

Rotherham Metropolitan Borough Council

Interim Auditor's Annual Report
Year ending 31 March 2025

17 November 2025



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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

Introduction

This report brings together a summary of all the work we have undertaken for Rotherham Metropolitan Borough Council during 2024/25 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 2025 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 2024/25
- 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. The NAO has consulted on and updated the Code to align it to 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. This new deadline requirement is introduced from November 2025.

Local government – context

Local government has remained under significant pressure in 2024/25

National		Present		Future	
Past					
 <p>Funding Not Meeting Need</p> <p>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.</p>		 <p>Financial Sustainability</p> <p>Many councils continue to face significant financial challenges, including housing revenue account pressures. There are an increasing number of councils in receipt of Exceptional Financial Support from the government.</p>		 <p>Funding Reform</p> <p>The UK government plans to reform the system of funding for local government and introduce multi-annual settlements. The state of national public finances means that overall funding pressures are likely to continue for many councils.</p>	
 <p>Workforce and Governance Challenges</p> <p>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.</p>		 <p>External Audit Backlog</p> <p>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.</p>		 <p>Reorganisation and Devolution</p> <p>Many councils in England will be impacted by reorganisation and / or devolution, creating capacity and other challenges in meeting business as usual service delivery.</p>	
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 and as such 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.

The 2023/24 AAR identified a significant weakness in the Council’s arrangements in relation to building compliance for the Housing Revenue Account (HRA) and corporate buildings. **It is within this context that we set out our commentary on the Council’s value for money arrangements in 2024/25.**

02 Executive Summary

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	2023/24 Assessment of arrangements	2024/25 Risk assessment	2024/25 Assessment of arrangements
Financial sustainability	A No significant weakness in arrangements identified; one improvement recommendation made regarding a capital strategy.	No risks of significant weakness identified	A No significant weaknesses in arrangements identified; two improvement recommendations made to support the Council with further strengthening arrangements for financial sustainability based on its current risks and priorities.
Governance	A No significant weakness in arrangements identified; five improvement recommendations made.	No risks of significant weakness identified	A No significant weaknesses in arrangements identified; two improvement recommendations retained from 2023/24 and one further improvement recommendation raised surrounding waiver reporting to members.
Improving economy, efficiency and effectiveness	R One significant weakness in arrangements identified with two key recommendations made. Two improvement recommendations were also made.	One risk of significant weakness identified in relation to: health and safety compliance, and asset management and building compliance.	R One significant weakness in arrangements continues to be identified though with substantial progress on the key recommendations from 2023/24, which are updated. Two improvement recommendations retained from 2023/24, and one improvement recommendation raised to strengthen contract management arrangements.



No significant weaknesses or improvement recommendations.



No significant weaknesses, improvement recommendation(s) made.



Significant weaknesses in arrangements identified and key recommendation(s) made.

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

The Council's has in recent years maintained a relatively stable financial position overall and 2024/25 continued this. The revenue outturn was a small overspend of £0.3m against an agreed budget of £326.1m funded from reserves. Underlying this overall positive position was a directorate overspend of £12.8m, driven mainly by cost pressures in social care (£6.2m in adults' and £5m in children's). However, this was offset by a significant corporate contingency of £6.9m and Treasury Management underspends of £5.6m. The Council's Dedicated Schools Grant (DSG) budget had a deficit of £2.5m in 2024/25, slightly lower than the Safety Valve Agreement target of £2.9m. The forecast position for the end of the Safety Valve term in 2025/26 is a deficit of £3.9m and we raise an improvement recommendation.

The Council could improve the rate of delivery of planned savings within the children and young people's services (CYPS) directorate, and this is included within the recommendation.



Governance

The Council continues to have adequate arrangements for risk assessment, fraud prevention and detection, budget setting and monitoring, as well as decision-making. The Council has implemented some of our prior year recommendations on internal audit and risk management; others remain in progress. We have therefore retained improvement recommendations relating to risk escalation arrangements and the development of a Procurement Strategy – the Council is in the process of implementing these recommendations and we will review progress in 2025/26.

Waiver activity is currently only reported to senior officers and directorate leadership teams, and we raise a recommendation for the Council to bring at least an annual report on waivers to a relevant Member-led Committee for consideration.



Improving economy, efficiency and effectiveness

The Council has maintained its performance management framework, aligned with its Council Plan 2022-2025. A new Council Plan 2025-2030 has been agreed.

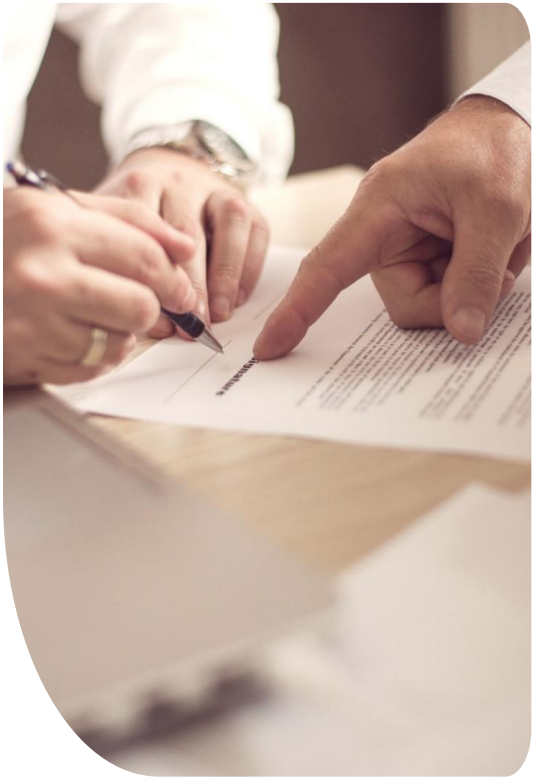
We maintain and update the two key recommendations made in 2023/24 which relate to regulatory compliance for the Housing Revenue Account (HRA) and corporate buildings. The Council has improved governance arrangements and oversight measures in both areas since we last reported, and is working with relevant regulators. Nevertheless, the Council's stock condition surveys have only recently commenced, and the Council is aware both that its performance has not yet improved to the level required, and that this will take some time to achieve.

We have also updated an improvement recommendation related to strengthening contract management arrangements.

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	2024/25 outcome
Opinion on the Financial Statements	<p>Our work is substantially complete and there are no matters of which we are aware that would require modification of our audit opinion or material changes to the financial statements. We expect to issue an unqualified opinion on the Council’s financial statements by the end of the 2025 calendar year.</p>
Use of auditor’s powers	<p>We did not make any written statutory recommendations under Schedule 7 of the Local Audit and Accountability Act 2014.</p> <p>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.</p> <p>We did not make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014.</p> <p>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.</p>



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

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 expect to issue an unqualified opinion on the Council's financial statements by the end of the 2025 calendar year.

The full opinion is to be included in the Council's Annual Report for 2024/25, 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 2025 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 2024/25
- 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 Code of Audit Practice (2024) published by the National Audit Office, 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 2025.

Draft financial statements were of a good standard and supported by appropriately detailed working papers.

We have identified one adjustment to the financial statements that has resulted in a £13m adjustment to the Council's Comprehensive Income and Expenditure Statement. The adjustment has no impact on the Council's usable reserves.

We identified three misstatements that management have decided not to adjust for in the financial statements presented for approval, one of which only impacts on disclosures in the notes to the financial statements. These misstatements would result in a £7.1m adjustment to the Comprehensive Income and Expenditure Statement as a reduction to the deficit outturn and would increase usable reserves by £1.1m.

Our work also identified several presentational and disclosure amendments.

Audit Findings Report

We report the detailed findings from our audit in our Audit Findings Report. Our report is due to be presented to the Council's Audit Committee on 25 November 2025 alongside this report. Requests for this Audit Findings Report should be directed to the Council.

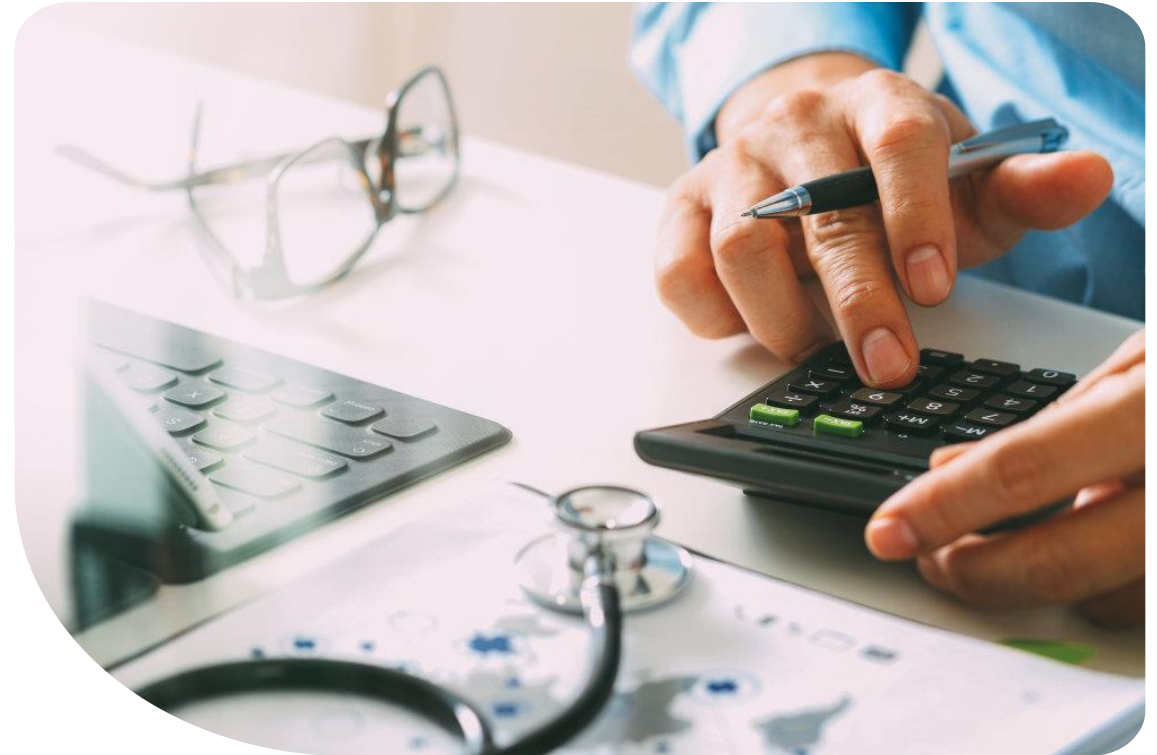
Other reporting requirements

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.



04 Value for Money commentary on arrangements

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.

Financial sustainability – commentary on arrangements

We considered how the Council:	Commentary on arrangements	Rating
<p>identifies all the significant financial pressures that are relevant to its short and medium-term plans and builds these into them</p>	<p>The Council’s arrangement for financial management allowed it to close 2024/25 with a small net revenue overspend of £0.3 million (0.09% of the original £326.1 million budget), covered from the Budget and Financial Strategy Reserve. Before mitigation, directorates reported a £12.8 million overspend, mainly in Children and Young People’s Services (£5 million) and Adult Care, Housing and Public Health (£6.2 million). However, these were largely offset by a significant corporate contingency of £6.9m held against such overspends, as well as Treasury Management savings of £5.6m. These pressures are similar to those we see at other authorities with social care responsibilities, reflecting increased demand, complexity and cost of services. The Dedicated Schools Grant (DSG) deficit is forecast to reach £3.7 million by year-end. While not of the magnitude of some other Councils, this exceeds the target set in the Council's Safety Valve agreement with the Department for Education, and we raise an improvement recommendation.</p> <p>The capital programme saw £31.8 million slippage (18.5%) against the original £172.4 million budget, though actual spend of £140.6 million remained in line with previous years. Slippage was linked to supplier market constraints and delivery challenges. The Council has improved capital programme monitoring; there are now opportunities to enhance reporting on performance and benefits realisation for major projects (see improvement recommendation 2).</p> <p>The Council’s Medium-Term Financial Strategy (MTFS) covers an appropriate period (2025/26 to 2027/28). The Council had in December 2024 reported budget gaps of £6.5m in 2025/26, £7.1m in 2026/27 and £11.6m in 2027/28, at the time of setting the 2025/26 budget it was forecasting balanced budgets for the first two years of the strategy. A £3.3 million funding gap is forecast for 2027/28, reinforcing the need for continued savings and strategic planning. The financial impact and risk of the Council again setting Council Tax below the permitted 2.99% annually was communicated clearly to Members in budget setting documentation.</p>	<p>A</p>
<p>G</p>	<p>No significant weaknesses or improvement recommendations.</p>	
<p>A</p>	<p>No significant weaknesses, improvement recommendations made.</p>	
<p>R</p>	<p>Significant weaknesses in arrangements identified and key recommendation(s) made.</p>	

Financial sustainability – commentary on arrangements

We considered how the Council:	Commentary on arrangements	Rating
plans to bridge its funding gaps and identify achievable savings	<p>In 2024/25, the Council set a savings target of £9.9 million, with £5.0 million (50.5%) delivered by year-end. The was mainly due to under-delivery of savings in the Children and Young People's Services (CYPS) directorate, driven by higher-than-expected costs from external residential placements and delays in the development of the Councils in-house residential programme. This continues a trend from 2023/24, where 43% of CYPS savings were achieved. If CYPS savings are not delivered in 2025/26, slippage will extend into 2026/27. We raise an improvement recommendation in this area given the critical role of savings delivery in the Council's medium-term financial plans.</p> <p>For 2025/26, the Council has set a lower savings target of £2.6 million (in addition to the savings not delivered in 2024/25). These savings focus on improving service efficiency but also on reducing spend on non-essential or reconfigurable services.</p> <p>The Council has demonstrated arrangements for external engagement and consultation in developing its savings plans, and there is sufficient evidence that arrangements in place are adequate to support monitoring of savings delivery.</p>	A
plans finances to support the sustainable delivery of services in accordance with strategic and statutory priorities	<p>The Council has arrangements, through its annual budgeting and medium-term planning processes, to plan its finances to support the sustainable delivery of services and its corporate priorities. The 2025/26 budget is balanced and sets out investments that support priorities listed in the Council Plan 2022-2025. The Council's budget for 2025/26 does not envisage significant reductions in service. This is also reflected in the capital programme, where investment plans are aligned to the Council's strategic priorities.</p>	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.

Financial sustainability – commentary on arrangements (continued)

We considered how the Council:	Commentary on arrangements	Rating
<p>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</p>	<p>The Council's corporate strategies, including its Corporate Asset Management Plan, Workforce Plan and net zero targets are aligned with financial plans and its annual budget. We previously raised a recommendation around the need for a capital strategy, however we have closed this recommendation as the Council can evidence development of a brief capital strategy as part of the 2025/26 budget report. The Council's Treasury Management and Investment Strategy is approved annually alongside the budget. There is now an opportunity to ensure that financial reporting provides a rounded picture of the financial and other benefits and costs of major capital projects, given the Council's ambitious capital programme – see improvement recommendation 2.</p>	A
<p>identifies and manages risk to financial resilience, e.g. unplanned changes in demand, including challenge of the assumptions in underlying plans</p>	<p>The Council has regular financial monitoring reports overseen by Cabinet, identifying budget pressures, and risks are examined during the budget setting process. Scenario planning is carried out during the development of various versions of the MTFP, considering key financial risks. Although direct comparison can be challenging, the Council's reserve levels (combining unallocated and earmarked reserves, excluding ringfenced reserves) are not excessive compared to other authorities of its size and type. In 2024/25, LGA benchmarking suggests the Council's total reserves were 21.32% of net revenue expenditure, compared to a metropolitan council mean of 35.56% - though this comparison does not take into account each Council's risk profile or how (or how well) it manages those risks. The Council's reserves have been relatively stable, and forecasts at the time of the 2025/26 budget suggested they would remain at or around £50m until 2027/28. The actual reserve outturn for 2024/25 was £55.3m—above the forecast of £50.6m though down from £59m in March 2024—comprising £30.3m corporate (earmarked) reserves and a £25m general fund minimum balance (around 7% of the £358m net revenue budget for 2025/26). We do not report any weaknesses in arrangements in 2024/25 but we have identified an insight from sector experience.</p>	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.		

Financial sustainability (continued)

Area for Improvement identified: maintaining budgetary control in relation to overspending service areas.

Key Finding: The Council has arrangements in place to monitor its finances. However, there are ongoing pressures that could impact financial sustainability, including the Dedicated Schools Grant (DSG) deficit and delivery of planned savings in children and young people's services (CYPS).

Evidence: The Council received a DSG allocation of £367.3 million for 2025/26, distributed across the four funding blocks: Schools Block (£261.0 million), Early Years Block (£42.2 million), High Needs Block (£62.3 million) and Central Services Block (£1.8 million). Since 2022, the Council has participated in the Safety Valve Programme with the Department for Education, aimed at eliminating the DSG deficit and achieving financial sustainability by 2025/26. The final outturn for 2024/25 showed a deficit of £2.476 million, outperforming the target of £2.901 million. However, the forecast for 2025/26 indicates a deficit of £3.851 million, falling short of the target of financial balance.

Additionally, CYPS has been an area where the Council historically underdelivers savings. Only £1.6 million (43% of the initial target of £3.7 million) was achieved in 2023/24, with slippage pushed into 2024/25. In 2024/25, £1.0 million was delivered (18.1% of the initial target of £5.9 million). Savings of £2.6 million are required for 2025/26, still a challenging target.

Impact: The Council's reserves are not excessive for an authority of its size and type and, should the Council be called on to cover cumulative deficits once the current statutory override ends or should the Council need to use reserves to balance the budget, even a relatively modest DSG deficit or lack of savings delivery could present a tangible risk to its overall financial resilience. Overspends also have cashflow implications for the Council.

Improvement Recommendation 1

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.

Financial sustainability (continued)

Area for Improvement identified: further developing reporting on major capital projects.

Key Finding: The Council has improved capital programme monitoring. There is now an opportunity to ensure its approach to performance reporting on performance and benefit realisation of major projects reflects the strategic importance of key capital projects.

Evidence: The Council has a substantial capital programme, among which several flagship projects are linked to its ambitions to regenerate Rotherham Town Centre. The Council has made progress in strengthening capital programme governance. Major capital projects such as the Forge Island development and Rotherham Markets redevelopment are managed through multi-tiered project boards and directorate-level oversight. Capital expenditure has increased year-on-year, the scale and complexity of the programme—now the largest in the Council’s history—continues to present delivery challenges and underspending remains significant with the programme £31.8m (18.5%) below budget in 2024/25. We also note that the Council requested additional funding to support the ongoing delivery of its Market project from SYMCA during the year.

Forge Island is now operational, though some delays in fully letting retail and leisure units have been reported. It is important that there is transparent reporting on the actual performance of projects against the expected financial and wider economic benefits such as this in future years, and that any lessons learned are factored into future projects, including the proposed Rotherham Mainline Station, which is moving into the design and planning phase. The station is a flagship regeneration initiative, with an Outline Business Case (OBC) submitted to SYMCA and the Department for Transport in 2024. The project is expected to deliver significant economic benefits, including reconnecting the town centre to the national rail network, supporting housing and commercial development, and generating over £113 million in economic value.

Impact: Reporting of progress against expectations will support both accountability and enable continuous improvement of future development business cases.

Improvement Recommendation 2

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.

Grant Thornton insights – learning from others

The Council has the arrangements we would expect to see in respect of reserve management, but could challenge itself to go further, based on the best arrangements we see across the sector



What the Council is already doing

- While the Council maintains a lower level of reserve relative to its revenue budget than many of its peers, it has maintained a stable level of reserves and a relatively stable overall financial position in recent years.
- The Council's S151 officer makes the required statements around the adequacy of reserves within annual budget reports.



What others do well

- Similar local authorities include additional information in budget papers to show in more detail how reserves are matched to risk, and the level of risk-cost that is “covered” by available reserves.



The Council could consider

- Including a quantified risk assessment within budget papers with comparison to key unallocated reserves to demonstrate how the S151 officer has reached the conclusion that reserves are adequate.

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	<p>The Council had appropriate risk management arrangements in place in 2024/25. This included a Risk Management Policy, regular reporting to Audit Committee on strategic risks, and a Corporate Strategic Risk Register. In March 2024, internal audit undertook a review of risk management arrangements, and issued a substantial assurance opinion. Quarterly reports are brought to Audit Committee and, as part of the annual risk management review, there are deep dives of each directorate's risk register.</p> <p>We have retained an improvement recommendation from 2023/24 for the Council to continue strengthening its risk policy by including risk escalation and de-escalation arrangements, as the Council has identified actions but the due date for these has not yet passed (December 2025).</p> <p>The Council has an established internal audit in-house team providing internal audit and counter-fraud work. There is an annual risk-based work plan, with consistent updates against the plan brought to Audit Committee. The Internal Audit Annual Opinion for 2024/25 was considered by Audit Committee in June 2025, which noted an adequate framework of governance, risk management and control overall. The Opinion acknowledged a high proportion of partial/no assurance audit reports in 2024/25; however, the Head of Internal Audit noted that this was considered to be confined to specific service areas, like health and safety and asset management, which we consider in further detail below.</p> <p>The Council has a corporate anti-fraud framework, which includes an Anti-Fraud and Corruption Policy and Strategy, both of which are subject to an annual review process. We have retained an improvement recommendation from 2023/24 for the Council to continue strengthening arrangements on counter-fraud risks.</p>	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.

Governance – commentary on arrangements

We considered how the Council:	Commentary on arrangements	Rating
approaches and carries out its annual budget setting process	The Council has an established budget setting process which it again followed in 2024/25 to set the 2025/26 revenue and capital budgets. The 2025/26 budget was considered by Oversight and Scrutiny Management Board and Cabinet prior to approval by Council on 5 March 2025. There was sufficient external engagement with the public and key stakeholders, which informed the final budget, and which is described in the relevant budget submissions. Having set a two-year MTFS in the prior year, the Council has returned to its usual 3-year medium-term planning cycle.	G
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 financial monitoring reports flow through to Cabinet setting out the Council's financial position, expected forecast for year-end, and narrative is for any overspends and established mitigations. Reporting on progress with the Capital Programme has been enhanced in line with our prior-year improvement recommendation to report on performance against the initial budget for the year. These arrangements are underpinned by the Council's Financial and Procurement Procedure Rules (FPPRs) which establish its framework of budget monitoring and reporting. Responsibilities are clearly established, with budgets monitored by budget managers, and strategic directors responsible for outturn forecasts. There are consolidated forecasts for each directorate reviewed by the CFO and the relevant Cabinet member. The Council also has appropriate treasury management arrangements in place. Quarterly updates considered by Audit Committee summarise the Council's current investment position, compliance with treasury and prudential limits, as well as detail on loans the Council holds. We have not raised a separate improvement recommendation, however we note challenges in maintaining budget control and overspends in key service areas that impact financial sustainability in Improvement Recommendation 1.	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.

Governance – commentary on arrangements (continued)

We considered how the Council:	Commentary on arrangements	Rating
ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency, including from audit committee	<p>The Council's decision-making processes are clearly laid out in its Constitution. Cabinet receives sufficiently detailed and informative papers to guide decisions, and a forward plan of key decisions over the upcoming three months is circulated to all Councillors. The Council's Overview and Scrutiny Management Board reviews Cabinet decisions and regularly consider Cabinet's forward plan - in 2024/25, the Management Board also exercised their right to call-in Cabinet decisions.</p> <p>The Council's Audit Committee included two independent members in 2024/25, demonstrating alignment with good practice.</p> <p>The Council also forms part of the Barnsley, Doncaster and Rotherham Joint Waste Board, as well as the South Yorkshire Derbyshire and Nottinghamshire Joint Health Overview and Scrutiny Committee.</p>	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.

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	<p>The Council has arrangements in place to monitor and ensure appropriate standards. The Code of Conduct for members was refreshed in 2025, and although the Code of Conduct for officers was last revised in 2021, it has been marked for review and refresh in 2026. Both Codes provide guidelines on declaring interests, gifts and hospitality. The Council's draft Annual Governance Statement for 2024/25 references housing issues which remain significant, and we address this below. There were no other weaknesses identified in the control environment.</p> <p>We have previously raised an improvement recommendation on the need for a procurement strategy in the 2023/24 AAR, and this has been retained in 2024/25 - the Council has not yet issued a strategy but is looking to develop a light touch strategy, as there are other policies in place for procurement.</p> <p>A procurement governance audit was undertaken by internal audit in October 2024 across all directorates, and three directorates (Adult Care, Housing and Public Health, Finance and Customer Services, Regeneration and Environment) received partial assurance opinions - this was largely attributed to a lack of documentation and contract management arrangements by relevant senior officers. An update report to the January 2025 Audit Committee, highlighted the progress made by the directorates following the issue of the audit reports.</p> <p>The Council does not report waiver activity or report on breaches of its standing financial instructions directly to Members, and we raise an improvement recommendation in this area (below).</p>	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.

Governance (continued)

Area for Improvement identified: Risk Management (recommendation retained from 2023/24)

Key Finding: The Council's risk management framework does not identify escalation and de-escalation arrangements between tiers of risk registers, set out different risk types and the accepted risk appetite.

Evidence: The Council has an adequate risk management framework, which includes a Risk Management Guide and Policy. Together, they set out an approach to risk management as well as defined roles and responsibilities. The Corporate Strategic Risk Register is reviewed regularly by officers and Audit Committee. Although the Council has made improvements in its risk management arrangements, we retain this recommendation from 2023/24 as the Policy and Guide do not identify escalation arrangements between tiers of risk, set out different risk types and the Council's accepted risk appetite. The Council has previously accepted this recommendation with a deadline for implementation set for March 2026. Hence, we retain this recommendation within this report and will follow up in 2025/26.

Impact: Without risk escalation arrangements in place, clearly detailed risk tiers and acceptable risk appetites, it is difficult for the Council to determine what levels of risk are tolerable and which strategic risks require closer monitoring and oversight.

Improvement Recommendation 3 (recommendation retained from 2023/24)

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.

Governance (continued)

Area for Improvement identified: Counter-Fraud Risks (retained from 2023/24)

Key Finding: The Council's internal audit team is tasked with counter-fraud work. As a result, the internal audit plan includes time set aside to conduct fraud investigations and to analyse areas of potential weakness. Although there is an Anti-Fraud and Corruption Policy, and Anti-Fraud and Corruption Strategy, there is no corporate counter-fraud risk register.

Evidence: The Council does not have a corporate counter-fraud risk register and has not updated departmental risk registers for fraud risks. The Council has previously accepted this recommendation, however work in 2024/25 has been delayed. Hence, we retain this recommendation within this report and will follow up in 2025/26.

Impact: A lack of a corporate counter-fraud risk register means that fraud risks are not monitored on a Council-wide basis. Departmental risk registers may not be sufficient to catch fraudulent activity.

Improvement Recommendation 4 (retained from 2023/24)

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.

Governance (continued)

Area for Improvement identified: Procurement arrangements (retained from 2023/24)

Key Finding: We previously identified that the Council does not have a stand-alone Procurement Strategy and instead relies on other documents like its Financial and Procurement Procedure Rules (FPPR) and its Social Value Policy.

Evidence: The Council has other policies and strategies in place, however does not currently have a stand-alone Procurement Strategy. The Council does not recognise this as a requirement but it is something we typically see in other Councils, can be an important tool to connect the Council's strategic objectives to its detailed procurement practices and guidance. We therefore retain this recommendation in the 2024/25 AAR, as the Council has indicated that there are plans in place to create a 'light touch' Strategy. The Strategy is set to be developed and approved following the implementation of the Procurement Act 2025. The Council has previously accepted this recommendation with a deadline of March 2026, and our review has indicated that there is good progress in place to do so by the set date, and we will confirm this in 2025/26.

Impact: Although the Council has existing plans, policies and strategies in place, a Procurement Strategy would still help to ensure consistency and to set procurement strategic priorities across the Council. We would also expect to see a Procurement Strategy that is published and reviewed annually to ensure alignment with legislation.

Improvement Recommendation 5 (retained from 2023/24)

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.

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	In 2024/25, the Council maintained its performance management framework, which is aligned to the 2022-2025 Council Plan. A 'Year Ahead' Delivery Plan is agreed annually to set out key activities, priority actions and milestones. Regular progress reports were considered by Cabinet, with RAG-rated KPIs, 'direction of travel' indicators, and mapping to Council Plan themes. The year-end performance report, reviewed by Cabinet in July 2025, summarised progress. A new Council Plan 2025-2030 has also been developed following public consultation in 2024/25. We have retained an improvement recommendation from 2023/24 on the need for a corporate data quality strategy (see below). The Council can however evidence use of benchmarking data to measure costs and performance.	A
evaluates the services it provides to assess performance and identify areas for improvement	<p>The Council received various external inspections, reviews, and audits in 2024/25. These were reported regularly to the Audit Committee, with reports including overviews of recommendations, areas for improvement, and the Council's progress in implementing previous recommendations. Reviews included the joint area SEND inspection, a public health peer review, and an Ofsted focused visit to Children's Services. These reviews were positive overall. Two Ofsted inspections of individual Council-owned residential children's homes (Liberty House and Pegasus House) in early 2024 resulted in 'Requires Improvement' ratings, however, and the Council has since implemented actions plan to improve its rating. Other reviews resulted in positive reports with few improvement areas identified.</p> <p>In 2023/24 we identified a significant weakness in arrangements relating to compliance requirements, in relation to the Council's Housing Revenue Account and also its corporate buildings. The Council has made positive progress in both areas, developing clear oversight and governance of the improvement work required. However, the Council agrees that performance is not yet at a satisfactory level. We therefore retain two key recommendations in this area and we set out further detail below.</p>	R

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.

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	<p>The Council's arrangements continue to place an emphasis on partnership. The Council is part of the Moving Rotherham Partnership, through which the Council commits to working collaboratively to address local health inequalities. Delivery of the Partnership is reported to Cabinet to ensure that strategic objectives are achieved.</p> <p>The Council also works with the South Yorkshire Mayoral Combined Authority and wider regional partners, and is a member of the South Yorkshire, Derbyshire and Nottinghamshire Joint Health Overview and Scrutiny Committee.</p>	G
commissions or procures services, assessing whether it is realising the expected benefits	<p>There are contract management arrangements in place at the Council. There is a public contracts register which includes key details, and the Council has introduced a contract management dashboard for contracts over £5m to ensure appropriate oversight. The dashboard includes RAG-rating of key performance indicators and supporting narrative to allow officers to explore contracts that may be performing worse than expected.</p> <p>In September 2024, Internal Audit found that the Council had not been operating under an appropriate contract with providers of home-to-school transport services. The review found no current contract in place with operators and that contract extensions have been approved via exemptions, to continue operating the service out of contract. The latest approved exemption expired in March 2024.</p> <p>We previously raised an improvement recommendation on contract management – and while there has been progress made against the recommendation, there is clearly scope to continue strengthening arrangements. As a result, we update and retain our previous improvement recommendation. In particular, we note the Council currently does not report on waivers of exemptions to its contract procedure rules activity to members and given Internal Audit's finding within the year, we now include this within our recommendation.</p>	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.

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

We considered how the Council:	Commentary on arrangements	Rating
commissions or procures services, assessing whether it is realising the expected benefits	<p>There are contract management arrangements in place at the Council but these need further embedding to be fully effective. A review by internal audit during the year found variable procurement governance across the Council’s directorates, with contract management a particular issue, recommending more consistent pipeline planning and planning for expiry of contracts, and a need for greater awareness of contract managers’ responsibilities and skill requirements.</p> <p>The Council does have a public contracts register which includes key details, and the Council has introduced a contract management dashboard for contracts over £5m to ensure appropriate oversight. The Council is considering extending this to lower-value contracts. The dashboard includes RAG-rating of key performance indicators and supporting narrative to allow officers to explore contracts that may be performing worse than expected. The dashboard is updated on a quarterly basis by the relevant contract manager, reports are overseen by the associate director, directorate leadership teams and SLT.</p> <p>In September 2025 Internal Audit found that the Council had not been operating under an appropriate contract with providers of home-to-school transport services. The review found no current contract in place with operators and that contract extensions have been approved via exemptions, in order to continue operating the service out of contract. The latest approved exemption expired in March 2024.</p> <p>We retain and update and our previous improvement recommendation in this area. In particular, as set out above, we note the Council currently does not report on waivers of exemptions to its contract procedure rules activity to members and given Internal Audit’s finding within the year, we now include this within our recommendation.</p>	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.

Improving economy, efficiency and effectiveness (continued)

Significant weakness identified in relation to improving economy, efficiency and effectiveness

Key Finding: The Council has taken - and continues to take - steps to improve HRA housing compliance, with a range of improvements implemented since our review in 2023/24. Nevertheless, risks remain, including that the Council has not yet completed work to improve the proportion of properties covered by a recent stock condition survey.

Evidence: In our 2023/24 AAR, we reported a significant weakness and key recommendation, based on the fact that the Council had identified issues with HRA building compliance, including in relation to asbestos, and fire safety, as well as a lack of capability and capacity in these areas. The Council has established a clear Improvement Plan and put in place established governance arrangements in place to oversee progress. These arrangements include a Safety and Quality Panel, chaired by the Head of Housing Property Services. The Panel brings quarterly updates to the Housing Regulatory Assurance Board, which is chaired by the Council's Chief Executive and has relevant Members in attendance. The Council has also achieved compliance on health and safety-related measures, including fire, asbestos, lifts and water safety over 2024/25, alongside making progress on the Decent Homes Standard. Updates on regulatory compliance and tenant satisfactory measures (TSM) are brought to Cabinet for consideration every six months. As noted in our prior year report, the Council self-referred its performance to the Regulator of Social Housing in August 2024 and continues to report progress to the Regulator.

The Council has earmarked funding to carry out a 100% stock condition survey over four years, which commenced in May 2025. As at September 2025, however, only a relatively small proportion (5%) of properties had been subject to a stock condition survey in the past five years. As a result, the Council does not have a full understanding of its stock condition, meaning it cannot accurately ascertain the condition of Council homes to inform asset management plans. The Council has noted that the Regulator would likely return a non-compliant rating, were it to inspect the Council at this stage.

Impact: Until the Council has assurance that its performance that all aspects of its service meet relevant regulatory performance standards, there is a risk that the Regulator would find "serious failings" in the delivery the relevant regulatory standards.

Key recommendation 1

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.

Improving economy, efficiency and effectiveness (continued)

Significant weakness identified in relation to improving economy, efficiency and effectiveness

Key Finding: In 2023/24, we raised a key recommendation regarding building compliance and asset data in relation to the Council's corporate buildings. Concerns around compliance were prompted by the Council's own assessment. A range of weaknesses were identified around compliance within the operational estate, a lack of consistent fire risk assessments, a lack of asset management plans for properties leased to third parties as well as insufficient capacity and capabilities within the asset management and facilities service. Our review in 2024/25 indicates that the Council understands gaps in its data and is working actively on understanding what assets the Council has, their condition, and the level of health and safety compliance. Nevertheless, a full stock condition survey has not yet been completed, as a result, we update and retain this recommendation.

Evidence: The Council has a Service Improvement Plan in place and there has been significant progress in improving the approach to managing Council buildings. Policies for fire, water, electric, gas and asbestos were refreshed and adopted in 2024/25 to manage compliance requirements. A refreshed Corporate Health and Safety Policy was agreed in 2024, with the Council's Health, Safety and Wellbeing Board having oversight of compliance performance. Contract management arrangements have also been reviewed, and a new compliance dashboard has been introduced for contractor management. The Council also has plans to begin a rolling programme of condition surveys over a five-year period, however this work is in early stages and has not commenced as of yet. There are plans in place to have internal audit complete follow up audits in 2025/26 to reassess arrangements in place.

Impact: The Council is undertaking work to progress, however without a complete condition survey, the Council does not have a full understanding of assets and their state and is not yet in a position to seek re-review of those areas in which it is undertaking improvement activity. As a result, we retain and update our key recommendation.

Key recommendation 2

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.

Improving economy, efficiency and effectiveness (continued)

Area for Improvement identified: Data Quality (retained from 2023/24)

Key Finding: There is currently no corporate data quality policy that sets data quality standards for performance reporting.

Evidence: The Council does not have data quality principles in place to govern the quality of data across the Council. The Council has previously accepted this recommendation with a deadline for implementation set for March 2026. Hence, we retain this recommendation within this report and will follow up in 2025/26.

Impact: Inadequate and uncertain data quality undermines the strength of evidence, and could ultimately resulting in subpar performance reporting.

Improvement Recommendation 6 (retained from 2023/24)

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.

Improving economy, efficiency and effectiveness (continued)

Area for Improvement identified: Contract Management and Waiver Reporting (originally made in 2023/24, retained and updated for 2024/25)

Key Finding: The Council has made progress in developing contract management arrangements but there is still scope for improvement.

Evidence: The Council has developed improved contract management arrangements in relation to the new Procurement Act 2025, and has a contract management dashboard for contracts over £5m to ensure appropriate oversight. Relevant senior officers have oversight of exemptions, and assistant directors are able to review information on exemptions and contracts.

There is however currently no member oversight of waivers/exemptions to the council's contract procedure rules, or breaches of those procedures. Reporting to members of an appropriate Committee on the number and extent of procurement waivers, exemptions approved (and any breaches of relevant contract procedures) and the reasons, can help identify themes and trends and support challenge. This can be beneficial in highlighting issues and improving arrangements. Where there are repeated exemptions, such as those highlighted in Internal Audit's reporting on Home to School Transport in September 2025, the Council can be exposed to risk.

Impact: Members provided with a consolidated waiver report can provide more effective oversight and appropriate challenge.

Improvement Recommendation 7 (originally made in 2023/24, retained and updated for 2024/25)

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 further assurance that new arrangements in place are embedded and effective.
- Introducing reporting on waiver activity and SFI breaches to a relevant Member-led committee, at least annually and ideally more frequently, to allow enhanced monitoring and challenge of themes and trends.

05 Summary of Value for Money Recommendations raised in 2024/25

Key recommendations raised in 2024/25

Recommendation	Relates to	Management Actions
<div>KR1</div> <p>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.</p>	<p>Improving economy, efficiency and effectiveness</p>	<p>Actions: In progress and on track</p> <p>The Council welcomes this report and its acknowledgement of the significant improvements that have been made since the reporting period (2023/24). The health and safety of council homes is taken very seriously and considerable resources have been deployed in the last eighteen months to strengthen our systems, processes and assurance mechanisms in response to issues we identified through our own reviews and the external review referenced in the report. The Council is also in dialogue with the Regulator of Social Housing about the findings of this work.</p> <p>In 2024/25, which falls outside of the reporting period of this report, the Council recruited to and embedded a dedicated compliance team within Housing Services, which consolidated and expanded existing functions and has enabled the bulk of the improvement actions identified in the Safety and Quality Action Plan to be completed. New compliance software has been procured and is in the process of being implemented: once fully in place, the software will enable swifter reporting and quality assurance of certificates, and free up officer time to focus on other compliance areas.</p> <p>Governance arrangements to oversee compliance have been strengthened through the implementation of a Safety and Quality Panel Chaired by the Head of Housing Property Services with quarterly updates to the Housing Regulatory Assurance Board Chaired by the Chief Executive with the Cabinet Member for Housing in attendance.</p> <p>Several new or refreshed policies have been agreed and the quality and timeliness of performance reporting has improved markedly. This includes the information published and shared with our tenants. The mid-year Tenant Satisfaction Measures (TSMs) for 2024/25 show an improvement in tenant satisfaction with the safety of their homes compared with 2023/24.</p>

Key recommendations raised in 2024/25

Recommendation	Relates to	Management Actions
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 (continued)	Improving economy, efficiency and effectiveness	<p>The Council earmarked funding to carry out a 100% stock condition survey, which commenced in February 2025 which includes a Housing Health and Safety Rating System inspection to identify category one and category two hazards. Approximately 600 surveys are being undertaken each month with a target completion date of March 2028. A HHSRS tracker is in place to monitor completion of the hazards identified. To date, 22 category one hazards, and 509 category two hazards have been identified.</p> <p>The HRA Business Plan for 2025/26 allocates significant additional investment to support decency, thermal efficiency and other aspects of safety and quality in our council housing stock. The Council has also proactively prepared for consumer regulations and the introduction of Awaab’s Law, including the emphasis on tenant vulnerabilities and managing health and safety hazards. New call scripts were introduced into the Contact Centre in September 2025 and a framework for collecting and utilising information about tenant vulnerabilities is currently being developed. This will complement existing processes that ensure reasonable adjustments are made in service delivery to accommodate the diverse needs of our tenants.</p> <p>We are also pleased to inform that these recommendations are captured into our improvement plans.</p> <p>An internal audit of the contract management arrangements was undertaken in early 2025 which provided substantial assurance. An additional Quantity Surveyor has been employed to strengthen the governance arrangements of the smaller specialist contracts.</p>

Key recommendations raised in 2024/25

Recommendation	Relates to	Management Actions
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 (continued).	Improving economy, efficiency and effectiveness	<p>In 2023/24 the Council was reporting 99.97% decency. However, this decreased to 88% because inspections for condition. Decreased to 4.87 by end of 2024/25.</p> <p>In 2023/24 the Council was reporting that 99.97% of its stock met the Decent Homes Standard. However, the decency figure was based upon the age of the elements only and it was agreed that decency should be based upon both age and condition. There were 2369 properties where decency could not be assured by stock data and therefore this decreased compliance to 88% in 2024/25. The current performance as at the end of Q1 2025/26 has increased to 93.44% due to elements being re-classified as decent by either a programme of replacement or inspection which has confirmed they are in a good condition.</p> <p>Data is collated and input into the NEC housing system and extracted on an annual basis to inform work programmes for the following financial year. The data is also utilised to inform the 30-year HRA business plan.</p> <p>Responsible Officer: John Holman</p> <p>Due Date: Ongoing</p>

Key recommendations raised in 2024/25

Recommendation	Relates to	Management Actions
<div>KR2</div> <p>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.</p>	Improving economy, efficiency and effectiveness	<p>Actions: The Council welcomes the report and recommendations made and notes the references to the significant progress that the Council has made in identifying the gaps in its provision and the work that is underway to improve the Councils approach to managing its assets and portfolio. The report and recommendations are fully aligned with the Councils Property and Facilities Service Improvement Plan and its own findings.</p> <p>Whilst Building Compliance is noted within the report as a weakness, the Council is committed to ensuring the management of Health and Safety and Compliance of its buildings is a priority, ensuring that Council Officers, our customers, and stakeholders are safe and that our buildings continue to be sustainable in supporting the delivery of a diverse range of services to our residents and businesses. Where any gaps have been identified in the Councils provision, management controls have been implemented and in areas of high risk, these have been addressed immediately, such as Fire Risk Assessment being undertaken professionally, but at pace, and remedial actions being commissioned and undertaken. The Council is confident that the management of compliance remains effective and at manageable risk level but agrees there is room for current and continuous improvement.</p> <p>Driven by the findings of our own review, significant progress is already underway in improving the overall approach to managing Council Buildings. The development and adoption of a range of new Policies is underway, with the approval of Fire, Water (Legionella) and Asbestos Policies at Cabinet on 16th December 2024, which will assist the Council to manage, monitor and control compliance requirements across the Portfolio. The Policies are linked with the refreshed Corporate Health and Safety Policy, which together place requirements in reporting and escalation of compliance performance through the Councils Health, Safety and Wellbeing Board. This will bring greater scrutiny and challenge to our approach as well support the ability to update our policies through continuous improvement and wider national Approved Code of Practice (ACoP) and legislative changes.</p>

Key recommendations raised in 2024/25

Recommendation	Relates to	Management Actions
<div>KR2</div> <div>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 (continued).</div>	<div>Improving economy, efficiency and effectiveness</div>	<p>As noted in the report a new position of Assistant Director Property and Facilities Services has been established and with this has come the initial review of service as well as the establishment of a more robust and fit for purpose Property and Facilities Services Structure. As the Auditors are aware and have cited, the original functions contained within the Property, Facilities and Asset areas of the service operated as separate functions within the same directorate and aligning the services into a modern and more effective Total Facilities Management (TFM) service, which has commenced at pace, but organised and planned. The Council has reviewed and updated its risk registers which supports the “Service Improvement Plan”, identifying key areas of best practice and operational effectiveness. The plan includes any previous reviews, such as the CIPFA review, as well as items from recent Audits, ensuring one plan that can be monitored and reported on. The plan has been presented to Senior Officers and Political Leadership and has clear accountable persons identified responsible for the delivery of each element. This review will soon be amalgamated into that plan, for consistency and monitoring.</p> <p>Condition surveys are currently going through procurement with a proposed first phase priority of Schools and Care Facilities, followed by “front door” and then operational assets. Once fully completed a more “risk and need” based schedule will be devised for future years and rolling programmes of inspection. First phase building proposed to be completed by the end of the calendar year. This will aid in understanding building needs beyond compliance, allow more planned and less reactive work to be undertaken and higher levels of informed decision making on retention and investment.</p>

Key recommendations raised in 2024/25

Recommendation	Relates to	Management Actions
<div>KR2</div> <p>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 (continued).</p>	<p>Improving economy, efficiency and effectiveness</p>	<p>A new regime of stronger more effective contract management is in place, with several meetings taking place with all contractors, review of deliverable/outputs and realigning the Councils' needs and contractual expectations. Regular performance meeting take place which have minutes and actions monitored. The Council is also reviewing its contracts, as there are many in place, creating a volume of work, which could be reduced if total number of contractors was reduced to two or three main contractors and possibly bring forward greater economies of scale and reduced costs for the Council. The Council believe that over the coming 18months allows the best opportunity to decide on future delivery, as many contracts approach expiry.</p> <p>Leases, licences and other arrangements are being reviewed, and a GAP analysis is being undertaken to determine the roles and responsibilities of the Council as Landlord and the Tenants. Once completed the Council is looking to write out to all tenants, reaffirming these roles and responsibilities, this includes schools and community facilities. A process for inspections has been drafted and early engagement has taken place with Headteachers and the Local Education Authority, which will then move onto to broader tenancies. The Council has noted several assets where leases have expired (holding over) or there is limited or no evidence of any contract. These are being prioritised as they are identified.</p> <p>Soft market testing for a CAFM continues and Business Case for the provision of a new system has been completed, awaiting review. The provision of a new CAFM will be essential in the continuous monitoring of all of the above.</p> <p>Responsible Officer: Kevin Fisher</p> <p>Due Date: Ongoing</p>

Improvement recommendations raised in 2024/25

Recommendation	Relates to	Management Actions
<div>IR1</div> <p>The Council should ensure financial sustainability fully address pressures faced in the short and medium-term. This includes:</p> <ul style="list-style-type: none">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.	Financial sustainability	<p>Actions: The Council is fully aware of the need to ensure financial sustainability and this has been reflected in previous external audit reports and through the Council's positive financial position despite the financial challenges faced.</p> <p>The Council aims to ensure delivery of the CYPS Savings during 2025/26 and report this through the Budget and Council Tax report 2026/27.</p> <p>The Council will continue to work towards managing the impact of SEND demand on the Dedicated Schools Grant but it should be noted a large degree of this demand pressure is out of the Council's control, hence the national picture which reflect a huge challenge across all Council's with these responsibilities.</p> <p>Responsible Officer: Rob Mahon</p> <p>Due Date: March 2026</p>

Improvement recommendations raised in 2024/25

	Recommendation	Relates to	Management Actions
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.	Financial sustainability	<p>Actions: The Council's financial monitoring reports are appropriate for reporting on governance and financial performance of the capital programme. The Council would typically address the progress of major projects through specific projects or programme updates, like the Housing Programme that is reported to Council at regular intervals. However, the Council will consider what reporting can be done as part of financial monitoring to update on major projects like Forge Island.</p> <p>Responsible Officer: Rob Mahon</p> <p>Due Date: March 2026</p>
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.	Governance	<p>Actions: The Council will look to strengthen further its risk policy by including risk escalation and de-escalation arrangements between the tiers of risk registers that the Council operates. This is included within the updated Risk Guide, that is due to be considered for approval by the Audit Committee at its meeting on the 25th November.</p> <p>Responsible Officer: Fiona Boden</p> <p>Due Date: March 2026</p>

Improvement recommendations raised in 2024/25

	Recommendation	Relates to	Management Actions
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.	Governance	Actions: We will continue to liaise with the directorate risk champions to update the directorate and corporate fraud risks. Responsible Officer: Louise Ivens Due Date: March 2026
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.	Governance	Actions: The Council will consider factoring into its pipeline of work the development of a light touch Procurement Strategy – recognising the range of other procurement related policies and procedures within the organisation once the work regarding the embedding of the Procurement Act 2023 has settled in. Responsible Officer: Karen Middlebrook Due Date: March 2026

Improvement recommendations raised in 2024/25

	Recommendation	Relates to	Management Actions
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.	Improving economy, efficiency and effectiveness	<p>Actions: The Council will review its data quality arrangements including consideration of creating a Corporate Data Quality Policy.</p> <p>Responsible Officer: Judith Badger</p> <p>Due Date: March 2026</p>
IR7	<p>As part of ongoing improvements in contract management, the Council should: consider:</p> <ul style="list-style-type: none"> • 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. 	Improving economy, efficiency and effectiveness	<p>Actions: The Council has already commenced development of an improved contract management approach in readiness for the new Procurement Legislation. The Council has established a contract management dashboard that addresses performance across the KPI's on all major contracts (£5m in value including VAT), this is updated quarterly and reported through to Senior Leadership Team (SLT). The Council also commissioned an internal audit review linked to contract management that identified a number of areas of improvement around understanding of roles and responsibilities of contract managers, the outcome of the recommendations was that each Directorate has had to develop recommendations to improve contract management and contract managers understanding of roles and responsibilities in their Directorate and take greater ownership.</p> <p>In addition, the Council plans to introduce corporate guidance around contract management, training and advice.</p> <p>Responsible Officer: Rob Mahon</p> <p>Due Date: March 2026</p>

06 Follow up of previous Key recommendations

Follow up of 2023/24 Key recommendations

	Prior Recommendation	Raised	Progress	Current status	Further action
KR1	<p>The Council needs to:</p> <ul style="list-style-type: none"> - continue improving its HRA - compliance data robustness and validity. - ensure contract management arrangements are put in place with its HRA contractors. - improve compliance with decent homes standards. - work to address the lack of understanding concerning category 1 hazards. - develop vulnerability policies for the HRA. - use the stock condition data to inform its asset management and capital investment plans. <p>(continued)</p>	2023/24	<p>The Council has evidenced substantial process throughout the year, with regular reporting to Cabinet.</p> <p>There have been improved governance arrangements implemented to monitor and oversee regulatory compliance. An established Improvement Plan is in place to provide additional assurance on health and safety compliance. There is a Safety and Quality Panel, as well as a Housing Regulatory Assurance Board for oversight to ensure inspection readiness.</p> <p>Other key improvements include the recruitment of a dedicated compliance team as well as the introduction of a range of new compliance procedures and policies. Full compliance on health and safety-related measures was reported in July 2025.</p>	Partially implemented	Recommendation updated and retained for 2024/25

Follow up of 2023/24 Key recommendations

	Prior Recommendation	Raised	Progress	Current status	Further action
KR1	<p>(continued)</p> <p>- ensure the stock condition data is kept updated to manage its estate.</p> <p>review its fire risk assessments following the onboarding on the external contractor from February 2025 and plan remedial work required.</p>	2023/24	<p>The Council has plans to carry out a 100% stock condition survey, which commenced in May 2025. Although the survey is in progress, it will take more time for the Council to increase the percentage of properties that have had a stock condition survey in the last five years. As a result, it clear in discussions with senior officers that were the Regulator to re-inspect, it is likely that the Council would still receive the same grading, given the lack of a full stock survey and comprehensive stock condition data.</p>	Partially implemented	Recommendation updated and retained for 2024/25

Follow up of 2023/24 Key recommendations

	Prior Recommendation	Raised	Progress	Current status	Further action
KR2	<p>The Council should:</p> <ul style="list-style-type: none">- undertake stock condition surveys to develop an understanding of its assets, their state and their level of health and safety compliance.- put in place management plans and landlord inspections where required and ensure it is getting value for money for its assets.- ensure it has an assets management system for its properties and other assets and that data in the system is accurate, enabling management of health and safety compliance using this asset system.- ensure compliance contract management is put in place and regular performance monitoring of these contracts is put in place.	2023/24	<p>The Council has and is continuing to make progress on improving the overall approach to managing Council properties.</p> <p>In 2024/25, new policies for fire, water, gas, electric and asbestos were developed and adopted, as well as a refreshed Corporate Health and Safety Policy. The Council’s Health, Safety and Wellbeing Board have oversight over compliance performance.</p> <p>There are plans in place to begin condition surveys, which are undergoing procurement – the first phase is set to be completed by the end of the 2025 calendar year. Additionally, the Council has implemented enhanced contract monitoring processes, and has developed a compliance dashboard.</p>	Partially implemented	Recommendation updated and retained for 2024/25

07 Appendices

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.



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

Appendix C: Follow up of 2023/24 improvement recommendations

	Prior Recommendation	Raised	Progress	Current position	Further action
IR1	The Council needs to develop a Capital Strategy.	2023/24	The Council had a Capital Strategy as part of its 2025/26 budget.	Closed – Implemented	No
IR2	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.	2023/24	This recommendation remains outstanding.	Ongoing	Yes – see 2024/25 improvement recommendation 2.
IR3	The Council should consider enhancing internal audit progress papers by giving more detail on completed audits including an executive summary of each report completed in the period in part 1 papers to the Audit Committee.	2023/24	Internal audit progress reports in 2024/25 provide significantly more detail than just the identified recommendations. RAG-rating of the overall audit opinion, a summary of significant issues and recommendations are set out clearly, especially for audits receiving a partial or no assurance opinion.	Closed – Implemented	No

Appendix C: Follow up of 2023/24 improvement recommendations

	Prior Recommendation	Raised	Progress	Current position	Further action
IR4	The Council should consider strengthening 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	Although the Council had plans to enhance its counter-fraud plan and fraud risk registers, work on updating fraud risks was delayed. This is therefore still in progress and has been retained for 2024/25.	Ongoing	Yes – see 2024/25 improvement recommendation 3.
IR5	The Council could improve its financial monitoring reporting in line with good practice by considering: - when the approved Capital Programme is updated during the year, continuing to report the initially approved Capital budget alongside the revised numbers in the quarterly monitoring reports to track changes from the original programme approved by members.	2023/24	Reporting for 2025/26 now includes a paragraph noting the initial approved capital budget to reflect the original budget position.	Closed – Implemented	No

Appendix C: Follow up of 2023/24 improvement recommendations

	Prior Recommendation	Raised	Progress	Current position	Further action
IR6	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 Council has indicated that there are plans to develop and approve a light touch Procurement Strategy following the finalisation of the implementation of the Procurement Act 2025. The Council has other policies and strategies like the Financial and Procurement Procedure Rules (FPPR) and its Social Value Policy which guide procurement.	Ongoing	Yes – see 2024/25 improvement recommendation 4.
IR7	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.	2023/24	The Council is looking to create a Corporate Data Quality Policy by March 2026.	Ongoing	Yes – see 2024/25 improvement recommendation 5.

Appendix C: Follow up of 2023/24 improvement recommendations

	Prior Recommendation	Raised	Progress	Current position	Further action
IR8	The Council should put in place a corporate process to ensure contract management and new contractor performance is effectively managed, and details of work across the Council’s contracts and main contractors are collated in a single highlighting.	2023/24	The Council has improved contract management arrangements following the Procurement Act 2025, with further plans to introduce corporate guidance and training. A contract management dashboard for contracts over £5m has been introduced to ensure appropriate oversight of key performance indicators and contracts at a senior level. The dashboard is updated quarterly, and reports are overseen by the directorate leadership teams and the senior leadership team. The Council can continue to strengthen arrangements by introducing a tiering system and by ensuring that waiver activity is reported to the relevant Committee. We have therefore updated this recommendation.	Ongoing	Yes – please see 2024/25 improvement recommendation 5.



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