an improvement in the fund's position with the Council's share of the Fund deficit on the scheme reducing from £133 million at the previous actuarial valuation in 2019 to virtually fully funded.
- 2.5 The position as at the March 2022 Triennial Valuation was rolled forward for the IAS 19 annual exercise. The 2024/25 IAS 19 actuarial exercise identified a surplus on Rotherham's share of the Fund of £366.8m. That is, the actuaries assessed that the present value of the defined benefit obligations within the Fund were less than the fair value of plan assets held by the Fund. This compares with a surplus of £179.1m in the IAS 19 exercise for the 2023/24 accounts.
- 2.6 The IAS 19 valuation is not used to determine either refunds of past contributions or the level of future contributions to the Fund (following the 2022 valuation although the fund is in surplus the Council's employers' contributions have been increased from 17.2% to 17.3% for the three financial years covered by the valuation) and, in accordance with the guidance within IAS19 on the application of an asset ceiling the surplus identified in the IAS19 exercise has been reduced to nil in the Council's Balance sheet.

3. Options considered and recommended proposal

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

4. Consultation on proposal

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

5. Timetable and Accountability for Implementing this Decision

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

Financial and Procurement Advice and Implications

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

6. Legal Advice and Implications

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

7. Human Resources Advice and Implications

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

8. Implications for Children and Young People and Vulnerable Adults

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

9. Equalities and Human Rights Advice and Implications

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

10. Implications for Partners

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

11. Risks and Mitigation

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

12. Accountable Officer(s)

Judith Badger (Strategic Director of Finance & Customer Services)