Rotherham Metropolitan Borough Council

Public Report
Audit Committee

Committee Name and Date of Committee Meeting
Audit Committee – 25 November 2025

Report Title
Audited Statement of Accounts 2024/25

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

Strategic Director Approving Submission of the Report
Judith Badger, Strategic Director of Finance and Customer Services

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Ward(s) Affected
Borough-Wide

Report Summary

Under the Accounts and Audit (amendment) Regulations 2024, local authorities were required to publish their unaudited accounts no later than 30th June 2025, for the financial year 2024/25, accompanied by a Narrative Report and draft Annual Governance Statement. The deadline for the publication of final audited accounts is 27th February 2026.

The Council presented draft unaudited accounts to Audit Committee on the 17th June 2025 and published those accounts before the 30th June 2025 deadline. The audit of the Council's accounts is now nearing completion and Grant Thornton will present to Audit Committee their ISA 260 report along with recommendations from the audit.

The ISA 260 report sets out Grant Thornton's overall conclusions from the 2024/25 audit in relation to their statutory objectives to give an opinion on the Council's financial statements.

Members are asked to consider Grant Thornton's findings, as set out in the ISA260 Report (Appendix 4), before formally approving the 2024/25 Audited Statement of Accounts (Appendix 1) and the 2024/25 Narrative Report (Appendix 2) for publication as final and to issue Grant Thornton with the Letter of Management Representations (attached as Appendix 3) which Grant Thornton require to complete their audit.

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

Grant Thornton have also concluded their Value for Money work and set out their findings and recommendations in the Auditor's Annual Report for the year ending 31st March 2025 (presented separately on the agenda of this meeting).

Recommendations

1. That Audit Committee, having taken due regard of the external audit findings, detailed within the ISA 260 report, formally approve the 2024/25 Audited Statement of Accounts attached as Appendix 1 for publication as final and the 2024/25 Narrative Report attached as Appendix 2 for publication as final.

List of Appendices Included

Appendix 1 – 2024/25 Audited Statement of Accounts
Appendix 2 – 2024/25 Narrative Report
Appendix 3 – 2024/25 Letter of Management Representations
Appendix 4 – ISA 260

Background Papers
CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2024/25
Accounts and Audit (amendment) Regulations 2024
Publication of unaudited Statement of Accounts 2024/25, Audit Committee meeting, 17th June 2025

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

Council Approval Required
No

Exempt from the Press and Public
No

Closure of the Accounts 2024/25

1. Background

1.1 Under the Accounts and Audit (amendment) Regulations 2024, local authorities were required to publish their unaudited accounts no later than 30 June 2025, for the financial year 2024/25, accompanied by a Narrative Report and draft Annual Governance Statement. The deadline for the final publication of the Council's audited accounts is 27th February 2026.

1.2 The Council presented draft accounts to Audit Committee on the 17th June 2025 and published those accounts before the 30th June 2025 deadline. The audit of the Councils accounts is now nearing completion and Grant Thornton will present to Audit Committee their ISA 260 report along with any recommendations from the audit.

2. Key Issues

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

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

2.3 New Council Dwellings acquired in 2024/25 were held on balance sheet at historic cost. The CIPFA code requires all Council Dwellings to be held at Existing Use Value (Social Housing). A downward valuation of £12.977m has been processed and included in note 19 (PPE). Other notes in the accounts have been amended as appropriate. This fall in value is not reflective of any loss in value that would occur if these properties were sold on the open market, it is purely a technical accounting adjustment to reflect that these properties have been designated as social housing.

2.4 Forge Island was categorised as a surplus asset in the note 19 (PPE) in line with the Council's interpretation of the CIPFA code. On the basis that the asset is not an operational asset of the Council, not held for investment purposes but regeneration and now that purpose is completed it would be held as surplus, not as the Council sought to remove the asset but simply as that was perceived to be most appropriate. This has been recategorised to other land and buildings following the audit. There was no impact on the carrying value of the Forge Island land and buildings resulting from this audit adjustment, and the changes are limited to the note 19.

2.5 Grant Thortnton's review of the letter from the auditor of South Yorkshire Pension Fund identified unadjusted misstatements from the audit of the pension fund, which also impact on the share of pension fund assets held by the Council. Grant Thornton have not identified any impact on the Council's balance sheet due to the application of IFRIC 14 which has resulted in the LGPS net pension surplus being capped at £nil and a nil balance position recorded on the balance sheet in respect of the funded LGPS net pension balance. This would therefore only impact on the disclosures at the note 18, and if adjusted this would have increased the net pension surplus by £4.25m and also increased the asset ceiling adjustment by the same amount. The Council have not adjusted on the grounds of materiality.

2.6 Grant Thornton's work has not identified any issues that would change their assessment of the risk of fraud in revenue recognition. They have gained assurance that Council revenue is fairly stated. One immaterial estimated error has been identified which indicates an understatement to fees and charges income of £1.1m. This invoice relates to shared savings with Mears Group Plc and the Council doesn't have required information at the year-end to accrue for this income as it is not confirmed whether there will be any profits at this point in time. This has not been adjusted and is not material.

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

2.8 The Council adopted the IFRS 16 leases standard on 1 April 2024, this standard has removed the distinction between operating and finance leases for lessees. Now all leases, apart from those that are deemed low value or short term, are accounted for on balance sheet by lessees. The Council has uplifted lease liabilities so as to reflect the impact of indexation within the liability. The other side of this entry was to increase the carrying values of the right of use (RoU) assets. The Council has identified that these RoU assets are delivering the same services and have not increased in value and so determined that they should be revalued back downwards to their asset valuations provided by the valuation experts.

2.9 The Council has not used revaluation reserve balances (£6m in total) as these adjustments do not relate to the building values and therefore it does not seem appropriate. However, CIPFA issued a clarification guidance in June 2025, after the publication of the Council's draft accounts, advising that the revaluation reserve balances should have been used. The Council has not made this adjustment as it is not material and does not impact on usable reserves.

2.10 In addition, there are a number of minor corrections and presentational changes that have been agreed.

2.11 The Council has fully engaged with the external audit and endeavoured to respond to issues as quickly and efficiently as possible. Though it should be noted that an audit taking place during September to November is far from ideal.

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

3. Options considered and recommended proposal

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

4. Consultation on proposal

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

5. Timetable and Accountability for Implementing this Decision

5.1 The statutory deadline for publishing the audited financial statements is 27th February 2026.

6. Financial and Procurement Advice and Implications

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

7. Legal Advice and Implications

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

8. Human Resources Advice and Implications

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

9. Implications for Children and Young People and Vulnerable Adults

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

10. Equalities and Human Rights Advice and Implications

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

11. Implications for CO2 Emissions and Climate Change

11.1 No direct implications.

12. Implications for Partners

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

13. Risks and Mitigation

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

14. Accountable Officer(s)

Judith Badger (Strategic Director of Finance & Customer Services)

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This report is published on the Council's website.